



SATEBA TRANSACTION

Investor & Analyst Presentation

July 31, 2024



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RAIL RENAISSANCE UNDER WAY WHILE CHALLENGES KEEP INCREASING

THE CHALLENGE

- / **Megatrends** like population growth, urbanization and globalization are calling for **increased transport capacities**
- / Growing awareness on **sustainability** makes **shift towards rail** unavoidable
- / Governments worldwide are allocating **substantially increased funds** to push this development
- / At the same time, network operators are facing **severe challenges** in handling additional traffic
- / Heavily **underinvested** networks, **inefficient** maintenance practices, **lack of innovation**, highly **fragmented** rail infrastructure supply, **ageing employee base** at operators and **lack of skilled personnel** are increasing the pain
- / Growing traffic on rail increases wear of infrastructure, while time frames for proper maintenance decrease
- The gap between **ambition and reality** keeps widening

THE GOAL

- / **Track availability is the new currency**, and its maximization the overarching goal
- / This requires product and service **innovation** incl. an increased focus on **sustainability**, increased use of **digital** means and **wholistic** and **solution-oriented** business models
- / Short-term oriented purchasing behavior must give way to **lifecycle considerations**
- Network operators need to join forces with **strong partners**

RAIL INFRASTRUCTURE INDUSTRY NEEDS TO ADJUST TO ENABLE SHIFT TOWARDS RAIL

SUPPLY SIDE

- / Rail infrastructure supply will need to change from the supply of goods and services towards the **provision of solutions** aiming to create **incremental value** for customers
- / A **wholistic and systemic understanding** of the rail track as well as its maintenance over lifetime will prevail over fragmented product or service expertise
- / After decades of perceived technological stagnation, **innovation power** has become a critical success factor, with **digital skills** gaining importance to address customer needs
- / **Sustainability** of offer portfolio, supply chain and production processes will determine business success
- / This requires **significant investments** into people, portfolio, technology and capacity on supplier side
- / **International setup** and **broad customer base** will become key in providing maximum value solutions to customers
- **Critical mass** will become one major driver to keep pace with and drive these developments

POSITION OF VOSSLOH

- / Vossloh **product portfolio** is uniquely broad while precisely focused on the rail track
- / Vossloh complements its product portfolio with a **unique range of services**
- / Vossloh provides **leading edge technology** to customers and is a **leader in innovation**
- / Vossloh puts strong emphasis on **sustainability** and has invested notable financial means into **digital resources**
- / Vossloh provides **worldwide experience** to customers in more than 100 countries across **all rail applications**
- But offering is **not yet complete** when looking at it from a geographic perspective

ENTERING THE EUROPEAN CONCRETE TIE BUSINESS IS A LOGICAL NEXT STEP IN VOSSLOH'S DEVELOPMENT

STRUCTURAL RISK LOW

- / Vossloh has **successfully invested** into concrete tie business in North America (2017) and Australia (2018)
 - / Vossloh possesses relevant **technical and process knowhow**
 - / Vossloh knows the **European rail infrastructure markets** well (customers, projects, technology, tender mechanics etc.)
 - / Vossloh has excellent **reputation** and **customer access** in Europe
- **We know exactly what we get!**

WHY SATEBA?

- / Sateba is one of the **leading concrete tie providers in Europe**
 - / Previously part of French Consolis Group, Sateba was carved out and **acquired by TowerBrook Capital (TCP) in 2021**
 - / Sateba has **excellent reputation** and brings more than **100 years** of relevant experience to the table
 - / Sateba has been a trustworthy and important **business partner** for Vossloh since many years
 - / Well **established relationship** on all levels in place
 - / **High cultural fit** when it comes to focus on value creation, customer focus and leadership
 - / Sateba is **regionally well diversified** and **technologically well positioned**
 - / Sateba has been **growing significantly** under TCP ownership and operates in an **efficient** and **profitable** way
- Sateba is the **ideal target** to enter the concrete tie business in Europe

SATEBA AT A GLANCE: A GROUP WELL POSITIONED TO GROW AND SUPPORT SHIFT TO RAIL IN EUROPE

Product Portfolio

RAIL TIES & BEARERS

- / Monoblock ties
- / Twinblock ties
- / Bearers
- / Specific products (e.g., high attenuation ties)

RAIL ADJACENT PRODUCTS

- / Catenary poles foundations
- / Level crossings
- / Fastening systems (France)
- / Platforms Connected objects
- / **Infra Projects:**
Arches & tunnel segments

Key Statistics

~€340m

FY24E Revenue

10

Countries

1,120

FTEs
(end of FY2023)

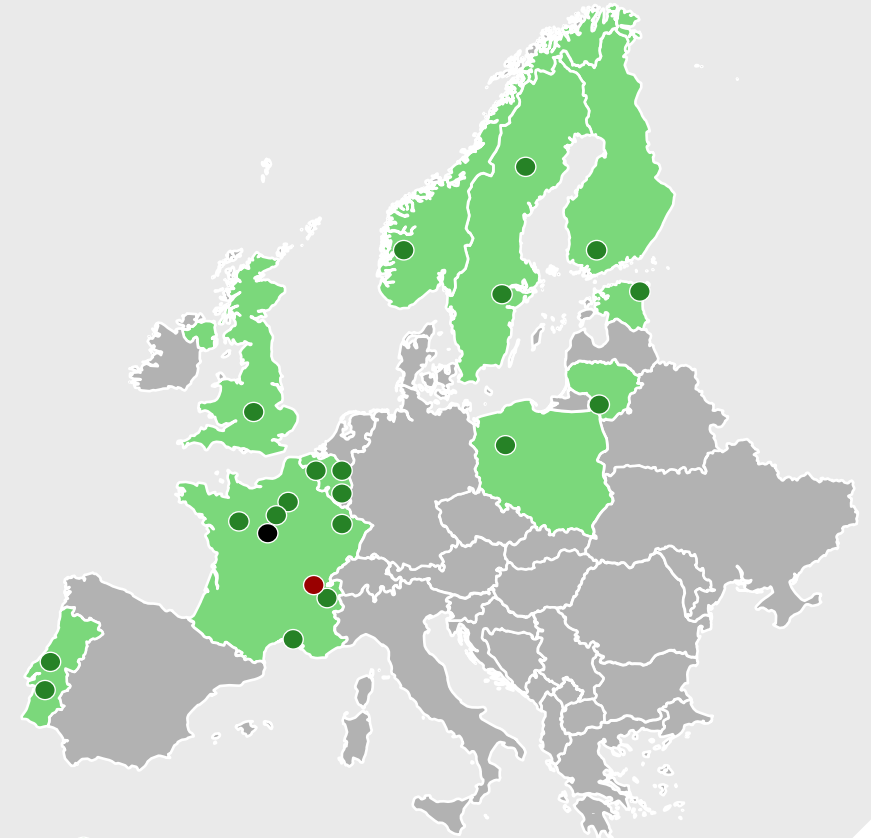
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Manufacturing
Plants

4m

Tie
Capacity p.a.

Geographic Footprint



● MANUFACTURING FACILITY

● R&D CENTER

● HEADQUARTER

SATEBA WITH STRONG FOCUS ON SUSTAINABILITY AND INNOVATION

Sustainability Strategy...

Low Carbon Raw Materials

Greener Concrete: adding low carbon mixers to reduce clinker usage decreasing carbon emissions

Greener Steel: produced using electric arc furnace and other low-emission technologies

Product Design

Light Sleepers: use less raw materials, reducing emissions by up to ~40% per sleeper

Recycling

Fastening system: reemploy fastening system and recycle guide plate

Ties: reuse on lines with lower constraints or crush to recycle materials

A lever for significant reduction of CO₂ emissions in operations, including those outside of Europe

...Driving Innovation And New Product Development



Booted tie

- / Mitigates vibration up to 320km/h
- / More cost-effective installation & maintenance vs. alternatives



Light tie monoblock

- / ~25% lighter vs. traditional tie
- / ~20% lower CO₂ footprint



Friction tie

- / Greatly improved track resistance
- / Increased safety in sharp turns



Light tie twinblock

- / ~25% lighter vs. traditional tie
- / ~45% lower CO₂ footprint



Recycled guide plate

- / ~40% lower CO₂ footprint
- / Supply contracts secured with SNCF



Wood replacement tie

- / Permits targeted replacement of spoiled wooden ties
- / Reduced future maintenance

 Sustainable Product Innovations

A COMBINATION OF SATEBA AND VOSSLÖH WILL CREATE ADVANTAGES FOR CUSTOMERS AND OTHER STAKEHOLDERS

THE COMBINATION

- / Notable **synergies** expected to phase in after business combination
 - / Expansion of Tie Technologies business unit into a **global provider** of concrete ties at >€500m annual revenue
 - / Expansion to +30 production facilities with an annual **global capacity of ~7 million ties**
 - / Existing tie activities will benefit from product and production **technology exchange**
 - / Leveraging of Vossloh's **international sales setup** and **customer access** will create value
 - / **Sustainability catalyst** to further reduce CO₂ impact from concrete ties production
- Transaction will be **value adding** and **synergetic** in all aspects

THE SYSTEM HOUSE

- / Acquisition precisely meets customer demand for competent **system-house** partner in Europe
 - / Completion of **systemic rail track expertise** in Europe adding immediate value to customers
 - / **Extended range of products and services** from one source
 - / Supporting **lifecycle focused business models** like Availability as a Service
- The Sateba transaction **perfectly matches Vossloh's strategy**

TRANSACTION CORNERSTONES

KEY FINANCIAL INFORMATION

- / **Enterprise value** at **€450 million¹** to be paid in cash
- / Implied **EBITDA 2025 multiple** between **7 and 8** expected
- / Transaction **supports long-term target** to generate double-digit EBIT-margin in the Vossloh Group
- / Noticeably **positive impact on EPS**

FINANCING ARRANGEMENTS

- / Transaction financed with a **bridge loan along with a long-term loan** from a consortium of Vossloh's existing lenders
- / Vossloh intends to refinance the bridge loan predominantly **with long-term debt**; subject to suitable market conditions, Vossloh also considers **an equity increase** without subscription rights (ABB). The **majority shareholder supports the transaction** and intends to participate in the potential capital increase at least in proportion to its current shareholding
- / Vossloh targets net leverage **significantly below 2.75x**

TIMING/ NEXT STEPS

- / **Consultation process** with **employee representatives** is required under **French law** before the final agreement can be signed
- / Closing is subject to **merger control approvals** in several countries
- / **FDI approval** to be obtained in France
- / **Closing expected in spring 2025**

¹ The purchase price includes the completion of an ongoing acquisition by Sateba in the order of €25 million.



Q&A

**THANK YOU FOR YOUR
ATTENTION.**