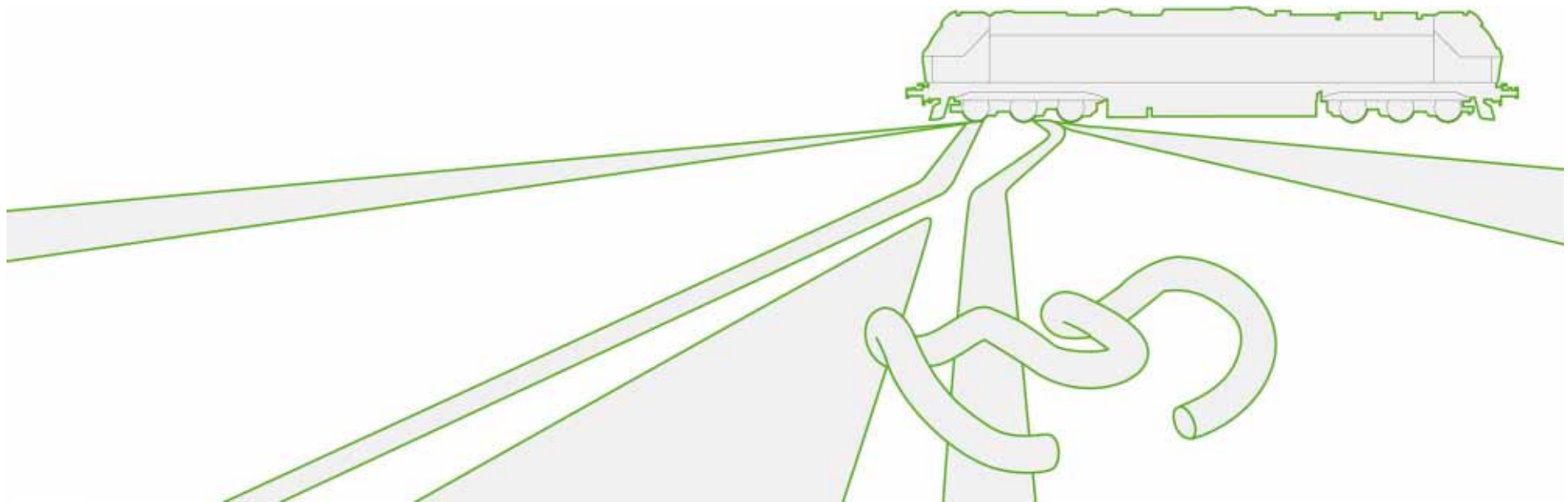


**Budget and Plan 2009–2010:  
Presentation to investors and analysts**

December 4, 2008



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## Vossloh Group, 2008e to 2010p

### Highlights

#### **Vossloh Group**

- ▶ Growth rates of 2006–2008 to continue at a high level, with organic growth slightly flatter
- ▶ Above-average and in some cases new market opportunities to be exploited in Asia, Africa, Russia, and the USA
- ▶ Europe, especially Southern, offering ongoing growth potential
- ▶ Higher capital expenditures as a launching pad for further expansion and strengthening of market position

#### **Rail Infrastructure**

- ▶ Sales growth continuing in both business units
- ▶ Cost rise and price pressure erode EBIT margin and ROCE
- ▶ Fastening Systems: China, Russia, USA—the growth drivers; Europe benefiting from replacement needs
- ▶ Switch Systems: ongoing strong demand in all markets, especially Scandinavia, Southern Europe, USA, Africa

#### **Motive Power&Components**

- ▶ Sales boosts in both business units
- ▶ EBIT margin and ROCE to even out at a high level
- ▶ Locomotives: product differentiation paying off
- ▶ Electrical Systems: sustainable, vigorous growth through large orders throughout Europe

## Vossloh Group, 2008e to 2010p

### At a glance—key operating indicators

- ▶ **Sales** to continue rising in 2009 and 2010; growth throughout to outperform the market
- ▶ **EBIT** to be further upgraded
- ▶ **EBIT margin** to remain above benchmark while inching down from 2008 level in response to price squeeze and remixed product range
- ▶ **Group earnings** (excl. nonrecurring elements) in 2009 to fall short of 2008 due to heavier tax load ratio
- ▶ **Earnings per share (EpS)** to climb in the wake of the stock repurchase

|                |         | 2008e     | 2009p | 2010p |
|----------------|---------|-----------|-------|-------|
| Sales          | € mill. | 1,165     | 1,291 | 1,370 |
| EBIT           | € mill. | 135       | 138   | 151   |
| EBIT margin    | %       | 11.6      | 10.7  | 11.0  |
| EBT            | € mill. | 124       | 126   | 141   |
| Group earnings | € mill. | 89+42     | 86    | 96    |
| EpS            | €       | 5.97+2.88 | 6.37  | 7.11  |

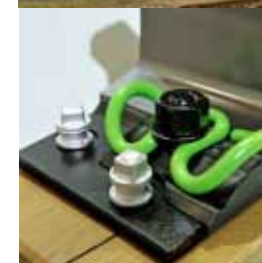


## Vossloh Group, 2008e to 2010p

### At a glance—major financial indicators

- ▶ **Working capital** to stay unchanged despite sales increase, its ratio to sales improving
- ▶ **Net financial debt** to climb after higher capital expenditures, though to a low level
- ▶ **Capital employed** to remain high after additions to fixed assets

|                           |         | 2008e | 2009p | 2010p |
|---------------------------|---------|-------|-------|-------|
| Working capital           | € mill. | 315   | 282   | 289   |
| Working capital intensity | %       | 27.0  | 21.9  | 21.1  |
| Capital employed          | € mill. | 750   | 762   | 806   |
| ROCE                      | %       | 17.5  | 18.1  | 18.8  |
| Net financial debt        | € mill. | 23    | 38    | 3     |
| Net leverage              | %       | 4.6   | 7.7   | 0.6   |

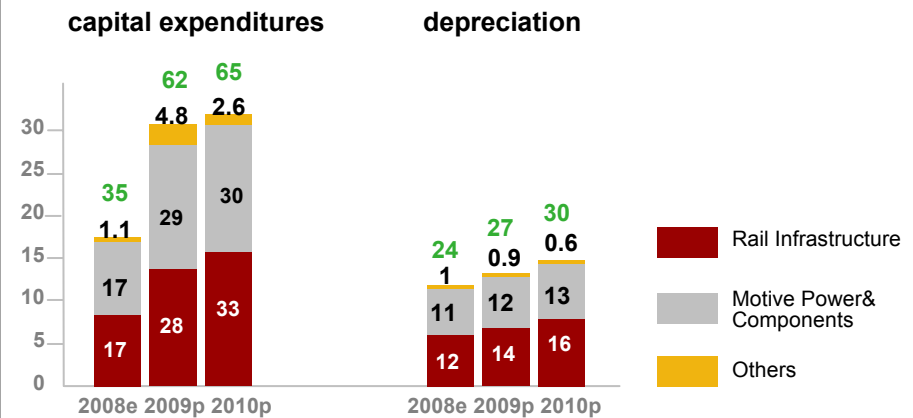


## Vossloh Group, 2008e to 2010p

### Capital expenditures and depreciation

#### Capital expenditure priorities:

- ▶ Switch Systems: modernization and expansion at several locations
- ▶ Fastening Systems: production base in Turkey, Werdohl location
- ▶ Electrical Systems: modernization and expansion
- ▶ Kiel: development of a new generation of locomotives
- ▶ Valencia: further developing the EURO 4000



| € million                            | 2008e | 2009p | 2010p |
|--------------------------------------|-------|-------|-------|
| <b>Group</b>                         |       |       |       |
| Capital expenditures                 | 35    | 62    | 65    |
| Depreciation                         | 24    | 27    | 30    |
| <b>Rail Infrastructure</b>           |       |       |       |
| Capital expenditures                 | 17    | 28    | 33    |
| Depreciation                         | 12    | 14    | 16    |
| <b>Motive Power &amp; Components</b> |       |       |       |
| Capital expenditures                 | 17    | 29    | 30    |
| Depreciation                         | 11    | 12    | 13    |

## Rail Infrastructure, 2008e to 2010p

### At a glance—key indicators

- ▶ **Sales:** Fastening Systems' to rise to around €290 million by 2010, Switch Systems' to €530 million
- ▶ **EBIT** will improve further, price pressure squeezing margins
- ▶ **Capital employed** climbing due to replacement outlays
- ▶ **ROCE:** well above benchmark despite higher capital employed

|                  |         | 2008e | 2009p | 2009p |
|------------------|---------|-------|-------|-------|
| Sales            | € mill. | 690   | 775   | 824   |
| EBIT             | € mill. | 113   | 119   | 128   |
| EBIT margin      | %       | 16.4  | 15.2  | 15.6  |
| Capital employed | € mill. | 550   | 542   | 569   |
| Working capital  | € mill. | 245   | 221   | 229   |
| ROCE             | %       | 20.6  | 21.9  | 22.6  |



## Motive Power&Components, 2008e to 2010p

### At a glance—key indicators

- ▶ **Sales:** Locomotives' to rise further from an already high level, Electrical Systems' showing high growth rates
- ▶ **EBIT and EBIT margin** staying strong
- ▶ **Capital employed:** reflecting capital expenditure increase
- ▶ **ROCE:** remaining high

|                  |         | 2008e | 2009p | 2010p |
|------------------|---------|-------|-------|-------|
| Sales            | € mill. | 475   | 516   | 546   |
| EBIT             | € mill. | 38    | 36    | 39    |
| EBIT margin      | %       | 8.0   | 7.0   | 7.2   |
| Capital employed | € mill. | 200   | 207   | 221   |
| Working capital  | € mill. | 70    | 63    | 61    |
| ROCE             | %       | 19.0  | 17.4  | 17.7  |



## Vossloh Group

### Market: Western Europe

► **Market profile:**

- Western Europe's rail network is already well developed for both passenger and goods transportation. Market deregulation and the drive toward interoperability open up additional business opportunities

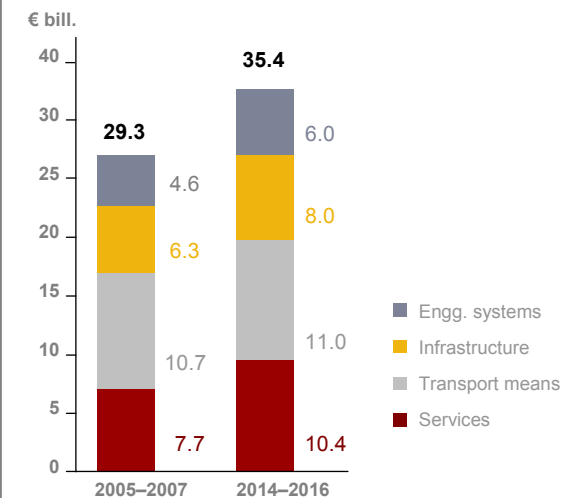
► **High-growth product segments:**

- such as rail infrastructure (+2.6% annually)<sup>1</sup>

► **High-growth segments:**

- high-speed (+6.9% annually)<sup>1</sup>. Spending on high-speed lines especially for cross-border traffic. Spain, Netherlands, Italy, France, and Poland are currently upgrading their networks.

Accessible market volume by product segment<sup>1</sup>  
Annual growth rate +2.1%



#### Vossloh: solidly positioned in its Western European home markets

- All Vossloh business units are traditionally strong and steadily expanding in the Western European markets
- Replacement spending on existing networks is a major driver for ongoing business expansion
- Acquisition of Kloos Oving and Sportek Maskinfabrik has improved market access into the Netherlands and Denmark since 2008

## Vossloh Group

### Markets: Asia-Pacific

► **Market profile:**

- Mushrooming populations and rising affluence call for massive improvements to Asia's current substandard infrastructures
- the modernization of inner-city transit systems are being planned

► **High-growth product segments:** rail infrastructure (+5.6% annually)<sup>1</sup>

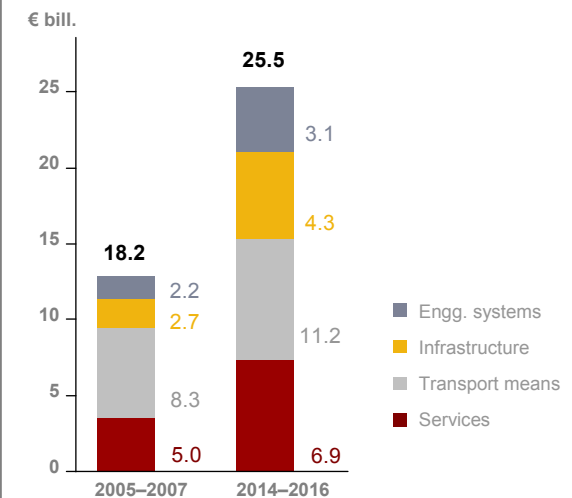
► **High-growth segments:**

- suburban rail (LRV systems +10.5%, metros +2.8%, both annually)<sup>1</sup>

► **China for example:**

- government has announced an economic program for around €460 billion by 2010, including infrastructure projects

Accessible market volume by product segment<sup>1</sup>  
Annual growth rate +3.8%



#### Vossloh: strong presence in China and India, firm footing in Australia thanks to acquisition

- Fastening Systems: ongoing orders for China's high-speed lines. Solid base for further contracts thanks to Vossloh's own local production facility
- Switch Systems: technology transfer project with a Chinese joint venturer. Production of switches and signaling components in India
- Takeover of TKL Rail in late 2007 gives Vossloh a leading position in Australia's switch market

## Vossloh Group

### Market: North America/NAFTA

► **Market profile:**

- North American rail market predominantly goods transport, passenger traffic much less prevalent. Sleepers mainly wooden

► **High-growth product segments:**

- service and M&R (+2.8% annually)<sup>1</sup>

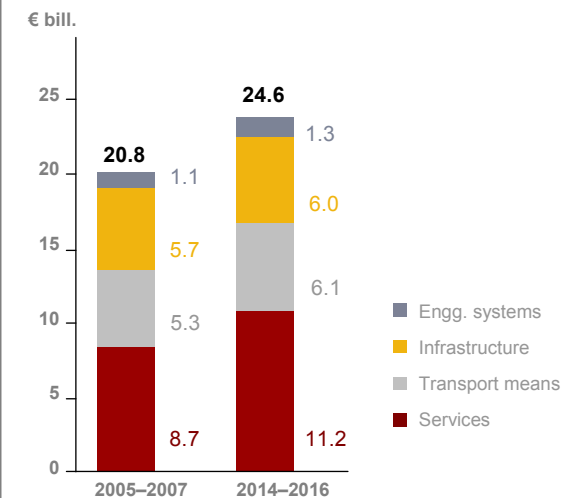
► **High-growth segments:**

- suburban rail (LRV systems +5.8%, metros +0.3%, both annually)<sup>1</sup>

► **USA for example:**

- According to studies, the United States must spend over the next 30 years €100+ billion on overhauling decrepit rail infrastructures; LRV and streetcars enjoying a renaissance, construction of high-speed lines being discussed

Accessible market volume by product segment<sup>1</sup>  
Annual growth rate +1.9%



#### Vossloh: all business units sharing in the high-growth North American market

- With Vossloh Track Material and Cleveland Track Material, Vossloh now #3 in US switch business
- Fastening Systems and Switch Systems suppliers to four of the seven Class 1 rail companies, especially for (very) heavy-haul lines
- Locomotives is among the finalists for a locomotive megaorder from the Massachusetts Bay Transit Authority

## Vossloh Group

### Market: Eastern Europe/CIS

#### ► Market profile:

- Eastern Europe's significance as an industrial location and EU eastward enlargement require, in part, a substantial expansion of this region's rail network to ensure a connection with western economic structures
- CIS, e.g. Russia: rail development program for overhauling a technically outdated rail system. Studies indicate 20,000 km of rail lines to be newly built by 2030<sup>2</sup>

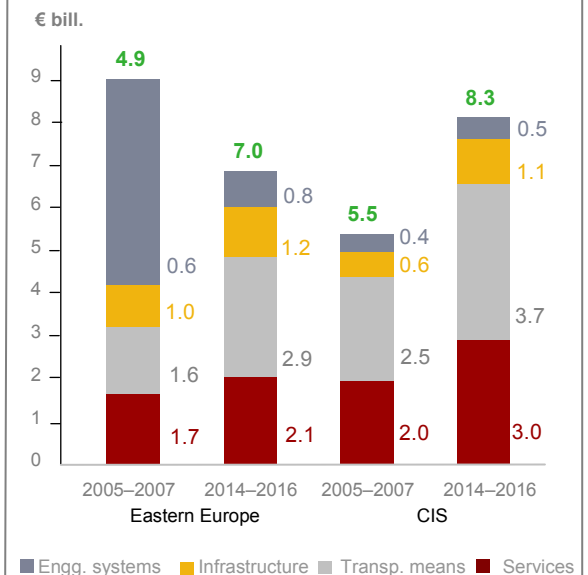
#### ► High-growth product segments:

- in Eastern Europe, transport means such as locomotives (+6.7% annually)
- CIS: rail infrastructure (+5.8% annually)<sup>1</sup>

#### ► High-growth segments (annual growth rates):

- Eastern Europe: suburban rail (LRV systems +4.2%), metros +4.5%);
- CIS: suburban rail (LRV systems +9.3%, metros +7.8%)<sup>1</sup>

Accessible market volume by product segment<sup>1</sup>  
Annual growth rates of +4.1% in Eastern Europe and +4.5% in CIS



#### Vossloh: stronger presence in Russia with its own representative base

- Fastening Systems contemplating the setting-up of its own production facility in Russia
- Presence in Poland, Kazakhstan, and Ukraine

## Vossloh Group

### Market: Africa, Near & Middle East

#### ► Market profile:

- The countries of the Near & Middle East are busy developing extensive mainline and suburban networks to cater for their rapid economic and population growth<sup>2</sup>
- Many African nations are investing in rail lines to ensure access to their natural resources and satisfy rising demand for commodities

#### ► High-growth product segments:

- rail infrastructure (+6.2% annually)<sup>1</sup>

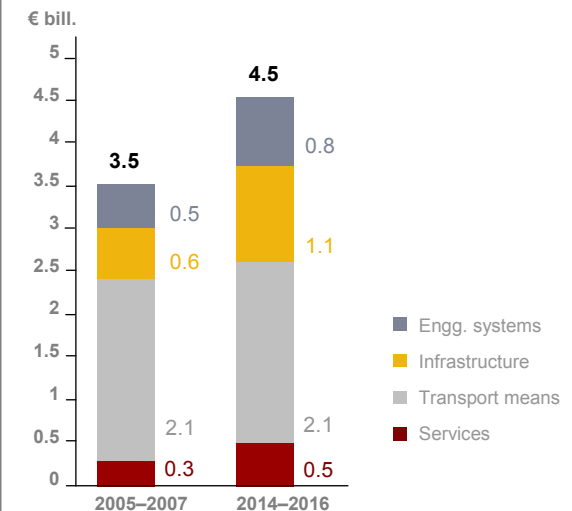
#### ► High-growth segments:

- suburban rail (LRV systems +2.3%, metros +7.5%, both annually)<sup>1</sup>

#### ► Saudi Arabia for example:

- Saudi Arabia's present rail network (two lines) is undergoing massive expansion (incl. high-speed line)

Accessible market volume by product segment<sup>1</sup>  
Annual growth rate +2.7%



#### Vossloh: Near & Middle East marketing through local branch

- By opening a branch in Abu Dhabi in 2008, Vossloh is creating an ideal setting for Near & Middle East marketing by all business units
- Vossloh products already established in the region, e.g. Switch Systems switches for the Dubai metro

## Vossloh Group

### Market: South America

► **Market profile:**

- scarcity of any well-developed rail networks, especially for long-distance traffic; most rail infrastructure in the large cities of the metro type

► **High-growth product segments:**

- means of transport, such as locomotives (+5.9% annually); rail infrastructure (+5.0% annually)<sup>1</sup>

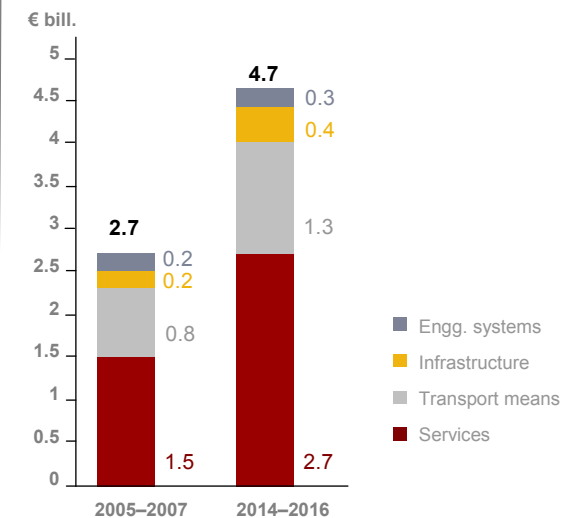
► **High-growth segments:**

- high-speed lines planned for Brazil and Argentina (due to low baseline +74.8% annually), suburban rail (LRV systems: +16.8%, metros +5.1%, both annually)<sup>1</sup>

► **Brazil for example:**

- rail operators and government investing heavily in expanding the rail network in order to circumvent bottlenecks (e.g. in commodities haulage)<sup>2</sup>

Accessible market volume by product segment<sup>1</sup>  
Annual growth rate +6.0%



#### Vossloh has until now supplied the region from Europe

- Growth potential identified especially in Brazil
- Possibilities of establishing a regional base under review

# Vossloh Group

## Order intake and backlog

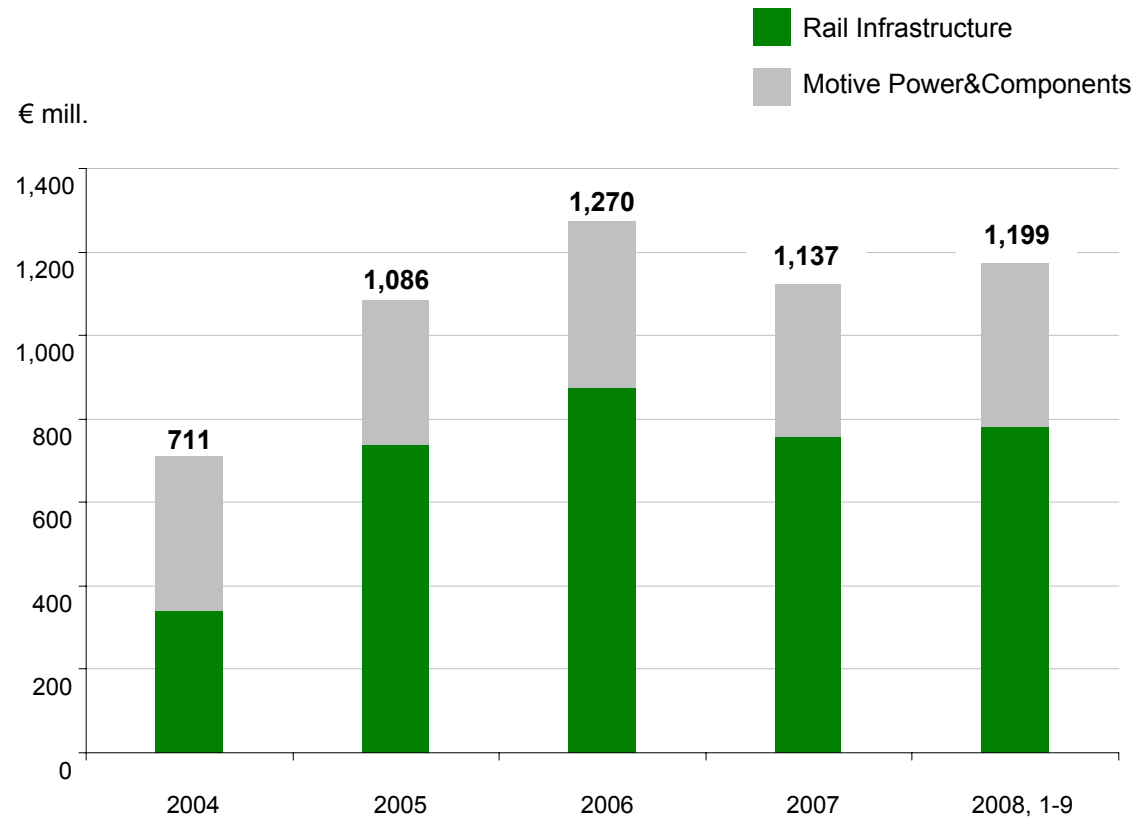
### Tall order backlog:

- ▶ Long-range planning reliability
- ▶ High capacity utilization degree

### Trend of order intake and backlog (as per September 2008):

|                    | Order intake<br>Δ (%) | Order backlog<br>(€ mill.) |
|--------------------|-----------------------|----------------------------|
| Fastening Systems  | +1.3                  | 104.7                      |
| Switch Systems     | +57.6                 | 311.0                      |
| Locomotives        | +43.8                 | 558.2                      |
| Electrical Systems | +103.0                | 224.7                      |

### Order backlog



## Vossloh stock:

Price trend from Jan. 1 to Nov. 14, 2008:  
clearly outstripping the market

### Stock price trend since annual opening (12/31/2007–11/14/2008):

DAX -41.6%

MDAX -45.5%

Vossloh -10.3%

### High/low:

1–11/2008: €99.49/€45.81

### Average daily trading volume:

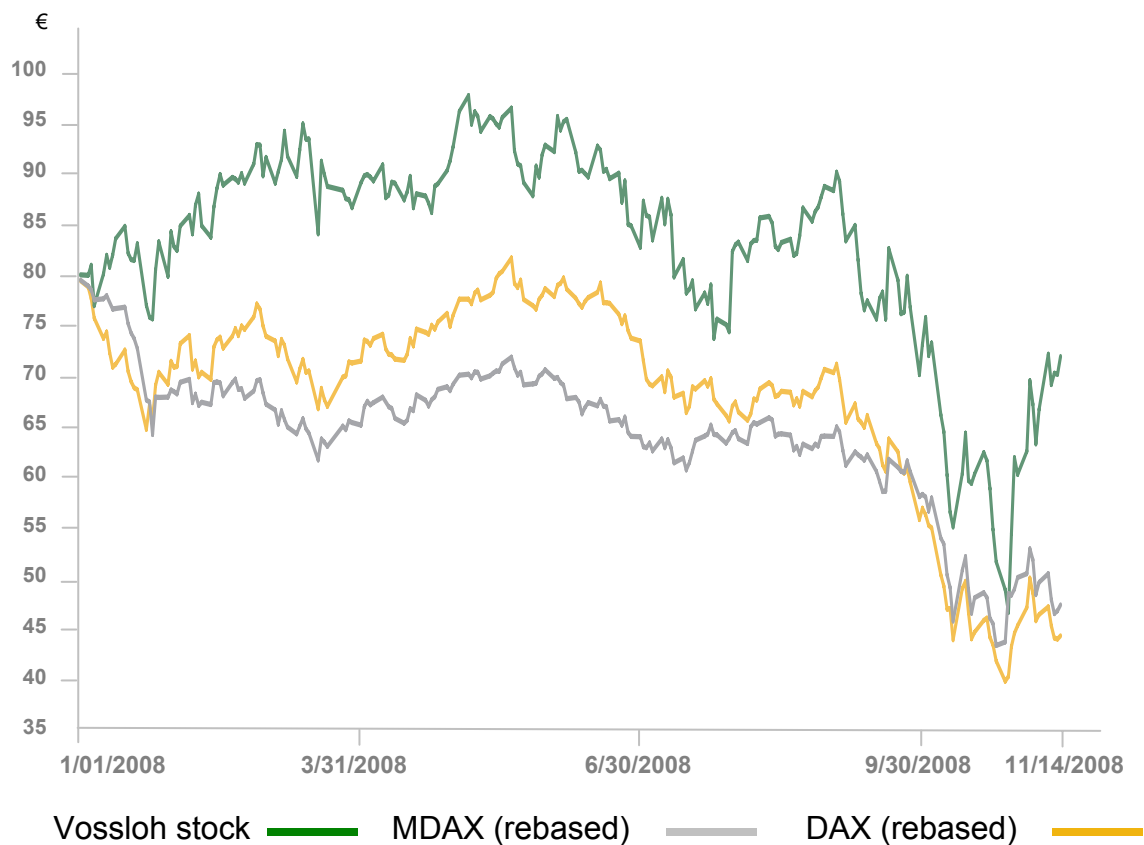
in 2008: 105,800 shares\*

in 2007: 95,400 shares\*

**Shares outstanding:** 14,795,846

### Market capitalization:

as of 11/14/2008: €1,063 million



# Vossloh Group

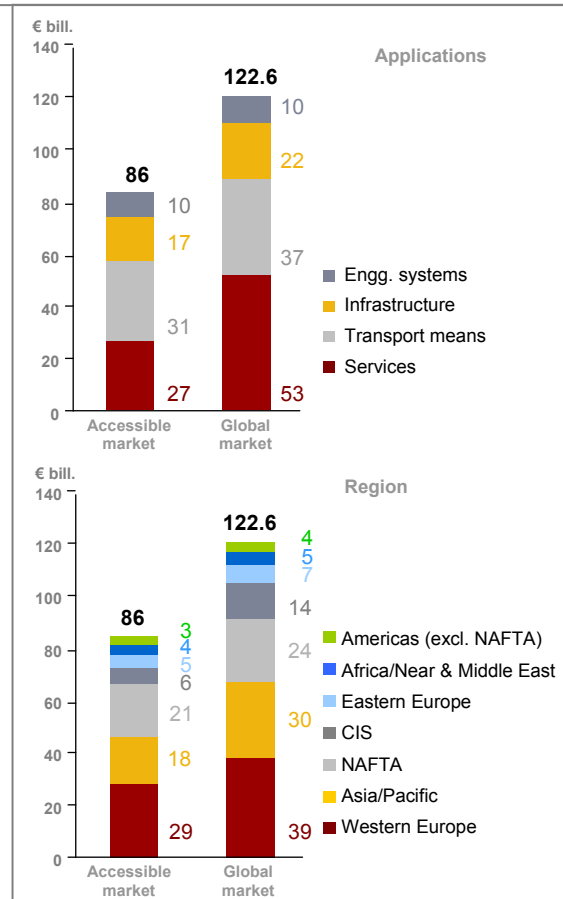
## Market: prospects and trends<sup>1</sup>

### ► Vossloh's market position

- Vossloh operates in the rail technology market as a specialist in infrastructure and means of transport
- The Group has an international presence and supplies its products to over 80 countries around the world. The home market is Europe which accounts for some 70% of sales; since 1996, non-European sales have risen sharply.
- Over the years ahead Vossloh will expand its position in selected rail technology sectors at a rate that outpaces the respective markets.

### ► Vossloh's prospects

- In 2009 and 2010, Vossloh will continue to achieve vigorous growth, with major shares of sales expected from China
- A large proportion of existing business, especially rail infrastructure, is generated by operator spending on replacement equipment. This segment is likely to show sustainable growth.
- Organic growth will go hand in hand with acquisitions





## Appendix

# Vossloh Group



Profile: Core competence rail technology



2008e

Group sales: €1,165 million

EBIT: €135 million

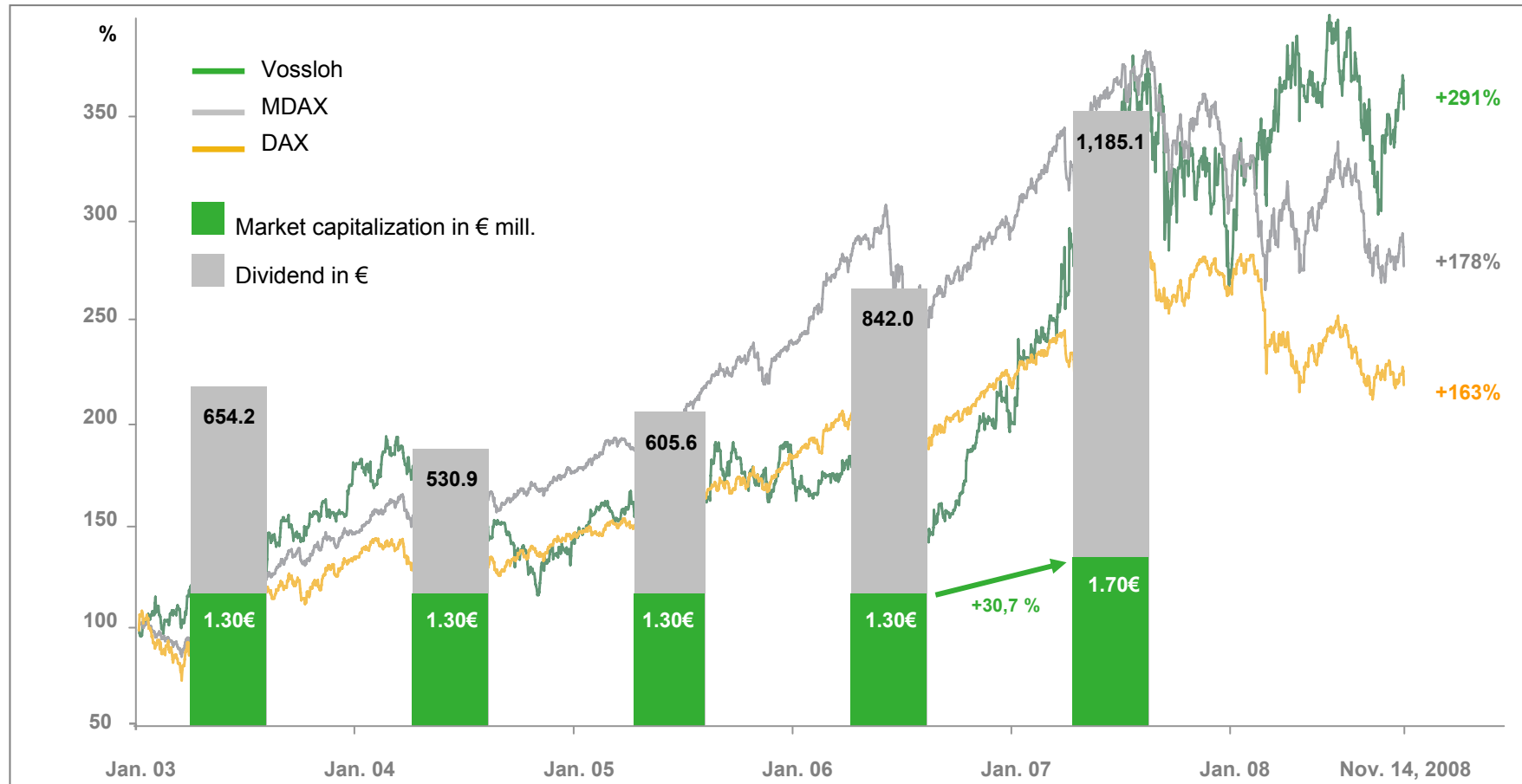
Employees: 4,504

|   |   |
|---|---|
| <b>Rail Infrastructure</b>  | <b>Sales:</b> €690 mill.<br><b>EBIT:</b> €113 mill.<br><b>ROCE:</b> 20.6%         |
|   | <b>Vossloh Fastening Systems</b><br>No. 1 worldwide<br><b>Sales: €241 million</b> |
|  | <b>Vossloh Switch Systems</b><br>No. 2 worldwide<br><b>Sales: €449 million</b>    |

|   |   |
|---|---|
| <b>Motive Power&amp;Components</b>  | <b>Sales:</b> €475 mill.<br><b>EBIT:</b> €38 mill.<br><b>ROCE:</b> 19.0%                          |
|   | <b>Vossloh Locomotives</b><br>No. 1 in Europe (diesel locomot.)<br><b>Sales: €346 million</b>     |
|  | <b>Vossloh Electrical Systems</b><br>No. 1 worldwide (trolleybuses)<br><b>Sales: €129 million</b> |

## Vossloh stock

### Performance, dividend and market capitalization



# Financial diary and contacts

## Financial diary 2008/2009

- ▶ March 26, 2009 Publication of financial statements 2008 and analysts conference<sup>1</sup>
- ▶ April 29, 2009 Publication of interim report as of March 31<sup>1</sup>
- ▶ May 20, 2009 Annual general meeting
- ▶ July 29, 2009 Publication of interim report as of June 30<sup>1</sup>
- ▶ October 28, 2009 Publication of interim report as of September 30<sup>1</sup>
- ▶ December 3, 2009 Conference with investors and analysts<sup>1</sup>

## Contacts

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