"enabling green mobility"

Speech by <u>Dr. Thomas Triska</u>, Member of the Executive Board of Vossloh AG,
on the occasion of the Annual General Meeting for the financial year 2023

Düsseldorf, May 15, 2024

- The spoken word prevails -

Dear shareholders,
Dear other participants in today's Annual General Meeting,

I would also like to welcome you to this year's Annual General Meeting and, as already announced by Mr. Schuster, explain the key financial figures for the 2023 financial year and the opening quarter of 2024. I would like to emphasize this clearly at the beginning of my remarks: **Your** Vossloh AG is on a very good path!

As Mr. Schuster has just reported, the world is currently experiencing a variety of crises, during which Vossloh has once again been able to demonstrate the resilience of its business model. Despite the adverse conditions, we have succeeded in impressively continuing our positive development. In line with our strategic focus, we have expanded our position as a **reliable and competent partner** in the market. At the same time, we have further optimized internal processes and our cost structure. Another positive factor is that our **industry** has excellent development prospects worldwide, so we have every reason to look to the future with confidence.

Let's start our review with the **Orders received**: at €1.22 billion in 2023, this was once again at a very pleasing level and only slightly below the previous year's record figure of €1.25 billion. This marks the second-highest figure we have ever achieved in our company's history in the infrastructure business. As already mentioned by Mr. Schuster, this figure barely includes the framework agreements in the turnout business with the Danish rail network operator Banedanmark and Deutsche Bahn, for example. As is generally known, we only record the order volume of multi-year framework agreements as orders received when the first services are called off.

The **Order backlog** amounted to €761.2 million at the end of 2023, which was below the record level of €799.6 million at the previous year's reporting date, but still well above the historical average.

In terms of **Sales revenues,** we were able to significantly exceed the previous year's high level and set a new sales record in the infrastructure business. We increased revenues considerably by 16.1% to around €1.21 billion. It is particularly pleasing that all three **divisions** - Core

Components, Customized Modules and Lifecycle Solutions - recorded significant sales growth. This shows that we are well positioned in all of our divisions. Our home market of **Germany** made a strong contribution to the increase. Sales revenues here rose by almost 40% to over €140 million, making Germany our strongest country in terms of sales in the last financial year. We are pleased that, as a reliable partner of Deutsche Bahn, we will be able to continue to support the modernization of the German rail network in the future, in which very high financial resources will flow into the rail infrastructure.

Operating earnings before interest and taxes - **EBIT** - reached €98.5 million in the reporting period, which corresponds to a significant increase of 26.2% compared to the previous year's figure of €78.1 million. The Core Components division in particular, but also Customized Modules, were responsible for the significant increase. The **EBIT margin** rose from 7.5% in the previous year to 8.1% during the reporting period. Both sales revenues and EBIT were at the upper end of the guidance that were last raised in October. Net **income** for the 2023 financial year remained roughly at the previous year's level of €56.0 million at €55.3 million due to an increased tax rate and higher interest expenses. **Earnings per share** amounted to €2.21 after €2.38 in the previous year.

Value added recorded a significant increase. This key figure is particularly relevant for the long-term management of the group alongside Return on capital employed. A positive value added means that the average return expectations of both debt and equity providers were exceeded. We have achieved this in an impressive manner: Despite an increase in the weighted average cost of capital from 7.0% to 8.5%, Value added rose from €11.5 million in the 2022 financial year to €18.9 million in 2023.

I would now like to draw your attention to the **Free cash flow,** which more than doubled from €27.9 million in the previous year to €70.9 million in the 2023 reporting period, despite the fact that we made higher capital expenditure in 2023 than in the previous financial year. The significant increase is due to our strong operating performance and the remarkably lower increase in working capital compared to the previous year. Our group-wide working capital program "**Cash 4 Growth",** which was launched in the second quarter of 2023, showed initial success. The initiative aims to optimize the capital tied up in our operating processes and thus free up financial resources for future investments. Due to the significant improvement in free cash flow, **Net financial debt** fell to €219.5 million at the end of the reporting period. In the previous year, it had amounted to €237.5 million. With the sustained significant increase in profitability and the expected further positive effects from the "Cash 4 Growth" program, we are confident that we will continue to generate high free cash flows in the future.

Ladies and gentlemen, let us now take a brief look at the sales revenues and earnings performance of our **divisions** in the past financial year.

The **Core Components** division recorded a significant increase in sales of 13.4% to €546.7 million. In the previous year, it generated €482.1 million. While the **Fastening Systems** business unit only recorded comparatively slight sales growth of 2.4%, the **Tie Technologies** business unit made a significant contribution to the positive revenue development with growth of 43.3%.

Sales revenues in the Fastening Systems business unit increased from €341.3 million to €349.4 million due to slight increases in Mexico and Germany. Revenue in the Tie Technologies business unit reached an **all-time high** of €224.1 million, up €67.8 million on the previous year's figure of €156.3 million. The main driver of this increase was an order won in Mexico at the beginning of 2023. The Core Components division generated EBIT of €69.8 million in the reporting period after €43.7 million in the previous year. The significant increase of €26.1 million is primarily due to higher sales revenues and a higher-margin project mix. The **EBIT margin** rose significantly year on year by 3.7 percentage points to 12.8% and was therefore once again well within the targeted double-digit percentage range.

We also set a new **sales record** in the **Customized Modules** division. €537.4 million represents a marked increase of €81.3 million compared to the same period of the previous year. Revenue increased in Italy, Serbia and Germany in particular. EBIT of €42.7 million was 14.8% higher than the previous year's figure of €37.1 million. Despite the impairment of an investment and project-related follow-up costs, the **EBIT margin** was only slightly below the 2022 level of 8.1% and reached 7.9%.

The **Lifecycle Solutions** division achieved the strongest growth in percentage terms at 20.3%, increasing the previous year's figure from €136.0 million to €163.5 million in 2023. This positive development is mainly due to higher revenue in Germany, where we recorded an increase of 34%, and in the Netherlands. EBIT remained almost unchanged compared to the previous year, reaching €11.6 million in 2023. While earnings from preventive and corrective maintenance measures increased noticeably, earnings contributions from machine sales were below the previous year's level. At 7.1%, the EBIT margin did not quite reach the previous year's figure of

8.4%.

Due to the overall extremely positive business development in the 2023 reporting period and the continued good order situation, the Executive Board and Supervisory Board of Vossloh AG are today proposing to you the distribution of an increased **dividend** of €1.05 per share data. This corresponds to a total dividend payout of around €18.4 million.

Ladies and gentlemen, with the dividend proposal, I have reached an appropriate point to conclude the review of the past financial year 2023. I hope that it has helped to paint a comprehensive picture of your company's situation. Nevertheless, it was by no means a foregone conclusion to achieve such results in these times. However, I would like to make one final comment: Last year, too, many employees took part in the "Fit 4 Future" program already mentioned by Mr. Schuster and thus made a significant contribution to the development shown. Incidentally, the best ideas are awarded the "Eduard Vossloh Prize". In his speech, Mr. Schuster once again impressively reminded you of the award's namesake. Our employees are our most important asset. I would therefore like to **thank** all our **employees** for their tireless efforts.

I am proud of this team. Together, we will succeed in continuing our success story in 2024. I am deeply convinced of that.

As you will see in a moment, we are on a promising path to achieving this, as we can look back on a very successful **first quarter of 2024.** Compared to the same period last year, we were able to improve all key financial figures. Now that many figures have already been presented to you today, I will focus on the first quarter of 2024 at Group level.

Ladies and gentlemen, **Orders received** of €350.1 million in the first quarter of 2024 were once again at a record level and even exceeded the already very high level of €344.9 million in the same period of the previous year. Higher orders were recorded in particular in the USA, Italy, Canada and China. The Order backlog at the end of the reporting period amounted to €804.1 million. The previous year's figure of €868.6 million still included orders of more than €35 million from non-core activities that have since been sold. The ratio of orders received to sales revenues, the **Book-to-bill ratio**, reached a very satisfactory 1.30 in the first quarter of 2024.

In terms of **Sales revenues,** we exceeded the record figure of the same quarter of the previous year by 4.9% and generated €268.8 million. This is the highest sales figure in the infrastructure business that we have ever achieved in a first quarter. All divisions contributed to this positive development, with the Customized Modules division recording the highest increase in sales in absolute terms. At €17.9 million, **EBIT** in the first quarter of 2024 significantly exceeded the previous year's figure of €14.0 million by 27.4%. The **EBIT margin** increased from 5.5% to 6.7%.

Net financial debt of €239.2 million at the end of the first quarter of 2024 increased in the first three months, primarily due to the seasonally negative **Free cash flow**. However, it fell by €34.2 million compared to the end of the same quarter of the previous year.

Ladies and gentlemen, dear shareholders, we have had an excellent start to the year and are optimistic about the future. Our order situation is very pleasing. Not least due to the promising outlook in our markets, we firmly believe that we will be able to maintain our extraordinarily high level of sales from 2023 in 2024, despite the persistently difficult global economic environment. Overall, we expect Sales revenues of between €1.16 billion and €1.26 billion. We are doing this despite the completion of several major new construction projects, including in Mexico and Serbia, which contributed to the exceptionally strong sales growth in 2023. With regard to our operating result EBIT, we expect a further increase to between €100 million and €115 million in the course of 2024. In terms of profitability, the EBIT margin corridor is between 8.3% and 9.5% based on the mean value of the sales forecast.

Personally, I am very pleased that, following the extension of the contract of our CEO, I can continue to lead the Vossloh Group into a more successful future together with you, Mr. Schuster, and you, Mr. Furnivall, in a proven team. The medium and long-term prospects for this are very positive. With that, I would like to thank you for your attention and your trust and hand the floor back to the Chairman of the Supervisory Board, Dr. Grube.