



Company Presentation

May, 2016



Disclaimer

Note:

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Management team

Dr. h.c. Hans M. Schabert (CEO)



Key responsibilities and experience

- **Responsibilities**
 - Corporate Development
 - Coordination of the Executive Board
 - M&A
 - Human Resources

- **Relevant experience: >25 years**

- **Prior positions:**
 - Chairman of the Management Board at Leonhard Weiß GmbH & Co.KG
 - CEO of Mobility division at Siemens AG

Oliver Schuster (CFO)



Key responsibilities and experience

- **Responsibilities**
 - Accounting, Controlling
 - Treasury
 - Investor Relations & Communications
 - Internal Audit
 - Legal Affairs & Compliance
 - IT

- **Relevant experience: >15 years**

- **Prior positions:**
 - Commercial Manager at Infineon AG
 - Member of the Management Board (CFO) at SKW Stahl-Metallurgie AG

Volker Schenk (COO)



Key responsibilities and experience

- **Responsibilities**
 - Sales
 - R&D
 - Production
 - Quality Assurance, Environmental Protection, Occupational Safety

- **President of the German Railway Industry Association (VDB⁽¹⁾)**

- **Relevant experience: >20 years**

- **Prior positions:**
 - Executive Director at Thales Transportation Systems GmbH
 - General Manager at Vossloh Kiepe GmbH
 - Several positions at Siemens AG

Agenda

1. Company overview

2. Investment highlights

3. Financial overview

4. Appendix

Vossloh: A global leading player in the rail infrastructure industry



Rail Infrastructure

Core Components

Fastening Systems



Standardized products in large quantities

Core competence:
Cost optimization and technology trendsetter

Customized Modules

Switch Systems



Modular solutions customized to suit specific projects

Core competence:
Process leadership and technology trendsetter

Lifecycle Solutions

Rail Services



Services around the rail

Core competence:
Specialized services over the entire rail lifecycle

Transportation

Locomotives



Design, production and service for shunting locomotives

Electrical Systems



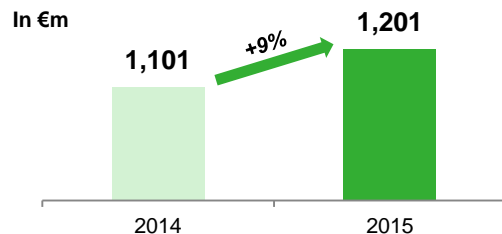
Electrical systems for rail and bus vehicles

Vossloh is one of the top #2 providers for fastening and switch systems worldwide

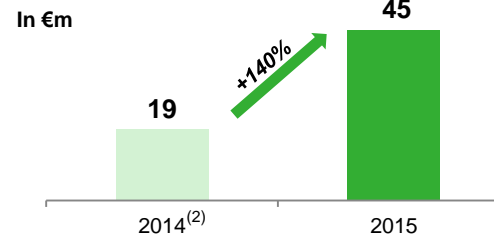
Strong niche position

Key financials group level⁽¹⁾

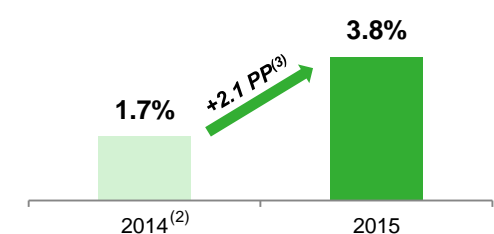
Revenues



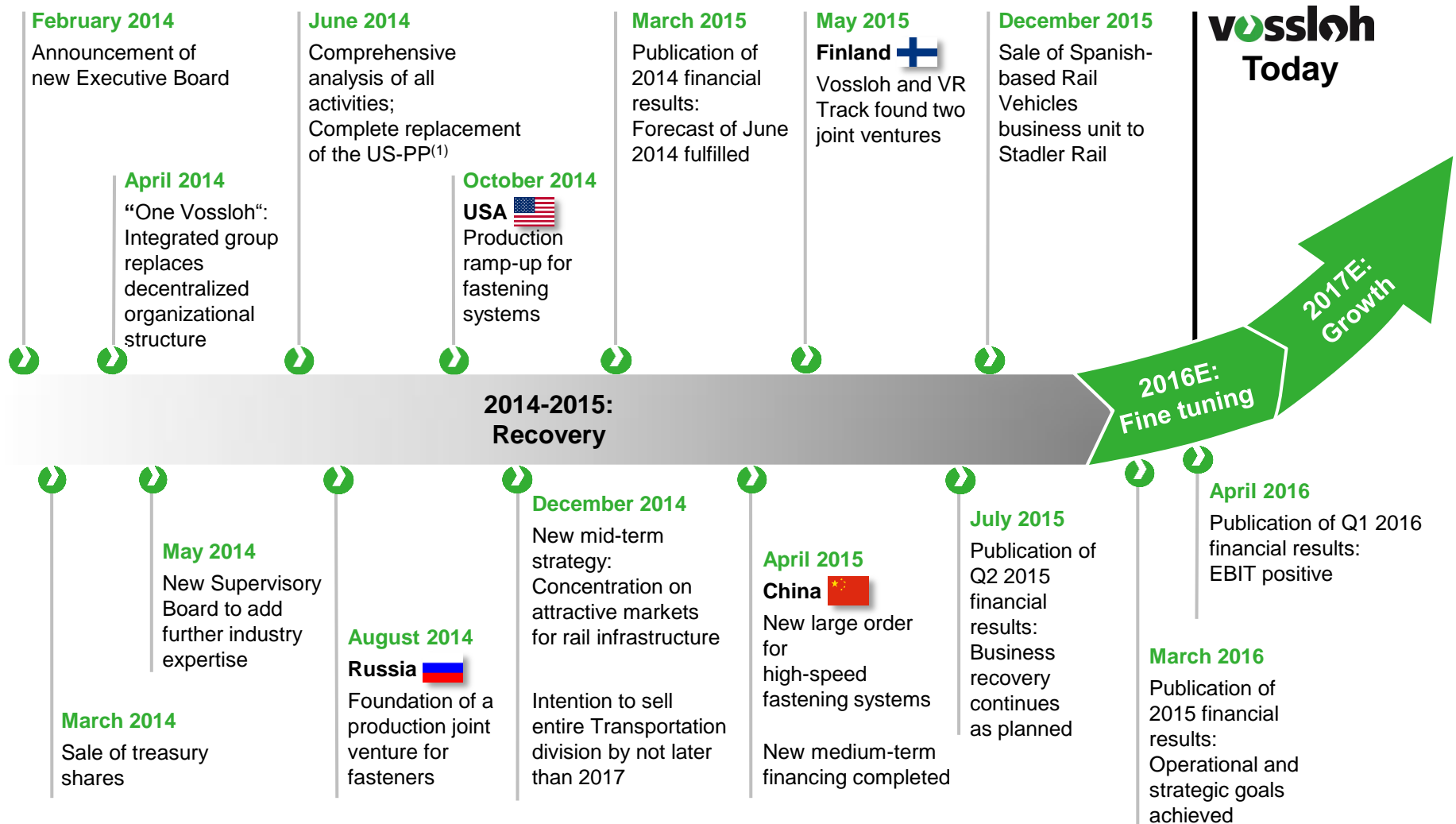
EBIT



EBIT margin



Vossloh in transformation 2014-2017E



Transformation on track

2015: Recovery and normalization of business development

Goals set are achieved



Positioning in core business strengthened



Financial flexibility increased



Transformation into rail infrastructure company getting ahead

Strategic milestone: Disposal of Rail Vehicles



Vossloh Locomotives stabilized



Significant progress at Vossloh Electrical Systems



2016: Preparing for growth

One Vossloh: Networked, lean, communicative



Stabilizing/ firming leading position in rail infrastructure



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3. Financial overview

4. Appendix

Key investment highlights

1

Global player with a leading market position

2

Sustainable growth market with high entry barriers

3

Technology leadership with integrated portfolio tailored to market demands

4

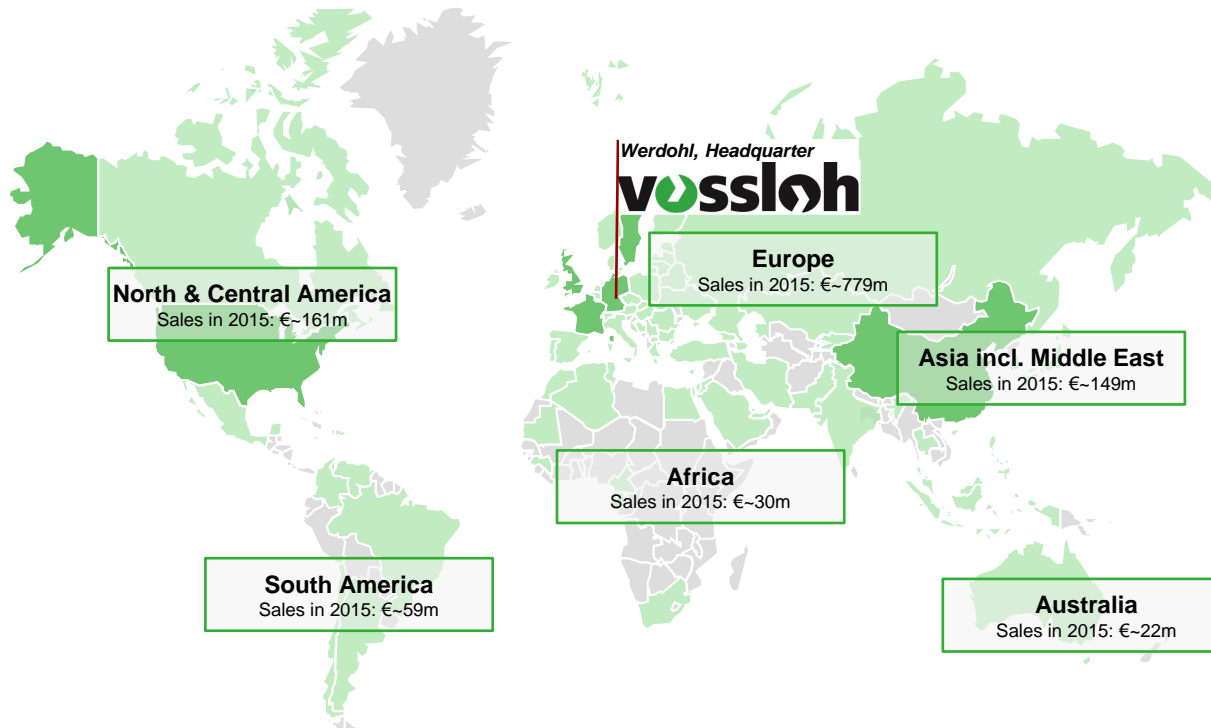
Strict focus on core business, firm cost management and profitability

5

Highly qualified and experienced management

Established global player with strong local footprint in focus markets

Vossloh generates revenue in more than 80 countries across 6 continents

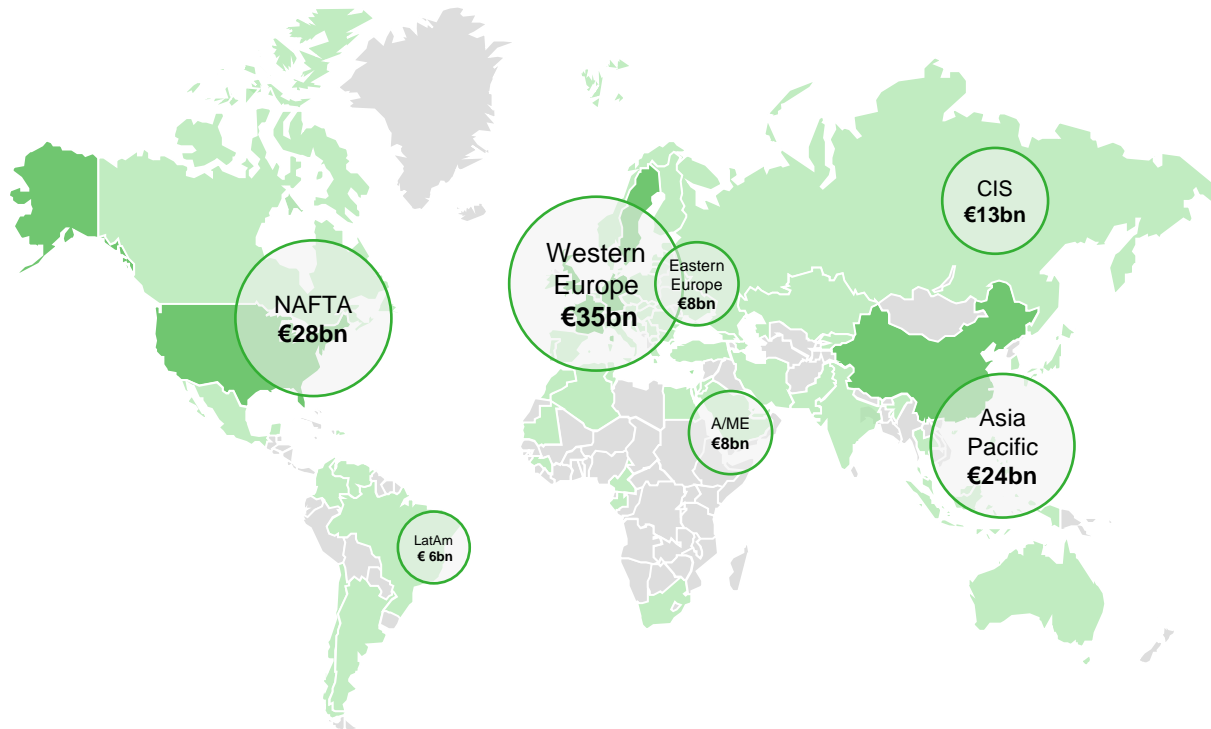


- German and French engineering excellence
- Global presence with strong local footprint
- Focus markets: Western Europe, China, USA, Russia
- Additional attractive individual markets: Australia, Brazil, Canada, Middle East, Northern Europe and STAN⁽¹⁾ countries

■ Countries with Vossloh sales > €50m in 2015
 ■ Countries with Vossloh sales < €50m in 2015

Large accessible market with attractive growth across all key regions...

Overview of accessible market (2017E-2019E)



■ Countries with Vossloh sales > €50m in 2015

■ Countries with Vossloh sales < €50m in 2015

○ Average overall market volume projection by region per year for 2017E-2019E

Attractive growth across all key regions

	CAGR ⁽¹⁾ (2011-2013 – 2017E-2019E)
Western Europe	+2.2%
NAFTA	+3.7%
Asia Pacific	+4.2%
CIS	+0.8%
Eastern Europe	+1.3%
Africa/Middle East	+1.4%
Latin America	+5.7%
Total	+2.8%

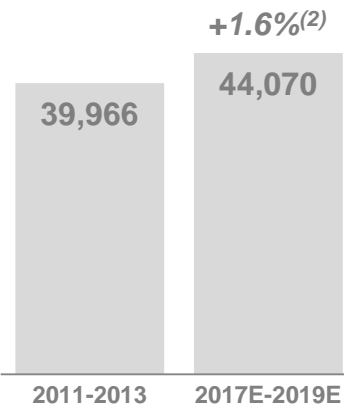
Western Europe, NAFTA and Asia Pacific are by far the largest markets for rail technology:

- **Western Europe** is the largest and most mature rail technology market accessible to EU suppliers
- **Asia Pacific** expected to return to significant growth with largest contribution coming from China
- **NAFTA** expected to strongly grow in coming years led by the U.S.

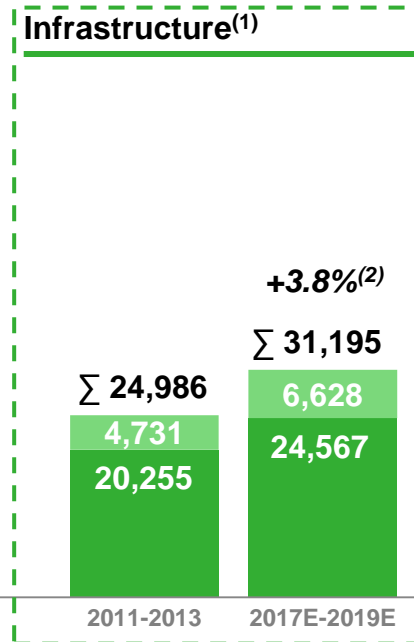
...with Vossloh's core market outgrowing total market

Rolling Stock⁽¹⁾

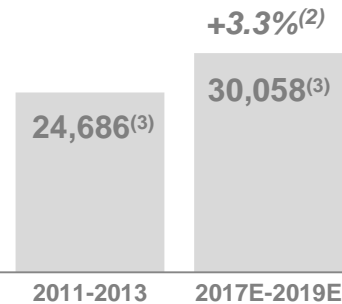
€m



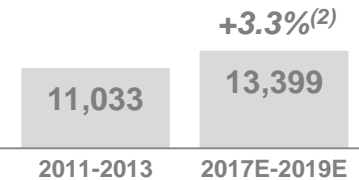
Infrastructure⁽¹⁾



Services⁽¹⁾



Rail Control⁽¹⁾



■ Infrastructure ■ Infrastructure Services ▭ Vossloh focus

Key industry trends

- **Steady growth** through **expected higher order volumes** from operators and infrastructure managers through 2017E-2019E
- **Sustainable growth** through **long-term macro trends** such as **urbanization and increasing demand for mobility, population growth, energy scarcity** and **environmental concerns**
- **Deregulation, standardization, liberalization, innovative technologies** and other sector specific trends drive growth in the medium- to long-term

Strong and defendable market position of Vossloh

Multiple entry barriers

Defendable market share of Vossloh

Proven track record

- >100 years of operations in the rail supply industry
- Industry standard technology

Strict approval procedures / Homologation

- Large number of certifications allow a product and service offering for all key applications and regions
- High time to market for innovations

High quality standards

- Customer approved and innovative product portfolio
- Comprehensive and continuous R&D efforts

System competence

- Specialized product range qualifying for most applications worldwide
- Broad pattern portfolio

Strong customer & supplier relationships

- Tailor-made customer solutions for the full rail lifecycle
- Landmark deals (e.g. Eurotunnel, high-speed line between Beijing and Shanghai, etc.)
- Long-standing supplier network

Integrated products and services covering the entire lifecycle of the rail

Core Components

- One of the two leading manufacturers for fastening systems worldwide
- Production sites in Germany, China, Poland, the USA and Russia⁽¹⁾
- Proven industry standard
- Fastening systems apply for all kind of track systems
- Installed in >65 countries on more than 100,000km

Product business



Customized Modules

- One of the two leading manufacturers for switches worldwide
- Local presence in 20 countries foster optimized and tailor-made customer solutions
- Complementary offering through safety equipment, signalling systems and monitoring products

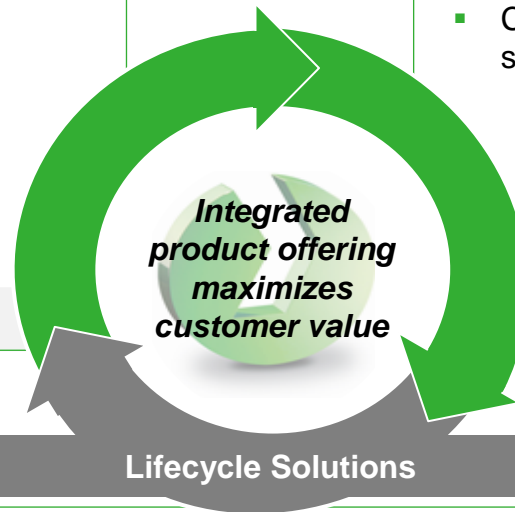
Project business



Lifecycle Solutions

- Covering the entire lifecycle of the track section
- Offering includes: Rail and switch maintenance services, rail and switch logistics as well as stationary welding

Service business



Leading product and service offering continuously proven in various successful projects worldwide

Selected projects

Core Components

High-speed railway lines in China



Year: Ongoing

Country: China 

Description: Equipment of rail fastening system for the high-speed lines in China, e.g. 2009 a high-speed line between Beijing and Shanghai, with a track of 1,318km one of the longest high-speed lines in the world

Highlights: The adjustable fastening system provided by Vossloh permits speeds over 300 km/h and captures the enormous forces generated on the track through an elastic superstructure

Customized Modules

Eurotunnel



Year: 2007

Country: England 

Description: Replacement of 14 switches on the Eurotunnel line running under the English Channel

Highlights: Replacement of the switches, each weighing 130 tonnes, within a time frame of 20 hours

Lifecycle Solutions

Maintenance project with Deutsche Bahn



Year: 2015-2018

Country: Germany 

Description: Rail and switch maintenance of track sections of the rail connection between Leipzig and Dresden

Highlights: The initial three-year reference project proves the high potential of the Lifecycle Solutions business model

Vossloh offers products and services for all track systems and tailored to customer needs

Successful transitioning towards stronger competitive positioning, higher operational efficiency and profitability...

Vossloh yesterday

- Decentralized company structure
- Internationalization and focus on top-line growth
- Financing via expensive US-PP; short-term refinancing requirements
- Supervisory Board with family representatives

Vossloh today

- Executive Board taking over operational leadership responsibility
- Organizing products and services along clearly defined business models
- “One Vossloh”: Cross-divisional and cross-task communications, information and actions, setting free synergies and increasing speed
- Gain and secure sustainable growth by focusing on key markets
- Pursuing value-oriented growth and cash generation
- Sustainable working capital optimization
- Financing at attractive, historically low interest rates
- Flexible and secure financing framework
- Entrepreneurial Supervisory Board: Comprehensive, in-depth industry experience

Clearly defined operative criteria...

... led to strategically focus on rail infrastructure...

...resulting in positive impact on key metrics

Products & Services	Leading market position	No. 1- / no. 2 positions achievable worldwide
	Global demand	All significant world regions
	Growth	Above-average growth potential
	Market entry barriers	Several years, high technological standards
	Cyclicalit	Low; large-part financing through public sector
	Profitability	Attractive EBIT margin
Markets	Medium to large markets	Infrastructure revenues: \geq €300 million per country
	Market access	Good market access to the significant customers
	Proximity target portfolio	Synergy potential with existing activities

Product business

Project business

Service business


Economic value added


Sales growth


EBIT margin

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Sound revenue development in 2015, EBIT significantly improved

Overview of group financials (1/2)

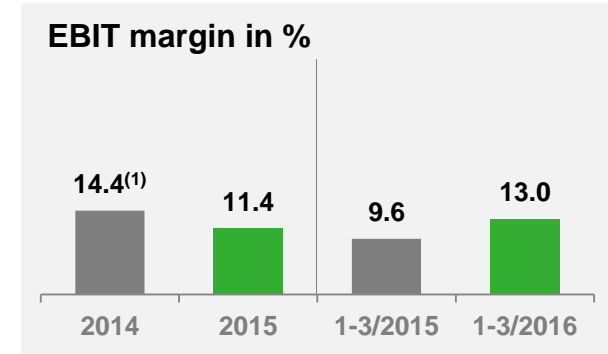
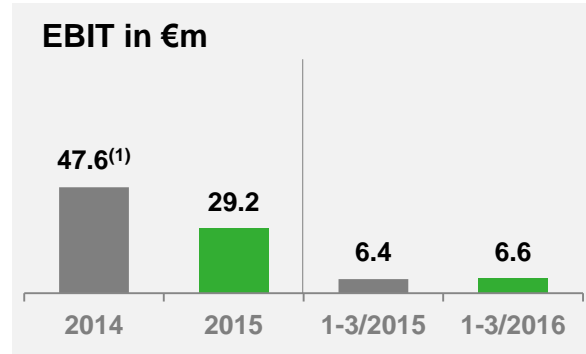
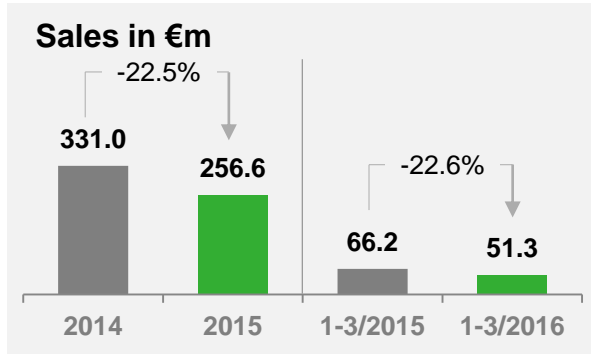
		2014/ 12/31/2014 ⁽¹⁾	2015/ 12/31/2015	1-3/2015/ 3/31/2015 ⁽¹⁾	1-3/2016/ 3/31/2016	Comment on full year 2015	Comment on Q1 2016
Net Sales	€m	1,100.8	1,200.7	259.8	240.1	Sales + 9.1%; sales figure exceeds forecast corridor due to unexpectedly strong Q4/2015	Typical reserved start to the business year; sales below previous year due to revenue shifts between the quarters
EBIT	€m	-183.4 (18.8 ⁽²⁾)	45.1	-2.2	2.3 ✓		
EBIT margin	%	-16.7 (1.7 ⁽²⁾)	3.8 ✓	-0.9	1.0	Comparable EBIT margin more than doubled as a result of sales growth and efficiency enhancements	Efficiency enhancement programs taking effect: EBIT of the Group increased despite lower sales
Net income	€m	-205.7	77.8	-1.0	3.8		
Earnings per share	€	-16.46	5.42	-0.19	0.21	Earnings per share from continuing operations at €0.43	
ROCE	%	-21.7	5.6 ✓	-1.1	1.2		
Value added	€m	-267.8	-35.9	-22.2	-15.4	ROCE positive again, value added in financial year 2015 as expected still negative	
Cash flow from operating activities	€m	-42.2	107.8	-12.4	-50.5		
Cash flow from investing activities	€m	-58.3	-11.6	-12.2	-4.6	Free cash flow significantly increased due to EBIT improvement and working capital optimization	Free cash flow influenced substantially by seasonal working capital increase as well as special tax matters in the previous year
Cash flow from financing activities	€m	103.7	-77.0	10.8	32.8		
Free cash flow⁽³⁾	€m	-98.5	66.1 ✓	-24.6	-55.1	Book-to-bill in all business units ~1, only at Vossloh Electrical Systems 0.6	Orders received significantly above previous year; book-to-bill in all core divisions >1
Orders received	€m	1,149.6	1,089.8	265.5	289.6 ✓		
Order backlog	€m	1,142.1	1,031.3	1,147.7	1,080.7		

Equity clearly improved, net financial debt reduced

Overview of group financials (2/2)

		2014/ 12/31/2014 ⁽¹⁾	2015/ 12/31/2015	1-3/2015/ 3/31/2015 ⁽¹⁾	1-3/2016/ 3/31/2016	Comment on full year 2015	Comment on Q1 2016
Total Equity	€m	349.6	428.7	353.5	426.4	Total equity additionally strengthened by book gain from the sale of Rail Vehicles	Total equity markedly increased compared to previous year, among other things, due to gain from the sale of Rail Vehicles in Q4/2015
Equity ratio	%	21.8	31.2 ✓	21.5	31.4 ✓		
Working capital (Ø)	€m	258.3	251.8	242.7	234.0	Ø Working capital fell slightly despite sales increase	
<i>Working capital intensity (Ø)</i>	%	23.5	21.0	23.4	24.4		
Closing working capital	€m	226.5	210.2 ✓	259.0	257.7	Ø Capital employed lower due to first-time full-year effect from goodwill impairment in Switch Systems business unit as well as amortization of capitalized development costs at Vossloh Locomotives in mid 2014	
Capital employed (Ø)	€m	844.2	809.7	799.1	787.8		
Closing capital employed	€m	775.3	768.5	822.9	807.1	Net financial debt significantly lowered due to cash inflow from the sale of Rail Vehicles and cash flow improvement from operating activities	Net financial debt lower compared to previous year primarily due to strong free cash flow in 2015 as well as cash inflow from the sale of the Spanish locomotive business
Net financial debt	€m	283.0	200.1 ✓	298.9	267.8		

Core Components: Sales declined, significant increase in profitability in 2016



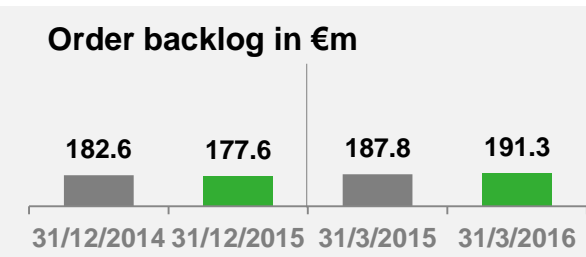
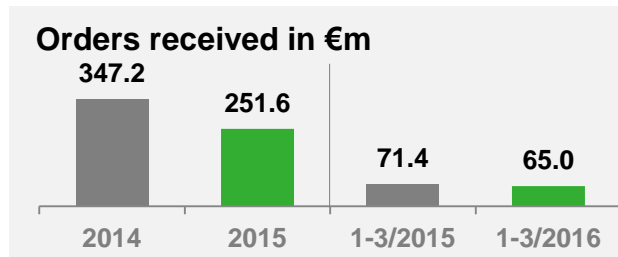
Comment on full year 2015

- Orders received decreased as expected; strong book-to-bill in China
- Costs adjusted to intensified competitive environment
- Decrease in Ø working capital (€68.8m following €76.0m) and Ø capital employed (€125.1m following €128.6m)
- Large orders received from China (> €70m) and Italy



Comment on Q1 2016

- Lower sales as compared to the previous year due to reduced sales in China and Saudi Arabia
- EBIT margin improved as a result of higher margin project mix, i.a., in China as well as positive effects from implementation of cost reduction measures
- Important orders received for urban rail projects from Riyadh (Saudi Arabia) and Doha (Qatar); book-to-bill at 1.27



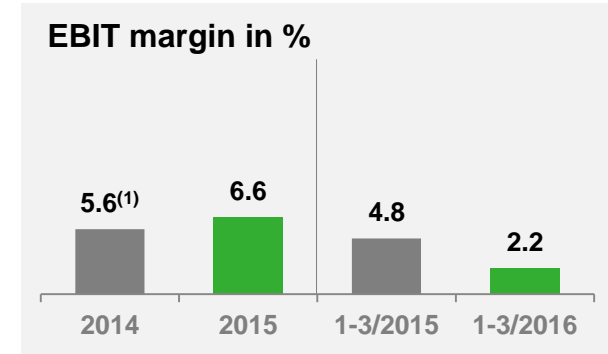
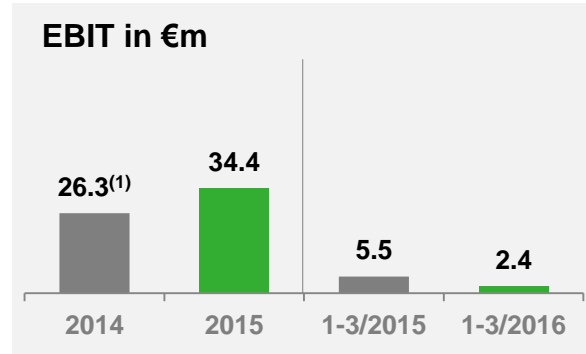
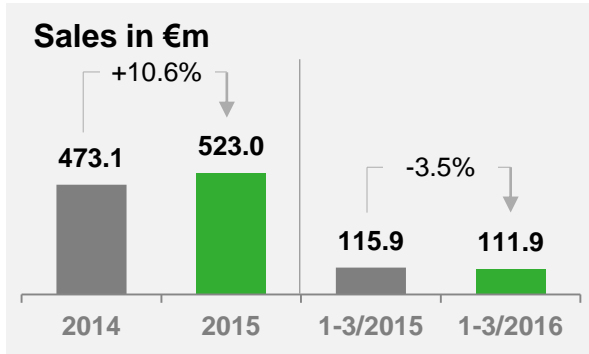
2015 ROCE: 23.3% (2014: 45.7%)

1-3/2016 ROCE: 24.0% (1-3/2015: 19.9%)

2015 Value added: €16.6m (2014: €45.9m)

1-3/2016 Value added: €4.2m (1-3/2015: €3.2m)

Customized Modules: Increase in sales of over 10%, distinct rise in profitability in 2015



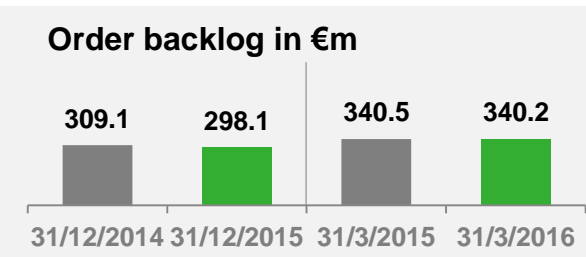
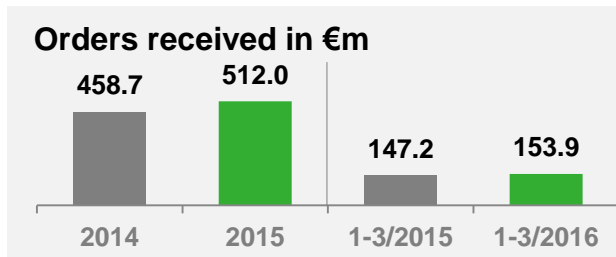
Comment on full year 2015

- Positive sales development especially in Northern Europe (Sweden and Finland) as well as in Italy, Brazil and Morocco
- New orders from France, the USA and Sweden
- Increase in Ø working capital (€141.1m following €129.0m) as a result of higher sales; Ø capital employed declined slightly (€427.1m following €431.7m) due to goodwill impairment in H2/2014



Comment on Q1 2016

- Moderate sales decrease due, among other things, to lower revenues in the USA and in Poland; positive sales development in France and in Israel
- EBIT and EBIT margin burdened by weaker business in the USA as well as one-time penalty charge notice delivered in March, 2016
- Important new orders received from France, the USA, Morocco and Sweden



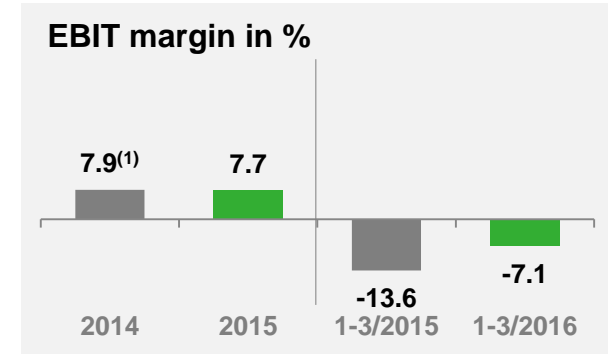
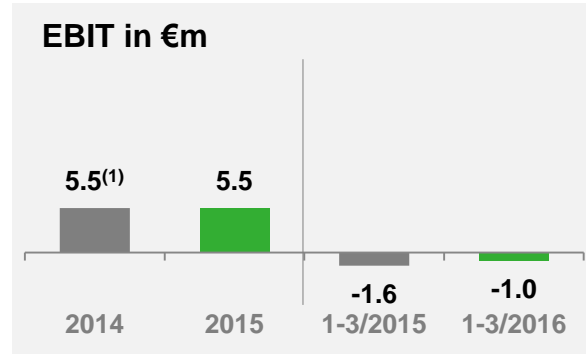
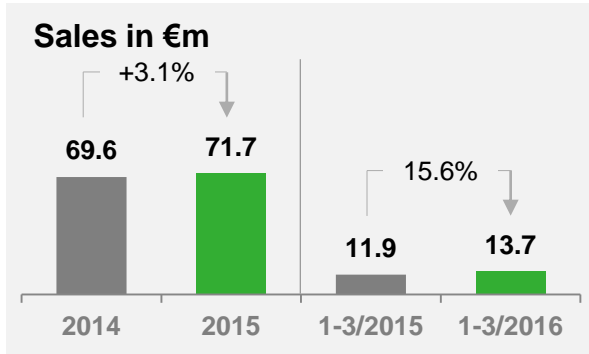
2015 ROCE: 8.1% (2014: -11.7%)

1-3/2016 ROCE: 2.3% (1-3/2015: 5.3%)

2015 Value added: -€8.3m (2014: -€94.0m)

1-3/2016 Value added: -€7.0m (1-3/2015: -€4.9m)

Lifecycle Solutions: Internationalization of the division gaining momentum



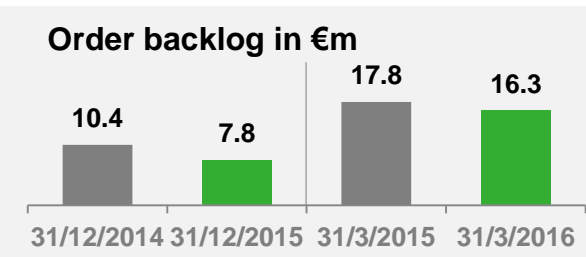
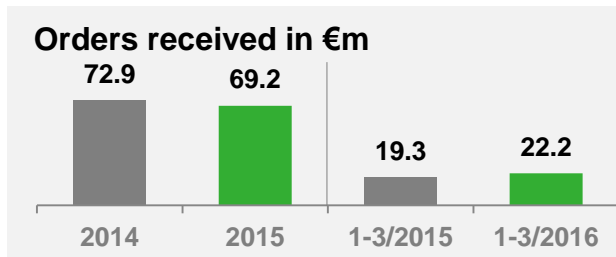
Comment on full year 2015

- Sales increase due to sound order situation for stationary services and first-time consolidation of Finnish joint venture
- Slight increase of Ø working capital (€9.9m following €9.6m) and Ø capital employed (€122.0m following €114.9m)
- New order for track maintenance in Croatia, foreign share of sales ~30% (in prior year less than 20%)



Comment on Q1 2016

- Significant increase in sales as a result of positive business development in Northern Europe, particularly in Sweden and due to consolidation in Finland
- Rail Center Services and Transport/Logistik segments positively influenced by higher maintenance tasks at Deutsche Bahn
- Extension of collaboration with Deutsche Bahn in terms of the lifecycle approach



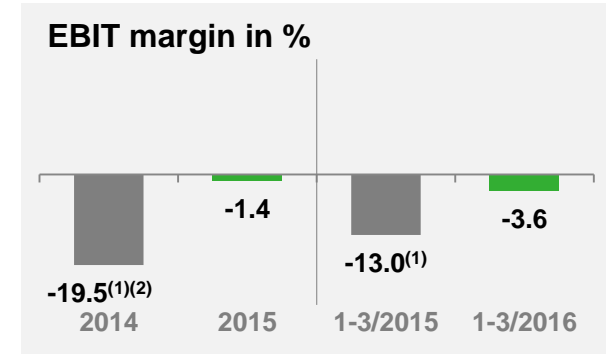
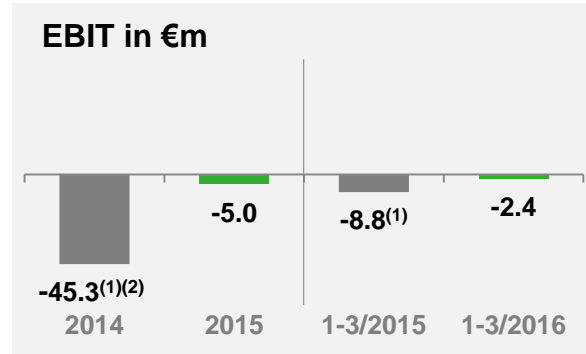
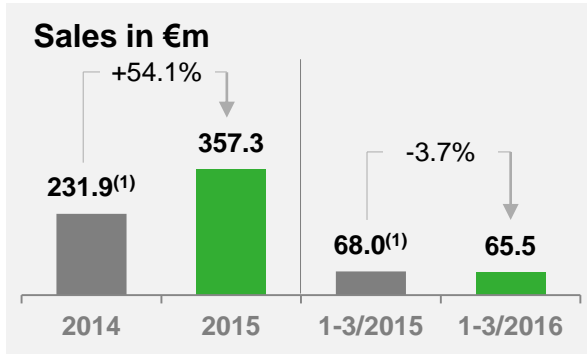
2015 ROCE: 4.5% (2014: 3.1%)

1-3/2016 ROCE: -3.1% (1-3/2015: -5.6%)

2015 Value added: -€6.7m (2014: -€8.0m)

1-3/2016 Value added: -€3.9m (1-3/2015: -€4.5m)

Transportation: Substantial sales growth and improved earnings development



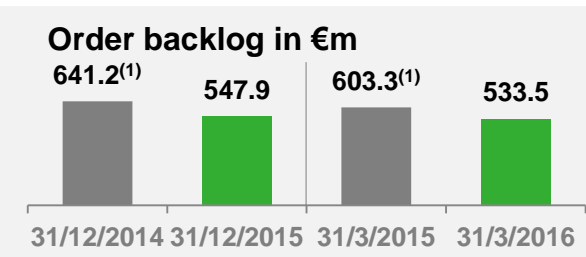
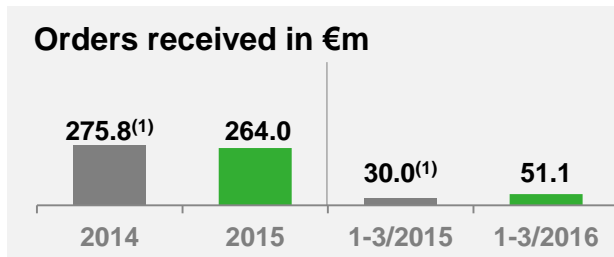
Comment on full year 2015

- Sales: Vossloh Electrical Systems +73.5%, Vossloh Locomotives +21.6%
- Successful and continuing implementation of the ongoing program of measures leads to sustainably improved earnings situation
- Decrease in Ø working capital (€35.2m following €46.3m⁽¹⁾) and Ø capital employed (€127.4m following €157.3m⁽¹⁾), ROCE significantly improved



Comment on Q1 2016

- Sales compared to the previous year at Vossloh Electrical Systems +€3.9 million, at Vossloh Locomotives -€6.0 million
- EBIT and EBIT margin significantly improved as a result of systematic implementation of restructuring measures
- Rise in orders received in Electrical Systems as a result of follow-up order of 25 vehicles for Karlsruhe



2015 ROCE: -3.9% (2014: -104.3%)

1-3/2016 ROCE: -7.6% (1-3/2015⁽¹⁾: -27.8%)

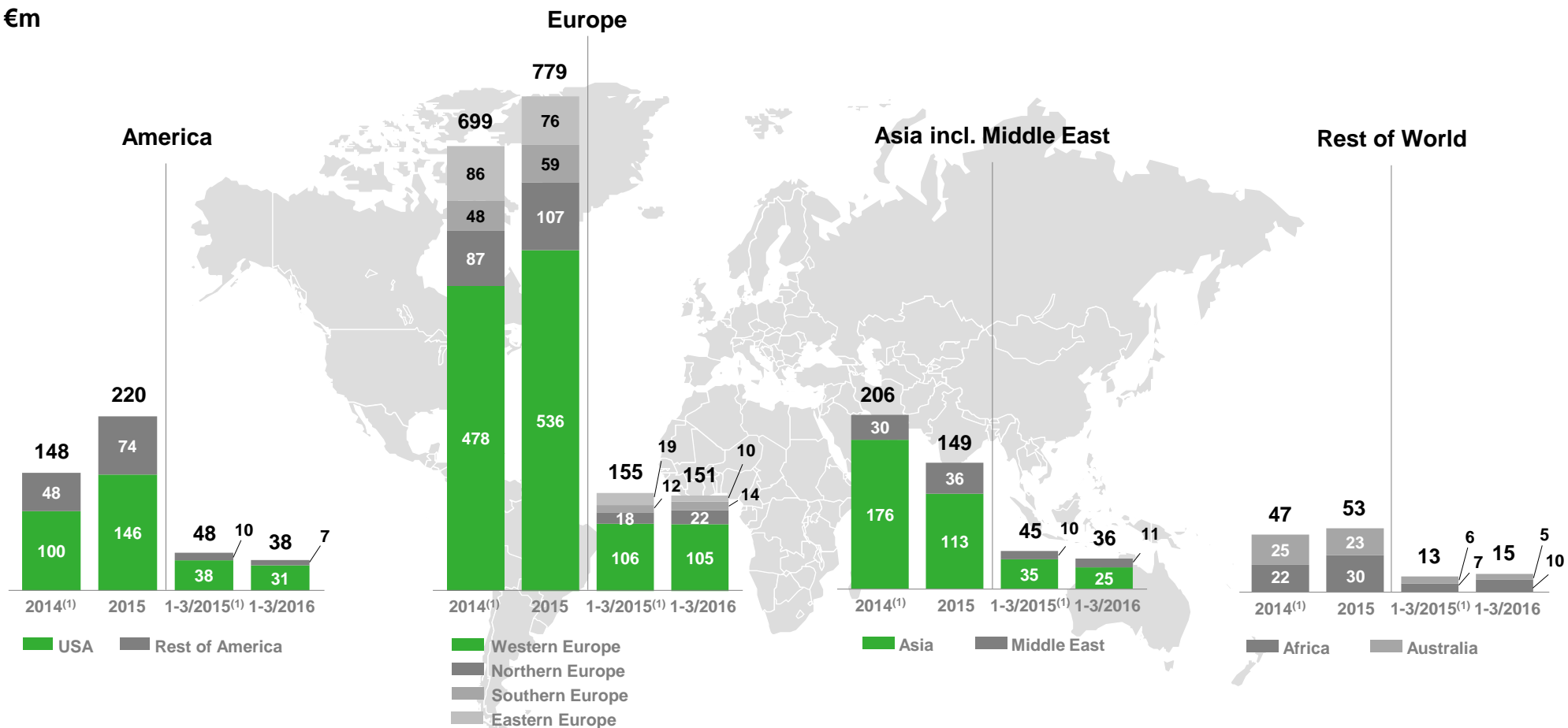
2015 Value added: -€17.7m (2014: €-179.7m)

1-3/2016 Value added: -€5.2m (1-3/2015⁽¹⁾: -€12.0m)

Sales growth very high in focus markets USA and Western Europe in 2015

Overview of regional sales

€m



Outlook confirmed – Ongoing improvement expected

Vossloh Group

2016e⁽¹⁾

- **Sales of between €1.2 billion and €1.3 billion (2015: €1,200.7 million)**; particularly strong sales growth at Core Components expected
- **EBIT margin of between 4.0 percent to 4.5 percent (2015: 3.8%)**; margin improvement at Lifecycle Solutions; Core Components and Customized Modules roughly at the same level as in the prior year, Transportation shall provide positive figures, again
- **Value added** is to improve significantly, but will remain negative overall

2017e⁽¹⁾

- **EBIT margin of between 5.5 percent and 6.0 percent** on the basis of the current Group structure, significantly higher profitability in the targeted portfolio structure not including the Transportation division

Rail technology market

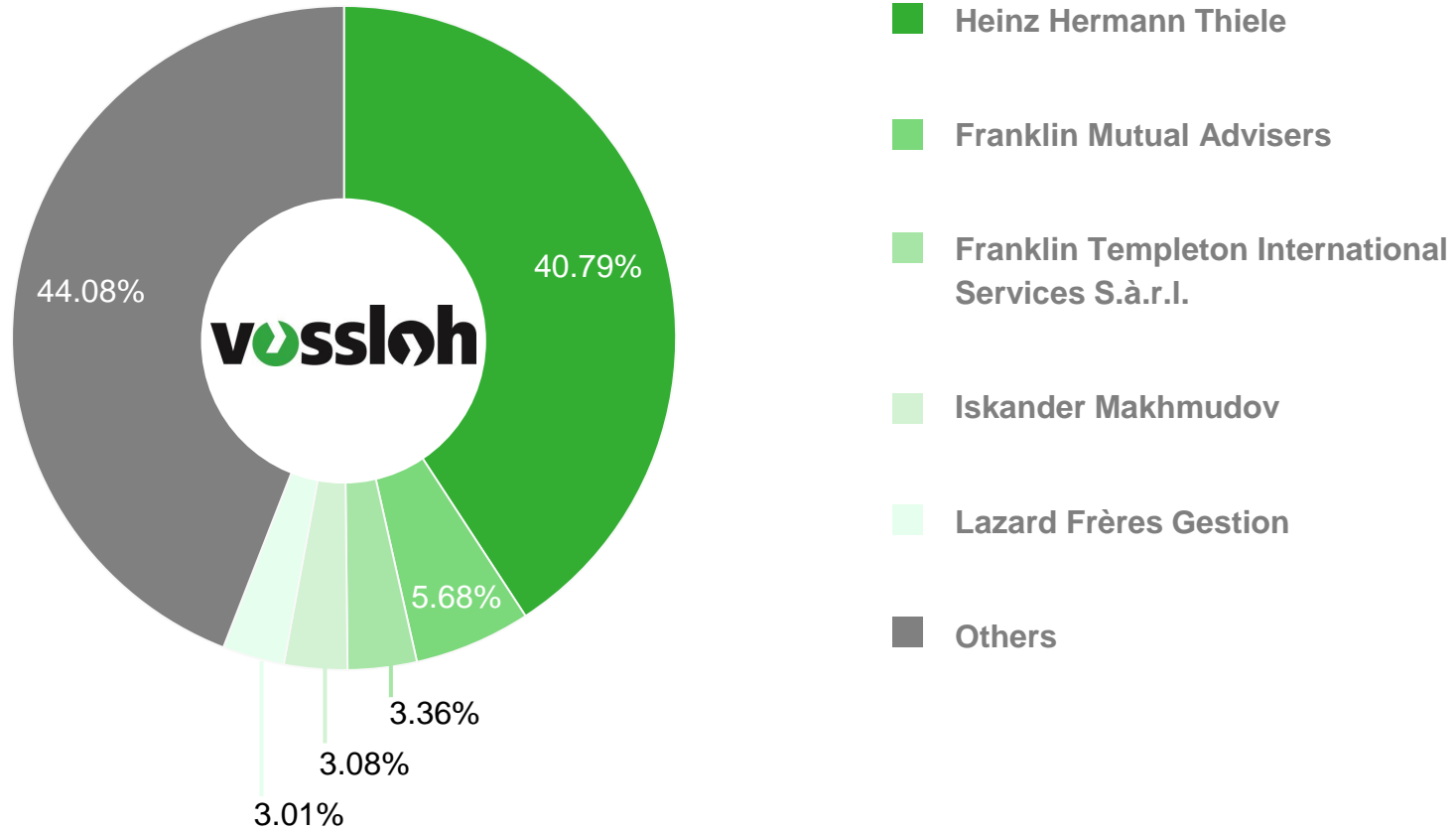
2014 – 2019⁽²⁾

- Continuous growth in rail technology market with **2.8 percent CAGR** expected
- Relevant accessible markets for rail infrastructure and infrastructure services growing at an above-average rate of **3.8 percent** annually

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- 4. Appendix**

Overview of ownership structure



Leading market position continuously proven in various projects worldwide (cont'd)

Core Components

High-speed railway line in the desert



Year: 2013
 Country: Saudi Arabia 
 Product: Track fasteners

Description:

- First high-speed railway line through the Saudi Arabian desert combining Mecca with Medina

Highlights:

- High quality track fasteners ensure a safe rail solution in a region characterized by extreme day-night temperature differences

Customized Modules

Switch for high axle loads



Year: since 2012
 Country: Sweden 
 Product: Switches + Logistics

Description:

- Lifecycle contract for provision, installation and maintenance of switches


Highlights:

- Production of pre-assembled switches, on-site delivery, installation reconditioning and recycling
- Switch replacement within 8 hours in co-operation with Lifecycle Solutions

Lifecycle Solutions

High Speed Grinding-city (HSG)



Year: 2015
 Country: Germany 
 Product: Maintenance grinding

Description:

- Preventive grinding of 350 km local light rail for the city of Düsseldorf

Highlights:

- No timetable disruption thanks to high working speed of 60 km/h
- Extension of rail durability and substantial reduction of noise

Urban transportation



Year: 2013
 Country: China 
 Product: Track fasteners / switches

Description:


- Supply of track fasteners / switches for a 18 km long tram in line in the city of Suzhou

Highlights:

- Integration of components into existing track network
- Reduction of noise and stray-current corrosion

High-speed railway line LGV Est européenne



Year: 2007
 Country: France 
 Product: Switches

Description:

- 100 complete switches and points along a 340 km ballast line

Highlights:

- Allowing a new speed record of 560 km/h on this route

High-speed railway line Beijing-Shanghai



Year: 2013
 Country: China 
 Product: Maintenance grinding

Description:

- Preventive maintenance service on Beijing-Shanghai line

Highlights:

- First private-sector company providing infrastructure maintenance services in China
- Application of HSG technology for preventive rail grinding work

Financial calendar and contact

Financial calendar

- May 25, 2016 Annual General Meeting
- July 27, 2016 Interim report as of June 30, 2016
- September 22, 2016 Press conference – InnoTrans
- September 23, 2016 Meeting with investors/analysts – InnoTrans
- October 27, 2016 Interim statement/Interim report as of September 30, 2016

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