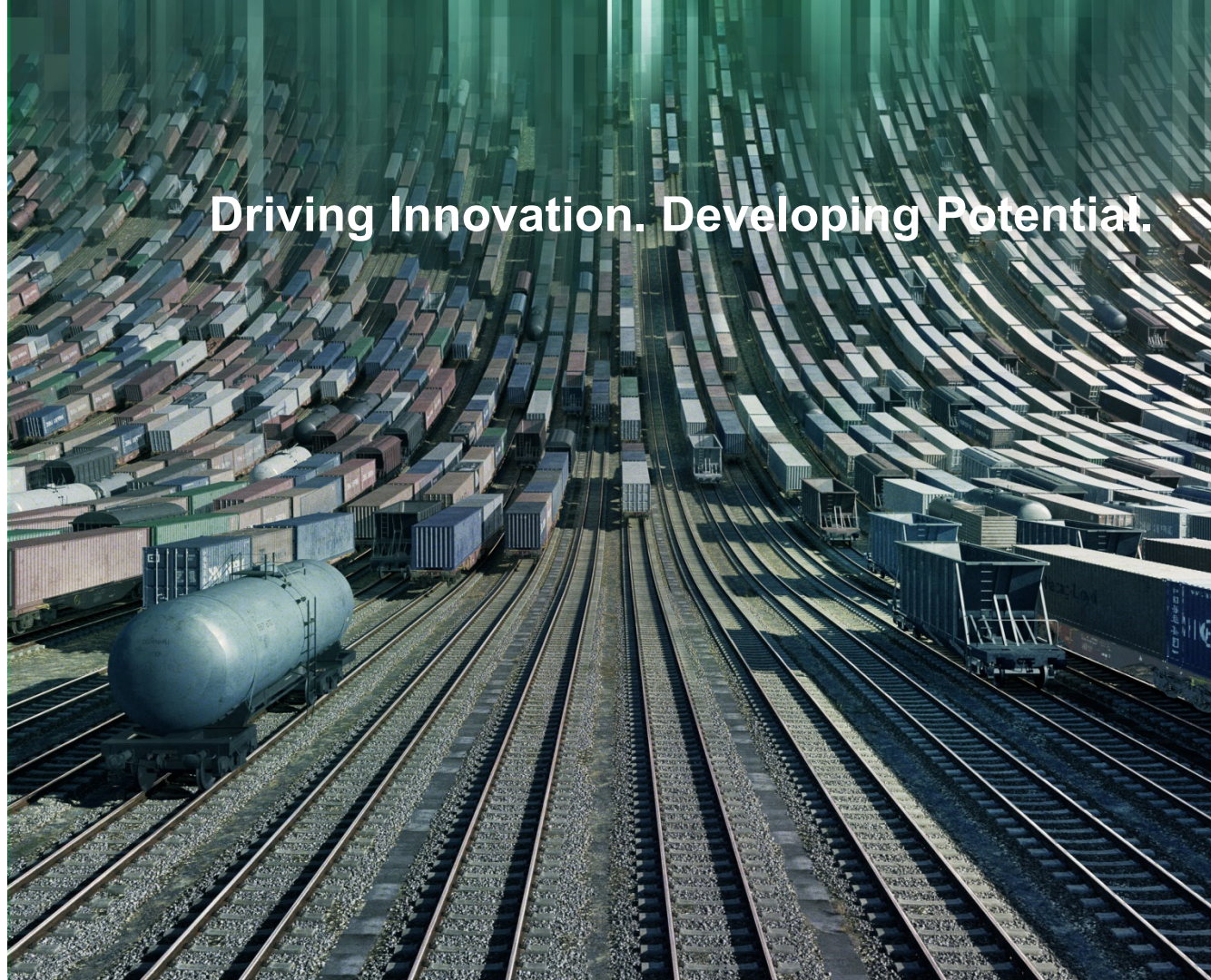




**Quarterly Statement  
as of March 31, 2018**

Werdohl, April 26, 2018



**Driving Innovation. Developing Potential.**

# Disclaimer

## **Note:**

This presentation contains statements concerning the future business performance of the Vossloh Group that are based on assumptions and estimates from the company management. If the assumptions that the projections are based on fail to occur, the actual results of the projected statements may differ substantially. Uncertainties include changes in the political, commercial and economic climate, the actions of competitors, legislative reforms, the effects of future case law and fluctuations in exchange rates and interest rates. Vossloh and its Group companies, consultants and representatives assume no responsibility for possible losses associated with the use of this presentation or its contents. Vossloh assumes no obligation to update the forecast statements in this presentation.

The information contained in this presentation does not constitute an offer or an invitation to sell or buy Vossloh AG shares or the shares of other companies.

# Vossloh Group: Driving Innovation. Developing Potential.

## First quarter 2018 down year-over-year as expected, guidance 2018 confirmed

### Seasonally typical slow start to 2018

- Group sales and profitability down from previous year as expected, in particular due to project-related weaker business performance of Vossloh Fastening Systems
- Guidance for all divisions and for the Vossloh Group in total confirmed for the 2018 fiscal year

### Transportation (discontinued operations)

- Good business performance in the Transportation division in the first quarter of 2018 leads to positive result from discontinued operations
- Status of divestment process: Ongoing in-depth sales discussions with potential buyers; closing of divestment in 2018 expected

### Focus market China

- In April 2018, order won in China for rail fastening systems in the high-speed segment; section of new route being constructed between Zhengzhou and Wanzhou
- Order volume of around €30 million, contributions to sales primarily in 2019

### Focus market North America

- Vossloh Tie Technologies signs long-term framework agreement with another Class-I railroad in April 2018
- Plans to develop a new production facility for concrete ties; market position in concrete tie business further expanded in North America

## Sales and profitability below previous year, positive net income in Q1/2018

Key group indicators <sup>1)</sup>		1-3/2017	1-3/2018
Sales revenues	€ mill.	196.2	178.3
EBIT	€ mill.	9.6	1.6
EBIT margin	%	4.9	0.9
Net income	€ mill.	4.7	1.4
Earnings per share	€	0.18	0.04
Return on capital employed (ROCE)	%	4.9	0.8
Value added	€ mill.	(5.1)	(12.8)
Free cash flow <sup>2)</sup>	€ mill.	(29.2)	(34.6)
Capital expenditure	€ mill.	4.9	5.8
Depreciation/amortization	€ mill.	10.1	8.7

### Notes

- **Sales revenues** down year-over-year due to temporarily weakened business in the Fastening Systems business unit in China
- **EBIT** down year-over-year amongst others due to sales-driven lower earnings contributions from China and a one-time effect in the Fastening Systems business unit in 2017
- **Free cash flow** seasonally negative and additionally burdened by discontinued operations
- **Capital expenditure** up year-over-year; mostly due to modernization of a production plant for manganese frogs in the Customized Modules division

1) Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

2) Includes the effects of discontinued operations; free cash flow comprises the cash flow from operating activities, investments in intangible assets and property, plant and equipment, and cash receipts and payments associated with companies accounted for using the equity method.

## Equity ratio kept on a high level

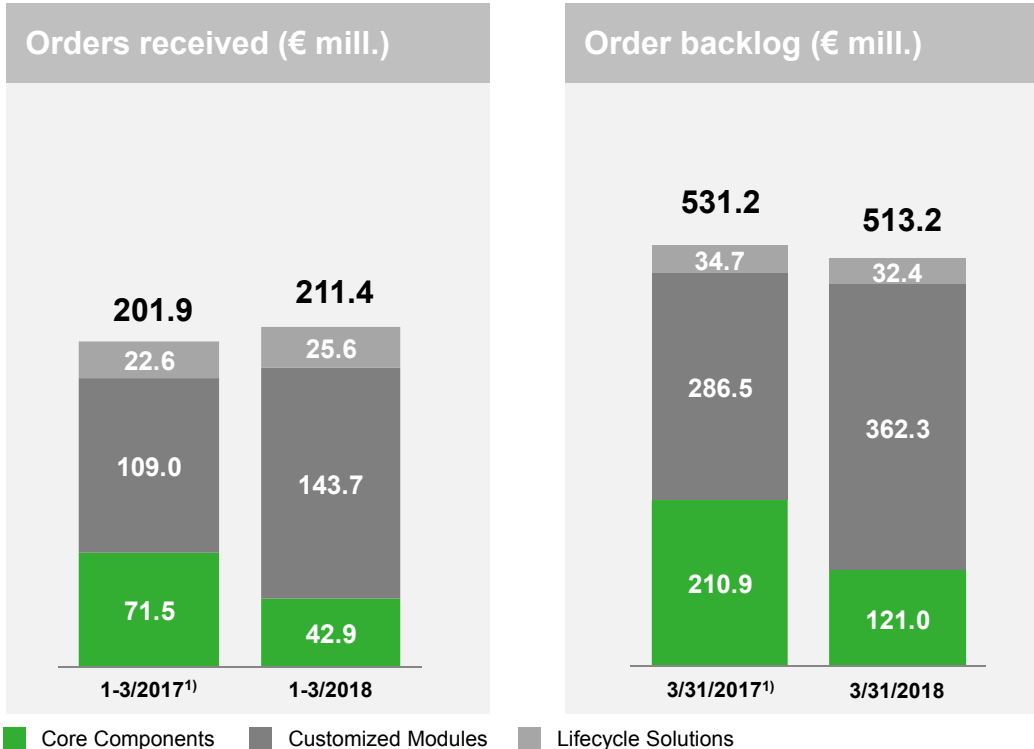
Key group indicators <sup>1)</sup>		1-3/2017/ 3/31/2017	1-12/2017/ 12/31/2017	1-3/2018/ 3/31/2018
Equity	€ mill.	556.5	532.4	527.1
Equity ratio	%	45.5	42.5	43.4
Working capital (Ø)	€ mill.	191.6	211.6	203.2
Working capital intensity (Ø)	%	24.4	23.0	28.5
Working capital (closing date)	€ mill.	207.9	190.0	216.4
Capital employed (Ø)	€ mill.	782.3	788.3	768.6
Capital employed (closing date)	€ mill.	796.2	758.7	778.5
Net financial debt	€ mill.	188.1	207.7	248.1

### Notes

- **Equity** approximately on the level as of end 2017; decline compared with Q1/2017 among other things due to negative result from discontinued operations in 2017
- Seasonally typical increase in **working capital** in particular in Customized Modules; significant improvement expected by the end of the year
- **Capital employed** higher than 2017 closing due to the increased working capital at the reporting date of March 31, 2018
- **Net financial debt** up primarily due to the increase in working capital for discontinued operations and also due to interest payments and dividend payments to third parties

1) Prior-year figures as of March 31, 2017, resp. for January to March 2017, adjusted due to the treatment of the Locomotives business unit as discontinued operations.

## High level of orders received in the Customized Modules division



### Notes

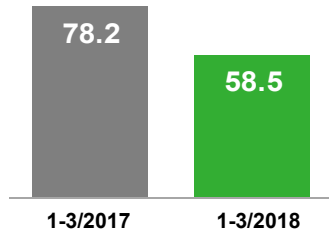
- **Orders received** up over previous year in particular due to good order situation in France, Poland and Sweden in CM; in contrast, orders received in CC lower year-over-year primarily in the USA (VTT) and China (VFS)
- **Book-to-bill ratio** of 1.19 for the Group
- **April 2018:** order won by VFS in China (approx. €30 million); VTT signs long-term framework agreement with another Class-I railroad in North America
- High **order backlog** in Customized Modules attributable primarily to order increases at companies in France and Poland; **order backlog** in Core Components mostly reduced at the Chinese company

1) Prior-year figures on Group level adjusted due to the treatment of the Locomotives business unit as discontinued operations.

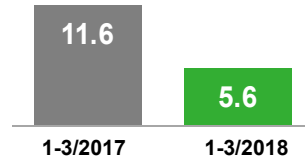
# Core Components division (CC)

## Sales and EBIT down year-over-year

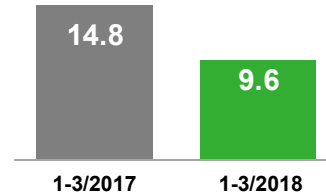
Sales (€ mill.)



EBIT (€ mill.)



EBIT margin (%)



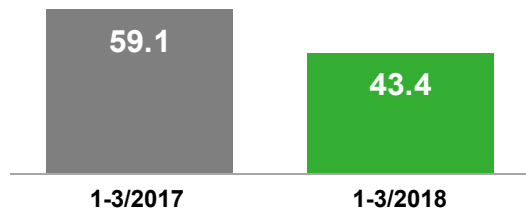
- Decline in sales mostly attributable to Fastening Systems business unit activities in China and to a lesser extent also to the Tie Technologies business unit
- Lower earnings and profitability; prior-year figures include a high level of deliveries for high-volume and high-margin projects of rail fastening systems (primarily in China) and also investment income from an non-consolidated company
- Value added nonetheless positive in the first quarter of 2018

ROCE (%)	1-3/2018:	10.2
	1-3/2017:	20.3
Value added (€ mill.)	1-3/2018:	1.5
	1-3/2017:	7.3

# Fastening Systems business unit (VFS)

Sales and value added down year-over-year as anticipated

Sales (€ mill.)



Value added (€ mill.)



- Anticipated decline in sales primarily attributable to reduced deliveries of rail fastening systems in China; higher sales especially in Italy and Poland
- Value added still positive, but lower due to strong business in China in the previous year and investment income in 2017
- Higher order volume, amongst others in Italy not able to offset the lower level of orders received in particular in China; in April 2018, a new order worth approx. €30 million received for a high-speed project in China

Orders received (€ mill.)	1-3/2018:	35.3
	1-3/2017:	46.6

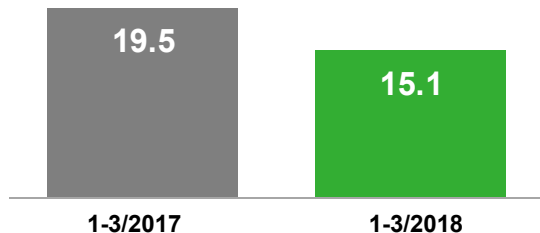
Order backlog (€ mill.)	3/31/2018:	92.3
	3/31/2017:	170.4



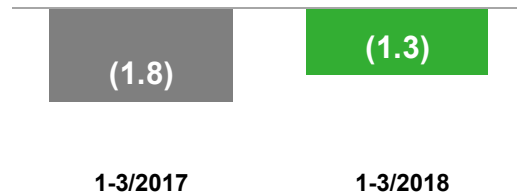
# Tie Technologies business unit (VTT)

## Restrained business performance in the first quarter as anticipated

Sales (€ mill.)



Value added (€ mill.)



- Sales revenues also down year-over-year due to exchange rate development; demand from major U.S. freight operators remains weak
- Slight year-over-year improvement in value added due to lower cost of capital resulting from lower average capital employed
- Orders received significantly more volatile than sales development, as contracts are awarded at irregular intervals for several months; orders significantly down year-over-year in the USA; in contrast, orders received in Mexico went up; order backlog lower year-over-year also due to exchange rate development

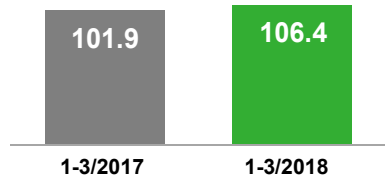
Orders received (€ mill.)	1-3/2018:	7.6
	1-3/2017:	25.3

Order backlog (€ mill.)	3/31/2018:	28.7
	3/31/2017:	40.6

# Customized Modules division (CM)

Increase in sales year-over-year, EBIT still below previous year's level

Sales (€ mill.)



EBIT (€ mill.)



EBIT margin (%)



- Higher sales above all thanks to improved switch systems business in the Polish market; higher sales in Israel and Italy, among others; in contrast, in particular in Morocco lower sales compared to high level of previous year
- EBIT down year-over-year especially for the French key management company due to lower contributions to sales; U.S. business essentially unchanged year-over-year
- Decline in average working capital from €131.5 million to €128.9 million in spite of higher sales; average working capital intensity therefore at 30.3 percent (Q1/2017: 32.3 percent)

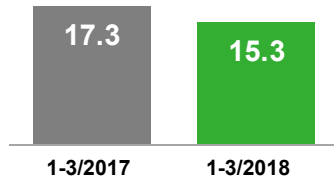
ROCE (%)	1-3/2018:	2.2
	1-3/2017:	2.6

Value added (€ mill.)	1-3/2018:	(5.6)
	1-3/2017:	(5.2)

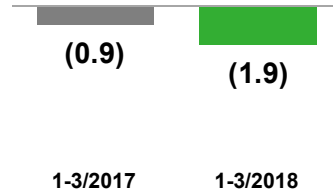
# Lifecycle Solutions division (LS)

## Seasonally typical slow start to the fiscal year

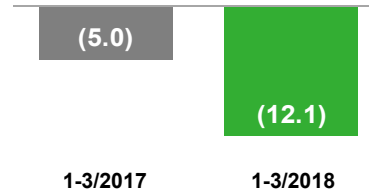
Sales (€ mill.)



EBIT (€ mill.)



EBIT margin (%)



- Sales slightly down year-over-year, lower sales contributions especially from Sweden and China; in contrast, higher sales in Denmark
- EBIT and EBIT margin still down year-over-year, in particular due to lower earnings contributions from milling business as a result of the scheduled overhauling of a milling train
- Improvement in the earnings situation anticipated in the course of 2018 on the basis of stronger business performance at the welding plants thanks to greater demand in Germany and Denmark

ROCE (%)

1-3/2018: (5.6)

1-3/2017: (2.6)

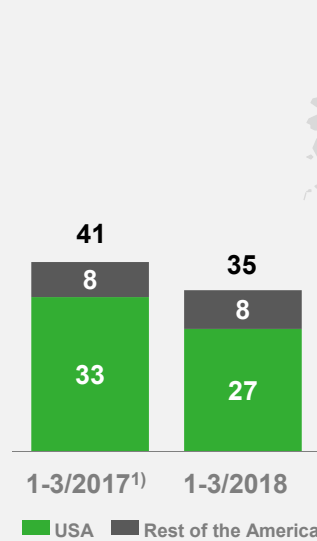
Value added  
(€ mill.)

1-3/2018: (4.3)

1-3/2017: (3.4)

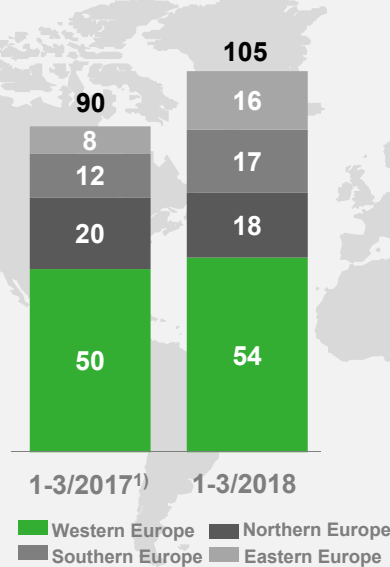
## Sales increase in Europe unable to offset declines in other markets

The Americas (€ mill.)



Sales in the USA down year-over-year above all due to lower VTT sales

Europe (€ mill.)



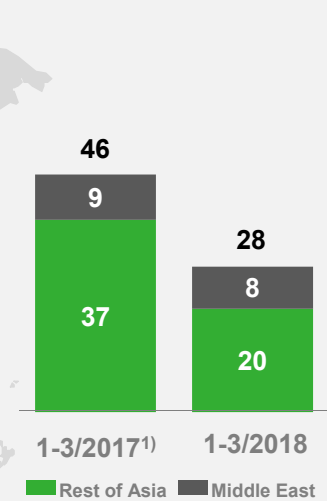
Sizeable additional sales in Eastern and Southern Europe mainly in the Customized Modules division

Africa & Australia (€ mill.)



Sales in Africa significantly down year-over-year, primarily in Morocco

Asia incl. Middle East (€ mill.)



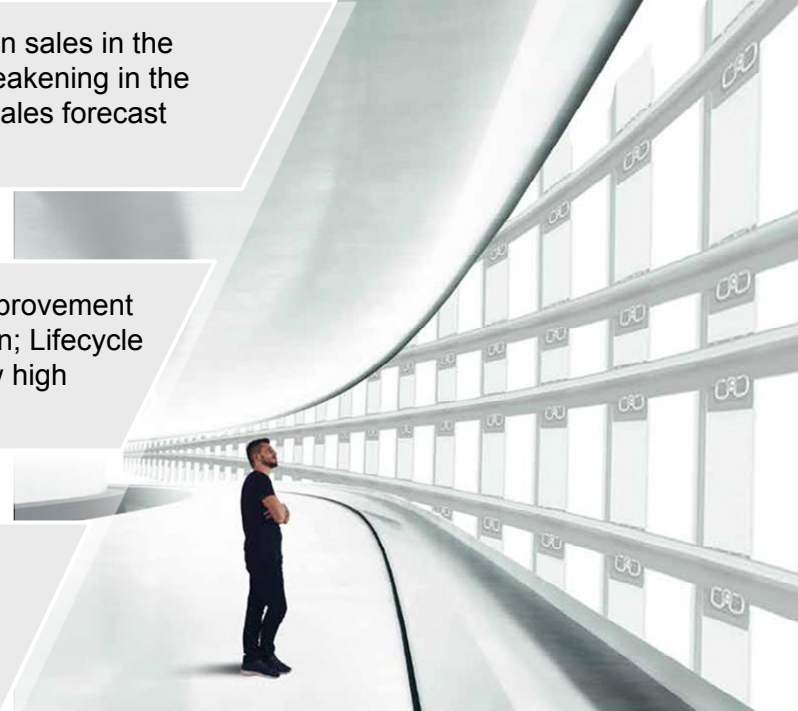
Weaker first quarter in China results in lower sales mainly in CC

1) Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.

# Vossloh Group, 2018 outlook

## Guidance for the 2018 fiscal year confirmed

- **Sales in the range of €875 million to €950 million:** Decline in sales in the Core Components division due to an anticipated temporary weakening in the performance of Vossloh Fastening Systems in China; higher sales forecast for Customized Modules and Lifecycle Solutions
- **EBIT margin of between 6.0 and 7.0 percent:** Significant improvement expected in the profitability of the Customized Modules division; Lifecycle Solutions also to noticeably improve; Core Components below high level seen in the 2017 fiscal year
- **Value added:** Positive value added aimed for in 2018 in spite of lower EBIT expectations



# Financial calendar and contact information

## You can always contact us

### Financial calendar 2018

- |                    |  |
|--------------------|--|
| ▪ May 9, 2018      | Annual General Meeting, Düsseldorf           |
| ▪ August 1, 2018   | Interim financial report as of June 30, 2018 |
| ▪ October 25, 2018 | Quarterly Statement as of September 30, 2018 |

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Fax: +49 (0) 23 92 / 52-219

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  - Email: [presse@vossloh.com](mailto:presse@vossloh.com)
- Phone: +49 (0) 23 92 / 52-608  
Fax: +49 (0) 23 92 / 52-219

# Appendix

## Income statement<sup>1)</sup>

€ mill.	1-3/2017	1-3/2018
Sales revenues	196.2	178.3
Cost of sales	(152.5)	(142.1)
General administrative and selling expenses	(36.2)	(34.2)
Research and development costs	(2.4)	(2.4)
Other operating result	2.9	2.5
<b>Operating result</b>	<b>8.0</b>	<b>2.1</b>
Income from investments in companies accounted for using the equity method	(0.1)	(0.5)
Other financial result	1.7	0.0
<b>Earnings before interest and income taxes (EBIT)</b>	<b>9.6</b>	<b>1.6</b>
Interest income	1.6	0.1
Interest expenses	(3.4)	(3.8)
<b>Earnings before income taxes (EBT)</b>	<b>7.8</b>	<b>(2.1)</b>
Income taxes	(2.1)	0.7
<b>Result from continuing operations</b>	<b>5.7</b>	<b>(1.4)</b>
Result from discontinued operations	(1.0)	2.8
<b>Net income</b>	<b>4.7</b>	<b>1.4</b>
<b>thereof attributable to shareholders of Vossloh AG</b>	<b>2.8</b>	<b>0.7</b>
thereof attributable to non-controlling interests	1.9	0.7
<b>Earnings per share</b>		
Basic/diluted earnings per share (in €)	0.18	0.04
thereof attributable to continuing activities	0.24	(0.14)
thereof attributable to discontinued operations	(0.06)	0.18

1) Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations.



# Vossloh Group

## Balance sheet<sup>1)</sup>

Assets (€ mill.)	3/31/2017	12/31/2017	3/31/2018
Intangible assets	311.7	280.4	277.8
Property, plant and equipment	229.3	212.5	208.8
Investment properties	3.5	2.8	2.7
Investments in companies accounted for using the equity method	34.6	64.2	63.9
Other non-current financial instruments	9.5	8.9	9.0
Sundry non-current assets	0.6	3.5	2.9
Deferred tax assets	30.1	23.7	19.6
<b>Non-current assets</b>	<b>619.3</b>	<b>596.0</b>	<b>584.7</b>
Inventories	185.8	154.3	177.4
Trade receivables	194.7	210.3	203.3
Contract assets	9.1	6.6	5.9
Income tax assets	3.8	7.8	9.7
Other current assets	45.6	43.2	40.8
Short-term securities	0.6	0.5	0.5
Cash and cash equivalents	48.4	96.3	67.1
<b>Current assets</b>	<b>488.0</b>	<b>519.0</b>	<b>504.7</b>
Assets held for sale	115.4	137.9	124.0
<b>Assets</b>	<b>1,222.7</b>	<b>1,252.9</b>	<b>1,213.4</b>

Equity & liabilities (€ mill.)	3/31/2017	12/31/2017	3/31/2018
Capital stock	45.3	45.3	45.3
Additional paid-in capital	146.5	146.5	146.5
Retained earnings and net income	333.5	321.7	315.5
Accumulated other comprehensive income	11.3	3.9	3.8
<b>Equity excluding non-controlling interests</b>	<b>536.6</b>	<b>517.4</b>	<b>511.1</b>
Non-controlling interests	19.9	15.0	16.0
<b>Equity</b>	<b>556.5</b>	<b>532.4</b>	<b>527.1</b>
Pension provisions	24.7	22.4	22.6
Other non-current provisions	23.9	23.9	22.0
Non-current financial liabilities	147.9	248.8	248.9
Other non-current liabilities	3.6	4.6	3.4
Deferred tax liabilities	20.7	12.8	4.2
<b>Non-current liabilities</b>	<b>220.8</b>	<b>312.5</b>	<b>301.1</b>
Other current provisions	49.9	44.4	46.7
Current financial liabilities	89.2	55.7	66.8
Current trade payables	131.1	141.9	124.5
Current income tax liabilities	13.1	6.3	5.2
Other current liabilities	93.2	72.7	77.1
<b>Current liabilities</b>	<b>376.5</b>	<b>321.0</b>	<b>320.3</b>
Liabilities held for sale	68.9	87.0	64.9
<b>Equity &amp; liabilities</b>	<b>1,222.7</b>	<b>1,252.9</b>	<b>1,213.4</b>

1) Prior-year figures as of March 31, 2017, adjusted due to the treatment of the Locomotives business unit as discontinued operations.

## Key figures (1/2)

		Core Components		Fastening Systems		Tie Technologies	
		1-3/2017	1-3/2018	1-3/2017	1-3/2018	1-3/2017	1-3/2018
Sales revenues	€ mill.	78.2	58.5	59.1	43.4	19.5	15.1
EBIT	€ mill.	11.6	5.6				
EBIT margin	%	14.8	9.6				
Working capital (Ø)	€ mill.	59.3	69.9				
Working capital intensity (Ø)	%	19.0	29.9				
Capital employed (Ø)	€ mill.	228.3	219.0				
ROCE	%	20.3	10.2				
Value added	€ mill.	7.3	1.5	9.1	2.8	(1.8)	(1.3)
Orders received	€ mill.	71.5	42.9	46.6	35.3	25.3	7.6
Order backlog (closing date 3/31)	€ mill.	210.9	121.0	170.4	92.3	40.6	28.7
Capital expenditure	€ mill.	1.0	1.2	0.5	0.9	0.5	0.3
Depreciation/amortization	€ mill.	4.8	3.8	2.0	1.8	2.8	2.0

## Key figures (2/2)

		Customized Modules		Lifecycle Solutions	
		1-3/2017	1-3/2018	1-3/2017	1-3/2018
Sales revenues	€ mill.	101.9	106.4	17.3	15.3
EBIT	€ mill.	2.7	2.3	(0.9)	(1.9)
EBIT margin	%	2.6	2.1	(5.0)	(12.1)
Working capital (Ø)	€ mill.	131.5	128.9	8.8	7.9
Working capital intensity (Ø)	%	32.3	30.3	12.7	13.0
Capital employed (Ø)	€ mill.	418.7	420.1	133.5	131.4
ROCE	%	2.6	2.2	(2.6)	(5.6)
Value added	€ mill.	(5.2)	(5.6)	(3.4)	(4.3)
Orders received	€ mill.	109.0	143.7	22.6	25.6
Order backlog (closing date 3/31)	€ mill.	286.5	362.3	34.7	32.4
Capital expenditure	€ mill.	2.8	3.3	1.0	1.1
Depreciation/amortization	€ mill.	3.4	3.3	1.7	1.5

## Cash flow statement<sup>1)</sup>

€ mill.	1–3/2017	1–3/2018
Earnings before interest and income taxes (EBIT)	9.6	1.6
EBIT from discontinued operations	0.1	2.7
Amortization/depreciation/impairment losses of non-current assets (less write-ups)	11.0	8.7
Change in non-current provisions	(0.3)	(1.9)
<b>Gross cash flow</b>	<b>20.4</b>	<b>11.1</b>
Income taxes paid	(3.0)	(6.1)
Change in working capital	(41.1)	(28.8)
Other changes	1.1	(4.6)
<b>Cash flow from operating activities</b>	<b>(22.6)</b>	<b>(28.4)</b>
Investments in intangible assets and property, plant and equipment	(6.6)	(6.2)
<b>Free cash flow</b>	<b>(29.2)</b>	<b>(34.6)</b>

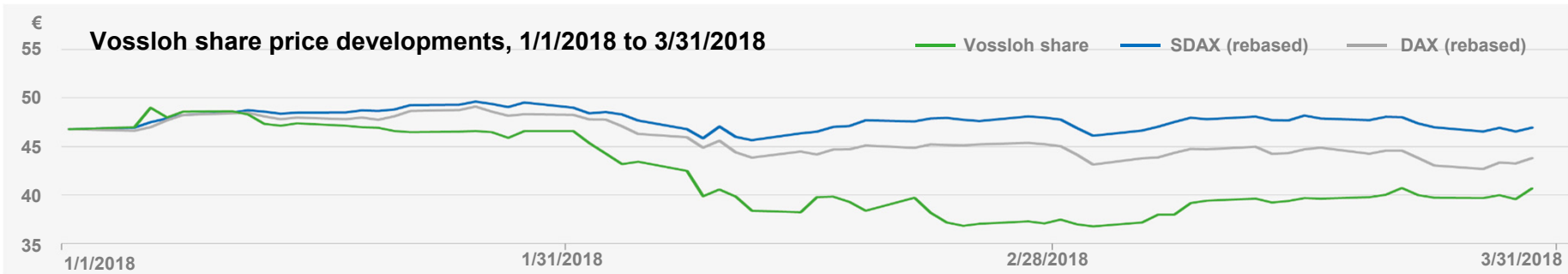
1) Prior-year figures for EBIT from continuing and discontinued operations adjusted due to the treatment of the Locomotives business unit as discontinued operations.

# Vossloh Group

## Employees

	Closing date		Average	
<b>Employees</b>	3/31/2017	<b>3/31/2018</b>	1–3/2017	<b>1–3/2018</b>
Core Components	856	775	867	765
Customized Modules	2,519	2,403	2,520	2,387
Lifecycle Solutions	459	490	461	488
Vossloh AG	62	62	61	62
<b>Total</b>	<b>3,896</b>	<b>3,730</b>	<b>3,909</b>	<b>3,702</b>

## Price performance, share information and shareholder structure



### Information on the Vossloh share

ISIN	DE0007667107
Trading locations	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Index	SDAX
Number of outstanding shares on 3/31/2018	15,967,437
Share price (3/31/2018)	€40.70
High price/low price, January to March 2018	€49.15/€36.55
Market capitalization (3/31/2018)	€649.9 million
Reuters code	VOSG.DE
Bloomberg code	VOS GR

### Shareholder structure in %

