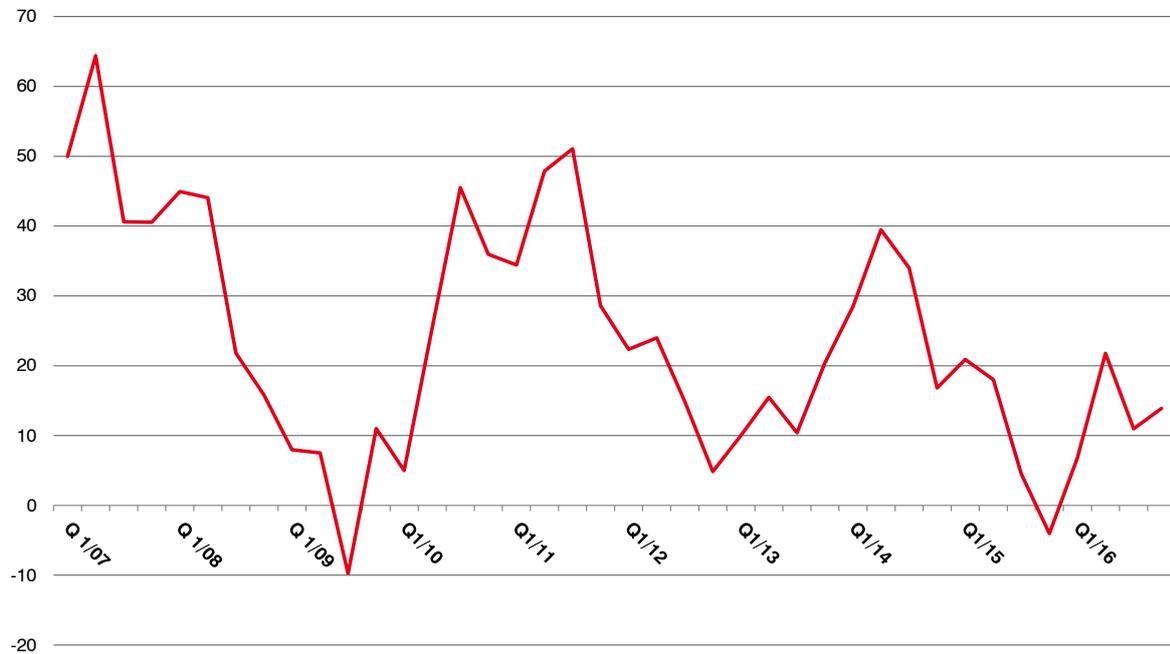


## SCI GLOBAL RAIL INDEX 4/2016

### International rail industry experiences short-term recovery – majority of companies expect positive start into 2017

At the end of the year 2016, the general atmosphere in the companies of the global rail industry has slightly improved. This is shown in the most recent SCI RAIL BUSINESS INDEX – a periodical survey among the global railway industry’s top managers by the consultancy firm SCI Verkehr. Main driver of the current optimism is the positive business situation expected for the upcoming six months. The current business situation, by contrast, has been evaluated as constant on a still positive, but moderate level of 7%. The demand for products and services has lost the recently gained momentum, however seems to be cushioned by a vast majority of the polled companies, reporting to be satisfied with the current order back lock. The industry’s ongoing consolidation pressure further sets on the decline in employment and establishes the companies’ strategic objectives for 2017.

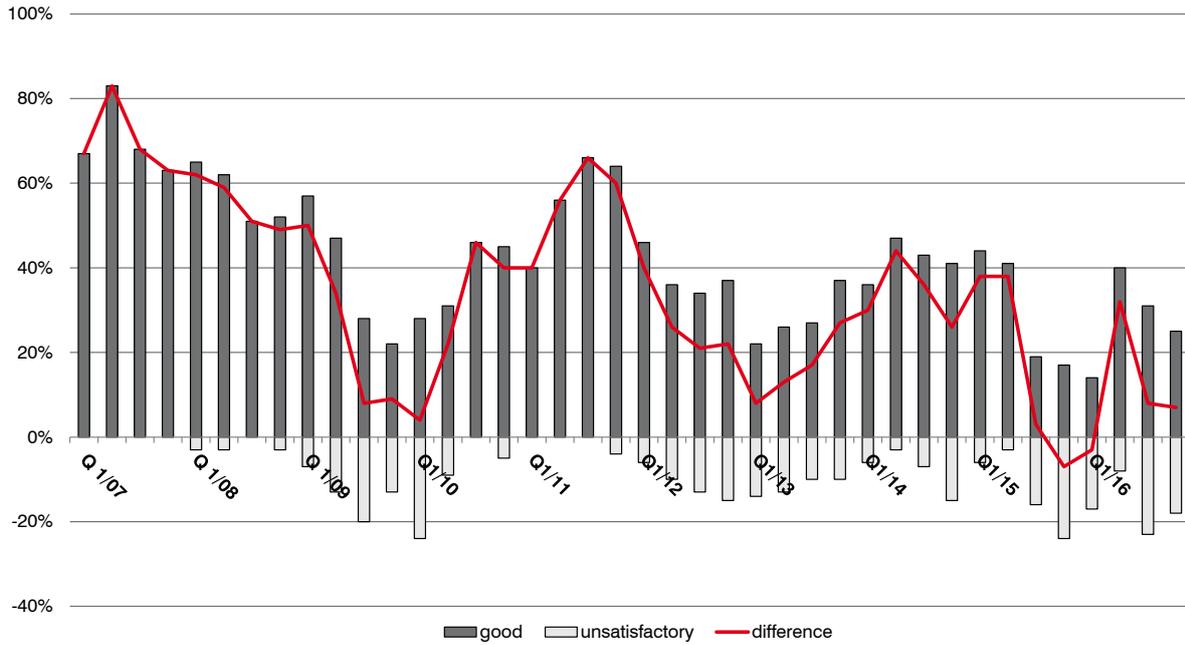
#### SCI Rail Business Index



Source: SCI Verkehr GmbH

Up to Q 4/2009, only companies with headquarters in Germany surveyed.

### Development of current business situation

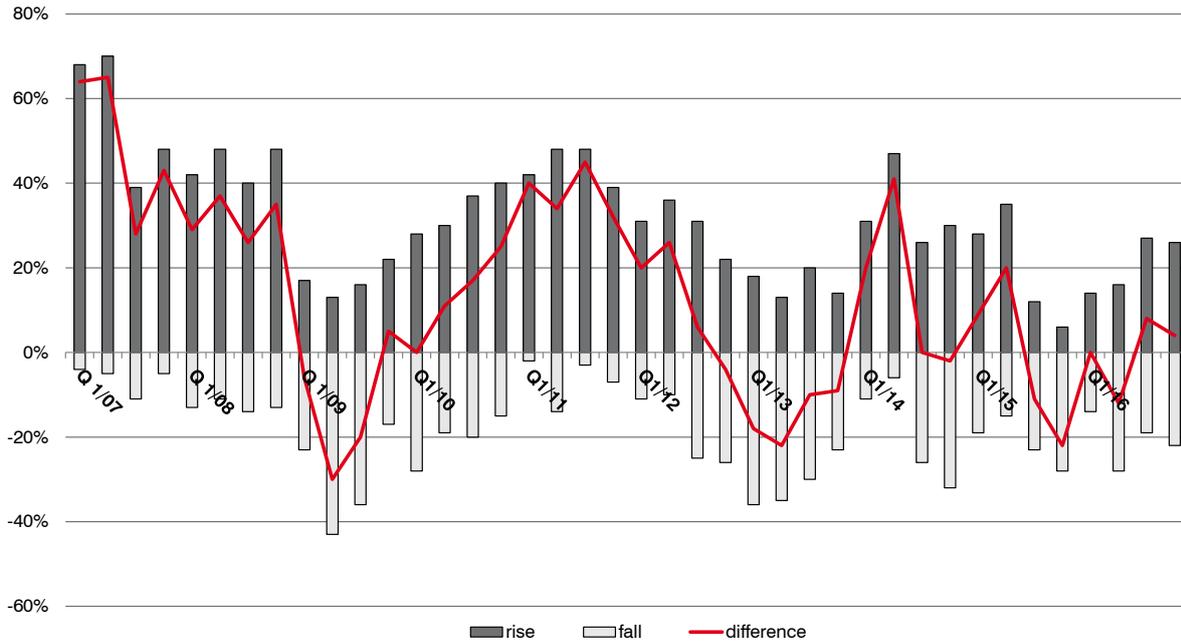


Source: SCI Verkehr GmbH

Up to Q 4/2009, only companies with headquarters in Germany surveyed.

Compared to the previous quarter, polled top managers evaluate the current business situation to remain rather constant on a still positive, but moderate level of 7%. Assessment of the current business situation, remains highly heterogeneous. The shares of top managers assessing the business development as “good” as well as “unsatisfactory”, both have decreased by about 5%, hence resulting in a vast – and slightly increased – majority of the polled companies, declaring to be satisfied with the current business situation.

### Demand for products and services

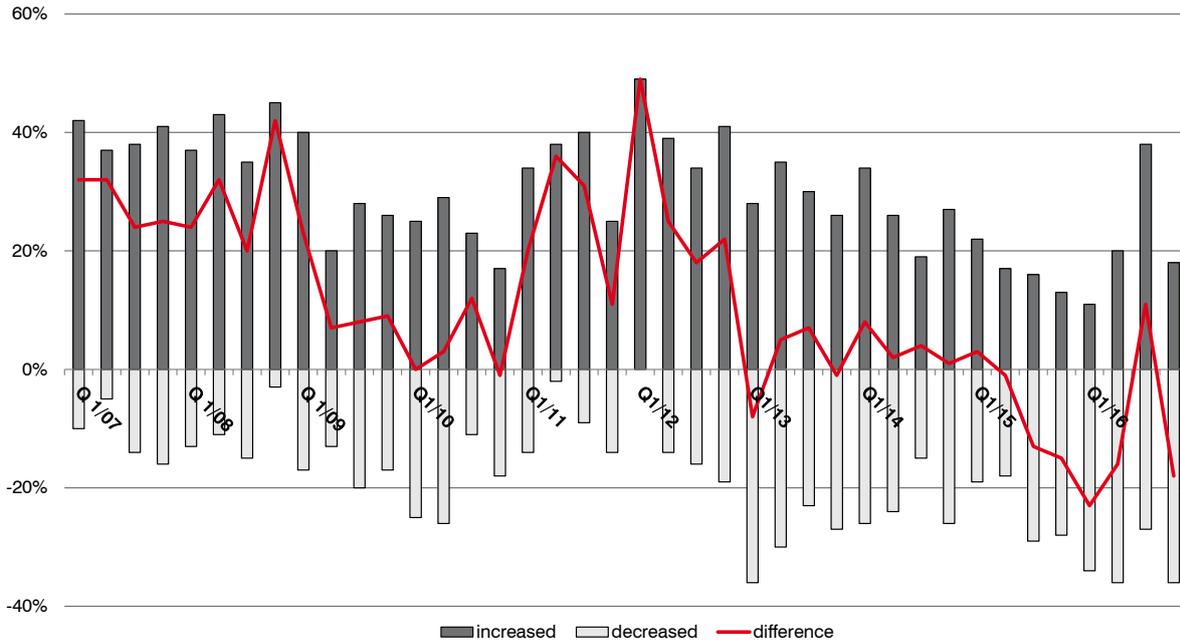


Source: SCI Verkehr GmbH

Up to Q 4/2009, only companies with headquarters in Germany surveyed.

The demand for products and services, as an important indicator for the industry's development, has lost the recently gained momentum. In balance, however, 4% of the polled top managers report a positive development. At the end of the year 2016, assessments of the top managers are still heterogeneous. While more than a quarter of the respondents report a positive development, more than 20% complain about falling demand. Nevertheless, a vast majority of 56% of the polled companies still report to be satisfied with the current order back lock; in balance, 6% state to benefit from a relatively large order back lock. With regard to a vast majority of the polled companies reporting to be satisfied with the current order back lock, the current soft slowdown in demand is anything but alarming – but rather typical for the highly cyclical business of the rail industry.

### Number of employees in the last six months



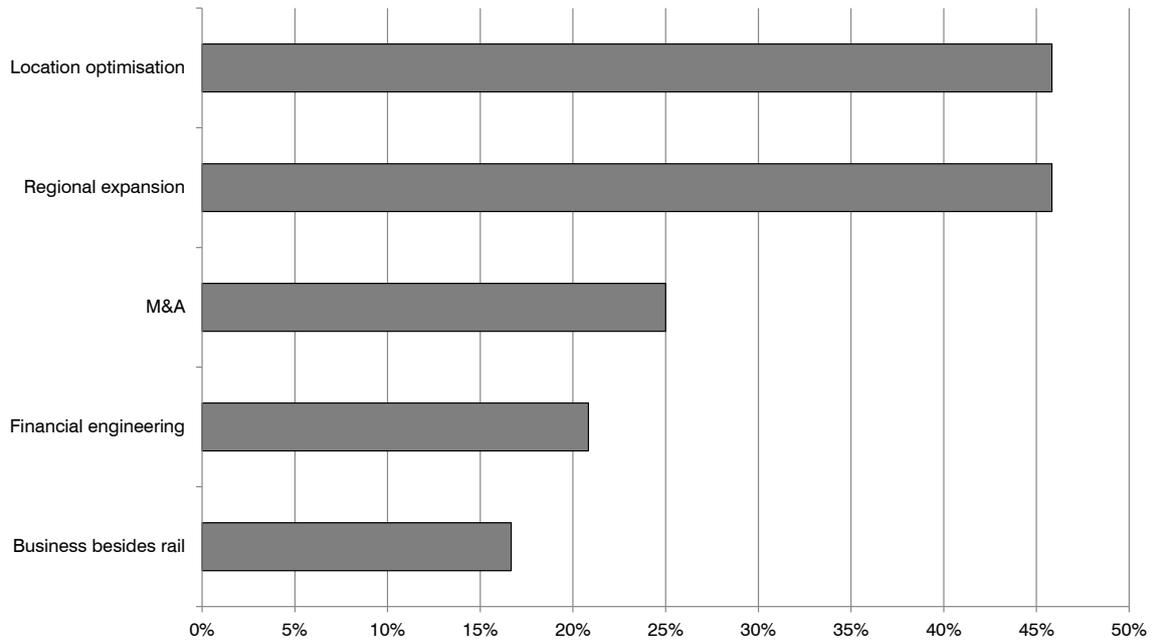
Source: SCI Verkehr GmbH

Up to Q 4/2009, only companies with headquarters in Germany surveyed.

At the end of the year, the assessment of the employment situation has observed a significant slump. The spontaneous recovery of the last two quarters has not been sustainable, when suddenly falling back to the negative levels of the previous quarters. With a balance of -18% more companies reported to have reduced the number of employees than have increased it.

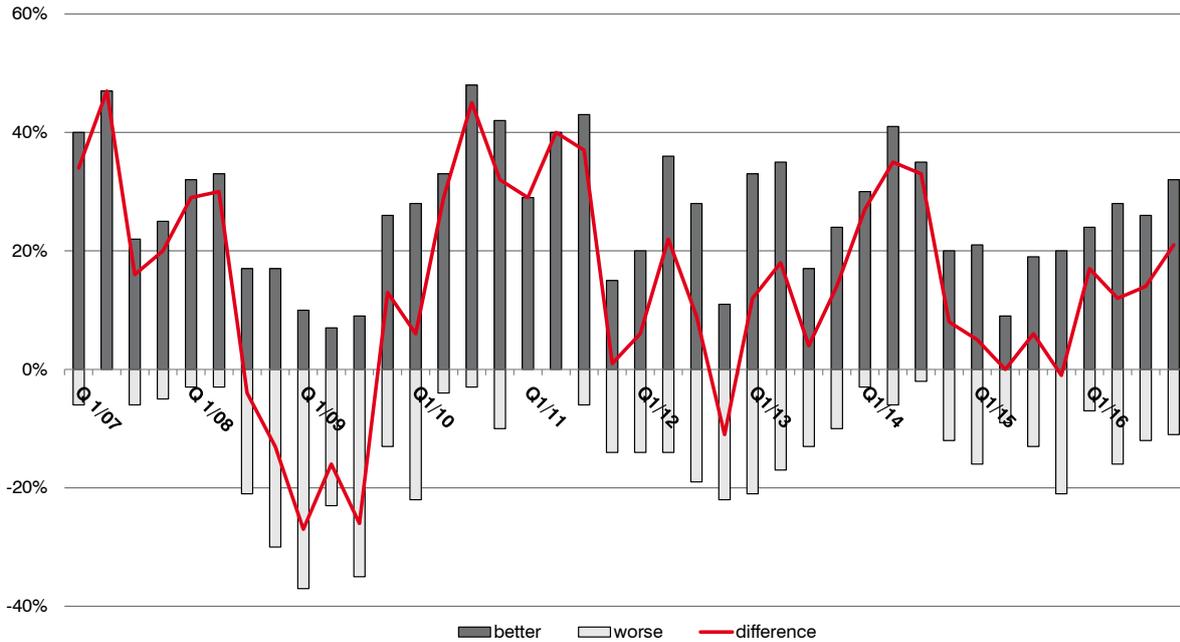
With the companies remaining to be concerned by the decline in employment, the rail industry's consolidation seems to be increasingly reflected. Starting in the last year, with the consolidation the industry's overcapacities have been reduced successively in order to maintain international competitiveness. In particular the latter gains significant importance with regard to the companies' objectives for 2017.

**Top-5 strategc objectives for 2017**



SCI Verkehr also asked companies about their strategic objectives for the upcoming year. Location optimisation as well as regional expansion is seen by about 46% of the polled top managers as the most significant strategic objectives for 2017. M&A-activities are considered as another important objective for many businesses, followed by financial engineering and the strengthening of businesses besides rail.

### Expected business development in coming 6 months



Source: SCI Verkehr GmbH

Up to Q 4/2009, only companies with headquarters in Germany surveyed.

While a majority of 57% of the polled managers expect the current business development to stay unchanged, in balance 21% of the respondents look ahead with increasing confidence. Only 11% of the managers express cautious reservations regarding the development of the business development in the coming six months.

“The industry has started to cope with the current uncertainties and challenges – in particular the industry’s digitalisation is progressing fast”, concludes Maria Leenen, CEO of SCI Verkehr GmbH with regard to the current optimism of the expected business development.

Key: The SCI GLOBAL RAIL INDEX is based on c. 100 responses from representative companies from the global rail industry. The companies are regularly asked to evaluate their current business situation and share their expectations for the coming six months. They can describe their situation as “good”, “satisfactory” or “poor” and their business expectations for the coming six months as “more favourable”, “staying the same” or “less favourable”. The balance of the current business situation is the difference in percentages between the answers “good” and “poor”, the balance of expectations is the difference in percentages between the answers “more favourable” and “less favourable”. The business climate is a transformed mean produced from the values for current business climate and future expectations.