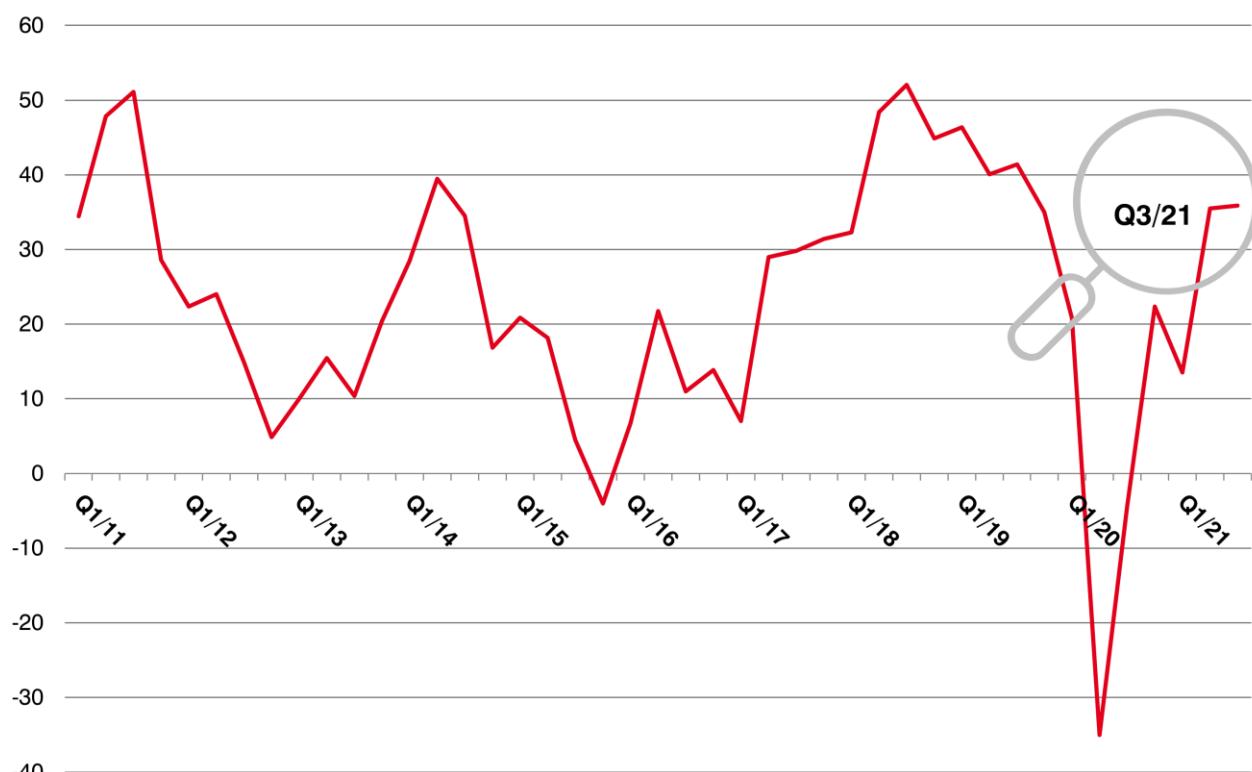




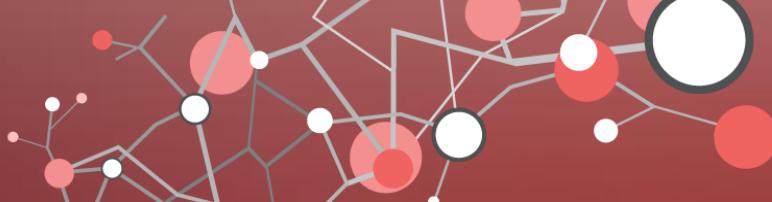
Global procurement crisis reaches railway industry and slows down positive business development

Shortages of raw materials and components, overpriced trade routes and interrupted transport routes - global supply chains have been in a state of emergency for months. The consequences are now also being felt by the rail industry and are reflected in the current SCI RAIL BUSINESS INDEX - a regular survey of top managers in the global rail industry by the consultancy company SCI Verkehr. How quickly can the bottlenecks be eliminated? What alternatives are developing and what are the consequences for industry and service providers? Although the assessment of the current business situation remains positive, the unbalanced supply chains make the managers surveyed more skeptical about the coming quarter.

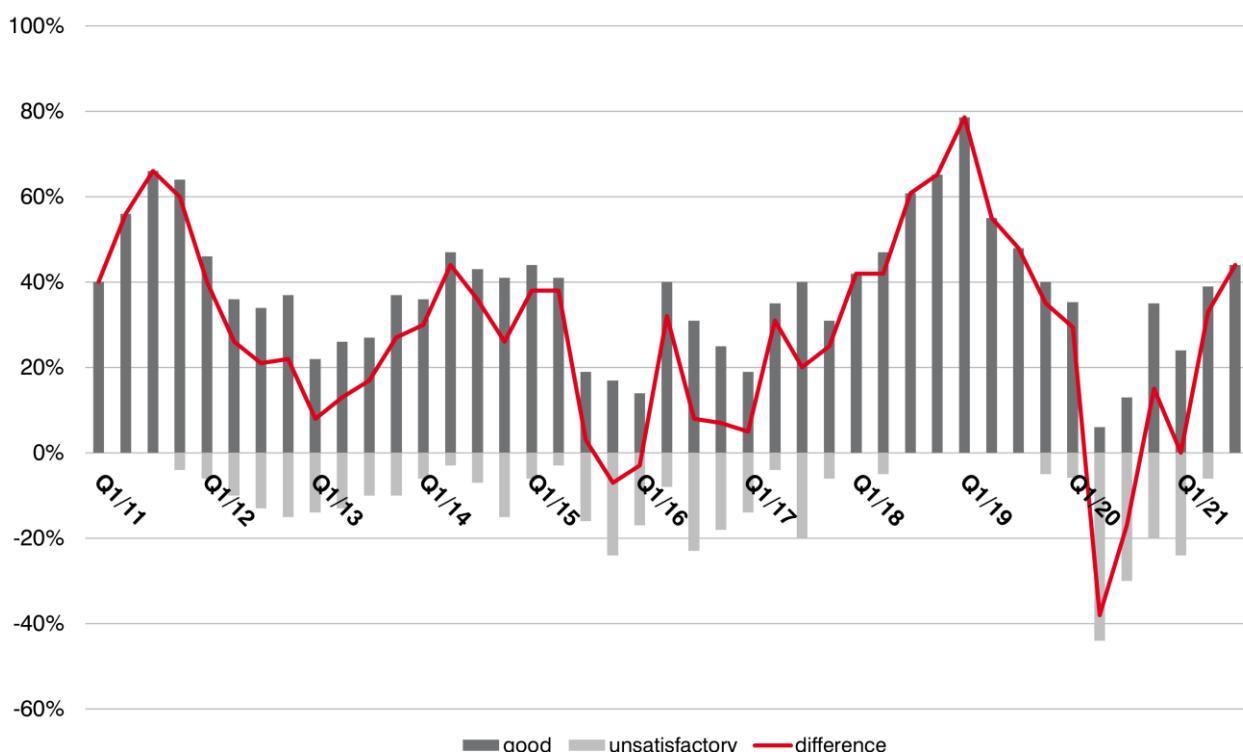
SCI Rail Business Index



Source: SCI Verkehr GmbH



Development of current business situation



Source: SCI Verkehr GmbH

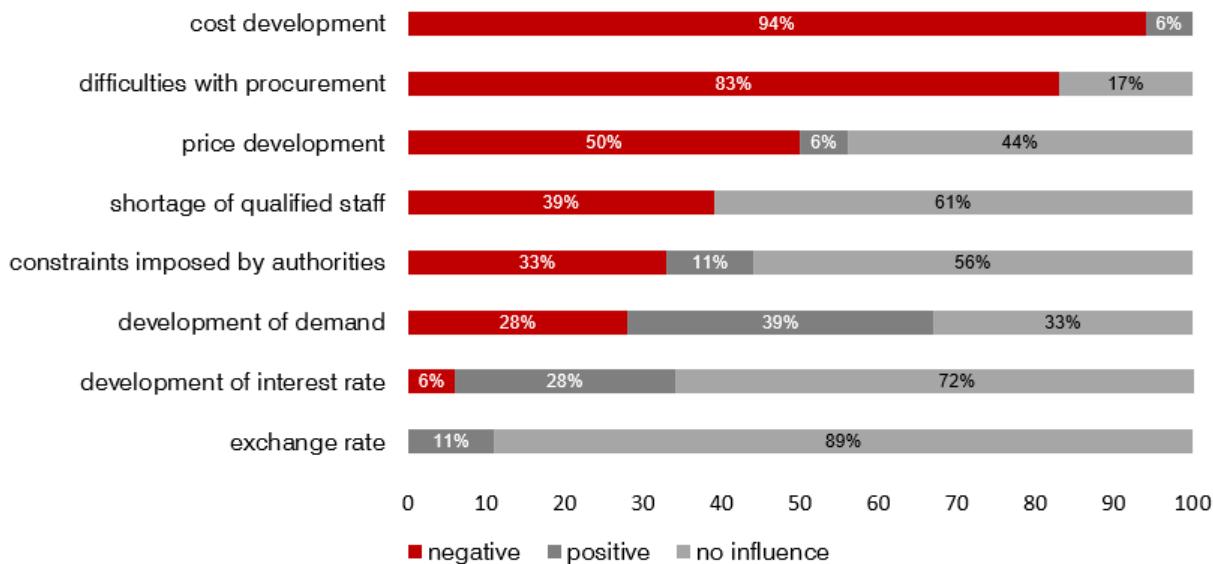
Up to Q 4/2009, only companies with headquarters in Germany surveyed.

Figure 2: Business situation

In the third quarter of 2021, the top managers surveyed tended to assess their current business situation more positively than in the previous quarter. 44% of the managers considered the current business situation good, 56% as seasonal. None of the respondents rated the business situation as unsatisfactory. The order backlog is described as "relatively large" by half of the respondents, but at least as "sufficient". At the same time, the number of companies that described the current order backlog as "too small" in the second quarter fell from 9% to 6%. This means that the development of the current business situation has reached the highest recorded value since the onset of the Corona crisis.



Influence parameters of business situation in the last 12 months

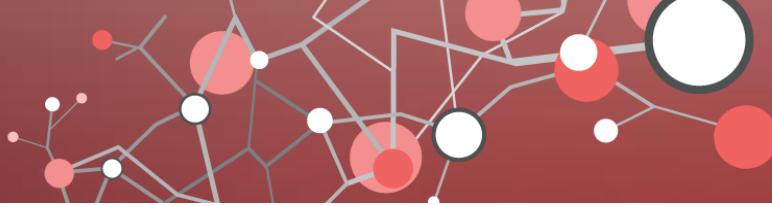


Source: SCI Verkehr GmbH

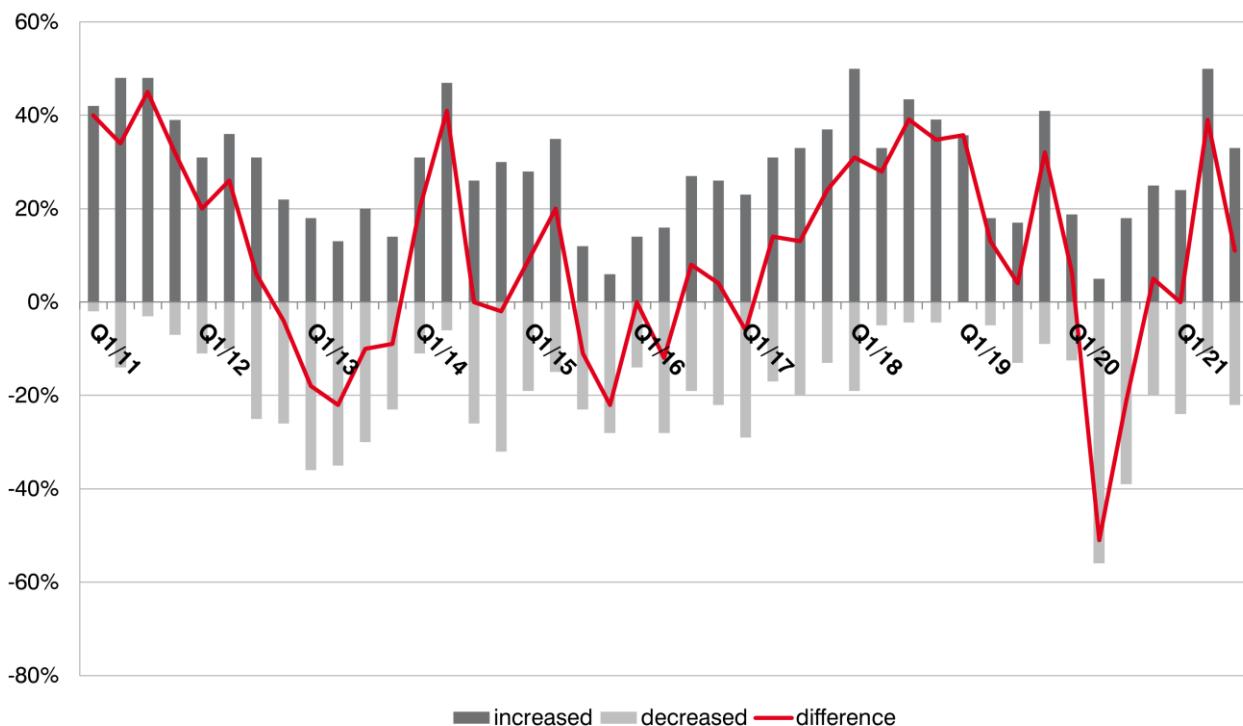
© SCI Verkehr

Figure 3: Influence parameter

The effects of the tense global procurement situation are reflected in the parameters influencing the railway industry's business situation: the procurement (83%) of goods and services and - as a direct consequence of a corresponding shortage - the level of purchase prices (94%) have the greatest negative impact on existing business. This clearly shows the increasing cost pressure for manufacturers of railway products in the globally competitive market. Furthermore, the price development (50%), the lack of qualified personnel (39%) as well as official restrictions (33%) had a negative influence on the situation in the past twelve months. The majority of the managers surveyed see a positive influence on the past business development in increased demand and interest rates.



Demand for products and services



Source: SCI Verkehr GmbH

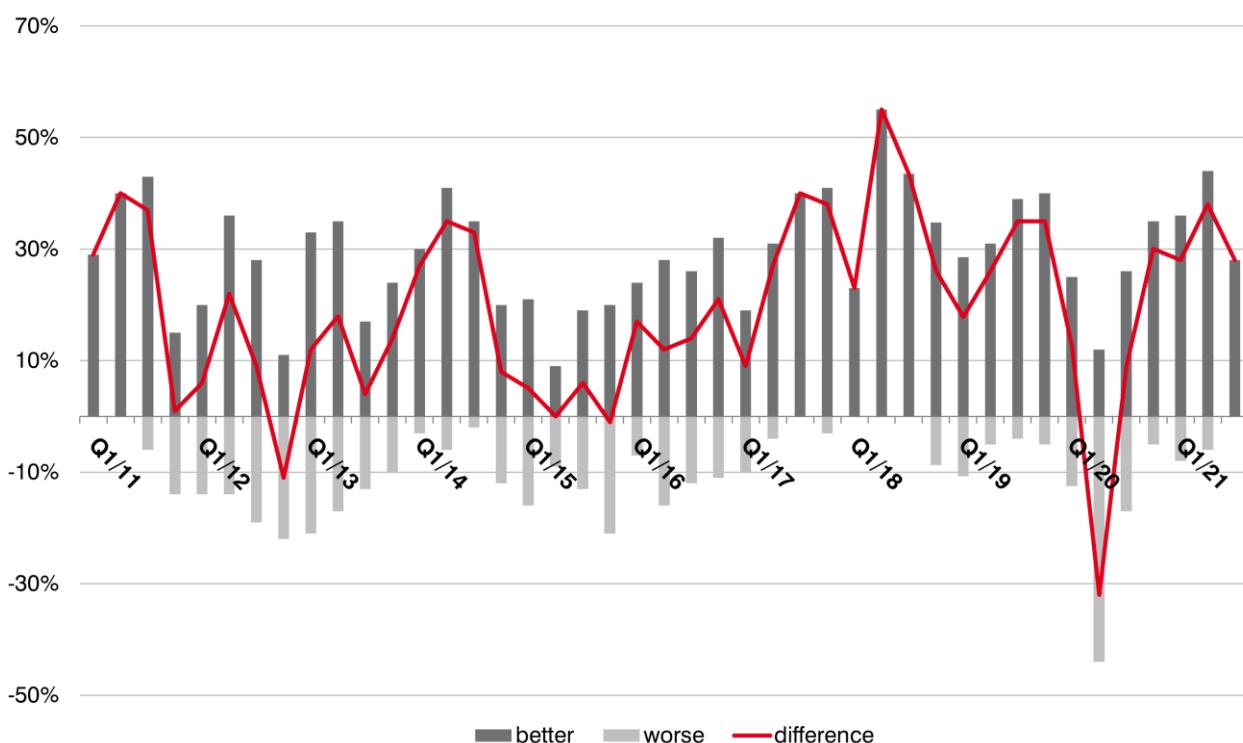
Since Q3 2020, the reference period for this question is the last quarter (previously: the last 6 months);
Up to Q 4/2009, only companies with headquarters in Germany surveyed.

Figure 4: Demand

The assessment of demand for products and services as an important indicator of industry development recorded a decline in the third quarter of 2021, but still remains in positive territory: 44% 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. Thus, a large proportion of 77% of the participants indicated at least unchanged or growing demand for products and services. After all, just under one in five respondents reported a decline in demand.



Expected business development in next quarter

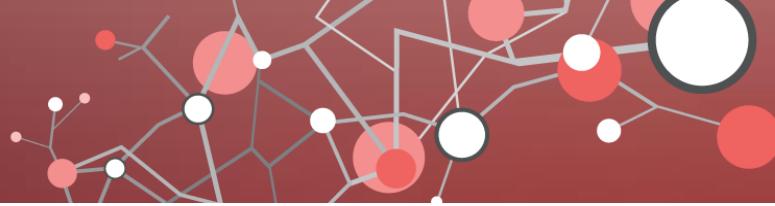


Source: SCI Verkehr GmbH

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

Figure 5: Business development

What do managers in the railway industry expect from the coming quarter? According to the respondents, the skepticism of the industry is evident here and shows an ambivalent picture: even though the value has fallen significantly compared to the last quarter, the mood for the coming six months can still be seen as positive overall. The majority (72%) of respondents expect the situation to remain unchanged, with just under one in three expecting a more favourable business development.



SCI GLOBAL RAIL INDEX

The SCI GLOBAL RAIL INDEX is based on approximately 100 reports from representative companies in the global rail industry. The companies are regularly asked to assess their current business situation and their expectations for the coming six months. They can indicate their situation as "good", "satisfactory" or "poor" and their business expectations for the coming six months as "more favourable", "stable" or "less favourable". The balance value of the current business situation is the difference between the percentages of the answers "good" and "bad", the balance value of the expectations is the difference between the percentages of the answers "more favourable" and "less favourable". The business climate is a transformed mean value from the balances of the business situation and the expectations.

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