



Quarterly statement as of September 30, 2016

A photograph of railway tracks receding into the distance, set against a backdrop of rolling hills and a clear sky. The tracks are flanked by gravel ballast and green vegetation. The text "Driving transformation. Shaping the future." is overlaid in white on the lower right portion of the image.

Driving transformation. Shaping the future.

Disclaimer

Note:

This presentation contains statements concerning the future business trend of the Vossloh Group which are based on assumptions and estimates of the Company's management. If the assumptions underlying the forecasts fail to materialize, the actual results can significantly deviate from these forecast statements. Uncertainties include, among others, changes in the political, business and economic environment, the actions of competitors, legislative reforms, the effects of future case law and fluctuations in exchange rates and interest rates. Vossloh, its Group companies, advisors and representatives assume no responsibility for any losses in connection with the use of this presentation or its contents. Vossloh does not assume any obligation to revise or update the forecast statements contained in this presentation.

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Transformation of Vossloh progressing as planned

Electrical Systems business unit presented as discontinued operations

Transportation now only consists of Vossloh Locomotives

EBIT and profitability clearly exceeded the previous year level

- Implementation of the Group strategy continues to take shape; the sale of the Electrical Systems business unit is currently expected in all likelihood to take place in the coming months
 - In accordance with IFRS 5, all income and expenses as well as assets and liabilities of the business unit for the current reporting period and the respective comparative period of the previous year are presented separately; net result from discontinued operations includes an impairment loss of about €9 million from the measurement in accordance with IFRS 5; net cash inflow in low to middle double-digit million range from the sale of the business unit expected
 - Vossloh Locomotives is the only remaining business unit in the Transportation division; high sales and earnings contributions expected for the fourth quarter of 2016
 - Sales process of Vossloh Locomotives to be intensified at the beginning of the year 2017
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- Third quarter of 2016 contributes to the increase of earnings and profitability in the Vossloh Group and continues the positive trend seen in the first half of the current fiscal year
 - Group EBIT was increased by 17.0 percent despite a decline in sales revenues of 4.3 percent; profitability was thereby significantly above the previous year
 - Processing of high margin projects as well as cost reduction and efficiency enhancement programs made a major contribution to profitability increases

Vossloh Group, 9M/2016

Operational profitability increased further after nine months

Sales revenues after nine months below the prior year level

- Sales decline primarily a result of weak sales development in the USA as well as negative translation effects from the conversion of the financial statements of international Group companies; in addition, Transportation remained still below the level of the prior year due to fewer locomotive deliveries
- Lifecycle Solutions with significant sales growth in comparison with the previous year, Core Components only slightly below prior year thanks to positive development in the third quarter, Customized Modules also remained slightly below the prior year figure

Major contracts won in the third quarter of 2016

- Vossloh Locomotives won a major order in France for 44 DE 18 locomotives worth approximately €140 million; the contract also includes options for further locomotives and complementary services; first deliveries planned from 2018 onwards
- Orders received in the third quarter of 2016 including the major order from China won by Core Components in July 2016 (sales volume €50 million) at a very high level

InnoTrans 2016: “Connecting Expertise”

- Innovative complete solutions in rail infrastructure presented
- Publication of the Unife study:
 - Market growth in recent years significantly weaker than expected
 - Growth forecast for the relevant Vossloh markets supports the growth path chosen in the medium-term

Vossloh Group, 9M/2016

Continued significant improvement in EBIT, high orders received

		1-9/2015/ 9/30/2015	1-9/2016/ 9/30/2016
Sales revenues*	€ million	694.3	664.1
EBIT*	€ million	29.7	34.7
EBIT margin*	%	4.3	5.2
Net result from discount. operations*	€ million	0.8	(7.8)
Net income	€ million	7.0	6.0
Earnings per share	€	0.20	0.13
ROCE*	%	5.3	6.5
Value added**	€ million	(25.8)	(13.3)
Cash flow from operating activities	€ million	9.3	(5.7)
Cash flow from investing activities	€ million	(36.5)	(25.5)
Cash flow from financing activities	€ million	32.6	91.6
Free cash flow***	€ million	(20.9)	(27.7)
Orders received*	€ million	725.1	830.3
Order backlog*	€ million	624.5	748.8

Group sales primarily influenced by weak business development in the USA and currency translation effects as well as lower locomotives deliveries in the Transportation division below the comparable prior year level

A margin improvement was achieved after nine months in comparison with the previous year; **EBIT** exceeded the prior year figure despite a decline in sales

Net income decreased despite positive EBIT development through high tax expense in Q3 (write-down of deferred tax assets on loss carryforwards) and negative net result from discontinued operations

Free cash flow remained negative; positive development in the third quarter; free cash flow from continuing operations almost offset

Orders received significantly above the comparable level of the previous year; book-to-bill in the Group at 1.25

* Reported figures not including the Electrical Systems business unit which is held for sale. The financial information reported for the Group here are therefore not comparable with previous reports.

** Weighted average cost of capital 2016 (WACC) of 9% was assumed (prior year: 10%).

*** Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with investments in companies accounted for using the equity method.

Vossloh Group, 9M/2016

Equity strongly increased, net financial debt significantly reduced

		1-9/2015/ 9/30/2015	1-9/2016/ 9/30/2016
Fixed assets*	€ million	485.2	477.4
Capital expenditures*	€ million	21.7	20.8
Amortization/depreciation*	€ million	27.0	25.7
Equity	€ million	352.0	545.7
Equity ratio	%	21.0	39.1
Working capital (Ø)*	€ million	255.8	231.9
Working capital intensity (Ø)*	%	27.6	26.2
Working capital*	€ million	253.2	241.0
Capital employed (Ø)*	€ million	739.9	711.9
Capital employed*	€ million	738.4	718.3
Net financial debt*	€ million	329.9	133.1

Capital expenditures remained below the prior year level after nine months; **largest single investment** at a production location for manganese frogs in Northern France in the Customized Modules division

Significant increase in **equity** following capital increase, book profit from the sale of Rail Vehicles as well as positive net income

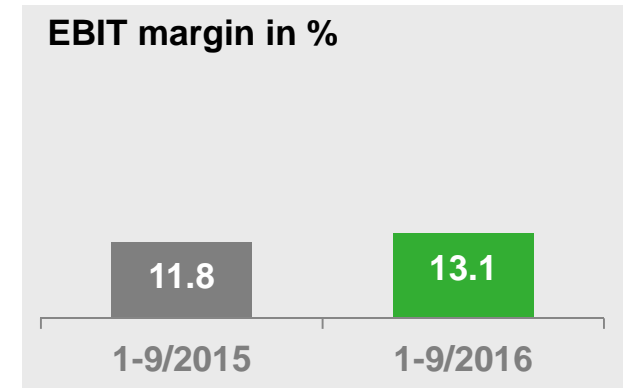
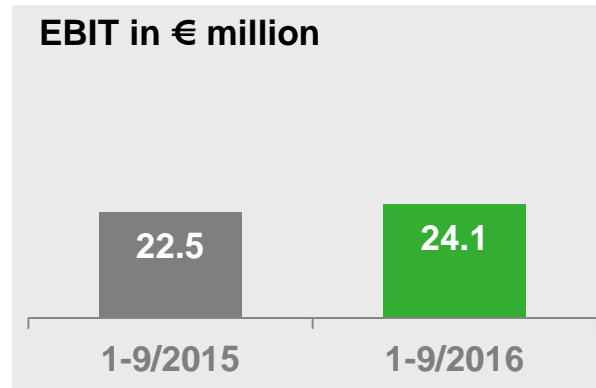
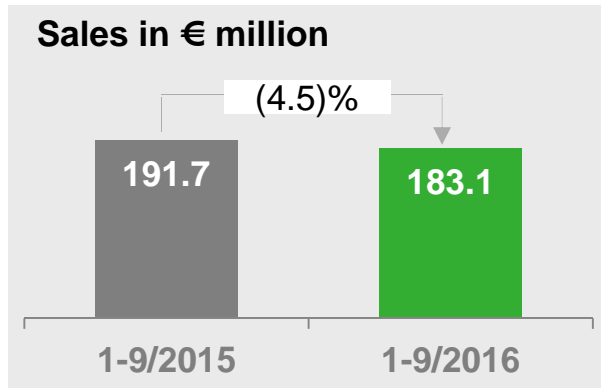
Operational improvement in working capital – average working capital was able to be noticeably reduced through consistent receivables management; working capital intensity below previous year despite considerable increase in Transportation

Significant decline in **net financial debt**, primarily as a result of net proceeds from the capital increase, cash inflow from the disposal of Rail Vehicles and positive free cash flow in the last twelve months

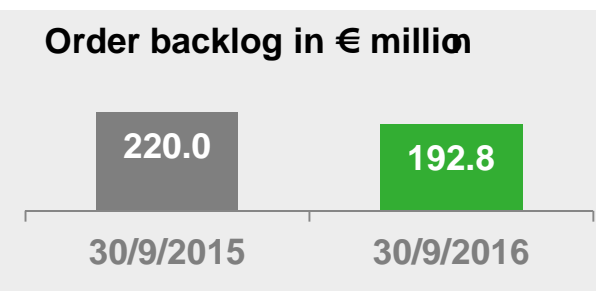
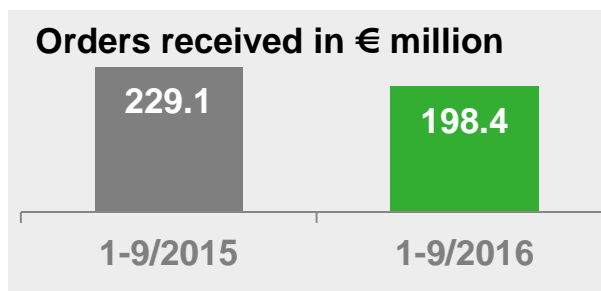
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Core Components division, 9M/2016

Sales level slightly below prior year, EBIT and profitability increased



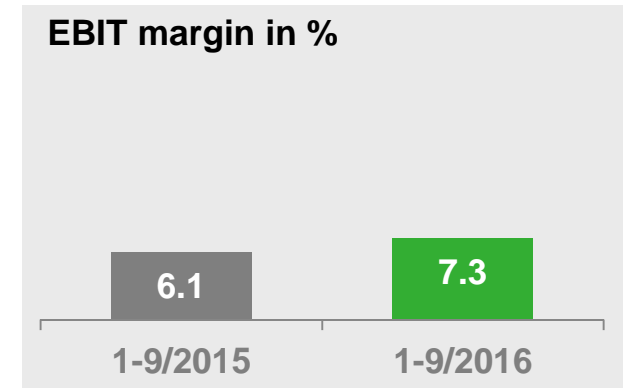
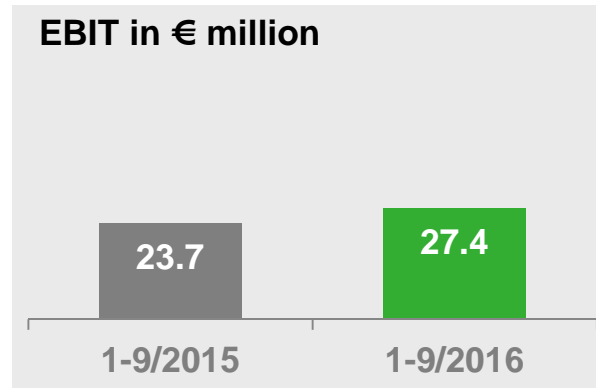
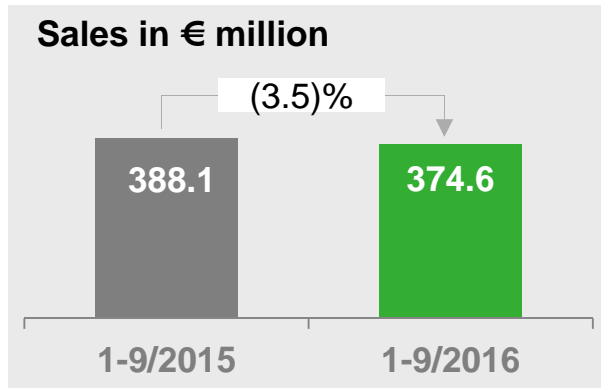
- Sales below prior year as a result of lower sales volume in Argentina and Eastern Europe (in particular in the Czech Republic and Poland); positive sales development particularly in China as a result of strong business development in the third quarter and in Qatar
- EBIT and EBIT margin above previous year due to higher margin product mix as well as extensive cost reduction measures
- Book-to-bill at 1.08; major order from China (€50 million) at the beginning of the third quarter and significant orders received from Italy and Saudi Arabia



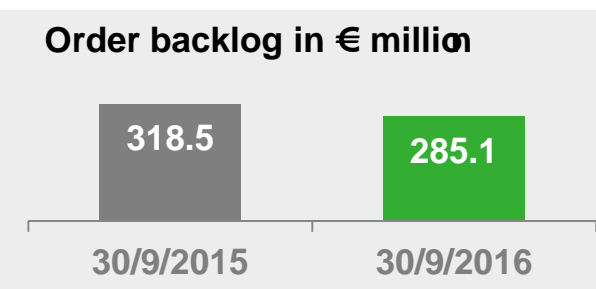
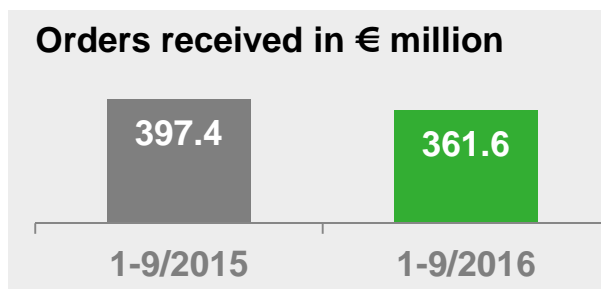
ROCE (%)	1-9/2016	29.4
	1-9/2015	23.2
Value added (€ million)	1-9/2016	16.7
	1-9/2015	12.8

Customized Modules division, 9M/2016

Significant increase in earnings and profitability



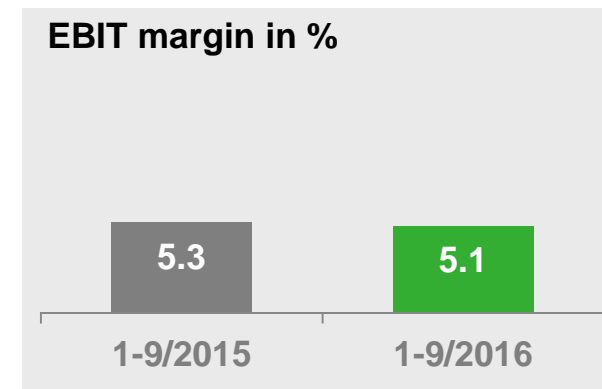
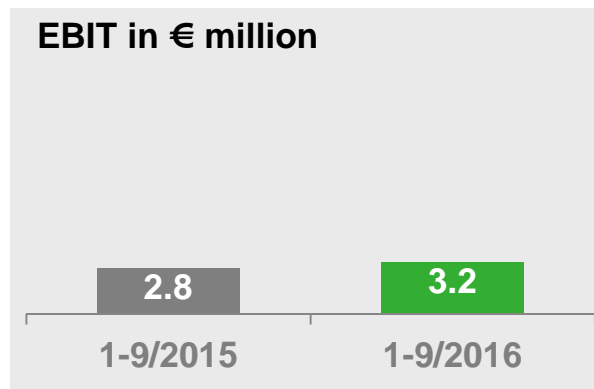
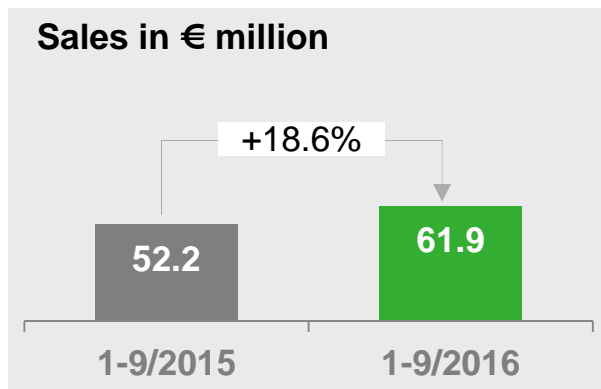
- Considerable decline in sales in the USA due to lower investments by class 1 railway operators as well as the completion of projects in Poland; in contrast, pleasing sales growth in France in particular, but also in Finland and Italy
- Significant earnings and profitability increase as a result of focusing on higher margin projects as well as high capacity utilization at the French locations
- Major new orders from France, the USA, Sweden and Morocco; book-to-bill at 0.97



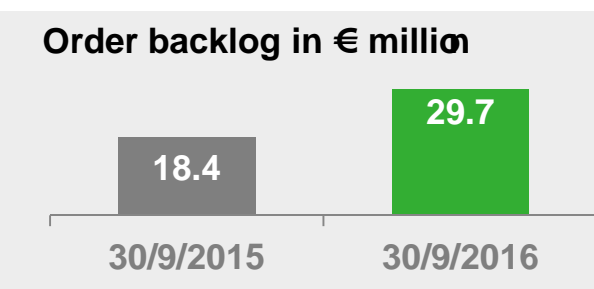
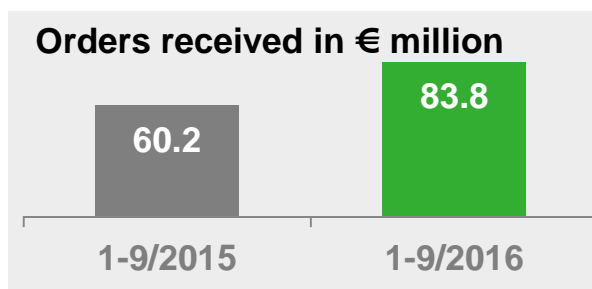
ROCE (%)	1-9/2016	8.8
	1-9/2015	7.4
Value added (€ million)	1-9/2016	(0.7)
	1-9/2015	(8.3)

Lifecycle Solutions division, 9M/2016

Internationalization progressing, book-to-bill at 1.35



- Positive sales development in Northern Europe (Sweden and Finland) primarily responsible for double-digit sales growth; internationalization of the division significantly increased, over 40 percent of sales generated outside Germany
- EBIT slightly above previous year; Q3 result burdened by lower margin order mix as well as necessary maintenance work on grinding trains
- Increase in orders received by 39.2 percent; significant orders received from Germany in particular as well as China, Sweden and Finland

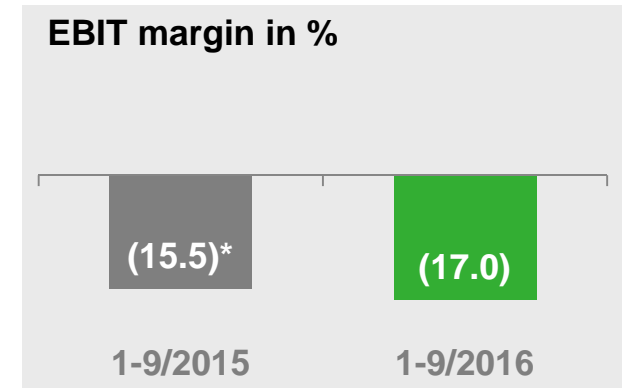
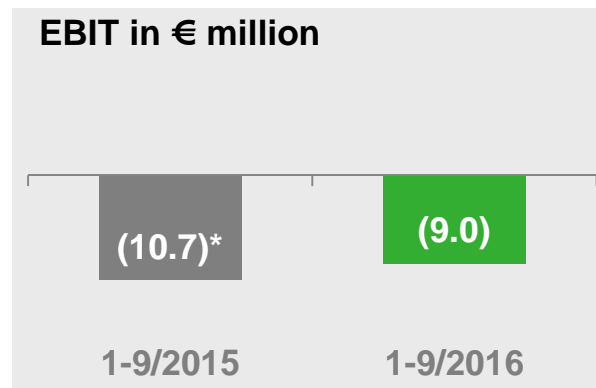
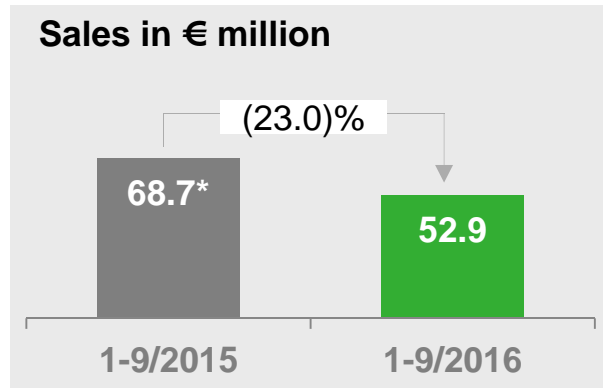


ROCE (%)	1-9/2016	3.3
	1-9/2015	3.1

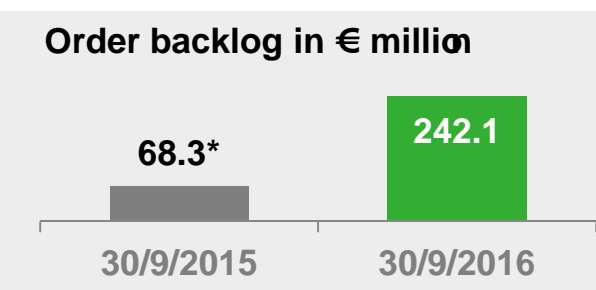
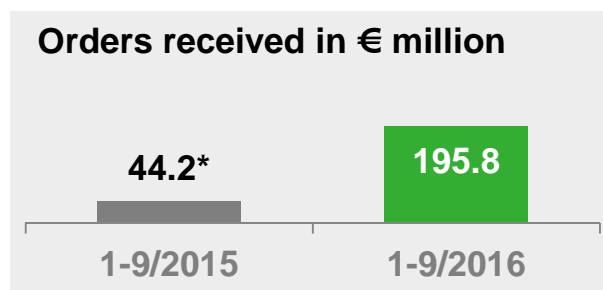
Value added	1-9/2016	(5.6)
(€ million)	1-9/2015	(6.3)

Transportation division, 9M/2016

Significant sales and profitability improvement expected for fourth quarter of 2016



- Transportation division now only includes the Locomotives business unit; presentation of Vossloh Electrical Systems as “discontinued operations”
- Sales of Vossloh Locomotives remained below the previous year, particularly as a result of fewer deliveries; EBIT and EBIT margin negative as expected
- Significant sales and earnings improvement and thereby considerable reduction of loss expected in the fourth quarter
- Major order from France (€140 million) resulted in a considerable increase in orders received; book-to-bill at 3.7

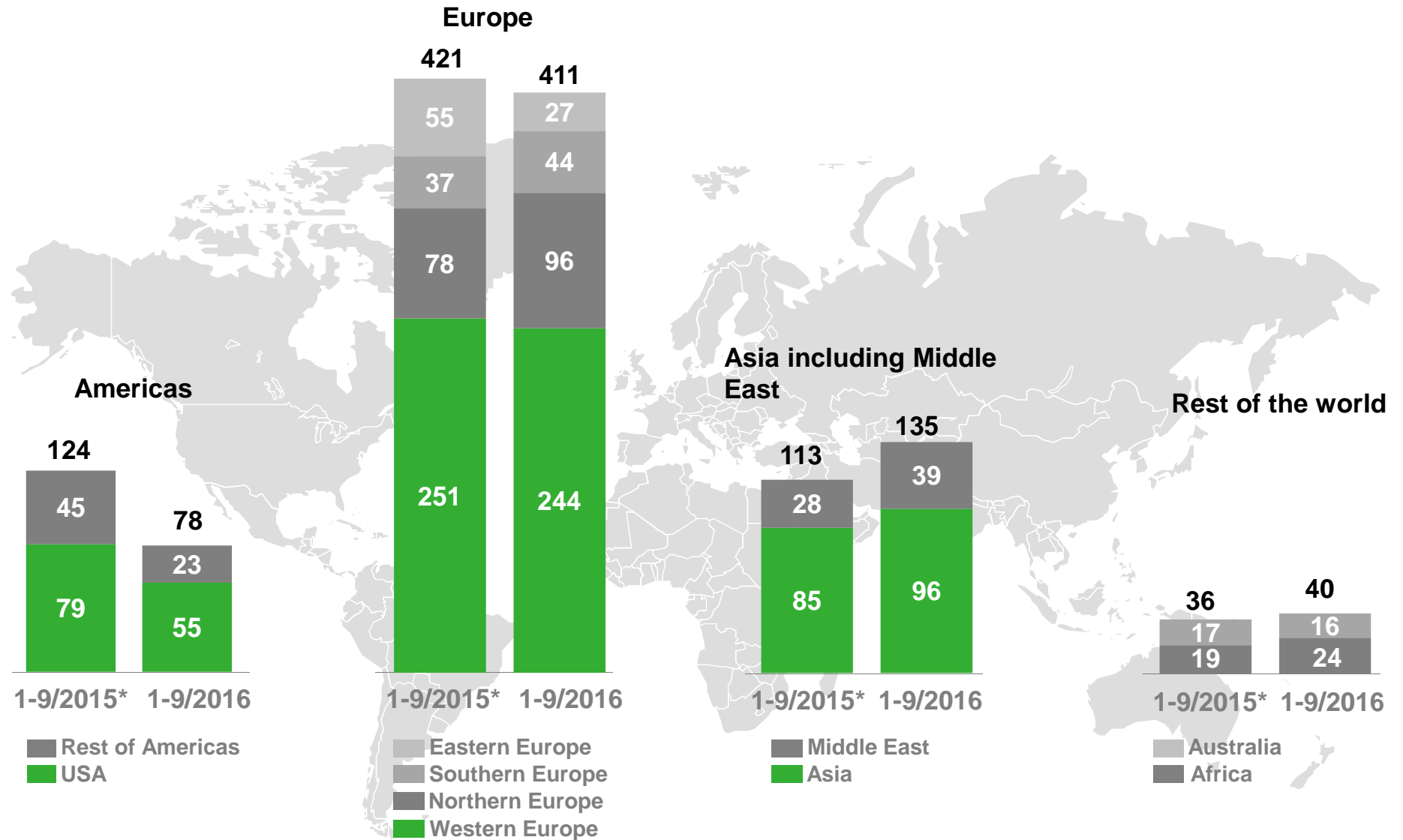


ROCE (%)	1-9/2016	(23.4)
	1-9/2015	(26.4)*
Value added	1-9/2016	(12.4)
(€ million)	1-9/2015	(14.7)*

* Reported figures not including the Electrical Systems business unit which is held for sale. The financial information reported for the Transportation division here are therefore not comparable with previous reports.

Vossloh Group, 9M/2016

Sales in Asia and Northern Europe increased, significant decline in the Americas



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Vossloh Group, Outlook

Target for EBIT margin 2016 adapted to the new Group structure – improvement expected for 2017

Vossloh Group

2016e*

- Sales from continuing operations of between €930 and €970 million expected at prior year level (approximately €950 million); sales growth is particularly inhibited by very weak market development in the USA; sales growth expected at Lifecycle Solutions; Core Components and Transportation approximately at the level of the previous year, Customized Modules slightly below the prior year level
- With a Group structure including Vossloh Electrical Systems, an EBIT margin of 4.0 to 4.5 percent was previously expected, as a result of the intended sale of the Electrical Systems business unit, an **EBIT margin of between 4.5 and 5.0 percent** is now anticipated; Core Components, Customized Modules and Lifecycle Solutions at approximately the level of the previous year, Transportation remained negative, however improved in comparison with the previous year
- **Value added** improved significantly, still negative overall, however

2017e*

- An **EBIT margin of between 5.5 and 6.0 percent** was previously expected at Group level with a Group structure including Vossloh Electrical Systems, as a result of the planned sale of the Electrical Systems business unit, an EBIT margin **at the higher end of the range** stated is expected; higher profitability in targeted portfolio structure without Locomotives business unit

* Sales and EBIT margin based on continuing Group activities. The Electrical Systems business unit, which is held for sale, has been presented as discontinued operations in accordance with IFRS 5. All earnings and expenses are therefore presented separately.

Financial calendar and contact

Financial calendar

- March 23, 2017 Publication of annual consolidated financial statements 2016
- May 24, 2017 Annual General Meeting

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Appendix

Vossloh Group, 9M/2016

Income statement

€ million	1-9/2015*	1-9/2016
Sales revenues	694.3	664.1
Cost of sales	(563.8)	(521.4)
General administrative and selling expenses	(113.0)	(115.9)
Research and development expenses	(6.3)	(7.0)
Other operating result	18.2	12.7
Operating result	29.4	32.5
Income from investments in companies accounted for using the equity method	2.3	1.5
Other financial income	0.1	0.7
Other financial expenses	(2.1)	0.0
Earnings before interest and taxes (EBIT)	29.7	34.7
Interest income	0.9	0.9
Interest expense	(9.9)	(9.0)
Earnings before income taxes (EBT)	20.7	26.6
Income taxes	(14.5)	(12.8)
Net result of discontinued operations	0.8	(7.8)
Net income	7.0	6.0
thereof attributable to shareholders of Vossloh AG	2.6	1.9
thereof attributable to non-controlling interests	4.4	4.1
Earnings per share		
Basic/diluted earnings per share (€)	0.20	0.13
thereof attributable to continuing operations	0.13	0.67
thereof attributable to discontinued operations	0.07	(0.54)

* In accordance with IFRS 5, all income and expenses of the Electrical Systems business unit, which is held for sale, are presented separately in the items "net result from discontinued operations" for the current reporting period as well as the respective comparative period of the previous year. The financial information reported for the Group here are therefore not comparable with previous reports.

Vossloh Group, 9M/2016

Balance sheet

Assets in € million	9/30/ 2015*	12/31/ 2015*	9/30/ 2016	Equity and liabilities in € million	9/30/ 2015*	12/31/ 2015*	9/30/ 2016
Intangible assets	253.7	254.7	251.1	Capital stock	37.8	37.8	45.3
Property, plant and equipment	179.5	183.5	180.4	Additional paid-in capital	30.9	30.9	146.5
Investment properties	4.5	4.5	4.0	Retained earnings and net income	263.1	332.7	332.2
Investments in companies accounted for using the equity method	35.2	33.1	33.9	Accumulated other comprehensive income	3.3	10.3	6.6
Other noncurrent financial instruments	12.5	11.2	8.4	Equity excluding non-controlling interests	335.1	411.7	530.6
Sundry noncurrent assets	2.7	3.1	3.3	Non-controlling interests	16.9	17.0	15.1
Deferred tax assets	23.8	25.9	29.2	Equity	352.0	428.7	545.7
Noncurrent assets	511.9	516.0	510.3	Pension provisions	21.9	22.1	22.4
Inventories	259.1	234.1	257.5	Other noncurrent provisions	25.4	28.6	23.0
Trade receivables	234.4	220.8	218.0	Noncurrent financial liabilities	245.8	253.5	247.4
Receivables from construction contracts	10.2	7.1	6.8	Noncurrent trade payables	3.6	3.2	0.0
Income tax assets	8.1	7.1	4.9	Other noncurrent liabilities	11.2	10.2	3.7
Sundry current assets	61.9	58.9	29.7	Deferred tax liabilities	2.6	3.0	2.7
Short-term securities	0.5	0.5	0.5	Noncurrent liabilities	310.5	320.6	299.2
Cash and cash equivalents	47.7	60.0	128.1	Other current provisions	98.6	103.0	62.8
Current assets	621.9	588.5	645.5	Current financial liabilities	132.3	25.6	14.3
Assets held for sale	538.6	285.4	238.9	Current trade payables	138.6	151.0	149.9
				Current liabilities from construction contracts	2.3	0.4	8.5
				Income tax liabilities	10.9	12.0	11.1
				Other current liabilities	108.6	102.3	110.9
				Current liabilities	491.3	394.3	357.5
				Liabilities held for sale	518.6	246.3	192.3
Assets	1,672.4	1,389.9	1,394.7	Equity and liabilities	1,672.4	1,389.9	1,394.7

* In accordance with IFRS 5, all assets and liabilities of the Electrical Systems business unit, which is held for sale, are presented separately in the items "assets and liabilities held for sale" for the current reporting period as well as the respective comparative period of the previous year. The financial information reported for the Group here are therefore not comparable with previous reports.

Core divisions, 9M/2016

Key performance indicators

		Core Components		Customized Modules		Lifecycle Solutions	
		1-9/2015	1-9/2016	1-9/2015	1-9/2016	1-9/2015	1-9/2016
Sales revenues	€ million	191.7	183.1	388.1	374.6	52.2	61.9
EBIT	€ million	22.5	24.1	23.7	27.4	2.8	3.2
EBIT margin	%	11.8	13.1	6.1	7.3	5.3	5.1
Working capital (Ø)	€ million	72.5	59.0	141.2	132.9	9.7	11.2
Working capital intensity (Ø)	%	28.3	24.2	27.3	26.6	14.0	13.6
Capital employed (Ø)	€ million	129.7	109.3	427.2	415.2	120.3	129.3
ROCE	%	23.2	29.4	7.4	8.8	3.1	3.3
Value added	€ million	12.8	16.7	(8.3)	(0.7)	(6.3)	(5.6)
Orders received	€ million	229.1	198.4	397.4	361.6	60.2	83.8
Order backlog	€ million	220.0	192.8	318.5	285.1	18.4	29.7
Capital expenditures	€ million	5.3	2.2	5.7	9.7	6.0	5.6
Depreciation/amortization	€ million	7.2	6.8	12.3	10.9	3.6	4.5

Transportation division and VES, 9M/2016

Key performance indicators

		Transportation		Electrical Systems (discontinued operations)	
		1-9/2015*	1-9/2016	1-9/2015	1-9/2016
Sales revenues	€ million	68.7	52.9	175.3	153.3
EBIT	€ million	(10.7)	(9.0)		
EBIT margin	%	(15.5)	(17.0)		
Working capital (Ø)	€ million	35.2	31.6		
Working capital intensity (Ø)	%	38.5	44.9		
Capital employed (Ø)	€ million	53.8	51.2		
ROCE	%	(26.4)	(23.4)		
Value added	€ million	(14.7)	(12.4)	(7.6)	(3.9)
Orders received	€ million	44.2	195.8	78.5	83.5
Order backlog	€ million	68.3	242.1	454.5	382.0
Capital expenditures	€ million	4.3	3.2	1.9	1.8
Depreciation/amortization	€ million	3.4	3.0	3.4	3.4

* Reported figures not including the Electrical Systems business unit which is held for sale. The financial information reported for Transportation here are therefore not comparable with previous reports.

Vossloh Group, 9M/2016

Cash flow statement

€ million	1-9/2015	1-9/2016
Earnings before interest and taxes (EBIT)	29.7	34.7
EBIT from discontinued operations	5.4	(3.9)
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	35.1	38.5
Change in noncurrent provisions	(15.8)	(1.0)
Gross cash flow	54.4	68.3
Income taxes paid	(15.0)	(15.6)
Change in working capital	(44.1)	(54.3)
Other changes	14.0	(4.1)
Cash flow from operating activities	9.3	(5.7)
Investments in intangible assets and property, plant and equipment	(30.5)	(22.7)
Cash-effective changes in investments in companies accounted for using the equity method	(1.8)	0.0
Cash-effective dividends from companies accounted for using the equity method	2.1	0.7
Free cash flow	(20.9)	(27.7)

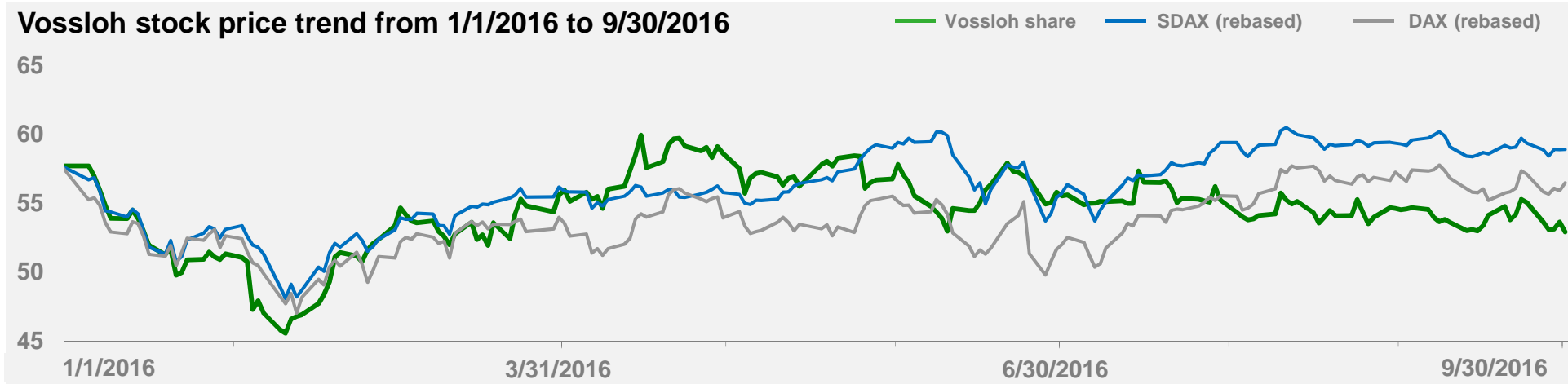
Vossloh Group, 9M/2016

Workforce

	Closing date		Average	
	9/30/2015	9/30/2016	1-9/2015	1-9/2016
Workforce				
Core Components	595	625	617	632
Customized Modules	2.608	2.521	2.590	2.546
Lifecycle Solutions	433	451	387	460
Transportation	409	396	418	399
Vossloh AG	56	54	56	55
Total	4.101	4.047	4.068	4.092
<i>Vossloh Electrical Systems (discontinued operations)</i>	765	721	826	729

Vossloh stock

Share price development, information on the stock and shareholder structure



Information on the Vossloh stock	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hannover, Stuttgart, Munich
Index	SDAX
Number of shares outstanding as of September 30, 2016	15,967,437
Share price (9/30/2016)	€52.93
Stock price high/low (January through September 2016)	€60.53/€45.24
Market capitalization (9/30/2016)	€845.2 mill.
Reuters code	VOSG.DE
Bloomberg code	VOS GR

