

Press release

Knorr-Bremse Publishes Preliminary Financial Figures for the Second Quarter of 2022 and Adjusts Guidance for 2022

Munich, July 27, 2022 – Based on the initial indications for the April through June 2022 reporting period (Q2/22), Knorr-Bremse AG is expecting the following financial figures:

- Preliminary revenues of approximately € 1.73 billion (consensus: € 1.73 billion)
- Preliminary operating EBIT margin of approximately 10.5% (consensus: 11.0%)
- Preliminary free cash flow of approximately € -70 million (in Q2/21 € 131 million)

The preliminary results of Q2/2022 are broadly in line with analyst expectations as summarized in the current Vara Research Consensus.

Based on the preliminary financial figures for the first half of 2022, which are still being reviewed by the auditors, and based on the developments expected for the second half of the year, the Executive Board of Knorr-Bremse AG adjusts the guidance for the 2022 fiscal year in line with the current situation in Russia.

Assuming (i) current foreign-exchange rates, (ii) a predominantly stable macroeconomic environment, (iii) no new Covid-19 lockdowns, (iv) no significant increase in inflation, and (v) no additional supply chain issues caused by potential energy shortages, Knorr-Bremse now expects revenues between € 6,900 million and € 7,200 million (previously € 6,800 million and € 7,200 million), an operating EBIT margin between 10.5% and 12.0% (previously 12.5% to 14.0%), and free cash flow between € 300 million and € 500 million (previously € 500 million to € 600 million).

At the beginning of the year the Executive Board launched a comprehensive Profit & Cash Protection Program including accompanying cost and pricing measures for the entire Knorr-Bremse Group to fully compensate for the significant rise in inflation, which is currently depressing the cost base in both divisions.

The adjustment of the guidance, that is nevertheless necessary, is owed mainly to the development of the following factors that have intensified in recent months:

The impacts of the Russia–Ukraine war and Knorr-Bremse’s previously announced withdrawal from business in Russia result in significant adjustments to the guidance, as expected. The withdrawal from Russia results, also as expected, in non-operating and non-cash expenses of no more than € 50 million, of which approximately € 20 million were recognized in Q2/22.

Furthermore, the Covid-19 pandemic continues to have negative effects on business. This is especially the case in China, where rail operators are responding to the significant, pandemic-induced decreases in train traffic by thinning out their fleets and through lower investments in new rail vehicles. The situation is heightened by the general cooldown of China’s truck market. Knorr-Bremse is not expecting a significant recovery in either segment in the short term, contrary to prior expectations.

The complete half-year financial report for 2022 will be published as planned on August 12, 2022.

Explanations and reconciliations to the financial KPIs used can be found in Knorr-Bremse AG's 2021 Annual Report: (<https://ir.knorr-bremse.com/download/companies/knorrbremse/Annual%20Reports/DE000KBX1006-JA-2021-EQ-E-00.pdf>)

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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. About 30,500 employees at over 100 sites in more than 30 countries use their competence and motivation to satisfy customers worldwide with products and services. In 2021, Knorr-Bremse's two divisions together generated revenues of EUR 6.7 billion. 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. One of Germany's most successful industrial companies, Knorr-Bremse profits from the key global megatrends of urbanization, sustainability, digitalization, and automated driving.

This publication contains forward-looking statements about the business, financial development, and earnings of the Knorr-Bremse Group. These statements are underpinned by assumptions and forecasts that are based on currently available information and current assessments. They are subject to a large number of uncertainties and risks. Consequently, actual business development may vary significantly from the expected development. Knorr-Bremse does not assume any obligation to update forward-looking statements beyond the requirements imposed by law.