



**Quarterly statement
as of September 30, 2018**

Werdohl, October 25, 2018

A high-angle, perspective view of a large rail yard. The tracks are arranged in a grid pattern, receding into the distance. On the tracks, there are numerous freight cars, including a large blue cylindrical tank car in the foreground and several flatcars loaded with colorful shipping containers. The containers are stacked in neat rows, creating a sense of depth and scale. The lighting is bright, casting shadows on the tracks and containers.

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.

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Vossloh Group: Driving Innovation. Developing Potential.

Guidance confirmed and further detailed, order backlog well above the previous year

Performance of business after 9 months of 2018

- Sales and EBIT below the previous year's figures, as expected, particularly due to project-related, temporary sales weakness in the high-margin China business
- Guidance for the full year 2018 confirmed – sales and EBIT margin expected to be at the lower end of the communicated range

Order situation

- Orders received in the Vossloh Group above the previous year, book-to-bill at 1.1
- Additional significant orders received are expected in the Fastening Systems business unit in China in the fourth quarter

InnoTrans 2018

- Vossloh presents “The Smart Rail Track by Vossloh” at the world's largest trade fair for rail technology in Berlin
- Innovative system solutions, such as joint development with Frauscher Sensortechnik GmbH for example in the area of the condition monitoring of rail infrastructure for highest track availability and maximum customer added value

Portfolio changes

- Expected merger control clearance of the acquisition of Austrak in the course of 2018
- Status of the sale of Transportation: Sales discussions with several potential buyers continuously intensive; signing of a contract expected in 2018

Sales and EBIT down year-over-year as anticipated

Key group indicators ¹⁾		1-9/2017	1-9/2018
Sales revenues	€ mill.	683.2	623.2
EBIT	€ mill.	56.6	35.2
EBIT margin	%	8.3	5.7
Net income	€ mill.	22.0	12.6
Earnings per share	€	0.92	0.57
Return on capital employed (ROCE)	%	9.5	6.0
Value added	€ mill.	12.0	(8.9)
Free cash flow ²⁾	€ mill.	(40.1)	(45.3)
Capital expenditure	€ mill.	21.1	37.2
Depreciation/amortization	€ mill.	22.0	26.6

- 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

Notes

- **Sales revenues** in the Core Components division down year-on-year; decline also attributable to negative exchange rate effects
- **EBIT** decrease primarily a result of project-related sales development at Core Components; EBIT in the previous year at CM boosted by reversal of an impairment
- **Net income** in line with EBIT development, partially offset by an improved result from discontinued operations
- **Free cash flow** deteriorated slightly; significantly positive free cash flow expected in Q4/2018
- **Capital expenditure** significantly above the previous year; largest single investment involves the modernization of the production plant for manganese frogs at Customized Modules

Equity ratio unchanged above 40%, net financial debt higher

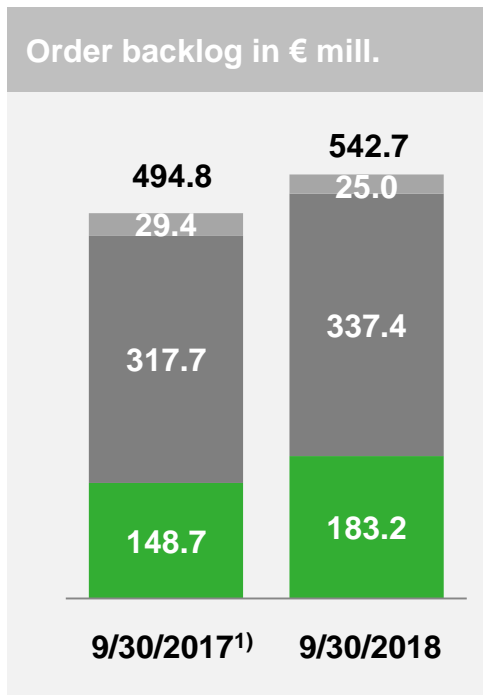
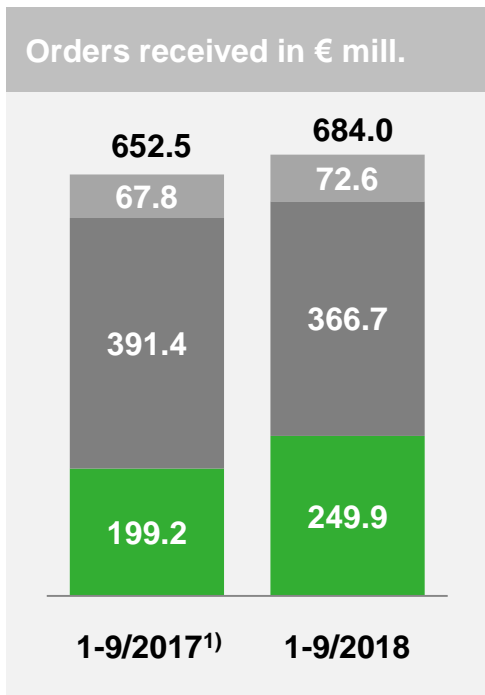
Key group indicators ¹⁾		1-9/2017/ 9/30/2017	1-12/2017/ 12/31/2017	1-9/2018/ 9/30/2018
Equity	€ mill.	563.2	532.4	520.1
Equity ratio	%	43.6	42.5	42.9
Working capital (Ø)	€ mill.	213.9	211.6	214.3
Working capital intensity (Ø)	%	23.5	23.0	25.8
Working capital (closing date)	€ mill.	219.1	190.0	242.7
Capital employed (Ø)	€ mill.	793.3	788.3	785.0
Capital employed (closing date)	€ mill.	788.2	758.7	825.7
Net financial debt	€ mill.	225.9	207.7	287.4

Notes

- **Equity** lower than at the end of 2017 partially due to dividend payments
- **Average working capital** almost unchanged compared to the previous year; significant reduction of closing working capital expected in Q4/2018
- **Average capital employed** slightly lower; as of September 30, 2018 above the previous year due to higher working capital and higher capital expenditure
- **Net financial debt** higher than at the end of 2017 primarily due to negative free cash flow as well as dividend and interest payments
- Planned **repayment of a Schuldschein loan** from 2013 (€50 million) shortly before execution

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

Orders received increase by 4.8%, order backlog 9.7% higher



Notes

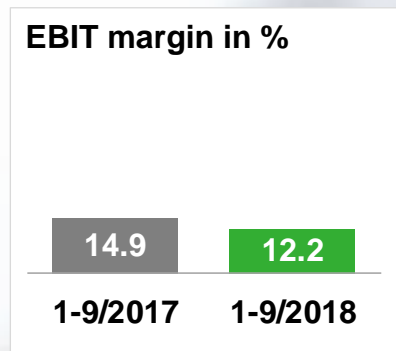
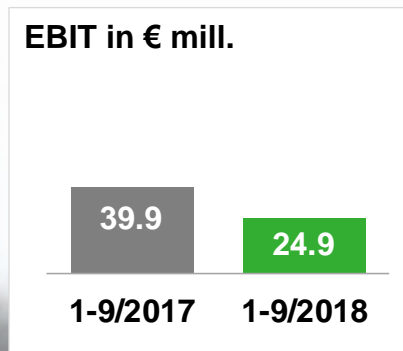
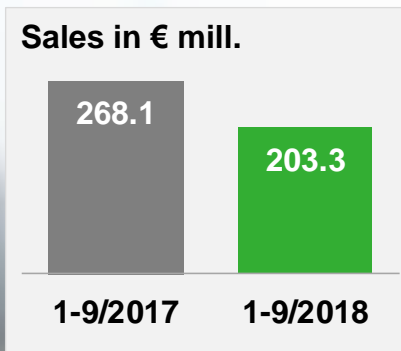
- **Orders received** increased particularly as a result of significantly higher orders received at Vossloh Fastening Systems (China, Turkey, Italy); orders received at Customized Modules lower than in the previous year primarily for exchange rate and consolidation-related reasons
- **Book-to-bill ratio** of the Group at 1.1, book-to-bill > 1 in all business units
- Additional significant orders received expected in the fourth quarter at VFS in China
- Higher **order backlog** in the Core Components division in both the VTT and VFS business units; high order backlog at Customized Modules caused by an increase at the companies in the USA and India

■ Core Components (CC) ■ Customized Modules (CM) ■ Lifecycle Solutions (LS)

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

Core Components division (CC)

Sales lower year-on-year for project-related reasons, profitability at 12%



- Sales lower year-on-year primarily in the VFS business unit, but also in VTT; development intensified by negative exchange rate effects
- Profitability declines due to project-related business with rail fasteners in the high-margin Chinese market
- Division's book-to-bill ratio at 1.23

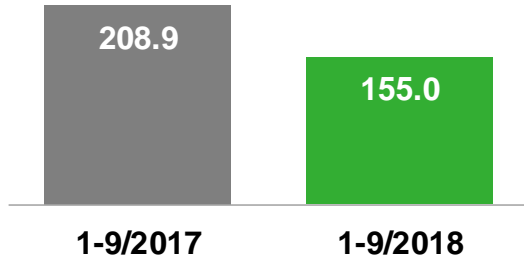
ROCE (%)	1-9/2018:	15.2
	1-9/2017:	23.6

Value added (€ mill.)	1-9/2018:	12.6
	1-9/2017:	27.2

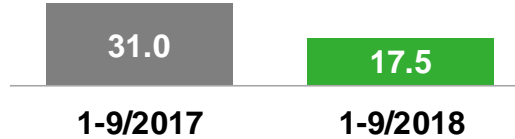
Fastening Systems business unit (VFS)

Weak sales development in Q3, high sales expected in Q4

Sales in € mill.



Value added in € mill.



- Sales remain below the previous year due to temporary sales weakness in China, but higher sales contributions in Italy, Thailand and Poland
- High deliveries at the site in Germany expected in Q4
- Value added in line with sales development, but remains clearly positive
- Orders received 28.8 % higher than in the previous year; significant new orders in the first nine months in China, Italy, Turkey and Tanzania

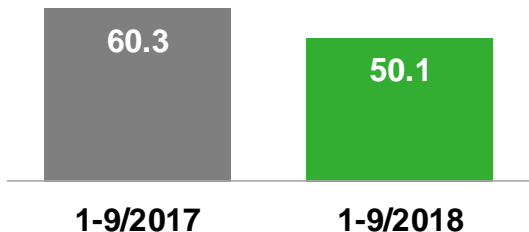
Orders received (€ mill.)	1-9/2018:	192.3
	1-9/2017:	149.2

Order backlog (€ mill.)	9/30/2018:	137.6
	9/30/2017:	123.2

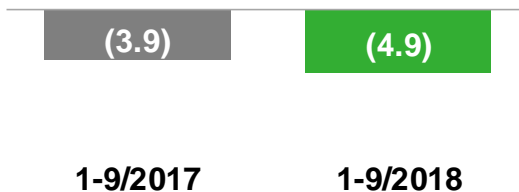
Tie Technologies business unit (VTT)

Order situation continues to improve, book-to-bill at 1.18

Sales in € mill.



Value added in € mill.



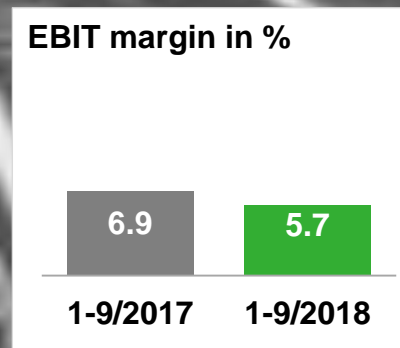
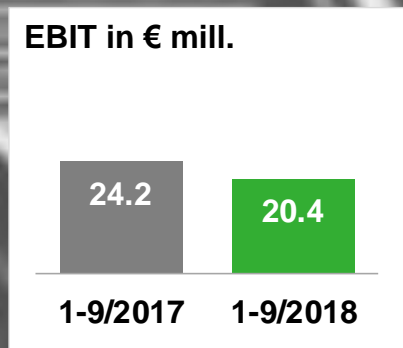
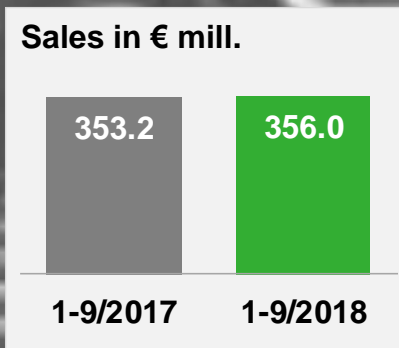
- Particularly lower sales in the transit business and in Mexico result in declining sales, boosted by negative exchange rate development; initial sales contributions from the long-term framework agreement with Canadian National (CN)
- A significant recovery in the sales shortfall is expected in the final quarter in part through the resumption of a project in Florida and deliveries to CN
- Value added down by unexpectedly strong steel price increase due to US import tariffs
- Positive development in orders received in the second quarter further continues

Orders received (€ mill.)	1-9/2018:	59.3
	1-9/2017:	51.0

Order backlog (€ mill.)	9/30/2018:	45.5
	9/30/2017:	25.5

Customized Modules division (CM)

Sales slightly above the previous year, book-to-bill greater than 1



- Significant adverse impact on sales through currency translation effects and changes in the scope of consolidation; nevertheless slightly higher year-on-year primarily due to good business development in Poland, Italy, Australia and Canada; however, particularly significant lower sales contributions from Morocco
- EBIT in the previous year positively impacted by the reversal of an impairment loss in China; without this effect, profitability higher in 2018; also lower contributions to earnings at the French locations; US business slightly better in a still challenging market environment

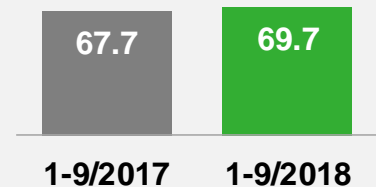
ROCE (%)	1-9/2018:	6.3
	1-9/2017:	7.5

Value added (€ mill.)	1-9/2018:	(3.8)
	1-9/2017:	0.2

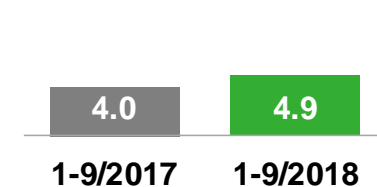
Lifecycle Solutions division (LS)

Sales slightly higher year-on-year, EBIT margin clearly improved

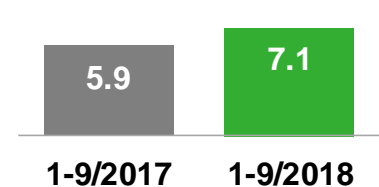
Sales in € mill.



EBIT in € mill.



EBIT margin in %

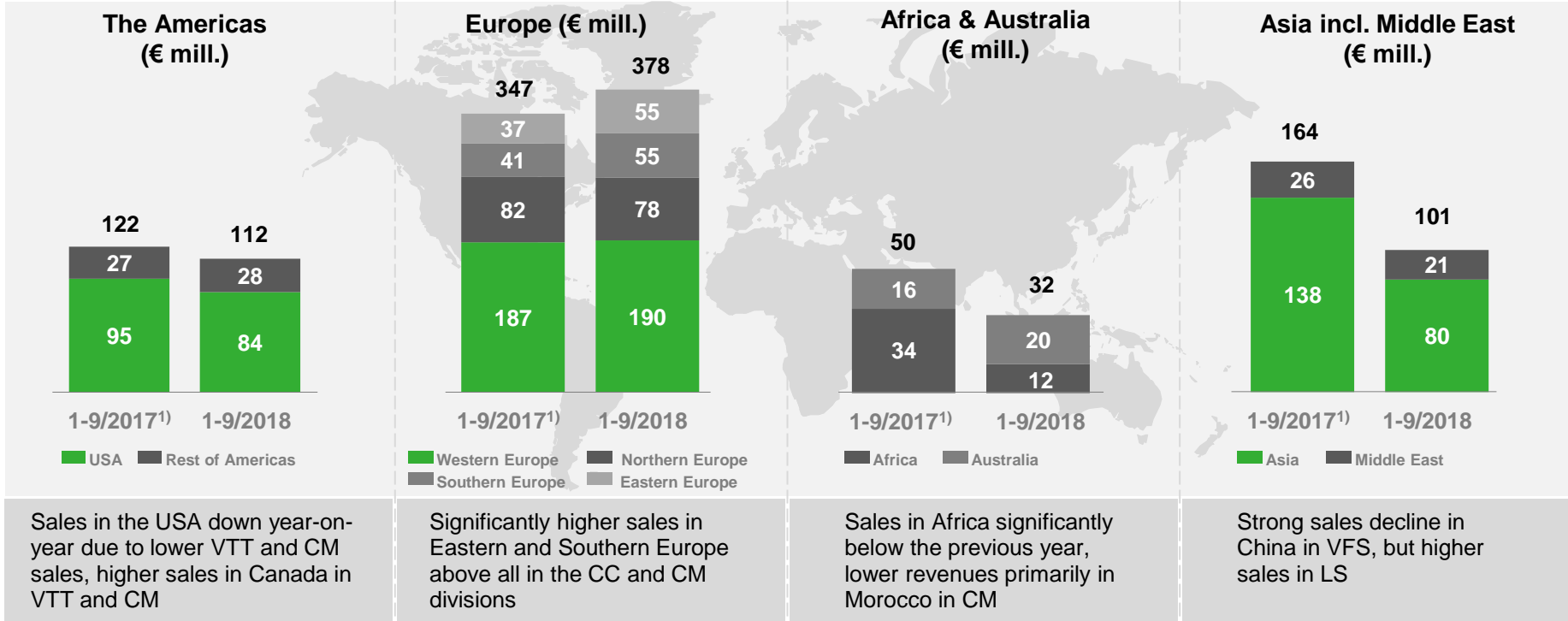


- Better utilization of the welding plants contributes to the sales increase, in addition higher sales in the areas of switch maintenance and HSG; in contrast, lower sales in the area of milling due to maintenance measures on the milling train
- Significantly improved profitability compared to the previous year, particularly due to higher utilization in the welding plants in Germany, also positively impacted by the area of switch maintenance

ROCE (%)	1-9/2018:	4.8
	1-9/2017:	3.9

Value added (€ mill.)	1-9/2018:	(2.8)
	1-9/2017:	(3.6)

Notably higher sales in Eastern/Southern Europe, Asia below 2017 as expected

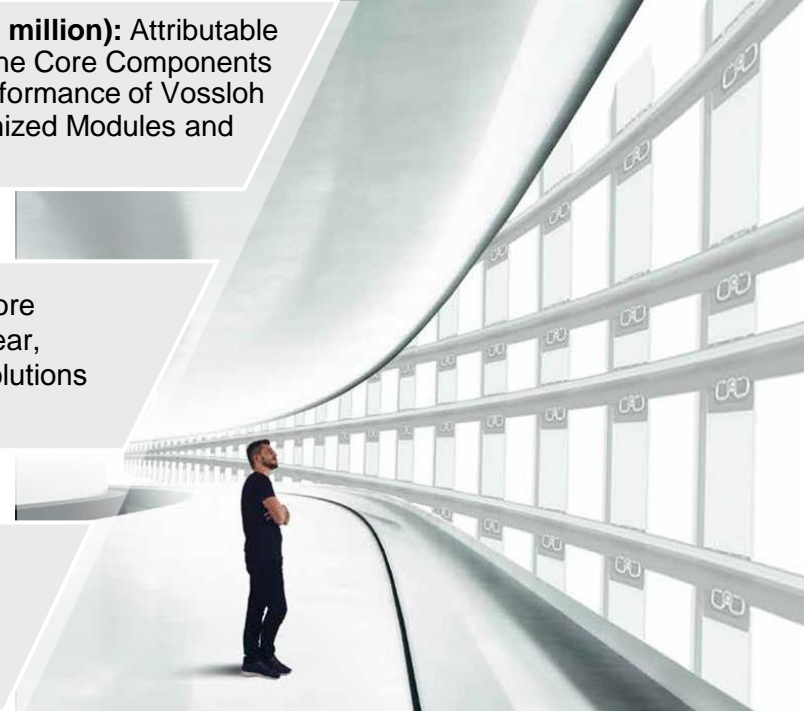


1) Prior-year figures adjusted due to the treatment of the Locomotives business unit as discontinued operations

Vossloh Group, 2018 outlook

Guidance for 2018 in general confirmed and further detailed

- **Sales trend toward the lower end of the range (€875 – 950 million):** Attributable in part to negative exchange rate effects; downward trend 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 at the lower end of the range (6.0 – 7.0 %):** Core Components division below the high level of the 2017 fiscal year, Customized Modules at the previous year's level, Lifecycle Solutions noticeably better
- **Value added slightly negative:** Value added expected in the negative single-digit million range



Financial calendar and contact information

How to reach us

Financial calendar

- | | |
|------------------|------------------------|
| ▪ March 28, 2019 | Annual Report 2018 |
| ▪ May 22, 2019 | Annual General Meeting |

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Income statement¹⁾

€ mill.	1-9/2017	1-9/2018
Sales revenues	683.2	623.2
Cost of sales	(522.8)	(481.5)
General administrative and selling expenses	(110.8)	(108.6)
Research and development costs	(7.5)	(8.1)
Other operating result	12.9	8.0
Operating result	55.0	33.0
Income from investments in companies accounted for using the equity method	(0.1)	0.9
Other financial result	1.7	1.3
Earnings before interest and income taxes (EBIT)	56.6	35.2
Interest income	3.0	0.5
Interest expenses	(13.7)	(10.7)
Earnings before income taxes (EBT)	45.9	25.0
Income taxes	(10.8)	(9.5)
Result from continuing operations	35.1	15.5
Result from discontinued operations	(13.1)	(2.9)
Net income	22.0	12.6
thereof attributable to shareholders of Vossloh AG	14.7	9.2
thereof attributable to noncontrolling interests	7.3	3.4
Earnings per share		
Basic/diluted earnings per share (in €)	0.92	0.57
thereof attributable to continuing operations	1.74	0.76
thereof attributable to discontinued operations	(0.82)	(0.19)

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

Balance sheet¹⁾

Assets (in € mill.)	9/30/2017	12/31/2017	9/30/2018
Intangible assets	297.4	280.4	280.8
Property, plant and equipment	212.2	212.5	224.9
Investment properties	2.8	2.8	2.5
Investments in companies accounted for using the equity method	43.4	64.2	65.8
Other noncurrent financial instruments	13.7	8.9	9.3
Other noncurrent assets	3.2	3.5	3.7
Deferred tax assets	36.9	23.7	20.0
Noncurrent assets	609.6	596.0	607.0
Inventories	172.5	154.3	182.6
Trade receivables	215.8	210.3	207.5
Contract assets	12.4	6.6	9.0
Income tax assets	6.4	7.8	5.3
Other current assets	49.7	43.2	37.3
Short-term securities	0.7	0.5	0.5
Cash and cash equivalents	85.5	96.3	52.8
Current assets	543.0	519.0	495.0
Assets held for sale	138.0	137.9	111.4
Assets	1,290.6	1,252.9	1,213.4

Equity and liabilities (in € mill.)	9/30/2017	12/31/2017	9/30/2018
Capital stock	45.3	45.3	45.3
Additional paid-in capital	146.5	146.5	146.7
Retained earnings and net income	344.3	321.7	308.6
Accumulated other comprehensive income	3.3	3.9	1.4
Equity excluding noncontrolling interests	539.4	517.4	502.0
Noncontrolling interests	23.8	15.0	18.1
Equity	563.2	532.4	520.1
Pension provisions	24.9	22.4	22.8
Other noncurrent provisions	23.8	23.9	20.2
Noncurrent financial liabilities	299.4	248.8	252.2
Other noncurrent liabilities	3.8	4.6	2.0
Deferred tax liabilities	16.7	12.8	4.4
Noncurrent liabilities	368.6	312.5	301.6
Other current provisions	48.3	44.4	39.0
Current financial liabilities	12.6	55.7	88.5
Current trade payables	137.4	141.9	119.4
Current income tax liabilities	9.9	6.3	5.5
Other current liabilities	79.2	72.7	80.2
Current liabilities	287.4	321.0	332.6
Liabilities held for sale	71.4	87.0	59.1
Equity and liabilities	1,290.6	1,252.9	1,213.4

1) Prior-year figures as of September 30, 2017, adjusted due to the treatment of the Locomotives business unit as discontinued operations

Key figures (1/2)

		Core Components		Fastening Systems		Tie Technologies	
		1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018
Sales revenues	€ mill.	268.1	203.3	208.9	155.0	60.3	50.1
EBIT	€ mill.	39.9	24.9				
EBIT margin	%	14.9	12.2				
Working capital (Ø)	€ mill.	65.9	68.7				
Working capital intensity (Ø)	%	18.4	25.3				
Capital employed (Ø)	€ mill.	225.7	218.4				
ROCE	%	23.6	15.2				
Value added	€ mill.	27.2	12.6	31.0	17.5	(3.9)	(4.9)
Orders received	€ mill.	199.2	249.9	149.2	192.3	51.0	59.3
Order backlog (closing date 9/30)	€ mill.	148.7	183.2	123.2	137.6	25.5	45.5
Capital expenditure	€ mill.	7.9	8.2	6.0	4.0	1.9	4.2
Depreciation/amortization (before write-ups)	€ mill.	12.5	11.9	5.9	5.1	6.6	6.8

Key figures (2/2)

		Customized Modules		Lifecycle Solutions	
		1-9/2017	1-9/2018	1-9/2017	1-9/2018
Sales revenues	€ mill.	353.2	356.0	67.7	69.7
EBIT	€ mill.	24.2	20.4	4.0	4.9
EBIT margin	%	6.9	5.7	5.9	7.1
Working capital (Ø)	€ mill.	141.5	136.5	12.1	12.4
Working capital intensity (Ø)	%	30.0	28.8	13.4	13.4
Capital employed (Ø)	€ mill.	427.4	430.0	135.3	137.6
ROCE	%	7.5	6.3	3.9	4.8
Value added	€ mill.	0.2	(3.8)	(3.6)	(2.8)
Orders received	€ mill.	391.4	366.7	67.8	72.6
Order backlog (closing date 9/30)	€ mill.	317.7	337.4	29.4	25.0
Capital expenditure	€ mill.	9.1	17.5	3.6	11.2
Depreciation/amortization (before write-ups)	€ mill.	10.1	9.8	5.0	4.5

Cash flow statement¹⁾

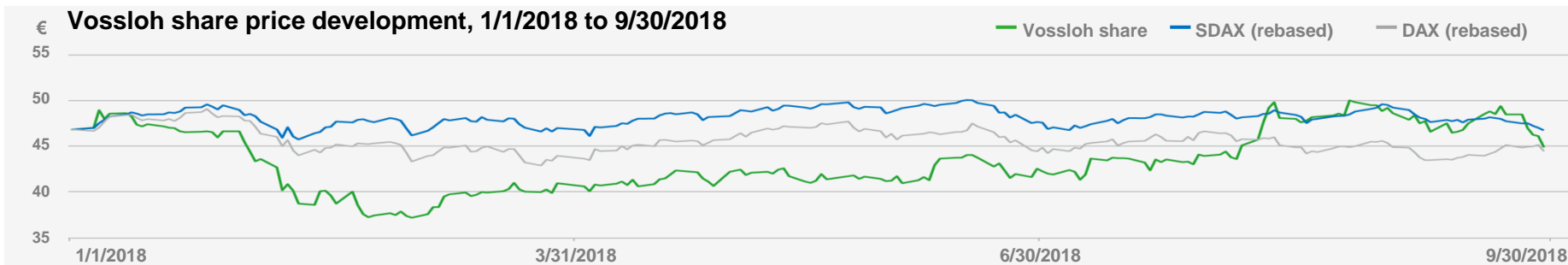
€ mill.	1-9/2017	1-9/2018
Earnings before interest and taxes (EBIT)	56.6	35.2
EBIT from discontinued operations	(10.7)	(2.9)
Amortization/depreciation/impairment losses of noncurrent assets (less write-ups)	24.8	28.0
Change in noncurrent provisions	0.5	(1.4)
Gross cash flow	71.2	58.9
Income taxes paid	(23.2)	(11.4)
Change in working capital	(78.9)	(47.6)
Other changes	16.2	(10.0)
Cash flow from operating activities	(14.7)	(10.1)
Investments in intangible assets and property, plant and equipment	(22.6)	(35.3)
Investments in companies accounted for using the equity method	(3.3)	0.0
Cash-effective dividends from companies accounted for using the equity method	0.5	0.1
Free cash flow	(40.1)	(45.3)

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

Employees

	Closing date		Average	
	9/30/2017	9/30/2018	1-9/2017	1-9/2018
Employees				
Core Components	849	789	856	782
Customized Modules	2,573	2,409	2,535	2,403
Lifecycle Solutions	478	517	468	500
Vossloh AG	65	64	62	63
Total	3,965	3,779	3,921	3,748

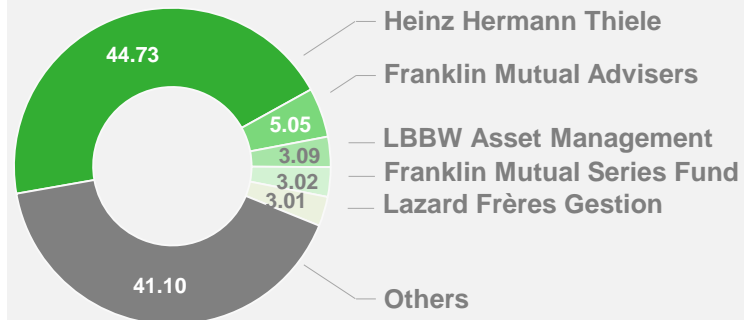
Price performance, share information and shareholder structure



Information on the Vossloh share

ISIN	DE0007667107
Trading locations	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Index	SDAX
Number of outstanding shares on 9/30/2018	15,967,437
Share price (9/30/2018)	€44.85
High price/low price January to September 2018	€50.40/€36.55
Market capitalization (9/30/2018)	€716.1 million
Reuters code	VOSG.DE
Bloomberg symbol	VOS GR

Shareholder structure in %





Thank you for
your time.

Q&A



Driving Innovation. Developing Potential.