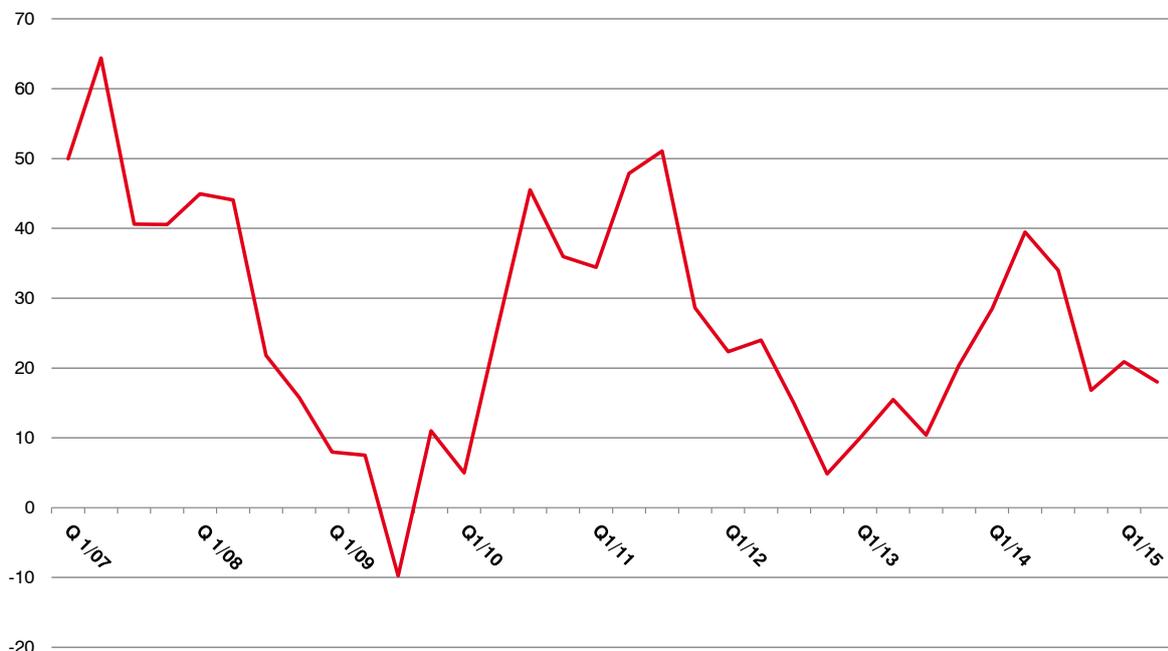


SCI GLOBAL RAIL INDEX 2/2015

The rail industry reshuffles its cards – unsteady times lie ahead

The mood of the leading companies in the global rail industry, which is summarized in the SCI Global Rail Index, has deteriorated slightly in comparison to the previous quartal. The current market still runs smoothly – both the receipts of order and the current business situation are evaluated as positive by the surveyed managers, although the branch expects unsecure times in the future. Managers predict the development of the next six months as negative for the fourth time in a row. The merger of the two leading companies in China, CNR and CSR, creates a new superpower on the market, which will try to break into the traditional markets of Alstom, Bombardier, Siemens and Co. Recently, the Deutsche Bahn has announced to rely on Chinese suppliers as well. In addition, the Alstom takeover of GE is almost completed. Lastly, the Canadian train manufacturer Bombardier reported that it wants to go public with 30% of its company. These movements reveal that the market will reform itself in the future.

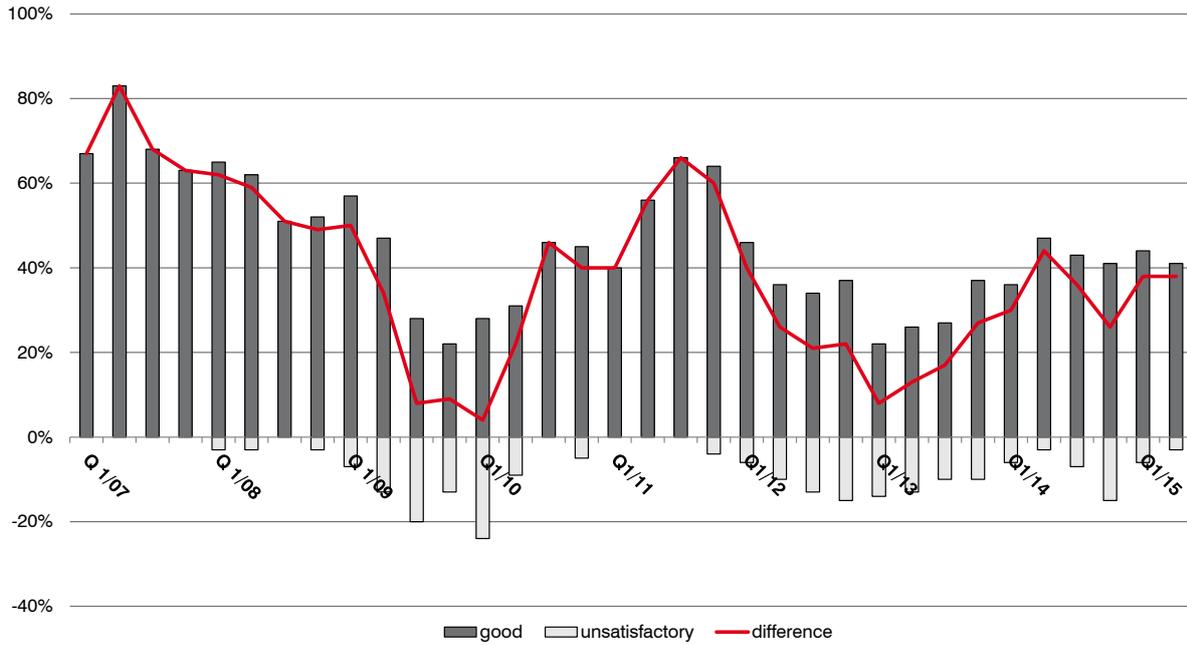
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

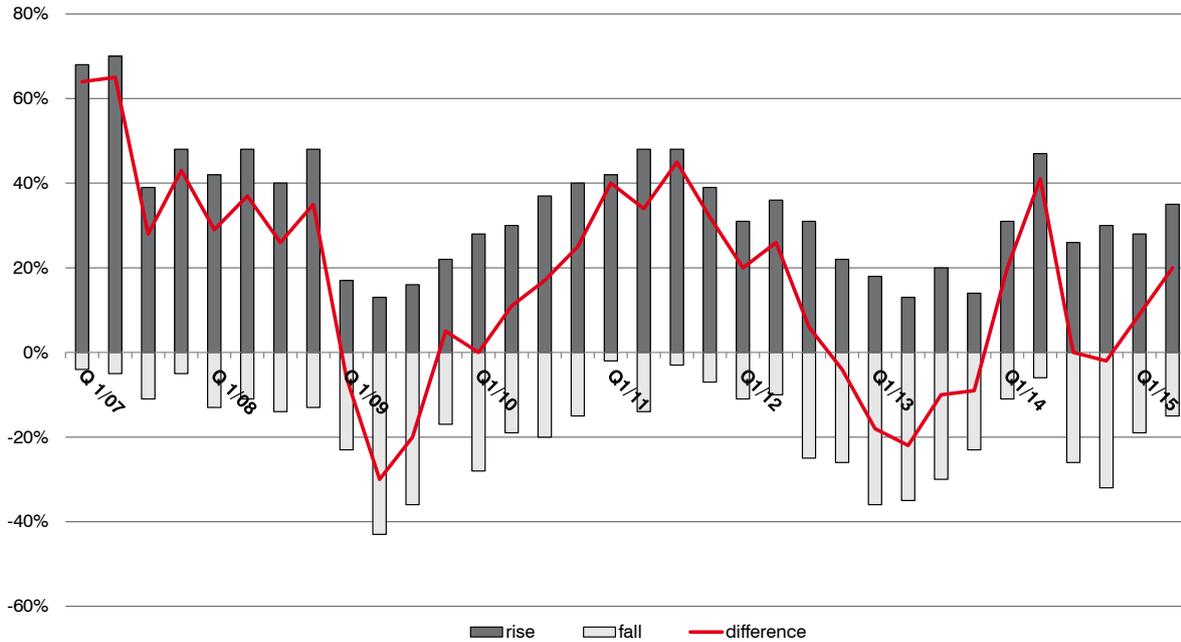


Source: SCI Verkehr GmbH

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

The evaluation of the current business situation by the topmanagers remains constant on a high niveau compared to last quartal. Most of the companies are still pleased with their business situation. Congruent to this development is the fact that the least many managers since one year stated to be unsatisfied with their current business situation. This development mirrors the evaluation of the order inflow: 85% of the companies state that they have a sufficient or relative positive order inflow.

Demand for products and services

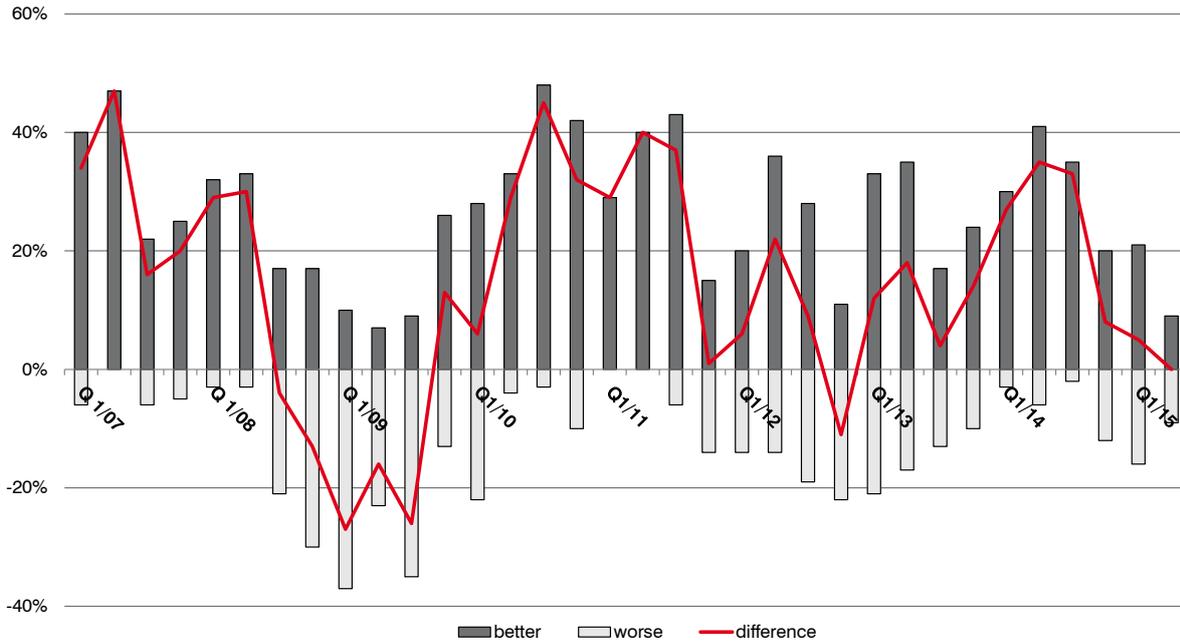


Source: SCI Verkehr GmbH

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

The positive atmosphere of the current business situation is strengthened by the important indicator of demand for products and services. On the one hand, demand has increased in more companies compared to the previous quartal, on the other hand, demand has decreased in less companies. In balance, 20% of the managers experienced an increase in demand – a better value was last measured a year ago. Train- and infrastructure operators invest a lot at the beginning of the year - the upcoming backlog, especially in the maintenance of the infrastructure in many countries leaves hope that the demand will remain at a positive level.

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 positive evaluations of the current business situation and demand – the outlook for the transport market is marred. Only 10% of the surveyed companies expect a more favorable development in the second half of 2015. The overwhelming majority expects a stagnation of his/her business. The balance decreased the fourth time in a row and reached only 0% - the lowest level since the end of 2012. The uncertainty regarding the upcoming business development is due to the current market movements. Because of the fusion of CNR and CSR, a new power has emerged which reaches markets outside China and therefore threatens the business of other industry leaders. Furthermore, Bombardier considers a stock market launch of its transportation branch in 2015 to refurbish its struck plane branch. The rail industry reshuffles its cards; only the future will show who will profit out of it and who will be marred. The rail industry’s future will be a time of unrest.

Challenges of the rail industry in 2015/2016

SCI Verkehr also asked the top managers for an evaluation of the key challenges for the years 2015 and 2016. More than 50% stated that breaking into new (geographic) areas and process optimization will be the most important challenges in the next two years. Mergers and acquisitions, the diversification of the product portfolio and the dealing with certifications & homologations will also be crucial factors for success.

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.