



► Interim financial report as of September 30, 2014



Group figures and indicators		9 months 2014	9 months 2013*
Orders received	€ mill.	969.8	1,136.9
Order backlog	€ mill.	1,730.4	1,726.1
Income statement data			
Net sales	€ mill.	967.7	958.5
Rail Infrastructure	€ mill.	640.0	658.6
Transportation	€ mill.	327.7	299.8
EBIT	€ mill.	(150.4)	34.6
Net interest expense	€ mill.	(19.7)	(15.8)
EBT	€ mill.	(170.1)	18.8
Net income	€ mill.	(167.3)	12.4
Earnings per share	€	(13.52)	0.46
EBIT margin	%	(15.5)	3.6
Pretax return on equity (ROE) ¹	%	(47.7)	5.2
Return on capital employed (ROCE) ²	%	(24.3)	5.2
Value added ²	€ mill.	(212.2)	(22.3)
Balance sheet data			
Fixed assets ³	€ mill.	619.1	681.3
capital expenditures	€ mill.	41.6	42.5
amortization/depreciation	€ mill.	119.9	29.5
Closing working capital	€ mill.	172.9	217.2
Closing capital employed	€ mill.	792.0	898.5
Total equity	€ mill.	394.5	474.2
non-controlling interests	€ mill.	16.9	16.9
Net financial debt	€ mill.	295.7	298.3
Net leverage	%	75.0	62.9
Total assets	€ mill.	1,626.1	1,627.5
Equity ratio	%	24.3	29.1
Cash flow statement data			
Gross cash flow	€ mill.	(0.6)	56.4
Cash flow from operating activities	€ mill.	(79.3)	8.8
Cash flow from investing activities	€ mill.	(47.2)	(52.1)
Cash flow from financing activities	€ mill.	110.3	24.8
Change in cash & cash equivalents	€ mill.	(16.2)	(18.5)
Workforce data			
Average headcount in the period		5,714	5,174
Rail Infrastructure		3,525	3,239
Transportation		2,138	1,889
Vossloh AG		51	46
Payroll expenses	€ mill.	239.2	208.4
Share data			
Stock price at September 30	€	53.73	65.08
Market capitalization at September 30	€ mill.	716.0	780.9

¹ Based on average equity

² Based on average capital employed

³ Fixed assets = Intangible and tangible assets + investment properties + shares in associated companies + other noncurrent financial instruments

*Prior year's figures have been presented on a comparable basis, see page 9

Where required, figures have been annualized.

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Dear Stockholders,

Vossloh is currently undergoing a restructuring. I already reported on this in July, and in this report on the business development in the last nine months I would like to provide you with additional background information.

We, your new Executive Board, as well as the – partially newly installed – management team and all employees are working intensively on the repositioning of Vossloh. We have further advanced important measures in the past weeks for the necessary restructuring of Vossloh Locomotives and Vossloh Electrical Systems as well as for the optimization of the positioning of Vossloh Switch Systems.

I would like give you some examples of this: As a result of our work it is already clear that the new locomotive site in Kiel can be expected to already be put into operation by the end of 2015. Specifically, we are currently in the process of improving the project processes of Vossloh Electrical Systems in such a way that the processing speed can be significantly increased and still complying with the performance level. In order to improve the profitability of our switch business, Vossloh Switch Systems, the numerous production facilities must be examined for cost savings potential, possibilities for the optimization of products and systems as well as sensible marketing focus areas. These and further important steps are complex and also require time for their implementation. In addition to the ongoing restructuring program, this also means intensified investment in future-oriented technologies. As announced, we will certainly be occupied with these into the year 2016.

The third quarter of 2014 just closed was also marked by the implementation of the package of measures. As was already the case as of the first half of the year, the earnings before interest and taxes (EBIT) of the Vossloh Group after nine months in 2014 was clearly negative. It amounted to €-150.4 million and was negatively affected to a large degree by the extensive expenses of the restructuring and repositioning measures initiated in June 2014. In addition, also in the third quarter of 2014 the business development remained weak. This allowed an increase in Group sales in the first nine months of exactly 1 percent to approximately €968 million. EBIT of the Vossloh Group, adjusted for special factors, amounted for the first nine months of 2014 to approximately €23 million.

Very soon, at the beginning of December, we will be presenting the new strategy for Vossloh. By then, all contents and details will be resolved and agreed to in the Company's bodies. It is already clear today that the sustainable generation of positive value added and free cash flows will be significant and strict goals of our future business operations. We will only strive for growth where we can work profitably and create value. For this purpose, all of our products, services, processes and competencies are being critically evaluated. We are committed to setting Vossloh on a new course with sustainably successful structures in the coming years.

For the current fiscal 2014, the Executive Board of Vossloh AG remains confident in the estimate made in June 2014 that EBIT of the Group will amount to €-150 to €-180 million in the current year. A slight growth of up to 3 percent is expected for Group sales.

According to the first findings of the currently ongoing planning process, the Group's EBIT in 2015 can likely be improved compared to 2014 EBIT, as adjusted for one-off effects. However, in light of the still advancing implementation of the restructuring and repositioning measures in the coming year, the improvement will be moderate. The Group expects increasing savings starting first in 2016 with an intensified effect starting in 2017.

Our company today is already an internationally respected specialist in rail technology. With the motto “Global Expertise”, we once again presented ourselves successfully to our customers and business contacts in September at the InnoTrans in Berlin, the largest and most important trade fair for rail technology. Also in September, we put our new production site for rail fastening systems in the USA into operation. Recognized product leadership and innovative applications are the trademark of Vossloh. With this claim, we also want to again become economically successful in the medium term.

Yours,

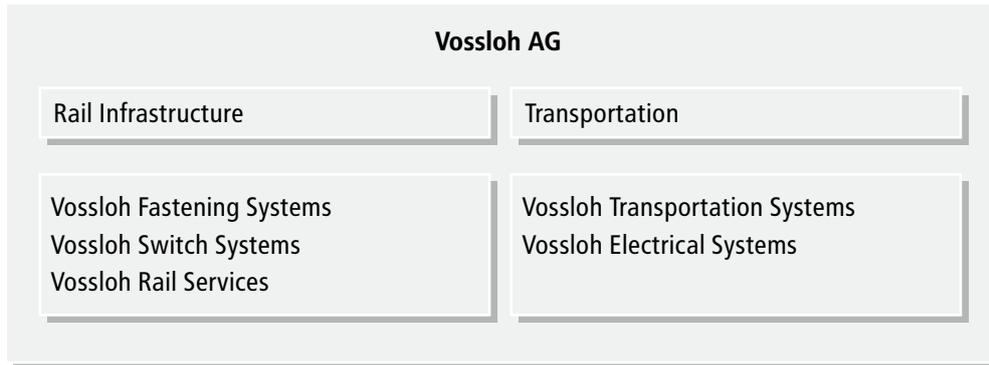


Dr. h. c. Hans M. Schabert
CEO

Vossloh's corporate structure

Today's Vossloh is a global player in rail technology markets. Products and services for rail infrastructure, rail vehicles and their components, as well as buses are the Group's core business.

Under the umbrella of Vossloh AG as the management and financial holding parent, the operations are organized into two divisions: Rail Infrastructure and Transportation.



Rail Infrastructure division

The Rail Infrastructure division provides products and services for rail infrastructure and includes three business units: Fastening Systems, Switch Systems, and Rail Services.

- Vossloh Fastening is a foremost supplier of rail fastening systems for every application: from light-rail, extending through heavy-haul all the way to high-speed rail links.
- Vossloh Switch Systems equips rail networks with switches as well as related control and monitoring systems, all of which it also installs and maintains. The lineup extends from light-rail to high-speed lines
- Vossloh Rail Services offers wide-ranging rail-related services including, among others, welding and logistics work, as well as rail maintenance, preventive care and reconditioning of rails.

Transportation division

The Transportation division covers the operations concerned with rail vehicles and vehicle systems/components including related services. The division has two business units: Transportation Systems and Electrical Systems.

- Vossloh Transportation Systems is Europe's leading manufacturer of diesel locomotives with production locations in Valencia, Spain (Vossloh Rail Vehicles), and Kiel, Germany (Vossloh Locomotives); it also supplies maintenance and repair services. In addition, the Valencia location develops and manufactures local transport rail vehicles, as well.
- Vossloh Electrical Systems develops and produces key electrical components and systems for public transport vehicles and locomotives. In addition to providing entire vehicle systems, the line-up includes air-conditioning systems for rail vehicles, the supply of individual parts and subassemblies, revamping and servicing, as well as maintenance and repair work.

Vossloh Stock

After the price gains in the second quarter of 2014, the international stock markets developed in the third quarter without any clear direction. While the Dow Jones and S & P 500 again exceeded historical highs, they increased in total only slightly. The most important German indices ended the quarter with losses. Having a negative effect were the political crises and military conflicts in Eastern Europe and in the Near East. In addition, there was continued uncertainty as a result of the weak economic data from China and Europe. Some appeasement for the mood came from the sustained expansive monetary policy of the ECB as well as positive economic and company reports from the USA.

Geopolitical risk factors and weak economic data in Europe and China affecting the development of the markets

With the inconsistent trend of the third quarter, the performance of the stock markets was also mixed for the nine months from January through September 2014. In this period, the Dow Jones gained 4.6 percent and the Euro STOXX 50 reported a gain of 7.1 percent. In contrast, the German index DAX ended the nine months through September 30, 2014 with 9,474 points slightly below the 2013 year-end level. The MDAX declined in the same period by 3.5 percent to 15,995 points, and the SDAX with 6,853 points also differed only slightly from the 2013 year-end level.

Price performance of the Vossloh stock: January 1 – September 30, 2014



Subsequent to the announcement on June 27 regarding the extensive restructuring and realignment of the Group, the price of the Vossloh stock dropped significantly. On September 24, 2014, the stock at €44.56 had reached its lowest level in the year to date and at the same time the lowest level since 2008. In the last days of the third quarter, the stock recovered to a closing price of €53.73 on September 30, 2014. From January through September, the Vossloh stock price fell in total by 25.9 percent. The highest price since the end of 2013 was reached on February 25 at €75.92.

Vossloh price sinks significantly in third quarter of 2014

The number of traded Vossloh shares in the third quarter of 2014 increased especially due to the trading volume in September to just under 2.9 million shares (prior year: 1.2 million). Calculated on the basis of the 66 trading days in the period July through September 2014, 43,600 Vossloh shares were thereby traded daily on average (prior year: 17,800). The market capitalization of Vossloh AG, calculated on the basis of the 13,325,290 currently outstanding shares, amounted to just under €716 million as of the September 30, 2014 reporting date.

Stringency and implementation speed of the restructuring strengthen trust in new management team – average target price of €66.00

In the third quarter of 2014, 15 financial analysts of German and international institutions followed the developments of the Vossloh Group. After the publication regarding current status of the restructuring and repositioning on September 25, some of the analysts took back their previous results estimates for the year 2015. With respect to a medium-term and long-term positive assessment, at the middle of October nine analysts recommended buying the Vossloh stock, five institutions recommended holding the stock and one analyst recommended selling the Vossloh stock. The range of assumed target prices in the middle of October 2014 was between €52 and €78. On average, the target price amounted to €66.

Information on the Vossloh stock	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hamburg, Hannover, Stuttgart, Munich
Index	SDAX
Number of outstanding shares as of September 30, 2014	13,325,290
Stock price (9/30/2014)	53.73 €
Stock price high/low (January through September 2014)	75.92 €/44.56 €
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 the most recent press announcements as well as information on the topic of creditor relations. In the event that there are any unanswered questions, please feel free to reach us per email at investor.relations@ag.vossloh.com or by phone at (+49-2392) 52-609.

Interim Group Management Report

The Group's business trend

Change in accounting and effects on the comparative figures of the prior year

Beginning in fiscal 2014, certain new accounting standards are relevant for EU listed companies which affect the scope of consolidated companies, especially regarding the inclusion of joint ventures. IFRS 11 “Joint Arrangements”, which is now in effect, no longer permits investments of the Vossloh Group in joint ventures to be accounted for using proportional consolidation but instead requires accounting under the equity method. Under this method, the investment reflects, roughly stated, the share of net assets of the joint venture, while proportional consolidation means that the assets and liabilities, as well as income and expenses, are included proportionally in the consolidated amounts. Furthermore, in applying the new IFRS 10 “Consolidated Financial Statements”, one company in the Switch Systems business unit was deconsolidated and since then is also being accounted for at equity.

In connection with the transitional provisions of the new standards, the new rules are to be applied as of the beginning of the comparative period – thus fiscal 2013 – in order to satisfy the principle of comparability of the information. For this reason, all prior year's figures have been determined on a comparable basis also the interim financial statements of the Vossloh Group as of September 30, 2014 and, therefore, are at variance to the figures published a year ago. In the following, in order to avoid any confusion, only the amounts which have been determined on a comparable basis are used for comparative purposes.

The changes affect primarily the Switch Systems business unit and – to a minor extent – the Rail Services business unit.

Results of operations

In the third quarter of 2014 the Vossloh Group achieved sales in the amount of €341.7 million. Compared to revenues of the prior year's quarter of €345.7 million, this represents a decline of 1.1 percent. In the first nine months of 2014, revenues of the Group increased only slightly by 1.0 percent to €967.7 million (prior year: €958.5 million). Overall, the trend of Group sales in both the third quarter and in the first nine months was significantly below original expectations. Affected by this was particularly Vossloh Electrical Systems, but also Vossloh Locomotives and Vossloh Switch Systems.

Group sales after nine months in 2014 only slightly above the prior year; sales trend significantly behind planning

Vossloh Group					
		9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Net sales	€ mill.	967.7	958.5	341.7	345.7
EBITDA	€ mill.	(30.4)	64.1	9.8	30.6
EBIT	€ mill.	(150.4)	34.6	(5.0)	22.5
EBIT margin	%	(15.5)	3.6	(1.4)	6.5
EBT	€ mill.	(170.1)	18.8	(7.0)	15.6
Net income	€ mill.	(167.3)	12.4	(16.3)	11.6
ROCE ^{1,2}	%	(24.3)	5.2	(2.6)	10.1
Value added ^{1,2}	€ mill.	(212.2)	(22.3)	(24.4)	3.5

¹ Annualized

² Based on average capital employed

*Prior year's figures have been presented on a comparable basis, see page 9

Thus, sales of the Rail Infrastructure division in both the third quarter 2014 of €235.6 million (prior year: €241.5 million) and the first nine months of 2014 of €640.0 million (prior year: €658.6 million) declined compared to the prior year. In contrast, in the Transportation division in the period January through September 2014 sales of €327.7 million were generated, which represents an increase of 9.3 percent over the prior year (€299.8 million). Compared to the third quarter of 2013 with revenues of €104.2 million, sales of the Transportation division rose in the current reporting quarter by 1.9 percent to €106.2 million.

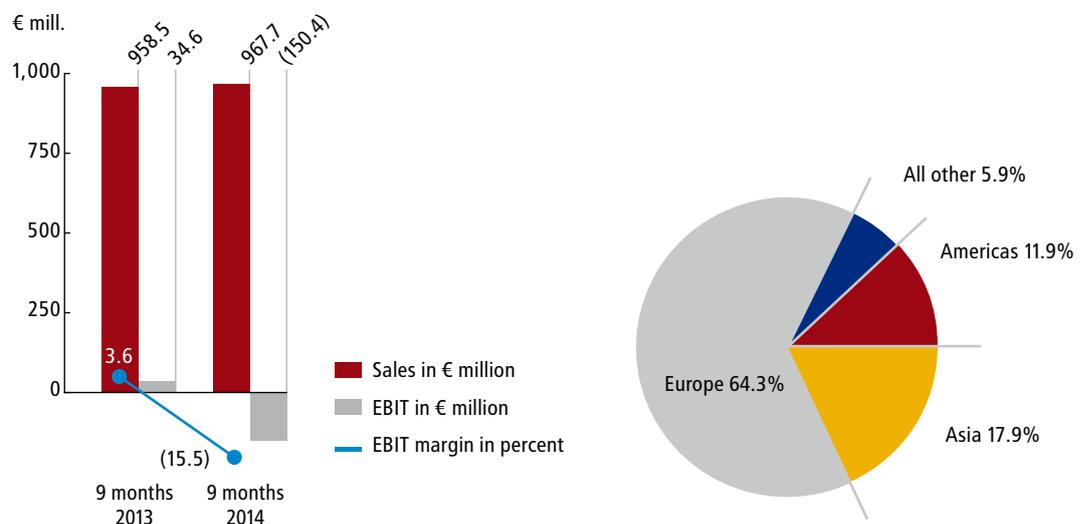
Sales increase in Europe, Americas and Africa; sales decline in Asia

As expected, sales of the Group increased considerably in Europe and in the Americas in the first nine months of 2014. Also in the region of Africa, the trend in revenues which was already seen in the second quarter continued in line with expectations. On the other hand, sales in Asia and Australia continued to be below the prior year's level. Due especially to the significant sales decline in Asia, the share of sales outside of Europe declined in the first nine months of 2014 to 35.7 percent, compared to 38.6 percent in the prior year's period.

In Europe, the Vossloh Group in the first nine months of 2014 was able to report significant increases in sales with customers in Northern Europe - particularly in Sweden – as well as in Poland, Great Britain and in Switzerland. Also in France, revenues increased noticeably compared to the prior year's period. Sales in Germany and in Southern Europe, in contrast, declined slightly.

In the Americas, significantly higher sales compared to the prior year were generated primarily through the higher revenues of the Transportation division in Brazil as well as the increased sales of the Rail Infrastructure division in Argentina and Brazil. This related mainly to the switch business.

In line with the planning, sales in Asia in the first nine months of 2014 were below the prior year. This was caused primarily by the fact that the very high project revenues in 2013 in Kazakhstan and China were not achieved again. This sales decline was not able to be compensated by higher revenues, among others, in Thailand and Singapore.



Vossloh Group: sales and EBIT

Geographical breakdown of 9-month sales 2014

Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	9 months 2014		9 months 2013*		Q3/2014		Q3/2013*	
Germany	195.4	20.2	202.7	21.1	71.1	20.8	70.7	20.5
France	127.6	13.2	111.7	11.7	40.0	11.7	38.4	11.1
Other Western Europe	112.8	11.6	108.3	11.3	33.7	9.9	43.5	12.6
Northern Europe	65.4	6.8	52.8	5.5	23.9	7.0	20.1	5.8
Southern Europe	58.9	6.1	62.4	6.5	19.2	5.6	17.5	5.1
Eastern Europe	61.7	6.4	50.3	5.3	25.0	7.3	21.6	6.2
Total Europe	621.8	64.3	588.2	61.4	212.9	62.3	211.8	61.3
Americas	115.7	11.9	89.3	9.3	39.0	11.4	26.6	7.7
Asia	173.3	17.9	237.5	24.8	59.1	17.3	90.0	26.0
Africa	38.4	4.0	17.6	1.8	23.8	7.0	8.0	2.3
Australia	18.5	1.9	25.9	2.7	6.9	2.0	9.3	2.7
Total	967.7	100.0	958.5	100.0	341.7	100.0	345.7	100.0

*Prior year's figures have been presented on a comparable basis, see page 9

Vossloh Group's orders received amounted in the first nine months of 2014 to €969.8 million, compared to €1,136.9 million in the prior year's period. Thereby, orders received in the Transportation division in the first nine months of 2014 declined noticeably to €330.7 million (prior year: €553.9 million). Also, in the third quarter 2014 orders received of €111.1 million were significantly lower than in the strong prior year's quarter with €370.5 million. However, in light of the very high orders received in 2013, a decline in 2014 had been expected. In contrast, orders received in the Rail Infrastructure division in the period January through September 2014 rose by 10.0 percent to €639.8 million (prior year: €581.6 million). Compared to the third quarter 2013, in which orders with a value of €177.9 million were reported, orders received by the division in current reporting quarter increased by 10.8 percent to €197.1 million.

Orders received in the Group in the first nine months of 2014 below the prior year

Order backlog of the Vossloh Group of €1,730.4 million as of September 30, 2014 is approximately at the prior year's level of €1,726.1 million. In the Transportation division, order backlog amounted at September 30, 2014 to €1,214.0 million and thereby once again slightly exceeded the high prior year's amount of €1,203.3 million. Order backlog of the Rail Infrastructure division amounted to €517.0 million as of September 30, 2014, compared to €522.8 million as of the prior year's reporting date.

Order backlog at the level of the prior year

After nine months in 2014, the earnings before interest and taxes (EBIT) of the Vossloh Group was negative. It amounted to €-150.4 million (prior year: €34.6 million) and was negatively affected to a large degree by the extensive expenses of the restructuring and repositioning measures initiated in June 2014. Furthermore, as was already the case in the second quarter, the business development in the Group was also weak in the third quarter. EBIT pro forma amounted after nine months of 2014 to approximately €23 million.

Due to ongoing restructuring and realignment of the Group, EBIT after nine months amounts to €-150.4 million

Compared to the presentation in the income statement, for the determination of EBIT pro forma all effects on results were eliminated which are due to the restructuring measures and write-downs of goodwill. In addition, issues included in the category of project and other risks were adjusted if these have an out-of-period or one-off character. These principally include provisions for contingent losses and adjustments of profit contributions for PoC projects realized in previous years. Lower profit contributions in 2014 which result from the revision of ongoing project calculations have been included in the EBIT pro forma.

EBT, with EBIT decline,
is negative

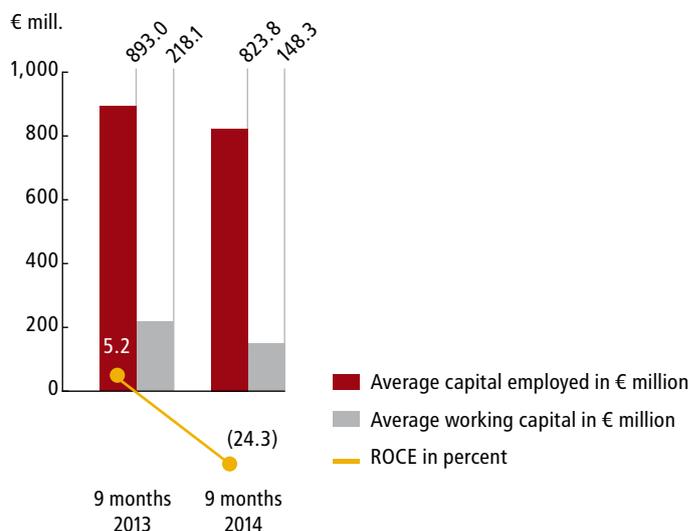
With the entire replacement of a US private placement as of the end of the second quarter, a one-time prepayment penalty and fees in the amount of €7.3 million were incurred in the first nine months of 2014. As a result of the negative EBIT and with the increased net interest expense of €19.7 million (prior year: €15.8 million), the earnings before income taxes (EBT) declined in the first nine months of 2014 to €-170.1 million (prior year: €18.8 million). In the current reporting period a total tax benefit in the amount of €2.8 million was reported, while in the prior year, a tax expense in the amount of €6.4 million was incurred. With this, there was a Net income for the period January through September 2014 in the amount of €-167.3 million, of which €7.0 million (prior year: €6.9 million) was attributable to non-controlling interests. The Group loss attributable to shareholders of Vossloh AG as of September 30, 2014 amounted to €-174.3 million, compared to a consolidated net income of €5.5 million in the first nine months of 2013. Accordingly, the earnings per share in the current reporting period declined to €-13.52 compared to €0.46 in the prior year. In the first nine months of 2014, the average number of outstanding shares increased to 12,889,926 compared to 11,998,569 in the prior year's period.

Return on capital employed (ROCE) in the first nine months of 2014 amounted to -24.3 percent compared to 5.2 percent in the prior year. Value added of €-212.2 was clearly negative (prior year: €-22.3 million). For the calculation of value added, an average return expected by providers of equity and debt (WACC) of 10.0 percent was assumed. In 2013 the average expected return had amounted to 8.5 percent.

Asset and capital structure

Equity declined
resulting from
extensive impairment
losses

As of the September 30, 2014 reporting date, Vossloh Group's total assets amounted to €1,626.1 million (prior year: €1,627.5 million). Equity at the end of the first nine months of 2014 amounted to €394.5 million, compared to €474.2 million as of September 30, 2013 and €482.9 million as of yearend 2013. As a result of the significant decrease in equity, the equity ratio as of the current reporting quarter of 24.3 percent was lower than at the end of the third quarter 2013 with 29.1 percent and at the end of fiscal 2013 with 30.9 percent.



Vossloh Group: CE, WC and ROCE trends

Having a significant effect on the equity in the first nine months of 2014 on the one hand was the placement of treasury shares of Vossloh AG, through which proceeds in the amount of approximately €90 million flowed to the Company. In addition, in connection with the ongoing restructuring and realignment program, extensive write-downs to various assets as well as capacity adjustments were recognized with an effect on results in June 2014.

Working capital declined significantly in the first nine months of fiscal 2014 compared to the prior year. Average working capital of the Group in the current reporting period amounted to €148.3 million, compared to €218.1 million in the prior year. Accordingly, the average working capital intensity, representing the relationship of working capital to revenues, also decreased significantly in the first nine months of 2014 to 11.5 percent (prior year: 17.1 percent). Decisive for the decrease in working capital were especially the high advance payments in the Transportation division in 2013.

Working capital and working capital intensity significantly improved over the prior year

Capital employed of the Vossloh Group declined markedly from €898.5 million as of the prior year's reporting date to €792.0 million as of September 30, 2014. This is due mainly to the substantially lower fixed assets on a year-to-year comparison resulting from the write-downs carried out and to the lower working capital. The average capital employed in the first nine months of 2014 was also lower with €823.8 million than in the prior year (€893.0 million).

The Vossloh Group's net financial debt at September 30, 2014 amounted to €295.7 million and was thereby slightly below the amount in the prior year of €298.3 million. As a result of the lower equity, net leverage, defined as the net financial debt in relation to equity, increased at the end of the third quarter 2014 to 75.0 percent (prior year: 62.9 percent). As of September 30, 2014, cash and cash equivalents, as well as short-term securities, amounting to €42.6 million (prior year: €43.7 million) stood opposite financial liabilities in the amount of €338.3 million (prior year: €342.0 million).

Net financial debt in a balance-sheet-date comparison almost unchanged

Vossloh Group

		9/30/2014	12/31/2013*	9/30/2013*
Total assets	€ mill.	1,626.1	1,564.3	1,627.5
Equity	€ mill.	394.5	482.9	474.2
Equity ratio	%	24.3	30.9	29.1
Average working capital	€ mill.	148.3	209.7	218.1
Average working capital intensity ¹	%	11.5	16.1	17.1
Fixed assets	€ mill.	619.1	716.3	681.3
Closing capital employed	€ mill.	792.0	810.8	898.5
Average capital employed	€ mill.	823.8	889.4	893.0
Return on equity (ROE) ²	%	(47.7)	6.8	5.2
Net financial debt	€ mill.	295.7	204.1	298.3
Net leverage	€ mill.	75.0	42.3	62.9

¹ Annualized, before income taxes

² Based on average equity

*Prior year's figures have been presented on a comparable basis, see page 9

Rail Infrastructure business

Results of operations

Sales in division slightly above prior year's amount; orders received higher

In the third quarter 2014, sales of the Rail Infrastructure division declined slightly from the prior year's amount of €241.5 million to €235.6 million. Thereby, revenues of Vossloh Fastening Systems and Vossloh Switch Systems were respectively below the prior year's level, while sales of Vossloh Rail Services increased. In the period January through September 2014, sales in the Rail Infrastructure division declined by 2.8 percent to €640.0 million (prior year: €658.6 million).

Orders received in the Rail Infrastructure division grew in the first nine months of 2014, driven by increasing orders received in the Fastening Systems and Rail Services business units, to €639.8 million (prior year: €581.6 million). In the three months from July through September 2014, new orders with a value of €197.1 million were recorded in the division (prior year: €177.9 million). Order backlog of Rail Infrastructure declined slightly from €522.8 million as of September 30, 2013 to €517.0 million as of this year's reporting date.

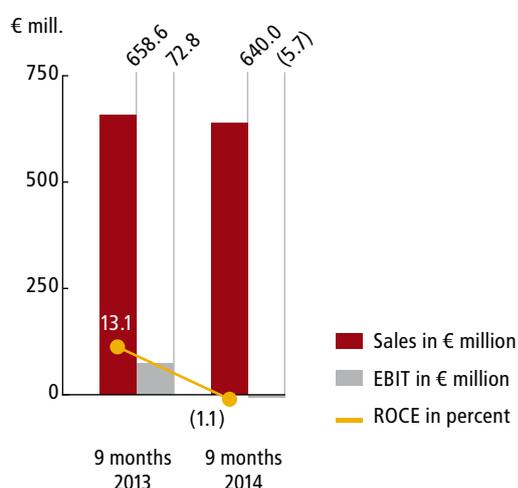
In the Fastening Systems business unit, revenues in the first nine months of the current fiscal year in the amount of €248.5 million, as expected, remained below the prior year's period. In 2013, sales, especially in the Asian particularly high region, enabled revenues to increase in the first nine months to €291.7 million. In the third quarter 2014 sales were generated in the division in the amount of €93.5 million (prior year: €101.9 million).

Rail Infrastructure		9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Sales	€ mill.	640.0	658.6	235.6	241.5
EBITDA	€ mill.	72.2	89.9	27.9	35.8
EBIT	€ mill.	(5.7)	72.8	22.2	31.2
EBIT margin	%	(0.9)	11.0	9.4	12.9
ROCE ^{1,2}	%	(1.1)	13.1	13.4	16.9
Value added ^{1,2}	€ mill.	(57.9)	25.6	5.6	15.5

¹ Annualized

² Based on average capital employed

*Prior year's figures have been presented on a comparable basis, see page 9



Rail Infrastructure sales, EBIT and ROCE

Orders received in the Fastening Systems business unit in the first nine months of the current fiscal year reached €238.7 million and thereby exceeded the prior year's level of €189.7 million by 25.8 percent. In August, the business unit received an acceptance for the delivery of fastening systems for the new Chinese high-speed network. Orders received in third quarter, also as result of this award, increased markedly to € 82.0 million after €45.5 million in the prior year's quarter. Order backlog of the business unit at September 30, 2014 amounted to €156.6 million, compared to €182.1 million as of the prior year's reporting date.

Vossloh Fastening Systems receives an additional order for Chinese high-speed link; Sales, as expected, below prior year's amount

In the Switch Systems business unit, from January through September 2014 sales in the amount of €342.1 million were achieved; this represents an increase of 4.2 percent compared to the prior year's level of €328.3 million. Delays in connection with individual contracts outside of Europe resulted in the fact that revenues in the business unit remained below the planning. Sales in the months of July through September 2014 of €121.2 million were approximately at the level of the prior year (€122.4 million).

Vossloh Switch Systems with stable order situation and slight sales gain

Orders received of Vossloh Switch Systems in the first nine months of the current fiscal year of €350.4 million were almost unchanged from the prior year's figure of €351.8 million. Significant orders were obtained in France, the USA, Sweden, Poland, Norway and Brazil. In the third quarter, orders received declined from €118.2 million in the prior year to €95.9 million in this year's period. Order backlog of the business unit at September 30, 2014 amounted to €352.3 million (prior year: €335.7 million).

Vossloh Rail Services growing continually in significant two-digit percentage amounts

In the case of Vossloh Rail Services, sales grew in the first nine months, driven by areas of transport and logistics and mobile services, by 31.5 percent to €52.9 million (prior year: €40.2 million). The business unit continually increased its revenues in the course of the year and also in the third quarter, with €22.2 million, significantly exceeded the prior year's sales of €17.8 million by 24.5 percent. Orders received of €54.2 million in the first nine months of 2014 were also ahead of the prior year (€41.6 million). As of September 30, 2014, order backlog of the business unit amounted to €9.3 million. It thereby improved substantially compared to the amount of €5.5 million as of the prior year's reporting date.

Due to high restructuring expenses, EBIT negative in nine-month period; EBIT pro forma positive

EBIT of the Rail Infrastructure division in the period January through September 2014 was negative and amounted to €-5.7 million (prior year: €72.8 million). Included in this, on the one hand, is a positive one-off effect in the amount of €14.9 million from the reassignment within the Group of a US subsidiary in the first quarter of 2014. On the other hand, special factors negatively affected the result of the division. EBIT pro forma of Rail Infrastructure in the first nine months of the current fiscal year amounted to approximately €60 million. The EBIT pro forma shown of the Rail Infrastructure division in the third quarter of 2014 was positive with €22.2 million but was nevertheless €9.0 million below EBIT in the prior year of €31.2 million.

The EBIT margin of the Rail Infrastructure division in the first nine months of 2014 amounted to -0.9 percent (prior year: 11.0 percent). Due to the negative EBIT, the division's ROCE dropped from 13.1 percent in the first nine months of 2013 to -1.1 percent in the same period of 2014. The Rail Infrastructure division's value added deteriorated from €25.6 million in the period January through September 2013 to €-57.9 million in the nine-month period of 2014. In this connection, the Fastening Systems business unit generated a positive value added of €38.6 million (prior year: €41.2 million), the Switch Systems business unit generated a negative value added of €-89.8 million (prior year: €-13.5 million) and the Rail Services business unit a negative value added of €-6.6 million (prior year: €-2.0 million).

In addition to the high decline in the result, value added in the current fiscal year was negatively affected by the cost of capital rate of 10.0 percent, which is 1.5 percentage points higher than in the prior year. There was a compensating effect from the reduced capital employed compared to the prior year.

Asset and capital structure

Working capital and capital employed below the prior year

Rail Infrastructure's average working capital decreased from €259.9 million in the first nine months of 2013 to €224.1 million in the 2014 reporting period. Among other factors, the decline is due to a reduced balance of receivables. In spite of the lower sales than in the prior year, the working capital intensity in the division declined from 29.6 percent in the first nine months of 2013 to 26.3 percent in the current reporting period. Average capital employed declined additionally due to the goodwill write-down of Vossloh Switch Systems carried out as of June 30, 2014. Capital employed of the Rail Infrastructure division decreased from €739.1 million in the nine-month period of 2013 to €695.2 million on average in the current fiscal year.

Rail Infrastructure				
		9/30/2014/ 9 months 2014	12/31/2013/ FY 2013 *	9/30/2013/ 9 months 2013 *
Average working capital	€ mill.	224.1	251.6	259.9
Average working capital intensity ¹	%	26.3	28.7	29.6
Closing fixed assets	€ mill.	443.4	490.6	483.6
Closing capital employed	€ mill.	674.3	679.2	738.7
Average capital employed	€ mill.	695.2	732.9	739.1

¹Annualized

*Prior year's figures have been presented on a comparable basis, see page 9

Transportation business

Results of operations

Sales in the Transportation division of €106.2 million in the third quarter 2014 slightly exceeded the prior year's amount of €104.2 million by 1.9 percent. Once again, revenues of the Transportation Systems business unit grew, while sales of the Electrical Systems business unit continued to develop more weakly compared to the prior year. After nine months in 2014, sales in the division of €327.7 million were in total 9.3 percent over the prior year's amount of €299.8 million.

Orders received in the Transportation division in the third quarter reached an amount of €111.1 million. In the prior year in the Transportation division, a major order for approximately €250 million was received, and thus an extraordinarily high level of €370.5 million was achieved. Accordingly, the orders received in the first nine months of 2014 of €330.7 also remained behind the very high comparative amount of 2013 (prior year: €553.9 million). The Transportation division's order backlog as of September 30, 2014 amounted to €1,214.0 million and thereby differed only insignificantly from the balance in the prior year (€1,203.3 million).

Sales in nine-month period above the prior year; order backlog unchanged at a high level

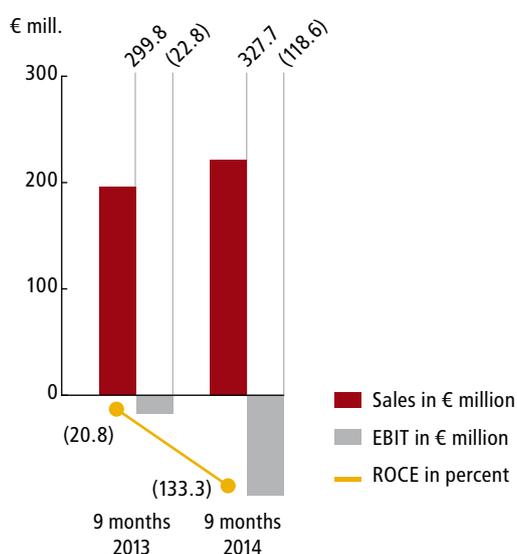
Transportation

		9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Sales	€ mill.	327.7	299.8	106.2	104.2
EBITDA	€ mill.	(77.2)	(11.2)	(14.9)	(1.7)
EBIT	€ mill.	(118.6)	(22.8)	(23.9)	(5.0)
EBIT margin	%	(36.2)	(7.6)	(22.5)	(4.8)
ROCE ^{1,2}	%	(133.3)	(20.8)	(94.5)	(13.8)
Value added ^{1,2}	€ mill.	(127.5)	(32.2)	(26.4)	(8.2)

¹ Annualized

² Based on average capital employed

* Prior year's figures have been presented on a comparable basis, see page 9



Transportation: sales, EBIT and ROCE

In the Transportation Systems business unit, revenues in the period January through September 2014 increased by 16.7 percent to €219.5 million (prior year: €188.0 million). The business unit's increase in sales is explained in 2014 solely by the expected positive development of Vossloh Rail Vehicles. In the third quarter of the current fiscal year, sales of Vossloh Transportation Systems in the amount of €72.0 million, due to the positive development of Vossloh Rail Vehicles, were higher than in the prior year of €63.5 million.

Vossloh Rail Vehicles
driving sales in
Transportation Systems
business unit

With respect to Vossloh Rail Vehicles, the order for tramlinks for the Brazilian port city of Santos as well as the positive development regarding the high-performance EURO 4000 locomotives drove the sales. In the first nine months of the current fiscal year, revenues of the Spanish site increased by 44.2 percent to € 148.8 million (prior year: €103.2 million). In the third quarter 2014, revenues increased by 70.4 percent and reached €49.1 million (prior year: €28.8 million). With respect to Vossloh Locomotives, after a good start to the year, the business development in the further course of the year remained behind the planning and the prior year's amounts. Sales after nine months of €70.7 million were 16.6 percent below the prior year's revenues (€84.8 million). From July through September 2014, Vossloh Locomotives reported revenues in the amount of €22.9 million (prior year: €34.6 million).

As expected, orders received of Vossloh Transportation Systems in the first nine months of 2014 were lower than in the prior year. After €432.1 million for the first three quarters of 2013, orders received in the same period of 2014 amounted to €182.3 million. In the third quarter of 2014, orders received in the business unit amounted to €73.8 million (prior year: €355.7 million). Due to the major order received in the third quarter of 2013 for South Africa with a value of €250 million, the prior year's amounts had been exceptionally high. In the third quarter of 2014, Vossloh Rail Vehicles received an order for ten UKLIGHT locomotives from Direct Rail Services, a UK rail operator, and in August four additional EURO 4000 locomotives were sold to the cargo operator Europorte.

Revenues of Vossloh Electrical Systems in the first nine months of 2014 of €111.2 million fell short of the prior year's amount of €114.3 million by 2.7 percent. The decrease in sales resulted from delays in connection with the processing a number of projects. Overall, the business volume was significantly below the original expectations. Also in the third quarter, sales of €35.1 million failed to reach the prior year's figure of €41.5 million.

Electrical Systems
business unit
continues to remain
below planning

In the first nine months of 2014, orders received of Vossloh Electrical Systems added up to €147.3 million (prior year: €127.1 million). In the third quarter, orders with a value of €38.9 million were recorded (prior year: €16.4 million). Among others, the business unit received a follow-up order for the electrical equipping of 16 urban rail vehicles for Manchester. During the course of the year, Vossloh Electrical Systems had already obtained component orders for busses in San Francisco and Seattle as well as, together with Vossloh Rail Vehicles, a light rail vehicle order in Austria. Accordingly, the order backlog of the business unit increased from €444.4 million on September 30, 2013 to €540.2 million as of this year's reporting date.

EBIT of the division
massively negatively
affected by
special factors and
weak development

EBIT of the Transportation division in the nine-month period of 2014 declined principally due to the charges to results from the restructuring program and also as a result of weak development to €-118.6 million (prior year: €-22.8 million). A large portion of the effects had been incurred in the second quarter. The division's EBIT in the first nine months of 2014 amounted to approximately €-27 million. In the third quarter of 2014, the result before interest and taxes in the Transportation division of €-23.9 million was also negative (prior year: €-5.0 million).

The EBIT margin in the first nine months of 2014 amounted to –36.2 percent. In the prior year’s period it had amounted to –7.6 percent.

The return on capital employed (ROCE) in the Transportation division in the first nine months of 2014 amounted to –133.3 percent (prior year: –20.8 percent). The Transportation division’s value added declined in the nine months of the current fiscal year to €–127.5 million (prior year: €–32.2 million). Vossloh Transportation Systems is thereby showing a value added of €–74.1 million (prior year: €–20.1 million), Vossloh Electrical Systems a value added of €–49.8 million (prior year: €–11.5 million).

Asset and capital structure

Average working capital of the Transportation division dropped in the January through September 2014 to €–72.8 million (prior year: €–36.4 million). The average working capital intensity nine-month period amounted to –16.7 percent (prior year: –9.1 percent). The decline in the working capital is due in particular to advances received in the fourth quarter of 2013. With the significant decrease in working capital, the average working capital employed also declined in the nine-month period from €146.5 million in the prior year to €118.6 million in the current fiscal year. The reduction in fixed assets is due primarily to the write-down carried out of the capitalized development expenditures in the division.

Working capital and capital employed significantly under prior year

Transportation

		9/30/2014/ 9 months 2014	12/31/2013/ FY 2013*	9/30/2013/ 9 months 2013*
Average working capital	€ mill.	(72.8)	(36.7)	(36.4)
Average working capital intensity ¹	%	(16.7)	(8.6)	(9.1)
Closing fixed assets	€ mill.	162.3	213.2	184.7
Closing capital employed	€ mill.	106.7	122.6	156.6
Average capital employed	€ mill.	118.6	149.0	146.5

¹Annualized

*Prior year’s figures have been presented on a comparable basis, see page 9

Capital expenditures

Capital expenditures of the Vossloh Group just under the prior year – increase in Rail Infrastructure division

In the first nine months of 2014, the Vossloh Group made capital expenditures totaling €41.6 million (prior year: €42.5 million). The focus of the investment activities was in the Rail Infrastructure division. Capital expenditures in that division increased from €25.8 million within the first nine months of 2013 to €26.8 million in the reporting period, while in the Transportation division with €14.6 million significantly less was invested as in the prior period (€16.2 million).

Investments in intangible and tangible fixed assets

€ million	9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Rail Infrastructure	26.8	25.8	5.8	9.4
Transportation	14.6	16.2	4.9	4.5
Vossloh AG	0.2	0.5	0.1	0.2
Total	41.6	42.5	10.8	14.1

*Prior year's figures have been presented on a comparable basis, see page 9

Production plant of Vossloh Fastening Systems in the USA largest single investment project in current year

Within the Rail Infrastructure division, the largest portion, with €10.9 million, related to scheduled capital expenditures of the Fastening Systems business unit (prior year: €5.2 million). They related primarily to the construction of the production facility for fastening systems in the USA. Vossloh Rail Services invested a total of €7.6 million (prior year: €9.3 million), proceeding principally with the construction of a milling train. In the Switch Systems business unit, capital expenditures in the first nine months of the current fiscal year declined to €8.3 million (prior year: €11.3 million) and relate primarily to the new foundry at the Luxembourg location.

In the Transportation division, capital expenditures of €8.5 million related to the Transportation Systems business unit (prior year: €10.3 million). They pertained mainly to the further development of various locomotive types. Vossloh Electrical Systems invested a total of €5.4 million, particularly for the continued construction of the test field at the Düsseldorf site, which is scheduled to be completed this year. With this, the investment volume of Vossloh Electrical Systems after nine months in 2014 was almost at the level of the prior year of €5.2 million.

Research & Development

A large portion of the Vossloh Group's R&D work is tied to specific contracts. Specific requirements of customers in different regions of the world especially affect the operations of 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 2014, the R&D expenses of the Vossloh Group totaled €11.8 million and thereby were approximately one-third higher than the prior year's amount of €8.9 million. The increase related to both divisions, however primarily to the area of transportation.

In the Rail Infrastructure division, research & development expenses in the first nine months of the fiscal year amounted in total to €5.3 million compared to €4.2 million in the prior year's period. The largest portion of the total R&D expense related in turn in the amount of €2.5 million to Vossloh Switch Systems (prior year: €2.3 million), followed by Vossloh Fastening Systems with development expenses in the amount of €2.2 million (prior year: €1.9 million). Vossloh Rail Services reported an increase in R&D expenses to €0.6 million, whereas in the first 9 months of 2013 no expenses were incurred for research and development in the business unit.

In the Transportation division, expenses for R&D increased to €6.6 million and were thus €1.9 million higher compared to the prior year. Thereby, R&D expenses increased both in the Transportation Systems business unit to €2.6 million (prior year: €1.2 million) and in the Vossloh Electrical Systems business unit, from €3.7 million to €4.7 million in the current reporting period.

In addition to the research & development costs recognized in expenses, in the first nine months of 2014 development work was capitalized in the amount of €6.8 million (prior year: €8.8 million). The largest portion, although substantially less than in the prior year, related in the amount of €4.8 million to the Transportation Systems business unit (prior year: €7.7 million). Capitalized expenditures in the Rail Services business unit amounted in the same period to €1.1 million (prior year: €0.9 million).

The R&D ratio (the relationship of R&D expenditures to group sales) increased from 1.8 percent in the prior year to 1.9 percent as of the period end in 2014.

Workforce

5,811 employees in the Group at the end of September 2014

At the September 30, 2014 reporting date, the Vossloh Group had a worldwide workforce of 5,811 employees. With this, the number of employees increased in the last twelve months by 341 individuals (September 30, 2013: 5,470 employees). Compared to the end of 2013 with a total of 5,480 employees, this represents an increase of 331 individuals. Any deviations from the figures reported in the prior year result from the conversion of the consolidation method from proportionate to at equity consolidation since the beginning of 2014.

In the Rail Infrastructure division there was a workforce of 3,569 employees as of September 30, 2014 (September 30, 2013: 3,455). The largest increase was reported by the Fastening Systems business unit. The workforce increased by 63 individuals to 648. Since September 2013, Vossloh Rail Services expanded its workforce by a total of 46 employees. As of the current year's reporting date, Vossloh Switch Systems had five employees more than as twelve months ago. Compared to the number as of December 31, 2013 (3,425 employees), after nine months of the current fiscal year a total of 144 additional individuals were employed in the Rail Infrastructure division.

Workforce	Reporting date		Average	
	9/30/2014	9/30/2013*	9 months 2014	9 months 2013*
Rail Infrastructure	3,569	3,455	3,525	3,239
Transportation	2,190	1,970	2,138	1,889
Vossloh AG	52	45	51	46
Total	5,811	5,470	5,714	5,174

*Prior year's figures have been presented on a comparable basis, see page 9

In the Transportation division, the number of employees increased in the twelve months since September 30, 2013 (1,970 employees) by 220 individuals to 2,190 employees. The increase resulted primarily from the buildup of personnel in the Transportation Systems business unit at the site of Rail Vehicles in Valencia. With respect to Vossloh Transportation Systems, the workforce was increased by a total of 172 employees, while in the Electrical Systems business unit 48 individuals were added. Since January 2013, the workforce in the entire Transportation division increased by 180 individuals (December 31, 2013: 2,010 employees).

Share of employees outside of Germany remains at 68 percent

As of September 30, 2014, 3,931 individuals in the Vossloh Group were employed outside of Germany. This represents a share of 68 percent for the salaried employees outside of Germany and an increase of 251 employees compared to the prior year's reporting date (3,680 employees). The number of employees in Germany also increased in the same period by 90 individuals, from 1,790 individuals as of September 30, 2013 to 1,880 employees as of the 2014 period end. Since the end of 2013, the number of individuals employed in Germany increased in total by 85 individuals.

Forecast, risks and opportunities

The main risks and opportunities impacting on the Vossloh Group's further development are depicted in the group management report for fiscal 2013. In connection with the ongoing systematic recording and monitoring of risks which is carried out by the Group's risk management, there continue to be no identifiable risks that individually or in the aggregate could threaten the continuation of the company.

The comprehensive status analysis of all operations of the Vossloh Group which has been carried out since early summer by the new Executive Board has led to the result that a substantial correction is required to the previous forecast for fiscal 2014. Restructuring measures regarding Vossloh Locomotives as well as in the Electrical Systems business unit, a revised assessment of ongoing projects and the necessary impairment write-down of assets will lead to charges to results of up to €250 million in 2014.

The restructuring measures and updated project calculation relate primarily to the Transportation division. For the locomotive facility in Kiel it was decided to solely direct the operations to the business with standardized industry and shunting locomotives and to intensify the approach of offering locomotives according to a modular concept with a high content of similar components. Vossloh Rail Vehicles in Valencia is taking over the project business from Kiel and will thereby be responsible in the future also for the customer-specific development of locomotives, as well as the production and sale of these products. In June 2014 it was also decided to swiftly relocate the production in Kiel to a clearly more modern and cost-effective site within the city area.

From the point of view of profitability, there will also be a rigorous new focus on the products and services of the Electrical Systems business unit headquartered in Düsseldorf. In the future, the business unit will again concentrate on the areas of local transport trains, trolleybuses, components, e-mobility and related services. The resulting forthcoming medium-term streamlining of the capacity, as well as the updating of ongoing project calculations are leading to extensive expenses in fiscal 2014. Streamlining measures are also being carried out in the Switch Systems business unit. A revised market assessment for North America, China, Australia and Europe already made a comprehensive revaluation of individual assets of the business unit necessary in the half-year 2014 interim financial statements. The Fastening Systems and Rail Services business units remain with their basic structures unchanged.

In connection with the realignment of the Vossloh Group, the Executive Board additionally decided to make comprehensive and carefully weighed changes at the management level. The number of management members who report directly to the Executive Board has been reduced by approximately one third.

For the entire year of 2014, the Executive Board remains confident in its estimate made in June 2014 that the Group EBIT in the current year will amount to between €-150 million and €-180 million. With respect to Group sales, a slight growth of up to 3 percent is expected. With this, the growth in sales will be considerably flatter than assumed at the beginning of the current fiscal year. The lower growth in sales is due to a development below the planning in the Transportation division. This relates to both the Kiel location in the Transportation Systems business unit and the Electrical Systems business unit. While Vossloh Locomotives in Kiel was not able to generate orders to the extent expected, Vossloh Electrical Systems remains behind the original time schedules with the processing of existing projects.

Against this background, the business development of the Group will probably remain weak also in the fourth quarter.

On December 3, 2014, Vossloh will present a current planning, which is currently being reviewed and agreed upon, as well as the new Group strategy for the coming years. The first findings from the currently ongoing planning process of the entire Group for the coming year show that the EBIT of the Group in 2015 can likely be improved compared to the EBIT pro forma of the current year 2014. However, in light of the still advancing implementation of the restructuring and repositioning measures in the coming year, and also resulting from intensified expenses for developments in future-oriented technologies, the improvement will initially be moderate. The Group expects increasing savings starting first in 2016 with intensified effects starting in 2017.

Condensed interim financial statements of the Vossloh Group as of September 30, 2014

Income statement

Statement of comprehensive income

Cash flow statement

Balance sheet

Statement of changes in equity

Explanatory notes

Segment information

Income statement for the 9 months and 3 months (3Q) ended September 30, 2014

€ million	9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Net sales	967.7	958.5	341.7	345.7
Cost of sales	(865.0)	(783.5)	(294.0)	(279.0)
Selling and general administrative expenses	(155.7)	(138.2)	(49.1)	(43.3)
R&D expenses	(11.8)	(8.9)	(4.1)	(3.0)
Other operating income/expenses, net	(78.1)	5.0	(0.4)	1.0
Operating result	(142.9)	32.9	(5.9)	21.4
Net result from associated companies	(7.1)	1.6	0.3	1.1
Other financial income	0.7	0.1	0.6	0.0
Other financial expenses	(1.1)	0.0	0.0	0.0
EBIT	(150.4)	34.6	(5.0)	22.5
Interest income	2.0	2.7	0.6	1.2
Interest expense	(21.7)	(18.5)	(2.6)	(8.1)
EBT	(170.1)	18.8	(7.0)	15.6
Income taxes	2.8	(6.4)	(9.3)	(4.0)
Net income	(167.3)	12.4	(16.3)	11.6
thereof attributable to Vossloh AG shareholders (Group loss)	(174.3)	5.5	(18.4)	9.0
thereof attributable to non-controlling interests	7.0	6.9	2.1	2.6
Earnings per share				
Basic undiluted/diluted earnings per share in €	(13.52)	0.46	(1.42)	0.75

*Prior year's figures presented on a comparable basis, see page 9

Statement of comprehensive income for the 9 months and 3 months (3Q) ended September 30, 2014

€ million	9 months 2014	9 months 2013*	Q3/2014	Q3/2013*
Net income	(167.3)	12.4	(16.3)	11.6
Changes in fair value of hedging instruments (cash flow hedges)	(2.5)	2.3	(1.8)	0.9
Currency translation differences	10.7	(7.8)	9.5	(3.3)
Changes in fair value of available-for-sale securities	0.0	0.0	0.0	0.0
Income taxes	0.7	(0.8)	0.6	(0.4)
Amounts which may potentially be reclassified to the income statement (recycled) in future periods	8.9	(6.3)	8.3	(2.8)
Actuarial gains/losses on employee benefits	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0
Amounts which will not be reclassified to the income statement	0.0	0.0	0.0	0.0
Total other comprehensive income	8.9	(6.3)	8.3	(2.8)
Comprehensive income	(158.4)	6.1	(8.0)	8.8
thereof attributable to Vossloh AG shareholders	(167.0)	(0.2)	(11.9)	6.9
thereof attributable to non-controlling interests	8.6	6.3	3.9	1.9

*Prior year's figures presented on a comparable basis, see page 9

Cash flow statement for the 9 months ended September 30, 2014

€ million	9 months 2014	9 months 2013*
Cash flow from operating activities		
EBIT	(150.4)	34.6
Amortization/depreciation/write-down (less write-up) of noncurrent assets	119.9	29.5
Change in noncurrent provisions	29.9	(7.7)
Gross cash flow	(0.6)	56.4
Noncash change in share in associated companies	7.1	(0.6)
Other noncash income/expenses, net	19.1	9.2
Net gain/loss on the disposal of intangible and tangible assets	(0.1)	0.3
Income taxes paid	(16.9)	(12.4)
Change in working capital	(71.9)	(62.3)
Changes in other assets/liabilities, net	(16.0)	18.2
Cash flow from operating activities	(79.3)	8.8
Cash flow from investing activities		
Investment in intangible and tangible assets	(41.6)	(42.5)
Investment in noncurrent financial instruments	(3.7)	(0.4)
Proceeds from the disposal of intangible and tangible assets	0.5	0.9
Disbursements/proceeds from the purchase/sale of short-term securities	(1.6)	(3.1)
Proceeds from the disposal of noncurrent financial instruments	1.6	0.4
Disbursements for the acquisition of associated companies	(2.4)	0.0
Disbursements for the acquisition of consolidated companies	0.0	(7.4)
Cash flow from investing activities	(47.2)	(52.1)
Cash flow from financing activities		
Changes in treasury shares	89.8	0.0
Disbursements to shareholders and non-controlling interests	(17.0)	(27.5)
Net financing from short-term loans	144.2	67.9
Net financing from medium-term and long-term loans	(86.9)	(1.0)
Interest received	1.8	2.5
Interest paid	(21.6)	(17.1)
Cash flow from financing activities	110.3	24.8
Net inflow/outflow of cash and cash equivalents	(16.2)	(18.5)
Changes in cash and cash equivalents from the initial consolidation	0.5	0.0
Exchange rate effects	0.7	(1.4)
Opening cash and cash equivalents	53.3	62.5
Closing cash and cash equivalents	38.3	42.6

*Prior year's figures presented on a comparable basis, see page 9

Balance Sheet

Assets in € million	9/30/2014	12/31/2013*	9/30/2013*	1/1/2013*
Intangible assets	336.5	421.9	422.4	419.9
Tangible assets	226.7	235.5	199.5	186.3
Investment properties	4.4	4.3	4.5	4.7
Investments in associated companies (at equity)	37.6	42.9	43.0	42.0
Other noncurrent financial instruments	14.6	12.0	14.1	11.6
Other noncurrent assets	3.9	2.8	2.8	2.2
Deferred tax assets	69.8	28.0	29.1	27.3
Total noncurrent assets	693.5	747.4	715.4	694.0
Inventories	428.6	363.7	407.2	357.7
Trade receivables	273.2	237.6	268.1	223.7
Receivables from construction contracts	105.8	89.8	106.2	85.3
Income tax assets	9.9	6.6	23.8	7.0
Other current assets	72.5	63.2	63.1	48.0
Short-term securities	4.3	2.7	1.1	0.5
Cash and cash equivalents	38.3	53.3	42.6	62.5
Total current assets	932.6	816.9	912.1	784.7
Total assets	1,626.1	1,564.3	1,627.5	1,478.7
Equity and liabilities in € million	9/30/2014	12/31/2013*	9/30/2013*	1/1/2013*
Capital stock	37.8	37.8	37.8	37.8
Additional paid-in capital	30.4	42.6	42.7	42.7
Treasury stock	0.0	(102.0)	(102.5)	(102.5)
Retained earnings	439.9	438.5	438.7	424.5
Undistributed group profit	42.0	37.2	37.2	19.9
Group earnings/loss	(174.3)	16.8	5.5	59.2
Accumulated other comprehensive income	1.8	(6.6)	(2.1)	0.0
Equity excluding non-controlling interests	377.6	464.3	457.3	481.6
Non-controlling interests	16.9	18.6	16.9	15.2
Total equity	394.5	482.9	474.2	496.8
Pension provisions	22.8	22.6	22.3	22.5
Other noncurrent provisions	77.2	47.0	51.9	56.8
Noncurrent financial liabilities	50.0	124.6	75.7	184.9
Noncurrent trade payables	0.0	0.0	7.4	10.3
Noncurrent income tax liabilities	0.0	0.0	0.2	0.0
Other noncurrent liabilities	5.3	22.2	16.1	26.1
Deferred tax liabilities	32.0	15.9	34.1	29.2
Total noncurrent liabilities	187.3	232.3	207.7	329.8
Other current provisions	131.4	110.2	113.5	101.8
Current financial liabilities	288.3	135.5	266.3	82.8
Current trade payables	173.9	171.5	165.8	151.6
Current liabilities on construction contracts	289.9	277.0	239.5	219.6
Income tax liabilities	13.8	6.0	15.5	7.6
Other current liabilities	147.0	148.9	145.0	88.7
Total current liabilities	1,044.3	849.1	945.6	652.1
Total equity and liabilities	1,626.1	1,564.3	1,627.5	1,478.7

*Prior year's figures presented on a comparable basis, see page 9

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings	Undistributed group profit	Group result	Accumulated OCI	Equity excluding NCI	Non-controlling interests (NCI)	Total equity
Balance at 12/31/2012	37.8	42.7	(102.5)	432.7	19.9	59.2	0.0	489.8	15.9	505.7
Change in accounting policy (IFRS 10/IFRS 11)				(8.2)			0.0	(8.2)	(0.7)	(8.9)
Balance at 1/1/2013	37.8	42.7	(102.5)	424.5	19.9	59.2	0.0	481.6	15.2	496.8
Carryforward to new account					59.2	(59.2)		0.0		0.0
Transfer to retained earnings				14.3	(17.9)		3.6	0.0		0.0
Increase in equity interests				(0.1)				(0.1)	(1.1)	(1.2)
Comprehensive income						5.5	(5.7)	(0.2)	6.3	6.1
Dividends paid					(24.0)			(24.0)	(3.5)	(27.5)
Balance at 9/30/2013	37.8	42.7	(102.5)	438.7	37.2	5.5	(2.1)	457.3	16.9	474.2
Change from share increase				(0.2)				(0.2)		(0.2)
Comprehensive income						11.3	(4.5)	6.8	1.7	8.5
Purchase/sale of treasury stock		(0.1)	0.5					0.4		0.4
Balance at 12/31/2013	37.8	42.6	(102.0)	438.5	37.2	16.8	(6.6)	464.3	18.6	482.9
Carry forward to new account					16.8	(16.8)		0.0		0.0
Transfer to retained earnings				10.9	(12.0)		1.1	0.0		0.0
Consolidation effects				(2.8)				(2.8)		(2.8)
Comprehensive income						(174.3)	7.3	(167.0)	8.6	(158.4)
Dividends paid				(6.7)				(6.7)	(10.3)	(17.0)
Sale of treasury stock		(12.2)	102.0					89.8		89.8
Balance at 9/30/2014	37.8	30.4	0.0	439.9	42.0	(174.3)	1.8	377.6	16.9	394.5

*Prior year's figures presented on a comparable basis, see page 9

Explanatory notes

Corporate background Vossloh AG is a listed stock company having its legal seat in Werdohl, Germany, and registered under number HRB 5292 at the Commercial Register of the Local Court of Iserlohn. 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 September 30, 2014, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU.

The following new or amended standards and interpretations were applied for the first time:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Separate financial statements
- IAS 28: Investments in Associates and Joint Ventures
- IAS 32: Financial Instruments: Presentation – Offsetting of Financial Assets and Financial Liabilities
- IAS 39: Financial Instruments: Recognition and Measurement; Novation of Derivatives and Continuation of Hedge Accounting

As a result of the above, there have been the following significant effects on the consolidated financial statements:

Due to the recognition of joint ventures according to equity method prescribed by IFRS 11 in conjunction with IAS 28, in the case of three Group companies, which were previously included proportionally in the Group's consolidated financial statements, a change in the method of inclusion has taken place. For all three companies, the contractual provisions are such that the definition of a joint venture is fulfilled, and therefore these companies are now to be accounted for under the equity method. In this connection, the transitional provisions of IFRS 11.C2 et seq. were observed.

Regarding the balance sheet amounts reclassified from the respective balance sheet items as of the beginning of the comparative period (January 1, 2013) into "investments in associated companies" we have already reported on these as of June 30, 2014.

In addition, in evaluating the conditions for a full consolidation according to IFRS 10, it was determined that in the case of one company, the required substantial decision-making rights are not met. In observing the transitional provisions of IFRS 10, this company was deconsolidated and is now also accounted for under the equity method.

The total changes from the first application of IFRS 10 and IFRS 11 had the following effects on the comparative figures of the prior year:

€ million	12/31/2013	9 months 2013/ 9/30/2013
Balance sheet		
Noncurrent assets	0.3	1.6
Inventories	(7.4)	(8.8)
Trade receivables and receivables from construction contracts	(13.8)	(11.1)
Cash and cash equivalents	(2.2)	(3.2)
Other current assets	(2.1)	(0.8)
Noncurrent liabilities	0.9	(0.4)
Current liabilities	(15.5)	(13.8)
Income statement		
Sales revenues		(13.1)
EBIT		0.1
Group result		0.6

With the exception of 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, 2013, taking into consideration the International Accounting Standard (IAS) 34 “Interim Financial Reporting”, and the German Accounting Standard (GAS) 16 “Interim Reporting”. The preparation of the interim financial statements requires a number of assumptions and estimates on the part of management. 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 30 percent while for foreign subsidiaries, the applicable local tax rates are used.

The consolidation group has only been slightly changed compared to the December 31, 2013 balance sheet date:

Consolidation group

As explained in the above section, one company of the Switch Systems business unit was deconsolidated with effect from January 1, 2014 and has been accounted for in the reporting period at equity. An additional company in this business unit was liquidated after the discontinuance of its operations; two other companies in this business unit were merged with each other during the second quarter. A company in the Electrical Systems business unit, which in the previous years had not been significant, was added to the consolidated group in this fiscal year. Furthermore, two companies in the Fastening Systems business unit were merged with each other.

Consequently, including Vossloh AG, 23 German and 42 foreign companies were fully consolidated in the interim financial statements as of September 30, 2014.

Two investments in German associated companies and six investments in foreign associated companies were accounted for at equity.

On June 27, 2014, the Executive Board of Vossloh AG, on the basis of its analysis made to date of the Group’s situation and the expected development of the relevant markets for Vossloh Electrical Systems and for Vossloh Locomotives, resolved to carry out significant restructuring measures and to adjust the capacity in these business units to the future market requirements. The capacity adjustments are being accompanied by certain changes in the operations.

Change in estimates and other special factors

For Vossloh Locomotives, it was decided that the focus should be solely on the product business with standardized industry and shunting locomotives. Since, based on the experience to date, the expected quantities in connection with this product business are significantly lower than was assumed in the previous planning, the recoverability of the capitalized development costs was analyzed. This resulted in an impairment loss in the amount of €25.1 million. In addition, in the consolidated Group financial statements impairment write-downs have been recognized on a number of inventories, and provisions have been recorded in connection with individual projects; these have resulted in a charge to EBIT in the amount of approximately €31 million. Furthermore, provisions have been recognized in connection with the resolved relocation of the production in the amount of €5.7 million.

In the Electrical Systems business unit, significant customer-specifically negotiated contracts which are currently in the processing phase were subjected to an updated assessment of the related contract costs and revenues. This resulted in an adjustment to the expected contract costs and thereby an adjustment to the stage of completion; this led to a reduction in revenues on construction contracts of €9.4 million. Furthermore, additions were made to provisions in a double-digit million amount.

Also in the Switch Systems business unit, impairment write-downs of inventories and required additions to provisions, due to new findings regarding certain contingent liabilities, resulted in a charge to EBIT in the amount of just under €7.0 million. In addition, the carrying amount of an investment in an associated company was impaired by €8.3 million.

In light of the changes resolved for Vossloh Locomotives and Vossloh Electrical Systems, an impairment test was performed of goodwill recognized at the level of these cash generating units. The same applies to goodwill of the Switch Systems business unit, for which, due to the deviations determined between plan and actual results both for the direct prior years periods as well in the current year, the materiality thresholds established in the Group's accounting policy for such plan/actual deviations was exceeded; accordingly an indication of an impairment loss exists according to IAS 36.14.

On the basis of the current CGU-specific discount rate and an EBIT estimate revised by management for the coming three years, for Vossloh Switch Systems there was a market value which was below the carrying amount and led to an impairment write-down with respect to the Switch Systems business unit amounting to €60.0 million; in the case of Vossloh Electrical Systems and Vossloh Locomotives no impairment write-down was required. The impairment loss is shown under other operating income/expenses, net. The lower EBIT estimate determined in the current fiscal year with respect to Switch Systems reflects a number of market changes, which are manifested, among others, in lower or delayed infrastructure budgets in Europe, as well as increasing competitive pressure.

Equity Since the consolidated financial statements as of December 31, 2013, Vossloh AG's capital stock has remained unchanged. Compared to the prior year's reporting date, capital stock was unchanged and amounted to €37,825,168.86, divided into 13,325,290 shares.

These were entirely outstanding after the treasury shares which were held as of December 31, 2013 were sold at the end of March 2014. In the first nine months of the current year, there were on average 12,889,926 shares outstanding (prior year: 11,998,569 shares).

Due to the early redemption of one tranche of the US private placement on June 30, 2014 and the accompanying closing out of a cross-currency swap used to hedge the currency risk from the semiannual interest payments, an amount of €0.9 million was reclassified with results effect from equity to the income statement and shown under interest expense (prior year: €0.0 million).

As a result of the realization of purchases of goods in foreign currencies and the related settlement of forward exchange transactions to hedge currencies, in the reporting period €0.4 million was reclassified from equity into the income statement with an effect on results (prior year: €0.1 million).

On June 24, 2014, the first tranche of the US private placement was due for payment; in this connection, USD 140.0 million was repaid. Additionally, as already mentioned, at the end of the reporting period the second tranche of USD 100.0 million was redeemed on an early basis. Leading up to this repayment, a financing reflecting current market conditions had been agreed with several banks for a total amount of €250 million.

Financial liabilities

From the repayment of the US private placement, prepayment penalties resulted in the amount of USD 10.0 million, which were charged to the interest result in the amount of €7.3 million.

Earnings per share

		9 months 2014	9 months 2013*
Weighted average of common shares		13,325,290	13,325,290
Repurchased shares (weighted)		(435,364)	(1,326,721)
Weighted average of outstanding shares		12,889,926	11,998,569
Weighted average of outstanding shares – Undiluted/diluted –		12,889,926	11,998,569
Group loss	€ mill.	(174.3)	5.5
Basic undiluted/diluted earnings per share	€	(13.52)	0.46

*Prior year's figures presented on a comparable basis, see page 9

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

Financial information for joint ventures in summarized form

€ million	9/30/2014/ 9 months 2014	9/30/2013/ 9 months 2013*
Balance sheet		
Noncurrent assets	48.6	49.9
Inventories	14.3	13.0
Trade receivables and receivables from construction contracts	22.1	15.7
Cash and cash equivalents	10.2	6.5
Other current assets	20.6	16.9
Noncurrent liabilities	9.0	0.5
Current liabilities	32.7	34.9
Income statement/statement of comprehensive income		
Net sales	41.9	32.4
Income/loss from continuing operations	2.1	0.4
Income/loss from discontinued operations	0.0	0.0
Other result	1.3	(0.3)
Comprehensive income	3.4	0.1

*Prior year's figures presented on a comparable basis, see page 9

**Additional information
on financial instruments**

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 respective available information on the valuation techniques applied.

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 are assigned to Level 3 whose determination is not performed using a valuation model based on observable market data, but instead, for example, must be extrapolated from market data.

Assignment of the levels of the fair value hierarchy

€ million	Determined based on market prices (Level 1)	Derived from market values (Level 2)	Measurement not based on market values (Level 3)
Financial assets measured at fair value			
Held for trading		0.0	
Available for sale		4.6	
Derivatives in a hedging relationship		1.1	
Total		5.7	
Financial liabilities measured at fair value			
Derivatives in a hedging relationship		10.0	
Total		10.0	

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. In this connection, the derivatives in hedging relationships are included, although they do not belong to any measurement category of IAS 39.

Carrying amount, measurement categories and fair values as of September 30, 2014

€ million	Carrying amount according to balance sheet 9/30/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through the income statement	Fair values 9/30/2014
Trade receivables	273.2				
Loans and receivables	273.2	273.2			273.2
Securities	4.3				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	4.2		4.2		4.2
Other financial instruments and other assets	91.0				
Loans and receivables	51.9	51.9			51.9
Held to maturity	0.4	0.4			0.4
Held for trading	0.0			0.0	0.0
Available for sale	1.0	0.6	0.4		1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	1.1		0.9	0.2	1.1
IAS 39 not applicable	36.6				–
Total financial assets	368.5	326.2	5.5	0.2	331.9
Financial liabilities	338.3				
Loans and receivables	338.3	338.3			338.3
Trade payables	173.9				
Loans and receivables	173.9	173.9			173.9
Other liabilities	152.4				
Loans and receivables	88.3	88.3			88.3
Derivatives in hedging relationships (not a category according to IAS 39.9)	10.0		6.2	3.8	10.0
IAS 39 not applicable	54.1				–
Total financial liabilities	664.6	600.5	6.2	3.8	610.5

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

Summary of IAS 39 measurement categories as of September 30, 2014

€ million	Carrying amount according to balance sheet 9/30/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through the income statement	Fair values 9/30/2014
Financial assets					
Loans and receivables	325.1	325.1	0.0	0.0	325.1
Held to maturity	0.5	0.5	0.0	0.0	0.5
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	5.2	0.6	4.6	0.0	5.2
Total financial assets	330.8	326.2	4.6	0.0	330.8
Financial liabilities					
Loans and receivables	600.5	600.5	0.0	0.0	600.5
Total financial liabilities	600.5	600.5	0.0	0.0	600.5

Carrying amount, measurement categories and fair values as of December 31, 2013*

€ million	Carrying amount according to balance sheet 12/31/2013	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through the income statement	Fair values 12/31/2013
Trade receivables	237.6				
Loans and receivables	237.6	237.6			237.6
Securities	2.7				
Held to maturity	0.2	0.2			0.2
Held for trading	0.0			0.0	0.0
Available for sale	2.5		2.5		2.5
Other financial instruments and other assets	78.0				
Loans and receivables	40.4	40.4			40.4
Held to maturity	0.4		0.4		0.4
Held for trading	0.0			0.0	0.0
Available for sale	1.0	0.6	0.4		1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	2.1		0.0	2.1	2.1
IAS 39 not applicable	34.1				–
Total financial assets	318.3	278.8	3.3	2.1	284.2
Financial liabilities	260.5				
Loans and receivables	260.5	260.5			260.5
Trade payables	171.5				
Loans and receivables	171.5	171.5			171.5
Other liabilities	170.7				
Loans and receivables	91.3	91.3			91.3
Derivatives in hedging relationships (not a category according to IAS 39.9)	32.8		2.9	29.9	32.8
IAS 39 not applicable	46.6				–
Total financial liabilities	602.7	523.3	2.9	29.9	556.1

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

*Prior year's figures presented on a comparable basis, see page 9

Summary of IAS 39 measurement categories as of December 31, 2013*

€ million	Carrying amount according to balance sheet 12/31/2013	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through the income statement	Fair values 12/31/2013
Financial assets					
Loans and receivables	278.0	278.0	0.0	0.0	278.0
Held to maturity	0.6	0.2	0.4	0.0	0.6
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	3.5	0.6	2.9	0.0	3.5
Total financial assets	282.1	278.8	3.3	0.0	282.1
Financial liabilities					
Loans and receivables	523.3	523.3	0.0	0.0	523.3
Total financial liabilities	523.3	523.3	0.0	0.0	523.3

*Prior year's figures presented on a comparable basis, see page 9

The cash flow statement shows the changes in the Vossloh Group's cash and cash equivalents; cash includes checks, other cash on hand, as well as cash in banks, while cash equivalents comprise any financial instruments maturing within three months and readily convertible into cash.

Cash flow statement

The cash flow statement, which was prepared in accordance with IAS 7, breaks down the change in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

The Vossloh Group's primary reporting segments are defined by its internal organizational and reporting structure which is based on the products and services offered by Vossloh's business units. In line with IFRS 8, segment reporting encompasses not only the two divisions (Rail Infrastructure and Transportation) but also separately presents their business units.

Segment information

The Rail Infrastructure division covers the Group's related products and services and comprises the Fastening Systems, Switch Systems and Rail Services business units.

The Fastening Systems business unit is a foremost supplier of rail fastening systems. The product range covers fasteners for every application: from light-rail, extending over heavy-haul, all the way to high-speed lines.

Vossloh Switch Systems 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, too, the lineup extends from light-rail to high-speed lines.

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 two business units: Transportation Systems and Electrical Systems.

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

Vossloh Electrical Systems equips light rail vehicles and buses with advanced electrical systems. The product range includes traction systems, onboard power supply units, vehicle controls, heating and air-conditioning systems. The vehicle equipment is integrated into a complete customer-specific package and supplied from a single source. The business unit is the world's leading supplier of electrical equipment for trolleybuses and hybrid buses. Besides complete vehicle equipment, the unit's businesses also cover retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and maintenance and repairs work.

The consolidation includes the elimination of intersegment transactions. These pertain primarily to the clearing of intra-group income and expenses, the elimination of intra-group income from distributions and the offsetting of intra-group receivables and payables.

The accounting methods of all segments are identical and conform to the EU-endorsed IFRS. Intersegment business is transacted at normal market conditions.

A reconciliation of the segment result “value added” of the total Group to EBIT shown in the income statement is presented below:

Reconciliation of value added to EBIT				
€ million	9 months 2014	9 months 2013 *	Q3/2014	Q3/2013 *
Value added	(212.2)	(22.3)	(24.4)	3.5
Cost of capital employed	61.8	56.9	19.4	19.0
EBIT	(150.4)	34.6	(5.0)	22.5

*Prior year's figures presented on a comparable basis, see page 9

Related party transactions

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated Vossloh subsidiaries, working groups, 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 the Supervisory Board, Heinz Hermann Thiele. All transactions with these companies are carried out at normal market conditions. 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.

€ million	9 months 2014/ 9/30/2014	9 months 2013/* 9/30/2013*
Purchase and sale of goods		
Sales revenues	5.7	8.0
Expenses	13.1	15.0
Trade receivables	5.4	8.0
Trade payables	2.4	3.1
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	1.1
Services performed or received		
Revenue from the provision of services	0.7	0.0
Expenses from the obtaining of services	3.4	2.8
Financing		
Interest income from financial loans granted	0.1	0.2
Interest expense from financial loans received	0.0	0.0
Receivables on financial loans granted	3.1	11.4
Liabilities on financial loans received	0.0	0.0
Guarantees/collateral furnished		
Bonds/guarantees furnished	4.9	5.5
Other collateral furnished	1.3	1.3

*Prior year's figures presented on a comparable basis, see page 9

In comparison to December 31, 2013, contingent liabilities decreased by €0.4 million to €9.9 million. Contingent liabilities result in the amount of €6.6 million from guarantees and in the amount of €3.3 million from provision of securities for third-party liabilities.

Contingent liabilities

In one company, in which the Vossloh Group holds a non-controlling interest, an investigation has been initiated by the responsible antitrust authorities. Internal analyses of the facts have been commenced in the meantime. In this early stage, an assessment of the potential consequences is not yet possible.

Events after the
balance sheet

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
9 months 2014**	€ mill.	38.6	(89.8)	(6.6)	(0.1)	(57.9)
9 months 2013*	€ mill.	41.2	(13.5)	(2.0)	(0.1)	25.6
Q3/2014	€ mill.	7.0	(1.9)	0.5	0.0	5.6
Q3/2013*	€ mill.	15.2	(1.0)	1.2	0.1	15.5
Total assets						
9/30/2014	€ mill.	242.0	593.6	167.0	(1.5)	1,001.1
9/30/2013*	€ mill.	230.4	443.5	134.5	182.3	990.7
Liabilities						
9/30/2014	€ mill.	124.6	273.9	137.7	(1.5)	534.7
9/30/2013*	€ mill.	135.6	181.4	100.4	30.7	448.1
Net external sales						
9 months 2014	€ mill.	243.8	341.7	51.8	0.0	637.3
9 months 2013*	€ mill.	288.3	324.7	39.7	0.0	652.7
Q3/2014	€ mill.	91.8	121.1	21.6	0.0	234.5
Q3/2013*	€ mill.	100.5	121.7	17.6	0.0	239.8
Intersegment revenues						
9 months 2014	€ mill.	4.7	0.4	1.1	(3.5)	2.7
9 months 2013*	€ mill.	3.4	3.6	0.5	(1.6)	5.9
Q3/2014	€ mill.	1.7	0.1	0.6	(1.3)	1.1
Q3/2013*	€ mill.	1.4	0.7	0.2	(0.6)	1.7
Interest income						
9 months 2014	€ mill.	0.1	0.2	0.0	0.0	0.3
9 months 2013*	€ mill.	0.1	0.3	0.0	0.0	0.4
Q3/2014	€ mill.	0.1	0.1	0.0	0.0	0.2
Q3/2013*	€ mill.	0.0	0.1	0.0	0.0	0.1
Interest expense						
9 months 2014	€ mill.	(1.3)	(2.5)	(1.7)	0.0	(5.5)
9 months 2013*	€ mill.	(2.8)	(1.8)	(1.7)	(0.6)	(6.9)
Q3/2014	€ mill.	(0.2)	(1.5)	(0.6)	0.6	(1.7)
Q3/2013*	€ mill.	(0.9)	(0.6)	(0.5)	(0.2)	(2.2)
Amortization/depreciation						
9 months 2014	€ mill.	4.6	8.7	3.6	0.0	16.9
9 months 2013*	€ mill.	5.0	8.5	3.0	0.0	16.5
Q3/2014	€ mill.	1.6	2.9	1.2	0.0	5.7
Q3/2013*	€ mill.	1.7	3.0	1.1	0.0	5.8
Impairment write-downs						
9 months 2014	€ mill.	1.0	60.0	0.0	–	61.0
9 months 2013*	€ mill.	–	0.6	–	–	0.6
Q3/2014	€ mill.	–	–	–	–	–
Q3/2013*	€ mill.	–	–	–	–	–
Investments in noncurrent assets						
9 months 2014	€ mill.	10.9	8.3	7.6	–	26.8
9 months 2013*	€ mill.	5.2	11.3	9.3	0.0	25.8
Q3/2014	€ mill.	2.5	2.2	1.1	–	5.8
Q3/2013*	€ mill.	3.7	4.7	1.0	0.0	9.4
Average headcount						
9 months 2014		632	2,553	340	0	3,525
9 months 2013*		557	2,380	302	0	3,239

*Prior year's figures presented on a comparable basis, see page 9

**Value added in the Fastening Systems business unit and Rail Infrastructure division including consideration of the intra-group sale of an investment, see page 15

Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
(74.1)	(49.8)	(3.6)	(127.5)	17.1	(43.9)	(212.2)
(20.1)	(11.5)	(0.6)	(32.2)	(17.2)	1.5	(22.3)
(9.3)	(18.0)	0.9	(26.4)	26.1	(29.7)	(24.4)
(3.3)	(4.6)	(0.3)	(8.2)	(4.2)	0.4	3.5
515.4	319.4	(14.9)	819.9	1,031.5	(1,226.4)	1,626.1
557.5	283.4	(8.6)	832.3	922.5	(1,118.0)	1,627.5
274.8	215.7	(16.5)	474.0	557.9	(606.2)	960.4
277.7	172.7	(11.9)	438.5	580.3	(540.7)	926.2
217.6	109.6	0.0	327.2	0.2	0.0	964.7
187.9	110.6	0.0	298.5	0.3	0.0	951.5
71.2	34.7	0.0	105.9	0.1	0.0	340.5
63.5	40.2	0.0	103.7	0.0	0.0	343.5
1.9	1.6	(3.0)	0.5	0.8	(1.0)	3.0
0.0	3.7	(2.4)	1.3	0.7	(0.9)	7.0
0.8	0.4	(0.9)	0.3	0.3	(0.5)	1.2
0.0	1.3	(0.8)	0.5	0.3	(0.3)	2.2
1.8	0.1	0.0	1.9	(6.7)	(6.9)	2.0
1.9	0.1	0.0	2.0	5.8	(5.5)	2.7
0.6	0.0	0.1	0.7	(2.2)	(2.5)	0.6
1.0	0.0	0.0	1.0	1.9	(1.8)	1.2
(2.3)	(2.3)	0.0	(4.6)	(19.1)	7.5	(21.7)
(4.5)	(1.7)	0.0	(6.2)	(11.6)	6.2	(18.5)
(0.7)	(0.8)	0.0	(1.5)	(2.0)	2.6	(2.6)
(3.3)	(0.6)	0.0	(3.9)	(4.2)	2.2	(8.1)
10.6	2.9	0.1	13.6	0.5	0.0	31.0
8.7	3.0	0.0	11.7	0.6	0.0	28.8
3.2	1.0	0.1	4.3	0.2	0.0	10.2
2.3	1.0	0.0	3.3	0.2	0.0	9.3
25.1	0.0	2.7	27.8	0.1	0.0	88.9
–	–	–	–	0.1	–	0.7
3.9	0.0	0.8	4.7	0.0	0.0	4.7
–	–	–	–	–	–	–
8.5	5.4	0.7	14.6	0.2	0.0	41.6
10.3	5.2	0.7	16.2	0.5	0.0	42.5
1.9	2.2	0.8	4.9	0.1	0.0	10.8
3.1	1.2	0.2	4.5	0.2	0.0	14.1
1,277	861	0	2,138	51	0	5,714
1,091	798	0	1,889	46	0	5,174

Financial calendar 2015

Publication of financial information 2014	March 2015
Press conference	March 2015
Investors and analysts conference	March 2015
Annual general meeting	May 20, 2015

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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 Dr. Alexander Selent (until September 14, 2014), vice-chairman of the executive board and CFO of Fuchs Petrolub SE, Limburgerhof, Vice-Chairman Silvia Maisch, electrical mechanic, Monheim Dr.-Ing. Kay Mayland (until May 28, 2014), graduate engineer, former chairman of SMS Siemag AG, Ettlingen Dr.-Ing. Wolfgang Schlosser (since May 28, 2014), consultant and former member of management of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Puchheim Dr. Wolfgang Scholl (until May 28, 2014), attorney, partner of the law firm Arnecke Siebold, Frankfurt/Main, Vice-Chairman Michael Ulrich, machine fitter, Kiel Ursus Zinsli (since May 28, 2014), delegate of board of directors and former managing director of Scheuchzer SA (Switzerland), Saint-Sulpice (Kanton Vaud, Switzerland)