



Vossloh 2014 – 2017

December 3, 2014, Frankfurt am Main

Dr. h.c. Hans M. Schabert – CEO

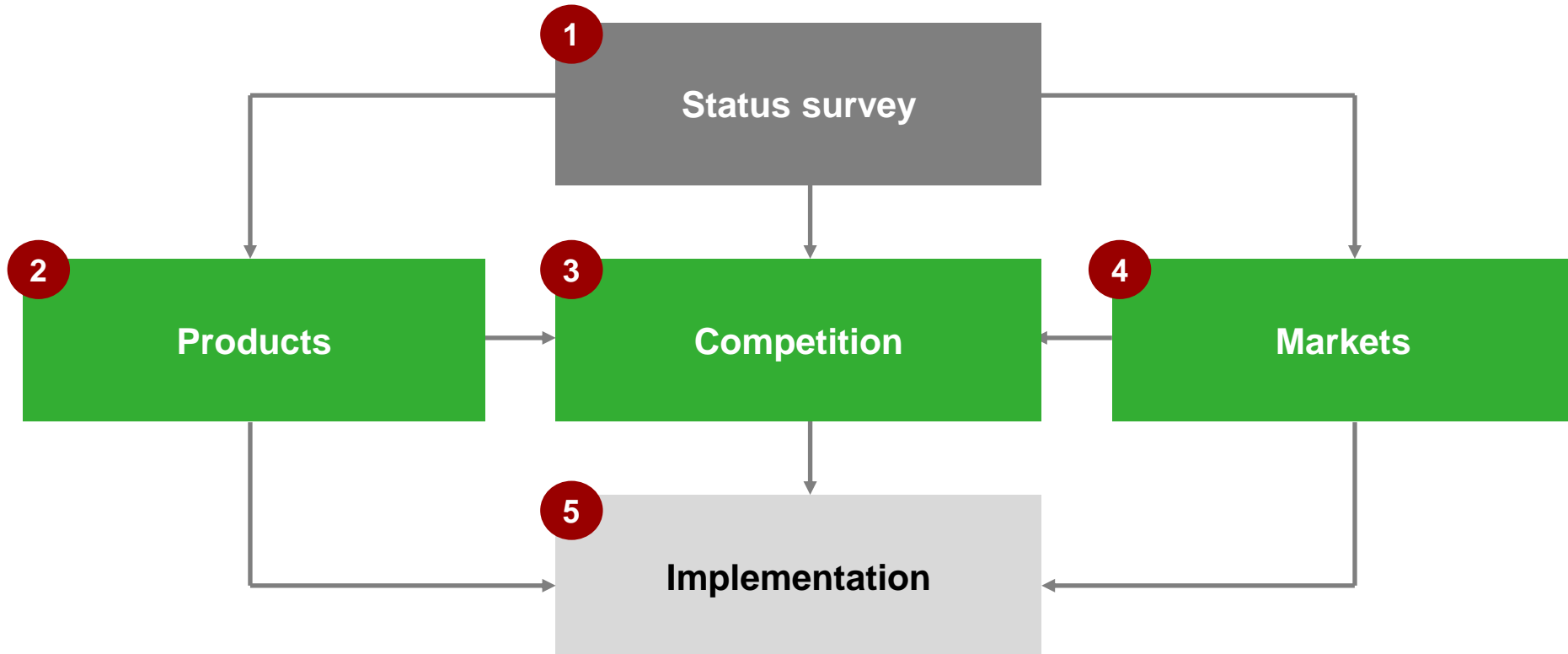
Oliver Schuster – CFO

Note:

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Stringent process for the definition and implementation of the Group strategy



■ Phase 1: April – June 2014

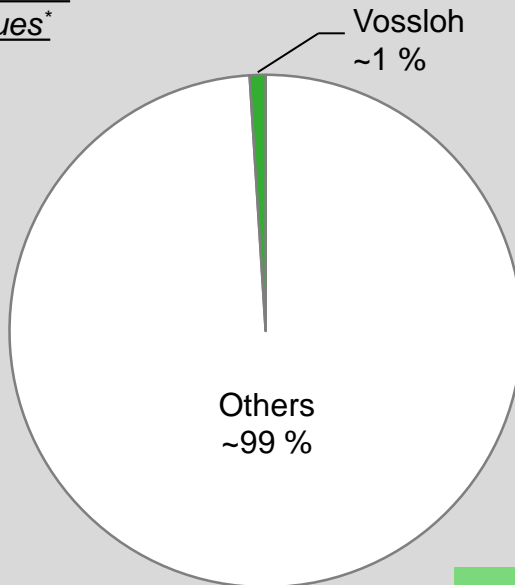
■ Phase 2: June – Nov. 2014

■ Phase 3: Dec. 2014 – 2017

2 Vossloh, for a company its size, with too broad a product portfolio

World market for rail technology by revenues

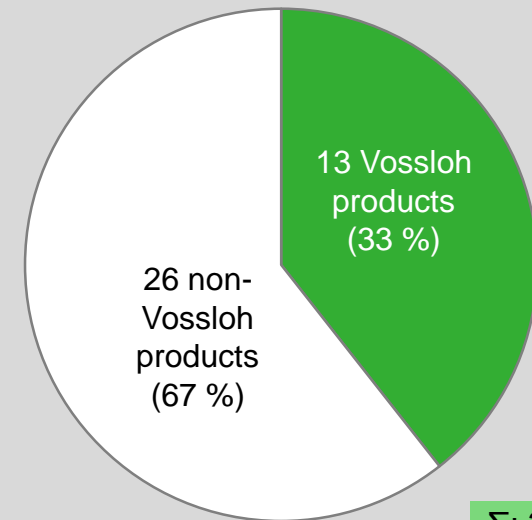
Market shares by revenues*



Σ: €102 billion

World market for rail technology by product groups

Served vs. non-served product groups



Σ: 39 product groups

Vossloh holds approx. 1% of world market for rail technology, but is active in 33% of the product groups
=> Clear indication of too broad a product portfolio

2 Definition core business: criteria of attractive product groups

Leading market position



No. 1- / no. 2 positions achievable for Vossloh worldwide

Global demand



All significant world regions

Growth



Above-average growth potential

Market entry barriers



High, time to market > 5 years, high technological standards

Cyclicality



Low, large-part financing through public sector

Profitability



Attractive EBIT margin, low capital commitment

2 + 3 Results of analysis products and competition: organizational principles, depth of value added and product portfolio

Core portfolio: reorganization of Group structure

- ▶ Organizational rearrangement of the divisions according to business model: product, project or service orientation
 - Product business: cost and technology leadership, streamlined overhead structures, efficient development
 - Project business: replicable processes, flexible engineering, locally tailored solutions, fast response times, efficient logistics
 - Service business: operator and lifecycle competence, methodology development, goal: lifecycle agreements, which bundle product and service offerings of all core areas
- ▶ Supplementing the core portfolio with complementary products and services, both internally generated and acquired

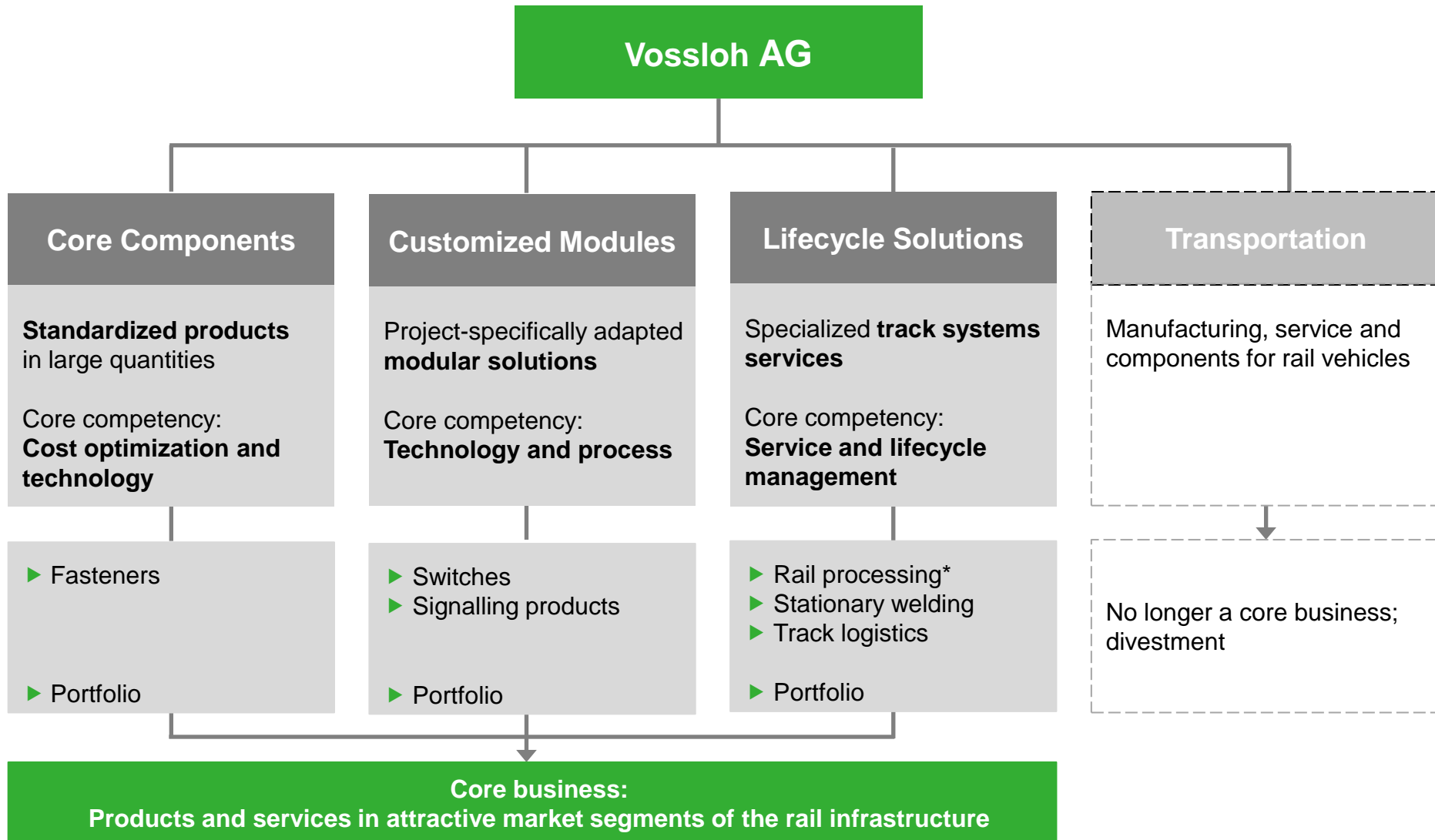
Core portfolio: optimization of value-added depth and breadth

- ▶ Expansion and deepening of the product portfolio for fastening systems and switches
- ▶ Establishment of a service portfolio covering all aspects of rail processing
- ▶ Structured innovation management and acceleration of the R&D activities for existing core products

Non-core business:

- ▶ Continuation of restructuring and performance optimization
- ▶ Divestment of Transportation division, at the latest 2017

2 + 3 Core business rail infrastructure and infrastructure services



* Primarily rail grinding and milling

One Vossloh: interlocking operations internally, uniform outward appearance

One Vossloh

Vossloh AG

- ▶ Vossloh AG acts as “operational management holding”, closely coordinates, manages and controls the divisions
- ▶ Holding significantly influences the appointment of executive positions, strategy, investments, portfolio decisions, and significant operational issues of the divisions; departmental guideline competence of Holding over divisions

Operational divisions

- ▶ Divisions are organized according to the basic principles of their business model, i.e. according to product, technology and service orientation and differentiate their value added processes accordingly
- ▶ All divisions coordinate closely among themselves and present themselves on the market uniformly and in a coordinated fashion as “One Vossloh”
- ▶ Market presence and access to customers in non-European focus markets are strengthened by a streamlined, cross-divisional sales management; profit & loss responsibility remains with the division companies

4 Criteria for the identification of significant regional markets

Medium to large markets



Infrastructure revenues: \geq €300 million per country

Market differentiation



Potential focus markets (“One Vossloh”) and attractive markets

Market access



Vossloh has good market access to the significant customers

Growth



Above-average market growth

Market cyclicalities



Low, large-part financing through public sector

Proximity to Vossloh target portfolio

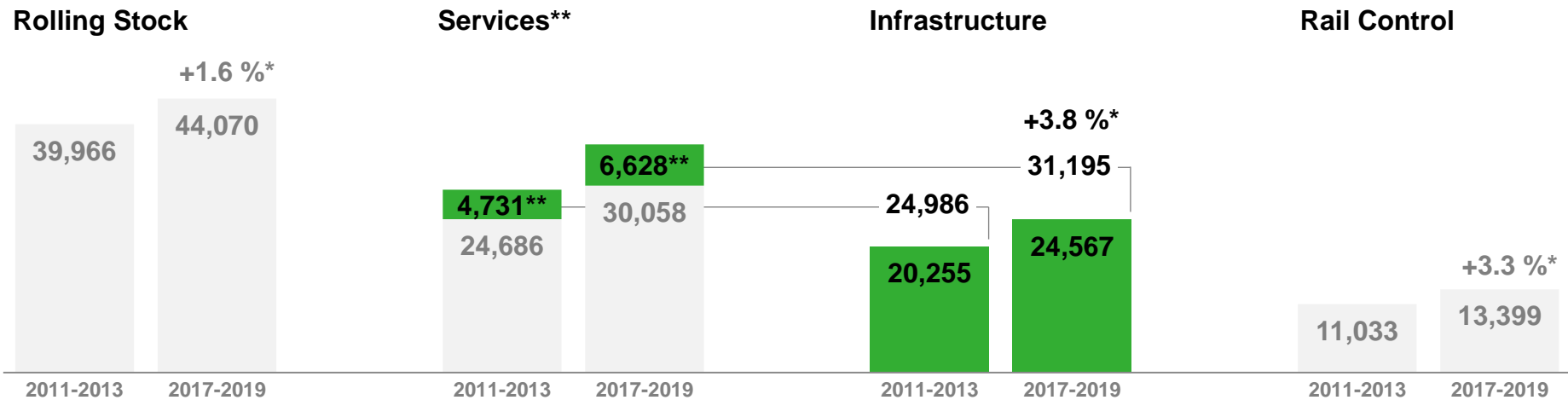


Synergy potential with existing activities of Vossloh

Market for rail technology, 2011/13 – 2017/19

4 Faster than average growth in markets with Vossloh product groups

Market for rail technology – average annual volume of the accessible market in € million and forecast average growth according to segments (in € million)



- ▶ Megatrends economic growth and further increasing international trade flows, population growth, urbanization and climate change as well as deregulation and standardization driving sustainable growth of the market
- ▶ Total market for rail technology (accessible market) should grow in the period 2017 – 2019 with 2.8% CAGR
- ▶ Market of the Vossloh product groups growing at 3.8%, faster than average

* CAGR 2017-2019 compared to 2011-2013 source: World Rail Market Study forecast 2014 to 2019, UNIFE The European Rail Industry, Roland Berger Strategy Consultants; CAGR Infrastructure incl. Infrastructure Services by + 3,8 %

** Green portion: Infrastructure Services

4 Analysis results markets: China, USA, Russia and Western Europe

- ▶ Vossloh will be more strongly present in the **large**, the strongly **growing** and the **technologically-leading** regions:
 - **Regional focus markets** (due to major importance with respect to market size, market growth and/or technological leadership): China, USA, Russia and Western Europe
 - Additional **attractive regional markets**: Australia, Brazil, Canada, Middle East, Northern Europe and STAN countries*



* = Kyrgyzstan, Uzbekistan, Kazakhstan, Turkmenistan, etc.

5 Significant milestones for the strategic realignment

Operational performance	Reorganization of the Group structure	Market presence	Growth
<ul style="list-style-type: none"> ▶ Strict continuation of the ongoing restructuring and optimization programs 	<ul style="list-style-type: none"> ▶ “One Vossloh” ▶ Organizational reorganization of the divisions based on a product, project or service orientation 	<ul style="list-style-type: none"> ▶ Strengthen presence in significant regional “focus markets”, there uniform market presence 	<ul style="list-style-type: none"> ▶ Expansion of market shares in “attractive markets”, profitable growth
1	2	3	4

Product portfolio	Divestment Transportation	Financial success / Value enhancement
<ul style="list-style-type: none"> ▶ Innovation management ▶ Short to medium-term supplements to the portfolio with complimentary products 	<ul style="list-style-type: none"> ▶ Classification of the “Vossloh Transportation” division as “non-core business” 	<ul style="list-style-type: none"> ▶ Positive value added ▶ High EBIT margin ▶ Sustainably positive cash flow
5	6	

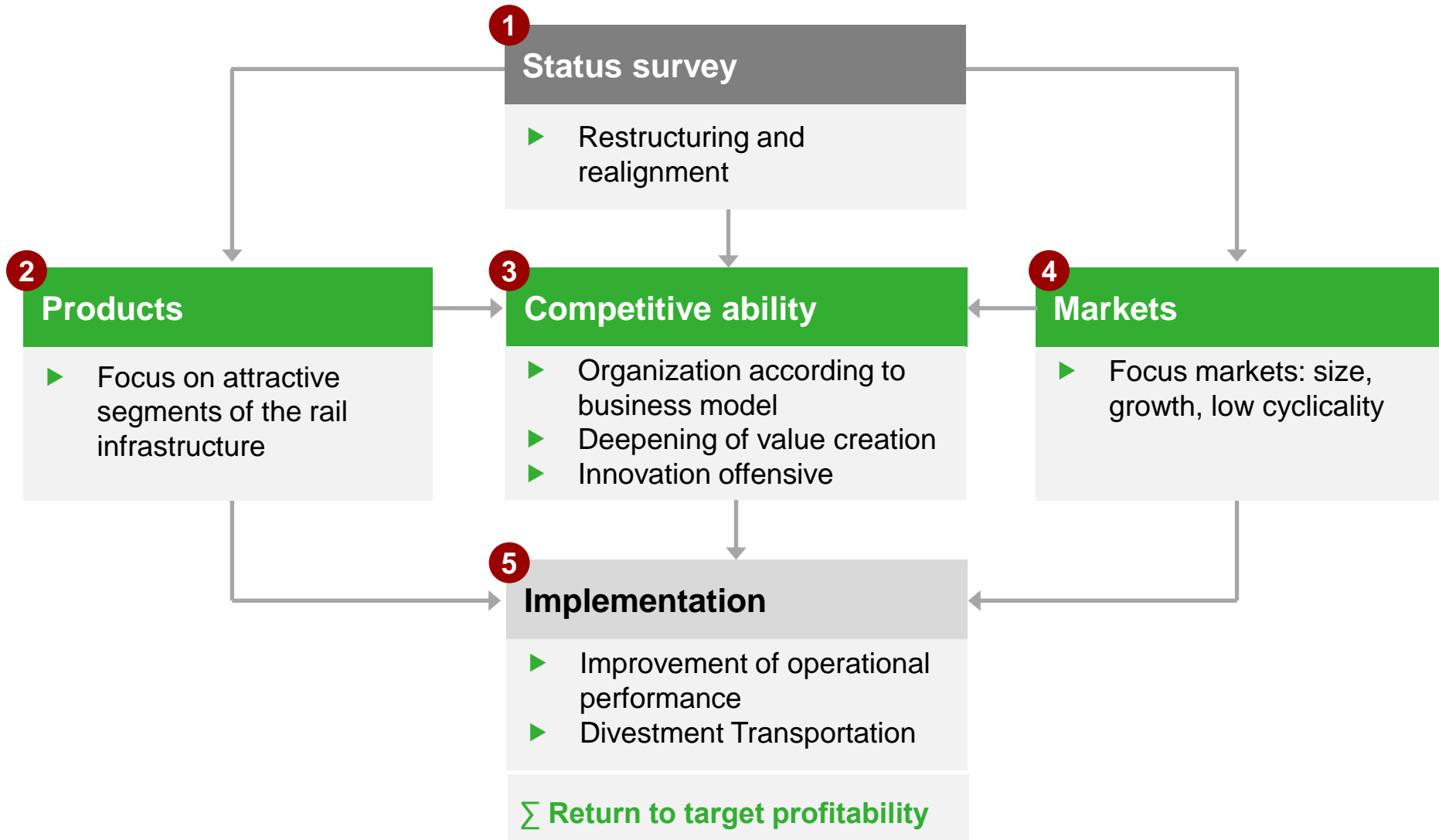
5 Gradual improvement of the profitability

- ▶ 2014e: sales approx. €1.34 billion; adjusted EBIT margin approx. 2%*
- ▶ 2015e**: sales growth of 3% to 4%, EBIT margin approx. 3% to 4%, positive free cash flow expected
- ▶ 2015e** and 2016e**: still below target margin for EBIT, since restructuring, realignment and increased expenses for the acceleration of research and development of additional components restrain EBIT improvement
- ▶ 2017e: EBIT target margin at 5% to 6% with current portfolio structure

* Basis: pro-forma EBIT, adjusted for one-off effects

** Planning based on existing portfolio structure

Globally leading supplier in attractive markets of the rail infrastructure



Financial calendar and contact

Financial calendar

- ▶ March 26, 2015 Publication of Group financial statements 2014
- ▶ April 30, 2015 Publication of interim report as of March 31, 2015
- ▶ May 20, 2015 Annual General Meeting
- ▶ July 30, 2015 Publication of semiannual report
- ▶ October 29, 2015 Publication of interim report as of September 30, 2015

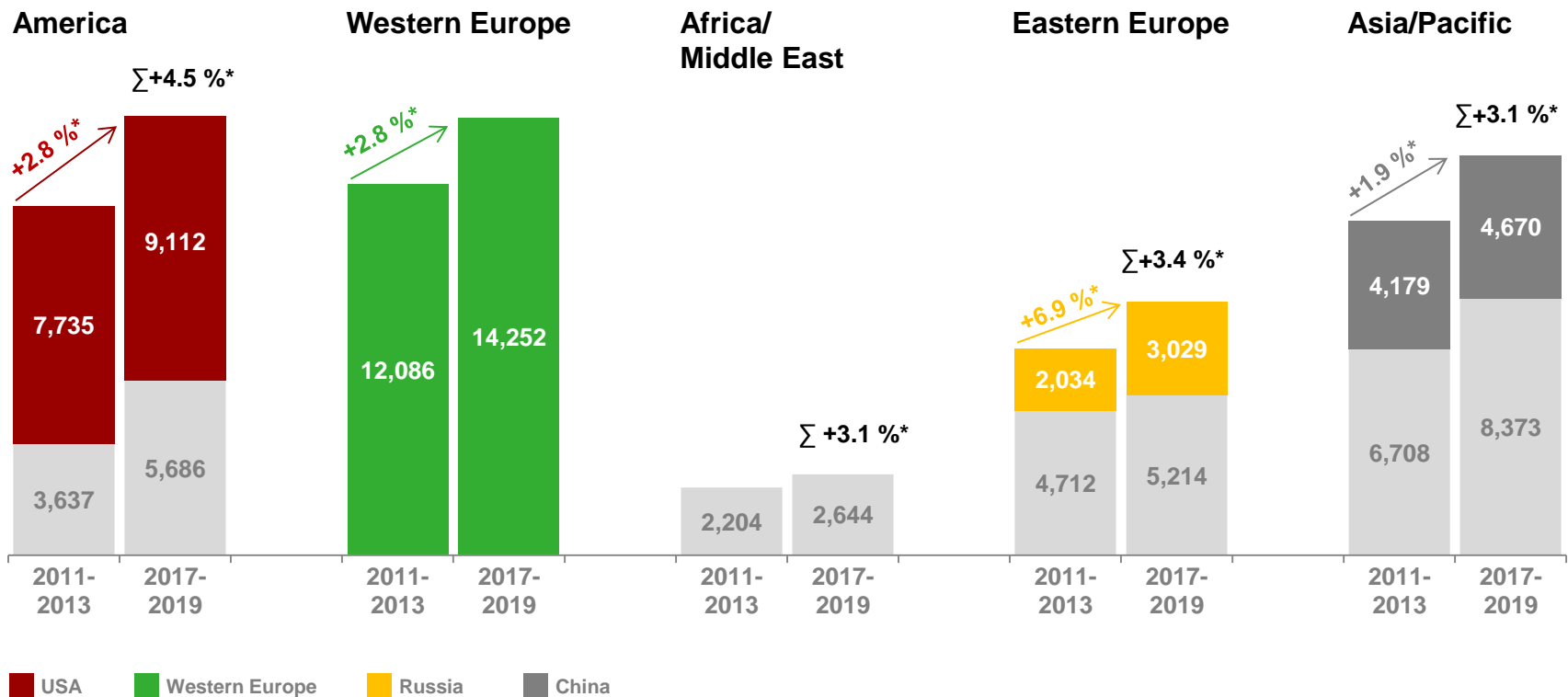
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Market for rail technology, rail infrastructure segment, 2011/13 – 2017/19

4 Growth expected in all significant world regions

Market for rail technology, infrastructure and infrastructure services segment – average annual volume of the market in € million and expected growth by region



- ▶ Rail infrastructure: growth of accessible market volume forecast at average of 3.8% CAGR until 2017 – 2019
- ▶ Long-distance and freight routes continue with highest share, local transport systems in metropolitan areas offer largest growth potential

* CAGR 2015-2017 compared to 2011-2013
 source: World Rail Market Study forecast 2014 to 2019, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

