

Press Release

Munich, February 7, 2018

Knorr-Bremse posts record sales of EUR 6.24 bn in fiscal 2017

- **Sales up 13.7% at EUR 6.24 bn (2016: EUR 5.49 bn)**
- **FX-adjusted, both divisions – Rail Vehicle Systems and Commercial Vehicle Systems – deliver record revenues**
- **Revenues Rail Vehicle Systems division: EUR 3.33 bn (2016: EUR 2.99 bn)**
- **Revenues Commercial Vehicle Systems division: EUR 2.93 bn (2016: EUR 2.52 bn)**
- **Incoming orders outpace sales, up 16.4% at EUR 6.66 bn (2016: EUR 5.72 bn)**
- **EBITDA for 2017 totaled EUR 1.06 bn (2016: EUR 1.01 bn), despite extraordinary expenses**

In fiscal 2017, Knorr-Bremse, the world's leading manufacturer of braking systems and increasingly a supplier of additional sub-systems for rail and commercial vehicles, returned record sales of EUR 6.24 bn. Both divisions, Rail Vehicle Systems and Commercial Vehicle Systems, contributed equally to this achievement. Overall, Knorr-Bremse Group revenues grew by 13.7% to EUR 6.24 bn (2016: EUR 5.49 bn). Incoming orders rose even faster, by 16.4% to EUR 6.66 bn (2016: EUR 5.72 bn). EBITDA for 2017 totaled EUR 1.06 bn (2016: EUR 1.01 bn), despite substantial extraordinary expenses due to foreign exchange effects, the attempted acquisition of Haldex, and the transition to IFRS reporting. In line with IFRS, adjusted EBITDA reached EUR 1.14 bn.

“For us, the past financial year was particularly dynamic and aspirational, so we are all the more delighted at our strong growth and record sales. As this clearly shows, the steps we have taken to set the stage for sustainable and profitable growth are proving effective,” comments Klaus Deller, Chairman of the Executive Board of Knorr-Bremse AG. “We also scored major market successes in all of our regions, not least in the rail freight sector in India, in the braking sector per se and in the field of transmission control for commercial vehicles in China and Japan.”

Development of business by division

The **Rail Vehicle Systems** division posted sales of EUR 3.33 bn (2016: EUR 2.99 bn). Adjusted for foreign exchange effects, this is the highest level of sales ever recorded by the division. The sharp rise in sales revenues reflects in particular buoyant market demand in Europe, including the contributions of the newly acquired Kiepe Electric Group. At the same time, developments in North America and the Asia/Australia region were also positive. Success stories included equipping 800 Prima-E double locomotives from Alstom with braking systems for the Indian market, where the fast-growing rail freight sector is scheduled for major expansion in the years ahead.

The **Commercial Vehicle Systems** division returned record sales of EUR 2.93 bn (2016: EUR 2.52 bn). All regions contributed to this top-class performance. A significant development was the decision by Dongfeng Motor Group in China to partner with Knorr-Bremse in the development of automated manual transmissions for new generations of heavy-duty trucks. Through this move, one of the world's largest truck manufacturers in the most important market is clearing the way for the ongoing success of automated manual transmissions. Within the joint venture with Dongfeng Motor Group, Knorr-Bremse is optimizing the transmission control system to meet the specific requirements of the Chinese respectively Asian markets.

Worldwide workforce reaches almost 28,000 employees

At year-end 2017 Knorr-Bremse had a worldwide total of 27,705 employees across the Group (year-end 2016: 24,565). This equates to an increase of 12.8% year-on-year. At the eight German plants in Aldersbach, Berlin, Dresden, Düsseldorf, Holzkirchen, Munich, Schwieberdingen and Wülfrath, the number of employees at year-end had increased to 5,663 (2016: 5,044).

Heading into fiscal 2018 with confidence

For fiscal 2018, Knorr-Bremse is anticipating a demanding market environment. Despite this, the Executive Board is expecting revenue growth to EUR 6.4 to 6.6 bn, with an EBITDA margin between 17% and 19%. The main challenges facing the industry remain Electrification, Connectivity/Digitalization, and Automated Driving. “New competitors are entering this arena and the entire landscape of operators, OEMs and suppliers is being reshaped,” says Klaus Deller. “With our broad product portfolio, our future-oriented technologies and outstanding market coverage, as well as our dedicated workforce, we are well positioned and will face up to these challenges with confidence. At this year’s key trade fairs – InnoTrans and IAA – we will show once again that our company has outstanding solutions to offer for the challenges facing the rail and commercial vehicle industries. An approach that combines ongoing strong investment in the development of new systems and in state-of-the-art production technologies with over 110 years’ experience of safety by road and rail simply pays dividends,” Deller adds.

“In 2018 we will continue to pursue our chosen path to sustainable and profitable growth, accompanied by significant investments in the best interests of our customers,” says Ralph Heuwing, Chief Financial Officer of Knorr-Bremse AG since November 1, 2017. “As we do so, we will focus on strict cost and financial management, strengthening our efficient processes, and leveraging our sound balance sheet.”

The figures in this press release are preliminary and have not been audited. They have not yet been approved by the Supervisory Board. The 2017 Annual Report with the final figures will be published on March 20, 2018.

Caption 1: “For us, the past financial year was particularly dynamic and aspirational, so we are all the more delighted at our strong growth and record sales. As this clearly shows, the steps we have taken to set the stage for sustainable and profitable growth are proving effective,” comments Klaus Deller, Chairman of the Executive Board of Knorr-Bremse AG. | © Knorr-Bremse

Caption 2: “In 2018 we will continue to pursue our chosen path to sustainable and profitable growth, accompanied by significant investments in the best interests of our customers,” says Ralph Heuwing, Chief Financial Officer of Knorr-Bremse AG. | © Knorr-Bremse

Caption 3: Production operations at Knorr-Bremse. | © Knorr-Bremse

Knorr-Bremse is the leading manufacturer of braking systems and supplier of additional sub-systems for rail and commercial vehicles, with sales totaling over EUR 6 billion in 2017. In 30 countries, some 28,000 employees develop, manufacture, and service braking, entrance, control, and energy supply systems, HVAC and driver assistance systems, as well as steering systems, and 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.

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