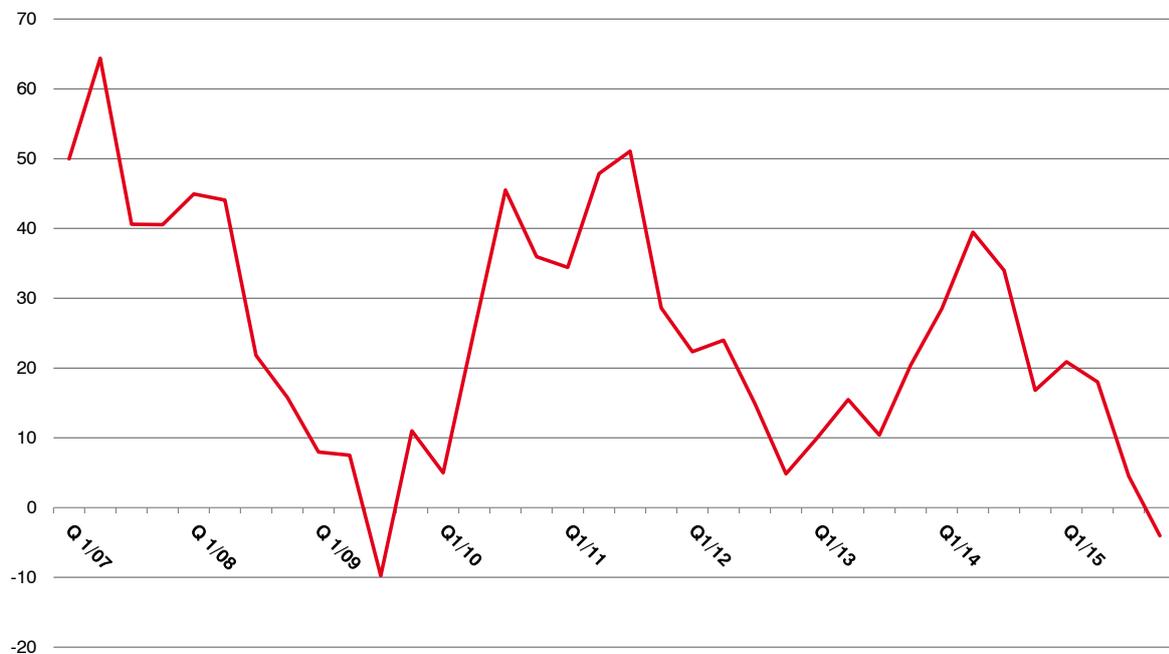


## SCI GLOBAL RAIL INDEX 4/2015

### Business climate of the global railway industry cools down significantly – 2016 will be a challenging year

The downward trend continues – the business climate of the global railway industry is worsening further in the fourth quarter of 2015. This is evident from the latest SCI RAIL BUSINESS INDEX – a regular survey of top managers in the global railway industry by the consultancy firm SCI Verkehr. With a balance of -7%, the assessment of the current business situation veers slightly into negative territory. According to top managers, the demand for products and services is declining further, reaching its worst value of the past two and a half years. The increasingly sceptical assessment of employment development remains an important issue. An outlook for the first half of 2016 stays overcast as major uncertainty prevails. In the course of the consolidation process, the global railway industry is changing gears, making 2016 a challenging year for many companies.

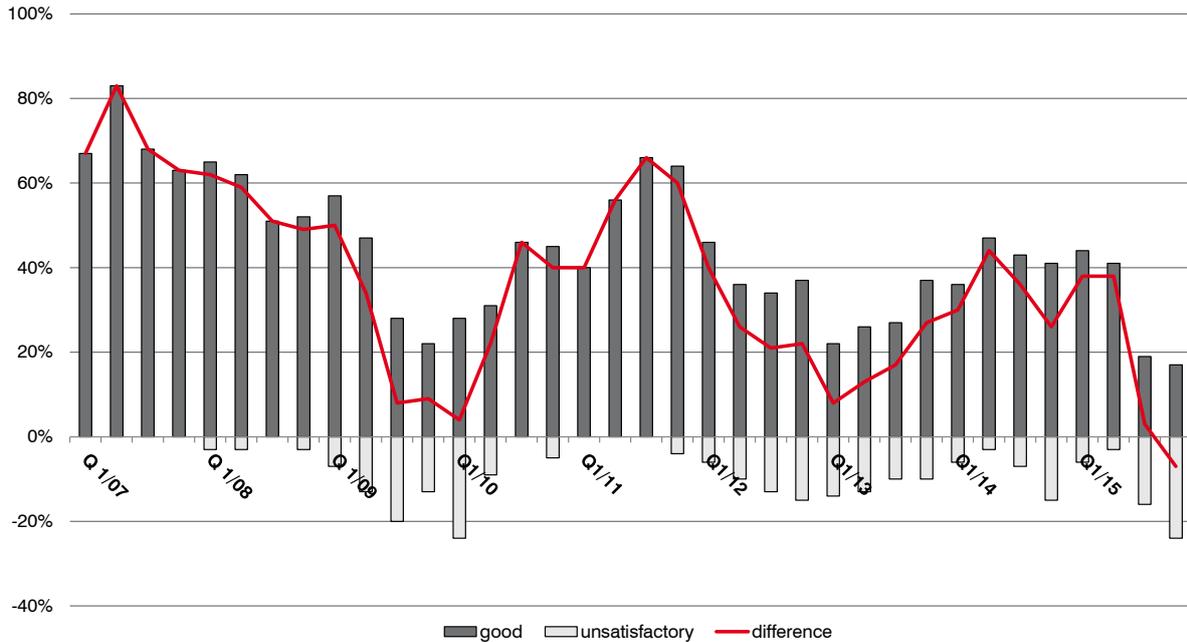
#### SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

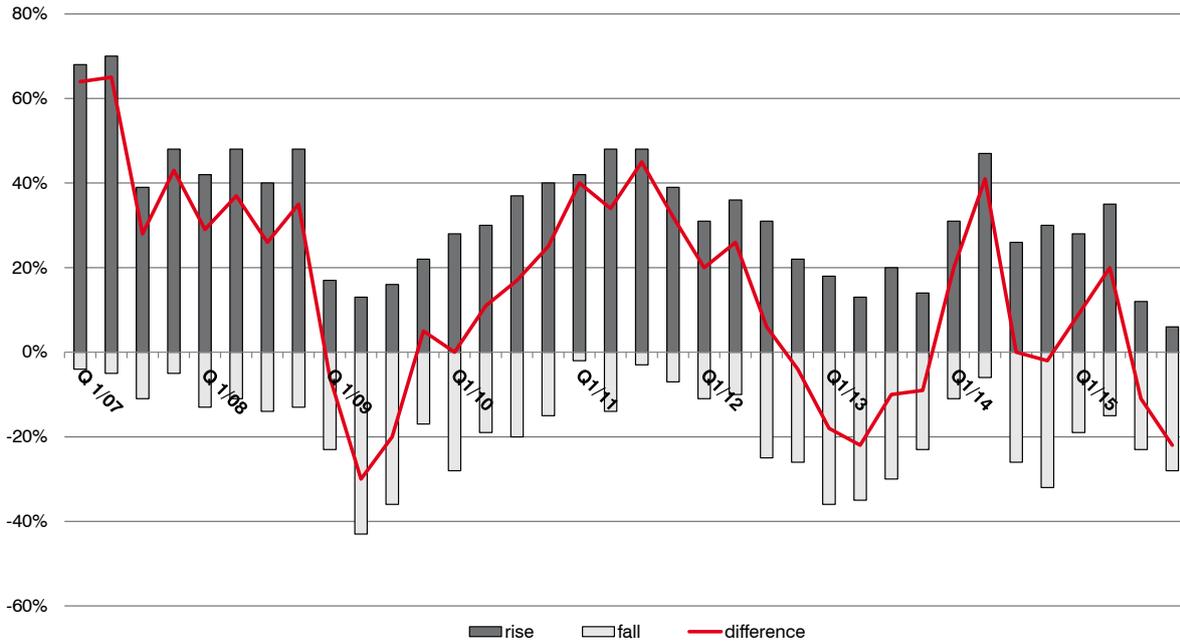


Source: SCI Verkehr GmbH

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

The assessment of the current business situation has observed a significant slump since mid-2015. For most, the current business situation is unsatisfactory. In the last quarter of 2015, only a small fraction of polled companies were satisfied with their current business situation: Only 17% of respondents rated their situation as good. The share of companies that are dissatisfied with their current situation has grown to around 24% in the fourth quarter of 2015. Possible causes for this are the decline in demand for industrial railway products and services as well as the consequently decreased order backlog. Up until recently, the order backlogs had allowed for an optimistic look ahead, albeit a cautious one.

### Demand for products and services



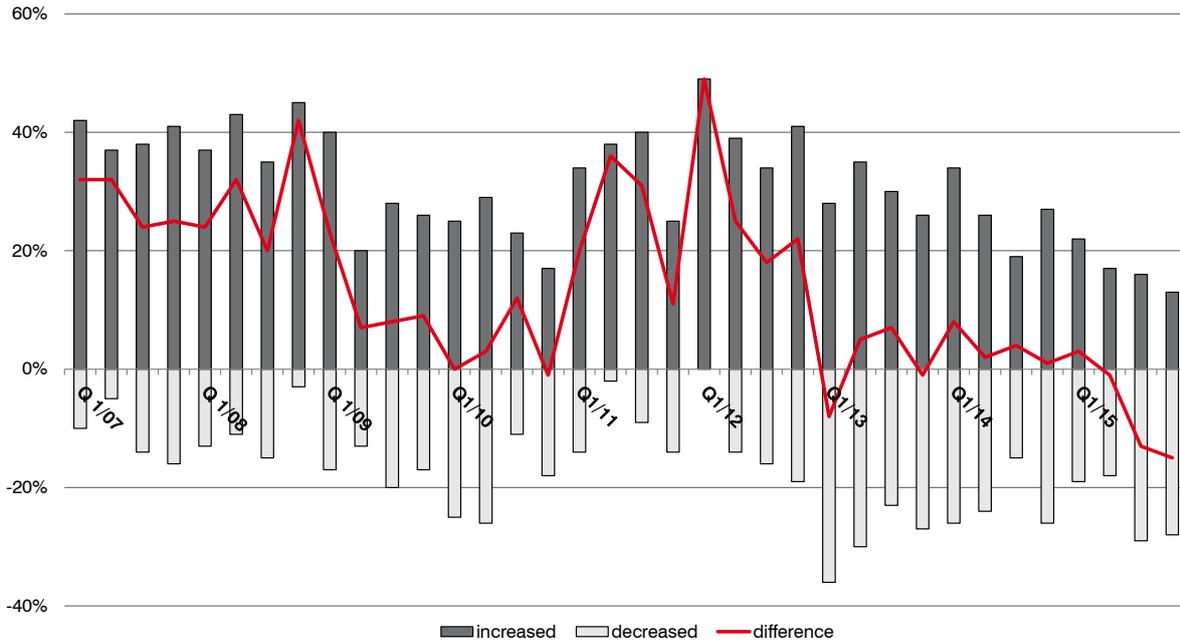
Source: SCI Verkehr GmbH

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

The assessment of demand for products and services as an important indicator of industry development is decreasing further in the last quarter of 2015. Practically a third of the polled top managers complained about the decrease in demand. Only about 6% of the polled companies noted an increase in demand – this is the worst result since the SCI RAILINDEX was launched at the start of 2015. A year ago, more than 20% of companies were noting an increase.

The absence of new orders is eating away at the order backlogs that, at the beginning of the year, were still at a sufficient level. At this point, the majority of companies is still being carried by a sufficient order backlog, but at the bottom line 14% rate their current order backlogs as insufficient.

### Number of employees in the last six months



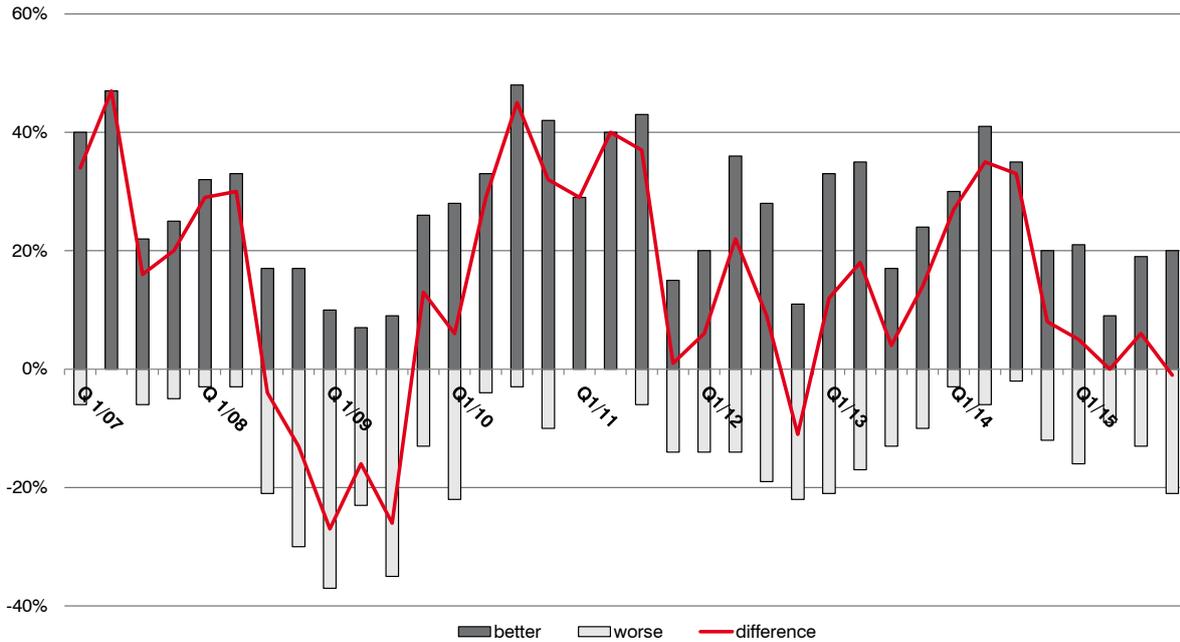
Quelle: SCI Verkehr GmbH

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

The global consolidation process of the railway industry is also present in employment development. Albeit slightly slowed down, the decline in employment that begun at the beginning of 2015 continues in the last quarter.

There is little hope for a turnaround in the first half of 2016. A third of the polled top managers assumes that their number of employees will go down within the next six months. Only 7% of polled companies expect a rise in employment numbers. This is an increase of 4% compared to the last quarter. To what extent these expectations are driven by sheer hope will show in future SCI GLOBAL RAIL INDEX surveys.

### Expected business development in coming 6 months



Source: SCI Verkehr GmbH

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

The polled top managers evaluate the coming six months very heterogeneously. In contrast to the last quarter, however, most express cautious reservations as opposed to cautious optimism. The railway industry is still facing radical changes: Site optimization and regional expansion as well as mergers and takeovers are among the most important strategic goals for the coming year. “We are at the beginning of a global consolidation of the industry. Many companies in the global railway industry will face challenges in 2016,” Maria Leenen, CEO of SCI Verkehr GmbH states.

**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.