



▶ Interim report as of March 31, 2016



Key figures for the Group		Q1/2016	Q1/2015*
Orders received	€ mill.	289.6	265.5
Order backlog	€ mill.	1,080.7	1,147.7
<b>Income statement data</b>			
Net sales	€ mill.	240.1	259.8
Core Components	€ mill.	51.3	66.2
Customized Modules	€ mill.	111.9	115.9
Lifecycle Solutions	€ mill.	13.7	11.9
Transportation	€ mill.	65.5	68.0
EBIT	€ mill.	2.3	(2.2)
EBIT margin	%	1.0	(0.9)
Net interest expense	€ mill.	(3.2)	(2.5)
EBT	€ mill.	(0.9)	(4.7)
Net income	€ mill.	3.8	(1.0)
Earnings per share	€	0.21	(0.19)
Return on capital employed (ROCE) <sup>1</sup>	%	1.2	(1.1)
Value added <sup>1</sup>	€ mill.	(15.4)	(22.2)
<b>Balance sheet data</b>			
Fixed assets <sup>2</sup>	€ mill.	549.3	563.9
Capital expenditures	€ mill.	4.6	10.7
Amortization/depreciation	€ mill.	9.0	8.8
Closing working capital	€ mill.	257.7	259.0
Closing capital employed	€ mill.	807.1	822.9
Equity	€ mill.	426.4	353.5
Non-controlling interests	€ mill.	17.4	23.6
Net financial debt	€ mill.	267.8	298.9
Assets	€ mill.	1,357.6	1,644.4
Equity ratio	%	31.4	21.5
<b>Cash flow statement data</b>			
Gross cash flow	€ mill.	13.8	15.2
Cash flow from operating activities	€ mill.	(50.5)	(12.4)
Cash flow from investing activities	€ mill.	(4.6)	(12.2)
Cash flow from financing activities	€ mill.	32.8	10.8
Free cash flow	€ mill.	(55.1)	(24.6)
<b>Workforce data</b>			
Average headcount in the period	Number	4,850	4,926
Core Components	Number	629	632
Customized Modules	Number	2,574	2,581
Lifecycle Solutions	Number	451	372
Transportation	Number	1,139	1,286
Vossloh AG	Number	57	55
Personnel expenses	€ mill.	71.3	70.5
<b>Share data</b>			
Share price at March 31	€	57.70	57.08
Market capitalization at March 31	€ mill.	768.9	760.6

<sup>1</sup> Based on average capital employed

<sup>2</sup> Fixed assets = intangible assets + property, plant and equipment + investment properties + investments in companies accounted for using the equity method + other noncurrent financial instruments

\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see p.34 f.

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Dear shareholders,

Profitability in the Vossloh Group showed a noticeable recovery in the first quarter of the 2016 financial year compared with the corresponding period of the previous year. However, for reasons related to the season, sales and earnings in particular were at a low level in the first three months – a typical start to the year for a rail industry supplier.

At €240.1 million, Group sales remained below the corresponding prior year figure (€259.8 million). However, earnings before interest and taxes – EBIT – improved to €2.3 million. In the new reporting structure, following the sale of the Spanish locomotive business, EBIT of the Vossloh Group was negative at €(2.2) million in the first quarter of 2015. All three core divisions recorded slower sales or earnings in the first three months of the current financial year, however orders received were well above the respective sales revenues.

The Core Components division recorded a decrease in sales from €66.2 million in the previous year to €51.3 million. A significant increase in sales continues to be expected for the division for the coming months. We won tenders for two of the most important local transportation projects in the Gulf region in the reporting period. Core Components will provide fastening systems for the new subway networks in Riyadh and Doha. The division's EBIT was above the level of the previous year despite a decrease in sales and the EBIT margin improved significantly to 13.0 percent (previous year: 9.6 percent).

At a high level, there was little change in revenues in the Customized Modules division. In the first quarter of 2016, sales were €111.9 million (previous year: €115.9 million). The EBIT margin was weaker than we expect for the coming months and for the entire year. We anticipate a significant improvement over the course of the year. At €153.9 million, orders received by the division exceeded the very good level of the previous year (€147.2 million). Our joint venture in China received an important product approval for switches on conventional tracks with vehicle speeds of up to 160 km/h in March 2016, which is very pleasing for the planned further development.

Sales increased as planned in the Lifecycle Solutions division. Income in the first quarter of 2016 amounted to €13.7 million, having reached €11.9 million in the same quarter of the previous year. The EBIT and EBIT margin were negative for reasons related to the season, but were better than in the comparable quarter of the prior year. We also anticipate significant sales growth in Lifecycle Solutions over the course of the financial year. Orders received by the division in the first three months of 2016 of €22.2 million (previous year: €19.3 million) were significantly above the revenues achieved. The partial settlement for the required damages payments from the so-called rail cartel, which was concluded with Deutsche Bahn in March, subject to the approval of the awarding authorities, is also good news.

In the Transportation division, which, as part of our strategic focus on rail infrastructure, we will sell or transfer into suitable partnerships in 2017 at the latest, we intend to sell as part of our strategic focus on rail infrastructure, there was little change in sales in the first quarter of 2016 at €65.5 million compared to the previous year (€68.0 million). However, orders received increased significantly to €51.1 million in the reporting quarter following €30.0 million in the first quarter of 2015. In exercising a second purchasing option, the Albtal-Verkehrs-Gesellschaft (AVG) ordered a further 25 „Citylink NET 2012“ light rail vehicles from the Vossloh Kiepe and Stadler Rail consortium. The contract for the delivery of the initial 25 new low-floor vehicles had been concluded in October 2011. And a first option for 25 vehicles had already been exercised in the 2014 financial year. With the second purchasing option, the order volume has increased to 75 vehicles.

The EBIT of the Transportation division increased significantly compared with the same quarter of the previous year to €(2.4) million (previous year: €(8.8) million). With the continually successful projects for the repositioning of the two business units, which we are consistently driving forward, we are confident that this positive trend will continue in the coming quarters. We believe that the Transportation division will achieve the targeted turnaround in earnings development in the current year.

We have confirmed our forecasts for Group sales and EBIT development for the year. We are taking major steps forward in the transformation of Vossloh into a profitable industry leader in rail infrastructure. Now that our operating structures are once again competitive, we believe that we have laid a solid and stable foundation for our targeted growth.

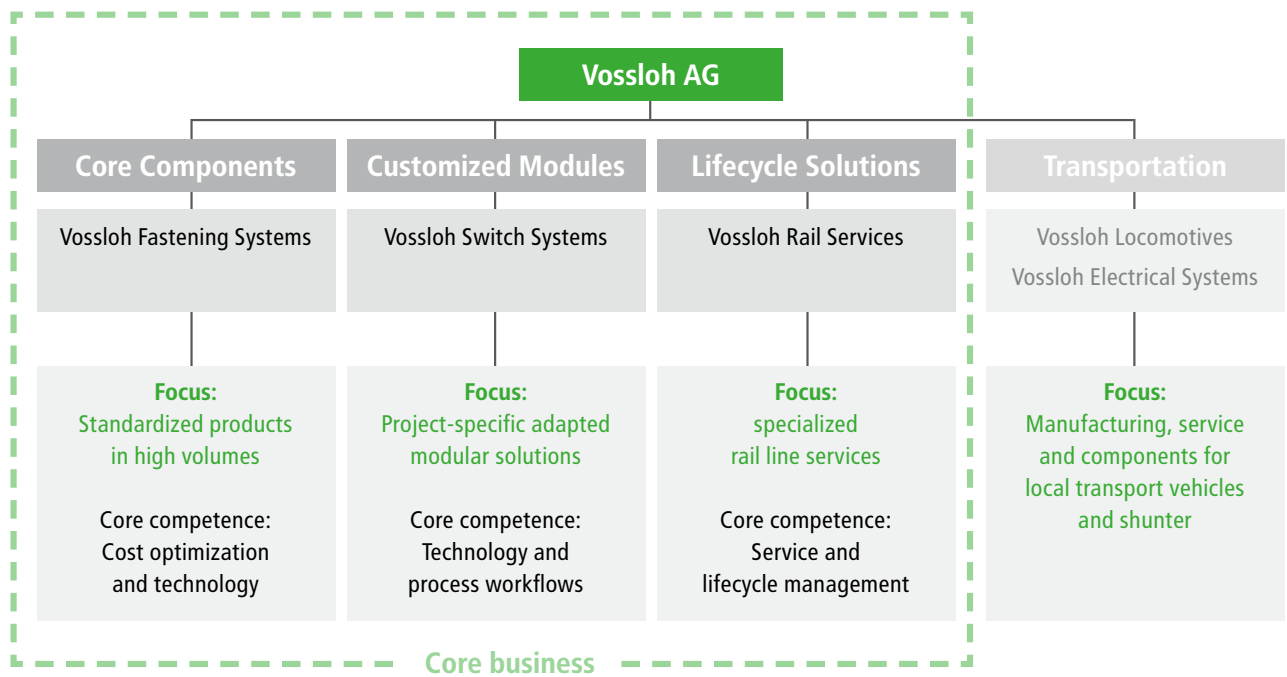
Yours sincerely,



Dr. h.c. Hans M. Schabert  
Chief Executive Officer

# Vossloh's corporate structure

The three divisions – Core Components, Customized Modules and Lifecycle Solutions – form the pillars of the core business and are managed and controlled in accordance with the basic principles of their business models, i.e. by product, project and service orientation. The divisions work closely together and present themselves uniformly and in a coordinated fashion as „One Vossloh“. As an operational management holding, Vossloh AG has direct influence on the operating units. The business units of the Transportation division shall be sold by 2017 at the latest or transferred into suitable partnerships in accordance with the Group's strategic orientation towards rail infrastructure.



## Core Components

The division combines the Group's offerings of industrially-manufactured mass products that are required in high volumes for rail infrastructure projects. These currently include the rail fastening systems for use in local and heavy-haul transport through to high-speed lines that are developed, produced and distributed in the Fastening Systems business unit. The medium-term expansion of Core Components to include complementary activities is planned.

## Customized Modules

The division includes all of the Group's services related to the production, installation and maintenance of individualized infrastructure modules. Throughout the world, Vossloh supplies, installs and services switches and turnouts as well as control elements and monitoring systems for rail networks. The range of applications extends from light-rail to high-speed lines. The division currently includes the Switch Systems business unit. An expansion of activities in the medium-term is also possible here.

## Lifecycle Solutions

The division focuses on specialized services related to the maintenance of rails and switches, which are brought together in the Rail Services business unit. These particularly include preventive care and maintenance of rails and switches as well as welding and rail and switch logistics work. Comprehensive services supplement the product range of Core Components and Customized Modules. Lifecycle Solutions will be further internationalized and the range of high-quality services in the areas of operation and maintenance is to be expanded to also cover the entire life cycle of infrastructure.

## Transportation

The Group's fourth division which, following careful consideration of all relevant criteria, no longer belongs to the core business, offers locomotives and electrical components for local transport vehicles as well as associated services. The division will initially continue to operate in its current form and, depending on the progress of the ongoing restructuring measures, shall be sold or integrated into suitable partnerships by 2017 at the latest. The division comprises the Locomotives and Electrical Systems business units.



# Vossloh stock

Negative trends in China and turbulence on the oil market lead to higher volatility and price drops in the first quarter of 2016

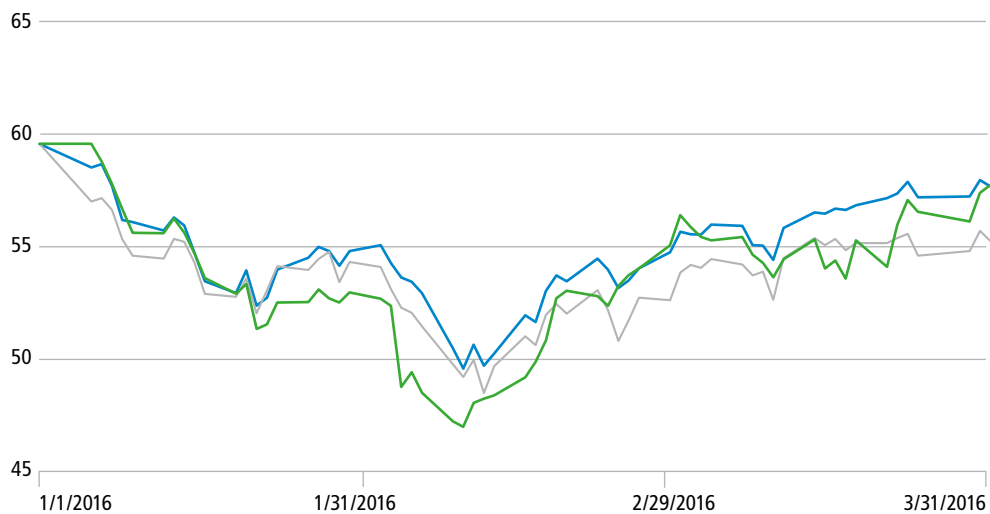
Development was volatile on the global stock indices between January and March 2016. Up to mid-February, weak economic data in China, the decline in the Chinese stock market and the continued decline of the crude oil price to a multi-year low led to significant price fluctuations in the international stock markets. There was also currency instability as well as uncertainty surrounding economic development in Europe and in the USA. Discussions about a potential exit of the United Kingdom from the European Union also had a negative impact. Supported by the expansive monetary policy of the global central banks, the assumption of a turnaround in the development of the price of crude oil and robust economic data from the USA, the global stock markets in March did recover, but the majority still ended the first quarter of 2016 with significant losses.

Following the first three months of 2016, all of the leading German indices were also weaker than at the beginning of the year. For the first time since October 2014, the DAX fell below the 9,000 point mark in the period from January to March 2016. On March 31, 2016, the index closed at 9,966 points, thereby recording a loss of 7.2 percent compared to the end of 2015. The MDAX closed out the first quarter at 20,398 points, which represents a drop of 1.8 percent. In the same period, the SDAX fell by 3.2 percent to 8,810 points.

## Price performance of the Vossloh stock: January 1 – March 31, 2016

— Vossloh stock  
— SDAX (rebased)  
— DAX (rebased)

Vossloh share  
ID data:  
German SIN 766710  
ISIN DE0007667107  
Reuters VOSG.DE  
Bloomberg VOS GR



Development of the Vossloh share was similar to the overall market in the first quarter. On March 31, 2016, the share price was €57.70. This corresponds to a loss of 3.1 percent as compared to the closing price for the year 2015 (€59.52). The Vossloh share's high for the period January through March was right at the beginning of the year on January 4, 2016 with a price of €60.00. The lowest level was €46.64 on February 9, 2016.

The trading volume of Vossloh shares decreased from 3.2 million shares in the comparable period of the previous year to around 1.2 million shares in the first three months of 2016. Calculated on the basis of the 62 trading days in the period from January to March, an average daily trading volume of approximately 19,900 shares was reached (previous year: 50,500 shares). On the closing date of March 31, 2016, Vossloh AG's market capitalization, based on the 13,325,290 shares outstanding, was approximately €769 million.



Vossloh AG's largest shareholder is Mr. Heinz Hermann Thiele. In accordance with the WpHG notification of September 29, 2015, the stake in Vossloh AG attributable to Mr. Thiele amounts to a total of 40.79 percent. Because they are purely financial investments, the holdings of other registered institutional investors according to WpHG count toward the free float market capitalization as defined by Deutsche Börse AG. The free float of Vossloh AG therefore amounted to 59.21 percent at the end of March 2016, which corresponds to a market capitalization of around €455 million.

In light of the continued restructuring and repositioning of the Vossloh Group, which will be ongoing until the end of 2017, Vossloh AG's Executive Board and Supervisory Board will make a proposal to shareholders at the Annual General Meeting scheduled for May 25, 2016, to suspend dividend payments for the 2015 financial year. The profit achieved in 2015, also thanks to the disposal of the Spanish locomotive business, will be used to strengthen the equity base and thus secure future growth.

Profit from 2015 to be used to secure future growth

In the first quarter of 2016, a total of ten financial analysts of German and international institutions followed the development of the Vossloh Group with published assessments and commentaries. Of these, seven issued a hold recommendation at the end of March 2016. One analyst recommended buying Vossloh shares. There were no sell recommendations in the reporting period. Two analysts had not yet updated their models on the anticipated business development of Vossloh and thus had not made an investment recommendation. The range of assumed target prices at the beginning of April 2016 was between €55 and €66. On average, the target price was €59.

Primarily neutral assessments for the Vossloh share in the first quarter of 2016

Information on the Vossloh stock	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hannover, Stuttgart, Munich
Index	SDAX
Number of shares outstanding as of March 31, 2016	13,325,290
Share price (3/31/16)	€57.70
Share price high/low (January through March 2016)	€60.00/€46.64
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For questions or additional information on Vossloh or the Vossloh share, we recommend that you visit our Internet site [www.vossloh.com](http://www.vossloh.com). There you will find, in addition to current financial reports, presentations and press announcements as well as information on the topic of creditor relations. You are very welcome to contact us should you have any questions. You can reach us at [investor.relations@ag.vossloh.com](mailto:investor.relations@ag.vossloh.com) or by telephone at +49 (0) 23 92 52-609.

# Interim Group Management Report

## Business development in the Group

### Preliminary remarks

Reporting takes into account the presentation of the sold Rail Vehicles business unit in 2015 in "discontinued operations"

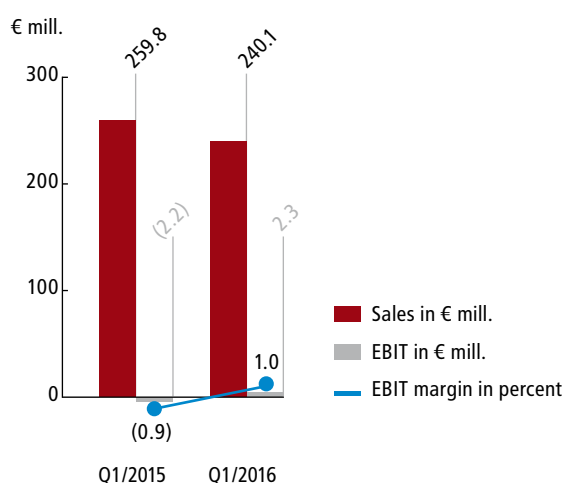
The sale of Vossloh's Spanish locomotive business to the Swiss company Stadler Rail AG, Bussnang, was completed on December 31, 2015. The Rail Vehicles business unit was deconsolidated following the completion of the disposal. Against this backdrop, all expenses and income of the Rail Vehicles business unit have been included in the "income from discontinued operations" item for the comparable period of the prior year. The assets and liabilities are reported separately under "assets or liabilities held for sale" in the statement of financial position. Accordingly, the Group figures as well as the figures for the Transportation business unit now reported are not comparable with those presented in the reports up to and including the half-year report 2015. For more detailed information on this topic, please see the explanatory notes on p. 34 f. of this interim report.

### Results of operations

Typical slow start to the 2016 financial year – Group sales 7.6 percent below the previous year

In the first quarter of 2016, Vossloh's Group revenues decreased by 7.6 percent to €240.1 million compared with the previous year's figure of €259.8 million. Overall, sales development in the first three months of the current financial year was slow in all divisions of the Vossloh Group, as is typical for the season.

At €51.3 million in the current reporting period, sales revenues in the Core Components division failed to reach the level of the previous year. They fell 22.6 percent below the prior year figure. By contrast, the Lifecycle division was able to increase revenues to €13.7 million in the first three months, as planned. Sales growth amounted to 15.6 percent. In the Customized Modules division, sales in the first quarter of 2016 amounted to €111.9 million, thereby slightly below the high level of the prior year by 3.5 percent. Sales in the Transportation division decreased in the first three months of the current financial year by 3.7 percent to €65.5 million and thereby recorded little change compared with the previous year.



Vossloh Group sales and EBIT

## Vossloh Group

		Q1/2016	Q1/2015*
Sales	€ mill.	240.1	259.8
EBIT	€ mill.	2.3	(2.2)
EBIT margin	%	1.0	(0.9)
EBT	€ mill.	(0.9)	(4.7)
Net income	€ mill.	3.8	(1.0)
ROCE <sup>1,2</sup>	%	1.2	(1.1)
Value added <sup>1,2</sup>	€ mill.	(15.4)	(22.2)

<sup>1</sup> Annualized

<sup>2</sup> Based on average capital employed

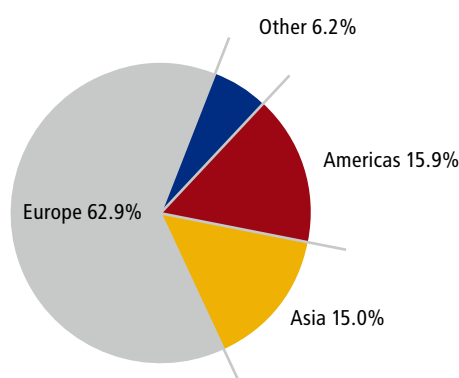
\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see p.34 f.

A slight decrease in sales was recorded in Europe in the current reporting period. This development was primarily a result of decreased sales in Eastern Europe, particularly in Poland. In Western Europe, it was possible to nearly fully compensate for decreased sales volumes in Germany, Austria and the Netherlands through increased revenues in France and the United Kingdom. Thanks to increased sales in Finland and Norway, a significant increase in revenues was once again achieved in Northern Europe. Development in Southern Europe was also pleasing as a result of a positive course of business in Italy.

In the Americas, sales of the Vossloh Group in the first quarter of 2016 were below the high level of the previous year. This was a result of significantly lower revenues in the USA coming from increasingly declining investments from Class 1 railway operators. Vossloh also recorded a drop in sales in the first quarter of 2016 in South America, particularly in Argentina and Brazil.

In Asia, revenues in the current reporting period were significantly below those of the previous year as a result of weakened sales development in China as well as decreased revenues in other countries in this region, including Korea, Singapore and Thailand. Business development in India and Israel, however, was positive.

Overall, the share of Group sales generated outside Europe fell to 37.1 percent in the first quarter of 2016, compared with 40.4 percent in the same quarter of the previous year.



Sales breakdown by region  
Q1/2016

Sales revenues by region

	€ mill.		%	
	Q1/2016		Q1/2015*	
Germany	38.5	16.0	43.3	16.6
France	37.5	15.6	30.6	11.8
Other Western Europe	29.2	12.2	31.9	12.3
Northern Europe	22.5	9.4	18.5	7.1
Southern Europe	13.8	5.7	11.6	4.4
Eastern Europe	9.6	4.0	19.1	7.4
<b>Total Europe</b>	<b>151.1</b>	<b>62.9</b>	<b>155.0</b>	<b>59.6</b>
Americas	38.2	15.9	47.5	18.3
Asia	36.0	15.0	44.5	17.1
Africa	10.2	4.3	6.9	2.7
Australia	4.6	1.9	5.9	2.3
<b>Total</b>	<b>240.1</b>	<b>100.0</b>	<b>259.8</b>	<b>100.0</b>

\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see p.34 f.

Orders received in the first quarter +9.1 percent, Transportation business unit significantly increases orders received

Orders received by the Vossloh Group reached €289.6 million in the first three months of the current financial year, thereby exceeding the level of the previous year of €265.5 million by 9.1 percent. Orders received were higher than sales revenues in all core divisions. The Transportation division was able to achieve a significant increase in new orders in comparison with the previous year. Here, orders received in the current reporting period stood at €51.1 million compared with €30.0 million in the previous year, representing an increase of 70.3 percent. In the Customized Modules division, at €153.9 million, new orders exceeded the already good figure from the previous year of €147.2 million. Orders received also showed pleasing development in Lifecycle Solutions: following €19.3 million in the previous year, the division was able to record an increase in orders received to €22.2 million in the current reporting period. In contrast, at €65.0 million, orders received by the Core Components division between January and March 2016 were slightly below the previous year (€71.4 million).

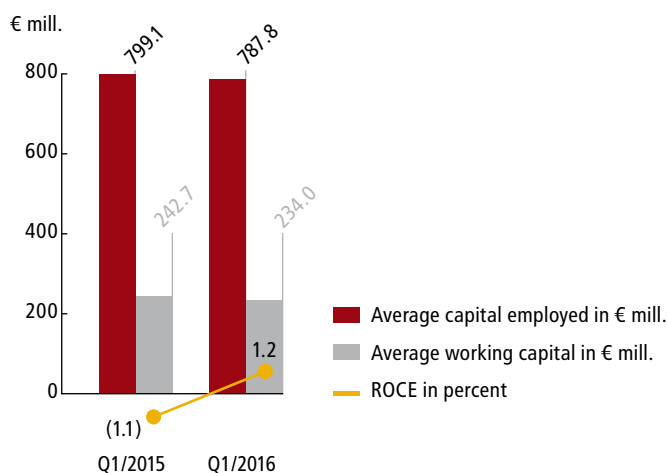
Order backlog at a continued high level at €1,080.7 million

On the closing date of the current reporting quarter, the order backlog of the Vossloh Group amounted to €1,080.7 million (previous year: €1,147.7 million). The Core Components division had a slightly higher order backlog on March 31, 2016 at €191.3 million than the previous year (€187.8 million). In the Customized Modules division, the order backlog of €340.2 million on March 31, 2016, only changed slightly from the figure as of the closing date of the previous year (€340.5 million). The order backlog of the Lifecycle Solutions division decreased from €17.8 million on the closing date of March 31, 2015 to €16.3 million at the end of March 2016. The order backlog of the Transportation division was significantly lower at €533.5 million at the end of the current reporting period following €603.3 million on the closing date of the previous year. This was a result of the planned processing of the order backlog following the repositioning of the Electrical Systems activities.

Earnings before interest and income taxes (EBIT) of the Vossloh Group amounted to €2.3 million in the first quarter of the current financial year. In the new reporting structure, i.e. presenting the income and expenses of the Spanish locomotive business, which was sold on December 31, 2015, in the line item „net result from discontinued operations“, EBIT had been €(2.2) million in the previous year. The earnings improvement in comparison with the previous year is mainly attributable to a significant reduction in losses in the Transportation division. Here an EBIT of €(2.4) million was achieved in the current reporting period (previous year: €(8.8) million). The Lifecycle Solutions division recorded a negative but improved EBIT in the reporting quarter of €(1.0) million (previous year: €(1.6) million). EBIT in the Core Components division in the first three months of 2016 was, at €6.6 million, slightly above the previous year (€6.4 million). However, the EBIT of the Customized modules division in the current reporting period of €2.4 million was below the level of the previous year figure of €5.5 million. Weakened business development in the USA had a negative impact here. The EBIT margin of the Vossloh Group was 1.0 percent after the first three months of 2016 (previous year: (0.9) percent).

Group EBIT at €2.3 million, Transportation division achieves significant reduction in losses, EBIT in Core Components division slightly above the level of the previous year

With the significant improvement in the Group EBIT and only a slight increase in the net interest expense of €3.2 million compared with the previous year (€2.5 million), earnings before income taxes of the Vossloh Group improved to €(0.9) million in the first three months of 2016 (previous year: €(4.7) million). A total tax expense in the amount of €0.2 million was incurred in the current reporting period, while in the prior year, a tax benefit in the amount of €1.0 million was reported. The Vossloh Group's net result from discontinued operations amounted to €4.9 million for the period January to March 2016 (previous year: €2.7 million). The increase in the first quarter of 2016 is attributable to a subsequent purchase price increase ("earnout") as a result of certain contract conditions for the sale of the Rail Vehicles business unit. This resulted in net income of €3.8 million for the first three months of 2016 (previous year: €(1.0) million), of which €1.0 million (previous year: €1.6 million) was attributable to non-controlling interests. On the closing date of March 31, 2016, there was a net income attributable to shareholders of Vossloh AG of €2.8 million (previous year: €(2.6) million). Earnings per share – calculated on the basis of 13,325,290 shares outstanding – improved in the first three months of the current financial year to €0.21 as compared to €(0.19) in the previous year.



Development of capital employed, working capital and ROCE of the Vossloh Group

Value added negative after three months of 2016, ROCE at 1.2 percent

Value added in the Vossloh Group was negative in the reporting period at €(15.4) million but, as a result of the increased EBIT and the decrease in the average expected returns, improved significantly compared to the previous year's figure of €(22.2) million. For the calculation of value added, a weighted average cost of capital – WACC – of 9 percent was assumed for 2016 (previous year: 10 percent).

As a result of the improved Group EBIT, return on capital employed, ROCE, increased to 1.2 percent in the current reporting period, after a figure of (1.1) percent in the period January to March 2015.

## Explanation of net assets and financial position

Equity significantly increased compared to the previous year

The Vossloh Group's assets amounted to €1,357.6 million as of the closing date of March 31, 2016. Including assets from discontinued operations, assets amounted to €1,644.4 million on the closing date of the previous year. Equity of the Group was €426.4 million at the end of March 2016, compared with €353.5 million on March 31, 2015 and €428.7 million on December 31, 2015. The increase in equity compared to the closing date of the previous year is primarily attributable to the profit from the disposal of the Spanish locomotive business. The Vossloh Group's equity ratio increased from 21.5 percent on the closing date of the previous year to 31.4 percent at the end of the current reporting period and remained almost unchanged in comparison to the end of 2015.

Capital employed of the Vossloh Group amounted to €807.1 million at the end of the first quarter of 2016 in comparison with €822.9 million on the closing date of the previous year. The decrease is attributable to both the decreased fixed assets as well as, to a lesser extent, the reduced working capital. The average capital employed was also lower than the previous year, at €787.8 million in the first three months of 2016, compared with €799.1 million in the prior year.

The average working capital in the Vossloh Group increased in the first quarter of 2016 to €234.0 million (previous year: €242.7 million). Due to the drop in sales, the working capital intensity – the ratio of working capital to sales – increased from 23.4 percent in the previous year to 24.4 percent in the current reporting period.

Increase of working capital in the first quarter leads to anticipated increase in net financial debt in the first quarter of 2016

Net financial debt of the Vossloh Group amounted to €267.8 million on the closing date of March 31, 2016 compared with €298.9 million at the end of March 2015 and €200.1 million at the end of financial year 2015. While the net financial debt of the Vossloh Group was significantly lower than on the closing date of March 31, 2015 as a result, among other things, of the cash inflow from the sale of the Spanish locomotive business, an increase in net financial debt was recorded compared to the end of 2015. This increase in the first quarter of 2016 was primarily a result of the seasonally typical appreciable increase in working capital on the closing date as a result of significantly lower trade payables as well as higher inventories.

As of March 31, 2016, cash and cash equivalents as well as short-term securities amounting to €55.9 million (previous year: €39.0 million) stood opposite financial liabilities in the amount of €323.7 million (previous year: €337.9 million).

Vossloh Group

		March 31, 2016/ January - March 2016	Dec. 31, 2015/ Financial year 2015	March 31, 2015/ January - March 2015*
Assets	€ mill.	1,357.6	1,375.1	1,644.4
Equity	€ mill.	426.4	428.7	353.5
Equity ratio	%	31.4	31.2	21.5
Average working capital	€ mill.	234.0	251.8	242.7
Average working capital intensity <sup>1</sup>	%	24.4	21.0	23.4
Fixed assets	€ mill.	549.3	558.3	563.9
Closing capital employed	€ mill.	807.1	768.5	822.9
Average capital employed	€ mill.	787.8	809.7	799.1
Free cash flow	€ mill.	(55.1)	66.1	(24.6)
Net financial debt	€ mill.	267.8	200.1	298.9

<sup>1</sup> Annualized

\*Quarterly figures of the previous year adjusted due to the sale of the Rail Vehicles business unit, see page 34 f.



# Business performance Core Components

## Results of operations

Decreased sales revenues in comparison with the first quarter of the previous year

Sales revenues in the Core Components division fell by 22.6 percent to €51.3 million in the first quarter of 2016 (previous year: €66.2 million). The decline is primarily attributable to a decrease in sales in China and Saudi Arabia, which could not be compensated for through good development in India and Qatar.

Orders received were higher than sales in the first quarter of 2016 at €65.0 million, however slightly below the previous year's figure of €71.4 million. As anticipated, orders received in China failed to reach the level of the previous year. Major orders received included the local transportation projects in Riyadh (Saudi Arabia) and Doha (Qatar). The order backlog at the end of the reporting quarter in 2016 increased slightly to €191.3 million (previous year: €187.8 million).

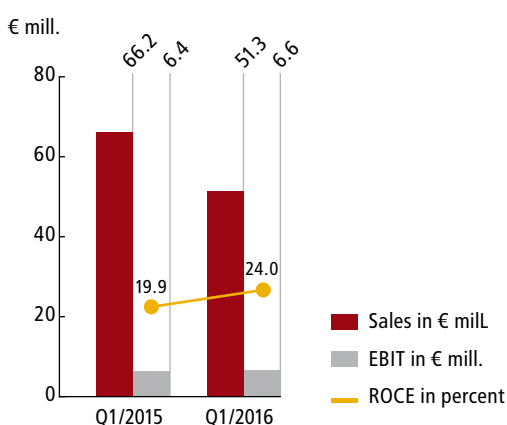
Core Components			
		Q1/2016	Q1/2015
Sales	€ mill.	51.3	66.2
EBIT	€ mill.	6.6	6.4
EBIT margin	%	13.0	9.6
ROCE <sup>1,2</sup>	%	24.0	19.9
Value added <sup>1,2</sup>	€ mill.	4.2	3.2

<sup>1</sup> Annualized

<sup>2</sup> Based on average capital employed

Profitability significantly increased – EBIT margin at 13.0 percent

Despite the decreased sales volume, EBIT in the Core Components division could not only meet the level of the previous year, but even increased slightly. While EBIT in the previous year amounted to €6.4 million, an EBIT of €6.6 million was achieved in the first quarter of 2016. This was primarily the result of a higher margin project mix in China as well as positive effects from the cost reduction measures introduced. In addition, the prior year's figure was burdened by losses associated with a hedging transaction. Overall, the EBIT margin increased significantly in comparison with the previous year, from 9.6 percent to 13.0 percent.



Sales, EBIT and ROCE of the Core Components division

Value added in the Core Components division rose to €4.2 million in the first quarter of 2016 (previous year: €3.2 million). This increase is primarily attributable to a lower average capital employed compared with the previous year, although the decrease in the weighted average cost of capital before taxes (WACC) from 10 percent in the 2015 financial year to 9 percent also positively impacted the value added. ROCE increased from 19.9 percent to 24.0 percent as a result of the lower average capital employed.

## Explanation of net assets and financial position

Average capital employed in the Core Components division dropped to €110.5 million in the first quarter of 2016, compared to €128.3 million in the prior year. This was a result, on the one hand, of a significant decrease in average working capital from €71.2 million in the previous year to €59.2 million in the reporting quarter and, on the other hand, lower fixed assets compared with the previous year. In spite of the lower working capital, the average working capital intensity increased slightly to 28.8 percent (previous year: 26.9 percent) as a result of the decreased sales volume.

Average working capital significantly lower compared with the previous year

### Core Components

		January – March 2016	2015 financial year	January – March 2015
Average working capital	€ mill.	59.2	68.8	71.2
Average working capital intensity *	%	28.8	26.8	26.9
Average capital employed	€ mill.	110.5	125.1	128.3

\* Annualized

# Business performance Customized Modules

## Results of operations

Sales revenues slightly below the previous year

Sales in the Customized Modules division amounted to €111.9 million in the first quarter and were thereby slightly below the level of the prior year of €115.9 million. Sales particularly declined compared with the previous year in the USA and Poland. By contrast, significant sales growth was achieved in France and Israel.

Orders received exceed sales and previous year's level

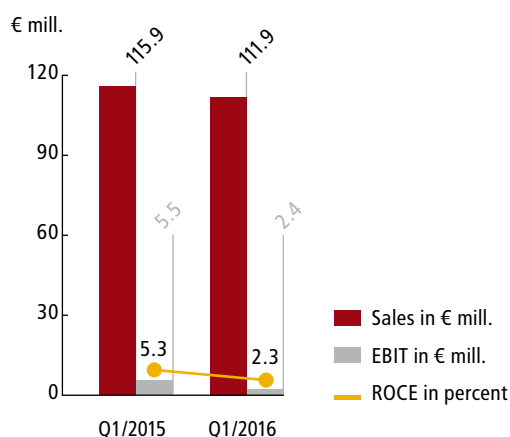
Orders received of €153.9 million in the Customized Modules division in the first quarter of 2016 were higher than the previous year's figure of €147.2 million and significantly higher than sales. Key new orders came from France, the USA, Morocco and Sweden. At the end of the reporting year, the order backlog amounted to €340.2 million and was thereby at approximately the level of the previous year of €340.5 million.

In March, Customized Modules also received a switch approval in China for conventional tracks with vehicle speeds of up to 160 km/h and thereby further improved business prospects there.

Customized Modules		Q1/2016	Q1/2015
Sales	€ mill.	111.9	115.9
EBIT	€ mill.	2.4	5.5
EBIT margin	%	2.2	4.8
ROCE <sup>1,2</sup>	%	2.3	5.3
Value added <sup>1,2</sup>	€ mill.	(7.0)	(4.9)

<sup>1</sup> Annualized

<sup>2</sup> Based on average capital employed



Sales, EBIT and ROCE of the Customized Modules division

In the first three months of 2016, EBIT decreased from €5.5 million in the previous year to €2.4 million. This was a result, among other things, of the weakened business development in the USA. A fine notice issued in March as a result of anti-competitive agreements in Germany also had a negative influence on earnings. As a result, at 2.2 percent the EBIT margin in the first quarter of 2016 was below the prior year's level of 4.8 percent.

The decline in earnings led to a decline in value added in the first quarter of 2016 to €(7.0) million (previous year: €(4.9) million). This could not be compensated for through the reduced cost of capital as a result of the decreased WACC. The ROCE in the Customized Modules division amounted to 2.3 percent in the first three months of the current year (previous year: 5.3 percent).

## Explanation of net assets and financial position

The average capital employed in the Customized Modules division remained almost unchanged in the reporting quarter at €418.4 million from €417.9 million. At €133.9 million, the average working capital was only slightly above the previous year's figure of €132.0 million. The average working capital intensity slightly increased from 28.5 percent in the previous year to 29.9 percent in the first quarter of 2016.

Average capital employed at the previous year's level

### Customized Modules

		January – March 2016	2015 financial year	January – March 2015
Average working capital	€ mill.	133.9	141.1	132.0
Average working capital intensity*	%	29.9	27.0	28.5
Average capital employed	€ mill.	418.4	427.1	417.9

\* Annualized

# Business performance Lifecycle Solutions

## Results of operations

Sales revenues increased by 15.6 percent compared with the previous year

In the Lifecycle Solutions division, sales improved by 15.6 percent from €11.9 million in the previous year to €13.7 million in the first quarter of 2016. The sales growth is primarily attributable to positive business developments in Northern Europe. Sweden is particularly noteworthy here, but the inclusion in the scope of consolidation of the business in Finland in the second half of 2015 also contributed to sales growth.

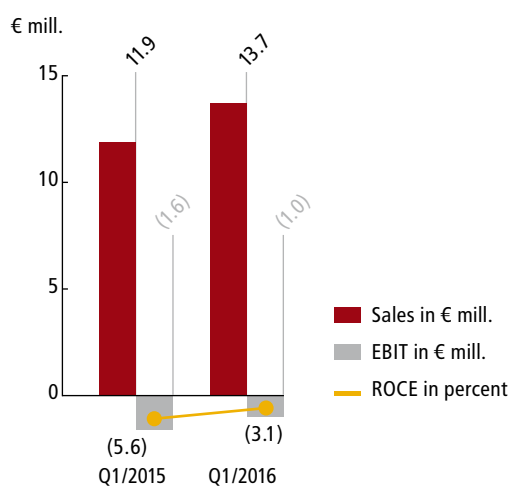
The Lifecycle Solutions business division achieved orders received of €22.2 million in the first three months of 2016 (previous year: €19.3 million). Orders received for this division were thereby significantly above sales in the first quarter of 2016. As of March 31, 2016, the division had an order backlog of €16.3 million (previous year: €17.8 million).

Lifecycle Solutions was able to further develop the cooperation with Deutsche Bahn with a lifecycle approach. With its high-speed grinding technology, the division now works on all German high-speed lines with speeds of up to 300km/h. These are the connections between Ingolstadt and Munich, Cologne and Frankfurt/Main as well as Erfurt/Leipzig and Halle.

Lifecycle Solutions		Q1/2016	Q1/2015
Sales	€ mill.	13.7	11.9
EBIT	€ mill.	(1.0)	(1.6)
EBIT margin	%	(7.1)	(13.6)
ROCE <sup>1,2</sup>	%	(3.1)	(5.6)
Value added <sup>1,2</sup>	€ mill.	(3.9)	(4.5)

<sup>1</sup> Annualized

<sup>2</sup> Based on average capital employed



Sales, EBIT and ROCE of the Lifecycle Solutions division

As anticipated, the EBIT of the Lifecycle Solutions division was still negative at €(1.0) million in the first quarter of 2016 for reasons related to the season (previous year: €(1.6) million). The EBIT margin of the division improved accordingly from (13.6) percent in the previous year to (7.1) percent in the reporting quarter.

EBIT still negative in the first quarter of 2016 for seasonal reasons

Value added in the Lifecycle Solutions division increased from €(4.5) million in the previous year to €(3.9) million in the first quarter of 2016. This was a consequence of both higher earnings and the lower capital costs as a result of the reduced WACC. The ROCE improved despite a higher average capital employed from (5.6) percent in the previous year to (3.1) percent in the first three months of 2016.

## Explanation of net assets and financial position

The average capital employed in the Lifecycle Solutions division increased in the first quarter of 2016 to €128.4 million (previous year: €116.8 million). The increase was primarily attributable to higher fixed assets, which partially resulted from the subsidiary in Finland, which has been included in the scope of consolidation since mid-2015. The average working capital as a significant part of the average capital employed also increased from €8.1 million in the previous year to €11.0 million in the first quarter of 2016. At 20.0 percent, working capital intensity in the reporting quarter in 2016 was therefore above the prior year's figure of 17.0 percent, despite the higher sales volume.

Average capital employed significantly higher than in the previous year

### Lifecycle Solutions

		January – March 2016	2015 financial year	January – March 2015
Average working capital	€ mill.	11.0	9.9	8.1
Average working capital intensity*	%	20.0	13.8	17.0
Average capital employed	€ mill.	128.4	122.0	116.8

\* Annualized

# Business performance Transportation

## Results of operations

Sales revenues in the Transportation division slightly below the previous year's figure

Orders received at €51.1 million significantly higher than the prior year's level of €30.0 million

Sales revenues in the Transportation division in the first quarter of 2016 of €65.5 million were slightly below the level of the previous year of €68.0 million. While sales at Vossloh Electrical Systems achieved positive development, Vossloh Locomotives recorded a decline.

Orders received in the Transportation division of €51.1 million in the first quarter of 2016 exceeded the prior year's figure of €30.0 million. The increase is attributable to the Electrical Systems business unit. The order backlog as of March 31, 2016, amounted to €533.5 million and was significantly below the prior year's figure of €603.3 million as a result of the processing of the high order backlog following the repositioning of the business unit Electrical Systems.

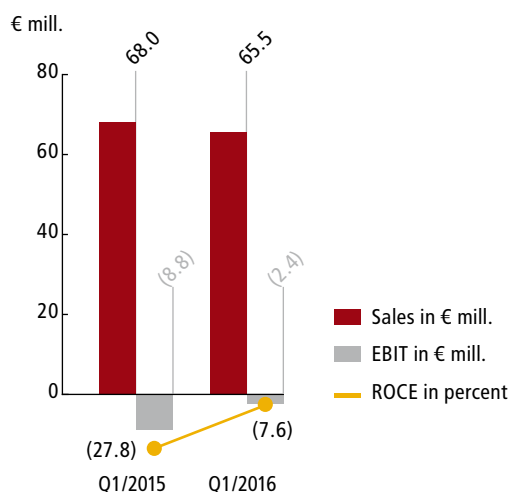
Transportation		Q1/2016	Q1/2015*
Sales	€ mill.	65.5	68.0
EBIT	€ mill.	(2.4)	(8.8)
EBIT margin	%	(3.6)	(13.0)
ROCE <sup>1,2</sup>	%	(7.6)	(27.8)
Value added <sup>1,2</sup>	€ mill.	(5.2)	(12.0)

<sup>1</sup> Annualized

<sup>2</sup> Based on average capital employed

\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see p.34 f.

The Locomotives business unit recorded sales revenues of €15.1 million in the first quarter of 2016 and thereby fell short of the prior year's figure of €21.1 million by 28.5 percent. The decrease is primarily a result of lower sales in the business with used locomotives.



Sales, EBIT and ROCE of the Transportation division



In the reporting quarter, orders received of €11.1 million in the Locomotives business unit were below the prior year's figure of €12.9 million. In contrast, the order backlog at the end of March 2016 increased to €95.2 million (previous year: €84.5 million) as a result of the high orders received in the final quarter of the previous year.

After the first three months, Vossloh Electrical Systems achieved revenues of €51.0 million, thereby exceeding the €47.1 million of the previous year by 8.2 percent. The growth is particularly attributable to the planned processing of high-volume projects.

Orders received in the Electrical Systems business unit in the first three months of 2016 amounted to €43.5 million and were thereby significantly above the low prior year's figure of €17.4 million. The follow-up order from Karlsruhe for 25 additional low-floor vehicles is particularly noteworthy here. The order volume for Karlsruhe has thereby increased to a total of 75 vehicles. The contract award for the supply of double-articulated trolley buses for the city of Linz is also to be noted here. The order backlog in the Electrical Systems business unit as of March 31, 2016 remained high at €444.3 million, however was significantly below the level of the previous year of €521.5 million as a result of the repositioning of the business unit.

Follow-up order for Vossloh Electrical Systems for 25 vehicles for Karlsruhe

The EBIT of the Transportation division improved significantly in comparison with the previous year. Following €(8.8) million in the previous year, the EBIT in the first quarter of 2016 noticeably increased to €(2.4) million. The consistent and successful implementation of the program of measures continues to drive positive development in the division. The EBIT margin also clearly improved from (13.0) percent in the previous year to (3.6) percent in the reporting quarter.

EBIT is still negative, but improved significantly compared with the previous year

As expected, the value added of the Transportation division continued to be negative, however increased significantly from €(12.0) million in the previous year to €(5.2) million in the first quarter of 2016. The Electrical Systems business unit particularly contributed to the increase, improving its value added from €(5.7) million in the previous year to €(1.1) million in the first three months of 2016. The Locomotives division was also able to increase its value added from (5.8) million in the previous year to €(4.0) million in the reporting quarter. The ROCE of the Transportation division increased from (27.8) percent in the previous year to (7.6) percent in the first quarter of 2016 as a result of the increase in earnings.

## Explanation of net assets and financial position

Average capital employed in the Transportation division only fell slightly from €126.7 million in the prior year to €124.4 million in the reporting quarter. At €34.1 million following the first three months of 2016, the average working capital was at approximately the level of the previous year of €33.6 million. As a result of the slightly lower sales volume when compared with the previous year, at 13.0 percent the average working capital intensity in the reporting period was slightly below the figure of the prior year of 12.4 percent.

Average capital employed and working capital at the previous year's level

Transportation		January – March 2016	2015 financial year	January – March 2015*
Average working capital	€ mill.	34.1	35.2	33.6
Average working capital intensity <sup>1</sup>	%	13.0	9.8	12.4
Average capital employed	€ mill.	124.4	127.4	126.7

<sup>1</sup> Annualized

\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see page 34 f.

## Capital expenditures

Capital expenditures in the first three months of 2016 at €4.6 million

In the first three months of 2016, Vossloh Group's capital expenditures totaled €4.6 million. Not including the sold rail vehicles unit, capital expenditures amounted to €10.7 million in the previous year. The decline in comparison with the prior year was largely due to the completion of several investment projects in the previous period.

Investments in intangible assets and property, plant and equipment		
€ mill.	Q1/2016	Q1/2015*
Core Components	0.7	2.0
Customized Modules	0.5	1.6
Lifecycle Solutions	1.6	5.7
Transportation	2.0	1.4
Vossloh AG/Consolidation	(0.2)	0.0
<b>Total</b>	<b>4.6</b>	<b>10.7</b>

\*Prior year figures adjusted due to the sale of the Rail Vehicles business unit, see page 34 f.

At €0.7 million, the Core Components division invested significantly less in the current reporting period than in the previous year (€2.0 million). The investments in the previous year were primarily made in the logistics center near Werdohl. Investment expenditures in the amount of €0.5 million were incurred in the Customized Modules division in the first quarter of 2016 (previous year: €1.6 million). This was primarily invested in a variety of small projects. Lifecycle Solutions' capital expenditures also noticeably declined at €1.6 million compared with the previous year (€5.7 million). Investment activities of this division were focused primarily on the purchase of wagons for rails and turnouts.

In the first three months of 2016, €2.0 million of the total investments of the Vossloh Group was attributable to the Transportation division (previous year: €1.4 million). A total of €1.3 million was attributable to the Locomotives division (previous year: €0.6 million). Investments were made in the development of a train control system and in the completion of the new locomotive family. Investments of Vossloh Electrical Systems totaled €0.7 million following €0.8 million in the previous year, and primarily related to IT systems.

## *Research & development*

A large proportion of the Vossloh Group's research and development work is tied to specific contracts. Specific requirements from various customers in different regions of the world especially affect activities in the Transportation division. Thus, the expenses incurred are reported as cost of sales rather than R&D expenses. Taking this into consideration, comparatively low R&D expenses are reported by the Vossloh Group, even though the amount of development work involved in specific projects is much higher.

Research and development expenses of the Vossloh Group amounted to €3.0 million in the first three months of 2016, compared with €2.8 million in the previous year. The increase of a total of 10.0 percent was primarily attributable to the Core Components and Lifecycle Solutions divisions.

€0.7 million of the research and development expense was attributable to the Core Components division in the first three months, following €0.5 million in the comparable period in 2015. Research and development expenses in the Customized Modules division were at a total of €0.8 million after the first three months of 2016 (previous year: €0.9 million). The Lifecycle Solutions division incurred research and development expenses in the amount of €0.6 million in the first three months of 2016. Expenses for research and development had been €0.3 million here in the previous year.

The Transportation division recorded a slightly lower R&D volume in the reporting period than in the prior year period. At Vossloh Electrical Systems, research and development expenses totaled €0.9 million (previous year: €1.0 million). In contrast, no expenses for research and development were generated outside of cost of sales in the Vossloh Locomotives business unit in the first three months, as in the previous year.

In addition to the research and development costs recognized in expenses, in the three months of the current financial year development work was capitalized in the amount of €0.8 million (previous year: €0.7 million). This was almost entirely attributable to the Vossloh Locomotives business unit with €0.7 million (previous year: €0.5 million).

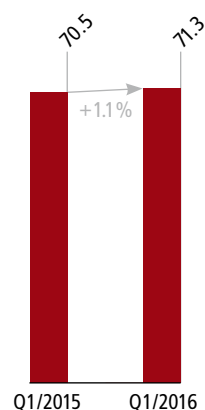
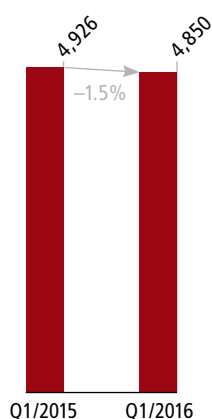
# Employees

4,854 employees in the Vossloh Group at the end of March 2016

As of March 31, 2016, the Vossloh Group had a total of 4,854 employees. The number of employees has thereby slightly decreased in the last twelve months compared with the closing date of the previous year (4,914 employees). In comparison with the end of 2015 (4,793 employees) the number of people employed by the Vossloh Group has increased by a total of 61, primarily as a result of the first-time consolidation of two subsidiaries.

In the Core Components division, the number of employees increased compared to March 31, 2015 (622 employees) by 11 people to 633 employees at the end of the reporting quarter as a result of consolidation. The Lifecycle Solutions division employed with 465 employees 89 people more on the closing date of March 31, 2016 than on the closing date of the previous year (376 employees). Alongside the first-time inclusion of the Finnish subsidiary, the increase in staff numbers in this business unit was also due to the planned expansion of the service offer during 2015. In contrast, the Customized Modules division recorded a slight decrease in staff numbers with 2,562 employees at the end of March 2016 compared with the previous year (2,582 employees).

Employees	Closing date		Average	
	3/31/2016	3/31/2015	Q1/2016	Q1/2015
Core Components	633	622	629	632
Customized Modules	2,562	2,582	2,574	2,581
Lifecycle Solutions	465	376	451	372
Transportation	1,137	1,277	1,139	1,286
Vossloh AG	57	57	57	55
<b>Group</b>	<b>4,854</b>	<b>4,914</b>	<b>4,850</b>	<b>4,926</b>
Discontinued operations	0	888	0	882
<b>Total</b>	<b>4,854</b>	<b>5,802</b>	<b>4,850</b>	<b>5,808</b>



Average number of employees (continuing operations)

Personnel expenses in € mill.

In the Transportation division, the number of employees on the closing date of the current reporting period decreased by 140 to 1,137 employees compared with March 31, 2015 (1,277 employees). The Electrical Systems business unit had significantly fewer employees, recording a decrease of a total of 121 people since March 31, 2015 to 734 employees in the first quarter of 2016 (previous year: 855 employees). On the closing date of the current reporting period, the Locomotives business unit recorded 19 employees fewer than the previous year, with a total of 403. 422 people were employed in Vossloh Locomotives on the closing date of the previous year.

On March 31, 2016, 1,754 people were employed in Germany (previous year: 1,875 employees). The number of employees outside of Germany has increased by 61 to 3,100 people since the end of March 2015 (3,039 employees). The share of employees abroad as of the closing date of March 31, 2016 was at 63.9 percent (previous year: 61.8 percent).

## *Forecast, risks and opportunities*

The main risks and opportunities for the Vossloh Group's further development are set out in the group management report for fiscal year 2015. In connection with the ongoing systematic recording and control of risks, which is carried out by the Group's risk management, there continue to be no identifiable risks that individually or taken together could threaten the Vossloh Group's continued existence.

With the presentation of the Annual Report for 2015 on March 17, 2016, Vossloh AG published a detailed forecast for financial year 2016 (see the 2015 Annual Report from page 103). According to current information, Vossloh expects to generate sales of between €1.2 billion and €1.3 billion in 2016 (previous year: €1.2 billion). The sales increase in the Core Components division is to be particularly significant.

With the continuing ongoing restructuring measures, improvement in the Group's EBIT will be limited in 2016. The Vossloh Group is forecasting an EBIT margin of between 4.0 percent and 4.5 percent in 2016 (previous year: 3.8 percent). We particularly anticipate an improvement in profitability in the Lifecycle Solutions division. Profitability in the Core Components and Customized Modules divisions is expected to remain in line with the 2015 financial year. Vossloh is expecting a noticeable improvement in the Transportation division, which should lead to slightly positive EBIT after the division reported negative EBIT overall in 2015. The EBIT margin is expected to be between 5.5 percent and 6.0 percent in 2017 based on the current Group structure. In a future portfolio structure without the Transportation division, significantly higher profitability is to be expected.

# *Condensed interim financial statements of the Vossloh Group as of March 31, 2016*

Income statement

Statement of comprehensive income

Cash flow statement

Balance sheet

Statement of changes in equity

Explanatory notes

Segment information



## Income statement for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015*
Sales revenues	240.1	259.8
Cost of sales	(198.9)	(221.8)
General administrative and selling expenses	(42.8)	(43.3)
Research and development expenses	(3.0)	(2.8)
Other operating result	6.4	5.8
<b>Operating result</b>	<b>1.8</b>	<b>(2.3)</b>
Investment result from companies accounted for using the equity method	0.2	0.0
Other financial income	0.3	0.1
<b>Earnings before interest and taxes (EBIT)</b>	<b>2.3</b>	<b>(2.2)</b>
Interest income	0.4	0.3
Interest expense	(3.6)	(2.8)
<b>Earnings before income taxes (EBT)</b>	<b>(0.9)</b>	<b>(4.7)</b>
Income taxes	(0.2)	1.0
Net result from discontinued operations	4.9	2.7
<b>Net income</b>	<b>3.8</b>	<b>(1.0)</b>
<b>thereof attributable to shareholders of Vossloh AG</b>	<b>2.8</b>	<b>(2.6)</b>
thereof attributable to non-controlling interests	1.0	1.6
<b>Earnings per share</b>		
Basic/diluted earnings per share (€)	0.21	(0.19)
thereof attributable to continuing operations	(0.16)	(0.39)
thereof attributable to discontinued operations	0.37	0.20

\*Previous year figures presented in a comparable manner, see page 34 f.

## Statement of comprehensive income for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015*
<b>Net income</b>	<b>3.8</b>	<b>(1.0)</b>
Changes in fair value of hedging instruments (cash flow hedges)	3.2	(6.2)
Currency translation differences	(3.0)	9.2
Income taxes	(1.0)	1.9
<b>Amounts that will potentially be transferred into profit or loss in future periods</b>	<b>(0.8)</b>	<b>4.9</b>
Remeasurement of defined benefit plans	0.0	0.0
Income taxes	0.0	0.0
<b>Amounts that will not be transferred into profit or loss in future periods</b>	<b>0.0</b>	<b>0.0</b>
<b>Income and expenses recognized directly in equity</b>	<b>(0.8)</b>	<b>4.9</b>
<b>Comprehensive income</b>	<b>3.0</b>	<b>3.9</b>
thereof attributable to shareholders of Vossloh AG	2.6	0.0
thereof attributable to non-controlling interests	0.4	3.9

\*Previous year figures presented in a comparable manner, see page 34 f.

## Cash flow statement for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015 **
<b>Cash flow from operating activities</b>		
Earnings before interest and taxes (EBIT)	2.3	(2.2)
EBIT from discontinued operations	4.9	3.2
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	9.0	11.1
Change in noncurrent provisions	(2.4)	3.1
<b>Gross cash flow</b>	<b>13.8</b>	<b>15.2</b>
Noncash change in investments in companies accounted for using the equity method	(0.2)	0.0
Other noncash income/expenses, net	3.7	(9.9)
Net loss/ (gain) on the disposal of noncurrent assets	0.0	0.0
Income taxes paid	(3.8)	(0.9)
Change in working capital	(46.3)	(40.4)
Changes in other assets/liabilities, net	(17.7)	23.6
<b>Cash flow from operating activities</b>	<b>(50.5)</b>	<b>(12.4)</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets and property, plant and equipment	(4.6)	(12.2)
<b>Free cash flow*</b>	<b>(55.1)</b>	<b>(24.6)</b>
Investments in noncurrent financial instruments	0.0	(0.2)
Proceeds from the disposal of intangible assets and property, plant and equipment	0.0	0.2
Disbursements/proceeds from the purchase/sale of short-term securities	0.0	(0.2)
Proceeds from disposals of noncurrent financial instruments	0.0	0.2
<b>Cash flow from investing activities</b>	<b>(4.6)</b>	<b>(12.2)</b>
<b>Cash flow from financing activities</b>		
Disbursements due to distributions of profit	(3.2)	–
Net financing from short-term loans	45.9	12.6
Net financing from medium-/long-term loans	(6.8)	0.3
Interest received	0.4	0.4
Interest paid	(3.5)	(2.5)
<b>Cash flow from financing activities</b>	<b>32.8</b>	<b>10.8</b>
Net inflow/outflow	(22.3)	(13.8)
Change in cash and cash equivalents from the first-time consolidation of companies	0.1	0.0
Exchange rate effects	(1.1)	1.6
<b>Opening cash and cash equivalents</b>	<b>78.8</b>	<b>58.5</b>
<b>Closing cash and cash equivalents</b>	<b>55.5</b>	<b>46.3</b>

\*Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with investments in companies accounted for using the equity method. For an allocation of cash flows to continued and discontinued operations see page 40.

\*\*Previous year figures presented in a comparable manner, see page 34 f.

## Balance sheet

Assets in € mill.	3/31/2016	12/31/2015	3/31/2015*
Intangible assets	290.9	294.0	286.9
Property, plant and equipment	211.8	215.6	223.9
Investment properties	4.2	4.5	4.9
Investments in companies accounted for using the equity method	33.4	33.1	33.2
Other noncurrent financial instruments	9.4	11.2	15.3
Sundry noncurrent assets	3.1	3.2	3.2
Deferred tax assets	20.1	18.7	21.8
<b>Noncurrent assets</b>	<b>572.9</b>	<b>580.3</b>	<b>589.2</b>
Inventories	350.1	339.8	373.6
Trade receivables	245.8	256.9	280.2
Receivables from construction contracts	55.5	50.2	62.9
Income tax assets	6.8	7.1	11.8
Sundry current assets	65.6	61.5	52.1
Short-term securities	0.4	0.5	0.7
Cash and cash equivalents	55.5	78.8	38.3
<b>Current assets</b>	<b>779.7</b>	<b>794.8</b>	<b>819.6</b>
Assets held for sale	5.0	–	235.6
<b>Assets</b>	<b>1,357.6</b>	<b>1,375.1</b>	<b>1,644.4</b>
<b>Equity and liabilities in € mill.</b>	<b>3/31/2016</b>	<b>12/31/2015</b>	<b>3/31/2015*</b>
Capital stock	37.8	37.8	37.8
Additional paid-in capital	30.9	30.9	30.9
Retained earnings and net income	330.1	332.7	257.7
Accumulated other comprehensive income	10.2	10.3	3.5
<b>Equity excluding non-controlling interests</b>	<b>409.0</b>	<b>411.7</b>	<b>329.9</b>
Non-controlling interests	17.4	17.0	23.6
<b>Equity</b>	<b>426.4</b>	<b>428.7</b>	<b>353.5</b>
Pension provisions	29.0	29.1	29.0
Other noncurrent provisions	44.6	47.0	60.7
Noncurrent financial liabilities	246.6	253.4	49.8
Noncurrent trade payables	–	3.1	–
Other noncurrent liabilities	6.9	10.4	4.5
Deferred tax liabilities	4.0	4.0	0.5
<b>Noncurrent liabilities</b>	<b>331.1</b>	<b>347.0</b>	<b>144.5</b>
Other current provisions	85.0	121.4	107.4
Current financial liabilities	77.1	25.9	288.1
Current trade payables	143.5	172.5	156.2
Current liabilities from construction contracts	145.8	147.1	185.1
Current income tax liabilities	11.0	12.2	16.1
Other current liabilities	137.7	120.3	120.4
<b>Current liabilities</b>	<b>600.1</b>	<b>599.4</b>	<b>873.3</b>
Liabilities held for sale	–	–	273.1
<b>Equity and liabilities</b>	<b>1,357.6</b>	<b>1,375.1</b>	<b>1,644.4</b>

\*Previous year figures presented in a comparable manner, see page 34 f.

## Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Accumulated other comprehensive income				Equity excluding non-controlling interests	Non-controlling interests	Total
				Reserves for currency translations	Reserves for financial instruments held for sale	Reserves for hedging transactions	Reserves for the remeasurement of defined benefit pension plans			
<b>Balance at December 31, 2014</b>	37.8	30.9	265.3	4.7	0.0	(3.9)	(4.9)	329.9	19.7	349.6
Transfer to retained earnings			(5.0)				5.0	–		–
Net income			(2.6)					(2.6)	1.6	(1.0)
Income and expenses recognized directly in equity				6.8		(4.3)	0.1	2.6	2.3	4.9
<b>Balance at March 31, 2015</b>	37.8	30.9	257.7	11.5	0.0	(8.2)	0.2	329.9	23.6	353.5
Transfer to retained earnings			0.1				(0.1)	–		–
Changes in the scope of consolidation			0.1			1.1		1.2	(1.8)	(0.6)
Net income			74.8					74.8	4.0	78.8
Income and expenses recognized directly in equity				2.1		4.2	(0.5)	5.8	(2.3)	3.5
Dividend payments								–	(6.5)	(6.5)
<b>Balance at December 31, 2015</b>	37.8	30.9	332.7	13.6	0.0	(2.9)	(0.4)	411.7	17.0	428.7
Transfer to retained earnings			(0.4)				0.4	–		–
Changes in the scope of consolidation			(1.8)	(0.3)				(2.1)		(2.1)
Net income			2.8					2.8	1.0	3.8
Income and expenses recognized directly in equity				(2.4)		2.2		(0.2)	(0.6)	(0.8)
Distribution of profit			(3.2)					(3.2)		(3.2)
<b>Balance at March 31, 2016</b>	37.8	30.9	330.1	10.9	0.0	(0.7)	0.0	409.0	17.4	426.4

# Explanatory notes

## Corporate background

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

## Accounting policies

The interim financial report as of March 31, 2016 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU.

The following new or amended standards were applied for the first time in the first quarter of 2016:

- IAS 16 and IAS 41: Bearer Plants
- IAS 11: Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 1: Disclosure Initiative
- IAS 27: Equity Method in Separate Financial Statements

In addition, amendments to the following standards after the adoption of the "Annual Improvements to IFRSs 2012–2014 Cycle" were applied for the first time:

- IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7: Financial Instruments: Disclosure
- IAS 19: Employee Benefits
- IAS 34: Interim Financial Reporting
- IFRS 1: First-time Adoption of International Financial Reporting Standards

The first-time application of the new and amended standards did not have any impact on the consolidated interim financial statements as of March 31, 2016.

Apart from these first-time applications the recognition and measurement methods applied in preparing the interim financial statements are consistent with those applied in the consolidated financial statements as of December 31, 2015, taking into consideration the International Accounting Standard (IAS) 34 „Interim Financial Reporting“ and the German Accounting Standard (GAS) 16 „Interim Financial Reporting“.

Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, the actual values subsequently determined may differ from those estimates and hence from the amounts disclosed in the consolidated financial statements.

The business activities of the Vossloh Group are subject to a certain extent to seasonal effects, see page 10 of this interim report.

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

## Presentation of the business unit sold in the previous year's figures

On December 31, 2015, all shares in the former Vossloh España S.A.U., Valencia, Spain, were sold and the former Rail Vehicles business unit was thereby deconsolidated. Since the interim report of September 30, this business unit has been reported as held for sale in accordance with IFRS 5. In order to comparably present the net assets, financial position and results of operations of the reporting quarter, the previous Rail Vehicles business unit has been included in discontinued operations for the comparative figures of the previous year, even though this status was not yet applicable in spring 2015. The prior year figures in this interim report therefore differ in many areas from the figures presented in the previous year's report.

The following table presents a breakdown of the result from discontinued operations included in the income statement:

€ mill.	Q1/2016	Q1/015
Revenues	–	60.0
Expenses	(0.1)	(56.7)
<b>Result from operating activities, pre-tax</b>	<b>(0.1)</b>	<b>3.3</b>
Income taxes	0.0	(0.6)
<b>Result from operating activities after tax</b>	<b>(0.1)</b>	<b>2.7</b>
Gain on the disposal of discontinued operations	5.0	–
Income tax on the gain on the disposal of discontinued operations	–	–
<b>Net result from discontinued operations</b>	<b>4.9</b>	<b>2.7</b>
thereof attributable to shareholders of Vossloh AG	4.9	2.5
thereof attributable to non-controlling interests	–	0.2

The following table shows the main groups of assets and liabilities of discontinued operations:

€ mill.	3/31/2016	12/31/2015	3/31/2015
Intangible assets	–	61.6	57.9
Property, plant and equipment	–	15.7	11.7
Sundry noncurrent assets	–	22.7	23.9
<b>Noncurrent assets</b>	<b>–</b>	<b>100.0</b>	<b>93.5</b>
Inventories	–	75.7	67.1
Trade receivables	–	5.5	8.0
Receivables from construction contracts	–	49.8	47.5
Sundry current assets	5.0	9.0	11.5
Cash and cash equivalents	–	38.6	8.0
<b>Current assets</b>	<b>5.0</b>	<b>178.6</b>	<b>142.1</b>
<b>Assets</b>	<b>5.0</b>	<b>278.6</b>	<b>235.6</b>
Provisions	–	81.6	80.6
Trade payables	–	37.2	36.4
Liabilities from construction contracts	–	113.9	119.6
Other liabilities	–	38.7	36.5
<b>Liabilities</b>	<b>–</b>	<b>271.4</b>	<b>273.1</b>
Cumulative income and expenses in other comprehensive income	–	(1.1)	(3.2)

Assets and liabilities as well as cumulative income and expenses in other comprehensive income attributable to discontinued operations as of the reporting date 12/31/2015 are derecognized due to the sale of the business unit and therefore not included in the group balance sheet.

### Consolidation group

The consolidation group has been changed compared to the December 31, 2015 balance sheet date as follows:

An Indian and a Chinese company in the Fastening Systems business unit were included in the scope of consolidation for the first time as a result of their increased importance for the net assets, financial position and results of operations of the Group.

In addition, a further joint venture was taken into account, which is allocated to the Locomotives business unit. The company was established in the first quarter of 2016.

Furthermore, two American companies in the Switch Systems business unit were merged.

Consequently, including Vossloh AG, 22 German (unchanged from the prior year) and 42 foreign companies (previous year: 41) were fully consolidated in the interim financial statements as of March 31, 2016. As at the end of the reporting period in the previous year, an investment in one German associated company as well as in seven foreign associated companies (December 31, 2015: six) were accounted for at equity.

### Equity

Since the consolidated financial statements as of December 31, 2015 as well as the first quarter of the previous year, Vossloh AG's capital stock has remained unchanged.

Compared to the previous year's reporting date, capital stock was unchanged and amounted to €37,825,168.86, divided into 13,325,290 shares. All of them were outstanding throughout the entire first quarter of 2016, as in the previous year, so that the average number of shares outstanding equals this amount.

As part of an asset deal, with effect from July 1, 2015, 40 percent of shares in Vossloh Cogifer Finland Oy, Teijo, Finland, were transferred to the seller. Because at the same time both call and put options were contractually agreed for these shares, a repurchase is most certainly to be assumed from a financial perspective. For this reason, a 100 percent acquisition of the operations was recognized while simultaneously reporting the fair value of the anticipated purchase price for these shares. Shares of other shareholders were therefore not reported for this transaction. The profit entitlements of the seller resulted in a decrease in equity in 2015, which is disclosed as distribution of profit in the statement of changes in equity.

### Earnings per share (EpS)

		Q1/2016	Q1/2015*
Weighted average number of common shares	shares	13,325,290	13,325,290
Weighted average of shares outstanding	shares	13,325,290	13,325,290
Weighted average of shares outstanding – basic/diluted –	shares	13,325,290	13,325,290
Net income (loss) attributable to Vossloh AG shareholders	€ mill.	2.8	(2.6)
<b>Basic/diluted EpS</b>	€	<b>0.21</b>	<b>(0.19)</b>
thereof attributable to "continuing operations"	€	(0.16)	(0.39)
thereof attributable to "discontinued operations"	€	0.37	0.20

\* Previous year figures presented in a comparable manner, see page 34 f.

The following table presents summarized information for all eight companies accounted for at equity:

Additional information on investments in companies accounted for using the equity method

Information on investments in companies accounted for using the equity method		
€ mill.	Q1/2016	Q1/2015
Profit or loss from continuing operations	0.0	0.9
Profit or loss from discontinued operations after taxes	–	–
Total income and expenses recognized directly in equity	1.7	1.5
<b>Comprehensive income</b>	<b>1.7</b>	<b>2.4</b>

The table below shows the assignment of the financial assets and payables carried at fair value to the fair value hierarchy levels in accordance with IFRS 7 and IFRS 13. There were no reclassifications between the various levels of the fair value hierarchy either during the reporting year or the previous year.

Additional disclosures on financial instruments

The basis for the levels of the hierarchy for the determination of fair value is the factors applied. In Level 1, inputs are in the form of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 covers direct inputs other than Level 1 quoted prices for identical or similar assets or liabilities or indirect inputs derived from observable market data. Level 3 is based on unobservable inputs for a financial asset or liability that are used to measure fair value wherever no observable market data is available.

#### Assignment of levels of the fair value hierarchy

€ mill.	Level 1: Input of quoted prices		Level 2: Input of observable market data		Level 3: No input of observable market data	
	3/31/2016	12/31/2015*	3/31/2016	12/31/2015*	3/31/2016	12/31/2015*
<b>Financial assets at fair value</b>						
Held to maturity	0.0	0.0	0.0	0.0	–	–
Available for sale	–	–	0.7	0.7	–	–
Derivatives in hedging relationships	–	–	3.3	0.5	–	–
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>	<b>1.2</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities measured at fair value</b>						
Derivatives in hedging relationships	–	–	2.5	7.5	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2.5</b>	<b>7.5</b>	<b>–</b>	<b>–</b>

\*Previous year figures presented in a comparable manner, see page 34 f.

The carrying amounts of financial instruments, the assignment based on measurement category and the required disclosures on fair value according to IFRS 13 and their measurement sources according to IFRS 7 are presented in the following tables. The derivatives in hedging relationships as well as payables under capital leases are included, although they do not belong to any measurement category of IAS 39.



Carrying amounts, measurement categories and fair values as of March 31, 2016

€ mill.	Carrying amount according to balance sheet 3/31/2016	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 3/31/2016
<b>Trade receivables</b>	<b>245.8</b>				
Loans and receivables	245.8	245.8			245.8
<b>Receivables from construction contracts</b>	<b>55.5</b>				
Loans and receivables	55.5	55.5			55.5
<b>Securities</b>	<b>0.4</b>				
Held to maturity	0.0	0.0			0.0
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
<b>Other financial instruments and other assets</b>	<b>78.1</b>				
Loans and receivables	44.3	44.3			44.3
Held to maturity	0.0	0.0			0.0
Held for trading	0.0			0.0	0.0
Available for sale	1.6	1.3	0.3		1.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	3.3		0.9	2.4	3.3
IAS 39 not applicable	28.9				–
<b>Cash and cash equivalents</b>	<b>55.5</b>				
Loans and receivables	55.5	55.5			55.5
<b>Total financial assets</b>	<b>435.3</b>	<b>402.4</b>	<b>1.6</b>	<b>2.4</b>	<b>406.4</b>
<b>Financial liabilities</b>	<b>323.7</b>				
Loans and receivables	323.7	323.7			323.7
Finance leases (IAS 39 not applicable)	0.0				–
<b>Trade payables</b>	<b>143.5</b>				
Loans and receivables	143.5	143.5			143.5
<b>Liabilities from construction contracts</b>	<b>145.8</b>				
Loans and receivables	145.8	145.8			145.8
<b>Other liabilities</b>	<b>144.6</b>				
Loans and receivables	82.8	82.8			82.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	2.5		1.7	0.8	2.5
IAS 39 not applicable	59.3				–
<b>Total financial liabilities</b>	<b>757.6</b>	<b>695.8</b>	<b>1.7</b>	<b>0.8</b>	<b>698.3</b>

Summary of measurement category of IAS 39

€ mill.	Carrying amount according to balance sheet 3/31/2016	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 3/31/2016
<b>Financial assets</b>					
Loans and receivables	401.1	401.1	0.0	0.0	401.1
Held to maturity	0.0	0.0	0.0	0.0	0.0
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	2.0	1.3	0.7	0.0	2.0
<b>Total financial assets</b>	<b>403.1</b>	<b>402.4</b>	<b>0.7</b>	<b>0.0</b>	<b>403.1</b>
<b>Financial liabilities</b>					
Measurement at amortized cost	695.8	695.8	0.0	0.0	695.8
<b>Total financial liabilities</b>	<b>695.8</b>	<b>695.8</b>	<b>0.0</b>	<b>0.0</b>	<b>695.8</b>

Carrying amounts, measurement categories and fair values as of December 31, 2015

€ mill.	Carrying amount according to balance sheet 12/31/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 12/31/2015
<b>Trade receivables</b>	<b>256.9</b>				
Loans and receivables	256.9	256.9			256.9
<b>Receivables from construction contracts</b>	<b>50.2</b>				
Loans and receivables	50.2	50.2			50.2
<b>Securities</b>	<b>0.5</b>				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
<b>Other financial instruments and other assets</b>	<b>75.9</b>				
Loans and receivables	46.0	46.0			46.0
Held to maturity	0.0		0.0		0.0
Held for trading	0.0			0.0	0.0
Available for sale	1.6	1.3	0.3	0.0	1.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5	0.0	0.1	0.4	0.5
IAS 39 not applicable	27.8				–
<b>Cash and cash equivalents</b>	<b>78.8</b>				
Loans and receivables	78.8	78.8			78.8
<b>Total financial assets</b>	<b>462.3</b>	<b>433.3</b>	<b>0.8</b>	<b>0.4</b>	<b>434.5</b>
<b>Financial liabilities</b>	<b>279.3</b>				
Loans and receivables	279.3	279.3			279.3
Finance leases (IAS 39 not applicable)	0.0				–
<b>Trade payables</b>	<b>175.6</b>				
Loans and receivables	175.6	175.6			175.6
<b>Liabilities from construction contracts</b>	<b>147.1</b>				
Loans and receivables	147.1	147.1			147.1
<b>Other liabilities</b>	<b>130.7</b>				
Loans and receivables	86.8	86.8			86.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	7.5		4.2	3.3	7.5
IAS 39 not applicable	36.4				–
<b>Total financial liabilities</b>	<b>732.7</b>	<b>688.8</b>	<b>4.2</b>	<b>3.3</b>	<b>696.3</b>

Summary of measurement category of IAS 39

€ mill.	Carrying amount according to balance sheet 12/31/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 12/31/15
<b>Financial assets</b>					
Loans and receivables	431.9	431.9			431.9
Held to maturity	0.1	0.1			0.1
Available for sale	2.0	1.3	0.7		2.0
<b>Total financial assets</b>	<b>434.0</b>	<b>433.3</b>	<b>0.7</b>	<b>0.0</b>	<b>434.0</b>
<b>Financial liabilities</b>					
Measurement at amortized cost	688.8	688.8	–	–	688.8
<b>Total financial liabilities</b>	<b>688.8</b>	<b>688.8</b>	<b>–</b>	<b>–</b>	<b>688.8</b>

**Cash flow statement** The cash flow statement shows the changes in cash and cash equivalents within the Vossloh Group. Cash pertains to checks, cash on hand and in bank. Cash equivalents comprise any financial instruments with an initial term of maximum three months and readily convertible into cash.

The cash flow statement is prepared in conformity with IAS 7 and breaks down changes in cash and cash equivalents into the cash flows from, and outflows for, operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

The figures in the statement of cash flows shown on page 31 relate to the entire Group including effects of discontinued operations. The table below divides the subtotals of the statement of cash flows and opening and closing cash and cash equivalents into continuing and discontinued operations.

€ mill.	Q1/2016		Q1/2015	
	Thereof from continuing operations	Thereof from discontinued operations	Thereof from continuing operations	Thereof from discontinued operations
Cash flow items				
Gross cash flow	8.9	4.9	11.5	3.7
Cash flow from operating activities	(50.5)	0.0	(0.5)	(11.9)
Free cash flow	(55.1)	0.0	(11.2)	(13.4)
Cash flow from investing activities	(4.6)	–	(10.7)	(1.5)
Cash flow from financing activities	32.8	–	0.7	10.1
Opening cash and cash equivalents	78.8	–	47.3	11.2
Closing cash and cash equivalents	55.5	–	38.3	8.0

## Related parties

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated Vossloh subsidiaries, joint ventures, and associated companies of the Vossloh Group. In addition, transactions were carried out with companies of the Knorr-Bremse group, which are to be considered related-party entities via the Chairman of Vossloh's Supervisory Board, Mr. Heinz Hermann Thiele. All transactions with these companies are carried out on an arm's length basis. The table below presents the income/expenses and receivables/payables which are recognized in the consolidated financial statements and originate primarily from related-party transactions.

€ mill.	Q1/2016 or 3/31/2016	Q1/2015 or 3/31/2015*
<b>Sale or purchase of goods</b>		
Sales revenues from the sale of finished goods and WIP	1.1	3.9
Cost of materials from the purchase of finished goods and WIP	4.1	2.9
Advance payments	48.0	67.3
Trade receivables	6.9	5.8
Trade payables	3.8	3.7
<b>Sale or purchase of other assets</b>		
Income	0.0	0.0
Cost of materials	0.0	0.0
Receivables from the sale of other assets	0.0	0.0
Payables for the purchase of other assets	0.9	1.0
<b>Services rendered or received</b>		
Income from services rendered	0.9	0.8
Expenses for services received	0.6	1.0
<b>Financing</b>		
Interest income from financial loans granted	0.0	0.0
Interest expense from financial loans received	0.0	0.0
Receivables on financial loans granted	2.6	6.6
Liabilities on financial loans received	0.4	0.1
<b>Provision of guarantees and collateral</b>		
Provision of guarantees	6.8	9.1
Provision of other collateral	1.3	0.0

\*Previous year figures presented in a comparable manner, see page 34 f.

**Contingent liabilities** In comparison to December 31, 2015, contingent liabilities decreased by €169.8 million to €25.6 million. A major reason for this decline was the assumption of guarantees by the acquirer of the sold Rail Vehicles business unit. As of the reporting date, €14.0 million was still attributable to contingent liabilities for this business unit. Vossloh AG was given an irrevocable and unconditional guarantee for these contingent liabilities at first request by a first-class bank.

The Group has incurred contingent liabilities under guarantees of €8.5 million (including €6.8 million in favor of unconsolidated subsidiaries), of €14.0 million for letters of comfort and of €3.1 million for the collateralization of third-party debts (including €1.3 million allocable to unconsolidated subsidiaries).

**Segment information** The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structures, which are based on the products and services offered by the Vossloh Group's business units. Alongside the divisions, the business units are presented separately.

As a result of the sale of the Rail Vehicles business unit on December 31, 2015, the prior year figures for this business unit are presented as discontinued operations in order to allow improved comparability.

The segment structure in the three core business divisions has not changed in comparison to the previous year.

Vossloh Fastening Systems, the only business unit in the Core Components division to date, is a leading manufacturer of rail fastening systems. The product lineup includes fasteners for every application: from light-rail, extending through heavy-haul, to high-speed lines.

Vossloh Switch Systems, the only business unit in the Customized Modules division to date, 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, also, the lineup extends from light-rail to high-speed applications.

As the only business unit in the Lifecycle Solutions division to date, 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. It also organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems.

The Transportation division, which is no longer part of the Group's core business following the strategy approved in 2014, includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises the Locomotives and Electrical Systems business units.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility, and eco-friendliness. This business unit also offers extensive services, in particular relating to locomotive servicing and maintenance.

Vossloh Electrical Systems develops and produces key electrical components and systems for public transport vehicles and locomotives. The business unit counts as one of the leading suppliers of electrical equipment both for trolleybuses and hybrid buses. Besides furnishing complete systems, the unit supplies air conditioners for rail vehicles, individual components, subassemblies, revamping work, servicing and maintenance.

The consolidation includes the elimination of intersegment transactions. This pertains primarily to the offsetting of intragroup income and expenses, the elimination of intragroup income from dividends and the offsetting of intragroup receivables and payables. The consolidation item at the highest Group level includes the required eliminations from business transactions between companies from different divisions. In addition, a separate column serves to present the holding companies not allocated to any segment as well as Vossloh AG as the Group's management and financial holding, in order to provide reconciliation to the consolidated figures for the entire Group.

The accounting methods of all segments are identical and conform to the EU-endorsed IFRS. Intersegment business is transacted on an arm's length basis.

A reconciliation of the segment result "value added" of the entire Group to the earnings before interest and taxes (EBIT) presented in the consolidated income statement is shown below:

Reconciliation of value added to EBIT

€ mill.	Q1/2016	Q1/2015*
Value added	(15.4)	(22.2)
Cost of capital employed	17.7	20.0
<b>EBIT</b>	<b>2.3</b>	<b>(2.2)</b>

\*Previous year figures presented in a comparable manner, see page 34 f.

## Segment information by business unit\*

			Core Components (Fastening Systems)	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Locomotives	
Value added	Q1/2016	€ mill.	4.2	(7.0)	(3.9)	(4.0)	
	Q1/2015	€ mill.	3.2	(4.9)	(4.5)	(5.8)	
<b>Information from the income statement/flow figures</b>							
External sales revenues	Q1/2016	€ mill.	50.2	111.3	12.7	15.1	
	Q1/2015	€ mill.	63.7	115.4	10.4	20.3	
Intersegment sales revenues	Q1/2016	€ mill.	1.1	0.6	1.0	0.0	
	Q1/2015	€ mill.	2.5	0.5	1.5	0.8	
Interest income	Q1/2016	€ mill.	0.0	0.1	0.0	0.2	
	Q1/2015	€ mill.	0.0	0.1	0.0	0.2	
Interest expense	Q1/2016	€ mill.	(0.4)	(1.1)	(0.8)	(0.5)	
	Q1/2015	€ mill.	(0.3)	(0.8)	(0.7)	(0.6)	
Amortization/depreciation	Q1/2016	€ mill.	2.1	3.1	1.5	1.0	
	Q1/2015	€ mill.	2.3	3.2	1.0	1.0	
Income from investments in companies accounted for using the equity method	Q1/2016	€ mill.	0.0	0.3	(0.1)	0.0	
	Q1/2015	€ mill.	0.2	0.0	(0.2)	0.0	
Income taxes	Q1/2016	€ mill.	1.4	0.0	(0.1)	0.2	
	Q1/2015	€ mill.	1.6	1.8	(0.6)	(1.5)	
Net result from discontinued operations	Q1/2016	€ mill.	0.0	0.0	0.0	0.0	
	Q1/2015	€ mill.	0.0	0.0	0.0	0.0	
Other major noncash expenses	Q1/2016	€ mill.	0.0	3.7	0.0	0.0	
	Q1/2015	€ mill.	0.0	5.9	0.2	0.0	
<b>Information from the balance sheet</b>							
Assets	3/31/2016	€ mill.	201.9	591.6	189.3	105.1	
	3/31/2015	€ mill.	243.7	608.3	173.7	110.7	
Liabilities	3/31/2016	€ mill.	127.0	317.9	179.0	76.2	
	3/31/2015	€ mill.	150.2	323.7	156.9	76.8	
Investments in noncurrent assets	3/31/2016	€ mill.	0.7	0.5	1.6	1.3	
	3/31/2015	€ mill.	2.0	1.6	5.7	0.6	
Investments in companies accounted for using the equity method	3/31/2016	€ mill.	1.8	24.9	6.7	0.0	
	3/31/2015	€ mill.	1.6	24.9	6.7	0.0	
Average headcount	Q1/2016	Number	629	2,574	451	405	
	Q1/2015	Number	632	2,581	372	427	

\*For more segment information, see page 42 f. For previous year figures in the Transportation business division and in the Group presented in a comparable manner, see page 34 f.

	Rail Vehicles (discontinued operations)	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
	–	(1.1)	(0.1)	(5.2)	1.0	(4.5)	(15.4)
	4.4	(5.7)	(4.9)	(12.0)	(1.2)	(2.8)	(22.2)
	0.0	50.1	0.0	65.2	0.1	0.0	239.5
	60.0	46.7	(60.0)	67.0	0.0	0.0	256.5
	0.0	0.9	(0.6)	0.3	0.3	(2.7)	0.6
	0.0	0.4	(0.2)	1.0	0.3	(2.5)	3.3
	0.0	0.0	0.0	0.2	3.2	(3.1)	0.4
	0.3	0.0	(0.3)	0.2	2.4	(2.4)	0.3
	0.0	(1.2)	0.0	(1.7)	(2.9)	3.3	(3.6)
	(0.1)	(1.0)	0.1	(1.6)	(2.2)	2.8	(2.8)
	0.0	1.1	0.0	2.1	0.2	0.0	9.0
	2.3	1.1	(2.3)	2.1	0.2	0.0	8.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.2
	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.3	0.0	0.5	(1.6)	0.0	0.2
	0.6	(1.3)	(0.7)	(2.9)	(0.9)	0.0	(1.0)
	0.0	0.0	0.0	0.0	0.0	4.9	4.9
	2.7	0.0	0.0	2.7	0.0	0.0	2.7
	0.0	0.1	0.0	0.1	0.3	0.0	4.1
	0.0	0.1	0.0	0.1	0.3	0.0	6.5
	0.0	334.6	(2.6)	437.1	1,029.1	(1,091.4)	1,357.6
	386.7	369.9	(13.6)	853.7	1,003.2	(1,238.2)	1,644.4
	0.0	252.3	(2.5)	326.0	462.3	(481.0)	931.2
	284.2	300.5	(289.9)	371.6	636.0	(620.6)	1,017.8
	0.0	0.7	0.0	2.0	0.0	(0.2)	4.6
	1.5	0.8	(1.5)	1.4	0.0	0.0	10.7
	0.0	0.0	0.0	0.0	0.0	0.0	33.4
	0.0	0.0	0.0	0.0	0.0	0.0	33.2
	0	734	0	1,139	57	0	4,850
	882	859	(882)	1,286	55	0	4,926







## Dates 2016

Annual General Meeting	May 25, 2016
Publication of interim reports/interim notes as of June 30, 2016	July 27, 2016
as of September 30, 2016	October 27, 2016

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## Vossloh AG's boards

Executive Board	Dr. h.c. Hans M. Schabert (CEO) Volker Schenk Oliver Schuster
Supervisory Board	Heinz Hermann Thiele, former Chairman of Knorr-Bremse AG, Munich, Chairman Ulrich M. Harnacke, Tax Advisor and Auditor, Mönchengladbach, Vice Chairman Silvia Maisch, Electrical Mechanic, Monheim Dr.-Ing. Wolfgang Schlosser, Consultant and former Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Puchheim Michael Ulrich, Machinist, Kiel Ursus Zinsli, member of the Administrative Board and former Managing Director of Scheuchzer SA (Switzerland), Saint-Sulpice (Kanton Vaud, Switzerland)