Annual Accounts 2006

DVFA conference, March 28, 2007, Frankfurt

Disclaimer

The presentation contains forward-looking statements that are based on current estimates and assumptions made by the management of VOSSLOH to the best of its knowledge. Such forward-looking statements are subject to risks and uncertainties, the non-occurrence or occurrence of which could cause a material difference in future results including changes in political, business, economic and competitive conditions, regulatory reforms, effects of future judicial decisions, foreign exchange rate fluctuations and the availability of financing. Neither VOSSLOH nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this presentation or its content or otherwise arising in connection with this document. VOSSLOH does not undertake any responsibility to update the forward-looking statements contained in this presentation.

The information provided in this presentation does not represent an offer or invitation for the purchase of the stock of VOSSLOH AG or other companies, nor should it be considered as a call to purchase or otherwise trade stocks directly or indirectly.

Vossloh Group

Necessary changes started in fiscal 2006

- **Strategic repositioning initiated**
  - Strategy redefined and repositioning started
  - Disposal of Vossloh Information Technologies by February 7, 2007
  - Cost-reduction program "Vossloh FIT!" implemented

- **Operating activities stimulated**
  - Contracts in China successfully acquired (total volume €185 mill., delivery up to 2008)
  - Sales uptrend at Vossloh Fastening Systems in Europe, yet mounting price pressure
  - Switch Systems business unit virtually at high 2005 level
  - New business acquired by Locomotives business unit producing huge order backlog - Market rollout of EURO 4000 locomotive
  - Sales by Electrical Systems business unit 17% above prior year

Vossloh Group

Sales above €1 billion, EBIT slightly down

		2005	2006	Δ/%
Net sales	(€ mill.)	942.6	1,015.2	+7.7
Operating result	(€ mill.)	90.6	80.9	-10.7
EBIT	(€ mill.)	87.6	82.7	-5.6
EBIT margin	(%)	9.3	8.1	-
EBT	(€ mill.)	69.1	68.6	-0.7
Loss from discontinued operations	(€ mill.)	-0.2	-23.6	-
Group earnings	(€ mill.)	45.1	20.3	-55.0
Average headcount		4,452	4,765	+7.0
Earnings per share (EpS)	(€)	3.07	1.38	-55.1

The prior-year comparatives have been adjusted for the Information Technologies division.

Vossloh stock 2006 to March 15, 2007[1]

MDAX and DAX outperformed

[1] Xetra closing prices

Vossloh Stock

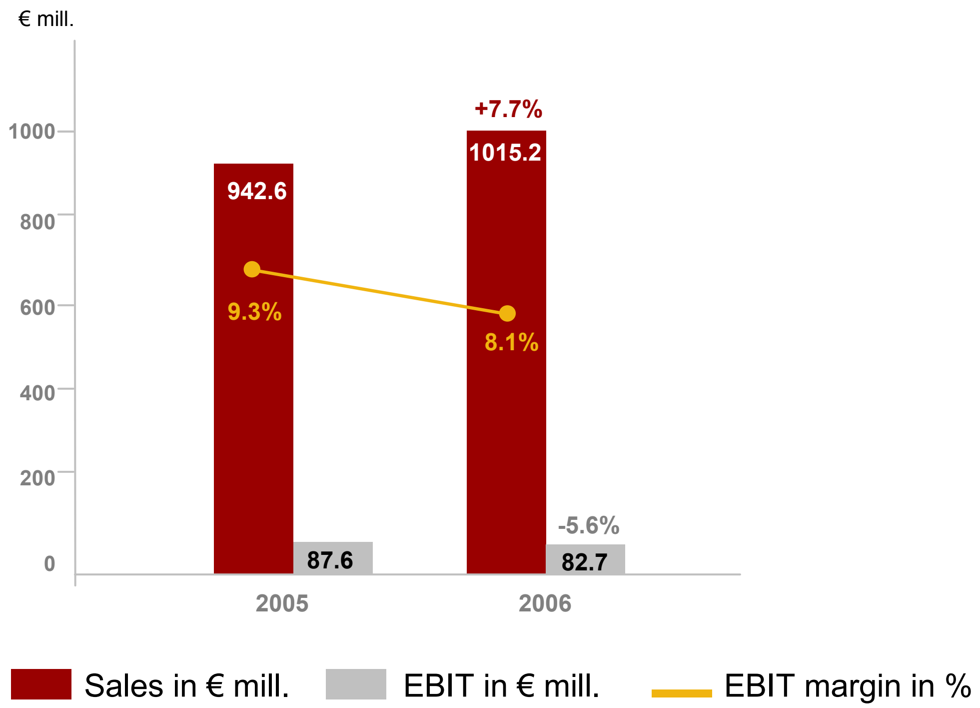
Constant dividend of €1.30 proposed

		12/31/2005	12/31/2006
Shares issued and outstanding	(1,000)	14,735	14,736
Earnings per share (EpS)	(€)	3.07	1.38
Dividend per share	(€)	1.30	1.30[1]
Closing price	(€)	41.10	57.14
Annual high	(€)	48.58	59.20
Annual low	(€)	36.11	34.90
Market capitalization	(€ mill.)	605.6	842.0

[1] Dividend proposal

Vossloh Group

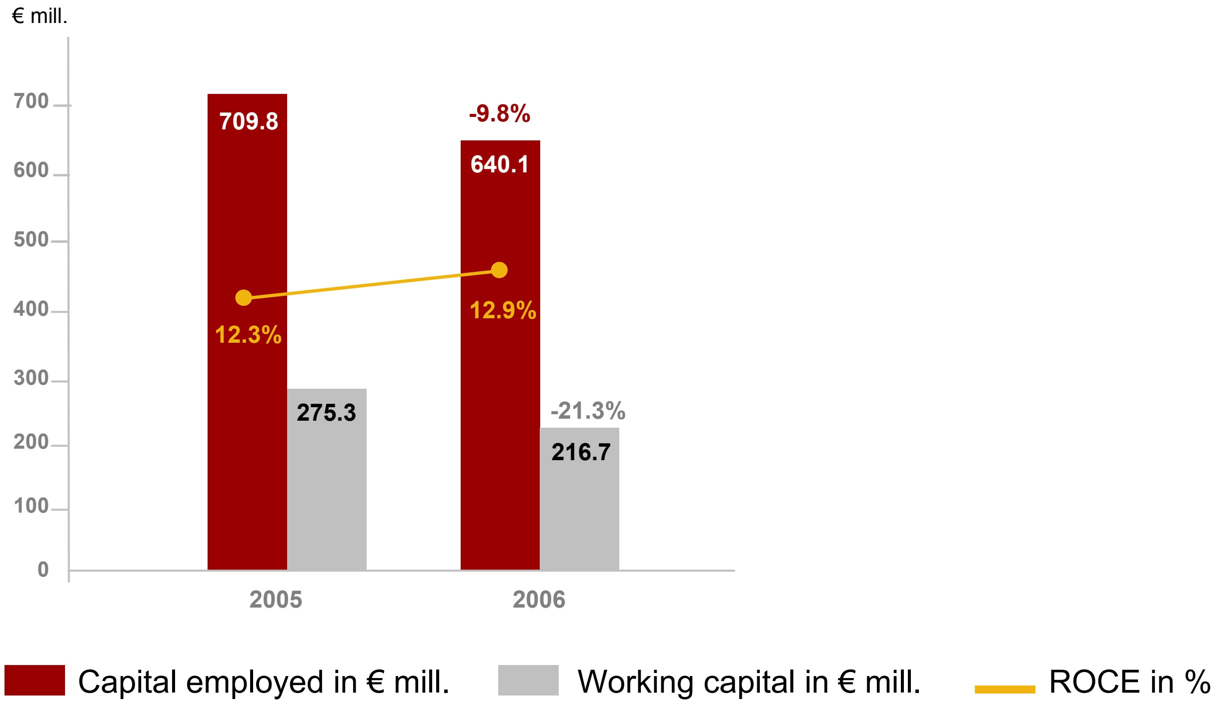
Sales up 7.7%, EBIT margin temporarily down to 8.1%



The prior-year comparatives have been adjusted for the Information Technologies division.

Vossloh Group

ROCE up to 12.9% due to reduction of capital employed



Pro-forma data 2005 excluding Information Technologies division

Vossloh Group

Significant reduction of net financial debt

		12/31/2005	12/31/2006
Total assets & liabilities	(€ mill.)	1,091.2	1,198.5
Equity	(€ mill.)	361.0	371.1
Equity ratio	(%)	33.1	31.0
Working capital	(€ mill.)	275.3	216.7
Working capital intensity	(%)	29.2	21.3
Net financial debt	(€ mill.)	220.5	62.3
Net leverage	(%)	61.1	16.8

Pro-forma data 2005 excluding Information Technologies division

Vossloh Group

Free cash flow in 2006 mainly driven by working capital improvement

		2005	2006
Group earnings (before minority interests)	**(€ mill.)**	**45.9**	**22.6**
Amortization/depreciation/write-down	(€ mill.)	28.3	36.2
Other noncash income/expenses, net	(€ mill.)	6.8	1.4
Profit/loss from the divestiture of tangible assets	(€ mill.)	-0.1	1.1
Payments for short-term securities	(€ mill.)	-4.3	-23.0
Changes in assets and liabilities from operating activities (incl. working capital)	(€ mill.)	-26.3	133.8[2]
Cash flow from operating activities	**(€ mill.)**	**50.3**	**172.1**
Additions to intangible and tangible assets	(€ mill.)	-33.6	-15.3
Free cash flow[1]	**(€ mill.)**	**16.7**	**156.8**

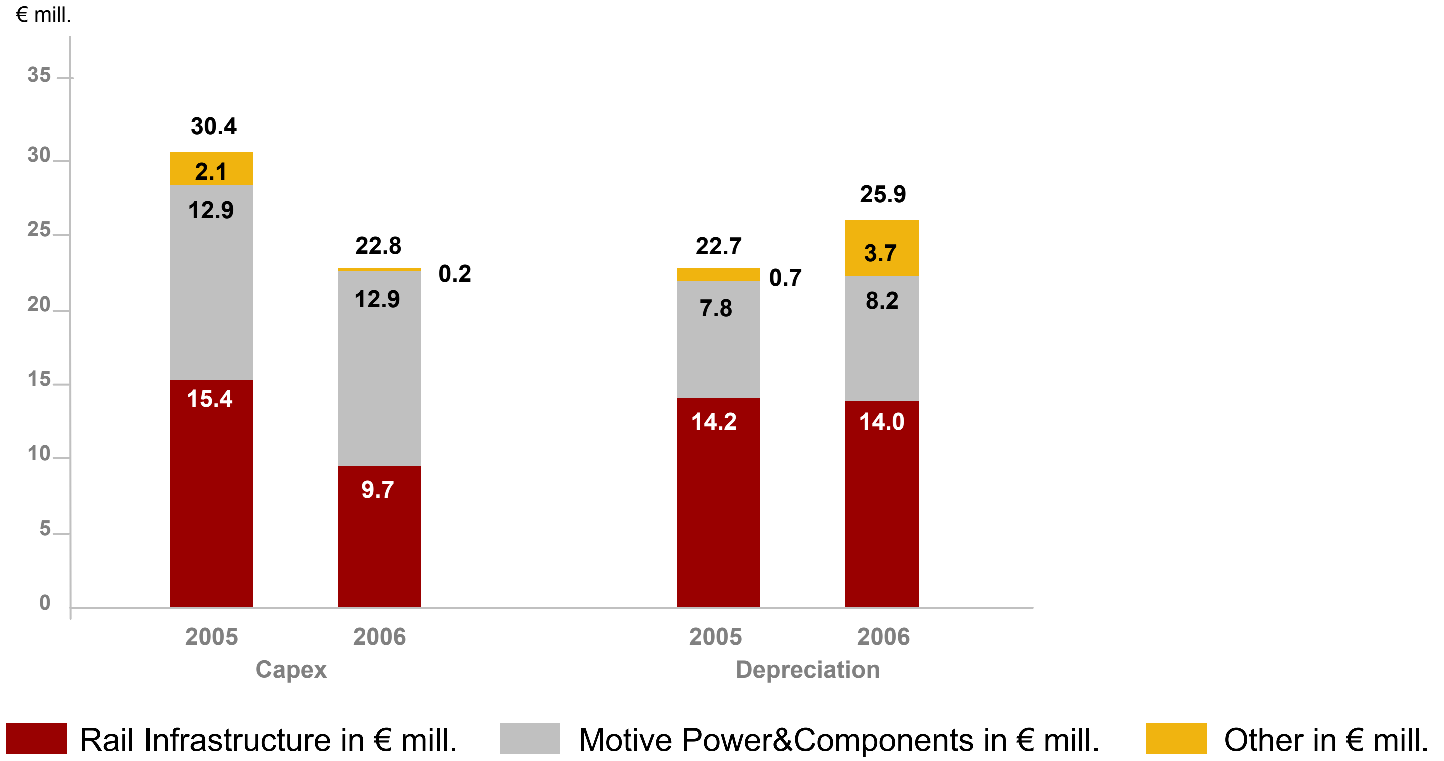
[1] Before investments in financial assets and before acquisitions and dividend

[2] Thereof changes in working capital of €58.6 million (not including VIT), attributable to higher customer prepayments (€35.7 million) and allocations to reserves of €41.7 million (including for taxes and unpaid invoices)

vossloh

Vossloh Group

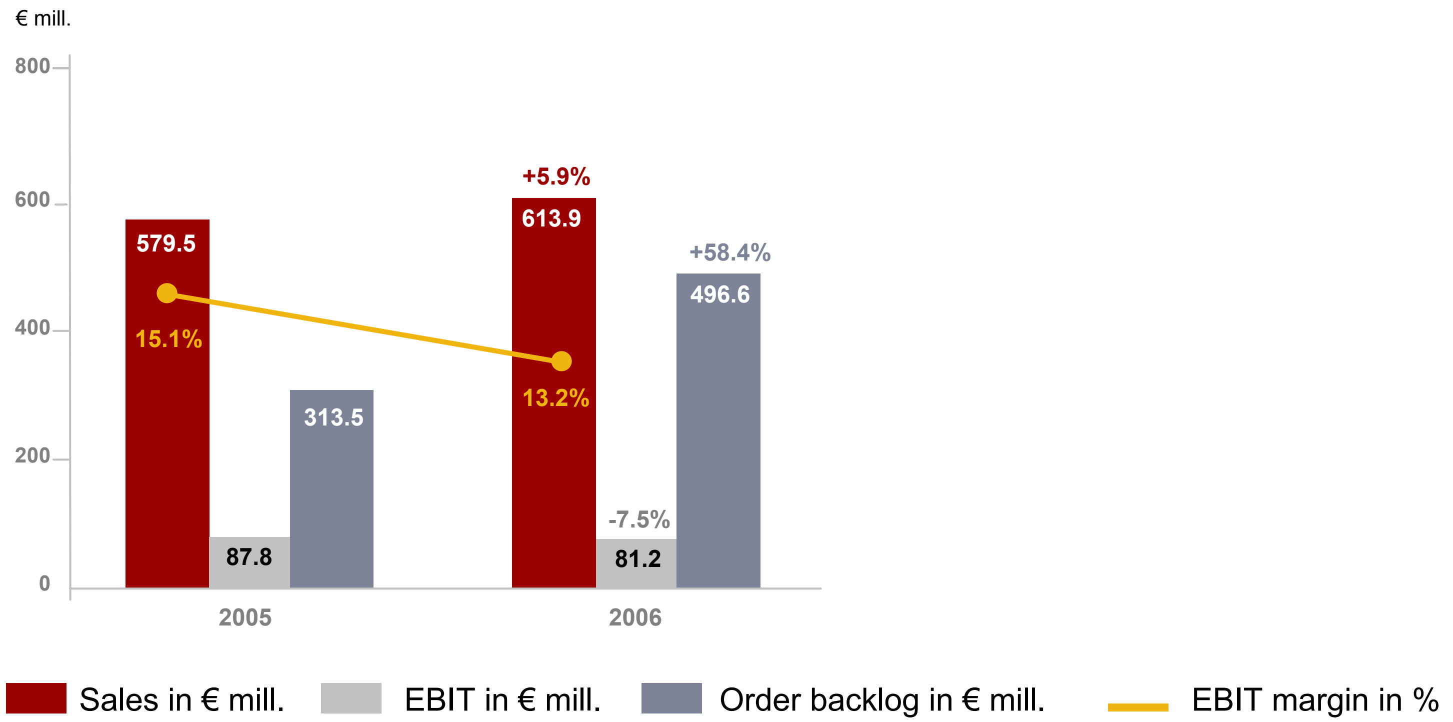
Capital expenditures slightly below depreciation



Pro-forma data 2005 excluding Information Technologies division

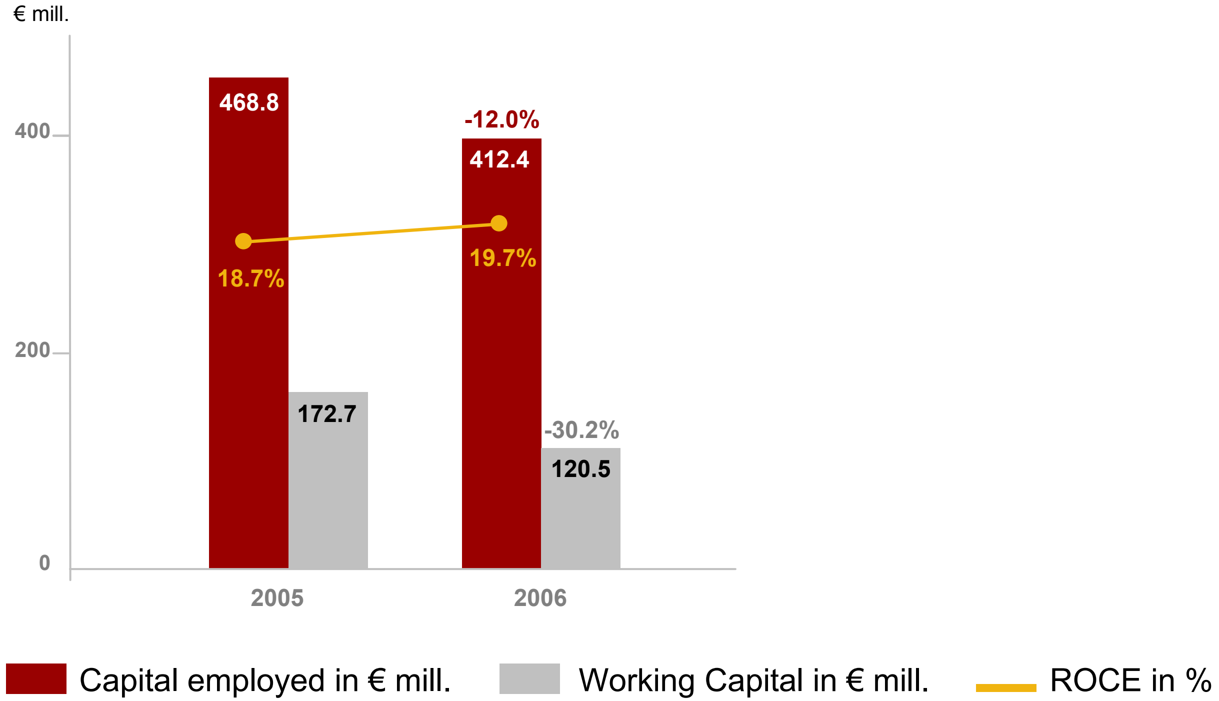
Rail Infrastructure

EBIT margin decreased, but clearly above 10% threshold



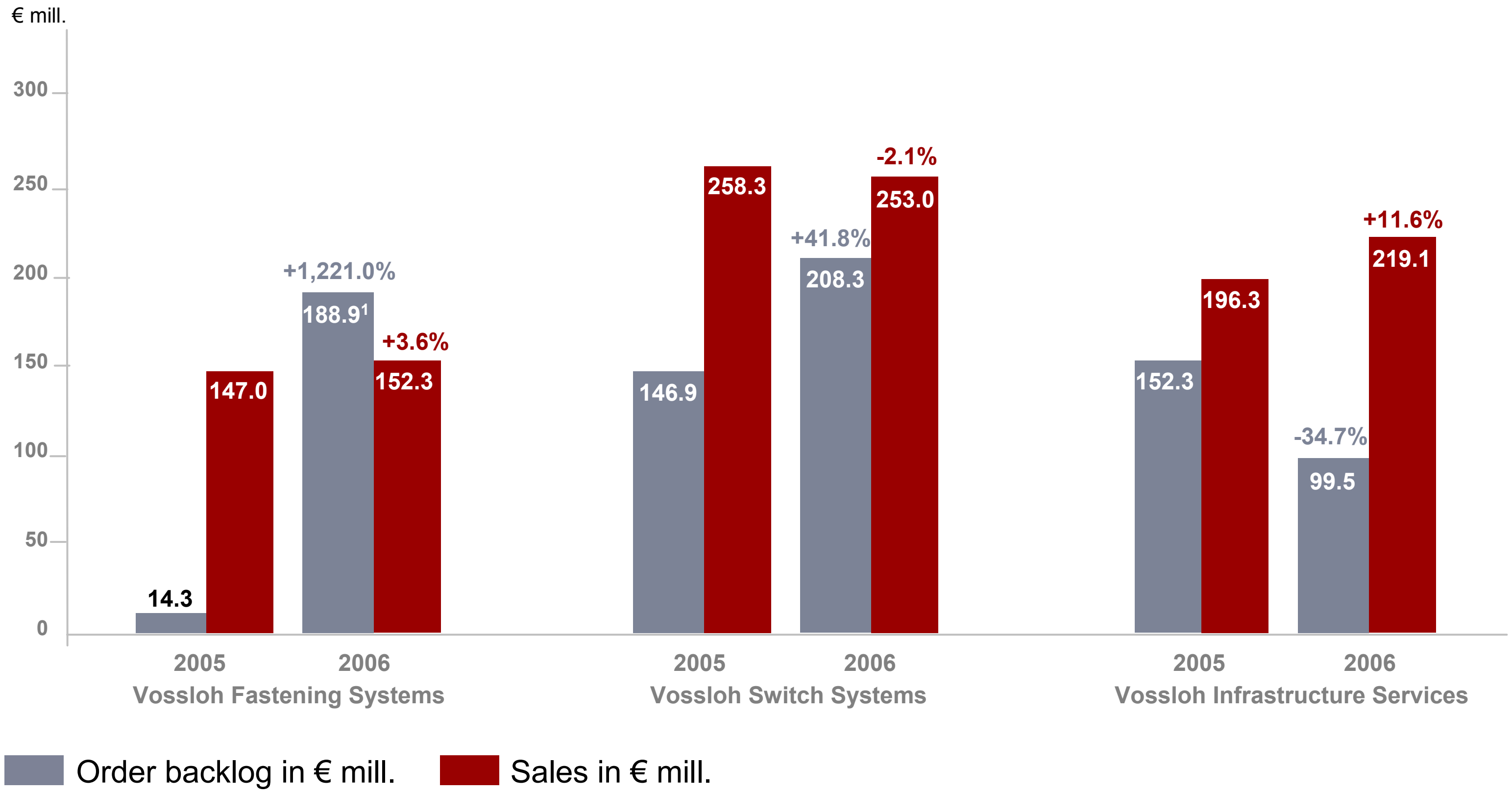
Rail Infrastructure

ROCE increased to 19.7% despite lower EBIT



Rail Infrastructure

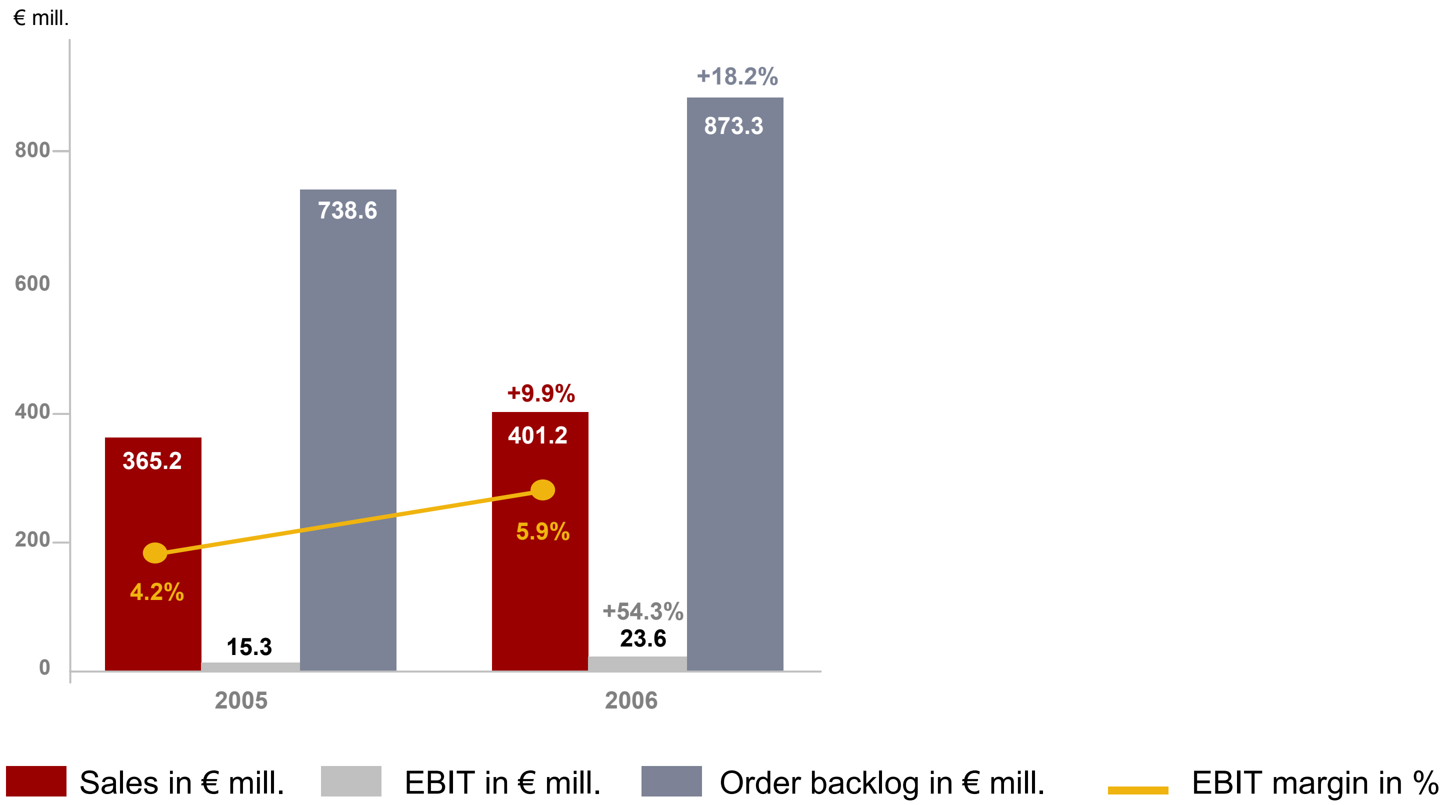
Overall order backlog 58% higher than 2005



[1] of which orders from China for €176 mill.

Motive Power&Components

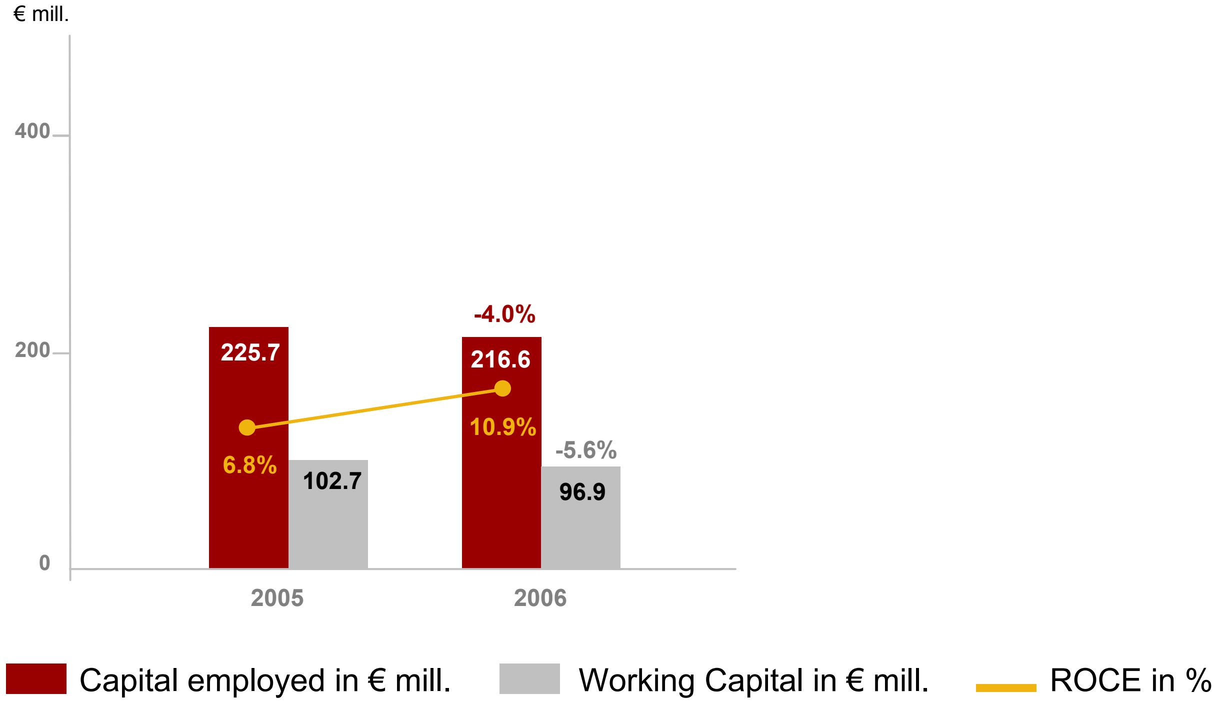
EBIT increased by 54%, EBIT margin slightly up



vossloh

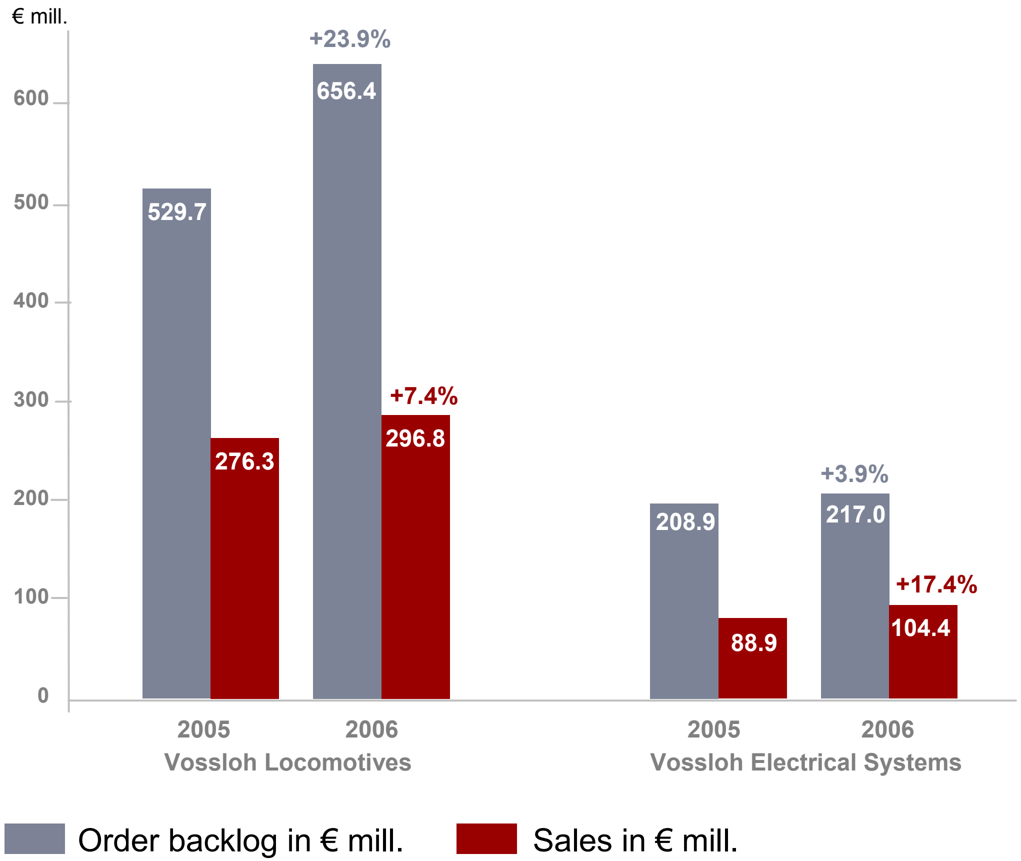
Motive Power&Components

Significant increase of ROCE to 10.9%



Motive Power&Components

Overall order backlog increased by 18%



vossloh

Vossloh Group

Ongoing portfolio optimization and core business expansion

- Disposal of Vossloh Information Technologies executed in January 2007
- Acquisition of Pohl Corp. signed in March 2007
- Strategic alliance for Vossloh Locomotives intended
- Internationalization (China, India, USA) to be stepped up further
- Further acquisitions likely in 2007

  - components

  - regional coverage for Vossloh Switch Systems

Vossloh Group

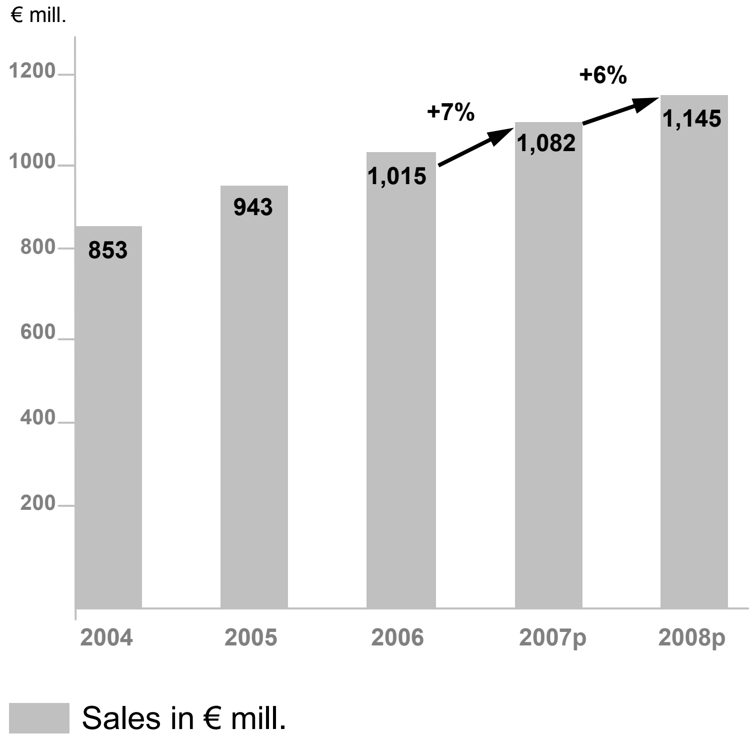
Sustained performance improvement

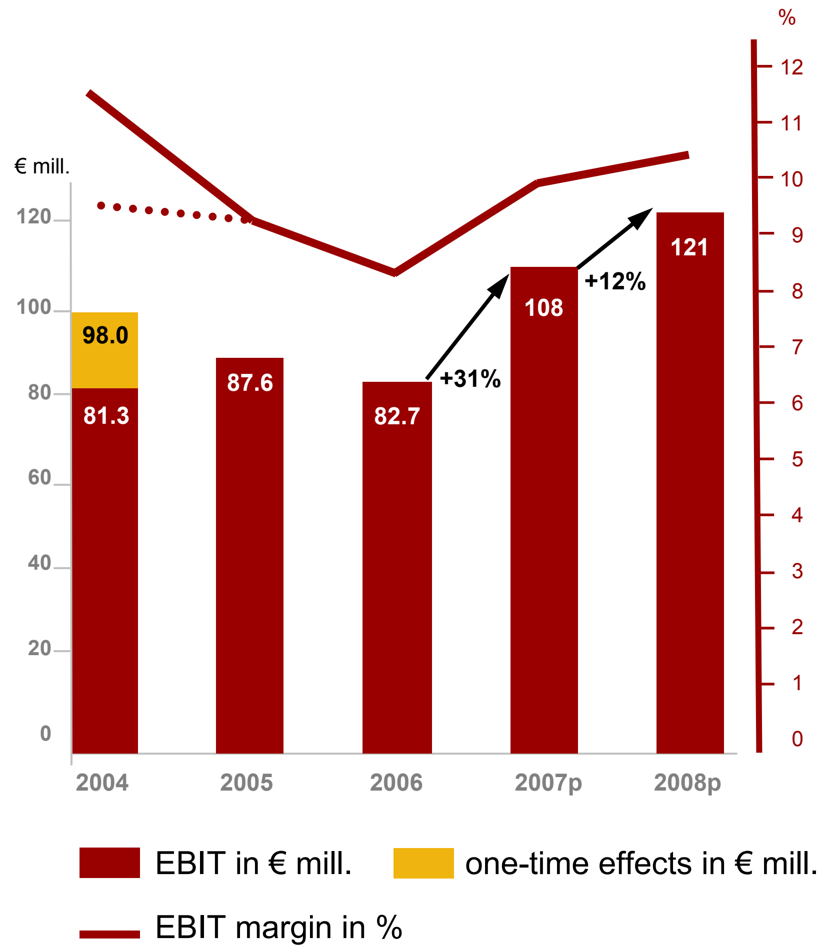
- ▶ Optimized portfolio
- ▶ Expanded core business: infrastructure and components
- ▶ Non-European sales stepped up
- ▶ Vossloh FIT! cost-reduction project implemented

- ▶ **ROCE of core business >15% (pretax WACC approx. 11%)**
- ▶ **EBIT growth > sales growth**
- ▶ **EBIT margin lastingly >10%**
- ▶ **EpS rising lastingly**
- ▶ **Medium-term conservative net debt targeted**
- ▶ **Dividend increasing**

Vossloh Group

Outlook 2007/08: EBIT growth exceeding sales growth





The prior-year comparatives have been adjusted for the Information Technologies division.

Vossloh Group

Budget 2007 and plan 2008: Sustained profitable growth

- ► All business units (except for Infrastructure Services) contribute to sales growth. Substantial rail fastening system sales to China (mega contracts for €185 million)
- ► Enhanced portfolio and savings from the cost-reduction program boost operating result and EBIT
- ► EBIT margin of approximately 10% to be achieved as early as 2007
- ► Cash flow/working capital management improved
- ► 2007 to see ROCE benchmark of 15% being achieved

Vossloh Group

Budget 2007 and plan 2008: key indicators (1)

		2005	2006	2007p	Δ/%	2008p	Δ/%
Net sales	(€ mill.)	942.6	1,015.2	1,082	+7%	1,145	+6%
Operating result	(€ mill.)	90.6	80.9	107	+32%	120	+12%
EBIT	(€ mill.)	87.6	82.7	108	+31%	121	+12%
EBIT margin	(%)	9.3	8.1	10.0		10.6	
Group earnings	(€ mill.)	45.1	20.3	62	+205%	71	+14%
Average headcount		4,452	4,765	4,965	+4%	5,005	+1%
EpS	(€)	3.07	1.38	4.20	+205%	4.80	+14%
Price-earnings ratio (PER)		13.4	41.5	13.6[1]		11.9[1]	

[1] Based on the Dec. 31, 2006 closing price of €57.14

The prior-year comparatives have been adjusted for the Information Technologies division.

Vossloh Group

Budget 2007 and plan 2008: key indicators (2)

		2005	2006	2007p	Δ/%	2008p	Δ/%
Working capital	(€ mill.)	275.3	216.6	225	+4%	233	+4%
Capital employed	(€ mill.)	709.8	640.1	689	+8%	700	+2%
ROCE	(%)	12.3	12.9	15.6		17.3	
Equity ratio	(%)	33.1	31.0	38		41	
Net financial debt	(€ mill.)	220.5	62.3	78	+25%	26	-67%
Net leverage	(%)	61.1	16.8	18		5	

Pro-forma data 2005 excluding Information Technologies division

vossloh

Vossloh Group

Sustained earnings improvement and clear value boost

- International infrastructure market set for sustainable growth
- Leading market position with widened international presence
- Clearly upgraded performance
- International product references and highly reputed products
- Balance sheet structure sound for growth
- High cash flow
- Earnings boost over sales growth
- Rising, earnings-related dividend
- Transparent, open-minded communication

Financial diary 2007

► March 28, 2007	Publication of annual report 2006, annual accounts press conference
► March 28, 2007	Conference with DVFA analysts/teleconference
► May 31, 2007	Annual stockholders' meeting
► June 1, 2007	Dividend payout
► April 26, 2007	Interim report on Q1/2007 (January–March)[1]
► July 26, 2007	Interim report on H1/2007 (January–June)[1]
► October 30, 2007	Interim report on 3Q/2007 (January–September)[1]

[1] Teleconference with financial analysts planned

vossloh

Contacts

- Dr. Gerhard Eschenröder, CEO
- Werner Andree, CFO

- IR contact: Christiane Konrad
- Email: investor.relations@ag.vossloh.com
- Phone: (+49-2392) 52-249
- Fax: (+49-2392) 52-264
- Homepage: www.vossloh.com

Notes

Notes

Notes