vossloh

Interim financial report as of March 31, 2013

Group figures and indicators		Q1/2013	Q1/2012*
Income statement data			
Net sales	€ mill.	267.2	255.7
Rail Infrastructure	€ mill.	176.6	145.2
Transportation	€ mill.	90.6	110.5
EBIT	€ mill.	9.7	10.2
Net interest expense	€ mill.	(4.0)	(4.2)
EBT	€ mill.	5.7	6.0
Group earnings	€ mill.	2.0	4.2
Earnings per share (EpS)	€	0.16	0.35
EBIT margin	%	3.6	4.0
Pretax return on equity (ROE)[1]	%	4.5	4.9
Return on capital employed (ROCE)[2]	%	4.4	4.9
Value added[2]	€ mill.	(8.8)	(10.7)
Balance sheet data			
Fixed assets[3]	€ mill.	674.7	624.7
capital expenditures	€ mill.	15.3	10.7
amortization/depreciation	€ mill.	10.1	9.7
Closing working capital	€ mill.	251.0	187.8
Closing working capital intensity	%	23.5	18.4
Closing capital employed	€ mill.	925.6	812.5
Total equity	€ mill.	513.7	486.1
minority interests	€ mill.	17.9	13.7
Net financial debt	€ mill.	295.8	191.5
Net leverage	%	57.6	39.4
Total assets	€ mill.	1,621.5	1,510.4
Equity ratio	%	31.7	32.2
Cash flow statement data			
Gross cash flow	€ mill.	18.5	20.6
Cash flow from operating activities	€ mill.	(68.9)	56.6
Cash flow from investing activities	€ mill.	(17.9)	(9.4)
Cash flow from financing activities	€ mill.	79.1	(53.6)
Change in cash & cash equivalents	€ mill.	(7.7)	(6.4)
Workforce data			
Average headcount in the period		5,149	5,013
Rail Infrastructure		3,256	3,178
Transportation		1,847	1,788
Vossloh AG		46	47
Payroll intensity	%	86.7	85.8
Personnel expenses	€ mill.	70.5	66.3
Share data			
Stock price at March 31	€	78.00	74.02
Market capitalization at March 31	€ mill.	935.9	887.7

[1] Based on average equity
[2] Based on average capital employed
[3] Fixed assets = Intangible and tangible assets + investment properties + shares in associated affiliates + other noncurrent financial instruments
Where required, figures annualized.
*Year-earlier comparatives of ROCE, value added, working capital and capital employed adjusted due to changed accounting policy, cf. page 12.

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Dear Stockholders:

Business in the first quarter of fiscal 2013 was as expected. The Vossloh Group's sales climbed, though its EBIT slipped slightly compared with Q1/2012. The Rail Infrastructure division upped sales and EBIT, while the Transportation division's sales and profitability were short of the year-earlier figures. Accounting for the weak start-up to 2013 were postponed projects, in some cases typical of the first quarter, and the generally very competitive market environment plus upstream costs for projects to be handled by the Transportation division.

Q1/2013 group sales mounted 4.5 percent to €267.2 million, the Rail Infrastructure division alone boosting its revenue by 21.6 percent to €176.6 million. Happily, sales by the Fastening Systems business unit almost doubled and thus outcompensated the lower sales by both Switch Systems and Rail Services, the two other business units.

Sales by the Transportation division's two business units dropped 18.0 percent to €90.6 million. At both Vossloh Transportation Systems and Vossloh Electrical Systems, work on the sizable projects in their bulging order books will accelerate as scheduled as the year advances.

Q1 EBIT for the Group inched down to €9.7 million. The Rail Infrastructure division reported an EBIT of €13.6 million (up from €7.9 million), Transportation one of €1.0 million (down from €7.5 million). The Group's EBIT margin was 3.6 percent (down from 4.0): at Rail Infrastructure 7.7 percent (up from 5.5) and at Transportation 1.2 percent (down from 6.8), the reasons for this slump being primarily the upstream costs for major projects ahead as well as a year-on-year lower workload due to shelved contract awards.

Because of these delays, Q1 order intake at the Transportation division plunged from €120.8 million to €29.0 million. In April, however, this division acquired more than double the entire Q1 volume of new orders.

New orders booked by Rail Infrastructure were marginally down, from €232.9 million to €222.4 million. Altogether, Q1 order intake by Vossloh reached €252.9 million (down from €353.6 million); our order backlog at March 31, 2013, remained very tall, slightly contracting from €1,594.2 million to €1,533.4 million.

For all of this year Vossloh intends to lift sales by 5 to 10 percent and, despite the still tough competitive situation, deliver an unchanged EBIT at the 2012 level. Q1/2013 was a relatively modest yet to this extent expected step toward that goal. We would much appreciate if you, our stockholders, continued in our company and we thank you for your interest in Vossloh.

Yours,

Werner Andree
CEO

Vossloh's corporate structure

Today's Vossloh is a global player in rail technology markets. Products and services for rail infrastructure, rail vehicles and their components, as well as for buses are the Group's core business.

Under the umbrella of Vossloh AG as the management and financial holding parent, the operations are organized into two divisions: Rail Infrastructure and Transportation.

Vossloh AG

Rail Infrastructure	Transportation
Vossloh Fastening Systems Vossloh Switch Systems Vossloh Rail Services	Vossloh Transportation Systems Vossloh Electrical Systems

Rail Infrastructure division

This division provides products and services for rail infrastructure and includes three business units: Fastening Systems, Switch Systems, Rail Services.

- Vossloh Fastening Systems is a foremost supplier of rail fastening systems for every application: from light-rail via heavy-haul to high-speed.
- Vossloh Switch Systems equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems all of which it also installs and maintains. Here, too, the lineup extends from light-rail to high-speed.
- Vossloh Rail Services offers wide-ranging rail-related services including welding and logistics work, as well as rail maintenance, preventive care and reconditioning.

Transportation division

The second division covers the operations concerned with rail vehicles and vehicle systems/components including the related services. The division has two business units: Transportation Systems and Electrical Systems.

- Vossloh Transportation Systems is Europe’s leading manufacturer of diesel locomotives with production locations at Valencia, Spain (Vossloh Rail Vehicles), and Kiel, Germany (Vossloh Locomotives); it also supplies M&R services. The Valencia location manufactures local transport rail vehicles, too.
- Vossloh Electrical Systems develops and produces key electrical components and systems for light rail vehicles (LRVs) and locomotives. The business unit is among the world’s leading suppliers of electrical equipment for trolleybuses and hybrid-drive buses. Besides complete vehicle kits, the unit’s business covers air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

Vossloh stock

Stock prices continuing upbeat

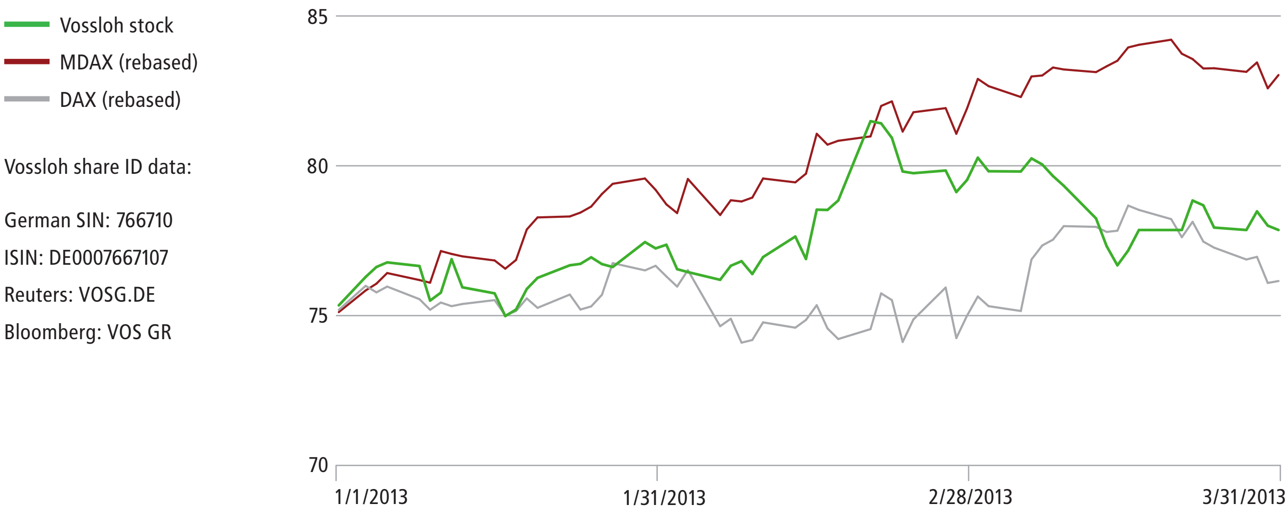
Q1/2013 saw a continuation of the upswing on the international stock markets despite the already high share prices at the start of the year. Once again, investors were showing a rising preference for stocks over bonds, a trend related to the repeated worsening of the sovereign-debt crisis in euro countries and the unremitting debate on budget cuts in numerous economic regions. At the same time, the stock markets were being fueled by upbeat business data especially from the USA and Germany.

Q1/2013 stock market gains were most emphatic in the USA and Japan, with the Dow Jones advancing 11.3 percent and Japan's Nikkei, driven by a weak yen, even 19.3 percent. Among the European indexes, the Euro Stoxx 50 slipped 0.5 percent whereas the STOXX Europe 50 climbed 4.7 percent. Germany's DAX advanced a modest 2.4 percent from its 2013 opening level, compared with the steeper rises of the MDAX (up 11.8 percent), SDAX (up 8.5 percent) and TecDAX (up 12.5 percent).

Vossloh stock upturn shallower

In the period January through March 2013, Vossloh stock notched up 4.7 percent, which was less than the two benchmark indexes MDAX and SDAX. Opening the year at €75.18 it fell to its quarterly low of €74.50 during January 15. On February 18, it ascended to its quarterly high of €81.79. At the close of the quarter, Vossloh was quoted at €78.00.

Vossloh stock price trend from January 1 to March 31, 2013



Vossloh share ID data:

German SIN: 766710

ISIN: DE0007667107

Reuters: VOSG.DE

Bloomberg: VOS GR

Since March 18, 2013, Vossloh stock has been listed in the SDAX. The reason for the migration from the MDAX is Vossloh AG's much lower free-float percentage and market capitalization. At the close of Q1, Vossloh AG's total market capitalization on the basis of the 11,998,569 shares outstanding amounted to €936 million; this contrasts with €334 million free float according to data calculated by Deutsche Börse, the German Stock Exchange Corporation.

Vossloh SDAX-listed since mid-March 2013

On the 61 trading days of Q1/2013, altogether a good 1 million Vossloh shares were turned over, equivalent to 17,300 per trading day. The sharp decline compared with the some 24,300 shares in Q1/2012 is attributable to the considerably shrunk free float.

For fiscal 2012, Vossloh AG's Executive and Supervisory Boards will propose to the annual general meeting on May 29, 2013, a cash dividend of €2.00 per share (down from €2.50), equivalent to a total payout of €24.0 million (down from €30.0 million) or 40.5 percent of group earnings (down from 53.4). Vossloh thus endorses its performance-oriented long-term dividend policy linked to the trend of group earnings. Given the ever fiercer rail technology market competition, Vossloh will in the years ahead further cement and develop its solid position in the Group's core markets. With this in mind, a payout ratio of about one-third of group earnings and the appropriation of the other two-thirds to safeguarding and selectively promoting the Group's further growth are considered a reasonable strategy.

Dividend proposed at €2.00 per share

In the course of the quarter, 19 financial analysts from banks in and outside Germany were taking note of Vossloh stock prices and regularly publishing comments on the Company. Mid-April 2013, three recommended "buy," six "sell," and ten "hold." Vossloh's fair-value bandwidth ranged from €58 to €88.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	SDAX
Number of shares outstanding at 3/31/2013	11,998,569
Stock price (3/31/2013)	€78.00
Q1/2013 high/low	€81.79/€74.50
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For the latest information on Vossloh stock, financial reports, presentations and the current financial diary as well as Creditor Relations information, go to www.vossloh.com/en/investors. Alternatively, contact us by email to investor.relations@ag.vossloh.com or by phone at (+49-2392) 52-359 or 52-609.

Interim group management report

The Group's business trend

Rail Infrastructure business

Transportation business

Capital expenditures

Research & development

Workforce

Prospects, risks and rewards

The Group's business trend

Vossloh's growth strategy targets the addition of value, measured as value added (VA). Positive VA is generated when a premium on top of the return claimed by investors and lenders (cost of capital) is earned. This premium results from the difference between the return on capital employed (ROCE) and WACC, the weighted average cost of capital (debt and equity). In the analysis of its results of operations, the Vossloh Group discloses the pretax value added (VA) as a key corporate benchmark. For fiscal 2013 Vossloh has set the return expected by investors and lenders (WACC) at 8.5 percent. Besides the pretax VA used for internal controlling purposes, also the posttax value added is communicated in external reports at group or division level, based on the current WACC—4.8 percent posttax for Q1/2013—in order to disclose the quarterly updated value trend of relevance to stockholders.

Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital have been reflected in the year-earlier comparatives. Furthermore, obligations from invoices outstanding—with no impact on working capital—are shown within trade payables instead of being accrued as practiced previously.

Results of operations

Group sales climbing—Rail Infrastructure's showing clear uptrend

In the first quarter of 2013, Vossloh's group sales totaled €267.2 million, up 4.5 percent over the year-earlier €255.7 million. The sales rise at the Rail Infrastructure division was solely driven by Vossloh Fastening Systems. As expected, both business units of the Transportation division presented a Q1 sales downturn.

Vossloh Group

		Q1/2013	Q1/2012
Sales	€ mill.	267.2	255.7
EBITDA	€ mill.	19.8	19.9
EBIT	€ mill.	9.7	10.2
EBIT margin	%	3.6	4.0
EBT	€ mill.	5.7	6.0
Group earnings	€ mill.	2.0	4.2
ROCE [1, 2]	%	4.4	4.9
Value added [1, 2]	€ mill.	(8.8)	(10.7)

[1] Annualized
[2] Based on average capital employed

Group's order books still bulging

New orders booked by the Vossloh Group in Q1/2013 totaled €252.9 million (year-on-year down from €353.6 million). At the close of the quarter, the Group's order backlog amounted to €1,533.4 million, only a shade less than the towering €1,594.2 million a year before.

At March 31, 2013, the Rail Infrastructure division reported orders on hand worth €645.7 million, slightly short of the year-earlier €671.2 million. The order backlog at the Transportation division at the end of Q1 was, at €887.7 million, as expected short of the very tall €923.5 million a year before, on account of the poor order intake of only €29.0 million in Q1/2013. Nonetheless, the division's order backlog was still very high. Moreover, in April 2013, Vossloh Electrical Systems contracted a sizable project worth altogether €44 million for refurbishing commuter railcars in the UK.

At €176.6 million, sales by the Rail Infrastructure division outnumbered the year-earlier €145.2 million by 21.6 percent. This gain is due to the creditable performance by the Fastening Systems business unit in China, as well as in Kazakhstan, Turkey, and Russia. In contrast, sales by the Switch Systems and Rail Services business units contracted during the period.

For Q1/2013, the Transportation division reported revenue of €90.6 million, 18.0 percent below the year-earlier €110.5 million. Both the Transportation Systems and Electrical Systems business units suffered from receding sales.

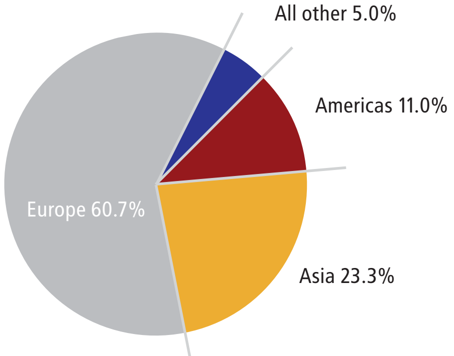
A regional analysis indicates declining sales in Europe during Q1/2013. This is chiefly due to a weaker performance by the Transportation division whose sales are predominantly generated in Germany and France. Partly sharing in this shrinkage was the slack business at Vossloh Switch Systems. In contrast, increasing sales were posted in the Americas and Asia and these outcompensated the shortfall in Europe.

Given these circumstances, the proportion of European sales in Q1 fell year-on-year from 67.6 to 60.7 percent of the total. Outside of Europe, Asia with a share of 23.3 percent (up from 18.3) was the top sales market, runner-up being the Americas at an unchanged 11.0 percent.

At 20.3 percent, and despite a decline from the year-earlier 24.0, Germany remained the biggest individual market of the Vossloh Group in Q1/2013. France, the second-biggest market in Europe, likewise reported falling revenue. Elsewhere in Western Europe, business was significantly boosted in the first quarter thanks to strong sales in Great Britain and Switzerland. The same applies to Eastern Europe where the Vossloh Group pushed up its sales, buoyed by business in Russia, especially.
In Northern and Southern Europe, sales fell, in contrast, mainly due to the weak Swedish and Danish markets as well as, once again, as a consequence of dampened demand in Spain due to the euro crisis.

Sales by region

	Q1/2013		Q1/2012	
	€ mill.	%	€ mill.	%
Germany	54.2	20.3	61.4	24.0
France	26.8	10.0	35.5	13.9
Other Western Europe	34.6	12.9	21.3	8.3
Northern Europe	10.5	4.0	13.5	5.3
Southern Europe	23.9	9.0	30.4	11.9
Eastern Europe	12.1	4.5	10.7	4.2
Total Europe	**162.1**	**60.7**	**172.8**	**67.6**
Americas	29.5	11.0	28.1	11.0
Asia	62.3	23.3	46.9	18.3
Africa	5.3	2.0	1.2	0.5
Australia	8.0	3.0	6.7	2.6
Total	**267.2**	**100.0**	**255.7**	**100.0**



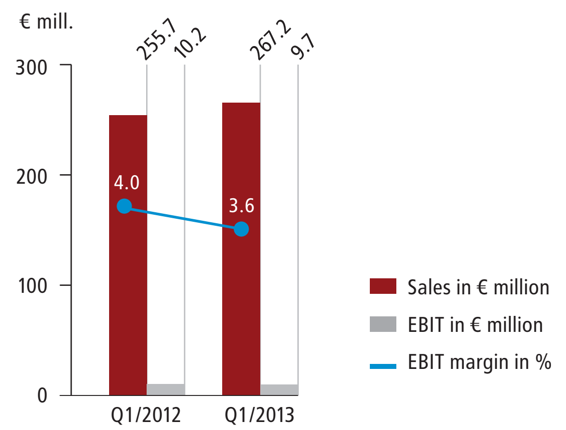
Geographical breakdown of Q1/2013 sales

During the period, the Vossloh Group generated 39.3 percent (up from 32.4) of its sales outside of Europe. In the Americas sales rallied, above all thanks to improved revenue in Brazil; in Asia, sales picked up as expected, due to the rail fastener shipments resumed in China. In addition, business made good progress in South Africa and Morocco.

Group EBIT barely missing year-earlier level

The Vossloh Group's first-quarter EBIT amounted to €9.7 million, virtually the magnitude of a year ago (€10.2 million). Since sales ascended, the Q1 EBIT margin came to 3.6 percent (down from 4.0). The EBIT downturn was attributable to the Transportation division.

Q1 group earnings 2013 totaled €2.0 million (down from €4.2 million), the plunge being largely the result of higher minority interests in profit. In line with the lower group earnings, Q1 earnings per share (EpS) likewise slipped, from €0.35 a year earlier to €0.16 in 2013. Year-on-year, the number of shares outstanding inched up to 11,998,569.



Vossloh Group: sales and EBIT

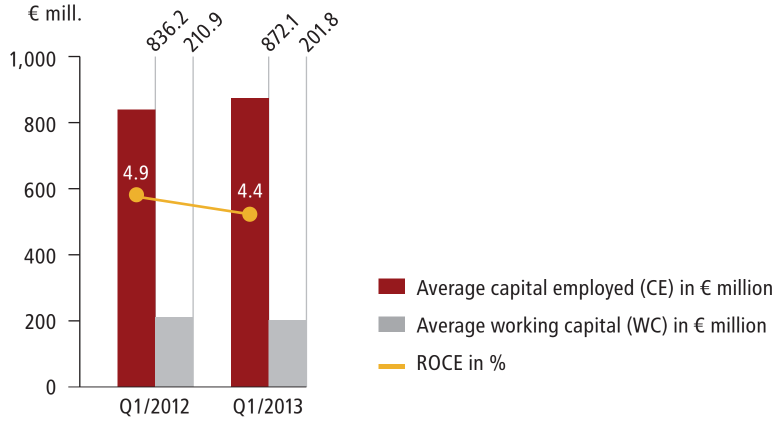
ROCE at 4.4 percent; posttax value added a red €3.7 million

The Vossloh Group's first-quarter ROCE ratcheted down to 4.4 percent in 2013 (from 4.9 a year ago). The Group's Q1 value added was a red €8.8 million, thus improving from a year-earlier equally red €10.7 million; based on current WACC and after taxes, VA was a negative €3.7 million for Q1.

Asset and capital structure, financial position

At March 31, 2013, the Vossloh Group's assets totaled €1,621.5 million (up from €1,510.4 million the year before). The Group's equity at the close of Q1 grew from €486.1 million in 2012 to €513.7 million in 2013, its equity ratio hence amounting to 31.7 percent (down from 32.2).

Vossloh's Q1 closing working capital surged from €187.8 million in 2012 to €251.0 million, largely as trade receivables rose and inventories swelled. The Vossloh Group's working capital in Q1/2013 averaged €201.8 million, an improvement from both the 2012 annual average of €204.8 million and the Q1/2012 of €210.9 million. The (annualized) average working capital intensity in Q1 was upgraded year-on-year from 20.6 to 18.9 percent.



Vossloh Group: CE, WC and ROCE trends

As of March 31, 2013, Vossloh's capital employed jumped to €925.6 million (up from €812.5 million). This leap was the combined result of the higher closing working capital and mounting fixed assets. Expressed as period average, capital employed came to €872.1 million in Q1/2013 (up from €836.2 million).

The Vossloh Group's net financial debt as of March 31, 2013, climbed to €295.8 million, from €191.5 million (year-on-year) and €200.8 million (year-end 2012), essentially due to the bulging working capital. Accordingly, Vossloh's Q1 closing net leverage increased from 39.4 percent (year-on-year) and 39.7 (year-end 2012) to 57.6 percent. This net-leverage hike as of March 31, 2013, was attributable to heightened financial debts (up to €358.2 million) and shrinking cash, cash equivalents and short-term securities (down to €62.4 million).

Vossloh Group

		3/31/2013	12/31/2012	3/31/2012
Total assets	€ mill.	1,621.5	1,523.1	1,510.4
Total equity	€ mill.	513.7	505.7	486.1
Equity ratio	%	31.7	33.2	32.2
Average working capital	€ mill.	201.8	204.8	210.9
Average working capital intensity*	%	18.9	16.5	20.6
Fixed assets	€ mill.	674.7	662.7	624.7
Closing capital employed	€ mill.	925.6	828.7	812.5
Average capital employed	€ mill.	872.1	845.5	836.2
Return on equity (ROE)*	%	4.5	15.7	4.9
Net financial debt	€ mill.	295.8	200.8	191.5
Net leverage	%	57.6	39.7	39.4

*Annualized

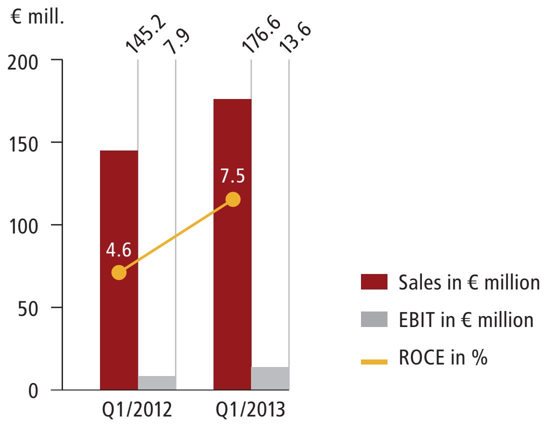
Rail Infrastructure business

Results of operations

Q1/2013 sales by the Rail Infrastructure division were €176.6 million, up 21.6 percent over the year-earlier €145.2 million. The Fastening Systems business unit reported a clear advance in revenue whereas at the Switch Systems and Rail Services units it fell.

Vossloh Fastening Systems benefiting, as expected, from the resumption of shipments in China

First-quarter sales by Vossloh Fastening Systems almost doubled, from €39.4 million to €78.2 million, essentially and as expected on account of the reviving call-off orders for rail fastening systems in China since mid-2012. In the first quarter of 2012, hardly any such shipments had taken place. In addition, this business unit raised revenue in other parts of the world, in some cases conspicuously.



Rail Infrastructure: sales, EBIT and ROCE

Rail Infrastructure

		Q1/2013	Q1/2012
Sales	€ mill.	176.6	145.2
EBITDA	€ mill.	19.3	13.6
EBIT	€ mill.	13.6	7.9
EBIT margin	%	7.7	5.5
ROCE[1, 2]	%	7.5	4.6
Value added[1, 2]	€ mill.	(1.9)	(9.5)

[1] Annualized
[2] Based on average capital employed

Order intake by the Fastening Systems business unit totaled €75.2 million, down €18.2 million from the year-earlier €93.4 million. Major new Q1 contracts were awarded in China, especially two follow-up orders for the Changsha–Kunming line, and in Germany. At the close of the quarter, order backlog at Vossloh Fastening Systems reached €281.2 million, €38.9 million short of the high year-earlier €320.1 million but still at a commendable tall level.

Vossloh Switch Systems sales down

Sales by the Switch Systems business unit in Q1/2013 slipped 7.0 percent, from €97.0 million to €90.2 million. Accounting for the year-on-year receding sales was the high Q1/2012 capacity utilization for executing an order from Iraq.

Vossloh Switch Systems reported new orders worth €131.2 million in Q1/2013, again stepped up from the year-earlier €128.5 million. This business unit's order backlog mounted year-on-year from €344.0 million to €353.2 million at March 31, 2013.

Revenue marginally down at Vossloh Rail Services

In Q1/2013, the Rail Services business unit reported revenue of €8.5 million, down €0.8 million from the already low year-earlier baseline of €9.3 million. Poor demand for rail welding and rail logistics work continued from 2012 into early 2013.

Q1 order intake by Vossloh Rail Services totaled €16.5 million (up from €11.0 million). Orders on hand at March 31, 2013, surged to €12.1 million (up from €7.6 million).

EBIT much higher

During the period, the Rail Infrastructure division boosted its EBIT by 71.7 percent from the year-earlier €7.9 million to €13.6 million. Accordingly, the Q1 EBIT margin leaped from 5.5 to 7.7 percent.

Rail Infrastructure's 3-month ROCE hiked up from 4.6 percent a year earlier to 7.5 in 2013. The division's first-quarter value added (VA) improved strongly, from a year-earlier negative €9.5 million to an—albeit still red—€1.9 million. By the close of the period, the VA level of the division's business units presented the following trends: Vossloh Fastening Systems' VA zoomed year-on-year from €0.5 million to €8.4 million, Vossloh Switch Systems' stayed in the red, climbing from €4.9 million to €6.9 million (both negative), and Vossloh Rail Services slightly upgraded its VA, from a year-earlier red €5.1 million to an equally red €3.4 million. Based on current WACC and after taxes, the Rail Infrastructure division's VA totaled a black €0.8 million.

Asset and capital structure

The Rail Infrastructure division's 3-month average working capital level was stepped up, from the year-earlier €242.3 million to €253.9 million in 2013; in contrast, Q1 working capital intensity significantly improved year-on-year from 41.7 to 35.9 percent.

The division's Q1 closing capital employed (CE) swelled from the year-earlier €692.4 million to €763.4 million as both working capital and fixed assets grew. Rail Infrastructure's first-quarter CE averaged €729.5 million (up from €696.4 million).

Rail Infrastructure

		Q1/2013	FY 2012	Q1/2012
Average working capital	€ mill.	253.9	247.5	242.3
Average working capital intensity*	%	35.9	31.2	41.7
Closing fixed assets	€ mill.	479.8	469.2	453.1
Closing capital employed	€ mill.	763.4	683.3	692.4
Average capital employed	€ mill.	729.5	706.7	696.4

*Annualized

Transportation business

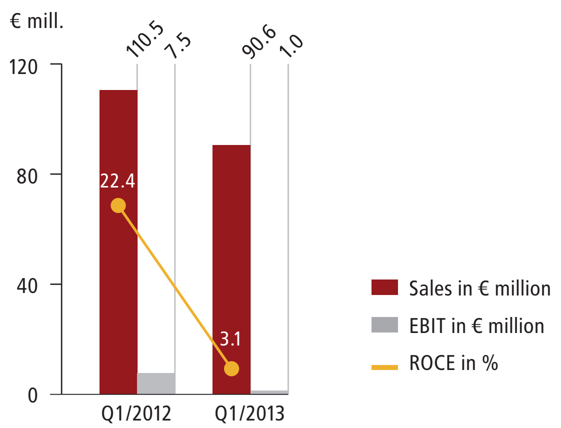
Results of operations

Sales well down

In the first quarter of 2013, the Transportation division generated sales of €90.6 million, down 18.0 percent from the year-earlier €110.5 million. It was, in particular, the Transportation Systems business unit's two locations, Kiel and Valencia, that reported a marked decline. Revenue of the Electrical Systems business unit likewise dropped.

Vossloh Transportation Systems sales plunging at both locations

Q1 sales at the Transportation Systems business unit dropped 22.9 percent from €72.7 million in 2012 to €56.1 million in the period. Vossloh Locomotives, the German location at Kiel, reported revenue of €22.1 million, 28.1 percent short of the year-earlier €30.7 million. In early 2012, Vossloh Locomotives had benefited from a strong revival in demand for locomotives but for several months now this has subsided significantly. At the Spanish location of Valencia, Vossloh Rail Vehicles sales slumped by 18.9 percent, from €42.0 million to €34.0 million. The year before, Vossloh Rail Vehicles had invoiced a number of EURO 4000 locomotives shipped out to Israel Railways; this year's quarterly revenue was crumbled by the 2012 contract award delays.



Transportation: sales, EBIT and ROCE

Q1/2013 order intake by the Transportation Systems business unit plummeted to €14.0 million and was hence far short of the €92.6 million the year before. Major new contracts were placed for the G 6 locomotives built at Kiel. Projects postponed by customers generally slowed down new business during the period. At March 31, 2013, orders on hand at the Transportation Systems business unit had accumulated to a still very high €497.5 million, albeit below the year-earlier €524.0 million.

Transportation

		Q1/2013	Q1/2012
Sales	€ mill.	90.6	110.5
EBITDA	€ mill.	5.3	11.4
EBIT	€ mill.	1.0	7.5
EBIT margin	%	1.2	6.8
ROCE[1, 2]	%	3.1	22.4
Value added[1, 2]	€ mill.	(1.8)	4.2

[1] Annualized
[2] Based on average capital employed

Vossloh Electrical Systems sales likewise receding

In the first quarter of 2013, Vossloh Electrical Systems generated sales of €35.3 million, down 11.8 percent from the year-earlier €40.0 million. The underperformance is mainly due to lower rail vehicle revenue; in contrast, the year-earlier quarter had seen an emphatic revival in this line of business.

Order intake by the Electrical Systems business unit during Q1 slumped year-on-year from €31.1 million to €18.1 million. Here, too, project delays by customers led to the shortfall. However, in April 2013, Vossloh Electrical Systems booked a number of orders including a sizable one from the UK worth around €44 million. At March 31, 2013, the business unit's order backlog at €414.3 million was only a trifle below the year-earlier €422.8 million.

Transportation's EBIT eroded

The Transportation division's Q1 EBIT spiraled down year-on-year from €7.5 million to €1.0 million, its EBIT margin sagging from 6.8 to 1.2 percent. In comparison to the year-earlier quarter, the EBIT drop was essentially the result of a lower workload and high upstream costs for major projects to be carried out in the course of the year.

The Transportation division's first-quarter ROCE shriveled year-on-year from 22.4 to 3.1 percent. With capital employed barely changed, this slump was solely caused by the plunging EBIT. The value added (VA) by the Transportation division in the period turned around into a red €1.8 million.

Vossloh Transportation Systems' VA likewise showed a turnabout, from the year-earlier black €1.6 million to a red €2.4 million, while the Electrical Systems business unit added value of €0.7 million (down from €2.6 million). Applying the current WACC brings the division's 3-month posttax value added to a negative €0.9 million.

Asset and capital structure

The Transportation division's 3-month average working capital was slashed year-on-year, from a red €26.1 million to a likewise negative €48.4 million. The division's first-quarter working capital intensity was upgraded from a red 5.9 percent to an equally negative 13.4.

The Transportation division's capital employed closed Q1 at €153.9 million (up from €115.8 million). The division's average CE hardly changed in Q1, creeping down year-on-year from €133.7 million to €133.5 million.

Transportation

		Q1/2013	FY 2012	Q1/2012
Average working capital	€ mill.	(48.4)	(39.4)	(26.1)
Average working capital intensity*	%	(13.4)	(8.7)	(5.9)
Closing fixed assets	€ mill.	182.1	180.6	160.2
Closing capital employed	€ mill.	153.9	136.7	115.8
Average capital employed	€ mill.	133.5	130.0	133.7

*Annualized

Capital expenditures

Q1/2013 capital expenditures by the Vossloh Group mounted €4.6 million to €15.3 million and so back to a magnitude typical of the current capex program. Both divisions raised their spending volumes, with Rail Infrastructure pushing up its outlays more strongly.

Additions to tangible/intangible assets

€ million	Q1/2013	Q1/2012
Rail Infrastructure	9.0	5.7
Transportation	6.2	4.8
Vossloh AG	0.1	0.2
Total	**15.3**	**10.7**

The Rail Infrastructure division spent in the course of Q1/2013 altogether €9.0 million (up from €5.7 million). Accounting for the major portion of the total was the Rail Services business unit at €5.1 million, with the focus on its new technology for mobile milling and mobile welding machines (up from €1.8 million). Expenditures by the Fastening Systems and Switch Systems business units totaled €0.6 million (up from €0.5 million) and €3.3 million (down from €3.4 million), respectively; these were Q1 volumes similar to the year earlier and concerned numerous individual projects.

Outlays by the Transportation division in Q1/2013 climbed from €4.8 million to €6.2 million. Here, too, the smaller business unit, Electrical Systems, spent €3.3 million and hence the lion's share (up from €0.9 million). The emphasis was on further expanding a test bay at the Düsseldorf location. At Vossloh Transportation Systems, capex at €2.6 million (down from €3.9 million) focused on the development of new locomotives and local transport vehicles.

Research & development

A large portion of the Vossloh Group's R&D work is tied to specific contracts. The requirements of customers in different regions of the world govern in particular business at the Transportation division. Hence, the related expenses are reported as cost of sales rather than R&D expenses. The Vossloh Group's R&D input is therefore always relatively modest even though the amount of development work involved in specific projects is much higher.

Quarterly expenses by the Vossloh Group came to €2.9 million (up by €1.0 million); R&D expenses by the Transportation division rose more steeply than at Rail Infrastructure.

R&D expenses at Rail Infrastructure during the period totaled €1.4 million (up by €0.4 million). At the Fastening Systems business unit they amounted to €0.5 million, the year-earlier level; at Vossloh Switch Systems, to €0.8 million (up from €0.5 million). In the year-earlier quarter, the Rail Services business unit had not incurred any R&D expenses; this year they ran to €0.1 million.

R&D expenses at the Transportation division added up to €1.5 million (up from €0.9 million). Whereas the amount at the Transportation Systems business unit at €0.3 million remained at the year-earlier level, at the Electrical Systems business unit Q1 expenses doubled from €0.6 million to €1.2 million.

In addition to the R&D expenses, an amount of €2.3 million (down from €3.5 million) was capitalized as development costs as of March 31, 2013. At €1.9 million (down from €3.3 million), the Transportation division accounted for around 83 percent of these development costs at its two locomotive locations of Valencia and Kiel.

The R&D ratio (i.e., the share of R&D expenditures in group sales) slipped from 2.1 to 1.9 percent on account of these lower development costs. In contrast, R&D expenses as related to the value created by the Group jumped from 2.5 to 3.6 percent.

Workforce

At March 31, 2013, the Vossloh Group employed a worldwide workforce of 5,156 (up from 5,014 a year ago and from 5,022 at year-end 2012).

At 3,259, the Rail Infrastructure division again accounted for the much larger proportion of employees (up from 3,174). At the Switch Systems business unit, the workforce rose clearly by 142 to 2,396. Compared with year-end 2012, the number of employees here advanced by 99, the main reason being the first-time inclusion of the Brazilian switch manufacturer Barros Monteiro, acquired in January 2013.

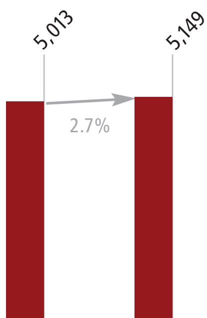
Headcount at

	3/31/2013	12/31/2012	3/31/2012
Rail Infrastructure	3,259	3,134	3,174
Transportation	1,852	1,842	1,793
Vossloh AG	45	46	47
Total	**5,156**	**5,022**	**5,014**

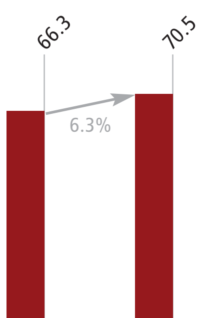
As of March 31, 2013, the number of employees at the Transportation division had risen by 59 from 1,793 to 1,852. The biggest gain was reported by the Electrical Systems business unit whose headcount increased year-on-year by 94 to 784 on account of acquisitions and recruitments to cope with the large number of major projects at the Düsseldorf location.

At the close of the quarter, the Group employed 1,745 people in Germany (down by 22). This contrasts with the 3,411 employed outside of Germany (up by 164 from March 31, 2012). The biggest additions outside of Germany were attributable to the acquisitions in Brazil and the UK.

The Group's ratio of payroll to value created climbed in Q1/2013 from 85.8 to 86.7 percent. Q1 personnel expenses per capita, based on an average Q1/2013 group workforce of 5,149, crept up from k€13.2 to k€13.7. Sales per capita rose 1.8 percent, from k€51.0 to k€51.9.



Average headcount (Group)



Personnel expenses in € million

Prospects, risks and rewards

The main risks and rewards impacting on the Vossloh Group's further development are depicted in the group management report 2012. Within the framework of ongoing risk monitoring and control through the Group's risk management system no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern (unchanged).

In submitting its annual report for 2012 on March 21, 2013, Vossloh published a detailed forecast for fiscal 2013. The Group's towering order backlog of over €1.5 billion at both year-end 2012 and the close of Q1/2013 is an important planning base for the global year-on-year growth of 5 to 10 percent expected this year. Hence and once again, Vossloh AG is predicting for itself a rate in excess of the overall rail technology market.

Despite the sales gains at present expected for this year, because of keener competition in the global rail technology market Vossloh's EBIT is likely to stay more or less unchanged compared with 2012, with the EBIT margin presumably slipping to around 7 percent, despite the efficiency improvements introduced.

Depending on future shipments of rail fastening systems in China and the scheduled execution of megaprojects by the Transportation division, the EBIT margin will range between 6 and 8 percent. Since the discontinued operations will no longer produce any income, Vossloh forecasts its group earnings to diminish.

From today's vantage point, capital employed is set to rise by another 10 percent. On the one hand, capital expenditures will continue to outnumber amortization and depreciation. On the other, average working capital, also forecast to grow by more than 10 percent, will contribute to this trend and swell in the wake of higher trade receivables thanks to the expected sales hike. Any increase in capital employed in combination with a virtually unchanged EBIT will further depress Vossloh's ROCE, which is targeted at 10.5 percent in 2013 and will probably remain within a bandwidth of 9 to 12 percent. Assuming WACC downscaled to 8.5 percent as from 2013, Vossloh's business is believed to again add positive value.

Condensed interim financial statements of the Vossloh Group as of March 31, 2013

Income statement

Statement of comprehensive income

Cash flow statement

Balance sheet

Statement of changes in equity

Explanatory notes

Segment information

Income statement for the 3 months (Q1) ended March 31, 2013

€ million	Q1/2013	Q1/2012
Net sales	267.2	255.7
Cost of sales	(214.3)	(211.9)
General administrative and selling expenses	(43.4)	(37.4)
R&D expenses	(2.9)	(1.9)
Other operating income/expenses, net	2.9	5.5
Operating result	**9.5**	**10.0**
Net P/L from associated affiliates	0.2	0.2
Other financial income	0.1	0.1
Other financial expenses	(0.1)	(0.1)
EBIT	**9.7**	**10.2**
Interest income	0.8	2.6
Interest expense	(4.8)	(6.8)
EBT	**5.7**	**6.0**
Income taxes	(2.2)	(1.9)
Total net income (EAT)	**3.5**	**4.1**
thereof **group earnings (Vossloh stockholders)**	**2.0**	**4.2**
thereof minority interests	1.5	(0.1)
Earnings per share (EpS) in €		
Undiluted/fully diluted EpS	0.16	0.35

Statement of comprehensive income (SOCI) for Q1/2013

€ million	Q1/2013	Q1/2012
Total net income (EAT)	**3.5**	**4.1**
Statement at fair value of derivatives in CFHs		
Change in OCI	3.4	3.1
Gains/losses recycled from OCI to income statement	0.1	0.0
Actuarial gains/losses on pensions		
Change in OCI	0.0	0.0
Statement at fair value of securities available for sale		
Change in OCI	0.0	0.0
Currency translation differences		
Change in OCI	2.0	0.0
Deferred taxes		
on OCI changes	(1.0)	(1.0)
Total OCI	**4.5**	**2.1**
Comprehensive income	**8.0**	**6.2**
thereof Vossloh stockholders	6.0	6.3
thereof minority interests	2.0	(0.1)

Cash flow statement for the 3 months (Q1) ended March 31, 2013

€ million	Q1/2013	Q1/2012
Cash flow from operating activities:		
EBIT	9.7	10.2
Amortization/depreciation/write-down (less write-up) of noncurrent assets	11.5	9.8
Change in noncurrent accruals	(2.7)	0.6
Gross cash flow	**18.5**	**20.6**
Noncash change in shares in associated affiliates	(0.8)	(0.2)
Other noncash income/expenses, net	(0.9)	1.8
Net book gain/loss from the disposal of intangibles/tangibles	0.0	0.0
Cash outflow for income taxes	(4.6)	(2.8)
Change in working capital	(87.0)	40.7
Changes in other assets/liabilities, net	5.9	(3.5)
Net cash (used in)/provided by operating activities	**(68.9)**	**56.6**
Cash flow from investing activities:		
Cash outflow for additions to intangibles/tangibles	(15.3)	(10.7)
Cash outflow for additions to noncurrent financial instruments	(0.0)	(0.2)
Cash inflow from the disposal of intangibles/tangibles	0.1	0.1
Cash (outflow for)/inflow from short-term securities purchased/sold, net	(0.2)	1.3
Cash inflow from the disposal of noncurrent financial instruments	0.2	0.1
Cash outflow for the acquisition of consolidated subsidiaries and other units	(2.7)	(0.0)
Net cash used in investing activities	**(17.9)**	**(9.4)**
Cash flow from financing activities:		
Cash outflow to stockholders and minority interest holders	–	(0.2)
Net finance from short-term loans	80.2	(54.2)
Net finance from medium-/long-term loans	–	(1.8)
Cash inflow from interest	0.6	7.0
Cash outflow for interest	(1.7)	(4.4)
Net cash provided by/(used in) financing activities	**79.1**	**(53.6)**
Net outflow of cash and cash equivalents	(7.7)	(6.4)
Change in cash and cash equivalents from initial consolidation	–	0.1
Parity-related changes	(0.1)	(0.1)
Opening cash and cash equivalents	**65.9**	**85.4**
Closing cash and cash equivalents	**58.1**	**79.0**

Balance sheet

€ million	3/31/2013	12/31/2012	3/31/2012
Intangible assets	442.6	439.4	415.5
Tangible assets	214.2	206.3	190.3
Investment properties	4.7	4.7	6.1
Shares in associated affiliates	1.4	0.5	1.0
Other noncurrent financial instruments	14.2	12.0	14.0
Other noncurrent assets	3.4	2.2	2.0
Deferred tax assets	52.0	51.0	44.1
Total noncurrent assets	**732.5**	**716.1**	**673.0**
Inventories	408.5	365.2	369.9
Trade receivables	365.0	320.0	337.9
Income tax assets	10.0	7.1	10.9
Sundry current assets	43.1	44.8	38.1
Short-term securities	4.3	4.0	1.6
Cash and cash equivalents	58.1	65.9	79.0
Total current assets	**889.0**	**807.0**	**837.4**
Total assets	**1,621.5**	**1,523.1**	**1,510.4**

€ million	3/31/2013	12/31/2012*	3/31/2012*
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7
Treasury stock	(102.5)	(102.5)	(102.9)
Reserves retained from earnings	448.8	432.7	423.7
Undistributed group profit	59.4	19.9	62.0
Group earnings	2.0	59.2	4.2
Accumulated other comprehensive income	7.6	0.0	4.9
Stockholders' equity	**495.8**	**489.8**	**472.4**
Minority interests	17.9	15.9	13.7
Total equity	**513.7**	**505.7**	**486.1**
Pension accruals	21.9	22.4	16.6
Noncurrent other accruals	54.8	57.8	55.4
Noncurrent financial debts	191.7	184.9	183.1
Noncurrent trade payables	6.0	10.3	18.2
Noncurrent income tax liabilities	0.0	0.0	0.7
Noncurrent other liabilities	17.9	26.1	24.0
Deferred tax liabilities	55.3	52.5	48.0
Total noncurrent liabilities and accruals	**347.6**	**354.0**	**346.0**
Current other accruals	105.9	102.0	114.7
Current financial debts	166.5	85.8	89.0
Current trade payables	375.9	377.3	366.5
Current income tax liabilities	7.4	7.7	8.1
Current other liabilities	104.5	90.6	100.0
Total current liabilities and accruals	**760.2**	**663.4**	**678.3**
Total equity and liabilities	**1,621.5**	**1,523.1**	**1,510.4**

*Due to the reclassification of certain accruals/liabilities, some year-earlier comparatives restated; see page 36.

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistrib-uted group profit	Group earnings	Accumulated OCI	Stock-holders' equity	Minority interests	Total
Balance at 12/31/2011	**37.8**	**42.7**	**(102.9)**	**423.3**	**5.8**	**56.2**	**3.2**	**466.1**	**14.0**	**480.1**
Carryforward to new account				0.4	56.2	(56.2)	(0.4)	0.0		0.0
Comprehensive income						4.2	2.1	6.3	(0.1)	6.2
Dividend payout								–	(0.2)	(0.2)
Balance at 3/31/2012	**37.8**	**42.7**	**(102.9)**	**423.7**	**62.0**	**4.2**	**4.9**	**472.4**	**13.7**	**486.1**
Transfer to reserves retained from earnings				8.8	(8.8)			0.0		0.0
Change due to increase in equity interests				0.2	(3.3)		0.6	(2.5)		(2.5)
Comprehensive income						55.0	(5.5)	49.5	5.5	55.0
Capital increase due to SOPs		0.0						0.0		0.0
Dividend payout					(30.0)			(30.0)	(3.3)	(33.3)
Repurchase/disposal of treasury shares			0.4					0.4		0.4
Balance at 12/31/2012	**37.8**	**42.7**	**(102.5)**	**432.7**	**19.9**	**59.2**	**0.0**	**489.8**	**15.9**	**505.7**
Carryforward to new account				16.1	39.5	(59.2)	3.6	0.0		0.0
Comprehensive income						2.0	4.0	6.0	2.0	8.0
Balance at 3/31/2013	**37.8**	**42.7**	**(102.5)**	**448.8**	**59.4**	**2.0**	**7.6**	**495.8**	**17.9**	**513.7**

Explanatory notes

Corporate background

Vossloh AG is a listed resident company based in Werdohl, Germany, and registered under number HRB 5292 at the Commercial Register of the Local Court of Iserlohn. The Vossloh Group's key activities include the manufacture and marketing of rail infrastructure and locomotives, as well as of electrical systems for local transport vehicles, and the provision of rail-related services (logistics, welding, preventive care).

Accounting principles

The interim financial report as of March 31, 2013, has been prepared in accordance with the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

Applied for the first time were IFRS 13 *Fair Value Measurement*, as well as the changes to IAS 12 *Income Taxes*—Deferred Tax: Recovery of Underlying Assets, IFRS 7 *Financial Instruments: Disclosures*—Offsetting Financial Assets and Financial Liabilities, plus IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. This initial application had only minor effects on the consolidated financial statements.

Since fiscal 2013, certain obligations to employees (vacation not yet taken; profit-share/bonus payments; employee flexitime accounts; termination benefits or indemnities) are according to IAS 37 no longer accrued but recognized as other liabilities. For interperiod comparability, the resulting effects on working capital have been reflected in the year-earlier comparatives. Furthermore, obligations from invoices outstanding—with no impact on working capital—are shown within trade payables instead of being accrued as practiced previously.

The 2012 comparatives were adjusted as follows: From the noncurrent other accruals, €4.0 million (as of March 31, 2012) and €2.3 million (as of December 31, 2012) were reclassified into noncurrent trade payables. From the current other accruals, (i) a total €58.1 million was reclassified as of March 31, 2012, including €29.5 million into current trade payables (with no effect on working capital) and €28.6 million into current other liabilities (which increased working capital), and (ii) a total €54.3 million as of December 31, 2012, including €28.0 million into current trade payables and €26.3 million into current other liabilities.

Besides these newly applied rules and the reclassifications, the accounting and valuation principles adopted in interim reporting conform with those used for the consolidated financial statements as of December 31, 2012, with due regard to International Accounting Standard (IAS) 34 *Interim Reporting* and German Accounting Standard (GAS) 16 *Interim Reporting*. Preparing interim financial reports requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim report.

For German companies, income taxes have been calculated by applying a rate of 30 percent while for foreign subsidiaries, the applicable local tax rates are used.

Consolidation group

The consolidation group has only insignificantly been enlarged since December 31, 2012:

As of January 18, 2013, Vossloh Cogifer SA, Rueil-Malmaison, France, acquired all of the shares in Suarandri Ltda. and Monteiro Ltda., these two companies fully owning Metalúrgica Barros Monteiro Ltda., Sorocaba, Brazil (MBM). The acquisition price was €2.8 million. MBM designs and makes switches, turnouts and their components and has been assigned to the Switch Systems business unit.

The share purchase price contrasted with the following assets and liabilities:

€ million	Pre-combination book values	Adjustments	Fair values at initial consolidation date
Tangible and intangible assets	1.5	0.0	1.5
Inventories	0.7	0.0	0.7
Trade receivables	1.0	0.0	1.0
Other assets	0.5	0.0	0.5
Cash and cash equivalents	0.0	0.0	0.0
Financial debts	(2.2)	0.0	(2.2)
Trade payables	(0.5)	0.0	(0.5)
Accruals	(0.3)	0.0	(0.3)
Sundry liabilities	(0.8)	0.0	(0.8)
Net assets acquired	**(0.1)**	**0.0**	**(0.1)**
Acquisition price			2.8
Residual goodwill			**2.9**

Consequently, including Vossloh AG, 24 German and 43 foreign companies were consolidated fully in the interim financial statements as of March 31, 2013. Moreover, one German and two foreign companies were consolidated pro rata, two associated affiliates (one German and one foreign) being included at equity.

Equity

Since the consolidated financial statements as of December 31, 2012, Vossloh AG's capital stock has remained unchanged. In comparison to March 31, 2012, Vossloh AG's capital stock has not changed either and amounted to €37,825,168.86. The total number of shares issued came to 13,325,290 shares, of which 11,998,569 were outstanding as of March 31, 2013 (up from 11,992,761).

Earnings per share

		Q1/2013	Q1/2012
Weighted average number of common shares issued		13,325,290	13,325,290
Repurchased shares (weighted)		(1,326,721)	(1,332,529)
Weighted average number of shares outstanding		11,998,569	11,992,761
Dilutive shares from stock options under the ESOP/LTIP		0	0
Fully diluted weighted average number of shares outstanding		11,998,569	11,992,761
Group earnings	€ mill.	1.9	4.2
Undiluted (basic) EpS	**€**	**0.16**	**0.35**
Fully diluted EpS	**€**	**0.16**	**0.35**

Cash flow statement

The cash flow statement shows the changes in the Vossloh Group's cash and cash equivalents; cash includes checks, other cash on hand, as well as cash in bank, while cash equivalents comprise any financial instruments maturing within three months and readily convertible into cash.

Prepared in accordance with IAS 7, the cash flow statement breaks down the change in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

Segment information

The Vossloh Group's primary reporting segments are defined by its internal organizational and reporting structure which is based on the products and services offered by Vossloh's business units. In line with IFRS 8, segment reporting encompasses not only the two divisions (Rail Infrastructure and Transportation) but also separately presents their business units.

The Rail Infrastructure division covers the Group's related products and services and comprises the Fastening Systems, Switch Systems and Rail Services business units.

The Fastening Systems business unit is a foremost supplier of rail fastening systems. The range embraces fasteners for every application: from light-rail via heavy-haul to high-speed.

Vossloh Switch Systems is one of the world's leading rail switch manufacturers. The business unit equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems which it also installs and maintains. Here, too, the lineup extends from light-rail to high-speed applications.

Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, and construction site supervision, in addition to organizing and monitoring just-in-time rail shipments to construction sites and ensuring on-site availability of the approved (un)loading systems.

Transportation includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises two business units: Transportation Systems and Electrical Systems.

Vossloh Transportation Systems with its two production locations in Valencia, Spain, and Kiel, Germany, is Europe's leading manufacturer of diesel locomotives for which it also provides maintenance services. In addition, the Valencia location develops and builds vehicles for local transport rail services. The business unit's customers comprise state and private rail operators as well as leasing companies.

Vossloh Electrical Systems equips light rail vehicles and buses with advanced electrical systems. The product range includes traction systems, onboard power supply units, vehicle controls, heating and air-conditioning systems. The kits are integrated into a complete customer-specific package and supplied from a single source. The business unit is among the world's leading suppliers of electrical equipment for trolleybuses and hybrid-drive buses. Besides complete vehicle kits, the unit's businesses also cover retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

Within the consolidation group, consolidation eliminates all intersegment transactions, such as primarily by mutually offsetting intercompany income/expenses and receivables/payables, as well as by eliminating intragroup income from profit distribution.

The accounting methods of all segments are identical and conform with the EU-endorsed IFRS. Intersegment business is transacted on terms as if at arm's length.

The analysis below shows how the Group's total value added (according to the segment report) is reconciled with its recognized EBIT:

€ million	Q1/2013	Q1/2012
Value added	(8.8)	(10.1)
Cost of capital employed	18.5	20.3
EBIT	**9.7**	**10.2**

Related-party transactions

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated Vossloh subsidiaries, joint ventures, and associated affiliates. All transactions with these companies conform to the arm's length principle.
The table below presents the income/expenses and receivables/payables which are recognized in the consolidated financial statements and originate from related-party transactions with, and only with, unconsolidated subsidiaries. Transactions in the period with related individuals were altogether insignificant.

€ million	Q1/2013 or 3/31/2013	Q1/2012 or 3/31/2012
Sale/purchase of goods		
Net sales	0.7	1.3
Expenses	0.5	0.2
Trade receivables	1.9	1.9
Trade payables	0.8	0.4
Sale/purchase of other assets		
Income	0.0	0.0
Expenses	0.0	0.0
Receivables from the sale of other assets	0.1	0.0
Liabilities	1.2	1.1
Services provided or purchased		
Income from services provided	0.0	0.0
Cost of services purchased	0.7	0.6
Finance		
Interest income from loans granted	0.0	0.0
Interest expense for loans received	0.0	0.0
Receivables under loans granted	3.8	2.3
Payables under loans received	0.0	0.0
Guaranties/collateral furnished		
Bonds/guaranties furnished	7.0	11.4
Other collateral furnished	1.3	1.3

Contingent liabilities

In comparison to December 31, 2012, the Group's contingent liabilities moved down €0.4 million to €12.3 million; this total includes guaranties for €8.9 million, as well as contingent liabilities from the collateralization of third-party debts of €3.4 million.

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
Q1/2013	€ mill.	8.4	(6.9)	(3.4)	0.0	**(1.9)**
Q1/2012*	€ mill.	0.5	(4.9)	(5.1)	0.0	**(9.5)**
Total assets						
3/31/2013	€ mill.	238.3	463.1	128.5	185.7	**1,015.6**
3/31/2012	€ mill.	208.9	424.7	110.0	179.5	**923.1**
Liabilities						
3/31/2013	€ mill.	167.0	176.7	98.0	39.3	**481.0**
3/31/2012*	€ mill.	151.1	146.7	89.7	(3.8)	**383.7**
Net external sales						
Q1/2013	€ mill.	77.6	90.1	8.4	0.1	**176.2**
Q1/2012	€ mill.	38.3	96.9	9.3	(0.1)	**144.4**
Intersegment transfers						
Q1/2013	€ mill.	0.6	0.1	0.1	(0.4)	**0.4**
Q1/2012	€ mill.	1.1	0.1	0.0	(0.4)	**0.8**
Interest income						
Q1/2013	€ mill.	0.0	0.1	0.0	0.0	**0.1**
Q1/2012	€ mill.	0.0	0.1	0.0	0.0	**0.1**
Interest expense						
Q1/2013	€ mill.	(0.8)	(0.6)	(0.6)	(0.1)	**(2.1)**
Q1/2012	€ mill.	(1.0)	(0.7)	(0.6)	0.0	**(2.3)**
Amortization/depreciation						
Q1/2013	€ mill.	1.6	3.0	1.0	0.0	**5.6**
Q1/2012	€ mill.	1.7	2.7	1.2	0.0	**5.6**
Additions to noncurrent assets						
Q1/2013	€ mill.	0.6	3.3	5.1	0.0	**9.0**
Q1/2012	€ mill.	0.5	3.4	1.8	0.0	**5.7**
Average headcount						
Q1/2013		533	2,408	315	0	**3,256**
Q1/2012		569	2,248	360	0	**3,178**

*Due to the reclassification of certain accruals/liabilities, some year-earlier comparatives restated; see page 36.

	Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
	(2.4)	0.7	(0.1)	**(1.8)**	(5.7)	0.6	**(8.8)**
	1.6	2.6	0.0	**4.2**	(5.8)	0.4	**(10.7)**
	488.6	282.6	(3.7)	**767.5**	889.7	(1,051.3)	**1,621.5**
	507.5	255.9	(1.8)	**761.6**	789.9	(964.2)	**1,510.4**
	193.7	165.6	(6.5)	**352.8**	516.2	(485.4)	**864.6**
	229.0	141.7	(1.6)	**369.1**	433.4	(398.3)	**787.9**
	56.1	34.1	0.0	**90.2**	0.1	0.0	**266.5**
	72.7	37.3	0.0	**110.0**	0.0	0.0	**254.4**
	0.0	1.2	(0.8)	**0.4**	0.2	(0.3)	**0.7**
	0.0	2.7	(2.2)	**0.5**	0.3	(0.3)	**1.3**
	0.4	0.1	0.0	**0.5**	2.0	(1.8)	**0.8**
	2.5	0.1	0.0	**2.6**	2.4	(2.5)	**2.6**
	(0.6)	(0.5)	0.0	**(1.1)**	(3.6)	2.0	**(4.8)**
	(2.0)	(0.5)	0.0	**(2.5)**	(4.5)	2.5	**(6.8)**
	3.3	1.0	0.0	**4.3**	0.2	0.0	**10.1**
	3.1	0.8	0.0	**3.9**	0.2	0.0	**9.7**
	2.6	3.3	0.3	**6.2**	0.1	0.0	**15.3**
	3.9	0.9	0.0	**4.8**	0.2	0.0	**10.7**
	1,067	780	0	**1,847**	46	0	**5,149**
	1,100	688	0	**1,788**	47	0	**5,013**

Financial diary 2013

Annual general meeting	May 29, 2013
Dividend payout	May 30, 2013
Publication of interim reports:	
as of June 30	July 25, 2013
as of September 30	October 30, 2013

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Vossloh AG's boards

Executive Board	Werner Andree
	Dr.-Ing. Norbert Schiedeck
Supervisory Board	Dr.-Ing. Dipl.-Ing. Wilfried Kaiser, former executive board member of Asea Brown Boveri AG, Munich, Chairman
	Peter Langenbach, lawyer, Wuppertal, Vice-Chairman
	Dr. Christoph Kirsch, former CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Dr.-Ing. Dipl.-Ing. Kay Mayland, former CEO of SMS Siemag AG, Rösrath
	Michael Ulrich, mechanic, Kiel

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