

**Driving Innovation. Developing Potential.**

**Annual General Meeting of Vossloh AG**

**May 9, 2018**



# 2017 – Year of counteractive developments



# **2017** – Very good core business performance

**Sales increase  
significantly**

**Profitability  
exceeds  
expectations**

**Value added is  
positive again**

**Entry into the concrete ties business in the  
USA is proceeding successfully, integration  
is completed**

**Financial position  
strengthened again**



# **2017** – Sale of Locomotives expected in 2018

**Locomotives business unit reported as discontinued operations due to advanced sales discussions; sale likely in 2018**

**Impairment of €26 million and net loss in 2017 for Vossloh Locomotives burden net income**

# 2017 – Sale of Locomotives expected in 2018

Shunting locomotive  
business

=

niche business

# 2017 – Sale of Locomotives expected in 2018

High strategic interest in the last remaining unit in the Transportation division

Several interested parties still in the running as potential buyers; positive net cash inflow expected as of now



With **expertise** gained over decades ...



... **Vossloh** sets



high **standards**




in the **industry.**





# New opportunities **for the future**



**Information and communication technology  
provide us with new, powerful tools for a  
major leap forward**

**We look beyond the borders of our industry  
and promote dialogue and cooperation with  
other disciplines**

# We understand the physics of **tracks**



We are developing new applications that offer operators maximum added value for the future world of rail

As a system supplier, we have the necessary expertise for the complex system of rail tracks

# Maximum availability of rail tracks

**Suitable sensor technology detects current track status**

**Extended life cycle for track components**

**Cost-optimized and need-based maintenance of rail infrastructure**

**Tracks have maximum availability for operators**





# Maximum availability of rail tracks

Suitable sensor technology  
precisely detects current track  
status

Extended lifespan of track  
components



Cost-optimized maintenance of  
rail infrastructure

Tracks have maximum  
availability for operators

**“The Smart Rail Track by Vossloh”**

# “The **Smart Rail Track** by Vossloh”

Central idea in the Vossloh Group's  
innovation management

Specialists from all divisions work closely  
on innovative ideas for a smarter track

# Technology alliance in Russia



Joint venture with leading Russian tie manufacturer produces rail fasteners for Russia

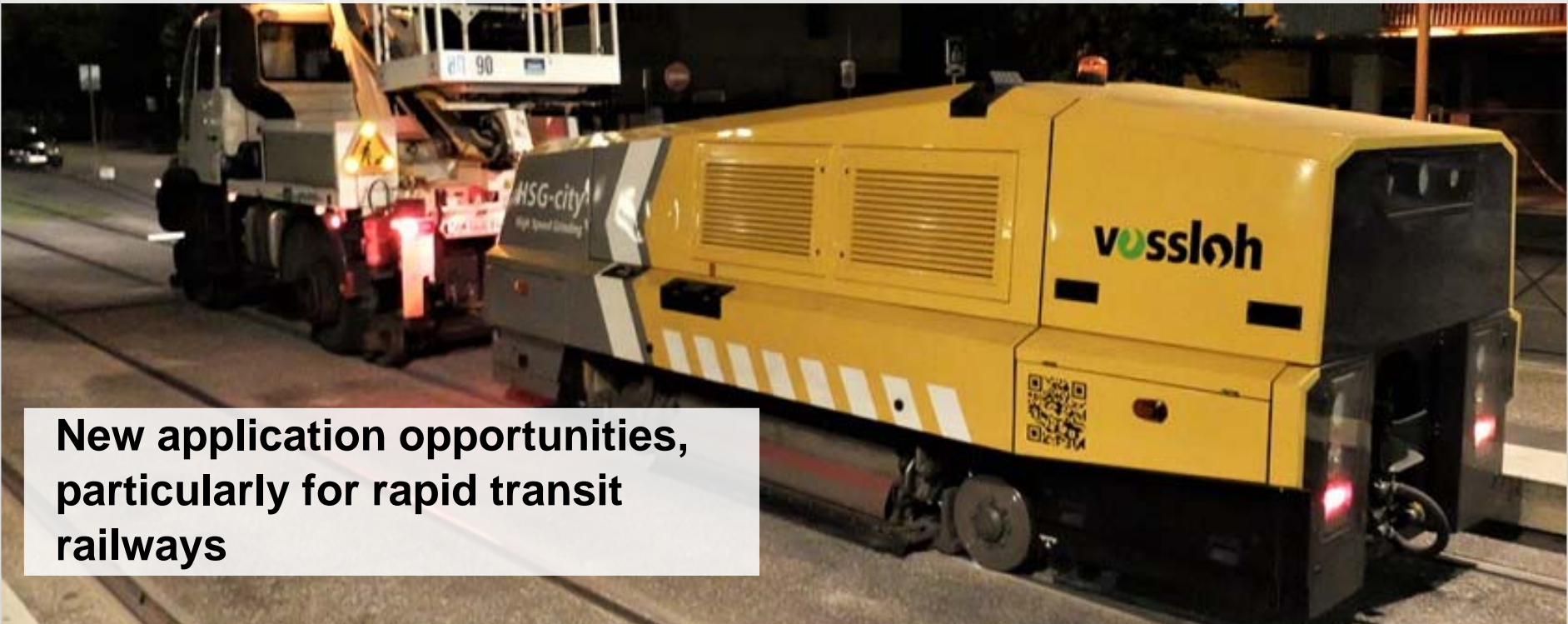


# Successful **internationalization**

**Premiere for high-speed grinding technology in France: preventative maintenance for the Toulouse tram network**



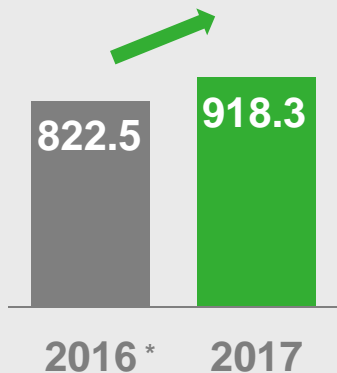
# EBA approval for HSG-city



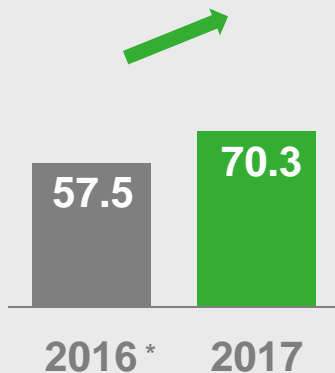
**New application opportunities,  
particularly for rapid transit  
railways**

# Vossloh Group

Sales (€mill.)



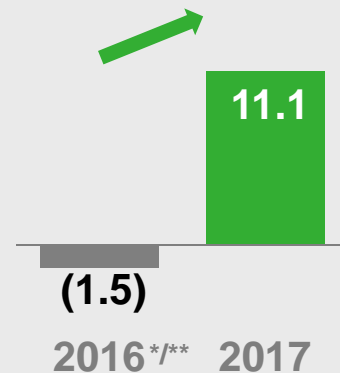
EBIT (€mill.)



EBIT margin (%)



Value added (€mill.)



\* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

\*\* A weighted average cost of capital (WACC) before taxes of 7.5 percent (previous year: 9.0 percent) was set as the yield expected by investors and lenders in the 2017 fiscal year for the purposes of intragroup controlling.



# Vossloh Group

Key Group indicators		2016 / 12/31/2016*	2017 / 12/31/2017
Net income	€ mill.	10.1	0.3
Earnings per share	€	0.22	(0.50)
Earnings per share (continuing operations)	€	1.30	1.74
Free cash flow**	€ mill.	25.2	(22.3)
Equity	€ mill.	550.8	532.4
Equity ratio	%	40.3	42.5
Net financial debt	€ mill.	85.0	207.7

\* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

\*\* Includes the effects of 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 consolidated according to the equity method.

# Core Components division

Sales (€mill.)

**+36.7 %**

257.1

351.4

2016

2017

EBIT (€mill.)	2017	51.2
	2016	32.0

EBIT margin (%)	2017	14.6
	2016	12.5



# Customized Modules division

Sales (€mill.)

(1.8) %

492.3

483.3

2016

2017

EBIT (€mill.)

2017

30.5

2016

34.4

EBIT margin (%)

2017

6.3

2016

7.0





# Lifecycle Solutions division

Sales (€mill.)

+9.0 %

83.5

91.0

2016

2017

EBIT (€mill.)

2017

6.6

2016

7.7

EBIT margin (%)

2017

7.3

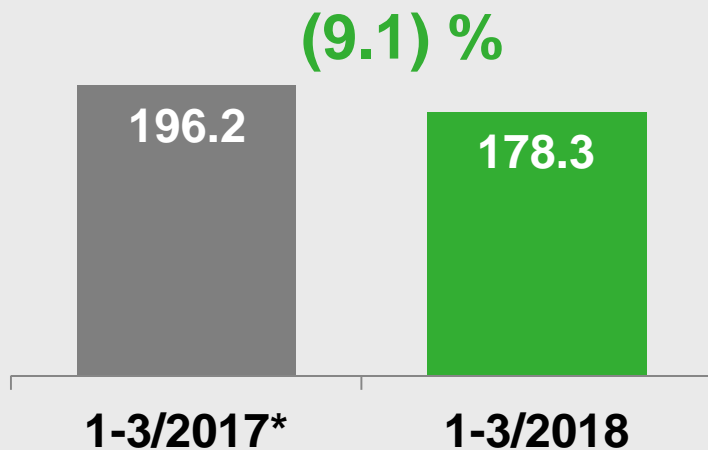
2016

9.2

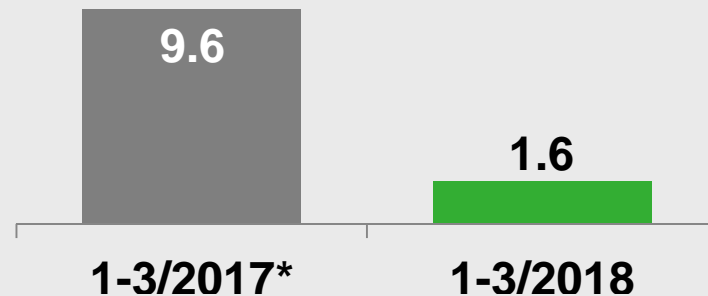


# Vossloh Group, First Quarter 2018

Sales (€mill.)



EBIT (€mill.)



\* Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

# 2018e: temporary weaker business in China

**Sales in the range of €875 million to €950 million**

**EBIT margin of between 6.0 and 7.0 percent**

**Aiming for positive value added in spite of lower EBIT expectations**





# Focus on sustainable **profitable growth**

**Profound, already successful transformation has established the right parameters**



**Guiding principle of “One Vossloh” put into practice; focus on rail tracks**

# 4 strategic areas of action for growth



*Promoting innovation and open-minded thinking*

## 4 strategic areas of action for growth

Increasing expertise through  
acquisitions and partnerships



# 4 strategic areas of action for growth

The background image shows three young men in blue shirts. The man in the foreground on the right is looking towards the camera. The other two are slightly behind him, looking at a device he is holding. On the right side of the image, there is a vertical control panel with a red emergency stop button at the top, followed by a black rotary switch, and then several orange and grey buttons labeled with letters and symbols like 'X', 'Y', 'Z', 'C', 'A', 'M', 'H', and '+'. The overall setting appears to be a technical or industrial environment.

**It's people that make the difference**

## 4 strategic areas of action for growth



Added value for the customers based  
on industrial top performance


# **Rail technology market** remains attractive

**Urbanization is a major driving force; rail-based infrastructure is a prerequisite for mobility in metropolitan areas**

**The advantage of the railway:  
creating climate-friendly mobility**



# Pooled expertise ...



**... and custom combined systems and services  
for the maximum possible route availability**

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**Thank you for  
your attention.**

