Investor and Analyst Presentation

March 27, 2014, Report on Fiscal 2013

Disclaimer

Note

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Vossloh in the Rail Technology Market, 2009 – 2014

Growth prospects intact despite significant changes in the parameters

Market environment parameters

- With its five business units, Vossloh is the leader in sub-segments of the worldwide rail technology market
- The rail technology market is a growth market: currently available studies of UNIFE and SCI Verkehr are forecasting average annual growth of 2.6% and 3.3% through 2017, respectively 2016
- For a number of years, the high level of appeal of the rail technology market has led to ongoing intense competition and continued price pressure in all business units
- With the need to consolidate public sector budgets worldwide, capital expenditures in public projects and maintenance measures have become significantly limited since 2008
- The public debt crisis, especially in the Southern European countries, is causing the entire European market for rail technology to stagnate, and the demand in individual countries has declined substantially for years

Measures and results Vossloh Group

- With new products and the acquisition of new companies as well as the expansion of production facilities, Vossloh since 2009 has made targeted investments to secure the European business and expand its market position outside of Europe
- Since 2006 the share of Group sales outside of Europe has quadrupled. Also in the coming years, growth will primarily be able to be generated in regions outside of Europe

Rail Infrastructure Division, 2009 – 2014

Market position expanded worldwide, new products introduced for further internationalization

Market environment parameters

- Budget restrictions in Europe straining demand
- Sustained pricing pressure due to increasing competition
- Growth in non-European markets carried out under partially very difficult conditions: currency risks (budgets of customers in local currencies), legal risks (in some cases fundamentally different liability conditions), political risks
- Project business gaining significantly in importance and leading to higher volatility

Measures and results Vossloh Group

- Market position in Europe maintained
- Vossloh Fastening Systems and Vossloh Switch Systems have further expanded leading market position worldwide: China, Kazakhstan, Russia, North and South America Near East and Africa.
- Division’s share of sales in Europe was 50% in 2013, with large regional shifts since 2009
- Vossloh Rail Services offering new services nationally and internationally: High Speed Grinding, High Speed Grinding City, Mobile Rail Milling
- Level of internationalization in the overall division will continue to grow

Transportation Division, 2009 – 2014

New products and internationalization strategy in light of lower demand in Europe

Market environment parameters

- Until 2013, sales of Transportation Division still mainly in Europe
- Freight traffic operators, one of Vossloh's main customer groups in Europe, have been suffering for years from non-utilized capacity; demand continues to be weak
- Extensive, in some cases also contradictory, European and national approval procedures; growing customer requirements for performance, reliability, lower fuel consumption and emissions
- Delays in deliveries on the part of all European manufacturers resulting from substantially more complex approval procedures and significantly increased customer requirements

Measures and results Vossloh Group

- Vossloh Electrical Systems und Vossloh Transportation Systems working together since 2009 on new local transport trains and locomotives which are equipped with electric drive trains of Vossloh Electrical Systems
- Strong drop in demand in Southern Europe since 2009 compensated for in other countries
- Cross-business unit large projects for local transport trains: Rostock, Wuppertal, Karlsruhe, Chemnitz, Gmunden
- Other large projects: South America (locomotives),), BASF and VPS (locomotives), Hannover (trams), Great Britain (modernization railcars local transport trains), Israel (locomotives), Great Britain (locomotives), Brazil (local transport trains), Seattle/San Francisco (busses)
- Delivery options (for example, the first option tranche Hannover) offer additional prospects for sales and margins

Vossloh Group, fiscal 2013

Group sales 6.3% above prior year; EBIT significantly lower, mainly due to non-recurring effects

- **Sales revenues** of the Vossloh Group increased in line with expectations
- Sales growth driven by positive revenue trend of **Rail Infrastructure Division** – Transportation Division with decline in sales
- **EBIT** significantly lower than originally planned due to non-recurring effects of approximately €25 million and higher project expenses in the Transportation Division
- Negative **value added** in fiscal year 2013

	2012	2013	∆ in %
Sales (€ million)	1,243.0	1,321.2	+6.3
EBIT (€ million)	97.5	54.2	-44.5
EBIT margin (%)	7.8	4.1	–
Group net income (€ million)	59.2	15.0	-74.7
ROCE (%)	11.5* (11.9)	6.1	–
Value added (€ million)	13.0* (15.4)	-21.9	–
Earnings per share (€)	4.94	1.25	-74.7
Dividends per share (€)	2.00	0.50**	-75.0
Employees (annual average)	5,078	5,376	+5.9

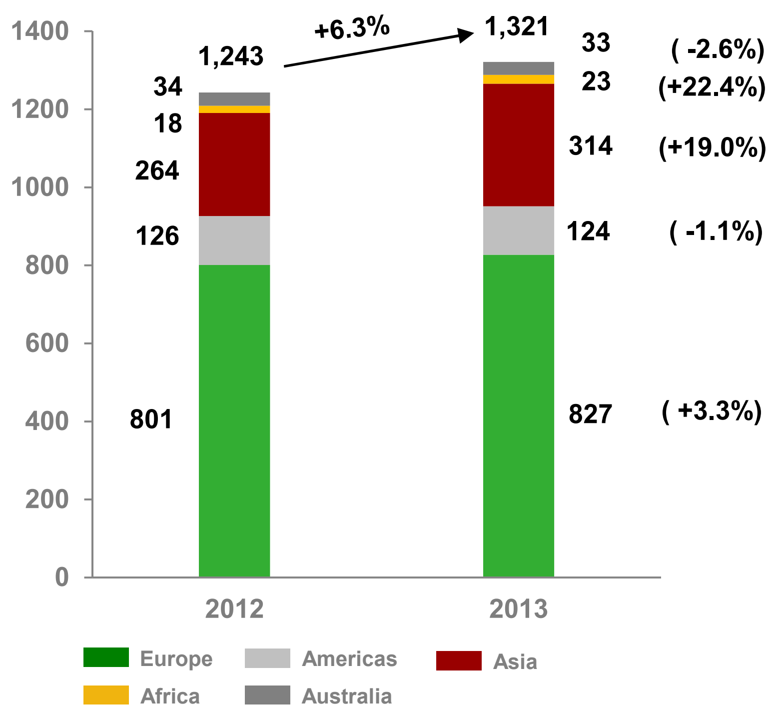
* Since the 2013 fiscal year, in accordance with IAS 37, certain obligations in the personnel area (outstanding vacation claims, profit share/bonus payments, flextime accounts of the employees, redundancy claims) are no longer presented under provisions, but instead are shown under liabilities. The effect of this on working capital, capital employed, ROCE and value added have been adjusted for the prior year to provide comparability.

** Subject to approval of AGM.

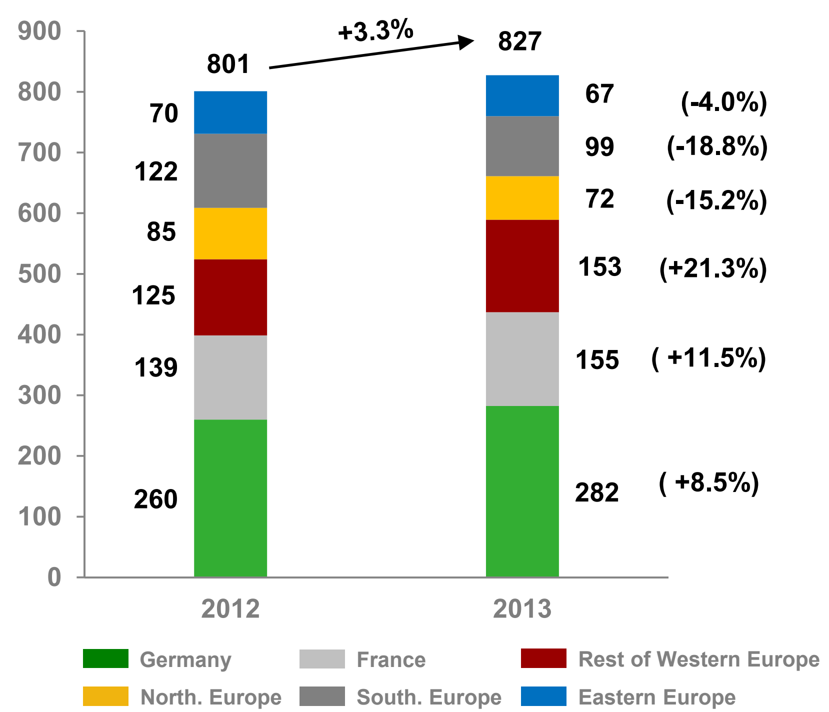
Vossloh Group, fiscal 2013

Europe remains significant sales region of Group, share of sales outside of Europe climbs to over 37%

Worldwide sales trend (in € million)



Sales trend Europe (in € million)



- **Increased sales revenues in Europe;** above-average revenue increase in **Germany** and **France**; Sales in **Great Britain** above prior year; Further decline in sales in Northern and Southern Europe; Sales in Eastern Europe almost at prior year's level
- Marked sales growth in **Asia**, especially in **China**, **Kazakhstan** and **South Korea**
- Home market **Europe** still **significant sales region** of the Group, **Asia** most significant region outside of Europe
- Sales share of **non-European regions** grows further to **37.4%** (prior year: 35.6%)

Vossloh Group, fiscal 2013

Working Capital at year end down from prior year; net indebtedness unchanged

- **Balance sheet total** up from prior year due to increase in noncurrent assets
- **Equity** slightly below prior year, since dividend payment for 2012 in excess of 2013 result
- **Working capital** at balance sheet date drops below already low amount in prior year
- **Average capital employed** climbs mainly due to higher property, plant and equipment
- **Net indebtedness** unchanged to prior year

	12/31/2012	12/31/2013	∆ in %
Balance sheet total (€ million)	1,500.0	1,586.3	+5.8
Equity (€ million)	505.7	490.3	-3.1
Equity ratio (%)	33.7	30.9	–
Working capital (average, € million)	204,8* (180.3)	217.5	+6.2
Working capital intensity (average, %)	16,5* (14.5)	16.5	–
Working Capital (year end, € million)	166,0* (139.6)	102.1	-38.5
Capital Employed (average, € million)	845,5* (821.0)	895.4	+5.9
Capital Employed (year end, € million)	828,7* (802.3)	817.7	-1.3
Net indebtedness (€ million)	200.8	201.2	+0.2
Net Gearing (%)	39.7	41.0	–

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Vossloh Group, fiscal 2013

Free cash flow of €55.8 million despite drop in earnings

- **Gross cash flow** below prior year's amount due to lower result
- **Cash flow from operating activities** of €122.6 million in fiscal year 2013
- **Free cash flow** of **€55.8 million** despite drop in earnings and higher capital expenditures

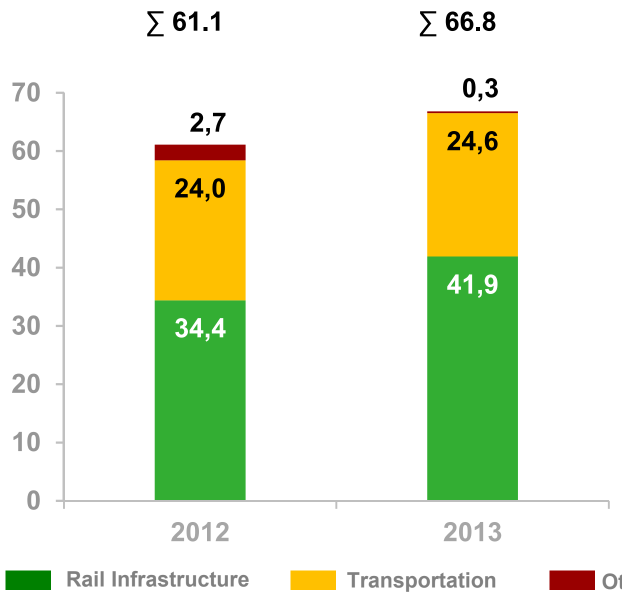
Cash flow development (in € million)	2012	2013
Result before interest and income taxes (EBIT)	**97.5**	**54.2**
Amortization/depreciation/write-downs of noncurrent assets (netted with write-ups)	41.4	42.6
Change in non-current provisions	6.2	-13.8
Result of discontinued activities	9.5	2.9
Gross cash flow	**154.6**	**85.9**
Result of disposals of intangible assets and property, plant and equipment	0.0	1.5
Change in working capital	51.4	36.3
Changes in investments in associated companies, other non-cash expenses and income, changes in other assets and liabilities	-23.3	24.4
Income taxes paid	-20.1	-25.5
Cash flow from operating activities	**162.6**	**122.6**
Capital expenditures for intangible assets and property, plant and equipment	-58.5	-66.8
Free cash flow*	**104.1**	**55.8**

* Before investments in other noncurrent financial instruments and before acquisitions, sales of consolidated companies and dividend payment

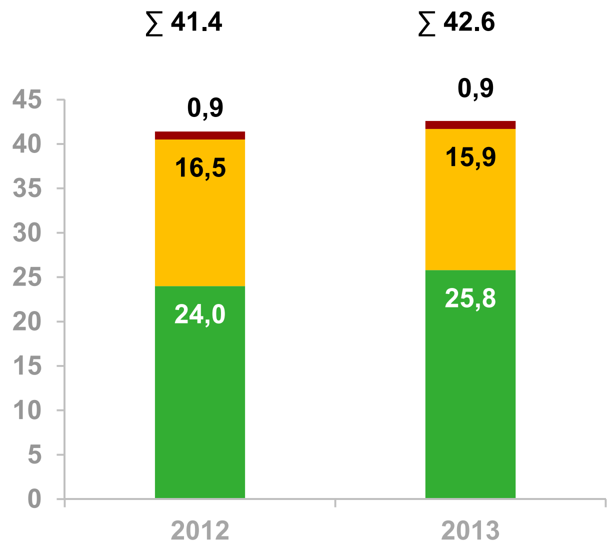
Vossloh Group, fiscal 2013

Capital expenditures and amortization/depreciation increase in connection with the ongoing investment program

Investment (in € million)



Amortization/depreciation (in € million)



€ million	2012	2013	Δ in %
Group			
Investment	61.1	66.8	+9.2
Amort./deprec.	41.4	42.6	+2.9
Rail Infrastructure			
Investment	34.4	41.9	+21.7
Amort./deprec.	24.0	25.8	+7.9
Transportation			
Investment	24.0	24.6	+2.7
Amort./deprec.	16.5	15.9	-3.5

Investments in new products/expansion of capacity

- Further development and optimization of the HSG grinding train, development of HSG City, development of milling technology, acquisition of welding truck (Vossloh Rail Services)
- Further development of the Tramlink and Euro 3000, new diesel-hydraulic and diesel-electric locomotive models (Vossloh Transportation Systems)
- Test field (Vossloh Electrical Systems)

Modernization/Rationalization

- Modernization of milling capacity (Vossloh Switch Systems)
- New forge in Luxembourg (Vossloh Switch Systems)

Internationalization

- Construction of a new production facility for rail fasteners in the USA (Vossloh Fastening Systems)

Rail Infrastructure Division, fiscal 2013

Significant sales growth of 13.1% in Rail Infrastructure Division, EBIT rises even higher, EBIT margin improved to 10.5%

- **Sales** increase appreciably by 13.1% driven by all three business units, especially high contribution to growth on the part of **Vossloh Fastening Systems**
- **EBIT** climbs due to very positive business development in the Fastening Systems business unit; **EBIT margin** improves to 10.5%
- **Value added** rises significantly due to higher value added of Fastening Systems business unit and the improvement of Vossloh Rail Services
- Despite high growth in sales, **average working capital** grows only slightly from prior year; **working capital ratio** noticeably improved
- In spite of high capital employed, **return on capital employed (ROCE)** increased to 12.7%

	2012	2013	∆ in %
Sales (€ million)	792.4	896.0	+13.1
EBIT (€ million)	81.7	94.1	+15.2
EBIT margin (%)	10.3	10.5	–
Working Capital (average, € million)	247.5* (233.1)	259.5	+4.9
Capital Employed (average, € million)	706.7* (692.3)	738.9	+4.6
Capital Employed (year end, € million)	683.3* (668.1)	686.1	+0.4
ROCE (%)	11.6* (11.8)	12.7	–
Value added (€ million)	11.0* (12.5)	31.4	+184.4

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Transportation Division, fiscal 2013

Project delays in both business units cause drop in sales of 5.7%, EBIT and value added overall negative

- **Sales** in **Transportation Division** drop by 5.7% due to delays in demand and project flows
- **EBIT** reverses to €-21.2 million due to non-recurring effects and project delays as well as bad debt allowances
- **EBIT margin** negative
- **Average working capital** changes only slightly to €-36.7 million
- **Return on capital employed (ROCE)** and **value added** negative

	2012	2013	∆ in %
Sales (€ million)	451.1	425.2	-5.7
EBIT (€ million)	35.5	-21.2	–
EBIT margin (%)	7.9	-5.0	–
Working Capital (average, € million)	-39.4* (-47.9)	-36.7	+6.9
Capital Employed (average, € million)	130.0* (121.6)	149.0	+14.5
Capital Employed (year end, € million)	136.7* (127.7)	122.6	-10.3
ROCE (%)	27.3* (29.2)	-14.2	–
Value added (€ million)	22.5* (23.3)	-33.8	–

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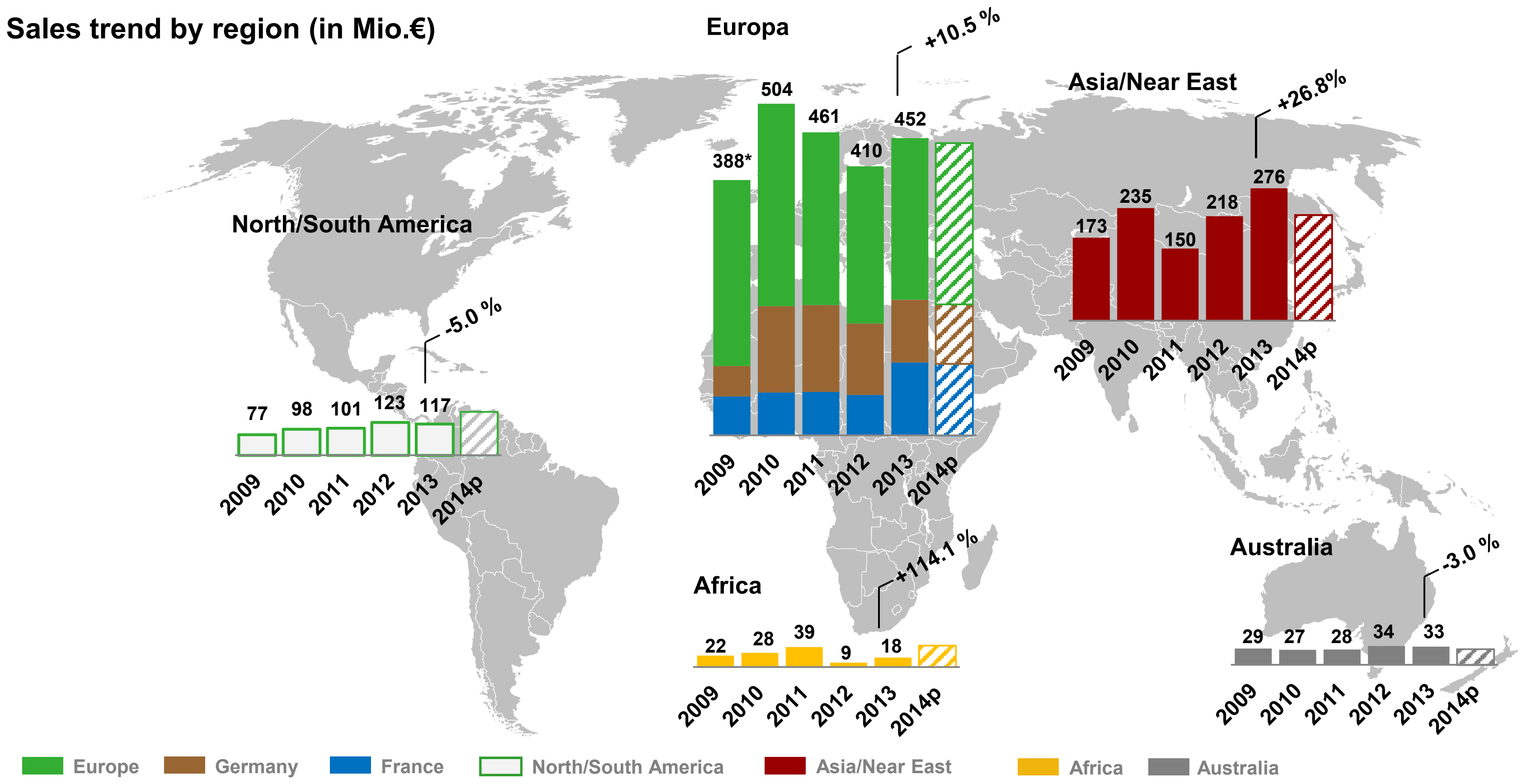
Rail Infrastructure Division, fiscal 2009 – 2014

Asia with 27% share of sales is largest sales contributor outside of Europe – Internationalization continues to proceed

Sales trend by region (in Mio.€)



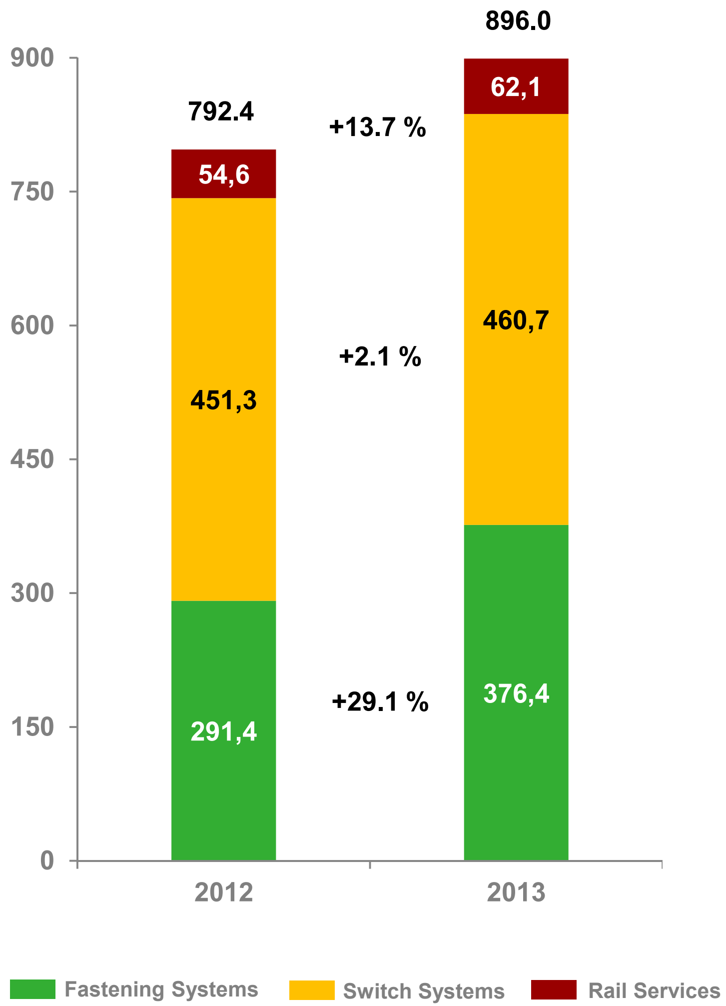
- **Europe** with approx. 50% share of sales remains most important region for the Rail Infrastructure Division; **France** largest European individual market with approx. 12% share of sales, followed by **Germany** with 11%
- **Asia/Near East** with approx. 31% strongest sales region outside of Europe; Americas with 13% share of sales
- **Significant sales drivers 2013:** China, France, USA and Kazakhstan
- **2014 growth in North America and Africa**

* Business unit Rail Services not yet part of Vossloh group in 2009

Rail Infrastructure Division, fiscal 2013

Fastening Systems shows significant increase in sales, sales growth in service segments of Vossloh Rail Services

Sales trend by business unit (in € million)

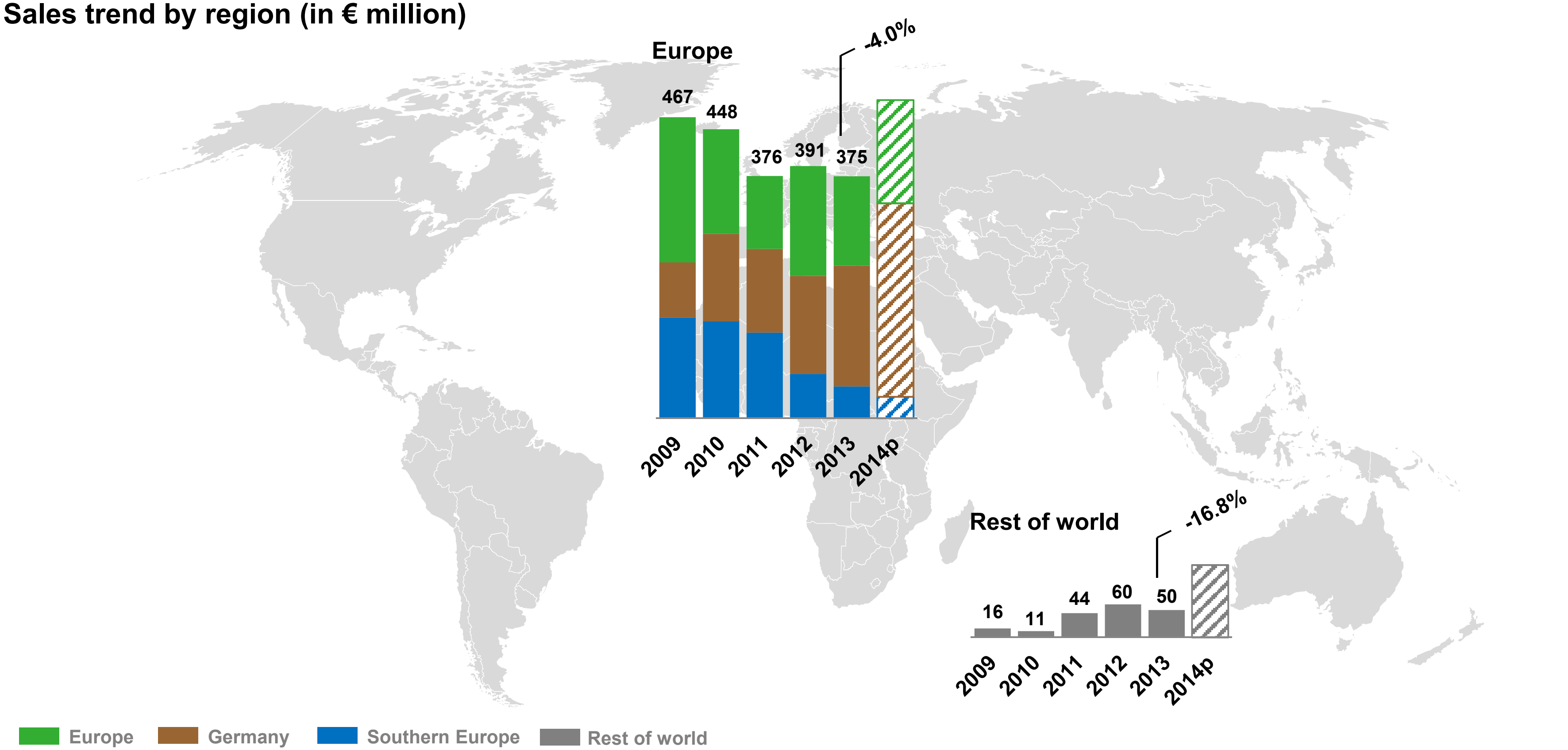


- Vossloh **Fastening Systems** significantly increased sales by 29.1%; significant drivers are considerably higher revenues in China, Kazakhstan and South Korea with increasing sales also in Europe
- Revenues of **Switch Systems** business unit up by 2.1% in spite of overall weakness in demand and with an intensive competitive environment
- After difficult 2012, sales level of **Rail Services** again recovers by 13.7%; first international successes in high-speed grinding

Transportation Division, fiscal 2013

Sales focus on Europe – new orders stronger in non-European markets

Sales trend by region (in € million)

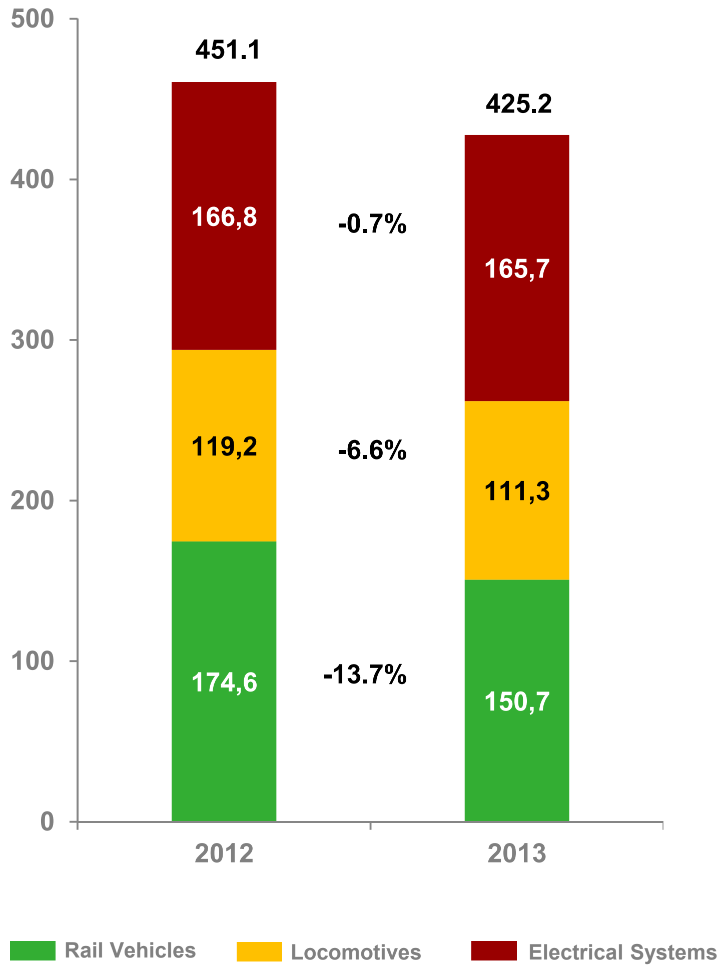


- **Europe** with approx. **88% share of sales** by far the most important market for Transportation Division
- **Germany** with a total of **44% strongest sales region** for all business units of the division, followed by **Great Britain** and **France** each with **10% share of sales**
- **Largest markets outside of Europe 2013: Israel, South Africa** and **Brazil**
- **Significant sales growth in 2014 both in Europe and in non-European markets**

Transportation Division, fiscal 2013

Marked decline in sales of both business units due to project delays

Sales trend by business unit in € million



- Revenues in **Transportation** Division of €425.2 million down 5.7% compared to prior year
- **Vossloh Transportation Systems with 10.8% decline in sales**; Sales in Rail Vehicles segment dropped 13.7% compared to prior year; revenue level of Vossloh Locomotives in Kiel sunk by 6.6% compared to fiscal year 2012
- Sales volume in **Electrical Systems** business unit of €165.7 million slightly below prior year's figure

Transportation Division, fiscal 2013

Non-recurring charges from settlement of legal dispute

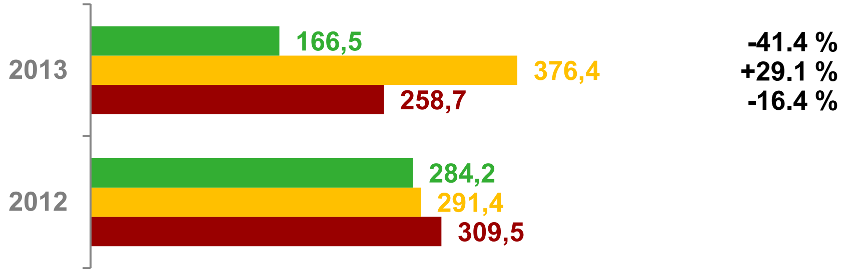
- Final and conclusive out-of-court settlement of a claim for damages led to non-recurring charges in a double-digit million amount in 2013
- Basis of the legal dispute was a breakdown in a long-standing business relationship with a customer regarding the purchase of more than150 locomotives which were delivered over a period from 2000 to 2009.
  - The relevant and extensive framework contract was entered into with a leasing company located in London
  - An element of the contract, among others, was a not-further-specified “lifetime guarantee” for 30 years, as well as unclear agreements over the intended purpose
  - Legal dispute over several years was conducted in London according to English law
  - Out-of-court settlement averted both court proceedings and ended future restrictions of the business relationship
- No further comparable projects in order backlog

Vossloh Group, fiscal 2013

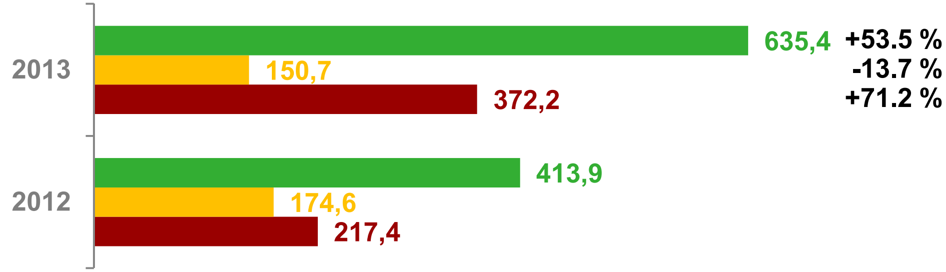
Incoming orders of €1,502 million again at very high level, order backlog reaches new record level of €1,728 million

Order backlog, sales and incoming orders by business unit (in € million)

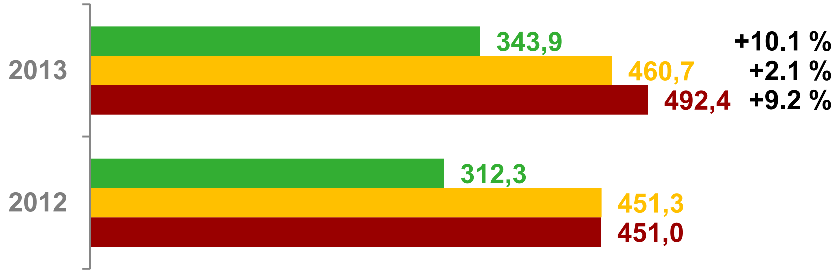
Vossloh Fastening Systems



Vossloh Rail Vehicles



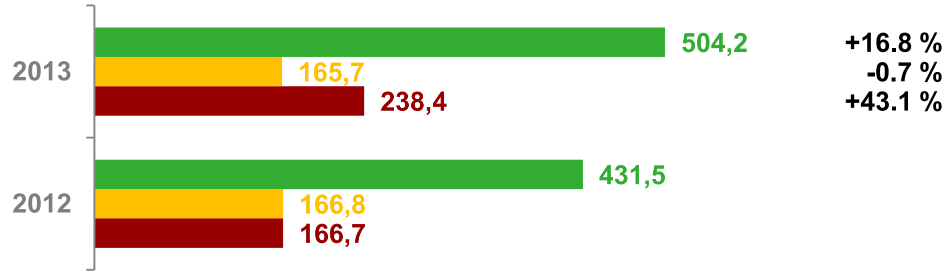
Vossloh Switch Systems



Vossloh Locomotives

Vossloh Rail Services

Vossloh Electrical Systems



Order backlog   Sales   Incoming orders

Vossloh Group, Outlook 2014

Regional sales trend 2014 continues to be non-uniform

- **Sales growth** of over **10%** is expected in Group, significant sales driver: Transportation Division
- Order backlog of over €1.2 billion significantly supports sales forecast for Transportation Division
- Significantly increasing sales planned for both business units, Transportation Systems and Electrical Systems

	Sales 2012	Forecast for 2013 In AR 2012	Sales 2013	Growth 2013 vs. 2012 in %	Forecast 2014 Growth vs. 2013*
Germany	260.1	strong growth	282.3	8.5	very strong growth
France	138.6	slight growth	154.5	11.5	virtually unchanged
Rest of Western Europe	125.4	strong growth	152.5	21.6	slight growth
Northern Europe	84.8	virtually unchanged	71.7	-15.4	strong growth
Southern Europe	121.9	strong decline	98.9	-18.9	strong decline
Eastern Europe	70.2	virtually unchanged	67.4	-4.0	virtually unchanged
Total Europe	**801.0**	**strong growth**	**827.3**	**3.3**	**strong growth**
Americas	125.5	strong growth	124.1	-1.1	very strong growth
Asia	264.2	slight decline	314.3	19.0	very strong decline
Africa	18.3	very strong growth	22.4	22.4	very strong growth
Australia	34.0	slight growth	33.1	-2.6	strong decline
Total	**1.243.0**	**Growth above 5%**	**1.321.2**	**6.3**	**Growth above10%**

* Virtually unchanged: +/- 5 %; slight change: +/- 5–10 %; strong change: +/- 10–25 %; very strong change: > +/- 25 %

Vossloh Group, Outlook 2014

Substantial growth in sales and improvement in earnings

- **Outlook** supported by continued high order backlog of over €1.7 billion
- **Rail Infrastructure Division:** Sales expected at the level of fiscal 2013
- **Transportation Division:** both business units to profit from high incoming orders from 2011 to 2013
- **Vossloh Group** strives for further growth in 2014 with continuing intensive competitive pressure and thereby will again grow significantly more strongly than the overall market for rail technology

	2013	2014p
Sales (€ million)	1,321.2	+>10%
EBIT margin (%)	4.1	5% – 7%
Working Capital (average, € million)	217.5	declining
Capital expenditures (€ million)	66.8	increasing
Capital Employed (average, € million)	895.4	virtually unchanged
ROCE (%)	6.1	7.5% – 10.5%
Value added (€ million)	-21.9	negative – slightly positive

Financial calendar and contact

- **Financial calendar**
- April 30, 2014 — Publication of Interim Report as of March 31, 2014
- May 28, 2014 — Annual General Meeting
- July 24, 2014 — Publication of Interim Report as of June 30, 2014
- October 30, 2014 — Publication of Interim Report as of September 30, 2014

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