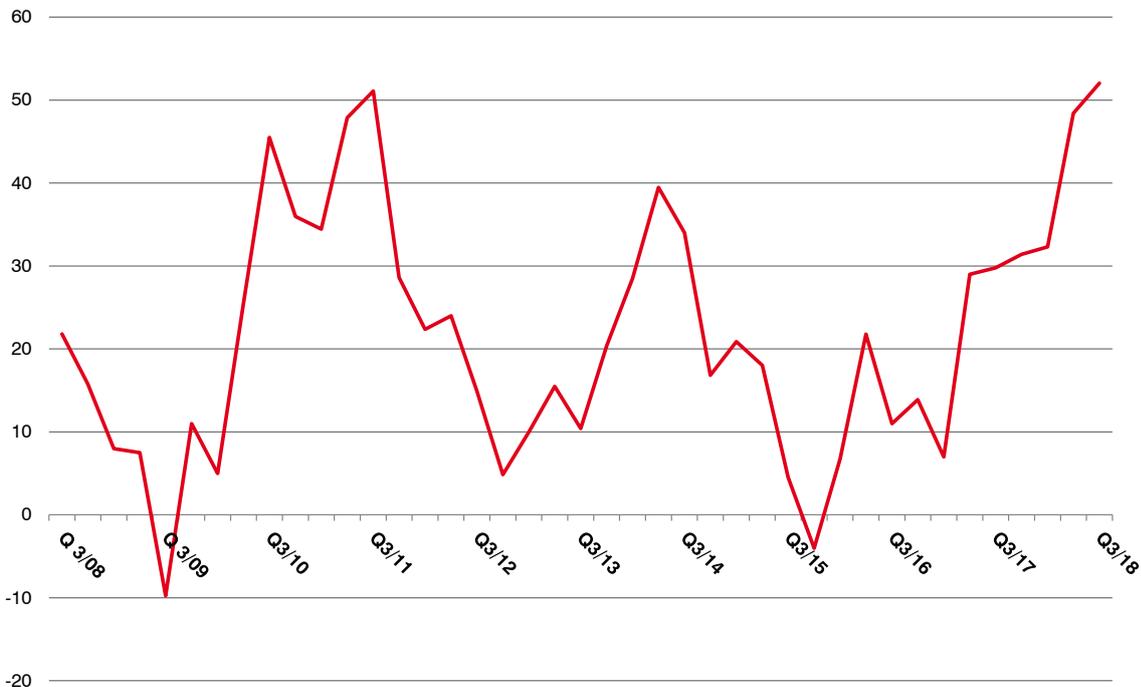


SCI GLOBAL RAIL INDEX 3/2018

Excellent business mood among top managers – unabated positive picture in the rail industry

The business climate among leading companies in the global rail industry continues to move in a positive direction in the third quarter of 2018. This is shown by the SCI RAIL BUSINESS INDEX, a regular survey of top managers of the international rail industry, by consulting firm SCI Verkehr. The mood in the industry has remained at a very high level due to the continued positive business and order situation. The InnoTrans 2018 confirmed the current boom in the railway industry with a record number in visitors and of exhibiting companies. Maria Leenen, CEO of SCI Verkehr GmbH confirmed the positive situation of the industry, but also issued words of caution: “We are currently experiencing a high phase of economic growth. The previous years tell us that, after a cyclical saturation of the market, a more moderate pace of development occurs.”

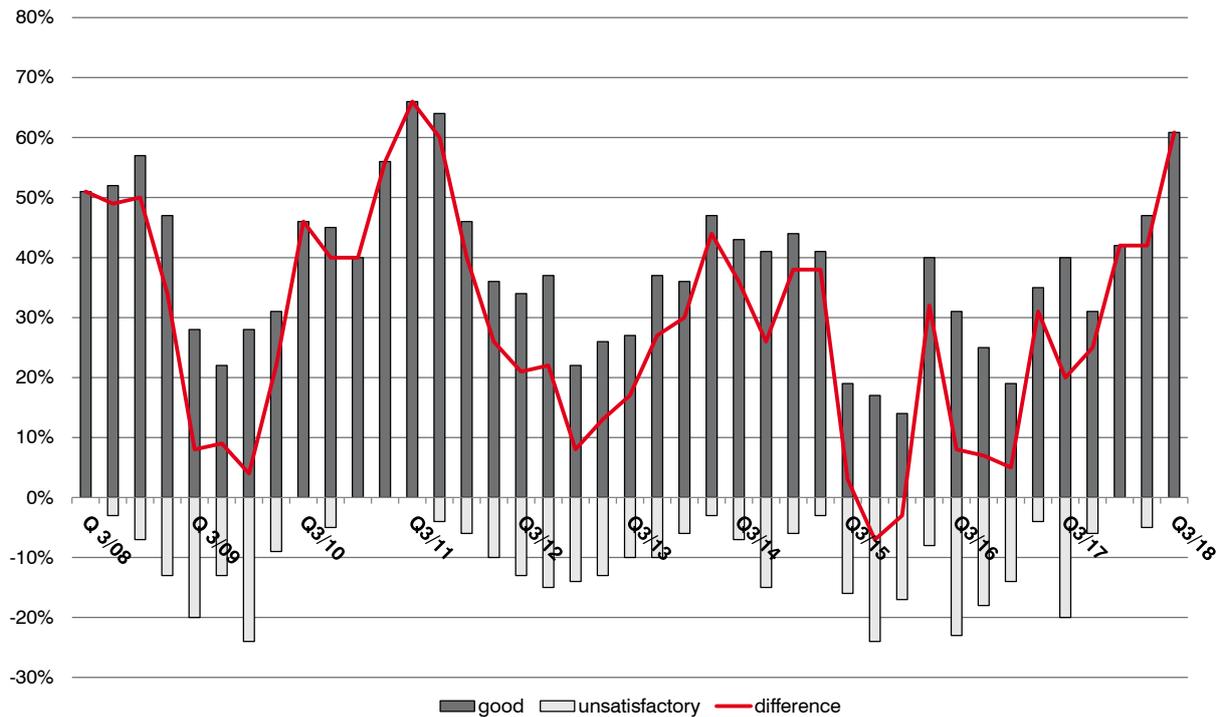
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

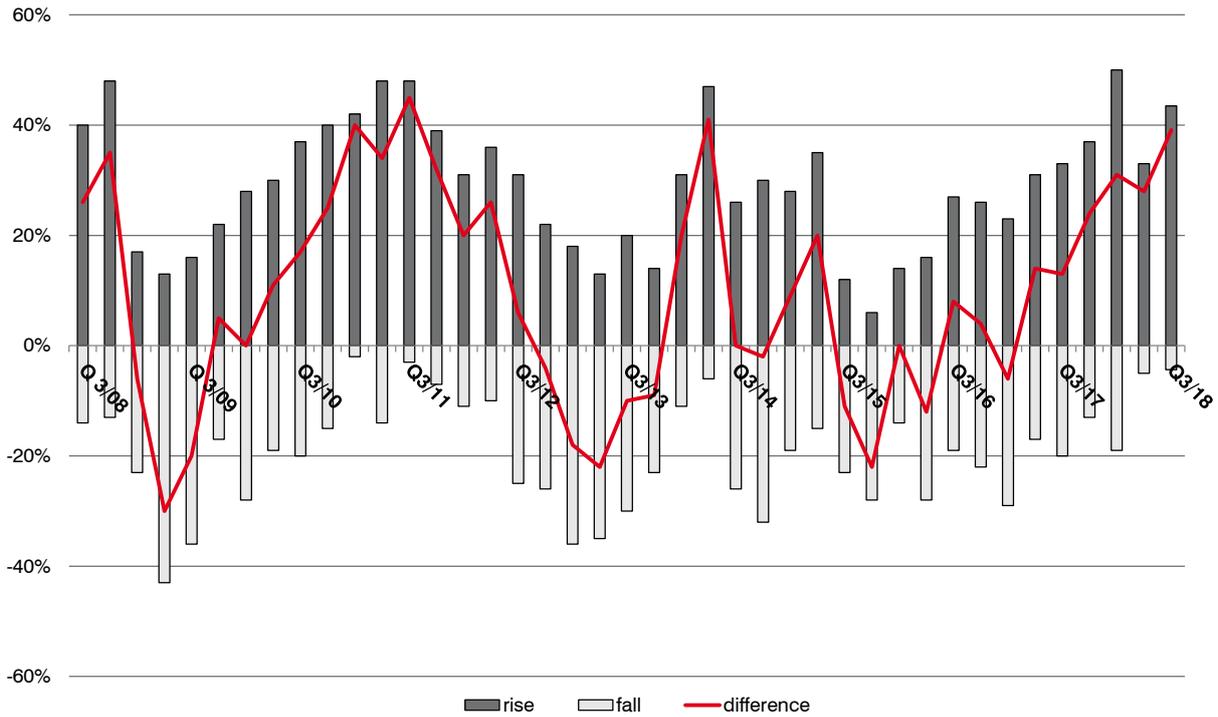


Source: SCI Verkehr GmbH

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

Compared to the last quarter, the assessment of the current business situation has improved even more. Thus, the current development of the business situation reaches on of the highest levels to date. Contrary to the previous quarters, not one of the respondents to the questionnaire rated the situation as “unsatisfactory”. This positive assessment of the situation resembles the present mood in the industry.

Demand for products and services

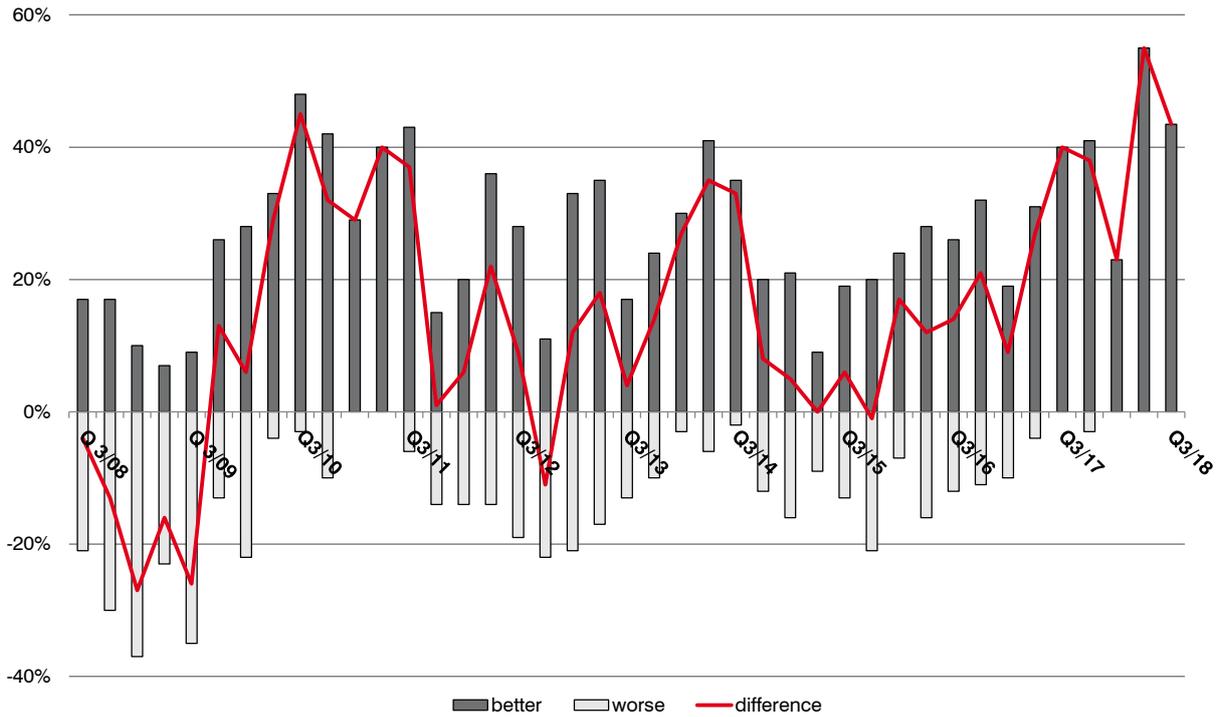


Source: SCI Verkehr GmbH

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

Demand for products and services, a key indicator of industry performance, continues its current upward trend in this quarter. Overall, 43% of the top managers surveyed reported a positive development and rising demand in their business. Additionally, all of the respondents reported a satisfactory order backlog. By contrast, only a small quota of 4% reported a decline in demand in the last quarter. A total of 57% even say that they benefit from the current positive order situation.

Expected business development in coming 6 months

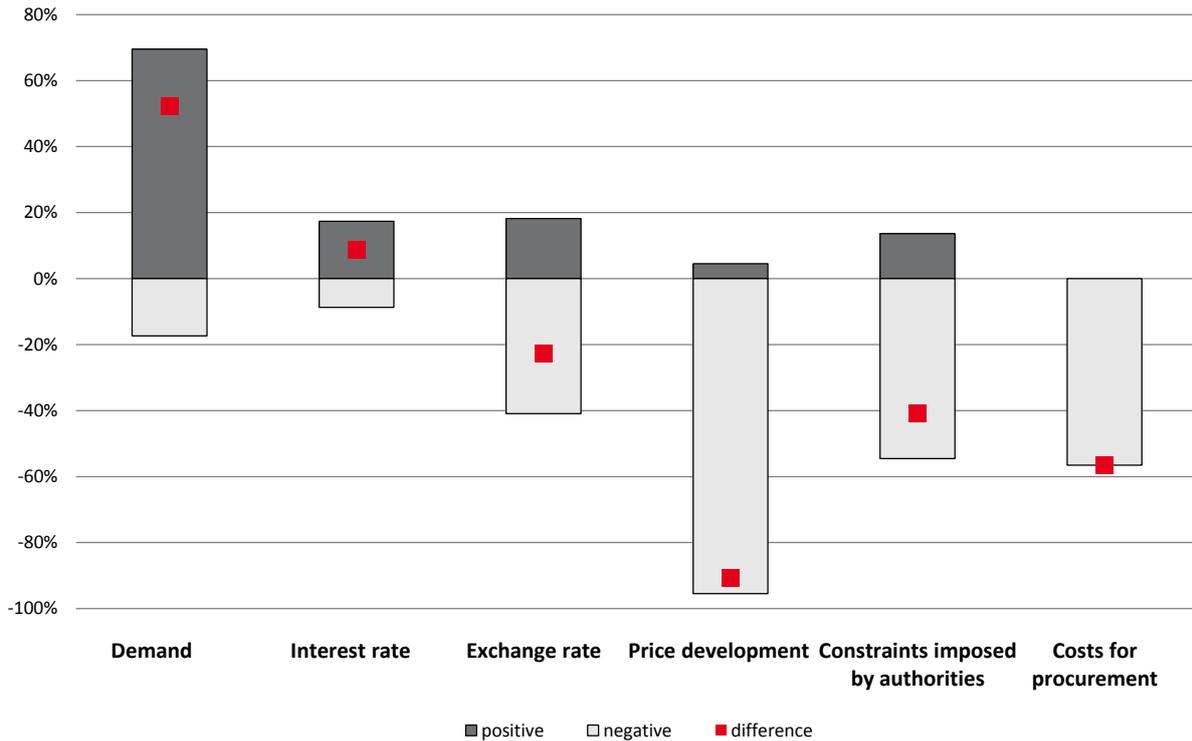


Source: SCI Verkehr GmbH

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

The evaluation of the surveyed top executives concerning the expected business development of the next six months remains at a very high level. Even though the level has decreased slightly compared to the last quarter, the mood for the next six months can be considered as positive. The homogenous survey results are applicable to all sectors of the rail industry. The slight decrease, compared to the previous quarter, hints at an emerging skepticism among top executives in the rail industry concerning the continuation of the boom.

Influence parameters of business situation in the last 12 months



Additionally, SCI Verkehr has asked the top executives of the rail industry for an assessment of the most important influencing factors for the business development of the past 12 months. According to the surveyed companies, the price development and the overall cost for procurement, in particular, have a negative effect on current business. The existing regulatory framework and fluctuating exchange rates have had a negative impact on the situation over the previous 12 months as well.

The negative statements about current purchase prices and their expected development resemble the rising cost pressure for manufacturers of railway technology products in a globally competitive market. The majority of companies see the positive development of the past business situation almost exclusively due to the improvement of the demand situation.

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.