



KNORR-BREMSE



IR Presentation

March 2019

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The Knorr-Bremse leadership team



Klaus Deller
CEO

- 2009-present: Knorr-Bremse CEO, previously Head of RVS (3 years) and Head of CVS (6 years)
- 2004-2009: Brose Fahrzeugteile Deputy CEO
- 1991-2003: Robert Bosch Executive Vice President
- Diploma in Mechanical Engineering, Applied Mathematics, Master of Business Administration (MBA)



Ralph Heuwing
CFO

- 2017-present: Knorr-Bremse CFO
- 2007-2017: Dürr (MDAX listed) CFO
- 1990-2007: The Boston Consulting Group Partner and Managing Director
- Diploma in Mechanical Engineering, Master of Business Administration (MBA)



Dr. Peter Laier
Head of CVS

- 2016-present: Knorr-Bremse Head of CVS
- 2014-2015: Benteler International COO
- 2013-2014: Osram Licht CTO
- 2000-2012: Continental Executive Vice President
- PhD and Diploma in Mechanical Engineering



Dr. Jürgen Wilder
Head of RVS

- 2018-present: Knorr-Bremse Head of RVS
- 2015-2017: DB Cargo AG CEO
- 2013-2015: Siemens AG Mainline Transportation Global Business Unit CEO
- 2011-2013: Siemens AG Head of Strategy Infrastructure and Cities Sector
- Doctorate in Physics

Professional Experience

28

Years with Knorr-Bremse

10

Professional Experience

29

Years with Knorr-Bremse

2

Professional Experience

23

Years with Knorr-Bremse

3

Professional Experience

19

Years with Knorr-Bremse

1

Notes: RVS - Rail Vehicle Systems; CVS - Commercial Vehicle Systems



Knorr-Bremse – One of Germany’s most successful industrial companies



KNORR-BREMSE



Family-Ownership,
heritage and unique DNA



Global market leader
for braking systems



Shared pneumatics
experience between RVS
and CVS



Technology leadership

2018 key financials

Sales
€6.6bn
(>10% CAGR¹⁾
since 1989)

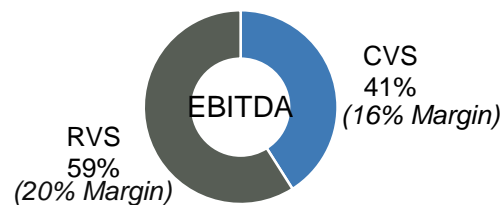
EBITDA
€1.2bn
(margin 17.8%)

EBIT
€972m
(margin 14.7%)

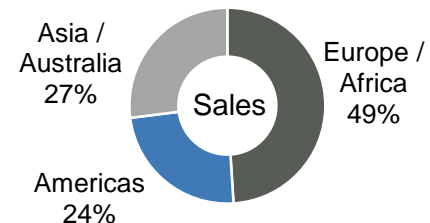
R&D
€364m
(~5.5% of sales)

Aftermarket
~34% of sales

Balanced portfolio²⁾ ...



... and diversified global footprint with high local content



- 30+ countries
- 100+ sites
- c. 28k employees³⁾

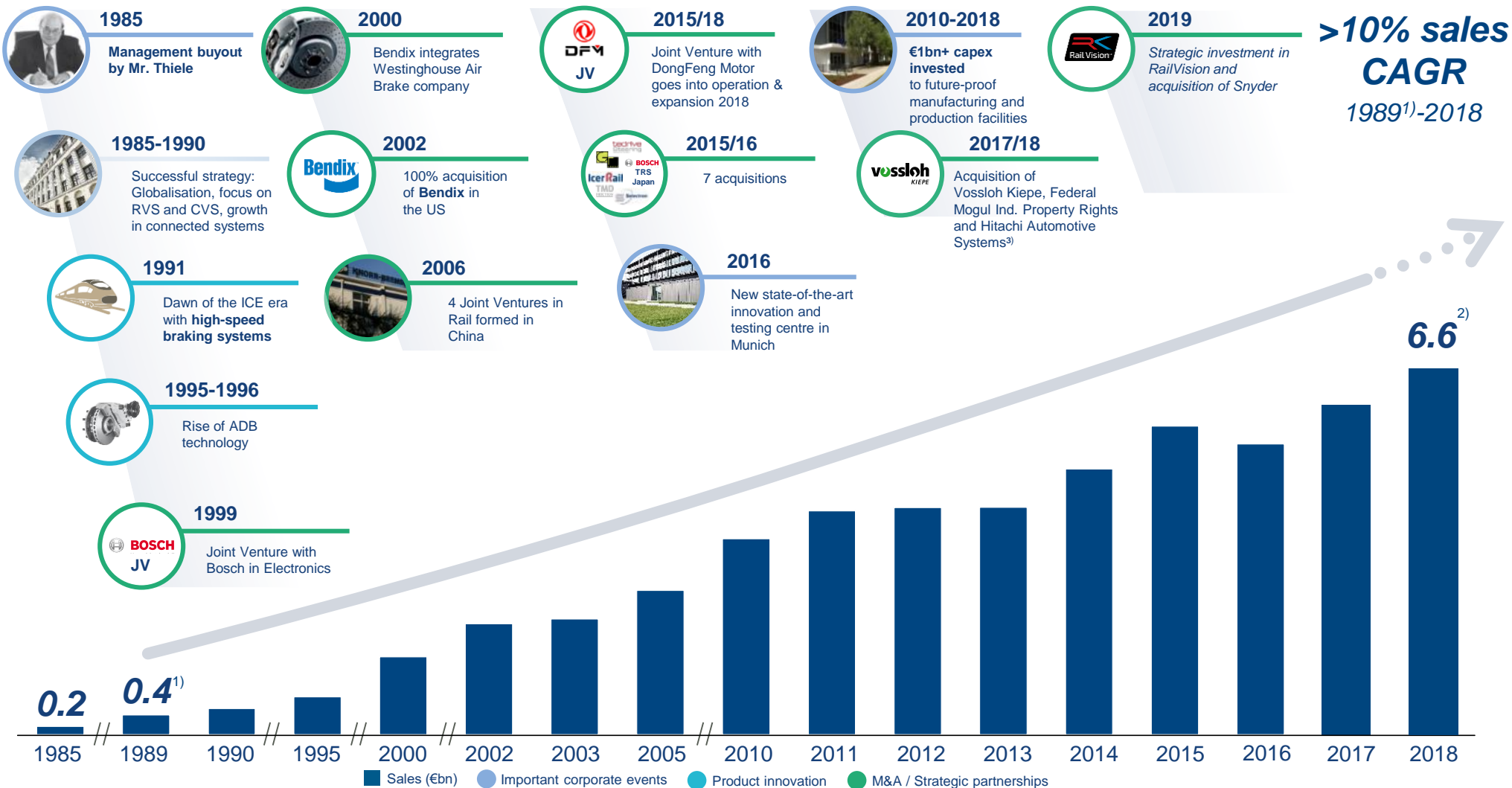
Notes: Sales, EBITDA, EBITA, and EBIT for 2018 based on preliminary financial statement prepared in accordance with IFRS, other financial figures for 2018 prepared in accordance with German GAAP (HGB); Aftermarket share based on German GAAP (HGB) where BilRUG sales allocated proportionally between OE and aftermarket; RVS – Rail Vehicle Systems; CVS – Commercial Vehicle Systems;

¹⁾ CAGR 1989–2018 based on German GAAP (HGB), 1989 – first year when consolidated accounts are available; ²⁾ Excluding consolidation/other; ³⁾ Including human resources leased staff;

Source: Knorr-Bremse information



Over 30 years of consistent strong growth



Notes: 1986-2018 based on financial statements prepared in accordance with German GAAP (HGB) and 2017 and 2018 based on financial statements prepared in accordance with IFRS. ¹⁾ 1989 – first year when consolidated accounts are available; ²⁾ Preliminary sales for full 2018; Source: Knorr-Bremse information; ³⁾ Closing end of March 2019 expected

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Knorr-Bremse – A best-in-class industrial company

- 1 Global #1**

Number one supplier for braking systems and a leading supplier of other safety critical rail and commercial vehicle systems protected by high barriers to entry
- 2 Synergistic business**

Technology and scale benefits between rail and commercial vehicles
- 3 Market outperformance**

Consistent outperformance of attractive end-markets driven by megatrends and increasing content per vehicle
- 4 The industry innovator**

Driving innovation in mobility and transportation technologies through R&D, quality excellence and edge in connected systems
- 5 Resilience**

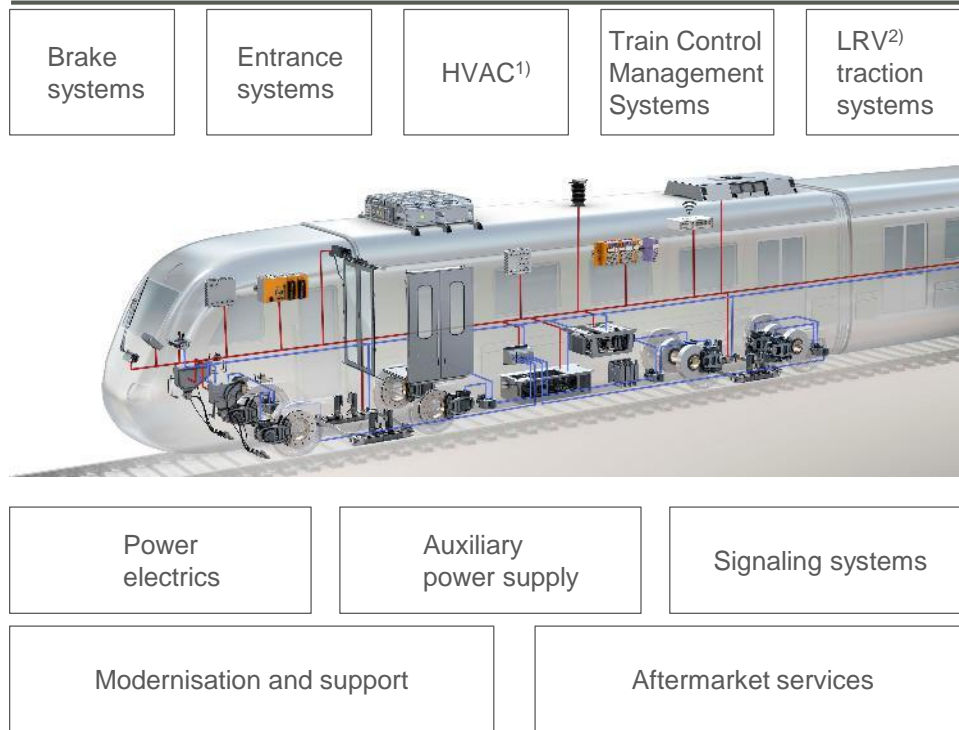
Resilient business model, supported by broad geographical and customer diversification, high aftermarket exposure and strong localisation
- 6 Superior financial profile**

Strong growth, profitability, and cash generation with high earnings visibility
- 7 Leadership excellence**

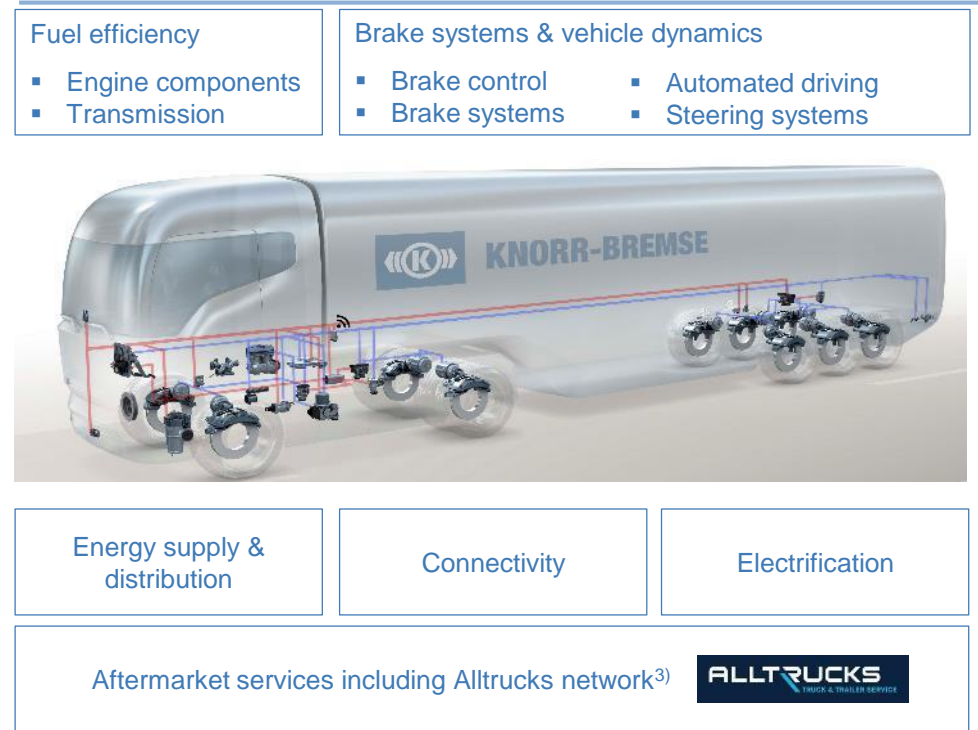
Highly experienced management team with strong track record and clear vision for future value creation

1 Global #1 – The world's leading supplier of safety critical rail and commercial vehicle systems

RVS offering (2018: 52% of sales, 59% of EBITDA)



CVS offering (2018: 48% of sales, 41% of EBITDA)



Preferred partner for all major OEMs⁴⁾ and operators across the globe

| | |
|--|--|
| <p>Example car builders</p>  | <p>Example operators</p>  |
|--|--|

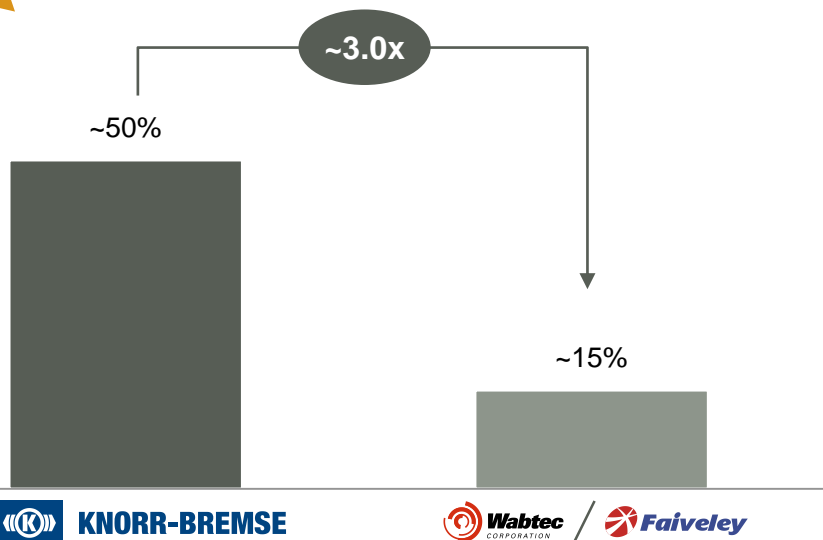
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Notes: 2018 financials based on IFRS excluding consolidation/other; ¹⁾ HVAC – Heating, ventilation and air conditioning; ²⁾ LRV – Light rail vehicle; ³⁾ Joint Venture between Bosch, Knorr-Bremse and ZF providing a range of workshop services relating to the repair and maintenance of commercial vehicles across all brands; ⁴⁾ OEM – Original Equipment Manufacturer; Source: Knorr-Bremse information

1 Global #1 – Number one supplier for braking systems and a leading supplier of other safety critical rail and commercial vehicle systems ...



Global brakes market share 2017¹⁾

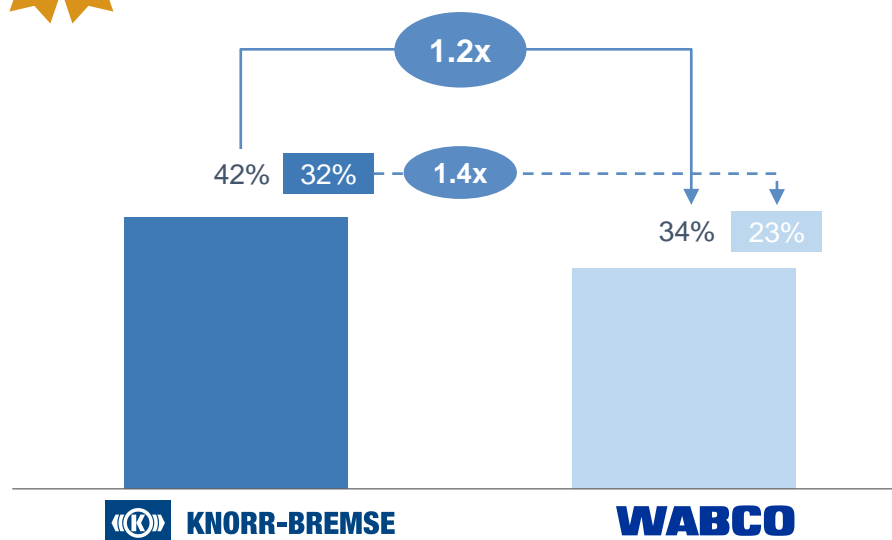


Market positions in key product groups (2017)

- #1 Brake Systems¹⁾
- #1 Entrance Systems¹⁾
- #2 HVAC¹⁾



Global pneumatic brake system market share 2017²⁾



Market positions in key product groups (2017)³⁾

- #1 Brake Systems & Vehicle Dynamics (incl. Automated Driving)
- #1 Energy Supply & Distribution
- #1 Fuel Efficiency (Joint)

% Including Drum Brakes and Brake Rotors

Notes: ¹⁾ 2017 RVS market share estimates for OE and aftersales without labour; Wabtec includes Faiveley; For the competitor an estimate was used; Market shares rounded to the nearest multiple of 5%; ²⁾ 2017 Market share estimates for Truck and Bus OEM sales only including Air Disc Brake, Brake Control and Air Supply (excluding Drum Brakes and Brake Rotors; Drum Brakes are mainly produced by the OEMs and Brake Rotors are mainly sourced separately), excluding aftermarket and Trailer; Knorr-Bremse data based on market intelligence and experts estimate in 2017; ³⁾ For 2017 global addressable Truck, Bus and Trailer OE, excluding aftermarket; Source: Knorr-Bremse information and internal market research

1 Global #1 – ... protected by high barriers to entry

Barriers to entry for RVS and CVS markets

- ✓ Regulation / homologation
- ✓ Low volumes, high number of variants with high level of customisation
- ✓ High initial capital requirements, highly protected IP landscape and economies of scale
- ✓ Highest quality and safety requirements
- ✓ Long lifecycle with resulting customer loyalty, long gestation period for aftermarket
- ✓ Same industry leaders since creation of the industry over 100 years ago

Market specifics

RVS

Only supplier worldwide
certified for all global and local standards and norms (GOST, UIC, AAR, ARA)

Vast array of product variants to homologate
(e.g. >100k active brake articles by Knorr-Bremse)

Homologation time typically 4-8 years
for recent Knorr-Bremse products

CVS

One of only two suppliers able to offer harmonised products globally

Continuously increasing safety and emission standards requirements

2 Synergistic business – Technology and scale benefits between Rail and Commercial Vehicles

Interdependence of RVS and CVS today

- ✓ Same core technologies
- ✓ Shared components and materials
- ✓ Comprehensive research and IP base

Future technology development

- ✓ Shared research centres
- ✓ ADAS¹⁾ / HAD²⁾ technology transfer
- ✓ Condition monitoring, condition-based and predictive maintenance
- ✓ Electrification and connectivity
- ✓ Electromechanical brake systems

Unique scale benefits

- ✓ ~2x size of main competitors³⁾
- ✓ Balance sheet strength for M&A
- ✓ Global footprint

RVS

CVS



*Electric compressors
Friction materials
Air disc brakes (ADB)*

*Driver assistance
Trailer control valve
Electronic air supply*

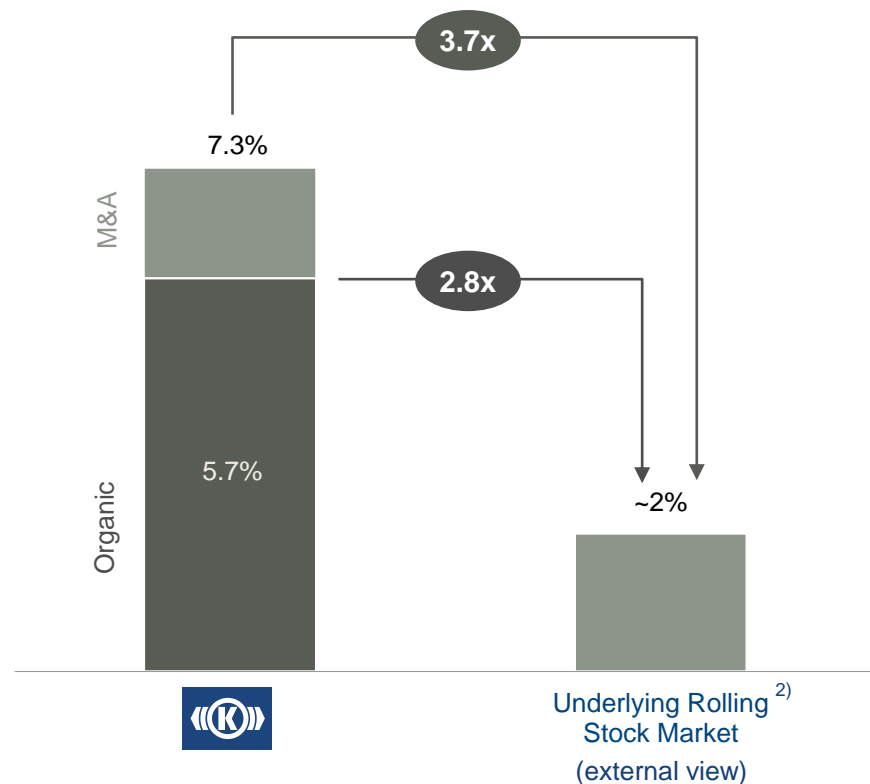
Notes: ¹⁾ ADAS – Advanced driver assistance system; ²⁾ HAD – Highly automated driving; ³⁾ Based on 2017 sales and status quo pre-Wabtec merger with GE Transportation; 2017 €/USD FX: 0.83346 used as of 31 December 2017; Source: Knorr-Bremse information; WABCO and Wabtec / Faiveley information based on Annual Report 2017

3 Market outperformance – Knorr-Bremse is well positioned to deliver continued growth above rail industry levels



Knorr-Bremse with strong track record of industry outperformance

CAGR (2010-2017) RVS sales¹⁾ (HGB) and market



Key future growth drivers

| | |
|---|---|
| Asia Growth <ul style="list-style-type: none"> Chinese high-speed Mass urban transport in APAC Expansion and upgrade of Indian rail rolling stock CRRC international expansion | Outsourcing <ul style="list-style-type: none"> Outsourcing from rail OEM's (trend towards de-verticalisation) |
| Digitisation <ul style="list-style-type: none"> Increasing demand for connected systems and other digital solutions | Aftermarket <ul style="list-style-type: none"> Global rail services and aftermarket for rolling stock |

- ✓ Certification capability for all global core markets
- ✓ Partner of many Chinese OEMs and large installed base
- ✓ Leading control and monitoring technology
- ✓ Excellent engineering and R&D system and a connected systems innovation leader

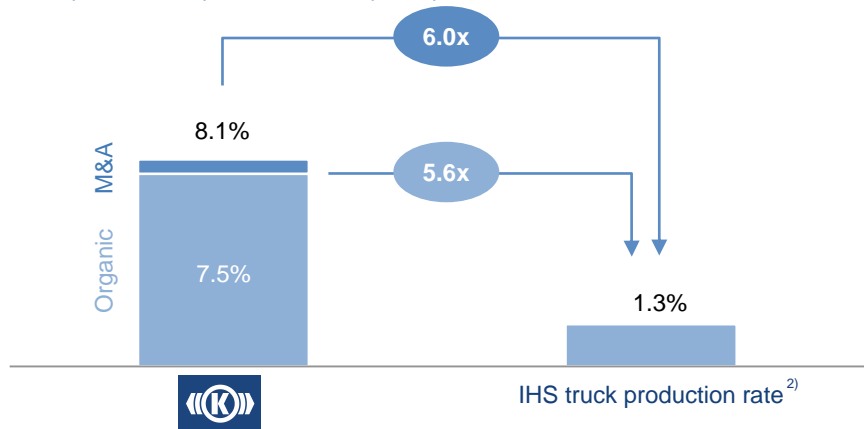
Notes: ¹⁾ Based on German GAAP (HGB); ²⁾ Underlying OE rolling stock and aftermarket volume as defined by Roland Berger (July 2018). Market CAGR based on 2010 to 2016 market volumes; Source: Knorr-Bremse information, Roland Berger - Analysis of rail vehicle market report (July 2018) for growth rate of underlying rolling stock market

3 Market outperformance – Strong growth in content per vehicle expected to result in continued outperformance of global commercial vehicle market



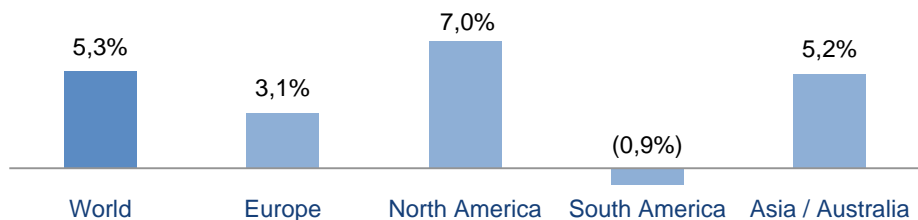
Knorr-Bremse with strong track record of industry outperformance

CAGR (2010-2017) CVS sales¹⁾ (HGB) and market



Significant market content per vehicle (CPV) growth

Market CPV CAGR³⁾ (% , 2010-2017)



Key future growth drivers

Megatrends and conversion of regulatory standards

- Global megatrends provide attractive growth opportunities
- Convergence of regulatory standards drives global adoption of technologies
- Disc brakes replacing drum brakes

Content increase

- Traffic Safety
- Fuel efficiency

Market share gains

- Product upgrading
- Regional expansion strategy

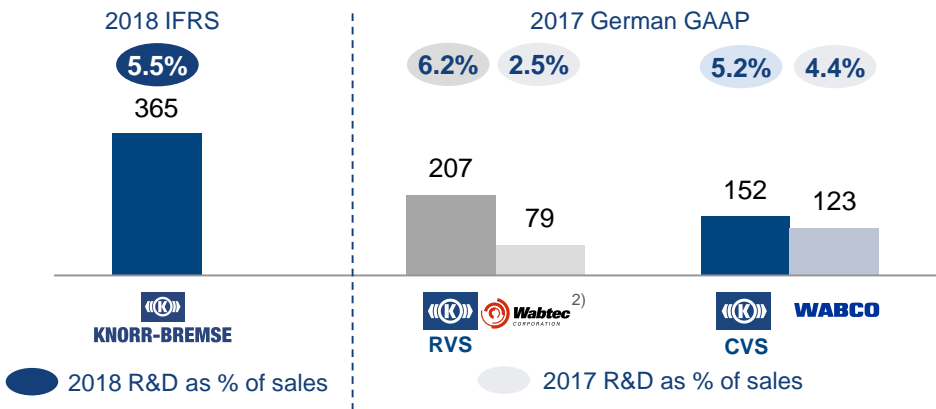
- ✓ Market leader in a consolidated industry with only 2 global players
- ✓ A strong technology innovator shaping the industry
- ✓ Multiple trends driving growth independent of underlying market dynamics
- ✓ Ideally positioned to win in market defining trend towards ADAS/HAD⁴⁾

Notes: ¹⁾ Based on German GAAP (HGB); ²⁾ Global Truck and Bus market excluding aftermarket and Trailer; ³⁾ Addressable Truck, Bus and Trailer OE market for "Brake Systems & Vehicle Dynamics (incl. Automated Driving)", "Energy Supply & Distribution" and "Fuel Efficiency"; ⁴⁾ Advanced Driver Assistance Systems/Highly Automated Driving; Source: Knorr-Bremse information; IHS for truck production rate

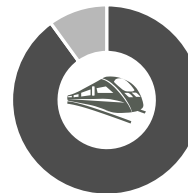


4 The industry innovator – Driving innovation in mobility and transportation technologies through R&D leadership and edge in connected systems

Knorr-Bremse invests more in R&D¹⁾



Consistently pioneering “first to market” innovations...



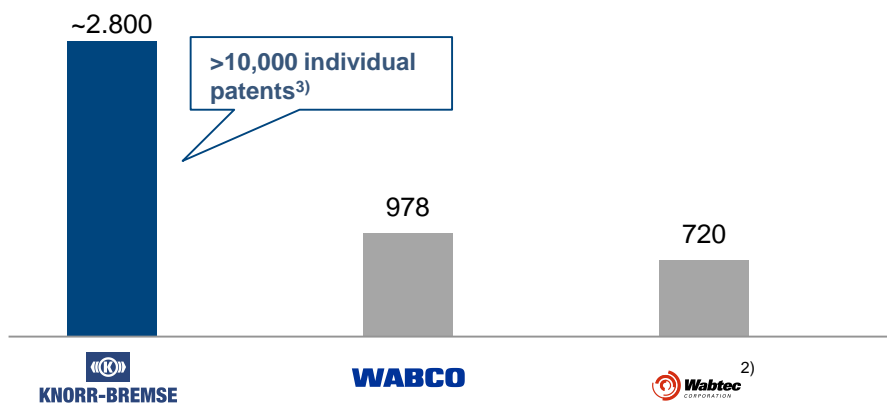
9 out of 10 of most industry-defining innovations⁴⁾ come from Knorr-Bremse



8 out of 10 of most industry-defining innovations⁴⁾ come from Knorr-Bremse

Knorr-Bremse has a larger patent portfolio than its peers

Portfolio size based on patent families (public)



... supported by focused M&A and partnerships



Notes: €/USD conversion 0.83; ¹⁾ Knorr-Bremse R&D financial information based on 2018 IFRS & 2017 German GAAP (HGB), R&D ratio as reported in annual reports; ²⁾ PF Faiveley and excl. GE Transportation acquisition; ³⁾ Granted and applied patents; ⁴⁾ Information as per Knorr-Bremse management view; Industry defining are considered to be the top 10 innovations in the past 30 years in the rail and commercial vehicle industry; Source: Knorr-Bremse information; 2017 annual reports of Wabtec / Faiveley and WABCO; PatentSight

5 Resilience – Business model supported by high aftermarket exposure, broad geographical and customer diversification and strong localisation

Strong resilience of growth and profitability

Different economic cycles

- ~50/50 split RVS and CVS (by sales)
- **Different** market drivers
 - short vs. long cycle
 - private vs. public investment
- **High sales visibility** in RVS

High aftermarket share

- ~34% total sales¹⁾ – and growing
 - 40% of RVS sales¹⁾
 - 27% of CVS sales¹⁾
- **Large installed base**



KNORR-BREMSE

Diversified customer base

- Partner to **all** major local and **global players**
- Top-5 customers only account for **28% of sales²⁾**

Global footprint and local content

- High level of **local content** in manufacturing, purchasing and R&D
- Presence in **30+** countries with **100+** sites
- ~**80%** of employees **outside Germany**
- ~**15%** of employees in **China**, catering to local market

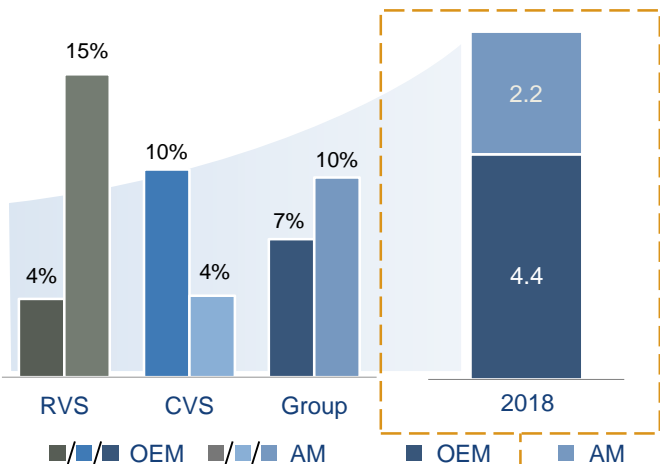
Notes: ¹⁾ Based on prelim. German GAAP (HGB) for 2018; BilRUG sales allocated proportionally between OE and aftermarket; ²⁾ Based on German GAAP (HGB) for 2017; Source: Knorr-Bremse information



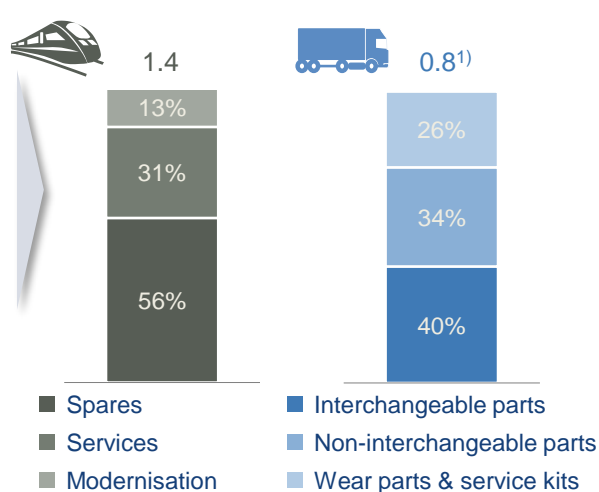
5 Resilience – Attractive aftermarket business with comprehensive service offering drives profitability and contains high future potential

Aftermarket is the growth and resilience backbone

Sales CAGR (2010-2017) HGB (€bn)



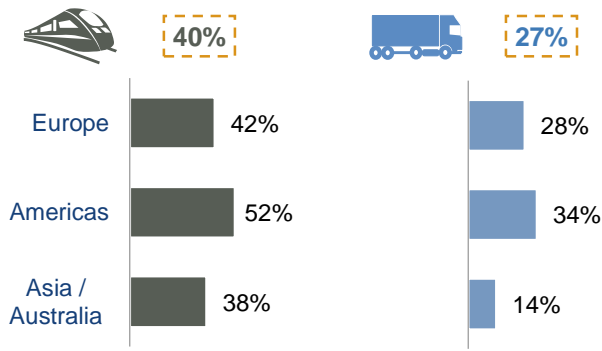
Aftermarket sales 2018 (€bn)



34%

share of aftermarket as % of sales 2018

Share of aftermarket 2017 (%)



Key features

Annuity-like

- Regulated maintenance intervals
- Leverages high installed base
- 20-30 year long relationships

Close to the customer

- RVS:
 - 36 service centres²⁾
 - 20 service locations at customers' premises
- CVS:
 - >1,600 certified service partners
 - >500 Alltrucks workshops

Strong customer retention

- High switching costs
- Focus on safety and quality
- IP protection

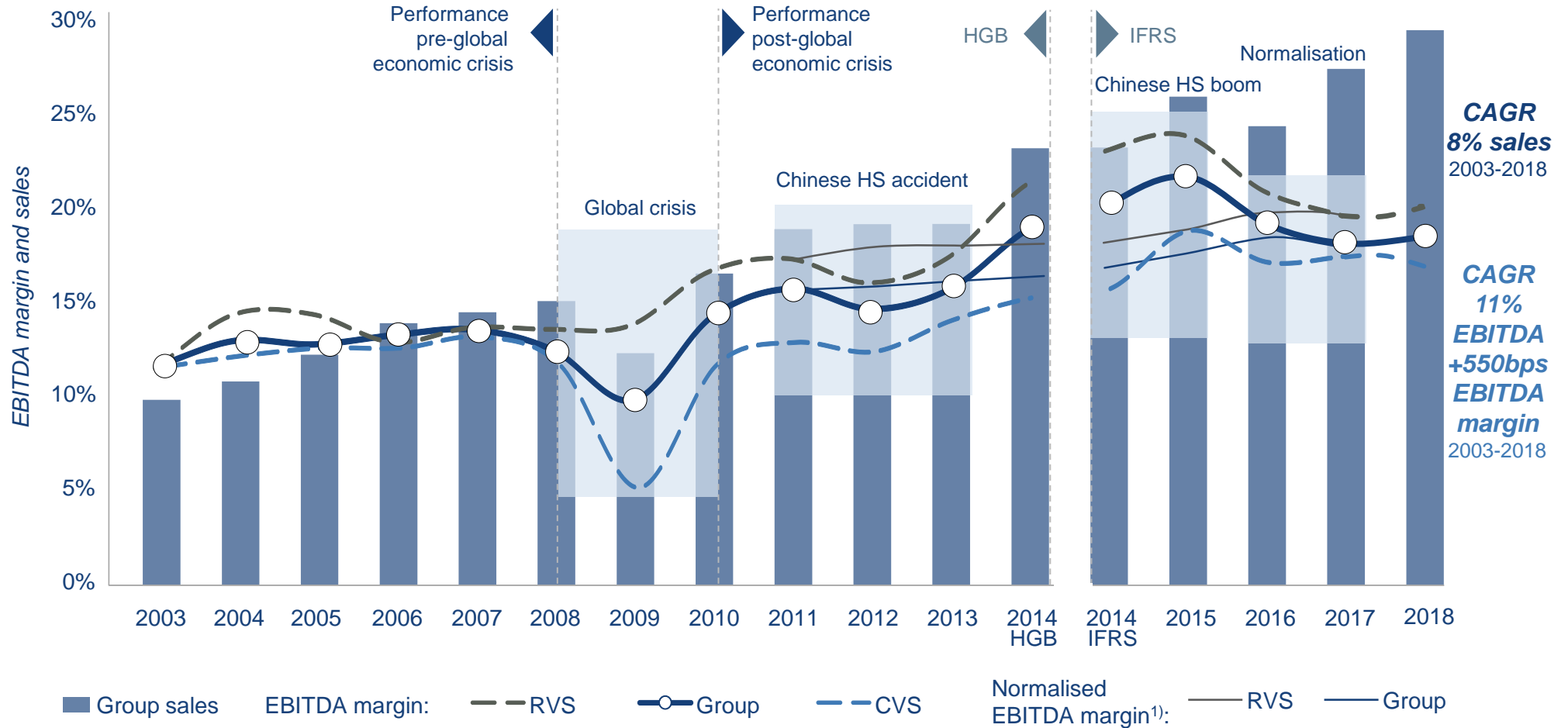
Innovative business model

- New connectivity-based business models
- Preventive
- Predictive

Notes: Based on prelim. German GAAP (HGB); BilRUG sales allocated proportionally between OE and aftermarket; ¹⁾ Total CVS aftermarket sales and independent aftermarket sales EMEA (excl. South Africa & Skach) as proxy for the global split; ²⁾ Does not include service locations at customers' premises; Source: Knorr-Bremse information

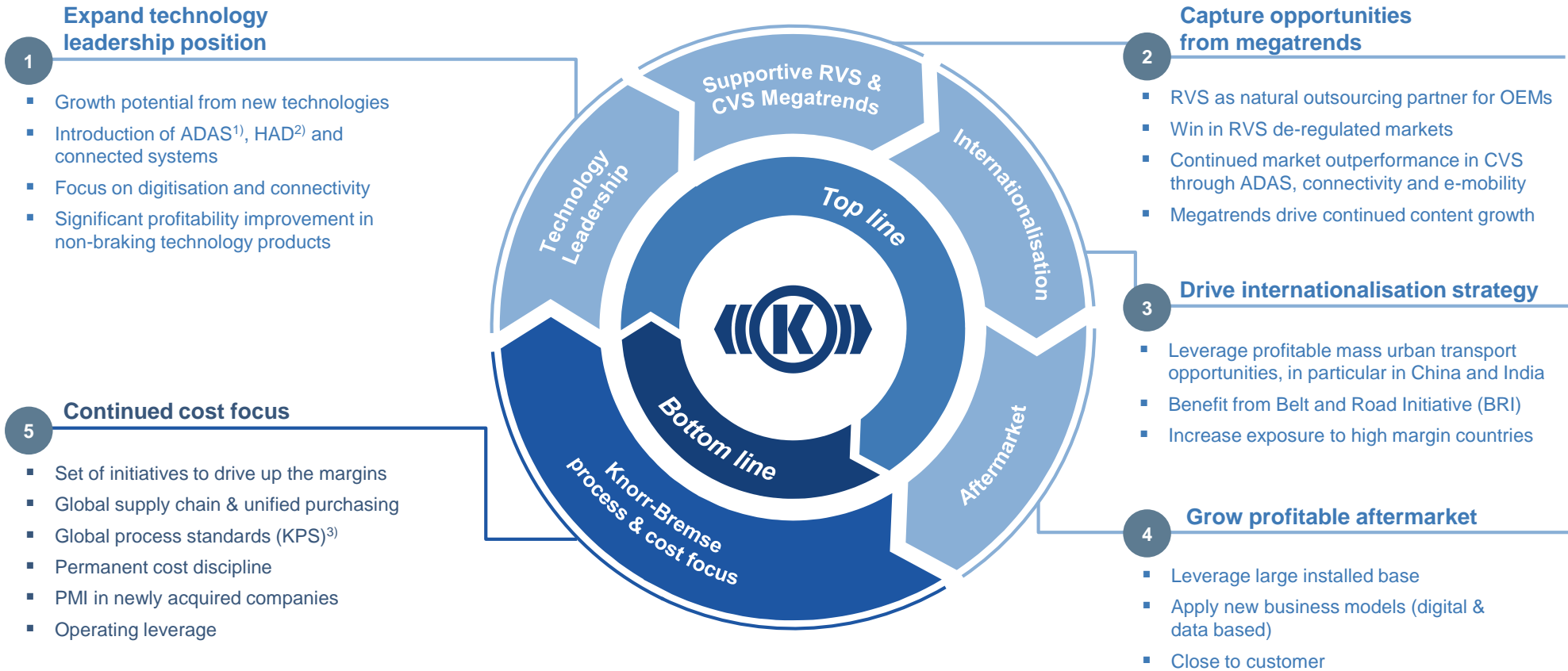
6 Superior financial profile – Outstanding track record of growth and profitability improvement

Strong track record of resilient and profitable growth



Notes: Financials based on German GAAP (HGB) prior to 2014 and IFRS 2014-2018; Data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; ¹⁾ Normalised margin estimate for China accident impact and recovery; Estimate based on Knorr-Bremse assumptions; Source: Knorr-Bremse information

7 Leadership excellence – Clear vision for future value creation



Consistent M&A and integration strategy

Medium-term target organic growth of 4.5-5.5% p.a. complemented by value-add M&A

Target medium-term EBITDA margin expansion of +150bps

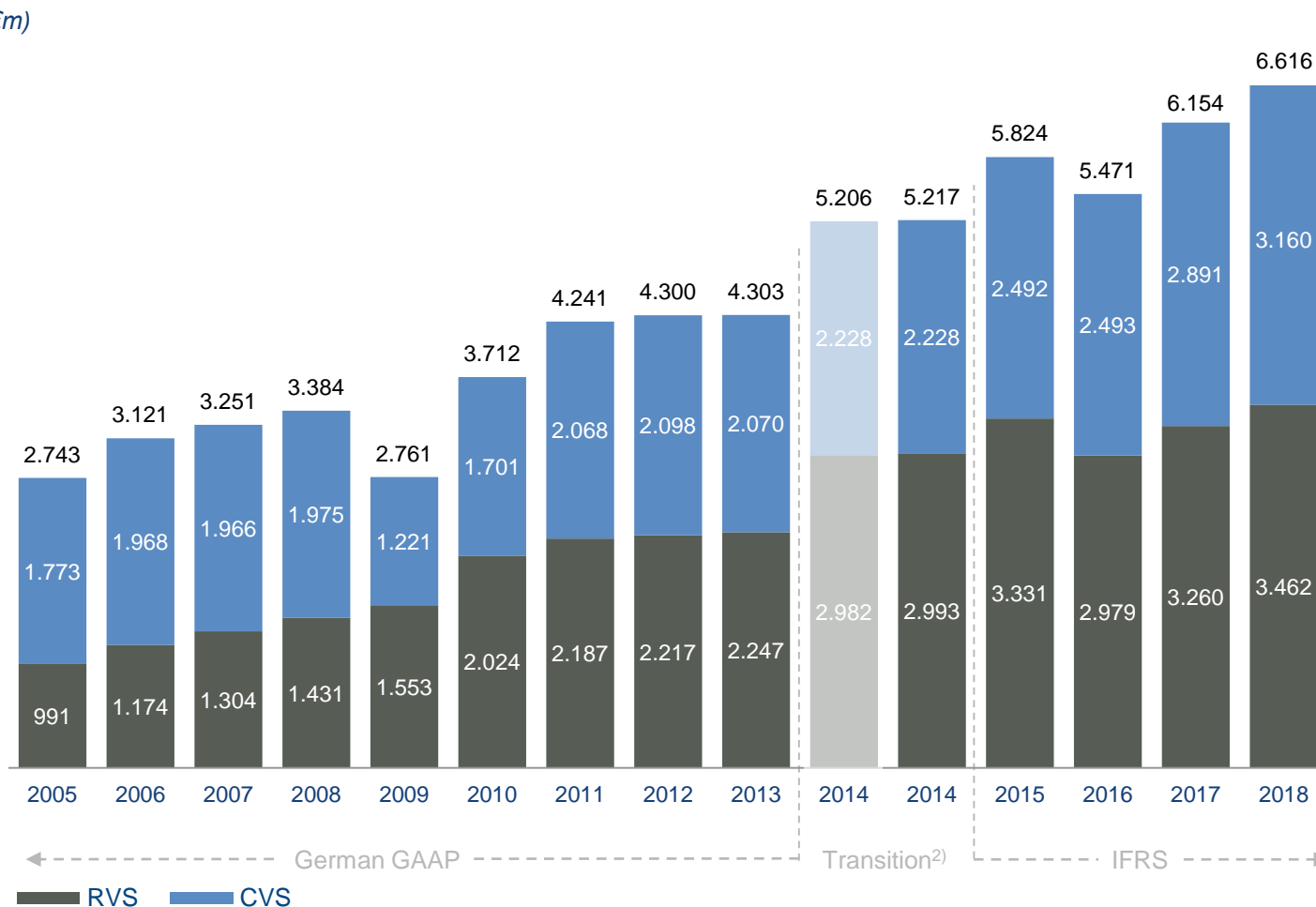
Notes: ¹⁾ ADAS – Advanced driver assistance system; ²⁾ HAD – Highly automated driving; ³⁾ KPS – Knorr-Bremse production system; Source: Knorr-Bremse information



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Track record of strong and sustainable top-line growth ...

Historical sales¹⁾²⁾ by division

(€m)



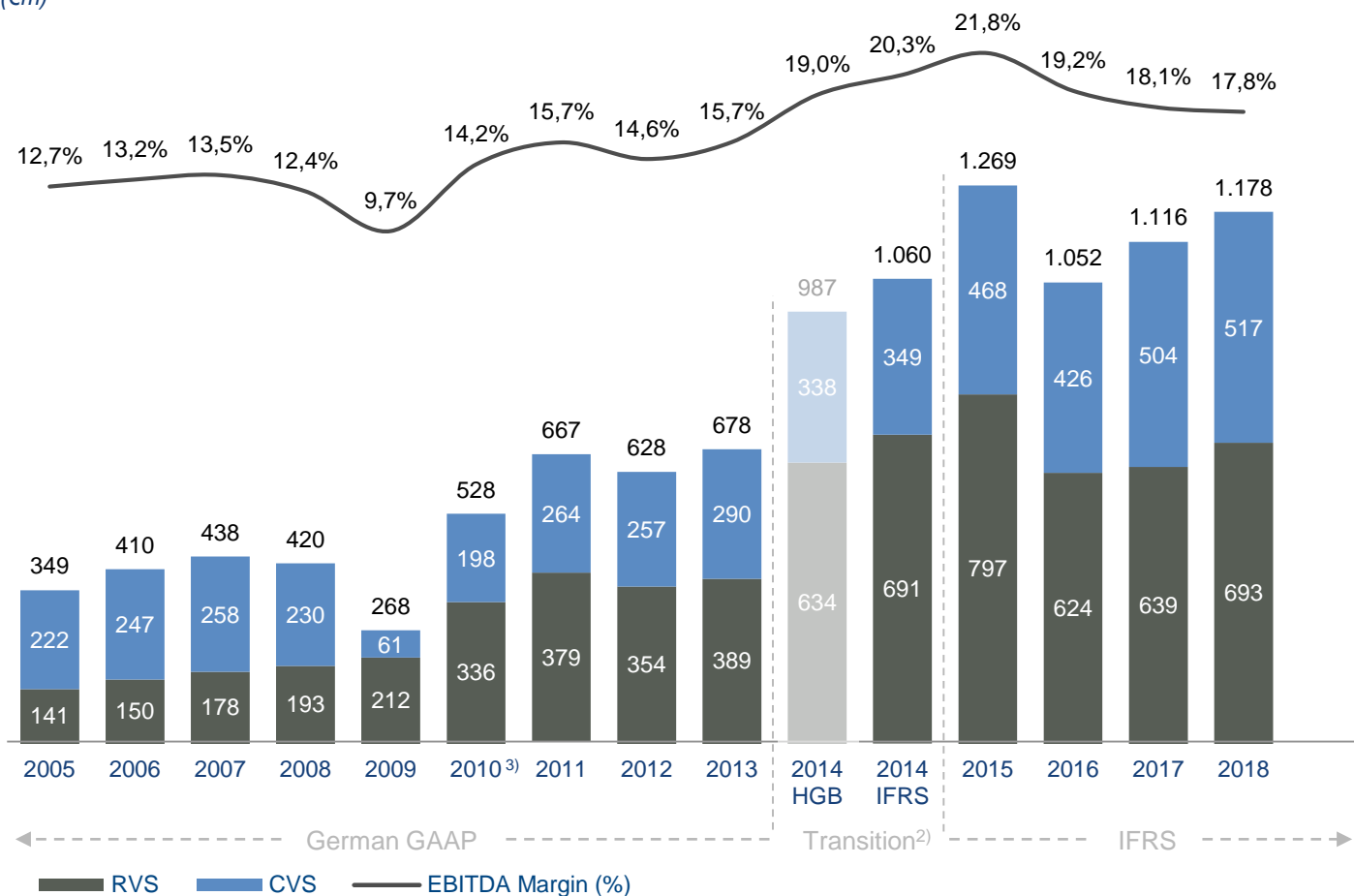
| | CAGR ²⁾ | | |
|---|--------------------|-------------|-------------|
| | 2005-18 | 2010-18 | 2017-18 |
| Group | 7.0% | 7.5% | 7.5% |
|  | 4.6% | 8.1% | 9.3% |
|  | 10.1% | 7.0% | 6.2% |



Notes: ¹⁾ Divisional historic figures do not add up to group sales excluding consolidations/other; ²⁾ 2014 represents the first year that Knorr-Bremse prepared its financial statements in accordance with IFRS. Prior to 2014, financial statements were only prepared in accordance with German GAAP (HGB). IFRS differs in certain aspects from German GAAP (HGB), and accordingly data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; Source: Knorr-Bremse information

... combined with disproportionate EBITDA growth

Historical EBITDA¹⁾²⁾ profitability

(€m)



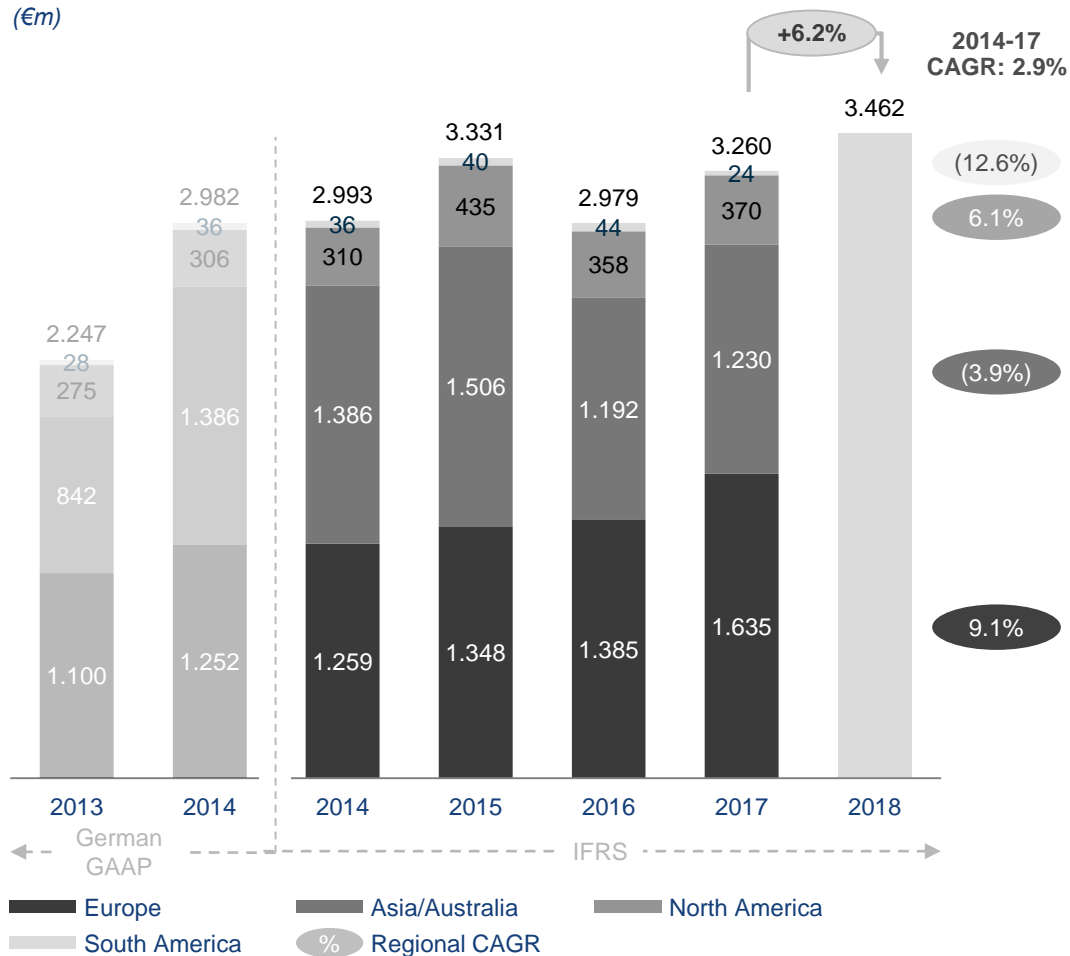
| | CAGR ²⁾ | | |
|---|--------------------|--------------|-------------|
| | 2005-18 | 2010-18 | 2017-18 |
| Group | 9.8% | 10.6% | 5.6% |
|  | 6.7% | 8.8% | 2.6% |
|  | 13.0% | 9.5% | 8.5% |

Notes: ¹⁾ Divisional historic figures do not add up to group EBITDA excluding consolidations/other; ²⁾ 2014 represents the first year that Knorr-Bremse prepared its financial statements in accordance with IFRS. Prior to 2014, financial statements were only prepared in accordance with German GAAP (HGB). IFRS differs in certain aspects from German GAAP (HGB), and accordingly data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; ³⁾ EBITDA 2010 including extraordinary expenses due to BilMOG; Source: Knorr-Bremse information

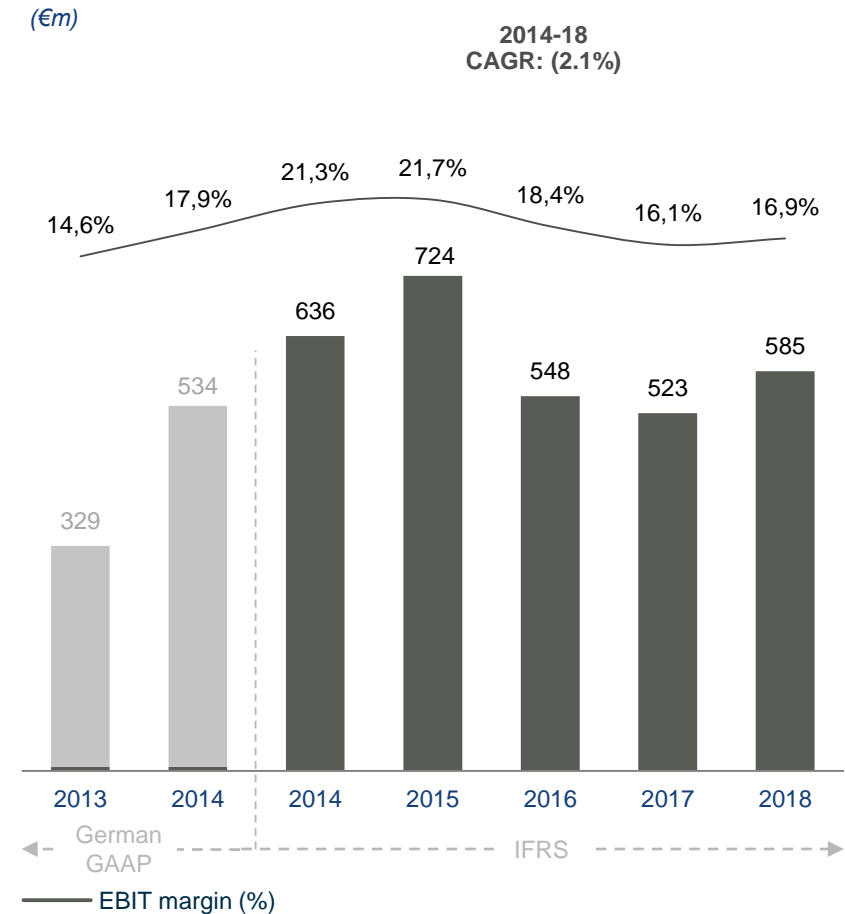
RVS – Sales development driven primarily by Europe and China with profitability reflecting regional margin mix dynamics



Regional sales development¹⁾²⁾



EBIT²⁾

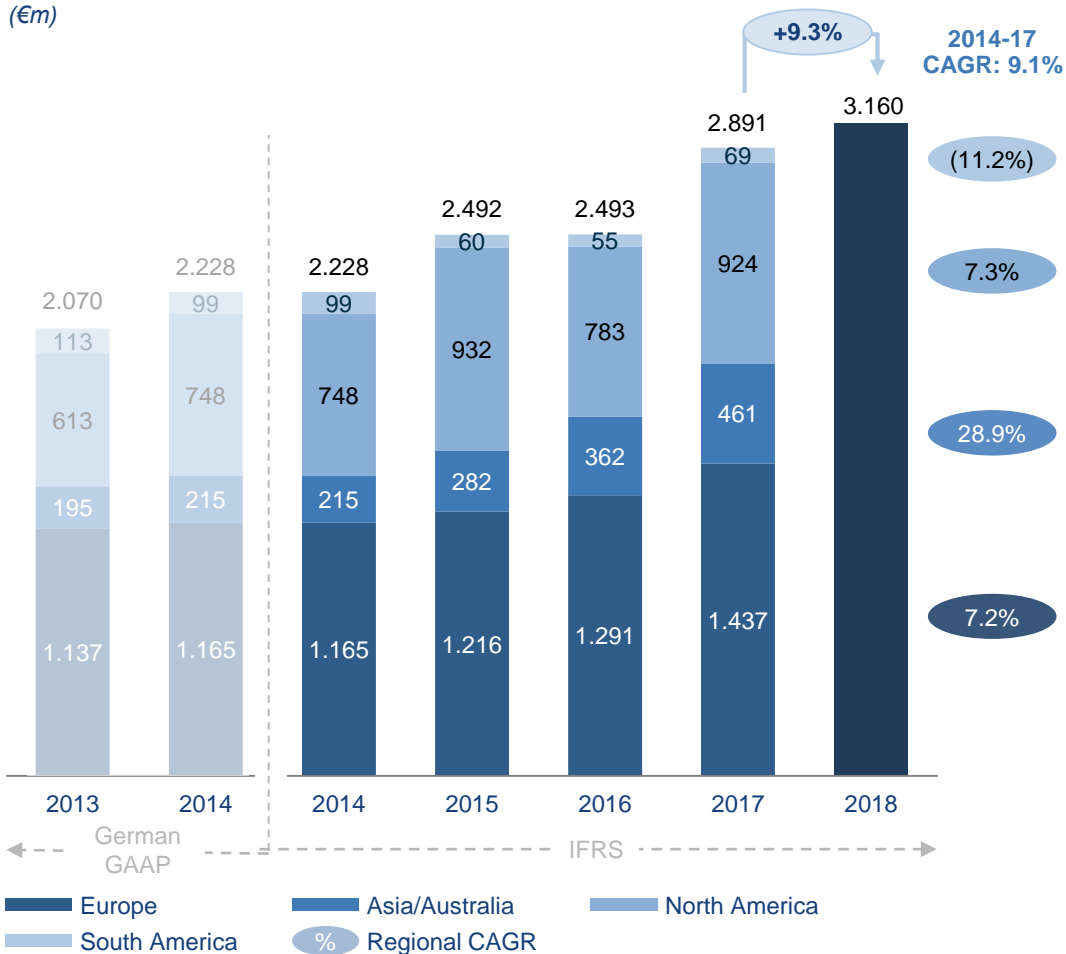


Notes: ¹⁾ 3rd party historic regional sales figures do not add up to divisional sales excluding IC sales; ²⁾ 2014 represents the first year that Knorr-Bremse prepared its financial statements in accordance with IFRS. Prior to 2014, financial statements were only prepared in accordance with German GAAP (HGB). IFRS differs in certain aspects from German GAAP (HGB), and accordingly data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; Source: Knorr-Bremse information

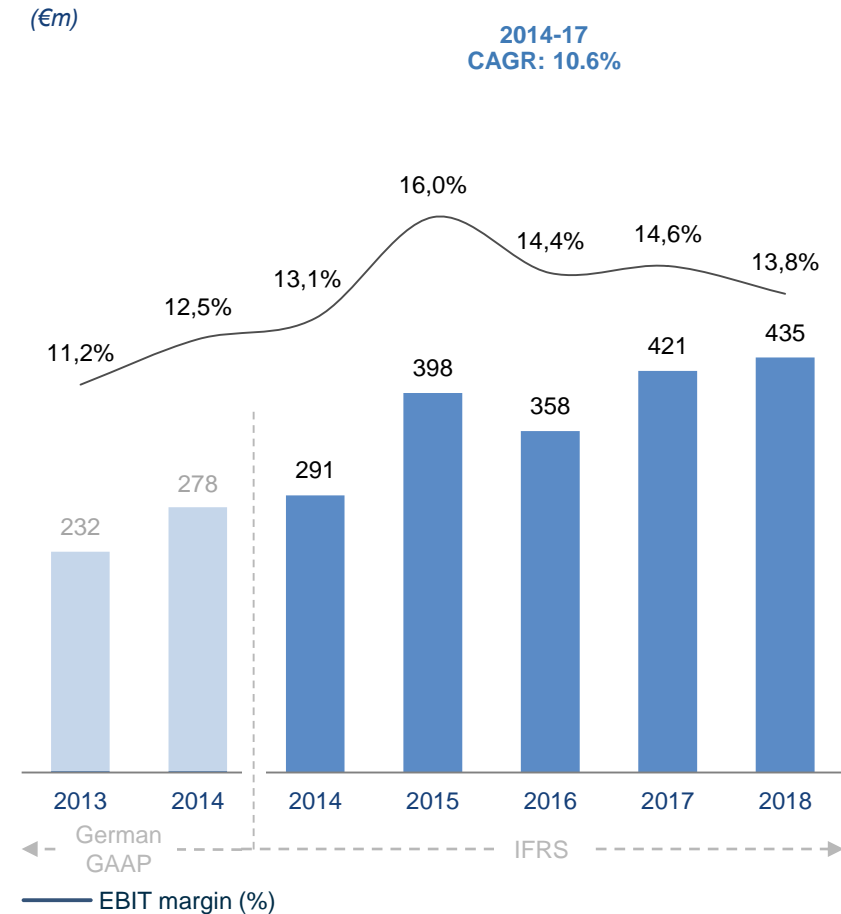
CVS – Sales growth driven by strong momentum across key regions coupled with significant margin expansion



Regional sales development¹⁾²⁾



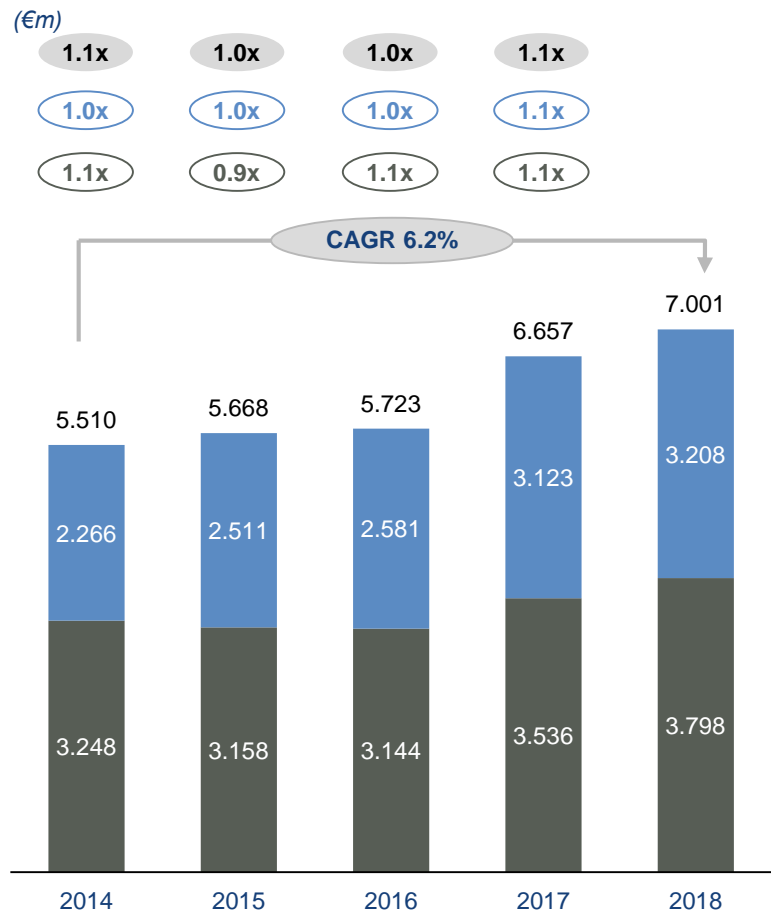
EBIT²⁾



Notes: ¹⁾ 3rd party historic regional sales figures do not add up to divisional sales excluding IC sales; ²⁾ 2014 represents the first year that Knorr-Bremse prepared its financial statements in accordance with IFRS. Prior to 2014, financial statements were only prepared in accordance with German GAAP (HGB). IFRS differs in certain aspects from German GAAP (HGB), and accordingly data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; Source: Knorr-Bremse information

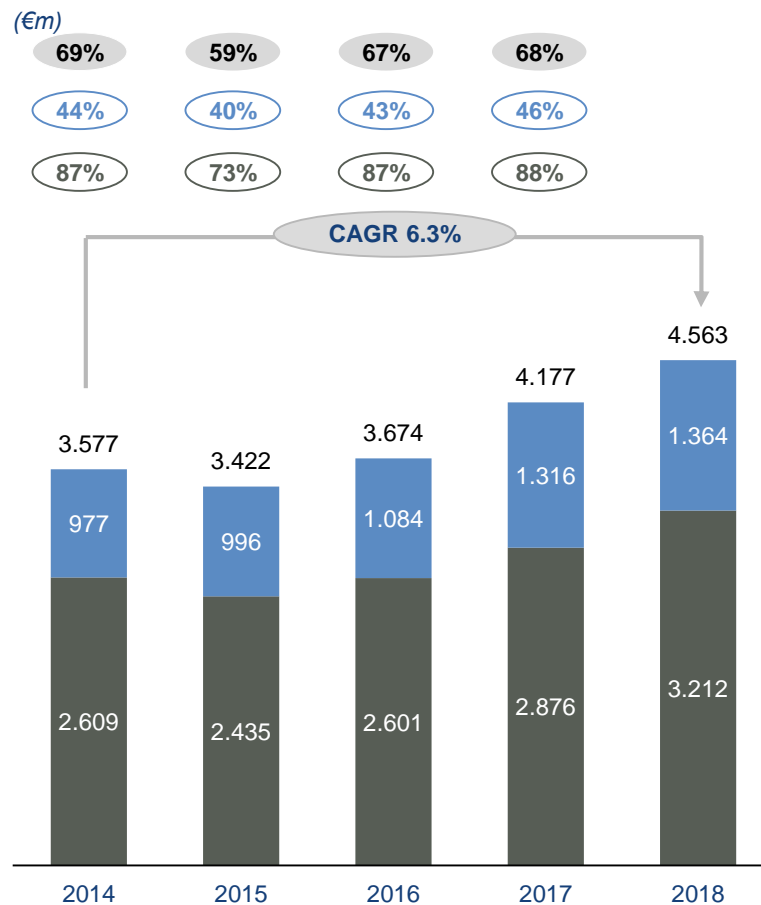
Top-line visibility supported by high order intake and order book

Order intake 2014-18¹⁾²⁾



■ RVS ■ CVS ● Book-to-bill ratio

Order book 2014-18²⁾³⁾

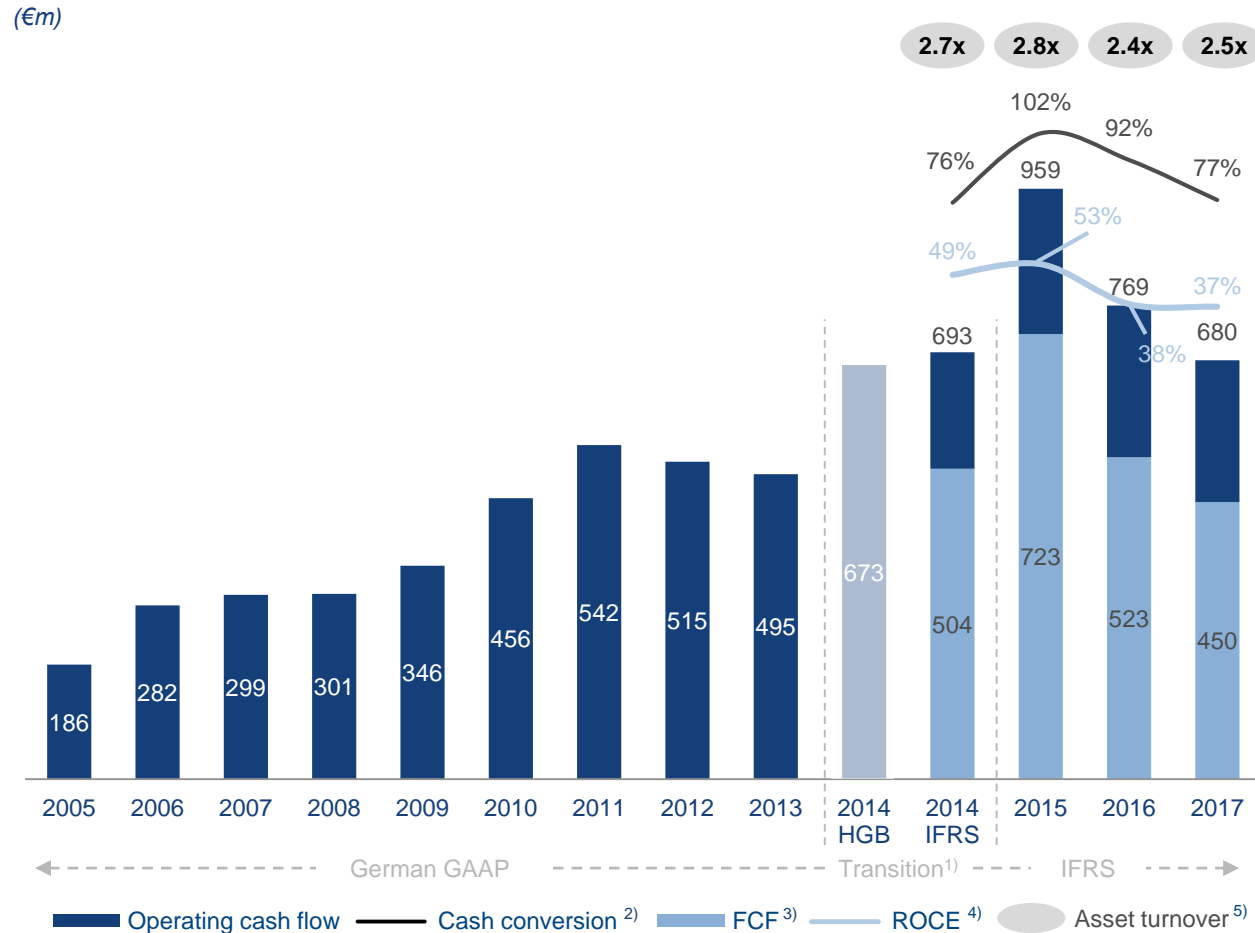


■ RVS ■ CVS ● Order book / sales

Notes: ¹⁾ Non-GAAP metric; ²⁾ Group figures include consolidations/other; ³⁾ Calculated based on financial statements prepared in accordance with IFRS; Source: Knorr-Bremse information

Knorr-Bremse is a high return and cash generative business

Strong cash generation abilities



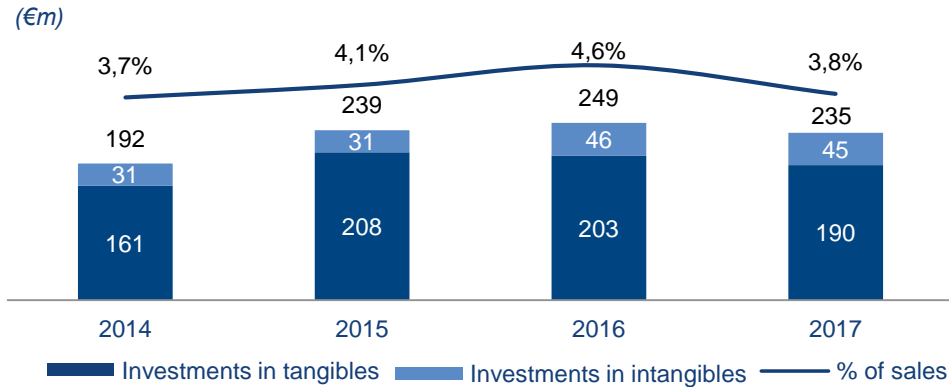
Key drivers and factors

| | |
|-----------------------|--|
| I EBIT margins | <ul style="list-style-type: none"> ROCE normalisation along with EBIT in 2016 largely driven by China RVS HS Additional margin upside from historical acquisitions of low margin businesses with future turnaround potential |
| II Asset turnover | <ul style="list-style-type: none"> Strong asset turnover above c.2.0x Consistent historical sales growth Moderate decrease due to capex and working capital growth |
| III FCF generation | <ul style="list-style-type: none"> Recent normalisation mainly due capex program and changes in net working capital resulting from China pre-payments Cash flow mirrors EBITDA development in combination with low WC levels (pre-payments) 2017 impacted by extraordinary costs of attempted Haldex acquisition, IPO preparation and IFRS conversion (total ~€30m) |

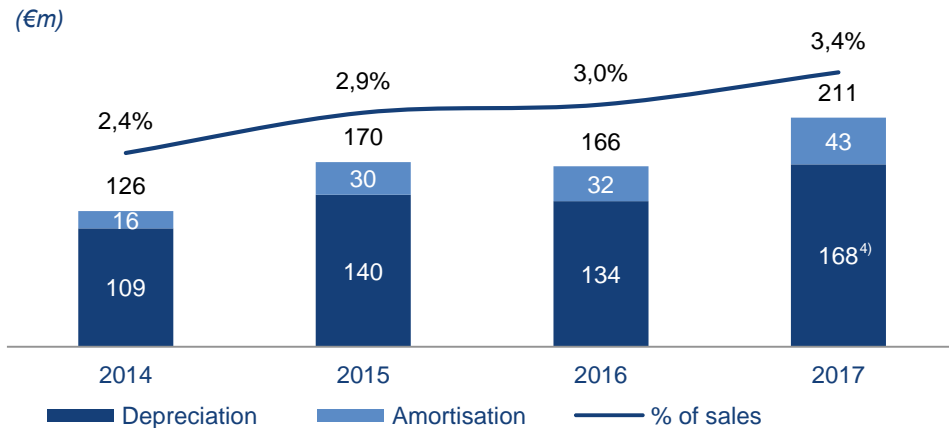
Notes: ¹⁾ 2014 represents the first year that Knorr-Bremse prepared its financial statements in accordance with IFRS. Prior to 2014, financial statements were only prepared in accordance with German GAAP (HGB). IFRS differs in certain aspects from German GAAP (HGB), and accordingly data presented in accordance with German GAAP (HGB) may not be comparable to data prepared in accordance with IFRS; ²⁾ Cash conversion defined as: (OCF - investments in fixed assets - investments in intangible assets) / net income; ³⁾ FCF (Free Cash Flow) defined as cash flow from operations minus cash-relevant capex; ⁴⁾ ROCE defined as EBIT divided by capital employed (Fixed assets + Intangible assets + Net working capital); ⁵⁾ Asset turnover defined as sales divided by capital employed; Source: Knorr-Bremse information

Fully invested asset base driving low capex requirements

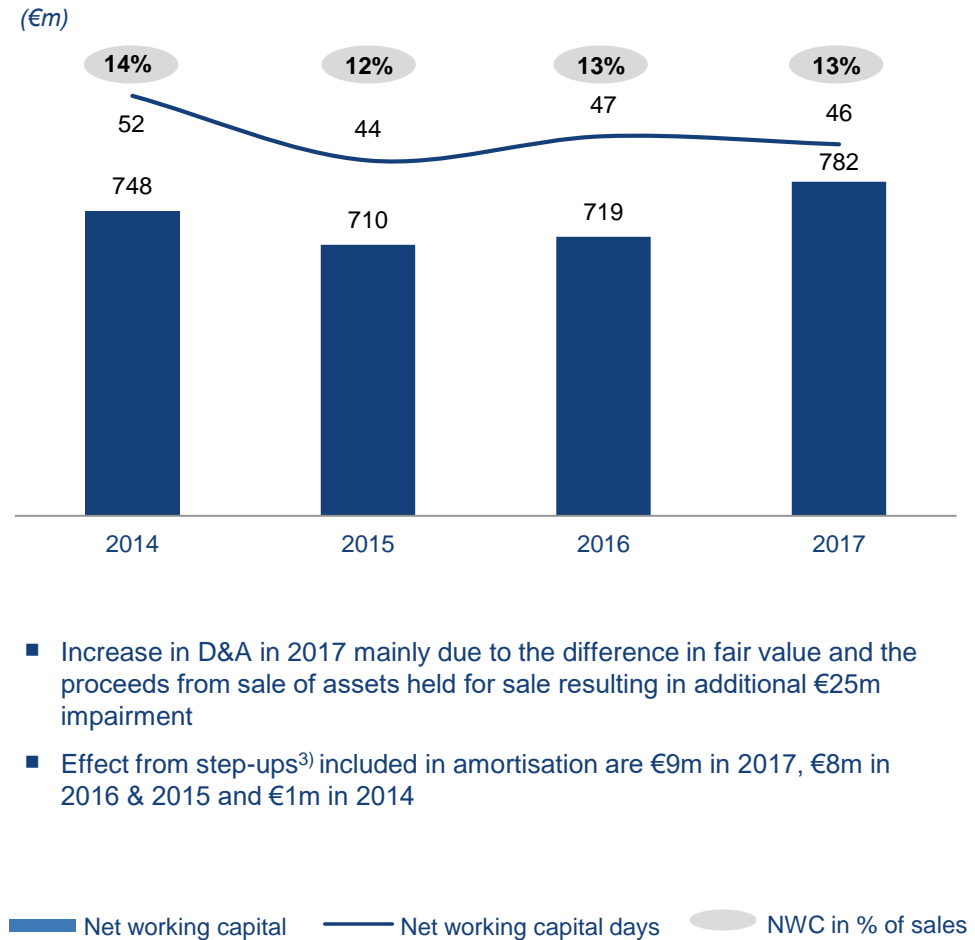
Capex¹⁾



D&A



Net working capital²⁾



Notes: Based on financial statements prepared in accordance with IFRS; ¹⁾ As per asset register, defined as investments in fixed and intangible assets incl. finance leasing; ²⁾ Net working capital defined as Inventory + Accounts receivables + Construction contracts with positive balances - Accounts payables - Construction contracts with negative balances - Prepayments received; ³⁾ Step-ups from key PPA's (Selectron, Powertech, GT & Kiepe Electric); ⁴⁾ Including €25m from impairment of assets held for sale; Source: Knorr-Bremse information

2019 guidance – fully on track towards our mid-term guidance

2019 guidance

| | | |
|-----|---------------|--|
| P&L | Revenue | <ul style="list-style-type: none">▪ Group: 6,800 – 7,000 mEUR (+3.8% – 6.9% after eliminating disposals)▪ Assuming constant currencies, organic growth only, already considering disposals▪ Unchanged economic & political environment |
| | EBITDA Margin | <ul style="list-style-type: none">▪ 18.0% – 19.0%▪ On track with medium term margin expansion by +150 bps until 2021/2022 (acc. prospectus)▪ Assuming no structural changes |

- Strong order book provides good visibility for 2019
- RVS growth broad-based across all markets and segments
- CVS continued outperformance through increasing content per vehicle
- Margin expansion from elimination of 2017/18 one-offs, stringent profit improvement measures and AM initiatives
- Continued strong focus on cash generation

Full guidance, including divisional targets, to be disclosed with annual report end of April

Medium-term guidance

Medium-term guidance

| | | |
|-------------------|-----------------|--|
| P&L | Revenue | <ul style="list-style-type: none"> ▪ Group organic CAGR of c. 4.5%–5.5% <ul style="list-style-type: none"> ➢ RVS c. 5–6% ➢ CVS c. 4–5% ▪ Assuming constant currencies |
| | EBITDA Margin | <ul style="list-style-type: none"> ▪ Margin expansion c. 150 bps compared to 2017 <ul style="list-style-type: none"> ➢ Driven by both divisions ➢ RVS division slightly ahead vis-à-vis CVS division |
| Cash flow | Capex | <ul style="list-style-type: none"> ▪ Capex ratio in line with 2014–2017 average <ul style="list-style-type: none"> ➢ RVS: c. 4% of revenue ➢ CVS: c. 4% of revenue |
| | Working capital | <ul style="list-style-type: none"> ▪ DWC requirements expected to be in line with 2014-2017 average |
| Capital structure | Leverage | <ul style="list-style-type: none"> ▪ Maintain solid investment grade ▪ Target leverage <1x Net debt/EBITDA, incl. post financing of acquisitions |
| | Dividend | <ul style="list-style-type: none"> ▪ Target payout ratio of 40–50% of IFRS net income |
| Other | Tax rate | <ul style="list-style-type: none"> ▪ IFRS tax rate @ ~30% |

Upcoming investor relations events

| Event | Date [mm/dd/yyyy] | Location |
|-----------------------------|-------------------------|----------------|
| Full Year report | 04/30/2019 | Munich |
| Berenberg USA Conf. | 05/21/2019 – 05/23/2019 | Tarrytown, USA |
| 1Q 2019 Analyst Call | 05/29/2019 | Munich |
| db Access | 06/06/2019 – 06/07/2019 | Berlin |
| JPM EU Cap. Goods CEO Conf. | 06/13/2019 – 06/14/2019 | London |
| Annual General Meeting | 06/18/2019 | Munich |

| | | |
|---|------------------------|----|
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| 2 | Key Company Highlights | 7 |
| 3 | Key Financials | 20 |
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Effective corporate governance with clear accountabilities and aligned management incentives

Two-tier board clear accountabilities

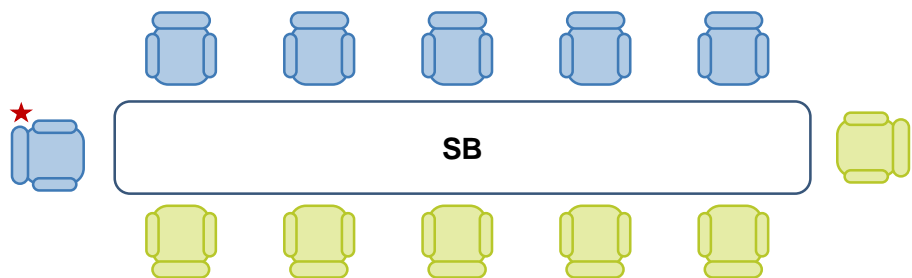
Supervisory board

■ Members appointed

- Klaus Mangold (Chairman)
- 6 Shareholder representatives
- 6 Employee representatives

■ Heinz Hermann Thiele (Honorary Chairman)

■ Actively provides strategic guidance



 Shareholder representatives  Employee representatives  Chairman

Executive board

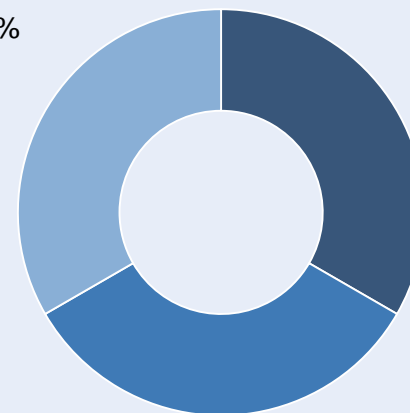
- Runs the company with clear accountability
- Complementary broad experience
- Capital markets experience

Executive board incentivised to create shareholder value¹⁾

Proportion of individual remuneration components in case of 100% target achievement

Long-term incentive (EVA-based, ~3 year period)
~30.0%-33.3%

Base compensation
~33.3-40.0%



~28.6-33.3%

Short-term incentive

- 30% turnover growth
- 30% working capital
- 30% Profit before tax
- 10% quality

Notes: ¹⁾ Data as per 1.1.2019; Source: Knorr-Bremse information

Group income statement 9M 2018

Consolidated statement of profit or loss

| | Nine Months | | 3rd quarter | |
|--|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | TEUR | TEUR | TEUR | TEUR |
| Revenues | 4.994.045 | 4.562.514 | 1.671.805 | 1.586.521 |
| Changes in inventories of unfinished/finished products | 29.098 | 46.516 | (177) | (12.610) |
| Other own work capitalized | 40.851 | 23.848 | 21.079 | 9.263 |
| Total operating performance | 5.063.994 | 4.632.878 | 1.692.706 | 1.583.174 |
| Other operating income | 52.511 | 51.390 | 4.707 | 10.492 |
| Cost of materials | (2.519.520) | (2.237.916) | (839.127) | (774.279) |
| Personnel expenses | (1.119.837) | (1.067.007) | (373.381) | (358.624) |
| Other operating expenses | (601.286) | (601.297) | (191.250) | (200.696) |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 875.862 | 778.047 | 293.655 | 260.067 |
| Depreciation and amortization | (157.569) | (161.370) | (47.691) | (66.505) |
| Earnings before interests and taxes (EBIT) | 718.294 | 616.678 | 245.964 | 193.563 |
| Interest income | 17.403 | 16.874 | 6.179 | 5.007 |
| Interest expenses | (28.566) | (30.954) | (10.328) | (9.640) |
| Other financial result | (35.973) | (25.223) | (1.157) | (299) |
| Income before taxes | 671.158 | 577.374 | 240.659 | 188.631 |
| Taxes on income | (174.235) | (187.907) | (50.727) | (68.789) |
| Net income | 496.923 | 389.467 | 189.932 | 119.842 |
| Thereof attributable to: | | | | |
| Profit (loss) attributable to non-controlling interests | 30.964 | 37.683 | 7.508 | 4.425 |
| Profit (loss) attributable to the shareholders of Knorr-Bremse AG | 465.958 | 351.783 | 182.424 | 115.416 |
| | 496.923 | 389.467 | 189.932 | 119.842 |
| Earnings per share in Euro | | | | |
| undiluted | 2,89 | 2,18 | 1,13 | 0,72 |
| diluted | 2,89 | 2,18 | 1,13 | 0,72 |
| EBITDA Margin | 17,5% | 17,1% | 17,6% | 16,4% |
| EBIT Margin | 14,4% | 13,5% | 14,7% | 12,2% |
| EBT Margin | 13,4% | 12,7% | 14,4% | 11,9% |

Notes: Based on financial statements prepared in accordance with IFRS; ¹⁾ Including leased personnel; Source: Knorr-Bremse information