Interim financial report as of September 30, 2011

Group figures and indicators		9 months (3Q) 2011	9 months (3Q) 2010
Income statement data			
Net sales	€ mill.	863.8	1,011.9
Rail Infrastructure	€ mill.	573.9	672.2
Transportation	€ mill.	291.2	339.6
EBIT	€ mill.	67.9	122.6
Net interest expense	€ mill.	(8.0)	(9.1)
EBT	€ mill.	59.9	113.5
Group earnings	€ mill.	39.2	75.9
Earnings per share (EpS)	€	2.95	5.70
EBIT margin	%	7.9	12.1
Pretax return on equity (ROE)[1]	%	13.9	28.3
Return on capital employed (ROCE)[2]	%	11.3	18.4
Value added[2]	€ mill.	7.8	49.5
Balance sheet data			
Fixed assets[3]	€ mill.	612.3	580.0
capital expenditures	€ mill.	50.3	41.1
amortization/depreciation	€ mill.	28.3	26.0
Closing working capital	€ mill.	234.1	324.7
Closing working capital intensity	%	20.3	24.1
Closing capital employed	€ mill.	846.4	904.7
Total equity	€ mill.	545.1	556.1
minority interests	€ mill.	19.0	25.2
Net financial debt	€ mill.	199.1	173.5
Net leverage	%	36.5	31.2
Total assets	€ mill.	1,486.3	1,452.9
Equity ratio	%	36.7	38.3
Cash flow statement data			
Gross cash flow	€ mill.	90.9	164.9
Cash flow from operating activities	€ mill.	84.2	69.7
Cash flow from investing activities	€ mill.	(60.3)	(134.0)
Cash flow from financing activities	€ mill.	(49.2)	(22.0)
Change in cash & cash equivalents	€ mill.	(25.3)	(86.3)
Workforce data			
Average headcount in the period		4,980	4,951
Rail Infrastructure		3,192	3,109
Transportation		1,741	1,794
Vossloh AG		47	48
Payroll intensity	%	73.0	59.7
Personnel expenses	€ mill.	192.5	184.9
Share data			
Stock price at September 30	€	74.05	78.09
Market capitalization at September 30	€ mill.	955.5	1,040.1

[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.

Dear Stockholders:

In the course of the third quarter of 2011, the business situation for the Vossloh Group again proved to be weaker than our already highly conservative assessments early this summer.

Two factors led to sales and earnings falling short of expectations in the summer quarter. First, the Fastening Systems business unit was suffering from another sharp deceleration of sales in China. Although our local subsidiary did book another order for fasteners worth around €35 million in September, shipments came to a standstill after August. As a result, sales in China this year will dry to their lowest ebb since the start-up of our production plant in 2007.

Secondly, our Rail Infrastructure division, which includes the switch business, is having to contend with fiercer competition and hence price pressure. This is in the context of appreciably delayed and hence currently declining awards of new rail infrastructure contracts in Southern and Northern Europe.

Sales fell 8 percent in the third quarter of 2011 and so 9-month sales for the Vossloh Group added up to €863.8 million, year-on-year a shortage of 14.6 percent. Three-quarter EBIT dropped in 2011 from the year-earlier €122.6 million to €67.9 million and hence the EBIT margin for the Group slipped to 7.9 percent. Likewise down was the period's 9-month ROCE at 11.3 percent. Both divisions reported year-on-year shrinking sales and EBIT.

A positive factor is that the Transportation division did negotiate the expected business turnaround in the quarter under review. Sales, EBIT and EBIT margin have all shown a clear quarterly improvement over Q3/2010. And with an order backlog of €739 million this division is already now looking to a sales and EBIT upturn in 2012. A large share of the orders awarded to this division is for local transport rail vehicles. The market has responded very favorably to the new models, a cooperative effort between Vossloh Rail Vehicles in Valencia and Vossloh Electrical Systems in Düsseldorf.

Following the setbacks we have had to contend with this year, we are optimistic as to the years ahead. Not only is the Transportation division making good progress as shown by its order situation. In Rail Infrastructure we likewise see signs of improvement over 2011—improvements we intend to achieve through higher efficiency.

Despite these operational challenges in 2011, Vossloh remains financially strong. Notwithstanding higher expenditures the Group has throughout the year to date generated a clearly positive cash flow; despite the funds spent on the new stock repurchase program the equity ratio was 37 percent at September 30 and net financial debt has stayed low. In such a setting we feel well capable of continuing the success story of past years.

Kind regards,

Werner Andree
CEO

Vossloh's corporate structure

Vossloh is a global player in selected rail infrastructure and rail technology markets. Under the roof of Vossloh AG as the management and financial holding parent, the Group has organized its business operations into two divisions subdivided into altogether five business units.

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 the Fastening Systems, Switch Systems and Rail Services business units.

Vossloh Fastening Systems is the 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 complex logistics and welding work as well as preventive maintenance for the rails.

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.

The Transportation Systems business unit is Europe's leading manufacturer of diesel locomotives with production locations at Valencia, Spain, and Kiel, Germany, and supplies M&R services. The Valencia location also manufactures local rail transport vehicles.

Vossloh Electrical Systems develops and produces key electrical components and systems for light rail vehicles (LRVs) and locomotives. The business unit is the world's leading supplier of electrical equipment for trolleybuses and other electric buses; moreover, it equips buses with hybrid drive systems. Besides complete vehicle kits, the unit's business also covers retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

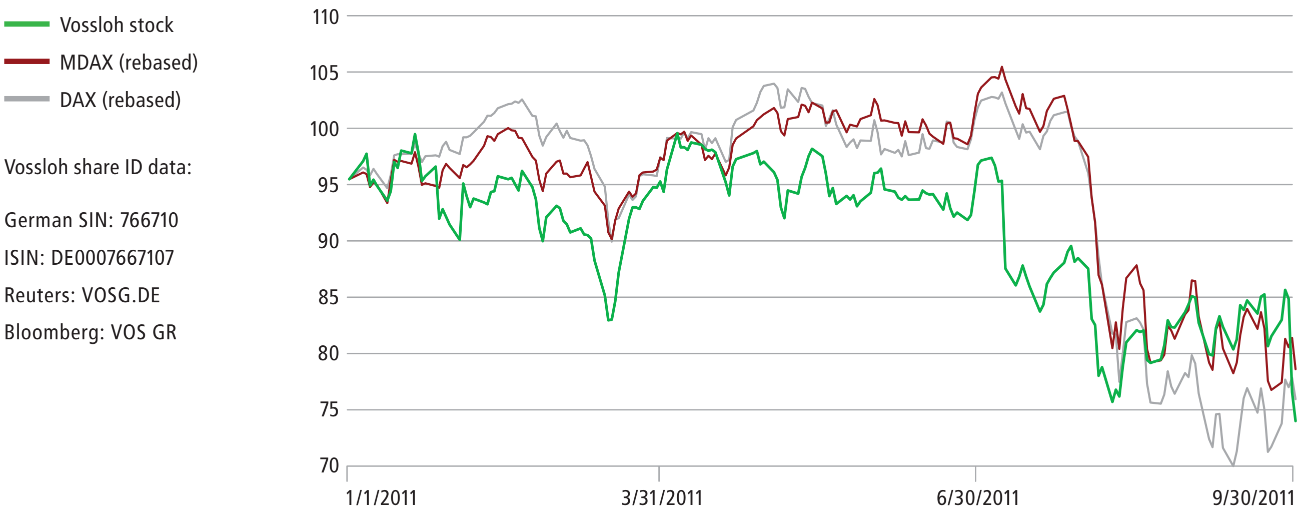
Vossloh stock

Debt crisis depresses stock prices worldwide

Whereas the first half of 2011 had on balance been a period of stock market stability, the capital market in the third quarter proved to be much weaker. The worsening eurozone debt crisis combined with softer European growth prospects and the downgrading of US Treasuries (government bonds) accompanied by a very volatile market led to substantial losses especially on the European stock exchanges.

In the period July through September, the EuroStoxx 50 shed 23.5 percent. Germany's lead index, the DAX, plunged even further by 25.4 percent on September 12 to 4,965, its two-year low. By the end of the quarter, however, the DAX had rallied appreciably to close the period on September 30, 2011, at 5,502. The MDAX, of which Vossloh is a member, lost altogether 23.7 percent during the third quarter (Q3) and closed the period at 8,341. On September 23, the MDAX had hit a 52-week low at 7,853. Compared with their 2011 opening levels, the DAX had dropped 20.4 and the MDAX 17.6 percent.

Vossloh stock price trend from January 1 to September 30, 2011



Vossloh share ID data:

German SIN: 766710
ISIN: DE0007667107
Reuters: VOSG.DE
Bloomberg: VOS GR

Vossloh stock entered Q3 at €96.40 and in the course of July 5 climbed to its quarterly high of €98.45. After the 2011 sales and profit forecasts were publicly adjusted on July 7, the share price slumped to an intermediate low of €83.77 on July 18. Then, as stock market prices began their downward trajectory as a consequence of speculation about possible US insolvency and the EU sovereign debt crisis spreading to Spain and Italy, Vossloh stock prices again tumbled and on August 9, hit a quarterly low of €71.50. Then, following a repeated adjustment of short-term business prospects on September 29, Vossloh stock lost its September gains and closed the period at €74.05.

Vossloh stock closes quarter at €74.05

On July 26, 2011, Vossloh AG's Executive Board resolved with the Supervisory Board's approval to redeem and withdraw the 1,470,630 treasury shares then held by the Company after completion of the stock buyback program 2008/2009. That treasury stock was equivalent to 9.94 percent of the capital stock of €37,825,168.68 which has since been allocated among 13,325,290 no-par shares.

Thereupon both Boards resolved to repurchase up to 1,332,529 treasury shares (tantamount to 10 percent of the capital stock) via the stock market. The treasury stock repurchased under the share buyback program 2011 may be used for any of the purposes authorized by the AGM of May 19, 2010. This program—launched on July 27, 2011, and scheduled to be completed by June 30, 2012—is carried out independently through a securities firm not bound by any Vossloh instructions.

By September 30, 2011, altogether 421,846 shares of treasury stock had been repurchased, corresponding to 3.17 percent of the capital stock. On October 13, 2011, Vossloh crossed above the 5-percent threshold after buying back treasury shares for a total €51.7 million at an average price of €77.55.

5% treasury stock repurchased as of October 13, 2011

Vossloh stock's trading volume in the third quarter (Q3) of 2011 approximated 8.3 million, including 4.1 million shares in July alone. This Q3 volume was well over the 3.6 million a year before, one reason being the treasury stock repurchase program. The average daily trading volume during these months was thus around 126,500 (year-on-year up from 54,800). For the nine months of this year, the total volume was 17.1 million shares, up almost 28 percent from 13.4 million. At September 30, 2011, Vossloh AG's market capitalization amounted to €955.5 million (down from €1.04 billion).

Sharp rise in Vossloh stock trading volume to date

In the course of Q3/2011, altogether 22 financial analysts from German and international institutes were following Vossloh's stock performance and after the two forecast adjustments all of them scaled back their till then highly favorable assessments.
At the close of Q2, the expected 12-month price target had averaged €99 but then dropped to €75 mid-October. The bandwidth ranged from €59 to €97.50.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 9/30/2011	12,903,444
Closing price at 9/30/2011	€74.05
9-month 2011 high/low	€102.75/€71.50
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For news on Vossloh, Vossloh stock and the treasury stock repurchase programs, as well as Creditor Relations information, see the Investors section at www.vossloh.com

Interim group management report

The Group's business trend

In the analysis of its results of operations, the Vossloh Group discloses the pretax value added (VA) as a key corporate benchmark. For fiscal 2011 Vossloh has set the return claimed by investors and lenders (cost of capital: WACC) at 10 percent. The return on capital employed (ROCE) has unchanged been benchmarked at a sustainable 15 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—7.0 percent posttax for the 3 quarters (3Q) 2011—in order to disclose the quarterly updated value trend of relevance to stockholders.

Results of operations

The third quarter (Q3) of fiscal 2011 was again a period of overall shrinking sales, down 8.0 percent to €302.4 million for the Vossloh Group. However, the Transportation division did for the first time in 2011 report rising revenue in which both its business units shared. Sales shortfalls at the Fastening Systems and Switch Systems business units were responsible for the unexpected underperformance.

Vossloh Group

		9 months (3Q) 2011	9 months (3Q) 2010	Q3/2011	Q3/2010
Sales	€ mill.	863.8	1,011.9	302.4	328.8
EBITDA	€ mill.	96.2	148.7	32.7	50.8
EBIT	€ mill.	67.9	122.6	23.5	42.2
EBIT margin	%	7.9	12.1	7.8	12.8
EBT	€ mill.	59.9	113.5	20.3	39.2
Group earnings	€ mill.	39.2	75.9	12.0	25.2
ROCE[1,2]	%	11.3	18.4	11.6	18.6
Value added [1,2]	€ mill.	7.8	49.5	3.3	17.3

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

3-quarter group sales at around €864 million

Nine-month (3Q) group sales totaled €863.8 million (down 14.6 percent), with both divisions showing proportionately equal downturns: Rail Infrastructure down 14.6 percent to €573.9 million and Transportation down 14.3 percent to €291.2 million.

Three-quarter (3Q) order intake amounted to €1,141.5 million (up from €1,043.4 million). A hike for the period was reported by Transportation, from €217.4 million to €461.9 million. Rail Infrastructure, in contrast, suffered a year-on-year decline in new orders—from €826.5 million to €680.6 million. The penultimate quarter of 2010 had seen several megacontracts awarded to the two big Rail Infrastructure business units, including the Libyan and one for the Chinese line Lanzhou–Urumqi.

Both rising: order intake to €1,142 million and backlog to about €1,363 million

At €1,362.6 million, the Vossloh Group's orders on hand at September 30, 2011, were well above the year-earlier €1,123.7 million. Both divisions showed increases in their order backlog: Rail Infrastructure's was up from €576.2 million to €624.0 million and Transportation's from €548.0 million to €739.2 million.

Regionally, both third-quarter (Q3) and nine-month (3Q) sales were weak, particularly in Southern Europe and China. Business in Spain and Italy was short even of the already modest sales budgeted for 2011. One reason was the completion in 2010 of sizable rail infrastructure projects, especially in Spain. Compounding the problem was the ongoing delay in contract awards and ever tougher competition for projects in progress. During the past months tighter price pressure for rail infrastructure projects was also typical of business in Scandinavia where 9-month and third-quarter sales were below the year-earlier level and the Q3 budget, respectively.

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	9 months (3Q) 2011		9 months (3Q) 2010		Q3/2011		Q3/2010	
Germany	187.4	21.7	191.1	18.9	67.1	22.2	75.7	23.0
France	89.2	10.3	94.1	9.3	33.7	11.1	25.1	7.6
Other Western Europe	82.4	9.6	104.6	10.3	26.0	8.6	34.8	10.6
Northern Europe	65.8	7.6	76.2	7.5	25.3	8.4	20.8	6.4
Southern Europe	146.8	17.0	214.9	21.2	49.4	16.3	53.3	16.2
Eastern Europe	42.5	4.9	23.4	2.3	19.0	6.3	8.3	2.5
Total Europe	**614.1**	**71.1**	**704.3**	**69.5**	**220.5**	**72.9**	**218.0**	**66.3**
Americas	71.4	8.3	75.3	7.5	23.8	7.9	25.7	7.9
Asia	130.6	15.1	193.4	19.2	37.9	12.6	70.2	21.3
Africa	28.4	3.3	18.7	1.8	11.9	3.9	8.6	2.6
Australia	19.3	2.2	20.2	2.0	8.3	2.7	6.3	1.9
Total	**863.8**	**100.0**	**1,011.9**	**100.0**	**302.4**	**100.0**	**328.8**	**100.0**

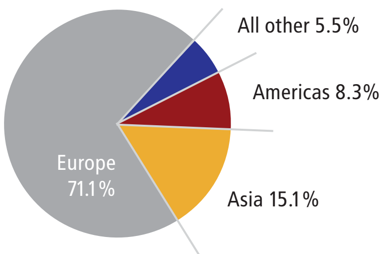
The third quarter of 2011 saw another clear growth in Eastern European sales. Added revenue in Poland, Azerbaijan and Romania plus expanding sales in France stepped up third-quarter sales for Europe as such despite shrinkages elsewhere including in Germany. Nonetheless, nine-month sales for total Europe were down 12.8 percent.

Climbing sales elsewhere in Asia fail to offset revenue losses in China

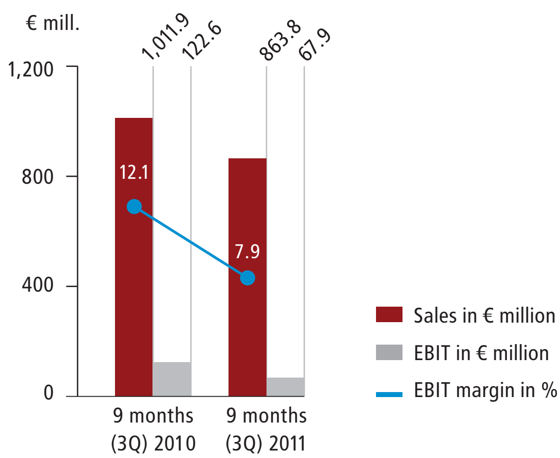
Well short of budget mainly in August and September were once again deliveries of the rail fasteners contracted last year for the Lanzhou–Urumqi line in China. Because of this and the winter-related suspension of shipments, sales in China this year are expected to amount to only just under €50 million. This downslide conceals the appreciable three- and nine-month regional gains in Asian business elsewhere (Taiwan, Malaysia, Thailand, and Singapore) achieved by Vossloh Fastening Systems and Vossloh Switch Systems.

Despite the suspension of shipments to Libya, Vossloh's 9-month sales in the Middle East and North Africa (MENA) were noticeably up year-on-year, from €34.4 million to €61.5 million, and accounted for around 7 percent of group revenue.

For exchange-rate reasons, both Q3 and 3Q sales in North America were down in 2011.



Geographical breakdown of 3Q/2011 sales



Vossloh Group: sales and EBIT

In terms of gross margin, the situation has remained unchanged versus H1/2011 for both the third quarter alone and the three quarters to date. Given the lower workload at several locations of the Group, the surging cost of materials, and a stronger price squeeze experienced by Rail Infrastructure, Vossloh's 9-month absolute gross margin shrank year-on-year from €233.1 million to €173.0 million, the relative gross margin thus being whittled down from 23.0 percent a year earlier to 20.0.

Group EBIT at €67.9 million well short of year-earlier level

In line with the sales and gross-margin shrinkage, the Group's 3-quarter (3Q) EBIT slumped from €122.6 million in 2010 to €67.9 million in the current year, Vossloh's EBIT margin dropping to 7.9 percent (down from 12.1). The Group's third-quarter (Q3) EBIT plunged from €42.2 million a year ago to €23.5 million in 2011, corresponding to an EBIT margin of 7.8 percent (down from 12.8).

With a nine-month net interest expense slightly improved year-on-year from €9.1 million to €8.0 million, group earnings before taxes (EBT) in the period shriveled to €59.9 million in 2011 (down from €113.5 million). Since the tax load ratio was leveled up from 23.0 to 26.1 percent while minority interests were clearly downscaled from €11.5 million to €5.1 million, three-quarter group earnings shrank to €39.2 million in 2011 (down from €75.9 million). Thanks to the stock buyback program launched in late July 2011, the average number of shares outstanding sank by 139,855 in the three, and by 43,385 in the nine, months ended September 30, 2011. Earnings per share (EpS) for the first three quarters 2011 added up to €2.95 (down from €5.70).

Nine-month ROCE at 11.3%

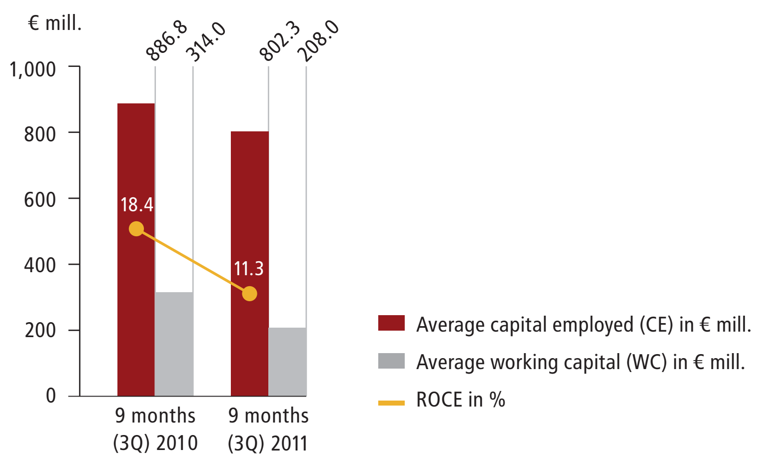
The Vossloh Group's 9-month ROCE receded to 11.3 percent in 2011 (down from 18.4). After value of €49.5 million had been added a year earlier, the Group's VA came to €7.8 million in the period under review or, based on current WACC and after taxes, to €5.4 million.

Asset and capital structure, financial position

At September 30, 2011, the Vossloh Group's assets totaled €1,486.3 million, up about €33 million year-on-year and around €81 million from year-end 2010. In either case, the rise was largely attributable to the capital expenditures for tangible assets, besides the higher inventory levels in comparison to both closing dates. Equity totaled €545.1 million as of September 30, 2011, equivalent to an equity ratio of 36.7 percent. The €34.9 million decline in equity versus December 31, 2010, was the result of three factors—dividend payout, group earnings in the period, and the stock buyback program newly launched in late July 2011.

Net debt slightly up at €199 million yet still low

Vossloh's net financial debt at the period's closing date climbed to €199.1 million, from €173.5 million a year ago and €136.6 million at year-end 2010, one of the reasons being the funds needed for the treasury stock repurchase started in July 2011. Virtually unchanged quarter-end financial debts of €254.8 million (inching up from €250.8 million) contrasted with cash, cash equivalents and short-term securities of a total €55.7 million (down from €77.3 million year-on-year).



Vossloh Group: CE, WC and ROCE trends

Working capital intensity greatly improved

At €208.0 million, the Group's average working capital showed a strong improvement for both the first six and nine months of 2011, down by over €100 million from €314.0 million (three quarters 2010), as well as from €309.0 million (fiscal 2010), mainly thanks to a significantly reduced net balance of trade receivables/payables. The (annualized) 9-month working capital intensity was upgraded year-on-year, from 23.3 to 18.1 percent.

Capital employed downscaled

For the three quarters (3Q) ended September 30, 2011, the Group's capital employed (primarily average CE) diminished year-on-year in the wake of the above-mentioned working capital improvement and despite the capex-boosted increase in fixed assets as of September 30, 2011, to €612.3 million (up from €580.0 million): closing CE shrank from €904.7 million at September 30, 2010, to €846.4 million a year later; 9-month average capital employed was likewise pared, from €886.8 million a year ago, and from a 12-month average of €884.5 million for fiscal 2010, to €802.3 million in 2011.

Vossloh Group

		9/30/2011	12/31/2010	9/30/2010
Total assets	€ mill.	1,486.3	1,405.8	1,452.9
Total equity	€ mill.	545.1	580.0	556.1
Equity ratio	%	36.7	41.3	38.3
Average working capital	€ mill.	208.0	309.0	314.0
Average working capital intensity[1]	%	18.1	22.9	23.3
Fixed assets	€ mill.	612.3	590.7	580.0
Closing capital employed	€ mill.	846.4	848.6	904.7
Average capital employed	€ mill.	802.3	884.5	886.8
Return on equity (ROE)[1, 2]	%	13.9	25.8	28.3
Net financial debt	€ mill.	199.1	136.6	173.5
Net leverage	%	36.5	23.5	31.2

[1] Annualized
[2] Based on average equity

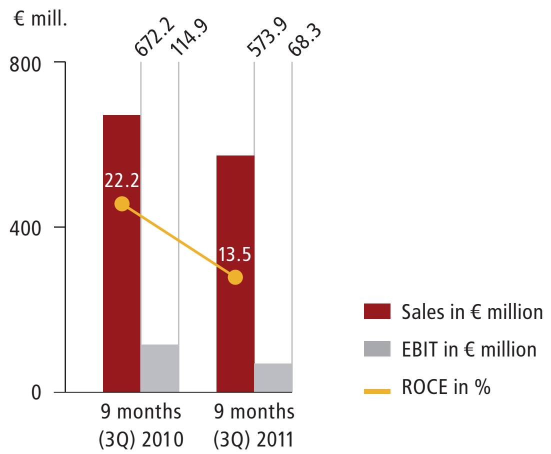
Rail Infrastructure business

Results of operations

Q3 sales at Rail Infrastructure again shrinking

Nine-month (3Q) sales by the Rail Infrastructure division added up to €573.9 million (down 14.6 percent from the year-earlier €672.2 million). Most of the shortfall was attributable to the Fastening Systems business unit. The division's third-quarter (Q3) sales slipped 14.1 percent to €200.6 million.

3Q order intake by this division amounted to €680.6 million (down from €826.5 million) of which the last three months contributed €202.5 million (down from €366.1 million). Order backlog at September 30 ran up to €624.0 million (from the year-earlier €576.2 million). Last year had seen a number of Q3 megacontracts awarded including fastening systems for the Lanzhou–Urumqi line in China and for the Libyan railway project. Hence order intake at the Fastening Systems and Switch Systems business units was year-on-year comparatively weaker. Vossloh Rail Services, in contrast, reported rising order intake both on a 3Q and Q3 comparison.



Rail Infrastructure: sales, EBIT and ROCE

Rail Infrastructure

		9 months (3Q) 2011	9 months (3Q) 2010	Q3/2011	Q3/2010
Sales	€ mill.	573.9	672.2	200.6	233.7
EBITDA	€ mill.	86.5	131.4	28.6	45.9
EBIT	€ mill.	68.3	114.9	22.4	40.2
EBIT margin	%	11.9	17.1	11.1	17.2
ROCE[1, 2]	%	13.5	22.2	12.8	23.0
Value added[1, 2]	€ mill.	17.8	57.9	5.0	21.0

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

Three-quarter sales at Vossloh Fastening Systems totaled €200.8 million, down 29.4 percent from the year-earlier €284.3 million. Third-quarter sales slumped 41.8 percent, from €107.0 million to €62.3 million, mostly due to plummeting sales in China. The first half of 2011 had already been poor and so at least for the third quarter Vossloh was hoping for construction work to restart. However, especially in September shipments remained massively short of original expectations and work is now expected to resume not before February 2012.

Order backlog at Vossloh Fastening Systems well up to €275 million

Q3 order intake at Vossloh Fastening Systems came to €81.7 million (down from €172.1 million) and included a new contract from China worth around €35 million for fasteners destined for the Hefei–Fuzhou line. Three-quarter orders added up to €270.0 million (down from €363.1 million). The year-earlier figure had included several megaorders totaling around €180 million, including the Libyan railway project and the Lanzhou–Urumqi line in China. Order backlog at September 30, 2011, amounted to a total €275.2 million, well above the year-earlier €232.9 million.

The Switch Systems business unit's 3-quarter (3Q) sales reached €308.7 million in 2011 (down 4.1 percent from €321.9 million). 2010 had been a period with large portions of sales from high-speed lines in Southern Europe. These have meanwhile been successfully completed. On a year-on-year comparison, third-quarter (Q3) sales rose 11.6 percent from €102.3 million to €114.2 million. Nonetheless, the increase fell short of expectations which had envisaged steeper growth rates especially in Southern and Northern Europe.

Solid €332 million order backlog at Vossloh Switch Systems

Order intake by Vossloh Switch Systems during the third quarter of 2011 slipped from €175.2 million to €91.8 million. The year-earlier total had included the Libyan megaproject worth around €78 million. Nine-month order intake totaled €330.0 million (down from €395.1 million). Order backlog at the end of the quarter added up to €332.1 million (down from €340.3 million).

Nine-month sales at Rail Services amounted to €68.9 million (up 3.1 percent year-on-year). Q3 sales alone came to €25.9 million (up 4.6 percent).

Growing order intake at Vossloh Rail Services reflects the popularity of the business unit's rail maintenance and logistics work. In the third quarter of 2011, the unit was awarded orders worth €31.2 million; the year-earlier figure of €19.4 million had been around 60 percent lower. At September 30, 2011, order backlog had climbed from €3.2 million to €17.7 million.

Rail Infrastructure's EBIT margin dropping to 11.9%

Rail Infrastructure's EBIT for the period January through September 2011 totaled €68.3 million (down from €114.9 million). The 40.6-percent decline in EBIT (steeper than the sales decrease) was especially due to the nosediving sales in China and the generally tighter prices chargeable for rail infrastructure products. The 9-month EBIT margin slumped accordingly from 17.1 to 11.9 percent. Third-quarter EBIT was €22.4 million, a 44.4-percent slide from the €40.2 million a year ago. The EBIT margin for this period wilted from the year-earlier 17.2 percent to 11.1 in 2011.

9-month ROCE at 13.5%

Rail Infrastructure's 9-month (3Q) ROCE sagged from 22.2 percent a year earlier to 13.5 in 2011. The division added value of €17.8 million in 3Q/2011 (down from €57.9 million), the slump being attributable to the poorer EBIT.

The €23.5 million value added by the Fastening Systems business unit was again the highest, though down from €47.8 million. Vossloh Switch Systems' 9-month VA turned around from a year-earlier black €1.2 million to a red €11.5 million, while Vossloh Rail Services added value of €5.7 million (down from €9.0 million). Based on the current WACC, the Rail Infrastructure division's VA amounted to €12.5 million after taxes.

Asset and capital structure

The Rail Infrastructure division's 3-quarter (3Q) average working capital improved year-on-year clearly from €273.3 million to €243.3 million, due to the slack business in the period. Swelling inventories contrasted with a reduced net balance of trade receivables/payables and lower prepayments received on orders. Rail Infrastructure's average working capital intensity inched up in the period, from 30.5 to 31.8 percent. Closing working capital edged up from €270.6 million at September 30, 2010, to €278.1 million a year later.

Rail Infrastructure

		9 months (3Q) 2011	FY 2010	9 months (3Q) 2010
Average working capital	€ mill.	243.3	269.4	273.3
Average working capital intensity*	%	31.8	30.2	30.5
Closing fixed assets	€ mill.	441.4	431.9	421.7
Closing capital employed	€ mill.	719.5	666.5	692.3
Average capital employed	€ mill.	672.8	688.7	690.8

*Annualized

As the Rail Infrastructure division's closing working capital climbed and fixed assets grew thanks to sizable capex, so did closing capital employed (CE) at September 30, 2011, from €692.3 million to €719.5 million; in contrast, 9-month average CE lessened year-on-year from €690.8 million to €672.8 million.

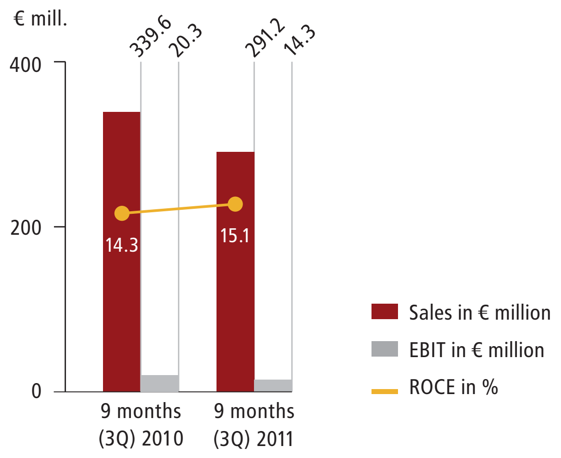
Transportation business

Results of operations

Q3/2011 sales up by 7.9%

Given the weak H1 sales, three-quarter (3Q) sales at the Transportation division were likewise still short of the year-earlier figure with revenue contracting 14.3 percent from €339.6 million to €291.2 million. Third-quarter (Q3) sales alone, in contrast, showed an improvement, mounting 7.9 percent from €95.1 million to €102.6 million.

In the first nine months of 2011, this division won new orders worth €461.9 million, including €42.6 million in the months July through September. Order backlog at the end of the period under review totaled €739.2 million (up from €548.0 million). The bulging order books are to the credit of both Vossloh Transportation Systems (contracts from Israel Railways and Europorte booked early in 2011) and Vossloh Electrical Systems.



Transportation: sales, EBIT and ROCE

Three-quarter sales at Vossloh Transportation Systems receded 17.2 percent from €223.8 million to €185.4 million. Because of poor order intake in 2010, revenue at the Valencia location (Vossloh Rail Vehicles) was still faltering. The Kiel-based locomotive plant, in contrast, raised its revenue thanks to the sales surge in early 2011. Year-on-year Vossloh Transportation Systems lifted third-quarter sales 9.6 percent from €60.6 million to €66.4 million.

Order intake by the Transportation Systems business unit in 3Q/2011 reached €286.7 million (€31.8 million in the third quarter). Order backlog at September 30, 2011, totaled €440.4 million, well over the year-earlier €356.2 million.

Tall order backlog of €440 million

Transportation

		9 months (3Q) 2011	9 months (3Q) 2010	Q3/2011	Q3/2010
Sales	€ mill.	291.2	339.6	102.6	95.1
EBITDA	€ mill.	23.8	29.3	10.0	8.4
EBIT	€ mill.	14.3	20.3	7.2	5.7
EBIT margin	%	4.9	6.0	7.0	6.0
ROCE[1,2]	%	15.1	14.3	26.5	11.1
Value added[1,2]	€ mill.	4.8	4.7	4.5	0.1

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

Nine-month sales at Vossloh Locomotives climbed 10.8 percent from €69.3 million to €76.8 million. The Kiel plant benefited from the revival in new-locomotive business and more maintenance work. Sales in Q3 alone were 6.5 percent down, from €35.4 million to €33.1 million.

For the period January through September 2011, Vossloh Rail Vehicles reported sales of €108.6 million (as expected, down 29.8 percent from €154.7 million). The third quarter (Q3) did, however, show a steep 31.5-percent rise from €25.3 million to €33.3 million.

Vossloh Rail Vehicles with 31.5% sales gain in Q3/2011

Nine-month sales at Vossloh Electrical Systems slipped from the year-earlier €118.2 million to €110.0 million. Q3 sales, however, rose 6.9 percent from €35.9 million to €38.4 million. Three-quarter order intake by this business unit more than doubled from €86.8 million to €182.1 million. The third quarter saw new contracts worth €12.9 million.

EBIT margin year-on-year up to 7%

Three-quarter EBIT at the Transportation division fell 29.9 percent from €20.3 million to €14.3 million. The third quarter, however, did deliver a substantial EBIT, hiking from €5.7 million a year earlier to €7.2 million. So, the Q3 EBIT margin also improved, from 6.0 to 7.0 percent—well above the 4.9 percent for the first three quarters.

ROCE likewise higher at 15.1%

In a year-on-year comparison, 9-month ROCE and value added were both upgraded: 3Q ROCE was stepped up to 15.1 percent in 2011 (up from 14.3) while the value added in the period by the Transportation division likewise inched up to €4.8 million (from €4.7 million). Vossloh Transportation Systems' 3-quarter VA continued in the red, amounting to a negative €4.2 million (which compares with a likewise negative year-earlier €5.6 million), whereas the Electrical Systems business unit added value of €9.0 million (down from €10.3 million), thus solidly remaining in the black. Applying the current WACC brings the division's 9-month posttax value added to €3.4 million.

Asset and capital structure

The Transportation division's 3-quarter average working capital turned around year-on-year from a black €46.9 million to a red €29.1 million, closing working capital at September 30 from €58.9 million to a negative €34.3 million in 2011, the improvement being mainly due to swelling prepayments received on orders.

Thanks to the slashed working capital, the division's 9-month capital employed averaged €125.7 million in 2011 (down from €189.0 million) while Transportation closed the period with capital employed of €125.9 million.

Transportation

		9 months (3Q) 2011	FY 2010	9 months (3Q) 2010
Average working capital	€ mill.	(29.1)	45.9	46.9
Average working capital intensity*	%	(7.5)	10.0	10.4
Closing fixed assets	€ mill.	160.2	149.1	146.8
Closing capital employed	€ mill.	125.9	180.3	205.7
Average capital employed	€ mill.	125.7	189.5	189.0

*Annualized

Capital expenditures

Nine-month capital outlays by the Vossloh Group amounted to €50.3 million (up €9.2 million). The increase was the consequence of the capex program rolled out in 2010 and envisaging up to 2012 selected projects for expanding capacities and boosting efficiency throughout the business units. Included are a switch system production plant in China, a new furnace for Werdohl, and a fastening system facility for Russia now planned in 2012.

Additions to tangible/intangible assets

€ million	9 months (3Q) 2011	9 months (3Q) 2010	Q3/2011	Q3/2010
Rail Infrastructure	27.2	19.6	10.9	7.5
Transportation	20.6	18.8	8.5	6.2
Vossloh AG	2.5	2.7	0.6	0.9
Total	**50.3**	**41.1**	**20.0**	**14.6**

Capex program to continue

At €27.2 million, Rail Infrastructure accounted for the lion's share of the 3-quarter capital expenditures where at Vossloh Rail Services, in particular, spending surged from €1.6 million to €6.2 million. The business unit is thus pursuing its plans for building new trains for high-speed rail grinding. At €8.7 million, capital outlays at Vossloh Fastening Systems approximated the year-earlier €8.2 million. At the Switch Systems business unit most of the capex incurred in the three quarters 2011 (up from €9.8 million to €12.3 million) was allocated to the construction of the switch factory in China.

Nine-month outlays at the Transportation division rose from €18.8 million to €20.6 million. At Vossloh Transportation Systems they fell from €17.0 million to €14.2 million, at Vossloh Electrical Systems they soared from €1.8 million to €6.5 million in 2011. The key item here was the purchase of an office and production building in Düsseldorf.

Research & development

The Vossloh Group's 9-month R&D expenses amounted to €7.4 million (year-on-year down 6.8 percent).

Rail Infrastructure's R&D expenses amounted to €4.7 million of which Vossloh Fastening Systems accounted for €2.4 million and hence €0.9 million more than in 3Q/2010. R&D costs at Vossloh Switch Systems and Vossloh Rail Services were just short of the year-earlier volumes and came to €1.6 million and €0.7 million, respectively.

The Transportation division's 3-quarter R&D expenses totaled €2.8 million (down from €3.9 million) of which Vossloh Electrical Systems again accounted for a major share. R&D expenses at Vossloh Transportation Systems climbed year-on-year from €0.9 million to €1.2 million.

In addition to the directly expensed R&D costs, Vossloh capitalized in the period costs of €12.0 million for its own development work (down from €14.0 million). These were solely incurred at the locomotive locations—Vossloh Locomotives, Kiel, and Vossloh España S.A., Valencia.

On a 9-month comparison, the share of R&D expenses in relation to value created mounted from 2.6 to 2.8 percent; the share of R&D expenditures in sales moved up from 2.2 to 2.3 percent.

Workforce

At September 30, 2011, the Vossloh Group employed a workforce of 5,069 (year-on-year up from 4,937). Compared with year-end 2010, the headcount advanced 163.

Additional employees were especially needed at the Rail Services business unit where Vossloh Rail Center Nürnberg GmbH and Vossloh Rail Center Bützow GmbH reported at September 30, 2011, headcounts of 75 and 43, respectively. The new companies Vossloh Mobile Rail Services GmbH and Vossloh High Speed Grinding GmbH, both of Seevetal, had workforces of 65 and 28 at quarter-end. On balance, the business unit's headcount had risen by 34 and 41 compared with September 30 and December 31, 2010, respectively.

Headcount at

	9/30/2011	12/31/2010	9/30/2010
Rail Infrastructure	3,252	3,147	3,123
Transportation	1,771	1,712	1,766
Vossloh AG	46	47	48
Total	**5,069**	**4,906**	**4,937**

Added employees in both divisions

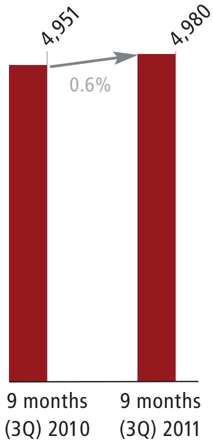
Rail Infrastructure's workforce grew by 129 (year-on-year) and 105 (from year-end 2010). The two business units, Fastening Systems and Switch Systems in Poland, raised their workforces. Vossloh Fastening Systems also required more employees at the Werdohl location. Vossloh Switch Systems recruited the first of its workforce members in China.

The Transportation division likewise employed extra personnel and at September 30, 2011, had a workforce of 1,771, hence mounting by 59 (year-on-year) or 5 (from year-end 2010). Most of the additional personnel was recruited at Vossloh Electrical Systems.

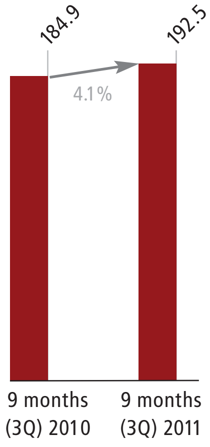
At September 30, 2011, altogether 1,781 employees were working in Germany, up 77 year-on-year and 96 from year-end 2010. Outside of Germany, the headcount rose by 54 from the year-earlier 3,234 to 3,288. Therefore, 35 percent of the Vossloh workforce (up from 34) was in the period employed inside and 65 percent outside Germany.

Rising headcount in and outside Germany

Declining group sales were the main reason for the shrinkage in 9-month sales per capita from k€204.4 to k€173.5 while personnel expenses per capita climbed 3.8 percent to k€38.7. The ratio of payroll to value created during the period advanced from 59.7 to 73.0 percent and its ratio to sales from 18.3 to 22.3 percent.



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 2010. 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). Possible risks emanating from antitrust proceedings and affecting group companies, cannot at present be assessed regarding either their existence or magnitude.

On July 7, 2011, the Vossloh Group had adjusted its sales and EBIT forecasts for 2011 and this was followed by a second round of adjustments on September 29, 2011. Given a series of adverse factors which have compounded in the summer quarter of 2011, the Group now predicts for this year sales of around €1.2 billion and an EBIT of €90–€100 million. The preceding forecast had been €1.25 billion and €120–€130 million, respectively. The figures prior to these two adjustments had been around €1.4 billion for group sales and over €160 million for EBIT.

Slumping shipments for China's high-speed rail lines are one major reason for the marked change in forecast for 2011. Among the other factors impacting on Vossloh's business this year are, alongside below-expectation sales in Russia and the suspension of work on the project originally planned for Libya, a growing delay and hence for 2011 a sharp reduction in orders placed in Southern Europe as well as in Scandinavia, with the consequence that especially the Rail Infrastructure division is having to contend with growing price pressure.

As to 2012 and compared with 2011, Vossloh is expecting both sales and EBIT to rise.

Condensed interim financial statements of the Vossloh Group as of September 30, 2011

Income statement for the 9 (3Q) and 3 months (Q3) ended September 30, 2011

€ million	3Q/2011	3Q/2010	Q3/2011	Q3/2010
Net sales	863.8	1,011.9	302.4	328.8
Cost of sales	(690.8)	(778.7)	(242.1)	(249.0)
General administrative and selling expenses	(117.5)	(113.8)	(39.6)	(39.7)
R&D expenses	(7.4)	(8.0)	(2.9)	(2.4)
Other operating income/expenses, net	18.2	10.3	4.4	3.9
Operating result	**66.3**	**121.7**	**22.2**	**41.6**
Net P/L from associated affiliates	0.8	0.8	0.3	0.6
Other financial income	1.3	0.1	1.1	0.0
Other financial expenses	(0.5)	(0.0)	(0.1)	(0.0)
EBIT	**67.9**	**122.6**	**23.5**	**42.2**
Interest income	10.5	7.7	3.5	2.5
Interest expense	(18.5)	(16.8)	(6.7)	(5.5)
EBT	**59.9**	**113.5**	**20.3**	**39.2**
Income taxes	(15.6)	(26.1)	(7.0)	(9.8)
Total net income (EAT)	**44.3**	**87.4**	**13.3**	**29.4**
thereof **group earnings** (Vossloh stockholders)	**39.2**	**75.9**	**12.0**	**25.2**
thereof minority interests	5.1	11.5	1.3	4.2
Earnings per share (EpS) in €				
Undiluted/fully diluted EpS	2.95	5.70	0.91	1.89

Statement of comprehensive income for 3Q and Q3/2011

€ million	3Q/2011	3Q/2010	Q3/2011	Q3/2010
Total net income	**44.3**	**87.4**	**13.3**	**29.4**
Statement at fair value of derivatives in CFHs				
Change in OCI	7.3	10.5	1.0	6.5
Gains/losses recycled from OCI to income statement	0.6	0.1	0.2	0.0
Statement at fair value of securities available for sale				
Change in OCI	–	–	–	–
Currency translation differences				
Change in OCI	(2.8)	6.7	3.5	(5.5)
Deferred taxes				
on OCI changes	(2.4)	(4.3)	(0.3)	(3.1)
Total OCI	**2.7**	**13.0**	**4.4**	**(2.1)**
Comprehensive income	**47.0**	**100.4**	**17.7**	**27.3**
thereof Vossloh stockholders	42.4	87.5	15.5	24.9
thereof minority interests	4.6	12.9	2.2	2.4

Cash flow statement for the 9 months (3Q) ended September 30, 2011

€ million	3Q/2011	3Q/2010
Cash flow from operating activities:		
EBIT	67.9	122.6
Amortization/depreciation/write-down (less write-up) of noncurrent assets	28.7	26.0
Change in noncurrent accruals	(5.7)	16.3
Gross cash flow	**90.9**	**164.9**
Noncash change in shares in associated affiliates	(0.8)	(0.8)
Other noncash income/expenses, net	3.2	3.5
Net book gain/loss from the disposal of intangibles/tangibles	(1.7)	0.2
Cash outflow for income taxes	(18.5)	(19.9)
Change in working capital	15.0	(75.2)
Changes in other assets/liabilities, net	(3.9)	(3.0)
Net cash provided by operating activities	**84.2**	**69.7**
Cash flow from investing activities:		
Cash outflow for additions to intangibles/tangibles	(50.3)	(41.1)
Cash outflow for additions to noncurrent financial instruments	(5.3)	(3.6)
Cash inflow from the disposal of intangibles/tangibles	0.5	0.2
Cash inflow from the disposal of noncurrent financial instruments	2.9	0.4
Cash (outflow for)/inflow from short-term securities purchased/sold, net	(0.4)	(2.5)
Cash outflow for M&A	(7.7)	(87.4)
Net cash used in investing activities	**(60.3)**	**(134.0)**
Cash flow from financing activities:		
Change in treasury stock	(34.1)	–
Cash inflow from transfers to equity	–	0.0
Cash outflow to stockholders and minority interest holders	(45.6)	(35.9)
Net finance from short-term loans	44.7	9.7
Net finance from medium-/long-term loans	(2.6)	2.5
Cash inflow from interest	4.3	15.9
Cash outflow for interest	(15.9)	(14.2)
Net cash used in financing activities	**(49.2)**	**(22.0)**
Net outflow of cash and cash equivalents	(25.3)	(86.3)
Change in cash and cash equivalents from initial consolidation	5.6	2.3
Parity-related changes	(0.9)	1.5
Opening cash and cash equivalents	**74.6**	**156.5**
Closing cash and cash equivalents	**54.0**	**74.0**

Balance sheet

Assets in € million	9/30/2011	12/31/2010	9/30/2010
Intangible assets	413.7	406.2	406.4
Tangible assets	182.4	162.0	156.4
Investment properties	6.0	6.1	6.3
Shares in associated affiliates	1.1	5.5	4.9
Other noncurrent financial instruments	13.3	11.0	9.4
Other noncurrent assets	0.5	0.4	0.6
Deferred tax assets	40.4	35.2	31.2
Total noncurrent assets	**657.4**	**626.4**	**615.2**
Inventories	345.6	300.5	333.8
Trade receivables	364.4	360.6	381.7
Income tax assets	9.0	6.2	7.0
Sundry current assets	54.2	36.2	37.9
Short-term securities	1.7	1.3	3.3
Cash and cash equivalents	54.0	74.6	74.0
Total current assets	**828.9**	**779.4**	**837.7**
Total assets	**1,486.3**	**1,405.8**	**1,452.9**

Equity & liabilities in € million	9/30/2011	12/31/2010	9/30/2010
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7
Treasury stock	(34.1)	(105.8)	(106.2)
Reserves retained from earnings	427.4	467.7	467.5
Undistributed group profit	4.7	7.0	7.0
Group earnings	39.2	97.5	75.9
Accumulated other comprehensive income	8.4	5.2	6.2
Stockholders' equity	**526.1**	**552.1**	**530.9**
Minority interests	19.0	27.9	25.2
Total equity	**545.1**	**580.0**	**556.1**
Pension accruals	12.5	11.7	12.0
Noncurrent tax accruals	–	0.0	2.8
Other noncurrent accruals	59.6	75.8	99.1
Noncurrent financial debts	182.6	187.0	182.0
Other noncurrent liabilities	25.8	26.2	33.4
Deferred tax liabilities	45.4	36.9	36.1
Total noncurrent liabilities and accruals	**325.9**	**337.6**	**365.4**
Current tax accruals	5.0	10.1	8.9
Other current accruals	171.3	157.9	147.2
Current financial debts	72.2	25.5	68.9
Trade payables	275.3	204.9	204.0
Current income tax liabilities	7.6	3.9	6.4
Other current liabilities	83.9	85.9	96.0
Total current liabilities and accruals	**615.3**	**488.2**	**531.4**
Total equity and liabilities	**1,486.3**	**1,405.8**	**1,452.9**

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 12/31/2009	**37.8**	**42.7**	**(106.2)**	**410.5**	**4.5**	**87.9**	**(5.0)**	**472.2**	**20.4**	**492.6**
Carryforward to new account					87.9	(87.9)		0.0		0.0
Transfer to reserves retained from earnings				57.0	(57.0)			0.0		0.0
Change due to derecognition					(0.5)		(0.4)	(0.9)	(0.3)	(1.2)
Change due to initial consolidation					(1.3)			(1.3)	1.5	0.2
Comprehensive income						75.9	11.6	87.5	12.9	100.4
Capital increases from SOPs	0.0	0.0						0.0		0.0
Dividend payout					(26.6)			(26.6)	(9.3)	(35.9)
Balance at 9/30/2010	**37.8**	**42.7**	**(106.2)**	**467.5**	**7.0**	**75.9**	**6.2**	**530.9**	**25.2**	**556.1**
Transfer to reserves retained from earnings				0.2	(0.2)			0.0		0.0
Change due to derecognition					0.2		(0.1)	0.1	(0.2)	(0.1)
Change due to initial consolidation							0.0	0.0		0.0
Comprehensive income						21.6	(0.9)	20.7	3.5	24.2
Capital increases from the employee bonus program 2010 and from SOPs	0.0	0.0						0.0		0.0
Dividend payout								0.0	(0.6)	(0.6)
Disposal of treasury shares			0.4					0.4		0.4
Balance at 12/31/2010	**37.8**	**42.7**	**(105.8)**	**467.7**	**7.0**	**97.5**	**5.2**	**552.1**	**27.9**	**580.0**
Carryforward to new account					97.5	(97.5)		0.0		0.0
Transfer to reserves retained from earnings				65.5	(65.5)			0.0		0.0
Change in equity interests					(1.0)			(1.0)	(1.2)	(2.2)
Comprehensive income						39.2	3.2	42.4	4.6	47.0
Dividend payout					(33.3)			(33.3)	(12.3)	(45.6)
Stock redeemed and withdrawn			105.8	(105.8)				0.0		0.0
Repurchase of treasury stock			(34.1)					(34.1)		(34.1)
Balance at 9/30/2011	**37.8**	**42.7**	**(34.1)**	**427.4**	**4.7**	**39.2**	**8.4**	**526.1**	**19.0**	**545.1**

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 information as of September 30, 2011, has been prepared in accordance with the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

The accounting and valuation principles adopted in interim reporting conform with those used for the annual consolidated financial statements as of December 31, 2010, and the interim reports so far published in 2011, with due regard to International Accounting Standard (IAS) 34 *Interim Reporting* and German Accounting Standard (GAS) No. 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 changed since the H1 report as of June 30, 2011: As published in the semiannual report, all of the shares in J Rail Components & Manufacturing, Inc., Grass Valley, CA, USA, were acquired by share deal at a price of $8 million. The company manufactures switch machines and related components and has been assigned to Vossloh Switch Systems.

The purchase price, corresponding to €5.5 million, for the share deal contrasted with the following assets:

	Pre-combination book values	Adjustments	Fair values at initial consolidation date
Intangible assets	0.0	1.3	1.3
Inventories	0.9	0.0	0.9
Trade receivables	0.5	0.0	0.5
Other assets	0.1	0.0	0.1
Liabilities	0.5	0.5	1.0
Net assets acquired	**1.0**	**0.8**	**1.8**
Acquisition price			5.5
Residual goodwill			**3.7**

Consequently, including Vossloh AG, 24 German and 35 foreign companies were consolidated fully in the interim financial statements as of September 30, 2011. Moreover, three foreign companies and one German were consolidated pro rata, one German associated affiliate being included at equity.

Equity

On July 26, 2011, Vossloh AG's Executive Board resolved with the Supervisory Board's approval to redeem and withdraw the 1,470,630 treasury shares then held by the Company, without decreasing the capital stock and without any effect on either the number of shares outstanding or the carrying amount of equity.

At the same time and as authorized by the AGM vote of May 19, 2010, Vossloh AG launched a share buyback program covering up to 1,332,529 treasury shares (tantamount to 10 percent of the capital stock) and to be completed by June 30, 2012. By September 30, 2011, the quarterly closing date, 421,846 shares of treasury stock had been repurchased at an average price of €80.86.

Therefore, Vossloh AG's capital stock has remained unchanged and amounted to €37,825,168.86 as of September 30, 2011, divided into 13,325,290 shares, of which 12,903,444 were outstanding as of September 30, 2011. The total expense incurred for the share buyback is openly offset against equity.

Earnings per share

		3Q/2011	3Q/2010
Weighted average number of common shares		14,441,702	14,795,904
Repurchased shares (weighted)		(1,166,774)	(1,476,230)
Weighted average number of shares outstanding		13,274,928	13,319,674
Dilutive shares from stock options under the ESOP/LTIP		–	8
Fully diluted weighted average number of shares outstanding		13,274,928	13,319,682
Group earnings	€ mill.	39.2	75.9
Undiluted (basic) EpS	**€**	**2.95**	**5.70**
Fully diluted EpS	**€**	**2.95**	**5.70**

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 the 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 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-time availability of the approved (un)loading systems.

The Transportation division includes the rail vehicle and vehicle system/component operations plus the related services. It 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, besides providing M&R 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 the world's leading supplier of electrical equipment for trolleybuses and other electric buses which since 2008 have optionally been available with hybrid drive systems. 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.

Consolidation eliminates all intersegment transactions, such as primarily by mutually offsetting intragroup income/expenses and receivables/payables, as well as by eliminating intragroup income from profit distribution. The (HQ) Consolidation column includes not only the Group's top-tier consolidation items but also the holding companies which cannot be assigned to any segment, plus Vossloh AG as the Group's managerial grandparent and financial holding company.

The accounting methods of all segments are identical. 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:

Reconciliation of value added with EBIT

€ million	3Q/2011	3Q/2010	Q3/2011	Q3/2010
Value added	7.8	49.5	3.3	17.3
Cost of capital employed	60.1	73.1	20.2	24.9
EBIT	**67.9**	**122.6**	**23.5**	**42.2**

Related-party transactions

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

€ million	3Q/2011 or 9/30/2011	3Q/2010 or 9/30/2010
Sale/purchase of goods		
Net sales	5.4	4.7
Expenses	1.2	1.4
Trade receivables	4.0	2.3
Trade payables	0.5	0.3
Sale/purchase of other assets		
Receivables from the sale of other assets	0.0	0.1
Finance		
Interest income from loans granted	0.0	0.0
Interest expense for loans received	0.0	0.0
Receivables under loans granted	1.3	0.5
Payables under loans received	–	–
Guaranties/collateral furnished		
Bonds/guaranties furnished	9.4	13.5
Other collateral furnished	1.3	3.5

Contingent liabilities

In comparison to December 31, 2010, the Group's contingent liabilities moved down €2.5 million to €14.8 million; this total includes guaranties for €11.3 million, as well as contingent liabilities from the collateralization of third-party debts of €3.5 million.

Significant reportable events

For details of the period's significant reportable events and their effects, nature and occurrence, see the interim group management report.

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
3Q/2011	€ mill.	23.5	(11.5)	5.7	0.1	**17.8**
3Q/2010	€ mill.	47.8	1.2	9.0	(0.1)	**57.9**
Q3/2011	€ mill.	4.5	(1.8)	2.2	0.1	**5.0**
Q3/2010	€ mill.	17.9	(2.0)	5.2	(0.1)	**21.0**
Total assets						
9/30/2011	€ mill.	240.1	427.8	111.1	198.8	**977.8**
9/30/2010	€ mill.	236.3	396.3	118.5	212.7	**963.8**
Liabilities						
9/30/2011	€ mill.	132.9	138.9	69.4	(3.7)	**337.5**
9/30/2010	€ mill.	98.2	153.7	72.2	(0.5)	**323.6**
Net external sales						
3Q/2011	€ mill.	191.8	308.5	68.9	0.3	**569.5**
3Q/2010	€ mill.	279.5	321.8	66.8	0.0	**668.1**
Q3/2011	€ mill.	57.7	114.1	25.9	(0.1)	**197.6**
Q3/2010	€ mill.	105.8	102.3	24.7	0.0	**232.8**
Intersegment transfers						
3Q/2011	€ mill.	9.0	0.2	0.0	(4.8)	**4.4**
3Q/2010	€ mill.	4.8	0.1	0.0	(0.8)	**4.1**
Q3/2011	€ mill.	4.6	0.1	0.0	(1.7)	**3.0**
Q3/2010	€ mill.	1.2	0.1	0.0	(0.4)	**0.9**
Interest income						
3Q/2011	€ mill.	0.1	0.7	0.0	(0.1)	**0.7**
3Q/2010	€ mill.	0.1	0.3	0.1	(0.1)	**0.4**
Q3/2011	€ mill.	0.0	0.3	0.0	0.0	**0.3**
Q3/2010	€ mill.	0.1	0.1	0.1	(0.1)	**0.2**
Interest expense						
3Q/2011	€ mill.	(2.2)	(2.1)	(1.7)	0.0	**(6.0)**
3Q/2010	€ mill.	(2.1)	(2.3)	(1.3)	0.0	**(5.7)**
Q3/2011	€ mill.	(1.0)	(0.8)	(0.6)	0.0	**(2.4)**
Q3/2010	€ mill.	(0.8)	(0.7)	(0.4)	0.0	**(1.9)**
Amortization/depreciation						
3Q/2011	€ mill.	4.5	8.2	5.6	0.0	**18.3**
3Q/2010	€ mill.	3.4	7.3	5.8	0.0	**16.5**
Q3/2011	€ mill.	1.6	2.8	1.9	0.0	**6.3**
Q3/2010	€ mill.	1.4	2.6	1.7	0.0	**5.7**
Expenditures for noncurrent assets						
3Q/2011	€ mill.	8.7	12.3	6.2	0.0	**27.2**
3Q/2010	€ mill.	8.2	9.8	1.6	0.0	**19.6**
Q3/2011	€ mill.	4.2	4.9	1.8	0.0	**10.9**
Q3/2010	€ mill.	3.3	3.5	0.7	0.0	**7.5**
Average headcount						
3Q/2011		570	2,265	357	0	**3,192**
3Q/2010		490	2,302	317	0	**3,109**

Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
(4.2)	9.0	0.0	**4.8**	(13.7)	(1.1)	**7.8**
(5.6)	10.3	0.0	**4.7**	(14.4)	1.3	**49.5**
0.7	3.8	0.0	**4.5**	(5.0)	(1.2)	**3.3**
(2.3)	2.4	0.0	**0.1**	(5.3)	1.5	**17.3**
475.0	201.2	(2.2)	**674.0**	836.4	(1,001.9)	**1,486.3**
411.1	175.9	(1.0)	**586.0**	792.2	(889.1)	**1,452.9**
209.8	73.1	(2.1)	**280.8**	456.6	(429.6)	**645.3**
163.0	55.0	(1.1)	**216.9**	380.0	(330.7)	**589.8**
184.2	104.5	0.0	**288.7**	0.2	0.0	**858.4**
223.8	115.0	0.0	**338.8**	0.2	0.1	**1,007.2**
65.5	35.7	0.0	**101.2**	0.1	0.1	**299.0**
60.6	34.2	0.0	**94.8**	0.1	0.0	**327.7**
1.2	5.5	(4.2)	**2.5**	0.6	(2.1)	**5.4**
0.0	3.2	(2.4)	**0.8**	0.6	(0.8)	**4.7**
0.9	2.7	(2.2)	**1.4**	0.3	(1.3)	**3.4**
0.0	1.7	(1.4)	**0.3**	0.2	(0.3)	**1.1**
10.2	0.4	0.0	**10.6**	6.2	(7.0)	**10.5**
7.4	0.1	0.0	**7.5**	5.2	(5.4)	**7.7**
3.6	0.2	0.0	**3.8**	2.2	(2.7)	**3.6**
2.5	0.0	0.0	**2.5**	1.8	(1.9)	**2.5**
(7.4)	(1.0)	0.0	**(8.4)**	(11.1)	7.0	**(18.5)**
(4.4)	(0.9)	0.0	**(5.3)**	(11.4)	5.6	**(16.8)**
(2.8)	(0.4)	0.1	**(3.1)**	(4.0)	2.8	**(6.7)**
(1.5)	(0.3)	0.0	**(1.8)**	(3.8)	2.0	**(5.5)**
7.3	2.3	0.0	**9.6**	0.4	0.0	**28.3**
7.0	2.0	0.0	**9.0**	0.5	0.0	**26.0**
2.1	0.8	(0.1)	**2.8**	0.2	0.0	**9.3**
2.1	0.7	0.0	**2.8**	0.0	0.0	**8.5**
14.2	6.5	(0.1)	**20.6**	2.5	0.0	**50.3**
17.0	1.8	0.0	**18.8**	2.7	0.0	**41.1**
7.3	1.1	0.1	**8.5**	0.6	0.0	**20.0**
5.5	0.7	0.0	**6.2**	0.9	0.0	**14.6**
1,085	656	0	**1,741**	47	0	**4,980**
1,161	633	0	**1,794**	48	0	**4,951**

Financial diary 2011

Investors and analysts conference	December 2, 2011

For further information go to www.vossloh.com

Financial diary 2012

Publication of financial information 2011	March 29, 2012
Press conference	March 29, 2012
Investors and analysts conference	March 29, 2012
Annual general meeting	May 23, 2012
Dividend payout	May 24, 2012
Publication of interim reports as of	
March 31, 2012	April 26, 2012
June 30, 2012	July 26, 2012
September 30, 2012	October 31, 2012
Investors and analysts conference	December 6, 2012

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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. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim
	Dr. Christoph Kirsch, former CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Michael Ulrich, mechanic, Kiel

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