

VTG AG

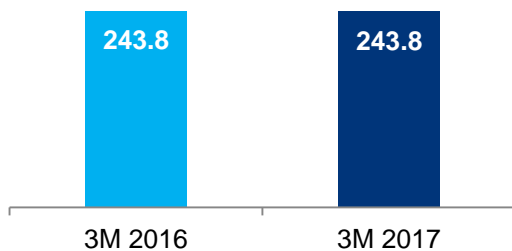
QUARTERLY STATEMENT 3M/2017

Compared to the previous year, revenue showed a stable development in the first three months of 2017. This was primarily attributable to the Rail Logistics Division, which successfully expanded its activities. A slight dip in capacity utilization, especially for intermodal and petroleum tank cars in Europe, combined with higher maintenance expenses in the Railcar Division, drove the Group operating result (EBITDA) down. At the same time, a further improvement in the financial result and a lower tax rate contributed to a disproportionate increase in earnings per share (EPS), which rose 10% to EUR 0.33.

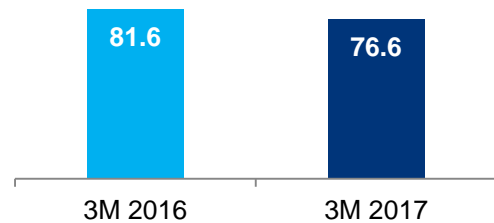
On March 31, 2017, utilization of our wagon fleet was slightly down year on year at 90.3%. Investments of EUR 31.7 million for fixed assets were a little below the figure for the previous year. Most of this was channeled into our core European market. In total, around 250 new railcars – the majority of them chemical and compressed gas wagons – were added to the fleet. VTG also invested in enlarging the Tank Container Logistics Division's fleet.

The Executive Board confirms the forecast for the current year, according to which both Group revenue and Group EBITDA are expected to be slightly higher this year than last.

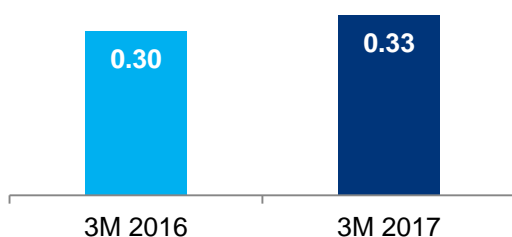
Revenue
(in € million)



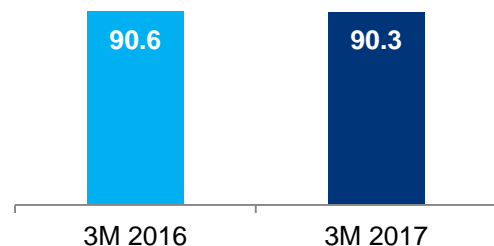
EBITDA
(in € million)



Earnings per share
(in €)



Utilization
(in %)



Business trend

VTG Group results

in € million	3M 2017	3M 2016	Δ
Revenue	243.8	243.8	0.0 %
EBITDA	76.6	81.6	- 6.1 %
EBIT	29.5	34.9	- 15.5 %
EBT	18.8	18.1	+ 3.6%
EPS (in €)	0.33	0.30	+ 10.0 %

- Group revenue remained unchanged year on year, although the three divisions moved in different directions.
- Fewer hired wagons and higher maintenance expenses in the Railcar Division drove the Group operating result (EBITDA) down.
- An improvement in the financial result more than made up for the decline in the operating result, such that pre-tax profit was higher than in the previous year.
- Earnings per share were up 10% to EUR 0.33.

Capital market

VTG's share performance

in €	3M 2017	2016	Δ
Closing price	30.45	28.41	+ 7.2 %
High	32.38	29.52	+ 9.7 %
Low	28.65	22.70	+ 26.2 %
Market capitalization	875 m	817 m	+ 7.2 %

- The global stock markets made a buoyant start to the new year. Positive early economic indicators in the Eurozone, the USA and China pushed up nearly all lead indices worldwide.
- The DAX rose by 7.2% and the SDAX by 6.0% in the first quarter.
- At the end of March, the DAX was approaching the all-time high of 12,391 points reached in April 2015.
- The VTG share followed the generally positive market trend and increased by 7.2% in the first quarter.
- On February 22, the VTG share peaked at EUR 32.38, the highest closing price since the IPO.

Results of divisions

Railcar

in € million	3M 2017	3M 2016	Δ
Revenue	125.6	129.0	- 2.6 %
EBITDA	76.2	82.0	- 7.1 %
EBITDA margin	60.7 %	63.6 %	- 2.9 PP
Utilization	90.3 %	90.6 %	- 0.3 PP
No. of Wagons	81,200	82,300	-1,100

- A weaker start to the year was made by Railcar. The division's revenue and profit declined in Europe, contrasting with positive development in the North American and Russian regions.
- A drop in the number of wagons hired in Europe has prompted a decrease in revenue over the past 12 months. This trend continued in the first quarter of 2017 especially in the intermodal sector. As the impact of changes in economic trends usually arrives with a time lag at the Railcar business, the division could not yet profit from the growing momentum. Additionally, an increase in returns meant that petroleum tank cars were left standing idle.
- Alongside the decline in revenue, higher maintenance and preparation expenses for railcars to be hired out in the future led to a disproportionate drop in EBITDA in Q1.
- The higher maintenance expenses were primarily the result of higher wheelset costs for intermodal railcars. A larger number of wheelsets needed to be replaced in the quarter under review than in the same period a year ago. At the same time, there was an increase in the cost of preparing unhired railcars that were refurbished on behalf of customers.
- Accordingly, the EBITDA margin fell by 2.9 PP to 60.7%.
- The withdrawal of rolling stock from service reduced the fleet size – primarily in Europe – by 1,100 railcars. The number of hired wagons also declined. At the close of the first quarter of 2017, capacity utilization stood at 90.3%.

Rail Logistics

in € million	3M 2017	3M 2016	Δ
Revenue	79.2	74.2	+ 6.7 %
Gross profit	7.0	6.6	+ 5.5 %
EBITDA	1.6	1.1	+ 49.1 %
EBITDA margin*	22.8 %	16.1 %	+ 6.7 PP

* based on gross profit

- Several large new contracts enabled Rail Logistics to significantly increase both revenue and profit.
- The division's agricultural business also made a better start to the year. Nor were there any major interruptions in production at industrial customers, unlike in the previous year.
- Higher revenue and stable structural costs increased the operating result (EBITDA) by around 49%.
- The EBITDA margin (based on gross profit) thus improved by 6.7 PP to 22.8%.

Tank Container Logistics

in € million	3M 2017	3M 2016	Δ
Revenue	39.0	40.6	- 3.9 %
Gross profit	8.3	7.0	+ 18.4 %
EBITDA	2.4	2.3	+ 4.4 %
EBITDA margin*	29.3 %	33.2 %	- 3.9 PP

* based on gross profit

- Higher transportation volumes gave Tank Container Logistics a good start to the year.
- Both intra-European business and overseas routes experienced a tangible increase in demand.
- While lower freight rates caused revenue to fall below the previous year's level, EBITDA improved slightly.
- The EBITDA margin (based on gross profit) declined by 3.9 PP to 29.3%.

Financial position and net assets

Cash flow

in € million	3M 2017	3M 2016	Δ
Operating cash flow	+ 50.0	+ 66.3	- 16.3
Investing cash flow	- 5.8	- 37.6	+ 31.8
Financing cash flow	- 24.0	- 25.8	+ 1.8

- Cash flow from operating activities was down due to lower EBITDA and the purchase of rail freight cars that will shortly be resold to leasing companies.
- Cash flow from investing activities was significantly higher than in the previous year because of the sale of railcars previously held as fixed assets to leasing companies (under sale-and-lease-back arrangements) and to investors.
- Cash flow from financing activities improved slightly.

Investments

in € million	3M 2017	3M 2016	Δ
Investments	31.7	51.6	- 19.9
thereof:			
fixed assets	31.7	36.0	- 4.3
operate lease	-	15.6	- 15.6
Order book (quantity)	3,950	2,150	+ 1,800

Net assets

in € million	03/31/2017	12/31/2016
Assets	3,006.0	3,001.5
non-current	2,685.4	2,726.2
current	320.6	275.3
Equity	776.4	774.0
Equity ratio (in %)	25.8	25.8
Liabilities	2,229.6	2,227.5
non-current	1,903.2	1,912.8
current	326.4	314.7

- Investments were lower than in the previous year and were channeled exclusively into fixed assets.
- In contrast, in the same period a year ago, a new fleet in the UK was financed as an operate lease.
- Initiative 2020: VTG bundled part of its pending replacement investments at the end of 2016 in order to benefit from economies of scale and the low price of steel. This explains why the order volume is much higher than in the previous year.
- The VTG Group's asset position remains virtually unchanged from the balance sheet date of December 31, 2016.
- Non-current liabilities remain covered by non-current assets.
- At 25.8%, the equity ratio remains healthy.

Opportunities and risks

The VTG Group's 2016 annual report sets out significant opportunities and risks that could have an impact on the business situation, net assets, financial position or results of operations of the VTG Group. It also sets out the structure of the Group's risk management system. In the three months of 2017, no further significant risks or opportunities emerged beyond those already set out in the VTG Group's 2016 annual report. There are therefore currently no known risks whose occurrence, alone or in combination with other risks, could endanger the company as a going concern. In relation to this, please also refer to the section "Cautionary note regarding forward-looking statements".

Report on expected developments

The Executive Board of VTG anticipates a mild positive trend in business development in 2017. In line with moderate growth prospects, especially for Europe, revenue at the VTG Group is expected to edge up. Despite the elimination of one-time income from the previous year, EBITDA too is expected to increase slightly.

Cautionary note regarding forward-looking statements

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

CONSOLIDATED INCOME STATEMENT

in € million	3M 2017	3M 2016
Revenue	243.8	243.8
Changes in inventories	-0.7	0.5
Other operating income	5.0	5.5
Cost of materials	-108.3	-108.1
Personnel expenses	-24.7	-24.3
Other operating expenses	-39.8	-36.4
Earnings from companies accounted for using the equity method	1.3	0.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	76.6	81.6
Impairment, amortization and depreciation	-47.1	-46.7
Earnings before interest and taxes (EBIT)	29.5	34.9
Financial result (net)	-10.7	-16.8
Earnings before taxes (EBT)	18.8	18.1
Taxes on income and earnings	-6.1	-6.3
Group net profit	12.7	11.8
Thereof relating to:		
Shareholders of VTG Aktiengesellschaft	9.6	8.7
Hybrid capital investors	3.1	3.1
	12.7	11.8
Earnings per share (in €, undiluted and diluted)	0.33	0.30

CONSOLIDATED BALANCE SHEET

ASSETS in € million	03/31/2017	12/31/2016
Goodwill	340.5	340.5
Other intangible assets	94.0	92.4
Tangible fixed assets	2,174.3	2,216.8
Companies accounted for using the equity method	33.7	32.3
Other investments	1.3	1.5
Derivative financial instruments	6.5	6.1
Other financial assets	12.2	13.9
Other assets	0.2	0.1
Deferred income tax assets	22.7	22.6
Non-current assets	2,685.4	2,726.2
Inventories	31.4	32.4
Trade receivables	151.2	140.8
Derivative financial instruments	1.2	1.4
Other financial assets	22.5	18.3
Other assets	23.4	11.6
Current income tax assets	6.8	7.3
Cash and cash equivalents	84.1	63.5
Current assets	320.6	275.3
	3,006.0	3,001.5
SHAREHOLDERS' EQUITY AND LIABILITIES in € million	03/31/2017	12/31/2016
Subscribed capital	28.8	28.8
Additional paid-in capital	323.7	323.7
Retained earnings	174.3	164.1
Revaluation reserve	-0.4	-2.0
Equity attributable to shareholders of VTG Aktiengesellschaft	526.4	514.6
Equity attributable to hybrid capital investors of VTG Aktiengesellschaft	250.0	259.4
Equity	776.4	774.0
Provisions for pensions and similar obligations	67.7	67.6
Deferred income tax liabilities	154.6	151.5
Other provisions	9.0	9.1
Financial liabilities	1,646.1	1,652.2
Derivative financial instruments	23.7	29.9
Other financial liabilities	2.1	2.5
Non-current liabilities	1,903.2	1,912.8
Provisions for pensions and similar obligations	3.3	3.4
Current income tax liabilities	24.6	25.4
Other provisions	49.8	49.2
Financial liabilities	87.1	75.1
Trade payables	119.2	119.6
Derivative financial instruments	19.0	20.0
Other financial liabilities	8.1	10.3
Other liabilities	15.3	11.7
Current liabilities	326.4	314.7
	3,006.0	3,001.5

CONSOLIDATED CASH FLOW STATEMENT

in € million	3M 2017	3M 2016
Operating activities		
Group net profit	12.7	11.8
Impairment, amortization and depreciation	47.1	46.7
Financing income	-2.7	-0.3
Financing expenses	13.4	17.1
Taxes on income and earnings	6.1	6.3
EBITDA	76.6	81.6
Other non-cash expenses and income	-1.3	-0.4
Income taxes paid	-3.8	-4.5
Income taxes reimbursed	0.1	-
Profit/loss on disposals of fixed asset items	-1.7	-1.4
Changes in		
Inventories	1.0	-0.7
Trade receivables	-11.0	-11.7
Trade payables	1.9	-5.6
Other assets and liabilities	-11.8	9.0
Cash flows from operating activities	50.0	66.3
Investing activities		
Payments for investments in intangible and tangible fixed assets	-35.1	-36.3
Proceeds from disposal of intangible and tangible fixed assets	29.1	1.8
Payments for investments in financial assets	-	-0.3
Proceeds from disposal of financial assets	-	0.2
Financial receivables (incoming payments)	0.5	0.5
Financial receivables (outgoing payments)	-0.4	-3.7
Receipts from interest	0.1	0.2
Cash flows used in investing activities	-5.8	-37.6
Financing activities		
Payment for the acquisition of non-controlling interests	-	-5.1
Payment to non-controlling interests	-	-0.7
Dividend payment to hybrid capital investors	-12.5	-12.5
Receipts from the taking up of (financial) loans	25.0	18.3
Repayments of bank loans and other financial liabilities	-27.5	-17.4
Interest payments	-9.0	-8.4
Cash flows used in financing activities	-24.0	-25.8
Change in cash and cash equivalents	20.2	2.9
Effect of changes in exchange rates	0.4	-1.1
Balance at beginning of period	63.5	97.8
Balance of cash and cash equivalents at end of period	84.1	99.6
of which freely available funds	81.3	96.8

Key figures by division

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	3M 2017	3M 2016	3M 2017	3M 2016	3M 2017	3M 2016	3M 2017	3M 2016	3M 2017	3M 2016
External revenue	125.6	129.0	79.2	74.2	39.0	40.6	-	-	243.8	243.8
Internal revenue	7.6	7.2	1.4	0.7	-	-	-9.0	-7.9	0.0	0.0
Changes in inventories	-0.7	0.5	-	-	-	-	-	-	-0.7	0.5
Segment revenue	132.5	136.7	80.6	74.9	39.0	40.6	-9.0	-7.9	243.1	244.3
Segment cost of materials*	-7.7	-9.8	-73.6	-68.3	-30.7	-33.6	8.8	7.8	-103.2	-103.9
Segment gross profit	124.8	126.9	7.0	6.6	8.3	7.0	-0.2	-0.1	139.9	140.4
Other segment income and expenditure	-48.6	-44.9	-5.4	-5.5	-5.9	-4.7	-3.4	-3.7	-63.3	-58.8
Segment earnings before interest, taxes, depreciation and amortization (EBITDA)	76.2	82.0	1.6	1.1	2.4	2.3	-3.6	-3.8	76.6	81.6
Impairment, amortization of intangible and depreciation of tangible fixed assets	-45.4	-44.9	-0.3	-0.4	-1.2	-1.2	-0.2	-0.2	-47.1	-46.7
Segment earnings before interest and taxes (EBIT)	30.8	37.1	1.3	0.7	1.2	1.1	-3.8	-4.0	29.5	34.9
thereof earnings from companies accounted for using the equity method	1.2	0.5	-	-	0.1	0.1	-	-	1.3	0.6
Financial result	-10.1	-15.4	-0.1	-0.1	-0.1	-0.2	-0.4	-1.1	-10.7	-16.8
Earnings before taxes (EBT)	20.7	21.7	1.2	0.6	1.1	0.9	-4.2	-5.1	18.8	18.1
Taxes on income and earnings									-6.1	-6.3
Group net profit									12.7	11.8

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

Management of capital structure

in € million	03/31/2017	12/31/2016
Financial liabilities	1,733.2	1,727.3
Correction, deduction of transaction costs	10.2	10.8
Cash and cash equivalents	-84.1	-63.5
Investment securities	-0.4	-0.4
Financial receivables	-13.8	-13.8
Net financial debt	1,645.1	1,660.4
Provisions for pensions	71.0	71.0
Adjusted net financial debt	1,716.1	1,731.4
EBITDA 2016	345.3	345.3
Ratio of adjusted net financial debt / EBITDA	5.0	5.0

Other financial commitments

in € million	due within 1 year		between 1 and 5 years		more than 5 years		Total	
	03/31/ 2017	12/31/ 2016	03/31/ 2017	12/31/ 2016	03/31/ 2017	12/31/ 2016	03/31/ 2017	12/31/ 2016
	Obligations from rental, leasehold and leasing agreements	45.3	44.9	105.7	104.1	48.3	45.6	199.3
Purchase commitments	204.3	134.8	76.5	144.4	-	-	280.8	279.2
Total	249.6	179.7	182.2	248.5	48.3	45.6	480.1	473.8

Material events after the balance sheet date

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

FINANCIAL CALENDAR AND CONTACT INFORMATION

Financial calendar 2017

March 7	Preliminary Results FY 2016
April 6	Annual Report FY 2016
April 6	Annual Results Press Conference, Hamburg
April 6	Analyst Conference, Hamburg
May 4	Quarterly Statement Q1 2017
June 8	Annual General Meeting, Hamburg
August 29	Half-yearly Financial Report 2017
November 9	Quarterly Statement Q3 2017

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