

# QUARTERLY STATEMENT

## as of March 31, 2018

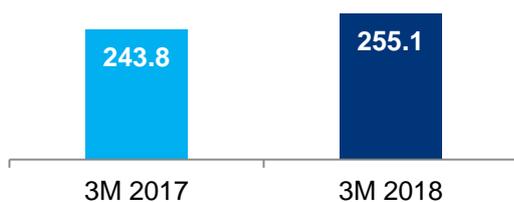
VTG made a successful start to the year. This is attributable, for instance, to positive market trends which helped maintain a high level of utilization of our fleet. In addition, the two logistics divisions showed a positive development during the first three months of the year, which is why all relevant performance indicators on Group level improved compared to the first quarter of 2017. While revenue was able to increase by almost 5 % over the same quarter of the previous year, EBITDA even rose by more than 15 %. This rise is also due to lower maintenance costs in the Railcar division in the first quarter of 2018 compared to the same period of the previous year. In addition, the tax rate dropped from 32.5 % to 30.0 %, which also helped increase earnings per share by more than 42 % to € 0.47.

Our investing activities focused on Europe and, to a small extent, on Russia. In total, some 600 newbuild wagons of various types were delivered to customers. As about the same amount of older wagons was decommissioned, the fleet size of some 82,900 wagons remained almost unchanged compared to the end of 2017.

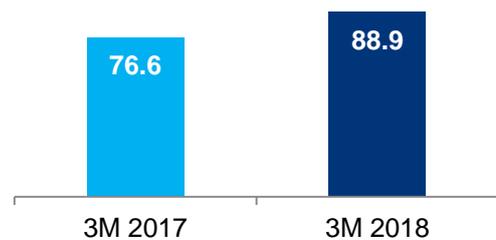
But there is good news to report not only in terms of operations. At the end of March 2018, VTG received approval subject to conditions by the relevant antitrust authorities in Germany and Austria for the acquisition of the French competitor Nacco. The conditional approval aligns with VTG's proposal to resell 30 % or about 4,000 wagons of the Nacco fleet. This way, VTG would take over some 10,000 wagons and further strengthen its market position in Europe. The Executive Board assumes that the transaction can be completed in the second half of 2018 after having sold a part of the Nacco fleet.

The Executive Board confirms its forecast issued in February according to which revenue is expected to be slightly higher than in 2017 (2017: € 1,014 million). EBITDA (earnings before interest, taxes, depreciation and amortization) is expected to fall within the range of € 340 – 370 million. Effects from the intended takeover of Nacco are not considered in this forecast.

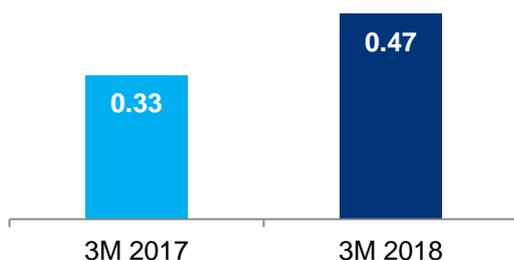
**Revenue**  
(in € million)



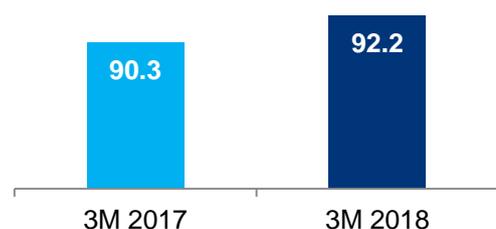
**EBITDA**  
(in € million)



**Earnings per share**  
(in €)



**Utilization**  
(in %)



## Business trend

### VTG Group Results

in € million	3M 2018	3M 2017	Δ
Revenue	255.1	243.8	+4.6 %
EBITDA	88.9	76.6	+ 16.1 %
EBIT	42.1	29.5	+ 42.8 %
EBT	23.8	18.8	+ 26.6 %
EPS (in €)	0.47	0.33	+ 42.4 %

- Due to an increase in utilization in the Railcar division and to further expanding its fleet in the course of the past business year the VTG Group recorded a noticeable rise in revenue compared with the first quarter of the previous year.
- The operating profit (EBITDA) increased disproportionately, which was mainly due to lower maintenance costs in the Railcar division: While in the same quarter of the previous year maintenance costs were disproportionately high, these were below average in the first quarter of the current year. In addition, the two logistics divisions were also able to increase their operational results. At the same time, expenses relating to the takeover of the Nacco Group of € 1.2 million were incurred. EBITDA adjusted for these expenses would thus stand at € 90.1 million.
- In addition, finance costs of € 2.6 million were incurred in the first quarter of 2018 which resulted from the intended takeover of Nacco and which had a negative impact on earnings before tax.
- Owing to an increase in results from operations and a lower tax rate that fell to 30.0 % (previous year: 32.5 %), earnings per share climbed by 42.4 % to € 0.47.

### Capital Market

#### VTG's share performance

in €	3M 2018	2017	Δ
Closing price	45.95	47.76	- 3.8 %
High	50.20	50.50	
Low	38.00	28.65	
Market capitalization	1,321 m	1,373 m	- 3.8 %

- Initially, good economic data and the US tax reform led to a friendly start to the year for the global stock exchanges. In view of the protectionist ambitions in the US, however, the general mood on the stock exchanges started to darken in the course of the first quarter.
- The DAX lost 6.2 % in the first quarter, whereas the SDAX saw a slight rise of 0.3 %.
- After a solid start to the year, the uncertainty surrounding the intended takeover of Nacco led to price losses of the VTG share as of the end of January. Although the share price increased again at the end of March when the acquisition was approved subject to conditions by the antitrust authorities, it was not able to fully recover due to a weak market environment.

## Results for the divisions

### Railcar

in € million	3M 2018	3M 2017	Δ
Revenue	135.0	125.6	+ 7.6 %
EBITDA	89.0	76.2	+ 16.8 %
EBITDA margin	65.9	60.7 %	+ 5.2 PP
Utilization	92.2 %	90.3 %	+ 1.9 PP
No. of Wagons	82,900	81,200	+ 1,700

- The Railcar division started the first quarter of 2018 with high capacity utilization, after the demand for freight cars had noticeably increased in the second half of 2017. Compared with the weak start to the year 2017, all relevant performance indicators thus were significantly up on the same period a year ago.
- Utilization improved over the same period of the previous year in all four wagon segments with the strongest improvement being obtained in the inter-modal sector. In addition, the fleet size that was expanded in the previous year had a positive impact on the revenue trend.
- The growth in EBITDA was disproportionately high compared with the increase in revenue. This was attributable both to higher utilization and lower maintenance costs.
- VTG's global fleet was expanded during the previous business year through the acquisition of a used fleet in the US and by means of buying newbuild wagons. Compared with the size of the fleet at the end of 2017, it remained, however, almost unchanged (end of 2017: 83,000 wagons).
- Utilization at the end of the first quarter 2018, at 92.2 %, stood at the same level as at the end of the year 2017, thus 1.9 percentage points above the first quarter a year ago.

### Rail Logistics

in € million	3M 2018	3M 2017	Δ
Revenue	78.9	79.2	- 0.5 %
Gross profit	8.1	7.0	+ 15.5 %
EBITDA	2.1	1.6	+ 31.4 %
EBITDA margin*	25.9 %	22.8 %	+ 3.1 PP

\* based on gross profit

- Although revenue at Rail Logistics in the first quarter 2018 was roughly on par with the same period a year ago, gross profit increased due to lower transportation and rental costs.
- The operating profit (EBITDA) climbed by 31.4 % to € 2.1 million due to a higher gross profit.
- Accordingly, the EBITDA margin based on gross profit increased by 3.1 percentage points to 25.9 %.

## Tank Container Logistics

in € million	3M 2018	3M 2017	Δ
Revenue	41.2	39.0	+ 5.6 %
Gross profit	8.1	8.3	- 2.9 %
EBITDA	3.2	2.4	+ 30.6 %
EBITDA margin*	39.4 %	29.3 %	+ 10.1 PP

\* based on gross profit

- High capacity utilization in the European chemical industry led again to an increase in transports at Tank Container Logistics. In contrast to the previous year, however, freight rates remained stable or even increased slightly. This is why the division saw a rise in revenue.
- EBITDA, too, increased, which is attributable to lower rental and maintenance costs for tank containers. The lower rental costs predominantly result from gradually replacing more than 1,000 tank containers rented from others with new, own equipment.
- Accordingly, the EBITDA margin based on gross profit increased by 10.1 percentage points to 39.4 %.

## Financial position and net assets

### Cash flow

in € million	3M 2018	3M 2017	Δ
Operating cash flow	+ 64.6	+ 50.0	+ 14.6
Investing cash flow	- 56.9	- 5.8	- 51.1
Financing cash flow	- 8.3	- 24.0	+ 15.7

- The increase of the operating cash flow is attributable in particular to an improved operating profit.
- Cash flow used in financing activities increased due to higher investments. In addition, the cash flow used in financing activities in the previous year was positively impacted by the sale of wagons from fixed assets to leasing companies (sale and lease back) (€+ 27.3 million).

## Investments

in € million	3M 2018	3M 2017	Δ
Investments	63.4	31.7	+ 31.7
thereof:			
fixed assets	41.4	31.7	+ 9.7
operate lease	22.0	-	+ 22.0
Order book (quantity)	2,500	3,950	- 1,450

- In the first three months of 2018, some 600 newbuild wagons were purchased mainly in Europe and, to a small extent, in Russia.
- One third of investments was financed through operating lease agreements.
- At the end of the first three months of 2017, the order book contained a major order for newbuild wagons for North America and, in addition, part of the replacement investments in Europe due by 2020, which in the context of the Initiative 2020 were bundled into some major orders and carried out early before they become due. These two effects together led to a strong growth of the order book. In the wake of deliveries of wagons in North America and continuing deliveries in the context of the Initiative 2020 in the previous year and in the first three months of the current year, the volume of the order book is now getting down to normal.

## Net assets

in € million	03/31/2018	12/31/2017
Assets	3,080.6	3,085.5
non-current	2,746.8	2,746.4
current	333.8	339.1
Equity	821.4	800.1
Equity ratio (in %)	26.7	25.9
Liabilities	2,259.2	2,285.4
non-current	1,792.0	1,767.2
current	467.2	518.2

- Total assets of the VTG Group remained virtually unchanged from the balance sheet date of December 31, 2017.
- Non-current debt continues to be covered by non-current assets.
- The equity ratio is slightly higher and, at 26.7 %, continues to be at a good level.

## Opportunities and risks

The VTG Group's 2017 annual report sets out significant opportunities and risks that could have an impact on the business situation, net assets, financial position or results of operations of the VTG Group. It also sets out the structure of the Group's risk management system. In the first three months of 2018, no further significant risks or opportunities emerged beyond those already set out in the VTG Group's 2017 annual report. There are therefore currently no known risks whose occurrence, alone or in combination with other risks, could endanger the company as a going concern. In relation to this, please also refer to the section "Cautionary note regarding forward-looking statements".

## Report on expected developments

Given the generally positive global economic situation and economic forecasts, the Executive Board continues to anticipate that the VTG Group will see a positive trend in revenue and EBITDA in 2018, with revenue for the Group expected to be slightly higher than in 2017 (2017: € 1,014 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to fall within the range of € 340 - 370 million.

On July 1, 2017, VTG announced its intention to purchase all shares in CIT Rail Holdings (Europe) SAS, from the US-based CIT Group, owner of the Nacco Group. At the end of March, the relevant antitrust authorities granted approval subject to conditions. VTG is required to sell about 30 % of the Nacco business it will acquire to third parties in advance of the deal. Only after completion of this sale is VTG entitled to take over the remaining approximately 10,000 freight cars of the Nacco Group. As the outcome of this process cannot be reliably estimated either in terms of timing or any impact on earnings in the business year 2018, all statements on expected trends exclude any impact from the planned takeover of the Nacco Group.

## Cautionary note regarding forward-looking statements

This quarterly report contains a number of statements relating to the future development of VTG. These statements are based on assumptions and estimates. Although we are confident that these anticipatory statements are realistic, we cannot guarantee them. For our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. VTG neither intends to nor assumes any separate obligation to update any statement concerning the future to reflect events or circumstances after the date of this report.

# CONSOLIDATED INCOME STATEMENT

in € million	3M 2018	3M 2017
Revenue	255.1	243.8
Changes in inventories	-0.9	-0.7
Other operating income	9.5	5.0
Cost of materials	-109.7	-108.3
Personnel expenses	-26.5	-24.7
Other operating expenses	-40.0	-39.8
Earnings from companies accounted for using the equity method	1.4	1.3
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>88.9</b>	<b>76.6</b>
Impairment, amortization and depreciation	-46.8	-47.1
<b>Earnings before interest and taxes (EBIT)</b>	<b>42.1</b>	<b>29.5</b>
Financing income	0.8	2.7
Financing expenses	-19.1	-13.4
<b>Financial result (net)</b>	<b>-18.3</b>	<b>-10.7</b>
<b>Earnings before taxes (EBT)</b>	<b>23.8</b>	<b>18.8</b>
Taxes on income and earnings	-7.2	-6.1
<b>Group net profit</b>	<b>16.6</b>	<b>12.7</b>
Thereof relating to		
Shareholders of VTG Aktiengesellschaft	13.5	9.6
Hybrid capital investors	3.1	3.1
	16.6	12.7
<b>Earnings per share (in €, basic and diluted)</b>	<b>0.47</b>	<b>0.33</b>

# CONSOLIDATED BALANCE SHEET

<b>ASSETS in € million</b>	<b>03/31/2018</b>	<b>12/31/2017</b>
Goodwill	340.5	340.5
Other intangible assets	83.2	85.2
Tangible fixed assets	2,217.8	2,235.9
Companies accounted for using the equity method	37.8	36.5
Other investments	17.6	1.3
Derivative financial instruments	9.2	6.9
Other financial assets	22.8	22.4
Other assets	0.1	0.3
Deferred income tax assets	17.8	17.4
<b>Non-current assets</b>	<b>2,746.8</b>	<b>2,746.4</b>
Inventories	44.2	42.4
Trade receivables	157.8	168.6
Derivative financial instruments	0.9	0.5
Other financial assets	16.5	19.6
Other assets	35.2	23.4
Current income tax assets	2.0	6.4
Cash and cash equivalents	77.2	78.2
<b>Current assets</b>	<b>333.8</b>	<b>339.1</b>
	<b>3,080.6</b>	<b>3,085.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES in € million</b>	<b>03/31/2018</b>	<b>12/31/2017</b>
Subscribed capital	28.8	28.8
Additional paid-in capital	323.7	323.7
Retained earnings	217.2	188.5
Revaluation reserve	1.7	-0.3
<b>Equity attributable to shareholders of VTG AG</b>	<b>571.4</b>	<b>540.7</b>
<b>Equity attributable to hybrid capital investors of VTG AG</b>	<b>250.0</b>	<b>259.4</b>
<b>Equity</b>	<b>821.4</b>	<b>800.1</b>
Provisions for pensions and similar obligations	64.2	64.4
Deferred income tax liabilities	158.1	154.5
Other provisions	5.9	6.0
Financial liabilities	1,553.0	1,527.8
Derivative financial instruments	10.1	13.4
Other financial liabilities	0.7	1.1
<b>Non-current liabilities</b>	<b>1,792.0</b>	<b>1,767.2</b>
Provisions for pensions and similar obligations	3.2	3.3
Current income tax liabilities	20.7	22.2
Other provisions	40.5	45.3
Financial liabilities	228.8	231.1
Trade payables	124.7	169.0
Derivative financial instruments	17.1	16.6
Other financial liabilities	13.3	8.8
Other liabilities	18.9	21.9
<b>Current liabilities</b>	<b>467.2</b>	<b>518.2</b>
	<b>3,080.6</b>	<b>3,085.5</b>

# CONSOLIDATED CASH FLOW STATEMENT

in € million	3M 2018	3M 2017
<b>Operating activities</b>		
Group net profit	16.6	12.7
Impairment, amortization and depreciation	46.8	47.1
Financing income	-0.8	-2.7
Financing expenses	19.1	13.4
Taxes on income and earnings	7.2	6.1
<b>EBITDA</b>	<b>88.9</b>	<b>76.6</b>
Other non-cash expenses and income	-1.4	-1.3
Income taxes paid	-7.6	-3.8
Income taxes reimbursed	2.8	0.1
Profit/loss on disposals of fixed asset items	-4.7	-1.7
Changes in		
Inventories	-1.7	1.0
Trade receivables	10.8	-11.0
Trade payables	-14.8	1.9
Other assets and liabilities	-7.7	-11.8
<b>Cash flows from operating activities</b>	<b>64.6</b>	<b>50.0</b>
<b>Investing activities</b>		
Payments for investments in intangible and tangible fixed assets	-70.9	-35.1
Proceeds from disposal of intangible and tangible fixed assets	14.3	29.1
Financial receivables (incoming payments)	0.1	0.5
Financial receivables (outgoing payments)	-0.5	-0.4
Receipts from interest	0.1	0.1
<b>Cash flows used in investing activities</b>	<b>-56.9</b>	<b>-5.8</b>
<b>Financing activities</b>		
Dividend payment to hybrid capital investors	-12.5	-12.5
Receipts from the taking up of (financial) loans	39.5	25.0
Repayments of bank loans and other financial liabilities	-19.3	-27.5
Interest payments	-16.0	-9.0
<b>Cash flows used in financing activities</b>	<b>-8.3</b>	<b>-24.0</b>
<b>Change in cash and cash equivalents</b>	<b>-0.6</b>	<b>20.2</b>
Effect of changes in exchange rates	-0.4	0.4
Balance at beginning of period	78.2	63.5
<b>Balance of cash and cash equivalents at end of period</b>	<b>77.2</b>	<b>84.1</b>
of which freely available funds	76.2	81.3

## Key figures by division

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	3M 2018	3M 2017	3M 2018	3M 2017	3M 2018	3M 2017	3M 2018	3M 2017	3M 2018	3M 2017
External revenue	135.0	125.6	78.9	79.2	41.2	39.0	-	-	255.1	243.8
Internal revenue	8.0	7.6	1.9	1.4	-	-	-9.9	-9.0	0.0	0.0
Changes in inventories	-0.9	-0.7	-	-	-	-	-	-	-0.9	-0.7
<b>Segment revenue</b>	<b>142.1</b>	<b>132.5</b>	<b>80.8</b>	<b>80.6</b>	<b>41.2</b>	<b>39.0</b>	<b>-9.9</b>	<b>-9.0</b>	<b>254.2</b>	<b>243.1</b>
Segment cost of materials	-6.5	-7.7	-72.7	-73.6	-33.1	-30.7	9.6	8.8	-102.7	-103.2
<b>Segment gross profit</b>	<b>135.6</b>	<b>124.8</b>	<b>8.1</b>	<b>7.0</b>	<b>8.1</b>	<b>8.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>151.5</b>	<b>139.9</b>
Other segment income and expenditure	-46.6	-48.6	-6.0	-5.4	-4.9	-5.9	-5.1	-3.4	-62.6	-63.3
<b>Segment earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>89.0</b>	<b>76.2</b>	<b>2.1</b>	<b>1.6</b>	<b>3.2</b>	<b>2.4</b>	<b>-5.4</b>	<b>-3.6</b>	<b>88.9</b>	<b>76.6</b>
Impairment, amortization of intangible and depreciation of tangible fixed assets	-44.8	-45.4	-0.3	-0.3	-1.5	-1.2	-0.2	-0.2	-46.8	-47.1
<b>Segment earnings before interest and taxes (EBIT)</b>	<b>44.2</b>	<b>30.8</b>	<b>1.8</b>	<b>1.3</b>	<b>1.7</b>	<b>1.2</b>	<b>-5.6</b>	<b>-3.8</b>	<b>42.1</b>	<b>29.5</b>
thereof earnings from companies accounted for using the equity method	1.3	1.2	-	-	0.1	0.1	-	-	1.4	1.3
Financial result	-15.3	-10.1	-0.1	-0.1	-0.2	-0.1	-2.7	-0.4	-18.3	-10.7
<b>Earnings before taxes (EBT)</b>	<b>28.9</b>	<b>20.7</b>	<b>1.7</b>	<b>1.2</b>	<b>1.5</b>	<b>1.1</b>	<b>-8.4</b>	<b>-4.2</b>	<b>23.8</b>	<b>18.8</b>
Taxes on income and earnings									-7.2	-6.1
<b>Group net profit</b>									<b>16.6</b>	<b>12.7</b>

In the column "Reconciliation", costs in the context of the Nacco transaction amounting to € 3.8 million in the first three months of 2018 (previous year: € 0.0 million) are included.

## Management of capital structure

in € million	03/31/2018	12/31/2017
Financial liabilities	1,781.8	1,758.9
Correction, deduction of transaction costs	9.1	9.8
Cash and cash equivalents	-77.2	-78.2
Investment securities	-0.4	-0.4
Financial receivables	-22.7	-22.2
<b>Net financial debt</b>	<b>1,690.6</b>	<b>1,667.9</b>
Provisions for pensions	67.4	67.7
<b>Adjusted net financial debt</b>	<b>1,758.0</b>	<b>1,735.6</b>
EBITDA	340 - 370	343.4
<b>Ratio of adjusted net financial debt / EBITDA</b>	<b>5.0*</b>	<b>5.1</b>

\* On the basis of the average of the EBITDA forecast for 2018

## Other financial commitments

in € million	due within 1 year		between 1 and 5 years		more than 5 years		Total	
	03/31/ 2018	12/31/ 2017	03/31/ 2018	12/31/ 2017	03/31/ 2018	12/31/ 2017	03/31/ 2018	12/31/ 2017
	Obligations from rental, leasehold and leasing agreements	49.6	49.9	118.8	117.1	57.0	56.6	225.4
Purchase commitments	134.0	156.8	7.5	15.2	-	-	141.5	172.0
<b>Total</b>	<b>183.6</b>	<b>206.7</b>	<b>126.3</b>	<b>132.3</b>	<b>57.0</b>	<b>56.6</b>	<b>366.9</b>	<b>395.6</b>

## Material events after the balance sheet date

There were no events of special significance after the end of the first three months of the financial year.

# FINANCIAL CALENDAR AND CONTACT INFORMATION

## Financial calendar 2018

February 22	Preliminary Results FY 2017
March 27	Annual Report FY 2017
March 27	Annual Results Press Conference, Hamburg
May 17	Quarterly Statement as of March 31, 2018
May 17	Analyst Conference, Elze
June 6	Annual General Meeting, Hamburg
August 14	Half-yearly Financial Report 2018
November 13	Quarterly Statement as of September 30, 2018

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