

Press Release

Munich, August 6, 2018

Knorr-Bremse RailServices (UK) Ltd. and Kiepe Electric Ltd. (UK) to be sold to holding company Mutares

Knorr-Bremse is to sell its vehicle services business in UK to the holding company Mutares. The companies have signed an agreement to this effect and closing is expected by autumn 2018.

Knorr-Bremse is carrying out a strategic realignment of its vehicle services business in the UK market. "With this step, we are continuing our ongoing efforts to realign our strategic focus on core competencies as a key supplier for the railway industry, offering subsystems, components and all related services," says Klaus Deller, Chairman of the Executive Board of Knorr-Bremse AG and responsible for the Rail Vehicle Systems division. "We are very pleased to have come to an agreement with Mutares – an agreement that will create significant added value for the divested businesses."

The agreement between Knorr-Bremse and Mutares governs the full takeover of the UK vehicle services business of Knorr-Bremse RailServices and Kiepe Electric, including both Knorr-Bremse RailServices sites in Wolverton and Springburn as well as the Kiepe Electric facilities in Birmingham. The components and aftermarket business in the UK will be continued by Knorr-Bremse Rail Systems.

Robin Laik, CEO of Mutares, says: "RailServices and Kiepe Electric hold a unique market position in the UK, providing excellent expert services and know-how for the railway industry. Both companies have strong growth potential and are an ideal match for our ongoing operations. We look forward to welcoming the RailServices and Kiepe Electric specialists to our portfolio. Mutares possesses expert knowledge in how to utilize the strong potential of both entities and allow profitable growth for Knorr-Bremse RailServices UK and Kiepe Electric UK."

Mutares is a holding company that typically acquires companies or divisions that are no longer part of the core business of a larger corporation. As an investor with its own consulting team, Mutares specializes in increasing production efficiency, leveraging synergies and enabling growth. In particular, they invest in European companies that have significant potential for development and already possess established business models – often combined with strong brands.

Under a set of commercial collaboration agreements with Knorr-Bremse, the businesses will be the preferred integration and installation partners of Knorr-Bremse. These formal collaboration agreements are designed to ensure a seamless transition period for employees and suppliers and are important for the continuity of delivery to customers and to ensure long term collaboration between Knorr-Bremse and the businesses on future opportunities. The businesses will be renamed shortly, in line with the strategic approach of Mutares.

Knorr-Bremse RailServices UK is a provider of a wide range of maintenance and overhaul services to rolling stock owners and train operating companies across the UK and Ireland. Knorr-Bremse RailServices is specialized in vehicle overhaul and refurbishment as well as modernization, upgrading, incident repairs and wheelset overhaul. At its two sites in Wolverton and Springburn, Knorr-Bremse RailServices has a headcount of approx. 600.

Kiepe Electric is a globally active supplier of electrical systems to leading rail vehicle and bus manufacturers. In the UK, it operates from Birmingham with a headcount of approx. 100. The UK company is an engineering consulting firm offering turnkey solutions for refurbishment and modernization for domestic and international rolling stock providers, as well as project

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management and system integration. Kiepe Electric has been part of the Knorr-Bremse Group since January 2017.

Caption: Knorr-Bremse RailServices UK is one of the leading providers of vehicle services to British and Irish train operators and vehicle owners. | © Knorr-Bremse

Knorr-Bremse 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 have been making a decisive contribution to greater safety and energy efficiency on rail tracks and roads around the world. For more than 113 years the company has been the quality and innovation leader in the field of state-of-the-art holistic system solutions and the only full-range supplier of products and services for rail and commercial vehicles. Knorr-Bremse is one of Germany's most successful industrial companies and profits from the key global megatrends: urbanization, eco-efficiency, digitization and automated driving.

About 28,000 employees at over 100 sites in more than 30 countries use their competence and motivation to satisfy customers worldwide with products and services. Localization is a central focus of Knorr-Bremse's strategy. Knorr-Bremse delivers braking, entrance, control and auxiliary power supply systems, HVAC and driver assistance systems for rail vehicles, as well as braking, steering, powertrain and transmission control solutions, and driver assistance systems for commercial vehicles.

In 2017, Knorr-Bremse generated in both its divisions revenues of more than EUR 6.1 billion (IFRS). A comprehensive and growing aftermarket & services business with high entry barriers gives these revenues increasingly cyclically independent stability. The company benefits from a strong, entrepreneurial and experienced management. Technical excellence, reliability, passion and responsibility are deeply embedded in its corporate culture.

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