

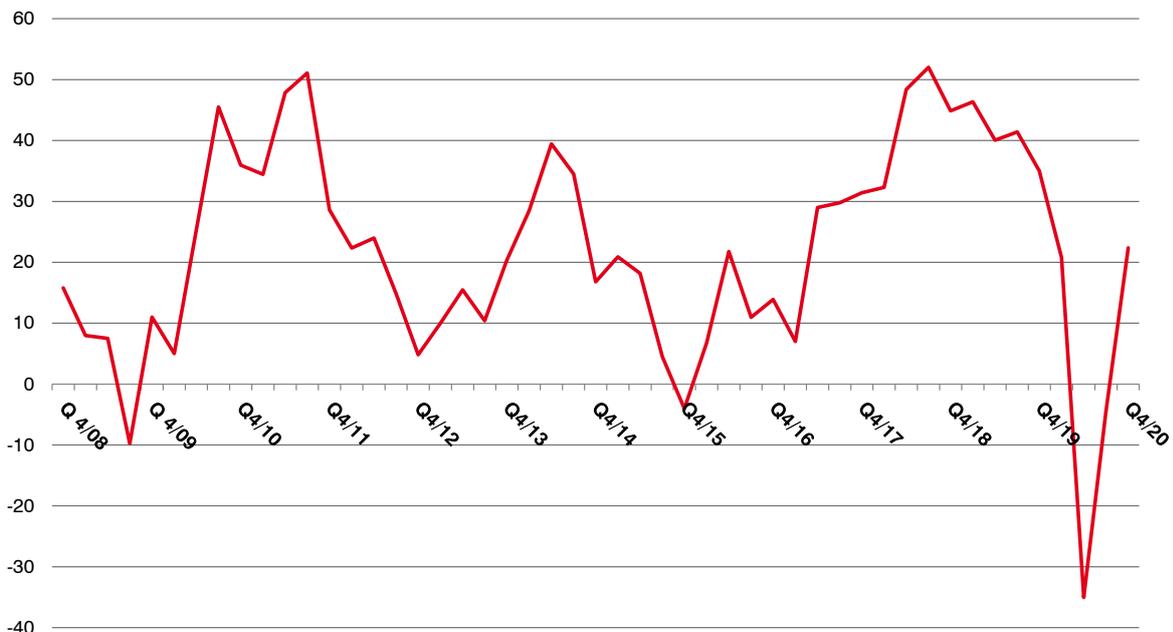
SCI GLOBAL RAIL INDEX 4/2020

The rail industry is entering the new year with optimism

The SCI Rail Business Index recovered in the 4th quarter of 2020 and, despite the turbulent year, ends up at the same level as in the beginning of 2020. Although many world regions have imposed lockdowns again due to the high COVID-19 infection figures, the rail industry is looking positively towards the coming year (as of November 2020). This is shown by the current SCI RAIL BUSINESS INDEX - a regular survey of the top managers of the global rail industry by the consulting company SCI Verkehr.

Despite the massive slump in the SCI Business Index in the first half of 2020 due to the global COVID-19 crisis, the level has recovered at the end of the year. Both in terms of the current business situation and the demand for products and services and also with regard to expectations for the coming quarter, the assessments of the global top managers have improved. On average, the respondents indicate that they estimate a decline in incoming orders of around 10% for 2020, but expect incoming orders to grow again by around 13% in 2021. Digitisation and the expansion of production capacities were named as the most important strategic goals for 2021.

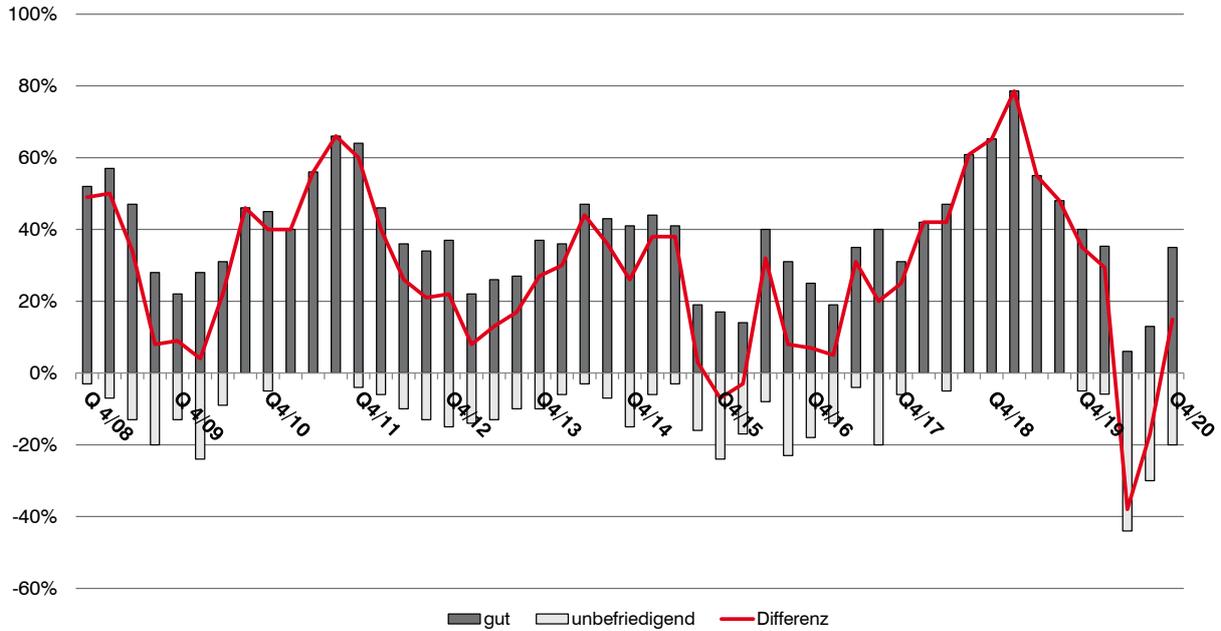
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

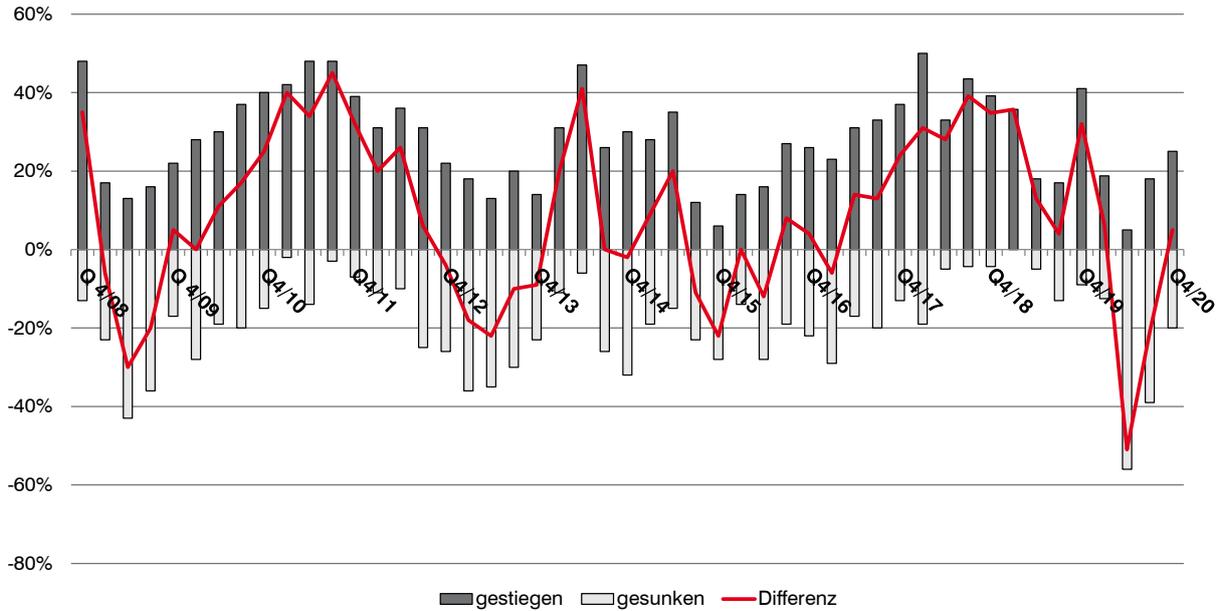


Source: SCI Verkehr GmbH

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

The assessment of the current business situation showed a downward trend for five consecutive quarters (Q1 2019 to Q2 2020), but rose again in the last two quarters of 2020. At the end of 2020, 35% of top managers assessed the situation as positive and only 20% as negative. All in all, the level of the beginning of 2020 has been reached again.

Demand for products and services

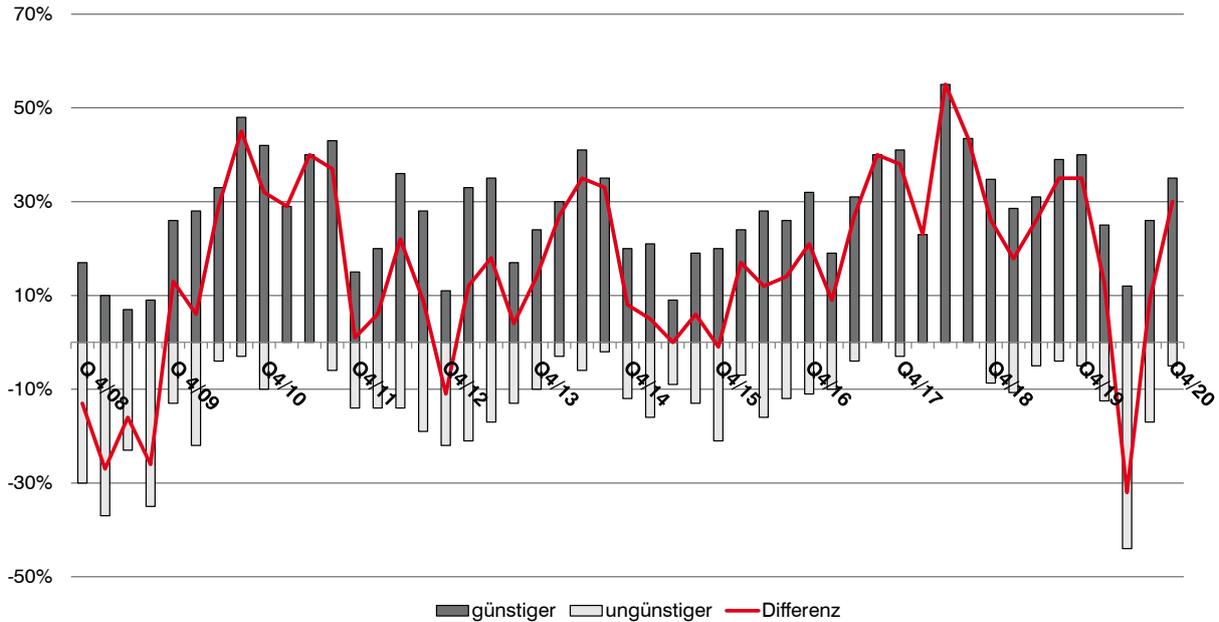


Source: SCI Verkehr GmbH

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.

The evaluation of the demand for products and services shows a similar picture as the assessment of the current business situation: the level has risen again and 25% of the respondents assessed Q4 2020 as more positive than the previous quarter, thus even reaching the peak level of 2020.

Expected business development in next quarter



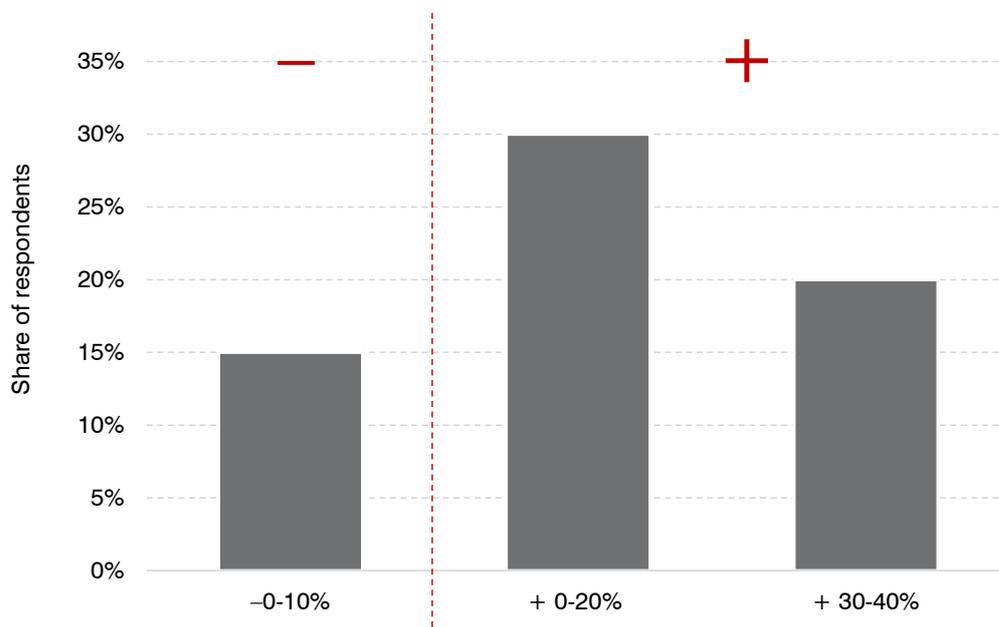
Source: SCI Verkehr GmbH

Since the latest survey, the forecast period for this question is the next quarter (previously: the next 6 months); Up to Q 4/2009, only companies with headquarters in Germany surveyed.

With regard to the assessment of the coming three months, the survey also showed a renewed improvement in the results: overall, 35% of the top managers surveyed expect the situation to improve in the coming quarter and only 5% to worsen. The results of the survey thus reveal a typical picture of a crisis year: after a challenging period, expectations for the future are positive again.

In the fourth quarter of 2020, SCI Verkehr asked top managers about how they estimate the decline in incoming orders in 2020 and what they expect for incoming orders in the coming year 2021. The answers revealed that the top managers expect an average 10% decline in orders for 2020 as a preliminary estimate (as of November), while the following estimates were given for the coming year 2021:

Expected development in order intake in 2021

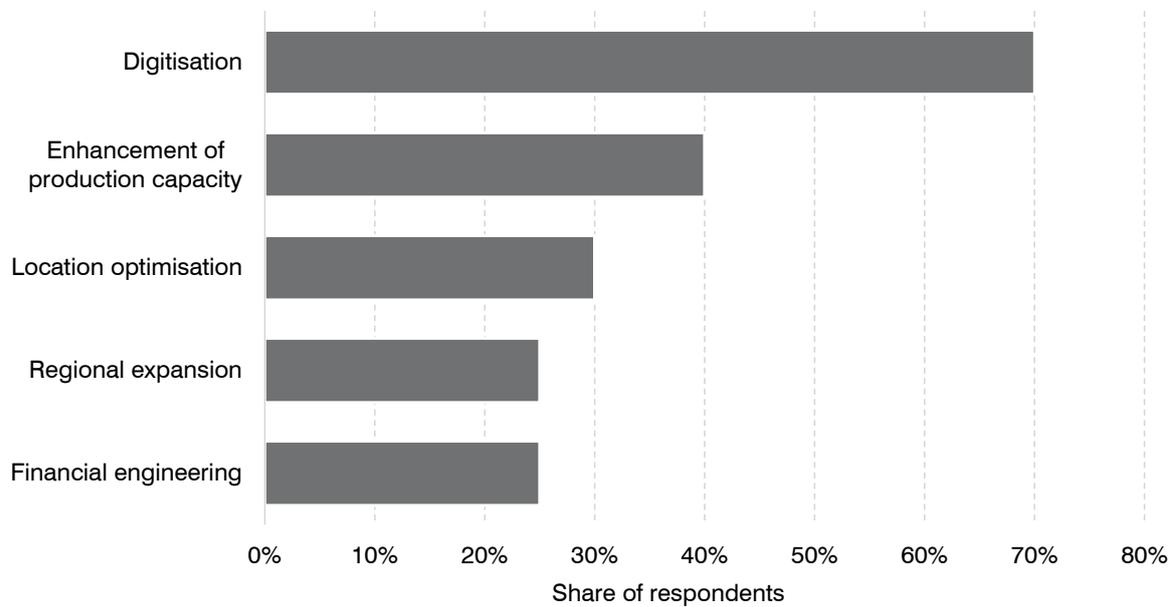


Source: SCI Verkehr GmbH

On average, an increase of 13% in incoming orders is expected for 2021.

In addition, top managers were asked about the strategic goals of their companies for the coming year 2021. The topic of digitalisation was classified as the most important by far, with 70% of respondents ranking the goal of investing in digitalisation projects as very important. The expansion of production capacities was rated second most important. The topics of location optimisation and regional expansion received the third and fourth place. Fifth among the most significant goals for 2020 turned out to be the topic of financing, which was classified as very important by 25% of the top managers.

Top-5 Strategic objectives for 2021



Quelle: SCI Verkehr GmbH

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 quarter* 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.

*Since Q3 2020, the reference period is the coming quarter. Previously, the questions referred to the coming six months. The change was made to reflect the current rather short-term dynamics in the developments due to the Covid-19 crisis.