

Presentation to Investors

October 30, 2013, interim report as of September 30, 2013



Disclaimer

NB: The presentation contains forward-looking statements that are based on current estimates and assumptions made by the management of Vossloh to the best of its knowledge. Such forward-looking statements are subject to risks and uncertainties, the nonoccurrence or occurrence of which could cause a material difference in future results, including changes in political, business, economic and competitive conditions, regulatory reforms, effects of future judicial decisions, foreign exchange rate fluctuations and the availability of financing. Neither Vossloh nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this presentation or its content or otherwise arising in connection with this document. Vossloh does not undertake any responsibility to update the forward-looking statements contained in this presentation.

The information provided in this presentation does not represent an offer or invitation for the purchase of the stock of Vossloh AG or other companies, nor should it be considered as a call to purchase or otherwise trade stocks directly or indirectly.

Vossloh Group, 9 months 2013

Sales growth remaining high, EBIT largely below year earlier due to one-off burdens

- **Rail Infrastructure division's sales boosted** by international growth at Vossloh Fastening Systems
- **Transportation division's sales** shrinking on account of project execution delays
- **EBIT margin** and **ROCE** depressed year-on-year due to Transportation's EBIT drop
- Clearly higher **tax load ratio** additionally weights on group earnings
- Litigation in connection with the claim for damages settled finally



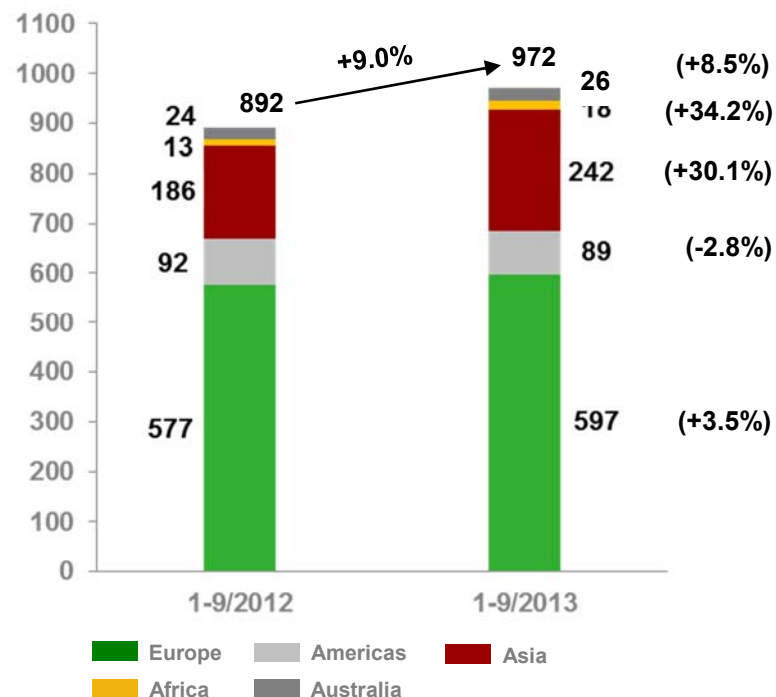
	1–9/2012	1–9/2013	Δ in %
Sales (€ million)	891.5	971.6	+9.0
EBIT (€ million)	61.1	34.4	-43.7
EBIT margin (%)	6.9	3.5	–
Group earnings (€ million)	31.4	4.3	-86.3
ROCE (%)*	9.7* [10.0]	5.1	–
Value added (€ million)*	(2.1)* [(0.3)]	(22.8)	–
Earnings per share (€)	2.62	0.36	-86.3
Average headcount	5,053	5,301	+4.9

* Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital, capital employed, ROCE and value added have been reflected in the year-earlier comparatives.

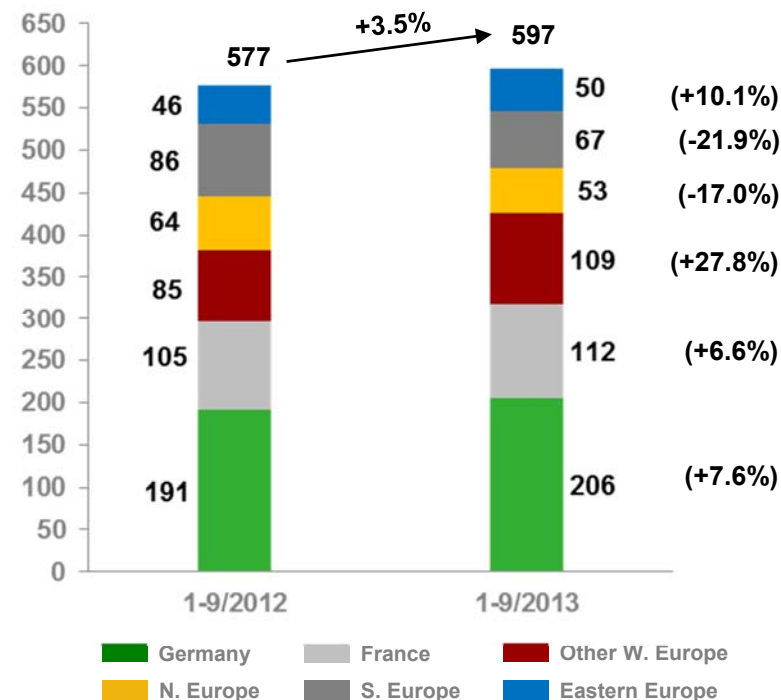
Vossloh Group, 9 months 2013

Sales in Asia boosted to €242.1 million;
Europe, Africa and Australia with sales growth

Sales trend worldwide (€ million)



Sales trend in Europe (€ million)

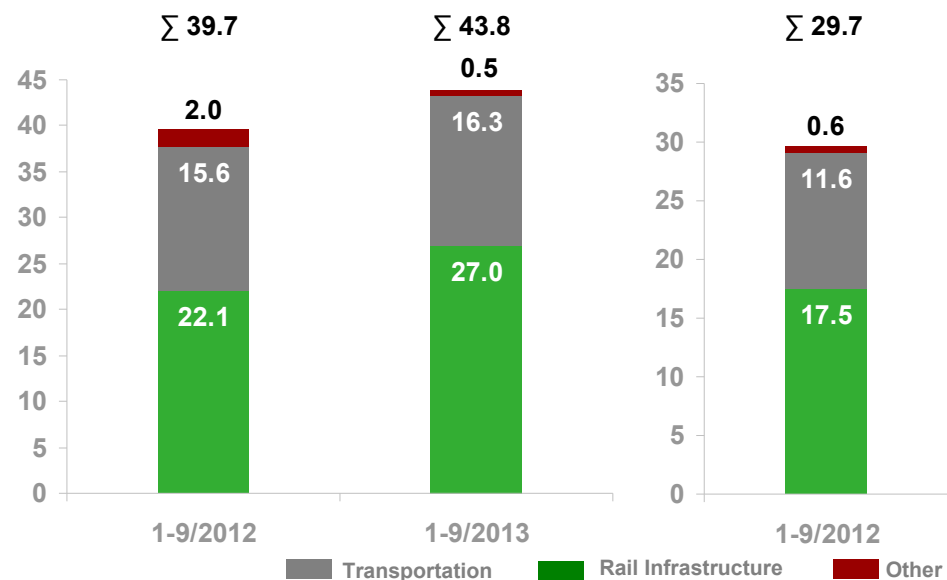


- Sales rising in Europe, mainly in **Germany, France, UK, and Austria**, but declining in Northern and Southern Europe, stable sales level in Eastern Europe
- Sales boosted in Asia year-on-year thanks to buoyant business in China and higher revenue in Kazakhstan
- At **38.6%**, share of **non-European sales** continuing to climb (up from 35.2%)

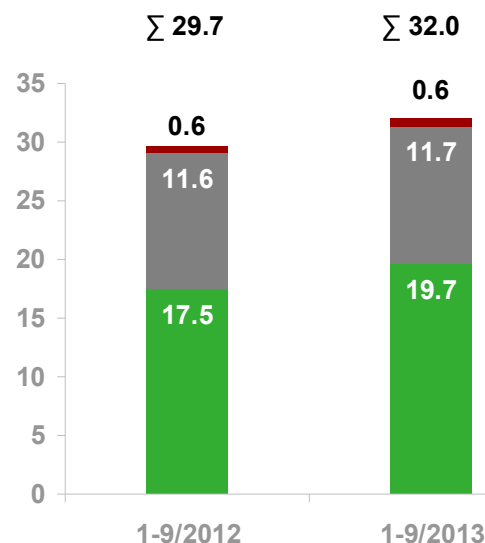
Vossloh Group, 9 months 2013

Both divisions stepping up their capex volume year-on-year

Capital expenditures (€ million)



Amortization/depreciation (€ million)



€ million	1-9/2012	1-9/2013	Δ in %
Group			
Capex	39.7	43.8	+10.2
Amortiz./deprec.	29.7	32.0	+7.7
Rail Infrastructure			
Capex	22.1	27.0	+22.2
Amortiz./deprec.	17.5	19.7	+12.6
Transportation			
Capex	15.6	16.3	+4.3
Amortiz./deprec.	11.6	11.7	+0.5

- Capital expenditures by the **Vossloh Group** upscaled by 10.2% year-on-year
- Rail Infrastructure: Vossloh Switch Systems** spends €12.5 million, the key projects being a forge in Luxembourg, production plant equipment in China, and the new Technology Center in Reichshoffen; capex by **Vossloh Rail Services** at €9.3 million, largely for further upgrading the high-speed grinding trains and procuring mobile millers and welding trucks; capital outlays at **Vossloh Fastening Systems** substantially up, to €5.2 million, primarily for setting up a rail fastener production plant in the USA
- Transportation:** capex by **Vossloh Electrical Systems** doubled to €5.2 million year-on-year, with focus on setting up a test bay at the Düsseldorf head office. **Vossloh Transportation Systems** shrinking its capex volume to €10.3 million, mainly spent on developing the Tralink and EURO 3000 locomotive

Vossloh Group, 9 months 2013

Cash flow from operating activities positive despite EBIT drop and working capital buildup in early 2013

- **Gross cash flow** sinking below year-earlier level due to EBIT shrinkage
- **Working capital buildup** in Q3/2013 slimming down 9-month cash flow
- **Cash flow from operating activities** for 9 months nonetheless at a positive €6.0 million

Cash flow analysis (€ million)	1–9/2012	1–9/2013
EBIT	61.1	34.4
Amortization/depreciation/write-down of noncurrent assets (net after write-up)	29.8	32.1
Change in noncurrent accruals	6.3	(5.1)
Gross cash flow	97.2	61.4
Net book gain/loss from the disposal of tangibles/intangibles	0.1	0.3
Change in working capital	3.3	(62.1)
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities	(9.3)	19.0
Income taxes paid	(10.5)	(12.6)
Cash flow from operating activities	80.8	6.0
Cash outflow for additions to tangibles/intangibles	(39.7)	(43.8)
Freely available cash flow*	41.1	(37.8)

* Before investments in other noncurrent financial instruments and before acquisitions, disposal of consolidated subsidiaries and dividend payout

Vossloh Group, 9 months 2013

Working capital merely inching up, capital employed stepped up year-on-year after increase in fixed assets, net financial debt climbing

- **Total assets** rising due to higher fixed assets and inventories
- **Total equity** barely changing
- **Working capital:** average WC up 9.6%, closing WC just edging up
- **Capital employed** increased year-on-year by additional fixed assets
- **Net financial debt** climbing 15.4% above year-earlier level



	9/30/2012	9/30/2013	Δ in %
Total assets (€ million)	1,549.4	1,673.4	+8.0
Total equity (€ million)	486.2	482.3	-0.9
Equity ratio (%)	31.4	28.8	—
Average working capital (€ million)*	206.5* [182.4]	226.3	+9.6
Average working capital intensity (%)	17.4* [15.3]	17.5	—
Closing working capital (€ million)*	218.5* [194.9]	223.9	2.5
Closing working capital intensity (%)	18.4* [16.4]	17.3	—
Average capital employed (€ million)*	843.1* [819.0]	899.3	+6.7
Closing capital employed (€ million)*	869.1* [845.5]	903.0	+3.9
Net financial debt (€ million)	253.2	292.1	+15.4
Net leverage (%)	52.1	60.6	—

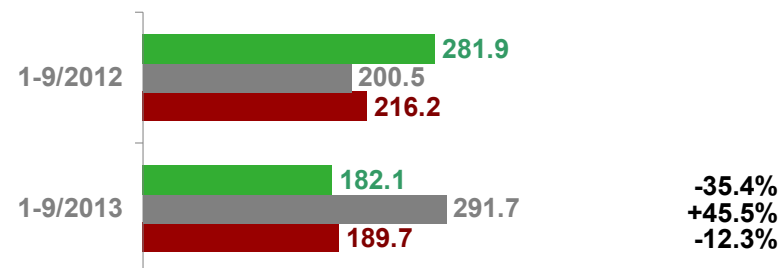
* Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital, capital employed, ROCE and value added have been reflected in the year-earlier comparatives.

Vossloh Group, 9 months 2013

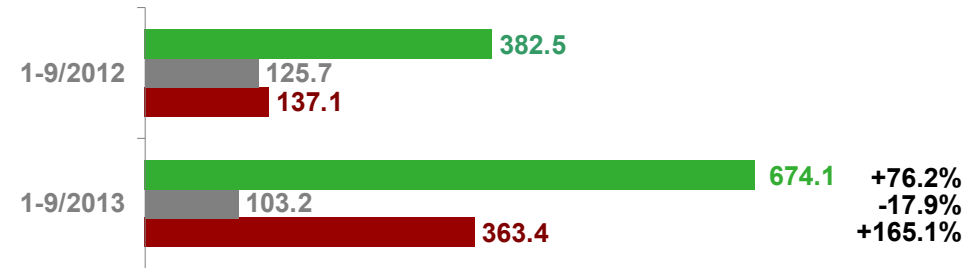
Order intake surging year-on-year to €1,169.6 million, order backlog at a historical high of €1,745.8 million

Order backlog, sales and order intake by business unit (€ million)

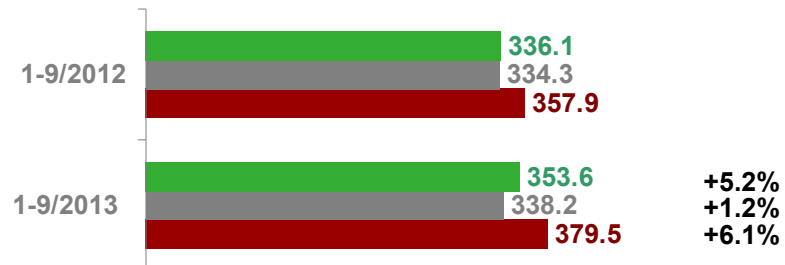
Vossloh Fastening Systems



Vossloh Rail Vehicles



Vossloh Switch Systems



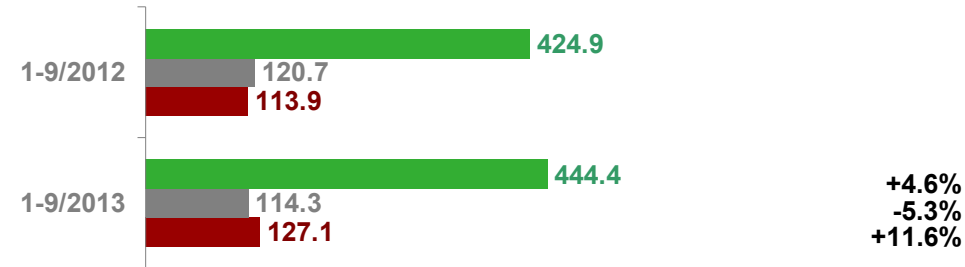
Vossloh Locomotives



Vossloh Rail Services



Vossloh Electrical Systems



■ Order backlog
 ■ Sales
 ■ Order intake

Rail Infrastructure division, 9 months 2013

Division sales boosted, key driver being Vossloh Fastening Systems; EBIT well up year-on-year

- **Sales** mounting thanks to growth at all three business units, especially propelled by **Vossloh Fastening Systems**
- **EBIT** with even steeper rise, **EBIT margin** likewise outgrowing year-earlier percentage
- **Value added** and **ROCE** improved year-on-year



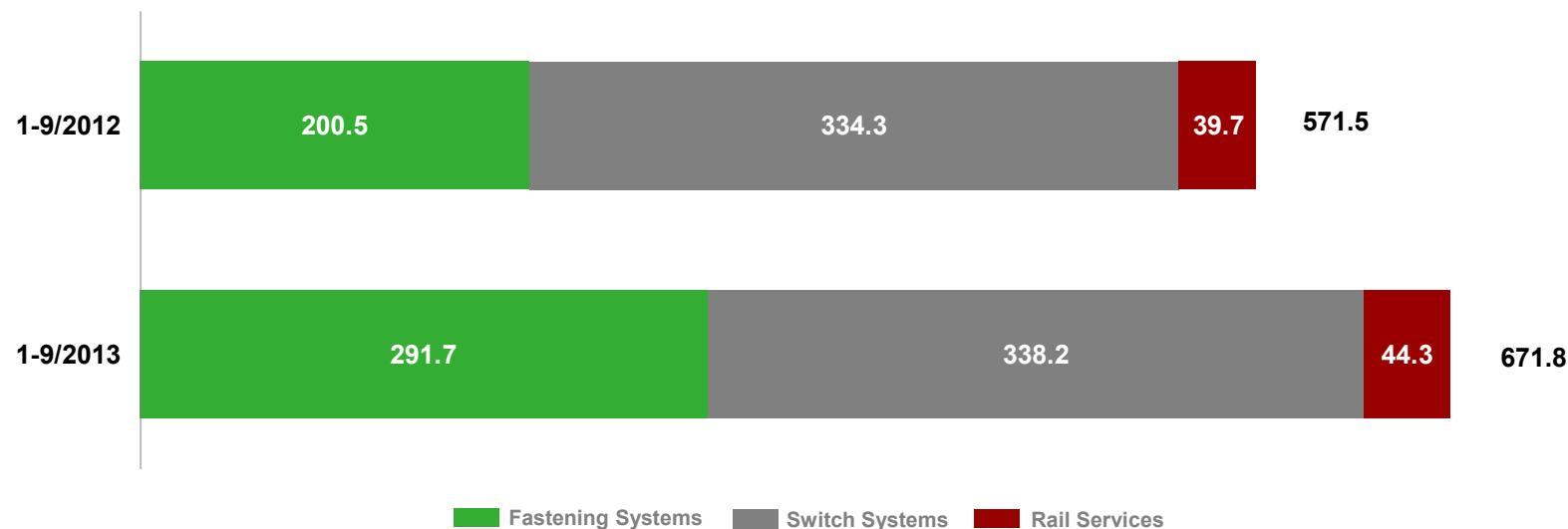
	1–9/2012	1–9/2013	Δ in %
Sales (€ million)	571.5	671.8	+17.5
EBIT (€ million)	58.6	72.6	+23.8
EBIT margin (%)	10.3	10.8	–
Average working capital (€ million)*	250.2* [235.9]	268.2	+7.2
Average capital employed (€ million)*	708.2* [693.8]	745.5	+5.3
Closing capital employed (€ million)*	713.3* [699.6]	743.3	+4.2
ROCE (%)*	11.0* [11.3]	13.0	–
Value added (€ million)*	5.5* [6.6]	25.1	–

* Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital, capital employed, ROCE and value added have been reflected in the year-earlier comparatives.

Rail Infrastructure division, 9 months 2013

Sales surging at Vossloh Fastening Systems; Vossloh Rail Services business picking up again year-on-year; Vossloh Switch Systems' sales inching up

Sales trend by business unit (€ million)



- **Vossloh Fastening Systems** boosting sales by 45.5%; strong growth in China, Kazakhstan, Russia, Poland, and the UAE
- Nine-month sales by **Vossloh Switch Systems** inching up 1.2% year-on-year; growth outside of Europe
- Revenue at **Vossloh Rail Services** improved by 11.5%; growth primarily in high-speed grinding, rail haulage, and logistics

Transportation division, 9 months 2013

Project execution delays causing sales decline; EBIT badly hurt by provisions

- 9-month **sales declining** in 2013 due to delayed project execution at both business units
- **EBIT** and **EBIT margin** slumping year-on-year, substantially as additional provisions are recognized for a claim for damages
- Profitability additionally marred by lower sales at Vossloh Electrical Systems and at locomotive plant in Valencia
- **Value added** and **ROCE** both in the red
- Litigation in connection with claim for damages in October 2013 settled finally



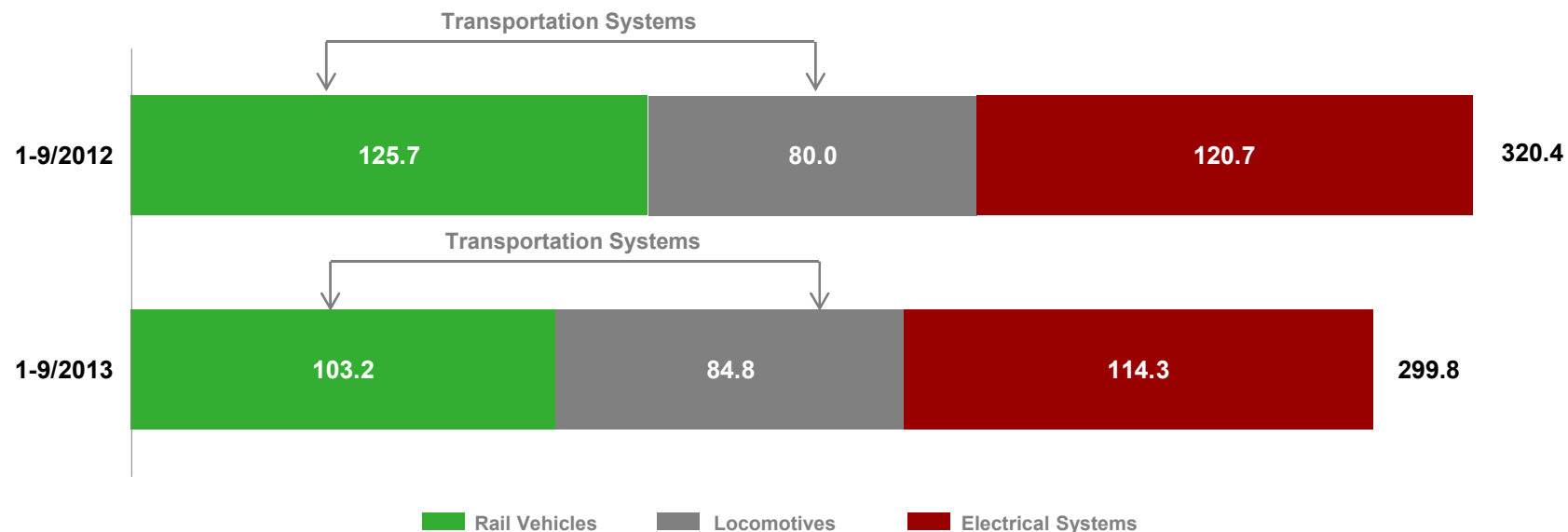
	1–9/2012	1–9/2013	Δ in %
Sales (€ million)	320.4	299.8	-6.4
EBIT (€ million)	16.1	(22.8)	–
EBIT margin (%)	5.0	(7.6)	–
Average working capital (€ million)*	(40.5)* [(48.8)]	(36.4)	–
Average capital employed (€ million)*	126.4* [118.1]	146.5	+15.9
Closing capital employed (€ million)*	145.9* [137.7]	156.6	+7.3
ROCE (%)*	17.0* [18.2]	(20.8)	–
Value added (€ million)*	6.7* [7.3]	(32.2)	–

* Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital, capital employed, ROCE and value added have been reflected in the year-earlier comparatives.

Transportation division, 9 months 2013

Project delays hampering sales growth at both business units

Sales trend by business unit (€ million)



- Sales by the **Transportation** division 6.4% down to €299.8 million year-on-year
- Sales at **Vossloh Transportation Systems** receding by a total €17.7 million; 9-month revenue at Vossloh Rail Vehicles down 17.9% year-on-year but at Vossloh Locomotives in Kiel up 5.9% in the same period
- **Vossloh Electrical Systems'** sales shrinking 5.3% to €114.3 million year-on-year

Vossloh Group, prospects

2013: sales up a good 5%, EBIT well below 2012

2014: around 10% to 15% sales upswing, appreciably upgraded profitability

- **Mounting sales expected for 2013, and even steeper rise forecast for 2014**, based on tall order backlog of over €1.7 billion
- **Rail Infrastructure division:** further internationalization
- **Transportation division:** solid order backlog of over €1.2 billion to ensure sales up to 2016; significant sales growth and EBIT improvement achievable in 2014
- **EBIT 2013** hurt by additional provisions and project delays at the Transportation division, forecast well below 2012, higher tax load ratio additionally burdening group earnings
- **2014: looking to upgraded profitability** and a definitely improved EBIT



	2012	2013p
Sales (€ million)	1,243.0	approx. +5%
EBIT margin (%)	7.8	4%–5%
Average working capital (€ million)*	204.8	+>10%
Capital expenditures (€ million)	61.1	rising
Average capital employed (€ million)*	845.5	+10%
ROCE (%)*	11.5	<8.5
Value added (€ million)*	13.0	negative

* Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital, capital employed, ROCE and value added have been reflected in the year-earlier comparatives.

Financial diary and contacts

Financial diary

- End of March 2014 Publication of the Group's financial information 2013, press conference and investors conference
- May 29, 2014 Annual General Meeting

Contacts

- Werner Andree, CEO
- IR contact: Lucia Mathée
- Email: investor.relations@ag.vossloh.com
Phone: (+49-2392) 52-359
Fax: (+49-2392) 52-219

www.vossloh.com