

Presentation to Investors

September 2013



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Vossloh Group

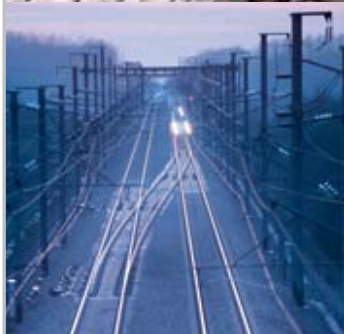
Rail technology specialist with leading market positions

Rail Infrastructure



Fastening Systems

Sales 2012: €291.4 million



Switch Systems

Sales 2012: €451.3 million



Rail Services

Sales 2012: €54.6 million

Transportation



Transportation Systems

Vossloh Locomotives

Sales 2012: €176.6 million



Vossloh Rail Vehicles

Sales 2012: €119.2 million



Electrical Systems

Sales 2012: €166.8 million

Vossloh Group

Vossloh Fastening Systems

- **A worldwide market leader** in rail fastening systems
- Products used in over 65 countries
- **Exports approx. 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

- **A worldwide leader** in switch and crossing systems
- **30 production locations** in 16 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
- 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, shipment of long rail, loading and unloading system
- 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

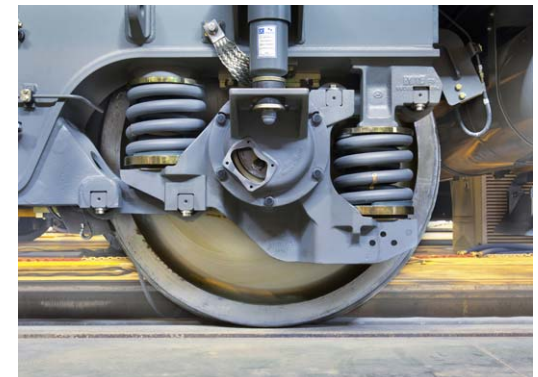
- A leader in the European market for ultramodern **diesel-hydraulic and diesel-electric locomotives** for shunting and mainline applications
- Locomotives from 400 to 2700 kW that regularly set new standards in their respective fields
- One-stop provider of development, construction, production and 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

- **Europe's leading manufacturer of diesel-electric locomotives**
- Metro and LRV systems
- 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 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
- 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, fiscal 2012

Sales up by almost 4%, EBIT year-on-year essentially unchanged

- **Vossloh Group's overall business trend favorable**; sales at lower end of forecast bandwidth, EBIT nudging predicted level
- **Both divisions share in sales growth**: Transportation's growth clearly outpacing Rail Infrastructure's
- **EBIT margin and ROCE** inching down year-on-year
- **Dividend per share: €2.00** (down from €2.50)



	2011	2012	Δ in%
Sales (€ million)	1,197.2	1,243.0	+3.8
EBIT (€ million)	97.2 [96.5]*	97.5	+0.3
EBIT margin (%)	8.1	7.8	—
Group earnings (€ million)	56.2 [55.7]*	59.2	+5.2
ROCE (%)	12.0 [11.9]*	11.9	—
Value added (€ million)	16.1 [15.4]*	15.4	-4.2
Earnings per share (€)	4.32 [4.28]*	4.94	+14.4
Dividend per share (€)	2.50	2.00	-20.0
Annual average headcount	5,000	5,078	+1.6

* Prior-year comparatives (bracketed) adjusted due to retroactive application of amended pension accrual accounting policy.

Vossloh Group, H1/2013

Sales up 8.8%; however, EBIT at €12.5 million well down year-on-year

- **Vossloh Group's overall performance below budget:** EBIT down year-on-year due to shrinking EBIT at the Transportation division
- **Rail Infrastructure division's sales clearly up**, driven by international growth at Vossloh Fastening Systems; **Transportation division's sales slump** caused by project delays
- **EBIT margin and ROCE** below year-earlier level



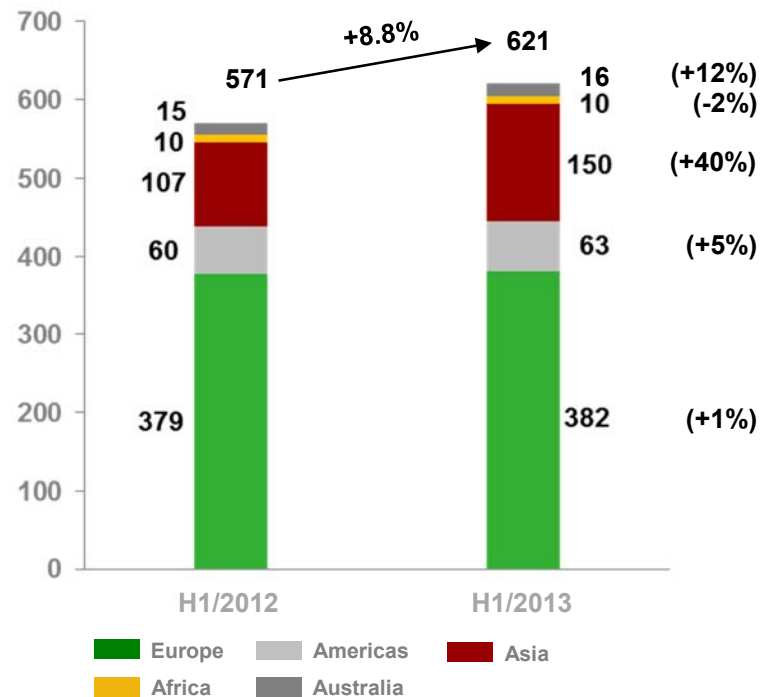
	H1/2012	H1/2013	Δ in %
Sales (€ million)	571.3	621.3	+8.8
EBIT (€ million)	31.0	12.5	-59.7
EBIT margin (%)	5.4	2.0	—
Group earnings (€ million)	14.6	(3.7)	—
ROCE (%)*	7.4	2.8	—
Value added (€ million)*	(10.7)	(25.7)	—
Earnings per share (€)	1.22	(0.31)	—
Average headcount	5,062	5,178	+2.3

* 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.

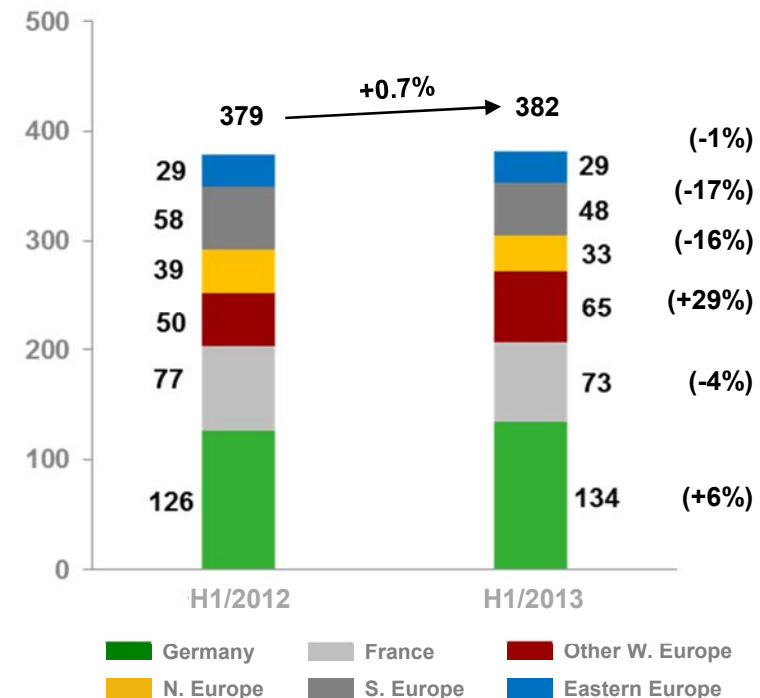
Vossloh Group, H1/2013

Asian sales surging to €150 million; sales in Europe, the Americas and Australia climbing, in Africa virtually unchanged

Sales trend worldwide (€ million)



Sales trend in Europe (€ million)

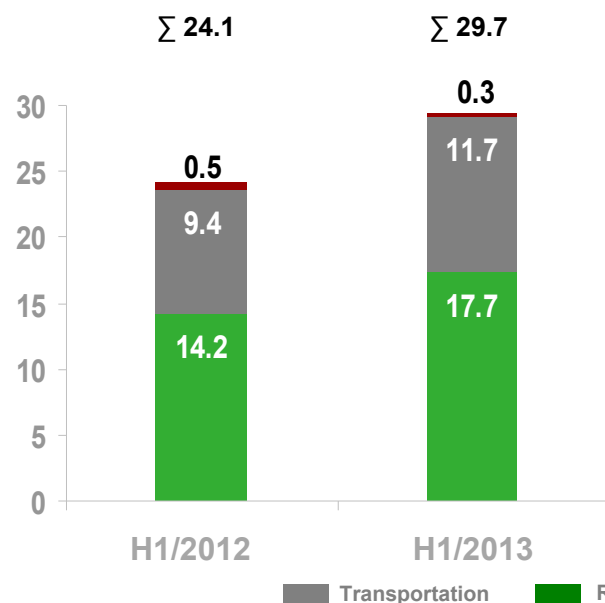


- Sales trend **in Europe** improved year-on-year thanks to higher sales mainly in **Germany** and **Great Britain**; sales in Northern and Southern Europe declining, in Eastern Europe stable
- Sales boosted in Brazil, Thailand, Morocco
- **Sales surge in Asia**; Vossloh Fastening Systems heightening sales in China, Kazakhstan, and Thailand
- **Non-European** sales share mounting to **38.5%** (up from 33.6%)

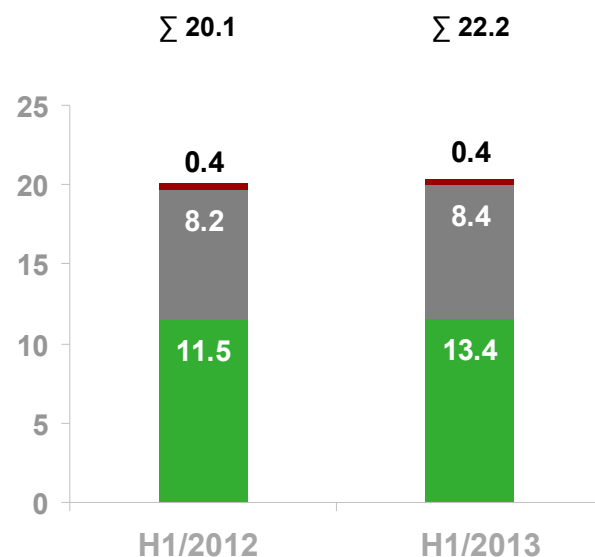
Vossloh Group, H1/2013

Capital expenditures stepped up at both divisions

Capital expenditures (€ million)



Amortization/depreciation (€ million)



€ million	H1/2012	H1/2013	Δ in %
Group			
Capex	24.1	29.7	+23.2
Amortiz./deprec.	20.1	22.2	+10.4
Rail Infrastructure			
Capex	14.2	17.7	+24.6
Amortiz./deprec.	11.5	13.4	+16.5
Transportation			
Capex	9.4	11.7	+25.5
Amortiz./deprec.	8.2	8.4	+2.4

- Capital expenditures by the **Vossloh Group** upscaled by 23.2% year-on-year
- Rail Infrastructure:** Lion's share of €8.4 million spent by Vossloh Rail Services (focus on mobile milling and mobile welding machines); capex volume of Vossloh Switch Systems at €7.9 million down from year-earlier level; capital outlays by Vossloh Fastening Systems at €1.4 million barely changed
- Transportation:** Major capex portion (€7.2 million) incurred at the Transportation Systems business unit's Spanish location (centering on the development of the Tralink project and EURO 3000 locomotive); outlays by Vossloh Electrical Systems stepped up to €4.0 million (emphasis on test bay at the Düsseldorf location)

Vossloh Group, H1/2013

Freely available cash flow still in the red despite upturn in Q2

- **Gross cash flow** above year-earlier level
- **Cash flow from operating activities** for H1/2013 at a negative €16.7 million
- **Freely available cash flow** at a red €46.4 million in the wake of Q1/2013 working capital surge

Cash flow analysis (€ million)	H1/2012	H1/2013
EBIT	31.0	12.5
Amortization/depreciation/write-down of noncurrent assets (net after write-up)	20.2	22.3
Change in noncurrent accruals	(2.3)	19.6
Gross cash flow	48.9	54.4
Net book gain/loss from the disposal of tangibles/intangibles	0.0	0.0
Change in working capital	57.4	(73.8)
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities	(16.5)	10.3
Income taxes paid	(5.2)	(7.7)
Cash flow from operating activities	84.6	(16.7)
Cash outflow for additions to tangibles/intangibles	(24.1)	(29.7)
Freely available cash flow*	60.5	(46.4)

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

Vossloh Group, H1/2013

Working capital up, capital employed higher year-on-year also due to additional fixed assets, net financial debt climbing

- **Total assets** up year-on-year due to rise in fixed assets, inventories and trade receivables
- **Total equity** moving up 2.2%
- **Working capital swelling** due to higher trade receivables and piled-up inventories; **capital employed** boosted year-on-year by increased working capital and additional fixed assets
- **Net financial debt** at H1-end slightly improved quarter-on-quarter



	6/30/2012	6/30/2013	Δ in %
Total assets (€ million)	1,566.4	1,641.7	+4.7
Total equity (€ million)	467.3	477.6	+2.2
Equity ratio (%)	29.8	29.1	–
Average working capital (€ million)*	203.0	227.8	+12.2
Average working capital intensity (%)	17.8	18.3	–
Closing working capital (€ million)*	175.7	233.9	+33.1
Closing working capital intensity (%)	15.4	18.8	–
Average capital employed (€ million)*	833.2	899.5	+8.0
Closing capital employed (€ million)*	821.7	905.9	+10.2
Net financial debt (€ million)	225.3	288.1	+27.9
Net leverage (%)	48.2	60.3	–

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Rail Infrastructure division, H1/2013

Division sales surge driven by Vossloh Fastening Systems; EBIT and EBIT margin significantly outperforming year earlier

- **Sales** hike driven by **Vossloh Fastening Systems**
- Revenue by **Vossloh Rail Services** reviving
- Sales by **Vossloh Switch Systems** inching down
- **EBIT** jumping, boosted by the Fastening Systems business unit; **EBIT margin** significantly up year-on-year to 9.9%
- Location closedown weighs on Vossloh Switch Systems' EBIT
- **Capital employed** ratcheted up in the wake of sales growth and the resulting increase in working capital and fixed assets
- **ROCE** and **value added** definitely upgraded year-on-year



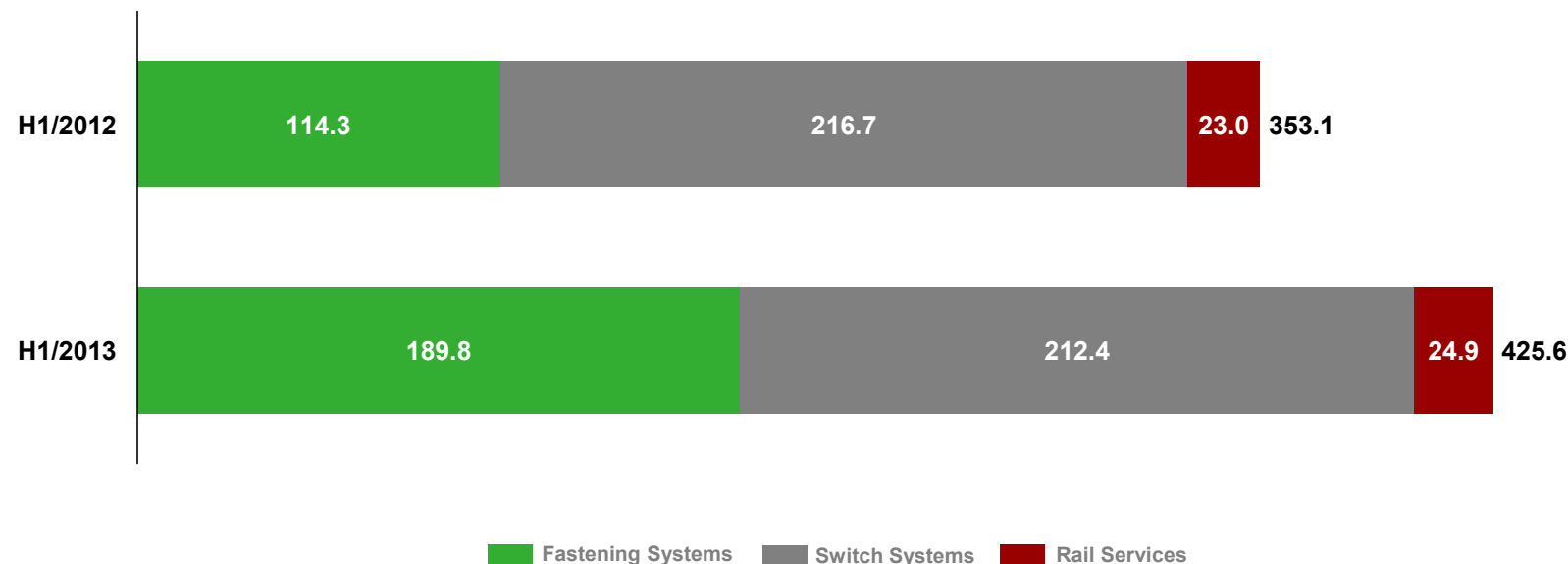
	H1/2012	H1/2013	Δ in %
Sales (€ million)	353.1	425.6	+20.5
EBIT (€ million)	31.7	41.9	+32.2
EBIT margin (%)	9.0	9.9	—
Average working capital (€ million)*	244.6	268.5	+9.8
Average capital employed (€ million)*	701.0	745.0	+6.3
Closing capital employed (€ million)*	713.0	754.3	+5.8
ROCE (%)*	9.1	11.3	—
Value added (€ million)*	(3.3)	10.3	—

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Rail Infrastructure division, H1/2013

Sales leap by Vossloh Fastening Systems, revival at Vossloh Rail Services, sales by Vossloh Switch Systems inching down

Sales trend by business unit



- **Vossloh Fastening Systems** boosts sales by 66.1%, prime driver being a major order from China; sales in Kazakhstan and Russia likewise up
- Sales by **Vossloh Switch Systems** inching down 2.0% year-on-year; Q2 sales above year earlier
- Revenue by **Vossloh Rail Services** heightened by 8.3% year-on-year, revival of revenue from high-speed grinding

Transportation division, H1/2013

Project delays depress sales; negative EBIT also caused by substantially higher provision for damages claimed

- **Sales declining** at both business units, mainly in the wake of project delays
- **EBIT** and **EBIT margin** slumping year-on-year due to a significantly increased provision for damages claimed, as well as to reduced workloads and plunging profit contributions
- **ROCE** and **value added** in the red



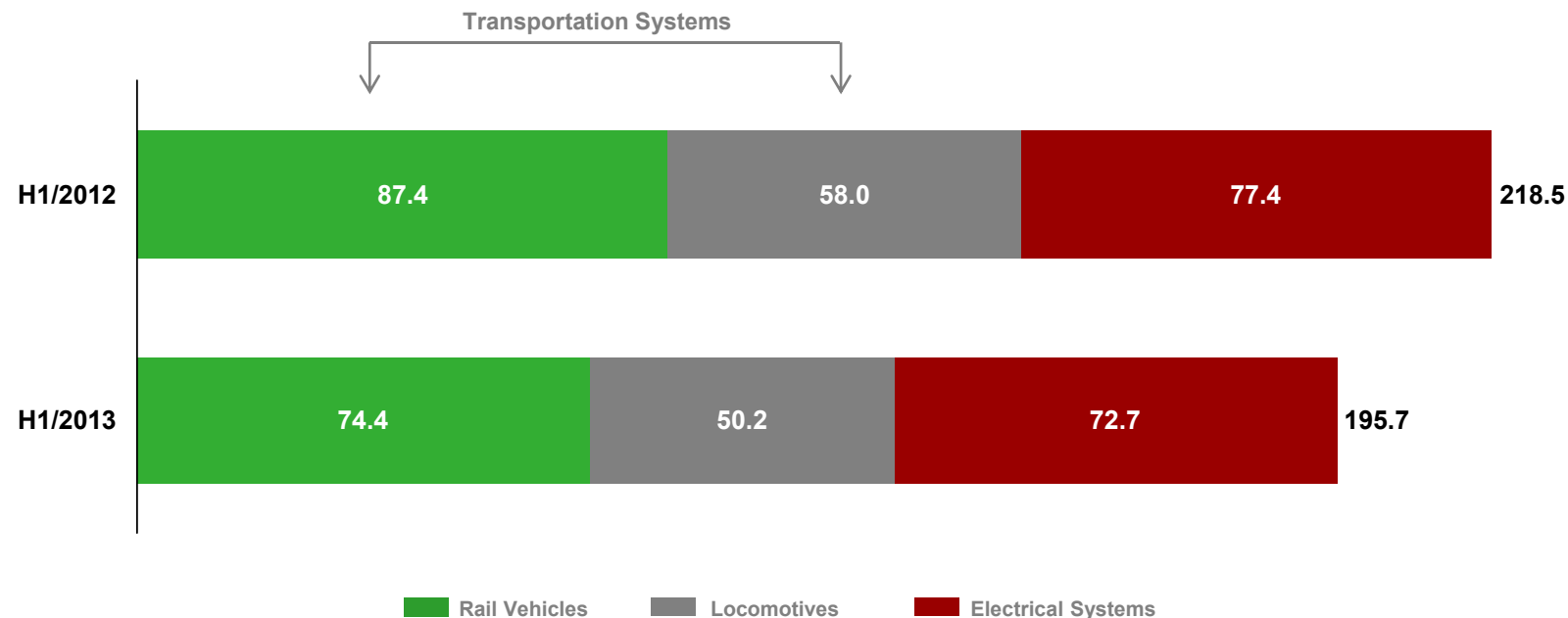
	H1/2012	H1/2013	Δ in %
Sales (€ million)	218.5	195.7	-10.4
EBIT (€ million)	9.3	(17.8)	—
EBIT margin (%)	4.3	(9.1)	—
Average working capital (€ million)*	(36.7)	(35.7)	+2.7
Average capital employed (€ million)*	125.8	146.7	+16.6
Closing capital employed (€ million)*	96.2	146.0	+51.8
ROCE (%)*	14.8	(24.2)	—
Value added (€ million)*	3.0	(24.0)	—

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Transportation division, H1/2013

Project delays cause sales by both business units to shrink

Sales trend by business unit (€ million)



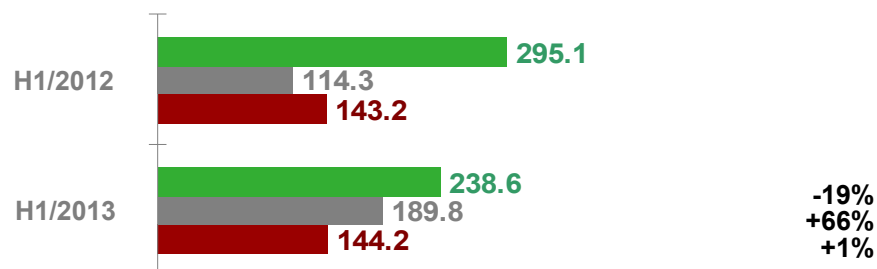
- Sales by **Vossloh Transportation Systems** shrinking by 14.3%, decline at both locations (Kiel and Valencia) due to idling capacities in the wake of fewer contract awards
- Sales by **Vossloh Electrical Systems** dipping 6.1% year-on-year, primarily on account of delays in the execution of major projects

Vossloh Group, H1/2013

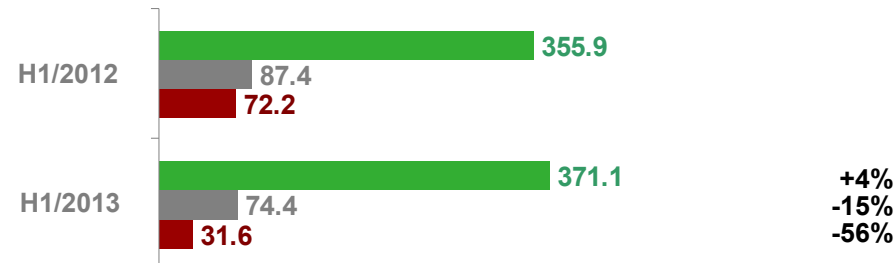
Order intake at €618.3 million up year-on-year, order backlog continuing tall at €1,544.7 million

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

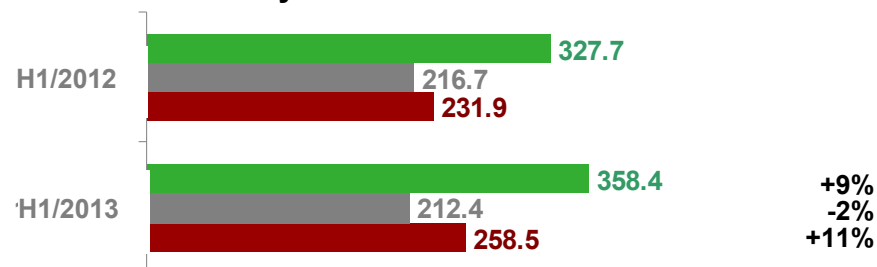
Vossloh Fastening Systems



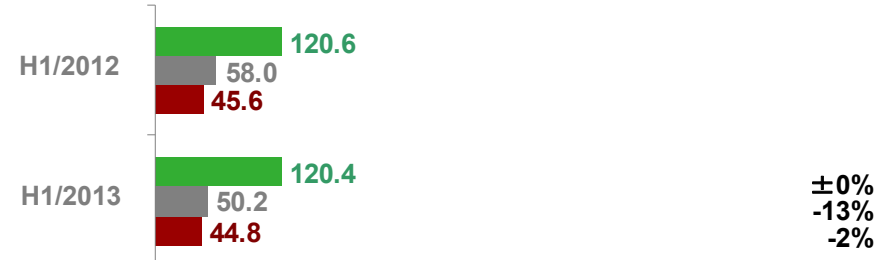
Vossloh Rail Vehicles



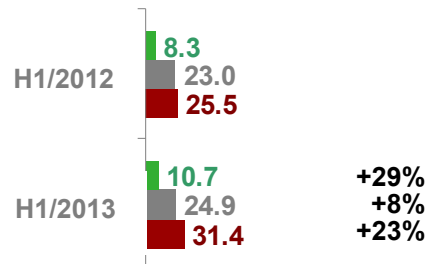
Vossloh Switch Systems



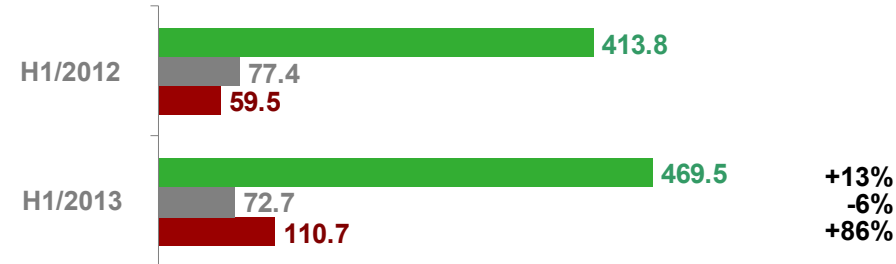
Vossloh Locomotives



Vossloh Rail Services



Vossloh Electrical Systems

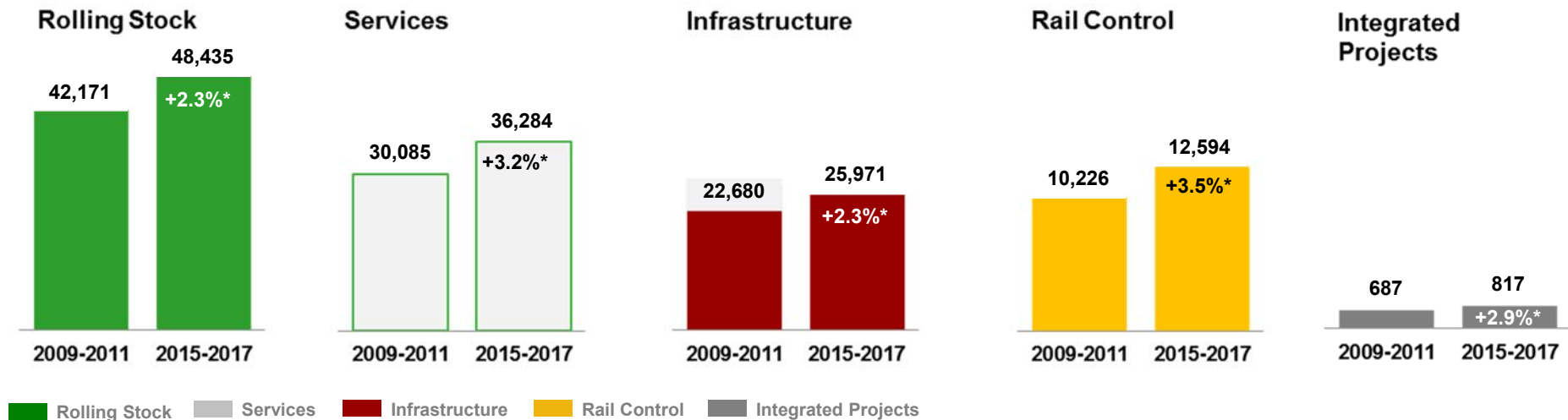


■ Order backlog
 ■ Sales
 ■ Order intake

Rail technology market, prospects 2015–2017

Increasing need for mobility leads to long-term growth expectations

Rail technology market: average annual volume of accessible market in € million and forecast average growth by segment



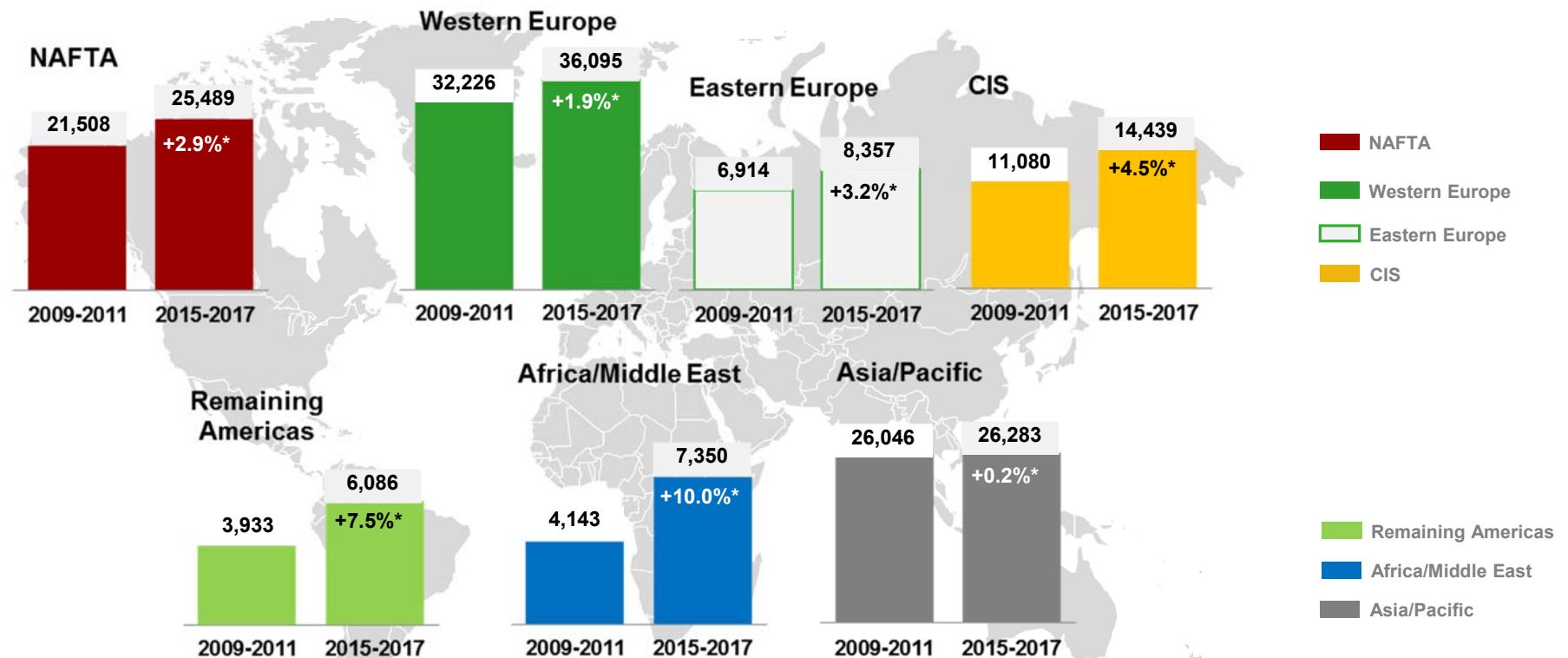
- Rail transportation of freight and people becomes increasingly important
- Trend toward urbanization and need for modern means of mass transit boost demand
- Political and economic initiatives favoring resource-saving modes of transport gain significance
- Overall rail technology market set to grow by 2.6% annually up to 2015/2017

* CAGR 2015-2017 vs. 2009-2011
Source: World Rail Market Study forecast 2012 to 2017, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

Rail technology market, prospects 2015–2017

Ongoing growth in all regions, particularly in the Americas, the Middle East, and in Western Europe

Rail technology market: average annual volume of accessible market in € million and forecast average growth by region



- Rail market expected to grow by around €18 billion to €124 billion by 2017
- Ongoing growth in Western Europe and North America
- Continued growth in Asia/Pacific, with focus on local transport
- High growth rates in Latin America (Brazil), the Middle East, and parts of Africa

* CAGR 2015-2017 vs. 2009-2011
Source: World Rail Market Study forecast 2012 to 2017, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

Vossloh Group, prospects 2013

Sales rise budgeted
EBIT probably significantly below prior year

- **Sales expected to rise**, also based on the unchanged tall order backlog of over €1.5 billion
- **Rail Infrastructure division:** growth through further internationalization
- **Transportation division:** sales to lag behind despite solid order backlog; growth prospects for 2014 and 2015
- Given the increased provisions and project delays at Transportation, the Group's EBIT 2013 is likely to remain significantly below prior year



	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

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Financial diary and contacts

Financial diary

- October 30, 2013 Publication of interim report as of September 30, 2013
- March 2014 Publication of the Group's financial information 2013, press conference, investors conference
- May 29, 2014 Annual General Meeting

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