

Press release

Munich, March 28, 2014

Knorr-Bremse opens new production and development site for commercial vehicle systems in Kecskemét (Hungary)

In the presence of the Hungarian Prime Minister Viktor Orbán, Knorr-Bremse yesterday officially opened a new, state-of-the-art production plant and testing center for commercial vehicle systems in Kecskemét. At the opening ceremony Heinz Hermann Thiele, owner and Chairman of the Supervisory Board of Knorr-Bremse, together with Klaus Deller, Executive Board member responsible for Commercial Vehicle Systems, and site manager István Lepsényi, welcomed numerous other prominent guests, including customers and business partners as well as representatives of politics, industry, universities and the media. The new facility will enhance the company's efficiency and strengthen its local competitiveness.

The new plant is located less than a kilometer away from the existing site. Despite numerous upgrades in recent years, the old company building – which dated from the 1960s – no longer fulfilled Knorr-Bremse's exacting requirements and could not be adapted to meet them. Knorr-Bremse has therefore invested around EUR 20 million in creating a basis for introducing more complex products and technologies that will strengthen the Kecskemét site for the future, and at the same time has expanded its research and development capabilities. The new facility has also created 110 new jobs, so that more than 900 employees will now work on developing and producing brake components for commercial vehicles on a production and office floor space measuring almost 25,000 square meters.

Based on the latest standards of factory planning, the new production facility makes efficient use of infrastructure, with an improved logistics concept, environmentally responsible building management and in-built scope for further expansion. Its layout and architecture are in line with Knorr-Bremse's philosophy in terms of functionality, flexibility and transparent structures. All production processes are based on the company's KPS worldwide production system and are rigorously value-stream oriented. A combination of enhanced efficiency through further development of the company's logistics concept for materials supply and optimized warehousing has reduced the time and distance for materials transfer by

up to 50 per cent. The process route for the ABS valve, for example, has been more than halved, so that the production of an ABS unit now only takes one shift rather than an entire day.

During the planning of the new facility, particular emphasis was put on environmental aspects with a view to reducing energy consumption, cutting CO₂ emissions and conserving natural resources. Energy savings have been achieved partly by the recycling of waste heat.

In addition to the new factory, a new testing and development center was also constructed, as the existing one could no longer cope with the growing number of development projects in Hungary and the associated increase in demand for laboratory measurements and simulations. With more than double the floor space, the new testing center means that R&D activities in Kecskemét can now also be extended to embrace further product areas.

The new facility in Kecskemét represents a further step in the Knorr-Bremse Group's extensive program of investment in strategic expansion, modernization and maintenance of its global development and production network. Within a period of five years Knorr-Bremse has invested some EUR 500 million in state-of-the-art production plants and buildings in worldwide growth markets. Last year alone saw new plants opened in the USA, Australia, Brazil, India and Italy. And Knorr-Bremse had already opened the Rail Vehicle Systems division's facility in Budapest in 2010. Over the last five years the Group has invested some EUR 120 million in Hungary and now has a workforce of almost 2,000 employees developing and manufacturing rail and commercial vehicle brakes at three different sites.

Knorr-Bremse's business links with Hungary date back to the 1920s, when the first license agreements for equipping rail vehicles with brakes were concluded. Connections were interrupted by the Second World War, but were revived in 1959 with the signing of new license agreements in the rail sector and, in 1969, in the commercial vehicle sector. This provided the basis for setting up a German-Hungarian joint venture for truck brakes in 1989. Since 1993, Knorr-Bremse's commercial vehicle facility in Kecskemét has been a wholly-owned subsidiary of the Group. In 1995, a research and development site was opened in Budapest, and in the same year a subsidiary in Budapest was created to produce brake components for rail vehicles.

The **Knorr-Bremse Group** is the world's leading manufacturer of braking systems for rail and commercial vehicles. As technological pacesetters, the company has been decisively pushing development, production, sales and service of modern braking systems forward for over 100 years. Other lines in the Rail Vehicles Systems Division are intelligent entrance systems, air conditioning systems, control components and windscreen wipers, platform door systems, friction material and driver assistance systems. Knorr-Bremse also offers driving simulators and e-learning systems for optimum train crew training. The bandwidth of the Commercial Vehicle Systems Division includes complete braking systems with driver assistance systems as well as torsional vibration dampers, powertrain-related solutions and transmission control systems for enhanced energy efficiency and fuel economy.

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