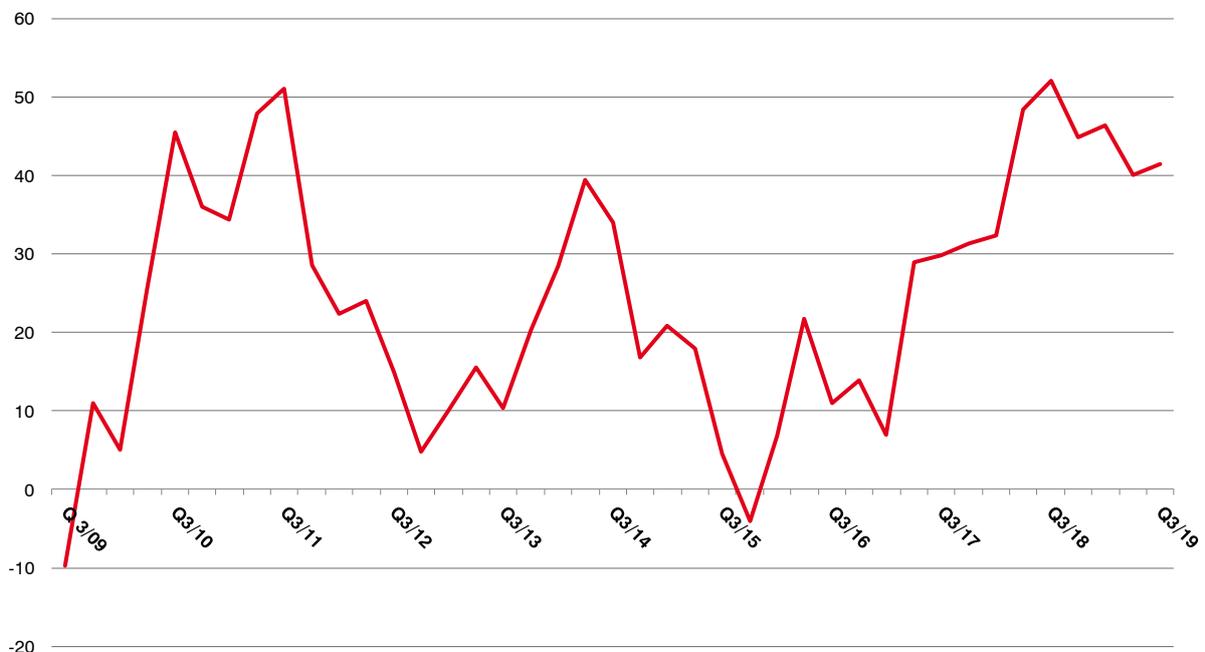


SCI GLOBAL RAIL INDEX 3/2019

Spirit of optimism instead of crisis – the global railway industry resists the current trend and is looking forward to expected growth

The business climate of the international railway industry remains on a high level in the third quarter and is even registering a slight increase in comparison to the second quarter. This is shown by the current SCI RAIL BUSINESS INDEX - a regular survey of top managers in the global rail industry conducted by the consulting firm SCI Verkehr. The deceleration of the worldwide economic growth and negative news from important European industrial branches are so far barely affecting the business climate index of the worldwide railway sector. Despite the fact that the present economic situation and the demand for products and services have been evaluated a little less positive on average in the survey than in the past quarter, the assessment of the future business development has improved: The general political climate is spurring the positive future expectations of the climate-friendly railway sector like it has not done in a long time.

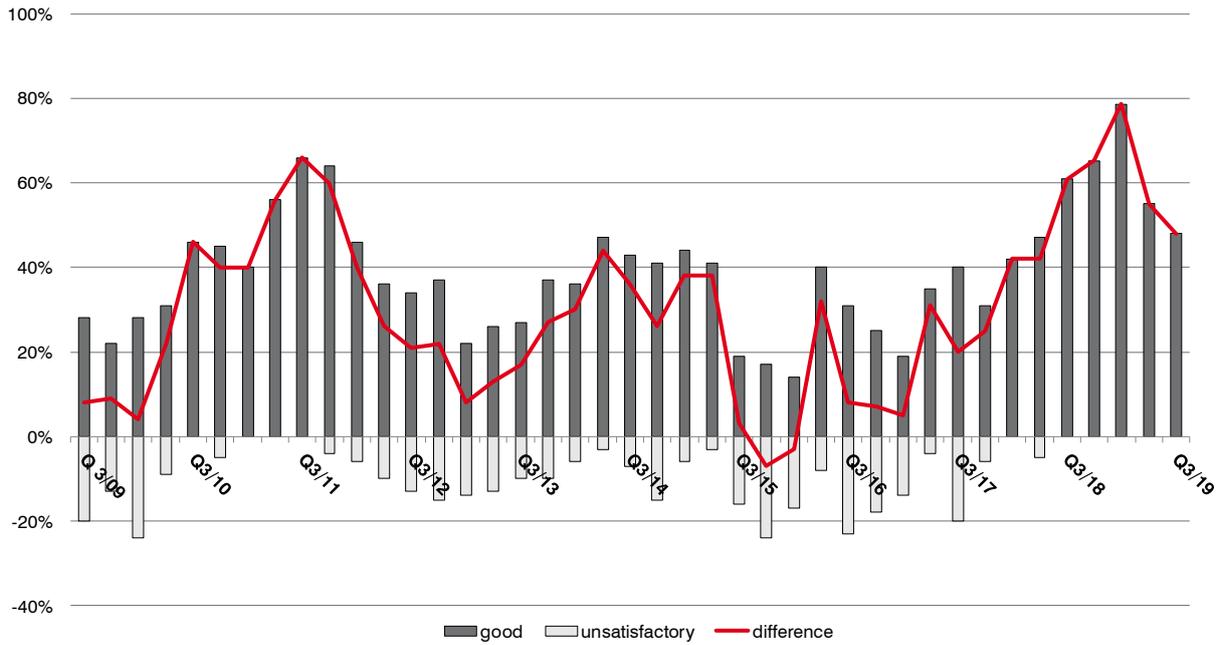
SCI Rail Business Index



Source: SCI Verkehr GmbH

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

Development of current business situation

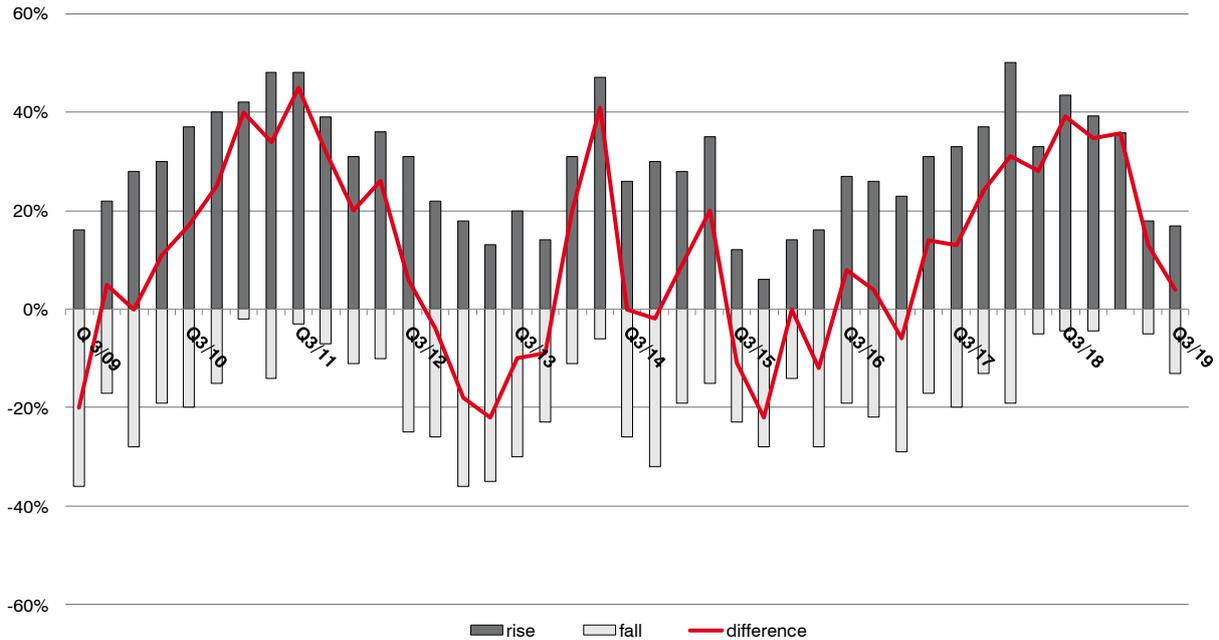


Source: SCI Verkehr GmbH

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

In the evaluation of the current business situation, the significant decline recorded in the second quarter is succeeded by another, yet less severe downward tendency in this quarter. Nonetheless, the difference value of 48% is considerably above the average difference value of the past 10 years (30%), as none of the interviewed top managers is considering the current business situation as “unsatisfactory”.

Demand for products and services

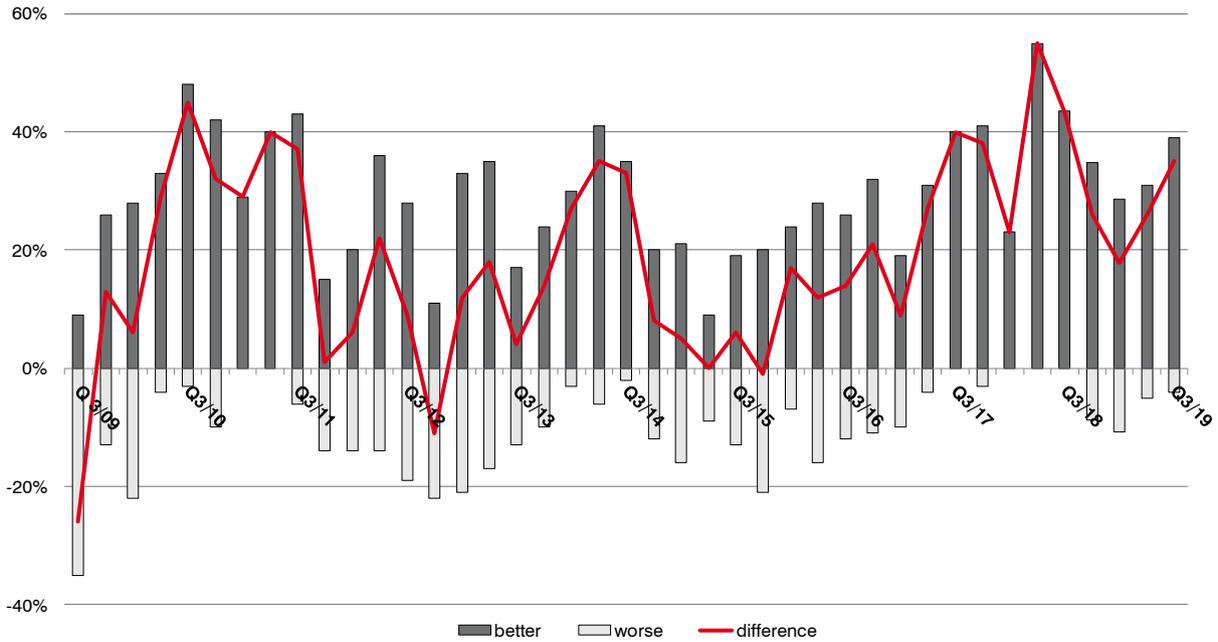


Source: SCI Verkehr GmbH

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

The downward tendency in the evaluation of the demand for products and services has continued in the third quarter. A share of 13% of the interviewees has stated that the demand for products and services had declined, whereas only 5% have registered a reduction in terms of demand last quarter. In contrast, around 17% have also responded that the demand for products and services had increased. However, similar to the trend from the previous quarter, this share is on the lowest level recorded since 2016.

Expected business development in coming 6 months

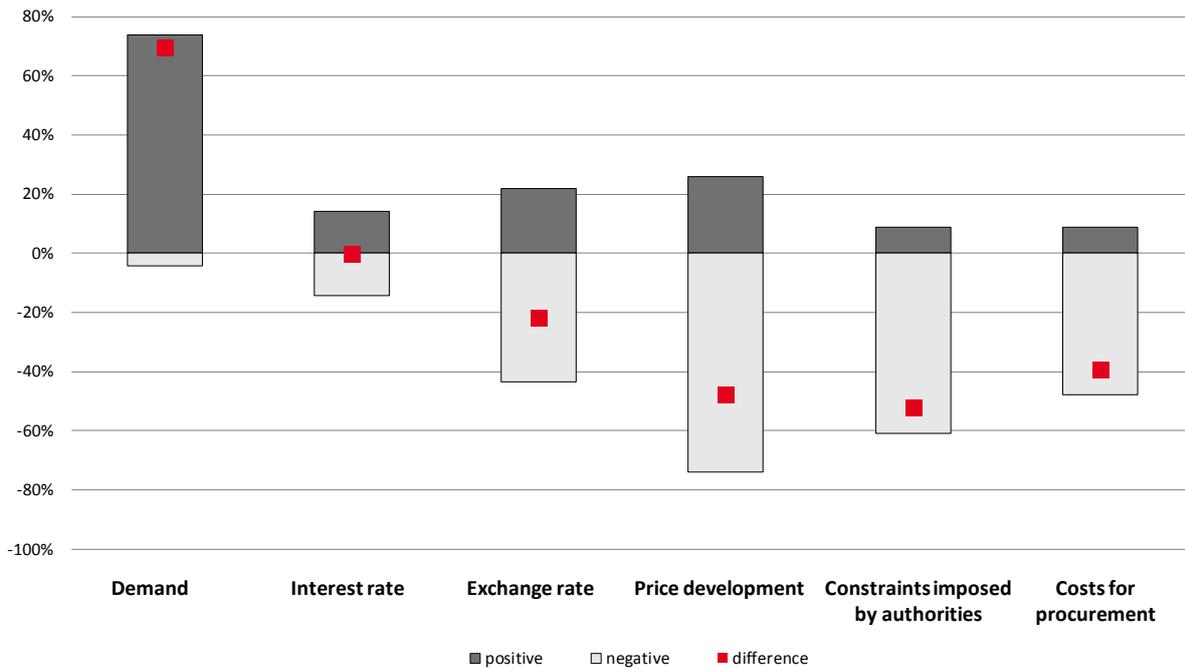


Source: SCI Verkehr GmbH

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

The survey has indicated a positive development regarding the expected business development in the coming six months for the second consecutive quarter. The share of interviewees that is expecting the business situation to improve has increased by 8 percentage points to 39%. In turn, only 4% of the interviewed managers are expecting a negative business development. In spite of the current slowdown of the overall economic situation and a decline of the demand for products and services, many top managers in the railway industry are optimistic about the future.

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 of their supplier products had a negative impact on current business. In combination with the growing competition worldwide, the manufacturers are complaining about an increasing pressure on margins despite a high level of demand. Moreover, many interviewees are considering the existing regulatory restrictions to hamper the business development, although the pressure on the governments to remove regulatory obstacles in the railway sector is increasing because of the worldwide climate crisis. The factors that have been identified as having a negative impact on the business development during the past 12 months also include current purchasing prices and fluctuating exchange rates.

A significant majority of 74% of the interviewed top managers is considering the improvement of the demand situation to be a positive impact on the preceding business development.

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.