

Presentation to Investors and Analysts: Outlook 2010e–2012p

December 2, 2010



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Vossloh Group

Business in 2010 heading for new all-time highs

- ▶ **Sales and earnings** by the Vossloh Group in the first nine months 2010 showing double-digit advance (mainly organic); the Kiel location generating higher Q3 sales for the first time since H1/2008
- ▶ **New business unit** Rail Services succeeding according to plan and progressing briskly with its high-speed grinding product
- ▶ **Major contracts** from Libya, Sweden, China, etc. breeding continued organic growth
- ▶ **Access into the Russian growth market** for rail infrastructure through a first sizable contract for supplying rail fasteners
- ▶ **Second footing in China:** joint venture formed with two Chinese associates for the production of rail switches



Vossloh Group, 2010e–2012p

Accelerated sales growth and again high margin

- ▶ **Sales increase** to continue in 2011 and, even steeper, in 2012
- ▶ **EBIT** improving at the same pace as sales; **EBIT margin** largely unchanged
- ▶ **ROCE** easily above 15% and rising again upon capex program completion after 2011
- ▶ **Group earnings** uptrend continuing despite heavier tax ratio
- ▶ **Dividend reflecting successful performance**

	2010e	2011p	2012p
Sales (€billion)	approx. 1.35	approx. 1.4	approx. 1.5
EBIT (€million)	≥150	>160	>170
EBIT margin (%)	11–11.5	11–11.5	11–11.5
Group earnings (€million)	≥93	>95	approx. 100
Earnings per share (EpS) (€)	approx. 7.00	approx. 7.20	approx. 7.50
ROCE (%)	approx. 17–18	approx. 17	approx. 18
Value added (€million)	approx. 60	approx. 65	approx. 75
Dividend per share (€)	2.50	≥2.50	≥2.50



Vossloh Group, 2010e–2012p

Financial indicators remaining solid

- ▶ **Working capital intensity** to be upgraded but estimated to continue around 22%
- ▶ **Capital employed** on a high level, substantially through capital expenditures to cement market position and boost growth
- ▶ **Net financial debt** staying low



	2010e	2011p	2012p
Total assets (€billion)	approx. 1.36	approx. 1.4	approx. 1.5
Total equity (€million)	approx. 570	approx. 630	approx. 690
Average working capital (€million)	approx. 300	approx. 310	approx. 330
Working capital intensity (%)	≥ 22	approx. 22	approx. 22
Average capital employed (€million)	approx. 850– 900	approx. 900–950	>950
Net financial debt (€million)	approx. 100–150	approx. 100–150	<150
Net leverage (%)	approx. 20	approx. 20–25	approx. 20

Vossloh Group, 2010e–2012p

Rail Infrastructure division again dynamic, Transportation division bouncing back

- ▶ **Sales** at Rail Infrastructure with vigorous growth rates in some cases; following decline in 2011, Transportation revenue rebounding in 2012 as Transportation Systems business resurges
- ▶ **EBIT** in 2011 and 2012 up at both divisions
- ▶ **EBIT margin** at Rail Infrastructure slightly burdened by higher cost of materials; at Transportation expected to rise in 2012 following stability in 2011
- ▶ **Working capital intensity** remaining virtually steady at both divisions
- ▶ **Capital employed built up** especially by high capex at Rail Infrastructure
- ▶ **Value added** rising virtually across all business units despite mostly heavier capex
- ▶ **ROCE** at Rail Infrastructure estimated to remain at around 20%; at Transportation gradually climbing

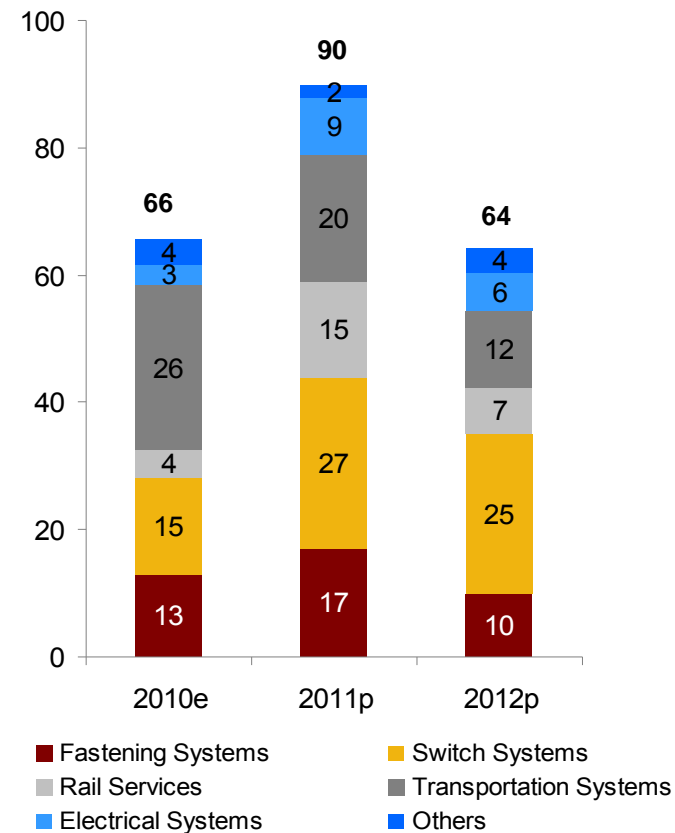


Vossloh Group, 2010e–2012p

Capex surge to boost growth

- ▶ **Capex** of around €90 million at group level in 2011 for expanding and bolstering market position, thereafter sinking toward the level of amortization/depreciation
- ▶ **Amortization/depreciation** expected at around €40 million in 2011 and about €45 million in 2012
- ▶ **Rail Infrastructure capex:** focus in 2011 on Switch Systems (new China joint venture); at Fastening Systems, expenditures mainly for a new production plant in Russia; at Rail Services, centering on further development of high-speed grinding
- ▶ **Transportation capex:** in 2011 again chiefly at the Transportation Systems BU for developing new types of locomotives and trams/LRV

Capital expenditures (€ million)

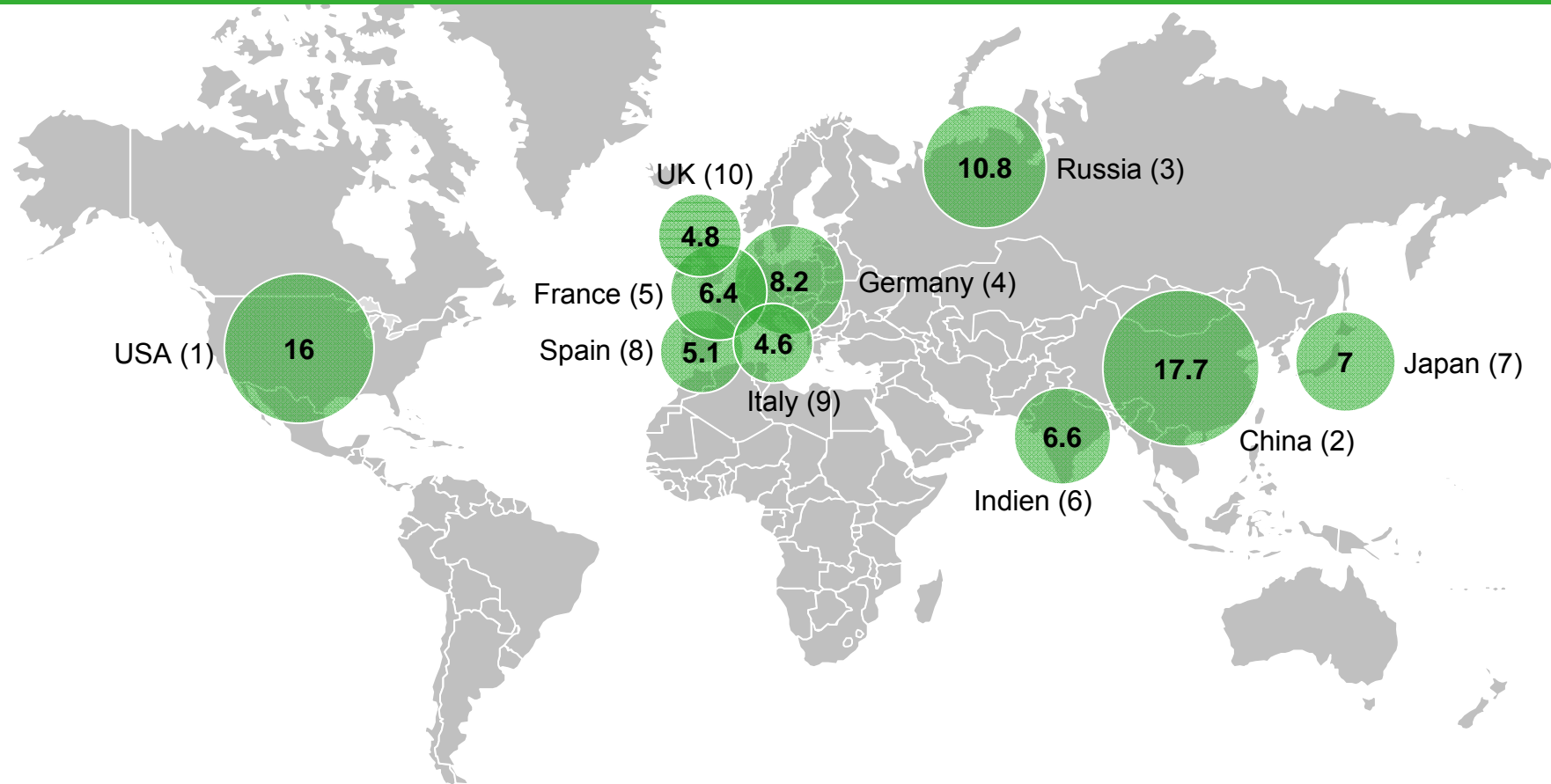


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Regional markets: the world's ten biggest rail markets

China, Russia and USA with biggest market volume¹ (in € bill.; annual average 2009–2011)

(2009 ranking)

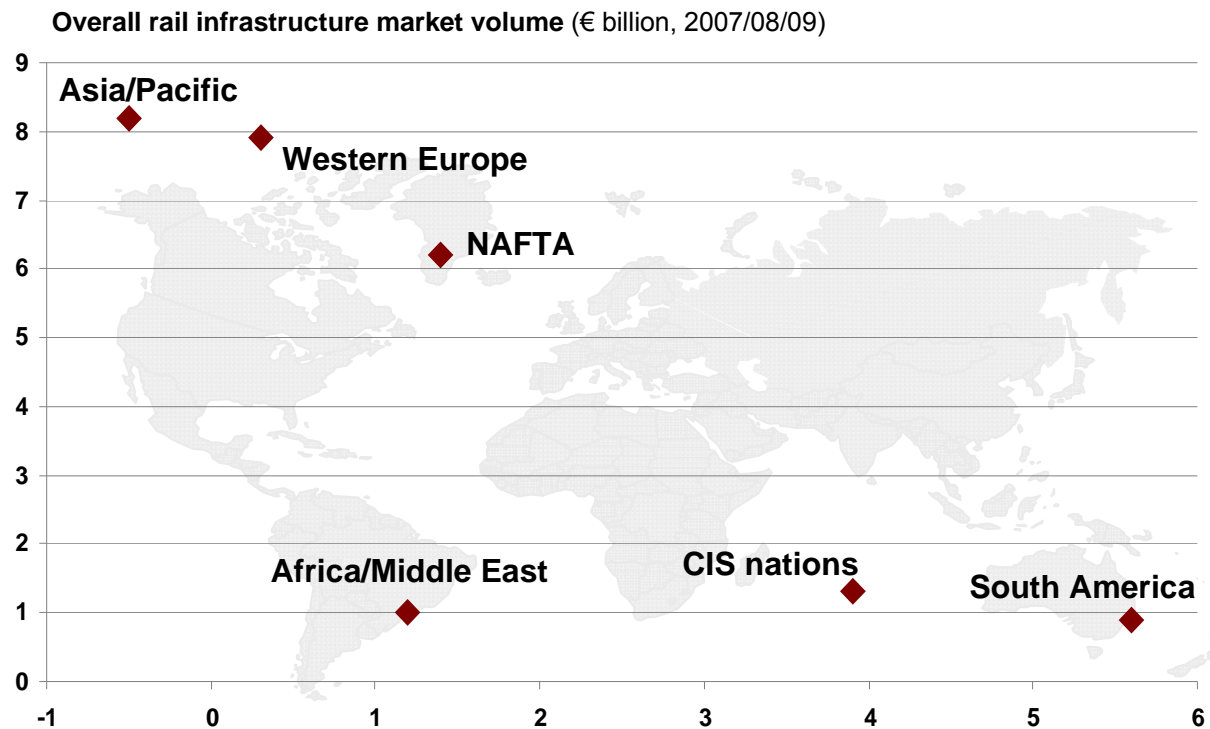


¹ SCI: The Worldwide Market for Railway Technology 2010

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Rail infrastructure market still inviting

Asia and Western Europe with large market volume, CIS and South America booming¹



- ▶ Between 2005 and 2010e, Vossloh Rail Infrastructure has easily outgrown its market as such: annual market growth 4.6%; Vossloh's sales have more than doubled, rising 16.7% annually
- ▶ For the years ahead, Vossloh plans an annual rail infrastructure growth of at least 5% (market forecast: 0.7% yearly)
- ▶ In Asia/Pacific, Vossloh expects ongoing growth

Average annual growth rates
(in %, 2007/08/09–2015/16)

¹ UNIFE, BCG: World Rail Market Study 2020, overall market volume acc. to average annual order intake, market data incl. electrification

Vossloh Fastening Systems

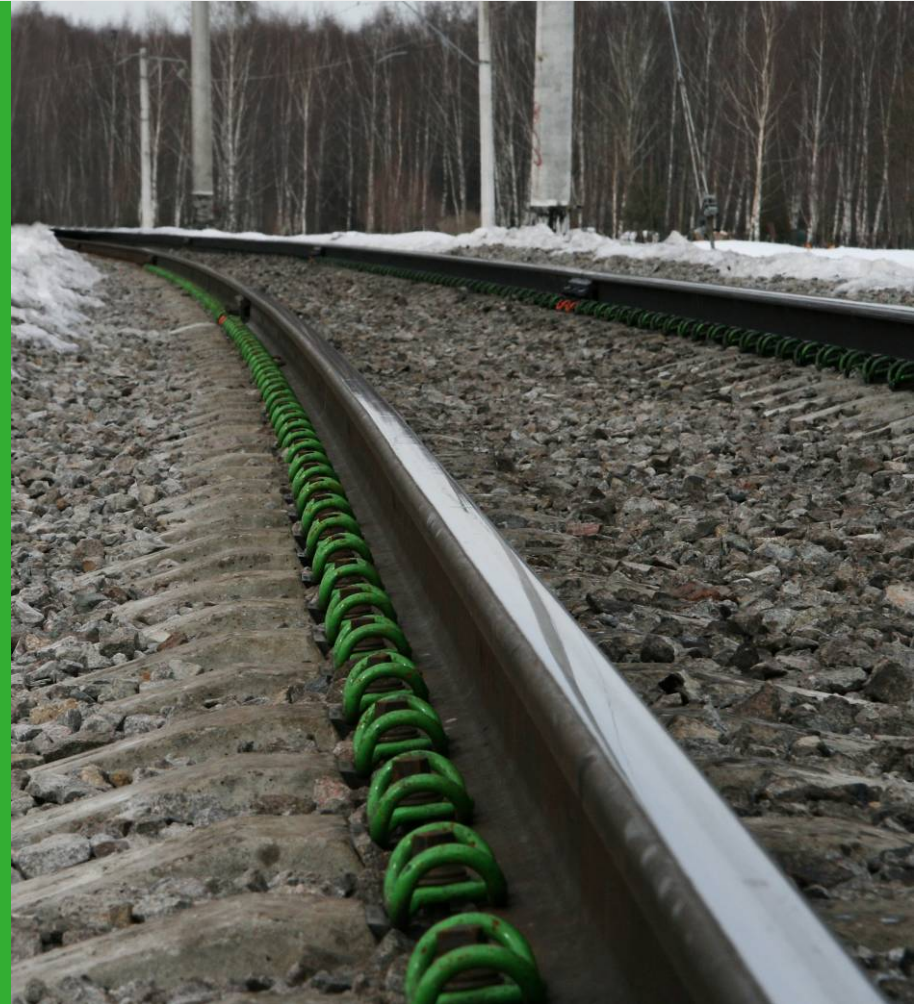
Fasteners for Russia

New production facility

- ▶ **Expenditures** of €15 million, incl. €7 million budgeted for 2011; annual **capacity** of some €60 million
- ▶ **W 30 fastening system:** homologated specifically for Russian conditions since September 2010, engineered for the challenging and in some cases extreme climates
- ▶ **Contract for supplying rail fasteners** to the Russian rail company RZD, awarded in October, ensures successful entry into the Russian rail infrastructure market

Russia to revamp its rail network extensively

- ▶ Up to 2030, **heavy expenditures for revamping and extending the Russian rail network envisaged.** Capex volume totaling about €380 billion¹. By 2015, approx. 3,000 km of new lines to be built and 2,700 km electrified



¹ Germany Trade and Invest, as of Oct. 6, 2010

Vossloh Switch Systems

Switches and turnouts for China

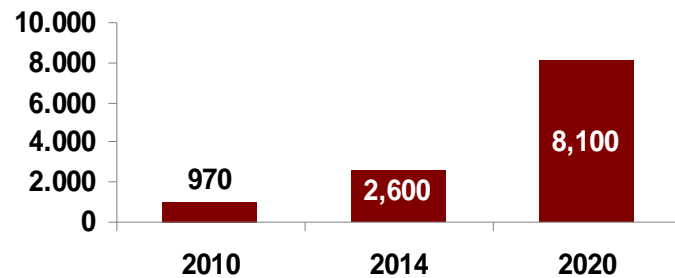
New production facility

- ▶ **Vossloh spending** €15 million, incl. €10 million budgeted for 2011; **annual capacity** for over €80 million (2,600 switches)
- ▶ **Setting up a joint venture together** with China Railway Materials Group (CRMG) and Huaxing close to Nanjing
- ▶ **Target markets:** local transport, industrial tracks



Local transport market zooming

Local public transport in China (network in km)¹



¹ Source: Vossloh AG

Vossloh Rail Services

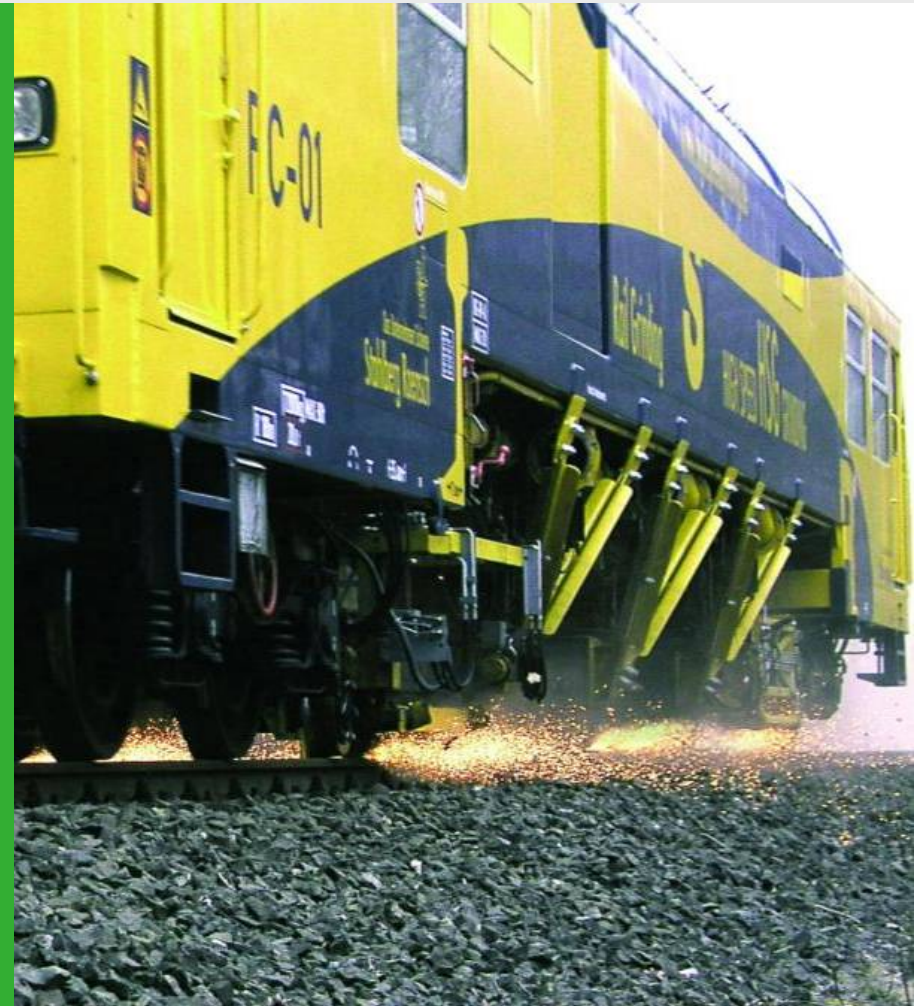
High-speed grinding

Innovative rail maintenance technology

- ▶ **Capex** to total around €13 million, incl. €11 million budgeted for 2011; **annual capacity** for over €24 million
- ▶ Development and construction of **three grinding trains** together with Vossloh Locomotives
- ▶ **High-speed grinding (HSG):**
 - Preventive rail grinding technique
 - Doubles rail life
 - USP: high grinding speed of 80 km/h
 - No track shutdown necessary

Patented and working successfully for German Rail (DB)

- ▶ In use following the pilot projects on the high-speed Nürnberg–Ingolstadt line and in Switzerland, etc.; keen international interest, too

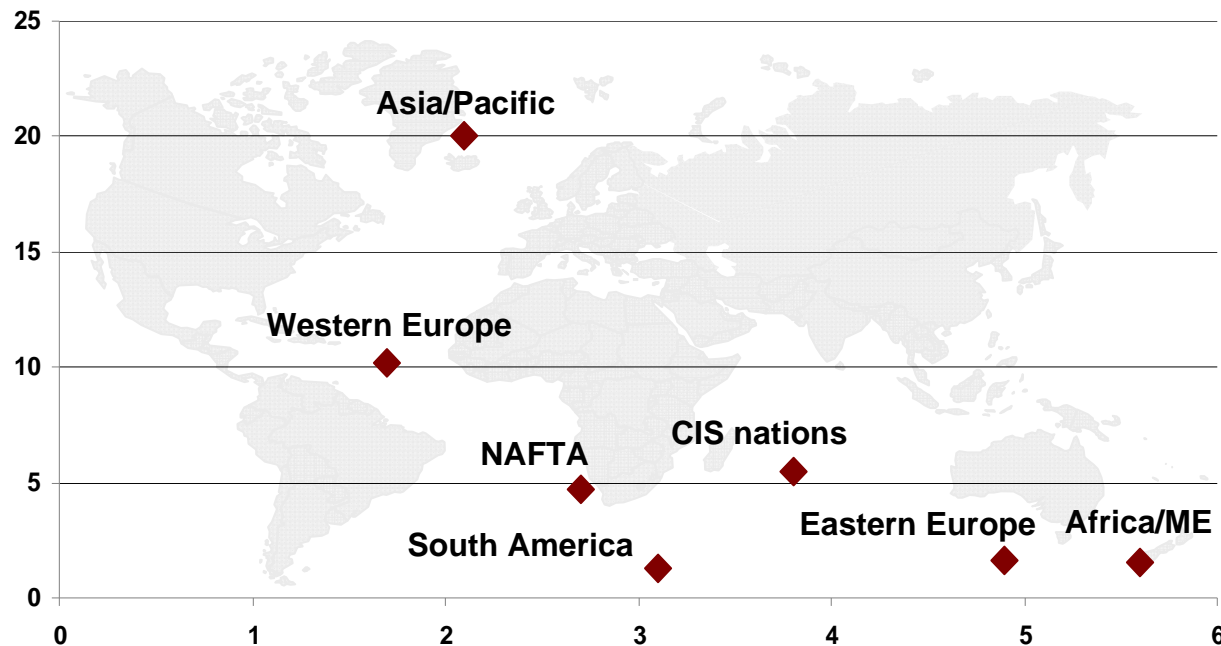


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Rolling stock in selected regions with potential

Growth mainly in Africa/Middle East, Eastern Europe and CIS, Western Europe remaining no. 2 market¹

Overall transport vehicle market volume (€ billion, 2007/08/09)



- ▶ Vossloh Transportation is a successful specialist in selected markets and products
- ▶ Freight and local public transport will show strong growth over the years ahead: segments in which Vossloh is well positioned
- ▶ Vossloh Transportation will focus over the coming years on Western and Eastern Europe; growth opportunities in CIS, NAFTA, and Africa/Middle East

¹ UNIFE, BCG: World Rail Market Study 2020, overall market volume acc. to average annual order intake

Vossloh Transportation Systems, Locomotives

Modular mid-cab locomotive family

Growth through modern and efficient locomotives

- ▶ **Capex** totaling around €24 million, incl. €6 million budgeted for 2011
- ▶ **Mid-cab locomotive family:** parts commonality strategy enhances customer benefits regarding quality, cost efficiency, servicing
- ▶ **Vossloh in-house diesel-electric traction systems**, hence:
 - Extended level of insourcing and less dependence on outside suppliers
 - Open for energy-saving technologies such as hybrid technology, start-stop systems, dual-mode locomotives, etc.
 - Possibility of accessing new markets: Eastern Europe, Russia, MENA
- ▶ **Complies** with new statutory requirements including crashworthiness, noise protection, and emission control



Vossloh Transportation Systems, Rail Vehicles

EUROLIGHT and trams

EUROLIGHT for lines with axle load limits

- ▶ **Capex** totaling around €11 million, incl. €3 million budgeted for 2011
- ▶ Four-axle diesel-electric locomotive for freight and passenger haulage, **rating 2,800 kW**
- ▶ **Access to new markets** with low mainline axle loads, e.g. Eastern Europe, Southern Europe, European secondary lines



Trams for the international market

- ▶ **Capex** of around €14 million, incl. €6 million for 2011
- ▶ Vossloh trams (TramLink) with **mechanical and electrical systems all sourced from Vossloh**
- ▶ First market reference: Northern Spain, etc.
- ▶ **All the ingredients** for a complete local rail transport program: metros, train-trams and trams



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Modernization and further selective capacity enlargements

Modernization moves particularly at Rail Infrastructure

- ▶ **Capex** of around €15 million budgeted for 2011
- ▶ New machinery, e.g. millers and new forges for the Switch Systems locations, machine tools for Fastening Systems, sand blasters for Transportation Systems



Additional capacity enlargements

- ▶ **Capex** of around €26 million budgeted for 2011
- ▶ Key projects: new bending plant in China, continuous pickling plant in Turkey, extension of development capacities at Electrical Systems, component part production facilities for Fastening Systems in Germany



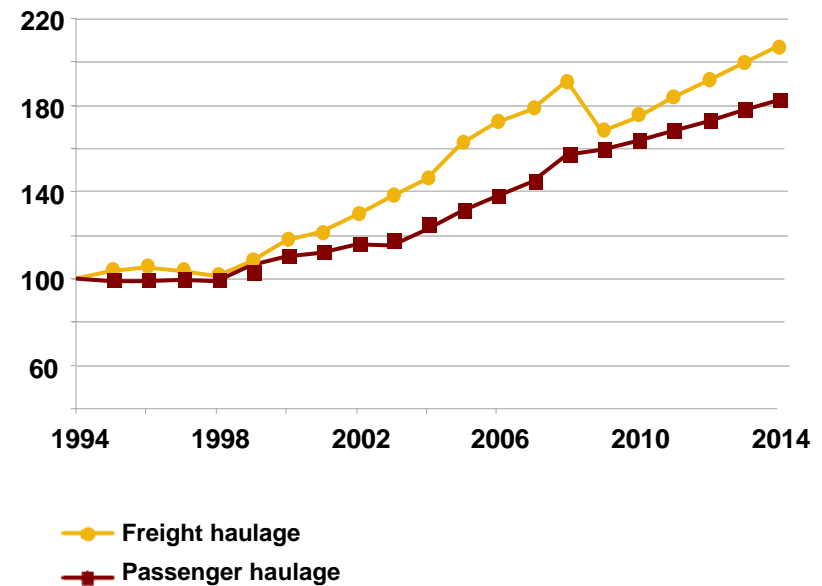
Rail-bound transportation growing at a steady rate

Urbanization and global trading trigger rail haulage trends

- ▶ **The favorable energy and emissions balance** of rail-bound haulage is a persuasive argument in favor of this transport mode
- ▶ **Growing political support, too:** relocating haulage to rail is an objective of the EU and many governments in Europe; many non-European countries in Asia, MENA (Middle East & North Africa), and the United States are supporting the setting up and expansion of rail haulage at the expense of other transportation modes

Worldwide rail haulage output (1994=100)¹

- ▶ **Freight haulage rising despite crisis:** 3.7% annually¹
- ▶ **Passenger haulage growing steadily:** 3.0% annually¹



¹ UNIFE, BCG: World Rail Market Study 2020; SCI: The Worldwide Market for Railway Technology 2009–2014; UIC; freight haulage: 100 = 5,333,807 million tkm; passenger haulage: 100 = 1,707,568 million pkm

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Strongly positioned to outpace market growth

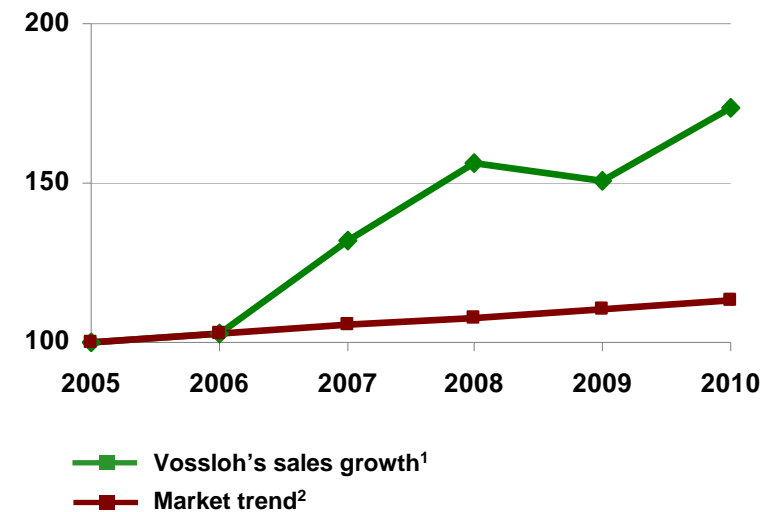
Growth drivers: products and new markets

- ▶ **Efficient products:** Vossloh offers intelligent products and solutions for growing mobility needs: reliably and individually tailored to customers and their economic benefits
- ▶ **Internationalization:** Vossloh has a strong market presence and operates in 100+ countries worldwide. Ongoing internationalization, especially in regions with high growth potential, remains an important driving force of its business

Vossloh easily outperforming the market

- ▶ **Vossloh's annual sales growth rate:** 11.9%¹
- ▶ **Annual rail market growth rate:** 2.8%²

Vossloh and market growth (2005=100)



¹ Vossloh group sales 2005–2010e, all excl. Infrastructure Services (sold in 2008) and Information Technologies (sold in 2006)

² UNIFE, BCG: World Rail Market Study 2020, €121.5 billion average market volume in 2005–2007, €136 billion average market volume in 2007–2009, as well as assuming a 2.4% growth rate for 2010, overall market volume acc. to average annual order intake

Vossloh Group, 2010e–2012p

Further growth following record sales and EBIT in 2010

- ▶ **Vossloh expects further organic growth for 2011 and 2012;** customer-focused products and services as well as ongoing internationalization, especially outside of Europe, continue to be the key growth drivers
- ▶ **Rail Infrastructure division** to contribute particularly to sales growth; **Transportation division** to return to its accustomed strength in 2012
- ▶ With the **EBIT margin** continuing high and despite extensive capex, **value added to advance further**
- ▶ **Net financial debt** and **net leverage** remaining moderate
- ▶ **M&A deals** can supplement organic growth



Financial diary and contacts

Financial diary

- ▶ March 31, 2011 Conference with the press, investors & analysts: presentation of financial information 2010¹
- ▶ May 4, 2011 Interim report as of March 31, 2011¹
- ▶ May 25, 2011 Annual general meeting
- ▶ July 27, 2011 Interim report as of June 30, 2011¹
- ▶ October 27, 2011 Interim report as of September 30, 2011¹
- ▶ December 2011 Conference with investors and analysts¹

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¹ Conference call with financial analysts planned