

“Grasping the future. Shaping the future.”

**Speech by Andreas Busemann, CEO of Vossloh AG,
on the occasion of the Annual General Meeting for the
2018 fiscal year**

Düsseldorf, May 22, 2019

– The spoken word takes precedence –

Part I

Dear shareholders of Vossloh AG,
honored shareholder representatives,
dear employees and colleagues,
ladies and gentlemen,

On behalf of the entire Executive Board, I would like to welcome you to this year's Annual General Meeting for Vossloh AG. Thank you for showing your commitment to the company in such numbers. I am pleased that Vossloh continues to be important to you, as is getting firsthand information about your company. For us as well, and here I speak both for the Executive Board and for the Supervisory Board, interacting with you, our shareholders, is a very special concern.

Today I would like to give you a brief overview of the events and the operational development of Vossloh in the past 2018 fiscal year in a tried and tested way together with my Executive Board colleague Oliver Schuster. In the second part of my presentation, I will explain to you in more detail where the journey is heading and what priorities we consider important for the development of our company in the future.

Ladies and gentlemen, the 2018 fiscal year was challenging and marked both by bright light but also shadows.

Our core business rail infrastructure developed as expected in 2018. With a clearly positive net income and a significant increase in earnings per share, the 2018 fiscal year was generally acceptable for your company overall. However, due to project-based weaker business development in our high-margin focus market, China, we were unable to reproduce the positive results from the 2017 fiscal year in terms of sales and EBIT. On a positive note, there was a strong increase in new orders, which allows us to look forward with confidence. In the focus market of North America, which is currently unprofitable in

some areas, we signed a multi-year framework contract with Canadian National for the delivery of concrete ties and switch components. Canadian National is one of North America's Class-I railroads – in other words, one of the major freight operators in the U.S. and Canada. This allowed us to establish a long-term relationship with another major Class-I operator in the North American rail industry.

Although the result for discontinued operations improved in 2018 due to the booked impairment in 2017, this does not change the fact that the Locomotives business unit in Kiel reported, as in recent years, another operating loss. The disposal process has always been difficult because the shunting locomotive business is a niche business. Finally, the locomotive business is associated with guarantees and warranties in the three-digit million euro range. The relocation to the new modern factory in this difficult disposal phase has led to start-up difficulties and losses despite close measures on our part, which also extended to our personnel. But we are making progress in the disposal, albeit not at the speed hoped for and originally expected. Based on the current negotiations with several potential buyers, we are confident today that we will sign a contract to sell the business in the coming months.

When I talk about light and shadow, one thing is definitely in the category of light: Our appearance at InnoTrans, the world's largest trade fair for rail technology. Our innovations and ideas received an overwhelming response from customers and business partners in Berlin. We were able to convince them with our future-oriented products and services, which link high quality and durability of tracks with the fulfillment of economic requirements. Today, we are perceived as a partner and trailblazer that develops and implements solutions for the goal of maximum track availability. "The Smart Rail Track by Vossloh" is our detailed vision for the intelligent railway that enables disruption-free operation and reduces the life-cycle costs of infrastructure.

But the category of light also includes acquisitions and partnerships. In November 2018, we successfully completed our acquisition of the Australian concrete tie manufacturer Austrak. This acquisition in the core business serves to expand our product portfolio in the Australian market with concrete ties, where we have already achieved a great deal of

success in the switch business. At the end of December 2018, we were also able to successfully complete the takeover of the rail milling business of STRABAG Rail GmbH. The acquired sub-unit, which encompasses four milling machines and 30 employees, was integrated into the Lifecycle Solutions division and represents a significant expansion of our existing milling business. The milling trucks, which can be used with extreme flexibility because they can also travel on the road, have been exceptionally well received by our customers and have already completed international assignments. In 2018, we also founded a joint venture for rail monitoring. The resulting Rhomberg Sersa Vossloh GmbH joint venture specializes in switch servicing and diagnosis with the purpose of identifying appropriate maintenance measures. With the software MR.pro, the joint venture has a digital tool for the technical maintenance management of rail infrastructure components. In addition, the so-called BahnWege seminars offered there, which have been established for many years, have noticeably improved our access to key customers once again.

Ladies and gentlemen, the fact that I have to talk about light and shadow today, also means that we are not yet completely satisfied with Vossloh's development. That's why we have put a lot of work into the current year. I will talk about that in the second part of my speech today. The employees in the Vossloh Group will continue to be heavily challenged. For this, they deserve the greatest respect and highest recognition. I think you will agree with me that I would like to take this opportunity to express my sincere thanks to all Vossloh employees at this point.

My colleague Oliver Schuster will explain the business figures for 2018 and the first quarter of 2019. I would like to elaborate on our program for the future in the second part of my speech.

Thank you for your attention for the time being, and I will now give the floor to Mr. Harnacke.

Part III

Thank you, Mr. Harnacke,
thank you, Mr. Schuster.

Ladies and gentlemen, I would now like to follow Mr. Schuster's remarks with our assessment of future business performance in 2019 and 2020 and then, together with you, take a look at the topics for Vossloh in the coming months and years, as I said at the beginning.

Now on to the outlook for the coming years. For the 2019 fiscal year, we are assuming a range of €900 million to €1 billion for Group sales. In the Core Components division, we anticipate substantially higher sales revenues in the Tie Technologies business unit than in 2018 due to the acquisition of Austrak. We also anticipate increased sales revenues in several regions for the Fastening Systems business unit, although not yet in China. We are currently assuming that sales in China for 2019 will remain at the same level as 2018. A significant increase in sales in China in comparison with the previous fiscal year is expected for 2020, which is supported by the good order situation. The significantly better visibility of our China business has, by way of exception, prompted us to take a look beyond the 2019 fiscal year. For the 2020 fiscal year, we expect Group sales of between €950 million and €1.05 billion.

For the EBIT from operational business, we expect a range of €50 million to €60 million in 2019. One-time negative effects on earnings from a performance program adopted on April 23, 2019, which I shall discuss more closely soon, cannot yet be sufficiently quantified from today's perspective and are therefore not yet part of this outlook. From today's perspective, we forecast an increase in EBIT to between €65 million and €80 million in 2020.

Ladies and gentlemen, we have prepared our annual report for 2018 under the motto: Grasping the future. Shaping the future. The starting point is clear: We have focused our business on the rail track. The strategic fields of action have been defined in order to be ready for the future and the challenges of digitalization. We promote openness in order to advance our own ability to innovate and innovative strength. We augment attractive

product segments and skills or cooperate with expert partners. Our production of the future is close to the customer, delivers quickly, and protects the climate. And we are unleashing the potential that exists in the company through the networked cooperation of the people under the Vossloh umbrella.

We have ambitious goals. We want to play a leading role in digitalization in view of our leading expertise in rail infrastructure. To do that, we need to close gaps, but this means that we must be able to afford these necessary investments. In order to maintain the required financial strength in the long term, we have decided on a comprehensive performance program to significantly increase our profitability and our self-financing power.

One component of our performance program concerns working capital. We want and need to strongly and significantly reduce working capital. Working capital is the leverage that can be influenced best in order to optimize employed capital and thus immediately release liquidity. This also improves the value added. As you know and once again heard from Mr. Schuster, value added is the most important indicator for the long-term value-oriented management of the business units.

Another component includes unprofitable activities. For activities that have been loss-making for years, various alternatives are now being considered even more consistently, including a possible sale or transfer to a partnership no longer controlled by Vossloh. In particular, negative one-time effects of any appreciable magnitude cannot be ruled out from this component in this fiscal year. However, the effects are likely to be more accounting-related and therefore not lead to significant cash outflows.

The third component involves reducing personnel expenses. We want to manage the necessary downsizing in a socially responsible way. We set a goal for ourselves of a reduction amounting to around 5 percent compared with the end of 2018. At the moment, the business units are working on the details. Please understand that, as of today, we cannot yet answer the question as to which locations and how many employees will be affected.

The fourth component is reducing overheads that are not directly attributable to the production process. Here, too, we will realize potential arising from consulting or travel expenses, for example.

The fifth component is reducing investments to below €60 million in this fiscal year, but without neglecting our strategic future projects. As a result, there will be a stronger focus on our investments. In total, however, investments will exceed depreciation in 2019, only much lower than originally planned.

Ladies and gentlemen, with our performance program, we want to create the foundation to be able to make better use of the opportunities arising from digitalization. Therefore, please understand our program as it is meant: We want to make the right adjustments at the right time in order to strengthen your confidence as shareholders and investors in a positive business development, and to maximize the room to maneuver for our self-imposed future tasks.

And that brings me to how we are helping to shape the future of rail infrastructure and how far we have already come. We are working intensively on the intelligent railway under the motto “The Smart Rail Track by Vossloh”.

To make railways more efficient, we at Vossloh understand durability as an integral part of the intelligent railway. For over 100 years, the development and production of safe and long-lasting components and systems have made up the core of Vossloh’s expertise. In 2018, our smart materials once again attracted a great deal of attention from our customers. Here are three examples: CogX steel for switches with a 30 percent longer life compared to the previously used materials, an extremely durable premium zinc coating that is finer than a human hair for our tension clamps and screws in the Vossloh rail fastening system, and our own composite tie that should last at least 50 years and is durable, recyclable and the perfect complement to Vossloh concrete ties.

Ladies and gentlemen, in an ideal world, the operator could make use of their

infrastructure reliably and with a high level of quality and would have transparency about its condition at all times. In the best case scenario, there would be no more component failures and thus no more unexpected operational disruptions. The operator knows the condition of his network so precisely that he can plan maintenance with foresight, and only carry out work that is actually necessary based on the actual condition. The possibilities of digitalization will turn this vision into a reality. The future will also be a world of data in the rail system.

Whoever can understand and interpret data about the current condition of tracks and switches and can derive recommendations for action from it will become an indispensable partner for the infrastructure operator. Our Vossloh engineers know exactly which physical parameters of the rail track are relevant for their availability and where and when to capture these measurements in order to record the condition of railways. Vossloh also works together with strategic partners to prepare relevant information for operators and use artificial intelligence to derive recommendations for action. The MR.pro software of our joint venture Rhomberg Sersa Vossloh provides a good example for evaluating and visualizing the condition and substance of track infrastructure.

In order to achieve condition-based maintenance, it is important to capture the relevant data and link it with existing data. New sensors in the track are not always the most important thing for this. Rather, it is crucial to lift the existing valuable data for example from error messages and measurement protocols. To ensure successful digitalization, it is decisive that we as suppliers and the operators approach each other and exchange our data. With our in-depth understanding of the railway, we can significantly contribute to a better understanding of the collected data and thus work even more closely with our customers. There is a general openness in this direction on the part of our customers. For example, we have received complete insight into the switch disruption data of a major European rail operator who is an important Vossloh customer. This way, we know exactly how many switch disruptions with how many delay minutes and how many delayed trains there are. The joint analysis also showed that there is not an exact explanation for 40 percent of the delay minutes. Because of this, we will now work with the customer to take the first joint steps to fully identify the reasons for switch disruptions and delays. New

sensors are available when existing data does not help. Without total understanding, no serious recommendations for life-cycle management can be made. Incidentally, this is a win-win situation: The operator receives higher availability and we as a supplier can optimize our value and supply chain.

In general, switches are an ideal starting point for the continuous collection of condition data with sensors. This is because switches represent a meeting point not only for tracks, but also for signal and control systems. This means that the data gathered at these points is extremely useful. For this reason, point machines are one of the first application cases for Vossloh's IoT sensor. IoT stands for Internet of things. This Vossloh sensor can be configured freely and can collect a wide range of parameters from inside a compact housing.

A crucial topic for Vossloh is the equipment of our maintenance machines with sensors. This has two reasons. We don't always have access to condition data, or it is not available in the necessary quality. In addition to that, fully autonomous sensors under regular trains that need no supervision are still a thing of the future. Wear and tear, meaning cross-sectional profile errors, can now be measured at 80 kilometers per hour on our fast grinding trains. Measuring longitudinal profile errors at higher speeds is considerably more difficult. We are talking of a longitudinal ripple with tolerances of two hundredths of a millimeter. Here we work together with the DLR in Braunschweig. Fissures are often measured with eddy current sensors, which have to be placed exactly one millimeter above the rail. We now employ this technology in our Vossloh milling train.

The condition data is then sent to a central cloud and can be prepared and visualized. The decisive step towards truly predictive maintenance then requires the use of self-learning systems that can predict disruptions from data patterns.

Ladies and gentlemen, we are shaping the future. Our stated goal is to make tracks 100 percent available at a reasonable cost to operators. The interaction between long-lasting and low-maintenance components and the possibilities of digitalization has already created numerous opportunities for us to reach this ambitious goal. Preventative rail

maintenance, modern sensors for railway monitoring, supporting and learning applications, highly mobile networked maintenance machinery and many other technologies are available.

Let me briefly summarize my remarks. We have already taken big steps forward on the path to the intelligent railway. Our order books are also very well filled. In order to sustainably finance our ideas for the future of rail as a means of transport, we decided early on to adopt an ambitious performance program. Our aspiration is to be a leader in the already very concrete vision of the intelligent railway that enables disruption-free operation at a reasonable cost and extends the service life of the infrastructure.

As owners of Vossloh, you should and will profit from our sustainable value orientation. I would be very happy if you continue to accompany us on this journey. Thank you!