Interim report as of September 30, 2015

Key figures for the Group*		9 months 2015	9 months 2014
Orders received	€ mill.	803.0	885.7
Order backlog	€ mill.	1,077.2	1,160.0
Income statement data			
Net sales	€ mill.	867.9	819.0
Core Components	€ mill.	191.7	248.6
Customized Modules	€ mill.	388.1	342.1
Lifecycle Solutions	€ mill.	52.2	52.9
Transportation	€ mill.	242.3	179.0
EBIT	€ mill.	29.3	(158.4)
Net interest expense	€ mill.	(10.9)	(20.2)
EBT	€ mill.	18.4	(178.6)
Net income	€ mill.	6.6	(167.7)
Earnings per share	€	0.20	(13.52)
EBIT margin	%	3.4	(19.3)
Return on capital employed (ROCE)[1]	%	4.8	(24.6)
Value added[1]	€ mill.	(31.8)	(222.7)
Balance sheet data			
Fixed assets[2]	€ mill.	557.3	548.5
Capital expenditures	€ mill.	32.3	44.0
thereof from discontinued operations	€ mill.	8.7	4.7
Depreciation/amortization	€ mill.	30.4	113.4
Closing working capital	€ mill.	260.1	283.9
Closing capital employed	€ mill.	817.4	832.4
Total equity	€ mill.	352.0	392.8
Non-controlling interests	€ mill.	16.9	16.9
Net financial debt	€ mill.	322.8	300.3
Total assets	€ mill.	1,659.8	1,611.6
Equity ratio	%	21.2	24.4
Cash flow statement data			
Gross cash flow	€ mill.	54.4	(0.6)
Cash flow from operating activities	€ mill.	16.5	(79.3)
Cash flow from investing activities	€ mill.	(36.5)	(47.2)
Cash flow from financing activities	€ mill.	25.4	110.3
Free cash flow	€ mill.	(15.8)	(123.3)
Employees			
Average headcount in the period	Number	5,796	5,714
Core Components	Number	617	632
Customized Modules	Number	2,590	2,553
Lifecycle Solutions	Number	387	340
Transportation	Number	1,244	1,295
Vossloh AG	Number	56	51
Vossloh Rail Vehicles (discontinued operations)	Number	902	843
Personnel expenses	€ mill.	211.0	208.5
Share data			
Stock price at September 30	€	66.62	53.73
Market capitalization at September 30	€ mill.	887.7	716.0

* Figures in this table generally exclude discontinued operations, prior-year figures are partly adjusted, see p. 11.

[1] Based on average capital employed

[2] Fixed assets = intangible assets + property, plant and equipment + investment properties + shares in associated companies + other non-current financial instruments

Dear Shareholders,

In the third quarter of 2015 there was once again a great deal of activity at Vossloh and we are making progress strategically and operationally.

For you, our owners, the most striking thing about this report is the fact that we will now report on the Rail Vehicles business unit separately from the rest of the Group. In light of the recent rapid progress in the course of talks with interested parties, we assume that in all probability this unit will actually be sold within the next months. For the two remaining units in the Transportation division, Electrical Systems in Düsseldorf and the locomotive business located in Kiel, which are also up for sale, a specific change of ownership is not now expected within this time frame. The objective remains that we will also find a suitable buyer for these two units by the end of 2017 at the latest and, until that time, that we will pursue all measures in order to further develop the potential of these businesses. The operational situation in Kiel has improved considerably in the past twelve months. We expect this positive trend to continue, not least as a result of the move, firmly-scheduled for the summer of 2016, to the modern new production location which is currently under construction. Vossloh Electrical Systems also recovered noticeably and recorded pleasing progress in various projects. The business unit already achieved a positive EBIT in the second quarter of 2015. This trend was solidified in the third quarter.

Focusing and efficiency optimizations remain key topics in the three core divisions, which are generally developing according to plan. By the end of September 2015, Vossloh generated total sales of €867.9 million. Despite the expected decline in sales in the Core Components division in the current year, we increased sales in the Group as compared to the first nine months of 2014 (€819.0 million) on a comparable basis by 6.0 percent. At €29.3 million, earnings before interest and taxes – EBIT – was well above the comparable figure from the first nine months of 2014, adjusted for one-time items (€15.3 million). Accordingly, the EBIT margin nearly doubled despite growing competitive pressure.

The Customized Modules division recorded very good sales and earnings development. As planned, the Lifecycle Solutions division has also picked up speed since the middle of the year, so that here also EBIT is making up ground compared to the prior-year period. In the Core Components division, sales and earnings were, as expected, below the previous year but the decrease in the margin was limited due, among other things, to cost reduction measures. In the Transportation division, sales and EBIT improved significantly.

With the figures presented here for the first three quarters of 2015, we are confident that we will achieve our goals for the full year. Group sales without the discontinued business unit will develop as expected. From today's perspective, sales of approximately €1,130 to €1,160 million are anticipated for 2015 as compared to €1,100.8 million for 2014. The EBIT margin for continuing operations will be between 3 and 4 percent in 2015. Our EBIT margin will thus improve noticeably from the comparable EBIT margin from the previous year which was at 1.7 percent.

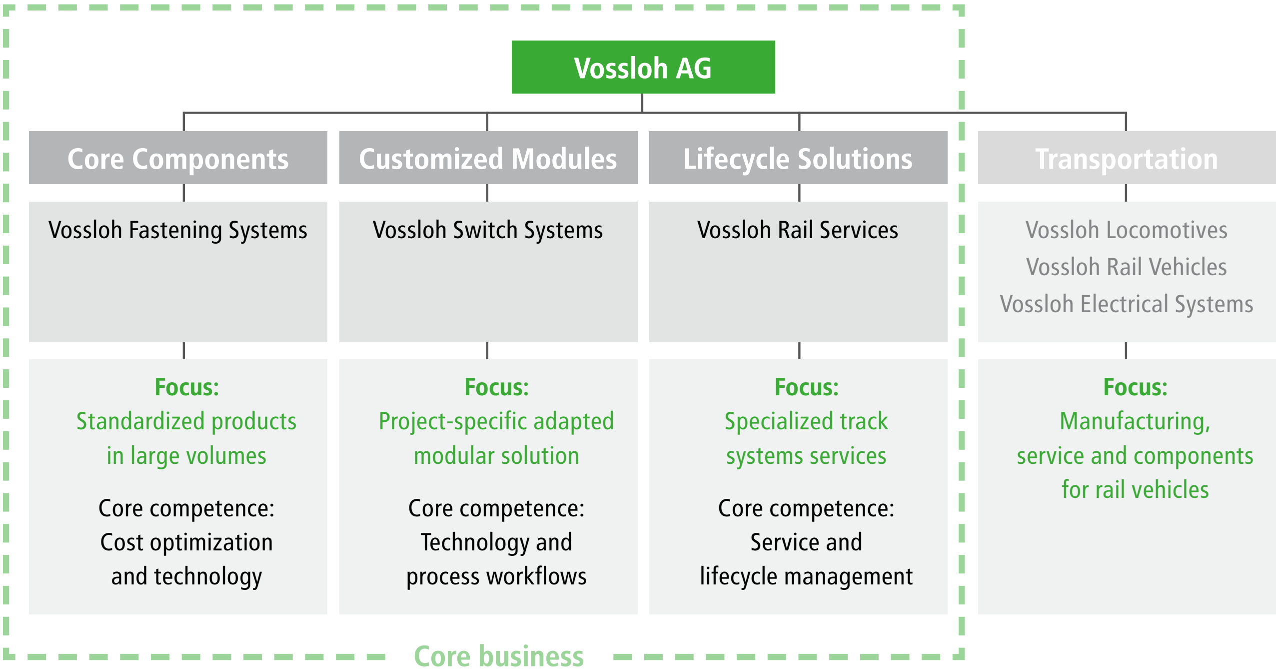
Vossloh will stabilize itself in the current financial year. We are convinced that the Group will continue on this path in 2016. With the objective of generating further margin growth in the future, we will, however, have to continue to rigorously pursue all of our programs for increasing profitability and for innovation in the Group. At the same time, we intend to and will take further steps in the implementation of our long-term strategy. Vossloh remains in motion, is gaining in terms of clarity and is consistently pursuing the objectives that were put in place last year.

Sincerely,

Dr. h.c. Hans M. Schabert
Chairman of the Executive Board

Vossloh's corporate structure

With the transformation of the Group into a company focused exclusively on rail infrastructure, which was initiated in 2014, Vossloh is concentrated on selected products and certain regional markets in this high-growth segment. To this end, the activities of the former Rail Infrastructure division were reorganized into three separate divisions with effect from January 1, 2015 – Core Components, Customized Modules and Lifecycle Solutions. These form the pillars of the core business and will be managed and controlled in accordance with the basic principles of their business models, i.e. by product, project and service orientation. The Vossloh Group's three new divisions work together closely and will appear externally as a uniform and coordinated "One Vossloh". As an operational management holding, Vossloh AG has direct influence on the operational units.



Core Components

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

Customized Modules

The division includes all of the Group's services related to the production, installation and maintenance of individualized infrastructure modules. Throughout the world, Vossloh supplies, installs and services switches and turnouts as well as control elements and monitoring systems for rail networks.
The range reaches from light-rail to high-speed lines. The division currently includes the Switch Systems business unit.

Lifecycle Solutions

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

Transportation

The Group's fourth division which, following careful consideration of all relevant criteria, no longer belongs to the core business, offers locomotives, (sub)urban trains and electrical components for local transport vehicles as well as corresponding services. The division includes the business units Locomotives, Rail Vehicles and Electrical Systems, in which Rail Vehicles is presented as discontinued operations in the quarterly financial statements in accordance with IFRS 5. The division will initially continue to operate in its current form and will be sold or integrated into suitable partnerships by 2017 at the latest.

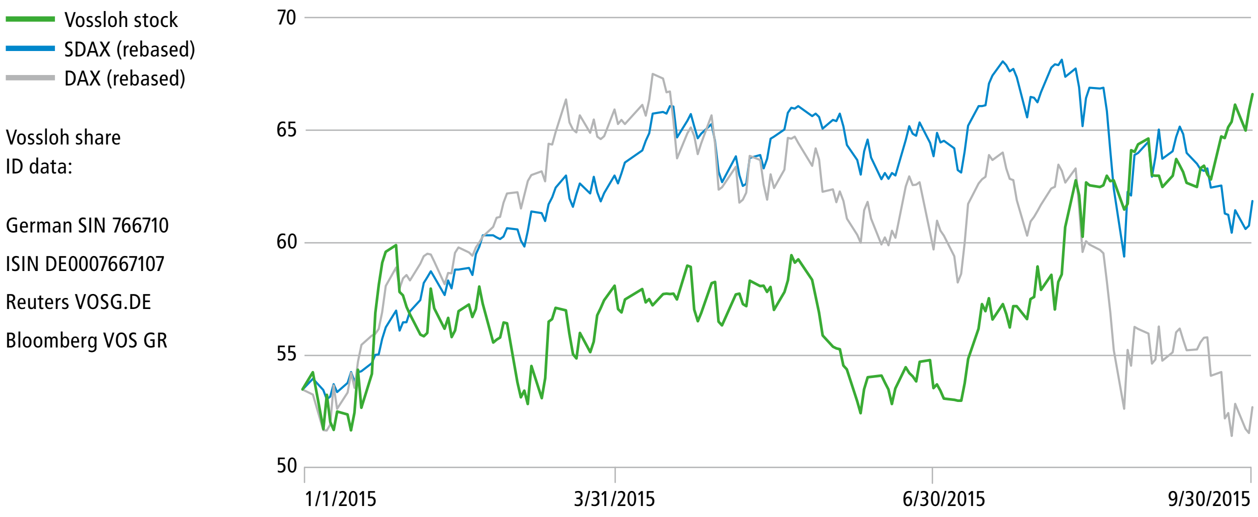
Vossloh stock

Devaluation of the yuan and the VW emissions scandal burden the stock markets in the third quarter of 2015

After just a brief recovery in July, the intensity of the fluctuations on the global stock markets rose noticeably from the middle of August. This was caused, in particular, by concerns regarding the stability of the Chinese economy. Moreover, the stock market in Germany was put under pressure by the VW emissions scandal and, internationally, uncertainties with regard to the future policies of the US Federal Reserve Bank and ongoing currency devaluations in individual emerging markets also had a negative impact, as did the declining prices of raw materials. Robust individual economic data from the eurozone and the USA as well as signals from the European Central Bank regarding potential adjustments to its bond purchasing program provided only temporary offsetting in the third quarter. Overall, many international indices showed substantial declines as of the end of the first nine months of 2015.

All US indices, for example, had negative development as of September 30, 2015 and the Dow Jones alone had lost a total of 7.0 percent of its value since the end of 2014. The Euro STOXX 50, on the other hand, grew by 1.4 percent in the first nine months of 2015. For the first time since January 2015, the DAX fell below the 10,000 point mark in August. It closed on September 30, 2015 at 9,660 points and was thus 1.5 percent below the year-end closing from 2014. The SDAX, however, recorded an increase of 15.6 percent in the same period, ending the third quarter of 2015 at a level of 8,310 points.

Price performance of the Vossloh stock: January 1 – September 30, 2015



Vossloh share ID data:

German SIN 766710

ISIN DE0007667107

Reuters VOSG.DE

Bloomberg VOS GR

Vossloh share 24.5 percent above the closing price for 2014

The Vossloh share developed significantly better than the overall market in the third quarter of 2015. At the end of the first nine months of 2015, the stock was at a price of €66.62. This corresponds to an increase of 24.5 percent as compared to the closing price for the year 2014 (€53.50). The Vossloh share's low for the period January through September was on January 8, 2015 with a price of €50.92. The high for the period was reached over the course of trading on September 29, 2015 at €67.00.

In the first nine months of 2015, trading volume for the Vossloh stock declined to approximately 6.8 million shares (previous year: 7.1 million shares). Of that amount, a total of 1.9 million shares were traded during the third quarter (previous year: 2.9 million shares). Calculated on the basis of 190 trading days in the period January through September, the average daily trading volume was 35,700 shares (previous year: 37,100 shares). Market capitalization of Vossloh AG on the basis of the 13,325,290 shares currently outstanding amounted to approximately €888 million as of the September 30, 2015 reporting date (previous year: €716 million).

Vossloh AG's largest shareholder is Mr. Heinz Hermann Thiele. On February 16, 2016 Mr. Thiele, who at that time held 29.99 percent of the shares of Vossloh AG, submitted through his investment company KB Holding a voluntary public takeover bid for all shares of Vossloh AG. A total of 29,711 Vossloh shares were tendered on the basis of this takeover bid by the end of the extended acceptance period on April 2, 2015. Following the fulfillment of conditions for completion on July 27, 2015, the transaction was completed on July 31, 2015 so that Mr. Thiele, according to the German Securities Trading Act (WpHG) notice of August 3, 2015, held a total of 30.21 percent of the shares in Vossloh AG as of July 31, 2015.

Share holdings attributable to Mr. Thiele at 40.79 percent

According to the WpHG notice from September 17, 2015, Mr. Thiele at that time had acquired a further 744,367 Vossloh shares from the exercise of financial instruments, corresponding to a share of approximately 5.59 percent of the capital stock and the voting rights of Vossloh AG. Lastly, according to the WpHG notice from September 30, 2015, Mr. Thiele purchased a further 665,000 Vossloh shares over the counter. The 665,000 Vossloh shares correspond to a share of approximately 4.99 percent of the capital stock and voting rights of Vossloh AG. As a result of these transactions, Mr. Thiele's stake in Vossloh AG as of September 29, 2015 increased to a total of 40.79 percent.

Additional Vossloh AG shareholders with voting rights exceeding the legal reporting threshold of 3 percent include LAZARD FRERES GESTION S. A. S., Paris, France (with 3.01 percent, reported on March 24, 2014), Franklin Templeton Investment Funds, Luxembourg (with 3.05 percent, reported on June 30, 2014), Franklin Mutual Advisers, LLC, Wilmington, Delaware, USA (with 5.68 percent, reported on July 1, 2014) as well as Iskander Makhmudov, Russian Federation (with 3.08 percent, reported on February 5, 2015). Because these are purely financial investments, the assets of institutional investors count toward the free float market capitalization as defined by Deutsche Börse AG. The freely tradable portion of share capital calculated by Deutsche Börse as of the end of September 2015 was thus 59.21 percent.

Vossloh stock mainly with buy recommendations

In the third quarter of 2015, a total of eleven financial analysts of German and international institutions followed the developments of the Vossloh Group with current assessments and commentaries. Subsequent to the publication of the interim financial report as of June 30, 2015, the analysts adjusted their previous assessments for 2015 and the following years to a limited extent. Seven analysts issued a buy recommendation for the Vossloh share at the end of September/beginning of October while four issued a hold recommendation. There were no recommendations to sell. The range of assumed target prices in the middle of October 2015 was between €64 and €70. On average, the target price amounted to €66.

Information on the Vossloh stock	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Index	SDAX
Number of outstanding shares as of September 30, 2015	13,325,290
Stock price (September 30, 2015)	€66.62
Stock price high/low (January through September 2015)	€67.00/€50.92
Reuters code	VOSG.DE
Bloomberg code	VOS GR

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

Interim Group Management Report

Business development in the Group

Preface

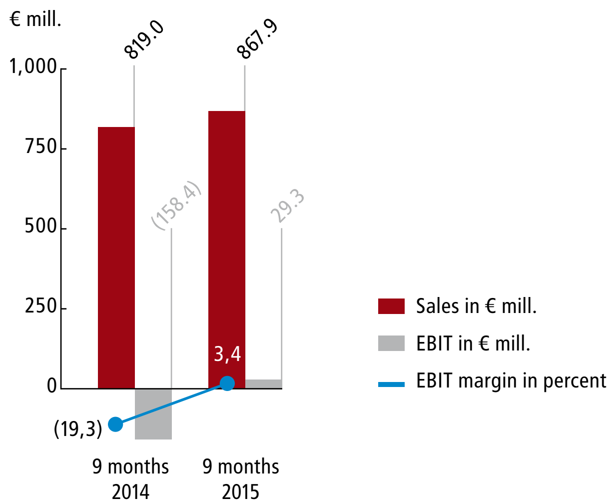
Vossloh Rail Vehicles put up for sale

As part of the implementation of the Group strategy, the Vossloh Group Executive Board plans to sell the Transportation division. Considering the current status of discussions with interested parties, the actual sale of Vossloh Rail Vehicles is expected in all likelihood to take place within the next months. Against this background, all revenues and expenses as well as assets and liabilities of the Rail Vehicles business unit for both the current reporting period and for the respective comparative period of the previous year are, in accordance with IFRS 5, presented separately in the items "Result from discontinued operations" as well as "Assets and liabilities from discontinued operations". The financial information reported for the Group here are therefore not comparable with the reports produced up to and including the half-year report 2015. Only figures for employees, investments and in the context of the cash flow statement include discontinued operations, for this purpose, so-called "thereof" figures are presented in the respective sections of the interim management report and the explanatory notes. More information can be found on page 36 f of the explanatory notes, included in this interim report.

Results of operations

Group sales after nine months of 2015 6 percent higher than in previous year

Vossloh Group sales in the first nine months of 2015 amounted to €867.9 million, not including the business unit Rail Vehicles, which has been put up for sale, surpassing the previous year figure of €819.0 million by 6.0 percent. The Customized Modules division achieved very good sales development, with a clear gain of 13.5 percent, to €388.1 million. As planned, the Lifecycle Solutions division has been gaining momentum since mid-2015. Sales in the division thus reached €52.2 million in the period from January to September 2015, close to the level of the previous year. As expected, on the other hand, sales in the Core Components division of €191.7 million remained 22.9 percent below the previous year's level in the current reporting period as a result of weakened development in several countries, including China. The Transportation division with Vossloh Locomotives and Vossloh Electrical Systems recorded sales of €242.3 million in the first nine months of the current financial year, substantially higher than the prior year figure of €179.0 million. From the translation of exchange rates, positive sales effects of €31.5 million were achieved in the first nine months of 2015 as compared with the previous year.



Vossloh Group sales and EBIT

Vossloh Group

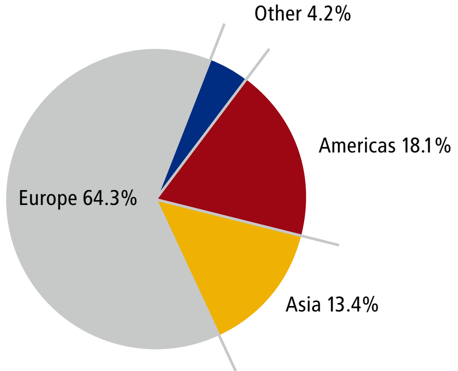
		9 months 2015	9 months 2014	Q3/2015	Q3/2014
Net sales	€ mill.	867.9	819.0	302.0	292.6
EBITDA	€ mill.	59.7	(45.0)	30.2	4.7
EBIT	€ mill.	29.3	(158.4)	17.8	(8.4)
EBIT margin	%	3.4	(19.3)	5.9	(2.9)
EBT	€ mill.	18.4	(178.6)	13.2	(10.5)
Net income	€ mill.	6.6	(167.7)	2.1	(16.5)
ROCE[1,2]	%	4.8	(24.6)	8.7	(4.1)
Value added[1,2]	€ mill.	(31.8)	(222.7)	(2.8)	(29.0)

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

In the third quarter, Group sales revenues stood at €302.0 million (previous year: €292.6 million). The Customized Modules and Transportation divisions recorded significantly higher sales than in the previous year. Revenues in the Core Components division declined as expected. Overall, the business development of the Vossloh Group in the period from January to September 2015 was in line with expectations.

In Europe, with a share of 64.3 percent of Group sales the largest market for Vossloh, sales increased in the first nine months of the current financial year. The reasons behind this development related mainly to higher sales in Western and Northern Europe. The sales increase in Western Europe, especially in the United Kingdom and Germany, is attributable to the Transportation division. The higher revenues in the Northern Europe region in comparison to the previous year can be attributed to increased sales in all three core divisions, especially in the Customized Modules division, in Sweden. Furthermore, revenues in Southern Europe began to rise once again following an extended period of weak demand.
A significant improvement in sales in Italy at both the Core Components and Customized Modules divisions played a key role. However, sales in Eastern European countries, including Poland and Russia, recorded declines.

As expected, sales in Asia in the first nine months of 2015 were well below the level of the previous year. This is essentially a result of the expected lower business volume in China in comparison with the previous year, but also due to decreased sales volumes, amongst others in Thailand and Singapore.



Sales breakdown by region
9 months 2015

In the Americas Vossloh Group sales increased substantially in the first nine months of 2015. This was a result of both an increase in sales in North America, and sales of almost double the previous year's level in South America. In the Transportation, Customized Modules and Core Components divisions, revenues in the USA increased noticeably as compared with the previous year, at Core Components from a relatively low basis. Those two core divisions also generated growth in South America, the Customized Modules division particularly in Brazil and Chile and the Core Components division in Argentina.

Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	9 months 2015		9 months 2014		Q3/2015		Q3/2014	
Germany	180.1	20.8	171.0	20.9	70.4	23.3	63.7	21.8
France	93.3	10.8	103.6	12.6	31.2	10.3	34.3	11.7
Other Western Europe	104.4	12.0	89.7	11.0	36.2	12.0	29.4	10.0
Northern Europe	78.8	9.1	65.4	8.0	32.5	10.8	23.9	8.2
Southern Europe	40.4	4.6	36.1	4.4	14.4	4.8	11.5	3.9
Eastern Europe	60.7	7.0	61.8	7.5	20.6	6.8	25.0	8.6
Total Europe	**557.7**	**64.3**	**527.6**	**64.4**	**205.3**	**68.0**	**187.8**	**64.2**
Americas	157.5	18.1	95.7	11.7	50.7	16.8	32.1	11.0
Asia	116.2	13.4	159.1	19.4	32.7	10.8	57.9	19.8
Africa	19.7	2.3	18.1	2.2	7.5	2.5	8.0	2.7
Australia	16.8	1.9	18.5	2.3	5.8	1.9	6.8	2.3
Total	**867.9**	**100.0**	**819.0**	**100.0**	**302.0**	**100.0**	**292.6**	**100.0**

Orders received at Customized Modules and Lifecycle Solutions increased, Core Components nearly at prior-year level

In the first nine months of 2015, orders received by Vossloh Group totaled €803.0 million (previous year: €885.7 million). The decrease is attributable to slower order intakes in the Transportation division. Here the orders received in the current reporting period stood at €122.1 million, a decrease of almost 45 percent compared with the previous year's figure of €225.4 million. At €229.1 million, orders received by the Core Components division were only marginally – 4 percent – below the previous year's figure of €238.7 million. On the other hand, orders received by the Customized Modules division in the first nine months of 2015 with new orders in the amount of €397.4 million exceeded the previous year's figure of €370.8 million by 7.2 percent. In the Lifecycle Solutions division as well, new orders of €60.2 million were a total of 9.2 percent above the previous year (€55.1 million).

Order backlog for the Group slightly below prior-year level; order backlog at Lifecycle Solutions and Core Components increases considerably

As of the closing date September 30, 2015, the order backlog of the Vossloh Group was €1,077.2 million and thus slightly below the figure from the prior year (€1,160.0 million). In the Lifecycle Solutions division, the order backlog in a year-on-year comparison nearly doubled from €9.3 million on September 30, 2014 to €18.4 million as of the end of September 2015. The order backlog of the Core Components division was also significantly higher at the end of the current reporting quarter, €220.0 million, than in the previous year (€156.6 million). By comparison, the Customized Modules division had a lower order backlog, €318.5 million, on the quarterly reporting date for 2015 (previous year: €352.3 million), as did the Transportation division (Locomotives and Electrical Systems business units) with €521.0 million on September 30, 2015 as compared to €643.6 million on September 30, 2014.

Group's EBIT at €29.3 million

Earnings before interest and taxes (EBIT) of the Vossloh Group in the first nine months of 2015 of €29.3 million were above the comparable figure from the first nine months of 2014, adjusted for one-time items, of €15.3 million. Reported EBIT in the new reporting structure from the previous year was at €(158.4) million. The EBIT in the current reporting period included positive effects from the translation of exchange rates totaling €2.3 million. In the third quarter of 2015, the Vossloh Group's EBIT of €17.8 million surpassed the comparable figure from the previous year of €8.2 million.

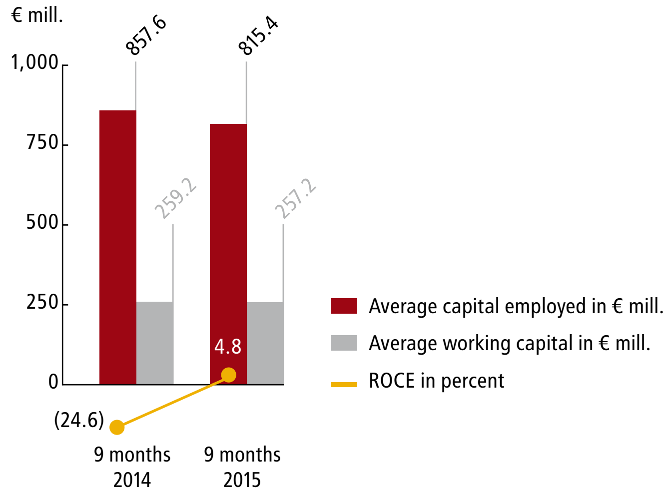
Comparable EBIT of the Customized Modules division increased by around 28 percent

The significant improvement in Group EBIT in the first nine months of 2015 was driven by the EBIT in the Customized Modules division which increased substantially as compared to the previous year and as a result of a significant reduction of the loss in the Transportation division. The EBIT in the Customized Modules division increased by 28.1 percent over the comparable figure of €18.5 million in the previous year to €23.7 million. In the current reporting period, the Transportation division generated an EBIT in the amount of €(11.0) million following a comparable €(34.1) million in the previous year. The EBIT in the Lifecycle Solutions division after nine months of the current financial year was €2.8 million. Adjusted for one-time items, EBIT in the first nine months of 2014 amounted to €3.9 million. In the Core Components division, EBIT in the first nine months of 2015, as already in the first half of the year was below the prior year figure. It amounted to €22.5 million as compared to €37.4 million in the previous year. After nine months in 2015, the EBIT margin of the Vossloh Group was 3.4 percent (previous year, comparable: 1.9 percent).

As a result of the increase in the Group EBIT as well as with a significantly improved net interest result in the amount of €(10.9) million (previous year: €(20.2) million), earnings before taxes for the Vossloh Group in the current reporting period reached a level of €18.4 million (previous year: €(178.6) million). A tax expense in the amount of €15.1 million was incurred for the first nine months of 2015 (previous year: €(3.8) million). Net income in the first nine months of 2015, including the result from discontinued operations of €3.3 million, amounted to €6.6 million (previous year: €(167.7) million). Of that amount, a total of €4.0 million was attributable to non-controlling interests (previous year: €6.6 million). On the balance sheet date September 30, 2015, there was a net profit attributable to shareholders of Vossloh AG of €2.6 million (net loss in the previous year: (€174.3) million). Earnings per share – calculated on the basis of 13,325,290 shares outstanding – improved in the first nine months of the current financial year to €0.20 as compared to (€13.52) in the previous year.

ROCE at 4.8 percent; value added as compared to the previous year improved to €(31.8) million

The return on capital employed (ROCE) after nine months of 2015 was 4.8 percent (previous year: (24.6) percent). Value added of the Vossloh Group in the current reporting period of €(31.8) million was negative, but improved considerably as comparison to the previous year figure of €(222.7) million. For the calculation of value added, a weighted average cost of capital – WACC – of 10.0 percent was assumed.



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

Explanation of net assets and financial position

As of the September 30, 2015 reporting date, Vossloh Group's total assets amounted to €1,659.8 million. This corresponds to an increase of 3.0 percent as compared to the prior year figure of €1,611.6 million. Equity of the Vossloh Group as of the end of September 2015 amounted to €352.0 million as compared to €392.8 million on September 30, 2014 and €349.6 million on December 31, 2014. The changes in equity as compared to the balance sheet date in the previous year resulted for the most part from earnings burdens in the fourth quarter of 2014 which had already led to a decrease at the end of the year 2014. With the significant decrease in equity and the slight increase in total assets, the equity ratio decreased as of the end of the current reporting period to 21.2 percent after 24.4 percent on the balance sheet date of the previous year and 21.8 percent at the end of 2014.

The average net working capital of the Vossloh Group in the first nine months of the current financial year amounted to €257.2 million (previous year: €259.2 million). Due to the drop in working capital, the working capital intensity – the ratio of working capital to sales – decreased slightly from 23.7 percent in the previous year to 22.2 percent in the current reporting period.

As of the end of the third quarter 2015, the capital employed of the Vossloh Group was at €817.4 million after a figure of €832.4 million on the balance sheet date from the previous year. The decrease, based on a comparison of the two balance sheet dates, was attributable to the significantly lower working capital. The average capital employed in the first nine months of 2015 was at €815.4 million (previous year €857.6 million). The key reason for the lower figure in the current reporting period was the in 2015 in the average consideration fully effective write down of goodwill in the Customized Modules unit which was conducted as of June 30, 2014.

Net financial debt after nine months of 2015 again higher than in the prior year

As of September 30, 2015, net financial debt of the Vossloh Group amounted to €322.8 million after €300.3 million on September 30, 2014 and €283.0 million on December 31, 2014. The increase as compared to September 30, 2014 can be attributed in particular to the still negative cash flow from operating activities in the period January through September 2015. As of September 30, 2015, cash and cash equivalents as well as short-term securities amounting to €55.3 million (previous year: €37.8 million) stood opposite financial liabilities in the amount of €378.1 million (previous year: €338.1 million).

Vossloh Group

		9/30/2015	12/31/2014	9/30/2014
Total assets	€ mill.	1,659.8	1,604.4	1,611.6
Total equity	€ mill.	352.0	349.6	392.8
Equity ratio	%	21.2	21.8	24.4
Average working capital	€ mill.	257.2	258.2	259.2
Average working capital intensity*	%	22.2	23.5	23.7
Fixed assets	€ mill.	557.3	548.8	548.5
Closing capital employed	€ mill.	817.4	775.3	832.4
Average capital employed	€ mill.	815.4	844.2	857.6
Free cash flow	€ mill.	(15.8)	(99.8)	(123.3)
Net financial debt	€ mill.	322.8	283.0	300.3

*Annualized

Business development Core Components

Results of operations

Sales decrease by 22.9 percent over previous year

In the first nine months of 2015, revenues in the Core Components division of €191.7 million were, as expected, below the comparable figure from the previous year of €248.6 million. Revenues in the third quarter 2015 of €58.8 million were significantly lower than in the same reporting period of the previous year (€93.5 million). The reasons for the decrease were primarily lower sales volumes in China as well as a weaker business development in Thailand, Poland and Turkey.

Orders received after nine months of 2015 just below previous year

In the period from January through September 2015, orders received in the Core Components division of €229.1 million were 4.0 percent were below the prior year figure of €238.7 million. Primarily in the third quarter of 2015 orders received of €35.1 million were well below the prior year figure of €82.0 million. In the third quarter of 2014, substantial orders received from China had led to this very high figure. Extensive new orders in the current financial year also came from China as well as Italy. As of the balance sheet date September 30, 2015, the Core Components division had an order backlog in the amount of €220.0 million (previous year: €156.6 million).

Core Components

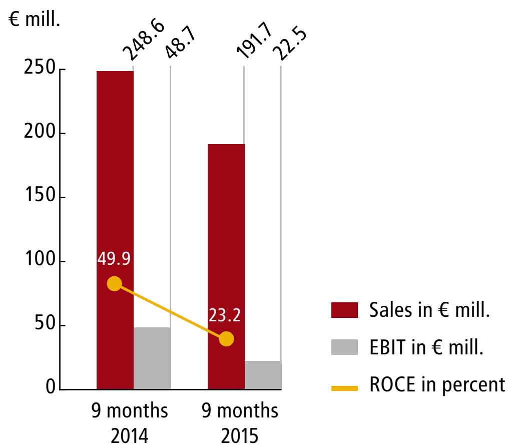
		9 months 2015	9 months 2014	Q3/2015	Q3/2014
Sales	€ mill.	191.7	248.6	58.8	93.5
EBITDA	€ mill.	29.7	54.3	10.9	12.1
EBIT	€ mill.	22.5	48.7	8.3	10.5
EBIT margin	%	11.8	19.6	14.2	11.2
ROCE [1,2]	%	23.2	49.9	26.8	31.5
Value added[1,2]	€ mill.	12.8	39.0	5.2	7.2

[1] Annualized

[2] Based on average capital employed

EBIT after nine months of 2015 at 11.8 percent

EBIT at the Core Components division of €22.5 million in the first nine months of 2015 remained below the adjusted figure from the previous year of €37.4 million. Before adjustment, the EBIT had totaled €48.7 million. In the third quarter of 2015, sales in the division were €8.3 million (previous year, adjusted: €10.7 million). Accordingly, the EBIT margin for the Core Components division in the period January through September 2015 decreased to 11.8 percent after an adjusted 15.0 percent in the previous year period.



Sales, EBIT and ROCE in the Core Components division

ROCE for the Core Components division in the first nine months of the financial year 2015 was 23.2 percent (previous year: 49.9 percent). Value added in the current reporting period amounted to €12.8 million following a reported, unadjusted €39.0 million in the previous year.

Explanation of net assets and financial position

The average working capital for the Core Components division declined in the first nine months of the current financial year to €72.5 million as compared to the prior year figure of €78.3 million. However, with the decrease in revenues, the working capital intensity in the current reporting period was 28.3 percent (previous year: 23.6 percent). With the declining working capital, the average capital employed for the division dropped to 129.7 million (previous year: €130.1 million).

Working capital and capital employed decline as compared to the previous year

Core Components

		9/30/2015/ 9 months 2015	12/31/2014/ FY 2014	9/30/2014/ 9 months 2014
Average working capital	€ mill.	72.5	76.0	78.3
Average working capital intensity*	%	28.3	23.0	23.6
Closing fixed assets	€ mill.	54.6	55.4	54.8
Closing capital employed	€ mill.	119.9	111.5	136.8
Average capital employed	€ mill.	129.7	128.6	130.1

*Annualized

Business development Customized Modules

Results of operations

Positive business development in several countries, particularly in Sweden, leads to double-digit increase in sales

After nine months of 2015, sales in the Customized Modules division of €388.1 million surpassed the prior year figure of €342.1 million by a total of 13.5 percent. In the third quarter 2015 alone, sales were generated in the in the amount of €135.0 million (previous year: €121.2 million). The main reason for this double-digit growth was the continued positive business development in Sweden, Brazil, Morocco and – due primarily to exchange rates – in the USA.

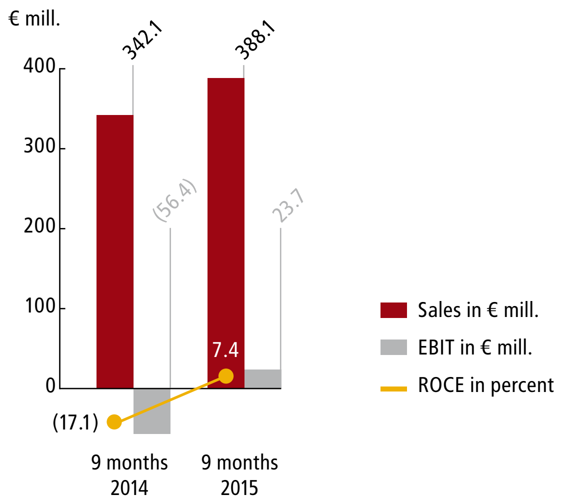
Orders received +7.2 percent

In the period January through September 2015, orders received in the Customized Modules division of €397.4 million surpassed the level of the previous year of €370.8 million by 7.2 percent, and also in the third quarter of 2015, the division recorded higher orders received with a total of €116.4 million (previous year: €95.9 million). Significant new orders came from France, the USA and Sweden. Order backlog in the Customized Modules division declined as of September 30, 2015 to a level of €318.5 million. On the closing date of the previous year it amounted to €352.3 million.

Customized Modules

		9 months 2015	9 months 2014	Q3/2015	Q3/2014
Sales	€ mill.	388.1	342.1	135.0	121.2
EBITDA	€ mill.	36.0	12.3	14.2	11.1
EBIT	€ mill.	23.7	(56.4)	8.2	8.3
EBIT margin	%	6.1	(16.5)	6.1	6.8
ROCE [1,2]	%	7.4	(17.1)	7.6	8.0
Value added[1,2]	€ mill.	(8.3)	(89.4)	(2.6)	(2.0)

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



Sales, EBIT and ROCE in the Customized Modules division

The EBIT in the Customized Modules division after nine months of the current financial year was €23.7 million. Adjusted for one-time items, EBIT in the Customized Modules division in the first nine months of 2014 was €18.5 million. In the third quarter of 2015, EBIT in the Customized Modules division was €8.2 million and was thus below the comparable figure from the previous year of €8.8 million. The reported EBIT amounted to €(56.4) million. The EBIT margin of the Customized Modules division reached a level of 6.1 percent after nine months of 2015, following a comparable figure of 5.4 percent in the previous year.

EBIT in the first nine months of 2015 improves by nearly 28 percent over the previous year

As a result of this significantly positive EBIT, ROCE for the Customized Modules division grew to 7.4 percent in the first nine months of 2015 (previous year: (17.1) percent). Although the value added in the division for the current reporting period was negative at €(8.3) million, there was nevertheless a significant improvement as compared to the prior year figure of €(89.4) million.

Explanation of net assets and financial position

The average working capital in the Customized Modules division in the first nine months of 2015 was €141.2 million (previous year: €128.7 million). Average working capital intensity in the current reporting period decreased slightly to 27.3 percent (previous year: 28.2 percent). The average capital employed fell in the first nine months of 2015 as a result of the significantly lower fixed assets to €427.2 million. In the prior year period it was €439.5 million.

Capital employed below previous year level due to significantly lower fixed assets

Customized Modules

		9/30/2015/ 9 months 2015	12/31/2014/ FY 2014	9/30/2014/ 9 months 2014
Average working capital	€ mill.	141.2	129.0	128.7
Average working capital intensity*	%	27.3	27.3	28.2
Closing fixed assets	€ mill.	284.2	282.5	282.8
Closing capital employed	€ mill.	433.3	406.5	418.6
Average capital employed	€ mill.	427.2	432.8	439.5

*Annualized

Business development Lifecycle Solutions

Results of operations

Sales in the first nine months of 2015 at level of previous year

In the Lifecycle Solutions division, sales in the reporting period 2015 totaling €52.2 million were nearly unchanged compared to the previous year figure of €52.9 million. In the third quarter, sales in the division were €23.4 million (previous year: €22.2 million). Over the course of the year to date, stationary services showed stable development while mobile services generated higher sales. Development in Transport/Logistics was negative due to the completion of a non-recurring project in the previous year. For the first time, there was a positive earnings contribution in the amount of €2.3 million from the subsidiary in Finland which was consolidated for the first time as of July 1, 2015.

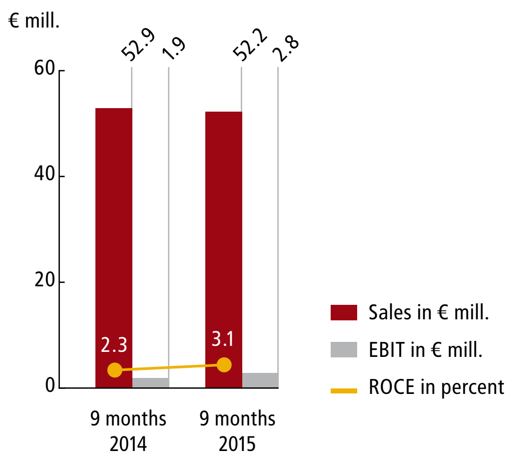
Orders received in the first nine months of 2015 at +9.2 percent

Orders received for the Lifecycle Solutions division grew from €55.1 million in the previous year to €60.2 million in the first nine months of 2015, corresponding to a total increase of 9.2 percent. Of that total, orders received in the amount of €25.0 million were booked in the third quarter (previous year: €20.4 million). With the exception of a new order in mobile services from Croatia, the orders received in the Lifecycle Solutions division related primarily to on-demand orders. On the closing date September 30, 2015, the order backlog for the division was €18.4 million as compared to €9.3 million in the previous year.

Lifecycle Solutions

		9 months 2015	9 months 2014	Q3/2015	Q3/2014
Sales	€ mill.	52.2	52.9	23.4	22.2
EBITDA	€ mill.	6.4	5.6	4.1	4.7
EBIT	€ mill.	2.8	1.9	2.7	3.4
EBIT margin	%	5.3	3.7	11.6	15.5
ROCE [1,2]	%	3.1	2.3	8.7	11.5
Value added[1,2]	€ mill.	(6.3)	(6.6)	(0.4)	0.5

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



Sales, EBIT and ROCE in the Lifecycle Solutions division

EBIT at €2.8 million

In the current reporting period, the EBIT of the Lifecycle Solutions division was €2.8 million. Adjusted for one-time items, EBIT in the first nine months of 2014 amounted to €3.9 million. In the third quarter of 2015, an EBIT of €2.7 million was achieved in the division, following a comparable €3.4 million in the previous year. The EBIT margin for the division fell from a comparable 7.5 percent in the first nine months of 2014 to 5.3 percent in the current reporting period. This was primarily attributable to start-up costs in new areas of activity.

The return on capital employed (ROCE) in the Lifecycle Solutions division in the first nine months of 2015 was 3.1 percent (previous year: 2.3 percent). After nine months of the current financial year, value added in the Lifecycle Solutions division was negative at €(6.3) million, as was the figure from the previous year of €(6.6) million.

Explanation of net assets and financial position

Working capital and capital employed slightly above prior year

The average working capital for the Lifecycle Solutions division in the first nine months of the current financial year was €9.7 million as compared to the prior year figure of €9.1 million. The working capital intensity in the reporting period amounted to 14.0 percent (previous year: 12.9 percent). The average capital employed for the division rose as a result of the increase in fixed assets from €114.2 million in the first nine months of 2014 to €120.3 million in the same period of 2015.

Lifecycle Solutions

		9/30/2015/ 9 months 2015	12/31/2014/ FY 2014	9/30/2014/ 9 months 2014
Average working capital	€ mill.	9.7	9.5	9.1
Average working capital intensity*	%	14.0	13.7	12.9
Closing fixed assets	€ mill.	116.2	106.6	105.8
Closing capital employed	€ mill.	127.7	114.9	119.0
Average capital employed	€ mill.	120.3	114.9	114.2

*Annualized

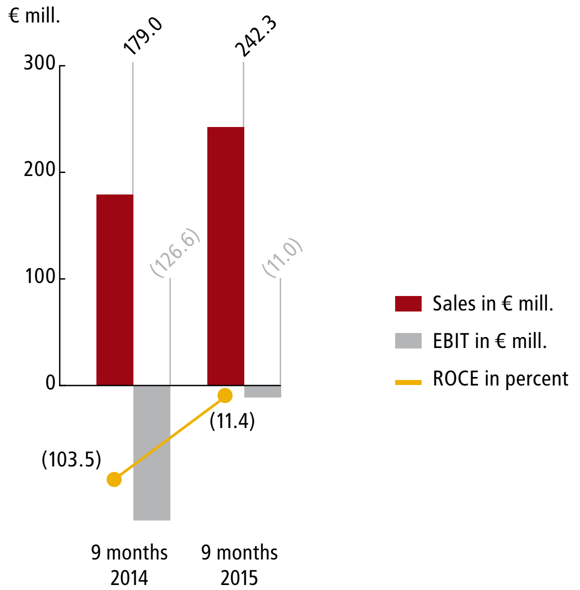
Business development Transportation (not including Vossloh Rail Vehicles)

Preface

Vossloh Rail Vehicles classified as available for sale

From the Transportation division, the Rail Vehicles business unit has been classified as available for sale in accordance with IFRS 5 and presented accordingly in these interim financial statements. Within the scope of the implementation of the Group strategy, the Executive Board of Vossloh AG intends to sell this division. In light of the course to date of talks with interested parties, the actual sale of Vossloh Rail Vehicles is expected in all likelihood to take place within the next months.

Accordingly, the earnings contributions generated by the Rail Vehicles business unit are presented separately for all reporting periods in the income statement as "Result from discontinued operations". The assets and liabilities of Vossloh Rail Vehicles are presented in the reported balance sheets under the item "Assets from discontinued operations" and "Liabilities from discontinued operations".



Sales, EBIT and ROCE Transportation division

Results of operations

Sales in the Transportation division increased significantly

Orders received lower than in the previous year

In the first nine months of the current financial year, sales revenues in the Transportation division increased substantially by 35.4 percent to €242.3 million (previous year: €179.0 million). In the third quarter of 2015, sales of €86.7 million were also well above the figure from the prior year quarter of €57.1 million.

Orders received for the division amounted in the first nine months of 2015 to €122.1 million, compared to €225.4 million in the prior year period. This decrease is primarily attributable to hesitant ordering due to project postponements. Orders received in the division in the third quarter of 2015 amounted to €42.4 million and were thus lower than in the previous year (€62.3 million). On the closing date September 30, 2015, the order backlog for the Transportation division was €521.0 million as compared to €643.6 million in the previous year.

In the current reporting period, sales in the Locomotives business unit totaled €68.6 million (previous year: €70.7 million). In the third quarter of 2015, sales were €23.0 million as compared to €22.9 million in the prior year quarter.

Orders received in the Locomotives business unit of €44.0 million in the first nine months of 2015 remained significantly below the prior year figure of €81.6 million. In total, orders received in the third quarter of 2015 of €12.6 million were lower than in the previous year figure of €24.9 million. As of September 30, 2015 order backlog for the Locomotives business unit was €68.2 million as compared to €107.2 million in the previous year.

In the Electrical Systems business unit, sales in the first nine months of the current financial year amounted to €175.3 million after €111.2 million in the previous year. Of that total, revenues in the amount of €64.1 million were generated in the third quarter of 2015 (previous year: €35.1 million). Overall, the sales development of the business unit in the first nine months was very pleasing.

In the first nine months of 2015, orders received for the Electrical Systems business unit totaled €78.5 million after €147.3 million in the reporting period of the previous year. In the prior year's period, various new orders, including new orders for trams for the Austrian city of Gmunden as well as trolley-buses for the US-American cities of Seattle and San Francisco as well as an important order for the electrical components of 16 light rail cars for the city of Manchester all helped to push orders received to a high level. In line with this development, orders received fell significantly below the figure from the previous year (€38.9 million) also in the current reporting quarter with €29.9 million. On the September 30, 2015 closing date, the order backlog at the Electrical Systems business unit amounted to €454.5 million (previous year: €540.2 million).

Transportation

		9 months 2015	9 months 2014	Q3/2015	Q3/2014
Sales	€ mill.	242.3	179.0	86.7	57.1
EBITDA	€ mill.	(4.2)	(91.7)	2.1	(20.1)
EBIT	€ mill.	(11.0)	(126.6)	(0.1)	(27.3)
EBIT margin	%	(4.5)	(70.7)	(0.2)	(47.8)
ROCE [1,2]	%	(11.4)	(103.5)	(0.4)	(74.6)
Value added[1,2]	€ mill.	(20.7)	(138.8)	(3.5)	(31.0)

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

EBIT in the first nine months significantly improved, at €(11.0) million

After nine months of 2015, EBIT in the division was €(11.0) million. Adjusted for one-time items, EBIT in the corresponding previous year period amounted to €(34.1) million. Also in the third quarter of 2015, EBIT for the division was negative at €(0.1) million, but it, too, was significantly better than in the comparable period. In line with this development, the EBIT margin for the division improved from a comparable (19.0) percent in the first nine months of 2014 to (4.5) percent in the current reporting period.

Thus far in the current financial year, ROCE and value added for the division have been negative, although a significant improvement as compared to the previous year can be seen. ROCE in the current reporting period was (11.4) percent (previous year, unadjusted: (103.5) percent). Value added for the division improved from a reported, unadjusted €(138.8) million in the previous year to €(20.7) million in the first nine months of 2015. Value added in the Locomotives business unit in the current reporting period was €(12.3) million (previous year: €(85.4) million). Value added at Vossloh Electrical Systems was also negative in the first nine months of 2015 at €(7.6) million (previous year: €(49.6) million).

Explanation of net assets and financial position

The average working capital for the Transportation division improved from €45.8 million in the previous year to €36.7 million in the first nine months of 2015. Accordingly, the average working capital intensity for the division fell in the current reporting quarter to 11.3 percent (previous year: 19.2 percent).

The average capital employed in the first nine months of the financial year 2015 also decreased significantly, from €163.1 million in the prior year period to €129.3 million. The main drivers of this development are, in addition to the lower working capital, the impairments carried out in the previous year in fixed assets, primarily amortization on capitalized development costs for the new locomotive family.

Capital employed in the first nine months of 2015 declined noticeably

Transportation

		9/30/2015/ 9 months 2015	12/31/2014/ FY 2014	9/30/2014/ 9 months 2014
Average working capital	€ mill.	36.7	46.3	45.8
Average working capital intensity*	%	11.3	20.0	19.2
Closing fixed assets	€ mill.	90.9	92.8	91.7
Closing capital employed	€ mill.	129.6	132.4	147.1
Average capital employed	€ mill.	129.3	157.3	163.1

*Annualized

Capital expenditures

Lower investment volume in nearly all divisions due to partially completed major projects

Capital expenditures in the Vossloh Group including those in the Rail Vehicles business unit which has been put up for sale amounted to a total of €32.3 million in the first nine months of 2015 and were thus 26.6 percent below the previous year figure (€44.0 million). As a result of the projects that were for the most part completed in the previous period, the investment volume declined in nearly all divisions. The investment focus in the period from January through September 2015 was the Transportation division.

Investments in intangible assets and property, plant and equipment

€ mill.	9 months 2015	9 months 2014	Q3/2015	Q3/2014
Core Components	5.3	10.9	0.4	2.5
Customized Modules	5.7	10.7	2.4	2.2
Lifecycle Solutions	6.0	7.6	1.2	1.1
Transportation*	14.9	14.6	8.0	4.9
Vossloh AG/Consolidation	0.4	0.2	(0.2)	0.1
Total	**32.3**	**44.0**	**11.8**	**10.8**
*thereof from discontinued operations	8.7	4.7	4.7	0.9

Due to the completion and commissioning of the new production facility in the USA in the spring of 2015 – one of the largest investment projects in recent years – the investment volume in the Core Components division decreased substantially to €5.3 million (previous year: €10.9 million). The division is also currently investing in a logistics center near Werdohl, Germany. At Customized Modules, too, only limited investment expenditures were incurred in the course of the upcoming commissioning of the new forge in Luxembourg, resulting in an investment volume of €5.7 million (previous year: €10.7 million). In the current reporting period, Lifecycle Solutions invested €6.0 million, which was also significantly less than in the previous year (€7.6 million). Investment activities of this division continued to be focused primarily on the further development of the high-speed grinding trains and the ongoing development of a milling train.

Investments in the Transportation division in the amount of €14.9 million (previous year: €14.6 million) include investments accumulated until September 30, 2015 in the three business units Vossloh Locomotives, Vossloh Rail Vehicles and Vossloh Electrical Systems. An investment volume in the amount of €8.7 million (previous year: €4.7 million) was accounted for the Rail Vehicles business unit which has been put up for sale. Since this point in time, all assets from this business unit including fixed assets will be presented as assets from discontinued operations.

In the Transportation division, not including Vossloh Rail Vehicles, investments totaled €6.2 million (previous year: €9.9 million) and went primarily toward the further development of the new locomotive family at the Kiel location.

Research & development

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

In the first nine months of 2015, research and development expenses for the Vossloh Group declined by 14.3 percent to €8.9 million after €10.4 million in the prior year period. The expenses for the Rail Vehicles business unit, which has been put up for sale, are no longer included in the figures presented and the comparative figures from the previous year have been adjusted accordingly.

In the period January through September a total of €2.6 million of the R&D expenses were accounted for by the Customized Modules division (previous year: €2.5 million). The research and development expenses in the Core Components division were also at €2.6 million after €2.2 million in the prior year period. In the Lifecycle Solutions division, R&D expenses after nine months of 2015 totaled €1.3 million as compared to €0.6 million in the same period of 2014.

The Transportation division recorded a significantly lower R&D volume in the current reporting period than in the prior year period. In total, €2.6 million in expenses for research and developed were incurred in the Transportation division in the current financial year without Vossloh Rail Vehicles, while the figure from the previous year was €5.1 million.

In addition to the research and development costs recognized in expenses, in the first nine months of 2015 development work was capitalized in the amount of €2.1 million (previous year: €4.2 million). The majority of that total related to the Transportation division with €1.6 million (previous year: €3.0 million). Development work in the Lifecycle Solutions division was also capitalized in the amount of €0.3 million (previous year: €1.1 million) and in Customized Modules – as in the previous year – in the amount of €0.1 million.

Employees

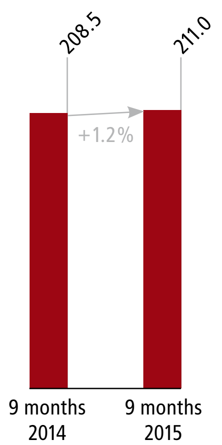
5,807 Employees at the end of September 2015

Including consideration of the Rail Vehicles business unit, a total of 5,807 people were employed around the world by the Vossloh Group as of September 30, 2015. The number of employees was thus at the level of the previous year closing date (5,811 employees). As compared to the end of the year 2014 (5,781 employees), the number of employees in the Vossloh Group has increased by a total of 26 employees.

With 595 employees as of September 30, 2015, the Core Components division had 53 fewer employees than on the closing date of the previous year (648 employees). The customized Modules division, on the other hand, with 2,608 employees as of September 30, 2015 employed a total of 45 people more than in the previous year (2,563 employees). The clearest increase in the number of employees was in the Lifecycle Solutions division. As of September 30, 2015, the number of employees in the division increased by 75 to a total of 433 people as a result of the planned expansion of the service range and the first time inclusion of the new employees in Finland (previous year: 358 employees).

Employees	Reporting date		Average	
	9/30/2015	9/30/2014	2015	2014
Core Components	595	648	617	632
Customized Modules	2,608	2,563	2,590	2,553
Lifecycle Solutions	433	358	387	340
Transportation*	1,174	1,303	1,244	1,295
Vossloh AG	56	52	56	51
Group	**4,866**	**4,924**	**4,894**	**4,871**
*Discontinued operations	941	887	902	843
Total	**5,807**	**5,811**	**5,796**	**5,714**

Average number of employees (continuing operations)



Personnel expenses in € mill.

In the Transportation division, the number of employees since September 30, 2014 (1,303 employees) declined by 129 to 1,174 as of the end of the current reporting period. In addition, 941 people are employed in the Rail Vehicles business unit which has been put up for sale (previous year: 887 employees). As of September 30, 2015, Vossloh Electrical Systems had 765 employees (previous year: 872 employees), while Vossloh Locomotives had 409 employees (previous year: 431 employees).

Approximately 69 percent of all employees work abroad

As of the end of September, a total of 1,796 people were employed in Germany (previous year: 1,880 people). All of these worked in the continuing operations. Outside of Germany, the number of employees increased in the last twelve months by 80 to 4,011 people (previous year: 3,931 people), thereof 941 in the discontinued operations. The share of employees abroad as of September 30, 2015 was at 69.1 percent.

Forecast, opportunities and risks

The main risks and opportunities for the Vossloh Group's further development are set out in the group management report for fiscal year 2014. In connection with the ongoing systematic recording and control of risks, which is carried out by the Group's risk management, there continue to be no identifiable risks that individually or taken together could threaten the Group's continued existence.

In submitting the Annual Report for 2014 on March 26, 2015, Vossloh AG published a detailed forecast for financial year 2015 (see the 2014 Annual Report from page 116). On this basis and taking into consideration current information regarding the development of the market and industry, Vossloh anticipates, also after the first three quarters, that in the current financial year it will be able to achieve the sales and EBIT goals laid out in the planning and described in the Annual Report 2014. Through the reclassification of Vossloh Rail Vehicles in accordance with IFRS 5, there is, however, a differing absolute sales expectation. From today's perspective following the reclassification of the business unit available for sale, there is now a corridor for the expected Group sales of €1,130 to €1,160 million following €1,100.8 in financial year 2014. Value added at Group level for the full year is also expected to be negative. The Group anticipates lower sales in the Core Components division in 2015 as compared to the previous year and a lower EBIT margin than in the prior year. The division will not be able to compensate for the anticipated downturn in sales in China with higher revenues in other regions. Over the course of the full year, the Customized Modules division expects higher sales and a higher EBIT margin than in the previous year. Lifecycle Solutions division is also expected to continue its positive sales growth from the previous years in 2015. Following the recovery that took place already in the third quarter of 2015, a continued significant improvement in sales and EBIT is also expected for the fourth quarter. Due to the weaker first half of the year, profitability in the Lifecycle Solutions division will, from today's perspective, not be above the adjusted figure from the previous year. For the Transportation division (not including Vossloh Rail Vehicles), Vossloh expects substantially higher sales and a significantly improved profitability. In comparison with the adjusted EBIT from 2014, a general improvement is anticipated for the Group EBIT 2015. The EBIT margin for the Group for 2015 is expected to be between 3 and 4 percent (previous year, adjusted: 1.7 percent).

The assumptions for the coming years also remain unchanged. Due to ongoing measures for the restructuring and repositioning of the Group, as well as the planned intensifying of expenditures to accelerate innovation, the EBIT margin in 2016 is likely to remain under the EBIT target margin set for 2017. At the beginning of December, Vossloh will regularly present an updated planning status in the now reported Group structure.

Condensed interim financial statements of the Vossloh Group as of September 30, 2015

Income statement for the 9 months and 3 months (3Q) ended September 30, 2015

€ mill.	9 months 2015	9 months 2014	Q3/2015	Q3/2014
Net sales	867.9	819.0	302.0	292.6
Cost of sales	(721.1)	(731.9)	(249.1)	(250.6)
General administrative and selling expenses	(129.6)	(149.2)	(39.5)	(47.3)
Research and development expenses	(8.9)	(10.4)	(3.2)	19.5
Other operating result	20.7	(78.5)	8.7	(23.6)
Operating result	**29.0**	**(151.0)**	**18.9**	**(9.4)**
Investment result from associated companies	2.3	(7.0)	1.0	0.4
Other financial income	0.1	0.7	0.0	0.6
Other financial expenses	(2.1)	(1.1)	(2.1)	0.0
Earnings before interest and taxes (EBIT)	**29.3**	**(158.4)**	**17.8**	**(8.4)**
Interest income	1.0	1.4	0.4	0.5
Interest expense	(11.9)	(21.6)	(5.0)	(2.6)
Earnings before income taxes (EBT)	**18.4**	**(178.6)**	**13.2**	**(10.5)**
Income taxes	(15.1)	3.8	(8.5)	(8.9)
Result from discontinued operations	3.3	7.1	(2.6)	2.9
Net income/loss	**6.6**	**(167.7)**	**2.1**	**(16.5)**
thereof attributable to shareholders of Vossloh AG	**2.6**	**(174.3)**	**1.0**	**(18.4)**
thereof attributable to non-controlling interests	4.0	6.6	1.1	1.9
Earnings per share (EpS)				
Basic/diluted EpS (€)	0.20	(13.52)	0.08	(1.42)

Statement of comprehensive income for the 9 months and 3 months (3Q) ended September 30, 2015

€ mill.	9 months 2015	9 months 2014	Q3/2015	Q3/2014
Net income/loss	**6.6**	**(167.7)**	**2.1**	**(16.5)**
Changes in fair value of hedging instruments (cash flow hedges)	(1.2)	(2.5)	2.8	(1.8)
Currency translation differences	4.3	10.8	(6.0)	9.5
Changes in fair value of available-for-sale securities	0.0	0.0	0.0	0.0
Income taxes	0.3	0.8	(0.9)	0.6
Amounts that will potentially be transferred into profit or loss in future periods	**3.4**	**9.1**	**(4.1)**	**8.3**
Total income and expenses recognized directly in equity	**3.4**	**9.1**	**(4.1)**	**8.3**
Comprehensive income	**10.0**	**(158.6)**	**(2.0)**	**(8.2)**
thereof attributable to shareholders of Vossloh AG	5.0	(166.9)	(2.5)	(11.9)
thereof attributable to non-controlling interests	5.0	8.3	0.5	3.7

Cash flow statement for the 9 months ended September 30, 2015

€ mill.	9 months 2015	9 months 2014
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	29.3	(158.4)
EBIT from discontinued operations	5.8	8.0
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	35.1	119.9
Change in noncurrent provisions	(15.8)	29.9
Gross cash flow	**54.4**	**(0.6)**
Noncash change in shares in associated companies	(0.1)	7.1
Other noncash income/expenses, net	5.1	19.1
Net loss/(gain) on the disposal of intangible assets and property, plant and equipment	(2.3)	(0.1)
Income taxes paid	(15.0)	(16.9)
Change in working capital	(44.1)	(71.9)
Changes in other assets/liabilities, net	18.5	(16.0)
Cash flow from operating activities	**16.5**	**(79.3)**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(30.5)	(41.6)
Cash-effective changes in investments in associated companies	(1.8)	(2.4)
Free cash flow*	**(15.8)**	**(123.3)**
Investments in noncurrent financial instruments	(1.3)	(3.7)
Proceeds from the disposal of intangible assets and property, plant and equipment	1.8	0.5
Disbursements/proceeds from the purchase/sale of short-term securities	(0.4)	(1.6)
Proceeds from disposals of noncurrent financial instruments	0.0	1.6
Cash-effective dividends from associated companies	2.1	0.0
Proceeds from the disposal of consolidated companies	0.0	0.0
Disbursements for the acquisition of consolidated companies	(6.4)	0.0
Cash flow from investing activities	**(36.5)**	**(47.2)**
Cash flow from financing activities		
Change in treasury shares	0.0	89.8
Disbursements to shareholders and non-controlling interests	(7.3)	(17.0)
Net financing from short-term loans	(153.1)	144.2
Net financing from medium-/long-term loans	196.1	(86.9)
Interest received	1.2	1.8
Interest paid	(11.5)	(21.6)
Cash flow from financing activities	**25.4**	**110.3**
Net inflow/outflow of cash and cash equivalents	5.4	(16.2)
Change in cash and cash equivalents from the first-time consolidation of companies	0.0	0.5
Exchange rate effects	0.2	0.7
Opening cash and cash equivalents	**58.5**	**53.3**
Closing cash and cash equivalents	**64.1**	**38.3**

*Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment as well as proceeds and disbursements in connection with associated companies consolidated at equity. For an allocation of cash flows to continued and discontinued operations see p. 42.

Balance sheet

Assets in € mill.	9/30/2015	12/31/2014	9/30/2014
Intangible assets	291.6	280.5	277.8
Property, plant and equipment	213.6	215.5	214.7
Investment properties	4.5	4.5	4.5
Investments in associated companies	35.2	33.1	37.6
Other noncurrent financial instruments	14.4	15.5	14.6
Other noncurrent assets	2.8	3.2	3.9
Deferred tax assets	19.3	21.3	27.9
Total noncurrent assets	**581.4**	**573.6**	**581.0**
Inventories	361.1	347.0	358.1
Trade receivables	265.7	255.3	268.4
Receivables from construction contracts	76.1	51.3	66.1
Income tax assets	8.4	9.7	8.7
Other current assets	69.3	71.3	61.1
Short-term securities	1.0	0.6	4.3
Cash and cash equivalents	54.4	47.3	33.5
Total current assets	**836.0**	**782.5**	**800.2**
Assets from discontinued operations	242.4	248.3	230.4
Total assets	**1,659.8**	**1,604.4**	**1,611.6**

Equity and liabilities in € mill.	9/30/2015	12/31/2014	9/30/2014
Capital stock	37.8	37.8	37.8
Additional paid-in capital	30.9	30.9	30.4
Retained earnings	263.1	265.3	305.8
Accumulated other comprehensive income	3.3	(4.1)	1.9
Equity excluding non-controlling interests	**335.1**	**329.9**	**375.9**
Non-controlling interests	16.9	19.7	16.9
Total equity	**352.0**	**349.6**	**392.8**
Pension provisions	29.1	28.7	22.8
Other noncurrent provisions	46.6	56.5	55.4
Noncurrent financial liabilities	245.9	49.8	49.8
Noncurrent trade payables	3.6	0.7	0.0
Other noncurrent liabilities	11.4	3.4	4.2
Deferred tax liabilities	3.4	3.6	10.5
Total noncurrent liabilities	**340.0**	**142.7**	**142.7**
Other current provisions	112.3	106.3	63.3
Current financial liabilities	132.2	281.0	288.3
Current trade payables	161.4	147.3	148.7
Current liabilities from construction contracts	158.4	163.9	158.1
Income tax liabilities	11.1	14.2	10.9
Other current liabilities	125.1	105.5	132.0
Total current liabilities	**700.5**	**818.2**	**801.3**
Liabilities from discontinued operations	267.3	293.9	274.8
Total equity and liabilities	**1,659.8**	**1,604.4**	**1,611.6**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Treasury shares	Retained earnings	Accumulated OCI	Equity excluding NCI	Non-controlling interests (NCI)	Total equity
Balance at 12/31/2013	**37.8**	**42.6**	**(102.0)**	**490.7**	**(6.6)**	**462.5**	**18.6**	**481.1**
Transfer to retained earnings				(1.1)	1.1	0.0		0.0
Changes in the scope of consolidation				(2.8)		(2.8)		(2.8)
Net income/loss				(174.3)		(174.3)	6.9	(167.4)
Income and expense directly recognized in equity net of tax					7.4	7.4	1.7	9.1
Dividends paid				(6.7)		(6.7)	(10.3)	(17.0)
Treasury shares sold		(12.2)	102.0			89.8		89.8
Balance at 9/30/2014	**37.8**	**30.4**	**0.0**	**305.8**	**1.9**	**375.9**	**16.9**	**392.8**
Transfer to retained earnings				(0.1)	0.1	0.0		0.0
Changes in the scope of consolidation		0.5		(0.8)		(0.3)		(0.3)
Net income/loss				(39.6)		(39.6)	1.3	(38.3)
Income and expense directly recognized in equity net of tax					(6.1)	(6.1)	(0.3)	(6.4)
Dividends paid							1.8	1.8
Balance at 12/31/2014	**37.8**	**30.9**	**0.0**	**265.3**	**(4.1)**	**329.9**	**19.7**	**349.6**
Transfer to retained earnings				(4.9)	4.9	0.0		0.0
Changes in the scope of consolidation				0.1		0.1	(0.8)	(0.7)
Net income/loss				2.6		2.6	4.4	7.0
Income and expense directly recognized in equity net of tax					2.5	2.5	0.9	3.4
Dividends paid						0.0	(7.3)	(7.3)
Balance at 9/30/2015	**37.8**	**30.9**	**0.0**	**263.1**	**3.3**	**335.1**	**16.9**	**352.0**

Explanatory notes

Corporate background

Vossloh AG is a listed stock company based in Werdohl, Germany, and is registered under number HRB 5292 at the Commercial Register of the Iserlohn Local Court. The Vossloh Group’s primary activities include the manufacture and sale 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 policies

The interim financial report as of Wednesday, September 30, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU.

Amendments to the following standards after the adoption of the “Annual Improvements IFRSs 2011-2013 Cycle” were applied for the first time:
- IFRS 3: Business Combinations,
- IFRS 13: Fair Value Measurement as well as
- IAS 40: Investment Property.

In addition, IFRIC 21 – Levies was applied for the first time.

The first-time application did not have any impact on the consolidated interim financial statements as of September 30, 2015.

Apart from these first-time applications the recognition and measurement methods applied in preparing the interim financial statements are consistent with those applied in the consolidated financial statements as of December 31, 2014, taking into consideration the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and the German Accounting Standard (GAS) 16 “Interim Reporting”. Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, differences between the amounts shown in the interim financial statements and the actual amounts can result.

For German companies, income taxes have been calculated by applying a rate of 31.9 percent while for foreign subsidiaries, the applicable local tax rates are used.

Presentation of business unit available for sale

The Rail Vehicles business unit has been classified as available for sale in accordance with IFRS 5 and presented accordingly in these interim financial statements. Within the scope of the implementation of the Group strategy, the Executive Board intends to sell this business unit. In light of the course to date of talks with interested parties, the actual sale of Vossloh Rail Vehicles is expected in all likelihood to take place within the next months.

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

€ mill.	9 months 2015	9 months 2014
Revenue	182.4	148.7
Expenses	177.0	140.2
Earnings before taxes	5.4	8.5
Income taxes	(1.7)	(1.0)
Post-tax profit or loss	**3.7**	**7.5**
thereof attributable to non-controlling interests	0.4	0.4
thereof attributable to the Group (result from discontinued operations)	3.3	7.1

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

€ mill.	9/30/2015	9/30/2014
Intangible assets	58.3	58.6
Property. plant and equipment	14.8	11.9
Other noncurrent assets	22.8	27.4
Noncurrent assets	**95.9**	**97.9**
Inventories	67.1	70.5
Trade receivables	60.4	46.9
Other current assets	9.2	10.3
Cash and cash equivalents	9.8	4.8
Current assets	**146.5**	**132.5**
Assets	**242.4**	**230.4**
Provisions	82.4	91.0
Trade payables	149.6	157.3
Other liabilities	35.3	26.5
Liabilities	**267.3**	**274.8**

In the reporting period, €0.4 million (previous year: €(0.5) million) were recognized directly in equity. These amounts originated from changes in the market values of derivative financial instruments used to hedge future payments in foreign currencies (cash flow hedges).

Consolidation group

The consolidation group has been changed compared to the December 31, 2014 balance sheet date through the acquisition of a Finnish company. Besides that two domestic companies have been merged.

Effective July 1, 2015, two transactions relating to Finnish subsidiaries were completed. On the one hand, by means of an asset deal, switch plants in Finland were acquired. In return, 40 percent of the shares in Vossloh Cogifer Finland Oy, Helsinki/Finland as well as the amount of €2.2 million were paid to the seller. There will also be an additional purchase price payment of €2.1 million through a capital reduction. At the same time, the purchase of the shares transferred to the seller by Vossloh Nordic Switch Systems AB, Ystad/Sweden was contractually agreed upon by way of call/put options in four tranches at 10 percent each by the end of 2018. Against this background, the transaction was presented as a complete acquisition, while simultaneously disclosing the fair values of the expected purchase prices for these tranches under current and noncurrent liabilities, respectively.

The purchase price for the assets and liabilities assumed totaling €11.6 million contrasted with the following assets:

€ mill.	Pre-acquisition carrying amount	Adjustments	Fair value upon initial consolidation
Property, plant and equipment and intangible assets	0.4	3.3	3.7
Inventories	6.0	0.0	6.0
Trade receivables	2.6	0.0	2.6
Other assets	0.5	0.0	0.5
Trade payables	1.3	0.0	1.3
Provisions	0.6	0.0	0.6
Other liabilities	0.5	0.0	0.5
Net assets acquired	**7.1**	**3.3**	**10.4**
Purchase price			11.6
Remaining goodwill			**1.2**

The adjustments to fair values presented in the table are to be regarded as preliminary. Since its inclusion in the scope of consolidation, the acquired business generated sales of €3.8 million and earnings (EBIT) of €0.5 million. Disclosure of sales and earnings for the theoretical case of an acquisition at the beginning of the financial year is not possible for this business combination, as the acquired assets and liabilities were only carved out from a larger company at the time of the acquisition and these figures therefore cannot be determined.

In addition to this transaction, 60 percent of the shares were acquired in a company in which the same Finish seller had contributed a welding plant. The shares were entirely purchased in exchange for cash. Also in this case, the purchase of the shares initially remaining with the seller by Vossloh Rail Services International, Hamburg, was contractually agreed upon by way of call/put options in four tranches at 10 percent each by the end of 2018. Therefore, this transaction was also presented as complete acquisition, while simultaneously disclosing the fair values of the expected purchase prices for these tranches under current and noncurrent liabilities respectively.

The purchase price for the assets and liabilities assumed totaling €7.2 million contrasted with the following assets:

€ mill.	Pre-acquisition carrying amount	Adjustments	Fair value upon initial consolidation
Property, plant and equipment and intangible asset	0.4	3.9	4.3
Inventories	2.0	0.0	2.0
Trade receivables	0.5	0.0	0.5
Other assets	0.2	0.0	0.2
Trade payables	0.9	0.0	0.9
Provisions	0.2	0.0	0.2
Other liabilities	0.4	0.8	1.2
Net assets acquired	**1.6**	**3.1**	**4.7**
Purchase price			7.2
Remaining goodwill			**2.5**

The adjustments to fair values presented in the table are to be regarded as preliminary. Since its inclusion in the scope of consolidation, the acquired business generated sales of €2.3 million and earnings (EBIT) of €0.0 million. Disclosure of sales and earnings for the theoretical case of an acquisition at the beginning of the financial year is not possible for this business combination, as the assets and liabilities of the acquired company were only carved out from a larger company at the time of the acquisition and these figures therefore cannot be determined.

While the switch plants acquired in the first transaction will be allocated to the Switch Systems business unit as additional capacity for the already existing subsidiary, the new subsidiary which includes the welding plant will be allocated to the Rail Services business unit. As a result, capacities in the Scandinavian market or, more specifically, the Finnish market have been significantly increased in order to take advantage of the relevant market opportunities.

Consequently, including Vossloh AG, 22 German and 42 foreign companies were consolidated fully in the interim financial statements as of Wednesday, September 30, 2015. Two investments in German associated companies and seven investments in foreign associated companies were accounted for at equity.

Equity

Since the consolidated financial statements as of December 31, 2014, Vossloh AG’s capital stock has remained unchanged.

Compared to the previous year's reporting date, capital stock was unchanged and amounted to €37,825,168.86, divided into 13,325,290 shares. All of them were outstanding throughout the entire reporting period of 2015, so that the average number of shares outstanding equals this amount. In the same period of the previous year, there was an average of 12,889,926 shares outstanding.

Earnings per share

		9 months 2015	9 months 2014
Weighted average number of common shares	Shares	13,325,290	13,325,290
Weighted number of acquired treasury shares	Shares	0	(435,364)
Weighted average of outstanding shares – basic/diluted –	Shares	13,325,290	12,889,926
Net income/loss attributable to Vossloh AG shareholders	€ mill.	(2.6)	(174.3)
Basic/diluted earnings per share	€	**(0.20)**	**(13.52)**

Additional information on investments in associated companies

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

Information regarding investments in associated companies

€ mill.	9 months 2015	9 months 2014	Q3/2015	Q3/2014
Profit or loss from continuing operations	0.8	0.4	(0.1)	0.0
Post-tax profit or loss from discontinued operations	0.0	0.0	0.0	0.0
Total income and expenses recognized directly in equity	2.0	1.2	0.5	0.6
Comprehensive income	**2.8**	**1.6**	**0.4**	**0.6**

The following table provides information on the amount of assets and liabilities measured at fair value and the allocation of the fair values to the three levels of the fair value hierarchy, which results from the available information used in the valuation techniques applied.

Additional information on financial instruments

If the market price for an asset or liability is directly observable in the market, the fair value is assigned to the first level of the fair value hierarchy (e.g. for listed securities). Fair values for derivatives, for example, are determined on the basis of market data such as currency rates or yield curves using a valuation technique. These types of fair values are assigned to Level 2. Fair values whose determination is not performed using a valuation model based on observable market data, but instead, for example, must be extrapolated from market data are assigned to Level 3.

Assignment of levels of the fair value hierarchy

	Level 1: Input of quoted prices		Level 2: Input of observable market data		Level 3: No input of observable market data	
€ mill.	9/30/2015	12/31/2014	9/30/2015	12/31/2014	9/30/2015	12/31/2014
Financial assets at fair value						
Held to maturity			0.0	0.4		
Available for sale			0.9	0.8		
Derivatives in hedging relationships			0.5	0.5		
Total	**0.0**	**0.0**	**1.4**	**1.7**	**0.0**	**0.0**
Financial liability measured at fair value						
Derivatives in hedging relationships			9.2	9.7		
Total	**0.0**	**0.0**	**9.2**	**9.7**	**0.0**	**0.0**

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

Carrying amounts, measurement categories and fair values as of September 30, 2015

€ mill.	Carrying amount according to balance sheet 9/30/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 9/30/2015
Trade receivables	**265.7**				
Loans and receivables	265.7	265.7			265.7
Securities	**1.0**				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	0.9		0.9		0.9
Other financial instruments and other assets	**86.5**				
Loans and receivables	50.5	50.5			50.5
Held to maturity	0.0	0.0			0.0
Held for trading	0.0			0.0	0.0
Available for sale	0.6	0.6	0.0		0.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5		0.2	0.3	0.5
IAS 39 not applicable	34.9				–
Total financial assets	**353.2**	**316.9**	**1.1**	**0.3**	**318.3**
Financial liabilities	**378.1**				
Loans and receivables	378.1	378.1			378.1
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	**165.0**				
Loans and receivables	165.0	165.0			165.0
Other liabilities	**136.5**				
Loans and receivables	83.1	83.1			83.1
Derivatives in hedging relationships (not a category according to IAS 39.9)	9.2		5.2	4.0	9.2
IAS 39 not applicable	44.2				–
Total financial liabilities	**679.6**	**626.2**	**5.2**	**4.0**	**635.4**

Cash and cash equivalents are not listed in the above table, since these financial instruments do not fall within the measurement categories of IAS 39.9.

Summary by measurement categories of IAS 39

€ mill.	Carrying amount according to balance sheet 9/30/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 9/30/2015
Financial assets					
Loans and receivables	316.2	316.2	0.0	0.0	316.2
Held to maturity	0.1	0.1	0.0	0.0	0.1
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	1.5	0.6	0.9	0.0	1.5
Total financial assets	**317.8**	**316.9**	**0.9**	**0.0**	**317.8**
Financial liabilities					
Measurement at amortized cost	626.2	626.2	0.0	0.0	626.2
Total financial liabilities	**626.2**	**626.2**	**0.0**	**0.0**	**626.2**

Carrying amounts, measurement categories and fair values as of December 31, 2014

€ mill.	Carrying amount according to balance sheet 12/31/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 12/31/2014
Trade receivables	**255.3**				
Loans and receivables	255.3	255.3			255.3
Securities	**0.6**				
Held to maturity	0.2	0.2			0.2
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**90.0**				
Loans and receivables	46.6	46.6			46.6
Held to maturity	0.4		0.4		0.4
Available for sale	1.0	0.6	0.4		1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5			0.5	0.5
IAS 39 not applicable	41.5				–
Total financial assets	**345.9**	**302.7**	**1.2**	**0.5**	**304.4**
Financial liabilities	**330.8**				
Loans and receivables	330.8	330.8			330.8
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	**148.0**				
Loans and receivables	148.0	148.0			148.0
Other liabilities	**108.9**				
Loans and receivables	83.9	83.9			83.9
Derivatives in hedging relationships (not a category according to IAS 39.9)	9.7		3.8	5.9	9.7
IAS 39 not applicable	15.3				–
Total financial liabilities	**587.7**	**562.7**	**3.8**	**5.9**	**572.4**

Cash and cash equivalents are not listed in the above table, since these financial instruments do not fall within the measurement categories of IAS 39.9.

Summary by measurement categories of IAS 39

€ mill.	Carrying amount according to balance sheet 12/31/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 12/31/2014
Financial assets					
Loans and receivables	301.9	301.9	0.0	0.0	301.9
Held to maturity	0.6	0.2	0.4	0.0	0.6
Available for sale	1.4	0.6	0.8	0.0	1.4
Total financial assets	**303.9**	**302.7**	**1.2**	**0.0**	**303.9**
Financial liabilities					
Measurement at amortized cost	562.7	562.7	0.0	0.0	562.7
Total financial liabilities	**562.7**	**562.7**	**0.0**	**0.0**	**562.7**

Cash flow statement

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

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

The figures of the cash flow statement presented on p. 33 relate to the entire Group including effects from discontinued operations. The following table allocates the sub-totals of the cash flow statement as well as cash and cash equivalents at the beginning and at the end of the period to continued and discontinued operations:

€ mill.	9 months 2015		9 months 2014	
Cash flow items	Thereof continuing operations	Thereof discontinued operations	Thereof continuing operations	Thereof discontinued operations
Gross cash flow	50.3	4.1	(17.8)	17.2
Cash flow from operating activities	26.3	(9.8)	(90.1)	10.8
Free Cashflow	2.4	(18.2)	(129.4)	6.1
Cash flow from investing activities	(27.8)	(8.7)	(42.5)	(4.7)
Cash flow from financing activities	8.5	16.9	114.2	(3.9)
Opening cash and cash equivalents	47.3	11.2	50.7	2.6
Closing cash and cash equivalents	54.4	9.7	33.5	4.8

Segment information

The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structures, which are based on the products and services offered by the Vossloh Group's business units. In accordance with IFRS 8, segment reporting encompasses not only the divisions but also separately presents their business units.

As already presented in the Annual Report 2014 and as a consequence of the new corporate strategy that was unveiled at the beginning of December 2014, segment reporting comprises the four divisions Core Components with the business unit Fastening Systems, Customized Modules with the business unit Switch Systems, Lifecycle Solutions with the business unit Rail Services, and Transportation with the two business units Locomotives and Electrical Systems. Despite its treatment as discontinued operations, the Rail Vehicles business unit continues to be presented as a reportable segment; the figures for the Transportation division, however, only include the values for the business units that have been treated as continuing operations.

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

Vossloh Switch Systems, the only business unit in the Customized Modules division to date, is one of the world's leading rail switch manufacturers. The business unit equips rail networks with switches, as well as with the related control and monitoring systems, which it also installs and maintains. Here, also, the lineup extends from light-rail to high-speed applications.

As the only business unit in the Lifecycle Solutions division to date, Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, and construction site supervision, 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.

The Transportation division includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises following business units: Locomotives, Rail Vehicles and Electrical Systems. This division is strategically no longer part of the Group's core business.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility, and eco-friendliness. In addition, comprehensive services are offered, particularly for maintenance and repair of locomotives.

At the Valencia location, the Rail Vehicles business unit develops and produces innovative diesel-electric locomotives and light rail vehicles. The services on offer also include maintenance. As explained above, the business unit is treated as discontinued operations in accordance with IFRS 5. Therefore, the values for this business unit are not included in the figures for the Transportation division.

The Electrical Systems business unit develops and produces key electrical components and systems for public transport vehicles and locomotives. The business unit is among the world's leading suppliers of electrical equipment for trams as well trolleybuses and hybrid buses. Besides furnishing complete systems, the unit supplies air conditioners for rail vehicles, individual components, subassemblies, revamping work, servicing and maintenance.

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

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

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

Reconciliation of value added to EBIT

€ mill.	9 months 2015	9 months 2014	Q3/2015	Q3/2014
Value added	(31.8)	(222.7)	(2.8)	(29.0)
Cost of capital employed	61.1	64.3	20.6	20.6
EBIT	**29.3**	**(158.4)**	**17.8**	**(8.4)**

Related parties

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

€ mill.	9 months 2015 or 9/30/2015	9 months 2014 or 9/30/2014
Purchase or sale of finished or unfinished goods		
Sales revenue	13.8	5.7
Cost of materials	34.9	11.9
Trade receivables as well as advance payments received	51.3	52.2
Trade payables as well as advance payments made	7.1	1.8
Purchase or sale of other assets		
Income	0.0	0.0
Expenses	0.0	0.0
Receivables from the sale of other assets	0.0	0.0
Liabilities	0.9	0.9
Services rendered or received		
Income from services rendered	3.0	0.7
Expenses for services received	2.8	3.4
Financing		
Interest income from loans granted	0.1	0.1
Receivables on loans issued	9.8	3.1
Liabilities on financial loans received	0.6	0.0
Provision of guarantees and collateral		
Provision of guarantees	8.4	4.9
Provision of other collateral	0.0	1.3

Contingent liabilities

In comparison to December 31, 2014, contingent liabilities increased by €0.2 million to €11.9 million. Contingent liabilities result in the amount of €10.0 million from guarantees and in the amount of €1.9 million from provision of securities for third-party liabilities.

Segment information by business unit

		Core Components (Fastening Systems)	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Locomotives
Value added					
9 months 2015	€ mill.	12.8	(8.3)	(6.3)	(12.3)
9 months 2014	€ mill.	39.0	(89.2)	(6.6)	(85.4)
Q3/2015	€ mill.	5.2	(2.6)	(0.4)	(3.1)
Q3/2014	€ mill.	7.2	(2.0)	0.5	(13.9)
Total assets					
9 months 2015	€ mill.	218.1	612.7	191.3	115.0
9 months 2014	€ mill.	242.0	593.6	167.0	125.8
Liabilities					
9 months 2015	€ mill.	126.4	344.8	173.0	89.1
9 months 2014	€ mill.	138.4	327.3	149.5	126.1
External sales					
9 months 2015	€ mill.	180.6	387.4	48.8	67.8
9 months 2014	€ mill.	243.8	341.7	51.8	68.8
Q3/2015	€ mill.	54.7	134.9	22.2	23.0
Q3/2014	€ mill.	91.8	121.1	21.6	22.1
Intersegment sales					
9 months 2015	€ mill.	11.1	0.7	3.4	0.8
9 months 2014	€ mill.	4.8	0.4	1.1	1.9
Q3/2015	€ mill.	4.1	0.1	1.2	0.0
Q3/2014	€ mill.	1.7	0.1	0.6	0.8
Interest income					
9 months 2015	€ mill.	0.2	0.3	0.0	0.5
9 months 2014	€ mill.	0.1	0.2	0.0	0.6
Q3/2015	€ mill.	0.1	0.1	0.0	0.2
Q3/2014	€ mill.	0.0	0.1	0.0	0.2
Interest expense					
9 months 2015	€ mill.	(1.2)	(3.3)	(2.6)	(1.9)
9 months 2014	€ mill.	(1.2)	(2.5)	(1.7)	(2.0)
Q3/2015	€ mill.	(0.5)	(1.3)	(1.1)	(0.5)
Q3/2014	€ mill.	(0.2)	(0.9)	(0.6)	(0.6)
Amortization/depreciation					
9 months 2015	€ mill.	6.9	9.7	3.6	3.4
9 months 2014	€ mill.	4.6	8.7	3.6	4.1
Q3/2015	€ mill.	2.3	3.4	1.4	1.3
Q3/2014	€ mill.	1.5	2.9	1.2	1.5
Impairment losses from intangible assets and property, plant and equipment					
9 months 2015	€ mill.	0.3	2.6	–	–
9 months 2014	€ mill.	1.0	60.0	0.0	25.1
Q3/2015	€ mill.	0.3	2.6	–	–
Q3/2014	€ mill.	–	–	–	3.9
Investments in noncurrent assets					
9 months 2015	€ mill.	5.3	5.7	6.0	4.0
9 months 2014	€ mill.	10.9	10.7	7.6	3.8
Q3/2015	€ mill.	0.4	2.4	1.2	2.8
Q3/2014	€ mill.	2.5	2.2	1.1	1.0
Average headcount					
9 months 2015	Number	617	2,590	387	418
9 months 2014	Number	632	2,553	340	434

	Rail Vehicles (discontinued operations)	Electrical Systems	Consolidation	Transportation (not including Rail Vehicles)	Holding companies	Consolidation	Group
	13.0	(7.6)	(13.8)	**(20.7)**	35.8	(45.1)	**(31.8)**
	11.1	(49.6)	(14.9)	**(138.8)**	17.1	(44.2)	**(222.7)**
	3.8	(0.8)	(3.4)	**(3.5)**	0.4	(1.9)	**(2.8)**
	4.4	(17.8)	(3.7)	**(31.0)**	26.1	(29.8)	**(29.0)**
	369.7	355.9	(12.8)	**827.8**	1,041.9	(1,232.0)	**1,659.8**
	389.6	319.4	(14.9)	**819.9**	1,031.5	(1,242.4)	**1,611.6**
	280.4	286.9	(282.9)	**373.5**	629.8	(339.7)	**1,307.8**
	288.5	270.9	(293.7)	**391.8**	573.0	(361.2)	**1,218.8**
	182.4	173.0	(182.4)	**240.8**	0.2	0.1	**857.9**
	148.8	109.7	(148.8)	**178.5**	0.2	0.0	**816.0**
	53.6	63.4	(53.6)	**86.4**	0.1	0.1	**298.4**
	49.1	34.7	(49.1)	**56.8**	0.1	0.0	**291.4**
	0.0	2.3	(1.6)	**1.5**	0.9	(7.5)	**10.1**
	0.0	1.6	(2.9)	**0.6**	0.8	(4.7)	**3.0**
	0.0	0.7	(0.4)	**0.3**	0.3	(2.4)	**3.6**
	0.0	0.4	(1.0)	**0.2**	0.3	(1.7)	**1.2**
	0.8	0.1	(0.3)	**1.1**	8.8	(9.4)	**1.0**
	1.2	0.1	(0.5)	**1.4**	6.7	(7.0)	**1.4**
	0.3	0.0	(0.2)	**0.3**	3.4	(3.5)	**0.4**
	0.4	0.0	0.0	**0.6**	2.2	(2.4)	**0.5**
	(0.8)	(3.1)	0.6	**(5.2)**	(9.4)	9.8	**(11.9)**
	(0.2)	(2.3)	(0.1)	**(4.6)**	(19.1)	7.5	**(21.6)**
	(0.6)	(1.1)	0.5	**(1.7)**	(4.2)	3.8	**(5.0)**
	(0.1)	(0.8)	0.0	**(1.5)**	(2.0)	2.6	**(2.6)**
	6.1	3.4	(6.1)	**6.8**	0.5	0.0	**27.5**
	6.5	2.9	(6.4)	**7.1**	0.5	0.0	**24.5**
	1.6	1.1	(1.8)	**2.2**	0.2	0.0	**9.5**
	1.7	1.0	(1.6)	**2.6**	0.2	0.0	**8.4**
	–	–	–	**–**	–	–	**2.9**
	0.0	0.0	2.7	**27.8**	0.1	0.0	**88.9**
	–	–	–	**–**	–	–	**2.9**
	–	–	0.8	**4.7**	–	–	**4.7**
	8.7	1.9	0.3	**14.9**	0.2	0.2	**32.3**
	4.7	5.4	0.7	**14.6**	0.2	0.0	**44.0**
	4.7	0.5	0.0	**8.0**	0.1	(0.3)	**11.8**
	0.9	2.2	0.8	**4.9**	0.1	0.0	**10.8**
	902	826	0	**2,146**	56	0	**5,796**
	843	861	0	**2,138**	51	0	**5,714**

Financial calendar 2016

Publication of consolidated financial statements	March 17, 2016
Investors and analysts call	March 17, 2016
Annual General Meeting	May 25, 2016
Investors and analysts conference	September 2016 in the context of the InnoTrans

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Vossloh AG's boards

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

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