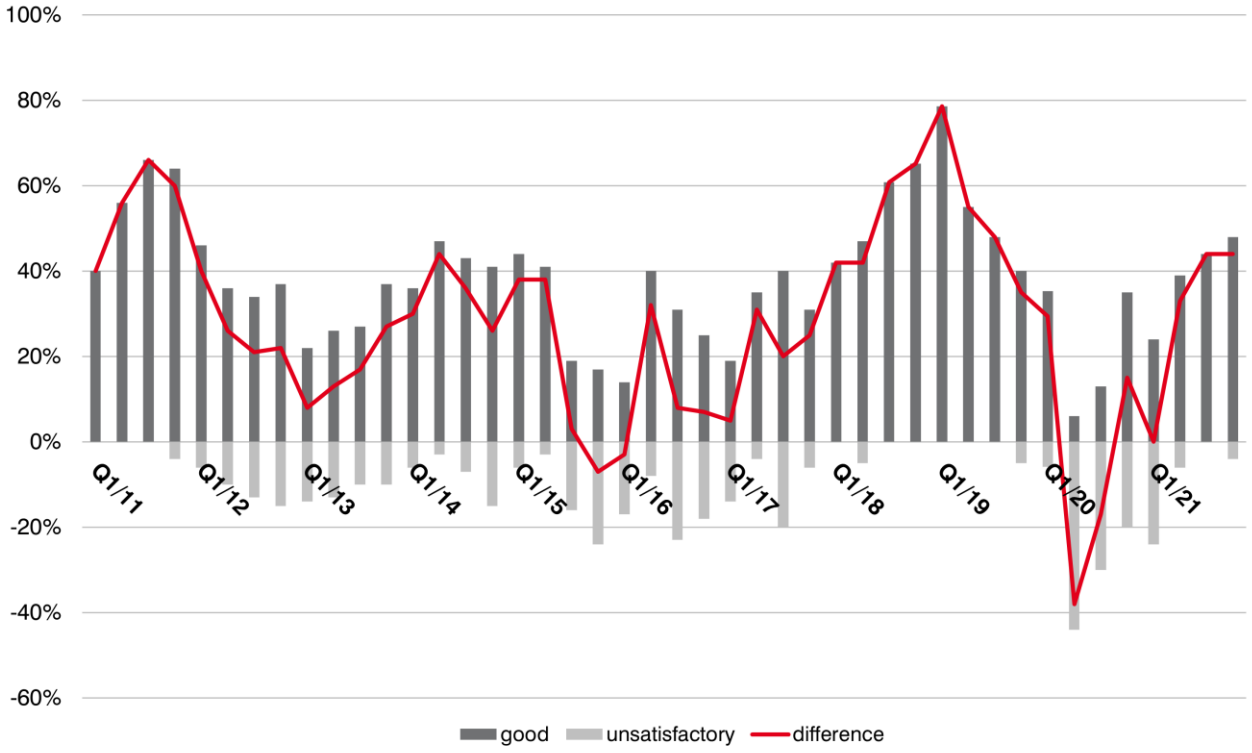
At a consistently good level: the rail sector continues its upward trend

Global procurement problems and the ongoing crisis mode in the pandemic continue to burden companies in the rail industry. According to the top managers surveyed, however, this has less influence on the business climate than in the previous quarter: the current SCI RAIL BUSINESS INDEX - a regular survey of the top managers of the global rail industry by the consulting firm SCI Verkehr - is clearly on the rise and continues the upward trend of recent months. What do the entrepreneurs take away from this challenging year and what strategic goals do they derive from it for 2022? Digitalisation, location optimisation and supply chain realignment are the key items on the agenda. Flexibility, resilience and adaptation to constantly changing markets and their requirements are therefore the central challenges that the industry will have to face in the coming year.

Figure 1: SCI Rail Business Index

Development of current business situation



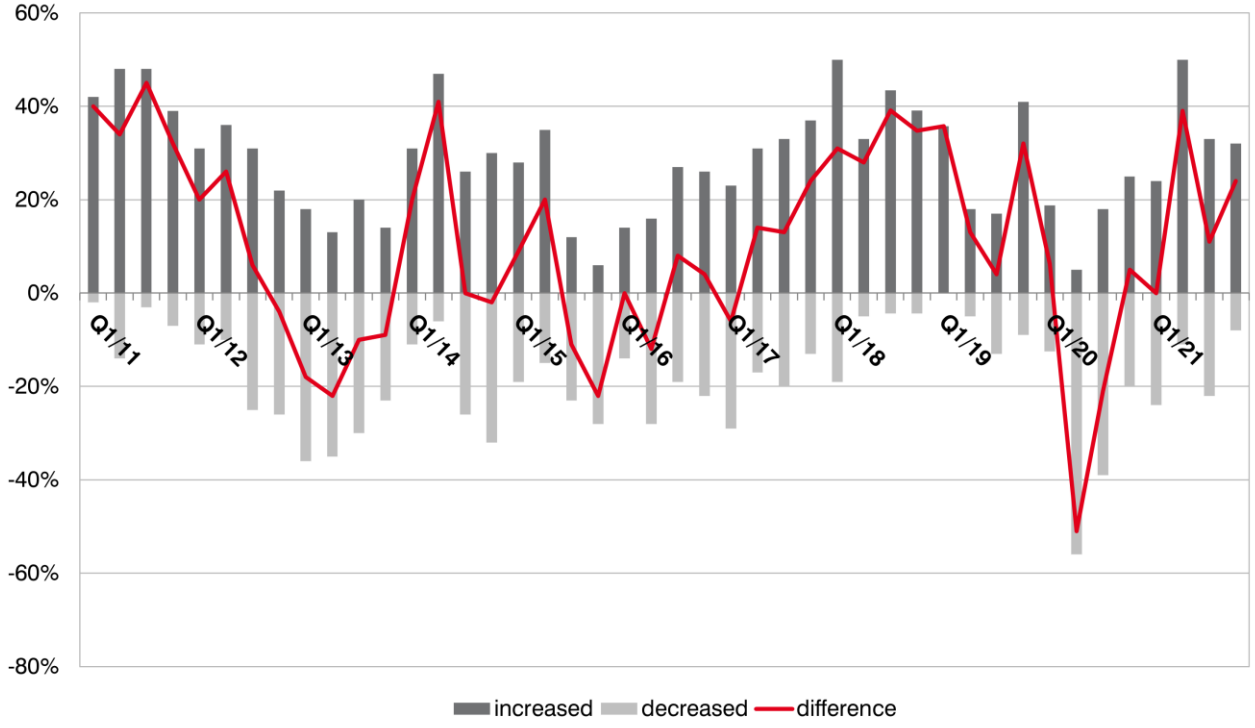
Source: SCI Verkehr GmbH

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

Figure 2: Current business situation

Since the beginning of 2021, the assessment of the current business situation has developed positively overall. According to the current survey, the managers surveyed continue to assess the situation positively: 96% assess the business situation as good or seasonally normal. Only 4% assess the situation as unsatisfactory. The majority describe the order backlog as sufficient. About one in four reports relatively large order backlogs. This means that the peak value from the third quarter can no longer be reached, but overall, it is still above the annual average.

Demand for products and services



Source: SCI Verkehr GmbH

Since Q3 2020, the reference period for this question is the last quarter (previously: the last 6 months); Up to Q 4/2009, only companies with headquarters in Germany surveyed.

Figure 3: Demand

The assessment of demand for products and services as an important indicator of industry development shows a significant increase in the fourth quarter of 2021: 60% of respondents reported unchanged demand for products and services. At the same time, more than a third of the managers reported an increase in demand in the past three months. This means that a significantly large share of 92% of the participants report at least unchanged or growing demand for products and services. Only 8% still report declining demand.

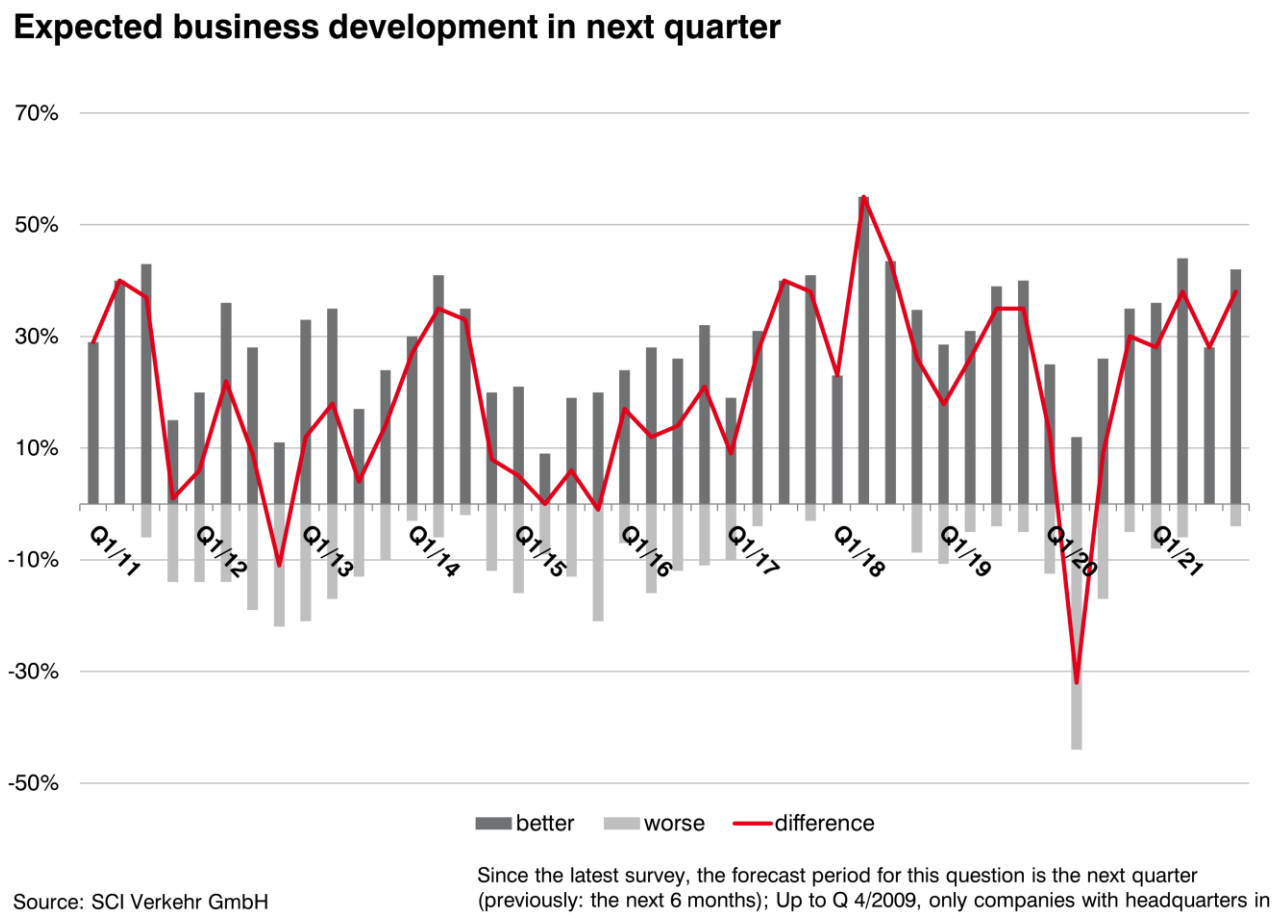


Figure 4: Expected business development

What do managers in the railway industry expect from the coming quarter? According to the respondents, the skepticism in the industry, which was still clearly visible in the previous quarter, is giving way to positive expectations. About every fourth manager surveyed expects a more favourable business development (compared to 28% in the third quarter), and 4% expect a less favourable one. However, the majority of respondents expect the situation to remain unchanged.

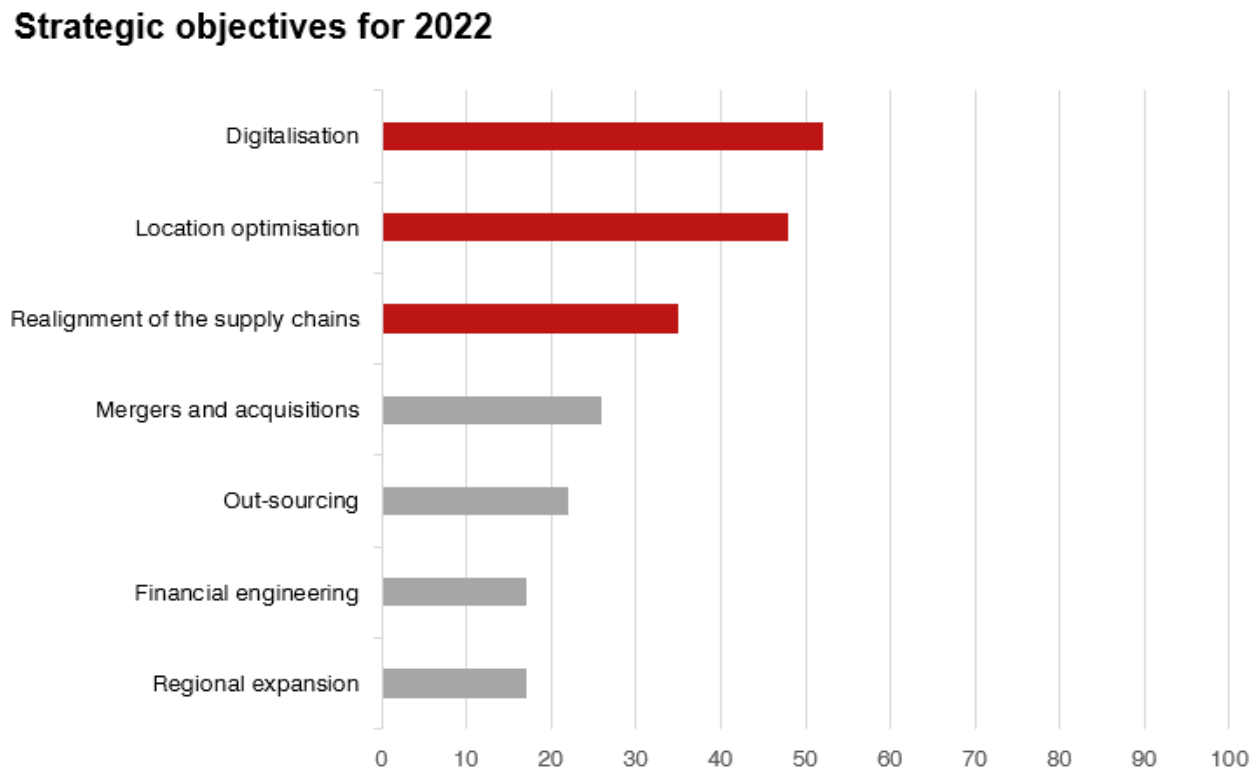


Figure 5: Strategic objectives 2022

At the end of the year, SCI Verkehr asked the top managers of the global rail industry about their strategic goals for 2022. As in the previous year, the experts put the topic of digitalisation at the top of the agenda. According to the managers, digitalisation has a broad spectrum of significance with its influence both on internal company processes and increasingly on product development. The renewed naming of digitalisation as a leading strategic goal also shows the ongoing restructuring process in the industry and its massive need to catch up. In times of great upheaval and uncertainty, the experts surveyed want to review their company locations and are striving to optimise them. The overall geopolitical situation is becoming increasingly important in the analysis, as is the resilience of the locations to crises. How sensitively supply chains react to disruptions has been apparent to the industry for months. Therefore, more than one in three top managers have set themselves the goal of realigning their supply chains in 2022.

SCI GLOBAL RAIL INDEX

Der SCI GLOBAL RAIL INDEX basiert auf ca. 100 Meldungen von repräsentativen Unternehmen aus der weltweiten Bahnbranche. Die Unternehmen werden regelmäßig gebeten, ihre gegenwärtige Geschäftslage zu beurteilen und ihre Erwartungen für die kommenden sechs Monate mitzuteilen. Sie können ihre Lage mit "gut", "befriedigend" oder "schlecht" und ihre Geschäftserwartungen für die kommenden sechs Monaten als "günstiger", "gleichbleibend" oder "ungünstiger" kennzeichnen. Der Saldowert der gegenwärtigen Geschäftslage ist die Differenz der Prozentanteile der Antworten "gut" und "schlecht", der Saldowert der Erwartungen ist die Differenz der Prozentanteile der Antworten "günstiger" und "ungünstiger". Das Geschäftsklima ist ein transformierter Mittelwert aus den Salden der Geschäftslage und der Erwartungen.

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