

VTG AG

QUARTERLY STATEMENT 9M/2016

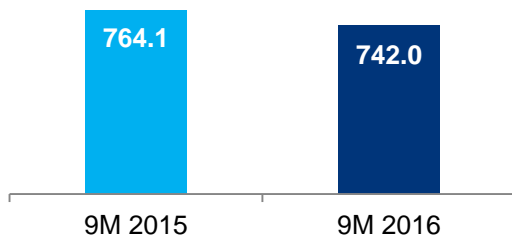
In the first nine months of the current year, with revenues slightly declining, VTG achieved a stable operating income (EBITDA). At the same time, earnings per share (EPS), increased over-proportionately to € 1.24, the highest nine-month figure since the IPO in 2007. The basis of this positive development are the measures initiated since the acquisition of AAE to strengthen the competitiveness of the Group: By achieving synergies from the takeover of AAE, improving efficiency and a significantly lower interest burden we were able to enhance our profitability through our own efforts.

The utilization of our fleet as per September 30, 2016, at 89.8 %, was slightly up over the value obtained in the previous year. Investments were slightly higher than in the previous year, amounting to € 154.8 m, whereas a

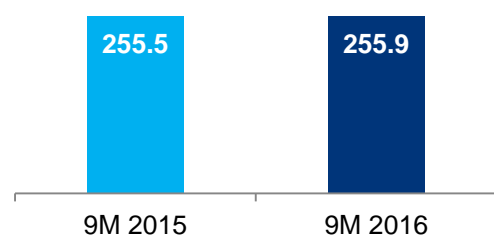
larger part than in 2015 was financed by operate lease. Furthermore, in the third quarter of 2016 the “Initiative 2020” was started. We are pooling the upcoming replacement investments of the next years and thus benefiting from better purchase conditions for new builds. The wagons ordered in the previous quarter and in the months to come will be gradually delivered to our customers.

The Executive Board confirms its outlook for the current year updated in August, according to which Group revenue will be slightly below the level of the previous year (€ 1.03 billion). The forecast EBITDA range of € 345 m to 355 m is still expected to be met at the lower end.

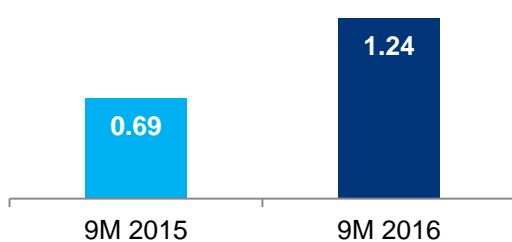
Revenue
(in € million)



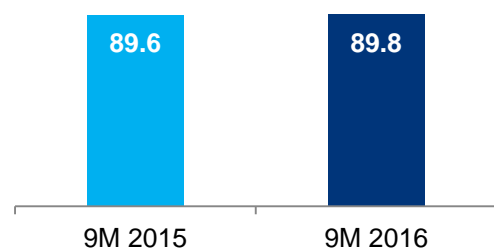
EBITDA
(in € million)



Earnings per share
(in €)



Utilization
(in %)



Business trend

Results of the VTG Group

in € million	9M 2016	9M 2015	Δ
Revenue	742.0	764.1	- 2.9 %
EBITDA	255.9	255.5	+ 0.2 %
EBIT	115.9	111.2	+ 4.2 %
EBT	69.2	41.9	+ 65.2 %
EPS (in €)	1.24	0.69	+ 79.7 %

- Revenue slightly below, EBITDA somewhat above previous year. EPS clearly improved.
- Revenue: A different way of revenue presentation as well as a generally weaker demand lead to a slight decline in revenue.
- EBITDA: The operating result is slightly above the level of the previous year. Synergies and process optimizations realized as well as a positive balance of nonrecurring income and expenses compensated the somewhat weaker trend in revenue.
- EBIT: The EBIT is above the previous year's level.
- EBT: Considerably lower interest expenses resulting from the refinancing realized in December 2015 as well as the discontinuation of negative one-time effects in the financial result led to an increase in EBT of more than 60 %.
- Earnings per share climbed to the highest nine-month figure since VTG's IPO in 2007.

Capital market

VTG's share performance

in €	9M 2016	2015	Δ
Closing price	25.25	28.44	- 11.2 %
High	28.08	29.75	
Low	24.77	18.30	
Market capitalization	726 m	818 m	- 11.2 %

- A disappointing global economy and a low oil price led to a weak start to the year at the German stock market. In mid-February, a recovery phase set in which was only shortly interrupted by the Brexit shock in June.
- In the third quarter, DAX and SDAX recorded a plus of 8.6 % and 5.7 % respectively. Over the year, the DAX was down 2.2 % and the SDAX was up 2.0 %.
- After a sharp stock price increase in the previous year, VTG's share showed a weaker development than the market in the course of the current year. Its performance stood at -9.6 % at the end of September (including dividends).
- After the balance sheet date, an infrastructure fund of the US bank Morgan Stanley acquired the complete block of shares of 29 % from the former major shareholder Andreas Goer at a price of € 29 per share. The purchase contract is still subject to approval by the relevant antitrust authorities.

Results of divisions

Railcar

in € million	9M 2016	9M 2015	Δ
Revenue	387.7	403.0	- 3.8 %
EBITDA	255.5	253.8	+ 0.7 %
EBITDA margin	65.9 %	63.0 %	+ 2.9 PP
Utilization	89.8 %	89.6 %	+ 0.2 PP
No. of Wagons	81,900	81,900	-

- Roughly one third of the decline in revenue is due to a different way of presentation: Due to a shift from external to internal revenue generated by the workshops, a major part of revenue is eliminated without affecting profit and loss (€ -5.2 m). In addition, financials of the previous year included revenue generated with a wagon fleet (€ 1.2 m) that was sold to an investor in the second quarter of 2015.
- Furthermore, there still is a weaker demand in the European hiring business for some wagon types. In particular, the low diesel price and a reduced truck toll had a negative impact on the intermodal business.
- Nonetheless, the utilization rate of the total fleet even slightly increased over the previous year. While the hiring rates showed a stable development as expected, a change in the product mix was responsible for the major part of the decline in revenue.
- Synergies from the takeover of AAE were partly able to compensate for the decline in revenue.
- The EBITDA of the third quarter contains extraordinary income of € 6 m (mainly a compensation payment for a potential damage claim). On the other hand, bad debt provisions amounted to € 2.8 m.
- The EBITDA margin increased by 2.9 percentage points to 65.9 %.

Rail Logistics

in € million	9M 2016	9M 2015	Δ
Revenue	233.7	236.5	- 1.2 %
EBITDA	4.7	2.3	+ 105.4 %
EBITDA margin*	22.0 %	11.2 %	+ 10.8 PP

* calculated on gross profit

- The discontinuation of low margin business, further production downtimes at customers in the third quarter and the continuing low demand for transport of agricultural goods curbed the development of revenue. The transport of liquid goods, however, as well as the business in Eastern Europe showed a positive development.
- The operating result (EBITDA) more than doubled over the result of the previous year. This development was boosted by focusing on high-margin business and implementing process optimizations.

Tank Container Logistics

in € million	9M 2016	9M 2015	Δ
Revenue	120.6	124.6	- 3.2 %
EBITDA	7.7	10.1	- 23.8 %
EBITDA margin*	36.0 %	46.8 %	- 10.8 PP

* calculated on gross profit

- During the first nine months, transports showed a positive development worldwide, although a keen competition continued to put strain on revenues.
- The decline in EBITDA in the first nine months is mostly owned to extraordinary income in the previous year amounting to € 1.5 m resulting from the sale of an associated company.
- In addition, an unexpected slump in demand for transports in Europe in the third quarter affected the up to then positive earnings development.

Financial position and net assets

Cash flow

in € million	9M 2016	9M 2015	Δ
Operating cash flow	226.1	209.5	+ 16.6
Investing cash flow	- 112.7	- 57.2	- 55.5
Financing cash flow	- 110.9	- 138.0	+ 27.1

- The increase in the operating cash flow is predominantly due to the sale of wagons from current assets to leasing companies.
- The cash flow from investing activities of the previous year was positively impacted by the sale of a fleet and by the takeover of AAE (effect: € 69.9 m).
- The cash flow used in financing activities of the previous year is characterized by a range of financing effects from the takeover of AAE.
- Lower interest payments due to the refinancing realized in December 2015 led to an improved cash flow from financing activities in the current year.

Investments

in € million	9M 2016	9M 2015	Δ
Investments	154.8	142.8	+ 12.0
thereof:			
fixed assets	113.7	137.6	- 23.9
operate lease	41.1	5.2	+ 35.9
Order book (quantity)	2,500	2,500	-

- Investments were slightly above the level of the previous year.
- The significant increase of operate lease investments is mainly caused by financing a fleet in the UK and by postponements from last year.
- Due to the high level of operate leasing, investments in fixed assets were below the level of the previous year.
- Initiative 2020: VTG has pooled a part of the maintenance investments to be made by 2020 and in doing so benefits from economies of scale and the currently low steel price. Orders will be placed within the next months and comprise new standard wagons, tank cars and pressure gas tank cars.

Net assets

in € million	09/30/2016	12/31/2015
Assets	3,006.4	3,047.1
non-current	2,669.5	2,708.1
current	336.9	339.0
Equity	748.2	748.2
Equity ratio (in %)	24.9	24.6
Liabilities	2,258.2	2,298.9
non-current	1,947.9	1,934.7
current	310.3	364.2

- Total assets of the VTG Group remained almost the same as on the reference day 12/31/2015.
- Non-current debt is covered by non-current assets.
- The equity ratio of 24.9 % continues to be at a good level.

Opportunities and risks

The VTG Group's 2015 annual report sets out significant opportunities and risks that could have an impact on the business situation, net assets, financial position or results of operations of the VTG Group. It also sets out the structure of the Group's risk management system. In the nine months of 2016, no further significant risks or opportunities emerged beyond those already set out in the VTG Group's 2015 annual report. There are therefore currently no known risks whose occurrence, alone or in combination with other risks, could endanger the company as a going concern. In relation to this, please also refer to the section "Cautionary note regarding forward-looking statements".

Report on expected developments

The Executive Board of VTG confirms its outlook updated in August. Accordingly, Group revenue is expected to be slightly below the value of the previous year (€ 1.03 billion). The forecast range of the EBITDA of between € 345 and 355 million is expected to be met at the lower end.

Cautionary note regarding forward-looking statements

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

CONSOLIDATED INCOME STATEMENT

in € million	9M 2016	9M 2015	Q3 2016	Q3 2015
Revenue	742.0	764.1	248.7	251.8
Changes in inventories	1.7	1.3	-	1.4
Other operating income	20.7	23.1	10.4	6.8
Cost of materials	-331.4	-347.7	-109.9	-113.4
Personnel expenses	-70.9	-73.1	-23.8	-23.9
Other operating expenses	-109.5	-113.7	-36.5	-35.7
Earnings from companies accounted for using the equity method	3.3	1.5	1.2	0.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	255.9	255.5	90.1	87.5
Impairment, amortization and depreciation	-140.0	-144.3	-46.9	-47.7
Earnings before interest and taxes (EBIT)	115.9	111.2	43.2	39.8
Financing income	1.2	3.3	0.6	0.4
Financing expenses	-47.9	-72.6	-15.7	-26.5
Financial result (net)	-46.7	-69.3	-15.1	-26.1
Earnings before taxes (EBT)	69.2	41.9	28.1	13.7
Taxes on income and earnings	-24.2	-15.1	-9.8	-5.0
Group net profit	45.0	26.8	18.3	8.7
Thereof relating to:				
Shareholders of VTG Aktiengesellschaft	35.6	19.9	15.1	7.8
Vendor Loan Note	-	0.8	-	-
Hybrid capital investors	9.4	8.5	3.2	3.2
Non-controlling interests	-	-2.4	-	-2.3
	45.0	26.8	18.3	8.7
Earnings per share (in €, undiluted and diluted)	1.24	0.69	0.53	0.27

CONSOLIDATED BALANCE SHEET

ASSETS in € million	09/30/2016	12/31/2015
Goodwill	340.5	340.5
Other intangible assets	93.9	99.2
Tangible fixed assets	2,155.2	2,197.4
Companies accounted for using the equity method	29.9	29.9
Other investments	2.9	2.9
Derivative financial instruments	0.1	0.5
Other financial assets	16.2	10.9
Other assets	0.1	0.2
Deferred income tax assets	30.7	26.6
Non-current assets	2,669.5	2,708.1
Inventories	31.7	24.1
Trade receivables	147.0	148.2
Derivative financial instruments	4.2	0.2
Other financial assets	21.7	18.8
Other assets	31.4	47.6
Current income tax assets	2.4	2.3
Cash and cash equivalents	98.5	97.8
Current assets	336.9	339.0
	3,006.4	3,047.1
SHAREHOLDERS' EQUITY AND LIABILITIES in € million	09/30/2016	12/31/2015
Subscribed capital	28.8	28.8
Additional paid-in capital	323.7	323.7
Retained earnings	139.3	136.5
Revaluation reserve	0.1	-0.2
Equity attributable to shareholders of VTG Aktiengesellschaft	491.9	488.8
Equity attributable to hybrid capital investors of VTG Aktiengesellschaft	256.3	259.4
Equity	748.2	748.2
Provisions for pensions and similar obligations	79.7	71.1
Deferred income tax liabilities	158.6	148.6
Other provisions	7.5	10.6
Financial liabilities	1,667.9	1,663.9
Derivative financial instruments	34.2	40.5
Non-current liabilities	1,947.9	1,934.7
Provisions for pensions and similar obligations	3.6	3.4
Current income tax liabilities	21.9	21.5
Other provisions	52.8	59.0
Financial liabilities	77.7	101.7
Trade payables	121.5	131.6
Derivative financial instruments	15.6	20.6
Other financial liabilities	7.8	16.5
Other liabilities	9.4	9.9
Current liabilities	310.3	364.2
	3,006.4	3,047.1

CONSOLIDATED CASH FLOW STATEMENT

in € million	9M 2016	9M 2015
Operating activities		
Group net profit	45.0	26.8
Impairment, amortization and depreciation	140.0	144.3
Financing income	-1.2	-3.3
Financing expenses	47.9	72.6
Taxes on income and earnings	24.2	15.1
EBITDA	255.9	255.5
Other non-cash expenses and income	-1.4	-
Dividends from companies accounted for using the equity method	1.8	1.5
Income taxes paid	-12.9	-14.7
Income taxes reimbursed	0.4	4.6
Profit/loss on disposals of fixed asset items	-3.2	-8.5
Changes in		
Inventories	-4.1	1.5
Trade receivables	3.5	-8.3
Trade payables	-5.8	-1.3
Other assets and liabilities	-8.1	-20.8
Cash flows from operating activities	226.1	209.5
Investing activities		
Payments for investments in intangible and tangible fixed assets	-120.0	-131.8
Proceeds from disposal of intangible and tangible fixed assets	6.2	64.0
Proceeds from disposal of non-current assets held for sale	-	1.3
Proceeds from / payments for investments in financial assets and company acquisitions (less cash and cash equivalents received)	0.7	10.4
Proceeds from disposal of financial assets	0.2	0.1
Financial receivables (incoming payments)	3.4	2.0
Financial receivables (outgoing payments)	-3.8	-4.3
Receipts from interest	0.6	1.1
Cash flows used in investing activities	-112.7	-57.2
Financing activities		
Dividend payment to VTG AG shareholders	-14.4	-12.9
Payment for the acquisition of non-controlling interests	-5.5	-
Payment to non-controlling interests	-0.7	-
Transaction costs relating to equity transactions	-	-1.0
Raising of hybrid capital	-	172.9
Dividend payment to hybrid capital investors	-12.5	-
Repayment of vendor loan note	-	-86.2
Receipts from the taking up of (financial) loans	18.3	54.9
Repayments of bank loans and other financial liabilities	-46.9	-199.9
Interest payments	-49.2	-65.8
Cash flows used in financing activities	-110.9	-138.0
Change in cash and cash equivalents	2.5	14.3
Effect of changes in exchange rates	-1.8	1.8
Balance at beginning of period	97.8	80.4
Balance of cash and cash equivalents at end of period	98.5	96.5
of which freely available funds	95.7	88.8

Key figures by division

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015
External revenue	387.7	403.0	233.7	236.5	120.6	124.6	-	-	742.0	764.1
Internal revenue	21.8	19.4	2.4	1.2	0.1	0.2	-24.3	-20.8	0.0	0.0
Changes in inventories	1.7	1.3	-	-	-	-	-	-	1.7	1.3
Segment revenue	411.2	423.7	236.1	237.7	120.7	124.8	-24.3	-20.8	743.7	765.4
Segment cost of materials*	-23.0	-33.4	-214.9	-217.5	-99.4	-103.2	23.7	19.8	-313.6	-334.3
Segment gross profit	388.2	390.3	21.2	20.2	21.3	21.6	-0.6	-1.0	430.1	431.1
Other segment income and expenditure	-132.7	-136.5	-16.5	-17.9	-13.6	-11.5	-11.4	-9.7	-174.2	-175.6
Segment earnings before interest, taxes, depreciation and amortization (EBITDA)	255.5	253.8	4.7	2.3	7.7	10.1	-12.0	-10.7	255.9	255.5
Impairment, amortization of intangible and depreciation of tangible fixed assets	-134.7	-137.4	-1.1	-1.4	-3.9	-5.0	-0.3	-0.5	-140.0	-144.3
thereof impairments**	-	-	-	-	-	-1.3	-	-	0.0	-1.3
Segment earnings before interest and taxes (EBIT)	120.8	116.4	3.6	0.9	3.8	5.1	-12.3	-11.2	115.9	111.2
thereof earnings from companies accounted for using the equity method	3.1	1.4	-	-	0.2	0.1	-	-	3.3	1.5
Financial result	-44.2	-67.4	-0.3	-0.6	-0.5	-0.6	-1.7	-0.7	-46.7	-69.3
Earnings before taxes (EBT)	76.6	49.0	3.3	0.3	3.3	4.5	-14.0	-11.9	69.2	41.9
Taxes on income and earnings									-24.2	-15.1
Group net profit									45.0	26.8

* To a minor extent, income has been offset against the cost of materials of the segments.

** The impairments relate to financial assets.

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
External revenue	133.0	130.6	78.1	78.8	37.6	42.4	-	-	248.7	251.8
Internal revenue	7.2	6.6	0.7	0.7	-	0.1	-7.9	-7.4	0.0	0.0
Changes in inventories	-	1.4	-	-	-	-	-	-	0.0	1.4
Segment revenue	140.2	138.6	78.8	79.5	37.6	42.5	-7.9	-7.4	248.7	253.2
Segment earnings before interest, taxes, depreciation and amortization (EBITDA)	90.0	86.2	2.1	1.1	1.9	3.5	-3.9	-3.3	90.1	87.5
Segment earnings before interest and taxes (EBIT)	44.9	40.4	1.7	0.6	0.6	2.2	-4.0	-3.4	43.2	39.8
Earnings before taxes (EBT)	30.5	15.1	1.7	0.4	0.4	2.0	-4.5	-3.8	28.1	13.7

Management of capital structure

in € million	09/30/2016	12/31/2015
Financial liabilities	1,745.6	1,765.7
Correction, deduction of transaction costs	11.4	13.0
Cash and cash equivalents	-98.5	-97.8
Investment securities	-0.3	-0.3
Financial receivables	-13.6	-13.1
Net financial debt	1,644.6	1,667.5
Provisions for pensions	83.3	74.5
Adjusted net financial debt	1,727.9	1,742.0
EBITDA	345.0*	336.5
Ratio of adjusted net financial debt / EBITDA	5.0*	5.2

* Lower end of 2016 EBITDA forecast.

Other financial commitments

in € million	due within 1 year		between 1 and 5 years		more than 5 years		Total	
	09/30/ 2016	12/31/ 2015	09/30/ 2016	12/31/ 2015	09/30/ 2016	12/31/ 2015	09/30/ 2016	12/31/ 2015
	Obligations from rental, leasehold and leasing agreements	44.5	43.1	112.4	96.8	48.5	44.0	205.4
Purchase commitments	102.3	58.9	118.5	129.9	-	-	220.8	188.8
Total	146.8	102.0	230.9	226.7	48.5	44.0	426.2	372.7

Material events after the balance sheet date

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

FINANCIAL CALENDAR AND CONTACT INFORMATION

Financial calendar 2017

February	Preliminary Results FY 2016
April 6	Annual Report FY 2016
April 6	Annual Results Press Conference, Hamburg
April 6	Analyst Conference, Hamburg
May 4	Quarterly Statement Q1 2017
June 8	Annual General Meeting, Hamburg
August 29	Half-yearly Financial Report 2017
November 9	Quarterly Statement Q3 2017

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