

**Press release**

Munich, August 13, 2021

**Knorr-Bremse AG continues recovery in the second quarter of 2021 and reports very good financial results in the first half of 2021**

- Strong development of the order situation: Order intake up 32.1% year-on-year to EUR 3.60 billion (previous year: EUR 2.73 billion) and above the pre-coronavirus level
- Record order book of EUR 5.16 billion up 18.3% year-on-year
- Revenues grow by 11.9% to EUR 3.42 billion in the first half of the year largely due to significant growth in the global commercial vehicle business
- Strong increase in profitability: EBIT of EUR 495.5 million up 24.6% on H1 2020, EBIT margin (ROS) grows significantly to 14.5% (H1 2020: 13.0%); EBITDA margin increased by 1.0 percentage point year-on-year to 18.5% (H1 2020: 17.5%)
- Full repayment of remaining credit facilities from Covid-19 measures program in the amount of EUR 500 million in the first half of 2021
- Full-year guidance for 2021 confirmed

**Munich, August 13, 2021** – Knorr-Bremse AG, the global market leader for braking systems and a leading supplier of other safety-critical rail and commercial vehicle systems, achieved very good results in the first half of 2021 and reports a strong balance sheet for the second quarter.

Dr. Jan Mrosik, Chairman of the Executive Board of Knorr-Bremse AG: *“Knorr-Bremse achieved very good results and strongly increased profitability in the first half of 2021. The strong economic situation worldwide for commercial vehicles and systematic cost management were the main drivers of this good performance in our truck division, which doubled its order intake. Like the market as a whole, the rail division continued to be affected by the Covid-19 pandemic and saw postponements of major projects between the quarters. However, RVS generated stable revenues and margins overall in the first half of the year. Against the background of the strained supply of supplier products globally, we’re making every effort to mitigate the impact for our customers. Even in the face of this challenge, we’re on the right track. Market growth in both divisions is intact. We will continue to benefit from megatrends such as urbanization, sustainability, digitalization and mobility. We confirm our guidance for the full year.”*

Frank Markus Weber, Chief Financial Officer of Knorr-Bremse AG: *“We saw a new record order book in the first half of 2021. We’re very satisfied with our year-on-year revenue growth of 11.9% and a 1.5 percentage point improvement in the EBIT margin (ROS) to 14.5%. Our earnings per share also rose by nearly 41% to 2.07 Euros. Thanks to the positive earnings contributions, we were able to repay credit facilities from the Covid-19 action program in full with around EUR 500 million and report a very strong balance sheet as of the end of the quarter.”*

**Order book at new record level, revenues up strongly by 11.9%**

In the first half of 2021, Knorr-Bremse markedly increased order intake in the Group by 32.1% above the previous year’s level to EUR 3,602.9 million (previous year: EUR 2,727.1 million). This was based on very high demand in the commercial vehicle segment and led to the order book reaching a record level of EUR 5,161.0 million as of June 30, 2021 (previous year: EUR 4,363.3 million).

The dynamic development of the commercial vehicle market was also reflected in the Group's revenues in the first half of the reporting year with an 11.9% rise to EUR 3,418.9 million (previous year: EUR 3,055.8 million). Currency adjusted and adjusted for the EVAC Group, which was acquired in the first half of 2021, and R.H. Sheppard, the increase in revenues was actually 14.9%.

The greatest growth in revenues was in South America (+55.3%) and Europe (+17.2%). The business also grew in the North America region (+15.3%) and the Asia-Pacific region (+1.3%).

### **Significantly increased profitability: EBIT margin (ROS) rises to 14.5%**

EBITDA in the first half of 2021 was EUR 632.2 million (previous year: EUR 535.5 million) and was thus 18.1% up on the previous year mainly due to volume factors. The EBITDA margin increased from 17.5% in the same period of the previous year to 18.5% in the first half of 2021.

EBIT improved in the first half of 2021, rising robustly by 24.6% to EUR 495.5 million (previous year: EUR 397.5 million). The EBIT margin (ROS) stood at 14.5%, 1.5 percentage points up on the same period of the previous year (13.0%).

Free cash flow amounted to EUR 108.2 million in the first half of 2021, a significant rise of EUR 121.5 million compared with the previous year's level of EUR -13.3 million.

### **Rail Vehicle Systems (RVS) sees stable margins despite slow market recovery**

In the first half of 2021, the RVS division's business continued to develop under the influence of the Covid-19 pandemic, which led to postponements of projects. Incoming orders thus fell year-on-year by 12.8% from EUR 1,664.3 million to EUR 1,450.5 million. All regions were affected by this development, especially Asia. Vehicle manufacturers in the rail market recorded good order intake in the first half of 2021, which should be reflected with some delay in Knorr-Bremse's business. By contrast, order intake increased to EUR 3,517.3 million as of June 30, 2021 (previous year: EUR 3,496.5 million).

The RVS division experienced a 4.9% decrease in revenues to EUR 1,654.6 million (previous year: EUR 1,740.8 million). This resulted from weaker revenues in both the OE business and the RailServices business. Operators ran fewer trains during the first half of 2021 due to the pandemic, meaning that the service business was down on the previous year. In Europe, the decrease in revenues was mainly due to metro cars and locomotives, which, however, were more than compensated for by better businesses in highspeed, Regional & Commuter as well as in the aftermarket business. In North America, weaker demand in the freight business and the aftermarket had an impact. The recovery of the market from the pandemic in the Asia region was relatively slow. Accordingly, both the OE business and the aftermarket decreased by almost the same amount.

EBITDA in RVS decreased by 7.6% year-on-year to EUR 360.6 million (H1 2020: EUR 390.2 million), giving an EBITDA margin of 21.8% in the first half of the year (previous year: 22.4%). EBIT was also down 7.6% on the same period of the previous year to EUR 300.9 million (previous year: EUR 325.6 million), but a good EBIT margin (ROS) of 18.2% (previous year: 18.7%) was achieved.

### **Commercial Vehicle Systems (CVS) sees very strong development in revenues and earnings**

The CVS division doubled incoming orders by 103.0% to EUR 2,153.1 million in the first half of 2021 (previous year: EUR 1,060.6 million). This is due to very strong market demand

worldwide, from which businesses in Europe and North America in particular benefited significantly. The growth in order intake was also reflected in the order book, which grew by 88.3% year-on-year to EUR 1,657.2 million as of June 30, 2021 (previous year: EUR 880.1 million).

In terms of revenues, CVS recorded significant growth of 34.2% to EUR 1,764.9 million in the first half of 2021 (previous year: EUR 1,314.7 million). This largely resulted from increasing truck production worldwide and related revenue growth in the OE business, despite supply bottlenecks for the entire commercial vehicle industry.

The CVS division's EBITDA grew strongly by 77.2% to EUR 280.4 million (previous year: EUR 158.2 million). At 15.9%, the EBITDA margin was 3.9 percentage points up year-on-year (previous year: 12.0%) and thus reached the pre-pandemic level. EBIT also more than doubled in the first half of 2021, rising by 127.1% to EUR 213.9 million (previous year: EUR 94.2 million), resulting in a significant margin improvement (ROS) by 4.9 percentage points to 12.1% (previous year: 7.2%).

### **Group confirms full-year guidance for 2021**

The Knorr-Bremse Group's guidance for fiscal 2021 assumes that the global economy and the political environment will remain stable and there will be no further business restrictions due to the Covid-19 pandemic. Furthermore, from today's perspective, we assume it will be possible to largely compensate for negative effects of the CVS division resulting from current supply bottlenecks for supplier products in the course of 2021, but we are continuously monitoring the situation.

Knorr-Bremse therefore continues to expect revenues of EUR 6,500 million to EUR 6,900 million (2020: EUR 6,157 million), an operating EBITDA margin of between 17.5% and 19.0% (2020: 18.0%) and an operating EBIT margin of between 13.0% and 14.5% (2020: 13.2%).

The full half-year report is available at [www.knorr-bremse.com](http://www.knorr-bremse.com). There will be a conference call for reporters at 10 a.m. Explanations and reconciliations to the financial KPIs used can be found in Knorr-Bremse AG's 2020 Annual Report (available at [Investor Relations \(knorr-bremse.com\)](http://Investor Relations (knorr-bremse.com))), in particular starting on p. 73 and on p. 201.

**Key figures for the Knorr-Bremse Group:**

	Half year			Second quarter		
	2021	2020	Δ	2021	2020	Δ
	€ million	€ million		€ million	€ million	
<b>Order intake</b>	3,602.9	2,727.1	+32.1%	1,804.0	1,139.1	+58.4%
<b>Order book (June 30)</b>	5,161.0	4,363.3	+18.3%	5,161.0	4,363.3	+18.3%
<b>Revenues</b>	3,418.9	3,055.8	+11.9%	1,727.4	1,428.3	+20.9%
<b>EBITDA</b>	632.2	535.5	+18.1%	311.9	245.3	+27.2%
<i>EBITDA margin</i>	18.5%	17.5%	+100bp	18.1%	17.2%	+90bp
<b>EBIT</b>	495.5	397.5	+24.6%	243.8	173.5	+40.5%
<i>EBIT margin</i>	14.5%	13.0%	+150bp	14.1%	12.1%	+200bp
<b>Free cash flow</b>	108.2	(13.3)	+914.4%	131.1	47.5	+175.9%
<b>Capital expenditure (before IFRS 16 and acquisitions)</b>	129.6	147.9	(12.4%)	67.6	66.9	+1.0%
<b>R&amp;D costs as % of revenues</b>	6.2%	6.4%	(20bp)	6.3%	6.6%	(30bp)
<b>Earnings per share (in EUR)</b>	2.07	1.47	+40.8%	1.02	0.64	+59.4%

**Key figures for the Knorr-Bremse Group's divisions:**

	Half year			Second quarter		
	2021	2020	Δ	2021	2020	Δ
	€ million	€ million		€ million	€ million	
<b>RVS division</b>						
<b>Revenues</b>	1,654.6	1,740.8	(4.9%)	849.1	848.6	+0.1%
<b>EBITDA</b>	360.6	390.2	(7.6%)	185.5	204.0	(9.1%)
<b>EBITDA margin</b>	21.8%	22.4%	(60bp)	21.8%	24.0%	(220bp)
<b>EBIT</b>	300.9	325.6	(7.6%)	155.9	169.1	(7.8%)
<b>EBIT margin</b>	18.2%	18.7%	(50bp)	18.4%	19.9%	(150bp)
<b>CVS division</b>						
<b>Revenues</b>	1,764.9	1,314.7	+34.2%	878.6	578.9	+51.8%
<b>EBITDA</b>	280.4	158.2	+77.2%	131.6	50.7	+159.9%
<b>EBITDA margin</b>	15.9%	12.0%	+390bp	15.0%	8.7%	+630bp
<b>EBIT</b>	213.9	94.2	+127.1%	98.0	17.4	+463.5%
<b>EBIT margin</b>	12.1%	7.2%	+490bp	11.2%	3.0%	+820bp

**About Knorr-Bremse**

**Knorr-Bremse (ISIN: DE000KBX1006, ticker symbol: KBX)** is the global market leader for braking systems and a leading supplier of other safety-critical 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. Some 29,500 expert, dedicated employees at over 100 sites in more than 30 countries deliver products and services to satisfied customers worldwide. In 2020, Knorr-Bremse's two divisions together generated revenues of EUR 6.2 billion. For 115 years, the Company has been at the cutting edge of its industries, driving innovation in mobility and transportation technologies with a leading edge in connected system solutions. Knorr-Bremse is one of Germany's most successful industrial companies and profits from the key global megatrends: urbanization, sustainability, digitalization, and mobility.

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