H1 2017 Results

VTG AG – On the track for the future

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August 29, 2017

Agenda

1 Highlights H1 2017

2 Discussion of H1 2017 figures

3 Outlook FY 2017

4 Financial Calendar 2017

Executive Summary

Highlights H1 2017

- Clear pick up in demand in Q2 2017
- Rail Logistics with positive sales trend
- Railcar significantly improved
- Increase in utilization mainly attributable to intermodal
- Acquisition of used fleets in the US and Russia
- Intended acquisition of Nacco announced
- Revenue guidance confirmed – Update on EBITDA outlook

Group figures

	H1 2016	H1 2017
Sales	493.3	498.8
EBITDA	165.8	163.3
EPS	0.71	0.74
Utilization	90.1 %	91.2 %

Executive Summary II

VTG & NACCO

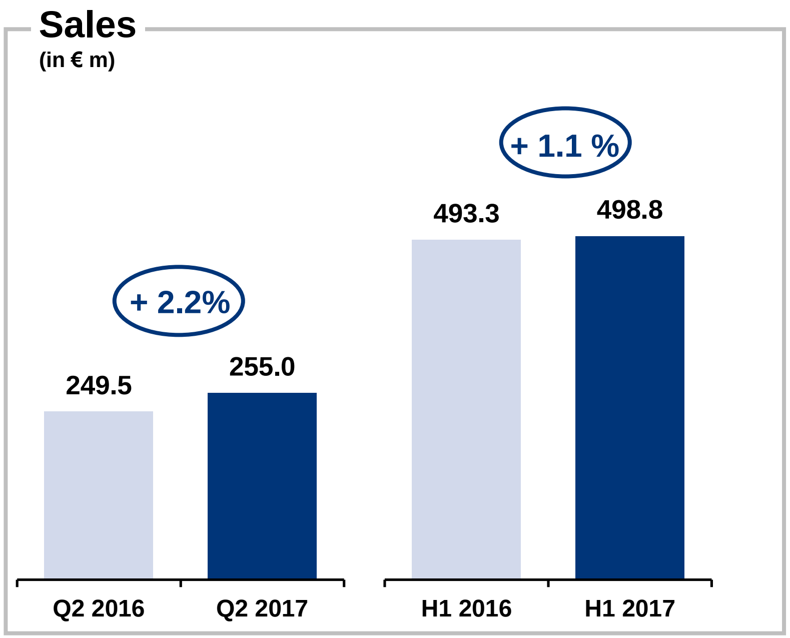
Highlights of the transaction

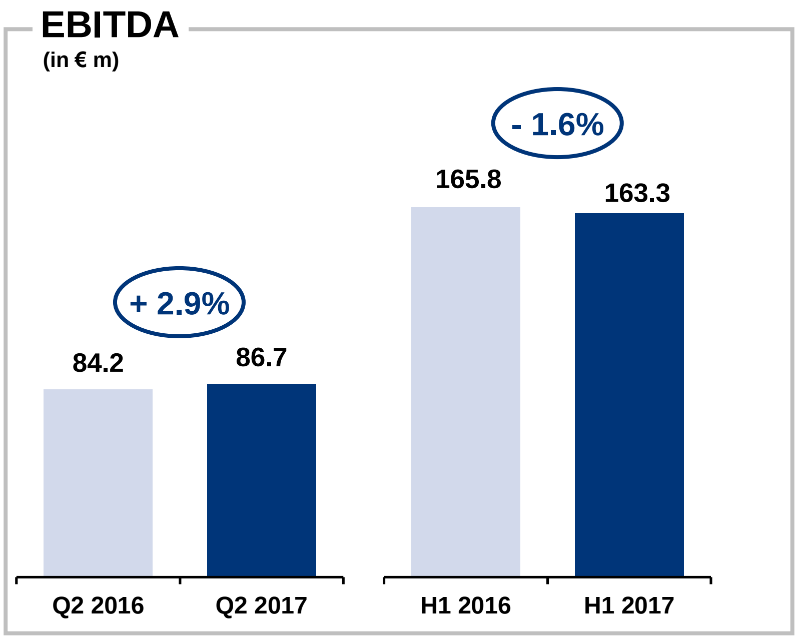
- VTG to acquire French-based railcar lessor Nacco (14,000 Railcars)
- Acquisition supports VTG´s strategy to further strengthen its position in the European railcar leasing market
- Improvement of fleet balance (age, type mix,…)
- Administrative and purchasing synergies
- Higher free cash flow generation

Status quo

- Submission to antitrust authorities in preparation
- Set-up of acquisition structure
- Preparation of first steps for PMI
- Preparing approval from banks providing debt to Nacco
- Financing of acquisition in place
- Closing expected in Q4 2017

Split of Sales and EBITDA





Comment

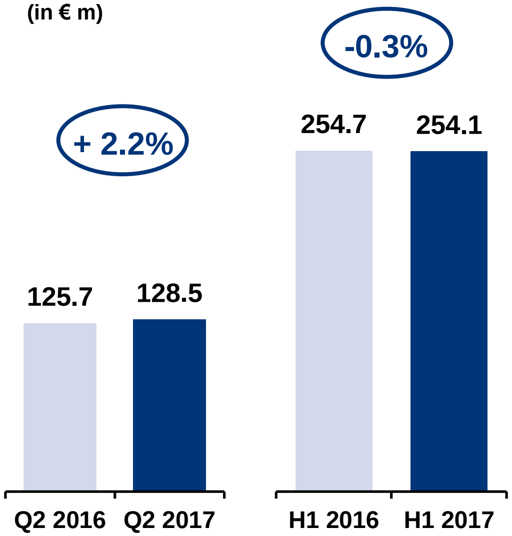
- After a slower start into the year sales picked up in Q2
- This effect is attributable to Rail Logistics and Railcar division
- Sales of Tank Container Logistics suffered from a weak US$ and changing transport flows

Comment

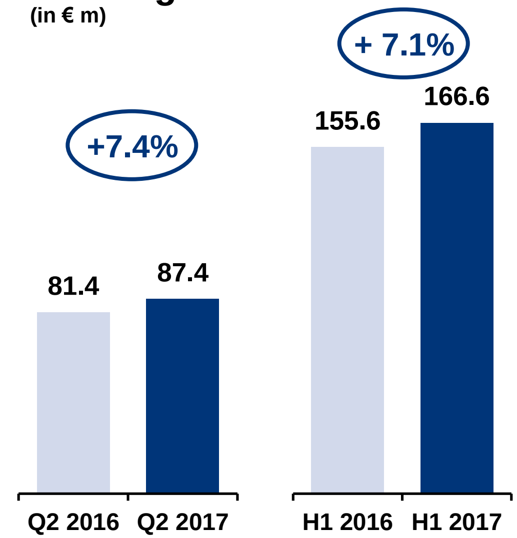
- Increase in EBITDA in Q2 2017 due to better sales development and a higher utilization
- However: High repair and maintenance cost in Q1 2017 were not fully compensated in Q2
- Hence: Half-year EBITDA still slightly down compared to previous year

Sales development by division

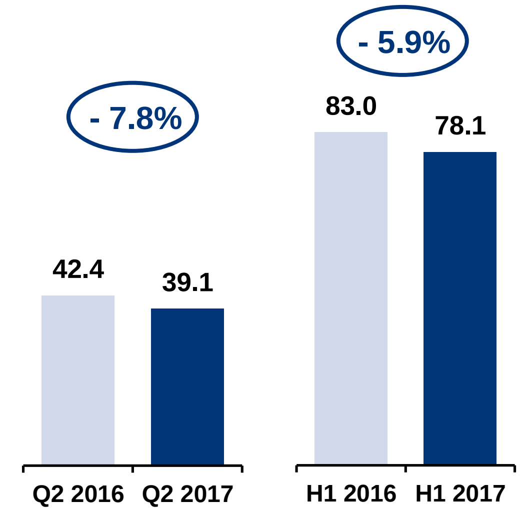
Railcar
(in € m)



Rail Logistics
(in € m)



Tank Container Logistics
(in € m)



Comment

- Increase in sales in Q2 2017 due to a higher utilization especially in the intermodal segment in Europe
- US and Russian fleet also showed an uplift in sales
- Half-year sales on previous year´s level

Comment

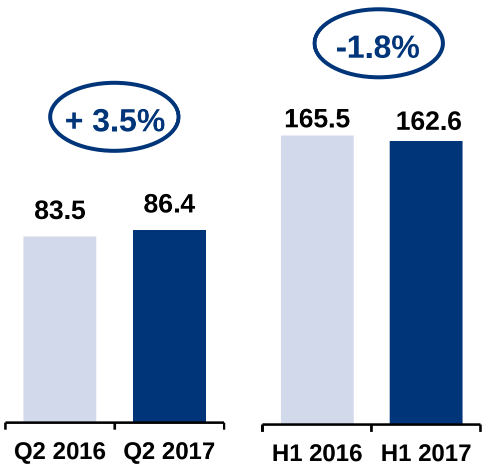
- Increasing demand in eastern Europe and from project logistics
- Higher volumes in the metalworking industries
- Strong Q2 2017: Q2 vs Q1: +10.3%

Comment

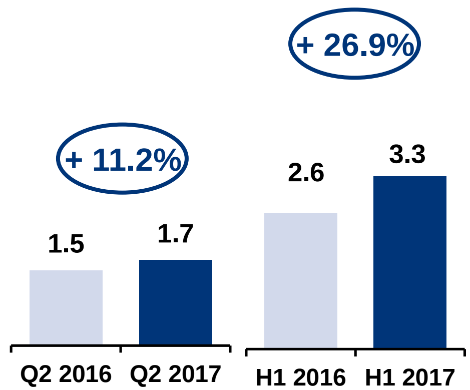
- High level of freight volumes in overseas and Asian transports maintained
- Weak US-Dollar and changing transport flows affected sales level negatively

EBITDA development by division

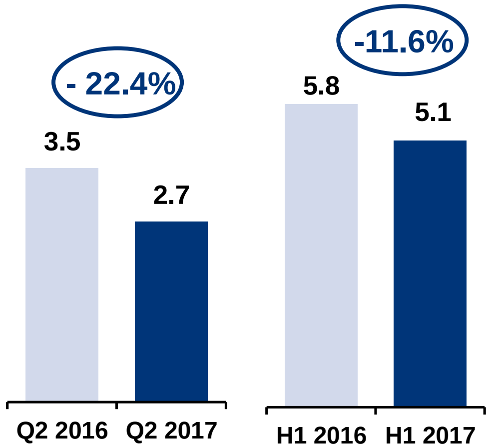
Railcar
(in € m)



Rail Logistics
(in € m)



Tank Container Logistics
(in € m)



Comment

- Increase in sales with positive effect on EBITDA in Q2
- Significant uplift of 13.3% compared to Q1 2017
- Margin slightly below H1 2016 (64.0.% vs. 65.0%) but up in Q2 vs Q1 2017 (67.2% vs 66.3%)

Comment

- Positive earnings trend continues in Q2 2017
- Disproportionate EBITDA increase in H1 2017 vs H1 2016 of 26.9%
- EBITDA margin* at 22.2% after 18.7% in H1 2016

Comment

- Due to a weaker sales and margin levels EBITDA declined
- EBITDA margin* at 34.7% after 38.1% in H1 2016

* EBITDA margins calculated on gross profit (logistics divisions only)

Agenda

Group key figures

Key figures

(in € m)	H1 2016	H1 2017	Δ
Sales	493.3	498.8	+ 1.1%
EBITDA	165.8	163.3	- 1.6 %
EBIT	72.7	69.2	- 4.8 %
EBT	41.1	39.3	- 4.3 %
Net income	26.7	27.5	+ 3.1%
Net income to shareholders	20.5	21.3	+ 4.2 %
EPS in €	0.71	0.74	+ 4.2 %

Comment

- Sales slightly above previous year´s level, EBITDA slightly below
- Small increase in depreciation due to higher investment activities
- Half year financial result 1.7 m€ above first half of 2016
- EBT slightly declined
- Tax rate is expected at a 30% level for 2017
- Earnings per share (EPS) further increased along with an improved tax rate (30.0 % vs. 35.0 % in 2016)

Financial result

Split of financial result (in € m)

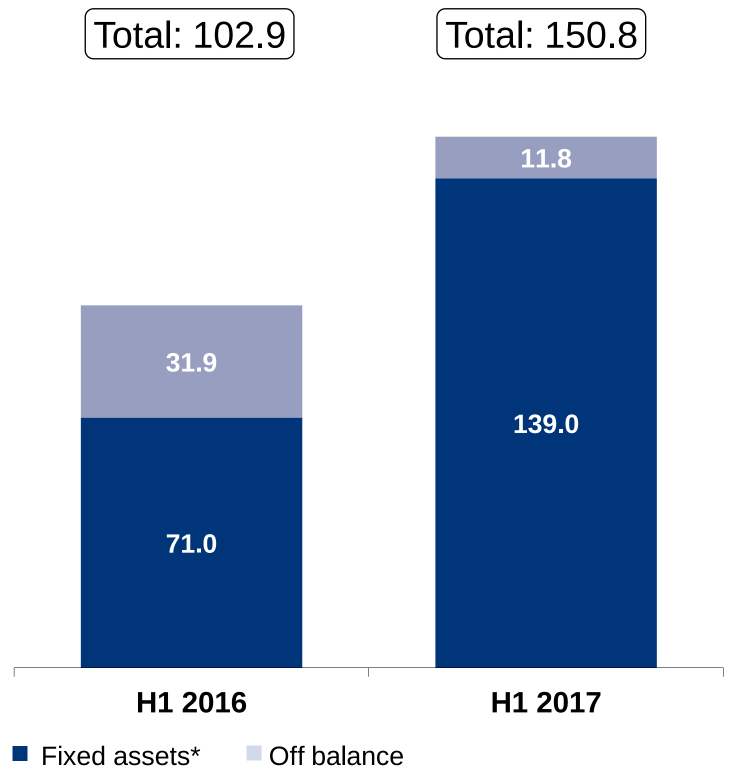
	H1 2016	H1 2017
EBIT	72.7	**69.2**
EBT	41.1	**39.3**
Financial result	**-31.6**	**-29.9**
Thereof:		
interest expenses of financial debt	-26.7	**-26.8**
interest expenses from credit lines	-1.3	**-1.0**
Total interest expenses	**-28.1**	**-27.8**
transaction costs	-1.6	**-1.6**
Swap effects	-4.4	**0.4**
FX effects	2.9	**0.9**
interest on pensions	-0.7	**-0.6**
other financial result	0.3	**-1.2**
Other financial result	**-3.5**	**-2.1**

Comment

- Although interest expenses were basically unchanged, financial result slightly improved
- Improvement mainly derives from a decreasing negative effect from swap valuation – but: positive FX effects decreased at the same time
- After a positive impact from currency and swap valuation in Q1 2017 both items turned negative in Q2 2017.

Capex – Below prior year level

Capital expenditures (in € m)



Comment

- Investments almost exclusively in fixed assets
- Significantly higher investment compared to previous year (700 new builds in Europe, 1,200 used railcars in the US, 300 used railcars in Russia)
- Order book increase driven by Initiative 2020
- Delivery of wagons in the next few years

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

VTG Group – Operating cash flow and Net debt

Cash flow

(in € m)	H1 2016	H1 2017
Operating cash flow	**+ 147.8**	**+ 124.9**
Payments for fixed assets	-75.8	-145.9
Disposal of fixed assets	4.4	34.0
Others	0.6	1.0
Investing cash flow	**-70.8**	**- 110.9**
Free cash flow	**+ 77.0**	**+ 14.0**

Net debt

(in € m)	31.12.2016	30.06.2017
Net debt	1,660.4	**1,711.4**
Net debt adjusted (incl. pensions)	1,731.4	**1,779.9**
Net debt adj./EBITDA*	5.0	**5.2**

* Calculated on EBITDA 2016

Comment

- Operating cash flow reduced due to purchase of wagons designated for resale and temporarily higher receivables
- Cash flow used in investing activities strongly increased after new build investments in Europe and the acquisition of used fleets in the US and Russia
- Despite high investments free cash flow stays positive

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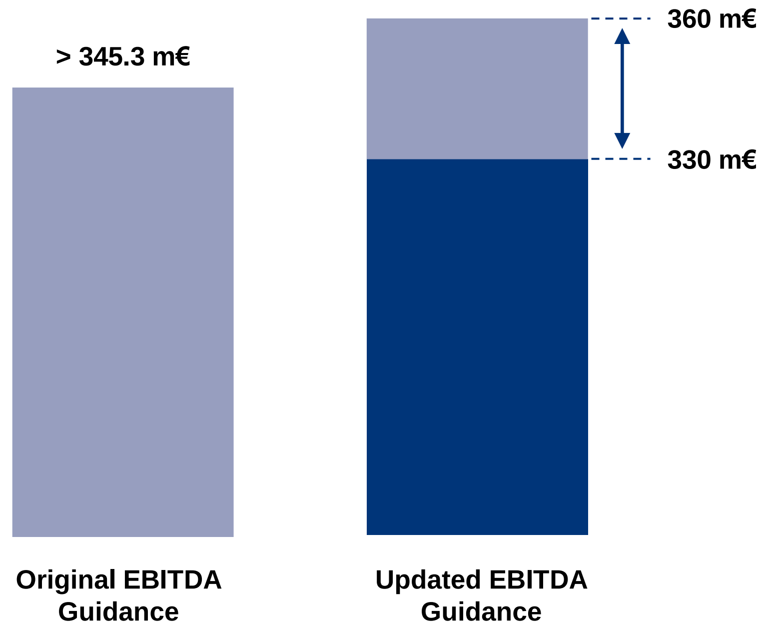
FY 2017 outlook update

Sales outlook unchanged: Slight increase in Group sales expected

Updated on Group EBITDA: range between 330 m€ and 360 m€ expected



Effects on EBITDA in 2017

- Unexpected increase in demand in European railcar leasing business leads to additional preparation costs
  - About 1,100 railcars recommissioned in July and August
  - Trend might possibly persist so that additional preparation costs could occur in the fourth quarter
- Under the supervision of the European Railway Agency (ERA), technical modifications of certain brake systems were adopted
  - 950 container carriers effected leading to one off costs of 2.5 m€ in 2017
- Effects from an earlier or later intended acquisition of Nacco included in the bandwidth

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Save the date 2017

Financial Calendar 2017:

- March 7 — Preliminary Results FY 2016
- April 6 — Annual Report FY 2016
- April 6 — Analyst Conference, Hamburg
- May 4 — Quarterly Statement Q1 2017
- June 8 — Annual General Meeting, Hamburg
- August 29 — Half-Yearly Financial Results 2017
- November 16 (updated) — Quarterly Statement Q3 2017

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