The offering of shares (rights issue) to which this Prospectus relates is only addressed to the existing shareholders of Vossloh Aktiengesellschaft. The level of disclosure included in this Prospectus is proportionate to this type of issue.

PROSPECTUS

for the public offering in Germany and Luxembourg

of

2,642,147 ordinary bearer shares with no-par value (*Stückaktien*) from the capital increase against contribution in cash resolved by the management board on 24 May 2016, following authorisation by the supervisory board on 24 May 2016, utilising the authorised capital resolved by the general shareholders' meeting on 28 May 2014 with subscription rights for existing shareholders of Vossloh Aktiengesellschaft

and at the same time

for admission to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange and for admission to trading on the regulated market segment (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*)

of

2,642,147 new bearer shares with no-par value (*Stückaktien*) from the above-mentioned capital increase – each such share representing a notional value of approximately EUR 2.84 and full dividend rights from 1 January 2016 –

of

Vossloh Aktiengesellschaft

Werdohl, Germany

Subscription price: EUR 48.00

International Securities Identification Number (ISIN): DE 0007667107
German Securities Code (*Wertpapierkennnummer, WKN*): 766710
Common Code: 002636581
Ticker Symbol: VOS

Prospectus date: 30 May 2016

Sole Global Coordinator and Bookrunner

Berenberg

CONTENTS

I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements (“**Elements**”). These Elements are numbered in Sections A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words “not applicable”.*

A – Introduction and Warnings

A.1	**Warnings.**	This summary should be read as an introduction to this prospectus (the “**Prospectus**”). Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. The Offering (as defined under element E.3 below) to which this Prospectus relates is only addressed to the existing shareholders of the Company (as defined below) and the level of disclosure included in this Prospectus is proportionate to this type of issue. If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. Vossloh Aktiengesellschaft, with its registered office at Vosslohstraße 4, 58791 Werdohl, Germany, and registered with the commercial register of the local court (*Amtsgericht*) of Iserlohn under docket number HRB 5292 (the “**Company**”, and, together with its consolidated subsidiaries, “**Vossloh**” or the “**Group**”), together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (“**Berenberg**”) have assumed responsibility for the contents of this summary and its German translation pursuant to Section 5 para. 2b no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who are responsible for the summary including any translation thereof, or for the issuing (*Veranlassung*), can be held liable but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of this Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the prospectus.**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the shares has not been granted.

B – Issuer

B.1	**Legal and commercial name of the issuer.**	The Company’s legal name is Vossloh Aktiengesellschaft. The Company is the Group’s holding company; the Group primarily operates under the commercial name “Vossloh”.
B.3	**Current operations and principal business activities and principal markets in which the issuer competes.**	Vossloh is a global player in the rail technology market and its core business relates to rail infrastructure. Vossloh offers components, solutions and services for rail infrastructure worldwide, with Western Europe (in particular Germany and France), America and Asia being the largest sales markets. Its offering ranges from conventional to high-speed lines, heavy load and urban networks. Within its core business Vossloh is a encompassing (one-stop-shop) provider of integrated solutions, products and services that cover the entire infrastructure lifecycle. With more than 100 years of experience,

Vossloh considers itself a market leader for rail fastening and switch systems. Furthermore, Vossloh believes it is a leading provider of comprehensive track maintenance and related logistics solutions in Germany. Vossloh's customers are generally public and private railway companies, network operators and regional and municipal transport companies.

Vossloh's core business is divided into the three divisions "Core Components", "Customized Modules" and "Lifecycle Solutions", which are managed and controlled in accordance with the principles underlying their respective business model, i.e. the offering of standardised products, project business and services. However, all divisions act and present themselves in a well aligned and uniform manner under the umbrella of "One Vossloh". In addition, Vossloh's business with vehicles and vehicle components – bundled in the division Transportation – operates as a fourth division, but is not considered as part of the Company's core business. Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017.

The Group is globally active having established numerous sales companies and branches around the world. Its local presence and customer proximity are integral elements of its business model. In 2015, Vossloh generated revenues in more than 80 countries. In the Core Components division, Vossloh's rail fasteners are used in more than 65 countries and around 50 million tension clamps are produced every year. The most important production facilities for Vossloh rail fastening systems are in Germany, Poland, China and the United States. Another production site for rail fasteners is being built in Russia. In the Customized Modules division, Vossloh manufactures switch systems and components in 20 countries, including France, the United States, Sweden, Australia, Luxembourg, Poland and the United Kingdom. In the Lifecycle Solutions division, Vossloh provides rail related services mainly in Germany as well as in China, Scandinavia and Turkey.

The main production facilities for its Transportation business are located in Germany.

Vossloh had approximately 4,850 employees as of 31 March 2016 and approximately 4,800 employees as of 31 December 2015.

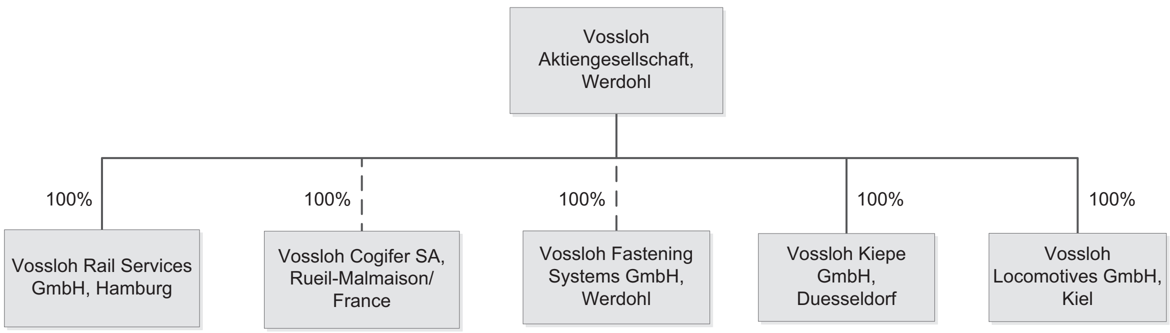
Competitive Strengths

- Vossloh considers itself a highly regarded technology leader offering integrated solutions and services for rail infrastructure.
- Vossloh considers itself a global player with leading market positions.
- Vossloh operates in the rail infrastructure market which is expected to offer sustainable growth and is characterised by high entry barriers.
- Vossloh strictly focuses on its core business, firm cost management and efficiency enhancement driving profitability improvement.
- Vossloh has a strong base of skilled and motivated employees and is led by a highly qualified and experienced management team.

Strategy

- Promoting an integrated products and services offering.
- Organising products and services along specific business models.
- Gain and secure sustainable growth by focusing on defined key markets.
- Pursuing value-oriented growth.

B.4a	**Description of the most significant recent trends affecting the issuer and the industries in which it operates.**	Vossloh expects its market to continue to expand as a result of a number of growth drivers, including: • Increasing international trade flows and emerging market growth, generating an increased focus on, and policy shift towards, public rail infrastructure spending; • Population growth, requiring an expansion of transportation infrastructure; • Urbanisation and increasing demand for mobility, causing increasing road and air congestion and leading to a favourable shift in transport modes towards rail; • Climate change and environmental challenges, raising the awareness of the environmental impact of transportation and thereby driving demand for rail equipment in light of rail transportation's energy efficiency compared to road and air traffic; and • Deregulation and standardisation, and in particular the liberalisation of national markets. According to the "Word Rail Market Study", produced jointly every two years by the Association of the European Rail Industry and Roland Berger Strategy Consultants, representing the most extensive analysis in the rail technology market (forecast 2014-2019) ("**UNIFE Report**"), the growth in accessible markets, i.e. markets that are open to external suppliers and are not served exclusively by a railway in-house or by a domestic manufacturer, will increase with a compound annual growth rate (CAGR) of 2.8%, resulting in an increase from EUR 102 billion per year for the 2011-2013 period to an average EUR 120 billion per year for the 2017–2019 period. This predicted growth covers all market areas, from which the European rail supply industry should benefit the most due to its innovation and export strength. The strongest growth is expected in the areas of "Infrastructure", including infrastructure services, with a compound annual growth rate (CAGR) of 3.8%.
B.5	**Description of the group and the issuer's position within the group.**	The Company is the holding company of the Group. The Company's business is primarily conducted by the relevant operating subsidiaries. The group of fully consolidated companies included 63 subsidiaries as of 31 March 2016. The following chart provides a simplified overview of the direct (solid lines) and indirect (dotted lines) shareholdings of the Company, representing Vossloh's business units, as of the date of this prospectus:



B.6	**Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital or voting rights or have control over the issuer.**	On the basis of the notifications received by and to the knowledge of the Company as of the date of this Prospectus in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz—WpHG*) and pursuant to information provided by the respective shareholders, the following shareholders directly or indirectly hold more than 3% of the Company's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to the Company with regard to the stated reference date by the respective shareholder pursuant to Sections 21 *et seqq.* WpHG in relation to the Company's share capital as of the date of this Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to the Company without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

Shareholder	Actual (direct or indirect) ownership of Vossloh Aktiengesellschaft Share of voting rights (in %)
Heinz Hermann Thiele[1]	40.79
Franklin Mutual Advisers LLC[2]	5.68
Franklin Templeton International Services S.à r.l.[3]	3.36
Iskander Makhmudov	3.08
Lazard Frères Gestion SAS[4]	3.01
Other shareholders/Public free float[5]	44.08
Total	**100**

1 The voting rights are attributed through Stella Vermögensverwaltungs GmbH, TIB Vermögens- und Beteiligungsholding GmbH and KB Holding GmbH pursuant to Section 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

2 The voting rights are attributed pursuant to Section 22 para 1. Sentence 1 No. 6 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

3 The voting rights are attributed pursuant to Section 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) through Franklin Templeton Investment Funds.

4 The voting rights are attributed through SICAV OBJECTIV SMALL CAPS EURO pursuant to Section 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

5 Other shareholders/Public free float refers to the shareholdings with less than 3% of voting rights in the Company.

	Different voting rights.	Not applicable. Each of the Company's shares carries one vote at the general shareholders' meeting of the Company. There are no existing restrictions on voting rights.
	Direct or indirect control over the issuer and the nature of such control.	Heinz Hermann Thiele, through its wholly-owned subsidiaries KB Holding GmbH, TIB Vermögens- und Beteiligungsholding GmbH and Stella Vermögensverwaltungs GmbH, owns more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*). Upon completion of the Offering (as defined under element E.3 below) and assuming (i) the placement of 2,642,147 New Shares, (ii) that Heinz Hermann Thiele will exercise all of his subscription rights with the exception of 114,555 subscription rights, which he has agreed to waive to allow for an even subscription ratio (as described below under Element E.3) and (iii) that Heinz Hermann Thiele will be either delivered 114,555 subscription rights (which he then exercises) or sold 22,911 shares at the subscription price by Berenberg (as described below under Element E.3), Heinz Hermann Thiele will indirectly hold approximately 40.85% of the Company's share capital (see under Element E.3 below). As a result, Heinz Hermann Thiele will continue to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*).

B.7	**Selected key historical financial information**	The financial information contained in the following tables is taken or derived from the Company's unaudited consolidated financial statements as of and for the three months ended 31 March 2016 and the audited consolidated financial statements as of and for the fiscal year ended 31 December 2015. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the unaudited consolidated financial statements have been prepared in accordance with IFRS on interim financial reporting. KPMG AG Wirtschaftsprüfungsgesellschaft, registered office Berlin, Düsseldorf branch, Germany has audited the consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2015 and issued an unqualified auditor's report as of 31 December 2015 (*uneingeschränkter Bestätigungsvermerk*) on these consolidated financial statements as of 31 December 2015. The aforementioned audited consolidated financial statements and the auditor's report thereon are included in the financial section of this prospectus. Our historical results are not necessarily indicative of the results that should be expected in the future and the Company's interim results are not necessarily indicative of the results that should be expected for the full year of the period.

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT

The following table shows selected financial information taken from the unaudited consolidated income statements for the three-month periods ended 31 March 2016 and 31 March 2015 and the audited consolidated income statements for the fiscal years ended 31 December 2015 and 31 December 2014:

(in € million, unless otherwise indicated)	For the three-month period ended 31 March		For the year ended 31 December	
	2016	2015[(1)]	2015	2014[(2)]
	(unaudited, consolidated)		(audited, consolidated)	
Sales revenue	240.1	259.8	1,200.7	1,100.8
Cost of sales	(198.9)	(221.8)	(995.8)	(1,000.7)
General administrative and selling expenses	(42.8)	(43.3)	(183.0)	(193.9)
Research and development expenses	(3.0)	(2.8)	(13.1)	(12.9)
Other operating result	6.4	5.8	35.5	(67.7)
Operating result	**1.8**	**(2.3)**	**44.3**	**(174.4)**
Investment result from companies accounted for using the equity method	0.2	0.0	3.0	(7.3)
Other financial income	0.3	0.1	0.8	0.4
Other financial expenses	–	–	(3.0)	(2.1)
Earnings before interest and taxes (EBIT)	**2.3**	**(2.2)**	**45.1**	**(183.4)**
EBIT-margin (in%)	**1.0**	**(0.9)**	**3.8**	**(16.7)**
Interest income	0.4	0.3	4.1	2.2
Interest expense	(3.6)	(2.8)	(17.6)	(26.4)
Earnings before income taxes (EBT)	**(0.9)**	**(4.7)**	**31.6**	**(207.6)**
Income taxes	(0.2)	1.0	(20.2)	(7.0)
Net result from discontinued operations	4.9	2.7	66.4	8.9
Group net income	**3.8**	**(1.0)**	**77.8**	**(205.7)**
thereof attributable to shareholders of Vossloh AG	2.8	(2.6)	72.2	(213.9)
thereof attributable to non-controlling interests	1.0	1.6	5.6	8.2
Earnings per share Undiluted/ fully diluted EpS (€)	**0.21**	**(0.19)**	**5.42**	**(16.46)**
thereof attributable to continuing operations	(0.16)	(0.39)	0.43	(17.14)
thereof attributable to discontinued operations . . .	0.37	0.20	4.99	0.68

(1) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit “Rail Vehicles” under Vossloh’s Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the three-month periods ended 31 March 2016 and 31 March 2015, respectively, the former business unit “Rail Vehicles” is presented as “discontinued operations” in the three-month period ended 31 March 2015. As a consequence, comparable figures for the three-month period ended 31 March 2015 included in the unaudited consolidated financial statements as of and for the three-month period ended

31 March 2016 deviate from the figures included in the unaudited financial statements as of and for the three-month period ended 31 March 2015 (these figures are not included in this Prospectus).

(2) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the fiscal year ended 31 December 2015 and 31 December 2014, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" in the fiscal year emded 31 December 2014. As a consequence, comparable figures for the fiscal year emded 31 December 2014 included in the audited consolidated financial statements for the fiscal year ended 31 December 2015 deviate from the figures included in the audited financial statements for the fiscal year ended 31 December 2014 (these figures are not included in this Prospectus).

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET

The following table shows selected financial information taken from the unaudited consolidated balance sheet for the three-month periods ended 31 March 2016 and 31 March 2015 and the audited consolidated balance sheet for the fiscal years ended 31 December 2015 and 31 December 2014:

	As of 31 March		As of 31 December	
(in € million)	**2016**	**2015**(1)	**2015**	**2014**(2)
	(unaudited, consolidated)		**(audited, consolidated)**	
ASSETS				
Non-current assets	572.9	589.2	580.3	573.6
Current assets	779.7	819.6	794.8	782.5
Total assets	**1,357.6**	**1,644.4**	**1,375.1**	**1,604.4**
EQUITY AND LIABILITIES				
Total equity	426.4	353.5	428.7	349.6
Non-current liabilities	331.1	144.5	347.0	142.7
Current liabilities	600.1	873.3	599.4	818.2

(1) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the three-month periods ended 31 March 2016 and 31 March 2015, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" in the three-month period ended 31 March 2015. As a consequence, comparable figures for the three-month period ended 31 March 2015 included in the unaudited consolidated financial statements as of and for the three-month period ended 31 March 2016 deviate from the figures included in the unaudited financial statements as of and for the three-month period ended 31 March 2015 (these figures are not included in this Prospectus).

(2) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the fiscal year ended 31 December 2015 and 31 December 2014, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" in the fiscal year ended 31 December 2014. As a consequence, comparable figures for the fiscal year ended 31 December 2014 included in the audited consolidated financial statements for the fiscal year ended 31 December 2015 deviate from the figures included in the audited financial statements for the fiscal year ended 31 December 2014 (these figures are not included in this Prospectus).

SELECTED DATA FROM THE CONSOLIDATED CASH FLOW STATEMENT

The following table shows selected financial information taken from the unaudited consolidated cash flow statements for the three-month periods ended 31 March 2016 and 31 March 2015 and the audited consolidated cash flow statements for the fiscal years ended 31 December 2015 and 31 December 2014:

(in € million)	As of 31 March		As of 31 December	
	2016	2015[(1)]	2015	2014[(2)]
	(unaudited, consolidated)		(audited, consolidated)	
Cash flow from operating activities	(50.5)	(12.4)	107.8	(42.2)
Cash flow from investing activities	(4.6)	(12.2)	(11.6)	(58.3)
Cash flow from financing activities	32.8	10.8	(77.0)	103.7
Free cash flow[(3)]	(55.1)	(24.6)	66.1	(98.5)

(1) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the three-month periods ended 31 March 2016 and 31 March 2015, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" in the three-month period ended 31 March 2015. As a consequence, comparable figures for the three-month period ended 31 March 2015 included in the unaudited consolidated financial statements as of and for the three-month period ended 31 March 2016 deviate from the figures included in the unaudited financial statements as of and for the three-month period ended 31 March 2015 (these figures are not included in this Prospectus).

(2) Due to the sale of Vossloh España S.A.U., Spain, as of 31 December 2015, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the fiscal year ended 31 December 2015 and 31 December 2014, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" in the fiscal year ended 31 December 2014. As a consequence, comparable figures for the fiscal year ended 31 December 2014 included in the audited consolidated financial statements for the fiscal year ended 31 December 2015 deviate from the figures included in the audited financial statements for the fiscal year ended 31 December 2014 (these figures are not included in this Prospectus).

(3) Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with consolidated associated companies accounted for using the equity method.

B.8	**Selected key pro forma financial information**	Not applicable. No pro forma financial information has been prepared by the Company.
B.9	**Profit forecast and estimate.**	On the basis of current information relating to the performance achieved so far in the 2016 financial year, Vossloh expects to generate net sales between EUR 1.2 billion and EUR 1.3 billion and an earnings before interest and tax-margin (EBIT-margin) between 4.0% and 4.5% in the current 2016 financial year.
B.10	**Qualifications in the audit report on the historical information.**	Not applicable. The auditor's reports on the historical financial information included in this prospectus have been issued without qualification.
B.11	**Insufficiency of the issuer's working capital for its present requirements.**	Not applicable. The Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months.

C – Securities

C.1	**Type and the class of the securities offered and being admitted to trading.**	Bearer shares with no-par value (*Stückaktien*), each with a notional value of approximately EUR 2.84 and with full dividend rights from 1 January 2016.
	Security identification number.	ISIN/WKN/Common Code/Ticker Symbol for the shares being offered under this Prospectus (the "**New Shares**"): International Securities Identification Number (ISIN): for the New Shares : DE0007667107 for the subscription rights to the New Shares: DE000A2BPWM9 German Securities Identification Number (*Wertpapierkennnummer, WKN*): for the New Shares: 766710 for the subscription rights to the New Shares: A2BPWM Common Code: 002636581 Ticker Symbol: VOS
C.2	**Currency.**	Euro.
C.3	**The number of shares issued and fully paid.**	The Company's share capital currently amounts to EUR 37,825,168.86. It is divided into 13,325,290 bearer shares with no-par value (*Stückaktien*). The share capital has been fully paid up. The shares were created pursuant to German law.
	Notional value.	Each of the shares of the Company represents a notional share value of approximately EUR 2.84 of the Company's share capital.
C.4	**Description of the rights attached to the securities.**	Each of the Company's shares carries one vote at the general shareholders' meeting of the Company. There are no existing restrictions on voting rights. Each of the Company's shares carries full dividend rights from 1 January 2016.
C.5	**Description of any restrictions on the free transferability of the securities.**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for bearer shares.
C.6	**Application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are to be traded.**	As of the date of this Prospectus, 13,325,290 shares of the Company are admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and to trading on the regulated market segment (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*). The Company expects to apply for the admission of 2,642,147 New Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and for admission to trading on the regulated market segment (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) on 6 June 2016. The Company expects the approval for the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) to be announced on 16 June 2016. Trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) is currently expected to commence on 17 June 2016.
C.7	**Dividend policy.**	For the fiscal year 2016, Vossloh's Management Board will determine in early 2017 whether it will propose a distribution of profits to Vossloh's general shareholders' meeting. As a general policy, Vossloh aims to pay dividends to its shareholders and will actively evaluate the potential for future

dividends, taking into account the interests of its shareholders and the interests of the company to support further growth and development of its business.

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, Vossloh' results of operations, financial condition, contractual restrictions and capital requirements. Vossloh's future ability to pay dividends may be limited by the terms of any existing and future debt.

D – Risks

Before deciding to invest in shares of the Company, prospective investors should carefully review and consider the following risks and the other information contained in this Prospectus. The market price of the Company's shares could fall if any of these risks were to materialise, in which case investors could lose some or all of their investment. The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could materially adversely affect Group's business, net assets, financial condition, cash flow and results of operations.

The order in which the risks are presented is not an indication of the likelihood of the risks actually materialising or the significance or degree of the risks or the scope of any potential harm to the Group's business, net assets, financial condition, cash flow or results of operations. The risks mentioned herein may materialise individually or cumulatively.

D.1 Key risks specific to the issuer and its industry.

- Adverse developments in the macro-economic environment could result in a slowdown or stoppage of new or existing rail infrastructure projects and a reduction of demand in rail infrastructure products and services as well as in rolling stock provided by the Group and therefore have an adverse impact on Vossloh's business, financial condition and results of operations.
- Vossloh offers its products and services to customers in the rail infrastructure and rolling stock sector, in particular to rail and rail network operators, which are for the most part publicly owned or financed, and its business is therefore affected by the availability of government funding at a national and state level as well as the pricing pressure exerted by its customers.
- Vossloh generates a significant portion of its total sales in Western Europe, in particular in Germany and France, and therefore may be more affected by economic downturns and competitive pressures in this region than its competitors.
- Vossloh could fail to successfully implement the structural and reorganisation measures which were introduced in 2014 under the program "Transforming Vossloh" in a timely and economical manner.
- Vossloh generates a significant portion of its revenues from the manufacture of rolling stock in its Transportation division and is subject to both calculation and execution risks, in particular in connection with large project contracts.
- Customers could refrain from awarding contracts to Vossloh and Vossloh could suffer reputational damage if applicable compliance rules are not complied with by employees.
- Vossloh may be unable to retain its position as an innovation and technology leader, to devote resources to the development of technologies which do not prove successful or to react to market trends promptly or at all.
- Vossloh's production and manufacturing costs are subject to movements in the prices for raw materials and other materials and components as well as other factors beyond its control, and it may not be able to pass any price increases on to its customers.

		• Vossloh relies upon a limited number of suppliers to provide it with raw materials, systems and components that are critical to its business and any disruption of these relationships could increase Vossloh's delivery time to customers, which could lead to penalties for late delivery or for wrongful termination of contracts. • Intense competition could lead to downward pressure on prices and profitability, market consolidation with negative effects for Vossloh, and/or a decline in Vossloh's market share. • Operational disruptions, lengthy periods of production downtime or the failure of third-party suppliers to perform could adversely affect Vossloh's ability to deliver products and services on time. • Product defects may lead to costly replacement measures, product liability claims, fines and other measures imposed by government and regulatory agencies as well as reputational damage. In addition, the Group is also subject to the risk that its products may not fulfil customer requirements and specifications. • Vossloh may be unable to integrate acquisitions or implement joint ventures on the schedule or on the terms and conditions it envisages, and current or future acquisitions and joint ventures may not produce the desired or anticipated results. In addition, Vossloh faces the risk of potential guarantee or liability claims resulting from the disposal of former business units. • Compliance breaches by Vossloh's employees or agents, including infringements of anti-bribery and corruption laws and competition laws, could result in investigations by public authorities, fines, additional payments of tax, damage claims, the termination of relationships with customers and reputational damage. • Vossloh has been and continues to be subject to antitrust proceedings by competition authorities and claims for damages based on alleged anti-competitive behaviour. These procedures could result in antitrust fines and related damage claims exceeding the related provisions already recognised by Vossloh, the termination of relationships with customers, reputational damage and other adverse effects on Vossloh's business and financial position. • Vossloh is subject to risks from legal and arbitration proceedings. • Heinz Hermann Thiele, Vossloh's major shareholder, can exercise control over Vossloh and its business activities, and conflicts of interest between Heinz Hermann Thiele and Vossloh could be resolved in a manner unfavourable to Vossloh and/or to other shareholders of Vossloh.
D.3	**Key risks specific to the securities.**	***Risks Related to the Shares and the Offering*** • Forecasts and prospects concerning the Group could materially deviate from the results actually generated by the Group. • The holdings of shareholders who do not participate in the offering will be substantially diluted, *i.e.* the value of their shares and their control rights will be negatively impacted. • The offering may expire and the subscription rights may become worthless if Berenberg terminates the underwriting agreement for the New Shares or the Offering is canceled by the Company. • Future capital measures could lead to substantial dilution, *i.e.* a reduction in the value of shareholders' interests in the Company.

- Any future sales of the Company's shares by a major shareholder of the Company could depress the market price of the shares.
- The share price and trading volume of the Company's shares may fluctuate significantly, which can result in substantial losses if shares need to be sold.
- The Company's ability to pay dividends depends on a variety of factors.

E – Offer

E.1	**The total net proceeds.** **Estimate of the total expenses of the offering, including estimated expenses charged to the investor by the issuer.**	The Company is targeting the placement of all New Shares and gross proceeds of EUR 126.8 million. Assuming gross proceeds of EUR 126.8 million the total expenses of the Offering (as defined below), including commissions for Berenberg, are expected to be approximately EUR 3.8 million and the net issue proceeds from the capital increase to be approximately EUR 123.0 million. Investors will not be charged expenses by the Company or Berenberg.
E.2a	**Reasons for the offering.**	The net proceeds to the Company from the Offering (as defined under element E.3 below) result from the gross proceeds less the placement commissions and other expenses described below. On the basis of a subscription price of EUR 48.00 per New Share and issuance of 2,642,147 New Shares, Vossloh is seeking to raise additional funds of EUR 126.8 million in this Offering (as defined under element E.3 below). The Company expects net proceeds from this Offering (as defined under element E.3 below) of EUR 123.0 million.
	Use of proceeds, estimated amount of the net proceeds.	At the time of completion of the Offering, Vossloh intends to use the net proceeds from the Offering (as defined under Element E.3 below) to repay current bank debt of Vossloh Aktiengesellschaft which may be outstanding at that time under its short-term credit facilities. As of 31 March 2016, such current bank debt at the level of Vossloh Aktiengesellschaft amounted to EUR 50.2 million while current bank debt at the Vossloh Group level was EUR 76.1 million. Any remaining net proceeds of the Offering (as defined under Element E.3 below) following such repayment of current bank debt of Vossloh Aktiengesellschaft will increase the Company's cash position and will be used for general corporate purposes. The strategic rationale of the Offering (as defined under Element E.3 below) is to improve the balance sheet structure of Vossloh by increasing shareholders' equity, thereby improving Vossloh's overall financial flexibility to finance organic growth and potential future acquisitions into the Company's core business.
E.3	**Offer conditions.**	By way of subscription offer (*Bezugsangebot*), the Company is offering 2,642,147 new bearer shares with no-par value (*Stückaktien*), each such share representing a notional value of approximately EUR 2.84 of the Company's share capital and carrying full dividend rights from 1 January 2016 exclusively to its existing shareholders at a ratio of 5:1 (that is, five existing shares of the Company entitle their holder to subscribe for one New Share) (the "**Subscription Offer**"). The New Shares originate from a resolution passed by the Management Board on 24 May 2016, following authorisation by the supervisory board of the Company (the "**Supervisory Board**") on 24 May 2016, relating to an increase of the Company's share capital from EUR 37,825,168.86 by EUR 7,499,998.61 to EUR 45,325,167.47 against contribution in cash utilising the Company's authorised capital through the issue of 2,642,147 New Shares, each with a notional value of approximately EUR 2.84, with indirect subscription rights for existing shareholders. The consummation of the capital increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Iserlohn, Germany, and the New Shares are expected to be issued on 15 June 2016.

In the Federal Republic of Germany and the Grand Duchy of Luxembourg only, the Subscription Offer will take the form of a public offering exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares. Any New Shares that are not subscribed for in the Subscription Offer (the "**Rump Shares**") will be offered by Berenberg for sale to qualified investors in private placements in Germany and other selected jurisdictions (together with the Subscription Offer, the "**Offering**") outside the United States of America in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**").

The Offering is based on the underwriting agreement dated 24 May 2016 (the "**Underwriting Agreement**"), among the Company and Berenberg, which provides for a firm underwriting of the New Shares not sold in the Offering by Berenberg. The Offering is subject to, among other things, registration of the implementation of the capital increase in the commercial register of the local court (*Amtsgericht*) of Iserlohn, which is expected to occur on 15 June 2016.

Heinz Hermann Thiele, the chairman of the Supervisory Board and major shareholder of the Company holding 40.79% voting interest, will participate in the Offering and exercise all of his subscription rights. However, in order to ensure an even subscription ratio, Heinz Hermann Thiele has agreed to waive 114,555 subscription rights. As a result, the shareholding of each existing shareholder of the Company who fully exercises its statutory subscription rights, will increase by 0.14%. At the end of the Subscription Period, however, Berenberg will either acquire from the market and deliver 114,555 subscription rights to Heinz Hermann Thiele or sell 22,911 Rump Shares to Heinz Hermann Thiele or acquire from the market and sell Heinz Hermann Thiele 22,911 existing Company shares ex-subscription rights (*ex Bezugsrecht*) (which, in each case, equals the exercise of 114,555 subscription rights) at the subscription price. Assuming Heinz Hermann Thiele exercises all 114,555 subscription rights or is delivered 22,911 existing Company shares, as the case may be, the shareholding of Heinz Hermann Thiele will also increase by 0.14% in comparison to before the capital increase and amount to 40.85%.

Stabilising measures.

In connection with the Offering of the New Shares, Berenberg is acting as stabilisation manager, and may, also through its affiliates, undertake measures aimed at supporting the market price of the Company's shares in order to offset any existing pressure on the market price of the shares (the "**Stabilisation Measures**"). However, the stabilisation manager is under no obligation to initiate Stabilisation Measures. Therefore, there is no guarantee that Stabilisation Measures will be undertaken at all. If Stabilisation Measures are initiated, they may be discontinued at any time without prior notice. Such Stabilisation Measures may be implemented as of the date of publication of the subscription price and must end, at the latest, on the thirtieth calendar day following the expiration of the Subscription Period (as defined below), *i.e.* expected to be no later than 14 July 2016 (the "**Stabilisation Period**").

Stabilisation Measures may lead to a higher market price for the Company's shares or the subscription rights than would otherwise be the case. Furthermore, the market price may temporarily reach a level that cannot be maintained permanently. In no event will measures be taken to stabilise the market price for the Company's shares above the subscription price.

Within one week following the end of the Stabilisation Period, notice will be given as to (i) whether one or more Stabilisation Measures were indeed taken, (ii) the date on which Stabilisation Measures were initiated, (iii) the date on which the last Stabilisation Measure was taken, and (iv) the price range within which Stabilisation Measures were taken for each date on which a Stabilisation Measure was taken.

	Exercise of subscription rights	To avoid exclusion from the exercise of their subscription rights, the Company requests that its shareholders exercise their subscription rights in the New Shares during the period from 31 May 2016 up to and including 14 June 2016, 12:00 CEST through their custodian bank at the Subscription Agent (as defined below) acting as subscription agent during regular banking hours (the "**Subscription Period**"). Subscription rights that are not exercised in a timely manner will lapse and be of no value. The custodian banks are responsible to book the subscription rights to the shareholders' securities accounts. No compensation will be payable for subscription rights not exercised.
	Subscription price	The subscription price per New Share is EUR 48.00.
	Delivery and Settlement	Provided that the Subscription Period is not postponed or extended, the New Shares are expected to be delivered on 17 June 2016.
	Subscription Agent	The Subscription Agent is Berenberg (the "**Subscription Agent**")
	Subscription rights trading	The subscription rights (ISIN DE000A2BPWM9 /WKN A2BPWM) for the New Shares will be traded during the period from 31 May 2016 up to and including 10 June 2016 (until about noon CEST) on the regulated market (*Regulierter Markt*) (Xetra and Xetra Frankfurt Specialist) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company has not applied for admission of the subscription rights to trading on any other stock exchange and does not intend to do so. The market price of the subscription rights depends, inter alia, on the development of the price of the Company's shares but it can substantially deviate from the price of the shares. No compensation will be paid for subscription rights not exercised. Upon the expiration of the Subscription Period, subscription rights not exercised will lapse and be of no value. The purchase of five subscription rights enables the exercise of the subscription right for the purchase of one whole New Share, i.e. one New Share may be purchased for five subscription rights. On the German stock exchanges on which the Company's existing shares will be quoted as ex-subscription rights (*ex Bezugsrecht*) such quotation will commence on 31 May 2016. Berenberg may effect transactions to provide liquidity for fair and orderly subscription rights trading and other measures customarily undertaken in this regard, such as, in particular, purchasing and selling subscription rights to New Shares or undertaking hedging transactions in the Company's shares, subscription rights or corresponding derivatives. Such measures and hedging transactions may influence the stock price or market price of the subscription rights and shares in the Company. However, there is no guarantee that active trading in the Company's subscription rights will develop on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and that there will be enough liquidity during the period of subscription rights trading.
E.4	**Description of any interest that is material to the offer and the listing including conflicting interests.**	Berenberg has entered into a contractual relationship with the Company in connection with the Offering and admission to trading of the Company's New Shares. Berenberg will advise the Company on the transaction and coordinate the structuring and execution of the transaction. Upon execution of the Offering, Berenberg will receive a commission. As a result, Berenberg has a financial interest in the success of the Offering. Berenberg or companies affiliated with Berenberg are engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. They may from time to time enter into business relationships with companies of the Group or perform services on their behalf as part of their normal course of business including such relating to lending and asset-backed securities transactions. In the ordinary course of Berenberg's trading, brokerage, asset management, and financing activities, Berenberg may at any time deal as principal or agent for more than one party in, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or

		the accounts of customers, in debt or equity securities or senior loans of the Company, its affiliates or other entities that may be involved in or connected with the transactions contemplated hereby. Accordingly, Berenberg and companies affiliated with Berenberg may in the future face conflicts of interests with shareholders in the Company.
E.5	**Name of the person or entity offering to sell the security.**	The New Shares will be offered for subscription by Berenberg (see Element A.1 above).
	Lock-up agreement: the parties involved; indication of the period of the lock-up.	In the Underwriting Agreement, the Company has agreed with Berenberg, for a period commencing on the date of the Underwriting Agreement and ending 180 days after closing of the Offering, without the prior written consent of Berenberg, which consent may not be unreasonably withheld or delayed, that the Company, or the Management Board or the Supervisory Board will not, and will not agree to: • announce or effect an increase of the share capital of the Company out of authorised capital (except for the capital increase to which this Prospectus relates); • submit a proposal for a capital increase to any shareholders' meeting for resolution; • announce its intention to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company or with option rights for shares of the Company; or • enter into a transaction or perform any action economically similar to those described in the bullet points above. The Company may, however, (i) issue or sell any shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under management participation plans and (ii) enter into any agreement regarding, or resolve upon, the entering into any joint venture or the acquisition of any companies, provided that the parties to the joint venture or acquiring entity to which such shares will be issued assume towards Berenberg the obligation to comply with the restrictions on the disposal of the shares or securities contained in the Underwriting Agreement.
E.6	**The amount and percentage of immediate dilution resulting from the offer.**	Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, and assuming that all New Shares will be issued, each shareholder's share in the Company would decrease by 16.55%. As of 31 March 2016, the net book value (corresponding to the total assets less total non-current liablilities, total current liabilities of the Company and non-controlling interests) derived from the Company's unaudited consolidated financial statements as of and for the three months ended 31 March 2016, amounted to EUR 409.0 million, which resulted in a net book value per share of EUR 30.69 (rounded and based on 13,325,290 outstanding shares of the Company). On this basis, assuming completion of the Offering at a subscription price of EUR 48.00 and after deduction of the estimated expenses of the Offering in an amount of EUR 3.8 million, the adjusted equity of the Company as of 31 March 2016 would amount to EUR 33.32 per share (calculated as adjusted by the effects of the Offering assuming that 15,967,437 shares of the Company will be outstanding after completion of the Offering). For the existing shareholders of the Company, this means an increase in net book value of EUR 2.63, or 8.6% per no-par value share. For investors who did not previously hold participations in the Company and who acquire New Shares at a Subscription Price of EUR 48.00 per New Share, this entails a theoretical loss of EUR 14.68 or 30.6% per no-par value share.
E.7	**Estimated expenses charged to the investor by the issuer.**	Not applicable. Investors will not be charged expenses by the Company or Berenberg.

II. ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte („**Punkte**") bezeichnet sind. Diese Punkte sind in den Abschnitten A - E (A.1 - E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittent in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt".*

A – Einleitung und Warnhinweise

A.1	**Warnhinweise**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt (der „**Prospekt**") verstanden werden. Bei jeder Anlageentscheidung sollte sich der Anleger auf die Prüfung des gesamten Prospekts stützen. Das Angebot (wie unter Element E.3 definiert) auf das sich dieser Prospekt bezieht ist ausschließlich an die bestehenden Aktionäre der Gesellschaft (wie untenstehend definiert) gerichtet und der Umfang der im Prospekt veröffentlichten Angaben ist im Verhältnis zu dieser Emissionsart bemessen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Vossloh Aktiengesellschaft, die ihren eingetragenen Sitz in Vosslohstraße 4, 58791 Werdohl hat und beim Handelsregister des Amtsgerichts Iserlohn unter der Registernummer HRB 5292 eingetragen ist, (die „**Gesellschaft**" und gemeinsam mit ihren konsolidierten Tochtergesellschaften, „**Vossloh**" oder die „**Gruppe**"), zusammen mit Joh. Berenberg, Gossler & Co.KG, Hamburg, Deutschland („**Berenberg**") haben nach § 5 Abs. 2b Nr. 4 Wertpapierprospektgesetz die Verantwortung für den Inhalt dieser Zusammenfassung übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angabe über spätere Verwendung des Prospekts.**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung der Aktien wurde nicht erteilt.

B – Emittent

B.1	**Juristische und kommerzielle Bezeichnung.**	Die juristische Bezeichnung der Gesellschaft ist Vossloh Aktiengesellschaft. Die Gesellschaft ist die Holding-Gesellschaft der Gruppe; die Gruppe betreibt ihre Geschäfte unter der kommerziellen Bezeichnung „Vossloh".
B.3	**Derzeitige Geschäfts- und Haupttätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist.**	Vossloh ist ein weltweit führendes Unternehmen auf dem Bahntechnikmarkt und sein Kerngeschäft bezieht sich auf die Bahninfrastruktur. Vossloh bietet Komponenten, Lösungen und Dienstleistungen für die Bahninfrastruktur weltweit an, ob für konventionelle Schienenstrecken, Hochgeschwindigkeitsstrecken, Strecken für den Schwerlastverkehr oder für den Nahverkehr. Die größten Absatzmärkte sind Westeuropa (insbesondere Deutschland und Frankreich), Amerika und Asien. Innerhalb seines Kerngeschäfts, bietet Vossloh integrierte Lösungen, Produkte und

Dienstleistungen aus einer Hand (one-stop-shop) an, die den gesamten Lebenszyklus der Infrastruktur abdecken. Mit mehr als 100 Jahren Erfahrung ist Vossloh nach eigener Einschätzung marktführend bei Schienenbefestigungs- und Weichensystemen. Ferner ist Vossloh ein nach eigener Einschätzung führender Anbieter von Komplettlösungen für Schienenwartung und damit zusammenhängende Logistik in Deutschland. Die Kunden von Vossloh sind in der Regel öffentliche und private Bahngesellschaften, Netzbetreiber sowie regionale und kommunale Verkehrsbetriebe.

Das Kerngeschäft von Vossloh ist in die drei Geschäftsbereiche „Core Components", „Customized Modules" und „Lifecycle Solutions" unterteilt, die nach den Prinzipien ihrer zugrundeliegenden Geschäftsmodelle, d. h. nach dem Angebot von standardisierten Produkten, Projektgeschäft bzw. Dienstleistungen, gesteuert und kontrolliert werden. Alle Geschäftsbereiche agieren und treten nach außen verbunden und einheitlich als „One Vossloh" auf. Daneben wird das Geschäft von Vossloh mit Fahrzeugen und Fahrzeugkomponenten – gebündelt im Geschäftsbereich Transportation –als vierter Geschäftsbereich betrieben, dieses zählt aber nicht mehr zum Kerngeschäft. Vossloh beabsichtigt, die Aktivitäten im Geschäftsbereich Transportation bis Ende 2017 zu verkaufen oder in eine oder mehrere nicht mehr von Vossloh kontrollierte Partnerschaften zu überführen.

Die Gruppe ist weltweit tätig und unterhält zahlreiche Vertriebsgesellschaften und Niederlassungen in vielen Teilen der Erde. Lokale Präsenz und Nähe zu den Kunden sind wesentliche Bestandteile ihres Geschäftsmodells. 2015 erzielte die Vossloh-Gruppe Umsätze in mehr als 80 Ländern. Im Geschäftsbereich Core Components sind die Schienenbefestigungen von Vossloh in mehr als 65 Ländern im Einsatz und ca. 50 Mio. Spannklemmen werden jährlich produziert. Die wichtigsten Produktionsstandorte sind in Deutschland, Polen, China und den USA. Eine weitere Produktionsstätte wird derzeit in Russland errichtet. Im Geschäftsbereich Customized Modules stellt Vossloh Weichensysteme und –komponenten an Produktionsstandorten in 20 Ländern her, darunter Frankreich, den USA, Schweden, Australien, Luxemburg, Polen und Großbritannien. Im Geschäftsbereich Lifecycle Solutions erbringt Vossloh schienenbezogene Dienstleistungen hauptsächlich in Deutschland aber auch in China, Skandinavien und der Türkei. Die wichtigsten Produktionsstandorte für das Schienenfahrzeuggeschäft liegen in Deutschland.

Vossloh beschäftigte ca. 4.850 Mitarbeiter zum 31. März 2016 und ca. 4.800 Mitarbeiter zum 31. Dezember 2015.

Wettbewerbsstärken

- Vossloh betrachtet sich als ein angesehener Technologieführer, der integrierte Lösungen und Dienstleistungen für Bahninfrastruktur anbietet.
- Vossloh betrachtet sich als weltweit tätig und zählt sich zu den Marktführern.
- Vossloh ist im Bahninfrastrukturmarkt tätig, von dem erwartet wird, dass er nachhaltig wächst, und der durch hohe Markteintrittsbarrieren gekennzeichnet ist.
- Vossloh konzentriert sich streng auf sein Kerngeschäft, striktes Kostenmanagement sowie Effizienzsteigerungen zur Erhöhung der Profitabilität.
- Vossloh hat eine starke Basis von gut ausgebildeten und motivierten Mitarbeitern und wird von einem hochqualifizierten und erfahrenen Managementteam geführt.

Strategie

- Förderung eines integrierten Produkt- und Dienstleistungsangebots.
- Organisation der Produkte und Dienstleistungen nach spezifischen Geschäftsmodellen.
- Erzielung und Sicherung nachhaltigen Wachstums durch Konzentration auf festgelegte Schlüsselmärkte.
- Verfolgung einer wertorientierten Wachstumsstrategie.

B.4a	**Beschreibung der wichtigsten jüngsten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Vossloh rechnet mit einer fortgesetzten Erweiterung seines Marktes aufgrund einer Reihe von Wachstumstreibern:

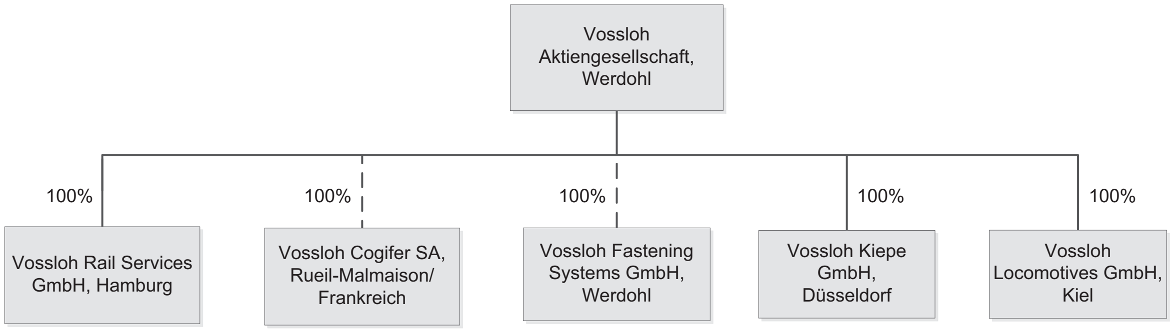
- Zunehmende internationale Handelsströme und Wachstum von Schwellenmärkten, durch die öffentliche Investitionen in die Bahninfrastruktur an Bedeutung zunehmen und von der Politik stärker unterstützt werden;
- Bevölkerungswachstum, das einen Ausbau der bestehenden Verkehrsinfrastruktur notwendig macht;
- Verstädterung und zunehmender Mobilitätsbedarf, die eine zunehmende Überlastung des Straßen- und Luftverkehrsnetzes zur Folge haben und zu einer vorteilhaften Verlagerung der Transportmittel auf die Schiene führen;
- Klimawandel und Umweltprobleme, die das Bewusstsein für die Auswirkungen des Verkehrs auf die Umwelt erhöhen und damit aufgrund der höheren Energieeffizienz des Schienenverkehrs im Vergleich zum Straßen- und Luftverkehr zu einer Steigerung der Nachfrage nach Bahntechnik führen; und
- Deregulierung und Standardisierung, sowie insbesondere die Liberalisierung nationaler Märkte.

Laut der „Word Rail Market Study", die alle zwei Jahre vom europäischen Verband der Bahnindustrie (UNIFE) zusammen mit Roland Berger Strategy Consultants erstellt wird und die umfassendste Analyse des Bahntechnikmarktes darstellt, (Prognose 2014-2019) („**UNIFE-Bericht**") wird das Marktvolumen in zugänglichen Märkten, d. h. Märkten die für ausländische Lieferanten geöffnet sind und in denen die Nachfrage nicht exklusiv durch inländische Bahnen oder Hersteller gedeckt wird, mit einer durchschnittlichen jährlichen Wachstumsrate (Compound Annual Growth Rate, CAGR) von 2,8 % wachsen, sodass es sich von EUR 102 Mrd. pro Jahr für den Zeitraum 2011-2013 auf durchschnittlich EUR 120 Mrd. pro Jahr für den Zeitraum 2017–2019 erhöhen wird.

Dieses prognostizierte Wachstum umfasst alle Marktbereiche. Davon dürfte die europäische Bahnzulieferindustrie aufgrund ihrer Innovationskraft und Exportstärke am meisten profitieren. Das stärkste Wachstum wird in den Bereichen „Infrastruktur", einschließlich infrastruktureller Dienstleistungen, mit einer durchschnittlichen jährlichen Wachstumsrate (CAGR) von 3,8 % erwartet.

B.5 **Beschreibung des Konzerns und der Stellung des Emittenten innerhalb dieses Konzerns.**

Die Gesellschaft ist die Holding-Gesellschaft der Gruppe. Die Geschäftstätigkeit der Gesellschaft wird in erster Linie durch die entsprechenden Tochtergesellschaften durchgeführt. Zu dem Konsolidierungskreis gehörten zum 31. März 2016 63 vollkonsolidierte Tochtergesellschaften. In dem folgenden Schaubild ist eine vereinfachte Übersicht der direkten (durchgezogene Linie) und indirekten (gestrichelte Linie) Beteiligungen der Gesellschaft, die Vosslohs Geschäftsbereiche abbilden, zum Datum des Prospekts dargestellt:



B.6 **Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital der Emittentin oder Stimmrechte haben oder eine Beherrschung über die Emittentin ausüben.**

Auf Grundlage der bei der Gesellschaft eingegangenen Mitteilungen zum Datum dieses Prospekts gemäß dem Wertpapierhandelsgesetz (WpHG), der Kenntnis der Gesellschaft und der Auskünfte der jeweiligen Aktionäre halten die folgenden Aktionäre mittelbar oder unmittelbar mehr als 3 % der Stammaktien der Gesellschaft. Die in der nachstehenden Tabelle angegebenen Prozentsätze entsprechen dabei der Anzahl der von dem jeweiligen Aktionär in Bezug auf den angegebenen Stichtag zuletzt der Gesellschaft nach §§ 21 ff. des Wertpapierhandelsgesetzes (WpHG) gemeldeten Stimmrechte im Verhältnis zu dem zum Datum des Prospekts ausgegebenen Grundkapital der Gesellschaft. Dabei ist zu beachten, dass die zuletzt gemeldete Anzahl an Stimmrechten sich seit diesen Stimmrechtsmitteilungen geändert haben könnte, ohne dass der betreffende Aktionär zur Abgabe einer Stimmrechtsmitteilung verpflichtet gewesen wäre, wenn keine meldepflichtigen Schwellenwerte erreicht oder über- oder unterschritten wurden:

Aktionäre	Unmittelbare oder mittelbare Beteiligung an der Vossloh Aktiengesellschaft (in %) Stimmrechtsanteil
Heinz Hermann Thiele[1]	40,79
Franklin Mutual Advisers LLC[2]	5,68
Franklin Templeton International Services S.à r.l.[3]	3,36
Iskander Makhmudov	3,08
Lazard Frères Gestion SAS[4]	3,01
Andere Aktionäre/Streubesitz[5]	44,08
Summe	**100**

1 Die Stimmrechte werden gemäß § 22 Wertpapierhandelsgesetz (WpHG) über die Stelle Vermögensverwaltungs GmbH, TIB Vermögens- und Beteiligungsholding GmbH und KB Holding GmH zugerechnet.

2 Die Stimmrechte werden gemäß § 22 Abs. 1 Satz 1 Nr. 6 Wertpapierhandelsgesetz (WpHG) zugerechnet.

3 Die Stimmrechte werden gemäß § 22 Wertpapierhandelsgesetz (WpHG) über die Franklin Templeton Investment Funds zugerechnet.

4 Die Stimmrechte werden gemäß § 22 Wertpapierhandelsgesetz (WpHG) über die SICAV OBJECTIV SMALLCAPS EURO zugerechnet.

5 Andere Aktionäre/Streubesitz bezieht sich auf Aktienbesitz von weniger als 3 % der Stimmrechte an der Geslleschaft.

	Unterschiedliche Stimmrechte.	Entfällt. Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen.
	Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.	Heinz Hermann Thiele hält durch die Beteiligungen seiner 100 %igen Tochtergesellschaften KB Holding GmbH, TIB Vermögens- und Beteiligungsholding GmbH und Stella Vermögensverwaltungs GmbH über 30 Prozent der Stimmrechte an der Gesellschaft und hat damit einen beherrschenden Einfluss auf die Gesellschaft nach Maßgabe des Wertpapiererwerbs- und Übernahmegesetzes (WpÜG). Heinz Hermann Thiele wird nach Abschluss des Angebots und unter der Annahme (i) der Platzierung von 2.642.147 Neuen Aktien, (ii) der Ausübung sämtlicher Heinz Hermann Thiele zustehenden Bezugsrechte mit Ausnahme von 114.555 Bezugsrechten, bezüglich derer er sich verpflichtet hat, auf eine Ausübung zu verzichten, um ein glattes Bezugsverhältnis zu ermöglichen (wie unter Element E.3 beschrieben) und (iii) das Heinz Hermann Thiele entweder 114.555 Bezugsrechte durch Berenberg geliefert bekommt (und diese ausübt) oder 22.911 Aktien von Berenberg zum Bezugspreis kauft (wie unter Element E.3 beschrieben) etwa 40,85 Prozent mittelbar am Grundkapital der Gesellschaft halten (siehe unten unter Element E.3). Somit wird Heinz Hermann Thiele weiterhin einen beherrschenden Einfluss auf die Gesellschaft gemäß dem Wertpapiererwerbs- und Übernahmegesetz (WpÜG) haben.
B.7	**Ausgewählte wesentliche historische Finanzinformationen**	Die in den nachstehenden Tabellen enthaltenen Finanzinformationen sind dem ungeprüften Konzernzwischenabschluss für den zum 31. März 2016 endenden Dreimonatszeitraum und dem geprüften Konzernabschluss für das zum 31. Dezember 2015 endende Geschäftsjahr entnommen oder daraus abgeleitet. Die geprüften Konzernabschlüsse wurden in Übereinstimmung mit den Internationalen Rechnungslegungsvorschriften, wie sie in der der Europäischen Union anzuwenden sind, erstellt, während der ungeprüfte verkürzte Konzernzwischenabschluss gemäß den IFRS für Zwischenberichterstattung erstellt wurde. Der Konzernabschluss der Gesellschaft für das zum 31. Dezember 2015 endende Geschäftsjahr wurde durch die KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Niederlassung Düsseldorf, Deutschland geprüft und mit einem uneingeschränkten Bestätigungsvermerk versehen. Der vorgenannte geprüfte Konzernabschluss und der entsprechende Bestätigungsvermerk sind im Finanzteil dieses Prospekts enthalten. Die historischen Ergebnisse lassen nicht unbedingt auf die künftig zu erwartenden Ergebnisse der Gesellschaft schließen und die Zwischenergebnisse lassen nicht unbedingt auf die für das Gesamtjahr zu erwartenden Ergebnisse der Gesellschaft schließen.

AUSGEWÄHLTE DATEN AUS DER KONSOLIDIERTEN GEWINN- UND VERLUSTRECHNUNG

Die in der folgenden Tabelle dargestellten ausgewählten Finanzinformationen sind der Konzern-Gewinn- und Verlustrechnung aus dem ungeprüften Konzern-Zwischenabschluss für die zum 31. März 2016 und zum 31. März 2015 endenden Dreimonatszeiträume und der geprüften Konzern- Gewinn- und Verlustrechnung für die zum 31. Dezember 2015 und zum 31. Dezember 2014 endenden Geschäftsjahre der Gesellschaft entnommen:

(in Mio., soweit nicht anders angegeben)	**Dreimonatszeitraun zum 31. März**		**Geschäftsjahr zum 31. Dezember**	
	2016	**2015**[1]	**2015**	**2014**[2]
	(ungeprüft, konsolidiert)		**(geprüft, konsolidiert)**	
Umsatzerlöse	240,1	259,8	1.200,7	1.100,8
Herstellungskosten	(198,9)	(221,8)	(995,8)	(1.000,7)
Vertriebs- und Verwaltungskosten	(42,8)	(43,3)	(183,0)	(193,9)
Forschungs- und Entwicklungskosten	(3,0)	(2,8)	(13,1)	(12,9)
Sonstiges betriebliches Ergebnis	6,4	5,8	35,5	(67,7)
Betriebsergebnis	**1,8**	**(2,3)**	**44,3**	**(174,4)**
Beteiligungsergebnis aus at-equity einbezogenen Unternehmen	0,2	0,0	3,0	(7,3)
Übrige Finanzerträge	0,3	0,1	0,8	0,4
Übrige Finanzaufwendungen	–	–	(3,0)	(2,1)
Ergebnis vor Zinsen und Ertragsteuern (EBIT)	**2,3**	**(2,2)**	**45,1**	**(183,4)**
EBIT-Marge (in %)	**1,0**	**(0,9)**	**3,8**	**(16,7)**
Zinserträge	0,4	0,3	4,1	2,2
Zinsaufwendungen	(3,6)	(2,8)	(17,6)	(26,4)
Ergebnis vor Ertragsteuern (EBT)	**(0,9)**	**(4,7)**	**31,6**	**(207,6)**
Ertragsteuern	(0,2)	1,0	(20,2)	(7,0)
Ergebnis aus nicht fortgeführten Aktivitäten	4,9	2,7	66,4	8,9
Konzernergebnis	**3,8**	**(1,0)**	**77,8**	**(205,7)**
davon entfallen auf Anteilseigner der Vossloh AG	2,8	(2,6)	72,2	(213,9)
davon entfallen auf Anteile anderer Gesellschafter	1,0	1,6	5,6	8,2
Ergebnis je Aktie Unverwässertes/verwässertes Ergebnis je Aktie (in €)	**0,21**	**(0,19)**	**5,42**	**(16,46)**
davon entfallen auf fortgeführte Aktivitäten	(0,16)	(0,39)	0,43	(17,14)
davon entfallen auf nicht fortgeführte Aktivitäten	0,37	0,20	4,99	0,68

(1) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld "Rail Vehicles" aus Vosslohs Geschäftsbereich „Transportation" dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz- und Ertragslage des zum 31. März 2015 endenden Dreimonatszeitraums und des

zum 31. März 2016 endenden Dreimonatszeitraums zu ermöglichen, wird das vormalige Geschäftsfeld “Rail Vehicles” als “Ergebnis aus nicht fortgeführten Aktivitäten” in dem zum 31. März 2015 endenden Dreimonatszeitraum dargestellt. Aus diesem Grund weichen die Vergleichszahlen für den zum 31. März 2015 endenden Dreimonatszeitraum, die im Finanzbericht für den zum 31. März 2016 endenden Dreimonatszeitraum enthalten sind, von jenen, die im Finanzbereicht für den zum 31. März 2015 endenden Dreimonatszeitraum enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

(2) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld “Rail Vehicles” aus Vosslohs Geschäftsbereich „Transportation“ dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz-und Ertragslage des zum 31. Dezember 2015 endenden Geschäftsjahrs und des zum 31. Dezember 2014 endenden Geschäftsjahrs zu ermöglichen, wird das vormalige Geschäftsfeld “Rail Vehicles” als “Ergebnis aus nicht fortgeführten Aktivitäten” in dem zum 31. Dezember 2014 endenden Geschäftsjahr dargestellt. Aus diesem Grund weichen die Vergleichszahlen für das zum Dezember 2014 endende Geschäftsjahr, die im Finanzbericht für das zum 31. Dezember 2015 endende Geschäftsjahr enthalten sind, von jenen, die im Finanzbereicht für das zum 31. Dezember 2015 endende Geschäftsjahr enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

AUSGEWÄHLTE DATEN AUS DER KONSOLIDIERTEN BILANZ

Die in der folgenden Tabelle dargestellten ausgewählten Finanzinformationen sind der Konzern-Bilanz aus dem ungeprüften Konzern-Zwischenabschluss für die zum 31. März 2016 und zum 31. März 2015 endenden Dreimonatszeiträume und der geprüften Konzern-Bilanz für die zum 31. Dezember 2015 und zum 31. Dezember 2014 endenden Geschäftsjahre der Gesellschaft entnommen:

	Zum 31. März		**Zum 31. Dezember**	
(in Mio.)	**2016**	**2015(1)**	**2015**	**2014(2)**
	(ungeprüft, konsolidiert)		**(geprüft, konsolidiert)**	
AKTIVA				
Langfristige Vermögenswerte	572,9	589,2	580,3	573,6
Kurzfristige Vermögenswerte	779,7	819,6	794,8	782,5
Gesamtvermögenswerte	**1.357,6**	**1.644,4**	**1.375,1**	**1.604,4**
PASSIVA				
Eigenkapital	426,4	353,5	428,7	349,6
Langfristige Verbindlichkeiten	331,1	144,5	347,0	142,7
Kurzfristige Verbindlichkeiten	600,1	873,3	599,4	818,2

(1) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld “Rail Vehicles” aus Vosslohs Geschäftsbereich „Transportation“ dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz- und Ertragslage des zum 31. März 2015 endenden Dreimonatszeitraums und des zum 31. März 2016 endenden Dreimonatszeitraums zu ermöglichen, wird das vormalige Geschäftsfeld “Rail Vehicles” als “Ergebnis aus nicht fortgeführten Aktivitäten” in dem zum 31. März 2015 endenden Dreimonatszeitraum dargestellt. Aus diesem Grund weichen die Vergleichszahlen für den zum 31. März 2015 endenden Dreimonatszeitraum, die im Finanzbericht für den zum 31. März 2016 endenden Dreimonatszeitraum enthalten sind, von jenen, die im Finanzbereicht für den zum 31. März 2015 endenden Dreimonatszeitraum enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

(2) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld “Rail Vehicles” aus Vosslohs Geschäftsbereich „Transportation“ dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz- und Ertragslage des zum 31. Dezember 2015 endenden Geschäftsjahrs und des zum 31. Dezember 2014 endenden Geschäftsjahrs zu ermöglichen, wird das vormalige Geschäftsfeld “Rail Vehicles” als “Ergebnis aus nicht fortgeführten Aktivitäten” in dem zum 31. Dezember 2014 endenden Geschäftsjahr dargestellt. Aus diesem Grund weichen die Vergleichszahlen für das zum Dezember 2014 endende Geschäftsjahr, die im Finanzbericht für das zum 31. Dezember 2015 endende Geschäftsjahr enthalten sind, von jenen, die im Finanzbereicht für das zum 31. Dezember 2015 endende Geschäftsjahr enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

	AUSGEWÄHLTE DATEN AUS DER KONSOLIDIERTEN KAPITALFLUSSRECHNUNG
	Die in der folgenden Tabelle dargestellten ausgewählten Finanzinformationen sind der Konzern-Kapitalflussrechnung aus dem ungeprüften Konzern-Zwischenabschluss für die zum 31. März 2016 und zum 31. März 2015 endenden Dreimonatszeiträume und der geprüften Konzern-Kapitalflussrechnung für die zum 31. Dezember 2015 und zum 31. Dezember 2014 endenden Geschäftsjahre der Gesellschaft entnommen:

(in Mio.)	Zum 31. März 2016	Zum 31. März 2015[1]	Zum 31. Dezember 2015	Zum 31. Dezember 2014[2]
	(ungeprüft, konsolidiert)		(geprüft, konsolidiert)	
Cash flow aus betrieblicher Geschäftstätigkeit	(50,5)	(12,4)	107,8	(42,2)
Cash flow aus Investitionstätigkeit	(4,6)	(12,2)	(11,6)	(58,3)
Cash flow aus Finanzierungstätigkeit	32,8	10,8	(77,0)	103,7
Free cash flow[3]	(55,1)	(24,6)	66,1	(98,5)

(1) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld "Rail Vehicles" aus Vosslohs Geschäftsbereich „Transportation" dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz- und Ertragslage des zum 31. März 2015 endenden Dreimonatszeitraums und des zum 31. März 2016 endenden Dreimonatszeitraums zu ermöglichen, wird das vormalige Geschäftsfeld "Rail Vehicles" als "Ergebnis aus nicht fortgeführten Aktivitäten" in dem zum 31. März 2015 endenden Dreimonatszeitraum dargestellt. Aus diesem Grund weichen die Vergleichszahlen für den zum 31. März 2015 endenden Dreimonatszeitraum, die im Finanzbericht für den zum 31. März 2016 endenden Dreimonatszeitraum enthalten sind, von jenen, die im Finanzbereicht für den zum 31. März 2015 endenden Dreimonatszeitraum enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

(2) Aufgrund des Verkaufs der Vossloh España S.A.U., Spanien, zum 31. Dezember 2015, wurde das vormalige Geschäftsfeld "Rail Vehicles" aus Vosslohs Geschäftsbereich „Transportation" dekonsolidiert. Um einen aussagekräftigen Vergleich zwischen der Finanz- und Ertragslage des zum 31. Dezember 2015 endenden Geschäftsjahrs und des zum 31. Dezember 2014 endenden Geschäftsjahrs zu ermöglichen, wird das vormalige Geschäftsfeld "Rail Vehicles" als "Ergebnis aus nicht fortgeführten Aktivitäten" in dem zum 31. Dezember 2014 endenden Geschäftsjahr dargestellt. Aus diesem Grund weichen die Vergleichszahlen für das zum Dezember 2014 endende Geschäftsjahr, die im Finanzbericht für das zum 31. Dezember 2015 endende Geschäftsjahr enthalten sind, von jenen, die im Finanzbereicht für das zum 31. Dezember 2015 endende Geschäftsjahr enhalten sind, ab (diese Zahlen sind nicht in diesem Prospekt enthalten).

(3) Free cash flow enthält cash flow aus betrieblicher Geschäftstätigkeit abzüglich der Investitionen in immaterielle Vermögenswerte und Sachanlagen sowie Investitionen in Beteiligungen an assoziierten Unternehmen sowie zuzüglich Einzahlungen aus Gewinnausschüttungen beziehungsweise dem Verkauf von assoziierten Unternehmen.

B.8	**Ausgewählte Pro-forma Finanzinformationen.**	Nicht anwendbar. Es wurden keine Pro-forma-Finanzinformationen von der Gesellschaft aufgestellt.
B.9	**Gewinnprognosen und -schätzungen.**	Basierend auf den aktuellen Informationen zur bisherigen Geschäftsentwicklung im Geschäftsjahr 2016 erwartet Vossloh für das Geschäftsjahr 2016 einen Nettoumsatz zwischen EUR 1,2 Milliarden und EUR 1,3 Milliarden und eine Ergebnis vor Zinsen und Steuer- Marge (EBIT-Marge) zwischen 4,0 % und 4,5 %.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Informationen.**	Entfällt. Die Bestätigungsvermerke zu den in diesem Prospekt enthaltenen historischen Finanzinformationen wurden ohne Einschränkungen erteilt.
B.11	**Nicht Ausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen.**	Entfällt. Die Gesellschaft ist der Ansicht, dass die Gruppe in der Lage ist, sämtliche Zahlungsverpflichtungen zu erfüllen, die in den nächsten zwölf Monaten fällig werden.

C – Wertpapiere

C.1	**Art und Gattung der angebotenen Wertpapiere.**	Inhaberaktien ohne Nennbetrag (Stückaktien), jeweils mit einem anteiligen Betrag von rund EUR 2,84 und Gewinnanteilsberechtigung ab dem 1. Januar 2016.
	Wertpapierkennung.	Die Wertpapierkennnummern der zuzulassenden Aktien aus diesem Prospekt (die „**Neuen Aktien**") lauten: International Securities Identification Number (ISIN): Für die Neuen Aktien: DE0007667107 Für die Bezugsrechte der Neuen Aktien: DE000A2BPWM9 Deutsche Wertpapierkennnummer (WKN): Für die Neuen Aktien: 766710 Für die Bezugsrechte der Neuen Aktien: A2BPWM Common Code: 002636581 Ticker Symbol: VOS
C.2	**Währung.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien.**	Das Grundkapital der Gesellschaft beläuft sich aktuell auf EUR 37.825.168,86 und besteht aus 13.325.290 Inhaberaktien. Das Grundkapital der Gesellschaft ist vollständig eingezahlt. Die Aktien wurden in Übereinstimmung mit deutschem Recht geschaffen.
	Nennwert pro Aktie.	Jede Aktie der Gesellschaft repräsentiert einen anteiligen Betrag am Grundkapital von rund EUR 2,84.
C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Jede Aktie der Gesellschaft ist ab dem 1. Januar 2016 gewinnanteilsberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Inhaber lautende Stammaktien frei übertragbar.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem geregelten Markt und Nennung aller geregelten Märkte, an denen die Wertpapiere gehandelt warden sollen.**	Zum Datum dieses Prospekts sind 13.325.290 Aktien der Gesellschaft zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) und zum Handel im regulierten Markt an der Düsseldorfer Wertpapierbörse zugelassen. Die Gesellschaft erwartet, die Zulassung der 2.642.147 Neuen Aktien zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dem Teilbereich des Regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) und zum Handel im regulierten Markt an der Düsseldorfer Wertpapierbörse am 6. Juni 2016 zu beantragen. Die Gesellschaft erwartet die Bekanntgabe des Zulassungsbeschlusses für die Frankfurter Wertpapierbörse und für die Düsseldorfer Wertpapierbörse für den 16. Juni 2016. Der Handel an der Frankfurter Wertpapierbörse und an der Düsseldorfer Wertpapierbörse wird voraussichtlich am 17. Juni 2016 beginnen.
C.7	**Dividendenpolitik.**	Für das Geschäftsjahr 2016 wird das Management von Vossloh Anfang 2017 entscheiden, ob es der Hauptversammlung eine Ausschüttung von Gewinnen vorschlagen wird. Allgemeine Dividendenpolitik von Vossloh ist es, Dividendenausschüttungen an ihre Aktionäre anzustreben und Vossloh wird aktiv die Möglichkeiten in Bezug auf zukünftige Dividenden unter Berücksichtigung von Interessen der Aktionäre und der Gesellschaft, weiteres Wachstum und die Entwicklung des Geschäfts zu fördern, evaluieren. Jeder zukünftige Beschluss zur Ausschüttung von Dividenden wird in Übereinstimmung mit geltendem Recht gefasst werden und wird unter anderem

vom Geschäftsergebnis, der Finanzlage, vertraglichen Beschränkungen und dem Kapitalbedarf der Gesellschaft abhängen. Die zukünftige Fähigkeit der Gesellschaft, Dividenden zu zahlen, kann durch die Bedingungen bestehender und zukünftiger Verschuldungen beschränkt sein.

D – Risiken

Vor der Entscheidung, in Aktien der Gesellschaft zu investieren, sollten zukünftige Investoren die nachfolgend beschriebenen Risiken und die sonstigen in diesem Prospekt enthaltenen Informationen sorgfältig prüfen und bedenken. Der Börsenpreis der Aktien der Gesellschaft könnte bei Realisierung jedes einzelnen dieser Risiken sinken; in diesem Fall könnten die Anleger ihre Investition ganz oder teilweise verlieren. Die folgenden Risiken könnten allein oder zusammen mit weiteren Risiken und Unsicherheiten, die der Gesellschaft derzeit nicht bekannt sind oder die sie derzeit als unwesentlich erachtet, die Geschäfts-, Finanz- und Ertragslage sowie den Cashflow und das operative Ergebnis der Gruppe erheblich beeinträchtigen.

Die Reihenfolge, in der die Risikofaktoren dargestellt sind, stellt weder eine Aussage über die Eintrittswahrscheinlichkeit noch über die Bedeutung und Höhe der einzelnen Risiken oder das Ausmaß der möglichen Beeinträchtigung der Geschäfts-, Finanz- oder Ertragslage oder des Cashflows der Gruppe dar. Die genannten Risiken können einzeln oder kumulativ eintreten.

D.1 Zentrale Risiken, die dem Emittenten und seiner Branche eigen sind.

- Ungünstige Entwicklungen im wirtschaftlichen Umfeld könnten zu einer Verzögerung oder Einstellung von neuen oder bestehenden Schieneninfrastrukturprojekten und zu einem Rückgang der Nachfrage nach den Schieneninfrastrukturprodukten und –dienstleistungen der Gruppe führen und sich daher negativ auf Vosslohs Geschäft, Vermögens-, Finanz- und Ertragslage auswirken.
- Vossloh bietet seine Produkte und Dienstleistungen Kunden aus dem Schieneninfrastruktur- und Schienenfahrzeugmarkt an, insbesondere Schienen- und Schienennetzbetreibern, welche größtenteils der öffentlichen Hand gehören oder durch die öffentliche Hand finanziert werden. Vosslohs Geschäft ist daher von der Verfügbarkeit öffentlicher Mittel auf Staats- und Länderebene abhängig sowie dem Preisdruck seiner Kunden ausgesetzt.
- Vossloh erwirtschaftet einen erheblichen Anteil seines Gesamtumsatzes in Westeuropa und insbesondere in Deutschland und Frankreich, und könnte deswegen stärker als seine Wettbewerber von einem wirtschaftlichen Abschwung oder Wettbewerbsdruck in dieser Region betroffen sein.
- Vossloh könnte daran scheitern, die 2014 unter dem Programm „Transformation Vossloh“ eingeführten Restrukturierungsmaßnahmen zeitgerecht und wirtschaftlich umzusetzen.
- Vossloh generiert einen erheblichen Teil seiner Umsätze durch die Herstellung von Schienenfahrzeugen in dem Segment Transportation und ist Leistungsrisiken ausgesetzt, insbesondere solchen im Zusammenhang mit der Kalkulation und Durchführung komplexer Projekte.
- Vossloh könnte bei der Vergabe von Aufträgen nicht berücksichtigt werden und Reputationsverluste erleiden, wenn Mitarbeiter geltende Compliance-Regelungen nicht beachten.
- Vossloh könnte seine Position als Innovations- und Technologieführer verlieren, oder Ressourcen auf die Entwicklung von Technologien

verwenden, die sich nicht als erfolgreich erweisen. Vossloh könnte zudem nicht in der Lage sein, auf Markttrends kurzfristig oder überhaupt zu reagieren.

- Vosslohs Produktionskosten hängen sowohl von den Preisen von Rohstoffen und anderen Materialen und Komponenten als auch anderen Faktoren ab, die ausserhalb von Vosslohs Kontrolle stehen, und Vossloh könnte außerstande sein, solche Preissteigerungen bei diesen Preisen an seine Kunden weiterzureichen.
- Vossloh ist von einer begrenzten Anzahl von Rohstoff-, System- und Komponentenlieferanten abhängig, die von wesentlicher Bedeutung für Vosslohs Geschäft sind. Eine Beeinträchtigung dieser Geschäftsbeziehungen könnte Vosslohs Lieferzeiten an seine Kunden erhöhen, was zu Vertragstrafen und außerordentlichen Kündigugen von Aufträgen führen könnte.
- Intensiver Wettbewerb könnte zu Abwärtsdruck auf Preise und Profitabilität sowie zu Marktkonsolidierung mit negativen Auswirkungen auf Vossloh und/oder einem Rückgang in Vosslohs Marktanteilen führen.
- Operative Unterbrechungen und andauernde Produktionsausfälle oder das Ausfallen von Drittlieferanten könnten sich nachteilig auf Vosslohs Fähigkeit auswirken, seine Produkte und Dienstleistungen pünktlich zu liefern bzw. zu erbringen.
- Produktfehler könnten zu kostspieligen Rückrufmaßnahmen, Produkthaftungsansprüchen, Bußgeldern und anderen, von staatlichen oder regulatorischen Stellen auferlegten Maßnahmen sowie zu Reputationsschäden führen. Außerdem ist die Gruppe dem Risiko ausgesetzt, dass ihre Produkte Kundenanforderungen und -spezifikationen verfehlen könnten.
- Vossloh könnte nicht in der Lage sein, Akquisitionen oder Joint Ventures zeitgerecht und zu den vorgestellten Bedingungen zu integrieren bzw. zu gründen, und aktuelle oder zukünftige Akquisitionen und Joint Ventures könnten nicht die erhofften Erträge erwirtschaften. Weiterhin ist Vossloh möglichen Garantie- oder Haftungsansprüchen aus dem Verkauf von früheren Geschäftsbereichen ausgesetzt.
- Compliance-Verstöße von Vosslohs Mitarbeitern oder Vertretern, einschließlich Verstöße gegen Kartellrecht, könnten zu Untersuchungen der zuständigen Behörden, zu Bußgeldern, Steuernachzahlungen, Schadensersatzansprüchen, Zahlungsansprüchen, Beendigung von Kundenbeziehungen und zu Reputationsschäden führen.
- Vossloh war und ist Gegenstand kartellbehördlicher Untersuchungen und Schadensersatzansprüchen auf Basis von behaupteten wettbewerbswidrigen Verhaltens ausgesetzt. Diese Untersuchungen können im Ergebnis zu Kartellbußgeldern und damit zusammenhängenden Schadenersatzansprüchen, die die durch Vossloh gebildeten Rückstellungen übersteigen können, und zur Beendigung von Kundenbeziehungen und zu Reputationsschäden sowie zu anderen negativen Effekten auf Vosslohs Geschäft und Finanzlage führen.
- Vossloh ist Risiken aus Rechtstreitigkeiten und Schiedsverfahren ausgesetzt.
- Heinz Hermann Thiele ist Vosslohs Hauptaktionär und kann Kontrolle über Vossloh und seine Geschäftstätigkeit ausüben. Interessenkonflikte zwischen Heinz Hermann Thiele und Vossloh könnten nachteilige Auswirkungen auf Vossloh und/oder Vosslohs Anteilseigner haben.

D.3	**Zentrale Risiken, die den Wertpapieren eigen sind.**	***Risiken im Zusammenhang mit den Aktien und dem Angebot*** • Prognosen und Ausblicke für den Vossloh Konzern können wesentlich von den späteren tatsächlichen Umsätzen und Ergebnissen der Gesellschaft bzw. des Vossloh Konzerns abweichen. • Der Anteil von Aktionären, die sich nicht an dem Angebot beteiligen, wird wesentlich verwässert werden, was bedeutet, dass der Wert ihrer Aktien und ihre Kontrollrechte nachteilig beeinflusst sein werden. • Das Angebot könnte auslaufen und die Bezugsrechte wertlos werden, falls Berenberg den Übernahmevertrag (*Underwriting Agreement*) über die Neuen Aktien kündigt oder die Gesellschaft sich entscheidet, das Angebot nicht durchzuführen. • Zukünftige Kapitalmaßnahmen könnten zu einer erheblichen Verwässerung der Beteiligung, d. h. einer Reduzierung des Wertes der Aktien und Stimmrechte der Aktionäre der Gesellschaft führen. • Zukünftige Verkäufe der Aktien der Gesellschaft durch einen Großaktionär könnten den Aktienkurs unter Druck setzen. • Der Aktienkurs und das Handelsvolumen der Aktien der Gesellschaft können erheblich schwanken, was zu beträchtlichen Verlusten führen kann wenn Aktien verkauft werden müssen. • Die Fähigkeit der Gesellschaft, Dividenden auszuschütten, ist von einer Vielzahl von Faktoren abhängig.
E – Angebot		
E.1	**Gesamtnettoerlöse.**	Die Gesellschaft beabsichtigt die Platzierung aller Neuen Aktien und Bruttoerlöse von EUR 126,8 Mio. Unter der Annahme von Bruttoerlösen in Höhe von EUR 126,8 Mio. werden Gesamtkosten des Angebots (wie nachstehend definiert) einschließlich Provisionen für Berenberg in Höhe von etwa EUR 3,8 Mio. und Nettoerlöse aus der Kapitalerhöhung in Höhe von etwa EUR 123,0 erwartet.
	Geschätzte Gesamtkosten des Angebots und der Börsenzulassung, einschließlich der geschätzten Kosten, die dem Anleger vom Emittent in Rechnung gestellt werden.	Anlegern werden keine Kosten durch die Gesellschaft oder Berenberg in Rechnung gestellt.
E.2a	**Gründe für das Angebot**	Die Nettoerlöse der Gesellschaft aus dem Angebot (wie unter Element E.3 definiert) ergeben sich aus den Bruttoerlösen abzüglich Platzierungsprovisionen und anderen Kosten, wie unten beschrieben. Auf Grundlage eines Bezugspreises von EUR 48,00 je Neuer Aktie und der Ausgabe von 2.642.147 Neuen Aktien, beabsichtigt Vossloh, durch dieses Angebot zusätzliche Mittel in Höhe von EUR 126,8 Mio. zu erlösen. Die Gesellschaft erwartet Nettoerlöse aus dem Angebot in Höhe von EUR 123,0 Mio.
	Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.	Zum Zeitpunkt des Vollzugs des Angebots (wie unter Element E.3 definiert) beabsichtigt Vossloh, die erwarteten Nettoerlöse aus dem Angebot (wie unter Element E.3 definiert) für die Rückzahlung der zu diesem Zeitpunkt bestehenden kurzfristigen Bankverbindlichkeiten der Vossloh Aktiengesellschaft unter ihren kurzfristigen Kreditfazilitäten zu verwenden. Zum 31. März 2016 beliefen sich die kurzfristigen Bankverbindlichkeiten auf Ebene der Vossloh Aktiengesellschaft auf EUR 50,2 Mio. während kurzfristige Bankverbindlichkeiten auf Ebene der Vossloh Gruppe in Höhe von EUR 76,1 Mio. bestanden. Die verbleibenden

		Nettoerlöse aus dem Angebot (wie unter Element E.3 definiert) nach Rückzahlung der kurzfristigen Bankverbindlichkeiten der Vossloh Aktiengesellschaft werden die Barmittel der Gesellschaft erhöhen und für allgemeine Unternehmenszwecke verwendet werden. Die strategische Begründung für das Angebot (wie unter Element E.3 definiert) ist die Verbesserung von Vosslohs Bilanzstruktur durch die Erhöhung des Eigenkapitals der Gesellschaft, wodurch insgesamt Vosslohs finanzielle Flexibilität, zukünftiges organisches Wachstum und mögliche zukünftige Akquisitionen im Kerngeschäft der Gesellschaft zu finanzieren, verbessert wird.
E.3	**Angebotskonditionen.**	Die Gesellschaft bietet 2.642.147 neue Inhaberaktien, die jeweils einen anteiligen Betrag am Grundkapital der Gesellschaft von rund EUR 2,84 darstellen und vollständige Gewinnanteilsberechtigung ab dem 1. Januar 2016 besitzen im Wege eines Bezugsangebots ausschließlich den Aktionären der Gesellschaft zum Bezug in einem Verhältnis von 5:1 (dies bedeutet, dass fünf bestehende Aktien der Gesellschaft ihren Eigentümer zum Bezug von einer Neuen Aktien berechtigen) an (das „**Bezugsangebot**"). Die Neuen Aktien stammen aus einem auf die Genehmigung durch den Aufsichtsrat der Gesellschaft (den „**Aufsichtsrat**") vom 24. Mai 2016 folgenden Beschluss des Vorstands vom 24. Mai 2016 über die Erhöhung des Grundkapitals von EUR 37.825.168,86 um EUR 7.499.998,61 auf EUR 45.325.167,47 gegen Bareinlage unter Ausnutzung des genehmigten Kapitals der Gesellschaft durch Ausgabe von 2.642.147 Neuen Aktien, jeweils mit einem anteiligen Betrag am Grundkapital von rund EUR 2,84, unter Gewährung eines indirekten Bezugsrechts zugunsten bestehender Aktionäre. Es wird erwartet, dass die Durchführung der Kapitalerhöhung am 15. Juni 2016 in das Handelsregister des Amtsgerichts Iserlohn eingetragen werden wird und die Neuen Aktien an diesem Datum ausgegeben werden. In der Bundesrepublik Deutschland und dem Großherzogtum Luxemburg wird das Bezugsangebot in der Form eines öffentliches Angebot ausschließlich Aktionären der Gesellschaft sowie Inhabern von Bezugsrechten an den Neuen Aktien unterbreitet. Neue Aktien, die in dem Bezugsangebot nicht gezeichnet werden (die „**Restaktien**"), werden von Berenberg qualifizierten Anlegern in Deutschland und anderen ausgewählten Jurisdiktionen außerhalb der Vereinigten Staaten von Amerika in Offshore-Transaktionen gemäß Regulation S unter dem U.S. Securities Act von 1933 (in der derzeit gültigen Fassung) (der „**Securities Act**") im Wege von Privatplatzierungen zum Kauf angeboten (zusammen mit dem Bezugsangebot, das „**Angebot**"). Das Angebot erfolgt auf Grundlage des auf den 24. Mai 2016 datierenden Übernahmevertrags (der „**Übernahmevertrag**") zwischen der Gesellschaft und Berenberg, der eine feste Zusage von Berenberg hinsichtlich der im Rahmen des Angebots nicht verkauften Neuen Aktien erhält. Das Angebot steht unter anderem unter der Bedingung der Eintragung der Durchführung der Kapitalerhöhung in das Handelsregister bei dem Amtsgericht Iserlohn, die für den 15. Juni 2016 erwartet wird. Heinz Hermann Thiele, der Vorsitzende des Aufsichtsrats und mit 40,79 % der Stimmrechte der Hauptaktionär der Gesellschaft, wird an dem Angebot teilnehmen und sämtliche ihm zustehenden Bezugsrechte ausüben. Allerdings hat Heinz Hermann Thiele sich verpflichtet, auf die Ausübung von 114.555 ihm zustehenden Bezugsrechten zu verzichten, um ein glattes Bezugsverhältnis zu ermöglichen. Dadurch wird sich der Anteilsbesitz jedes bestehenden Anteilseigners, der die ihm zustehenden Bezugsrechte vollständig ausübt, um 0,14 % erhöhen. Jedoch wird Berenberg zum Ende der Bezugsfrist entweder 114.555 Bezugsrechte aus dem Markt erwerben und Heinz Hermann Thiele liefern oder 22.911 Restaktien an Heinz Hermann Thiele zum Bezugspreis verkaufen oder 22.911 Aktien der Gesellschaft (*ex Bezugsrecht*) (entspricht jeweils der Ausübung von 114.555 Bezugsrechten) aus dem Markt erwerben und Heinz Hermann Thiele zum Bezugspreis verkaufen. Unter der Annahme, dass Heinz Hermann Thiele sämtliche 114.555 Bezugsrechte ausübt bzw. ihm 22.911 Aktien geliefert werden, wird sich der Anteilsbesitz von Heinz Hermann Thiele ebenfalls um 0,14 % auf 40,85 % im Vergleich zu vor der Kapitalerhöhung erhöhen.

Stabilisierungsmaßnahmen	Im Zusammenhang mit diesem Angebot der Neuen Aktien handelt Berenberg als Stabilisierungsmanager und kann, auch durch mit ihr verbundene Unternehmen, Maßnahmen ergreifen, die auf die Stützung des Marktpreises der Aktien der Gesellschaft abzielen, um einen bestehenden Verkaufsdruck auf den Marktpreis der Aktien auszugleichen (die „**Stabilisierungsmaßnahmen**"). Es besteht jedoch keine Verpflichtung des Stabilisierungsmanagers, Stabilisierungsmaßnahmen zu ergreifen. Demzufolge gibt es keine Garantie, dass Stabilisierungsmaßnahmen überhaupt ergriffen werden. Sofern Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit ohne vorherige Bekanntgabe beendet werden. Derartige Stabilisierungsmaßnahmen können ab dem Zeitpunkt der Bekanntgabe des Bezugspreises vorgenommen werden und müssen spätestens am dreißigsten Kalendertag nach Ablauf der Bezugsfrist (wie untenstehend definiert), d. h. voraussichtlich spätestens am 14. Juli 2016, beendet sein (der „**Stabilisierungszeitraum**"). Stabilisierungsmaßnahmen können zu einem höheren Marktpreis der Aktien der Gesellschaft oder der Bezugsrechte führen, als es ohne diese Maßnahmen der Fall wäre. Darüber hinaus kann sich vorübergehend ein Marktpreis auf einem Niveau ergeben, das nicht dauerhaft ist. In keinem Fall werden Maßnahmen zur Stabilisierung des Marktpreises der Aktien der Gesellschaft oberhalb des Bezugspreises vorgenommen. Innerhalb einer Woche nach Beendigung des Stabilisierungszeitraums wird bekannt gegeben, (i) ob eine oder mehrere Stabilisierungsmaßnahmen tatsächlich vorgenommen wurden, (ii) das Datum, an dem die Stabilisierungsmaßnahmen vorgenommen wurde, (iii) das Datum der letzten Stabilisierungsmaßnahme und (iv) die jeweilige Preisspanne, innerhalb derer die einzelnen Stabilisierungsmaßnahmen vorgenommen wurden, für jeden Tag, an dem Stabilisierungsmaßnahmen vorgenommen wurden.
Ausübung der Bezugsrechte.	Um den Ausschluss von der Ausübung ihrer Bezugsrechte zu vermeiden, bittet die Gesellschaft ihre Aktionäre, ihre Bezugsrechte auf die Neuen Aktien während des Zeitraums vom 31. Mai 2016 bis einschließlich zum 14. Juni 2016, 12 Uhr MESZ durch ihre Depotbank bei der Zeichnungsstelle (wie unten definiert) während der üblichen Banköffnungszeiten auszuüben (die „**Bezugsfrist**"). Bezugsrechte, die während der Bezugsfrist nicht ausgeübt werden, verfallen und werden wertlos. Die Depotbanken sind für die Einbuchung der Bezugsrechte auf die Wertpapierkonten der Aktionäre verantwortlich. Ein Ausgleich für nicht ausgeübte Bezugsrechte findet nicht statt.
Bezugspreis.	Der Bezugspreis je Neuer Aktie beträgt EUR 48,00.
Lieferung und Abrechnung.	Die Lieferung der Neuen Aktien ist für den 17. Juni 2016 erwartet, soweit die Bezugsfrist nicht verschoben oder verlängert wird.
Zeichnungsstelle.	Berenberg („**Zeichnungsstelle**").
Handel mit Bezugsrechten.	Die Bezugsrechte (ISIN DE000A2BPWM9 / WKN A2BPWM) auf die Neuen Aktien werden während des Zeitraums vom 31. Mai 2016 bis einschließlich zum 10. Juni 2016 (bis etwa 12 Uhr Mittag MESZ) auf dem Regulierten Markt (Xetra und Xetra Frankfurt Spezialist) der Frankfurter Wertpapierbörse gehandelt. Die Gesellschaft hat keinen Antrag auf Zulassung der Bezugsrechte zum Handel an einer anderen Börse gestellt und beabsichtigt nicht, dies zu tun. Der Marktpreis der Bezugsrechte hängt unter anderem von der Entwicklung des Preises der Aktien der Gesellschaft ab, kann jedoch substantiell von diesem abweichen. Ein Ausgleich für nicht ausgeübte Bezugsrechte findet nicht statt. Mit Ablauf der Bezugsfrist verfallen nicht ausgeübte Bezugsrechte und werden wertlos. Der Erwerb von fünf Bezugsrechten ermöglicht die Ausübung des Bezugsrechts auf eine ganze Neue Aktie, d. h. eine Neue Aktie kann auf der Grundlage von fünf Bezugsrechten erworben werden. An den deutschen Börsen, an denen die bestehenden Aktien der Gesellschaft *ex Bezugsrecht* notiert werden, wird diese Notierung am 31. Mai 2016 beginnen.

		Berenberg kann Transaktionen durchführen, um Liquidität für fairen und geordneten Bezugsrechtshandel zur Verfügung zu stellen sowie andere in diesem Zusammenhang üblicherweise unternommene Maßnahmen durchführen, wie insbesondere den Kauf und Verkauf von Bezugsrechten auf Neue Aktien oder die Durchführung von Absicherungsgeschäften (hedging transactions) in Aktien der Gesellschaft, Bezugsrechten oder entsprechenden Derivaten. Solche Maßnahmen und Absicherungsgeschäfte können Einfluss auf den Börsenkurs bzw. Marktpreis der Bezugsrechte und Aktien der Gesellschaft haben. Es gibt jedoch keine Garantie dafür, dass sich ein aktiver Handel mit Bezugsrechten der Gesellschaft auf der Frankfurter Wertpapierbörse entwickeln wird und dass während des Zeitraums des Bezugsrechtshandels ausreichende Liquidität zur Verfügung stehen wird.
E.4	**Beschreibung aller für die Emission/Angebot wesentlichen Interessen, einschließlich Interessenkonflikten.**	Berenberg hat einen Vertrag mit der Gesellschaft in Zusammenhang mit diesem Angebot und der Handelszulassung der Neuen Aktien der Gesellschaft geschlossen. Berenberg wird die Gesellschaft bei der Transaktion beraten und die Struktur und Durchführung der Transaktion koordinieren. Nach Durchführung des Angebots erhält Berenberg eine Provision. Daher hat Berenberg ein finanzielles Interesse an der Durchführung des Angebots. Berenberg oder mit Berenberg verbundene Unternehmen betreiben Wertpapierhandel sowie Maklergeschäfte und bieten Dienstleistungen in den Bereichen Investmentbanking, Vermögensverwaltung, Finanzierungen und Finanzberatung sowie andere kommerzielle Dienstleistungen, aber auch Investmentbankingprodukte und -dienstleistungen für eine große Breite von Unternehmen und Einzelpersonen. Möglicherweise gehen sie von Zeit zu Zeit Geschäftsbeziehungen mit Gesellschaften der Gruppe ein oder erfüllen für diese im Rahmen ihrer normalen Geschäftstätigkeit Dienstleistungen einschließlich solcher, die sich auf die Vergabe von Krediten und Asset-Backed-Securities- Geschäfte beziehen. Im Rahmen des gewöhnlichen Handels, der Maklertätigkeit, Vermögensverwaltung und Finanzierung kann Berenberg jederzeit als Prinzipal oder Agent für mehr als eine Partei auftreten und Kauf- oder Verkaufpositionen halten und für eigene oder fremde Rechnung Handel treiben oder anderweitig Transaktionen bewirken, jeweils in Fremd- oder Eigenkapitalwertpapieren oder vorrangigen Darlehen der Gesellschaft, mit ihr verbundenen Unternehmen oder anderen Entitäten, die möglicherweise in die hier angedachten Transaktionen involviert oder mit dieser verbunden sind Daher könnten Berenberg und mit Berenberg verbundene Unternehmen in Zukunft Interessenkonflikten mit Aktionären der Gesellschaft ausgesetzt sein.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.**	Die Neuen Aktien werden von Berenberg zur Zeichnung angeboten (siehe Element A.1).
	Lock-up-Vereinbarungen: Die beteiligten Parteien und die Lock-up-Frist.	In dem Übernahmevertrag hat sich die Gesellschaft gegenüber Berenberg verpflichtet, dass die Gesellschaft, der Vorstand oder der Aufsichtsrat nicht ohne die vorherige schriftliche Zustimmung seitens Berenberg (wobei die Erteilung dieser Zustimmung nicht ohne vernünftigen Grund verweigert oder verzögert werden darf), innerhalb eines Zeitraums beginnend am Tag der Unterzeichnung des Übernahmevertrags und endend 180 Tage nach der Durchführung des Angebots: • eine Kapitalerhöhung aus genehmigtem Kapital (mit Ausnahme der Kapitalerhöhung, auf die sich dieser Prospekt bezieht) ankündigt oder durchführt, • ihren Aktionären einen Vorschlag für eine Kapitalerhöhung zur Beschlussfassung vorlegt,

		• die Absicht, Finanzinstrumente zu begeben, welche in Aktien der Gesellschaft umgewandelt werden können oder Optionsrechte auf die Aktien der Gesellschaft beinhalten, ankündigt, die Begebung durchführt oder einen Vorschlag zur Begebung herbeiführt oder unterbreitet oder • Geschäfte mit wirtschaftlich vergleichbarer Wirkung zu den in den oben genannten Punkten eingeht oder eine sonstige derartige Handlung vornimmt. Die Gesellschaft darf jedoch (i) Aktien oder andere Wertpapiere an Arbeitnehmer und Mitglieder von Geschäftsführungsorganen der Gesellschaft oder ihrer Tochterunternehmen im Rahmen von Managementbeteiligungsprogrammen ausgeben oder verkaufen und (ii) Verträge abschließen oder Beschlüsse fassen über das Eingehen eines Joint Ventures oder den Erwerb von Gesellschaften, vorausgesetzt die Parteien des Joint Ventures oder die erwerbende Gesellschaft, an die solche Aktien ausgegeben werden, übernehmen gegenüber Berenberg die Verpflichtung, den im Underwriting Agreement enthaltenen Verfügungsbeschränkungen über Aktien oder Wertpapiere zu entsprechen.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.**	Aktionäre, die ihre Bezugsrechte hinsichtlich der Neuen Aktien ausüben, werden ihren prozentualen Anteil am Grundkapital der Gesellschaft nach Durchführung des Angebots beibehalten. Soweit Aktionäre ihre Bezugsrechte nicht ausüben, und unter der Annahme, dass alle Neuen Aktien begeben werden, wird der Anteil eines jeden Aktionärs am Grundkapital der Gesellschaft um rund 16,55 % verwässert werden. Zum 31. März 2016 belief sich der Nettobuchwert (der sämtlichen Vermögenswerten abzüglich sämtlicher langfristiger Schulden, sämtlicher kurzfristiger Schulden sowie Anteile anderer Gesellschafter der Gesellschaft entspricht), der aus dem aufgestellten ungeprüften Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2016 endenden Dreimonatszeitraum abgeleitet wurde, auf EUR 409,0 Mio., woraus sich ein Nettobuchwert von EUR 30,69 je Aktie (gerundet und auf der Grundlage von 13.325.290 ausgegebenen Aktien der Gesellschaft) ergab. Ausgehend von der Annahme der Durchführung des Angebots zu einem Bezugspreis von EUR 48,00 und nach Abzug der geschätzten Kosten des Angebots in Höhe von EUR 3,8 Mio. würde das bereinigte Eigenkapital der Gesellschaft zum 31. März 2016 EUR 33,32 je Aktie betragen (Berechnung angepasst an die Auswirkungen dieses Angebots, unter der Annahme, dass 15.967.437 Aktien der Gesellschaft nach Beendigung des Angebots ausgegeben sind). Für bestehende Aktionäre der Gesellschaft bedeutet dies eine Erhöhung des Nettobuchwerts von EUR 2,63 oder 8,6 % je Stückaktie. Für Investoren, die zuvor keine Beteiligung an der Gesellschaft gehalten haben und die Neue Aktien zu einem Bezugspreis von EUR 48,00 je Neuer Aktie erwerben, hat dies einen theoretischen Verlust von EUR 14,68 oder 30,6 % je Stückaktie zur Folge.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Es werden den Anlegern keine Ausgaben vom Emittenten oder Berenberg in Rechnung gestellt.

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1. RISK FACTORS

*Before deciding to invest in shares of Vossloh Aktiengesellschaft (the "**Company**", and, together with its consolidated subsidiaries, "**Vossloh**" or the "**Group**") or relating subscription rights), prospective investors should carefully review and consider the following risks and the other information contained in this prospectus (the "**Prospectus**"). The market price of the Company's shares and of relating subscription rights could fall if any of these risks were to materialise, in which case investors could lose some or all of their investment. The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could materially adversely affect the Group's business, net assets, financial condition, cash flow and results of operations.*

The order in which the risks are presented is not an indication of the likelihood of the risks actually materialising or the significance or degree of the risks or the scope of any potential harm to the Group's business, net assets, financial condition, cash flow or results of operations. The risks mentioned herein may materialise individually or cumulatively.

1.1 Risks Related to the Group's Business and Industry

1.1.1 Adverse developments in the macro-economic environment could result in a slowdown or stoppage of new or existing rail infrastructure projects and a reduction of demand in rail infrastructure products and services as well as in rolling stock provided by the Group and therefore have an adverse impact on Vossloh's business, financial condition and results of operations.

Vossloh's business depends on global macroeconomic and political conditions, in particular in Western Europe, Asia (in particular China), the United States of America (the "**United States**") and Russia, and Vossloh is therefore exposed to risks associated with the performance of the global economy. Vossloh renders the vast majority of its rail infrastructure products and services, including the production of rail infrastructure components like rail fastening systems and switches, rail services as well as rolling stock, to customers in the rail infrastructure and rolling stock sector.

Accordingly, deterioration in global economic and/or political conditions, in particular any economic downturn, recession, political crisis or sustained decrease in consumer demand caused by other factors could result in a decrease in demand for Vossloh's products and services that it delivers to its customers through its three core divisions Core Components, Customized Modules, Lifecycle Solutions as well as its non-core division Transportation. Vossloh may not be able to mitigate the effects of any such downturn, e.g. by price escalator clauses and long term agreements that it strives to enter into with its suppliers and customers.

Recently, certain countries in the Eurozone, including Cyprus, Greece, Italy, Ireland, Spain and Portugal, in part due to the effects of the sovereign debt crisis and austerity measures implemented to address the crisis in these markets, have experienced economic stagnation or even recession. There continue to be concerns that the Eurozone sovereign debt crisis could worsen, that it may lead to contagion in other, economically more stable countries, particularly France and Germany, and that national currencies may be reintroduced in one or more Eurozone countries. Any of these developments, including the departure or risk of departure from the European Union by one or more member states, especially the United Kingdom, or the departure or risk of departure from the euro by one or more Eurozone countries, especially Greece, and/or the abandonment of the euro as a currency would severely adversely impact the economy in the European Union. Additionally, current geopolitical risks arising from the continuing crises in the Ukraine and unrest in the Middle East have the potential to negatively affect the global economy. In addition, the economic climate in oil-exporting countries such as Russia, Brazil, those in the Middle East and others may continue to deteriorate, for example in the event of a continued drop in oil prices. Furthermore, Chinese and other Asian stock markets recently experienced and might continue to experience significant turmoil, which also affect global stock markets. A prolonged economic slowdown of the Chinese economy might have significant adverse effects on the global economy.

Economic downturns may result, inter alia, in a slowdown or stoppage of new or existing rail infrastructure projects and a reduction of demand in rail infrastructure products and services as well as in rolling stock provided by the Group. Any such adverse developments in the global economy could therefore have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.2 Vossloh offers its products and services to customers in the rail infrastructure and rolling stock sector, in particular to rail and rail network operators, which are for the most part publicly owned or financed, and its business is therefore affected by the availability of government funding at a national and state level as well as the pricing pressure exerted by its customers.

Many of Vossloh's customers are state-owned and therefore depend on government funding in order to purchase the Group's products and services, with such funding often provided through the annual government budget process, or by public transport projects promoted by the relevant public transport authorities. Government spending programs are generally subject to review in annual budget processes and may therefore be delayed or cancelled at any time. This holds in particular true with regard to infrastructure maintenance measures, for example replacements of rails or sleepers (which generally includes the replacement of rail fastening systems, which Vossloh provides in its Core Components division), which are often postponed in case of a lack of available financial funding.

Vossloh's business is therefore in particular affected by the public debt situation, which influences the financing ability of public authorities awarding contracts. For example, the sovereign debt crisis and austerity measures implemented to address the crisis in Southern European countries has led to and continues to be a main cause for delayed and declining orders in these markets. This resulted, inter alia, in the cancellation of an order in Spain over twelve rail vehicles with a total order volume of approximately EUR 50 million in 2012. In addition, customers may seek for reasons to challenge existing contracts and orders in court litigations or Vossloh may experience payment defaults by certain customers who are unable or unwilling to pay for delivered goods and services due to financial difficulties. The delay or cancellation of orders, projects or of any contract under which Vossloh is expecting to deliver its rail infrastructure products and services or a payment default could have a material adverse effect on Vossloh's business, financial condition and results of operations.

Furthermore, continued low levels of demand or further declines in demand for rail infrastructure products and services and rolling stock as well as the high level of market transparency could lead to increased competitive pressure resulting in downward pressure on Vossloh's prices, profit margins and market share.

Also, Vossloh's customers in the rail infrastructure and rolling stock industry have generally a powerful bargaining position due to their size, order volumes and high concentration, and are therefore able to exert significant pricing pressure on Vossloh and/or have the ability to influence the other terms and conditions of Vossloh's contracts with them to their benefit.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.3 Vossloh generates a significant portion of its total sales in Europe, in particular in Germany and France, and therefore may be more affected by economic downturns and competitive pressures in this region than its competitors.

In the three-month period ended 31 March 2016, Vossloh generated approximately 63% (65% in the fiscal year ended 31 December 2015) of its consolidated sales in Europe, with consolidated sales of 16.0% (22.5% in the fiscal year ended 31 December 2015) in Germany and of 15.6% (10.7% in the fiscal year ended 31 December 2015) in France. Vossloh may therefore be more affected by deteriorating economic conditions and lower rail infrastructure and rolling stock related sales in Europe, and especially in Germany and France, than other competitors, in particular non-European competitors, and no assurance can be given that Vossloh will be able to offset a significant decline in demand in Europe, and in particular in Germany and France, by a rise in demand in other markets. A sustained financial and debt crisis, and the associated lack of consumer and investor confidence in Europe could result in a further decline in demand for rail infrastructure products and services as well as in rolling stock and, in turn, for the products of the Group in this region. Vossloh's business in Europe could be further impacted if business conditions deteriorate due to the structural weakness of some European economies.

Vossloh's existing competitors, e.g. Pandrol International Ltd. ("**Pandrol**"), an English company under the umbrella of the French Delachaux group, VAE Railway System, Austria ("**VAE**"), a company of the metal engineering division of voestalpine AG ("**voestalpine**"), Austria, Schwihag AG, Switzerland or Alstom S.A, France ("**Alstom**") could increasingly attempt to serve Vossloh's market, in particular in Germany and France, and new competitors could emerge as market entrants, e.g. from developing economies such as China. As a result, competitive pressures in the European market could increase further with the risk of falling prices and decreased demand for the Group's products. Accordingly, Vossloh's margins could be adversely affected and the Group could lose market share (also see below "*1.1.12 Intense competition could lead to downward pressure on prices and profitability, market consolidation with negative effects for Vossloh, and/or a decline in Vossloh's market share*").

While Vossloh is attempting to continue to expand internationally and increase the portion of its sales generated in regions other than Europe, most notably in China, as well as in the United States and Russia, it may fail to effectively diversify the Group's sales geographically. In addition, Vossloh's profit margins in other market regions, e.g. in the high speed rail fastening systems business in Asia and particularly China, might become significantly lower.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.4 Vossloh could fail to successfully implement the structural and reorganisational measures which were introduced in 2014 under the program "Transforming Vossloh" in a timely and economical manner.

In 2014, Vossloh has taken actions to improve its group structure and competitive cost structures by implementing restructuring measures which caused and still cause restructuring costs. Following a careful analysis of the Group as a whole, goodwill was reviewed and – where necessary – partially impaired. Further, Vossloh reviewed in detail the profitability of the existing business and restructured certain areas. In addition to these immediate measures, Vossloh also developed a new Group strategy with a focus to reposition the Group by concentrating on its core business of rail infrastructure. Vossloh defines Western Europe, China, the United States and Russia as its four primary focus markets and, since 1 January 2015, has organised its core business in three core divisions Core Components, Customized Modules and Lifecycle Solutions. At the same time, Vossloh decided that the business with vehicles and vehicle components – bundled in the division Transportation – is not considered as part of the Company's core business and Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017. Vossloh's business unit "Rail Vehicles" was sold to Stadler Rail AG with effect as of 31 December 2015 and is therefore presented as "discontinued operations" in the unaudited consolidated financial statements as of and for the three-month period ended 31 March 2016 and audited consolidated financial statements as of and for the fiscal year ended 31 December 2015.

There can be no assurance that these structural measures and reorganisation projects can be completed on time, and there can be no guarantee that Vossloh will achieve its intended objectives. The current restructurings could involve substantial additional costs during their implementation, and could have inadvertent negative consequences for Vossloh's business. For example, since Vossloh's announcement that the Transportation division is no longer part of its core business and that Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017, orders received in Vossloh's Transportation division have decreased by 4.3% from EUR 275.8 in the fiscal year ended 2014 to EUR 264.0 million in the fiscal year 2015.

Furthermore, Vossloh may decide or be required to further restructure or reduce operations and divisions or alter its sales, manufacturing or distribution structures. This may require, also already in the short or medium term, the lay-off of employees, the transfer of operational functions to other regions, or the complete shutdown of locations. Additional significant costs may be incurred for such restructuring activities, for example with respect to severance payments to employees. Moreover, Vossloh might not be sufficiently able to manage the transfer and/or adaptation of all processes to new structures, potentially causing inefficiencies and additional costs.

The realisation of any of these risks could have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.5 Vossloh generates a significant portion of its revenues from the manufacture of rolling stock in its Transportation division and is subject to both calculation and execution risks, in particular in connection with large project contracts.

Vossloh is subject to calculation and execution risks, in particular in connection with the manufacture of rolling stock in its Transportation division, which amounted to 27.3% of Vossloh's total revenues in the three-month period ended 31 March 2016 and 29.7% of Vossloh's total revenues in the fiscal year 2015.

For a significant portion of the business of Vossloh, success therefore depends on the cost/revenue ratio being accurately calculated and controlled and projects being executed and completed on schedule, so that costs are contained within the pricing structure of the relevant contract. A significant number of contracts are based in part on cost calculations that are subject to a number of assumptions. If estimates of the overall risks or calculations of the revenues or costs prove inaccurate or circumstances change, lower profits may be achieved from or greater losses may be incurred on such contracts. This risk is exacerbated within Vossloh's Transportation division, as the manufacturing of rolling stock is generally considered a low margin business. In particular, cost overruns can be due to:

- the underestimation of manufacturing costs and time during the initial bidding stage, particularly for new rolling stock products;
- overestimation of development capacity;
- unanticipated decreases in productivity and increased labour costs;
- unexpected increases in the cost and unanticipated delays in the delivery of raw materials and other materials, equipment, components, machinery, plant, supplies and other costs (including labour costs and overheads);
- default of business partners, if the work is carried out through a consortium or a joint venture, or subcontractors;
- failure or non-performance by suppliers and defects in raw materials and other materials, equipment, parts, components, machines and supplies;
- delays and corrective measures due to poor workmanship or any other failure to meet customer specifications, including those resulting from design defects;
- delay of or failure to pay scheduled payments by customers where Vossloh pre-finances up-front its manufacture of rolling stock;
- registration requirements and delays in connection with the homologation of rolling stock; and
- fluctuations in exchange rates.

In 2014, Vossloh's result was affected by cost overruns in the medium to high double-digit million range.

Unexpected variations in estimated costs and actual costs in connection with its project business in the Transportation division could therefore have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.6 *The cyclical nature of the rail infrastructure and rolling stock market could lead to significant fluctuations in the demand for Vossloh's products and consequently in its revenue and results of operations.*

The rail infrastructure and rolling stock market is subject to swings in the economical cycle. Fluctuations in order intake for Vossloh's rail infrastructure products and services as well as manufacture of rolling stock reflect the capital investment decisions of its customers and the level of utilisation of its equipment, which depend to a great extent on the overall economic and financial condition of its customers and the markets in which its customers operate. As a result of this cyclicality, Vossloh has experienced, and in the future might again experience, significant fluctuations in the demand for its products and consequently in its revenue and results of operations. For example, demand for Vossloh's products and services generally tends to be weaker in the first quarter of a fiscal year. However, Vossloh's fixed cost base, in particular its personnel cost and capacity, cannot be fully adjusted to fluctuations on the demand side.

In addition, the negative worldwide economic conditions of recent periods have made it increasingly difficult for Vossloh, its customers and suppliers to accurately predict the extent or duration of the current or future business cycles. A recurrent decline in demand for Vossloh's products could place pressure on Vossloh's results of operations and since the timing and extent of any impact on the currently prevailing market conditions is uncertain, supply and demand for its products might be unbalanced.

The cyclicality of the markets in which Vossloh operates and the increasing unpredictability of the business cycles could consequently have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.7 *Customers could refrain from awarding contracts to Vossloh and Vossloh could suffer reputational damage if applicable compliance rules are not complied with by employees.*

Customers of the Group, in particular government agencies, associate the awarding of contracts with compliance by the contractor with certain rules of conduct and applicable laws. Non-compliance by employees with applicable statutory provisions, including antitrust provisions, may have adverse effects for the Group. In addition to negative reports in the media and corresponding reputational damage, non-compliance may in particular have consequences under procurement law, such as a decision to exclude the perpetrating company from future contracts. In 2011, the Group introduced a compliance system which aims especially at preventing any non-compliance with statutory provisions. The employees of the Group are obliged to act in accordance with these rules, and any non-compliance is punished. An integral part of the compliance system is the code of conduct, which contains fundamental rules on combating corruption, bribery, bid rigging and illegal employment as well as on confidentiality, donations and social behaviour within the enterprise. Despite this preventive action, Vossloh cannot ensure that its employees will always follow the code of conduct or fully comply with its compliance system in general. For example, in 2011, the German Federal Cartel Office launched an investigation regarding alleged anti-competitive agreements in the rail infrastructure market (see below "*1.2.3 Vossloh has been and continues to be subject to antitrust proceedings by competition authorities and claims for damages based on alleged anti-competitive behaviour. These procedures could result in antitrust fines and related damage claims exceeding the related provisions already recognised by Vossloh, the termination of relationships with customers, reputational damage and other adverse effects on Vossloh's business and financial position.*"). In addition, Vossloh's internal compliance department has in the recent past investigated payments detected in local Group companies which may have been used to unduly influence the awarding of individual contracts (see below "*1.2.2 Compliance breaches by Vossloh's employees or agents, including infringements of anti-bribery and corruption laws and competition laws, could result in investigations by public authorities, fines, additional payments of tax, damage claims, the termination of relationships with customers and reputational damage*"). Should employees act in breach of Vossloh's compliance system in the future or fail to observe applicable laws, there is a risk that the Group will be excluded from the awarding of other contracts or that penalties will be imposed on it due to non-compliance. This could have material adverse effects on Vossloh's business, financial condition and results of operations.

1.1.8 Vossloh may be unable to retain its position as an innovation and technology leader, to devote resources to the development of technologies which do not prove successful or to react to market trends promptly or at all.

Vossloh sees itself as one of the innovation and technology leaders within the rail infrastructure industry. Vossloh's future success depends on its ability to anticipate technological trends and to respond to customer needs by developing high quality innovative solutions in a timely and cost-effective manner. In recent years, the demands on Vossloh in this respect have grown substantially. Thus, there is a risk that products could be superseded by new technologies, for example new fastening systems which do not require elastic components or tension clamps, making existing products eventually redundant or increasing pricing pressure on these products. Loss of reputation and customers may also arise if Vossloh is not able to develop, produce and deliver products at the high quality standards its customers expect. Additionally, Vossloh cannot assure that it will be able to develop sufficient new revenue streams to replace revenue streams that will diminish, as competitors catch up with the technological advantages that Vossloh possesses.

Moreover, a misjudgement or delayed recognition of market trends and customer requirements in individual markets, or other changes in demand could lead to a decline in product sales and related services and, over the long-term – should fundamental or repeated misjudgement be made – to a loss of reputation and customers. For example, in Vossloh's Customized Modules division, customers increasingly make use of general contractors which are able to exert significant pricing pressure on rail infrastructure suppliers like Vossloh. Also, in Vossloh's Core Components division, Vossloh experiences a shift in customer demand from the delivery of complete rail fastening systems (including the fastener, bolt, dowel as well as plastic components) to only single components. Therefore, if Vossloh fails to meet customer demands or is unable to develop new products that generate profitable business, or to adapt product approaches to the respective market requirements, this can result in a loss of its market share and competitive position and will have a material adverse effect on the reputation, technological position and business of Vossloh.

Furthermore, Vossloh spends resources on research and development (R&D) and intends to increase its R&D expenses in the future. If Vossloh devotes resources to the pursuit of new technologies and products that fail to be accepted in the market or that fail to be commercially viable, all or part of these R&D investments may be lost and the Group's business may be negatively affected. This risk is exacerbated by the fact, that the rail infrastructure industry typically has long industry-cycles and only slowly adapts new technologies. For example, Vossloh had to undertake impairments in the past, amounting to EUR 27.8 million for the financial year 2014, with regard to certain of its assets of its Locomotives business unit under the Transportation division, which did not achieve the expected commercial success.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.9 Vossloh's production and manufacturing costs are subject to movements in the prices for raw materials and other materials and components as well as other factors beyond its control, and it may not be able to pass any price increases on to its customers.

Movements in material prices for raw materials, such as steel, and prices for other materials and components required by Vossloh, such as plastic components used in Vossloh's rail fastening systems offerings, and increases in energy prices may affect the production and manufacturing costs of Vossloh's products, and it may not be able to pass those costs on to its customers. Production and manufacturing costs also vary depending on capacity utilisation rates at its suppliers, quantities demanded from its suppliers, product technology and product specification. As a result, Vossloh's costs of materials can vary materially in the short term and, in cases of supply shortages, can increase significantly. Although Vossloh attempts to mitigate cost increases by passing them on to its customers with higher selling prices via regular price reviews and price escalating clauses in its supply agreements, it has not always been able to do so successfully in the past and may not be able to do so in the future. Any price increases Vossloh cannot pass on to its customers may materially affect its sales or reduce its profitability. During periods of declining raw material prices, customer demand may also require that Vossloh sells its products at lower prices, in spite of the fact that it may use existing inventories that were purchased at higher prices, thereby negatively impacting its margins. The volatility in its production and manufacturing costs and its limited ability to pass them on to customers may adversely affect Vossloh's business, financial condition and results of operations.

1.1.10 The reported amounts of Vossloh's order book are not necessarily indicative of actual or future revenues due to possible cancellations, delays or scope adjustments of projects.

Vossloh's order book comprises unconditional orders that it has received from customers on the basis of a binding agreement. Orders received may be, and from time to time are, cancelled, modified or subject to delays in execution, and customers may dispute the amounts owed to Vossloh. In addition, some of Vossloh's agreements can be cancelled for convenience and without cause at any time. There is the possibility of cancellations or changes in the scope of the respective project and schedule because of the exercise of customer discretion, technology issues or problems encountered in the timely execution of the project for reasons outside Vossloh's and its customers' control. These events could result in Vossloh's inability to convert or in a delay in converting agreements and orders into revenues and cash flows.

Any penalty levied on the customer in the event of a contract or order cancellation may not compensate Vossloh fully for the loss of potential revenues. Accordingly, Vossloh's order book is not necessarily indicative of future revenues.

1.1.11 Vossloh relies upon a limited number of suppliers which provide Vossloh with raw materials, systems and components that are critical to its business and any disruption of these relationships could increase Vossloh's delivery time to customers, which could lead to penalties for late delivery or for wrongful termination of contracts.

For some of the critical components Vossloh uses as part of its production and manufacturing processes, such as rails and plastic components, Vossloh relies on a limited number of key suppliers. Accordingly, Vossloh is exposed to risks in its procurement activities, in particular in its Customized Modules division, where the supply of rails depends on the rolling cycles of the supplier, and in its Core Components division, where Vossloh requires a specific kind of plastic components which it obtains from a limited number of sources and in certain cases a single source. In addition, Vossloh must meet exacting quality standards and therefore requires some of its suppliers of steel and plastic components to undergo a qualification of their raw materials they deliver to Vossloh to ensure that the required quality standards are met. The qualification process of a certain raw material can take several months and depends on the requirements of Vossloh's respective end-customers. Furthermore, if the quality of a raw material is affected, a qualification of a supplier may have to be revoked, which may lead to supply shortages. It may therefore be difficult for Vossloh to rapidly substitute one supplier for another. During periods of supply shortages, Vossloh's delivery time to customers might increase by several weeks and there is also a risk that it might have to pay penalties for late delivery or for wrongful termination of contracts. Hence, Vossloh's future success will depend, in part, on its ability to maintain continuity of supply of critical components and to develop alternative supply arrangements as needed.

Some of Vossloh's suppliers are small companies with relatively limited financial means. Therefore it may be difficult or impossible for such suppliers to adapt their capacity quickly enough to new demand levels, or for

Vossloh to recover damages from them in the event of a liability claim for which Vossloh believes they are responsible. Smaller suppliers may also be more easily exposed to liquidity problems, with the risk of insolvency.

Furthermore, one of Vossloh's key suppliers for rails is voestalpine, whose subsidiary VAE is one of Vossloh's major competitors, which potentially may lead to conflicts of interest.

If any of the key suppliers on which Vossloh relies for raw materials, systems and components that are critical fails to deliver or delivers components of inferior quality, this could have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.12 Vossloh's relationships with its business partners could prove unsuccessful.

A significant portion of Vossloh's business is carried out together with business partners, with whom Vossloh works in consortiums or similar joint ventures, in particular within Vossloh's Electrical Systems business unit under its Transportation division. If Vossloh fails to fulfil its obligations under the respective business partnership and joint venture agreements, either in whole or in part, this may lead to claims for damages, contractual penalties or termination of the partnership. The successful implementation of a present or future project may be endangered or impaired through a breach of contract by a business or joint venture partner, or through unforeseen events. Moreover, the success of a present or future co-operation requires that the respective partners constructively pursue the same goals. Thus, Vossloh's ability to fully exploit the strategic potential in markets in which it operates through business partnerships and joint ventures could be impaired if it were unable to agree with its partner on a strategy, the funding and the implementation thereof.

In addition, Vossloh could potentially be held liable by its customers for any default of its business partners if the work is carried out through a consortium or a joint venture and Vossloh may not be able to recover any damages from the defaulting business or joint venture partner.

It also cannot be ruled out that, in business partnerships or joint ventures, technologies will be revealed or required to be revealed to the business partners or joint venture partner and/or that these may use the technologies outside of the project in question exclusively for their own purposes. In particular there is no guarantee that the know-how and trade secrets acquired by the business partner during the partnership will not be used or disclosed to third parties after the conclusion of the business partnership or termination of the joint venture, thereby adversely affecting Vossloh's competitive position.

The realisation of any of these risks may have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.13 Intense competition could lead to downward pressure on prices and profitability, market consolidation with negative effects for Vossloh, and/or a decline in Vossloh's market share.

The Group faces competition from a large number of international companies such as, among others, Pandrol, VAE and Alstom, all of which are or belong to large, diversified industrial groups and may have greater financial resources than Vossloh in the countries and product markets in which it operates. Increased competition, especially in Western Europe, unanticipated actions by competitors or customers as well as overcapacity in certain product segments in which Vossloh competes, could lead to downward pressure on prices and/or a decline of Vossloh's market shares, which could adversely affect its results of operation and hinder its growth potential.

The rail infrastructure and rolling stock industries in which Vossloh operates are competitive and are characterised by pricing pressure from major customers, as well as continuous advancements in process technologies and manufacturing facilities. Intense competition exists in particular with regard to prices, product quality as well as the development and launch periods of newly-developed products carrying a higher profit risk due to the high expenses required for the product launch. Further competitive factors include global presence, technology, service (including customer service), product performance, design and engineering capabilities and timely delivery. Vossloh cannot assure that it will be able to compete favourably with respect to any of these factors.

Moreover, Vossloh faces the risk of losing ground to competitors with regard to significant new product developments and expertise. Some competitors may also have greater financial, technical and marketing resources than Vossloh, which could enhance their ability to finance acquisitions, fund internal growth and respond more quickly to professional or technological changes. Furthermore, competitors might have or develop cost structures that enable them to produce equivalent products cheaper than Vossloh, thereby reducing demand for Vossloh's products. These cost structures might also enhance a competitor's ability to invest. If competitors were able to outperform the Group, for example in technological development, the Group might lose its current market position and could thus suffer significant losses in sales and subsequent worse results of operations. Furthermore, competitors may pursue aggressive pricing policies and offer conditions to customers that are more favourable than Vossloh's.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.14 *Vossloh could have difficulties in hiring and/or retaining highly-qualified managerial staff and skilled labour.*

Vossloh's success and future development is largely dependent on the performance of its managerial staff and other skilled employees in key positions such as research & development, application engineers and technical sales engineers. Vossloh may not succeed in retaining these key managers and employees on terms acceptable to Vossloh, attracting or training new employees with the requisite skills, or adequately replacing departures. Fluctuation carries the risk of a loss of expertise, in particular if Vossloh loses key employees, and access to considerable expertise could be gained by competitors and customers. A shortage of skilled personnel can also lead to difficulties regarding the fulfilment of current orders as well as future planned projects. Furthermore, the unexpected loss of key managers or employees could significantly harm Vossloh's market position and further development.

Each of the aforementioned factors could therefore have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.15 *Operational disruptions, lengthy periods of production downtime or the failure of third-party suppliers to perform could adversely affect Vossloh's ability to deliver products and services on time.*

Vossloh's success depends on its ability to deliver its products and render its services on time. Vossloh has a large number of facilities at which products are developed and manufactured. The Group's development, production and procurement processes involve many different, often interrelated phases and are complex to manage. Even when technical and safety standards for the construction, operation and maintenance of its facilities are observed, operational disruptions and delays cannot be ruled out. They can occur for reasons beyond Vossloh's control (such as aircraft crashes, flooding, terrorism, sabotage, epidemics, political unrest, natural disasters or other acts of God) or for other reasons (such as electricity cuts, fire, explosions, releases of substances harmful to the environment or health, strikes or IT disruptions). Operational disruptions and interruptions and process weaknesses may lead to significant production downtimes and interruptions to services provided to Vossloh's customers, which can in turn trigger high consequential losses on the customer's side. For example, in 2015, constructional defects of an outdated building at Vossloh's production site for manganese frogs in Outreau led to production downtimes of several weeks and delays in the delivery of switches of several months and Vossloh was subject to penalty payments. The remedy of the constructional defects on Vossloh's site in Outreau is still ongoing and Vossloh may experience further production downtimes in the future. At the date of this prospectus, Vossloh is still deliberating whether it will modernise the outdated building or move the production facilities to a new site. However, either option might entail significant investments, which Vossloh estimates to be in a lower to mid-two-digit million range.

Vossloh has taken out coverage for significant insurable risks with respect to business interruptions. However, there is no guarantee that this insurance coverage will apply to each of the aforementioned scenarios or that such coverage is sufficient.

Any production downtime or stoppage can have a significant negative effect on the reputation and general business activities of Vossloh and, in the case of insufficient insurance coverage, may also have material adverse effects on the business, financial position and results of operations of Vossloh.

1.1.16 *Labour disruptions which lead to production downtimes or rising labour costs due to changes in applicable laws and regulations or a future increase in the portion of the unionised workforce could have an adverse effect on Vossloh.*

Changes in legal and regulatory conditions could lead to rising labour costs. For example, a law could impose significant restrictions on labour leasing, particularly the use of leased workers for temporary work. Should such restrictions enter into force, Vossloh might need to reduce the scale of its operations or to hire additional own staff, with the risk of generally increasing labour costs as well as reduced cost flexibility in the case of declining demand. Further, as the globalisation of its business and its strategy to increase its international production footprint and market presence entails a cross-border assignment of personnel, Vossloh is also subject to the risk that additional taxes and social insurance contributions may be assessed or challenged by relevant authorities, leading to additional costs for the Group.

In addition, part of Vossloh's workforce is unionised. Although Vossloh believes that it has established good relationships with its employees and their unions, such relationships could deteriorate in the future and Vossloh could experience demand for significant wage increases, strikes or other types of conflicts with labour unions or its employees. Furthermore, agreements with labour unions could reduce the cost flexibility of Vossloh's business. Labour costs could also rise due to a future increase in the portion of the unionised workforce. In addition, many of Vossloh's customers and suppliers also have unionised workforces. Refusals to work or work downtime experienced by the Group's customers or suppliers could result in decreased productivity of Vossloh's plants. The realisation of any of these risks could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.17 Product defects may lead to costly replacement measures, product liability claims, fines and other measures imposed by government and regulatory agencies as well as reputational damage. In addition, the Group is also subject to the risk that its products may not fulfil customer requirements and specifications.

As a manufacturer, Vossloh is constantly exposed to the risk of selling and delivering products which are defective or do not meet applicable requirements or specifications, thereby causing damage to its customers. The consequences of such product defects can be severe. For example, major malfunctions in rail fastening systems and switches components as well as rolling stock manufactured by Vossloh may cause accidents involving significant property damage, bodily injuries or even deaths. Less severe defects may also lead to significant damage, as defects in Vossloh's products will typically interrupt its customers operations. In addition, Vossloh may be required to undertake service actions. These risks are particularly prevalent in Vossloh's Core Components division which supplies parts and components that are often produced in large batches, so that defects may have a high-volume impact. For these reasons, Vossloh is constantly exposed to the risk of liability claims and lawsuits, such as claims for damages by Vossloh's customers. Any such claims and lawsuits, as well as any replacement measures, could result in increased costs for Vossloh, for example for product or component replacements, additional performance tests, correction of defects and redevelopment, punitive damages, legal costs and other expenses, in diversion of management time and attention and in a loss of customers or market acceptance and reputation, even if Vossloh were successful in defending such claims.

Furthermore, Vossloh may face fines and/or other measures imposed by government and regulatory agencies. Insurance coverage against the aforementioned risks, provisions for specific cases, and other precautionary measures (such as quality management, monitoring and traceability strategies that are applied at all levels of the supply-chain), may prove insufficient in individual cases.

The causes of product defects are manifold and sometimes beyond Vossloh's control. Besides errors in the design, development, production or handling of Vossloh's products, defects may also be caused by defective components or materials delivered by Vossloh's suppliers or, if work is carried out through a consortium or a joint venture, its business partners and integrated in the Group's products. As Vossloh does not have direct control over the quality of the materials and intermediate products manufactured or supplied by third parties, it is exposed to a risk related to the quality of such materials and intermediate products. In addition, Vossloh may not be able to recover any damages from its defaulting suppliers or its business partners.

Vossloh was and currently is subject to liability claims in connection with product defects, for example in connection with the welding of the body shell of rail vehicles and defective switch components. As of 31 March 2016, Vossloh set aside provisions in an aggregate amount of EUR 37.2 million in connection with liability claims. If higher than anticipated damages are successfully raised, Vossloh may be exposed to liabilities in excess of the provisions already recognised.

Furthermore, Vossloh manufactures many products pursuant to specifications and quality requirements set by its customers. If the products manufactured and delivered by Vossloh do not meet the requirements stipulated by its customers at the agreed date of delivery, production of the relevant products may be discontinued until the cause of the product defect has been identified and remedied. In addition, Vossloh's customers could potentially claim damages on the basis of breach of contract, even if the cause of the defect is remedied at a later point in time. For example, Vossloh was required to cover costs for the provision of replacement locomotives in the past. In addition, failure to perform quality requirements and a shrinking product quality could severely damage the Group's reputation and thereby negatively affect the market acceptance of Vossloh's other products and its market reputation in various market segments. In such a case, the Group's future sales and, as a consequence, its future operating results could be negatively affected.

The realisation of any of these risks could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.18 Vossloh's insurance coverage could prove inadequate.

Vossloh has taken out insurance policies in relation to a number of risks associated with its business activities, including against fire, natural disasters and third-party liability as well as policies covering warranty obligations resulting from serial claims. Vossloh cannot guarantee that it will not incur losses or that no claims will be brought that exceed the type and scope of its existing insurance coverage. At the same time, there are a number of risks that were identified as not worth insuring and for which, therefore, no insurance cover has been purchased (e.g. for political risks, certain kinds of business interruptions, cyber risks and terrorism) and there is a chance that such risks nevertheless materialise in a significant amount.

Following a number of claims or after one major claim, the insurance premiums may be increased or the terms and conditions of the insurance coverage may become less favourable than at present. This may also occur following a general change in the insurance markets. There is no guarantee that Vossloh will continue to be able to obtain sufficient levels of insurance for the respective risks it incurs in connection with its business operations on terms and conditions that are economically justifiable.

If Vossloh incurs losses for which there is no, or only insufficient, insurance coverage, or if, particularly due to the aforementioned reasons, higher insurance premiums and/or restrictions on insurance coverage are required, this may have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.19 Vossloh may be unable to integrate acquisitions or implement joint ventures on the schedule or on the terms and conditions it envisages, and current or future acquisitions and joint ventures may not produce the desired or anticipated results. In addition, Vossloh faces the risk of potential guarantee or liability claims resulting from the disposal of former business units.

While Vossloh plans to pursue a value-oriented growth strategy, which may include strategic acquisitions, in particular with regard to complimentary services, there can be no assurance that it will be able to identify suitable acquisition candidates or joint venture partners in the future, or that it will be able to finance such transactions or ventures on acceptable terms. Further, there can be no assurances that any acquisitions or joint ventures it has already made or which it might enter into in the future will be integrated or implemented successfully or will achieve the desired or expected benefits and financial objectives for Vossloh. In evaluating potential acquisition or cooperation opportunities, Vossloh makes certain assumptions regarding the future combined results of the existing and acquired operations or the envisaged cooperation. In certain transactions, the acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. There can be no assurance that such synergies or benefits will be achieved on the assumed time schedule or in the assumed amount, if at all. Therefore, failures or delays in integrating acquisitions or implementing joint ventures could have a material adverse effect on Vossloh's business, financial condition and results of operations. Moreover, even in cases in which such transactions or ventures are completed on schedule and according to plan, the synergies actually resulting from an acquisition or the benefits actually derived from a cooperation can ultimately differ materially from Vossloh's estimates or expectations, which could have a material adverse effect on its business, financial condition and results of operations. In addition, the integration and alignment of operations following an acquisition or alliance requires the dedication of management resources that may distract attention from day-to-day operations.

Furthermore, Vossloh faces the risk of potential guarantee or liability claims resulting from the disposal of former business units. For example, in connection with Vossloh's strategic decision to sell its business with vehicles and vehicle components – bundled in the Transportation division – or to transfer it to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017, Vossloh disposed of its business unit "Rail Vehicles" to Stadler Rail AG with effect as of 31 December 2015. Pursuant to common standards in sale contracts, Vossloh thereby committed to certain representations and warranties which might materialise in the future and which are capped (subject to certain exceptions) at an aggregate amount of EUR 15 million. In this connection, Vossloh set aside appropriate provisions to the extent deemed necessary.

The realisation of any of these risks, alone or in combination, could have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.1.20 Vossloh is subject to risks associated with its international business and may adversely be affected by economic and financial instability in the jurisdictions where Vossloh operates.

Vossloh is exposed to a variety of risks associated with operating a global business. Vossloh has expanded and intends to further expand its sales and production network into important growth markets, notably Western Europe, China, the United States and Russia, and offers most of its products and services worldwide. Because of the global nature of Vossloh's operations, it is vulnerable to political, legal or economic instability in certain countries in which it operates, in particular in Asia, South America, Eastern Europe, Russia and Africa, which may harm its business activities. These concerns include risks of limited or insufficient infrastructure, difficulties in deepening existing and developing additional customer relationships, difficulties in finding reliable local suppliers and partners, difficulties in recruiting and then retaining a sufficient number of new skilled staff and finding a certain amount of employees who are prepared to move abroad, difficulties in process handling, difficulties in prevailing over local competition and in acquiring sufficient business, difficulties with labour relations or compliance issues, risks of gross domestic product volatility, high government debt relative to gross domestic product, widespread tax evasion, foreign exchange instability, foreign exchange controls, currency and interest rate fluctuations, recession and inflation, which may affect the countries in which Vossloh is active. For example, Vossloh's revenues in China, which is a important growth market for Vossloh's business in general and in particular with regard to Vossloh's rail fastenings business under its Core Components division, where a significant part of its revenues and profits is generated in China, and Russia declined recently and Vossloh`s business in Russia was affected by falling oil prices and the EU sanctions on Russia. All these risks might negatively affect Vossloh's business, financial condition and results of operations.

Furthermore, Vossloh's international operations also depend upon favourable trade relations between Germany, the countries in which it produces its material handling products and those countries in which Vossloh's customers and suppliers have operations. A protectionist trade environment in either Germany or those foreign countries in which Vossloh does business, has production facilities or sells products, such as a change in the current tariff structures, export compliance, government subsidies or other trade policies, could materially and adversely affect Vossloh's ability to operate in foreign markets, including its ability to adequately ship and transport its products. Furthermore, in certain countries, e.g. China and Russia, Vossloh is dependent on conducting its business through joint ventures in order to gain market access. If a joint venture, which is required to gain access to a certain market, is terminated for any reason, Vossloh may not be able to continue to offer its products and services in that market. In addition, because the majority of Vossloh's international sales are to foreign governments and entities controlled by foreign governments (such as national corporations), Vossloh is subject to certain political risks associated with foreign government projects such as protection of domestic competitors, which might adversely affect Vossloh's ability to operate in these markets.

Moreover, the continued growth and increasing globalisation of the Group may become increasingly difficult to manage successfully, for example because of increasing decentralisation in management functions. There is no guarantee that Vossloh's production, development and administrative functions will be capable of responding to these additional requirements without difficulties or inefficiencies that cause Vossloh to incur significant additional costs and/or that expose it to legal, regulatory or civil costs or penalties. Furthermore, Vossloh may face reputational risks vis-à-vis its customers and, thus, may lose business and profitability should Vossloh not be able to offer its customers the same high quality and sophisticated products from its production sites in emerging markets as those from Vossloh's production sites in developed countries.

Due to any of these factors or developments, or if Vossloh's strategy with respect to new geographical markets or its implementation fails, this could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.21 Vossloh's operations rely on IT systems and networks, which could be damaged or otherwise interrupted.

Vossloh relies heavily on centralised, standardised information technology systems and networks to support business processes, as well as internal and external communications. These systems and networks are potentially vulnerable to damage or interruption from a variety of sources or to security threats. Although Vossloh has taken precautions to manage the risks related to system and network disruptions and threats, an extended outage in a data centre and/or telecommunications network utilised by its systems, any security breaches or any similar event could lead to an extended unanticipated interruption of its systems or networks. Also, Vossloh's information technology systems may be vulnerable to security breaches and cyber-attacks from unauthorised persons outside and within the Group. These may include malicious hacking by unknown persons, and could include attempts to steal data or manipulate Vossloh's systems by its employees, competitors or other third parties. The realisation of any risks related to Vossloh's IT system and network disruptions could have a material adverse effect on its business, financial condition and results of operations.

1.1.22 Goodwill and other identifiable intangible assets represent a significant portion of Vossloh's total assets, and Vossloh might be unable to maintain the full value of its intangible assets.

Vossloh's goodwill and other identifiable intangible assets are recorded at fair value on the date of acquisition; they are tested for impairment upon any indication of a potential impairment and, in the case of goodwill, as it is not amortised, at least annually. As of 31 March 2016, goodwill and other intangible assets represented 21.4% of Vossloh's total assets. These assets are subject to regular impairment tests, either annually or upon a trigger event. An impairment of these assets could lead to substantial losses. Impairments may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services Vossloh sells, challenges to the validity of certain registered intellectual property, reduced sales of certain products incorporating registered intellectual property, disposals of group assets and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to Vossloh's results of operations. Accordingly, any determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on Vossloh's business, financial condition and results of operations.

Particularly in the fiscal year 2014, Vossloh was subject to substantial goodwill impairments in the Switch Systems business unit amounting to EUR 60.0 million and write downs on capitalised development costs in its Transportation division, amounting to EUR 27.8 million.

1.1.23 Vossloh has incurred substantial indebtedness and its indebtedness imposes restrictions on its business.

As of 31 March 2016, Vossloh had approximately EUR 323.8 million of financial debt, in particular under its CFA (as defined below) and EUR 50 million promissory note (*Schuldschein*). Therefore, Vossloh carries a high level of debt and Vossloh may incur substantial additional indebtedness in the future.

Vossloh's ability to make payments on and refinance its debt, in particular when a significant part thereof under the CFA (as defined below) and the promissory note becomes due in 2018, and its ability to fund working capital and capital expenditures, will depend on Vossloh's future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond Vossloh's control. Vossloh cannot assure that its business will generate sufficient cash flow from operations, that the cost savings, revenue growth and operating improvements currently anticipated, in particular in connection with the "Transforming Vossloh" reorganisation (see above "*1.1.4 Failure to successfully implement the structural and reorganisation measures Vossloh introduced in 2014 under the headline "Transforming Vossloh" in a timely and economical manner could adversely affect Vossloh's business, results of operations and financial condition*") will be realised or that future debt and equity financing will be available to Vossloh on satisfactory terms or at all in an amount sufficient to enable it to pay its debts when due, or to fund its other liquidity needs.

If Vossloh's future cash flow from operations and other capital resources are insufficient to pay its obligations as they mature or to fund its liquidity needs, Vossloh may be forced to:

- reduce or delay its business activities and capital expenditures;
- sell assets;
- incur additional debt or raise equity capital; or
- restructure or refinance all or a portion of its debt, on or before maturity.

Vossloh cannot assure that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of its debt limit, and the terms of any future debt, may limit Vossloh's ability to pursue any of these alternatives. While Vossloh believes that it has sufficient cash flow from operations and other capital resources available to meet its payment obligations when falling due, there can be no assurance that any of these factors will not have a material adverse effect on its business, financial condition or results of operations.

1.1.24 Vossloh's indebtedness imposes restrictions which limit its operating flexibility and if Vossloh is not able to meet its covenants in its existing financing agreements, it may be unable to draw unused credit lines and the repayment of its outstanding debt may be accelerated.

Vossloh Aktiengesellschaft, among others, and Bayerische Landesbank, Commerzbank Aktiengesellschaft, Landesbank Baden-Württemberg and SEB AG entered into a EUR 500 million credit facilities agreement dated 23 April 2015 (the "**CFA**"), under which EUR 247 million were drawn as of 31 March 2016.

The CFA contains various event of defaults, mandatory prepayment obligations as well as a change of control provision (occurring if a person or a group of persons acting in concert acquires control over the shares carrying more than 30% or, if Heinz Hermann Thiele acquires control over the shares carrying more than 50% of the voting rights in the Company), which, in case the respective requirements are met, may lead to either a cancellation of any (undrawn) commitments and termination and repayment of the outstanding loans or, as the case may be, mandatory prepayments of the facilities.

Vossloh's CFA also contains covenants significantly restricting its ability, to, among other things:

- incur or guarantee additional indebtedness;
- make investments, grant or borrow loans or other restricted payments;
- grant collateral;
- make acquisitions;
- sell assets, including shareholdings;
- enter into certain transactions with affiliates; and
- merge, amalgamate or sell all or substantially all of Vossloh's assets.

These covenants or additional covenants in future indebtedness could limit Vossloh's financing options, the ability to pursue acquisitions and other business activities that may be in its interest or to grow its business, in particular in periods of downturns. In addition, the CFA contains a number of covenants that require Vossloh to maintain specified financial ratios regarding the maximum level of net indebtedness (leverage), financing expenses (interest cover) and equity ratio. Other credit facilities that Vossloh has entered or may enter into in the future may include similar financial covenants. A breach of any of these covenants, in particular the inability to comply with the required financial ratios, could result in a default under the CFA which would then become immediately due and payable, unless Vossloh can obtain waivers for the breach of any of the covenants and financial obligations thereunder. There can be no assurance that any such waivers would be granted. This may also lead to a so-called cross default event in relation to other present or future financial instruments which would then become immediately due and payable as well.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.1.25 Vossloh is exposed to risks associated with changes in currency exchange rates and hedging transactions/ positions.

As a result of Vossloh's international operations, it is subject to foreign exchange risks because it generates a significant portion of its sales and incurs a significant portion of its expenses in currencies other than the euro, predominantly in U.S. dollars, Chinese renminbi, as well as in several other currencies such as Australian dollars, British pounds, and Swedish krona. To the extent that Vossloh has significantly more costs than sales generated in a foreign currency, it is subject to exchange rate risk if the foreign currency in which the costs are paid appreciates against the currency in which sales are generated, because the appreciation effectively increases costs in that country. Fluctuations in foreign exchange rates could also enhance (or minimise) fluctuations in the prices of raw materials which Vossloh purchases from suppliers in foreign countries to a significant extent. Risks also arise for Vossloh on the sales side when exchange rates fluctuate, especially since it is not always possible to align costs in the same currency as revenues.

Vossloh hedges the majority of its foreign currency exposure (in particular its euro/U.S. dollar, euro/British pound, euro/Chinese renminbi) project-related on a short- and medium-term basis through forward exchange contracts matched to the currency flows. Hedging contracts can subject Vossloh to risks of losses if the values of the hedged currencies move other than Vossloh expected when it entered into the contracts or if a project is cancelled for any reason after a hedging contract already was concluded (as was the case in Vossloh's Core Components division in connection with a project in Mongolia in 2014). Vossloh may also not be able to hedge its foreign exchange rate risk effectively because of the application of accounting rules, unfavourable market trends or currency or derivative positions. Further, while Vossloh tries to limit its exposure to individual counterparties, it might face counterparty risks, i.e. the risk that a counterparty to a hedging transaction fails to fulfil its obligations. Furthermore, Vossloh may not always be able to adequately hedge against the currency risk on suitable terms in the future. Thus, Vossloh's hedging strategy may be partly or wholly unsuccessful.

Exchange rate fluctuations also affect the translated value of balance sheet and income statement positions of Vossloh's Group companies outside the Eurozone that are denominated in the relevant national currency, as these positions must be converted into euro in connection with the preparation of Vossloh's consolidated financial statements. As a result, exchange losses may arise due to this conversion (so-called translation risk).

In all of these cases, an adverse change in the exchange rate of the euro against the U.S. dollar or other relevant foreign currencies could have a material adverse effect on the financial position and results of operations of Vossloh.

1.1.26 Vossloh has pension obligations which may adversely affect its financial position.

Vossloh has made commitments to current and former employees with regard to company pension payments, both in the form of defined benefit and defined contribution pension plans. Only part of these pension plan commitments are covered by fund assets. The pension provisions recognised on the Company's consolidated statement of financial position for the obligations arising from such pension commitments vis-a-vis employees are determined on an actuarial basis by the projected unit credit method in accordance with IAS 19. In this context, Vossloh uses certain actuarial assumptions regarding, for example, mortality rates, discount rates, changes in salaries and pension levels and staff turnover. If these actuarial assumptions prove to be inaccurate or need to be revised, for example due to increasing longevity or further decline of discount rates, this could lead to an increase in the net present value of Vossloh's pension obligations and to additional provisioning requirements for Vossloh, thereby reducing Vossloh's equity.

Furthermore, in case pension plan commitments are covered by fund assets, the value of these assets could decrease and thus lead to additional provision requirements. In addition, the legal conditions governing the Group's pension obligations are subject to changes in applicable legislation or case law, which may also lead to new or more extensive pension obligations for the Group, or may impact the Group's previous calculations of its pension obligations.

Any of these factors or developments could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.2 Regulatory and Legal Risks

1.2.1 Vossloh must comply with strict customer requirements, international standards and national legislation.

Vossloh's industry is constantly evolving to meet international standards and/or national legislation imposed by government, regulatory and industry authorities.

Rail industry legislation includes manufacturing specifications and standards for fastening systems, switches as well as locomotive design, mechanical and maintenance standards, standards for railroad safety and other regulations and standards for products and services provided by Vossloh. The enactment of new legislation, such as, for example, the introduction of the European Train Control System (ETCS), a signalling, control and train protection system designed to replace the many incompatible safety systems currently used by European railways, may involve the use of new materials, changes to systems, the need for greater financial resources and other new requirements which could increase Vossloh's costs, render some of its technologies obsolete or adversely affect the economic value of its assets, which could have a material adverse effect on its financial condition and its results of operations. In addition, if Vossloh does not comply with rail legislation in force in the different jurisdictions Vossloh is active in, it could face the decommissioning of its products and/ or of its production facilities.

In addition, environmental laws and regulations may impose obligations to investigate and remediate or pay for the investigation and remediation of environmental contamination and compensate public authorities and private entities for related damages. If Vossloh breaches or fails to comply with these or any other requirements applicable to Vossloh, its business and/or its premises, which are complex, changing and more stringent over time, it could be fined or otherwise sanctioned by the relevant authorities. Non-compliance especially with environmental legislation may also lead to production down-times if compliance may not be achieved otherwise.

If Vossloh were to breach new or existing legislative or regulatory requirements, it could face sanctions and penalties that could have a negative impact on its financial condition. Although Vossloh has not been sanctioned or sued in connection with these issues, if they were to be discovered or to occur in the future, its revenues could decrease, its costs increase and its reputation could be adversely affected, all of which could result in a material adverse effect on its business, financial condition or results of operations.

1.2.2 Compliance breaches by Vossloh's employees or agents, including infringements of anti-bribery and corruption laws and competition laws, could result in investigations by public authorities, fines, additional payments of tax, damage claims, the termination of relationships with customers and reputational damage.

The Group encompasses numerous companies worldwide some of which operate in countries with underdeveloped or unstable political, legal and regulatory regimes as well as inconsistent enforcement of laws and regulations. In these countries, many of Vossloh's customers or ultimate end-users of products and services are government-owned and have monopoly or near-monopoly positions in their markets. These factors inherently entail the risk that, for example in connection with tender offers, anti-bribery and corruption laws and competition laws may be breached by individual Vossloh employees or agents with which Vossloh cooperates in the relevant markets. For example, Vossloh has initiated compliance investigations in the past which identified payments in local Group companies which may have been used to unduly influence the awarding of individual contracts. Despite various measures implemented by Vossloh to enhance its compliance management system and a strict "zero-tolerance" policy, it cannot be ruled out that these investigations as well as other current and future investigations conducted by the internal compliance department of Vossloh or public authorities will not reveal breaches of anti-bribery and corruption laws and competition laws by individual Vossloh employees or agents engaged by Vossloh.

Any such breaches may lead to legal proceedings against the Group, fines, sanctions, taxes, court orders affecting future conduct, forfeiture of profits, rescission of existing contracts, including its CFA and other financing agreements (unless Vossloh can obtain waivers for the breach of any respective covenants), exclusion by customers or countries from certain businesses, substantial claims by customers, loss of trade licenses or other restrictions, all of which might limit the Group's ability to pursue strategic projects and transactions that may be important for the business.

Furthermore, actual, alleged or suspected non-compliance with anti-bribery and corruption laws and competition laws could harm Vossloh's reputation and that of its management, lead to the loss of customers and have a negative impact on efforts to compete for new customer business.

The realisation of any of these risks as well as any of the factors or developments described above could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.2.3 Vossloh has been and continues to be subject to antitrust proceedings by competition authorities and claims for damages based on alleged anticompetitive behaviour. These procedures could result in antitrust fines and related damage claims exceeding the related provisions already recognised by Vossloh, the termination of relationships with customers, reputational damage and other adverse effects on Vossloh's business and financial position.

In recent years, Vossloh has been subject to various antitrust proceedings and currently continues to be subject to an antitrust proceeding by the Spanish competition authority. Vossloh is also currently the defendant in civil damage claims enacted by current and former customers based on alleged anticompetitive behaviour.

In 2012 and 2013, the German Federal Cartel Office ("**FCO**") imposed fines totalling EUR 134.5 million on four rail manufacturers and suppliers for allegedly concluding anticompetitive agreements between 2001 and 2011 to the detriment of Deutsche Bahn AG ("**DB**"). Besides ThyssenKrupp GfT Gleistechnik GmbH, TSTG Schienen Technik GmbH & Co. KG (a subsidiary of the voestalpine group), voestalpine BWG GmbH & Co. KG and Moravia Steel Deutschland GmbH also Stahlberg Roensch GmbH ("**SR**"), a subsidiary acquired by Vossloh in 2010 (which now belongs to Vossloh's Lifecycle Solutions division), was fined. The total fine imposed on SR of EUR 13 million was almost entirely assumed by the seller of SR (the "**Seller**"). As regards follow-on damage claims, in March 2016 the relevant Vossloh companies and the Seller have reached a settlement with DB (the "**Settlement**") for all SR deliveries and all associated potential damages. The settlement amount of a lower to mid-two-digit million range has been almost entirely assumed by the Seller. The settlement is still subject to the approval of the awarding authorities (*Zuwendungsgeber*). Approvals are expected to be granted until end of June 2016. However, even with the bilateral settlement reached among DB, Vossloh and the Seller, DB will continue to claim damages in court in relation to deliveries made by companies other than SR against SR, the Seller and Moravia Steel Deutschland GmbH as well as its parent company (together "**Moravia**") in their capacity as joint debtors. As of the date of this prospectus, Vossloh expects that DB will continue to claim an amount of approximately EUR 234.9 million (plus interest). Should DB eventually prevail with this claim, Vossloh may be exposed to liabilities resulting from such continued damage claim on a joint and several basis and to the risk of being unable to fully recover such amounts from the other members of the cartel and the Seller for which no provisions have been recognised by Vossloh.

In July 2013, the FCO imposed fines on eight German corporations for allegedly anticompetitive agreements concluded between 2001 and 2011 to the detriment of local public transport companies, private, regional and industrial railways and construction companies. In this context in March 2016, the FCO imposed a fine of approx. EUR 3.5 million on Vossloh Laeis GmbH, which belongs to Vossloh's Customized Modules division. Even though Vossloh Laeis GmbH paid the fine, it has lodged an appeal against the decision by the FCO. Various customers of the members of the alleged cartel filed follow-on damage claims, among others against Vossloh Laeis GmbH. In addition, one further subsidiary of Vossloh and one joint venture in which Vossloh owns an equity interest have been or currently are subject to proceedings by the German, Luxembourg and Spanish competition authorities in connection with alleged anticompetitive agreements relating to the switches product segment. In Germany and Luxembourg full immunity from fines has been granted by the FCO and the Conseil de la concurrence. In the context of these proceedings, two customers of Vossloh claimed for damages.

In relation to these proceedings and the unsettled damage claims, Vossloh, its affected subsidiaries and the joint venture recognised provisions of in total EUR 7.2 million in their respective unaudited financial statements as of 31 March 2016 in relation to a potential fine by the Spanish competition authority, civil damage claims and legal costs. If the Spanish competition authority imposes a higher fine than currently anticipated or if civil claims for damages are successfully pursued (and in particular if Vossloh would be successfully held jointly and severally liable for potential damages), Vossloh, its subsidiaries and the joint venture may be exposed to liabilities in excess of the provisions already recognised and to the risk of being unable to fully recover such higher amounts from the other members of the relevant alleged cartel.

Furthermore, the pending and potential future antitrust proceedings and investigations could materially adversely affect Vossloh in a variety of ways. For example, they could result in (i) the imposition of significant fines by one or more authorities (with the amount of such fine depending on a variety of factors, but usually being based on the turnover of the respective company), (ii) third parties (such as competitors and customers) initiating substantial civil litigation claiming damages caused by anticompetitive practices, (iii) blacklisting by former customers, the termination of relationships with customers, negative impacts on existing customer business and negative impacts on efforts to compete for new customer business, whereby customers could, for example, demand for a general compensation in purchase negotiations, demand for re-negotiating existing contracts or invoke clauses in purchase contracts providing for a general compensation in case of antitrust infringements, (iv) reputational damage for Vossloh, including its management, and (v) consequences for the employment contracts of executives and employees of Vossloh.

Although Vossloh has taken remedial actions with respect to the findings from external and internal investigations and various measures to enhance its compliance systems (such as the implementation of stricter internal control systems, changes to relevant policies and procedures and the enhancement of regular compliance trainings and instructions as well as a code of conduct that is binding on all employees), it cannot be excluded that similar consequences may arise from further instances, such as further internal and external investigations or potential damage claims from customers and/or third parties.

The realisation of any of these risks as well as any of the factors or developments described above could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.2.4 Vossloh's international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the EU and other jurisdictions.

Vossloh's international operations could expose it to trade and economic sanctions or other restrictions imposed by the United States or other governments or organisations, including the United Nations, the European Union and their member countries. In particular, the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers certain laws and regulations that impose restrictions upon U.S. companies and persons and, in some contexts, foreign entities and persons, with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of such sanctions laws and regulations. In compliance with the applicable sanctions, Vossloh is currently active and intends to take up further services in the Russian and Iranian rail infrastructure and rolling stock market. Under economic and trading sanction laws, governments may seek to impose modifications to business practices, and modifications to compliance programs, which may increase compliance costs, and may subject Vossloh to fines, penalties and other sanctions.

Vossloh is monitoring developments in the United States, the European Union and other jurisdictions that maintain sanction programs, including developments in the implementation and enforcement of such sanctions programs. Sanctions programs, embargoes and other restrictions in the future (including additional designations of countries subject to sanctions) may be expanded or modified in the future. If any of the risks described above materialise, this could have a material adverse effect on the business, financial position and results of operations of Vossloh.

1.2.5 Vossloh could be unsuccessful in adequately protecting its intellectual property, technological know-how and trademarks and there is a risk that it might infringe the intellectual property rights of others.

Vossloh's products are highly dependent upon its technological know-how. Vossloh has obtained or applied for a number of intellectual property rights, such as patents. The process of seeking patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide Vossloh with meaningful protection or commercial advantage. While there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective and that possible patent claims can be enforced to the degree necessary or desired. In particular, intellectual property rights are difficult to enforce in Asia and certain other countries, since the application and enforcement of laws governing such rights adhere to a different standard in these countries than in other jurisdictions in which Vossloh operates, such as Germany. If a patent does not provide meaningful protection, either because it is invalid or ineffective, there is the risk that competitors may copy Vossloh's know-how without incurring any expenses of their own. Moreover, a major part of Vossloh's know-how and industrial secrets is not patented or cannot be protected through intellectual property rights and Vossloh may not be able to obtain protection for its know-how and intellectual property in cases where customers require multiple sourcing options of products which Vossloh offers. From time to time, Vossloh also decides not to apply for patent protection with regard to some of its inventions and/or in some countries/regions of the world for other reasons, including an assumed cost-benefit ratio.

Vossloh's intellectual property rights may also be vulnerable to misappropriation by employees, contractors and other persons. Further, trade secrets and know-how that cannot effectively be safeguarded through a patent registration as well as other unpatented proprietary know-how might be disclosed to third parties. Any realisation of the aforementioned risks could have a material adverse effect on Vossloh's business, financial condition and results of operations.

Since Vossloh's competitors, suppliers and customers submit a large number of inventions for intellectual property protection, and since it is not always possible to determine with certainty whether there are effective and enforceable third-party intellectual property rights pertaining to certain processes, methods or applications, there is a potential risk that Vossloh could infringe the intellectual property rights of third parties. Accordingly, third parties could assert infringements of intellectual property rights, including illegitimate ones, against Vossloh. As a result, Vossloh could be required to cease manufacturing, using or marketing certain technologies or products in certain countries or be forced to incur licensing costs or make changes to manufacturing processes and/or products, or litigate the scope or validity of patents in order to be permitted to sell its products (see below under "*1.2.6 Vossloh is subject to risks from legal and arbitration proceedings*"). In addition, Vossloh could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties.

Furthermore, Vossloh relies on trademarks in order to protect its brands. There can be no guarantee that Vossloh will be able to protect its trademarks in the future. If Vossloh's trademarks cannot be adequately protected, this could hinder or completely eradicate its technological advancement and market reputation and thus significantly impair its competitiveness.

The realisation of any of the risks related to Vossloh's intellectual property could have a material adverse effect on its business, financial condition and results of operations.

1.2.6 Vossloh is subject to risks from legal and arbitration proceedings.

Vossloh is, and may in the future be, involved in a number of legal and arbitration proceedings. Such proceedings could involve substantial claims for damages relating to, for example, product liability, breach of warranty obligations, contractual penalties for late delivery or disputes over termination of contracts, or could involve the payment of fines or other payments. Due to the size and market share of Vossloh's business, it is also subject to antitrust and competition laws in some of the markets in which it operates and may be subject to regulatory scrutiny and legal proceedings in these jurisdictions (see above "*1.2.3 Vossloh has been and continues to be subject to antitrust proceedings by competition authorities and claims for damages based on alleged anti-competitive behaviour. These procedures could result in antitrust fines and related damage claims exceeding the related provisions already recognised by Vossloh, the termination of relationships with customers, reputational damage and other adverse effects on Vossloh's business and financial position.*"). Currently, Vossloh has a number of litigation matters pending, including a patent infringement proceeding, initiated by Bombardier Transportation Austria GmbH against Vossloh Kiepe GmbH and Vossloh ESP for the alleged infringement of the European patent EP 1 171 336 (concerning low-floor rail vehicles).

Vossloh cannot assure that it will succeed in defending these, other pending or future claims, that judgments will not be rendered against it with respect to any or all of these proceedings or that reserves it has set aside and cover taken out under the respective insurances will be adequate to cover any such judgments, as Vossloh's insurance cover would not protect it from any adverse financial consequences of such events. Vossloh could incur a charge to its earnings if its reserves prove to be inadequate for any such judgment. The realisation of any of these risks could have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.2.7 Vossloh could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials and waste.

Many of the sites at which Vossloh operates has been used for industrial purposes for many years, leading to risks of contamination and potentially involving remediation obligations, regardless of whether Vossloh is the legal owner or is merely using the respective property, and irrespective of whether Vossloh caused the contamination or acted with fault. Moreover, Vossloh could be held responsible for the remediation of areas adjacent to its sites if these areas were contaminated due to its activities, or if Vossloh were to be found the polluter of these areas.

The responsible authorities could assert claims against Vossloh as the polluting party, owner or occupant of the affected plots for the examination or remediation of such soil and/or groundwater contamination or could order Vossloh to dispose of or treat contaminated soil excavated in the course of construction. Vossloh could also be required to indemnify the owners of plots currently or formerly leased by it or of other properties if the authorities were to pursue claims against the relevant owner of the property and if Vossloh had caused the contamination. Costs typically incurred in connection with such claims are generally difficult to predict but may be substantial. Moreover, if any contamination were to become a subject of public discussion, there is a risk that Vossloh's general reputation or Vossloh's relationships with its customers could be harmed. Vossloh faces similar risks with respect to former sites, which it has since sold. Even if Vossloh has contractually excluded or limited Vossloh's liability vis-à-vis a purchaser, it could be held responsible for currently unknown contamination on properties that it previously owned or used. The realisation of any of these risks could have a material adverse effect on its business, financial condition and results of operations.

1.2.8 Vossloh is exposed to tax risks and its tax burden could increase due to changes in tax law or their application or interpretation, or as a result of current or future tax audits.

The tax burden of Vossloh is dependent on certain aspects of the tax laws across several different jurisdictions and their application and interpretation. Changes in tax laws or their interpretation or application or in the amount of taxes imposed on companies, could increase the future tax burden. As a result of current or future tax audits or other review actions by the relevant financial or tax authorities, original tax assessments could be revised and/or additional taxes, including interest and penalty payments or social security payments, could be assessed in relation to future or previous tax assessment periods which could lead to an increase in the tax obligations of Vossloh, either as a result of the relevant tax payment being assessed directly against Vossloh or as a result of Vossloh becoming liable for the relevant tax as a secondary obligor due to the primary obligor's (such as, for example, an employee) failure to pay.

This may be due to an interpretation or view of laws and/or facts by tax authorities in a manner deviating from the Company's view. Due to its international focus, the Group is exposed to tax risks, in particular with regard to the transfer pricing rules that apply in several jurisdictions and in relation to cross border business relationships. Pursuant to such rules, related enterprises are obligated to conduct any inter-company transactions on conditions which would also apply among unrelated third parties concluding comparable agreements ("at arm's length principle") and to provide sufficient documentation thereof, subject to the rules applicable to them in the relevant jurisdiction. The possibility that the tax authorities will challenge Vossloh's compliance with applicable transfer pricing rules cannot be ruled out. Furthermore, transfer pricing risks may increase in the future as intra-group cross-border business grows.

Vossloh is currently the defendant in a civil damage claim based on alleged anticompetitive behaviour of SR and in this connection reached the Settlement with DB (see above "*1.2.3 Vossloh has been and continues to be subject to antitrust proceedings by competition authorities and claims for damages based on alleged anticompetitive behaviour. These procedures could result in antitrust fines and related damage claims exceeding the related provisions already recognised by Vossloh, the termination of relationships with customers, reputational damage and other adverse effects on Vossloh's business and financial position*"). Due to the indemnification of Vossloh by the Seller, who assumed the settlement amount almost entirely, and the treatment for tax purposes as a decrease of the purchase price when certain partnerships of the former SR group have been bought in 2010 the German tax book values of these partnerships of the SR business will have to be stepped-down, with the result that Vossloh's overall tax liability may increase and tax payments both for the past and for future years in a low one-digit million EUR amount may become due.

The Company as well as the German and other foreign subsidiaries belonging to the Group are subject to tax audits by the respective tax authorities on a regular basis. The most recent tax audits of the German companies of the Group comprised the fiscal years 2008 through 2011 for the Company, and most subsidiaries belonging to the German tax group, and are expected to be completed in 2016. Foreign subsidiaries are subject to the audit requirements of the respective foreign tax authorities.

Heinz Hermann Thiele currently holds 40.79% in Vossloh as notified on 21 December 2015. In case he acquires additional shares so that he acquires more than 50% of the outstanding shares in Vossloh within a time period of five years, the full amount of German tax losses and German interest carried forward would be forfeited and Vossloh could be required to write down deferred tax assets on losses and interest carried forward. Moreover, the acquisition of shares by Heinz Hermann Thiele could result in a partial forfeiture of losses and interest carried forward if and to the extent he had acquired or will acquire (in one or multiple transactions) shares representing more than 25% of the shares in the Company within a period of five years.

As a result of current or future tax audits or other reviews by the tax authorities, additional taxes (including withholding taxes, real estate transfer tax, capital duty and stamp duty) could be assessed on Group companies (for example, in connection with restructuring measures, transaction costs, refund of input-VAT or with intra-group pricing terms) or tax losses carried forward could be reduced, which could lead to an increase in Vossloh's tax obligations and thus, have a material adverse effect on Vossloh's financial condition and results of operations.

1.2.9 Heinz Hermann Thiele, Vossloh's major shareholder, can exercise control over Vossloh and its business activities, and conflicts of interest between Heinz Hermann Thiele and Vossloh could be resolved in a manner unfavourable to Vossloh and/or to other shareholders of Vossloh.

Heinz Hermann Thiele currently indirectly owns 5,435,461 shares in the Company, representing 40.79% of Vossloh's outstanding ordinary shares. As a result of the Offering, assuming (i) that 2,642,147 New Shares are issued and (ii) that Heinz Hermann Thiele will exercise all of his subscription rights with the exception of 114,555 subscription rights, which he has agreed to waive to allow for an even subscription ratio, Heinz Hermann Thiele will indirectly hold 6,499,642 shares, or approximately 40.71% of Vossloh's outstanding ordinary shares. However, at the end of the Subscription Period, Berenberg will either acquire from the market and deliver 114,555 subscription rights to Heinz Hermann Thiele or sell 22,911 Rump Shares to Heinz Hermann Thiele or acquire from the market and sell Heinz Hermann Thiele 22,911 existing Company shares ex-subscription rights (*ex Bezugsrecht*) (which, in each case, equals the exercise of 114,555 subscription rights) at the subscription price. Assuming Heinz Hermann Thiele exercises all 114,555 subscription rights or is delivered 22,911 existing Company shares, as the case may be, the shareholding of Heinz Hermann Thiele will also increase by 0.14% in comparison to before the capital increase and amount to 40.85%.

Heinz Hermann Thiele currently indirectly possesses and – following the completion of the Offering – will continue to possess sufficient voting power to approve resolutions of Vossloh's general shareholders meeting, which require a simple majority of votes, and is and – following the completion of the Offering – will continue to be able to do so irrespective of how the other shareholders in attendance vote. Such simple-majority resolutions include, for example, decisions concerning the election and removal of supervisory board members elected by the shareholders and decisions concerning the payment of dividends. Under German corporate law, certain corporate matters (such as creating authorised or contingent capital, amending the corporate purpose, as well as undergoing mergers, spin-offs and a transformation into another legal form) require the consent of at least three-quarters of the registered share capital represented at the meeting. If, at any general shareholders meeting, at least three-quarters of the registered share capital in attendance is (directly or indirectly) attributable to Heinz Hermann Thiele (because of the low attendance by the other shareholders), then Heinz Hermann Thiele may exercise its voting power to adopt resolutions requiring by law a qualified majority of the registered share capital represented at the meeting. Moreover, Heinz Hermann Thiele could block the adoption of resolutions by the general shareholders meeting. In particular, this blocking power exists in the case of resolutions, requiring a qualified majority of the registered share capital represented at the meeting.

Furthermore, since Heinz Hermann Thiele already holds more than 30% of the voting rights in the Company, he will not be required to submit a mandatory tender to shareholders of the Company in case he further increases his shareholding in the Company.

In addition, conflicts of interest between Heinz Hermann Thiele and Vossloh could be resolved in a manner unfavourable to Vossloh and/or to other shareholders of Vossloh. Heinz Hermann Thiele controls Knorr-Bremse AG, a supplier of Vossloh in the areas of break and air conditioning systems. This could create or appear to create potential conflicts of interest, in particular when Heinz Hermann Thiele is faced with decisions that could have different implications for Knorr-Bremse AG and Vossloh Aktiengesellschaft, for example with regard to corporate opportunities, including the allocation of potential business opportunities that both Vossloh and Knorr-Bremse AG find attractive, and which would complement its respective businesses.

Although Vossloh Aktiengesellschaft is a separate entity with its own management and supervisory boards, as long as Heinz Hermann Thiele is the majority shareholder, he may from time to time make strategic decisions that he believes are in the best interests of his businesses activities as a whole, including his controlling stake in Vossloh Aktiengesellschaft. These decisions may be different from the decisions that Vossloh would have made independently and could have a material adverse effect on Vossloh's business, financial condition and results of operations.

1.3 Risks Related to the Profit Forecast, Shares and the Offering

1.3.1 Forecasts and prospects concerning the Group could materially deviate from the results actually generated by the Group.

The forecast contained in this Prospectus is based on certain assumptions made by the management. These assumptions relate to factors which are beyond Vossloh's control or which it can control only to a very limited extent. Even if these assumptions are, in Vossloh's opinion, reasonable at the present time, they may in future prove to be inappropriate or incorrect. The same applies to future forecasts published by Vossloh. Should one or more of these assumptions prove to be inappropriate or incorrect, future profits could materially deviate from the forecast made by Vossloh, which could have a significant adverse impact on the price of its shares.

1.3.2 Active trading in the subscription rights might not develop, and the subscription rights could be subject to greater price fluctuations than the Company's shares.

The Company intends to provide for the subscription rights to be traded during the period from 31 May 2016 up to and including 10 June 2016 in the regulated market segment (*Regulierter Markt*) (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company has not applied for admission or inclusion of the subscription rights to trading on any other stock exchange and does not intend to do so. There is no guarantee that active trading of the subscription rights will develop on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) or that sufficient liquidity will be available during the subscription rights trading period. The market price of the subscription rights will depend, among other things, on the subscription price and the market price of the Company's shares, and will likely be subject to significantly greater price fluctuations than the market price of the Company's shares.

1.3.3 The holdings of shareholders who do not participate in the offering will be substantially diluted, i.e. the value of their shares and their control rights will be negatively impacted.

Subscription rights that are not exercised by and including 14 June 2016, 12:00 CEST will expire valueless. If a shareholder fails to exercise his or her subscription rights, such shareholder's proportionate share of the total equity will decline. If a shareholder also fails to sell his or her subscription rights, such shareholder will sustain a monetary dilution in the amount of the value of the subscription rights.

1.3.4 The offering may expire and the subscription rights may become worthless if Berenberg terminates the underwriting agreement for the New Shares or the Offering is canceled by the Company.

The Company and Berenberg have concluded an underwriting agreement, pursuant to which Berenberg has undertaken to offer the New Shares to the Company's shareholders for subscription. The underwriting agreement is subject to a number of conditions and can be terminated by Berenberg under certain circumstances. If the underwriting agreement is terminated after the commencement of the Offering but before the capital increase has been registered in the commercial register, the offering will lapse and the shareholders' subscription rights will expire. The same applies in case the Company decides not to carry out the Offering prior to the registration of the implementation of the capital increase in the commercial register. In these cases, subscription rights trading transactions will not be reversed and investors that have acquired subscription rights for the New Shares over a stock exchange would suffer a complete loss. Subscription declarations for New Shares already made would be invalid. Should short sales have already occurred at the time of such an expiry of the offering, the short-seller of the shares would bear the risk of not being able to meet its obligation to deliver New Shares. The Company will receive no issue proceeds in the event of a termination of the underwriting agreement.

1.3.5 Future capital measures could lead to substantial dilution, i.e. a reduction in the value of existing shareholders' interests in the Company.

The Company may require additional capital in the future to finance its business operations and growth or to repay its debts. Both the raising of additional equity through the issuance of new shares as well as the potential exercise of conversion and option rights by holders of any convertible bonds or bonds with warrants that may be issued in the future may dilute shareholder interests.

Additionally, such dilution may arise from the acquisition of other companies or investments in companies in exchange, fully or in part, for newly issued shares of the Company, as well as from the exercise of stock options by the Company's employees in the context of future stock option programmes or the issuance of shares to employees in the context of future employee participation programmes.

1.3.6 Any future sales of the Company's shares by a major shareholder of the Company could depress the market price of the shares.

Shareholders may sell their shares in the Company entirely or in part for various reasons, including to diversify their investments. If one or more of the Company's major shareholders were to sell substantial amounts of the Company's shares on a public exchange or if market participants were to believe that such sales might occur, this could have a material adverse effect on the market price of the Company's shares.

1.3.7 The share price and trading volume of the Company's shares may fluctuate significantly, which can result in substantial losses if shares need to be sold.

In the past, the market price of the Company's shares has been volatile and characterised by fluctuating trading volumes and may continue to show such movements in the future. If the Company's share price declines, investors may be unable to resell the Company's shares at or above their purchase price. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the Company's share price or result in fluctuations in the price or trading volume of the Company's shares include, for example: changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, negative analysts' coverage or negative press, investors' evaluation of the success and effects of the strategy described in this Prospectus and evaluation of the related risks, unfavourable developments in litigation, governmental investigations and administrative proceedings in which Vossloh may be involved, changes in general economic conditions, changes in shareholders and other factors. Additionally, general fluctuations in share prices, particularly of shares of companies in the same sector, could lead to pressure on the Company's share price, even where there may not necessarily be a reason for this in the Group's business or earnings outlook.

1.3.8 The Company's ability to pay dividends depends on a variety of factors.

The Company may only pay dividends if it has sufficient distributable profits as calculated in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, HGB). The Company is a holding company with no significant assets other than direct and indirect interests in the subsidiaries through which it conducts its operations. Therefore, its ability to pay dividends to a large extent depends on the receipt of sufficient funds from its subsidiaries.

The annual dividend proposal to the general shareholders' meeting is subject to the development of the Group's business. The required capital base for growth initiatives and the current business prospects are taken into account. There can be no assurance that dividends in line with the current dividend policy will be paid in the future or that dividends will be paid at all.

In addition, payments and transfers of funds (also by way of cash pooling arrangements) to the Company by its subsidiaries in order to enable dividend payments may become restricted by regulation of law or otherwise. Furthermore, payments may become restricted, directly or indirectly, by the terms of Vossloh's credit facilities. There can be no assurance that any future credit agreements will not contain such restrictions.

In order to strengthen Vossloh's equity base and to secure future growth, no distributions of profits or reserves were made to shareholders of the Company for the fiscal year 2015.

For the fiscal year 2016, Vossloh's Management Board will determine in early 2017 whether it will propose a distribution of profits to Vossloh's general shareholders' meeting. As a general policy, Vossloh aims to pay dividends to its shareholders and will actively evaluate the potential for future dividends, taking into account the interests of its shareholders and the interests of the company to support further growth and development of its business.

1.3.9 The rights of shareholders in a German company may differ from the rights of shareholders in companies organised under the laws of other jurisdictions.

The Company is incorporated in Germany and governed by German law. The rights of shareholders in such a company are based on its articles of association and applicable laws and regulations and may differ from the rights of shareholders of stock corporations or European companies organised under the laws of other jurisdictions. As such, it may be difficult or impossible to enforce rights against the Company that may be common in other jurisdictions.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Vossloh Aktiengesellschaft, with its registered office at Vosslohstraße 4, 58791 Werdohl, Germany, and registered with the commercial register of the local court (*Amtsgericht*) of Iserlohn under docket number HRB 5292 (the "**Company**", and, together with its consolidated subsidiaries, "**Vossloh**" or the "**Group**"), together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg**") assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 5 para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz)*, and declare that the information contained in this Prospectus is, to the best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area.

The information in the Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and that occurs or comes to light following the approval of the Prospectus but before admission of the securities for trading. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 of the German Securities Prospectus Act.

The offering to which this Prospectus relates is only addressed to the existing shareholders of the Company and the level of disclosure included in this Prospectus is proportionate to this type of issue.

2.2 Purpose of this Prospectus

For the purpose of the public offering of new shares in Germany and Luxembourg exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares during a period starting on 31 May 2016 and ending on 14 June 2016, 12:00 CEST, this prospectus relates to 2,642,147 bearer shares with no-par value (*Stückaktien*) to be newly issued from a capital increase against contribution in cash resolved by the management board of the Company (the "**Management Board**") on 24 May 2016 following authorisation by the supervisory board of the Company (the "**Supervisory Board**") on 24 May 2016, expected to be registered with the commercial register on 15 June 2016, utilising the Company's authorised capital of up to EUR 7,500,000 resolved by the general shareholders' meeting on 28 May 2014 (the "**Authorised Capital**"), each such share representing a notional value of approximately EUR 2.84 and carrying full dividend rights from, and including, the fiscal year starting 1 January 2016 (the "**New Shares**").

For the purpose of admission to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and of admission to trading on the regulated market segment (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*), this prospectus relates to 2,642,147 New Shares.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on the Group's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. Statements made using words such as "predicts", "forecasts", "plans", "endeavours" or "expects" may be an indication of forward-looking statements.

The forward-looking statements in this Prospectus are subject to risks and uncertainties as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections entitled "*1. Risk Factors*", "*9. Markets and Competition*", "*10. Business*" and "*Recent Developments and Outlook*", and wherever information is contained in the Prospectus regarding the Group's intentions, beliefs or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which Vossloh is subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see "*2.6 Sources of Market Data*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- changes in general economic conditions in the markets in which the Group operates;
- changes affecting interest rate levels;
- changes in the competitive environment and in the competition level;
- changes affecting currency exchange rates;
- changes in tax regimes;
- the occurrence of terrorist attacks, accidents, natural disasters, fire, environmental damage or systemic delivery failures;
- inability to attract and retain qualified personnel;
- strikes;
- political changes; and
- changes in laws and regulations.

Moreover, it should be noted that neither the Company nor Berenberg are obliged, except as required by law, to update any forward-looking statement or to confirm any such statement in light of actual events or developments.

2.4 Note on Financial Information

Unless otherwise stated, the financial information related to the Group contained in this Prospectus is based on International Financial Reporting Standards as adopted by the European Union ("**IFRS**") on the reporting date of the respective consolidated financial statements. The financial information included in this Prospectus relating to the Company's financial statements is taken or derived from the Company's unaudited consolidated financial statements (IFRS) as of and for the three months ended 31 March 2016, the audited consolidated financial statements (IFRS) as of and for the fiscal year ended 31 December 2015 and from the Company's audited unconsolidated annual financial statements prepared in accordance with German GAAP (*Handelsgesetzbuch*) as of and for the fiscal year ended 31 December 2015. The aforementioned financial statements are reprinted in the "*Financial Information*" section of this Prospectus.

Vossloh España S.A.U., Spain, was disposed of as of 31 December 2015. In this connection, the former business unit "Rail Vehicles" under Vossloh's Transportation division was deconsolidated. In order to allow for a meaningful comparison of the financial condition and results of operations for the three-month periods ended 31 March 2016 and 31 March 2015, respectively, the former business unit "Rail Vehicles" is presented as "discontinued operations" for the comparable figures for the three months ended 31 March 2015 in the unaudited consolidated financial statements as of and for the three months ended 31 March 2016, even though this was not the case as of 31 March 2015. Therefore, comparable figures for the three month period ended 31 March 2015 included in the unaudited consolidated financial statements as of and for the three months ended 31 March 2016 deviate from the figures included in the unaudited financial statements as of and for the three month period ended 31 March 2015 (not included in this Prospectus). Where financial data in the Prospectus is labelled "audited", this means that it has been extracted from the audited financial statements mentioned above. The label "unaudited" is used in the Prospectus to indicate financial data that has not been taken from the audited financial statements mentioned above but was taken either from the Company's unaudited condensed interim consolidated financial statements or the Company's accounting or controlling records, or is based on calculations of these figures.

All of the financial data presented in the Prospectus are shown in millions of euro (in EUR million), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial information presented in parentheses denotes the negative of such number presented.

2.5 Sources of Market Data

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates is based on the Company's assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies.

The following sources were used in the preparation of this Prospectus:

- "World Rail Market Study", forecast 2014-2019, by the Association of the European Rail Industry and conducted by Roland Berger Strategy Consultants ("**UNIFE Report**");
- "World Rail Market Study", forecast 2012-2017, by the Association of the European Rail Industry and conducted by Roland Berger Strategy Consultants;
- "Worldwide market for railway industries", 2014, by SCI Verkehr GmbH ("**SCI Report**");
- "Diesel Locomotives – Global market trends", 2014, by SCI Verkehr GmbH („**SCI Diesel Locomotives Report**");
- Verband der Bahnindustrie Deutschland (Association of the German Railway Industry e. V., ("**VDB**") press releases April 2013: Railway industry with large turnover in 2012 but leaving growth course / Rail infrastructure in Germany dramatically underfinanced; April 2014: Railway industry achieved order record in 2013 / Commercial framework conditions criticised / Railroads blatantly underfinanced"; and April 2015: Railway industry achieved turnover record in 2014 / Orders fell short of expectations / "Coalition must handle regionalisation funds reliably";
- "Rail Track Systems 2015", by SCI Verkehr GmbH ("**SCI RTS Report**"); and
- "Entwicklung und Umsetzung des neuen, optimierten Schleifverfahren HSG (High Speed Grinding) für Schienen", 2007 by Technische Universität Berlin.

It should be noted in particular that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned market studies and other sources. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is in its nature speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and Berenberg (see "*2.1 Responsibility Statement*"), neither the Company nor Berenberg have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and Berenberg make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.6 Documents Available for Inspection

For the period during which this Prospectus is valid, the Company's articles of association (the "**Articles of Association**") and the profit forecast for the current fiscal year of Vossloh Aktiengesellschaft will be available for inspection during regular business hours at the Company's offices at Vosslohstraße 4, 58791 Werdohl, Germany (phone +49 (0) 239-252-0) and on the Internet at http://www.vossloh.com under the section Investor Relations.

2.7 Currency Presentation

In this Prospectus, "**euro**" and "**EUR**" refer to the single European currency adopted by certain participating member states of the European Union, including the Federal Republic of Germany ("**Germany**").

3. THE OFFERING

3.1 Subject Matter of the Offering

The offering relates to a subscription offer (*Bezugsangebot*) of the Company of 2,642,147 new bearer shares with no-par value (*Stückaktien*), each such share representing a notional value of approximately EUR 2.84 of the Company's share capital and carrying full dividend rights from 1 January 2016, which will be offered exclusively to existing shareholders of the Company for subscription at a ratio of 5:1 (that is, five existing shares of the Company entitle their holder to subscribe for one New Share) at the subscription price (the "**Subscription Offer**"). The New Shares originate from a resolution passed by the Management Board on 24 May 2016, following authorisation by the Supervisory Board on 24 May 2016, relating to an increase of the Company's share capital from EUR 37,825,168.86 by EUR 7,499,998.61 to EUR 45,325,167.47 against contribution in cash utilising the Authorised Capital through the issue of 2,642,147 New Shares, each with a notional value of approximately EUR 2.84, with indirect subscription rights for existing shareholders. The consummation of the capital increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Iserlohn, Germany, and the New Shares are expected to be issued on 15 June 2016.

In the Federal Republic of Germany and the Grand Duchy of Luxembourg only, the Subscription Offer will take the form of a public offering exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares. Any New Shares that are not subscribed for in the Subscription Offer (the "**Rump Shares**") will be offered by Berenberg for sale to qualified investors in private placements in Germany and other selected jurisdictions (the "**Rump Placement**" and together with the Subscription Offer, the "**Offering**") outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**").

The Offering is based on the underwriting agreement dated 24 May 2016, among the Company and Berenberg (the "**Underwriting Agreement**"), which provides for a firm underwriting of the New Shares not sold in the Offering by Berenberg. The Offering is subject to, among other things, registration of the implementation of the capital increase in the commercial register of the local court (*Amtsgericht*) of Iserlohn, which is expected to occur on 15 June 2016.

Heinz Hermann Thiele, the chairman of the Supervisory Board and major shareholder of the Company holding 40.79% voting interest, will participate in the Offering and exercise all of his subscription rights. However, in order to ensure an even subscription ratio, Heinz Hermann Thiele has agreed to waive 114,555 subscription rights. As a result, the shareholding of each existing shareholder of the Company who fully exercises its statutory subscription rights, will increase by 0.14%. At the end of the Subscription Period, however, Berenberg will either acquire from the market and deliver 114,555 subscription rights to Heinz Hermann Thiele or sell 22,911 Rump Shares to Heinz Hermann Thiele or acquire from the market and sell Heinz Hermann Thiele 22,911 existing Company shares ex-subscription rights (*ex Bezugsrecht*) (which, in each case, equals the exercise of 114,555 subscription rights) at the subscription price. Assuming Heinz Hermann Thiele exercises all 114,555 subscription rights or is delivered 22,911 existing Company shares, as the case may be, the shareholding of Heinz Hermann Thiele will also increase by 0.14% in comparison to before the capital increase and amount to 40.85%.

Under certain circumstances, the Offering may be terminated prematurely. See below, "*3.3 Subscription Offer*".

3.2 Timetable

The anticipated timetable for the Subscription Offer and for the admission to trading of the New Shares on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) and for the admission to trading on the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) is as follows:

30 May 2016	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**BaFin**")
	Notification of the approved Prospectus to the competent authority in Luxembourg (*Commission de Surveillance du Secteur Financier*) ("**CSSF**") Publication of the Prospectus on the Company's website
30 May 2016	Publication of the Subscription Offer in the German Federal Gazette (*Bundesanzeiger*)

31 May 2016	Booking of the subscription rights of the Company's shareholders based on their holdings as of the evening of 30 May 2016 Commencement of the subscription period and trading of subscription rights
6 June 2016	Applications for admission to trading of the New Shares on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) and for the admission to trading on the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*)
10 June 2016	End of subscription rights trading (about 12:00 (noon) CEST)
14 June 2016	End of the subscription period (12:00 (noon) CEST) Last day for payment of the subscription price Rump Placement of the News Shares which are not subscribed
15 June 2016	Announcement of the results of the Subscription Offer on the Company's website Registration of the consummation of the capital increase in the commercial register of the local court (*Amtsgericht*) of Iserlohn Publication of the admission in the German Federal Gazette (*Bundesanzeiger*) and at http://www.deutsche-boerse.com, the website of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and at https://www.boerse-duesseldorf.de, the website of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*)
16 June 2016	Admission of the New Shares to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) and to trading of the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*)
17 June 2016	Book-entry delivery of the New Shares Inclusion of the New Shares in the Company's current stock quotations on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) and on the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*)

The Prospectus will be published on the Company's website at www.vossloh.com (section: "Investor Relations"). Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Vossloh Aktiengesellschaft, Vosslohstraße 4, 58791 Werdohl, Germany (phone +49 (0) 239-252-0).

Information on the website listed in this section and information accessible via these websites is neither part of nor incorporated by reference into this Prospectus.

3.3 Subscription Offer

The following is an English translation of the German-language Subscription Offer. The German language version is expected to be published in the German Federal Gazette (*Bundesanzeiger*) on 30 May 2016:

"Vossloh Aktiengesellschaft"

Werdohl, Germany

(ISIN DE 0007667107/WKN 766710)

Subscription Offer

The general shareholders meeting of Vossloh Aktiengesellschaft (the "**Company**") adopted a resolution on 28 May 2014, which was entered in the commercial register on 8 July 2014, authorising the management board of the Company (the "**Management Board**"), subject to the approval of the supervisory board of the Company (the "**Supervisory Board**"), to increase the Company's share capital by up to EUR 7,500,000 in the period up to 27 May 2019, by issuing new bearer shares with no-par value against cash and/or in kind contributions on one or several occasions (Authorised Capital).

In exercising this authorisation, on 24 May 2016, the Management Board resolved, following authorisation by the Supervisory Board on 24 May 2016 to increase the Company's share capital from EUR 37,825,168.86 by EUR 7,499,998.61 to EUR 45,325,167.47 against contribution in cash through the issue of 2,642,147 new bearer shares with no-par value (*Stückaktien*), with each such share representing a notional value of the Company's share capital of approximately EUR 2.84 and carrying full dividend rights from 1 January 2016, with subscription rights for existing shareholders (the "**New Shares**"). The subscription rights will be offered to the shareholders in such a way that the New Shares may be acquired by one or more banks, to be appointed and mandated by the Management Board, with the obligation to offer them to the shareholders for subscription (indirect subscription right).

Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**") has agreed, pursuant to an underwriting agreement dated 24 May 2016 (the "**Underwriting Agreement**"), to offer the New Shares to the Company's existing shareholders during the subscription period for indirect subscription at a ratio of 5:1 (that is, five existing shares of the Company entitle their holder to subscribe for one New Share) at a subscription price for each New Share of EUR 48.00 (the "**Subscription Offer**"). The Underwriting Agreement provides for a firm underwriting of the New Shares not sold in the subscription offer or in connection with a subsequent private placement by Berenberg.

Any unsubscribed New Shares can be placed in the market. Any such market placement should be conducted at the best possible price, but must be conducted at least at the subscription price.

The implementation of the capital increase is expected to be registered in the commercial register maintained by the local court (*Amtsgericht*) of Iserlohn, Germany, on 15 June 2016.

Subscription rights are attached to all of the bearer shares of the Company with ISIN DE 0007667107/WKN 766710. The subscription rights (ISIN DE000A2BPWM9 /WKN A2BPWM) attached to the existing shares of the Company, all of which are held in collective custody accounts, will be automatically booked by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn ("**Clearstream Banking Aktiengesellschaft**"), to the accounts of the participating banks based on the amount of shares held as of the evening of 30 May 2016.

To avoid exclusion from the exercise of their subscription rights, the Company requests that its shareholders exercise their subscription rights in the New Shares during the period from 31 May 2016 up to and including 14 June 2016, 12:00 CEST through their custodian bank at the subscription agent listed below during regular banking hours (the "**Subscription Period**"). Subscription rights that are not exercised in a timely manner will lapse and be of no value. No compensation will be payable for subscription rights not exercised. The subscription agent is Berenberg. Shareholders may only subscribe for one share or multiples thereof. The notice of the exercise of subscription rights is binding upon its receipt by the subscription agent and cannot be altered afterwards.

The transfer of the New Shares to the shareholders that have exercised their subscription rights in the New Shares is provided for by the subscription agent.

Subscription Price

The subscription price per New Share is EUR 48.00. It must be paid upon the exercise of the subscription right and in any event at the latest on 14 June 2016, 12:00 CEST.

Trading in Subscription Rights

The subscription rights (ISIN DE000A2BPWM9 /WKN A2BPWM) for the New Shares will be traded during the period from 31 May 2016 up to and including 10 June 2016 (until about noon CEST) on the regulated market (*Regulierter Markt*) (Xetra and Xetra Frankfurt Specialist) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company has not applied for admission of the subscription rights to trading on any other stock exchange and does not intend to do so. The market price of the subscription rights depends, *inter alia*, on the development of the price of the Company's shares but it can substantially deviate from the price of the shares. No compensation will be paid for subscription rights not exercised. Upon the expiration of the Subscription Period, subscription rights not exercised will lapse and be of no value. The purchase of five subscription rights enables the exercise of the subscription right for the purchase of one whole New Share, *i.e.* one New Share may be purchased for five subscription rights. On the German stock exchanges on which the Company's existing shares are quoted as ex-subscription rights (*ex Bezugsrecht*) such quotation will commence on 31 May 2016.

Berenberg may effect transactions to provide liquidity for fair and orderly subscription rights trading and other measures customarily undertaken in this regard, such as, in particular, purchasing and selling subscription rights to New Shares or undertaking hedging transactions in the Company's shares, subscription rights or corresponding derivatives. Such measures and hedging transactions may influence the stock price or market price of the subscription rights and shares in the Company. However, there is no guarantee that active trading in the Company's subscription rights will develop on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and that there will be enough liquidity during the period of subscription rights trading.

Form and Certification of the New Shares

The New Shares (ISIN DE0007667107/WKN 766710) will be represented by a global share certificate, which is expected to be deposited with Clearstream Banking Aktiengesellschaft on 15 June 2016. Under the Company's articles of association, shareholders are not entitled to have their shares evidenced by individual share certificates. Unless the Subscription Period is extended or the Subscription Offer is cancelled, the New Shares are expected to be made available by credit to the collective securities account from 17 June 2016. The New Shares hold the same rights as all other shares of the Company (including full dividend rights from the fiscal year starting 1 January 2016) and do not convey any additional rights or advantages.

Commissions charged by Custodian Banks

The custodian banks may charge a customary commission in connection with the subscription of the New Shares.

Admission to Trading and Listing of the New Shares

The admission of the New Shares to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to trading on the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) is expected to be granted on 16 June 2016. The New Shares are expected to be included in the existing quotations for the Company's listed shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (ISIN DE 0007667107/WKN 766710) and the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) on 17 June 2016.

Placement of Unsubscribed New Shares/Rump Placement

Berenberg will offer any New Shares not subscribed for as part of the Subscription Offer (the "**Rump Shares**") for sale to qualified investors in private placements in the Federal Republic of Germany and other selected jurisdictions at a price at least as high as the subscription price. The Rump Shares will only be offered in a private placement to qualified institutional buyers outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

Important Notice

Prior to making a decision to exercise, purchase or sell subscription rights for the New Shares, shareholders and investors are advised to carefully read the securities prospectus dated 30 May 2016, for the public offering of the New Shares (the "Prospectus") and to take particular note of the risks described in the "1. Risk Factors" section of the Prospectus and to consider such information when making their decision. In light of the current high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the New Shares at the subscription price. As the Offering to which the Prospectus relates is only addressed to the existing shareholders of the Company, the level of disclosure included in the Prospectus is proportionate to this type of issue.

Berenberg is entitled to terminate the Underwriting Agreement or decide, together with the Company, to extend the Subscription Period under certain circumstances. These circumstances include, in particular, material adverse changes in the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, awarding a rating, material restrictions on stock exchange trading or banking activities, the outbreak or escalation of hostilities or war, or the occurrence of acts of terrorism or other calamity or crisis which have a material adverse impact on the financial markets in Germany, Luxembourg, the United Kingdom, or the United States. Berenberg is further relieved from its obligations under the Underwriting Agreement if the implementation of the capital increase is not registered in the commercial register maintained by the local court (*Amtsgericht*) of Iserlohn, Germany, by 30 June 2016, midnight (CEST), and Berenberg and the Company do not reach an agreement on a later deadline.

If Berenberg terminates the Underwriting Agreement before the implementation of the capital increase has been registered in the commercial register, shareholders' subscription rights will lapse without compensation. In this case, the institutions brokering subscription rights trading will not reverse any transactions already completed with investors and investors who have acquired subscription rights through a stock exchange would suffer a complete loss. However, if Berenberg terminates the Underwriting Agreement after the registration of the capital increase in the commercial register, shareholders and purchasers of subscription rights who have exercised their subscription rights will be entitled to acquire New Shares at the subscription price; a withdrawal of the shareholders and those acquiring subscription rights is no longer possible in such case.

Selling Restrictions

Neither the subscription rights nor the New Shares have been or will be registered under the Securities Act or with the securities regulatory authority of any state or other jurisdiction of the United States of America. The subscription rights and the New Shares may at no time be offered, sold, exercised, pledged, transferred or delivered directly or indirectly, to or within the United States of America, except pursuant to an exemption from the registration requirements of the Securities Act or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States of America.

Stabilisation

In connection with the offering of the New Shares, Berenberg is acting as stabilisation manager, and may, also through its affiliates, undertake measures aimed at supporting the market price of the Company's shares in order to offset any existing pressure on the market price of the shares (the "**Stabilisation Measures**"). However, the stabilisation manager is under no obligation to initiate Stabilisation Measures. Therefore, there is no guarantee that Stabilisation Measures will be undertaken at all. If Stabilisation Measures are initiated, they may be discontinued at any time without prior notice. Such Stabilisation Measures may be implemented as of the date of publication of the subscription price and must end, at the latest, on the thirtieth calendar day following the expiration of the Subscription Period, *i.e.* expected to be no later than 14 July 2016 (the "**Stabilisation Period**").

Stabilisation Measures may lead to a higher market price for the Company's shares or the subscription rights than would otherwise be the case. Furthermore, the market price may temporarily reach a level that cannot be maintained permanently. In no event will measures be taken to stabilise the market price for the Company's shares above the subscription price.

Within one week following the end of the Stabilisation Period, notice will be given as to (i) whether one or more Stabilisation Measures were indeed taken, (ii) the date on which Stabilisation Measures were initiated, (iii) the date on which the last Stabilisation Measure was taken, and (iv) the price range within which Stabilisation Measures were taken for each date on which a Stabilisation Measure was taken.

Availability of the Prospectus

The Prospectus was published on the Company's website www.vossloh.com (section: Investor Relations) on 30 May 2016. Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: Vossloh Aktiengesellschaft, Vosslohstraße 4, 58791 Werdohl, Germany.

Werdohl, 2016

Vossloh Aktiengesellschaft
The Management Board"

3.4 Subscription Rights not Exercised and Transferability

Subscription rights not exercised within the subscription period will lapse and have no value. The subscription rights are fully transferable.

3.5 Lock-up Agreements

In the Underwriting Agreement, the Company has agreed with Berenberg, for a period commencing on the date of the Underwriting Agreement and ending 180 days after closing of the Offering, without the prior written consent of Berenberg, which consent may not be unreasonably withheld or delayed, that the Company, or the Management Board or its Supervisory Board will not, and will not agree to:

(i) announce or effect an increase of the share capital of the Company out of authorised capital (except for the capital increase to which this prospectus relates);

(ii) submit a proposal for a capital increase to any shareholders' meeting for resolution;

(iii) announce its intention to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company or with option rights for shares of the Company; or

(iv) enter into a transaction or perform any action economically similar to those described in (i) through (iii) above.

The Company may, however, (i) issue or sell any shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under management participation plans and (ii) enter into any agreement regarding, or resolve upon, the entering into any joint venture or the acquisition of any companies, provided that the parties to the joint venture or acquiring entity to which such shares will be issued assume towards Berenberg the obligation to comply with the restrictions on the disposal of the shares or securities contained in the Underwriting Agreement.

3.6 Dilution

Shareholders who exercise their subscription rights to the New Shares will maintain their percentage of ownership of the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, and assuming that all New Shares will be issued, each shareholder's share in the Company would decrease by 16.55%.

As of 31 March 2016, the net book value (corresponding to the total assets less total non-current liabilities, total current liabilities and non-controlling interests of the Company) derived from the Company's unaudited consolidated financial statements as of and for the three months ended 31 March 2016, amounted to EUR 409.0 million, which resulted in a net book value per share of EUR 30.69 (rounded and based on 13,325,290 outstanding shares of the Company). On this basis, assuming completion of the Offering, at a subscription price of EUR 48.00 and after deduction of the estimated expenses of the Offering in an amount of EUR 3.8 million, the adjusted equity of the Company as of 31 March 2016 would amount to EUR 33.32 per share (calculated as adjusted by the effects of the Offering assuming that 15,967,437 shares of the Company will be outstanding after completion of the Offering). For the existing shareholders of the Company, this means an increase in net book value of EUR 2.63, or 8.6% per no-par value share. For investors who did not previously hold participations in the Company and who acquire New Shares at a Subscription Price of EUR 48.00 per New Share, this entails a theoretical loss of EUR 14.68 or 30.6% per no-par value share.

3.7 Costs of the Offering and Net Issue Proceeds

Assuming gross proceeds of EUR 126.8 million from the sale of the New Shares, the total expenses of the Offering, including commissions for Berenberg, are expected to be approximately EUR 3.8 million and the net issue proceeds from the capital increase to be approximately EUR 123.0 million.

3.8 Additional Selling Restriction Notices

In the Federal Republic of Germany and the Grand Duchy of Luxembourg only, the Subscription Offer will take the form of a public offering exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares. The New Shares and the subscription rights have not been and will not be registered under the Securities Act or with the securities regulatory authority of any state of the United States of America. They may not be offered, sold or delivered, directly or indirectly, within or into the United States except pursuant to an exemption from the registration and reporting requirements of the U.S. securities laws and in compliance with all other applicable provisions of U.S. law. Thus, pursuant to the Underwriting Agreement, Berenberg has agreed (i) not to offer or sell the New Shares or subscription rights in the United States and that, outside the United States, they will offer the New Shares and subscription rights only in accordance with Rule 903 of Regulation S under the Securities Act and in compliance with all other provisions of U.S. law, and (ii) that neither they, nor any third party acting on their behalf, have engaged, or will engage, with regard to the New Shares and subscription rights in "directed selling efforts" in the United States within the meaning of Regulation S under the Securities Act.

The Company does not intend to register the Offering or any portion thereof in the United States or to conduct a public offering of the New Shares or subscription rights in the United States.

The subscription rights and the New Shares have not been approved or rejected by any federal or state securities commission or regulatory authority of the United States. Furthermore, none of these authorities have confirmed or approved the terms of the Offering, the subscription rights, the New Shares or the accuracy or completeness of the Prospectus.

Holders of subscription rights or New Shares in the United States will not be able to exercise their subscription rights.

The subscription rights will not be distributed by the Company to any shareholder of the Company that is located or resident in Canada, except in limited circumstances after such shareholder has established its eligibility to receive the subscription rights to the Company's satisfaction. The New Shares may be sold in certain provinces of Canada pursuant to an exemption from the prospectus requirements of Canadian securities laws.

Sales in the United Kingdom are also subject to restrictions. Berenberg has warranted to the Company that it and any of its subsidiaries or any other person acting on its behalf:

(i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any New Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Shares in, from, or otherwise involving the United Kingdom.

Berenberg has also agreed in the Underwriting Agreement that it has not publicly offered and will not publicly offer the New Shares existing shareholders of the Company and holders of subscription rights to the New Shares in any member state of the European Economic Area that has implemented Directive 2003/71 EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**", and to the extent a member state of the European Economic Area ("**EEA**") has implemented Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010 amending the Prospectus Directive (the "**Amended Prospectus Directive**") any reference herein to the Prospectus Directive shall be read as a reference to the Amended Prospectus Directive) (other than in the offers in Germany and Luxembourg) from the date of implementation of the Prospectus Directive unless:

(i) a prospectus for the New Shares has been published in advance that has been approved by the competent authorities in the relevant member state or in another member state of the EEA that has implemented the Prospectus Directive, and the competent authorities in the member state in which the Offering is taking place have been notified of this fact in compliance with the Prospectus Directive,

(ii) the Offering is extended exclusively to "qualified investors" within the meaning of the Prospectus Directive, or

(iii) the Offering takes place under other circumstances in which the publication of a prospectus by the Company is not required under Article 3 of the Prospectus Directive, to the extent that this exemption has been implemented in the respective member state.

The New Shares and subscription rights will not be offered in Japan or Australia.

3.9 Underwriting Agreement

On 24 May 2016, the Company and Berenberg entered into an Underwriting Agreement with respect to the Subscription Offer and the Rump Placement. Berenberg has undertaken to firmly underwrite the New Shares.

Pursuant to the Underwriting Agreement, Berenberg has agreed to underwrite the number of New Shares set forth below. The Company has agreed to issue 2,642,147 New Shares to Berenberg.

By way of subscription offer (*Bezugsangebot*), the Company will offer the New Shares exclusively to its existing shareholders. In the Federal Republic of Germany and the Grand Duchy of Luxembourg only, the Subscription Offer will take the form of a public offering exclusively to existing shareholders of the Company and holders of subscription rights to the New Shares. The Rump Shares will be offered by Berenberg for sale in the Rump Placement. The Rump Shares will only be offered outside the United States in offshore transactions in a private placement to qualified institutional buyers in reliance on Regulation S.

According to the Underwriting Agreement, Berenberg will pay the Company the subscription price for the New Shares less an agreed fee. The Underwriting Agreement also stipulates that the Company must release Berenberg from certain liabilities and that their obligations under the agreement are contingent on the fulfilment of certain conditions.

Under the Underwriting Agreement the Company is obliged to pay Berenberg a commission of approximately EUR 2.5 million. The Company has also agreed to reimburse Berenberg for certain expenses incurred by them in connection with this Offering.

For additional information on termination of the Underwriting Agreement see "*3.3 Subscription Offer—Important Notice*".

3.10 Material Interests, including Conflicts of Interest

Berenberg has entered into a contractual relationship with the Company in connection with the Offering and admission to trading of the Company's New Shares. Berenberg will advise the Company on the transaction and coordinate the structuring and execution of the transaction. Upon execution of the transaction, the Berenberg will receive a commission. As a result, Berenberg has a financial interest in the success of the Offering.

Berenberg or companies affiliated with Berenberg is engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. They may from time to time enter into business relationships with companies of the Group or perform services on their behalf as part of their normal course of business including such relating to lending and asset-backed securities transactions. In the ordinary course of Berenberg's trading, brokerage, asset management, and financing activities, Berenberg may at any time deal as principal or agent for more than one party in, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of the Company, its affiliates or other entities that may be involved in or connected with the transactions contemplated hereby. Accordingly, Berenberg and companies affiliated with Berenberg may in the future face conflicts of interests with shareholders in the Company.

4. GENERAL INFORMATION ON THE SHARES

4.1 Legal Framework for Creation of the New Shares

Sections 202 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*) on capital increases made through the use of authorised capital against cash contributions provide the legal basis for the issuance of the New Shares. By resolution of the general shareholders' meeting on 28 May 2014, the Management Board is authorised, subject to the approval by the Supervisory Board, to increase the Company's share capital by up to a total of EUR 7,500,000 by issuing new ordinary bearer shares in one or more tranches against contribution in cash and/or contribution in kind until and including 27 May 2019, each such share representing a notional value of approximately EUR 2.84. This Authorised Capital was entered into the commercial register of the local court (*Amtsgericht*) of Iserlohn, Germany, on 8 July 2014.

By resolution of the Management Board dated 24 May 2016, following authorisation by the Supervisory Board on 24 May 2016, the Management Board resolved to increase the share capital of the Company by EUR 7,499,998.61 to EUR 45,325,167.47 against contribution in cash, by issuing 2,642,147 new bearer shares with no-par value (*Stückaktien*), each with a notional value of approximately EUR 2.84, with subscription rights for existing shareholders. The subscription price per New Share is EUR 48.00. The implementation of the capital increase is expected to be entered in the commercial register of the local court (*Amtsgericht*) of Iserlohn, Germany, on 15 June 2016.

4.2 Admission to the Frankfurt Stock Exchange and the Düsseldorf Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of 2,642,147 New Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and to trading on the regulated market segment (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) on 6 June 2016. The Company expects the approval for Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) to be announced on 16 June 2016. The New Shares are expected to be included in the existing quotations for the Company's listed shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (ISIN DE 0007667107/WKN 766710) and the Düsseldorf Stock Exchange (*Düsseldorfer Wertpapierbörse*) on 17 June 2016.

4.3 Certification of Shares, Delivery

All shares in the Company are represented by global share certificates, which are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.

Section 5.5 of the Company's articles of association (the "**Articles of Association**") excludes the shareholders' right to receive individual share certificates to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The Management Board determines, with the consent of the Supervisory Board, the form of the share certificates.

The New Shares will be delivered to buyers in the form of co-ownership rights in a global share certificate to be deposited with the collective securities depositary Clearstream Banking Aktiengesellschaft. The New Shares are expected to be credited to investors' accounts starting on 17 June 2016 through the book-entry facilities of Clearstream Banking Aktiengesellschaft. Investors can obtain information about the actual delivery of the New Shares subscribed for under the Subscription Offer from their respective custodian bank. Trading in New Shares subscribed for by an investor under the Subscription Offer is not available before the crediting of such shares to the investor's account.

4.4 Form and Voting Rights

All of the Company's shares are ordinary bearer shares with no-par value (*Stückaktien*), each with a notional value of approximately EUR 2.84 per share. Each of the Company's shares carries one vote at the general shareholders' meeting of the Company. There are no existing restrictions on voting rights.

4.5 Dividend and Liquidation Rights

The New Shares carry full dividend rights from 1 January 2016. The New Shares grant the same rights as all other shares of the Company. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

4.6 Currency of the Securities Issue

The Company's shares, including the New Shares, are denominated in Euro.

4.7 ISIN/WKN/Common Code/Ticker Symbol

International Securities Identification Number (ISIN)	
for the New Shares	DE0007667107
for the subscription rights to the New Shares	DE000A2BPWM9
German Securities Identification Number (*Wertpapierkennnummer*, WKN)	
for the New Shares	766710
for the subscription rights to the New Shares	A2BPWM
Common Code	002636581
Ticker Symbol	VOS

4.8 Disposal and Transferability of the Shares

The New Shares are freely transferable. Other than the restrictions listed in "*3.8 Additional Selling Restriction Notices*", there are no legal restrictions on trading the New Shares.

5. REASONS FOR THE OFFERING AND USE OF PROCEEDS

The net proceeds to the Company from the Offering result from the gross proceeds less the placement commissions and other expenses described below. On the basis of a subscription price of EUR 48.00 and issuance of 2,642,147 New Shares, Vossloh is seeking to raise additional funds of EUR 126.8 million in this Offering. The overall commissions to be paid by the Company to Berenberg are expected to amount to approximately EUR 2.5 million. Other issue costs to be incurred by the Company will be approximately EUR 1.3 million. On this basis, the Company expects net proceeds from this Offering of EUR 123.0 million.

At the time of completion of the Offering, Vossloh intends to use the net proceeds from the Offering to repay current bank debt of Vossloh Aktiengesellschaft which may be outstanding at that time under its short-term credit facilities; as of 31 March 2016, such current bank debt at the level of Vossloh Aktiengesellschaft amounted to EUR 50.2 million while current bank debt at the Group level was EUR 76.1 million. Any remaining net proceeds of the Offering following such repayment of current bank debt of Vossloh Aktiengesellschaft will increase the Company's cash position and will be used for general corporate purposes. The strategic rationale of the Offering is to improve the balance sheet structure of Vossloh by increasing shareholders' equity, thereby improving Vossloh's overall financial flexibility to finance organic growth and potential future acquisitions into the Company's core business.

6. DIVIDEND POLICY; USE OF PROFITS

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock corporation under German law, the distribution of dividends for a given fiscal year and the amount and payment date thereof are resolved by the general shareholders' meeting of the subsequent fiscal year either upon a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The general shareholders' meeting must be held within the first six months of each fiscal year.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's stand-alone annual financial statements prepared in accordance with the accounting principles of German GAAP essentially reflected in the German Corporate Code (*Handelsgesetzbuch—HGB*) and the German Stock Corporation Act (*Aktiengesetz*). Accounting principles set forth in German GAAP differ from IFRS in material respects.

When determining the distributable profit, net income or loss for the fiscal year *(Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/ Verlustvorträge*) from the prior fiscal year and releases of or allocations to reserves. Certain reserves are required to be set up by law, and amounts mandatorily allocated to these reserves in the given fiscal year must be deducted when calculating the distributable profit. The Management Board must prepare financial statements (balance sheet, income statement and notes to the financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation.

At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profit pursuant to Section 170 of the German Stock Corporation Act (*Aktiengesetz*).

According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the general shareholders' meeting in writing on the results.

The general shareholders' meeting's resolution on the allocation of the distributable profit requires a simple majority of votes to be passed. The general shareholders' meeting may also resolve that the dividends be distributed partially or entirely in kind, for example as a distribution of treasury shares if held by the Company at that time. The Management Board, subject to the consent of the Supervisory Board, may decide to pay an advance on dividends in compliance with Section 59 of the German Stock Corporation Act (*Aktiengesetz*). Dividends resolved by the general shareholders' meeting are due and payable immediately after the relevant general shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with the rules of the respective clearing system. Any dividends not claimed within the past three years become time-barred. Once the dividend payment claim is barred by the statute of limitations, the claim passes to the Company. Since all of the Company's dividend entitlements are evidenced by one global dividend coupon deposited with Clearstream Banking Aktiengesellschaft, Clearstream Banking Aktiengesellschaft transfers the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under the same obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with German GAAP and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see "*16.2 Taxation of Shareholders*" and "*17.1 Withholding Taxes*".

6.2 Dividend Policy

In order to strengthen Vossloh's equity base and to secure future growth, no distributions of profits or reserves were made to shareholders of the Company for the fiscal year 2015.

For the fiscal year 2016, Vossloh's Management Board will determine in early 2017 whether it will propose a distribution of profits to Vossloh's general shareholders' meeting. As a general policy, Vossloh aims to pay dividends to its shareholders and will actively evaluate the potential for future dividends, taking into account the interests of its shareholders and the interests of the company to support further growth and development of its business. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, Vossloh' results of operations, financial condition, contractual restrictions and capital requirements. Vossloh's future ability to pay dividends may be limited by the terms of any existing and future debt. Since the Company does not itself conduct any operative business, its ability to pay dividends depends on its operating subsidiaries and associated companies making profits and generating cash flows alongside to the profit and distributing those to the Company (see "*1.3.8 The Company's ability to pay dividends depends on a variety of factors*"). Vossloh's Management Board, subject to shareholder resolutions providing otherwise, retains authority to change the dividend policy and dividend payout ratio at any time, especially, if unexpected events occur that would change its view as to the prudent level of cash and capital conservation as well as its financial goals and strategy.

7. CAPITALISATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the Group's historical capitalisation and indebtedness as of 31 March 2016 (first column) and adjusted for the effects of the implementation of the capital increase underlying the Offering assuming net proceeds of EUR 123.0 million (based on the issuance of 2,642,147 New Shares at a subscription price of EUR 48.00, *i.e.* assuming placement of all New Shares in full). According to IFRS, it is assumed that the costs of the Offering can be fully charged against the capital reserve (referred to as "additional paid-in capital" in the Company's consolidated balance sheet as of 31 March 2016) and no deferred taxes are to be taken into account. Investors should be aware that the actual gross proceeds of this Offering may be significantly below the expected gross proceeds, given that the latter are based on the assumption that all New Shares will be placed.

Investors should read these tables in conjunction with the unaudited consolidated financial statements of the Company as of and for the three months ended 31 March 2016 and the audited consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2015, including the notes thereto, which are included in this Prospectus.

7.1 Capitalisation

	As of 31 March 2016(1)	Effects of the Offering(2)
	(unaudited)) (in EUR million)	
Total current debt(3)	600.1	549.9
of which secured	–	–
of which guaranteed	–	–
of which unsecured/unguaranteed	600.1	549.9
Total non-current debt(4)	331.1	331.1
of which secured	–	–
of which guaranteed	–	–
of which unsecured/unguaranteed	331.1	331.1
Total equity attributable to the Company's shareholders(5))	426.4	549.4
Share capital(6)	37.8	45.3
Legal reserve(7)	30.9	146.4
Other reserves(8)	340.3	340.3
Non-controlling interests	17.4	17.4
Total equity attributable to the Company's shareholders and liabilities(5)	1,357.6	1,430.4

(1) Figures may not add up due to rounding.

(2) The adjustment reflects the expected net proceeds from the Offering of EUR 123.0 million (based on the issuance of 2,642,147 New Shares at a subscription price of EUR 48.00, *i.e.* assuming placement of all New Shares in full) and costs of the Offering of approximately EUR 3.8 million). The net proceeds from the Offering were attributed to subscribed capital in an amount of EUR 7.5 million in accordance with the number of 2,642,147 New Shares and a notional value of approximately EUR 2.84 per share. The remaining net proceeds were attributed to legal reserves in an amount of EUR 115.5 million.

(3) Referred to as "current liabilities" in the Company's consolidated balance sheet as of 31 March 2016.

(4) Referred to as "noncurrent liabilities" in the Company's consolidated balance sheet as of 31 March 2016.

(5) Includes equity attributable to non-controlling interests amounting to EUR 17.4 million.

(6) Referred to as "Capital stock" in the Company's consolidated balance sheet as of 31 March 2016.

(7) Referred to as "Additional paid-in capital" in the Company's consolidated balance sheet as of 31 March 2016.

(8) The line item "Other reserves" includes retained earnings and net income as well as accumulated other comprehensive income and corresponds to the line items "retained earnings and net income" as well as "accumulated other comprehensive income" in the Company's consolidated balance sheet as of 31 March 2016.

7.2 Indebtedness

	As of 31 March 2016[(1)]	Effects of the Offering[(2)]
	(unaudited)) (in EUR million)	
Cash	54.5	127.3
Cash equivalents	1.0	1.0
Trading securities[(3)]	0.4	0.4
Liquidity[(4)]	55.9	128.7
Current financial receivable[(5)]	6.8	6.8
Current bank debt	76.1	25.9
Current portion of non-current debt[(6)]	–	–
Other current financial debt	1.0	1.0
Current financial debt[(7)]	77.1	26.9
Net current financial indebtedness[(8)]	14.4	(108.6)
Non-current bank loans[(9)]	246.6	246.6
Bonds issued	–	–
Other non-current loans	–	–
Non-current financial indebtedness[(10)]	246.6	246.6
Net financial indebtedness[(11)]	261	138.0

(1) Columns may not add up due to rounding.

(2) The adjustment reflects the expected net proceeds from the offering of EUR 123.0 million (based on the issuance of 2,642,147 New Shares at a subscription price of EUR 48.00, *i.e.* assuming placement of all New Shares in full) and costs of the Offering of approximately EUR 3.8 million) which increased cash and thereby increased liquidity and reduced net current financial indebtedness.

(3) Referred to as "short-term securities" in the Company's consolidated balance sheet as of 31 March 2016.

(4) Liquidity is the total of cash, cash equivalents and trading securities and corresponds to the line items "cash and cash equivalents" and "short-term securities" in the Company's consolidated balance sheet as of 31 March 2016.

(5) Current financial receivable contains short term loans to non-consolidated subsidiaries or associated companies as well as amounts owed by banks in connection with non-recourse factoring agreements.

(6) The item "Current portion of non-current debt" comprises financial liabilities that become due within the next twelve months and that were initially categorised as non-current financial indebtedness.

(7) Current financial debt is the total of current bank debt, current portion of non-current debt and other current financial debt.

(8) Net current financial indebtedness is the difference between current financial debt and the sum of current financial receivable and liquidity.

(9) Referred to as "Non-current financial liabilities" in the Company's consolidated balance sheet as of 31 March 2016.

(10) Non-current financial indebtedness is the total of non-current bank loans, bonds issued and other non-current loans.

(11) Net financial indebtedness is the total of net current financial indebtedness and non-current financial indebtedness.

The Group's contingent liabilities amounted to EUR 25.6 million as of 31 March 2016 and comprise liabilities under guarantees, letters of comfort and the collateralization of third-party debts.

7.3 Statement on Working Capital

The Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus.

8. PROFIT FORECAST

The profit forecast ("**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by prospective investors. It rather represents a statement of the expectations of Vossloh in relation to the profit of Vossloh.

The Profit Forecast is based on assumptions made by Vossloh as set out below. These assumptions relate to factors which are beyond the Company's control or which the Company can control only to a very limited extent. Even if these assumptions are reasonable at the present time, they may in future prove to be inappropriate or incorrect. Should one or more of these assumptions prove to be inappropriate or incorrect, the actual results could materially deviate from the forecast for Vossloh made by the Company.

8.1 Profit Forecast for Vossloh for the current 2016 financial year

On the basis of current information relating to the performance achieved so far in the financial year 2016, the Company expects Vossloh to generate net sales of between EUR 1.2 to 1.3 billion on the current Group structure and an earnings before interest and tax-margin ("**EBIT-margin**") of between 4.0% and 4.5% (in relation to net sales) in the financial year 2016.

8.2 Notes on the Profit Forecast

8.2.1 Underlying principles

The Profit Forecast for the current 2016 financial year was prepared on the basis of the principles of the IDW Accounting Practice Statement (*IDW-Rechnungslegungshinweis*) "Preparation of Profit Forecasts and Estimates in Accordance With the Specific Requirements of the Regulation on Prospectuses" (IDW RH HFA 2.003).

The Profit Forecast for the current 2016 financial year was prepared on the basis of the accounting principles of the International Financial Reporting Standards as adopted by the European Union. In respect of the reporting, accounting and valuation methods, reference is made to the relevant presentation in the consolidated financial statements of Vossloh Aktiengesellschaft for the 2015 financial year.

The Group is globally active having established numerous sales companies and branches around the world. Its local presence and customer proximity are integral elements of its business model. Vossloh's core business is divided into the three core divisions "Core Components", "Customized Modules" and "Lifecycle Solutions", which are managed and controlled according to the basic principles of their respective business model, i.e. offering of standardised products, project business and services, and present themselves in a uniform manner as "One Vossloh". Vossloh is focused on organic growth with an increase in profitability as well as the achievement of targets set for the coming years; specifically, the targeted search for acquisition objects in order to further develop its three core divisions Core Components, Customized Modules, and Lifecycle Solutions strategically and to achieve a sustainable increase in enterprise value. In 2016, only organic growth is assumed within the Profit Forecast.

In addition, Vossloh's business with vehicles and vehicle components – bundled in the Transportation division – operates as a fourth division, but is not considered as part of the Company's core business. Vossloh intends to sell the activities in the business division Transportation or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017. This Profit Forecast was created without taking into consideration one-off items and non-recurring income or expenses from/for the sale of the Transportation division.

The major factors and assumptions that have an impact on the Profit Forecast for the current 2016 financial year are set out below:

8.2.2 Factors and Assumptions

8.2.2.1 Factors beyond Vossloh's control

The sales volume and the EBIT-margin of Vossloh for the current 2016 financial year are generally subject to factors that are entirely beyond the control of individual or all companies belonging to Vossloh. These factors and the relevant assumptions of the Company are set out below:

Factor: Competitive environment

For the purposes of the Profit Forecast, the Company assumes that:

- There are no material unanticipated changes to current trends driving the **macroeconomic environment**:
  - Increasing international trade flows and emerging market growth, generating an increased focus on, and policy shift towards, public rail infrastructure spending;

- Population growth, requiring an expansion of transportation infrastructure;
- Urbanisation and increasing demand for mobility, causing increasing road and air congestion and leading to a favourable shift in transport modes towards rail;
- Climate change and environmental challenges, raising the awareness of the environmental impact of transportation and thereby driving demand for rail equipment in light of rail transportation's energy efficiency compared to road and air traffic.

• There are no material unanticipated changes to the current **economic environment:**

- The economic outlook for Western Europe, in particular in Germany and France, China, the United States and Russia will stay close to the projections by International Monetary Fund (IMF) published 12 April 2016. The IMF is forecasting a slightly higher growth at 3.2% in 2016 (2015: 3.1%). Growth in the countries of the euro area and the USA should be similar compared with 2015. China is again expected to see weaker growth than in 2015. In addition the IMF is forecasting a further decline in economic performance for Russia.

• There are no material unanticipated changes to the current and projected **market environment:**

- The growth of the accessible market for rail technology is expected to continue over the next years at a CAGR of 2.8%, according to the "Word Rail Market Study", produced jointly every two years by the Association of the European Rail Industry and Roland Berger Strategy Consultants, representing the most extensive analysis in the rail technology market (forecast 2014-2019) ("**UNIFE Report**"). Accordingly, an increase of market volume from an average EUR 102 billion per year in the 2011-2013 period to an average EUR 120 billion per year for the 2017-2019 period is expected. This predicted growth covers all market areas, from which the European rail supply industry should benefit the most due to its innovation and export strength. The strongest growth is expected in the areas of "Infrastructure", including infrastructure services, with a CAGR of 3.8%;
- Customers in the rail infrastructure, in particular to rail and rail network operators, which are for the most part publicly owned or financed, and its business are affected by the availability of government funding at a national and state level; for 2016, the Organisation for Economic Co-operation and Development (OECD) forecasted on 22 January 2016 a slight decline in the debt ratios of the countries in the European Union as a whole;
- Production and manufacturing costs are subject to movements in the prices for raw materials (especially iron ore and crude oil) and other factors, such as wage levels; no significant variances from the 2015 materials input market prices are expected in 2016. Vossloh expects intense competition to continue in 2016. An even more than expected competition could lead to downward pressure on prices and profitability.

Factor: Unanticipated events such as force majeure

For the purposes of the Profit Forecast, the Company assumes that:

• no material unanticipated events will occur which may cause substantial or continuing limitations affecting the current business operations of the individual companies or the major customer projects of Vossloh, such as force majeure (e.g. fire, high water, flooding, hurricanes, storms, earthquakes, serious accidents at construction sites or terrorist attacks), epidemics, strike, exceptional macroeconomic developments, political unrest or war.

Factor: Legislative and other regulatory measures

For the purposes of the Profit Forecast, the Company assumes that:

• no changes, or only minor changes, will be made to the currently applicable laws and regulations that must be complied with in connection with the execution of costumer projects (e.g. homologation of new locomotives) and the provision of services in the countries in which companies of Vossloh operate;

• no changes will be made that will materially prejudice or prohibit the further operations of the companies of Vossloh in the countries in which companies of Vossloh operate.

Factor: Currency translation (translation risk)

For the purposes of the Profit Forecast, the Company assumes that:

- the annual average rates of the most important currencies used for currency translation will not substantially change from the expected rates. Within the Profit Forecast Vossloh expects average rates as follows:
  - US Dollar (USD 1.09/EUR)
  - Chinese Renminbi (RMB 7.13/EUR)

8.2.2.2 Factors subject to Vossloh's limited control

Moreover, additional factors over which Vossloh has limited control may have an impact on the Profit for the 2016 financial year. Vossloh strictly focuses on its core business, firm cost management and efficiency enhancement driving profitability improvement.

The relevant assumptions are set out below:

Factor: Sales development

For the purposes of the Profit Forecast, the Company assumes that the sales volume for the 2016 financial year

- will develop in accordance with the existing plans in respect of those contracts awarded that are already being executed;
- will develop according to plan with regard to framework agreements. The volume of sales from expected new orders is based on current estimates, taking into account the figures for the previous year.

The Company further assumes that:

- no material changes are to be expected with regard to the overall output volume in the four business divisions, as a material portion of the expected output volume in 2016 is already covered by the existing order backlog and any remaining uncertainties have been taken into account to the appropriate extent;
- the necessary order intake of the Transportation division (especially new locomotives at Vossloh Locomotives) will be reached. Portions of the locomotive sales for the 2016 financial year are not yet secured by order backlog.

Factor: Cost of sales

For the purposes of the Profit Forecast, the Company assumes that:

- costs of sales in relation to sales volume will be slightly below the prior year's level.

The Company also assumes that:

- both calculation and execution risks, in particular in connection with large project contracts (especially Transportation division) are adequately reflected in the project calculations;
- there will be no significant disruptions of the relationships to the key suppliers of Vossloh that provide Vossloh with raw materials, systems and components that are critical to Vossloh´s business;
- there will be no significant disruptions in production in connection with the planned move to a new facility of the business unit Vossloh Locomotives in Kiel, Germany (Transportation division) or in connection with constructional defects on Vossloh's site in Outreau, France.

Factor: Personnel

Vossloh is led by a highly qualified and experienced management team. For the purposes of the Profit Forecast, the Company assumes that personnel will continue to be available with the required qualifications.

Factor: Financial market risks

For the purposes of the Profit Forecast, the Company assumes that:

- the liquidity risk is low, as the Company assumes that sufficient funds are available and the lenders to the companies of Vossloh are able to service any credit lines extended and that the underlying financial covenants can be met;

- the currency risk (transaction risk) is low, as the Company assumes that the security instruments entered into in the 2016 financial year will substantially remain effective;
- the default risk is low, as the Company assumes that clients will continue to be able to pay the invoiced amounts in full and when due. In the Company's opinion, appropriate reserves have been made for potential default risks — taking into account advance payments already received or guarantees provided — on the basis of prior year's figures.

Factor: Compliance

For the purposes of the Profit Forecast, the Company assumes that:

- due to the compliance management system in place there will be no substantial cases of non-compliance that would have a negative impact on the Profit Forecast for the 2016 financial year;
- that Vossloh will comply with strict customer requirements, international standards and national legislation.

Factor: Innovation

Vossloh sees itself as one of the innovation and technology leaders within the rail infrastructure industry. For the purposes of the Profit Forecast, the Company assumes that it remains in a position as an innovation and technology leader and to devote resources to the development of technologies or to react to market trends promptly.

8.2.2.3 Additional assumptions for the Profit Forecast

The Profit Forecast is based on the current Group structure.

Vossloh expects a significant increase of sales in the Core Components division in 2016 compared to 2015. In 2016, Vossloh expects the average number of employees to increase slightly.

The improvement in the Group's EBIT-margin will be limited in 2016 compared to 2015 due to the ongoing restructuring measures and increased expenses to foster innovation.

On a segment level, Vossloh expects an improvement of its EBIT-margin in its Lifecycle Solutions division. Profitability in the Core Components and Customized Modules divisions is expected to substantially remain in line with the 2015 financial year. Vossloh is expecting a noticeable improvement in the Transportation division, which should lead to slightly positive EBIT-margin after the division reported negative EBIT-margin overall in 2015.

With regard to the other factors underlying the Profit Forecast which are not material within the meaning of IDW RH HFA 2.003, the Company assumes that the business development will be comparable to that of the prior year.

8.3 Other Notes

The Profit Forecast does not cover any extraordinary events within the meaning of the IDW accounting note (IDW RH HFA 2.003) or results from non-recurring operations.

In early May 2016 all Group companies have issued an sales and EBIT forecast on the basis of the above assumptions, from which Vossloh Aktiengesellschaft derived a Profit Forecast for the 2016 financial year which is to be disclosed in this prospectus for the purposes of the contemplated capital increase.

This Profit Forecast for the 2016 financial year complies with the Profit Forecast for the 2016 financial year communicated in the press releases dated 17 March 2016 and 28 April 2016.

As this Profit Forecast relates to a period that has not yet ended and is based on a number of assumptions regarding uncertain future events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the actual EBIT-margin generated by Vossloh for the 2016 financial year may deviate from the projected EBIT-margin, even substantially.

This Profit Forecast was prepared on 27 May 2016.

Examination Report for the Profit Forecast of Vossloh

To Vossloh Aktiengesellschaft, Werdohl

We have examined whether the Profit Forecast for Vossloh prepared by Vossloh Aktiengesellschaft for the period from 1 January 2016 to 31 December 2016 has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the company. The Profit Forecast comprises the "Profit Forecast for Vossloh for the current 2016 financial year" and explanatory notes.

The preparation of the Profit Forecast including the factors and assumptions presented in the explanatory notes to the Profit Forecast is the responsibility of the company's management.

Our responsibility is to express an opinion based on our examination on whether the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the company. Our engagement does not include an audit of the assumptions identified by the company and underlying the Profit Forecast .

We conducted our examination in accordance with IDW Prüfungshinweis: Prüfung von Gewinnprognosen und -schätzungen i.S.v. IDW RH HFA 2.003 (IDW PH 9.960.3) IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 (IDW AuPS 9.960.3) issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the examination such that material errors in the compilation of the Profit Forecast on the basis stated in the explanatory notes to the Profit Forecast and in the compilation of this basis in accordance with the accounting policies of the company are detected with reasonable assurance.

As the Profit Forecast relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties it is possible that the actual Profit of the company for the period from 1 January 2016 to 31 December 2016 may differ materially from the forecasted profit.

We believe that our examination provides a reasonable basis for our opinion.

In our opinion, based on the findings of our examination, the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast. This basis is consistent with the accounting policies of the company.

Düsseldorf, 27 May 2016

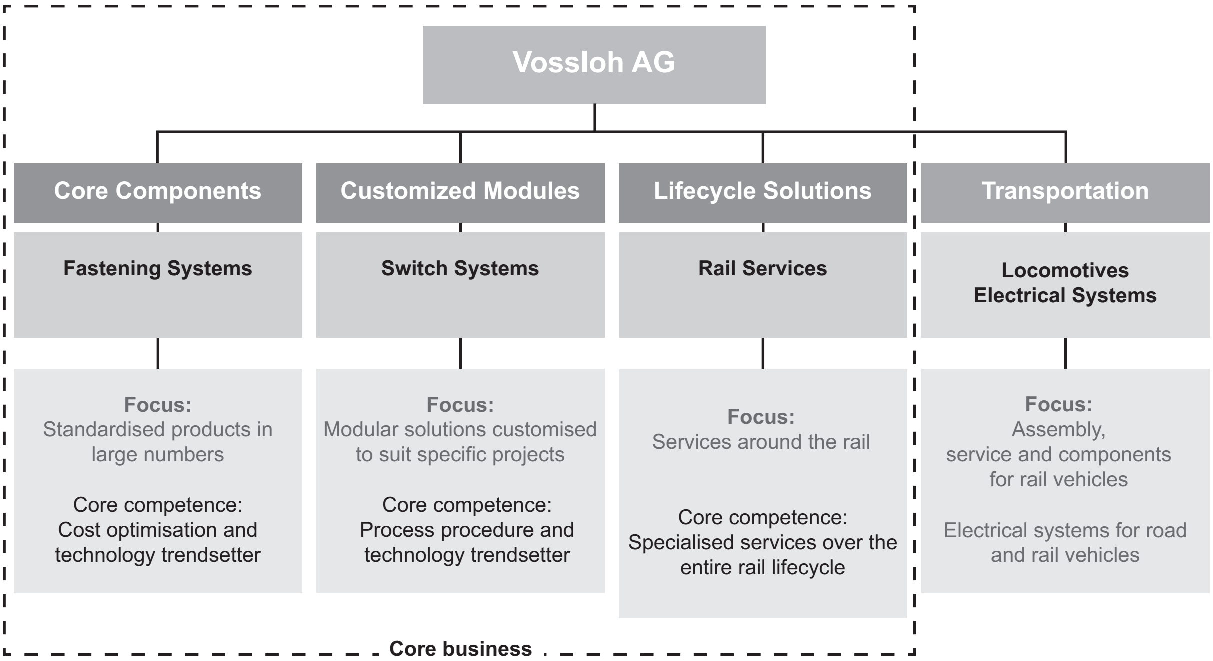
KPMG AG
Wirtschaftsprüfungsgesellschaft

Rodemer	Jessen
(German Public Auditor)	(German Public Auditor)

9. MARKETS AND COMPETITION

Vossloh is a global player in the rail technology market and its core business relates to rail infrastructure. Vossloh offers components, solutions and services for rail infrastructure worldwide ranging from conventional to high-speed lines, heavy load and urban networks. Within its core business, Vossloh is encompassing (one-stop-shop) provider of integrated solutions, products and services that cover the entire infrastructure lifecycle. With more than 100 years of experience, Vossloh considers itself a market leader for rail fastening and switch systems. Furthermore, Vossloh believes it is a leading provider of comprehensive track maintenance and related logistic solutions in Germany. Vossloh's customers are generally public and private railway companies, network operators and regional and municipal transport companies.

Vossloh's core business is divided into the three divisions "Core Components", "Customized Modules" and "Lifecycle Solutions", which are managed and controlled in accordance with the principles underlying their respective business model, i.e. the offering of standardised products, project business and services. However, all divisions act and present themselves in a well aligned and uniform manner under the umbrella of "One Vossloh". In addition, Vossloh's business with vehicles and vehicle components – bundled in the division "Transportation" – operates as a fourth division, but is not considered as part of the Company's core business. Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017.



The Group is globally active having established numerous sales companies and branches around the world. Its local presence and customer proximity are integral elements of its business model. In 2015, Vossloh generated revenues in more than 80 countries. In the Core Components division, Vossloh's rail fasteners are used in more than 65 countries and around 50 million tension clamps are produced every year at production sites in Germany as well as in China, Poland, Turkey and the United States. Another production site for rail fasteners is being built in Russia. In the Customized Modules division, Vossloh manufactures switch systems and components in 20 countries, including France, the United States, Sweden, Australia, Luxembourg, Poland and the United Kingdom. In the Lifecycle Solutions division, Vossloh provides rail related services mainly in Germany as well as in China, Scandinavia and Turkey. The main production facilities for its Transportation business are located in Germany.

9.1 Global trends driving demand for rail technology

Vossloh expects its market to continue to expand as a result of a number of growth drivers, including:

- increasing international trade flows and emerging market growth, generating an increased focus on, and policy shift towards, public rail infrastructure spending;
- population growth, requiring an expansion of transportation infrastructure;

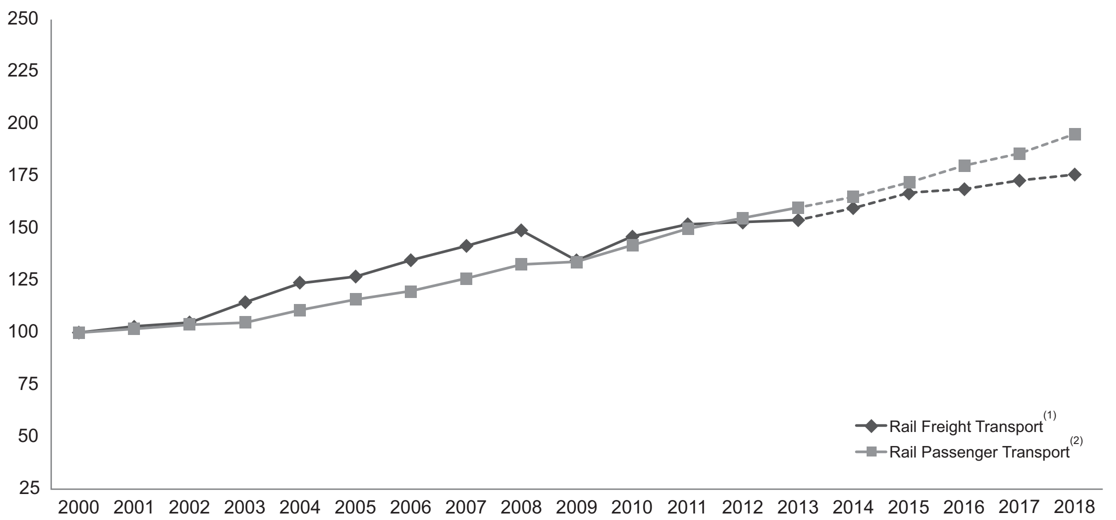
- urbanisation and increasing demand for mobility, causing increasing road and air congestion and leading to a favourable shift in transport modes towards rail;
- climate change and environmental challenges, raising the awareness of the environmental impact of transportation and thereby driving demand for rail equipment in light of rail transportation's energy efficiency compared to road and air traffic; and
- deregulation and standardisation, and in particular the liberalisation of national markets.

Compared to other means of transportation, rail offers significant advantages, such as speed of travel, convenience, close proximity to city centres, safety, energy and environmental efficiency. Vossloh believes these advantages will allow rail to further gain market share at the expense of other modes of transportation, representing a growth opportunity for the rail technology industry.

9.2 The worldwide rail market

The global rail market has a resilient growth profile: Since 2000, the worldwide freight transport and passenger rail transport consistently grew and is expected to further grow until 2018 driven by the above mentioned global trends:

Global Transport Development 2000-2018



(1) A value of 100 represents 6.897 billion tonne-kilometres

(2) A value of 100 represents 2.474 billion passenger-kilometres

Source: SCI Report

The global rail market is also characterised by the fact that it is not completely liberalised and not all regions are accessible to external suppliers. A market is considered to be accessible to the extent that it is open to external suppliers and is not served exclusively by a railway's in-house manufacturing facilities or by a domestic manufacturer. Market accessibility may also be limited by a ministry or other governmental organisation that is responsible for direct order allocation to specific (mostly local) suppliers ("**Accessible Market**"). In such cases, foreign suppliers are normally not invited to participate in tenders or are excluded from requests for quotation.

According to the "Word Rail Market Study", produced jointly every two years by the Association of the European Rail Industry and Roland Berger Strategy Consultants, representing the most extensive analysis in the rail technology market (forecast 2014-2019) ("**UNIFE Report**"), the overall market for rail technology can be subdivided into four areas: "Infrastructure", "Rolling Stock", "Control and Safety Technology/ Signalling Technology (Rail Control)" and "Services". Vossloh's product offerings in its divisions Core Components and Customized Modules mostly fall in the sector "Infrastructure", while the service offerings in its division Lifecycle Solutions fall under "Services" and the manufacture of rolling stock under its division Transportation belongs to the sector "Rolling Stock".

Despite the economic slowdown and the sovereign debt problems in some key countries, the total rail supply market continues to increase. According to the UNIFE Report, when comparing the 2009-2011 period to

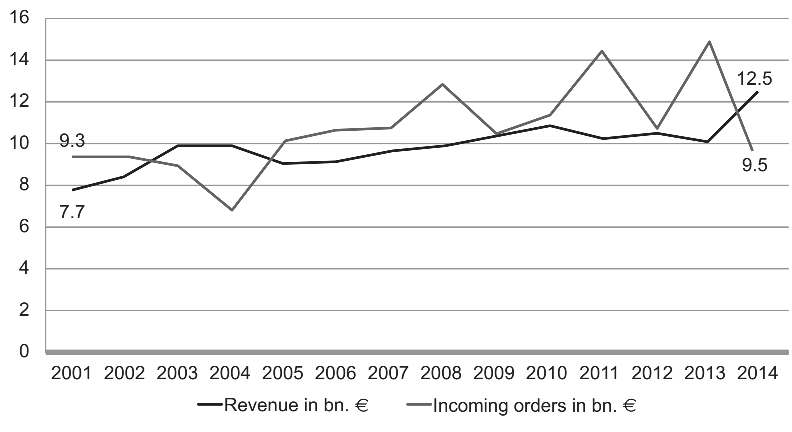
2011-2013, the total rail supply market grew at a compound annual growth rate (CAGR) of 1.5%. This represents an increase from EUR 146 billion annual market size to an average EUR 150 billion annual market size for the respective periods. The Accessible Market during the same period represented approximately 68% of the total market volume and amounted to an annual volume of EUR 102 billion. An increased growth is particularly true in the areas "Services" and "Rail Control", each of which has increased its market volume with a CAGR of more than 2%. In contrast, the area "Infrastructure" slightly declined (-1.0 % CAGR). However, this is due to the very high and above-average growth of 5.6% (source: "Word Rail Market Study" (forecast 2012-2017) by the Association of the European Rail Industry and Roland Berger Strategy Consultants) of this area in previous years, particularly the 2007–2009 period. Based on both these results and the analysis of numerous rail projects, the UNIFE Report concludes that the growth of the total market for rail technology and the total sub-market "Infrastructure" will continue over the next years (~ 2.7% CAGR). Accordingly, an increase of market volume from an average EUR 150 billion per year (2011-2013) to an average EUR 176 billion per year for the 2017-2019 period is expected. Additionally, the UNIFE Report predicts the growth in accessible markets to increase with a CAGR of 2.8%, resulting in an increase from EUR 102 billion per year to an average EUR 120 billion per year for the 2017-2019 period. On a regional level, the UNIFE Report predicts an average overall Accessible Market volume for the Western Europe region of approximately EUR 35 billion, for the NAFTA region of approximately EUR 28 billion, for the Asia Pacific region of approximately EUR 24 billion, for the Commonwealth and Independent States (CIS) region of approximately EUR 13 billion, for the Africa/ Middle East and Eastern Europe regions of approximately EUR 8 billion and for the Latin America region of approximately EUR 6 billion for the 2017-2019 period, respectively.

This predicted growth covers all market areas, from which the European rail supply industry should benefit the most due to its innovation and export strength. The strongest growth is expected in the areas of "Infrastructure", including infrastructure services, with a CAGR of 3.8%.

9.3 The German rail market

With almost 45,000km network and an annually infrastructure spending of almost EUR 1.9 billion, the German rail market is one of the largest. It is characterised by large, broadly diversified conglomerates and many highly specialised, medium-sized suppliers. According to the Verband der Bahnindustrie Deutschland e. V. (Association of the German Railway Industry . ("**VDB**")) press release April 2015: Railway industry achieved turnover record in 2014 / Orders fell short of expectations / "Coalition must handle regionalisation funds reliably" ("**VDB Press Release 2015**"), the rail industry comprises of approximately 50,000 employees and generated revenues of EUR 12.5 billion in 2014.

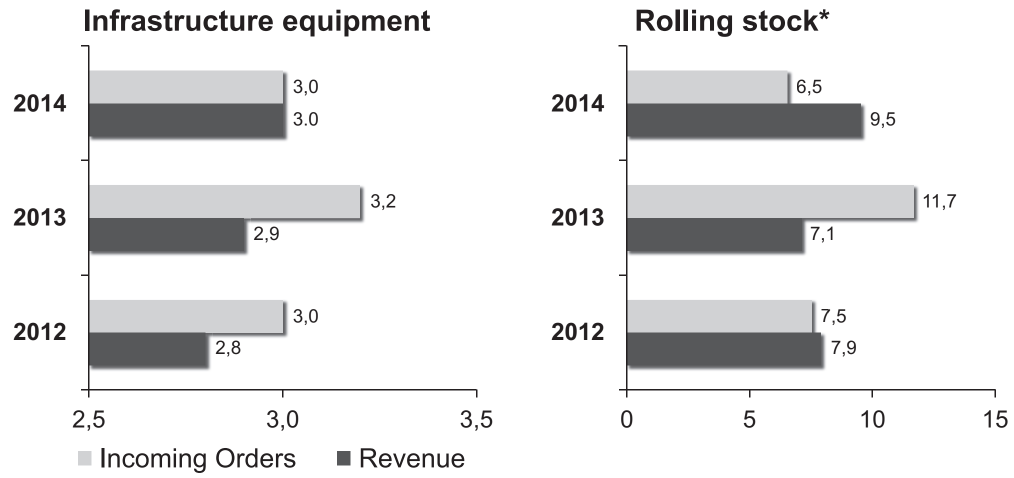
The following graphic shows incoming orders and revenues of the German rail industry companies for 2001-2014:



Source: VDB, press releases April 2014: Railway industry achieved order record in 2013 / Commercial framework conditions criticised / Railroads blatantly underfinanced" ("VDB Press Release 2014") and VDB Press Release 2015

The demand for German rail technology is divided between national and international customers (roughly 3:1). Approximately 80% of orders relate to rail vehicles and rail components, with the remainder concerning infrastructure equipment. In comparison to 2012, incoming orders increased by approximately 42% in the German rail industry, reaching a record level of EUR 14.9 billion for 2013 (source: VDB Press Release 2014). In 2014, revenues increased by approximately 25% in the German rail industry, reaching a record level of EUR 12.5 billion for 2014 (source: VDB Press Release 2015). However, the incoming orders decreased strongly to EUR 9.5 billion due to smaller number of major projects and economic sanctions on Russia (source: VDB Press Release 2015).

The following chart shows incoming orders and revenues of the German rail market by product segments (in EUR billion):



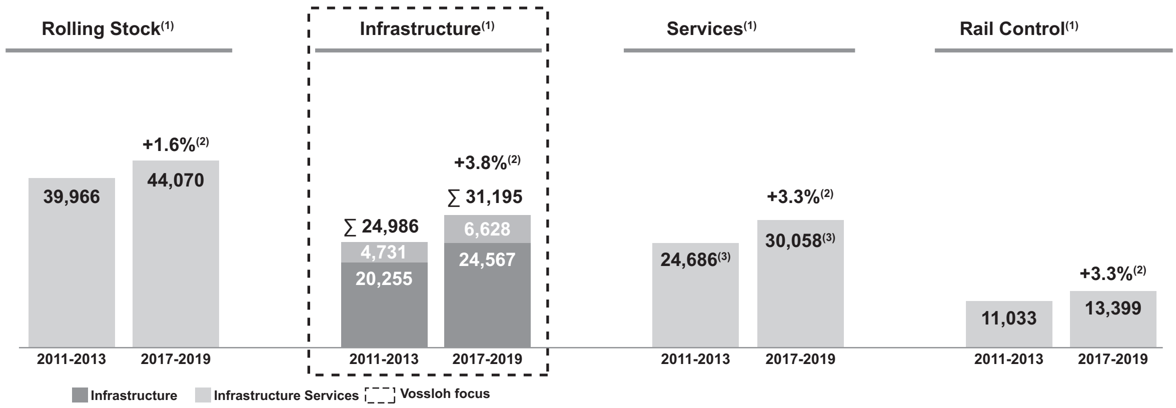
* including locomotives, trains and components

Source: VDB, press releases April 2013: Railway industry with large turnover in 2012 but leaving growth course / Rail infrastructure in Germany dramatically underfinanced, VDB Press Release 2014 and VDB Press Release 2015.

Taking into account the incoming orders in recent years, a stable trend in the business regarding infrastructure equipment (both national and international) is recognisable. In Germany, this trend is driven by investments of the German Federal Government. State-owned Deutsche Bahn announced in 2014 (source: Deutsche Bahn press release October 2014: Mehr Geld für die Schiene: Erfolgsmodell Leistungs-und Finanzierungsvereinbarung geht in die nächste Runde) its intention to significantly increase its budget for maintenance expenses over the next five years. Funded by the German Federal Government and its own resources, Deutsche Bahn expects an investment of at least EUR 8 billion in total for this period. Further growth potentials are expected due to the service and financing agreement (*Leistungs- und Finanzierungsvereinbarung - LuFV II*) reached in 2015 between the German Federal Government and Deutsche Bahn. The agreement's objective is to intensify the modernisation and maintenance of the German rail infrastructure over the next five years, with an estimated EUR 28 billion to be invested.

9.4 Product Segment Market Overview

The following graphic shows the world market for rail technology by product segments:



(1) Market for rail technology – average annual volume of the Accessible Market in € million and forecast average growth according to segments (in € million)

(2) CAGR 2017–2019 (forecast) in comparison to 2011–2013 (actual figures); source: UNIFE Report; CAGR Infrastructure including infrastructure services (which are included in the segment Services the UNIFE Report) at +3.8 %.

(3) Rolling Stock Services.

Source: UNIFE Report.

9.4.1 Market for Infrastructure

9.4.1.1 Market Overview

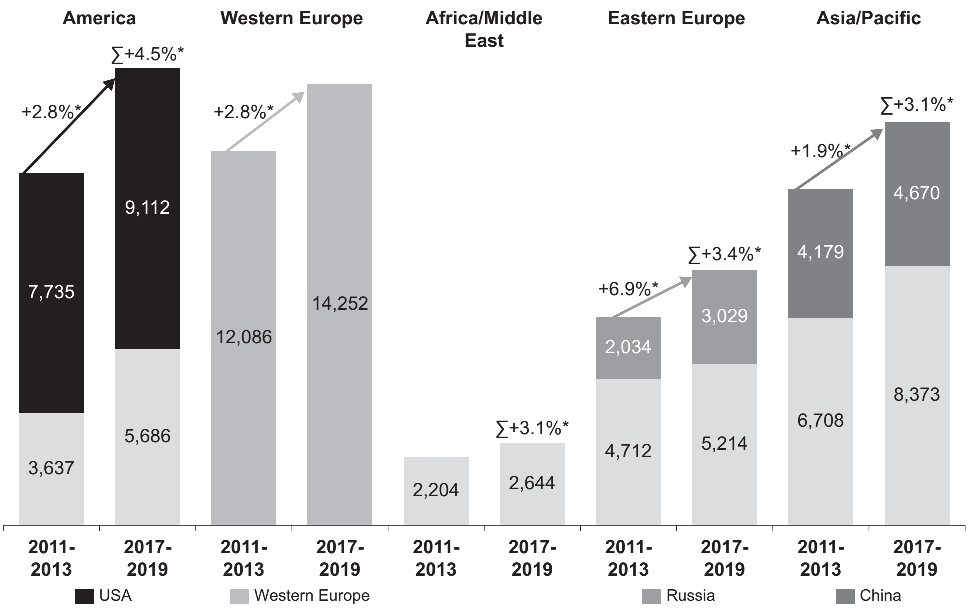
The market for "Infrastructure" comprises all superstructure, such as components of ballastless and ballast track (e.g. rails, sleepers and fastening systems, switches and crossings, ballast, engineering and track installation) and electrification, such as products for engineering and installation of catenary, third-rail and traction power supply systems. Civil works, such as tunnels, bridges, buildings and earth moving works are not included. In the superstructure segment of the "Infrastructure" market, Vossloh is active with its division Core Components for fastening systems, as well as with its division Customized Modules for switch systems and some complementary products.

The total "Infrastructure" market had an average annual volume of approximately EUR 29.6 billion for the period 2011-2013, according to the UNIFE Report. However, the Accessible Market for "Infrastructure" amounted to EUR 20.3 billion annually in this period. Regions with the largest demand for "Infrastructure" were Asia Pacific (total: EUR 8.3 billion, accessible: 2.9 billion), Europe (total: EUR 7.9 billion, accessible: EUR 6.7 billion) and regions which fall under the North American Free Trade Agreement (NAFTA) (total: EUR 6.4 billion, accessible: EUR 5.8 billion).

The market for "Infrastructure" is expected to grow between the periods 2011-2013 to 2017-2019 at a CAGR of 2.7% from EUR 29.6 billion to EUR 34.8 billion and the Accessible Market is expected to grow accordingly at a CAGR of 3.3% from EUR 20.3 billion to EUR 24.6 billion (source: UNIFE Report).

The following graphic shows the world market for "Infrastructure", including infrastructure services, by region:

Average annual volume of the market in EUR billion and estimated growth by region



* CAGR 2017–2019 (forecast) in comparison to 2011–2013 (actual figures).

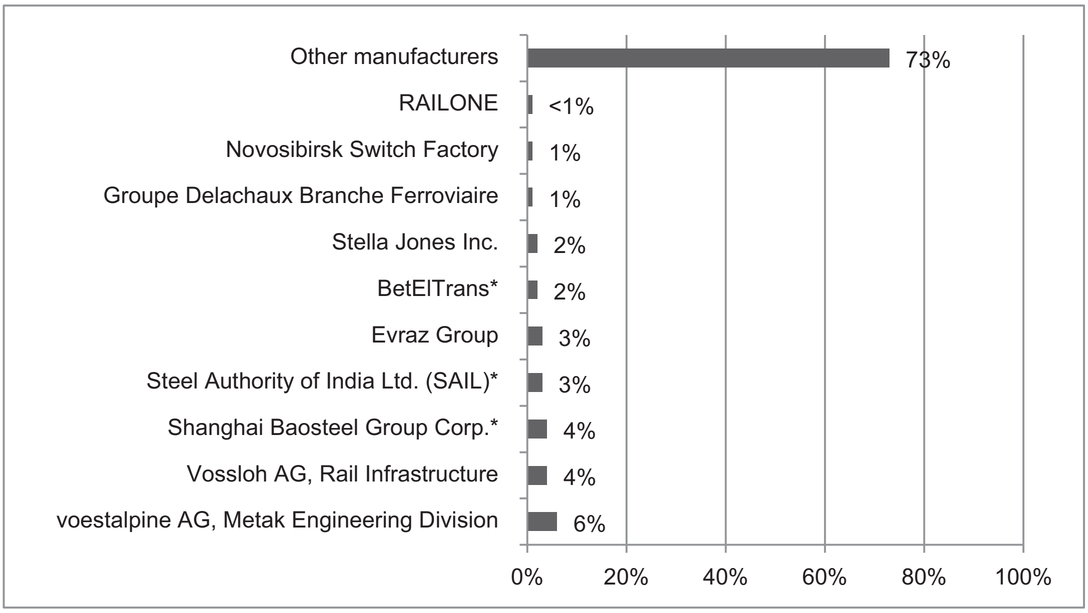
Source: Company; UNIFE Report.

The strongest increases in Vossloh's relevant business areas of "Infrastructure", including infrastructure services, are expected in the USA and Russia. However, Vossloh believes that due to the current political difficulties and EU sanctions on Russia, the outlook is not as strong as assumed by the UNIFE Report. The growth of the Western European markets and the Asia-Pacific region will – although at an overall slower pace – continue, with urban transport being one of the main drivers. Here, the Company believes that both in the Asia regions (mainly China and Japan) and in Eastern and Western European regions (particularly Sweden and Great Britain), an increased investment in maintenance, modernisation and extension of infrastructure is going to occur.

9.4.1.2 Competition in the rail infrastructure markets

The rail infrastructure market is highly fragmented with various suppliers offering a wide range of products. Along with large multinational companies, there are so called "hidden champions", that are able to take a leading position in their niche markets. Additionally, there are state-owned companies, operating to a limited extent on the Accessible Market. Along with the increasing number of well-established Chinese manufacturers, partly privatised Russian companies have gained more importance. A study conducted by SCI Verkehr GmbH "Worldwide market for railway industries", 2014, ("**SCI Report**") analysed suppliers of rail infrastructure, taking into account the product areas track system, electrification and control command and signalling. In order to establish an overall performance ranking, four key indicators for rail infrastructure products were used: revenues, share of total sales, market share in selected product segments and average growth in the period of 2010-2012.

The following graphic shows market shares (in %, with a total turnover of EUR 20 billion per annum) of the leading manufacturers of rail infrastructure products 2009-2013:



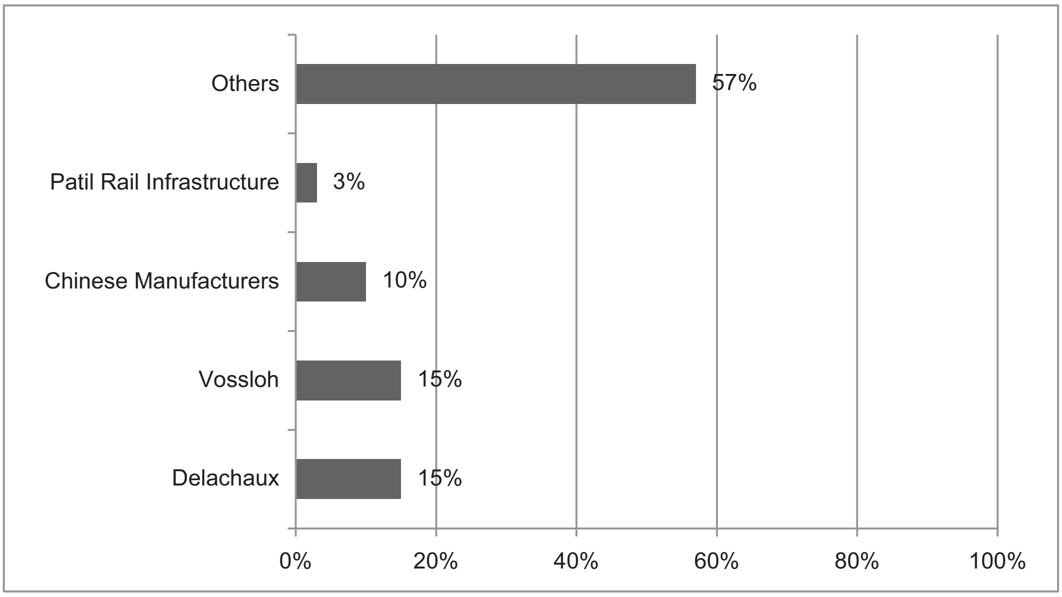
* Manufacturer owned by a national state or by a national incumbent rail infrastructure network operator

Source: SCI Report

The ten leading manufacturers only cover approximately 25% of the highly fragmented rail infrastructure market. Vossloh's rail infrastructure business ranks second in this overview.

In the field of rail fastenings, a variety of suppliers coexist, each of which is specialised in one or several products, technologies, and/or regions.

The following graphic illustrates market shares (in %, estimated) of the leading manufacturers of rail fastenings 2010-2014:



Source: Rail Track Systems 2015, a study conducted by SCI Verkehr GmbH ("**SCI RTS Report**").

According to the SCI RTS Report, the four leading manufactures solely cover approximately 43% of the rail fastenings market. Vossloh and Pandrol International Ltd., an English company under the umbrella of the French Delachaux group, are market leaders for rail fastening systems (source: SCI Report). Both companies operate on a very broad international customer base, while the other competitors ("Chinese Manufacturers" comprises several companies) concentrate on local markets. However, Vossloh currently estimates both its own and Delachaux group's market share at a higher percentage, with Delachaux being ahead of Vossloh.

According to the SCI RTS Report and based on 2010-2014 figures, Vossloh – together with VAE, a company of the metal engineering division of voestalpine AG – also holds a leading market position in switches and crossings. Vossloh holds about 5% of the total switch and crossings market, whereas VAE accounts for 19%. However, Vossloh's own market estimates deviate from SCI and currently result in a market share for Vossloh of around 15% compared to 23% for VAE.

The SCI Report allocates the market for turnout drives (conventional or electronic) to "Rail Control". The segment "Rail Control" is dominated by five companies, namely Thales, Siemens/Invensys Rail Ansaldo STS, Alstom and Bombardier. According to the SCI Report, Vossloh is a niche supplier in this product division.

9.4.2 Market for Services

9.4.2.1 Market Overview

The "Services" market is divided into services for infrastructure and rolling stock. The infrastructure services include labour and spare parts for maintaining superstructure and electrification. The servicing of rolling stock includes both heavy and light maintenance, as well as refurbishment and spare parts. In the infrastructure service market, Vossloh is active with its division Lifecycle Solutions in the areas of welding and transportation of long rails, analysis, maintenance and preventive care (grinding and milling) of tracks and switches as well as reconditioning and recycling of old rails. In the rolling stock service market, Vossloh is active with its division Transportation in the areas of light and heavy maintenance, refurbishment and spare parts for diesel shunting locomotives and light rail vehicles. Historically, many services for infrastructure and rolling stock have been provided by the rail operators themselves. In light of the liberalisation of the rail markets, more and more services are now provided by specialised external providers. For rolling stock services, there is a trend that customers request "full service" agreements for newly built vehicles. As margins for newly built vehicles are usually smaller than for services and spare parts, vehicle producers are keen to offer those full service contracts.

The total "Services" market for both infrastructure and rolling stock had an average annual volume of approximately EUR 58.3 billion for the period 2011-2013, according to the UNIFE Report. However, the Accessible Market for services amounted to EUR 29.4 billion annually. The largest markets with regard to their region were Western Europe (total demand: EUR 17.4 billion; accessible demand: EUR 8.6 billion), NAFTA (total demand: EUR 12.6 billion; accessible demand: EUR 10.1 billion) and Asia Pacific (total demand: EUR 11.9 billion; accessible demand: EUR 3.9 billion).

The market for "Services" is expected to grow between the periods 2011-2013 to 2017-2019 at a CAGR of 3.0% from EUR 58.3 billion to EUR 69.8 billion and the Accessible Market is expected to grow accordingly at a CAGR of 3.7% from EUR 29.4 billion to EUR 36.7 billion (source: UNIFE Report).

9.4.2.2 Competition in the service and maintenance markets

Within the rolling stock service segment, Vossloh is active with its Transportation division. Competition arises from the customers itself (rail operators have own repair and service shops) as well as other original equipment manufacturers (Bombardier, Alstom and Voith provide services and maintenance) or other smaller dedicated service providers. Whenever the business unit Locomotives sells a new vehicle, it offers a full service package in order to keep services inhouse.

Vossloh's Lifecycle Solutions division is fully dedicated to infrastructure services and provides several services like mobile and stationary rail welding, grinding and milling of rails, track inspection and rail logistics. Due to the broad service portfolio, there is a wide range of competitors. With regard to stationary rail welding, competition arises from mobile welding plants or suppliers of rails. For mobile rail welding, there is a considerable number of competitors as this service is provided by many track laying companies but also rail operator themselves (e.g. DB Bahnbau in Germany). For corrective rail grinding and milling, there are a number of local competitors like Linsinger, Speno and Scheuchzer in Western Europe. Rail operators also have own corrective grinding resources competing with Vossloh's offering. With regard to Vossloh's recently developed preventive grinding service with its High Speed Grinder (HSG), Vossloh faces currently no competition, other than from companies offering such services with vehicles acquired from Vossloh.

9.4.3 Market for Rolling Stock

9.4.3.1 Market Overview

The "Rolling Stock" market consists of any vehicles that move on a railway. In particular, it comprises very high-speed trains and high-speed trains, locomotives, multiple units, coaches, freight cars, light rail vehicles, metro vehicles and automated systems. Further, the market can be divided into electrical and diesel powered vehicles. In 2015, Vossloh was active in the product areas of diesel mainline locomotives and shunting locomotives, electrical systems and components for locomotives, light rail vehicles and buses as well as related maintenance services within its division Transportation.

Accordingto the SCI Report), the worldwide installed base for diesel locomotives consists of approx. 60% mainline locomotives (used for long travel freight and passenger applications) and 40% shunting locomotives (mainly used for short travel freight applications). Following the sale of its business unit "Rail Vehicles" as of 31 December 2015, Vossloh will only be active in the segment for shunting locomotives produced by its business unit "Locomotives" as part of Vossloh's non-core Transportation division. The total number of locomotives – both mainline and shunting – is expected to further decline during the next years, as locomotives for passenger applications were substituted by self propelled multiple units and due to a large part of electrified tracks (source: SCI Report). According to the SCI Report, there will be a demand for new diesel locomotives. Therefore Vossloh anticipates a certain demand in its regional target markets in Western Europe and Scandinavia for newly built shunting locomotives in the coming years.

The total "Rolling Stock" market had an average annual volume of just under EUR 48 billion for the period 2011-2013, according to the UNIFE Report. However, the Accessible Market for "Rolling Stock" amounted to EUR 40 billion annually. Around 73% of the total "Rolling Stock" market was accounted for by Asia Pacific (total demand: EUR 15.7 billion; accessible demand: EUR 9.1 billion), Western Europe (total demand: EUR 10.8 billion; accessible demand: EUR 10.8 billion) and the Commonwealth and Independent States (CIS) regions (total demand: EUR 8.3 billion; accessible demand: EUR 6.9 billion). These three regions are also the largest Accessible Market regions with their volume accounting for approximately 67% of the accessible "Rolling Stock" market.

The market for "Rolling Stock" is expected to grow between the periods 2011-2013 to 2017-2019 at a CAGR of 2.2% from EUR 47.9 billion to EUR 54.6 billion and the Accessible Market is expected to grow accordingly at a CAGR of 1.6% from EUR 40.0 billion to EUR 44.1 billion (source: UNIFE Report).

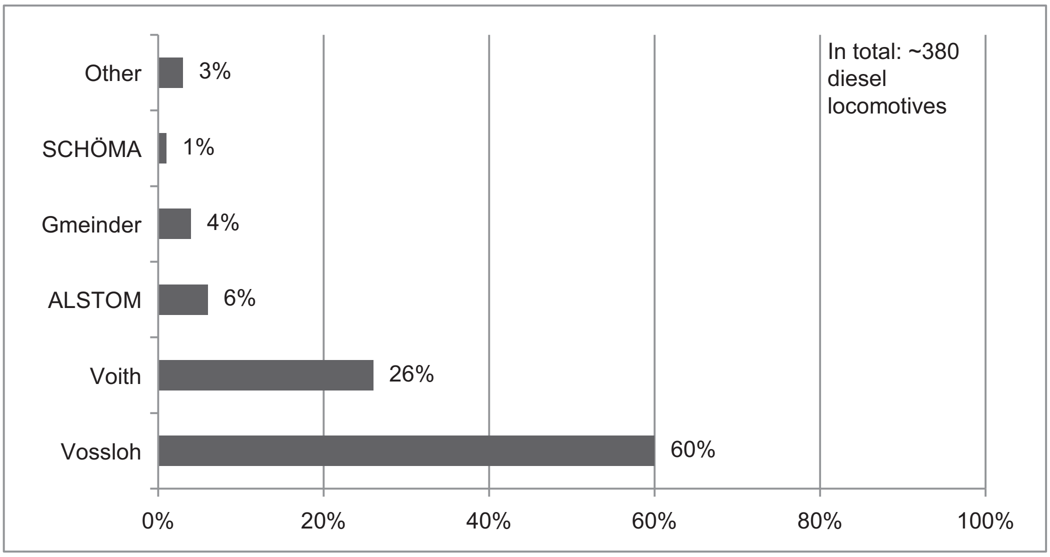
In response to recent changes in market conditions, Vossloh has reevaluated its position in the rail vehicles and rail components markets. As part of the new corporate strategy approved in December 2014, Vossloh subsequently decided that this business area – currently bundled in the Transportation division – is not considered as part of the Company's core business. Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017. Vossloh has already sold the business unit "Rail Vehicles" to Stadler Rail AG with effect as of 31 December 2015.

9.4.3.2 Competition in the rolling stock markets

Diesel locomotives market

According to the SCI Report, North America is the largest market for diesel locomotives, ahead of Russia and China. General Electric (GE) accounts for 27% of deliveries of locomotives and is the world market leader in diesel locomotives. According to Electro-Motive Diesel, Inc.'s own estimates, it is the market leader for diesel-electric locomotives – a technology which is also offered by Vossloh. Until 2015, Vossloh was the largest European supplier of diesel locomotives, with a share of 38% of the Western European supply volume (source: SCI Report) and approximately 3% of the global supply volume. However, Vossloh's product range has significantly reduced after the disposal of its business unit "Rail Vehicles to Stadler Rail AG with effect as of 31 December 2015.

The following graphic shows supply shares (by number of locomotives) of shunting locomotive manufacturers from 2008 until 2012 in Western Europe:



Source: SCI Verkehr GmbH "Diesel Locomotives – Global market trends"

According to a study conducted by SCI Verkehr GmbH "Diesel Locomotives – Global market trends", 2014 („**SCI Diesel Locomotives Report**"), within the market niche of newly built diesel shunting locomotives, Vossloh used to be the market leader in Western Europe for delivered vehicles between 2008 and 2012 with a share of approximately 60% of the total shunting segment. As Voith GmbH does not produce any locomotives anymore, Vossloh considers Alstom as its biggest competitor in the newly built diesel shunting locomotives. Other competition in the diesel shunting segment arises from second hand locomotives which are provided by leasing companies and state owned railways and also from refurbished locomotives provided by smaller private companies.

The SCI Report indicates that a consolidation among European manufacturers of locomotives is likely.

Market for electrical systems for rail vehicles

The market for electrical systems for rail vehicles is dominated by suppliers like Alstom, ABB, Bombardier or Mitsubishi Electric, which mainly focus on locomotives, coaches, multiple units and high speed trains. However, for light rail vehicles, from Vossloh's point of view, the market is also open to smaller suppliers. In the German speaking countries, Vossloh's business unit "Electrical Systems", according to Vossloh's own estimate, has a very good reputation and market share for electrical systems and components in light rail vehicles and electrical buses. In Vossloh's view, competition in those countries arises from the before mentioned multinational companies as well as from smaller companies like Medcom, Skoda Electric or Trainelec.

9.4.4 Market for Rail Control

9.4.4.1 Market Overview

The rail control market comprises all areas of rail control and signalling solutions, such as train protection and control systems, communication and equipment, and operational control systems. Train routing systems (interlockings) and level crossing equipment are included as well. In the Rail Control market, Vossloh is active with its division Customized Modules in the areas of signalling products (comprising switch machines and other complementary products to switches and turnouts) as well as signalling systems for smaller applications and light rail vehicles.

The total "Rail Control" market had an average annual volume of approximately EUR 12.7 billion for the period 2011-2013, according to the UNIFE Report. The Accessible Market for Rolling Stock amounted to EUR 11.0 billion annually. The largest regions were Western Europe (total demand: EUR 4.6 billion; accessible demand: EUR 4.6 billion), Asia Pacific (total demand: EUR 3.8 billion; accessible demand: EUR 2.4 billion) and NAFTA (total demand: EUR 1.2 billion; accessible demand: EUR 1.2 billion).

The market for "Rail Control" is expected to grow between the periods 2011-2013 to 2017-2019 at a CAGR of 3.1% from EUR 12.7 billion to EUR 15.2 billion and the Accessible Market is expected to grow accordingly at a CAGR of 3.3% from EUR 11.0 billion to EUR 13.4 billion (source: UNIFE Report).

9.4.4.2 Competition in the rail control markets

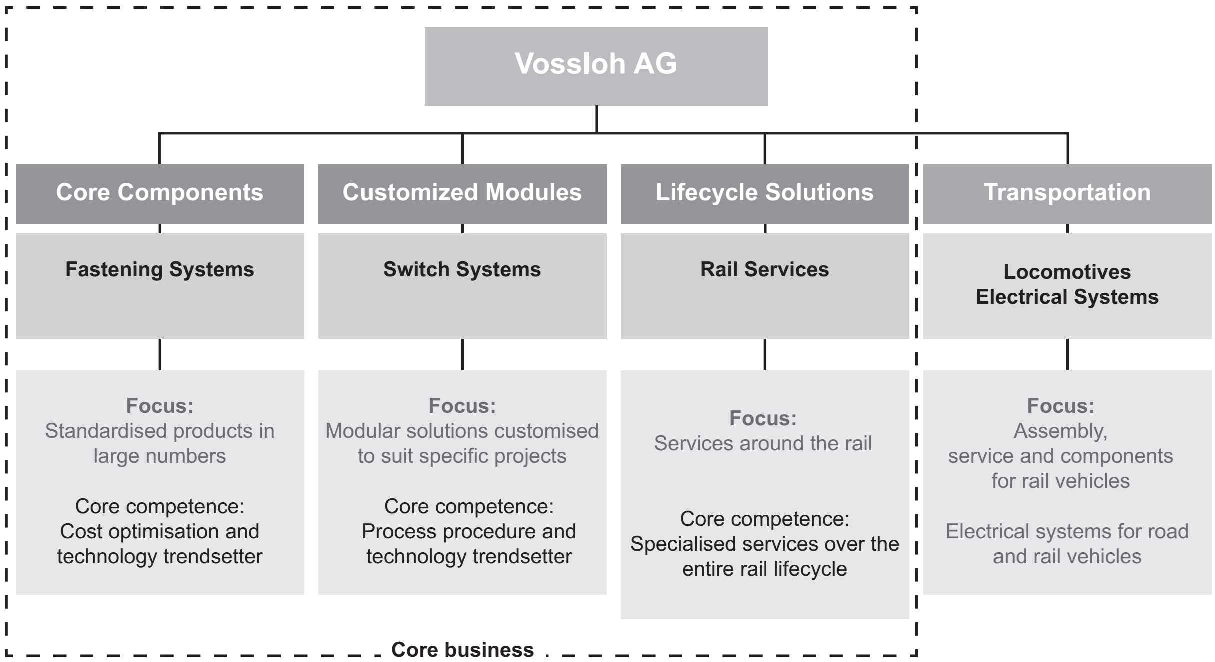
According to the SCI Report, the Rail Control market is dominated by Siemens, Thales, Ansaldo, Bombardier and Chinese CRSC, representing 75% of the worldwide market (source: SCI Report). Smaller regional and/or product niche players represent the remaining 25% of the worldwide market. Vossloh belongs to those with its Customized Modules division offering signalling and communication products in the USA and France.

10. BUSINESS

10.1 Overview

Vossloh is a global player in the rail technology market and its core business relates to rail infrastructure. Vossloh offers components, solutions and services for rail infrastructure worldwide ranging from conventional to high-speed lines, heavy load and urban networks. Within its core business, Vossloh is an encompassing (one-stop-shop) provider of integrated solutions, products and services that cover the entire infrastructure lifecycle. With more than 100 years of experience, Vossloh considers itself a market leader for rail fastening and switch systems. Furthermore, Vossloh believes it is a leading provider of comprehensive track maintenance and related logistic solutions in Germany. Vossloh's customers are generally public and private railway companies, network operators and regional and municipal transport companies.

Vossloh's core business is divided into the three divisions "Core Components", "Customized Modules" and "Lifecycle Solutions", which are managed and controlled in accordance with the principles underlying their respective business model, i.e. the offering of standardised products, project business and services. However, all divisions act and present themselves in a well aligned and uniform manner under the umbrella of "One Vossloh". In addition, Vossloh's business with vehicles and vehicle components – bundled in the division "Transportation" – operates as a fourth division, but is not considered as part of the Company's core business. Vossloh intends to sell the activities in this business division or to transfer them to one or several partnerships that are not or no longer controlled by Vossloh no later than 2017.



The Group is globally active having established numerous sales companies and branches around the world. Its local presence and customer proximity are integral elements of its business model. In 2015, Vossloh generated revenues in more than 80 countries. In the Core Components division, Vossloh's rail fasteners are used in more than 65 countries and around 50 million tension clamps are produced every year. The most important production facilities for Vossloh rail fastening systems are in Germany, Poland, China and the United States. Another production site for rail fasteners is being built in Russia. In the Customized Modules division, Vossloh manufactures switch systems and components in 20 countries, including France, the United States, Sweden, Australia, Luxembourg, Poland and the United Kingdom. In the Lifecycle Solutions division, Vossloh provides rail related services mainly in Germany as well as in China, Scandinavia and Turkey. The main production facilities for its Transportation business are located in Germany.

With approximately 4,850 employees as of 31 March 2016 and approximately 4,800 employees as of 31 December 2015, Vossloh generated revenues of EUR 240.1 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 259.8 million) and EUR 1.2 billion in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 1.1 billion). EBIT amounted to EUR 2.3 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -2.2 million) and

EUR 45.1 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -183.4 million) and the EBIT margin reached 1.0% in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: -0.9%) and 3.8% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -16.7%).

Vossloh generated EUR 151.1 million or 62.9% of its revenues in the three-month period ended 31 March 2016 in Europe (EUR 778.6 million or 64.8% in the fiscal year ended 31 December 2015), with Germany (EUR 38.5 million or 16.0% in the three-month period ended 31 March 2016 and EUR 269.7 million or 22.5% in the fiscal year ended 31 December 2015) and France (EUR 37.5 million or 15.6% in the three-month period ended 31 March 2016 and EUR 128.9 million or 10.7% in the fiscal year ended 31 December 2015) making up the largest contributions. In the three-month period ended 31 March 2016 EUR 38.2 million or 15.9% of revenue were furthermore generated in America (EUR 219.8 million or 18.3% in the fiscal year ended 31 December 2015), EUR 36.0 million or 15.0% in Asia (EUR 149.4 million or 12.5% in the fiscal year ended 31 December 2015), EUR 10.2 million or 4.3% in Africa (EUR 30.4 million or 2.5% in the fiscal year ended 31 December 2015) and EUR 4.6 million or 1.9% in Australia (EUR 22.5 million or 1.9% in the fiscal year ended 31 December 2015).

Orders received in the three-month period ended 31 March 2016 amounted to EUR 289.6 million (three-month period ended 31 March 2015: EUR 265.5 million) and EUR 1,090 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 1,150 million) and the order backlog[1] was EUR 1,080 million on 31 March 2016 (EUR 1,148 million on 31 March 2015) and EUR 1,031 million on 31 December 2015 (EUR 1,142 million on 31 December 2014).

Vossloh generated a value added[2] of EUR -15.4 in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -22.2 million) and of EUR -35.9 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -267.8 million).

Vossloh's free cash flow[3] in the three-month period ended 31 March 2016 amounted to EUR -55.1 (three-month period ended 31 March 2015: EUR -24.6 million) and amounted to EUR 66.1 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -98.5 million).

Return on capital employed[4] in the three-month period ended 31 March 2016 amounted to 1.2% (three-month period ended 31 March 2015: -1.1%) and 5.6% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -21.7%), average working capital[5] amounted to EUR 234.0 million (three-month period ended 31 March 2015: EUR 242.7 million) and EUR 251.8 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 258.3 million) and the average capital employed[6] amounted to EUR 787.8 million (three-month period ended 31 March 2015: EUR 799.1 million) and EUR 809.7 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 844.2 million).

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[1] Order backlog is calculated by adding orders received within the financial reporting period to the opening balance order backlog and then substracting order cancellations as well as net sales. Framework contracts do not form part of the order backlog. Call orders out of a framework contract are considered under orders received and net sales.

[2] Value added is calculated on the basis of return on capital employed (ROCE) minus weighted average cost of capital (WACC), the result of which is multiplied by the figure for the average capital employed. In 2015, WACC was determined at 10% (as of 2016 9%) on the basis of an intended capital structure of one third equity capital and two thirds debt capital. ROCE is calculated as EBIT divided by average capital employed. Capital employed consists of fixed assets and working capital.

[3] Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with consolidated associated companies accounted for using the equity method.

[4] Return on capital employed ("**ROCE**") is defined as EBIT divided by Average Capital Employed (as defined below). For the calculation of ROCE for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, EBIT of such period is annualized (i.e. grossed up to an annual value by calculating an average EBIT for the three months and multiplying this figure by 12).

[5] Average working capital ("**Average Working Capital**") for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, represents the arithmetic mean of the opening and the closing figure of working capital, which is defined as trade receivables (incl. receivables from long-term construction contracts) plus inventories minus trade payables (incl. liabilities from long-term construction contracts) minus prepayments received minus other short-term provisions (adjusted for items not attributable to operating business) ("**Working Capital**") for the respective period. Average Working Capital for the fiscal years ended 31 December 2015 and 31 December 2014, respectively, represents the arithmetic mean of the four quarterly average figures for Working Capital for the respective fiscal year.

[6] Average capital employed ("**Average Capital Employed**") for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, represents the arithmetic mean of the opening and closing figure of capital employed for the respective period. Capital employed represents the sum of Working Capital and fixed assets (comprising intangible assets, property, plant and equipment, investment properties, investments in associated companies and other noncurrent financial instruments) ("**Capital Employed**") for the respective period. Average Capital Employed for the fiscal years ended 31 December 2015 and 31 December 2014, respectively, represents the arithmetic mean of the four quarterly average figures of Capital Employed for the respective fiscal year.

10.2 Key Competitive Strengths

Since the beginning of 2015, Vossloh has worked intensively on strategic and operational improvements as part of its repositioning and advanced the implementation of its new corporate strategy. As a result, Vossloh considers itself well-positioned to benefit from the expected growing global demand for rail infrastructure products and services, in particular due to the following key competitive strengths:

Vossloh considers itself a highly regarded technology leader offering integrated solutions and services for rail infrastructure

Vossloh's offering comprises several key competencies in the rail infrastructure industry. It regards itself as being known and highly regarded for the quality of its products and services worldwide. Covering the entire life-cycle of the track system, cross-divisional and international project teams work closely together to develop and provide individualised solutions in order to maximise customer value. By bundling products and services from all divisions, such as switches, fastening systems as well as logistics and rail care, Vossloh addresses the increasing demand from customers for an optimisation of lifecycle cost instead of merely focusing on minimal costs for the initial investment. In conjunction with Vossloh's more than 100 years of experience with rail applications and its excellent technological know-how this customer-oriented approach forms the basis for Vossloh's continuous success. Vossloh believes that these factors distinguish the Group from its competitors in the rail infrastructure markets and allow Vossloh to offer a specialised product range which qualifies for most applications worldwide.

Recent examples of Vossloh's integrated offering include ongoing projects in Sweden and India. In Sweden, infrastructure authorities together with Vossloh are renewing switches on their infrastructure network. In only eight hours, each new switch is fully functional and placed in the track beds. All key work stages are performed by companies of Vossloh. In India, several major cities are modernizing their metro networks with Vossloh supplying both switches and fastening systems which are both systemically and precisely coordinated.

Vossloh continuously improves existing and introduces new technologies in all business areas. Vossloh's high speed grinding (HSG) technology is an example of a worldwide unique and patented technology that offers significant advantages to customers. It allows for preventive rail care at working speeds of up to 80 km/h which is considerably faster than similar offerings by Vossloh's competitors. As a result, infrastructure downtime is minimised, the service life of rails is extended significantly and noise emission is reduced remarkably while the need for corrective rail milling decreases. Vossloh successfully offers this kind of non-disruptive grinding technology not only for conventional and high-speed rail tracks but also for urban transport networks.

Vossloh considers itself a global player with leading market positions

Operating production and assembly sites and/or representative offices in more than 30 countries, Vossloh is a global player in rail infrastructure and considers itself well positioned in economically attractive and technologically leading sales regions of the world. In both the rail fastening systems and switches market segments, Vossloh considers itself one of the two leading global suppliers by market share, having a considerable lead over smaller, often regional competitors.

The market share of Vossloh's products and solutions and Vossloh's broad international footprint enable Vossloh to serve a wide range of regional rail infrastructure markets and, at the same time, to take advantage from its geographical diversification in a typically project-driven, i.e. regionally fluctuating, business environment. In 2015, Vossloh generated approximately 35% of its sales outside of Europe, with the largest markets being USA and China. Vossloh's leading market positions are reinforced by its integrated business approach, its high quality and efficiency standards in production and administration as well as its local proximity to customers, the latter having proven critical to Vossloh's success in light of the variety of technical standards in different countries. Moreover, Vossloh believes it has the size and market strength necessary to profit from the globally growing rail infrastructure market.

Vossloh operates in the rail infrastructure market which is expected to offer sustainable growth and is characterised by high entry barriers

The rail technology market is driven by various global megatrends. The most important drivers are population growth and increasing urbanisation as well as growing mobility needs for goods and passengers, which have to be harmonised with increasing environmental requirements. Likewise, deregulation and liberalisation as well as the increasing standardisation of international rail infrastructure technology form important factors stipulating expected growth in the rail industry. Apart from the construction of new lines, which is typical of the Asian and especially the

Chinese market, the modernisation and maintenance of existing lines – which covers the major part of Vossloh's business activities - constitute an important and mostly projectable growth driver in the rail infrastructure markets worldwide (source: UNIFE Report).

Moreover, predominantly state-owned corporations continue to operate public transport. As a result, the market for rail infrastructure products and services has repeatedly proven resilience to cyclical economic developments as necessary infrastructure maintenance measures and infrastructure development often cannot be postponed or cancelled, even in times of economic difficulties. In 2015, Vossloh generated the vast majority of its rail infrastructure business with public entities as customers.

Despite deregulation and liberalisation of national markets, high quality standards, extensive approval procedures for rail technology products as well as customer requests for a portfolio of reference projects provide for high market entry barriers. Additionally, the products and services offered in the rail infrastructure market are often relevant for the safety of railway lines and thereby requiring rail operators to implement strict certification procedures. As a result, competitors are required to make substantial investments before being able to enter a new market. Furthermore, many countries demand that suppliers in the rail infrastructure market establish a local presence which entails additional investments. Vossloh has already positioned itself globally and has a track record of successful homologation processes. Vossloh owns a large number of certifications which allow Vossloh a product and service offering for all key applications and regions in the infrastructure market.

Vossloh strictly focuses on its core business, firm cost management and efficiency enhancement driving profitability improvement

In its corporate strategy, Vossloh emphasises the focus on its core business of rail infrastructure products, solutions and services. As a consequence, Vossloh's three core divisions are now set up according to their respective business model: product orientation and cost efficiency in the Core Components division, project focus and customisation in the Customized Modules division and service orientation in the Lifecycle Solutions division. Additionally, internal processes were streamlined and standardised, while cost structures were closely reviewed and adjusted. Synergies are now being generated, processes simplified and operating activities bundled. Programs to ensure a purposeful use of financial means and higher efficiencies were introduced in early 2015. Given that Vossloh's cost of materials generally amounts to more than 50% of its sales revenues (more than 50% also in 2015), professional procurement management is particularly important. Moreover, the number of legal entities within the Group has been and will be further reduced to improve cost effectiveness and reduce operational complexity.

In conjunction with the ongoing implementation of the reorganisation and transformation process towards an integrated rail infrastructure group, Vossloh is confident that its focused business approach considerably increases the Group's ability to improve profitability medium- and long-term. Likewise, the recent divestment of part of Vossloh's rolling stock business and the intended divestment of its remaining activities in the Transportation division are expected to contribute to a sustainable increase of Vossloh's profitability, as, in general, lower margins are generated in the rolling stock business.

Vossloh has a strong base of skilled and motivated employees and is led by a highly qualified and experienced management team

Vossloh pays considerable attention to the satisfaction and well-being of its employees and allocates significant resources to training, career planning, diversity, work safety and health. As of 31 December 2015, 46% of all Vossloh employees had been with the company for more than 10 years, 24% even for more than 20 years. At the same time, Vossloh takes responsibilty for the training of young people. At the end of 2015, the percentage of apprentices that worked at Vossloh in Germany was 4.1%.

Vossloh's management is characterised by significant collective industry know-how and management experience. Management and supervisory board members have extensive experience and expertise in rail technology from previous professional activities and access to a network of experts, customers and suppliers in this field. Additionally, the new management team has an excellent track record regarding the strategic development and the optimisation of the value added of industrial corporations and has already proven itself in the ongoing reorganisation process.

10.3 Strategy

A core element of Vossloh's medium-term strategy is its transformation into an integrated rail infrastructure company with a clear focus on its three core divisions and its defined geographical markets. Vossloh strives to maintain and strengthen its competitive position regarding its core business by optimising its products and services offering in the rail infrastructure market. Vossloh intends to achieve this goal by growing its business organically as well as through selective acquisitions in order to further strengthen its product portfolios in the Core Components and Customized Modules divisions and/or to expand its range of services in the Lifecycle Solutions division. Moreover, Vossloh plans to foster structured innovation management and accelerate R&D activities for existing core products.

Promoting an integrated products and services offering

Vossloh often serves the same customers with different product and service offerings provided by its separate business divisions. In order to optimise the cross-selling potential of its comprehensive, high quality offering and global market presence, Vossloh, as of 2015, pursues a centralised operational management approach. Vossloh Aktiengesellschaft as the Group's parent company stringently coordinates and manages the business activities of its business divisions, thereby connecting operations internally and ensuring that customers perceive the various Vossloh companies as "One Vossloh", thus entailing a one-stop-shop experience.

The ability to offer to customers a combination of products and related services addresses the increasing focus of infrastructure providers on life-cycle-costs rather than product cost. Firstly, engaging such an approach, products and services are, by nature, perfectly aligned. Secondly, as a result of Vossloh's worldwide setup, project base and customer access as well as its extensive experience, Vossloh is able to offer maintenance at a high technological and qualitative level that customers may not be able to achieve themselves. The company believes that, going forward, customers will increasingly tend to enter into Lifecycle contracts focusing on the availability of infrastructure instead of the mere provision of hardware. In addition, the extension of lifetime by tailored and professional maintenance has become critical when taking investment decisions in durable goods like rail infrastructure.

Organising products and services along specific business models

Different business models require tailored organisational and procedural structures as well as a specific sales and R&D approach in order to ensure sustainable economic success. Therefore, Vossloh has set up its three core divisions according to their respective business models and underlying principles: product orientation and cost efficiency are the key drivers in the Core Components division, while technological excellence in combination with short time-to-market as a result of lean organisation and processes are critical success factors in the Customized Modules division. Service orientation and high-value rail infrastructure services complement and complete the Vossloh portfolio and characterise the fundamental business approach in the Lifecycle Solutions division.

Following this concept, Vossloh strives for competitive cost structures, including streamlined overhead structures and efficient development processes, as well as technological leadership in its Core Components division. In its project-oriented Customized Modules division, Vossloh intends to apply replicable processes and flexible engineering procedures, focus on solutions tailored to meet local needs and achieve fast response times and efficient logistics. The Lifecycle Solutions division, Vossloh's service-oriented business, is characterised by an emphasis on operator and lifecycle competence and methodology development, aiming at realising Vossloh's goal to conclude lifecycle agreements that ideally bundle product and service offerings of all core areas.

Gain and secure sustainable growth by focusing on defined key markets

It is one of Vossloh's entrepreneurial ambitions to grow, especially in large and technologically leading markets which offer above-average growth potential and/or outstanding framework conditions. On the basis of these criteria, Vossloh identified Western Europe, China, the United States and Russia as focus markets with high relevance for all core divisions. In these markets, Vossloh already has a leading market position or is capable of achieving such a position in the foreseeable future. Vossloh is considering including further markets in its portfolio of regional focus markets. Additionally, Vossloh aims to expand its market share in attractive regional markets such as Australia, Brazil, Canada, the Middle East, Northern Europe and the so-called STAN countries (Kyrgyzstan, Uzbekistan, Kazakhstan, etc.) on an opportunistic basis driven and controlled directly by the business divisions. Vossloh concentrates its activities mainly on regions with low market cyclicality and a high share of public sector financing. Rail infrastructure markets that Vossloh considers significant offer a total market volume in excess of EUR 300 million per country.

Pursuing value-oriented growth

In order to achieve value-added growth, Vossloh made it a priority to grow at least as fast as the rail infrastructure market, if not faster, through its focused and efficient business model. The global market for rail infrastructure is showing sustainable growth which is even above the average of the rail technology market. The total market for rail technology is expected to grow at a CAGR of 2.8% in the period from 2017 to 2019 while Vossloh's core market for rail infrastructure products and infrastructure-related services is forecast to grow at a combined CAGR of 3.8% in the same timeframe (source: UNIFE Report).

Vossloh plans to pursue its value-oriented growth strategy by way of organic growth, i.e. by expanding its regional presence and by developing new and future-oriented technologies, products and services underlying the business principles of the three core divisions. Furthermore, inorganic growth in the form of acquisitions, in particular regarding complementary products and services, forms part of Vossloh's growth strategy. Therefore, Vossloh keeps track of potential acquisition targets to add to its existing business units. In the near-term, the main sources for financing inorganic growth are free cashflow from operating business, proceeds from the sale of the Transportation division or parts of it and the intended increase in share capital subject to this prospectus. Going forward and depending on the realization of specific acquisitions, additional funds might be required. In such case, the Company will explore all its available instruments for financing and pursue one which maximises the value for its investors.

Another crucial element of Vossloh's value-oriented growth strategy is positive value added, which is generated when a premium on top of the return claimed by investors and lenders (cost of capital) is earned. This premium is the difference between the return on capital employed (ROCE) and WACC, the weighted average cost of capital (debt and equity), i.e. ROCE minus WACC, the result of which is multiplied by the average capital employed. Vossloh at the same time aims to maintain a sustainably positive free cash flow and to focus on cash generation accordingly. Likewise, Vossloh intents to sustainably optimise its working capital.

In order to expand and secure its market position, research and innovation play an important role for the Group. To this end, a strong and structured cooperation between research and development teams across the Group has been established. The main focus of research and development is being laid on reducing emissions and noise, utilising alternative energy sources and enhancing rail safety and efficiency.

10.4 Offering and Operations

Vossloh's rail infrastructure business is divided into the three core divisions "Core Components", "Customized Modules" and "Lifecycle Solutions", which are managed and controlled according to the basic principles of their respective business model, i.e. offering of standardised products, project business and services. Vossloh's fourth non-core division, "Transportation", encompasses the production of diesel-electric and diesel-hydraulic locomotives and electrical equipment for trains and buses as well as related maintenance services. Since the adoption of Vossloh's new corporate strategy at the end of 2014, the Transportation division is no longer a core business and will be sold off or transferred to one or several partnerships that are no longer controlled by Vossloh no later than 2017. Vossloh's "Rail Vehicles" business unit was already divested with effect as of 31 December 2015.

Vossloh Aktiengesellschaft as the holding company takes direct operating influence over the business divisions and units. The three core divisions are working closely together and offer joint proposals to customers. The aim is to appear in the market as "One Vossloh" and offer all products and services from one source.

Vossloh offers products and services for all main track systems used in railway infrastructure, i.e. ballasted tracks and slab tracks. Ballasted tracks are characterised by a combination of concrete (sometimes wooden) sleepers on ballast and are the most frequently used railway track structure worldwide. Slab tracks are concrete or asphalt surfaces that are gradually replacing the standard ballasted tracks. This structure is made of stiff and brittle materials thus avoiding the risk of eroding ballast and allows for a narrow rail base and tight curves. Slab track systems must meet specific requirements to deflect forces generated by a rolling train into the ground and prevent abrasion. Vossloh's rail infrastructure products and services offering addresses all main rail applications, serving all relevant types of rail lines and networks from conventional rail, to high speed lines, heavy haul and urban transport. Vossloh offers a comprehensive product range for new lines as well as for the modernisation or strengthening of existing tracks.

10.4.1 Core Components

In the Core Components division, Vossloh manufactures standardised products on an industrial scale which are required in large quantities for rail infrastructure projects. Primarily these products comprise rail fastening systems, with Vossloh producing the tension clamps of such systems and sourcing elastic and other components from suppliers.

Revenues in the Core Components division amounted to EUR 51.3 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 66.2 million) and EUR 256.6 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 331.0 million). EBIT for the Core

Components division reached EUR 6.6 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 6.4 million) and EUR 29.2 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 58.8 million) while the EBIT margin for the Core Components division amounted to 13.0% in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: 9.6%) and 11.4% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: 17.8%).

Orders received amounted to EUR 65.0 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 71.4 million) and EUR 251.6 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 347.2 million) and on 31 March 2016, the order backlog of the Core Components division amounted to EUR 191.3 million on 31 March 2016 (EUR 187.8 million on 31 March 2015) and EUR 177.6 million on 31 December 2015 (EUR 182.6 on 31 December 2014).

Vossloh generated a value added in the Core Components division of EUR 4.2 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 3.2 million) and of EUR 16.6 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 45.9 million).

ROCE in the three-month period ended 31 March 2016 amounted to 24.0% (three-month period ended 31 March 2015: 19.9%) and 23.3% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: 45.7%), Average Working Capital amounted to EUR 59.2 million (three-month period ended 31 March 2015: EUR 71.2 million) and EUR 68.8 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 76.0 million) and the Average Capital Employed amounted to EUR 110.5 million (three-month period ended 31 March 2015: EUR 128.3 million) and EUR 125.1 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 128.6 million).

Rail fastening systems are a means of fixing rails to sleepers. Among the different types of rail fastening systems, Vossloh fastening systems have become an industry standard for many railway and local transport operators worldwide. The product range comprises fastening systems, including elastic components and tension clamps, for ballasted tracks and slab tracks and for all load profiles, encompassing conventional, heavy-duty freight and high-speed passenger lines as well as urban transport systems. Vossloh's production facilities in this business unit are located in Germany, China and the United States as well as in Poland and Turkey.

Elastic components of fastening systems are used to provide for elasticity and flexibility of the track. With its highly elastic components Vossloh aims to create the necessary resilience on all kinds of tracks and to provide a comfortable journey while also protecting the track.

The tension clamp in Vossloh's rail fastening systems keeps the track on the concrete sleeper with the aid of a screw/dowel combination which provides for a stable and reliable connection. The dowels that Vossloh designs are made from high quality and water-repellent plastic material. They are particularly resilient as the forces applied are dissipated lengthwise due to the geometrical construction of the thread.

As a potential additional component, Vossloh offers rail pads and elastic pads that are made of cellentic, a microcellular elastomer. The chemical composition of this elastomer ensures good stability against many other chemicals thus providing excellent resistance to temperature, aging, and weather conditions and ensures durability under permanent load. Consequently, components made of cellentic enhance ballasted track elasticity and protect the railway tracks since the discharge of vibrations (causing heat and destruction) into the ballast bed can be reduced and track component wear is effectively contained. The pads which are installed in the fastening system between the load-distribution plate and the sleeper can be matched to different customer requirements (metro, local and high-speed systems worldwide) and their improved stiffness distribution enables the construction of tracks with a narrow rail base and tight curves.

Vossloh's product solutions for conventional rail are in use on ballast tracks (with concrete and wooden sleeper) in more than 65 countries and over 100,000 km of standard rails, but also on approximately 7,000 km of slab tracks (with concrete shoulders or as single support point). Vossloh's tension clamps for conventional rail tracks provide a stable fastening solution for types of track with a permissible axle load of up to 26 tons.

Vossloh has certified systems for heavy-haul lines in almost all regions and climate zones in the world. Vossloh's fastening solutions are installed on a total of 4,300 km of heavy haul routes, including the desert of the United Arabic Emirates and the USA, using both ballasted track systems with concrete and wooden sleepers and solutions for slab track areas. Vossloh produces special weather and temperature resistant fasteners for heavy-haul lines that protect the entire track superstructure against erosion and material fatigue. With this product, Vossloh strives to ensure stability of its systems, even on narrow turns with high inclination. With simple installation and flexible upgrade options, Vossloh aims to reduce the amount of initial investment as well as operational and maintenance costs.

Regarding high speed lines, Vossloh's fastening systems are installed on more than 8,000 km of high speed tracks worldwide, providing solutions for the ballast construction and increasingly also for slab tracks. With 1,318 km, the track between Beijing and Shanghai is one of the longest high-speed lines in the world and is equipped with Vossloh rail fastening systems for slab tracks permitting speeds of over 300 km/h. The enormous forces generated on a high speed slab track underground need to be fully captured by an elastic structure. Vossloh has developed special fastening systems for ballasted tracks as well as slab tracks which can be adjusted to specific requirements, e.g. by the use of inclined pads, or extreme conditions, e.g. Vossloh produced the track fasteners for the first high-speed railway line through the Saudi-Arabian desert connecting Mecca with Medina, which have to resist enormous day-night temperature differences.

Vossloh also produces highly elastic components that withstand frequent braking and starting within a short period of time which is characteristic of urban transport. Vossloh's urban traffic products are used on 1,000 km of tramway and 1,500 km of metro lines. For example, Vossloh delivered so-called chamber filling elements for the 18 km long tram line 1 in the Chinese city of Suzhou. The components produced by Vossloh were integrated into the track network and reduce noise as well as stray-current corrosion.

Vossloh also produces sleeper anchors which increase the lateral shifting strength of the track grid while the ballast bed remains undamaged, providing security against track buckling in continuously welded tracks, even at critical points.

At the end of April 2015, Vossloh was awarded a new large contract for high speed fastening systems in China starting in 2016. Vossloh Fastening Systems China is supplying the route under construction from Beijing to Shenyang, a 700 km long section of the main connection from Beijing to Harbin. Between Shenyang with Beijing, the so-called Jingshen-line, the rail tracks shall allow for maximum speeds of up to 350 km/h, shortening the travel time between the two cities from almost four hours to approximately 2.5 hours.

10.4.2 Customized Modules

In the Customized Modules division, Vossloh helps customers modernise existing tracks with the development of new points and crossings and supplies its customers with new railway tracks by developing and manufacturing systems for rail infrastructure, which are, in most cases, individually adapted to customer needs and project requirements. Vossloh also offers related services such as installation and maintenance.

As in the Core Components division, the Customized Modules division covers all relevant fields of rail application: very high-speed (over 300 km/h), high-speed, conventional and suburban networks as well as heavy-haul railways, transit systems and tramways. Vossloh is of the opinion that it adheres to all relevant applicable railway regulations.

Vossloh's Switch Systems business unit (trading under the brand name "Vossloh Cogifer"), which is currently the only business unit of the Customized Modules division, with its strong solutions competence in all areas of switch systems forms the core part of this division. With production and assembly sites located in 20 countries, the division has the local presence requested by customers, flexibility and adaptability as well as the necessary know-how and experience to design and deliver points and crossings for demanding applications worldwide.

Revenues in the Customized Modules division amounted to EUR 111.9 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 115.9 million) and EUR 523.0 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 473.1 million). EBIT for the Customized Modules division reached EUR 2.4 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 5.5 million) and EUR 34.4 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -50.7 million) while the EBIT margin for the Customized Modules division amounted to 2.2% in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: 4.8%) and 6.6% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -10.7%).

Orders received amounted to EUR 153.9 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 147.2 million) and EUR 512.0 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 458.7 million) and on 31 March 2016, the order backlog of the Customized Modules division amounted to EUR 340.2 million on 31 March 2016 (EUR 340.5 million on 31 March 2015) and EUR 298.1 million on 31 December 2015 (EUR 309.1 million on 31 December 2014).

Vossloh generated a value added in the Customized Modules division of EUR -7.0 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -4.9 million) and of EUR -8.3 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -94.0 million).

ROCE in the three-month period ended 31 March 2016 amounted to 2.3% (three-month period ended 31 March 2015: 5.3%) and 8.1% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -11.7%), Average Working Capital amounted to EUR 133.9 million (three-month period ended 31 March 2015: EUR 132.0 million) and EUR 141.1 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 129.0 million) and the Average Capital Employed amounted to EUR 418.4 million (three-month period ended 31 March 2015: EUR 417.9 million) and EUR 427.1 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 431.7 million).

Vossloh's product offering in the Customized Modules division includes customised switches and crossings as well as signalling products for actuation, locking and monitoring. Switches are mechanical installations enabling railway trains to be guided from one track to another, such as at a railway junction or where a spur or siding branches off. In order to ensure safe crossing of switches at high speeds and with heavy loads, Vossloh offers manganese frogs, i.e. casted switches. In order to further increase resistance, Vossloh has developed an industrial process to weld rails to the frog instead of clipping them, which ensures a smooth continuity of the track.

Since Vossloh strives to deliver turnkey switches, its products and services in the Customized Modules division comprise a wide range from customised design and complete project management to switch manufacturing, testing and pre-assembly, on-site delivery and maintenance. This comprehensive products and services offering enables Vossloh to manufacture accurate switch rail profiles which ensure high safety and enable trains to run smoothly. Furthermore, the full service approach aims to reduce the out-of-service time of the tracks when exchanging the switch to the minimum extent possible.

Connecting and separating two tracks at a switch with actuation devices has turned into a highly complex matter due to diverse system requirements such as track type or track geometry as well as the multi-mode use of tracks. As a consequence, the switch design must be perfectly adapted to the particular requirements of the rail to ensure safe and smooth travelling. This, in turn, requires tailor-made solutions and high-performance welding for which Vossloh operates its own forges. Using proprietary casting moulds, Vossloh annually manufactures over 11,000 forgings for special switches.

One of Vossloh's reference project in this area is the provision of a switch solution in Sweden for axle loads of 30 tonnes which perform under temperatures ranging from -50°C to +60°C. Vossloh also replaced 14 switches, each weighing 130 tonnes, on the Eurotunnel line running under the English Channel within a time frame of 20 hours.

In its Customized Modules division, Vossloh applies special tri-metallic welding procedures for the connection of the rail with the monobloc manganese crossings. Continuous research and development form an integral part of this business division. Through a globally-controlled innovation management, the division intends to further improve its technological competence, its flexibility and its reaction times for project-specific individual solutions in order to further strengthen its position as a technology leader within this market segment. Particularly in this division, continuous training of employees, optimised and reliable processes and lean manufacturing are key for high quality and efficient results.

A highly regarded reference project for Vossloh's switches is the high-speed line LGV Est européenne in France. On April 3, 2007, a new speed record of 574.8 km/h was set on this route. For this line, Vossloh provided 100 complete switches for 340 km of ballast track.

In addition to its core offering in the Customized Modules division, Vossloh offers global solutions comprising not only switch systems but also related safety equipment, customised signalling and monitoring products. Again, all relevant types of railway transport are addressed, i.e. trams and trains, for passengers as well as for freight haulage and at very high speed. Vossloh's products offering also includes computer aided relay interlocking systems, remote actuation and monitoring systems and diversion control for heavy load lines.

Furthermore, Vossloh provides customers with comprehensive project solutions from planning to commissioning including research, procurement, manufacturing, assembly, testing and training. Rail telecommunications also form part of the portfolio.

Vossloh's service offering includes locational studies and geometry recommendations as well as training for the installation and maintenance of signalling systems. High measurement accuracy with controlled switches in the network is achieved through the use of powerful electronic tools in connection with special computer programs. Vossloh's switch systems can be equipped with a broad range of safety products. Its product portfolio includes electro-hydraulic and electro-mechanical switch drives, track locks for all types of points with integrated protection of locking and points position as well as position detectors.

In May 2015, Vossloh and VR Track Oy, a subsidiary of the Finnish state-owned railway company VR Group, formed two joint ventures which will operate three switch production locations as well as a long welded rail production. With the joint ventures Vossloh considerably increases its value added in the Customized Modules division in Finland and internationalises its activities in the Lifecycle Solutions division by expanding into the Finnish market.

10.4.3 Lifecycle Solutions

In the Lifecycle Solutions division, Vossloh provides track-related services including welding and transportation of long rails, maintenance and preventive care of rails and switches. Due to Vossloh's comprehensive rail infrastructure portfolio in its core business, the Lifecycle Solutions division aims to increasingly cover the lifecycle management of entire track sections.

Revenues in the Lifecycle Solutions division amounted to EUR 13.7 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 11.9 million) and EUR 71.7 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 69.6 million). EBIT for the Lifecycle Solutions division reached EUR -1.0 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -1.6 million) and EUR 5.5 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 3.5 million) while the EBIT margin for the Lifecycle Solutions division amounted to -7.1% in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: -13.6%) and 7.7% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: 5.1%).

Orders received amounted to EUR 22.2 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 19.3 million) and EUR 69.2 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 72.9 million) and on 31 March 2016, the order backlog of the Lifecycle Solutions division amounted to EUR 16.3 million on 31 March 2016 (EUR 17.8 million on 31 March 2015) and EUR 7.8 million on 31 December 2015 (EUR 10.4 million on 31 December 2014).

Vossloh generated a value added in the Lifecycle Solutions division of EUR -3.9 in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -4.5 million) and of EUR -6.7 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -8.0 million).

ROCE in the three-month period ended 31 March 2016 amounted to -3.1% (three-month period ended 31 March 2015: -5.6%) and 4.5% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: 3.1%), Average Working Capital amounted to EUR 11.0 million (three-month period ended 31 March 2015: EUR 8.1 million) and EUR 9.9 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 9.6 million) and the Average Capital Employed amounted to EUR 128.4 million (three-month period ended 31 March 2015: EUR 116.8 million) and EUR 122.0 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 114.9 million).

Vossloh offers innovative technology and services covering the entire lifecycle of rails and switches, thus supporting safety and, according to Vossloh's estimation, increasing the life span of these infrastructure investments of up to twice its original duration. The use of longer and heavier trains as well as increasing traffic speeds and volumes lead to the abrasion of railway tracks. Damage, such as rolling contact fatigue or corrugation affects lifetime, noise, passenger comfort and has a fundamental impact on safety. Regular maintenance measures significantly increase the durability of rails and switches. For example, Deutsche Bahn has commissioned Vossloh for the rail and switch maintenance of track sections of the rail connection between Leipzig and Dresden for a period of at least three years.

In addition, Vossloh offers its customers corrective services to repair severe damaged rail sections with an efficient and clean technology called rail milling. With this processing method railway operators throughout Europe avoid expensive rail replacement and establish the basis for preventive measures.

Vossloh has also developed a very flexible processing system Flexis for preventive and corrective maintenance of switches which allows for maintenance work with a minimum traffic impact. This system can be adapted to the properties of every switch category and enables Vossloh to cover the maintenance of entire track sections from corrective to preventive including rails and switches.

With high-speed grinding (HSG), Vossloh offers a completely new approach, specifically for preventive grinding at working speeds of up to 80 km/h, which allows for flexible use as part of a standard train journey within regular train schedules thus avoiding traffic interruption. Preventive high-speed grinding leads to a significant reduction of life-cycle costs that is mainly influenced by the low operating costs as well as its high working speed, which permits an effective use of the machines (source: Technische Universität Berlin: Entwicklung und

Umsetzung des neuen, optimierten Schleifverfahren HSG (High Speed Grinding) für Schienen, 2007). With this patented technology, Vossloh believes it has established itself as a leading provider of rail services in Germany, where it currently operates two HSG trains. It also helped Vossloh become the first private company to supply regular maintenance services on high-speed lines in China, where, at the date of this prospectus, Vossloh has one HSG train in use. In 2013, a joint venture between Vossloh and the renowned Chinese rail equipment services provider, CRM, concluded a contract with the operator of the Bejing-Shanghai line for preventive rail grinding using Vossloh HSG technology.

Following the same HSG principles, Vossloh has developed a small High Speed Grinding solution for urban networks. The HSG-city machine, which Vossloh mainly produces for sale, is able to grind tracks at a speed of 25-60 km/h. Regular rail grinding with the HSG-city vehicle prevents rapid wear and tear reduces the need for repair and avoids noise pollution. The first HSG-city was commissioned by Duesseldorf's municipal operator Rheinbahn in April 2014 for the grinding of a network of approximately 350 km of local light rail. Trains with this technology are now also being used on further European urban transit systems as well as on the Beijing subway. Vossloh currently operates two HSG-city trains and two more HSG-city machines have been commissioned and are being manufactured at the date of this prospectus.

Additionally, Vossloh offers comprehensive services for rail deliveries in Scandinavia and Germany and organises just-in-time rail shipments. Furthermore, for rail and track renewal projects, Vossloh offers rail exchange and *in situ* rail welding technology with special machines and experienced employees in Scandinavia, Germany and Turkey.

Furthermore, Vossloh offers the management of entire logistic projects of complex rail construction sites, which covers transport, vehicle scheduling, organization of the unloading times, return of empty vehicles and the related coordination and operational planning of machines and personnel.

Wherever railway tracks are renewed, complex supply chains are needed for the transportation of rails and switches from the manufacturers' premises to the construction sites. Narrow time schedules and limited storage spaces at construction sites require just-in-time deliveries with special equipment and specific railway construction know-how. Common rail types are stored at Vossloh's welding and processing plants, welded and customised for the specific demands of rail construction sites. Vossloh logistics services include the removal of old rails as part of the standard service.

Vossloh has a fleet of long rail transport units and flat wagons combined with unloading equipment on standby for the fulfilment of its logistics services. To ensure just-in-time deliveries the entire fleet is equipped with GPS-systems and a self-developed monitoring tool supports the team of rail logistic experts.

Vossloh's services offering additionally includes solutions for the transport of pre-assembled switches with special turnout transport wagons. Additionally, Vossloh teams provide unloading with special railroad cranes and customer installation support. This just-in-time delivery with immediate application on the construction site reduces the potential risk of damage to the switch and provides time savings at the construction site.

10.4.4 Transportation

The Transportation division combines the production of shunting locomotives and electrical equipment for trains and buses as well as related maintenance services. Since the adoption of Vossloh's new corporate strategy at the end of 2014, the Transportation division has no longer been a core business.

Revenues in the Transportation division amounted to EUR 65.5 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 68.0 million) and EUR 357.3 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 231.9 million). EBIT for the Transportation division reached EUR -2.4 in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR -8.8 million) and EUR -5.0 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -164.0 million) while the EBIT margin for the Transportation division amounted to -3.6% in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: -13.0%) and -1.4% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -70.7%).

Orders received amounted to EUR 51.1 million in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: EUR 30.0 million) and EUR 264.0 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 275.8 million) and on 31 March 2016, the order backlog of the Transportation division amounted to EUR 533.5 million on 31 March 2016 (EUR 603.3 million on 31 March 2015) and EUR 547.9 million on 31 December 2015 (EUR 641.2 million on 31 December 2014).

Vossloh generated a value added in the Transportation division of EUR -5.2 in the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: -12.0) and of EUR -17.7 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR -179.7 million).

ROCE in the three-month period ended 31 March 2016 amounted to -7.6% (three-month period ended 31 March 2015: -27.8%) and -3.9% in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: -104.3%), Average Working Capital amounted to EUR 34.1 million (three-month period ended 31 March 2015: EUR 33.6 million) and EUR 35.2 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 46.3 million) and the Average Capital Employed amounted to EUR 124.4 million (three-month period ended 31 March 2015: EUR 126.7 million) and EUR 127.4 million in the fiscal year ended 31 December 2015 (fiscal year ended 31 December 2014: EUR 157.3 million).

Locomotives

In its Locomotives business unit, Vossloh develops and produces diesel-electric and diesel-hydraulic locomotives that are equipped with environmentally-friendly technology and have been homologated in many European countries by the relevant local authorities, in some cases even across borders. Vossloh offers its customers a wide range of options regarding power, weight, and diesel-hydraulic or diesel-electric powertrains. From a broad range of shunting and mainline locomotives, customers can choose the vehicle that suits them best in terms of performance, weight and software. Furthermore, the modular use of individual parts offers easy maintenance and allows for adaptation to new technological developments.

The Vossloh Locomotives business unit has its own European service network, which is supported by partner workshops and Vossloh offers a comprehensive range of services activities, including professional training courses for the conductors and service engineers.

Vossloh's services offering in its Locomotives business unit also encompasses locomotive maintenance, rental and financing.

Electrical Systems

Vossloh's Electrical Systems business unit develops and produces electrical components and traction systems for (sub-)urban road and rail public transport services as well as hybrid and fuel cell drives. Electrical buses, trams and subway trains equipped with Vossloh's products are used in numerous cities and urban centres.

Vossloh produces and develops drive equipment, on-board power supply, vehicle control systems, heating and air conditioning technology as well as many electronic and electrical components for public transport vehicles. The electrical components are compiled as a complete customer-specific package and supplied from a single source.

Vossloh's services offering in the Electrical Systems business unit also encompasses services and know-how for the modernization of entire vehicle fleets.

10.5 Material Agreements

The following section describes agreements to which one or more of the Group companies is a party and which Vossloh considers to be material to its Group.

10.5.1 Sale of the "Rail Vehicles" business unit

On 3 November 2015, Vossloh Aktiengesellschaft and Stadler Rail AG, a Swiss stock corporation with its registered office in Bussnang, Switzerland, concluded a sale and purchase agreement regarding Vossloh's business unit Rail Vehicles with effect as of 31 December 2015, 24.00h (the "**SPA**"). This business unit comprised 100% of the shares in Vossloh España S.A. ("**Vossloh ESP**"), including related companies and participations of such companies and was part of Vossloh's non-core Transportation division. Vossloh ESP is a private sole shareholder company limited by shares organised under the laws of Spain with its registered office in Albuixech, Spain, which is active in the development, design production, sale, maintenance and refurbishment of all kind of railway equipment assets, including light rail vehicles and metros. Vossloh ESP had granted several upstream intercompany loans to Vossloh Aktiengesellschaft. The purchase price, which amounted to approximately EUR 172 million, therefore consisted of a cash component in the amount of EUR 73 million and the assumption of an intercompany loan by Vossloh ESP to Vossloh Aktiengesellschaft in an amount of approximately EUR 99 million (the "**Purchase Price**"). In addition to the Purchase Price, Vossloh Aktiengesellschaft and Stadler Rail AG agreed on an earn out in the amount of EUR 5 million in case a particular work and delivery agreement which Vossloh ESP is a party to turns out as significant as Vossloh Aktiengesellschaft expects and the first instalment payment under this contract is paid by June 30, 2016. The SPA provides for a number of guarantees from Vossloh Aktiengesellschaft, for which Vossloh Aktiengesellschaft's aggregate liability was limited to EUR 15 million (the "**Liability Cap**"). Individual claims must furthermore exceed an amount of EUR 225,000 and the aggregate amount of all such individual claims exceeds EUR 3 million. However, the Liability Cap does not apply to the title guarantee. Additionally, the SPA provides for uncapped indemnities from Vossloh Aktiengesellschaft regarding (i) a pending patent infringement claim, (ii) bonus payments to the management of Vossloh ESP in connection with the sale of Vossloh ESP and (iii) Vossloh ESP's potential liability resulting from a joint and several liability clause in a consortium agreement with another company of Vossloh as consortium. Moreover, Vossloh Aktiengesellschaft and Stadler Rail AG agreed on a separate overall liability cap of EUR 1.5 million for damages and losses relating to environmental contamination or other environmental pollution with the aggregate amount of all individual claims having to exceed EUR 500,000.

10.5.2 Credit Facilities Agreement and other material financing agreements

10.5.2.1 Credit Facilities Agreement

Vossloh Aktiengesellschaft, together with certain of its subsidiaries, and Bayerische Landesbank, Commerzbank Aktiengesellschaft, Landesbank Baden-Württemberg and SEB AG entered into a credit facilities agreement dated 23 April 2015 (the "**CFA**") in order to refinance its existing indebtedness and for general corporate purposes.

The CFA has an aggregate amount of EUR 500,000,000, which is split in a euro term facility A of EUR 200,000,000 (the "**Facility A**") and a euro revolving facility B of EUR 300,000,000 (the "**Facility B**").

Facility A is payable on the final maturity date, which will occur on 23 April 2018.

Facility B is available for utilisation by way of loans, letters of credit, bank guarantees (*Avale, Bankbürgschaften*) and ancillary facilities, which shall be repaid on the last date of its respective interest period and all amounts borrower under Facility B are due and payable with a final maturity date falling on 23 April 2018.

Interest is payable on the last day of each interest period. Interest periods can be one or two months (for the Facility B only), three months or six months or any other period agreed with the agent and the relevant lenders under The CFA at a rate per annum on the outstanding borrowing amounting to the aggregate of (i) a margin ranging between 1.25% and 2.50% per annum, depending on the net leverage ratio in respect of a defined period, and (ii) EURIBOR for the relevant period.

The CFA contains an interest cover, a net leverage and an equity ratio financial covenant. In addition, the CFA includes information undertakings, in particular reporting obligations as well as a number of customary affirmative and negative covenants and other restrictions, in particular, with regard to acquisitions, mergers, disposals, financial indebtedness, and granting of security, however, at the same time providing for a number of important exceptions and baskets.

In case of a change of control (occurring if a person or a group of persons acting in concert acquires control over the shares carrying more than 30% or if Heinz Hermann Thiele acquires control over the shares carrying more than 50% of the voting rights in the Company) each lender will not be obliged to fund a utilisation (except for a rollover loan) and each lender will be entitled to demand prepayment of its participation in any facility and cancellation of its commitment. The CFA is secured by guarantees e granted by the Company and certain of its subsidiaries.

Further, if Vossloh Aktiengesellschaft generates proceeds by way of asset disposals, debt capital market transactions (e.g. issuance of bonds, notes or other debt capital market instruments) or by disposal of the transportation division and signalling business, the majority of such proceeds must be, subject to certain exceptions, used for mandatory prepayments of the loans under the CFA.

The CFA stipulates a number of events of default such as non-payment, breach of financial covenants and other undertakings, breach of any other obligation under any finance document if not remedied within ten business days, misrepresentation of representations under any finance document in connection with the CFA (including, but not limited to, representations given by Vossloh Aktiengesellschaft or any other obligor under the CFA regarding corporate status, binding obligations under the finance documents, non-conflict with other obligation, the respective obligor's power and authority to enter into the finance documents, the choice of German law, insolvency, no default, no misleading information, financial statements, intellectual property, pari passu ranking, no proceedings pending or threatened, no breach of laws, no material adverse effect and compliance with certain foreign laws), cross-default, insolvency or insolvency proceedings against any member of Vossloh, creditors' process in excess of EUR 5,000,000, cessation of business, unlawfulness for any obligor to perform any obligation under the finance documents, ineffectiveness of the finance documents for any obligor, repudiation, (voluntary) bankruptcy under US Bankruptcy Code, material adverse effect or change of ownership of obligors. Infringement of such provisions would lead to a termination right of the lenders pursuant to which all commitments would be cancelled and all outstanding loans would become immediately due and payable.

As of 31 March 2016, EUR 247 million were drawn under the CFA.

10.5.2.2 Promissory Note

On 29 October 2013, Vossloh Aktiengesellschaft entered into a promissory note (*Schuldschein*) with Landesbank Baden-Württemberg as arranger in an aggregate amount of EUR 50 million. Landesbank Baden-Württemberg transferred the promissory note to Bank of China Ltd. in an amount of EUR 15 million, to Bank Coop AG in an amount of EUR 10 million, to Crédit Mutual BECM Banque Européenne du Crédit Mutual SAS Niederlassung Deutschland in an amount of EUR 10 million, to SaarLB in an amount of EUR 10 million and to Kärtner Sparkasse AG in an amount of EUR 5 million.

The promissory note is payable on the final maturity date, which will occur on 30 October 2018. Interest is payable semi-annually at a rate amounting to the aggregate of (i) a margin of 1.4% and (ii) the EURIBOR for the relevant interest period.

The promissory note contains a mandatory pre-payment event in case of a change of control in the shareholding of Vossloh Aktiengesellschaft. The promissory note also stipulates a number of events of default such as non-payment, breach of obligations, cross-default and insolvency.

10.5.2.3 Other credit lines

Vossloh entered into various performance guarantees, letters of credit and ancillary facilities with various credit institutions in an aggregate amount of approximately EUR 850 million as of 31 March 2016, of which approximately EUR 665 million were utilised as of 31 March 2016.

10.6 Investments

The following table sets forth a summary of Vossloh's capital expenditures broken down by segment since the end of the fiscal year 2015 until 30 April 2016:

(in EUR million, unaudited)

Core Components	0.8
Customized Modules	0.8
Lifecycle Solutions	2.3
Transportation	2.6
Vossloh/ Consolidation	(0.2)
Total Capital expenditures (unaudited)	6.3

Investments since the end of the fiscal year 2015 until 30 April 2016 relate predominantly to equipment for several rail service activities including the relocation of a stationary milling machine and several other machines and equipment for turnout services in the Rail Services business unit in Germany and to the development of intangible assets for an automatic train protection system in Germany as well.

Vossloh's material ongoing investments in an amount of EUR 16.0 million relate predominantly to a rail milling machine in Germany, the improvement of industrial sites in France and in the United States and to equipment for the Locomotives business unit in Germany. As of the date of this prospectus, an amount of EUR 18.0 million has been approved to make firm commitments for future investments that relate to the further development of a rail milling machine in Germany, the improvement of industrial sites in France and in the United States and several other projects especially in Poland, Germany and France. Vossloh plans to finance its ongoing investments with cash generated from its operations. Vossloh aims to increase its overall capital expenditures for the fiscal year 2016 to an amount of approximately EUR 52.3 million.

10.7 Legal and Arbitration Proceedings

Vossloh is involved in various legal proceedings, claims, investigations and other legal matters which arise, for the most part, in the ordinary course of the rail infrastructure business. Legal matters which Vossloh currently deems to be material are described below. Except for the matters described below, neither the Company nor any of its current Group companies is, or has been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or which Vossloh is aware) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Vossloh regularly analyses current information, including its defences and insurance coverage and, as it deems necessary, provides accruals for probable liabilities for the eventual disposition of any legal proceedings, claims, investigations and other legal matters Vossloh is involved in.

For the matters described below for which Vossloh believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, Vossloh believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Vossloh's view of the merits can occur. It is therefore possible that the resolution of one or more of the legal matters currently pending or threatened might not be in Vossloh's favour and could have significant effects on Vossloh's business, results of operations and financial condition.

In 2015, Bombardier Transportation Austria GmbH initiated patent infringement proceedings against Vossloh Kiepe GmbH and Vossloh ESP for the alleged infringement of the European patent EP 1 171 336 (concerning low-floor rail vehicles). In response to this action, Vossloh brought a nullity action regarding this patent against Bombardier Transportation Austria GmbH. These legal proceedings are currently pending at the regional court of Düsseldorf and Vossloh does expect a judgement to be passed prior to mid 2017.

In addition, in recent years, Vossloh has been subject to various antitrust proceedings and currently continues to be subject to an antitrust proceeding by the Spanish competition authority. Vossloh is also currently the defendant in civil damage claims enacted by current and former customers based on alleged anticompetitive behaviour.

In 2012 and 2013, the FCO imposed fines totalling EUR 134.5 million on four rail manufacturers and suppliers for allegedly concluding anticompetitive agreements between 2001 and 2011 to the detriment of DB. Besides ThyssenKrupp GfT Gleistechnik GmbH, TSTG Schienen Technik GmbH & Co. KG (a subsidiary of the voestalpine group), voestalpine BWG GmbH & Co. KG and Moravia Steel Deutschland GmbH also SR, a subsidiary acquired by Vossloh in 2010 (which now belongs to Vossloh's Lifecycle Solutions division), was fined. The total fine imposed on SR of EUR 13 million was almost entirely assumed by the Seller. As regards follow-on damage claims, in March 2016 the relevant Vossloh companies and the Seller have reached a Settlement with DB for all SR deliveries and all associated potential damages. The settlement amount of a lower to mid-two-digit million range has been almost entirely assumed by the Seller. However, even with the bilateral settlement reached among DB, Vossloh and the Seller, DB will continue to claim damages in court in relation to deliveries made by companies other than SR against SR, the Seller and Moravia in their capacity as joint debtors. As of the date of this prospectus, Vossloh expects that DB will continue to claim an amount of approximately EUR 236 million (plus interest). Should DB eventually prevail with this claim, Vossloh may be exposed to liabilities resulting from such continued damage claim on a joint and several basis and to the risk of being unable to fully recover such amounts from the other members of the cartel and the Seller for which no provisions have been recognised by Vossloh.

In July 2013, the FCO imposed fines on eight German corporations for allegedly anticompetitive agreements concluded between 2001 and 2011 to the detriment of local public transport companies, private, regional and industrial railways and construction companies. In this context in March 2016, the FCO imposed a fine of approx. EUR 3.5 million on Vossloh Laeis GmbH, which belongs to Vossloh's Customized Modules division. Even though Vossloh Laeis GmbH paid the fine, it has lodged an appeal against the decision by the FCO. Various customers of the members of the alleged cartel filed follow-on damage claims, among others against Vossloh Laeis GmbH. In addition, one further subsidiary of Vossloh and one joint venture in which Vossloh owns an equity interest have been or currently are subject to proceedings by the German, Luxembourg and Spanish competition authorities in connection with alleged anticompetitive agreements relating to the switches product segment. In Germany and Luxembourg full immunity from fines has been granted by the FCO and the Conseil de la concurrence. In the context of these proceedings, two customers of Vossloh claimed for damages.

In relation to these proceedings and the unsettled damage claims, Vossloh, its affected subsidiaries and the joint venture recognised provisions of in total EUR 7.2 million in their respective unaudited financial statements as of 31 March 2016 in relation to a potential fine by the Spanish competition authority, civil damage claims and legal costs. If the Spanish competition authority imposes a higher fine than currently anticipated or if civil claims for damages are successfully pursued (and in particular if Vossloh would be successfully held jointly and severally liable for potential damages), Vossloh, its subsidiaries and the joint venture may be exposed to liabilities in excess of the provisions already recognised and to the risk of being unable to fully recover such higher amounts from the other members of the relevant alleged cartel.

10.8 Insurance

Vossloh's insurance coverage includes, inter alia, electronic insurance, fire insurance (including other natural disasters), transport insurance, machinery insurance, vehicle insurance, business liability insurance, legal expenses insurance, travel insurance, accident insurance, and directors and officers ("**D&O**") insurance.

Vossloh has taken out a capital increase insurance to cover claims arising from the Offering and has D&O insurance for the members of its Management Board, with a total coverage of approximately EUR 100 million per fiscal year. The D&O insurance covers financial losses that may arise in the course of the exercise of the corporate duties of the insured persons.

Vossloh believes, according to its current knowledge and based on certain analyses performed by its risk management team, that its insurance coverage, including the maximum coverage amounts and terms and conditions of the policies, are standard for its business and appropriate. Vossloh cannot, however, guarantee that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage.

11. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In addition to the subsidiaries included in the consolidated financial statements, the Group maintains relationships with related parties. Parties are related if one party has the ability to affect the financial and operating policies of the other party (definition in accordance with IAS 24).

Individuals among Vossloh's related parties are the members of the Management Board and Supervisory Board and certain other senior management staff. The Chairman of the Supervisory Board indirectly controls the Knorr-Bremse Group. This company is accordingly to be treated as a related party. Resulting from transactions with the Knorr-Bremse Group in the three-month period ended March 31, 2016 were material purchases in the amount of EUR 1.9 million, sales in the amount of EUR 0.4 million as well as open receivables and advance payments as of 31 March 2016 in the amount of EUR 0.3 million and trade payables EUR 1.3 million.

In the three-month period ended March 31, 2016, the following transactions between the Group and related parties of the Group, conducted almost exclusively with unconsolidated subsidiaries, have occurred:

(in EUR million, unaudited)

Sales revenue from the sale of finished goods or WIP	1.1
Cost of materials from the purchase of finished goods or WIP	4.1
Cost of materials from the purchase of finished goods or WIP	4.1
Advance payments	48.0
Trade receivables	6.9
Trade payables	3.8
Sale or purchase of other assets	
Sale or purchase of other assets	
Payables for the purchase of other assets	0.9
Receivables from the purchase of other assets	0.0
Income	0.0
Cost of materials	0.0
Services rendered or received	
Income from services rendered	0.9
Expenses for services received	0.6
Financing	
Interest income from financial loans granted	0.0
Interest expense from financing loans taken up	0.0
Receivables on loans issued	2.6
Liabilities on financial loans received	0.4
Provision of guarantees and collateral	
Provision of guarantees	6.8
Provision of other collateral	1.3

Apart from the relationships stated above, the Company did not have any other significant business relationships with related parties. No material changes with regard to the related party transactions shown under this section have occurred since March 31, 2016.

12. GENERAL INFORMATION ON THE COMPANY AND THE GROUP

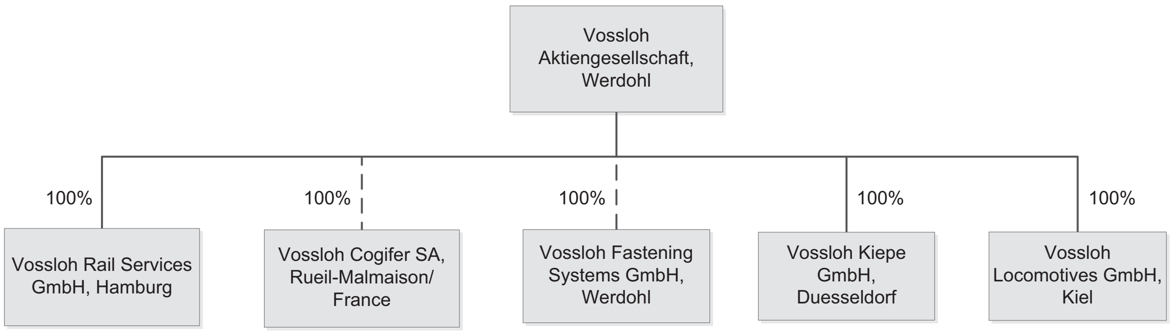
12.1 Legal and Commercial Name of the Company

Vossloh Aktiengesellschaft is the Group's holding company; the Group currently primarily operates under the commercial name "Vossloh".

12.2 Group Structure

Vossloh is the holding company of the Group. The separate subsidiaries are centrally held by Vossloh as a holding company and act collectively under the brand name Vossloh. Vossloh acts thereby as an "operative management holding company" and coordinates, conducts and controls the various divisions. Vossloh exerts substantive influence on the staffing of management positions, strategy, investments, portfolio decisions and significant operative subjects in the divisions. The Company's consolidated financial statements include all material subsidiaries where Vossloh is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The group of consolidated companies included 63 subsidiaries as of 31 March 2016.

The following chart provides a simplified overview of the direct (solid lines) and indirect (dotted lines) shareholdings of the Company, representing Vossloh's business units, as of the date of this prospectus:



12.3 Statutory Auditor

KPMG AG Wirtschaftsprüfungsgesellschaft, registered office Berlin, Düsseldorf branch, Tersteegenstraße 19-31, 40474 Düsseldorf, Germany ("**KPMG**"), was appointed as the statutory auditor of Vossloh for the fiscal year 2015 and audited the consolidated financial statements for Vossloh prepared in accordance with IFRS for fiscal year 2015, as well as Vossloh's stand-alone annual financial statements prepared in accordance with German GAAP for 2015 and issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*). KPMG is a member of the Chamber of Public Accountants (*Wirtschaftsprüfungskammer*), Rauchstraße 26, 10787 Berlin, Germany.

12.4 Notifications, Paying Agent

In accordance with Section 3 of the Articles of Association, the Company's notifications are published in the German Federal Gazette (*Bundesanzeiger*).

In accordance with the German Securities Prospectus Act, notifications in connection with the approval of this Prospectus or any supplements thereto will be published in the manner of publication provided for in this Prospectus, that is, through publication on the Company's website, www.vossloh.com, and the provision of printed copies at the Company's office at Vossloh Aktiengesellschaft, Vosslohstraße 4, 58791 Werdohl, Germany (phone +49 (0) 239-252-0).

The paying agent is Deutsche Bank AG. The mailing address of the paying agent is Securities Production, General Meetings, Postfach 20 01 07, 60605 Frankfurt am Main, Germany.

12.5 Designated Sponsor

ODDO Seydler Bank AG is appointed as designated sponsor for the shares in the Company. Designated sponsors place limited buy and sell orders for the Company's shares and thereby achieve greater liquidity in the market for the shares.

13. DESCRIPTION OF SHARE CAPITAL OF VOSSLOH AKTIENGESELLSCHAFT

13.1 Current Share Capital; Shares

Vossloh's share capital currently amounts to EUR 37,825,168.86. It is divided into 13,325,290 bearer shares with no-par value (*Stückaktien*). The share capital has been fully paid up. The shares were created pursuant to German law.

13.2 Authorised Capital

By resolution of the ordinary shareholders' meeting of Vossloh held on 28 May 2014, the Company's shareholders authorised the Management Board until 27 May 2019, subject to the consent of the Supervisory Board, to increase Vossloh's share capital by up to EUR 7,500,000.00 (*Genehmigtes Kapital*). The Authorised Capital of the Company (the "**Authorised Capital**") and the according amendment in Section 4 Subsection 2 of the Articles of Association was registered in the commercial register on 8 July 2014.

When utilising the Authorised Capital, the shareholders must, in principle, be granted subscription rights. With the consent of the Supervisory Board, however, the Management Board is authorised to exclude the shareholders' subscription rights in certain cases specified in the respective shareholders' resolution. *Inter alia*, the shareholders' subscription rights may be excluded if the capital increase is made against contributions in kind.

The Authorised Capital will be reduced to EUR 1.39 as a result of the implementation of the capital increase which is subject of this Prospectus.

13.3 Conditional Capital

As of the date of the prospectus, Vossloh's capital is not conditionally increased.

14. DESCRIPTION OF THE GOVERNING BODIES OF VOSSLOH AKTIENGESELLSCHAFT

14.1 Overview

The Company's governing bodies are the Management Board, the Supervisory Board and the general shareholders' meeting (*Hauptversammlung*). The Company has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the internal rules of procedure of both the Supervisory Board and Management Board. The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and its internal rules of procedure, including the schedule of responsibilities. The members of the Management Board represent the Company in dealings with third parties.

14.2 Management Board

14.2.1 Current Composition of the Management Board

The table below lists the current members of the Executive Board.

Name	Year of birth	Member since	Appointed until	Responsibilities
Dr. h.c. Hans M. Schabert	1961	1 April 2014	31 March 2017	Chief Executive Officer
Oliver Schuster	1964	1 March 2014	28 February 2017	Chief Financial Officer
Volker Schenk	1964	1 May 2014	30 April 2017	Chief Operating Officer

At the beginning of March 2016, Dr. h.c. Hans M. Schabert, the Company's CEO since 1 April, 2014, announced that he would not be available for an extension of his contract after expiry on 31 March, 2017 due to family related reasons. The contracts of Oliver Schuster and Volker Schenk, which terminate on 28 February 2017 and 30 April 2017, respectively, will be extented by three more years.

The following description provides summaries of the *curricula vitae* of the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Dr. h.c. Hans M. Schabert was born in 1961 in Erlangen, Germany. From 1984 to 2007, Mr. Schabert worked for Siemens AG (Mobility Division), where he last held the position of CEO. In 2008, he joined the construction firm Leonhard Weiss GmbH & Co. KG, where he served as managing director until 2012. Since 2012, Dr. h.c. Schabert has been serving as the CEO of HMS Board Consulting GmbH and in 2014 he joined the Company, where he currently holds the office of Chief Executive Officer. He is responsible for Corporate Development, Operations, M&A and Human Resources.

Alongside his office as the Company's chief executive officer and chairman of the Management Board, Dr. h.c. Schabert is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- HMS Board Consulting GmbH (managing director and shareholder)

Previously:

- Leonhard Weiss GmbH & Co. KG (managing director of Services Division and Track Construction division and chairman of the management board);
- Siemens AG (CEO of Mobility Division).

Other than listed above, Dr. h.c. Schabert has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Oliver Schuster was born in 1964 in Kaiserslautern, Germany. From 1988 to 1990 and from 1991 to 1994, Mr Schuster studied economics at the University of Mannheim and at the University of Applied Sciences of Rhineland-Palatinate, where he graduated with a degree in business administration. From 1994 to 1996, he worked as an assistant accountant with the accounting company Dr. Burret. Between 1996 and 2000, he worked for

PricewaterhouseCoopers AG in Munich, where he held the position of the Assistant Manager Audit. In 2000, Oliver Schuster joined Infineon Technologies AG, where he held various leading positions and served lastly as Vice President Finance of the division Industry & Multimarket. Mr Schuster remained with Infineon Technologies until 2012 when he joined SKW Stahl-Metallurgie AG, where he was appointed to the management board and served as CFO until 2013. He joined Vossloh in 2014 and currently holds the office of Chief Financial Officer. His responsibilities include Accounting, Controlling, Treasury, Investor Relations & Communication, Internal Audit, Legal Affairs and Compliance, IT and Procurement.

Alongside his office as member of the Management Board, Mr. Schuster is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Wohnungsgesellschaft Werdohl GmbH (member of the supervisory board)

Previously:

- SKW Stahl-Metallurgie (member of management board).

Other than listed above, Mr. Schuster has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Volker Schenk was born in 1964 in Koesching, Germany. From 1984 to 1992, Mr. Schenk studied Electrical Engineering at the University of Erlangen-Nuremberg. After graduating with a degree in Engineering (*Diplom-Ingenieur*), he started working at Siemens, where he held various positions at various international locations until becoming Head of Divison and General Manager Transportation Systems Electrification at Siemens AG in Erlangen. From 2008 to 2010, Volker Schenk was managing directors at Vossloh Kiepe GmbH in Düsseldorf before switching to Thales Transporation Systems GmbH in Stuttgart, where he was chairman of the management board from 2011 to 2014. Mr. Schenk joined the Company in 2014, when he became a member of the Management Board as Chief Technical Officer. He is responsible for Sales, R&D and Production.

Alongside his office as member of the Management Board, Mr. Schenk was within the last five years a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Institut für Bahntechnik GmbH (member of the supervisory board).
- Verband der Bahnindustrie (President)

Previously:

- Thales Transportation Systems GmbH (chairman of the management board).

Other than listed above, Mr. Schenk has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

The members of the Management Board may be reached at the Company's office at Vosslohstraße 4, 58791 Werdohl, Germany (phone +49 (0) 2392-52-0).

14.2.2 Shareholdings of the Management Board Members

As of the date of this Prospectus, Dr. h.c. Schabert and Mr. Schuster hold no shares in the Company whereas Mr. Schenk holds 16 shares in the Company.

14.3 Supervisory Board

14.3.1 Members of the Supervisory Board

The table below lists the current members of the Supervisory Board.

Name	Year of birth	Member since	Appointed until	Principal occupation outside of Vossloh
Heinz Hermann Thiele *Chairman*	1941	29 May 2013	2018	Entrepreneur; Chairman of the supervisory board of Knorr-Bremse GmbH Austria
Ulrich M. Harnacke *Vice Chairman*	1957	20 May 2015	2018	Tax Acountant and Auditor; Member of the supervisory board of Elexis AG; Member of the advisory council of Schmalenbach-Gesellschaft für Betriebswirschaft e.V.
Silvia Maisch	1960	29 May 2013	2018	Electrical Mechanic Consultant;
Dr. –Ing. Wolfgang Schlosser	1948	28 May 2014	2018	Former Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH
Michael Ulrich	1966	29 May 2013	2018	Machinist
Ursus Zinsli	1948	28 May 2014	2018	Member of the administrative board and former Managing Director of Scheuchzer SA (Switzerland); Vice-President of the administrative board of FURRER + FREY AG (Switzerland)

The following description provides summaries of the curricula vitae of the current members of the Supervisory Board, and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Heinz Hermann Thiele was born in 1941 in Mainz, Germany. He studied at the University of Munich, from where he graduated in 1968 with a degree in law. In 1969, he joined Knorr-Bremse AG, where he held various positions in the legal and sales departments of the group. In 1985 he was appointed as CEO of the Knorr-Bremse group. In 1985, Heinz Hermann Thiele took over a majority interest in the shares of the Knorr-Bremse group and successively acquired all outstanding shares. From 2007 until 2016, Mr Thiele served as the chairman of the supervisory committee of the Knorr-Bremse group.

Alongside his office as the chairman of the Supervisory Board, Mr. Thiele is, or has been within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Knorr-Bremse GmbH Austria (chairman of the supervisory board).

Previously:

- Knorr-Bremse AG (chairman of the supervisory board);
- Knorr-Bremse AG (chairman of the executive board).

Other than listed above, Mr. Thiele has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Ulrich Harnacke was born in 1957 in Aachen, Germany. He studied economics at the RWTH Aachen and the University of Cologne, where he graduated in 1981 with a degree in business administration. From 1981 until 2015, he worked for Deloitte & Touche GmbH in various functions in the auditing and tax advice departments. He held the position of managing director from 2007 until 2015.

Alongside his office as the vice-chairman of the Supervisory Board, Mr. Harnacke is, or has been within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Elexis AG (member of the supervisory board);
- Schmalenbach-Gesellschaft für Betriebswirschaft e.V. (member of the advisory council);
- Thüga Holding GmbH & Co. KGaA (member of the shareholder committee);
- Rotary Deutschland Gemeindienst e.V. (member of the management board).

Previously:

- Deloitte & Touche GmbH (managing director and regional head West).

Other than listed above, Mr. Harnacke has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Silvia Maisch was born in 1960 in Düsseldorf, Germany. Ms. Maisch was trained as an electrical mechanic and started working at Vossloh Kiepe GmbH in 1980. Silvia Maisch has been chairwoman the works council of Vossloh Kiepe GmbH since 2006 and is also vice-chariwoman of the works council of Vossloh and of the European works council of Vossloh.

Ms. Maisch has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Dr. –Ing. Wolfgang Schlosser was born in 1948 in Oberkotzau, Germany. From 1970 to 1976, Mr. Schlosser studied Electrical Engineering at the TUM (*Technische Universität München*). In 1976, he was taking a sabbatical leave for his doctoral research before starting to work as an assistant professor at the TUM, where he graduated with a doctoral degree in Electrical Engineering in 1982. From 1982 to 1985, Wolfgang Schlosser worked as a development engineer at Knorr-Bremse AG in Munich, where he returned to as manager technical sales after a year at MAHO machine tools as manager electrical engineering. From 1989 to 1993, Mr Schlosser worked at AEG Westinghouse Transportsysteme GmbH in Berlin before returning to Knorr-Bremse AG once again, where he held various positions before joining Corona Equity a member of the management board and the Vossloh Locomotives business unit as chief engineering advisor in 2013.

Alongside his office as a member of the Supervisory Board, Dr. Schlosser is, or has been within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Previously:

- Knorr-Bremse Systeme für Schienenfahrzeuge GmbH (managing director); and
- Corona Equity Partner AG (member of the management board).

Other than listed above, Dr. Schlosser has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Michael Ulrich was born in 1966 in Kiel, Germany. After his apprenticeship as a machine-fitter with Krupp MAK, which he completed in 1988, Mr. Ulrich joined the Company in 1984. There, he was elected to the office of the chairman of the works council in 2006 and as the chairman of the group works council and the European works council in 2013.

Mr. Ulrich has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

Ursus Zinsli was born in 1948 in Chur, Switzerland. He studied economics at the University of Zurich, where he graduated in 1975. From 1977 until 1979, he worked with the HILTI AG in the department of business systems. In 1979, he was appointed as assistant to the management board responsible for technology at HOLDERBANK Group, where he remained until 1983. In 1984, Mr. Zinsli joined Maillefer SA, where he was employed as the director of finance and administration until 1986. From 1988 to 2011, Mr. Zinsli worked for Scheuchzer AG, where he initially served as the director of finance and aministration and was later promoted to CEO. In 2010, he was elected as a member of the management board of the the industrial association SWISSMEM, a function he held until 2015. In 2014 Mr Zinsli was appointed to the administrative board of Furrer + Frey AG, where he currently holds the function of the vice-president of the administrative board. He currently also serves as a member of the administrative board of Scheuchzer SA.

In 2015, Ursus Zinsli received compensation of EUR 34 thousand for consultancy services related to a review of the current situation and assessment of the business activities, the business model and the procedures in one business unit.

Alongside his office as a member of the Supervisory Board, Mr. Zinsli is, or has been within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Currently:

- Scheuchzer SA (Switzerland) (member of the administrative board);
- FURRER + FREY AG, Bern (Switzerland) (vice president of the administrative board).

Previously:

- Fonds de Prévoyance de Scheuchzer SA (Switzerland) (president); and
- Scheuchzer SA (Switzerland) (managing director).

Other than listed above, Mr. Zinsli has not been a member of any administrative, management or supervisory body of any other company or partnership outside the Group within the last five years.

The members of the Supervisory Board can be reached at the Company's office at Vosslohstraße 4, 58791 Werdohl, Germany (phone +49 (0) 2392-52-0).

14.3.2 Shareholdings of the Supervisory Board Members

As of the date of this Prospectus, Heinz Hermann Thiele indirectly holds 5,435,461 shares in the Company, representing 40.79% voting interest. Silvia Maisch directly holds 34 shares in the Company. Ulrich Harnacke holds 1,892 shares in the Company. Apart from that, no member of the Supervisory Board directly or indirectly holds any shares or options on shares in the Company.

14.4 Certain Information Regarding the Members of the Management Board and Supervisory Board

In the last five years, no member of the Management Board and Supervisory Board has been convicted of fraudulent offences. In the last five years, no member of the Management Board and Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager. In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Management Board or Supervisory Board, nor have sanctions been imposed by the aforementioned authorities. No court has ever disqualified any of the members of either board from acting as a member of the administrative, management, or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Heinz Hermann Thiele, chairman of the Supervisory Board, controls Knorr-Bremse AG, a supplier of Vossloh in the areas of break and air conditioning system. Heinz Hermann Thiele could be faced with decisions that have different implications for Knorr-Bremse AG and Vossloh Aktiengesellschaft, for example with regard to corporate opportunities, including the allocation of potential business opportunities that both Vossloh and Knorr-Bremse AG find attractive, and which would complement its respective businesses. Although Vossloh Aktiengesellschaft is a separate entity with its own management and supervisory boards, as long as Heinz Hermann Thiele is the majority shareholder, he may from time to time make strategic decisions that he believes are in the best interest of his business activities as a whole, including his controlling stake in Vossloh Aktiengesellschaft. These decisions may be different from the decisions that Vossloh would have made independently and could have a material adverse effect on Vossloh's business, financial condition and results of operations. Therefore, to the extent that interests of Knorr-Bremse AG differ from those of the Company, Heinz Hermann Thiele is exposed to conflicts of interest. Otherwise, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board *vis-à vis* the Company and their private interests, membership in governing bodies of companies, or other obligations.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the other body.

15. SHAREHOLDER STRUCTURE

15.1 Security Ownership

The Company's share capital as of the date of this Prospectus amounts to EUR 37,826,168.86 divided into 13,325,290 ordinary bearer shares with no-par value (*Stückaktien*).

On the basis of the notifications received by and to the knowledge of the Company as of the date of this Prospectus in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz—WpHG*) and pursuant to information provided by the respective shareholders, the following shareholders directly or indirectly hold more than 3% of the Company's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to the Company with regard to the stated reference date by the respective shareholder pursuant to Sections 21 *et seqq*. WpHG in relation to the Company's share capital as of the date of this Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to the Company without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

	Actual (direct or indirect) ownership Vossloh Aktiengesellschaft
Shareholder	**Share of voting rights (in %)**
Heinz Hermann Thiele(1)	40.79
Franklin Mutual Advisers LLC(2)	5.68
Franklin Templeton International Services S.à r.l.(3)	3.36
Iskander Makhmudov	3.08
Lazard Frères Gestion SAS(4)	3.01
Other shareholders/Public free float(5)	44.08
Total	**100**

(1) The voting rights are attributed through Stella Vermögensverwaltungs GmbH, TIB Vermögens- und Beteiligungsholding GmbH and KB Holding GmbH pursuant to Section 22 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

(2) The voting rights are attributed pursuant to Section 22 para 1. Sentence 1 No. 6 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

(3) The voting rights are attributed pursuant to Section 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) through Franklin Templeton Investment Funds.

(4) The voting rights are attributed through SICAV OBJECTIV SMALL CAPS EURO pursuant to Section 22 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

(5) Other shareholders/Public free float refers to the shareholdings with less than 3% of voting rights in the Company.

Other shareholders, whose shareholdings represent less than 3% of the total voting rights in the Company, hold the remaining 44.39% of the shares of the Company.

All of the Company's shares confer the same voting rights.

15.2 Controlling Interest

Heinz Hermann Thiele, through its wholly-owned subsidiaries KB Holding GmbH, TIB Vermögens-Beteiligungsholding GmbH and Stella Vermögensverwaltungs GmbH, owns more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*).

Upon completion of the Offering and assuming (i) the placement of 2,642,147 New Shares, (ii) that Heinz Hermann Thiele will exercise all of his subscription rights with the exception of 114,555 subscription rights, which he has agreed to waive to allow for an even subscription ratio (as described under "*3.1 Subject Matter of the Offering*") and (iii) that Heinz Hermann Thiele will be either delivered 114,555 subscription rights (which he then exercises) or sold 22,911 shares at the subscription price by Berenberg (as described under "*3.1 Subject Matter of the Offering*"), Heinz Hermann Thiele will indirectly hold approximately 40.85% of the Company's share capital (see "*3.1 Subject Matter of the Offering*"). As a result, Heinz Hermann Thiele will continue to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*).

16. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares and/or subscription rights.

This summary does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries. It is important to note that the legal situation may change, possibly with retroactive effect.

This section does not replace the need for individual shareholders to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares and/or subscription rights and what procedures are necessary to secure the repayment of German withholding tax, if possible. Only qualified tax advisors are in the position to adequately consider the particular tax situation of individual shareholders.

16.1 Taxation of the Company

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% plus the solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 15.825%.

Dividends and other shares in profits that the Company receives from domestic and foreign corporations are generally not subject to corporate income tax; however, 5% of each type of income is deemed to be a non-deductible business expense. The same applies to profits earned by the Company from the sale of shares in other domestic or foreign corporations. Different rules apply to free floating dividends, *i.e.* dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year. Such free floating dividends are fully taxed at the corporate income tax rate. The acquisition of a shareholding of at least 10% is deemed to have occurred at the start of the calendar year. Losses incurred from the sale of such shares are not deductible for tax purposes, regardless of the percentage of shares held.

In addition, the Company is subject to trade tax with respect to its taxable trade profits from its permanent establishments in Germany. The Company's taxable trade profits are calculated on the basis of the taxable income as determined for German corporate income tax purposes taking into account, however, certain add-backs and deductions, in particular 25% of the tax-deductible interest expenses will be added to the trade tax basis to the extent that the sum of all trade taxable add-back items exceeds EUR 100,000.

The trade tax rate depends on the local trade tax multiplier applied by the municipalities in which the Company maintains its permanent establishments. For the Company, it currently typically amounts to between approximately 10% and 17% of the taxable trade profit, depending on the local trade tax multiplier.

For trade tax purposes, dividends received from domestic and foreign corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, shares in profits received from domestic and foreign corporations are effectively 95% exempt from trade tax only if the Company held and continues to hold at least 15% (10% in the case of certain companies resident for tax purposes in member states of the European Union other than Germany) of the share capital of the distributing corporation at the beginning or – in the case of foreign corporations other than certain companies resident for tax purposes in member states of the European Union – since the beginning of the relevant tax assessment period. Additional limitations apply with respect to shares in profits received from foreign non-EU corporations.

The provisions of the so-called Earning Stripping Rules (*Zinsschranke*) restrict the extent to which interest expenses are tax-deductible. Under these rules, net interest expenses (the interest expenses minus the interest income in a fiscal year) are generally deductible only up to 30% of the taxable EBITDA (taxable earnings adjusted for interest costs, interest income, and certain depreciation and amortisation) provided that the amount of net interest expenses exceeds EUR 3 million. Nevertheless, there are certain exceptions to this rule. Interest expenses not deductible in a given year may be carried forward to subsequent fiscal years of the Company (interest carry-forward) and will increase the interest expense in those subsequent years. Under certain conditions, non-offsettable EBITDA may also be carried forward to subsequent years (EBITDA carry-forward) for up to five fiscal years.

To the extent that the losses of the Company exeed the Company's taxable income or taxable profit in one fiscal year, the remaining losses can be carried forward to subsequent fiscal years and used to fully offset the

Company's taxable income for corporate income tax and trade tax purposes only up to an amount of EUR 1 million. Subsequently remaining losses can only offset the Company's taxable income or taxable profit in the subsequent fiscal years up to 60% of the exceeding amount of EUR 1 million of taxable income. The remaining 40% of the Company's taxable income for corporate income and trade tax purposes is subject to tax (minimum taxation). With regard to corporate income tax, losses can also be carried back to the previous fiscal year up to an amount of EUR 1 million. Unused tax losses carried forward can generally continue to be carried forward without time limitation.

If more than 50% of the subscribed capital, the membership interests, equity interests or voting rights is transferred to an acquiring party within five years directly or indirectly (so-called harmful acquisition), all tax losses and interest carried forward are forfeited. A group of acquirers with aligned interests is also considered to be an acquiring party for these purposes. In addition, any current year losses incurred prior to the acquisition will not be deductible. If more than 25% and up to and including 50% of the subscribed capital, membership interests, equity interests or voting rights of the Company are transferred, a proportional amount of tax losses carried forward, the unused losses and interest carried forward are forfeited. Tax losses carried forward, unused losses and interest carried forward taxable in Germany will not expire to the extent that they are covered by built-in gains taxable in Germany at the time of the harmful acquisition.

16.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of shares and/or subscription rights (taxation of dividend income), upon the sale of shares and/or subscription rights (taxation of capital gains) and the gratuitous transfer of shares and/or subscription rights (inheritance and gift tax).

16.2.1 German Withholding Tax

Dividends distributed by the Company and capital gains derived from the sale of shares in the Company are generally subject to a withholding tax at a rate of 25% plus a solidarity surcharge at a rate of 5.5% thereon (amounting in total to a rate of 26.375%) and church tax, if any.

The assessment basis for the withholding tax on dividends is the amount of the dividend approved for distribution by the Company's general shareholders' meeting. The amount of tax withheld on capital gains is generally based on the difference between the proceeds from the sale, after deducting expenses that are directly related to the sale, and the acquisition costs of the shares in the Company.

Dividend withholding tax is generally withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository bank (*Wertpapiersammelbank*) and are entrusted to such central securities depository bank for collective safe custody in Germany, the Accordingly, the Company does not assume responsibility for the withholding of withholding taxes at the source; rather, it is, for the account of the shareholders, the responsibility of one of the following entities in Germany authorised to collect withholding tax to do so and to remit it to the relevant tax authority: (i) a domestic credit or financial service institution (*deutsches Kredit- oder Finanzdienstleistungsinstitut*) (including the domestic branches of certain foreign entities), a domestic securities trading company (*deutsches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*deutsche Wertpapierhandelsbank*) that holds the shares in custody or manages them and that pays out or credits the shareholders' investment income or that pays the investment income to a foreign entity, or (ii) the securities depository bank holding the collective deposit shares in custody, if it pays the investment income to a foreign entity.

Entities required to collect withholding taxes on capital investment income are required to also withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the German tax authorities sharing his or her private information regarding his or her affiliation with a religious denomination. If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of capital gains tax, the shareholder who pays church tax is required to report his or her dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of the EC Directive 2011/96/EU of 30 November 2011, as amended (the "**Parent-Subsidiary Directive**"), the withholding of the dividend withholding tax may not be required, upon application, provided that additional requirements are met (withholding tax exemption). This also applies to dividends distributed to a permanent establishment located in another EU member state of such a parent company or of a parent company that is tax resident in Germany if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at source under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's share capital continuously for twelve months and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, with its registered office in Bonn-Beuel, An der Küppe 1, D-53225 Bonn, Germany) have certified to the creditor, based upon an application filed by the creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to other shareholders without a tax domicile in Germany may be reduced in accordance with the applicable double taxation treaty, if any, between Germany and the shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, with its registered office in Bonn-Beuel, An der Küppe 1, D-53225 Bonn, Germany) for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty. Forms for the refund procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, http://www.bzst.bund.de), as well as German embassies and consulates.

Corporations that are not tax resident in Germany can, subject to further conditions, receive a refund of two-fifths of the dividend withholding tax that was withheld and remitted to the tax authorities under domestic law upon application. Any further reduction or exemption provided under the Parent-Subsidiary Directive or a double taxation treaty remains unaffected.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from or (partial) refund of German dividend withholding tax.

16.2.2 Taxation of Dividends paid to Shareholders with a Tax Domicile in Germany

16.2.2.1 Individuals who Hold Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold shares as private assets, the withholding tax will generally serve as a final tax. In other words, once deducted, the shareholder's income tax liability on the dividends will generally be settled, and he or she will generally no longer have to declare them on his or her annual tax return (the "**Flat Tax**").

Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this would result in a lower tax burden. In this case, the base for taxation would be the gross dividend income less the savers' allowance of EUR 801 (EUR 1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly). Any tax and solidarity surcharge already withheld would be credited against the income tax and solidarity surcharge so determined and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case.

If the individual owns (i) at least 1% of the shares in the Company and works for the Company or (ii) at least 25% of the shares, the tax authorities may approve upon application that the dividends are treated under the partial-income method (see below, "*17.3.4 Shares Held as Business Assets - Sole Proprietors (Individuals)*").

16.2.2.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares held as business assets of shareholders who are tax resident in Germany. In this case, the taxation depends on whether the shareholder is a corporation, an individual, or a partnership. The withholding tax withheld and paid to the tax authorities, including the solidarity surcharge, is generally credited against the income or corporate income tax and the solidarity surcharge of the shareholder and any overpayment will be refunded.

16.2.2.2.1 Corporations

Dividends received by corporations resident in Germany are generally exempt from corporate income tax and solidarity surcharge. However, 5% of the dividend is treated as a non-deductible business expense and, as such, is subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Different rules apply to free floating dividends, *i.e.* dividends earned on direct shareholdings in the Company equal to less than 10% of its share capital at the start of the respective calendar year. Such free floating dividends are fully taxed at the corporate income tax rate. The acquisition of a shareholding of at least 10% is deemed to have occurred at the start of the calendar year.

Business expenses actually incurred and having a direct business relationship to the dividends may be fully deducted.

The amount of any dividends (after deducting business expenses related to the dividends) is fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes, but the business expenses directly related to the dividends (for example, financing costs) are not deductible unless they exceed the amount of dividend income exempted.

16.2.2.2.2 Sole Proprietors (Individuals)

If the shares are held as part of the business assets of a sole proprietor (individual), with his or her tax domicile in Germany, 40% of any dividend is tax exempt (so-called partial-income method). Only 60% of the expenses economically related to the dividends are tax-deductible (subject to general restrictions on deduction, if any). The partial-income method will also apply when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through an asset management partnership). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the taxpayer held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from the trade tax. However, trade tax is generally credited – fully or in part – as a lump sum against the shareholder's personal income tax liability.

16.2.2.2.3 Partnerships

If the shareholder is, or is deemed to be, a commercial partnership with its tax domicile in Germany, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. In this regard, the dividends contained in the relevant partner's profit share are attributable to such partner. Generally partner´s profit share is determined on a pro-rata basis corresponding to the interest share of the relevant partner in the assets of the relevant partnership. The personal or corporate income taxation of each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, then the dividends contained in its profit share are taxed in accordance with the principles applicable to corporate shareholders (see above, "*16.3.3 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, dividends contained in its profit share are taxed in accordance with the principles applicable to sole proprietors (see above, "*16.2.2 Sole Proprietors (Individuals)*").

Additionally, if the shares are held as business assets of a domestic, commercial permanent establishment or a (deemed) commercial partnership, the full amount of the dividend income is also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's proportion of the partnership's income is generally credited as a lump sum – fully or in part – against the relevant partner's personal income tax liability. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends are not subject to trade tax. The business expenses directly related to the dividends (for example, financing costs) are not deductible unless they exceed the amount of dividend income exempted. However, if the partners are corporations, the 5% of the dividend income treated as non-deductible business expenses will be subject to trade tax.

16.2.2.3 Taxation of Dividends from tax-recognised contribution account

To the extent that the Company can pay dividends from the tax-recognised contribution account, the dividends, as investment income, are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. However, dividends paid out of the tax-recognised contribution account lower the acquisition costs of the shares, which may result in a greater amount of taxable capital gain upon the shareholder's sale of the shares. To the extent that dividends from the tax-recognised contribution account exceed the then lowered acquisition costs of the shares, a capital gain is recognised by the shareholder, which may be subject to tax in accordance with the provisions regarding the disposal of shares outlined below.

16.2.2.4 Financial and Insurance Sector

Special rules apply to companies operating in the financial and insurance sector (see below, "*16.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

16.2.3 Taxation of Dividends paid to Shareholders without a Tax Domicile in Germany

In addition to any withholding tax, the dividends paid to shareholders (individuals and corporations) without a tax domicile in Germany are taxed in Germany in case they are subject to German source income, *e.g.*, in case the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed in the section on dividend withholding tax above (see above "*16.2.1 German Withholding Tax*").

16.2.4 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

16.2.4.1 Shares and Subscription Rights Held as Private Assets

Gains on the sale of shares that are held as private assets by shareholders with a tax domicile in Germany are generally taxable regardless of the length of time held. The tax rate is (generally) a uniform 25% plus the 5.5% solidarity surcharge thereon (as well as any church tax). The same applies to gains on the sale of subscription rights granted for such shares. However, capital gains from the sale of shares held as private assets that were acquired before 1 January 2009 and from the sale of subscription rights in connection with such shares are generally not taxable, except in case of a Qualified Participation as discussed below.

The taxable capital gains are the difference between (a) the proceeds from the disposal of shares/subscription rights after deducting the direct sales costs and (b) the acquisition cost of the shares/subscription rights (valued in accordance with the first-in-first-out method). Under certain conditions, prior payments from the tax-recognised contribution account may lead to reduced acquisition costs of the shares/subscription rights held as personal assets and, as a consequence, increase the taxable sales gain. The acquisition costs for subscription rights granted by the Company are valued at EUR 0 for purposes of this calculation. Losses on the sale of shares may only be netted against gains on the sale of shares during the same year or in subsequent years, subject to further restrictions. Losses from the sale of subscription rights can only be offset against positive private capital investment income during the same year or in subsequent years subject to further restrictions.

In the view of tax authorities, the exercise of subscription rights is not considered as a sale of such subscription rights. Shares acquired as a consequence of the exercise of subscription rights are deemed to be acquired at a subscription price of EUR 0 at the time of exercise of the subscription right.

If a domestic bank or financial service provider (including domestic branches of such foreign entities), a domestic securities trading company, or a domestic securities trading bank (the "**Domestic Paying Agent**") sells the shares/subscription rights and pays out or credits the capital gains, that Domestic Paying Agent withholds a withholding tax of 25% (plus 5.5% solidarity surcharge and church tax, if applicable) and remits this to the tax authority, the tax on the capital gain will generally be discharged. If the shares/subscription rights were only held in safekeeping or administered by the respective Domestic Paying Agent after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale and the amount paid to acquire the shares/subscription rights. However, the withholding tax rate of 25% (plus the 5.5% solidarity surcharge thereon and any church tax) will be applied to 30% of the gross sales proceeds if the shares/subscription rights were not administered by the same custodian bank since acquisition and the original cost of the shares/subscription rights cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to verify the original costs of the shares/subscription rights in his or her annual tax return. In any case, the acquisition costs for subscription rights granted by the Company are valued at EUR 0 for purposes of this calculation.

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on shareholders who pay church taxes, unless the shareholder objects in writing to the German tax authorities sharing his private information regarding his affiliation with a denomination. If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld by the Company.

A shareholder may request that all his or her items of capital investment income, along with his or her other taxable income, be subject to the progressive income tax rate instead of the uniform Flat Tax rate for private capital investment income if this lowers his or her tax burden. The base for taxation would be the gross income less the savers' allowance of EUR 801 (EUR 1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would generally be credited against the income tax so determined and any overpayment refunded.

Nothwithstanding the foregoing, if the shareholder, or his or her legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the five years preceding the disposal by the shareholder ("**Qualified Participation**"), 60% of any capital gains resulting from the sale of shares are subject to the individual income tax rate. Out of the expenses economically related to the proceeds of the sale of shares, 60% is tax-deductible.

The partial-income method should apply *mutatis mutandis* to gains or losses on sales of subscription rights resulting from a Qualified Participation. In this case, the "total value method" (*Gesamtwertmethode*) is used to determine the acquisition costs of the subscription rights. This is based on the concept that the acquisition of the subscription rights was included in the acquisition of the old shares. Accordingly, the granting of the subscription rights results in a splitting off of part of the original acquisition costs for the old shares, *i.e.* the acquisition costs of the old shares are reduced by the portion attributable to the subscription rights split off.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge), and church tax, if applicable, is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is obligated to declare the gain on the sale on his or her income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability in the tax assessment, and any overpayment will be refunded.

16.2.4.2 Shares and Subscription Rights Held as Business Assets

The Flat Tax does not apply to proceeds from the sale of shares or subscription rights held as business assets by shareholders domiciled in Germany. If the shares/subscription rights form part of a shareholder's business assets, taxation of the capital gains realised will then depend on whether the shareholder is a corporation, sole proprietor or partnership.

16.2.4.2.1 Corporations:

In general, capital gains earned on the sale of shares by corporations domiciled in Germany are exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held. However, 5% of the capital gains are treated as a non-deductible business expense and, as such, are subject to corporate income tax (plus the solidarity surcharge) and to trade tax. Losses from the sale of shares and any other reductions in profit do not qualify as tax-deductible business expenses. Gains realised on the sale of subscription rights are subject in full to corporate income and trade tax. Losses from the sale of subscription rights and other reductions in profit reduce the taxable income. The exercise of subscription rights should not be treated as a sale of subscription rights.

16.2.4.2.2 Sole proprietors (individuals):

If the shares/subscription rights form part of the business assets of a sole proprietor (individual) who is a tax resident of Germany, 60% of the capital gains on their sale is subject to the individual's tax bracket plus the solidarity surcharge (partial-income method)), and church tax, if applicable. With regard to subscription rights, the "total value method" (*Gesamtwertmethode*) is used to determine the acquisition costs of the subscription rights as outlined above (see "16.2.4.1 *Shares and Subscription Rights Held as Private Assets*"). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial-income method should not apply. If the shares/subscription rights are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains is also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability.

16.2.4.2.3 *Partnerships:*

If the shareholder is a commercial partnership or a deemed commercial partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains that are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner can obtain a reduction of his or her personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale of shares/subscription rights attributable to a permanent establishment maintained in Germany by a (deemed) commercial partnership are subject to trade tax at the level of the partnership. As a rule, (i) only 60% of the gains in this case are subject to trade tax if the partners in the partnership are individuals, while (ii) 5% are subject to trade tax if the partners are corporations and shares are sold (in case of subscription rights, the gains are fully subject to trade tax). Under the principles discussed under 1 and 2 above, losses on sales and other reductions in profit in connection with the shares sold are generally not deductible or in case of subscription rights fully deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his or her share of the partnership's income is generally credited as a lump sum —fully or in part— against his or her personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the taxpayer.

Special rules apply to capital gains realised by companies active in the financial and insurance sectors, as well as pension funds (see below, "*16.2.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

When a Domestic Paying Agent is concerned, the proceeds from the sale of shares/subscription rights held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares/subscription rights are held as private assets (see "*16.2.4.1 Shares and Subscription Rights Held as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax domicile in Germany, or (ii) the shares/subscription rights form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent rightfully withholds taxes, the withholding tax withheld and remitted (including solidarity surcharge) will generally be credited against the shareholder's income tax or corporate income tax liability and any overpayment will be refunded.

16.2.5 Taxation of Capital Gains of Shareholders without a Tax Domicile in Germany

Capital gains realised by a shareholder with no tax domicile in Germany are subject to German income tax only if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes and assign the right of taxation to the shareholder's country of domicile in the former case.

16.2.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If financial institutions or financial services providers hold or sell shares that are allocable to their trading book pursuant to – amongst others - Section 1a of the German Banking Act (*Gesetz über das Kreditwesen*), they will neither be able to use the partial-income method nor have 60% of their gains exempted from taxation nor be entitled to the 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial enterprises (*Finanzunternehmen*) in the meaning of the German Banking Act (*Gesetz über das Kreditwesen*) for the purpose of generating profits from short-term proprietary trading. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service providers and finance companies domiciled in another member state of the European Union or in other signatory states of the agreement on the European Economic Area. Likewise, the previously described tax exemption afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies or to those which are held by pension funds. The partial-income method for gains on the sale of subscription rights also does not apply in these cases.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, may apply to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies.

16.3 Inheritance and Gift Tax

The transfer of shares/subscription rights to another person by inheritance or gift is generally subject to German inheritance and gift tax only if

1. the decedent, donor, heir, beneficiary or other transferee maintained his or her domicile or usual residence in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their usual residence in Germany);
2. the shares/subscription rights were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or
3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The fair value represents the tax assessment base. In general that is the stock exchange price. Dependent on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of (1.) above, and also with certain restrictions in case of (2.) above. Special provisions apply to certain German nationals living outside of Germany and former German nationals.

16.4 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares/subscription rights. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transactions tax ("**FTT**") (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed FTT will be enacted by the participating EU Member States and when the FTT will enter into force.

17. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the New Shares/subscription rights and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

*Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi), the temporary equalisation tax (impôt d'équilibrage budgétaire) as well as personal income tax (impôt sur le revenu). Corporate shareholders may further be subject to net wealth tax (impôt sur la fortune) ("**NWT**") as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary equalisation tax. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

Luxembourg Taxation of New Shares/Subscription Rights of a Non-Resident Company

17.1 Withholding Taxes

Dividend payments made to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived therefrom are not subject to a withholding tax in Luxembourg. Accordingly, the Company does not assume responsibility for the withholding of Luxembourg withholding taxes at the source.

17.2 Income Tax

17.2.1 Taxation of Income Derived From the New Shares and Capital Gains Realised on New Shares/ Subscription Rights by Luxembourg Residents

17.2.1.1 Luxembourg Resident Individuals

Dividends and other payments derived from the New Shares by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rates with a current top effective marginal rate of 40% (44.10% including the maximum 9% solidarity surcharge and the temporary equalization tax of 0.5%) depending on the annual level of income of individuals. A tax credit may be granted for foreign withholding taxes, provided that it does not exceed the corresponding Luxembourg tax.

Under current Luxembourg tax law, 50% of the gross amount of dividends received by resident individuals from a company resident in an EU member state and covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, is exempt from income tax.

Capital gains realised on the disposal of the New Shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or—in case of a disposal of shares—as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the New Shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/ or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. A shareholder is also deemed to transfer a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on a substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares/subscription rights.

According to case law of the Luxembourg Administrative Court of Appeal, the sale by ashareholder of subscription rights allocated to such shareholder is treated as a partial disposal ofsuch shareholder's existing Shares.

As a result, capital gains realised on the sale of subscription rights allocated to aLuxembourg resident individual shareholder, who acts in the course of management of his/herprivate wealth, will therefore only be taxable if the sale of such subscription rights takes placewithin the first six months following the acquisition of the Shares with respect to which those subscription rights were allocated.

Capital gains realised on the disposal of the New Shares/subscription rights by resident individual shareholders/subscription right-holders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates and, as the case may be to municipal business tax. Taxable gains are determined as being the difference between the price for which the New Shares/subscription rights have been disposed of and the lower of their cost or book value.

17.2.1.2 Luxembourg Resident Fully-Taxable Companies and Luxembourg Permanent Establishments of Foreign Companies or of Non-Resident Individuals

Unless benefiting from a special tax regime, dividends and other payments made by the Company to a Luxembourg resident fully-taxable company or to a Luxembourg permanent establishment of a foreign company or of non-resident individuals are subject to income tax at their respective ordinary rates. Under current Luxembourg tax laws, 50% of the gross amount of dividends received from a company resident in an EU member state and covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, is exempt from income tax. A tax credit may further be granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg corporate income tax on the dividends and other payments derived from the New Shares.

However, under the participation exemption regime, dividends derived from shares of an entity covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, may be exempt from income tax at the level of the shareholder if, at the time the dividend is made available to the shareholders, cumulatively, (i) the shareholder is (a) a fully-taxable Luxembourg resident company, (b) a Luxembourg permanent establishment of a company covered by Article 2 of the Parent-Subsidiary Directive, (c) a Luxembourg permanent establishment of a foreign company in a country having a tax treaty with Luxembourg, or (d) a Luxembourg permanent establishment of a company limited by share capital or a cooperative company resident in the EEA other than a EU Member State, (ii) the shareholder has held or commits itself to hold the shares of the distributing entity (*i.e.* the Company) for an uninterrupted period of at least 12 months, (iii) during this uninterrupted period of 12 months, the shares represent a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million, and (iv) the dividend is put at its disposal within such period. Liquidation proceeds may be exempt under the same conditions. Shares held through a tax-transparent entity are considered as being a direct participation proportionally to the percentage held in the assets of the transparent entity.

Capital gains realised by (i) a Luxembourg fully-taxable resident company or (ii) the Luxembourg permanent establishment of a non-resident foreign company on the New Shares of the Company are subject to income tax at the current maximum global rate of 29.22% in Luxembourg City, unless the conditions of the participation exemption regime, as described above, are satisfied except that the acquisition price must be of at least EUR 6 million for capital gain exemption purposes. New Shares held through a tax-transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity.

Taxable gains are determined to be the difference between the price for which the New Shares have been disposed of and the lower of their cost or book value.

According to case law of the Luxembourg Administrative Court of Appeal, capital gains realised by (i) a Luxembourg fully-taxable resident company or (ii) the Luxembourg permanent establishment of a non-resident foreign company on the sale of subscription rights allocated to them are subject to income tax at the current maximum global rate of 29.22% in Luxembourg City, unless the conditions of the participation exemption regime, as described above, are satisfied except that the acquisition price must be of at least EUR 6 million for capital gain exemption purposes.

Capital gains realised on the disposal of the New Shares/subscription rights by a non-resident individual holding the New Shares/subscription rights through a Luxembourg permanent establishment are subject to income tax at ordinary rates and to municipal business tax. Taxable gains are determined as being the difference between the price for which the New Shares/subscription rights have been disposed of and the lower of their cost or book value.

17.2.1.3 Luxembourg Resident Undertakings Benefiting from a Special Tax Regime

A shareholder/subscription right-holder which is a Luxembourg resident undertaking benefiting from a special tax regime, such as (i) an undertaking for collective investment governed by the law of 17 December 2010, as amended, (ii) a specialised investment fund governed by the law of 13 February 2007, as amended or (iii) a family wealth management company governed by the law of 11 May 2007, as amended, is exempt from income tax in Luxembourg. Dividends and capital gains derived from the New Shares/capital gains derived from the subscription rights are thus not subject to Luxembourg income tax in the hands of such shareholder/subscription right-holder.

17.3 Net Wealth Tax

A Luxembourg resident shareholder/subscription right-holder, as well as non-resident shareholder/subscription right-holder who has a permanent establishment or a permanent representative in Luxembourg to which the New Shares/subscription rights are attributable, is subject to Luxembourg NWT on such New Shares/subscription rights, except if the shareholder/subscription right-holder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the law of 17 December 2010, as amended, (iii) a securitisation company governed by the law of 22 March 2004, as amended, on securitisation, (iv) a specialised investment fund governed by the law of 13 February 2007, as amended or (vi) a family wealth management company governed by the law of 11 May 2007, as amended.

Further, under the participation exemption regime, shares of an entity covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, may be exempt from NWT at the level of the shareholder for a given year, if the shares represent at the end of the previous year a participation of at least 10% in the share capital of the entity or a participation of an acquisition price of at least EUR 1.2 million. The NWT charge for a given year can be reduced if a specific reserve, equal to five times the NWT to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The maximum NWT to be saved is limited to the corporate income tax amount due for the same tax year, including the solidarity surcharge, but before imputation of available tax credits.

17.4 Other Taxes

Under Luxembourg tax law, where an individual shareholder/subscription right-holder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the New Shares/subscription rights are included in his/her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares/subscription rights if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

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18. FINANCIAL INFORMATION

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Condensed interim financial statements of the Vossloh Group as of March 31, 2016

Income statement for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015*
Sales revenues	240.1	259.8
Cost of sales	(198.9)	(221.8)
General administrative and selling expenses	(42.8)	(43.3)
Research and development expenses	(3.0)	(2.8)
Other operating result	6.4	5.8
Operating result	**1.8**	**(2.3)**
Investment result from companies accounted for using the equity method	0.2	0.0
Other financial income	0.3	0.1
Earnings before interest and taxes (EBIT)	**2.3**	**(2.2)**
Interest income	0.4	0.3
Interest expense	(3.6)	(2.8)
Earnings before income taxes (EBT)	**(0.9)**	**(4.7)**
Income taxes	(0.2)	1.0
Net result from discontinued operations	4.9	2.7
Net income	**3.8**	**(1.0)**
thereof attributable to shareholders of Vossloh AG	**2.8**	**(2.6)**
thereof attributable to non-controlling interests	1.0	1.6
Earnings per share		
Basic/diluted earnings per share (€)	0.21	(0.19)
thereof attributable to continuing operations	(0.16)	(0.39)
thereof attributable to discontinued operations	0.37	0.20

* Previous year figures presented in a comparable manner, see page 34 f.

Statement of comprehensive income for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015*
Net income	**3.8**	**(1.0)**
Changes in fair value of hedging instruments (cash flow hedges)	3.2	(6.2)
Currency translation differences	(3.0)	9.2
Income taxes	(1.0)	1.9
Amounts that will potentially be transferred into profit or loss in future periods	**(0.8)**	**4.9**
Remeasurement of defined benefit plans	0.0	0.0
Income taxes	0.0	0.0
Amounts that will not be transferred into profit or loss in future periods	**0.0**	**0.0**
Income and expenses recognized directly in equity	**(0.8)**	**4.9**
Comprehensive income	**3.0**	**3.9**
thereof attributable to shareholders of Vossloh AG	2.6	0.0
thereof attributable to non-controlling interests	0.4	3.9

* Previous year figures presented in a comparable manner, see page 34 f.

Cash flow statement for the three months (Q1) ended March 31, 2016

€ mill.	Q1/2016	Q1/2015**
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	2.3	(2.2)
EBIT from discontinued operations	4.9	3.2
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	9.0	11.1
Change in noncurrent provisions	(2.4)	3.1
Gross cash flow	**13.8**	**15.2**
Noncash change in investments in companies accounted for using the equity method	(0.2)	0.0
Other noncash income/expenses, net	3.7	(9.9)
Net loss/ (gain) on the disposal of noncurrent assets	0.0	0.0
Income taxes paid	(3.8)	(0.9)
Change in working capital	(46.3)	(40.4)
Changes in other assets/liabilities, net	(17.7)	23.6
Cash flow from operating activities	**(50.5)**	**(12.4)**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(4.6)	(12.2)
Free cash flow*	**(55.1)**	**(24.6)**
Investments in noncurrent financial instruments	0.0	(0.2)
Proceeds from the disposal of intangible assets and property, plant and equipment	0.0	0.2
Disbursements/proceeds from the purchase/sale of short-term securities	0.0	(0.2)
Proceeds from disposals of noncurrent financial instruments	0.0	0.2
Cash flow from investing activities	**(4.6)**	**(12.2)**
Cash flow from financing activities		
Disbursements due to distributions of profit	(3.2)	–
Net financing from short-term loans	45.9	12.6
Net financing from medium-/long-term loans	(6.8)	0.3
Interest received	0.4	0.4
Interest paid	(3.5)	(2.5)
Cash flow from financing activities	**32.8**	**10.8**
Net inflow/outflow	(22.3)	(13.8)
Change in cash and cash equivalents from the first-time consolidation of companies	0.1	0.0
Exchange rate effects	(1.1)	1.6
Opening cash and cash equivalents	**78.8**	**58.5**
Closing cash and cash equivalents	**55.5**	**46.3**

* Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with investments in companies accounted for using the equity method. For an allocation of cash flows to continued and discontinued operations see page 40.

** Previous year figures presented in a comparable manner, see page 34 f.

Balance sheet

Assets in € mill.

	3/31/2016	12/31/2015	3/31/2015*
Intangible assets	290.9	294.0	286.9
Property, plant and equipment	211.8	215.6	223.9
Investment properties	4.2	4.5	4.9
Investments in companies accounted for using the equity method	33.4	33.1	33.2
Other noncurrent financial instruments	9.4	11.2	15.3
Sundry noncurrent assets	3.1	3.2	3.2
Deferred tax assets	20.1	18.7	21.8
Noncurrent assets	**572.9**	**580.3**	**589.2**
Inventories	350.1	339.8	373.6
Trade receivables	245.8	256.9	280.2
Receivables from construction contracts	55.5	50.2	62.9
Income tax assets	6.8	7.1	11.8
Sundry current assets	65.6	61.5	52.1
Short-term securities	0.4	0.5	0.7
Cash and cash equivalents	55.5	78.8	38.3
Current assets	**779.7**	**794.8**	**819.6**
Assets held for sale	5.0	–	235.6
Assets	**1,357.6**	**1,375.1**	**1,644.4**

Equity and liabilities in € mill.

	3/31/2016	12/31/2015	3/31/2015*
Capital stock	37.8	37.8	37.8
Additional paid-in capital	30.9	30.9	30.9
Retained earnings and net income	330.1	332.7	257.7
Accumulated other comprehensive income	10.2	10.3	3.5
Equity excluding non-controlling interests	**409.0**	**411.7**	**329.9**
Non-controlling interests	17.4	17.0	23.6
Equity	**426.4**	**428.7**	**353.5**
Pension provisions	29.0	29.1	29.0
Other noncurrent provisions	44.6	47.0	60.7
Noncurrent financial liabilities	246.6	253.4	49.8
Noncurrent trade payables	–	3.1	–
Other noncurrent liabilities	6.9	10.4	4.5
Deferred tax liabilities	4.0	4.0	0.5
Noncurrent liabilities	**331.1**	**347.0**	**144.5**
Other current provisions	85.0	121.4	107.4
Current financial liabilities	77.1	25.9	288.1
Current trade payables	143.5	172.5	156.2
Current liabilities from construction contracts	145.8	147.1	185.1
Current income tax liabilities	11.0	12.2	16.1
Other current liabilities	137.7	120.3	120.4
Current liabilities	**600.1**	**599.4**	**873.3**
Liabilities held for sale	–	–	273.1
Equity and liabilities	**1,357.6**	**1,375.1**	**1,644.4**

* Previous year figures presented in a comparable manner, see page 34 f.

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Accumulated other comprehensive income: Reserves for currency translations	Reserves for financial instruments held for sale	Reserves for hedging transactions	Reserves for the remeasurement of defined benefit pension plans	Equity excluding non-controlling interests	Non-controlling interests	Total
Balance at December 31, 2014	37.8	30.9	265.3	4.7	0.0	(3.9)	(4.9)	329.9	19.7	349.6
Transfer to retained earnings			(5.0)				5.0	–		–
Net income			(2.6)					(2.6)	1.6	(1.0)
Income and expenses recognized directly in equity				6.8		(4.3)	0.1	2.6	2.3	4.9
Balance at March 31, 2015	37.8	30.9	257.7	11.5	0.0	(8.2)	0.2	329.9	23.6	353.5
Transfer to retained earnings			0.1				(0.1)	–		–
Changes in the scope of consolidation			0.1			1.1		1.2	(1.8)	(0.6)
Net income			74.8					74.8	4.0	78.8
Income and expenses recognized directly in equity				2.1		4.2	(0.5)	5.8	(2.3)	3.5
Dividend payments								–	(6.5)	(6.5)
Balance at December 31, 2015	37.8	30.9	332.7	13.6	0.0	(2.9)	(0.4)	411.7	17.0	428.7
Transfer to retained earnings			(0.4)				0.4	–		–
Changes in the scope of consolidation			(1.8)	(0.3)				(2.1)		(2.1)
Net income			2.8					2.8	1.0	3.8
Income and expenses recognized directly in equity				(2.4)		2.2		(0.2)	(0.6)	(0.8)
Distribution of profit			(3.2)					(3.2)		(3.2)
Balance at March 31, 2016	37.8	30.9	330.1	10.9	0.0	(0.7)	0.0	409.0	17.4	426.4

Explanatory notes

Corporate background

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

Accounting policies

The interim financial report as of March 31, 2016 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU.

The following new or amended standards were applied for the first time in the first quarter of 2016:

- IAS 16 and IAS 41: Bearer Plants
- IAS 11: Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 1: Disclosure Initiative
- IAS 27: Equity Method in Separate Financial Statements

In addition, amendments to the following standards after the adoption of the "Annual Improvements to IFRSs 2012–2014 Cycle" were applied for the first time:

- IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7: Financial Instruments: Disclosure
- IAS 19: Employee Benefits
- IAS 34: Interim Financial Reporting
- IFRS 1: First-time Adoption of International Financial Reporting Standards

The first-time application of the new and amended standards did not have any impact on the consolidated interim financial statements as of March 31, 2016.

Apart from these first-time applications the recognition and measurement methods applied in preparing the interim financial statements are consistent with those applied in the consolidated financial statements as of December 31, 2015, taking into consideration the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and the German Accounting Standard (GAS) 16 "Interim Financial Reporting".

Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, the actual values subsequently determined may differ from those estimates and hence from the amounts disclosed in the consolidated financial statements.

The business activities of the Vossloh Group are subject to a certain extent to seasonal effects, see page 10 of this interim report.

For German companies, income taxes have been calculated by applying a rate of 30 percent. For foreign subsidiaries, the applicable local tax rates are used.

Presentation of the business unit sold in the previous year's figures

On December 31, 2015, all shares in the former Vossloh España S.A.U., Valencia, Spain, were sold and the former Rail Vehicles business unit was thereby deconsolidated. Since the interim report of September 30, this business unit has been reported as held for sale in accordance with IFRS 5. In order to comparably present the net assets, financial position and results of operations of the reporting quarter, the previous Rail Vehicles business unit has been included in discontinued operations for the comparative figures of the previous year, even though this status was not yet applicable in spring 2015. The prior year figures in this interim report therefore differ in many areas from the figures presented in the previous year's report.

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

€ mill.	Q1/2016	Q1/015
Revenues	–	60.0
Expenses	(0.1)	(56.7)
Result from operating activities, pre-tax	**(0.1)**	**3.3**
Income taxes	0.0	(0.6)
Result from operating activities after tax	**(0.1)**	**2.7**
Gain on the disposal of discontinued operations	5.0	–
Income tax on the gain on the disposal of discontinued operations	–	–
Net result from discontinued operations	**4.9**	**2.7**
thereof attributable to shareholders of Vossloh AG	4.9	2.5
thereof attributable to non-controlling interests	–	0.2

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

€ mill.	3/31/2016	12/31/2015	3/31/2015
Intangible assets	–	61.6	57.9
Property, plant and equipment	–	15.7	11.7
Sundry noncurrent assets	–	22.7	23.9
Noncurrent assets	**–**	**100.0**	**93.5**
Inventories	–	75.7	67.1
Trade receivables	–	5.5	8.0
Receivables from construction contracts	–	49.8	47.5
Sundry current assets	5.0	9.0	11.5
Cash and cash equivalents	–	38.6	8.0
Current assets	**5.0**	**178.6**	**142.1**
Assets	**5.0**	**278.6**	**235.6**
Provisions	–	81.6	80.6
Trade payables	–	37.2	36.4
Liabilities from construction contracts	–	113.9	119.6
Other liabilities	–	38.7	36.5
Liabilities	**–**	**271.4**	**273.1**
Cumulative income and expenses in other comprehensive income	–	(1.1)	(3.2)

Assets and liabilities as well as cumulative income and expenses in other comprehensive income attributable to discontinued operations as of the reporting date 12/31/2015 are derecognized due to the sale of the business unit and therefore not included in the group balance sheet.

Consolidation group

The consolidation group has been changed compared to the December 31, 2015 balance sheet date as follows:

An Indian and a Chinese company in the Fastening Systems business unit were included in the scope of consolidation for the first time as a result of their increased importance for the net assets, financial position and results of operations of the Group.

In addition, a further joint venture was taken into account, which is allocated to the Locomotives business unit. The company was established in the first quarter of 2016.

Furthermore, two American companies in the Switch Systems business unit were merged.

Consequently, including Vossloh AG, 22 German (unchanged from the prior year) and 42 foreign companies (previous year: 41) were fully consolidated in the interim financial statements as of March 31, 2016. As at the end of the reporting period in the previous year, an investment in one German associated company as well as in seven foreign associated companies (December 31, 2015: six) were accounted for at equity.

Equity

Since the consolidated financial statements as of December 31, 2015 as well as the first quarter of the previous year, Vossloh AG's capital stock has remained unchanged.

Compared to the previous year's reporting date, capital stock was unchanged and amounted to €37,825,168.86, divided into 13,325,290 shares. All of them were outstanding throughout the entire first quarter of 2016, as in the previous year, so that the average number of shares outstanding equals this amount.

As part of an asset deal, with effect from July 1, 2015, 40 percent of shares in Vossloh Cogifer Finland Oy, Teijo, Finland, were transferred to the seller. Because at the same time both call and put options were contractually agreed for these shares, a repurchase is most certainly to be assumed from a financial perspective. For this reason, a 100 percent acquisition of the operations was recognized while simultaneously reporting the fair value of the anticipated purchase price for these shares. Shares of other shareholders were therefore not reported for this transaction. The profit entitlements of the seller resulted in a decrease in equity in 2015, which is disclosed as distribution of profit in the statement of changes in equity.

Earnings per share (EpS)

		Q1/2016	Q1/2015*
Weighted average number of common shares	shares	13,325,290	13,325,290
Weighted average of shares outstanding	shares	13,325,290	13,325,290
Weighted average of shares outstanding – basic/diluted –	shares	13,325,290	13,325,290
Net income (loss) attributable to Vossloh AG shareholders	€ mill.	2.8	(2.6)
Basic/diluted EpS	**€**	**0.21**	**(0.19)**
thereof attributable to "continuing operations"	€	(0.16)	(0.39)
thereof attributable to "discontinued operations"	€	0.37	0.20

* Previous year figures presented in a comparable manner, see page 34 f.

Additional information on investments in companies accounted for using the equity method

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

Information on investments in companies accounted for using the equity method

€ mill.	Q1/2016	Q1/2015
Profit or loss from continuing operations	0.0	0.9
Profit or loss from discontinued operations after taxes	–	–
Total income and expenses recognized directly in equity	1.7	1.5
Comprehensive income	**1.7**	**2.4**

Additional disclosures on financial instruments

The table below shows the assignment of the financial assets and payables carried at fair value to the fair value hierarchy levels in accordance with IFRS 7 and IFRS 13. There were no reclassifications between the various levels of the fair value hierarchy either during the reporting year or the previous year.

The basis for the levels of the hierarchy for the determination of fair value is the factors applied. In Level 1, inputs are in the form of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 covers direct inputs other than Level 1 quoted prices for identical or similar assets or liabilities or indirect inputs derived from observable market data. Level 3 is based on unobservable inputs for a financial asset or liability that are used to measure fair value wherever no observable market data is available.

Assignment of levels of the fair value hierarchy

€ mill.	Level 1: Input of quoted prices		Level 2: Input of observable market data		Level 3: No input of observable market data	
	3/31/2016	12/31/2015*	3/31/2016	12/31/2015*	3/31/2016	12/31/2015*
Financial assets at fair value						
Held to maturity	0.0	0.0	0.0	0.0	–	–
Available for sale	–	–	0.7	0.7	–	–
Derivatives in hedging relationships	–	–	3.3	0.5	–	–
Total	**0.0**	**0.0**	**4.0**	**1.2**	**–**	**–**
Financial liabilities measured at fair value						
Derivatives in hedging relationships	–	–	2.5	7.5	–	–
Total	**–**	**–**	**2.5**	**7.5**	**–**	**–**

* Previous year figures presented in a comparable manner, see page 34 f.

The carrying amounts of financial instruments, the assignment based on measurement category and the required disclosures on fair value according to IFRS 13 and their measurement sources according to IFRS 7 are presented in the following tables. The derivatives in hedging relationships as well as payables under capital leases are included, although they do not belong to any measurement category of IAS 39.

Carrying amounts, measurement categories and fair values as of March 31, 2016

€ mill.	Carrying amount according to balance sheet 3/31/2016	Measurement according to IAS 39 (Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 3/31/2016
Trade receivables	**245.8**				
Loans and receivables	245.8	245.8			245.8
Receivables from construction contracts	**55.5**				
Loans and receivables	55.5	55.5			55.5
Securities	**0.4**				
Held to maturity	0.0	0.0			0.0
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**78.1**				
Loans and receivables	44.3	44.3			44.3
Held to maturity	0.0	0.0			0.0
Held for trading	0.0			0.0	0.0
Available for sale	1.6	1.3	0.3		1.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	3.3		0.9	2.4	3.3
IAS 39 not applicable	28.9				–
Cash and cash equivalents	**55.5**				
Loans and receivables	55.5	55.5			55.5
Total financial assets	**435.3**	**402.4**	**1.6**	**2.4**	**406.4**
Financial liabilities	**323.7**				
Loans and receivables	323.7	323.7			323.7
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	**143.5**				
Loans and receivables	143.5	143.5			143.5
Liabilities from construction contracts	**145.8**				
Loans and receivables	145.8	145.8			145.8
Other liabilities	**144.6**				
Loans and receivables	82.8	82.8			82.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	2.5		1.7	0.8	2.5
IAS 39 not applicable	59.3				–
Total financial liabilities	**757.6**	**695.8**	**1.7**	**0.8**	**698.3**

Summary of measurement category of IAS 39

€ mill.	Carrying amount according to balance sheet 3/31/2016	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 3/31/2016
Financial assets					
Loans and receivables	401.1	401.1	0.0	0.0	401.1
Held to maturity	0.0	0.0	0.0	0.0	0.0
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	2.0	1.3	0.7	0.0	2.0
Total financial assets	**403.1**	**402.4**	**0.7**	**0.0**	**403.1**
Financial liabilities					
Measurement at amortized cost	695.8	695.8	0.0	0.0	695.8
Total financial liabilities	**695.8**	**695.8**	**0.0**	**0.0**	**695.8**

Carrying amounts, measurement categories and fair values as of December 31, 2015

€ mill.	Carrying amount according to balance sheet 12/31/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 12/31/2015
Trade receivables	**256.9**				
Loans and receivables	256.9	256.9			256.9
Receivables from construction contracts	**50.2**				
Loans and receivables	50.2	50.2			50.2
Securities	**0.5**				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**75.9**				
Loans and receivables	46.0	46.0			46.0
Held to maturity	0.0		0.0		0.0
Held for trading	0.0			0.0	0.0
Available for sale	1.6	1.3	0.3	0.0	1.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5	0.0	0.1	0.4	0.5
IAS 39 not applicable	27.8				–
Cash and cash equivalents	**78.8**				
Loans and receivables	78.8	78.8			78.8
Total financial assets	**462.3**	**433.3**	**0.8**	**0.4**	**434.5**
Financial liabilities	**279.3**				
Loans and receivables	279.3	279.3			279.3
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	**175.6**				
Loans and receivables	175.6	175.6			175.6
Liabilities from construction contracts	**147.1**				
Loans and receivables	147.1	147.1			147.1
Other liabilities	**130.7**				
Loans and receivables	86.8	86.8			86.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	7.5		4.2	3.3	7.5
IAS 39 not applicable	36.4				–
Total financial liabilities	**732.7**	**688.8**	**4.2**	**3.3**	**696.3**

Summary of measurement category of IAS 39

€ mill.	Carrying amount according to balance sheet 12/31/2015	Measurement according to IAS 39 (Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair value at 12/31/15
Financial assets					
Loans and receivables	431.9	431.9			431.9
Held to maturity	0.1	0.1			0.1
Available for sale	2.0	1.3	0.7		2.0
Total financial assets	**434.0**	**433.3**	**0.7**	**0.0**	**434.0**
Financial liabilities					
Measurement at amortized cost	688.8	688.8	–	–	688.8
Total financial liabilities	**688.8**	**688.8**	**–**	**–**	**688.8**

Cash flow statement

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

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

The figures in the statement of cash flows shown on page 31 relate to the entire Group including effects of discontinued operations. The table below divides the subtotals of the statement of cash flows and opening and closing cash and cash equivalents into continuing and discontinued operations.

€ mill.	Q1/2016		Q1/2015	
Cash flow items	Thereof from continuing operations	Thereof from discontinued operations	Thereof from continuing operations	Thereof from discontinued operations
Gross cash flow	8.9	4.9	11.5	3.7
Cash flow from operating activities	(50.5)	0.0	(0.5)	(11.9)
Free cash flow	(55.1)	0.0	(11.2)	(13.4)
Cash flow from investing activities	(4.6)	–	(10.7)	(1.5)
Cash flow from financing activities	32.8	–	0.7	10.1
Opening cash and cash equivalents	78.8	–	47.3	11.2
Closing cash and cash equivalents	55.5	–	38.3	8.0

Related parties

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

€ mill.	Q1/2016 or 3/31/2016	Q1/2015 or 3/31/2015*
Sale or purchase of goods		
Sales revenues from the sale of finished goods and WIP	1.1	3.9
Cost of materials from the purchase of finished goods and WIP	4.1	2.9
Advance payments	48.0	67.3
Trade receivables	6.9	5.8
Trade payables	3.8	3.7
Sale or purchase of other assets		
Income	0.0	0.0
Cost of materials	0.0	0.0
Receivables from the sale of other assets	0.0	0.0
Payables for the purchase of other assets	0.9	1.0
Services rendered or received		
Income from services rendered	0.9	0.8
Expenses for services received	0.6	1.0
Financing		
Interest income from financial loans granted	0.0	0.0
Interest expense from financial loans received	0.0	0.0
Receivables on financial loans granted	2.6	6.6
Liabilities on financial loans received	0.4	0.1
Provision of guarantees and collateral		
Provision of guarantees	6.8	9.1
Provision of other collateral	1.3	0.0

* Previous year figures presented in a comparable manner, see page 34 f.

Contingent liabilities

In comparison to December 31, 2015, contingent liabilities decreased by €169.8 million to €25.6 million. A major reason for this decline was the assumption of guarantees by the acquirer of the sold Rail Vehicles business unit. As of the reporting date, €14.0 million was still attributable to contingent liabilities for this business unit. Vossloh AG was given an irrevocable and unconditional guarantee for these contingent liabilities at first request by a first-class bank.

The Group has incurred contingent liabilities under guarantees of €8.5 million (including €6.8 million in favor of unconsolidated subsidiaries), of €14.0 million for letters of comfort and of €3.1 million for the collateralization of third-party debts (including €1.3 million allocable to unconsolidated subsidiaries).

Segment information

The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structures, which are based on the products and services offered by the Vossloh Group's business units. Alongside the divisions, the business units are presented separately.

As a result of the sale of the Rail Vehicles business unit on December 31, 2015, the prior year figures for this business unit are presented as discontinued operations in order to allow improved comparability.

The segment structure in the three core business divisions has not changed in comparison to the previous year.

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

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

As the only business unit in the Lifecycle Solutions division to date, Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, and construction site supervision. It also organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems.

The Transportation division, which is no longer part of the Group's core business following the strategy approved in 2014, includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises the Locomotives and Electrical Systems business units.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility, and eco-friendliness. This business unit also offers extensive services, in particular relating to locomotive servicing and maintenance.

Vossloh Electrical Systems develops and produces key electrical components and systems for public transport vehicles and locomotives. The business unit counts as one of the leading suppliers of electrical equipment both for trolleybuses and hybrid buses. Besides furnishing complete systems, the unit supplies air conditioners for rail vehicles, individual components, subassemblies, revamping work, servicing and maintenance.

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

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

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

Reconciliation of value added to EBIT

€ mill.	**Q1/2016**	**Q1/2015***
Value added	(15.4)	(22.2)
Cost of capital employed	17.7	20.0
EBIT	**2.3**	**(2.2)**

* Previous year figures presented in a comparable manner, see page 34 f.

Segment information by business unit*

			Core Components (Fastening Systems)	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Locomotives
Value added	Q1/2016	€ mill.	**4.2**	**(7.0)**	**(3.9)**	(4.0)
	Q1/2015	€ mill.	**3.2**	**(4.9)**	**(4.5)**	(5.8)
Information from the income statement/flow figures						
External sales revenues	Q1/2016	€ mill.	**50.2**	**111.3**	**12.7**	15.1
	Q1/2015	€ mill.	**63.7**	**115.4**	**10.4**	20.3
Intersegment sales revenues	Q1/2016	€ mill.	**1.1**	**0.6**	**1.0**	0.0
	Q1/2015	€ mill.	**2.5**	**0.5**	**1.5**	0.8
Interest income	Q1/2016	€ mill.	**0.0**	**0.1**	**0.0**	0.2
	Q1/2015	€ mill.	**0.0**	**0.1**	**0.0**	0.2
Interest expense	Q1/2016	€ mill.	**(0.4)**	**(1.1)**	**(0.8)**	(0.5)
	Q1/2015	€ mill.	**(0.3)**	**(0.8)**	**(0.7)**	(0.6)
Amortization/depreciation	Q1/2016	€ mill.	**2.1**	**3.1**	**1.5**	1.0
	Q1/2015	€ mill.	**2.3**	**3.2**	**1.0**	1.0
Income from investments in companies accounted for using the equity method	Q1/2016	€ mill.	**0.0**	**0.3**	**(0.1)**	0.0
	Q1/2015	€ mill.	**0.2**	**0.0**	**(0.2)**	0.0
Income taxes	Q1/2016	€ mill.	**1.4**	**0.0**	**(0.1)**	0.2
	Q1/2015	€ mill.	**1.6**	**1.8**	**(0.6)**	(1.5)
Net result from discontinued operations	Q1/2016	€ mill.	**0.0**	**0.0**	**0.0**	0.0
	Q1/2015	€ mill.	**0.0**	**0.0**	**0.0**	0.0
Other major noncash expenses	Q1/2016	€ mill.	**0.0**	**3.7**	**0.0**	0.0
	Q1/2015	€ mill.	**0.0**	**5.9**	**0.2**	0.0
Information from the balance sheet						
Assets	3/31/2016	€ mill.	**201.9**	**591.6**	**189.3**	105.1
	3/31/2015	€ mill.	**243.7**	**608.3**	**173.7**	110.7
Liabilities	3/31/2016	€ mill.	**127.0**	**317.9**	**179.0**	76.2
	3/31/2015	€ mill.	**150.2**	**323.7**	**156.9**	76.8
Investments in noncurrent assets	3/31/2016	€ mill.	**0.7**	**0.5**	**1.6**	1.3
	3/31/2015	€ mill.	**2.0**	**1.6**	**5.7**	0.6
Investments in companies accounted for using the equity method	3/31/2016	€ mill.	**1.8**	**24.9**	**6.7**	0.0
	3/31/2015	€ mill.	**1.6**	**24.9**	**6.7**	0.0
Average headcount	Q1/2016	Number	**629**	**2,574**	**451**	405
	Q1/2015	Number	**632**	**2,581**	**372**	427

* For more segment information, see page 42 f. For previous year figures in the Transportation business division and in the Group presented in a comparable manner, see page 34 f.

Rail Vehicles (discontinued operations)	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
–	(1.1)	(0.1)	**(5.2)**	1.0	(4.5)	**(15.4)**
4.4	(5.7)	(4.9)	**(12.0)**	(1.2)	(2.8)	**(22.2)**
0.0	50.1	0.0	**65.2**	0.1	0.0	**239.5**
60.0	46.7	(60.0)	**67.0**	0.0	0.0	**256.5**
0.0	0.9	(0.6)	**0.3**	0.3	(2.7)	**0.6**
0.0	0.4	(0.2)	**1.0**	0.3	(2.5)	**3.3**
0.0	0.0	0.0	**0.2**	3.2	(3.1)	**0.4**
0.3	0.0	(0.3)	**0.2**	2.4	(2.4)	**0.3**
0.0	(1.2)	0.0	**(1.7)**	(2.9)	3.3	**(3.6)**
(0.1)	(1.0)	0.1	**(1.6)**	(2.2)	2.8	**(2.8)**
0.0	1.1	0.0	**2.1**	0.2	0.0	**9.0**
2.3	1.1	(2.3)	**2.1**	0.2	0.0	**8.8**
0.0	0.0	0.0	**0.0**	0.0	0.0	**0.2**
0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
0.0	0.3	0.0	**0.5**	(1.6)	0.0	**0.2**
0.6	(1.3)	(0.7)	**(2.9)**	(0.9)	0.0	**(1.0)**
0.0	0.0	0.0	**0.0**	0.0	4.9	**4.9**
2.7	0.0	0.0	**2.7**	0.0	0.0	**2.7**
0.0	0.1	0.0	**0.1**	0.3	0.0	**4.1**
0.0	0.1	0.0	**0.1**	0.3	0.0	**6.5**
0.0	334.6	(2.6)	**437.1**	1,029.1	(1,091.4)	**1,357.6**
386.7	369.9	(13.6)	**853.7**	1,003.2	(1,238.2)	**1,644.4**
0.0	252.3	(2.5)	**326.0**	462.3	(481.0)	**931.2**
284.2	300.5	(289.9)	**371.6**	636.0	(620.6)	**1,017.8**
0.0	0.7	0.0	**2.0**	0.0	(0.2)	**4.6**
1.5	0.8	(1.5)	**1.4**	0.0	0.0	**10.7**
0.0	0.0	0.0	**0.0**	0.0	0.0	**33.4**
0.0	0.0	0.0	**0.0**	0.0	0.0	**33.2**
0	734	0	**1,139**	57	0	**4,850**
882	859	(882)	**1,286**	55	0	**4,926**

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Consolidated financial statements of Vossloh AG as of December 31, 2015

Income statement for the year ended December 31, 2015

€ mill.	Notes	2015	2014*
Sales revenue	(1)	1,200.7	1,100.8
Cost of sales	(2.1)	(995.8)	(1,000.7)
General administrative and selling expenses	(2.2)	(183.0)	(193.9)
Research and development expenses	(2.3)	(13.1)	(12.9)
Other operating result	(3)	35.5	(67.7)
Operating result		**44.3**	**(174.4)**
Investment result from companies accounted for using the equity method	(13)	3.0	(7.3)
Other financial income	(4.1)	0.8	0.4
Other financial expenses	(4.2)	(3.0)	(2.1)
Earnings before interest and taxes (EBIT)		**45.1**	**(183.4)**
Interest income		4.1	2.2
Interest expense	(5)	(17.6)	(26.4)
Earnings before income taxes (EBT)		**31.6**	**(207.6)**
Income taxes	(6)	(20.2)	(7.0)
Net result from discontinued operations	(7)	66.4	8.9
Group net income		**77.8**	**(205.7)**
thereof attributable to shareholders of Vossloh AG		**72.2**	**(213.9)**
thereof attributable to non-controlling interests	(8)	5.6	8.2
Earnings per share			
Undiluted/fully diluted EpS (€)	(9)	5.42	(16.46)
thereof attributable to continuing operations		0.43	(17.14)
thereof attributable to discontinued operations		4.99	0.68

* Previous year figures presented in a comparable manner, see page 121

Statement of comprehensive income for the year ended December 31, 2015

€ mill.	Notes	2015	2014*
Group net income		**77.8**	**(205.7)**
Changes in fair value of hedging instruments (cash flow hedges)		(0.1)	(2.6)
Currency translation differences		8.9	9.5
Changes in fair value of available-for-sale securities		0.0	0.0
Income taxes		0.0	0.7
Amounts that will potentially be transferred into profit or loss in future periods		**8.8**	**7.6**
Remeasurement of defined benefit plans	(24)	(0.6)	(6.8)
Income taxes		0.2	1.9
Amounts that will not be transferred into profit or loss in future periods		**(0.4)**	**(4.9)**
Total income and expenses recognized directly in equity		**8.4**	**2.7**
Comprehensive income		**86.2**	**(203.0)**
thereof attributable to shareholders of Vossloh AG		80.6	(212.6)
thereof attributable to non-controlling interests		5.6	9.6

* Previous year figures presented in a comparable manner, see page 121

Cash flow statement for the year ended December 31, 2015

€ mill.	2015	2014**
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	45.1	(183.4)
EBIT from discontinued operations	(6.3)	11.9
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	48.7	132.0
Change in noncurrent provisions	(15.8)	30.8
Gross cash flow	**71.7**	**(8.7)**
Noncash change in shares in companies accounted for using the equity method	(2.5)	7.4
Other noncash income/expenses, net	2.7	2.2
Net loss/ (gain) on the disposal of noncurrent assets	(1.6)	0.1
Income taxes paid	(18.4)	(25.9)
Change in working capital	17.2	(6.1)
Changes in other assets/liabilities, net	38.7	(11.2)
Cash flow from operating activities	**107.8**	**(42.2)**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(46.1)	(55.2)
Cash-effective changes in investments in companies accounted for using the equity method	(1.9)	(2.4)
Cash-effective dividends from companies accounted for using the equity method	4.0	1.3
Proceeds from the disposal of companies accounted for using the equity method	2.3	0.0
Free cash flow*	**66.1**	**(98.5)**
Investments in noncurrent financial instruments	(3.8)	(5.2)
Proceeds from the disposal of intangible assets and property, plant and equipment	1.2	0.2
Disbursements/proceeds from the purchase/sale of short-term securities	0.1	2.1
Proceeds from disposals of noncurrent financial instruments	4.6	0.9
Proceeds from the disposal of consolidated companies	34.4	0.0
Disbursements for the acquisition of consolidated companies	(6.4)	0.0
Cash flow from investing activities	**(11.6)**	**(58.3)**
Cash flow from financing activities		
Change in treasury shares	0.0	89.8
Disbursements to shareholders and non-controlling interests	(6.6)	(15.2)
Net financing from short-term loans	(260.8)	139.3
Net financing from medium-/long-term loans	203.7	(87.2)
Interest received	4.6	3.3
Interest paid	(17.9)	(26.3)
Cash flow from financing activities	**(77.0)**	**103.7**
Net cash inflow/outflow	19.2	3.2
Change in cash and cash equivalents from the first-time consolidation of companies	0.0	0.5
Exchange rate effects	1.1	1.6
Opening cash and cash equivalents	**58.5**	**53.2**
Closing cash and cash equivalents	**78.8**	**58.5**

* Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment in addition to inflows and outflows of cash that are in connection with consolidated associated companies accounted for using the equity method. For information regarding the breakdown of cash flow into continuing and discontinued operations, see page 128.

** Previous year figures presented in a comparable manner, see page 121

Balance sheet

Assets in € mill.

	Notes	12/31/2015	12/31/2014*
Intangible assets	(10)	294.0	280.5
Property, plant and equipment	(11)	215.6	215.5
Investment properties	(12)	4.5	4.5
Investments in companies accounted for using the equity method	(13)	33.1	33.1
Other noncurrent financial instruments	(14)	11.2	15.5
Sundry noncurrent assets	(15)	3.2	3.2
Deferred tax assets	(16)	18.7	21.3
Noncurrent assets		**580.3**	**573.6**
Inventories	(17)	339.8	347.0
Trade receivables	(18)	256.9	255.3
Receivables from construction contracts	(18)	50.2	51.3
Income tax assets	(19)	7.1	9.7
Sundry current assets	(20)	61.5	71.3
Short-term securities	(21)	0.5	0.6
Cash and cash equivalents	(22)	78.8	47.3
Current assets		**794.8**	**782.5**
Assets held for sale	(7)	0.0	248.3
Assets		**1,375.1**	**1,604.4**

Equity and liabilities in € mill.

	Notes	12/31/2015	12/31/2014*
Capital stock	(23.1)	37.8	37.8
Additional paid-in capital	(23.2)	30.9	30.9
Retained earnings and Group net income	(23.3)	332.7	265.3
Accumulated other comprehensive income	(23.4)	10.3	(4.1)
Group equity excluding non-controlling interests		**411.7**	**329.9**
Non-controlling interests	(23.5)	17.0	19.7
Equity		**428.7**	**349.6**
Pension provisions	(24)	29.1	28.7
Other noncurrent provisions	(25)	47.0	56.5
Noncurrent financial liabilities	(26.1)	253.4	49.8
Noncurrent trade payables	(26.2)	3.1	0.7
Other noncurrent liabilities	(26.4)	10.4	3.4
Deferred tax liabilities	(16)	4.0	3.6
Noncurrent liabilities		**347.0**	**142.7**
Other current provisions	(25)	121.4	106.3
Current financial liabilities	(26.1)	25.9	281.0
Current trade payables	(26.2)	172.5	147.3
Current liabilities from construction contracts	(26.2)	147.1	163.9
Current income tax liabilities	(26.3)	12.2	14.2
Other current liabilities	(26.4)	120.3	105.5
Current liabilities		**599.4**	**818.2**
Liabilities held for sale	(7)	0.0	293.9
Equity and liabilities		**1,375.1**	**1,604.4**

* Previous year figures presented in a comparable manner, see page 121

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Reserves for treasury shares	Retained earnings and Group net income	Accumulated other comprehensive income: Reserves for currency translations	Reserves for financial instruments held for sale	Reserves for hedging transactions	Reserves for the remeasurement of defined benefit plans	Equity excluding non-controlling interests	Non-controlling interests	Total
Balance at December 31, 2013	**37.8**	**42.6**	**(102.0)**	**490.7**	**(3.4)**	**0.0**	**(2.0)**	**(1.2)**	**462.5**	**18.6**	**481.1**
Transfer to retained earnings				(1.2)				1.2	0.0		0.0
Changes in the scope of consolidation		0.5		(3.6)					(3.1)	0.0	(3.1)
Group net income				(213.9)					(213.9)	8.2	(205.7)
Total income and expenses recognized directly in equity					8.1	0.0	(1.9)	(4.9)	1.3	1.4	2.7
Dividend payments				(6.7)					(6.7)	(8.5)	(15.2)
Treasury shares sold		(12.2)	102.0						89.8		89.8
Balance at December 31, 2014	**37.8**	**30.9**	**0.0**	**265.3**	**4.7**	**0.0**	**(3.9)**	**(4.9)**	**329.9**	**19.7**	**349.6**
Transfer to retained earnings				(4.9)				4.9	0.0		0.0
Changes in the scope of consolidation				0.1			1.1		1.2	(1.8)	(0.6)
Group net income				72.2					72.2	5.6	77.8
Total income and expenses recognized directly in equity					8.9	0.0	(0.1)	(0.4)	8.4		8.4
Dividend payments				0.0					0.0	(6.5)	(6.5)
Balance at December 31, 2015	**37.8**	**30.9**	**0.0**	**332.7**	**13.6**	**0.0**	**(2.9)**	**(0.4)**	**411.7**	**17.0**	**428.7**

Notes to the consolidated financial statements of Vossloh AG as of December 31, 2015

Segment information by division/business unit[1]

€ mill.		Core Components (Fastening Systems)	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Locomotives
Value added	2015	**16.6**	**(8.3)**	**(6.7)**	(10.4)
	2014	**45.9**	**(94.0)**	**(8.0)**	(94.5)
Information from the income statement/flow figures					
External sales revenue	2015	**243.7**	**522.2**	**68.4**	108.6
	2014	**324.3**	**471.8**	**67.9**	89.9
Intersegment sales revenue	2015	**12.9**	**0.8**	**3.3**	0.9
	2014	**6.7**	**1.3**	**1.7**	0.1
Interest income	2015	**0.2**	**0.4**	**0.0**	0.7
	2014	**0.2**	**0.4**	**0.1**	0.8
Interest expense	2015	**(2.2)**	**(4.7)**	**(3.5)**	(2.4)
	2014	**(1.8)**	**(3.6)**	**(2.7)**	(2.8)
Amortization/depreciation	2015	**8.8**	**13.2**	**5.1**	4.6
	2014	**7.0**	**11.9**	**4.9**	5.1
Investments in noncurrent assets	2015	**6.4**	**11.4**	**9.6**	5.9
	2014	**13.5**	**13.3**	**10.5**	5.8
Income from investments in companies accounted for using the equity method	2015	**0.1**	**1.8**	**1.1**	–
	2014	**0.5**	**(9.2)**	**1.4**	–
Income taxes	2015	**7.9**	**9.7**	**(0.9)**	2.0
	2014	**13.8**	**5.4**	**0.6**	(27.2)
Net result from discontinued operations	2015	**0.0**	**0.0**	**0.0**	0.0
	2014	**0.0**	**0.1**	**0.0**	0.0
Other major noncash expenses	2015	**4.5**	**17.4**	**0.3**	9.9
	2014	**6.3**	**24.4**	**2.0**	25.8
Impairment losses	2015	**0.3**	**3.0**	**–**	–
	2014	**1.3**	**60.2**	**0.1**	25.0
Information from the balance sheet					
Total assets	2015	**204.7**	**605.1**	**205.2**	108.2
	2014	**240.2**	**584.8**	**174.6**	174.4
Liabilities	2015	**133.9**	**326.1**	**193.2**	75.8
	2014	**158.8**	**305.4**	**156.1**	137.1
Investments in companies accounted for using the equity method	2015	**1.8**	**24.6**	**6.7**	–
	2014	**1.3**	**24.9**	**6.9**	–
Average headcount	2015	**609**	**2,589**	**400**	415
	2014	**636**	**2,555**	**346**	433

1 For more segment information, see page 147 ff. For previous year figures in the Transportation business division and in the Group presented in a comparable manner, see page 121.

Rail Vehicles (discontinued operations)	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
17.2	(8.1)	(16.4)	**(17.7)**	165.4	(185.2)	**(35.9)**
16.1	(80.5)	(20.8)	**(179.7)**	11.8	(43.8)	**(267.8)**
239.3	247.0	(239.3)	**355.6**	0.3	0.0	**1,190.2**
223.2	141.2	(223.2)	**231.1**	0.3	0.1	**1,095.5**
1.2	2.5	(2.9)	**1.7**	1.2	(9.4)	**10.5**
0.0	2.6	(2.0)	**0.7**	1.1	(6.2)	**5.3**
0.7	1.9	(0.2)	**3.1**	13.6	(13.2)	**4.1**
2.0	0.2	(1.1)	**1.9**	9.3	(9.7)	**2.2**
(1.1)	(4.1)	0.8	**(6.8)**	(14.4)	14.0	**(17.6)**
(0.3)	(3.9)	0.0	**(7.0)**	(21.7)	10.4	**(26.4)**
8.4	4.6	(8.4)	**9.2**	0.7	0.0	**37.0**
8.8	4.1	(8.7)	**9.3**	0.7	0.0	**33.8**
11.6	2.4	(11.3)	**8.6**	0.3	0.4	**36.7**
6.8	6.6	(6.0)	**13.2**	0.2	0.0	**50.7**
–	–	–	**–**	–	–	**3.0**
–	–	–	**–**	–	–	**(7.3)**
2.0	2.9	(1.9)	**5.0**	(1.5)	0.0	**20.2**
4.4	(24.3)	(5.6)	**(52.7)**	39.9	0.0	**7.0**
11.1	0.0	2.0	**13.1**	–	53.3	**66.4**
8.8	–	–	**8.8**	–	–	**8.9**
16.7	9.6	0.0	**36.2**	2.3	(0.1)	**60.6**
16.3	32.6	0.3	**75.0**	5.9	0.0	**113.6**
–	–	–	**–**	–	–	**3.3**
–	–	2.7	**27.7**	0.1	–	**89.4**
375.1	366.3	(278.8)	**570.8**	1,008.4	(1,219.1)	**1,375.1**
406.9	377.2	(11.8)	**946.7**	1,116.7	(1,458.6)	**1,604.4**
283.2	285.1	(285.9)	**358.2**	446.1	(511.1)	**946.4**
305.1	302.9	(309.1)	**436.0**	761.9	(857.3)	**960.9**
0.0	–	–	**0.0**	–	–	**33.1**
0.0	–	–	**0.0**	–	–	**33.1**
913	806	(913)	**1,221**	56	–	**4,875**
854	862	(854)	**1,295**	51	–	**4,883**

General principles

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

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as well as with the supplementary regulations of Article 315a (1) German Commercial Code ("HGB"). All mandatorily applicable standards as of the end of the reporting period have been considered.

On February 26, 2016, Vossloh AG's Executive Board released the consolidated financial statements for transmittal to the Supervisory Board's Audit Committee.

New accounting rules

The following standards and interpretations were issued by the IASB or endorsed by the EU during 2015 but were not yet mandatorily applicable for financial year 2015 or were not yet adopted into European law. In the case of standards and interpretations that have not yet been adopted by the EU, the first-time application according to the IASB is indicated. An early adoption of these standards is not planned. The following new or amended standards will have, in some cases, a significant impact on Vossloh's consolidated financial statements:

Standard	Published by the IASB	First-time adoption	Endorsed by the EU	Key content and impact on the consolidated financial statements of Vossloh AG
New or amended standards				
Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations		2016	November 2015	In the case of an acquisition of interests in a joint operation that constitutes a business operation as defined in IFRS 3, the principles and disclosure requirements in IFRS 3 are to be adopted analogously. This will result in additional information in the notes on a case-by-case basis.
IFRS 15 Revenue from contracts with customers including amendments to IFRS 15: Effective date of IFRS 15	September 2015	2018	./.	This standard replaces existing regulations on the recognition of revenue, e.g. in IAS 18 or IAS 11, and comprises extensive regulations on the determination of whether, how much and when revenue is to be recognized. If criteria are no longer provided for time-related sales recognition in accordance with the PoC method, a significant impact on the consolidated financial statements is not to be excluded. The analysis of potentially affected transactions has not been completed yet.

Standard	Published by the IASB	First-time adoption	Endorsed by the EU	Key content and impact on the consolidated financial statements of Vossloh AG
New or amended standards				
IFRS 16 Leases	January 2016	2019	./.	This standard comprises key amendments to accounting for leases–for the lessee–as a result of a general capitalization of the rights of use with the simultaneous expensing of the net present value of minimum lease payment obligations; a significant impact on the consolidated financial statements is expected, particularly with regard to property, plant and equipment, financial liabilities and as a result of the higher total assets of the equity ratio; in addition, EBIT will tend to increase as a result of the separated recognition of depreciation and amortization and interest effects. A further analysis of the effects is currently being implemented.
Amendments to IAS 7: Disclosure Initiative	January 2016	2017	./.	Additional notes may be issued on a case-by-case basis. However, no impact on the consolidated financial statements is expected.

Apart from these new or amended standards and interpretations, which have an anticipated and, in some cases, a significant impact on the consolidated financial statements, a number of other standards and interpretations were adopted and their impact on the consolidated financial statements is expected to be insignificant:

Standard	Published by the IASB	First-time adoption	Endorsed by the EU
New or amended standards			
Amendment to IAS 19: Defined benefit plans: employee contributions	November 2013	2016	January 2015
Adoption of annual improvements to IFRSs 2010-2012 cycle	December 2013	2016	January 2015
Amendments to IAS 16 (property, plant and equipment) and IAS 41 (agriculture): fruit-bearing plants	June 2014	2016	November 2015
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization	May 2014	2016	December 2015
Adoption of annual improvements to IFRSs 2012-2014 cycle	September 2014	2016	December 2015
Amendments to IAS 1: Disclosure initiative	December 2014	2016	December 2015
Amendments to IAS 27: Equity method in separate financial statements	August 2014	2016	December 2015
Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses	January 2016	2017	./.

First-time application of standards and interpretations

In the 2015 financial year, the amendments to standards and interpretations illustrated in the table below were used for the first time.

Standard	Published by the IASB	Endorsed by the EU
IFRIC 21: Levies	May 2013	June 2014
Adoption of annual improvements to IFRSs 2011-2013 cycle	December 2013	December 2014

Both pronouncements have no impact on Vossloh’s consolidated financial statements.

Principles for preparing the consolidated financial statements

The financial statements of all companies included in Vossloh's consolidated financial statements are prepared as of December 31 (Vossloh AG's closing date) in accordance with Group-wide uniform accounting and measurement methods; they are audited or reviewed by independent statutory accountants. The Group currency is the euro.

The consolidated financial statements are prepared in euro, the company's functional currency, and the statements are issued in € million to a large extent. The income statement is presented in cost-of-sales format.

Preparing the consolidated financial statements requires management to make certain discretionary decisions, assumptions and estimates. These estimates are to be made under conditions of uncertainty; they affect the carrying amounts of recognized assets and liabilities and of current amounts of contingent liabilities as of the end of the reporting period, as well as the recognition of income and expenses in the period under review. Due to uncertainty, the actual values subsequently determined may differ from those estimates and hence from the amounts disclosed in the consolidated financial statements. The estimates and underlying assumptions are subject to ongoing review. Adjustments are accounted for prospectively or in the period of change.

Estimation uncertainty with a significant impact on the consolidated financial statements is required, particularly when accounting for goodwill (see Note 10), with regard to the recognition of deferred taxes (see Note 16) as well as the recognition and measurement of other provisions (see Note 25).

Discretionary decisions with a significant impact on the consolidated financial statements apply specifically to the decision on control in the case of joint ventures, whereby a full consolidation or alternatively at-equity accounting takes place. There is a similar situation with accounting methods for consortia (see "Consolidation"). In addition, such discretionary decisions are required for the classification of leases in property, plant and equipment (see Note 11). Furthermore, the classification of the former Rail Vehicles business unit as a discontinued activity in accordance with IFRS 5 (see Note 7) is a key discretionary decision.

The recognition and measurement principles and policies followed in Vossloh AG's consolidated financial statements are detailed in the respective notes.

Consolidation

Vossloh's consolidated financial statements comprise the financial statements of Vossloh AG and principally all its subsidiaries. Generally all subsidiaries where Vossloh AG can exercise control through its directly or indirectly held voting majority are fully consolidated.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained until the control relationship expires. In line with the acquisition method, the equity of the subsidiary is offset against the investment in the company. In this connection, the acquisition cost of the acquired shares is offset against the Group's interest in the equity of the subsidiaries. To determine the equity of subsidiaries acquired, all identifiable assets and liabilities, including the contingent liabilities of the subsidiary acquired, are recognized with their respective acquisition-date fair value. Any remaining asset difference is recognized as goodwill according to IFRS 3 and tested for impairment annually, while any resulting negative goodwill is directly released to income after fair values have been reassessed. Shares belonging to other investors with a corresponding stake in the identifiable net assets of the respective company acquired are measured at the acquisition date. Amendments to the Group's share in subsidiaries, which do not lead to an acquisition or loss of control over this subsidiary, are treated as equity transactions.

All intragroup receivables and payables and all income and expenses as well as all profits or losses realized among consolidated group companies are eliminated in connection with the intragroup receivable/payable elimination and expense/income elimination. Where write-downs have been recognized in the separate financial statements of consolidated subsidiaries on shares in consolidated subsidiaries or intragroup receivables, such write-downs are reversed in consolidation. Profits and losses from intercompany trade transfers are eliminated.

In accordance with IFRS 11, joint ventures are generally accounted for using the equity method insofar as the Group company holding the interest holds typical shareholder rights applicable to the net assets of the joint venture. Insofar as the rights of the Group company holding the interest apply to individual assets or liabilities, or the companies participating in the joint venture have entered into specific agreements regarding the division of the goods produced or services rendered by the joint venture, such a joint venture would be deemed jointly operated and the assets and liabilities or, respectively, the expense and income would be accounted for using proportionate consolidation. Where material, other enterprises in which Vossloh owns an equity interest of between 20 and 50 percent and where Vossloh can exercise a significant influence on their business and financial policies (so-called associated companies) are carried at equity.

All remaining investments are carried at cost, taking into consideration potential impairment, and are presented under other noncurrent financial instruments.

In financial year 2015, the following changes occurred to the consolidation group:

Two transactions relating to subsidiaries in Finland were completed with effect from July 1, 2015: Switch plants in Finland belonging to VR Track Oy, a subsidiary of the Finnish national railway, were acquired by way of an asset deal; in exchange, 40 percent of shares in Vossloh Cogifer Finland Oy, Helsinki/Finland, were transferred in addition to a payment of €2.2 million that was made to the seller. Another purchase price payment of €2.4 million was made to the seller by means of a capital reduction. At the same time, the acquisition of the shares transferred to the seller by Vossloh Nordic Switch Systems AB, Ystad/Sweden, was contractually agreed in four tranches at 10 percent each by means of call or put options until the end of 2019. Against this backdrop, the transaction was recognized as a complete acquisition in current/noncurrent liabilities while simultaneously reporting the fair value of the anticipated purchase price for these tranches.

The purchase price for the assets and liabilities assumed totaling €12.1 million was offset against the following assets:

€ mill.	Carrying amounts immediately before the business combination	Adjustments	Fair-value in first-time consolidation*
Property, plant and equipment and intangible assets	0.4	3.3	3.7
Inventories	6.0	0.0	6.0
Trade receivables	2.6	0.0	2.6
Other assets	0.5	0.0	0.5
Trade payables	1.3	0.0	1.3
Provisions	0.4	0.0	0.4
Other liabilities	0.4	0.0	0.4
Net assets acquired	**7.4**	**3.3**	**10.7**
Purchase price			12.1
Remaining goodwill			**1.4**

* The fair values are based on the opinion of an external consultant.

The adjustments to fair value that are shown in the table are to be considered as provisional. A disclosure of the contribution of the switch plants acquired to sales and the result is impossible due to the immediate integration of the switch plants into the existing Finnish company of Vossloh Switch Systems.

In addition to this transaction, 60 percent of shares in a company were acquired at the same time, into which the same Finnish seller transferred the business operations of a welding plant. The shares were acquired by means of an exchange of cash. Here as well, the acquisition of the shares initially remaining with the seller by Vossloh Rail Services International, Hamburg, was contractually agreed in four tranches at 10 percent each by means of call or put options until the end of 2018. As a result, this transaction was also recognized as a complete acquisition in current/noncurrent liabilities while simultaneously reporting the fair value of the anticipated purchase price for these tranches.

The purchase price for the assets and liabilities assumed totaling €7.2 million was offset against the following assets:

€ mill.	Carrying amounts immediately before the business combination	Adjustments	Fair-value in first-time consolidation*
Property, plant and equipment and intangible assets	0.4	3.7	4.1
Inventories	2.0	0.0	2.0
Trade receivables	0.5	0.0	0.5
Other assets	0.2	0.0	0.2
Trade payables	0.9	0.0	0.9
Provisions	0.2	0.0	0.2
Other liabilities	0.4	0.7	1.1
Net assets acquired	**1.6**	**3.0**	**4.6**
Purchase price	—	—	7.2
Remaining goodwill	—	—	**2.6**

* The fair values are based on the opinion of an external consultant.

The fair values are based on the opinion of an external consultant. The adjustments to fair value that are shown in the table are to be considered as provisional. Since the start of the inclusion in the consolidation group on July 1, 2015, this company has contributed €3.7 million to Group sales and €0.2 million to EBIT. If the acquisition had already been performed at the beginning of the financial year, the contribution to Group sales would have been €9.2 million and €1.0 million to EBIT.

While the switch plants acquired in the first transaction as additional capacity of the subsidiary already in existence are to be attributed to the Switch Systems business unit, the new subsidiary, which comprises the welding plant, is to be attributed to the Rail Services business unit. As a result, capacity on the Scandinavian–concretely Finnish–market was significantly increased to take advantage of relevant market opportunities. Remaining goodwill represents opportunities on the Finnish market for rail infrastructure that are not reflected in identifiable assets.

On December 31, 2015, the contract that was signed at the beginning of November for the disposal of interests in Vossloh España S.A.U., Valencia/Spain, by Vossloh AG to Stadler Rail AG Bussnang/Switzerland was completed. As a result, three previously fully consolidated foreign companies were deconsolidated as at the end of the reporting period. In addition, a foreign company that was previously accounted for using the equity method is no longer part of the Group. The assets and liabilities are no longer included in the balance sheet as of December 31, 2015; the previous year figures were transferred and reported as assets and liabilities held for sale. The income statement of the current year and of the previous year reports on all expenses and income of the business unit in the item "Net result from discontinued operations." In this respect, the previous year figures are presented in a comparable manner but deviate from the figures reported in the 2014 annual report. Further information can be found in the notes under (7) Net result from discontinued operations.

In addition to these changes, a domestic company was merged with Vossloh AG. Moreover, two foreign companies were newly established and included in the consolidated financial statements.

Consequently, 63 subsidiaries (including 22 in Germany) were fully consolidated as of the end of the financial year.

Changes in fully-consolidated subsidiaries

	2015	2014
Fully consolidated as of January 1	64	67
Disposals	(3)	(2)
First-time consolidations	3	1
Intragroup mergers	(1)	(2)
Fully consolidated as of December 31	**63**	**64**

Six companies (previous year: seven) based abroad and one company (previous year: two) based in Germany were accounted for using the equity method.

Due to their minor significance to the Group's net assets, financial position and results of operations, 24 subsidiaries (previous year: 26) were not included in the consolidated financial statements although Vossloh AG directly or indirectly held the majority of voting rights or otherwise controlled them at the end of the reporting period.

Currency translation

Non-euro financial statements of subsidiaries are translated into euro as the group currency according to the concept of functional currency. Since these subsidiaries are foreign operations (as defined by the IFRS), their functional currency corresponds to their local currency. For statement of financial position items, the mean exchange rate as of December 31 is used while for the translation of statement of profit or loss items, the annual average rate is applied.

Currency translation differences, from the translation of assets and liabilities compared to the prior year's translation or those between the statement of profit or loss and the statement of financial position, are recognized without profit or loss effect in equity and shown in a separate item within accumulated other comprehensive income (OCI).

In the separate financial statements, foreign-currency transactions are translated at the historical rate (upon initial recognition). Gains or losses arising up to the end of the reporting period from the remeasurement of financial instruments as well as cash and cash equivalents are recognized in the statement of profit or loss.

The exchange rates of non-euro zone countries where the Vossloh Group transacts major business through consolidated subsidiaries are listed below:

Exchange rates

	Currency	€	2015	2014	2015	2014
			Current rate at Dec. 31		Average rate	
Australia	AUD	1 €	1.49	1.48	1.48	1.47
Brazil	BRL	1 €	4.31	3.24	3.69	3.12
China	CNY	1 €	7.07	7.56	6.92	8.17
Great Britain	GBP	1 €	0.74	0.78	0.73	0.81
India	INR	1 €	72.31	77.47	71.20	80.99
Kazakhstan	KZT	1 €	370.76	222.26	246.64	238.16
Malaysia	MYR	1 €	4.67	4.26	4.33	4.35
Poland	PLN	1 €	4.26	4.29	4.18	4.18
Sweden	SEK	1 €	9.18	9.43	9.35	9.10
Switzerland	CHF	1 €	1.08	1.20	1.07	1.21
Serbia	RSD	1 €	121.62	120.70	120.67	117.23
Thailand	THB	1 €	39.25	40.02	38.01	43.17
Turkey	TRY	1 €	3.18	2.83	3.02	2.91
USA	USD	1 €	1.09	1.22	1.11	1.33

Notes to the consolidated income statement

(1) Sales revenue

Breakdown of sales revenue

€ mill.	2015	2014*
Sales of products	928.1	909.1
Revenues from construction contracts and from the rendering of services	272.6	191.7
Total	**1,200.7**	**1,100.8**

* Previous year figures presented in a comparable manner, see page 121

Sales revenue is recognized net of sales deductions and price allowances (such as cash and other discounts, bonuses, rebates, purchases or returns credited). In line with IAS 18, sales are generally recognized once goods have been delivered or services rendered, provided that the price has been fixed or can be determined, title and risk have passed to the purchaser, and realization of the underlying receivable is reasonably probable. Where milestone or partial invoices have been agreed upon in advance, sales are recognized after the customer has finally and formally accepted the milestone or partial delivery.

Sales from specific manufacturing or construction contracts with customers ("PoC contracts") is recognized according to the Percentage-of-Completion method (PoC) as required by IAS 11. This process establishes the percentage of completion of the contracts based on the ratio of costs already incurred to the estimated total contract costs (cost-to-cost method). The PoC sales recognized using this method correspond to the cost of sales plus a percentage of profit equivalent to the percentage of completion reached as of the balance sheet date. The proportional profit from the PoC method is recognized only where the results of the construction contracts can be determined reliably. If this condition is not met, sales are recognized in accordance with the PoC method without including the proportional profit. Where a loss from a PoC contract is imminent, this is recognized in full.

Sales revenue on services is recognized in an analogous manner according to the work performed under the contract, provided the conditions for application of the PoC method are fulfilled.

The segment reports starting on pages 114 ff. and 147 ff. include breakdowns of net sales revenue by division, business unit, and region.

(2) Functional expenses

According to the cost-of-sales format of income statement presentation, expenses are allocated to functional categories. The following expense types and their amounts are included in cost of sales, selling, general administrative and research and development expenses:

Nature of expenses

€ mill.	2015	2014*
Cost of raw materials and supplies	514.5	530.5
Cost of services purchased	137.7	104.3
Cost of materials	**652.2**	**634.8**
Wages and salaries	229.4	229.9
Social security and employee benefits	49.7	49.0
Pension expense	6.3	4.1
Personnel expenses	**285.4**	**283.0**
Amortization/depreciation	**40.3**	**123.2**
Expenses on operating leases	**10.7**	**10.2**

Based on the quarterly numbers, the workforce structure was on average the following:

Workforce structure

	2015	2014*
Executive/management boards	38	48
Other officers/executives	160	178
Non-tariff employees	948	927
Tariff employees	3,692	3,713
Apprentices	103	110
Interns/degree candidates	19	33
	4,960	**5,009**

* Previous year figures presented in a comparable manner, see page 121

In the sold Rail Vehicles business unit, 976 people on average were employed over the year (previous year: 916 employees). The number of employees in accordance with Article 314 (1) No. 4 HGB was 5,763 (previous year: 5,722).

(2.1) Cost of sales

Cost of sales covers the cost of goods and services sold in the period. Besides such direct costs as materials, labor and energy, cost of sales also comprises indirect costs including depreciation on plant, property and equipment and primarily amortization of intangible assets. Cost of sales also includes any write-downs of inventories in the period.

(2.2) Selling and general administrative expenses

Breakdown of selling and general administrative expenses

€ mill.	2015	2014*
Selling expenses	82.4	96.5
General administrative expenses	100.6	97.4
	183.0	**193.9**

* Previous year figures presented in a comparable manner, see page 121

In addition to personnel expenses, selling expenses mainly consist of outbound freight and commissions and include most of the allowances for bad trade receivables and sundry assets. The expense from allowances for trade receivables and other assets recognized in the reporting period as selling and general administrative expenses came to €4.0 million (previous year: €3.3 million).

General administrative expenses cover the personnel and other expenses of administration, including related amortization and depreciation.

(2.3) Research and development expenses

All research costs are directly expensed as research and development expenses in the income statement. The costs incurred for developing a marketable product are capitalized if they meet the intangible-asset recognition criteria in IAS 38. Non- capitalizable development costs are also expensed under this item. R&D expenses before capitalized development expenses came to €16.3 million in the past financial year (previous year: €18.7 million). In addition, costs for development projects in the amount of €3.2 million (previous year: €5.8 million) were capitalized in the balance sheet.

(3) Other operating result

Breakdown of other operating result

€ mill.	2015	2014*
Income from the release of provisions	20.1	6.2
Currency exchange gains	13.5	12.3
Income from governmental grants	2.4	2.4
Rental income	1.7	1.8
Insurance reimbursements	0.4	0.3
Release of allowances and reversal of write-downs	1.0	0.7
Income from the disposal of intangible assets and property, plant and equipment	0.3	0.3
Income from the disposal of financial instruments	1.7	0.0
Sundry income	15.0	11.2
Other operating income	**56.1**	**35.2**
Currency exchange losses	(18.8)	(13.6)
Losses on the disposal of intangible assets and property, plant and equipment	(0.4)	(0.3)
Expenses for buildings	(0.5)	(0.5)
Impairment losses from intangible assets and property, plant and equipment	(0.3)	(87.8)
Sundry expenses	(0.6)	(0.7)
Other operating expenses	**(20.6)**	**(102.9)**
Other operating result	**35.5**	**(67.7)**

* Previous year figures presented in a comparable manner, see page 121

Income from the release of provisions is offset in the amount of €8.0 million by relevant expenses for guarantees or the like. In particular, impairment losses from intangible assets and property, plant and equipment include a goodwill impairment charge in the Switch Systems business unit of €60.0 million as well as an impairment loss from the intangible asset related to the development of DE/DH locomotives of €27.8 million in the previous year. Income from public grants/subsidies is mainly related to R&D projects. Payments received on account of such grants are recognized as deferred income and amortized to other operating income. Investment/capex-related grants or incentives are offset against cost of the tangible assets concerned. Conditions yet to be met and where the failure to meet such conditions would entail the repayment of grants do not exist, nor do any contingent liabilities in this regard.

As at the end of the reporting period, €1.3 million was recognized as a cost reduction in property, plant and equipment. In the previous year, €1.2 million was deferred as the subsidized plant was not operational yet.

(4.1) Other financial income

Breakdown of other financial income

€ mill.	2015	2014*
Income from investments	0.2	0.2
Income from measurement of financial instruments at fair value	0.5	0.0
Income from securities	0.1	0.2
Other financial income	**0.8**	**0.4**

* Previous year figures presented in a comparable manner, see page 121

(4.2) Other financial expenses

Breakdown of other financial expenses

€ mill.	2015	2014*
Write-down of financial instruments	(3.0)	(1.6)
Losses from the remeasurement of financial instruments at fair value	0.0	(0.5)
Other financial expenses	**(3.0)**	**(2.1)**

* Previous year figures presented in a comparable manner, see page 121

(5) Interest expense

Breakdown of interest expense

€ mill.	2015	2014*
Interest from bank liabilities	(9.8)	(9.7)
Guarantee commissions	(2.9)	(2.6)
Other interest expense	(4.9)	(14.1)
Interest expense	**(17.6)**	**(26.4)**

* Previous year figures presented in a comparable manner, see page 121

As a result of the early repayment of the second tranche of the US private placement in the previous year, other interest expenses of €7.3 million resulted from the close-out of derivative financial instruments and interest fees.

(6) Income taxes

Breakdown of income taxes

€ mill.	2015	2014*
Current income taxes	(17.9)	(28.6)
Deferred taxes	(2.3)	21.6
Income taxes	**(20.2)**	**(7.0)**

* Previous year figures presented in a comparable manner, see page 121

In Germany, income taxes reflect the statutory corporate income tax rate of 15 percent, the 5.5 percent solidarity surtax thereon, and the municipal trade tax rate by applying factors fixed by local municipalities. We expect an average income tax rate of approximately 30 percent for both the Vossloh Group's German subsidiaries and group-wide.

The Vossloh Group's actual tax expense of €20.2 million (previous year: €7.0 million) was €10.7 million (previous year: €69.3 million) above the anticipated tax expense that would have resulted from applying a group-wide uniform rate of approximately 30 percent to EBT.

The reconciliation of the expected income tax expense to the actual income tax shown in the consolidated income statement is presented below:

Reconciliation of the expected to the actually recognized income tax expense

		2015	2014*
Earnings before income taxes (EBT)	€ mill.	31.6	(207.6)
Income tax rate including trade taxes	%	30.0	30.0
Expected income tax by applying a uniform rate	€ mill.	9.5	(62.3)
Effect of lower foreign income tax rates	€ mill.	(1.6)	(3.8)
Non-taxable income	€ mill.	(1.7)	(1.3)
Nondeductible expenses	€ mill.	5.9	22.8
Taxes for prior periods	€ mill.	(1.5)	5.1
Effect from goodwill impairment	€ mill.	–	18.0
Tax effect of write-ups/write-downs of deferred tax assets	€ mill.	6.4	23.0
Double-taxation effects	€ mill.	1.0	2.5
Effect of remeasurement of deferred taxes	€ mill.	1.4	2.5
Other differences	€ mill.	0.8	0.5
Recognized income tax expense	€ mill.	20.2	7.0
Effective income tax rate	%	64.1	(3.4)

* Previous year figures presented in a comparable manner, see page 121

Deferred taxes from items, which increased other comprehensive income, amounted to €0.1 million (previous year: €2.6 million). Deferred taxes arose from the remeasurement of defined benefit plans in the amount of €0.2 million (previous year: €1.9 million) to be accounted for in the financial year in addition to changes in the measurement of hedging instruments on cash flow hedges which are recognized directly in equity amounting to €(0.1) million (previous year: 0.7 million).

(7) Net result from discontinued operations/assets and liabilities held for sale

In the year under review, the net result from discontinued operations pertained to the former Rail Vehicles business unit, which has been reported as discontinued operations since the interim report as of September 30, 2015 in accordance with IFRS 5. Over the fourth quarter of 2015, a share purchase and transfer agreement was concluded with the buyer and was completed on December 31, 2015. The result reported in the consolidated income statement comprises all income and expenses resulting from current business of the former business unit and the associated tax expense in addition to all expenses incurred as a result of the measurement of assets and liabilities at fair value less costs to sell or costs related to the disposal and the net result of disposal after taxes.

In the previous year, here, income of €0.1 million from the release of provisions which had been recognized in connection with the divestment of the Infrastructure Services business unit and expenses of €0.0 million reported for deferred taxes.

The assets and liabilities of the Rail Vehicles business unit are reported as held for sale in the balance sheet, each as an amount. The table below shows key items. As of the end of the reporting period, all assets and liabilities were disposed of as a result of the completion of the sales transaction.

€ mill.	**12/31/2015**	**12/31/2014**
Intangible assets	61.6	57.8
Property, plant and equipment	15.7	12.6
Sundry noncurrent assets	22.7	22.8
Noncurrent assets	**100.0**	**93.2**
Inventories	75.7	76.0
Trade receivables	5.5	9.7
Receivables from construction contracts	49.8	48.4
Sundry current assets	9.0	9.8
Cash and cash equivalents	38.6	11.2
Current assets	**178.6**	**155.1**
Assets	**278.6**	**248.3**
Provisions	81.6	81.2
Trade payables	37.2	51.4
Liabilities from construction contracts	113.9	126.3
Other liabilities	38.7	35.0
Liabilities	**271.4**	**293.9**
Cumulative income and expenses in OCI	**(1.1)**	**(1.6)**

* Assets and liabilities in addition to cumulative income and expenses in OCI disposed of as a result of sale

€ mill.	**12/31/2015**	**12/31/2014**
Revenue	239.3	223.2
Expenses	(227.0)	(210.2)
Result from operating activities, pre-tax	**12.3**	**13.0**
Income taxes	(2.1)	(4.1)
Result from operating activities, after tax	**10.2**	**8.9**
Gain on the disposal of the discontinued operation	56.2	–
Income tax on the gain on the disposal of the discontinued operation	–	–
Net result from discontinued operations	**66.4**	**8.9**
thereof attributable to shareholders of Vossloh AG	65.8	8.5
thereof attributable to non-controlling interests	0.6	0.4

(8) Non-controlling interests

The Group's total net income includes non-controlling interests in profit of €5.6 million (previous year: €8.2 million) and in losses of €0.0 million (previous year: €0.0 million).

(9) Earnings per share

		2015	2014*
Weighted average number of common shares	Number	13,325,290	13,325,290
Weighted number of acquired treasury shares	Number	0	(325,628)
Weighted average of shares outstanding	Number	13,325,290	12,999,662
Consolidated profit (loss) attributable to Vossloh AG shareholders	**€ mill.**	**72.2**	**(213.9)**
Undiluted/fully diluted EpS	**€**	**5.42**	**(16.46)**
thereof attributable to continuing operations	€	0.43	(17.14)
thereof attributable to discontinued operations	€	4.99	0.68

* Previous year figures presented in a comparable manner, see page 121

Notes to the consolidated statement of cash flows

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

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

The inflow of cash and cash equivalents from the acquisition of consolidated subsidiaries and other units amounting to €0.1 million (previous year: €1.8 million) is netted against cash outflows for purchase price payments of €6.5 million (previous year: €8.0 million). Proceeds from the sale of consolidated subsidiaries include the balance of the cash purchase price of €73.0 million and cash outflows of €38.6 million. No consolidated subsidiaries were sold in the previous year.

The figures in the statement of cash flows shown on page 111 relate to the entire Group including effects of discontinued operations. The table below divides the subtotals of the statement of cash flows and opening and closing cash and cash equivalents into continuing and discontinued operations:

€ mill.	2015		2014	
Cash flow items	**Thereof from continuing operations**	**Thereof from discontinued operations**	**Thereof from continuing operations**	**Thereof from discontinued operations**
Gross cash flow	57.9	13.8	(22.5)	13.8
Cash flow from operating activities	110.2	(2.4)	(66.4)	24.2
Free cash flow	80.2	(14.1)	(115.9)	17.4
Cash flow from investing activities	38.7	(50.3)	(51.5)	(6.8)
Cash flow from financing activities	(118.5)	41.5	112.5	(8.8)
Opening cash and cash equivalents	47.3	11.2	50.6	2.6
Closing cash and cash equivalents	78.8	0.0	47.3	11.2

Notes to the consolidated balance sheet

In accordance with IAS 1, the balance sheet is broken down into noncurrent and current assets and liabilities. Assets and liabilities maturing or due within one year are deemed current. Irrespective of their maturity, trade receivables/payables are always considered current even if due after one year but within one normal business cycle. In accordance with IAS 1.56, deferred tax assets and liabilities are presented as noncurrent.

(10) Intangible assets

Breakdown of intangible assets

€ mill.	2015	2014*
Goodwill	259.1	251.1
Development costs	14.5	16.9
Concessions, licenses, property rights	17.7	11.8
Advance payments	2.7	0.7
	294.0	**280.5**

* Previous year figures presented in a comparable manner, see page 121

Except for goodwill, all intangible assets are finite-lived and therefore carried at amortized cost. Goodwill is carried in the respective functional currency of the Group company whose acquisition gave rise to the goodwill.

In accordance with IFRS 3 in conjunction with IAS 36, goodwill from business combinations is not amortized on a scheduled basis. Instead, the recoverability of the goodwill is tested annually as of the reporting date or if "triggering events" occur (impairment test). In this connection, the higher amount from value in use or fair value less costs to sell are attributed to the respective carrying amount of a cash generating unit (CGU). There are five different CGUs in the Vossloh Group to which goodwill is allocated. The value in use is calculated based on the medium-term budget for the respective units and is derived from the expected discounted cash flows. In this respect, key assumptions are anticipated orders resulting from sales planning, expected sales revenue and the full earnings and balance sheet budget based on this.

When measuring the value in use by discounting anticipated cash flows, a pre-tax discount rate that is specific to the CGU is applied. When determining the respective discount rate, weighted specific country risks, inflation effects and tax rates were considered, whereby the weightings from the regional distribution of sales were derived in the past financial year and over the budget periods. The planning is based on empirical data and expected future market trends and encompasses a detailed planning period of three years. The expected sales growth of the CGUs is based on the planned (and sometimes to a large extent documented in the order backlog) projects. Average annual sales growth in the CGUS, which is anticipated for this period in line with the medium-term budget, is reported in the table below.

As in the prior year, for periods beyond this planning horizon, the cash flows are projected forward by assuming a CGU-specific annual growth rate to determine the value in use. Since the CGUs' values in use (including assigned goodwill) exceed their carrying amounts, no goodwill impairment was required. For the Locomotives business unit, a sensitivity analysis was required as the value in use was only €0.5 million above the carrying amount. During the sensitivity analysis, the discount rate was raised and the anticipated cash flows were reduced. An 11 basis point increase in the interest rate and a decrease in cash flows by 1.5 percentage points gave rise to identical values in the carrying amount and value in use. In the previous year there was no situation in the sensitivity analyses in which a reasonable possible change in the key measurement assumptions would have jeopardized the excess of values in use over carrying amounts. Goodwill in the Switch Systems business unit was impaired by €60.0 million in the six-month financial statements of the previous year.

Breakdown of goodwill by CGU and parameters for the impairment test

€ mill.	2015				2014
	Discount rate (in %)	Growth rate (in %)	Average sales growth p.a. (in %)	Carrying amount	Carrying amount
Vossloh Switch Systems	12.3	1.4	(0.3)	179.6	175.4
Vossloh Rail Services	8.7	0.8	13.5	51.0	48.4
Vossloh Electrical Systems	10.0	0.8	10.2	35.9	34.7
Vossloh Locomotives	12.8	0.7	8.4	2.4	2.4
Vossloh Fastening Systems	13.5	2.1	5.3	1.2	1.2
				270.1	**262.1**

In the goodwill of the CGU Vossloh Switch Systems, for purposes of the impairment test €11.0 million (previous year: €11.0 million) of calculated non-controlling interests are included.

Development costs are capitalized at cost wherever the latter can clearly be assigned, the developed product's technical feasibility and future marketability are ensured, and the development work is reasonably certain to produce future cash inflows.

Production cost includes all costs directly or indirectly assignable to the development process, as well as–for qualifying assets as defined by IAS 23–the borrowing costs allocable to the production period. Capitalized development costs are amortized on a straight-line basis over useful lives of one to five years.

Concessions, licenses and property rights are for the most part amortized on a straight-line basis over a period of one to twenty years.

The amortization of intangible assets in the amount of €7.2 million (previous year: €6.6 million) is included in the income statement in the respective functional expenses.

In the reporting year, no impairment losses were recognized, while write-downs amounting to €87.8 million had to be considered in the previous year.

Analysis of changes in intangible assets

€ mill.	**2015**	**2014***	**2015**	**2014***	**2015**	**2014***	**2015**	**2014***	**2015**	**2014***
	Goodwill		**Development costs**		**Concessions, licenses and property rights**		**Advance payments**		**Intangible assets**	
Net carrying amount December 31	**259.1**	**251.1**	**14.5**	**16.9**	**17.7**	**11.8**	**2.7**	**0.7**	**294.0**	**280.5**
Cost										
Balance at January 1	**311.5**	**326.9**	**49.9**	**47.2**	**45.7**	**44.0**	**0.7**	**0.1**	**407.8**	**418.2**
First-time consolidation	3.9	0.0	0.0	0.0	5.4	(0.6)	0.0	0.0	9.3	(0.6)
Reclassification to assets held for sale	0.0	0.0	(5.4)	(3.3)	(1.3)	(0.1)	0.0	0.0	(6.7)	(3.4)
Additions/ongoing investment	0.0	0.0	7.6	8.8	2.5	1.8	3.0	0.6	13.1	11.2
Disposals	0.0	0.0	(0.5)	(3.0)	(2.6)	(1.8)	(0.2)	(0.1)	(3.3)	(4.9)
Transfers	0.0	(19.4)	(1.3)	0.1	5.3	1.2	(0.8)	0.1	3.2	(18.0)
Currency translation differences	4.1	4.0	0.0	0.1	1.3	1.2	0.0	0.0	5.4	5.3
Balance at December 31	**319.5**	**311.5**	**50.3**	**49.9**	**56.3**	**45.7**	**2.7**	**0.7**	**428.8**	**407.8**
Accumulated depreciation and write-downs										
Balance at January 1	**60.4**	**0.4**	**33.0**	**5.1**	**33.9**	**32.0**	**0.0**	**0.0**	**127.3**	**37.5**
First-time consolidation	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	(0.5)
Reclassification to assets held for sale	0.0	0.0	(5.7)	(6.3)	(0.2)	(0.1)	0.0	0.0	(5.9)	(6.4)
Depreciation of the period	0.0	60.0	8.7	37.1	4.4	3.6	0.0	0.0	13.1	100.7
Disposals	0.0	0.0	(0.1)	(2.9)	(2.5)	(1.8)	0.0	0.0	(2.6)	(4.7)
Transfers	0.0	0.0	(0.1)	0.0	2.6	0.3	0.0	0.0	2.5	0.3
Currency translation differences	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.4	0.4
Balance at December 31	**60.4**	**60.4**	**35.8**	**33.0**	**38.6**	**33.9**	**0.0**	**0.0**	**134.8**	**127.3**

* Previous year figures presented in a comparable manner, see page 121; the statement of changes in fixed assets shows the movements during the year including the Rail Vehicles business unit. The value taking into account these movements is then reclassified.

(11) Property, plant and equipment

Breakdown of property, plant and equipment

€ mill.	**2015**	**2014***
Land, leasehold rights and buildings, including buildings on non-owned land	64.9	57.3
Technical equipment and machinery	103.1	96.2
Other equipment, factory and office equipment	32.7	33.1
Advance payments and construction in process	14.9	28.9
	215.6	**215.5**

* Previous year figures presented in a comparable manner, see page 121

Property, plant and equipment is capitalized at cost and depreciated on a straight-line basis over the expected useful lives. In addition to the purchase price, acquisition costs include incidental acquisition costs. Acquisition costs are reduced by purchase price reductions.

Depreciation is primarily based on the following useful lives:

Useful lives of property, plant and equipment

	2015
Buildings	5 to 50 years
Technical equipment and machinery	2 to 30 years
Other equipment, operating and office equipment	2 to 30 years

Where the carrying amount of property, plant and equipment is determined to be impaired, appropriate write-downs are made. In the year under review, impairment losses of €0.3 million (previous year: €0.1 million) were recognized. Depreciation expense of €29.5 million is included within the functional expenses in the income statement (previous year: €27.0 million).

Changes in property, plant and equipment

€ mill.	2015	2014*	2015	2014*	2015	2014*	2015	2014*	2015	2014*
	Land, leasehold rights and buildings, including buildings on non-owned land		Technical equipment and machinery		Other equipment, factory and office equipment		Advance payments and construction in process		Property, plant and equipment	
Net carrying amount December 31	**64.9**	**57.3**	**103.1**	**96.2**	**32.7**	**33.1**	**14.9**	**28.9**	**215.6**	**215.5**
Cost										
Balance at January 1	**112.7**	**117.7**	**257.3**	**250.2**	**77.7**	**71.8**	**28.9**	**47.9**	**476.6**	**487.6**
First-time consolidation	0.0	(10.2)	2.1	(25.2)	0.2	(1.5)	0.0	(0.9)	2.3	(37.8)
Reclassification to assets held for sale	(3.0)	0.0	(2.3)	(1.4)	0.3	0.1	0.2	(0.8)	(4.8)	(2.1)
Additions/ongoing investment	2.7	1.5	8.1	17.2	5.4	9.2	15.6	16.5	31.8	44.4
Disposals	0.0	(0.2)	(8.0)	(15.3)	(2.6)	(5.6)	0.0	(13.2)	(10.6)	(34.3)
Transfers	10.0	2.0	17.3	27.3	(2.4)	2.9	(29.8)	(20.8)	(4.9)	11.4
Currency translation differences	1.9	1.9	3.7	4.5	0.8	0.8	0.0	0.2	6.4	7.4
Balance at December 31	**124.3**	**112.7**	**278.2**	**257.3**	**79.4**	**77.7**	**14.9**	**28.9**	**496.8**	**476.6**
Accumulated depreciation and write-downs										
Balance at January 1	**55.4**	**53.4**	**161.1**	**144.3**	**44.6**	**45.8**	**0.0**	**0.0**	**261.1**	**243.5**
First-time consolidation	0.0	(2.2)	0.0	(14.5)	0.0	(0.9)	0.0	0.0	0.0	(17.6)
Reclassification to assets held for sale	(0.3)	(0.3)	(1.8)	(1.0)	(0.4)	0.2	0.0	0.0	(2.5)	(1.1)
Depreciation of the period	3.9	3.8	21.1	19.0	7.3	6.6	0.0	0.0	32.3	29.4
Disposals	0.0	(0.2)	(7.5)	(3.5)	(2.6)	(5.5)	0.0	0.0	(10.1)	(9.2)
Transfers	0.0	0.6	0.0	14.6	(2.6)	(2.0)	0.0	0.0	(2.6)	13.2
Currency translation differences	0.4	0.3	2.2	2.2	0.4	0.4	0.0	0.0	3.0	2.9
Balance at December 31	**59.4**	**55.4**	**175.1**	**161.1**	**46.7**	**44.6**	**0.0**	**0.0**	**281.2**	**261.1**

* Previous year figures presented in a comparable manner, see page 121

(12) Investment properties

Changes in investment properties

€ mill.	2015	2014*
Net carrying amount	**4.5**	**4.5**
Cost		
Balance at January 1	8.2	7.6
Additions	0.0	0.0
Disposals	0.0	0.0
Transfers	0.0	0.0
Currency translation differences	0.4	0.5
Balance at December 31	**8.6**	**8.1**
Accumulated depreciation and write-downs		
Balance at January 1	3.7	3.3
Depreciation of the period	0.3	0.2
Disposals	0.0	0.0
Transfers	0.0	0.0
Currency translation differences	0.1	0.1
Balance at December 31	**4.1**	**3.6**

Investment properties include land and buildings not used for operations and fully or partly leased to non-group lessees. According to IAS 40, buildings owned for investment purposes are carried at depreciated cost. Straight-line depreciation of investment properties is based on useful lives of 10 to 50 years. Rental income in the period amounted to €1.2 million (previous year: €1.1 million). Expenses (including depreciation, maintenance and repairs and incidentals) incurred for properties leased out totaled €0.5 million (previous year: €0.5 million), those for non-leased properties amounted to k€2 (previous year: k€2). As in the prior year, expenses for leased properties include no amounts for write-downs. The fair values of investment properties totaled €7.7 million (previous year: €4.9 million) and are mostly based on current market prices of comparable real estate. An assessment performed by an accredited expert did not take place.

(13) Investments in companies accounted for using the equity method

Information regarding investments in companies accounted for using the equity method

€ mill.	2015	2014*
Profit or loss from continuing operations	3.0	(7.3)
Total income and expenses recognized directly in equity	2.2	1.5
Comprehensive income	**5.2**	**(5.8)**

* Previous year figures presented in a comparable manner, see page 121

The investments in these companies are accounted for using the equity method. In this connection, the carrying amounts of associated companies are adjusted for proportional profits or losses, dividends distributed or any other changes in equity. This pertains to shares in one (previous year: two) German and six (previous year: seven) foreign companies, upon which significant influence is exercised.

Loss from continuing operations in the previous year contains an impairment loss of €8.9 million relating to a joint venture in the Switch Systems business unit.

(14) Other noncurrent financial instruments

Breakdown of other noncurrent financial instruments

€ mill.	2015	2014*
Shares in unconsolidated subsidiaries	6.8	9.6
Other investments	1.5	0.5
Loans	2.6	4.1
Securities	0.2	1.0
Derivative financial instruments in a hedging relationship	0.0	0.1
Other noncurrent financial assets	0.1	0.2
	11.2	**15.5**

* Previous year figures presented in a comparable manner, see page 121

The shares in unconsolidated subsidiaries as well as the other investments are recognized at amortized cost as market values are not available or cannot readily be determined.

Noncurrent loans not quoted in an active market as well as the other noncurrent financial assets are initially measured as non-derivative receivables at fair value (which as a rule equals the nominal amount of the receivable or the loan amount). Non- and low-interest-bearing long-term loans and receivables are discounted. For their subsequent measurement at amortized cost, the effective interest rate method is used.

Noncurrent securities with fixed or quantifiable payments and fixed maturities are carried at amortized cost using the effective interest rate method as they are quoted in an active market and classified as held to maturity.

Other noncurrent securities are classified as available for sale and hence stated at fair value. Any fair value changes upon remeasurement are recognized in OCI within equity only; however, upon disposal of such securities, the respective amount included in accumulated OCI is recycled to the income statement.

The other financial instruments are measured according to their IAS 39 classification. For the reconciliation of the balance sheet line to the IAS 39 valuation categories, see pages 149 ff., Additional disclosures on financial instruments.

(15) Sundry noncurrent assets

This item mostly includes noncurrent prepaid expenses and deferred charges.

(16) Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between tax bases and IFRS carrying amounts, for tax loss carryforwards, as well as for consolidation transactions recognized in the income statement. Deferred taxes are determined at the rates already enacted at the reporting date that will apply at the expected time of realization.

Deferred taxes due to temporary differences were allocable to the following balance sheet items:

Deferred taxes

€ mill.	2015		2014*	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets and property, plant and equipment	2.3	25.6	0.3	25.1
Inventories	6.0	7.9	5.3	3.0
Receivables	1.8	1.2	1.3	2.7
Other assets	0.2	0.2	1.3	0.2
Pension provisions	7.8	0.0	7.3	0.0
Other provisions	11.1	0.1	11.4	(0.3)
Liabilities	1.0	0.8	0.8	0.4
Other liabilities	5.7	3.6	3.0	2.9
Loss carryforwards	18.2	–	21.0	–
Total	**54.1**	**39.4**	**51.7**	**34.0**
Netting	(35.4)	(35.4)	(30.4)	(30.4)
Balance sheet presentation	**18.7**	**4.0**	**21.3**	**3.6**

* Previous year figures presented in a comparable manner, see page 121

The changes in deferred tax assets and liabilities in the year under review were primarily recognized in profit or loss. In the previous year, equity was increased by deferred tax assets of €1.9 million in connection with pension provisions and €0.7 million in connection with derivative financial instruments from cash flow hedging.

As of December 31, 2015, loss carryforwards of €165.7 million (previous year: €165.0 million) existed in Germany for corporate income tax purposes and of €159.2 million for municipal trade tax purposes (previous year: €157.3 million). No deferred taxes were recognized for corporation income tax losses of €141.1 million (previous year: €131.5 million) and trade tax losses of €125.5 million (previous year: €116.3 million). According to existing German law, the carryforward of tax losses is not subject to any limitation or expiration. In order to determine the recognizable deferred tax assets on loss carryforwards, the period of detailed planning, which normally covers three years, has been extended by two years as in previous periods and specifically taken into account in anticipated taxable income. In addition, non-German companies reported tax loss carryforwards of an additional €16.9 million (previous year: €15.8 million), of which €12.4 million (previous year: €15.6 million) were considered for deferred taxes.

Allowances were recorded in the year under review against deferred tax assets in the amount of €5.7 million (previous year: €5.3 million).

(17) Inventories

Breakdown of inventories

€ mill.	2015	2014*
Raw materials and supplies	145.9	142.1
Work in process	93.6	90.1
Merchandise	11.1	19.7
Finished products	31.5	32.5
Advance payments	57.7	62.6
Total	**339.8**	**347.0**

* Previous year figures presented in a comparable manner, see page 121

Inventories are stated at the lower of cost or net realizable value (NRV). In addition to direct costs, production cost also includes all fixed and variable manufacturing overheads systematically allocable to the production process, as well as special direct manufacturing costs. Borrowing costs are capitalized as part of cost wherever qualifying assets according to IAS 23 exist. To the extent that a group valuation is made, inventories are valued at the moving average price. Risks from obsolescence or slow-moving items are taken into consideration, resulting in allowances at the balance sheet date of €69.3 million (previous year: €56.6 million) and are primarily the result of an excessive inventory. €2.1 million of these were recognized in profit or loss in the year under review (previous year: €5.8 million). The carrying amount of inventories stated at NRV totaled €76.4 million (previous year: €86.2 million).

As the reasons for previous write-downs no longer existed, inventories were written up in 2015 by €1.3 million (previous year: €1.2 million).

(18) Trade receivables and receivables from construction contracts

Given their short remaining term, trade receivables other than those from construction contracts are carried at their nominal value. Specific risks are taken into account by appropriate allowances. If there are indications of probable impairment, an appropriate valuation allowance is recognized. Derecognition only occurs if the recovery of the respective receivable is virtually impossible for legal or practical reasons.

The balance and changes in the allowances for trade receivables are presented below:

Changes in the allowances for trade receivables

€ mill.	2015	2014*
Balance at January 1	**19.0**	**14.0**
Additions	7.0	7.8
Releases	(1.6)	(1.4)
Utilization	(1.4)	(0.2)
Currency translation differences	0.2	0.2
Reclassification to assets from discontinued operations	(1.0)	(1.4)
Balance at December 31	**22.2**	**19.0**

* Previous year figures presented in a comparable manner, see page 121

Receivables from construction contracts are calculated based on the "percentage-of-completion" (PoC) method. In applying this method, any contract costs incurred, including a percentage of profit equivalent to the percentage of completion less any losses, are capitalized as total progress under construction contracts. Where total progress under construction contracts exceeds the total of all advance payments received from customers, the construction contracts are presented under assets as "Receivables from construction contracts". Where the situation is reversed, after advance payments are credited toward total progress, they are recognized on the balance sheet under liabilities as "Liabilities from construction contracts."

PoC receivables and liabilities

€ mill.	2015			2014*		
	Shown under assets	Shown under liabilities	Total	Shown under assets	Shown under liabilities	Total
Contract costs	103.1	95.1	198.2	125.3	80.4	205.7
Proportional profit	33.7	11.1	44.8	32.8	11.0	43.8
Losses	(1.1)	(0.1)	(1.2)	(1.9)	(1.0)	(2.9)
Total progress under construction contracts	135.7	106.1	241.8	156.2	90.4	246.6
Advance payments received	(31.9)	(243.9)	(275.8)	(42.5)	(214.1)	(256.6)
Partial billings	(53.6)	(9.3)	(62.9)	(62.4)	(40.2)	(102.6)
Receivables from construction contracts per balance sheet	**50.2**		**50.2**	**51.3**		**51.3**
Liabilities from construction contracts per balance sheet		**147.1**	**147.1**		**163.9**	**163.9**

* Previous year figures presented in a comparable manner, see page 121

(19) Income tax assets

These include €1.6 million of income taxes (previous year: €1.9 million) refundable to companies of the Core Components division, €4.1 million (previous year: €5.7 million) to the Customized Modules division, €0.0 million (previous year: €0.6 million) to the companies of the Lifecycle Solutions division, and €1.4 million (previous year: €0.9 million) to companies at Group level.

Breakdown of sundry current assets

(20) Sundry current assets

€ mill.	2015	2014*
Receivables from reimbursements	28.8	28.8
Other tax receivables (excluding income taxes)	6.0	19.1
Interest receivable	0.0	0.2
Deferred income	3.2	2.6
Receivables from affiliated companies	3.6	1.5
Loans and other financial receivables	2.3	1.1
Security and similar deposits	1.0	0.5
Creditors with debit accounts	1.1	0.9
Derivative financial instruments	0.5	0.4
Receivables from employees	0.4	0.4
Receivables from investees	5.9	8.9
Miscellaneous current assets	8.7	6.9
Sundry current assets	**61.5**	**71.3**

* Previous year figures presented in a comparable manner, see page 121

The receivables shown under sundry current assets are recognized at acquisition cost or, where appropriate,at amortized cost. Specific risks are taken into account by appropriate allowances. The receivables from reimbursements are not reimbursements made by investors

The balances and changes in allowances are presented below:

Changes in the allowances

€ mill.	2015	2014*
Balance at January 1	**3.8**	**1.5**
Additions	0.7	2.3
Releases	(0.1)	0.0
Utilization	(3.7)	0.0
Currency translation differences	0.0	0.0
Balance at December 31	**0.7**	**3.8**

* Previous year figures presented in a comparable manner, see page 121

For the reconciliation of financial instruments shown as sundry current assets to the IAS 39 valuation categories, see pages 149 ff., Additional disclosures on financial instruments. The other tax receivables and miscellaneous current assets are measured at cost.

(21) Short-term securities

This line item presents funds invested in short-term fixed-income securities in the amount of €0.1 million (previous year: €0.2 million) which are classified as held to maturity and hence carried at cost. The remaining securities of €0.4 million (previous year: €0.4 million) are available for sale and therefore stated at fair value. Changes in the value of these assets are recognized in equity (OCI) without profit-or-loss effect. For the reconciliation of short-term securities to the IAS 39 valuation categories, see pages 149 ff., Additional disclosures of financial instruments.

(22) Cash and cash equivalents

Cash comprises cash on hand and in bank. Cash equivalents comprise any financial instruments with an initial term of three months and readily convertible into cash. Cash and cash equivalents are carried at their nominal value.

(23) Equity/capital management

For the statement of changes in equity, see page 113. The most important objectives of financial management are the sustainable increase of enterprise value through positive value added, the safeguarding of liquidity through positive free cash flow, and an adequate equity ratio for the Vossloh Group. The optimization of the capital structure contributes as much to this as does efficient management of cash inflows and outflows from financing activities and effective risk management.

(23.1) Capital stock

Vossloh AG's capital stock amounted to an unchanged €37,825,168.86, divided into 13,325,290 no-par bearer shares of common stock only. The shares each have a notional share of €2.84 in the capital stock.

(23.2) Additional paid-in capital

The capital reserve includes the stock premium from shares issued by Vossloh AG. There are also differences recorded in additional paid-in capital that arose based on the purchase and sale prices for treasury shares.

Employee bonus program 2015

The employee bonus program 2015 (on terms unchanged from the previous year) offered employees of German Vossloh companies the option of acquiring either two Vossloh AG shares at no cost or eight shares at a discount of 50 percent of the issue price of €62.09 per share (previous year: €52.63), determined as the market price as of the share transfer date. Under this program, Vossloh employees were granted in the year under review altogether 3,288 free shares (previous year: 3,586) as well as employees of a joint venture 0 shares (previous year: 128 shares) at an expense to the Company of k€219.0 (previous year: k€199.6). The shares issued are each subject to a five-year holding period. The shares issued are acquired via the capital market; there are no other obligations from the program.

(23.3) Retained earnings

The retained earnings contain prior years' earnings of the companies included in the consolidated financial statements which have not been distributed from the Group point of view.

(23.4) Accumulated other comprehensive income

Accumulated other comprehensive income in reserves after taxes

€ mill.	Reserve for currency translation	Reserve for held-for-sale financial instruments	Reserve from hedging	Reserve from remeasurement of defined benefit pension plans	Other comprehensive income not including non-controlling interests	Non-controlling interests in other comprehensive income	Other comprehensive income
				2015			
Reclassification of defined benefit plans to retained earnings	0.0	0.0	0.0	4.9	**4.9**	0.0	**4.9**
Foreign subsidiaries – Currency translation differences –	8.9	0.0	0.0	0.0	**8.9**	0.0	**8.9**
Cash flow hedges	0.0	0.0	(0.1)	0.0	**(0.1)**	0.0	**(0.1)**
Remeasurement of defined benefit plans	0.0	0.0	0.0	(0.4)	**(0.4)**	0.0	**(0.4)**
Deconsolidation effects	0.0	0.0	1.1	0.0	**1.1**	—	**1.1**
Total	**8.9**	**0.0**	**1.0**	**4.5**	**14.4**	**0.0**	**14.4**
				2014			
Reclassification of defined benefit plans to retained earnings	0.0	0.0	0.0	1.2	**1.2**	0.0	**1.2**
Foreign subsidiaries – Currency translation differences –	8.1	0.0		0.0	**8.1**	1.4	**9.5**
Cash flow hedges	0.0	0.0	(1.9)	0.0	**(1.9)**	0.0	**(1.9)**
Remeasurement of defined benefit plans	0.0	0.0	0.0	(4.9)	**(4.9)**	0.0	**(4.9)**
Total	**8.1**	**0.0**	**(1.9)**	**(3.7)**	**2.5**	**1.4**	**3.9**

Accumulated OCI contains the changes in equity without profit or loss effect from the translation of financial statements of foreign subsidiaries, from the measurement of derivatives in connection with hedging transactions (cash flow hedges), and of available-for-sale financial instruments as well as remeasurements from liabilities relating to employee benefits recognized during the reporting year.

(23.5) Non-controlling interests

€12.5 million (previous year: €13.6 million) of non-controlling interests relate to minority shareholders of the Fastening Systems business unit, another €4.5 million (previous year: €5.2 million) relate to the Switch Systems business unit and €0.0 million (previous year: €0.9 million) relate to the Rail Vehicles business unit.

(24) Pension provisions

Analysis of changes in pension provisions

€ mill.	Present value of benefit obligation	Fair value of plan assets	Total
Balance at January 1, 2014	**37.6**	**(15.0)**	**22.6**
Service cost	0.5		0.5
Net interest expense/ (income)	1.3	(0.5)	0.8
Remeasurements (recognized in other comprehensive income)			
Return on plan assets excluding the portion included in net interest expense		0.5	0.5
Gains/losses on changes in demographic assumptions	0.0		0.0
Gains/losses on changes in financial assumptions	5.8		5.8
Experience-related assumptions	0.3		0.3
Change in asset ceiling			0.0
Contributions			
from beneficiaries	0.1	(0.1)	0.0
from employer		(0.1)	(0.1)
Benefits paid	(1.4)	0.2	(1.2)
Transfer of obligations	(0.4)		(0.4)
Other/currency translation differences	0.0	(0.1)	(0.1)
Balance at December 31, 2014	**43.8**	**(15.1)**	**28.7**
Service cost	0.9		0.9
Net interest expense/ (income)	1.0	(0.3)	0.7
Remeasurements (recognized in other comprehensive income)			
Return on plan assets excluding the portion included in net interest expense		(0.1)	(0.1)
Gains/losses on changes in demographic assumptions	0.1		0.1
Gains/losses on changes in financial assumptions	0.1		0.1
Experience-related assumptions	0.2		0.2
Contributions			
from beneficiaries	0.1	(0.1)	0.0
from employer		(0.1)	(0.1)
Benefits paid	(1.8)	0.5	(1.3)
Transfer of obligations	(0.3)		(0.3)
Other/currency translation differences	0.6	(0.4)	0.2
Balance at December 31, 2015	**44.7**	**(15.6)**	**29.1**

Vossloh AG and some subsidiaries have entered into pension obligations to former or current employees. Pension payments are subject to the relevant conditions and made until the life of the beneficiary has ended. These defined benefit obligations (DBO) vary according to the economic situation and are as a rule based on service years, pensionable pay, and position within Vossloh. As these are defined benefit plans, the pension payment obligations must be met by the subsidiaries concerned. In addition, voluntary or statutory defined contribution plans are in place at a number of subsidiaries. These companies are under no obligation to make any pension-related payments other than their contractual contributions to an outside fund, which totaled €12.7 million (previous year: €11.6 million).

In accordance with IAS 19, the projected unit credit method has been used to determine pension obligations, taking into account current market interest rates and anticipating future pay and pension increases, as well as fluctuation rates. Accounting risks of the defined benefit plans particularly arise from changes in current market interest rates since the currently low interest rate as compared to the high present values of the obligations leads at the same time to the risk that the market values of the assets within the plan asset will not increase to the same extent. This could lead to a decrease in equity as a result of actuarial losses.

The plan assets which are offset against the present value of the pension benefits pertain primarily to pension liability insurance policies, which cover the major portion of the claims from the pension commitments. The pension liability insurance policies are pledged to the individual beneficiaries concerned; the offsetting with the present value of the obligation is carried out at fair value.

The pension provisions recognized are based on actuarial reports of independent actuaries. In this connection, the mortality tables 2005G from Klaus Heubeck have been utilized.

Assumptions for the calculation of the pension obligations

	2015	2014
	%	
Discount rate	2.32	2.30
Expected increase in pension payments	1.8	1.8
Expected increase in wages and salaries	3.0	3.0
Estimated fluctuation rate	6.0	6.0

The recognized pension provision is derived as follows:

Analysis of the recognized pension provision

€ mill.	2015	2014
Present value of pension commitments covered by plan assets	21.7	20.9
Fair value of plan assets	(15.6)	(15.1)
Provision for pension benefits covered by plan assets	**6.1**	**5.8**
Present value of pension commitments not covered by plan assets	23.0	22.9
Provision for pension benefits not covered by plan assets	**23.0**	**22.9**
Recognized pension provision	**29.1**	**28.7**

The current service cost represents a portion of the personnel expense which is included in the functional costs. The interest expense forms part of the interest result.

The actual return on plan assets amounted to 3.7 percent in the reporting period, as in the previous year.

The discount rate is seen as a significant parameter for which a sensitivity analysis was performed due to possible changes. A decrease or increase in the discount rate by 25 basis points would have increased the DBO and therefore the provision by €1.5 million (previous year: €1.4 million) or decreased the provision by €1.3 million (previous year: €1.3 million) respectively.

The average duration of the defined benefit pension plans is 14.3 years (previous year: 15.0 years).

(25) Other provisions

Breakdown of other provisions

€ mill.	2015	2014*
Personnel-related provisions	16.1	14.4
Warranty obligations and follow-up costs	16.2	18.6
Litigation risks and impending losses	9.7	20.7
Sundry provisions	5.0	2.8
Other noncurrent provisions	**47.0**	**56.5**
Personnel-related provisions	0.4	1.1
Warranty obligations and follow-up costs	39.1	36.2
Litigation risks and impending losses	14.6	15.2
Sundry provisions	67.3	53.8
Other current provisions	**121.4**	**106.3**
	168.4	**162.8**

* Previous year figures presented in a comparable manner, see page 121

All provisions reported as current provisions have maturities of one year or less. All provisions reported as noncurrent provisions have remaining terms exceeding a year. The utilization dates are subject to significant uncertainty, especially with regard to risks from warranty obligations and litigation risks. The other provisions consider all obligations which are identifiable at the balance sheet date, based on past events, and are uncertain in terms of amount or timing. Accruals are recognized at amounts most likely to be utilized. If the effect of discounting is material, noncurrent provisions are recognized at the present value of the uncertain obligations.

The maximum risk inherent to recorded provisions is €31.9 million above the amount recognized in the balance sheet (previous year: €35.6 million). Additional risks of €4.4 million (previous year: €1.9 million) exist as below-the-line items but are not provided for since their probability is below 50 percent.

In addition to vacation provisions and obligations from partial retirement contracts, the personnel-related provisions also include provisions required under the law in France planned for non-recurring payments (“Indemnités de fin de carrière”) for employees that depart the Company (both in the case of transitioning to retirement as well as other situations). As per IAS 19, such provisions are required to be treated as employee benefits and, because of the way they have been structured, classified as a “defined benefit plan”. As these are not lifelong pension payments, the resulting provisions are recognized under other provisions.

Assets have partially been set up in an external benefit fund (“plan assets”) in order to finance the expected payments. Thus the provisions recognized on the balance sheet constitute the total of the fair value of the plan assets less the present value of the obligation:

Assumptions for the calculation of provisions for “Indemnités de fin de carrière”

	2015	2014
	%	
Discount rate	2.03	2.0
Expected increase in wages and salaries	2.0	2.0
Estimated fluctuation rate	0 to 10	0 to 10

Analysis of the recognized provisions for “Indemnités de fin de carrière”

€ mill.	**2015**	**2014**
Present value of pension commitments covered by plan assets	5.5	4.9
Fair value of plan assets	(1.2)	(1.2)
Provision for pension benefits covered by plan assets	**4.3**	**3.7**
Present value of pension commitments not covered by plan assets	1.4	1.4
Provision for pension benefits not covered by plan assets	**1.4**	**1.4**
Recognized pension provision	**5.7**	**5.1**

The following table shows how the present value of the obligation and the plan assets established for financing purposes developed during the financial year and the previous year:

Changes in provisions for "Indemnités de fin de carrière"

€ mill.	Present value of benefit obligation	Fair value of plan assets
Balance at January 1, 2014	**6.0**	**(1.4)**
Service cost	0.3	
Net interest expense/ (income)	0.2	0.0
Remeasurements		
Return on plan assets excluding the portion included in net interest expense		0.0
Gains/losses on changes in demographic assumptions		
Gains/losses on changes in financial assumptions	0.2	
Experience-related assumptions	0.0	
Change in asset ceiling		
Contributions		
from beneficiaries		
from employer		
Benefits paid	(0.4)	0.2
Transfer of obligations	0.0	
Effects from changes in the scope of consolidation		
Balance at December 31, 2014	**6.3**	**(1.2)**
Service cost	0.4	
Net interest expense/ (income)	0.1	–0.1
Remeasurements		
Return on plan assets excluding the portion included in net interest expense		0.0
Gains/losses on changes in demographic assumptions		
Gains/losses on changes in financial assumptions	0.0	
Experience-related assumptions	0.3	
Change in asset ceiling		
Contributions		
from beneficiaries		
from employer		
Benefits paid	(0.2)	0.1
Transfer of obligations		
Other/currency translation differences		
Balance at December 31, 2015	**6.9**	**(1.2)**

The warranty accruals include both provisions for specific warranty cases and the general warranty costs empirically derived from past sales. The accrued litigation risks and impending losses account for obligations under lawsuits and for loss risks from contracts in progress. As of the balance sheet date, €0.1 million was accrued for impending losses on purchase obligations (previous year: €0.8 million). The other provisions include provisions for risks from company disposals and antitrust investigations. Reimbursements in connection with the latter risks are accounted for under other assets.

Changes in other provisions

€ mill.	Opening balance 1/1/2015*	Addition from first-time consolidation	Utilization	Release	Addition	Interest effects	Currency translation differences	Closing balance 12/31/2015
Personnel-related provisions	15.5	0.0	(1.6)	(0.1)	2.7	0.0	0.0	16.5
Warranty obligations and follow-up costs	54.8	0.0	(13.7)	(6.9)	20.7	0.0	0.4	55.3
Litigation risks and impending losses	35.8	0.0	(8.5)	(10.0)	6.1	0.4	0.5	24.3
Sundry provisions	56.7	0.2	(9.4)	(3.1)	27.8	0.1	0.0	72.3
Other provisions	**162.8**	**0.2**	**(33.2)**	**(20.1)**	**57.3**	**0.5**	**0.9**	**168.4**

* Previous year figures presented in a comparable manner, see page 121

The release of sundry provisions relates in the amount of €0.0 million (previous year: €0.1 million) to discontinued operations.

(26) Liabilities

Liabilities according to remaining terms

€ mill.	2015	2014*	2015	2014*	2015	2014*	2015	2014*
Remaining term	≤ 1 year		1–5 years		> 5 years		Total	
Financial liabilities	25.9	281.0	253.4	49.8	0.0	0.0	279.3	330.8
Trade payables	172.5	147.3	3.1	0.7	0.0	0.0	175.6	148.0
Liabilities from construction contracts	147.1	163.9	0.0	0.0	0.0	0.0	147.1	163.9
Income tax liabilities	12.2	14.2	0.0	0.0	0.0	0.0	12.2	14.2
Other liabilities	120.3	105.5	10.4	3.4	0.0	0.0	130.7	108.9
	478.0	**711.9**	**266.9**	**53.9**	**0.0**	**0.0**	**744.9**	**765.8**

* Previous year figures presented in a comparable manner, see page 121

(26.1) Financial liabilities

Breakdown of financial liabilities

€ mill.	2015	2014*
Other long-term liabilities to banks	253.4	49.8
Noncurrent finance leases	0.0	0.0
Noncurrent financial liabilities	**253.4**	**49.8**
Short-term liabilities to banks	24.9	280.6
Interest payable	1.0	0.4
Current notes payable	0.0	0.0
Current finance leases	0.0	0.0
Current financial liabilities	**25.9**	**281.0**
Financial liabilities	**279.3**	**330.8**

* Previous year figures presented in a comparable manner, see page 121

Financial debts are principally carried at amortized cost.

In the year under review, a syndicated loan of €500 million with a term of three years was concluded between Vossloh AG and eleven banks. In this context, there is a liability of €200 million throughout the entire term and a credit line used in different amounts, which is adjusted at short notice in each case. The interest rate depends on the amount of specific indicators known as covenants; at the same time, a breach of the thresholds defined in these covenants leads to an early right of cancellation on the part of the lending banks. The following items were identified as covenants: (1) the ratio of net financial liabilities to EBITDA, (2) the ratio of EBITDA to the net interest result and (3) the equity ratio. The covenants are checked for compliance on a quarterly basis; the first check was performed at the end of September 30, 2015. The covenants were complied with both at this time and over the year as a whole.

For the reconciliation of the financial liabilities to the IAS 39 valuation categories, see pages 149 ff., Additional disclosures on financial instruments.

Covenants exist for two US Group companies in connection with bank credit lines, which as of the balance sheet date were not utilized.

(26.2) Trade payables and liabilities from construction contracts

PoC liabilities result from construction contracts where the advance payments made by customers and partial invoices are in excess of the cumulative performance from the processing of the respective contracts. For the detailed breakdown of these liabilities into gross receivables, prepayments received and partial invoices and other information, see Note (18) on receivables from construction contracts.

(26.3) Income tax liabilities

These pertain to the actual income taxes due to the tax authorities as of balance sheet date which are shown by the various Group companies.

(26.4) Other liabilities

Breakdown of other liabilities

€ mill.	2015	2014*
Derivative financial instruments on fair value hedges	0.1	0.0
Derivative financial instruments on cash flow hedges	0.7	1.7
Advance payments received	0.0	0.0
Noncurrent deferred income	0.7	1.2
Personnel-related liabilities	0.2	0.4
Sundry	8.7	0.1
Other noncurrent liabilities	**10.4**	**3.4**
Advance payments received	38.9	40.4
VAT payable	8.6	3.0
Social security and health insurance contributions	5.5	5.2
Other non-income taxes	4.2	3.8
Liabilities to employees	2.5	1.9
Other liabilities to affiliated companies	1.4	1.3
Commissions	0.2	0.1
Deferred income	1.5	2.4
Derivative financial instruments on fair value hedges	3.2	6.0
Derivative financial instruments on cash flow hedges	3.5	2.1
Personnel-related liabilities	34.4	30.0
Sundry	16.4	9.3
Other current liabilities	**120.3**	**105.5**
	130.7	**108.9**

* Previous year figures presented in a comparable manner, see page 121

Upon initial recognition, financial instruments are stated at their historical fair value (as of the trading date) including direct transaction costs (if any) and thereafter carried at amortized cost unless their measurement at fair value is required. The recognition of gains/losses from the measurement at fair value depends on whether the IAS 39 hedge accounting criteria are met. Gains/losses from the restatement at fair value of derivatives in fair value hedges are recognized in the income statement, as are the changes in value of the hedged underlying transactions. In contrast, the corresponding gains/ losses from measuring derivatives in cash flow hedges at fair value are recognized without profit-or-loss effect in equity (OCI) after considering deferred taxes.

For the reconciliation of other liabilities to the IAS 39 valuation categories, see pages 149 ff., Additional disclosures on financial instruments.

The prepayments received, shown at €38.9 million (previous year: €40.4 million) as other liabilities, include advance payments for projects not recognized as construction contracts according to IAS 11. In accordance with IAS 19, the current liabilities to employees are recognized at the undiscounted amount owed.

Notes to the segment report

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

The Rail Vehicles business unit is still listed as discontinued operations in the segment reports, while balance sheet information as of December 31, 2015 is no longer included.

The segment structure in the three core business divisions has not changed as against the previous year. At the moment, the Fastening Systems business unit is the only business unit in the Core Components division, Vossloh Switch Systems is the only business unit in the Customized Modules division, and Vossloh Rail Services is the only business unit in the Lifecycle Solutions division. The Transportation division continues to exist in its current structure and still includes the Locomotives and Electrical Systems business units following the disposal of the former Rail Vehicles business unit.

The Core Components division currently comprises the Fastening Systems business unit. It is a leading provider of rail fastening systems. The product lineup includes fasteners for every application from light-rail, extending through heavy-haul, to high-speed lines.

The Customized Modules division and the Switch Systems business unit comprised in this division are among leading switch manufacturers worldwide. The business unit equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems which it also installs and maintains. Here, also, the lineup extends from light-rail to high-speed applications.

The Lifecycle Solutions division and the Rail Services business unit engage 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 the Locomotives and Electrical Systems business units.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility, and eco-friendliness. This business unit also offers extensive services, in particular relating to locomotive servicing and maintenance.

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

In the consolidation, all intra-segment and intersegment transactions are eliminated. This pertains primarily to the offsetting of intragroup income/expenses, the elimination of intragroup income and dividends and the elimination of receivables/payables. In the previous year, a Group company that belongs to the Fastening Systems business unit was sold to a company at Group level. The intercompany profit of €14.9 million generated from this transaction was included in the value added attributable to Vossloh Fastening Systems and to the Core Components division and was removed only at the holding company level by means of intercompany profit elimination. The accounting methods applied by all segments are identical and conform to IFRS as adopted by the EU. Intersegment business is transacted on an arm's length basis.

Segment financial information is presented for each division and business unit on pages 114 f.

The major noncash segment expenses include additions to provisions.

In the analysis of its results of operations in the combined management report, the Vossloh Group reports the pretax value added (VA) as a key performance indicator. A pretax WACC of 10.0 percent was applied in the 2015 financial year, as in the previous year.

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

Reconciliation of value added to EBIT

€ mill.	2015	2014*
Value added	(35.9)	(267.8)
Cost of capital applied to the capital required for business operations (WACC 10 percent)	81.0	84.4
EBIT	**45.1**	**(183.4)**

* Previous year figures presented in a comparable manner, see page 121

Segment information by region is provided for noncurrent assets and (external) sales revenue in accordance with IFRS 8.33. The external sales revenue presented by region is based on the customer location. As sales with unconsolidated subsidiaries are not taken into account in this overview of external sales revenue, the figures are not compatible with the overview of sales by region on page 50 of the combined management report.

Segment information by region

€ mill.	2015	2014*	12/31/2015	12/31/2014*
	External sales revenue		Noncurrent assets	
Germany	269.7	215.8	223.6	226.0
France	128.9	137.4	165.6	167.5
Other Western Europe	137.8	124.8	53.9	53.6
Northern Europe	107.0	86.9	20.0	9.5
Southern Europe	58.7	47.5	8.2	9.6
Eastern Europe	66.8	82.1	5.5	6.3
Total Europe	**768.9**	**694.5**	**476.8**	**472.5**
Americas	219.4	147.3	70.5	68.5
Asia	149.0	206.1	23.0	22.4
Africa	30.4	22.4	0.0	0.0
Australia	22.5	25.2	10.0	10.2
Total	**1,190.2**	**1,095.5**	**580.3**	**573.6**

* Previous year figures presented in a comparable manner, see page 121

Additional disclosures on financial instruments

Vossloh's consolidated balance sheet includes both derivative and non-derivative financial instruments. Non-derivative financial instruments comprise as assets primarily receivables, cash and cash equivalents and the other financial assets. On the liability side, they include the financial liabilities.

In the case of derivative financial instruments, whose value is derived from an underlying, these pertain particularly to swaps and forward currency transactions.

Non-derivative financial instruments

Financial instruments are recognized and measured according to measurement category under IAS 39.

Non-derivative financial instruments are recognized in the consolidated balance sheet when Vossloh becomes a contractual party to the financial instrument. Financial assets are derecognized according to IAS 39 when the contractual right to payments from a financial asset lapses or expires or when the financial asset is assigned and transferred along with substantially all the risks and rewards of its ownership. Financial liabilities are derecognized when the contractual obligation is settled, discharged or canceled, or expires.

Financial assets and liabilities are categorized as loans and receivables, held for trading, held to maturity or available for sale. The Vossloh Group does not exercise the so-called fair value option.

Financial instruments categorized as loans and receivables or held to maturity are carried at amortized cost subsequent to initial recognition, while those held for trading are remeasured and carried at fair value, with the resulting gains/losses recognized in net income.

Available-for-sale financial assets are likewise remeasured and carried at fair value if their fair value is reliably determinable. The resulting gains/losses are recognized in equity (OCI) without profit-or-loss effect and after allowing for deferred taxes. This category mainly includes securities other than loans, receivables or financial instruments held to maturity.

Derivative financial instruments

The Vossloh Group uses various derivative financial instruments, primarily to hedge forex or currency risks from firm foreign-currency contractual obligations, future currency receivables/payables, price risks from sales or sourcing transactions, and interest rate risks arising from long-term financing.

Hedges of assets and liabilities reported in the balance sheet are recognized as fair value hedges. The offsetting changes in value of the underlying and hedging transactions, which relate to the hedged risk, are recognized in the balance sheet. Any fair value changes (gains/losses) due to exchange rate volatility are recognized in the income statement. In a completely effective hedge (in the case of a micro hedge this is generally the case), the gains (or losses) on the derivative's fair value remeasurement equal the losses (or gains) on the underlying's.

When accounting for cash flow hedges of pending or uncompleted transactions (so-called executory contracts), changes in the derivative's fair value are recognized in equity (OCI) without profit-or-loss effect and after allowing for deferred taxes. Upon completion or recognition of the underlying transactions, the associated gains/losses previously accumulated in OCI are either recycled to the income statement or offset against the cost of purchased assets.

The nominal volume of the hedged foreign currencies is divided as follows:

€ mill.	Währung	2015	2014
USA	USD	151.4	120.3
Great Britain	GBP	66.9	66.2
Poland	PLN	3.8	5.0
Sweden	SEK	3.3	6.6
Australia	AUD	2.9	2.6
China	CNY	2.0	2.3
Other	Other	2.2	6.8
		232.5	209.8

Owing to the disposal of Vossloh Rail Vehicles, derivatives previously classified as internal derivatives are now reclassified as external derivatives. As a result, the nominal volume of the hedged foreign currencies USD and GBP increased by €22.3 million and €15.8 million respectively as of December 31, 2015.

The table below shows the fair value of derivatives used for hedging currency and interest rate risks, as well as the hedged nominal volumes:

Derivative financial instruments

€ mill.			Fair value 2015	Nominal 2015	Fair value 2014	Nominal 2014
Interest rate swap	Maturity	Up to 1 year	–	–	–	–
		Up to 5 years	(0.5)	50.0	(0.2)	50.0
		> 5 years	–	–	–	–
			(0.5)	**50.0**	**(0.2)**	**50.0**
Currency forward transactions	Maturity	Up to 1 year	(6.2)	192.2	(8.2)	170.1
		Up to 5 years	(0.3)	40.3	(3.1)	39.7
		> 5 years	–	–	–	–
			(6.5)	**232.5**	**(11.3)**	**209.8**
Total			**(7.0)**	**282.5**	**(11.5)**	**259.8**

Discounted cash flow (DCF) methods are used to determine fair values of currency hedging and currency forward transactions. The discount is based on current market rates which match maturity of the financial instruments maturity.

The tables below detail financial instrument carrying amounts, the breakdown into measurement categories and financial instrument fair values in accordance with IFRS 13 as well as fair value hierarchy levels of financial instruments according to IFRS 7, and include–although not covered by any IAS 39 valuation category–derivatives in hedging relationships and payables under capital leases.

Carrying amounts, measurement categories and fair values as of December 31, 2015

		Measurement according to IAS 39			
€ mill.	**Carrying amount at 12/31/2015**	**Amortized cost**	**Fair value through OCI**	**Fair value through income statement**	**Fair value at 12/31/2015**
Trade receivables	**256.9**				
Loans and receivables	256.9	256.9			256.9
Receivables from construction contracts	**50.2**				
Loans and receivables	50.2	50.2			50.2
Securities	**0.5**				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**75.9**				
Loans and receivables	46.0	46.0			46.0
Held to maturity	0.0		0.0		0.0
Held for trading	0.0			0.0	0.0
Available for sale	1.6	1.3	0.3	0.0	1.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5	0.0	0.1	0.4	0.5
IAS 39 not applicable	27.8				–
Cash and cash equivalents	**78.8**				
Loans and receivables	78.8	78.8			78.8
Total financial assets	**462.3**	**433.3**	**0.8**	**0.4**	**434.5**
Financial liabilities	**279.3**				
Loans and receivables	279.3	279.3			279.3
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	**175.6**				
Loans and receivables	175.6	175.6			175.6
Liabilities from construction contracts	**147.1**				
Loans and receivables	147.1	147.1			147.1
Other liabilities	**130.7**				
Loans and receivables	86.8	86.8			86.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	7.5		4.2	3.3	7.5
IAS 39 not applicable	36.4				–
Total financial liabilities	**732.7**	**688.8**	**4.2**	**3.3**	**696.3**

Summary of measurement category of IAS 39

€ mill.	Carrying amount at 12/31/2015	Measurement according to IAS 39			Fair value at 12/31/2015
		Amortized cost	Fair value through OCI	Fair value through income statement	
Financial assets					
Loans and receivables	431.9	431.9			431.9
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	2.0	1.3	0.7		2.0
Total financial assets	**434.0**	**433.3**	**0.7**	**0.0**	**434.0**
Financial liabilities					
Measurement at amortized cost	688.8	688.8	–	–	688.8
Total financial liabilities	**688.8**	**688.8**	**–**	**–**	**688.8**

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

€ mill.	Carrying amount at 12/31/2014	Measurement according to IAS 39			Fair value at 12/31/2014
		Amortized cost	Fair value through OCI	Fair value through income statement	
Trade receivables	**255.3**				
Loans and receivables	255.3	255.3			255.3
Receivables from construction contracts	**51.3**				
Loans and receivables	51.3	51.3			51.3
Securities	**0.6**				
Held to maturity	0.2	0.2			0.2
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**90.0**				
Loans and receivables	46.6	46.6			46.6
Held to maturity	0.4		0.4		0.4
Held for trading	0.0			0.0	0.0
Available for sale	1.0	0.6	0.4	0.0	1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5	0.0	0.0	0.5	0.5
IAS 39 not applicable	41.5				–
Cash and cash equivalents	**47.3**				
Loans and receivables	47.3	47.3			47.3
Total financial assets	**444.5**	**401.3**	**1.2**	**0.5**	**403.0**
Financial liabilities	**330.8**				
Loans and receivables	330.8	330.8			330.8
Finance leases (IAS 39 not applicable)	0.0				0.0
Trade payables	**148.0**				
Loans and receivables	148.0	148.0			148.0
Liabilities from construction contracts	**163.9**				
Loans and receivables	163.9	163.9			163.9
Other liabilities	**108.9**				
Loans and receivables	83.8	83.8			83.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	9.7		3.8	5.9	9.7
IAS 39 not applicable	15.4				–
Total financial liabilities	**751.6**	**726.5**	**3.8**	**5.9**	**736.2**

Summary of measurement category of IAS 39

€ mill.	Carrying amount at 12/31/2014	Measurement according to IAS 39: Amortized cost	Fair value through OCI	Fair value through income statement	Fair value at 12/31/2014
Financial assets					
Loans and receivables	400.5	400.5	0.0		400.5
Held to maturity	0.6	0.2	0.4		0.6
Held for trading	0.0				0.0
Available for sale	1.4	0.6	0.8	0.0	1.4
Total financial assets	**402.5**	**401.3**	**1.2**	**0.0**	**402.5**
Financial liabilities					
Measurement at amortized cost	726.5	726.5	–	–	726.5
Total financial liabilities	**726.5**	**726.5**	**–**	**–**	**726.5**

The measurement categories were not reclassified.

Due to the mostly short remaining terms, the fair value of trade receivables and from construction contracts, cash and cash equivalents, other receivables and assets essentially corresponds as of December 31 to their carrying amount.

Trade payables and liabilities from construction contracts as well as other liabilities also usually have short terms, which is why their carrying amounts essentially correspond to their fair values. The fair value of noncurrent financial liabilities was calculated by discounting the payments of principal and interest to be expected from these liabilities in the future based on current market interest rates.

The financial assets carried at fair value mainly pertain to derivatives in hedging relationships.

The table below shows the assignment of the financial assets and payables carried at fair value to the fair value hierarchy levels in accordance with IFRS 7 and IFRS 13. There were no reclassifications between the various levels of the fair value hierarchy either during the reporting year or the previous year.

Assignment of levels of the fair value hierarchy

	Level 1: Input of quoted prices		Level 2: Input of observable market data		Level 3: No input of observable market data	
€ mill.	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Financial assets at fair value						
Held to maturity	0.0	0.0		0.4		
Available for sale			0.7	0.8		
Derivatives in hedging relationships			0.5	0.5		
Total	**0.0**	**0.0**	**1.2**	**1.7**	**0.0**	**0.0**
Financial liability measured at fair value						
Derivatives in hedging relationships			7.5	9.7		
Total	**0.0**	**0.0**	**7.5**	**9.7**	**0.0**	**0.0**

The basis for the levels of the hierarchy for the determination of fair value is the factors applied. In Level 1, inputs are in the form of (unadjusted) quoted prices in active markets for identical assets or liabilities. Level 2 covers direct inputs other than Level 1 quoted prices for identical or similar assets or liabilities or indirect inputs derived from observable market data. Level 3 is based on unobservable inputs for a financial asset or liability that are used to measure fair value wherever no observable market data is available.

The potential offsetting of financial instruments based on legally enforceable global netting agreements is shown in the following table:

Offsetting possibilities for financial instruments

€ mill.	2015	2014*
Financial assets		
Recognized gross amounts of the financial assets	2.9	0.7
Financial instruments that qualify for offsetting	0.0	0.0
Net balance sheet amounts of the financial assets	**2.9**	**0.7**
That can be offset on the basis of master agreements	(0.9)	(0.4)
Total net value of the financial assets	**2.0**	**0.3**
Financial liabilities		
Recognized gross amounts of the financial liabilities	(9.9)	(12.3)
Financial instruments that qualify for offsetting	0.0	0.0
Net balance sheet amounts of the financial liabilities	**(9.9)**	**(12.3)**
That can be offset on the basis of master agreements	0.9	0.4
Total net value of the financial liabilities	**(9.0)**	**(11.9)**

* Previous year figures presented in a comparable manner, see page 121

The net gains/losses and net interest income/expense recognized in the income statement result from the following financial instrument measurement categories:

Net gains/ (losses) on financial instruments by measurement category

€ mill.	Loans and receivables	Held to maturity	Held for trading	Available for sale	2015	2014*
Net gains/ (losses) from:						
Interest	(9.3)	0.0	0.0	0.0	(9.3)	(9.0)
Remeasurement						
from allowances	(4.2)	0.2	0.0	(2.7)	(6.7)	(4.8)
from currency translation differences	(4.3)	–	–	–	(4.3)	(1.4)
at fair value	–	–	0.5	–	0.5	(0.5)
Derecognition	0.0	–	–	1.7	1.7	0.0
Total	**(17.8)**	**0.2**	**0.5**	**(1.0)**	**(18.1)**	**(15.7)**

* Previous year figures presented in a comparable manner, see page 121

Interest is shown within net interest expense, allowances for (primarily trade) receivables are recognized within the functional (mainly selling) expenses while the net gains or losses on disposal and currency translation are disclosed within net other operating income (or expense, as applicable). Gains from the remeasurement to fair value of securities held for trading and the write-down of financial instruments available for sale are included in the above table and recognized within the other financial results. Remeasurements to fair value for available-for-sale financial assets were recognized in the year under review in the amount of €0.0 million (previous year: €0.0 million) in OCI.

Financial risk management

The Vossloh Group's business operations are exposed to financial risks such as liquidity, currency, interest rate, default and other credit risks. Vossloh's Treasury Management controls and contains group-wide all liquidity, currency and interest rate risks while default and other credit risks are monitored by the general risk management system.

Liquidity risks

Vossloh manages its liquidity risks (i.e., that the Group is not able at all times to meet its payment obligations) through a rolling cash budget and a central cash management system. As of the end of the reporting period, cash,

cash equivalents and readily salable securities of €79.3 million were at the Group's disposal, besides additional, unutilized credit facilities of €427.7 million to satisfy any future cash requirements. The table below shows the contractually agreed undiscounted payments of principal and interest for financial liabilities:

Maturities of interest and principal payments as of December 31, 2015

€ mill.	Up to 1 year				1 to 5 years			
	2015		2014		2015		2014	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Non-derivative financial liabilities	(25.9)	(4.9)	(281.0)	(1.4)	(253.5)	(6.3)	(49.8)	(2.6)
Derivative financial liabilities	(6.7)	–	(8.0)	–	(0.7)	–	(1.7)	–
Derivative financial assets	0.5	–	0.4	–	–	–	–	–

Currency risks

Currency risks arise from (i) recognized non-euro assets and liabilities whose euro equivalent may be adversely affected by unfavorable exchange rates, and (ii) pending or uncompleted currency transactions whose future cash flows may show a negative trend depending on how forex rates develop. Significant operations-related currency risks Vossloh is exposed to originate from trade receivables and payables denominated in a non-euro currency, as well as from pending or uncompleted trade and purchasing transactions. Vossloh has issued binding instructions to centrally hedge against currency risks group-wide through Treasury Management by using currency forwards at matching maturities and amounts as micro hedges of the associated underlying transactions. The fixed exchange rates for the hedged underlying transactions counter any unfavorable rate effects on cost estimates and assets.

Interest rate risks

Interest rate risks mainly result from floating-rate short-term loans raised for Group financing purposes, as well as from short-term funds invested at variable rates.

The risk of an unfavorable market rate trend and thus higher interest payments for floating-rate notes is contained by contracting interest rate swaps and caps.

In connection with hedge accounting, such interest rate hedging transactions are accounted for as cash flow hedges.

The fair value of derivatives used for hedging against currency and interest rate risks, as well as the hedged nominal volumes are detailed in the notes to financial instruments on page 149 ff.

Sensitivity analysis

Given certain assumptions, sensitivity analyses put an approximate figure to the risk that exists if certain influential factors undergo changes. The following changes have been assumed with regard to interest-rate risk and exchange-rate risk:

- an increase in market interest rates of one percentage point (parallel shift in the yield curve);
- simultaneous appreciation of the euro against all foreign currencies by 10 percent.

Financial instruments originally stipulated with variable interest rates as well as existing interest rate derivatives were taken into consideration in the determination of the interest-rate risk. A market interest rate that is higher by one percentage point applied to the financial liabilities identified with variable rates as of December 31, 2015 would have increased the financial expense by €2.3 million. A market interest rate that is lower by one percentage point would have reduced the net financial result by €0.1 million owing to the existing Euribor floor rule in the syndicated loan. This is based on the underlying assumption that the higher interest rate would have applied for an entire year.

As currency risks were almost fully hedged, the impact of a simultaneous 10 percent depreciation of the euro on the unhedged foreign currency positions was insignificant for the results of operations. The following tables show the effects of the sensitivity analysis on the provisions for hedging transactions:

Sensitivity analysis of key foreign currency derivatives

		Equity			Equity	
€ mill.	**2015**	**+ 10%**	**– 10%**	**2014**	**+ 10%**	**– 10%**
USD	151.4	1.8	(2.5)	120.3	0.6	(0.9)
GBP	66.9	2.0	(2.7)	66.2	5.6	(7.6)

Credit risks

Credit risks are defined as the risk that counterparties fail to meet their financial obligations. The credit risk attaching to the cash and cash equivalents invested by Vossloh with banks and the short-term securities held by subsidiaries, as well as to hedging instruments contracted with banks, is minimized by selecting counterparties of prime standing only. As part of business operations, trade and other receivables are exposed to a certain default risk.

These credit risks are monitored by the risk management system and minimized by taking out credit insurance (e.g. Euler Hermes). Specific collection risks are taken into account through adequate allowances.

The balance of gross receivables (receivables before allowances or write-down) breaks down as follows in terms of operational credit risks:

Balance of gross current receivables

€ mill.	Receivables neither past due nor impaired	Receivables past due but not impaired	Impaired receivables	Gross balance of receivables
Trade receivables				
2015	186.2	74.0	18.9	279.1
2014	176.9	81.8	15.6	274.3
Other				
2015	61.0	0.8	0.6	62.4
2014	71.4	0.0	3.7	75.1

The analysis below breaks down the receivables past due but not impaired:

Receivables not impaired but past due

€ mill.	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	> 12 months	Total
Trade receivables						
2015	27.5	14.3	10.2	9.7	12.3	**74.0**
2014	34.0	22.3	13.1	5.0	7.4	**81.8**
Other						
2015	0.0	0.2	0.2	0.0	0.4	**0.8**
2014	0.0	0.0	0.0	0.0	0.0	**0.0**

No specific default risk arises from past due receivables since, given Vossloh's customer structure, many debtors are government or other public-sector agencies.

The maximum loss on default from all financial assets corresponds to their carrying amount (see the analysis on page 153).

Other disclosures

Contingent liabilities

As of December 31, 2014, total contingent liabilities were up by €183.7 million to €195.4 million. €182.4 million was attributable to total contingent liabilities for the sold Rail Vehicles business unit with effect from December 31, 2015. With the completion of the transaction, Stadler Rail AG assumed all obligations arising from these contingent liabilities. The actual release from the contingent liabilities is to take place within three months following the completion of the sale. For liability releases not completed yet, an irrevocable and unconditional guarantee is given at first request by a first-class bank or insurer. The Group has incurred contingent liabilities under guarantees of €98.6 million (including €7.1 million in favor of unconsolidated subsidiaries), of €93.7 million for letters of comfort and of €3.1 million for the collateralization of third-party debts (including €1.3 million allocable to unconsolidated subsidiaries). The risk of an enforcement of any of these contingent liabilities is not considered likely.

Other financial obligations

Commitments for the acquisition of property, plant and equipment and intangible assets totaled €8.5 million (previous year: €12.4 million).

The minimum undiscounted future payments under operating and similar leases and under rental agreements respectively amounted to €124.1 million (previous year: €96.3 million). Commitments under operating leases fall due as follows:

Financial commitments under operating leases

€ mill.	2015	2014
Due up to 1 year	11.2	11.1
Due in 1 to 5 years	30.3	21.2
Due in more than 5 years	13.2	0.0
	54.7	**32.3**

Financial commitments under rental agreements

€ mill.	2015	2014
Due up to 1 year	11.9	10.4
Due in 1 to 5 years	32.2	26.5
Due in more than 5 years	25.3	27.0
	69.4	**63.9**

The obligations under operating leases have been incurred primarily for factory, business and office equipment. The following payments were recognized in expense:

Lease payments recognized in expense

€ mill.	2015	2014
of which minimum lease payments	10.7	10.2
of which income from subleases	12.7	10.1

Future minimum payments of €32.3 million are expected under non-cancelable subleases (previous year: €19.5 million).

Significant Group companies with shareholders that have a non-controlling interest are

1. Vossloh Fastening Systems China Co. Ltd., Kunshan, China,
2. Vossloh Cogifer Kihn SA, Rumelange, Luxembourg and
3. Vossloh Beekay Castings Ltd., Bhilai, India.

Re 1.: 32 percent of the shares of capital of this company are held by shareholders with a non-controlling interest. During the reporting year, €5.3 million (previous year: €7.4 million) of the company's net income was attributable to these shareholders. As of December 31, 2015, the share of equity attributable to shareholders with a non-controlling interest was €12.5 million (previous year: €13.6 million).

Significant financial information for Vossloh Fastening Systems China Co. Ltd., Kunshan, China

€ mill.	12/31/2015	12/31/2014
Noncurrent assets	18.5	18.7
Current assets	74.1	78.7
Noncurrent liabilities	5.3	3.5
Current liabilities	48.4	51.5
Sales revenue	97.3	135.3
Net income after taxes	16.7	23.0
Comprehensive income	16.1	26.9

Re 2.: 10.79 percent of the shares of capital of this company are held by shareholders with a non-controlling interest. During the reporting year, €0.1 million (previous year: €0.1 million) of the company's net income was attributable to these shareholders. As of December 31, 2015, the share of equity attributable to shareholders with a non-controlling interest was €1.5 million (previous year: €1.7 million).

Significant financial information for Vossloh Cogifer Kihn, SA, Rumelange, Luxembourg

€ mill.	12/31/2015	12/31/2014
Noncurrent assets	19.8	19.6
Current assets	13.8	11.0
Noncurrent liabilities	0.9	0.3
Current liabilities	18.9	17.0
Sales revenue	24.4	26.9
Net income after taxes	0.5	0.9
Comprehensive income	0.5	0.9

Re 3.: 41.52 percent of the shares of capital of this company are held by shareholders with a non-controlling interest. During the reporting year, €0.0 million (previous year: €0.1 million) of the company's net income was attributable to these shareholders. As of December 31, 2015, the share of equity attributable to shareholders with a non-controlling interest was €2.9 million (previous year: €2.7 million).

Significant financial information for Vossloh Beekay Castings Ltd., Bhilai, India

€ mill.	12/31/2015	12/31/2014
Noncurrent assets	3.3	3.2
Current assets	6.0	5.6
Noncurrent liabilities	0.2	0.2
Current liabilities	2.1	1.9
Sales revenue	7.9	6.8
Net income after taxes	0.1	0.2
Comprehensive income	0.6	0.8

Where shareholders of other Group companies hold non-controlling interests, these interests are insignificant both individually and cumulatively.

Related parties

Vossloh AG as the ultimate controlling parent is at the helm of the Vossloh Group. The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated subsidiaries, joint ventures and associated companies. Resulting transactions were executed on an arm's length basis. Related unconsolidated companies and associated companies are disclosed in the list of shareholdings on page 164 f.

Individuals among the Vossloh Group's related parties are the members of the Executive and Supervisory Boards and certain other senior management staff.

The Chairman of the Supervisory Board indirectly controls the Knorr-Bremse Group. These companies are accordingly to be treated as related parties. Resulting from transactions with the Knorr-Bremse Group in the financial year were material purchases in the amount of €7.8 million (previous year: €4.1 million), sales in the amount of €1.3 million (previous year: €1.2 million) as well as open receivables and advance payments as of December 31, 2015 in the amount of €0.3 million (previous year: €0.0 million) and trade payables of €1.2 million (previous year: €0.5 million).

The table below breaks down the period's transactions with related parties (entities/individuals), conducted almost exclusively with unconsolidated subsidiaries and reflected in segment reporting as intragroup transfers (internal sales revenue) and in the consolidated balance sheet as intercompany receivables/payables due from or to unconsolidated subsidiaries (within other current assets or liabilities, as applicable). The volume of transactions with related individuals was negligible.

€ mill.	2015	2014
Sale or purchase of goods		
Sales revenue from the sale of finished goods or WIP	15.9	7.9
Cost of materials from the purchase of finished goods or WIP	47.9	7.7
Advance payments	46.1	62.9
Trade receivables	7.5	4.4
Trade payables	6.9	2.2
Sale or purchase of other assets		
Payables for the purchase of other assets	0.9	0.9
Services rendered or received		
Income from services rendered	4.2	3.8
Expenses for services received	2.8	5.5
Leasing arrangements		
Income from operating leases	0.0	0.0
Expenses on operating leases	0.1	0.1
Transfers of services in research and development		
Income from the transfer of research and development services	0.6	0.0
Licenses		
License income	0.0	0.0
License expenses	0.6	1.4
Financing		
Income from the provision of guarantees	1.6	0.0
Interest income from loans granted	0.3	0.1
Interest expense from financing loans taken up	0.5	1.0
Receivables on loans issued	7.9	6.4
Provision of guarantees and collateral		
Provision of guarantees	7.1	6.9
Provision of other collateral	1.3	1.3

Supervisory Board members will receive short-term benefits of k€393.3 for the reporting period (previous year: k€306.7). For an itemized breakdown by member of this total, and further details of the remuneration system, see the Board Compensation Report (an integral part of the Vossloh Group's combined management report).

Executive Board remuneration

€ mill.	2015	2014
Short-term benefits	3.8	2.4
Post-retirement benefits	0.4	0.6

In the year under review, former Executive Board members received benefits in the form of pension payments totaling k€1,082.4 (previous year: k€907.2). Pension obligations to former Executive and Management Board members and their surviving dependents amount to €19.1 million (previous year: €17.5 million). The full amount of these obligations is recognized in the consolidated financial statements, and the majority of them are covered by plan assets.

Auditor fees

The following fees for the services rendered in the year under review by the statutory auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, as well as by firms of KPMG AG's international network, and for the services rendered by the statutory auditor of the consolidated financial statements in the previous year, BDO AG Wirtschaftsprüfungsgesellschaft, as well as by firms of BDO AG's international network, were recognized as an expense:

Auditor fees

€ mill.	2015: KPMG	2014: BDO
Statutory audits	1.2	1.3
Other attestation services	0.2	0.3
Tax services	0.0	0.7
Other services	0.0	0.1
	1.4	**2.4**

In financial year 2015, the group auditor's fees include €0.4 million for statutory audits (previous year: €0.4 million), €0.2 million for other attestation services (previous year: €0.2 million) plus €0.0 million (previous year: €0.7 million) for tax services and €0.0 million (previous year: €0.1 million) for other services.

The fees for statutory audits mainly include those paid for the mandatory group audit and the statutory audits of Vossloh AG's and its German subsidiaries' financial statements, which were conducted by KPMG AG in the year under review and by BDO AG in the previous year. The fees include €0.1 million (previous year: €0.0 million) for other attestation services plus €0.0 million (previous year: €0.0 million) for tax consultancy provided by non-German KPMG firms but invoiced through KPMG AG. The same applies to non-German BDO firms or BDO AG in the previous year. The fees for other attestation services in the year under review mainly relate to consultancy in various transactions or projects and for quarterly report reviews. In the previous year, the fees for other attestation services mainly relate to consultancy and auditing work in connection with the implementation of group-wide accounting policies, for due diligence work and the quarterly report reviews. The tax consultancy fees of the previous year cover substantially advisory services rendered for the formulation of tax returns, the review of tax assessment notices, as well as for national and international tax matters. In the previous year, KPMG AG Wirtschaftsprüfungsgesellschaft rendered other services in the amount of €0.1 million.

German Corporate Governance Code

In December 2015 the Executive and Supervisory Boards issued, and made permanently available to the stockholders on Vossloh's website, the declaration of conformity pursuant to Sec. 161 AktG.

Group companies and investees

Pursuant to Sec. 313 (2) HGB, details of the Group's shareholdings are listed below:

List of shareholdings

		Footnote	Shareholding in %	in	Consoli-dation[1]	Equity[2]	Result after taxes[2]
(1)	**Vossloh AG, Werdohl**				(k)		
(2)	Vossloh International GmbH, Werdohl		100.00	(1)	(k)		
(3)	Vossloh US Holdings Inc., Wilmington, USA		100.00	(2)	(k)		
(4)	Vossloh Australia Pty. Ltd., Sydney, Australia		100.00	(1)	(k)		
	Core Components division / Fastening Systems business unit						
(5)	Vossloh-Werke GmbH, Werdohl		100.00	(1)	(k)		
(6)	Vossloh Fastening Systems GmbH, Werdohl	3	100.00	(5)	(k)		
(7)	Vossloh Tehnica Feroviara SRL, Bucharest, Romania		100.00	(5)	(n)	0.0	0.0
(8)	Vossloh Drážni Technika s.r.o., Prague, Czech Republic		100.00	(5)	(n)	2.3	0.6
(9)	Vossloh Sistemi S.r.l., Sarsina, Italy		100.00	(5)	(k)		
(10)	Patil-Vossloh Rail Systems Pvt. Ltd., Hyderabad, India	5	51.00	(5)	(n)	1.5	(0.2)
(11)	Vossloh Maschinenfabrik Deutschland GmbH, Werdohl		100.00	(5)	(n)	0.2	0.0
(12)	Vossloh Skamo Sp.z o.o., Nowe Skalmierzyce, Poland		100.00	(5)	(k)		
(13)	Vossloh Rail Technologies Ltd Sti., Erzincan, Turkey		99.50/0.50	(5/6)	(k)		
(14)	FÉDER-7 Rugógyártó Kft., Sárkeresztes, Hungary		96.67/3.33	(5/6)	(n)	0.5	0.1
(15)	Vossloh Fastening Systems America Corp., Chicago, USA		100.00	(3)	(k)		
(16)	Vossloh Fastening Systems China Co. Ltd., Kunshan, China		68.00	(5)	(k)		
(17)	Vossloh-Werke International GmbH, Werdohl		100.00	(5)	(k)		
(18)	Beijing China-Railway Vossloh Technology Co., Ltd., Beijing, China		49.00	(5)	(n)	2.2	0.8
(19)	Vossloh Fastening Systems Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(20)	TOO Vossloh Fastening Systems (Kazakhstan) Co. Ltd., Kapchagay, Kazakhstan		50.00	(17)	(e)		
(21)	Suzhou Vossloh Track Systems Co., Ltd., Suzhou, China		100.00	(17)	(n)	0.0	0.6
(22)	OAO Vossloh Fastening Systems RUS, Engels, Russia		51.00	(5)	(n)	2.4	0.1
(23)	Vossloh Fastening Systems Australia Pty. Ltd., Sydney, Australia		100.00	(4)	(n)	0.9	(0.1)
	Customized Modules division / Switch Systems business unit						
(24)	Vossloh France SAS, Rueil-Malmaison, France		100.00	(1)	(k)		
(25)	Vossloh Cogifer SA, Rueil-Malmaison, France		100.00	(24)	(k)		

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
(26)	Jacquemard AVR SA, St. Jean Bonnefonds, France		100.00	(25)	(k)		
(27)	Vossloh Cogifer Finland Oy, Teijo, Finland		60.00	(28)	(k)		
(28)	Vossloh Nordic Switch Systems AB, Ystad, Sweden		100.00	(25)	(k)		
(29)	Vossloh Cogifer KIHN SA, Rumelange, Luxembourg		89.21	(25)	(k)		
(30)	Vossloh Laeis GmbH, Trier		100.00	(29)	(k)		
(31)	Futrifer-Indústrias Ferroviárias, SA, Lisbon, Portugal		61.00	(25)	(k)		
(32)	Amurrio Ferrocarril y Equipos SA, Amurrio, Spain		50.00	(25)	(e)		
(33)	Montajes Ferroviarios, S.L., Amurrio, Spain		100.00	(32)	(n)	0.4	0.0
(34)	Burbiola SA, Amurrio, Spain		50.00	(32)	(n)	1.2	0.0
(35)	Vossloh Cogifer UK Limited, Scunthorpe, United Kingdom		100.00	(25)	(k)		
(36)	Vossloh Cogifer Italia S.r.l., Milan, Italy		100.00	(25)	(k)		
(37)	Vossloh Cogifer Polska Sp.z o.o., Bydgoszcz, Poland		96.20	(25)	(k)		
(38)	ATO-Asia Turnouts Limited, Bangkok, Thailand		51.00	(25)	(e)		
(39)	Vossloh Cogifer Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia		100.00	(25)	(k)		
(40)	Cogifer Americas, Inc., Cincinnati, USA		100.00	(25)	(n)	0.1	0.0
(41)	Siema Applications SAS, Villeurbanne, France		100.00	(25)	(k)		
(42)	VOSSLOH MIN SKRETNICE DOO ZA Proizvodnjui Montazu Skretnica i Opreme Niš, Niš, Serbia		100.00	(25)	(k)		
(43)	Vossloh Cogifer Turnouts India Private Limited, Hyderabad, India	5	100.00	(25)	(n)	1.5	0.7
(44)	Vossloh Beekay Castings Ltd., Bhilai, India	5	58.48	(25)	(k)		
(45)	Vossloh Cogifer Signalling India Private Limited, Bangalore, India	5	100.00	(25)	(n)	0.2	0.0
(46)	Vossloh Track Material, Inc., Wilmington, USA		100.00	(3)	(k)		
(47)	Cleveland Track Material Inc., Cleveland, USA		100.00	(3)	(k)		
(48)	Vossloh Cogifer Australia Pty. Ltd., Castlemaine, Australia		100.00	(4)	(k)		
(49)	Vossloh Cogifer Kloos BV, Nieuw-Lekkerland, Netherlands		100.00	(25)	(k)		
(50)	Vossloh France International SAS, Rueil-Malmaison, France		100.00	(24)	(n)	0.0	0.0
(51)	Wuhu China Railway Cogifer Track Co., Wuhu, China		50.00	(25)	(e)		
(52)	‘J’ Rail Components & Manufacturing, Inc., Grass Valley, USA		100.00	(53)	(k)		
(53)	Vossloh Signaling USA Inc., Cleveland, USA		100.00	(3)	(k)		
(54)	Vossloh Cogifer Argentina S.A., Buenos Aires, Argentina		90.00/10.00	(25/26)	(n)	0.5	(0.3)
(55)	ADIF S.E. - Vossloh Cogifer Argentina SA Consorcio de Cooperacion, Buenos Aires, Argentina		51.00	(54)	(n)	2.6	0.0

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
(56)	Vossloh Cogifer - SP Technologies B.V., Amsterdam, Netherlands		10.00	(25)	(n)	7.2	0.4
(57)	Vossloh Cogifer Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(58)	Vossloh Cogifer do Brazil Administracao de Bens e Participacoes Ltda., Sorocaba, Brazil		100.00	(25)	(k)		
(59)	Vossloh Cogifer do Brasil Metalúrgica MBM SA, Sorocaba, Brazil		100.00	(58)	(k)		
(60)	Outreau Technologies SAS, Outreau, France		100.00	(25)	(k)		
(61)	VOSSLOH COGIFER - SP TECHNOLOGIA L.L.C., Moscow, Russia		100.00	(56)	(n)	9.0	(1.7)
(62)	NOVOSIBIRSKIY STRELOCHNIY ZAVOD - NSZ, Novosibirsk, Russia		74.99	(61)	(n)	38.2	1.0
	Lifecycle Solutions division / Rail Services business unit						
(63)	Vossloh Rail Services GmbH, Hamburg	3	100.00	(1)	(k)		
(64)	Stahlberg Roensch GmbH, Hamburg	3	100.00	(63)	(k)		
(65)	Vossloh Rail Center Nürnberg GmbH, Nuremberg	3	100.00	(64)	(k)		
(66)	Vossloh Rail Center Bützow GmbH, Bützow	3	100.00	(64)	(k)		
(67)	Vossloh Rail Center Leipzig GmbH, Leipzig	3	100.00	(64)	(k)		
(68)	GTS Gesellschaft für Gleistechnik Süd mbH, Leipzig	3	100.00	(64)	(k)		
(69)	Vossloh Rail Center Hamburg GmbH, Hamburg	3	100.00	(64)	(k)		
(70)	Alpha Rail Team GmbH & Co. KG, Berlin		50.00	(64)	(e)		
(71)	Alpha Rail Team Verwaltungs GmbH, Berlin		50.00	(64)	(n)	0.0	0.0
(72)	LOG Logistikgesellschaft Gleisbau mbH, Hanover	3	100.00	(63)	(k)		
(73)	Vossloh Ray Hizmetleri Limited Sirketi, Ankara, Turkey		100.00	(76)	(k)		
(74)	Vossloh High Speed Grinding GmbH, Hamburg	3	100.00	(63)	(k)		
(75)	Vossloh Mobile Rail Services GmbH, Leipzig	3	100.00	(64)	(k)		
(76)	Vossloh Rail Services International GmbH, Hamburg	3	100.00	(63)	(k)		
(77)	Vossloh MFL Rail Milling GmbH, Liezen, Austria		50.00	(76)	(e)		
(78)	Vossloh Rail Services Scandinavia AB, Helsingborg, Sweden		100.00	(76)	(k)		
(79)	Vossloh Rail Services North America Corporation, Chicago, USA		100.00	(3)	(n)	0.3	(0.1)
(80)	Beijing CRM-Vossloh Track Maintenance Technology Co., Ltd., Beijing, China		47.00	(76)	(e)		
(81)	Vossloh Rail Services Kunshan Co., Ltd., Kunshan, China	4	100.00	(76)	(k)		
(82)	Vossloh Rail Services Finland Oy, Kouvola, Finland	4	60.00	(76)	(k)		

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
	Transportation division						
	Locomotives business unit						
(83)	Vossloh Locomotives GmbH, Kiel	3	100.00	(1)	(k)		
(84)	Locomotion Service GmbH, Kiel	3	100.00	(83)	(k)		
(85)	Vossloh Locomotives France SAS, Antony, France		100.00	(83)	(k)		
(86)	Vossloh Locomotives Scandinavia AB, Örebro, Sweden	4	100.00	(83)	(k)		
	Electrical Systems business unit						
(87)	Vossloh Kiepe GmbH, Düsseldorf	3	100.00	(1)	(k)		
(88)	Vossloh Kiepe Beteiligungs GmbH, Düsseldorf	3	100.00	(87)	(k)		
(89)	Vossloh Kiepe Ges.m.b.H., Vienna, Austria		100.00	(88)	(k)		
(90)	Vossloh Kiepe Corporation, Vancouver, Canada		100.00	(88)	(n)	0.4	0.1
(91)	Vossloh Kiepe S.r.l., Cernusco sul Naviglio, Italy		100.00	(88)	(n)	0.2	0.0
(92)	Vossloh Kiepe Main Line Technology GmbH, Düsseldorf	3	100.00	(88)	(k)		
(93)	APS electronic AG, Niederbuchsiten, Switzerland		100.00	(88)	(k)		
(94)	Vossloh Kiepe Inc., Alpharetta, USA		100.00	(3)	(k)		
(95)	Vossloh Kiepe Limited, Birmingham, United Kingdom		100.00	(88)	(k)		
(96)	Vossloh Kiepe UK Limited, Birmingham, United Kingdom		100.00	(95)	(k)		
(97)	Vossloh Kiepe Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(98)	Heiterblick Projektgesellschaft mbH, Leipzig		49.00	(88)	(n)	0.0	0.0
(99)	Vossloh Kiepe d.o.o., Niš, Serbia		100.00	(88)	(n)	0.0	0.0
	Other companies						
(100)	Vossloh Track Systems GmbH, Werdohl		100.00	(1)	(n)	0.1	0.0
(101)	Vossloh Southern Africa Holdings Proprietary Ltd., Johannesburg, South Africa		100.00	(100)	(n)	0.2	0.0
(102)	OOO Vossloh Bahn- und Verkehrstechnik, Moscow, Russia		99.00/1.00	(100/2)	(n)	0.4	0.2
(103)	Vossloh Middle East Business Rail - L.L.C., Abu Dhabi, UAE (i.L.)		49.00	(100)	(n)	0.0	0.0
(104)	Vossloh Zweite Beteiligungsgesellschaft mbH, Werdohl		100.00	(1)	(n)	0.0	0.0
(105)	Vossloh Dritte Beteiligungsgesellschaft mbH, Düsseldorf		100.00	(104)	(n)	0.0	0.0

1 Fully consolidated companies are noted (k), those accounted for using the equity method (e) and unconsolidated companies (n) The exclusion from the scope of consolidation is based on immateriality with respect to net assets, financial position and results of operations

2 Foreign currency amounts in the case of equity are translated at the average exchange rate as of the balance sheet date and results after tax are translated at the annual average rate

3 Exercise of the exemption according to Sec. 264 (3) HGB or Sec. 264b HGB

4 Included in the consolidation for the first time

5 Differing financial year 4/1 to 3/31

Vossloh AG's Executive Board

Dr. h.c. Hans M. Schabert, born 1961, Nuremberg,
Chairman of the Executive Board
First appointment: April 1, 2014, appointed until: March 31, 2017
Group mandates:

- Vossloh-Werke GmbH: Head of Executive Management
- Vossloh Fastening Systems GmbH: Managing Director
- Vossloh-Werke International GmbH: Managing Director
- Vossloh España S.A.U.: Member of the Administrative Board (since December 31, 2015)

Volker Schenk, born 1964, Düsseldorf
First appointment: May 1, 2014, appointed until: April 30, 2017
Group mandates:

- Vossloh Cogifer SA: Chairman of the Administrative Board
- Vossloh France International SAS: President
- Vossloh Australia Pty. Ltd.: Member of the Administrative Board
- Vossloh-Schwabe Australia Pty. Ltd.: Member of the Administrative Board
- Vossloh Kiepe GmbH: Head of Executive Management (until January 31, 2015)
- Vossloh Fastening Systems Australia Pty. Ltd. (formerly: Vossloh-Schwabe Australia Pty. Ltd.): Member of the Administrative Board
- Vossloh Track Systems GmbH: Managing Director (since May 6, 2015)
- Vossloh International GmbH: Managing Director (since May 6, 2015)
- Vossloh Southern Africa Holdings Pty. Ltd.: Managing Director (since July 21, 2015)
- Wuhu China Railway Cogifer Track Co. Ltd.: Member of the Administrative Board (since July 31, 2015)
- Vossloh Fastening Systems (China) Co. Ltd.: Chairman of the Administrative Board (since August 21, 2015)
- Beijing China-Railway Vossloh Technology Co. Ltd.: Member of the Administrative Board (since December 14, 2015)
- Suzhou Vossloh Track Systems Co. Ltd.: Chairman of the Administrative Board (since July 20, 2015)

Oliver Schuster, born 1964, Kierspe
First appointment: March 1, 2014, appointed until: February 28, 2017
External mandates:

- Wohnungsgesellschaft Werdohl GmbH: Member of the Supervisory Board

Group mandates:

- Vossloh Cogifer SA: Member of the Administrative Board
- Vossloh France SAS: President
- Vossloh España S.A.U.: Member of the Administrative Board (since December 31, 2015)

Vossloh AG's Supervisory Board

Heinz Hermann Thiele[2,4], Chairman, Munich, entrepreneur, former Chairman of the Executive Board of Knorr-Bremse AG

- Chairman of the Supervisory Board of Knorr-Bremse AG
- Chairman of the Supervisory Board of Knorr-Bremse GmbH Austria

Ulrich M. Harnacke[2,3,4], Vice Chairman, Mönchengladbach, tax consultant and auditor (since May 20, 2015)

- Member of the Supervisory Board of Elexis AG
- Member of the Shareholders' Committee of Thüga Holding GmbH & Co. KGaA

Silvia Maisch[1], Monheim, electrical mechanic

Dr.-Ing. Wolfgang Schlosser4, Puchheim, consultant and former Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH

Michael Ulrich[1,2,3], Kiel, machinist

Ursus Zinsli[3,4], Saint-Sulpice (Canton of Vaud, Switzerland), former Managing Director of Scheuchzer SA (Switzerland)

– Vice-President of the Administrative Board of FURRER + FREY AG, Bern (Switzerland)
– Member of the Administrative Board of Scheuchzer SA, Bussigny (Switzerland)

1 Employee representative

2 Member of the Personnel Committee

3 Member of the Audit Committee

4 Member of the Nomination Committee

Proposed profit appropriation

In accordance with German GAAP, Vossloh AG's separate financial statements 2015 show net income of €182,818,029.11 and, after including the loss carryforward of €59,351,633.51, an unappropriated surplus of €123,466,395.60.

The Executive Board will propose to the Annual General Meeting that the unappropriated surplus be carried forward.

Werdohl, February 26, 2016

Vossloh AG
Executive Board

Dr. h.c. Hans M. Schabert, Volker Schenk, Oliver Schuster

Management Representation

"We represent that, to the best of our knowledge and in accordance with applicable accounting principles, the consolidated financial statements present a true and fair view of the Vossloh Group's net assets, financial position and results of operations, and the combined management report gives a true and fair view of the Group's performance and the overall position of the Group, as well as the significant risks and opportunities associated with the Group's expected development."

Werdohl, February 26, 2016

Vossloh AG
Executive Board

Dr. h.c. Hans M. Schabert, Volker Schenk, Oliver Schuster

The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete consolidated financial statements, comprising income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report of Vossloh for the financial year from January 1, 2015, to December 31, 2015. The combined management report is not included in this prospectus. The above-mentioned auditor's report and consolidated financial statements are both translations of the respective German-language documents.

Auditor's report

We have audited the consolidated financial statements prepared by Vossloh AG, Werdohl, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the report on the situation of the Company and the Group (combined group management report) for the financial year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 26, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rodemer	Jessen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Separate Financial Statements of Vossloh AG as of December 31, 2015

Income statement for the year ended December 31, 2015

€ mill.	2015	2014
Net sales revenue	1.5	1.4
Cost of sales	(0.8)	(0.9)
Gross margin	**0.7**	**0.5**
General administrative expenses	(45.3)	(20.4)
Other operating income	167.4	4.6
Other operating expenses	(8.1)	(3.3)
Operating result	**114.7**	**(18.6)**
Income from investments	45.0	30.0
thereof from subsidiaries: €45.0 million (previous year: €30.0 million)		
Income from profit transfer agreements	36.8	37.2
thereof from subsidiaries: €36.8 million (previous year: €37.2 million), thereof €1.4 million tax allocations (previous year: €2.2 million)		
Income from other long-term securities and loans	0.5	1.1
thereof from subsidiaries: €0.5 million (previous year: €0.8 million)		
Other interest and similar income	13.1	8.9
thereof from subsidiaries: €11.9 million (previous year: €8.4 million)		
Write-downs of financial assets and short-term securities	0.0	(0.1)
Expenses from losses absorbed	(16.2)	(119.2)
thereof from subsidiaries: €16.2 million (previous year: €119.2 million), thereof €0.9 million tax allocations (previous year: €32.0 million)		
Interest and similar expenses	(12.9)	(20.0)
thereof from subsidiaries: €0.8 million (previous year: €1.2 million)		
Net financial result	**66.3**	**(62.1)**
Result of ordinary activities	**181.0**	**(80.7)**
Income taxes	1.8	(4.3)
Net income (previous year: net loss)	**182.8**	**(85.0)**

Balance sheet

Assets in € million

	12/31/2015	12/31/2014
Purchased concessions, industrial-property and similar rights and assets, as well as licenses for such rights and assets	0.2	0.2
Intangible assets	**0.2**	**0.2**
Land, land rights and buildings including buildings on third-party land	9.0	9.4
Other plant, operating and office equipment	0.3	0.4
Tangible assets	**9.3**	**9.8**
Shares in subsidiaries	480.9	497.0
Loans to subsidiaries	11.2	25.8
Investments	0.1	0.1
Other long-terms securities	0.1	0.1
Other long-term loans	0.0	0.0
Financial assets	**492.3**	**523.0**
Fixed assets	**501.8**	**533.0**
Trade receivables	0.0	0.0
Due from subsidiaries	369.3	314.7
Due from investees	2.2	3.0
Other assets	0.3	13.6
Receivables and other assets	**371.8**	**331.3**
Cash on hand, cash with Bundesbank, cash in banks	14.3	0.0
Current assets	**386.1**	**331.3**
Prepaid assets and deferred charges	**0.3**	**0.3**
	888.2	**864.6**

Stockholders' equity & liabilities in € million

	12/31/2015	12/31/2014
Capital stock	37.8	37.8
Additional paid-in capital	37.6	37.6
Reserve retained from earnings		
Other revenue reserves	270.6	270.6
Unappropriated surplus (previous year: accumulated loss)	123.5	(59.3)
Stockholders' equity	**469.5**	**286.7**
Provisions for pensions and similar obligations	10.5	8.6
Tax provisions	3.6	5.3
Other provisions	25.0	2.9
Provisions	**39.1**	**16.8**
Due to banks	268.0	322.8
Trade payables	0.9	0.9
Due to subsidiaries	108.3	236.6
Due to investees	0.0	0.1
Other liabilities	2.4	0.7
thereof taxes: €1.3 million (previous year: €0.2 million)		
Liabilities	**379.6**	**561.1**
	888.2	**864.6**

Schedule of changes in fixed assets

€ mill.	Cost				Accumulated amortization/ depreciation/ write-downs			Net carrying amount	
	Balance 1/1/2015	Additions	Disposals	Balance 12/31/ 2015	Balance 12/31/ 2015	Amortization/ depreciation / write-downs reporting year	Disposals	Balance 12/31/ 2015	Balance 12/31/ 2014
Intangible assets									
Purchased concessions, industrial-property and similar rights and assets, as well as licenses for such rights and assets	8.7	0.2	(2.4)	6.5	6.3	0.1	(2.4)	0.2	0.2
	8.7	**0.2**	**(2.4)**	**6.5**	**6.3**	**0.1**	**(2.4)**	**0.2**	**0.2**
Tangible assets									
Land, land rights and buildings including buildings on third-party land	17.5	0.0	0.0	17.5	8.5	0.5	0.0	9.0	9.4
Other plant, operating and office equipment	1.3	0.1	(0.1)	1.3	1.0	0.1	(0.1)	0.3	0.4
	18.8	**0.1**	**(0.1)**	**18.8**	**9.5**	**0.6**	**(0.1)**	**9.3**	**9.8**
Financial assets									
Shares in subsidiaries	515.5	–	(34.6)	480.9	0.0	–	(18.5)	480.9	497.0
Loans to subsidiaries	25.8	5.7	(20.3)	11.2	–	–	–	11.2	25.8
Investments	0.1	–	–	0.1	–	–	–	0.1	0.1
Other long-terms securities	0.1	–	–	0.1	–	–	–	0.1	0.1
Other long-term loans	4.5	–	(4.5)	0.0	0.0	–	(4.5)	0.0	0.0
	546.0	**5.7**	**(59.4)**	**492.3**	**0.0**	**0.0**	**(23.0)**	**492.3**	**523.0**
Total	**573.5**	**6.0**	**(61.9)**	**517.6**	**15.8**	**0.7**	**(25.5)**	**501.8**	**533.0**

Notes

General information

Vossloh AG is a large capital company within the meaning of Sec. 267 (3) Sent. 2 HGB in conjunction with Sec. 264d HGB.

The separate annual financial statements of Vossloh AG for the financial year ended December 31, 2015, were prepared in accordance with German GAAP, i.e., the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The income statement has been prepared using the cost-of-sales method according to Sec. 275 (3) HGB.

Accounting policies and principles

The accounting policies were continued unchanged from the prior year.

The recognition and measurement are based on the following principles - purchased intangible assets and tangible assets are measured at cost. Depreciable assets are amortized/depreciated on a scheduled basis by applying declining-balance or straight-line depreciation. Since 2001, new additions to depreciable fixed assets are recognized reduced solely by scheduled straight-line depreciation. Non-scheduled impairment losses are recognized if the fair value is permanently less than the amortized cost. Intangible assets are amortized using useful lives of one to five years. In the case of buildings, the useful life is five to fifty years, while for factory and office equipment the useful life is one to twenty years. Financial assets are carried at cost or the lower fair value.

For all independently useable movable assets whose cost is over €150 but not more than €1,000, an annual compound item is recognized and depreciated over five years. All independently useable movable fixed assets having a cost up to €150 are charged to expense in the year of addition.

Receivables and other assets, as well as liquid funds are recognized at nominal value, or if applicable, at cost or the lower fair value. The corporate income tax credit that is to paid out in the years 2012 to 2017 is recognized at net present value (interest rate: 4 percent p.a.).

Receivables and liabilities denominated in a foreign currency are translated and recognized at the mean spot rate at the date of initial entry or at the less favorable exchange rate at the balance sheet date. In the case of a remaining term of one year or less, the translation is principally made at the mean spot rate as of the balance sheet date, if no hedging exists. If the receivables or liabilities are hedged, the hedged rate is applied.

Deferred taxes are recognized for the differing carrying amounts for commercial and tax purposes of assets, liabilities and deferrals, which will result in future taxable charges or credits, as well as for tax loss carryforwards and interest carryforwards which are expected to be utilized in the next five years. Deferred tax assets and liabilities are netted for the balance sheet presentation. Based on differences between the commercial and tax values in the positions “pension provisions” and “other provisions” as well as deferred taxes on loss and interest carryforwards and applying a tax rate of 30 percent, a net deferred tax asset results. Vossloh does not exercise the accounting option under Sec. 274 (1) Sent. 2 HGB to recognize deferred tax assets.

Performance obligations on pension plans and similar obligations are measured using the projected-unit-credit method. In this connection, the mortality tables 2005 G of Prof. Dr. Klaus Heubeck are used as a basis. According to the German Regulation on the Discounting of Provisions, the discount rate published by the Deutsche Bundesbank as of December 31, 2015, for obligations with a 15-year average remaining term in the amount of 3.89 percent is applied. As additional calculation parameters, a wage and salary increase of 3.00 percent, an expected increase in pension payments of 1.80 percent and an average fluctuation rate of 6.00 percent are applied.

Assets that are protected from creditors and serve solely to fulfill the pension liabilities (so-called plan assets) are measured at fair value and are netted against these obligations. Thereby, the provisions for pensions were reduced by €10.9 million (previous year: €11.1 million).

Income and expenses from these assets are offset against the interest expense from the discounting of the respective obligation and shown in the financial result.

For further risk or obligations in the personnel area, for example, vacation claims, provisions are recognized according to principles of commercial law. Tax provisions and other provisions are recognized in the settlement amount that is required under the principles of prudent commercial judgment. Provisions with a remaining term of more than one year are principally discounted with the average market interest rate over the last seven years corresponding to their term as determined and published by the Deutsche Bundesbank. In the case of pension and anniversary provisions, a flat remaining term of fifteen years is assumed in exercising the option pursuant to Sec. 253 (2) Sent. 2 HGB. Interest rates corresponding to the respective term are used for provisions for preretirement part-time employment. Expected price and cost increases are considered.

Liabilities are recognized at the settlement amount.

Derivative financial transactions are utilized solely for hedging purposes; if the conditions are met, they are combined with the underlying transaction to form a valuation unit. To the extent that the hedging relationship of the respective valuation unit is effective, the compensating changes in value of the underlying and hedging transaction are not recognized. The result from exchange contracts entered into to hedge currencies is first recognized upon maturity. To the extent that a hedge is ineffective, the total remaining loss is immediately recognized in profit or loss. A total remaining gain, however, is not considered.

Notes to the balance sheet

Fixed assets

Classification and movements of fixed assets are detailed in the above schedule of changes in fixed assets. The shares in subsidiaries declined as a result of the disposal of the investment in Vossloh España S.A.U. of €16.1 million and the merger of Vossloh Verwaltungsgesellschaft mbH of €18.5 million, which was already impaired in full in previous years.

The loans to subsidiaries were altered primarily by the loan repayment from Vossloh US Holding, Inc., Wilmington, USA, of €15.4 million and increased due to a loan granted to Vossloh Kiepe Limited, Birmingham, United Kingdom, of €1.0 million.

Prepaid expenses in the amount of k€278 (previous year: k€274) includes a loan discount in the amount of k€142 (previous year: k€192).

List of shareholdings

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
(1)	**Vossloh AG, Werdohl**				(k)	483.7	185.9
(2)	Vossloh International GmbH, Werdohl		100.00	(1)	(k)	21.9	(0.9)
(3)	Vossloh US Holdings Inc., Wilmington, USA		100.00	(2)	(k)	47.1	1.9
(4)	Vossloh Australia Pty. Ltd., Sydney, Australia		100.00	(1)	(k)	10.2	1.8
	Core Components division / Fastening Systems business unit						
(5)	Vossloh-Werke GmbH, Werdohl	3	100.00	(1)	(k)	4.3	0.3
(6)	Vossloh Fastening Systems GmbH, Werdohl	3	100.00	(5)	(k)	11.2	(0.2)
(7)	Vossloh Tehnica Feroviara SRL, Bucharest, Romania		100.00	(5)	(n)	0.0	0.0
(8)	Vossloh Drážni Technika s.r.o., Prague, Czech Republic		100.00	(5)	(n)	2.3	0.6
(9)	Vossloh Sistemi S.r.l., Sarsina, Italy		100.00	(5)	(k)	7.8	0.0
(10)	Patil-Vossloh Rail Systems Pvt. Ltd., Hyderabad, India	5	51.00	(5)	(n)	1.5	(0.2)
(11)	Vossloh Maschinenfabrik Deutschland GmbH, Werdohl		100.00	(5)	(n)	0.2	0.0
(12)	Vossloh Skamo Sp.z o.o., Nowe Skalmierzyce, Poland		100.00	(5)	(k)	6.7	3.2
(13)	Vossloh Rail Technologies Ltd Sti., Erzincan, Turkey		99.5/0.50	(5/6)	(k)	4.6	(1.7)
(14)	FÉDER-7 Rugógyártó Kft., Sárkeresztes, Hungary		96.67/3.33	(5/6)	(n)	0.5	0.1
(15)	Vossloh Fastening Systems America Corp., Chicago, USA		100.00	(3)	(k)	0.5	(4.6)
(16)	Vossloh Fastening Systems China Co. Ltd., Kunshan, China		68.00	(5)	(k)	39.0	16.7
(17)	Vossloh-Werke International GmbH, Werdohl		100.00	(5)	(k)	10.4	(0.4)
(18)	Beijing China-Railway Vossloh Technology Co., Ltd., Beijing, China		49.00	(5)	(n)	2.2	0.8
(19)	Vossloh Fastening Systems Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(20)	TOO Vossloh Fastening Systems (Kazakhstan) Co. Ltd., Kapchagay, Kazakhstan		50.00	(17)	(e)	0.1	(0.8)
(21)	Suzhou Vossloh Track Systems Co., Ltd., Suzhou, China		100.00	(17)	(n)	0.0	0.6
(22)	OAO Vossloh Fastening Systems RUS, Engels, Russia		51.00	(5)	(n)	2.4	0.1
(23)	Vossloh Fastening Systems Australia Pty. Ltd., Sydney, Australia		100.00	(4)	(n)	0.9	(0.1)
	Customized Modules division / Switch Systems business unit						
(24)	Vossloh France SAS, Rueil-Malmaison, France		100.00	(1)	(k)	157.2	14.1
(25)	Vossloh Cogifer SA, Rueil-Malmaison, France		100.00	(24)	(k)	104.1	14.5
(26)	Jacquemard AVR SA, St. Jean Bonnefonds, France		100.00	(25)	(k)	1.9	0.7
(27)	Vossloh Cogifer Finland Oy, Teijo, Finland		60.00	(28)	(k)	19.4	1.1
(28)	Vossloh Nordic Switch Systems AB, Ystad, Sweden		100.00	(25)	(k)	18.8	4.8
(29)	Vossloh Cogifer KIHN SA, Rumelange, Luxembourg		89.21	(25)	(k)	13.8	0.5
(30)	Vossloh Laeis GmbH, Trier		100.00	(29)	(k)	1.2	0.0
(31)	Futrifer-Indústrias Ferroviárias, SA, Lisbon, Portugal		61.00	(25)	(k)	2.2	0.1

		Footnote	Shareholding in %	in	Consoli dation[1]	Equity[2]	Result after taxes[2]
(32)	Amurrio Ferrocarril y Equipos SA, Amurrio, Spain		50.00	(25)	(e)	29.2	0.8
(33)	Montajes Ferroviarios, S.L., Amurrio, Spain		100.00	(32)	(n)	0.4	0.0
(34)	Burbiola SA, Amurrio, Spain		50.00	(32)	(n)	1.2	0.0
(35)	Vossloh Cogifer UK Limited, Scunthorpe, United Kingdom		100.00	(25)	(k)	5.6	0.8
(36)	Vossloh Cogifer Italia S.r.l., Milan, Italy		100.00	(25)	(k)	0.0	0.0
(37)	Vossloh Cogifer Polska Sp.z o.o., Bydgoszcz, Poland		96.20	(25)	(k)	12.9	3.1
(38)	ATO-Asia Turnouts Limited, Bangkok, Thailand		51.00	(25)	(e)	1.1	1.0
(39)	Vossloh Cogifer Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia		100.00	(25)	(k)	1.3	1.2
(40)	Cogifer Americas, Inc., Cincinnati, USA		100.00	(25)	(n)	0.1	0.0
(41)	Siema Applications SAS, Villeurbanne, France		100.00	(25)	(k)	4.0	1.0
(42)	VOSSLOH MIN SKRETNICE DOO ZA Proizvodnjui Montazu Skretnica i Opreme Niš, Niš, Serbia		100.00	(25)	(k)	3.9	0.8
(43)	Vossloh Cogifer Turnouts India Private Limited, Hyderabad, India	5	100.00	(25)	(n)	1.5	0.7
(44)	Vossloh Beekay Castings Ltd., Bhilai, India	5	58.48	(25)	(k)	7.1	0.1
(45)	Vossloh Cogifer Signalling India Private Limited, Bangalore, India	5	100.00	(25)	(n)	0.2	0.0
(46)	Vossloh Track Material, Inc., Wilmington, USA		100.00	(3)	(k)	16.8	(1.2)
(47)	Cleveland Track Material Inc., Cleveland, USA		100.00	(3)	(k)	17.8	1.4
(48)	Vossloh Cogifer Australia Pty. Ltd., Castlemaine, Australia		100.00	(4)	(k)	14.4	0.6
(49)	Vossloh Cogifer Kloos BV, Nieuw-Lekkerland, Netherlands		100.00	(25)	(k)	3.9	0.9
(50)	Vossloh France International SAS, Rueil-Malmaison, France		100.00	(24)	(n)	0.0	0.0
(51)	Wuhu China Railway Cogifer Track Co., Wuhu, China		50.00	(25)	(e)	19.0	(2.1)
(52)	‘J’ Rail Components & Manufacturing, Inc., Grass Valley, USA		100.00	(53)	(k)	1.3	(0.7)
(53)	Vossloh Signaling USA Inc., Cleveland, USA		100.00	(3)	(k)	4.6	(0.2)
(54)	Vossloh Cogifer Argentina S.A., Buenos Aires, Argentina		90.00/10.00	(25/26)	(n)	0.5	(0.3)
(55)	ADIF S.E.—Vossloh Cogifer Argentina SA Consorcio de Cooperacion, Buenos Aires, Argentina		51.00	(54)	(n)	2.6	0.0
(56)	Vossloh Cogifer —SP Technologies B.V., Amsterdam, Netherlands		10.00	(25)	(n)	7.2	0.4
(57)	Vossloh Cogifer Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(58)	Vossloh Cogifer do Brazil Administracao de Bens e Participacoes Ltda., Sorocaba, Brazil		100.00	(25)	(k)	0.4	0.0
(59)	Vossloh Cogifer do Brasil Metalúrgica MBM SA, Sorocaba, Brazil		100.00	(58)	(k)	1.1	0.3
(60)	Outreau Technologies SAS, Outreau, France		100.00	(25)	(k)	0.9	(3.8)
(61)	VOSSLOH COGIFER – SP TECHNOLOGIA L.L.C., Moscow, Russia		100.00	(56)	(n)	9.0	(1.7)
(62)	NOVOSIBIRSKIY STRELOCHNIY ZAVOD—NSZ, Novosibirsk, Russia		74.99	(61)	(n)	38.2	1.0

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
	Lifecycle Solutions division / Rail Services business unit						
(63)	Vossloh Rail Services GmbH, Hamburg	3	100.00	(1)	(k)	22.8	0.0
(64)	Stahlberg Roensch GmbH, Hamburg	3	100.00	(63)	(k)	17.7	(5.9)
(65)	Vossloh Rail Center Nürnberg GmbH, Nuremberg	3	100.00	(64)	(k)	0.4	(0.2)
(66)	Vossloh Rail Center Bützow GmbH, Bützow	3	100.00	(64)	(k)	2.1	0.8
(67)	Vossloh Rail Center Leipzig GmbH, Leipzig	3	100.00	(64)	(k)	1.1	0.0
(68)	GTS Gesellschaft für Gleistechnik Süd mbH, Leipzig	3	100.00	(64)	(k)	0.1	0.0
(69)	Vossloh Rail Center Hamburg GmbH, Hamburg	3	100.00	(64)	(k)	0.9	0.0
(70)	Alpha Rail Team GmbH & Co. KG, Berlin		50.00	(64)	(e)	9.1	2.5
(71)	Alpha Rail Team Verwaltungs GmbH, Berlin		50.00	(64)	(n)	0.0	0.0
(72)	LOG Logistikgesellschaft Gleisbau mbH, Hanover	3	100.00	(63)	(k)	6.3	0.3
(73)	Vossloh Ray Hizmetleri Limited Sirketi, Ankara, Turkey		100.00	(76)	(k)	(2.0)	(1.3)
(74)	Vossloh High Speed Grinding GmbH, Hamburg	3	100.00	(63)	(k)	0.0	0.0
(75)	Vossloh Mobile Rail Services GmbH, Leipzig	3	100.00	(64)	(k)	1.2	0.1
(76)	Vossloh Rail Services International GmbH, Hamburg	3	100.00	(63)	(k)	(0.5)	(0.2)
(77)	Vossloh MFL Rail Milling GmbH, Liezen, Austria		50.00	(76)	(e)	(1.0)	(0.4)
(78)	Vossloh Rail Services Scandinavia AB, Helsingborg, Sweden		100.00	(76)	(k)	0.2	0.1
(79)	Vossloh Rail Services North America Corporation, Chicago, USA		100.00	(3)	(n)	0.3	(0.1)
(80)	Beijing CRM- Vossloh Track Maintenance Technology Co., Ltd., Beijing, China		47.00	(76)	(e)	0.3	(0.4)
(81)	Vossloh Rail Services Kunshan Co., Ltd., Kunshan, China	4	100.00	(76)	(k)	7.3	0.1
(82)	Vossloh Rail Services Finland Oy, Kouvola, Finland	4	60.00	(76)	(k)	1.0	0.0
	Transportation division						
	Locomotives business unit						
(83)	Vossloh Locomotives GmbH, Kiel	3	100.00	(1)	(k)	29.4	(5.0)
(84)	Locomotion Service GmbH, Kiel	3	100.00	(83)	(k)	0.2	0.0
(85)	Vossloh Locomotives France SAS, Antony, France		100.00	(83)	(k)	0.6	0.2
(86)	Vossloh Locomotives Scandinavia AB, Örebro, Sweden	4	100.00	(83)	(k)	0.0	0.0
	Electrical Systems business unit						
(87)	Vossloh Kiepe GmbH, Düsseldorf	3	100.00	(1)	(k)	62.0	9.1
(88)	Vossloh Kiepe Beteiligungs GmbH, Düsseldorf	3	100.00	(87)	(k)	2.5	0.0
(89)	Vossloh Kiepe Ges.m.b.H., Vienna, Austria		100.00	(88)	(k)	27.7	2.9
(90)	Vossloh Kiepe Corporation, Vancouver, Canada		100.00	(88)	(n)	0.4	0.1
(91)	Vossloh Kiepe S.r.l., Cernusco sul Naviglio, Italy		100.00	(88)	(n)	0.2	0.0
(92)	Vossloh Kiepe Main Line Technology GmbH, Düsseldorf	3	100.00	(88)	(k)	3.2	(0.6)
(93)	APS electronic AG, Niederbuchsiten, Switzerland		100.00	(88)	(k)	0.8	0.0
(94)	Vossloh Kiepe Inc., Alpharetta, USA		100.00	(3)	(k)	3.1	0.7

		Footnote	Shareholding in %	in	Consolidation[1]	Equity[2]	Result after taxes[2]
(95)	Vossloh Kiepe Limited, Birmingham, United Kingdom		100.00	(88)	(k)	(0.3)	(0.2)
(96)	Vossloh Kiepe UK Limited, Birmingham, United Kingdom		100.00	(95)	(k)	(4.9)	(4.2)
(97)	Vossloh Kiepe Southern Africa Proprietary Limited, Cape Town, South Africa		100.00	(101)	(n)	0.0	0.0
(98)	Heiterblick Projektgesellschaft mbH, Leipzig		49.00	(88)	(n)	0.0	0.0
(99)	Vossloh Kiepe d.o.o., Niš, Serbia		100.00	(88)	(n)	0.0	0.0
	Other companies						
(100)	Vossloh Track Systems GmbH, Werdohl		100.00	(1)	(n)	0.1	0.0
(101)	Vossloh Southern Africa Holdings Proprietary Ltd., Johannesburg, South Africa		100.00	(100)	(n)	0.2	0.0
(102)	OOO Vossloh Bahn - und Verkehrstechnik, Moscow, Russia		99.00/1.00	(100/2)	(n)	0.4	0.2
(103)	Vossloh Middle East Business Rail—L.L.C., Abu Dhabi, UAE (i.L.)		49.00	(100)	(n)	0.0	0.0
(104)	Vossloh Zweite Beteiligungsgesellschaft mbH, Werdohl		100.00	(1)	(n)	0.0	0.0
(105)	Vossloh Dritte Beteiligungsgesellschaft mbH, Düsseldorf		100.00	(104)	(n)	0.0	0.0

1 Fully consolidated companies are noted (k), those included at equity (e) and unconsolidated companies (n) The exclusion from the scope of consolidation is based on immateriality with respect to net assets, financial position and results of operations

2 Foreign currency amounts in the case of equity are translated at the average exchange rate as of the balance sheet date and results after tax are translated at the annual average rate

3 Exercise of the exemption according to Sec. 264 (3) HGB or Sec. 264b HGB

4 Included in the consolidation for the first time

5 Differing financial year 4/1 to 3/31

Receivables and other assets

As in the prior year, receivables and other assets, except for k€93 (previous year: k€143) of other assets, all have remaining terms of less than one year. With respect to amounts due from subsidiaries and due from investees, these relate solely to other receivables.

Stockholders' equity

Subscribed capital

Vossloh AG's capital stock in the amount of €37,825,168.86 (previous year: €37,825,168.86) is divided into 13,325,290 (previous year: 13,325,290) no-par bearer shares. Only shares of common stock are issued. One no-par share represents a notional interest of €2.84 in the capital stock.

Authorized capital

In the Annual General Meeting on May 28, 2014, a new authorized capital was approved in the amount of €7,500,000. This authorization is limited until May 27, 2019.

Conditional capital

The contingent capital totaling €12,586,846.49 as of December 31, 2015, breaks down as follows:

The Company's capital stock has been contingently raised by €6,979,134.18 by issuing 2,730,000 bearer shares of common stock. This contingent capital increase will be implemented only to the extent that, under the warrant bond issues floated on or before June 28, 1999, the warrant holders exercise their right to subscribe for common stock. The new common shares participate in profits from the beginning of the financial year in which they arise through the exercise of options.

The Company's capital stock has been contingently increased by €356,986.54 by issuing 139,641 bearer shares of common stock. This contingent capital increase is implemented only to the extent that the holders of stock options, which were granted to employees under a stock ownership plan (SOP) authorized by the Annual General

Meetings of June 25, 1998, and/or June 3, 2004, have exercised or will exercise their options. The new common stock is entitled to dividends from the beginning of the financial year in which it is created by option exercise.

The Company's capital stock has been contingently raised by €1,468,225.77 by issuing 574,320 bearer shares of common stock. This contingent capital increase is implemented only to the extent that the holders of stock options, which were granted to officers, executives and other management staff under a long-term incentive plan (LTIP) authorized by the Annual General Meetings of 25. June 1998 and June 3, 2004, have exercised or will exercise their options. The new common stock is entitled to dividends from the beginning of the financial year in which it is created by option exercise.

The Company's capital has been contingently raised by an aggregate €3,782,500 by issuing up to 1,479,585 no-par bearer shares of stock in order to grant new no-par bearer shares to the holders or creditors of such convertible bonds, warrant bonds, participating rights and/or income bonds (or any combination of such instruments) as are issued or floated by dint of the authority conferred by the AGM of May 19, 2010, according to Agenda Item 8. The new no-par bearer shares will be issued at a conversion or option price to be determined in accordance with the aforesaid AGM resolution. The contingent capital increase shall be implemented only to the extent that conversion rights or equity warrant options are exercised, the bondholders, warrant owners or creditors subject to a conversion obligation actually meet their conversion obligations, no cash compensation is paid in lieu, or treasury shares or new shares issued by utilizing authorized capital are used. The newly issued no-par bearer shares are entitled to dividends from the beginning of the financial year in which they are created by conversion or option exercise or by fulfillment of conversion obligations.

Additional paid-in capital

This equity reserve includes the premiums from issuing Vossloh AG stock.

The reserves retained from earnings totaled €270,671,697.46 (previous year: €270,671,697.46).

Total provisions

As of December 31, 2015, the amount required to settle pension obligations came to k€21,340 (previous year: k€19,629); the fair value of plan assets offset against this settlement amounted to k€10,930 (previous year: k€11,055).

The fair value of plan assets corresponds to the budgeted unearned premium reserve from the employer's pension liability insurance contract, plus the credit balance from premiums refundable (so-called irrevocably creditable capital bonus). This value, moreover, equals the asset value for tax purposes.

In the income statement, expenses of k€2,370 (previous year: k€486) were netted against income of k€407 (previous year: k€11) in the net financial result.

The other provisions of k€25,017 (previous year: k€2,940) include k€4,358 for personnel (previous year: k€1,713) and k€20,659 for sundry administrative purposes (previous year: k€1,227). The other provisions also include provisions for risks from business disposals.

Liabilities and contingent liabilities

k€250,000 of the liabilities recognized in the balance sheet falls due after one but within five years (previous year: k€50,000). All other liabilities have maturities of less than one year. The amounts due to subsidiaries and due to investees comprise solely other liabilities.

The contingent liabilities under guarantees of k€873,895 (previous year: k€717,014) were incurred in the amount of k€689,815 for obligations of subsidiaries (previous year: k€715,305).

The limited-amount guaranties in favor of subsidiaries total k€930,158 (previous year: k€897,435).

In 41 cases, the guarantees do not have a stipulated ceiling.

Since the subsidiaries are believed to be able to settle the liabilities covered by such guarantees, no liabilities were recognized.

The other financial obligations (exclusively to third parties) total k€336 (previous year: k€251) and break down into k€213 falling due within one (previous year: k€113) and another k€123 between one and five years (previous year: k€138).

No evidence exists that would suggest that a guarantee might be enforced, a conclusion we have arrived at primarily given the many years in which not a single guaranty has been called upon. The circumstances prevailing at the balance sheet date and the situation up to financial statement preparation do not indicate any such enforcement, either.

Notes to the income statement

Net sales in 2015 primarily comprised rental income of k€1,506 (previous year: k€1,442), including k€1,210 (previous year: k€1,145) charged to subsidiaries, generated solely in Germany.

The functional expenses break down into cost of sales and general administrative expenses. Cost of sales mainly includes amortization, depreciation, and maintenance & repair expenses.

Vossloh AG's personnel expenses are shown within general administrative expenses. In the reporting year, personnel expenses totaled k€11,110 (previous year: k€9,160), of which k€9,650 (previous year: k€8,131) is allocable to wages and salaries, another k€1,460 (previous year: k€1,029) to social security, pension expense and related employee benefits. Pension expenses amounted to k€832 (previous year: k€458). The k€1,963 interest portion (previous year: k€1,286) in the addition to pension provisions was recognized as interest and similar expenses.

In addition, general administrative expenses cover expenses for legal and management consultancy, as well as for trade fairs and exhibitions.

The other operating income came to k€167,439 (previous year: k€4,611) and mainly resulted from the gain on the disposal of Vossloh España S.A.U., Valencia, Spain, of k€155,967 (previous year: €0), the income from the reversal of a specific valuation allowance on Vossloh Verwaltungsgesellschaft mbH, Werdohl, which was merged, of k€7,521 (previous year: €0), the allocated marketing fees of k€936 (previous year k€2,266), IT cost allocations of k€1,746 (previous year: k€1,305) and exchange gains of k€510 (previous year: k€314).

Other operating expenses primarily include a loss on the merger of Vossloh Verwaltungsgesellschaft mbH, Werdohl, of k€7,523 (previous year: €0) and exchange losses in the amount of k€569 (previous year: k€1,857). In the previous year, other operating expenses primarily included fees from the sale of treasury stock in the amount of k€1,313.

The net financial result includes write-downs of k€0.0 of other long-term loans (previous year: k€88).

Net interest expense includes income from the discounting of other provisions of k€8 (previous year: k€98).

Income taxes relate to the result of ordinary activities of the prior financial years.

Other disclosures

Vossloh AG employed an average number of salaried employees of 55 (previous year: 51).

The employee bonus program 2015 (on terms unchanged versus 2014) offered employees of German Vossloh companies the option of acquiring either two Vossloh shares free or eight shares at a discount of 50 percent of the issue price of €62.09 per share (previous year: €52.63), determined at market as of the share transfer date.

Under this program, Vossloh employees were granted a total of 5,624 free shares in the reporting year (previous year: 3,714) at an expense to the Group of k€8 (previous year: k€199).

Remuneration of Executive Board members (excluding pension expenses) for 2015 totaled k€3,789 (previous year: k€2,389), including k€1,375 (previous year: k€1,827) of fixed and k€2,366 (previous year: k€511) of variable compensation plus k€48 (previous year: k€51) payments in kind. Former Executive Board members received a total of k€1,082 in the reporting year. Pension obligations to former executive officers and their surviving dependents amounted to k€19,071. This amount is partially covered by employer pension liability insurance policies totaling k€10,930 pledged in each beneficiary's favor.

Total Supervisory Board fees for the reporting year came to k€393, including fixed and variable components of k€393 and k€0, respectively.

For details of board member remuneration required under the terms of Sec. 285 Sentence 1 No. 9 HGB, see the Remuneration report (an integral part of the combined management report).

Derivative financial instruments and hedge accounting

Vossloh AG's business operations are exposed to exchange and interest rate risks which are contained or eliminated by contracting financial derivatives. The Company's Treasury Management controls and manages group-wide all exchange and interest rate risks.

In order to fully hedge the risks originating from financial liabilities of €50.0 million raised by the promissory-note loan, an interest rate swap of matching maturities and amounts was entered into.

Vossloh AG enters into currency forwards with banks to cover currency risks from the operations of subsidiaries and hedge currency loans extended to subsidiaries.

All hedged underlying transactions are accounted for at the hedged rate. Since the so-called net hedge presentation method is used, neither any expected loss or gain, nor any decrease or increase in the hedging instrument's value, are recognized.

The notional volumes and market values of these hedges are listed below:

Derivative financial instruments

€ mill.	2015		2014	
	Market value	Notional	Market value	Notional
Currency hedging transactions				
Interest rate swap	(0,5)	50,0	(0,2)	50,0
Forward exchange contracts	(2,4)	177,0	(7,7)	152,1
	(2,9)	**227,0**	**(7,9)**	**202,1**

The method of determining market to measure (mark to market) derivatives depends on the type of instrument.

Interest rate hedges are marked to market on the basis of bank valuations.

The market values of currency futures are calculated by determining the current value at the hedged rate, i.e., on the basis of the forex spot rate quoted at the closing date, with due regard to the forward markup or markdown for the remaining contract term in relation to the contracted forward rate.

Currency risk and interest rate hedge accounting

Derivative financial instruments are concluded to hedge cash flow risks and, where the criteria are met, are combined with the underlying into one valuation unit. The currency futures have terms of up to two years. The resulting cash flows will therefore balance each other out by the end of 2017 and the end of 2018 for the interest rate swap.

If the criteria are not met, negative market values are recognized as liabilities, while positive market values are not recognized. In 2015, all financial derivatives were combined as hedging instruments with the related underlying transactions to form micro-hedges whose future effectiveness is assessed in terms of matching maturities and volumes, i.e., on the basis of a critical term match.

Due to the match of the designated value-critical parameters of the underlying and hedging transactions, Vossloh AG's forex hedging is nearly entirely effective.

Underlying transactions include firmly contracted purchase orders or shipments at fixed dates, as well as currency loans. The contracted cash flow is hedged by buying or selling forex forwards, thus also closing the currency positions of subsidiaries for their account. As of December 31, 2015, positions in UAE dirham (AED), Australian dollar (AUD), Chinese renminbi yuan (CNY), Czech crown (CZK), British pound (GBP), Polish zloty (PLN), Swedish krona (SEK), US dollar (USD) and
South African rand (ZAR) were hedged.

Transactions with related parties

To the extent that related party transactions were carried out, the contracts were concluded on an arm's length basis.

Declaration of conformity pursuant to Sec. 161 AktG (German Stock Corporation Act)

In December 2015, the Executive and Supervisory Boards issued and made permanently available to the stockholders the declaration of conformity as required by Sec. 161 AktG on the Company's Internet site under the URL http://www.vossloh.com/en/investor-relations/corporate-governance/declaration-of-conformity/

Notifications pursuant to the German Securities Trading Act (WpHG)

The German Securities Trading Act ("WpHG") obligates investors whose voting interests in listed corporations cross certain thresholds to notify the issuer accordingly. Vossloh AG received the following voting-interest notifications in 2015 under the terms of Sec. 21 WpHG:

Notifying party	Date of notification	Date of change	Threshhold	New voting interest		thereof attributable	
				in %	absolute	in %	absolute
KB Holding GmbH, Grünwald, Germany	9/21/2015	9/17/2015	Above 30%	35.80	4,770,461	–	–
TIB Vermögens- und Beteiligungsholding GmbH, Grünwald, Germany	9/21/2015	9/17/2015	Above 30%	35.80	4,770,461	35.80	4.770.461
Stella Vermögensverwaltungs GmbH, Grünwald, Germany	9/21/2015	9/17/2015	Above 30%	35.80	4,770,461	35.80	4.770.461
Mr. Heinz Hermann Thiele, Germany	9/21/2015	9/17/2015	Above 30%	35.80	4,770,461	35.80	4.770.461

Pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG, voting rights held by KB Holding GmbH are attributable to TIB Vermögens- und Beteiligungsholding GmbH.

Pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG, voting rights held by KB Holding GmbH and TIB Vermögens- und Beteiligungsholding GmbH are attributable to Stella Vermögensverwaltungs GmbH.

Pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG, voting rights held by KB Holding GmbH, TIB Vermö-gens- und Beteiligungsholding GmbH and Stella Vermögensverwaltungs GmbH as companies controlled by Mr. Heinz Hermann Thiele are attributable to Mr. Thiele.

In the context of the voting-interest notifications of July 11 and 12, 2012, pursuant to Sec. 27a (1) WpHG, Mr. Heinz Hermann Thiele and KB Holding GmbH informed us as follows:

"I. Acquisition purposes:

1. With their stakes, the notifying parties aim at a long-term strategic investment in Vossloh AG.
2. Within the 12 months ahead, the notifying parties intend to purchase or otherwise acquire further voting interests in Vossloh AG.
3. For the time being, the notifying parties do not seek to exert any influence on the staffing of the Company's executive, management or supervisory boards.
4. At present, the notifying parties do not aspire to any significant change in the issuer's capital structure, particularly regarding leverage (debt-equity ratio) and dividend policy.

II. The acquisition of the voting interests was exclusively funded through internal resources."

By letter dated November 21, 2012, KB Holding GmbH and Stella Vermögensverwaltungs GmbH informed us in connection with the voting-interest change of November 19, 2012, pursuant to Sec. 27a (1) WpHG as follows:

"I. Acquisition purposes:

1. With their stakes, the notifying parties aim at a long-term strategic investment in Vossloh AG.
2. Within the 12 months ahead, the notifying parties intend to purchase or otherwise acquire further voting interests in Vossloh AG.
3. The notifying parties seek to exert influence on the staffing of the issuer's executive, management and/or supervisory boards.

4. At present, the notifying parties do not aspire to any significant change in the issuer's capital structure, particularly regarding leverage (debt-equity ratio) and dividend policy.

II. The acquisition of the voting interests was exclusively funded through internal resources."

By letter dated July 17, 2013, TIP Vermögens- und Beteiligungsholding GmbH informed us in connection with the voting-interest change of November 19, 2012, pursuant to Sec. 27a (1) WpHG as follows:

"1. Acquisition purposes:

with reference to the acquisition purposes to be disclosed under Sec. 27a (1) Sent. 3 WpHG, reference is made to the notification pursuant to Sec. 27a WpHG of KB Holding GmbH and Stella Vermögensverwaltungs GmbH from November 21, 2012. The notifying parties have no other or additional purposes.

2. The acquisition of the voting interests was exclusively funded through internal resources.

The notifying parties themselves, however, have not directly acquired any voting rights, so that no funds have been expended by them to acquire voting rights."

A notification dated October 1, 2015, was made as per Sec. 15a WpHG that KB Holding GmbH had acquired 665,000 shares. A total of 5,435,461 shares are therefore held. This equates to 40.8 percent of the total shares issued. 5,435,461 shares or 40.8 percent are therefore also attributable to TIB Vermögens-und Beteiligungsholding GmbH, Stella Vermögensverwaltungs GmbH and Mr. Heinz Hermann Thiele.

Notifying party	Date of notification	Date of change	Threshhold	New voting interest in %	New voting interest absolute	thereof attributable in %	thereof attributable absolute
Norwegian Ministry of Finance, Norway	1/16/2014	1/15/2014	Above 3%	3.12	415,263	3.12	415,263
Norges Bank, Norway	1/16/2014	1/15/2014	Above 3%	3.12	415,263	–	–
Mr. Stefan Kürschner, Germany	2/7/2014	10/31/2013	Below 3%	0.07	8,775	0.07	8,775
LAZARD FRERES GESTION S.A.S., France	3/24/2014	3/18/2014	Above 3%	3.01	401,000	2.89	384,500
Franklin Templeton Investment Funds, Luxembourg	6/30/2014	6/27/2014	Above 3%	3.05	406,724	–	–
Franklin Mutual Advisers, LLC, USA	7/1/2014	6/30/2014	Above 5%	5.68	757,247	5.68	757,247
SICAV OBJECTIF SMALL CAPS EURO, France	10/6/2014	10/1/2014	Above 3%	3.01	401,000	–	–
Mr. Iskander Makhmudov, Russian Federation	2/4/2015	12/17/2014	Above 3%	3.08	409,809	–	–
Mr. Matthias D. Bomnüter-Vossloh, Germany	2/13/2015	11/29/2013	Below 3%	0.0004	50	–	–
Mr. Edouard Carmignac[1], France	4/9/2015	3/27/2015	Above 5%	5.000011	666,266	0.43	57,729
Carmignac Gestion S.A.[1], Paris, France	4/9/2015	3/27/2015	Above 5%	5.000011	666,266	0.43	57,729
Mr. Edouard Carmignac[1], France	7/2/2015	7/2/2015	Below 3%	0.00	0	–	–
Carmignac Gestion S.A.[1], Paris, France	8/6/2015	8/4/2015	Below 3%	0.00	0	–	–
Deutsche Bank AKTIENGESELLSCHAFT[1], Frankfurt, Germany	8/7/2015	8/4/2015	Above 5%	7.96	1,061,303	–	–
ETHENEA Independent Investors S.A., Luxembourg	8/18/2015	8/18/2015	Below 3%	2.95	393,305	–	–
Deutsche Bank AKTIENGESELLSCHAFT[1], Frankfurt, Germany	9/18/2015	9/15/2015	Below 3%	0.19	25,000	–	–

1 During the reporting year, the 5 percent threshold was first exceeded and then not reached, so both notifications are listed instead of only the most recent one.

Statutory auditor's fees

The following fees for services rendered by the statutory auditor, KPMG AG Wirtschaftsprüfungsgesell-schaft (previous year: BDO AG Wirtschaftsprüfungsgesellschaft), were recognized as expense:

Statutory auditor's fees

€ mill.	2015	2014
Statutory year-end audits	0.1	0.1
Other certification/verification services	0.2	0.8
Tax advisory services	0.0	0.4
Other services	0.1	0.1
	0.4	**1.4**

The fees for statutory audit services mainly include those paid for the statutory annual audits of Vossloh AG's separate and consolidated financial statements where such fees are borne directly by Vossloh AG. The fees for other attestation services relate primarily to due diligence work and quarterly report reviews. In the previous year, KPMG AG Wirtschaftsprüfungsgesellschaft performed other services amounting to €0.1 million.

Vossloh AG's Executive Board

Dr. h.c. Hans M. Schabert, born 1961, Nuremberg,
Chairman of the Executive Board
First appointment: April 1, 2014, appointed until: March 31, 2017
Group mandates:
- Vossloh-Werke GmbH: Head of Executive Management
- Vossloh Fastening Systems GmbH: Managing Director
- Vossloh-Werke International GmbH: Managing Director
- Vossloh España S.A.U.: Member of the Administrative Board (since December 31, 2015)

Volker Schenk, born 1964, Düsseldorf
First appointment: May 1, 2014, appointed until: April 30, 2017
Group mandates:
- Vossloh Cogifer SA: Chairman of the Administrative Board
- Vossloh France International SAS: President
- Vossloh Australia Pty. Ltd.: Member of the Administrative Board
- Vossloh-Schwabe Australia Pty. Ltd.: Member of the Administrative Board
- Vossloh Kiepe GmbH: Head of Executive Management (until January 31, 2015)
- Vossloh Fastening Systems Australia Pty. Ltd. (formerly: Vossloh-Schwabe Australia Pty. Ltd.): Member of the Administrative Board
- Vossloh Track Systems GmbH: Managing Director (since May 6, 2015)
- Vossloh International GmbH: Managing Director (since May 6, 2015)
- Vossloh Southern Africa Holdings Pty. Ltd.: Managing Director (since July 21, 2015)
- Wuhu China Railway Cogifer Track Co. Ltd.: Member of the Administrative Board (since July 31, 2015)
- Vossloh Fastening Systems (China) Co. Ltd.: Chairman of the Administrative Board (since August 21, 2015)
- Beijing China-Railway Vossloh Technology Co. Ltd.: Member of the Administrative Board (since December 14, 2015)
- Suzhou Vossloh Track Systems Co. Ltd.: Chairman of the Administrative Board (since July 20, 2015)

Oliver Schuster, born 1964, Kierspe
First appointment: March 1, 2014,
appointed until: February 28, 2017
External mandates:
- Wohnungsgesellschaft Werdohl GmbH: Member of the Supervisory Board

Group mandates:
- Vossloh Cogifer SA: Member of the Administrative Board
- Vossloh France SAS: President
- Vossloh España S.A.U.: Member of the Administrative Board (since December 31, 2015)

Vossloh AG's Supervisory Board

Heinz Hermann Thiele[2,4], Chairman, Munich, entrepreneur,
former Chairman of the Executive Board of Knorr-Bremse AG
– Chairman of the Supervisory Board of Knorr-Bremse AG
– Chairman of the Supervisory Board of Knorr-Bremse GmbH Austria

Ulrich M. Harnacke[2,3,4], Vice Chairman, Mönchengladbach,
tax consultant and auditor (since May 20, 2015)
– Member of the Supervisory Board of Elexis AG
– Member of the Shareholders' Committee of Thüga Holding GmbH & Co. KGaA

Silvia Maisch[1], Monheim, electrical mechanic

Dr.-Ing. Wolfgang Schlosser[4], Puchheim, consultant and former
Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH

Michael Ulrich[1,2,3], Kiel, machinist

Ursus Zinsli[3,4], Saint-Sulpice (Canton of Vaud, Switzerland), former Managing Director of Scheuchzer SA (Switzerland)
– Vice-President of the Administrative Board of FURRER + FREY AG, Bern (Switzerland)
– Member of the Administrative Board of Scheuchzer SA, Bussigny (Switzerland)

1 Employee representative

2 Member of the Personnel Committee

3 Member of the Audit Committee

4 Member of the Nomination Committee

In accordance with German GAAP, Vossloh AG's separate financial statements 2015 show net income of €182,818,029.11 and, after including the loss carryforward of €59,351,633.51, an unappropriated surplus of €123,466,395.60.

The Executive Board will propose to the Annual General Meeting that the unappropriated surplus be carried forward.

Proposed profit appropriation

€	
Loss carryforward as of January 1, 2015	(59,351,633.51)
Net income 2015	182,818,029.11
Unappropriated surplus as of December 31, 2015 = carryforward to new account	**123,466,395.60**

Werdohl, February 26, 2016

Vossloh AG
Executive Board

Dr. h.c. Hans M. Schabert, Volker Schenk, Oliver Schuster

Responsibility statement

"We represent that, to the best of our knowledge and in accordance with applicable accounting principles, the separate financial statements present a true and fair view of Vossloh AG's net assets, financial position, and results of operations, as well as that the combined management report describes fairly, in all material respects, the Company's business trend and performance, its position, and the significant risks and rewards of the Company's future development."

Werdohl, February 26, 2016

Vossloh AG
The Executive Board

Dr. h.c. Hans M. Schabert, Volker Schenk, Oliver Schuster

The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete financial statements, comprising balance sheet, income statement and notes, together with the combined management report of Vossloh AG for the financial year from January 1, 2015, to December 31, 2015. The combined management report is not included in this prospectus. The above-mentioned auditor's report and financial statements are both translations of the respective German-language documents.

Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements and the bookkeeping system of Vossloh AG, Werdohl, together with the report on the situation of the Company and the Group (combined management report) for the financial year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 26, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rodemer	Jessen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

19. GLOSSARY

Average Capital Employed . . . . Average Capital Employed for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, represents the arithmetic mean of the opening and closing figure of capital employed for the respective period. Capital employed represents the sum of Working Capital and fixed assets (comprising intangible assets, property, plant and equipment, investment properties, investments in associated companies and other noncurrent financial instruments) for the respective period. Average Capital Employed for the fiscal years ended 31 December 2015 and 31 December 2014, respectively, represents the arithmetic mean of the four quarterly average figures of Capital Employed for the respective fiscal year.

Average Working Capital . . . . Average Working Capital for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, represents the arithmetic mean of the opening and the closing figure of working capital, which is defined as trade receivables (incl. receivables from long-term construction contracts) plus inventories minus trade payables (incl. liabilities from long-term construction contracts) minus prepayments received minus other short-term provisions (adjusted for items not attributable to operating business) for the respective period. Average Working Capital for the fiscal years ended 31 December 2015 and 31 December 2014, respectively, represents the arithmetic mean of the four quarterly average figures for working capital for the respective fiscal year.

BaFin . . . . German Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungsaufsicht)*.

Ballasted tracks . . . . Ballasted tracks are a combination of concrete or wooden sleepers on ballast and the most frequently used railway track structure all over the world. In so-called W-tracks, sleeper shoulders provide stability for track and fastening systems and ensure the dissipation of the energy created by traffic on the tracks. The track bed is flexible and evenly distributes this stress across the foundation. Vossloh offers a wide product range for the safe and cost effective construction and operation of new lines or the strengthening of existing tracks.

The tension clamp in Vossloh's rail fastening systems keeps the track on the concrete sleeper with the aid of a screw/dowel combination which provides for a stable and reliable connection. The dowels that Vossloh produces are made from a high quality and water-repellent material. They are particularly resilient as the forces applied are dissipated lengthwise due to the geometrical construction of the thread.

CAGR . . . . Compounded Annual Growth Rate, the year-over-year growth rate over a specified period of time. The compound annual growth rate is calculated

	by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.
Cash flow	Cash flow is an important financial measure that represents the net inflow or outflow of liquid funds during a particular period resulting from operating, investing and financing activities.
Clearstream	Clearstream Banking Aktiengesellschaft, a custodian and clearing bank. Its business activities include safekeeping, settlement services for securities transactions, collateral management and securities lending service.
Conventional rail	Conventional rail networks are the result of large investments over the course of decades and account for the vast majority of rail networks worldwide. In Europe they connect almost every city with new lines being constructed in central and eastern Europe.
EBIT	EBIT is a non-IFRS measure and represents earnings before interest and taxes. While the amounts included in EBIT have been derived from Vossloh's unaudited consolidated financial statements as of and for the three months ended 31 March 2016 and audited consolidated financial statements as of and for the fiscal year ended 31 December 2015, such measures are not financial measures calculated in accordance with IFRS. Accordingly, EBIT should be viewed as supplemental to, but not as a substitute for, measures presented in Vossloh's consolidated statement of comprehensive income or its consolidated cash flow statement, which are prepared in accordance with IFRS. Vossloh's management uses EBIT to assess Vossloh's operating performance and as a measure of economic success of Vossloh's business. In addition, Vossloh believes that EBIT is a measure commonly used by investors. EBIT, as presented in this prospectus, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.
EBITDA	Financial indicator. EBITDA stands for earnings before interest, tax, depreciation and amortisation.
EEA	European Economic Area.
FSMA	Financial Services and Markets Act 2000.
Heavy haul	The transport of goods by rail is becoming increasingly important due to the fact that the volume of the global flow of raw materials in the 21st century will not be manageable otherwise. Railways allow for the transport of materials in bulk, such as coal, ores and chemicals by long, heavy trains. Consequently, new tracks are built in close proximity to raw material sources, often in regions with difficult climates, e.g. in the Gobi desert.
HGB	German Commercial Code (*Handelsgesetzbuch, HGB*)

High speed	High speed lines, i.e. trains which go 250 km/h or faster, make rail travel attractive, because they save time and foster the willingness to travel by train rather than by plane or car. High Speed means high dynamic forces and requires highly elastic components that compensate such acting forces. Increased speed also increases the amount of stress the tracks are subjected to, resulting in wear and tear and increased maintenance. Vossloh produces tension clamps for high speed traffic of more than 250 km/h designed for safe tensioning, i.e. track stability at high speed which generally also allows for higher speed. They furthermore protect the track superstructure and reduce maintenance costs.
Homologation	Homologation is the granting of approval by an official authority for the usage of a rail vehicle
IAS	International Accounting Standard: IAS are accounting regulations promulgated by the International Accounting Standards Board (IASB) for the purpose of international harmonisation and improved comparability of consolidated financial statements. IAS have been renamed International Financial Reporting Standards (IFRS).
IFRS	International Financial Reporting Standards as adopted by the European Union.
ISIN	International Securities Identification Number.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended.
Prospectus Regulation	Commission regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended.
Regulation S	Regulation S under the Securities Act, as amended.
ROCE	Return on capital employed is defined as EBIT divided by Average Capital Employed. For the calculation of ROCE for the three month-periods ended 31 March 2016 and 31 March 2015, respectively, EBIT of such period is annualized (i.e. grossed up to an annual value by calculating an average EBIT for the three months and multiplying this figure by 12).
Rule 144A	Rule 144A under the Securities Act, as amended.
Securities Act	United States Securities Act of 1933, as amended.
Slab tracks	The so-called slab track is a concrete or asphalt surface that is replacing the standard ballasted track. This structure is made of stiff and brittle materials,

hence the required elasticity can be obtained by inserting elastic components below the rail or/and the sleeper.

Slab track systems must meet special requirements to deflect forces generated by a rolling train into the ground in a smooth and material-saving way. Those forces can only be fully captured by an elastic superstructure. Due to the missing ballasted bed in slab tracks, highly elastic components of fastening systems must compensate the missing elasticity and flexibility of the track.

Slab tracks allow for narrower construction and avoid the risk of eroding ballast. Further advantages include the long service life, high load capacity, high weather resistance (high temperatures or UV radiation), low maintenance requirements and an exact track position giving the whole construction high deformation resistance, an aspect that becomes important with increasing speed. As a consequence, modern railway tracks are increasingly built as slab track systems. In some places they are compulsory for tunnel construction.

Vossloh uses high-elasticity components to create the necessary resilience of the entire system on such tracks. These components provide for the load distributing effect of the tracks and reduce the vibration resulting from wheel or track unevenness.

Sole Global Coordinator . . . . Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany.

Underwriter . . . . The Sole Global Coordinator.

Underwriting Agreement . . . . The Underwriting Agreement relating to the Offering to be entered into by the Company and the Underwriters on 24 May 2016.

Urban transport . . . . The shift from private automobile transport to rail transport in urban areas becomes more and more important thus increasing the need for public transport in urban areas. Frequent braking and starting on many stops within the shortest time characterise urban transport. Vossloh produces highly elastic components to withstand this frequent braking and starting. Vossloh’s products and solutions also offer excellent characteristics in terms of rail deflection, noise and vibration damping which make them very well suited for metros.

VAT . . . . VAT refers to the Value-Added Tax (*Mehrwertsteuer*).

WpHG . . . . German Securities Trading Act (*Wertpapierhandelsgesetz*).

20. RECENT DEVELOPMENTS AND OUTLOOK

20.1 Recent developments

At the beginning of March 2016, Dr. h.c. Hans M. Schabert, the Company's CEO since 1 April 2014, announced that he would not be available for an extension of his contract after expiry on 31 March 2017 due to family related reasons. The contracts of Oliver Schuster and Volker Schenk, which terminate on 28 February 2017 and 30 April 2017, respectively, will be extented by three more years.

20.2 Outlook

Vossloh expects its market to continue to expand as a result of a number of growth drivers, including:

- Increasing international trade flows and emerging market growth, generating an increased focus on, and policy shift towards, public rail infrastructure spending;
- Population growth, requiring an expansion of transportation infrastructure;
- Urbanisation and increasing demand for mobility, causing increasing road and air congestion and leading to a favourable shift in transport modes towards rail;
- Climate change and environmental challenges, raising the awareness of the environmental impact of transportation and thereby driving demand for rail equipment in light of rail transportation's energy efficiency compared to road and air traffic; and
- Deregulation and standardisation, and in particular the liberalisation of national markets.

The growth of the accessible market for rail technology is expected to continue over the next years at a CAGR of 2.8%, according to the UNIFE. Accordingly, an increase of market volume from an average EUR 102 billion per year in the 2011-2013 period to an average EUR 120 billion per year for the 2017-2019 period is expected. This predicted growth covers all market areas, from which the European rail supply industry should benefit the most due to its innovation and export strength. The strongest growth is expected in the areas of "Infrastructure", including infrastructure services, with a CAGR of 3.8%.

Vossloh expects to generate sales of between €1.2 billion and €1.3 billion in 2016, with an expected significant increase of sales in the Core Components division. Due to the ongoing restructuring measures and increased expenses to foster innovation, improvement in the Group's EBIT will be limited in 2016. Vossloh expects an EBIT margin between 4.0% and 4.5% in 2016 (also see "*8.1 Profit Forecast for Vossloh for the current 2016 financial year*"). For 2017, the EBIT margin is expected to range between 5.5% and 6.0% based on the current Group structure. Without the Transportation division, significantly higher profitability is to be expected.

In 2016, Vossloh expects the average number of employees to increase slightly.

On a segment level, Vossloh's expects an improvement of its EBIT-margin in its Lifecycle Solutions divisions. Profitability in the Core Components and Customized Modules divisions is expected to materially remain in line with the 2015 financial year. Vossloh is expecting a noticeable improvement in the Transportation division, which should lead to slightly positive EBIT-margin after the division reported negative EBIT-margin overall in 2015. Net income in 2015 was significantly positively affected by the gain on the disposal of the Rail Vehicles business unit. As this was a one-time effect, Vossloh does not expect such positive effects on the net income to re-occure in 2016.

Vossloh is focused on organic growth with an increase in profitability as well as the achievement of targets set for the coming years; specifically, the targeted search for acquisition objects in order to further develop its three core divisions Core Components, Customized Modules, and Lifecycle Solutions strategically and to achieve a sustainable increase in enterprise value.

20.3 Statement on significant changes

No significant change in the Group's financial or trading position has occurred since 31 March 2016.

SIGNATURE PAGES

Werdohl, May 2016

Vossloh Aktiengesellschaft

Signed by:	Dr. h.c. Hans M. Schabert (Chief Executive Officer)	Signed by:	Oliver Schuster (Chief Financial Officer)

Frankfurt am Main, May 2016

Joh. Berenberg, Gossler & Co. KG

Signed by:	Stefan Ries	Signed by:	Christian Wöckener-Erten