Presentation to Investors

July 27, 2016, interim report as of June 30, 2016

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Vossloh Group, H1/2016

Transforming Vossloh – Preparing for growth

Increasing profitability	▪ Positive trend in first quarter strengthened in second quarter ▪ Despite decreased sales revenues, profitability was increased significantly – 57 percent increase in EBIT compared with the previous year ▪ Focus on high-margin business, strict cost management and extensive efficiency enhancement programs contributed to success
Group sales in the first half of 2016 below previous year	▪ Significant portion of the sales decrease relates to the Transportation division, which is not part of the core business ▪ In the core business, Lifecycle Solutions generated clear sales growth; Core Components still noticeably below the prior year figure ▪ Sales weakness in the USA and project delays
New major order for Core Components at the start of Q3	▪ Chinese subsidiary wins additional major contract for rail fastening systems for high-speed line from Qingdao City to Ji Nan City in China in July 2016 ▪ Order volume amounted to around €50 million, shipments to start at the end of 2017

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Vossloh Group, H1/2016

Transforming Vossloh – Preparing for growth

Financial foundation for future growth laid	▪ Successfully implemented capital increase in June 2016; exercise of more than 98% of subscription rights through subscription right holders clearly emphasizes the trust in the course of strategic repositioning ▪ Net inflow from capital increase led to substantial increase in equity and to a significant reduction of net financial debt ▪ Important foundation for future profitable growth has been laid and the necessary flexibility for supplementing the product and service offer in the core business has been created
Vossloh Locomotives: relocation to new locomotives location to be carried out	▪ Economic situation improved with ongoing implementation of restructuring measures ▪ Relocation to the new location in Kiel-Suchsdorf in November 2016, start of production planned for the first half of 2017 ▪ New, modern locomotive plant with optimized, efficient production processes: reduction of production time for a standard locomotive to six to nine months
Annual General Meeting in May 2016	▪ Shareholders clearly expressed their trust in the Executive Board and the Supervisory Board - all agenda items were approved with large majorities by the shareholders

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Vossloh Group, H1/2016

Further noticeable improvement in EBIT despite sales decrease

		1-6/2015/ 6/30/2015*	1-6/2016/ 6/30/2016
Net sales	**€ million**	**566.0**	**522.7**
EBIT	**€ million**	**12.3**	**19.3**
EBIT margin	**%**	**2.2**	**3.7**
Net income	**€ million**	**4.8**	**14.6**
Earnings per share	€	0.12	0.92
ROCE	%	3.0	4.9
Value added**	€ million	(28.3)	(16.5)
Cash flow from operating activities	€ million	(18.0)	(23.7)
Cash flow from investing activities	€ million	(26.3)	(14.0)
Cash flow from financing activities	€ million	47.5	95.6
Free cash flow* **	**€ million**	**(38.4)**	**(35.7)**
Orders received	**€ million**	**585.7**	**521.9**
Order backlog	€ million	1,161.8	1,030.4

Overall slow sales development, **Group sales** below previous year due to sales weakness in the USA and project delays

Focus on high-margin projects and cost-saving and efficiency-enhancing programs lead to a clear **increase in EBIT** despite lower sales

Net income benefits from EBIT development and additionally from lower tax expenses

Free cash flow negative as is typical for the season, despite positive special tax items in the previous year at prior year level, noticeable improvement in second quarter

Book-to-bill in the core business divisions >1

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

** Weighted average cost of capital 2016 (WACC) of 9% was assumed (prior year: 10%).

*** 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 companies accounted for using the equity method.

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Vossloh Group, H1/2016

Strong increase in equity, net financial debt decreased significantly

		1-6/2015/ 6/30/2015*	1-6/2016/ 6/30/2016	
Total equity	**€ million**	**362.0**	**560.8**	✓
Equity ratio	**%**	**21.7**	**39.3**	✓
Working capital (Ø)	€ million	252.8	244.0	
Working capital intensity (Ø)	%	22.3	23.3	
Closing working capital	€ million	266.6	250.3	
Capital employed (Ø)	€ million	810.9	795.2	
Closing capital employed	€ million	822.6	798.0	
Net financial debt	**€ million**	**328.9**	**125.1**	✓

Equity strengthened significantly, in addition to the positive net income in particular through cash inflow from the capital increase success-fully completed in June 2016 as well as through book gain from the disposal of Rail Vehicles at the end of 2015

Closing working capital below previous year due to lower trade receivables; working capital intensity increased due to Transportation business

Net financial debt decreased, primarily due to net proceeds from capital increase, cash inflow from the disposal of Rail Vehicles and positive free cash flow in the last twelve months

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

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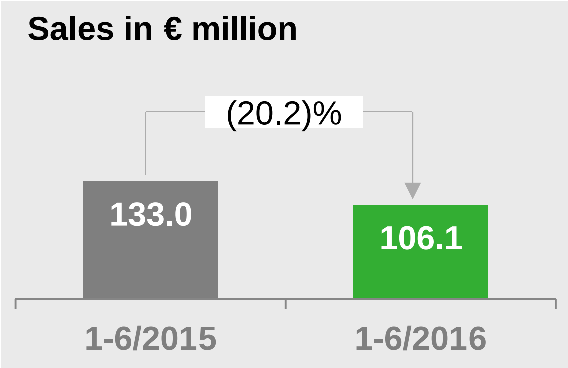
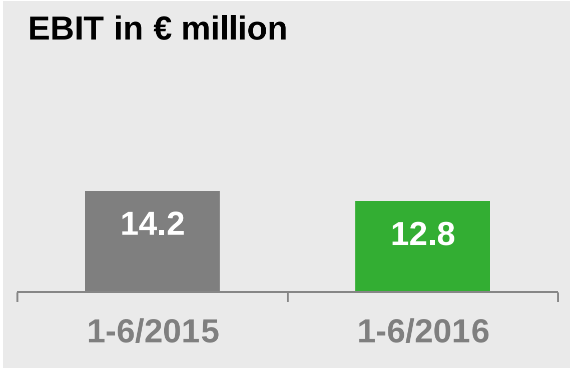
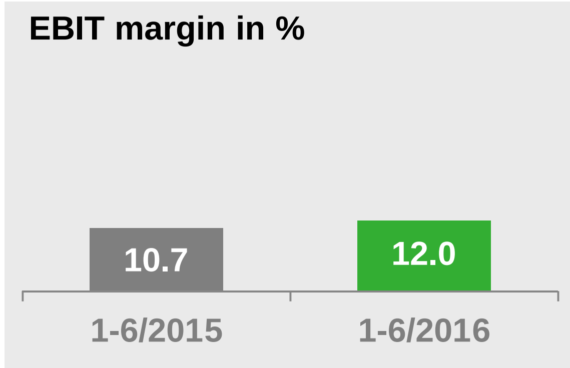
Core Components division, H1/2016

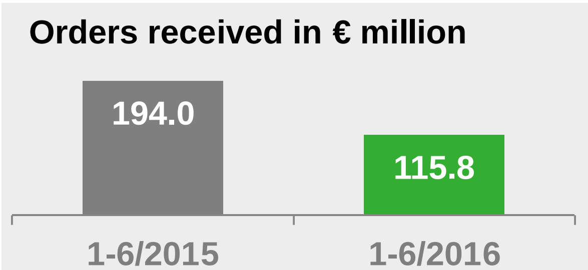
Sales development below prior year, profitability nevertheless increased

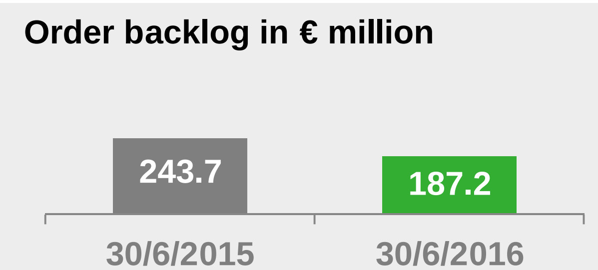






- Sales below previous year due to project delays in Argentina as well as lower revenue in Saudi Arabia; positive sales development in Qatar
- EBIT margin improved further due to higher margin project mix in China as well as extensive cost reduction measures
- Book-to-bill at 1.09; major contract from China in July 2016





ROCE (%)	1-6/2016	23.1
	1-6/2015	21.4

Value added (€ million)	1-6/2016	7.8
	1-6/2015	7.6

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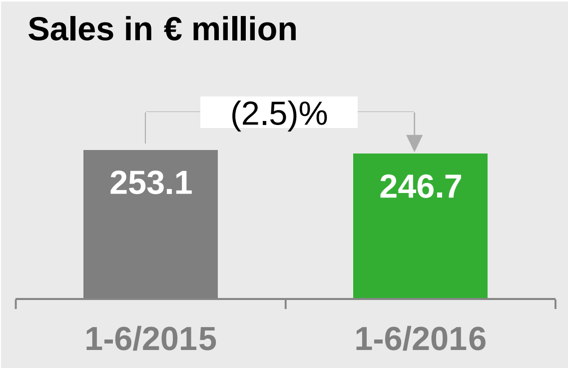
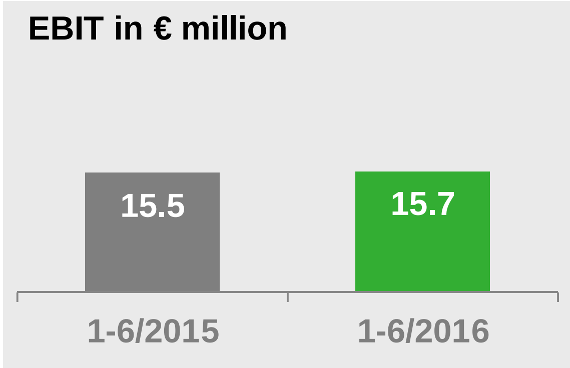
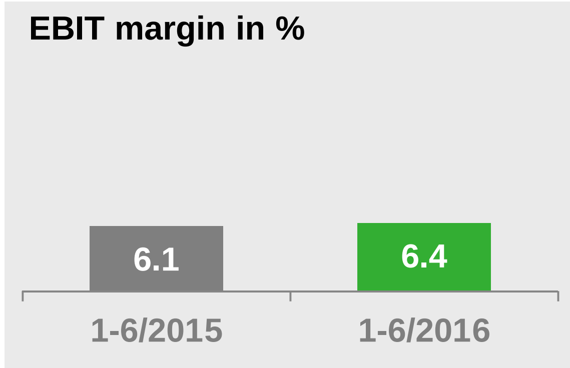
Customized Modules division, H1/2016

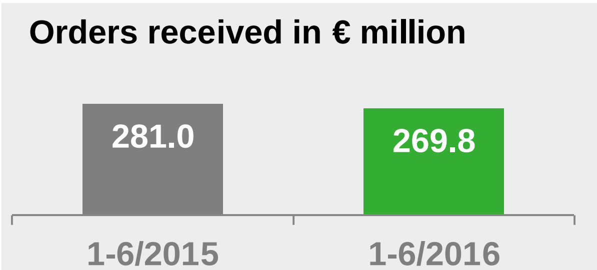
Sales nearly at prior year level, book-to-bill at 1.09

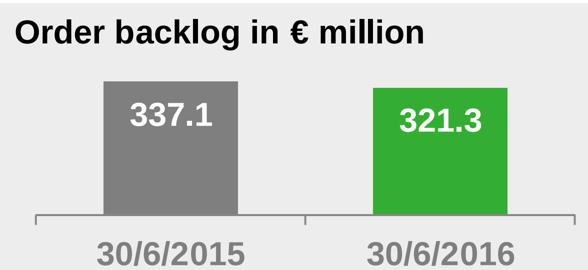






- Sales only slightly below the previous year despite lower investment volumes by Class 1 railway operators in the USA as well as the completion of projects in Poland; sales increase in France and Italy in particular
- Strong earnings development in the second quarter through large share of higher margin projects
- Significant new orders from France, the USA, Sweden and Morocco; book-to-bill at 1.09





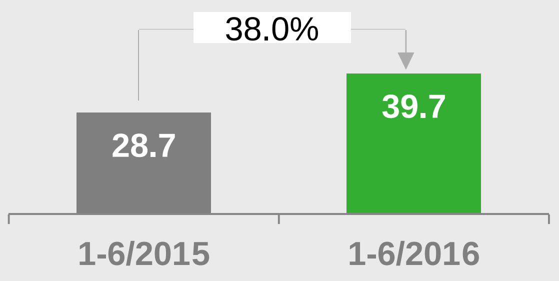
ROCE (%)	1-6/2016	7.5
	1-6/2015	7.3

Value added (€ million)	1-6/2016	(3.0)
	1-6/2015	(5.7)

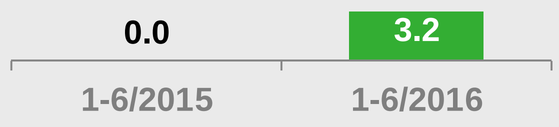
Lifecycle Solutions division, H1/2016

Strong growth in sales and earnings

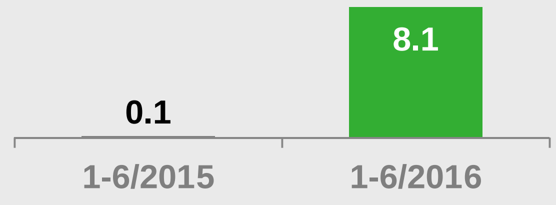
Sales in € million



EBIT in € million

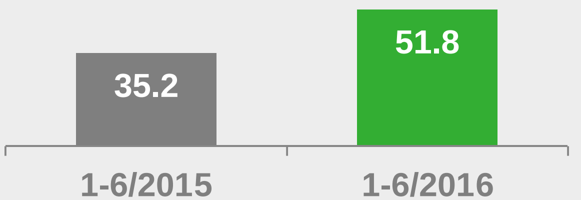


EBIT margin in %

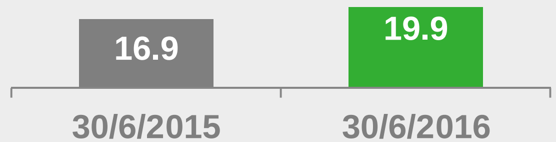


- Substantial sales increase due to positive business development in Northern Europe – Sweden and Finland; increased revenues also in Germany
- EBIT improved, among other things, due to a significant sales increase in Northern Europe
- Major orders received from Germany, Sweden and from the company in Finland, which has been consolidated since mid-2015; book-to-bill at 1.31

Orders received in € million



Order backlog in € million



ROCE (%)	1-6/2016	5.0
	1-6/2015	0.1

Value added (€ million)	1-6/2016	(2.6)
	1-6/2015	(5.9)

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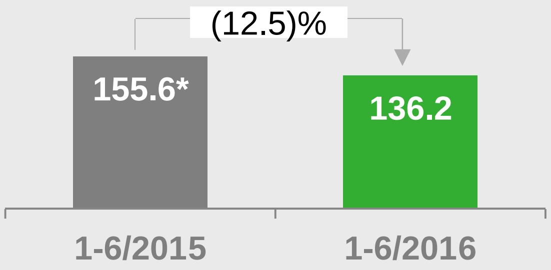
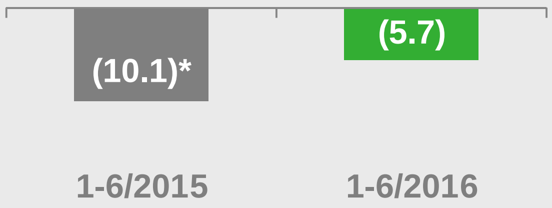
Transportation division, H1/2016

Sales below previous year, earnings improved substantially

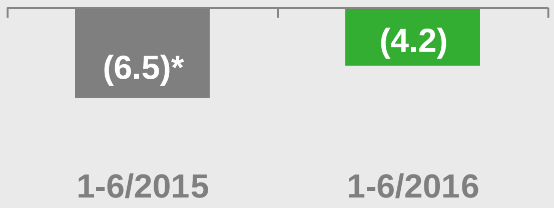
Sales in € million



EBIT in € million

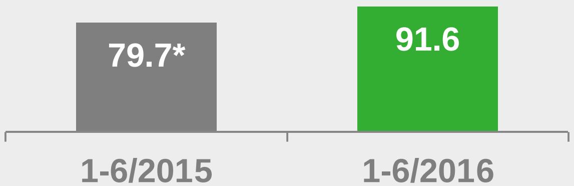


EBIT margin in %

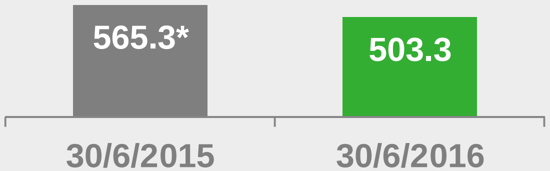


- Slight decrease in sales at Vossloh Electrical Systems of €8.7 million to €102.5 million due to project related reasons; sales decrease at Vossloh Locomotives of €10.6 million to €34.9 million, mainly attributable to shift of revenue recognition to completed contract method
- EBIT and EBIT margin negative as expected, however significantly improved with progressing implementation of restructuring measures
- Orders received increased by 14.9 percent; both Vossloh Locomotives and Vossloh Electrical Systems exceeded previous year level

Orders received in € million



Order backlog in € million



ROCE (%)	1-6/2016	(8.7)
	1-6/2015*	(16.0)

Value added (€ million)	1-6/2016	(11.6)
	1-6/2015*	(16.5)

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

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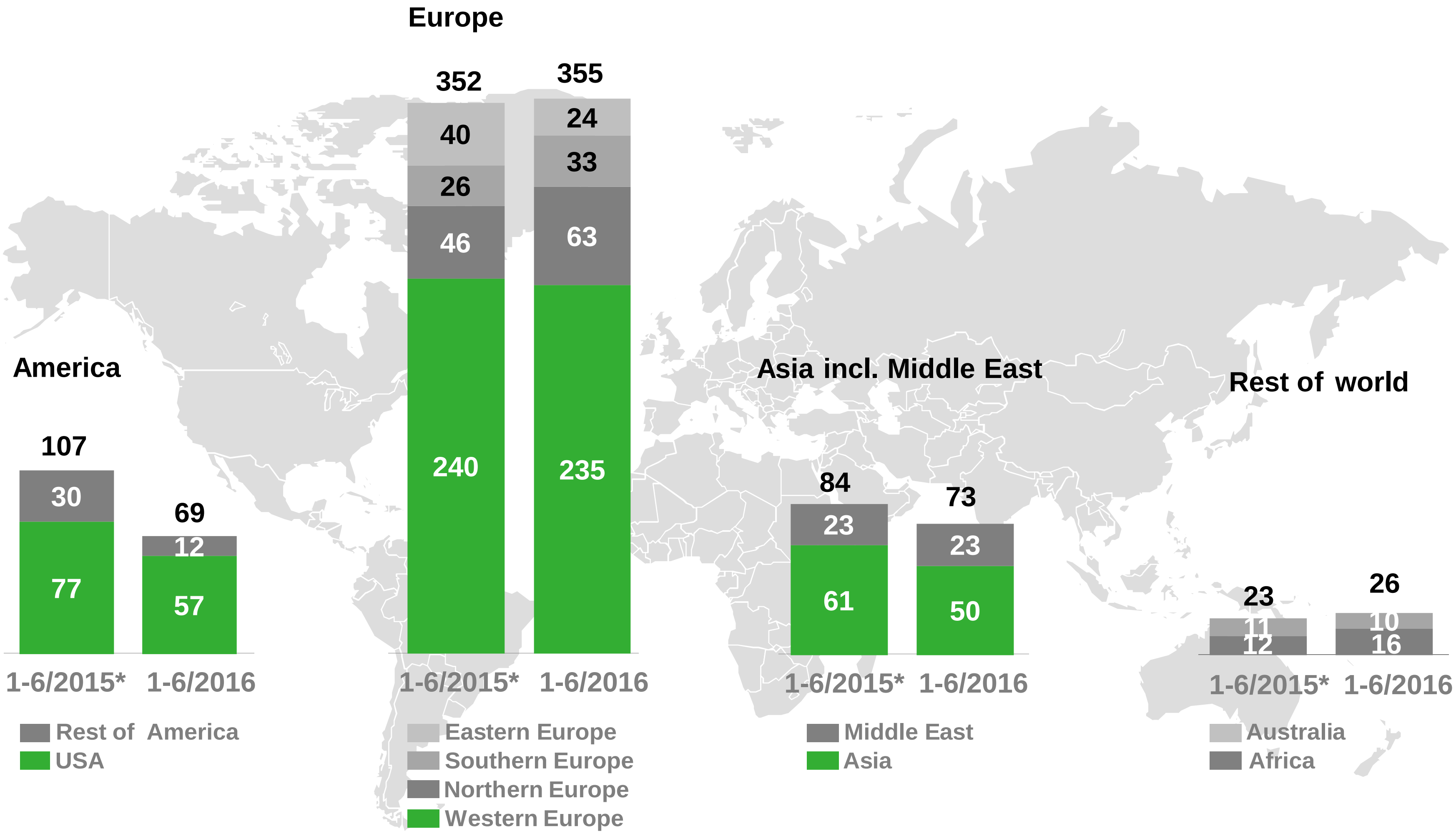
Vossloh Group, H1/2016

Sales in focus market Western Europe stable, America sharply falling



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

Vossloh Group, Outlook

EBIT margin 2016 target confirmed – improvement expected in 2017

Vossloh Group

2016e*

- **Sales expected to be approximately at the level of the previous year of €1.2 billion**
- **EBIT margin at 4.0% to 4.5% (2015: 3.8%);** margin improvement at Lifecylce Solutions; Core Components and Customized Modules approximately at previous year level; break-even in Transportation still seems achievable
- **Value added** is to improve significantly, but will remain negative overall

2017e*

- **EBIT margin expected at 5.5% to 6.0%;** on the basis of the current Group structure, significantly higher profitability in the targeted portfolio structure not including the Transportation division

* Sales and EBIT margin on the basis of the current Group structure.

Financial calendar and contact

Financial calendar

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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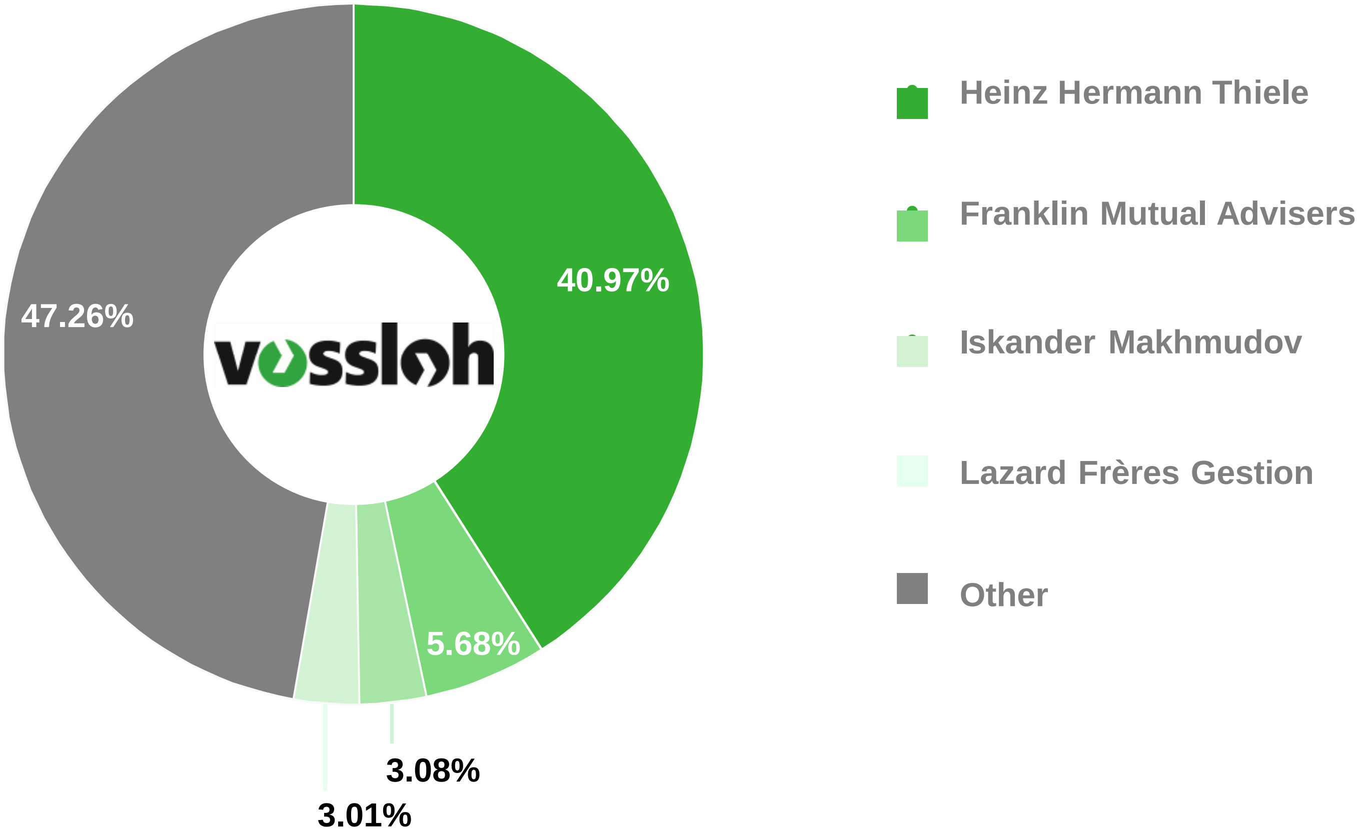
Appendix

Vossloh stock

Ownership structure



Core divisions, H1/2016

Key figures

		Core Components		Customized Modules		Lifecycle Solutions	
		1-6/2015	1-6/2016	1-6/2015	1-6/2016	1-6/2015	1-6/2016
Sales	€ million	133.0	106.1	253.1	246.7	28.7	39.7
EBIT	€ million	14.2	12.8	15.5	15.7	0.0	3.2
EBIT margin	%	10.7	12.0	6.1	6.4	0.1	8.1
Working capital (Ø)	€ million	74.8	59.8	137.7	133.5	8.8	11.7
Working capital intensity (Ø)	%	28.1	28.2	27.2	27.1	15.4	14.8
Capital employed (Ø)	€ million	132.5	110.8	424.4	416.4	118.3	129.5
ROCE	%	21.4	23.1	7.3	7.5	0.1	5.0
Value added	€ million	7.6	7.8	(5.7)	(3.0)	(5.9)	(2.6)
Orders received	€ million	194.0	115.8	281.0	269.8	35.2	51.8
Order backlog	€ million	243.7	187.2	337.1	321.3	16.9	19.9
Capital expenditure	€ million	4.8	1.7	3.4	2.5	4.8	4.4
Amortization/depreciation	€ million	4.6	4.2	6.3	6.3	2.2	3.0

Transportation division, H1/2016

Key figures

		Transportation		Vossloh Locomotives		Vossloh Electrical Systems	
		1-6/2015*	1-6/2016	1-6/2015	1-6/2016	1-6/2015	1-6/2016
Sales	€ million	155.6	136.2	45.5	34.9	111.2	102.5
EBIT	€ million	(10.1)	(5.7)				
EBIT margin	%	(6.5)	(4.2)				
Working capital (Ø)	€ million	33.8	42.0				
Working capital intensity (Ø)	%	10.9	15.4				
Capital employed (Ø)	€ million	126.5	131.8				
ROCE	%	(16.0)	(8.7)				
Value added	€ million	(16.5)	(11.6)	(9.3)	(8.1)	(6.8)	(3.5)
Orders received	€ million	79.7	91.6	31.4	42.8	48.6	52.7
Order backlog	€ million	565.3	503.3	78.5	107.1	488.8	402.0
Capital expenditure	€ million	2.9	3.7	1.3	2.1	1.4	1.6
Amortization/depreciation	€ million	4.4	4.3	2.1	2.0	2.3	2.3

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

Vossloh Group, H1/2016

Cash flow statement

Cash flow analysis (in € million)	1-6/2015*	1-6/2016
Earnings before interest and taxes (EBIT)	12.3	19.3
EBIT from discontinued operations	6.7	4.9
Amortization/depreciation/write-downs of noncurrent assets (netted with write-ups)	22.4	18.2
Change in noncurrent provisions	(9.8)	3.1
Gross cash flow	**31.6**	**45.5**
Income taxes paid	(7.7)	(8.5)
Change in working capital	(59.5)	(42.2)
Other changes	17.6	(18.5)
Cash flow from operating activities	**(18.0)**	**(23.7)**
Investments in intangible assets and property, plant and equipment	(18.6)	(12.3)
Investments in companies accounted for using the equity method	(1.8)	0.0
Proceeds from distribution of profit of companies accounted for using the equity method	0.0	0.3
Free cash flow**	**(38.4)**	**(35.7)**

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

** 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 companies accounted for using the equity method.