

**Press release**

Munich, March 25, 2014

**Knorr-Bremse receives incoming orders worth a record EUR 4.75 billion and posts sales revenues of EUR 4.30 billion**

- **Incoming orders rise by 20% to record level of EUR 4.75 billion**
- **Operational growth of +3.2% results in sales revenues of EUR 4.30 billion, allowing for currency effects**
- **Net income amounts to EUR 367 million**
- **Growth above market levels expected for 2014**

**Knorr-Bremse Group**

The Knorr-Bremse Group achieved operational growth of +3.2% and in fiscal 2013 once again posted sales revenues of more than EUR 4 billion. Allowing for negative currency effects, the Group achieved sales in real terms of EUR 4.30 billion (2012: EUR 4.30 billion). The Rail Vehicle Systems division contributed EUR 2.25 billion or 52% to this figure (2012: EUR 2.22 billion) while the Commercial Vehicle Systems division contributed EUR 2.07 billion or 48 % (2012: EUR 2.10 billion). Record levels of incoming orders worth EUR 4.75 billion mean that the Group expects positive development above market levels in 2014.

In the **Rail Vehicle Systems division**, sales growth was driven in particular by the European region, with strong contributions from the expanding RailServices business and the acquisition of two new service companies SWT Swedtrac Sverige AB in Sweden and Railcare in the UK. In addition the new "Knorr-Bremse 1520" joint venture with Russian rail company RZD posted its first sales results during 2013. Towards the end of the year there was also positive development in orders from China. Knorr-Bremse has maintained a presence in the Chinese market for some years, with its own production facilities and service centers, and thanks to the high quality of its braking, door and HVAC systems and its reliable delivery performance secured large numbers of new orders for high-speed trains and locomotives.

Negative currency effects and a weakening of the OE business in North America meant that the **Commercial Vehicle Systems division** experienced a slight drop in sales revenues. In Europe and South America, on the other hand, the division posted sales growth during the year in question, largely as a result of the continued strength of business with the six major OE manufacturers in the truck sector.

Following a weak first six months, purchases in Europe in anticipation of the introduction of the Euro 6 standard triggered a significant upswing during the second half of the year.

In South America, 2013 saw an increase in sales volumes in a positive market environment result in sales revenues growing by 26%.

**Incoming orders** in the Group achieved a record value of EUR 4.75 billion (2012 EUR 3.95 billion), largely due to major orders from the European and Chinese rail markets. This meant the value of incoming orders was 10% higher than that of sales in the year under review and 20% higher than orders in 2012.

**Net income** moved ahead in 2013 to EUR 367 million (2012: EUR 295 million), resulting in a net return on sales of 8.5% (2012: 6.9%). The Group successfully responded to increasing pressure on prices and costs, particularly in the OE segment, by introducing significant improvements in process efficiency and numerous other measures to optimize costs. Results from the OE segment remain unsatisfactory, but are largely compensated by the profitable aftermarket business. Following a 10% drop in net income in 2012, Knorr-Bremse was able to return to the profitability level of 2011 (net return on sales: 7.8%).

At EUR 159 million, **investments** in 2013 were significantly higher than depreciation on intangible and fixed assets of EUR 125 million. This meant that the Group's extensive investment program of more than EUR 500 million in the last five years aimed at expanding, modernizing and maintaining production and development facilities in worldwide growth markets could be largely completed during the year under review. Renewal of production plant and the creation of innovative research and development capacities enhance efficiency and improve processes in response to the growing pressure on prices and rising demand in the years to come. This will enable Knorr-Bremse to maintain its high standards of quality, react more flexibly to customer requirements and achieve improvements in efficiency – including through further development of its logistics concept for materials supply. Six new sites in the USA, Brazil, Italy, India and Australia were opened during the year under review. In addition, the opening of the newly-constructed parking block for employees and the ground-breaking ceremony for a new testing and development center – one of the Group's biggest single investments – took place at the Munich site. The official opening of the new facility in Kecskemét, Hungary will also take place imminently.

By the end of 2013 the **Group workforce** had grown to 20,833 (2012 19,120) due to positive business developments in Europe and Asia and the first-time consolidation of new companies. By the end of the year, 54% of Group employees were in Europe, 22 % in America and 24 % in Asia/Australia. The five German locations in Munich, Aldersbach, Berlin, Dresden and Schwieberdingen accounted for a total of 4,087 employees (2012: 3,750) at the end of 2013 – the equivalent of 20% of the total Group workforce. 3,208 employees – 15% of the workforce – were working in research & development and project planning.

The three regions Europe, America and Asia/Australia, in which the Knorr-Bremse Group does business contributed to the growth in sales revenues as follows:

### **European region**

In the European region, sales edged upwards by 3% or EUR 2.25 billion (2012: EUR 2.18 billion) compared with 2012. In a highly differentiated market environment the Rail Vehicle Systems division posted a strong performance amongst its European customers in 2013; and after a difficult first six months, the commercial vehicle market grew significantly in the second half of the year, with the result that sales were slightly higher than in 2012.

### **American region**

In the American region the Group once again posted sales of more than EUR 1 billion – EUR 1.02 billion compared with EUR 1.07 billion in 2012. Growth in the North American passenger car market and a decline in the freight car business meant that developments in the Rail Vehicle Systems division remained constant against a background of market stability. In the commercial vehicle segment the OE business in particular declined in a difficult market environment, but this was largely balanced by higher sales figures from Knorr-Bremse's subsidiary Bendix in the aftermarket segment. In South America, the Rail Vehicle Systems division faced declining sales, whereas in a stable market the Commercial Vehicle Systems division was able to significantly increase sales.

### **Asia/Australia region**

Sales posted by the companies in the Asia-Pacific region in 2013 virtually level-pegged with the previous year at EUR 1.03 billion (2012: EUR 1.05 billion). However the Rail Vehicle Systems division – particularly RailServices – in the region recorded growth, and towards the end of the year achieved considerable market successes in China. In this growth market the company received important orders in the high-speed segment for braking, door and HVAC systems and also for locomotive

braking equipment. In an expanding market, the Asian commercial vehicle division also experienced positive development, but posted declining sales revenues as a result of currency effects.

### **Outlook for 2014**

For the year 2014 the Group is expecting an increase in sales above market levels. The reasons for this are the high levels of incoming orders received in 2013 and the attractive portfolio of systems and services offered by Knorr-Bremse. The Group intends to continue to focus on expanding its strong position in global growth markets in 2014.

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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