

# Presentation to Investors

October 2012



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# Vossloh Group

Rail technology specialist in leading market positions


**Rail Infrastructure**



**Fastening Systems**



**Switch Systems**



**Rail Services**

**Transportation**



**Transportation Systems**  
Vossloh Locomotives



Vossloh Rail Vehicles



**Electrical Systems**

# Vossloh Group

## Vossloh Fastening Systems



- Sales 2011: **€263 million**, workforce: 573
- **A worldwide market leader** in rail fastening systems
- Products used in over 65 countries
- **Exports 80% of total sales**
- Elastic rail fastening systems, screwed, bolted and maintenance-free, for ballast and ballastless tracks (high-speed), for mainline & conventional lines, heavy-haul tracks and urban rail haulage (LRT)
- More than 120 years of experience.

# Vossloh Group

## Vossloh Switch Systems



- Sales 2011: **€433 million**, workforce: 2,273
- **A worldwide leader** in switch and crossing systems
- **27 production locations** in 19 countries
- **Exports more than 85%** of total sales
- Standard, high-speed and specialty (heavy-haul) switches to all international standards
- Signaling components, switch actuators, locking devices and monitoring systems
- More than a century of experience

# Vossloh Group

## Vossloh Rail Services



- Since 2010 part of the Vossloh group
- Sales 2011: **€88 million**, workforce: 360
- Rail grinding, specifically high-speed grinding (HSG—an innovative high-speed grinding technique as preventive maintenance measure), mobile, semi-stationary and stationary rail welding, rail milling, rail testing
- Customers: rail producers and rail operators (e.g. German Rail)
- **A leader in the German market for comprehensive rail servicing and logistics**
- More than 60 years of experience

# Vossloh Group

## Transportation Systems, Vossloh Locomotives



- Sales 2011: **€124 million**, workforce: 468
- A leader in the European market for ultramodern **diesel-hydraulic and diesel-electric locomotives** for shunting and mainline applications
- Locomotives from 400 to 2700 kW that regularly set new standards in their respective fields
- One-stop provider of development, construction, production and excellent support services within Europe (maintenance, repair and refurbishment of locomotives).
- Provision of ecologically compatible technologies based on a **modular platform concept**
- Locomotives homologated for a wide range of European countries to permit flexible cross-border operation
- More than 90 years of experience

# Vossloh Group

## Transportation Systems, Vossloh Rail Vehicles



- Sales 2011: **€156 million**, workforce: 619
- **Europe's leading manufacturer of diesel-electric locomotives**
- Metro and LRV systems
- State-of-the-art technology and optimum quality typify the whole range of our products
- Manufacturer of Europe's most powerful diesel-electric locomotive, the EURO 4000
- Provision of maintenance services for locomotive bogies and passenger trains
- **Exports** to the United States, the United Kingdom, France, Switzerland, Portugal, Algeria, Egypt, Brazil, and other countries
- More than a century of experience



# Vossloh Group

## Vossloh Electrical Systems

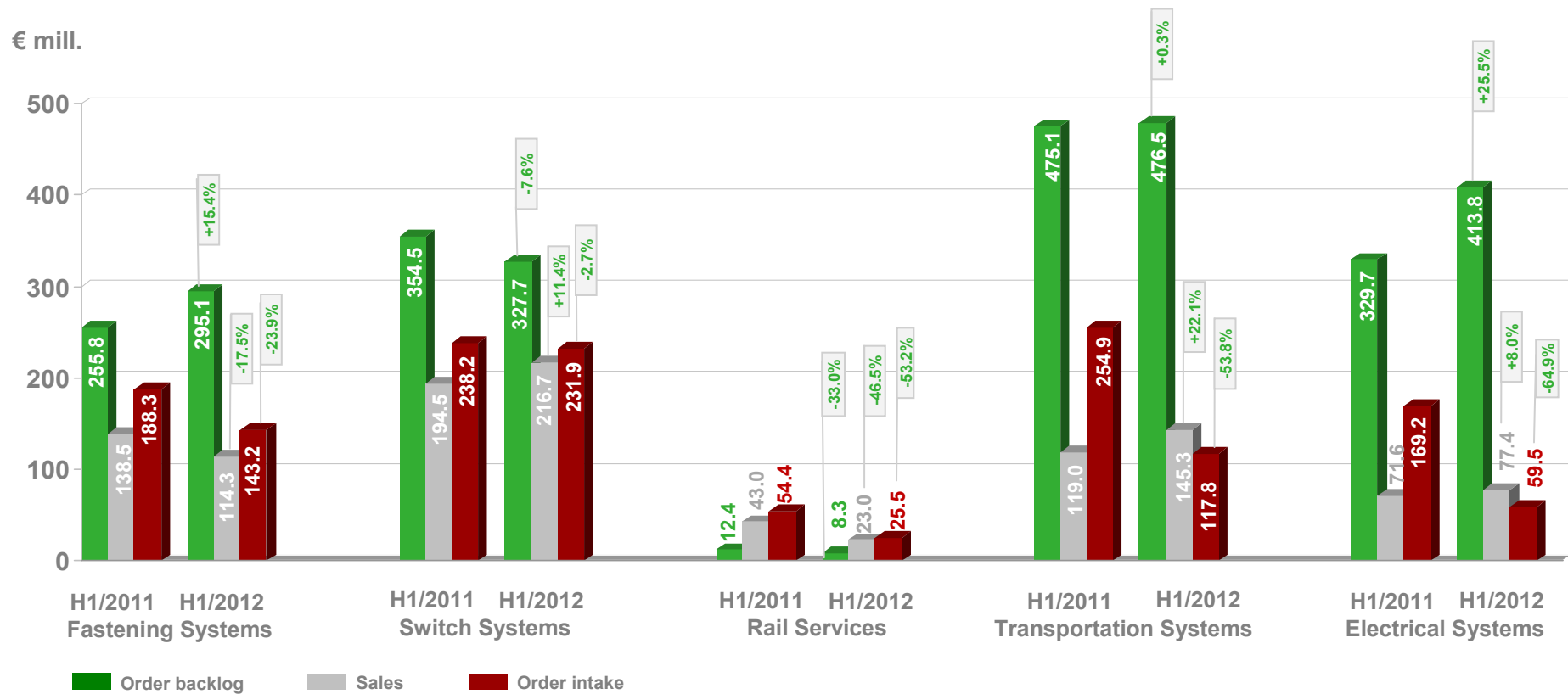


- Sales 2011: **€147 million**, workforce: 661
- Vossloh Kiepe supplies innovative **electrical systems** for mass transit vehicles as well as traction systems for electric road vehicles and locomotives
- The product range includes integrated systems for new vehicles, vehicle overhaul work, turnkey projects, components, and a wide range of services
- A worldwide service and sales network ensures fast and competent customer support
- More than 100 years of experience—worldwide
- Sustainable development by implementing environment-friendly public transit with zero-emission electric traction, hybrid systems, and fuel-cell applications

## Vossloh Group, H1/2012

Order intake at €573.6 million sound, order backlog at €1,498.6 million still very solid

Order backlog, sales and order intake



## Vossloh Group, H1/2012

### Q2 sales rise leads to H1 increase, EBIT still burdened

- Project delays in China and poor demand for rail welding weigh on business trend, shipments in China resumed in June
- Sales** of the Transportation division growing further, at Rail Infrastructure year-on-year still shrinking
- EBIT margin** due to lower Rail Infrastructure EBIT still below year-earlier level but showing quarter-on-quarter uptrend in Q2
- ROCE** down year-on-year due to EBIT decline at Rail Infrastructure

	H1/2011	H1/2012	Δ in %
<b>Sales (€ million)</b>	561.5	571.3	+1.8
<b>EBIT (€ million)</b>	44.7* [44.5]	31.0	-30.6
<b>EBIT margin (%)</b>	8.0* [7.9]	5.4	—
<b>Group earnings (€ million)</b>	27.3* [27.1]	14.6	-46.6
<b>Earnings per share (€)</b>	2.05* [2.04]	1.22	-40.5
<b>ROCE (%)</b>	11.2* [11.1]	7.7	—
<b>Value added (€ million)</b>	4.7* [(4.5)]	(9.4)	—
<b>Average headcount</b>	4,964	5,062	+2.0



## Vossloh Group, H1/2012

### Working capital slashed again, capital employed unchanged

- **Working capital** significantly downsized thanks to higher prepayments within Transportation division
- **Capital employed** barely changed year-on-year despite swelling fixed assets
- **Total equity** below year-earlier level after H2/2011 share buyback
- **Net financial debt** rising year-on-year, also due to funds spent on stock repurchase

	6/30/2011	6/30/2012	Δ in %
Total assets (€ million)	1,493.4	1,566.4	+4.9
Total equity (€ million)	571.7* [574.6]	467.5	-18.2
Equity ratio (%)	38.3* [38.5]	29.8	—
Average working capital (€ million)	209.6	178.4	-14.9
Average working capital intensity (%)	18.7	15.6	—
Closing working capital (€ million)	187.1	153.0	-18.3
Closing working capital intensity (%)	16.7	13.4	—
Average capital employed (€ million)	799.6	808.6	+1.1
Closing capital employed (€ million)	781.3	798.9	+2.3
Net financial debt (€ million)	83.8	225.3	+168.8
Net leverage (%)	14.7* [14.6]	48.2	—



## Vossloh Group, H1/2012

Freely available cash flow improved in Q2 as well

Cash flow analysis (€ million)	H1/2011	H1/2012
<b>EBIT</b>	<b>44.7*</b> [44.5]	<b>31.0</b>
Amortization/depreciation/write-down of noncurrent assets (net after write-up)	19.4	20.2
Change in noncurrent accruals	(7.5)* [(6.8)]	(2.3)
<b>Gross cash flow</b>	<b>56.6*</b> [57.1]	<b>48.9</b>
Net book gain/loss from the disposal of tangibles/intangibles	(1.8)	0.0
Change in working capital	60.5	57.4
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities	11.6* [11.1]	(16.5)
Income taxes paid	(14.3)	(5.2)
<b>Cash flow from operating activities</b>	<b>112.6</b>	<b>84.6</b>
Cash outflow for additions to tangibles/intangibles	(30.3)	(24.1)
<b>Freely available cash flow**</b>	<b>82.3</b>	<b>60.5</b>



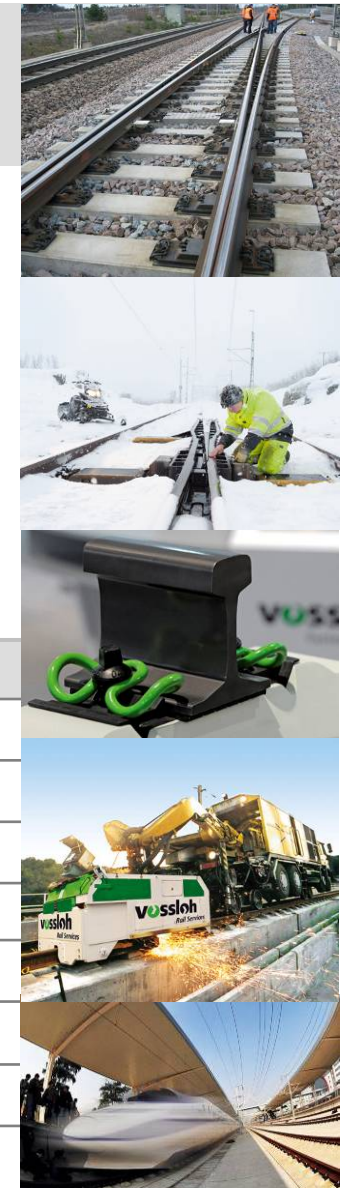
- **Gross cash flow** inching down due to lower EBIT
- **Net cash provided by operating activities** at €84.6 million in H1/2012
- **Freely available cash flow** at €60.5 million

## Rail Infrastructure, H1/2012

### Project delays in China and poor demand at Vossloh Rail Services depress business, shipments resumed in China in June

- **Sales due to long project delays in China** until now below year-earlier level, China shipments resumed in June, re-generating initial sales
- **EBIT and EBIT margin** still down due to **sales decline**
- **Vossloh Fastening Systems:** sales drop by 17.5% to €114.3 million (down from €138.5 million). New contracts mainly from Germany, France, Morocco, and Thailand
- **Vossloh Switch Systems:** sound business primarily in Iraq, Poland, and the USA. Sales climbing 11.4% to €216.7 million (up from €194.5 million). New orders chiefly from Sweden
- **Vossloh Rail Services:** slumping rail-welding and rail logistics orders in Germany slash sales by 46.5% to €23.0 million (down from €43.0 million)

	H1/2011	H1/2012	Δ in %
Sales (€ million)	373.3	353.1	-5.4
EBIT (€ million)	45.9	31.7	-30.9
EBIT margin (%)	12.3	9.0	—
Average working capital (€ million)	234.4	230.0	-1.9
Average capital employed (€ million)	661.1	686.3	+3.8
Closing capital employed (€ million)	685.9	699.5	+2.0
ROCE (%)	13.9	9.2	—
Value added (€ million)	12.9	(2.6)	—



## Transportation, H1/2012

### Sales growth thanks to solid order intake in 2011

- **Sales** in H1 boosted, mainly by uptrends at both Vossloh Transportation Systems locations (Kiel and Valencia)
- **EBIT, EBIT margin** and **ROCE** clearly upgraded year-on-year
- **Vossloh Transportation Systems:** H1 sales up 22.1% to €145.3 million (from €119.0 million)
  - **Vossloh Locomotives:** 32.8% sales jump to €58.0 million (up from €43.7 million)
  - **Vossloh Rail Vehicles:** 16.0% sales rise to €87.4 million (up from €75.3 million)
- **Vossloh Electrical Systems:** H1 sales climbing 8.0% to €77.4 million (up from €71.6 million)

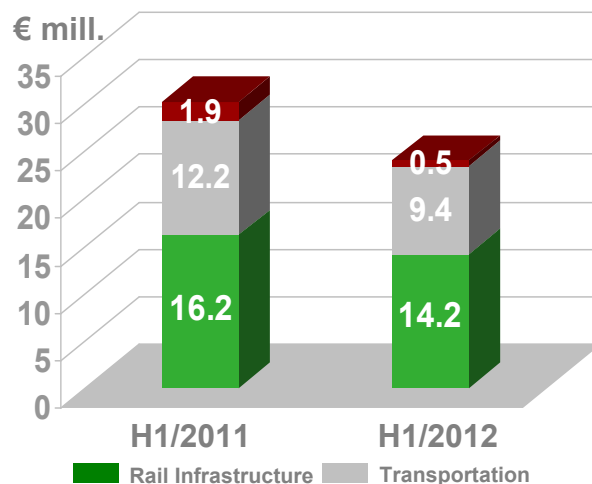
	H1/2011	H1/2012	Δ in %
Sales (€ million)	188.6	218.5	+15.9
EBIT (€ million)	7.1	9.3	+32.2
EBIT margin (%)	3.7	4.3	—
Average working capital (€ million)	(19.5)	(45.0)	—
Average capital employed (€ million)	134.1	117.5	-12.4
Closing capital employed (€ million)	87.6	88.1	+0.5
ROCE (%)	10.5	15.9	—
Value added (€ million)	0.4	3.5	—



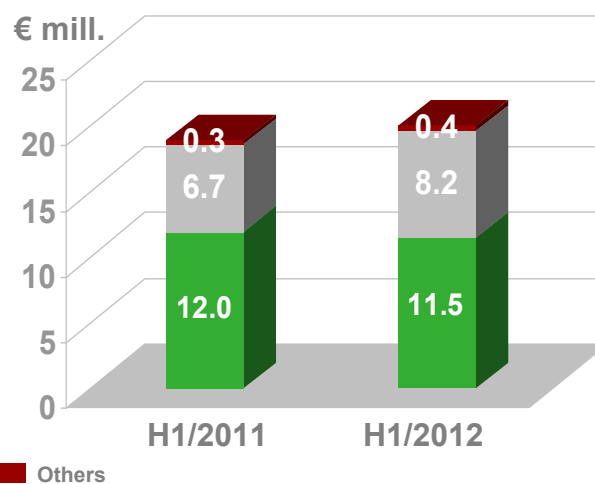
## Vossloh Group, H1/2012

### Year-on-year still lower capex at both divisions

#### Capital expenditures



#### Amortization/depreciation



€ million	H1/2011	H1/2012	Δ in %
<b>Group</b>			
Capex	30.3	24.1	-20.6
Amort./depreciation	19.0	20.1	+5.6
<b>Rail Infrastructure</b>			
Capex	16.2	14.2	-12.4
Amort./depreciation	12.0	11.5	-4.5
<b>Transportation</b>			
Capex	12.2	9.4	-23.2
Amort./depreciation	6.7	8.2	+22.4

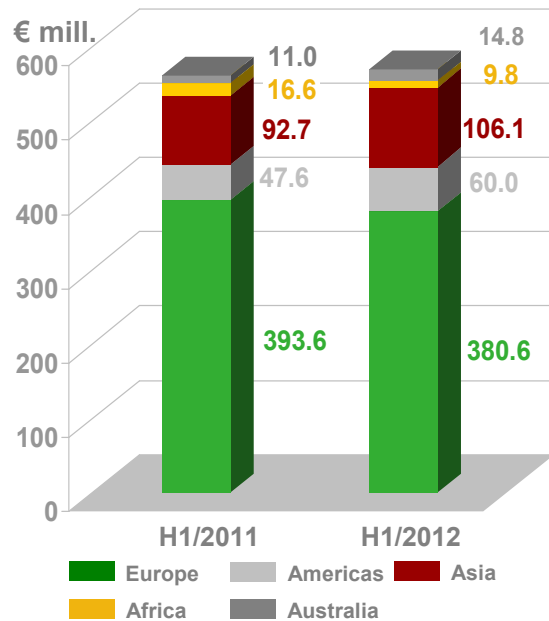
- Outlay volume within the **Vossloh Group** down after rescheduling of internal capex projects
- Rail Infrastructure:** capital expenditures of €8.6 million at Vossloh Switch Systems incurred for establishing a switch blade production line in USA and a rail switch plant in China. Vossloh Fastening Systems spent €1.5 million, centering in 2012 on capacity expansion and restructuring projects for its Werdohl location. Vossloh Rail Services appropriated €4.1 million to the construction of new high-speed grinding trains and to a new mobile rail-welding machine
- Transportation:** capex at the Transportation Systems business unit totaled €7.7 million, with unchanged focus on the further development of the new EURO 3000 and EUROLIGHT locomotives, as well as the Tralink tram. Vossloh Electrical Systems' H1 capital outlay added up to €1.7 million



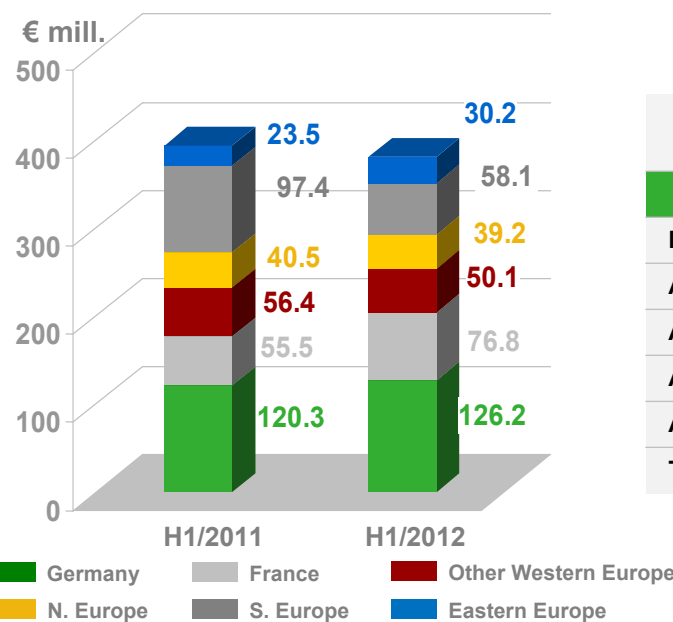
# Vossloh Group, H1/2012

Marked sales growth outside Europe, sales in Germany and France keep rising; Asia biggest non-European market

■ Sales trend worldwide



■ Sales trend in Europe



	% H1/2011	% H1/2012	Δ sales in %
Europe	70.1	66.6	-3.3
Americas	8.5	10.5	+26.2
Asia	16.5	18.6	+14.4
Africa	2.9	1.7	-40.8
Australia	2.0	2.6	+33.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>+1.8</b>

- **Sales share in Europe** at 66.6% inching down, mainly in light of vigorous growth elsewhere
- **Germany** remaining biggest individual market and keeps growing, **France** showing distinct sales uptrend
- Clear sales decline in **Southern Europe**; **strong growth in Eastern Europe**, chiefly in Poland but also Latvia and Lithuania
- Share of **non-European regions** in group sales at 33.4% (up from 29.9%)
- Overall growth in **Asia** despite sales erosion in China; sales continuing to rise in the **Americas**

# Vossloh Group, outlook 2011–2013p

## Vossloh back on growth track

- **Prospects** for 2012 and 2013 endorsed by tall order backlog
- **Value-oriented growth:** both, organically and through M&A
- **Rail Infrastructure division** to recover through further globalization and to cement its market position also by boosting cost-effectiveness and efficiency
- **Transportation division** increasingly benefiting from towering order intake in 2011

	2011	2012p	2013p
Sales (€ billion)	1.2	1.25–1.3	1.3–1.35
EBIT (€ million)	96.9* [96.5]	about 100–110	about 120–130
EBIT margin (%)	8.1	8.0–8.5	9.0–10.0
Earnings per share (€)	4.30* [4.28]	4.50–5.00	5.80–6.20
Average working capital (€ million)	211.2	>175	>155
Capital expenditures (€ million)	65.6	about 79	about 65
Average capital employed (€ million)	811.4	about 800	about 820
ROCE (%)	11.9	12.5–14.0	14.5–16.0
Value added (€ million)	15.8* [15.4]	>20	>40
Net financial debt (€ million)	238.8	>170	>180



# Financial diary and contacts

## Financial diary

- October 31, 2012                      Interim report as of September 30, 2012<sup>1</sup>
- December 6, 2012                    Investors and analysts conference<sup>1</sup>

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