CONNECTING WORLDS.

Annual Report 2014
of VTG Aktiengesellschaft

VTG

CONNECTING WORLDS.

For more than 60 years now, we have been successful in our business. And we want more. We want to keep offering our customers our mobile infrastructure solutions in the future to ensure their success.

This calls for us to apply our imagination to our company and, even more so, to the changing environment. And this requires a foundation on which new ideas can thrive. By collaborating closely, we are strengthening our powers of innovation and creating the right conditions for generating transport solutions that will also meet the needs of the future.

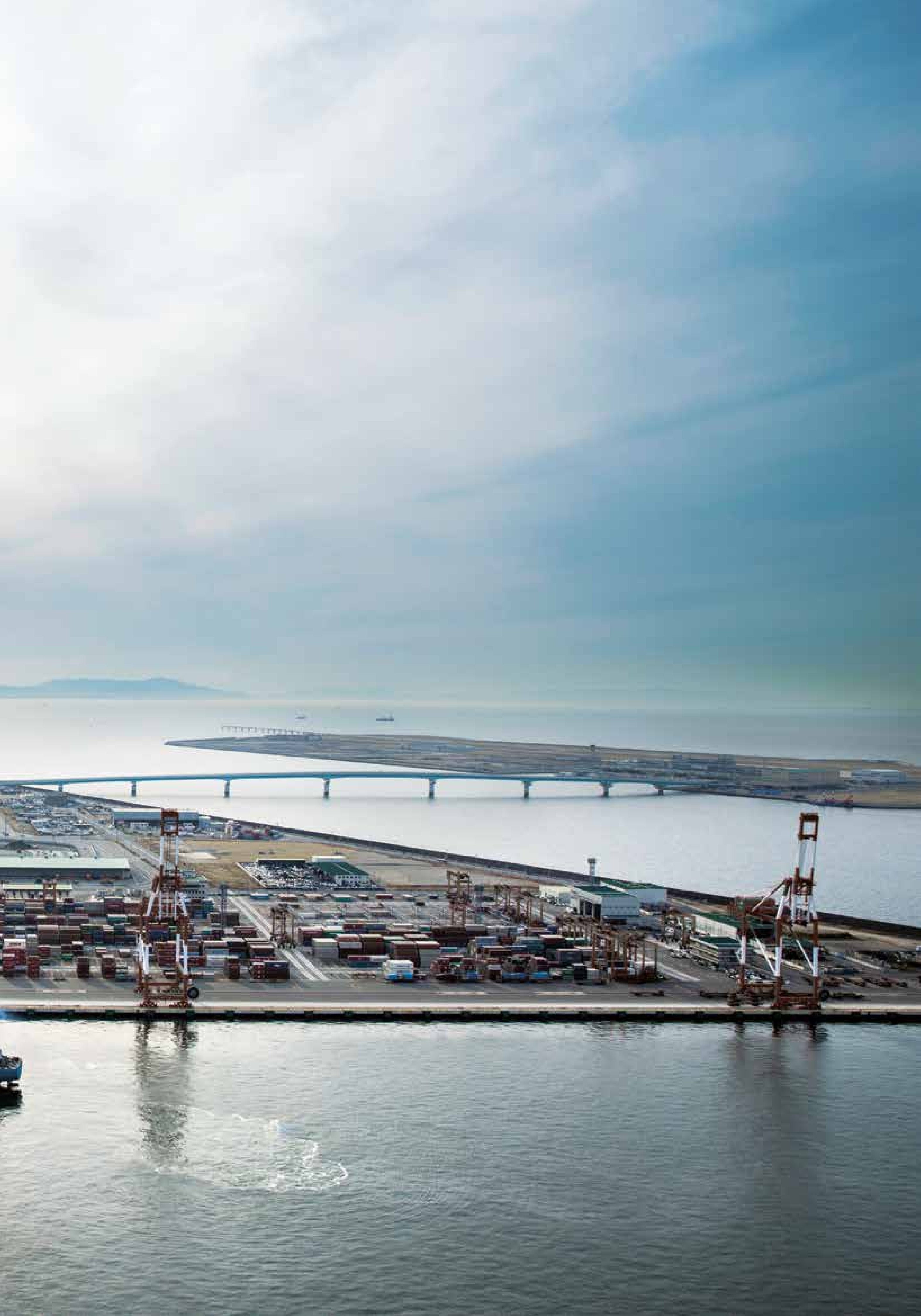
Together, we are connecting worlds with our mobile infrastructure solutions.

OUR **TEAM** IS KEY

Our employees' experience and ideas underpin
our smart, sustainable transport and logistics solutions.

A **GLOBAL** PLAYER

The world is our market. This calls for perfectly harmonized global chains of transport.



OPEN TO NEW APPROACHES

What matters is what helps the customer. Smart transport and logistics solutions support complex global flows of production. This ensures customer satisfaction and the success of businesses.

THE **RAILWAY** AS BACKBONE

As an expanding mode of transport, the railway can solve the challenges posed by traffic and the environment.

IDEAS THROUGH **DIALOGUE**

To ensure optimal supply chain management, constant communication with our customers and partners is key. Only then can ideas become solutions.


ANDARIN ORIENTAL
PAN PACIFIC

VTG GROUP AT A GLANCE

in € m	1/1 – 12/31/2013	1/1 – 12/31/2014	Change in %
Revenue	783.7	818.3	4.4
EBITDA	183.8	191.0	4.0
EBIT	77.7	83.5	7.4
EBT	27.4	29.8	8.6
Group profit	17.2	18.8	9.2
Depreciation	106.0	107.5	1.4
Total investments	166.0	219.2	32.0
Operating cash flow	149.8	159.9	6.7
Earnings per share in €	0.71	0.93	31.0

in € m	12/31/2013	12/31/2014	Change in %
Balance sheet total	1,550.8	1,673.4	7.9
Non-current assets	1,332.2	1,418.2	6.5
Current assets	218.6	252.4	15.5
Shareholders' equity	321.3	340.5	6.0
Liabilities	1,229.5	1,332.9	8.4
Equity ratio in %	20.7	20.3	
Number of employees	1,191	1,312	10.2
in Germany	846	909	7.4
in other countries	345	403	16.8

Railcar Division
The Railcar Division offers its customers a wide range of rail freight cars, particularly tank and high-capacity freight cars as well as flat wagons.

Employees	766
Wagons	53,100
Geographical presence	Widespread network of VTG operational centers and sales offices throughout Europe and beyond
Revenue € million	345.4

Rail Logistics
As a provider of rail logistics services throughout Europe, VTG organizes the transport of petroleum and chemical products, liquefied gas and other bulk and general cargo in single wagons and block trains.

Employees	263
Leased wagons	4,400
Geographical presence	Focus on Europe with VTG operational centers
Revenue € million	322.0

Tank Container Logistics
VTG's Tank Container Logistics Division provides worldwide multimodal transport, logistics and tank container hire services.

Employees	128
Tank containers	10,700
Geographical presence	Global presence with VTG operational centers and sales offices
Revenue € million	150.9

ANNUAL REPORT

As Europe's leading wagon hire company and a provider of tailored logistics solutions, we offer our customers the right mobile infrastructure to ensure their success. We are at home in almost every sector and are on the move worldwide. This makes our business diverse and exciting.

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→ Foreword by the Executive Board

→ Dear Shareholders,
Business Partners
and Employees,

In 2014, the VTG Group saw a seamless continuation of the successful trend of recent years. Despite some challenges, we achieved all-time highs both in revenue and earnings. With revenue up by more than 4 %, VTG remains on a path of growth. Our expectations were also met for earnings, with growth of 4 % despite the Crimea crisis affecting performance in our Rail Logistics division right at the start of the year.

As in recent years, the key driver of growth was our Railcar division. The investment in this division seen in recent years has continued to pay off, with the division seeing much more than its relative share of growth. We exploited market opportunities systematically and continued to invest in expanding and modernizing our fleet. In 2014, we successfully delivered 1,800 newbuild wagons to our customers, gained new customers from the steel and agricultural sectors, and expanded our product range, thereby positioning ourselves more broadly in the market.

Along with the European market, which underpins the business of the Railcar division, our growth strategy also includes the two major rail freight markets of North America and Russia. In the North American market, we applied the same strategy as in the last few years, achieving growth exclusively from the purchase of used fleets. There is now little remaining capacity for new wagon construction, particularly in the US. This is due to continued high demand for wagons, which is making growth from newbuild wagons much more difficult. This remains a key strategic market, and we expect further impetus for growth here in the future.

In Russia, we proceeded cautiously last year. Despite this, we successfully hired out some 350 newbuild wagons in this market. Due to the current political uncertainties, however, we will not be stepping up our involvement and will be watching future developments closely. Russia is the world's second-largest rail freight market and therefore represents an attractive growth opportunity for a company with global operations such as VTG. However, given the long lifespan of our wagons – on average, more than 40 years – every investment has to be carefully considered.

Our Rail Logistics division can look back on a year of many challenges. Along with the mild winter, which suppressed demand for the transport of fuel, the Crimea crisis had a significant impact on the division. Originally, with the takeover of some of the rail logistics business of Kühne + Nagel, we had had great expectations of these operations in 2014, which had performed strongly in transports via Ukraine to Russia. With the escalation of the conflict between the two countries, there was a collapse in transports and thus also in some of the acquired business. Over the year, the situation stabilized in the division and remained at a generally lower level before starting to improve again in the third quarter. This was due partly to the fact that the division had begun creating new structures in the middle of the year as part of a sweeping program of reorganization. Moreover, in June 2014, we successfully filled the 12-month vacancy for a new board member for logistics, appointing a highly experienced logistics expert to take charge of the two logistics divisions. This provided the initial impetus for the realignment of the Rail Logistics, →

→ Günter-Friedrich Maas, Chief Officer Logistics and Safety — left
→ Dr. Heiko Fischer, Chairman (CEO) — middle
→ Dr. Kai Kleeberg, Chief Financial Officer (CFO) — right

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→ and we will be building on this further in 2015. We thus expect to see significant recovery in the division.

In the Tank Container Logistics division, the ongoing global overcapacity was reflected in the trend in revenue, which nevertheless remained steady at almost the level of the previous year. With various measures, the division successfully stabilized the trend in earnings, pushing it up slightly compared with the previous year.

Apart from the many operational challenges we faced in 2014, one initiative in particular stands out, which will have a lasting impact in changing the face of VTG. In September 2014, we announced that we would be taking over all shares in the Swiss wagon hire company AAE. After approval from all of the competition authorities, the takeover was completed on January 6, 2015. This now makes the AAE Group, with approx. 30,000 freight wagons, part of the VTG Group. The wagons in the AAE fleet, which are largely intermodal wagons for transporting containers and truck trailers, close a key gap in provision in our range. With a fleet now totaling some 80,000 wagons, our rail logistics services and our many years of experience with special containers for combined transport, VTG is becoming an all-round provider of services for forwarders, railways and rail operators. In the months ahead, we will be pushing ahead at full speed with the integration of AAE.

For 2015, we expect major increases in revenue and operating profit, above all due to the consolidation of AAE. However, we also want to keep growing organically. Last year, we introduced appropriate measures for achieving this. These measures have already been partially implemented. Overall, we expect revenue for 2015 to be in the range 1.0 to 1.1 billion euros and operating profit (EBITDA) to be between 325 and 350 million euros.

Since our IPO in 2007, it has always been our stated aim to establish VTG as a reliable issuer of dividends. Since then, the dividends issued to our shareholders have increased steadily, from 0.30 euros in 2007 to 0.42 euros in 2014, representing an overall increase to date of 40 %. We intend to continue with this policy in 2015 and will be proposing to the Annual General Meeting another increase in the dividend, this time of 7 %, to 0.45 euros.

We achieved a great deal in the past year. In doing so, we were always able to rely on a highly motivated team. We therefore wish to take this opportunity to thank our 1,300 members of staff, who made these successes possible with their enthusiasm and great dedication. Our customers, shareholders and business partners also placed their confidence in us and accompanied us on our path of growth. We wish to thank them for this too. There are major tasks ahead and we look forward to working together with you in making 2015 a successful year.

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

→ Report of the Supervisory Board

→ Dr. Wilhelm Scheider, Chairman of the Supervisory Board

In the past financial year, the Supervisory Board of VTG Aktiengesellschaft again fulfilled the responsibilities placed on it by the law, the Articles of Association and the Rules of Procedure. On the basis of detailed verbal and written reports provided to us promptly by the Executive Board, we regularly monitored its work and provided continuous support. Additionally, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board. Through this contact, the Chairman of the Supervisory Board was kept continuously informed about the situation of the company and the Group.

Regular subjects of reporting were the current situation of the Group, the development of the business in the individual segments, corporate planning and strategy, the profitability of the company, the risk situation, risk management and compliance management. The Executive Board informed us about and discussed with us important business transactions in the company's divisions. Deviations in the course of business from the agreed plans and targets were explained to us in detail.

The Supervisory Board was also included in all decisions of importance for the company. The Executive Board consulted with and gained our agreement on the strategic orientation of the company. Before passing resolutions, we discussed in depth all measures requiring the approval of the Supervisory Board under the Rules of Procedure for the Executive Board decided by the Supervisory Board.

→ Ongoing consultation with and supervision of the Executive Board

In the year under review, there were four ordinary meetings and one extraordinary meeting of the Supervisory Board. Additionally, as required, resolutions were adopted by written procedure or in conference calls. No member of the Supervisory Board attended less than half of the meetings. The issues addressed in all meetings included corporate strategy and the performance of the divisions.

In February 2014 the Supervisory Board adopted a resolution by written procedure. Subject matter of the resolution was the joint declaration of the Executive Board and Supervisory Board on compliance with the recommendations of the German Corporate Governance Code.

At the accounts review meeting of March 19, 2014, the Executive Board provided us with a summary of the earnings and financial situation and the key business events in the financial year 2013 in the company, the VTG Group and the joint ventures. Subsequently, after detailed discussion with the Executive Board and the auditor, we approved the annual and consolidated financial statements and management reports for 2013. The meeting also included the examination and approval of the 2013 Dependent Company Report and approval of the agenda and proposed resolutions for the 2014 Annual General Meeting. Furthermore, the Executive Board presented us in this meeting the compliance report for the year 2014 and also reported to us on the risk management of the VTG Group. Finally in this meeting Mr. Günter-Friedrich Maas was appointed an additional member of the Executive Board with effect from June 1, 2015.

Another meeting of the Supervisory Board was held on May 7, 2014. Apart from the Executive Board's report on current business developments topics of this meeting were the annual report on the activities of the internal audit, a presentation of the group's financing strategy and a resolution on the increase in the investment budget.

Following the Annual General Meeting on June 5, 2014, the Supervisory Board has approved the appointment of the auditor elected by the shareholders by resolution adopted by written procedure. Further resolutions adopted on this day by written procedure concerned the updating of the schedule of responsibilities of the Executive Board and the adjustment of the power of representation of an Executive Board member.

In a resolution also adopted by written procedure on June 30, 2014 the Supervisory Board approved the sale of two legal entities in Estonia belonging to the Railcraft group.

On August 20, 2014 the Executive Board informed us in an extraordinary meeting about the status of its negotiations with regard to the acquisition of the AAE group. Furthermore the Executive Board at this meeting presented and discussed with us its forecast for the development of the business and financial situation over the remainder of the financial year, based on the results and trends of the first six months.

The intended acquisition of the AAE group and its impact on the medium- and long-term strategic orientation also were the key issues of a further meeting on September 17 and 18, 2014 which like in previous years was held in a closed-door session. Following comprehensive explanation of the results of the assessments performed by the Executive Board and intensive discussion of the opportunities and risks of the project, the Supervisory Board in this meeting approved the acquisition of AAE Group and the transactions necessary for this purpose. Furthermore in this meeting the Supervisory Board resolved to re-appoint Dr. Kai Kleeberg a member of the Executive Board for a further three years from May 1, 2015 after expiry of his current term of office, and granted approval for an additional credit line.

On September 29, 2014, the Supervisory Board approved in a conference call the decision taken by the Executive Board earlier the same day to carry out a capital increase of approximately 7.37 million euros from the authorized capital in connection with the financing of the acquisition of AAE group and decided on the necessary formal amendments of the Articles of Association.

At the meeting of November 19, 2014, the Executive Board explained to the Supervisory Board the annual budget including the financial and investment plans for the financial year 2015. We approved these after detailed discussion.

The Executive Committee held a total of five meetings in the year under review. The subjects covered included matters relating to the Executive Board, the composition of the Executive Board, the remuneration system for the Executive Board and the long-term planning for the Executive Board successors and executive management staff. Additionally, approval was given for the taking up of positions requiring the consent of the Supervisory Bard in accordance with § 88 of the German Stock Corporation Act. The Executive Committee did not have to address any conflicts of interest of members of the Executive Board or the Supervisory Board in the year under review.

➔ Audit of annual financial statements and dependent company report

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, (PwC) was appointed by the Annual General Meeting as auditor for the year under review. PwC examined and gave an unqualified opinion on the annual financial statements of VTG Aktiengesellschaft drawn up in accordance with the principles of the German Commercial Code and on the consolidated financial statements for the financial year 2014 drawn up according to IFRS, including the corresponding management reports. Moreover, the auditor confirmed that the risk management system set up by the Executive Board complies with the legal requirements. The auditor has assured the Supervisory Board that no business, financial, personal or other relationships exist between, on the one hand, the auditor and its executive bodies and head auditors, and, on the other hand, the company and the members of its executive bodies that could call its independence into question. The Supervisory Board has agreed with the auditor that the Chairman of the Supervisory Board shall be informed immediately of any grounds for disqualification or conflicts of interest arising during the audit, unless such grounds are eliminated immediately.

The Supervisory Board itself also checked the annual financial statements of the company and the Group, the management report and Group management report. The audit reports were submitted in good time to all members of the Supervisory Board and were discussed in depth at today's meeting with the Executive Board and the auditors, who were also present. The Supervisory Board endorsed the findings of the audit by PwC of the annual financial statements, the consolidated financial statements and the management reports.

The annual financial statements and consolidated financial statements for the financial year 2014 were approved at today's meeting after in-depth discussion with the Executive Board and the auditor's representatives. After completing its investigations of the annual financial statements, the consolidated financial statements and management reports, the Supervisory Board has no objections. We endorse the proposal by the Executive Board for the appropriation of net profit with payment of a dividend of € 0.45 per share and the remainder to be carried forward.

The auditor also examined the report drawn up by the Executive Board in accordance with § 312 of the German Stock Corporation Act on relations with affiliated companies (Dependent Company Report) and issued the following opinion:

"On completion of our examination and evaluation in accordance with our professional standards, we confirm that:
1. The factual information given in the report is correct,
2. Payments made by the company for the legal transactions stated in the report were not unreasonably high."

The Supervisory Board examined the Dependent Company Report for completeness and correctness. The findings of the Supervisory Board have led to its conclusion that the Executive Board exercised due care in identifying the affiliated companies. It has taken the necessary precautions in recording legal transactions and other measures the company undertook or refrained from undertaking in the last financial year with the majority shareholder or with its affiliated companies. According to the findings of the audit, there are no indications that legal transactions or measures have not been recorded completely. The Supervisory Board therefore concurs with the auditor's findings. There are no objections to the declaration of the Executive Board at the end of the report.

→ Code recommendations largely met

On February 4, 2015, the Executive Board and Supervisory Board issued a Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act and published it on the company's website. VTG Aktiengesellschaft complies to a great extent with the recommendations of the Commission of the German Corporate Governance Code as amended on June 24, 2014 and has largely complied with these in the past financial year, whereby until publication of the amended Code in the Federal Gazette on September 30, 2014 the previous version of the Code as of May 13, 2013 was applied.

→ Composition of Supervisory Board and Executive Board

There were no changes regarding the composition of the Supervisory Board in the year under review.

Mr. Günter-Friedrich Maas by resolution of the Supervisory Board of March 19, 2014 was appointed an additional member of the Executive Board for a term of three years with effect from June 1, 2014 and took office at this date.

We wish to thank the Executive Board and all employees of the Group for their commitment and the success achieved through their efforts in the financial year 2014.

Hamburg, March 31, 2015

The Supervisory Board

Dr. Wilhelm Scheider
Chairman of the Supervisory Board

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Members of the Supervisory and the Executive Board

Members of the Supervisory Board

Dr. rer. pol. Wilhelm Scheider, Basel
Consultant
Chairman

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg
Former CEO of VTG Vereinigte Tanklager und Transportmittel GmbH, Hamburg
Deputy Chairman

Dr. jur. Bernd Malmström, Berlin
Solicitor

Dr. sc. pol. Jost A. Massenberg, Duisburg
CEO of Benteler Distribution International GmbH, Düsseldorf

Dr. jur. Christian Olearius, Hamburg
Chair of Supervisory Board, M.M. Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, Hamburg

Gunnar Uldall, Hamburg
Management Consultant, Senator (retired)

Members of the Executive Board

Dr. rer. pol. Heiko Fischer, Hamburg
MBA
Chairman

Dr. rer. pol. Kai Kleeberg, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)
Chief Financial Officer

Günter-Friedrich Maas, Hamburg (since June 1, 2014)
Logistics manager
Chief Officer Logistics and Safety

→ Corporate Governance Report

→ Corporate governance at VTG AG

The actions of VTG are oriented toward long-term success. Accordingly, VTG places great value on responsible and transparent management of the company. Corporate governance is the very foundation on which shareholders, employees and business partners can work together in complete trust. VTG largely complies with the recommendations of the German Corporate Governance Code.

→ Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG)

The current and all previous declarations of conformity with the German Corporate Governance Code are permanently accessible on its website www.vtg.de (these announcements can be found under Company – Investor Relations – Corporate Governance – Declaration of Conformity).

Wording of the current Declaration of Conformity

In accordance with § 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board of VTG AG state:

Declaration of Conformity 2015

On February 4, 2015, the Executive and Supervisory Boards of VTG AG issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act. VTG AG complies to a large extent with the recommendations of the Commission of the German Corporate Governance Code as amended on June 24, 2014 and has largely complied with these since the issue of the last declaration of conformity on February 12, 2014, whereby until publication of the amended Code in the Federal Gazette on September 30, 2014 the previous version of the Code as of May 13, 2013 was applied. The following recommendations have not been or are not being implemented:

1. Section 3.8 paragraph 3 of the Code

The directors' and officers' liability insurance taken out by the company for the members of the Supervisory Board does not provide for any deductible for the members of the Supervisory Board since such deductible in the view of the company is not necessary to increase the feeling of responsibility and motivation of the members of the Supervisory Board in the performance of their duties.

2. Section 4.2.2 paragraph 2 sentence 3 of the Code

The recommendations regarding the vertical remuneration comparison contained in section 4.2.2 paragraph 2 sentence 3 of the Code were neither implemented nor is it intended to implement them. The Supervisory Board, in accordance with § 87 (1) sentence 1 of the German Stock Corporation Act, already by law must ensure that the total remuneration of each member of the Executive Board is in proportion to the duties and performance of the Executive Board member and the situation of the company and does not exceed the normal level of remuneration unless there are special reasons. In doing so, the Supervisory Board also takes into account the remuneration of the subordinate levels of management. The determinations required by the Code for the vertical remuneration comparison involve substantial problems of distinction. Against this background, the currently existing flexible concept of the Supervisory Board without such determinations, which takes into account the specific situation of the individual case, is considered preferable.

3. Section 4.2.3 paragraph 2 sentence 6 of the Code

The contracts of the Executive Board members currently in office contain a fixed maximum amount only with regard to the fixed and variable components of the remuneration, but not with regard to the "total remuneration" (including a potential discretionary bonus). In the view of the Supervisory Board is the capping of the Executive Board remuneration aimed by the Code already sufficiently ensured by the existing arrangements. Like in the past, the Supervisory Board will continue to use its best judgment when considering a potential discretionary bonus. For this reason it is not intended to implement this part of the recommendation of the Code.

4. Section 4.2.3 paragraph 2 sentence 6 of the Codex

The Supervisory Board does not consider it essential for an appropriate pension scheme to define the intended level of pension benefits and therefore reserves the right to make pension commitments without such definition. Due to specified plans and assumptions the Supervisory Board nevertheless is in a position to a sufficiently accurate picture of the annual and long-term expenditure for the company.

5. **Section 4.2.3 paragraph 4 of the Code**
Some of the existing executive board contracts do not include a "severance payment cap". In future too, the Supervisory Board cannot rule out concluding executive board contracts with provisions that in this respect do not accord with the code. The Supervisory Board is of the opinion that, in the interest of finding the optimal candidates for membership of the Executive Board, the existing freedom in the formulation of such contracts should not be restricted in advance in terms of individual elements thereof.

6. **Section 4.2.4 of the Code**
As a result of a resolution to this effect of the Annual General Meeting of June 5, 2014, the company has not published individual reports on the remuneration of the members of the Executive Board. In accordance with this decision the compensation of the Executive Board will not be individually disclosed neither in the annual financial statements nor in the consolidated financial statements of the company for the financial years through and including 2018.

7. **Section 4.2.5 paragraph 3 of the Code**
Since in accordance with the decision of the Annual General Meeting of June 5, 2014 the compensation of the Executive Board will not be individually disclosed, the remuneration report does not contain an individualized description in accordance with the requirements of section 4.2.5 paragraph 3 of the Code and the model tables provided in the appendix of the Code are not applied.

8. **Section 5.3.2 of the Code**
The company has decided, instead of setting up an audit committee, to entrust the Supervisory Board with all monitoring activities, since this is a central task of the Supervisory Board. Moreover, the company is of the opinion that the setting up of an audit committee with at least three members would hardly relieve the existing Supervisory Board of any work, as it has only six members.

9. **Section 5.3.3 of the Code**
In view of the small size of the Supervisory Board, the company has refrained from setting up its own nomination committee. The tasks of the nomination committee as provided for in the Code have been assigned to the Executive Committee, which, as with the Supervisory Board, comprises only representatives of the shareholders.

10. **Section 5.4.1 paragraph 2 of the Code**
The objectives, which the Supervisory Board specified for its composition, do not provide for any age limit and do not contain concrete objectives regarding diversity. The Supervisory Board is of the opinion that age is not a suitable criterion for selecting qualified female or male candidates. Regarding its composition the Supervisory Board attaches importance to diversity and is open for the objectives insofar pursued by the Code, including the objective of an appropriate degree of female representation. In the opinion of the Supervisory Board concrete objectives in terms of quota systems are however problematic; a practicable and adequately flexible selection of its members will thus be complicated.

11. **Section 7.1.2 sentence 2 of the Code**
The Supervisory Board is of the opinion that, due to the continuous reporting received by the Supervisory Board on all important events and due to the constant development of the business, a discussion of the half-year and quarterly reports with the Supervisory Board prior to publication is not absolutely necessary in order to enable the Supervisory Board to properly exercise its function of monitoring and control.

12. **Section 7.1.2 sentence 4 of the Code**
The legal requirements are being observed. The company intends to come closer to meeting the deadlines set out in the Code in order to meet this recommendation as soon as possible.

→ Composition of the Supervisory Board

According to Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board shall establish specific objectives for its composition, which, whilst considering the specifics of the enterprise, take into account the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members, an age limit to be specified for the members of the Supervisory Board and diversity.

Making reference to this provision of the Code, on February 10, 2011, the Supervisory Board adopted objectives for its future composition and amended this decision with regard to the revised version of Section 5.4.1 of the Code on February 11, 2013 by including a statement regarding the number of independent Supervisory Board members as defined in Section 5.4.2 of the Code:

International character

VTG Aktiengesellschaft is one of Europe's leading wagon hire and rail logistics companies. In addition to leasing rail freight cars, the Group provides comprehensive international multimodal logistics services, specializing in rail transport and international tank container transports. VTG is represented in many European countries, in North America and in Asia by its subsidiaries and associated companies. The VTG Group's customers and employees are just as international as the business. The Supervisory Board considers for its composition these international activities.

Therefore, at least two of the Supervisory Board members must have several years of international experience.

Potential conflicts of interest

The Supervisory Board has adopted internal Rules of Procedure for itself which also contain a provision that includes the recommendations and suggestions stipulated in Section 5.5 of the German Corporate Governance Code, relating to conflicts of interest, with which every member of the Supervisory Board is obliged to comply for the duration of his/her term of office. Moreover, each year, before the annual Declaration of Conformity is issued, every Supervisory Board member must declare to the Supervisory Board Chairman that he has not been involved in any conflict of interest during the past year.

Number of independent Supervisory Board members

Furthermore, the Supervisory Board shall include at least three members who are independent as defined in Section 5.4.2 of the German Corporate Governance Code, in particular have no personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests.

Age limit

The Supervisory Board stands by its belief, as expressed in previous years in the Declaration of Conformity pursuant to Article 161 of the German Stock Corporation Act, that age is not a suitable criterion for selecting qualified female or male candidates.

Diversity

Regarding its composition, the Supervisory Board attaches importance to diversity and is open for the objectives insofar pursued by the Code, including the objective of an appropriate degree of female representation. In the opinion of the Supervisory Board, concrete objectives in terms of quota systems are, however, problematic, a practicable and adequately flexible selection of its members will thus be complicated.

Implementation status

The Supervisory Board includes more than two members with many years of international experience as well as more than three independent members as defined in Section 5.4.2 of the Code.

→ Remuneration of the Executive Board and Supervisory Board

Note: Further information on the remuneration of the Executive Board and Supervisory Board can be found in the relevant passage in the Management Report pages 45 to 46.

→ Share ownership of the Executive Board and Supervisory Board

In accordance with §15a of the German Securities Trading Act, VTG AG is obliged to publish promptly all purchases and sales of shares by board members or by persons with whom they associate closely and to report this publication to the Federal Financial Supervisory Authority (BaFin). Accordingly, VTG publishes the announcements of these so-called directors' dealings on its website www.vtg.de (These announcements can be found under Company – Investor Relations – Corporate Governance – Directors' Dealings).

02

STRATEGY AND SHARE

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→ Markets and Strategy

Markets

Growing international trade enhances opportunities for the railway

The world is becoming more closely interconnected. What has long held true for communications is now being seen in the international exchange of goods. With the internationalization of flows of goods, the expansion of the European Union and progressive globalization, this trend will continue. The European Commission expects an upsurge in freight traffic volume of some 57 % between 2010 and 2050.

The railway is playing an increasingly significant role in this growth, with various studies predicting major opportunities due to ever-longer transport distances, particularly in cross-border traffic. For Germany, the German Pro-Rail Alliance considers a market share for rail freight traffic of at least 25 % by 2020 to be realistic. Other experts also anticipate stronger growth in rail than in road transports. As the measures in the EU railway packages take greater effect, the railway's role is expected to grow more rapidly. This view is also supported by the increasing importance of long-distance and container transports and the fact that the railway is ideal for these.

"Green Logistics": the railway offers clear advantages

Rising energy costs over the long term and the introduction of the German goods vehicle toll are factors that favor the use of the railway. Additionally, the railway's environmental advantages are increasingly influencing companies' logistics decisions. According to the German Federal Environment Agency, the volume of rail traffic grew by 15 % between 2009 and 2012, whereas road traffic increased by just 8 %. Greater use of the railway is also required to meet the German government's climate and energy targets. Furthermore, the EU Commission has placed the general principle of sustainable mobility at the center of common traffic policy. Its aim is to reduce CO_2 emissions in the transport sector by 20 % by 2030 (based on 2008 levels). Rail freight traffic makes a key contribution to a system of freight mobility that meets economic, ecological and social requirements. In the EU, the transport sector generates around 20 % of all CO_2 emissions. A third of these are generated by road traffic alone. Furthermore, the overwhelming majority of all traffic is reliant on the availability of mineral oil products. However, in rail freight traffic, good progress is being made in using electricity from renewable sources on electrified sections of track. Greater use of the railway as a carrier is therefore needed to achieve the ambitious environmental and climate protection targets set out in national and European policy.

Growing container use ensures growth

In an interconnected global market, goods often have to be transported over long distances. Containers are increasingly being used to achieve this. According to experts, the total volume of rail-based container traffic is set to double by 2030. With containers, goods can be transferred quickly and cheaply from one carrier to another. This type of transport combines the strengths of the different carriers, with long distances being covered by ship or train, while trucks are used for local distribution of the goods over shorter distances. Additionally, environmental experts see combining various carriers as the solution for creating a sustainable freight transport system.

Objectives and strategy

One VTG – expanding existing and future markets

With its three divisions, Railcar, Rail Logistics and Tank Container Logistics, VTG is positioned broadly in the market. The company provides a broad range of services to various customer groups, particularly from the mineral oil and chemical industries but also from other industries. The Railcar division hires out rolling stock for the transport of freight, predominantly with long-term hire contracts. The two logistics divisions provide support to ensure the smooth operation of their customers' chains of transport. The divisions thereby operate at very different levels of value creation yet have much in common. This is because customers often have increasingly complex logistics chains and are therefore increasingly having a greater requirement for →

➔ specialized services. As a one-stop provider of wagon hire and logistics services, VTG helps customers reduce complexity and harmonize processes optimally. It is therefore VTG's stated aim to interconnect the individual divisions more closely and exploit cross-divisional synergies for the benefit of the customer. This applies in particular to the markets VTG is already operating in. Moreover, with a stronger, unified market presence, VTG can also open up attractive new markets that will strengthen profitable growth in general.

Profitable growth in existing and new markets

The individual divisions are also pursuing their own specific market cultivation strategies which, when combined with those of the other divisions in the Group, should have an even greater impact. In its core market of Europe, the Railcar division is therefore striving to further consolidate its leading position as a provider of freight wagons for rail transport of liquid and industrial goods as well as for intermodal transport. To this end, it is making judicious use of the financial resources available to continually strengthen its market position in Europe and broaden its customer base by diversifying into new segments. This includes, on the one hand, acquiring used fleets. On the other, the European fleet is being modernized and continually expanded by building new wagons. Thus, in 2014, some 1,800 newbuild wagons were successfully delivered to VTG customers. With its takeover of the Swiss wagon hire company AAE, which was announced in September 2014 and completed at the beginning of 2015, VTG also made key progress in implementing its growth strategy in Europe. In addition to expanding and diversifying the wagon fleet, the emphasis is on broadening the range of services. VTG's repair workshops and its own platform for innovation, the Graaff wagon construction plant, provide support in achieving this strategic aim. One example of this is the design and production of fittings at the Graaff plant, not only for VTG's own use but also for external customers.

The Railcar division's gaze is also fixed on two other attractive regions. Here, the long-term focus is on continual expansion of activities in the markets of North America and the Russian Federation and its neighbors. North America in particular, as the world's largest rail freight market, offers VTG attractive opportunities for growth. The intention is to push ahead with expanding the fleet in this region to strengthen VTG's market position over the medium term. In addition, the broad-gauge rail network of Russia and its neighbors also offers good prospects for growth. Although the political situation in 2014 posed great challenges for VTG in terms of investment policy and strategic growth prospects generally, the region's long transport distances and rich reserves of raw materials remain advantageous for the railway as a carrier. Nevertheless, VTG will continue to proceed with caution in expanding its fleet in Russia.

VTG is also carefully scrutinizing new regions in which it is not yet operational and which offer promising opportunities for growth.

In addition to growing the Railcar business, VTG also aims to further expand and strengthen its two logistics divisions. The Rail Logistics division is in the middle of realigning its business model, with the strategic focus on expanding rail transports throughout Europe. With the increasing internationalization of demand for transports, it is very important to have a strong network with a broad reach. To this end, the division took over some of the rail operations of Kühne + Nagel in the financial year 2014. This enabled it to expand its market presence in eastern and southeastern Europe in particular. Additionally, it increased transports of industrial goods, thereby achieving important diversification in the market segments. Although this strategic advantage has recently been overshadowed by the Crimea crisis, the long-term advantages of, for instance, a Europe-wide network of centers with intermodal transport solutions remain key. Moreover, along with the existing market segments of liquid goods, industrial goods and agricultural products, the division aims to develop other segments in the future. With new transport concepts and solutions, the division will be able to exploit more fully the future opportunities arising from the structural growth in cross-border rail freight traffic. The expansion of logistics projects will also play an increasingly important role in this.

In 2014, the Tank Container Logistics division continued to pursue its strategy of strengthening partnerships with a select group of strategic customers. The aim here is to consolidate its position as a specialist in the transport of chemical products. For example, with the development of a new network of centers that took over control of transport flows for a key product segment for the chemical company Bayer in the spring of 2014, the division used its expertise gained from years of experience to help create and implement a new transport solution. Along with greater market penetration as a specialist provider, the division also aims to expand its activities in various operational regions. Key growth markets for this expansion are North America, the Middle East and China. In these markets, priority will be placed on maintaining margins over mere expansion of transport volume. At the same time, the division aims to fully exploit the potential of growing markets by continually improving its internal structures.

Ensuring sustainable investment and growth

The Railcar division's business model is very capital-intensive. The expansion and maintenance of the wagon fleet is financed both through VTG's strong operating cash flow and debt capital. For the Group to be able to invest more and grow more, it is very important to have growth in profitability. It is therefore a key strategic aim to continually improve the profitability of the Group and thereby increase its room for maneuver in implementing its growth strategy. To achieve this, VTG will be reviewing internal processes and structures and adapting these to new market conditions as required. It will also be exploiting valuable synergies by interconnecting all three divisions more closely. Moreover, the takeover of the Swiss company AAE, which took place at the beginning of 2015, will have a positive impact on profitability.

Developing the organizational structure and optimizing business processes

VTG is currently in a process of ongoing change. The takeover of the Swiss company AAE along with the merger of the rail logistics operations of VTG and Kühne + Nagel represent major progress for VTG on its path of growth. However, for VTG, this development also means increased requirements in terms of the quality and efficiency of processes. This has led to greater emphasis on the strategic goals of further developing the organizational structure and optimizing processes. VTG is achieving these goals by implementing both new and ongoing projects in these areas. In 2013, for example, a project was rolled out with the aim of, on the one hand, integrating the divisions more closely and, on the other, creating closer connections within the Group to create a unified VTG. A great deal of progress was made in this project in the year under review. This is a long-term project, and work will continue in 2015 on developing structures and processes. There will also be emphasis on the integration of the newly acquired AAE.

02

A person-centered approach

We live in a time of increasingly rapid change in the economic and technological environment. The complexity of processes and the demands this places on staff are growing continually – and thus also the importance of the people in companies generally. With VTG's systematic path of growth in recent years and the changes in economic conditions, the demands placed on staff have increased steadily. For the Group, it is therefore crucial to attract and keep highly qualified staff over the long term. This is because the challenges of the future can only be met with a motivated and qualified team of staff. For this reason, VTG is investing even more heavily in the personal and career development of staff and is attaching particular importance to the issue of leadership.

Safety and the environment

The railway is one of the safest modes of transport. Statistically, for example, in the transport of hazardous goods, the railway sees more than 95 % fewer accidents per tonne-kilometer than the road. To ensure that the railway remains a safe mode of transport in the future, VTG has a particular responsibility in terms of training its staff, organizing work processes and repairing and maintaining wagons. VTG aims to further increase and strengthen the railway's high approval rating regarding safety. VTG's employees are therefore working intensively on improving VTG's already-high standards of safety. In working to achieve this, VTG sees itself as leading the way in terms of quality and innovation, contributing its expertise gained from years of experience to technological innovation and development. Indeed, the railway is not only the safest mode of transport but also makes an essential contribution in terms of the environment and climate protection. With the development of high quality products and innovative transport solutions, VTG is working on further increasing the appeal of the railway. With these measures, the aim is to make it the preferred mode of transport in a growing transport market.

→ VTG in the capital markets: VTG's share and investor relations

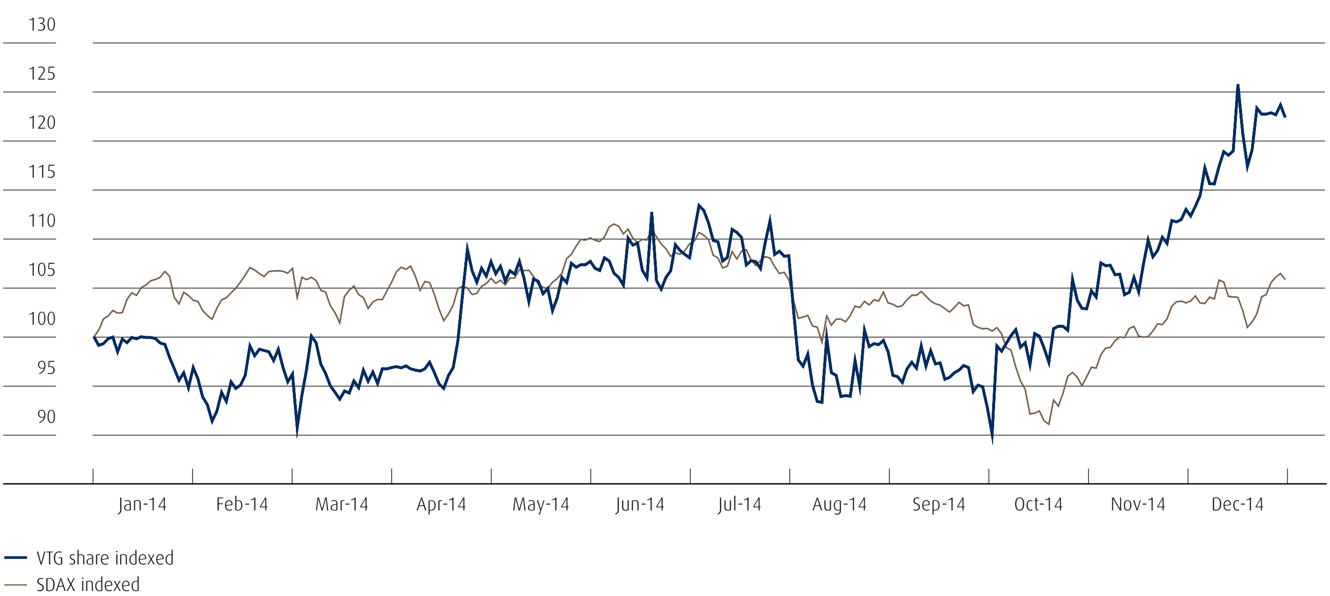
→ Record highs in share prices worldwide

2014 got off to a positive start initially for prices on the global stock exchanges. However, geopolitical tensions along with uncertainty about the fundamental trend in the emerging economies hampered any continual upturn. Driven by underlying positive sentiment, from mid-April the upward trend on Germany's DAX share index was unstoppable. In early June 2014, it reached the 10,000-point mark for the first time, helped along by the ECB's monetary easing measures. Subsequently, however, the Ukraine crisis, the conflicts in the Middle East, and the concerns about a cooling of the global economy affected prices on the stock exchanges, resulting in a correction on the equity markets, causing the DAX to fall to an annual low of 8,572 points in mid-October. Driven by the hope of further monetary easing by the ECB and the record highs seen on Wall Street, the DAX climbed to some 10,087 points at the start of December, its highest daily closing rate in 2014. Towards the end of the reporting period, Germany's DAX index had to surrender some of its gains again, closing at some 9,806 points, representing an increase of around 3 % in the financial year 2014.

→ VTG share performs very well in financial year 2014

In 2014, the VTG share initially followed the general trend on the stock exchanges. Thus, in the first quarter, the share price was repeatedly affected in the wake of reports of geopolitical tensions. From mid-April, the VTG share began to climb as a result of some analysts' price target increases, reaching its highest daily closing price at the beginning of July 2014. The subsequent correction on the equity markets also affected the VTG share. As a result of this, it fell to its lowest daily closing price of € 13.50 on September 29, 2014. From September 30, in response to the announcement of VTG's acquisition of AAE, it then rose →

Share price VTG share (from January 1 to December 31, 2014)



→ continuously, going on to reach its highest daily closing price of € 18.86 on December 11, 2014. Compared with the closing price at the end of 2013, this represents an increase of around 22 %. The SDAX benchmark index managed only an increase of around 6 % in this period. At the end of the reporting period, VTG's market capitalization stood at € 392.5 million.

→ Significant increase in trading volume of VTG share

The VTG share is traded primarily on Xetra, Deutsche Börse's electronic trading system. The share is also traded on the trading floors of the Frankfurt Stock Exchange and on all the regional stock exchanges in Germany. In the financial year 2014, the average number of VTG shares traded daily was 42,331 (previous year: 20,468 shares). Trading volume therefore almost doubled on the previous year, reflecting increased interest in VTG.

→ VTG share listed on SDAX

The VTG share has now been re-instated to the SDAX after a period of absence. As part of its scheduled review of index composition, Deutsche Börse had decided on March 5, 2014, to remove the VTG share from the SDAX with effect from March 24, 2014. Due to an unscheduled change to the composition of the index, the VTG share was re-admitted to the SDAX on December 4, 2014.

→ Stable shareholder structure as of December 31, 2014

As of December 31, 2014, VTG was aware of the following shareholdings with a share of more than 10 % of the voting rights: in accordance with its registration for the Annual General Meeting of June 5, 2014, Compagnie Européenne de Wagons S.à r.l., Luxembourg, backed by the major US investor Wilbur

Share data

WKN	VTG999
ISIN	DE000VTG9999
Stock exchange abbreviation	VT9
Index	SDAX, CDAX, HASPAX
Share type	No-par-value bearer share
No. of shares (12/31)	21,388,889
Market capitalization (12/31)	€ 392.5 million
Stock exchanges	XETRA, Frankfurt, Berlin, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Prime Standard
Year-end-rate *	€ 18.35
Annual high *	€ 18.86
Annual low *	€ 13.50
Average daily turnover	42,331 shares

* All share price information are based on XETRA daily closing prices.

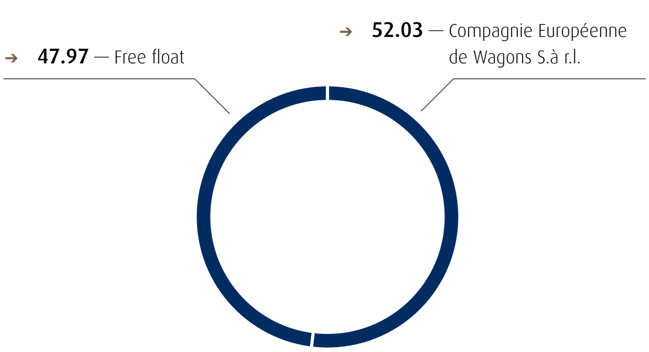
Ross, held 52.03 % of the shares, directly and indirectly. According to the information on voting rights received by VTG AG on June 10, 2014, CEW Germany GmbH, a 100 % subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, had a direct shareholding of 49.99 %. According to the latest information on voting rights, received by VTG AG on July 16, 2014, Samana Capital L.P., Greenwich, Connecticut, US, held 2.98 % of VTG shares on this date. Therefore, based on the latest information on voting rights, 47.97 % of shares were in free float at the end of the reporting period.

→ Change to shareholder structure at beginning of January 2015

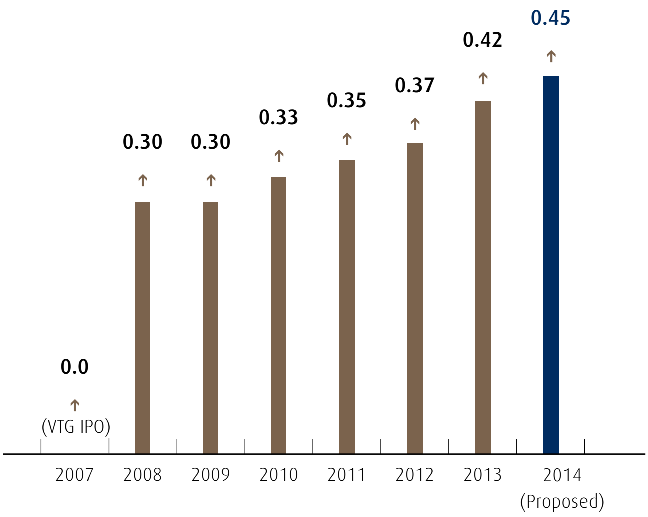
At the beginning of January 2015, there was a change in the shareholder structure. This was due to the capital increase of 7,367,330 new no-par value shares against a mixed contribution in kind with the exclusion of shareholders' pre-emptive rights that took place through the acquisition of AAE. According to the information on voting rights as of January 6, 2015, the former owner of AAE, Andreas Goer, Switzerland, holds 25.62 % of the increased capital of VTG. According to the information on voting rights received by VTG on January 12, 2015, Compagnie Européenne de Wagons S.à r.l. had, indirectly and directly, a shareholding of 43.84 % of the increased capital of VTG. According to the information on voting rights also received by VTG AG on January 12, 2015, CEW Germany GmbH, a 100 % subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, had a direct shareholding of 37.18 %. This gives a free float of 30.54 %.

Both major shareholders of VTG are, independently of each other, pursuing the same goals as the management of VTG: responsible growth and strategic development. The stable nature of these shareholdings gives VTG both the greatest possible room for maneuver and a secure foundation for developing the company.

Shareholder structure as of 12/31/2014 → in %



Trend in VTG dividend payments → in € per share



Reports of analysts on the VTG share as of December 31, 2014*

Institution	Analyst	Recommendation	Target Price (€)
Baader Bank	Christian Weiz	Buy	18.00
Berenberg Bank	Stanislaus Thurn und Taxis	Buy	17.00
Commerzbank	Georg Remshagen	Buy	22.00
Deutsche Bank	Katja Filzek	Hold	16.00
Hamburger Sparkasse	Ingo Schmidt	Hold	21.00
Hauck & Aufhäuser	Henning Breiter	Buy	29.00
HSBC	Jörg-André Finke	Overweight	20.00
Montega	Alexander Drews	Buy	18.00
NORD/LB	Wolfgang Donie	Buy	18.00
Quirin Bank	Mark Josefson	Hold	16.20
SRH Alsterresearch	Oliver Drebing	Buy	20.00
UBS	Dominic Edridge	Neutral	N/A
Warburg Research	Frank Laser	Buy	19.00

* To the best of our knowledge, this list contains the key sell-side analyses available to us on the VTG share. VTG accepts no liability for the completeness of this information. The opinions of the analysts, with their prognoses, estimates and predictions about the performance of the VTG share only reflect the views of these analysts and do not represent the views, prognoses, estimates or predictions of VTG or of the Executive Board of VTG. This list is for information purposes only and does not constitute an invitation or solicitation to buy, hold or sell securities.

→ Positioning as reliable issuer of dividends over the long term – dividend increase planned

It is VTG's aim to enable its shareholders to share regularly in the company's success and thereby position itself as a reliable issuer of dividends. VTG does not make the amount of the dividend dependent on a specific level of profit but is committed to continual issue of dividend payments of equal or higher amounts. On June 05, 2014, the Annual General Meeting approved the proposal of the Executive Board and the Supervisory Board to issue a dividend for the sixth consecutive year and issue to shareholders a payment of € 0.42 per share for the financial year 2013. For the financial year 2014, the Executive Board intends to propose to the 2015 Annual General Meeting the payment of a dividend of € 0.45 per share. This would represent a dividend increase of some 7 % on the previous year.

→ Award-winning investor relations work

In 2014, VTG continued its dialogue with the capital markets, emphasizing transparency, continuity and clarity in its communications. VTG's proactive approach to investor relations also won recognition in 2014: at the 2013 Vision Awards of the LACP (League of American Communications Professionals), the 2013 Annual Report "Growing Together" gained the distinction of a Silver Award.

→ Research coverage remains at high level

At the end of the financial year 2014, 13 financial analysts representing a range of domestic and international brokers were providing research coverage on VTG. They follow VTG regularly, continuously publishing commentaries on VTG's business performance. By the reporting date, the majority of these analysts had issued a buy recommendation for VTG shares.

03

GROUP MANAGEMENT REPORT

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03

→ Basic principles of the Group

Business model of the Group

→ Operations

VTG is a listed corporation with its headquarters in Hamburg. It leases wagons for rail freight transport and also provides logistics services with a focus on the railway as a carrier as well as arranging and executing tank container transports worldwide. The VTG Group can look back on a company history of more than 60 years. With Europe's largest private wagon fleet, it is one of the region's leading wagon hire and rail logistics companies. As of the reporting date, VTG had a global fleet of some 53,100 wagons.

With the completion of its takeover of Ahaus Alstätter Eisenbahn Holding AG, Baar, Switzerland (AAE) on January 6, 2015, VTG is adding some 30,000 wagons from AAE to its existing 50,000, thereby expanding its fleet to more than 80,000. With its extensive fleet of tank wagons, intermodal wagons, standard freight wagons, and sliding wall wagons, VTG can provide shipping companies, railway companies and rail logistics companies with the full spectrum of wagon types along with a comprehensive range of services.

→ Segments and services

With its three interwoven divisions, Railcar, Rail Logistics and Tank Container Logistics, VTG provides its customers with a high-performance platform for transporting their goods internationally. At the same time, these divisions form the operating segments for the purposes of segment reporting in accordance with the International Financial Reporting Standards (IFRS).

Wagon hire operations represent the core business of VTG, with the Railcar division offering rail freight wagon hire through its own sales network and pooling systems. VTG not only manages and maintains its own wagons but also third-party fleets. The VTG fleet comprises a range of different types of wagon. These cover the transport of almost every type of rail freight, meaning the fleet can accommodate a diverse range of customer needs. Additionally, VTG has its own wagon construction plant and two repair workshops, enabling it to provide customized, exactly tailored solutions. At the construction plant and workshops, new wagons are built and existing ones are maintained or converted to meet special requirements. With these tailor-made wagons, customers are able to transport large volumes of goods, often over long distances. They can, for instance, transport their products from one production site to another and thereby integrate the wagons into their production flows as a "mobile pipeline". VTG wagons are also used in a wide range of industries, including the mineral oil, chemical, automotive, steel and paper industries, and agriculture. Because of their fundamental importance in production flows, customers tend to hire the wagons for periods extending over the medium to long term.

In addition to wagon hire services, VTG provides logistics expertise through its Rail Logistics and Tank Container Logistics divisions. As a forwarder, the Rail Logistics division organizes transports throughout Europe with the focus on the railway as a carrier. The company is experienced in both single-wagon and block train transports. To ensure the smooth flow of goods, VTG collaborates with an extensive network of national and international haulage partners throughout Europe. The Tank Container Logistics division organizes transports of goods worldwide using tank containers. With these containers, goods can be forwarded multimodally by rail, road or sea, without the need to transfer the liquid goods themselves. It is the tank containers alone that are transferred from one carrier to another. This saves on both time and costs for transfer. Moreover, the chain of transport is much safer without having to transfer liquids.

→ Structure, organization and operational centers of the Group

The VTG Group comprises three operational divisions: Railcar, Rail Logistics and Tank Container Logistics. VTG is represented via subsidiaries and associated companies primarily in Europe, North America, Russia and Asia. In addition to VTG AG, a total of 60 companies belong to the VTG Group. As of December 31, 2014, the VTG Group had 50 fully consolidated companies in addition to VTG AG. Of these, 19 are in Germany and 31 in other countries. Additionally, two foreign companies were consolidated using the equity method. Thus, compared with December 31, 2013, the number of fully consolidated subsidiaries increased by nine, thereof two in Germany and seven abroad. This increase in the scope of consolidation is due in part to the takeover of rail logistics operations of Kühne + Nagel. In preparation for the takeover of the AAE Group, two companies were established in the Netherlands and one company in Luxembourg. This final increase also takes account of the sale of two Estonian companies on June 30, 2014 and the disposal of two companies via a merger.

With the completion of the takeover of AAE on January 6, 2015, in addition to VTG AG and the existing 60 companies, a further 23 companies will belong to the VTG Group. AAE has its headquarters in Baar, Switzerland, and has a presence in Europe and Russia.

Control parameters

→ Key control parameters

Key control parameters: revenue and EBITDA

For the Group and all three divisions, revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) are the key control parameters. For VTG, revenue is a key control parameter because it reflects the profitability of the fleet, particularly regarding the core business of wagon hire. VTG finances investments largely through cash flows from operating activities. Due to the fact that its wagon hire contracts are generally long-term in nature, the Railcar division generates a stable cash flow. As a value similar to cash flow, EBITDA is therefore another key control parameter.

→ Auxiliary control parameters

In addition to the key control parameters of revenue and EBITDA, the Executive Board also utilizes auxiliary control parameters. These include, at divisional level, the EBITDA margin, and, in Railcar, capacity utilization. At Group level, EBIT (earnings before interest and taxes) and EBT (earnings before taxes) are looked at along with the leverage and the return on capital.

Auxiliary control parameters at Group level: margins

In all three operational divisions, the EBITDA margin serves as an auxiliary control parameter. In Railcar, the ratio of revenue to EBITDA is examined. By contrast, in Rail Logistics and Tank Container Logistics, the margin is calculated using gross profit, as this is more suitable for the logistics business. Revenue in the logistics divisions includes recharged freight costs that must be subtracted when determining the margin for the individual division. This gross profit is used as the basis for calculating the margin and is viewed in relation to EBITDA.

Railcar division: monitoring capacity utilization

In Railcar, the capacity utilization of the wagon fleet serves as an important auxiliary control parameter. It is calculated by placing the number of hired wagons in relation to the entire fleet and provides an indication of how efficiently the fleet is being used at the time of review. A high level of capacity utilization thus has a positive impact on the earnings of the Group.

Auxiliary control parameters at Group level: EBIT and EBT

At Group level, EBIT is also used to judge the profitability of operations after internal financing. Another auxiliary control parameter is EBT, which is used to determine the profitability of VTG after taking into account all financing costs.

Monitoring net financial debt

VTG relies to a large extent on debt capital to finance its wagon fleet. VTG ensures that it keeps its borrowing at a level that is both reasonable for its business model and typical for the market. This level is measured using the ratio of net financial debt to EBITDA, whereby net financial debt is calculated as financial liabilities plus pension provisions less cash and cash equivalents.

Monitoring ROCE and WACC

Companies such as VTG have to generate at least the cost of the capital employed. This means that the ROCE (return on capital employed) must be higher than the WACC (weighted average cost of capital). In determining the return on investment, earnings before interest and taxes (EBIT) adjusted to take account of special items is placed in relation to the average capital employed. The cost of capital before taxes is calculated at VTG as the weighted average cost of equity capital and external capital. Thus, for VTG, the costs of equity capital result from risk-free interest and a market risk premium, while the costs of external capital are set at the average amount over the long term. A long-term analysis of the relationship between ROCE and WACC is required to provide a reliable indication of the profitability of the business. A short-term analysis based on a period of one year would not do justice to VTG's long-term business model, particularly during and after strong periods of investment.

Monthly reporting as a tool

The Executive Board of VTG has a comprehensive system of monthly reporting at its disposal. Both key and auxiliary control parameters are used in reporting. Additionally, the differences between targets and performance in relation to these parameters are analyzed and their causes determined. VTG then uses these analyses to draw up and implement corrective measures.

Research and development

As part of its business strategy, VTG estimates the future demand for wagons and types of wagon in its markets according to long-term criteria. It then plans the development of the fleet and bases its research, development and procurement policies on these projections. Moreover, the development of a new wagon or individual components such as fittings can also be initiated by a specific customer request, which is followed up with technical inspections, market and feasibility studies.

Graaff celebrates 100 years

The engineers from VTG Railcar's newbuild team and experts from Waggonbau Graaff (Graaff) work hand in hand to design and develop these wagons or components. Graaff can boast great technical expertise, quality and reliability in the construction of rail freight wagons. The wagon construction plant, which celebrated its 100th anniversary in the summer of 2014, has belonged to the VTG Group since mid-2008. Together with VTG's team of engineers in Hamburg it serves as a platform for innovation within the VTG Group. Graaff manufactures wagons for special purposes for VTG, particularly high-quality chemical tank wagons and powder wagons. This covers part of VTG's annual requirement for newly manufactured wagons.

Innovation management at VTG

Beyond specific requests from customers regarding the development of new products, VTG also operates its own innovation management system to ensure long-term success in the market. With this system, VTG is working on concepts, new types of processes and innovative products and services that will endure even decades from now. To achieve this, VTG works closely with industry, universities and railway companies. This collaboration has led, for example, to the publication of the 2030 White Paper on Innovative Rail Freight Wagons (Weißbuch innovativer Eisenbahngüterwagen 2030), which depicts the rail freight wagon of the future.

Another highlight in VTG's innovation drive is its prototype buffer override protection system, which it presented last year. Demand for this is increasing sharply, with the system being fitted to both VTG's newbuild and existing wagons. VTG is thereby making its existing fleet even safer, while other wagon hire companies are now also asking for the Graaff buffer override protection system.

Production line commences operation

In 2014, major conversion work was undertaken at the Graaff plant, with the installation of a new tank production line while the plant remained in operation. This system is among the most advanced in Europe. The tanks are now being built at a controlled rate, in a system of continuous production, using advanced production methods. With this system, VTG aims to achieve even greater process reliability and cost efficiency while producing the highest quality tank wagons. The new production line has also enabled Graaff to expand its range of products. For instance, the plant is currently producing compressed gas wagons for VTG that were not previously part of the range. However, the main focus remains on the construction of special wagons made of stainless steel.

Expansion of the valve and fittings manufacturing business

With the manufacture of valves and fittings, which are now in series production, Graaff enjoys a niche position. In 2014, Graaff expanded its range of fittings. VTG wagons are now fitted as standard with Graaff fittings. Moreover, other wagon hire companies have also recognized the quality of Graaff's fittings and are making use of this option.

Innovation initiative with wagons for liquefied natural gas

In May 2014, VTG launched a special innovation initiative to develop and build two wagon prototypes to enable liquefied natural gas (LNG) to be transported on Europe's railways for the first time. The tanks were manufactured by Chart Ferox, who are specialists in the design of containers for the transport of super-cooled products. Over the course of the year, the tanks were delivered to Graaff, where they were then fitted to the prepared chassis. The result was a wagon of the first order: probably the longest tank wagon in Europe, with a length of almost 25 m, which can hold the super-cooled, liquefied natural gas for up to six weeks. This innovation has a double ecological advantage: it brings together an environmentally friendly form of energy and an environmentally friendly form of transport.

Employees

Increase in number of employees

As of December 31, 2014, the number of people employed by the VTG Group had increased to 1,312 (previous year: 1,191). This expansion of the workforce was due primarily to the incorporation of staff as a result of the merger of VTG Rail Logistics with rail logistics operations of Kühne + Nagel on January 1, 2014. In total, 909 members of staff were employed in Germany (previous year: 846) and 403 in other countries (previous year: 345). The number of blue-collar workers stood at 360 (previous year: 341), almost all of whom were employed in the repair and manufacturing facilities. The number of white-collar workers was 899 (previous year: 801). Additionally, VTG employed 53 trainees in the year under review (previous year: 49).

VTG proves an attractive employer

Due to demographic and economic trends, the labor market situation did not ease for employers by comparison with 2013, with the trend instead becoming more acute. Despite this, in 2014, VTG once again succeeded in covering its personnel requirements promptly with well-qualified candidates. Nevertheless, the search and selection process proved increasingly costly and time-consuming, particularly in segments where demand for candidates is high. All in all, however, VTG continued to benefit from its reputation and brand strength in the rail and international logistics markets.

03

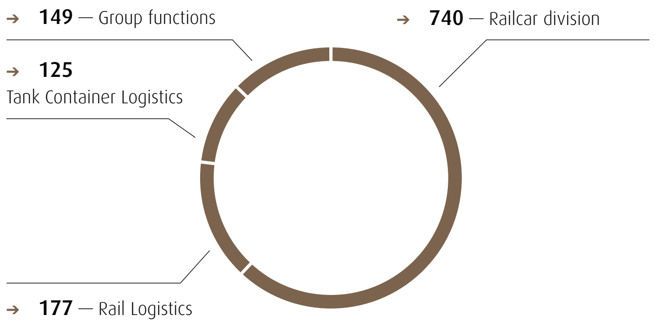
VTG remains committed to training

VTG continues to place importance on fostering the talents of young people. It therefore offers a range of traditional traineeships to qualify for such occupations as construction mechanic, forwarding agent, industrial sales manager or IT specialist. VTG also collaborates with two universities, educating and training new employees via work-and-study programs in economics, industrial engineering, business informatics and design engineering. VTG also maintains contact with other universities, with VTG staff giving lectures, participating in university careers fairs and overseeing master's theses and student placements. In the year under review, VTG pushed up its level of commitment to training beyond the already high level of the previous year.

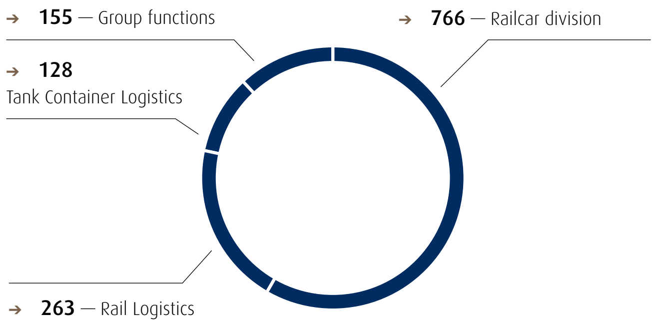
Thinking ahead in HR development

For VTG's Human Resources department, a strategic approach to the development of employees and managers is key. In particular, this must ensure VTG remains competitive in the face of an increasing shortage of skilled workers. This is to be achieved with targeted career development measures that are appropriate in terms of type and level of qualification and appointment of staff in accordance with requirements. To this end, VTG uses appropriate tools to evaluate performance and identify and nurture the existing potential of specialist and management staff. After evaluation, the findings are used to draw up individually tailored measures to foster and develop this potential. These measures can be both in-house – in the form of project assignments, additional responsibilities and assignments abroad – and external, in the form of training seminars, e-learning or coaching. Furthermore, VTG has put in place a strategic succession plan.

Employees by divisions



2013



2014

Professional integration of new employees

The rail logistics operations of VTG and Kühne + Nagel were merged on January 1, 2014. With a comprehensive program of measures, the foundation was laid for achieving professional and sustainable integration of more than 100 employees – spread across eight European countries – and for creating a European management structure for the joint venture. Ahead of its acquisition in January 2015, there was already intensive preparation in the last quarter of 2014 for integrating some 135 employees from Ahaus Alstätter Eisenbahn Holding AG (AAE). A special office has been set up in the Railcar division to facilitate the integration of AAE. The office will specify the details of the individual integration projects in their entirety, draw up appropriate measures, and oversee their implementation. To provide support, a sub-project has also been launched in the Human Resources division.

Pre-emptive rights

As previously, there are no pre-emptive rights or stock options for either directors or members of staff.

Safety and the environment

Continued high standard of certified quality and safety management systems

After successfully bringing together maintenance, safety and quality in one integrated management system for the Railcar division, VTG went on in 2014 to extend this systematic approach to the railway repair workshops in Brühl and Joigny. This has ensured a closed process cycle from the placing of an order all the way to wagon acceptance – with uniform standards of quality and safety, incorporating all aspects of the increased requirements of EU Regulation 445/2011.

In the Rail Logistics division, safety and quality have also been brought together in one integrated management system. The Europe-wide standardization of process and safety standards was used as the basis for successful integration of the rail logistics operations of Kühne + Nagel into VTG Rail Logistics.

Quality and safety management within Tank Container Logistics has also been continually developed through GMP+ B4 certification and has thereby met market demands. This certification confirms that the very strict requirements to be complied with when transporting animal feed are being met and implemented in full.

Audits as a tool for success

In the last financial year, the VTG Group once again had audits and assessments carried out systematically in all divisions. These were performed by the authorized certification bodies in accordance with a range of specifications, for example ISO 9001:2008, EU 445/2011, GMP+ B4, SQAS CDI-IMPCAS and CTPAT. The findings confirm the very high quality and safety of the equipment in use and the accompanying services. Through systematic application of these systems of management and implementation of quality and safety policies within VTG it is being ensured that the findings of the audits are being carried over effectively into the organization. As a result, a great number of processes within the divisions have been restructured, areas of responsibility redefined, and equipment maintenance measures re-aligned with the new requirements. This ensures continual improvement of quality and maintenance at a European level, thereby further increasing safety across a range of transport carriers in international freight traffic. Additionally, customers of VTG once again performed Europe-wide audits in all three divisions. These audits focused in particular on the application of the rules governing hazardous goods, compliance with safety requirements and the implementation of operational processes. VTG once again passed these audits successfully, confirming the high standard of its quality and safety management systems.

New management cockpit

In the reporting period, work was begun on creating a central management cockpit. This is for regular reporting from the perspective of the VTG Group on general progression and the reaching of targets with regard to the issues of health and safety at work, quality, safety and the environment. The management cockpit is to be used to identify trends and specific targets in these predefined thematic areas so as to be able to act quickly with targeted measures in the event of any divergence.

Working in partnership with suppliers

In the year under review, as part of VTG's supplier management and hazardous goods management systems, employees of the VTG Group performed various types of monitoring, including numerous audits, at the premises of suppliers and partners. The aim of these was to verify quality and safety and to continue improving these jointly.

Hands-on practice in safety, technology and hazardous goods

There is a very limited amount of practical training available in the areas of safety and technology. For this reason, VTG has once again extended its training provision, providing training in safety, wagon technology and hazardous goods to more than 1,500 employees of VTG customers as well as fire service and rescue workers. The high number of participants shows clearly that, with its experts, VTG is tackling the right issues and is imparting knowledge and skills that can be put into practice to ensure even safer transport of goods in cooperation with its partners.

Spotlight on health and safety at work

In the reporting period, in support of its goal of "zero accidents at work", VTG introduced various measures to increase health protection and safety at work. It already has firmly established standards for maintaining and increasing health and safety at work, which it applies in its safety inspections and workplace and hazard analyses. In addition to these, VTG developed new training solutions in 2014 that ensure that the content of training is understood and implemented. Furthermore, in future, staff will first have to pass examinations with both theoretical and practical content before operating specific equipment or using certain tools. The scheduled inspections will be supplemented by spot checks as a further means of increasing safety in the workplace. With these measures, VTG is systematically pursuing its goal of "zero accidents at work" and is actively involving the relevant employees to be able in future to prevent accidents even more methodically and effectively.

Environmental protection

Very high priority is given to safe, requirements-based operation of the existing environmental equipment, along with continual monitoring and maintenance of the standards for compliance with the current permits and authorizations. This leads to more efficient use of energy and fuel, which in turn lessens the impact on both the equipment and the environment. Additionally, we are working on identifying potential for better utilization of the energy used.

→ Report on the economic position

General environment

→ Macroeconomic environment

Stronger global economic expansion over 2014

After even slower growth in global production in the first six months of 2014 than in the same period of 2013, GDP went on to increase more sharply in the third quarter. The indicator for global economic activity of the Kiel Institute for the World Economy (Institut für Weltwirtschaft) also pointed to a similarly strong increase in the fourth quarter of the period under review. However, the rate of growth remains moderate compared with the trend for the medium term. For the global economy, the Kiel Institute expects an overall rise in GDP of 3.4 % in 2014.

Economic trends in the eurozone and Germany

While the emerging economic recovery in the eurozone came to a standstill in the spring of 2014, economic activity increased only minimally. The geopolitical tensions, particularly the conflict in Ukraine, had a negative impact. On the whole, the indicators pointed to a moderate increase only in GDP in the eurozone at the end of the reporting period. At the beginning of the reporting period, economic recovery also gained pace in Germany, but was then slowed down again due to the conflict in Ukraine. At the end of the reporting period, the German economy picked up again, due in part to the low oil price. For 2014, the Kiel Institute expects GDP in the eurozone (excluding Germany) to have gone up by 0.6 % compared with the previous year. Meanwhile, for Germany, the Kiel Institute predicts a slight rise in GDP of 1.5 % for 2014.

Economic trend in selected non-European countries

While, due to exceptional factors, GDP declined further in the US at the start of the year, the economic trend over the rest of the year was upward. For 2014, experts anticipate an increase in GDP of 2.2 % on the previous year. In China, although economic activity was up on the previous year, no particular momentum was gained. For 2014, the Kiel Institute expects an increase in Chinese GDP of 7.4 %. In Russia, the Ukraine crisis had a considerable impact on the economic trend. For 2014, the Kiel Institute predicts only a slight rise in GDP of 0.4 % on the previous year.

→ Sector-specific environment

Due to a slightly positive upturn in the economy along with favorable weather conditions, the volume of freight traffic grew in Germany in 2014. According to Germany's Federal Statistical Office, transport volume increased by 2.9 % compared with 2013. The quantity of freight transported by rail, however, shrank by 2.4 %, with the railway seeing significant drop-offs during the rail strike in Germany over pay, particularly in October and November. It was thus the only mode of transport to lose tonnage in the year under review. In 2014, the German chemical industry reported moderate increases in production, resulting in only a very slight upward trend. In the automotive industry in western Europe, there was increased demand in 2014 for new vehicles following a downward trend in recent years.

Business development and situation

→ Significant events and transactions

VTG signs agreement to acquire all shares of wagon hire company AAE

On September 29, 2014, the Executive Board of VTG AG signed an agreement with Andreas Goer, sole owner of Ahaus Alstätter Eisenbahn Holding AG, Baar, Switzerland (AAE). Under this agreement, VTG is to acquire all shares of the wagon hire company AAE. The takeover of AAE will have a future impact on the financial position, net assets and results of operations of the VTG Group. Further details of this takeover can be found in the sections "Material events after the balance sheet date" and "Report on expected developments".

New Chief Logistics and Safety Officer

On June 1, 2014, the Supervisory Board of VTG AG appointed a new member of the Executive Board. Günter-Friedrich Maas is now in charge of Logistics and Safety, which, prior to his appointment, was headed provisionally by CEO Dr. Heiko Fischer and CFO Dr. Kai Kleeberg. Mr. Maas has many years' experience in logistics and comprehensive knowledge of the industry, providing a good foundation for further expansion of VTG's logistics divisions.

Launch of partnership between VTG and Kühne + Nagel

On January 1, 2014, the new rail logistics company bringing together VTG and Kühne + Nagel under the name VTG Rail Logistics commenced operations. With the merging of rail logistics operations of the two companies, the new company can draw on a Europe-wide network of operational centers and combine the expertise of two strong logistics providers. As major shareholder, with a shareholding of 70 %, VTG has assumed operational control of the new company.

Results of operations

→ Consolidated results of operations

Group revenue increases by 4.4 % to € 818.3 million

In the financial year 2014, revenue for the Group amounted to € 818.3 million. This represents an increase of € 34.6 million, or 4.4 %, on the previous year (€ 783.7 million). This increase resulted from both the high performance of the Railcar division and improved revenue in Rail Logistics. The increase in revenue was constrained somewhat by the slight year-on-year fall in revenue in Tank Container Logistics.

The forecast, adjusted in May 2014 and elaborated further over the year, anticipated revenue in the year under review at the lower end of the range € 800 – 900 million, and this has been achieved. In line with expectations, the forecast originally issued at the beginning of the year, anticipating revenue in 2014 of between € 850 and 950 million, could not be met due to the Ukraine crisis and the market trend in the liquid goods product segment.

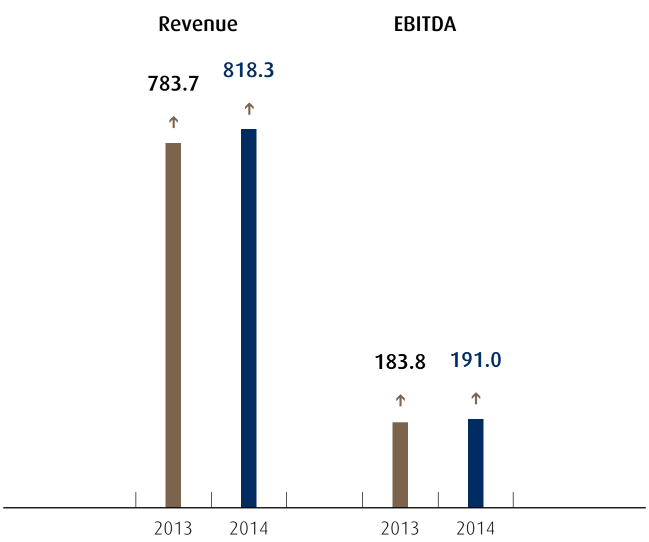
Of total revenue for the Group, € 349.4 million came from customers based in Germany (previous year: € 343.0 million). This represents a share of 42.7 %, slightly down on the previous year (43.8 %). Accordingly, business from customers abroad generated revenue of € 468.8 million (previous year: € 440.7 million), giving a share of 57.3 % (previous year: 56.2 %).

EBITDA climbs 4.0 % to € 191.0 million

In the financial year 2014, EBITDA (earnings before interest, taxes, depreciation and amortization) increased by € 7.3 million, or 4.0 %, to € 191.0 million (previous year: € 183.8 million). This increase was essentially driven by the positive trend in Railcar, although the higher level of EBITDA in Tank Container Logistics also had a positive impact.

VTG thus met the target set out in the forecast drawn up at the beginning of 2014 of achieving EBITDA of between € 188 and 200 million in the year under review. The further elaborated EBITDA projection in the adjusted revenue forecast issued in

Revenue and EBITDA development → in € m



May 2014, anticipating EBITDA at the lower end of the range € 188 – 200 million, was also achieved.

Extraordinary expenses of some € 4.4 million were incurred in connection with the takeover of AAE and the program of process optimization and restructuring within Rail Logistics. These expenses had a negative impact on earnings in the financial year 2014. However, there was a more or less equally positive effect from investment income from Tank Container Logistics and higher income from the scrapping of wagons. These positive and negative special items thus essentially canceled each other out.

EBIT, EBT and net profit for the Group also up on previous year

In the year under review, VTG was also able to push up EBIT (earnings before interest and taxes) by a considerable € 5.8 million, or 7.4 %, to € 83.5 million (previous year: € 77.7 million). EBT (earnings before taxes) amounted to € 29.8 million, an increase on the previous year (€ 27.4 million) of € 2.4 million, or 8.6 %. Meanwhile, net profit for the Group reached € 18.8 million, exceeding the level of the previous year (€17.2 million) by € 1.6 million, or 9.2 %. Earnings per share increased accordingly, to € 0.93 (previous year: 0.71 €).

→ Results of operations: Railcar division

The Railcar division hires out its rail freight wagons in its core market of Europe, in the U.S. and in the Russian broad-gauge market. VTG owns the largest private wagon fleet in Europe. The fleet has nearly every type of freight car, from tank cars to modern high-capacity wagons all the way to flat cars. This versatility means that VTG can provide solutions for customers from almost every branch of industry. The business model of the Railcar division is very stable due to the fact that its wagons form an integral part of the customer's industrial infrastructure.

Railcar division sees steady increase in capacity utilization

In the year under review, revenue in the Railcar division increased by € 12.5 million, or 3.7 %, to € 345.4 million (previous year: € 332.9 million). There was also an increase in EBITDA, which climbed to € 194.4 million, pushing it up by € 13.3 million, or 7.3 %, on the previous year (€ 181.1 million). Consequently, the EBITDA margin related to revenue of 56.3 % increased compared with 2013 (54.4 %). The Railcar division thus achieved the slight increases in revenue and EBITDA as anticipated in its forecast issued at the beginning of 2014.

In the financial year 2014, the focus was on the completion and delivery of newbuild wagons on order. As a result, a total of 1,800 newbuild wagons were delivered to VTG customers. These customers came primarily from the steel and agricultural industries as well as from the mineral oil sector. The newbuild wagons included 350 bulk freight wagons, which were used to expand the VTG fleet in Russia slightly. Furthermore, some 500 wagons were added to the VTG fleet, partly through leasing third-party wagons. These additions were, however, tempered by the fact that some 2,000 wagons were also withdrawn from service. This led to only a slight overall increase in fleet size, with the fleet comprising some 53,100 wagons as of the reporting date (previous year: approx. 52,700 wagons).

There was a positive trend in capacity utilization in the fourth quarter, with this level rising for the fifth consecutive quarter since Q3 2013 (89.4 %). At the end of the fourth quarter, it stood at 91.0 %. It thus also exceeded the level at the end of the fourth quarter of 2013 (89.8 %).

→ Results of operations: Rail Logistics

In the Rail Logistics division, VTG focuses mainly on organizing the transport of goods by rail throughout Europe, in the form of both block train and single-wagon transports. The division operates independently and leases wagons from the Railcar division as well as from third parties. The industry focus is on transports of mineral oil and chemical products, liquid gases, and both industrial and agricultural goods. With its provision of cross-border transport operations and its particular expertise in the transport of sensitive goods, VTG's Rail Logistics is one of the leading providers in Europe. The division also offers additional services tailored to customer requirements.

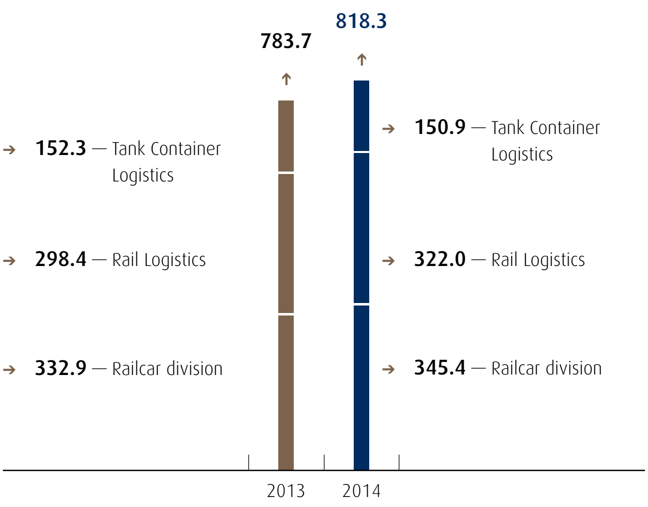
Slight upward trend in business over the year

Revenue for the Rail Logistics Division increased in the financial year by € 23.6 million, or 7.9 %, to € 322.0 million (previous year: € 298.4 million). For the reporting period, EBITDA amounted to € – 0.2 million, down € 4.1 million on the previous year (€ 3.8 million). The EBITDA margin on gross profit stood at – 0.9 % (previous year: 16.8 %), partly due to extraordinary expenses arising from the process optimization and restructuring program that began in the year under review. Overall, the division achieved revenue in line with the forecast issued for 2014, which had anticipated a moderate increase. The expectation that EBITDA would be much lower than in 2013 was also confirmed.

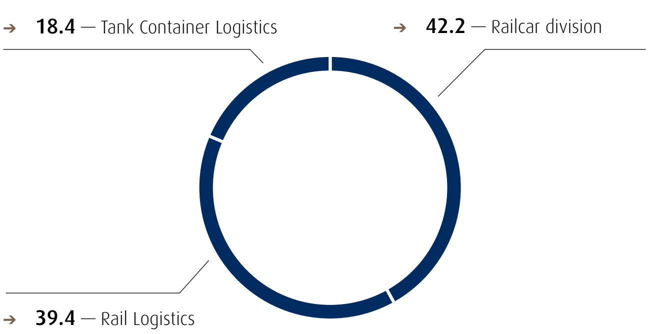
Revenue was boosted in the industrial goods segment in the financial year 2014 as a result of the merger of rail logistics operations of VTG and Kühne + Nagel. However, overall performance fell considerably short of original expectations. The main reason for this was the political tensions between Russia and Ukraine, which brought the transports in this key region practically to a standstill. However, the division was able to offset some of the loss from the unexecuted transports to Russia with new business, particularly in southeastern Europe. In the liquid goods market segment, stronger competition led to lower revenue. Additionally, following the mild winter, fewer goods were transported by rail at the beginning of the year, which had a general impact on revenue for the year. In the final months of the year, the agricultural goods market segment stabilized somewhat, and the fleet optimization program was completed for the time being.

The fall in EBITDA in the year under review is due to the decline in revenue in the liquid goods segment and a shrinkage of the achievable margins in this segment because of changes in the competitive environment. Moreover, EBITDA was also affected by the unmet revenue expectations in the industrial goods segment due to a higher cost base. The main driver of costs was

Breakdown of revenue by business division → in € m



Breakdown of revenue by business division → in %



expenditure on staff following the acquisition of rail logistics operations of Kühne + Nagel at the start of the year. To counter this higher cost base, VTG initiated a program of process optimization and restructuring in Rail Logistics at the end of 2014. Provision was made in the financial year 2014 for the anticipated costs of this, with these costs impacting EBITDA accordingly.

Overall, the trend seen in Rail Logistics was encouraging: after facing a difficult first six months, the division went on to see slight recovery in operations in the second half of the year.

→ Results of operations: Tank Container Logistics

The Tank Container Logistics division offers transport and logistics services for tank containers, which it also leases. Tank containers are primarily used for the safe carriage of liquid and temperature sensitive products in the chemical, mineral oil, and compressed gas industries. The containers can be used in combined traffic and transported by rail, truck or ship. The products remain in the tank container during transshipment. This enables safe transport in door-to-door traffic. VTG is one of the world's largest providers of logistics services for liquid chemical products. The Company's fleet comprises around 10,700 tank containers.

Tough competition affects performance

For the financial year 2014, revenue for the Tank Container Logistics division amounted to € 150.9 million. This represents a slight drop of € 1.4 million, or 0.9 %, on the previous year (€ 152.3 million). For the reporting period, EBITDA in Tank Container Logistics was € 12.8 million, an increase € 3.6 million, or 38.7 %, on the previous year (€ 9.2 million). The EBITDA margin on gross profit stood at 48.9 %, representing an increase on the previous year (38.1 %). The Tank Container Logistics division thus fell short of the revenue expectations as set out in the forecast issued at the start of 2014, which anticipated slight improvement in revenue in the division. However, in terms of EBITDA, the division in fact exceeded the slight increase that had been expected in the forecast.

In the year under review, the positive impact of the slight increase in transport volume was offset by continuing overcapacity in the market. This overcapacity continued to have a negative impact on the achievable prices and thus also directly affected the development of revenue. In the various transport regions, the trends were as follows: the division managed to push up European transports slightly despite a weaker economic environment compared with the previous year. Asian transports stabilized in a weaker economic environment. North American transports were affected in the first half of 2014 by the shortfall in transports at the start of the year caused by the bad weather. In the second half of the year, however, there were pleasing signs of growth again.

The rise in EBITDA in 2014 was largely due to non-recurring investment income from the leasing of tank containers and reduced costs of materials. However, even after adjustment to take account of the positive effect of this special item, the division still succeeded in achieving a slight increase in earnings.

Having followed a downward trend over 2013, an upturn was seen in EBITDA once again in the early part of the year under review, which continued over the last two quarters.

Financial position

➔ Financial management of the VTG Group

Due to the capital-intensive nature of its business model, particular importance is attached to the VTG Group's system of financial management. The key elements of this are the management of the capital structure of the Group and the management of the Group's liquidity. On the whole, VTG's system of financial management is based on market data, taking into account various scenarios. VTG's head office in Hamburg oversees the financial management of all companies in the Group. It is also responsible for group-wide management of financial market risks. For further information on management of the financial risks to which the company is exposed and the extent of these risks, please refer to the section "Reporting of financial instruments" in the notes to the consolidated financial statements.

➔ Capital structure management

The core source of long-term finance for the VTG Group is a US private placement bond issued in May 2011. This comprises amounts of € 450 million and US$ 40 million with terms of 7, 10, 12 and 15 years, with the term of the last tranche running until 2026. VTG also has access to a syndicated loan that runs until 2016. This comprises an amortized loan (originally € 100 million) and a revolving credit line (€ 350 million) with a guarantee of € 60 million. As of December 31, 2014, VTG had drawn down € 215 million cash from the revolving credit line. With this financing, VTG now has an open funding platform, enabling it to combine various financing instruments. Furthermore, the different maturities and different tranches significantly reduce the future refinancing risk.

The financing arrangements of the VTG Group expose the company to a certain interest rate risk. While there is no interest rate risk from the bond placed on the US market due to its fixed interest coupons, there is an interest rate risk from syndicated loan, whose variable interest can change depending on the market interest rate. The interest rate hedges (interest rate derivatives) entered into in connection with the old syndicated loan cover the risk of increases in the interest rate of the new syndicated loan. However, of these interest rate hedges, which run until mid-2015, a portion is recognized in the income statement due to the lack of a hedging relationship. Here, the interest rate hedges are measured at market value, with the portion no longer hedged being recognized in the income statement and the effective portion recognized in equity. Depending on the current interest rate, market values can change and accordingly have a positive or negative impact on EBT and net profit for the Group. Since the interest hedges were entered into in 2008, the interest rate level has fallen sharply. There was a general downward trend in the interest rate over 2014. This in turn led to a negative market evaluation of the interest rate derivatives and thus slightly higher financing expenses.

➔ Management of financing agreements

The VTG Group has entered into a number of credit agreements containing obligations and requirements in relation to specific financial ratios (financial covenants). To ensure constant compliance with these conditions, the Executive Board continually monitors these financial covenants in a forward-thinking manner, subjecting them to careful scrutiny. In the year under review, all covenants were complied with.

➔ Liquidity management

The Group's liquidity requirements are managed through liquidity planning. The companies in the Group report their liquidity requirement or surplus to the Group's head office daily, and liquidity requirements are then planned on the basis of these reports. The companies in the Group cover their requirements for funds for operations through automatic cash pooling arrangements, intercompany loans, funds from VTG through bank loans, and shareholders' equity.

As of December 31, 2014, cash and cash equivalents recorded in the balance sheet for the VTG Group amounted to € 80.4 million (previous year: € 61.5 million). Moreover, the stable cash flow from operating activities continues to provide a good basis for investment financing. By means of the flexible credit lines available to the Group, the ability of VTG AG and its subsidiaries to meet their payment obligations can also be ensured at all times.

➔ Analysis of the cash flow statement

In the financial year 2014, cash flows from operating activities increased by € 10.0 million, or 6.7 %, rising from € 149.8 million to € 159.9 million. This increase was largely the result of higher net profit along with sales of wagons in 2014 to leasing companies.

In the year under review, cash flows used in investing activities amounted to € 171.1 million, an increase of € 30.4 million on the previous year (€ 140.7 million). These funds were used largely for the construction of new wagons.

In the year under review, cash flows from financing activities amounted to € 28.4 million (previous year: outflow of € 3.6 million). This inflow consists primarily of the balance from the use of lines of credit, the cash outflow from interest payments, repayments of bank loans, and the dividend payment for the financial year 2013.

➔ Capital expenditure

In the financial year 2014, capital expenditure amounted to € 219.2 million. Following a comparatively low volume of capital expenditure in 2013 of € 166.0 million, this rose by € 53.2 million in the year under review. The major part of these funds, that is € 204.6 million, was invested in fixed assets (previous year: € 163.9 million including financial assets). € 14.6 million was financed off-balance through operating lease agreements (previous year: € 2.2 million). Furthermore, of the fixed assets purchased in the previous year, assets to the value of € 4.5 million were sold to leasing companies and these assets were then re-hired for use by VTG. In the financial year 2014, the share of funds invested in the Railcar division was 96.1 % (previous year: 93.7 %). These funds were used largely for the construction of new wagons. The two logistics divisions and the holding company thus accounted for 3.9 % (previous year: 6.3 %) of the total investments. Most of this was invested in the tank container fleet.

At the end of the reporting period, some 2,300 wagons were on order and awaiting delivery. Around 1,100 of these wagons are destined for the European market, with most of these to be delivered to VTG customers in 2015 and the remainder in 2016. Furthermore, in the fourth quarter of 2014, VTG placed its first major order for some 1,200 wagons for the North American market. Due to the long lead times, it is anticipated that delivery of around 1,000 of the wagons in this order will not be before 2017.

Net assets

→ Balance sheet structure

As of December 31, 2014, total assets for the VTG Group amounted to € 1,673.4 million. This represents an increase of € 122.6 million, or 7.9 %, on the previous year (€ 1,550.8 million). The share of fixed assets remained almost unchanged compared to 2013, at 83.4 % of total assets (previous year: 84.0%). Accordingly, there was only a minor change in the share of current assets. Overall, the balance sheet structure remained almost unchanged.

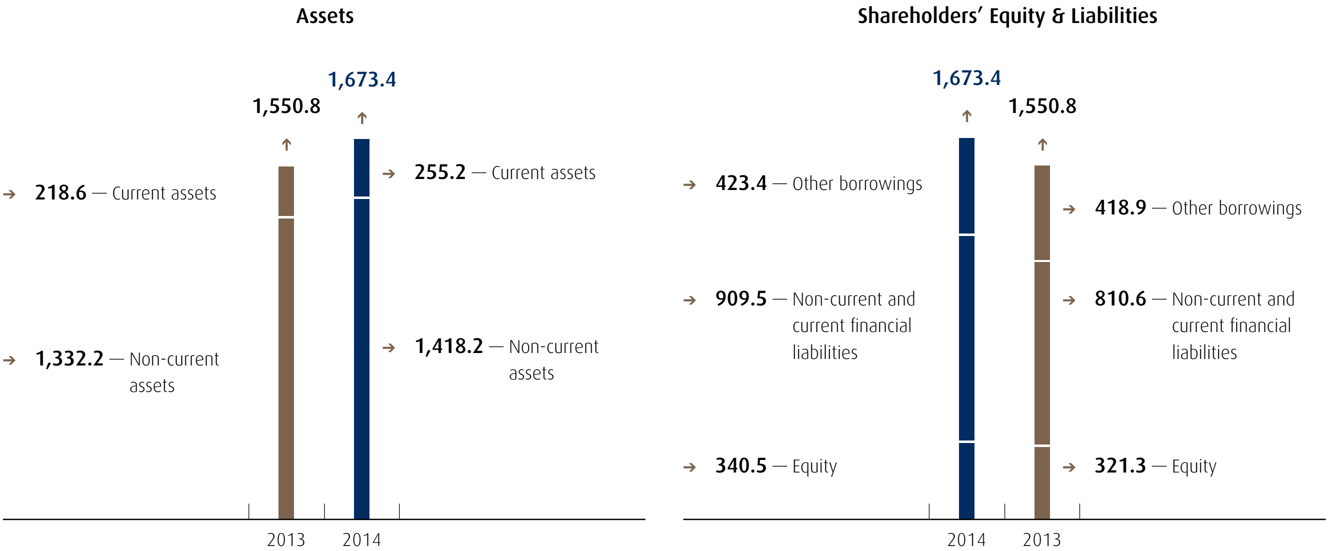
As of the end of the year under review, equity amounted to € 340.5 million. This represented an increase of € 19.1 million, or 6.0 %, compared with the previous year (€ 321.3 million). This rise is due in particular to the profit for the Group, the changes in the cash flow hedge reserve, and the positive effects of currency translation. On the other side, there was the dividend payment for the financial year 2013 and the revaluation of pension provisions. As of December 31, 2014, the equity ratio was 20.3 %, representing a slight drop compared with the previous year (20.7 %).

→ Unrecognized assets

To finance its wagons, in addition to funding requiring balance sheet recognition, VTG takes advantage of off-balance sheet financing strategies, for example operating lease agreements.

Balance sheet structure

→ in € m



Overall assessment of the economic situation by the Executive Board

Despite an only moderate trend in the economic environment, VTG succeeded in pushing up revenue and EBITDA for the Group. Moreover, with the takeover of AAE, VTG was able to position itself even better strategically for the future.

In the Railcar division, the positive trend in business continued in the financial year 2014. The division once again represented a central pillar of the VTG Group, making a decisive contribution to the positive performance of the Group in the financial year 2014. The newbuild wagons delivered to VTG customers in the year under review had a particularly positive impact. Capacity utilization also increased steadily over the year, standing at 91.0 % at the end of the year (previous year: 89.8 %).

There was a mixed picture in the logistics divisions in the financial year 2014: after a difficult first six months, a slight improvement was seen in performance in Rail Logistics. Nevertheless, political conditions that cannot be influenced, such as those in Ukraine, along with changes in the market environment, inexorably affected performance. With the integration of the operations acquired from Kühne + Nagel now largely complete, the newly formed executive team will be bringing the necessary skills and experience to lending new impetus to these divisions.

In Tank Container Logistics, there was a steady upturn in performance, with improvement from quarter to quarter. However, the positive impact of the slight increase in transport volume was countered by continuing overcapacity in the market, preventing greater improvement.

The financial position and assets of the VTG Group remain solid. Due to its consistently strong operating cash flow, its long-term financing agreements including its lines of credit, and the quality and creditworthiness of its diverse customer base, the VTG Group is in a very good position to push ahead successfully with its corporate strategy. As of the reporting date, the overall balance sheet structure remained almost unchanged.

The takeover of AAE will have a future impact on the financial position, net assets and results of operations of the VTG Group. Further details of this takeover can be found in the sections "Material events after the balance sheet date" and "Report on expected developments".

→ Material events after the balance sheet date (Supplemental report)

On January 6, 2015, following approval by the competition authorities in Germany, Austria, Poland, and Russia, VTG completed its takeover of the wagon hire company Ahaus Alstätter Eisenbahn Holding AG (AAE). On September 29, 2014 the Executive Board of VTG AG signed the takeover agreement with Andreas Goer, owner of AAE, under which VTG acquired all shares of the wagon hire company AAE.

AAE is a leading provider of wagon hire services in the combined transport market. The merger adds some 30,000 AAE wagons to VTG's existing fleet of more than 50,000. This consolidates VTG's position as Europe's largest private wagon hire company, with a worldwide fleet of some 80,000 wagons. It also expands VTG's range of wagons and services in Europe, closing a key gap in its product portfolio. The AAE wagons have an average age of 15 years, significantly below the 23-year average of the wagons in the VTG fleet. AAE operates in 24 countries in Europe as well as in Russia. Through this merger, VTG will reach new customer groups and continue to target the market for combined and intermodal transports. The terms combined transport and intermodal transport refer to all forwarding and transport operations in which the same loading unit (for example, a container) is transported by rail in combination with other modes of transport. The combined transport market is continuing to see strong growth, with experts forecasting that it will double by 2030. AAE has its headquarters in Baar in Switzerland. In the financial year 2013, AAE generated revenue of more than € 200 million and EBITDA of just under € 150 million. As of December 31, 2013, the company's net debt stood at € 890 million, with total assets amounting to some € 1.1 billion.

Financing of the takeover

As consideration for all shares of AAE, the agreement on the takeover of AAE provides for a cash component amounting to some € 15 million, the issuance of a subordinated vendor loan note with equity characteristics amounting to just under € 230 million, the issuance of some 7.4 million new shares of VTG to the seller of AAE, Andreas Goer (the vendor) and – in accordance with an adjustment provision in the agreement – additional payment, as required, of up to a maximum of around € 3 million. Through this transaction, the vendor acquired some 26 % of the increased share capital of VTG.

As part of this transaction, on January 26, 2015, VTG issued a hybrid bond amounting to € 250 million. The vendor took over a tranche of € 74 million of this hybrid bond against partial redemption of the same amount of the vendor loan note. A cash payment of some € 155 million from the proceeds of the hybrid bond was paid to the vendor for the remaining amount of the vendor loan note. € 70 million thereof was then placed at the disposal of AAE by the vendor as a loan for repayment of other financial liabilities.

Resolution on capital increase against a mixed contribution in kind with the exclusion of shareholders' pre-emptive rights

To fulfil the share component of the consideration for the takeover of AAE, on September 29, 2014, the Executive Board of VTG, with the approval of the Supervisory Board, passed a resolution for a capital increase against a mixed contribution in kind, with the exclusion of shareholders' pre-emptive rights. Through partial utilization of the authorized capital, the share capital of VTG was increased on January 6, 2015 by € 7,367,330, from € 21,388,889 to € 28,756,219. For this purpose, 7,367,330 new ordinary bearer shares (no-par value shares) were issued to the vendor at the issue price of € 1. The new shares carry full dividend rights from January 1, 2014. Within nine months of the completion of the transaction, they are to be admitted to the regulated market of the Frankfurt Stock Exchange and to the sub-segment of the regulated market with additional obligations arising from admission. The new shares are to be subject to a lock-up period of twelve months from the completion of the transaction.

Change in shareholder structure

According to the information on voting rights of January 6, 2015, with a subscription to 7,367,330 new shares from the capital increase against a mixed contribution in kind, and with the exclusion of shareholders' pre-emptive rights, Andreas Goer acquired some 25.62 % of the increased capital of VTG. According to the information on voting rights received by VTG on January 12, 2015, the share held by Compagnie Européenne de Wagons S.à r.l., Luxembourg, backed by the major US investor Wilbur Ross, amounted to 43.84 %. This gives a free float of 30.54 %.

There were no other events of special significance after the end of the financial year 2014.

→ Capital markets, shares, and dividend policy

Share prices reach record highs worldwide

2014 got off to a positive start initially for prices on the global stock exchanges. However, geopolitical tensions along with uncertainty about the fundamental trend in the emerging economies hampered any continual upturn. Driven by underlying positive sentiment, from mid-April the upward trend on Germany's DAX share index was unstoppable. In early June 2014, it reached the 10,000-point mark for the first time, helped along by the ECB's monetary easing measures. Subsequently, however, the Ukraine crisis, the conflicts in the Middle East, and the concerns about a cooling of the global economy affected prices on the stock exchanges, resulting in a correction on the equity markets, causing the DAX to fall to an annual low of 8,572 points in mid-October. Driven by the hope of further monetary easing by the ECB and the record highs seen on Wall Street, the DAX climbed to some 10,087 points at the start of December, its highest daily closing rate in 2014. Towards the end of the reporting period, Germany's DAX index had to surrender some of its gains again, closing at some 9,806 points, representing an increase of around 3 % in the financial year 2014.

VTG share performs very well in financial year 2014

In 2014, the VTG share initially followed the general trend on the stock exchanges. Thus, in the first quarter, the share price was repeatedly affected in the wake of reports of geopolitical tensions. From mid-April, the VTG share began to climb as a result of some analysts' price target increases, reaching its highest daily closing price at the beginning of July 2014. The subsequent correction on the equity markets also affected the VTG share. As a result of this, it fell to its lowest daily closing price of € 13.50 on September 29, 2014, before going on to rise continuously until the end of the year. This increase was in response to the announcement of VTG's acquisition of AAE on September 30, 2014, with the share reaching its highest daily closing price of € 18.86 on December 11, 2014. Compared with the closing price at the end of 2013, this represents an increase of around 22 %. The SDAX benchmark index managed only an increase of around 6 % in this period. At the end of the reporting period, VTG's market capitalization stood at € 392.5 million.

VTG share listed on SDAX

The VTG share has now been re-instated to the SDAX after a period of absence. As part of its scheduled review of index composition, Deutsche Börse had decided on March 5, 2014, to remove the VTG share from the SDAX with effect from March 24, 2014. Due to an unscheduled change to the composition of the index, the VTG share was re-admitted to the SDAX on December 4, 2014.

Stable shareholder structure as of December 31, 2014

As of December 31, 2014, VTG was aware of the following shareholdings with a share of more than 10 % of the voting rights: in accordance with its registration for the Annual General Meeting of June 5, 2014, Compagnie Européenne de Wagons S.à r.l., Luxembourg, backed by the major US investor Wilbur Ross, held 52.03 % of the shares, directly and indirectly. According to the information on voting rights received by VTG AG on June 10, 2014, CEW Germany GmbH, a 100 % subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, had a direct shareholding of 49.99 %. According to the latest information on voting rights, received by VTG AG on July 16, 2014, Samana Capital L.P., Greenwich, Connecticut, US, held 2.98 % of VTG shares on this date. Therefore, based on the latest information on voting rights, 47.97 % of shares were in free float at the end of the reporting period.

Change to shareholder structure at beginning of January 2015

At the beginning of January 2015, there was a change in the shareholder structure. This was due to the capital increase of 7,367,330 new no-par value shares against a mixed contribution in kind with the exclusion of shareholders' pre-emptive rights that took place through the acquisition of AAE. According to the information on voting rights as of January 6, 2015, the former owner of AAE, Andreas Goer, Switzerland, holds 25.62 % of the increased capital of VTG. According to the information on voting rights received by VTG on January 12, 2015, Compagnie Européenne de Wagons S.à r.l. had, indirectly and directly, a shareholding of 43.84 % of the increased capital of VTG. According to the information on voting rights also received by VTG AG on January 12, 2015, CEW Germany GmbH, a 100 % subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, had a direct shareholding of 37.18 %. This gives a free float of 30.54 %.

Both major shareholders of VTG are, independently of each other, pursuing the same goals as the management of VTG: responsible growth and strategic development. The stable nature of these shareholdings gives VTG both the greatest possible room for maneuver and a secure foundation for developing the company.

Dividend of € 0.42 paid for financial year 2013

On June 5, 2014, the Annual General Meeting approved the proposal of the Executive Board and the Supervisory Board to issue a dividend for the sixth consecutive year and issue to shareholders a payment of € 0.42 per share for the financial year 2013. For the financial year 2014, the Executive Board intends to propose to the 2015 Annual General Meeting the payment of a dividend of € 0.45 per share. This would be the fifth consecutive dividend increase and would represent an increase of some 7 % on the previous year. It is VTG's aim to enable its shareholders to share regularly in the company's success and thereby position itself as a reliable issuer of dividends. VTG does not make the amount of the dividend dependent on a specific level of profit but is committed to continual issue of dividend payments of equal or higher amounts.

→ Required Disclosures

Required disclosures pursuant to § 315 (4) of the German Commercial Code and explanatory report

The required disclosures pursuant to § 315 (4) of the German Commercial Code are listed and detailed below:

On December 31, 2014, the share capital of VTG AG amounted to € 21,388,889 and comprised 21,388,889 no-par value bearer shares. After the capital increase implemented on January 6, 2015, the share capital of VTG AG amounts to € 28,756,219 and comprises 28,756,219 no-par value bearer shares. Every share carries a voting right.

As of December 31, 2014, there are no known restrictions affecting voting rights or the transfer of shares. With respect to the 7,367,330 new shares of VTG AG created by way of the capital increase as at January 6, 2015, Mr Andreas Goer, as subscriber of such shares, has contractually undertaken vis-à-vis VTG AG not to directly or indirectly offer, sell, transfer, market, otherwise dispose of or trade any New Shares, or announce any of the above, until after January 5, 2016, at the latest, however, until issuance of a notification pursuant to § 10 of the German Securities Acquisition and Takeover Act on the offer for the acquisition of shares of VTG AG or an announcement of a transaction by VTG AG which materially changes the business of VTG AG. The lock-up obligation provides for exceptions in the case of a succession after the subscriber's death, and also in case of disposal/transfer and economically comparable transactions outside the stock exchange with an affiliated company of the subscriber or a third party, provided that the acquirer agrees to the same lock-up obligation.

As of December 31, 2014, VTG AG was aware of the following shareholdings with a share of more than 10 % of the voting rights: Compagnie Européenne de Wagons S.à r.l., Luxembourg, indirectly and directly holds 52.03 % of the shares. According to the information on voting rights received by VTG AG on June 10, 2014, CEW Germany GmbH, a subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, has a direct shareholding of 49.99 %. As of January 12, 2015, VTG AG was aware of the following shareholdings with a share in the voting rights of more than 10 %: According to the voting rights announcement received by VTG AG on January 6, 2015, Mr Andreas Goer, Switzerland, has a direct shareholding of 25.62 %. According to the voting rights announcement received by VTG AG on January 12, 2015, Compagnie Européenne de Wagons S.à r.l., Luxembourg, has a direct and indirect shareholding of 43.84 % and CEW Germany GmbH, a subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, has a direct shareholding of 37.18 %. With respect to the indirect shareholding relationships, please refer to the notes to the financial statements of VTG AG as of December 31, 2014.

There are no shares with special rights that confer powers of control.

The Executive Board of VTG AG does not know how any employees holding a share in the capital of VTG AG intend to exercise their voting rights.

The provisions on the nomination, dismissal and composition of the Executive Board are based on § 84 (1) of the German Stock Corporation Act and § 6 of the Articles of Association of VTG AG as well as § 9 of the Rules of Procedure of the Supervisory Board. Where there are no mandatory legal provisions to the contrary, resolutions on changing the Articles of Association are passed by a simple majority of the votes cast and, where the law requires a capital majority beyond a majority vote (§ 179 (2) German Stock Corporation Act), by a simple majority of the share capital represented at the time of the passing of the resolution.

With its resolution of June 5, 2014, the Annual General Meeting, revoking the authorization granted by the Annual General Meeting of June 17, 2011, authorized the Executive Board of VTG AG to increase, with the approval of the Supervisory Board, the share capital of VTG AG for the period up to June 4, 2019 up to a total amount of € 10,694,444.00 by issuing on one or more occasions up to 10,694,444 new no-par value bearer shares in total with a proportionate interest in the share capital of € 1.00 each against contributions in cash and/or kind (Authorized →

➔ Capital). In this context, the shareholders are generally to be granted a subscription right. Subscription rights can also be granted indirectly, in that shares are taken over by one or more credit institutions appointed by the Executive Board or entities operating under § 53 (1) sentence 1 or § 53 b (1) sentence 1 or § 53 b (7) of the German Banking Act with the obligation of offering these to shareholders for subscription (indirect subscription right). The Executive Board is, however, authorized, with the consent of the Supervisory Board, to exclude subscription rights of shareholders in the following cases: (i) capital increases in exchange for a non-cash contribution granting shares for the purpose of acquiring companies, parts of companies, shareholdings in companies or other assets, including rights and receivables, or within the context of business combinations, (ii) to the extent necessary to grant subscription rights for new shares to holders of the warrants and convertible bonds issued by VTG AG or its subsidiaries in the amount to which they would be entitled after exercising the option or conversion rights or after fulfillment of the option or conversion obligations, (iii) to exclude any fractional amounts from subscription rights, and (iv) in the case of capital increases in return for cash contributions, if the issue price of the new shares, which is to be determined as close to their placement date as possible, is not substantially lower, within the meaning of § 203 (1) and (2) and § 186 (3) sentence 4 of the German Stock Corporation Act, than that of already listed shares of the same class and with the same terms at the time the final issue price is determined by the Executive Board and if the proportion of the share capital represented by the new shares for which subscriptions rights are excluded does not exceed 10 % of the share capital at the time of the coming into force of the resolution or – if this figure is lower – of the share capital at the time of the exercise of this authorization. Shares that are sold during the term of the authorized capital with the exclusion of shareholders' subscription rights in accordance with § 71 (1) no. 8 sentence 5 and § 186 (3) sentence 4 of the German Stock Corporation Act as well as shares that are to be issued to service warrants or convertible bonds with option or conversion rights (provided that the bonds are issued during the term of the authorized capital with the exclusion of subscription rights in accordance with § 221 (4) and § 186 (3) sentence 4 of the German Stock Corporation Act) are counted towards the maximum limit of 10 % of the share capital. The Executive Board is authorized, with the approval of the Supervisory Board, to specify the further particulars of the capital increase and its execution, including the rights accruing to the shares and the terms of issue.

VTG AG has exercised this authorization in part based on the resolution of the Executive Board of VTG AG of September 29, 2014 and the resolution of consent of the Supervisory Board of VTG AG of the same day to increase the share capital of VTG AG against contribution in kind of € 21,388,889.00 by € 7,367,330.00 to € 28,756,219.00 by issuing 7,367,330 new no-par value bearer shares with a proportionate interest in the share capital of EUR 1.00 each, determining the issue price at € 1.00 per new share. The implementation of such capital increase was registered with the commercial register of VTG AG on January 6, 2015. Based on this partial exercise of the authorization, the Executive Board is now authorized, subject to the consent of the Supervisory Board, to increase the share capital of VTG AG by issuing up to 3,327,114 new no-par value bearer shares with a proportionate interest in the share capital of € 1.00 each against cash contributions and/or contributions in kind on one or more occasions up to an aggregate amount of € 3,327,114.00 until June 4, 2019 (Authorized Capital).

Further details can be found in § 4 (5) of the Articles of Association.

By way of its resolution of June 5, 2014, the Annual General Meeting, partially revoking the authorization granted by the Annual General Meeting of June 18, 2010, also authorized the Executive Board of VTG AG to acquire, in accordance with § 71 (1) no. 8 of the German Stock Corporation Act and with the approval of the Supervisory Board, treasury shares equalling up to 10 % of the share capital in the period up until June 4, 2019. These can be acquired via the stock exchange or by means of a public offer to buy to all shareholders or a public invitation to all shareholders to submit offers for sale, provided that the price paid by the Company must be close to the stock market price (upward or downward deviations from the relevant average market price of the share of VTG AG should – depending on the type of purchase – amount to a maximum of between 5 – 10 %). The Executive Board is authorized to do the following with the treasury shares so acquired, in each case with the approval of the Supervisory Board: (i) sell these via the stock exchange or by means of an offer to all shareholders, (ii) sell these in another way, provided that the shares are sold for cash and at a price that is not substantially lower than the stock market price of shares of the Company of the same class at the time of sale and the proportion of the share capital represented by these shares does not exceed 10 % (provided that the 10 % limit must take into account shares with conversion or option rights or obligations from bonds with warrants or convertible bonds are to be taken into account), (iii) offer or assign these to third parties for the purpose of direct or indirect acquisition of companies, parts of companies, or shareholdings in companies and within the context of business combinations, (iv) settle option and/or convertible bonds issued by VTG AG or an indirect or direct subsidiary of VTG AG, or (v) call in these shares, in which case the Executive Board will be authorized, with the approval of the Supervisory Board, to decrease the share capital of VTG AG by the respective amount which is represented by the redeemed shares or, with the approval of the Supervisory Board, to stipulate, in derogation hereof, that the share capital shall remain unchanged at redemption and that instead the proportion of the remaining shares in the share capital is increased through the redemption in accordance with § 8 (3) of the German Stock Corporation Act.

Where the Executive Board uses the treasury shares, based on the above powers, as set out in (ii) to (iv), the subscription rights of the shareholders to treasury shares shall be excluded. Furthermore, the Executive Board may, with the approval of the Supervisory Board, exclude the subscription rights of shareholders for fractional amounts if treasury shares are sold by means of an offer made to all shareholders in accordance with (i).

The authorization granted by the resolution of the Annual General Meeting of June 18, 2010 to use shares which are repurchased based on such resolution remained unaffected by the abovementioned resolution of the Annual General Meeting of June 5, 2014, but has been rendered irrelevant since the authorization to repurchase treasury shares due to the resolution of the Annual General Meeting of June 18, 2010 was not used.

So far, VTG AG has not used the authorization to purchase treasury shares on the basis of the resolution of the Annual General Meeting of June 5, 2014, either.

By resolution of June 5, 2014, the Annual General Meeting, cancelling the authorization granted by the Annual General Meeting of June 18, 2010, authorized the Executive Board of VTG AG, with the approval of the Supervisory Board, in the period up until June 4, 2019, to issue on one or more occasions bonds with warrants and/or convertible bonds in registered or bearer form (together referred to as "bonds") with a total nominal value of up to € 300,000,000 with or without a limited term and to grant or impose on the holders and/or creditors option or conversion rights or obligations in respect of no-par value shares of VTG Aktiengesellschaft representing a proportionate amount of up to € 10,694,444.00 of the share capital. The bonds can also be issued by a subordinate group company of VTG AG. In such a case, the Executive Board is authorized, with the consent of the Supervisory Board, to guarantee the bonds on behalf of VTG AG. The bonds are, as a general rule, to be offered to the shareholders for subscription. The Executive Board is, however, authorized, with the approval of the Supervisory Board, to exclude from the subscription rights of shareholders fractional amounts resulting from the subscription ratio. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to completely exclude the subscription rights of shareholders if the bonds with option or conversion rights or obligations are issued for cash at a price that is not substantially lower than the market value of these bonds and the proportion of the share capital represented by these bonds does not exceed 10 % (provided that for the 10 % limit, treasury shares that are sold with the exclusion of subscription rights and shares issued from Authorized Capital without subscription rights are also to be taken into account). The option or conversion price to be set in each case for a no-par value share of VTG AG must, as a rule, amount to at least 80 % of the volume-weighted average price of the no-par value shares of VTG AG in the electronic trading system of the Frankfurt Stock Exchange in the last 10 days of trading prior to the day on which the Executive Board passes the resolution on the issue of the bond. If subscription rights are granted, the price must amount to at least 80 % of the →

→ volume-weighted average price of the shares of VTG AG in the electronic trading system of the Frankfurt Stock Exchange during the subscription period (with the exception of the days of the subscription period that are required for the option or conversion price to be announced in time in accordance with § 186 (2) sentence 2 of the German Stock Corporation Act). The Executive Board is authorized, with the approval of the Supervisory Board, to specify all further details of the issue and terms of the bonds. VTG AG has as yet not exercised these powers.

Furthermore, on June 5, 2014, the Annual General Meeting approved a conditional increase in share capital by up to € 10,694,444.00 through the issue of up to 10,694,444 new, no-par value bearer shares (Conditional Capital). The conditional capital increase serves the purpose of granting no-par value bearer shares upon exercise of conversion or option rights. Further details can be found in § 4 (4) of the Articles of Association. VTG AG has as yet not exercised these powers.

In April 2011, VTG AG agreed a syndicated loan with a consortium of banks and the issue of a US bond with a group of institutional investors. Both agreements grant each lender a right of early termination of these financing agreements under certain conditions in the event of a change in control at VTG AG. According to the current financing agreements, a change of control means the acquisition of more than 50 % of the voting rights of VTG AG by a person other than the majority shareholder to date and the companies affiliated with this majority shareholder or by a group of persons forming a unit by agreement. The US bond agreement has additional conditions attached to it. It deems a change of control to have taken place only once the existing majority shareholder of VTG AG and affiliated persons, as a consequence of such a change in the voting rights majority, directly or indirectly hold less than 5 % of the voting rights of VTG AG and moreover are no longer represented in the governing body of the party taking control. In the case of the US bond issue, which is designed for the long term, this is meant to prevent a mere restructuring by the majority shareholder from formally triggering a change of control. Another precondition for a change of control under the US bond agreement is that the bond issue either no longer receives a rating which corresponds to an investment grade rating within 90 days from the change in the voting rights majority, or VTG AG, VTG Deutschland GmbH or another company in the VTG Group acting as guarantor under the US bond agreement has to pay back at least € 20 million of credit before repayment is due because of the change in the voting rights majority.

No compensation agreements have been concluded with the members of the Executive Board or with employees covering the eventuality of a takeover bid.

Remuneration of the Executive Board and Supervisory Board

➔ Executive Board

The appropriate level of remuneration of the members of the Executive Board is determined by the Supervisory Board at the proposal of the Executive Committee on the basis of a performance assessment. Overall, the remuneration of the Executive Board comprises several components: a non-performance-related element, a performance-related bonus and pension and additional benefits.

The non-performance-related remuneration element consists of a fixed amount and various additional benefits. The additional benefits include the expenses incurred by members of the Executive Board in connection with their work as well as health and long-term care insurance benefits equivalent to the employer's contribution to statutory health and long-term care insurance. Furthermore, the company bears the cost of insurance for the event of death or invalidity of members of the Executive Board, in addition to travel insurance and directors' and officers' liability insurance.

Each member of the Executive Board also receives a company car as a benefit in kind, with private use also allowed. Furthermore, the company also assumes the costs of measures for averting risks arising from the exposed economic and social position of the members of the Executive Board.

The performance-related remuneration component is determined in accordance with the personal and economic goals laid down by the Supervisory Board. This is calculated for all Executive Board members on the basis of a target matrix which takes into account, among other things, certain performance-related factors which are agreed upon each year. All contracts with members of the Executive Board stipulate a system of variable remuneration, which contains short and long-term components determined on the basis of several years and oriented towards sustainable company performance. Furthermore, the performance-related remuneration component is confined to a fixed proportion of the fixed amount, even in the event of extraordinary developments.

In addition, an extraordinary bonus may be granted for special challenges or projects in a particular case. In this case, before the start of the project objectives and contents are described and a maximum amount for the bonus is decided.

The company has granted all members of the Executive Board vested pension rights. As a result of this pension commitment, each member of the Executive Board is entitled to the payment of certain pension benefits when certain pension situations arise. These situations include not only reaching the upper age limit of 65, but also flexible termination of the employment before reaching the age of 65, cases of incapacity or death (pensions for widows and orphans) and where the employment contract of the CEO is terminated by the company before he reaches the age of 65. New members entering the Executive Board for some time have been receiving defined contribution benefit plans. As of the balance sheet date of December 31, 2014, the company had set up provisions for post-employment benefits for members of the Executive Board amounting to € 5.8 million. Beyond the employment contracts, there are no further service agreements between the company, its subsidiaries and the respective members of the Executive Board under which any member of the Executive Board is eligible for benefits from the company or its subsidiaries in the event of the termination of his service.

As a general rule, the German Commercial Code and the German Corporate Governance Code stipulate that the remuneration of Executive Board members be published with a separate entry for each member, broken down into fixed and performance-related components as well as into components with a long-term incentive effect. According to both German commercial law and the German Corporate Governance Code, the required disclosures can be dispensed with if the Annual General Meeting passes a resolution to this effect by a three-quarters majority of the share capital represented at the passing of the resolution. Accordingly, on June 5, 2014, the Annual General Meeting of VTG AG, repealing the resolution of June 18, 2010, decided with 90.546 % of the votes present ➔

→ and entitled to be exercised that the required disclosures as set out in § 285 (9) (a) sentence 5 to 8 and § 315a (1) and § 314 (1) number 6 a sentence 5 to 8 of the German Commercial Code are not to be published in the consolidated annual financial statements of the company for the financial years 2014 to 2018 inclusive.

The total costs of remuneration of the Executive Board are given in the notes to the consolidated financial statements of VTG AG as of December 31, 2014.

→ Supervisory Board

The remuneration of the Supervisory Board consists of a fixed amount only. In addition, the members of the Supervisory Board are reimbursed for expenses incurred in the course of their work. In accordance with a resolution of the Annual General Meeting of the company, held on June 18, 2010, the Chairman of the Supervisory Board receives a fixed amount of annual remuneration, payable after the end of each financial year, of € 60,000 while the Deputy Chairman receives € 45,000 and the other members of the Supervisory Board each receive € 30,000. Additionally, chairs of committees receive € 6,000 for each committee chaired for each full financial year. Deputy chairs of committees receive € 4,500 for each committee for which they act as deputy chair and ordinary committee members receive € 3,000 for each committee of which they are a member. The only committee which has been formed is the Executive Committee, which has also been assigned the tasks of a Nomination Committee. The Chairman of the Supervisory Board, Dr. Scheider, the Deputy Chairman of the Supervisory Board, Dr. Juhnke, and Dr. Olearius, who is also a member of the Supervisory Board, are on this committee.

The total costs of remuneration of the Supervisory Board are given in the notes to the consolidated financial statements of VTG AG as of December 31, 2014.

Corporate Governance Statement pursuant to § 289a of the German Commercial Code

According to § 289a of the German Commercial Code, companies listed on the stock exchange are obliged to make a public statement on corporate governance either in their management report or on the company website. The statement on corporate governance must provide a declaration of conformity in accordance with § 161 of the German Stock Corporation Act and contain relevant information in corporate governance practices and a description of the modus operandi of the Executive Board and Supervisory Board and the composition and modus operandi of its committees.

The company has published the declaration on its website: www.vtg.com (under Company – Investor Relations – Corporate Governance – Declaration of Conformity).

→ Report on opportunities and risks

Definitions of terms and elements of the VTG Group's internal control and risk management system

➔ Internal control system

The VTG Group's internal control system encompasses all of the principles, processes and measures for ensuring the accuracy, reliability and cost-effectiveness of business processes. In the VTG Group, the internal control system comprises both process-integrated and process-independent monitoring measures.

The process-integrated monitoring measures include manual process controls (e.g. the two-man rule) and IT-based process controls. In addition, special committees (such as the Risk Committee) and bodies of staff are charged with the specific task of process-integrated monitoring within the Group. Moreover, Group guidelines, directives, and accounting rules provide the basis for a uniform approach in the VTG Group.

The Supervisory Board, the Internal Audit department (Group Audit) and the Compliance Committee of VTG AG, and other auditing bodies (e.g., tax auditors) carry out process-independent auditing activities and as such constitute a part of the VTG Group's internal monitoring system. The system is subject to the input of external auditors as required.

➔ Specific risks related to Group accounting

Specific risks related to Group accounting can arise if, for instance, the Group enters into unusual or complex transactions, especially at the end of the financial year. Furthermore, business transactions that are not routinely processed are exposed to a potential risk. The powers of discretion that have to be granted to employees for recognizing and valuing assets and liabilities can result in additional accounting-related risks. These risks are countered by working very closely, at an early stage, with Group Controlling, Finance & Accounting, the Group's Internal Auditing department and, as required, external auditors.

➔ Key control and monitoring activities for ensuring accuracy and reliability of Group accounting

The VTG Group's control and monitoring activities are designed to ensure the accuracy and reliability of accounting. An essential element of this is the systematic separation of different functions in the accounting processes, for instance the administrative, fulfillment, invoicing and approval functions. Furthermore, all available resources are used to carry out inventories according to the standards customarily applied. The same applies to the proper recognition, valuation and disclosure of assets and liabilities in the consolidated financial statements. The control and monitoring activities are also aimed at providing reliable, transparent and traceable information that is based on the accounting records.

By means of appropriate organizational measures, company-wide and Group-wide restructuring measures and changes in the business activities of specific divisions are recorded promptly and correctly in the Group accounting system. The internal control system also ensures that changes in the VTG Group's economic or legal situation are reflected and that new or amended legal requirements concerning Group accounting are applied.

At Group level, specific monitoring activities designed to ensure the accuracy and reliability of Group accounting include analyzing and, if necessary, correcting the separate financial statements submitted by the individual Group companies. For this purpose, automatic monitoring mechanisms and plausibility checks have already been put in place in the reporting tools and the consolidation system.

➔ Risk management system

Objectives and strategies

The nature of the VTG Group's operations exposes it to numerous risks that could negatively impact the company's performance. The aim is to detect these risks as early as possible and then limit their impact as much as possible. The VTG Group's risk management policy is also aimed at achieving sustainable growth and increasing VTG's enterprise value. This policy underpins the group-wide risk management system and is determined by the Executive Board. It comprises the following process-dependent and process-independent elements:

Process-dependent elements

- the VTG group guidelines and advanced standard operating procedures (SOPs)
- the VTG Group Code of Conduct, which sets out conduct guidelines for all governing bodies, managers and employees of the companies in the VTG Group
- the Risk Committee, which identifies, analyzes and monitors potential risks and reports regularly to managers on the ascertained risks and counter-measures. Within the risk management system control loop, these managers are responsible for limiting risks
- the Compliance Committee

Process-independent elements

- the Group's Internal Auditing department
- external auditors

The risk management system is being continually and systematically improved. This means that risks can be properly ascertained and monitored and counter-measures introduced in good time. The objective of the system is to minimize, avoid, transfer, or accept risks as appropriate. Any quantifiable risk remaining (residual risk) is reflected in the accounting system. In this manner, VTG ensures that it can present a true and accurate picture at all times of the situation of the VTG Group.

Structures and processes

Risks are identified by means of a standard procedure that applies uniformly throughout the Group. Risks are identified and analyzed at regular intervals from a bottom-up perspective by both the operational divisions and central departments and the individual companies. The Group's risk management system is overseen by Group Controlling, which ensures close connection with planning, budgetary and forecasting processes. The relevant areas of risk are defined in the implementation regulations.

The risk assessment includes classification of the known risks by the various managers, with the risks grouped by degree and probability. The probability is categorized as "low" (<33 %), "medium" (33 – 66 %) or "high" (>66 %). Once any counter-measures have been taken, the risks are quantified (net risk) and placed in the categories "less than € 1 million", "less than € 5 million" and "more than € 5 million". If individual risks exceed the specified thresholds, the Group's risk management center is notified. The risk managers of both the operational and central divisions and the companies in the Group are responsible for risk-limiting measures. Both the risk manager of VTG AG and the Risk Committee then examine the individual risks and the agreed measures to limit risk for completeness and effectiveness. The operational and central divisions and the individual companies are also responsible for managing and monitoring the measures introduced.

In the VTG Group, the following risk definition applies: A major risk is a risk with an estimated impact on net profit amounting to more than € 5 million and a high probability rating.

Risks are reported on a quarterly basis to all members of the Executive Board and Supervisory Board in a risk report. Moreover, the chief financial officer is also actively involved in the system of risk management via the Risk Committee. In addition to these quarterly reports, VTG's risk manager and the Risk Committee are notified immediately if risks are identified at other times. This system ensures full and prompt analysis of the risk situation at all times.

With its risk management system, VTG monitors the various risks and limits their potential impact limited with appropriate measures as required. VTG does not have an active system of opportunity management in place beyond which takes place in ordinary operations.

With the completed takeover of Ahaus Alstätter Eisenbahn Holding AG, Baar, Switzerland (AAE) on January 6, 2015, the internal control and risk management system of the VTG Group will also apply in future to AAE.

Specific opportunities and risks

→ Opportunities and risks related to capacity utilization

The core operational division of VTG is the Railcar division, which hires out wagons over the medium to long term. Particularly in periods of economic weakness, there is a risk of a decline in capacity utilization. A change in capacity utilization directly impacts the level of rental income. The business with the intermodal wagons taken over from AAE relies greatly on actual transport volumes in the markets concerned, especially where usage-based hire contracts have been agreed whereby customers pay only for the time period in which they actually use a wagon.

VTG's customers integrate the wagons into their logistics processes to secure the flow of materials between various sites of production. The wagons thus represent a fundamental element in supporting the production process. VTG's customers include a large number of well-known companies from many different branches of industry and different countries. This range of customers thus enables VTG to avoid risk concentration. Because of their mobility, the wagons can also be used in various industries and countries. By contrast, the newly acquired AAE has a higher concentration of similar customers, particularly in intermodal operations. Its main customers are state-owned railway companies (e. g. the Deutsche Bahn Group). The state railways generally control access to large sections of the rail logistics market. Business relations with them can therefore be crucial for the sustainable development of the VTG Group's intermodal wagon operations.

For VTG, the impact of economic fluctuations is generally delayed and also milder. This can be seen in the capacity utilization levels of recent years, which have remained within a certain range even during periods of economic cooling. Since the wagon fleet is highly diversified and VTG has access to a broad range of customer groups, the VTG Group considers the capacity utilization risk to be controllable. Experience has also shown that, in periods of economic upturn, demand for wagons increases and thus also the level of capacity utilization. This has a direct, positive impact on consolidated earnings. As of the balance sheet date, there was no known capacity utilization risk that was major and quantifiable within the meaning of VTG's risk definition.

→ Default risk

VTG controls and minimizes its default risk with a well-developed accounts receivable management system covering all companies in the Group. However, although the Group's customer base comprises mainly established industrial clients with a high credit rating, there is still a risk in terms of actual payment practices and the ability to pay. In logistics, both divisions often pay customers' freight costs in advance. Consequently, they make use of all the available methods for securing payment of receivables, for example bank guarantees and advance payment. Furthermore, recognized default risks relating to individual receivables and general credit and collection risks are covered by appropriate specific reserves and global write-downs based on experience. In addition, the VTG Group has concluded credit risk insurance contracts. As of the reporting date, there were no major, quantifiable risks from debtor default within the meaning of VTG's risk definition.

→ Financial risks related to financial covenants

In 2011, VTG agreed both a private placement with a US investor and a syndicated loan. The contractual agreements relating to these contain specific conditions of credit known as financial covenants. The main conditions are:

- a certain consolidated net financial liabilities to consolidated EBITDA ratio
- a certain ratio of consolidated EBITDA to consolidated net interest income
- a certain ratio of consolidated, secured net financial liabilities to the value of the actual tangible fixed assets provided as security

Depending on the wording of the covenant, these ratios must not be exceeded or fallen short of. Failure to comply with these covenants can have far-reaching consequences for VTG, going as far as termination of specific loan agreements. For this reason, VTG monitors these financial covenants pro-actively, continuously and with the utmost care to ensure that measures can be taken early to ensure compliance. At no time during the past financial year was there a risk of non-compliance. Thus, as of the balance sheet date, there were no major, quantifiable risks in this respect within the meaning of VTG's risk definition.

→ Opportunities and risks relating to foreign currencies

Due to the international nature of its business activities, the VTG Group has to deal with exchange rate fluctuations on the currency markets. The companies in the Group have an excess of trade receivables over trade payables in US dollars and thus have a net loss in this currency. This applies in particular to the Tank Container Logistics division. In line with its hedging policy, the VTG Group largely secures both its planned net cash flows and additional surpluses of foreign currencies anticipated over the financial year with forward currency contracts. The VTG Group also hedges the increasing risks of currency fluctuations arising from the growth of the business in Russia with foreign currency hedges. Through the AAE takeover, VTG holds a share in a Russian joint venture in respect of which there is an unsecured liability in US dollars that is subject to currency fluctuations. If the weakness of the Russian rouble continues or it deteriorates further, the payment obligations in US dollars to the lending institution could at times go beyond the financial means of the joint venture. In such an event, the VTG Group could feel compelled to place additional financial resources at the disposal of the joint venture. Furthermore, a small share of the costs of AAE is incurred in Swiss francs.

With these measures, the risk of currency fluctuations was successfully contained in the last financial year for all foreign currencies. As of the end of the financial year, there were no known major, quantifiable risks arising from currency changes within the meaning of VTG's risk definition that could have a significant, negative impact on net profit for the VTG Group. Currency risks from planned operations are also to be hedged in future through appropriate forward transactions prior to receipt of payments. To what extent this can succeed in Russia essentially depends on the development of interest rates there. For further information on the foreign currency risk, please refer to the section "Currency risk" under "Reporting on financial instruments" in the consolidated financial statements.

→ General liability risks

The main type of risk affecting all divisions is liability claims, particularly those concerning culpable violation of maintenance obligations, serial loss with resulting loss of capacity and the steadily increasing number of environmental requirements to be met. These regulations apply in particular to the storage and transportation of hazardous materials, the recycling, treatment and disposal of waste and occupational safety.

The specific traffic, operational and environmental liability risks arising from operating activities are countered by the risk management system, which also includes the coverage of risks through insurance. As of the balance sheet date, there were no known major, quantifiable liability risks within the meaning of VTG's risk definition.

→ Information technology risks

Information systems are becoming ever more closely interconnected and must be permanently accessible. Information technology is also becoming increasingly important in executing business processes. As an international company, VTG requires access to information that is up to date, complete and accurate. VTG applies security measures that are standard in the industry to counter risks to the confidentiality, availability and reliability of data and systems. These measures include firewalls, virus scanners and the backup provided by a second data center. To further reduce risk and keep business processes efficient and secure, VTG also regularly checks and continually develops its IT systems. No major, quantifiable information technology risks within the meaning of VTG's risk definition could be ascertained at the end of the year under review.

→ Risks in the integration of AAE into the VTG Group

VTG expects that the comprehensive integration of the newly acquired AAE will last several years and will require significant resources in terms of both staff and finance. To ensure success, the integration process will also require, among other things, the merging of two complete workforces and different corporate cultures, the harmonization of IT systems, and the introduction of standardized processes. This will create a new, larger company that is an integrated whole. Moreover, the acquisition of AAE and its integration could have negative contractual and legal consequences for the companies in the VTG Group (including AAE). For example, change of control rights could be activated in AAE contracts (with the exception of those financing agreements for which a waiver has been granted in respect of the AAE acquisition). Contracting parties could end their business relationships with the VTG Group after the acquisition of AAE, or banks and other current providers of external capital to the VTG Group or AAE could decide to reduce their level of involvement in the integrated VTG Group. If one or a combination of several of these risks materializes, this could have a substantial negative impact on the net assets of the VTG Group, its financial position, and its operating income. However, at the end of the year under review, and within the meaning of VTG's risk definition, no major, quantifiable risks could be determined in relation to AAE.

→ Investment risk from new wagon orders

The Railcar division is VTG's core operational division. As of the reporting date, it had a fleet of some 53,100 rail freight wagons, with this increasing to approx. 83,000 after the takeover of the AAE fleet in January 2015. To stay competitive and successful in the market over the long term, VTG invests continually in maintaining, expanding and renewing its wagon fleet. At the beginning of 2014, VTG had orders for some 1,600 newbuild wagons in Europe. Over the course of the year under review, approx. 1,300 wagons were added to the order book. During the period, around 1,800 of these wagons were delivered to VTG customers. As of the end of 2014, VTG thus had orders for approx. 1,100 wagons for the European market, most of →

→ which are to be delivered to VTG customers in 2015, and the remainder in 2016. In addition, VTG placed orders for approx. 1,200 wagons for the North American market as of the end of 2014. Due to the long lead times, it is anticipated that delivery of around 1,000 of the wagons in this order will not be before 2017. As of the end of 2014, total orders stood at 2,300 wagons. VTG also has orders for around 470 wagons through its acquisition of AAE in January 2015.

The growth in its order book demonstrates VTG's ability to plan marketable new construction projects in a forward looking manner and to implement them for the customer in an appropriately timely manner. It is in particular Waggonbau Graaff (Graaff) that ensures the provision of key production capacity for building special wagons. Additionally, within the VTG Group, Graaff serves as a design and innovation platform to ensure that valuable design know-how for railcar development remains in the VTG Group, thus ensuring an innovation advantage for VTG.

The risks involved for VTG include the possibility that the suppliers do not fulfil their obligations and either fail to deliver the wagons or do so late or that customers are no longer able to accept the wagons. VTG has many long-term partnerships with its customers and suppliers. It pays great attention to strengthening these relationships and ensuring close cooperation. It has therefore been able to limit this risk to manageable time delays. Moreover, VTG pursues a policy of ordering wagon construction only once most of the order has been secured in the form of customer contracts. As of the balance sheet date and within the meaning of VTG's risk definition, there were no known major, quantifiable investment risks arising from new wagon orders.

→ Liquidity risk

The liquidity risk is the risk that there are not enough funds to meet financial obligations in full or by a due date. The VTG Group manages this risk by planning all liquidity requirements for the short, medium and long term in terms of cash outflows and inflows. These requirements are mainly covered by, on the one hand, operating cash flow and, on the other, guaranteed, available lines of credit secured through the refinancing of the Group in 2011 as well as new credit agreements concluded in the current financial year. Due to successful cash flow management, there was no major, quantifiable liquidity risk within the meaning of VTG's risk definition at any time during the reporting period.

→ Market opportunities and risks

The operational focus of VTG's Railcar and Rail Logistics divisions is Europe. European Union regulations are both promoting and requiring further liberalization of rail freight traffic in the region. The aim is to enable new companies to enter the market and thereby intensify competition on the railway. Also, by strengthening the railway as a carrier, the intention is to ensure that EU environmental targets are met, particularly in terms of reducing CO_2 emissions. However, due to the high organizational demands of this, progress in liberalizing the market is halting. Moreover, to some extent, regulations and other requirements, such as those relating to safety and noise control, and their implementation, have proved counterproductive, creating an obstacle to further growth in rail freight traffic. One clear example of this is the controversial and enduring debate about the advantages and disadvantages of separating rail network and operator. To counter this risk generally, VTG has members of staff working in many national and European bodies, associations and working groups to ensure that regulations are implemented in a moderate and practicable manner. Work has already begun on urgently needed revisions: however, it is clear that the transition from the old world of state-owned railways to a liberalized railway market will take longer than was originally thought. As of the end of 2014, no risks could be ascertained from the worsening of the regulator y framework. On the other hand, increasing environmental awareness, greater safety requirements for freight transports and a rising volume of transport could positively impact demand for rail transports. In these respects, the railway has clear advantages over other carriers. An improved market environment could therefore have a positive effect on demand and thus on the growth of the VTG Group.

Railcar market

In recent years, VTG has invested continually in the construction of new wagons. It has also expanded its existing fleet by acquiring fleets of used wagons. With regard to the evaluation of potential acquisitions, in all markets, VTG is always concerned with ensuring that acquisition prices are in line with the return VTG expects. VTG also ensures that the underlying cash flows are hedged by long term leasing agreements.

In Europe, VTG sees continued good prospects for growth in Railcar. Accordingly, one area of focus for the division was the expansion and modernization of the existing fleet with newbuild wagons. By penetrating new customer segments in the industrial goods sector, the division also succeeded in broadening its customer base, reducing its dependence on individual customers. With the takeover of AAE in January 2015, VTG has enhanced its range of wagons and services in Europe, closing a key gap in its product portfolio with the newly acquired intermodal wagons. Overall, in the view of the VTG Group and within the meaning of its risk definition, there is therefore at present no major, quantifiable market risk for Railcar in Europe.

In North America, VTG is aiming for continued growth and expansion of its operations to include a fleet of wagons running into five figures. However, the rate of expansion has recently slowed due to the subdued market environment in North America. The risk to the VTG Group as a whole in North America can be considered to be minor due to the current size of the fleet in this market. As of the balance sheet date, there were no major, quantifiable risks within the meaning of VTG's risk definition.

In 2011, VTG successfully commenced operations in the rail freight market of the Russian Federation and its neighbors. VTG should have good opportunities both to expand existing operations here and develop new ones. This is due to increasing levels of industrial production, the accompanying demand for high quality transport capacity, and the growing need for future replacements of wagons. The recent political tensions between the Russian Federation and the West, against the background of the Crimea crisis, have led to sanctions on both sides that could become tougher. This could lead to economic ties being cut further or even completely. Furthermore, Russia has recently seen a considerable slump in its economy. Due to the small size of the fleet of just over 1,100 wagons, the risk to the VTG Group in the markets of the Russian Federation and neighboring countries could be regarded as minor as of December 31, 2014. Through the AAE takeover in January 2015, around 2,000 wagons were added to the Russian fleet. However, these wagons are held only for operation within a joint venture. As of the balance sheet date, there were no major, quantifiable risks within the meaning of VTG's risk definition.

The Railcar division is well equipped to take up new activities in existing markets in the future. In addition, VTG is also exploring new industries and new geographic markets with attractive growth prospects. Prior to any expansion of business operations, the market is always monitored and examined thoroughly and the relevant features of the market appraised carefully. For the reasons stated above, the VTG Group generally considers the market risks to be controllable.

Rail Logistics market

In 2013, VTG and the logistics company Kühne + Nagel entered into an agreement to merge rail logistics operations. The competition authorities approved the merger in December 2013, and the joint venture subsequently commenced operations on January 1, 2014. This gives Rail Logistics the opportunity of making full use of the new network of centers to provide pioneering, multimodal transport solutions. VTG Rail Logistics has continued to apply its previous growth strategy to the newly acquired operations and further consolidate its market position. The merger has also enabled VTG to expand its services in the product segments of industrial, agricultural, and liquid goods.

The Rail Logistics division's path of growth could, however, be affected by an economic downturn, market instability, or a lack of availability of locomotives or wagons. Moreover, customers from all industries, in particular from the mineral oil industry, award their contracts as part of annual transport tenders. In a market with few barriers to entry, there may, in the short term, be greater competition over these orders, some of which are for very large quantities; this poses a risk to the Rail Logistics division. The division is attempting to minimize these risks by means of its new strategic orientation in conjunction with an expansion of its range of services as well as by its Europe-wide presence. During the reporting period, a change in the competitive situation in the liquid goods segment and the crisis in Ukraine caused this division's margin to decline, despite the countermeasures that were instituted.

A further risk consists in a potential downturn of individual car traffic due to the shrinking offering from the government railroads and/or a further rate increase. Rail Logistics was able to limit the effects of this risk by means of e.g. the development of individual wagon networks with private rail companies. As of the balance sheet date, there were no major, quantifiable market risks within the meaning of VTG's risk definition for Rail Logistics.

Tank Container Logistics market

The uncertainty regarding economic conditions could possibly continue to affect customer demand in 2015 and thus also demand for transport capacity in Tank Container Logistics. Potential fleet overcapacity could continue to place pressure on the achievable margins. Moreover, with higher transport costs arising from higher costs of freight – e.g. sea freight – there is a risk that it will not be possible to pass these on to the customer in full.

Tank Container Logistics is tackling these issues by regularly investigating possible ways of using tank container fleet flexibly and according to opportunities in the market – with the aim of taking swift, corrective action in the event of overcapacity. Such action could entail, for example, returning leased tank containers. Despite the introduction of measures including prompt transfer of capacity to regions with more acute demand, one outcome of this risk was a shrinking margin for the division in the reporting period.

Tank Container Logistics is also utilizing its established market position, particularly in Europe and Asia, and its detailed knowledge of these markets to optimize transport structures. One particular aim is to push ahead with expanding operations in the growth regions of Eastern Europe and Asia. Similarly, the fact that Tank Container Logistics offers such high quality service and tailors the transport process to individual customer requirements means that it has the opportunity to both strengthen the loyalty of existing customers and gain new customers. Another factor favoring the use of tank containers is customers' already high – and continually increasing – awareness of safety.

The division is moving in a fast market environment. Tank Container Logistics is facing the partially strongly fluctuating traffic streams and ever more complex and global market structures by continuously analyzing its processes in order to improve the division's efficiency sustainably. Moreover, strategic partnerships with transport service providers offer the option to secure transport capacities and stabilize revenues. Overall, there was no known major, quantifiable market risk for Tank Container Logistics within the meaning of VTG's risk definition.

➔ Opportunities and risks relating to personnel

A highly qualified workforce is a key element in the success of VTG's business. The company operates in an industry with an ever-increasing number of regulations and technical requirements. This makes both experience and expertise very important. Additionally, detailed, specialist knowledge is required, particularly when it comes to the transport of hazardous goods. To date, most employees of the Group have remained with VTG for a long time. An extended average period of employment with the Group remains VTG's objective.

VTG also has to compete with other companies for new, highly qualified members of staff. VTG has applied a range of measures to ensure it will continue to attract qualified applicants and keep existing members of staff. These measures include various educational and professional advancement programs as well as a socially equitable policy of salary development. The personnel development programs are based on the VTG competency model, which defines the key competencies for staff development. Within these areas of competency, VTG enables members of staff to develop their professional skills via a broad range of training opportunities. VTG has also developed a special program for managers, potential managers and staff with special skills, called Leadership Excellence.

In addition to personnel development, succession planning is important, ensuring cover for absent and replacement of departing members of staff. The objective of this is to avoid gaps in knowledge or decision-making that could negatively impact VTG's business when top performers or members of staff who perform key functions are absent or are leaving the company. Thus, for the purposes of succession planning, candidates from throughout the Group are to be assessed regularly for potential and performance. The VTG Group already has a strategic succession planning system in place.

Generally, the VTG Group expects competition for highly qualified staff to become even tougher. The measures described above also had an impact in the reporting period, ensuring access to qualified staff. With additional measures, the VTG Group could become more attractive to well-qualified candidates, further improving its access to key expertise. As of the reporting date, there were no known major, quantifiable personnel risks within the meaning of VTG's risk definition.

➔ Opportunities and risks related to price changes

The VTG Group faces a general price change risk. However, in the past few years, which have had some difficult periods for the economy as a whole, prices have either remained stable or risen. This has particularly been the case in the core operational division, Railcar. In the Railcar division, fluctuations in demand are not generally reflected in price reduction but in returns of wagons when the contractual term of hire expires. VTG not only provides high-quality wagons but also offers customers advisory and maintenance services. VTG is striving to continually increase prices to absorb the impact of, for instance, rising maintenance costs. These cost increases are largely the result of additional regulatory requirements. VTG also pays great attention to nurturing and fostering its relationships with customers and monitors the markets very closely. Consequently, it regards this risk as controllable. As of the balance sheet date, there were no known major, quantifiable risks within the meaning of VTG's risk definition.

Due to its streamlined cost structure, the net profit level in the Railcar division is more dependent on the level of inflation and thus of revenue. If inflation rises significantly in future in the eurozone, this could have a positive impact on net profit for this division and thus for the VTG Group as a whole. Such a development would, however, be less positive for VTG's logistics divisions, with their high proportion of variable costs.

→ Regulatory and technological risks

The VTG Group's operations are focused on the rail freight traffic sector, which is subject to numerous sets of rules (laws, regulations, standards, etc). This means that the VTG Group is obliged to respond to changes or new requirements imposed by legislators and safety and regulatory bodies. Implementing these requirements can entail substantial costs in terms of investment or maintenance. Such requirements can affect the plant and workshops in particular. They can also affect wagons and tank containers, either as a whole or in terms of components only. VTG counters this risk through its engagement in various working groups. In these groups, members of staff work towards drawing up technically and commercially viable solutions that can be implemented in practice.

Although the authorities have not specified binding requirements, VTG is continuously developing its maintenance management system for rail freight cars in order to minimize technological risks. For instance, VTG has systematically implemented its program, launched in late 2009, to fit a large part of the fleet with stronger wheel sets. Meanwhile, all new rail freight cars are being fitted exclusively with these stronger wheel sets. These measures not only increase axle and wheelset safety in general, they also lower the risk of disc breakage considerably. Moreover, VTG was part of an international task force led by the European Railway Agency that was set up to develop uniform standards for maintaining wheel sets. The measures pinpointed from the findings of this task force are currently being implemented. The VTG Group intends to continue to build upon its already strong safety record in the operation of rail freight cars.

Noise control is one of the key environmental issues in European rail freight traffic. To adapt VTG's European wagon fleet appropriately, the braking systems of new wagons have been fitted with the noise-reducing composite (K) brake block since 2005. Approximately 20 percent of the wagons in the European fleet have so far been fitted with these low-noise brake blocks. Around 14 percent of the wagons in the newly acquired AAE fleet are fitted with these low-noise brakes. Policymakers regularly discuss refitting existing freight wagons with quieter brake blocks (so-called LL brake blocks) without any binding regulation having yet come into force. Should any such binding regulation be approved by legislators, with the additional costs of refitting older wagons with LL brake blocks to be borne by wagon keepers alone, this would have a negative impact on the companies involved and thus also on VTG. However, as of the balance sheet date, it cannot be reliably estimated whether and in which form such legislation would be passed, or the level of additional cost wagon keepers would have to bear.

Consequently, as of the end of the reporting period, and within the meaning of VTG's risk definition, no known major, quantifiable risks could be determined that arose from changes to regulatory or technical requirements.

→ Opportunities and risks relating to interest rates

In May 2011, VTG replaced its previous loan agreement with a new syndicated loan and a US private placement. Due to the variable-interest financial liabilities to banks resulting from the new syndicated loan, VTG is exposed to an interest rate risk that can change depending on the market interest rate. Interest rate hedges (interest rate derivatives) had been put in place for the original (previous) loan agreement. These cover the risk of increases in interest for the new syndicated loan and will continue running until mid 2015. However, a portion of these interest rate hedges is now recognized in profit or loss due to the lack of a hedging relationship. The interest rate hedges taken over through the AAE acquisition are not in a hedging relationship. The future changes in the value of these interest rate derivatives are thus recognized in profit or loss.

The interest rate hedges are measured at market value, with the portion no longer in a hedging relationship being recognized in profit or loss and the effective portion recognized in equity. Depending on the current interest rate, market values can change and accordingly have a positive or negative impact on EBT, net profit for the Group and VTG's equity. There was a general downward trend in the interest rate over 2014. This in turn led to a negative market evaluation of the interest rate derivatives and thus to slightly higher financing expenses for VTG. The US private placement bond has a fixed interest rate, meaning there is no interest rate risk arising from this credit relationship.

In order to assess the risk of changes in interest rates for the financial liabilities of VTG as of the balance sheet date, a change in the market interest rate of 100 basis points was simulated. For this purpose, the actual interest rates for the financial year 2014 were each changed by 100 basis points. An increase in the interest rate of 100 basis points would reduce after-tax profit for the Group by € 2.5 million (previous year: € 1.0 million decrease) and increase the revaluation reserve only slightly (previous year: € 1.2 million). A reduction in the interest rate of 100 basis points would increase after-tax profit for the Group by € 0.5 million (previous year: increase of € 0.3 million) and reduce the revaluation reserve only slightly (previous year € 0.7 million). This measurement takes account of the interest rate derivatives of VTG.

As of the reporting date, the benchmark interest rate in the eurozone was 0.05 %. Experts anticipate no fundamental change in this rate during 2015. Accordingly, as of the end of 2014, and within the meaning of VTG's risk definition, there were no discernible major, quantifiable risks arising from changes to the benchmark interest rate.

Overview of opportunities and risks

In 2014, VTG was once again served well by its long-term business model. Despite an uncertain economic climate, it proved both stable and robust. The effects of brief periods of economic clouding on the development of VTG's business were either minimal or transient. Only deeper, longer-term economic crises have a more marked impact on the financial result. VTG is prepared for such an event with targeted measures for stabilizing the earnings situation if required. Independently of the economic trend, VTG is continually and actively managing its fleet and optimizing costs and processes to ensure increased efficiency.

VTG is also in a very good position with regard to liquidity. This is due to its consistently strong operating cash flow, its long-term financing agreements including its lines of credit, and the quality and creditworthiness of its diverse customer base.

As of the balance sheet date, there were no known major, quantifiable risks within the meaning of VTG's risk definition, that endangered the Group as a going concern or that could be expected to have any significant negative impact on its net assets, financial position, or results of operations.

→ Report on expected developments

VTG's business model is fundamentally robust, based on three solid elements: its core operational division, Railcar, and its two complementary logistics divisions, Rail Logistics and Tank Container Logistics. VTG has around 1,000 different wagon types, providing the necessary underpinning for the production processes of a number of different industries. Customers generally integrate the leased wagons into their basic production processes or use them for transport between production sites. The wagons thus constitute an important part of the production infrastructure and, accordingly, are leased on a medium to long term basis. The large number of intermodal wagons acquired by VTG through the takeover of the wagon hire company AAE in January 2015 are hired predominantly by railway companies. This type of wagon is used for transporting containers and is therefore greatly bound up with international freight traffic.

The length of the lease contracts and the fundamental customer demand keep VTG's business model stable and solid even during more unsettled economic periods. VTG also has an extremely diverse customer base, with customers from almost every branch of industry, making it less susceptible to economic fluctuations than other companies specializing in particular sectors. By means of its pan-European network, VTG is also able to hire out returned wagons again in different countries and so respond flexibly to shifts in demand.

Gradual increase in global economic activity expected in 2015

For 2015, the Kiel Institute for the World Economy (Institut für Weltwirtschaft) expects GDP in the eurozone (excluding Germany) to rise again, by 1.0 % on the previous year. In Germany, experts anticipate an increase in 2015 of 1.7 %. According to experts, the US should see an increase of 3.2 % and thus perform slightly better than in the previous year. In China, the economic trend is expected to remain downward. Accordingly, the Kiel Insititute anticipates that GDP for 2015 will be lower than in 2014, with an increase of 7.0 %. The Russian economy will remain overshadowed by the Ukraine crisis during the period. The Kiel Institute thus expects Russian GDP to shrink by 0.5 % in 2015. Overall, the global economy remains vulnerable to disruption. These disruptions could be geopolitical in nature or arise from a strained situation on the financial markets.

Upward trend in business expected

Despite the generally subdued economic situation, VTG saw a positive trend in its business in 2014. The Executive Board also expects the key control parameters of revenue and EBITDA for the Group to continue to improve in the current year.

With the takeover of the wagon hire company AAE at the beginning of the year, the Railcar division is contributing much more than its proportional share to the performance of the Group. With the acquisition, VTG has not only significantly expanded its fleet from 53,000 to more than 80,000 freight wagons: this will also mean sharp increases in revenue and earnings. Furthermore, the investments of the last year are having a positive impact on VTG's traditional, core business. The full impact of investments made during one year is usually not felt until the following year. VTG thus expects these investments to have further effects in the current year. Moreover, VTG will continue in 2015 with its strategy of exploiting attractive opportunities for growth to strengthen and consolidate its position.

The Executive Board therefore expects both revenue and EBITDA in the Railcar division to be significantly higher than in the previous year. As of December 31, 2014, VTG had orders for some 2,300 newbuild wagons. Around 1,100 of these are for the European market, with most of these to be delivered to VTG customers in 2015 and the remainder in 2016. Furthermore, in the fourth quarter of 2014, VTG placed its first major order for some 1,200 wagons for the North American market. Due to the long lead times, it is anticipated that delivery of around 1,000 of the wagons in this order will not be before 2017. In addition to the acquisition AAE, organic growth will therefore also drive performance in the Railcar division.

For 2015, experts anticipate slow recovery in the economy in Europe and worldwide. Capacity utilization of the wagon fleet should therefore also remain at a good level in 2015, with slight fluctuation over the year. Due to the strong reliance of intermodal wagons on short-term economic trends, capacity utilization for this type of wagon is subject to greater fluctuation. Greater momentum in the economic trend could have a generally positive impact on the capacity utilization of the VTG fleet, albeit with a time delay of one to two quarters.

In the last financial year, the Rail Logistics division was greatly affected by the political tensions between Russia and Ukraine as well as by weaker demand in the liquid goods segment. During the year, there was an intense focus on completely reorganizing the division and re-aligning itself with the changes in market conditions. These measures are expected to have an impact in the current financial year and lead to significant improvement in earnings. While revenue is expected to increase slightly against the previous year, the forecast for EBITDA, after a slight loss in the previous year, predicts a significant increase and a return to positive territory in 2015.

The overcapacity in the global market has been affecting the Tank Container Logistics division for some time now. Recently, this has lead to slight drops in revenue and pressure on the margins. Due to only slow improvement in the economic outlook, the division anticipates that, in the current financial year, these factors will continue to have a decisive impact on the development of revenue and EBITDA. Although the chemical industry has recently shown cautious optimism regarding 2015, revenue and EBITDA in this division will remain at roughly the level of 2014. Adjusted for non-recurring investment income that had a positive impact on EBITDA in 2014, the division nevertheless expects to see a slight rise in EBITDA in 2015.

Overall assessment by the Executive Board

Revenue and EBITDA

With the expectation of slow economic recovery both in Europe and worldwide, the Executive Board is optimistic about the performance of the VTG Group in 2015. The acquisition of the Swiss wagon hire company AAE is also driving growth in revenue and earnings, and this will have a significant impact on the trend in revenue and EBITDA for the Group as a whole. The Executive Board thus expects to achieve revenue for the Group in 2015 of between € 1.0 billion and 1.1 billion. Due to the growing importance of the Railcar division, which has particularly strong margins, the Group should see EBITDA (earnings before interest, taxes, depreciation and amortization) increase significantly, to between € 325 million and 350 million. This includes, on the one hand, transaction costs for the AAE takeover and anticipated costs for the integration of AAE into the VTG Group, which together could run well into the high single-digit million range and, on the other, currency effects from the Swiss franc and the Russian rouble. Although the VTG Group's reliance on these two currencies is comparatively low, the Executive Board nevertheless expects a slightly negative impact on operating income.

Plans to increase dividend by around 7 % to € 0.45 per share

The Executive Board of VTG intends to propose to the Annual General Meeting in May 2015 the payment of a dividend of € 0.45 per share for the financial year 2014. This would increase the dividend again, this time by some 7 % compared with the previous year. VTG is thereby continuing to pursue its policy of continually issuing dividends.

Hamburg, February 23, 2015

The Executive Board

04

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Consolidated income statement

for the period January 1 to December 31, 2014

€ '000	Notes	1/1 to 12/31/2014	1/1 to 12/31/2013
Revenue	(1)	818,302	783,671
Changes in inventories	(2)	–1,050	379
Other operating income	(3)	32,728	27,342
Total revenue and income		**849,980**	**811,392**
Cost of materials	(4)	451,392	436,737
Personnel expenses	(5)	86,791	75,168
Impairment, amortization and depreciation	(6)	107,549	106,043
Other operating expenses	(7)	122,215	116,796
Total expenses		**767,947**	**734,744**
Earnings from companies accounted for using the equity method		**1,430**	**1,061**
Financing income		603	1,172
Financing expenses		–54,291	–51,461
Financial loss (net)	**(8)**	**–53,688**	**–50,289**
Profit before taxes on income		**29,775**	**27,420**
Taxes on income and earnings	(9)	–11,017	–10,238
Group net profit		**18,758**	**17,182**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		19,841	15,218
Non-controlling interests		–1,083	1,964
		18,758	**17,182**
Earnings per share (in €) (undiluted and diluted)	(10)	0.93	0.71

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

→ Consolidated statement of comprehensive income

for the period January 1 to December 31, 2014

€ '000	Notes	1/1 to 12/31/2014	1/1 to 12/31/2013
Group net profit		**18,758**	**17,182**
Changes in items that will not be reclassified to profit or loss in future periods:			
Revaluation of pension provisions	(25)	−5,966	1,725
thereof deferred taxes		2,893	−452
Changes in items that will possibly be reclassified to profit or loss in future periods:			
Currency translation		2,300	−2,889
Changes in cash flow hedge reserve		4,499	4,995
thereof deferred taxes		−2,215	−2,460
Other comprehensive income		**833**	**3,831**
Comprehensive income		**19,591**	**21,013**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		20,786	19,059
Non-controlling interests		−1,195	1,954
		19,591	**21,013**

Explanations of equity are given under Notes (20) to (24).

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

Consolidated balance sheet

ASSETS

€ '000	Notes	12/31/2014	12/31/2013
Goodwill	(11)	163,780	156,211
Other intangible assets	(12)	49,445	52,728
Tangible fixed assets	(13)	1,162,475	1,069,830
Companies accounted for using the equity method		17,770	17,083
Other investments	(14)	1,455	6,752
Fixed assets		**1,394,925**	**1,302,604**
Derivative financial instruments	(17)	338	803
Other financial assets	(17)	4,260	4,802
Other assets	(17)	450	1,168
Deferred income tax assets	(18)	18,206	22,843
Non-current receivables		**23,254**	**29,616**
Non-current assets		**1,418,179**	**1,332,220**
Inventories	**(15)**	**21,052**	**18,259**
Trade receivables	(16)	109,045	93,333
Derivative financial instruments	(17)	6,068	230
Other financial assets	(17)	10,463	12,177
Other assets	(17)	18,860	27,588
Current income tax assets	(18)	6,492	5,487
Current receivables		**150,928**	**138,815**
Cash and cash equivalents	**(19)**	**80,413**	**61,548**
Current assets		**252,393**	**218,622**
Non-current assets held for sale	**(29)**	**2,834**	**0**
		1,673,406	**1,550,842**

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

SHAREHOLDERS' EQUITY AND LIABILITIES

€ '000	Notes	12/31/2014	12/31/2013
Subscribed capital	(20)	21,389	21,389
Additional paid-in capital	(21)	193,743	193,743
Retained earnings	(22)	120,581	110,669
Revaluation reserve	(23)	−2,257	−6,756
Equity attributable to shareholders of VTG Aktiengesellschaft		**333,456**	**319,045**
Non-controlling interests	(24)	**7,030**	**2,297**
Equity		**340,486**	**321,342**
Provisions for pensions and similar obligations	(25)	61,289	51,903
Deferred income tax liabilities	(26)	125,220	129,639
Other provisions	(27)	12,850	13,615
Non-current provisions and taxes		**199,359**	**195,157**
Financial liabilities	(28)	892,565	792,248
Derivative financial instruments	(28)	0	3,054
Non-current liabilities		**892,565**	**795,302**
Non-current debt		**1,091,924**	**990,459**
Provisions for pensions and similar obligations	(25)	3,293	3,453
Current income tax liabilities	(26)	23,143	30,467
Other provisions	(27)	47,119	41,690
Current provisions and taxes		**73,555**	**75,610**
Financial liabilities	(28)	16,982	18,381
Trade payables	(28)	126,994	110,901
Derivative financial instruments	(28)	7,370	15,146
Other financial liabilities	(28)	9,061	13,268
Other liabilities	(28)	7,034	5,735
Current liabilities		**167,441**	**163,431**
Current debt		**240,996**	**239,041**
		1,673,406	**1,550,842**

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

→ Consolidated statement of changes in equity

€ '000 Notes	Subscribed capital (20)	Additional paid-in capital (21)	Retained earnings (22)	(thereof differences from currency translation)	Revaluation reserve* (23)	Equity attributable to shareholders of VTG Aktiengesellschaft	Non-controlling interests (24)	Total
As of 12/31/2012	21,389	193,743	104,519	(4,589)	−11,751	307,900	3,817	311,717
Group net profit			15,218			15,218	1,964	17,182
Revaluation of pension provisions			1,729			1,729	−4	1,725
Currency translation			−2,883	(−2,883)		−2,883	−6	−2,889
Changes in cash flow hedge reserve					4,995	4,995		4,995
Comprehensive income	**0**	**0**	**14,064**	**(−2,883)**	**4,995**	**19,059**	**1,954**	**21,013**
Dividend payment by VTG Aktiengesellschaft			−7,914			−7,914		−7,914
Payments to non-controlling interests						0	−2,048	−2,048
Compensation obligation for non-controlling interests						0	−1,374	−1,374
Miscellaneous changes						0	−52	−52
Total changes	**0**	**0**	**6,150**	**(−2,883)**	**4,995**	**11,145**	**−1,520**	**9,625**
As of 12/31/2013	**21,389**	**193,743**	**110,669**	**(1,706)**	**−6,756**	**319,045**	**2,297**	**321,342**
Group net profit			19,841			19,841	−1,083	18,758
Revaluation of pension provisions			−5,909			−5,909	−57	−5,966
Currency translation			2,355	(2,355)		2,355	−55	2,300
Changes in cash flow hedge reserve					4,499	4,499		4,499
Comprehensive income	**0**	**0**	**16,287**	**(2,355)**	**4,499**	**20,786**	**−1,195**	**19,591**
Dividend payment by VTG Aktiengesellschaft			−8,983			−8,983		−8,983
Transactions with equity holders recognized directly in equity			−2,013			−2,013	2,013	0
Business acquisition			4,621			4,621	3,961	8,582
Miscellaneous changes						0	−46	−46
Total changes			**9,912**	**(2,355)**	**4,499**	**14,411**	**4,733**	**19,144**
As of 12/31/2014	**21,389**	**193,743**	**120,581**	**(4,061)**	**−2,257**	**333,456**	**7,030**	**340,486**

* The revaluation reserve includes the reserve for cash flow hedges.

Explanations of equity are given under Notes (20) to (24).

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

→ Consolidated cash flow statement

€ '000	Notes	1/1 to 12/31/2014	1/1 to 12/31/2013
Operating activities			
Group net profit		18,758	17,182
Impairment, amortization and depreciation		107,549	106,043
Financing income		−603	−1,172
Financing expenses		54,291	51,461
Taxes on income and earnings		11,017	10,238
SUBTOTAL		191,012	183,752
Other non-cash expenses and income		−627	−356
Dividend from companies accounted for using the equity method		920	1,000
Income taxes paid		−18,612	−11,347
Income taxes received		4,267	3,000
Profit/loss on disposals of fixed asset items		−8,901	−6,719
Changes in:			
Inventories		−2,793	2,848
Trade receivables		−15,351	10,404
Trade payables		8,471	−16,582
Other assets and liabilities		1,470	−16,152
Cash flows from operating activities		**159,856**	**149,848**
Investing activities			
Payments for investments in intangible and tangible fixed assets		−196,765	−173,964
Proceeds from disposal of intangible and tangible fixed assets		24,131	32,271
Payments for investments in financial assets		−36	−181
Payments for/Proceeds from disposal of financial assets and the sale of companies (less cash and cash equivalents paid)		−38	119
Financial receivables (in-payments)		1,139	794
Financial receivables (pay-offs)		−1	−394
Receipts from interest		501	652
Cash flows used in investing activities		**−171,069**	**−140,703**
Financing activities			
Payment of dividends of VTG Aktiengesellschaft		−8,983	−7,914
Payment to non-controlling interests		−1,374	−2,048
Receipts from the taking up of (financial) loans		110,000	75,000
Repayments of bank loans and other financial liabilities		−16,786	−16,225
Interest payments		−54,448	−52,436
Cash flows from/used in financing activities		**28,409**	**−3,623**
Change in cash and cash equivalents		**17,196**	**5,522**
Effect of changes in exchange rates		1,498	−1,180
Changes due to scope of consolidation		171	202
Balance at beginning of period	(19)	61,548	57,004
Balance of cash and cash equivalents at end of period	**(19)**	**80,413**	**61,548**
of which freely available funds		**77,646**	**58,785**

For an explanation of the consolidated cash flow statement, please refer to the section Other Disclosures.

The explanatory notes on pages 68 to 130 form an integral part of these consolidated financial statements.

→ Notes to the consolidated financial statements

Explanation of accounting principles and methods used in the consolidated financial statements

1. General Information

VTG Aktiengesellschaft (VTG AG), registered in Hamburg, Nagelsweg 34, is the parent company of the VTG Group. The company is registered in the commercial register of the Local Court of Hamburg (HRB 98591). VTG AG and its subsidiaries operate in the business divisions of Railcar, Rail Logistics and Tank Container Logistics.

The financial year of VTG AG and its consolidated subsidiaries corresponds to the calendar year.

VTG AG prepares its consolidated financial statements in accordance with IFRS pursuant to § 315 (a) (1) of the German Commercial Code. The consolidated financial statements and group management report are published in the electronic Federal Gazette.

The consolidated financial statements comprise the consolidated income statement, the consolidated statements of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes to the consolidated financial statements.

For better presentation, all amounts are given in thousands or millions of euros (€ ’000 or € million).

These consolidated financial statements were approved for publication by the Executive Board of VTG AG on February 23, 2015.

2. Principles of accounting

The consolidated financial statements of VTG AG were prepared in accordance with the International Financial Reporting Standards (IFRS) effective at the balance sheet date and as applicable in the EU and in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The commercial law regulations under § 315 (a) (1) of the German Commercial Code were also observed.

The consolidated financial statements were prepared in accordance with the historical cost convention, with the exception of the financial assets available for sale and financial assets and financial liabilities (including derivative financial instruments) carried at fair value through profit or loss.

Principles of consolidation

The consolidated financial statements include all entities over which VTG AG exercises control. VTG controls an investee when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. These entities are included in the consolidated financial statements from the date on which the VTG Group gains such potential for control. If this potential for control ceases, the companies in question withdraw from the group of consolidated companies.

All consolidated subsidiaries are included with their individual financial statements prepared for use in the consolidated financial statements of VTG AG. These were prepared using uniform accounting, measurement and consolidation methods.

Subsidiaries not included in the consolidated financial statements are insignificant for the presentation of the net assets, financial position and results of operations due to dormant operations or a low level of operations. Non-consolidated companies are recognized in the consolidated balance sheet at acquisition cost if their fair values cannot be determined reliably.

The Group’s investments in companies accounted for using the equity method include investments in joint ventures. A joint operation is an arrangement whereby the parties exercising joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The most recent financial statements of these entities serve as the basis for consolidation under the equity method. As of December 31, 2014, two companies are accounted for using the equity method. The complete list of equity investments is presented on pages 122 and 123.

Subsidiaries acquired are accounted for in accordance with the acquisition method. The acquisition costs equal the fair value of the assets acquired, the equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value on the acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired are recorded as goodwill. If these acquisition costs are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Goodwill is amortized exclusively in accordance with the impairment-only approach, under which it is subject to an impairment test at least once a year and is subsequently measured at its original acquisition cost less any accumulated impairment losses.

Intra-group receivables and payables and provisions as well as contingent liabilities between the consolidated companies are eliminated. Intra-group revenue and other intra-group income, as well as the corresponding expenses, are eliminated. Interim profits resulting from intra-group transactions are eliminated in full, including their impact on deferred taxes, except for insignificant transactions. Intra-group transactions are normally arm's-length transactions.

Transactions involving non-controlling interests are treated as transactions with owners of equity of the Group. If there is a difference between the payment made to acquire non-controlling interests and the relevant proportion of the carrying amount of the net assets of the subsidiary, this is recognized in equity. Gains and losses arising from the sale of a shareholding of non-controlling interests are also recognized in equity.

Currency translation

The items included in the financial statements of any Group company are measured in the currency that represents the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are prepared in euros, which represent the functional and reporting currency of VTG AG.

The annual financial statements of the foreign subsidiaries with a functional currency other than the euro are translated into euros as follows:

- Assets and liabilities are translated at the middle rate as of the balance sheet date.
- The items in the income statement are translated at the weighted average rate for the year using the modified closing rate method (unless use of the average rate does not lead to reasonable proximity to the accumulated effects which would have resulted from translation at the rates valid at the time of the transactions, in these cases the income and expenses are translated at their transaction rates).

All differences from the translation of single-entity financial statements of foreign subsidiaries and foreign companies recognized at equity are treated without effect on income and shown separately within equity as differences arising from currency translation. In the year of the de-consolidation of foreign subsidiaries, the currency differences are released to income.

For the translation into euros of financial statements of foreign companies recognized at equity, the same principles are used as for consolidated companies.

Foreign currency transactions are translated into the functional currency at the exchange rates at the time of the transaction. Gains and losses which result from the fulfillment of such transactions, as well as from the translation of monetary assets and liabilities maintained at the closing date, are recorded in the income statement.

The following exchange rates have been used for currency translation:

1 euro =	Rate at balance sheet date 12/31/2014	12/31/2013	Average rate 2014	2013
British Pound	0.7818	0.8331	0.8064	0.8492
Chinese Yuan Renminbi	7.5550	8.3314	8.1882	8.1655
Polish Zloty	4.2623	4.1472	4.1848	4.1967
Russian Ruble	67.5895	45.2582	51.0558	42.3335
Swiss Franc	1.2024	1.2267	1.2146	1.2308
Czech Koruna	27.7434	27.4032	27.5333	25.9708
Ukrainian Hryvnia	19.1607	11.3578	15.5057	10.8605
Hungarian Forint	314.9587	297.0230	308.6721	296.9424
US Dollar	1.2166	1.3767	1.3291	1.3281

There were no transactions performed in or with high-inflation countries during the financial year.

Measurement of fair value

On the first level, fair value is measured using prices quoted in an active market for identical assets or debts. If market prices are unavailable, on the second level, fair value is measured on the basis of other directly or indirectly observable input factors. If these are also unavailable, on the third level, other appropriate input factors are used for measurement.

Recognition of revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services within ordinary activities. Furthermore, revenue includes the currency differences from foreign currency receivables that have arisen from normal trading. Revenue is recorded without value added tax, discounts or price reductions and after the elimination of intra-group sales.

Revenue from services is not realized until the service has been fully rendered. There is no recognition in accordance with stage of completion due to the nature of the business. Income from the sale of goods is recognized if these have been delivered and the risk has been transferred.

Dividends are recorded as income when the claim is legally effective. Interest expenses and interest income are recognized proportionally, applying the effective interest method. Expenses and income from compensation for use are allocated to periods and recorded according to the economic substance of the relevant agreements.

Balance sheet structure

Assets and liabilities are shown in the balance sheet as non-current assets where the residual term is more than a year. Residual terms of less than a year are thus shown as current assets and liabilities. Liabilities are generally deemed non-current as long as there is no unqualified right to avoid performance in the next year. Deferred tax assets and liabilities are generally shown as non-current assets and liabilities. Conversely, current income tax assets and liabilities are shown as current assets and liabilities. If the assets and liabilities have non-current and current components, these are shown in accordance with the balance street structure as current/non-current assets and liabilities.

Unplanned impairment losses

Assets that have an indefinite useful life are not subject to scheduled depreciation or amortization. They are subject to at least once-yearly impairment testing. Assets that are subject to scheduled amortization or depreciation are subject to an impairment test when relevant events or changes in circumstances indicate that the carrying value may no longer be recoverable. An impairment loss is recorded in the amount of the difference between the carrying value and recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. For the impairment test, assets are combined at the lowest level for which cash flows can be identified separately (cash-generating units). The cash-generating units are set out under Note (11) Goodwill. With the exception of goodwill, non-monetary assets that have been subject to an impairment adjustment in the past are reviewed at each balance sheet date to determine if a reversal of impairment is required. If the reasons for impairment losses recognized in previous years cease to apply, corresponding impairment reversals are made, with the exception of goodwill.

Goodwill

Goodwill is the amount by which the acquisition costs of the enterprise exceed the fair value of the shares held by the Group in the net assets of the acquired enterprise at the time of acquisition. Goodwill arising on acquisition of an enterprise is classified under intangible assets. Capitalized goodwill is not subject to scheduled amortization, but is instead subject to an impairment test at least once a year on the basis of the cash-generating unit to which it is allocated.

As part of the impairment test, it is tested whether the recoverable amounts exceed the carrying values of the units tested, including the goodwill allocated. The recoverable amount is the higher of fair value less costs of disposal and value in use. The fair value less costs of disposal corresponds to the present value of the estimated future cash flows. Segmental goodwill is tested for impairment regularly as part of the annual budgeting process. This is based on the fair values less costs of disposal. These are determined using the discounted cash flow method (DCF method), whereby forecast cash flows derived from the multi-year plan approved by management are discounted with a market-specific capital cost rate. This plan extends over a period of up to five years, followed by the terminal value.

Overall, the management expects moderate growth of the terminal value. The capitalization interest rate plus a growth surplus of 1.0 % per year has been applied. Other significant planning assumptions and the opportunities and risks of future development can be found in the relevant sections of the Group Management Report. In order to determine the fair value less cost of disposal, risk-oriented interest rates appropriate to the market were applied. The post-tax interest rates (WACC) are between 3.6 % and 5.1 %, while in the previous year they were between 4.9 % and 5.6 %.

Other intangible assets

Other intangible assets comprise brand values and customer relationships as well as purchased intangible assets as well as internally generated capitalized development costs.

Due to their indefinite useful life, brand values are not amortized, rather they are subject to an annual impairment test based on the cash-generating units, in which the carrying amount of the cash-generating units, including brands, is compared with the recoverable amount. As for the goodwill impairment test described above, the recoverable amount is calculated as fair value less costs of disposal, which are in turn calculated on the basis of the discounted forecast cash flows.

Customer relationships are initially recognized at fair value measured on the basis of residual profit and are normally amortized on a straight-line basis in the subsequent periods up to 20 years.

Development costs which are directly attributable to the development and review of identifiable, individual designs for rail freight cars controlled by the Group are recognized as intangible assets if they meet the following criteria:

- Completion is technically feasible
- The management intends to complete the asset and to use or sell it
- There is an ability to use or sell the asset
- It can be demonstrated that the asset is likely to yield future economic benefits
- Adequate technical, financial and other resources are available to complete the development process and use or sell the asset
- The expenditure attributable to the asset during its development can be measured reliably.

The costs directly attributable to the asset, in addition to external costs, mainly comprise personnel costs for the employees involved in development and an appropriate share of the relevant overheads.

Capitalized development costs for designs are subject to scheduled straight-line depreciation over their estimated useful lives of up to seven years.

Research costs are not capitalized but are expensed as incurred.

Other intangible assets with finite useful lives acquired against payment are generally stated at acquisition cost and for the most part amortized on a straight-line basis over three years.

Tangible fixed assets

Tangible fixed assets are generally measured at acquisition or manufacturing cost less scheduled depreciation on a straight-line basis to reflect use and, in individual cases, impairment. Land is not subject to depreciation or amortization.

Acquisition costs comprise all consideration given to purchase an asset and to bring it to an operational state. Manufacturing costs are determined on the basis of direct costs as well as directly allocable overheads and depreciation. Finance costs for the purchase and for the period of manufacture are capitalized if qualifying assets are present.

Assets with a limited useful life are depreciated on a straight-line basis. This is based on a recoverable residual value that takes regional differences into account. Compound items are created for low-value assets (acquisition cost between € 150 and € 1,000), which are depreciated over five years.

Tangible fixed assets are subject to scheduled depreciation over their expected useful lives, as follows:

Tangible fixed assets	Useful life
Buildings	up to 50 years
Technical plant and machinery	up to 15 years
Containers	up to 12 years
Rail freight cars *	
Grain silo wagons	up to 42 years
Compressed gas tank wagons	up to 35 years
Mineral oil wagons, bulk goods wagons and similar.	up to 32 years
Chemical wagons	up to 28 years
Operating and office equipment	up to 13 years

* Some wagon types in the US have longer useful lives than those stated above.

Costs for maintenance and repair of items within tangible fixed assets are recorded as expenses. Expenses for renewal are capitalized as subsequent manufacturing costs if they result in a substantial extension of the useful life, a significant improvement or a meaningful change in the use of the asset. The costs of overhaul of the rail freight cars are capitalized as a separate component and depreciated over the term of the overhaul intervals. The term of the overhaul intervals is four to six years. Where replacement parts or maintenance equipment can be used only in relation to a tangible fixed asset, these are included under tangible fixed assets.

Lease agreements

Leased assets for which the entities of the VTG Group bear all significant risks and rewards (finance leases) are capitalized in accordance with IAS 17. These assets are capitalized at the fair value of the asset or the present value of the minimum lease payments, whichever is lower. Depreciation is recorded normally over the economic life or, if shorter, the term of the lease, using the depreciation method that applies for comparable purchased or manufactured fixed assets. The payment obligations that arise for future lease installments are recorded as liabilities, disregarding the interest component. The interest portion of the lease installment is recorded as an expense in the consolidated income statement.

In the case of operating leases, the lease/hire payments are recorded on a straight-line basis over the period of the lease in the income statement.

Financial instruments

IAS 32 defines a financial instrument as a contractually agreed right or obligation which gives rise to the inflow or outflow of financial assets or the issue of equity rights. Financial instruments include financial assets and financial liabilities such as trade receivables and payables, financial receivables and liabilities and derivative financial instruments, which are used to hedge against interest rate and currency risks. Financial instruments are entered in the balance sheet where an obligation has been undertaken (trading date) to buy or sell an asset.

Financial assets are divided into the following categories: (a) at fair value through profit or loss (b) loans and receivables (c) held to maturity and (d) available for sale. Initial classification into these categories affects how they are subsequently measured. Itemization as current or non-current has no influence on measurement but is itself influenced by classification within one of these categories. Financial assets are derecognized where the rights to payments from the financial asset have expired or the Group has essentially transferred all risks and opportunities associated with the asset. At each balance sheet date, a review is undertaken as to whether there are any objective indications in respect of impairment of a financial asset or of a group of financial assets.

a. Financial assets measured at fair value through profit or loss
There are no assets in the VTG Group that fall into this category except for derivative financial instruments.

b. Loans and receivables
Loans and receivables comprise non-derivative financial assets with fixed definable payments and are not quoted on an active market. They arise where the Group provides money or services directly to a debtor without the intention of trading with this receivable. They qualify as current assets as long as they are not due twelve months or more after the balance sheet date. All other loans and receivables are shown as non-current assets. Loans and receivables are included in the balance sheet under other financial assets (loans), trade receivables and other receivables and assets. Loans and receivables are recognized at fair value less transaction costs when incurred and recognized in the balance sheet at amortized cost. With these items, account is taken of all identifiable specific risks and the general risk of default based on experience using appropriate provisions.

c. Financial assets held to maturity
There are no assets in the VTG Group that fall into this category.

d. Financial assets available for sale
Financial assets available for sale have been either directly classified under this category or could not be classified under one of the other three given categories. The financial assets presented in the VTG Group are mainly investments in affiliated companies, which have not been consolidated because of their minor importance, and investments. They are classified as non-current assets, provided that management does not intend to sell them within twelve months of the balance sheet date. Financial assets held for sale are initially recognized at their fair value plus transaction costs (acquisition costs) and are recognized on subsequent balance sheet dates at their fair values to the extent that their market value can be determined reliably. In this case, the unrealized gains and losses arising from the change in the fair value are recognized in the revaluation reserve after accounting for tax effects.
If the assets that are classified as available for sale are sold or have been subject to impairment, then the cumulative changes to fair value previously recognized in equity (revaluation reserve) are recognized through profit and loss. The shareholdings and investments are not traded and there are no market prices listed on an active market. These shares and other investments are recognized at amortized cost since it is not possible to determine their fair values reliably. VTG does not intend to sell the assets classified as available for sale and shown under the balance sheet item Other investments.

Financial liabilities from financial instruments can be measured either at amortized cost or at fair value through profit or loss. As a rule, the VTG Group measures financial liabilities at amortized cost. Financial liabilities are stated at their fair value on initial recognition, net of transaction costs. Transaction costs arising from the refinancing of the Group for the setting up of as-yet-unused lines of credit are capitalized and distributed over the term of the credit agreement using the effective interest method. Differences between the disbursement amount and repayment amount are charged like transaction costs to income over the term of the borrowing, applying the effective interest method. Loan liabilities are classified as current if the Group does not have an unconditional right to repay the liability at a time later than twelve months after the balance sheet date. In the balance sheet, used current account overdrafts are shown as current financial liabilities. Financial liabilities are derecognized once the contractual obligations have been fully met, have been removed or have expired.

Foreign currency receivables and payables are recognized at the exchange rate applicable on the balance sheet date. Exchange differences arising from translation of foreign currency receivables are included in revenue as long as they are generated by normal operating activities. The exchange differences from foreign currency liabilities are shown in cost of materials. Exchange differences arising from other matters are included in other operating expenses and income.

Derivative financial instruments

Derivative financial instruments are recognized initially at their fair values, which are allocated on the day the contract is concluded. Subsequent valuation is also at the relevant fair value at each balance sheet date. To the extent that derivative financial instruments are not part of a hedging relationship (hedge accounting), these have to be classified as held for trading in accordance with IAS 39. The method for recording profits and losses depends on whether the derivative financial instrument was classified as a hedging instrument and, if so, on the nature of the hedged item. The Group classifies derivative financial instruments either as hedges for the fair value of assets or liabilities (fair value hedge) or as hedges against the risks of fluctuating cash flows from assets or liabilities or from future transactions with a high probability of occurring (cash flow hedge).

Derivative financial instruments are only concluded by the Group's head office within the framework of the valid guidelines and provisions. If a company independently concludes derivative financial instruments within the valid guidelines and provisions, this is done only with the prior approval of the Group's head office.

On concluding a transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the objective of risk management and the underlying strategy when entering into hedging transactions. The effectiveness of the hedging relationship is examined at the outset and on each balance sheet date.

The fair value of the derivative financial instrument designed as a hedging instrument is presented as a non-current asset or non-current liability to the extent that the residual term of the underlying transaction covered by the hedge is longer than twelve months after the balance sheet date or as a current asset or current liability if the residual term is shorter. Derivative financial instruments held for trading purposes are disclosed as current assets or liabilities.

The effective portion of market value changes of derivative financial instruments, which is deemed cash flow hedge, is recorded after accounting for deferred taxes to the other parts of equity without affecting income. The non-effective portion is recorded to the income statement. The amounts recorded to equity are reclassified to the income statement in the financial years in which the underlying transaction affects the income statement or if the forecast transaction is no longer expected to occur. Hedging relationships categorized as financing activities are reclassified to the financial result. Hedging relationships categorized as operating activities are reclassified to revenue and income/expenses.

The market value changes of financial derivatives not in a hedging relationship are recognized through profit of loss in the income statement within the financial result.

Derivative financial instruments are used within the framework of managing interest rate and currency risks.

Inventories

Inventories are recognized at the lower of acquisition/manufacturing costs and net realizable value. The net realizable value is defined as the estimated ordinary selling price less necessary variable selling expenses. Similar items of inventory are measured applying the average method. The measurement of raw materials, supplies and consumables is at acquisition cost. The costs of work in progress comprise the costs for raw materials, supplies and consumables, direct personnel expenses, other direct costs and overheads attributable to production. For qualifying assets, borrowing costs are included in the manufacturing costs.

Provisions for pensions and similar obligations

There are both defined contribution plans and defined benefit plans in place for employee retirement benefit. The structuring depends on the legal, tax and economic conditions in the country concerned and are generally related to the service period and level of remuneration of the employees.

Under the defined contribution plans, the company pays contributions to state pension schemes and private pension bodies on the basis of statutory or contractual regulations. Once the contributions have been paid, the company does not have any further obligations to provide benefits.

For defined benefit pension commitments, whereby the company guarantees employees a specific level of payment, the company creates provisions. These provisions cover payment commitments for retirement, disability and survivors. Under IAS 19, these obligations are determined by an independent actuary using the projected unit credit method, taking into account the discount rate, the expected future development of salaries and pensions and additional actuarial assumptions. They are entered in the balance sheet after the deduction of the fair value of plan assets. The revaluations of the net debt from defined benefit plans are recognized in other comprehensive income without affecting income and result in a change without affecting income in the present value of the pension obligations as well as the fair value of plan assets. The net interest approach has been used. For the return on plan assets, the interest rate is adopted that applies to the net pension obligations. Expenses from increases in pension obligations that reflect the passage of time (unwinding of the discount) are shown as net interest under the financial result after offsetting income from the interest yielded by plan assets. Both the current and the past service cost are recognized immediately and are shown under personnel expenses.

There are various pension arrangements in Germany, based on both collective and individual rights under the law. The vast majority of these provision arrangements are defined benefit pension plans. For the majority of employees that are currently still active, provision is within a range based on final salary with fixed increments for each year of service for each pension group. Additionally, there are employees who have active entitlement, with income-dependent pension components for each year of service and those with active entitlement with other pension plans that are partially dependent on final salary. Besides the actual pension plans, there are also accident pensions and provisions for retirees upon payment of an additional contribution to a private health insurer. These provisions are subject to longevity risk and inflation due to the statutory obligation to review current pension payments with regard to adjustment.

With pension commitments and plan assets outside Germany, provision is made in the form typical for each country. Plan assets are invested in insurance policies and are not traded on an active market. The insurance companies bear sole responsibility for the proper structuring and management of the portfolios itemized as plan assets. The top-up contributions for future obligations relating to part-time employment for older members of staff are introduced in gradual steps until the end of the active stage.

There is additional pension insurance for certain employees through the Federal and State Government Employees' Retirement Fund Agency (Versorgungsanstalt des Bundes und der Länder, VBL). The VBL is an institution incorporated under public law that grants additional retirement benefits to employees of public bodies and to certain legal persons under private law. The VBL pension plan is a multi-employer plan that is essentially to be recognized as a defined benefit plan. Due to the absence of available calculations of the share of the provisions for VTG, the plan is shown as a defined contribution plan.

The VBL benefits operate via a pay-as-you-go system (modified partial reserve pay-as-you-go system). The contribution rate is measured so that the contribution to be paid for the duration of the period of cover together with the remaining expected receipts and the available assets suffice to cover the expenses during the period of cover and the six months thereafter. The calculation is made according to actuarial principles. The contribution rate amounts to a total of 7.86 % of the salary for which there is a supplementary pension. As an employer, VTG is responsible for 6.45 %. There may be an adjustment to the supplementary pension in 2015. Additionally, a reorganization charge is to be paid. The flat-rate reorganization charges provide the additional financing required for the obligations arising until the closure of the overall benefit system. The individual employer's share of the reorganization charge depends on the retirement pension payments and insurance payments they have to make.

There is no information available on minimum funding requirements or information from which estimates of future contribution payments due to any deficits in or surplus of coverage. The apportionment of surpluses or deficits in the event of the withdrawal of VTG from the VBL plan is agreed in accordance with the articles of association. The scope of VTG's participation in the VBL pension plan compared with other companies is negligibly small. In 2014, payments to VBL amounting to € 1.2 million were recognized under personnel expenses. For 2015, payments of approximately the same amount are expected.

The discount rate is intended to reflect, as of the balance sheet date, the market-specific effective interest rate for high-value corporate bonds whose term corresponds to that of the pension commitment. The discount rate was determined using the Towers Watson Global Rate: Link methodology, based on data from Bloomberg on corporate bonds with an AA rating.

Taxes on income

The tax expense for the period is made up of both current and deferred taxes. Taxes are recognized in the income statement unless they relate to items that have been recognized directly in equity or in other comprehensive income. In this event, the taxes are also recognized in equity or in other comprehensive income.

The current tax expense is calculated using the tax regulations applicable on the balance sheet date for the countries in which the company and its subsidiaries operate and generate taxable income.

Deferred taxes are recognized for all temporary differences between the tax base of assets and liabilities and their carrying values under the applicable IFRS. However, if, as part of a transaction which does not represent a business combination, deferred tax arises on the first-time recognition of an asset or a liability which, at the time of the transaction, has neither an effect on the balance sheet nor on the tax profit or loss, then there is no deferred tax either on initial recognition or later. Deferred taxes are measured by applying tax rates (and tax laws) that are valid at the balance sheet date or which have been substantially enacted and are expected to apply to the period when the tax asset is realized or the liability settled.

Deferred tax assets are recognized to the extent that it is probable that a taxable profit will be available against which the temporary differences can be used. Deferred tax assets and liabilities are generally netted where they are levied by the same tax authority and as long as the running periods correspond.

Other provisions

Other provisions are set up for uncertain legal and constructive obligations to third parties, the occurrence of which will probably lead to an outflow of funds. They are formed taking into consideration all identifiable risks at the probable settlement amount and are not offset against any claims of recourse. Measurement is at the best estimate of the current obligation at the balance sheet date, discounting long-term obligations.

Government grants

Government grants are measured at fair value where it can be assumed with great certainty that the grant will be made and the Group meets the necessary requirements for receipt of the grant.

Government grants for costs are recognized as income over the period in which the costs to be covered by the grants are incurred.

Government grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. The grant is recognized as income over the life of depreciable asset by way of a reduced depreciation charge.

There were no material government grants in the financial year 2014.

Estimates and discretionary judgements

In the preparation of the consolidated financial statements, assumptions have been made and estimates applied that have an impact on the level and the disclosure of the assets and liabilities, income and expenses and also on contingent liabilities. All estimates and related assumptions are continually reevaluated and are based on historical experience and other factors, including expectations with regard to future events that appear reasonable under the applicable circumstances. The amounts that actually materialize in the future may differ from the amounts determined on the basis of estimates and assumptions. Such differences will be taken to income when better estimates are available.

The following estimates and related assumptions may have a major affect on the consolidated financial statements.

At least once a year, the Group carries out an impairment test of capitalized goodwill and brand values with indefinite useful lives based on the cash-generating units to which they are allocated. There are four cash-generating units in total, three of which carry goodwill.

The key assumptions made here take account of, in particular, the estimated development of the Return on Capital Employed (ROCE) and the resulting earnings before interest and taxes (EBIT) and the assumed cost of capital (WACC). For the Railcar segment, the key planning parameters on which ROCE is based are fleet capacity utilization and leasing rates. The Rail Logistics and Tank Container Logistics segments have freight rates as the key planning parameter. A change to these key planning parameters has a significant effect on the calculation of the fair value less costs of disposal and, ultimately, on the level of any necessary impairment of goodwill or brands with indefinite useful lives. The assumed ROCE trend is based on moderate growth rates in the planning parameters.

Management uses internal analyses and forecasts to project the earnings trend and external information sources for the other parameters used. In accordance with the requirements of DRS 20, the company is publishing a one-year forecast of its business figures. Since multiple-year scenarios are being discussed internally, there are differences between the internal and external information sources.

The third-level method for measuring fair value is to be used for the above forecast.

Based on the existing models for the cash-generating units Rail Logistics and Tank Container Logistics, impairment losses are possible only in the case of scenarios that are currently improbable because they would result from changes to key assumptions.

With regard to the cash-generating unit Railcar Europe, with attributed goodwill of € 150.5 million, unforeseeable changes to key planning assumptions could lead to impairment of goodwill. This applies in particular to the assumptions made regarding EBIT, ROCE and the estimated cost of capital (WACC), where the other parameters of the impairment test are assumed to be constant.

The goodwill attributed to the cash-generating unit Railcar Europe would remain unimpaired in the case of a fall in future EBITs of up to 30.4 % or a decrease in ROCE regarding the terminal value of up to 1.77 percentage points or an increase in WACC after tax of up to 1.52 percentage points compared with the parameters currently used.

Within the context of the hedging of interest rate risks through cash flow hedges, borrowing that is expected to take place in the future is also designated as a hedged item. Both the likelihood of occurrence and the amount of the expected future borrowing are decided in consultation with those responsible for corporate planning. If these events do not occur, this has an effect on the financial result. The key factor in deciding the level of this effect is the measurement of the interest derivatives used as hedging instruments (see information on interest rate risk under "Reporting of financial instruments"). The Group reviews the useful lives applied at least once a year. Should expectations deviate from estimates made until now, the required adjustments are appropriately accounted for as changes in estimates. The determination of the useful lives is made on the basis of market observations and experience values.

The level of defined benefit pension provision is calculated on the basis of actuarial assumptions. The assumed discount rate has a major impact on the level of obligation. If the discount rate rises by 25 basis points, the level drops by € 1.9 million (previous year: € 1.5 million). If the discount rate falls by 25 basis points, the level increases by € 2.1 million (previous year: € 1.5 million). If the pension trend increases by 25 basis points, the pension obligation increases by € 1.5 million (previous year: € 1.2 million). Due to symmetrical development, the obligation is also reduced by 25 basis points. If the assumed life expectancy of each person with pension entitlement increases, the obligation increases by € 2.4 million (previous year: € 2.0 million). In the sensitivity analysis above, the parameters are treated separately from other developments. This isolated development is in reality improbable. There were no changes made to the methods or assumptions for performing the sensitivity analyses.

The Group has a duty to pay income taxes in various countries. For each tax subject, the expected effective income tax amount is to be determined and the temporary differences from the different treatment of certain balance sheet items in the IFRS financial statements and in the statutory tax financial statements are to be assessed. Where there are temporary differences, these lead to the capitalization or provision of deferred tax assets and liabilities. When calculating current and deferred taxation, the management has to make judgements, for example with regard to the probability of the future utilization of deferred tax assets. If the actual results differ from these assessments, then this can have an impact on the Group financial statements.

Country-specific legislation is taken into account for tax estimates.

The Group has set up provisions for various risks. However, in accordance with the accounting and measurement methods stated, such provisions are set up only if it is probable that they will be utilized. Naturally, various scenarios exist here. The assessment with regard to probability is based on past experience and on evaluations of specific business transactions. Facts already in existence at the balance sheet date which come to light later are accounted for.

Fair values of financial instruments not traded in an active market are determined using appropriate valuation techniques which are selected from numerous methods. The assumptions applied here are predominantly based on the market conditions existing at the balance sheet date.

3. New financial reporting standards

For the financial year beginning January 1, 2014 and those thereafter, the application of some new standards and amendments to existing standards and interpretations has become mandatory.

The new version of **IAS 27, "Separate Financial Statements"**, now contains exclusively the unamended guidelines for IFRS separate financial statements. This has no impact on the VTG Group.

The new version of **IAS 28, "Investments in Associates and Joint Ventures"**, sets out for the first time that, in the case of the planned partial disposal of an associate or joint venture, the portion of the investment held for sale is to be accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", provided it meets the criteria to be classified as held for sale. The remaining portion continues to be accounted for using the equity method until the time of disposal of the portion held for sale. This new version has no impact on the financial statements of the VTG Group.

The changes to **IAS 32 "Financial Instruments: Presentation"** prescribe additional rules for the offsetting of financial assets and financial liabilities. It specifies that there must be an unconditional, legally enforceable right to set-off even in the case of insolvency of one party. These changes are simply for the purposes of clarification and have no impact on the consolidated financial statements of VTG AG.

The changes to **IAS 36 "Impairment of Assets"** contain further specifications regarding the disclosure of information when an asset is impaired and the recoverable amount has been determined on the basis of its fair value less costs of disposal. These changes have no impact on the consolidated financial statements of VTG AG.

The changes to **IAS 39 "Financial Instruments: Recognition and Measurement"** provide relief from the requirement to discontinue hedge accounting when the novation of a hedging instrument to a central counterparty meets specified criteria. These changes have no impact on the consolidated financial statements of VTG AG.

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The new standard replaces the formerly applicable consolidation requirements in IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This new version has no impact on the financial statements of the VTG Group.

IFRS 11 "Joint Arrangements" establishes principles for financial reporting where a company exercises joint control regarding a joint venture or joint operation. The new standard supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", which were previously applicable for financial reporting with regard to joint ventures. This has no quantitative impact on the consolidated financial statements of VTG AG, as the companies remain accounted for using the equity method.

IFRS 12 "Disclosure of Interests in Other Entities" brings together the disclosure requirements of IFRS 10 (which supersedes IAS 27) IFRS 11 (which supersedes IAS 31) and IAS 28 in one revised, comprehensive standard. The revised version sets out the requirement for more detailed disclosures.

The following standards and interpretations to be applied in future and amendments to existing standards and interpretations do affect operations of the Group to some extent.

Following changes to **IAS 16 "Property, Plant and Equipment"** and **IAS 38 "Intangible Assets",** there is to be clarification as to which methods are appropriate for the depreciation and amortization of property, plant and equipment and intangible assets. Application of these changes is mandatory for financial years beginning on and after January 1 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

Following adjustments to **IAS 16 "Property, Plant and Equipment"** and **IAS 41 "Agriculture",** bearer plants are in future to be accounted for as property, plant and equipment within the meaning of IAS 16. The produce growing on bearer plants will however remain within the scope of IAS 41. Application of these changes is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

The adjustments to **IAS 19 „Employee Benefits"** have resulted in changes to how employee contributions are taken into account with regard to defined benefit pension commitments. The new provisions permit a practical expedient if the amount of the employee contributions is independent of the number of years of service. In this case, regardless of the plan's formula, the service cost for the period in which the corresponding service is rendered can be reduced. Application of these new regulations is mandatory for financial years beginning on and after July 1, 2014. The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The changes to **IAS 27 "Consolidated and Separate Financial Statements"** bring in the optional use of the equity method as an alternative method for financial accounting for shareholdings in subsidiaries, joint ventures, and associates in separate IFRS financial statements. Application of these changes is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

Changes have been made to **IAS 28 "Investments in Associates and Joint Ventures"** and **IFRS 10 "Consolidated Financial Statements"** to eliminate known inconsistencies between the guidelines of the two standards with regard to the sale of assets to an associate or joint venture and the contribution of assets to an associate or joint venture. Application of these new regulations is mandatory for financial years beginning on and after January 1, 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The new **IFRS 9 "Financial Instruments"** contains simplified accounting rules for financial instruments. Its objective is to have only two categories for measuring financial instruments – amortized cost and fair value. The more differentiated classification and measurement system of IAS 39 is to be discarded. Furthermore, IFRS 9 contains a revised impairment model and new rules on hedge accounting. With the changes to IFRS 9, IFRS 7 was also amended in respect of additional disclosures for comparative periods on transition to IFRS 9. Application of the new IFRS 9 and IFRS 7 regulations is mandatory for financial years beginning on and after January 1, 2018 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The changes to the standard **IAS 28 "Investments in Associates and Joint Ventures", IFRS 10 "Consolidated Financial Statements"** and **IFRS 12 „Disclosure of Interests in Other Entities"** grant exemption from the consolidation requirement under IFRS 10 where a parent entity meets the definition of an investment entity. Furthermore, it is clarified that an investment entity that measures its subsidiaries at fair value must make the disclosures on investment entities as specified under IFRS 12. Application of these changes is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

The amendments to **IFRS 11 "Joint Arrangements"** clarify the accounting for acquisitions of an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3. With the exception of those principles that conflict with the guidance in IFRS 11, the accounting principles for business combinations in IFRS 3 and other IFRSs are to be applied. Application of these changes is mandatory for financial years beginning on and after January 1 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The new **IFRS 14 "Regulatory Deferral Accounts"** permits an entity to continue to account for ‚regulatory deferral account balances' in accordance with its national accounting rules during the transition to IFRS. Application of these new regulations is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

The new **IFRS 15 "Revenue from Contracts with Customers"** brings together the many rules contained in a range of different standards and interpretations. It establishes uniform, basic principles for all categories and revenue transactions. These principles are applicable across all industries. Application of these new regulations is mandatory for financial years beginning on and after January 1, 2017 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

IFRIC 21 "Levies" clarifies how to recognize a liability for a levy that is imposed by a government and which does nor fall within the scope of another IFRS. In particular, it also clarifies when such liabilities are to be accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Application of these new regulations is mandatory for financial years beginning on and after June 17, 2014. The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

"Improvements to IFRS 2010 – 2012", "Improvements to IFRS 2011 – 2013" and **"Improvements to IFRS 2012 – 2014"** are collective standards for amending different IFRS. It includes amendments to various IFRS affecting the recognition, measurement and disclosure of business transactions in addition to terminological and editorial corrections. Application of the new rules in **"Improvements to IFRS 2010 – 2012"** and **"Improvements to IFRS 2011 – 2013"** are mandatory for financial years beginning on and after July 1, 2014, and those in **"Improvements to IFRS 2012 – 2014"** for financial years beginning on and after January 1, 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

4. Scope of consolidation in the financial year 2014

In addition to VTG AG, a total of 19 (previous year: 19) domestic and 31 (prior year 26) foreign subsidiaries are included in the consolidated financial statements for the financial year 2014.

As of December 31, 2014, the companies in the scope of consolidation were as follows:

No.	Name and registered office of company	Shareholding in %	
	Fully consolidated companies		
1	VTG Aktiengesellschaft, Hamburg		
2	Alstertor Rail UK Limited, Birmingham	100.0	
3	Ateliers de Joigny S.A.S., Joigny	100.0	
4	Bräunert Eisenbahnverkehr GmbH und Co KG, Albisheim	100.0	[1]
5	Bräunert Verwaltungs GmbH, Albisheim	100.0	[1]
6	CAIB Benelux BVBA, Antwerp-Berchem	100.0	
7	CAIB Rail Holdings Limited, Birmingham	100.0	
8	CAIB UK Limited, Birmingham	100.0	
9	Deichtor Rail GmbH, Garlstorf	100.0	
10	Eisenbahn-Verkehrsmittel GmbH & Co. KG für Transport und Lagerung, Hamburg (EVA KG)	98.6	
11	Etablissements Henri Loyez S.A.S., Libercourt	100.0	
12	Ferdinandstor Rail GmbH, Garlstorf	100.0	
13	Klostertor Rail GmbH, Garlstorf	100.0	
14	OOO Railcraft Service, Moscow	100.0	
15	OOO VTG, Moscow	100.0	
16	Railcraft Oy, Helsinki	100.0	
17	Railcraft Service Oy, Helsinki	100.0	
18	Rail Holdings Nederland C.V., Rotterdam	100.0	
19	Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg (Transpetrol GmbH)	100.0	[2]
20	Transpetrol Sp.z o.o., Chorzów	100.0	[1]
21	Vostok Beteiligungs GmbH, Hamburg	100.0	
22	Vostok 2 GmbH, Hamburg	100.0	
23	VOTG Tanktainer Gesellschaft mit beschränkter Haftung, Hamburg	100.0	
24	VTG Austria Ges.m.b.H., Vienna	100.0	
25	VTG Benelux B.V., Rotterdam	100.0	
26	VTG Deutschland GmbH, Hamburg	100.0	
27	VTG Finance S.A., Luxembourg	100.0	
28	VTG France S.A.S., Paris	100.0	
29	VTG ITALIA S.r.l., Milan	100.0	
30	VTG Nederland B.V., Rotterdam	100.0	
31	VTG North America, Inc., Hinsdale, Illinois	100.0	
32	VTG RAIL ESPAÑA S.L., Madrid	100.0	

No.	Name and registered office of company	Shareholding in %	
33	VTG Rail, Inc., Edwardsville, Illinois	100.0	
34	VTG Rail Logistics Austria, Vienna	100.0	1)
35	VTG Rail Logistics Benelux N.V., Gent	100.0	2)
36	VTG Rail Logistics Deutschland GmbH, Hamburg	100.0	2)
37	VTG Rail Logistics France S.A.S., Paris	100.0	2)
38	VTG Rail Logistics GmbH, Hamburg	70.0	
39	VTG Rail Logistics Hellas EPE, Thessaloniki	100.0	2) 5)
40	VTG Rail Logistics Hungaria Kft., Budapest	100.0	2) 5)
41	„VTG Rail Logistics“ LLC, Moskau	100.0	2) 5)
42	LLC „VTG Rail Logistics Ukraine“, Kiev	100.0	2) 5)
43	VTG Rail Logistics s.r.o., Prague	100.0	2)
44	VTG Rail UK Limited, Birmingham	100.0	
45	VTG Schweiz GmbH, Basel	100.0	
46	VTG Tanktainer Assets GmbH, Hamburg	100.0	
47	VTG Tanktainer Logistics GmbH, Hamburg	100.0	
48	VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung, Hamburg	100.0	
49	Waggonbau Graaff GmbH, Elze	100.0	
50	Waggonservice Brühl GmbH, Wesseling	100.0	4)
51	Waggonwerk Brühl GmbH, Wesseling	100.0	3)

1) Owned by Transpetrol GmbH
2) Owned by VTG Rail Logistics GmbH
3) Owned by EVA KG
4) Owned by Waggonwerk Brühl GmbH
5) Added for first time to scope of consolidation on January 1, 2014 through takeover of some of the rail logistics operations of K + N.

No.	Name and registered office of company	Shareholding in %
	Companies accounted for using the equity method	
52	Waggon Holding AG, Zug	50.0
53	Shanghai COSCO VOTG Tanktainer Co., Ltd., Shanghai	50.0

Compared with December 31, 2013, seven foreign and two domestic companies have been added for the first time to the scope of consolidation. Two domestic and two foreign companies withdrew from the group of companies.

On January 1, 2014, VTG AG acquired some of the rail logistics operations of Kühne + Nagel Management AG, Schindellegi, Switzerland (Kühne + Nagel) in addition to shareholdings in Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg (Transpetrol GmbH) held by Kühne + Nagel Beteiligungs-AG, Bremen, as a non-controlling interest. These newly acquired operations were assigned to the Rail Logistics segment in their entirety. As consideration for the acquired rail logistics operations and the shareholdings in Transpetrol GmbH, Kühne + Nagel received shareholdings in the holding company of the Rail Logistics segment, VTG Rail Logistics GmbH, Hamburg (VTG Rail Logistics). Since completion of the transaction, VTG AG has held 70 % of the shares in VTG Rail Logistics, while Kühne + Nagel has a 30 % shareholding therein. The transaction has no impact on the equity of VTG AG. This merger has created a rail logistics company boasting a Europe-wide network of centers and combining the expertise of two strong logistics providers.

The net assets acquired and goodwill are determined as follows:

	€ '000
Granting of shares of VTG Rail Logistics	6,658
Valuation, non-controlling interests in VTG Rail Logistics	1,924
	8,582
Fair value of acquired assets	1,013
Goodwill	**7,569**

The transaction also includes the assumption of pension obligations amounting to € 1.3 million. For the assumption of pension obligations, payment of the full € 1.3 million was made in cash.

The acquisition of the Transpetrol shareholding in return for a shareholding in the holding company of the Rail Logistics segment is, as a transaction between equity holders, recognized exclusively in equity, leading to an increase of € 2.0 million in the equity held by non-controlling interests.

The acquisition of the rail logistics operations of Kühne + Nagel is to be recognized as a business combination whereby, after the business acquisition, the non-controlling share is calculated as a proportion of the net assets of the Rail Logistics segment. This gives a non-controlling share in the Rail Logistics segment of € 4.0 million. The remainder of the consideration (€ 4.6 million) is, as a transaction between equity holders, recognized exclusively in equity, increasing retained earnings by the same amount.

The resulting goodwill is based on a significant future rise in business volume and possibility of developing new customer and product segments with the newly combined sales structure.

In relation to the merger of rail logistics operations, in financial year 2013, expenses of € 1.4 million were recorded under other operating expenses. The calculated amount for acquired assets comprises the following items:

€ '000	Fair value
Tangible fixed assets	12
Customer relationships	1,020
Deferred tax liabilities	-253
Cash settlement (pension provisions)	1,275
Provisions for pensions	–1,275
Deferred tax assets	234
Fair value of acquired assets	1,013

This acquisition contributed € 40.3 million to revenue and a loss of € 2.2 million to profit for the Group from January 1 to December 31, 2014.

On January 1, 2014, the company Waggonservice Brühl GmbH, Wesseling, was included in the consolidated financial statements for the first time. There was no assumption of significant assets or liabilities.

On June 30, 2014, the Estonian companies Railcraft Eesti OÜ and Jasper Moritz OÜ were sold and thus removed from the scope of consolidation. The loss resulting from the sale (€ 0.2 million) is included under other operating expenses.

On July 10, 2014, the companies EVA-Eisenbahnverkehrsmittel-GmbH, Hamburg, and EVA Holdings Deutschland GmbH, Hamburg, were merged with VTG Deutschland GmbH, Hamburg, with retroactive effect from January 1, 2014. This has no effect on the consolidated financial statements.

On September 30, 2014, the newly established Vostok 2 GmbH, Hamburg, was included in the consolidated financial statements for the first time. It operates as a holding company for one of the Russian subsidiaries. This has no effect on the consolidated financial statements.

As part of the takeover of AAE Ahaus Alstätter Eisenbahn Holding AG, Baar (AAE), three new companies were established for future incorporation. Companies included for the first time in the consolidated financial statements were: Rail Holdings Nederland C.V., Rotterdam and VTG Nederland B.V., Rotterdam as of November 30, 2014 and VTG Finance S.A., Luxembourg as of December 31, 2014. The inclusion of the three companies in the scope of consolidation has no impact on the consolidated financial statements.

Joint ventures

Two companies in the VTG Group are classified as joint ventures. They continue to be recognized using the equity method. Waggon Holding has interests in investments that operate in the management, leasing and supply of rail freight wagons in the dry goods market throughout Europe. Shanghai Tanktainer specializes in China in logistics services for the transport of chemicals for the chemical and petrochemical industries as well as the transport of foodstuffs.

The operational units of Waggon Holding manage VTG freight wagons and those of other owners. The expenses and income relating to these rail freight wagons are accounted for via pooling systems. Shanghai Tanktainer facilitated entry and development of China's domestic market, which was only possible with a Chinese partner. Additionally, this company has a central role as an agent with responsibility for the execution of tank container orders from and to China. Both companies thus have strategic importance for the VTG Group.

The joint ventures Waggon Holding and Shanghai Tanktainer show the following key financial information in the financial statements as of December 31, 2014:

	Waggon Holding		Shanghai Tanktainer	
€ '000	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Current assets	1,982	1,209	1,926	2,779
Cash and cash equivalents	3	1	3,830	2,307
Short-term debt	16	15	2,357	2,205
Non-current assets	1,600	1,633	151	33
Income	2,630	1,812	8,863	8,748
Depreciation	0	0	30	14
Financing income	43	46	71	72
Earnings before taxes	2,556	1,814	443	410
Taxes	6	6	134	103
Net profit for the year	**2,550**	**1,808**	**309**	**314**
Total	**2,550**	**1,808**	**309**	**314**
Dividends received from joint venture	920	1,000	0	0

This information includes both the group share and minority share of assets, liabilities and income statement items.

Reconciliation between the reported, summarized financial information and the carrying amount of the companies accounted for using the equity method:

	Waggon Holding		Shanghai Tanktainer	
€ '000	2014	2013	2014	2013
Net assets as of 1/1	2,828	3,085	2,914	2,643
Net profit for the year	2,550	1,808	309	314
Currency translation	31	–65	327	–43
Dividend	–1,840	–2,000	0	0
Net assets as of 12/31	**3,569**	**2,828**	**3,550**	**2,914**
VTG share of net assets (50 %)	1,785	1,414	1,775	1,457
Goodwill	13,827	13,827	383	385
Carrying amount	**15,612**	**15,241**	**2,158**	**1,842**

Segment reporting

Explanations of the segments

The Group is segmented on the basis of internal company control. The individual companies and company divisions are allocated to the segments solely on the basis of economic criteria, independently of their legal corporate structure. The segments apply the same accounting and measurement principles.

In addition to hiring out the freight cars in its own fleet, the **Railcar division** segment covers the management of and provision of technical support to external wagon fleets. Through its own wagon repair workshops, VTG provides the companies in the Group as well as third parties with maintenance services for rail freight cars and their components. The Group's wagon construction plant also manufactures tank wagons – a key focus of its operations – for internal and external customers.

The **Rail Logistics** segment covers the rail forwarding services of the Group. In this segment, the VTG Group operates as an international provider of rail-related logistics solutions.

The **Tank Container Logistics** segment brings together tank container transport operations for products from the chemical, petroleum and compressed gas industries. It also covers the leasing of tank containers.

The operations of the company VTG Deutschland GmbH (VTG Deutschland) are assigned to several segments.

VTG AG, VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung (VTG GmbH) and the non-operational parts of VTG Deutschland are active across the entire Group and are therefore grouped together with the consolidation entries in a Group reconciliation item.

Explanations of the segment data

As a rule, expenses and income between the segments is generated according to the arm's length principle, just as is the case with transactions with external third parties.

In segment reporting, the following key performance indicators are shown: segment gross profit (segment revenue and changes in inventories less cost of materials of the segments), EBITDA (earnings before interest, taxes, depreciation and amortization), EBIT (earnings before interest and taxes) and EBT (earnings before taxes), since these key figures are used as a control basis as well as a supporting basis for value-oriented company management.

Key figures by segment

Based on internal reporting, the figures for the segments for the financial year ended December 31, 2014 are as follows:

€ '000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	Group
External revenue	345,382	322,014	150,906	0	818,302
Internal revenue	23,662	520	489	−24,671	0
Changes in inventories	−1,054	4	0	0	−1,050
Segment revenue	**367,990**	**322,538**	**151,395**	**−24,671**	**817,252**
Segment cost of materials*	−48,536	−294,812	−125,299	23,862	−444,785
Segment gross profit	**319,454**	**27,726**	**26,096**	**−809**	**372,467**
Other segment income and expenditure	−125,026	−27,963	−13,333	−15,133	−181,455
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**194,428**	**−237**	**12,763**	**−15,942**	**191,012**
Impairment, amortization of intangible and depreciation of tangible fixed assets	−97,151	−2,592	−7,171	−635	−107,549
thereof impairments	−92	−739	−2,300**	0	−3,131
Segment earnings before interest and taxes (EBIT)	**97,277**	**−2,829**	**5,592**	**−16,577**	**83,463**
thereof earnings from companies accounted for using the equity method	1,275	0	155	0	1,430
Financial result	−50,062	−372	−1,372	−1,882	−53,688
Earnings before taxes (EBT)	**47,215**	**−3,201**	**4,220**	**−18,459**	**29,775**
Taxes on income and earnings					−11,017
Group net profit					**18,758**

* To a minor extent, income has been offset against the cost of materials of the segments.
** The impairments relate to financial assets.

In accordance with management reporting, in addition to eliminations not affecting income of expenses and income between the segments, the reconciliation column contains expenses of € 18.5 million not allocated to the segments. The negative valuation, after refinancing, of interest rate derivatives that were formerly in a hedging relationship result in expenses of € 0.5 million that affected the financial result.

The figures for the segments for the previous year are as follows:

€ '000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	Group
External revenue	332,913	298,425	152,333	0	783,671
Internal revenue	23,584	806	300	−24,690	0
Changes in inventories	379	0	0	0	379
Segment revenue	**356,876**	**299,231**	**152,633**	**−24,690**	**784,050**
Segment cost of materials*	−50,610	−276,506	−128,460	26,133	−429,443
Segment gross profit	**306,266**	**22,725**	**24,173**	**1,443**	**354,607**
Other segment income and expenditure	−125,133	−18,898	−14,973	−11,851	−170,855
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**181,133**	**3,827**	**9,200**	**−10,408**	**183,752**
Impairment, amortization of intangible and depreciation of tangible fixed assets	−99,749	−1,478	−4,211	−605	−106,043
thereof impairments	−3,657	0	0	0	−3,657
Segment earnings before interest and taxes (EBIT)	**81,384**	**2,349**	**4,989**	**−11,013**	**77,709**
thereof earnings from companies accounted for using the equity method	904	0	157	0	1,061
Financial result	−47,902	−303	−936	−1,148	−50,289
Earnings before taxes (EBT)	**33,482**	**2,046**	**4,053**	**−12,161**	**27,420**
Taxes on income and earnings					−10,238
Group net profit					**17,182**

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

In accordance with management reporting, in addition to eliminations not affecting income of expenses and income between the segments, the reconciliation column contains expenses of € 12.2 million not allocated to the segments. The subsequent measurement of interest rate derivatives that were formerly in a hedging relationship resulted in further income of € 35 thousand that affected the financial result.

Capital expenditure for each segment as of the 2014 and 2013 reporting dates is shown in the following table:

€ '000		Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	Group
Investments in intangible assets						
	12/31/2014	2,274	464	80	43	2,861
	12/31/2013	2,328	826	105	68	3,327
Investments in tangible fixed assets						
	12/31/2014	193,780	657	7,081	211	201,729
	12/31/2013	151,006	152	8,466	729	160,353
Additions to intangible and tangible fixed assets from company acquisitions/changes to scope of consolidation						
	12/31/2014	0	8,619	0	0	8,619
	12/31/2013	115	1	0	0	116

Key figures across all segments

The following table contains key segment reporting figures by the location of the companies in the Group:

€ '000		Germany	Other countries	Group
Investments in intangible assets				
	12/31/2014	2,815	46	2,861
	12/31/2013	3,254	73	3,327
Investments in tangible fixed assets				
	12/31/2014	167,575	34,154	201,729
	12/31/2013	124,125	36,228	160,353
Additions to intangible and tangible fixed assets from company acquisitions/changes to scope of consolidation				
	12/31/2014	8,044	575	8,619
	12/31/2013	1	115	116
External revenue by location of companies				
	12/31/2014	517,051	301,251	818,302
	12/31/2013	506,469	277,202	783,671

Notes to the consolidated income statement

(1) Revenue

€ '000	2014	2013
Railcar Division	345,382	332,913
Rail Logistics	322,014	298,425
Tank Container Logistics	150,906	152,333
Total	**818,302**	**783,671**

The business of the VTG Group is affected to only a minor degree by seasonal fluctuations. The slight rise in revenue is attributable mainly to increases in the Railcar and Rail Logistics divisions.

Of the revenue in the financial year 2014 and in 2013 shown under the Railcar segment, less than 5 % was from the sale of goods. The rental agreements in the Railcar division have an average term of approximately 3 years.

Foreign currency gains of € 2.1 million are included under revenue (previous year: € 2.0 million).

(2) Changes in inventories

€ '000	2014	2013
Changes in inventories	**–1,050**	**379**

The changes in inventories are attributable to the wagon repair workshops and wagon construction plant.

(3) Other operating income

€ '000	2014	2013
Book profit from the sale of fixed assets	9,945	7,458
Exchange gains	9,324	7,493
Income from investments	3,679	1,428
Recharged services	2,919	3,413
Income from sales of materials	1,830	1,096
Other income	5,031	6,454
Total	**32,728**	**27,342**

Other income comprises mainly rebates, cost reimbursements and book profit from the sale of wagons to investors.

(4) Cost of materials

€ '000	2014	2013
Raw materials, consumables and supplies	21,323	20,803
Cost of purchased services	430,069	415,934
Total	**451,392**	**436,737**

Cost of purchased services includes leasing expenses for operating lease contracts amounting to € 17.1 million (previous year: € 19.5 million).

Cost of purchased services includes exchange rate losses amounting to € 1.6 million (previous year: € 2.1 million).

(5) Personnel expenses

€ '000	2014	2013
Wages and salaries	69,235	58,117
Social security, post-employment and other employee benefit costs	17,556	17,051
thereof for pensions	(8,428)	(10,044)
Total	**86,791**	**75,168**

The costs for pensions include current contributions to defined contribution plans amounting to € 7.7 million (previous year: € 7.2 million). This amount includes payments to the Federal and State Government Employees' Retirement Fund Agency (Versorgungsanstalt des Bundes und der Länder).

The costs for pensions also include defined benefit commitments. There is a detailed presentation of defined benefit commitments under Note (25).

(6) Impairment, amortization and depreciation

€ '000	2014	2013
Impairment, amortization of intangible and depreciation of tangible fixed assets	**107,549**	**106,043**
thereof impairments	3,131	3,657

The level of impairments, amortization and depreciation increased primarily as the result of investments in the wagon and tank container fleet. In the year under review, there were impairments of financial assets of € 2.3 million.

(7) Other operating expenses

€ '000	2014	2013
Repairs and working capital requirements	60,426	59,203
Selling expenses	9,810	10,355
Exchange rate losses	9,520	7,595
Rents/lease	6,476	6,224
Charges, fees, consultancy costs	5,831	1,994
Other costs of materials and personnel expenses	5,217	4,493
IT costs	4,546	4,355
Insurance	3,076	2,934
Travel costs	2,840	2,394
Donations and contributions	2,195	2,178
Administrative expenses	1,586	1,296
Advertising	1,222	1,433
Other taxes	1,156	1,622
Audit fees	1,084	999
Other expenses	7,230	9,721
Total	**122,215**	**116,796**

(8) Financial loss (net)

€ '000	2014	2013
Income from other investment securities and loans	241	238
Interest and similar income	362	934
thereof from affiliated companies	(9)	(13)
Interest and similar expenses	−54,291	−51,461
thereof to affiliated companies	(−15)	(−13)
thereof to pensions	(−1,764)	(−1,667)
Total	**−53,688**	**−50,289**

The financial loss increased compared with the previous year, mainly due to the higher volume of financing.

Interest and similar expenses includes expenses relating to derivative financial instruments amounting to € 8.8 million (previous year: € 8.1 million). Of this amount, € 8.3 million is the interest expense (through reclassification from equity) for the portion of derivative financial instruments in a hedging relationship (previous year: € 7.8 million). The remaining amount of € 0.5 million (previous year: € 35,000 income) results from the subsequent measurement of the portion formerly in a hedging relationship.

(9) Taxes on income and earnings

€ '000	2014	2013
Current taxes	11,165	12,371
thereof relating to other periods	(−334)	(185)
Deferred tax income	−148	−2,133
Total	**11,017**	**10,238**

The actual tax result of € 11.0 million differs by € 1.2 million from the expected expense for taxes on income of € 9.8 million which would arise if the domestic tax rate were applied to the annual result of the Group before taxes on income. The reconciliation of the expected income tax expense to the actual income tax expense can be seen in the following table:

€ '000	2014	2013
Net group profit before taxes on income	**29,775**	**27,420**
Income tax rate of VTG AG	33 %	33 %
Expected income tax expense (tax rate of VTG AG)	9,826	9,049
Tax effect of non-deductible expenses and tax-free income	3,319	4,749
Tax effect on tax-free investment income	−573	−466
Tax effect from the adjustment of tax assets to tax loss carryforwards	−19	−110
Tax effect on taxable loss carryforwards	−472	−1,113
Tax income and expense relating to other periods	−334	185
Tax effect due to changes in the income tax rate on effects of the prior year	28	−965
Tax effects due to differences between the local tax rate and income tax rate of VTG AG	−1,237	−1,373
Other deviations	479	282
Actual income tax expense	**11,017**	**10,238**
Tax charge	**37.0 %**	**37.3 %**

For the German companies in the VTG Group, the following tax rates were used for measuring deferred taxes:

In %	12/31/2014	12/31/2013
Expected future corporate tax rate	15.00	15.00
Solidarity surcharge	0.83	0.83
Expected future trade tax rate	17.17	17.17
Anticipated future tax rate	**33.00**	**33.00**

Taxes on income represent an expense in the period under review and equal 37.0 % of the result before tax. In the previous year the tax charge amounted to 37.3 % of the result before taxes on income.

Further explanations of taxes on income can be found under Note (26).

(10) Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33 based on the Group profit attributable to the shareholders of VTG AG divided by the weighted average number of shares in issue during the period under review.

	1/1–12/31/2014	1/1–12/31/2013
Group net income attributable to VTG AG shareholders (€ '000)	19,841	15,218
Weighted average number of shares	21,388,889	21,388,889
Earnings per share (in €)	**0.93**	**0.71**

Earnings per share are diluted if the average number of shares is increased by the issue of potential shares from option or conversion rights. There have been no dilution effects during the period under review.

In future, there may be dilution effects from the issue of shares in terms of the utilization of capital (contingent capital, authorized capital as decided by the Annual General Meeting).

The dividend paid for each share in the financial year 2014 was € 0.42 (previous year: € 0.37).

Notes to the consolidated balance sheet

Fixed assets

Changes to the individual items in intangible assets and tangible fixed assets for the period under review and the previous year are shown on pages 126 – 129.

(11) Goodwill

€ '000	12/31/2014	12/31/2013
Railcar Division segment	150,472	150,472
Rail Logistics segment	11,561	3,992
Tank Container Logistics segment	1,747	1,747
Total	**163,780**	**156,211**

The change in goodwill in the Rail Logistics segment was due to the takeover of some of the rail logistics operations of Kühne + Nagel.

(12) Other intangible assets

€ '000	12/31/2014	12/31/2013
"VTG" brand (Railcar Division)	9,538	9,538
"Transpetrol" brand (Rail Logistics)	0	421
"Railtrans" brand (Railcar Division)	100	100
Customer relationships, Railcar Division	21,959	25,096
Customer relationships, Rail Logistics	5,293	5,728
Concessions, industrial trademarks and licenses	10,774	6,997
Capitalized development costs	765	959
Payments on account	1,016	3,889
Total	**49,445**	**52,728**

The brands represent only a small part of the total carrying amount of each cash-generating unit.

The Transpetrol brand was fully impaired in the year under review as the brand is to be discontinued. Impairments of intangible assets amounting to € 0.7 million were recognized in the income statement under the item Impairment, amortization and depreciation.

(13) Tangible fixed assets

The increase in tangible fixed assets was due mainly to investment in the construction of new rail freight wagons.

In respect of finance leases, as of the balance sheet date, fixed assets with a carrying amount of € 8.3 million (previous year: € 10.2 million) were recognized under wagon fleet.

For more detailed information on finance leases, see Note (28).

(14) Other financial assets

Within the Group, other financial assets involve primarily shares in affiliated, non-consolidated companies and equity investments.

(15) Inventories

€ '000	12/31/2014	12/31/2013
Raw materials, consumables and supplies	17,967	14,151
Unfinished and finished products and services	2,855	3,905
Advance payments made	230	203
Total	**21,052**	**18,259**

Work in progress relates to the wagon repair workshops and the wagon construction plant and includes orders begun but not yet completed as of the balance sheet date.

(16) Trade receivables

Trade receivables are all due within one year, as in the previous year.

For an analysis of the default risk of trade receivables, please refer to the due dates in the table below. The selected time bands correspond with the time bands usually generally used in the receivables management system of the VTG Group.

€ '000	Carrying amount as of 12/31/2014	Of which neither impaired nor overdue at the year-end date	Of which not impaired at the year-end date and overdue in the following time bands: Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days
Due from third parties	104,392	77,762	14,993	5,183	3,925	2,529
Due from affiliated, non-consolidated companies	761	761	0	0	0	0
Due from companies in which an investment is held	1,950	1,807	70	73	0	0
Due from companies measured at equity	1,942	1,942	0	0	0	0
Total	**109,045**	**82,272**	**15,063**	**5,256**	**3,925**	**2,529**

The trade receivables overdue after more than 90 days were mainly settled in the middle of February 2015.

For the previous year, the aging schedule for trade receivables was as follows:

€ '000	Carrying amount as of 12/31/2013	Of which neither impaired nor overdue at the year-end date	Of which not impaired at the year-end date and overdue in the following time bands: Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days
Due from third parties	90,797	58,423	16,022	7,357	8,060	935
Due from affiliated, non-consolidated companies	756	736	20	0	0	0
Due from companies in which an investment is held	1,070	1,070	0	0	0	0
Due from companies measured at equity	710	710	0	0	0	0
Total	**93,333**	**60,939**	**16,042**	**7,357**	**8,060**	**935**

With regard to the trade receivables that are neither impaired nor overdue, there were no indications at the balance sheet date that the debtors would not honor their payment obligations.

The allowances for trade receivables developed as follows in the period under review:

€ '000	Opening balance 1/1	Currency difference	Utilization	Reversals	Addition	Reclassifications	Closing balance 12/31
Allowances 2014	**7,500**	**9**	**1,178**	**324**	**642**	**0**	**6,649**
Allowances 2013	6,864	−10	75	550	1,270	1	**7,500**

The total amount of additions, amounting to € 0.6 million (previous year: € 1.3 million) comprise the increase to specific allowances amounting to € 0.5 million (previous year € 1.2 million) and allowances on a portfolio basis amounting to € 0.1 million (previous year: € 0.1 million). Specific allowance reversals amounted to € 0.1 million (previous year: € 0.4 million) and allowances on a portfolio basis amounted to € 0.2 million (previous year: € 0.2 million).

The following table shows expenses for the full write-off of trade receivables and income from receipts relating to trade receivables written off:

€ '000	2014	2013
Expense for the full write-off of receivables	180	186
Income from receipts relating to receivables written off	120	358

All expenses and receipts from the write-off of trade receivables are shown under other income and other expenses.

(17) Other financial assets and other assets

€ '000	12/31/2014 Total	12/31/2014 Residual term more than 1 year	12/31/2013 Total	12/31/2013 Residual term more than 1 year
Financial receivables	4,223	1,946	5,369	2,869
thereof from third parties	4,018	1,946	5,141	2,869
thereof from affiliated, non-consolidated companies	205	0	228	0
Other financial receivables	10,500	2,314	11,610	1,933
thereof from third parties	9,408	2,314	10,312	1,933
thereof from affiliated, non-consolidated companies	10	0	4	0
thereof from companies in which an investment is held	1,082	0	1,294	0
Other financial assets	**14,723**	**4,260**	**16,979**	**4,802**
Derivative financial instruments in conjunction with hedging relationships				
Foreign currency derivatives	6,402	338	1,033	803
Derivative financial instruments without hedging relationships				
Foreign currency derivatives	4	0	0	0
Derivative financial instruments	**6,406**	**338**	**1,033**	**803**
Other assets	**19,310**	**450**	**28,756**	**1,168**
thereof relating to taxes	10,078	0	10,951	0
thereof prepaid expenses	2,533	327	2,624	1,046
Total	**40,439**	**5,048**	**46,768**	**6,773**

As of the reporting date, none of the financial receivables amounting to € 4.2 million (previous year: € 5.4 million) were impaired or overdue. They contain low-interest receivables.

With regard to the financial receivables and other financial receivables that are neither impaired nor overdue, there were no indications at the balance sheet date that the debtors would not honor their payment obligations.

(18) Income tax assets

€ '000	12/31/2014	12/31/2013
Deferred income tax assets	18,206	22,843
Current income tax assets	6,492	5,487
Total	**24,698**	**28,330**

Further explanations of deferred taxes can be found under Note (26).

(19) Cash and cash equivalents

€ '000	12/31/2014	12/31/2013
Bank balances	80,385	61,524
Cash on hand	28	24
Total	**80,413**	**61,548**

Bank balances mainly relate to cash deposits accessible at short notice and which attract variable interest.

The bank balances sum includes an amount of € 2.8 million that is not freely accessible (previous year: € 2.8 million).

Equity

The development of equity is shown in the following statement of changes in equity.

The income and expenses not affecting income included in shareholders' equity are shown separately in the consolidated statement of comprehensive income. In this statement, the tax effects on the items in question are already taken account of.

(20) Subscribed capital

The subscribed capital of VTG AG consists of no-par bearer shares, each with an equal participation in the share capital. The amount of subscribed capital attributable to each share equals € 1.0. As of March 31, 2014, the subscribed capital amounted to € 21.4 million. The capital is divided into 21,388,889 shares and is fully paid up.

On June 18, 2010, the Annual General Meeting originally approved a resolution to increase in share capital by up to € 10.7 million through the issue of up to 10,694,444 new, no-par bearer shares (conditional capital). The conditional capital increase serves the purpose of granting no-par bearer shares in the exercise of conversion or option rights. This resolution was approved once again at the Annual General Meeting on June 5, 2014.

On June 17, 2011, the Annual General Meeting rescinded the resolution of June 22, 2007 for the creation of authorized capital and passed a new resolution for the creation of authorized capital. The Executive Board was authorized, with the approval of the Supervisory Board, to increase the share capital by up to € 10.7 million in the period up to June 17, 2016 through the issue of new, no-par bearer shares. This resolution was approved once again at the Annual General Meeting on June 5, 2014.

(21) Additional paid-in capital

The additional paid-in capital mainly comprises the premium from the placement of shares and the incorporation of the voluntary contribution of the shares of Deichtor Rail GmbH (Deichtor) and Klostertor Rail GmbH (Klostertor) at no charge by Compagnie Européenne de Wagons S.à r.l., Luxembourg in 2007.

(22) Retained earnings

These are exclusively other retained earnings. They include contributions and withdrawals related to the results for the financial year and earlier years and differences on currency translation with no income impact from the financial statements of foreign subsidiaries. Furthermore, adjustments not affecting income derived from the first-time application of new IAS or IFRS have been transferred to retained earnings or offset against them. Additionally, retained earnings also include the gains and losses accounted for with no income impact from the change in actuarial parameters in connection with the measurement of pension obligations in accordance with IAS 19.

(23) Revaluation reserve

The revaluation reserve includes measurement differences from forward exchange transactions and interest hedging transactions, net of deferred taxes, as of the closing date. These are cash flow hedges.

In the financial year, income from the revaluation of the hedging relationship of € 4.5 million (previous year: € 5.0 million) was recognized in equity without affecting income and taking into account deferred tax effects.

(24) Non-controlling interests

The table below provides information on each subsidiary of the Group with material non-controlling interests before inter-company eliminations.

Through the takeover of rail logistics operations of Kühne + Nagel on January 1, 2014, the non-controlling interest now has a share in VTG Rail Logistics GmbH (30 %) instead of in Transpetrol GmbH (25.1 %). For further details, please refer to the section "Scope of Consolidation in the Financial Year 2014".

€ '000	VTG Rail Logistics* GmbH 12/31/2014	Transpetrol GmbH* 12/31/2013
Assets	73,637	54,218
Liabilities	−65,546	−45,637
Current assets	**8,091**	**8,581**
Assets	20,579	6,991
Liabilities	−5,241	−2,458
Non-current assets	**15,338**	**4,533**
Net assets	**23,429**	**13,114**

* Subgroup

€ '000	VTG Rail Logistics* GmbH 2014	Transpetrol GmbH* 2013
Revenue	322,534	214,403
Net profit/loss	−3,787	6,918
Other comprehensive income	−351	−39
Comprehensive income	**−4,138**	**6,879**
Profit attributable to non-controlling interests	−1,137	1,912
Dividend payment to non-controlling interests	−1,374	−2,048

* Subgroup

€ '000	VTG Rail Logistics* GmbH 2014	Transpetrol GmbH* 2013
Cash flows used in/from operating activities	−3,401	1,240
Cash flows used in investing activities	−1,021	−383
Cash flows from financing activities	5,901	663
Change in cash and cash equivalents	1,479	1,520
Balance at beginning of period	5,330	2,642
Effect of changes in exchange rates	−95	−35
Changes due to scope of consolidation	146	0
Balance of cash and cash equivalents at end of period	**6,860**	**4,127**

* Subgroup

(25) Provisions for pensions and similar obligations

To calculate the level of obligation for defined benefit commitments, the following actuarial assumptions were applied in Germany:

% p.a.	2014	2013
Discount rate	2.0	3.25
Salary trend	2.5	2.5
Pension trend	2.0 or 1.0 confirmed	2.0 or 1.0 confirmed
Fluctuation rate	2.0	2.0
Mortality etc.	Heubeck RT 2005G	Heubeck RT 2005G

In the rest of Europe, the following actuarial assumptions were applied:

% p.a.	2014 Belgium	2014 Greece	2014 France	2014 Austria	2014 Switzerland
Discount rate	0.75	2.0	1.75	2.0	1.4
Salary trend	3.0	1.75	2.0	5.0	2.5

% p.a.	2013 Belgium	2013 France	2013 Austria	2013 Switzerland
Discount rate	1.5	3.0	3.0	2.2
Salary trend	3.0	2.5 or 3	5.0	2.5

The plan assets are mainly for financing defined benefit obligations for retirement and severance payments in European countries other than Germany. They amount to € 1.6 million (previous year € 1.7 million).

Pension provisions can be broken down as follows:

€ '000	2014	2013
Present value of funded benefit obligations	3,296	3,438
Fair value of the plan assets	−1,941	−2,047
Provision for funded benefit obligations	**1,355**	**1,391**
Present value of unfunded benefit obligations	63,227	53,965
Total provision	**64,582**	**55,356**

The pension provisions were set up primarily for German pension plans.

€ '000	2014	2013
Germany	60,751	52,121
Rest of Europe	3,831	3,235
Total	**64,582**	**55,356**

The net pension commitments accounted for in the financial year were as follows:

Tsd. €	2014	2013
Balance at beginning of period	**55,356**	**58,490**
Additions	2,532	2,425
Current service cost	777	758
Past service cost	−9	0
Net interest expense	1,764	1,667
Pension payments made	−3,330	−3,294
Employer contributions	−116	−76
Revaluations	8,859	−2,182
Actuarial gains/losses from changes in demographic assumptions	0	−37
Actuarial gains/losses from changes in financial assumptions	9,254	−1,641
Actuarial gains/losses from experience adjustments	−395	−504
Changes due to consolidation	1,275	0
Currency effect	6	−7
Recognized net pension obligations at end of period	**64,582**	**55,356**

During the financial year, the plan assets and the defined benefit obligation developed as follows:

€ '000	2014	2013
Defined benefit obligation at beginning of period	**57,403**	**60,556**
Current service cost	777	758
Past service cost	–9	0
Interest expense	1,803	1,699
Pension payments made	–3,628	–3,587
Employee contributions	24	41
Revaluations	8,856	–2,045
Actuarial gains/losses from changes in demographic assumptions	0	–37
Actuarial gains/losses from changes in financial assumptions	9,251	–1,504
Actuarial gains/losses from experience adjustments	–395	–504
Changes due to consolidation	1,275	0
Currency effect	22	–19
Defined benefit obligation at end of period	**66,523**	**57,403**

The past service cost results from the lowering of conversion rates by the Swiss parliament for pensions payable in Switzerland.

€ '000	2014	2013
Fair value of plan assets at beginning of period	**2,047**	**2,066**
Interest income	39	32
Employer contributions	116	76
Employee contributions	24	41
Pension payments from plan asset	–298	–293
Revaluations	–3	137
Currency effect	16	–12
Fair value of plan assets at end of period	**1,941**	**2,047**

Expected payments to beneficiaries in the next period amount to € 3.4 million (previous year: € 3.4 million). In addition, contributions to the plan assets are expected to total € 0.1 million (previous year: € 0.1 million).

As of December 31, 2014, the average term of the obligation for the German companies is 14 years (previous year: 12 years).

Sensitivity analyses are covered under Principles of Accounting – Estimates and discretionary judgements.

(26) Income tax liabilities

€ '000	12/31/2014	12/31/2013
Current income tax liabilities	23,143	30,467
Deferred income tax liabilities	125,220	129,639
Total	**148,363**	**160,106**

Current income tax liabilities developed as follows:

€ '000	Balance at beginning of period 1/1/2014	Reclassification	Currency difference	Utilization	Reversals	Additions	Closing balance 12/31/2014
Current income tax liabilities	**30,467**	**−6,829**	**17**	**5,974**	**36**	**5,498**	**23,143**

The current income tax liabilities shown are due within a year.

The deferred taxes were determined on the basis of the tax rates for the specific countries (33.0 % for Germany and 17.7 % for German partnerships; 12.03 % to 36.0 % for other countries).

The changes to deferred tax assets and deferred tax liabilities recognized directly in equity relate to actuarial gains and losses for pension provisions that are offset against equity and deferred taxes and derivative financial instruments recognized directly in equity (see Consolidated Statement of Comprehensive Income).

The amount from temporary differences relating to shares in subsidiaries and companies accounted for using the equity method, for which, in accordance with IAS 12.39, no deferred tax liabilities were recognized in the year under review, amounted to € 6.8 million (previous year: € 5.4 million). In accordance with IAS 12.81 (f), the resulting unrecognized tax liabilities amounted to € 2.3 million (previous year: € 1.8 million).

The following deferred tax assets and liabilities reported in the balance sheet relate to recognition and measurement differences in the individual balance sheet items:

	12/31/2014		12/31/2013	
€ '000	Assets	Liabilities	Assets	Liabilities
Intangible assets	30	11,933	61	13,192
Tangible fixed assets	2,387	129,575	2,688	131,457
Financial assets	10	306	6	428
Receivables and other assets	1,084	2,172	1,191	1,357
Special item with reserve component	0	66	0	24
Provisions for pensions	10,032	185	7,008	216
Miscellaneous provisions	5,298	1,987	4,614	1,223
Liabilities	9,067	28	14,258	167
Tax loss carryforwards	11,330	0	11,442	0
Subtotal	**39,238**	**146,252**	**41,268**	**148,064**
Offsetting	−21,032	−21,032	−18,425	−18,425
Total	**18,206**	**125,220**	**22,843**	**129,639**
thereof with a term of up to 1 year	3,767	2,969	11,917	3,085
thereof with a term of more than 1 year	14,439	122,251	10,926	126,554

Deferred tax assets are recognized on tax loss carryforwards at the amount at which it is probable that there will be future taxable profits against which the tax loss carryforwards can be offset.

Tax savings of € 3.6 million were not capitalized (previous year: € 6.3 million), since the utilization of the underlying loss carryforwards is not probable.

The forfeitability of the deferred tax assets not capitalized and the level of the underlying loss carryforwards can be seen from the following table:

€ '000	Loss carryforward	Related non-capitalized deferred tax savings	Forfeitability of the non-capitalized deferred tax savings: Expiring within 1 year	Expiring between 1 and 5 years	Expiring after 5 years	Vested non-capitalized deferred tax savings
Corporate tax loss carryforwards, German companies	6,348	1,016	0	0	0	1,016
Trade tax loss carryforwards, German companies	5,485	932	0	0	0	932
Tax loss carryforwards of foreign entities	6,355	1,692	0	0	1,141	551
Total	**18,188**	**3,640**	**0**	**0**	**1,141**	**2,499**
Previous year	32,306	6,271	0	0	1,075	5,196

Current taxes for domestic companies were calculated using an effective corporate tax rate of 15 % plus a solidarity surcharge of 5.5 %. The trade tax rate for VTG AG amounts to 17.17 % of trade income. For the other German companies in the Group, trade tax rates of between 11.90 % and 17.17 % are applied. The income tax rates specific to each country that are applied to the foreign companies are between 12.03 % and 36.00 %.

(27) Other provisions

€ '000	Opening balance 1/1/2014	Reclassifications	Currency difference	Utilization	Reversals	Additions	Closing balance 12/31/2014
Provisions for personnel expenses	15,914	37	28	10,595	1,109	14,983	**19,258**
Provisions for typical operational risks	9,863	0	156	1,771	1,391	2,165	**9,022**
Miscellaneous provisions	29,528	6,829	−26	10,190	2,821	8,369	**31,689**
Other provisions	**55,305**	**6,866**	**158**	**22,556**	**5,321**	**25,517**	**59,969**

The additions include the interest of € 0.5 million for the other non-current provisions and the non-current provisions for typical operational risks. This sum is recognized under financial loss in the income statement.

The maturities of the other provisions are as follows:

	12/31/2014			12/31/2013		
		Residual term			Residual term	
€ '000	Total	due within 1 year	more than 1 year	Total	due within 1 year	more than 1 year
Provisions for personnel expenses	19,258	14,301	4,957	15,914	11,255	4,659
Provisions for typical operational risks	9,022	5,151	3,871	9,863	6,442	3,421
Miscellaneous provisions	31,689	27,667	4,022	29,528	23,993	5,535
Other provisions	**59,969**	**47,119**	**12,850**	**55,305**	**41,690**	**13,615**

The expected cash outflows are in line with the residual terms of the provisions.

The provisions for personnel expenses mainly comprise obligations for outstanding vacations (€3.1 million; previous year: € 2.4 million), for VBL contributions (€ 2.4 million; previous year: € 2.5 million), for social plans (€ 1.6 million; previous year: € 0.1 million), for long-term service bonuses (€1.3 million; previous year: € 1.3 million) and phased retirement (€ 0.4 million; previous year: € 0.2 million).

The provisions for typical operational risks relate primarily to repair obligations for leased tank containers (€ 3.9 million; previous year € 3.4 million) and anticipated losses from uncompleted transactions from operating lease contracts (€ 0 million; previous year € 0.4 million).

The miscellaneous provisions comprise mainly provisions relating to the wagon fleet (€ 4.3 million; previous year: € 7.3 million), provisions for damage (€ 5.0 million; previous year € 4.7 million) and provisions for interest rate risks (€ 2.7 million; previous year € 4.6 million).

(28) Liabilities

	12/31/2014			12/31/2013		
€ '000	Carrying amount	Residual term more than 1 year	Residual term more than 5 years	Carrying amount	Residual term more than 1 year	Residual term more than 5 years
Financial liabilities						
US private placement	484,282	480,448	481,904	480,073	476,246	477,688
Syndicated loan	296,368	291,876	0	229,676	225,105	0
Project financing	82,411	75,631	4,190	92,896	85,363	54,428
General credit line	40,117	40,117	0	0	0	0
Liabilities from financial leases	5,542	4,356	0	7,298	5,521	0
Other financial liabilities						
due to third parties	338	137	0	200	13	0
due to affiliated, non-consolidated companies	489	0	0	486	0	0
Financial liabilities	**909,547**	**892,565**	**486,094**	**810,629**	**792,248**	**532,116**
Trade payables						
due to third parties	125,085	0	0	109,765	0	0
due to affiliated, non-consolidated companies	424	0	0	479	0	0
due to equity investments	1,485	0	0	657	0	0
Trade payables	**126,994**	**0**	**0**	**110,901**	**0**	**0**
Derivative financial instruments						
in conjunction with hedging relationships	4,844	0	0	10,867	3,054	0
without hedging relationships	2,526	0	0	7,333	0	0
Derivative financial instruments	**7,370**	**0**	**0**	**18,200**	**3,054**	**0**
Other financial liabilities	**9,061**	**0**	**0**	**13,268**	**0**	**0**
Other liabilities	**7,034**	**0**	**0**	**5,735**	**0**	**0**
thereof relating to taxes	3,552	0	0	3,696	0	0
thereof relating to social security	1,633	0	0	1,485	0	0
thereof from deferred income	137	0	0	18	0	0
Total	**1,060,006**	**892,565**	**486,094**	**958,733**	**795,302**	**532,116**

Financial liabilities

As of December 31, 2014, the VTG Group's primary sources of finance were a US private placement, a syndicated loan and project financing.

US private placement and syndicated loan

US private placement	Original amount in currency of issue		As of 12/31/2014 in € '000	As of 12/31/2013 in € '000
Tranche 1	170,000	€ '000	170,000	170,000
Tranche 2	150,000	€ '000	150,000	150,000
Tranche 3	130,000	€ '000	130,000	130,000
Tranche 4	40,000	US$ '000	32,879	29,055
Total			**482,879**	**479,055**

The tranches of the US private placement are fixed-interest.

Syndicated loan	Original amount in currency of issue		As of 12/31/2014 in € '000	As of 12/31/2013 in € '000
Tranche A1	20,000	GBP '000	20,466	20,406
Tranche A2	77,570	€ '000	62,056	65,935
Tranche B	350,000	€ '000	275,000*	205,000*
Total			**357,522**	**291,341**

* thereof € 60.0 million as guarantee.

Tranche A1 was taken up by a company whose functional currency is GBP.

The syndicated loan tranches comprise variable-interest loans, confirmed credit and guarantees.

Project financing

As of December 31, 2014, the financial liabilities from project financing were as follows:

Project financing € '000	Original amount	As of 12/31/2014	As of 12/31/13
Deichtor	39,153	25,506	28,661
Ferdinandstor	44,965	37,729	40,141
Klostertor	46,000	19,360	24,310
Total		**82,595**	**93,112**

In September 2014, VTG entered into a new, general credit agreement amounting to € 75 million, € 40 million of which had been drawn down as of the reporting date.

The above amounts are reconciled to the balance sheets for December 31, 2014, and December 31, 2013 as follows:

Reconciliation € '000	12/31/2014	12/31/2013
US private placement	482,879	479,055
Syndicated loan	297,522	231,341
Project financing	82,595	93,112
General credit line	40,000	0
Accrued interest	4,899	4,841
Deduction of transaction costs	−4,717	−5,703
Balance sheet amount	**903,178**	**802,646**

Liabilities from financial leases

Reconciliation of the future lease payments with the liabilities from finance leases:

€ '000	Total	Residual term due within 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Future lease payments	6,003	1,418	4,585	0
Interest portion	−461	−232	−229	0
Liabilities from finance leases as of 12/31/2014	**5,542**	**1,186**	**4,356**	**0**

For the previous year, reconciliation of future lease payments with liabilities from finance leases is as follows:

€ '000	Total	Residual term due within 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Future lease payments	8,049	2,075	5,974	0
Interest portion	−751	−298	−453	0
Liabilities from finance leases as of 12/31/2013	**7,298**	**1,777**	**5,521**	**0**

The leases have an average term of 17 years. The interest rates for these are between 5.5 % and 6.3 %. The leased assets comprise rail freight cars, and other operating and office equipment.

Further information on financial liabilities can be found in the section "Reporting of financial instruments".

Derivative financial instruments

The derivative financial instruments include interest rate derivatives and foreign currency derivatives. Further information on derivative financial instruments that are in a hedging relationship can be found in the sections on interest rate risk and currency risk under "Reporting of financial instruments".

(29) Non-current assets held for sale

The investment in Tankspan Leasing Limited (Tankspan) from the Tank Container Logistics segment is shown under non-current assets held for sale. As part of a review of business operations, the Executive Board of VTG AG has decided to part from its share of Tankspan. As of the balance sheet date, negotiations were so far advanced that a sale can be expected in the first quarter of 2015.

Reporting of financial instruments

Financial instruments are contractual agreements that lead to rights or obligations for the Group. These lead to outflows and inflows of financial assets. According to IAS 32 and 39, there are primary and derivative financial instruments. Primary financial instruments comprise in particular bank balances, receivables, liabilities, credits, loans and interest accrued or prepaid. The derivative financial instruments within the VTG Group are currency exchange contracts and interest rate derivatives.

Measurement of fair value

The following table shows financial instruments measured at fair value, analyzed according to the measurement method:

€ '000	12/31/2014 Quoted prices (Level 1)	12/31/2014 Other relevant observable inputs (Level 2)	12/31/2014 Other relevant inputs (Level 3)	12/31/2013 Quoted prices (Level 1)	12/31/2013 Other relevant observable inputs (Level 2)	12/31/2013 Other relevant inputs (Level 3)
Recurring measurement						
Receivables from derivative financial Instruments						
Interest rate derivatives	0	0	0	0	0	0
Currency derivatives	0	6,406	0	0	1,033	0
Liabilities from derivative financial instruments						
Interest rate derivatives	0	6,019	0	0	17,472	0
Currency derivatives	0	1,351	0	0	728	0

There were no transfers between level 1 and level 2 in the year under review.

Interest rate derivatives include interest rate swaps that are valued on the basis of observable yield curves. Forward exchange contracts and cross-currency swaps are used within currency derivatives. Forward exchange contracts are valued using forward rates that are traded in active markets. Cross-currency swaps are valued on the basis of observable yield curves.

Offsetting financial assets and financial liabilities

For the financial assets and financial liabilities shown below, there is an impact from offsetting in the balance sheet and a potential impact from netting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar arrangement.

	12/31/2014					
				Related amounts that are not offset		
€ '000	Gross amount	Offsetting	Balance sheet amount	Financial instruments	Financial securities	Net amount
Receivables from derivative financial Instruments	6,406	0	6,406	−1,351	0	5,055
Liabilities from derivative financial instruments	7,370	0	7,370	−1,351	0	6,019

For 2013, the following financial assets and financial liabilities were subject to this agreement:

	12/31/2013					
				Related amounts that are not offset		
€ '000	Gross amount	Offsetting	Balance sheet amount	Financial instruments	Financial securities	Net amount
Receivables from derivative financial Instruments	1,033	0	1,033	−728	0	305
Liabilities from derivative financial instruments	18,200	0	18,200	−728	0	17,472

The “Financial instruments” column shows amounts that are subject to a master netting agreement but have not been netted because they do not meet the criteria for offsetting in the balance sheet.

Fair values and carrying amounts of financial instruments by valuation category

The IFRS 7 classification was made on the basis of balance sheet items. As part of this process, homogenous items such as trade receivables from and payables to third parties, to affiliated, non-consolidated entities and to other investments were combined. The following table shows the fair values and carrying amounts for the individual balance sheet items under financial assets and financial liabilities for the financial year 2014 and for the previous year.

Balance sheet item € '000	Valuation category in accordance with IAS 39	Carrying amount as of 12/31/2014	Measured in accordance with IAS 39			Balance sheet measurement in accordance with IAS 17	Fair value 12/31/2014
			Amortized cost	Fair value not affecting income	Fair value affecting income		
Assets							
Other investments*	AfsFA	4,289	4,289	–	–	–	–
Trade receivables	LaR	109,045	109,045	–	–	–	109,045
Other financial assets	LaR	14,723	14,723	–	–	–	14,931
Derivative financial instruments							
in conjunction with hedging relationships	n.a.	6,402	–	6,402	–	–	6,402
without hedging relationships	Hft	4	–	–	4	–	4
Cash and cash equivalents	LaR	80,413	80,413	–	–	–	80,413
Liabilities							
Financial liabilities, thereof		909,547					
US private placement	Flmaac	484,282	484,282	–	–	–	566,076
Syndicated loan	Flmaac	296,368	296,368	–	–	–	297,891
Project financing	Flmaac	82,411	82,411	–	–	–	84,204
General credit line	Flmaac	40,117	40,117	–	–	–	40,117
Liabilities from financial leases	n.a.	5,542	–	–	–	5,542	5,748
Other financial liabilities	Flmaac	827	827	–	–	–	827
Trade payables	Flmaac	126,994	126,994	–	–	–	126,994
Derivative financial instruments, thereof							
in conjunction with hedging relationships	n.a.	4,844	–	4,844	–	–	4,844
without hedging relationships	Hft	2,526	–	–	2,526	–	2,526
Other financial liabilities	Flmaac	9,061	9,061	–	–	–	9,061
Thereof aggregated in accordance with valuation categories under IAS 39							
Loans and receivables (LaR)		204,181	204,181	–	–	–	204,389
Available-for-sale financial assets (AfsFA)		4,289	4,289	–	–	–	–
Financial liabilities measured at amortized cost (Flmaac)		1,040,060	1,040,060	–	–	–	1,125,170
Financial assets and liabilities held for trading (Hft)		2,522	–	–	2,522	–	2,522

n.a.: Balance sheet items are not allocable to any measurement category
* contains an investment amounting to € 2.8 million, shown under the balance sheet item available-for-sale financial assets

Balance sheet item in € '000	Valuation category in accordance with IAS 39	Carrying amount as of 12/31/2013	Measured in accordance with IAS 39 Amortized cost	Fair value not affecting income	Fair value affecting income	Balance sheet measurement in accordance with IAS 17	Fair value 12/31/2013
Assets							
Other investments	AfsFA	6,752	6,752	–	–	–	–
Trade receivables	LaR	93,333	93,333	–	–	–	93,333
Other financial assets	LaR	16,979	16,979	–	–	–	17,141
Derivative financial instruments							
in conjunction with hedging relationships	n.a.	1,033	–	1,033	–	–	1,033
Cash and cash equivalents	LaR	61,548	61,548	–	–	–	61,548
Liabilities							
Financial liabilities, thereof		810,629					
US private placement	Flmaac	480,073	480,073	–	–	–	519,207
Syndicated loan	Flmaac	229,676	229,676	–	–	–	231,437
Project financing	Flmaac	92,896	92,896	–	–	–	94,430
Liabilities from financial leases	n.a.	7,298	–	–	–	7,298	7,799
Other financial liabilities	Flmaac	686	686	–	–	–	686
Trade payables	Flmaac	110,901	110,901	–	–	–	110,901
Derivative financial instruments							
in conjunction with hedging relationships	n.a.	10,867	–	10,867	–	–	10,867
without hedging relationships	Hft	7,333	–	–	7,333	–	7,333
Other financial liabilities	Flmaac	13,268	13,268	–	–	–	13,268
Thereof aggregated in accordance with valuation categories under IAS 39							
Loans and receivables (LaR)		171,860	171,860	–	–	–	172,022
Available-for-sale financial assets (AfsFA)		6,752	6,752	–	–	–	–
Financial liabilities measured at amortized cost (Flmaac)		927,500	927,500	–	–	–	969,929
Financial assets and liabilities held for trading (Hft)		7,333	0	–	7,333	–	7,333

n.a.: balance sheet items are not allocable to any measurement category

Trade receivables, other financial assets and cash and cash equivalents generally have short residual terms. Thus their carrying amounts represent their fair values as of the closing date.

If other financial assets are non-current, the fair value is determined by discounting the expected future cash flows at interest rates for similar financial liabilities with comparable residual terms.

Trade payables, other financial debt and other financial liabilities generally have short terms, so that the recognized amounts represent their fair values.

The US private placement, the syndicated loan, the project financing, the general credit line and the liabilities from finance leases are measured at amortized cost. The fair value shown in the table was determined by discounting the expected future cash flows at interest rates for similar financial liabilities with comparable residual terms.

The fair values of the above financial instruments are based on discounted cash flows determined using discount rates in line with the market. Level 2 input factors were used for measuring the fair values.

Net result by valuation category

The net result is subdivided into the elements interest, valuation, and other items. The valuation item comprises the results of currency translation, fair value measurement and impairment. Under other items, the main components are results from dividends and from disposal.

As of December 31, 2014, the net result by valuation category was as follows:

€ '000	Interest	Valuation	Other items	2014
from				
Loans and receivables	601	−290	−60	251
Available-for-sale financial assets	0	−2,300	3,672	1,372
Financial liabilities measured at amortized cost	−42,897	−109	0	−43,006
Financial assets and liabilities held for trading	0	−538	0	−538
Total	**−42,296**	**−3,237**	**3,612**	**−41,921**

For loans and receivables, the valuation item includes impairment costs of € 0.6 million.

The net result for the previous year was as follows:

€ '000	Interest	Valuation	Other items	2013
from				
Loans and receivables	656	−1,151	171	−324
Available-for-sale financial assets	0	0	1,428	1,428
Financial liabilities measured at amortized cost	−40,907	−85	0	−40,992
Financial assets and liabilities held for trading	0	35	0	35
Total	**−40,251**	**−1,201**	**1,599**	**−39,853**

For loans and receivables, the valuation item includes impairment costs of € 1.3 million.

Hedging strategy and risk management

The nature of the VTG Group's operations exposes it to several financial risks. Specifically, these are default risks, liquidity risks and financial market risks, as described below.

For further information on the risk management system of the VTG Group, please refer to the explanations in the Report on Opportunities and Risks within the Group Management Report.

Default risk

On the one hand, the default risk involves the danger that outstanding receivables will be paid late or not at all. On the other hand, it entails the risk that suppliers fail to meet their obligations from advance payments.

The default risk is countered through an effective accounts receivable management system.

The maximum default risk corresponds to the carrying amount of the financial receivables and assets.

In order to cover payments on account in connection with investment activities, suppliers obtain bank guarantees from financial institutions with top credit ratings. In order to secure payments on account the Group has accepted bank guarantees from suppliers amounting to € 14.1 million (previous year: € 12.8 million). As of December 31, 2014, as in previous years, no guarantees from suppliers had been utilized.

Liquidity risk

Liquidity planning is used to determine the cash requirements for the whole VTG Group. These requirements are covered first and foremost by operative cash flow and furthermore by agreed, as-yet-unused lines of credit until 2016 and 2017. This ensures that VTG AG and its subsidiaries can meet their payment obligations at all times.

Regarding the due dates for financial liabilities, trade payables, derivative financial instruments and other financial liabilities, please see Note (28).

For future payment obligations from rental, leasehold and leasing agreements, please see under "Other financial commitments".

The following liquidity analysis shows the payments expected to be made over the next few years as a result of financial liabilities and financial instruments. It also shows payments from derivative assets. The "Balance" column contains the amount for financial liabilities without accrued interest. Due to the short-term nature of trade payables and other financial liabilities, the resulting cash flows have not been shown. The cash flows are approximately equal to the amounts shown under "residual terms" under Note (28).

In the overview, the contractually agreed non-discounted interest and capital payments of the primary financial liabilities and the derivative financial instruments are shown with positive and negative fair values. Included are all instruments that were held as of December 31, 2014 and for which payments were already contractually agreed. Forecast figures for new liabilities are not included. The variable interest payments from financial instruments were calculated on the basis of the yield curves determined on December 31, 2014.

Liquidity analysis

€ '000	Balance 12/31/2014	Cash flows 2015 Fixed interest	Cash flows 2015 Variable interest	Cash flows 2015 Repayment	Cash flows 2016 Fixed interest	Cash flows 2016 Variable interest	Cash flows 2016 Repayment
Financial liabilities							
US private placement	482,879	27,613	0	0	27,613	0	0
Syndicated loan	297,522	0	7,666	5,158	0	2,513	292,364
Project financing	82,595	1,706	1,226	6,620	1,551	1,136	7,272
General credit line	40,000	0	1,373	0	0	1,373	0
Liabilities from financial leases	5,542	232	0	1,190	177	0	1,276
Other financial liabilities	827	1	0	691	1	0	4
Derivative financial liabilities and assets							
Liabilities with gross settlement							
Outgoing payments		0	0	−16,783	0	0	0
Incoming payments		0	0	15,437	0	0	0
Liabilities with net settlement		−6,047	0	0	0	0	0
Receivables with gross settlement							
Outgoing payments		−144	0	−11,802	−12	0	−729
Incoming payments		65	0	17,747	3	0	1,000
Receivables with net settlement		0	0	0	0	0	0

€ '000	Balance 12/31/2013	Cash flows 2014 Fixed interest	Cash flows 2014 Variable interest	Cash flows 2014 Repayment	Cash flows 2015 Fixed interest	Cash flows 2015 Variable interest	Cash flows 2015 Repayment
Financial liabilities							
US private placement	479,055	27,426	0	0	27,426	0	0
Syndicated loan	231,341	0	6,235	5,079	0	6,115	5,079
Project financing	93,112	1,905	1,508	9,977	1,706	1,414	7,422
Liabilities from finance leases	7,298	297	0	1,777	228	0	1,188
Other financial debt	686	1	0	684	0	0	2
Derivative financial liabilities and receivables							
Liabilities with gross settlement							
Outgoing payments		0	0	−17,645	0	0	0
Incoming payments		0	0	16,917	0	0	0
Liabilities with net settlement		−12,431	0	0	−5,428	0	0
Receivables with gross settlement							
Outgoing payments		−741	0	−13,205	−32	0	−6,353
Incoming payments		318	0	13,453	14	0	7,128
Receivables with net settlement		0	0	0	0	0	0

	Cash flows 2017–2019			Cash flows 2020–2022			Cash flows 2023 ff.		
€ '000	Fixed interest	Variable interest	Repay-ment	Fixed interest	Variable interest	Repay-ment	Fixed interest	Variable interest	Repay-ment
Financial liabilities									
US private placement	80,428	0	32,879	63,389	0	170,000	30,880	0	280,000
Syndicated loan	0	0	0	0	0	0	0	0	0
Project financing	1,300	2,879	41,466	0	1,516	27,237	0	0	0
General credit line	0	908	40,000	0	0	0	0	0	0
Liabilities from financial leases	52	0	3,076	0	0	0	0	0	0
Other financial liabilities	0	0	132	0	0	0	0	0	0
Derivative financial liabilities and assets									
Liabilities with gross settlement									
Outgoing payments	0	0	0	0	0	0	0	0	0
Incoming payments	0	0	0	0	0	0	0	0	0
Liabilities with net settlement	0	0	0	0	0	0	0	0	0
Receivables with gross settlement									
Outgoing payments	0	0	0	0	0	0	0	0	0
Incoming payments	0	0	0	0	0	0	0	0	0
Receivables with net settlement	0	0	0	0	0	0	0	0	0

	Cash flows 2016–2018			Cash flows 2019–2021			Cash flows 2022 ff.		
€ '000	Fixed interest	Variable interest	Repay-ment	Fixed interest	Variable interest	Repay-ment	Fixed interest fix	Variable interest	Repay-ment
Financial liabilities									
US private placement	81,568	0	29,055	73,141	0	170,000	47,134	0	280,000
Syndicated loan	0	2,248	221,183	0	0	0	0	0	0
Project financing	2,824	4,723	46,028	0	4,463	29,685	0	0	0
Liabilities from finance leases	225	0	4,333	0	0	0	0	0	0
Other financial debt	0	0	0	0	0	0	0	0	0
Derivative financial liabilities and receivables									
Liabilities with gross settlement									
Outgoing payments	0	0	0	0	0	0	0	0	0
Incoming payments	0	0	0	0	0	0	0	0	0
Liabilities with net settlement	0	0	0	0	0	0	0	0	0
Receivables with gross settlement									
Outgoing payments	0	0	0	0	0	0	0	0	0
Incoming payments	0	0	0	0	0	0	0	0	0
Receivables with net settlement	0	0	0	0	0	0	0	0	0

Financial market risk

The main financial market risks for the VTG Group are interest rate and currency risks.

The VTG Group uses derivative financial instruments to manage financial market risks. If a company concludes derivative financial instruments for hedging purposes within the valid guidelines and provisions, this is done only with the prior approval of the Group's head office.

For the presentation of financial market risks, IFRS 7 requires sensitivity analyses to be performed which show the effects of hypothetical changes in relevant risk variables on profit or loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments as of the balance sheet date. It is ensured that the balance at the reporting date is representative for the year as a whole.

The following sensitivity analyses contain hypothetical information that therefore involves risk. Due to unforeseeable developments in the global financial markets, the actual developments can deviate from the hypothetical ones.

Interest rate risk

The VTG Group is exposed to an interest rate risk arising from the sensitivity of payments relating to variable-interest-bearing financial liabilities and financial assets and to the measurement of interest rate derivatives as consequence of a change in the market interest rate. The VTG Group limits risks from the sensitivity of payments relating to variable-interest financial liabilities by using interest derivatives such as interest swaps.

As of the reporting date, the major interest rate risks from financial liabilities came from the variable-interest syndicated loan and the variable-interest portion of project financing. In most cases, the fixed interest period was up to six months as of the balance sheet date. As part of the VTG Group's interest rate hedging strategy, the Group effectively hedges interest rate exposure. The contractual term of the agreed interest rate swap runs until June 2015.

In order to assess the risk of changes in interest rates for financial liabilities, a change in the market interest rate of 100 basis points was simulated. For this purpose, the actual interest rates for the financial year 2014 were each changed by 100 basis points. An increase in the interest rate of 100 basis points would reduce after-tax profit for the Group by € 2.5 million (previous year: € 1.0 million decrease) and increase the revaluation reserve only slightly (previous year: € 1.2 million). A reduction in the interest rate of 100 basis points would increase after-tax profit for the Group by € 0.5 million (previous year: € 0.3 million increase) and reduce the revaluation reserve only slightly (previous year € 0.7 million). This measurement takes account of the interest rate derivatives.

As of the reporting date, interest rate risks from variable-interest-bearing financial assets apply to cash deposited with banks over the short term.

To assess the interest rate risk arising from variable-interest-bearing financial resources, the average interest as of the reporting date was changed by 100 basis points. An increase of 100 basis points in the interest rate would push up after-tax profit for the Group by € 50,000 (previous year: € 0.1 million). A fall in the interest rate of 100 basis points would reduce after-tax profit for the Group by € 5,000 (previous year € 16,000).

Currency risk

Within the meaning of IFRS 7, currency risks arise from primary and derivative financial instruments issued in a currency other than the functional currency of a company (foreign currency items). The British pound, Polish zloty, Russian ruble, Swiss franc, Czech koruna and US dollar were identified as relevant risk variables in the VTG Group.

For currency hedging, foreign currency receipts and payments in the same currency and with the same maturity are initially offset at group level (netting). All hedging transactions are thus based on an appropriately realized or future underlying transaction. These are exclusively fixed-price, arm's length transactions with financial companies with excellent credit ratings.

As of December 31, 2014, derivative financial instruments with a maximum term of three months (previous year eleven months) were held in order to hedge exchange risks in connection with planned transactions in foreign currency.

The foreign currency sensitivity analysis below is based on a appreciation/depreciation of 10 % in the currencies concerned as of December 31, 2014. Foreign currency items that are in an effective hedging relationship and the accompanying hedges are not taken into account, as their combined effect on profit is minor.

Appreciation	12/31/2014		12/31/2013	
€ '000	Affecting income	Not affecting income	Affecting income	Not affecting income
British Pound	+125	0	+109	0
Polish Zloty	−112	0	−78	0
Swiss Franc	−622	0	−842	0
Czech Koruna	−107	0	−78	0
US Dollar	+754	−275	+667	−81

Depreciation	12/31/2014		12/31/2013	
€ '000	Affecting income	Not affecting income	Affecting income	Not affecting income
British Pound	−125	0	−109	0
Polish Zloty	+112	0	+78	0
Swiss Franc	+622	0	+842	0
Czech Koruna	+107	0	+78	0
US Dollar	−754	+225	−667	+66

Management of the capital structure

The Group manages its capital with the objective of maximizing the income of those with an investment in the company by optimizing the relationship between equity and debt and securing the long-term profitability and future of the company. This ensures that all Group companies can operate under the going-concern assumption.

The Group's capital structure consists of debts, cash and cash equivalents, and equity attributable to shareholders of the parent company. Equity comprises shares issued, additional paid-in capital and retained earnings.

One control parameter used in capital structure management is the ratio of adjusted net financial debt to EBITDA. Adjusted net financial debt is calculated as net financial debt plus pension provisions.

Net financial debt is defined as the balance of cash and cash equivalents, investment securities and financial receivables less financial debt. Moreover, there is no deduction of transaction costs within the meaning of IAS 39 in determining net financial debt (see also Note 28 under "Financial liabilities").

The (adjusted) financial debt is determined as follows:

€ '000	12/31/2014	12/31/2013
Cash and cash equivalents	80,413	61,548
Investment securities	343	354
Financial receivables	4,223	5,369
Financial liabilities	−909,547	−810,629
Correction, deduction of transaction costs	−4,717	−5,703
Net financial debt	**−829,285**	**−749,061**
Provisions for pensions	−64,582	−55,356
Adjusted net financial debt	**−893,867**	**−804,417**

The ratio of adjusted net financial debt to EBITDA is shown in the following table:

€ '000	12/31/2014	12/31/2013
Adjusted net financial debt	893,867	804,417
EBITDA	191,012	183,752
Ratio of adjusted net financial debt/EBITDA	**4.7**	**4.4**

Notes to the consolidated cash flow statement

The cash flow statement of the VTG Group shows the inflows and outflows of funds for operating, investing and financing activities for the financial year 2014 and for the previous year.

The investments in intangible assets and tangible fixed assets mainly relate to payments for the acquisition of rail freight cars.

The repayments of bank loans and other financial liabilities, amounting to € 16.8 million, mainly comprise the scheduled repayments of project financing and repayment of the syndicated loan.

Other disclosures

Collaterals

As of the reporting date, eleven companies in the VTG Group had provided guarantees of payments amounting to € 348.8 million (previous year: € 280.3 million) in relation to the syndicated loan.

As of the reporting date, nine companies in the VTG Group had provided guarantees of payments amounting to € 482.9 million (previous year: € 479.1 million) in relation to the US private placement.

As part of the Group's financing arrangements, four companies within the VTG Group have assigned as collateral their rail freight cars registered in Germany and the UK with a carrying amount of € 792.1 million (previous year: € 727.2 million). One company has assigned as collateral its tank containers with a carrying amount of € 30.1 million (previous year: € 0.0 million). Eight companies have assigned as collateral their receivables relating to rail freight cars and tank containers.

In addition to the above guarantees, in order to secure their project financing, three companies in the Group have pledged bank accounts and rail freight cars with carrying amounts of € 2.8 million (previous year: € 2.8 million) and € 112.8 million (previous year: € 120.3 million) respectively.

The contractual agreements contain conditions of credit known as financial covenants. The main conditions are:

- a certain consolidated net financial liabilities to consolidated EBITDA ratio,
- a certain ratio of consolidated EBITDA to consolidated net interest income
- a certain consolidated net financial liabilities to the respectively secured tangible fixed assets ratio

Depending on the wording of the covenant, these ratios must not be exceeded or fallen short of. Failure to comply with these covenants can have far-reaching consequences for VTG, going as far as termination of specific loan agreements. For this reason, VTG monitors these financial covenants pro-actively, continuously and with the utmost care to ensure that measures can be taken early to ensure compliance.

Other financial commitments

The nominal values of the other financial commitments are as follows for the financial year 2014 and the previous year:

€ '000	Due within 1 year	Between 1 and 5 years	Over 5 years	12/31/2014 Total
Obligations from rental, leasehold and leasing agreements	32,387	76,548	41,613	150,548
Purchase commitments	83,621	107,903	0	191,524
Total	**116,008**	**184,451**	**41,613**	**342,072**

€ '000	Due within 1 year	Between 1 and 5 years	Over 5 years	12/31/2013 Total
Obligations from rental, leasehold and leasing agreements	35,742	73,272	46,459	155,473
Purchase commitments	94,196	14,579	0	108,775
Total	**129,938**	**87,851**	**46,459**	**264,248**

The obligations from rental, leasehold and leasing agreements relate exclusively to rental agreements where the companies of the VTG Group are not considered the economic owners of the leased assets (largely rail freight cars and tank containers). The operating leases shown under this item have an average term of eleven years and include purchase options at maturity that correspond to the fair value.

Purchase commitments relate exclusively to investments in tangible fixed assets.

The total rental, leasehold and leasing expense for the financial year 2014 was € 61.4 million (previous year: € 66.0 million).

Auditors' fees

In the financial year 2014, the following fees, recorded in other operating expenses, were incurred in relation to the auditors of the annual and consolidated financial statements (disclosure in accordance with § 314 (1) Para. 9 in conjunction with § 315a (1) of the German Commercial Code).

€ '000	2014	2013
Fees for auditing the annual report and consolidated financial statements	456	469
Tax consulting services	0	7
Fees for other services related to the audit opinion	356	51
Other services	246	196

Average number of employees

	2014	2013
Salaried employees	907	799
Wage-earning staff	356	343
Trainees	45	45
Total	**1,308**	**1,187**
thereof abroad	413	349

Material events after the balance sheet date (Supplemental Report)

On January 6, 2015, VTG Aktiengesellschaft acquired 100 % of the shares of the wagon hire company AAE Ahaus Alstätter Eisenbahn Holding AG, Baar, Switzerland (AAE).

The merger adds some 30,000 AAE wagons to VTG's existing fleet of more than 50,000. This strengthens VTG's position as Europe's largest private wagon hire company, with a post-merger fleet of some 80,000 wagons worldwide.

It also expands VTG's range of wagons and services in Europe and closes a key gap in its product portfolio as well as greatly reducing the average age of the wagons in its fleet. With the merger, VTG will be able to reach new customer groups and continue to target the market for combined and intermodal transports.

As consideration for all shares of AAE, the acquisition agreement provides for a cash component amounting to some € 15 million, the issuance of a subordinated vendor loan note with equity characteristics amounting to € 229.4 million, the issuance of some 7.37 million new shares of VTG at an issue price of € 18.75 (closing price on January 6, 2015) to the seller and – in accordance with an adjustment provision in the agreement – additional payment, as required, of up to a maximum of around € 3 million. Under this agreement, payment of this contingent consideration is dependent on the dividend payment for the financial year 2014.

To fulfil the share component of the consideration, the Executive Board of VTG, with the approval of the Supervisory Board, passed a resolution for a capital increase against a mixed contribution in kind, with the exclusion of shareholders' pre-emptive rights. Through partial utilization of the authorized capital, the share capital of VTG has been increased by € 7,367,330, from € 21,388,889 to € 28,756,219. For this purpose, 7,367,330 new ordinary bearer shares (no-par value shares) were issued to the vendor at the issue price of € 1. The new shares carry full dividend rights from January 1, 2014.

The net assets acquired and goodwill are provisionally determined as follows:

	€ '000
Cash component	15,000
Vendor loan	229,388
Capital increase	138,137
Contingent consideration	0
Total	**382,525**
Fair value of acquired assets	206,588
Goodwill	175,937

In relation to the purchase price, VTG considers it extremely unlikely that the adjustment provision will lead to further payment obligations. VTG thus estimates the fair value of the contingent consideration arising from the adjustment provision to be zero.

The resulting goodwill is based on a significant future rise in business volume along with the possibility of developing new customer and product segments with a greatly diversified wagon fleet.

In relation to the acquisition of the AAE Group, expenses of € 2.9 million were recorded under other operating expenses.

The provisionally calculated amount for assets and liabilities comprises the following items:

	€ '000
Other intangible assets	47,604
Tangible fixed assets	1,111,904
Companies accounted for using the equity method	10,657
Fixed assets	**1,170,165**
Other financial assets	7,610
Other assets	7,593
Deferred income tax assets	20,046
Trade receivables	32,699
Receivables	**67,948**
Inventories	**9,662**
Cash and cash equivalents	**34,358**
Assets	**1,282,133**
Provisions for pensions and similar obligations	5,740
Deferred income tax liabilities	32,076
Other provisions	4,083
Provisions	**41,899**
Financial liabilities	917,745
Derivative financial instruments	82,411
Current income tax liabilities	1,535
Trade payables	4,465
Other liabilities	22,615
Liabilities	**1,028,771**
Fair value of acquired assets	**211,463**
Non-controlling interests	**4,875**
	206,588

The fair value of the receivables shown is equal to the carrying amount.

As part of this transaction, on January 26, 2015, VTG issued a hybrid bond amounting to € 250 million. The vendor took over a tranche of € 74 million of this hybrid bond against partial redemption of the same amount of the vendor loan note. A cash payment of some € 155 million from the proceeds of the hybrid bond was paid to the vendor for the remaining amount of the vendor loan note. € 70 million thereof was then placed at the disposal of AAE by the vendor as a loan for repayment of other financial liabilities.

Related party disclosures

Besides the subsidiaries included in the consolidated financial statements, VTG AG is related directly or indirectly with affiliated, non-consolidated companies and with other equity investments in the normal course of its business activities.

The following transactions were made with related parties and all were conducted on arm's length terms.

Income/expenses and receivables/payables from affiliated, non-consolidated companies, companies accounted for using the equity method and other equity investments

€ '000	2014	2013
Income and expenses from affiliated, non-consolidated companies		
Revenue and other operating income	7,987	3,659
Expenses	5,611	5,785
Interest income	9	13
Interest expense	15	13
Income and expenses from companies accounted for using the equity method and other equity investments		
Revenue and other operating income	4,152	3,386
Expenses	2,232	2,627

€ '000	12/31/2014	12/31/2013
Receivables from affiliated, non-consolidated companies		
Trade payables	761	756
Other receivables	215	232
Receivables from companies accounted for using the equity method and other equity investments		
Trade payables	3,892	1,780
Other receivables	3,604	4,824
Liabilities to affiliated, non-consolidated companies		
Trade payables	424	479
Financial liabilities	489	486
Other liabilities	19	0
Liabilities to companies accounted for using the equity method and other equity investments		
Trade payables	1,485	657
From finance leases	3,138	4,426

Remuneration of the Executive Board, Supervisory Board and persons in key management positions

The Executive Board, Supervisory Board and those in key management positions in the Group and their close family members represent related parties within the meaning of IAS 24 whose remuneration is to be disclosed separately

€ '000	2014	2013
Short-term employee benefits	5,998	4,158
thereof Executive Board	(3,032)	(1,796)
thereof Supervisory Board	(250)	(250)
Post-employment benefits	298	292
thereof Executive Board	(192)	(193)
Total	**6,296**	**4,450**

Pension provisions for members of the Executive Board amounted to € 5.8 million as of the balance sheet date (previous year: € 3.6 million). Provisions for other key management personnel amounted to € 1.4 million on the balance sheet date (previous year: € 0.7).

There were provisions totaling € 6.2 million for obligations to former members of the Executive Board and their survivors (previous year: € 5.8 million). Payments for former members of the Executive Board and their survivors amounted to € 0.5 million (previous year € 1.8 million).

The members of the Supervisory Board and of the Executive Board of VTG AG are listed separately.

Other information

In addition, the following companies and persons were identified in particular as related parties in accordance with IAS 24. No transactions were conducted with these parties:

Name and registered office of company
CEW Germany GmbH, Frankfurt am Main
Compagnie Européenne de Wagons S.à r.l., Luxembourg (controlling company)
El Vedado, LLC, New York (primary controlling company)
Euro Wagon, L.P., Cayman Islands
Euro Wagon II, L.P., Cayman Islands
IPE Euro Wagon, L.P., Jersey
Ross Expansion Associates, L.P., New York
Ross Expansion GP, LLC, New York
Wilbur L. Ross jr., New York
WLR Euro Wagon Management Ltd., New York
WLR Recovery Associates II, LLC, New York
WLR Recovery Associates III, LLC, New York
WLR Recovery Fund II, L.P., New York
WLR Recovery Fund III, L.P., New York
WL Ross Group, L.P., New York

List of equity investments

Name and registered office of company	Currency	Share capital in % Direct	Share capital in % Indirect	Equity capital in '000 Currency Units	Result in '000 Currency Units
A. Consolidated affiliated companies					
Alstertor Rail UK Limited, Birmingham/United Kingdom	GBP		100.00	18,974	700
Ateliers de Joigny S.A.S., Joigny/France	EUR		100.00	2,013	180
Bräunert Eisenbahnverkehr GmbH und Co. KG, Albisheim	EUR		100.00	37	−6
Bräunert Verwaltungs GmbH, Albisheim	EUR		100.00	31	1
CAIB Benelux BVBA, Antwerp-Berchem/Belgium	EUR		100.00	4,781	3,689
CAIB Rail Holdings Limited, Birmingham/United Kingdom	GBP		100.00	6,945	9,608
CAIB UK Limited, Birmingham/United Kingdom	GBP		100.00	0	0
Deichtor Rail GmbH, Garlstorf	EUR	100.00		850	−40
Eisenbahn-Verkehrsmittel GmbH & Co. KG für Transport und Lagerung, Hamburg	EUR		98.57	32,740	0 [1]
Etablissements Henri Loyez S.A.S., Libercourt/France	EUR		100.00	-1,939	−146
Ferdinandstor Rail GmbH, Garlstorf	EUR		100.00	2,804	−645
Klostertor Rail GmbH, Garlstorf	EUR	100.00		-159	−423
OOO Railcraft Service, Moscow/Russia	RUB		100.00	485,456	3,700
OOO VTG, Moscow/Russia	RUB		100.00	18,659	−416
Railcraft Oy, Helsinki/Finland	EUR	100.00		19,505	9,559
Railcraft Service Oy, Helsinki/Finland	EUR		100.00	20	7,453
Rail Holdings Nederland C.V., Rotterdam/Netherlands	EUR	99.90	0.10	2,400	0
Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg	EUR		100.00	1,000	0 [1]
Transpetrol Sp.z o.o., Chorzów/Poland	PLN		100.00	9,744	7,605
Vostok Beteiligungs GmbH, Hamburg	EUR	99.60	0.40	-425	−35
Vostok 2 GmbH, Hamburg	EUR	99.60	0.40	17,009	−19
VOTG Tanktainer Gesellschaft mit beschränkter Haftung, Hamburg	EUR		100.00	14,310	0 [1) 2)]
VTG Austria Ges.m.b.H., Vienna/Austria	EUR		100.00	24,590	4,107
VTG Benelux B.V., Rotterdam/Netherlands	EUR		100.00	316	163
VTG Deutschland GmbH, Hamburg	EUR		100.00	54,623	0 [1) 2)]
VTG Finance S.A., Luxembourg/Luxembourg	EUR		100.00	31	0
VTG France S.A.S., Paris/France	EUR		100.00	36,497	6,079
VTG ITALIA S.r.l., Milan/Italy	EUR		100.00	1,809	−327
VTG Nederland B.V., Rotterdam/Netherlands	EUR	100.00		10	0
VTG North America, Inc., Hinsdale, Illinois/USA	USD	100.00		34,050	1,061
VTG RAIL ESPAÑA S.L., Madrid/Spain	EUR		100.00	1,390	−219
VTG Rail, Inc.,Edwardsville, Illinois/USA	USD		100.00	5,847	1,056
VTG Rail Logistics Austria GmbH, Vienna/Austria	EUR		100.00	-1,382	−1,668
VTG Rail Logistics Benelux N.V., Gent/Belgium	EUR		100.00	303	157

[1] Profit and loss transfer agreement with corresponding parent company
[2] Companies partiallly make use of exemption granted under §264 (3) of the German Commercial Code

Name and registered office of company	Currency	Share capital in % Direct	Share capital in % Indirect	Equity capital in '000 Currency Units	Result in '000 Currency Units	
VTG Rail Logistics Deutschland GmbH, Hamburg	EUR		100.00	−1,072	−65	
VTG Rail Logistics France S.A.S., Paris/France	EUR		100.00	4,154	−735	
VTG Rail Logistics GmbH, Hamburg	EUR	70.00		55,378	2,226	
VTG Rail Logistics Hellas EPE, Thessaloniki/Greece	EUR		100.00	−1,337	−1,417	
VTG Rail Logistics Hungaria Kft., Budapest/Hungary	HUF		100.00	−124,794	−131,176	
"VTG Rail Logistics" LLC, Moscow/Russia	RUB		100.00	-9,199	−11,399	
VTG Rail Logistics s.r.o., Prague/Czech Republic	CZK		100.00	28,898	6,439	
LLC VTG "Rail Logistics Ukraine", Kiev/Ukraine	UAH		100.00	756	−24	
VTG Rail UK Limited, Birmingham/United Kingdom	GBP		100.00	25,678	2,639	
VTG Schweiz GmbH, Basel/Switzerland	CHF		100.00	20,898	2,726	
VTG Tanktainer Assets GmbH, Hamburg	EUR		100.00	4,028	0	[1] [2]
VTG Tanktainer Logistics GmbH, Hamburg	EUR		100.00	17,020	0	[1] [2]
VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung, Hamburg	EUR	100.00		115,950	0	[1] [2]
Waggonbau Graaff GmbH, Elze	EUR	100.00		2,670	212	
Waggonservice Brühl GmbH, Wesseling	EUR		100.00	25	0	[1]
Waggonwerk Brühl GmbH, Wesseling	EUR		100.00	2,154	1,252	
B. Companies consolidated at equity						
Shanghai COSCO VOTG Tanktainer Co., Ltd., Shanghai/China	RMB		50.00	26,812	2,528	
Waggon Holding AG, Zug/Switzerland	CHF	50.00		4,316	3,097	
C. Affiliated, non-consolidated companies						
ITG Transportmittel-Gesellschaft mit beschränkter Haftung, Syke	EUR	100.00		97	46	
Millerntor Rail GmbH, Garlstorf	EUR		100.00	25	0	[1]
Tankspan Leasing Ltd., Godalming, Surrey/United Kingdom	USD	100.00		2,234	510	
VOTG Finland Oy, Tuusula/Finland	EUR		100.00	257	39	[3]
VOTG North America, Inc., West Chester, Pennsylvania/USA	USD		100.00	272	131	[3]
VOTG Tanktainer Asia Pte Ltd., Singapore/Singapore	USD		100.00	116	−61	[3]
VTG Nakliyat Lojistik Kiralama Limited Sirketi, Istanbul/Turkey	TRY		100.00	54	−16	
VTG Rail Assets GmbH, Hamburg	EUR		100.00	25	0	[1]
D. Other companies						
E.V.S. SA, Puteaux/France	EUR		34.00	180	−8	[3]
GRANEL RAIL, A. I. E., Madrid/Spain	EUR		50.00	18	0	[3]
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR		20.00	1,578	0	[1] [3]
SILEX Mobilien-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	EUR		95.00	−2,533	2,617	[3]
Steeltrack S.A., Saint Denis/France	EUR		33.30	458	92	[3]

[1] Profit and loss transfer agreement with corresponding parent company
[2] Companies partiallly make use of exemption granted under §264 (3) of the German Commercial Code
[3] Information as of 12/31/2013

04

Members of the Supervisory Board

Dr. rer. pol. Wilhelm Scheider, Basel
Consultant
Chairman

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg
Former Managing Director of VTG Vereinigte Tanklager und Transportmittel GmbH, Hamburg
Deputy Chairman

Dr. jur. Bernd Malmström, Berlin
Solicitor

Dr. sc. pol. Jost A. Massenberg, Duisburg
CEO of Benteler Distribution International GmbH, Düsseldorf

Dr. jur. Christian Olearius, Hamburg
Chair of Supervisory Board, M.M. Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, Hamburg

Gunnar Uldall, Hamburg
Management Consultant, Senator (retired)

Appointments of the Supervisory Board *

Dr. rer. pol. Wilhelm Scheider, Basel

b) Hydac Electronic GmbH
Hydac Technology GmbH [1)]

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg

a) Flughafen Hamburg GmbH [1)]

Dr. jur. Bernd Malmström, Berlin

a) K + S Aktiengesellschaft
Lehnkering GmbH [2)]

b) Colada AcquiCo S.á r.l., Luxemburg
DAL Deutsche Afrika Linien GmbH & Co. KG
time: matters GmbH [1)]

Dr. sc. pol. Jost A. Massenberg, Duisburg

b) Felix Schoeller Holding GmbH & Co. KG

Dr. jur. Christian Olearius, Hamburg

a) Degussa Bank AG [1)]
M.M. Warburg & CO Geschäftsführungs-Aktiengesellschaft [1)]
M.M. Warburg & CO Hypothekenbank Aktiengesellschaft [1)]
M.M. Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien [1)]
Marcard, Stein & CO AG [1)]

b) M.M. Warburg Bank (Schweiz) AG, Switzerland [1)]
Private Client Partners AG, Switzerland [1)]

Gunnar Uldall, Hamburg

a) BDO Deutsche Warentreuhand Aktiengesellschaft

b) Bogdol Verwaltungs- und Immobilien GmbH
Deutsches Institut für Service-Qualität GmbH & Co. KG [1)]
Hermes Europe GmbH

* All information relating to appointments applies as of December 31, 2014
a) Membership of statutory supervisory boards.
b) Membership of comparable controlling bodies of business enterprises in Germany and abroad.
1) Chairman
2) Deputy Chairman

Members of the Executive Board

Dr. rer. pol. Heiko Fischer, Hamburg
MBA
Chairman

Dr. rer. pol. Kai Kleeberg, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)
Chief Financial Officer

Günter-Friedrich Maas, Hamburg (since June 1, 2014)
Logistics manager
Chief Officer Logistics and Safety

Appointments of the Executive Board *

Dr. rer. pol. Heiko Fischer, Hamburg

b) „Brückenhaus“ Grundstücksgesellschaft m.b.h.
Kommanditgesellschaft „Brückenhaus“ Grundstücksgesellschaft m.b.H. & Co.
Navigator Holdings Ltd., Marshall Islands
TRANSWAGGON AG, Switzerland
TRANSWAGGON-Gruppe, Switzerland [1)]
Waggon Holding AG, Switzerland

Dr. rer. pol. Kai Kleeberg, Hamburg

b) Shanghai COSCO VOTG Tanktainer Co., Ltd., China
TRANSWAGGON AG, Switzerland
Waggon Holding AG, Switzerland

* All information relating to appointments applies as of December 31, 2014
a) Membership of statutory supervisory boards.
b) Membership of comparable controlling bodies of business enterprises in Germany and abroad.
1) Chairman
2) Deputy Chairman

Development of intangible assets and tangible fixed assets

from January 1 to December 31, 2014

	Acquisition/manufacturing costs						
€ '000	Balance at 1/1/2014	Changes to scope of consolidation*	Currency adjustment	Additions	Disposals	Reclassifi-cations	As of 12/31/2014
Intangible assets							
Concessions, industrial trademarks and similar rights and assets as well as licences in such rights and assets	15,158	0	4	2,156	2	3,576	20,892
Brand values	10,059	0	0	0	0	0	10,059
Customer relationships	65,426	1,020	−1	0	0	0	66,445
Goodwill	158,176	7,569	0	0	0	0	165,745
Capitalized development costs	1,391	0	10	2	0	0	1,403
Payments on account	3,889	0	0	703	0	−3,576	1,016
	254,099	**8,589**	**13**	**2,861**	**2**	**0**	**265,560**
Tangible fixed assets							
Wagon fleet	1,501,999	−9	8,156	118,675	30,635	10,517	1,608,703
Containers and Chassis	57,266	0	0	6,926	247	13	63,958
Land and buildings including on third party land	11,370	−121	0	2,200	3	108	13,554
Technical plant and machinery	13,513	0	−2	2,281	253	1,316	16,855
Other equipment, operating and office equipment	11,389	6	19	1,680	593	−129	12,372
Payments on account, assets under construction	14,003	19	−41	69,967	12,995	−12,066	58,887
	1,609,540	**−105**	**8,132**	**201,729**	**44,726**	**−241**	**1,774,329**
Total	**1,863,639**	**8,484**	**8,145**	**204,590**	**44,728**	**−241**	**2,039,889**

* The item 'Changes to scope of consolidation' includes disposals of acquisition costs of € 135,000 and depreciations of € 33,000.

	Impairment, amortization and depreciation								Carrying amounts	
	Balance at 1/1/2014	Changes to scope of consolidation*	Currency adjustment	Depreciation/ Amortization for financial year	Impairment	Disposals	Reclassifi-cations	As of 12/31/2014	**12/31/2014**	12/31/2013
	8,161	0	−1	1,958	0	0	0	10,118	10,774	6,997
	0	0	0	0	421	0	0	421	9,638	10,059
	34,602	0	0	4,273	318	0	0	39,193	27,252	30,824
	1,965	0	0	0	0	0	0	1,965	163,780	156,211
	432	0	0	206	0	0	0	638	765	959
	0	0	0	0	0	0	0	0	1,016	3,889
	45,160	**0**	**−1**	**6,437**	**739**	**0**	**0**	**52,335**	**213,225**	**208,939**
	495,502	−9	3,504	88,808	92	28,292	14	559,619	1,049,084	1,006,497
	28,759	0	0	4,724	0	222	0	33,261	30,697	28,507
	3,731	−21	0	440	0	3	0	4,147	9,407	7,639
	4,557	0	−2	1,274	0	183	0	5,646	11,209	8,956
	7,064	−3	17	1,532	0	577	−8	8,025	4,347	4,325
	97	0	0	1,203	0	138	−6	1,156	57,731	13,906
	539,710	**−33**	**3,519**	**97,981**	**92**	**29,415**	**0**	**611,854**	**1,162,475**	**1,069,830**
	584,870	**−33**	**3,518**	**104,418**	**831**	**29,415**	**0**	**664,189**	**1,375,700**	**1,278,769**

Development of intangible assets and tangible fixed assets

from January 1 to December 31, 2013

€ '000	Acquisition/manufacturing costs						
	Balance at 1/1/2013	Changes to scope of consolidation	Currency adjustment	Additions	Disposals	Reclassifi-cations	As of 12/31/2013
Intangible assets							
Concessions, industrial trademarks and similar rights and assets as well as licences in such rights and assets	14,316	1	1	657	281	464	15,158
Brand values	10,059	0	0	0	0	0	10,059
Customer relationships	65,005	0	0	421	0	0	65,426
Goodwill	158,263	0	−87	0	0	0	158,176
Capitalized development costs	1,391	0	0	0	0	0	1,391
Payments on account	1,796	0	−2	2,249	0	−154	3,889
	250,830	**1**	**−88**	**3,327**	**281**	**310**	**254,099**
Tangible fixed assets							
Wagon fleet	1,371,440	95	−6,474	115,703	38,167	59,402	1,501,999
Containers and Chassis	48,907	0	0	8,426	67	0	57,266
Land and buildings including on third party land	10,800	0	0	153	6	423	11,370
Technical plant and machinery	11,204	0	−1	2,544	518	284	13,513
Other equipment, operating and office equipment	11,059	20	−19	1,126	819	22	11,389
Payments on account, assets under construction	64,856	0	−50	32,401	22,933	−60,271	14,003
	1,518,266	**115**	**−6,544**	**160,353**	**62,510**	**−140**	**1,609,540**
Total	**1,769,096**	**116**	**−6,632**	**163,680**	**62,791**	**170**	**1,863,639**

	Impairment, amortization and depreciation							**Carrying amounts**	
	Balance at 1/1/2013	Currency adjustment	Depreciation/ Amortization for financial year	Impairment	Disposals	Reclassifi-cations	As of 12/31/2013	**12/31/2013**	12/31/2012
	6,877	0	1,507	54	277	0	8,161	6,997	7,439
	0	0	0	0	0	0	0	10,059	10,059
	29,355	−1	4,203	1,045	0	0	34,602	30,824	35,650
	0	−71	0	2,036	0	0	1,965	156,211	158,263
	233	0	199	0	0	0	432	959	1,158
	0	0	0	0	0	0	0	3,889	1,796
	36,465	**−72**	**5,909**	**3,135**	**277**	**0**	**45,160**	**208,939**	**214,365**
	442,213	−1,402	89,230	522	35,389	328	495,502	1,006,497	929,227
	24,715	0	4,105	0	61	0	28,759	28,507	24,192
	3,305	0	432	0	6	0	3,731	7,639	7,495
	4,035	−1	1,039	0	516	0	4,557	8,956	7,169
	6,405	−10	1,442	0	773	0	7,064	4,325	4,654
	399	0	229	0	203	−328	97	13,906	64,457
	481,072	**−1,413**	**96,477**	**522**	**36,948**	**0**	**539,710**	**1,069,830**	**1,037,194**
	517,537	**−1,485**	**102,386**	**3,657**	**37,225**	**0**	**584,870**	**1,278,769**	**1,251,559**

Declaration on the Corporate Governance Code

The Supervisory Board and Executive Board have issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act and made it permanently accessible to shareholders on the VTG website at www.vtg.de.

Hamburg, February 23, 2015

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

Responsibility statement

According to the best of our knowledge we declare that, in accordance with the accounting principles to be applied as well as in accordance with the principles of proper accounting, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the Group and that the Group Management Report presents the business development including the business results and position of the Group such that a true and fair view of the Group is reflected and that the significant opportunities and risks of the expected development of the Group are described.

Hamburg, February 23, 2015

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

05

FURTHER INFORMATION

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→ Auditor's Report

We have audited the consolidated financial statements prepared by the VTG Aktiengesellschaft, Hamburg, comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 5, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke	ppa. Christoph Fehling
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

→ Glossary

Flat wagon
Open rail freight wagon with different types of special equipment for transporting large-scale agricultural machinery, commercial vehicles, forest products, and large-volume individual items.

High-capacity freight wagon
Covered rail freight wagon with high load capacity for transporting a wide range of goods, particularly break bulk goods.

Tank wagon
Freight wagon fitted with a tank for rail-borne transport of liquids (particularly hazardous goods).

Liberalization of rail-borne freight traffic
Comprehensive set of regulations, at European and national level, with the aim of gradually opening up the railway markets for competition.

Bulk freight wagon
Freight wagon fitted with a container with discharge chutes. Bulk freight wagons are used for rail transport of powdered and finely granulated goods.

Tank container
Container in a wide range of designs with a tank for door-to-door transport of liquids by road, railway, inland waterway and sea.

→ 5-year overview for the group

in € m	2010	2011	2012	2013	2014
Revenue	**629.4**	**750.0**	**767.0**	**783.7**	**818.3**
Railcar Division	283.6	303.9	314.6	332.9	345.4
Rail logistics	201.4	294.3	296.8	298.4	322.0
Tank container logistics	144.5	151.8	155.5	152.3	150.9
Group EBITDA	**154.4**	**168.7**	**173.8**	**183.8**	**191.0**
Railcar Division	145.4	156.5	167.4	181.1	194.4
Rail logistics	8.4	12.1	7.7	3.8	-0.2
Tank container logistics	11.2	13.1	11.9	9.2	12.8
EBIT	63.0	72.3	68.8	77.7	83.5
Group net profit (comparable)	20.6	17.9*	10.3	17.2	18.8
Depreciation	91.4	96.4	105.0	106.0	107.5
Total investments	168.8	182.8	220.5	166.0	219.2
Operating cash flow	137.8	125.6	136.0	149.8	159.9
Earning per share (comparable) in €	0.91	0.75*	0.41	0.71	0.93
Dividend per share in €	0.33	0.35	0.37	0.42	0.45**
Balance sheet total	1,355.2	1,461.9	1,527.9	1,550.8	1,673.4
Non-current assets	1,174.8	1,225.3	1,309.4	1,332.2	1,418.2
Current assets	180.4	236.7	218.5	218.6	252.4
Equity	313.0	317.5	311.7	321.3	340.5
Liabilities	1,042.2	1,144.5	1,216.2	1,229.5	1,332.9
Number of employees	999	1,170	1,188	1,191	1,312
in Germany	709	778	838	846	909
in other countries	290	392	350	345	403

* These items are adjusted with regard to the extraordinary expenses from the refinancing of the Group in 2011.
** Intended proposal to Annual General Meeting (AGM)

Financial calendar 2015 and share data

Financial calendar 2015

March 4	Preliminary results for 2014
April 14	Publication of the results 2014
April 14	Financial Statements Press Conference, Hamburg
April 14	Analyst Conference, Hamburg
May 21	Interim Report for the 1st Quarter 2015
May 29	Annual General Meeting, Hamburg
August 27	Half-yearly Financial Report 2015
November 19	Interim Report for the 3rd Quarter 2015

Share data

WKN	VTG999
ISIN	DE000VTG999
Stock exchange abbreviation	VT9
Index	SDAX, CDAX, HASPAX
Share type	No-par-value bearer share
No. of shares (12/31)	21,388,889
Market capitalization (12/31)	€ 392.5 million
Stock exchanges	XETRA, Frankfurt, Berlin, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Prime Standard
Share price (12/31)	€ 18.35 €

Reservation regarding statements relating to the future

This annual 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.

→ Contact and imprint

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Annual Report 2014

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