



ANNUAL GENERAL MEETING OF VOSSLOH AG

MAY 27, 2020

A stylized illustration of a landscape. A winding road with green borders curves from the bottom left towards the right. In the background, there are blue silhouettes of trees and a city skyline with various rectangular buildings. The sky is a light gray, and the foreground is a dark blue field.

**Focused.
Dynamic.
Green.**

Vossloh AG

2019 Fiscal Year

VOSSLOH GROUP

SUMMARY OF THE 2019 FISCAL YEAR



Significant improvement in sales, stable profitability, strong performance in sales activities



Comprehensive performance program implemented with precision



Solid foundation for improved profitability going forward created



Acquisitions seamlessly integrated, strategic partnerships expanded



Sales contract for Vossloh Locomotives signed

SALES

2019: €916.4 million

2018: €865.0 million

EBIT

2019: €55.7 million¹

2018: €54.2 million

EBIT MARGIN

2019: 6.1%¹

2018: 6.3%

¹Adjusted for one-off effects from the performance program.

VOSSLOH GROUP

KEY FIGURES AFFECTED BY THE PERFORMANCE PROGRAM

KEY GROUP INDICATORS

		12/31/2018/ 2018	12/31/2019/ 2019
Net income	€ mill.	22.7	(136.8)
– of which attributable to shareholders of Vossloh AG	€ mill.	18.2	(139.7)
Earnings per share	€	1.14	(8.32)
Free cash flow	€ mill.	(19.0)	(42.4)
Equity	€ mill.	523.3	403.6
Net financial debt (exluding lease liabilities)	€ mill.	307.3	321.3

VOSSLOH GROUP – 2019 HIGHLIGHTS

SWITCHES SET FOR THE FUTURE



PERFORMANCE PROGRAM

Targets achieved or exceeded, implementation completely liquidity-neutral thanks to proceeds from the sale of loss-making companies



INTEGRATION OF AUSTRAK

Leading manufacturer of concrete ties in Australia made a significant contribution to the good performance of the Group in 2019



STRENGTHENING THE CORE BUSINESS

Joint venture in China founded to increase added value and open up new rail fastening system markets

VOSSLOH GROUP – 2019 HIGHLIGHTS

SWITCHES SET FOR THE FUTURE



CAPITAL INCREASE

Balance sheet strengthened in uncertain times against the background of unquantifiable financial impacts from the performance program and the sale of Vossloh Locomotives



FACTORY OF THE FUTURE

Groundbreaking ceremony for the 8,000 m² manufacturing facility, investment of approximately €40 million at headquarters, project due to be largely completed by the end of 2020



SALE OF VOSSLOH LOCOMOTIVES

Sale of loss-making locomotive business marks the end of Vossloh's transformation into a company focusing solely on rail infrastructure

Vossloh AG

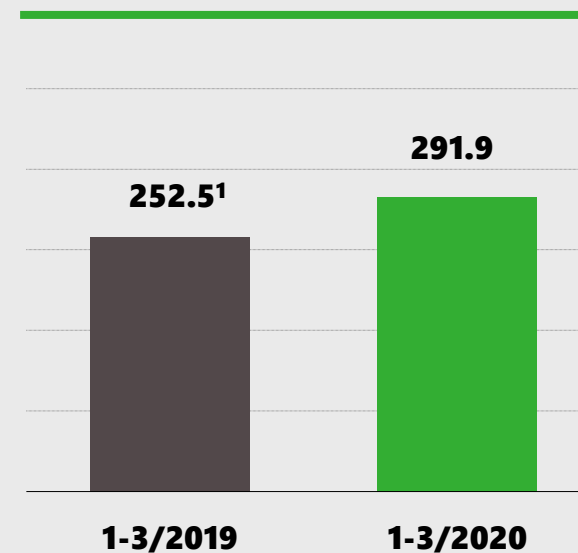
Q1 2020

VOSSLOH GROUP, Q1 2020

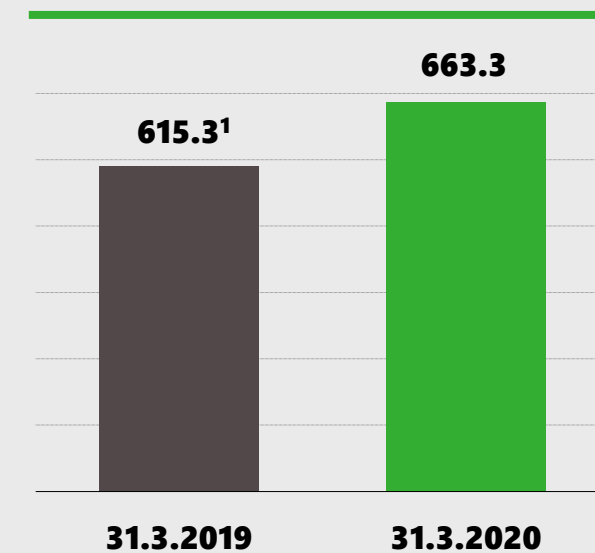
GOOD START TO THE 2020 FISCAL YEAR, BOOK TO BILL RATIO OF 1.6

KEY GROUP INDICATORS		1-3/ 2019	1-3/ 2020
Sales	€ mill.	177.5 ¹	182.9
EBIT	€ mill.	(0.6)	16.5 ²
EBIT margin	%	(0.3)	9.0
Net income	€ mill.	(22.5)	(2.6)
Average working capital intensity	%	31.3	25.3
Free cash flow ³	€ mill.	(52.0)	(50.2)

ORDERS RECEIVED (in € mill.)



ORDER BACKLOG (in € mill.)



¹For purposes of comparability, values are represented without US activities sold in 2019 (sales adjusted by €12.5 million, orders received by €28.5 million and order backlog by €70.8 million).

²Benefited from a €15.6 million gain recognized in profit and loss resulting from a business combination achieved in stages of a joint venture in China

³Also includes effects from discontinued operations.

VOSSLOH GROUP

COVID-19 – IMPACT ON THE VOSSLOH GROUP



CURRENT SITUATION

Group-wide pandemic team established at an early stage to keep employees safe and maintain the company's production processes

All factories back online following some isolated and relatively short downtimes

Loss of efficiency unavoidable when restarting factories, making sure that supply chains are reliable and working properly takes time



FINANCIAL IMPACT

Relatively little impact in Q1/2020, further negative impacts on sales and earnings expected throughout the rest of the year

Executive Board and Supervisory Board propose suspending dividends for 2019 to safeguard financial resources

Vossloh highly resistant to the crisis: rail sector system-critical in many countries, high proportion of customers in the public sector, business largely characterized by necessary replacements

VOSSLOH GROUP, OUTLOOK¹

NOTICEABLE INCREASE IN PROFITABILITY EXPECTED IN 2020

Sales

2020: €900 million to €1 billion

/ Loss of sales due to exit from American switch business expected to be balanced out by considerably higher sales at Vossloh Fastening Systems and Vossloh Tie Technologies in particular

EBITDA margin

2020: 12 to 13%

EBIT margin

2020: 7 to 8%

/ Increase in profitability due in particular to improvements resulting from the performance program; operational profitability still expected to increase in Customized Modules and Lifecycle Solutions; slight drop in operational profitability at Core Components due to COVID-19 is more than offset by earnings effect from a business combination achieved in stages



Value added

2020: €0 to €15 million

/ In 2020, a return to positive value added levels is expected as a result of improved profitability and lower average capital employed; WACC down from 7.5 percent to 7.0 percent due to the persistently low interest rate level

¹ Based on current understanding and careful risk assessment, and with reference to the obvious uncertainties regarding the further impact of the COVID-19 pandemic.

GLOBAL MEGATRENDS

SUSTAINABILITY AND CLIMATE CHANGE DRIVING INCREASE IN RAIL TRAFFIC



Sustainability

- / Sustainability and climate change at the top of the agenda in Germany and internationally
- / Ambitious climate change targets will only be achieved if a significant amount of traffic is moved from road to rail
- / €86 billion to be invested in Germany's rail network between now and 2029 highlights importance
- / Automobiles account for 60% of the transport sector's CO₂ emissions, rail traffic just 0.6%

GLOBAL MEGATRENDS

CHALLENGE OF GUARANTEEING MOBILITY IN MAJOR CITIES PROVIDES SIGNIFICANT GROWTH POTENTIAL



Urbanization

- / 70% of the world's population expected to live in an urban environment in 2050, 51% in 2010
- / China has a more than 30,000 km high-speed network connecting its major cities, plans to expand network to 45,000 km by 2030
- / With HSG, Vossloh offers a unique and efficient solution for preventive maintenance of both high-speed and urban transport lines
- / With its new joint venture in China, Vossloh can also target the urban transport market and the rail market below the high-speed segment in this region

VOSSLÖH GROUP

INTEGRATED RANGE OF PRODUCTS AND SERVICES PAVE THE WAY FOR THE FUTURE



Digitalization

- / Existing rail networks are reaching their capacity limits
- / Shifting traffic to rail requires higher track availability
- / In-depth understanding of the physical properties of the rail infrastructure and systemic expertise of the rail track as a basis for deriving relevant information and recommendations for efficient maintenance
- / Condition-based and predictive maintenance provide added value for customers
- / Using track-based and mobile sensor technology to acquire a detailed understanding of track conditions provides the link between our products and services.



ANNUAL GENERAL MEETING OF VOSSLOH AG

MAY 27, 2020

**Thank you for your
time!**

**Focused.
Dynamic.
Green.**