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Group quarterly report as per September 30, 2017

November 21, 2017

Outline

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Overall assessment of 9M/Q3 2017 shows initial signs of improvement

- Overall **operating performance in line with expectations**; increases in order intake and order book (more than 500 Mio. EUR) confirm Schaltbau‘s positioning and secure **positive business outlook** for Q4 2017 and beyond
- **Growth in Q3**: revenue went up by 8.3% and order intake by 41.5% (growth includes Schaltbau Sepsa consolidation effects)
- **Revaluation of Schaltbau Sepsa**, fully consolidated since Sept. 30, 2016, leads to non-operating and non-cash one-off EBIT effect of -12.0 million EUR as of September 30, 2017 (in total about -28 million EUR for full financial year 2017)
- **Operating Q3 EBIT** (before one-off effect from Schaltbau Sepsa revaluation) **almost at break-even**
- 9M operating cashflow only marginally negative; **Q3 operating cashflow clearly positive**
- **Successful working capital management** as cornerstone of stringent cash management
- **Net financial debt** slightly improved compared to June 30, yet the situation remains **challenging**
- Comprehensive **restructuring** has been intensified and is **proceeding according to plan**
- **Operating guidance 2017 confirmed**

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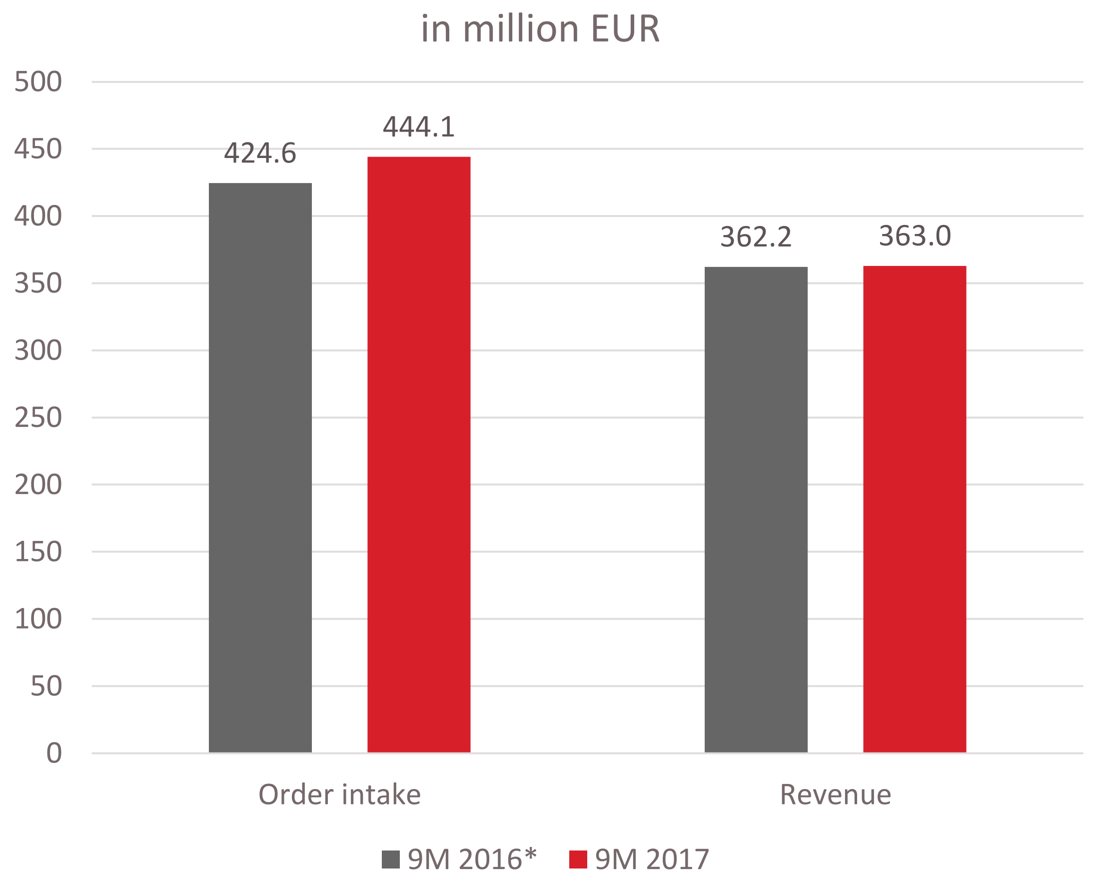
Order intake and revenue: Organic shortfall overcompensated by consolidation effects

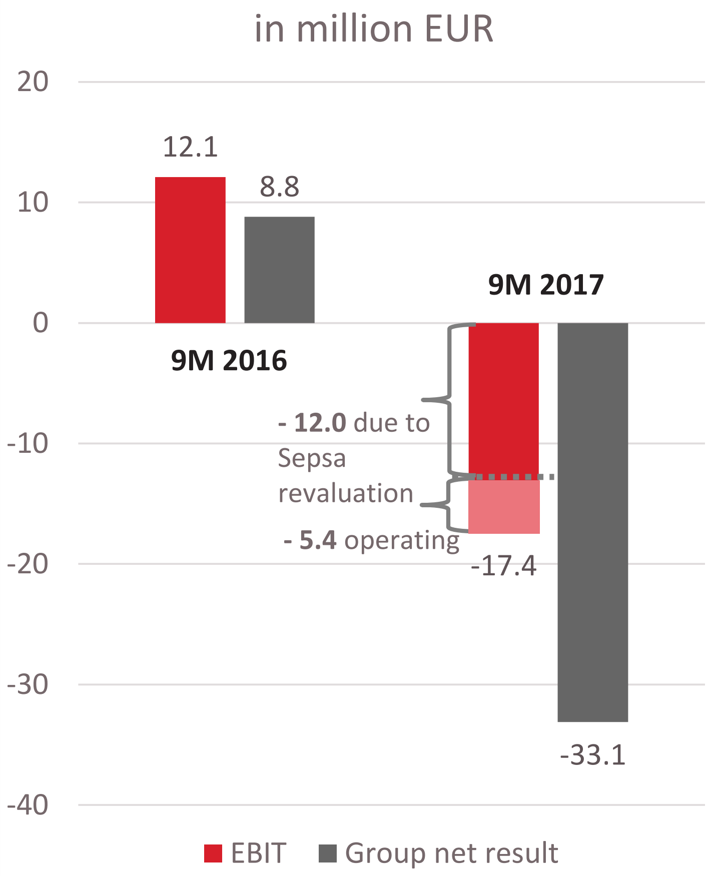
- Increased order intake and stable revenue on Schaltbau Group level in first nine months 2017 – mainly based on growth in Q3:
  - Growth in Mobile Transportation Technology driven by positive consolidation effects; balanced organic growth
  - Sharp decline in Stationary Transportation Technology due to lower customer demand and negative consolidation effects
  - Revenue decrease in Components due to project delays (Italy) and unfavorable product mix (China)
- Order book increases by 18.4% to EUR 509.0 million (end of 2016: EUR 429.8 million)

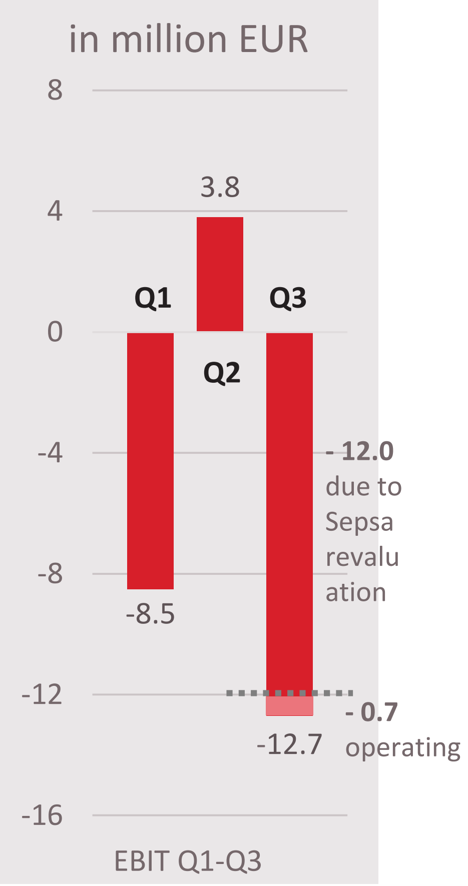


*previous year's figures were adjusted due to retrospective consolidation of subsidiaries

Operating EBIT in Q3 2017 almost at break-even – Extraordinary valuation effect from Sepsa

- **Q3 2017:** EBIT almost at break-even (adjusted for Sepsa revaluation)
- **9M 2017:** EBIT at -5.4 m. EUR (adjusted for Sepsa revaluation), reflecting unsatisfactory operating profit situation, especially in:
  - Spanish entities in Mobile Transportation Technology
  - Stationary Transportation Technology
- EBIT margin down to -1.5% (adjusted for Sepsa revaluation); 9M 2016: 3.4%
- Below EBIT:
  - Higher interest expenses (gross: 8.8 m. EUR vs 4.5 m. EUR) caused by amendments made to financing contracts in March 2017 and higher debt level
  - Previous year's figures include 7.0 million EUR valuation gain resulting from full consolidation of Schaltbau Sepsa
  - Earnings per share of -5.37 EUR (9M 2016: 0.87 EUR)





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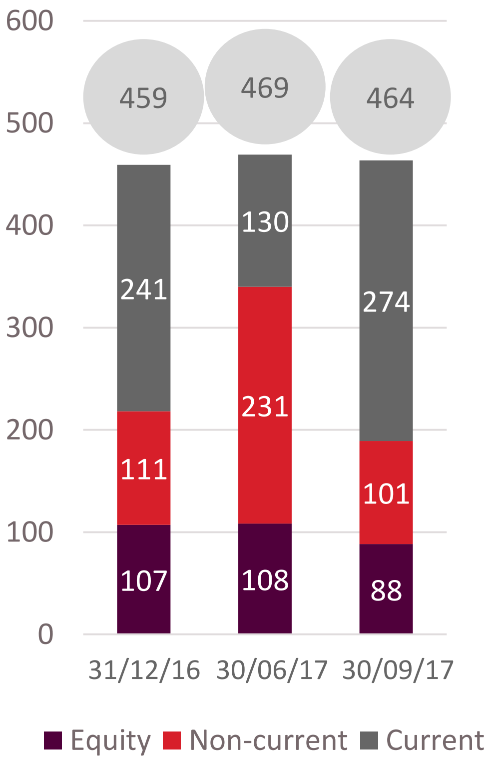
Net financial debt slightly reduced in Q3 compared to Q2 – Situation remains challenging

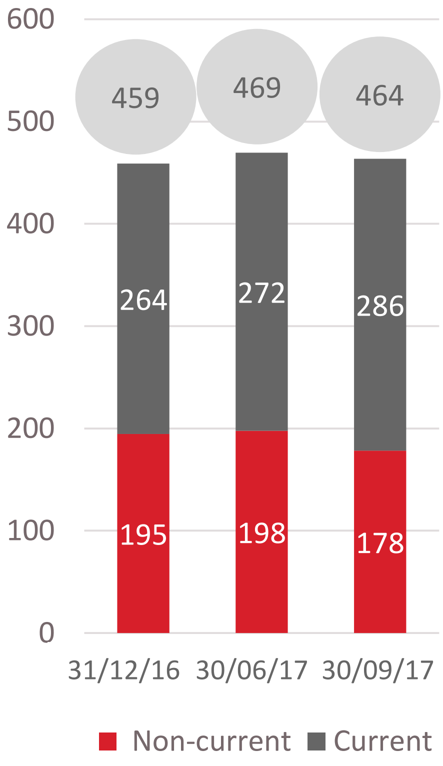
- Net financial debt at 157.1 m. EUR (adjusted for escrow account); June 30, 2017: 161.4 m. EUR, end of 2016: 148.0 m. EUR)
- Shift from non-current to current liabilities compared to June 30, 2017 (technical effect, reverting to Dec. 31 situation):
  - Long-term liabilities at 101.0 m. EUR, including 41.6 m. EUR financial debt
  - Short-term liabilities down to 274.4 m. EUR, including 152.9 m. EUR financial debt
- Leverage (net financial debt to annual EBITDA) still too high (currently > 10)
- Equity ratio of 19.0% (end of 2016: 23.3%)
- End of February 2018: bridge financing of 25.0 m. EUR to mature, 15.5 m. EUR on escrow account already designated for loan repayment
- Mid-term goals: Further reduce net financial debt, increase equity

Liabilities in million EUR



Figures rounded

Assets in million EUR



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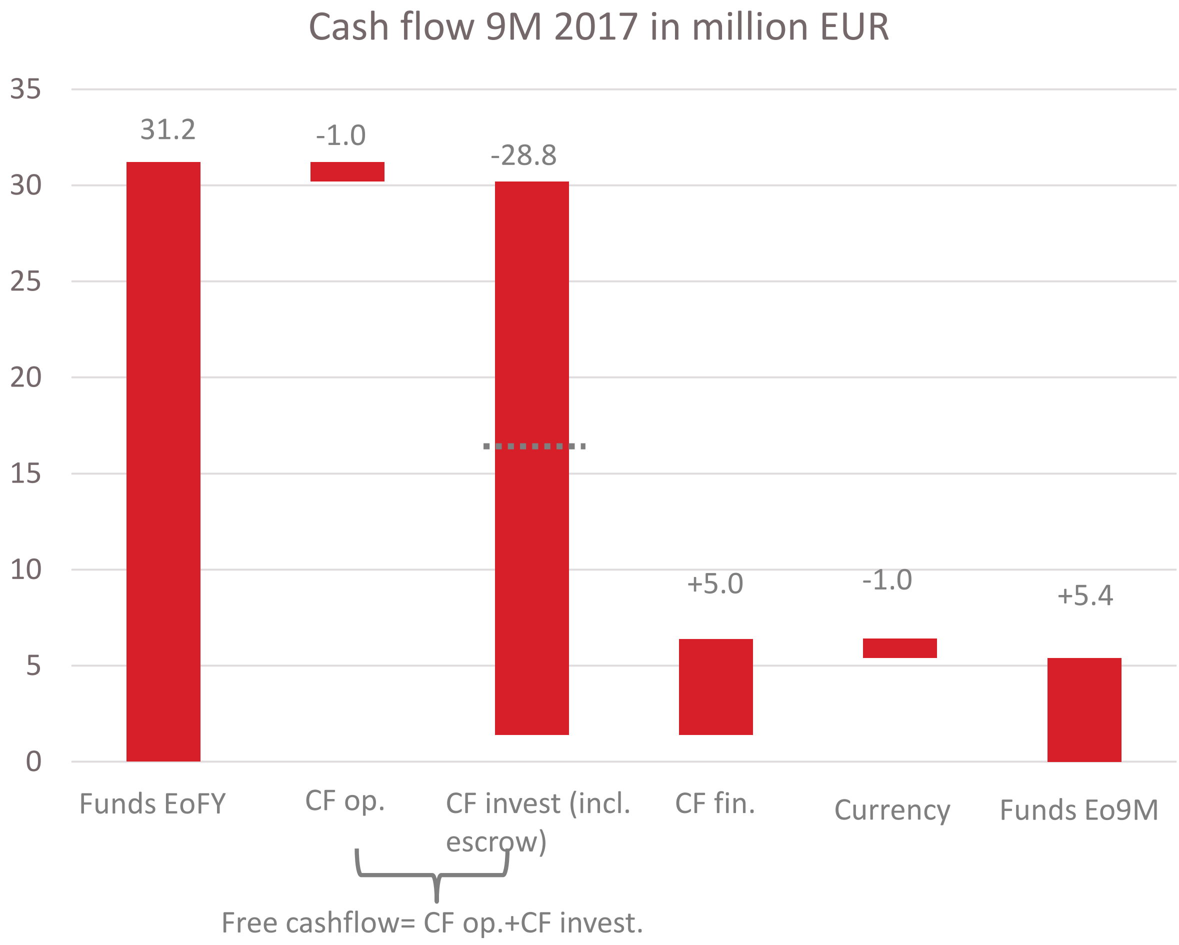
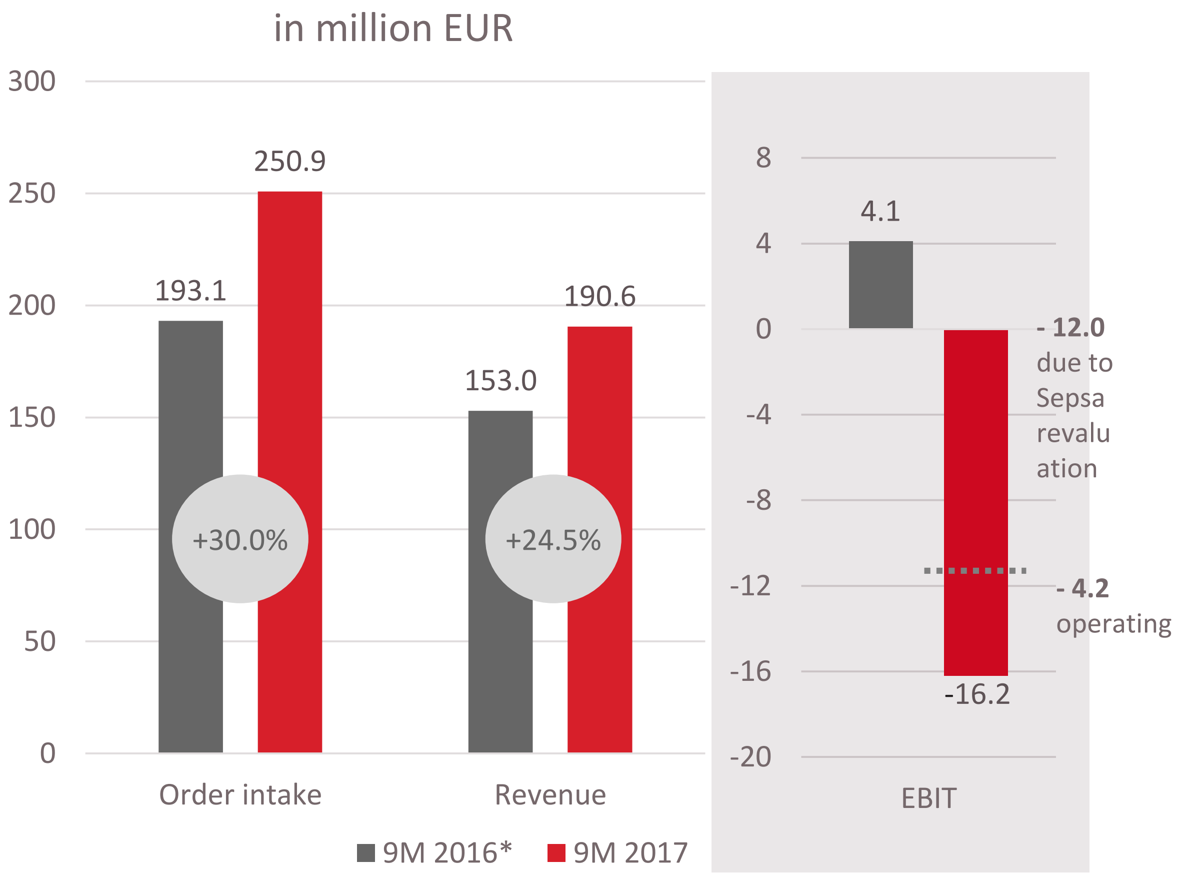
Positive operating cash flow in Q3

- Positive operating cash flow in Q3 (+6.8 m. EUR) due to stringent working capital management
  (H1 2017 operating cash flow was -7.8 m. EUR)
- 9M operating cash flow (-1.0 m. EUR) reflects moderate EBITDA and adjustment of working capital to order book growth
- Cash outflow for investments increased to secure future growth (9M 2017: 28.8 m. EUR, thereof 15.5 m. EUR escrow account; 9M 2016: 10.5 m. EUR)
- Resulting 9M 2017 free cash flow of -29.8 m. EUR (adjusted for escrow: -14.3 m. EUR)
- Financial cash 9M 2017 flow mainly reflects:
  - 15.5 m. EUR cash inflow from capital increase and 4.1 m. EUR from new loans
  - 4.3 m. EUR repayment of loans and 9.5 m. EUR cash outflow for interest, and minority dividends
- Group-wide liquid funds of 5.4 m. EUR as of Sept. 30, 2017



Mobile Transportation Technology:
Growth driven by consolidation effects

- Order intake up 30.0% (57.8 m. EUR) compared to 9M 2016
  - Consolidation effects Schaltbau Sepsa Group: +23.0 m. EUR
  - Organic growth of order intake at Schaltbau Bode Group including RAWAG (Poland)
- Revenue growth of 24.5% (37.5 m. EUR) compared to 9M 2016
  - Consolidation effects Schaltbau Sepsa Group: +27.6 m. EUR
  - Schaltbau Bode Group: increase in bus and automotive revenue, decrease in rail revenue
  - Schaltbau Alte above previous year
- EBIT margin of -2.2% (adjusted for Sepsa revaluation); Sept. 30, 2016: 2.7%
  - Negative operating contribution of Schaltbau Sepsa Group
  - Positive one-off from China in Q2 2017 (+4.7 m. EUR)
  - Insufficient productivity in operations, in particular in Germany



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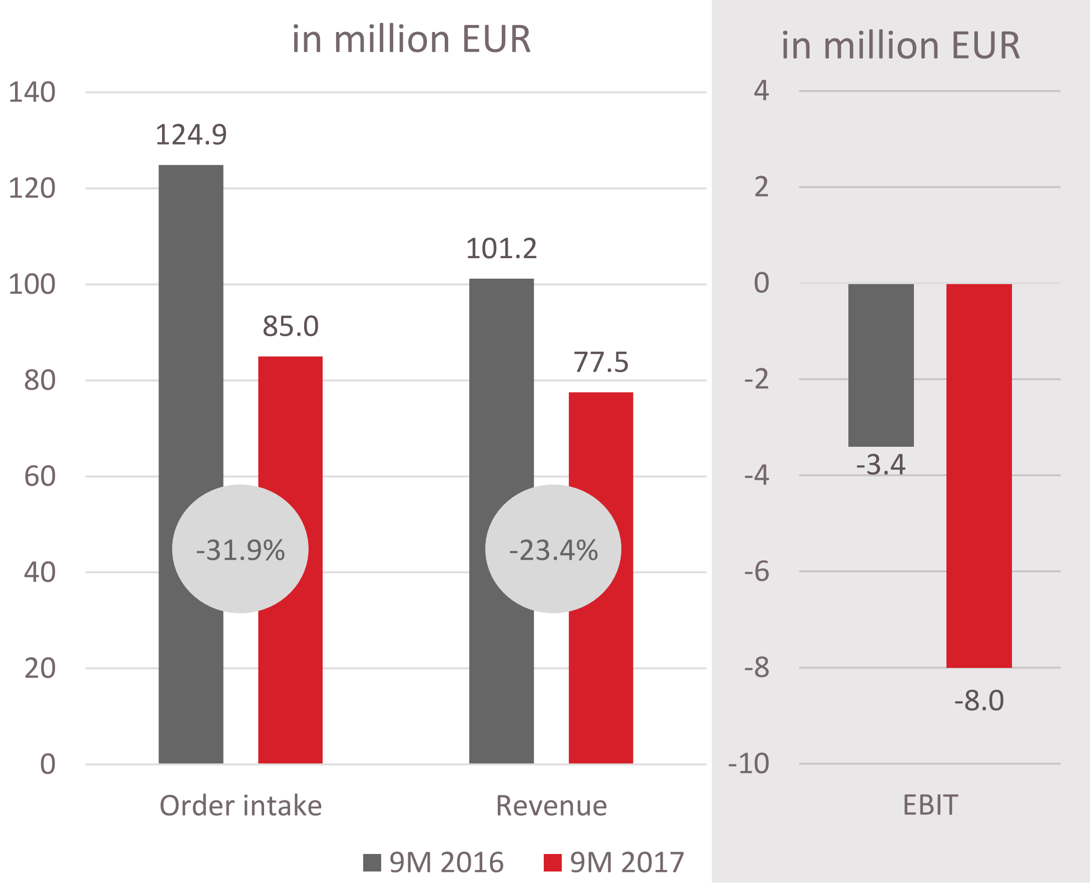
Stationary Transportation Technology:
Order and revenue loss

- ➢ Significantly lower order intake (-31.9%) in both business units (rail infrastructure and brake systems)
  - Consolidation effects of around -10 m. EUR
  - Brakes: Main client ZPMC (China) with restrained order pattern in H1; signs of improvements for H2 (also due to improved penetration of renewable energy industry)
  - Level crossings in Germany: Initial orders recorded from extraordinary modernization initiative
- ➢ Revenue decline of 23.4%
  - Consolidation effects (-10.1 m. EUR)
  - Significantly lower revenue from rail infrastructure products and brake systems
- ➢ EBIT margin of -10.3% (Sept. 30, 2016: -3.4%)
  - Revenue decline and initial restructuring costs
  - Partly offset by cost savings



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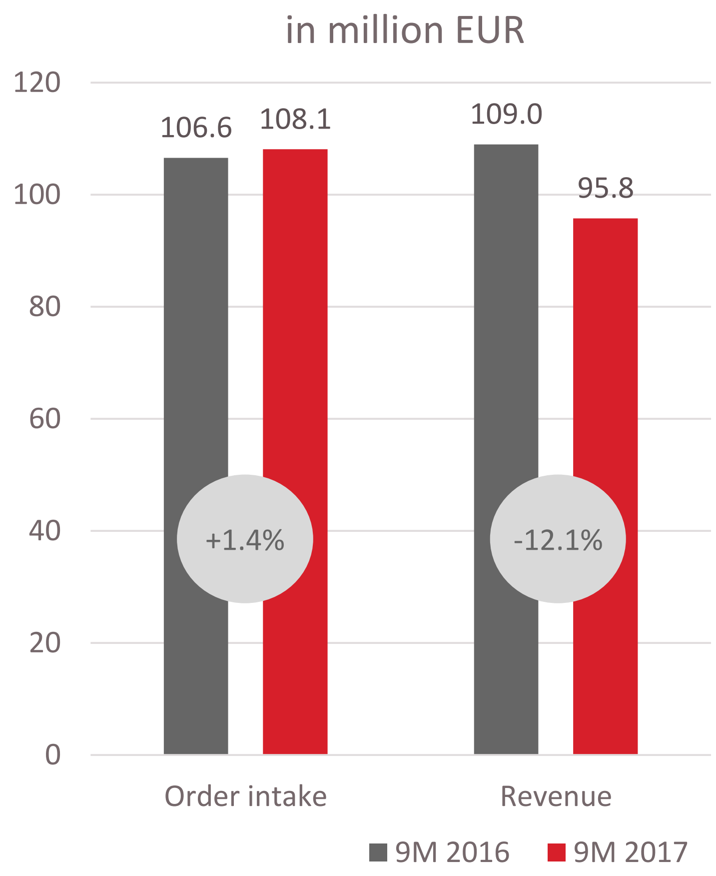
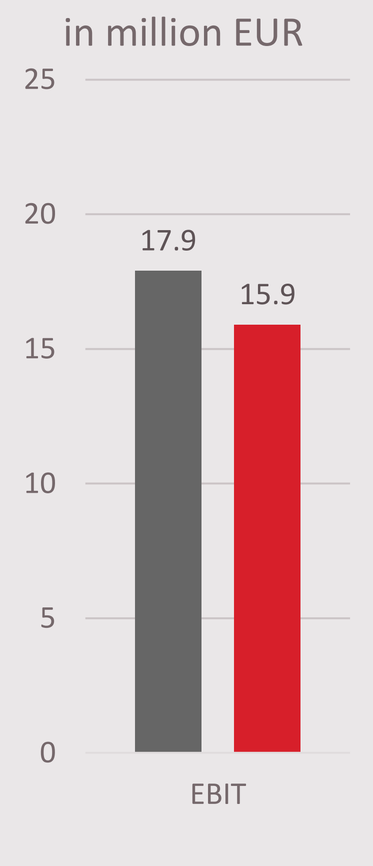
Components:
Positive development except for China and Italy

- Order intake slightly above previous year‘s level (+1.4%)
  - Continuously challenging market environment in China due to investment shift from locomotives and long-distance rail to metros
  - Low number of new projects in Italy
  - Positive development of worldwide snap-action switch sales
- Significant decline in segment revenue (-12.1%)
  - Revenue decrease in China and Italy
  - Other regions around previous year‘s level
- EBIT margin of 16.6% (Sept. 30, 2016: 16.5%) almost equal to previous year’s level





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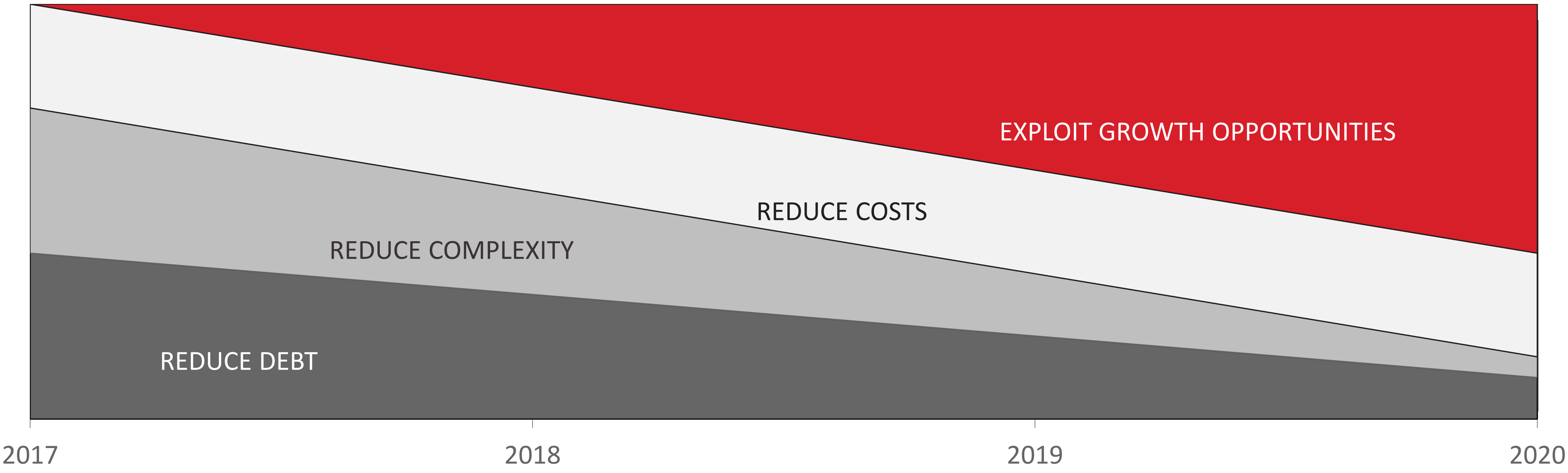
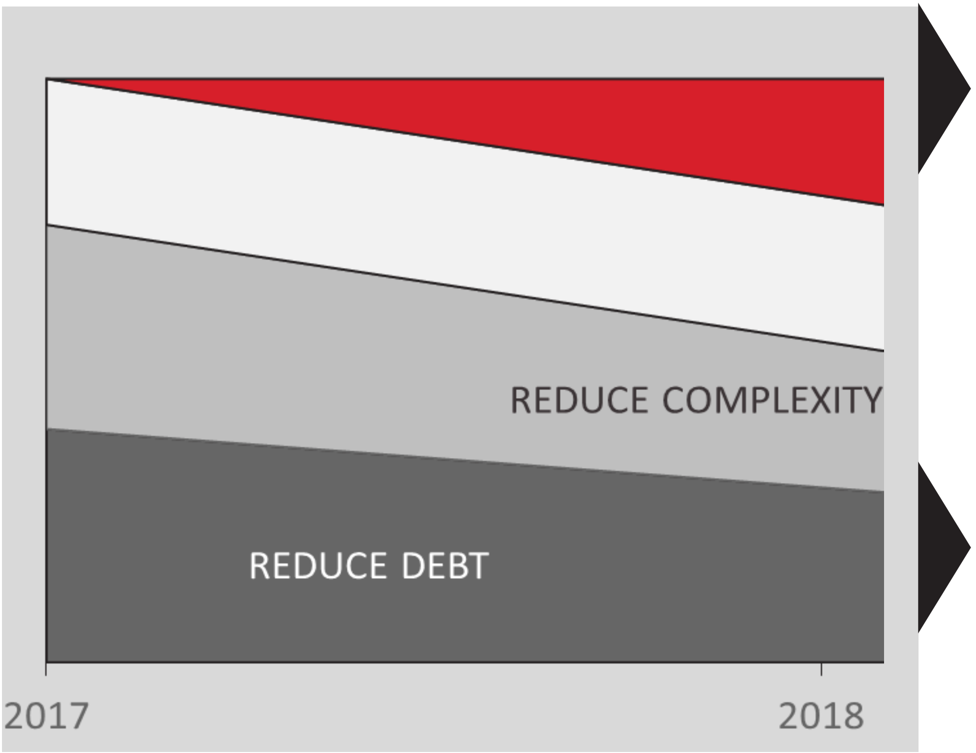
Restructuring roadmap Schaltbau:
Priorities until 2020

2017 – 2018	2018 – 2019	2019 – 2020
▪ Create financial headroom ▪ Stabilize operational performance	▪ Achieve satisfactory debt level ▪ Selective investments	▪ Ensure profitability on market level ▪ Step up investments in market opportunities and digital business models



Restructuring roadmap Schaltbau by February 2018
(maturity of bridge loan)

Financial headroom; operational performance



Achievements

- Order momentum in Mobile Transportation Technology reflects continuous customer interest
- Orders at Stationary Transportation Technology stabilized recently, albeit below 2016 levels
- Earnings development at Components better than expected; revenue development solid

Challenges

- Weak business development of foreign subsidiaries in Mobile Transportation Technology
- Insufficient productivity at a German subsidiary in Mobile Transportation Technology
- Remaining restructuring needs in Stationary Transportation

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Operating guidance for 2017 confirmed

- Operating guidance for 2017 confirmed (revenue and EBIT without Sepsa revaluation)
- Order backlog serves as stable foundation for profitable growth in Q4 2017 and the following periods
- Sepsa:
  - Revaluation effect (non-operating) of around -28 m. EUR excluded
  - Operating contributions to revenue (FY: 40-45 m. EUR) and EBIT (YTD: negative) remain included

Outlook	Current guidance FY 17*	2016	9M 2017	9M 2016**
Order intake (m. EUR)	**Slight improvement**	551.2	444.1	424.6
Revenue (m. EUR)	**520-540** (expected around lower end)	509.1	363.0	362.2
Mobile Transportation Technology	***Significant improvement***	*222.2*	*190.6*	*153.0*
Stationary Transportation Technology	***Significant decline***	*149.3*	*77.5*	*101.2*
Components	***Slight decline***	*137.5*	*95.8*	*109.0*
EBIT (m. EUR)	**2-5***** (expected at lower end)	-14.5	-5.4***	12.1

* Compared to FY 16
** Previous year's figures were adjusted due to retrospective consolidation of subsidiaries
*** Excluding non-operating and non-cash one-off effects from revaluation of Schaltbau Sepsa (FY 2017: about -28 m. EUR)

Appendix

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Summary of consolidation effects 9M 2016 to 9M 2017

- Schaltbau Sepsa Group, fully consolidated since Sept. 30, 2016, leads to an increase of order intake (+23.0 m. EUR) and revenue (+27.6 m. EUR) of Schaltbau Group and in Mobile Transportation Technology; Schaltbau Sepsa also contributes to material and personnel costs and adds negative earnings to Group P&L (all figures 9M)
- Sale of "Warntechnik" (warning technology) in 2016 reduces revenue of Schaltbau Group and Stationary Transportation Technology by 1.7 m. EUR (pro rata temporis until date of sale)
- Shift of refurbishment business with revenue of approx. 8.4 m. EUR (9M) from Stationary to Mobile Transportation Technology
- Formerly fully-owned Mobile Transportation Technology entity in China became part of a new joint venture (now consolidated at-equity) => main effect on 9M P&L is a one-time positive EBIT effect in Q2 2017 (4.7 m. EUR)

Disclaimer

This presentation contains statements regarding future developments based on information currently available to us. As a result of risks and uncertainties, actual outcomes could differ from the forward-looking statements made.

Schaltbau Holding AG does not intend to update these forward-looking statements.

Financial Calendar 2018 and Contacts

2017 (remaining)

- **November 27, 2017**: Analysts' and Investors' Presentation at „Eigenkapitalforum" ("Equity Forum")

2018

- **April 16, 2018:** Annual Report
- **May 8, 2018:** Group Quarterly Statement (Q1 2018)
- **June 7, 2018:** Annual General Meeting of Shareholders
- **August 8, 2018:** Group Interim Report (Q2/H1 2018)
- **November 8, 2018:** Group Quarterly Statement (Q3/9M 2018)
- **November 2018:** Analysts' and Investors' Presentation at „Eigenkapitalforum"("Equity Forum")

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