

Knorr-Bremse AG continues profitable growth in the first half of 2018

- **1H18 group revenues of EUR 3,322.2 million (+11.6% on 1H17)**
- **1H18 group EBITDA of EUR 582.2 million (+12.4% on 1H17), representing a margin of 17.5%**
- **Medium term, the company targets annual organic revenue growth of between 4.5% and 5.5%, as well as a group EBITDA margin improvement of 150bp compared to 2017**

Munich, September 6, 2018 – Knorr-Bremse AG, the global market leader for braking systems and a leading supplier of other safety-critical rail and commercial vehicle systems, today published financial statements based on IFRS for the first half of 2018 as well as retrospectively for fiscal years 2015, 2016 and 2017.

Figures in €

(based on IFRS, unaudited)

	1H18	% yoy	1H17
Revenue	3,322.2m	11.6%	2,976.0m
EBITDA	582.2m	12.4%	518.0m
<i>margin</i>	17.5%	10bp	17.4%
EBIT	472.3m	11.6%	423.1m
<i>margin</i>	14.2%	0bp	14.2%

First-half 2018 sales up almost 12%, EBITDA up slightly more

Knorr-Bremse delivered a strong financial performance in the first half of 2018: sales came to EUR 3,322.2 million, an increase of 11.6% on the six-month period ended June 30, 2017 of EUR 2,976.0 million. EBITDA rose to EUR 582.2 million, an increase of 12.4% from EUR 518.0 million for the first half of 2017 and representing a margin of 17.5%, 10bp higher than during the same period the year before. EBIT amounted to EUR 472.3 million, compared to EUR 423.1 million for the first six months of 2017.

This growth was almost entirely organic, both divisions contributed with double-digit revenue growth rates. While all regions contributed, strong regional performances came primarily from Asia/Pacific and North America.

At a divisional level, rail vehicle systems (RVS) generated revenues in 1H18 of EUR 1,744.2 million and an EBITDA of EUR 322.2 million (margin 18.5%), performing particularly strongly in China as well as India, in Brakes and On-Board sales in Europe, and in the Passenger & Freight business in North America.

The division commercial vehicle systems (CVS) generated revenues during the period of EUR 1,577.3 million and an EBITDA of EUR 259.6 million (margin 16.5%), driven by a further increase of global truck production rates and stronger market penetration in North America and Asia.

Klaus Deller, Knorr-Bremse CEO, said: „The first half of 2018 confirms our continued strong growth and the outperformance versus our underlying markets in the rail and commercial vehicle industries.”

Ralph Heuwing, Knorr-Bremse CFO, added: „Strong earnings quality and an efficient balance sheet positions Knorr-Bremse well for the future.”

Mid-term targets

The Company targets in the medium term (i.e., within a horizon of three to four years) organic growth rates of sales (at a CAGR) in the range of approximately 4.5% to 5.5%. Knorr-Bremse expects sales to grow at a slightly stronger rate in the RVSsegment, in which a CAGR is targeted in the range of approximately 5% to 6% within the medium term, than in the CVS segment. Here a CAGR is targeted in the range of approximately 4% to 5% within the same period.

Furthermore, it is Knorr-Bremse’s goal to expand in the medium term its EBITDA margin by approximately 150 basis points compared to the reported EBITDA margin for the fiscal year 2017. EBITDA margins of both segments are expected to gradually increase, with the margins in the Rail Vehicles Systems segment to grow at a slightly stronger rate than in the Commercial Vehicle Systems segment.

The unaudited consolidated interim financial statements of the six months ended June 30, 2018 prepared in accordance with IAS34, and the audited consolidated financial statements of the fiscal years 2015 to 2017 prepared in accordance with IFRS are available on the website at www.knorr-bremse.de/en.

About Knorr-Bremse

Knorr-Bremse 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. For more than 110 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 megatrends: urbanization, eco-efficiency, digitization and automated driving.

About 29,000 employees (as of 30 June 2018) at over 100 sites in more than 30 countries use their competence and motivation to satisfy customers worldwide with products and services. Localization is a central focus of Knorr-Bremse’s strategy. Knorr-Bremse delivers braking, entrance, control and auxiliary power supply systems, HVAC and driver assistance systems for rail vehicles, as well as braking, steering, powertrain and transmission control solutions, and driver assistance systems for commercial vehicles.

In 2017, Knorr-Bremse’s two divisions together generated revenues of EUR 6.2 billion (IFRS). A comprehensive aftermarket & services business with high entry barriers gives these revenues increasingly cyclically independent stability. The company benefits from strong, entrepreneurial and experienced management. Technical excellence, reliability, passion and responsibility are deeply embedded in its corporate culture.

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