



Quarterly Statement as of March 31, 2017

Clear focus. Sharpened profile.



Disclaimer

Note:

This presentation contains statements concerning the future business performance of the Vossloh Group that are based on assumptions and estimates from the company management. If the assumptions that the projections are based on fail to occur, the actual results of the projected statements may differ substantially. Uncertainties include changes in the political, commercial and economic climate, the actions of competitors, legislative reforms, the effects of future case law and fluctuations in exchange rates and interest rates. Vossloh and its Group companies, consultants and representatives assume no responsibility for possible losses associated with the use of this presentation or its contents. Vossloh assumes no obligation to update the forecast statements in this presentation.

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Vossloh off to a good start in the 2017 fiscal year

		1–3/2016/ 3/31/2016*	1–3/2017/ 3/31/2017
Net sales	€ million	189.8	224.3 ✓
EBIT	€ million	2.0	7.1 ✓
EBIT margin	%	1.0	3.1
Net income	€ million	3.8	4.7
Earnings per share	€	0.21	0.18
ROCE	%	1.1	3.4
Value added**	€ million	(14.0)	(8.6)
Cash flow from operating activities***	€ million	(50.5)	(22.6)
Free Cash flow***	€ million	(55.1)	(29.2) ✓
Orders received	€ million	249.3	210.8
Order backlog	€ million	642.2	750.9

Sales revenues clearly up year over year, in particular thanks to the initial consolidation of Vossloh Tie Technologies (VTT) and the improved business performance of Transportation and Vossloh Fastening Systems (VFS); Customized Modules down year over year

Essentially, a project mix with higher margins in VFS led to a significant **EBIT** increase in Q1 2017

Net income up only slightly year over year due to higher tax expense and lower result from discontinued operations

Free cash flow from continuing operations close to previous year's level

Orders received down, even including VTT; the previous year favored by larger orders (Morocco, Saudi Arabia, Qatar); **book-to-bill** ratio for the core business above 1

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

** WACC 2017: 7.5 percent (previous year: 9 percent).

*** Also includes effects from discontinued operations. The previous year includes a free cash flow from the disposed Electrical Systems business unit to the tune of -€25 million. 2017, in contrast, has a slightly positive contribution.

Equity ratio improved, net financial debt reduced

		1–3/2016/ 3/31/2016*	1–3/2017/ 3/31/2017
Equity	€ million	426.4	556.5
Equity ratio	%	31.1	45.5 ✓
Working capital (Ø)	€ million	227.8	223.2
Working capital intensity (Ø)	%	30.0	24.9 ✓
Closing working capital	€ million	241.8	243.5
Capital employed (Ø)	€ million	710.8	837.2
Closing capital employed	€ million	721.1	855.4
Net financial debt	€ million	281.1	186.7 ✓

The equity ratio significantly above the previous year mostly due to the capital increase executed in June 2016 and the sale of Electrical Systems

Average working capital intensity significantly improved year over year

Average capital employed increased due to the initial consolidation of VTT

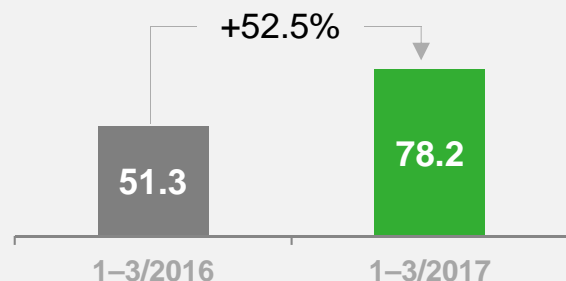
Net financial debt significantly lower year over year due to inflow from the capital increase in the previous year and the disposal of Electrical Systems in Q1 as well as due to the positive free cash flow in the last twelve months; opposing this, the outflow of funds for the acquisition of VTT

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

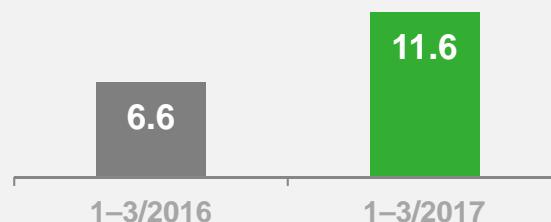
Core Components division

Sales revenues significantly higher, EBIT noticeably increased

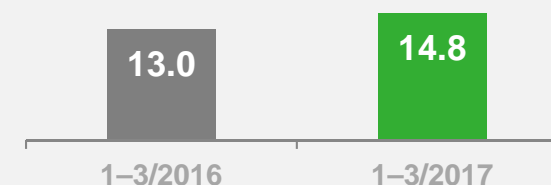
Net sales in €million



EBIT in €million



EBIT margin in %



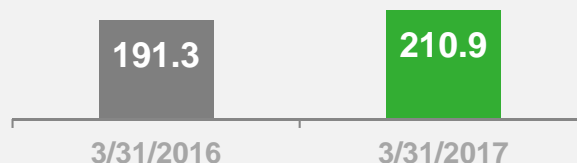
- Sales revenues significantly increased year over year thanks to the initial consolidation of the Tie Technologies business unit and, to a lesser extent, additional sales from Vossloh Fastening Systems
- High deliveries for orders with higher margins; Q1 2017 additionally affected by investment income from a nonconsolidated company
- Average working capital at previous year's level despite inclusion of VTT (€59.3 mill. after €59.2 mill.), average capital employed increased (€228.3 mill. after €110.5 mill.)



Orders received in €million



Order backlog in €million



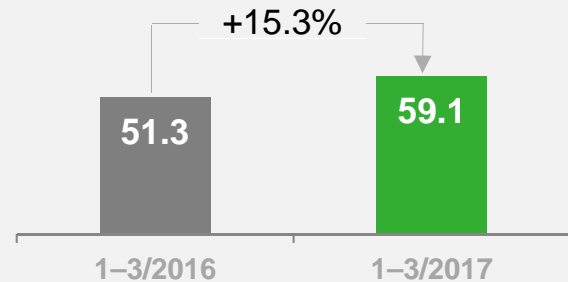
ROCE (%)	1-3/2017	20.3
	1-3/2016	24.0

Value added (€ million)	1-3/2017	7.3
	1-3/2016	4.2

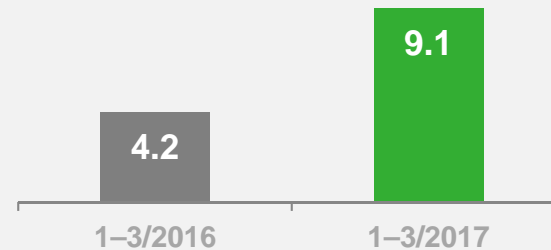
Fastening Systems business unit

Positive sales and earnings performance in first quarter

Net sales in €million



Value added in €million

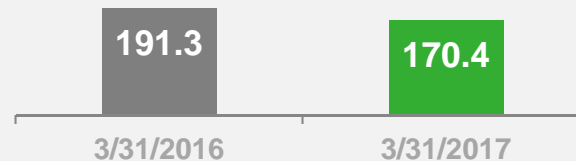


- Significant growth in sales revenues particularly due to positive revenue performance in China (especially the major Jingshen project connecting Peking to Shenyang); Saudi Arabia and Italy also with higher sales year over year
- Value added up due to larger sales volume, a project mix with higher margins, investment income and lower capital costs year over year (both average capital employed and WACC lower)
- Orders received down; in the previous year, significant orders from Saudi Arabia and Qatar obtained

Orders received in €million



Order backlog in €million



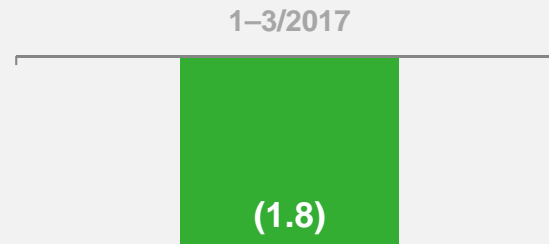
Tie Technologies business unit

Business performance meets expectations

Net sales in €million



Value added in €million

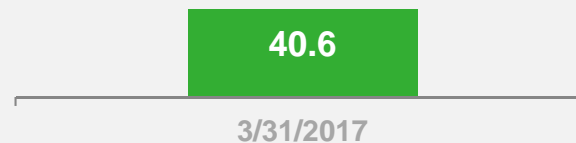


- More than 80 percent of sales revenues obtained in the USA; remaining business primarily from Mexico; sales performance as expected
- Average capital employed includes goodwill of about €50 million; in addition, value added was impacted by negative effects from the preliminary purchase price allocation
- Book-to-bill ratio at 1.3

Orders received in €million



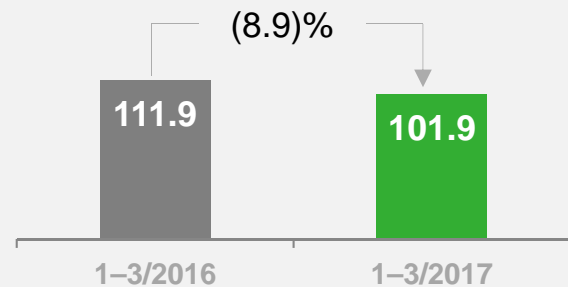
Order backlog in €million



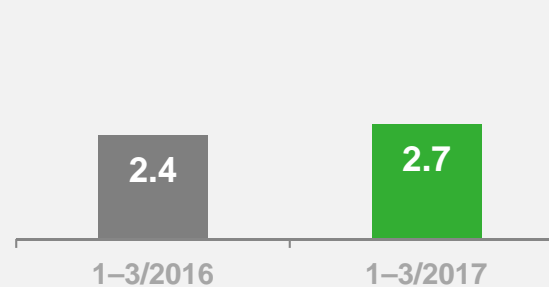
Customized Modules division

Earnings and profitability overall slightly higher year over year

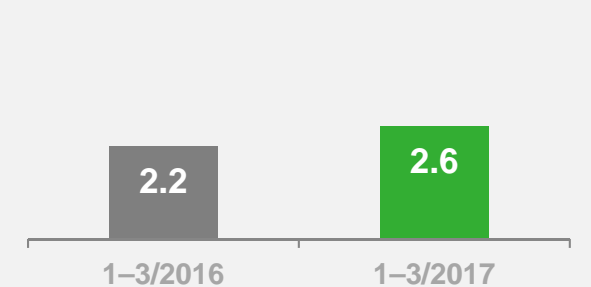
Net sales in €million



EBIT in €million



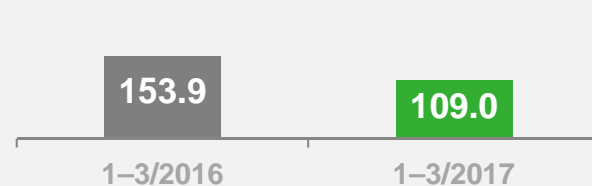
EBIT margin in %



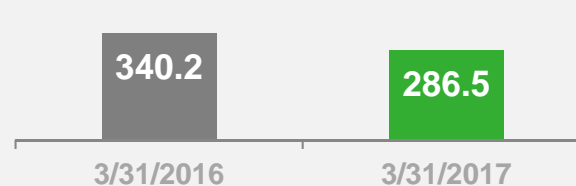
- Sales revenues down year over year due to lower sales in Israel and high-speed projects in France coming to a close; good sales performance in Africa (especially in Morocco)
- EBIT in the previous year affected by fine notification due to antitrust behavior; furthermore, business development in the USA continued to be weak
- Orders received in the previous year benefited from a large order from Morocco; orders received for 2017 overall expected to be at previous year's level



Orders received in €million



Order backlog in €million



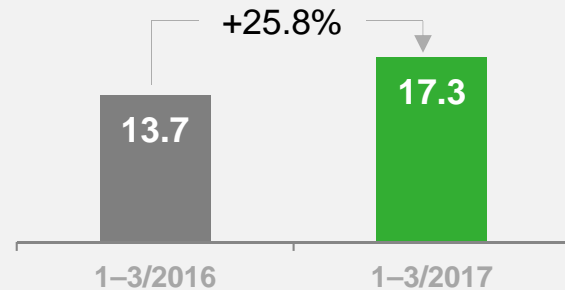
ROCE (%)	1-3/2017	2.6
	1-3/2016	2.3

Value added (€ million)	1-3/2017	(5.2)
	1-3/2016	(7.0)

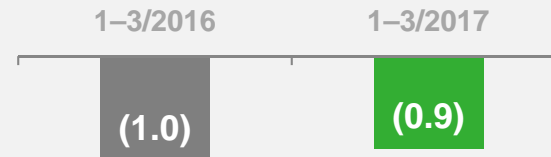
Lifecycle Solutions division

Significant year-over-year increase in sales revenues

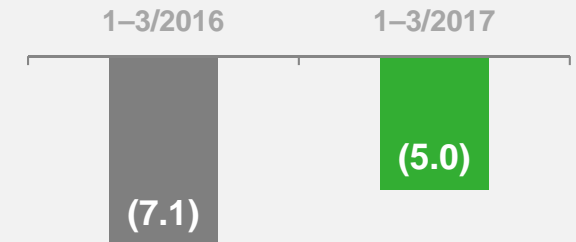
Net sales in €million



EBIT in €million



EBIT margin in %



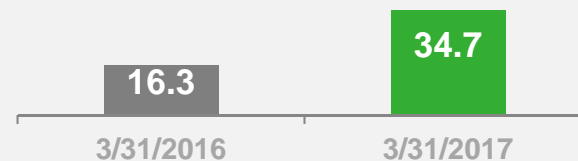
- Substantial increase in sales revenues particularly due to positive business performance in China and also higher sales revenues due to consolidation of Alpha Rail Team
- Earnings increased in the mobile welding and High Speed Grinding; in contrast, lower profit contributions from rail and switch logistics
- Average working capital clearly down despite higher sales (€8.8 mill. after €11.0 mill.), average capital employed slightly above previous year (€133.5 mill. after €128.4 mill.)



Orders received in €million



Order backlog in €million

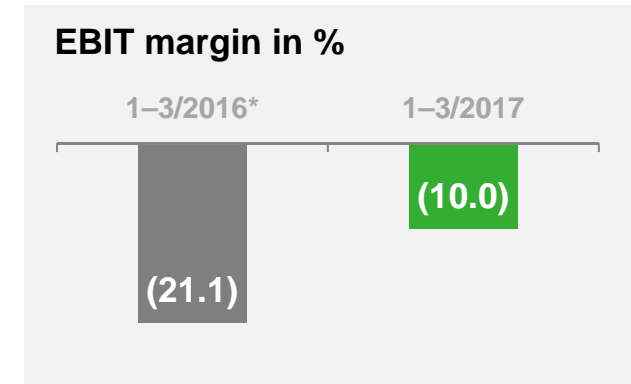
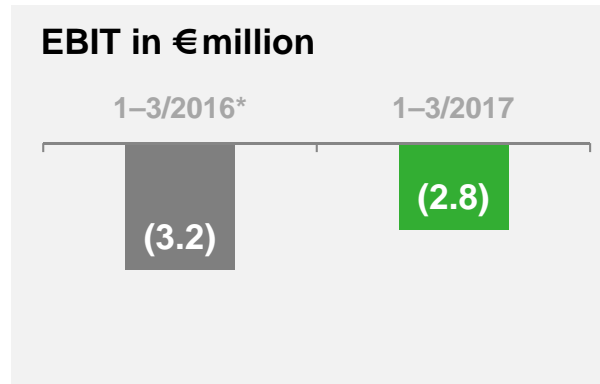
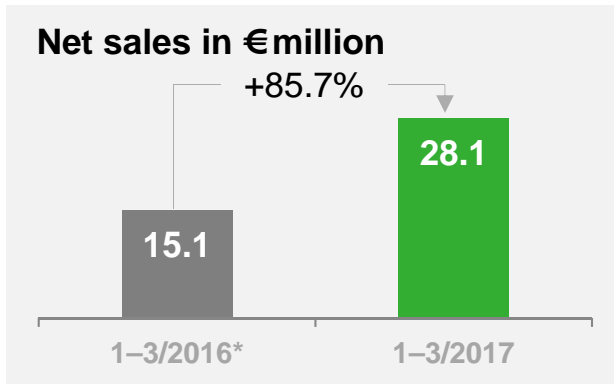


ROCE (%)	1-3/2017	(2.6)
	1-3/2016	(3.1)

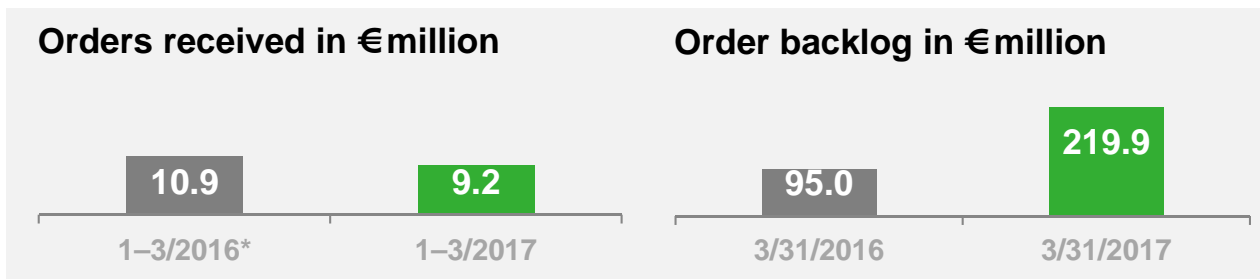
Value added (€ million)	1-3/2017	(3.4)
	1-3/2016	(3.9)

Transportation division

Sales revenues and profit improved year over year



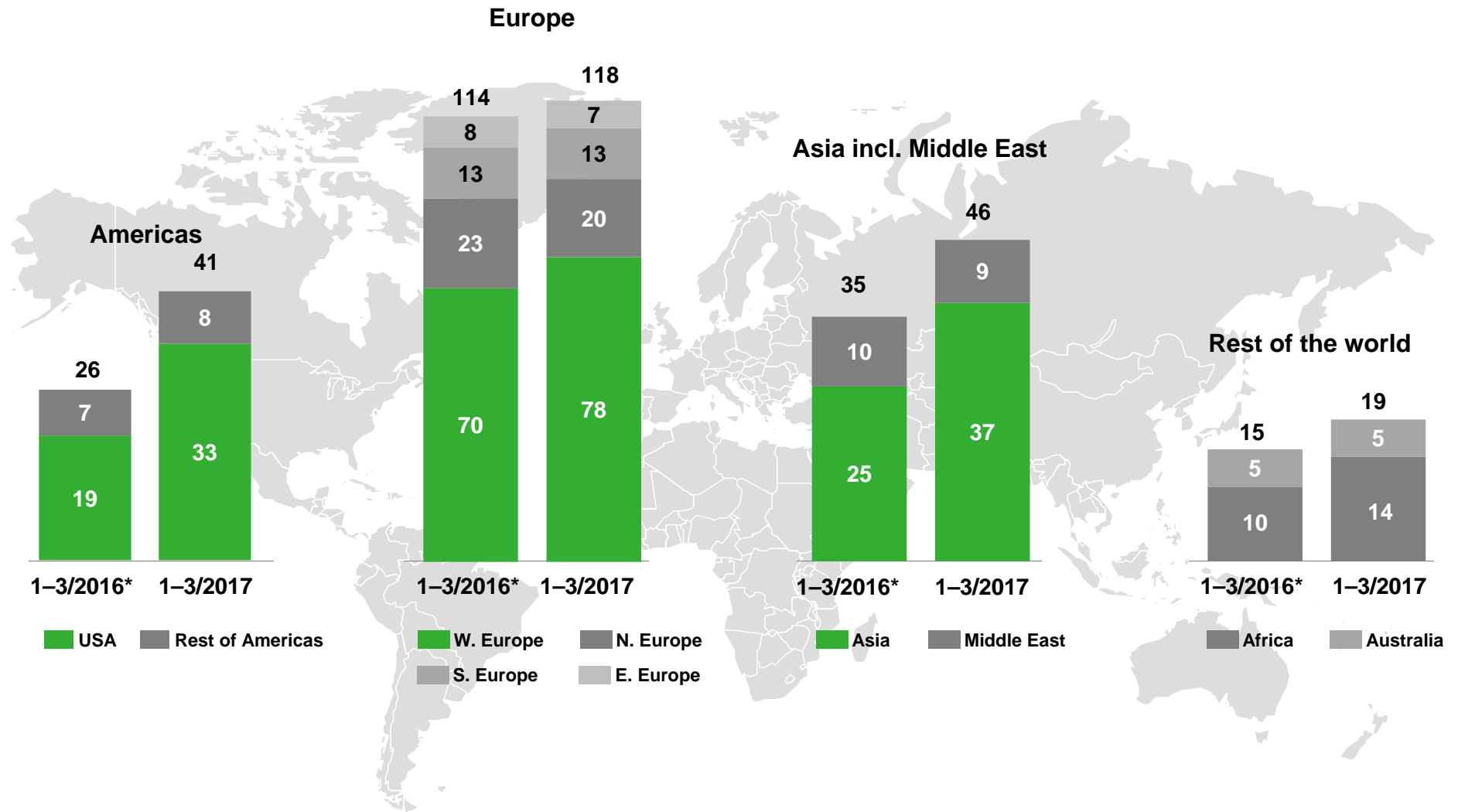
- Sales revenues nearly doubled year over year, primarily due to increased sales volume with type DE 18 locomotives
- EBIT only improved to a limited extent due to higher proportion of low-margin sales (used locomotives and prototypes)
- Average working capital only slightly up despite significantly higher sales (€31.3 mill. after €27.9 mill.), average capital employed up over previous year (€54.6 mill. after €47.4 mill.)



ROCE (%)	1-3/2017	(20.6)
	1-3/2016*	(26.9)
Value added (€ million)	1-3/2017	(3.8)
	1-3/2016*	(4.3)

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Sales higher in USA due to acquisitions, strong increase in Asia



* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Vossloh Group, Outlook

Strong first quarter confirms outlook

Vossloh Group

2017e*

- **Sales between €1.0 billion and €1.1 billion**; particularly strong sales growth expected in Core Components – thanks to the initial inclusion of Tie Technologies business unit – and in Transportation division
- **EBIT margin between 5.5 and 6.0 percent**; profitability slightly improved for Customized Modules; Core Components below the level of 2016 fiscal year due to current challenging environment in the USA, expected integration costs and negative effects from purchase price allocation in new Tie Technologies business unit; Lifecycle Solutions nearly unchanged; significant improvement in the margin for Transportation division
- **Value added** noticeably improved; it benefits from reduction of WACC from 9.0 to 7.5 percent in 2017 fiscal year

Railway Technology Market

2016–2021**

- Continuous growth in the amount of **3.2 percent** expected in the accessible railway technology market
- The relevant accessible market for railway infrastructure and infrastructure services expected to grow **3.7 percent**, which is above the average

* Based on the current Group structure.

** CAGR 2019–2021 compared to 2013–2015 Source: World Rail Market Study forecast 2016 to 2021, UNIFE – The European Rail Industry, Roland Berger Strategy Consultants.

Financial calendar and contact information

Financial Calendar

- May 24, 2017 Annual General Meeting
- July 26, 2017 Interim Financial Report as of June 30, 2017
- October 25, 2017 Quarterly Statement as of September 30, 2017

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Appendix

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Income statement

€million	1–3/2016*	1–3/2017
Sales revenues	189.8	224.3
Cost of sales	(153.0)	(181.3)
General administrative and selling expenses	(38.6)	(38.4)
Research and development expenses	(2.1)	(2.4)
Other operating result	5.4	3.2
Operating result	1.5	5.4
Investment result from companies accounted for using the equity method	0.2	0.0
Other investment result	0.3	1.7
Earnings before interest and taxes (EBIT)	2.0	7.1
Interest income	0.3	1.6
Interest expense	(3.3)	(3.6)
Earnings before income taxes (EBT)	(1.0)	5.1
Income taxes	0.1	(3.0)
Result from continuing operations	(0.9)	2.1
Result from discontinued operations	4.7	2.6
Net income	3.8	4.7
thereof attributable to shareholders of Vossloh AG	2.8	2.8
thereof attributable to non-controlling interests	1.0	1.9
Earnings per share		
Basic/diluted earnings per share (€)	0.21	0.18
thereof attributable to continuing operations	(0.14)	0.01
thereof attributable to discontinued operations	0.35	0.17

Currency gains and losses related to financing activities have been included in the net interest income/loss since the beginning of the 2017 fiscal year. In previous years, they were included in other operating result. The previous year was adjusted accordingly, and the €0.5 million currency loss was reclassified under the interest expenses. Currency losses from financing activities also amounted to €0.5 million in the reporting quarter.

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Vossloh Group

Balance sheet

Assets in €million	3/31/ 2016*	12/31/ 2016	3/31/ 2017
Intangible assets	252.5	260.5	325.3
Property, plant and equipment	180.1	184.4	238.9
Investment properties	4.2	3.6	3.5
Investments in companies accounted for using the equity method	33.4	35.0	35.0
Other non-current financial instruments	9.4	7.6	9.4
Sundry non-current assets	3.1	3.4	0.9
Deferred tax assets	28.6	28.2	31.4
Non-current assets	511.3	522.7	644.4
Inventories	247.5	218.9	261.9
Trade receivables	209.9	177.0	201.8
Receivables from construction contracts	7.6	8.5	13.0
Income tax assets	6.7	3.9	3.8
Sundry current assets	61.2	34.8	47.5
Short-term securities	0.4	0.5	0.6
Cash and cash equivalents	42.1	171.2	49.7
Current assets	575.4	614.8	578.3
Assets held for sale	286.3	230.1	0.0
Assets	1,373.0	1,367.6	1,222.7

Equity and liabilities in €million	3/31/ 2016*	12/31/ 2016	3/31/ 2017
Capital stock	37.8	45.3	45.3
Additional paid-in capital	30.9	146.5	146.5
Retained earnings and net income	330.1	333.2	333.5
Accumulated other comprehensive income	10.2	7.8	11.3
Equity excluding non-controlling interests	409.0	532.8	536.6
Non-controlling interests	17.4	18.0	19.9
Equity	426.4	550.8	556.5
Pension provisions	22.1	25.4	27.5
Other non-current provisions	26.4	29.7	29.2
Non-current financial liabilities	246.7	246.9	147.8
Other non-current liabilities	6.8	4.2	3.6
Deferred tax liabilities	2.9	4.1	24.7
Non-current liabilities	304.9	310.3	232.8
Other current provisions	66.9	67.2	63.4
Current financial liabilities	76.9	8.7	89.2
Current trade payables	128.2	132.1	147.9
Current liabilities from construction contracts	10.2	11.4	4.1
Current income tax liabilities	10.8	11.0	13.1
Other current liabilities	127.5	95.6	115.7
Current liabilities	420.5	326.0	433.4
Liabilities held for sale	221.2	180.5	0.0
Equity and liabilities	1,373.0	1,367.6	1,222.7

* The figures were adjusted due to the disposal of the former Electrical Systems business unit.

Divisions

Key performance indicators

		Core Components		Fastening Systems		Tie Technologies	
		1-3/2016	1-3/2017	1-3/2016	1-3/2017	1-3/2016	1-3/2017
Net sales	€ million	51.3	78.2	51.3	59.1		19.5
EBIT	€ million	6.6	11.6				
EBIT margin	%	13.0	14.8				
Working capital (Ø)	€ million	59.2	59.3				
Working capital intensity (Ø)	%	28.8	19.0				
Capital employed (Ø)	€ million	110.5	228.3				
ROCE	%	24.0	20.3				
Value added	€ million	4.2	7.3	4.2	9.1		(1.8)
Orders received	€ million	65.0	71.5	65.0	46.6		25.3
Order backlog (closing date 3/31)	€ million	191.3	210.9	191.3	170.4		40.6
Capital expenditures	€ million	0.7	1.0	0.7	0.5		0.5
Depreciation/amortization	€ million	2.1	4.8	2.1	2.0		2.8

Divisions

Key performance indicators

		Customized Modules		Lifecycle Solutions		Transportation	
		1–3/2016	1–3/2017	1–3/2016	1–3/2017	1–3/2016*	1–3/2017
Net sales	€ million	111.9	101.9	13.7	17.3	15.1	28.1
EBIT	€ million	2.4	2.7	(1.0)	(0.9)	(3.2)	(2.8)
EBIT margin	%	2.2	2.6	(7.1)	(5.0)	(21.1)	(10.0)
Working capital (Ø)	€ million	133.9	131.5	11.0	8.8	27.9	31.3
Working capital intensity (Ø)	%	29.9	32.3	20.0	12.7	46.1	27.8
Capital employed (Ø)	€ million	418.4	418.7	128.4	133.5	47.4	54.6
ROCE	%	2.3	2.6	(3.1)	(2.6)	(26.9)	(20.6)
Value added	€ million	(7.0)	(5.2)	(3.9)	(3.4)	(4.3)	(3.8)
Orders received	€ million	153.9	109.0	22.2	22.6	10.9	9.2
Order backlog (closing date 3/31)	€ million	340.2	286.5	16.3	34.7	95.0	219.9
Capital expenditures	€ million	0.5	2.8	1.6	1.0	1.3	1.4
Depreciation/amortization	€ million	3.1	3.4	1.5	1.7	1.0	0.9

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Vossloh Group

Cash flow statement

€million	1–3/2016*	1–3/2017
Earnings before interest and taxes (EBIT)	2.0	7.1
EBIT from discontinued operations	5.7	2.6
Amortization / depreciation / impairment losses (less write-up) of non-current assets	9.0	11.0
Change in non-current provisions	(2.4)	(0.3)
Gross cash flow	14.3	20.4
Income taxes paid	(3.8)	(3.0)
Change in working capital	(46.3)	(41.1)
Other changes	(14.7)	1.1
Cash flow from operating activities	(50.5)	(22.6)
Investments in intangible assets and property, plant and equipment	(4.6)	(6.6)
Free cash flow	(55.1)	(29.2)

In the first quarter of 2017, below the free cash flow the cash flow statement additionally contains a **net cash inflow from the disposal of consolidated companies (disposal of Electrical Systems) in the amount of €42.4 million** and **payments for the acquisition of consolidated companies (acquisition of VTT) in the amount of €117.6 million**.

* Previous year's figures were adjusted due to the disposal of the former Electrical Systems business unit.

Vossloh Group

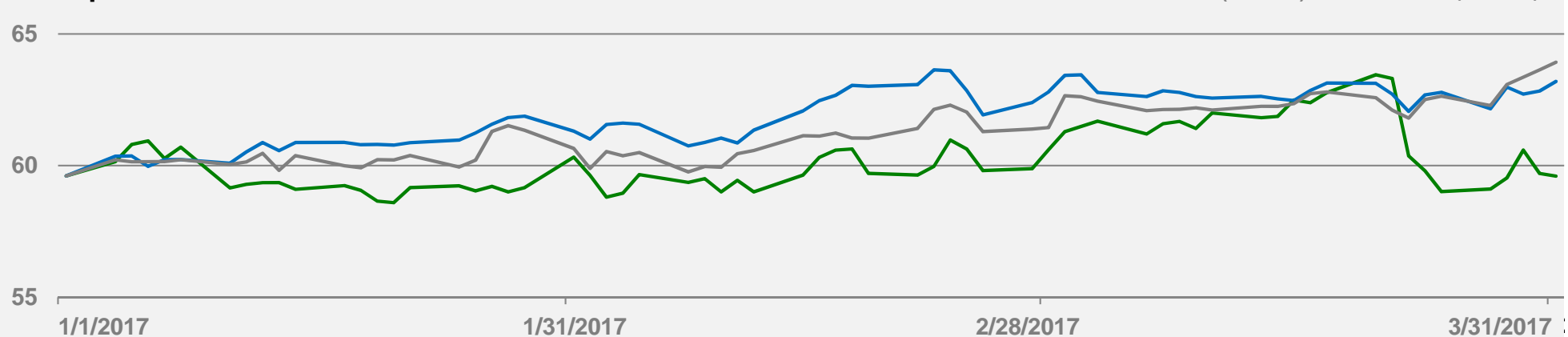
Workforce

	Closing date		Average	
	3/31/2016	3/31/2017	1–3/2016	1–3/2017
Workforce				
Core Components	642	856	629	867
Customized Modules	2,562	2,519	2,574	2,520
Lifecycle Solutions	465	459	451	461
Transportation	403	402	405	394
Vossloh AG	57	62	57	61
Total	4,129	4,298	4,116	4,303

The Vossloh Share

Price Performance, Share Information and Shareholder Structure

Price performance of the Vossloh stock 1/1/2017 to 3/31/2017



Information on the Vossloh stock

ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hannover, Stuttgart, Munich
Index	SDAX
Number of shares outstanding as of March 31, 2017	15,967,437
Share price (3/31/2017)	€59.60
Stock price high/low (January through March 2017)	€63.99/€57.23
Market capitalization (3/31/2017)	€951.7 mill.
Reuters code	VOSG.DE
Bloomberg code	VOS GR

Shareholder structure in %

