

SCI GLOBAL RAIL INDEX 4/2017

Global railway industry very optimistic about the future

The business climate among the leading companies in the global railway industry has further improved in the fourth quarter of 2017. This is shown in the most recent SCI RAIL BUSINESS INDEX – a periodical survey among the global railway industry’s top managers by the consultancy firm SCI Verkehr. The evaluation of the current business situation has also continued to develop positively in the last quarter of the year. The persistent strong demand for products and services as well as the expansion of digitisation in the railway industry are leading to the current growth trend.

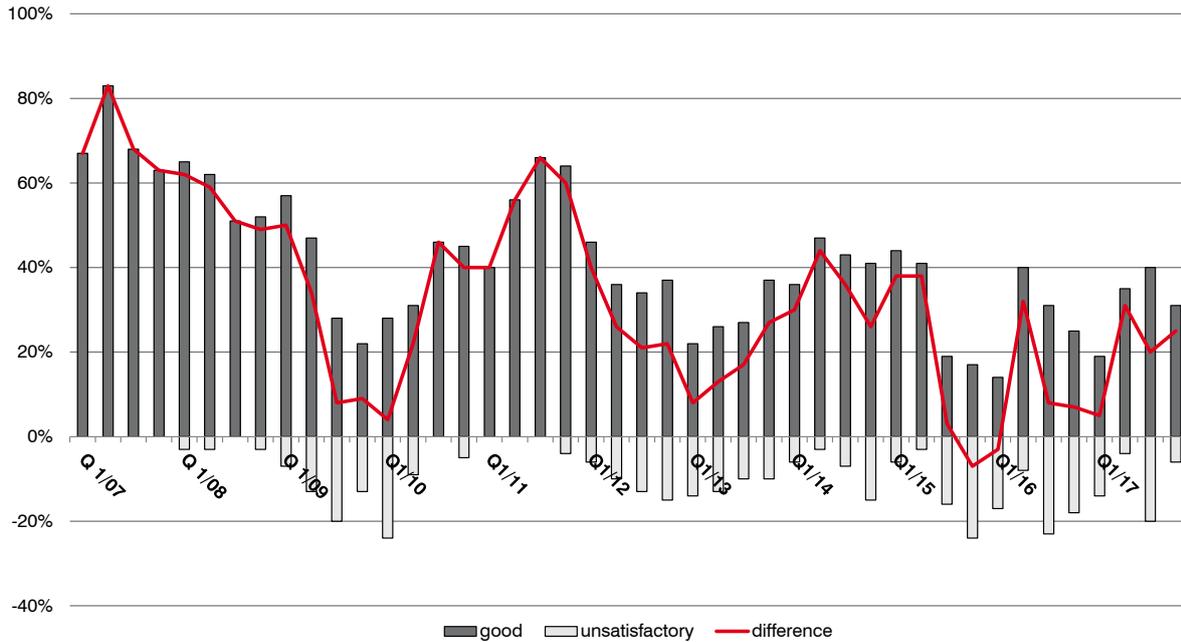
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

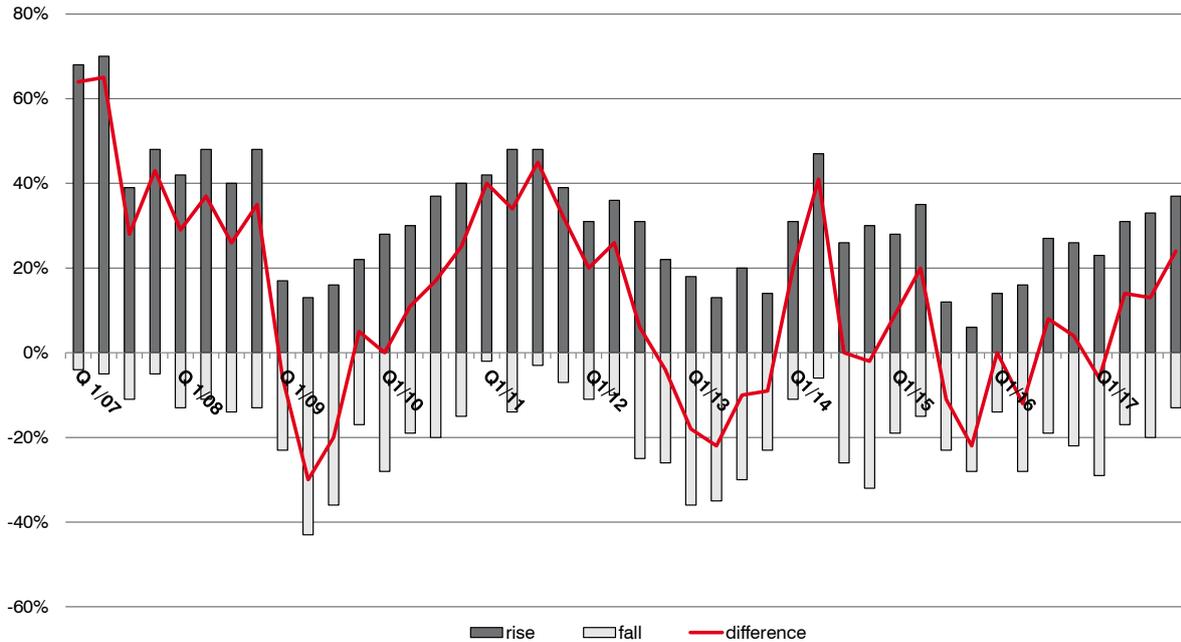


Source: SCI Verkehr GmbH

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

The slight decline in Q3 has been compensated in Q4 of 2017 by an upwards trend. The result is also characterised by a more homogeneous evaluation among those interviewed compared to the previous quarter. 31% of the top managers interviewed evaluates the current business situation as positive. In contrast, a falling proportion of 6% evaluates the current business situation as less favourable than in the previous quarter.

Demand for products and services

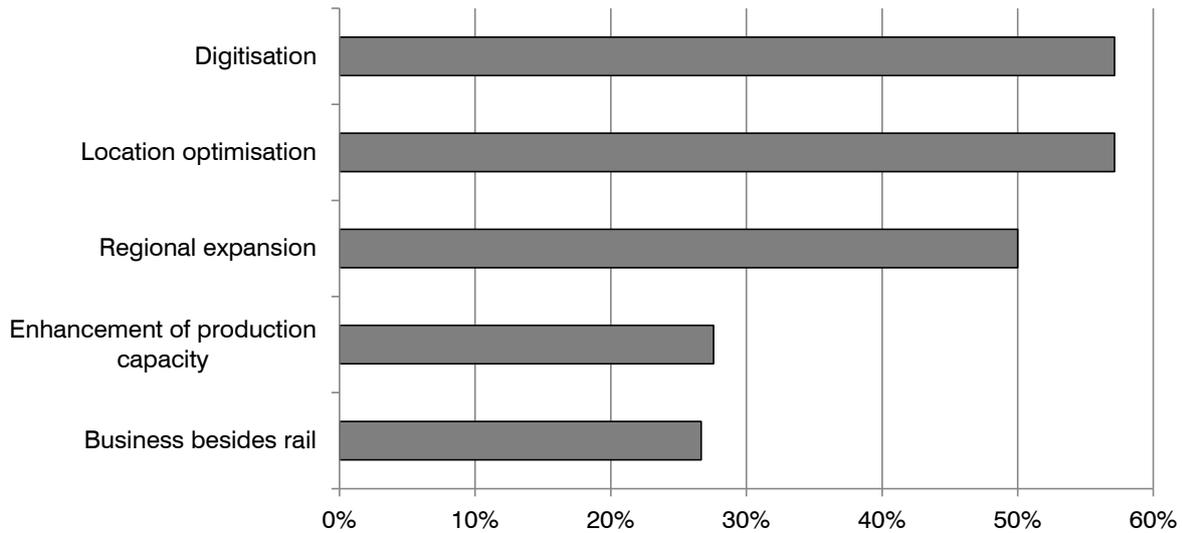


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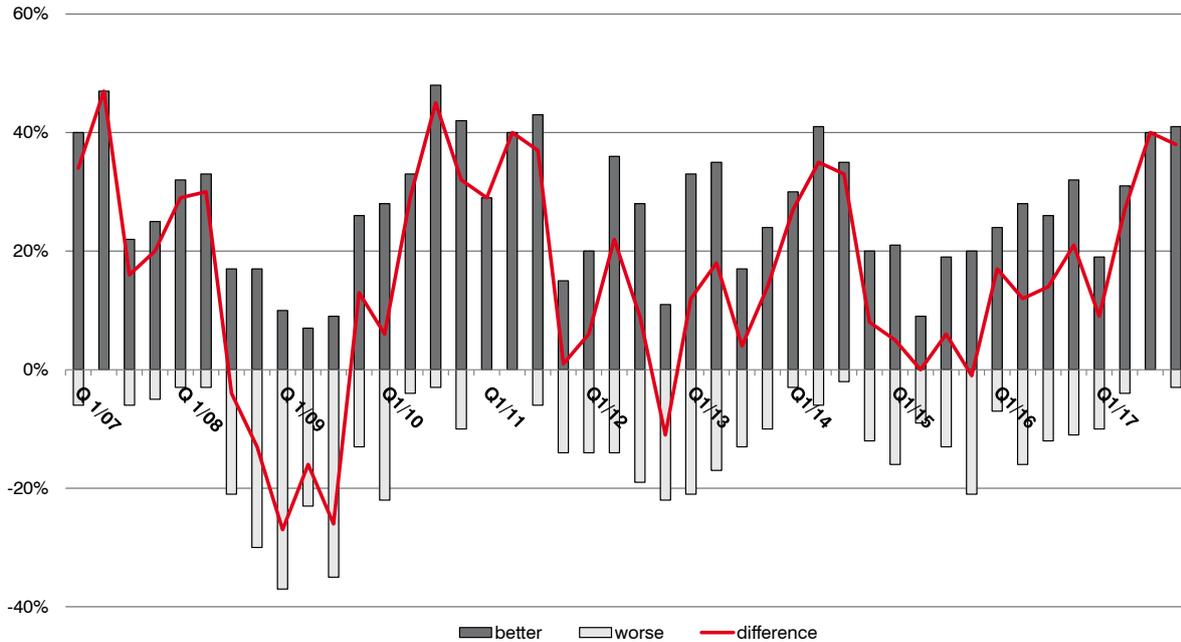
The demand for products and services, as an important indicator for the industry's development, is once again on a clear growth course, compared to the previous quarter. In total, 37% of top managers interviewed reported a positive development. In contrast, only 13% of top managers interviewed reported a negative evaluation, which is the lowest proportion in three and a half years. This development is also reflected in the evaluation of the current order backlog. The proportion of companies reporting their order backlog as "too small" is in 2017 the lowest it has been since 2011.

Top-5 strategic objectives for 2018



As part of the SCI Global Rail Index 4/2017 survey, the top managers were asked about their goals for the coming year. Digitisation and location optimisation were listed by 57% of top managers interviewed as important strategic goals for 2018. Regional expansion of business fields can also be considered as an important issue for 2018. Further important issues are the enhancement of production capacity and strategic expansion into business fields besides rail.

Expected business development in coming 6 months



Source: SCI Verkehr GmbH

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

41% of top managers interviewed expect a better business development in the coming six months. This is a modest increase compared to Q3, and supports the global growth trend in the railway industry. This result is slightly reduced by a very small proportion of top managers interviewed (3%) who expect a worse business development in the coming six months.

A continuation of the current rising trend is also expected by Maria Leenen, CEO of SCI Verkehr, for the coming year: “the positive demand development and the promising success of digitisation enable the global railway industry to look forward with confidence to 2018.”

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.