



**Investors and Analysts Meeting at InnoTrans
“Connecting Expertise”**

September 23, 2016, Berlin



Disclaimer

Note:

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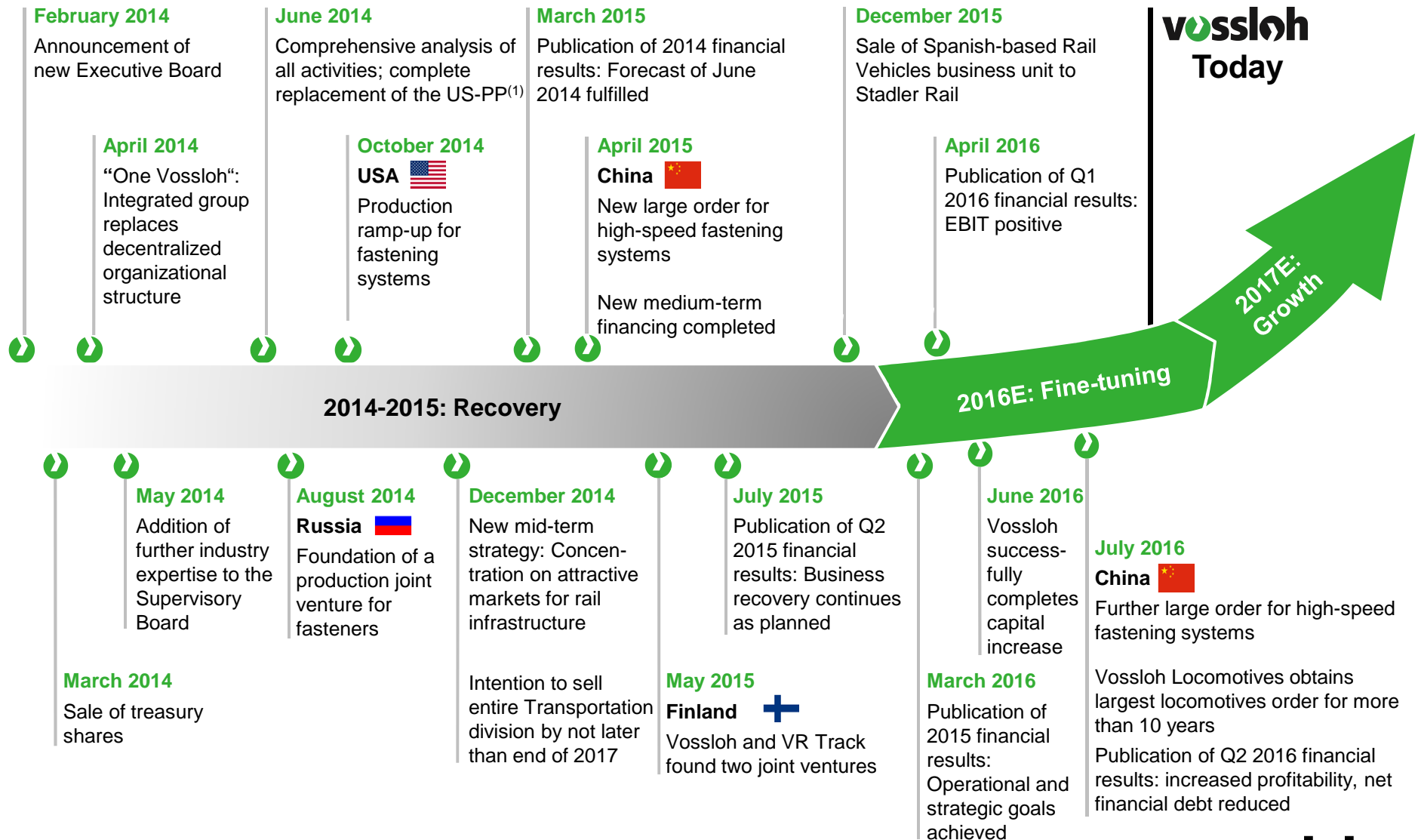


Dr.h.c. Hans M. Schabert

- ▶ Transforming Vossloh – Status quo
- ▶ Integrated product portfolio
- ▶ One Vossloh

Vossloh in Transformation

Milestones 2014 - 2016



Note: (1) US – Private Placement

Vossloh in Transformation - zoom

Important goals reached in 2015 and the first half of 2016

2015: Recovery and normalization of business development

Goals set are achieved



Positioning in core divisions strengthened



Financial flexibility increased



Transformation into rail infrastructure company is moving forwards

Strategic milestone: disposal of Rail Vehicles



Vossloh Locomotives stabilized – large order won



Significant progress at Vossloh Electrical Systems



2016: Preparing for growth

One Vossloh: networked, lean, communicative



Stabilizing/firming leading position in rail infrastructure

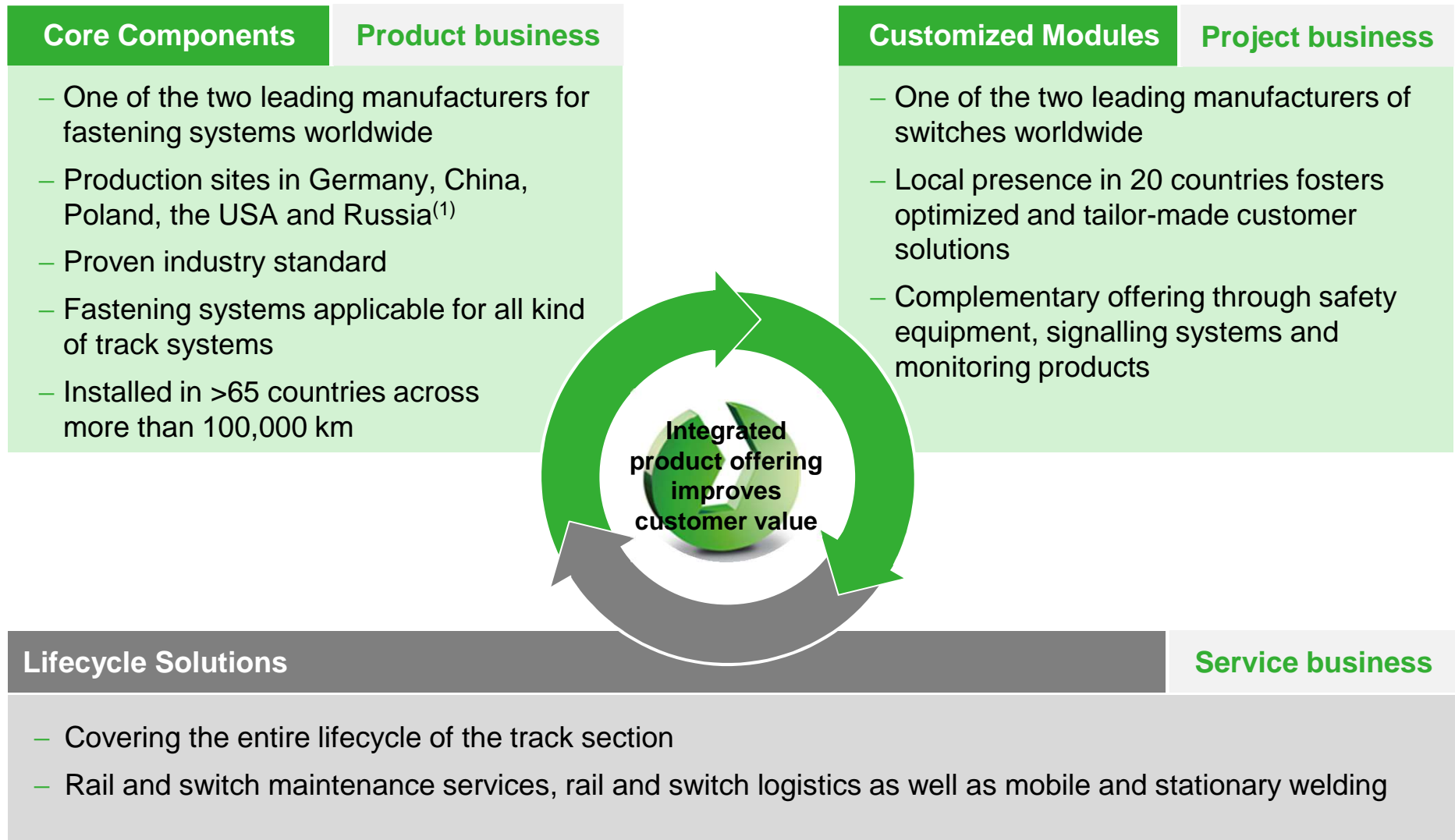


Capital increase provides additional flexibility for growth



Vossloh – Connecting Expertise

Integrated product portfolio and interlinked competence



Note: (1) Currently under construction

Vossloh – Connecting Expertise

Lifecycle costs

- Holistic approach for a sustainable and cost-effective management over the track's entire lifecycle
- The focus: profitability reviews over the entire lifetime of the track as a economically sustainable solution approach
- By selecting the right products, materials, services and technologies the costs of a track section can be considerably reduced in all stages of the lifecycle



Lifecycle management in stages

- Planning and design
- Realisation and installation
- Maintenance
- Modernization and recycling

→ Optimization of track costs over the entire lifetime

Reference project

Maintenance project with Deutsche Bahn

Three-year pilot project for the maintenance of rails and switches on track sections of the rail connection between Leipzig and Dresden

Vossloh – Connecting Expertise

Availability and efficiency

- Sustainable, integrated product and service solutions for a demonstrably improved track availability and higher efficiency
- Decisive factors regarding track availability:
 - Durable and extremely low maintenance products
 - Quick and simple installation
 - A maintenance process that is as undistruptive as possible
 - Forward-looking and holistic track management
- Predictable maintenance measures as well as solutions, which allow a precise response to unforeseeable events



Relevant track scenarios

Turnout maintenance

Track maintenance

Turnout replacement

Rail replacement

Defects and malfunctions

Winter conditions

High humidity conditions

Desert-like conditions

Vossloh – Connecting Expertise

Noise and vibrations

- Numerous standalone and combinable solutions for sustainable reduction of noise emissions
- Proprietary product technologies, special designs, services and processes, some of which are globally unique
- Main focus in the core divisions Core Components and Customized Modules: development of technologies aimed at reducing vibrations
- Main focus in Lifecycle Solutions division: Better rail surface for a noticeable noise reduction

Noise & Vibrations



- Cavity filling elements: acoustic and electric isolation of rails
- *cellentic*: elastic components lead to mitigation of vibrations and minimization of noise
- HSG-City – rail grinding in cities with quiet and clean technology

Reference projects

Metro in Suzhou

Rheinbahn Düsseldorf

Metro in Rio de Janeiro

Tram in Guangzhou



Oliver Schuster

- ▶ Vossloh stands on a solid financial basis
- ▶ New large order for Vossloh Locomotives

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 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

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

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 amounts to around €50 million, shipments to start at the end of 2017

Vossloh Group, H1/2016

Further noticeable improvement in EBIT despite sales decrease

		1-6/2015/ 30.6.2015*	1-6/2016/ 30.6.2016	
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	
Free cash flow**	€ million	-38.4	-35.7	✓
Orders received	€ million	585.7	521.9	
Order backlog	€ million	1,161.8	1,030.4	
Equity ratio	%	21.7	39.3	✓
Net financial debt	€ million	328.9	125.1	✓

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

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

Net income benefits from EBIT development as well as 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

Equity ratio in particular strengthened through cash inflow from the capital increase successfully completed in June 2016 as well as through book gain from the disposal of Rail Vehicles at the end of 2015

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.

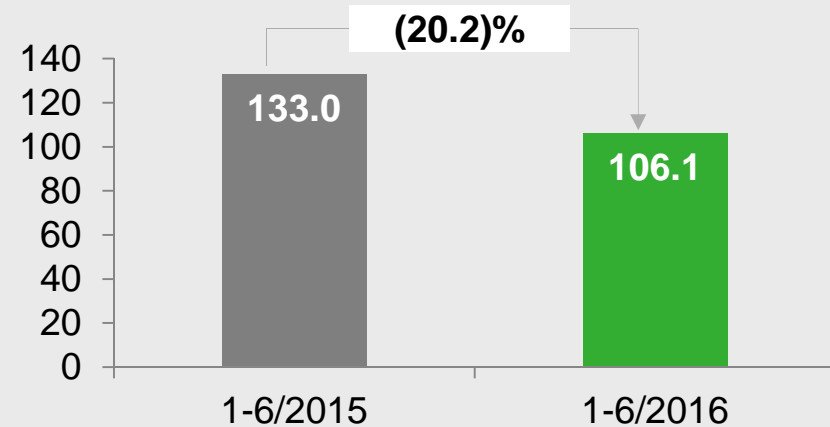
** Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash in connection with consolidated companies accounted for using the equity method.

Core Components division, H1/2016

Sales development still 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
- Major contract from China in July 2016; book-to-bill at 1.09

Sales in € million



EBIT in € million	1-6/2016	12.8
	1-6/2015	14.2

EBIT margin in %	1-6/2016	12.0
	1-6/2015	10.7

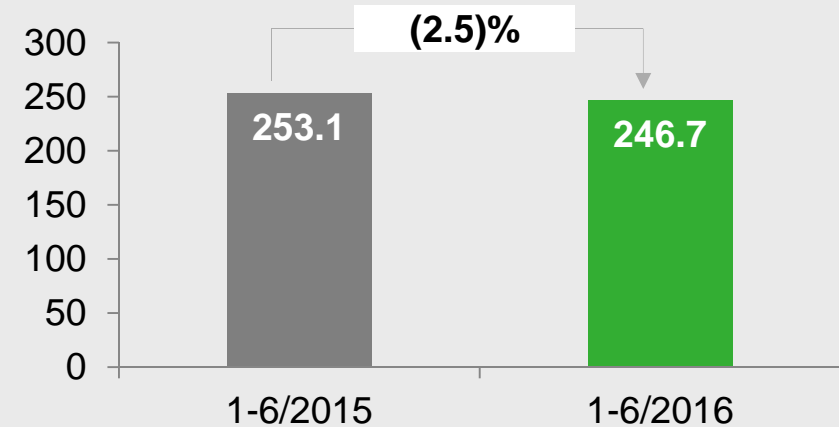


Customized Modules division, H1/2016

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

Sales in € million



EBIT in € million	1-6/2016	15.7
	1-6/2015	15.5

EBIT margin in %	1-6/2016	6.4
	1-6/2015	6.1

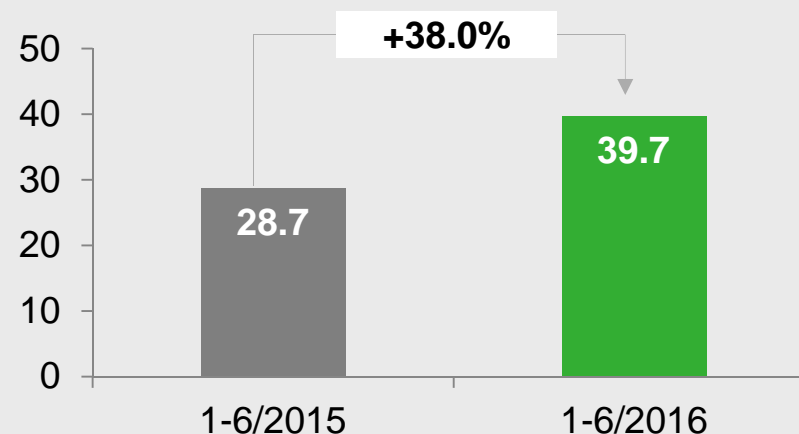


Lifecycle Solutions division, H1/2016

Strong growth in sales and earnings

- 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

Sales in € million



EBIT in € million	1-6/2016	3.2
	1-6/2015	0.0

EBIT margin in %	1-6/2016	8.1
	1-6/2015	0.1

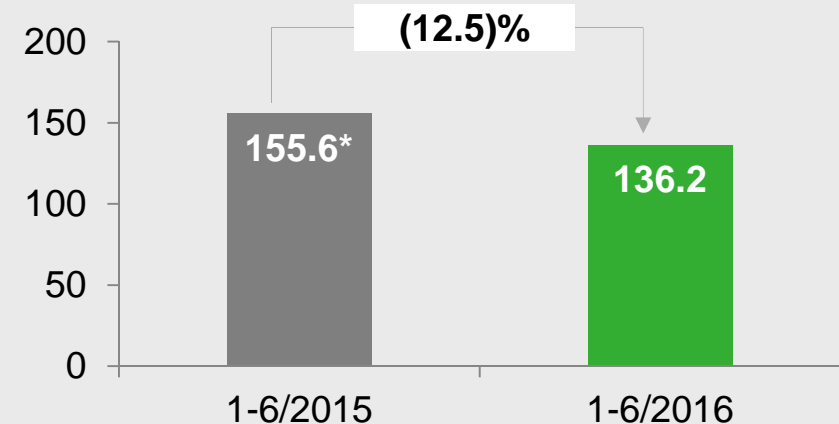


Transportation division, H1/2016

Sales below previous year, earnings improved substantially

- 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

Sales in € million



EBIT in € million	1-6/2016	(5.7)
	1-6/2015	(10.1)*

EBIT margin in %	1-6/2016	(4.2)
	1-6/2015	(6.5)*



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

Vossloh Group – business unit Vossloh Locomotives

Large order secures basic capacity utilization for new site in Kiel-Suchsdorf



French leasing firm Akiem ordered 44 type DE 18 locomotives in July

- Contract includes options for further vehicles and complementary services
- Order secures Kiel-Suchsdorf very good basic capacity utilization for several years starting from 2017
- Deliveries start in 2018

Locomotive contract worth €140 million won

Further establishment of mainline and shunting locomotives from Vossloh Locomotives in other European countries



The relocation to the new site in Kiel-Suchsdorf is planned to commence at the beginning of 2017

- Production scheduled to start from the mid of 2017
- New, modern locomotives plant with optimized, efficient production processes: production time of a standard locomotive is reduced to between six and nine months; rent contract for location has a term of 15 years
- Capacity adjusted to market demands amounting to some 40 locomotives per year





Volker Schenk

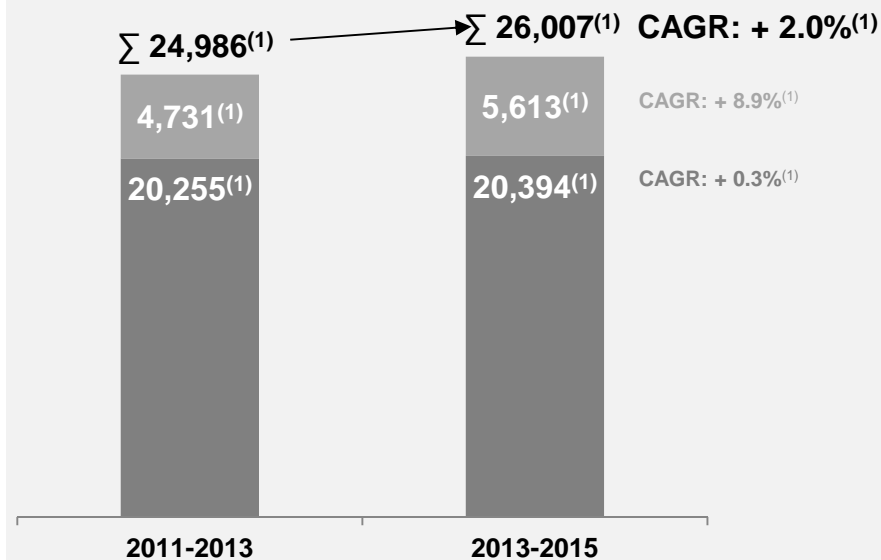
- ▶ Market conditions and growth opportunities
- ▶ Technology and innovation

Rail infrastructure and infrastructure services, 2011/13 and 2013/15

Growth in Vossloh's core business above market level

UNIFE: Infrastructure and infrastructure services⁽¹⁾

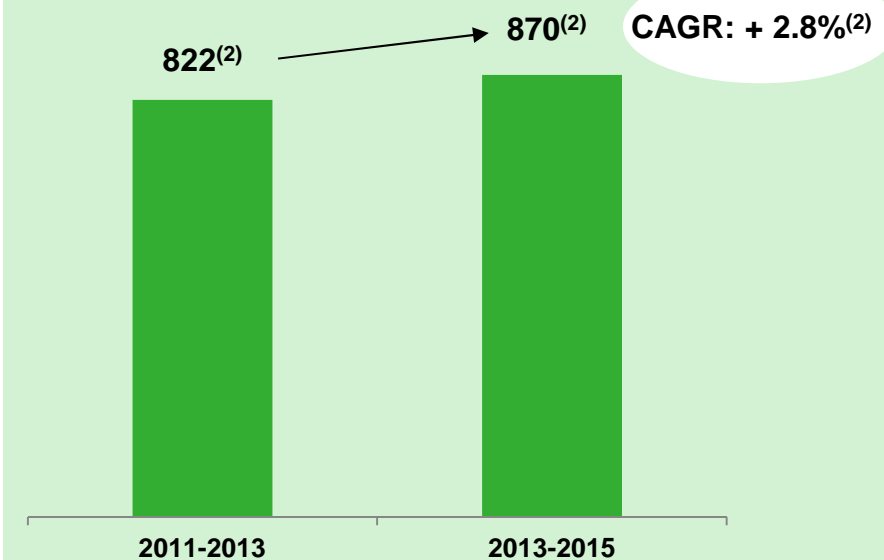
in € million



■ Infrastructure ■ Infrastructure services

Vossloh: Net sales in rail infrastructure core business⁽²⁾

in € million



■ Net sales in rail infrastructure core business

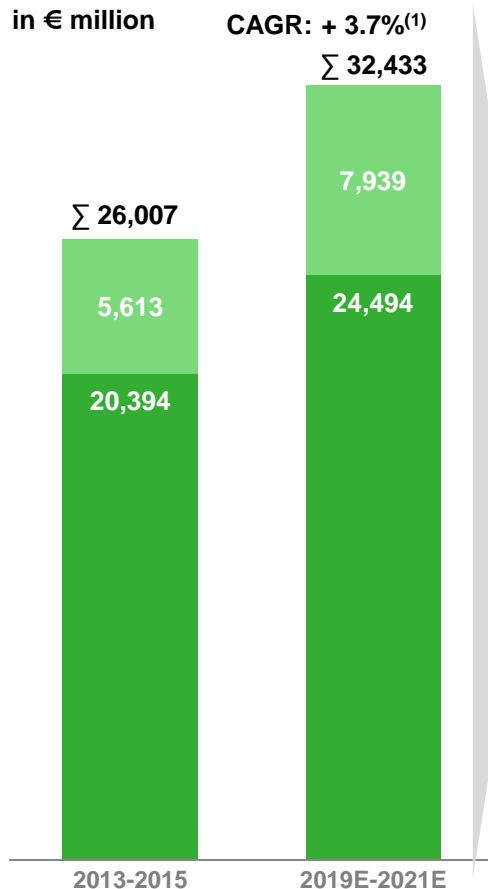
- Net sales growth of Vossloh's core divisions between 2011 and 2013 compared to between 2013 and 2015 exceeds growth rates of the worldwide accessible total market for rail infrastructure and infrastructure services
- Contrary to the forecast of the World Rail Market Study 2014, the market growth was considerably lower; the original forecast amounted to 3.8 percent

⁽¹⁾ Average annual volume in the accessible markets in the infrastructure and infrastructure services segments in € million, CAGR 2013-2015 in comparison with 2011-2013, source: World Rail Market Study 2016, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

⁽²⁾ Average annual net sales volume of the Vossloh Group in the rail infrastructure core business in € million, CAGR 2013-2015 in comparison with 2011-2013

Rail infrastructure and infrastructure services, 2013/15 – 2019/21

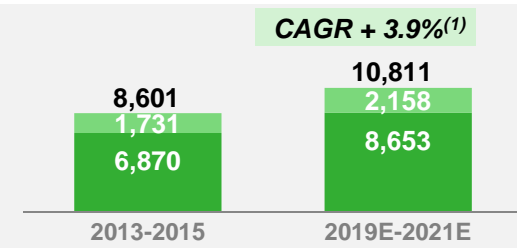
UNIFE overview remains attractive: High potential in Western Europe



■ Infrastructure⁽¹⁾
■ Infrastructure services⁽¹⁾

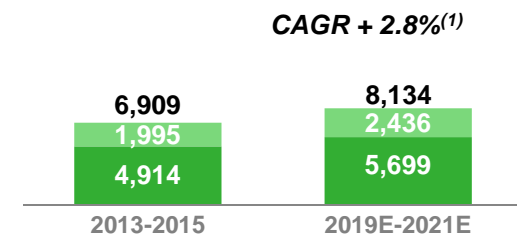
Western Europe

- The worldwide largest market for rail technology, home market of the Vossloh Group
- Comprehensive modernization activities in several countries, however implementation speed is uncertain



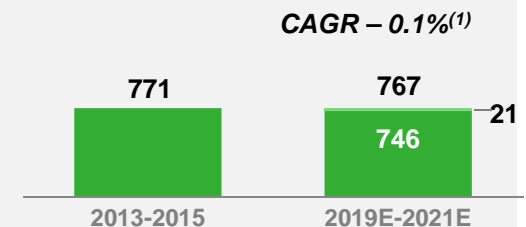
USA

- Largest rail network in the world: 228,200 km⁽²⁾, focus on freight networks
- Urban local rail transport will grow stronger
- Decreased investing activities, particularly as a result of changed framework conditions on the oil market



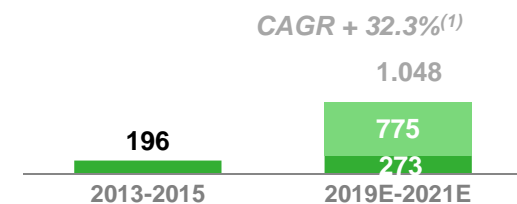
Russia

- Third largest rail network in the world: 86,300 km⁽²⁾
- Russia is also the third largest market in the world for freight traffic
- Market policy delays investments



China

- Second largest rail network worldwide: 93,000 km⁽²⁾, approximately 16,000 km high-speed relevant for Vossloh
- New five-year plan includes the further expansion of the rail network: investments primarily in local transport systems and urban networks



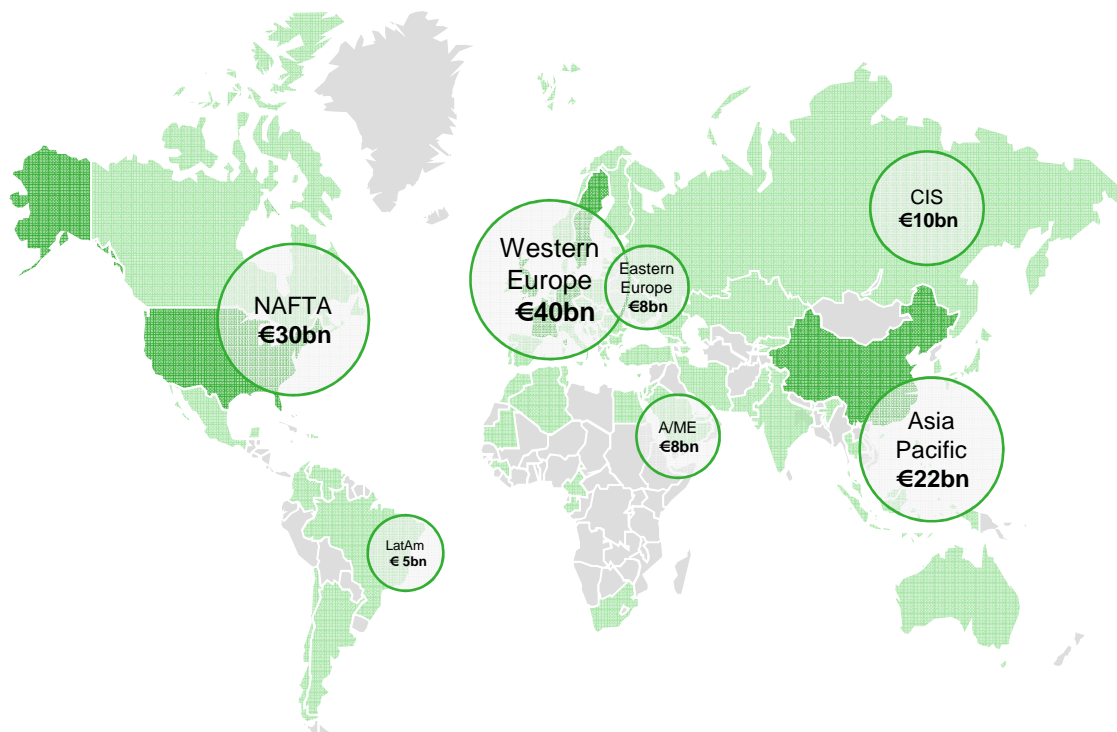
⁽¹⁾ Average annual volume of the accessible market in the infrastructure and infrastructure services segment in € million and expected average growth, Source: World Rail Market Study 2016, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

⁽²⁾ Trains in international comparison, values for 2014, source: Kommersant, FAZ

Rail technology market, 2013/15 – 2019/21

Accessible market with sustainable attractive growth

Total accessible market for rail technology (2019E-2021E)⁽¹⁾



CAGR⁽²⁾
(2013-2015 – 2019E-2021E)

Western Europe	+3.6 %
NAFTA	+2.3 %
Asia Pacific	+5.4 %
CIS	+1.5 %
Eastern Europe	+3.8 %
Africa/Middle East	+1.9 %
Latin America	+2.1 %
Total	+3.2 %

Western Europe, NAFTA and Asia Pacific represent the largest rail technology markets, which are accessible for companies located in the EU

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

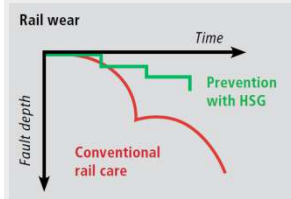
Average overall market volume projection by region per year for 2019E-2021E

⁽¹⁾ Average annual volume of the accessible total market for rail technology in € million, period 2019E-2021E, source: World Rail Market Study forecast 2016, UNIFE The European Rail Industry, Roland Berger Strategy Consultants
⁽²⁾ Forecast average growth in the entire market for rail technology, CAGR 2019E-2021E in comparison with 2013-2015, source: World Rail Market Study 2016, UNIFE The European Rail Industry, Roland Berger Strategy Consultants

Technology and innovation in the Vossloh Group

Growth through innovation

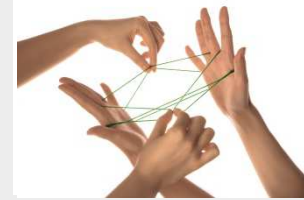
Digitization of infrastructure



- Analysis of the lines in real time
- Condition-oriented maintenance
- Optimization of lifecycle costs
- Comprehensive management of line availability

Process optimization

- Investments in state-of-the-art production facilities
- Bundling of know-how at competence locations
- Establishment of product hubs
- Consistent SCM and optimized lead times



Alternative materials



- Light, low-cost, durable and sustainable follow-up materials, e.g.:
 - Composite materials
 - EPDM
 - Plastic
 - Manganese
 - Inox

Product development

- HSG-metro
- In Motion Charging (IMC)
- Highly elastic rail fastening systems
- Composite sleepers



Summary – Dr.h.c. Hans M. Schabert

Vossloh: Leading global provider in rail infrastructure

Integrated portfolio and improved capital structure form basis for growth

- **Integrated offering** – products, systems and services from Vossloh's divisions are being combined to form complete solutions for rail infrastructure customers.
- **Significantly improved capital structure** increases financial flexibility and forms an **essential basis for future profitable growth** of Vossloh.
- Growth projections for the market segment relevant for Vossloh support the adopted growth strategy – **Vossloh's product groups are growing faster than the total accessible market.**

Vossloh Group: EBIT margin 2016 target confirmed – improvement expected in 2017

2016e*

- **Sales expected to be approximately at the level of the previous year of €1.2 billion**
- **EBIT margin between 4.0% and 4.5% (2015: 3.8%);** margin improvement at Lifecycle 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

- ▶ October 27, 2016 Interim statement/Interim report as of September 30, 2016
- ▶ March 2017 Publication of consolidated financial statements 2016

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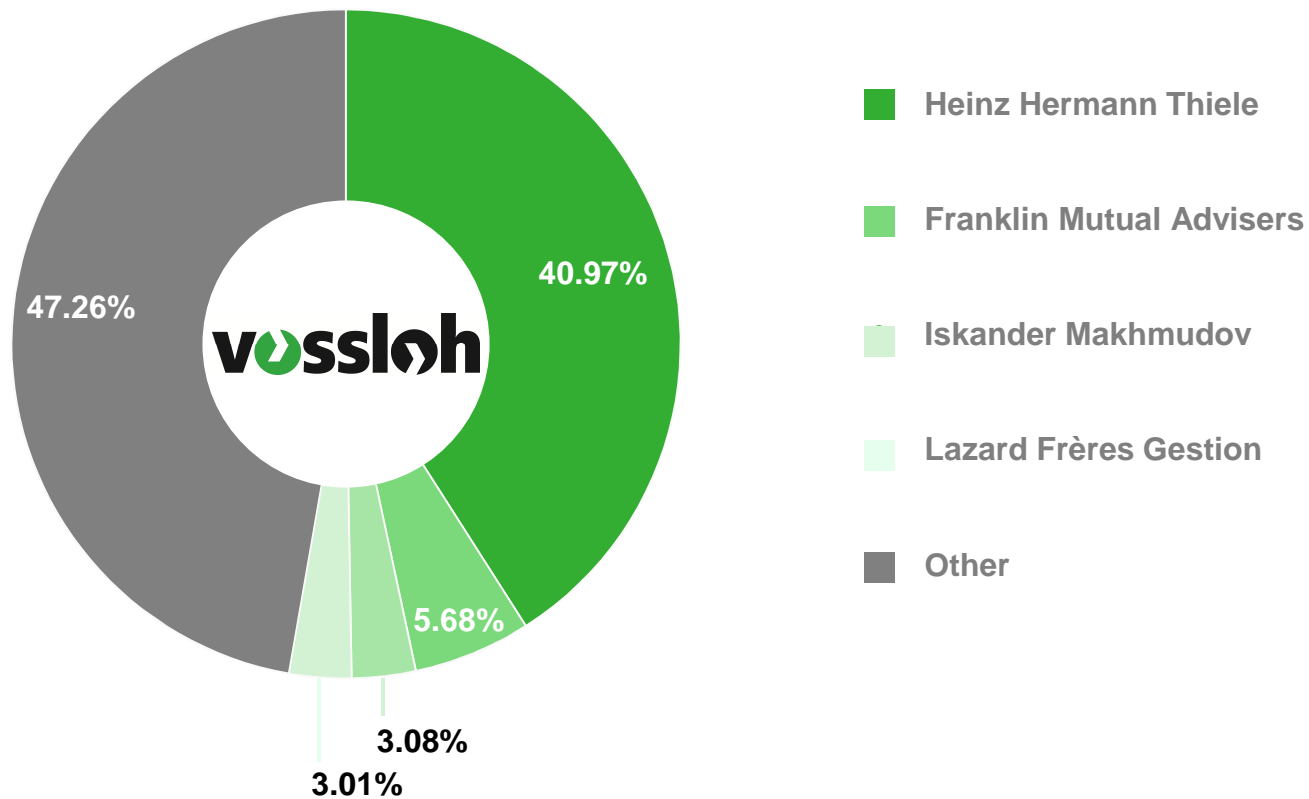




Appendix

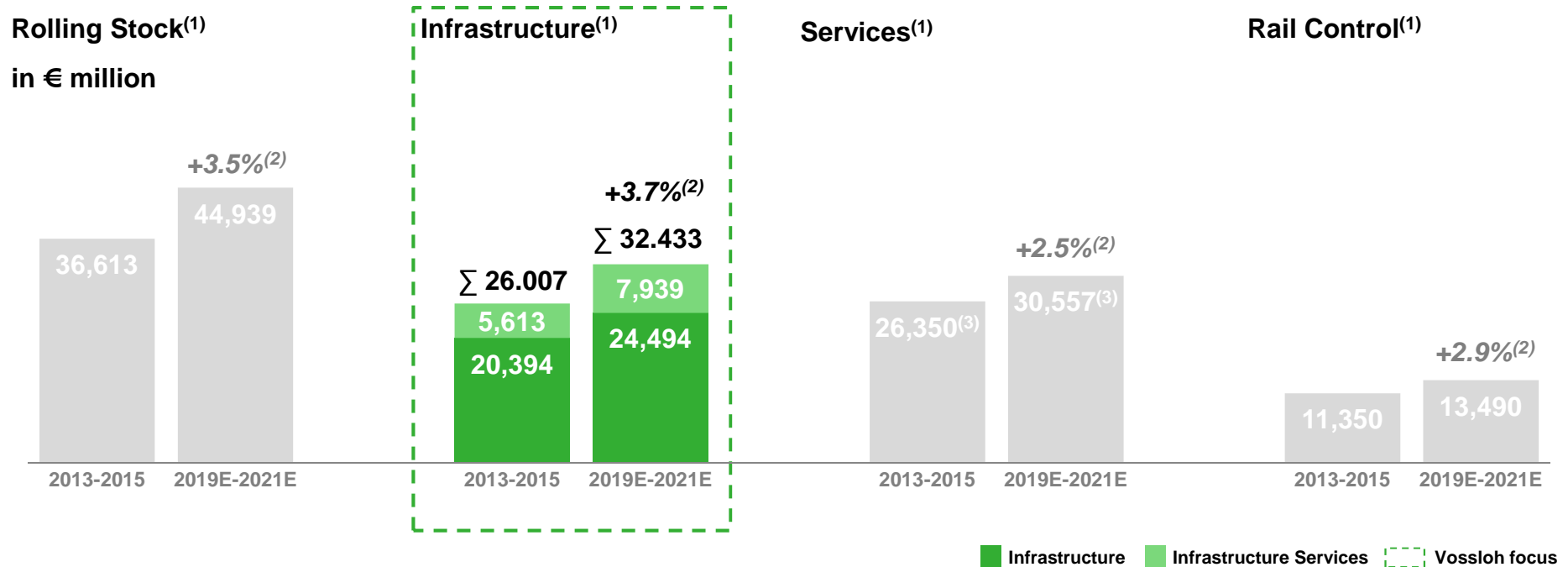
Vossloh stock

Ownership structure



Rail Technology market, 2013/15 – 2019/21 – Vossloh focus

Vossloh-product groups outgrow the accessible market



Key developments of Vossloh product groups

- Growth in the rail infrastructure segment of an average of +3.1 percent per year forecast as a result of a high expected order volume from operators and infrastructure managers; significant growth here: sub-segment high speed superstructure at +9.5 percent; key markets here are China, India, Malaysia/Singapore, Japan, France, the UK and the USA
- Large investment volumes expected in the services segment; strongest growth in infrastructure services at +5.9 percent
- Sustainable growth driven by long-term macro trends, such as urbanization and increasing demand for mobility, population growth, energy shortages and environmental concerns; deregulation, standardization, liberalization, innovative technologies and other sector-specific trends drive growth in the medium and long-term

(1) Market for rail technology – average annual volume of the accessible market in € million and expected average growth by segment (in € million)

(2) CAGR 2019-2021E as compared to 2013-2015 Source: World Rail Market Study forecast 2016 to 2021E, UNIFE The European Rail Industry, Roland Berger Strategy Consultants; CAGR Infrastructure including Infrastructure Services at + 3,7 %

(3) Rolling Stock Services

Market environment, 2013/15 – 2019/21

Sustainable growth, challenging framework conditions

Overall market	<ul style="list-style-type: none">– Growth trend intact– Key growth drivers of previous years – Middle East and USA – with subdued growth in the short-term– Vossloh is well positioned to benefit from key growth stimuli
Western Europe	<ul style="list-style-type: none">– Vossloh Group's domestic market; positive momentum expected from rail suppliers and operators of the so-called fourth EU railway package: the focus is on interoperability and thereby liberalization of the markets– UK, Norway and Sweden are highly attractive markets, growth continues to be primarily in passenger transport
USA	<ul style="list-style-type: none">– Environment remains challenging in the short-term: low capacities utilization of Class 1 operators primarily as a result of changed framework conditions on the oil market; continued weak demand in the USA offers good acquisition opportunities– Future modernization and maintenance investments expected on all types of lines: Vossloh is well positioned with its entire infrastructure segment to benefit from any future growth
Russia	<ul style="list-style-type: none">– Large market, high need for infrastructure investments, by 2025-2030 larger cities are to be linked with high-speed lines, there is however uncertainty regarding implementation. Investments may be increasingly directed towards freight transport– Production joint venture and local presence enables full utilization of the market potential; Vossloh positions itself as a comprehensive supplier of all-in solutions in the rail infrastructure
China	<ul style="list-style-type: none">– Continued high attractiveness: Vossloh firmly positioned as a local supplier of rail infrastructure and infrastructure services; further investments in rail infrastructure expected in the next 5 years, however, level not considerably above that of previous years
Accessible market	<ul style="list-style-type: none">– Further opening of the service market and above-average growth of the infrastructure services expected: Lifecycle Solutions division is well prepared for this