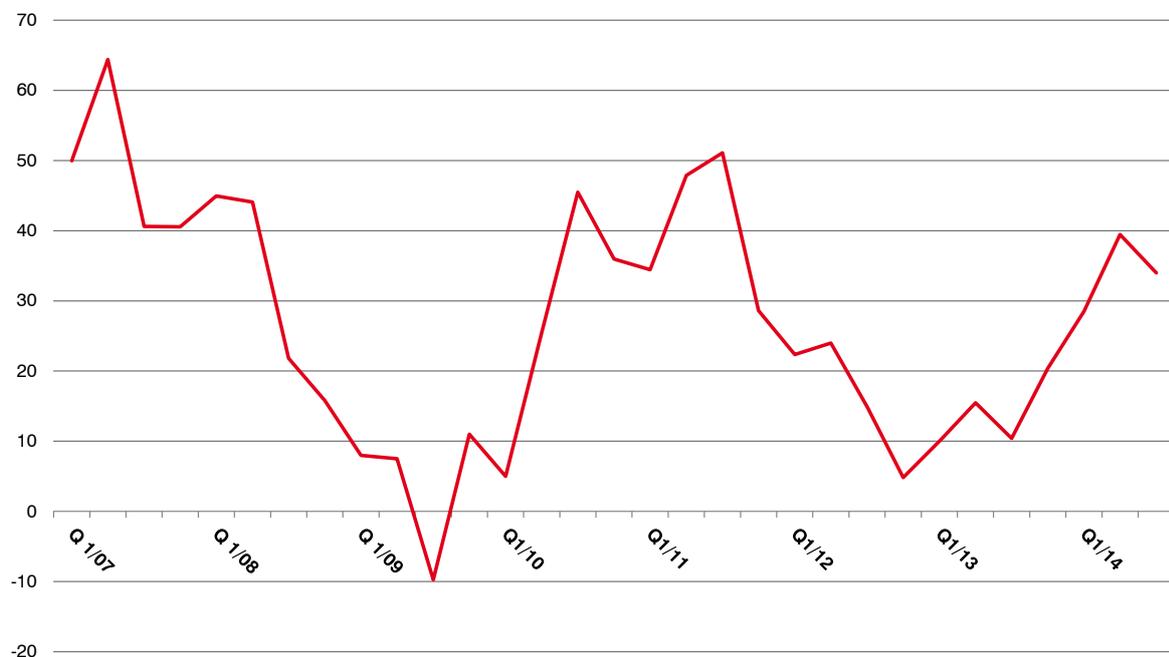


SCI GLOBAL RAIL INDEX 3/2014

Demand for rail industry's products falls noticeably – will InnoTrans 2014 bring new momentum?

The mood of leading companies in the worldwide railway industry, which is summarised by the SCI Global Rail Index, is at the start of the second half of 2014 slightly dampened for the first time in a year. The current business situation as well as the prospects for the coming half year are overall being evaluated more cautiously than in the previous quarter. Demand for products and services, an important indicator for the industry's development, fell especially sharply. Besides the weak economic climate in Europe, it is above all the sanctions against Russia due to the crisis in Ukraine that are dampening the mood of the Western railway industry. Business in the important rail market of Russia threatens to be lost to competitors in Asia in the future.

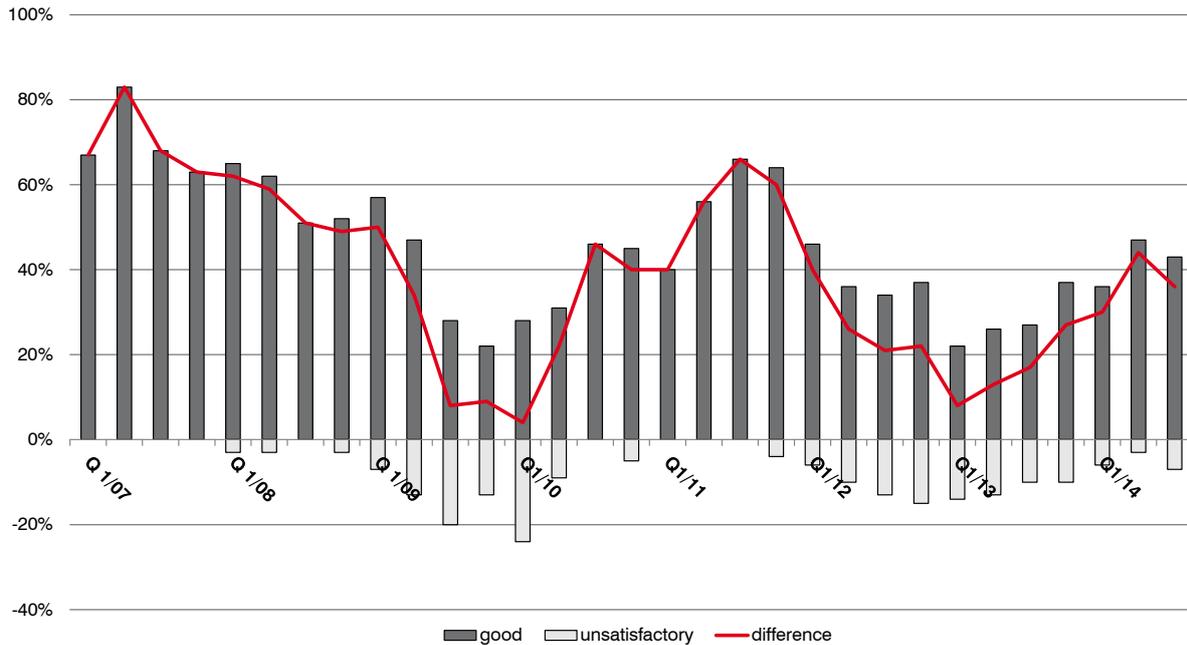
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

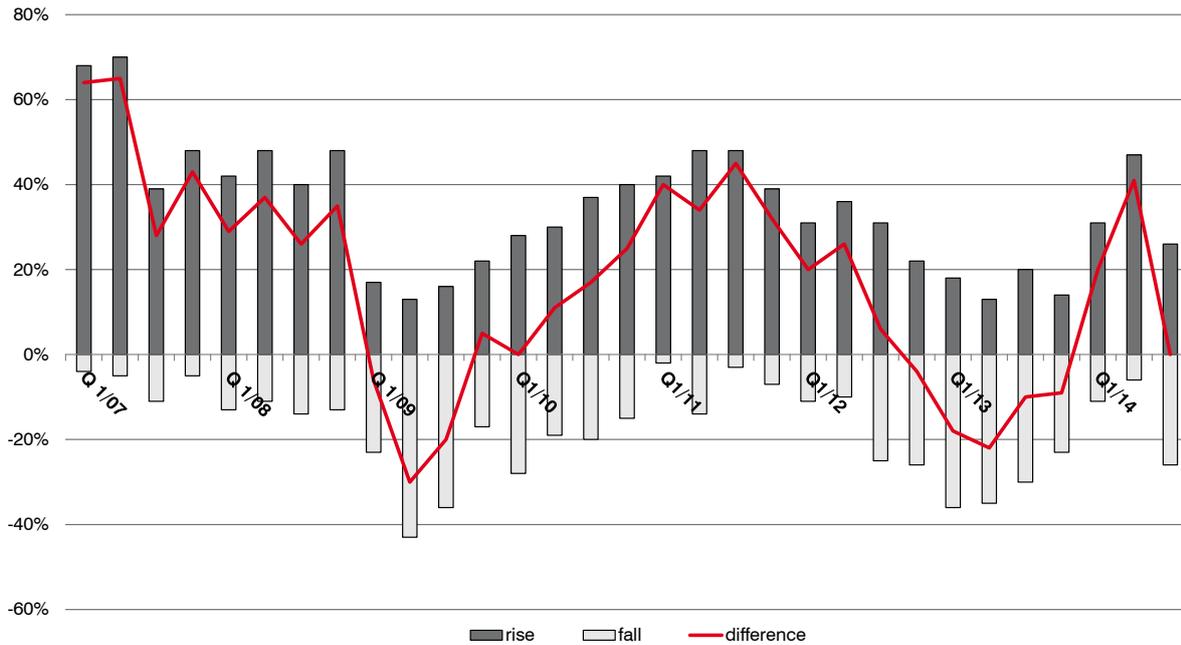


Source: SCI Verkehr GmbH

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

The rising trend in the current business situation which has persisted since the start of 2013 has stopped for the first time in the third quarter of 2014. Although a high proportion of top managers interviewed still evaluate the current business situation as positive, in comparison with the previous quarter there has been a slight decrease of 5% for the first time. The developments in the last three months are primarily responsible for this. Only a narrow majority of interviewees continues to state that their business situation has improved in this timeframe. How far the rail industry is facing upcoming hard times will only be revealed in subsequent surveys of the SCI Global Rail Index. Nonetheless, the developing crises in Russia and the Middle East are creating uncertainty in the industry.

Demand for products and services

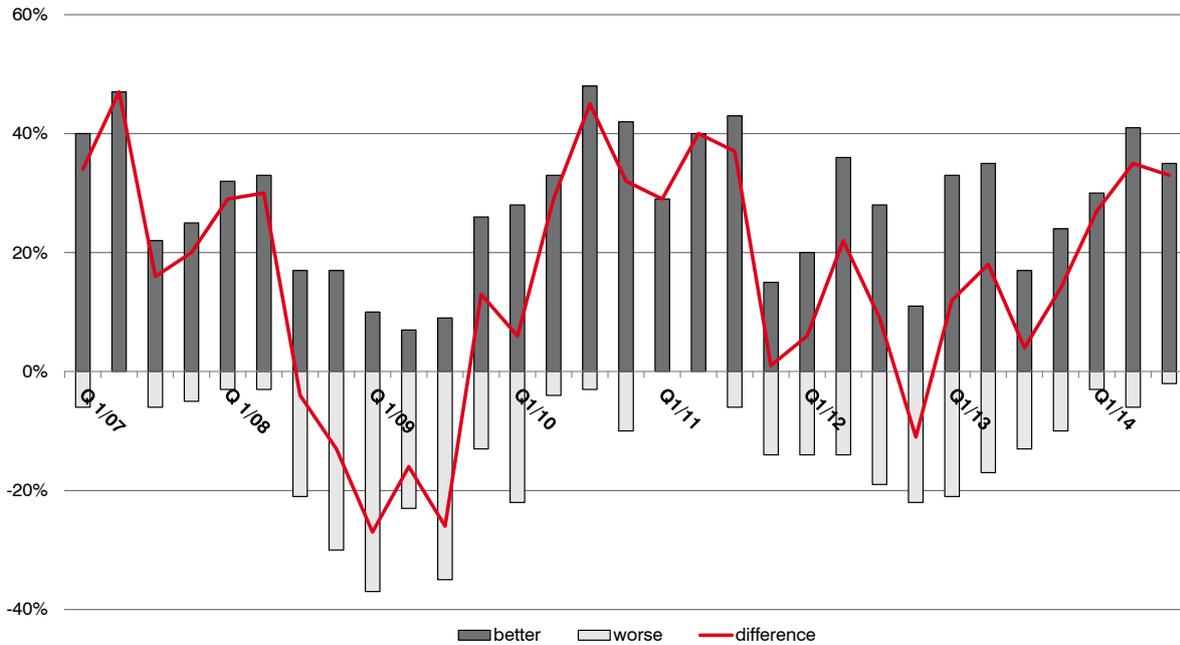


Source: SCI Verkehr GmbH

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

Demand for products and services is an important indicator for the state of the rail industry. The temporary peak thanks to numerous major new orders at the start of 2014 has abruptly ended in the current survey. Compared to the second quarter of 2014, only half as many top managers have reported rising demand. In contrast, a quarter of all respondents have reported decreasing new orders. SCI Verkehr considers the current economic uncertainties to be the primary reason for the decline in orders. In addition, in the evaluation of the current order backlog, the peak values of the first two quarters of 2014 have not been reached again.

Expected business development in coming 6 months

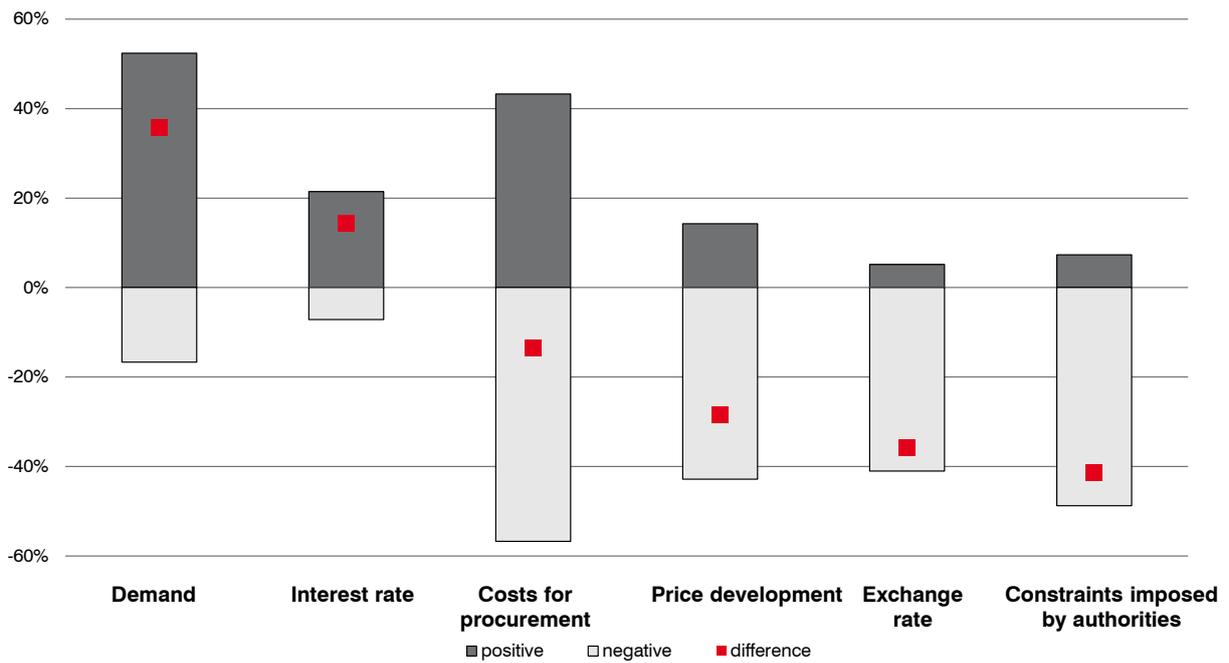


Source: SCI Verkehr GmbH

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

Despite the noticeable decrease in the important indicator of demand development, the evaluation of future business development has only been dampened slightly. On balance around 35% of managers interviewed continue to expect an improved business development. Only one respondent fears a worsening development for their business. Companies have high hopes for the upcoming major railway trade fair InnoTrans in Berlin. They are hoping the worldwide rail industry's get-together will produce new business contacts and orders with which to fill their books again. How far these hopes are justified will only be revealed in the coming quarters.

Influence parameters of business situation in the last 12 months



Source: SCI Verkehr GmbH

SCI Verkehr also asked the top managers about factors influencing their business development in the previous 12 months. The majority of companies sees a positive influence in the demand and the low interest rates. The demand situation was continually evaluated as positive in previous surveys, but has fallen in the third quarter of 2014. Interest rates in the past year were at a very low level, which facilitated financing of companies' investments. Price development, exchange rates and constraints imposed by authorities had negative influences on the business development. Companies are increasingly feeling price pressure due to rising competition. Constraints imposed by authorities, in particular complex certification procedures, are leading to high expenditure in the rail industry and put pressure on margins.

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.