



**Conference with DVFA analysts**

**Frankfurt/Main, December 7, 2006**

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# Vossloh 2006—a year of transition

New CEO in office

New strategy presented to  
Vossloh's Supervisory Board

FEB.

MAR.

APR.

MAY

JUNE

JULY

AUG.

SEP.

OCT.

NOV.

DEC.

2007

Executive leader-  
ship appraisal

*GO 2010!* strategy project

*Vossloh FIT!*  
cost reduction project

Implementation of strategy  
and cost reductions

Accelerating internationalization

# GO 2010! strategy project: approach and goals

Project phases

Portfolio analysis

Identify attractive growth markets

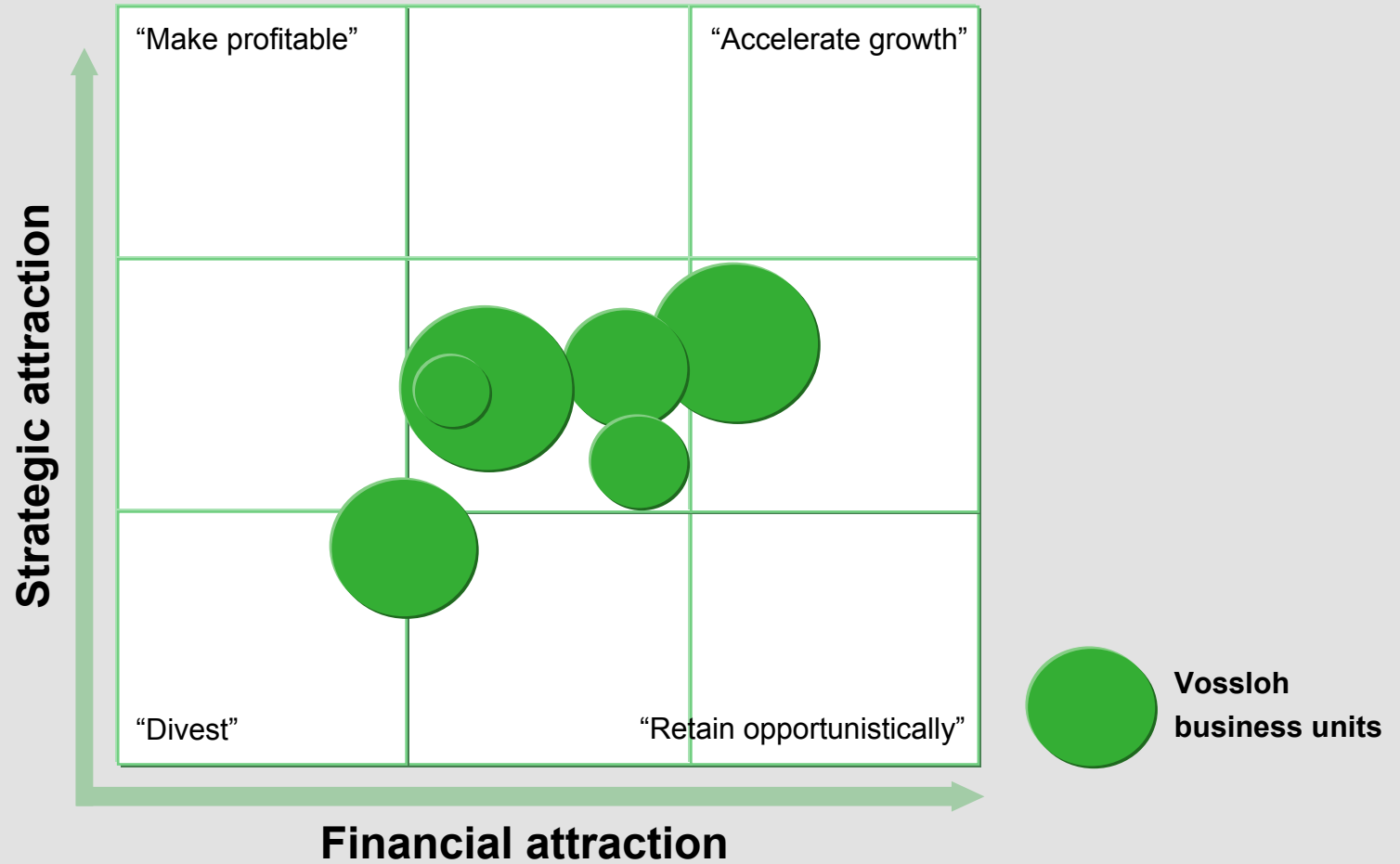
What-if scenarios and evaluation

“What prospects do Vossloh’s business units offer?”

“Which markets are attractive?”

“What is a viable future scenario?”

# Portfolio analysis: a wide variety of options, no pressure to act



# Vossloh in the rail technology market: further growth opportunities from market affinities

Vehicles	Infrastructure/track system	Engineering systems																																																
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# Vossloh new: clearly defined strategic priorities

- Focus on rail infrastructure and rail vehicle components
- Strengthen core business through organic growth and judicious acquisitions
- Sustained rise in ROCE by concentrating on profitable growth



**Sustained  
shareholder  
value addition**

# Core businesses: strict rules

- Leading market position
- Competence leadership
- International growth potential
- Limited cyclicality
- Optimized insourcing level
- Sustained better-than-average ROCE >15%

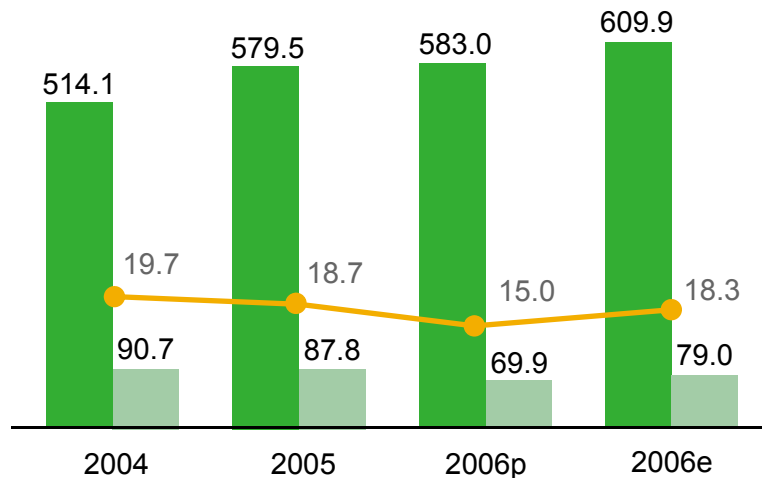


**Attractive part of  
the portfolio**

# Core business rail infrastructure with significant growth potential

Business unit	Positioning	Financial attraction	Strategy
 <p><b>vossloh</b> Fastening Systems</p>	<p>Leading market position</p>	<p>+ + +</p>	<ul style="list-style-type: none"> <li>- Expansion through organic growth</li> <li>- Internationalization: USA, China, India</li> <li>- Judicious acquisitions</li> <li>- Efficiency upgrading</li> </ul>
 <p><b>vossloh</b> Switch Systems</p>	<p>Leading world market position</p>	<p>+ + +</p>	
 <p><b>vossloh</b> Infrastructure Services</p>	<p>Strong market position in France</p>	<p>+ </p>	

# Rail Infrastructure: business development



■ Sales in € mill.  
■ EBIT in € mill.  
—●— ROCE in %  
 p = previous projection  
 e = now expected

## Vossloh Fastening Systems

Sales 2004: €150.2 mill.  
 Sales 2005: €147.0 mill.  
*Sales 2006p: €135.7 mill.*  
 Sales 2006e: €150.0 mill.

## Vossloh Switch Systems

Sales 2004: €227.0 mill.  
 Sales 2005: €258.3 mill.  
*Sales 2006p: €246.4 mill.*  
 Sales 2006e: €252.0 mill.

## Vossloh Infrastructure Services

Sales 2004: €150.4 mill.  
 Sales 2005: €196.3 mill.  
*Sales 2006p: €214.0 mill.*  
 Sales 2006e: €219.6 mill.

# Core business rail vehicle components: promising

Business unit

Positioning

Financial attraction

Strategy

**vossloh**  
Electrical Systems







Well established  
niche player

Focus on Europe,  
especially Germany

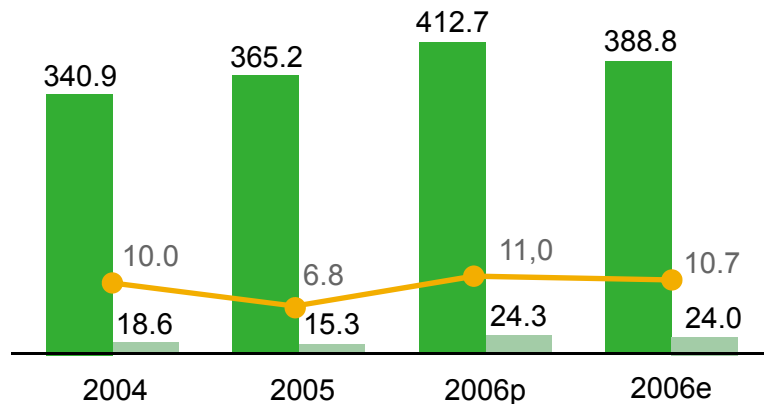
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- Internationalization
- Judicious acquisitions
- Efficiency upgrading

# Locomotive business unit with potential to add value

Business unit	Positioning	Financial attraction	Strategy
  	<p>Leader in the European market for diesel locomotives</p> <p>Strong regional focus</p> <p>Technology leadership</p>	<p>++</p>	 <ul style="list-style-type: none"><li>- Synergies through integrated management</li><li>- Strategic alliances</li></ul>

# Motive Power: business development



■ Sales in € mill.  
■ EBIT in € mill.  
—●— ROCE in %  
 p = previous projection  
 e = now expected

## Vossloh Locomotives

Sales 2004: €257.6 mill.  
 Sales 2005: €276.3 mill.  
*Sales 2006p: €305.4 mill.*  
 Sales 2006e: €282.6 mill.

## Vossloh Electrical Systems

Sales 2004: €83.4 mill.  
 Sales 2005: €88.9 mill.  
*Sales 2006p: €107.3 mill.*  
 Sales 2006e: €106.2 mill.

# Information Technologies of limited strategic relevance within the Vossloh Group

Business unit

Positioning

Financial attraction

Strategy

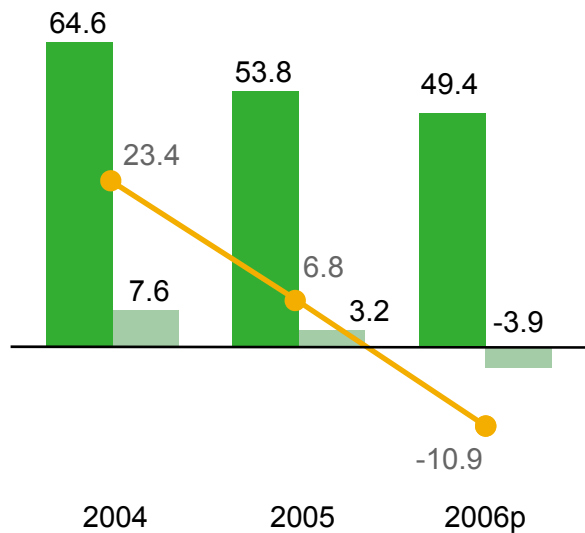


Focus on Germany



- Improve efficiency
- Sell to a best owner

# Information Technologies (discontinued operation): business development



■ Sales in € mill.  
■ EBIT in € mill.  
— ROCE in %  
p = previous projection

## Vossloh Information Technologies (discontinued operation)

Sales 2004: €64.6 mill.

Sales 2005: €53.8 mill.

*Sales 2006p: €49.4 mill.*

# Vossloh new: criteria for value-adding acquisitions

## Strategic criteria

- Market attraction
- Competence leadership
- Limited cyclicality
- Optimized insourcing level

## Financial criteria

- Vossloh's groupwide ROCE benchmark soon achievable
- No EpS dilution
- No ongoing overrun of targeted net leverage



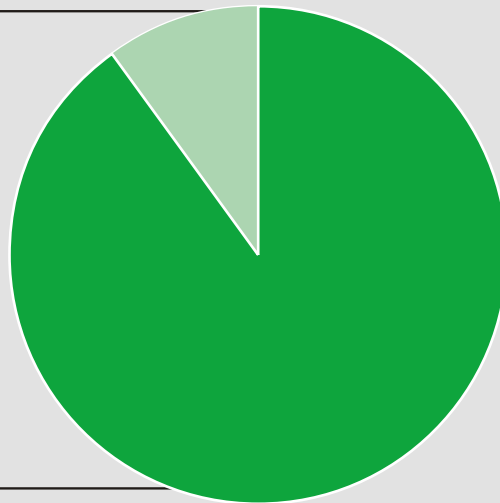
**Value-adding newcomers to the portfolio**

# Accelerating internationalization: boost growth outside Europe

Vossloh 2005

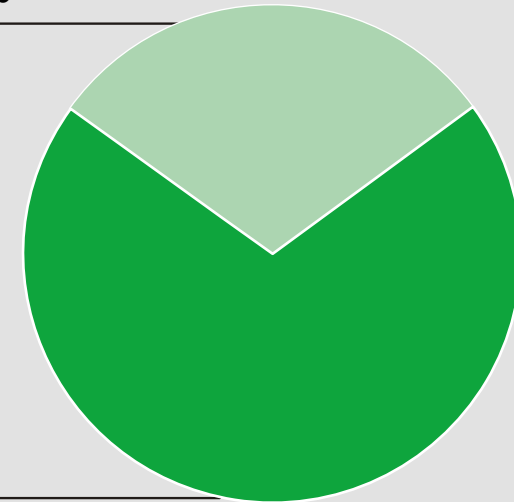
Vossloh new

International markets  
approx. 10%



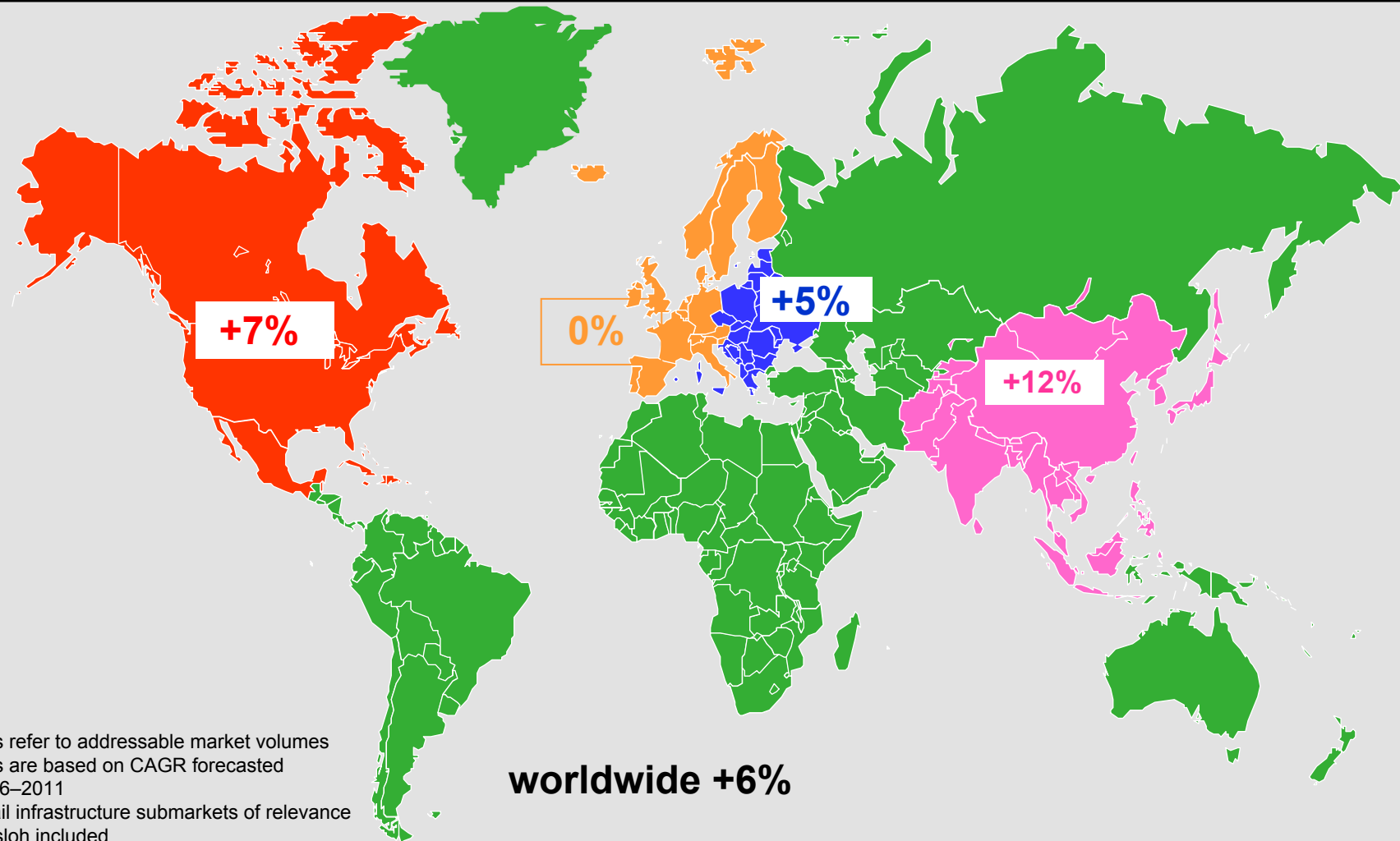
Europe (incl. Germany)  
approx. 90%

International markets  
approx. 30%

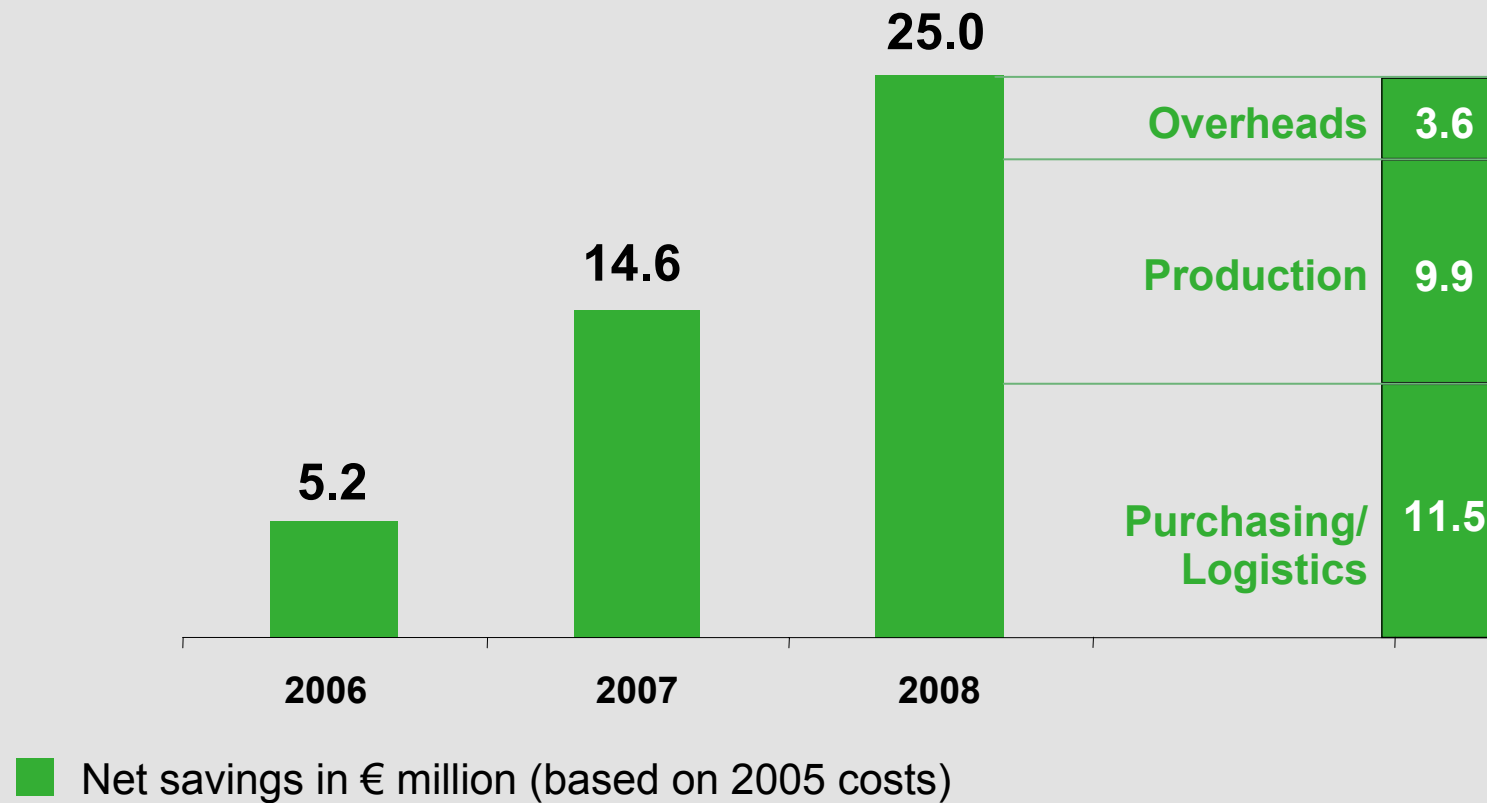


Europe (incl. Germany)  
approx. 70%

# Selective penetration of rail infrastructure submarkets in the key growth regions China, USA, India



# Vossloh FIT! cost reduction program: action-based efficiency boost



# Vossloh new: sustained performance improvement

- Optimized portfolio
- Core business expanded:  
infrastructure and components
- Non-European sales to step up
- Full impact of the *Vossloh FIT!*  
cost reduction program



- ROCE from core business: >15%  
(pretax WACC approx. 11%)
- EBIT growth > sales growth
- EBIT margin: a sustained >10%
- EpS: sustained uptrend
- Medium-term conservative net  
leverage targeted
- Rising dividends

# Indicators at present

		2005 <sup>1</sup>	3Q/2006	2006e
Net sales	(€ mill.)	942.6	689.6	998.2
Operating result	(€ mill.)	90.6	48.2	80.6
EBIT	(€ mill.)	87.6	50.1	82.5
EBIT margin	(%)	9.3	7.3	8.3
Group earnings	(€ mill.)	45.1	19.6	35.5
Average headcount		4,452	4,730	4,767

<sup>1</sup> Due to the disclosure of the Information Technologies division as discontinued operation, the prior-year data has been restated.

## Key data at present

		12/31/2005	09/30/2006	12/31/2006e
Working capital	(€ mill.)	303.3	267.2	229.4
Capital employed	(€ mill.)	756.6	699.1	669.0
ROCE <sup>1/2</sup>	(%)	11.6	9.5	12.3
Equity ratio	(%)	33.1	31.7	32.1
Net financial debt	(€ mill.)	220.5	170.4	114.0
Net leverage	(%)	61.1	46.7	29.8

<sup>1</sup> annualized

<sup>2</sup> Due to the disclosure of the Information Technologies division as discontinued operation, the prior-year data has been restated.

## Budget 2007 and plan 2008

		2006e	2007	2008
Net sales	(€ mill.)	998.2	+8%	+6%
Operating result	(€ mill.)	80.6	+32%	+12%
EBIT	(€ mill.)	82.5	+30%	+12%
EBIT margin	(%)	8.3	10,0	10.6
Group earnings	(€ mill.)	35.5	+74%	+14%
Average headcount		4,767	+4%	+1%
ROCE	(%)	12.3	15.6	17.3

# Contacts

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# Financial diary 2007

<b>Publication of financial information 2006, annual accounts press conference:</b>	<b>March 29, 2007</b>
<b>Meeting with DVFA analysts:</b>	<b>March 30, 2007</b>
<b>Annual stockholders' meeting:</b>	<b>May 31, 2007</b>
<b>Q1 report:</b>	<b>April 26, 2007</b>
<b>Q2 report :</b>	<b>July 26, 2007</b>
<b>Q3 report :</b>	<b>October 30, 2007</b>