

**PRESENTATION VOSSLOH AG  
BERENBERG/GOLDMAN SACHS  
GERMAN CORPORATE CONFERENCE**

**SEPTEMBER 20, 2023, MUNICH**



# GLOBAL MEGATRENDS BOOST THE RAILROADS



## Urbanization

Today, about 55 percent of people live in cities. By 2050, this share is expected to rise to 68 percent, which will lead to an increase in local transport volumes.



## Globalization

International trade flows will continue to increase despite current developments. This requires efficient transport systems.



## Population growth

The global population will grow to more than 11 billion by the end of the century. This will lead to a higher demand for transportation of people and goods.



## Sustainability

Rail is the mass transport mode with the best CO<sub>2</sub> footprint and thus a key driver of green mobility.



## Digitalization

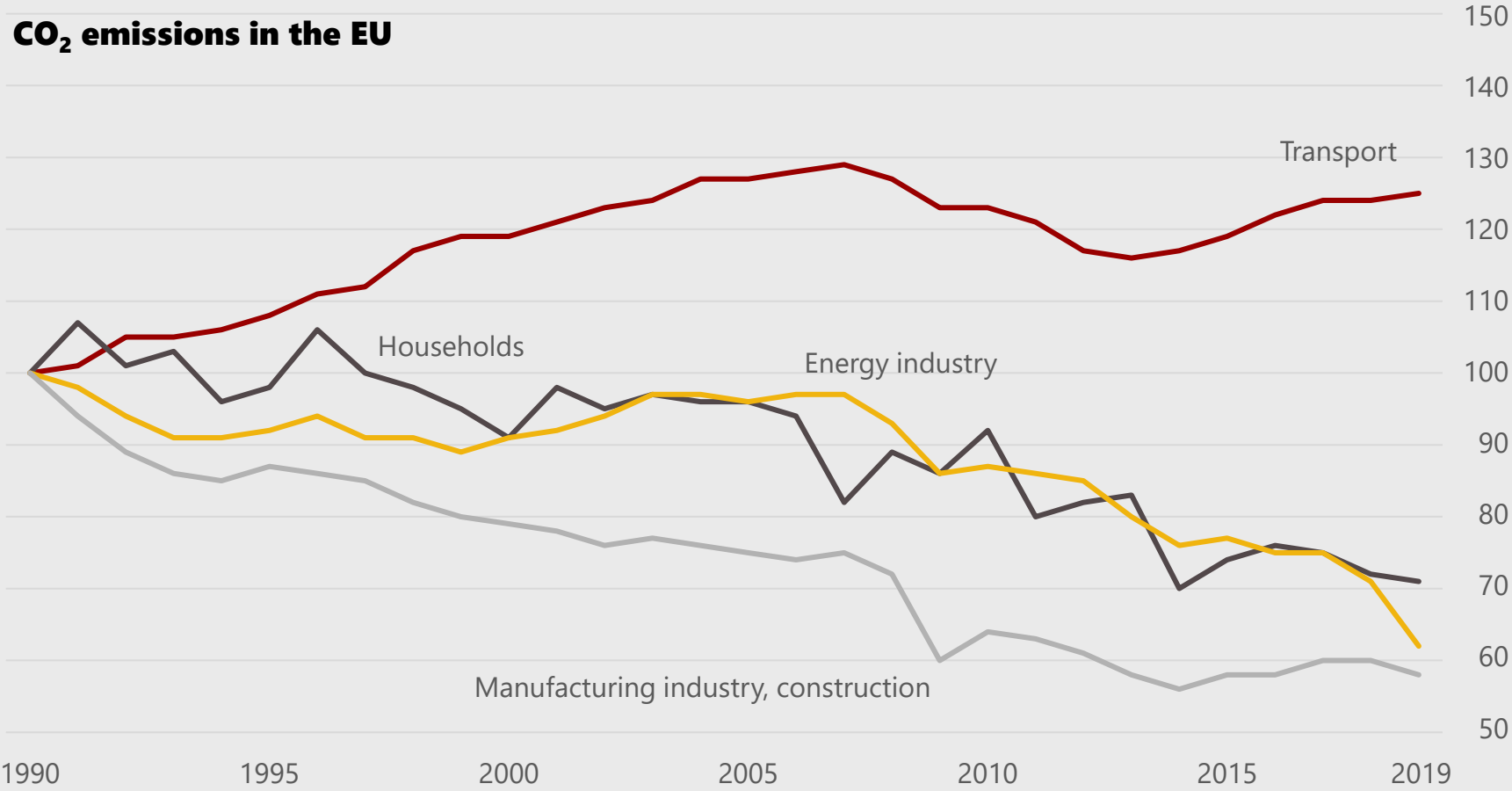
Digitalization including IoT, AI, Big Data & Data Analytics is a process of change for society, but will also lead to significant changes in the rail industry.

**Sustained higher traffic volumes can best be served sustainably by the environmentally friendly mode of rail transport!**

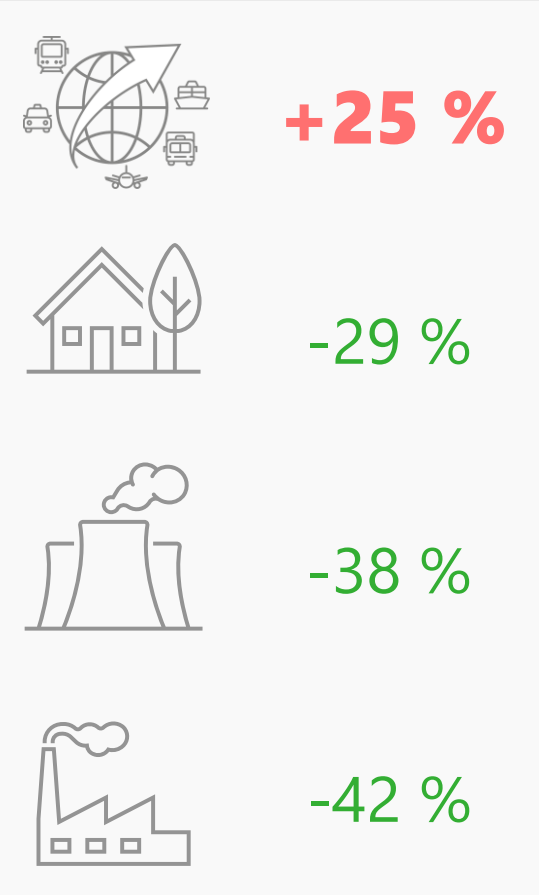
# DECARBONIZATION IS THE KEY TO LIMITING GLOBAL WARMING

TRANSPORT WITH HIGHER CO<sub>2</sub> EMISSIONS THAN IN 1990

CO<sub>2</sub> emissions in the EU



Source: European Environment Agency (EEA), Eurostat



CO<sub>2</sub> emissions compared to 1990

# RAIL IS THE KEY TO SOLVING SOME OF THE MOST PRESSING CHALLENGES OF OUR TIME...

RAIL AS THE MOST ENVIRONMENTALLY FRIENDLY MODE OF TRANSPORT



**Lower**  
**CO<sub>2</sub> emissions**



**High**  
**land use efficiency**



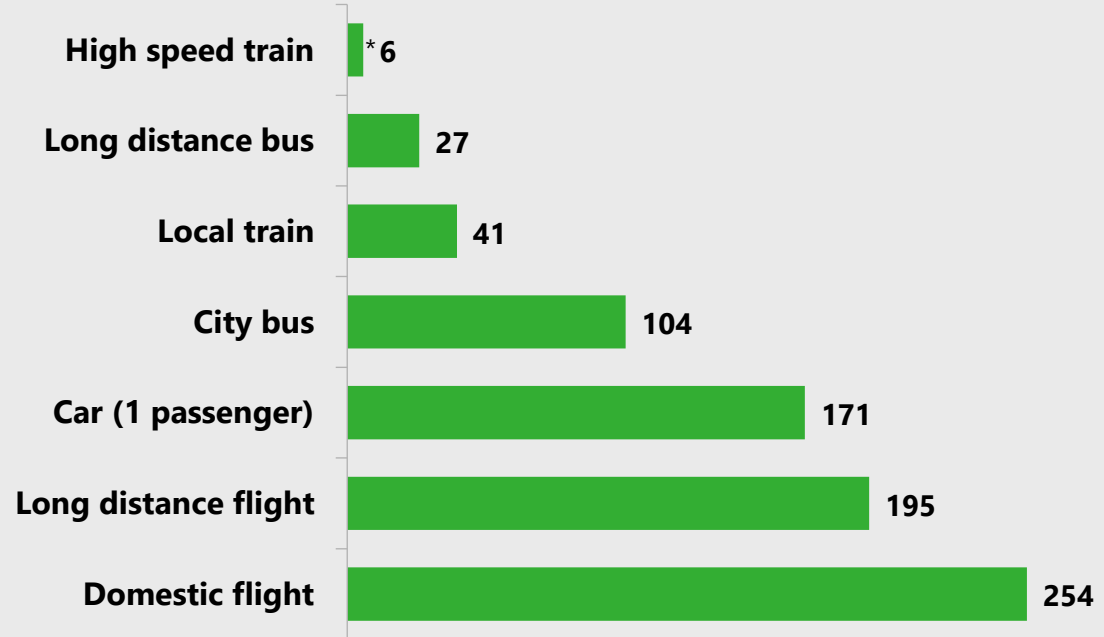
**Improved**  
**air quality**



**Extensive**  
**Energy sovereignty**



**Low**  
**External costs**



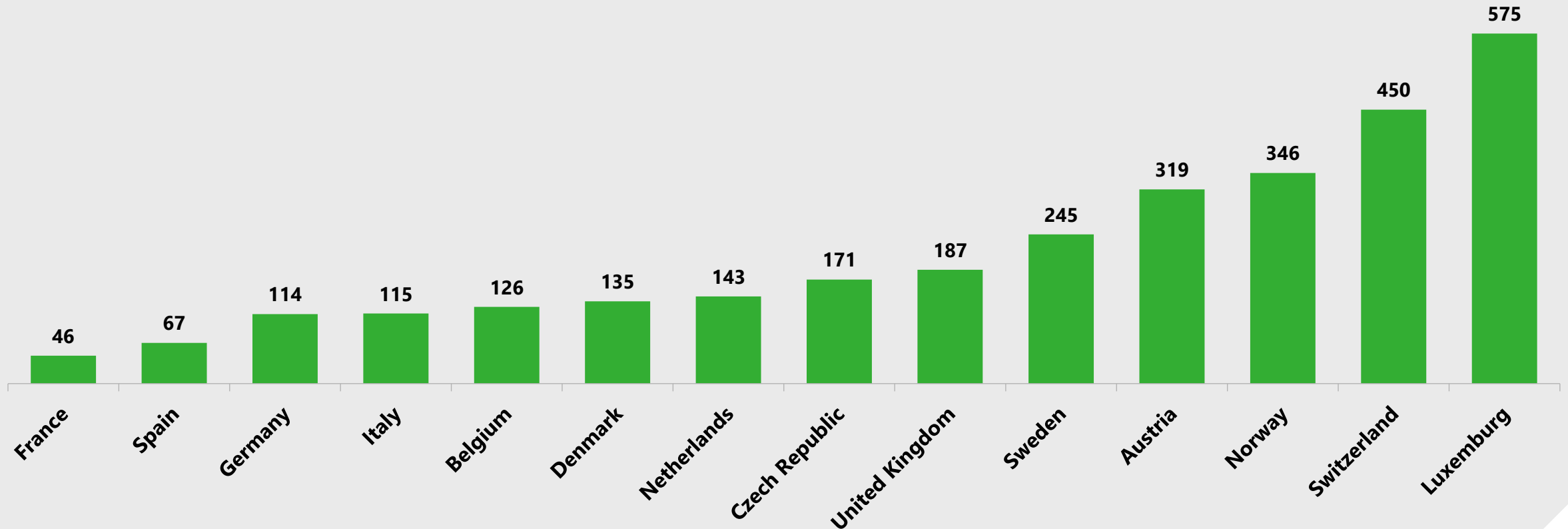
\*Greenhouse gas emissions in grams per passenger kilometer  
Source : BEIS / Defra Green house gas conversion factors 2019

**Rail is responsible for about 8 percent of transport volume, but only 2 percent of energy consumption in the transport sector in the EU.**

Source: Fostering the railway sector through the European Green Deal, Study 2020

# ...BUT OVERALL, THERE IS STILL TOO LITTLE INVESTMENT IN RAIL INFRASTRUCTURE IN MANY COUNTRIES

NUMEROUS COUNTRIES HAVE RUN ON WEAR AND TEAR WITH THE RAILROADS



\*Source: Allianz pro Schiene, Per capita investments of governments on rail infrastructure in selected European countries in 2022.

# RAIL INVESTMENT PROGRAMS WORLDWIDE

MANY COUNTRIES HAVE RECOGNIZED THIS AND ARE COUNTERACTING



**USA**

**€1 trillion**

"Biden Infrastructure Plan"

/ **€60 billion** for the  
Modernization of long-  
distance passenger  
transport

/ **€82 billion**  
for public transit traffic



**Germany**

**~€86 billion**

"Starke Schiene" & „Leistungs-  
und Finanzierungsvereinbarung" III

**~€4 billion**

"Digital rail" including interlocking  
technology/ETCS

**~€24 billion**

additional **until 2027** for  
maintenance and expansion of the  
rail network



**Italy**

**€25 billion**

EU Recovery and Resilience  
Facility

**€1.5 billion**

"Complementary Fund"



**China**

**+50.000 km**

Expansion of the entire rail  
network

**+30,400 km**

Expansion of high-speed lines



**Australia**

**€66 billion**

Infrastructure Investment Plan

**€8 billion**

Inland Rail Project



**Egypt**

**~€46 billion**

"Egypt Vision 2030"



**Turkey**

**+6,000 km**

Expansion of the entire rail  
network

**+4,300 km**

Expansion of high-speed lines

# GREEN DEAL FOR A CLIMATE-NEUTRAL EUROPEAN CONTINENT

GREEN DEAL WILL SUSTAIN CAPITAL EXPENDITURE IN RAIL INFRASTRUCTURE



The first **climate neutral** continent until 2050



At least **55 percent less** CO<sub>2e</sub> emissions by 2030 compared to 1990



**25 percent** Share of transport sector of CO emissions<sub>2e</sub>



**~€600 billion** to finance of the Green Deal

## Targets by 2030:

Among other things, high-speed rail traffic to **double throughout Europe**

## Targets by 2050:

Including a **90 percent** reduction in transport-related greenhouse gas emissions  
High-speed rail traffic to **triple across Europe**  
Rail freight transport to **double across Europe**



- Deutsche Bahn study with European partner railroads in **support of rail-related Green Deal targets.**
- Additional **21,000 km of high-speed rail** by 2050
- Connect **60 percent of all EU citizens** with high-speed network

# THE STRATEGY

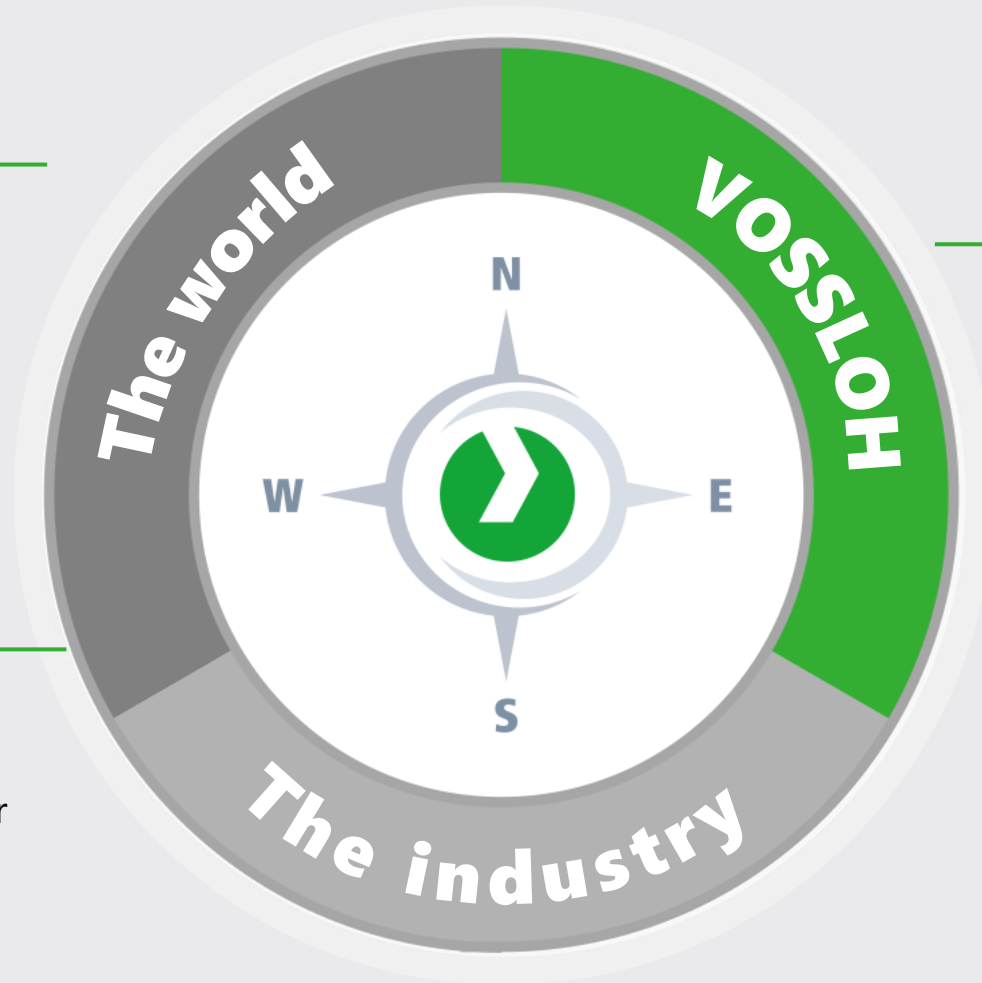
VOSSLOH IS PERFECTLY POSITIONED TO SERVE THE NEED FOR HIGHER TRACK AVAILABILITY

## Shift to Rail

Global megatrends  
Need for more transportation  
Clean modes of transportation

## Track availability as key

Increase of rail traffic on existing infrastructure  
Track availability as key success factor for rail network operator



## Unique position

Unique and comprehensive product and service portfolio  
Understanding of the rail track as a system  
Global market presence and customer access  
Solutions for higher track availability



# UNIQUE FOCUS ON THE RAIL TRACK WORLDWIDE

VOSSLOH CONNECTING THE REAL AND THE DIGITAL WORLD IN RAIL INFRASTRUCTURE



## We are **manufacturer**

- ✓ Comprehensive hardware portfolio covering all applications
- ✓ Technology leadership, engineering expertise and global customer presence
- ✓ Systemic understanding of the rail track



## We are **maintainers**

- ✓ Broad portfolio of track supply (welding and logistics) and maintenance services
- ✓ Both corrective and preventive services including unique HSG technology.



## We are **digital**

- ✓ Smart offerings for condition-based and perspective predictive maintenance
- ✓ Tailored maintenance solutions combined with digital expertise in all aspects of the rail track system

# THE VOSSLÖH GROUP 2022



**€1.046 billion**  
Sales revenues



**100+**  
Countries with Vossloh  
products and services



**€78.1 million**  
EBIT



around **€715 million**  
Market capitalization\*



**40+** production  
sites  
in 20 countries



around **3,800**  
Employees around the  
globe

\*as of 7/31/2023

## Identity

Technologically leading group in the rail infrastructure sector with headquarters in Werdohl. We offer our customers around the globe integrated solutions for the rail track.

## Market position

Vossloh is a world leader in rail fastener and switch systems, a leading manufacturer of concrete ties in North America and Australia, and the world's sole supplier of the innovative High Speed Grinding process.

## Shareholder structure



- Nadia Thiele; Robin Brühmüller
- Free float



# THE CORPORATE STRUCTURE

## FOCUS ON THE RAIL TRACK

482.1



### Core Components

Industrially manufactured series products, in high quantities for railroad infrastructure projects

#### Business units:

Vossloh Fastening Systems  
(rail fastening systems)

Vossloh Tie Technologies  
(concrete ties)

456.1



### Customized Modules

Project-specific adapted modular solutions

#### Business units:

Vossloh Switch Systems (switch systems, signaling products and systems)

136.0

Sales in € million, 2022



### Lifecycle Solutions

Specialized services for the life cycle of rails and switches

#### Business units:

Vossloh Rail Services  
(maintenance, machining, preventive and corrective care, and welding services/rail logistics).

\*Average number of employees in 2022

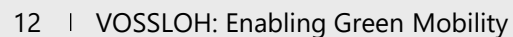
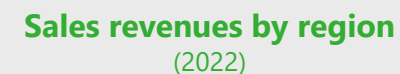
WE ARE PARTNERS OF ALL MAJOR NETWORK OPERATORS ON FIVE CONTINENTS

A world map with green shading indicating countries where Vossloh products are used. The map is populated with numerous logos of railway companies and infrastructure agencies from various countries. The logos include:
 

- North America:** CN (Canada), BNSF RAILWAY (USA), AMTRAK (USA), Kansas City Southern (USA).
- South America:** Metro (Brazil), EFE (Chile), CCFC (Argentina), adif (Spain).
- Europe:** BANE NOR (Norway), Finnish Transport Infrastructure Agency (Finland), TRAFIKVERKET (Sweden), SNCF (France), DB (Germany), VBA (Austria), RFI (Italy), ADY (Hungary), SNCF (Belgium), SNCV (Belgium), ONCF (Morocco), RATP DEV (France), SNM (Slovakia), ROLLORE (Czech Republic), CAMRAIL (Cameroon), ETRAG (Turkey), TRANSNIP (Ukraine).
- Asia:** SASAKIRAN TIMUR MUDA (Malaysia), KTM (Malaysia), CRCC (China), 中国铁建 (China), VTC-STE.CO. (Vietnam), Indian Railways (India).
- Africa:** SAR (South Africa).
- Oceania:** QueenslandRail (Australia), ARTC (Australia).

Countries in which Vossloh products are used

(2022, Sales revenues in €million)



# OUR STRATEGIC DIRECTIONS



## Strengthen product business

- / Expand or regain **cost leadership**
- / **Increase in volume** through targeted sales **activities**
- / **Expansion of the product portfolio**
- / Differentiation through **targeted innovations**



## Leading service into the digital era

- / Strengthening the **conventional service business**
- / Development and expansion of the **smart maintenance business**



## Optimize processes and structures, institutionalize sustainability

- / **Commercial excellence & increase sales efficiency**
- / Building and expanding **digital capabilities**
- / Group-wide **efficiency program**
- / **Sustainability Strategy**
- / Expand **leadership competence**

# WE TAKE RESPONSIBILITY

LONG-TERM SUCCESS REQUIRES BALANCING ECONOMIC, SOCIAL AND ENVIRONMENTAL INTERESTS



## Sustainability as a corporate value

- / **enabling green mobility** as a leitmotif
- / Central component of the Group strategy
- / Positive contribution and **sustainable business model** as a goal



## Group-wide sustainability strategy

- / **Sustainability Commitment of** the Executive Board
- / Focus topics defined and **group-wide sustainability targets** adopted
- / Global sustainability organization



## Positive view of stakeholders

- / Increasing importance of ESG criteria in **customer tenders**
- / **Employees** demand purpose & positive contribution
- / **Top ratings from renowned ESG agencies**  
ISS ESG (Prime, Top 10 %), MSCI ESG (AA) (Top 30 %),  
Ecovadis (Silver, Top 7 %)



## Sustainability in facts & figures

- / **CO<sub>2</sub> intensity reduced by 33 percent** (compared to 2017)
- / **100 percent of sales revenues taxonomy-eligible** and **64 percent of sales revenues taxonomy-aligned**
- / Member of the UN Global Compact



# **FINANCIAL OVERVIEW**

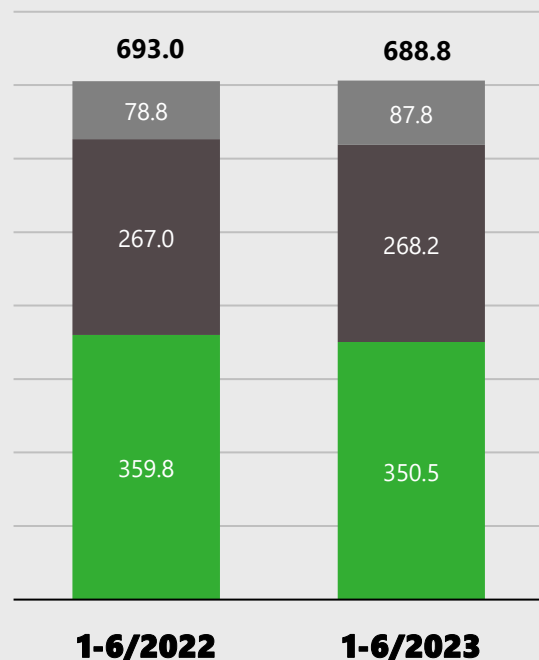
## **H1 2023**



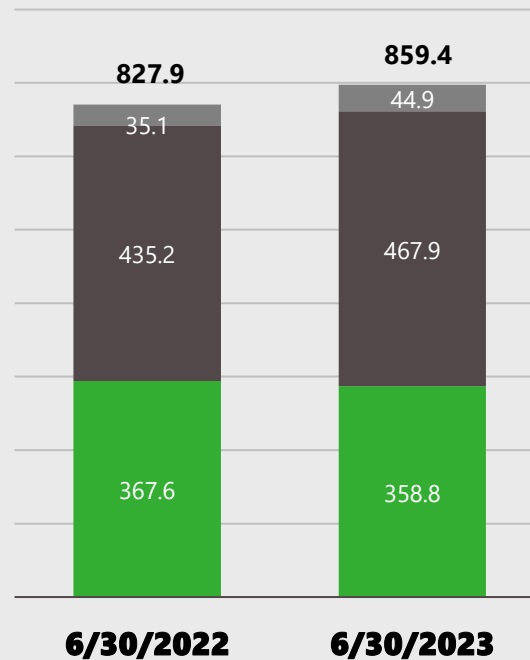
# VOSSLOH GROUP

CONTINUING GOOD MARKET ENVIRONMENT - BOOK-TO-BILL AT 1.15

## ORDERS RECEIVED (in € mill.)



## ORDER BACKLOG (in € mill.)



## NOTES

**Orders received** in H1/2023 on par with strong level of previous year, after Q1/2023 figure was still well below year-earlier level; H1/2022 figure had been particularly strong after several major orders were won in China and Egypt; in H1/2023, Vossloh mainly achieved higher orders received at Core Components in Mexico, at Lifecycle Solutions, Customized Modules and Vossloh Fastening Systems in Germany, and at Customized Modules in Serbia and France

**Order backlog** up by 3.8 percent year on year; Customized Modules well up, mainly due to higher backlogs at the French locations, in Serbia and Luxembourg; Lifecycle Solutions also noticeably up year on year, especially higher order backlogs in Germany and the Netherlands; Core Components slightly down year on year, lower order backlog at Vossloh Fastening Systems largely offset by higher backlog at Vossloh Tie Technologies



# VOSSLOH GROUP

SIGNIFICANT SALES REVENUES AND EARNINGS GROWTH ACHIEVED, FREE CASH FLOW ALREADY CLEARLY POSITIVE AFTER 6 MONTHS

## KEY GROUP INDICATORS

1-6/2022 1-6/2023

Sales revenues	€ mill.	476.4	600.6
EBITDA / EBITDA margin	€ mill. / %	53.8 / 11.3	78.5 / 13.1
EBIT / EBIT margin	€ mill. / %	28.9 / 6.1	49.3 / 8.2
Net income	€ mill.	17.3	29.4
Earnings per share	€	0.63	1.15
Free cash flow	€ mill.	(42.0)	37.5
Capital expenditure	€ mill.	19.9	21.6
Value added	€ mill.	(3.7)	9.3

## NOTES

**Sales revenues** increase by 26.1 percent in core business to new record level; all divisions contribute significantly to strong increase in sales, strongest percentage growth at Lifecycle Solutions

**EBIT** significantly higher year on year, with all divisions also contributing to the EBIT increase; **EBIT margin** up 2.1 percentage points compared to previous year

**Net income** up €12.1 million on previous year; considerable increase due to EBIT development despite noticeably higher interest and tax expense; **Earnings per share** also significantly higher, up 52 cents on previous year

**Free cash flow** up year on year as a result of improved operating earnings and significantly lower working capital build-up; project to sustainably reduce working capital launched in Q2/2023

**Capital expenditure** slightly above prior-year level; Customized Modules and Lifecycle Solutions with slight increases

**Value added** positive thanks to strong EBIT performance; despite higher weighted average cost of capital (8.5 percent vs. 7.0 percent in prior year) significantly improved year on year

# VOSSLOH GROUP

NET FINANCIAL DEBT SIGNIFICANTLY REDUCED COMPARED TO JUNE 30, 2022

KEY GROUP FIGURES		1-6/2022 6/30/22	2022 12/31/22	1-6/2023 6/30/23
Equity	€ mill.	596.0	625.1	625.6
Equity ratio	%	43.4	45.7	43.9
Average working capital	€ mill.	201.6	218.1	215.3
Average working capital intensity	%	21.2	20.8	17.9
Closing working capital	€ mill.	229.2	191.6	194.2
Average capital employed	€ mill.	931.0	950.6	940.8
Closing capital employed	€ mill.	962.5	923.2	914.3
Net financial debt (excluding leasing)	€ mill.	241.0	197.5	197.4
Net financial debt	€ mill.	281.2	237.5	234.7

## NOTES

**Equity** up significantly compared with H1/2022; **Equity ratio** remains at a consistently high level

**Closing working capital** well below prior-year figure as of June 30; working capital down by more than €40 million compared to end of Q1/2023 despite significant sales growth; **average working capital intensity** well below 20 percent mark and noticeably improved compared with prior year

**Closing capital employed** down significantly compared with the prior-year period; in particular due to decline in working capital

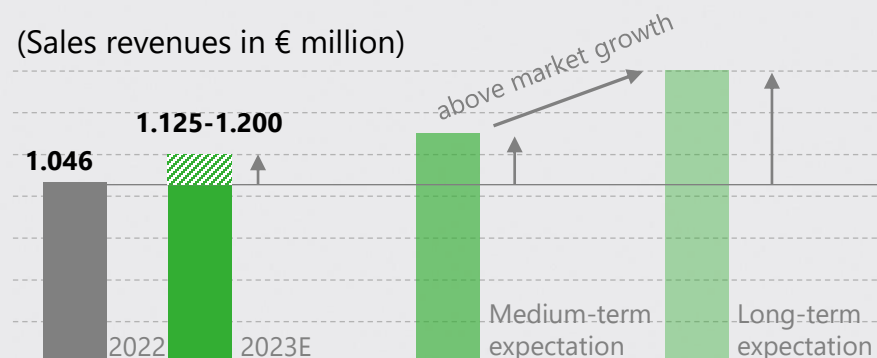
**Net financial debt** including lease liabilities down by €46.5 million compared with end of H1/2022; dividend, lease and interest payments more than offset by positive free cash flow of €107.4 million in the past 12 months

# OUTLOOK



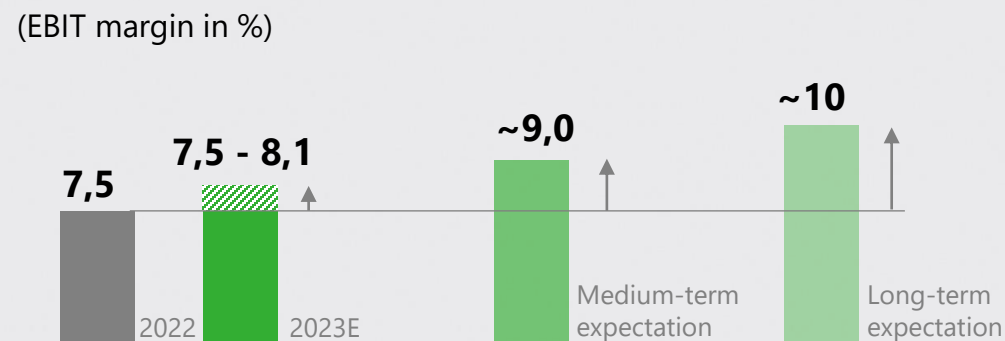
# OUTLOOK

## FURTHER SALES GROWTH TARGETED WITH INCREASING PROFITABILITY



### Sales revenues

- / Organic sales growth expected to exceed forecast market growth
- / Focus on additional growth through acquisitions and cooperations



### Profitability

- / Double-digit EBIT margins targeted for all divisions in the medium term, corresponding to an EBIT margin of around 9 percent at Group level
- / Long-term goal of double-digit EBIT margin in the Group



# Q&A

**THANK YOU FOR YOUR  
ATTENTION!**