vossloh

Investors Conference – quirin Champions 2017

June 1, 2017, Frankfurt

Disclaimer

Note:

This presentation contains statements concerning the future business performance of the Vossloh Group that are based on assumptions and estimates from the company management. If the assumptions that the projections are based on fail to occur, the actual results of the projected statements may differ substantially. Uncertainties include changes in the political, commercial and economic climate, the actions of competitors, legislative reforms, the effects of future case law and fluctuations in exchange rates and interest rates. Vossloh and its Group companies, consultants and representatives assume no responsibility for possible losses associated with the use of this presentation or its contents. Vossloh assumes no obligation to update the forecast statements in this presentation.

The information contained in this presentation does not constitute an offer or an invitation to sell or buy shares of Vossloh AG or shares of other companies.

Vossloh – Connecting Expertise

Integrated product portfolio and interlinked competence

Core business

Infrastructure

Core Components | **Product business**

- Excellent technological know-how and long term experience are the basis for highest quality standards
- Focus on cost efficiency and technological trendsetter
- In a worldwide leading position for rail fastening systems with production sites in Germany, China, Poland, the USA and Russia(1)
- Leading supplier of concrete railway ties in North America with several plants in close proximity to major Class I operators and passenger transport companies

Customized Modules | **Project business**

- Strong solutions competence in all areas of switch systems and more than a century of experience
- A global market and technology leader within the switches segment
- Local presence in 20 countries fosters optimized and tailor-made customer solutions
- Complementary offering through safety equipment, signalling systems and monitoring products

Lifecycle Solutions | **Service business**

- Innovative technology and services covering the entire lifecycle of rails and switches
- Globally unique and patented High Speed Grinding technology offers significant advantages to customers, preventive High Speed Grinding leads to a significant reduction of lifecycle costs
- Rail and switch maintenance services, rail and switch logistics as well as mobile and stationary welding

Transportation | **Locomotive business**

- Development and production of diesel-electric and diesel-hydraulic locomotives
- Offering a comprehensive range of services activities, including maintenance, rental and financing
- Locomotives homologated in many European countries

Note: (1) Currently under construction

vossloh

Vossloh Group

Vossloh off to a good start in the 2017 fiscal year

		1–3/2016/ 3/31/2016*	1–3/2017/ 3/31/2017
Net sales	€ million	189.8	224.3 ✓
EBIT	€ million	2.0	7.1 ✓
EBIT margin	%	1.0	3.1
Net income	€ million	3.8	4.7
Earnings per share	€	0.21	0.18
ROCE	%	1.1	3.4
Value added**	€ million	(14.0)	(8.6)
Cash flow from operating activities***	€ million	(50.5)	(22.6)
Free Cash flow***	€ million	(55.1)	(29.2) ✓
Orders received	€ million	249.3	210.8
Order backlog	€ million	642.2	750.9

Sales revenues clearly up year over year, in particular thanks to the initial consolidation of Vossloh Tie Technologies (VTT) and the improved business performance of Transportation and Vossloh Fastening Systems (VFS); Customized Modules down year over year

Essentially, a project mix with higher margins in VFS led to a significant **EBIT** increase in Q1 2017

Net income up only slightly year over year due to higher tax expense and lower result from discontinued operations

Free cash flow from continuing operations close to previous year's level

Orders received down, even including VTT; the previous year favored by larger orders (Morocco, Saudi Arabia, Qatar); **book-to-bill** ratio for the core business above 1

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.
** WACC 2017: 7.5 percent (previous year: 9 percent).
*** Also includes effects from discontinued operations. The previous year includes a free cash flow from the disposed Electrical Systems business unit to the tune of -€25 million. 2017, in contrast, has a slightly positive contribution.

vossloh

Vossloh Group

Equity ratio improved, net financial debt reduced

		1–3/2016/ 3/31/2016*	1–3/2017/ 3/31/2017
Equity	€ million	426.4	556.5
Equity ratio	%	31.1	45.5 ✓
Working capital (Ø)	€ million	227.8	223.2
Working capital intensity (Ø)	%	30.0	24.9 ✓
Closing working capital	€ million	241.8	243.5
Capital employed (Ø)	€ million	710.8	837.2
Closing capital employed	€ million	721.1	855.4
Net financial debt	€ million	281.1	186.7 ✓

The equity ratio significantly above the previous year mostly due to the capital increase executed in June 2016 and the sale of Electrical Systems

Average working capital intensity significantly improved year over year

Average capital employed increased due to the initial consolidation of VTT

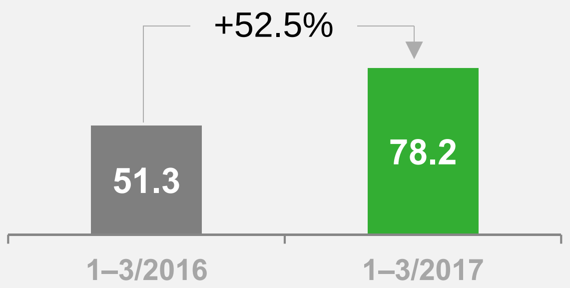
Net financial debt significantly lower year over year due to inflow from the capital increase in the previous year and the disposal of Electrical Systems in Q1 as well as due to the positive free cash flow in the last twelve months; opposing this, the outflow of funds for the acquisition of VTT

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

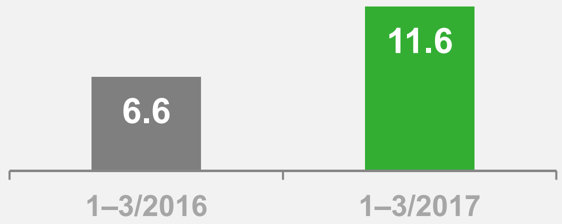
Core Components division

Sales revenues significantly higher, EBIT noticeably increased

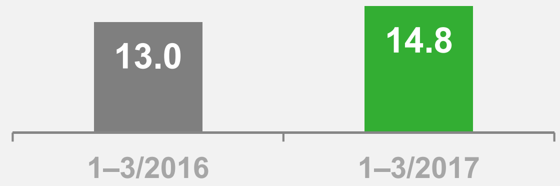
Net sales in € million



EBIT in € million



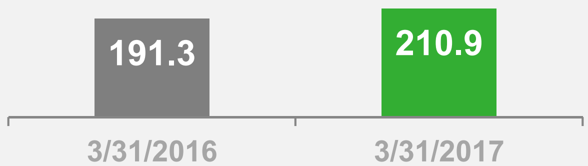
EBIT margin in %



- Sales revenues significantly increased year over year thanks to the initial consolidation of the Tie Technologies business unit and, to a lesser extent, additional sales from Vossloh Fastening Systems
- High deliveries for orders with higher margins; Q1 2017 additionally affected by investment income from a nonconsolidated company
- Average working capital at previous year's level despite inclusion of VTT (€59.3 mill. after €59.2 mill.), average capital employed increased (€228.3 mill. after €110.5 mill.)

Orders received in € million

Order backlog in € million



ROCE (%)	1–3/2017	20.3
	1–3/2016	24.0

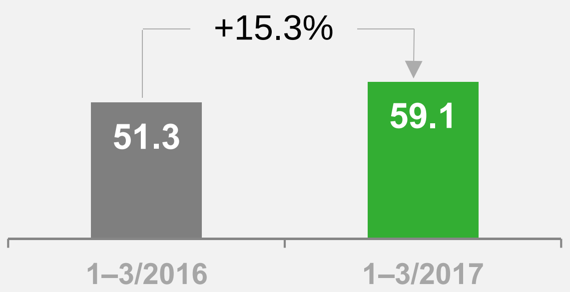
Value added	1–3/2017	7.3
(€ million)	1–3/2016	4.2

vossloh

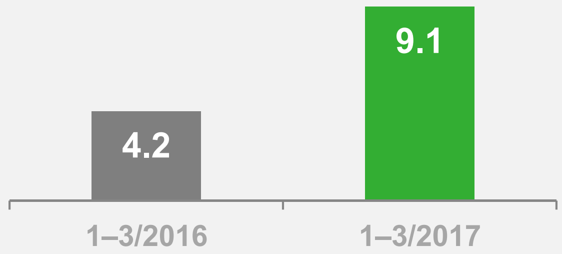
Fastening Systems business unit

Positive sales and earnings performance in first quarter

Net sales in € million



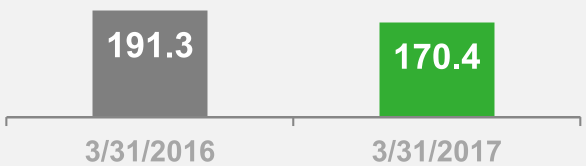
Value added in € million



- Significant growth in sales revenues particularly due to positive revenue performance in China (especially the major Jingshen project connecting Peking to Shenyang); Saudi Arabia and Italy also with higher sales year over year
- Value added up due to larger sales volume, a project mix with higher margins, investment income and lower capital costs year over year (both average capital employed and WACC lower)
- Orders received down; in the previous year, significant orders from Saudi Arabia and Qatar obtained

Orders received in € million

Order backlog in € million



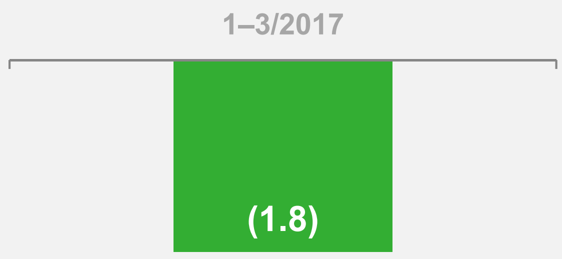
vossloh

Tie Technologies business unit

Business performance meets expectations

Net sales in € million

Value added in € million



- More than 80 percent of sales revenues obtained in the USA; remaining business primarily from Mexico; sales performance as expected
- Average capital employed includes goodwill of about €50 million; in addition, value added was impacted by negative effects from the preliminary purchase price allocation
- Book-to-bill ratio at 1.3

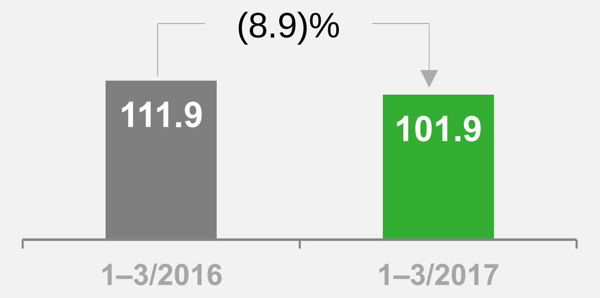
Orders received in € million

Order backlog in € million

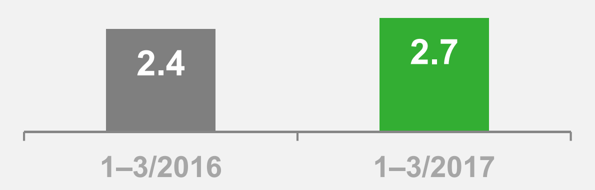
Customized Modules division

Earnings and profitability overall slightly higher year over year

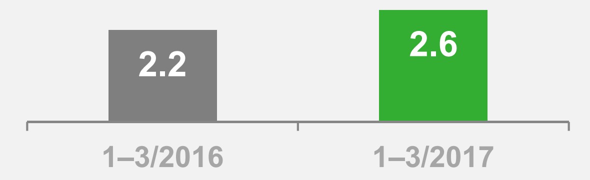
Net sales in € million



EBIT in € million



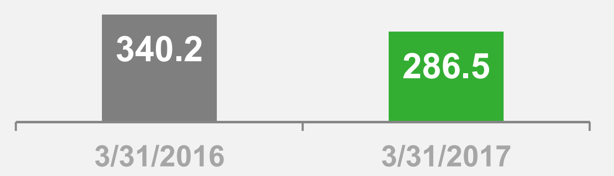
EBIT margin in %



- Sales revenues down year over year due to lower sales in Israel and high-speed projects in France coming to a close; good sales performance in Africa (especially in Morocco)
- EBIT in the previous year affected by fine notification due to antitrust behavior; furthermore, business development in the USA continued to be weak
- Orders received in the previous year benefited from a large order from Morocco; orders received for 2017 overall expected to be at previous year's level

Orders received in € million

Order backlog in € million



ROCE (%)	1–3/2017	2.6
	1–3/2016	2.3

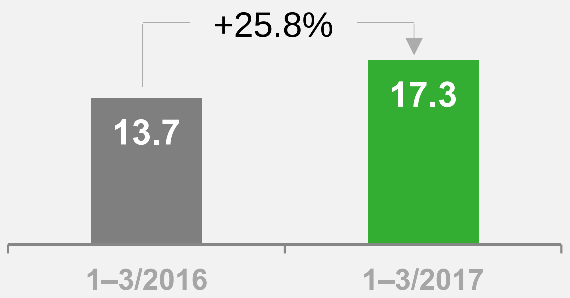
Value added	1–3/2017	(5.2)
(€ million)	1–3/2016	(7.0)

vossloh

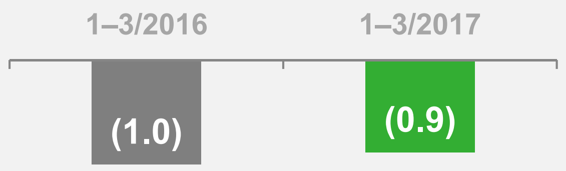
Lifecycle Solutions division

Significant year-over-year increase in sales revenues

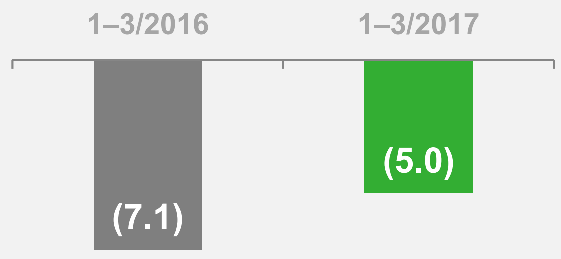
Net sales in € million



EBIT in € million



EBIT margin in %



- Substantial increase in sales revenues particularly due to positive business performance in China and also higher sales revenues due to consolidation of Alpha Rail Team
- Earnings increased in the mobile welding and High Speed Grinding; in contrast, lower profit contributions from rail and switch logistics
- Average working capital clearly down despite higher sales (€8.8 mill. after €11.0 mill.), average capital employed slightly above previous year (€133.5 mill. after €128.4 mill.)

Orders received in € million

Order backlog in € million

ROCE (%)	1–3/2017	(2.6)
	1–3/2016	(3.1)

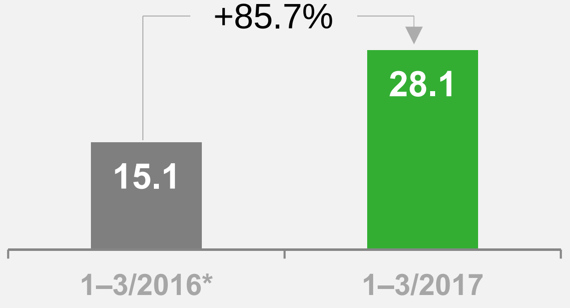
Value added	1–3/2017	(3.4)
(€ million)	1–3/2016	(3.9)

vossloh

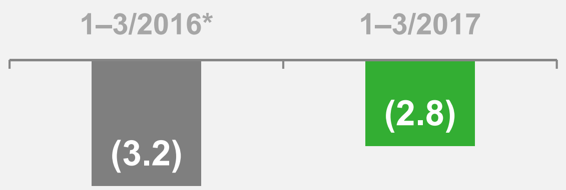
Transportation division

Sales revenues and profit improved year over year

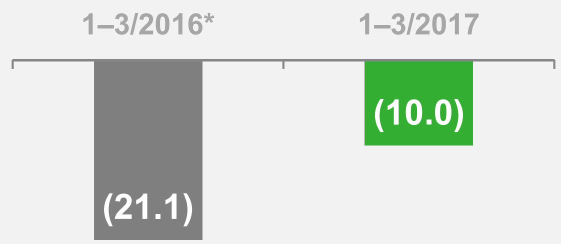
Net sales in € million



EBIT in € million

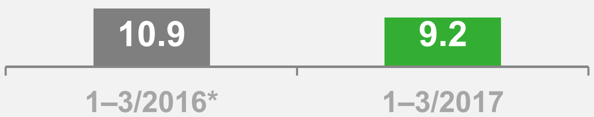


EBIT margin in %

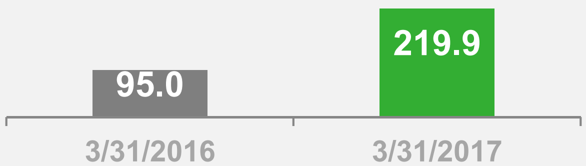


- Sales revenues nearly doubled year over year, primarily due to increased sales volume with type DE 18 locomotives
- EBIT only improved to a limited extent due to higher proportion of low-margin sales (used locomotives and prototypes)
- Average working capital only slightly up despite significantly higher sales (€31.3 mill. after €27.9 mill.), average capital employed up over previous year (€54.6 mill. after €47.4 mill.)

Orders received in € million



Order backlog in € million



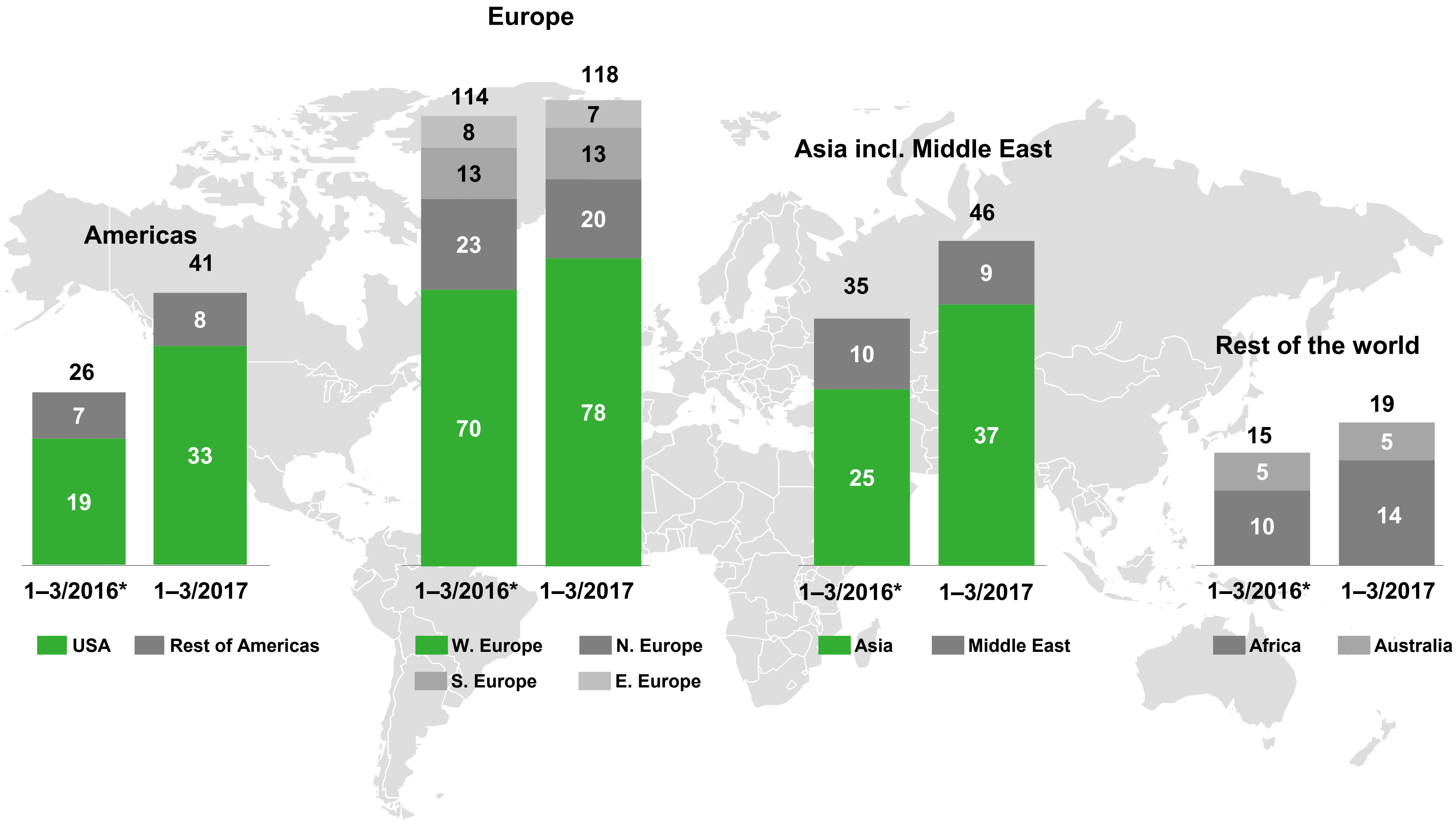
ROCE (%)	1–3/2017	(20.6)
	1–3/2016*	(26.9)

Value added	1–3/2017	(3.8)
(€ million)	1–3/2016*	(4.3)

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Vossloh Group

Sales higher in USA due to acquisitions, strong increase in Asia

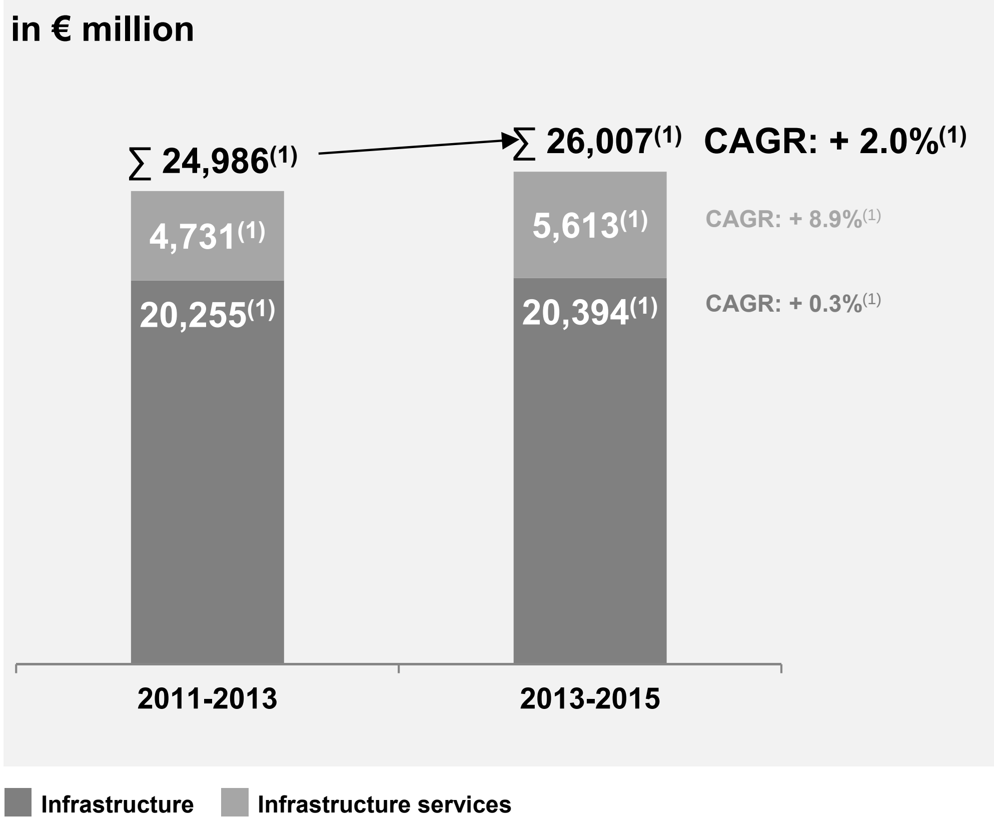


* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

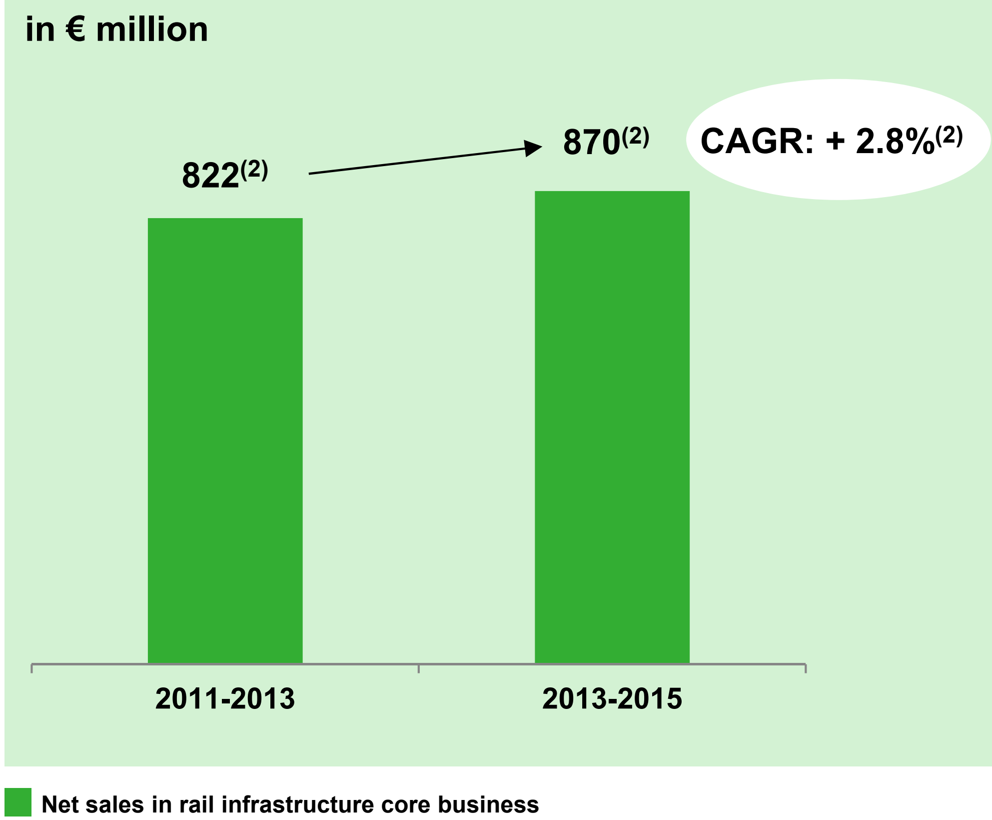
Rail infrastructure and infrastructure services, 2011/13 and 2013/15

Growth in Vossloh's core business above market level

UNIFE: Infrastructure and infrastructure services(1)



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



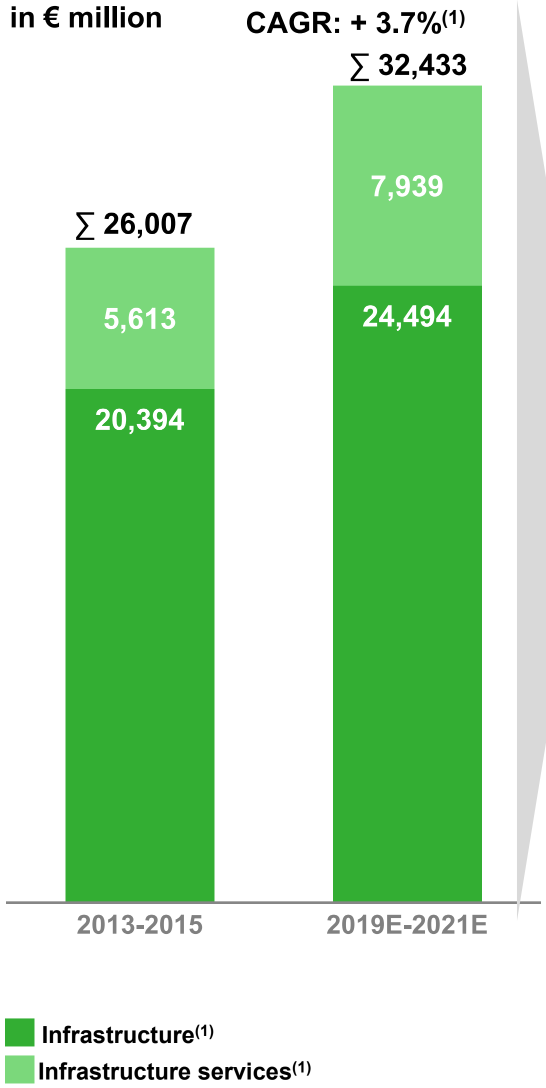
- Net sales growth of Vossloh's core divisions between 2011 and 2013 compared to between 2013 and 2015 exceeds growth rates of the worldwide accessible total market for rail infrastructure and infrastructure services
- Contrary to the forecast of the World Rail Market Study 2014, the market growth was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

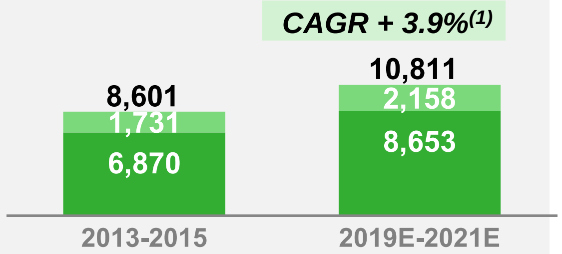
Rail infrastructure and infrastructure services, 2013/15 – 2019/21

UNIFE overview remains attractive: High potential in Western Europe



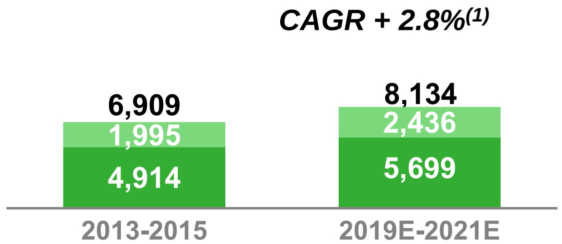
Western Europe

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



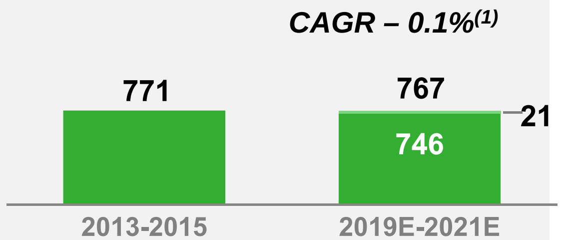
USA

- 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



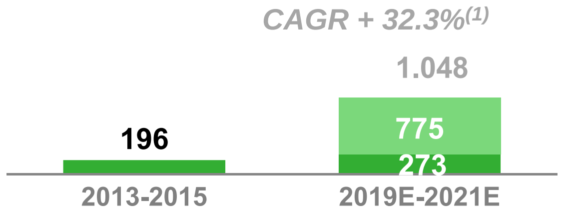
Russia

- 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 19,000 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

vossloh

Vossloh Group, Outlook

Strong first quarter confirms outlook

Vossloh Group

2017e*

- **Sales between €1.0 billion and €1.1 billion;** particularly strong sales growth expected in Core Components – thanks to the initial inclusion of Tie Technologies business unit – and in Transportation division
- **EBIT margin between 5.5 and 6.0 percent;** profitability slightly improved for Customized Modules; Core Components below the level of 2016 fiscal year due to current challenging environment in the USA, expected integration costs and negative effects from purchase price allocation in new Tie Technologies business unit; Lifecycle Solutions nearly unchanged; significant improvement in the margin for Transportation division
- **Value added** noticeably improved; it benefits from reduction of WACC from 9.0 to 7.5 percent in 2017 fiscal year

Railway Technology Market

2016–2021**

- Continuous growth in the amount of **3.2 percent** expected in the accessible railway technology market
- The relevant accessible market for railway infrastructure and infrastructure services expected to grow **3.7 percent**, which is above the average

* Based on the current Group structure.

** CAGR 2019–2021 compared to 2013–2015 Source: World Rail Market Study forecast 2016 to 2021, UNIFE – The European Rail Industry, Roland Berger Strategy Consultants.

Financial calendar and contact information

Financial Calendar

▪ July 26, 2017	Interim Financial Report as of June 30, 2017
▪ October 25, 2017	Quarterly Statement as of September 30, 2017

Contact Information for Investors

- Dr. Daniel Gavranovic
- Email: investor.relations@vossloh.com

  Telephone: +49 (0) 23 92 / 52-609

  Fax: +49 (0) 23 92 / 52-219

Contact Information for the Media

- Dr. Thomas Triska
- Email: presse@vossloh.com

  Telephone: +49 (0) 23 92 / 52-608

  Fax: +49 (0) 23 92 / 52-538

www.vossloh.com