



Acquisition of Nacco

Investor Presentation

July 2017



Acquisition of Nacco – Table of content



1 Transaction Highlights

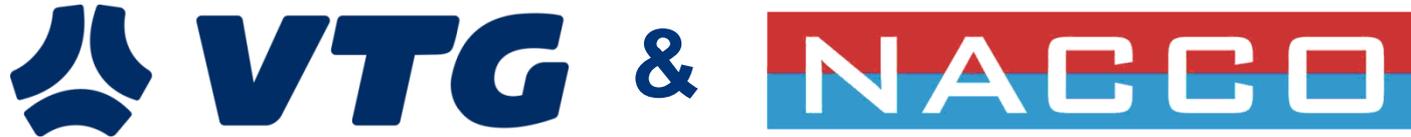
2 Snapshot of Nacco

3 Strategic Rationale

4 Contribution & Financing

5 Questions & Answers

Transaction Highlights



Acquisition:

- VTG to acquire French-based railcar lessor Nacco
- Acquisition supports VTG's strategy to further strengthen its position in the European railcar leasing market

Rationale:

- Enlargement of customer base
- Improvement of fleet balance (age, type mix,...)
- Broader offerings to customers
- Larger platform for digital offerings
- Lower management costs per unit
- Administrative and purchasing synergies
- Higher free cash flow generation

Transaction:

- Financing of transaction via debt and capital increase/other capital markets instruments
- Expected closing: Q4 2017

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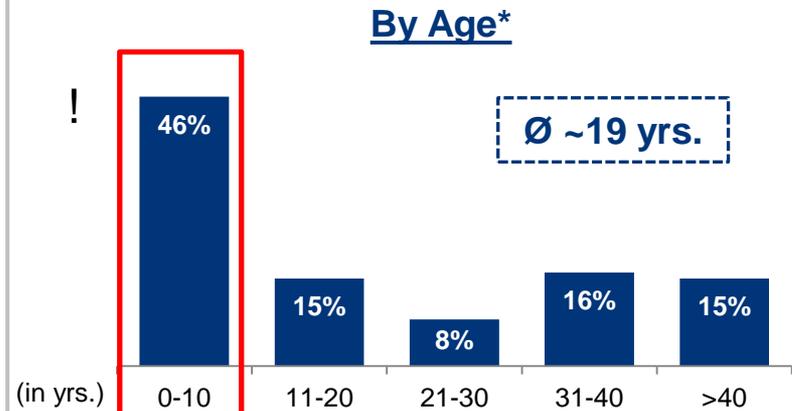
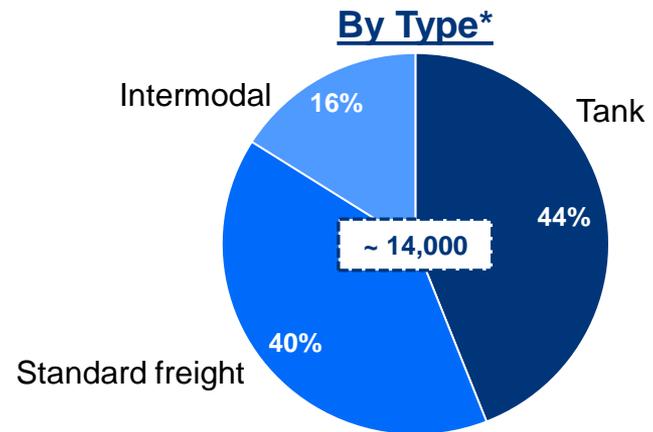
Snapshot of Nacco



Nacco at a glance

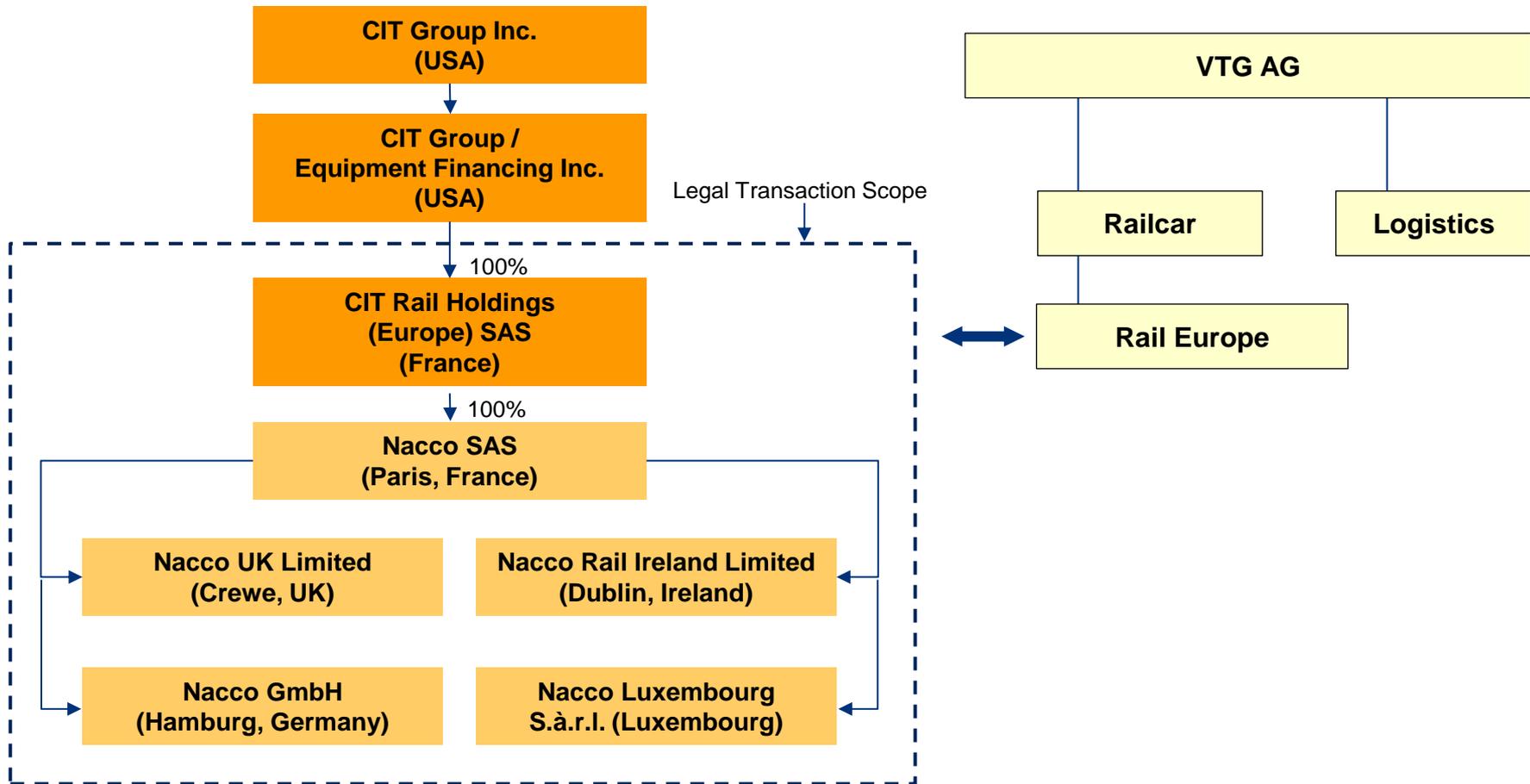
- Full service railcar lessor founded 1972
- Headquartered in Paris with offices in Hamburg and Crewe (UK)
- Approx. 61 employees
- Diversified fleet with 14,000 wagons in Europe
- Over 180 customers in 16 countries
- No. 4 in European railcar leasing market
- Complementary customer base compared to VTG
- Since 2014 indirect subsidiary of US-based CIT Group (NYSE: CIT)

Fleet composition



*31.12.2016

Legal structure



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Strategic rationale

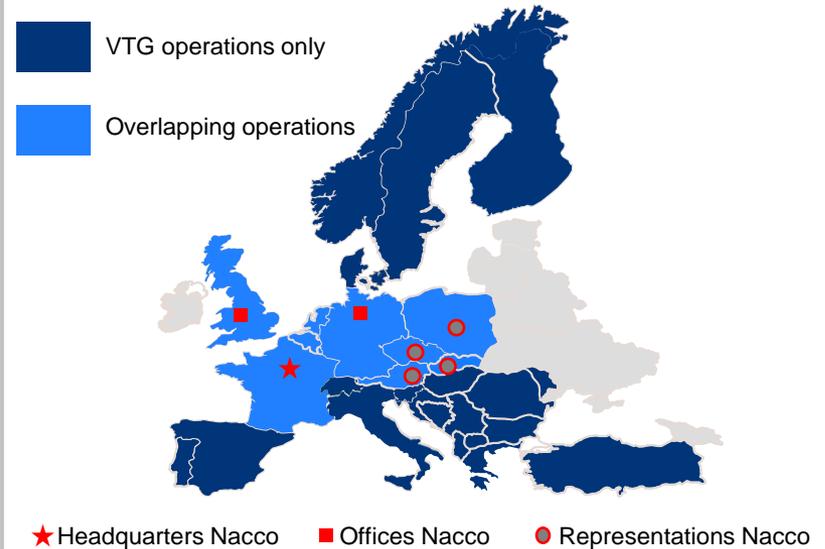
Strategic considerations

- Strengthening VTG's market position
- Broadening of customer base and offerings
- Complementary investments in recent years will reduce replacement needs in the future
- Reduction of average fleet age

Financial considerations

- VTG has set up a scalable platform in Europe to manage large new fleets at low marginal costs
- Realization of up to €10 m in synergies from SG&A savings
- Further savings in procurement and maintenance envisaged
- Significant reduction of replacement CapEx in the years to come
- Larger platform for new VTG 4.0 services

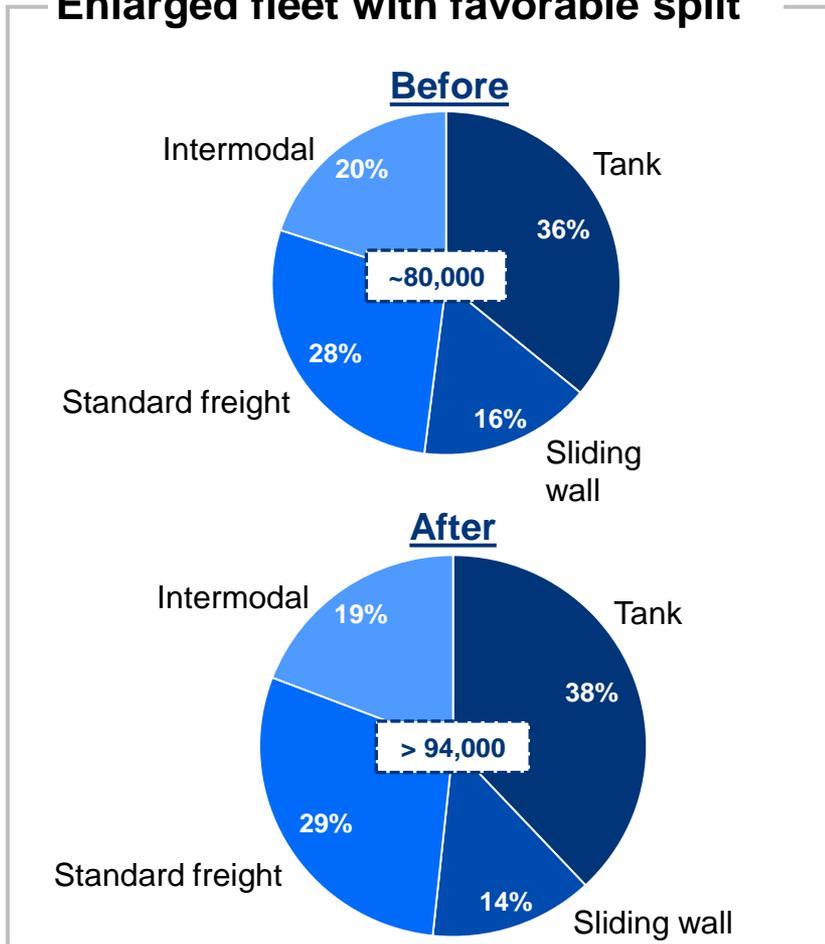
Synergy potential



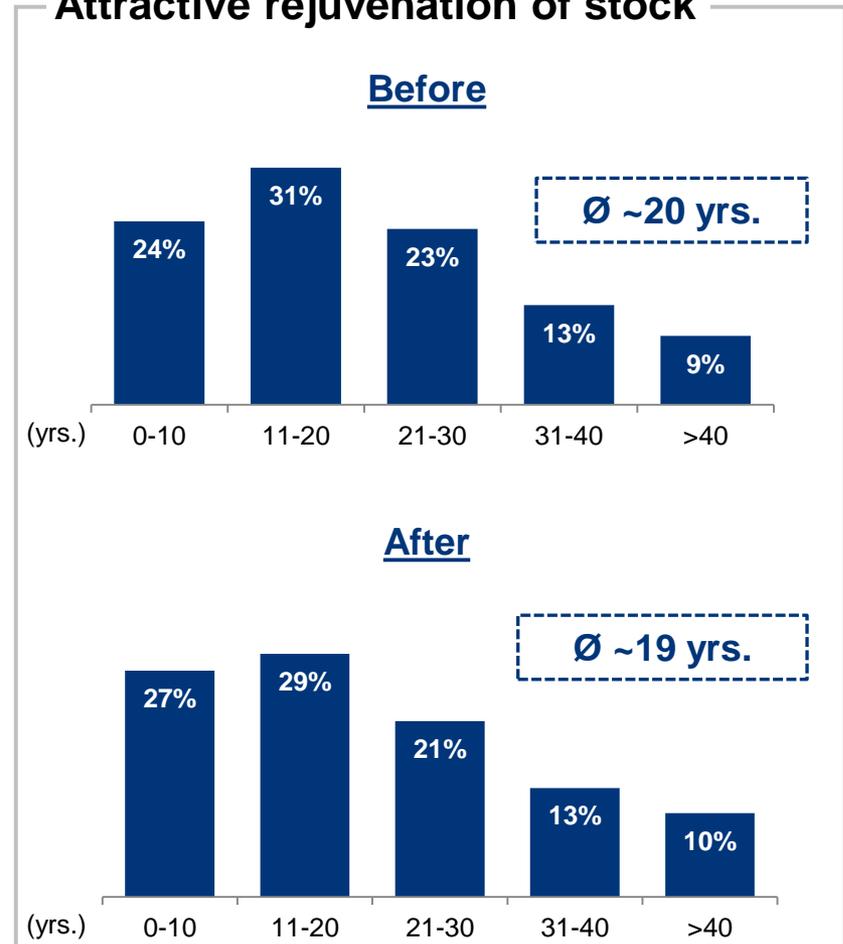
- Overlapping geographical footprint
- Similar customers but different share of wallet
- Identical regulatory environment
- Comparable office locations, IT-systems, etc.

Fleet composition: Vastly improved balance

Enlarged fleet with favorable split

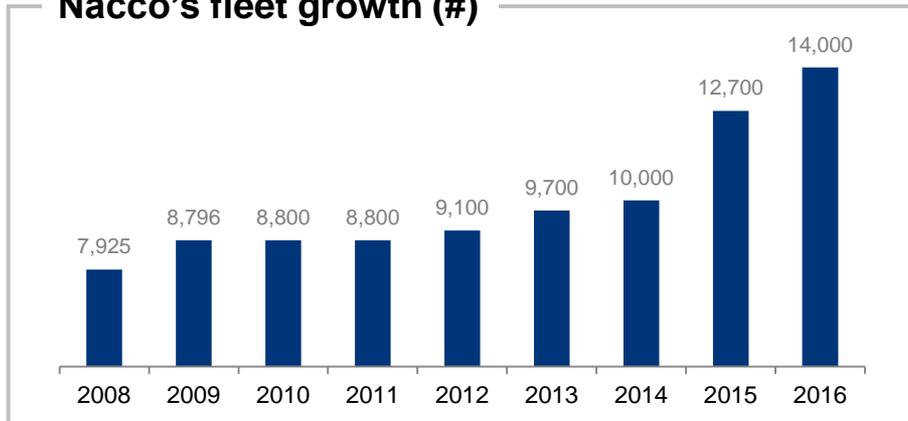


Attractive rejuvenation of stock



Reduced replacement needs

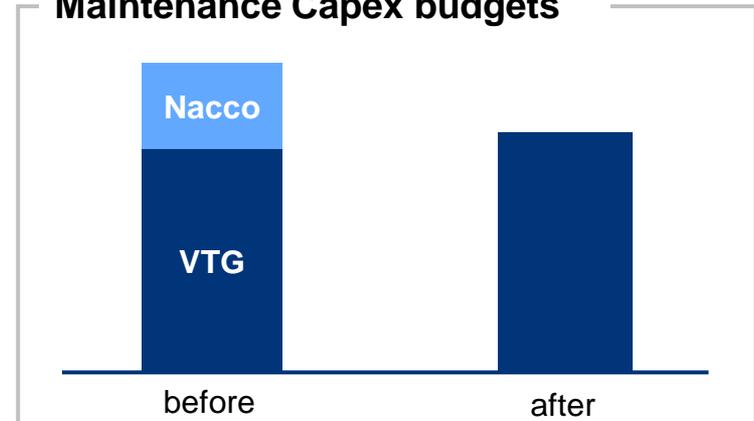
Nacco's fleet growth (#)



Comments

- After the takeover in 2014 CIT invested massively in new equipment (+3,700) and used fleets (+2,900)
- The fleet grew from 9,700 to 14,000 relatively young railcars by the end of 2016
- Further investments in new builds committed in 2017/2018
- All new builds for continental Europe are low noise
- With the acquisition VTG will run one of the youngest fleets in Europe

Maintenance Capex budgets



Comments

- Complementary fleet mixes drastically reduce maintenance capex for many years
- Focus on free cash flow generation and deleveraging from 2018 onwards

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Contribution & Financing

Expected sales contribution in 2018	Approx. € 120 m
Expected EBITDA contribution 2018	Approx. € 100 m (before transaction and integration costs)
EPS	Accretive from 2018 on (before transaction and integration costs) after envisaged capital increase
Financing	<ul style="list-style-type: none"> ▪ Senior Loan: up to € 500 m ▪ Nacco's existing net debt taken by VTG: ~ € 120 m ▪ Privately-placed Hybrid Bond: ~ € 300 m (Coupon: 6%, with step-up after 6 and 12 months to 10% and 12%) <p style="text-align: right;">} Av. Interest rate: 2%</p>
Refinancing	Envisaged replacement of privately-placed hybrid bond via the capital market, potentially via a rights issue for the increase of VTG's capital from the authorized capital.
Net debt development	Net debt increases to max 5.75x but will decrease to current level again within the next two years
Closing	Expected in Q4 2017 - Subject to antitrust approval

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Questions & Answers



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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 9 Quarterly Statement Q3 2017

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