

Presentation to Investors

May 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

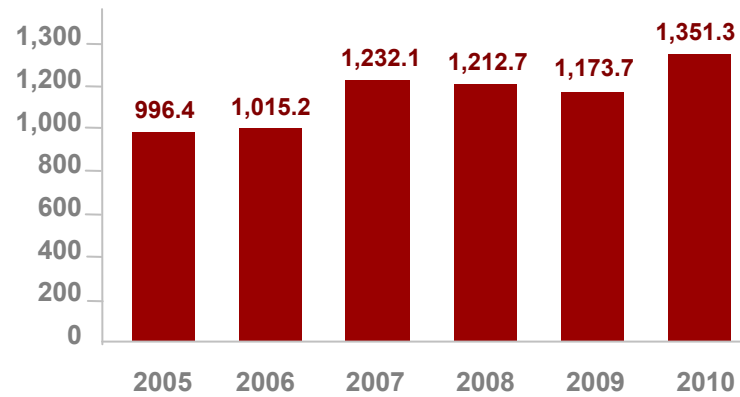


Vossloh Electrical Systems

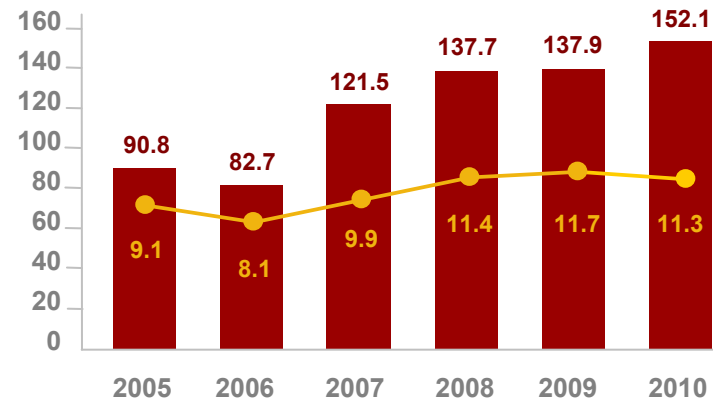
Vossloh Group

Business in 2010 with new record highs

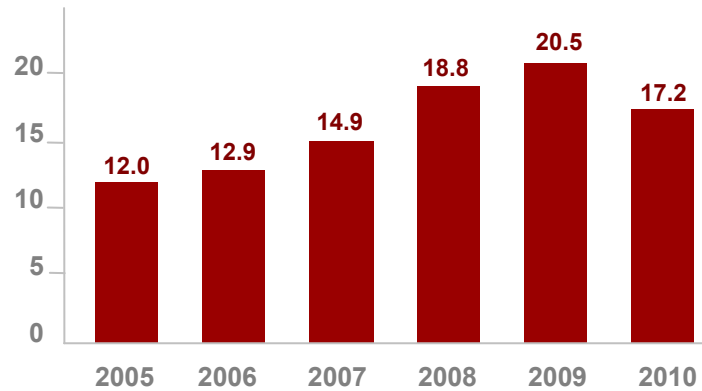
► Sales in € mill.



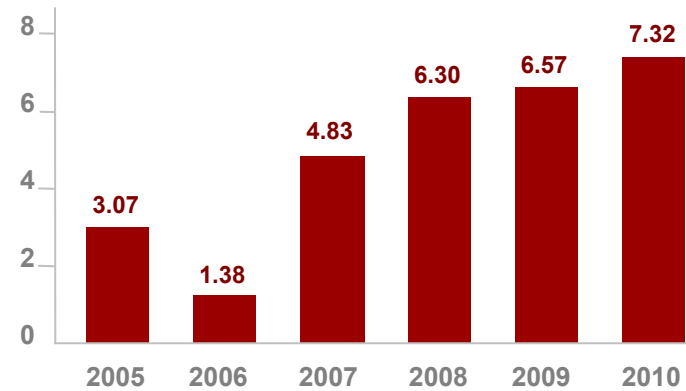
► EBIT in € mill./EBIT margin in %



► ROCE in %



► EpS in €



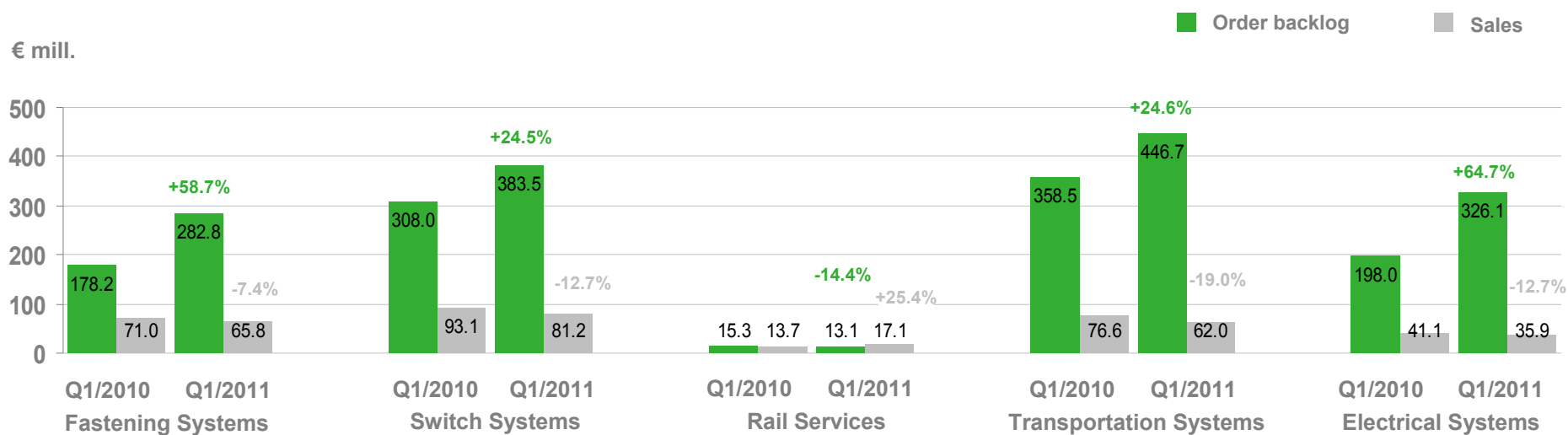
Vossloh Group, Q1/2011

Order intake at €622.8 million and order backlog at €1,448.2 million both reaching all-time highs

Order intake:

- ▶ Fastening Systems: €142.6 million (+49.8%)
- ▶ Switch Systems: €153.8 million (+14.8%)
- ▶ Rail Services: €29.3 million (+1.0%)
- ▶ Transportation Systems: €169.5 million (up from a negative €13.0 million)
- ▶ Electrical Systems: €129.9 million (up from €17.0 million)

Order backlog and sales



Vossloh Group, Q1/2011

Several reasons for a weak start into 2011

- ▶ **Sales** down by 12.1% or €35.9 million; project delays and suspended shipments hamper business at Rail Infrastructure; Transportation sales receding as expected
- ▶ **EBIT** and **EBIT margin** shrinking, also due to higher raw material cost ratio
- ▶ **Value added** negative

		Q1/2010	Q1/2011	Δ in %
Sales	€ mill.	295.4	259.5	-12.1
EBIT	€ mill.	35.4	17.9	-49.5
EBIT margin	%	12.0	6.9	—
Group earnings	€ mill.	22.8	10.4	-54.6
Earnings per share	€	1.71	0.78	-54.6
ROCE	%	16.4	8.8	—
Value added	€ mill.	11.6	(2.3)	—
Quarterly average headcount		4,980	4,937	-0.9



Vossloh Group, Q1/2011

Working capital, capital employed and net financial debt all improved

- ▶ **Working capital** whittled down
- ▶ **Capital employed** trimmed
- ▶ **Net financial debt** and **net leverage** slashed



		3/31/2010	12/31/2010	3/31/2011
Total assets	€ mill.	1,413.3	1,405.8	1,444.3
Total equity	€ mill.	525.8	580.0	593.9
Equity ratio	%	37.2	41.3	41.1
Average working capital	€ mill.	301.3	309.0	219.8
Average working capital intensity	%	25.5	22.9	21.2
Closing working capital	€ mill.	305.6	258.0	190.7
Closing working capital intensity	%	25.5	19.1	18.4
Average capital employed	€ mill.	864.8	884.5	808.8
Closing capital employed	€ mill.	866.3	848.6	776.3
Net financial debt	€ mill.	196.5	136.6	70.0
Net leverage	%	37.4	23.5	11.8

Vossloh Group, Q1/2011

Cash flow from operating activities far in the black

Cash flow analysis (€ mill.)	Q1/2010	Q1/2011
EBIT	35.4	17.9
Amortization/depreciation/write-down (less write-up) of noncurrent assets	8.4	9.7
Net result of discontinued operations	—	—
Change in noncurrent accruals	(2.8)	(4.3)
Gross cash flow	41.0	23.3
Net book loss/(gain) from the disposal of tangible and intangibles	0.0	(1.6)
Change in working capital	(55.6)	60.0
Noncash change in shares in associated affiliates, other noncash income/expenses (net), change in other assets/liabilities (net)	(6.1)	(3.1)
Cash outflow for income taxes	(6.3)	(6.9)
Net cash (used in)/provided by operating activities	(27.0)	71.7
Cash outflow for additions to tangibles/intangibles	(10.7)	(14.8)
Freely available cash flow¹	(37.7)	56.9

- ▶ **Cash flow from operating activities** improved year-on-year by nigh €100 million
- ▶ **Freely available cash flow** at €56.9 million



¹ Before additions to other noncurrent financial instruments and before M&A, divestment of consolidated subsidiaries and dividend payout

Rail Infrastructure, Q1/2011

Project delays and shipment suspension slacken business

- ▶ **Sales** shrinking year-on-year by 8.2%
- ▶ **EBIT** and **EBIT margin** significantly lower
- ▶ **Fastening Systems sales** down 7.4% to €65.8 million
- ▶ **Switch Systems sales** falling 12.7% to €81.2 million
- ▶ **Rail Services sales** up 25.4% to €17.1 million

		Q1/2010	Q1/2011	Δ in %
Sales	€ mill.	177.6	163.1	-8.2
EBIT	€ mill.	31.0	15.6	-49.6
EBIT margin	%	17.4	9.6	—
Average working capital	€ mill.	261.1	224.5	-14.0
Closing working capital	€ mill.	263.7	217.8	-17.4
Average capital employed	€ mill.	667.9	651.1	-2.5
Closing capital employed	€ mill.	674.9	640.9	-5.0
ROCE	%	18.5	9.6	—
Average value added	€ mill.	12.6	(0.7)	—



Transportation, Q1/2011

Rail Vehicles sales wilting as expected, Vossloh Locomotives' doubled

- ▶ **Sales** showing downturn
- ▶ **EBIT** and **EBIT margin** below year-earlier level
- ▶ **ROCE** above 15% benchmark despite weaker operating activities
- ▶ **Transportation Systems sales** down 19.0% to €62.0 million; Vossloh Locomotives doubling sales to €25.5 million (+97.7%); Vossloh Rail Vehicles reporting 42.7% sales drop to €36.5 million
- ▶ **Electrical Systems sales** declining 12.7% to €35.9 million

		Q1/2010	Q1/2011	Δ in %
Sales	€ mill.	117.7	96.4	-18.1
EBIT	€ mill.	9.0	6.1	-32.7
EBIT margin	%	7.6	6.3	—
Average working capital	€ mill.	48.0	(1.8)	—
Closing working capital	€ mill.	53.2	(14.1)	—
Average capital employed	€ mill.	186.6	151.2	-19.0
Closing capital employed	€ mill.	193.4	138.9	-28.2
ROCE	%	19.3	16.0	—
Average value added	€ mill.	3.9	2.3	-41.1



Vossloh Group, 2010–2012p

Favorable outlook reaffirmed

- ▶ Order backlog supports 2011 and 2012 budgets; large contracts especially upgrade prospects for Transportation
- ▶ Capex program continued in order to seize market opportunities whenever deemed expedient
- ▶ Ample financial scope for M&A in selected areas

	2010	2011p	2012p
Sales	€1,351.3 mill.	approx. €1.4 bill.	approx. €1.5 bill.
EBIT	€152.1 mill.	>€160 mill.	>€170 mill.
EBIT margin	11.3%	11%–11.5%	11%–11.5%
Earnings per share*	€6.92	approx. €7.20	approx. €7.50
Average working capital	€309.0 mill.	approx. €310 mill.	approx. €330 mill.
Capital expenditures	€57.9 mill.	approx. €90 mill.	approx. €60 mill.
Average capital employed	€884.5 mill.	€900–950 mill.	>€950 mill.
ROCE	17.2%	approx. 17%	approx. 18%
Value added	€54.8 mill.	approx. €65 mill.	approx. €75 mill.
Net financial debt	€136.6 mill.	€100–150 mill.	<€150 mill.

* continuing operations



Vossloh Group

Strongly positioned to outpace market growth

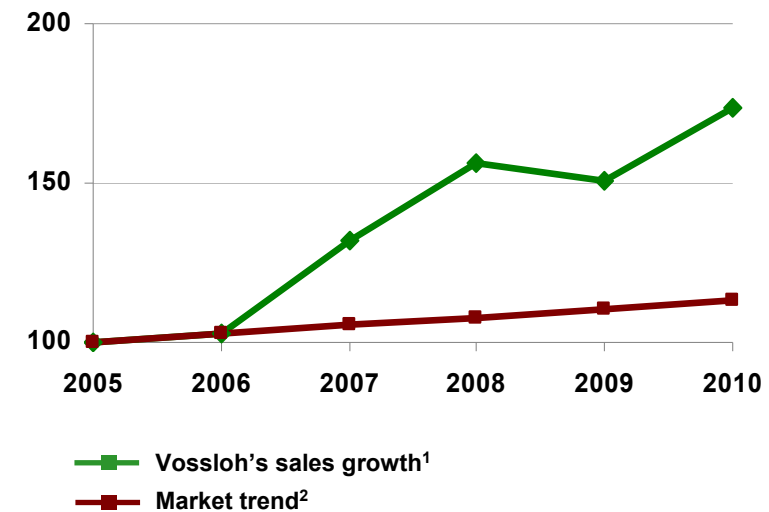
Growth drivers: products and new markets

- ▶ **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 2005–2010, 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

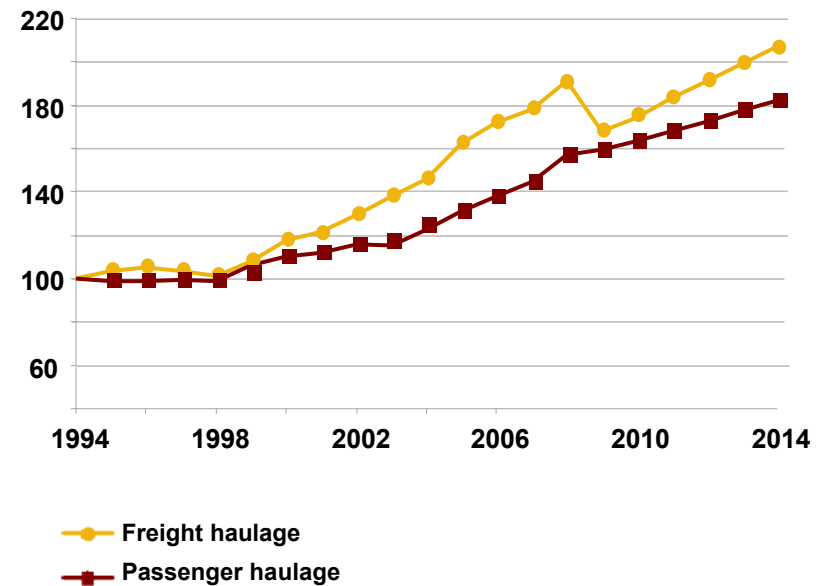
Rail-bound transportation growing at a steady rate

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

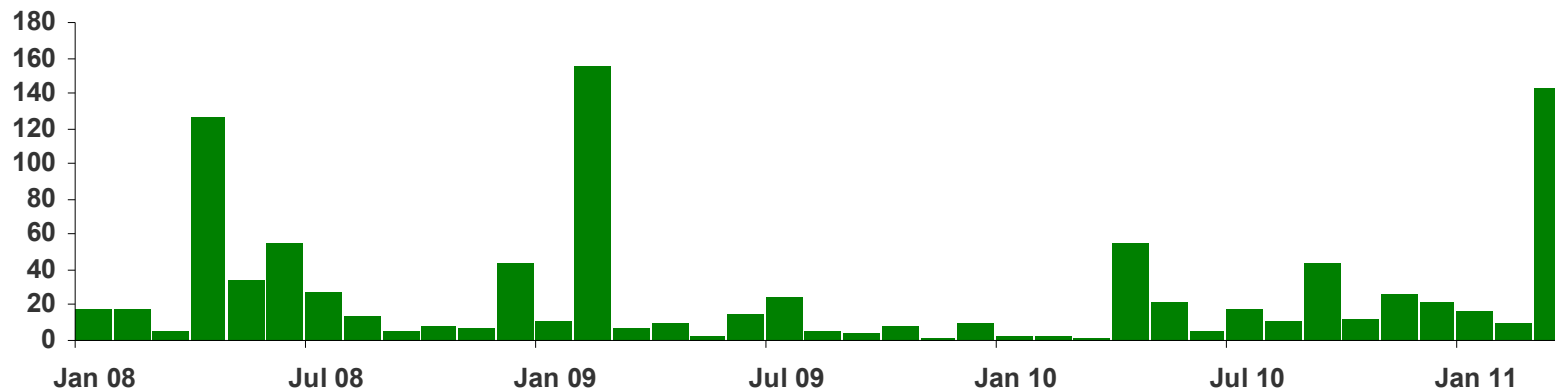
Vossloh Transportation Systems

Order intake rebounding

- ▶ Orders for EURO 4000 and EURO 3000 locomotives worth some €140 million placed with Vossloh Rail Vehicles in Q1/2011
- ▶ Northern Spanish railway company (Ferrocarriles de Vía Estrecha – FEVE) awards in 2010 first contract for Vossloh tram and train-tram, altogether 8 trains
- ▶ Kiel booking new orders in Q1/2011 for center-cab locomotives – altogether 68 new locomotives ordered in 2010 and Q1, 2011



Vossloh Transportation Systems: order intake (in € million)

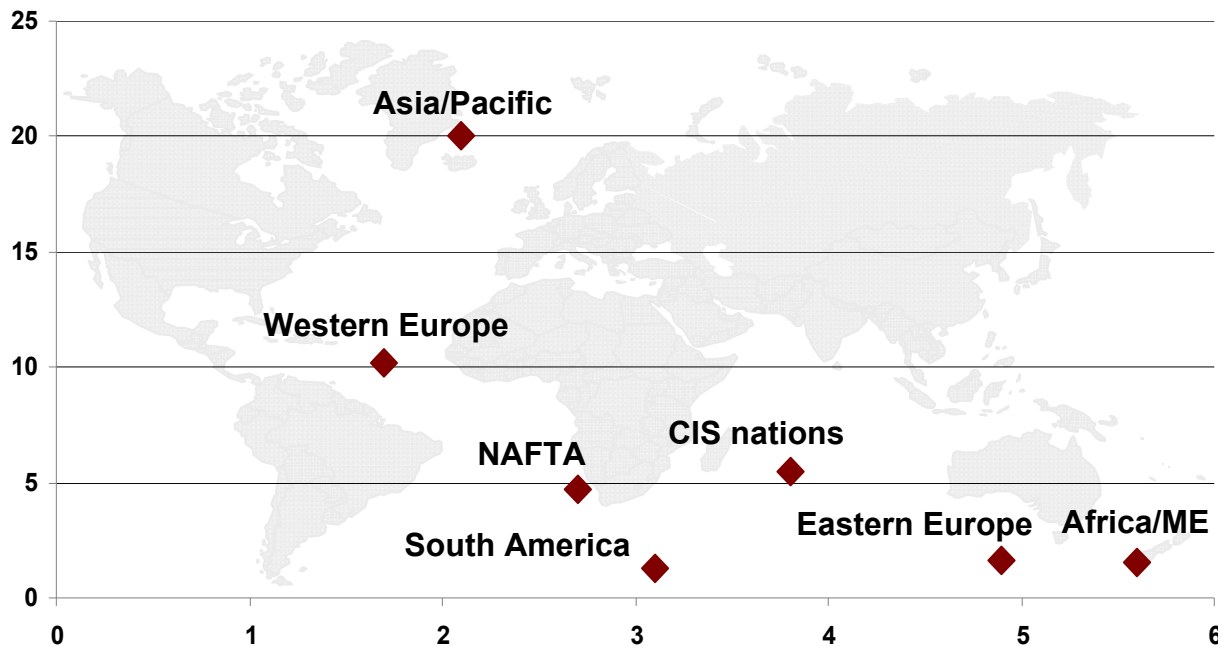


Vossloh Transportation Systems

Rolling stock with potential in selected regions

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

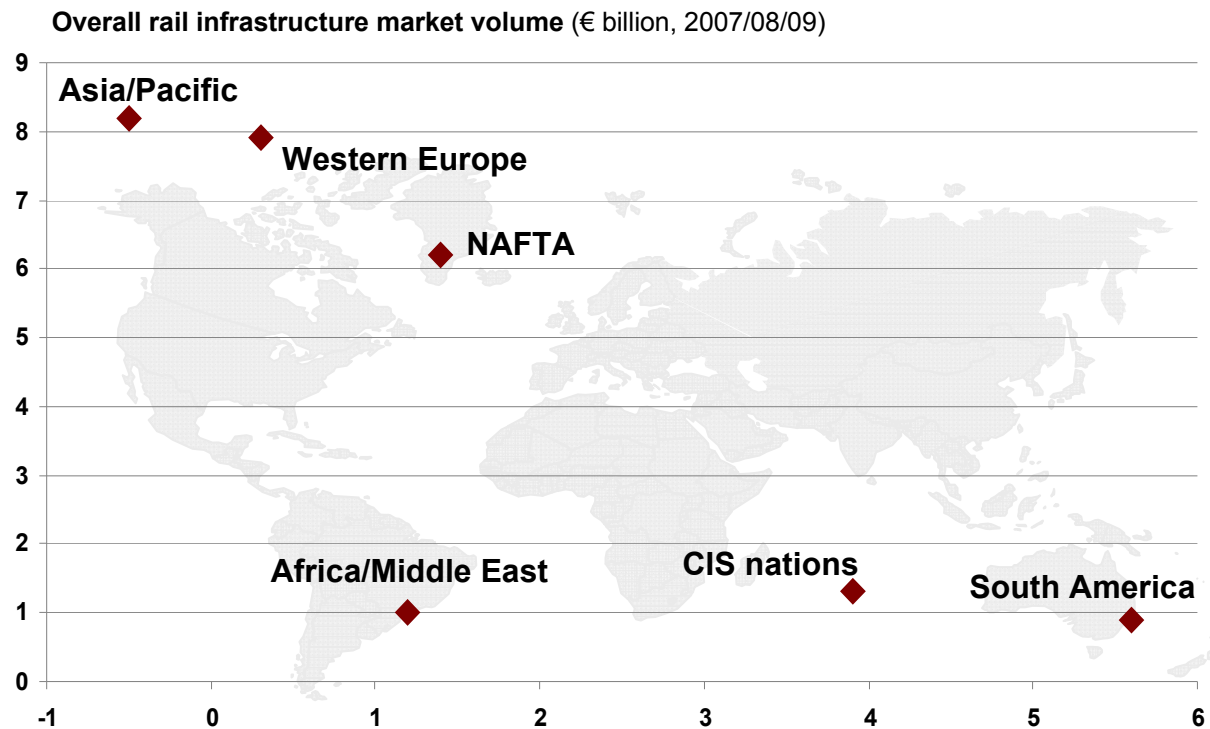
- ▶ **Capex** of around €14 million, incl. €6 million for 2011
- ▶ Vossloh trams (TramLink) with **mechanical and electrical systems all sourced from Vossloh**
- ▶ First market reference: Northern Spain, etc.
- ▶ **All the ingredients** for a complete local rail transport program: metros, train-trams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



Vossloh Rail Infrastructure

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

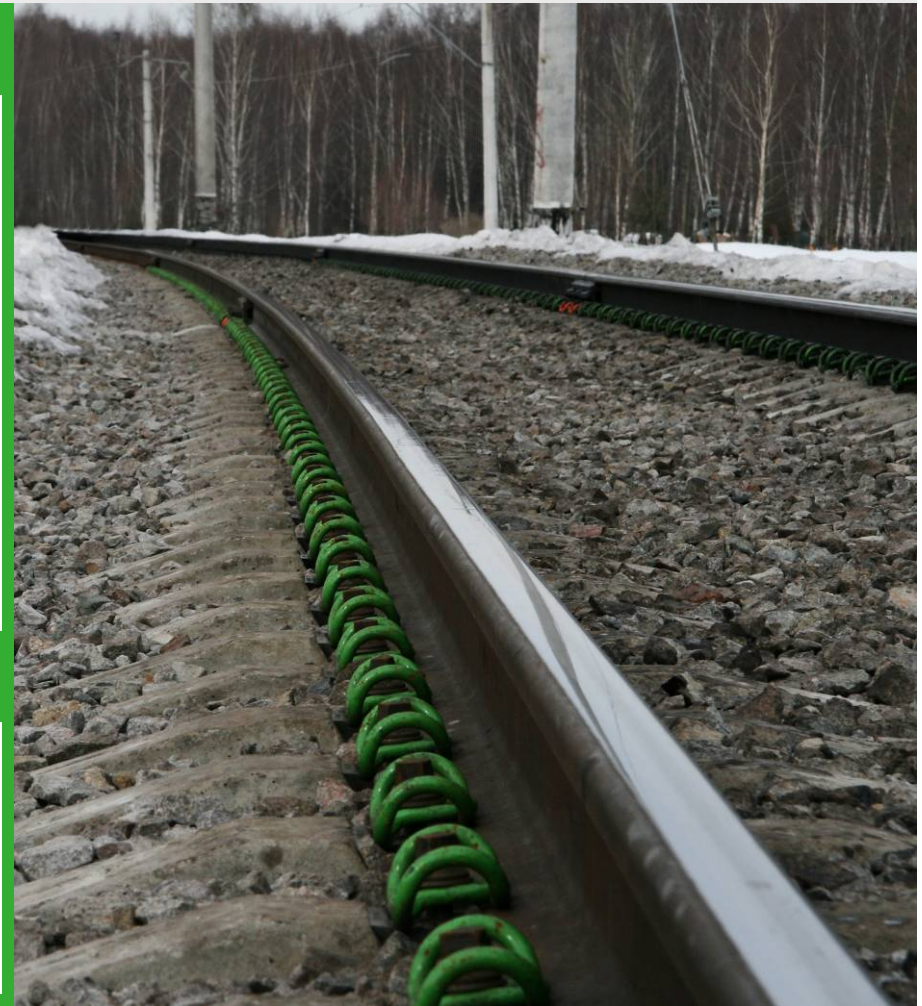
Fasteners for Russia

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

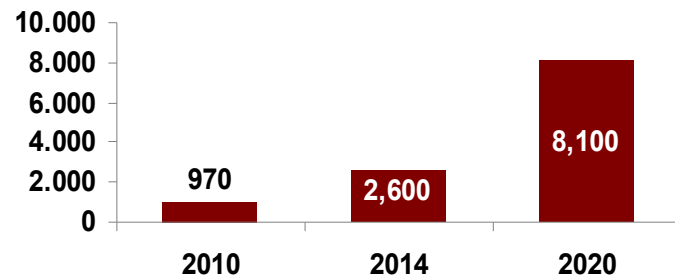
New production facility

- ▶ **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

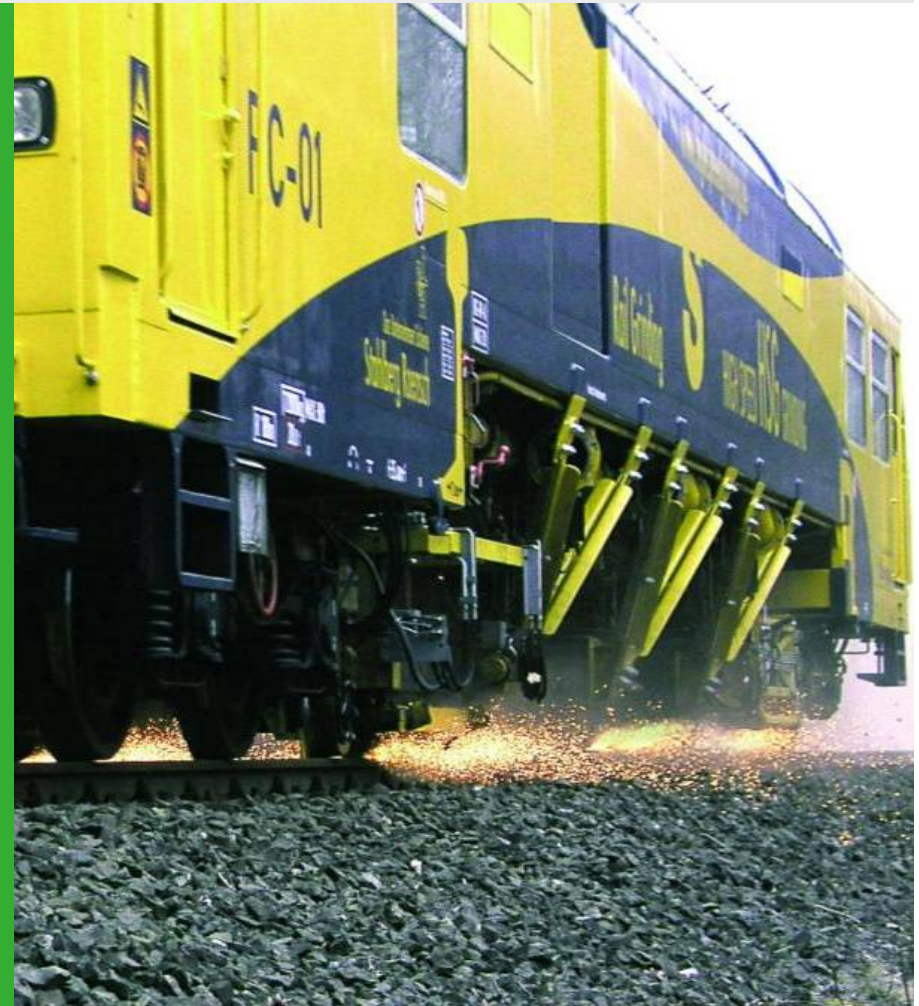
High-speed grinding

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

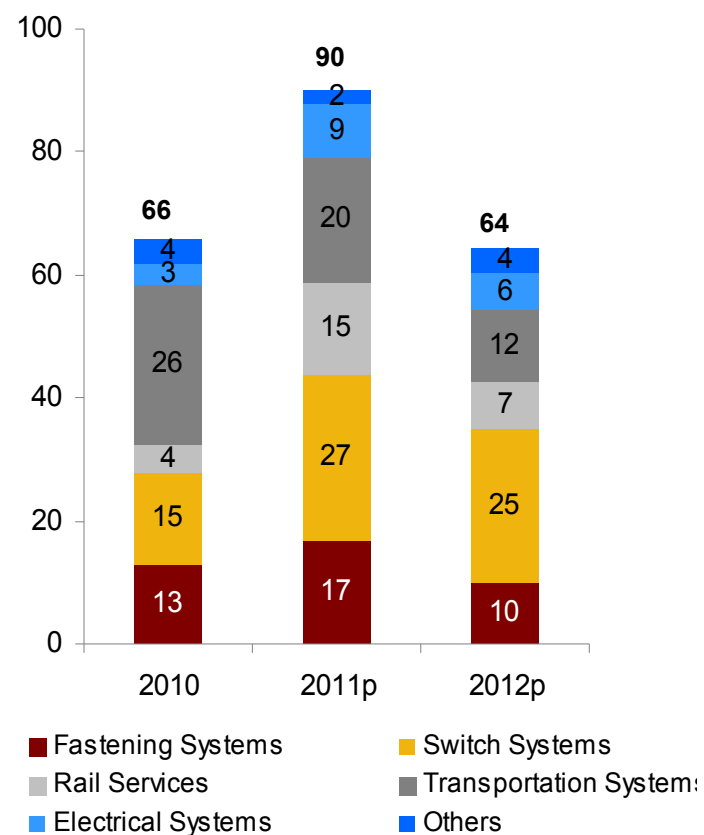


Vossloh Group, 2010–2012p

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)



Vossloh Group, 2010–2012p

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

- ▶ 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 2, 2011 Investors and analysts conference¹

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¹ Conference call with financial analysts planned