



**Annual General
Meeting
of Vossloh AG**

May 22, 2019

**Grasping the future.
Shaping the future.**



Vossloh Group, 2018 fiscal year

Light and shadow of 2018

Operational performance of core business

- As expected, sales and profitability below previous year's good figures due to the project-related weakness in China in the Core Components division
- Clearly positive net income and significantly increased earnings per share

Order situation

- Order situation continues to improve
- Three new large orders from China for Fastening Systems with a total volume of around €85 million. Deliveries will be made mostly in 2020
- Canadian National (CN) new strategic customer in the ties and switch business

Sales process for Transportation

- Locomotives business unit recorded a loss again
- Sales process of locomotive business: Intensive negotiations with several potential buyers continue
- Contract signing expected in the coming months

Vossloh Group, 2018 fiscal year

Course set for the future

InnoTrans 2018

- Overwhelming response from customers and business partners to Vossloh innovations at the world's largest trade fair for rail technology
- Captivating trendsetting products and services from Vossloh
- “The Smart Rail Track by Vossloh” is the vision of the intelligent railway

Acquisitions and partnerships

- Acquisitions of Austrak Pty Ltd. and the milling business of STRABAG Rail GmbH successfully completed as of year-end 2018
- Austrak, market leader in the concrete ties business in Australia, contributes to sales and earnings in the Core Components division for the first time
- With the STRABAG milling business, Lifecycle Solutions substantially extended its maintenance business; the sub-unit encompasses four milling machines and 30 employees
- Rhomberg Sersa Vossloh GmbH joint venture established, specializing in the maintenance of switches and tracks, with all-round inspection and monitoring expertise

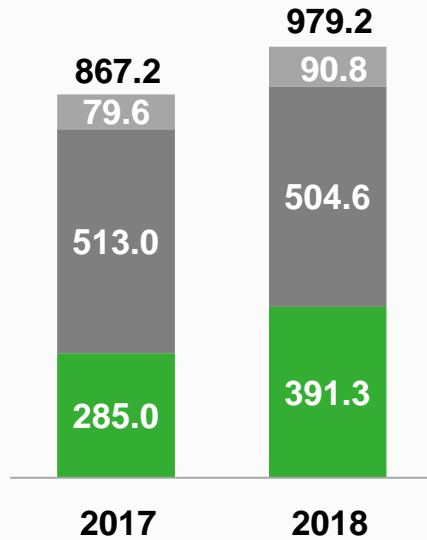
Vossloh Group 2018



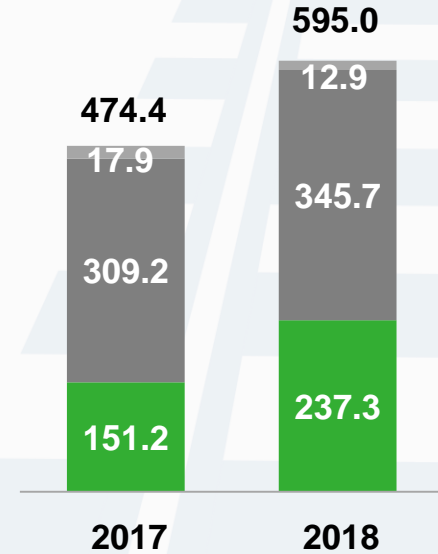
Vossloh Group, 2018 fiscal year

Excellent starting point for future growth

Orders received (in € mill.)



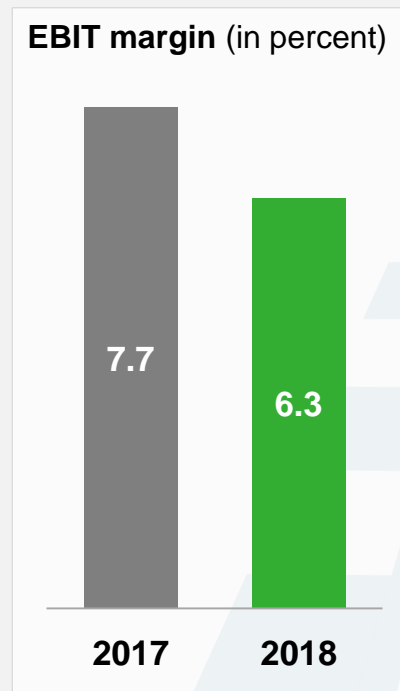
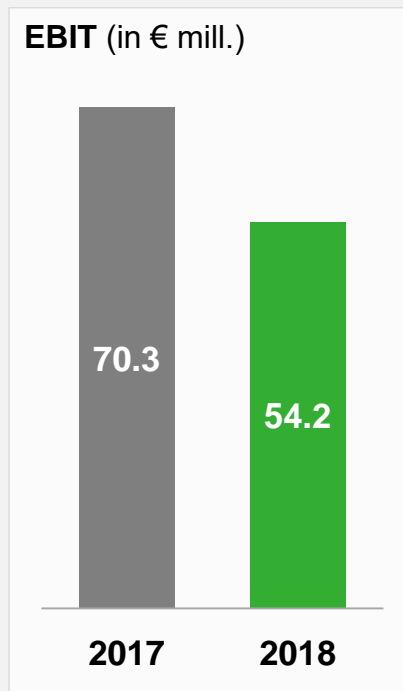
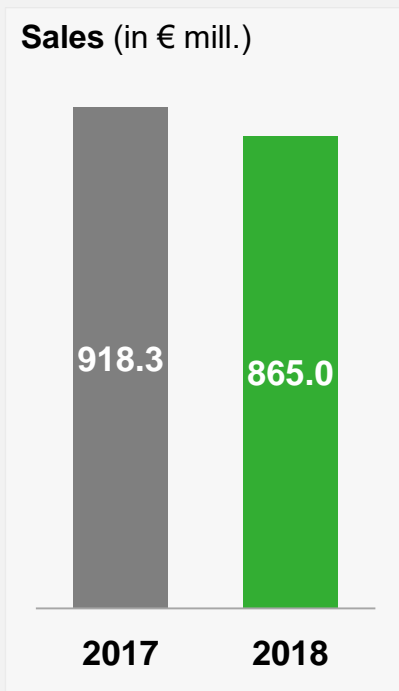
Order backlog (in € mill.)



■ Core Components ■ Customized Modules ■ Lifecycle Solutions

Vossloh Group, 2018 fiscal year

Sales and EBIT down year-over-year for project-related reasons



Value added (in € mill.)	2018:	(5.8)
	2017:	11.1

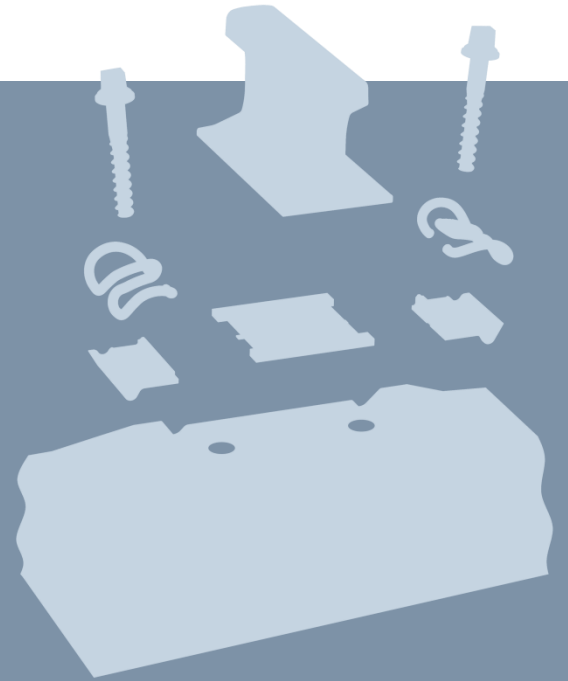
Vossloh Group, 2018 fiscal year

Net income improved

Key Group indicators		2017 / 12/31/2017	2018 / 12/31/2018
Net income	€ mill.	0.3	22.7
Earnings per share	€	(0.50)	1.14
Free cash flow ¹⁾	€ mill.	(22.3)	(19.0)
Equity	€ mill.	532.4	523.3
Equity ratio	%	42.5	41.4
Net financial debt	€ mill.	207.7	307.3

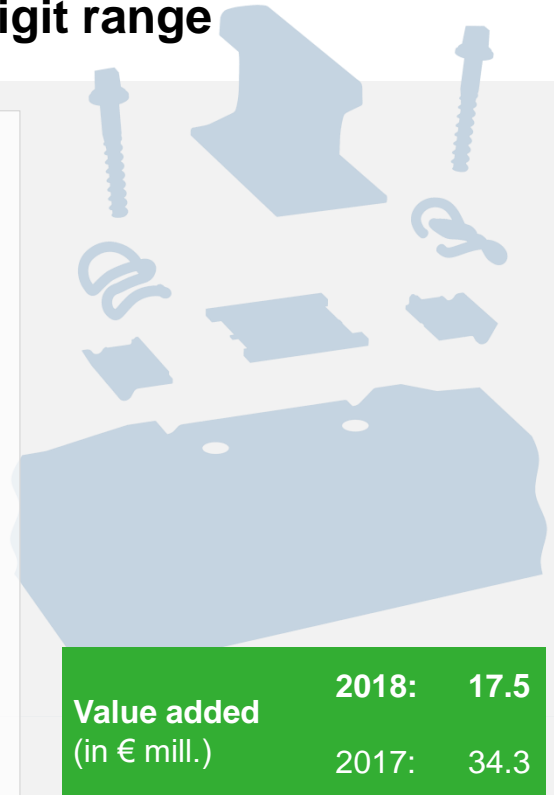
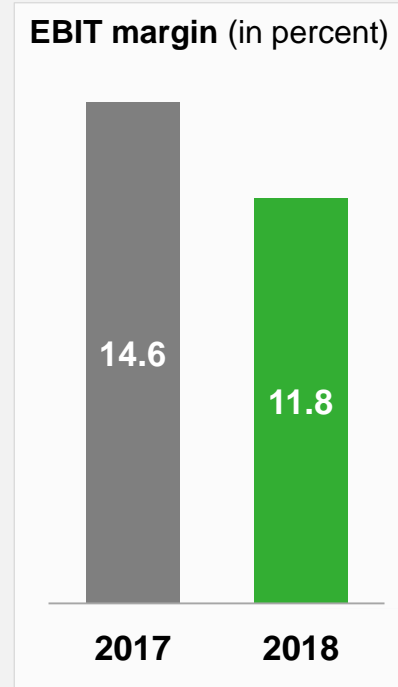
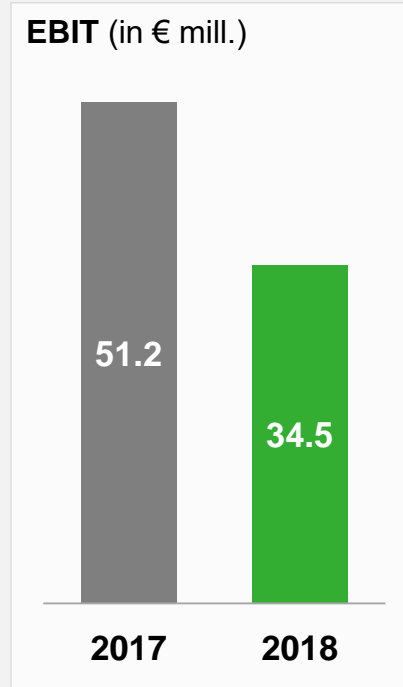
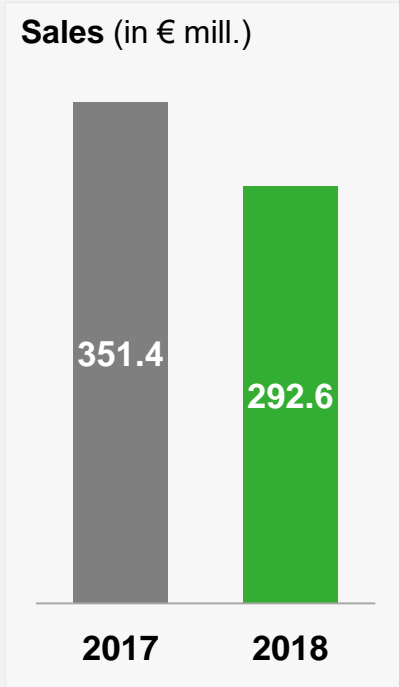
1) Includes the effects from discontinued operations; free cash flow comprises the cash flow from operating activities, investments in intangible assets and property, plant and equipment, and cash receipts and payments associated with companies accounted for using the equity method.

Core Components



Core Components Division, 2018 fiscal year

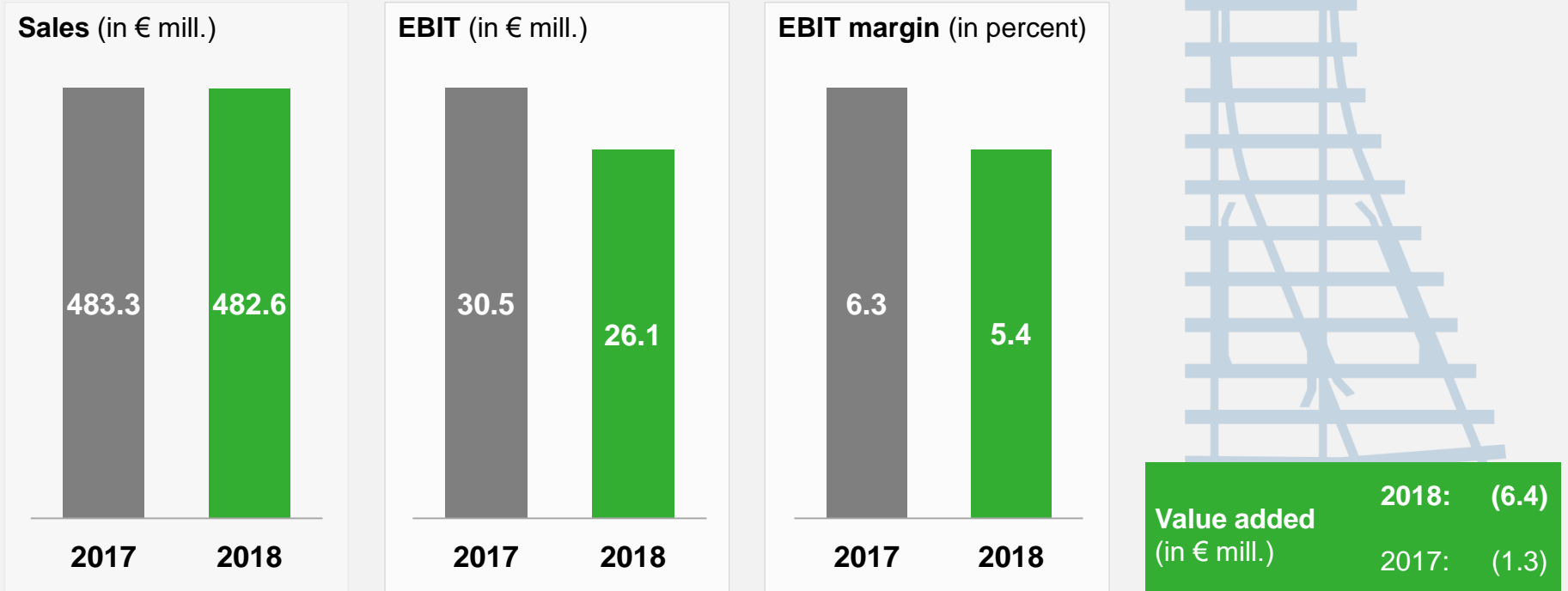
Profitability down on previous year but still in double-digit range



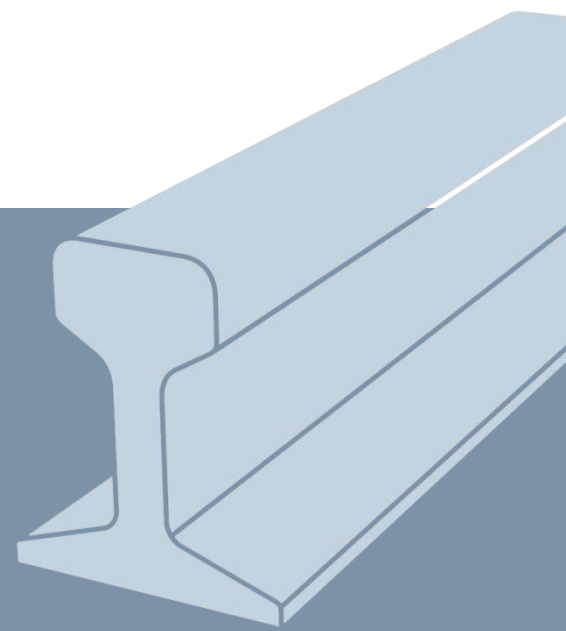
Customized Modules

Customized Modules Division, 2018 fiscal year

Earnings down year on year after positive non-recurring effect in 2017

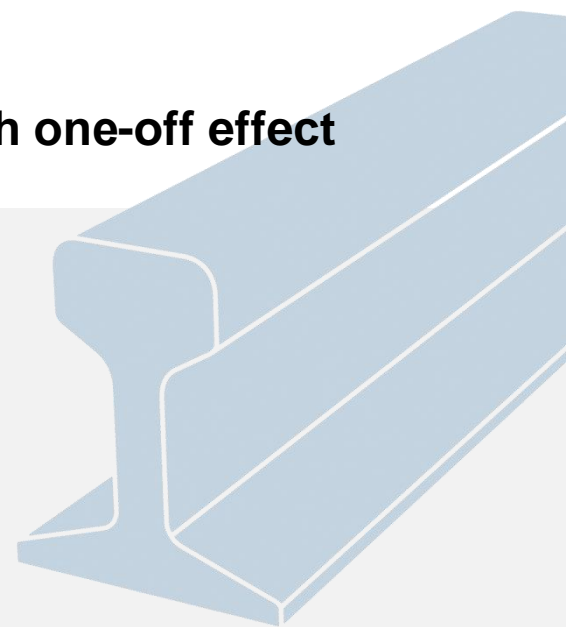
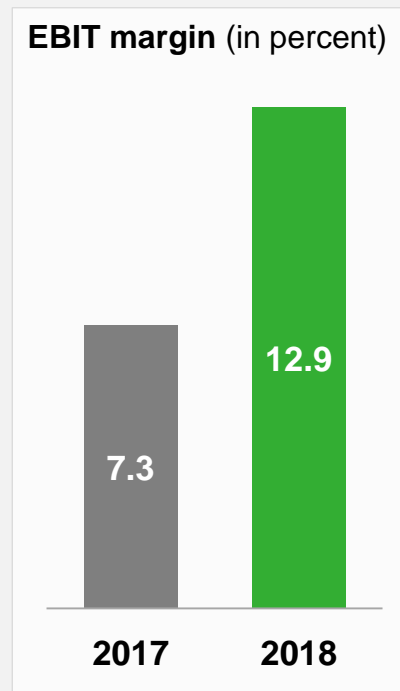
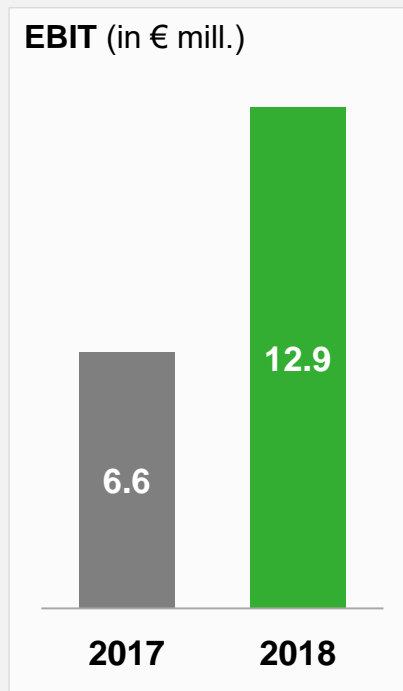
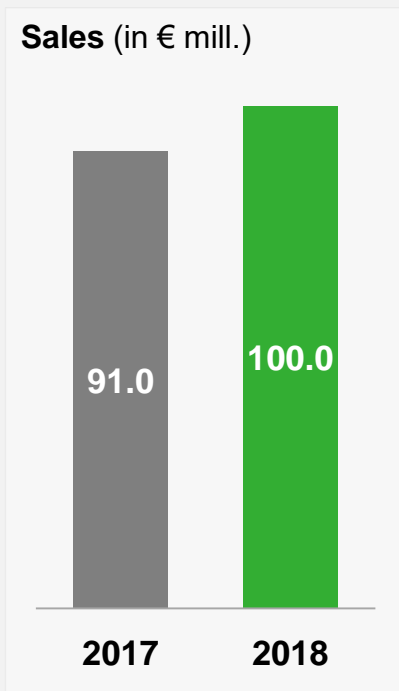


Lifecycle Solutions



Lifecycle Solutions Division, 2018 fiscal year

Sales reach €100 million mark for first time; earnings with one-off effect



Value added (in € mill.)	2018:	2.2
	2017:	(3.5)



Dividend proposed

Vossloh Group

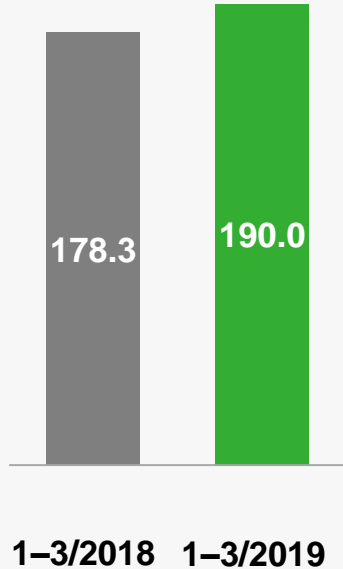
Q1 2019



Vossloh Group, Q1 2019

Sales noticeably higher, net income significantly below previous year

Sales (in € mill.)

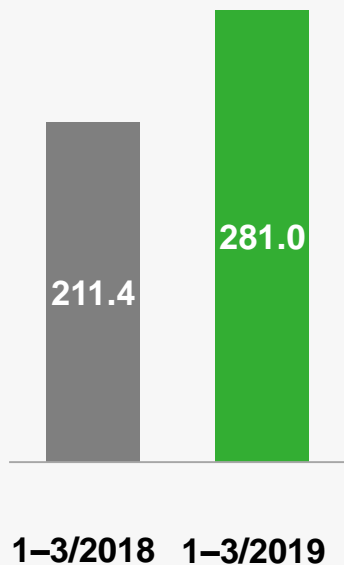


EBIT (in € mill.)

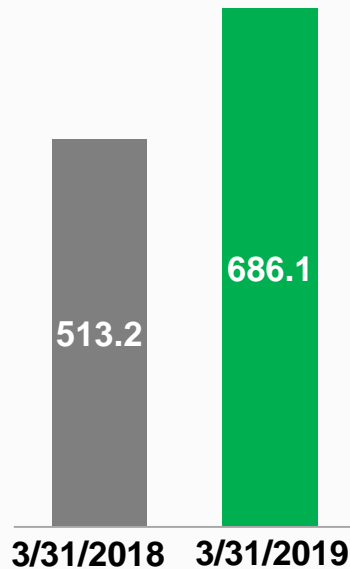


Strong development of orders received continues

Orders received (in € mill.)



Order backlog (in € mill.)





Outlook and strategy

Assessment of business development 2019–2020

General market conditions

- Good order situation forms basis for future growth
- Higher visibility for deliveries in China after winning major projects in 2018 and April 2019

Outlook for 2019 for the operational business

- Forecast **sales** range **€900–1,000 million**
- Operating **EBIT** range **€ 50–60 million**: From today's perspective, effects on earnings from the program of measures cannot be sufficiently quantified and therefore are still not yet part of the outlook
- **Value added** expected to be below previous year's negative figure



Looking ahead to 2020

- Forecast **sales** range **€950–1,050 million**
- Forecast **EBIT** range **€ 65–80 million**



**Grasping the future.
Shaping the future.**

Strategic direction for the future

Openness

Promoting innovation and open-minded thinking

Attractive product segments

Increasing expertise through acquisitions and partnerships

Added value for customers

Producing close to customers, quickly and sustainably

People make the difference

Developing the existing potential of people under the Vossloh umbrella



Our vision: “The Smart Rail Track by Vossloh”

Performance program

Working capital

Optimization of committed capital

Unprofitable activities

Review of various alternatives including a possible sale

Personnel costs

Reduction in the number of employees of around 5% compared to the end of 2018

Overheads

Reduction of various types of costs that are not directly attributable to the production process

Capital expenditure

Greater focus on investments in all business units

Necessary decisions in 2019, implementation of resulting measures primarily in 2019

Goals of the 5 components:

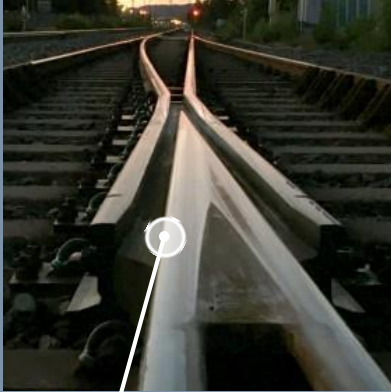
1. Sustainable increase in profitability
 2. Short and long-term increase in Vossloh Group's self-financing capability
- ➔ Long-term improvement in competitiveness and increased financial room to maneuver for Vossloh's future growth in an increasingly digital rail industry



Leading solutions and
services

The Smart Rail Track by Vossloh

State-of-the-art materials and designs from Vossloh

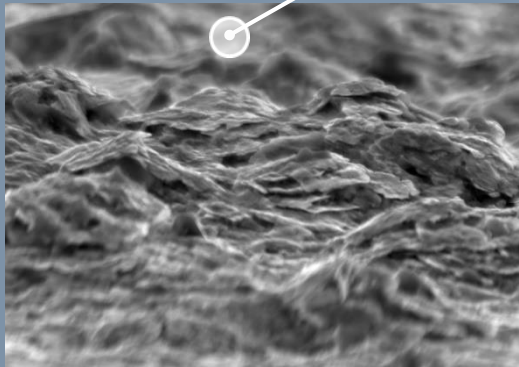


CogX frog

New rolled steel CogX frog with a hardness of 550 HB for an even longer product life cycle

Vossloh protect

Newly developed premium zinc coating from Vossloh ensures long-lasting corrosion protection of all steel components in rail fastening systems even in extreme conditions, such as high temperatures, large temperature fluctuations or aggressive salty sea air



amalentic

A new composite material for eco-friendly tie solutions with isotropic material behavior and high UV resistance

The Smart Rail Track by Vossloh

Digitalization for maximum track availability (I)



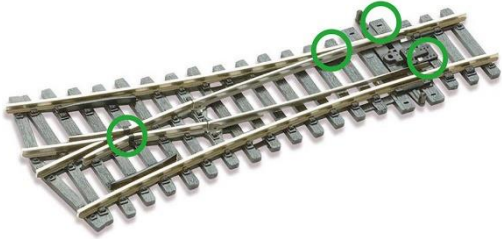
- In an ideal world, the condition of railway infrastructure is known at all times and maintenance can be planned in advance
- Artificial intelligence recognizes and analyzes potential damage to the track and gives recommendations for action
- Innovative Vossloh software **MR.pro** offers extensive analysis tools for evaluating and visualizing condition and substance of the track

- Condition-based maintenance by collecting relevant data and linking to existing data
- The exchange of data between supplier and operator is decisive for successful digitalization
- Joint analysis to fully pinpoint the reasons for disruptions and delays



The Smart Rail Track by Vossloh

Digitalization for maximum track availability (II)



- Switches are an ideal starting point for continuous collection of condition data with sensors
- Forward-looking IoT sensors enable real-time analysis of the state of switch systems
- Vossloh sensors freely configurable and detection of numerous parameters possible

- Maintenance machines in the Lifecycle Solutions division fitted with sensors to collect condition data
- Section profile errors can be measured at a working speed of 80 km/h; cracks are usually detected by eddy current sensors
- Condition data is sent to a central cloud



Goal: Maximum track availability at reasonable costs for operators



Summary

The Smart Rail Track by Vossloh

Summary

- Substantial progress has been made toward the intelligent railway
- Order books for the coming years are very well filled
- Ambitious performance program to finance our vision implemented early on

Our ambition: Vossloh aims to further expand its leading position in the field of intelligent railways, enabling disruption-free operation at reasonable costs and extending the service life of the infrastructure



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May 22, 2019

**Thank you for
your time.**

A stylized illustration of a black telescope on a tripod, positioned on a perspective view of train tracks that recede into the distance. The background is a light blue gradient with a white diagonal shape on the right side.

**Grasping the future.
Shaping the future.**