

Presentation to Investors

August 2011



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Vossloh

Specialist in rail technology with leading market positions

Vossloh AG

Rail Infrastructure



Vossloh Fastening Systems



Vossloh Switch Systems



Vossloh Rail Services

Transportation



Transportation Systems

Vossloh Locomotives



Vossloh Rail Vehicles

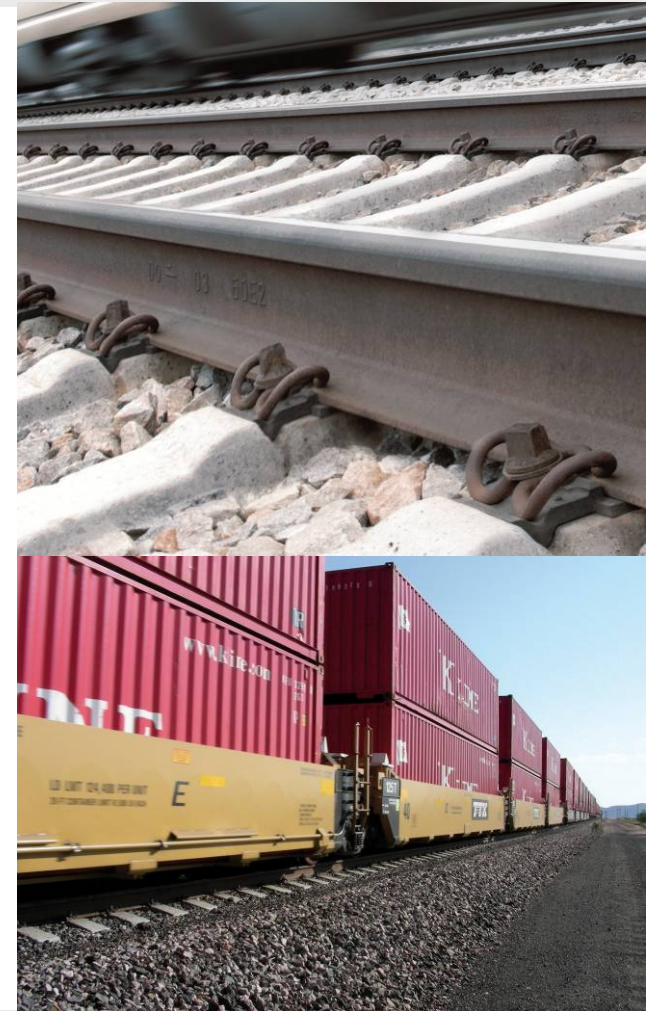


Vossloh Electrical Systems

Rail Infrastructure

Vossloh Fastening Systems

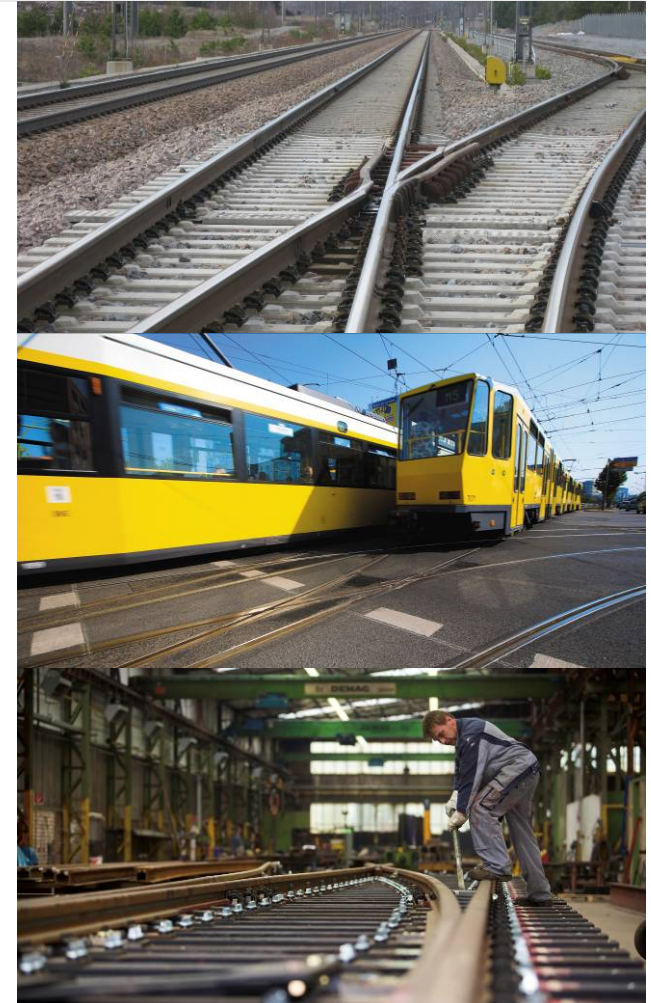
- ▶ Sales 2010: **€369.4 million**, workforce: 503
- ▶ Elastic rail fastening systems for each and every application: for ballast and ballastless tracks (high-speed), for mainline & conventional lines, heavy-haul tracks and urban rail haulage (LRT)
- ▶ **Worldwide market leader** in rail fastening systems, only two players acting globally; (No.2 Pandrol/Delachaux)
- ▶ Market leader **very high-speed lines in China** (market share China roughly 50%)
- ▶ Products used in over 65 countries, **exports >85%** of total sales
- ▶ Representing **German technology** (in general screw and dowel)
- ▶ **Maintenance free** product with a lifetime of at least 20 years



Rail Infrastructure

Vossloh Switch Systems

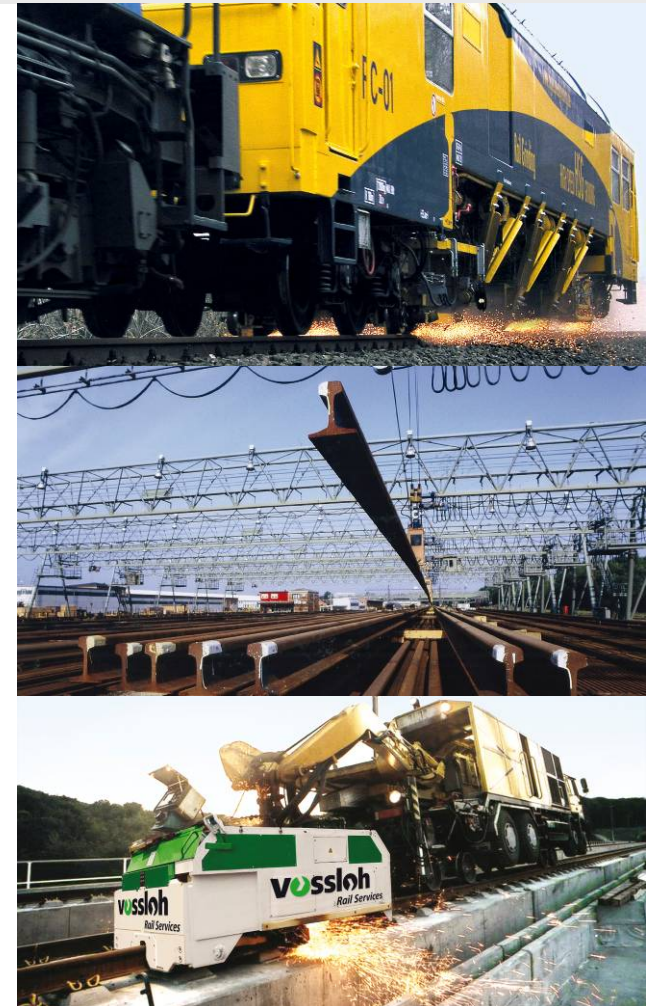
- ▶ Sales 2010: **€439.0 million**, workforce: 2,333 (acquired 2002)
- ▶ Standard, high-speed and specialty (heavy-haul) switches to all international standards; signaling components, switch actuators, locking devices and monitoring systems
- ▶ **Worldwide No.2**, only two players acting globally; (No.1 VAE/Voestalpine)
- ▶ **28 manufacturing sites** in 18 countries; leading market positions in many countries, for example France and Scandinavia; No. 3 in the US market
- ▶ approx. **85% of total sales outside France**
- ▶ Representing **French technology** (in general single motor with rods)
- ▶ Lifetime of at least 20 years as well; high portion of **maintenance business**



Rail Infrastructure

Vossloh Rail Services

- ▶ Sales 2010: **€84.8 million**, workforce: 319
- ▶ **Since 2010** part of the Vossloh Group
- ▶ Semi-stationary and stationary welding, logistics, testing, milling, grinding, etc. of rails
- ▶ Customers: rail producers and rail operators (e.g. Deutsche Bahn)
- ▶ **A leader in the German market for comprehensive rail services and logistics**



Transportation

Transportation Systems, Vossloh Locomotives

- ▶ Sales 2010: **€102.5 million**, workforce: 483 (acquired 1998)
- ▶ A leader in the European market for ultramodern **diesel-hydraulic** and additionally up from now **diesel-electric locomotives** for shunting and long-distance transport
- ▶ **Center-cab locomotives** homologated for a wide range of European countries; multi-country homologation to permit cross-border operation; Locomotives from 400 to 2700 kW that regularly set new standards in their respective fields
- ▶ **Modular platform concepts** with a high portion of equal parts (up to 80%)



Transportation

Transportation Systems, Vossloh Rail Vehicles

- ▶ Sales 2010: **€202.5 million**, workforce: 661 (acquired 2005)
- ▶ **Europe's leading manufacturer of diesel-electric locomotives**
- ▶ Metro and LRV systems
- ▶ Manufacturer of Europe's **most powerful diesel-electric locomotive**, the EURO 4000
- ▶ Actually developing and marketing the **first all-Vossloh tram** (Tramlink): a joint effort by Rail Vehicles and Electrical Systems for European local transport services. The 32-meter version can transport more than 200 passengers
- ▶ **Exports to** the United States, the United Kingdom, France, Switzerland, Portugal, Algeria, Egypt, Brazil, other countries and recently Israel



Transportation

Vossloh Electrical Systems

- ▶ Sales 2010: **€160.0 million**, workforce: 637 (acquired 2002)
- ▶ Vossloh Kiepe supplies innovative **electrical systems** used in road and rail vehicles operating on mainline and local public transportation systems
- ▶ **Customized and efficient solutions** address the ultimate quality requirements, with special emphasis on economic efficiency and ecology
- ▶ The **product range** includes integrated systems for new vehicles, vehicle overhaul work, turnkey projects, components, and a wide range of services
- ▶ **No. 1 worldwide** in the segment trolleybuses

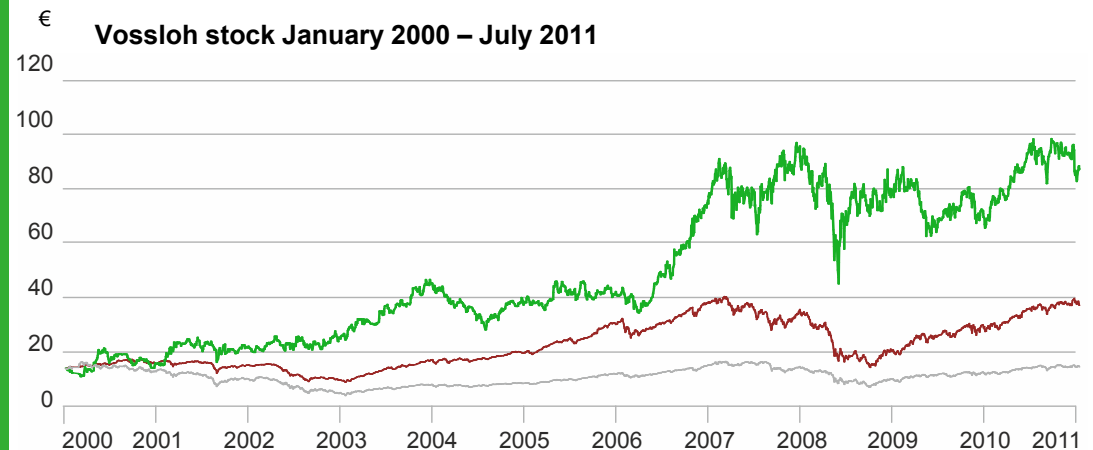


Vossloh stock

Sustainable Performance

Attractive investment

- ▶ Average yield since first-time quotation 15.8% p.a.
- ▶ Over 20 years dividends have been either raised or kept stable
- ▶ Increase in share price despite financial crisis



— Vossloh share price in € — MDAX (rebased) — DAX (rebased)

Vossloh Group, H1/2011

Project delays present temporary burden

- ▶ **Sales** in H1/2011 down 17.8%, in Q2 alone by 22.1%
- ▶ Shipments in China well below budget, business in Russia hampered by technical problems with other components, Transportation still faltering, as expected
- ▶ Poor workload hurting **EBIT** and **EBIT margin** year-on-year
- ▶ Despite slashed capital employed, **ROCE** short of 15% benchmark

		H1/2010	H1/2011	Δ in%
Sales	€ mill.	683.1	561.5	−17.8
EBIT	€ mill.	80.4	44.5	−44.7
EBIT margin	%	11.8	7.9	—
Group earnings	€ mill.	50.7	27.1	−46.5
Earnings per share	€	3.81	2.04	−46.5
ROCE	%	18.3	11.1	—
Value added	€ mill.	32.2	4.5	—
Average headcount		4,974	4,964	−0.2



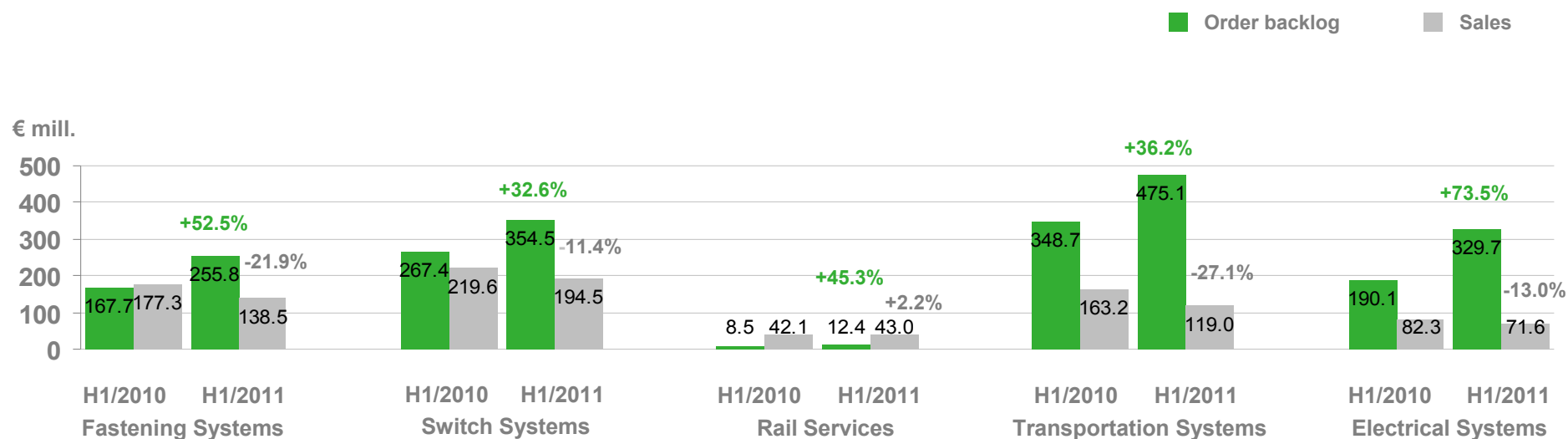
Vossloh Group, H1/2011

Order intake of around €900 million and order backlog of €1.4 billion offer sound prospects

Order intake:

- ▶ Fastening Systems: €188.3 mill. (down from €191.0 mill.)
- ▶ Switch Systems: €238.2 mill. (up from €219.9 mill.)
- ▶ Rail Services: €54.4 mill. (up from €50.6 mill.)
- ▶ Transportation Systems: €254.9 mill. (up from €63.8 mill.)
- ▶ Electrical Systems: €169.2 mill. (up from €50.4 mill.)

Order backlog and sales



Vossloh Group, H1/2011

All financial indicators clearly upgraded

- ▶ Average **working capital** improved by almost €100 million thanks to a reduced net balance of trade receivables/payables and to higher prepayments on orders
- ▶ **Capital employed** significantly curbed despite higher fixed assets
- ▶ **Net financial debt** and **net leverage** substantially downscaled to low levels

		6/30/2010	12/31/2010	6/30/2011
Total assets	€ mill.	1,448.4	1,405.8	1,493.4
Total equity	€ mill.	537.2	580.0	574.6
Equity ratio	%	37.1	41.3	38.5
Average working capital	€ mill.	307.2	309.0	209.6
Average working capital intensity	%	22.5	22.9	18.7
Closing working capital	€ mill.	323.7	258.0	187.1
Closing working capital intensity	%	23.7	19.1	16.7
Average capital employed	€ mill.	876.6	884.5	799.6
Closing capital employed	€ mill.	901.4	848.6	781.3
Net financial debt	€ mill.	200.7	136.6	83.8
Net leverage	%	37.4	23.5	14.6



Vossloh Group, H1/2011

Cash flow far better thanks to slashed working capital

Cash flow trend (in € million)	H1/2010	H1/2011	
EBIT	80.4	44.5	<p>► Cash flow from operating activities considerably upgraded</p> <p>► Freely available cash flow at €82.3 million zooming above prior-year level</p>
Amortization/depreciation/write-down (less write-up) of noncurrent assets	17.5	19.4	
Change in noncurrent accruals	21.4	(6.8)	
Gross cash flow	119.3	57.1	
Net book loss/(gain) from the disposal of tangible and intangible assets	0.2	(1.8)	
Change in working capital	(75.0)	60.5	
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities (net)	2.1	10.2	
Cash outflow for income taxes	(12.7)	(13.4)	
Net cash provided by operating activities	33.9	112.6	
Cash outflow for additions to tangibles/intangibles	(26.4)	(30.3)	
Freely available cash flow¹	7.5	82.3	



¹ Before additions to other noncurrent financial instruments and before M&A, divestment of consolidated subsidiaries and dividend payout

Vossloh Group

Redemption of shares and share buyback

- ▶ **Redemption** of 1,470,630 treasury shares (9.94% of capital stock) as of July 26, 2011 without conducting a capital decrease
- ▶ Start of a **new share repurchase program** on July 27, 2011; to be terminated on June 30, 2012, at latest
- ▶ Repurchase program of **July 27, 2011 includes up to 1,332,529 shares**, i.e. up to 10% of existing capital stock after share redemption
- ▶ Share buyback lead-managed by a securities company and carried out independently and without influence by the company
- ▶ Decision on the **purpose of the repurchased shares** not yet made; authorization resolution of General Meeting gives **several options**
- ▶ **Share redemption optimizes financial structure and underlines confidence in the further growth potential of the Group**



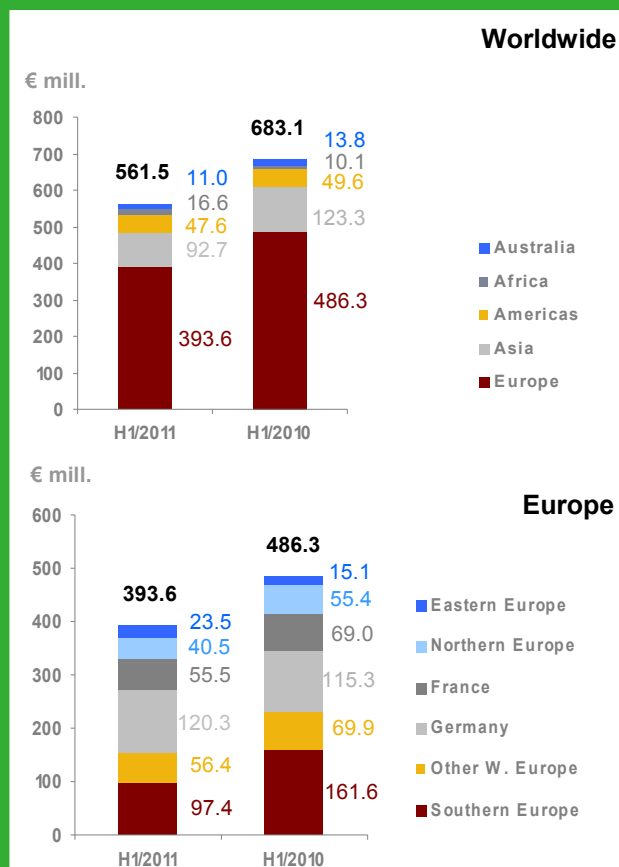
Vossloh Group, H1/2011

Sales in Europe and Asia weak, in the Americas stable and in MENA up

- **Sales in Europe** down 19.1%, in Germany up to €120.3 million
- **Non-European sales** at €167.9 million (-14.7%); share of group sales at 29.9% (up from 28.8%)
- **Sales growth** in MENA countries by €21.2 million to €37.3 million despite suspended deliveries to Libya

	H1/2010 in € mill.	Share in %	H1/2011 in € mill.	Share in %	Δ in %
Europe	486.3	71.2	393.6	70.1	-19.1
Americas	49.6	7.3	47.6	8.5	-4.0
Asia	123.3	18.0	92.7	16.5	-24.8
Africa	10.1	1.5	16.6	2.9	+64.4
Australia	13.8	2.0	11.0	2.0	-20.3
Total	683.1	100.0	561.5	100.0	-17.8

Sales trend (in € million)



Rail Infrastructure, H1/2011

Fastening Systems burdened, Switch Systems up on Q1/2011

- ▶ H1 **sales** down 14.9%, Q2 revenue shrinking 19.5%
- ▶ **EBIT** and **EBIT margin** receding due to poor workload and rising cost of materials
- ▶ **Fastening Systems sales** down 21.9% to €138.5 million in H1, 31.6% down in Q2
- ▶ **Switch Systems sales** falling 11.4% to €194.5 million, in Q2 down 10.4%
- ▶ **Rail Services sales** climbing 2.2% to €43.0 million, in Q2 dipping 7.3%

		H1/2010	H1/2011	Δ in %
Sales	€ mill.	438.6	373.3	−14.9
EBIT	€ mill.	74.7	45.9	−38.5
EBIT margin	%	17.0	12.3	—
Average working capital	€ mill.	272.6	234.4	−14.0
Closing working capital	€ mill.	286.8	256.7	−10.5
Average capital employed	€ mill.	687.5	661.1	−3.8
Closing capital employed	€ mill.	710.8	685.9	−3.5
ROCE	%	21.7	13.9	—
Average value added	€ mill.	36.9	12.9	—



Transportation, H1/2011

Transportation Systems still weak, Electrical Systems in cases below budget

- **Sales** still weak, as expected
- **EBIT** and **EBIT margin** year-on-year down due to low workload at Transportation Systems
- **ROCE** short of 15% benchmark but at 10.5% still double digit, despite EBIT slump
- **Transportation Systems sales** down 27.1% to €119.0 million; Vossloh Locomotives sales up 29.0% to €43.7 million; Vossloh Rail Vehicles' plunging 41.7% to €75.3 million
- **Electrical Systems sales** declining 13.0% to €71.6 million in the wake of project delays

		H1/2010	H1/2011	Δ in %
Sales	€ mill.	244.4	188.6	-22.9
EBIT	€ mill.	14.6	7.1	-51.8
EBIT margin	%	6.0	3.7	-
Average working capital	€ mill.	41.0	(19.5)	-147.4
Closing working capital	€ mill.	41.3	(66.9)	-262.0
Average capital employed	€ mill.	181.4	134.1	-26.1
Closing capital employed	€ mill.	184.2	87.6	-52.4
ROCE	%	16.1	10.5	-
Average value added	€ mill.	4.7	0.4	-

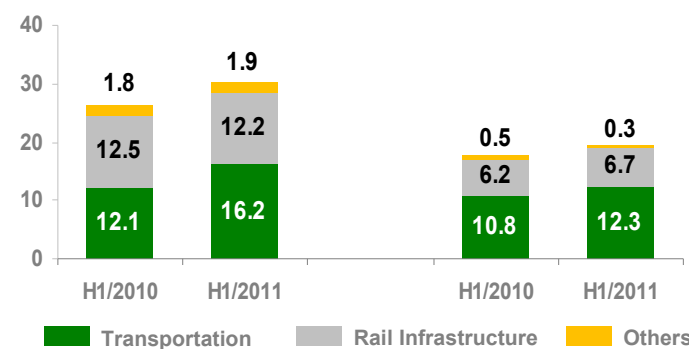


Vossloh Group, H1/2011

Capex and amortization/depreciation rising as budgeted

- **Rail Infrastructure:** Capital outlays of €7.4 million for the Switch Systems business unit, including for the new production plant in China. Capex of €4.4 million for Vossloh Fastening Systems. The Rail Services business unit spends altogether €4.4 million, with emphasis on building new high-speed grinding trains.
- **Transportation:** The Transportation Systems business unit incurs capex of €6.9 million, Vossloh Electrical Systems €5.4 million.

Capex (€ mill.) **Amortization/depreciation (€ mill.)**



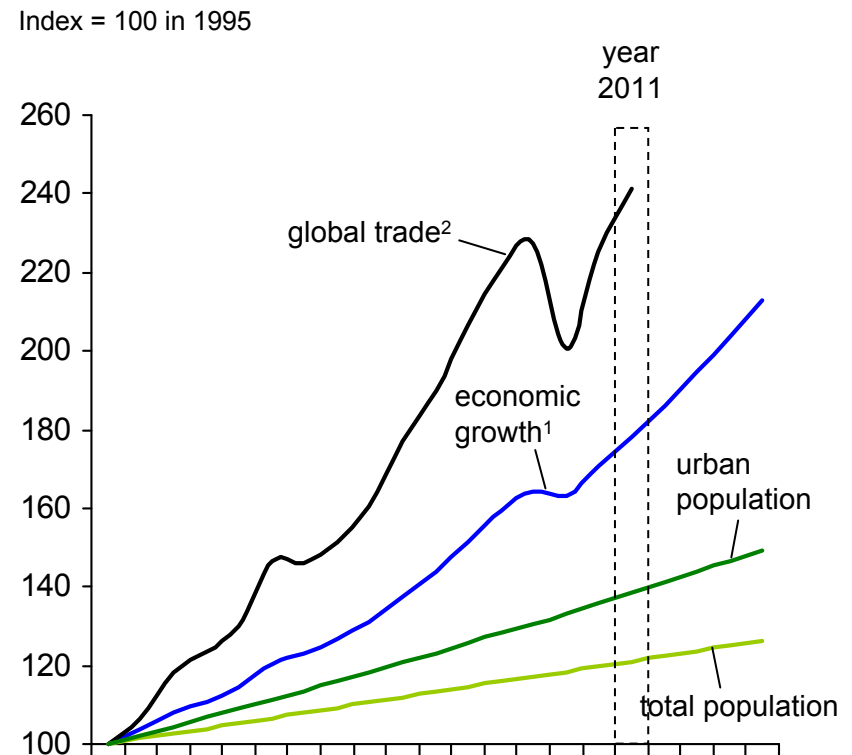
	H1/2010	H1/2011	Δ in %
Group (€ million)			
Capital expenditures	26.4	30.3	+14.8
Amortization/depreciation	17.5	19.0	+8.5
Rail Infrastructure (€ million)			
Capital expenditures	12.1	16.2	+34.5
Amortization/depreciation	10.8	12.0	+10.9
Transportation (€ million)			
Capital expenditures	12.5	12.2	-2.7
Amortization/depreciation	6.2	6.7	+7.5

Targets

Vossloh to supply the rail technology market worldwide

- ▶ **Target I: Vossloh to supply its products and services to the rail technology market worldwide**
- ▶ The rail technology market is highly attractive thanks to its sustainable and significant growth
- ▶ Several megatrends appear to boost demand for passenger transportation and freight haulage:
 - Economic growth and global trade
 - Growing population and urbanization
 - Focus on environmental protection
- ▶ Deregulation and standardization enlarging the share of rail transportation in modal mix

Worldwide growth 1995 to 2015



¹ GDP worldwide

² Worldwide exports of goods

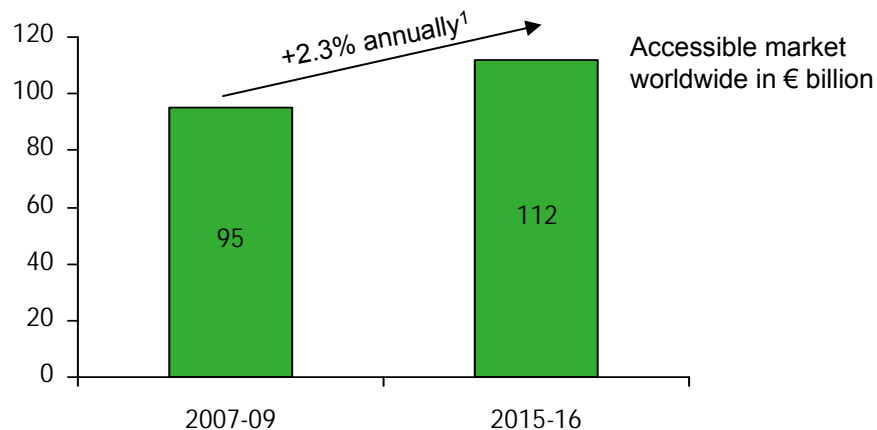
Sources: International Monetary Fund; US Census Bureau; United Nations; Corporate Development/M&A Vossloh AG

Targets

Vossloh endeavors to grow above average and earn a premium over and above its cost of capital

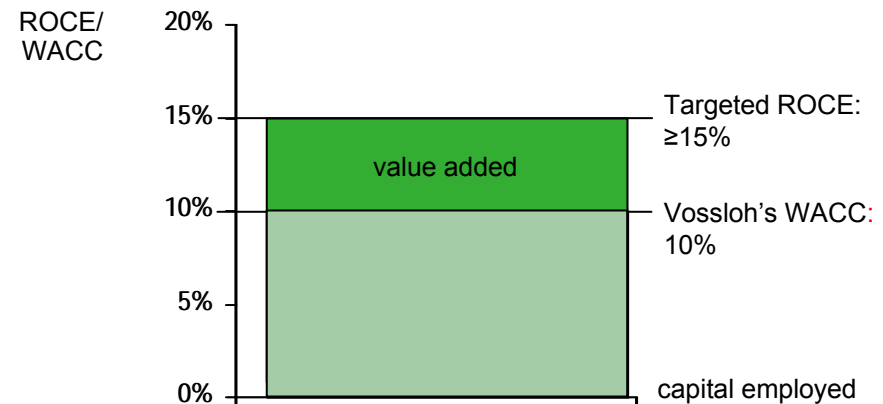
- ▶ **Target II: Vossloh aims to outgrow the global rail technology market**
- ▶ The multiyear annual rail technology market growth averages 2.3%¹
- ▶ No straight-line growth of market: above average in 2007/2008 yet below average in 2009/2010
- ▶ Vossloh intends to maintain or expand its share of the rail technology market

Worldwide rail technology market



- ▶ **Target III: Vossloh aims to add value, i.e., earn a premium on top of its cost of capital**
- ▶ Vossloh's WACC is 10%; annual value added of 5% of capital employed targeted
- ▶ Secondary financial targets:
 - Sustainable, ongoing increase in earnings per share
 - Commensurate dividend payout to stockholders
 - Medium-range conservative net financial debt
 - EBIT margin lastingly above 10%

Value Added-concept



¹Purely quantitative growth (assuming unchanged prices and exchange rates)

Sources: UNIFE Worldwide Rail Market Study 2010; Corporate Development/M&A Vossloh AG

Vossloh Group, 2010–2012p

Tall order backlog supports growth expectations for 2012

- ▶ **Order backlog** endorses budgets for 2011 and 2012
- ▶ **Prospects for 2012** mainly for the Transportation division already considerably brightening; details of the Group's expectations for 2012 will be communicated in December 2011 when the 2012 budget has been finalized.
- ▶ **Second half of 2011** expected to improve substantially, within the Rail Infrastructure division for Switch Systems in particular and at the Transportation division primarily for Kiel
- ▶ **Capex program continued** in order to seize market opportunities
- ▶ **Ample financial latitude** for judicious M&A in selected areas

	2010	2011p	2012p
Sales	€1,351.3 mill.	approx. €1.25 bill.	➔
EBIT	€152.1 mill.	approx. €120–130 mill.	➔



Financial diary and contacts

Financial diary

- ▶ October 27, 2011 Interim report as of September 30, 2011¹
- ▶ December 2, 2011 Investors and analysts conference¹
- ▶ May 23, 2012 Annual general meeting

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¹ Conference call with financial analysts planned