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# SHAPING MOBILITY

Quarterly Statement

January 1 to September 30, 2018

**KNORR-BREMSE**



**Quarterly Statement**  
**January 1 through September 30, 2018**

**Knorr-Bremse AG**

**Knorr-Bremse**  
Quarterly Statement as of September 30, 2018

## Key figures Knorr-Bremse Group (IFRS)

Key figures Knorr-Bremse Group (IFRS)		Nine Months		3rd Quarter	
		2018	2017	2018	2017
Revenues	TEUR	4,994,045	4,562,514	1,671,804	1,586,521
EBITDA	TEUR	875,862	778,047	293,655	260,067
EBITDA-margin	%	17.5%	17.1%	17.6%	16.4%
EBIT	TEUR	718,294	616,678	245,964	193,563
EBIT-margin	%	14.4%	13.5%	14.7%	12.2%
Net Income	TEUR	496,923	389,467	189,932	119,842
Earnings per share (undiluted)	EUR	2.89	2.18	1.13	0.72
Order Intake	TEUR	5,265,521	4,865,632	1,748,473	1,524,081
Order Book (September 30, 2018)	TEUR	4,448,512	3,977,134	4,448,512	3,977,134
Operating Cashflow	TEUR	324,067	330,061		
Free Cashflow	TEUR	137,245	189,594		
Investments	TEUR	229,756	147,947		
Investments in % of Revenues	%	4.6%	3.2%		
R&D	TEUR	338,060	306,558		
R&D in % of Revenues	%	6.8%	6.7%		
		09/30/2018	12/31/2017		
Total assets	TEUR	6,124,009	5,727,412		
Equity (incl. non-controlled interests)	TEUR	1,464,966	1,995,748		
Equity Ratio	%	23.9%	34.8%		
ROCE (annualised)	%	34.3%	37.1%		
Net Financial Debt	TEUR	(3,777)	836,099		
Net Working Capital	TEUR	1,078,476	782,013		

## Highlights nine months of 2018

- Order intake: +8.2% compared to prior year
- Revenues: +9.5% compared to prior year
- Book-to-bill-ratio: 1.05
- Order book of EUR 4,449 million, EUR +471 million compared to prior year
- EBITDA: +12.6% to EUR 876 million, margin increase by 40 basis points to 17.5% of revenues
- EBIT: +16.5% to EUR 718 million, margin increase by 90 basis points to 14.4% of revenues
- Slightly declining operating cash flow in the amount of EUR 324 million (prior year: EUR 341 million)
- Declining free cash flow primarily due to increased investment activities, including the strategic investment of Federal Mogul (purchase price EUR 63 million; thereof cash relevant per September 30, 2018 EUR 33 million) and the growth-related increase in net working capital
- Outlook for 2018
  - Revenues: EUR 6,600 to 6,700 million (2017: EUR 6,154 million)
  - EBITDA margin: 17.5% to 18.5% (2017: 18.1%)

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## Business performance nine months of 2018

Order intake: +8.2%

As of the end of September 2018, order intake of the Knorr-Bremse Group amounted to EUR 5,266 million and once again reached a higher level. Compared to the prior year's period, there was an increase of 8.2%. This growth is attributable to both segments, on the one hand due to a further robust order situation in the worldwide rail vehicle market and on the other hand resulting from an increased level in the global commercial vehicle production.

Revenues: +9.5%

In the first nine months of the 2018 fiscal year, revenues of the Knorr-Bremse Group increased by 9.5%, or EUR 432 million, to EUR 4,994 million. In the Rail Vehicle Systems segment, this increase results in particular from growth in the European brake business and a positive development in Asia/Australia. In this connection, moderately declining revenues in the high-speed sector in China more than compensated for by growth in the areas of mass transit, regional/commuter, locomotives and the aftermarket business. In addition, revenues also continued to develop positively in the Indian passenger rail market as well as in the North American freight business. In the Commercial Vehicles Systems segment, the increase results especially from the increased truck production and the related OE revenue growth, most notably in North America. Also in all further markets Knorr-Bremse was able to achieve growth in the first nine months.

### Improved EBITDA and EBIT margins

As of September, an EBITDA of EUR 876 million was generated. This represents EUR 98 million or 12.6% more than in the prior year. As a result of this increase, which was stronger compared to revenue, we recorded an improvement in the EBITDA-margin in the first nine months, from 17.1% to 17.5%. Due to the growth in EBITDA, as well as a reduction in disposal-related write-downs, EBIT grew to EUR 718 million, an increase of EUR 102 million, or 16.5%. The higher level of both profit figures compared to the prior year is due to volumes and margins and pertains to both segments.

### Consolidated statement of profit or loss (condensed)

	Nine Months		3rd Quarter	
	2018	2017	2018	2017
	TEUR	TEUR	TEUR	TEUR
Revenues	4,994,045	4,562,514	1,671,804	1,586,521
Changes in inventories of unfinished/finished products	29,098	46,516	(177)	(12,610)
Other own work capitalized	40,851	23,848	21,079	9,263
<b>Total operating performance</b>	<b>5,063,994</b>	<b>4,632,878</b>	<b>1,692,706</b>	<b>1,583,174</b>
Cost of materials	(2,519,520)	(2,237,916)	(839,127)	(774,279)
Personnel expenses	(1,119,837)	(1,067,007)	(373,381)	(358,624)
Other operating income and expenses	(548,775)	(549,907)	(186,543)	(190,204)
<b>EBITDA</b>	<b>875,862</b>	<b>778,047</b>	<b>293,655</b>	<b>260,067</b>
Depreciation and amortization	(157,569)	(161,370)	(47,691)	(66,505)
<b>EBIT</b>	<b>718,294</b>	<b>616,678</b>	<b>245,964</b>	<b>193,563</b>
Financial result	(47,136)	(39,304)	(5,305)	(4,932)
<b>Earnings before taxes</b>	<b>671,158</b>	<b>577,374</b>	<b>240,659</b>	<b>188,631</b>
Taxes on income	(174,235)	(187,907)	(50,727)	(68,789)
<b>Net income</b>	<b>496,923</b>	<b>389,467</b>	<b>189,932</b>	<b>119,842</b>
thereof share of non-controlling interests in net income	30,964	37,683	7,508	4,425

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As of the end of September 2018, Knorr-Bremse Group's cost of materials ratio of 50.5% of revenue increased by 140 basis points over the comparable prior year's value and continued the trend we saw in the first half of 2018. This development, however, was more than compensated for by a personnel expenses ratio of 22.4%, which was lower than in 2017 by 100 basis points, as well as an other operating income and expenses ratio of 11.0%, which was 110 basis points lower. Depreciation, amortization and impairment write-downs developed slightly below the prior year's level, whereas the expense from the financial result increased moderately, so that the result before taxes of 13.4% of revenue was 70 basis points above the prior year. The tax ratio improved notably from 32.5% in the first nine months of the prior year to 26.0% in the current year and led to a net income of 10.0% of revenue, approximately 150 basis points over the prior period. The improvement in the tax ratio is primarily due to proportionately higher profit contributions from countries with lower tax rates and to tax reimbursements for prior years in the USA.

## Financial Situation

	Nine Months	
	2018	2017
	TEUR	TEUR
Net Income	496,923	389,467
Depreciation and Amortisation	157,569	161,370
Income tax expense	174,235	187,907
Income tax payments	(161,951)	(170,550)
Changes to provisions	20,206	9,208
Changes to inventories, accounts receivable trade and other assets, which cannot be allocated to investment or financing activities	(441,300)	(364,050)
Changes to trade accounts payable, which cannot be allocated to investment or financing activities	(7,153)	60,811
Other	85,540	55,898
<b>Cash flow from operating activities</b>	<b>324,067</b>	<b>330,061</b>
Investments in tangible and intangible assets (cash relevant)	(186,823)	(140,468)
<b>Free cash flow</b>	<b>137,245</b>	<b>189,594</b>

Operating cash flow (cash flow from operating activities) of EUR 324 million through the end of September declined slightly by 1.8% compared to the comparable prior year's period. This development is due especially to the net balance from the change in inventories and trade accounts receivables (slightly increased payment terms) as well as the change in trade accounts payables. In this regard – as in previous years – we expect a substantial improvement by year end.

The development of free cash flow of EUR 137 million as of the end of September 2018 compared to EUR 200 million in the prior year was affected in particular by the purchase price payment for the transfer and licensing back of know-how for the development and production of products in the area of friction materials for rail vehicles and related technologies of Federal Mogul. In addition, in the nine-month period investments were carried out for the worldwide expansion of capacity and for the realization of productivity increases as well as replacement investments which were above the prior year's level.

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Current and non-current assets		
	09/30/2018	12/31/2017
	TEUR	TEUR
Intangible assets and goodwill	610,190	540,495
Property, plant and equipment	1,101,799	1,116,398
Other non-current assets	255,690	213,224
<b>Non-current assets</b>	<b>1,967,679</b>	<b>1,870,117</b>
Inventories	850,788	748,823
Trade accounts receivables	1,416,996	1,147,879
Other financial assets	32,823	12,518
Contract assets	125,296	0
Receivables from construction contracts	0	116,171
Cash and cash equivalents	1,504,780	1,600,033
Other current assets	225,645	231,871
<b>Current assets</b>	<b>4,156,329</b>	<b>3,857,295</b>

The increase in intangible assets resulted primarily from the transfer and licensing back of know-how of Federal Mogul. Furthermore, a volume-related increase was reported especially in the area of trade accounts receivables.

Consolidated equity		
	09/30/2018	12/31/2017
	TEUR	TEUR
Subscribed capital	161,200	67,600
Other equity	1,201,547	1,780,198
<b>Equity attributable to the shareholders</b>	<b>1,362,747</b>	<b>1,847,798</b>
non-controlling interests	102,219	147,951
<b>Total equity</b>	<b>1,464,966</b>	<b>1,995,748</b>

As of September 30, 2018, the Knorr-Bremse Group is showing an equity ratio in the amount of 23.9%. The decrease compared to the 2017 year end (34.8%) is due primarily to the special distribution carried out in the first half of 2018. Compared to June 30, 2018, the equity ratio increased from 21.6% by 230 basis points.

Current and non-current liabilities		
	09/30/2018	12/31/2017
	TEUR	TEUR
Provisions (incl. Pensions)	589,157	572,814
Financial liabilities	1,526,264	738,746
Other non-current liabilities	158,671	116,313
<b>Non-current liabilities</b>	<b>2,274,092</b>	<b>1,427,873</b>
Trade accounts payable	1,013,955	894,119
Financial liabilities	643,666	570,955
Contract liabilities	253,070	0
Liabilities from construction contracts	0	230,750
Other liabilities (incl. deferred tax liabilities, prepaid expenses)	474,259	607,966
<b>Current liabilities</b>	<b>2,384,950</b>	<b>2,303,791</b>
<b>Total liabilities</b>	<b>4,659,042</b>	<b>3,731,664</b>

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Significant changes from December 31, 2017 arose within the financial liabilities resulting from the issuance of a corporate bond in the amount of EUR 750 million in the first half of the current fiscal year. In addition, there was especially a growth-related increase in trade accounts payables.

In the third quarter of 2018, no financing transactions were carried out. The following debt financing existed as of September 30, 2018:

- Corporate bond of Knorr-Bremse AG in the amount of EUR 500 million
- Corporate bond of Knorr-Bremse AG in the amount of EUR 750 million
- Bank loans of Knorr-Bremse AG in the amount of EUR 233 million
- Liabilities from finance leases in the amount of EUR 33 million

## Employees

Average number of employees	Nine Months	
	2018	2017
Wage earners	15,578	13,696
- thereof leased personnel	2,803	2,439
Salaried employees	13,253	12,652
- thereof leased personnel	374	432
Trainees	196	189
	<b>29,028</b>	<b>26,537</b>

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## Information on reportable segments

Revenues by segment	Nine Months	
	2018	2017
	TEUR	TEUR
Rail Vehicle Systems	2,644,219	2,468,558
Commercial Vehicle Systems	2,386,387	2,183,671
<b>Total</b>	<b>5,030,606</b>	<b>4,652,229</b>
Reconciliation to IFRS (Rail Vehicle Systems)	(11,451)	(55,810)
Reconciliation to IFRS (Commercial Vehicle Systems)	(24,220)	(32,937)
Other Segments and Consolidations	(891)	(968)
<b>Group</b>	<b>4,994,045</b>	<b>4,562,514</b>

EBT by segment	Nine Months	
	2018	2017
	TEUR	TEUR
Rail Vehicle Systems	395,116	335,718
Commercial Vehicle Systems	300,760	276,793
<b>Total</b>	<b>695,876</b>	<b>612,510</b>
Reconciliation to IFRS (Rail Vehicle Systems)	11,582	7,328
Reconciliation to IFRS (Commercial Vehicle Systems)	18,262	8,520
Other Segments and Consolidations	(54,562)	(50,984)
<b>Group</b>	<b>671,158</b>	<b>577,374</b>

Rail Vehicle Systems segment		Nine Months		3rd Quarter	
		2018	2017	2018	2017
		TEUR	TEUR	TEUR	TEUR
Revenues	TEUR	2,632,769	2,412,748	888,543	863,370
thereof aftermarket (German GAAP)	%	40%	42%	41%	39%
EBITDA	TEUR	499,329	439,194	177,129	163,134
EBITDA-margin	%	19.0%	18.2%	19.9%	18.9%
EBIT	TEUR	416,503	348,384	156,810	128,465
EBIT-margin	%	15.8%	14.4%	17.6%	14.9%
Order Intake	TEUR	2,855,445	2,568,115	966,599	829,786
Order Book (September 30, 2018)	TEUR	3,098,987	2,756,234	3,098,987	2,756,234

As of September 2018, revenues in the Rail Vehicles Systems segment of EUR 2,633 million were 9.1% above the prior year's amount. EBITDA increased by 13.7% and led to an EBITDA-margin on revenues of 19.0% (prior year: 18.2%). EBIT margin was also significantly increased from 14.4% to 15.8%, especially due to the positive contribution of the Asian business, in particular China and India. In the prior year, impairment write-downs in the amount of EUR 25 million in connection with the planned and - in the meantime - concluded sale of the rail vehicle modernization business in Great Britain ("Blueprint West") and the driving simulator business Sydac had a negative effect. Compared to this, in the first nine months of 2018, the charge from write-offs for "Blueprint West" and "Sydac" amounted to EUR 19 million. As of the end of September 2018, the share of the aftermarket business to revenues amounted to 40 % and due to strong OE business saw a slight decline from the prior year's share of 42%.



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Commercial Vehicle Systems segment		Nine Months		3rd Quarter	
		2018	2017	2018	2017
Revenues	TEUR	2,362,167	2,150,734	784,878	723,427
thereof aftermarket (German GAAP)	%	26%	28%	27%	28%
EBITDA	TEUR	386,472	349,638	126,826	106,791
EBITDA-margin	%	16.4%	16.3%	16.2%	14.8%
EBIT	TEUR	324,286	288,932	105,530	78,325
EBIT-margin	%	13.7%	13.4%	13.4%	10.8%
Order Intake	TEUR	2,412,610	2,298,594	784,105	694,593
Order Book (September 30, 2018)	TEUR	1,366,534	1,231,884	1,366,534	1,231,884

As of the end of September 2018, revenues generated in the Commercial Vehicle Systems segment of EUR 2,362 million were 9.8% higher than in the prior year. Even stronger was the growth in the EBITDA (+10.5%), which led to an improved EBITDA margin of 16.4% (prior year: 16.3%). Also the EBIT margin of 13.7% after nine months was above the prior year's level (13.4%). With this, in spite of a slight decline in the aftermarket share of revenues from 28% to 26%, the segment showed a solid profit conversion, due mainly to the North American business.

Revenue by country of domicile of the group company		Nine Months		3rd Quarter	
		2018	2017	2018	2017
		TEUR	TEUR	TEUR	TEUR
Europe/Africa		2,466,847	2,281,822	814,221	776,752
North America		1,065,796	979,286	384,640	328,682
South America		79,939	71,667	28,106	27,053
Asia-Pacific		1,381,464	1,229,740	444,838	454,035
		<b>4,994,045</b>	<b>4,562,514</b>	<b>1,671,804</b>	<b>1,586,521</b>

As of the end of September 2018, 49.4% of the Group revenues related to the region Europe/Africa (prior year: 50.0%), 21.3% to North America (prior year: 21.5%), 1.6% to South America (prior year: 1.6%) and 27.7% to Asia/Australia (prior year: 26.9%).

### Events after the reporting date

#### Initial public offering of Knorr-Bremse AG

On October 12, 2018, Knorr-Bremse AG celebrated its market launch with the start of trading of its shares in the Prime Standard segment of the regulated market on the Frankfurt Stock Exchange. Overall, 48,360,000 bearer shares with no par value from the holdings of KB Holding GmbH ("the Selling Shareholder") have been placed with investors, consisting of 35,043,479 Base Shares, 8,060,000 Additional Base Shares in full exercise of the Upsize-Option and 5,256,521 shares in connection with an over-allotment (the "Over-Allotment Shares"). Shares have been sold at a price of EUR 80 per share, bringing the market capitalization to EUR 12.9 billion. Considering net debt close to zero and minority interests assumed at a value of approximately EUR 1.5 billion, the resulting company value is estimated at EUR 14.4 billion. The Selling Shareholder will receive all proceeds from the sale of the Base Shares and the Additional Base Shares and from the sale of the Over-Allotment Shares.

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#### Disposal group Blueprint

On August 3, 2018, the remaining vehicle maintenance business based in Great Britain (Kiepe Electric UK Ltd. and Knorr-Bremse RailService UK Ltd.) was sold. From the sale a loss resulted in the amount of EUR 40.6 million. Of this loss, EUR 20.0 million was recognized at December 31, 2017 as an impairment loss through profit and loss under depreciation and amortization. As of September 30, 2018, an additional impairment loss in the amount of EUR 17.9 million was recognized through profit and loss in the form of asset write-downs. Finally EUR 2.7 million of losses were recognized upon the disposal of the vehicle maintenance business in October 2018.

#### Outlook

Assuming a continuing stable overall economic environment, for the entire 2018 fiscal year the company anticipates revenues of EUR 6,600 to 6,700 million (prior year: EUR 6,154 million) and an earnings margin (EBITDA) of 17.5% to 18.5% (prior year: 18.1%).

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## Consolidated statement of profit or loss

Consolidated statement of profit or loss				
	Nine Months		3rd Quarter	
	2018	2017	2018	2017
	TEUR	TEUR	TEUR	TEUR
Revenues	4,994,045	4,562,514	1,671,804	1,586,521
Changes in inventories of unfinished/finished products	29,098	46,516	(177)	(12,610)
Other own work capitalized	40,851	23,848	21,079	9,263
<b>Total operating performance</b>	<b>5,063,994</b>	<b>4,632,878</b>	<b>1,692,706</b>	<b>1,583,174</b>
Other operating income	52,511	51,390	4,707	10,492
Cost of materials	(2,519,520)	(2,237,916)	(839,127)	(774,279)
Personnel expenses	(1,119,837)	(1,067,007)	(373,381)	(358,624)
Other operating expenses	(601,286)	(601,297)	(191,250)	(200,696)
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>875,862</b>	<b>778,047</b>	<b>293,655</b>	<b>260,067</b>
Depreciation and amortization	(157,569)	(161,370)	(47,691)	(66,505)
<b>Earnings before interests and taxes (EBIT)</b>	<b>718,294</b>	<b>616,678</b>	<b>245,964</b>	<b>193,563</b>
Interest income	17,403	16,874	6,179	5,007
Interest expenses	(28,566)	(30,954)	(10,328)	(9,640)
Other financial result	(35,973)	(25,223)	(1,157)	(299)
<b>Income before taxes</b>	<b>671,158</b>	<b>577,374</b>	<b>240,659</b>	<b>188,631</b>
Taxes on income	(174,235)	(187,907)	(50,727)	(68,789)
<b>Net income</b>	<b>496,923</b>	<b>389,467</b>	<b>189,932</b>	<b>119,842</b>
Thereof attributable to:				
Profit (loss) attributable to non-controlling interests	30,964	37,683	7,508	4,425
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	465,958	351,783	182,424	115,416
	<b>496,923</b>	<b>389,467</b>	<b>189,932</b>	<b>119,842</b>
<b>Earnings per share in Euro</b>				
undiluted	2.89	2.18	1.13	0.72
diluted	2.89	2.18	1.13	0.72

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## Consolidated statement of financial position

Consolidated statement of financial position		
	09/30/2018	12/31/2017
	TEUR	TEUR
<b>Assets</b>		
Intangible assets and goodwill	610,190	540,495
Property, plant and equipment	1,101,799	1,116,398
Investments accounted for using the equity method	1,703	1,950
Other assets	80,742	93,102
Costs to fulfill a contract	18,601	11,539
Employee benefits	29,072	21,625
Deferred tax assets	125,572	85,009
<b>Non-current assets</b>	<b>1,967,679</b>	<b>1,870,117</b>
Inventories	850,788	748,823
Trade accounts receivables	1,416,996	1,147,879
Other financial assets	32,823	12,518
Other assets	120,850	132,118
Contract assets	125,296	0
Receivables from construction contracts	0	116,171
Income tax receivable	104,796	67,637
Cash and cash equivalents	1,504,780	1,600,033
Assets held for sale and disposal groups	0	32,116
<b>Current assets</b>	<b>4,156,329</b>	<b>3,857,295</b>
<b>Total assets</b>	<b>6,124,009</b>	<b>5,727,412</b>

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	09/30/2018	12/31/2017
	TEUR	TEUR
<b>Equity</b>		
Subscribed capital	161,200	67,600
Capital reserves	12,252	1,310
Retained earnings	20,724	106,956
Other components of equity	(185,885)	(166,407)
Profit carried forward	888,498	1,302,834
Profit attributable to the shareholders of Knorr-Bremse AG	465,958	535,504
<b>Equity attributable to the shareholders of Knorr-Bremse AG</b>	<b>1,362,747</b>	<b>1,847,798</b>
Equity attributable to non-controlling interests	102,219	147,951
thereof share of non-controlling interests in net income	30,964	51,716
<b>Equity</b>	<b>1,464,966</b>	<b>1,995,748</b>
<b>Liabilities</b>		
Provisions for pensions and similar obligations	301,909	310,234
Provisions for other employee benefits	34,633	28,433
Other provisions	252,616	234,147
Financial liabilities	1,526,264	738,746
Other liabilities	70,756	17,347
Income tax liabilities	25,725	71,704
Deferred tax liabilities	62,191	27,262
<b>Non-current liabilities</b>	<b>2,274,092</b>	<b>1,427,873</b>
Provisions for other employee benefits	10,163	15,206
Other Provisions	241,866	231,714
Trade accounts payable	1,013,955	894,119
Financial liabilities	643,666	570,955
Other liabilities	144,353	269,382
Contract liabilities	253,070	0
Liabilities from construction contracts	0	230,750
Income tax liabilities	47,243	53,141
Liabilities directly associated with assets held for sale	30,634	38,524
<b>Current liabilities</b>	<b>2,384,950</b>	<b>2,303,791</b>
<b>Liabilities</b>	<b>4,659,042</b>	<b>3,731,664</b>
<b>Total equity and liabilities</b>	<b>6,124,009</b>	<b>5,727,412</b>

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## Consolidated statement of cash flows

	Nine Months	
	2018	2017
	TEUR	TEUR
<b>Cash flow from operating activities</b>		
Net income (including earnings share of minority interests)	496,923	389,467
Adjustments for		
Depreciation on intangible assets and property, plant and equipment	157,569	161,370
Reversal of impairment on inventories	7,284	(6,187)
Reversal of impairment on trade accounts receivable	961	(414)
Profit (loss) on sale of property, plant and equipment	(1,439)	2,104
Other non-cash expenses and income	66,811	45,737
Interest income	11,163	14,081
Investment result	759	579
Income tax expense	174,235	187,907
Income tax payments	(161,951)	(170,550)
Changes of		
Inventories, trade accounts receivable and other assets, which cannot be allocated to investment or financing activities	(441,300)	(364,050)
Trade accounts payable trade, which cannot be allocated to investment or financing activities	(7,153)	60,811
Provisions	20,206	9,208
<b>Cash flow from operating activities</b>	<b>324,067</b>	<b>330,061</b>
<b>Cash flow from investing activities</b>		
Disbursements from the sale of intangible assets	(72,239)	(29,179)
Proceeds from the sale of fixed assets	15,338	11,791
Disbursements for investments in property, plant and equipment	(114,584)	(111,289)
Disbursements for the sale of investments	(514)	0
Disbursements for financial investments	0	(8,701)
Disbursements for the acquisition of consolidated companies and other business units	(3,200)	(96,513)
Interest received	11,396	12,203
Disbursements for investments in plan assets (pensions)	(6,976)	(6,785)
<b>Cash flow from investing activities</b>	<b>(170,779)</b>	<b>(228,472)</b>

**Knorr-Bremse**  
Quarterly Statement as of September 30, 2018

<b>Cash flow from financing activities</b>		
Proceeds from borrowings	852,004	2,237
Disbursements from the repayment of borrowings	(101,112)	(13,704)
Disbursements for finance lease liabilities	(4,933)	(4,213)
Interest paid	(7,486)	(13,212)
Dividends paid to parent company shareholders	(851,295)	(385,073)
Dividends paid to minority shareholders	(19,010)	(31,898)
Net proceeds from factoring	(11,522)	(38,326)
Disbursements for repurchase of own shares	(130,615)	0
<b>Cash flow from financing activities</b>	<b>(273,969)</b>	<b>(484,189)</b>
<b>Cash Flow changes</b>	<b>(120,681)</b>	<b>(382,599)</b>
Change in cash funds resulting from exchange rate and valuation-related movements	13,299	(35,504)
Change in cash funds resulting from changes due to the Group structure	(1,406)	0
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(108,788)</b>	<b>(418,103)</b>
Cash and cash equivalents at the beginning of the period	1,578,829	1,710,991
<b>Cash and cash equivalents at the end of the period</b>	<b>1,470,041</b>	<b>1,292,888</b>
<b>Cash and cash equivalents are comprised as follows:</b>	<b>1,470,041</b>	<b>1,292,888</b>
Cash and cash equivalents	1,504,780	1,317,996
Short-term marketable securities	54	51
Short-term bank debt (less than 3 months)	(34,793)	(25,160)

**Knorr-Bremse**  
Quarterly Statement as of September 30, 2018

This interim report contains statements regarding future developments which can represent forward-looking statements. Such statements are to be recognized in terms, among others, such as "expect", "anticipate" and their negation and similar variations or comparable terminology. These statements – just as every business activity in a global environment – are always associated with uncertainty. These statements are based on convictions and assumptions of the management board of Knorr-Bremse AG, which in turn are based on currently-available information. The following factors could affect the success of our strategic and operational measures: macroeconomic or regional developments, changes in the general economic conditions, especially a continuing economic recession, changes in exchange rates and interest rates, changes in energy prices and material costs, insufficient customer acceptance of new Knorr-Bremse products or services, including growing competitive pressure. Should these factors or other uncertainties arise, or the assumptions underlying the statements turn out to be incorrect, the actual results can vary from the forecast results. Knorr-Bremse assumes no obligation and does not intend to continually update or correct forward-looking statements and information. They relate to the conditions as of the date of their publication.

This document contains supplementary financial figures not precisely defined in the relevant financial reporting framework which represent or could represent so-called alternative performance indicators. For the assessment of the net assets, financial position and results of operations of Knorr-Bremse, these supplementary financial figures should not be used in isolation or as alternatives to the financial figures presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies which present or report performance figures with similar designations may calculate these differently. Due to rounding, it is possible that individual figures in this and other documents do not add up exactly to the reported total and that reported percentages do not reflect the absolute values to which they relate.

This document is a quarterly report pursuant to Section 53 of the Stock Exchange Regulations issued by the Frankfurt Stock Exchange.