vossloh

Presentation to Investors

Interim report
as of June 30, 2019

Werdohl, July 25, 2019

Grasping the future.
Shaping the future.

Disclaimer

Note:

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Vossloh Group: Grasping the future. Shaping the future.

Strong development of orders received continues in Q2/2019

Operating performance in the core business	▪ Group sales increased in the first half of 2019 by 4.6%, particularly due to an acquisition at Vossloh Tie Technologies ▪ EBIT, adjusted for one-time effects from the performance program, slightly below the previous year (adjustment only affects the key figures EBIT and EBIT margin) ▪ Outlook for the operational business in 2019 confirmed, preview for a stronger fiscal year 2020 unchanged
Performance program on track	▪ Personnel: Provisions made for about a third of the planned employee redundancies ▪ Unprofitable or disadvantageous activities: Quantification not yet conclusively possible; concerns particularly Customized Modules
Order situation remains strong	▪ Major orders in China (high-speed line from Hangzhou to Taizhou; around €40 million) and by Austrak in Australia (order from Rio Tinto for 280,000 concrete ties) won in Q2/2019 ▪ Both orders will primarily be delivered in 2020
Disposal process of Transportation	▪ Very good progress on contract negotiations ▪ Contract signing expected in the coming weeks

Vossloh Group

Sales increased, free cash flow in Q2/2019 at €43.2 million

Key Group indicators		1-6/2018	1-6/2019
Sales revenues	€ mill.	418.1	437.1
EBIT	€ mill.	22.8	13.6
Adjusted EBIT[1)]	€ mill.	–	20.5
EBIT margin (2019 adjusted[1)])	%	5.4	4.7
Net income	€ mill.	11.2	(23.4)
Earnings per share	€	0.53	(1.58)
Free cash flow[2)]	€ mill.	(2.8)	(8.8)
Capital expenditure	€ mill.	19.9	19.0
Value added	€ mill.	(6.3)	(21.0)

Notes

- **Sales revenues** continued to be above the previous year, particularly due to stronger business development in Core Components (also result of the Austrak acquisition in 2018)
- **EBIT** is burdened by expenses of €6.9 million from the performance program (mainly provisions for personnel measures), **adjusted EBIT and EBIT margin** slightly below previous year
- **Net income** significantly below previous year, burdened by the performance program as well as impairments and operating losses in the area of discontinued operations; net income in the core business positive at €1.6 million.
- **Free cash flow** clearly positive with €43.2 million in Q2/2019 after significant working capital reduction; free cash flow in H1 for core business positive (€11.0 million)
- **Value added** burdened by expenses from performance program and increase in average capital employed

1) "Adjusted EBIT" corresponds to EBIT adjusted for negative one-time effects in the performance program (expenses in connection with releasing employees, earnings effects from the module unprofitable or disadvantageous activities)

2) Includes the effects from 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

Net financial debt at the level of end 2018

Key Group indicators		1-6/2018/ 6/30/2018	2018/ 12/31/2018	1-6/2019/ 6/30/2019
Equity	€ mill.	520.0	523.3	531.5
Equity ratio	%	43.1	41.4	36.8
Closing working capital	€ mill.	210.2	216.0	224.1
Average working capital intensity	%	24.9	25.2	27.4
Average capital employed	€ mill.	775.0	799.7	921.7
Closing capital employed	€ mill.	784.4	862.0	917.3
Net financial debt	€ mill.	236.1	307.3	307.8[1)]

Notes

- **Equity** increased following the capital increase, negative net income and dividend payout had a diminishing effect, equity ratio reduced due to balance sheet extension from first-time application of IFRS 16
- **Closing working capital** fell significantly by around €36 million compared to Q1/2019
- **Closing capital employed** significantly higher than at the end of the previous year primarily due to the application of IFRS 16
- **Net financial debt** declined significantly in Q2/2019 mainly due to proceeds from capital increase and positive free cash flow

1) Net financial debt as of 6/30/2019 before application of IFRS 16. Taking into account IFRS 16, net financial debt would increase by €52.5 million on 6/30/2019.

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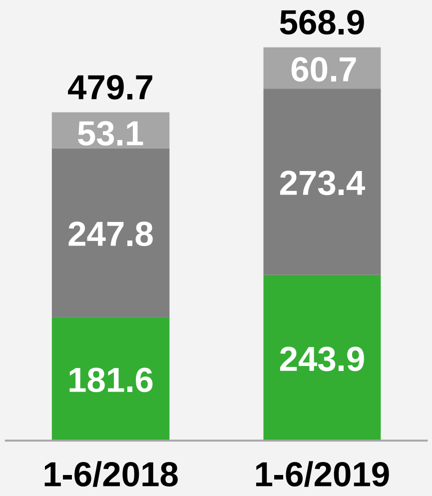
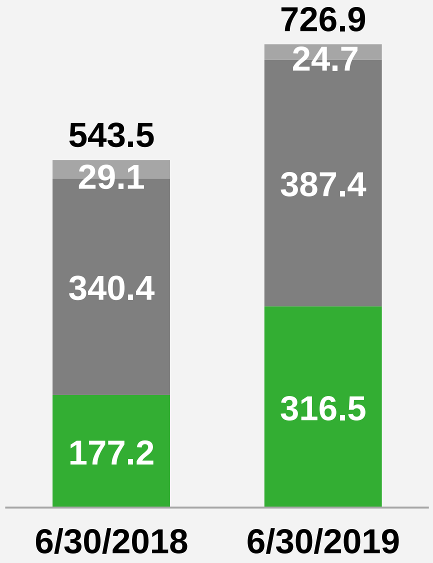
Orders received remain at a high level

Orders received (in € mill.)



Order backlog (in € mill.)



Core Components Customized Modules Lifecycle Solutions

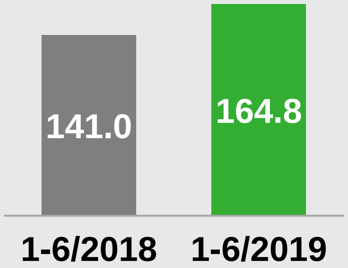
Notes

- Increase of **orders received** in all divisions, particularly in the Tie Technologies business unit with the acquisition of Austrak; Customized Modules received again more orders in the single quarter compared to the previous year; Lifecycle Solutions above the first half of last year
- **Book-to-bill ratio** of 1.3 for the Group
- **Order backlog** of the Vossloh Group at the end of June 2019 33.7% higher than in the previous year: Among other things, this is attributable to major orders in the Fastening Systems business unit in China, major Rio Tinto order won by Tie Technologies included

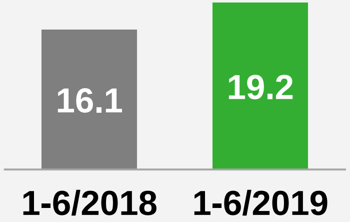
Core Components division

Sales and EBIT significantly higher year-on-year

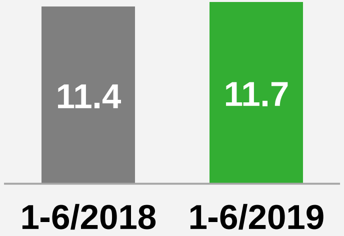
Sales (in € mill.)



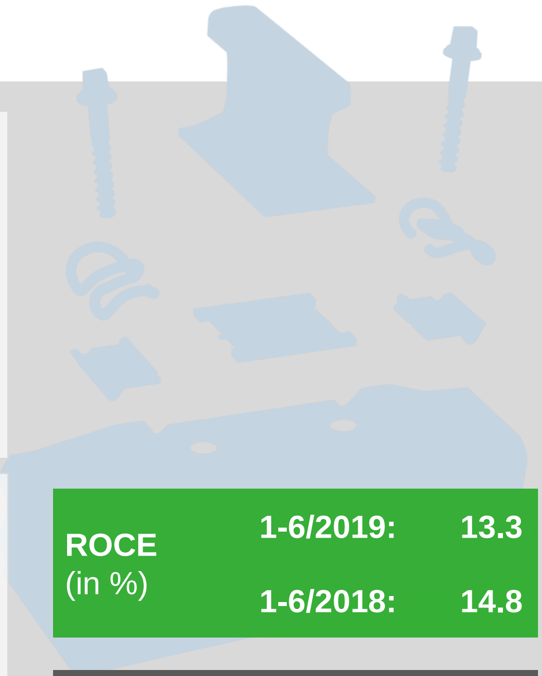
EBIT (2019 adjusted) (in € mill.)



EBIT margin (2019 adj.) (in %)



- Significant sales increase in Tie Technologies in North America and Australia
- EBIT burdened by one-time effects from the performance program in the amount of €0.8 million; adjusted EBIT significantly higher year-on-year due to higher sales, positive contributions from Austrak, adjusted EBIT margin higher year-on-year despite negative impact of purchase price allocation following the acquisition of Austrak
- Value added burdened by previously mentioned one-time effects, but still slightly above previous year's level



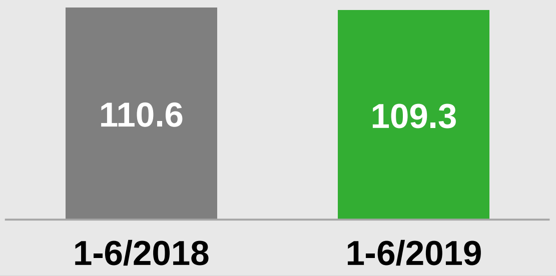
ROCE (in %)	**1-6/2019:**	**13.3**
	1-6/2018:	**14.8**

Value added (in € mill.)	**1-6/2019:**	**8.1**
	1-6/2018:	**7.9**

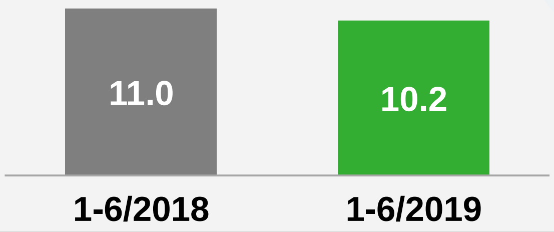
Fastening Systems business unit

Order backlog significantly above previous year's level

Sales (in € mill.)



Value added (in € mill.)



- Sales almost unchanged; improved business development in the US and Russia but lower sales in Asia (China, Thailand) and Poland
- Value added burdened by one-time effects from the performance program
- Order backlog increased by almost €100 million year-on-year, particularly due to the very good development in China; book-to-bill at 1.39 (previous year: 1.34)

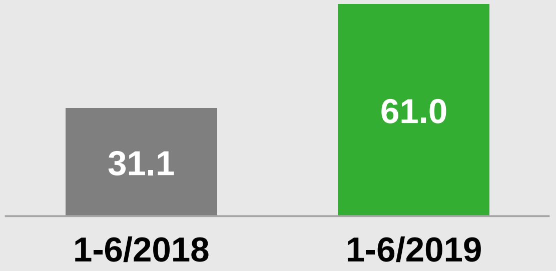
Orders received (in € mill.)	**1-6/2019:**	**152.4**
	1-6/2018:	**148.6**

Order backlog (in € mill.)	**6/30/2019:**	**234.2**
	6/30/2018:	**138.2**

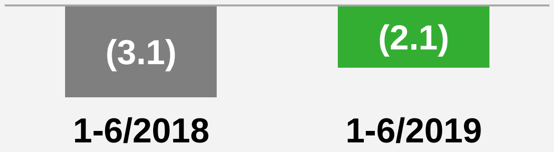
Tie Technologies business unit

Sales increased in North America, significant contributions from Australia

Sales (in € mill.)



Value added (in € mill.)



- Higher sales, particularly due to the acquisition of Austrak at the end of 2018 (€15.9 million), additionally an increase in sales from deliveries under the framework agreement with CN
- Value added improved despite negative effects from the purchase price allocation and burdens from the performance program
- Orders received significantly higher, book-to-bill of 1.55 (previous year: 1.09)

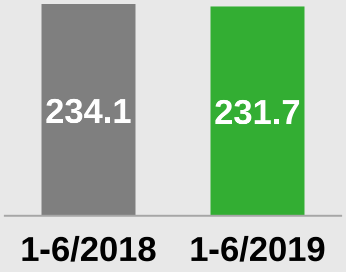
Orders received (in € mill.)	**1-6/2019:**	**94.5**
	1-6/2018:	**33.9**

Order backlog (in € mill.)	**6/30/2019:**	**84.1**
	6/30/2018:	**39.0**

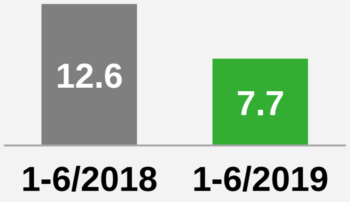
Customized Modules division

Sales slightly down year-on-year, orders received remain at a high level

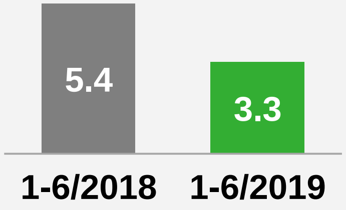
Sales (in € mill.)



EBIT (2019 adjusted)
(in € mill.)



EBIT margin (2019 adj.)
(in %)



- Sales slightly below the previous year; lower sales in Poland, the United Kingdom and France only partially offset by higher sales in India and Canada
- EBIT burdened by one-time effects from the performance program in the amount of €1.7 million; adjusted EBIT down year-on-year, particularly due to lower earnings contributions from the United Kingdom, the US, Poland and Finland; in contrast, Sweden improved
- Orders received continue to be higher than in the previous year, mainly due to additional orders in Malaysia, the Netherlands and India

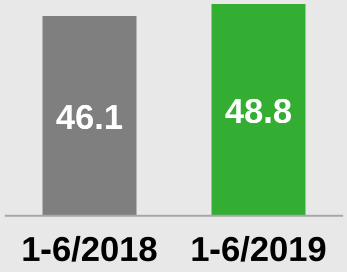
ROCE (in %)	**1-6/2019:**	**2.6**
	1-6/2018:	**5.9**

Value added (in € mill.)	**1-6/2019:**	**(11.3)**
	1-6/2018:	**(3.4)**

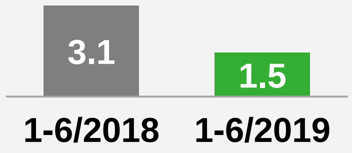
Lifecycle Solutions division

Sales increased slightly, EBIT still lower year-on-year

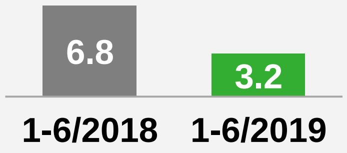
Sales (in € mill.)



EBIT (2019 adjusted)
(in € mill.)



EBIT margin (2019 adj.)
(in %)



- Sales higher year-on-year due to contributions from the milling business acquired in December 2018
- EBIT burdened by one-time effects from the performance program in the amount of €3.4 million; adjusted EBIT lower year-on-year, mainly due to lower earnings contributions from vehicle sales
- Value added in addition to EBIT development in particular burdened by one-time effects from the performance program and first-time application of IFRS 16

ROCE (in %)	**1-6/2019:**	**(2.0)**
	1-6/2018:	**4.7**

Value added (in € mill.)	**1-6/2019:**	**(8.8)**
	1-6/2018:	**(1.9)**

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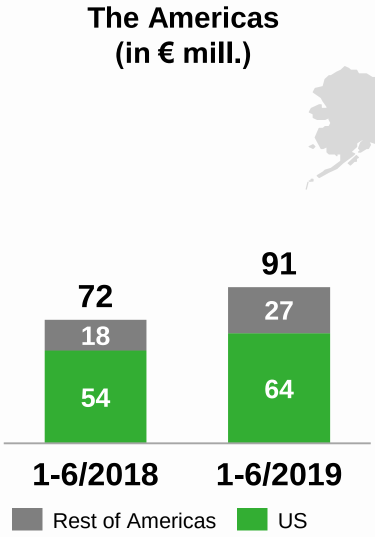
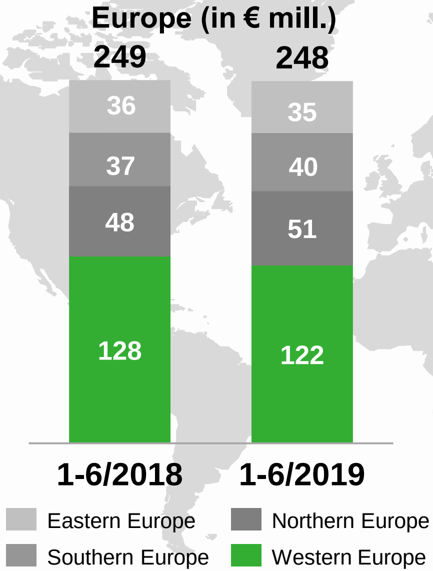
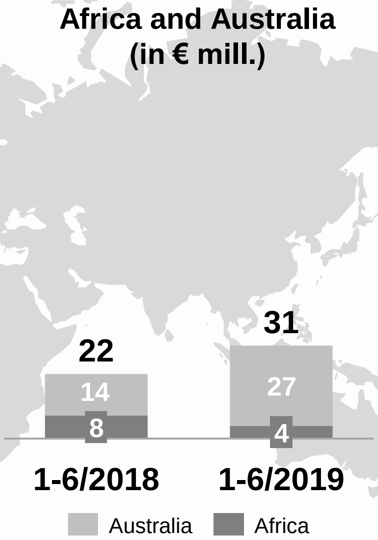
Sales increases primarily in Australia, Canada and the USA



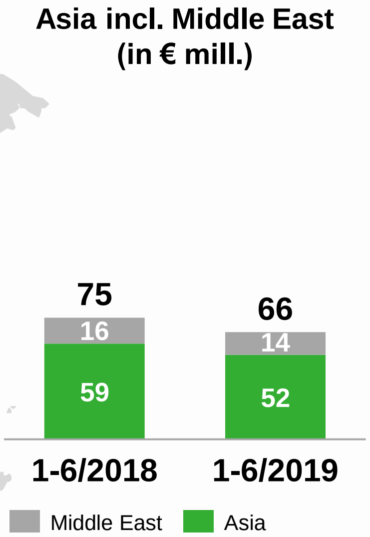
Higher sales in both Canada and the USA



Slightly lower sales in Western Europe almost completely offset



Sales in Australia increased through the acquisition of Austrak



Lower sales in China and Thailand, higher sales in India and Malaysia

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Outlook

General framework

- Good order situation forms basis for future growth
- Higher visibility of deliveries to China following three major project wins in 2018 and another in 2019, majority of deliveries to be made in 2020 based on current information

Outlook for 2019 with regard to the operating business

- Forecast **sales** range **€900 – 1,000 million: Sales increases compared to 2018** in the Core Components and Lifecycle Solutions divisions primarily due to the acquisitions of Austrak and the milling business, higher sales also expected for Customized Modules
- **Adjusted EBIT** within a range of **€50 – 60 million** confirmed
- **Value added** also particularly due to one-time expenses from the performance program expected to be below the negative previous year's value

Looking ahead to 2020

- Forecast **sales** range **€950 – 1,050 million: Sales increase** compared with 2019 mainly driven by high order backlog in rail fastener business in China
- Forecast **EBIT** range **€65 – 80 million**

Financial calendar and contact information

How to reach us

Financial calendar 2019 / 2020

October 24, 2019	Quarterly statement as of September 30, 2019
March 2020	2019 Annual Report

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Thank you for
your time.

Q&A