

Address by the Executive Board of Knorr-Bremse AG

**At the Annual Shareholders' Meeting
of Knorr-Bremse AG**

Munich, June 18, 2019

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The spoken word applies!

Ralph Heuwing, Member of the Executive Board

Dear Shareholders,

Dear Shareholder Representatives,

Dear Mr. Thiele,

Ladies and Gentlemen,

On October 12, 2018, we opened a new chapter in our corporate success story. This was the day on which we celebrated Knorr-Bremse AG's stock market premiere. And there was plenty of reason to celebrate.

Despite turbulent market conditions, we succeeded in bringing a convincing IPO to the trading floor.

At EUR 81.64 by the end of the first day of trading, the share price rose a good 2 percent above the EUR 80 issue price. This gave Knorr-Bremse a market capitalization of more than EUR 13 billion, valuing the company at more than EUR 14 billion.

With a placement volume of EUR 3.9 billion, our IPO was the largest by any family-run company in Europe to date. In Germany, it was the sixth-largest IPO ever. The majority of the shares were placed with top-rated capital market players. But with 11,000 securities portfolios in Germany alone, we also have a respectable free float.

With this special event, we have continued to develop Knorr-Bremse's success story and Heinz Hermann Thiele's matchless business achievements. Professor Mangold has already acknowledged Mr. Thiele's extraordinary accomplishments in his earlier address.

Let me add just one thing from the Executive Board's point of view: Dear Mr. Thiele, Knorr-Bremse's entrepreneurial spirit is inextricably linked to your individual achievements. Your ceaseless search for ways to improve our innovation, customer benefits and profitability is both a challenge and an incentive for all of us at Knorr-Bremse.

Now, by going public, we are building on this entrepreneurial achievement and safeguarding our independence and financial flexibility. We have created the best conditions for continuing our profitable growth and thereby generating further added value for you, our shareholders.

The capital market apparently agrees: Based on yesterday's closing price, our share price has risen by 23 percent over the issue price. It has thus significantly outperformed the DAX, which only rose by 3 percent over the same period.

As shareholders, you also benefit directly from our success. Today, the Supervisory Board and Executive Board are proposing to pay out a dividend of EUR 1.75 per share. This corresponds to 45 percent of our net income for the year.

And so, ladies and gentlemen, I warmly welcome you to this year's Annual General Meeting of Knorr-Bremse AG. Welcome to our first Annual General Meeting as a listed company.

All of us on the Executive Board – Dr. Laier, Dr. Wilder and I – are delighted that you accepted our invitation.

It is perhaps somewhat unusual for no less than three members of the Executive Board to tell you more about our company's business development. But at present, the three of us jointly run the company. This is why we have divided up this speech between us. Fear not: we promise it won't be three times as long!

First, I will take a brief look at the most important results and events of the last financial year. The main part of my speech, however, will focus on corporate strategy. After briefly summarizing the outlook for the current financial year, I will then hand over to my two Executive Board colleagues. Dr. Wilder will give you an insight into our Rail Vehicle Systems division, and Dr. Laier will give you a tour of the world of Commercial Vehicles.

So let's start with last financial year. 2018 was an exceptionally successful year for Knorr-Bremse, especially when we consider the increasingly difficult market environment.

Our order intake exceeded the EUR 7 billion mark for the first time. We increased revenues by 7.5 percent to EUR 6.6 billion – adjusted for currency effects, the true increase was actually 10.5 percent. This meant that the strong revenue growth we have seen over the last few years continued unchecked – since 2003, we have tripled our revenues.

Knorr-Bremse stands on two strong pillars. Both divisions – Rail Vehicle Systems and Commercial Vehicle Systems – and all the regions contributed to this year's dynamic growth.

Our Rail Vehicle Systems division's revenues grew by 6.2 percent to EUR 3.5 billion. Our brakes and doors business showed very positive development, growing by 5 percent in each case. Revenue from HVAC systems rose by an impressive 18 percent.

Our Commercial Vehicle Systems division also experienced strong growth. At EUR 3.2 billion, revenues were 9.3 percent up on last year. So, we actually grew faster than the commercial vehicle market, which expanded by just 6 percent over the same period.

Our Group earnings showed similarly dynamic development. Before interest, taxes, depreciation and amortization, they increased by 5.6 percent to EUR 1.2 billion. This meant that we achieved a 17.8 percent margin. Adjusted for non-recurring effects and disposals of parts of our business, our margin actually reached 18.4 percent. Our net income rose by 7.2 percent to EUR 587 million, laying the foundation for today's dividend proposal.

Ladies and gentlemen, these are record figures. We were only able to achieve them thanks to the hard work of our employees around the world. I would like to express my own sincere thanks to them all, and warmly thank them on your behalf as well.

Our key financial ratios show that we are operating a very profitable and robust business. We are also in excellent financial shape. As you will appreciate, these are the best possible prerequisites for continued growth and for investing in our future. And that is exactly what we are doing, by hiring skilled employees, boosting our innovation and investing in property, plant and equipment.

Last year, our workforce grew once again, increasing by 750 employees to 28,500. In Germany alone, we have created almost 2,500 additional jobs since the financial crisis ten years ago – this is a clear commitment to our home country, and to employment in this country.

Last year, our investments amounted to over EUR 300 million. This is almost a third more than in the previous year. This means we are having a formative impact on the future of mobility. We are making rail and commercial vehicle transportation safer, more reliable, cleaner and more efficient. Around one billion people rely on our products every day – which obliges us to provide the very highest quality.

Let us now turn to our corporate strategy. It comprises five action areas:

First: We are systematically extending our technology leadership.

Knorr-Bremse is the world market leader in braking systems for the rail and commercial vehicle sectors. And we are also the trailblazer for other safety-critical subsystems.

Over and over again, we have brought genuine innovations to market – innovations that set industry benchmarks. Our company has produced nine out of every ten innovations that have shaped rail transportation over the past 30 years. We also set standards in the commercial vehicle sector.

Our innovative strength does not come by chance. We invest far more in research and development than our competitors. In the past financial year, we spent EUR 364 million on developing products and systems. This represents 5.5 percent of our revenues.

We now have more than 11,000 patents granted or pending worldwide. Again, none of our competitors can match this performance.

Digitization is, of course, another key issue for us. To develop new products, services, and even business models, we collaborate with startups and external partners. For example, we recently entered into a joint venture with the Technical University of Munich.

And at the end of May, we acquired a stake in Belgian technology company Railnova, which supplies digital solutions for maintaining rail vehicles.

But digitization is not the only area where we benefit enormously from the fact that we combine two market-leading divisions in a single company. Joint development generates economies of scale that one division could not achieve on its own. This is why we operate joint development centers in Munich, Hungary and India.

The products in both divisions are based on the same underlying technologies. Our disk brakes are the best example of this. Initially, they were only used in rail vehicles. Until we came up with the idea of offering them for commercial vehicles as well, in modified form. In doing so, we created a new standard that has largely displaced drum brakes in Europe. And in the meantime, disk brakes are becoming increasingly popular in North America and Asia.

The technologies we develop aim to overcome the great challenges of our time. This brings me to the second action area in our strategy:

We are systematically exploiting the opportunities offered by megatrends.

We regard four societal trends in particular as sustainable, structural growth drivers for our business:

- urbanization,
- eco-efficiency,
- digitization and
- automated driving.

These trends are changing the way we live together, where we live and how we work. They are fundamentally changing our mobility. Knorr-Bremse is ideally positioned not only to benefit from these trends in the long term, but also play an active role in shaping them.

Third: We are systematically pushing ahead with our internationalization.

Knorr-Bremse has been a thoroughly international company for many years: Around half of our revenues are generated outside Europe. We have sites in more than 30 countries. And around 80 percent of our employees work outside Germany.

This global presence has two decisive advantages:

On the one hand, it is a growth driver, because it puts us close to our customers and gives us direct access to attractive markets. Only those with a local presence are in a position to make the most of, for example, profitable service business.

On the other hand, it also helps with risk management and diversification. We create local value in all our key markets and are regarded as a national company. This makes us less susceptible to currency fluctuations and import duties – a significant advantage at the present time.

We will continue to follow this path by pursuing global growth through our own efforts, but also by making cross-border acquisitions, entering into joint ventures and investing in startups.

Fourth, we are planning to expand our aftermarket business.

The aftermarket already accounts for a good third of our Group revenues. This business is more robust and less cyclical than our OEM business. It ensures long-term customer loyalty. And it shows above-average returns.

Thanks to our large and growing installed base, both divisions are well positioned to exploit the potential of the aftermarket. Here, vehicle longevity is particularly helpful: around 20 years for commercial vehicles and around 40 years for rail vehicles. Spare parts, repairs and maintenance, as well as overhauls, modernization and retrofitting, ensure that vehicles remain available to customers and retain their value. And provide us with a solid, mutually trusting basis for future new business.

But growth is not the only thing that matters to us – so does commercial and entrepreneurial “housekeeping”. In other words: We must keep our costs under control.

This brings me to the fifth and final action area in our strategy: We will maintain our strong cost focus.

Our markets are characterized by continuous cost pressure. Increasingly, the consolidation of both our customers and competitors is adding to this pressure. And all this is happening at a time of growing economic and political uncertainty.

So, for Knorr-Bremse, consistent cost management, continuous productivity improvements and efficient processes are more important than ever before.

Ladies and Gentlemen,

We are convinced that with this strategy, Knorr-Bremse is ideally equipped to achieve profitable and sustainable growth in the future. And when I say sustainable, I mean it in both senses of the word: in the sense of long-term survival, and in the sense of commitment to sustainable corporate governance.

As a company, we are not just responsible for our own development. We also have obligations to our employees, society and the environment.

We offer our employees an attractive working environment – with secure jobs, challenging tasks and opportunities for professional development. Despite demographic change and a shortage of skilled workers, we still need to attract and recruit highly qualified employees if we are to continue to deliver cutting-edge technological innovations. We are helped in this by our corporate culture, which is characterized by diversity and equal opportunities, but also by trust, responsibility and motivation.

However, our responsibility does not end at our corporate boundaries. Together with our employees, we also assume social responsibility. Part of our mission is to strengthen the environment around

our sites and facilities, and build future prospects for people in need. Based on this conviction, Knorr-Bremse is engaged in social and societal projects worldwide, not least through the voluntary work of our employees.

Our contribution to environmental protection extends throughout the entire company. Energy efficiency, resource conservation and recyclability play an important role in our product development, manufacturing and logistical activities.

The sustainability of our business operations is also acknowledged outside Knorr-Bremse: Rating agency ISS-oekom awarded us prime status for our sustainability performance in 2018. This puts us in the top 20 percent of our peer group. These outstanding results are spurring us on to make sustainable action an integral part of all our corporate activities. Please take the time to read our sustainability report, which is available in the foyer.

Dear Shareholders,

As previously announced, let me now conclude by briefly sketching our outlook for the current financial year.

Knorr-Bremse has made a convincing start to the new year: Our figures for the first quarter promise plenty of further growth over the rest of the financial year. We are particularly optimistic in view of the dynamic growth of incoming orders. Orders in the first three months raised our order book to a new record level of EUR 4.7 billion.

Between January and March, we increased revenues by almost nine percent to EUR 1.7 billion. Once again, our two divisions and all our major regions contributed to this growth. This very clearly differentiates Knorr-Bremse's activities from other manufactured goods markets, especially the automotive sector.

Thanks to this strong revenue growth, we generated EBITDA of EUR 334 million in the first quarter of 2019. This represents a 13 percent increase, or 9 percent if we exclude the first-time application of IFRS 16. With a 19 percent margin, we were already halfway to our full-year forecast by the end of the first quarter.

These good figures underscore the fact that we are continuing to make very good progress this year despite the global economic slump. Consequently, we are optimistic about the future and have slightly raised our forecast for the current financial year.

For the year as a whole, we now expect revenues of between EUR 6.875 and 7.075 billion – EUR 75 million more than our previous forecast suggested. We also expect a margin in the range of 18.5 to 19.5 percent. Provided, of course, that the economic and political environment remains reasonably stable.

Ladies and Gentlemen,

The latest figures underscore Knorr-Bremse's outstanding business model. With our strategic positioning and financial strength, we have every opportunity to continue our profitable growth.

My colleagues on the Executive Board will now tell you more about the main focus of our activities, and which growth areas we expect to pursue in the rail and commercial vehicle markets.

First of all, I would like to hand over to Dr Wilder, who will tell us more about the Rail Vehicle Systems division.

Dr. Jürgen Wilder, Member of the Executive Board

Thank you very much, Mr. Heuwing.

Dear Shareholders and Shareholder Representatives,

Ladies and Gentlemen,

may I also wish you very warm welcome.

As you have just heard, 2018 was a very successful year for Knorr-Bremse. Our rail vehicle business made a major contribution to this. It is highly profitable and continues to show enormous potential for growth, both in the original equipment market and in the aftermarket. I would like to tell you a little more about this.

The division for which I am responsible aligns its activities with our Group strategy, thus with the four major megatrends already described by Mr. Heuwing.

Urbanization is a particularly important driver of rail transportation growth.

The global population is growing inexorably. And cities are growing with it. There are currently 33 megacities worldwide. These are cities with more than ten million inhabitants. In ten years or so, that figure will have risen to 44.

The metropolis of Delhi in northern India is such a megacity. With over 25 million inhabitants, it is the third largest metropolitan region in the world. And it continues to grow – currently by more than 2 percent per year.

This growth is pushing the urban infrastructure to its limits. As a result, traffic flow and the health of the general population are stalling. Roads and travel routes are more or less permanently congested. Furthermore, Delhi is regarded as the city with the highest levels of air pollution anywhere in the world. The city needs innovative transit solutions: fast, safe, clean, reliable means of transporting people and freight.

Nothing is so ideally suited to meet this need as rail transportation. In terms of efficiency, safety and climate protection, rail is clearly superior to road in urban areas. Metros, streetcars and monorails can transport more people in less time. By doing so, they protect conurbations from traffic congestion. The risk of accidents when traveling by rail is significantly lower than in road traffic. And trains operate with almost zero emissions.

Delhi now has a 373-kilometer (232-mile) metro network with eight lines that carry more than 3 million passengers each day.

And since January of this year, the “Aqua Line” has been relieving traffic in Noida, a city of 642,000 inhabitants in the Greater Delhi area. This entire metro line was built as an elevated railroad and then linked to the megacity’s subway system.

Why am I telling you this? – Because Knorr-Bremse is making a significant contribution to the Aqua Line’s efficiency and safety. The brake systems come from us and are particularly innovative – by perfectly transferring braking force to the railcar wheels, they optimize braking distances. This has two advantages: improved safety thanks to better control over braking distances. And tighter timing of railroad schedules – meaning greater transit capacity. In other words, the existing infrastructure

can be used more effectively, keeping the inevitable and ongoing expansion of the rail network within reasonable limits.

Delhi is one of many examples that makes it clear: Passenger traffic in Asian megacities, as well as intercity rail connections, offer us great opportunities for growth.

First, we are expecting our original equipment business to grow. Because prospective customers cannot simply ignore our expertise: We are the only company in the world that complies with all local rail regulations and standards.

Our customers trust us. With some of them, we already have partnerships built up over decades. This is also because we are always readily accessible: Thanks to our worldwide network of subsidiaries, we have a much greater local presence than our competitors – especially in growth markets.

We are involved in major infrastructure projects in capitals around the world. In China alone, we have won 26 metro projects. In Shanghai, for example, we are equipping around 700 vehicles with braking systems.

But we are not just a supplier of braking systems – even though we are the world’s market and technology leader in this field.

We have a wide variety of technologies and solutions in our portfolio, with three things in common:

1. They enhance the safety and comfort of rail vehicle passengers,
2. They are difficult to copy, thus represent a business with comparatively high barriers to market entry, and finally
3. they deliver attractive margins.

Our range includes doors, HVAC systems, e-mobility solutions, and products for connected systems.

We are a technology leader in the door sector. Digitization is making doors smart. Simple doors are turning into networked entry systems that not only open and close, but also – for example – count passengers.

Data obtained in this way can be used for new services: from better axle load distribution and HVAC control through to value-added services for passengers. After all, which passenger would not find it useful to know which railcars still have free seats or standing room available before their train enters the station?

We are also becoming increasingly involved in the e-mobility sector. Many railroad lines in Germany have not yet been electrified. Diesel-powered trains still run on these lines, but they are becoming less and less popular. However, electrifying a railroad is an expensive infrastructure project that costs money and time. One highly feasible alternative could be to retrofit these trains with hybrid drives. Our subsidiary Kiepe Electric has suitable hybrid systems in its product portfolio.

Ladies and Gentlemen,

As the examples mentioned have already shown: The megatrends of urbanization, digitization and eco-efficiency are driving growth in the rail vehicle business. With our solutions, we are benefiting from the expansion of the rail infrastructure as well as its steadily increasing levels of utilization.

Let us now turn to the aftermarket business – Knorr-Bremse’s second major growth market. This includes our spare parts, repair, maintenance and modernization business.

Our aftermarket business enhances customer loyalty and is also exceptionally profitable: In our experience, the aftermarket potential of braking systems for rail vehicles, calculated over the entire life cycle, is two to three times that of the respective original equipment.

Due to our large installed base of systems in vehicles, our aftermarket business will grow faster than our new business in the future. This will have a positive effect on our earnings.

We expect strong growth in our service business, above all in Asia. China alone already accounts for half of the high-speed trains in service worldwide. As an original equipment manufacturer, we have already benefited greatly from this strong growth. We are now optimistic that we will be able to play an equally active role in the aftermarket for this young – and still growing – installed base.

Service is a local business. With our worldwide presence, we are ideally positioned for this. We maintain 18 service facilities in China alone. Eight more are in the planning stage. Our worldwide mobile service and maintenance team – our Field Service – has 2,000 employees; 400 of them work in China. This means that we have significantly greater service power than our competitors, right from the start.

Our technologies are also enhancing mobility outside Asia. People cannot always see the difference, but they can sometimes hear it – in the Rhine Valley, for example, where we are helping Deutsche Bahn to retrofit its freight trains. We are fitting exceptionally quiet brake pads to the freight cars. These will reduce the noise pollution caused by rail freight traffic – with positive consequences for the acceptance of freight transportation, even in more densely populated regions.

However, the aftermarket business is not just about selling spare parts or retrofitting trains with new components. Increasingly, it includes digital services and totally new business models – involving predictive maintenance, for example. This is enabling us to optimize the life-cycle costs of our components in rail vehicles.

Ladies and Gentlemen,

As you can see: Our growth prospects in the rail vehicle sector are excellent. We are seeking to grow both organically and through targeted partnerships and acquisitions.

A current example is Rail Vision. Knorr-Bremse acquired shares in this Israeli startup three months ago. The technology developed by Rail Vision can identify obstacles on railroad tracks at distances of up to two kilometers. This makes the prospect of autonomous driving much more feasible. It can also be used to carry out much more targeted maintenance work on rail tracks than was previously possible. For example, their technology makes suggestions about where greenery should be cut away from the tracks because the vegetation is too close to the rail bed.

We also part with divisions when they no longer have any strategic value for us. We can only grow profitably if we do not allow ourselves to get bogged down, but consistently focus on our core competencies.

This is why we continuously review our existing corporate portfolio and dispose of businesses that are not paying for themselves or do not match our core competencies. Last year, for example, we sold our vehicle maintenance business in the UK and Sweden, as well as our simulator business in the UK and Australia.

Such active portfolio management is a vital part of maintaining healthy, sustainable growth.

Dear Shareholders,

The Rail Vehicle Systems division is an exceptionally solid pillar underpinning Knorr-Bremse's business. With our solutions based on cutting-edge technology, we are in pole position to shape the future of rail mobility.

Thanks to our clear strategic positioning, our focus on core competencies and our global presence, we are benefiting from the rising demand in both our new business and our aftermarket business. This is enabling us to continue our profitable growth and offer you an attractive return on your capital.

That Knorr-Bremse is such an attractive investment is also due to the fact that we offer systems for two markets: rail vehicles and commercial vehicles. So it is high time that we also gave you an insight into our commercial vehicle business. I shall now hand over to my colleague, Dr. Laier.

Dr. Peter Laier, Member of the Executive Board

Thank you very much, Dr. Wilder.

Dear Shareholders and Shareholder Representatives,

Ladies and Gentlemen,

It gives me great pleasure to speak to you today with the aim of giving you an insight into the business activities of the Commercial Vehicle Systems division.

As Dr. Wilder has just done for the rail vehicle market, I would like to concentrate on the growth drivers in our commercial vehicle business. They are:

1. current megatrends,
2. content per vehicle, that is, the share of our products in each commercial vehicle,
3. the acquisition of further market share, especially outside Europe, and
4. our aftermarket business.

My fellow speakers have already acquainted you with the megatrends upon which we are now focusing our business. They also play a key role in determining the strategy of the Commercial Vehicle Systems division.

Take the urbanization megatrend: Our Advanced Safety Systems are making a vital contribution to road safety in cities with high-density traffic. Driver assistance systems for commercial vehicles are helping to prevent accidents.

Let me give you an example: When trucks turn off to the nearside (so here in Germany, make a right-hand turn) in urban traffic, they pose a potential hazard to pedestrians and cyclists. Because the driver cannot easily see the nearside flank of the truck, other road users are easily overlooked. This can result in serious – and unfortunately often fatal – accidents.

This is where Knorr-Bremse's Blind Spot Assistant comes into its own. By using visual and acoustic signals to alert the driver to potentially hazardous situations, it makes the turning process much safer. And just a fortnight ago, we presented our retrofittable Blind Spot Assistant. Thus, we already offer a technology that will make road traffic in cities much safer.

With our Advanced Safety systems, however, we are not just building our presence in urban environments, but anywhere that commercial vehicles are used. Due to their size and weight, commercial vehicles place particularly high demands on braking technology.

Last year, we introduced two new generations of disk brakes for commercial vehicles. With our new two-piston brake, which we will be launching toward the end of 2022, we are again setting performance and weight benchmarks. Our new single-piston brake will be available a year earlier. These two new generations of our bestseller represent the next chapter in our disk-brake success story. To date, we have sold over 40 million disk brakes.

Driver assistance systems are making a vital contribution to further improving road safety. We are a global leader in the development of driver assistance systems such as automatic emergency braking systems and lane departure warning systems.

Driver assistance systems are paving the way for automated driving – a megatrend on which we are exerting a formative influence. Last year, as part of this drive, we entered into a partnership with Continental AG. Together, we are developing automated driving systems. Thanks to our outstanding expertise in the driving dynamics of commercial vehicles, Knorr-Bremse is responsible for systems integration and for marketing complete systems to our customers.

Automated driving for commercial vehicles will come, because it makes sense for the transportation industry – thanks to longer operating times, fewer accidents and lower personnel costs. Studies show that by 2030, autonomous driving will increase trucks' productive operating time by up to 50 percent.

To develop highly automated driving solutions, there are three levels of automation to overcome: environment recognition, automated decision-making, and route planning coupled with actuation, by which I mean the transformation of a predefined route into automated vehicle motion using actuators such as steering and braking systems.

We have years of experience in developing brake systems and driver assistance systems such as ABS, ESP and traction control. In other words, we master the complex interaction of longitudinal and lateral dynamics in commercial vehicles like nobody else!

As a systems supplier, we can offer our customers all three of the above-mentioned levels of automation as a complete system for automated driving. Thanks to this expertise, we have been setting milestones on the road to highly automated freight transportation for years. With, for example, a self-driving truck prototype capable of carrying out complex maneuvers in goods yards. Or with the Highway Pilot system we presented at the last IAA Commercial Vehicles trade fair in Hanover, which enables trucks to drive on freeways in fully autonomous mode. With this know-how, we are ensuring that Knorr-Bremse has a special place in the growth market of the future.

As already mentioned, the key factors for automated driving in commercial vehicles are braking and steering.

Braking has always been one of Knorr-Bremse's core strengths. Since 2016, we have also been involved in the steering business. We are systematically expanding this line of business. For example, we have just completed the acquisition of the Commercial Vehicle Steering Systems division of Hitachi Automotive Systems in Japan and Thailand.

At Knorr-Bremse Steering Systems in Wülfrath, Germany, we have built up significant expertise in commercial vehicle steering, especially in development and project management. We want to nurture this expertise over the long term. While this means we will, unfortunately, have to close down our production operation, we intend to set up a Center of Excellence for Commercial Vehicle Steering Systems.

With our world-leading expertise in braking and steering systems, we can also provide the statutory levels of redundancy required by law – the redundant systems needed for automated driving.

For example: If the steering fails in an automated truck, it is vital to ensure that the vehicle is still capable of maneuvering. You can, of course, achieve this by fitting a second steering system. But simply duplicating safety-critical systems would make automated commercial vehicles relatively expensive and certainly puts a question mark against their cost efficiency. Consequently, we have developed concepts that largely obviate the need to install two sets of identical components. In our example, smart brakes take over from the defective steering system by applying pressure to individual wheels to ensure that the vehicle remains safely maneuverable.

As you can see, Knorr-Bremse is playing a leading role in the ongoing development of automated commercial vehicles – and not just through our own products, but also through strategic acquisitions, partnerships and joint ventures.

Ladies and Gentlemen,

Two other megatrends – digitization and e-mobility – are also driving the growth of our commercial vehicle business. When commercial vehicles are connected to the outside world via telematics, individual trucks become part of a digitally networked logistics system. Our telematics solution, ProFleet Connect, enables fleet operators to optimize the coordination and utilization of their vehicles.

Eco-efficiency, an increasingly high priority for politicians and society as a whole, will also strengthen the trend toward e-mobility in the commercial vehicle segment. And Knorr-Bremse is in a very promising position to make the most of this trend. We already have suitable solutions for braking, steering and driver assistance systems capable of meeting the growing demand for electrically driven commercial vehicles. After all, we can draw on our Rail Vehicle Systems division's many years of experience with electric drives and the bus electrification expertise of our subsidiary Kiepe Electric. We are currently exhibiting a practical example of their work in the foyer, in the form of an electric bus.

Dear Shareholders,

Enough of megatrends – let us now focus on the second growth driver in the commercial vehicle market: content per vehicle.

If we are to continue to grow in the future, we cannot just rely on a steady increase in the number of commercial vehicles. For the most part, production rates have stayed constant. In China, they have even declined slightly since last year.

If, despite this, we want to expand our business, we must increase the share of our products in commercial vehicles – that is to say, our content per vehicle.

Here, legislation is our friend, as more and more safety and environmental regulations are – quite rightly – imposed on commercial vehicles. In China, for example, many commercial vehicles will need to be equipped with ESP and automatic emergency braking systems in the future. In the early 2020s, India will also introduce a stricter emissions regulation comparable to our Euro 6 standard. This will work to our advantage. Based on our experience in Europe, we have the right technologies on offer to provide our customers around the world with the system solutions they need.

Currently, our content per truck in Europe and North America is significantly higher than it is in Asia. But as statutory and regulatory norms are harmonized, we expect to see significant growth outside Europe in particular – as we continue to expand our range of products for commercial vehicles, and as we gain additional market share.

And this brings me to our third growth driver.

In recent years, we have already had considerable success in expanding our market share. Last year, for example, we grew in China despite the decline in truck production.

And of course we wish to continue this progression. This is why we are now working with strategic partners in China. We have further strengthened our joint venture with Dongfeng Auto Parts, for example, by adding compressors to our product portfolio.

The Chinese logistics and transportation sector has developed rapidly in recent years. This is stimulating our new business as well as our aftermarket business – our Commercial Vehicle Systems division's fourth growth driver.

Much as Dr. Wilder has already mentioned with regard to our Rail Vehicle Systems division, our aftermarket business benefits considerably from a large installed base – for disk brakes as well as brake control systems and air pressure systems.

Our aftermarket business is enjoying good profitability and is full of opportunities. We are well positioned for further growth in this segment. We have a strong local presence, our spare parts are readily available and we work with leading distributors worldwide.

As you can see: Our Commercial Vehicle Systems division is also prioritizing profitable, sustainable growth. This is why we are systematically exploiting each of the growth drivers described above. And we are constantly increasing our efficiency. We recently launched a comprehensive new program for precisely this purpose. This is how we intend to ensure that we maintain our profit margins over the long term.

Ladies and Gentlemen,

In both the road and rail markets, Knorr-Bremse is a world leader in the development of innovative mobility and transportation technologies. In our target market segments, we are the undisputed Number One for connected system solutions.

This means that we are starting in pole position, with all the prerequisites in place for exerting a formative influence on the global megatrends of urbanization, e-mobility, digitization and automated driving while continuing our profitable growth.

Dear Shareholders,

As you can see, there are plenty of good reasons to stay with us.

All of us – around 28,500 employees worldwide – are determined to ensure that Knorr-Bremse's success story continues. And we renew our commitment every day through our dedication to quality, our entrepreneurial thinking and our passion for what we do.

Thank you for listening!