VOSSLOH
AKTIENGESELLSCHAFT

Interim report as of June 30, 2002

- **Vossloh turning into a transport technology group**
- **H1/2002 sales up 7 and EBIT almost 30 percent**
- **Prospects: EpS for all of 2002 expected at €3.40 (up from €1.20 in 2001)**

Since the publication of its Q1 report as of March 31, 2002, Vossloh has largely completed its refocus as a transport technology group.

In May 2002, the sale and transfer of the Lighting division (parented by Vossloh Elektro GmbH) to Matsushita Electric Works Ltd., Osaka, Japan, laid the cornerstone for the future refocus on transport technology. The proceeds from the disposal of Lighting, which accounted for sales of €252.8 million in 2001, were based on an enterprise value of €172 million.

On July 15, 2002, Vossloh succeeded in signing an agreement to acquire the French Cogifer Group, the world's no. 2 switch manufacturer, at a purchase price of €296 million. In a related move, Vossloh shed its stake in the Austrian VAE AG (45 percent direct plus indirect shareholding) at a price of €140.5 million.

In taking over the Cogifer Group, Vossloh can additionally position itself as a systems supplier and services provider for rail infrastructures, a group able to offer not only switch and special trackwork technology according to all prevailing standards worldwide but also the maintenance and upkeep of rail networks. The Cogifer Group, which in 2002 expects its some 2,350 employees to generate sales of around €330 million and an EBIT of €27.3 million, subdivides into the two division parents, Cogifer SA and Cogifer TF, each accounting for about an equal share of sales.

Switch manufacturer Cogifer SA with its many subsidiaries is world market leader for the production of high-speed trackwork, as well as standard and tram switches.

Cogifer TF specializes in the laying and maintenance of tracks, which account for around three-quarters of its sales. Cogifer TF is market leader in France, Belgium, and Luxembourg. Moreover, the company is foremost in the French market for industrial rail networks and highly successful in European projects for tram and urban/commuter rail systems.

The Cogifer acquisition is funded from the cash inflow from the disposal of the Lighting division and the VAE stake.

Furthermore, Vossloh is presently negotiating the acquisition of a company that specializes in complete electrical component packages for trams and other public transportation systems. The Vossloh Group thus aims at extending its present portfolio for railbound vehicle systems. The negotiations will be finalized within the current quarter.

After consummating the above-mentioned transactions, the Vossloh Group will in 2002 generate sales of a good €700 million and virtually double its earnings from the originally budgeted €25.0 million to around €49 million. This level will be the launching pad for further business development in the years to come.

Following €1.20 in fiscal 2001, earnings per share (EpS) are scheduled to climb to €3.40 from the €1.74 level originally budgeted for 2002.

Group

Due to the disposal of Lighting, the Group's operating activities as presented in the consolidated income statement for the 6 months ended June 30, 2002, exclude the discontinued Lighting operations, the latter's net income being shown in a separate line after the Group's. The prior-year income statement comparatives were restated accordingly. Moreover, the prior-year data does not account for the mechanical engineering operations as this unit had been contributed the year before to a joint venture with economic effect as of January 1, 2001.

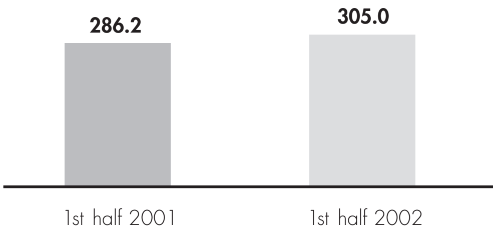
The Vossloh Group (excluding Lighting) generated H1/2002 sales of €305.0 million, like for like up by almost 7 percent, the EBIT growth of just under 30 percent to €22.2 million outpacing the sales rise by far.

Group earnings for the first half of 2002 came to €13.1 million (up from the year-earlier €12.0 million) and raised EpS from €0.83 to €0.96.

Including the proceeds and burdens from the disposal, Lighting contributed €5.9 million to Group earnings.

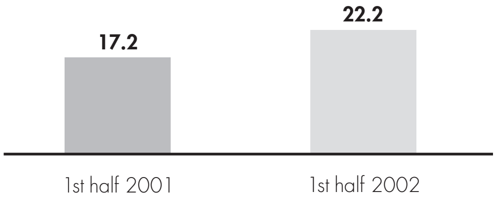
Group – Sales

Sales in € million



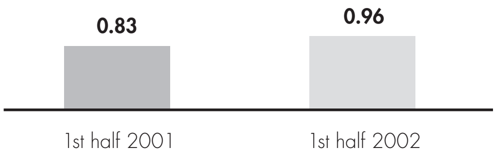
Group – EBIT

Earnings before interest and taxes in € million



Group – Earnings per share

Earnings per share in €



Group		**1st half 2002** [2]	**1st half 2001** [1]
Total assets	€ mill.	917.0	917.6
Equity	€ mill.	311.3	335.3
Equity ratio	%	33.9	36.5
Fixed assets	€ mill.	317.2	320.2
Capital expenditures	€ mill.	13.5	22.8
Amortization/ depreciation	€ mill.	15.5	18.2
Net financial debt	€ mill.	258.2	254.5
Net leverage	%	82.9	75.9

[1] excluding the mechanical engineering unit, which was deconsolidated retroactively as of Jan. 1, 2001, hence the differences in comparison to the H1/2001 interim report

[2] balance sheet data includes Lighting (other than in the income statement format)

Railway & Transport

H1/2002 sales by Railway & Transport totaled €304.7 million, hence up 6.5 percent from the year-earlier €286.0 million. This increase is attributable to the Track subdivision having stepped up business by 16 percent.

Railway & Transport		1st half 2002	1st half 2001 [1]
Net sales	€ mill.	304.7	286.0
EBITDA	€ mill.	34.2	32.1
EBIT	€ mill.	25.4	21.5
EBIT margin	%	8.3	7.5
ROCE *	%	10.8	9.5
Working capital	€ mill.	245.8	224.7
Net working capital ratio *	%	40.3	39.3
Capital employed	€ mill.	470.1	453.6
Fixed assets	€ mill.	224.3	228.9
Capital expenditures	€ mill.	10.2	16.0
Payroll ratio	%	76.4	77.3
Headcount (6-30)	empl.	4,151	3,970

* annualized

[1] excluding the mechanical engineering unit, which was deconsolidated retroactively as of Jan. 1, 2001, hence the differences in comparison to the H1/2001 interim report

The Track subdivision has continued its uptrend, net sales in the first six months of 2002 gaining 16 percent over the H1/2001 level of €200.2 million to total €233.3 million.

At €59.6 million, sales by the Rail Fasteners unit exceeded the year-earlier €54.1 million by 10 percent.

The VAE Group raised its H1 sales by 18 percent, from €148.1 million to €174.8 million, including the stake in Transwerk Perway Ltd. acquired in 2001.

At €58.6 million, sales by Railbound Vehicles & Maintenance remained for invoice timing reasons 8.8 percent below the year-earlier level of €64.3 million. Excluding the July 2002 award of a megacontract by the Swiss Railways (SBB), which placed a €100 million order with Vossloh Schienenfahrzeugtechnik GmbH, Kiel, for 59 diesel-hydraulic locomotives of the successful MaK series G1206/G1700 with an option for another 37, this subdivision's order backlog as of June 30, 2002, came to €260 million (down from around €320 million). The first locomotives are scheduled to be shipped out in the fall of 2003.

At €12.8 million and as budgeted, H1/2002 sales by the Engineering Systems subdivision were clearly below the year-earlier €21.5 million. One reason was the meantime concluded divestment of operations no longer considered mainstream business. Moreover, sales and earnings only materialize once customers have formally accepted a project. According to the contract terms, major projects will be formally accepted in H2/2002, and hence sales and EBIT will clearly gain by the end of this year. As of June 30, 2002, this subdivision recorded an order backlog of €103+ million, including the contract awarded in 2001 by the German rail corporation, Deutsche Bahn AG, for fitting around 1,200 IC/EC passenger cars with a new kind of IT equipment by 2004.

Railway & Transport's capital expenditures in the first half of 2002 totaled €10.2 million (down from €16.0 million).

As of June 30, 2002, the Railway & Transport division's order backlog added up to about €560 million.

Lighting

The Lighting division was in May 2002 sold and transferred to Matsushita Electric Works, Ltd. Osaka, Japan, and is therefore no longer included in the Group's sales and EBIT but its net income will be in Group earnings.

Prospects

For the current fiscal year, Vossloh expects Group earnings to range around €49 million, corresponding to earnings per share of €3.40 and based on sales of about €700 million.

The virtual doubling of Group earnings versus the original forecast is the outcome of various factors. On the one hand, Cogifer's EBT will accrue to Vossloh in full while the VAE Group's EBT would be recognized at only about 45 percent. On the other hand, a favorable impact on earnings is ascribable to gains from the disposal of the VAE Group and the Lighting division, as well as to the shrinking interest expense in the wake of scaled-down net financial debt once the transactions have been consummated.

Furthermore, Vossloh's equity ratio will then remain at an unchanged 35 percent. Another welcome side effect of the disposal of the some 45-percent stake in the VAE Group is the substantial reduction of minority interests in Vossloh's total equity. Net leverage will thus improve from 74 percent in 2001 to 70 in 2002.

Stock repurchase

By June 30, 2002, altogether 826,872 shares of treasury stock were reacquired by Vossloh AG under the current stock repurchase program at a total price of €17.9 million, equivalent to 5.7 percent of the subscribed capital stock.

Werdohl, July 2002

Vossloh AG
The Executive Board

Consolidated income statement according to US GAAP for the 6 months ended June 30, 2002

Income statement	**2002**		**2001** [1]
	Group (pro forma) [2]	Group	Group
	€ mill.	€ mill.	€ mill.
Net sales	428.8	305.0	286.2
Cost of sales	(338.1)	(241.8)	(228.7)
General administrative and selling expenses	(58.2)	(40.0)	(36.0)
R&D expenses	(5.4)	(3.4)	(2.7)
Operating result	**27.1**	**19.8**	**18.8**
Nonoperating result	(2.9)	2.1	0.3
Income from investments	0.2	0.3	0.4
Goodwill amortization	0.0	0.0	(2.3)
Earnings before interest and taxes (EBIT)	**24.4**	**22.2**	**17.2**
Net interest expense	(8.7)	(5.7)	(4.2)
Earnings before taxes (EBT)	**15.7**	**16.5**	**13.0**
Income taxes	(6.0)	(5.2)	(4.9)
Earnings before minority interests/net income	**9.7**	**11.3**	**8.1**
Net income of Lighting (to be sold)	7.5	5.9	7.2
Minority interests	(4.1)	(4.1)	(3.3)
Group earnings	**13.1**	**13.1**	**12.0**
Earnings per share (EpS)*			
Net income after minority interests		0.52	0.33
Group earnings		0.96	0.83

* During H1/2001, altogether 14,400,000 and during H1/2002, an average 13,660,060 no-par shares of stock were issued and outstanding.

[1] The prior-year data excludes the mechanical engineering unit, which was deconsolidated retroactively as of Jan. 1, 2001, hence the differences in comparison to the H1/2001 interim report.

[2] In 2002, net income of the sold Lighting division is shown after the earnings before minority interests/net income. The prior-year data has been restated accordingly. For enhanced transparency, the additional pro forma information discloses all consolidated income statement data inclusive of Lighting.

Consolidated statement of cash flows according to FAS 95 for the 6 months ended June 30, 2002

	H1/2002		H1/2001	
	€ mill.	€ mill.	€ mill.	€ mill.
Cash inflow/outflow from operating activities*				
Group earnings		13.1		12.0
Adjustments to reconcile Group earnings with cash inflow/outflow from operating activities Minority interests in net income	4.1		3.3	
Amortization/depreciation/write-down	15.5		18.2	
Change in deferred taxes	1.8		2.0	
Book gains/losses (net) from the disposal of intangible assets and property, plant & equipment	0.3		0.1	
Undistributed profits of Group companies	(0.3)		(1.1)	
Other noncash expenses/income, net			1.3	
Increase in deferred income	0.9		1.8	
Decrease in receivables	15.6		1.9	
Increase in inventories	(34.2)		(29.1)	
Change in prepaid expenses & deferred charges	(1.1)		0.2	
Decrease in liabilities and accruals	(7.9)		(27.0)	
Total adjustments		(5.3)		(28.4)
Net cash provided by/(used in) operating activities		**7.8**		**(16.4)**
Cash outflow for investing activities*				
Cash from the disposal of intangible assets and property, plant & equipment	0.5		5.1	
Cash from the disposal of financial assets	5.9		0.0	
Capital expenditures for intangible assets and property, plant & equipment	(13.5)		(22.8)	
Capital expenditures for financial assets	(12.2)		(0.2)	
Cash & cash equivalents of investments sold			(1.0)	
Net cash used in investing activities		(19.3)		(18.9)
Cash inflow from financing activities*				
Net borrowings through note-based finance	0.3		(0.5)	
Net financing from credits/loans	26.6		34.0	
Purchase of treasury stock	(4.7)		0.0	
Cash dividend payments	(10.2)		(10.8)	
Change in minority interests due to dividend payout	(0.4)		0.0	
Net cash provided by financing activities		11.6		22.7
Net inflow/outflow of cash & cash equivalents		0.1		(12.6)
Effect of exchange rate changes on cash & cash equivalents		(0.1)		(0.2)
Cash & cash equivalents at beginning of period		53.5		58.0
Cash & cash equivalents at end of period		53.5		45.2

* Positive amounts correspond to an inflow, negative ones to an outflow of funds.

The prior-year data excludes the mechanical engineering unit, which was deconsolidated retroactively as of Jan. 1, 2001, hence the differences in comparison to the H1/2001 interim report.

AKTIENGESELLSCHAFT

Financial diary 2002	
Interim report: as of September 30:	October 28, 2002
Extraordinary stockholders' meeting:	September 18, 2002
DVFA presentation:	December 10, 2002

Financial diary 2003	
Publication of 2002 financial data:	March 2003
Annual accounts press conference:	April 2003
DVFA presentation:	April 2003
Annual stockholders' meeting:	May 27, 2003

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Vossloh stock details	
ISIN:	DE0007667107
Traded at:	Xetra, Düsseldorf, Frankfurt, Berlin, Bremen, Hamburg, Hannover, Stuttgart, Munich
Responsible at Xetra:	Commerzbank AG, Deutsche Bank AG
Index:	MDAX
No. of shares (6-30-2002):	13,573,128
Stock price (6-30-2002):	€21.85
6-month 2002 high/low:	€26.05/€20.51
Reuters code:	VOSG.F
Bloomberg code:	VOS GF
Cash dividend 2001:	€0.75

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