

# Presentation to Investors

January 2013



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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

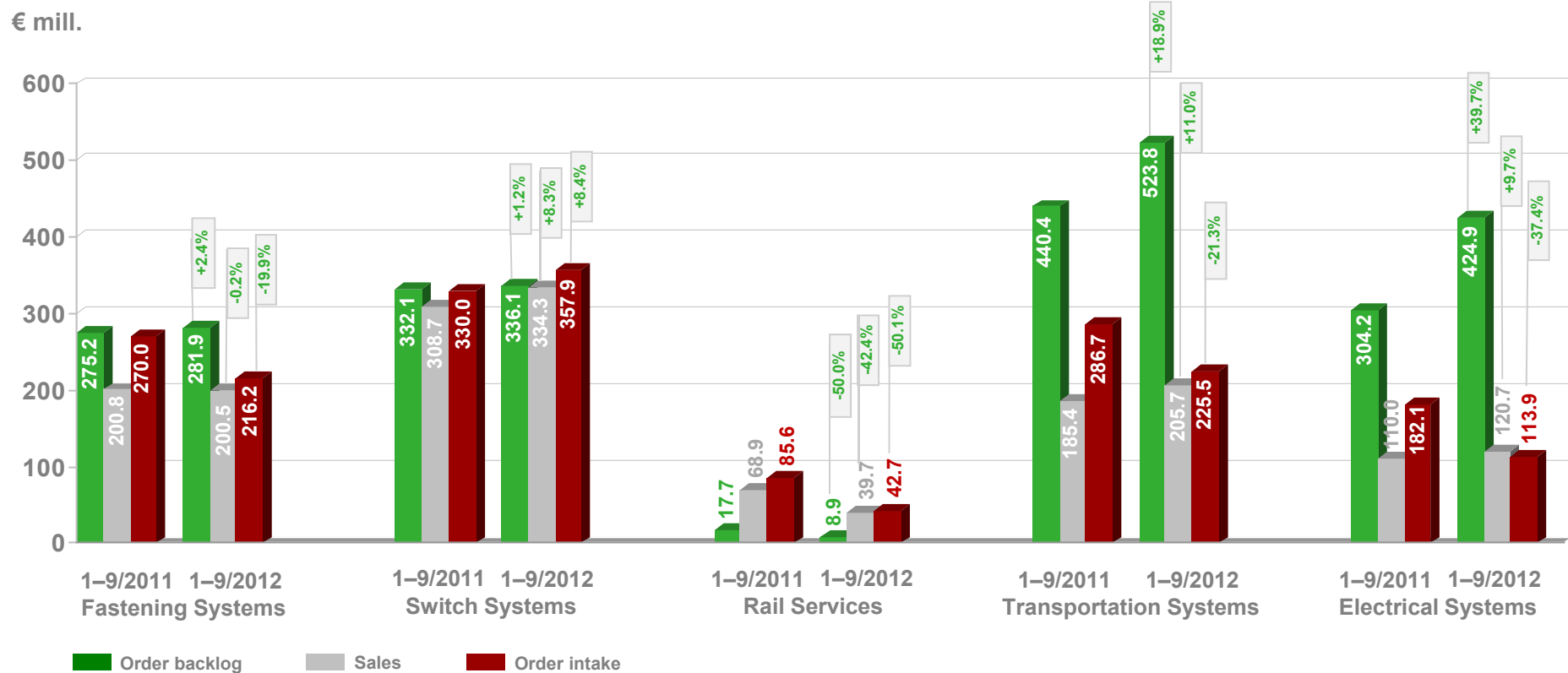


- Sales 2011: **€147 million**, workforce: 661
- Vossloh Kiepe supplies innovative **electrical systems** for mass transit vehicles as well as traction systems for electric road vehicles and locomotives
- The product range includes integrated systems for new vehicles, vehicle overhaul work, turnkey projects, 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, 9 months 2012

Order intake at €945.5 million continuing healthy, order backlog again at a record €1.550.3 million

Order backlog, sales and order intake, by business unit



# Vossloh Group, 9 months 2012

## Sales slightly up, EBIT lower than a year ago

- Vossloh Group showing upturn in Q3 and record order backlog; sales climbing 5.9%, EBIT surging 28% to €30.1 million
- Transportation division reporting definite **sales** rise through the year to date, Rail Infrastructure generating 9-month sales at year-earlier level
- 9-month **EBIT margin** down year-on-year but significantly improved to 9.4% in Q3
- 3-quarter **ROCE** notching down, yet upgraded to 14.4% in Q3

	1–9/2011	1–9/2012	Δ in %
Sales (€ million)	863.8	891.5	+3.2
EBIT (€ million)	68.2* [67.9]	61.1	-10.4
EBIT margin (%)	7.9* [7.9]	6.9	–
Group earnings (€ million)	39.4* [39.2]	31.4	-20.3
Earnings per share (€)	2.96* [2.95]	2.62	-11.7
ROCE (%)	11.3* [11.3]	10.0	–
Value added (€ million)	8.0* [7.8]	(0.3)	–
Average headcount	4,980	5,053	+1.5



## Vossloh Group, 9 months 2012

Working capital slashed again, capital employed virtually unchanged

- **Total assets** mounting due to higher total of inventories plus tangible and intangible assets
- **Total equity** below year-earlier level after stock buyback in H2/2011
- **Working capital** again pruned year-on-year
- Average **capital employed** barely changing despite higher fixed assets

	9/30/2011	9/30/2012	Δ in %
<b>Total assets (€ million)</b>	1,486.3	1,549.4	+4.2
<b>Total equity (€ million)</b>	542.4* [545.1]	486.4	-10.3
<b>Equity ratio (%)</b>	36.5* [36.7]	31.4	–
<b>Average working capital (€ million)</b>	208.0	182.4	-12.3
<b>Average working capital intensity (%)</b>	18.1	15.3	–
<b>Closing working capital (€ million)</b>	234.1	194.9	-16.7
<b>Closing working capital intensity (%)</b>	20.3	16.4	–
<b>Average capital employed (€ million)</b>	802.3	819.0	+2.1
<b>Closing capital employed (€ million)</b>	846.4	845.5	-0.1
<b>Net financial debt (€ million)</b>	199.1	253.2	+27.2
<b>Net leverage (%)</b>	36.7* [36.5]	52.0	–



## Vossloh Group, 9 months 2012

Freely available cash flow above year-earlier period

Cash flow analysis (€ million)	1–9/2011	1–9/2012
<b>EBIT</b>	<b>68.2*</b> [67.9]	<b>61.1</b>
Amortization/depreciation/write-down of noncurrent assets (net after write-up)	28.7	29.8
Change in noncurrent accruals	(6.7)* [(5.7)]	6.3
<b>Gross cash flow</b>	<b>90.2*</b> [90.9]	<b>97.2</b>
Net book gain/loss from the disposal of tangibles/intangibles	(1.7)	0.1
Change in working capital	15.0	3.3
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities	(0.8)* [(1.5)]	(9.3)
Income taxes paid	(18.5)	(10.5)
<b>Cash flow from operating activities</b>	<b>84.2</b>	<b>80.8</b>
Cash outflow for additions to tangibles/intangibles	(50.3)	(39.7)
<b>Freely available cash flow**</b>	<b>33.9</b>	<b>41.1</b>



- **Gross cash flow** up despite lower EBIT
- **Net cash provided by operating activities** at €80.8 million inching down
- **Freely available cash flow** rising to €41.1 million

## Rail Infrastructure, 9 months 2012

Vossloh Switch Systems' sales up, Vossloh Fastening Systems benefiting from call-offs in China, Vossloh Rail Services weak

- **Sales** almost back to year-earlier level, shipments in China resumed in June
- **EBIT and EBIT margin** in Q3 returning to year-on-year growth, but 9-month performance still below year-earlier magnitude due to weak H1
- **Vossloh Fastening Systems:** sales of €200.5 million at 1–9/2011 level of €200.8 million. Resumed China shipments halt sales downturn. New orders e.g. from Germany, France, Kazakhstan
- **Vossloh Switch Systems** steps up sales by 8.3% to €334.3 million (up from €308.7 million). Major contract from Iraq and general uptrend in the USA, Poland, etc. Euro crisis hurts business in Spain
- **Vossloh Rail Services:** 42.4% sales slump to €39.7 million (down from €68.9 million), caused by still poor demand for rail welding and rail logistics services

	1–9/2011	1–9/2012	Δ in %
Sales (€ million)	573.9	571.5	-0.4
EBIT (€ million)	68.3	58.6	-14.1
EBIT margin (%)	11.9	10.3	–
Average working capital (€ million)	243.3	235.9	-3.1
Average capital employed (€ million)	672.8	693.8	+3.1
Closing capital employed (€ million)	719.5	699.6	-2.8
ROCE (%)	13.5	11.3	–
Value added (€ million)	17.8	6.6	–



## Transportation, 9 months 2012

High order intake in 2011 boost sales, offering growth prospects beyond fiscal 2013

- Sales rise borne by both business units, order backlog continuing tall
- EBIT and EBIT margin, ROCE and value added all above year-earlier level
- Vossloh Transportation Systems: sales climbing 11.0% to €205.7 million (up from €185.4 million)
  - Vossloh Locomotives reporting 4.2% sales growth to €80.0 million (up from €76.8 million)
  - Vossloh Rail Vehicles showing 15.7% sales leap to €125.7 million (up from €108.6 million)
- Vossloh Electrical Systems with 9.7% sales gain to €120.7 million (up from €110.0 million)

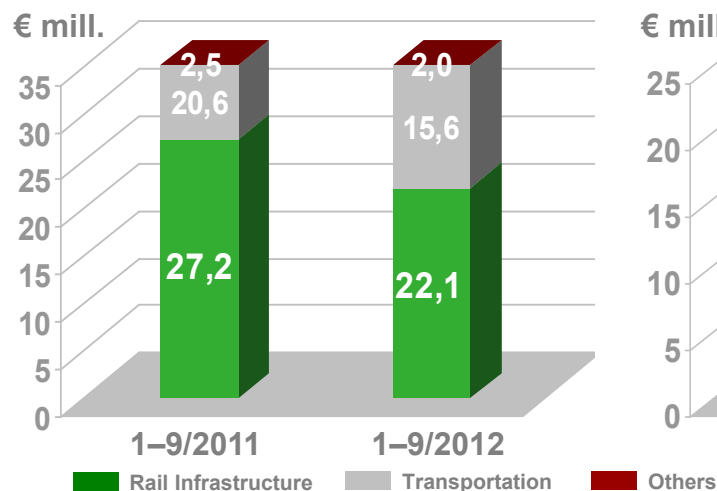
	1–9/2011	1–9/2012	Δ in %
Sales (€ million)	291.2	320.4	+10.1
EBIT (€ million)	14.3	16.1	+13.1
EBIT margin (%)	4.9	5.0	–
Average working capital (€ million)	(29.1)	(48.8)	–
Average capital employed (€ million)	125.7	118.1	-6.0
Closing capital employed (€ million)	125.9	137.7	+9.4
ROCE (%)	15.1	18.2	–
Value added (€ million)	4.8	7.3	–



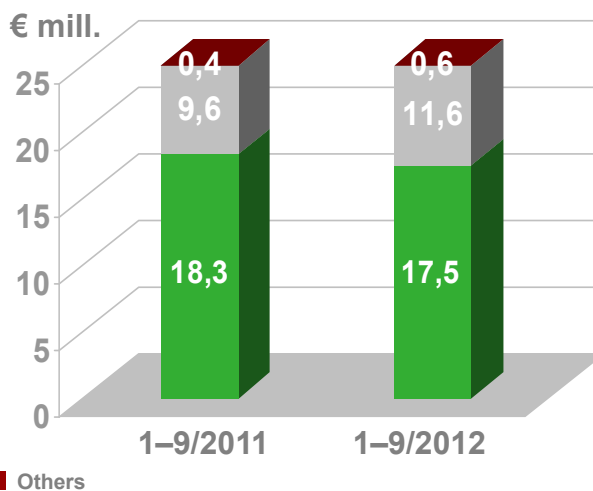
## Vossloh Group, 9 months 2012

Both divisions incur year-on-year lower capex

### Capital expenditures



### Amortization/depreciation



€ million	1-9/2011	1-9/2012	Δ in %
<b>Group</b>			
Capex	50.3	39.7	-21.1
Amort./depreciation	28.3	29.7	+5.0
<b>Rail Infrastructure</b>			
Capex	27.2	22.1	-18.6
Amort./depreciation	18.3	17.5	-4.4
<b>Transportation</b>			
Capex	20.6	15.6	-24.5
Amort./depreciation	9.6	11.6	+21.5

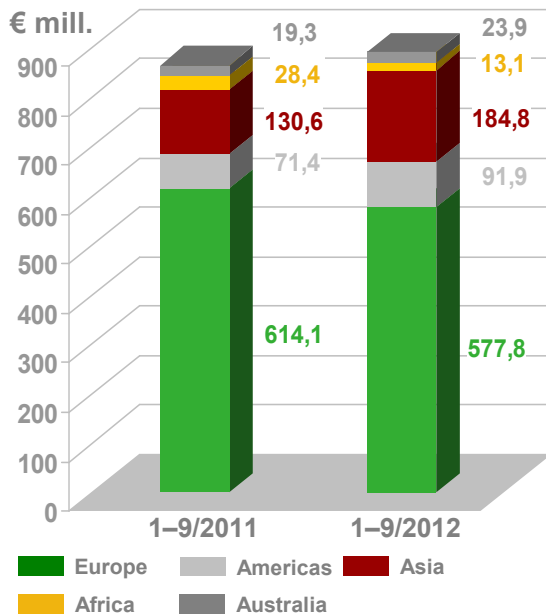
- Capital outlays by the **Vossloh Group** downsized, also due to rescheduling of certain projects
- Rail Infrastructure:** Vossloh Fastening Systems' capex of €2.2 million well below year earlier. Vossloh Switch Systems accounts for the lion's share of €13.7 million, the key projects being: Production line for switch blade in the USA, further expansion of rail switch production facility in China. Vossloh Rail Services' capex of €6.2 million went into newly built trains for high-speed grinding and a mobile welding machine
- Transportation:** Vossloh Transportation Systems spent €13.0 million, again with focus on the development of the EURO 3000 locomotive and the Tramlink. Vossloh Electrical Systems reported capital outlays of €2.6 million



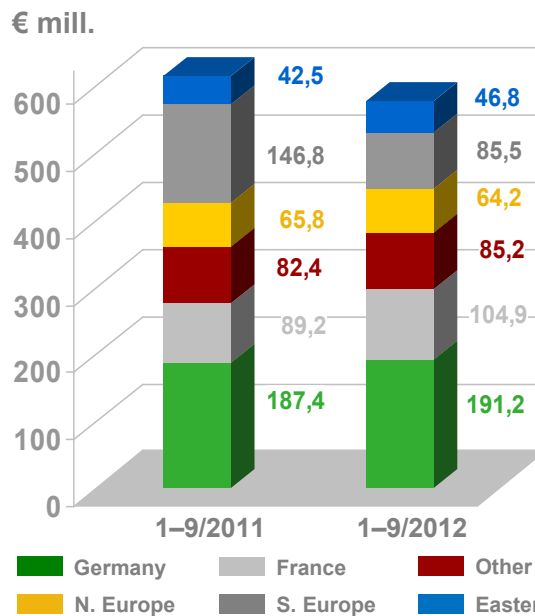
# Vossloh Group, 9 months 2012

Business stimulus in Europe from Germany, France, and Poland  
 Growth drivers outside Europe: Asia and Americas

Sales trend worldwide



Sales trend in Europe



	% 1-9/2011	% 1-9/2012	Δ sales in %
Europe	71.1	64.8	-5.9
Americas	8.3	10.3	+28.8
Asia	15.1	20.7	+41.5
Africa	3.3	1.5	-53.9
Australia	2.2	2.7	+23.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>+3.2</b>

- Sales share of Europe sliding to 64.8% in the wake of steep uptrend in Asia and the Americas
- Germany as biggest individual market and France as Europe's number two both continue to thrive
- Sales in Southern Europe continuing downhill, contrasting with ongoing growth in Eastern Europe, mainly Poland, Hungary, and Lithuania
- Sales share of non-European regions swelling to 35.2% (up from 28.9%)

## Vossloh Group, forecast 2012

### Targets for 2012 reaffirmed, more growth budgeted for 2013

- Forecast supported by the again tall order backlog of over €1.5 billion
- Rail Infrastructure division:** Added growth momentum thanks to ongoing internationalization and improved cost structures to strengthen market position
- Transportation division:** Thick order cushion from 2011 boosts sales and ensures growth prospects
- Vossloh Group** aims for **2013** at further growth; budget 2013 is presently being updated and will be published when the annual report 2012 is presented

	2011	2012e
Sales (€ billion)	1.2	1.25–1.3
EBIT (€ million)	96.9* [96.5]	approx. 100–110
EBIT margin (%)	8.1	8.0–8.5
Earnings per share (€)	4.30* [4.28]	4.50–5.00
Average working capital (€ million)	211.2	>175
Capital expenditures (€ million)	65.6	approx. 79
Average capital employed (€ million)	811.4	approx. 800
ROCE (%)	11.9	12.5–14.0
Value added (€ million)	15.8* [15.4]	>20
Net financial debt (€ million)	238.8	>170



# Financial diary and contacts

## Financial diary

- March 21, 2013 Publication of annual report 2012; investors and analysts conference<sup>1</sup>
- April 25, 2013 Publication of interim report as of March 31, 2013<sup>1</sup>
- May 29, 2013 Annual general meeting
- July 25, 2013 Publication of interim report as of June 30, 2013<sup>1</sup>
- October 30, 2013 Publication of interim report as of September 30, 2013<sup>1</sup>

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