Presentation of the 2017 Annual Report

Frankfurt, March 22, 2018

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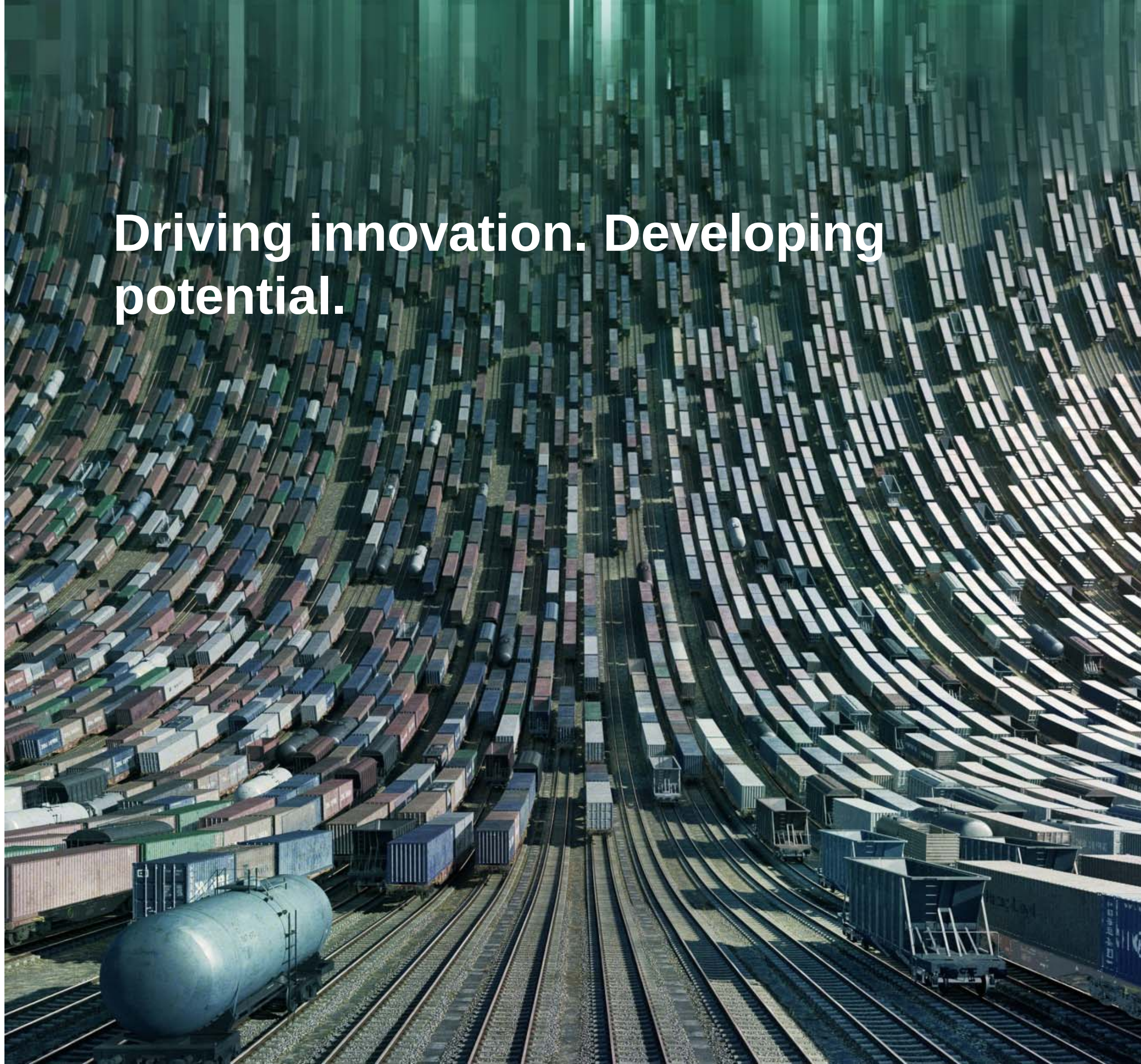

Disclaimer

Note:

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Vossloh Group, 2017 Fiscal Year

Sales and profitability significantly increased in the core business

Operating targets exceeded in the core business	▪ Significant increase in Group sales, primarily due to acquisition of the new Tie Technologies business unit ▪ Profitability above expectations ▪ Return to positive value added in the core business for the first time since the start of its realignment
Resumption of dividend payments	▪ Executive Board and Supervisory Board of Vossloh AG to propose a dividend of €1.00 per share for the 2017 fiscal year at the Annual General Meeting on May 9, 2018 ▪ Distribution sum forecast to be around €16 million
Financial parameters for further growth are in place	▪ Placement of Schuldschein loan worth €250 million with maturities of four and seven years; conclusion of a new syndicated loan worth €150 million with significantly improved conditions and with a minimum term of five years ▪ Annual General Meeting in May 2017 approves creation of new authorized capital (approx. 50 percent) ▪ Stable basis and additional flexibility for targeted growth are therefore in place

Vossloh Group, 2017 Fiscal Year

Process of focusing on core competence rail infrastructure very advanced

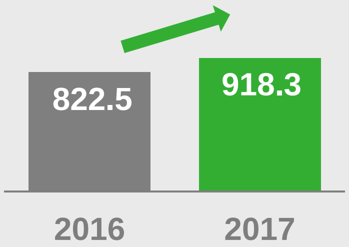
Market position in focus markets of North America and Russia strengthened	▪ Very successful entry into concrete ties business, integration completed; very satisfactory development in Tie Technologies business unit in 2017 despite tough underlying conditions in business with Class-I rail operators in North America ▪ Access to Russian market improved: production facility for rail fastening systems opened in Engels, Russia, in October 2017
Strong development of business in China	▪ Very high volume of deliveries of rail fastening systems for new high-speed line projects; some deliveries scheduled for 2018 brought forward by the customers ▪ High Speed Grinding technology with high demand, including the sale of several HSG-city vehicles to China
Vossloh Locomotives reported as discontinued operations	▪ Last remaining business unit within the Transportation division reported as discontinued operations as of December 31, 2017; sale of locomotive business in Kiel expected to be concluded in the 2018 fiscal year ▪ Relocation of Vossloh Locomotives to the new site in Kiel concluded by the end of 2017

Vossloh Group, 2017 Fiscal Year

Very positive operating development in the core business

Sales revenues

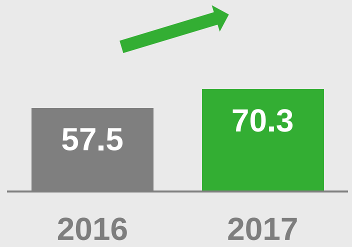
(€ Million)*



Increase in sales primarily due to initial consolidation of Vossloh Tie Technologies, but also thanks to positive developments in the Fastening Systems business unit and in the Lifecycle Solutions division

EBIT

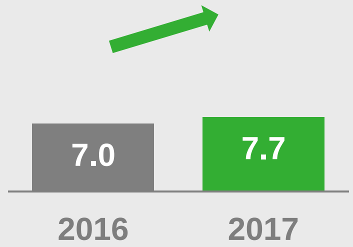
(€ Million)*



Significant year-on-year increase in operating profitability due to positive development in the Core Components division

EBIT margin

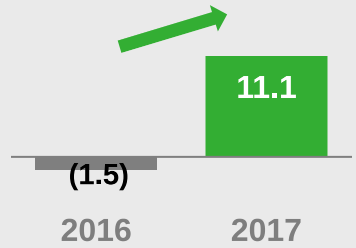
(in Percent)*



Group’s EBIT margin up year-on-year as a result of above-average EBIT increase

Value added

(€ million)*/**



Return to positive value added, above all thanks to good development in the Fastening Systems business unit

* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

** A weighted average cost of capital (WACC) before taxes of 7.5 percent (previous year: 9.0 percent) was set as the yield expected by investors and lenders in the 2017 fiscal year for the purposes of intragroup controlling.

Vossloh Group, 2017 Fiscal Year

Net income lower year on year due to discontinued operations

Key group indicators		2016*	2017
Net income	€ mill.	10.1	0.3
thereof from discontinued operations	€ mill.	(15.8)	(35.8)
Earnings per share	€	0.22	(0.50)
Return on capital employed (ROCE)	%	8.8	8.9
Free cash flow**	€ mill.	25.2	(22.3)
Capital expenditure	€ mill.	30.3	39.5
Depreciation/amortization	€ mill.	31.5	33.6

Notes

- **Net income** burdened by negative result from discontinued operations (primarily operating losses incurred in the Transportation division and an impairment loss of around €26 million)
- **Earnings per share from continuing operations** clearly positive at €1.74 (previous year: €1.30)
- **Free cash flow** negative, primarily as a result of the increase in working capital, in particular in the Transportation division reported under discontinued operations; positive **free cash flow from continuing operations** (€23.3 million)
- **Capital expenditure** significantly increased, besides other factors due to greater investing activities in the Fastening Systems business unit

* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

** Includes the effects of discontinued operations; free cash flow comprises the cash flow from operating activities, investments in intangible assets and property, plant and equipment, and cash receipts and payments associated with companies accounted for using the equity method.

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Vossloh Group, 2017 Fiscal Year

Equity ratio remains stable at above 40 percent

Key group indicators		2016* 12/31/2016	2017 12/31/2017
Equity	€ mill.	550.8	532.4
Equity ratio	%	40.3	42.5
Average working capital	€ mill.	194.1	211.6
Average working capital intensity	%	23.6	23.0
Closing working capital	€ mill.	159.2	190.0
Average capital employed	€ mill.	655.2	788.3
Closing capital employed	€ mill.	627.0	758.7
Net financial debt	€ mill.	85.0	207.7

* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

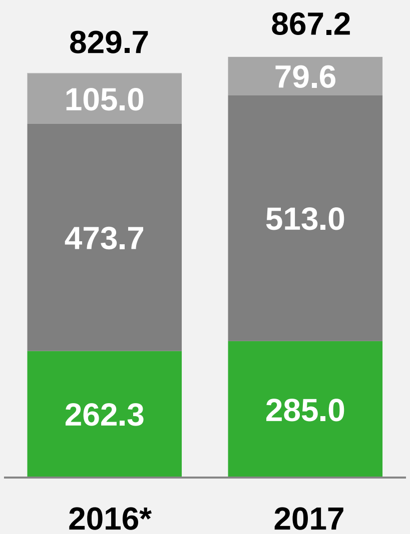
Notes

- **Equity ratio** higher than in 2016 following deconsolidation of the Electrical Systems business unit
- Lower average **working capital intensity** attributable to positive development of the Core Components division
- Closing and average annual **capital employed** increased, in particular due to consolidation of Vossloh Tie Technologies
- **Net financial debt** higher, primarily due to M&A activities and negative free cash flow 2017

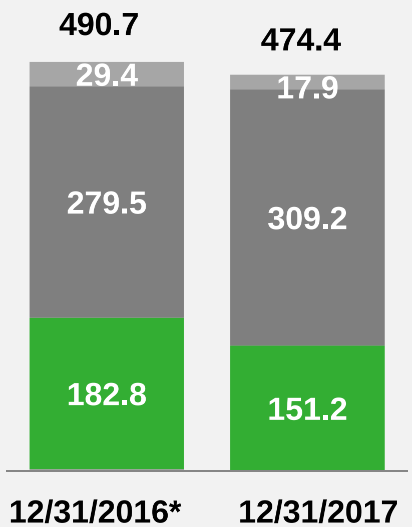
Vossloh Group, 2017 Fiscal Year

Orders received up by 4.5 percent, order backlog 3.3 percent down

Orders received in € million



Order backlog in € million



Core Components   Customized Modules   Lifecycle Solutions

Notes

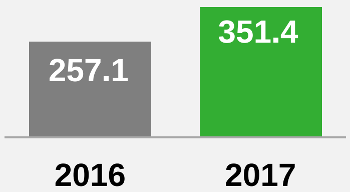
- **Orders received** up on the previous year, primarily due to good order situation in the Customized Modules division and a larger volume of orders received in the Core Components division (exclusively due to consolidation of Vossloh Tie Technologies)
- Vossloh Group's **order backlog** dropped end of 2017 in spite of the consolidation of Vossloh Tie Technologies due to reduced order backlogs in the Fastening Systems business unit and in the Lifecycle Solutions division

* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

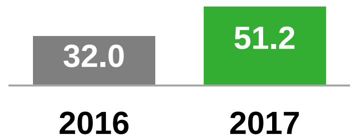
Core Components Division, 2017 Fiscal Year

Sales significantly above previous year, profitability higher than expected

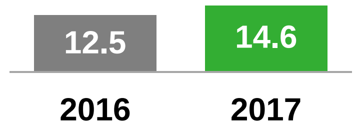
Sales in € million



EBIT in € million



EBIT margin in %



- Increase in sales particularly due to acquisition of Vossloh Tie Technologies and significantly higher sales in the Fastening Systems business unit
- Earnings and profitability significantly up thanks to a higher-margin project mix within Vossloh Fastening Systems; earnings improvement also attributable to Vossloh Tie Technologies in spite of the negative effects of the purchase price allocation
- Average working capital intensity improved from 22.0 percent to 19.2 percent; increase in average capital employed to €225.0 million due to consolidation of Vossloh Tie Technologies (previous year: €106.0 million)

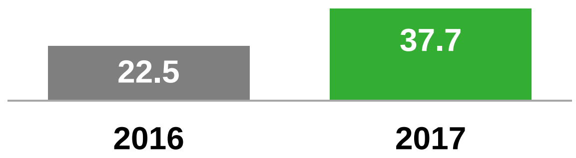
ROCE (%)	**2017:**	**22.8**
	2016:	**30.2**
Value added (€ mill.)	**2017:**	**34.3**
	2016:	**22.5**

Fastening Systems Business Unit, 2017 Fiscal Year

Positive sales development, significant improvement in value added

Sales in € million

Value added in € million



- Sales increase attributable primarily to the very high volume of deliveries of rail fastening systems for new high-speed line projects and, to a lesser extent, to increasing maintenance business in China; other additional sales in particular from Italy
- Value added improved significantly year on year by 67.4 percent
- Orders received were 21.7 percent lower than the previous year's high level, essentially due to project-related fluctuations in China; increase in orders received in India, Poland and Italy

Orders received in € mill.
2017: 205.5
2016: 262.3

Order backlog in € mill.
2017: 114.9
2016: 182.8

Tie Technologies Business Unit, 2017 Fiscal Year

Business development better than expected, integration successfully completed

Sales in € million*

Value added in € million*

- Despite the continued weak demand from Class-I rail operators, sales development was in line with expectations, partly due to good transit business; strong business development in Mexico
- Value added comfortably exceeded expectations in spite of effects relating to the purchase price allocation and a high level of goodwill; adjusted for the purchase price allocation effects, value added was slightly positive
- A large proportion of the orders received were in the USA; additional important new orders for the Mexican company

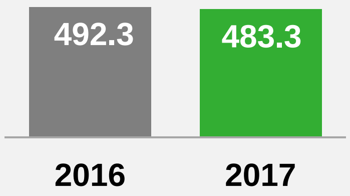
Orders received in € mill.*	**2017:**	**80.7**
Order backlog in € mill.*	**2017:**	**36.3**

* Since Vossloh Tie Technologies has only been part of the Vossloh Group since the beginning of the year under review, the statements do not include figures from the previous year.

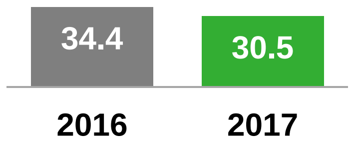
Customized Modules Division, 2017 Fiscal Year

Earnings depressed in particular by weak U.S. business

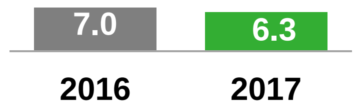
Sales in € million



EBIT in € million



EBIT margin in %



- Sales down year on year as anticipated, in particular due to lower revenues with switch systems in France and weaker business development in North America
- Developments in earnings and profitability burdened in particular by the continued weakness of business with Class-I rail operators in the USA; positive business development in China, impairment of the joint venture in Wuhu reversed
- Orders received increased by almost €40 million to €513.0 million; significant additional orders in particular in Poland, Italy and Germany

ROCE (%)	**2017:**	**7.2**
	2016:	**8.3**

Value added (€ mill.)	**2017:**	**(1.3)**
	2016:	**(2.9)**

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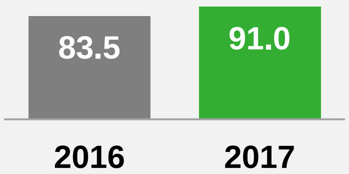
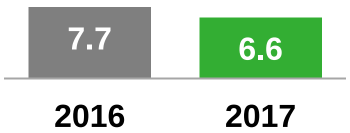
Lifecycle Solutions Division, 2017 Fiscal Year

Proportion of sales generated outside of Germany increases to 43.7 percent

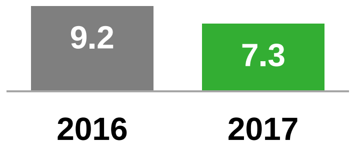
Sales in € million



EBIT in € million*



EBIT margin in %



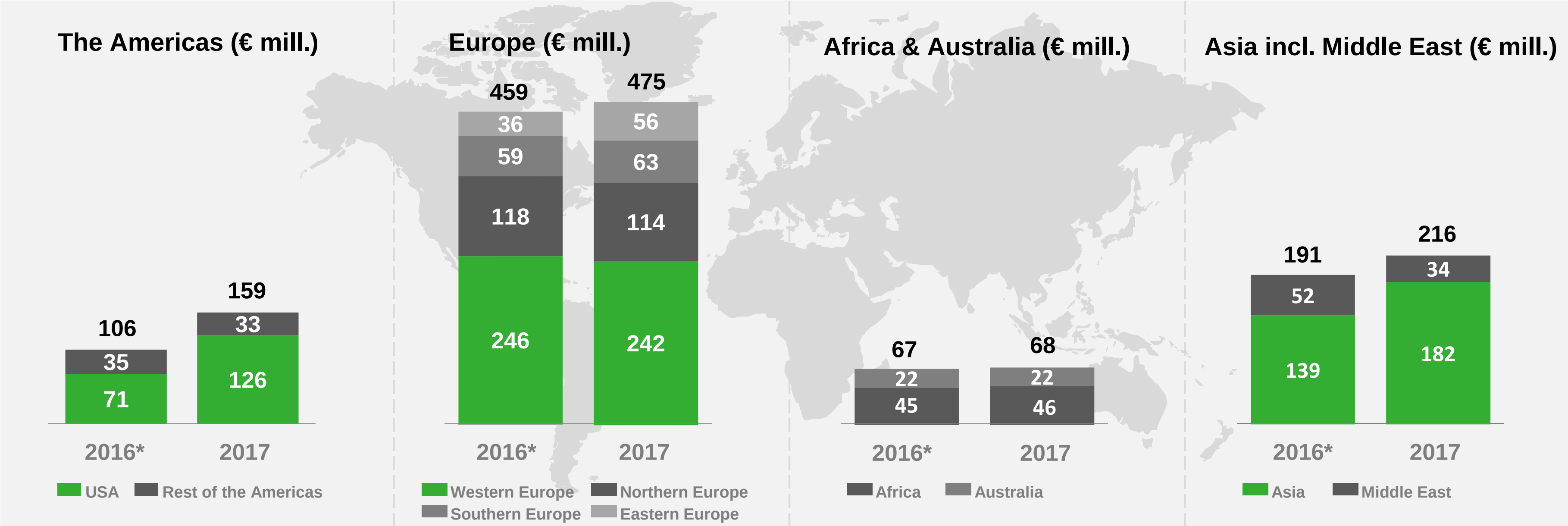
- Positive sales development in particular in the HSG segment thanks to the sale of vehicles in China; additional sales also in Switzerland
- EBIT and EBIT margin down year on year; the figures for 2016 included a positive effect in the amount of €3.5 million relating to the increase in the shareholding to 100 percent of Alpha Rail Team; adjusted for this, both EBIT and the EBIT margin increased; higher earnings contributions in particular from the HSG and mobile welding segments
- HSG-city approved as a heavy ancillary vehicle by Germany’s Federal Railway Authority (EBA); additional application opportunities in the area of rapid transit interurban railways

ROCE (%)	2017:	4.9
	2016:	5.9
Value added (€ mill.)	2017:	(3.5)
	2016:	(4.0)

* Due to a change in the classification of currency exchange gains and losses related to financing activities since the beginning of 2017, the previous year’s figures were adjusted accordingly.

Vossloh Group, 2017 Fiscal Year

Significant sales increases in the USA and China



Significant year-on-year improvement in the Americas thanks to acquisition of Tie Technologies

Sales in Europe up on previous year; significant increase in sales in Eastern Europe

Sales in Africa and Australia essentially on a par with the previous year

Strong business in China leads to higher sales in Asia

* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

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Vossloh Group, 2017 Fiscal Year

Our agenda for tomorrow

"Factory of the future": realization to start in 2018

- Investments of up to €40 million in new machinery, equipment, buildings and infrastructure
- Process innovation and efficiency improvements for our main factory in the area of fastening systems manufacturing; significant increase in the level of vertical integration

Continually increasing our expertise

- Focus on development of innovative and integrated services that optimally meet the customers' requirements
- Ongoing search for suitable acquisitions and cooperative partners

- Customer benefit placed more firmly at the heart of the Company's activities
- Intelligent linking of data recorded in the tracks provides information on the actual state of the tracks
- Cost reductions, improved route availability and extended life cycle of the rail infrastructure thanks to preventive maintenance based on the track conditions

Vision: "The Smart Rail Track by Vossloh"

Vossloh Group, 2018 Outlook

Temporary decline in business performance anticipated in China

- **Sales in the range of €875 million to €950 million:** Decline in sales in the Core Components division due to an anticipated temporary weakening in the performance of Vossloh Fastening Systems in China; higher sales forecast for Customized Modules and Lifecycle Solutions

- **EBIT margin of between 6.0 and 7.0 percent:** Significant improvement expected in the profitability of the Customized Modules division; Lifecycle Solutions also to noticeably improve; Core Components below high level seen in the 2017 fiscal year

- **Value added:** Positive value added aimed for in 2018 in spite of lower EBIT expectations

Financial Calendar and Contact Information

You can always contact us.

Financial Calendar 2018

April 26, 2018	Quarterly statement as of March 31, 2018
May 9, 2018	Annual General Meeting, Düsseldorf, Germany
August 1, 2018	Midyear report as of June 30, 2018
October 25, 2018	Quarterly statement as of September 30, 2018

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Thank you for your time.

Q&A