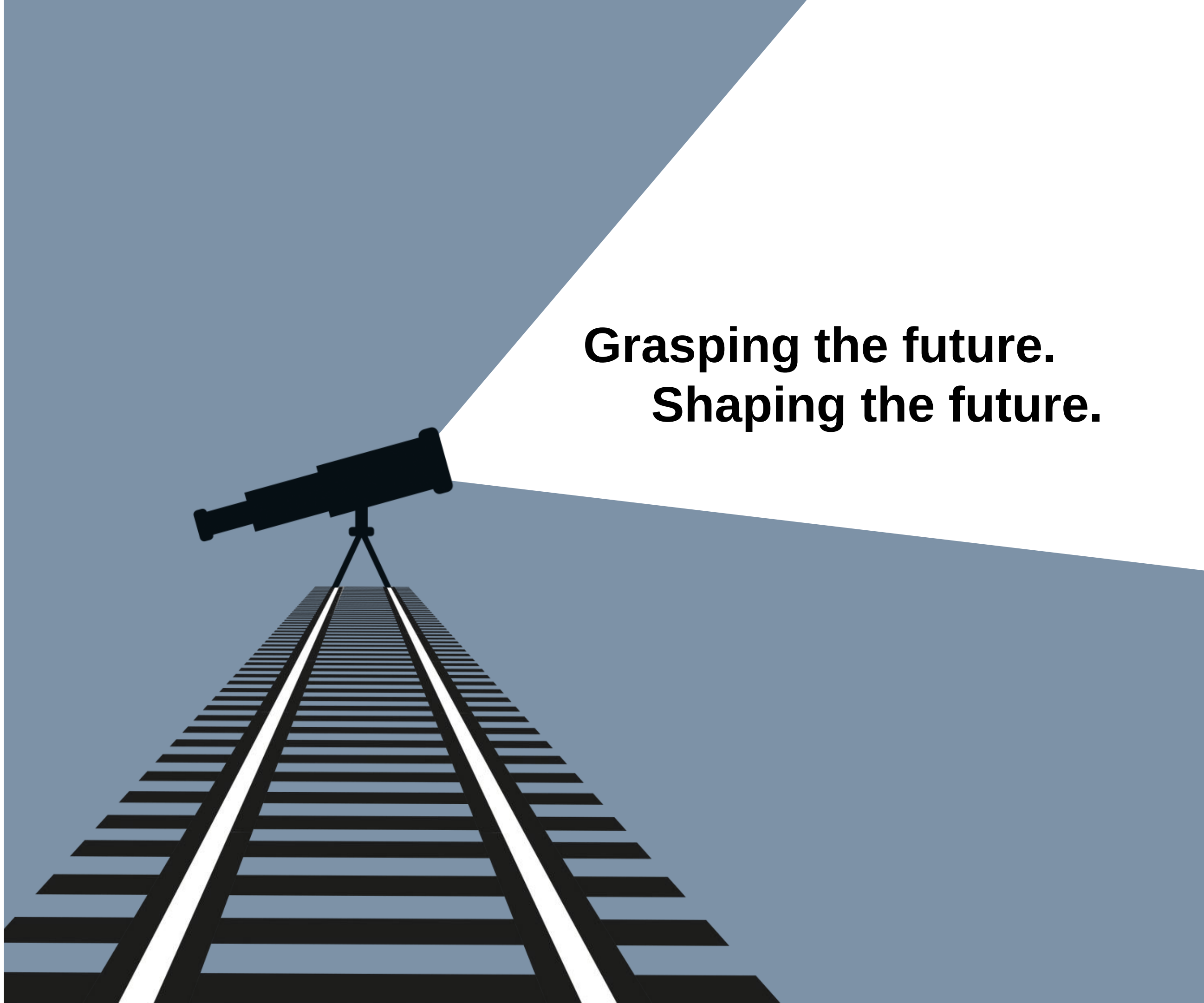
Presentation of the
2018 Annual Report
Frankfurt, March 28, 2019



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Volker Schenk, CTO

Disclaimer

Note:

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Vossloh Group, 2018 fiscal year

Sales and profitability below previous year, dividend proposal unchanged

Operational performance of core business	▪ Sales and profitability below previous year's good figures, due to project-related weakness in China in the Core Components division ▪ Year-on-year increase of 12.9 percent in orders received, book-to-bill ratio of 1.13
Acquisitions strengthen core business	▪ Acquisitions of Austrak Pty Ltd. and the milling business of STRABAG Rail GmbH successfully completed at the end of 2018 ▪ Austrak, market leader in the concrete tie business in Australia, contributes to sales and earnings in the Core Components division for the first time ▪ Lifecycle Solutions expands maintenance business with milling business from STRABAG ▪ Rhomberg Sersa Vossloh GmbH joint venture founded, specializing in the maintenance of switches and tracks, with comprehensive inspection and monitoring expertise
Dividend proposal unchanged from 2017	▪ Dividend proposal from Executive Board and Supervisory Board of Vossloh AG of €1.00 per share for fiscal year 2018 ▪ Total distribution of some €16 million unchanged from previous year

Vossloh Group, 2018 fiscal year

Course set for the future

Order situation continues to improve	▪ Canadian National (“CN”), new strategic customer in the ties and switches business, new tie production plant in Western Canada to start operations shortly ▪ Three major orders from China for fastening systems; deliveries for sections of the routes from Zhengzhou to Wanzhou (€30 million), Ganzhou to Shenzhen (€35 million) and Weifang to Laixi (€20 million); deliveries largely planned for 2020
InnoTrans 2018	▪ Vossloh presented “The Smart Rail Track by Vossloh” at the InnoTrans trade fair ▪ Innovations from Vossloh enjoy overwhelming response from customers and business partners ▪ *amalentic* tie, SKL 15HF, IoT sensors, CogX rolled steel, Multi Purpose Milling machine (“MPM”) and Smart Maintenance app are just some examples of pioneering products and services
Disposal process of Transportation	▪ Disposal process for locomotive business: intensive negotiations with several potential buyers ▪ Contract expected to be signed soon

Vossloh Group, 2018 fiscal year

Sales and EBIT project-related down year-on-year, net income improved

Key Group indicators		2017	2018
Sales revenues	€ mill.	918.3	865.0
EBIT	€ mill.	70.3	54.2
EBIT margin	%	7.7	6.3
Net income	€ mill.	0.3	22.7
Earnings per share	€	(0.50)	1.14
Free cash flow[1)]	€ mill.	(22.3)	(19.0)
Capital expenditure	€ mill.	39.5	60.5
Value added	€ mill.	11.1	(5.8)

Notes

- **Sales revenues** down year on year due to temporary weakness in China, plus negative effects of foreign currency translation
- **EBIT** and **EBIT margin** also down on strong figures for previous year, EBIT margin within forecast range
- **Net income** significantly positive, result from discontinued operations up year on year; **Earnings per share** of €1.14 significantly higher
- **Free cash flow** slightly better but still negative following increase in capital expenditure
- **Capital expenditure** significantly higher, well above depreciation (€35.5 million), mainly due to modernization of Outreau

1) 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.

Vossloh Group, 2018 fiscal year

Equity ratio remains stable at above 40 percent, net financial debt increased

Key Group indicators		2017 12/31/2017	2018 12/31/2018
Equity	€ mill.	532.4	523.3
Equity ratio	%	42.5	41.4
Average working capital	€ mill.	211.6	218.1
Avg. working capital intensity	%	23.0	25.2
Closing working capital	€ mill.	190.0	216.0
Average capital employed	€ mill.	788.3	799.7
Closing capital employed	€ mill.	758.7	862.0
Net financial debt	€ mill.	207.7	307.3

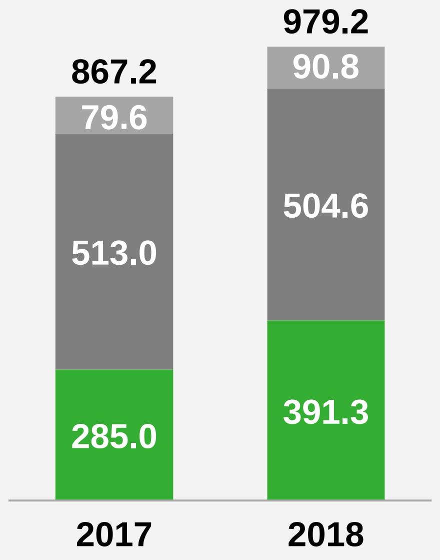
Notes

- **Equity** slightly down despite positive net income, primarily due to dividend distribution for 2017 and changes in accounting standards
- Higher **average working capital intensity**, mainly because of higher average working capital at Core Components
- **Capital employed** higher as of the reporting date following completed acquisitions of Austrak Pty Ltd. and the milling business of STRABAG, plus higher capital expenditure (above depreciation)
- **Net financial debt** significantly higher, largely due to acquisitions, negative free cash flow, dividends and interest payments

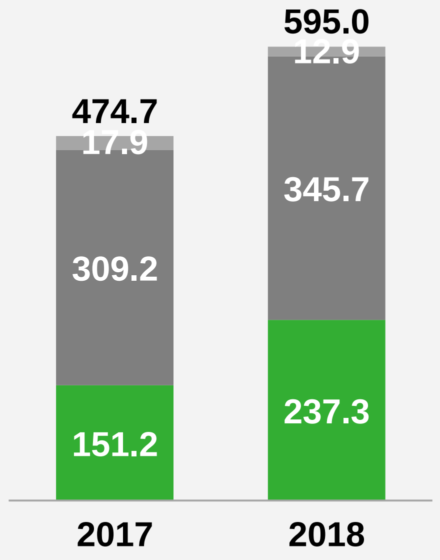
Vossloh Group, 2018 fiscal year

Very good order situation creates basis for growth

Orders received (in € mill.)



Order backlog (in € mill.)



Core Components Customized Modules Lifecycle Solutions

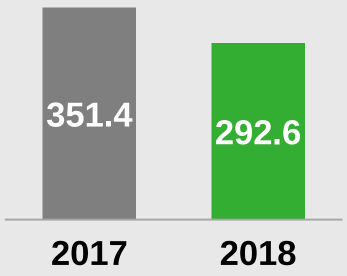
Notes

- **Orders received** up especially due to good order situation in both business units of the Core Components division; includes major orders from China for a cumulative volume of some €85 million at Vossloh Fastening Systems; Customized Modules only slightly down on previous year; Group book-to-bill ratio of 1.13 (previous year: 0.94)
- **Order backlog** for the Vossloh Group up year on year by 24.6 percent as of year-end 2018: Core Components and Customized Modules divisions significantly up on previous year, service-driven division Lifecycle Solutions down year on year

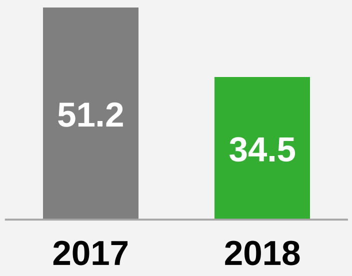
Core Components division, 2018 fiscal year

Profitability down on previous year but still in double-digit range

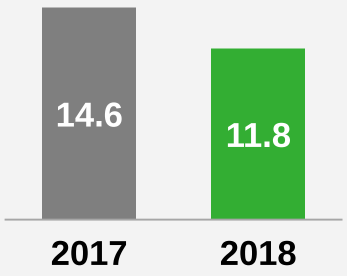
Sales (in € mill.)



EBIT (in € mill.)



EBIT margin (in percent)



- Decline in sales mainly due to temporary project-related weakness in China business
- Profitability still in double-digit range, earnings of US companies also depressed by US import tariffs on steel
- Austrak Pty Ltd. fully consolidated since December 2018, sales contribution of €1.4 million from Austrak in December 2018

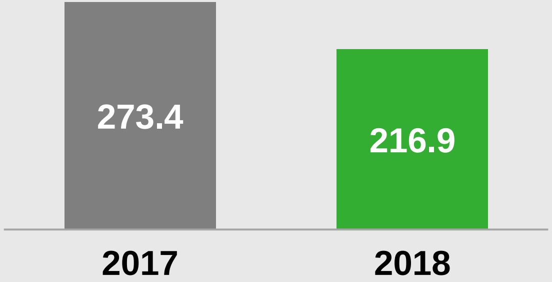
ROCE (in %)	**2018:**	**15.2**
	2017:	**22.8**

Value added (in € mill.)	**2018:**	**17.5**
	2017:	**34.3**

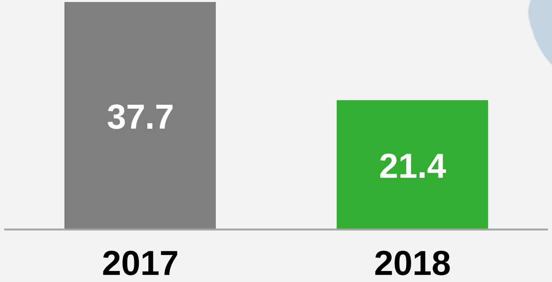
Fastening Systems business unit, 2018 fiscal year

Orders received up 48.8 percent on the previous year

Sales (in € mill.)



Value added (in € mill.)



- Lower sales in China only partly offset by higher sales in Russia following start of production and sales activities
- Value added lower than previous year, but still at a high level
- Book-to-bill ratio of 1.41 following strong orders received; in addition to major orders from China, significantly more new orders from Malaysia, Russia and Turkey

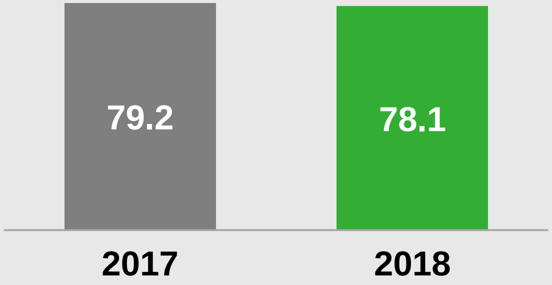
Orders received (in € mill.)	**2018:**	**305.7**
	2017:	**205.5**

Order backlog (in € mill.)	**2018:**	**191.1**
	2017:	**114.9**

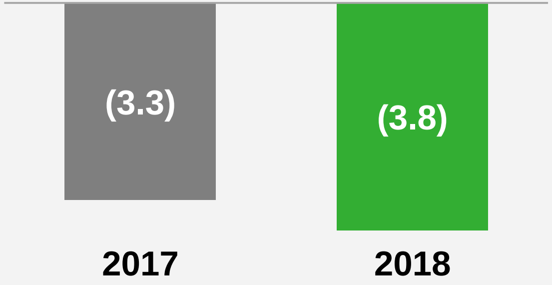
Tie Technologies business unit, 2018 fiscal year

Framework agreement with Canadian National (CN) with first contributions

Sales (in € mill.)



Value added (in € mill.)



- Lower sales in transit business and exchange rate effects depressed sales in 2018, but were offset by new business with CN and the resumption of a project in Florida
- Value added burdened by high goodwill
- Call offs under the framework agreement with CN and Austrak ensure high orders received in 2018, book-to-bill ratio of 1.18

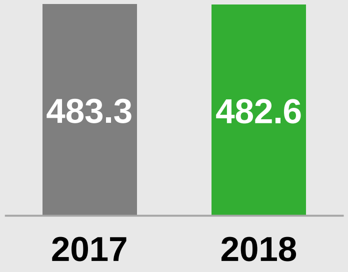
Orders received (in € mill.)	**2018:**	**92.4**
	2017:	**80.7**

Order backlog (in € mill.)	**2018:**	**50.6**
	2017:	**36.3**

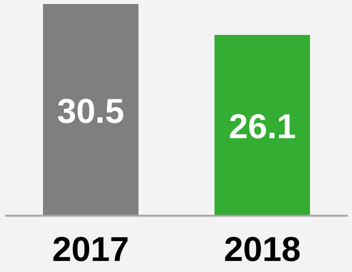
Customized Modules division, 2018 fiscal year

Earnings down year on year after positive non-recurring effect in 2017

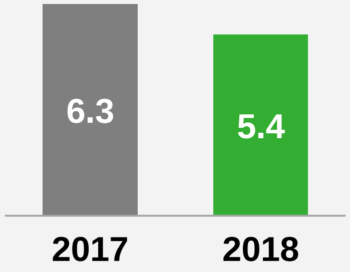
Sales (in € mill.)



EBIT (in € mill.)



EBIT margin (in percent)



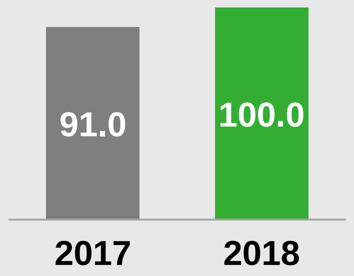
- Sales on same level as previous year despite two companies that were no longer fully consolidated since December 2017 and negative exchange rate effects
- Earnings up after adjustment for non-recurring effect in previous year, good performance in various countries compensates for absence of projects in Morocco

ROCE (in %)	**2018:**	**6.0**
	2017:	**7.2**
Value added (in € mill.)	**2018:**	**(6.4)**
	2017:	**(1.3)**

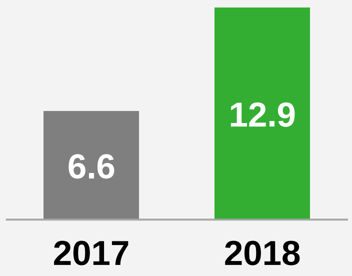
Lifecycle Solutions division, 2018 fiscal year

Sales reach €100 million mark for first time, earnings with one-off effect

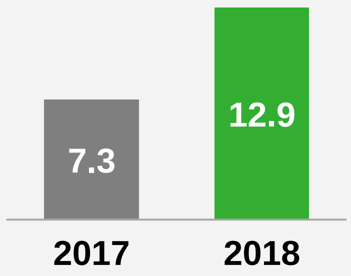
Sales (in € mill.)



EBIT (in € mill.)



EBIT margin (in percent)

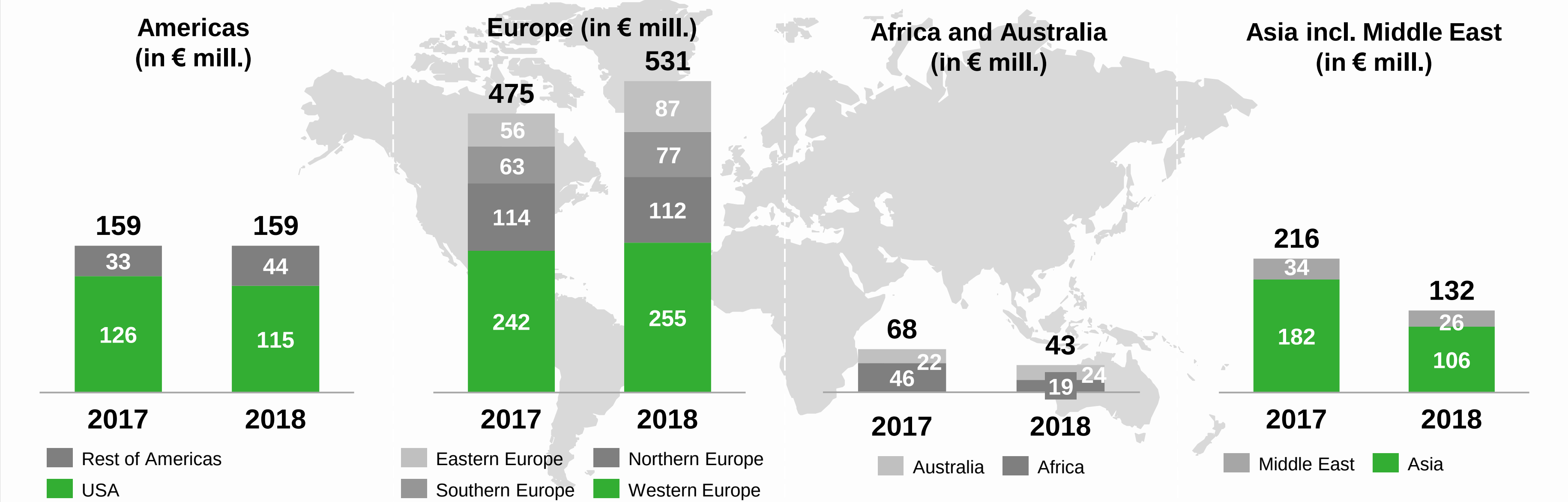


- Good utilization of welding plants, switch grinding in Sweden and high-speed grinding segment drive further sales growth (+9.9%)
- Earnings significantly higher than previous year thanks to positive one-off effect (realization of negative goodwill in connection with the acquisition of the rail milling business of STRABAG Rail GmbH), still higher year on year after adjustment for this effect
- ROCE and value added boosted by one-off effect

ROCE (in %)	**2018:**	**9.0**
	2017:	**4.9**
Value added (in € mill.)	**2018:**	**2.2**
	2017:	**(3.5)**

Vossloh Group, 2018 fiscal year

Increased sales in Europe partially offset decline in China



Higher sales in Canada compensate for decline in USA

Significantly higher sales in Eastern and Southern Europe, Western Europe also improved

Sales in Africa down year on year after completion of Moroccan projects

Contributions from Asia significantly down on 2017 due to performance in China

Vossloh Group, 2018 fiscal year

Grasping the future. Shaping the future.

Acquisitions and partnerships

- Further integration of Austrak and the milling business of STRABAG Rail GmbH
- Establishment and development of strategic partnerships like the joint venture with Rhomberg Sersa

Innovation

- Reduction of innovation cycles in the rail industry expected over the next decade
- Durability of products and smart maintenance becoming ever more important

“The Smart Rail Track by Vossloh”

- Increased digital competence, combined with rail track expertise, is success factor of the future
- Condition of rail infrastructure is known, maintenance can be planned in advance
- Goal: To maximize track availability, increase lifetime of component, reduction of lifecycle costs

Vossloh Group outlook

Sales increases expected, earnings for 2019 on par with 2018

General framework

- Good order situation forms basis for future growth
- Higher visibility of deliveries to China following three major project wins in 2018, majority of deliveries to be made in 2020 based on current information

Outlook for 2019

- Forecast **sales** range **€900 – 1,000 million: Sales higher than 2018** in the Core Components and Lifecycle Solutions divisions, primarily due to the acquisition of Austrak and the milling business, also higher sales for Customized Modules expected
- Forecast **EBIT** range **€50 – 60 million:** EBIT improvement hampered by absence of one-off effect, as well as integration costs and effects from the allocation of purchase prices of the acquisitions
- **Value added** expected to be below previous year's negative figure

Looking ahead to 2020

- Forecast **sales** range **€950 – 1,050 million:** Stronger deliveries in China, forecast upturn in North America and expected growth in milling business to provide **higher sales revenues than in 2019**
- Forecast **EBIT** range **€65 – 80 million**

Financial calendar and contact information

How to reach us

Financial calendar 2019

April 25, 2019	Quarterly statement as of March 31, 2019
May 22, 2019	Annual General Meeting, Düsseldorf
July 25, 2019	Interim report as of June 30, 2019
October 24, 2019	Quarterly statement as of September 30, 2019

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Thank you for
your time.

Q&A