



**Investors Conference – Kepler Cheuvreux**

**January 19, 2015, Frankfurt**

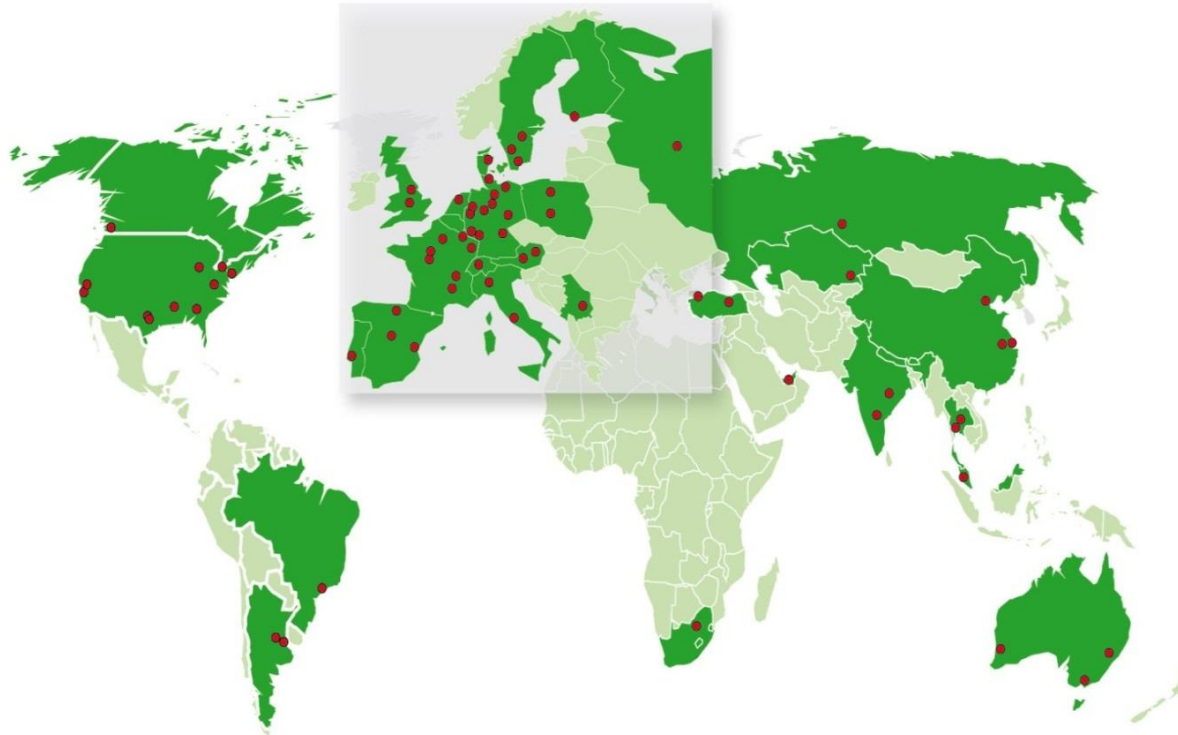
**Oliver Schuster – CFO**

## **Note:**

This presentation contains statements concerning the future business trend of the Vossloh Group which are based on assumptions and estimates of the Company's management. If the assumptions underlying the forecasts fail to materialize, the actual results can significantly deviate from these forecast statements. Uncertainties include, among others, changes in the political, business and economic environment, the actions of competitors, legislative reforms, the effects of future case law and fluctuations in exchange rates and interest rates. Vossloh, its Group companies, advisors and representatives assume no responsibility for any losses in connection with the use of this presentation or its contents. Vossloh does not assume any obligation to revise or update the forecast statements contained in this presentation.

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## Vossloh-subsidaries– projects in over 100 countries, worldwide



■ Countries with Vossloh production sites

● Location of Vossloh entities



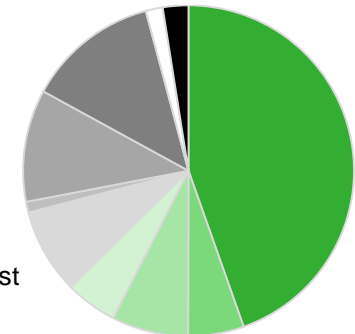
## Group Financial Data (in € mill)

|                      | 1-9/2014 | 1-9/2013 |
|----------------------|----------|----------|
| Orders received      | 969.8    | 1,136.9  |
| Order backlog        | 1,730.4  | 1,726.1  |
| Net Sales            | 967.7    | 958.5    |
| EBIT                 | (150.4)  | 34.6     |
| EBIT pro forma       | ~ 23.0   | n.a.     |
| Capital expenditures | 41.6     | 42.5     |
| Free Cash Flow       | (120.9)  | (33.7)   |

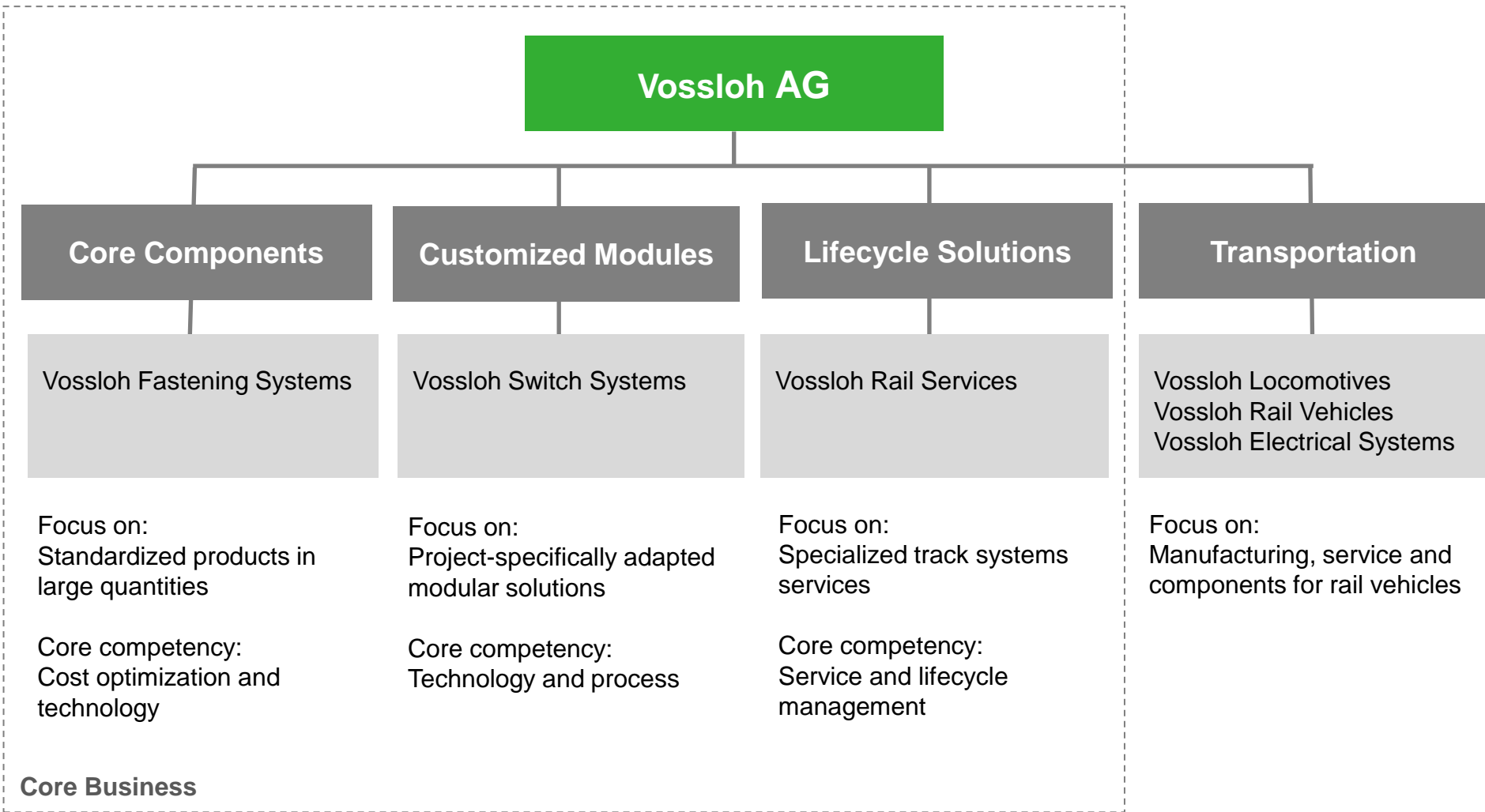
|                       | 9/30/2014 | 9/30/2013 |
|-----------------------|-----------|-----------|
| Net financial debt    | 295.7     | 298.3     |
| Equity ratio (in%)    | 24.3      | 29.1      |
| Aver. working capital | 148.3     | 218.1     |
| Share Price (in €)    | 53.73     | 65.08     |

## Regional sales 2013 (in € mill)



# Group Overview

## Organisation by business model



# Financial Key Data by Segment

|                           | Core Components |          | Customized Modules |          | Lifecycle Solutions |          | Transportation |          |
|---------------------------|-----------------|----------|--------------------|----------|---------------------|----------|----------------|----------|
| In € mill.                | 9 m 2014        | 9 m 2013 | 9 m 2014           | 9 m 2013 | 9 m 2014            | 9 m 2013 | 9 m 2014       | 9 m 2013 |
| <b>Orders received</b>    | <b>238.7</b>    | 189.7    | 350.4              | 351.8    | 54.2                | 41.6     | 330.7          | 553.9    |
| <b>Order backlog</b>      | <b>156.6</b>    | 182.1    | 352.3              | 335.7    | 9.3                 | 5.5      | 1,214.0        | 1,203.3  |
| <b>Net sales</b>          | <b>248.5</b>    | 291.7    | 342.1              | 328.3    | 52.9                | 40.2     | 327.7          | 299.8    |
| <b>Book-to-bill ratio</b> | <b>0.96</b>     | 0.65     | 1.02               | 1.07     | 1.02                | 1.03     | 1.01           | 1.85     |

|                                 | Former Division: Rail Infrastructure*<br>(Vossloh Fastening Systems + Vossloh Switch Systems + Vossloh Rail Services) |          |          |          | Transportation |          |
|---------------------------------|---|----------|----------|----------|----------------|----------|
| In € mill.                      | 9 m 2014  | 9 m 2013 | 9 m 2014 | 9 m 2013 | 9 m 2014       | 9 m 2013 |
| <b>EBIT</b>                     | (5.7)   | 72.8     | (118.6)  | (22.8)   |                |          |
| <b>EBIT pro forma</b>           | 60.0  |          | (27.0)   |          |                |          |
| <b>Average working capital</b>  | 224.1   | 259.9    | (72.8)   | (36.4)   |                |          |
| <b>Closing fixed assets</b>     | 443.4   | 483.6    | 162.3    | 184.7    |                |          |
| <b>Average capital employed</b> | 695.2   | 739.1    | 118.6    | 146.5    |                |          |
| <b>Closing headcount</b>        | 3,569   | 3,455    | 2,190    | 1,970    |                |          |

\* Corporate structure until December 31, 2014

## 2014 Chronology (1 of 2)

| Point of time     | Measures / Decisions   |
|-------------------|--|
| ▶ 2/14            | <b>Initial guidance</b> of > 10% revenue growth, EBIT margin 5-7%  |
| ▶ 3/14            | <b>Exchange of Management Board</b>  |
| ▶ 3/14            | <b>Placement of treasury shares</b> , gross proceeds of €91 million  |
| ▶ 4/14            | <b>Adjustment of guidance</b> to EBIT margin around 5%   |
| ▶ 6/14            | <b>Reassessment of business situation</b> reveals need for restructuring and realignment expenses of up to € 250 million compared to adjusted guidance → EBIT guidance of €-150 million to €-180 million   |
| ▶ Starting 6-7/14 | <b>First strategic decisions:</b> <ul style="list-style-type: none"><li>- Move Kiel locomotive production to new factory</li><li>- Centralize locomotive project business in Valencia</li><li>- Refocussing of Vossloh Electrical Systems</li><li>- Adjustment of capacity in several areas announced</li><li>- Streamlining of management team</li><li>- Refinancing, repayment of US private placement</li></ul> |

## 2014 Chronology (2 of 2)

### Point of time

### Measures / Decisions

► 9/14

**Analysts' and investors' event** at Innotrans fair. Presentation of measures:

- Start of US production plant Waco (Texas). Fullfillment of Buy American Act
- Foundation of JV BetelTrans for direct access to Russian railway market
- Construction of new production plant for cavity filling elements in Suzhou, China
- Significant measures of restructuring package well advanced; major portion of expenses already recognized

► 12/14

**Presentation of Corporate Strategy 2015 to 2017**

- Transportation no longer core business
- Focus on innovation management
- Short to medium-term supplements to the portfolio with complimentary products
- Definition of focus markets
- Focus on:
  - Positive value added
  - High EBIT margin
  - Sustainable positive cash flow

## Core Components

- ▶ A worldwide market leader in rail fastening systems
- ▶ Products used in over 65 countries
- ▶ More than 90% of sales outside Germany
- ▶ Elastic rail fastening systems, screwed 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 of more than 65 million fasteners per year at 5 production sites worldwide; Start of production at the US site in Waco, Texas; JV with leading Russian manufacturer of railway sleepers, BetelTrans, grants improved access to Russian market





## Customized Modules

- ▶ A worldwide market leader in switch and crossing systems
- ▶ Over 75% of sales outside the French home market
- ▶ Standard, high-speed and specialty (heavy-haul) switches to all international standards
- ▶ Signaling components, switch actuators, locking devices and rail monitoring systems, manganese frogs and switch blades
- ▶ More than a century of experience
- ▶ 38 production sites in 22 countries



## Lifecycle Solutions

- ▶ Rail grinding, especially high-speed grinding, rail welding, rail logistics, rail testing, rail milling, rail reconditioning
- ▶ Customers: rail producers and rail operators, e.g. Deutsche Bahn, China Railways
- ▶ A leader in the German market for comprehensive rail servicing and logistics
- ▶ More than 60 years of experience



## Transportation: 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
- ▶ More than 1,000 locomotives in the field



## Transportation: Vossloh Rail Vehicles

- ▶ Europe's leading manufacturer of diesel-electric locomotives
- ▶ Metro and LRV systems
- ▶ Bogies for locomotives and passenger trains
- ▶ Manufacturer of Europe's most powerful diesel-electric locomotive, the EURO 4000
- ▶ Provision of maintenance services for locomotive bogies and passenger trains
- ▶ Exports into the USA, Great Britain, France, Switzerland, Portugal, Algeria, Egypt, Brazil and other countries
- ▶ More than a century of experience
- ▶ More than 1,400 locomotives in the field



## Transportation: Vossloh Electrical Systems

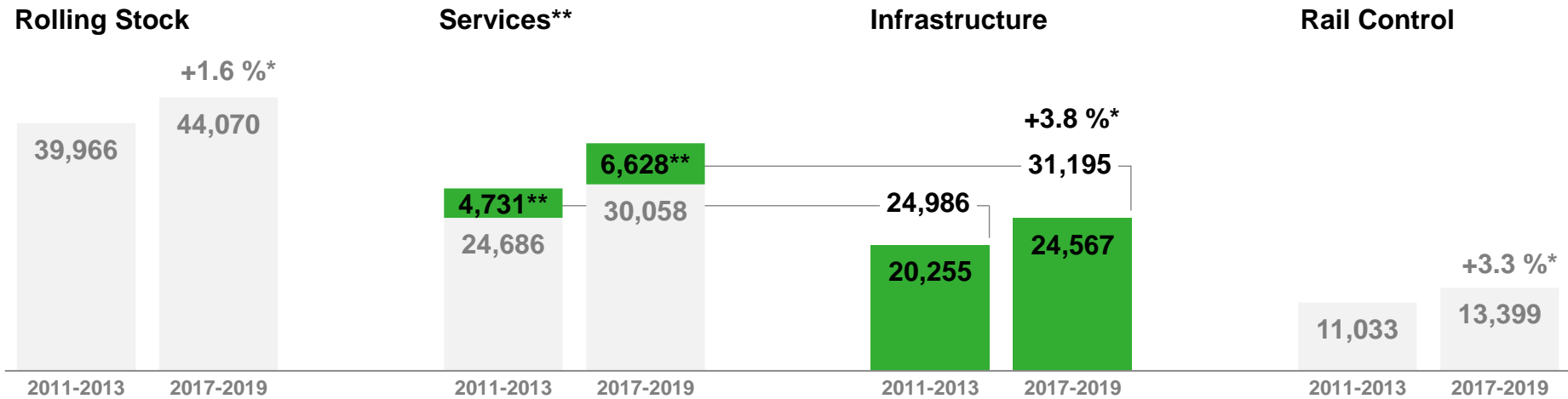
- ▶ Vossloh Electrical Systems supplies innovative equipment for urban transport vehicles as well as traction systems for electric buses and trains
- ▶ Product range includes integrated systems for new vehicles, vehicle overhaul work, turnkey projects, components, and a wide range of services
- ▶ Global service and sales network ensures fast and proficient customer support; Focus on Europe and US
- ▶ Sustainable development due to ecological friendly public transport with emission-free electric power systems, hybrid systems and fuel cells
- ▶ More than a century of experience - worldwide



# Market for rail technology

## 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)



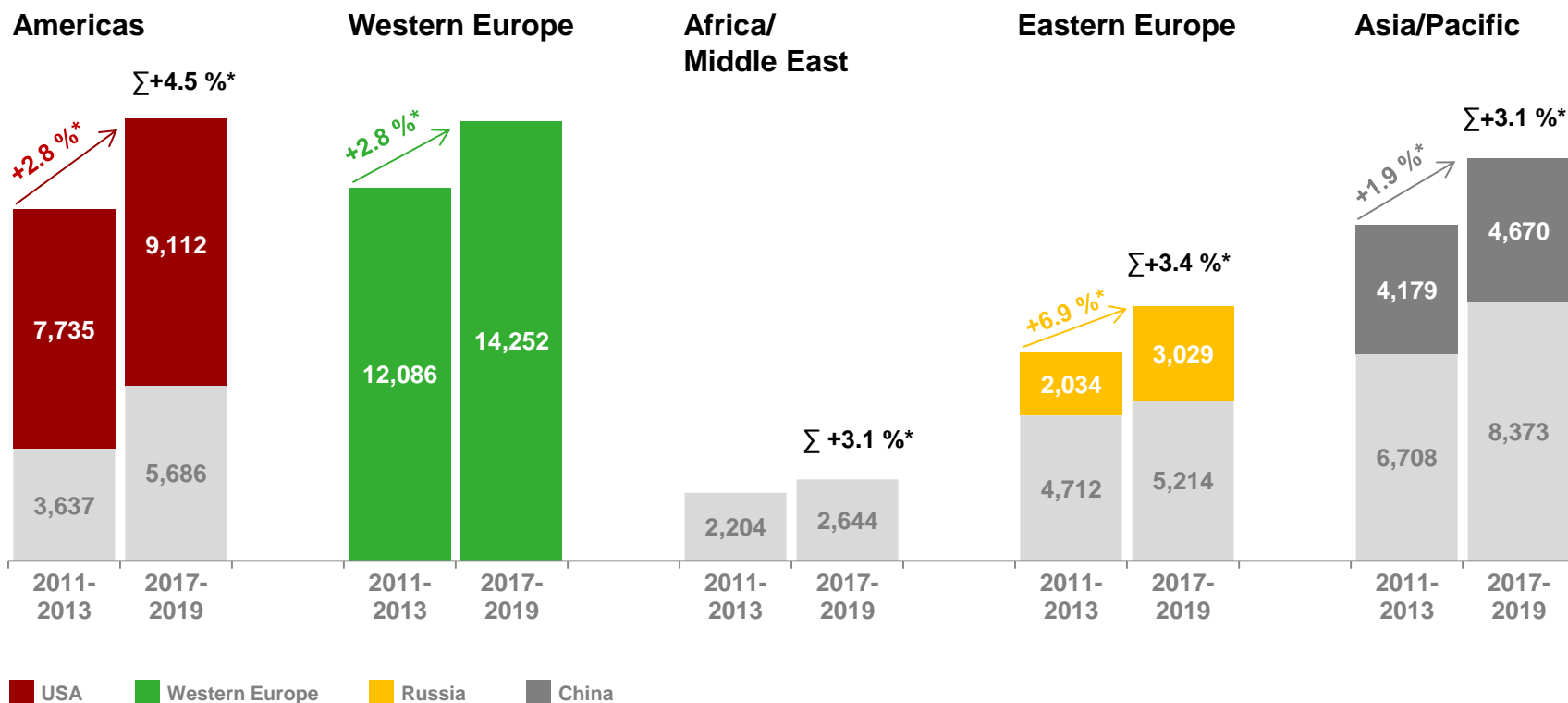
- ▶ Megatrends economic growth and further increasing international trade flows, population growth, urbanization and climate change as well as deregulation and standardization driving sustainable growth of the market
- ▶ Total accessible market for rail technology expected to grow with 2.8% CAGR
- ▶ Market of the Vossloh product groups growing at 3.8%, faster than average
- ▶ Focus criteria: No. 1- / no. 2 positions achievable, above-average growth potential, high market entry barriers

\* 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

# Market for rail technology, rail infrastructure segment

## Growth expected in all focus markets



- ▶ Long-distance and freight routes still make up largest share of the volume
- ▶ Local transport systems in metropolitan areas offer largest growth potential
- ▶ Focus criteria: medium to large markets, good access to significant customers, synergy potential with existing activities
- ▶ Additional attractive regional markets: Australia, Brazil, Canada, Middle East, Northern Europe and STAN countries\*\*

\* 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

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

### 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 R&D 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



# 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

## IR contact

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Thank you

