

Driving transformation. Shaping the future.

Annual General Meeting of Vossloh AG

May 25, 2016





Vossloh Group: Driving transformation

2015: successes of the repositioning are visible

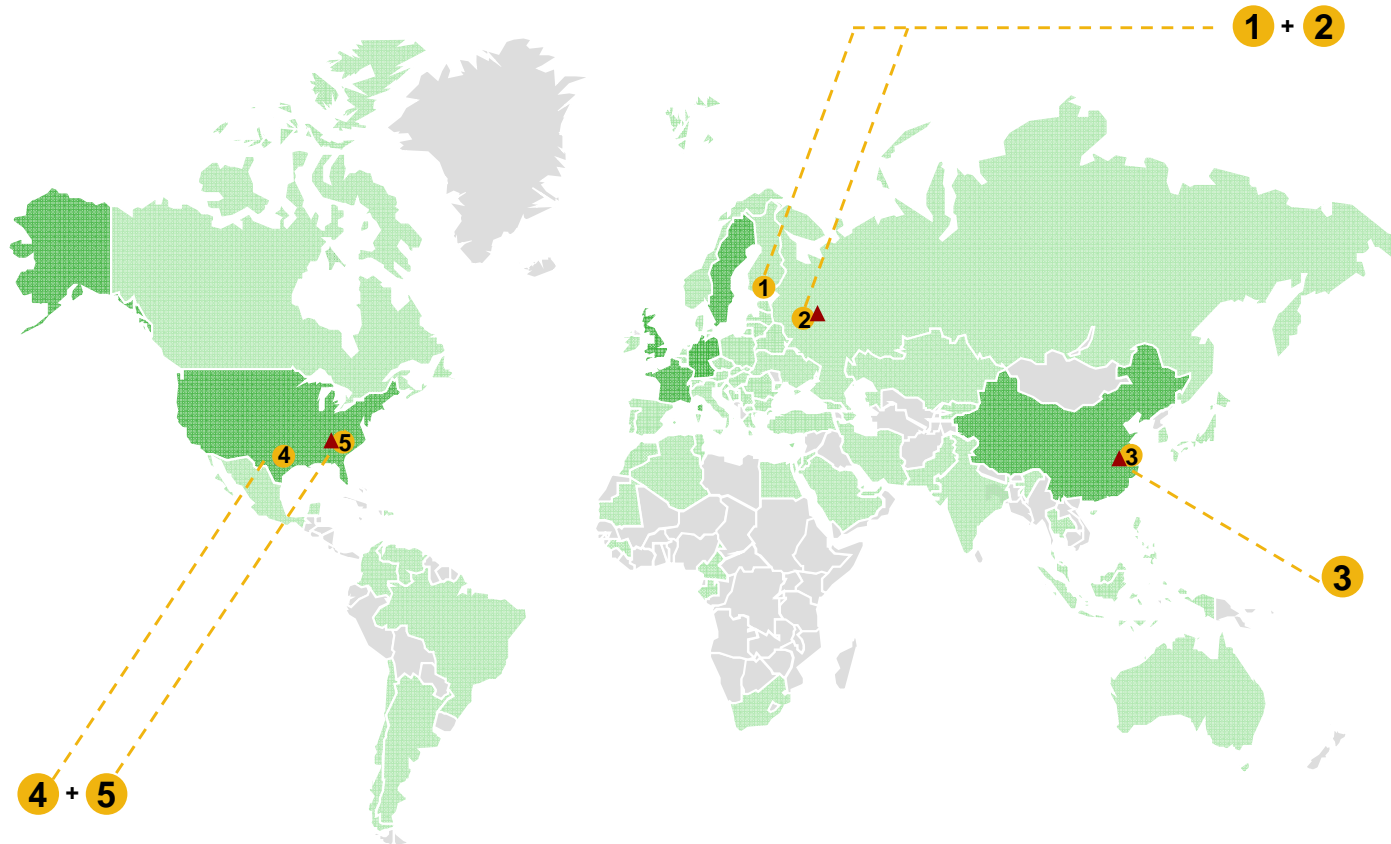
Recovery and stabilization of business



- Goals set for 2015 are achieved, market growth exceeded
- Market positioning in the core divisions strengthened, Transportation division stabilized
- Successful conclusion of a syndicated loan for €500 million, sound financial foundation, greater flexibility, lower interest costs
- Financial position strengthened through operating cash flow generation and cash inflow from the sale of the Rail Vehicles business unit

Vossloh Group, global presence

Sales in over 80 countries on six continents



Russia and Finland:
Establishment of production joint ventures, local presence enables full utilization of the market potential; positioning as a comprehensive supplier of all-in solutions in rail infrastructure

China:
Production facilities for the manufacturing of cavity filling elements as a supplement to the existing locations, attractive product for the high-growth local transport segment

USA:
New North American headquarters in Charlotte, production facilities for fastening systems in Waco, important market with huge technical catch-up potential

■ Countries with Vossloh sales > €50 million in 2015 ■ Countries with Vossloh sales < €50 million in 2015 ▲ Shared offices / technology centers

Vossloh Cogifer Finland Oy





Vossloh Suzhou, China: production site for cavity filling elements





Vossloh Waco, Texas: production site for fastening systems



Railroad network in the USA

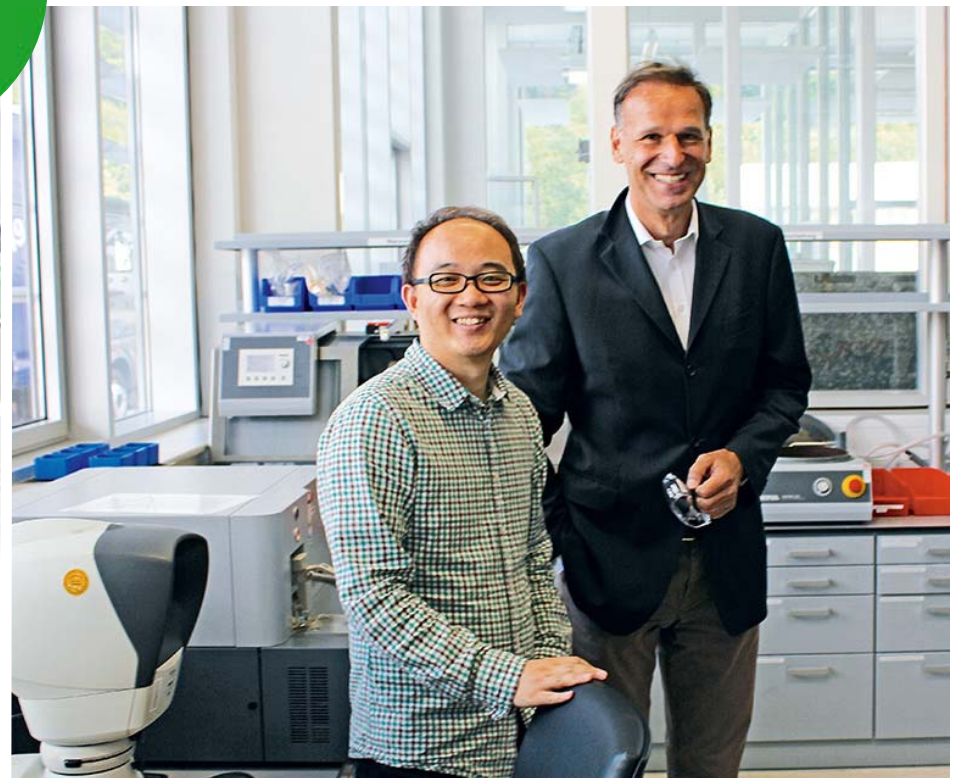


Vossloh Group: Driving transformation

2015: successes of the repositioning are visible

Simple processes, unified standards: more precise, faster and more cost-effective ✓

- Reduction in the number of Group entities has begun, adjustment of number of employees according to needs
- Reduction of administrative expenses and increase in responsiveness
- Promotion of dialog and a decision-making culture
- Occupational safety: Work Safety Committee is active across the Group, vision: “Zero accidents”



VOSSLOH CARDINAL RULES FOR SAFETY

WARNING

**DO NOT OPERATE
MACHINE WITHOUT
GUARDS IN PLACE**

1. Machine Guarding or Safety Features - Employees shall never override or interfere with any safety guards, safety equipment or safety features that are in place.

DANGER

**Lockout
Before
Servicing**

Signed By _____
Date _____

2. Lock Out - Tag Out (LOTO)

Employees shall follow Lock Out - Tag Out procedures as described by company procedures.

THINK



**SAFETY FIRST
WEAR PERSONAL
PROTECTIVE
EQUIPMENT**

3. Personal Protective Equipment (PPE) - Employees shall wear appropriate PPE as required for each area/machine. Employees will also maintain their PPE so it is in good working condition.

NOTICE

**USE OR POSSESSION OF
ALCOHOL, DRUGS, OR
FIREARMS ON COMPANY
PROPERTY IS GROUNDS
FOR DISMISSAL**

4. Personal Safety - No employee shall come to work under the influence of drugs or alcohol. Alcohol, drugs, and firearms are not allowed on company property. Tobacco products are not to be used on company property.



5. Lifting Devices - Employees shall inspect all lifting devices such as slings, chains, hooks and cables before use. If something doesn't look right, **STOP** and call your supervisor.



WARNING

**Stand Clear of
Suspended Loads**

6. Suspended Loads - Employees shall never work under a suspended load or lift a load over any person.

BE CAREFUL

**DON'T TRY TO
LIFT MORE THAN
YOU ARE ABLE**

7. Lifting Loads - Employees shall never attempt to lift over 40 pounds without additional support/help. **STOP** and call your supervisor.

**PROCEED
WITH
CAUTION!**

8. Tool Safety - Employees shall inspect hand and power tools prior to use. If defects are found, the tools will be placed out of service and reported to their immediate supervisor.

**THINK
Before You
ACT**

9. Common Sense - Employees shall stay focused on their job/task at hand and if something doesn't look right or a situation looks dangerous, then **STOP** and call your supervisor.



Top priority: occupational safety and health protection



Vossloh Group: Driving transformation

2015: successes of the repositioning are visible

**One Vossloh:
coordinated and
networked appearance
in the market** ✓

- Systemic development approach at the forefront, networking of innovation and expertise
- Higher efficiency through bundling of specialist competences in a streamlined organization, managed at a superordinate level
- Shared offices of the core divisions in the focus markets in order to coordinate customer needs
- Structured knowledge transfer in cross-divisional employee trainings

Starting and finishing as a team: Employees display „One Vossloh“ during a corporate run



Vossloh Group: Shaping the future

Innovative and technologically leading rail infrastructure solutions

Cross-divisional offer in Sweden

- Customized Modules produces pre-assembled switches, transport in own switch transport vehicles
- Lifecycle Solutions takes over the transport logistics as well as the organization of unloading and placement of the switches
- Additional cross-divisional services over the lifecycle of the switch



HSG-City for Rheinbahn Düsseldorf

- Special vehicle with globally unique rail grinding technology for preventive grinding
- Allows high-speed processing without interruption of rail operation
- Noticeable noise and dust reduction

High Speed Grinding (HSG) on line world-wide



HSG-City in action for Rheinbahn Dusseldorf



Vossloh Group: Shaping the future

Divestment of Transportation ongoing, business recovering



- The first TW3000 **high-floor light rail vehicles** produced by a consortium of Vossloh Kiepe and Alstom Transport Deutschland for Üstra Hannoversche Verkehrsbetriebe took up passenger operation in March 2015, currently over 30 vehicles in operation with extremely high availability

- Kiel received **orders worth over €70 million** in the fourth quarter of 2015
- Focus on standard locomotives well received



- First of a total of 31 new trains built by Vossloh for the **Wuppertal overhead railway** delivered, exceptional project with extremely high technical demands and a high profile

Suspended railway in Wuppertal



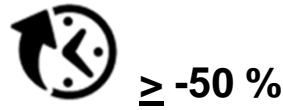
Vossloh Group: Shaping the future

New locomotives location in Suchsdorf offers significant advantages



40+

Optimized production capacities, some 40 locomotives per year



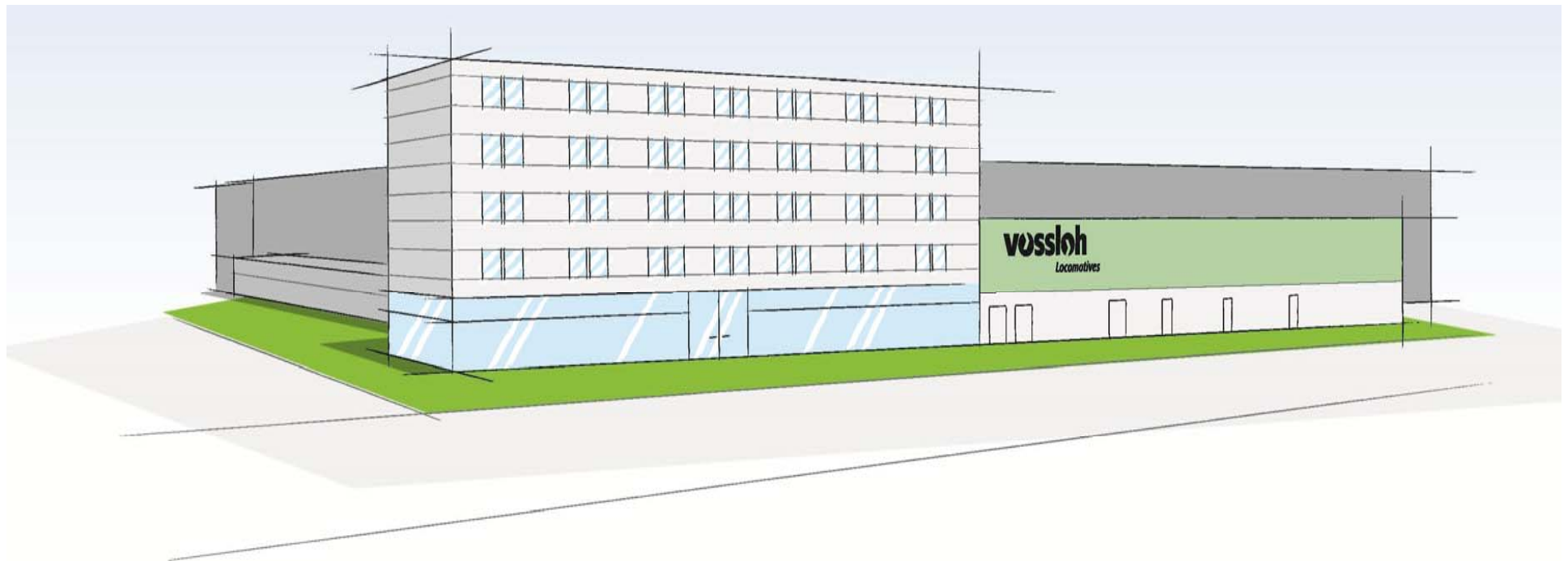
≥ -50 %

Significant reduction of delivery times through streamlined processes and high parts commonality from 18 months to six to nine months

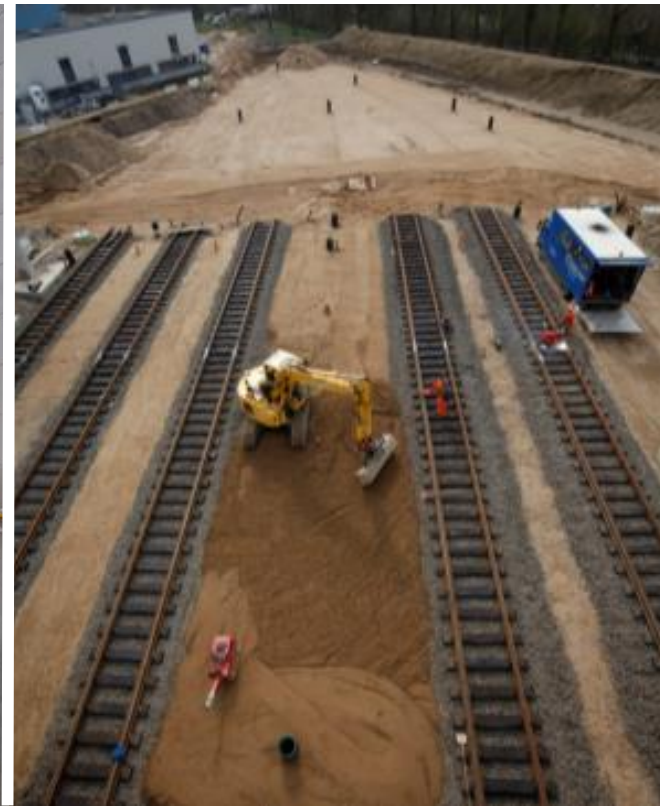


2015 ➔ 2016

Construction of the plant in 2015/2016, rent contract over 15 years



New locomotives site in Kiel Suchsdorf



Vossloh Group, financial year 2015

Sales and earnings significantly recovered, targets achieved

		2014*/ Dec. 31, 2014	2015 / Dec. 31, 2015	
Net sales	€ million	1,100.8	1,200.7	✓
EBIT	€ million	-183.4 (18.8**)	45.1	✓
EBIT margin	%	-16.7 (1.7**)	3.8	✓
Net income	€ million	-205.7	77.8	✓
Equity ratio	%	21.8	31.2	✓
Net financial debt	€ million	283.0	200.1	✓
Free cash flow	€ million	-98.5	66.1	✓

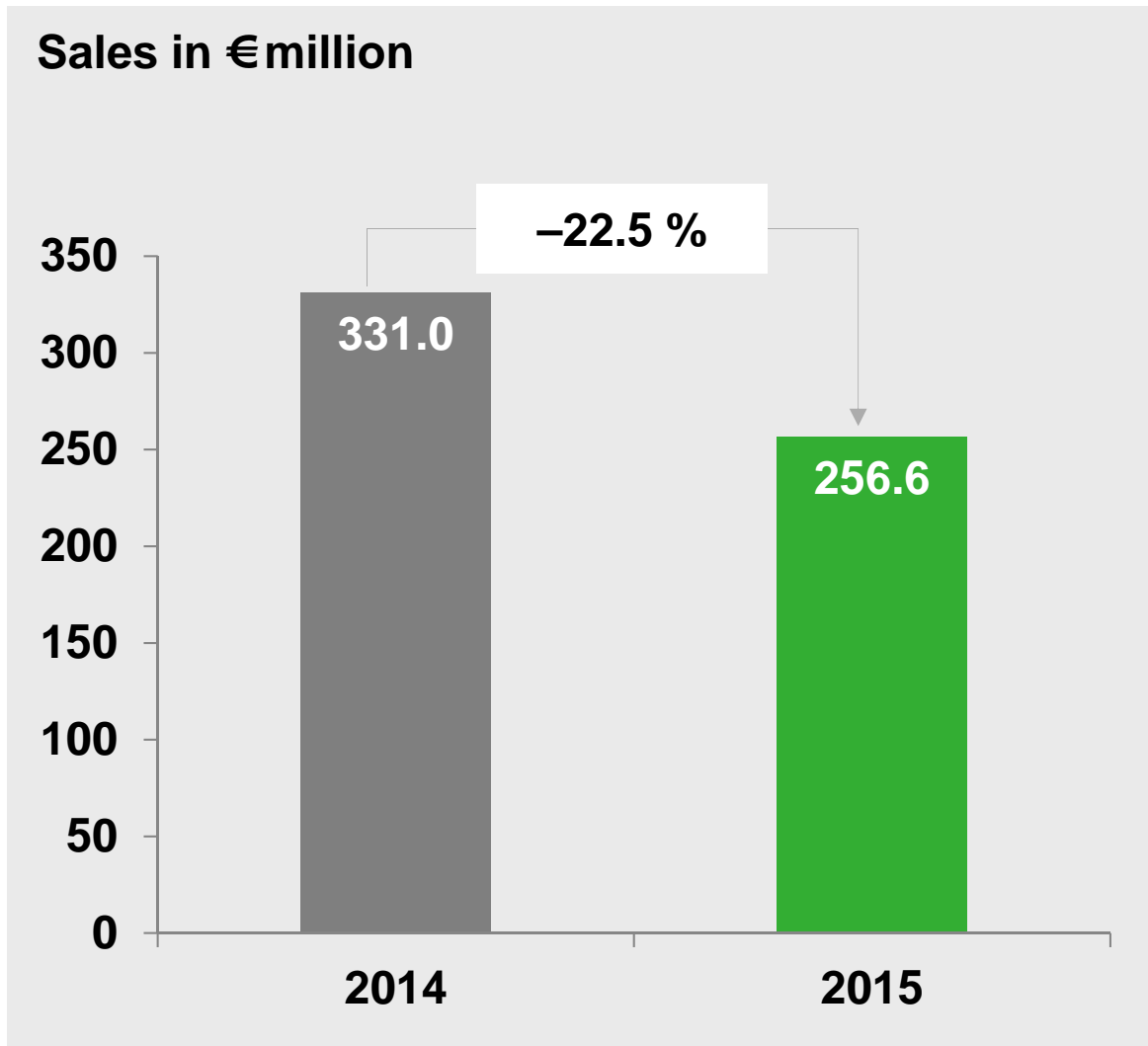


* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

** Adjusted for aperiodic and/or one-off effects, i.e. the elimination of those earnings effects that resulted from restructuring measures, the repositioning of individual business units and goodwill impairment

Core Components division, financial year 2015

Lower sales as expected, margin remains stable in double-digits



EBIT	2015	29.2
(€million)	2014*	47.6

EBIT margin	2015	11.4
(%)	2014*	14.4

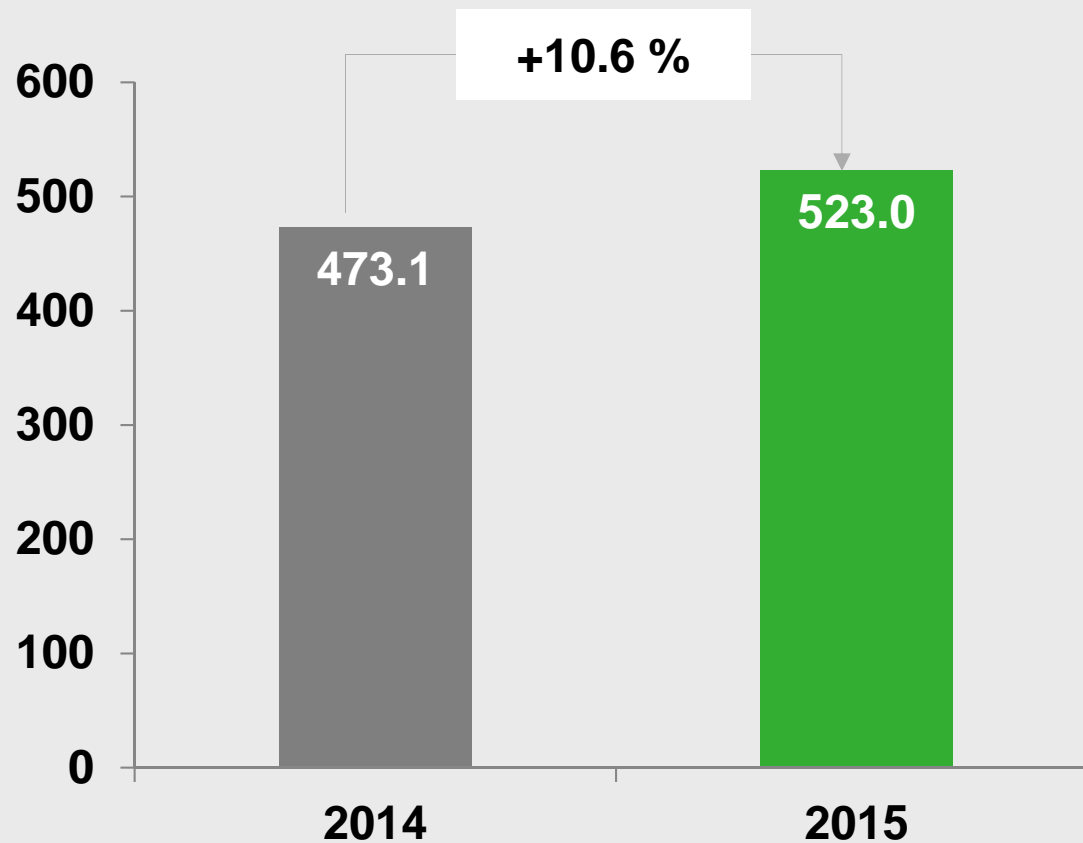


* Adjusted for one-time effects, in particular for the gain from the intra group sale of a company which was eliminated at Group level

Customized Modules division, financial year 2015

Increase in sales of over 10 percent, distinct rise in profitability

Sales in €million



EBIT	2015	34.4
(€million)	2014*	26.3

EBIT margin	2015	6.6
(%)	2014*	5.6

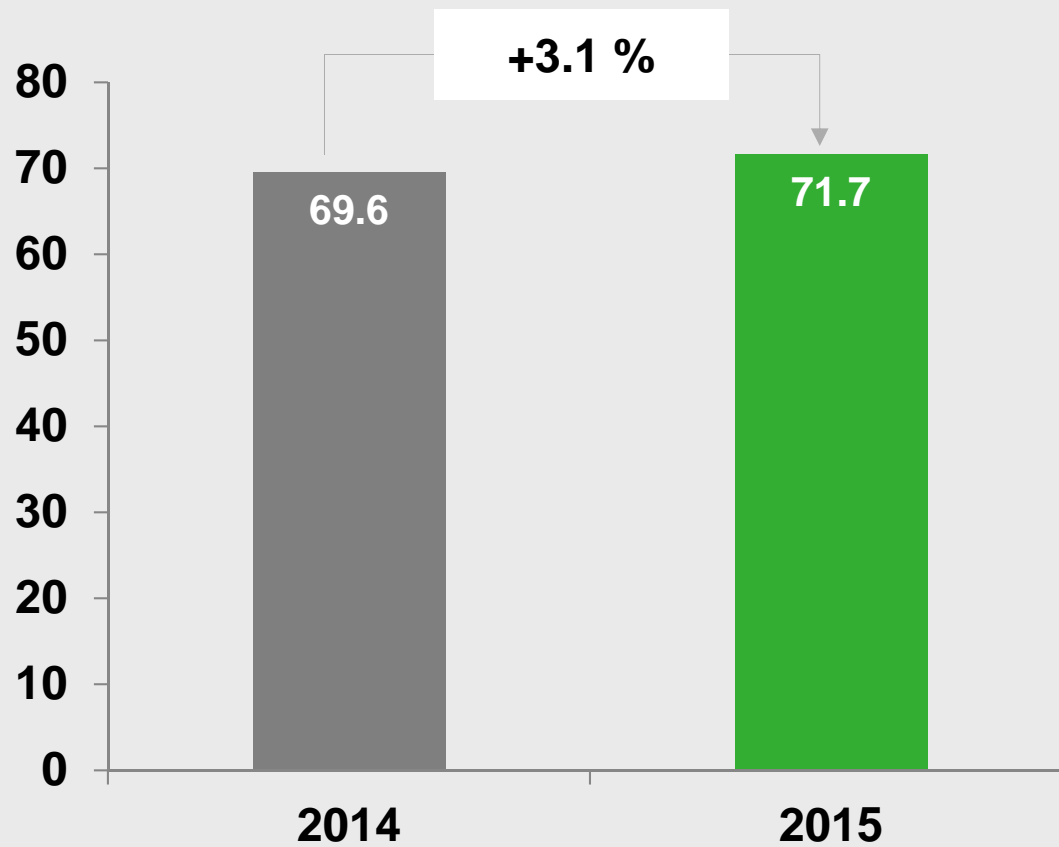


* Adjusted for one-time effects, particularly goodwill impairment.

Lifecycle Solutions division, financial year 2015

Internationalization of the division gaining momentum

Sales in € million



EBIT	2015	5.5
(€ million)	2014*	5.5

EBIT margin	2015	7.7
(%)	2014*	7.9

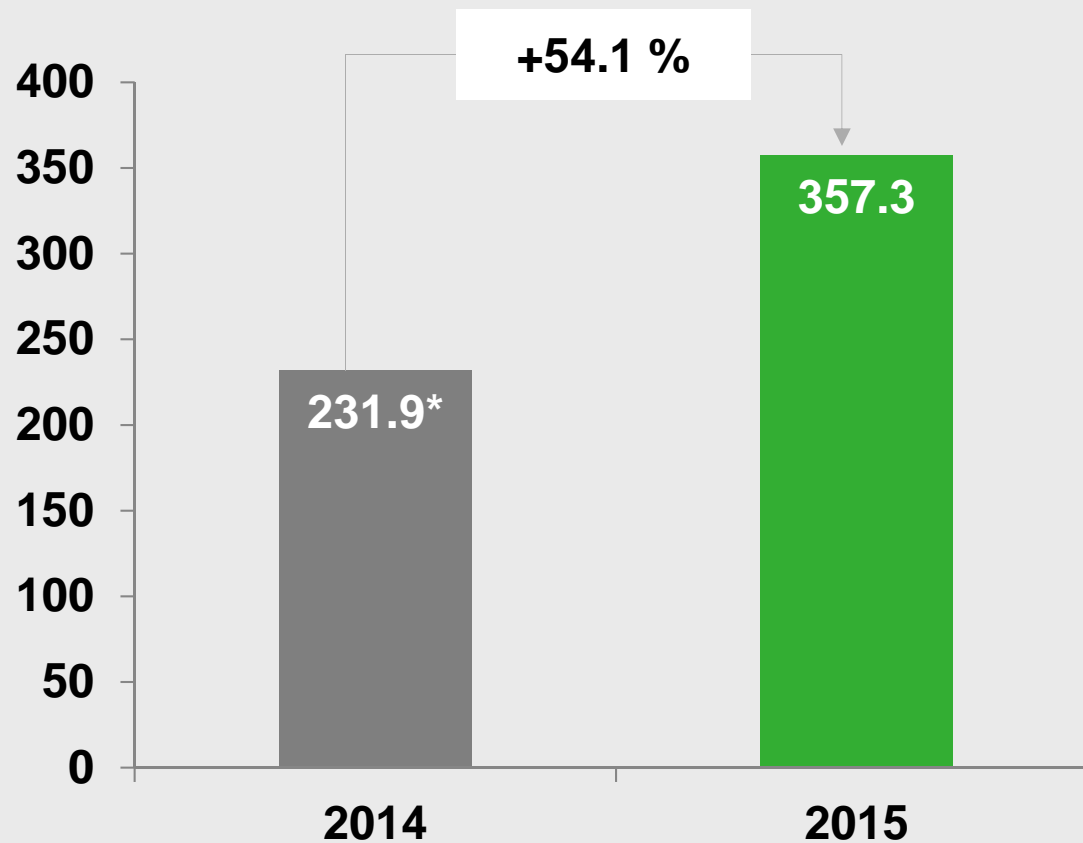


* Adjusted for one-time items

Transportation division, financial year 2015

Substantial sales growth and improved earnings development

Sales in € million



EBIT	2015	-5.0
(€ million)	2014*/**	-45.3

EBIT margin	2015	-1.4
(%)	2014*/**	-19.5

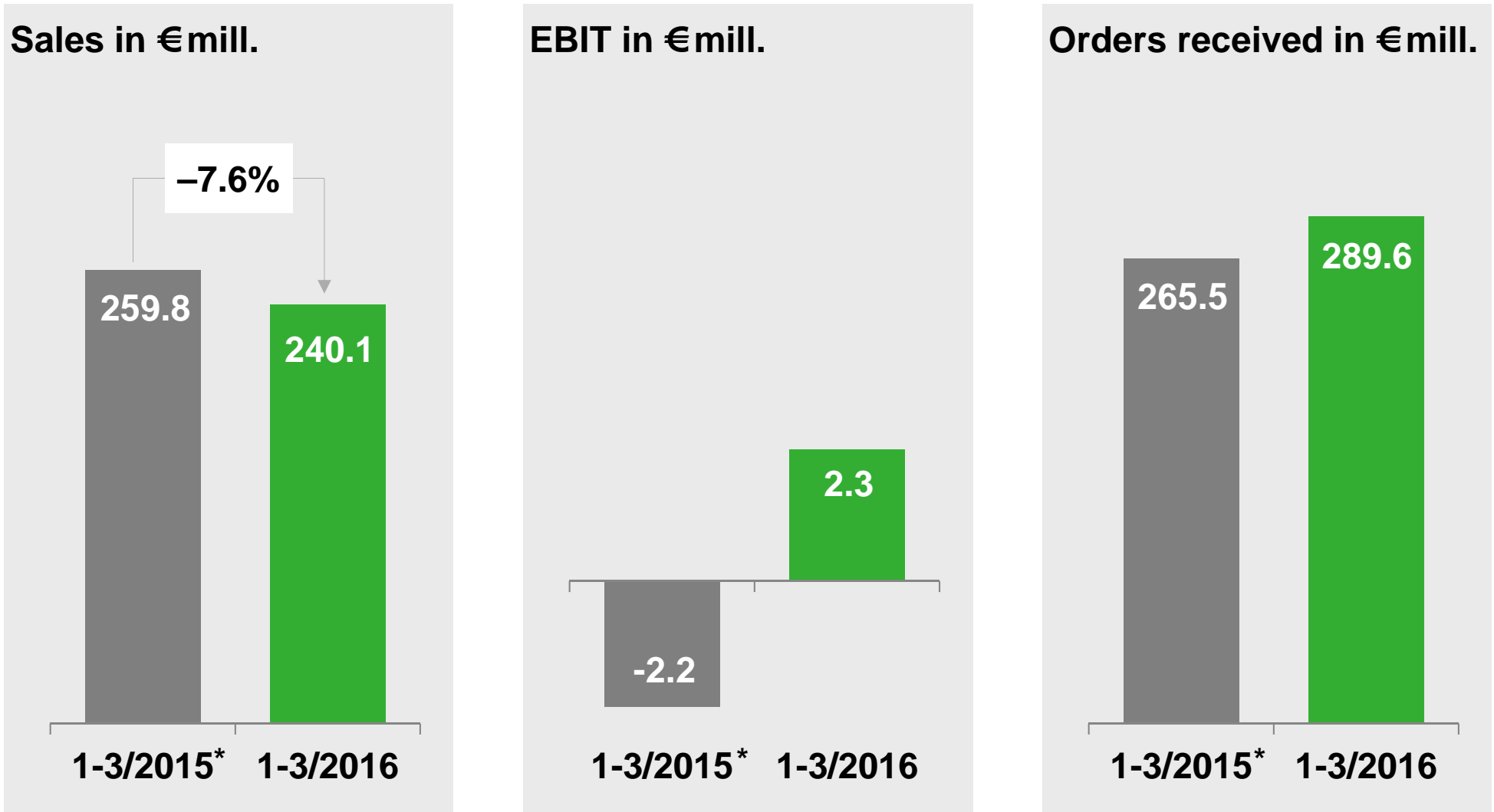


* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

** Adjusted for one-time items, which mainly resulted from the realignment and restructuring of Vossloh Locomotives and Vossloh Electrical Systems, as well as from the updating of project calculations at Vossloh Electrical Systems

Vossloh Group, 3M/2016

Slight decrease in sales, EBIT significantly improved



* Prior-year figures adjusted due to the disposal of the former Rail Vehicles business unit

Vossloh Group: Driving transformation

2015 – 2016: Transformation striving towards growth

Leader in rail infrastructure



- Restructuring and repositioning of Vossloh already at an advanced stage, One Vossloh firmly established
- Key requirements for economic success ensured:
 - Company recovered and stabilized
 - Solid financial basis for targeted growth in rail infrastructure
- Capital increase to ensure the necessary room to maneuver for further enhanced growth

Vossloh Group, Outlook

Outlook confirmed – ongoing improvement expected

Vossloh Group

2016e*

- Sales of between €1.2 billion and €1.3 billion (2015: €1,200.7 million); particularly strong sales growth at Core Components expected
- EBIT margin of between 4.0 percent to 4.5 percent (2015: 3.8%); margin improvement at Lifecycle Solutions; Core Components and Customized Modules roughly at the same level as in the prior year, Transportation shall provide positive figures, again
- Value added is to improve significantly, but will remain negative overall

2017e*

- EBIT margin of between 5.5 percent and 6.0 percent on the basis of the current Group structure, significantly higher profitability in the targeted portfolio structure not including the Transportation division

Rail technology market

2014 – 2019**

- Continuous growth in rail technology market with 2.8 percent CAGR expected
- Relevant accessible markets for rail infrastructure and infrastructure services growing at an above-average rate of 3.8 percent annually

* On the basis of purely organic growth in the current Group structure

** CAGR 2017-2019 as compared to 2011-2013 Source: World Rail Market Study forecast 2014 to 2019, UNIFE The European Rail Industry, Roland Berger Strategy Consultants; CAGR Infrastructure including Infrastructure Services at +3,8%

