

“Enabling green mobility”

**Speech by Oliver Schuster, CEO of Vossloh AG,
on the occasion of the Annual General Meeting for the
2020 fiscal year**

Düsseldorf, May 19, 2021

– The spoken word takes precedence –

Part I

Thank you, Dr. Grube.

Dear shareholders of Vossloh AG,
representatives,
guests,

I would also like to welcome you to our 2021 Annual General Meeting, this time also on behalf of my two new Executive Board colleagues, Mr. Jan Furnivall and Dr. Thomas Triska. Both rose through our own ranks and I hold them in high regard. We have achieved a lot together in recent years and I am looking forward to continuing our fruitful partnership in this new constellation.

This is now the second Annual General Meeting in a row that can only take place virtually. Even though that's clearly the right thing to do, I wish it didn't have to be this way. Those of you who have been accompanying Vossloh for some time will know how much I value having the opportunity to talk with you in person. Despite all the sophistication, no virtual format can replace direct dialogue with you. However, protecting everyone's health has to be our top priority and we must try to make the best of the situation. With this goal in mind, we have made some changes compared to the previous year to improve and enrich our dialogue. Among other things, we made sure that the key statements of the speeches to be given by Board members today were available ahead of time so that you could prepare questions and comments. Dr. Grube already mentioned the newly established possibility to include video messages.

I have two speeches ready for today. I will start with a look back at the most significant events in the last fiscal year. I will then hand you over to Dr. Triska, who will take a closer look at our performance from a financial perspective. He will also speak briefly about the results in the first quarter of this fiscal year. I will then take a look ahead and let you know about our strategic thoughts and expectations for the current fiscal year. I would also like to take this opportunity to commemorate our deceased principal shareholder and former Chairman of the Supervisory Board, Mr. Heinz Hermann Thiele, the former Chairman of our Supervisory Board and our principal shareholder, whom we all hold in high esteem. He was a steady and loyal hand in challenging times, and I wish he was still with us to see how well Vossloh is doing now.

Ladies and gentlemen, the former President of Germany Richard von Weizsäcker once said: “We will find the strength to overcome the challenges of our time if we set our hearts and minds to the task.”

Last year certainly had no shortage of challenges for us all and of course also for Vossloh. Going back to von Weizsäcker’s quote, we certainly set our minds and a great deal of heart to the task of overcoming all of these challenges. We indeed rose to the task of dealing with the significant challenges that confronted us in 2020. As a result, we not only brought your company through an incredibly turbulent year safely and largely unscathed but also stabilized, decisively developed and strengthened it in every area. Let’s take a look at the main issues from the 2020 fiscal year and how they affected Vossloh, your company. We will start with the unavoidable issue that dominated the media.

The pandemic unexpectedly put people, companies and economic systems around the world to an unexpectedly tough test and posed an existential threat in many ways. It has caused unimaginable suffering and an enormous amount of economic damage and continues to do so today. However, it also turned out to be a kind of stress test of the stability and crisis resilience of industries and business models.

The rail industry in general and the rail infrastructure sector specifically have shown themselves to be particularly resistant to the current crisis. The reason for this is obvious: Passenger rail services and above all freight rail services are a critical part of our infrastructure! Therefore, keeping them going is particularly important in times of crisis. And that, in terms of rail track, is exactly our business. With our products and services, we make a significant contribution to the functioning of the rail network. Manufacturing and supplying the components required for a safe and functional rail network make up a significant part of our business. As I’m sure you all know, the regular maintenance and servicing of specific rail infrastructure components is another key area for Vossloh. The satisfaction of replacement demand as well as services which keep the rail network safe and functional are vitally important. That’s why our customers have hardly canceled any of their orders since the coronavirus pandemic began. Projects were delayed for a number of understandable reasons, but we ultimately didn’t lose any business. The structure of our customer base is another important factor that makes our business resilient in times of crisis. A significant number of our customers around the world are, directly or indirectly, in the public sector. This shields us somewhat from short-term economic fluctuation and provides us with a high level

of stability. Furthermore, governments see investments, also in rail infrastructure, as a proven method to revive and strengthen their economies during and after periods of crisis.

There's another factor that can't be overlooked. Putting the pandemic to one side, megatrends like global population growth, exponential urbanization, digitalization and, of course, sustainability, remain relevant and will drive the growth of rail-based mobility over the decades to come. I personally believe that this also applies to the globalization of trade flows in the medium and long term and the related increase in freight traffic on rail networks.

Our employees performed brilliantly in the 2020 fiscal year despite the crisis and all of the restrictions that were put in place. All of us on the Executive Board are proud of each and every one of them. Let us not forget that many of our employees are in roles which cannot be done safely from home. We are an industrial company and a service provider. We do a lot of our business in factory halls and outdoors on the track. We approved and implemented a range of comprehensive measures to keep our staff safe as soon as the pandemic hit. We provided masks and tests. We also changed our shift patterns and procedures to minimize contact between employees and to make sure that they could stay a safe distance apart. We provided advice and information. The biggest hurdle, however, had to be overcome by everyone on a daily basis: the more than understandable anxiety. I am deeply impressed by their commitment, courage and loyalty to Vossloh. With this team behind us, we can handle any crisis. I specifically want to thank our works councils for the vital role they served as intermediaries and advisors as we navigated this unusual year.

However, the 2020 fiscal year was far more than just a pandemic year for Vossloh. I am not exaggerating when I say that 2020 will go down as a turning point in our company's history. I have served on the Executive Board of your company in a variety of roles for seven years. And during most of this time, we at Vossloh were also busy trying to overcome previous issues while also managing our current business. This involved solving problems that we inherited and cleaning up messes. The sale of our Vossloh Locomotives business unit to the Chinese company CRRC on May 31, 2020, was the final step in this effort. In 2014, the Executive Board of Vossloh AG decided that the company should focus on its core business of rail infrastructure and find a buyer for its former Transportation division. As I'm sure you are all painfully aware, this process turned out to be much more complex and time-consuming than we expected. Despite meeting with dozens of potential buyers, it became clear that selling the entire division off in one unit was not going to happen. We originally planned on making one sale; in the end, we made three. Vossloh Locomotives proved to be

by far the most difficult business to sell, and had a negative impact on Vossloh's net assets, financial position and results of operations for much longer than planned. If you factor in interest, taxes and leasing expenses, the division accounted for a total cash outflow of around €60 million in just the first five months of the last fiscal year and therefore until the sale was completed. The good news is that these cash outflows from the previous fiscal year were offset by payments made by the acquirer to Vossloh totaling approximately €45 million, which significantly lessened the impact on our net financial debt.

Last but not least, we also used the 2020 fiscal year to revise and refine our Group strategy. We worked with over a hundred employees from a variety of regions, divisions and levels of the company for several months to chart our path into the future. I will talk about what we learned and the conclusions we drew from this effort for our way forward in the second part of my speech.

Even though Dr. Triska is set to give you a full rundown of our financial performance in the 2020 fiscal year, I would still like to mention a few key points now. As I'm sure you remember, we at Vossloh launched a Group-wide performance program in 2019 to boost our financial performance, namely our earnings situation and our self-financing power. The corresponding measures and the expenses involved were included in the annual financial statements for 2019. However, some of these measures were only implemented or completed in the 2020 fiscal year. As an example, I would like to mention the sale of our signaling activities in the US and our switch business in Argentina. In January 2021, we completed the sale of a majority stake in our Brazilian subsidiary, which was also part of our Customized Modules division. This way, we cleared the agenda of the performance program and additionally strengthened our core business of rail infrastructure.

I think you will agree that, in hindsight, we definitely could not have timed our performance program any better. Not least because of this we have been able to come through the crisis in a financially stable manner and, in particular, without any state financial assistance.

Adjusted for portfolio effects, sales in the 2020 reporting year were slightly above the previous year at around €870 million. This was particularly impressive when you consider that our customers delayed €90 million in deliveries and services due to the pandemic. Orders received increased by 5.6 percent year on year on a comparable basis, while the order backlog at the end of 2020 was up 8.2 percent on the previous year. I would like to take this opportunity to tell you about a few particularly impressive success stories: After

spending a number of years out of the top spot, we are once again the leading company in the German rail fastening systems market. Our Fastening Systems business unit also secured another major order in China. The Customized Modules division secured a number of significant large orders in countries like Egypt and Australia. Our Lifecycle Solutions service business once again began providing milling services for Deutsche Bahn. And let's not forget that we won the world's first tender for so-called smart switches last fiscal year in Sweden. This way, we clearly demonstrated that our comprehensive efforts in the field of sensor-based track monitoring systems and using data analysis to significantly improve the efficiency of track maintenance are bearing fruit.

The EBIT margin, one of Vossloh's most important financial indicators, came in at 8.4 percent. This was higher than our original prediction of between 7 and 8 percent despite the impact of the pandemic. A positive effect totaling €16 million related to the transitional consolidation of a joint venture balanced out some of the negative effects connected with the pandemic, which came to around €25 million. When adjusted for this positive one-time effect, the EBIT margin was 6.6 percent, and thus still a marked improvement compared to 2019. In 2019, our operating EBIT margin was 6.1 percent. Vossloh also greatly improved its financial position in the most recent fiscal year. This way, we managed to reduce net financial debt excluding lease obligations from €321 million in the previous year to €307 million at the end of 2020 despite the negative impact coming from Vossloh Locomotives mentioned above. This was made possible by a significant improvement in free cash flow from our core business compared to the previous year. Vossloh's share price went up by almost 12 percent over the course of 2020.

In light of this hard-earned and newly won strength, dear shareholders, the Executive Board and Supervisory Board of Vossloh AG propose to you a dividend of €1.00 per share today. This would correspond to just over 40 percent of earnings per share from continuing operations.

In summary, I am convinced that our performance in the last fiscal year is very respectable. In addition, what we have achieved so far motivates us to continue along this successful path consistently and create value for you, dear shareholders.

Thank you very much for your attention.

I will now hand you back to Dr. Grube.

Part II

Ladies and gentlemen,

I would now like to continue with the second part of my speech. Let us jointly take a look towards the future.

Over the coming decades, the importance of rail-based mobility of every kind will be hard to overestimate in terms of its contribution to meeting a steadily growing demand for transportation and achieving climate targets. Rail is the most environmentally friendly mode of transport available for the reliable and safe transport of significant volumes of passenger and freight. Green power will let rail reach a 100 percent renewable energy supply quicker than any other mode of transport. In order to limit global warming, moving a significant amount of traffic onto the rail network is unavoidable. Governments around the world are taking a number of different approaches in terms of their climate strategies. One thing they all have in common is that they recognize the importance of rail as a mode of transport, regardless of any academic debate about the exact factors that need to be considered when assessing the ecological advantages. It is important to remember that, measured in ton-kilometers and excluding air freight, the amount of European freight transport handled by the road network has been stagnant for more than a decade at around 75 percent. Based on the most recent figures published by Eurostat, the rail network handles less than 18 percent on average across Europe. The figure for Germany is roughly the same. There is no doubt in my mind that the rail industry is in the early stages of a renaissance and is set to grow in significance over the coming years and decades. The most important thing for Vossloh is that the rail infrastructure needs to be effective and have a high level of availability in order for this to happen.

There is certainly no shortage of political will to strengthen the rail network. Programs to promote rail-based mobility on an unprecedented scale have been launched worldwide in recent months. Just a few weeks ago, US President Joe Biden announced an USD 2.3 trillion investment program, with around USD 165 billion earmarked for public regional transportation and long-distance passenger transport networks. China is planning to expand its high-speed network from 39,000 kilometers to 70,000 kilometers by 2035. Australia will invest over €6 billion at a federal level alone by 2028 as part of its national rail program. Deutsche Bahn has launched its “Strong Rail” strategy and expects the number of passengers on its long-distance lines to double to over 260 million people per year. DB

Cargo expects its traffic figures to go up by 70 percent, with network capacity increasing by 30 percent. Deutsche Bahn will receive €86 billion from the German government by 2030 under the current service and financing agreement. Billions more will be spent on digitalization. Italy plans to invest around €28 billion in its rail infrastructure by 2023. The EU Commission has designated 2021 as the “European Year of Rail” as part of its Green Deal. These are only a few of probably two dozen other examples that we are currently monitoring.

Last year, I spoke to you at length about the tension between the increasing demand for transport across the world and the various restrictions standing in the way of expanding rail networks to meet this need. It has become clear that achieving the latter within a reasonable time frame would be neither practical nor financially viable. Ladies and gentlemen, the last thing I want to do is bore you with repetitions, so I won't go over old ground again. The key words of my speech in that year were “digitalization” and “track availability.” These two words reflect my personal belief that your company Vossloh has a promising future ahead of it. As we make greater use of the existing rail infrastructure, demand for products and services of the kind that Vossloh provides will inevitably go up. Our uniquely comprehensive understanding of rail tracks as an entire system, combined with our steadily growing digital expertise, will simultaneously enable us to differentiate ourselves and thus achieve commercial success in a highly competitive global market.

As I previously mentioned, we used 2020 to put our Group strategy to the test and recalibrate it taking into account the current developments in our industry. You may well ask why we decided to do that in a year that had enough challenges of its own. The reason is self-evident. Our employees accompanied us through a painful restructuring process lasting several years and the vast majority of them remained firmly loyal to the company. For several years, large portions of our former Group sales were lost by the divestment of our Transportation division. In 2019, our colleagues unfortunately had to see us intervene again and cut our global workforce by 7 percent. Understandably, all of this made a lot of people uneasy and is hardly conducive to building trust and a pleasant working environment. In light of these changes and due to the fact that the sale of Vossloh Locomotives marked the end of our realignment process, we felt that spring 2020 was the right time to take a clear and confident look ahead to the future. It was the right time to give the organization some direction and focus on our strengths.

The first important decision that we needed to make together with our team was about where Vossloh stood on the spectrum between a traditional product business and a fully integrated

service organization. In this context, we quickly realized that Vossloh's unique selling point is that it combines the best of both worlds under one roof. Deep and comprehensive understanding of railway physics is a key success factor for distilling relevant information from sensor-collected condition data. Permanently monitoring track conditions provides valuable information that allows us to continuously improve the product range. The most important bridge between the two worlds is created by digitalization as well as our ability to evaluate data efficiently and in a targeted manner with the help of artificial intelligence and other tools.

On the basis of this direction-setting realization, our Group strategy is based on three main pillars: strengthening our existing range of products and services, adding digitally based smart maintenance services and a range of measures related to how we want to work in future and what our priorities will be.

We prioritize four key focus areas when it comes to strengthening our existing business: continuously driving down our production costs, increasing our sales volumes, adding complementary products to our range of services and concentrating on selected innovations which provide clear value for our customers. Our main factory for rail fastening systems at our headquarters in Werdohl is a shining example of how we have managed to reduce our production costs. This factory has a highly automated and interlinked production process and a significantly increased level of vertical integration. At the same time, our major investment project in Outreau, France, is nearing completion. As I'm sure you are aware, that's where we manufacture the important manganese frogs for our switches. We also completely redesigned our value flows in our switch business in France by focusing different locations on specific stages of the production process. Concerning the increase of our sales volumes, I would like to point out the successful expansion of our market accessibility in China, where we now serve not only the high speed segment but also conventional rail routes and urban transportation customers. At the same time, we are also working hard on increasing our presence in the important Indian market. India's network covers around 126,000 kilometers, making it one of the largest on the planet. The Indian government is investing significant sums in maintenance and expansion. Regarding our service business, we were the first service provider to bring milling technology to the USA, where our first few projects have been very successful. Our customers are more than satisfied with the performance of our small milling machine, which we developed internally. One example of how we have expanded our product range is our addition of screwless clips to the portfolio of the Fastening Systems business unit. We now also offer hollow sleepers and roller device

kits. Our patented and completely recyclable composite tie is a clear example of our commitment to innovation. We are currently transitioning from a small pilot run to industrial production. Our customers feedback have been very positive about the results of a variety of field tests.

In the service business, we are on our way to gradually becoming an integrated maintenance partner so that our customers can concentrate on their core business. Vossloh is changing from a provider of individual services to a guarantor of maximum track availability. Maintenance machines equipped with sensor technology will provide information to complement data from track-based systems. This puts us in a position to make maintenance far more efficient. The first of these machines are already proving their worth for a number of our customers. We even provide the operators of the tram networks in the French cities of Le Havre and Valenciennes with a condition guarantee for their track and switches for a fixed price. In addition to permanent monitoring, our full service package includes handling a large part of the necessary maintenance ourselves. This is an important step towards life cycle contracts that could round off our range of services.

Ladies and gentlemen, none of this would be possible if we weren't also expanding Vossloh's digital expertise at full steam, whether by setting up our own resources or establishing a flexible network of strong partners. In the last fiscal year, for example, we entered into a partnership with Deutsche Bahn Systemtechnik. We have been working alongside this highly competent partner to successfully add sensors to 1,000 switches of the Swedish state-owned railway. I mentioned this project briefly when I talked about our orders received situation. By now, many other customers have shown some interest in this specific solution. We will be installing our product for another major network operator for test purposes in the near future. We have set up our own cloud-based platform to collect and evaluate condition data and will continue to develop it on an ongoing basis. This, ladies and gentlemen, will be the core of Vossloh's future success.

As I have already mentioned, sustainability will play, in addition to digitalization, a central and increasingly important role as a key driver of our business growth in future. Furthermore, sustainability is becoming increasingly important as a differentiation factor in competition as well as for potential employees, partners and investors. In addition to technical and price-related criteria, environmental and sustainability factors are getting more and more attention in tender procedures and other business processes. This last fiscal year, for example, we

managed to win a key major order for the delivery of switches in the Netherlands largely due to our sustainability performance.

That's why we have also made sustainability a key part of our strategic project. This topic has officially been added to Vossloh's value system as the fifth key aspect in order to make it an even more important part of our corporate DNA than before. The motto "Vossloh – enabling green mobility," which we used for our 2020 annual report, illustrates our ambitions in this area. We also set up a central department for sustainability on June 1, 2020. The Head of this office reports directly to my colleague on the Executive Board Mr. Furnivall. The department is responsible for managing and coordinating all of our initiatives and processes in the area of environmental, energy, occupational safety and health management and developing our Group-wide sustainability strategy.

I would like to say a bit more about what we are doing in this exciting area: Vossloh has already received positive ratings by several renowned agencies in the area of sustainability. We currently have a Prime Rating at ISS ESG and an AA rating at MSCI. Individual companies in the Group have silver and gold ratings from Ecovadis. In January 2020, we joined the United Nations Global Compact Initiative. We recently published our first communication on progress report. Our extensive efforts to make sure our production processes are as sustainable as possible are already paying off in measurable ways. We reduced our carbon emissions relative to Group sales by just under 10 percent between 2017 and 2019. If you include 2020, the reduction we achieved is even greater. However, this is partially due to the effects of the pandemic, such as staff working from home and canceled business trips. I don't want to try and make ourselves look better than we actually are. However, we are making great strides in the right direction.

In addition to the topics of digitalization and sustainability, we have identified several other focus areas of strategic importance that I will nevertheless not discuss right now for time reasons. They include standardizing our IT landscape across the Group, a program for making continuous efficiency improvements, a wide range of measures related to management and employees and the continued optimization of our sales structures and processes.

Ladies and gentlemen, I am sure that my presentation is beginning to test your patience. However, I still think it is important to give you as much detail as possible about the direction in which your company is developing and how we are shaping the future of Vossloh. We

have also put together a short video about our way forward. This is the first Vossloh Annual General Meeting to feature this communication tool. I hope it will bring what I have said to life and provide some additional clarity. Let's watch our company video now.

Dear shareholders, I hope you liked our short video. I trust that it provided you with some more information about the exciting trends which will shape our industry over the coming decades.

Our comprehensive package of strategic measures has put us on track for continuous improvement in terms of our industrial and economic performance over the coming years. These measures will provide a further increase in operational profitability in 2021 despite the still noticeable effects of the pandemic. We are forecasting sales revenues of between €850 and 925 million and an EBIT margin of between 7 percent and 8 percent. As I mentioned in the first part of my speech, our operating EBIT margin in 2020 was 6.6 percent. Our excellent performance in the first quarter of this fiscal year is, without doubt, a solid foundation for achieving this objective. We at Vossloh are striving for average annual sales growth of between 4 and 5 percent over the medium term. This is significantly above the sales growth that experts are predicting for the market of relevance to Vossloh. UNIFE, the Association of the European Rail Industry, predicts a yearly market growth of 2.2 percent. In terms of Vossloh's profitability, we will achieve a double-digit EBIT margin in all of our divisions over the medium term. This also applies for the entire Group over the long term.

I will conclude my speech at this point with great confidence and completely convinced that Vossloh has everything it needs for long-term success. We have the technological expertise, the trust of our customers, the global presence, the will to succeed, and, probably most importantly, we have the right team on board.

Our company logo has a meaning. It symbolizes a green light on the track, meaning that the track is open. Open for Vossloh to have a successful and sustainable future. We hope that you will join us on this journey and stay with us.

Thank you very much for your attention!