

Knorr-Bremse pleased with financial results

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Knorr-Bremse AG is pleased with its latest financial results, describing the business as moving “from success to success.”

The global systems manufacturer for rail and commercial vehicles presented its preliminary results for the 2021 fiscal year in Munich on Thursday 24 February.

It said its revenue was in line with guidance and that it had delivered a “strong profit” despite Covid-19 and supply shortages.

Summary of income

The group’s revenue in the 2021 fiscal year rose by 8.9 % to €6,705.6 million and was driven especially by growth in the commercial vehicle market. This growth came from the Europe and North America regions in particular.

The group attained an operating EBIT of €920.3 million (previous year: €814.0 million) and an operating earnings before interest and taxes (EBIT) margin of 13.6 % (previous year: 13.2%). Its earnings before taxes and appreciation and amortisation (EBITDA) during the 2021 fiscal year came in at €1,210.7 million

(previous year: €1,106.9 million), with an operating EBITDA margin of 17.9 % (previous year: 18.0 %).

A free cash flow of €600.0 million was generated, down from the €687.3 million of the previous year when the business said there were “several large-scale effects to profit from”.

An “extremely stable” business model

Dr. Jan Mrosik, Chief Executive Officer of Knorr-Bremse AG, said: “The previous year was another major challenge for many companies, given the global Covid-19 pandemic and the impacts from it. Even several Knorr-Bremse customers postponed their orders. We also experienced supply-chain constraints, especially in our truck division. This makes me all the more pleased that we were able to keep our delivery promises in almost all cases thanks to our many initiatives and our employees’ commitment. We demonstrated yet again that our business model is extremely stable, and our excellent results for the fiscal year just ended offer impressive proof of this. We recorded a very strong order inflow with over €2.2 billion of orders received in just the fourth quarter alone, which let us conclude the year with a record amount of roughly €5.6 billion on our order books. This is a fantastic evidence of the trust that our customers have in our products, our service, our innovativeness, and our reliability. It is also evidence of our sustainability as a business and the foundation for future, profitable growth. These are the best conditions for Knorr-Bremse continuing its success in 2022. “

“Record-level” orders on books

In the 2021 fiscal year the Knorr-Bremse Group’s order intake rose by 13.1 % to a new record amount of €7,286.7 million after €6,441.8 million during the previous year. This development is the result of a strong rise in demand in the commercial vehicle market and had, as at 31 December, 2021, led to an order book worth €5,558.1 million (previous year: €4,977 million).

Rail Vehicle Systems (RVS) Division

The market for rail vehicles was also affected by the impacts of the COVID-19 pandemic during the 2021 fiscal year. Viewed year on year, the RVS division received stable orders despite the slow recovery of rail transportation. Simultaneously, its order book, as of 31 December 2021, had grown by 4.1 % to €3,875.1 million (previous year: €3,721.4 million). In this volatile environment, the RVS division’s revenue remained approximately at the previous year’s level at €3,317 million (previous year: €3,336.8 million). RVS is expected to return to growth during the current fiscal year. The operating EBIT margin in 2021 came to 18.1 % (previous year: 19.1 %).

Commercial Vehicle Systems (CVS) Division seeing constant strong demand

The global commercial-vehicle market was down 1 % year-on-year in 2021 when measured by the truck-production rate. While the production rates in Europe, North America, and South America recovered as the year progressed, this stood against a strong decline in Asia during the second half of 2021. The CVS division still achieved a strong result in spite of the difficult market environment, with revenue in the 2021

fiscal year rising by 20.2 % to €3,390.2 million (previous year: € 2,819.4 million). At the same time, the division's profitability improved significantly with an operating EBIT margin of 10.7 % (previous year: 8.3 %). Its orders received increased by 29.2 % to a value of €3,818 million (previous year: €2,954.2 million). Its order book reached a record value of €1,696.8 million (previous year: €1,269.0 million).

Innovation

The business said innovation was a key driver of profitable growth. Knorr-Bremse raised its expenditure for research and development by 8.8 % to €431.4 million (previous year: €396.4 million), R&D spending reached 6.4 % of group revenue