



**Annual accounts 2007**

April 3, 2008

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## Vossloh Group, fiscal 2007

### All indicators match ambitious expectations

- ▶ Group sales reflect ongoing strong demand
  - Successful start-up in China contributes around €39 million sales
  - US acquisitions contribute sales of around €53 million
  - Some 21% of sales generated outside of Europe
- ▶ Group ROCE and EBIT margin almost at benchmark level
  - EBIT and group earnings improvements outpacing sales growth
  - ROCE at Motive Power&Components much enhanced
- ▶ Year-end order backlog of €1.3 billion in line with budget

## Vossloh Group, fiscal 2007

Double-digit growth; group earnings more than trebled

		2006	2007	Δ %
Net sales	(€ mill.)	1,015.2	1,232.1	+21.4
Operating result	(€ mill.)	80.9	120.0	+48.4
EBIT	(€ mill.)	82.7	121.5	+46.9
EBIT margin	(%)	8.1	9.9	–
EBT	(€ mill.)	68.6	109.2	+59.2
Profit lost of discontinued operations <sup>1</sup>	(€ mill.)	(23.6)	2.0	–
Group earnings	(€ mill.)	20.3	71.4	+251.7
Average headcount in the period		4,765	5,493	+15.3
Earnings per share	(€)	1.38	4.83	+250.0

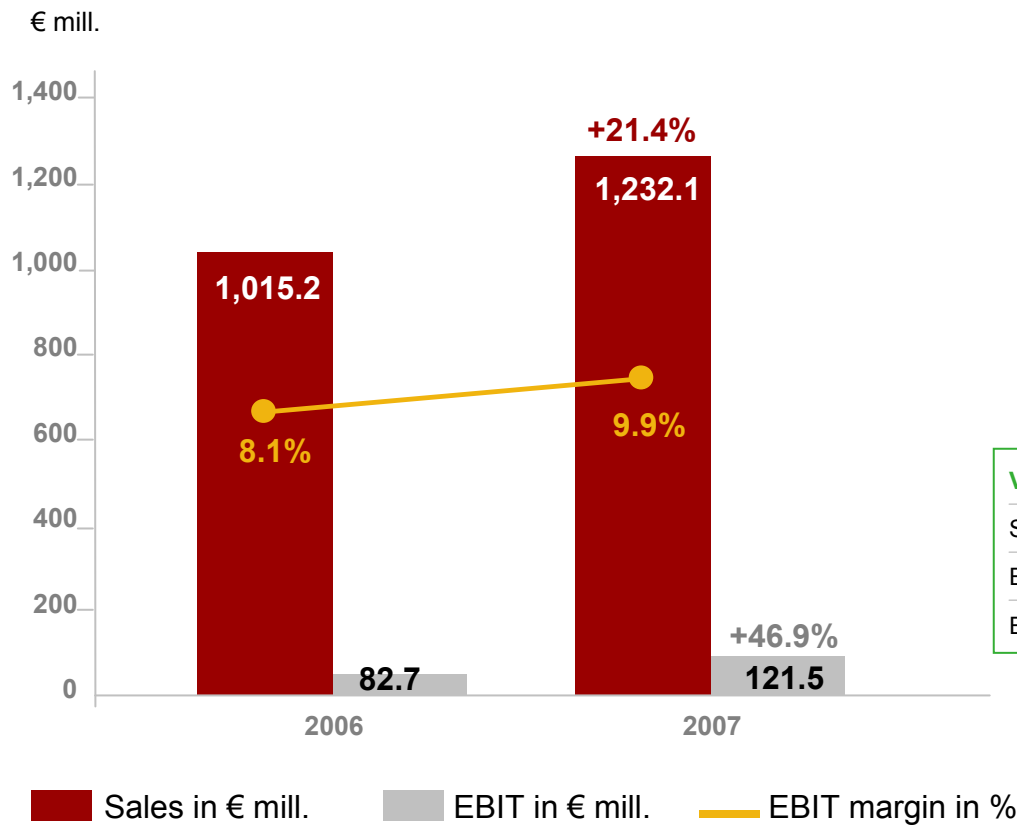
## Vossloh Group, fiscal 2007

Sustained growth in all regions;  
around 21% of sales generated outside Europe

	2006	% share	2007	% share	Δ %
Germany	128.4	12.7	148.1	12.0	+15.3
France	316.9	31.2	311.1	25.3	-1.8
Other Euroland	333.4	32.8	353.2	28.7	+5.9
Other Europe	143.5	14.1	163.1	13.2	+13.7
<b>Europe</b>	<b>922.2</b>	<b>90.8</b>	<b>975.5</b>	<b>79.2</b>	<b>+5.8</b>
North America	26.3	2.6	98.7	8.0	+275.3
Latin America	4.4	0.4	33.7	2.7	+665.9
<b>Americas</b>	<b>30.7</b>	<b>3.0</b>	<b>132.4</b>	<b>10.7</b>	<b>+331.3</b>
<b>Asia</b>	<b>42.5</b>	<b>4.2</b>	<b>89.9</b>	<b>7.3</b>	<b>+111.5</b>
<b>Other countries</b>	<b>19.8</b>	<b>2.0</b>	<b>34.3</b>	<b>2.8</b>	<b>+73.2</b>
<b>Total</b>	<b>1,015.2</b>	<b>100.0</b>	<b>1,232.1</b>	<b>100.0</b>	<b>+21.4</b>

## Vossloh Group, fiscal 2007

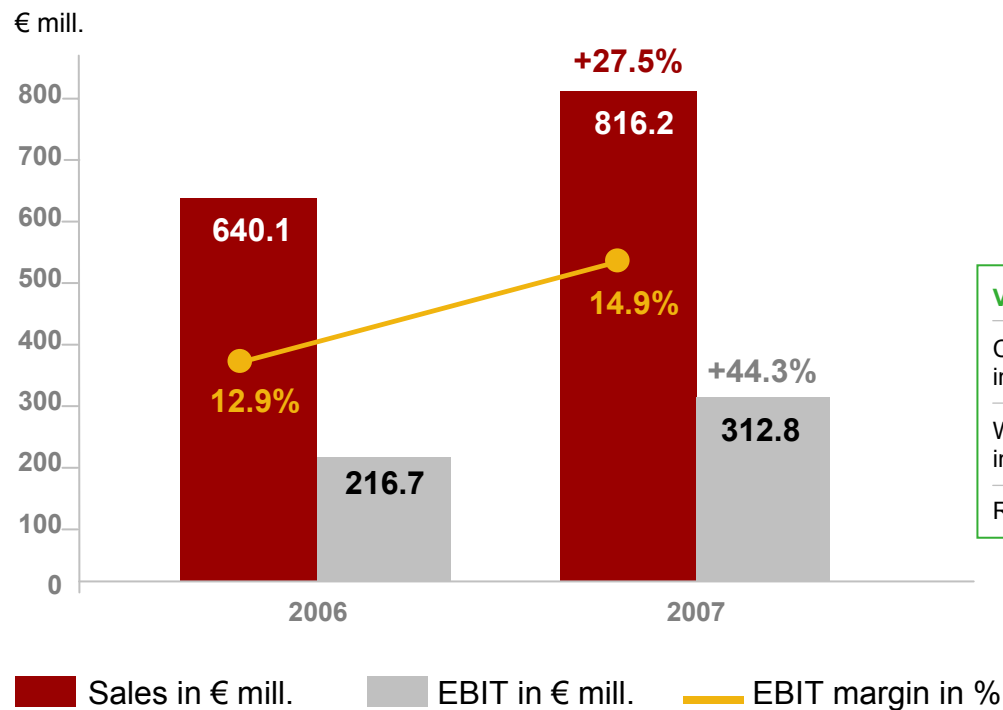
Sales (excl. new acquirees) up 13.4%; EBIT margin just under 10%



Vossloh Group	2006	2007	2008p	2009p
Sales in € mill.	1,015.2	1,232.1	1,340	1,402
EBIT in € mill.	82.7	121.5	142	149
EBIT margin %	8.1	9.9	10.6	10.6

## Vossloh Group, fiscal 2007

ROCE close to target; acquisitions and China expenditures propel working capital and capital employed



Vossloh Group	2006	2007	2008p	2009p
Capital employed in € mill.	640.1	816.2	792	802
Working capital in € mill.	216.7	312.8	265	269
ROCE in %	12.9	14.9	17.9	18.5

## Vossloh Group, fiscal 2007

Net financial debt and net leverage low, despite acquisitions;  
equity ratio improved

		12/31/2006	12/31/2007
Total assets	(€ mill.)	1,198.5	1,326.8
Equity	(€ mill.)	371.1	434.0
Equity ratio	(%)	31.0	32.7
Working capital	(€ mill.)	216.7	312.8
Working capital ratio	(%)	21.3	25.4
Net financial debt	(€ mill.)	62.3	124.9
Net leverage	(%)	16.8	28.8

## Vossloh Group, fiscal 2007

Cash flow from operating activities reflects high capex level and working capital build-up

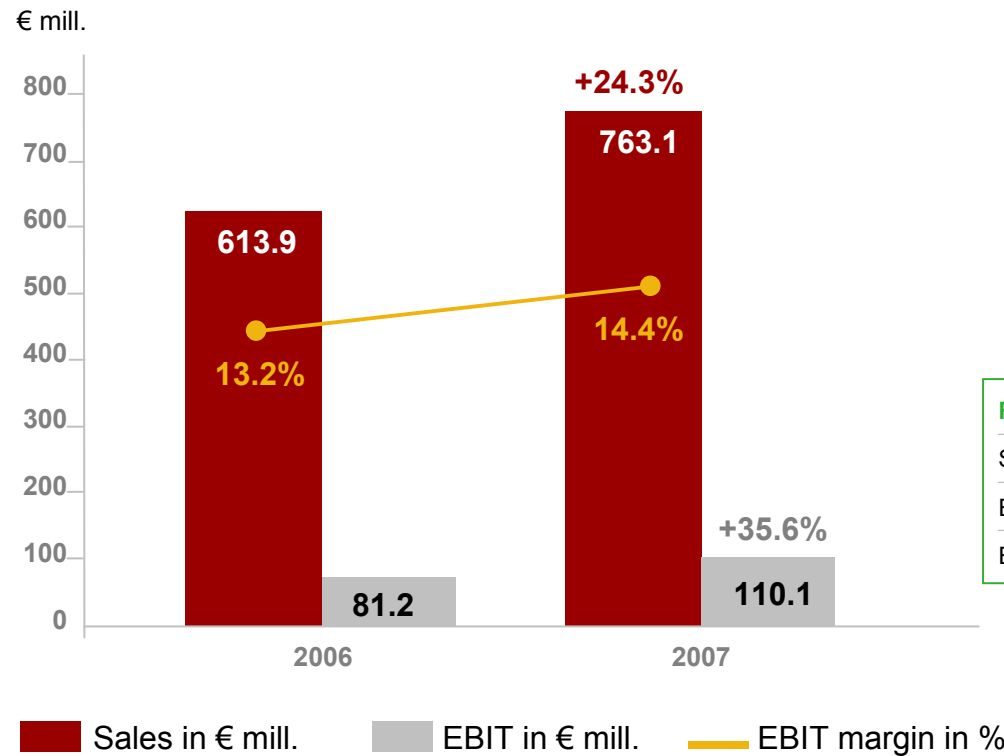
(€ mill.)	2006	2007
<b>EBIT</b>	<b>82.7</b>	<b>121.5</b>
Posttax result of discontinued operations	(23.6)	2.0
Amortization/depreciation/write-down/write-up of fixed assets	36.2	28.9
Other noncash income/expenses, net	7.8	3.5
Net book (gain)/loss from the disposal of fixed assets	1.1	0.1
Cash outflow for the purchase of short-term securities	(23.0)	(2.4)
Change in assets/liabilities from operating activities (incl. working capital), net	115.7 <sup>2</sup>	(44.2) <sup>2</sup>
Cash outflow for taxes	(10.0)	(29.2)
<b>Cash flow from operating activities</b>	<b>186.9</b>	<b>80.2</b>
Cash (outflow for additions to)/inflow from the disposal of intangible and tangible assets	(15.3)	(51.5)
<b>Freely available cash flow<sup>1)</sup></b>	<b>171.6</b>	<b>28.7</b>

<sup>1</sup> Before investments in financial assets and before acquisitions and dividend payout

<sup>2</sup> Incl. €62.1 million working capital changes

## Rail Infrastructure, fiscal 2007

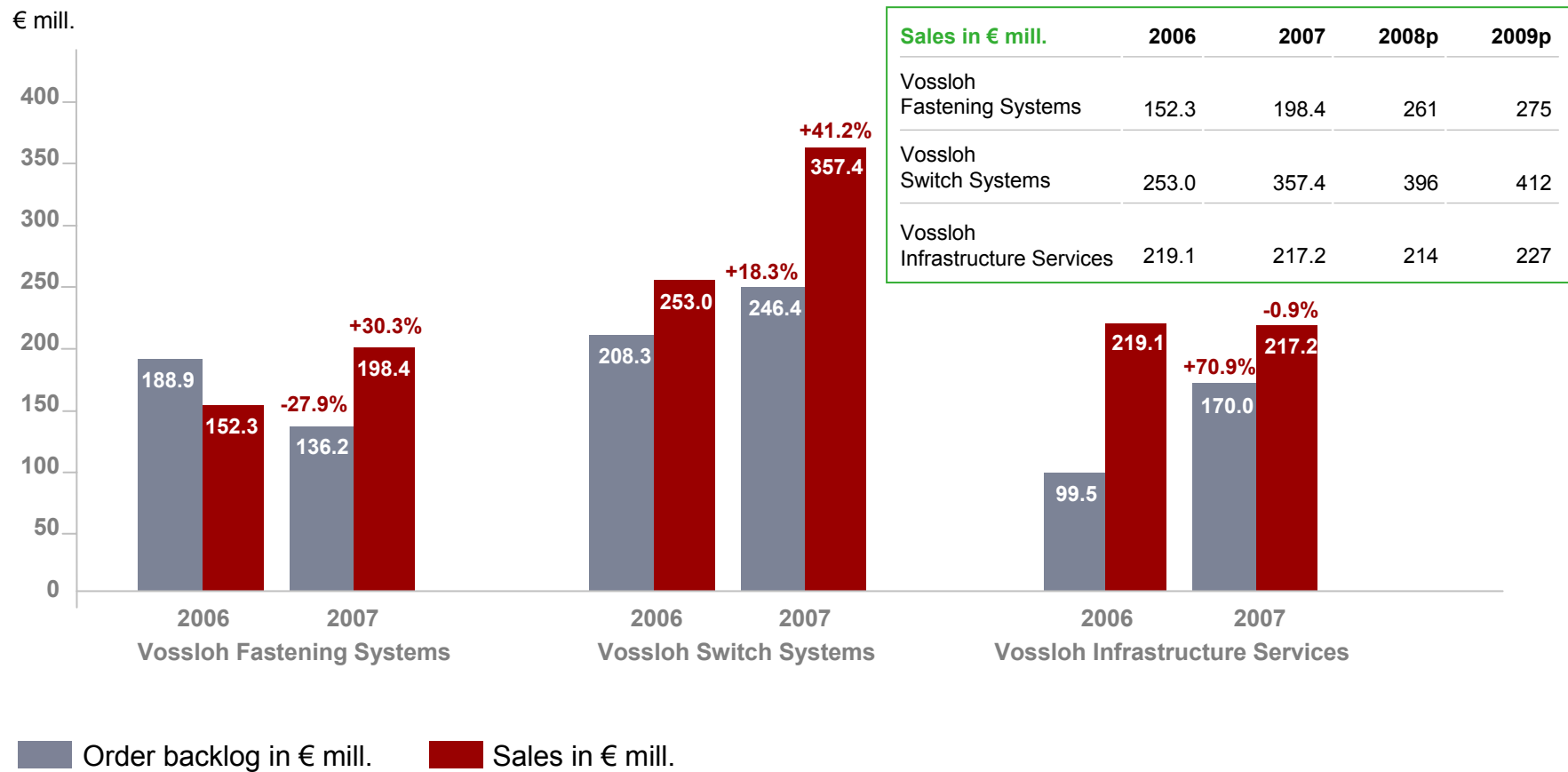
Like-for-like sales rise of 11%, EBIT up >30%



Rail Infrastructure	2006	2007	2008p	2009p
Sales in € mill.	613.9	763.1	862	908
EBIT in € mill.	81.2	110.1	126	127
EBIT margin in %	13.2	14.4	14.6	14.0

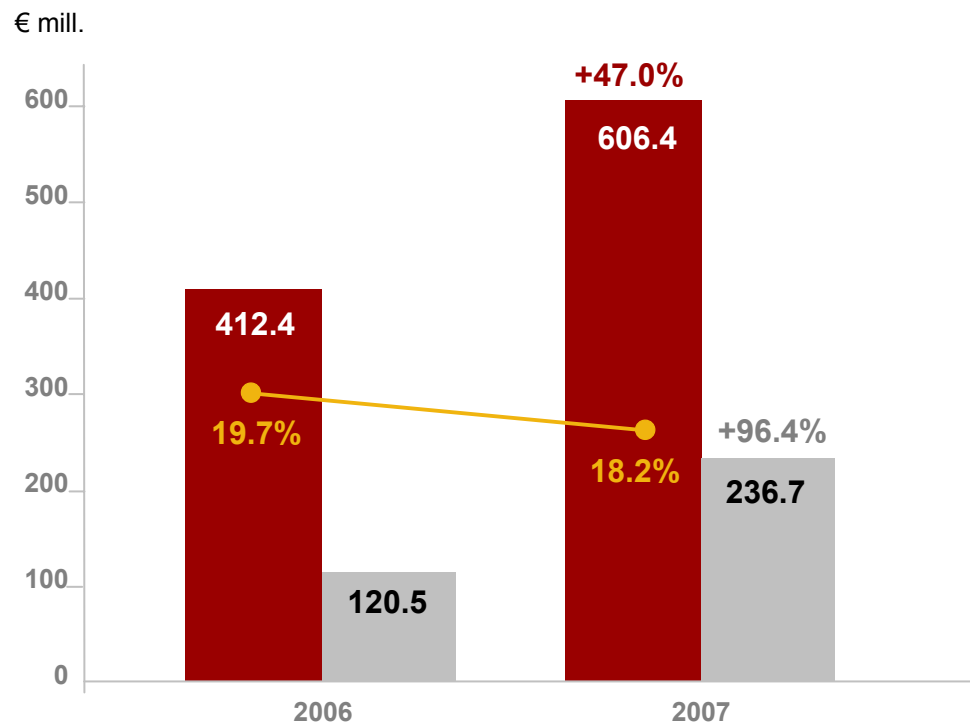
## Rail Infrastructure, fiscal 2007

All business units again very strong



## Rail Infrastructure, fiscal 2007

ROCE remaining well above 15%; acquisitions and China outlays raise working capital

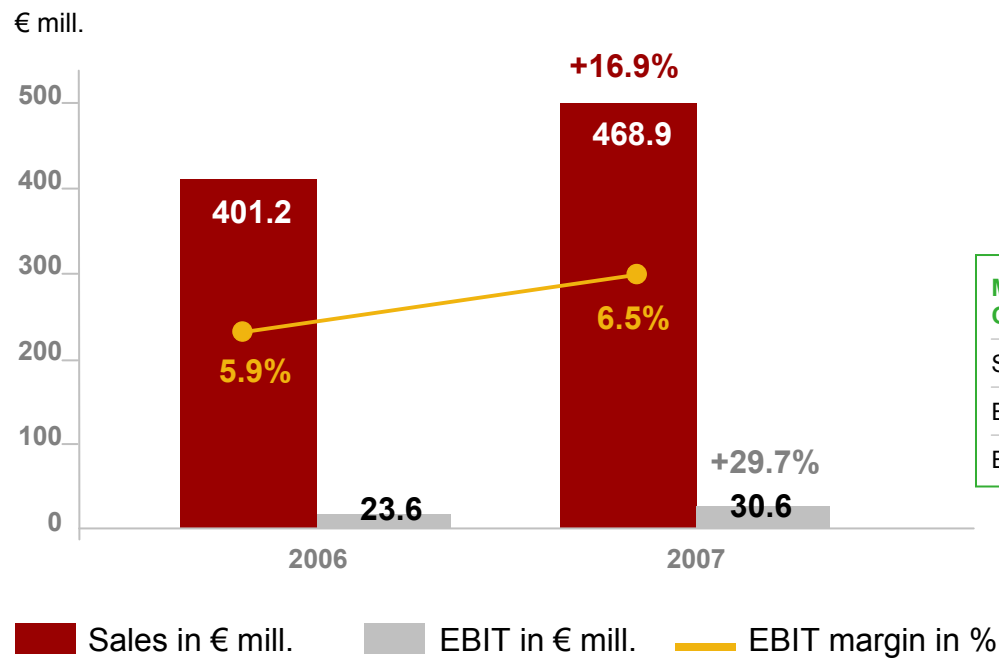


Rail Infrastructure	2006	2007	2008p	2009p
Capital employed in € mill.	412.4	606.4	575	593
Working capital in € mill.	120.5	236.7	203	219
ROCE in %	19.7	18.2	21.9	21.4

■ Capital employed in € mill.   
 ■ Working capital in € mill.   
 —●— ROCE in %

## Motive Power&Components, fiscal 2007

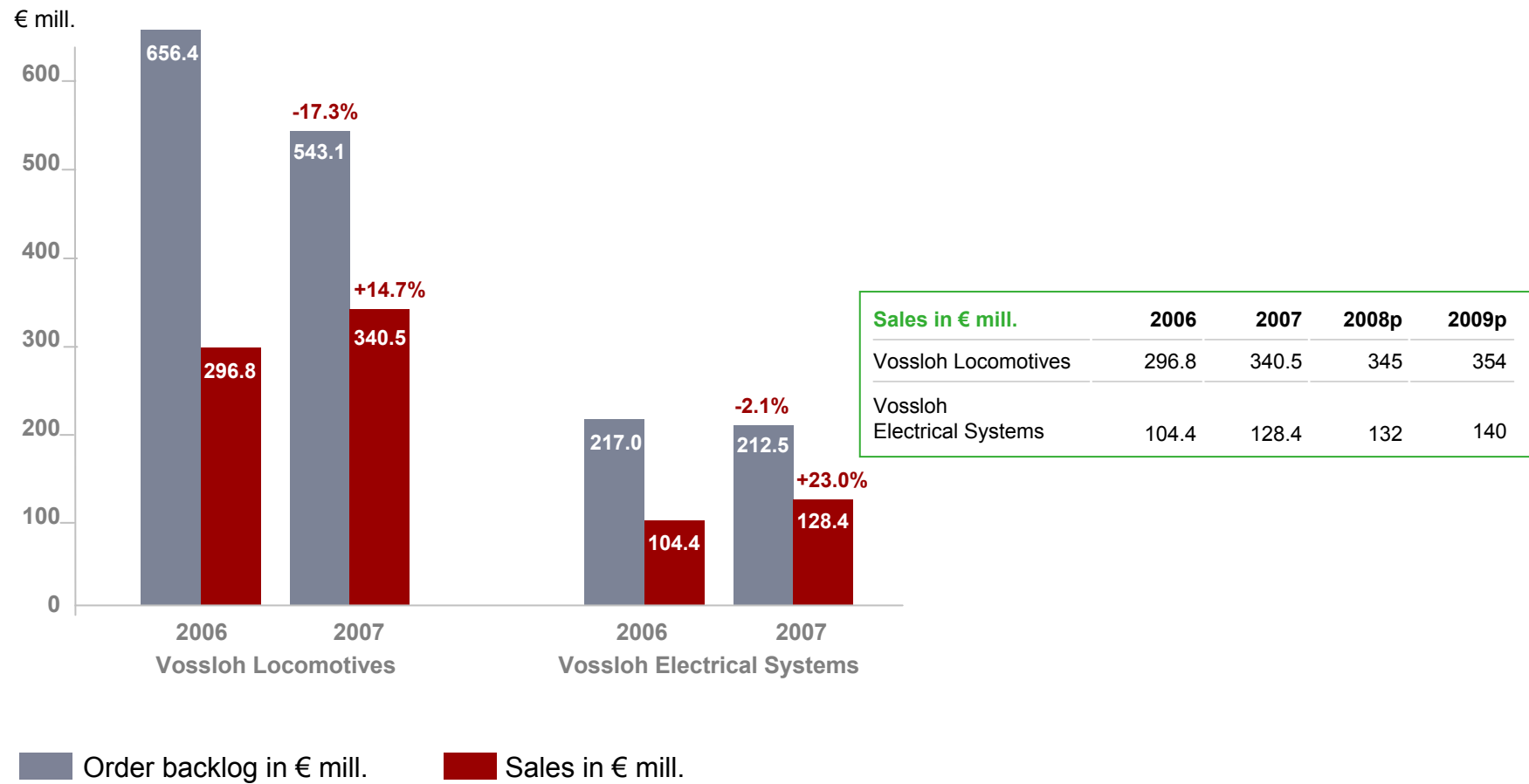
### Busier plants spell higher EBIT margins



Motive Power&Components	2006	2007	2008p	2009p
Sales in € mill.	401.2	468.9	477	494
EBIT in € mill.	23.6	30.6	31	36
EBIT margin in %	5.9	6.5	6.6	7.3

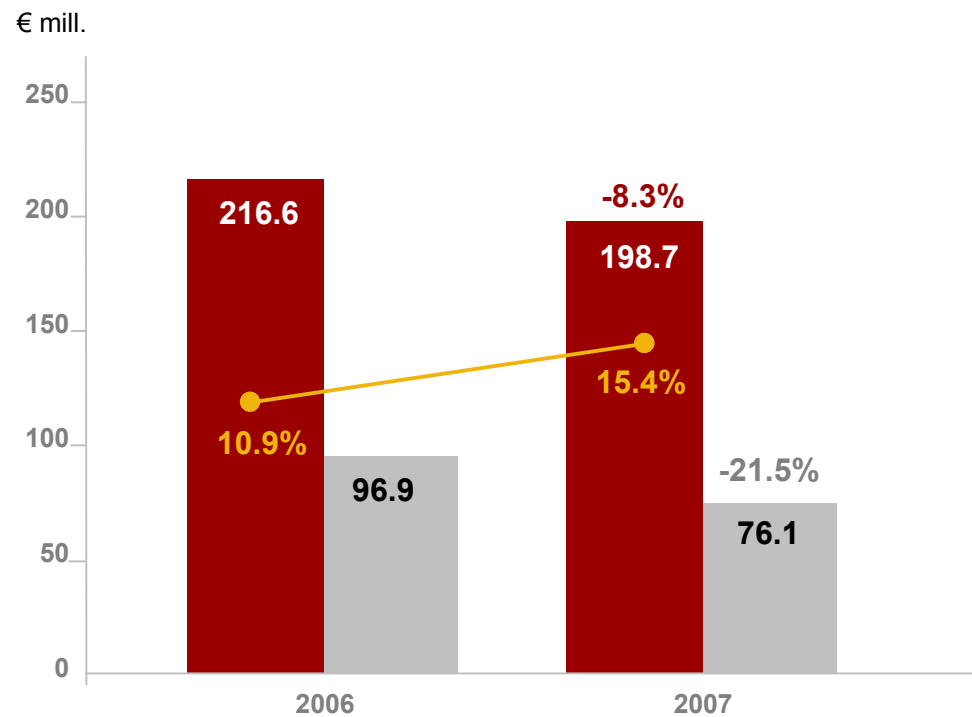
## Motive Power&Components, fiscal 2007

Both business units report double-digit sales gains



## Motive Power&Components, fiscal 2007

ROCE >15%

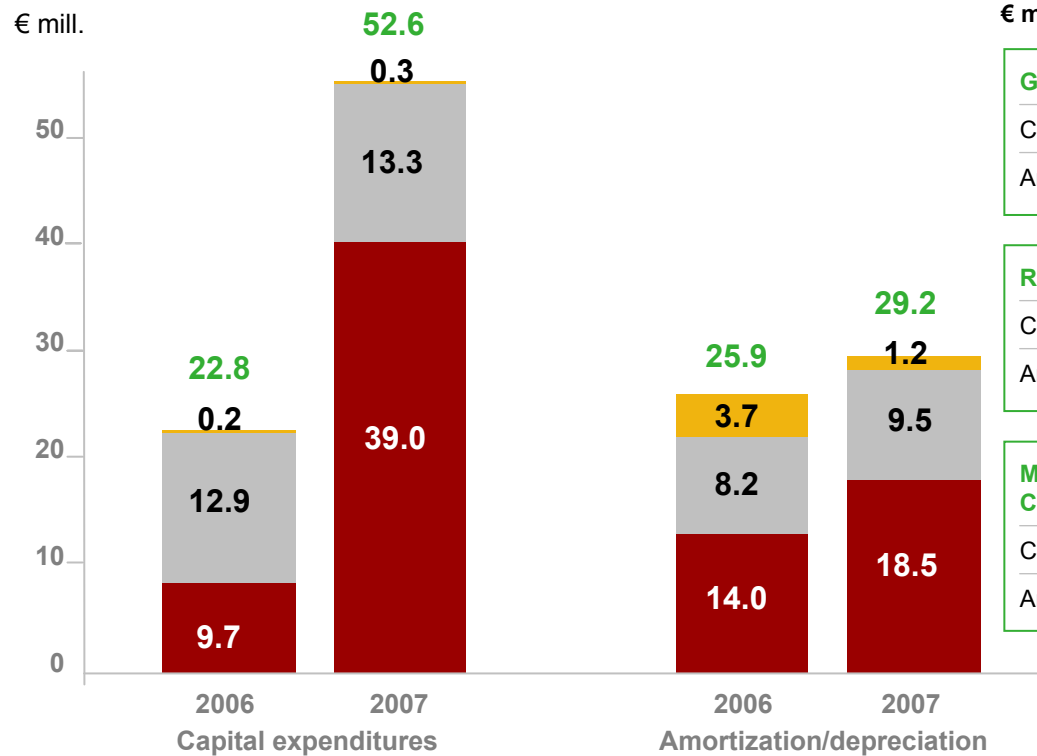


Motive Power&Components	2006	2007	2008p	2009p
Capital employed in € mill.	216.6	198.7	195	186
Working capital in € mill.	96.9	76.1	64	52
ROCE in %	10.9	15.4	16.1	19.3

■ Capital employed in € mill.   
 ■ Working capital in € mill.   
 — ROCE in %

## Vossloh Group, fiscal 2007

Expenditures propelled by outlays in China and revamp programs at all locations



€ mill.

Group	2006	2007	2008p	2009p
Cap. expenditures	22.8	52.6	57	43
Amort./depreciation	25.9	29.2	34	36

Rail Infrastructure	2006	2007	2008p	2009p
Cap. expenditures	9.7	39.0	38	26
Amort./depreciation	14.0	18.5	22	23

Motive Power&Components	2006	2007	2008p	2009p
Cap. expenditures	12.9	13.3	17	17
Amort./depreciation	8.2	9.5	12	13

Rail Infrastructure in € mill.
  Motive Power&Components in € mill.
  Others in € mill.

## Vossloh Group

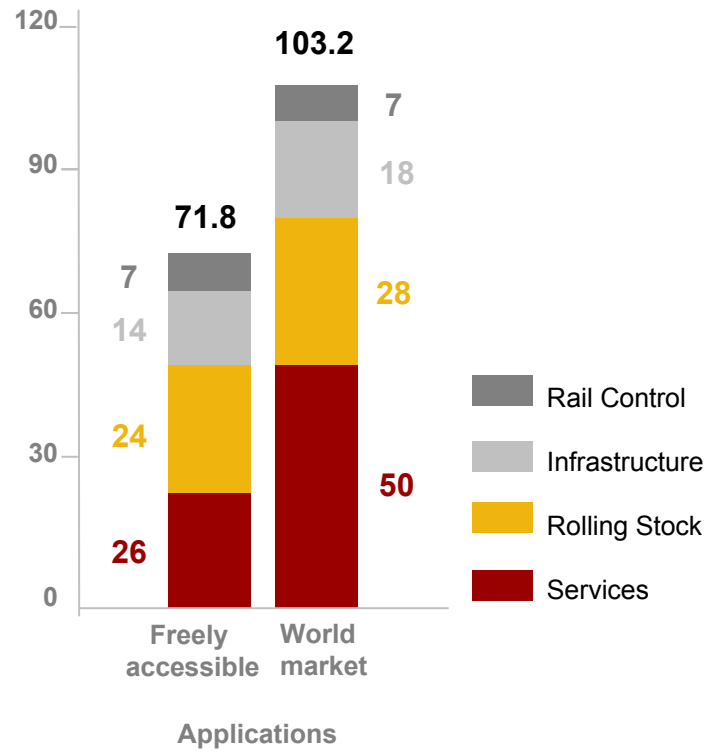
### Rail technology market—prospects and trends<sup>1</sup>

- ▶ The global rail technology market is worth around €100 billion, of which about €72 billion is freely accessible
- ▶ Western Europe is still easily the world's biggest rail technology market
- ▶ Within the foreseeable future Asia will be the market with the strongest growth, chiefly due to the expansion of the Chinese rail network
- ▶ The rail infrastructure market is predicted to grow annually by 2.5% up to 2015
- ▶ The rail infrastructure markets particularly relevant to Vossloh (high-speed, suburban passenger services, and goods haulage) will outgrow the market as such

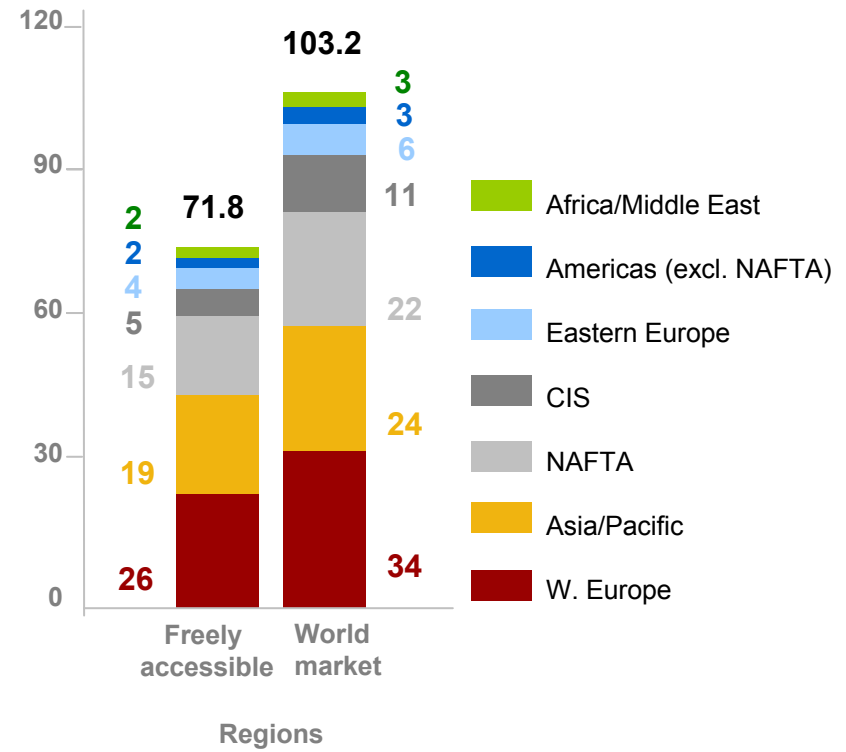
# Vossloh Group

## Rail technology market—size and structure<sup>1</sup>

€ mill.

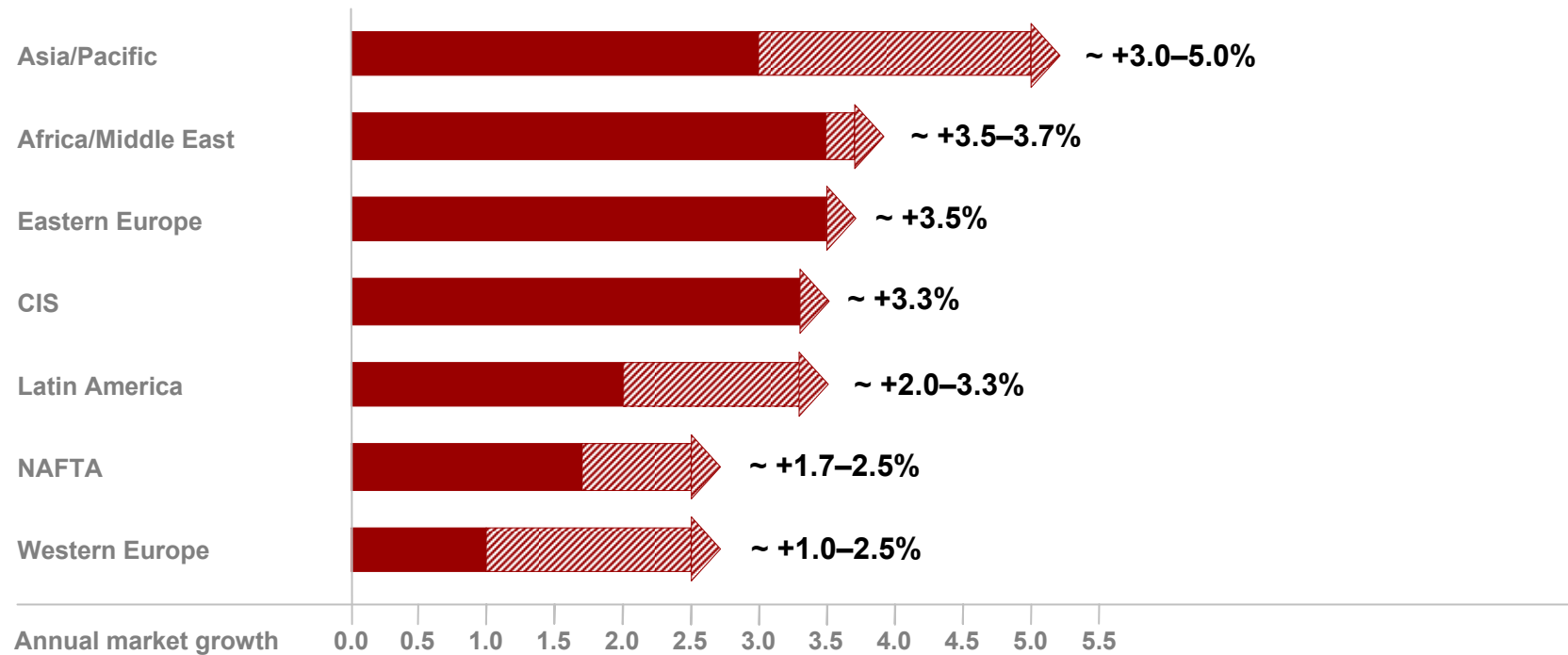


€ mill.



## Vossloh Group

### Rail technology market growth up to 2012<sup>1</sup>



<sup>1</sup> Approximate rates

Sources: Rail Industry Association 2007; Unife 2007, SCI 2006, F&S 2006, own estimates;

Survey basis: average for 2003–2005

## Vossloh Group

Well positioned for value-driven, long-term growth

- ▶ Rail technology is a market of international sustained growth
- ▶ Vossloh with a closely focused portfolio, foremost market position, and expanding worldwide presence
- ▶ International product references and high product reputation
- ▶ Better-than-average profitability
- ▶ Extensive financing parameters for better-than-average growth

## Vossloh Group

### Controlling system

- ▶ Growth strategy based on value addition
  - ROCE >15% (current pretax cost of capital [WACC] of about 11%)
- ▶ Additional controlling parameters
  - EBIT margin, adjusted for nonoperating one-time effects, >10%
  - Sustainable rise in earnings per share and commensurate dividend payout
  - Conservative net-debt range; max. leverage 100%

## Vossloh Group

### Prospects: profitable growth at a high level

- ▶ Budgeted sales and earnings for 2008 are endorsed; further sales growth and sustainably high margin targeted for 2009
- ▶ Earnings propelled by economies of scale and ongoing intense cost management—steel price management a challenge for 2008
- ▶ Further acquisitions targeted in Infrastructure and Components; however, only where economically viable
- ▶ Strategic further development of Vossloh Locomotives on the agenda for 2008
- ▶ Q1/2008 in line with traditional pattern following a typically strong year-end; order intake at the start of the year endorses budget for ongoing dynamic business trend



## Appendix

## Vossloh Group

Core competence: Rail Infrastructure and Rail Technology

Group sales 2007: €1,232 million

### Rail Infrastructure

Sales: €763 million



#### Fastening Systems

16%



#### Switch Systems

29%



#### Infrastructure Services

17%

### Motive Power&Components

Sales: €469 million



#### Locomotives

28%



#### Electrical Systems

10%

## Rail Infrastructure

### Fastening Systems profile



#### ▶ Business

- Elastic rail fasteners for ballast and slabbed main-line and (sub)urban rail networks
- Bolted rail fastening systems for all load profiles: from heavy-load to high-speed lines

#### ▶ Market position

- Supplied to over 65 countries worldwide: export sales around three-quarters of total
- Worldwide foremost position

#### ▶ Main competitors

- Pandrol (Delachaux, FR) (UK)

## Rail Infrastructure

### Switch Systems profile



#### ► Business

- Standard, high-speed and specialty rail switches to all standards worldwide
- Signaling components such as switch actuating mechanisms and switch monitoring systems

#### ► Market position

- Production facilities in 17 countries (since March 2007, also in the USA and since 2008, in Australia, Denmark, Netherlands)
- Worldwide #2

#### ► Main competitor

- VAE (voestalpine AG) (AT)

## Rail Infrastructure

### Infrastructure Services profile



#### ▶ **Business**

- Track construction and maintenance for state and industrial rail networks, for tram and (sub)urban rail systems
- Overhead line construction

#### ▶ **Market position**

- Track maintenance: market leader in France, Luxembourg
- Track construction: market leader in France

#### ▶ **Main competitors**

- Wayss & Freytag (DE), Colas SA (FR), TSO (FR), Balfour Beatty (UK), Heitkamp (DE), Vías y Construcciones (ES)

## Motive Power&Components

### Locomotives profile



#### ▶ Business

- Diesel-electric and diesel-hydraulic locomotives for passenger and freight transport; rising share of (sub)urban service locomotives
- Locomotive components—bogies—locomotive maintenance and leasing

#### ▶ Market position

- Biggest and Europe-wide leading manufacturer of diesel locomotives

#### ▶ Main competitors

- Siemens (DE), Bombardier (CA), Alstom (FR), General Electric (US), EMD (US)

## Motive Power&Components

### Electrical Systems profile



#### ► Business

- Electrical systems for (trolley)buses and LRV
- Manufacture of parts and components, revamping, upkeep, maintenance, installation and assembly

#### ► Market position

- Worldwide leading supplier of electrical systems for trolleybuses
- Specialist in advanced-engineering (sub)urban rail systems

#### ► Main competitors

- Siemens (DE), Bombardier (CA), Alstom (FR)

## Vossloh Group

### Budget 2008 and plan 2009: key figures (1)

		2006	2007	2008p	Δ %	2009p	Δ %
Net sales	(€ mill.)	1,015.2	1,232.1	1,340	+9	1,402	+5
Operating result	(€ mill.)	80.9	120.0	141	+18	148	+5
EBIT	(€ mill.)	82.7	121.5	142	+17	149	+5
EBIT margin	(%)	8.1	9.9	10.6		10.6	
Group earnings	(€ mill.)	20.3	71.4	91	+27	93	+2
Average headcount		4,765	5,493	6,126	+12	6,184	+1
Earnings per share	(€)	1.38	4.83	6.15	+27	6.28	+2
PER (price-earnings ratio)		41.4	19.0 <sup>1</sup>	14.9 <sup>1</sup>		14.6 <sup>1</sup>	

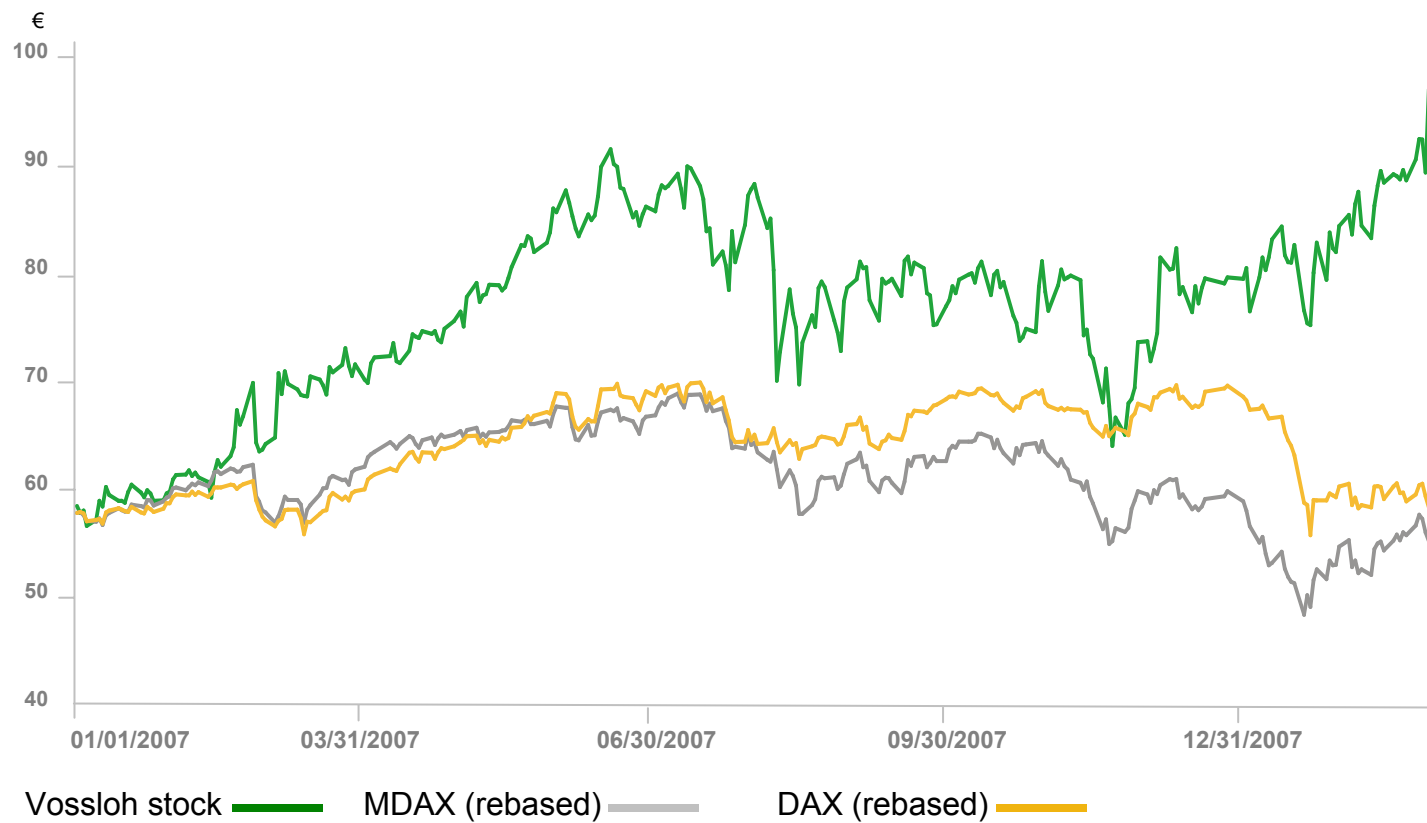
<sup>1</sup> Based on Feb. 29, 2008 closing price of €91.87

## Vossloh Group

### Budget 2008 and plan 2009: key figures (2)

		2006	2007	2008p	Δ %	2009p	Δ %
Working capital	(€ mill.)	216.7	312.8	265	-15	269	+2
Capital employed	(€ mill.)	640.1	816.2	792	-3	802	+1
ROCE	(%)	12.9	14.9	17.9		18.5	
Net financial debt	(€ mill.)	62.3	124.9	87	-30	32	-63

Vossloh share price from January 1, 2007<sup>1</sup> to February 29, 2008<sup>1</sup>  
Price gain maintained; relative price performance much improved



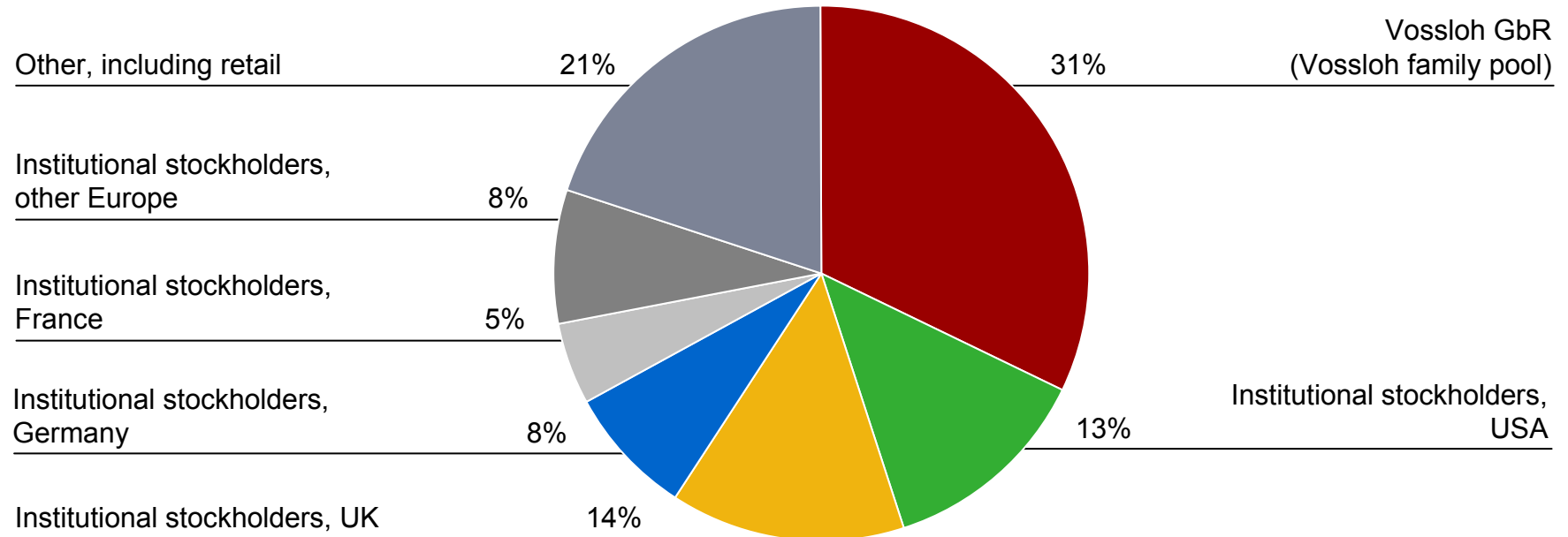
## Vossloh stock

Market capitalization to stay above €1 billion

		12/31/2005	12/31/2006	12/31/2007
Number of shares outstanding	(1,000)	14,735	14,736	14,796
Earnings per share	(€)	3.07	1.38	4.83
Dividend per share	(€)	1.30	1.30	1.70 <sup>1</sup>
Closing price	(€)	41.10	57.14	80.10
Annual high	(€)	48.58	59.20	94.47
Annual low	(€)	36.11	34.90	56.21
Market capitalization	(€ mill.)	605.6	842.0	1,185.1

## Vossloh stock

High proportion of free float in the US and UK



## Financial diary

### Financial diary 2008

- ▶ April 29, 2008 Publication of interim report as of March 31<sup>1</sup>
- ▶ May 21, 2008 Annual general meeting
- ▶ July 30, 2008 Publication of interim report as of June 30<sup>1</sup>
- ▶ October 30, 2008 Publication of interim report as of September 30<sup>1</sup>
- ▶ December 4, 2008 Meeting with DVFA analysts<sup>1</sup>

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