Interim financial report as of September 30, 2012

Group figures and indicators		9 months 2012	9 months 2011
Income statement data			
Net sales	€ mill.	891.5	863.8
Rail Infrastructure	€ mill.	571.5	573.9
Transportation	€ mill.	320.4	291.2
EBIT	€ mill.	61.1	68.2
Net interest expense	€ mill.	(13.9)	(8.0)
EBT	€ mill.	47.2	60.2
Group earnings	€ mill.	31.4	39.4
Earnings per share (EpS)	€	2.62	2.96
EBIT margin	%	6.9	7.9
Pretax return on equity (ROE)[1]	%	13.1	14.0
Return on capital employed (ROCE)[2]	%	10.0	11.3
Value added[2]	€ mill.	(0.3)	8.0
Balance sheet data			
Fixed assets[3]	€ mill.	650.5	612.3
capital expenditures	€ mill.	39.7	50.3
amortization/depreciation	€ mill.	29.7	28.3
Closing working capital	€ mill.	194.9	234.1
Closing working capital intensity	%	16.4	20.3
Closing capital employed	€ mill.	845.5	846.4
Total equity	€ mill.	486.4	542.4
minority interests	€ mill.	14.6	19.0
Net financial debt	€ mill.	253.2	199.1
Net leverage	%	52.0	36.7
Total assets	€ mill.	1,549.4	1,486.3
Equity ratio	%	31.4	36.5
Cash flow statement data			
Gross cash flow	€ mill.	97.2	90.2
Cash flow from operating activities	€ mill.	80.8	84.2
Cash flow from investing activities	€ mill.	(48.2)	(60.3)
Cash flow from financing activities	€ mill.	(66.7)	(49.2)
Change in cash & cash equivalents	€ mill.	(34.1)	(25.3)
Workforce data			
Average headcount in the period		5,053	4,980
Rail Infrastructure		3,172	3,192
Transportation		1,834	1,741
Vossloh AG		47	47
Payroll intensity	%	75.7	73.0
Personnel expenses	€ mill.	199.4	192.5
Share data			
Stock price at September 30	€	71.71	74.05
Market capitalization at September 30	€ mill.	860.0	955.5

[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:

The Vossloh Group fared well in the period July through September 2012. Its Transportation division benefited from the surging order influx of 2011 whose all-division repercussions will, moreover, reach well beyond 2013. At Rail Infrastructure, the two big business units—Switch Systems and Fastening Systems—reported higher sales; Q3 revenue at the Rail Services business unit, in contrast, was still well short of both the year-earlier and our budgeted figures. Altogether, Vossloh's 9-month performance in 2012 was in line with the expected trend announced back in December 2011.

Nine-month sales within the Group mounted 3.2 percent to €891.5 million. Vossloh's EBIT improved in the third quarter by 28 percent to €30.1 million and hence EBIT for the first three quarters totaled €61.1 million (down from €68.2 million). The Group's EBIT margin for the nine months amounted to 6.9 percent (down from 7.9) but did jump year-on-year from 7.8 to 9.4 percent in the third quarter. Hence Q3 ROCE climbed from 11.7 to 14.4 percent in a year-on-year comparison. Three-quarter ROCE slipped from 11.3 to 10.0 percent.

Q3/2012 was a particularly good period for the Rail Infrastructure division whose sales rose year-on-year 8.8 percent to €218.4 million and its EBIT 20.4 percent to €26.9 million. This proud performance was solely attributable to Vossloh Fastening Systems and Vossloh Switch Systems. Happily, the Fastening Systems business unit has since June 2012 been resuming shipments under the contracts in China.
In contrast, sales and earnings at the Rail Services business unit were well short of the year-earlier level since there was no recovery in demand for rail welding services. Altogether, Rail Infrastructure reported nine-month sales of €571.5 million, in the year-earlier magnitude. EBIT amounted to €58.6 million and the EBIT margin to 10.3 percent. ROCE for the period was 11.3 percent.

By the end of September, the Transportation division reported sales of €320.4 million (up 10.1 percent). During the period, EBIT jumped 13.1 percent to €16.1 million; consequently, the EBIT margin at 5.0 percent was likewise a slight year-on-year improvement.

For Vossloh, Q3/2012 was a successful period not only in terms of sales and EBIT but also order intake at €371.9 million. Both the Rail Infrastructure and Transportation divisions booked a number of, in some cases sizable, orders.
The city of Chemnitz awarded the Transportation division a contract for train-trams valued at around €42 million. This division also won major orders from Israel Railways and the French tracklaying company Travaux du Sud-Ouest SA (TSO).

Vossloh Switch Systems booked a large order for the high-speed line Bordeaux–Tours. In equipping this line, Vossloh Fastening Systems, already an international leader in rail fasteners for high-speed slab lines, is again emphasizing its credentials in high-speed ballasted trackage, too.

Vossloh is squarely on track within an environment of fierce competitiveness, and with the increasing significance of project business, one that for the Group harbors not only opportunities but also increasingly risks. We will rigorously stick to our strategy of expanding in attractive segments of the ever-growing rail technology market and would be happy to have you continue in our company.

Yours,

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 transport rail 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

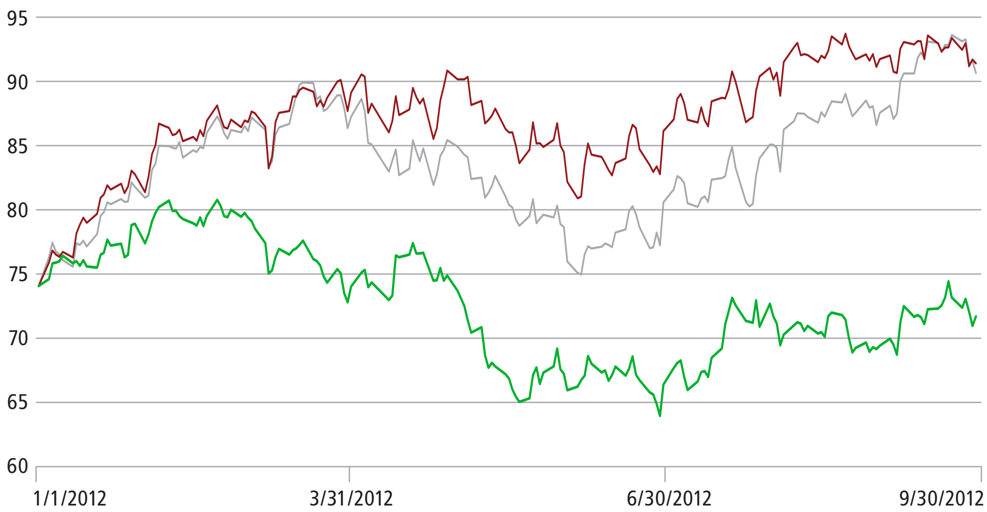
After bearish trends in May and June, the stock markets rallied in the third quarter of this year buoyed by generally more upbeat news on the eurozone's sovereign-debt crisis albeit weak economic data especially from Asia but also Europe and the USA kept weighing upon the markets.

Vossloh outperforms MDAX in Q3/2012

In Q3/2012, the Euro Stoxx 50 gained 8.3, the Dow Jones 4.3 percent. During the same period the Japanese Nikkei lost 1.5 percent. In Germany, particularly the lead index, DAX, continued the solid performance of early 2012 and in the third quarter advanced by 12.5 percent. The MDAX, which includes Vossloh stock, rose 6.1 percent. During the same period, Vossloh stock climbed 8.0 percent to €71.71.

During these three months Vossloh stock vacillated between €65.74 in early July and a quarterly high of €74.79 on September 21. Whereas in July the share price outpaced the overall market as a consequence of the resumption of rail fastener shipments in China, in August and September—in the absence of any news—the Vossloh stock price showed a general sideways movement. At the end of the quarter, Vossloh's market capitalization on the basis of the total 11,992,761 shares outstanding, was €860 million.

Vossloh stock price trend from January 1 to September 30, 2012



Vossloh stock
MDAX (rebased)
DAX (rebased)

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

On the 65 trading days in Q3/2012, altogether just under 1.5 million Vossloh shares were traded, a daily average of 22,723. The sharp decline compared with Q3/2011 (trading volume 8.3 million, daily average 126,500) is due, in addition to the generally lower trading volumes on the markets, to the 2011 buyback of 10 percent of the capital stock. Also, the proportion of investors with a long-term focus again rose with the inclusion of major stockholder Heinz Hermann Thiele (most recently reported stake: 20.2 percent). During the first nine months of 2012, the trading volume totaled 5.4 million shares, well short of the year-earlier 17.1 million.

Trading volume down due to higher proportion of long-term investors

In Q3/2012, altogether 19 financial analysts at German and international banks regularly reported on the price trend of Vossloh stock. In October, five recommended "buy," two "sell," and twelve "hold." The fair-value bandwidth ranged from €58 to €95, the published average upside target price was €75.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 9/30/2012	11,992,761
Stock price (9/30/2012)	€71.71
9 months 2012 high/low	€81.28/€63.57
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For more details on Vossloh stock, present and past financial reports, presentations and the current financial diary as well as Creditor Relations information, go to www.vossloh.com/en/investors. Alternatively, contact Vossloh AG's Investor Relations team by email to investor.relations@ag.vossloh.com or by phone at (+49-2392) 52-359.

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 2012 Vossloh has set the return expected by investors and lenders (weighted average cost of capital, or WACC) at 10 percent. For 2012, too, the return on capital employed (ROCE) has groupwide been benchmarked at an unchanged 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—5.8 percent posttax for Q3/2012—in order to disclose the quarterly updated value trend of relevance to stockholders.

Results of operations

9-month sales up 3.2 percent

In the third quarter of 2012, Vossloh's group sales totaled €320.2 million, up 5.9 percent over the year-earlier €302.4 million. Hence, by September 30, 2012, total three-quarter revenue had risen 3.2 percent to €891.5 million (up from €863.8 million). So far this year, the Transportation division's sales presented a clear upturn whereas the Rail Infrastructure division's virtually remained at the year-earlier level.

Vossloh Group

		9 months 2012	9 months 2011	Q3/2012	Q3/2011
Sales	€ mill.	891.5	863.8	320.2	302.4
EBITDA	€ mill.	90.8	96.5	39.8	32.8
EBIT	€ mill.	61.1	68.2	30.1	23.6
EBIT margin	%	6.9	7.9	9.4	7.8
EBT	€ mill.	47.2	60.2	25.3	20.4
Group earnings	€ mill.	31.4	39.4	16.8	12.1
ROCE[1,2]	%	10.0	11.3	14.4	11.7
Value added[1,2]	€ mill.	(0.3)	8.0	9.2	3.4

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

Rail Infrastructure sales marginally down

At €571.5 million, three-quarter sales by the Rail Infrastructure division almost matched the year-earlier €573.9 million. The Switch Systems business unit maintained its growth rate, especially thanks to a large order from Iraq. And now that shipments of rail fasteners in China were resumed and resulted in initial revenue in June, sales by Vossloh Fastening Systems by the end of Q3/2012 regained the year-earlier volume. The Rail Services business unit was again affected by repeated weak demand for rail welding and rail logistics work.

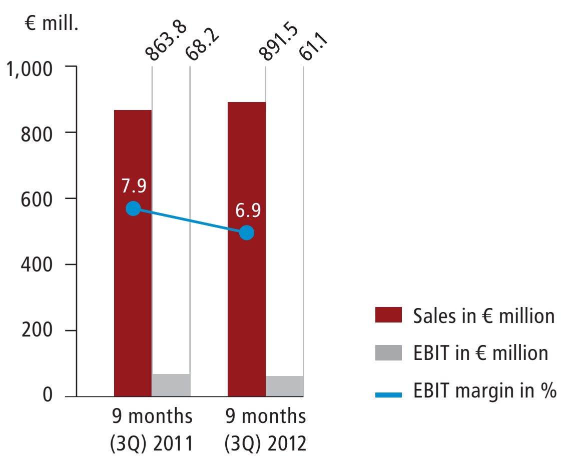
Nine-month sales by Transportation rose 10.1 percent from €291.2 million to €320.4 million. Both business units—Transportation Systems with its two locations in Germany and Spain, as well as Electrical Systems—shared about equally in the sales growth.

Transportation division with another clear sales increase

In the first three quarters of 2012, the Vossloh Group booked new orders worth €945.5 million. In the year-earlier period, several big orders awarded to the Transportation division had pushed order influx up to €1,141.5 million. Hence, in comparison this division's order inflow slimmed to €332.5 million (down from the high year-earlier €461.9 million). Nine-month order intake at the Rail Infrastructure division totaled €614.0 million (down from €680.6 million).

At over €1.5 billion, order backlog again high

At September 30, 2012, the Vossloh Group's order backlog added up to €1,550.3 million, again in excess of a high year-earlier level (€1,362.6 million). Both divisions increased their order backlog: Rail Infrastructure's was up from €624.0 million to €625.9 million and Transportation's from €739.2 million to €925.3 million.



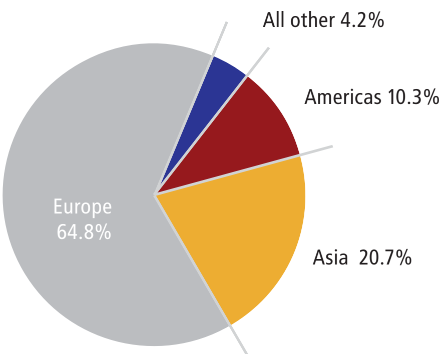
Vossloh Group: sales and EBIT

Sales up in Asia and the Americas

Regionally, a massive slump in demand in Southern Europe burdened, as expected, both three-quarter and third-quarter sales this year compared with 2011. Ongoing economic and budgetary constraints affected business in Spain, Italy, Greece, and Portugal. Nine-month sales in Northern Europe were almost maintained in 2012 whereas in Western and Eastern Europe, they advanced. Outside of Europe, it was once again Asia that reported the most vigorous growth rates, with the Americas also reporting rises.

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	9 months 2012		9 months 2011		Q3/2012		Q3/2011	
Germany	191.2	21.4	187.4	21.7	65.0	20.3	67.1	22.2
France	104.9	11.8	89.2	10.3	28.1	8.8	33.7	11.1
Other Western Europe	85.2	9.6	82.4	9.6	35.1	11.0	26.0	8.6
Northern Europe	64.2	7.2	65.8	7.6	24.9	7.8	25.3	8.4
Southern Europe	85.5	9.6	146.8	17.0	27.4	8.5	49.4	16.3
Eastern Europe	46.8	5.2	42.5	4.9	16.7	5.2	19.0	6.3
Total Europe	**577.8**	**64.8**	**614.1**	**71.1**	**197.2**	**61.6**	**220.5**	**72.9**
Americas	91.9	10.3	71.4	8.3	31.9	10.0	23.8	7.9
Asia	184.8	20.7	130.6	15.1	78.7	24.6	37.9	12.6
Africa	13.1	1.5	28.4	3.3	3.3	1.0	11.9	3.9
Australia	23.9	2.7	19.3	2.2	9.1	2.8	8.3	2.7
Total	**891.5**	**100.0**	**863.8**	**100.0**	**320.2**	**100.0**	**302.4**	**100.0**



Geographical breakdown of 9-month sales 2012

Accounting for 64.8 percent of the total, 9-month sales in Europe were well short of the year-earlier 71.1 percent. These figures, too, reflect plunging sales in Southern Europe and improved business in Asia and the Americas. Accordingly, non-European sales for the first nine months of 2012 jumped from 28.9 to 35.2 percent.
At 20.7 percent (up from 15.1) Asia was again the single biggest market outside of Europe, with the Americas (ranking third) accounting for 10.3 percent (up from 8.3).

Growth in Europe stimulated by Germany, France, Poland

With sales accounting for 21.4 percent (down from 21.7), Germany remained the Group's strongest market during the period. Both here and in France, the second biggest, 9-month sales again rose, and they likewise flourished in other Western European countries as well as in Eastern Europe, where business was particularly brisk in Poland, Hungary, and Lithuania.

Growth drivers outside of Europe: Asia and the Americas

The 3-quarter period 2012 saw a continuation of dynamic growth in Asia, to which mainly Indonesia and Thailand as well as the resumption of rail fastener shipments in China contributed. In the Americas, the Vossloh Group reported solid sales growth both in the USA and South America. Higher revenue was also generated in Australia; the African region showed a reduction for the period.

Gross margin improved

The 9-month absolute gross margin of the Vossloh Group climbed from €173.0 million to €177.4 million thanks to much improved capacity utilization in the third quarter; the relative gross margin amounted to 19.9 percent (year-on-year down from 20.0).

EBIT clearly recovering in Q3

The third quarter of 2012 saw the Vossloh Group's EBIT rebound, from €23.6 million to a highly commendable €30.1 million. Accordingly, the Q3 EBIT margin amounted to 9.4 percent (up from 7.8). Given the still weak performance in H1/2012, Vossloh's EBIT for the full nine months totaled €61.1 million (down 10.4 percent from €68.2 million), the corresponding EBIT margin at 6.9 percent being likewise short of the year-earlier 7.9.

Higher net leverage drives up net interest expense

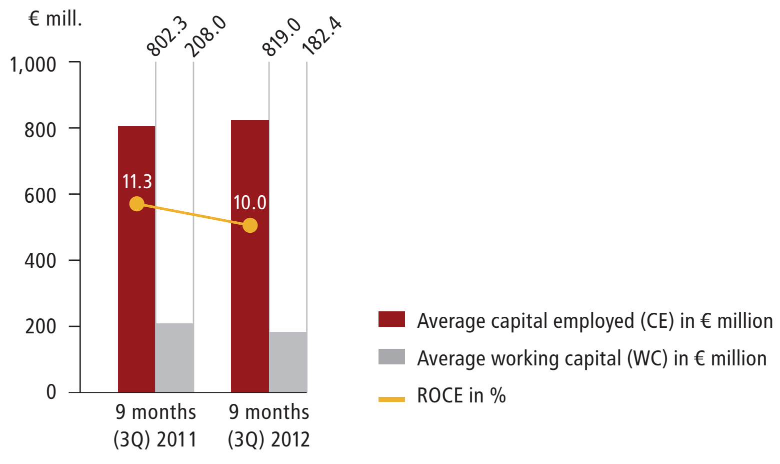
Owing to the Group's year-on-year higher net financial debt, 9-month net interest expense swelled from €8.0 million in 2011 to €13.9 million this year. Moreover, the interest income earned by Vossloh Transportation Systems shrank. In combination with the lower EBIT and higher net interest expense, nine-month group earnings before taxes (EBT) receded by 21.6 percent to €47.2 million in 2012 (down from €60.2 million). With a lighter tax load ratio of 24.8 percent (down from 26.1), three-quarter group earnings amounted to €31.4 million in 2012 (down from €39.4 million). Nine-month earnings per share (EpS) added up to €2.62 for 2012 (down from €2.96).

ROCE inching down year-on-year to 10.0 percent

The Vossloh Group's 3-quarter ROCE ratcheted down to 10.0 percent in 2012 (from 11.3 a year ago), caused by the EBIT dip. After value of €8.0 million had been added from January to September 2011, the Group's 3-quarter VA in 2012 was a red €0.3 million but, based on current WACC and after taxes, a black €7.2 million.

Asset and capital structure, financial position

At September 30, 2012, the Vossloh Group's assets totaled €1,549.4 million (up from €1,486.3 million the year before), the rise essentially being attributable to the higher total of inventories plus tangible and intangible assets.



Vossloh Group: CE, WC and ROCE trends

The Group's equity at the close of Q3 contracted from €542.4 million in 2011 to €486.4 million in 2012, its equity ratio hence amounting to 31.4 percent (down from 36.5). The reduced total equity was basically ascribable to the repurchase in H2/2011 of treasury shares, besides the €30 million dividend distribution in 2012.

The Vossloh Group's net financial debt as of September 30, 2012, climbed year-on-year from €199.1 million to €253.2 million. While as of Q3-end 2012, the Group's financial debts mounted year-on-year from €254.8 million to €311.0 million, closing cash and cash equivalents (including short-term securities) barely changed, edging up from a year-earlier €55.7 million to €57.8 million.

Working capital pruned again

In the nine months ended September 30, the Vossloh Group's working capital averaged €182.4 million in 2012, a solid improvement from the 2011 level of €208.0 million. The (annualized) average working capital intensity in the same period was upgraded as well, from 18.1 percent in 2011 to 15.3 this year. The 3-quarter period was in 2012 closed with working capital of €194.9 million (down from €234.1 million).

As of September 30, 2012, Vossloh's closing capital employed stayed virtually unchanged, inching down year-on-year from €846.4 million to €845.5 million. Given the higher fixed assets, the Group's 9-month average capital employed climbed to €819.0 million (up from €802.3 million).

Vossloh Group

		9/30/2012	12/31/2011	9/30/2011
Total assets	€ mill.	1,549.4	1,512.3	1,486.3
Total equity	€ mill.	486.4	480.3	542.4
Equity ratio	%	31.4	31.8	36.5
Average working capital	€ mill.	182.4	211.2	208.0
Average working capital intensity[1]	%	15.3	17.6	18.1
Fixed assets	€ mill.	650.5	625.6	612.3
Closing capital employed	€ mill.	845.5	825.9	846.4
Average capital employed	€ mill.	819.0	811.4	802.3
Return on equity (ROE)[1, 2]	%	13.1	15.3	14.0
Net financial debt	€ mill.	253.2	238.8	199.1
Net leverage	%	52.0	49.7	36.7

[1] Annualized
[2] Based on average equity

Rail Infrastructure business

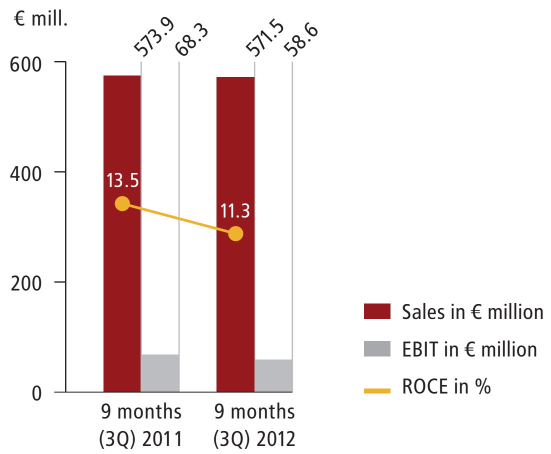
Results of operations

Rail Infrastructure: sales now almost at the year-earlier level

Q3/2012 sales at the Rail Infrastructure division rose 8.8 percent year-on-year from €200.6 million to €218.4 million. As a consequence, 9-month sales added up to €571.5 million, now only 0.4 percent short of the year-earlier €573.9 million. Whereas sales growth at Vossloh Switch Systems stayed stable thanks to a sound order base and the decline at Vossloh Fastening Systems was overcome by the resumption of rail fastener shipments in China, demand for rail welding and rail logistics work was very modest and hence revenue was down at the Rail Services business unit.

Large order for high-speed line in France

Nine-month order inflow at the Rail Infrastructure division came to €614.0 million (down from €680.6 million). Order backlog at September 30, 2012, totaled €625.9 million, almost €2 million above the €624.0 million a year ago. In the third quarter of this year, the Switch Systems business unit booked a large order for a high-speed line in France. The contract encompasses the supply of complete switch systems by Vossloh Switch Systems as well as rail fastening systems by Vossloh Fastening Systems.



Rail Infrastructure: sales, EBIT and ROCE

Rail Infrastructure

		9 months 2012	9 months 2011	Q3/2012	Q3/2011
Sales	€ mill.	571.5	573.9	218.4	200.6
EBITDA	€ mill.	76.1	86.5	32.9	28.6
EBIT	€ mill.	58.6	68.3	26.9	22.4
EBIT margin	%	10.3	11.9	12.3	11.1
ROCE[1,2]	%	11.3	13.5	15.2	12.8
Value added[1,2]	€ mill.	6.6	17.8	9.2	5.0

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

Vossloh Fastening Systems: resumed shipments in China stop sales decline

Nine-month sales by Vossloh Fastening Systems totaled €200.5 million, virtually at the year-earlier volume of 200.8 million. Q3/2012 sales alone hiked up by 38.4 percent to €86.2 million after shipments of rail fasteners in China had been resumed in early June following the lengthy project delays.

The Fastening Systems business unit was awarded new orders worth €216.2 million in the 9-month period (down from €270.0 million). Substantial new business was booked in Germany, France, Kazakhstan, Morocco, and Thailand. At September 30, 2012, the business unit's order backlog was €281.9 million (up from €275.2 million).

Vossloh Switch Systems continuing to grow

Vossloh Switch Systems raised its 9-month sales by 8.3 percent from €308.7 million to €334.3 million. Largely instrumental in this growth was a major contract from Iraq. Additionally, business elsewhere as in the United States and in Poland made good progress; in Spain, in contrast, the economic and budgetary crisis meant, as expected, again weak sales. In the third quarter of this year, Vossloh Switch Systems stepped up its revenue by 3.0 percent to €117.6 million.

Order intake at Vossloh Switch Systems during the three quarters under review totaled €357.9 million (up from €330.0 million). Sizable new contracts were awarded in France, the USA, and Morocco. At September 30, 2012, order backlog amounted to €336.1 million, slightly above the year-earlier €332.1 million.

Vossloh Rail Services: demand still poor

The Rail Services business unit’s revenue for the nine months ended September 30, 2012, slumped to €39.7 million, 42.4 percent below the year-earlier €68.9 million. Just as in the first half of the year, this reflects the ongoing poor demand for rail welding work (Germany) and rail logistics. The business unit’s Q3 revenue plunged 35.5 percent to €16.7 million.

In the first three quarters of 2012, Vossloh Rail Services booked new orders worth altogether €42.7 million (down from €85.6 million). At September 30, 2012, orders on hand added up to €8.9 million (down from €17.7 million a year ago).

9-month EBIT still down, albeit Q3 up

In the third quarter of 2012, the Rail Infrastructure division improved its EBIT by 20.4 percent, from €22.4 million to €26.9 million. The EBIT margin was 12.3 percent (up from 11.1). For the 9-month period 2012, EBIT at the Rail Infrastructure division declined 14.1 percent from €68.3 million to €58.6 million. The wilting revenue at the Rail Services business unit also impacted on earnings. The 3-quarter EBIT margin slipped from 11.9 to 10.3 percent.

Rail Infrastructure's 9-month ROCE sank from 13.5 percent a year earlier to 11.3 in 2012. The division’s 3-quarter value added (VA) slid from a year-earlier €17.8 million to €6.6 million. By the close of the period, the VA level of the Fastening Systems and Rail Services business units dropped year-on-year: Vossloh Fastening Systems’ VA came to €19.5 million (down from €23.5 million), Vossloh Rail Services’ VA turned around from a year-earlier black €5.7 million into a red €8.1 million; in contrast, the downtrend of Vossloh Switch Systems 3-quarter VA (albeit still in the red) significantly improved from a negative €11.5 million a year ago to a red €4.9 million in 2012. Based on current WACC, the Rail Infrastructure division added value of €10.9 million after taxes.

Asset and capital structure

Working capital again downscaled, capex-related CE rise

The Rail Infrastructure division's 9-month average working capital level was again improved, from the year-earlier €243.3 million to €235.9 million in 2012, and so was working capital intensity in the three-quarter period under review: it crept down year-on-year from 31.8 to 31.0 percent. Rail Infrastructure's closing working capital at September 30 was upgraded significantly, from €278.1 million in 2011 to €239.1 million a year later.

Nine-month average capital employed (CE) moved up €21.0 million from the year-earlier €672.8 million in 2011 to €693.8 million in the period, substantially as fixed assets grew. In contrast, closing CE contracted year-on-year, from €719.5 million to €699.6 million at September 30, 2012.

Rail Infrastructure

		9 months 2012	FY 2011	9 months 2011
Average working capital	€ mill.	235.9	249.3	243.3
Average working capital intensity*	%	31.0	32.0	31.8
Closing fixed assets	€ mill.	460.5	455.0	441.4
Closing capital employed	€ mill.	699.6	704.2	719.5
Average capital employed	€ mill.	693.8	683.1	672.8

*Annualized

Transportation business

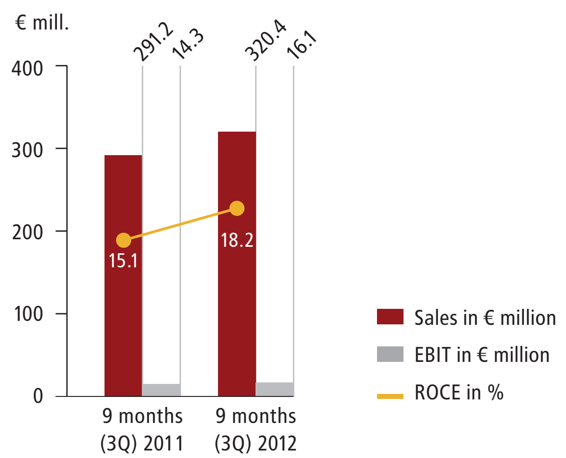
Results of operations

Transportation: another sales boost

The Transportation division increased its nine-month sales in 2012 by 10.1 percent, from €291.2 million to €320.4 million. Both business units—Transportation Systems, in Kiel and Valencia, and Electrical Systems—shared with similar growth rates. In the third quarter, sales by the Transportation division at €102.0 million approximated the year-earlier €102.6 million.

Order backlog at €925 million still high

In the 9-month period under review, Transportation booked new orders worth €332.5 million. As expected, this was short of the high year-earlier €461.9 million which had included several large contracts. In August 2012, the Vossloh Group was awarded a contract by the city of Chemnitz, Germany, for eight diesel-electric light rail vehicles at the value of altogether €42 million. The contract will be handled by the Electrical Systems and Transportation Systems business units. At September 30, 2012, this division's order backlog outgrew the year-earlier €739.2 million by far to reach €925.3 million.



Transportation: sales, EBIT and ROCE

Transportation

		9 months 2012	9 months 2011	Q3/2012	Q3/2011
Sales	€ mill.	320.4	291.2	102.0	102.6
EBITDA	€ mill.	27.7	23.8	10.2	10.0
EBIT	€ mill.	16.1	14.3	6.8	7.2
EBIT margin	%	5.0	4.9	6.7	7.0
ROCE[1,2]	%	18.2	15.1	22.8	26.5
Value added[1,2]	€ mill.	7.3	4.8	3.8	4.5

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

Nine-month sales up at both Vossloh Transportation Systems locations

The Transportation Systems business unit boosted its nine-month sales by 11.0 percent from €185.4 million to €205.7 million. The business unit's Q3 sales amounted to €60.4 million, 9.1 percent or €6.0 million below the year-earlier €66.4 million.

In the first three quarters, Vossloh Transportation Systems improved its sales both at the German location in Kiel (Vossloh Locomotives) and the Spanish in Valencia (Vossloh Rail Vehicles). Year-on-year Vossloh Locomotives raised its 9-month sales from €76.8 million to €80.0 million, an increase of 4.2 percent. Again driving this growth was business in new locomotives albeit momentum slackened appreciably in the third quarter. Vossloh Rail Vehicles generated 3-quarter sales of €125.7 million, a 15.7-percent leap from €108.6 million. Key contributors to this growth were projects awarded by Israel Railways and Europorte for EURO 4000 locomotives.

Nine-month order intake at the Transportation Systems business unit totaled €225.5 million, down from 286.7 million. At the end of the third quarter, order backlog had jumped year-on-year from €440.4 million to €523.8 million.

Vossloh Electrical Systems with solid sales gain

In the first nine months of 2012, the Electrical Systems business unit generated sales of €120.7 million, up 9.7 percent from €110.0 million. In Q3 alone, the business unit lifted its sales by 12.8 percent, from €38.4 million to €43.2 million.
The 3-quarter order influx added up to €113.9 million, down from €182.1 million. At September 30, 2012, order backlog swelled to €424.9 million, a magnitude well in excess of the already very good year-earlier €304.2 million.

EBIT and EBIT margin up

EBIT at the Transportation division climbed in the first nine months of 2012 by 13.1 percent from €14.3 million to €16.1 million. The EBIT margin edged up from 4.9 to 5.0 percent in this period, thanks to improved capacity utilization at the Transportation Systems business unit in the wake of rising sales. In Q3/2012, EBIT at €6.8 million was just short of the year-earlier €7.2 million. The Q3 EBIT margin slipped from 7.0 to 6.7 percent in this quarter.

ROCE and value added likewise boosted

In a year-on-year comparison, the division’s nine-month ROCE was boosted from 15.1 to 18.2 percent. The value added by the Transportation division in the period hiked up from the year-earlier €4.8 million to €7.3 million. Vossloh Transportation Systems considerably upgraded its 3-quarter VA from the year-earlier negative €4.2 million to a now black €1.7 million, while the Electrical Systems business unit added value of €5.6 million (down from €9.0 million). Applying the current WACC brings the division’s 9-month posttax value added to €6.2 million.

Asset and capital structure

The Transportation division's 9-month average working capital was slashed year-on-year, from a red €29.1 million to a likewise negative €48.8 million. The division's 3-quarter working capital intensity was upgraded from a red 7.5 percent to an equally negative 11.4. Transportation's working capital closed the period at a negative €39.7 million, a €5.4 million improvement over the year earlier's red €34.3 million.

The Transportation division's capital employed averaged €118.1 million in the three quarters ended September 30, 2012, sinking from the year-earlier €125.7 million. Transportation's September 30 closing capital employed swelled year-on-year from €125.9 million to €137.7 million.

Transportation

		9 months 2012	FY 2011	9 months 2011
Average working capital	€ mill.	(48.8)	(31.3)	(29.1)
Average working capital intensity*	%	(11.4)	(7.5)	(7.5)
Closing fixed assets	€ mill.	177.4	159.2	160.2
Closing capital employed	€ mill.	137.7	117.8	125.9
Average capital employed	€ mill.	118.1	124.6	125.7

*Annualized

Capital expenditures

Nine-month capital outlays by the Vossloh Group amounted to €39.7 million (down from €50.3 million). Included were projects from the capex program launched in 2010 for expanding capacities and boosting efficiency throughout the business units. Some are completed, others will very likely continue into 2013. Both divisions—Rail Infrastructure and Transportation—have so far this year spent less than last, partly due to the rescheduling of certain projects.

Additions to tangible/intangible assets

€ million	9 months 2012	9 months 2011	Q3/2012	Q3/2011
Rail Infrastructure	22.1	27.2	7.9	10.9
Transportation	15.6	20.6	6.2	8.5
Vossloh AG	2.0	2.5	1.5	0.6
Total	**39.7**	**50.3**	**15.6**	**20.0**

Highest outlays at the Rail Infrastructure division

At €22.1 million, the Rail Infrastructure division incurred the lion's share of the 3-quarter capital expenditures, albeit at €27.2 million altogether €5.1 million less than a year ago. This was largely because the Fastening Systems business unit spent in the first three quarters of the year just €2.2 million (down from €8.7 million). Capex at the Rail Infrastructure division focused on Vossloh Switch Systems, accounting for altogether €13.7 million (up by €1.4 million from the year-earlier €12.3 million). Among the key projects were a production line for switch blades in the USA and the further expansion of switch production in China. The Rail Services business unit spent a virtually unchanged €6.2 million. Once again, topping its agenda were new trains for high-speed grinding and a mobile welding machine.

Transportation division focuses on product range expansion

Nine-month capex at Transportation centered on product lineup expansions and totaled €15.6 million (down €5.0 million from €20.6 million). Once again, spending at the Electrical Systems business unit receded appreciably whereas at Vossloh Transportation Systems it was only slightly down. The Transportation Systems business unit spent €13.0 million (down €1.2 million from €14.2 million). In the period, topping the bill was once more the development of the EURO 3000 and the Tramlink. Three-quarter outlays at the Electrical Systems business unit in 2012 added up to €2.6 million (down by €3.9 million from €6.5 million).

Research & development

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

Three-quarter R&D expenses amounted to €6.9 million, only €0.5 million short of the year-earlier €7.4 million. As to the divisions themselves, Rail Infrastructure reported a slight decline due to rescheduling in the course of the year whereas Transportation showed another advance.

R&D expenses at the Rail Infrastructure division fell €1.2 million from €4.7 million to €3.5 million in the period. Vossloh Fastening Systems accounted for €1.8 million (down from €2.4 million). Vossloh Switch Systems again spent €1.6 million. R&D expenses at the Rail Services business unit dropped year-on-year to €0.1 million (from €0.7 million).

At the Transportation division, 9-month R&D expenses totaled €3.4 million (up €0.6 million from €2.8 million). The difference is primarily due to the Electrical Systems business unit. Nine-month expenses at the Transportation Systems business unit rose €0.2 million from €1.2 million to €1.4 million.

Workforce

At September 30, 2012, the Vossloh Group employed a workforce of 5,017 (down by 52 from 5,069 a year before), including 1,747 in Germany. Compared with year-end 2011 (5,011), the workforce had risen by 6. The reduction as of September 30, 2012, all occurred within the Rail Infrastructure division; in contrast, headcount at the Transportation division grew.

As of September 30, 2012, the workforce at the Rail Infrastructure division had shrunk from 3,252 to 3,135, a decline of 3.6 percent, mainly at the Switch Systems business unit. Whereas added employees were hired in Poland and at the new location in China, the headcount at various European locations and in North America shrank.

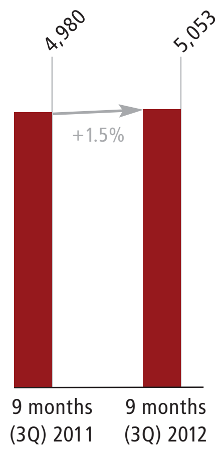
Headcount at

	9/30/2012	12/31/2011	9/30/2011
Rail Infrastructure	3,135	3,203	3,252
Transportation	1,835	1,763	1,771
Vossloh AG	47	45	46
Total	**5,017**	**5,011**	**5,069**

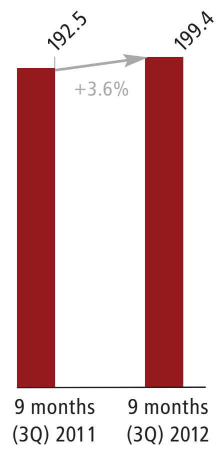
The Transportation division closed the period with a workforce of 1,835 (up 3.6 percent or 64 employees from a year ago).

Based on an average 9-month group workforce of around 5,053, personnel expenses per capita climbed from k€38.7 to k€39.5. Payroll intensity (i.e., the ratio of payroll to value created) averaged 75.7 percent (up from 73.0).

Sales per capita during the period inched up 1.7 percent from k€173.5 to k€176.4.



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 2011. Within the framework of ongoing risk monitoring and control through the Group's risk management system no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern (unchanged).

In July of this year, the German Federal Cartel Office (FCO) in its first ruling imposed penalties on producers and suppliers of standard rails, heat-treated rails and switch blades, on account of anticompetitive agreements and collusion. Among those concerned are the Vossloh subsidiaries Stahlberg Roensch GmbH, Seevetal, and KIHN SA, Luxembourg. By far most of the €13 million penalty imposed on the Vossloh subsidiaries is borne by the previous owners of Stahlberg Roensch. The FCO penalty notice, however, is not the end of the antitrust proceedings. The Federal Cartel Office will now redirect its probes to other areas including rails and switches supplied for regional and local users. The disclosure of more details on potential risks emanating from ongoing antitrust proceedings involving group companies is not possible at present.

Given its generally sound business trend, the Vossloh Group reaffirms its business forecasts for 2012 as first announced in December 2011. The basis for expectations is the Group's still tall order backlog of over €1.5 billion at September 30, 2012. For the entire year, group sales are therefore budgeted at €1.25 billion to €1.3 billion (up from €1.2 billion). According to present assessments, the 2012 EBIT should range between €100 million and €110 million (up from €96.5 million). Group earnings in 2012 are set to total between €55 million and €60 million (€55.7 million in 2011). Critical to this year's performance is the degree to which contract call-offs for rail fasteners in China, which were resumed in June 2012, will continue in the final quarter and how at Vossloh Rail Services demand for rail welding will develop in the course of Q4. Predicated on these assumptions, the EBIT margin will reach 8.0–8.5 percent in 2012. Value added, as a key controlling parameter of the Group, should rise in 2012 to over €20 million (up from €15.4 million) and ROCE to 12.5–14.0 percent (up from 11.9) from the current vantage point.

For 2013, Vossloh is looking to further growth. In line with budget and order intake so far, this trend is particularly pronounced at the Transportation division which is benefiting increasingly from very strong order intake in 2011 for both new locomotive models and new local transport rail vehicles. Its order backlog had totaled a new all-time high of €913 million at December 31, 2011, and even slightly higher at the end of September (€925 million). Other factors pivotal to performance in 2013 and thereafter will be announced by Vossloh on finalization of the current forecasts and presentation of the figures for fiscal 2012.

Condensed interim financial statements of the Vossloh Group as of September 30, 2012

Income statement for the 9 (3Q) and 3 months (Q3) ended September 30, 2012

€ million	9 months 2012	9 months 2011*	Q3/2012	Q3/2011*
Net sales	891.5	863.8	320.2	302.4
Cost of sales	(714.1)	(690.8)	(249.0)	(242.1)
General administrative and selling expenses	(121.0)	(117.2)	(41.7)	(39.5)
R&D expenses	(6.9)	(7.4)	(2.4)	(2.9)
Other operating income/expenses, net	10.9	18.2	2.7	4.4
Operating result	**60.4**	**66.6**	**29.8**	**22.3**
Net P/L from associated affiliates	0.5	0.8	0.2	0.3
Other financial income	0.3	1.3	0.1	1.1
Other financial expenses	(0.1)	(0.5)	(0.0)	(0.1)
EBIT	**61.1**	**68.2**	**30.1**	**23.6**
Interest income	4.6	10.5	0.5	3.5
Interest expense	(18.5)	(18.5)	(5.3)	(6.7)
EBT	**47.2**	**60.2**	**25.3**	**20.4**
Income taxes	(11.7)	(15.7)	(5.9)	(7.0)
Total net income (EAT)	**35.5**	**44.5**	**19.4**	**13.4**
thereof group earnings (Vossloh stockholders)	**31.4**	**39.4**	**16.8**	**12.1**
thereof minority interests	4.1	5.1	2.6	1.3
Earnings per share (EpS) in €				
Undiluted/fully diluted EpS	2.62	2.96	1.40	0.92

Statement of comprehensive income (SOCI) for 3Q and Q3/2012

€ million	9 months 2012	9 months 2011*	Q3/2012	Q3/2011*
Total net income	**35.5**	**44.5**	**19.4**	**13.4**
Statement at fair value of derivatives in CFHs				
Change in OCI	2.7	7.3	2.8	1.0
Gains/losses recycled from OCI to income statement	(0.1)	0.6	0.0	0.2
Actuarial gains/losses on pensions				
Change in OCI	(1.3)	0.7	(1.3)	0.2
Currency translation differences				
Change in OCI	3.5	(2.8)	1.1	3.5
Deferred taxes				
on OCI changes	(0.7)	(2.6)	(0.5)	(0.4)
Total OCI	**4.1**	**3.2**	**2.1**	**4.5**
Comprehensive income	**39.6**	**47.7**	**21.5**	**17.9**
thereof Vossloh stockholders	35.5	43.1	18.9	15.7
thereof minority interests	4.1	4.6	2.6	2.2

*Due to the retroactive application of the change in pension accrual accounting, the year-earlier comparatives were adjusted accordingly. For details, see the Explanatory Notes, page 38.

Cash flow statement for the 9 months ended September 30, 2012

€ million	9 months 2012	9 months 2011*
Cash flow from operating activities:		
EBIT	61.1	68.2
Amortization/depreciation/write-down (less write-up) of noncurrent assets	29.8	28.7
Change in noncurrent accruals	6.3	(6.7)
Gross cash flow	**97.2**	**90.2**
Noncash change in shares in associated affiliates	(0.5)	(0.8)
Other noncash income/expenses, net	3.6	3.9
Net book gain/loss from the disposal of intangibles/tangibles	0.1	(1.7)
Cash outflow for income taxes	(10.5)	(18.5)
Change in working capital	3.3	15.0
Changes in other assets/liabilities, net	(12.4)	(3.9)
Net cash provided by operating activities	**80.8**	**84.2**
Cash flow from investing activities:		
Cash outflow for additions to intangibles/tangibles	(39.7)	(50.3)
Cash outflow for additions to noncurrent financial instruments	(0.2)	(5.3)
Cash inflow from the disposal of intangibles/tangibles	0.1	0.5
Cash (outflow for)/inflow from short-term securities purchased/sold, net	(2.5)	(0.4)
Cash inflow from the disposal of noncurrent financial instruments	0.5	2.9
Cash-based change in shares in associated affiliates	0.6	–
Cash outflow for M&A	(7.0)	(7.7)
Net cash used in investing activities	**(48.2)**	**(60.3)**
Cash flow from financing activities:		
Change in treasury stock	–	(34.1)
Cash outflow to stockholders and minority interest holders	(33.5)	(45.6)
Net finance from short-term loans	(25.0)	44.7
Net finance from medium-/long-term loans	(1.3)	(2.6)
Cash inflow from interest	9.0	4.3
Cash outflow for interest	(15.9)	(15.9)
Net cash used in financing activities	**(66.7)**	**(49.2)**
Net outflow of cash and cash equivalents	**(34.1)**	**(25.3)**
Change in cash and cash equivalents from initial consolidation	0.1	5.6
Parity-related changes	0.9	(0.9)
Opening cash and cash equivalents	**85.4**	**74.6**
Closing cash and cash equivalents	**52.3**	**54.0**

*Due to the retroactive application of the change in pension accrual accounting, the year-earlier comparatives were adjusted accordingly. For details, see the Explanatory Notes, page 38.

Balance sheet

Assets in € million	9/30/2012	12/31/2011 *	9/30/2011 *	1/1/2011 *
Intangible assets	433.5	415.1	413.7	406.2
Tangible assets	199.5	190.3	182.4	162.0
Investment properties	5.3	6.3	6.0	6.1
Shares in associated affiliates	0.8	0.9	1.1	5.5
Other noncurrent financial instruments	13.5	13.3	13.3	11.0
Other noncurrent assets	2.2	0.6	0.5	0.4
Deferred tax assets	44.5	44.6	40.4	35.2
Total noncurrent assets	**699.3**	**671.1**	**657.4**	**626.4**
Inventories	373.3	351.5	345.6	300.5
Trade receivables	359.7	353.0	364.4	360.6
Income tax assets	11.8	8.0	9.0	6.2
Sundry current assets	47.5	40.5	54.2	36.2
Short-term securities	5.5	2.8	1.7	1.3
Cash and cash equivalents	52.3	85.4	54.0	74.6
Total current assets	**850.1**	**841.2**	**828.9**	**779.4**
Total assets	**1,549.4**	**1,512.3**	**1,486.3**	**1,405.8**

Equity & liabilities in € million	9/30/2012	12/31/2011 *	9/30/2011 *	1/1/2011 *
Capital stock	37.8	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7	42.7
Treasury stock	(102.9)	(102.9)	(34.1)	(105.8)
Reserves retained from earnings	435.2	423.3	424.0	467.7
Undistributed group profit	19.9	5.8	4.7	7.0
Group earnings	31.4	56.0	39.4	97.5
Accumulated other comprehensive income	7.7	3.6	8.9	1.8
Stockholders' equity	**471.8**	**466.3**	**523.4**	**548.7**
Minority interests	14.6	14.0	19.0	27.9
Total equity	**486.4**	**480.3**	**542.4**	**576.6**
Pension accruals	18.1	16.3	16.4	16.6
Noncurrent tax accruals	0.7	0.7	0.0	0.0
Other noncurrent accruals	65.9	60.0	59.6	75.8
Noncurrent financial debts	189.5	189.8	182.6	187.0
Noncurrent trade payables	9.4	8.2	–	–
Other noncurrent liabilities	18.2	21.3	25.8	26.2
Deferred tax liabilities	48.6	47.1	44.2	35.4
Total noncurrent liabilities and accruals	**350.4**	**343.4**	**328.6**	**341.0**
Current tax accruals	3.6	2.8	5.0	10.1
Other current accruals	156.3	162.9	171.3	157.9
Current financial debts	121.5	137.2	72.2	25.5
Current trade payables	340.4	314.5	275.3	204.9
Current income tax liabilities	8.0	4.2	7.6	3.9
Other current liabilities	82.8	67.0	83.9	85.9
Total current liabilities and accruals	**712.6**	**688.6**	**615.3**	**488.2**
Total equity and liabilities	**1,549.4**	**1,512.3**	**1,486.3**	**1,405.8**

*Due to the retroactive application of the change in pension accrual accounting, the year-earlier comparatives were adjusted accordingly.
For details, see the Explanatory Notes, page 38.

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
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**
Effect of amended pension accrual accounting							(3.4)	(3.4)		(3.4)
Balance at 1/1/2011	**37.8**	**42.7**	**(105.8)**	**467.7**	**7.0**	**97.5**	**1.8**	**548.7**	**27.9**	**576.6**
Carryforward to new account				(3.4)	97.5	(97.5)	3.4	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*						39.4	3.7	43.1	4.6	47.7
Dividend payout					(33.3)			(33.3)	(12.3)	(45.6)
Treasury stock redeemed/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)**	**424.0**	**4.7**	**39.4**	**8.9**	**523.4**	**19.0**	**542.4**
Transfer to reserves retained from earnings				(0.7)	0.7			0.0		0.0
Change due to initial consolidation and changes in equity interests					0.4			0.4	(5.4)	(5.0)
Comprehensive income*						16.6	(5.3)	11.3	(1.0)	10.3
Dividend payout								0.0	1.4	1.4
Repurchase of treasury shares			(68.8)					(68.8)		(68.8)
Balance at 12/31/2011	**37.8**	**42.7**	**(102.9)**	**423.3**	**5.8**	**56.0**	**3.6**	**466.3**	**14.0**	**480.3**
Carryforward to new account					56.0	(56.0)		0.0		0.0
Transfer to reserves retained from earnings				11.9	(11.9)			0.0		0.0
Comprehensive income						31.4	4.1	35.5	4.1	39.6
Dividend payout					(30.0)			(30.0)	(3.5)	(33.5)
Balance at 9/30/2012	**37.8**	**42.7**	**(102.9)**	**435.2**	**19.9**	**31.4**	**7.7**	**471.8**	**14.6**	**486.4**

*Due to the retroactive application of the change in pension accrual accounting, the year-earlier comparatives were adjusted accordingly. For details, see the Explanatory Notes, page 38.

Explanatory notes

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

Accounting principles

The interim financial report as of September 30, 2012, 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 and interim consolidated financial statements as of December 31, 2011, and June 30, 2012, respectively, with due regard to International Accounting Standard (IAS) 34 *Interim Reporting* and German Accounting Standard (GAS) 16 *Interim Reporting*. Preparing interim financial reports requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim report.

As already published in the Q1 and H1 reports as of March 31 and June 30, 2012, respectively, the accounting method for pension obligations was changed. This retroactive change in accounting policy produced the following effects on certain financial statement lines for the periods concerned or their respective closing dates:

	Balance sheet			SOCI	Income statement			
FS lines affected (€ million):	Pension accruals	Accumulated OCI	Deferred tax assets	Actuarial gains/losses on pensions (after deferred taxes)	EBIT	Income taxes	Total net income	EpS (€)
12/31/2010	4.9	(3.4)	1.5					
Q1/2011	(0.3)	0.2	(0.1)	0.2	0.1	0.0	0.1	0.78
3/31/2011	4.6	(3.3)	1.4					
Q2/2011	(0.3)	0.2	(0.1)	0.2	0.1	0.0	0.1	1.26
H1/2011	(0.7)	0.3	(0.2)	0.3	0.2	0.0	0.2	2.05
6/30/2011	4.2	(3.1)	1.3					
Q3/2011	(0.3)	0.2	(0.1)	0.2	0.1	0.0	0.1	0.92
9M/2011	(1.0)	0.5	(0.3)	0.5	0.3	0.1	0.2	2.96
9/30/2011	3.9	(2.9)	1.2					
Q4/2011	(0.3)	0.2	(0.1)	0.2	0.1	0.0	0.1	1.36
FY 2011	(1.3)	0.7	(0.4)	0.7	0.4	0.1	0.3	4.30
12/31/2011	3.6	(2.8)	1.1					

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, 2012: Within the Rail Services business unit, one company newly formed in Sweden was included for the first time in consolidation. The new subsidiary provides the necessary structures for marketing this business unit's services. Within Vossloh Switch Systems, one company was merged into another.

In connection with the share deal for all of the shares in TPL (Midlands) Limited, Birmingham, UK, the fair values of the acquiree's assets and liabilities (taken over as already explained in the H1 report as of June 30, 2012) have changed in the wake of further detailed analyses. The effects are illustrated in the table below; the goodwill from the business combination is now €11.8 million. However, the figures of this fair-value restatement should still be deemed provisional since the related analyses have not yet been finalized.

The purchase price, translated into €9.7 million, contrasted with the following assets and liabilities:

€ million	Pre-combination book values	Adjustments	Fair values at initial consolidation date
Intangible assets	–	2.3	2.3
Trade receivables	2.9	–	2.9
Cash and cash equivalents	2.7	–	2.7
Other assets	0.5	–	0.5
Liabilities	(9.9)	(0.6)	(10.5)
Net assets acquired	**(3.8)**	**1.7**	**(2.1)**
Acquisition price			9.7
Residual goodwill			**11.8**

Consequently, including Vossloh AG, 24 German and 40 foreign companies were consolidated fully in the interim financial statements as of September 30, 2012. Moreover, one German and three foreign companies were consolidated pro rata, one German associated affiliate being included at equity.

Equity

Since the interim consolidated financial statements as of June 30, 2012, Vossloh AG's capital stock has remained unchanged.

In comparison with September 30, 2011, Vossloh AG's capital stock has not changed either and amounted to €37,825,168.86. The total number of shares issued came to 13,325,290 shares, of which 11,992,761 were still outstanding as of September 30, 2012, after completion of the H2/2011 stock buyback program.

Earnings per share

		9 months 2012	9 months 2011
Weighted average number of common shares		13,325,290	14,441,702
Repurchased shares (weighted)		(1,332,529)	(1,166,774)
Weighted average number of shares outstanding		11,992,761	13,274,928
Dilutive shares from stock options under the ESOP/LTIP		–	–
Fully diluted weighted average number of shares outstanding		11,992,761	13,274,928
Group earnings	€ mill.	31.4	39.4
Undiluted (basic) EpS	**€**	**2.62**	**2.96**
Fully diluted EpS	**€**	**2.62**	**2.96**

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.

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.

Segment information

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 also installs and maintains. Here, too, the lineup extends from light-rail to high-speed applications.

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

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

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

Vossloh Electrical Systems equips light rail vehicles and buses with advanced electrical systems. The product range includes traction systems, onboard power supply units, vehicle controls, heating and air-conditioning systems. The kits are integrated into a complete customer-specific package and supplied from a single source. The business unit is 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.

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

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

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

Reconciliation of value added with EBIT

€ million	9 months 2012	9 months 2011	Q3/2012	Q3/2011
Value added	(0.3)	8.0	9.2	3.4
Cost of capital employed	61.4	60.2	20.9	20.2
EBIT	**61.1**	**68.2**	**30.1**	**23.6**

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	9 months 2012 or 9/30/2012	9 months 2011 or 9/30/2011
Sale/purchase of goods		
Net sales	5.6	5.4
Expenses	0.8	1.2
Trade receivables	3.4	4.0
Trade payables	0.8	0.5
Sale/purchase of other assets		
Receivables from the sale of other assets	–	0.0
Liabilities	1.1	–
Services provided or purchased		
Cost of services purchased	2.2	–
Finance		
Interest income from loans granted	0.1	0.0
Interest expense for loans received	–	0.0
Receivables under loans granted	4.7	1.3
Payables under loans received	0.0	–
Guaranties/collateral furnished		
Bonds/guaranties furnished	8.4	9.4
Other collateral furnished	1.3	1.3

Contingent liabilities

In comparison to December 31, 2011, the Group's contingent liabilities moved down €1.5 million to €13.8 million; this total includes guaranties for €10.3 million, as well as contingent liabilities from the collateralization of third-party debts of €3.5 million.

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
9 months 2012	€ mill.	19.5	(4.9)	(8.1)	0.1	**6.6**
9 months 2011	€ mill.	23.5	(11.5)	5.7	0.1	**17.8**
Q3/2012	€ mill.	9.5	(1.0)	0.6	0.1	**9.2**
Q3/2011	€ mill.	4.5	(1.8)	2.2	0.1	**5.0**
Total assets						
9/30/2012	€ mill.	221.3	446.5	124.9	164.7	**957.4**
9/30/2011	€ mill.	240.1	427.8	111.1	198.8	**977.8**
Liabilities						
9/30/2012	€ mill.	133.9	147.5	100.1	17.3	**398.8**
9/30/2011	€ mill.	132.9	138.9	69.4	(3.7)	**337.5**
Net external sales						
9 months 2012	€ mill.	193.1	333.9	39.7	0.1	**566.8**
9 months 2011	€ mill.	191.8	308.5	68.9	0.3	**569.5**
Q3/2012	€ mill.	82.6	117.5	16.7	0.1	**216.9**
Q3/2011	€ mill.	57.7	114.1	25.9	(0.1)	**197.6**
Intersegment transfers						
9 months 2012	€ mill.	7.4	0.4	0.0	(3.1)	**4.7**
9 months 2011	€ mill.	9.0	0.2	0.0	(4.8)	**4.4**
Q3/2012	€ mill.	3.6	0.1	0.0	(2.2)	**1.5**
Q3/2011	€ mill.	4.6	0.1	0.0	(1.7)	**3.0**
Interest income						
9 months 2012	€ mill.	0.2	0.4	0.0	(0.1)	**0.5**
9 months 2011	€ mill.	0.1	0.7	0.0	(0.1)	**0.7**
Q3/2012	€ mill.	0.0	0.2	0.0	0.0	**0.2**
Q3/2011	€ mill.	0.0	0.3	0.0	0.0	**0.3**
Interest expense						
9 months 2012	€ mill.	(3.1)	(2.3)	(1.9)	(0.1)	**(7.4)**
9 months 2011	€ mill.	(2.2)	(2.1)	(1.7)	0.0	**(6.0)**
Q3/2012	€ mill.	(1.1)	(0.9)	(0.6)	(0.1)	**(2.7)**
Q3/2011	€ mill.	(1.0)	(0.8)	(0.6)	0.0	**(2.4)**
Amortization/depreciation						
9 months 2012	€ mill.	5.3	8.5	3.7	0.0	**17.5**
9 months 2011	€ mill.	4.5	8.2	5.6	0.0	**18.3**
Q3/2012	€ mill.	1.8	3.0	1.2	0.0	**6.0**
Q3/2011	€ mill.	1.6	2.8	1.9	0.0	**6.3**
Additions to noncurrent assets						
9 months 2012	€ mill.	2.2	13.7	6.2	0.0	**22.1**
9 months 2011	€ mill.	8.7	12.3	6.2	0.0	**27.2**
Q3/2012	€ mill.	0.7	5.1	2.1	0.0	**7.9**
Q3/2011	€ mill.	4.2	4.9	1.8	0.0	**10.9**
Average headcount						
9 months 2012		550	2,274	348	–	**3,172**
9 months 2011		570	2,265	357	–	**3,192**

Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
1.7	5.6	0.0	**7.3**	34.1	(48.3)	**(0.3)**
(4.2)	9.0	0.0	**4.8**	(13.7)	(0.9)	**8.0**
1.8	2.0	0.0	**3.8**	45.7	(49.5)	**9.2**
0.7	3.8	0.0	**4.5**	(5.0)	(1.1)	**3.4**
515.0	247.5	(1.9)	**760.6**	855.6	1,024.2	**1,549.4**
475.0	201.2	(2.2)	**674.0**	836.4	(1,001.9)	**1,486.3**
221.8	119.5	(1.9)	**339.4**	482.0	(452.9)	**767.3**
209.8	73.1	(2.1)	**280.8**	456.6	(429.6)	**645.3**
205.3	113.6	0.0	**318.9**	0.2	0.0	**885.9**
184.2	104.5	0.0	**288.7**	0.2	0.0	**858.4**
60.3	41.2	0.0	**101.5**	0.1	0.0	**318.5**
65.5	35.7	0.0	**101.2**	0.2	0.0	**299.0**
0.4	7.1	(6.0)	**1.5**	0.9	(1.5)	**5.6**
1.2	5.5	(4.2)	**2.5**	0.6	(2.1)	**5.4**
0.1	2.0	(1.6)	**0.5**	0.3	(0.6)	**1.7**
0.9	2.7	(2.2)	**1.4**	0.3	(1.3)	**3.4**
3.8	0.3	0.0	**4.1**	6.7	(6.7)	**4.6**
10.2	0.4	0.0	**10.6**	6.2	(7.0)	**10.5**
0.4	0.1	0.0	**0.5**	1.9	(2.1)	**0.5**
3.6	0.2	0.0	**3.8**	2.2	(2.7)	**3.6**
(4.0)	(2.5)	0.0	**(6.5)**	(12.0)	7.4	**(18.5)**
(7.4)	(1.0)	0.0	**(8.4)**	(11.1)	7.0	**(18.5)**
(0.6)	(0.6)	0.0	**(1.2)**	(3.8)	2.4	**(5.3)**
(2.8)	(0.4)	0.1	**(3.1)**	(4.0)	2.8	**(6.7)**
8.7	2.9	0.0	**11.6**	0.6	0.0	**29.7**
7.3	2.3	0.0	**9.6**	0.4	0.0	**28.3**
2.4	0.9	0.1	**3.4**	0.2	0.0	**9.6**
2.1	0.8	(0.1)	**2.8**	0.2	0.0	**9.3**
13.0	2.6	0.0	**15.6**	2.0	0.0	**39.7**
14.2	6.5	(0.1)	**20.6**	2.5	0.0	**50.3**
5.3	0.9	0.0	**6.2**	1.5	0.0	**15.6**
7.3	1.1	0.1	**8.5**	0.6	0.0	**20.0**
1,094	740	–	**1,834**	47	–	**5,053**
1,085	656	–	**1,741**	47	–	**4,980**

Financial diary 2013

Publication of financial information 2012	March 21, 2013
Press conference	March 21, 2013
Annual general meeting	May 29, 2013
Publication of interim reports:	
as of March 31	April 25, 2013
as of June 30	July 25, 2013
as of September 30	October 30, 2013

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Vossloh AG's boards

Executive Board	Werner Andree
	Dr.-Ing. Norbert Schiedeck
Supervisory Board	Dr.-Ing. Dipl.-Ing. Wilfried Kaiser, former executive board member of Asea Brown Boveri AG, Munich, Chairman
	Peter Langenbach, lawyer, Wuppertal, Vice-Chairman
	Dr. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim (up to August 31, 2012)
	Dr. Christoph Kirsch, former CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Michael Ulrich, mechanic, Kiel

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