Report on the financial year 2015

March 17, 2016, Frankfurt

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Disclaimer

Note:

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Vossloh Group: Driving transformation

2015: Recovery and normalization of business development

Goals set are achieved	▪ Group sales growth significantly stronger than rail technology market ▪ Earnings, margin and cash flow improved considerably ▪ Operational development back on track
Positioning in core business strengthened	▪ Two joint ventures with subsidiary of the Finnish state-owned railway VR Group ▪ Manufacturing for rail fasteners in Waco, USA, in full operation ▪ New manufacturing facility for cavity filling elements in China starts operation ▪ Joint venture in Russia to pick up operation, as planned, in summer 2016, local presence ensures direct market access ▪ New Vossloh North America headquarters opened in Charlotte, North Carolina
Financial flexibility increased	▪ Successful conclusion of a syndicated loan of €500 million, sound financial foundation, greater flexibility, lower interest costs ▪ Strengthening of the financial position through cash inflow from divestment of the Rail Vehicles business unit and improvement in free cash flow from operating activities

Vossloh Group: Driving transformation

Transformation into rail infrastructure company getting ahead

Strategic milestone: disposal of Rail Vehicles	▪ Disposal of Rail Vehicles to Stadler Rail AG with effect from the end of December 31, 2015 ▪ Equity value €172 million (purchase price plus assumption of intra-company loan); EBIT multiple > 10; all strategic and financial criteria met ▪ Book gain from sale increases equity; net financial debt significantly reduced also due to cash inflow from disposal
Vossloh Locomotives stabilized	▪ Economic situation of Vossloh Locomotives substantially improved ▪ Orders received of €71.9 million in Q4/2015; 48 locomotives supplied in 2015 ▪ Commissioning of new, modern locomotive plant in Kiel in the second half of 2016 allows for optimized, efficient production processes: reduction of production time for a standard locomotive to between six and nine months
Significant progress at Vossloh Kiepe	▪ Vossloh Electrical Systems profitable, again, good progress achieved in all important projects in 2015 ▪ Comprehensive restructuring allows for sustainably successful focusing on electrical drive systems ▪ Processing of orders in Hanover and Wuppertal progressing as planned

Vossloh Group: Shaping the future

2016: Preparing for growth

One Vossloh: networked, lean, communicative	▪ Optimization of competitiveness through reduction of complexities ▪ Increasing efficiency through lean structures and bundling of superordinate activities of the core divisions in “competence locations”: Werdohl for Core Components, Reichshoffen for Customized Modules and Hamburg for Lifecycle Solutions ▪ Cross-divisional development of solutions for customer needs and integrated service provision: shared core division projects in Sweden / India ▪ Shared offices for core divisions, i. a., in Russia, China, USA
Leader in rail infrastructure	▪ Focus on technological leadership and integrated service offerings fully in line with customer requirements ▪ Continuing strict cost management: reduction in the number of companies and locations worldwide ▪ Growth, organic as well as through targeted acquisitions; in focus: value enhancement and strategic development of the core divisions

Vossloh Group, financial year 2015

Sales and earnings development significantly recovered

		2014*	2015
Net Sales	€ million	1,100.8	1,200.7
EBIT	**€ million**	**-183.4 (18.8**)**	**45.1**
EBIT margin	**%**	**-16.7 (1.7**)**	**3.8** ✓
Net income	€ million	-205.7	77.8
Earnings per share	€	-16.46	5.42
ROCE	**%**	**-21.7**	**5.6** ✓
Value added	**€ million**	**-267.8**	**-35.9**
Cash flow from operating activities	€ million	-42.2	107.8
Cash flow from investing activities	€ million	-58.3	-11.6
Cash flow from financing activities	€ million	103.7	-77.0
Free cash flow	**€ million**	**-98.5**	**66.1** ✓
Orders received	**€ million**	**1,149.6**	**1,089.8**
Order backlog	€ million	1,142.1	1,031.3

Sales + 9,1%; sales figure exceeds forecast corridor due to unexpectedly strong Q4/2015

Comparable EBIT margin more than doubled as a result of sales growth and efficiency enhancements

Earnings per share from continuing operations at €0.43

ROCE positive again, **value added** in financial year 2015 as expected still negative

Free cash flow significantly increased due to EBIT improvement and working capital optimization

Book-to-bill in all business units ~1, only at Vossloh Electrical Systems 0.6

* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit
** Adjusted for one-time items, i.e. the elimination of those earnings effects that resulted from restructuring measures, the repositioning of individual business units and goodwill impairment, as well as adjusted for issues if they were aperiodic and/or of a non-recurring nature

Vossloh Group, financial year 2015

Equity clearly improved, net financial debt substantially reduced

		2014*	2015
Total Equity	**€ million**	**349.6**	**428.7**
Equity ratio	**%**	**21.8**	**31.2** ✓
Working capital (Ø)	€ million	258.3	251.8
Working capital intensity (Ø)	%	23.5	21.0
Closing working capital	€ million	226.5	210.2 ✓
Capital employed (Ø)	**€ million**	**844.2**	**809.7**
Closing capital employed	€ million	775.3	768.5
Net financial debt	**€ million**	**283.0**	**200.1** ✓

Total equity additionally strengthened by book gain from the sale of Rail Vehicles

Ø Working capital fell slightly despite sales increase

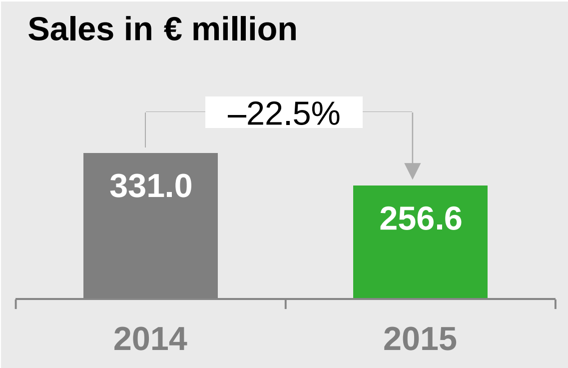
Ø Capital employed lower due to first-time full-year effect from goodwill impairment in Switch Systems business unit as well as amortization of capitalized development costs at Vossloh Locomotives in mid 2014

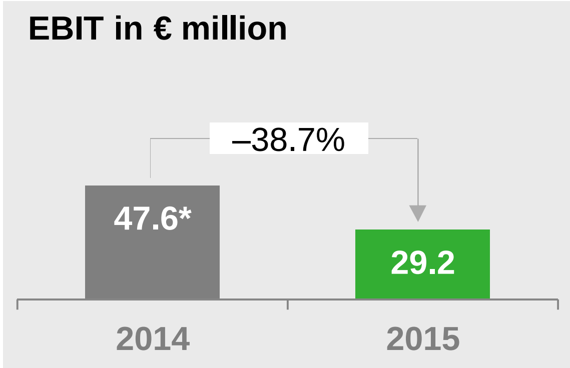
Net financial debt significantly lowered due to cash inflow from the sale of Rail Vehicles and cash flow improvement from operating activities

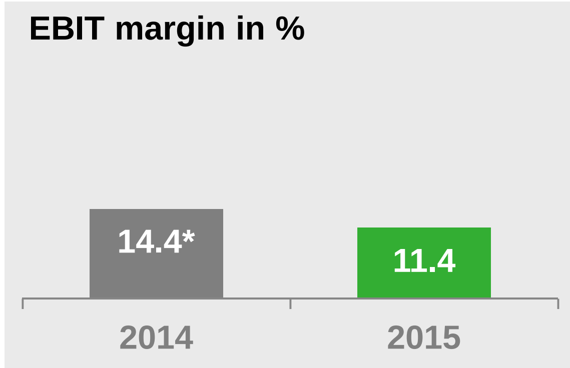
* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

Core Components division, financial year 2015

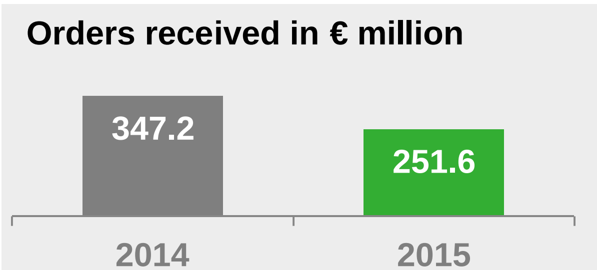
Lower sales as expected, margin remains stable in double-digits

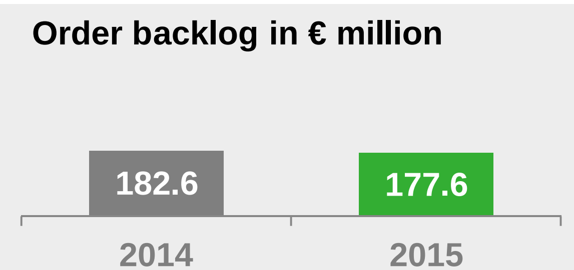






- Orders received decreased as expected; strong book-to-bill in China
- Costs adjusted to intensified competitive environment
- Decrease in Ø working capital (€68.8 million following €76.0 million) and Ø capital employed (€125.1 million following €128.6 million)
- Large orders received from China (>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





ROCE: 23.3%

Value added: €16.6 million

* Adjusted for one-time effects, in particular for the gain from the intra group sale of a company which was eliminated at Group level

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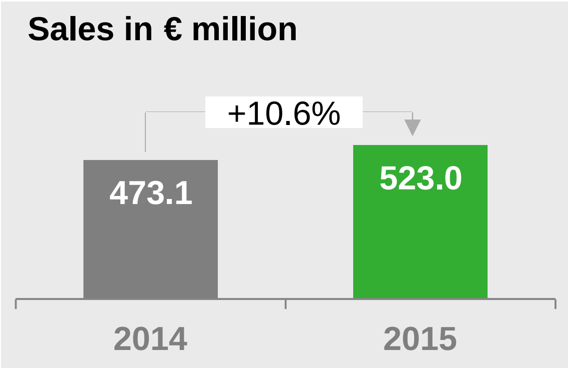
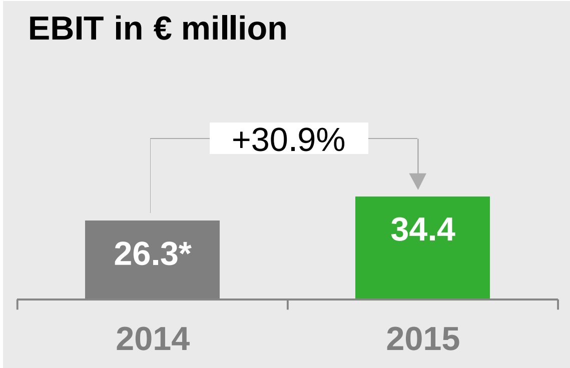
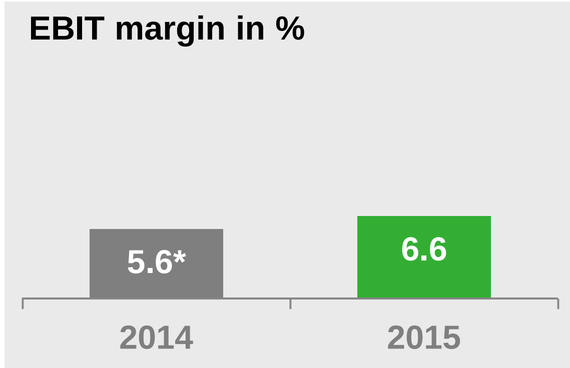
Customized Modules division, financial year 2015

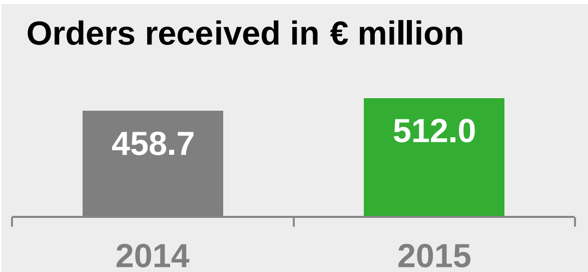
Increase in sales of over 10 percent, distinct rise in profitability

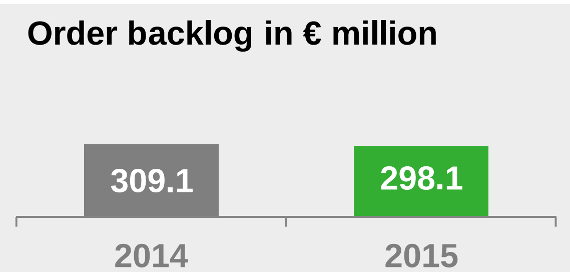






- Positive sales development especially in Northern Europe (Sweden and Finland) as well as in Italy, Brazil and Morocco
- Significant new orders from France, the USA and Sweden
- Increase in Ø working capital (€141.1 million following €129.0 million) as a result of higher sales; Ø capital employed declined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





ROCE: 8.1%

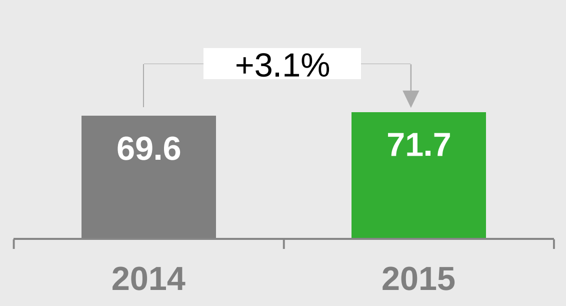
Value added: –€8.3 million

* Adjusted for one-time effects, particularly goodwill impairment

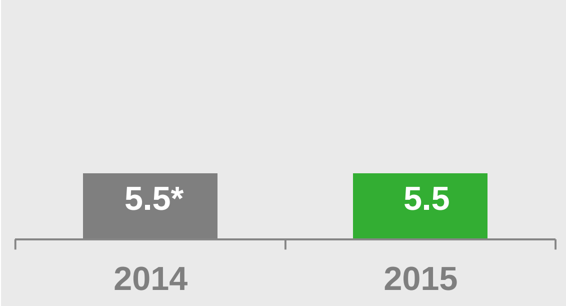
Lifecycle Solutions division, financial year 2015

Internationalization of the division gaining momentum

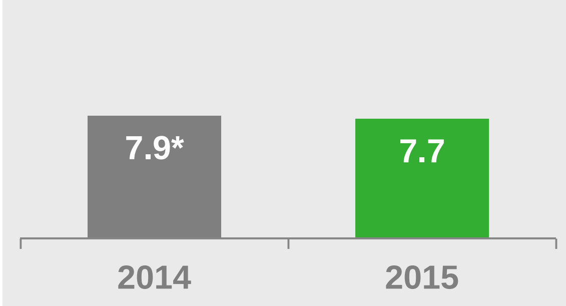
Sales in € million



EBIT in € million

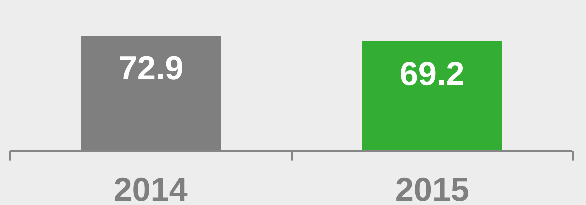


EBIT margin in %

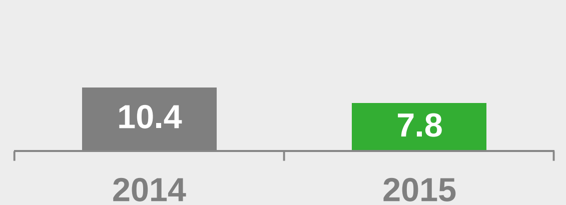


- Sales increase due to sound order situation for stationary services and first-time consolidation of Finnish joint venture
- Slight increase of Ø working capital (9.9 million following €9.6 million) and Ø capital employed (€122.0 million following €114.9 million)
- New order for track maintenance in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

Orders received in € million



Order backlog in € million



ROCE: 4.5%

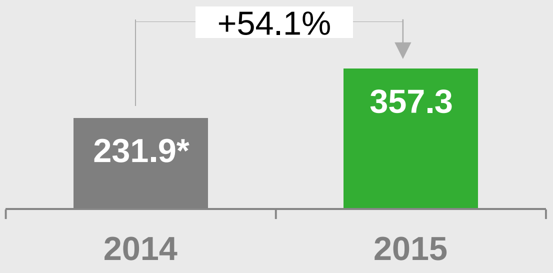
Value added: –€6.7 million

* Adjusted for one-time items

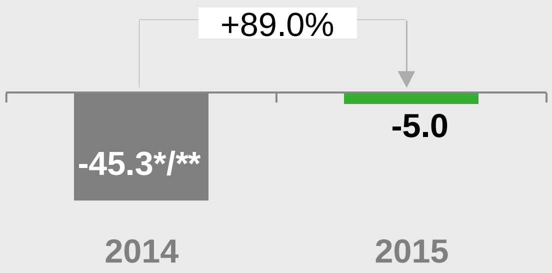
Transportation division, financial year 2015

Substantial sales growth and improved earnings development

Sales in € million



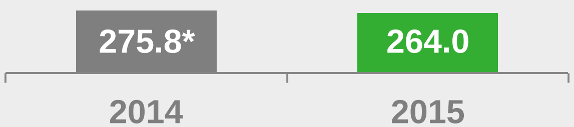
EBIT in € million



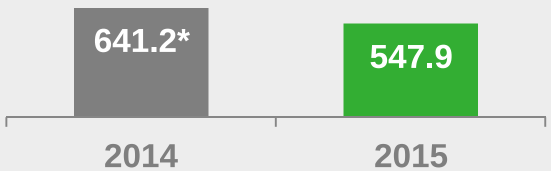
EBIT margin in %

- 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
- Noticeable decrease in Ø working capital (€35.2 million following €46.3 million*) and Ø capital employed (€127.4 million following €157.3 million*), ROCE significantly improved

Orders received in € million



Order backlog in € million



ROCE: –3.9%

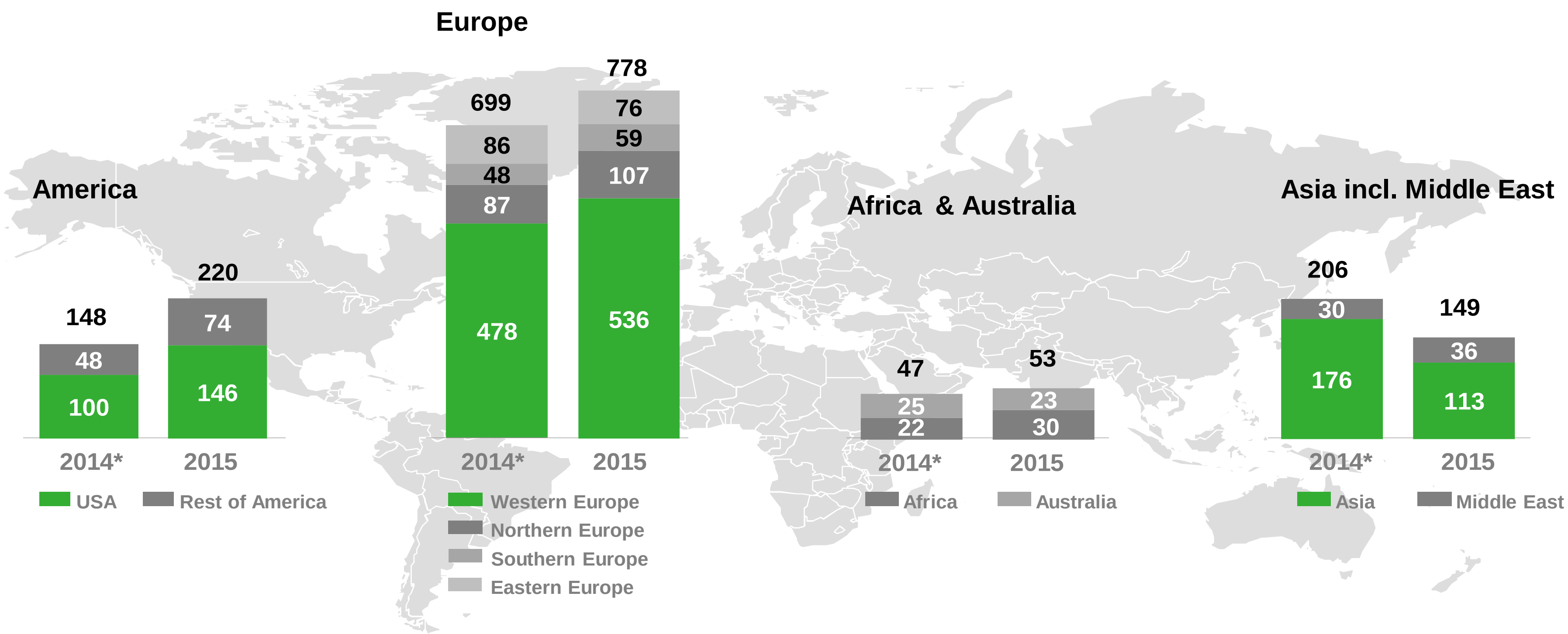
Value added: –€17.7 million

* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

** Adjusted for one-time items, which mainly resulted from the realignment and restructuring of Vossloh Locomotives and Vossloh Electrical Systems, as well as from the actualization of project calculations at Vossloh Electrical Systems

Vossloh Group, financial year 2015

Sales growth very high in focus markets USA and Western Europe



Developments in 2015

USA	+ ✓	Germany	+	Australia	-	China	-
Canada	+	France	-			Middle East	+ ✓
Argentina	+	United Kingdom	+			STAN countries	-
Brazil	+	Western Europe	+ ✓				
		Northern Europe	+ ✓				
		Russia	-				
		Italy	+				
		Poland	-				
		The Netherlands	+				

* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

Vossloh Group, Outlook

Outlook confirmed – Ongoing improvement expected

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2016e*

- **Sales of between €1.2 billion and €1.3 billion**; particularly strong sales growth at Core Components and Electrical Systems
- **EBIT margin of between 4.0 percent to 4.5 percent**; margin improvement at Customized Modules and Lifecycle Solutions, Core Components maintains double-digit margin, Transportation should provide positive figures, again
- **Value added** improved significantly, still negative overall, however

2017e

- **EBIT margin of between 5.5 percent to 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**

- 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

* On the basis of purely organic growth in the current Group structure

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

Financial calendar and contact

Financial calendar

April 28, 2016	Interim statement/Interim report as of March 31, 2016
Mai 25, 2016	Annual General Meeting
July 27, 2016	Semi-annual 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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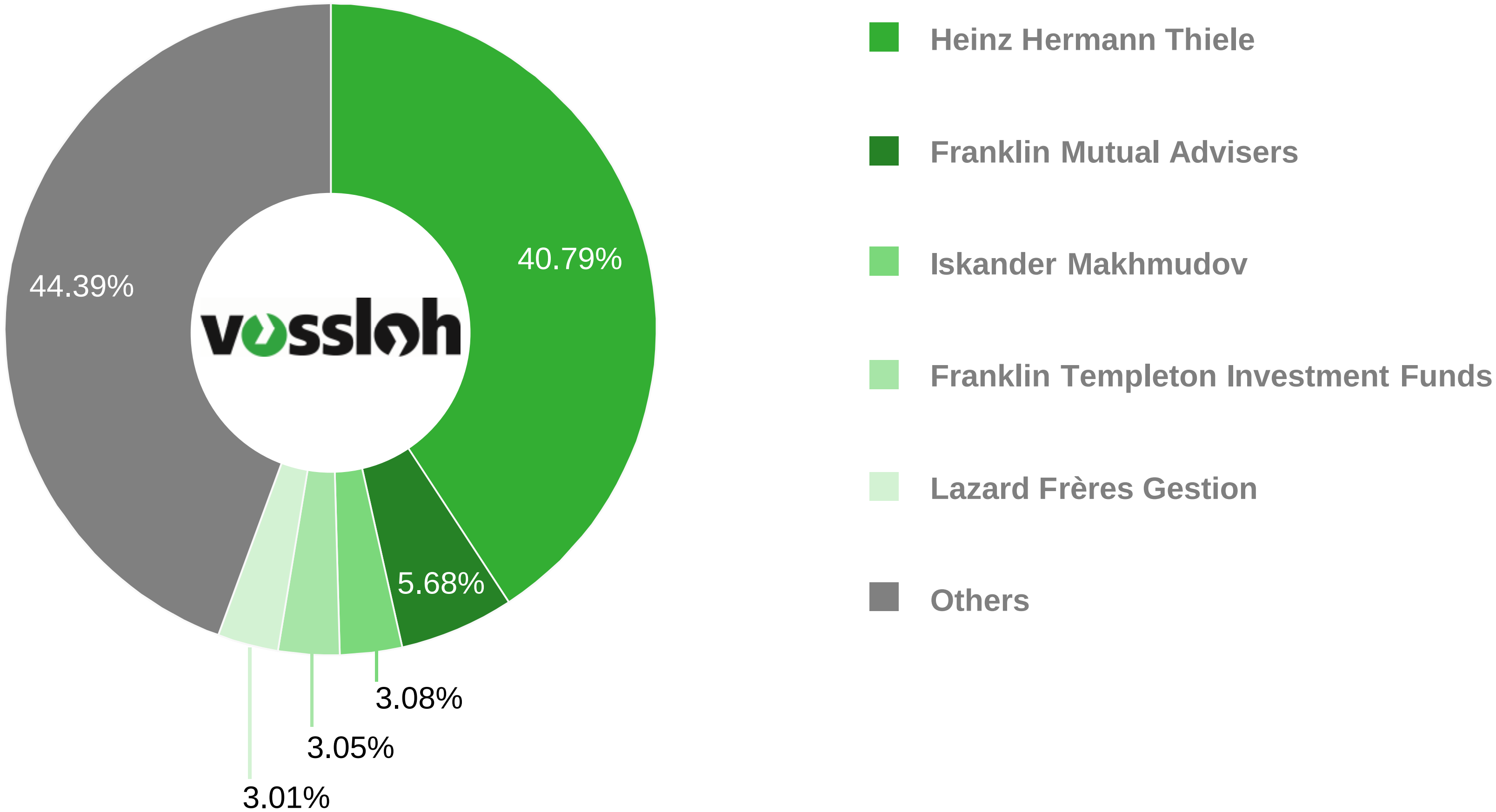
Appendix

Vossloh stock

Ownership structure



Core divisions, financial year 2015

Key figures

		Core Components		Customized Modules		Lifecycle Solutions	
		2014	2015	2014	2015	2014	2015
Sales	€ million	331.0	256.6	473.1	523.0	69.6	71.7
EBIT	€ million	47.6*	29.2	26.3*	34.4	5.5*	5.5
EBIT margin	%	14.4*	11.4	5.6*	6.6	7.9*	7.7
Working capital (Ø)	€ million	76.0	68.8	129.0	141.1	9.6	9.9
Working capital intensity (Ø)	%	23.0	26.8	27.3	27.0	13.8	13.8
Capital employed (Ø)	€ million	128.6	125.1	431.7	427.1	114.9	122.0
ROCE	%	45.7	23.3	-11.7	8.1	3.1	4.5
Value added	€ million	45.9	16.6	-94.0	-8.3	-8.0	-6.7
Orders received	€ million	347.2	251.6	458.7	512.0	72.9	69.2
Order backlog	€ million	182.6	177.6	309.1	298.1	10.4	7.8
Capital expenditure	€ million	13.5	6.4	13.3	11.4	10.5	9.6
Amortization/depreciation	€ million	8.3	9.1	72.1	16.2	5.0	5.1

* Adjusted for one-time items, i.e. the elimination of those earnings effects that resulted from restructuring measures, the repositioning of individual business units and goodwill impairment, as well as adjusted for issues if they were aperiodic and/or of a non-recurring nature

Transportation division, financial year 2015

Key figures

		Transportation		Vossloh Locomotives		Vossloh Electrical Systems	
		2014*	2015	2014	2015	2014	2015
Sales	€ million	231.9	357.3	90.0	109.5	143.8	249.5
EBIT	€ million	-45.3*/**	-5.0				
EBIT margin	%	-19.5*/**	-1.4				
Working capital (Ø)	€ million	46.3	35.2				
Working capital intensity (Ø)	%	20.0	9.8				
Capital employed (Ø)	€ million	157.3	127.4				
ROCE	%	-104.3	-3.9				
Value added	€ million	-179.7	-17.7	-94.5	-10.4	-80.5	-8.1
Orders received	€ million	275.8	264.0	86.5	115.9	190.9	150.0
Order backlog	€ million	641.2	547.9	92.7	99.2	551.3	451.7
Capital expenditure	€ million	13.2	8.6	5.8	5.9	6.6	2.4
Amortization/depreciation	€ million	37.1	9.2	30.1	4.6	4.1	4.6

* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

** Adjusted for one-time items, which mainly resulted from the realignment and restructuring of Vossloh Locomotives and Vossloh Electrical Systems, as well as from the actualization of project calculations at Vossloh Electrical Systems

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Vossloh Group, financial year 2015
Cash flow statement

Cash flow analysis (in € million)	2014*	2015
Earnings before interest and taxes (EBIT)	-183.4	45.1
EBIT from discontinued operations	11.9	-6.3
Amortization/depreciation/write-downs of noncurrent assets (netted with write-ups)	132.0	48.7
Change in noncurrent provisions	30.8	-15.8
Gross cash flow	**-8.7**	**71.7**
Income taxes paid	-25.9	-18.4
Change in working capital	-6.1	17.2
Other changes	-1.5	37.3
Cash flow from operating activities	**-42.2**	**107.8**
Investments in intangible assets and property, plant and equipment	-55.2	-46.1
Cash-effective changes in investments in companies consolidated at equity	-2.4	-1.9
Cash-effective dividends from companies consolidated at equity	1.3	4.0
Proceeds from the disposal of companies consolidated at equity	0.0	2.3
Free cash flow**	**-98.5**	**66.1**

* Previous year figures presented in a comparable manner

** Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with consolidated associated companies accounted for using the equity method.

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