



Presentation to Investors

October 29, 2015, interim report as of September 30, 2015

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Disclaimer

Note:

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Vossloh Group, 9M/2015

Transforming Vossloh – Recovery

- ▶ Vossloh is recovering and stabilizing itself
- ▶ Despite expected sales decrease in the Core Components division, group sales above comparable prior-year level
- ▶ Group EBIT driven by earnings increase in the Customized Modules division and reduction of loss in Transportation division
- ▶ Sales and earnings benefit from currency effects (€31.5 million and €2.3 million)
- ▶ Rail Vehicles business unit reported as “discontinued”; Vossloh Locomotives and Electrical Systems remain in the Transportation division for the time being
- ▶ Guidance unchanged; from today’s point of view sales from continued operations in 2015 is expected between €1,130 and €1,160 million, EBIT margin at approx. 3 to 4 percent

Vossloh Group, 9M/2015

Group sales above prior-year level, EBIT margin nearly doubled

- ▶ Despite the expected sales decrease in the Core Components division, group sales grew above comparable level of the previous year, Customized Modules with double-digit growth, Lifecycle Solutions picking up speed; sales in the Transportation division considerably up from previous year
- ▶ Group EBIT driven by earnings increase in Customized Modules division and reduction of loss in Transportation division
- ▶ With refinancing, substantially improved interest result (-€10.9 million after -€20.2 million***) supports positive net income

		1-9/2014*	1-9/2015
Net sales	€ mill.	819.0	867.9
EBIT	€ mill.	-158.4 (15.3**)	29.3
EBIT margin	%	-19.3 (1.9**)	3.4
Net income	€ mill.	-167.7	6.6
ROCE	%	-24.6	4.8
Value added	€ mill.	-222.7	-31.8
Earnings per share	€	-13.52	0.20

* Previous year adjusted to current Group structure (Rail Vehicles as discontinued operations)

** Calculated on a comparable basis; the six-month financial statements 2014 included the largest share of the necessary restructuring expenses. The reported figures stand for the EBIT or EBIT margin adjusted for one-time items.

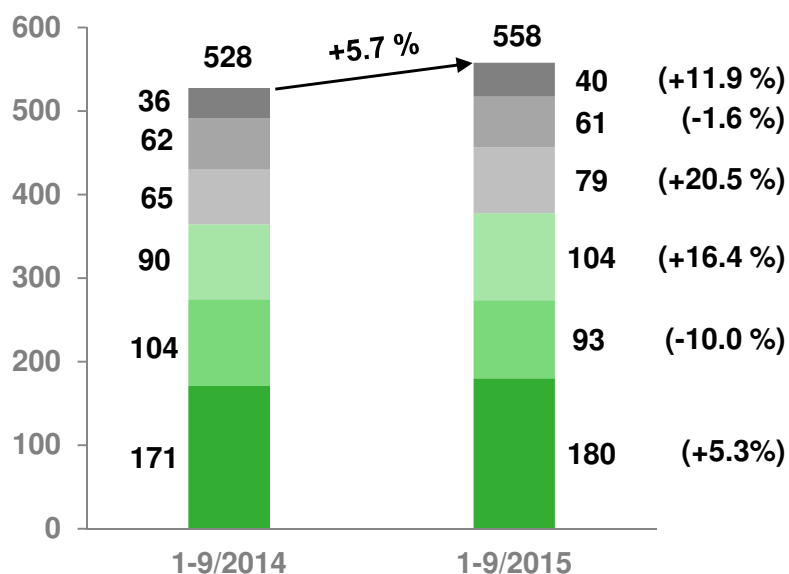
*** Thereof €7.3 million prepayment penalty for early repayment of second tranche US-PP

Vossloh Group, 9M/2015

Share of sales from non-European regions at 35.7 percent

- ▶ Group sales in Europe increased: higher sales in Germany and the UK, revenues in Northern Europe (Sweden) well above previous year, sales in Southern Europe again rising with good business in Italy, decreasing sales in Eastern Europe (including Poland and Russia)
- ▶ Substantial sales increase in America (USA, Brazil, Chile and Argentina), partially due to positive currency translation; as expected lower sales in Asia due to weaker business development in China and declining sales volumes in Thailand and Singapore
- ▶ Share of sales from non-European regions at 35.7 percent (previous year: 35.6 percent)

Sales trend in Europe (in € mill.)*



■ Germany
 ■ France
 ■ Other Western Europe
 ■ Northern Europe
 ■ Eastern Europe
 ■ Southern Europe

* Reported figure excluding the Rail Vehicles business unit that has been put up for sale

Sales by region	1-9/2014*		1-9/2015*	
	€ mill.	%	€ mill.	%
Europe	527.6	64.4	557.7	64.3
America	95.7	11.7	157.5	18.1
Asia	159.1	19.4	116.2	13.4
Africa	18.1	2.2	19.7	2.3
Australia	18.5	2.3	16.8	1.9
Total	819.0	100	867.9	100

Vossloh Group, 9M/2015

Capital employed decreasing, net debt slightly higher

- ▶ Decline in equity primarily due to earnings burdens in Q4/2014
- ▶ Average working capital despite sales increase slightly below prior-year level; closing working capital substantially lower in 2015
- ▶ Capital employed lower as compared to the previous year as a result of the fully effective write down in 2015 of goodwill in the Customized Modules division
- ▶ Net financial debt higher due to the still negative free cash flow

		1-9/2014*	1-9/2015*
Total assets	€ mill.	1,611.6	1,659.8
Equity	€ mill.	392.8	352.0
Equity ratio	%	24.4	21.2
Average working capital	€ mill.	259.2	257.2
Average working capital intensity	%	23.7	22.2
Closing working capital	€ mill.	283.9	260.1
Average capital employed	€ mill.	857.6	815.4
Net financial debt	€ mill.	300.3	322.8

* Reported figure excluding the Rail Vehicles business unit that has been put up for sale

Vossloh Group, 9M/2015

Cash flow from operating activities positive, free cash flow improved

- ▶ Gross cash flow after nine months of 2015 clearly positive
- ▶ Cash flow from operating activities once again positive
- ▶ Free cash flow improved substantially as compared to prior-year period; positive free cash flow expected for full year

Cash flow analysis (in € million)	1-9/2014	1-9/2015
EBIT from continued operations	-158.4	29.3
EBIT from discontinued operations	8.0	5.8
Amortization/depreciation/write-down of noncurrent assets (net, after write-up)	119.9	35.1
Change in noncurrent provisions	29.9	-15.8
Gross cash flow	-0.6	54.4
Income taxes paid	-16.9	-15.0
Change in working capital	-71.9	-44.1
Other changes	10.1	21.2
Cash flow from operating activities:	-79.3	16.5
Investments in intangible assets and property, plant and equipment, investments in associated companies	-44.0	-32.3
Free cash flow	-123.3	-15.8

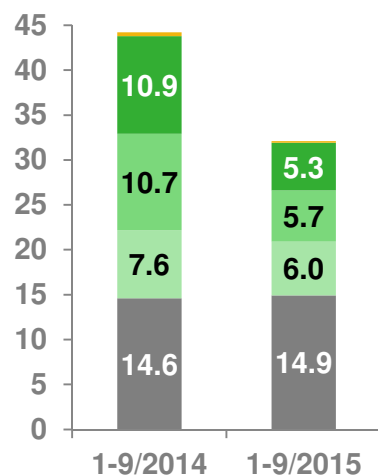
Vossloh Group, 9M/2015

Lower investment volumes in all divisions

- ▶ Investment volume in the Core Components division considerably reduced due to completion and commissioning of the new production facility in the USA in spring 2015
- ▶ Investments at Customized Modules decreasing in the course of the upcoming ramp-up of the new forge in Luxembourg
- ▶ Focus in the Lifecycle Solutions division continues to be on the further development in high-speed grinding trains and the ongoing development of a milling train
- ▶ Declining investment volumes in Transportation division at Vossloh Locomotives and Vossloh Electrical Systems

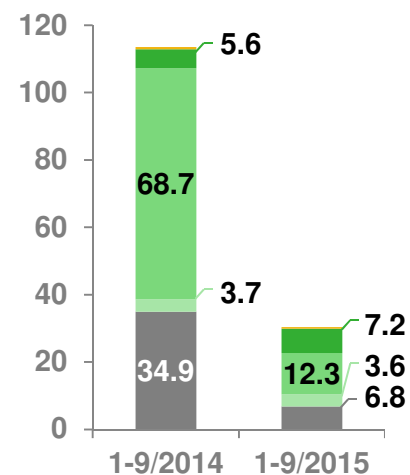
Investment

€ mill. Σ 44.0 Σ 32.3



Amortization/depreciation*

€ mill. Σ 113.4 Σ 30.4



€ mill.	Investment		Amortization/ depreciation *	
	1-9/2014	1-9/2015	1-9/2014	1-9/2015
Group	44.0	32.3	113.4	30.4
Core Components	10.9	5.3	5.6	7.2
Customized Modules	10.7	5.7	68.7	12.3
Lifecycle Solutions	7.6	6.0	3.7	3.6
Transportation**	14.6	14.9	34.9	6.8
** thereof from discontinued operations	4.7	8.7		

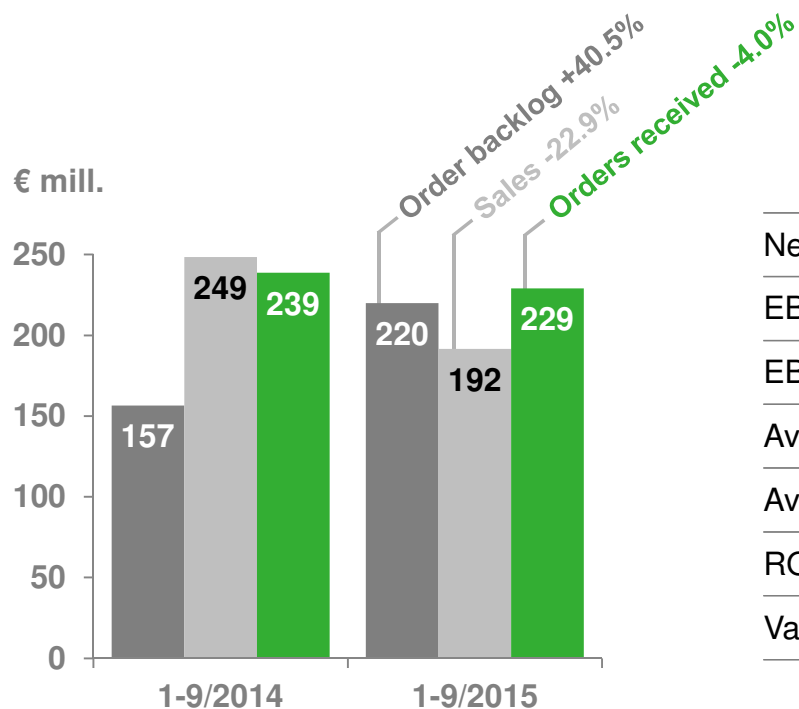
■ Core Components
 ■ Customized Modules
 ■ Lifecycle Solutions
 ■ Transportation
 ■ Other

* Reported figure excluding the Rail Vehicles business unit that has been put up for sale

Core Components division, 9M/2015

Sales well below previous year as expected, orders received declined slightly

- ▶ Due to substantially lower sales volume in China and declining volumes in Thailand, Poland and Turkey, sales by 22.9 percent below prior-year level
- ▶ EBIT below previous year as expected; decrease in EBIT margin held to 11.8 percent through cost reduction measures
- ▶ Working capital declined slightly; capital employed nearly unchanged as compared to the previous year
- ▶ Important new orders from China and Italy; book-to-bill at 1.20



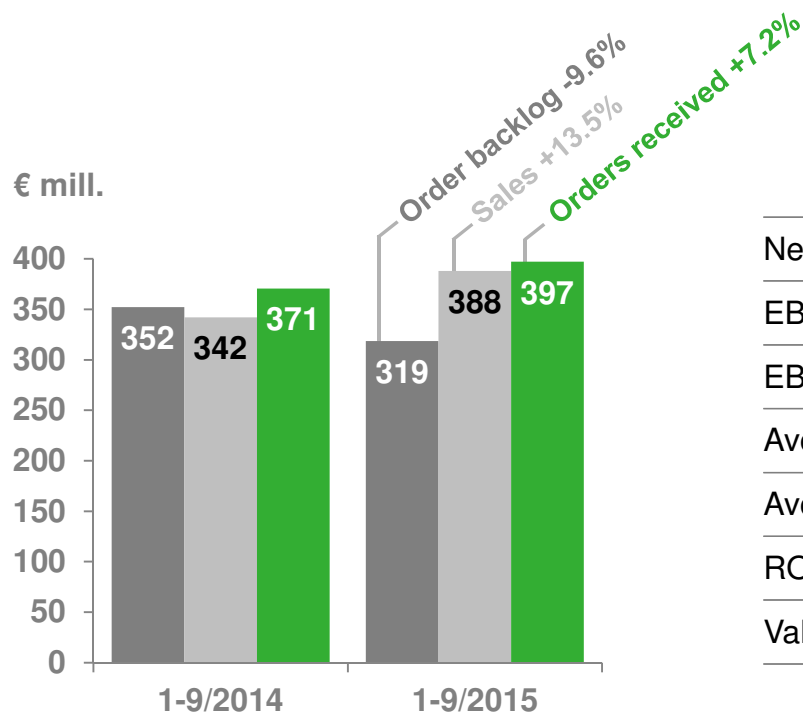
		1-9/2014	1-9/2015
Net sales	€ mill.	248.6	191.7
EBIT	€ mill.	37.4*	22.5
EBIT margin	%	15.0*	11.8
Average working capital	€ mill.	78.3	72.5
Average capital employed	€ mill.	130.1	129.7
ROCE	%	49.9	23.2
Value added	€ mill.	39.0	12.8

* Calculated on a comparable basis

Customized Modules division, 9M/2015

Good sales and earnings development compared to previous year

- ▶ Positive revenue development in several countries, especially in Sweden, Brazil, Morocco and – primarily due to exchange rates – in the USA meant that sales for the division expanded by 13.5 percent over the prior-year period
- ▶ Comparable EBIT improved by 28.1 percent over previous year
- ▶ Working capital increased slightly due to increased sales volumes, capital employed below previous year due to significantly lower fixed assets
- ▶ Important new orders from France, USA and Sweden; book-to-bill > 1



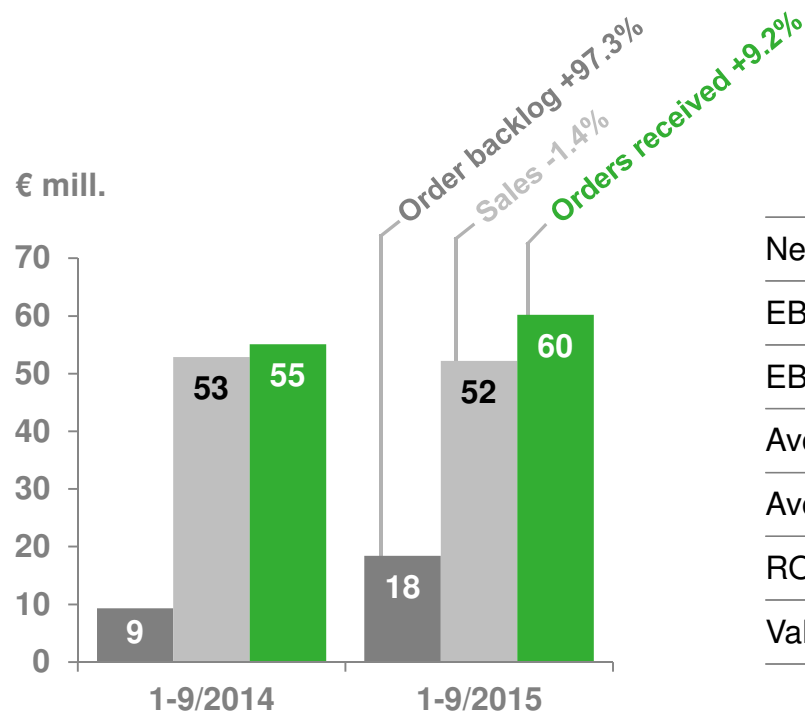
		1-9/2014	1-9/2015
Net sales	€ mill.	342.1	388.1
EBIT	€ mill.	18.5*	23.7
EBIT margin	%	5.4*	6.1
Average working capital	€ mill.	128.7	141.2
Average capital employed	€ mill.	439.5	427.2
ROCE	%	-17.1	7.4
Value added	€ mill.	-89.4	-8.3

* Calculated on a comparable basis; the six-month financial statements for 2014 included the vast majority of necessary restructuring expenses. The reported figures represent EBIT and EBIT margin adjusted for one-time items.

Lifecycle Solutions division, 9M/2015

Sales at prior-year level, EBIT making up ground

- ▶ Sales in the first nine months at prior-year level; Mobile Services with higher sales revenues in the course of the year to date, Stationary Services with stable development, sales in Transport/Logistics decreasing
- ▶ First-time consolidation of the subsidiary in Finland leads to sales contribution in the amount of €2.3 million
- ▶ EBIT makes up ground as compared to the comparable figure from the same period in the previous year
- ▶ Working capital and capital employed slightly above previous year; increase in capital employed due primarily to higher fixed assets
- ▶ Important order for Mobile Services from Croatia; book-to-bill > 1



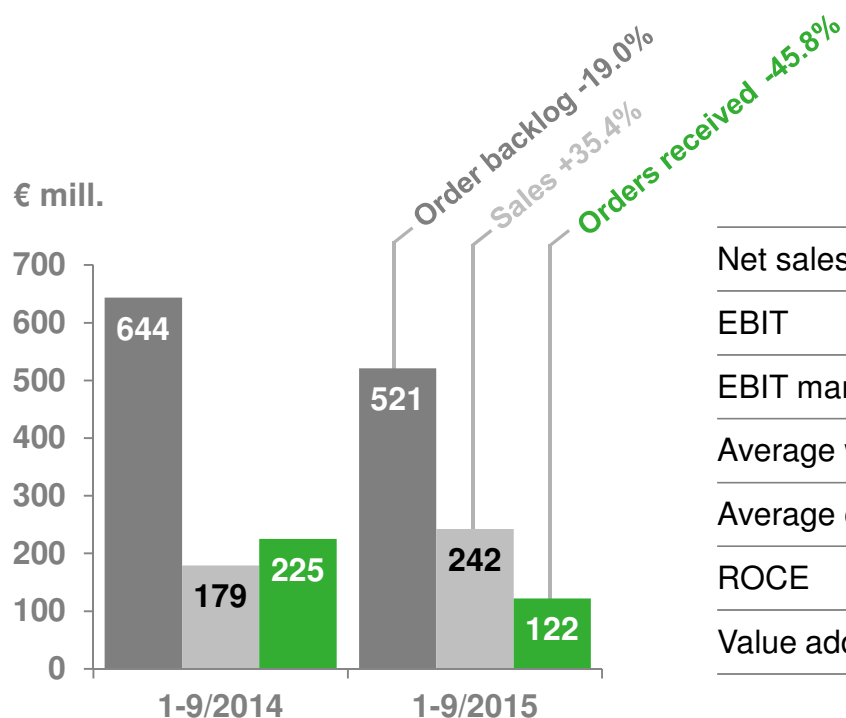
		1-9/2014	1-9/2015
Net sales	€ mill.	52.9	52.2
EBIT	€ mill.	3.9*	2.8
EBIT margin	%	7.5*	5.3
Average working capital	€ mill.	9.1	9.7
Average capital employed	€ mill.	114.2	120.3
ROCE	%	2.3	3.1
Value added	€ mill.	-6.6	-6.3

* Calculated on a comparable basis; In the first quarter of 2014, an intra-group sale of the US subsidiary, Vossloh Fastening Systems America Corporation, was carried out. The related income in the amount of €14.9 million had been eliminated at the Group level.

Transportation division, 9M/2015

Substantial sales increase, orders received below prior-year figure

- ▶ Sales in the Transportation division - excluding the Rail Vehicles business unit classified as “discontinued” - increased by 35.4 percent as compared to the prior-year figure
- ▶ EBIT significantly improved as compared to the comparable figure from the previous year
- ▶ Capital employed falls below prior-year figure due to the decrease in working capital and the impairments on fixed assets carried out in 2014; primarily amortization on capitalized development costs for the new locomotive family
- ▶ Hesitant ordering behavior due to project postponements leads to decrease in orders received; book-to-bill < 1



		1-9/2014*	1-9/2015*
Net sales	€ mill.	179.0	242.3
EBIT	€ mill.	-126.6 (-34.1**)	-11.0
EBIT margin	%	-70.7 (-19.0**)	-4.5
Average working capital	€ mill.	45.8	36.7
Average capital employed	€ mill.	163.1	129.3
ROCE	%	-103.5	-11.4
Value added	€ mill.	-138.8	-20.7

* Reported figure excluding the Rail Vehicles business unit that has been put up for sale

** Calculated on a comparable basis; the six-month financial statements 2014 included the largest share of the necessary restructuring expenses. The reported figures stand for the EBIT or EBIT margin adjusted for one-time items.

Vossloh Group, Outlook

Outlook 2015 confirmed – Ongoing improvement expected

2015e



- Expected sales of approximately between €1,130 million and €1,160 million
- EBIT margin at approximately 3 to 4 percent
- Positive free cash flow

2016e



- Still below EBIT target margin; development impacted by low-margin multi-year projects and increased expenditures focusing on accelerated innovation

2017e



- Guidance for old group structure confirmed; regular publication of an updated planning status for the new reporting structure at the beginning of December 2015

Financial calendar and contact

Financial calendar

- ▶ March 17, 2016 Publication of Group financial statements 2015
- ▶ May 25, 2016 General Annual Meeting
- ▶ September 2016 Investor and Analyst Meeting at InnoTrans

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