



Ad hoc: Vossloh streamlines portfolio and concretizes the effects of the performance program

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Vossloh AG has made additional important progress with the implementation of the performance program that was adopted in April 2019. The objective of this program is, among other things, the divestment of loss-generating or underperforming activities. In this connection, a contract was signed today with a strategic buyer for the sale of the largest U.S. Group company in the Customized Modules division, Cleveland Track Material Inc. (CTM), Cleveland, Ohio. Translated into euros, the purchase price and net inflow of funds amount to approximately €35 million. The Supervisory Board has already approved the sale. The closing of the transaction does not depend on regulatory approvals and is still expected in 2019.

In addition, the Executive Board of Vossloh AG has at the same time adopted additional measures to streamline the portfolio in the Customized Modules division. This affects all current activities of this division in the USA and South America. The companies affected, including CTM, generated sales in the 2018 fiscal year of around €65 million and negative EBIT or significantly below-average profitability over several years. Vossloh currently expects exceptional noncash charges in connection with these transactions of around €40 million in the current fiscal year and overall in connection with the disposal of loss-making activities special charges of around €55 million which are largely noncash effective.

With a view to the target of reducing the number of employees worldwide by around 5 percent compared with the end of 2018, Vossloh has initiated necessary measures in recent months and will achieve this target. Expenses for staff reductions in the order of around €30 million are currently expected for 2019. The corresponding cash outflows and employee departures will affect the years 2019 and 2020.

From today's perspective, total expenses of around €85 million in connection with the performance program are consequently expected in the 2019 fiscal year. Taking into consideration the proceeds from the sale of CTM alone, a positive cash effect is already expected from the performance program in the current fiscal year. From today's view, overall savings through the performance program will total around €15 million to €20 million per fiscal year, of which a large proportion will already take effect for the first time in the 2020 fiscal year. These savings are an important step on the way to achieving double-digit EBIT margins in the medium term in all divisions and noticeably expand the financial room for maneuver.

The Executive Board confirms the outlook for the operational business for the 2019 fiscal year. Vossloh expects sales of between €900 million and €1 billion. The EBIT expected for the operational business will probably be in the lower third of the forecast range of between €50 million and €60 million, in particular due to the weak business development of CTM, the company sold today. As a result of the streamlined portfolio, Vossloh now also expects Group sales of between €900 million and €1 billion but a significantly improved EBIT between €65 million and €80 million in the 2020 fiscal year.