

Presentation to Investors

January 2014



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Vossloh Group

Rail technology specialist with leading market positions

Rail Infrastructure



Fastening Systems

Sales 2012: €291.4 million

Sales 2013e: ~€370 million



Switch Systems

Sales 2012: €451.3 million

Sales 2013e: ~€460 million



Rail Services

Sales 2012: €54.6 million

Sales 2013e: ~€60 million

Transportation



Transportation Systems

Vossloh Locomotives

Sales 2012: €119.2 million

Sales 2013e: ~€110 million



Vossloh Rail Vehicles

Sales 2012: €176.6 million

Sales 2013e: ~€150 million



Electrical Systems

Sales 2012: €166.8 million

Sales 2013e: ~€165 million

Vossloh Group

Vossloh Fastening Systems

- **A worldwide market leader** in rail fastening systems
- Products used in **over 65 countries**
- 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
- **Production sites** in Germany, China, Turkey, and, from 2014 on, in the US
- **Share of sales outside Europe (2013e) approx. 66 %**
- **Major share of sales (2013e)** in China, Kazakhstan, Germany, Korea, Turkey



Vossloh Group

Vossloh Switch Systems

- **A worldwide leader** in switch and crossing systems
- **34 production locations** in 19 countries
- 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
- **Share of sales outside Europe (2013e) > 40 %**
- **Major share of sales (2013e)** in France, US, Sweden, Australia, UK, Norway, Netherlands, Poland



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
- **Share of sales outside Europe (2013e) < 5 %**
- **Major share of sales (2013e)** in Germany; high-speed grinding with sales in Germany, Denmark, Sweden and China



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
- **Sales so far almost entirely in Europe**
- **Major share of sales (2013e)** in Germany and France



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
- More than a century of experience
- **Important orders from** South Africa, North America, Brazil, UK, France and Germany
- **Share of sales outside Europe (2013e) > 25 %**
- **Major share of sales (2013e)** in Spain, France, Israel, UK, Germany



Vossloh Group

Vossloh Electrical Systems

- 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
- **Share of sales outside Europe (2013e) approx. 5 %**
- **Major share of sales (2013e)** in Germany, GB, Austria, Switzerland, US



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



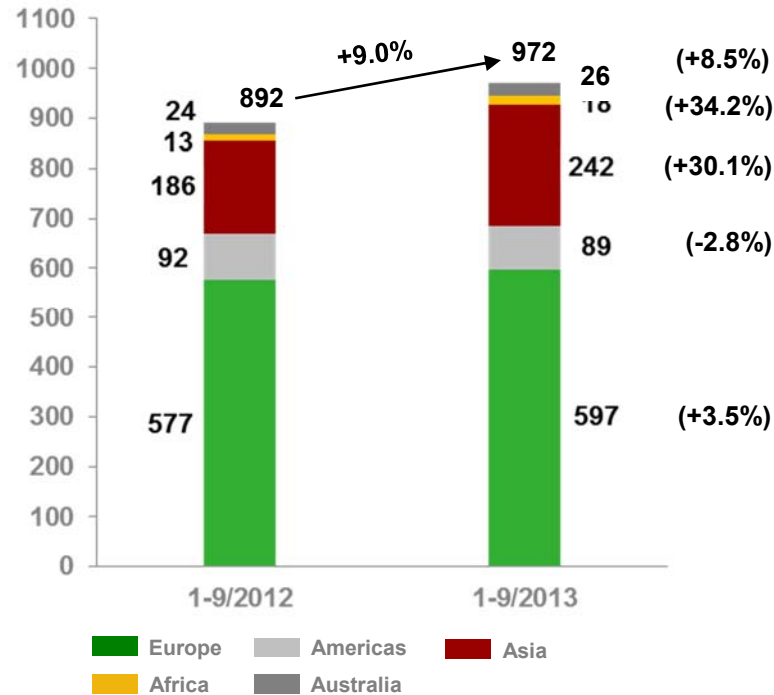
	1–9/2012	1–9/2013	Δ in %
Sales (€ million)	891.5	971.6	+9.0
EBIT (€ million)	61.1	34.4	-43.7
EBIT margin (%)	6.9	3.5	–
Group earnings (€ million)	31.4	4.3	-86.3
ROCE (%)*	9.7* [10.0]	5.1	–
Value added (€ million)*	(2.1)* [(0.3)]	(22.8)	–
Earnings per share (€)	2.62	0.36	-86.3
Average headcount	5,053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

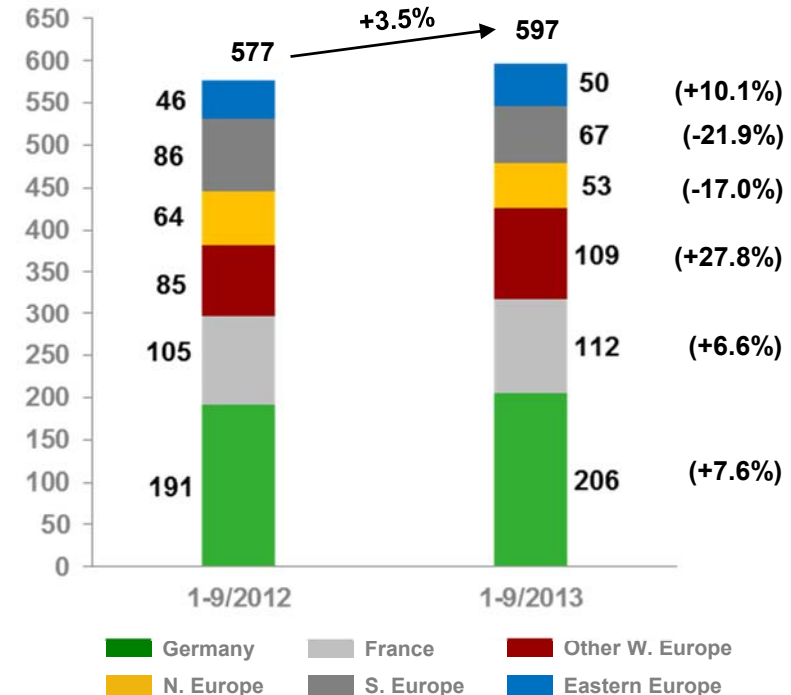
Vossloh Group, 9 months 2013

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

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	–

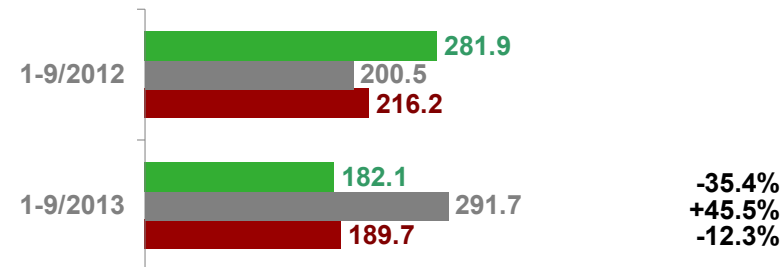
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Vossloh Group, 9 months 2013

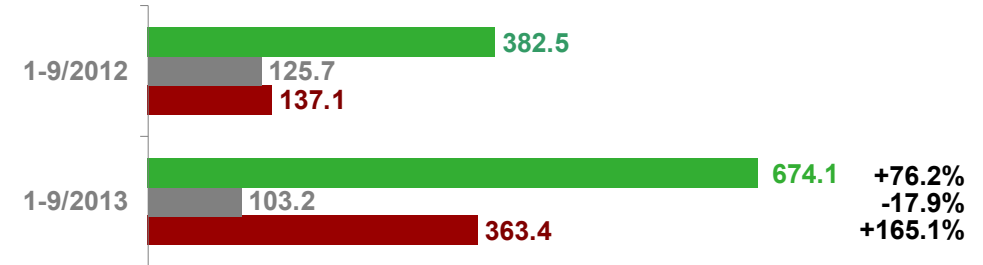
Order intake surging year-on-year to €1,169.6 million, order backlog at a historical high of €1,745.8 million

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

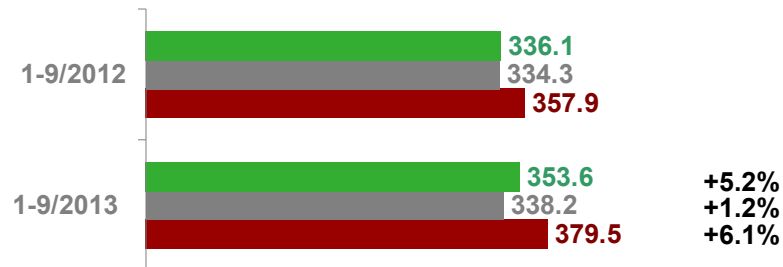
Vossloh Fastening Systems



Vossloh Rail Vehicles



Vossloh Switch Systems



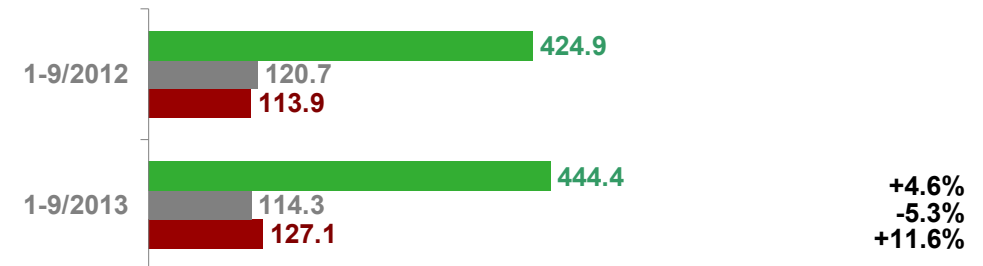
Vossloh Locomotives



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



	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.

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
- **Value added** and **ROCE** both in the red
- Litigation in connection with claim for damages in October 2013 settled finally
- 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



	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.

Vossloh Group, Outlook

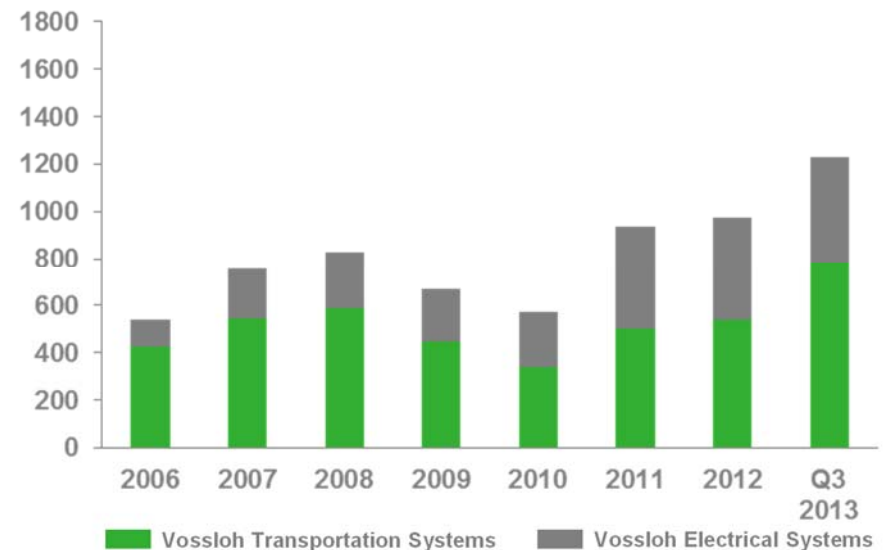
Order backlog at historical high to boost sales and profitability in the years ahead

Order backlog (€ million)

Group



Transportation division



- Groupwide order backlog as of September 30 at €1,745.8 million, a historical high
- Order backlog at the Transportation division's two business units likewise at all-time highs: division at €1,203.3 million; Transportation Systems business unit at €783.8 million and Electrical Systems business unit at €444.4 million
- Most of estimated sales for the years up to 2016 covered by current order backlog: e.g. Vossloh Rail Vehicles: 90% of the vehicle sales for 2014
- Potential options exercised after September 30, 2013, as follow-up to contracts already awarded would translate into sales of some €300 million in the years ahead, the option exercised by Hannover on November 18, 2013, being included

Vossloh Group, Outlook

2013: sales up by 5%+, EBIT well down year-on-year mainly after one-off burdens

- **Sales increase in 2013** exclusively thanks to the Rail Infrastructure division's growth; sales by the Fastening Systems business unit well above original expectations
- **Sales decline at the Transportation division** due to project delays
- **EBIT 2013** burdened by one-off effects and project delays within Transportation, therefore well below prior-year level, high tax load ratio additionally weighing on group earnings
- **Capital expenditures** in the scope of the capex program initiated in 2010 again stepped up at both divisions
- **Net financial debt** forecast at some €300 million, rising in the wake of shrinking EBIT, mounting working capital and accordingly negative free cash flow; net leverage fairly high at about 60%



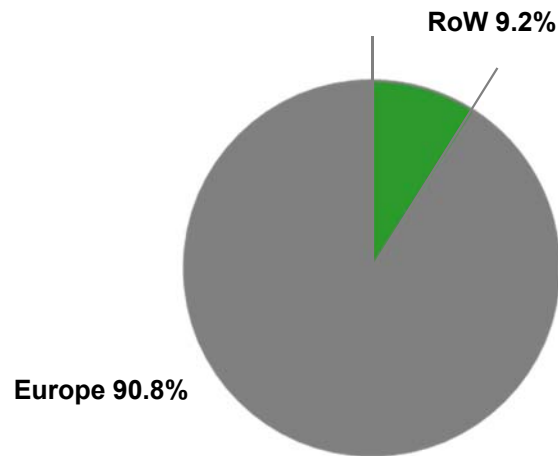
	2012	2013p
Sales (€ million)	1,243.0	>+5%
EBIT margin (%)	7.8	4%–5%
Average working capital (€ million)*	204.8	>+10%
Capital expenditures (€ million)	61.1	Approx. 70
Average capital employed (€ million)*	845.5	+<10%
ROCE (%)*	11.5	<8.5
Value added (€ million)*	13.0	Negative

* 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 prior-year comparatives.

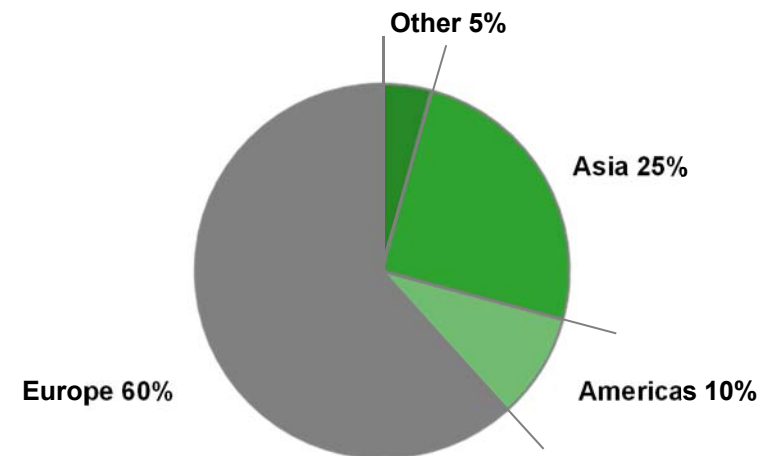
Vossloh Group, Outlook

Non-European sales hiking up from 9% in 2006 to around 40% in 2013, a solid launching pad for further international growth

Regional sales breakdown in 2006



Regional sales breakdown in 2013e



— Selected projects outside Europe:

- Megacontract from **South Africa** for locomotives from Vossloh Rail Vehicles
- Construction work started in 2013 on a fastening system production plant in the **United States**, to be commissioned as from mid-2014
- Consortium formed in 2012 in **Argentina** for building a rail switch plant in La Plata
- Major order received in 2012 from **Brazil** for V4-type Tramlinks
- Establishment in 2010 of a new joint venture for manufacturing turnouts in **China**

— Selected projects within Europe:

- Large order awarded in 2012 for the high-speed line in **France**
- Contract in 2013 for modernizing 91 railcars of local transport operator South West Trains in the **UK**

Vossloh Group, Outlook

Economic environment and opportunities

- **External burdening factors successfully offset in recent years:**
 - Financial crisis has slashed sales in Southern Europe since 2008 by over €150 million, Arab Spring resulted throughout North Africa in unrealized sales, call-off orders in China suspended for 12 months in 2011/2012
 - One-off expenses in 2013 of around €25 million incurred by the Switch Systems, Transportation Systems and Electrical Systems business units
 - Project progress and option exercises for some €300 million in the Transportation division will considerably downsize engineering expenses as a percentage of sales
- Sales expectations **largely backed by orders already placed**
- **Transportation's contracts** sufficient to keep division busy **up to 2016**
- **Internationalization level of the Vossloh Group** to spawn further projects
- **Order intake** in Q3/2013 at €551.3 million just short of all-time high



Vossloh Group, Outlook

2014: sales to climb some 10% to 15%, EBIT to improve significantly

- **Sales boost expected for 2014**
- **Steep sales uptrend** at Transportation division
 - Both business units to benefit from swelling order inflow in 2012 and 2013
- **Rail Infrastructure division** likely to maintain 2013 sales level
 - Fastening Systems business unit expecting to offset probable sales decline in China and Kazakhstan by incremental sales elsewhere, for example in Saudi Arabia
 - Switch Systems business unit predicting growth through high-speed projects to be carried out in France and sales boost at the Swedish production plant
 - Rail Services business unit likely to step up all its activities
- **EBIT** substantially topping the 2013 level
 - Non-recurrence of one-off burdens and clearly higher workload expected to upgrade Transportation division's EBIT
 - Stable profitability likely at Rail Infrastructure division
- **Capital expenditures** remaining at high 2013 level, key projects being: Vossloh Fastening Systems' manufacturing plant in the US, Vossloh Switch Systems' forging shop, milling and grinding trains for Vossloh Rail Services, product developments at Vossloh Transportation Systems
- **Working capital** expected to shrink despite booming sales



Financial diary and contacts

Financial diary

- March 27, 2014 Publication of the Group's financial information 2013, Frankfurt/Main, investors conference¹
- April 30, 2014 Interim report as of March 31, 2014¹
- May 28, 2014 Annual General Meeting
- July 24, 2014 Interim report as of June 30, 2014¹
- October 30, 2014 Interim report as of September 30, 2014¹

¹Teleconference with financial analysts planned

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