

## Press Release

Munich, January 14, 2010

### **Downturn in sales at Knorr-Bremse owing to massive slump in commercial vehicle sector**

- **Consolidated sales 18% down**
- **Sales growth in rail vehicle sector**
- **Strategic investments in innovations, production plants and acquisitions**

#### **Knorr-Bremse Group**

In fiscal 2009 the Knorr-Bremse Group posted sales of EUR 2.76 billion (2008: EUR 3.38 billion). In a difficult economic environment the company benefited from its strong strategic position with two divisions, Rail Vehicle Systems and Commercial Vehicle Systems, in markets that developed very differently.

Despite a sharp downturn in its freight car and locomotive business, the **Rail Vehicle Systems** division reported an increase in sales to EUR 1.55 billion (2008: EUR 1.43 billion). Growth was particularly pronounced in Asia, where sales moved ahead by around 80%. Here, Knorr-Bremse continues to profit from a market presence that dates back to the end of the 1980s. In line with a corporate policy geared to long-term success, measures undertaken in the Rail Vehicle Systems division in 2009 included the inauguration of a new development center for door systems in Kematen, Austria, and the topping-out ceremony for a new braking systems plant in Budapest, Hungary. In addition, in the course of the past year Knorr-Bremse made targeted acquisitions to further strengthen its market position in a number of areas in the rail vehicle sector.

For the **Commercial Vehicle Systems** division the global financial and economic crisis in 2009 brought a drastic fall in the output of commercial vehicles and saw sales decline to EUR 1.22 billion (2008: EUR 1.97 billion). In order to adapt processes and structures to the prevailing lower level of market activity, in 2009 further measures were implemented from the cost-cutting program that was triggered towards the end of 2008. The relevant adjustment in staffing levels was kept substantially lower than the scale of the market downturn, particularly in the research and development sector where the focus remains on ensuring that innovations are driven forward in close collaboration with customers. As part of the ongoing strategic development of the division's production plants, a new factory was set up in Liberec in the Czech Republic in 2009. As well as boosting capacity, the new facilities built by both divisions will also enable the deployment of advanced production and logistics concepts.

The three main regions into which Knorr-Bremse divides its business operations – Europe, the Americas and Asia/Australia – contributed to the development of sales as follows:

## Europe

In the European region, sales declined to EUR 1.84 billion in 2009 (2008: EUR 2.46 billion). The Rail Vehicle Systems division was able to post an increase in sales in the region. The Commercial Vehicle Systems division in Europe was hard hit by the frequently reported dramatic 65% year-on-year slump in the OEM market.

## The Americas

For the Americas as a whole, the Group reported sales of EUR 661 million in 2009 (2008: EUR 772 million). In North America both divisions found themselves confronted by a weaker market environment than in the previous year. The Rail Vehicle Systems division faced a challenging market backdrop in North America and was hard hit by the steep downturn in the freight car segment in particular. In the commercial vehicle sector, despite what had already been very low volumes in 2008, the market witnessed its third consecutive year of shrinking commercial vehicle output. In South America, both divisions reported a downturn in sales.

## Asia/Australia

Sales at the Knorr-Bremse Group companies in the Asia/Australia region moved ahead by around 40% in 2009 to EUR 530 million (2008: EUR 376 million). The Rail Vehicle Systems division reported an increase in regional sales of around 80%. The main driver of this development was once again China, where in October Knorr-Bremse won the largest order in its over 100-year history, worth approximately EUR 500 million. Together with its Chinese partners, the company is to supply braking and door systems for a total of 2,720 new cars for the Chinese high-speed train CRH3. 1,280 of these cars will also be equipped with air conditioning systems from Knorr-Bremse. For the Commercial Vehicle Systems division, market conditions were challenging in Asia, too.

## Outlook for 2010

In 2010, Knorr-Bremse is expecting the overall economic situation to remain difficult and is not anticipating any significant recovery in the commercial vehicle markets. Demand in the rail freight segment in Europe and the U.S. can be expected to remain slow. Rail-borne passenger transportation could well pick up speed.

The company's Financial Statements Press Conference will be held in Munich on March 25, 2010 at 10 a.m.

The **Knorr-Bremse Group** is the world's leading manufacturer of braking systems for rail and commercial vehicles. For more than 100 years now the company has pioneered the development, production, marketing and servicing of state-of-the-art braking systems. In the rail vehicle systems sector, the product portfolio also includes automatic electro-pneumatic or electric door systems, air conditioning systems, control components, toilets and windscreen wiper systems, as well as platform screen doors. In the commercial vehicle systems sector, the product range includes complete braking systems with driver assistance systems, as well as torsional vibration dampers and powertrain-related solutions, such as the Pneumatic Booster System (PBS) and transmission control systems for greater efficiency and lower fuel consumption.

**Contact:**

Knorr-Bremse AG  
Moosacher Strasse 80  
80809 Munich, Germany  
Gerd Henghuber  
Head of Corporate Communications  
Tel: 089-3547-1402, Fax: 089-3547-1403  
Email: [gerd.henghuber@knorr-bremse.com](mailto:gerd.henghuber@knorr-bremse.com)