

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

SEPTEMBER 24, 2024, 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 CO₂ 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!

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

~€30 billion

additional for maintenance and
expansion of the rail network in
the coming years



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

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 2023



€1.214 billion
Sales revenues



100+
Countries with Vossloh
products and services



€98.5 million
EBIT



around **€863 million**
Market capitalization*



40+ production
sites in roughly 30
countries



around **4,000**
Employees around the
globe

*as of end of July 2024

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

546.7



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)

537.4



Customized Modules

Project-specific adapted modular solutions

Business units:

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

163.5

Sales in € million, 2023



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 2023

CORE COMPONENTS DIVISION

VOSSLÖH FASTENING SYSTEMS



Leading global supplier
of rail fastening systems



€349.4 million
Sales revenues in 2023,
of which over 90 percent
outside Germany



€69.8 million
EBIT 2023 of the
Core Components
division



260,000+ km track
equipped with
fastening systems of
Vossloh

- / State-of-the-art production for rail fastening systems at Werdohl location
- / Over 50 million tension clamps per year at the main production sites in Germany, China, Poland and the USA
- / Significant increase in vertical integration (plastics, screws)

- / 85+ countries with Vossloh system, 70 percent of lines in Europe equipped with Vossloh system
- / Highly elastic, maintenance-free, for ballasted and slab tracks
- / Products protected with more than 70 patents



CORE COMPONENTS DIVISION

VOSSLÖH TIE TECHNOLOGIES

1

**Market leader in
Australia and North
America**



€224.1 million
Sales revenues in 2023



€69.8 million
EBIT 2023 of the
Core Components
division



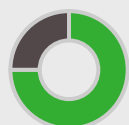
40+ million
Produced concrete ties

Market share



70%

North
America



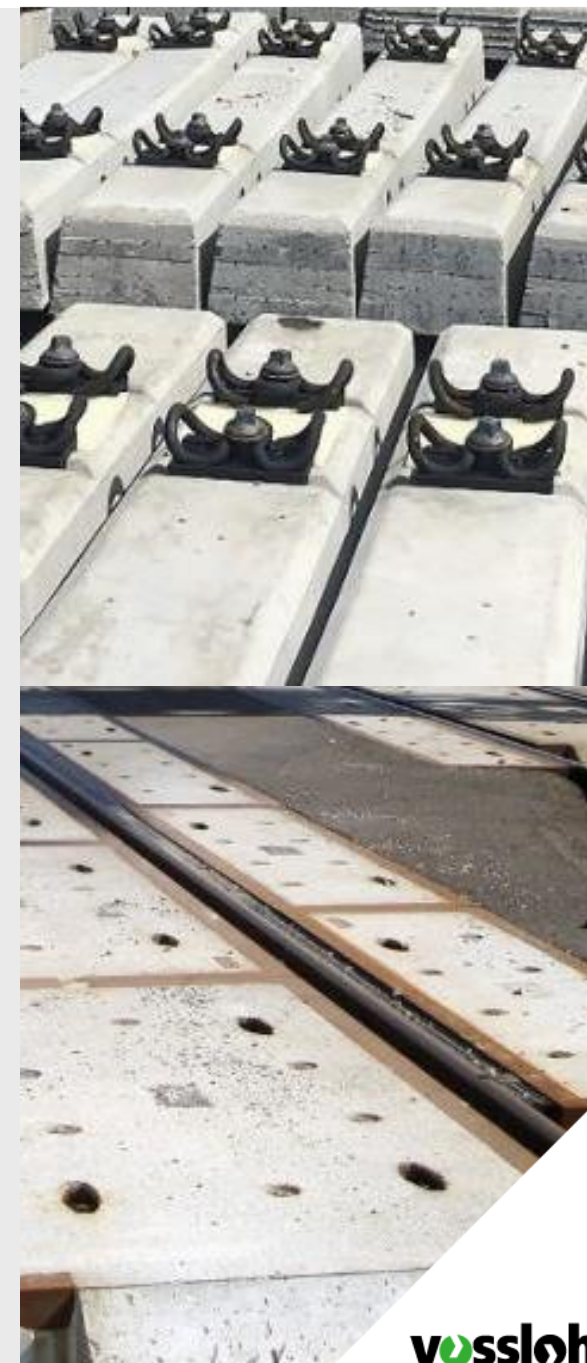
75%

Australia

/ 10 plants in North America and Australia
for concrete ties (track and switches) and
level crossing systems

/ Rocla Concrete Tie, Inc. has formed the Tie
Technologies business unit since 2017; 2018
acquisition of Austrak Pty Ltd.

/ High synergy with rail fastening systems in
sales & development



CUSTOMIZED MODULES DIVISION

VOSSLÖH SWITCH SYSTEMS



World leading manufacturer
around the system switches



€537.4 million
Sales revenues in 2023



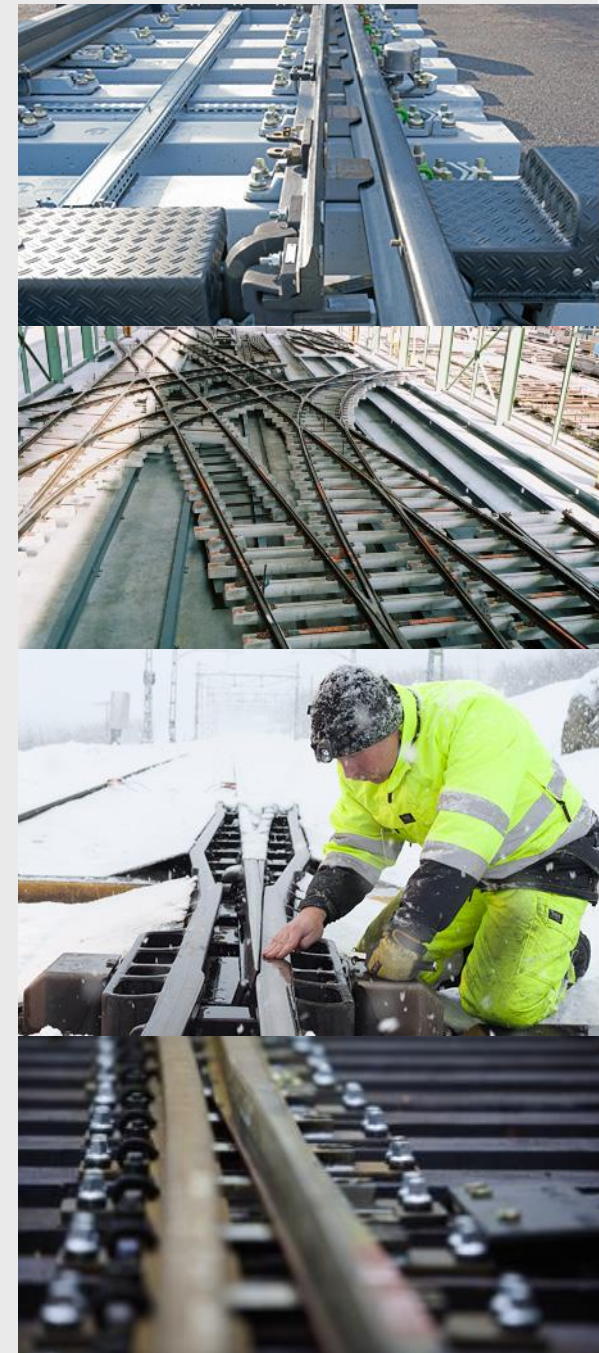
€42.7 million
EBIT 2023



**+4.000 switches &
+9.500 crossings**
manufactured per year

- / Vossloh has been producing switches for >100 years and is among the market & technology leaders
- / Single product for the site of use for maximum safety, durability and comfort
- / Product portfolio includes, among others, signaling technology, point machines, closure devices, and track monitoring systems

- / Production of complete turnouts and components at +20 locations in +15 countries
- / Supply of switches for all applications (incl. high-speed and heavy-haul) in 80+ countries
- / Vossloh holds the speed record of 560 km/h on a switch



LIFECYCLE SOLUTIONS DIVISION

VOSSLÖH RAIL SERVICES



Leading service provider for rail tracks in Europe



€163.5 million

Sales revenues in 2023



€11.6 million

EBIT 2023



The world's only supplier of the innovative High Speed Grinding process

- / Stationary welding plants for long rail preparation & logistics (complete lifecycle)
- / Broad portfolio of products and services for preventive and corrective rail and switch maintenance (including high-speed grinding)
- / Own machine park (largest milling fleet), own machine production

- / Services currently offered in 20 countries on 3 continents
- / VRS operates largest rail transport fleet in Europe with 500+ special wagons
- / Provider of intelligent, condition-based maintenance
- / Greatest growth potential within the Vossloh Group



vossloh

VOSSLOH IS TRUSTED BY CUSTOMERS WORLDWIDE

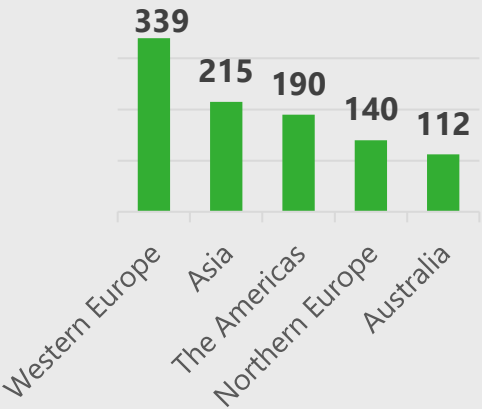
WE ARE PARTNERS OF ALL MAJOR NETWORK OPERATORS ON FIVE CONTINENTS

A selection of customers we support



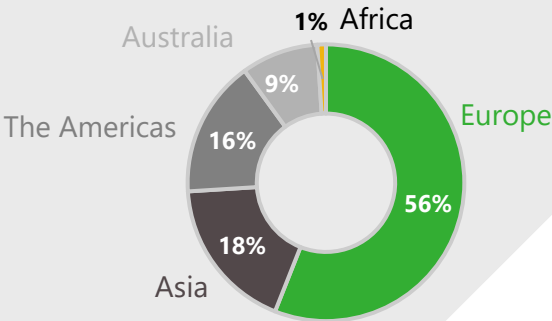
TOP Regions Countries

(2023, Sales revenues in €million)



Sales revenues by region

(2023)



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**

SATEBA ACQUISITION: 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)

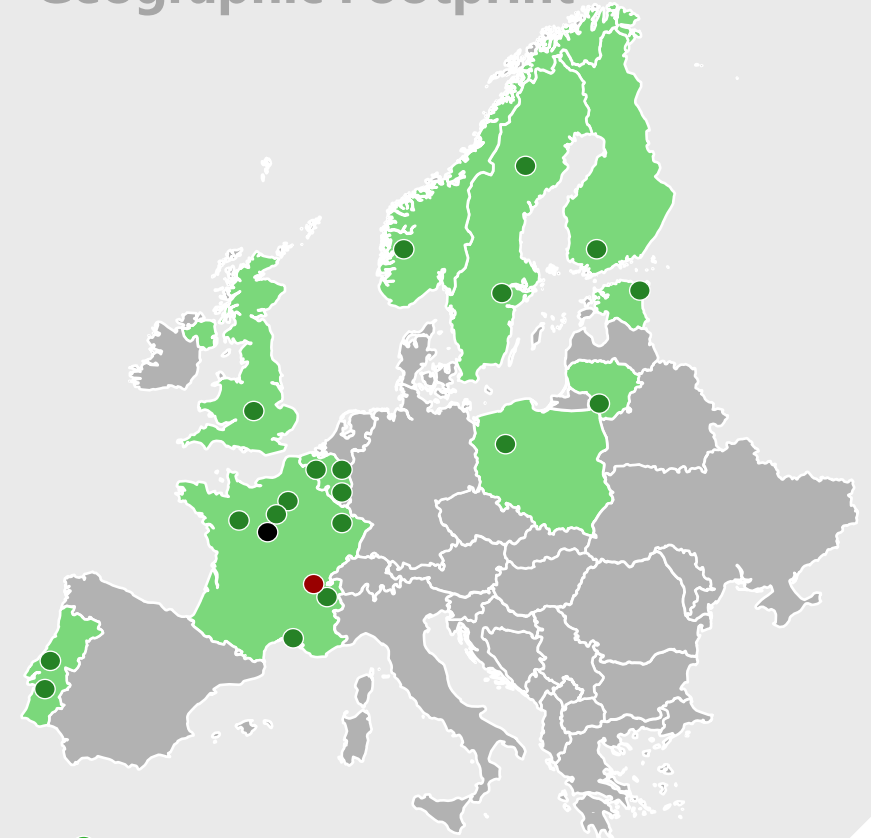
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Manufacturing
Plants

4m

Tie
Capacity p.a.

Geographic Footprint



● MANUFACTURING FACILITY

● R&D CENTER

● HEADQUARTER

SATEBA ACQUISITION: TRANSACTION CORNERSTONES

KEY FINANCIAL INFORMATION

- / **Enterprise value** at **€450 million**¹ 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

- / 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.

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 (Gold, Top 4 %)



Sustainability in facts & figures

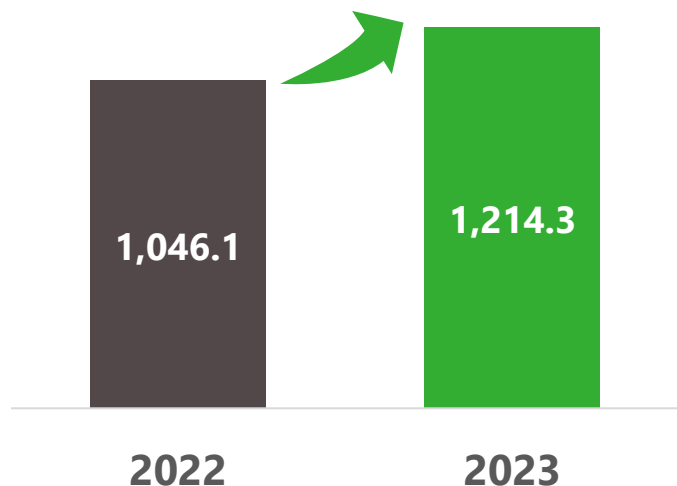
- / **CO₂ intensity reduced by 18.7 percent** (compared to 2022), and around **46 percent lower** than in 2017
- / **100 percent of sales revenues taxonomy-eligible** and **63 percent of sales revenues taxonomy-aligned, leading in Germany**
- / Member of the UN Global Compact

► HIGHLIGHTS 2023

VOSSLOH GROUP: HIGHLIGHTS 2023

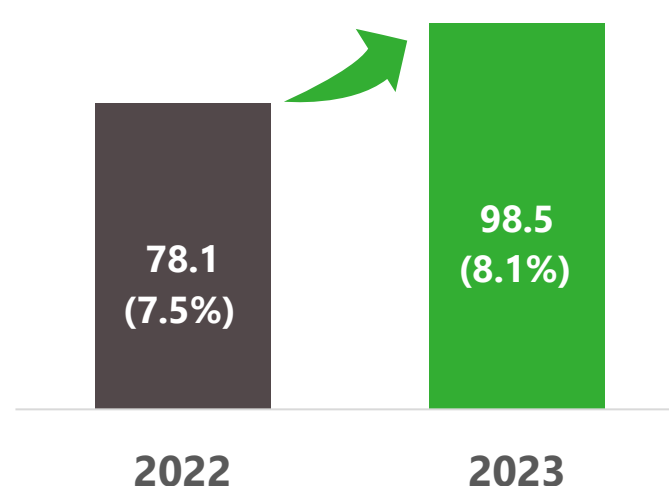
VOSSLOH AGAIN ACHIEVES STRONG SALES REVENUES AND EARNINGS GROWTH, FREE CASH FLOW SIGNIFICANTLY IMPROVED

Sales revenues (in € million)



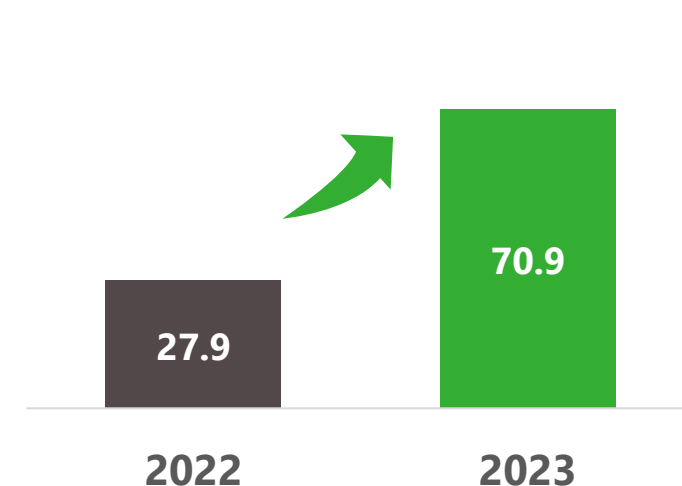
- / Sales revenues rise by **16.1%** to new all-time high in rail infrastructure
- / **All divisions** with significant sales growth
- / **Well above the original guidance range** (€1.05 billion to €1.15 billion) and at the upper end of the most recently raised corridor (€1.175 billion to €1.225 billion)

EBIT (in € million) / EBIT margin



- / EBIT increases significantly by **26.2%**
- / **Well above the original guidance range** (€79 million to €88 million) and at the upper end of the most recently raised corridor (€94 million to €100 million)
- / **Return on capital employed (ROCE)** in the double-digit range **at 10.5%**

Free cash flow (in € million)

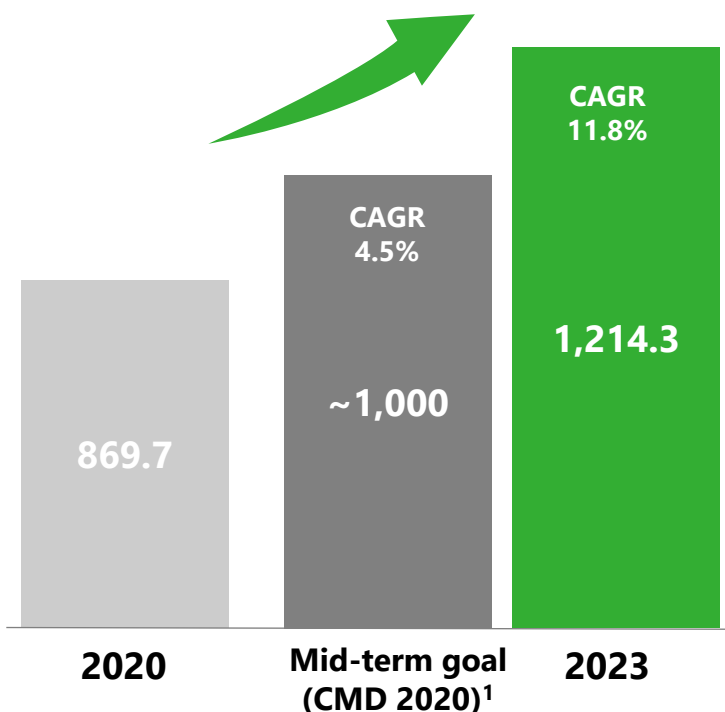


- / Free cash flow increases significantly by **€43.0 million**
- / **Higher earnings** key driver for sustainably higher free cash flows
- / In addition, first successes of the **group-wide Cash4Growth initiative**, which aims to achieve a sustainable reduction in working capital
- / **Dividend proposal increased to €1.05 per share** (prior year: €1.00) due to positive business performance

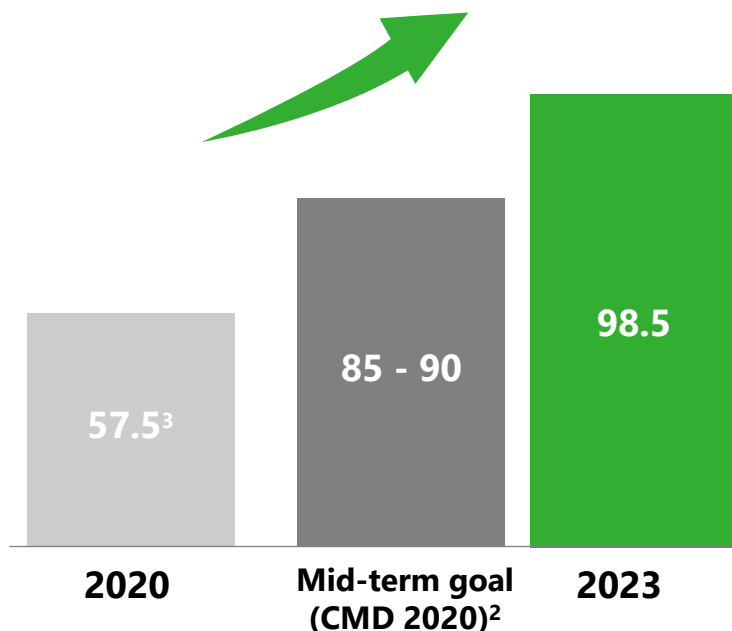
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STRATEGY REVIEW: MID-TERM TARGETS FOR SALES REVENUES AND ABSOLUTE EBIT CLEARLY EXCEEDED DESPITE DIFFICULT CONDITIONS

SALES REVENUES (in € million)



EBIT (in € million)



NOTES

- / Targeted annual sales growth (2020 to 2023) of 4%-5% significantly exceeded at over 10%
- / Absolute EBIT 2023 significantly higher than estimated at the time; implementation of strategy extremely successful; operating EBIT increased by more than €40 million, operating EBITDA by more than €50 million compared to 2020
- / Performance all the more remarkable in view of the numerous global crises in recent years

¹ The CAGR of 4.5% corresponds to the mean value of the communicated mid-term sales growth target of 4% to 5% p.a. by the end of 2020.

² Absolute EBIT is based on the mid-term margin target communicated at the end of 2020.

³ Reported EBIT 2020 adjusted for the effect of the transitional consolidation of a company in the Fastening Systems business unit.

► **FINANCIAL OVERVIEW Q2/2024**

VOSSLOH GROUP

PROFITABILITY IMPROVED, EARNINGS PER SHARE INCREASED SIGNIFICANTLY IN THE FIRST HALF OF THE YEAR

KEY GROUP INDICATORS

1-6/2023 1-6/2024

Sales revenues	€ mill.	600.6	560.9
EBITDA / EBITDA margin	€ mill. / %	78.5 / 13.1	75.4 / 13.4
EBIT / EBIT margin	€ mill. / %	49.3 / 8.2	49.5 / 8.8
Net income	€ mill.	29.4	40.1
Earnings per share	€	1.15	1.96
Free cash flow	€ mill.	37.5	(4.7)
Capital expenditure	€ mill.	21.6	25.5
Value added	€ mill.	9.3	3.6

NOTES

Sales revenues below the previous year's record level as expected; decline in Core Components and Customized Modules, Lifecycle Solutions again with significant sales growth

EBIT slightly above previous year despite lower sales revenues and higher consulting costs; **EBIT margin** accordingly above previous year and again in the double-digit range in the second quarter

Net income up €10.7 million on the previous year; considerable increase due to significantly lower tax and interest expenses, tax rate favored by capitalization of tax loss carryforwards in the domestic tax group; **Earnings per share** also increased significantly and were 81 cents higher than in the previous year

Free cash flow positive in the second quarter of 2024, but still significantly below the previous year's figure after six months; significantly positive free cash flow expected in the second half of 2024

Capital expenditure noticeably above previous year's level, increase in Lifecycle Solutions and Customized Modules

Value added positive thanks to strong EBIT development; below previous year due to higher weighted average cost of capital (9.5 percent vs. 8.5 percent in previous year) and higher average capital employed

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EQUITY AND EQUITY RATIO INCREASED NOTICEABLY

KEY GROUP INDICATORS		1-6/2023 6/30/23	2023 12/31/23	1-6/2024 6/30/24
Equity	€ mill.	625.6	638.5	660.3
Equity ratio	%	43.9	45.8	47.3
Average working capital	€ mill.	215.3	209.4	220.3
Average working capital intensity	%	17.9	17.2	19.6
Closing working capital	€ mill.	194.2	193.1	219.6
Average capital employed	€ mill.	940.8	937.2	966.3
Closing capital employed	€ mill.	914.3	939.2	969.1
Net financial debt (excl. leasing)	€ mill.	197.4	182.9	210.8
Net financial debt	€ mill.	234.7	219.5	247.0

NOTES

Equity increased noticeably compared to the end of H1/2023 as a result of the positive Net income; already high **Equity ratio** increased again by 3.4 percentage points

Closing working capital is noticeably higher than the previous year's figure as of June 30; **Average working capital intensity** increased by 1.7 percentage points compared to the first half of 2023, also due to lower sales revenues

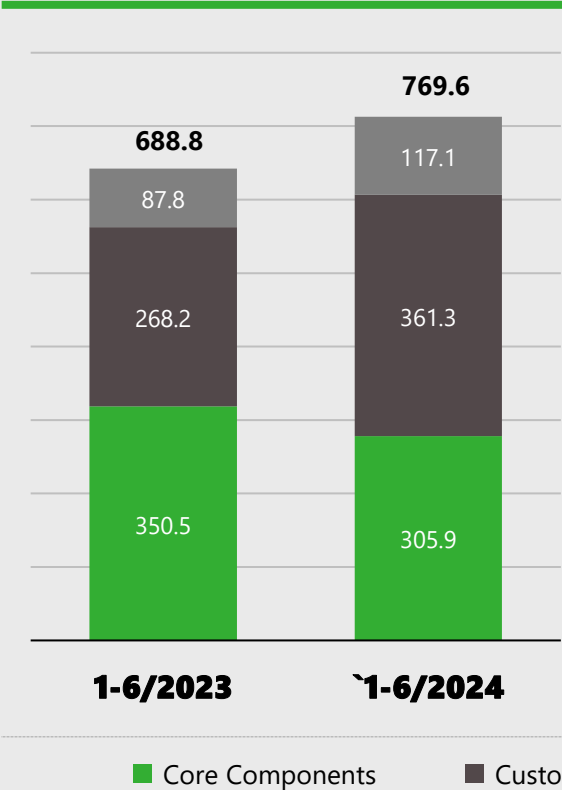
Closing capital employed increased noticeably compared to the reporting date in the same period of the previous year; attributable to both an increase in fixed assets and working capital

Net financial debt including lease liabilities increased by €12.3 million compared to the end of H1/2023, noticeable decrease in net financial debt from operating activities expected by the end of 2024

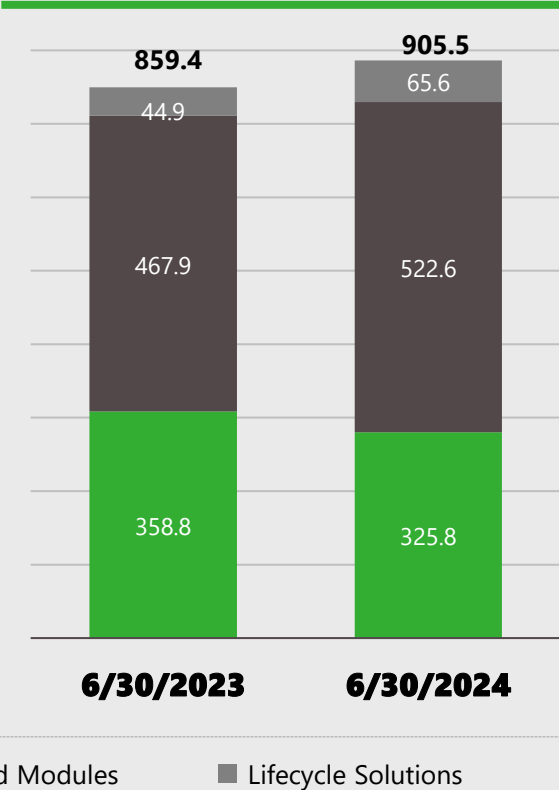
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HIGH MARKET DEMAND LEADS TO NEW RECORD FIGURES - BOOK-TO-BILL AT 1.37

ORDERS RECEIVED (in € mill.)



ORDER BACKLOG (in € mill.)



NOTES

Orders received in the first half of 2024 reach new high and are 11.7 percent higher than the already high prior-year figure; in H1/2024, Vossloh achieved higher orders intake in Algeria (CM), Sweden (LS, CM), the Middle East, Canada and Italy (CM in each case) and Turkey (CM, VFS) in particular

Order backlog up 5.4 percent on the previous year; Customized Modules with significant increase year-on-year, mainly in Sweden, Luxembourg and the UK higher than in the previous year; the previous year's figure also includes around €34 million in order backlog from the Signaling Systems activities sold at the beginning of March; Lifecycle Solutions also noticeably up on the previous year, mainly in Germany; Core Components down on the previous year, higher order backlog at Vossloh Fastening Systems more than offset by significantly lower order backlog at Vossloh Tie Technologies, especially in Mexico and Australia

VOSSLOH GROUP: OUTLOOK

VOSSLOH EXPECTS NOTICEABLE INCREASE IN EARNINGS IN 2024

Sales revenues

2023: €1.21 billion

Outlook 2024: €1.16 billion to €1.26 billion

/ Despite the expiry of some major projects for new lines, mainly in Mexico and Serbia, which contributed to exceptionally strong sales growth in 2023, Vossloh expects sales in 2024 - based on the mean value of the sales guidance - to be roughly on a par with the previous year based on overall positive market demand.

Value added

2023: €18.9 million

Outlook 2024: €7.5 million to €22.5 million

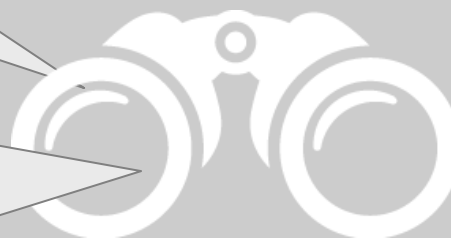
/ The weighted average cost of capital before taxes (WACC) relevant for internal management will be raised to 9.5% in the 2024 financial year (2023: 8.5%) as a result of the general interest rate trend.

EBIT

2023: €98.5 million

Outlook 2024: €100 million to €115 million

/ A further increase in EBIT is forecast for the 2024 financial year. The expected growth is attributable to the Customized Modules and Lifecycle Solutions divisions. Based on the mean value of the sales guidance, the forecast corridor for the EBIT margin is between 8.3% and 9.5% (2023: 8.1%).





Q&A

**THANK YOU FOR YOUR
ATTENTION!**