

# Q1/2016 Results

*VTG AG – Moving potential towards success*

**Dr. Heiko Fischer, CEO**  
**Dr. Kai Kleeberg, CFO**

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# Agenda



- 1 Highlights Q1 2016
- 2 Discussion of Q1 2016 figures
- 3 Outlook FY 2016
- 4 Financial Calendar 2016

# Executive Summary

## Highlights Q1/2016

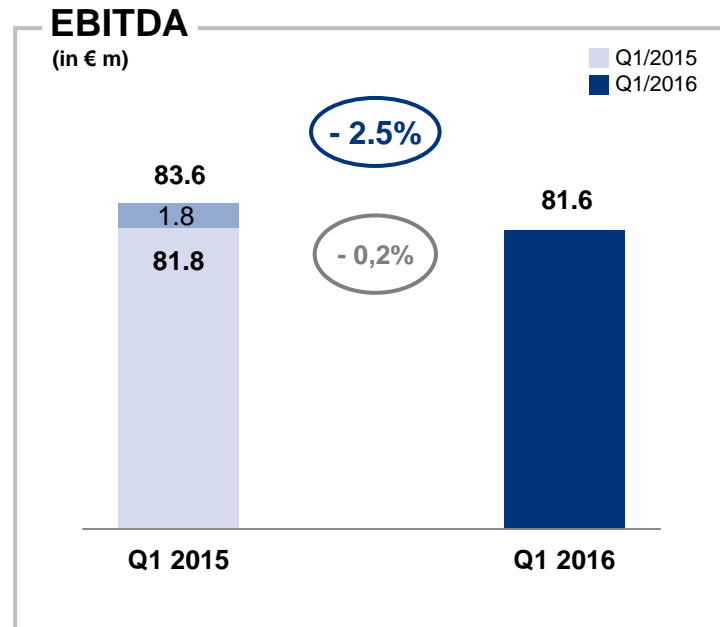
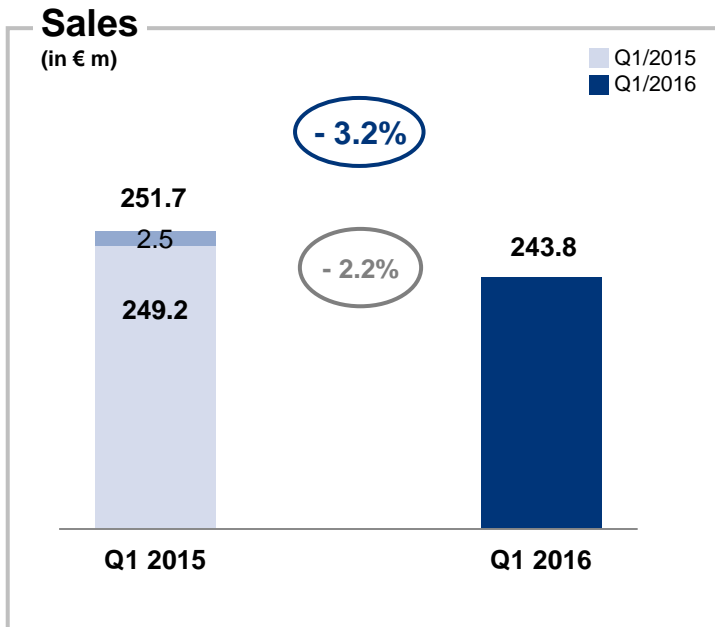
- Sound start into the year in spite of some economic headwinds
- Company revenue and EBITDA slightly below last year's level
- EBT and net income significantly improved after refinancing
- Earnings per share (EPS) tripled to 0.30 €



## Group figures

	Q1/2015	Q1/2016
<b>Sales</b>	251.7 m €	€ 243.8 m €
<b>EBITDA</b>	83.6 m €	€ 81.6 m €
<b>EPS</b>	0.10 €	0.30 €
<b>Utilization</b>	90.9%	90.6%

# Split of Sales and EBITDA



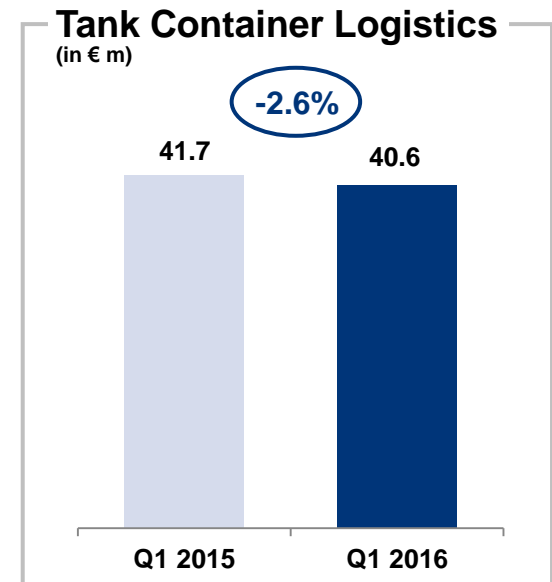
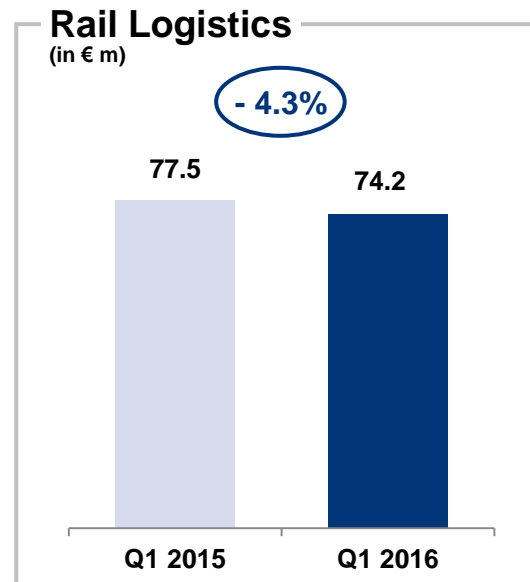
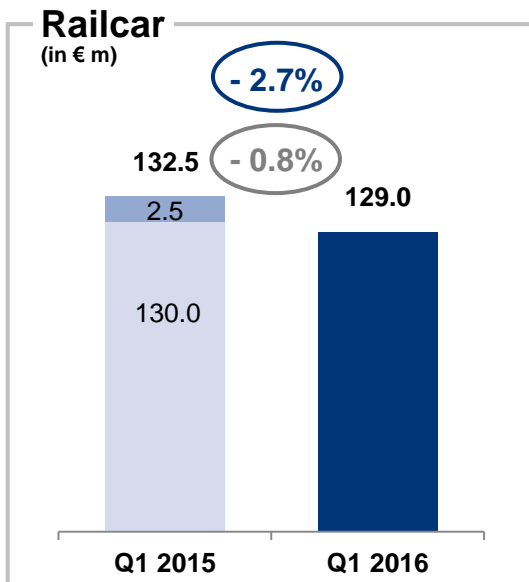
## Comment

- Positive extraordinary sales effects of 2.5 m € in Q1 2015
- Sales in Q1 2016 impacted by a weaker intermodal business, temporary effects in rail logistics and depreciation of US-Dollar in Tank Container business

## Comment

- Reduced sales level affected EBITDA development
- Positive and negative extraordinary effects in Q1 2015 totaling +1.8 m €

# Sales development by division



## Comment

Decline in sales mainly due to:

- Sale of a wagon fleet at the end of Q1 2015 (0.8 m €)
- Modified invoicing of some pool wagons with no impact on profitability (1.7 m €)
- Declining utilization of intermodal cars

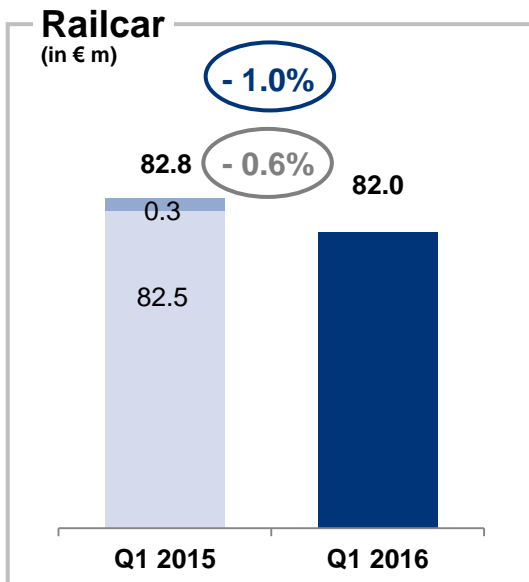
## Comment

- Discontinuation of low margin business
- Little demand for transport of agricultural goods
- Production downtimes at customers

## Comment

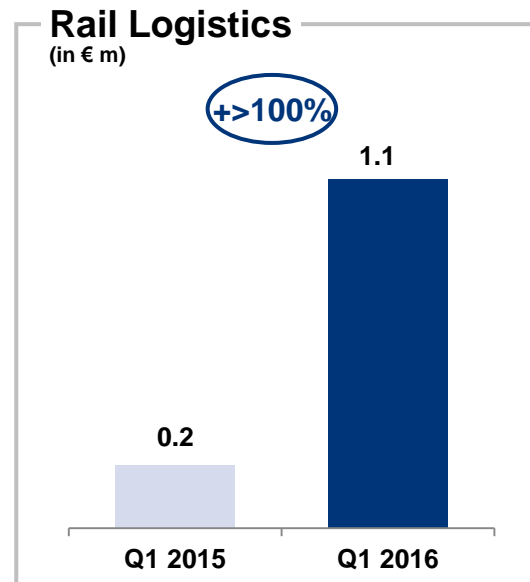
- Increasing freight volumes in Europe and stable overseas transports
- Weaker US-Dollar caused a drop in revenue (1.3 m €)

# EBITDA development by division



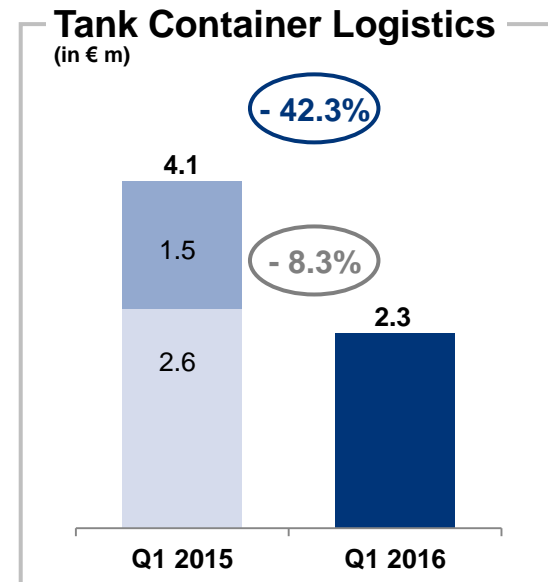
### Comment

- Lack of momentum in global trade and low diesel prices weigh on intermodal business
- EBITDA margin improved to 63.6 % compared to 62.5 % last year



### Comment

- Division maintains the positive earnings trend of the previous quarters
- EBITDA margin\* at 16.1 % after 3.8 % in Q1 2015



### Comment

- Extraordinary income in Q1 2015 from sale of affiliate (1.5 m €)
- Weaker US-Dollar affected EBITDA (-0.5 m €)
- Adj. EBITDA margin\* at 33.2% vs. 36.1% in Q1 2015

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

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## Group key figures

### Key figures

(in € m)	Q1 2015	Q1 2016	Δ
Sales	251.7	243.8	- 3.2%
EBITDA	83.6	81.6	- 2.5%
EBIT	34.8	34.9	+ 0.3%
EBT	8.9	18.1	+ 103%
Net income	5.3	11.8	+ 122%
Net income to shareholders	2.9	8.7	+ 200%
EPS in €	0.10	0.30	+ 0.20 €

### Comment

- Company revenue and EBITDA slightly below last year's level
- EBIT remains unchanged due to slightly lower depreciation and amortization
- Considerably lower interest expenses due to the refinancing realized in December 2015
- EBT and EPS significantly improved
- Earnings per share (EPS) tripled



## Financial result

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

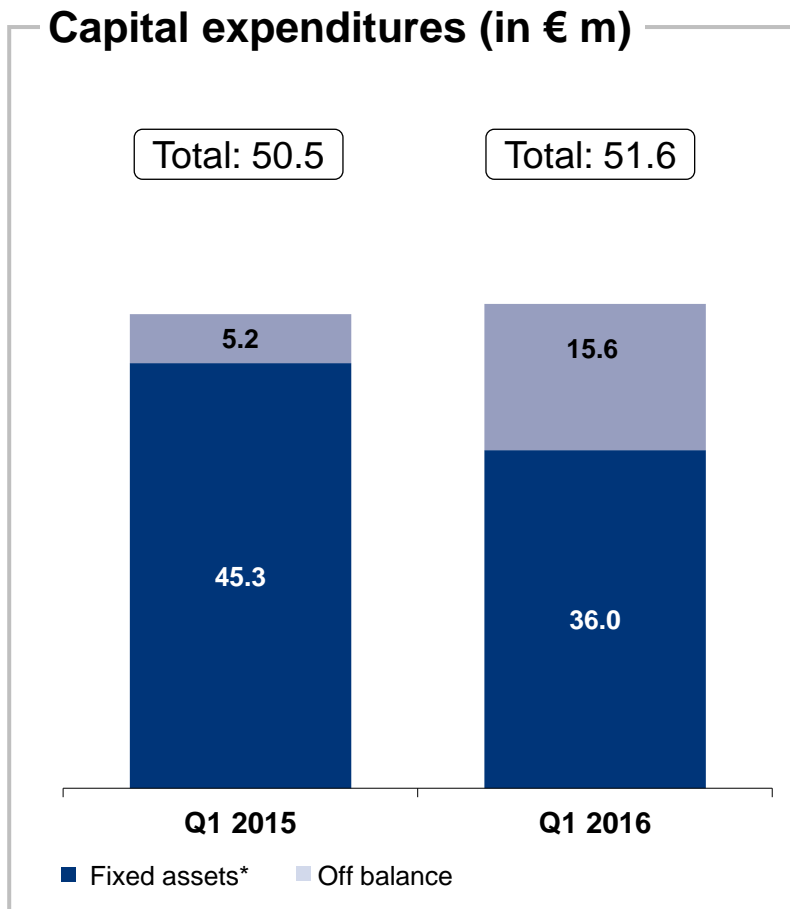
	Q1 2015	Q1 2016
EBIT	34.8	34.9
EBT	8.9	18.1
<b>Financial result</b>	<b>(25.9)</b>	<b>(16.8)</b>
Thereof:		
interest expenses of financial debt	(15.8)	(13.5)
interest expenses from credit lines	(0.4)	(0.7)
<b>Total interest expenses</b>	<b>(16.2)</b>	<b>(14.1)</b>
transaction costs	(1.1)	(0.8)
Swap effects	(4.9)*	(3.2)
FX effects (one-offs)	(3.5)	1.5
interest on pensions	(0.4)	(0.3)
other financial result	0.2	0.1
	<b>(9.7)</b>	<b>(2.7)</b>

### Comment

- Financial result improved significantly
- Considerably lower interest expenses due to the refinancing realized in December 2015
- Negative valuation effect from ineffective AAE swaps
- Positive effect from Ruble appreciation
- Average interest rate at around 4% (incl. swaps)

\* thereof 1.9 m € cash effective

# Capex – Below prior year level



### Comment

- Decreasing order book of 2,150 wagons:
  - 1,150 wagons for European market (to be delivered in 2016/2017)
  - 1,000 wagons for North American market (to be delivered in 2017)



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

## VTG Group – Operating cash flow and Net debt

### Cash flow

(in € m)	Q1 2015	Q1 2016
<b>Operating cash flow (rep.)</b>	<b>93.2</b>	<b>66.3</b>
- Proceeds from sold fleet	12.2	-
- VAT not paid	10.0	-
<b>Operating cash flow (adj.)</b>	<b>71.0</b>	<b>66.3</b>
Payments for fixed assets	- 42.5	- 36.3
Disposal of fixed assets	33.9	1.8
Financial assets AAE (net)	19.4	-
Others	2.3	- 3.1
<b>Total investing cash flow</b>	<b>13.1</b>	<b>- 37.6</b>
<b>Free cash flow</b>	<b>106.3</b>	<b>66.3</b>
- Adjustments operating cash flow	- 22.2	-
- Adjustments investing cash flow	- 53.3	-
<b>Free cash flow (adj.)</b>	<b>30.8</b>	<b>28.7</b>

### Net debt

(in € m)	31.12.2015	31.03.2016
Net debt	(1,667.5)	(1,672.6)
Net debt adjusted (incl. pensions)	(1,742.0)	(1,749.0)
Net debt adj./EBITDA	5.2	5.0*

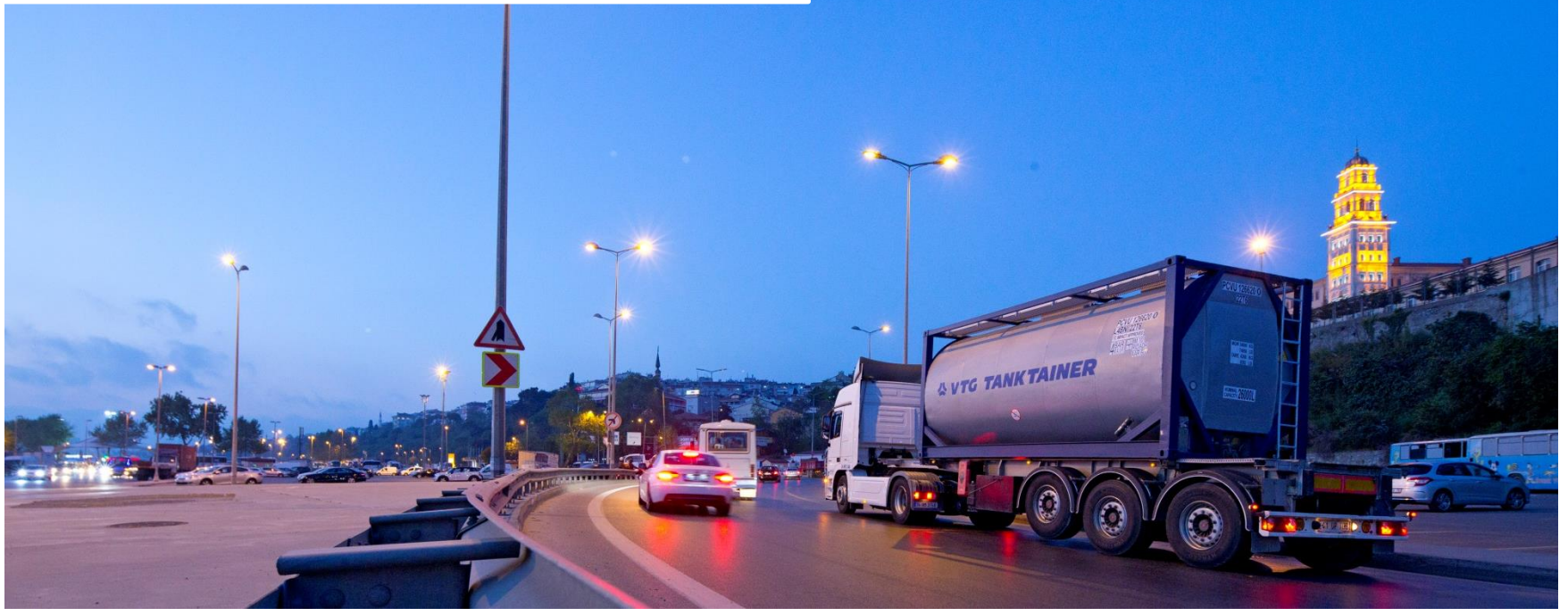
\* Calculated on average of EBITDA guidance range for FY 2016

### Comment

- Drop in the operating cash flow is primarily due to extraordinary proceeds from the sale of a wagon fleet (12.2 m €) and unpaid VAT (10 m €) on the sale in Q1 2015
- Cash flow from investing activities in Q1 2015 was boosted by the sale of a wagon fleet and from the acquisition of AAE (effect: € 53.3 m)

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# Outlook FY 2016

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## Railcar



- Continued investments into growth
- Realization of synergies with AAE
- Efficiency gains from new structure
- Utilization will stay at a good level with slight fluctuations expected

**Sales and EBITDA are expected to increase slightly in 2016**

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## Rail Logistics



- Challenging market conditions
- Further measures to increase profitability
- Positive business trend expected to continue

**Slight increase in sales and EBITDA**

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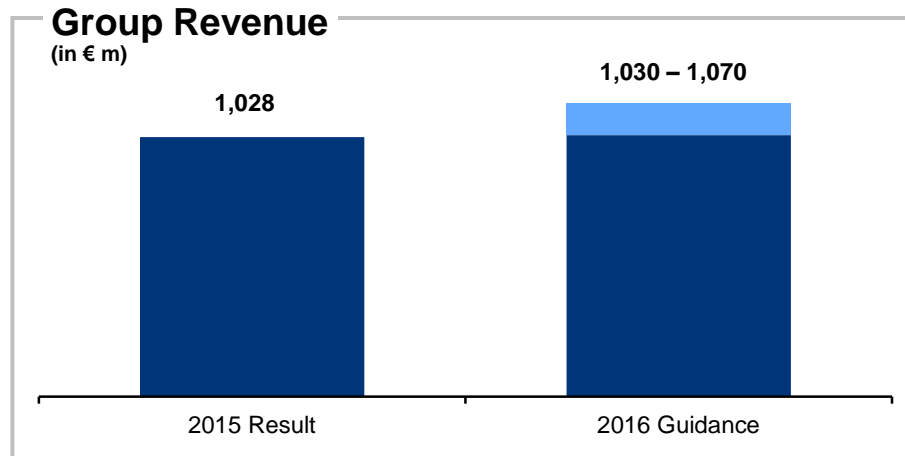
## Tank Container Logistics



- Market remains affected by overcapacities in some regions
- Efficiency measures implemented to improve competitiveness
- Non recurrence of extraordinary income

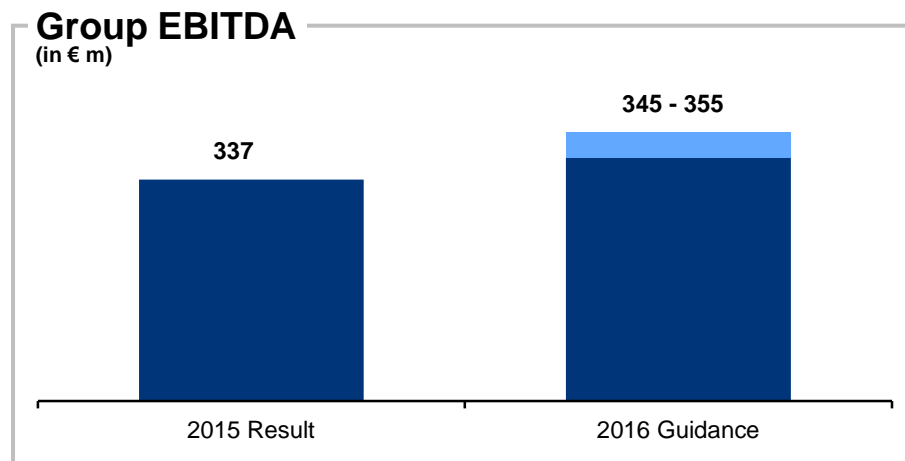
**Slight improvement of sales and stable EBITDA development**

## FY 2016 group guidance



Group revenue for 2016 expected to range between € 1.03bn – €1.07bn

*unchanged*



Group EBITDA for 2016 expected to range between € 345m – € 355m

*unchanged*

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## Save the date 2016

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### Financial Calendar 2016:

- February Preliminary Results FY 2015
- April 5 Annual Report FY 2015
- April 5 Analyst Conference
- May 12 Interim Disclosure for the 1<sup>st</sup> Quarter 2016
- May 31 Annual General Meeting, Hamburg
- August 30 Half-Yearly Financial Results 2016
- November 17 Interim Disclosure for the 3<sup>rd</sup> Quarter 2016

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