



Investors and Analysts Presentation: Outlook 2009e to 2011p

December 3, 2009



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Vossloh Group, 2009e to 2011p

Moderate organic growth, stable earnings

- ▶ **Sales** for 2009 close to prior-year level; 2010 and 2011 again with organic growth
- ▶ **EBIT** largely unchanged
- ▶ **EBIT margin** staying above 10%
- ▶ **ROCE** remaining well above benchmark of 15%
- ▶ **EpS** patterned on operating performance trend



	2009e	2010p	2011p
Sales	€1.2 bill.	€1.23–€1.28 bill.	↗
EBIT	€138 mill.	€135–€140 mill.	→
EBIT margin	11.5%	>11%	→
ROCE	20.3%	>19%	→
Value added	€62 mill.	€55–€60 mill.	→
EpS	€6.37	€6.10–€6.30	→

Vossloh Group, 2009e to 2011p

Financial indicators remaining robust

- ▶ **Working capital intensity** unchanged
- ▶ **Increased capital expenditures** for strengthening and expanding market positions up until probably 2011, then much reduced to under 3% of sales
- ▶ **Capital employed** also reflecting capex drive 2009–2011
- ▶ **Net financial debt** remaining low



	2009e	2010p	2011p
Average working capital	€220 mill.	up < 10%	↘
Working capital intensity	18.7%	19%–20%	↘
Capital expenditures	€43–€47 mill.	€55–€60 mill.	→
Average capital employed	€660 mill.	up < 8%	→
Net financial debt	€50 mill.	€30–€35 mill.	↘
Net leverage	<10%	<6%	↘

Vossloh business units, 2009e to 2011p

Mainly promising prospects

- ▶ **Growing sales** (except for Locomotives Kiel, in 2010)
- ▶ **EBIT** at Rail Infrastructure remaining strong. At Motive Power&Components, business in local transport vehicles will not offset the expected shortfall in locomotive sales
- ▶ **EBIT margin** at Rail Infrastructure continuing at an acceptable level despite expected price pressure; at Motive Power&Components, weak cargo haulage business initially takes its toll
- ▶ **Capital expenditures** for 2009–2011 budgeted high, specific projects to improve market position and cost structures as well as expand product lineup
- ▶ **Working capital intensity** initially unchanged throughout both divisions
- ▶ **Capital employed** reflecting the budgeted expenditures
- ▶ **Value added** remaining at a favorable level at Fastening Systems; at Switch Systems continuous improvements expected; at Locomotives and Electrical Systems, heavy expenditures will have a dampening impact
- ▶ **ROCE** well above 15% in both divisions throughout the planning period

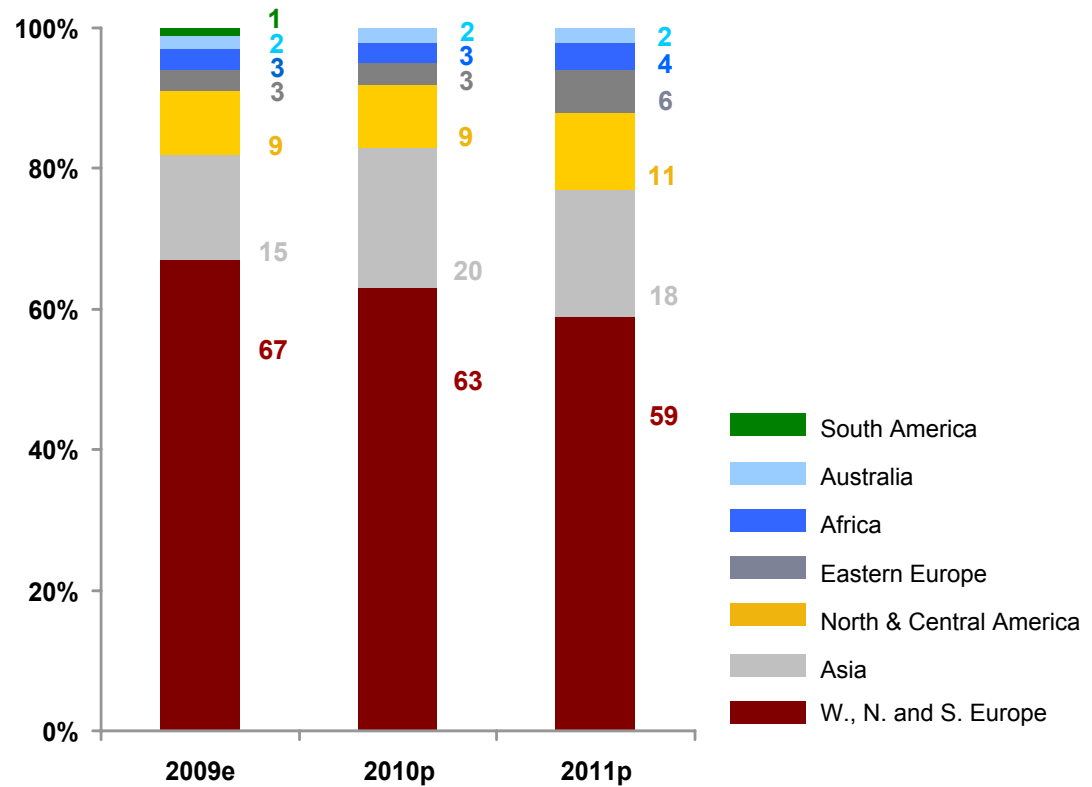


Vossloh Group, 2009e to 2011p

Ongoing internationalization

- ▶ **Non-European share of sales** rising: by 2011, to around 40%
- ▶ **Especially strong growth** expected for Asia, Africa, Australia, and North America
- ▶ **As from 2011**, Eastern Europe incl. Russia and the *-stan* nations to account for an appreciable share of sales
- ▶ **Growth at GNP level** in Europe and North America, above GNP in any other region

Sales by region



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Example: China

Rail network at the focus of economic programs

- ▶ By 2020, the Chinese rail network will be modernized, electrified and expanded from 80,000 km in 2008 to 120,000 km
- ▶ Expansion plans include high-speed lines totaling around 20,000 km
- ▶ Additionally, in 14 cities nationwide, over 40 metro lines with a total length of 1,200+ km

Planned lines



Vossloh: China remaining a major market

- ▶ Current contracts for high-speed lines; most recently major contract for Beijing–Shanghai line booked in June 2009 worth around €170 million

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Example: USA

Focus on cargo haulage/Vision High Speed

- ▶ US administration is planning high-speed passenger lines; project *Vision For High-Speed Rail in America*: ten potential lines with lengths of between 160 und 1,000 km to connect conurbations. \$8 billion budgeted by US administration for planning these lines. Funding and timing details still largely open
- ▶ Short-term market opportunities thanks to foreseeable revival of demand for modernization and higher speeds
- ▶ Growth potential also for local public transit/transport projects



Vossloh: USA with increasingly promising prospects

- ▶ As #3 in US switch market strong position in cargo haulage lines
- ▶ All four business units increasingly targeting passenger and cargo haulage markets

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Example: Russia

Rail development program up to 2030

- ▶ RZD, the state rail company of the Russian Federation operates through 17 regional companies a network of around 85,000 km, one of the longest worldwide
- ▶ The rail development program envisages up to 2030 around €380 billion for revamping and expanding the network, with over 20,000 km of new lines to be built



- ▶ Strategic routes
- ▶ High-speed routes
- ▶ Supply routes
- ▶ Freight routes
- ▶ Development of Russian Railway system after 2030

Vossloh: Russia can gain importance starting from 2010

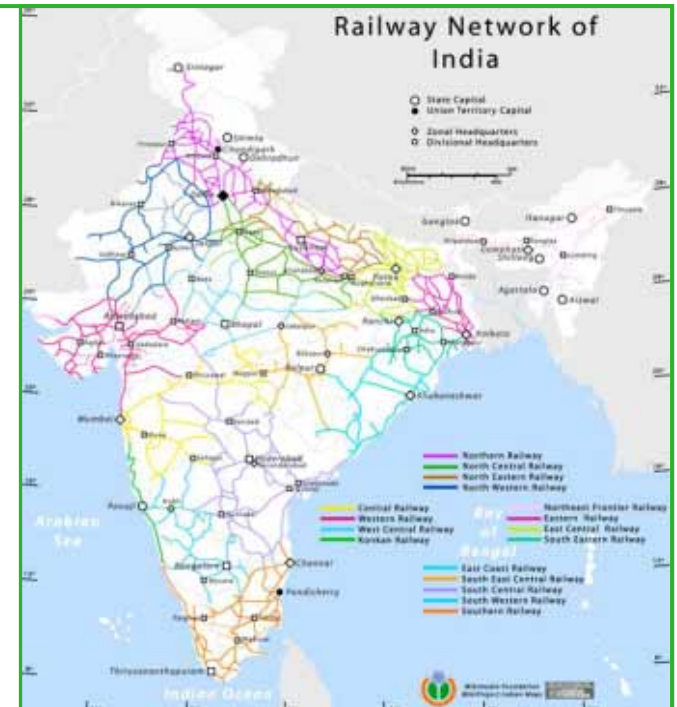
- ▶ Joint venture for rail fasteners founded; Vossloh could become one market player among several others
- ▶ High-speed lines only a portion of possible sales; emphasis on revamping existing network

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Example: India

Vast potential

- ▶ With a rail network of around 65,000 km, among the biggest railway markets worldwide
- ▶ From 2007/2008 to 2011/2012, some €44 billion to be invested in the revamping and expansion of the network
- ▶ Focus on converting and standardizing track gauge
- ▶ Multistage decision-making and planning processes generally mean lengthy implementation periods



Vossloh: our switch systems enjoy an anchored position in the Indian market

- ▶ Switch Systems has three local sites and sees good opportunities for further growth
- ▶ Fastening Systems currently focusing on local public transportation

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Example South America, focus on Brazil

Driving force: transport of commodities and Olympics

- ▶ Rail network neglected and/or poorly structured
- ▶ Growth areas: local passenger, cargo, high-speed transportation
- ▶ Brazil planning between 2010 and 2030 rail network expenditures of €76 billion; in view of Soccer World Cup 2014 and Olympics 2016 further urban transport expenditures envisaged



Vossloh: good preconditions in South America

- ▶ Since 2009, sales offices in São Paulo and Buenos Aires; main target markets initially Brazil and Argentina

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Example: North Africa

Mediterranean nations interlinking their rail networks

- ▶ In all countries, rail systems largely outdated and insufficient
- ▶ Growth areas: local and long-distance passenger, cargo transport
- ▶ Between 2010 and 2014, Algeria to spend €6.8 billion on revamping and expanding rail network
- ▶ Tunisian government about to improve nation's competitiveness as location, e.g. earmarking €1.7 bill. for high-speed rail network



Vossloh: established market player in the region

- ▶ Switch Systems traditionally has 5% to 10% of its total sales in this region
- ▶ Rail lines in Algeria, Mauretania and Morocco already have Vossloh rail fasteners

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New Vossloh solutions for local public transport

Local public transport developments:

- ▶ The global megatrend of urbanization is generating brisk demand for green, energy-efficient local transport

Vossloh solutions:

- ▶ Production-ready hybrid drive for buses (lowering fuel consumption and CO₂ emissions), and some time soon for trams/LRVs
- ▶ All-Vossloh (mechanical and electrical components and systems) trams and suburban trains (first example: Train-Tram Mallorca)
- ▶ Rail vehicle revamping a burgeoning business:
 - Traction
 - Onboard electrics
 - HVAC



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New solutions for long-haul transport

Developments in long-haul passenger and cargo transport:

- ▶ Roads have limited capacity; rising demand for clean modes of mobility will fuel rail transport growth over the years ahead
- ▶ Also, rising demand for high-speed lines to connect the conurbations and megacities

Vossloh solutions:

- ▶ *EURO light* locomotive for selected markets and low axle loads (<20 t)
- ▶ New range of shunters from 2010:
 - with diesel-electric driveline from Vossloh
 - with diesel-hydraulic driveline
 - platform concept with parts commonality of 50%–70%
- ▶ Heavy-haul fasteners for safe and cost-efficient operation even with very heavy axle loads
- ▶ Lower-maintenance switches/turnouts with remote diagnosis, development of additional switch machines and actuators
- ▶ For all markets including Asia and North America



Vossloh Group, 2009e to 2011p

EBIT continuing at the 2008 record level, despite general economic turmoil

- ▶ **Vossloh looking to further organic growth in 2010 and 2011** after sales for 2009 will substantially stay at the 2008 level
- ▶ **Both divisions to contribute to growth**; further internationalization a major driver, with Europe continuing to make high contributions
- ▶ **EBIT** of the Vossloh Group—with its Fastening Systems, Switch Systems, Locomotives and Electrical Systems business units—for 2009e to 2011p to essentially continue at the high 2008 level
- ▶ **Value added and ROCE** to generally follow the EBIT trend
- ▶ **Net financial debt and net leverage** to stay low, and cash flow generation high
- ▶ **As rail technology specialist**, Vossloh will also grow through M&As and remain highly profitable



Financial diary and contacts

Financial diary 2010

- ▶ March 25, 2010 Annual accounts & analysts conference on fiscal 2009¹
- ▶ April 28, 2010 Interim report on Q1/2010¹
- ▶ May 19, 2010 Annual general meeting
- ▶ July 28, 2010 Interim report on H1/2010¹
- ▶ October 27, 2010 Interim report on 9 months 2010¹
- ▶ December 2, 2010 Investors and analysts conference¹

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