

Press Release

Munich, January 23, 2017

Knorr-Bremse posts growth through acquisitions in fiscal 2016

- **Acquisition of seven companies drives expansion of systems portfolio**
- **Haldex: investors show marked preference for Knorr-Bremse over ZF**
- **Sales reach EUR 5.49 billion despite weak performance of Chinese rail vehicle market and entire North American freight sector**
- **Market position enhanced in every region**
- **Incoming orders show moderate rise to EUR 5.68 billion**

In order to further expand its systems portfolio, in fiscal 2016 Knorr-Bremse triggered seven acquisitions, most of which the company had already concluded by year-end. After closure of all transactions they will represent an additional sales volume of around EUR 1 billion.

In the **rail vehicle sector** Knorr-Bremse expanded its product range through the acquisition of friction material manufacturer TMD Friction and of the outstanding shares in the ICER Rail joint venture. With the acquisition of the Electrical Systems business unit (Vossloh Kiepe) of Vossloh AG, announced at the end of December 2016, Knorr-Bremse is adding advanced drive technologies to its portfolio, particularly for metros, light rail vehicles and regional rail networks, but also for electrically powered buses in the commercial vehicle sector.

In the **commercial vehicle sector** the acquisitions of the UK-based GT Group and of Bosch Japan's TRS transmission components business for on-highway vehicles offer additional growth opportunities. With the acquisition of tedrive Knorr-Bremse has accessed the steering business and thereby also met one of the main preconditions for providing customers with an integrated longitudinal and lateral guidance system for automated driving from a single source.

Early in September 2016, Knorr-Bremse also submitted an offer for the listed automotive supplier Haldex of Sweden. The aim here is to join forces with Haldex to expand the product portfolio particularly in the trailer brake and air suspension systems segment and actively drive forward the development of system solutions for automated and/or autonomous driving for truck-trailer combinations. The acquisition is subject to approval by the anti-trust authorities in the USA and in the EU. Knorr-Bremse has already reached initial important filing milestones in this process. The company is committed to sparing no effort to drive progress in the clearance process and is engaged in constructive discussions with the relevant authorities and with Haldex.

After record year in 2015, sales show slight decline due to weaker markets in China and North America

In the past financial year, Knorr-Bremse posted sales of EUR 5.49 billion (2015: EUR 5.83 billion) including approximately EUR 40 million from the initial application of the Accounting Directive Implementation Act (BilRUG) whereby certain items previously carried under other operating income are to be shown as sales.

As expected, owing to the difficult market environment sales showed a moderate downturn compared to the record level in 2015, with a year-on-year decline of -5.8%. In particular, the rail vehicle market in China and the freight sector in North America returned weaker per-

performances than in the previous year. At EUR 5.68 billion, incoming orders were slightly higher than in 2015.

The **Rail Vehicle Systems** division posted sales of approximately EUR 3 billion in financial 2016 (2015: EUR 3.34 billion). The development of sales revenues reflects weaker market demand for high-speed trains in China and a cyclic slowdown in the freight car and locomotive business in North America. Through further expansion of its commuter rail and RailServices business in these markets, Knorr-Bremse was able to partly offset the decline in sales.

At EUR 2.52 billion, sales at the **Commercial Vehicle Systems** division were slightly up on the previous year (2015: EUR 2.49 billion). The truck and trailer business in Europe and Asia, and in China in particular, showed positive development and offset the cyclic market downturn in North America.

Outlook for 2017: focus on connectivity and systems integration

"We can look back on a decidedly active year in 2016 in which we accelerated the pace of development of our rail vehicle and commercial vehicle business," says Klaus Deller, Chairman of the Executive Board of Knorr-Bremse AG and responsible for the Rail Vehicle Systems division. "Despite what was a difficult market environment overall and a weaker year on the sales front than in 2015, in 2016 we won a number of large-scale projects and made major investments in organic growth and strategic acquisitions. By doing so we have prepared the ground to further diversify our product portfolio and be a driving force in the rapid process of technological change. With the start of operations at our new Development Center in Munich and as a result of the acquisitions that will enable the systematic expansion of our portfolio, we consider ourselves very well placed to further reinforce our market position and achieve sustainable growth."

At the key trade fairs – InnoTrans, IAA Commercial Vehicles and Automechanika – in September 2016 Knorr-Bremse showcased new and pioneering system solutions for its customers. By delivering smart connected systems, Knorr-Bremse helps vehicle manufacturers and operators improve the reliability and efficiency of their vehicles over the full life cycle. "The great interest in our exhibits among trade visitors, the many high-level meetings held and various contracts signed showed that we not only understand the aspirations of our customers but also provide them with expedient solutions," says Klaus Deller.

Looking to the financial year ahead, Deller adds: "In 2017, automation, electrification, and digitalization will again be the forces that shape our industry. So the decisive success factors will be connectivity, systems integration and the ability to look beyond our traditional business. And in a volatile market environment, rigorous cost management and efficient processes will remain as important as ever. With our existing broad product portfolio, our forward-looking acquisitions and our outstanding market coverage, as well as our dedicated workforce, we consider ourselves well placed to deliver exceptional customer benefits as we post sustainable profitable growth. We look to fiscal 2017 with optimism."

Caption: "Despite what was a difficult market environment overall and a weaker year on the sales front than in 2015, in 2016 we won a number of large-scale projects and made major investments in organic growth and strategic acquisitions. By doing so we have prepared the ground to further diversify our product portfolio and be a driving force in the rapid process of technological change," says Klaus Deller, Chairman of the Executive Board of Knorr-Bremse AG and responsible for the Rail Vehicle Systems division.

Knorr-Bremse is a leading manufacturer of braking systems and supplier of additional sub-systems for rail and commercial vehicles, with sales totaling approximately EUR 5.5 billion in 2016. In 30 countries, some 25,000 employees develop, manufacture, and service braking, entrance, control, and energy supply systems, HVAC and driver assistance systems, as well as powertrain and transmission control solutions. As a technology leader, through its products the company has been making a decisive contribution to greater safety by road and rail since 1905. Every day, more than one billion people around the world put their trust in systems made by Knorr-Bremse.

Contact:

Dr. Detlef Hug
Head of Corporate Communications
Tel: +49 (0)89 3547 1402
E-Mail: detlef.hug@knorr-bremse.com

Knorr-Bremse AG
Moosacher Strasse 80
D-80809 Munich
www.knorr-bremse.com