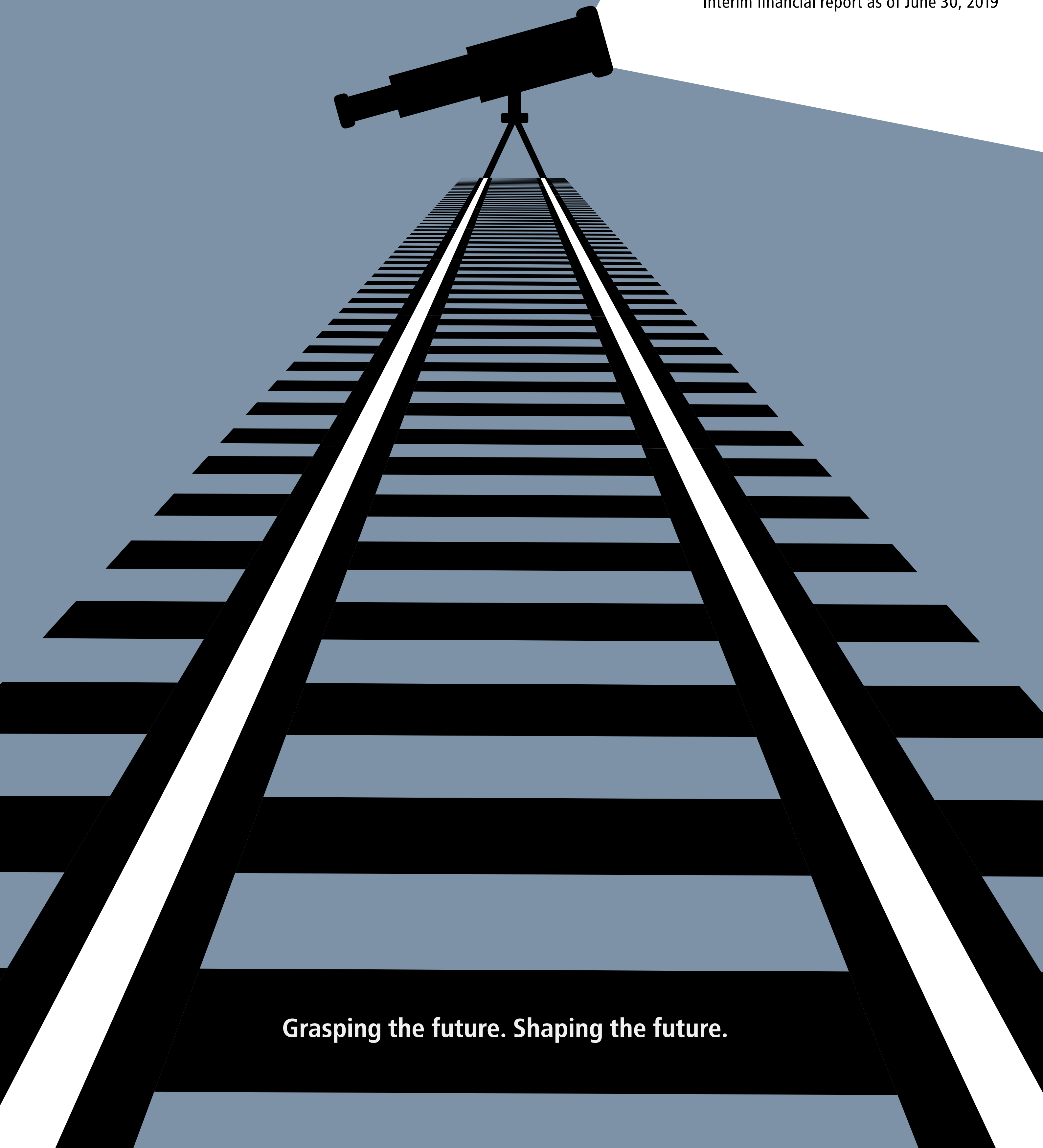
vossloh

Interim financial report as of June 30, 2019



Key Group figures		H1/2019	H1/2018
Orders received	€ mill.	568.9	479.7
Order backlog	€ mill.	726.9	543.5
Income statement data			
Sales revenues	€ mill.	437.1	418.1
Core Components	€ mill.	164.8	141.0
Customized Modules	€ mill.	231.7	234.1
Lifecycle Solutions	€ mill.	48.8	46.1
EBIT	€ mill.	13.6	22.8
Adjusted EBIT	€ mill.	20.5	–
EBIT margin (2019 adjusted)	%	4.7	5.4
Net interest result	€ mill.	(11.0)	(6.5)
EBT	€ mill.	2.6	16.3
Net income	€ mill.	(23.4)	11.2
Earnings per share	€	(1.58)	0.53
Return on capital employed (ROCE)[1]	%	2.9	5.9
Value added[1]	€ mill.	(21.0)	(6.3)
Balance sheet data			
Fixed assets[2]	€ mill.	693.2	574.2
Capital expenditure	€ mill.	19.0	19.9
Depreciation/amortization	€ mill.	25.6	17.6
Closing working capital[3]	€ mill.	224.1	210.2
Closing capital employed	€ mill.	917.3	784.4
Equity	€ mill.	531.5	520.0
Noncontrolling interests	€ mill.	12.8	17.9
Net financial debt	€ mill.	360.3	236.1
Total assets	€ mill.	1,443.9	1,205.4
Equity ratio	%	36.8	43.1
Cash flow statement data			
Gross cash flow	€ mill.	31.6	42.0
Cash flow from operating activities	€ mill.	7.2	18.0
Cash flow from investing activities	€ mill.	(18.8)	(21.8)
Cash flow from financing activities	€ mill.	23.0	(15.5)
Free cash flow	€ mill.	(8.8)	(2.8)
Employees			
Average headcount during the period	No.	3,918	3,735
Core Components	No.	890	780
Customized Modules	No.	2,401	2,399
Lifecycle Solutions	No.	563	494
Vossloh AG	No.	64	62
Personnel expenses	€ mill.	122.5	108.6
Share data			
Share price as of June 30	€	32.30	41.70
Market capitalization as of June 30	€ mill.	567.3	665.8

[1] Based on average capital employed; annualized

[2] Fixed assets = intangible assets, property, plant and equipment, investment properties, investments in companies accounted for using the equity method plus other noncurrent financial instruments

[3] Trade receivables (including contract assets) plus inventories minus trade payables (including contract liabilities) minus prepayments received minus other current provisions (adjusted for matters not attributable to the operating business)

Dear shareholders,

This year, we face the challenge of setting the course for a successful future for Vossloh in an increasingly digital rail world. On April 23, we announced the cornerstones of a performance program to this end. Numerous measures have been launched since then and are already reflected in part in the present interim report. Supported by this performance program, we will not only continue to maintain the leading global position in the product and service areas we offer that we have successfully developed and defended for decades, but will also expand it further in regard to the digitalization of the rail track. To do so, we need not only our own innovative capabilities and strength, but also a resilient competitiveness that can meet every challenge. We achieved our self-imposed interim goals as of June 30, 2019. Our fundamental objective is for every area of the Group to become more efficient and profitable. The majority of the measures are due to be implemented by the end of 2019, and we therefore expect further one-time effects on our reported earnings in the second half of 2019.

Digital innovations are already being deployed throughout the Group's entire value chain under the One Vossloh umbrella. As rail track experts, we create transparency regarding the actual condition of our customers' infrastructure through the use of sensors, cutting-edge data analysis and other measures. Particularly relevant for our customers is the fact that our new Vossloh Analytics Platform not only makes the track condition visible, but also enables us to manage preventive maintenance measures, such as high speed grinding, in a resource-optimized manner.

Now let's take a look back at the first half of 2019. As of June 30, 2019, the Vossloh Group holds an order backlog of roughly €727 million, an amount nearly €183 million more than the figure for the same reporting date in the previous year. This meant that our order buffer in mid-2019 was more than a third larger than it was twelve months previously. We received orders from our customers of roughly €569 million in the first six months of the current fiscal year, an increase of approximately 19 percent compared to around €480 million during the first half of 2018.

The book-to-bill ratio (the ratio of the Group's orders received to sales) amounted to 1.3. The increase was particularly noticeable in our Tie Technologies business unit, which received its first major order in Australia in June 2019 for the delivery of concrete ties for a mining project. The order encompasses roughly 280,000 concrete ties scheduled for delivery in 2020. The order situation is also highly satisfactory for the Fastening Systems business unit, which was able to book another major order from China in the first half of 2019.

We have also been able to sign more extensive framework agreements in the Customized Modules division in the current fiscal year. These agreements include supplying switch components to Trafikverket, the Swedish central office for transportation, in the coming years. This will generate a sales volume of more than €75 million including options. In Italy, a very important market for Vossloh, we will be delivering switch components and systems for high-speed lines to the Italian state-owned rail company Rete Ferroviaria Italiana (RFI) with a scope of €25 million over the next two years.

In the first half of the year, we were able to increase Group sales to €437.1 million, an improvement of 4.6 percent relative to the first half of 2018. EBIT adjusted for negative one-time effects amounted to €20.5 million. In the previous year, EBIT stood at €22.8 million. The one-time negative effects on earnings taken into consideration for the first half of 2019 amounted to €6.9 million and primarily concerned expenses for employee redundancies. This element of the performance program is also expected to reduce earnings for the second half of the year.

In regard to the other element, the review of unprofitable or disadvantageous activities, the relevant activities have been identified to a large extent and we are currently undergoing an in-depth review of all options. This review is focusing on the global activities of our largest division, Customized Modules. In order to provide a competitive and attractive range of services, we require consistently lean and efficient processes and structures which make economic sense.

One of the important events during the first six months of the year that we would like to make you aware of is the fact that we carried out a capital increase in June, thus strengthening Vossloh's equity base. 1,596,743 new no-par-value shares were issued by way of an accelerated bookbuilding process. The net proceeds from the capital increase are used to improve our financial flexibility for future growth while reducing net financial liabilities. The capital increase supplements the performance program.

Vossloh is well on its way to becoming a provider of digital rail infrastructure services that intelligently links an existing portfolio of proven products with digital services. Vossloh is rapidly expanding its core competencies in a highly focused manner using innovative sensors and data expertise, allowing it to continue the sustainable expansion of its leading position as a preferred partner for rail equipment and infrastructure maintenance.

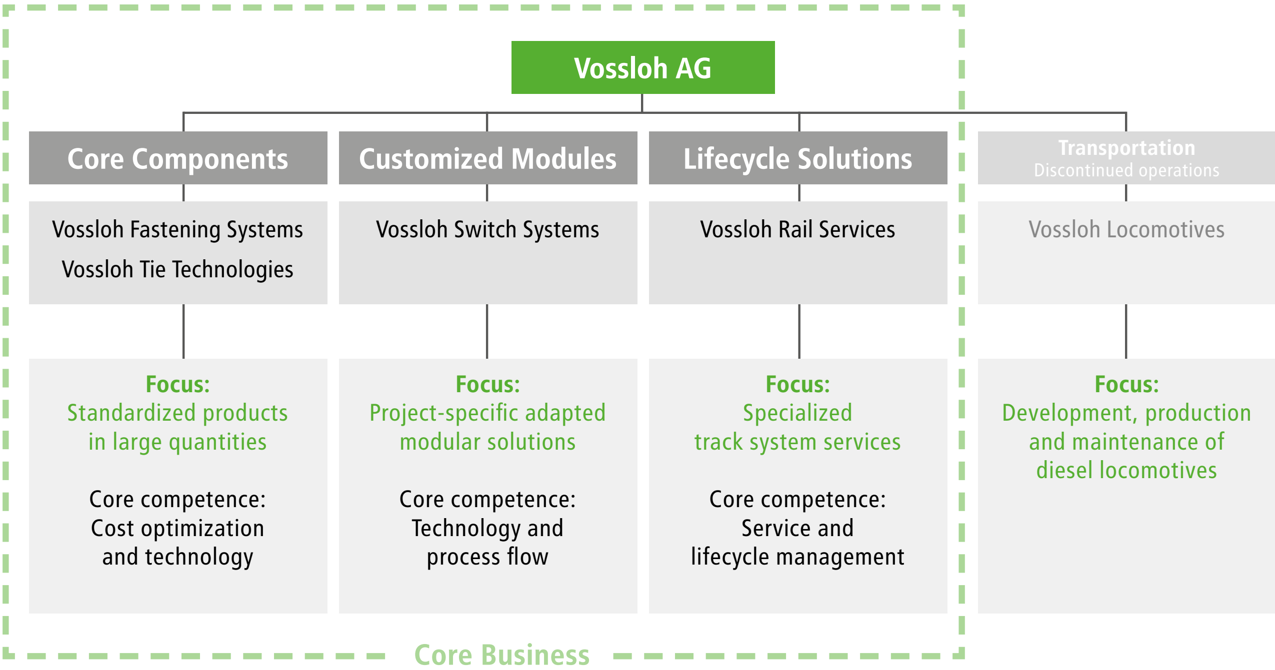
This path will require time and effort, but we have pursued it so consistently that our structures are already aligned with it under the One Vossloh umbrella. All of our resources are already dedicated to our customers' goal of operating disruption-free rail infrastructure at reasonable costs and with optimal component lifecycles. We would be pleased and honored for you to accompany us in this task.

Yours sincerely,

Andreas Busemann
Chief Executive Officer, Vossloh AG

Vossloh's corporate structure

The three divisions – Core Components, Customized Modules and Lifecycle Solutions – represent the pillars of the core business and are managed and supervised according to the fundamental principles of their business models: product, project and service orientation. The divisions cooperate closely and increasingly present themselves in the market in a unified and coordinated manner as "One Vossloh." Vossloh AG, operating as a management holding company, exerts direct influence on the operating units. The Executive Board of Vossloh AG expects that Vossloh Locomotives, the last remaining business unit of the Transportation division, will be sold in the coming weeks. Therefore, all relevant assets and liabilities in the interim report as well as income and expenses will continue to be classified as discontinued according to IFRS 5.



Core Components

The division combines the Group's range of industrially manufactured serial products that are generally required in high volumes for rail infrastructure projects. These are currently the rail fastening systems that are developed, produced and distributed worldwide by the Fastening Systems business unit for all application areas as well as the activities of Vossloh Tie Technologies, the leading manufacturer of concrete ties in North America and Australia.

Customized Modules

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

Lifecycle Solutions

The division focuses on specialized services related to the maintenance of rails and switches, which are brought together in the Rail Services business unit. In particular, these include rail maintenance, the preventive care and corrective processing of rails and switches as well as welding and rail and switch logistics work. Comprehensive services supplement the product range of Core Components and Customized Modules. Lifecycle Solutions will be further internationalized and the range of high-quality services in the areas of operation and maintenance is to be broadened to also cover the entire lifecycle of infrastructure.

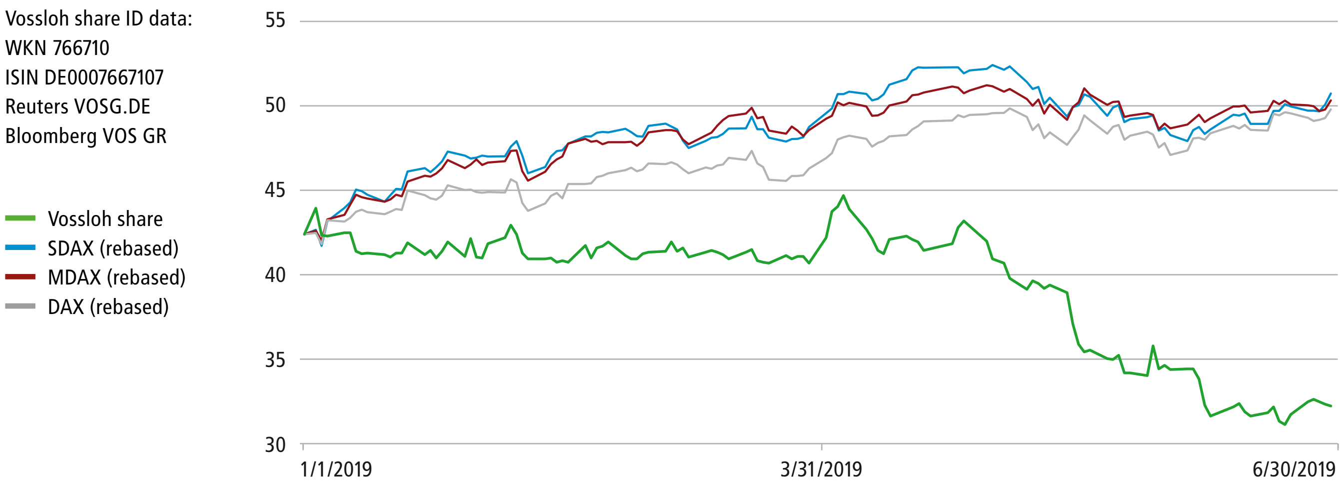
Vossloh share

Global equity markets performed positively in the first half of 2019, achieving substantial price gains by the end of June 2019. The positive development on the stock markets was driven by persistently low interest rates and expansionary central bank policy, particularly by the ECB and the Fed. The ECB ruled out interest rate increases until mid-2020 in its extended forward guidance, and announced additional potential measures to support economic performance in the eurozone. At the same time, the Fed announced potential steps to support the US economy in June 2019. Strong first-quarter economic growth in the USA and low inflation worldwide also contributed to the strong performance of the equity markets. However, concerns still exist regarding further restrictions of export business, the escalating trade dispute between the USA and China, and geopolitical tensions in the Middle East.

The German stock market also recorded a significant upward trend in the first half of the year. The DAX stood at 12,399 at the end of the reporting period on June 30, 2019, 17.4 percent higher than at the beginning of the year. The MDAX performed similarly during the reporting period and stood at 25,620 on June 30, 2019, which corresponds to an 18.7 percent gain in comparison with the end of 2018. The SDAX had the strongest growth at 19.7 percent, reaching 11,378 points as of the close of trading on June 30, 2019.

Price performance of the Vossloh share, January 1 to June 30, 2019

Vossloh share ID data:
WKN 766710
ISIN DE0007667107
Reuters VOSG.DE
Bloomberg VOS GR



The Vossloh AG share began trading on January 02, 2019, at a level of €41.90, and reached an annual high of €44.85 on April 03, 2019. The end of April saw the arrival of a continuous downward trend. On June 07, 2019, the Vossloh share reached its previous annual low of €31.00 per share. At the end of the reporting period on June 30, 2019, the Vossloh share was quoted at €32.30, down 23.9 percent compared to the end of 2018 (€42.45).

The trading volume of the Vossloh share during the first half of 2019 amounted to roughly 1.2 million shares, which was less than the previous year's figure of 2.7 million shares. On the basis of 124 trading days between January and June 2019, the average daily trading volume during the first six months of 2019 amounted to roughly 9,700 shares (previous year: 21,400 shares). After the successful capital increase of June 2019, the number of shares outstanding increased to 17,564,180. Based on this, market capitalization amounted to roughly €567 million as of June 30, 2019.

Mr. Heinz Hermann Thiele is the largest shareholder of Vossloh AG. According to the German Securities Trading Act (WpHG) report of June 25, 2019, Mr. Thiele holds a total of 50.09 percent of the capital stock of Vossloh AG. In addition, the following shareholders with a voting interest above the reporting threshold of 3 percent are known to Vossloh AG: Franklin Mutual Advisers, LLC, Wilmington, Delaware, USA with 5.05 percent, LBBW Asset Management Investmentgesellschaft mbH, Stuttgart with 3.09 percent, and Lazard Frères Gestion SAS, Paris, France with 3.01 percent. In accordance with the Deutsche Börse AG definition, the assets of these shareholders, which are reported according to the German Securities Trading Act (WpHG), are not considered fixed shareholdings, and count toward the free float market capitalization. As a result, the free float of Vossloh AG's capital stock at the end of June 2019 totaled 49.91 percent, while its free float market capitalization amounted to about €286 million according to the Deutsche Börse AG calculation method.

Due to the falling figures for free float market capitalization and trading volume, the criteria of the Deutsche Börse AG for the inclusion of the Vossloh share in the SDAX are no longer fulfilled as of June 2019. The Vossloh share has not been included in the SDAX index since June 24, 2019.

Following the resignation of Dr.-Ing. Volker Kefer as the Chairman of the Supervisory Board of Vossloh AG on March 04, 2019, Mr. Ulrich M. Harnacke was elected as the new Chairman of the Supervisory Board on April 02, 2019. Mr. Harnacke was previously the Deputy Chairman of the Supervisory Board of Vossloh AG.

71.05 percent of the capital stock was represented at the Annual General Meeting of Vossloh AG on May 22, 2019, in Düsseldorf. All agenda items were approved by the shareholders. They voted in favor of a dividend distribution of €1.00 per dividend-bearing share by a large majority. In addition, the appointment of a successor was also necessary following the resignation of the previous Chairman of the Supervisory Board. The shareholders' meeting followed the recommendation of the nomination committee of the Supervisory Board and elected Dr. Sigrid Evelyn Nikutta as his successor by a large majority. In addition, Deloitte was elected as the auditor for 2019.

On June 18, 2019, the Executive Board of Vossloh AG resolved to carry out a capital increase against cash contributions with partial utilization of the authorized capital of the company with the consent of the Supervisory Board. The company's capital stock was increased by 10 percent through the issuance of 1,596,743 new shares against cash contributions subject to the exclusion of the subscription rights of existing shareholders. The shares were distributed at a placement price of €30.70 per share, allowing the company to generate gross issue proceeds of €49.0 million. Vossloh AG intends to use the net proceeds from the capital increase to improve its financial flexibility for future growth and reduce consolidated net financial liabilities. The capital increase serves to supplement the performance program adopted in April 2019 to strengthen the self-financing capability and profitability of the Vossloh Group.

A total of six financial analysts followed Vossloh AG in the first half of 2019 and published analyses and commentary on the company. Of these, five analysts recommended holding the Vossloh share and one gave it a "buy" rating. The share price for Vossloh AG considered fair by the analysts as of the end of June stood between €36 and €44, with an average of roughly €41.

Information on the Vossloh share	
ISIN	DE0007667107
Trading locations	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Number of shares outstanding on June 30, 2019	17,564,180
Share price (June 30, 2019)	€ 32.30
High price/low price (January to June 2019)	€ 44.85/€ 31.00
Reuters code	VOSG.DE
Bloomberg symbol	VOS GR

Additional information about the Vossloh company and the Vossloh AG share is available on the website www.vossloh.com. In addition to up-to-date financial reports, presentations and press releases, the website also provides information about creditor relations. Please feel free to contact us should you have any questions. You can reach us at any time at investor.relations@vossloh.com or by telephone at +49 (0)2392 52-609.

Interim Group management report

Business performance in the Group

Preliminary remarks

On April 23, 2019, the Executive Board of Vossloh AG approved the essential cornerstones of a performance program for achieving a sustainable increase in profitability as well as an improvement in the self-financing capability and a corresponding reduction in the net financial debt of the Vossloh Group. The program encompasses the five elements of reducing the number of employees, unprofitable or disadvantageous activities, sustainable reduction of working capital, focusing capital expenditure and reduction of overhead. The performance program adopted was supplemented by the capital increase carried out in June 2019.
In a related decision, the Vossloh Group resolved to report an adjusted EBIT upon commencement of the mid-year reporting. The adjustment encompasses negative one-time effects on earnings arising from the performance program. From a current perspective, these are mainly anticipated in the elements related to employee redundancies (costs for employee redundancies) and unprofitable or disadvantageous activities. Items for adjustment in the area of reducing the number of employees encompass all expenses in connection with employee redundancies, which are primarily incurred from severance payments (including monthly wages still outstanding after being made redundant), expenses for transfer companies and additional costs (e.g. for partial retirement plans, legal costs). Significant profit reductions also cannot be ruled out from the unprofitable or disadvantageous activities element. These relate especially – but not exclusively – to the Customized Modules division. The analysis of all unprofitable or disadvantageous activities has not yet been concluded. In the other elements of working capital, capital expenditure and overhead, on the other hand, no significant negative one-time effects are expected. Further information can be found in the Explanatory notes on pages 31 et seq. in this interim report.

Results of operations

Sales revenues in the first half of the year above the previous year

The sales of the Vossloh Group amounted to €247.1 million in the second quarter of the 2019 fiscal year, corresponding to a 3.0 percent increase over the previous year's figure of €239.8 million. Group sales in the first half of 2019 amounted to €437.1 million, exceeding the previous year's level of €418.1 million by 4.6 percent. This was primarily due to higher sales in the Core Components division, which was also attributable to the acquisition of Austrak Pty. Ltd. carried out at the end of 2018.

Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2019		H1/2018		Q2/2019		Q2/2018	
Germany	38.6	8.8	38.1	9.1	23.7	9.6	22.4	9.3
France	50.9	11.6	54.3	13.0	27.1	11.0	31.1	13.0
Rest of Western Europe	32.6	7.5	35.5	8.5	18.8	7.6	20.8	8.7
Northern Europe	50.8	11.6	48.3	11.5	31.8	12.8	30.3	12.6
Southern Europe	40.0	9.2	36.7	8.8	22.0	8.9	19.4	8.1
Eastern Europe	35.5	8.1	35.7	8.5	20.2	8.2	19.6	8.2
Total of Europe	**248.4**	**56.8**	**248.6**	**59.4**	**143.6**	**58.1**	**143.6**	**59.9**
Americas	91.2	20.9	72.4	17.3	49.6	20.1	37.5	15.7
Asia	65.9	15.1	75.1	18.0	36.5	14.8	46.8	19.5
Africa	4.3	1.0	7.8	1.9	3.1	1.2	4.2	1.7
Australia	27.3	6.2	14.2	3.4	14.3	5.8	7.7	3.2
Total	**437.1**	**100.0**	**418.1**	**100.0**	**247.1**	**100.0**	**239.8**	**100.0**

In the first half of 2019, sales in Europe were recorded at the same level as the previous year. While sales in Western Europe were lower than the previous year, primarily due to the Customized Modules division recording lower sales in the UK and France, sales in Northern Europe were slightly increased. This resulted primarily from positive revenue development in Norway, which also took place in the Customized Modules division. The previous year's level of sales was also exceeded in Southern Europe. This was primarily due to higher sales in Turkey in the Fastening Systems business unit. Sales in Eastern Europe were virtually unchanged in comparison with the previous year. Among other things, substantially lower sales in Poland in Customized Modules and Vossloh Fastening Systems were offset by increased sales in Russia, which were attributable exclusively to the Fastening Systems business unit.

In the Americas region, sales in the first half of 2019 increased by 26.0 percent. This was attributable primarily to increased sales in Canada and the USA in our business with concrete ties and rail fasteners. Positive business development was also recorded in Chile for the switch business, although revenues were relatively low. On the other hand, sales in Argentina and Brazil, also primarily from the Customized Modules division, were below the previous year's figures.

In Asia, sales fell by 12.3 percent in the first six months of 2019 compared to the previous year. This was primarily attributable to lower sales in the Fastening Systems business unit in China and Thailand. However, substantial increases in sales revenues were achieved in Israel and India, primarily in the Customized Modules division.

In Africa, only limited sales were recorded again in 2019. This was below the previous year's value. This decline related mainly to switch business in Guinea and rail fastener business in Senegal.

In Australia, sales nearly doubled in the first half of 2019. They increased by 92.3 percent in comparison with the previous year. The substantial increase in sales revenues can be attributed to the previously mentioned acquisition of Austrak in the Tie Technologies business unit.

Vossloh Group

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Sales revenues	437.1	418.1	247.1	239.8
EBIT	13.6	22.8	14.1	21.2
EBIT margin	3.1	5.4	5.7	8.8
EBT	2.6	16.3	8.9	18.3
Net income	(23.4)	11.2	(0.8)	9.7

EBIT substantially below previous year due to one-time effects, adjusted EBIT margin at just under 4.7 percent

Earnings before interest and taxes (EBIT) were substantially lower than the previous year in the second quarter of the 2019 fiscal year, and thus also in the first half of 2019. This was primarily attributable to negative one-time effects in connection with the performance program adopted in April 2019 in order to increase profitability and self-financing capability. In comparison with the income statement, one-time effects incurred from the recognition of provisions for personnel redundancies and in connection with the review of unprofitable and disadvantageous activities were eliminated in order to determine the adjusted EBIT. The one-time effects amounted to a total of €6.9 million, almost all of which was accounted for by the employee reduction element. The one-time effects recognized for downsizing encompass roughly one third of the planned employee redundancies. The EBIT amounted to €20.5 million for the first half of 2019 when adjusted for these one-time effects. The adjusted EBIT margin, the ratio of adjusted EBIT to sales, stood at 4.7 percent. The one-time effects can be attributed to the individual divisions as follows:

Vossloh Group – transition from EBIT to adjusted EBIT in the first half of 2019

€ mill.	
EBIT	**13.6**
Core Components	0.8
Customized Modules	1.7
Lifecycle Solutions	3.4
Vossloh AG	1.0
Adjusted EBIT	**20.5**

The net interest result of €(11.0) million in the first half of 2019 was significantly lower than the previous year's figure of €(6.5) million. This was caused by a substantial increase in interest expenses in the first half of 2019, while interest income remained virtually unchanged. The increased interest expenses were primarily attributable to higher currency conversion losses in connection with financing activities, but also to the first-time application of IFRS 16. As a result of the lower EBIT and lower net interest result, earnings before taxes (EBT) were also lower than the previous year.

Earnings per share substantially negative due to the negative result from discontinued operations and one-time effects

In the first half of 2019, tax expense amounted to €(1.0) million. The result from discontinued operations was significantly below the previous year's figure. While a positive value of €2.0 million was generated in the previous year, a loss of €(25.0) million was incurred in the first half of 2019. This development in the Transportation division, which is held for sale, is attributable to an impairment carried out in the first quarter in light of current purchase price expectations. In addition, business performance was also hindered by a decrease in the number of locomotives delivered and persistently high expenses in production and production-adjacent areas. As such, net income was also negative. Net income attributable to Vossloh AG shareholders of €(25.4) million fell substantially below the previous year's figure of €8.5 million. The average number of shares outstanding increased from 15,967,437 shares in the first half of the previous year to 16,020,368 shares. Earnings per share were therefore €(1.58) in the first half of 2019 (previous year: €0.53).

Vossloh Group – value management

		H1/2019	H1/2018	Q2/2019	Q2/2018
Average capital employed[1]	€ mill.	921.7	775.0	935.6	781.4
ROCE[2]	%	2.9	5.9	6.0	10.8
Value added[2]	€ mill.	(21.0)	(6.3)	(3.4)	6.5

[1]Capital employed = working capital plus fixed assets
[2] ROCE = EBIT / average capital employed; annualized

Value added below previous year, also hindered by negative one-time effects

The return on capital employed (ROCE) declined due to lower EBIT and substantially higher average capital employed in the first six months of 2019 compared to the previous year. The average capital employed is substantially higher in comparison with the previous year, primarily due to the acquisitions of Austrak and the rail milling business of STRABAG carried out at the end of 2018 as well as the first-time application of IFRS 16. The value added for the first half of 2019 was negative due to lower EBIT and the increase in capital employed. Value added in the second quarter was negative, due exclusively to the one-time effects from the performance program. As in the previous year, a weighted average cost of capital (WACC) of 7.5 percent was used to calculate the cost of capital.

Vossloh divisions – orders received and order backlog

	Orders received		Order backlog	
€ mill.	H1/2019	H1/2018	6/30/2019	6/30/2018
Core Components	243.9	181.6	316.5	177.2
Customized Modules	273.4	247.8	387.4	340.4
Lifecycle Solutions	60.7	53.1	24.7	29.1
Vossloh AG / consolidation	(9.1)	(2.8)	(1.7)	(3.2)
Group	**568.9**	**479.7**	**726.9**	**543.5**

Book-to-bill ratio at 1.3, order backlog increased by 33.7 percent

Orders received at the Group level were significantly higher in the first half of 2019 than in the previous year. Overall, orders received surpassed the previous year's level by 18.6 percent. The book-to-bill ratio, the ratio of orders received to sales, amounted to 1.3 (previous year: 1.15). Orders received were significantly higher in the Core Components division in particular; the Tie Technologies business unit was primarily responsible for this increase. Orders received were also significantly higher than the previous year in the Customized Modules and Lifecycle Solutions divisions. Overall, the order backlog surpassed the previous year's level by 33.7 percent. The Core Components and Customized Modules divisions contributed to this increase.

Financial Position

Equity higher than previous year

Equity increased slightly, up 1.6 percent as of June 30, 2019, in comparison with the end of 2018. The capital increase carried out in the second quarter of 2019 was responsible for this. The net proceeds from the capital increase amounted to €48.3 million. In contrast, the negative net income in the first half of 2019 and the dividend payment of roughly €16 million (€1.00 per share) to the shareholders of Vossloh AG had a negative impact on equity. Despite the increase in equity, the equity ratio as of June 30, 2019, was below the previous year's level. This was particularly attributable to the balance sheet extension resulting from the first-time application of IFRS 16 this year.

Vossloh Group

		6/30/2019/ H1/2019	12/31/2018/ Fiscal year 2018	6/30/2018/ H1/2018
Total assets	€ mill.	1,443.9	1,265.4	1,205.4
Equity	€ mill.	531.5	523.3	520.0
Equity ratio	%	36.8	41.4	43.1
Closing working capital	€ mill.	224.1	216.0	210.2
Average working capital	€ mill.	239.9	218.1	208.3
Average working capital intensity	%	27.4	25.2	24.9
Fixed assets	€ mill.	693.2	646.1	574.2
Closing capital employed	€ mill.	917.3	862.0	784.4
Average capital employed	€ mill.	921.7	799.7	775.0
Free cash flow[1]	€ mill.	(8.8)	(19.0)	(2.8)
Net financial debt[2]	€ mill.	360.3[3]	307.3	236.1

[1] Free cash flow = cash flow from operating activities less investments in intangible assets and property, plant and equipment as well as capital expenditures in companies accounted for using the equity method and plus cash inflows from profit distributions or the sale of companies accounted for using the equity method

[2] Net financial debt = financial liabilities minus cash and cash equivalents and short-term securities

[3] Encompasses lease liabilities of €52.5 million (IFRS 16)

The working capital as of June 30, 2019, stood 6.6 percent higher than the figure for the end of June 2018. Average working capital therefore also increased in the first half of 2019. This was particularly attributable to the sharp increase in working capital in the first quarter (March 31, 2019: €259.9 million), which was significantly reduced in the second quarter. The decrease in the second quarter is primarily attributable to the initial successes from the implementation of the "reduction of working capital" element of the performance program, and exceeded the original targets. Due to the substantially higher average working capital, the average working capital intensity was somewhat higher than the previous year despite increased sales.

The capital employed as of the mid-year reporting date was substantially higher than the comparable reporting date for the previous year. Along with the rise in working capital, the acquisitions of Austrak and the rail milling business of STRABAG carried out at the end of 2018 and the first-time application of IFRS 16 were primarily responsible for the increase. These were also the reasons for the increase in average capital employed in the first half of 2019 compared to December 31, 2018.

Adjusting for the effects from the first-time application of IFRS 16, the net financial debt of the Vossloh Group was largely unchanged compared to the end of 2018. While the dividend payment to the shareholders of Vossloh AG, interest payments and the negative free cash flow increased the net financial debt, inflows from the capital increase served to reduce it.

Capital expenditure

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Core Components	10.2	5.0	6.0	3.8
Customized Modules	3.6	9.8	2.5	6.5
Lifecycle Solutions	5.0	4.9	2.3	3.8
Vossloh AG / Consolidation	0.2	0.2	0.1	0.0
Total	**19.0**	**19.9**	**10.9**	**14.1**

Capital expenditure in the first half of 2019 at the level of the previous year

In the first half of 2019, capital expenditure at the Vossloh Group stood at the level of the previous year. In the Core Components division, capital expenditure increased substantially. The Tie Technologies business unit recorded a particular increase in capital expenditure, which was primarily related to the construction of the new plant for concrete ties in Canada being completed. However, capital expenditure also increased in the Fastening Systems business unit. In the Lifecycle Solutions division, capital expenditure remained virtually unchanged in the first half of 2019 in comparison with the previous year. The largest individual capital expenditure item in this division concerned the purchase of rail transport cars. In the Customized Modules division, on the other hand, capital expenditure decreased. In the previous year, high levels of capital expenditure went towards modernizing the production site for manganese frogs in Outreau, France.

Business performance of Core Components

Higher order backlog for Core Components

In the second quarter of 2019, the orders received in the Core Components division totaled €153.2 million and thus were above the previous year's figure of €138.7 million. This resulted in total orders received of €243.9 million in the first half of 2019 after €181.6 million in the previous year. The increase is attributable to the Tie Technologies business unit. The business division's order backlog substantially exceeded the previous year's figure of €177.2 million by 78.6 percent. As of June 30, 2019, it amounted to €316.5 million.

Orders received in the Fastening Systems business unit of €91.1 million in the second quarter of 2019 were below the previous year's high figure of €113.3 million. Nevertheless, orders received for the first half of 2019 as a whole came to €152.4 million, a slight improvement compared to €148.6 million in the previous year, thanks to the good first quarter. This development was driven by orders received from China, such as the major order for the high-speed route from Hangzhou to Taizhou, which more than compensated for lower order volumes from Italy and Turkey. As of June 30, 2019, the order backlog of the Fastening Systems business unit was €234.2 million (previous year: €138.2 million).

In the Tie Technologies business unit, orders received worth €62.5 million were generated in the second quarter. Compared to €26.3 million in the same period of the previous year, this represented a significant increase of €36.2 million. Orders received in the first six months of 2019 amounted to €94.5 million, substantially higher than the previous year's figure of €33.9 million. This is attributable primarily to the new Group company Austrak, which has been consolidated since December 2018. A significant contribution was made by the major order for concrete ties awarded by Rio Tinto. Orders received also improved in North America. The order backlog at the end of the first half of 2019 totaled €84.1 million (previous year: €39.0 million).

Core Components

		H1/2019	H1/2018	Q2/2019	Q2/2018
Sales revenues	€ mill.	164.8	141.0	92.7	82.5
EBIT	€ mill.	18.4	16.1	12.0	10.5
EBIT margin	%	11.2	11.4	12.9	12.7
Adjusted EBIT	€ mill.	19.2	–	12.8	–
Adjusted EBIT margin	%	11.7	–	13.8	–
ROCE[1,2]	%	13.3	14.8	17.3	19.5
Value added[1,2]	€ mill.	8.1	7.9	6.8	6.4

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

Sales in the Core Components division increased by 16.9 percent in the first six months of 2019 compared to the previous year. This development was primarily attributable to the Tie Technologies business unit.

Sales in the second quarter of 2019 in the Fastening Systems business unit totaled €63.3 million, 5.9 percent below the €67.3 million achieved in the same quarter in the previous year. This resulted in total sales of €109.3 million in the first half of 2019 (previous year: €110.6 million). Lower sales in China were nearly compensated by stronger business in the USA and Russia.

In the second quarter of 2019, the Tie Technologies business unit generated sales revenues of €32.5 million (previous year: €16.0 million). Sales in the first half of 2019 amounted to €61.0 million as a result and were accordingly substantially higher than the previous year's figure of €31.1 million. Although the Australian company Austrak accounted for a significant portion of this, sales in Canada and the USA also increased.

EBIT in the Core Components division was €2.3 million higher in the first half of 2019 than the figure in the same period of the previous year. Adjusting for negative one-time effects on net profit from the performance program amounting to €(0.8) million, the increase in EBIT in comparison with the previous year totaled €3.1 million.

EBIT in the Core Components division substantially higher than previous year

ROCE for the Core Components division decreased in the first six months of 2019 despite higher earnings since the average capital employed was higher than the previous year's figure; this was driven primarily by the increased average working capital and increased fixed assets following the acquisition of Austrak. The value added by the division, on the other hand, slightly improved by €0.2 million compared to the previous year.

The value added of the Fastening Systems business unit of €10.2 million was not quite able to reach the previous year's level of €11.0 million in the first half of 2019. The value added of the Tie Technologies business unit amounted to €(2.1) million (previous year: €(3.1) million).

Core Components

		H1/2019	Fiscal year 2018	H1/2018
Average working capital	€ mill.	90.9	72.7	67.8
Average working capital intensity	%	27.6	24.8	24.1
Average capital employed	€ mill.	276.0	226.2	217.0

Business performance of Customized Modules

Order backlog significantly above the previous year

Orders received in the Customized Modules division totaled €113.4 million in the second quarter of 2019, higher than the previous year's figure of €104.1 million. Overall, orders received totaled €273.4 million in the first half of 2019, a significant increase compared the previous year's figure of €247.8 million driven primarily by the strong first quarter. The order backlog as of June 30, 2019, amounted to €387.4 million, which represents a significant 13.8 percent increase over the previous year's figure of €340.4 million.

Customized Modules

		H1/2019	H1/2018	Q2/2019	Q2/2018
Sales revenues	€ mill.	231.7	234.1	130.7	127.8
EBIT	€ mill.	6.0	12.6	6.3	10.3
EBIT margin	%	2.6	5.4	4.8	8.0
Adjusted EBIT	€ mill.	7.7	–	8.0	–
Adjusted EBIT margin	%	3.3	–	6.1	–
ROCE[1,2]	%	2.6	5.9	5.4	9.6
Value added[1,2]	€ mill.	(11.3)	(3.4)	(2.5)	2.2

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

In the second quarter of 2019, the sales revenues of the Customized Modules division were 2.3 percent higher than in the previous year. In the first half of 2019, sales were slightly below the previous year by €2.4 million. Increased sales in India and Canada were unable to entirely compensate for decreases in Poland, the UK and France.

EBIT for Customized Modules below the previous year

EBIT of the Customized Modules division after the first six months of 2019 was €6.6 million below the previous year's value. In this context, earnings for the first half of 2019 were burdened by one-time effects from the performance program amounting to €1.7 million. When adjusted for one-time effects from the performance program, EBIT was €4.9 million below the previous year's value. Poland, Finland, the UK and the USA provided significantly lower earnings contributions. Earnings contributions from the Swedish market increased.

The ROCE of the Customized Modules division in the first half of 2019 declined compared to the previous year due to the lower EBIT, which was additionally burdened by one-time effects. Average capital employed also increased, due to the first-time application of IFRS 16 among other factors. The value added decreased by €7.9 million. Average working capital slightly increased in the first half of 2019 compared to the previous year's period, along with average working capital intensity.

Customized Modules

		H1/2019	Fiscal year 2018	H1/2018
Average working capital	€ mill.	136.1	136.2	133.5
Average working capital intensity	%	29.4	28.2	28.5
Average capital employed	€ mill.	462.0	432.4	425.0

Business performance of Lifecycle Solutions

In the Lifecycle Solutions division, orders received amounted to €24.3 million in the second quarter of 2019, below the previous year's figure of €27.5 million. This resulted in total orders received of €60.7 million in the first half of 2019 (previous year: €53.1 million). The increase came primarily from Germany and the Netherlands, which outweighed a decline in Denmark. As of June 30, 2019, the order backlog of the Lifecycle Solutions division amounted to €24.7 million (previous year: €29.1 million).

Orders received in Lifecycle Solutions in the first half of 2019 higher than previous year

Lifecycle Solutions

		H1/2019	H1/2018	Q2/2019	Q2/2018
Sales revenues	€ mill.	48.8	46.1	29.7	30.8
EBIT	€ mill.	(1.9)	3.1	0.7	5.0
EBIT margin	%	(3.8)	6.8	2.5	16.1
Adjusted EBIT	€ mill.	1.5	–	4.1	–
Adjusted EBIT margin	%	3.2	–	13.9	–
ROCE[1,2]	%	(2.0)	4.7	1.6	14.6
Value added[1,2]	€ mill.	(8.8)	(1.9)	(2.8)	2.4

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

In the second quarter of 2019, sales revenues in the Lifecycle Solutions division were marginally below the previous year's figure. In the first half of 2019, it was possible to achieve €2.7 million higher sales in comparison with the first half of 2018. Sales increases were achieved primarily in the area of milling, which was expanded following the acquisition of the milling business of STRABAG. The degree of internationalization of the Lifecycle Solutions division's activities, measured in terms of the proportion of sales outside Germany, was 45.0 percent, thereby slightly below the previous year's figure of 46.1 percent.

Increase in sales of 5.9 percent relative to previous year driven by the milling business

EBIT of the Lifecycle Solutions division was burdened by one-time effects from the performance program amounting to €(3.4) million. When adjusted for one-time effects from the performance program, EBIT amounted to €1.5 million, placing it €1.6 million below EBIT for the first half of 2018. This was largely due to lower earnings contributions from vehicle sales.

Due to the lower EBIT, which was also burdened by one-time effects, and a sharp increase in average capital employed following the acquisition of the STRABAG milling business and IFRS 16, both the ROCE and value added were substantially lower than the previous year's level. In addition, the average working capital was above the comparable figure from the previous year, and the average working capital intensity increased accordingly.

Lifecycle Solutions

		H1/2019	Fiscal year 2018	H1/2018
Average working capital	€ mill.	16.1	13.0	10.1
Average working capital intensity	%	16.5	13.0	11.0
Average capital employed	€ mill.	184.2	142.6	134.1

Research and development

A significant portion of research and development at the Vossloh Group occurs through individual contracts. Accordingly, the expenses that arise are recognized under cost of sales and not under the item research and development (R&D). As a result, the Vossloh Group reports relatively low R&D expenses, although the development work performed in the course of projects is significantly higher.

In the first six months of 2019, expenses for research and development at the Vossloh Group totaled €5.2 million, compared to €5.3 million in the same period of the previous year. This corresponds to a slight decrease totaling 2.6 percent. Expenses related to the Locomotives business unit, which is being held for sale, are no longer taken into account in the recognized figures.

In the Core Components division, expenses for research and development totaled €1.9 million in the first half of 2019, compared to €2.0 million in the first half of the previous year. €1.8 million in research and development expenses was attributed to the Customized Modules division in the period from January to June 2019 (previous year: €2.0 million). The Lifecycle Solutions division reported expenses of €1.5 million in the current reporting period, representing a slight increase relative to the previous year (previous year: €1.3 million).

In addition to the research and development costs recognized under expenses, expenditures for development work of €0.5 million were capitalized in the first half of the current fiscal year (previous year: €0.7 million). As in the previous year, these exclusively involved the Lifecycle Solutions division.

Employees

3,910 employees worked for the Vossloh Group as of the end of June 2019

Without taking into account the Locomotives business unit, which is being held for sale, the Vossloh Group had a worldwide total of 3,910 employees as of June 30, 2019. As a result, the number of employees increased in the past twelve months by 132 or 3.5 percent from 3,778. This increase is primarily the result of the acquisitions of the Australian company Austrak and the milling business of STRABAG Rail GmbH.

Employees	Reporting date		Average	
	6/30/2019	6/30/2018	H1/2019	H1/2018
Core Components	889	795	890	780
Customized Modules	2,390	2,422	2,401	2,399
Lifecycle Solutions	567	500	563	494
Vossloh AG	64	61	64	62
Group	**3,910**	**3,778**	**3,918**	**3,735**

The Core Components division reported 94 more employees as of the mid-year reporting date for 2019 compared to the previous year. The Fastening Systems business unit, with 554 employees, reported a total of 24 fewer employees compared to the previous year as of June 30, 2019 (June 30, 2018: 578 employees). By contrast, at Vossloh Tie Technologies, the second business unit of the Core Components division, the number of employees increased within the last twelve months by 118 to 335 employees (June 30, 2018: 217 employees), due to factors which also included the acquisition of Austrak (63 employees). In the Customized Modules division, staff figures slightly decreased from 2,422 on June 30, 2018, to 2,390 employees as of the end of the first half of 2019. A total of 567 employees belonged to the Lifecycle Solutions division as of the end of June 2019, 67 more than at the previous year's reporting date (500 employees). This was mainly due to the acquisition of the milling business of STRABAG and its employees.

As a consequence of the performance program, a significant reduction in the number of employees is expected in the second half of the year. Some provisions for personnel measures have already been recognized as of June 30, 2019, even though a number of the employees in question have not yet left the company and are therefore still included in the reporting date figures.

Share of employees outside Germany of 76.9 percent

At the end of June 2019, a total of 3,006 employees worked for the Vossloh Group outside Germany. This corresponds to an increase of 105 from 2,901 employees as of June 30, 2018. The number of employees working in Germany totaled 904 as of the mid-2019 reporting date (June 30, 2018: 877 employees). As a result, the share of employees working outside Germany remained unchanged at roughly 77 percent as of the 2019 mid-year reporting date.

Forecast, opportunities and risks

The Group management report for the 2018 fiscal year describes the material risks and opportunities for the expected performance of the Vossloh Group. In the course of the ongoing systematic recognition and management of risks through the Group's risk management, no risks are yet recognizable that could signify, individually or collectively, a threat to the existence of the Vossloh Group as a going concern.

On April 23, 2019, the Executive Board of Vossloh AG decided on the essential cornerstones of a performance program for achieving a sustainable increase in profitability as well as an improvement in the self-financing capability and a corresponding reduction in the net financial debt of the Vossloh Group (for further information, please refer to the Explanatory notes on pages 31 et seq.). Negative one-time effects on earnings cannot currently be conclusively quantified for the 2019 fiscal year as a whole, with the exception of the effects reported in the current statements. The EBIT outlook of the Vossloh Group is based on an EBIT adjusted for negative one-time effects on earnings from the performance program.

The detailed forecast for the 2019 fiscal year and an initial assessment for the 2020 fiscal year were published together with the annual report for the 2018 fiscal year on March 28, 2019 (see page 92 et seq. of the 2018 Annual Report). Based on the latest information available, Vossloh assumes sales between €900 million and €1 billion in 2019. In the Core Components division, Vossloh forecasts substantially higher sales revenues than in 2018. This can be attributed primarily to the acquisition of the Australian company Austrak in the Tie Technologies business unit, but higher sales are also expected in the Fastening Systems business unit. Higher sales are also expected in the Customized Modules and Lifecycle Solutions divisions. The increase in sales revenues in the Lifecycle Solutions division is primarily a result of the acquisition of the rail milling business of STRABAG Rail GmbH.

For the operational business, Vossloh assumes an EBIT adjusted for negative one-time effects from the performance program of between €50 million and €60 million, roughly equivalent to the previous year's level. The adjusted EBIT for the Core Components and Customized Modules divisions is currently expected to be higher than the EBIT reported in 2018. For the Lifecycle Solutions division, Vossloh anticipates a lower adjusted EBIT in comparison with the EBIT reported for the previous year. This was due exclusively to the absence of the positive one-time effect in connection with the acquisition of the milling business from STRABAG in 2018. The EBIT for the Vossloh Group reported in the income statement for 2019 is expected to be substantially lower than the previous year due to the aforementioned one-time effects from the performance program.

The original estimate for the 2020 fiscal year remains unchanged. From its current perspective, Vossloh expects Group sales between €950 million and €1.05 billion and EBIT between €65 million and €80 million. An adjustment of EBIT shall only be carried out in 2019. The forecasted improvement in sales and EBIT in 2020 is supported primarily by the high order backlog for rail fastener business in China.

The value added for 2019 will be substantially lower than the previous year's figure due to the negative one-time effects on earnings from the performance program and the first-time application of IFRS 16. The value added will not be adjusted. It is currently not possible to provide a reliable forecast of the average number of employees for the 2019 fiscal year due to the fact that the effects of the performance program are not yet quantifiable and the timing of the effects is still unclear. Vossloh originally forecasted an increase of the average number of employees in the mid-single digit percentage range. The number of employees within the Vossloh Group is expected to decrease substantially by December 31, 2019, in comparison with the end of 2018.

Condensed Interim Financial Statements of the Vossloh Group as of June 30, 2019

Income statement

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Sales revenues	437.1	418.1	247.1	239.8
Cost of sales	(352.1)	(321.7)	(197.1)	(179.6)
General administrative and selling expenses	(74.9)	(72.5)	(38.6)	(38.3)
Research and development costs	(5.2)	(5.3)	(2.6)	(2.9)
Other operating result	6.0	3.6	3.4	1.1
Operating result	**10.9**	**22.2**	**12.2**	**20.1**
Income from investments in companies accounted for using the equity method	2.5	0.2	1.8	0.7
Other financial income	0.3	0.4	0.2	0.4
Other financial expenses	(0.1)	0.0	(0.1)	0.0
Earnings before interest and taxes (EBIT)	**13.6**	**22.8**	**14.1**	**21.2**
Interest income	0.4	0.4	0.1	0.2
Interest expenses	(11.4)	(6.9)	(5.3)	(3.1)
Earnings before taxes (EBT)	**2.6**	**16.3**	**8.9**	**18.3**
Income taxes	(1.0)	(7.1)	(2.3)	(7.8)
Result from continuing operations	**1.6**	**9.2**	**6.6**	**10.5**
Result from discontinued operations	(25.0)	2.0	(7.4)	(0.8)
Net income	**(23.4)**	**11.2**	**(0.8)**	**9.7**
thereof attributable to shareholders of Vossloh AG	**(25.4)**	**8.5**	**(1.5)**	**7.8**
thereof attributable to noncontrolling interests	2.0	2.7	0.7	1.9
Earnings per share				
Basic/diluted earnings per share (€)	(1.58)	0.53	(0.09)	0.49
thereof attributable to continuing operations	(0.02)	0.40	0.37	0.54
thereof attributable to discontinued operations	(1.56)	0.13	(0.46)	(0.05)

Statement of comprehensive income

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Net income	**(23.4)**	**11.2**	**(0.8)**	**9.7**
Changes in fair value of hedging instruments (cash flow hedges)	0.0	0.1	0.0	0.1
Currency translation differences	(0.7)	(1.7)	(3.0)	(1.9)
Amounts that will be transferred to the income statement in future periods	**(0.7)**	**(1.6)**	**(3.0)**	**(1.8)**
Income taxes	0.0	0.2	0.0	0.2
Amounts that will not be transferred to profit or loss in future periods	**0.0**	**0.2**	**0.0**	**0.2**
Income and expenses recognized directly in equity	**(0.7)**	**(1.4)**	**(3.0)**	**(1.6)**
Total comprehensive income	**(24.1)**	**9.8**	**(3.8)**	**8.1**
thereof attributable to shareholders of Vossloh AG	(26.1)	6.9	(4.0)	6.2
thereof attributable to noncontrolling interests	2.0	2.9	0.2	1.9

Cash flow statement for the period from January 1 to June 30, 2019

€ mill.	H1/2019	H1/2018
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	13.6	22.8
EBIT from discontinued operations	(24.0)	2.0
Amortization/depreciation/impairment losses (less write-ups) of noncurrent assets	40.3	18.4
Change in noncurrent provisions	1.7	(1.2)
Gross cash flow	**31.6**	**42.0**
Noncash change in investments in companies accounted for using the equity method	(2.4)	0.0
Other noncash income/expenses, net	(0.7)	(15.7)
Net loss/gain from the disposal of noncurrent assets	(0.2)	(0.1)
Income taxes paid	(2.7)	(4.7)
Change in working capital	(14.9)	(10.0)
Changes in other assets/liabilities, net	(3.5)	6.5
Cash flow from operating activities	**7.2**	**18.0**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(16.1)	(20.9)
Cash-effective dividends from companies accounted for using the equity method	0.1	0.1
Free cash flow	**(8.8)**	**(2.8)**
Proceeds from the disposal of intangible assets and property, plant and equipment	0.5	0.4
Disbursements/proceeds from the purchase/sale of short-term securities	0.1	0.0
Payments for the acquisition of consolidated companies	(3.4)	(1.4)
Cash flow from investing activities	**(18.8)**	**(21.8)**
Cash flow from financing activities		
Net proceeds from additions to equity	48.3	0.0
Disbursements to shareholders and noncontrolling interests	(18.0)	(16.0)
Net financing from short-term loans	12.0	5.9
Net financing from medium-term and long-term loans	0.9	0.2
Repayments from finance leases	(9.8)	0.0
Interest received	0.4	0.4
Interest paid	(10.8)	(6.0)
Cash flow from financing activities	**23.0**	**(15.5)**
Net cash inflow/outflow	11.4	(19.3)
Exchange rate effects	(0.1)	0.1
Opening cash and cash equivalents	**51.0**	**98.1**
Closing cash and cash equivalents	**62.3**	**78.9**

Balance sheet

Assets in € mill.	6/30/2019	12/31/2018	6/30/2018
Intangible assets	300.7	301.3	280.9
Property, plant and equipment	314.0	268.6	217.2
Investment properties	2.1	2.2	2.7
Investments in companies accounted for using the equity method	68.6	66.2	64.5
Other noncurrent financial instruments	7.8	7.7	8.9
Other noncurrent assets	3.3	4.3	3.0
Deferred tax assets	19.6	13.4	17.8
Noncurrent assets	**716.1**	**663.7**	**595.0**
Inventories	200.5	174.8	176.2
Trade receivables	221.0	212.6	202.5
Contract assets	12.4	6.9	6.3
Income tax assets	3.9	7.6	3.9
Other current financial instruments	30.5	27.9	23.4
Other current assets	21.9	18.2	14.9
Short-term securities	0.4	0.5	0.5
Cash and cash equivalents	60.0	48.7	76.7
Current assets	**550.6**	**497.2**	**504.4**
Assets held for sale	177.2	104.5	106.0
Assets	**1,443.9**	**1,265.4**	**1,205.4**

Equity and liabilities in € mill.	6/30/2019	12/31/2018	6/30/2018
Capital stock	49.8	45.3	45.3
Additional paid-in capital	190.3	146.5	146.5
Retained earnings and net income	277.8	318.7	308.3
Accumulated other comprehensive income	0.8	2.0	2.0
Equity excluding noncontrolling interests	**518.7**	**512.5**	**502.1**
Noncontrolling interests	12.8	10.8	17.9
Equity	**531.5**	**523.3**	**520.0**
Pension provisions	22.4	22.1	22.6
Other noncurrent provisions	17.1	17.0	20.3
Noncurrent financial liabilities	303.1	267.9	249.0
Other noncurrent liabilities	10.5	7.4	2.7
Deferred tax liabilities	7.7	7.1	4.3
Noncurrent liabilities	**360.8**	**321.5**	**298.9**
Other current provisions	40.1	36.4	42.1
Current financial liabilities	120.1	88.6	64.3
Current trade payables	153.0	139.2	133.4
Current income tax liabilities	2.3	1.8	6.2
Other current liabilities	90.1	84.0	80.6
Current liabilities	**403.2**	**350.0**	**326.6**
Liabilities held for sale	148.4	70.6	59.9
Equity and liabilities	**1,443.9**	**1,265.4**	**1,205.4**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Hedging transactions	Accumulated other comprehensive income: Remeasurement of defined benefit plans	Equity excluding noncontrolling interests	Noncontrolling interests	Equity
As of 12/31/2017	**45.3**	**146.5**	**321.7**	**4.2**	**(0.6)**	**0.3**	**517.4**	**15.0**	**532.4**
Conversion effects from the application of new standards			(6.2)				(6.2)	0.0	(6.2)
Transfer to retained earnings			0.3			(0.3)	0.0		0.0
Net income			8.5				8.5	2.7	11.2
Income and expenses recognized directly in equity after taxes				(1.9)	0.1	0.2	(1.6)	0.2	(1.4)
Dividend payments			(16.0)				(16.0)		(16.0)
As of 6/30/2018	**45.3**	**146.5**	**308.3**	**2.3**	**(0.5)**	**0.2**	**502.1**	**17.9**	**520.0**
Change in the scope of consolidation	0.0		0.7				0.7		0.7
Net income			9.7				9.7	1.8	11.5
Income and expenses recognized directly in equity after taxes				(0.3)	0.0	0.3	0.0	(0.4)	(0.4)
Dividend payments			0.0				0.0	(8.5)	(8.5)
As of 12/31/2018	**45.3**	**146.5**	**318.7**	**2.0**	**(0.5)**	**0.5**	**512.5**	**10.8**	**523.3**
Transfer to retained earnings			0.5			(0.5)	0.0		0.0
Capital increase	4.5	43.8					48.3		48.3
Net income			(25.4)				(25.4)	2.0	(23.4)
Income and expenses recognized directly in equity after taxes				(0.7)	0.0		(0.7)		(0.7)
Dividend payments			(16.0)				(16.0)		(16.0)
As of 6/30/2019	**49.8**	**190.3**	**277.8**	**1.3**	**(0.5)**	**0.0**	**518.7**	**12.8**	**531.5**

Selected explanatory notes

Corporate background

Vossloh AG is a listed company based in Werdohl, Germany. The Company is registered under HRB 5292 in the commercial register of the Iserlohn Local Court. The Vossloh Group's key activities include the manufacture and sale of rail infrastructure products, as well as the provision of rail-related services (logistics, welding, preventive care).

Accounting policies

The interim financial report of the Vossloh Group as of June 30, 2019, has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. Starting from the 2019 fiscal year, IFRS 16 Leasing is applied. Additional IFRS or interpretations to be applied for the first time had no significant impact on the interim financial statements. This includes the changes to IFRS 3, IFRS 11, IAS 12 and IAS 23 from the 2015-2017 Annual Improvements Project and changes to IFRS 9, IAS 19, IAS 28 and IFRIC 23.

Otherwise, the accounting and valuation methods used in the preparation of the interim financial statements correspond to those of the consolidated financial statements as of December 31, 2018, in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and Standard 16 "Interim Financial Reporting" of the Accounting Standards Committee of Germany. The first-time application of IFRS 9 in the previous year resulted in a delayed effect that had a negligible effect on the balance sheet as of June 30, 2018.

Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, the actual values 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 seasonal effects to a certain degree. The second quarter thus typically shows stronger business development than the first. The calculation of income taxes is based on a tax rate of 31.88 percent for domestic companies. The calculation of income taxes for foreign companies is based on the respective national tax rates.

First-time application of IFRS 16

The new IFRS 16 standard is applied from January 01, 2019, onwards. The central focus of the standard is a modification of the accounting for leasing contracts by the lessee: Except for certain exceptions, rights of use governed by lease agreements will be recognized as assets in the balance sheet, while obligations to pay lease installments established under lease agreements will be recognized as liabilities. The accounting by the lessor has not significantly changed in comparison with the previous regulations of IAS 17.

The initial measurement of the rights of use / obligations is carried out by discounting the expected lease payments using either the interest rate contained in the agreement or the marginal financing rate, which in Vossloh's case is determined by the respective conditions relevant at the time of valuation on the basis of the revolving credit line from the credit agreement concluded in 2017. When determining the lease term to be taken into consideration, any existing extension or termination options of the lessee may be included along with the noncancelable basic term of the lease, insofar as the utilization of these options can be reasonably expected in accordance with the assessment of the relevant Group companies.

Subsequent measurement is carried out based on straight-line depreciation of the initially recognized amount over the assumed term of the lease agreement or over the typical useful life, insofar as a transfer of ownership is certain or can be expected on the basis of the contractual provisions. The lease obligation is updated (compounded) in accordance with the effective interest rate method and reduced upon payment of each lease installment.

The first-time application was subject to the application of the transitional provisions in IFRS 16 without adjustment of the comparative information. In the case of leases that were previously classified as operate leases, the transitional provisions of IFRS 16.C8 (b) ii have been applied.

An amount equal to the payments still outstanding under the lease liability has been applied for the measurement of the right of use. Finance leases in effect at the time of the first-time application only had a negligible effect on retained earnings. The marginal financing rate of Vossloh AG of 1.2 percent p.a. was used for the first-time application.

The impact of the first-time application of IFRS 16 on net income during the reporting period due to the different effects of the remeasurement in the income statement in comparison with the previous approach of recognizing lease installments as expenses is insignificant.

Carrying amounts of recognized rights of use by asset class

€ mill.	6/30/2019
Land and buildings	36.1
Machinery and mechanical equipment	10.8
Office and factory equipment	5.6
Total rights of use from recognized lease agreements	**52.5**

Short-term rights of use with a term of one year at most are not recognized as assets; in the same manner, rights of use of negligible value are not capitalized, and the option under IFRS 16.4 of noncapitalization of rights of use in the case of intangible assets is exercised. Rights of use from lease agreements which expire by the end of the 2019 fiscal year despite originally having a longer term are treated as short-term and not recognized as assets. In the case of lease agreements whose original basic lease term has already expired and which currently continue to exist on the basis of de facto option rights of the contracting parties, the anticipated continued term is determined on the basis of the assessment of the respective management; if there is no indication of a termination, a residual term of ten years is assumed. This also serves to explain a significant element of the difference between the total amount of future rental and lease payments that were reported in the Notes to the 2018 consolidated financial statements and the obligation from lease agreements that were recognized as liabilities at the time of the first-time application:

Reconciliation of future lease payments as of 12/31/2018 from operate leases to the recognized lease obligations at the time of the first-time application

€ mill.	12/31/2018 1/1/2019
Present value of lease obligations from operate leases as of the end of 2018	36.4
Plus obligations from finance leases recognized as of 12/31/2018	5.1
Minus obligations from low-value and short-term leases and leases of intangible assets	(2.2)
Plus effects from the differing treatment of extension options	16.5
Lease obligations recognized as of the time of the first-time application	**55.8**

Effects of the performance program and explanation of the adjusted EBIT

On April 23, 2019, the Executive Board of Vossloh AG approved the essential cornerstones of a performance program for achieving a sustainable increase in profitability as well as an improvement in the self-financing capability and a corresponding reduction in the net financial debt of the Vossloh Group. Among other measures, the program includes reducing the number of employees by roughly 5 percent compared to the end of 2018, as well as a systematic review of unprofitable or disadvantageous activities. Unprofitable/disadvantageous activities encompass all transactions where the Group's expectations for profitability are not being fulfilled. Particular emphasis is placed on unprofitable activities in this context. In individual cases, activities which are not unprofitable may also be affected if these activities jeopardize the attainment of a business unit's target profitability. Activities can also be classified as disadvantageous if they fulfill profitability requirements but could still have a negative impact on the performance of the Vossloh Group for other reasons.

Along with the elements reduction of the number of employees and unprofitable/disadvantageous activities, the program also focuses on reducing overhead, savings in the area of capital expenditure, and intensified measures for the reduction of working capital.

In connection with the performance program, the Vossloh Group also announced in its quarterly statement for the first quarter of 2019 that it would begin reporting an adjusted EBIT along with the start of the mid-year reporting. The adjustment encompasses one-time effects arising from the performance program. From a current perspective, these are mainly anticipated in the elements related to reducing the number of employees (costs for employee redundancies) and unprofitable/disadvantageous activities. In the elements of working capital, capital expenditure and overhead, on the other hand, no significant negative one-time effects are expected.

The present mid-year financial statements incorporate one-time effects amounting to €6.9 million. These almost exclusively relate to provisions for the costs of employee redundancies (primarily severance payments). The corresponding costs are included under cost of sales in an amount of €3.6 million and under general administrative and selling expenses in an amount of €3.2 million; these primarily concern the Rail Services business unit, at €3.4 million. For a complete assignment to the business units, see the overview on page 12 of the management report.

This results in an adjusted EBIT of €20.5 million.

€ mill.	H1/2019	Q2/2019
EBIT reported in the income statement	13.6	14.1
One-time effects from the performance program included in this figure	6.9	6.9
Adjusted EBIT	20.5	21.0

Presentation of discontinued operations

Since December 31, 2017, the Locomotives business unit, which is held for sale, has been disclosed as a discontinued operation in the consolidated financial statements. In these interim financial statements, the income and expenses for the period under review as well as for the comparable period are disclosed in the line item "Result from discontinued operations", while the associated assets and liabilities are included in the consolidated balance sheet in the line items "Assets held for sale" and "Liabilities held for sale", respectively.

The following table shows a breakdown of the income from discontinued operations in the income statement:

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Income	58.2	105.8	35.2	40.2
Expenses	(71.1)	(108.0)	(36.5)	(45.0)
Result from operating activities, before taxes	**(12.9)**	**(2.2)**	**(1.3)**	**(4.8)**
Income taxes	(0.1)	0.3	(1.8)	0.1
Result from operating activities, after taxes	**(13.0)**	**(1.9)**	**(3.1)**	**(4.7)**
Impairment loss on other noncurrent assets	(13.9)	(0.8)	(6.2)	(0.8)
Subsequent effects from former business units	1.9	4.7	1.9	4.7
Result from discontinued operations	**(25.0)**	**2.0**	**(7.4)**	**(0.8)**
thereof attributable to shareholders of Vossloh AG	(25.0)	2.0	(7.4)	(0.8)
thereof attributable to noncontrolling interests	0.0	0.0	0.0	0.0

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

€ mill.	6/30/2019	12/31/2018
Property, plant and equipment	69.7	0.0
Other noncurrent assets	0.9	0.7
Noncurrent assets	**70.6**	**0.7**
Inventories	68.9	69.6
Trade receivables	7.8	9.7
Contract assets	24.4	19.8
Other current assets	3.3	2.5
Cash and cash equivalents	2.2	2.2
Current assets	**106.6**	**103.8**
Assets	**177.2**	**104.5**
Provisions	17.6	19.0
Trade payables	12.4	20.3
Other liabilities	118.4	31.3
Liabilities	**148.4**	**70.6**

The substantial increase in property, plant and equipment in comparison with the previous year's reporting date stems from the first-time application of IFRS 16. As in the previous year, no amounts were recognized directly in equity in the period under review.

Scope of consolidation

The scope of consolidation has not changed significantly compared to the reporting date of December 31, 2018: In the Tie Technologies business unit, a previously insignificant company was included for the first time. Another company in this business unit was removed due to an intragroup merger.

Consequently, as of June 30, 2019, 60 companies (previous year: 60), 17 of which are in Germany (previous year: 17), were consolidated and included in the consolidated interim financial statements as of June 30, 2019. Eleven investments in associated companies (previous year: nine) were accounted for using the equity method, one of which is in Germany (previous year: 0).

Sales revenues

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Sales of products				
Fastening Systems	109.3	110.6	63.3	67.3
Tie Technologies	61.0	31.1	32.5	16.0
Consolidation	(5.5)	(0.7)	(3.1)	(0.8)
Core Components	164.8	141.0	92.7	82.5
Customized Modules	231.7	234.1	130.7	127.8
Lifecycle Solutions	10.8	10.9	7.6	8.8
Consolidation	(8.2)	(3.1)	(6.0)	(1.3)
Group	**399.1**	**382.9**	**225.0**	**217.8**
Services				
Lifecycle Solutions	30.4	30.5	18.5	19.9
Group	**30.4**	**30.5**	**18.5**	**19.9**
Sales revenues from customer-specific manufacturing and from rendering of services				
Lifecycle Solutions	7.6	4.7	3.6	2.1
Group	**7.6**	**4.7**	**3.6**	**2.1**
Sales revenues				
Fastening Systems	109.3	110.6	63.3	67.3
Tie Technologies	61.0	31.1	32.5	16.0
Consolidation	(5.5)	(0.7)	(3.1)	(0.8)
Core Components	164.8	141.0	92.7	82.5
Customized Modules	231.7	234.1	130.7	127.8
Lifecycle Solutions	48.8	46.1	29.7	30.8
Consolidation	(8.2)	(3.1)	(6.0)	(1.3)
Group	**437.1**	**418.1**	**247.1**	**239.8**

Equity

In comparison with the reporting date of June 30, 2018, the capital stock of Vossloh AG increased by € 4,532,514.76 / 1,596,743 shares by the reporting date due to the capital increase carried out in June 2019, and now amounts to €49,857,682.23 divided into 17,564,180 shares. All of these are outstanding. The average number of shares outstanding in the first half of 2019 amounts to 16,020,368 (previous year: 15,967,437).

Earnings per share

		H1/2019	H1/2018
Weighted average of shares outstanding	No.	16,020,368	15,967,437
Net income attributable to Vossloh AG shareholders	€ mill.	(25.4)	8.5
Diluted/basic earnings per share	**€**	**(1.58)**	**0.53**
thereof attributable to continuing operations	€	(0.02)	0.40
thereof attributable to discontinued operations	€	(1.56)	0.13

Additional information on investments in companies accounted for using the equity method

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Result from continuing operations	1.0	(0.5)	0.7	(0.1)
Income and expenses recognized directly in equity	0.2	(0.4)	(0.6)	(0.4)
Total comprehensive income	**1.2**	**(0.9)**	**0.1**	**(0.5)**

Additional information on financial instruments

The table below shows the assignment of the financial assets and liabilities 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 period or the corresponding period in the previous year. The basis for the levels of the hierarchy for the measurement of fair value is the inputs applied. In Level 1, inputs are in the form of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 covers inputs for identical or similar assets/liabilities derived from observable market data. Level 3 is for when no observable market data are available, so a measurement model must be used for fair value.

Assignment to levels of the fair value hierarchy

	Determined based on market prices (Level 1)		Derived from fair value (Level 2)		Measurement not based on fair value (Level 3)	
€ mill.	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Financial assets measured at fair value			0.9	0.4		
Financial liabilities measured at fair value			10.0	8.8		

The following tables present the carrying amounts of financial instruments, their assignment based on measurement category, the required disclosures on fair value pursuant to IFRS 9, and their measurement sources pursuant to IFRS 7. The derivatives in hedging relationships are included though they do not belong to any measurement category of IFRS 9. Due to the scope regulations of IFRS 9, liabilities from lease agreements are not included in the line item "Financial liabilities" unlike to the presentation in the balance sheet.

Carrying amounts, measurement categories and fair values as of June 30, 2019

€ mill.	Carrying amounts acc. to balance sheet 6/30/2019	Measurement pursuant to IFRS 9			
		(Amortized) cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	Fair values as of 6/30/2019
Trade receivables	221.0	221.0			221.0
Securities	0.4	0.0	0.4		0.4
Other financial instruments and other assets	32.4	31.9		0.5	32.4
Cash and cash equivalents	60.0	60.0			60.0
Total financial assets	**313.8**	**312.9**	**0.4**	**0.5**	**313.8**
Financial liabilities	368.1	368.1			368.1
Trade payables	153.0	153.0			153.0
Other liabilities	81.7	71.7	0.1	9.9	81.7
Total financial liabilities	**602.8**	**592.8**	**0.1**	**9.9**	**602.8**

Carrying amounts, measurement categories and fair values as of December 31, 2018

€ mill.	Carrying amounts acc. to balance sheet 12/31/2018	Measurement pursuant to IFRS 9			
		(Amortized) cost	Fair value through OCI (FVOCI)	Fair value through profit or loss (FVTPL)	Fair values 12/31/2018
Trade receivables	212.6	212.6			212.6
Securities	0.5	0.1	0.4		0.5
Other financial instruments and other assets	32.9	32.2		0.7	32.9
Cash and cash equivalents	48.7	48.7			48.7
Total financial assets	**294.7**	**293.6**	**0.4**	**0.7**	**294.7**
Financial liabilities	351.5	351.5			351.5
Trade payables	139.2	139.2			139.2
Other liabilities	70.9	62.1	0.1	8.7	70.9
Total financial liabilities	**561.6**	**552.8**	**0.1**	**8.7**	**561.6**

Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents within the Vossloh Group. Cash pertains to checks and cash on hand and in the bank. Cash equivalents comprise any financial instruments with a maximum term of three months that can be readily converted into cash.

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

Cash flows from continuing and discontinued operations are shown in the table below:

€ mill.	H1/2019		H1/2018	
Cash flow items	Thereof from continuing operations	Thereof from discontinued operations	Thereof from continuing operations	Thereof from discontinued operations
Gross cash flow	39.4	(7.8)	43.9	(1.9)
Cash flow from operating activities	26.3	(19.1)	21.7	(3.7)
Free cash flow	11.0	(19.8)	1.8	(4.6)
Cash flow from investing activities	(18.1)	(0.7)	(21.0)	(0.8)
Cash flow from financing activities	2.9	20.1	(20.4)	4.9
Opening cash and cash equivalents	48.7	2.3	96.3	1.8
Closing cash and cash equivalents	60.0	2.3	76.7	2.2

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.

The segment structure in the three core divisions has not changed compared with the previous year.

The Core Components division contains the Group's range of industrially manufactured serial products that are generally required in large numbers for rail infrastructure projects. The division contains the Fastening Systems and Tie Technologies business units.

Vossloh Fastening Systems is a leading manufacturer of rail fastening systems. The product lineup includes fasteners for every application: from light-rail to heavy-haul and high-speed lines.

Following the acquisition of Rocla Concrete Tie at the beginning of 2017, Vossloh Tie Technologies is also reported under the Core Components division and is now the leading manufacturer of concrete ties in North America, and is also active in Australia following the acquisition of Austrak Pty. Ltd. in the fourth quarter of 2018. It also offers switch ties, concrete elements for slab tracks and crossing panels.

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

As the only business unit in the Lifecycle Solutions division to date, Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection and construction site supervision. It also organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems.

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 – particularly those relating to locomotive servicing and maintenance.

The consolidation includes the elimination of intersegment transactions. This pertains primarily to the offsetting of intra-Group expenses and income, the elimination of intra-Group income from dividends and the offsetting of intra-Group receivables and payables. The consolidation column 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 company so as to provide reconciliation to the consolidated figures for the entire Group.

The accounting methods of all segments are identical and conform to IFRS as endorsed in the EU. 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 income statement is shown below:

Reconciliation of value added to EBIT

€ mill.	H1/2019	H1/2018	Q2/2019	Q2/2018
Value added	(21.0)	(6.3)	(3.4)	6.5
Cost of capital employed	34.6	29.1	17.5	14.7
EBIT	**13.6**	**22.8**	**14.1**	**21.2**

Related party transactions

The consolidated companies of the Vossloh Group regularly engage in business with nonconsolidated Vossloh subsidiaries, joint ventures and associated companies of the Vossloh Group. Additionally, transactions have been carried out with companies of the Knorr-Bremse Group, which are to be considered related-party entities via the majority shareholder of Vossloh AG, Mr. Heinz Hermann Thiele. All transactions with these companies are carried out at arm's length. The table below presents the income/expenses and receivables/payables recognized in the consolidated financial statements that originate from related-party transactions. These are mainly transactions with nonconsolidated subsidiaries. Business transactions with related persons during the reporting period were immaterial on the whole.

€ mill.	H1/2019 or 6/30/2019	H1/2018 or 6/30/2018
Sale or purchase of goods		
Sales revenues from the sale of finished goods and WIP	4.5	7.4
Cost of materials from the purchase of finished goods and WIP	3.8	4.6
Trade receivables	9.7	13.7
Trade payables	4.5	1.5
Sale or purchase of other assets		
Gains	0.0	0.1
Receivables from the sale of other assets	4.4	0.2
Liabilities from the purchase of other assets	1.2	1.1
Services rendered or received		
Income from services rendered	0.7	0.4
Expenses for services received	0.2	0.6
Financing		
Interest income from financial loans granted	0.0	0.1
Interest expense from financial loans received	0.0	0.0
Receivables on financial loans granted	3.4	7.1
Provision of guarantees and collateral		
Provision of guarantees	3.2	5.5
Provision of other collateral	0.0	1.3

Contingent liabilities

Contingent liabilities went down to €23.1 million, an increase of €3.5 million compared to June 30, 2018. €9.0 million was attributable to contingent liabilities for the former Electrical Systems business unit sold with effect from January 31, 2017. 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 €3.5 million (previous year: €5.8 million), of which €3.2 million (previous year: €5.5 million) are attributed to nonconsolidated affiliated companies and €18.3 million (previous year: €20.8 million) for letters of comfort, of which €9.6 million (previous year: €12.1 million) was attributable to nonconsolidated companies. The remaining contingent liabilities of €1.3 million stem from the provision of collateral for third-party liabilities (previous year: €0.0 million). The risk of a claim is considered unlikely for all of the listed contingent liabilities.

Segment information by division and business unit*

			Fastening Systems	Tie Technologies	Consolidation	Core Components	Customized Modules (Switch Systems)
Value added	H1/2019	€ mill.	10.2	(2.1)	0.0	**8.1**	**(11.3)**
	H1/2018	€ mill.	11.0	(3.1)	0.0	**7.9**	**(3.4)**
	Q2/2019	€ mill.	7.3	(0.5)	0.0	**6.8**	**(2.5)**
	Q2/2018	€ mill.	8.3	(1.8)	(0.1)	**6.4**	**2.2**
Information from income statement/flow figures							
External sales revenues	H1/2019	€ mill.	100.6	56.6	0.0	**157.2**	**231.6**
	H1/2018	€ mill.	107.0	30.6	0.0	**137.6**	**233.8**
	Q2/2019	€ mill.	58.5	28.9	0.0	**87.4**	**130.7**
	Q2/2018	€ mill.	65.0	15.9	0.0	**80.9**	**127.7**
Internal sales revenues	H1/2019	€ mill.	8.7	4.4	(5.5)	**7.6**	**0.1**
	H1/2018	€ mill.	3.6	0.5	(0.7)	**3.4**	**0.3**
	Q2/2019	€ mill.	4.8	3.6	(3.1)	**5.3**	**0.0**
	Q2/2018	€ mill.	2.3	0.1	(0.8)	**1.6**	**0.1**
Depreciation/amortization	H1/2019	€ mill.	3.9	5.8	0.0	**9.7**	**8.8**
	H1/2018	€ mill.	3.5	4.3	0.0	**7.8**	**6.5**
	Q2/2019	€ mill.	1.9	2.7	0.0	**4.6**	**4.5**
	Q2/2018	€ mill.	1.6	2.4	0.0	**4.0**	**3.2**
Investments in noncurrent assets	H1/2019	€ mill.	4.8	5.4	0.0	**10.2**	**3.6**
	H1/2018	€ mill.	2.8	2.2	0.0	**5.0**	**9.8**
	Q2/2019	€ mill.	2.2	3.8	0.0	**6.0**	**2.5**
	Q2/2018	€ mill.	1.9	1.9	0.0	**3.8**	**6.5**
Income from investments in companies accounted for using the equity method	H1/2019	€ mill.	1.2	0.0	0.0	**1.2**	**0.9**
	H1/2018	€ mill.	0.4	0.0	0.0	**0.4**	**(0.1)**
	Q2/2019	€ mill.	0.9	0.0	0.0	**0.9**	**0.6**
	Q2/2018	€ mill.	0.5	0.0	0.0	**0.5**	**0.3**
Result from discontinued operations	H1/2019	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
	H1/2018	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
	Q2/2019	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
	Q2/2018	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
Impairment losses	H1/2019	€ mill.	0.0	0.0	0.0	**0.0**	**0.1**
	H1/2018	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
	Q2/2019	€ mill.	0.0	0.0	0.0	**0.0**	**0.1**
	Q2/2018	€ mill.	0.0	0.0	0.0	**0.0**	**0.0**
Information from the balance sheet							
Total assets	6/30/2019	€ mill.	206.7	200.3	(2.8)	**404.2**	**660.2**
	6/30/2018	€ mill.	209.1	134.3	(0.9)	**342.5**	**597.4**
Liabilities	6/30/2019	€ mill.	115.7	69.6	(2.8)	**182.5**	**364.4**
	6/30/2018	€ mill.	107.6	39.9	(0.9)	**146.6**	**312.5**
Investments in companies accounted for using the equity method	6/30/2019	€ mill.	5.1	0.0	0.0	**5.1**	**51.0**
	6/30/2018	€ mill.	5.2	0.0	0.0	**5.2**	**49.1**
Average headcount (monthly values)	H1/2019	No.	570	320	–	**890**	**2,401**
	H1/2018	No.	582	198	–	**780**	**2,399**

*For more segment information, see page 37 et seq.

Lifecycle Solutions (Rail Services)	Locomotives (discontinued operations)	Consolidation	Transportation	Holding companies	Consolidation	Group
(8.8)	(23.8)	23.7	(0.1)	(10.9)	2.0	(21.0)
(1.9)	(7.8)	7.6	(0.2)	8.0	(16.7)	(6.3)
(2.8)	(9.5)	9.5	0.0	(4.8)	(0.1)	(3.4)
2.4	(7.7)	7.6	(0.1)	13.7	(18.1)	6.5
46.4	58.1	(58.1)	0.0	0.1	0.0	435.3
44.8	105.8	(105.8)	0.0	0.0	0.0	416.2
28.0	35.2	(35.2)	0.0	0.0	0.0	246.1
30.0	40.3	(40.3)	0.0	0.0	0.0	238.6
2.4	0.0	0.0	0.0	0.0	(8.3)	1.8
1.3	0.0	0.0	0.0	0.1	(3.2)	1.9
1.7	0.0	0.0	0.0	0.0	(6.0)	1.0
0.8	0.0	0.0	0.0	0.0	(1.3)	1.2
6.7	8.6	(8.6)	0.0	0.3	0.0	25.5
3.0	2.5	(2.5)	0.0	0.3	0.0	17.6
3.4	4.8	(4.8)	0.0	0.2	0.0	12.7
1.5	1.4	(1.4)	0.0	0.2	0.0	8.9
5.0	0.7	(0.7)	0.0	0.2	0.0	19.0
4.9	0.9	(0.9)	0.0	0.2	0.0	19.9
2.3	0.4	(0.4)	0.0	0.1	0.0	10.9
3.8	0.6	(0.6)	0.0	0.0	0.0	14.1
0.4	0.0	0.0	0.0	0.0	0.0	2.5
(0.1)	(0.1)	0.1	0.0	0.0	0.0	0.2
0.3	0.0	0.0	0.0	0.0	0.0	1.8
(0.1)	(0.1)	0.1	0.0	0.0	0.0	0.7
0.0	(26.3)	0.0	(26.3)	0.0	1.3	(25.0)
0.0	(2.7)	0.0	(2.7)	0.0	4.7	2.0
0.0	(8.9)	0.0	(8.9)	0.0	1.5	(7.4)
0.0	(5.5)	0.0	(5.5)	0.0	4.7	(0.8)
0.0	0.0	0.0	0.0	0.0	0.0	0.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0
236.9	206.3	(28.9)	177.4	1,336.4	(1,371.2)	1,443.9
177.8	130.8	(24.3)	106.5	1,252.3	(1,271.1)	1,205.4
222.3	200.9	(148.9)	52.0	611.8	(669.1)	763.9
165.9	107.1	(61.2)	45.9	565.7	(611.1)	625.5
12.5	0.0	0.0	0.0	–	–	68.6
10.2	0.1	(0.1)	0.0	–	–	64.5
563	489	(489)	0	64	–	3,918
494	427	(427)	0	62	–	3,735

Responsibility statement

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the Group interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Werdohl, Germany, July 24, 2019

Vossloh AG
The Executive Board

Andreas Busemann, Volker Schenk, Oliver Schuster

Limited Review Report

To Vossloh Aktiengesellschaft, Werdohl/Germany

We performed a limited review of the condensed interim consolidated financial statements, comprising the statement of comprehensive income, the cash flow statement, the balance sheet as of 30 June 2019, the statement of changes in equity as well as selected explanatory notes, and the interim group management report of Vossloh Aktiengesellschaft, Werdohl/Germany, for the period from 1 January 2019 to 30 June 2019, which are components of the semiannual financial report in accordance with Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim financial statements of Vossloh Group in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports, is the responsibility of the Company's executive directors. Our responsibility is to issue a report on the interim consolidated financial statements and on the interim group management report based on our limited review.

We conducted our limited review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German Generally Accepted Standards for Limited Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the limited review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports. A limited review is primarily limited to inquiries of the Company's employees and to analytical assessments and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our limited review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of Vossloh Aktiengesellschaft, Werdohl/Germany, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports.

Düsseldorf/Germany, 24 July 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

André Bedenbecker	René Kadlubowski
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar 2019

Publication of interim report/interim financial statements as of September 30, 2019	October 24, 2019

Financial calendar 2020

Publication of consolidated financial statements 2019	March 2020
Press conference	March 2020
Investor and analyst conference	March 2020
Annual General Meeting	May 2020

Investor Relations

Contact	Dr. Daniel Gavranovic
Email	investor.relations@vossloh.com
Phone	+49 (0)2392/52-609
Fax	+49 (0)2392/52-219

Creditor Relations

Contact	Christiane Konrad
Email	christiane.konrad@vossloh.com
Phone	+49 (0)2392/52-263
Fax	+49 (0)2392/52-264

Corporate Communications

Contact	Gundolf Moritz (Mirnock Consulting)
Email	presse@vossloh.com
Phone	+49 (0)2392/52-608
Fax	+49 (0)2392/52-538

Vossloh AG's Board Members

Executive Board	Andreas Busemann (Chief Executive Officer)
	Volker Schenk
	Oliver Schuster
Supervisory Board	Ulrich M. Harnacke, Independent Accountant, Tax Advisor and Business Consultant, Mönchengladbach, Chairman
	Dr. Sigrid Evelyn Nikutta, Chairwoman of the Executive Board and responsible for Operations at Berliner Verkehrsbetriebe (BVG) AöR, Berlin, Deputy Chairwoman
	Prof. Dr. Anne d'Arcy, Full Professor for Corporate Governance and Management Control, Vienna, Austria
	Dr. Bernhard Düttmann, Independent Business Consultant, Meerbusch
	Andreas Kretschmann, Certified Social Security Professional, Neuenrade
	Michael Ulrich, Machinist, Kiel

www.vossloh.com Vossloh Aktiengesellschaft · Vosslohstrasse 4 · 58791 Werdohl, Germany · PO Box 18 60 · 58778 Werdohl, Germany
Phone +49 (0)2392/52-0 · Fax +49 (0)2392/52-219