

**Press release**

Munich, March 27, 2020

**Knorr-Bremse suspends guidance for fiscal year 2020**

- Guidance for fiscal year 2020 due to incalculable economic impacts of Covid-19 suspended
- Temporarily closures of customer and supplier plants increased rapidly
- Extensive program of measures to ensure earnings stability and supply capability of the company initiated
- Increase in liquidity by EUR 750 million creates additional scope for action
- Dividend policy for fiscal year 2019 remains, subject to further developments, unchanged

**Munich, March 27, 2020** – Knorr-Bremse AG's guidance for fiscal 2020, which the company published at its annual press conference on March 11, 2020, was made subject to the reservation that the spread of Covid-19 would have a limited impact. Over the past two weeks, the negative effects of the Covid-19 crisis have gained considerable importance, rendering numerous assumptions obsolete. Among other things, customers and suppliers in many parts of the world have carried out temporary plant closures. According to the current assessment of the Executive Board, it is therefore no longer possible to make a reliable estimate of the further course of business. The guidance for the fiscal year 2020 has thus been suspended. The Executive Board now expects a significant decrease of revenues and EBITDA compared to 2019.

*Bernd Eulitz, CEO of Knorr-Bremse AG: „The spread of the Covid-19 and its effects on our business processes have gained considerable momentum in recent days. The protection of our employees and ensuring the ability to deliver have top priority for us. At the same time, we will use a consistent program of measures to keep the economic impact for Knorr-Bremse as low as possible, thus demonstrating the robustness of our business model. “*

We are responding with an extensive program of measures to ensure the stability of the company in this challenging environment:

- In addition to the liquidity of more than EUR 1.8 billion available at the end of 2019 according to preliminary results, Knorr-Bremse will draw on additional credit lines of EUR 0.75 billion. The company is thus increasing its operational scope. At the end of 2019, the company had a net cash position of around EUR 320 million.
- In order to stabilize earnings, personnel and other measures are taken which build on the preparations in 2019:
  - In order to be able to react on customer demand even at short notice, agreements with the works councils in Germany were signed to introduce short-time working at individual locations in Germany
  - Comparable measures at the other European locations were agreed on
  - A cost program with staff reduction measures in North- and South America was set up

A rapid recovery in China, where Knorr-Bremse's plants have resumed 97 % of their operations, shows that with appropriate measures in other markets affected by Covid-19, delivery capacity can be quickly restored to a large extent after possible interruptions.

Despite the current challenges, Knorr-Bremse plans, subject to further developments, to maintain its dividend policy for the previous year (payout ratio of 40 to 50 % of consolidated net income for the year) following the good business performance in 2019 and due to the robust financial situation. The dividend proposal will be announced on April 21, 2020 after approval of the annual financial statements by the Supervisory Board.

**About Knorr-Bremse**

**Knorr-Bremse (ISIN: DE000KBX1006, ticker symbol: KBX)** is the global market leader for braking and other rail and commercial vehicle systems. Knorr-Bremse's products make a decisive contribution to greater safety and energy efficiency on rail tracks and roads around the world. About 29,000 employees at over 100 sites in more than 30 countries use their skills and motivation to satisfy customers worldwide with products and services. In 2019, Knorr-Bremse's two divisions together generated sales of 6.9 billion euros. For more than 115 years the company has been the industry innovator, driving innovation in mobility and transportation technologies with an edge in connected system solutions. Knorr-Bremse is one of Germany's most successful industrial companies and profits from the key global mega trends: urbanization, sustainability, digitalization and mobility.

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