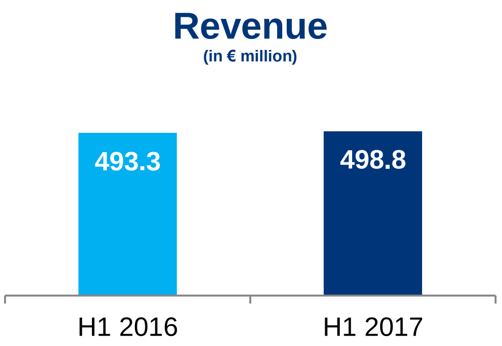
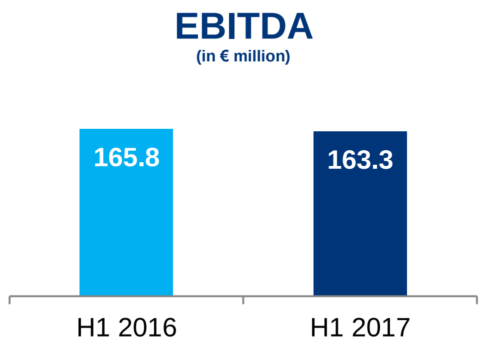
VTG AG – H1 2017
INTERIM FINANCIAL REPORT

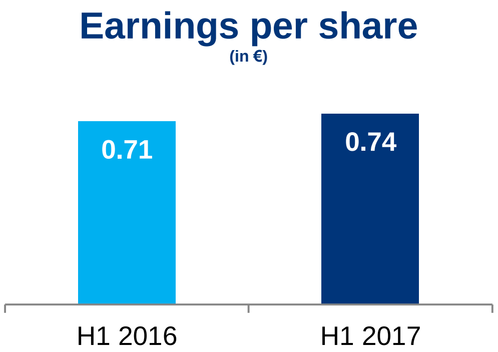
The VTG Group achieved an upturn in the second quarter of 2017. Both revenue and operational results exceeded the numbers obtained in the first quarter of 2017. The Group was also able to achieve an increase over the second quarter of the previous year. This improvement is mainly attributable to the Railcar division. But the division Rail Logistics, too, recorded a pleasing increase in revenue and earnings. Although the rather moderate start to the year could not be completely compensated, earnings per share (EPS) increased by 4.2% to € 0.74 at the end of the first half of 2017. This increase reflects the reduction of the tax rate compared with the previous year to now 30%.

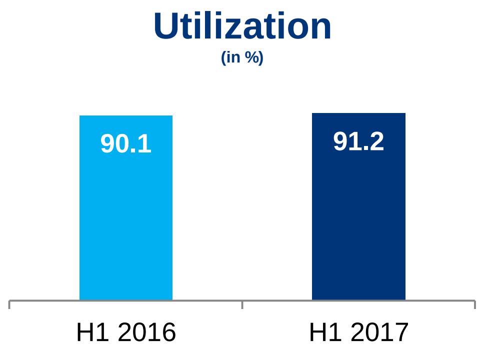
At the end of June 2017, the utilization of our railcar fleet, at 91.2%, saw an increase both over the previous year and the previous quarter. This is in particular attributable to a rise in utilization of intermodal cars. Investments were up, too, in the second quarter rising to approx. € 150 m. In addition to investments in new-builds in Europe, these also comprise the takeover of a railcar fleet of almost 1,200 railcars in the USA. This way, our US railcar fleet increased significantly by some 30%.

Due to both positive and negative effects expected for the second half of this year the executive board gave an update on the earnings outlook August 17, 2017. According to this Group EBITDA (earnings before interest, tax, depreciation and amortization) is now expected to range between € 330 m and € 360 m for the year 2017. Previously a slight increase compared to last year´s level of € 345.3 m was expected. The Executive Board confirms its forecast for Group revenue for the current year, according to which revenue is expected to slightly increase compared to previous year (previous year: € 986.9 m).









INTERIM MANAGEMENT REPORT

Basic Principles of the Group

VTG Aktiengesellschaft is one of Europe's leading railcar leasing and rail logistics companies. The company has a fleet of more than 80,000 rail freight cars, consisting mainly of tank cars, intermodal cars, standard freight cars and sliding wall cars. In addition to leasing rail freight cars the VTG Group provides a comprehensive range of multimodal logistics services focusing on rail transport and global tank container transports.

Employees

As of the reporting date, the number of employees in the VTG Group stood at 1,466 (previous year: 1,406 employees). Of these, 980 were employed in Germany (previous year: 927) and 486 in the companies abroad (previous year: 479).

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. Including VTG AG, a total of 65 companies belong to the VTG Group.

Pre-emptive rights

There are no pre-emptive rights or stock options for either directors or members of staff.

Capital Market

VTG's share performance

in €	H1 2017	2016	Δ
Closing price	34.15	28.41	+20.2 %
High	34.30	29.52	+16.2 %
Low	28.65	22.70	+26.2 %
Market capitalization	982 m	817 m	+20.2 %

- The global stockmarkets saw a buoyant start to the year. Positive early economic indicators in the eurozone, the USA and China pushed up almost all leading share indices worldwide.
- The DAX rose by 7.4 % and the SDAX by 13.9% in the first half of the year.
- In June, the DAX, at 12,908 points, reached a new all-time high.
- Rising 20.2% in the first half of 2017, VTG's share even managed to outperform the development of the German share indices.
- On June 27, the VTG share, at € 34.30, achieved its highest closing price since its IPO.

Report on the economic position

General environment

GDP growth*	2016	2017p	2018p
Germany	1.8 %	1.6 %	1.5 %
Eurozone	1.7 %	1.7 %	1.6 %
USA	1.6 %	2.3 %	2.5 %
China	6.7 %	6.6 %	6.2 %
Russia	-0.2 %	1.4 %	1.4 %
World	3.1 %	3.5 %	3.6 %

* IMF – World Economic Outlook Update (April 2017)

- In the first half of 2017, the economic environment for global trade improved both in the emerging countries and the industrial countries.
- The International Monetary Fund (IMF) raised its growth forecast for 2017 from 3.4% to 3.5% and left it unchanged for 2018 at 3.6%.
- Germany continues to be one of the most important driving forces in Europe, but in France and Italy, too, the economic prospects are improving.
- The IMF expects Russia to return from a two-year recession in 2017.
- For the USA, too, the pace of growth is forecasted to accelerate.

Results of the VTG Group

in € million	H1 2017	H1 2016	Δ
Revenue	498.8	493.3	+1.1%
EBITDA	163.3	165.8	-1.6%
EBIT	69.2	72.7	-4.8%
EBT	39.3	41.1	-4.3%
EPS (in €)	0.74	0.71	+4.2%

- **Revenue slightly up on previous year**: Due to an increase in revenue in the second quarter of 2017, the somewhat moderate start to the year could be more than offset. Thus, revenue of the first six months is slightly up on last year's level. This increase is mostly attributable to the Rail Logistics division. But due to higher utilization, the Railcar division, too, was able to increase its revenue perceptibly.
- **EBITDA and EBIT significantly up in Q2 2017**: After the EBITDA of the Group was burdened with higher maintenance costs in the railcar leasing business in Q1 2017, figures went back to normal in Q2 2017. Alongside a rise in revenue this resulted in a partial compensation of the somewhat weaker development in the first quarter of 2017, so that the Group's EBITDA and EBIT of the first six months were only slightly below last year's level.
- **EPS slightly up:** For the end of the year, a lower tax rate of 30% instead of 35% as in the previous year is anticipated. There was already a positive impact on earnings per share (EPS) after the first six months of the year, which were slightly up on last year's level.

Results of the divisions

Railcar

in € million	H1 2017	H1 2016	Δ
Revenue	254.1	254.7	-0.3%
EBITDA	162.6	165.5	-1.8%
EBITDA margin	64.0%	65.0%	-1.0 PP
Utilization	91.2%	90.1%	+1.1 PP
Number of railcars	82,400	82,200	+200

- Revenue of the Railcar division in the first half of 2017 was on the previous year´s level. The increase achieved in the 2nd quarter of 2017 was able to largely make up for the decline in revenue in the first quarter.
- This increase reflects both the stronger demand for intermodal cars and the satisfying development in North America and Russia.
- Accordingly, the utilization of the fleet went up to 91.2% - an increase of 1.1 percent points over the previous year and of 0.9 percent points over the previous quarter.
- EBITDA in Q2 2017 increased by 13.3% over the previous quarter and by 3.5% over the 2nd quarter of the previous year. The high maintenance and wheel set costs of the first quarter could not be completely compensated, causing the EBITDA of the first six months to still stay slightly below the level of the preceding year.
- In Q2 2017, the EBITDA margin rose to 67.2% (previous year: 66.3%), after standing at 60.7% in Q1 2017 (previous year: 63.6%). Considering the first six months together, there consequently is a slight decline of 1.0 percent points compared with the same period of the previous year.

Rail Logistics

in € million	H1 2017	H1 2016	Δ
Revenue	166.6	155.6	+7.1%
EBITDA	3.3	2.6	+26.9%
EBITDA margin	22.2 %	18.7 %	+ 3.5 PP

- The Rail Logistics division managed to increase revenue in the first half of 2017 compared with the previous year.
- This was supported by a successful expansion of the business in Southeast Europe. In addition, there was a gain in the number of transports for the metal working industry and for project logistics.
- The operational result (EBITDA) rose by 26.9% to € 3.3 million in the first half of the year, causing the EBITDA margin to increase to 22.2%.

Tank Container Logistics

in € million	H1 2017	H1 2016	Δ
Revenue	78.1	83.0	-5.9%
EBITDA	5.1	5.8	-11.6%
EBITDA margin	34.7%	38.1%	- 3.4 PP

- Due to a strong euro, revenue was lower than in the previous year. Additionally, changing transport flows had a negative impact on the achievable margins.
- However, the increase in freight volume achieved in Q1 2017 was maintained in the second quarter. Consequently, there was also a pleasing development in the first six months of the year over the equivalent period of the previous year.
- In particular, there was an increase in the volume of overseas transports and transports within Asia.
- Both the strong euro and the impact on margins put a strain on the EBITDA, which fell short of the level achieved in the previous year.

Financial position and net assets

Cash flow

in € million	H1 2017	H1 2016	Δ
Operating cash flow	124.9	147.8	-22.9
Investing cash flow	-110.9	- 70.8	-40.1
Financing cash flow	-15.5	- 99.3	+83.8

- The lower operating cash flow is mainly attributable to the purchase of freight cars which will be resold to leasing companies.
- Due to higher investments in the railcar fleet, cash flow from investing activities was up on the level obtained in the previous year.
- A part of the investments was financed by additional loans, resulting in an overall reduction of cash flows used in investing activities.

Investments

in € million	H1 2017	H1 2016	Δ
Investments	150.8	102.9	+47.9
thereof:			
fixed assets	139.0	71.0	+68.0
operate lease	11.8	31.9	-20.1
Order book (quantity)	3,900	2,100	+1,800

- Investments in fixed assets were above the level of the previous year.
- Thereof, some 50% were spent on expanding the fleets in North America and Russia by acquiring additional used cars.
- In Europe, investments in new build railcars were further increased over the previous year.
- As part of its `Initiative 2020´, VTG bundled some of its replacement investments that are due by 2020. This is the main reason why the orderbook increased.

Net assets

in € million	06/30/2017	12/31/2016
Assets	3,037.6	3,001.5
non-current	2,729.5	2,726.2
current	308.1	275.3
Equity	767.0	774.0
Equity ratio (in %)	25.3	25.8
Liabilities	2,270.6	2,227.5
non-current	1,898.0	1,912.8
current	372.6	314.7

- Total assets of the VTG Group remained virtually unchanged from the balance sheet date of December 31, 2016.
- Non-current debt is covered by non-current assets.
- The equity ratio, at 25.3%, 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 first six 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"

Cautionary note regarding forward-looking statements

This 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.

Report on expected developments

The Executive Board gave an update on the earnings outlook on August 17, 2017. According to this Group EBITDA (earnings before interest, taxes, depreciation and amortization) is now expected to range between € 330 m and € 360 m for the year 2017. Previously a slight increase compared to last year´s level of € 345.3 m was expected. The Executive Board confirms its forecast for Group revenue for the current year, according to which revenue is expected to slightly increase compared to previous year (previous year: € 986.9 m).

VTG's European railcar leasing business saw an unusually high demand for railcars at the beginning of the third quarter, which requires the recommissioning of approximately 1,100 previously idle railcars. Since the recommissioning of unutilized railcars incurs expenses before additional earnings are realized, the growing demand in 2017 will initially reduce EBITDA. The Executive Board currently expects additional expenses of approximately € 4.0 m. Furthermore, it cannot be excluded that, as a result of the favorable economic indicators, the positive development in demand might continue in the fourth quarter and leading to further recommissioning expenses. In addition, at the beginning of August, under the supervision of the European Railway Agency (ERA), technical modifications of certain brake systems were adopted, which should lead to a further improvement of safety in rail freight transport. In this context, VTG needs to adjust the brake systems of approximately 950 container carriers, which will lead to an extraordinary expense of around € 2.5 m in 2017.

Finally, the Executive Board has included possible earnings effects resulting from the envisaged acquisition of Nacco in its forecast. Depending upon the date of the approval of the antitrust authorities this may result in a positive or negative earnings contribution depending on an early or late approval.

CONSOLIDATED INTERIM FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

in € million	Notes	H1 2017	H1 2016	Q2 2017	Q2 2016
Revenue		498.8	493.3	255.0	249.5
Changes in inventories		-1.3	1.7	-0.6	1.2
Other operating income		12.4	10.3	7.4	4.8
Cost of materials		-223.5	-221.5	-115.2	-113.4
Personnel expenses		-49.6	-47.1	-24.9	-22.8
Other operating expenses		-75.7	-73.0	-35.9	-36.6
Earnings from companies accounted for using the equity method		2.2	2.1	0.9	1.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**163.3**	**165.8**	**86.7**	**84.2**
Impairment, amortization and depreciation		-94.1	-93.1	-47.0	-46.4
Earnings before interest and taxes (EBIT)		**69.2**	**72.7**	**39.7**	**37.8**
Financing income		3.3	0.6	0.5	0.3
Financing expenses		-33.2	-32.2	-19.7	-15.1
Financial result (net)	(1)	**-29.9**	**-31.6**	**-19.2**	**-14.8**
Earnings before taxes (EBT)		**39.3**	**41.1**	**20.5**	**23.0**
Taxes on income and earnings	(2)	-11.8	-14.4	-5.7	-8.1
Group net profit		**27.5**	**26.7**	**14.8**	**14.9**
Thereof relating to					
Shareholders of VTG Aktiengesellschaft		21.3	20.5	11.7	11.8
Hybrid capital investors		6.2	6.2	3.1	3.1
		27.5	26.7	14.8	14.9
Earnings per share (in €, basic and diluted)		**0.74**	**0.71**	**0.41**	**0.41**

The explanatory notes on pages 12 to 18 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € million	H1 2017	H1 2016	Q2 2017	Q2 2016
Group net profit	**27.5**	**26.7**	**14.8**	**14.9**
Changes in items that will not be reclassified to profit or loss in future periods:				
Revaluation of pension provisions	1.2	-5.7	1.5	-3.9
thereof deferred taxes	-0.5	2.0	-0.7	1.6
Changes in items that will possibly be reclassified to profit or loss in future periods:				
Currency translation	-5.9	-7.6	-6.8	-1.4
Changes in cash flow hedge reserve	3.5	-0.3	2.0	-0.3
thereof deferred taxes	-1.3	-0.3	-0.7	-0.3
Other comprehensive income	**-1.2**	**-13.6**	**-3.3**	**-5.6**
Comprehensive income	**26.3**	**13.1**	**11.5**	**9.3**
Thereof relating to				
Shareholders of VTG Aktiengesellschaft	20.1	6.9	8.4	6.2
Hybrid capital investors	6.2	6.2	3.1	3.1
	26.3	**13.1**	**11.5**	**9.3**

CONSOLIDATED BALANCE SHEET

Assets in € million	Notes	**06/30/2017**	**12/31/2016**
Goodwill		340.5	340.5
Other intangible assets		92.2	92.4
Tangible fixed assets		2,215.7	2,216.8
Companies accounted for using the equity method		34.6	32.3
Other investments		1.4	1.5
Derivative financial instruments	(4)	9.4	6.1
Other financial assets		13.8	13.9
Other assets		0.1	0.1
Deferred income tax assets		21.8	22.6
Non-current assets		**2,729.5**	**2,726.2**
Inventories		33.7	32.4
Trade receivables		165.8	140.8
Derivative financial instruments	(4)	3.2	1.4
Other financial assets		16.4	18.3
Other assets		19.6	11.6
Current income tax assets		7.8	7.3
Cash and cash equivalents		61.6	63.5
Current assets		**308.1**	**275.3**
		3,037.6	**3,001.5**

Shareholders´ equity and liabilities in € million	Notes	**06/30/2017**	**12/31/2016**
Subscribed capital		28.8	28.8
Additional paid-in capital		323.7	323.7
Retained earnings		159.9	164.1
Revaluation reserve		1.5	-2.0
Equity attributable to shareholders of VTG AG		**513.9**	**514.6**
Equity attributable to hybrid capital investors of VTG AG		**253.1**	**259.4**
Equity		**767.0**	**774.0**
Provisions for pensions and similar obligations		65.2	67.6
Deferred income tax liabilities		153.8	151.5
Other provisions		9.4	9.1
Financial liabilities	(3)	1,648.2	1,652.2
Derivative financial instruments	(4)	19.6	29.9
Other financial liabilities		1.8	2.5
Non-current liabilities		**1,898.0**	**1,912.8**
Provisions for pensions and similar obligations		3.3	3.4
Current income tax liabilities		26.1	25.4
Other provisions		43.1	49.2
Financial liabilities	(3)	129.0	75.1
Trade payables		128.6	119.6
Derivative financial instruments	(4)	18.1	20.0
Other financial liabilities		10.6	10.3
Other liabilities		13.8	11.7
Current liabilities		**372.6**	**314.7**
		3,037.6	**3,001.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € million Notes	Sub-scribed capital	Additional paid-in capital	Retained earnings	(thereof differences from currency transla-tion)	Revalua-tion reserve*	Equity attributa-ble to share-holders of VTG AG	Equity attributa-ble to hybrid capital investors	**Total**
As of 01/01/2017	**28.8**	**323.7**	**164.1**	**(6.0)**	**-2.0**	**514.6**	**259.4**	**774.0**
Group net profit			21.3			21.3	6.2	**27.5**
Revaluation of pension provisions			1.2			1.2		**1.2**
Currency translation			-5.9	(-5.9)		-5.9		**-5.9**
Changes in cash flow hedge reserve					3.5	3.5		**3.5**
Comprehensive income	**0.0**	**0.0**	**16.6**	**(-5.9)**	**3.5**	**20.1**	**6.2**	**26.3**
Dividend payments			-21.6			-21.6	-12.5	**-34.1**
Other changes			0.8			0.8		**0.8**
Total changes	**0.0**	**0.0**	**-4.2**	**(-5.9)**	**3.5**	**-0.7**	**-6.3**	**-7.0**
As of 06/30/2017	**28.8**	**323.7**	**159.9**	**(0.1)**	**1.5**	**513.9**	**253.1**	**767.0**
As of 01/01/2016	**28.8**	**323.7**	**136.5**	**(13.4)**	**-0.2**	**488.8**	**259.4**	**748.2**
Group net profit			20.5			20.5	6.2	**26.7**
Revaluation of pension provisions			-5.7			-5.7		**-5.7**
Currency translation			-7.6	(-7.6)		-7.6		**-7.6**
Changes in cash flow hedge reserve					-0.3	-0.3		**-0.3**
Comprehensive income	**0.0**	**0.0**	**7.2**	**(-7.6)**	**-0.3**	**6.9**	**6.2**	**13.1**
Dividend payments VTG AG			-14.4			-14.4	-12.5	**-26.9**
Total changes	**0.0**	**0.0**	**-7.2**	**(-7.6)**	**-0.3**	**-7.5**	**-6.3**	**-13.8**
As of 06/30/2016	**28.8**	**323.7**	**129.3**	**(5.8)**	**-0.5**	**481.3**	**253.1**	**734.4**

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

CONSOLIDATED CASH FLOW STATEMENT

in € million	H1 2017	H1 2016
Operating activities		
Group net profit	27.5	26.7
Impairment, amortization and depreciation	94.1	93.1
Financing income	-3.3	-0.6
Financing expenses	33.2	32.2
Taxes on income and earnings	11.8	14.4
EBITDA	**163.3**	**165.8**
Other non-cash expenses and income	-2.2	-1.7
Income taxes paid	-11.2	-8.6
Income taxes reimbursed	1.7	0.1
Profit/loss on disposals of fixed asset items	-3.8	-2.2
Changes in		
Inventories	-1.3	-3.9
Trade receivables	-25.5	-4.4
Trade payables	14.5	-3.5
Other assets and liabilities	-10.6	6.2
Cash flows from operating activities	**124.9**	**147.8**
Investing activities		
Payments for investments in intangible and tangible fixed assets	-145.9	-75.8
Proceeds from disposal of intangible and tangible fixed assets	34.0	4.4
Proceeds from / payments for investments in financial assets and company acquisitions (less cash and cash equivalents received)	-	0.9
Proceeds from disposal of financial assets	-	0.1
Financial receivables (incoming payments)	1.1	2.9
Financial receivables (outgoing payments)	-0.5	-3.7
Receipts from interest	0.4	0.4
Cash flows used in investing activities	**-110.9**	**-70.8**
Financing activities		
Dividend payment to VTG AG shareholders	-21.6	-14.4
Payment for the acquisition of non-controlling interests	-	-5.5
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	140.0	18.3
Repayments of bank loans and other financial liabilities	-85.7	-44.1
Interest payments	-35.7	-40.4
Cash flows used in financing activities	**-15.5**	**-99.3**
Change in cash and cash equivalents	**-1.5**	**-22.3**
Effect of changes in exchange rates	-0.4	-1.3
Balance at beginning of period	63.5	97.8
Balance of cash and cash equivalents at end of period	**61.6**	**74.2**
of which freely available funds	58.8	71.4

SELECTED EXPLANATORY INFORMATION IN THE CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Principles of bookkeeping, accounting and measurement

These consolidated interim financial statements of VTG AG were prepared in accordance with Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz) and in accordance with both the International Financial Reporting Standards (IFRS) effective at the balance sheet date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the EU.

The accounting and measurement methods applied in these interim financial statements are essentially the same as the principles applied in the consolidated financial statements as of December 31, 2016. For further explanations please refer to the consolidated financial statement of the VTG AG for 2016. Consequently, these interim financial statements fulfill the IAS 34 criteria.

For better presentation, all amounts are stated in million euros (€ million). Due to rounding, numbers presented in this document may not add up precisely to the totals stated and percentages may not precisely reflect the absolute figures to which they relate.

2. Companies in the consolidated group in the reporting period

In addition to VTG AG, a total of 19 domestic and 46 foreign subsidiaries are included in the consolidated interim financial statements as of June 30, 2017.

SEGMENT REPORTING

The figures for the segments for the period from January 1 to June 30, 2017 (H1 2017) are as follows:

	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
in € million	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
External revenue	254.1	254.7	166.6	155.6	78.1	83.0	-	-	498.8	493.3
Internal revenue	15.8	14.6	3.6	1.7	-	0.1	-19.4	-16.4	0.0	0.0
Changes in inventories	-1.3	1.7	-	-	-	-	-	-	-1.3	1.7
Segment revenue	**268.6**	**271.0**	**170.2**	**157.3**	**78.1**	**83.1**	**-19.4**	**-16.4**	**497.5**	**495.0**
Segment cost of materials*	-12.1	-18.1	-155.4	-143.5	-63.4	-67.9	18.1	15.9	-212.8	-213.6
Segment gross profit	**256.5**	**252.9**	**14.8**	**13.8**	**14.7**	**15.2**	**-1.3**	**-0.5**	**284.7**	**281.4**
Other segment income and expenditure	-93.9	-87.4	-11.5	-11.2	-9.6	-9.4	-6.4	-7.6	-121.4	-115.6
Segment earnings before interest. taxes. depreciation and amortization (EBITDA)	**162.6**	**165.5**	**3.3**	**2.6**	**5.1**	**5.8**	**-7.7**	**-8.1**	**163.3**	**165.8**
Impairment, amortization of intangible and depreciation of tangible fixed assets	-90.6	-89.6	-0.6	-0.7	-2.5	-2.6	-0.4	-0.2	-94.1	-93.1
Segment earnings before interest and taxes (EBIT)	**72.0**	**75.9**	**2.7**	**1.9**	**2.6**	**3.2**	**-8.1**	**-8.3**	**69.2**	**72.7**
thereof earnings from companies accounted for using the equity method	2.1	2.0	-	-	0.1	0.1	-	-	2.2	2.1
Financial result	-28.4	-29.8	-0.2	-0.3	-0.3	-0.3	-1.0	-1.2	-29.9	-31.6
Earnings before taxes (EBT)	**43.6**	**46.1**	**2.5**	**1.6**	**2.3**	**2.9**	**-9.1**	**-9.5**	**39.3**	**41.1**
Taxes on income and earnings									-11.8	-14.4
Group net profit									**27.5**	**26.7**

* 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 or expenses and income between the segments, the reconciliation column contains expenses of € 9.1 million not allocated to the segments (H1 2016: € 9.5 million).

The figures for the segments for the period from April 1 to June 30, 2017 (Q2 2017) are as follows:

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
External revenue	128.5	125.7	87.4	81.4	39.1	42.4	-	-	255.0	249.5
Internal revenue	8.2	7.4	2.2	1.0	-	0.1	-10.4	-8.5	0.0	0.0
Changes in inventories	-0.6	1.2	-	-	-	-	-	-	-0.6	1.2
Segment revenue	**136.1**	**134.3**	**89.6**	**82.4**	**39.1**	**42.5**	**-10.4**	**-8.5**	**254.4**	**250.7**
Segment earnings before interest, taxes, depreciation and amortization (EBITDA)	**86.4**	**83.5**	**1.7**	**1.5**	**2.7**	**3.5**	**-4.1**	**-4.3**	**86.7**	**84.2**
Segment earnings before interest and taxes (EBIT)	**41.2**	**38.8**	**1.4**	**1.2**	**1.4**	**2.1**	**-4.3**	**-4.3**	**39.7**	**37.8**
Earnings before taxes (EBT)	**22.9**	**24.4**	**1.3**	**1.0**	**1.2**	**2.0**	**-4.9**	**-4.4**	**20.5**	**23,0**

Capital expenditure for each segment as of the 2017 and 2016 reporting dates is shown in the following table.

in € million	Railcar		Rail Logistics		Tank Container Logistics		Reconciliation		Group	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Investments in intangible assets	0.8	1.1	0.2	0.1	0.1	0.1	0.2	-	1.3	1.3
Investments in tangible fixed assets	130.9	66.6	0.1	0.1	6.5	2.6	0.1	0.1	137.6	69.4
Total	**131.7**	**67.7**	**0.3**	**0.2**	**6.6**	**2.7**	**0.3**	**0.1**	**138.9**	**70.7**

Selected notes

(1) Financial result (net)

In the first six months of the business year, the financial result increased by € 1.7 million compared with the result obtained in the first six months of the previous year. This was in particular due to a higher valuation result of interest rate derivates which, however, was partly offset by lower foreign currency gains.

(2) Taxes on income and earnings

It is expected that the consolidated financial statements for the financial year 2017 will show a tax rate for the Group of 30.0 % (financial year 2016: 34.9 %).

(3) Financial liabilities

The following table shows the fair values and the carrying amounts of the financial liabilites, which were measured at acquisition cost or amortized cost and whose carrying amounts are far from corresponding to their fair values.

	Carrying amount		Fair value	
in € million	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Financial liabilities	1,777.2	1,727.3	1,879.8	1,845.1

As of the balance sheet date, the syndicated loans include unused credit lines of € 115.0 million (previous year: € 190.0 million) with a term ending in December 2018. There are unutilized credit lines totaling € 35.0 million (previous year € 50.0 million) with a term ending in August 2017.

Under the financing agreements, the Group has rail freight cars with a carrying amount of € 1,924.9 million (previous year: 1,982.1 million) and tank containers with a carrying amount of € 35.4 million (previous year: € 31.7 million), along with receivables linked to rail freight cars, with restricted property rights (for instance being pledged as collateral). There are furthermore financial assets of € 2.8 million (previous year: € 2.8 million) which are not freely available.

Derivative financial instruments

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

	06/30/2017			12/31/2016		
in € million	Quoted prices (Level 1)	Other relevant observable inputs (Level 2)	Other relevant inputs (Level 3)	Quoted prices (Level 1)	Other relevant observable inputs (Level 2)	Other relevant inputs (Level 3)
Derivative financial instrument						
Assets	-	12.6	-	-	7.5	-
Liabilities	-	28.7	9.0	-	37.5	12.4

There were no transfers between each level in the period under review.
The interest rate derivatives grouped under level 3 developed as follows during the reporting period:

in € million	Liabilities from derivate financial instruments without hedging relationships
Opening balance 01/01/2017	**12.4**
Net change in fair value (unrealized)	-1.1
Equalization	-2.3
Ending balance 06/30/2017	**9.0**

Changes in fair value (net) are included in the financial result.

Management of capital structure

The (adjusted) financial debt is determined as follows:

in € million	06/30/2017	12/31/2016
Financial liabilities	1,777.2	1,727.3
Correction, deduction of transaction costs	9.6	10.8
Cash and cash equivalents	-61.6	-63.5
Investment securities	-0.4	-0.4
Financial receivables	-13.4	-13.8
Net financial debt	**1,711.4**	**1,660.4**
Provisions for pensions	68.5	71.0
Adjusted net financial debt	**1,779.9**	**1,731.4**
EBITDA 2016	345.3	345.3
Ratio of adjusted net financial debt / EBITDA	**5.2**	**5.0**

Other financial commitments

The nominal values of the other financial commitments are as follows as of June 30, 2017 and for the previous year:

	due within 1 year		between 1 and 5 years		more than 5 years		Total	
in € million	06/30 2017	12/31 2016	06/30 2017	12/31 2016	06/30 2017	12/31 2016	06/30 2017	12/31 2016
Obligations from rental, leasehold and leasing agreements	44.5	44.9	104.7	104.1	46.9	45.6	196.1	194.6
Purchase commitments	235.6	134.8	50.1	144.4	-	-	285.7	279.2
Total	**280.1**	**179.7**	**154.8**	**248.5**	**46.9**	**45.6**	**481.8**	**473.8**

Material events after the balance sheet date

On July 1, 2017, VTG signed an agreement on the acquisition of all shares of the CIT Rail Holdings (Europe) SAS, Paris, France (CIT Rail Holdings). CIT Rail Holdings is the owner of the Nacco group, a European railcar leasing company with a fleet of approximately 14,000 rail freight cars. This transaction is subject to consents and approvals, in particular the clearance by the relevant Antitrust Authorities. The transaction is expected to be closed in the fourth quarter of 2017.

Due to both positive and negative Effects expected for the second half of this year the executive board gave an update on the earnings outlook August 17, 2017. According to this Group EBITDA (earnings before interest, taxes, depreciation and amortization) is now expected to range between € 330 m and € 360 m for the year 2017. Previously a slight increase compared to last year´s level of € 345.3 m was expected. The Executive Board confirms its forecast for Group revenue for the current year, according to which revenue is expected to slightly increase compared to previous year (previous year: € 986.9 m).

Hamburg, August 24, 2017

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

Mark Stevenson

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, August 24, 2017

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

Mark Stevenson

Review Report

To VTG Aktiengesellschaft, Hamburg

We have reviewed the interim condensed consolidated financial statements, comprising the condensed statement of financial position, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity and selected explanatory notes, and the interim group management report of VTG Aktiengesellschaft, Hamburg, for the period from January 1, 2017 to June 30, 2017, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review 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 review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Hamburg, August 25, 2017

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Klimmer Wirtschaftsprüfer (German Public Auditor)	Gloßmann Wirtschaftsprüferin (German Public Auditor)

FINANCIAL CALENDAR AND CONTACT INFORMATION

Financial calendar 2017

March 7	Preliminary Results FY 2016
April 6	Annual Report FY 2016
April 6	Financial Statements Press Conference, Hamburg
April 6	Analyst Conference, Hamburg
May 4	Interim Disclosure for the 1st Quarter 2017
June 8	Annual General Meeting, Hamburg
August 29	Half-Yearly Financial Report 2017
November 16	Interim Disclosure for the 3rd Quarter 2017

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