

Presentation to Investors

February 2011



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Vossloh

Specialist in rail technology with leading market positions

Vossloh AG

Rail Infrastructure



Vossloh Fastening Systems



Vossloh Switch Systems



Vossloh Rail Services

Transportation



Transportation Systems

Vossloh Locomotives



Vossloh Rail Vehicles

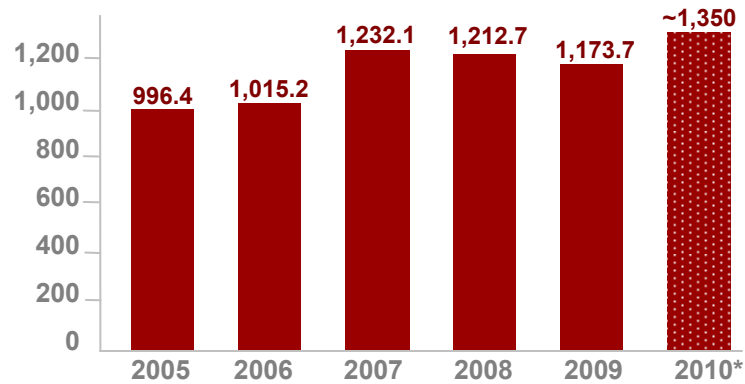


Vossloh Electrical Systems

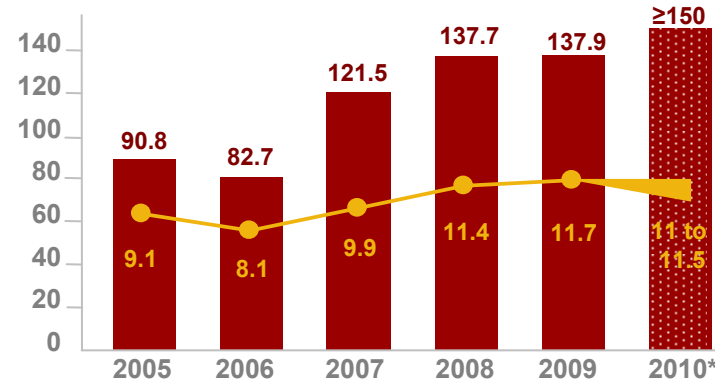
Vossloh Group

Business in 2010 heading for new all-time highs

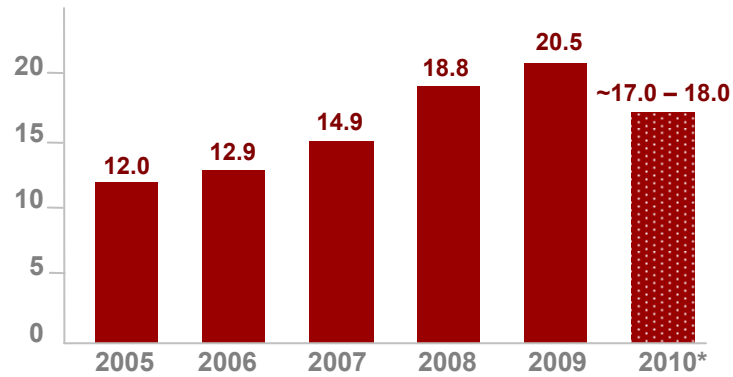
► Sales in € mill.



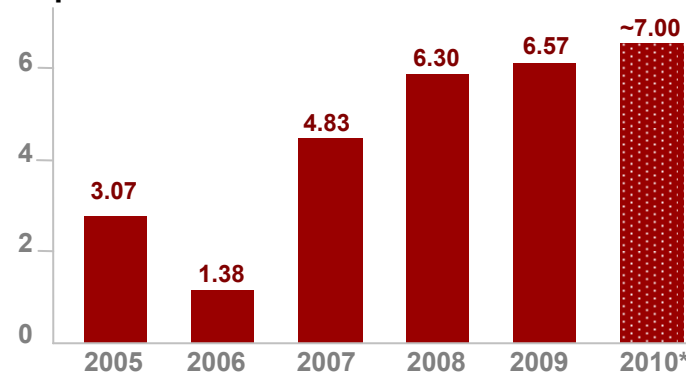
► EBIT in € mill./EBIT margin in %



► ROCE in %



► EpS in €



* Estimated

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2010: Market entry in new growth areas

- ▶ **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



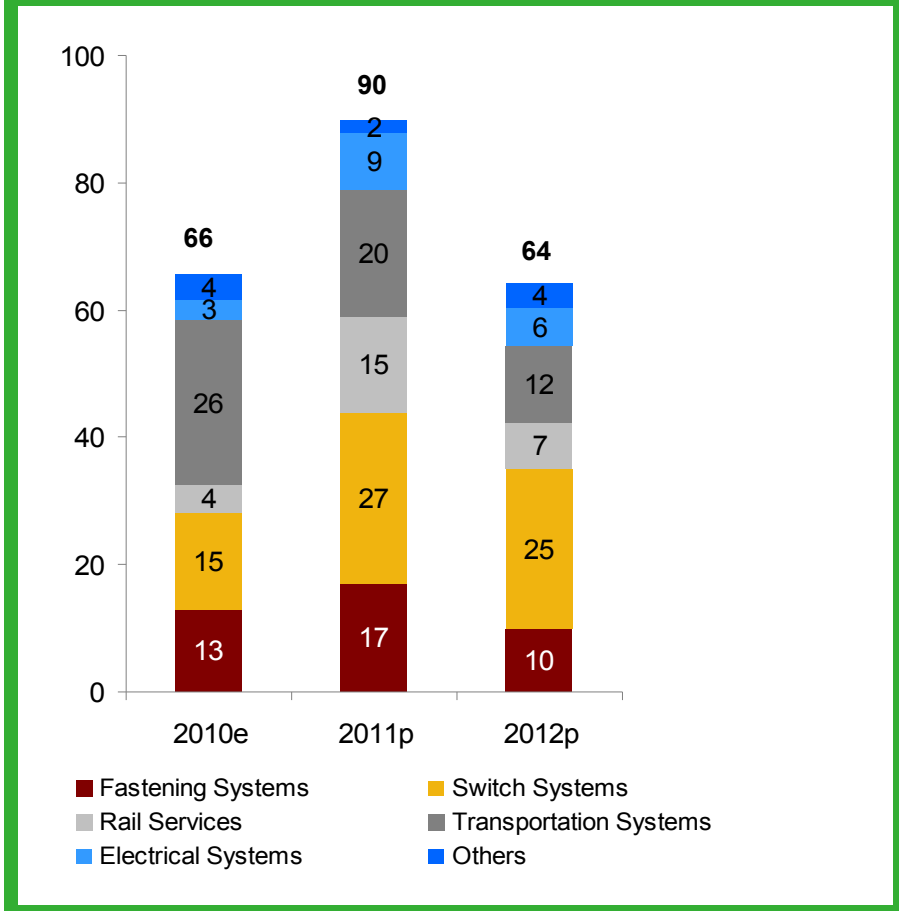
	2010e	2011p	2012p
Total assets (€ billion)	approx. 1.36	approx. 1.4	approx. 1.5
Total equity (€ million)	approx. 570	approx. 630	approx. 690
Average working capital (€ million)	approx. 300	approx. 310	approx. 330
Working capital intensity (%)	≥ 22	approx. 22	approx. 22
Average capital employed (€ million)	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

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)

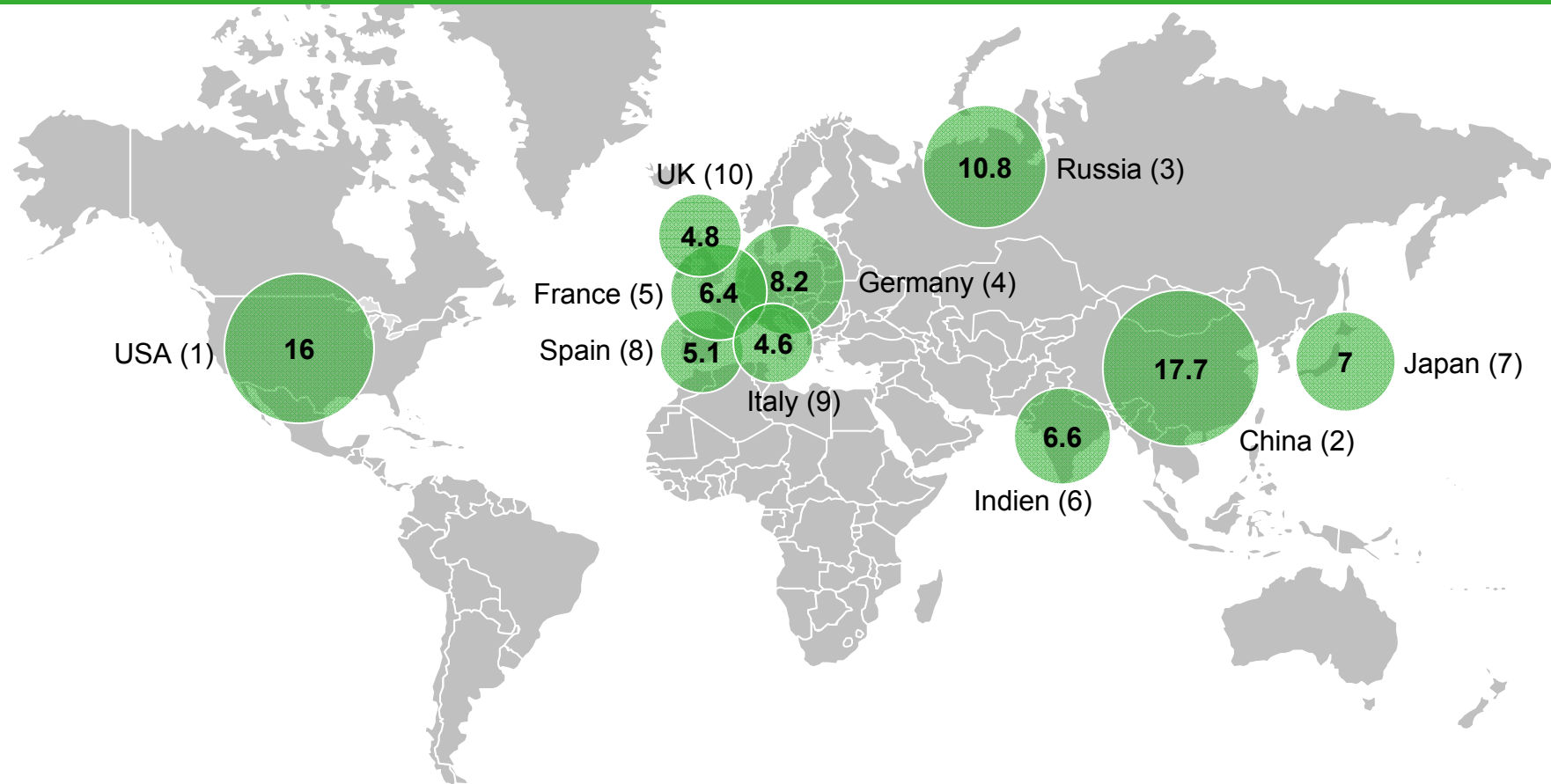


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Regional markets: the world's ten biggest rail markets

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

(2009 ranking)

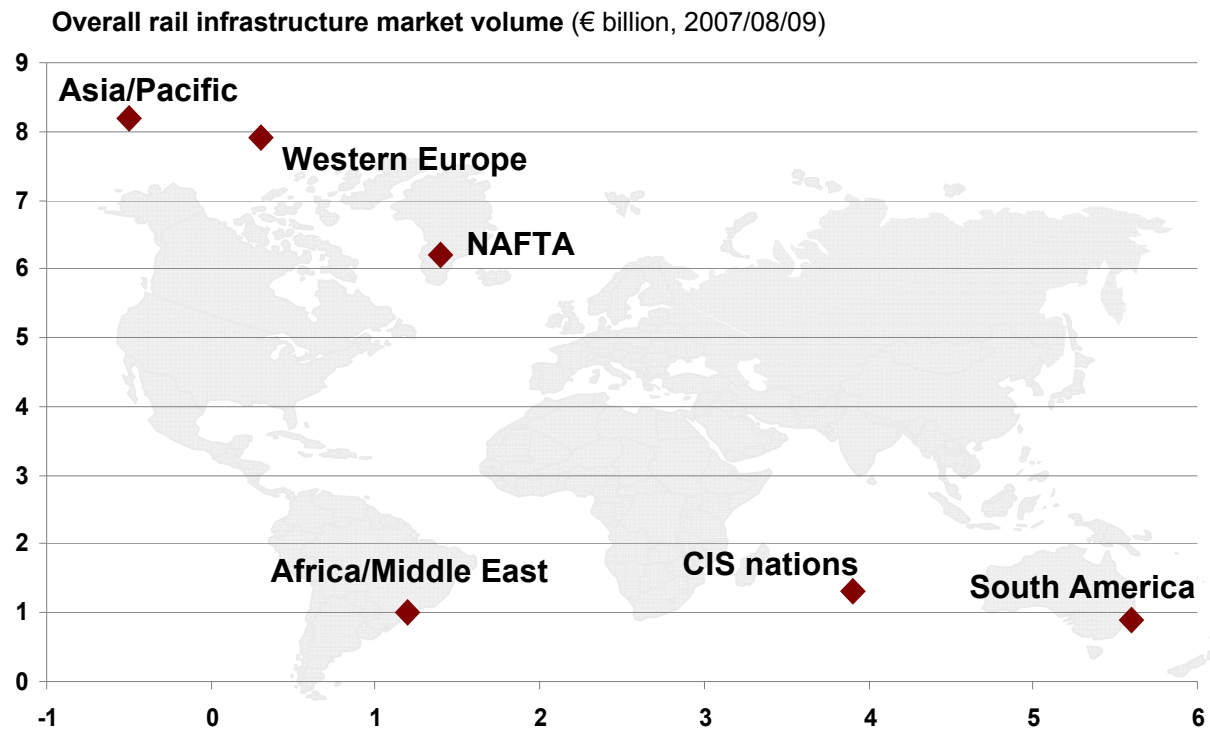


¹ SCI: The Worldwide Market for Railway Technology 2010

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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

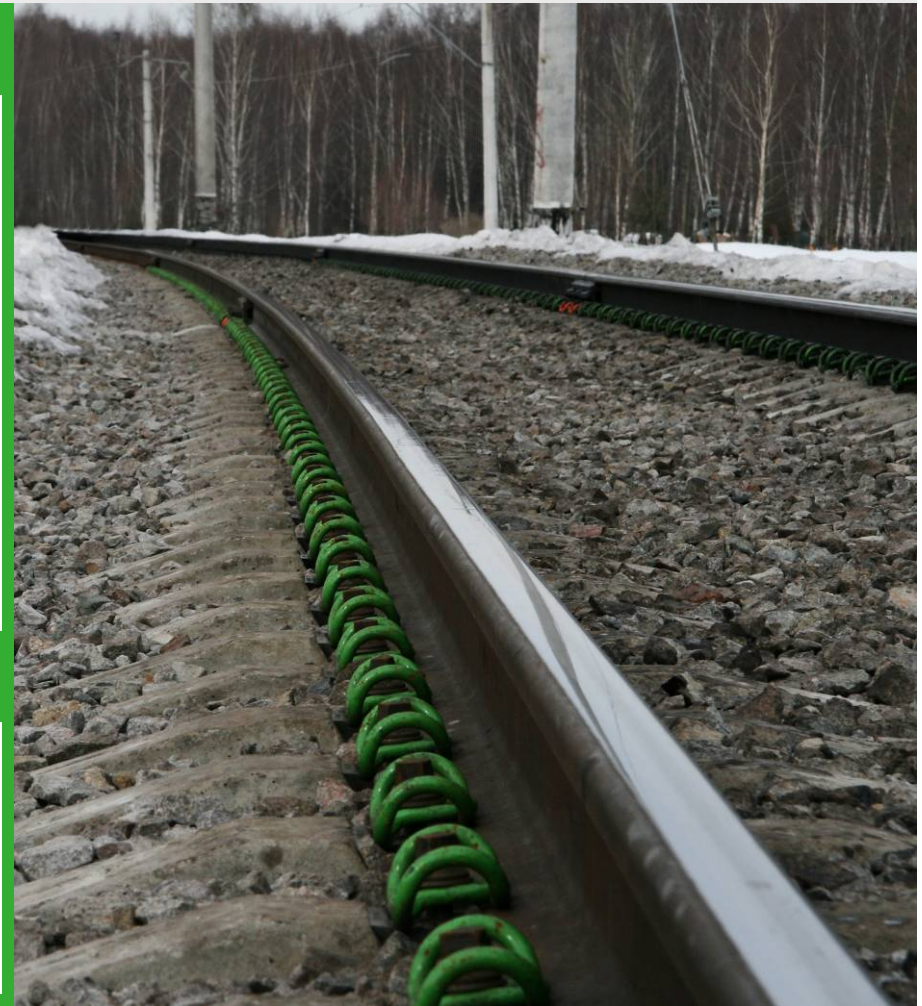
Fasteners for Russia

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

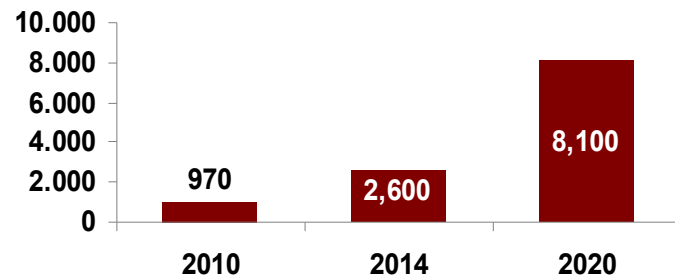
New production facility

- ▶ **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

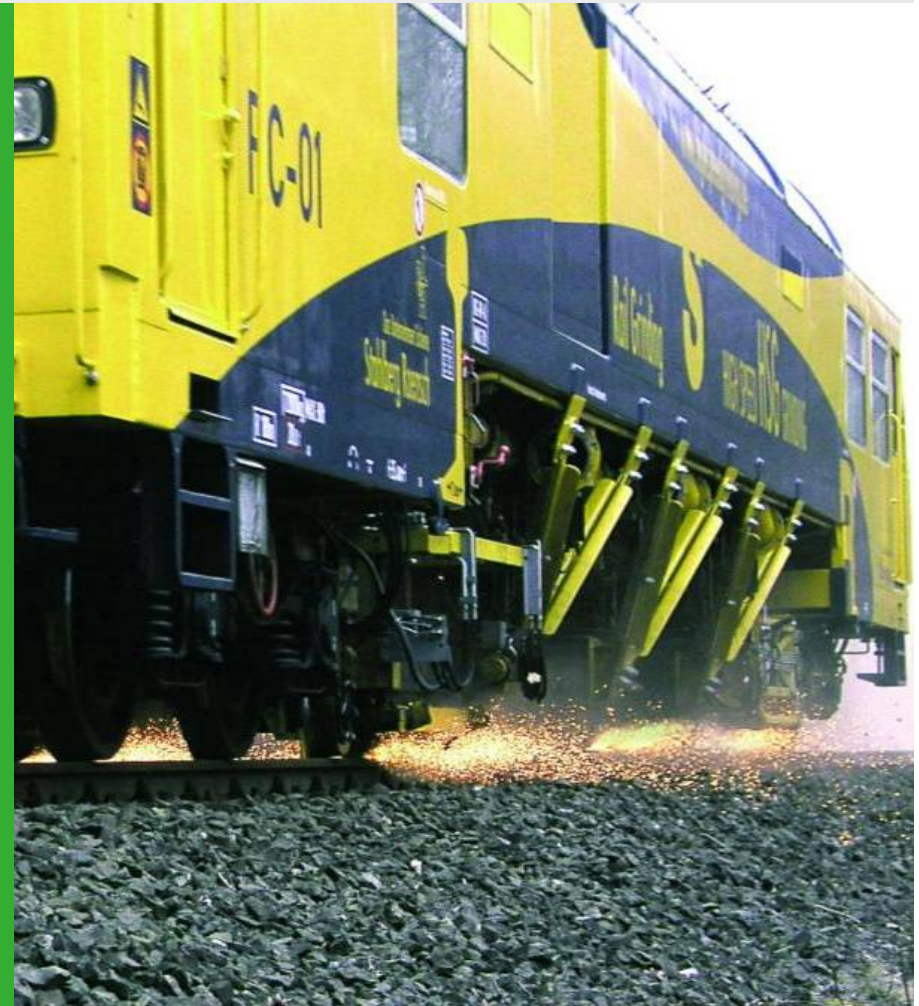
High-speed grinding

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

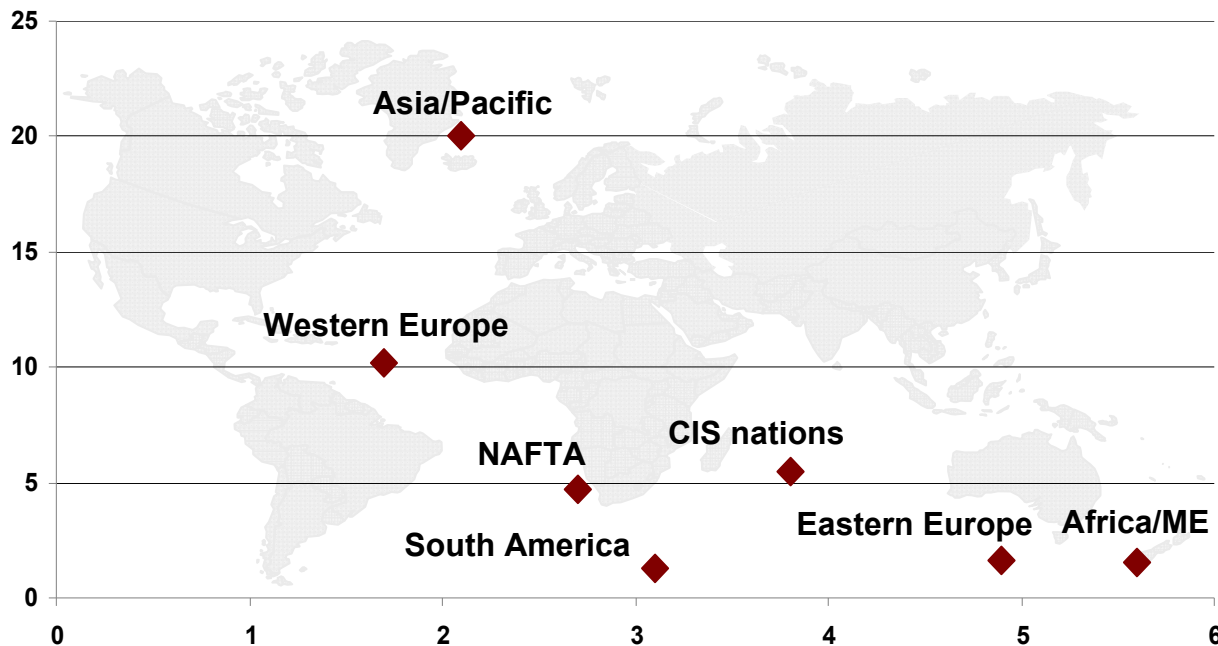


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Rolling stock in selected regions with potential

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

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

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



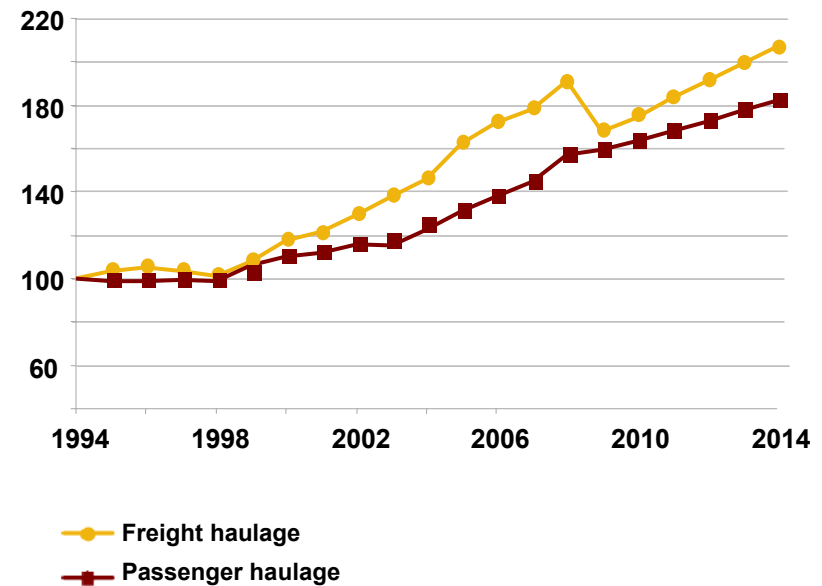
Rail-bound transportation growing at a steady rate

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

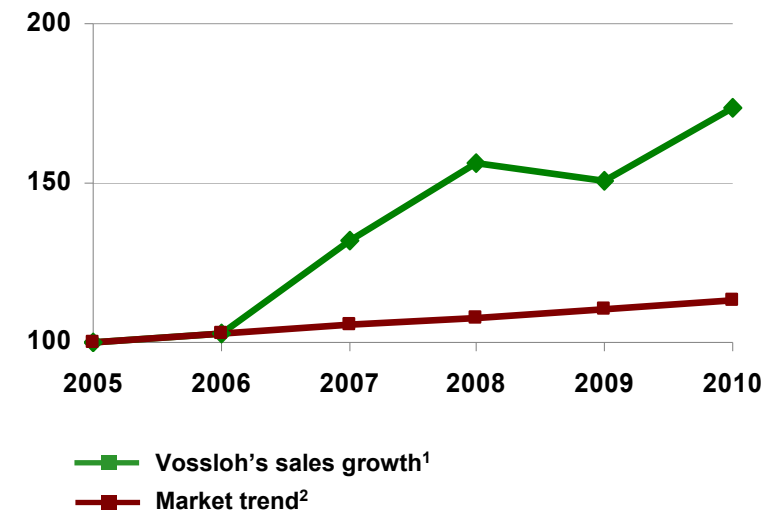
Growth drivers: products and new markets

- ▶ **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