

# Q3/2014 Results

*VTG AG – Growing together*

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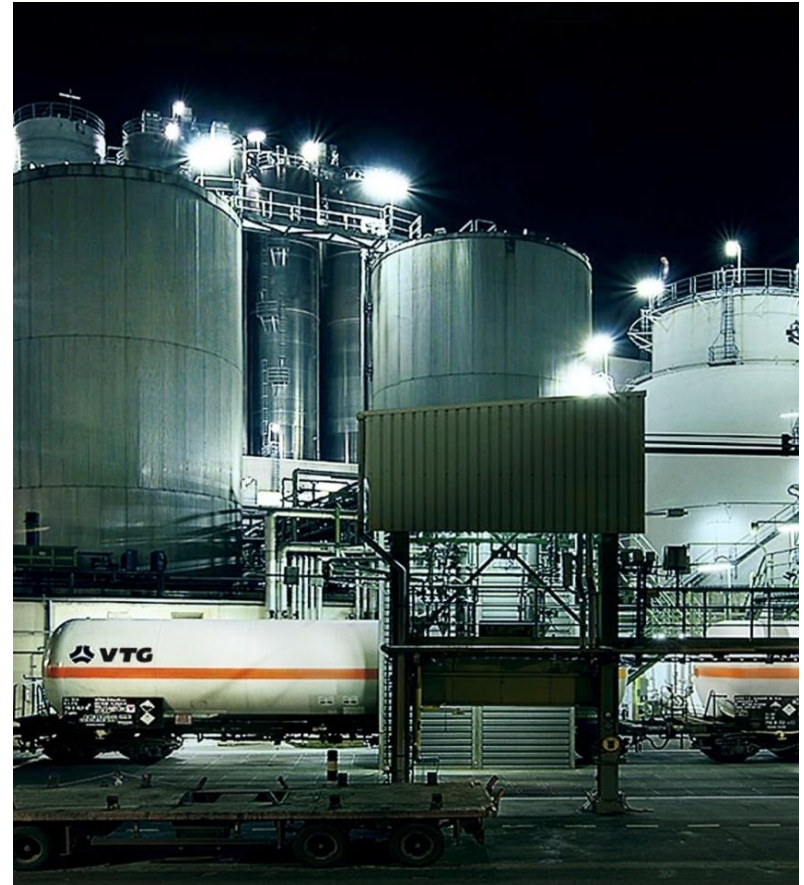
November 13, 2014



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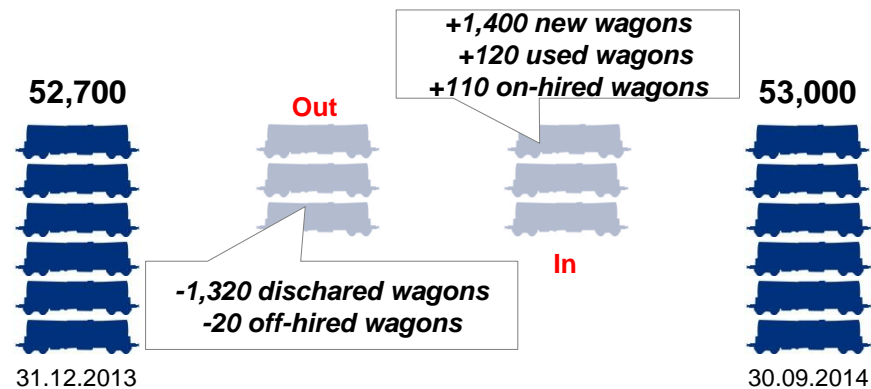
# Executive summary I

## Railcar



- Sales and EBITDA further growing in Q3/2014
- Utilization with 90.6% at the highest level since Q2 2012
- Third quarter with additional 600 new builds – thereof 150 for the Russian market
- Order book slightly decreased to 1,400

## Fleet development 9m / 2014



## Executive summary II

### Update on acquisition of AAE



#### Highlights of the transaction

- 1 VTG to acquire Swiss based wagon hire company AAE
- 2 Strengthening of VTG's business with additional 30,000 rail cars with focus on the intermodal segment
- 3 Average age of the acquired rail cars at 15 years
- 4 EBITDA of AAE in 2013: € 150 m

#### Where we stand

- 1 Submission to antitrust authorities
- 2 Set-up of acquisition structure
- 3 First steps to prepare PMI
- 4 Receiving approval from AAE banks
- 5 Preparing refinancing of acquisition

## Executive summary III

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### Rail Logistics



- Sales after three quarters slightly increased supported by the consolidation of K+N business since January 2014
- Despite ongoing negative influence from Ukraine and Russia, division on EBITDA level slightly positive in Q3 again
- **Industrial** goods creating new business in South East Europe, **liquid** goods still affected by intensified competition, **agricultural** goods fleet size further optimized

### Tank Container Logistics



- Despite ongoing overcapacities in the market, sales development over the year encouraging
- Growth trend in Q3 compared to previous quarter mainly supported by increasing volumes in North America
- With material costs being lower and an extraordinary income from participation, EBITDA significantly higher

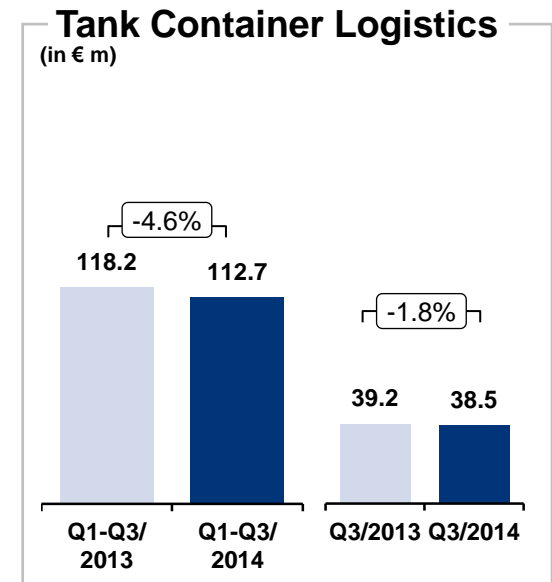
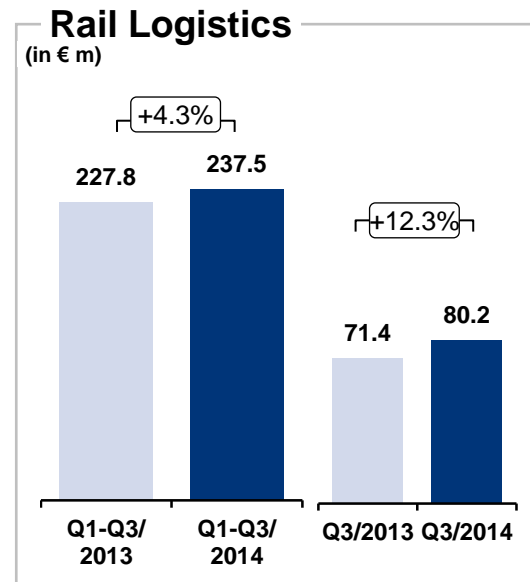
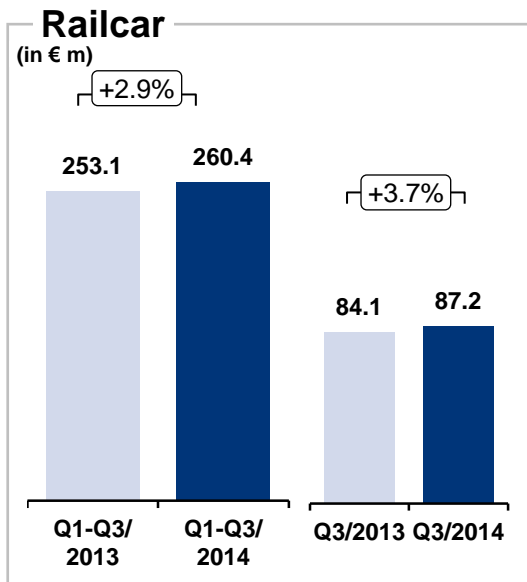
## Group key figures

Key figures			
(in € m)	Q1-Q3/ 2013	Q1-Q3/ 2014	Δ in %
Sales	599.1	610.6	+1.9
EBITDA	135.1	140.0	+3.6
EBIT	56.5	60.9	+7.9
EBT	19.1	21.5	+12.5
Net income	11.9	13.5	+13.4
Net income to VTG shareholders	10.8	13.9	+28.6
Earnings per share (in €)	0.50	0.65	+30.0

## Comment

- **Group sales** increased slightly
- **EBITDA and EBIT** continue their upward development
- On the back of a positive third quarter **group EBT and net income** well above last year's period
- **EPS** significantly above 9m 2013

# Sales development by division



## Comment

- New builds and increased utilization driving sales development
- Utilization with 90.6% on the highest level since Q2 2012

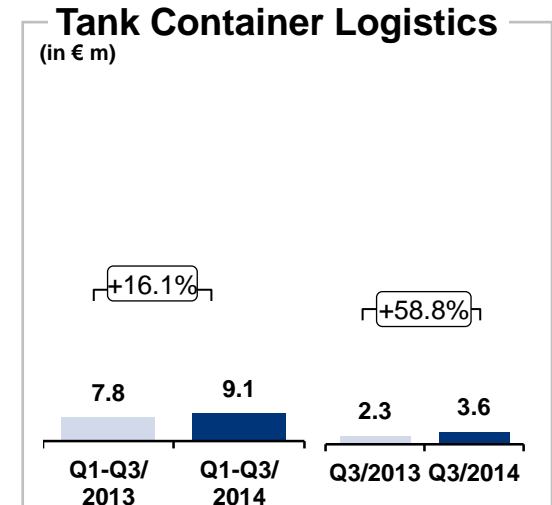
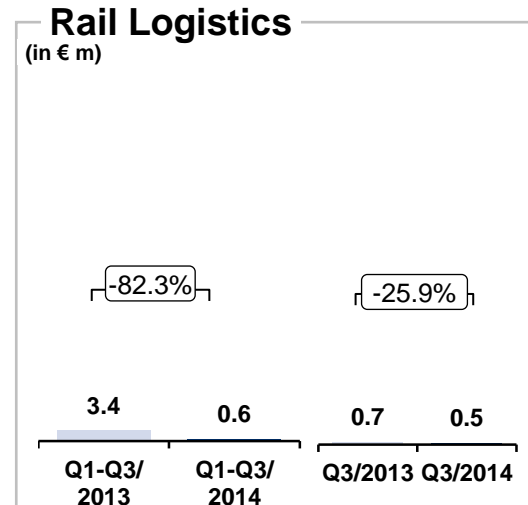
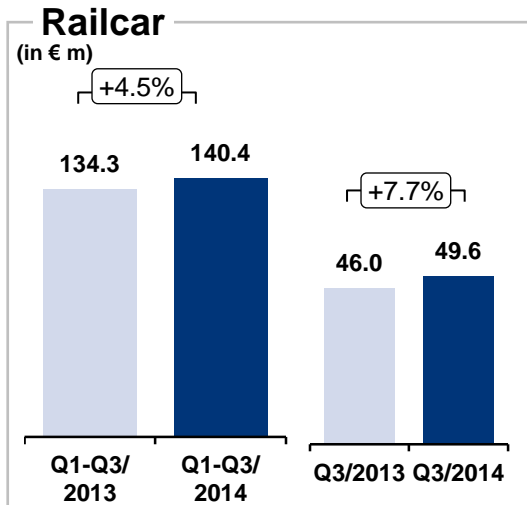
## Comment

- Sales development supported by consolidation of the K+N business since January 2014
- Q3 with the largest increase on a quarterly basis in 2014

## Comment

- Ongoing overcapacities still damping sales development
- With better volumes from North America sales increased by 3.8% compared to Q2

# EBITDA development by division



## Comment

- Over proportional increase of EBITDA development compared to sales
- EBITDA margins slightly higher:
  - 53.9% (9m/2013: 53.1%)
  - 56.9% (Q3/2013: 54.8%)

## Comment

- EBITDA below last year but with an encouraging development
- EBITDA margins\* in 2014 reflect difficult environment:
  - 2.9% (9m/2013: 20.2%)
  - 7.4% (Q3/2013: 12.7%)

## Comment

- Strong increase in EBITDA supported also by extraordinary effect
- Continuous EBITDA margin\* improvement in 2014:
  - Q1 2014: 41.8%
  - Q2 2014: 47.7%
  - Q3 2014: 50.0%

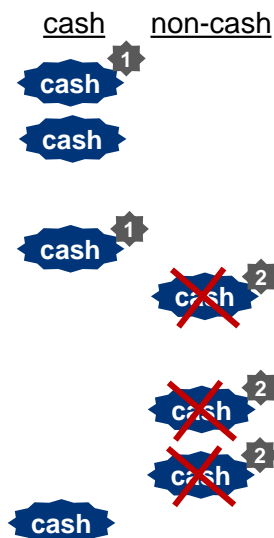
\* EBITDA margins calculated on gross profit.



## Better (net) financial result

### Split of financial result (in € m)

	Q1-Q3/ 2013	Q1-Q3/ 2014
EBIT	56.5	60.9
EBT	19.1	21.5
<b>Financial result</b>	<b>(37.4)</b>	<b>(39.4)</b>
Thereof:		
interest exp. of financial debt	(27.2)	(28.0)
interest exp. from credit lines	(1.6)	(1.2)
	<b>(28.8)</b>	<b>(29.2)</b>
swap cash effect	(5.8)	(6.0)
swap valuation (m-t-m) } until 6/2015	0.1	(0.4)
	<b>(5.7)</b>	<b>(6.5)</b>
transaction costs	(1.5)	(1.5)
interest on pensions	(1.2)	(1.3)
other financial result	(0.1)	(1.0)
	<b>(2.8)</b>	<b>(3.8)</b>

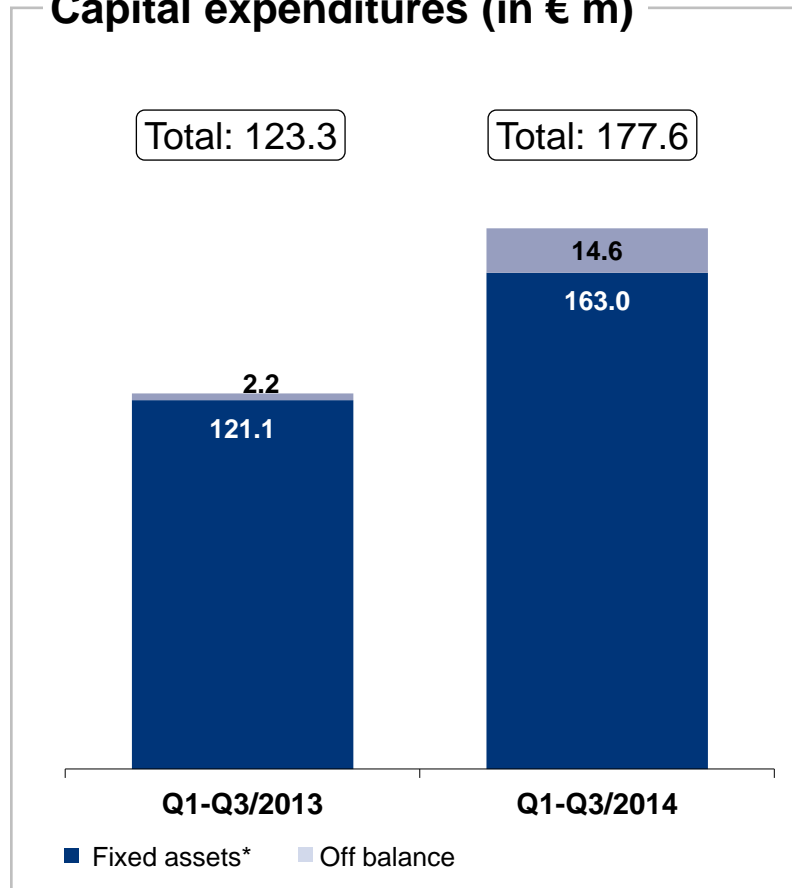


### Comment

- Financial result in 9m 2014 decreased mainly on the back of higher net debt
- Expenses for **ineffective swap** amounted to € 6.5 m in the first three quarters (Swap will expire mid of next year)
- <sup>1</sup> Cash related interest expenses: € 34.0 m representing an interest rate slightly below 6%
- <sup>2</sup> Non-cash related interest expenses amount to € 3.2 m

# Capex – Above prior year level

## Capital expenditures (in € m)

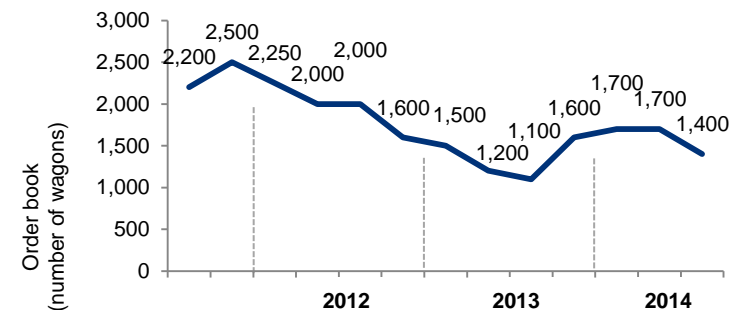


\* Capex for fixed assets, including intangible assets and capitalization of revision costs.

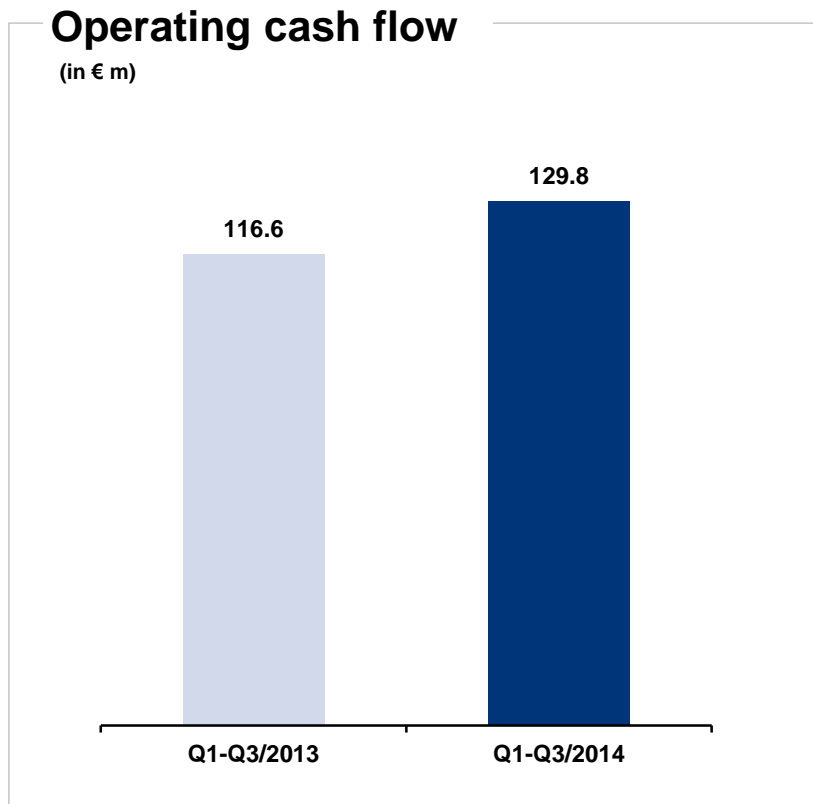
## Comment

- Capex level for the first nine months reflects growth strategy for the rail car business
- Investments in Q4 will slow down – in total appr. € 200 m for 2014 expected
- Order book slightly decreased to 1,400 wagons as at September 30, 2014:

### Order book development



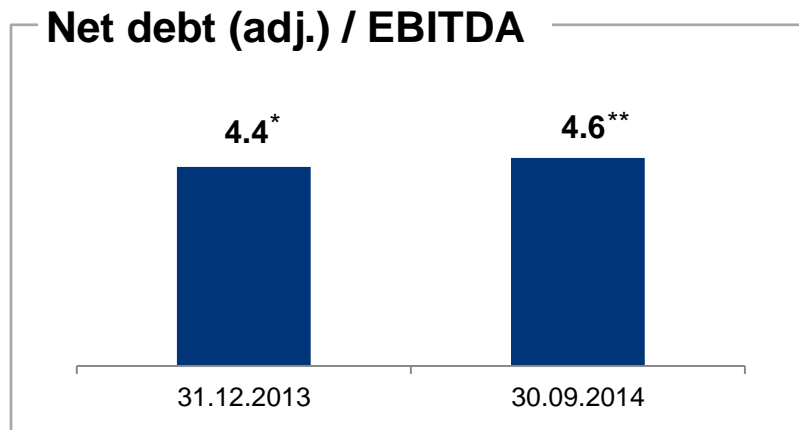
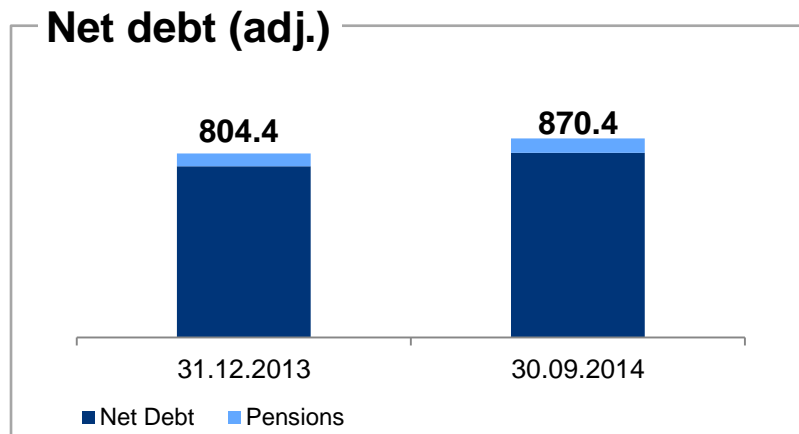
## VTG Group – Operating cash flow



### Comment

- Operating cash flow for 9m 2014 increased by 11.2%

## VTG Group – Net debt still on a conservative level



### Comment

- Increase in net debt shows continued investments in build up of wagon fleet
- Compared to international peers, net debt on a moderate level
- With the expected increase in EBITDA for 2014 leverage stays almost unchanged


\* Calculated on 2013 EBITDA of € 183.8m. \*\* Calculated on lower end of EBITDA guidance for 2014.

# Outlook FY 2014

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## Railcar


- Continued investments in 2014
- Stable utilization expected with minimal fluctuations
- Upswing of economy would be reflected in utilization typically after a period of delay



2014: Sales and EBITDA are expected to increase slightly compared to 2013

## Rail Logistics


- New competitive landscape: Higher competition in Liquid Goods
- Integration K+N Rail: Political conflict Ukraine/Russia hinders business development
- Unable to make up for missing sales during the course of the year



2014: Only moderately higher sales and considerably lower EBITDA expected compared to 2013

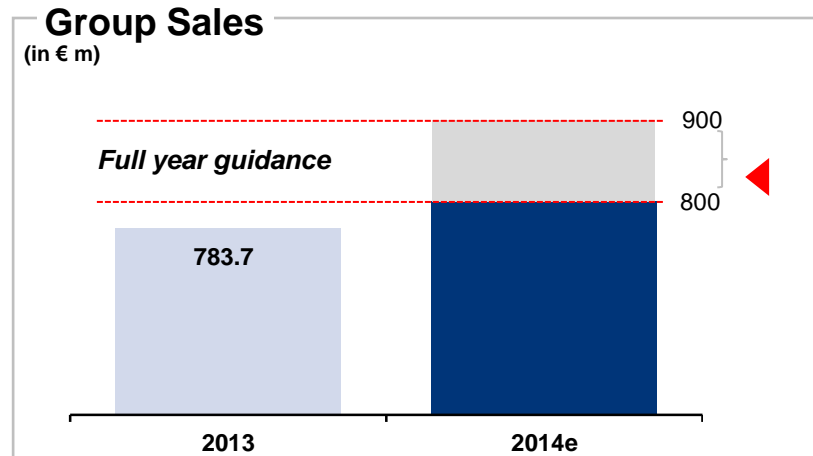
## Tank Container Logistics

- Ongoing competitive market environment with overcapacities
- Unchanged pressure on margins in 2014
- Efficiency gains and positive extraordinary effect to support EBITDA development

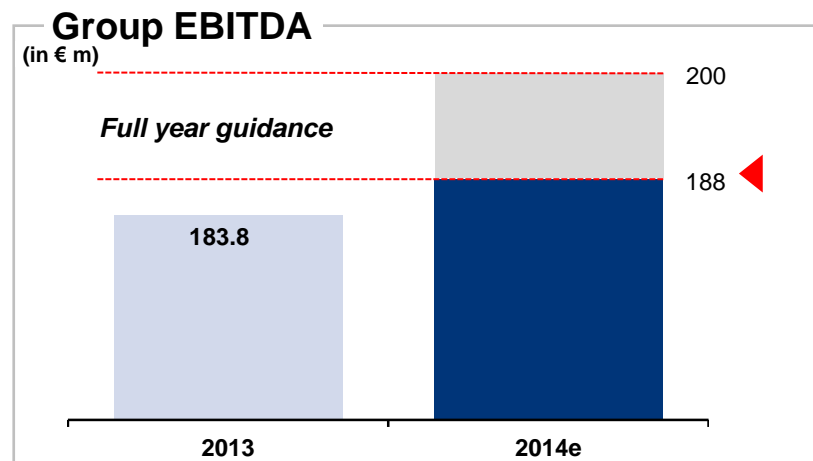


2014: Sales will not quite reach last year's level. Slightly higher EBITDA expected compared to 2013

# Group guidance FY 2014 unchanged



- Group sales for 2014 are expected on lower end of € 800 – 900m range



- Group EBITDA for 2014 is expected on lower end of € 188 – 200m range

# Questions & Answers



## Disclaimer

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## Save the date 2015

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### Preliminary Financial Calendar 2015:

- February Preliminary Results FY 2014
- April 14<sup>th</sup> Annual Report FY 2014
- April 14<sup>th</sup> Analyst Conference
- May 21<sup>st</sup> Interim Report for the 1<sup>st</sup> Quarter 2015
- May 29<sup>th</sup> Annual General Meeting, Hamburg
- August 20<sup>th</sup> Half-Yearly Financial Results 2015
- November 19<sup>th</sup> Interim Report for the 3rd Quarter 2015

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