

Press release

Munich, May 14, 2021

Knorr-Bremse AG achieves outstanding results in the first quarter of 2021

- Very positive business performance in the first quarter of 2021
- In Q1 2021, order intake rises for the third time in a row and improves by 13.3% to EUR 1.80 billion (previous year: EUR 1.59 billion)
- Order book at record level: Increase of EUR 432 million (+9.3%) compared to the previous year (EUR 4.65 billion) to EUR 5.08 billion
- Revenues grow by 3.9% to EUR 1.69 billion compared to Q1 2020
- Major increase in profitability: EBITDA margin increases to 18.9% (previous year: 17.8%) and EBIT margin to 14.9% (previous year: 13.8%), each having improved by 110 basis points
- Knorr-Bremse considers itself on track for full year 2021 and confirms its guidance

Munich, May 14, 2021 – Knorr-Bremse AG, the global market leader for braking systems and a leading supplier of other rail and commercial vehicle systems, today published its results for the first quarter of 2021.

Dr. Jan Mrosik, Chairman of the Executive Board of Knorr-Bremse AG: *“Knorr-Bremse achieved outstanding results overall in the first quarter of 2021 despite the still volatile market environment. We’re maintaining our guidance for the rest of the year. However, we’re closely monitoring the continuing challenges worldwide as a result of the Covid-19 pandemic, increasing bottlenecks in the supply of semiconductors and other critical components from suppliers, and in global logistics systems.”*

Frank Markus Weber, Chief Financial Officer of Knorr-Bremse AG: *“A new record order book in the company’s history, revenue growth of 3.9% compared to the previous year, and an improvement in the EBITDA margin to 18.9% and the EBIT margin (ROS) to 14.9% – each increasing by 110 basis points – mean we’ve made a very good start to the year. In addition, we’ve further advanced our focus on ESG principles and implemented a number of further sustainability measures at Knorr-Bremse.”*

Order intake grows by 13.3% despite volatile market environment

In the first quarter of 2021, the Knorr-Bremse Group’s order intake was higher than in the same quarter of the previous year for the third time in a row, improving by 13.3% to EUR 1,799 million (previous year: EUR 1,588 million). The order book grew significantly to a new high of EUR 5,084 million, which represents an increase of 9.3% compared to the previous year (previous year: EUR 4,652 million). This is an excellent basis for good capacity utilization in the coming quarters and the positive full-year guidance.

Revenue improved in the first quarter of 2021 to EUR 1,692 million, an increase of 3.9% (previous year: EUR 1,627 million). Excluding currency and M&A effects, growth was in fact 5.9%. This growth primarily reflects the high demand in the commercial vehicle systems segment, which continued globally in the quarter just ended.

The largest growth in revenues was in the Asia/Pacific region, which saw an increase of 9.2%. The business also grew in Europe (+3.3%) and South America (+1.6%), whereas revenues were down still by -1.7% in North America as a result of the pandemic.

High and improved profitability and improved cash flow

In Q1 2021, EBIT increased by 12.3% compared to the same quarter of the previous year, rising to EUR 252 million (previous year: EUR 224 million). Thanks to the action programs and stronger OE revenues, the EBIT margin (ROS) improved again, rising from 13.8% in the first quarter of 2020 to 14.9% in the first quarter of 2021.

The EBITDA margin of 18.9% (previous year: 17.8%) likewise improved by 110 basis points.

Free cash flow improved by EUR 38 million compared to the previous year to EUR -23 million in the first quarter of 2021 (previous year: EUR -61 million).

Rail Vehicle Systems (RVS) sees slightly improved margins despite expected decrease in quarterly revenues

In the first quarter of 2021, the RVS division's order book grew by 2.1% to EUR 3,630 million (previous year: EUR 3,555 million), underlining the segment's stability. In the first quarter of 2021, the division's order intake of EUR 714 million was around -18.3% lower than in the same quarter of the previous year (EUR 874 million) due to Covid-19 impacts, postponements of projects as well as a very strong previous quarter in 2020 (Q4 2020: EUR 1,095 million). The aftermarket business in China and the OE business in India should, however, improve in the next few quarters.

As expected, the RVS division's revenues of EUR 805 million in Q1 2021 were around 9.7% lower than the same quarter of the previous year (EUR 892 million). This effect is primarily due to lower passenger numbers during the Covid-19 pandemic, which were reflected in the extended overhaul cycles for trains and thus lower service business in Asia and North America in particular.

EBITDA decreased by -5.9% in absolute terms to EUR 175 million (previous year: EUR 186 million) while the EBITDA margin improved to 21.7% (previous year: 20.9%). EBIT decreased by -7.3% compared to the same quarter of the previous year to EUR 145 million (previous year: EUR 157 million), whereas the EBIT margin (ROS) improved to 18.0% (previous year: 17.5%).

Commercial Vehicle Systems (CVS) performed very well in all KPIs

The Commercial Vehicle Systems division (CVS) saw order intake growth of +51.9% to EUR 1,085 million in the first quarter of 2021 (previous year: EUR 715 million). This reflects the continuing market recovery worldwide. In China, commercial vehicle production reached a new record level in March 2021. At EUR 1,468 million, the order book was 31.9% higher than the first quarter of 2020 (EUR 1,113 million) thanks to the strong demand situation.

The CVS division's revenues reached an all-time high in the first quarter of 2021, climbing 20.5% from EUR 736 million in the first quarter of 2020 to EUR 886 million in the first quarter of 2021. Both the latest acquisition of R.H. Sheppard in the USA at EUR 26 million and dynamic demand in the core markets of Europe, North America, and Asia – in particular China – contributed to this.

The CVS division's EBITDA grew strongly by 38.2% to EUR 149 million (previous year: EUR 108 million). The EBITDA margin increased to 16.8% (previous year: 14.6%). At EUR 116 million (previous year: EUR 77 million), EBIT increased by 51.0% and generated a significant improvement in the margin to 13.1% (previous year: 10.4%).

Group confirms positive 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 restrictions due to the Covid-19 pandemic. Furthermore, from today's perspective, we assume it will be possible to largely compensate for decreases in revenues in the CVS division resulting from current supply bottlenecks for electronic components of the semiconductor industry in the course of 2021, but are continuously monitoring the situation.

On this basis, Knorr-Bremse expects revenues of between EUR 6,500 million and EUR 6,900 million, an operating EBITDA margin of between 17.5% and 19.0% and an operating EBIT margin of 13.0% to 14.5% for fiscal 2021.

The full quarterly statement is available on the website www.knorr-bremse.com.

Explanations and reconciliations to the financial KPIs used can be found in particular on pp. 73 ff. and 201 of the 2020 Annual Report of Knorr-Bremse AG (available at [Investor Relations \(knorr-bremse.com\)](http://www.knorr-bremse.com)).

Key Figures of Knorr-Bremse Group:

	Jan. - March		
	2021	2020	Δ
	EUR million	EUR million	
Order intake	1,798.9	1,588.0	+13.3%
Order book (31.3.)	5,084.4	4,652.5	+9.3%
Revenues	1,691.5	1,627.5	+3.9%
EBITDA	320.3	290.2	+10.4%
<i>EBITDA margin</i>	18.9%	17.8%	+1.1ppt
EBIT	251.6	224.0	+12.3%
<i>EBIT margin</i>	14.9%	13.8%	+1.1ppt
Free cash flow	-22.9	-60.8	+62.4%
Capital expenditure (before IFRS 16 and acquisitions)	62.0	81.0	-23.4%
R&D in % of sales	6.1%	6.2%	-0.1ppt
Earnings per share (in EUR)	1.05	0.83	+0.26

Divisional key figures of Knorr-Bremse Group:

	Jan. – March		
	2021	2020	Δ
	EUR million	EUR million	
Division RVS			
Revenues	805.5	892.2	-9.7%
EBITDA	175.1	186.1	-5.9%
<i>EBITDA margin</i>	21.7%	20.9%	+0.9ppt
EBIT	145.0	156.5	-7.3%
<i>EBIT margin</i>	18.0%	17.5%	+0.5ppt
Division CVS			
Revenues	886.3	735.8	+20.5%
EBITDA	148.7	107.6	+38.2%
<i>EBITDA margin</i>	16.8%	14.6%	+2.2ppt
EBIT	115.9	76.8	+51.0%
<i>EBIT margin</i>	13.1%	10.4%	+2.6ppt

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 29,700 employees at over 100 sites in more than 30 countries use their competence and motivation to satisfy customers worldwide with products and services. In 2020, Knorr-Bremse's two divisions together generated revenues of EUR 6.2 billion. For 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 megatrends: Urbanization, sustainability, digitalization and mobility.

Contact Media Relations:

Alexandra Bufe, Phone +49 89 3547-1402, alexandra.bufe@knorr-bremse.com

Contact Investor Relations:

Andreas Spitzauer, Phone +49 8 3547-182310, andreas.spitzauer@knorr-bremse.com

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