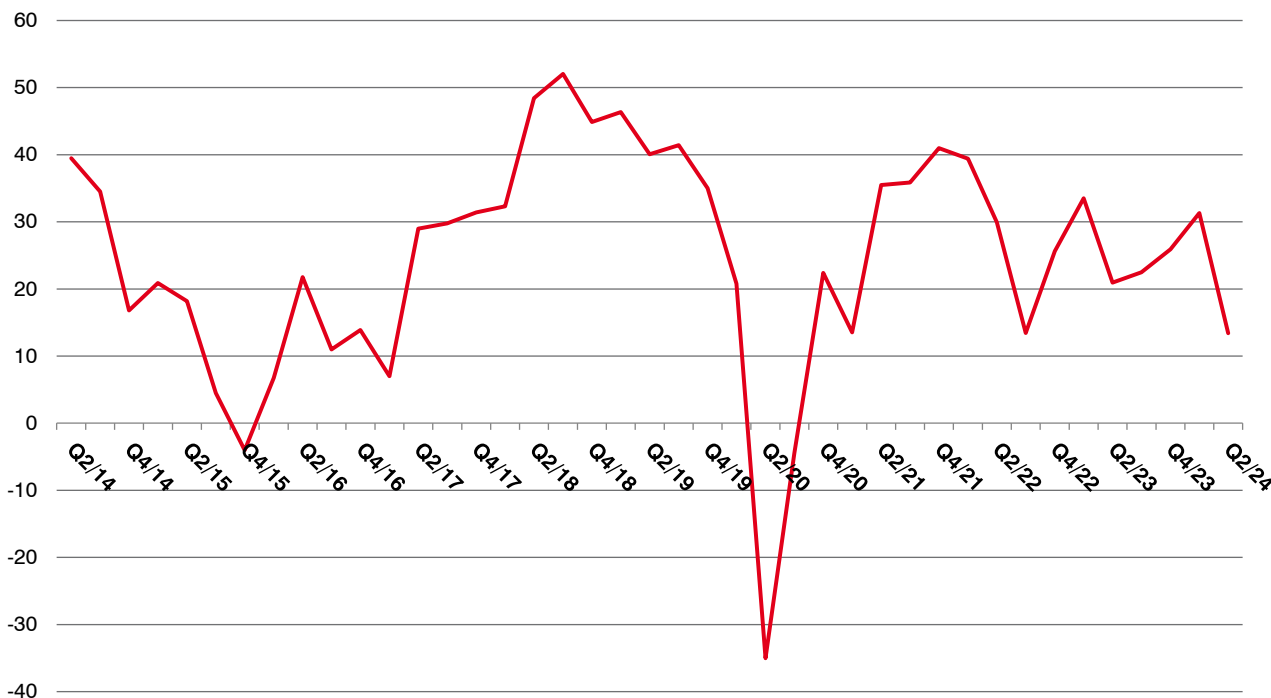




## THE SHORT OPTIMISM OVER THE LAST THREE QUARTERS IS FOLLOWED BY SCEPSIS IN THE INDUSTRY AGAIN

The tentatively positive trend of the past nine months cannot be further expanded in the second quarter. The SCI RAIL BUSINESS INDEX from consultancy SCI Verkehr is losing momentum and thus reflects the current situation in the sector - there is a lack of momentum and impetus for a real positive turnaround. Flanked by a less favourable assessment of the current business situation and expectations that this will not change in the coming quarter, the current mood is contributing to the negative trend in the index. The alternating optimistic and pessimistic responses indicate continuing uncertainty in the railway industry. However, the demand for products and services remains at a good level for companies. Although there is a slightly negative trend here as well, overall, the top managers surveyed referred to well-filled order books in the second quarter. The sector is also ambivalent about the progress of the digitalisation in rail transport: only a small majority of the global experts surveyed observed an acceleration of the necessary digital transformation process. The most relevant topics for the industry and the respective companies are "predictive maintenance" and, closely related to this, "real-time data analysis".

SCI Rail Business Index

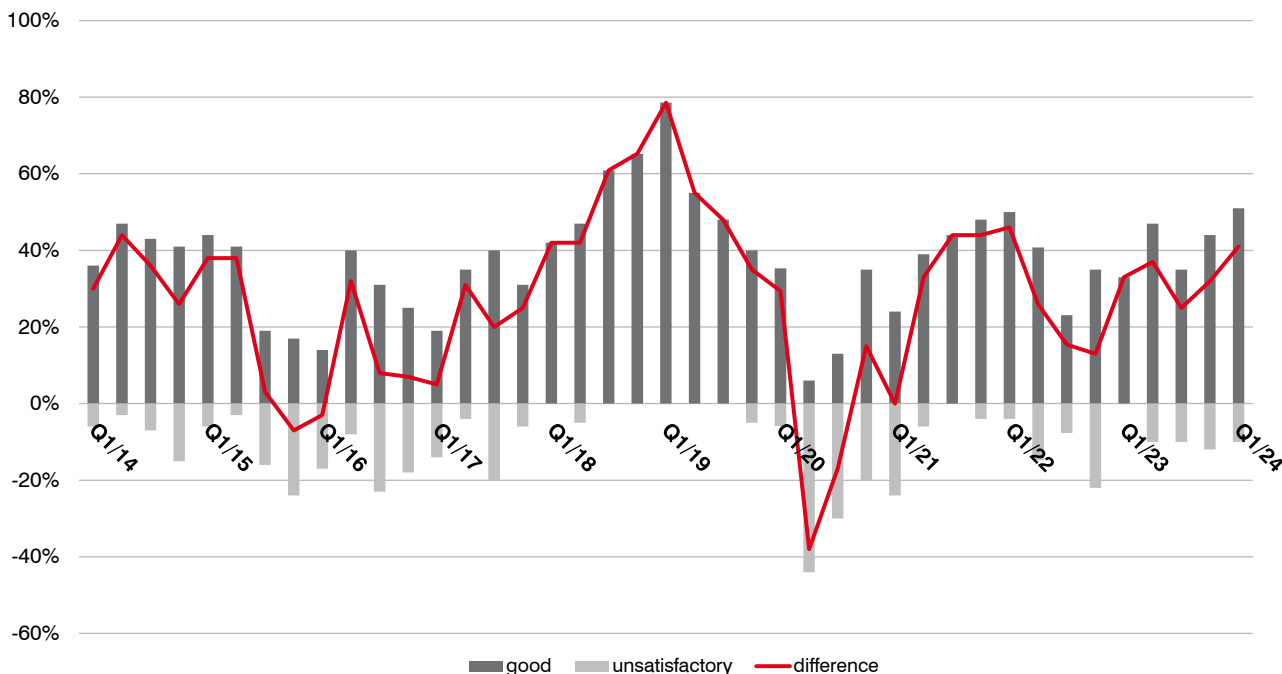


Source: SCI Verkehr GmbH

Figure 1: SCI Rail Business Index



### Development of current business situation



Source: SCI Verkehr GmbH

Figure 2: Development of the current business situation

According to the managers surveyed, the current business situation is far less positive compared to the previous quarter. Although the majority of 53% reports that the situation is common for the season and more than one in four rate the situation as good anyway. In contrast, however, one in five respondents reported an unsatisfactory business situation. Overall, the surveyed managers' assessment thus contributes to the negative trend. Looking back at the survey in the first quarter of the previous year, a clear change can be seen: in the current survey, significantly fewer companies reported a favourable business situation (-14 percentage points) and, conversely, more reported a negative development (+10 percentage points.) Despite the largely stable business situation, the index thus reflects a volatile mood overall: after an optimistic start to the year, entrepreneurs are once again unsettled in the second quarter.



### Expected business development in next quarter



Source: SCI Verkehr GmbH

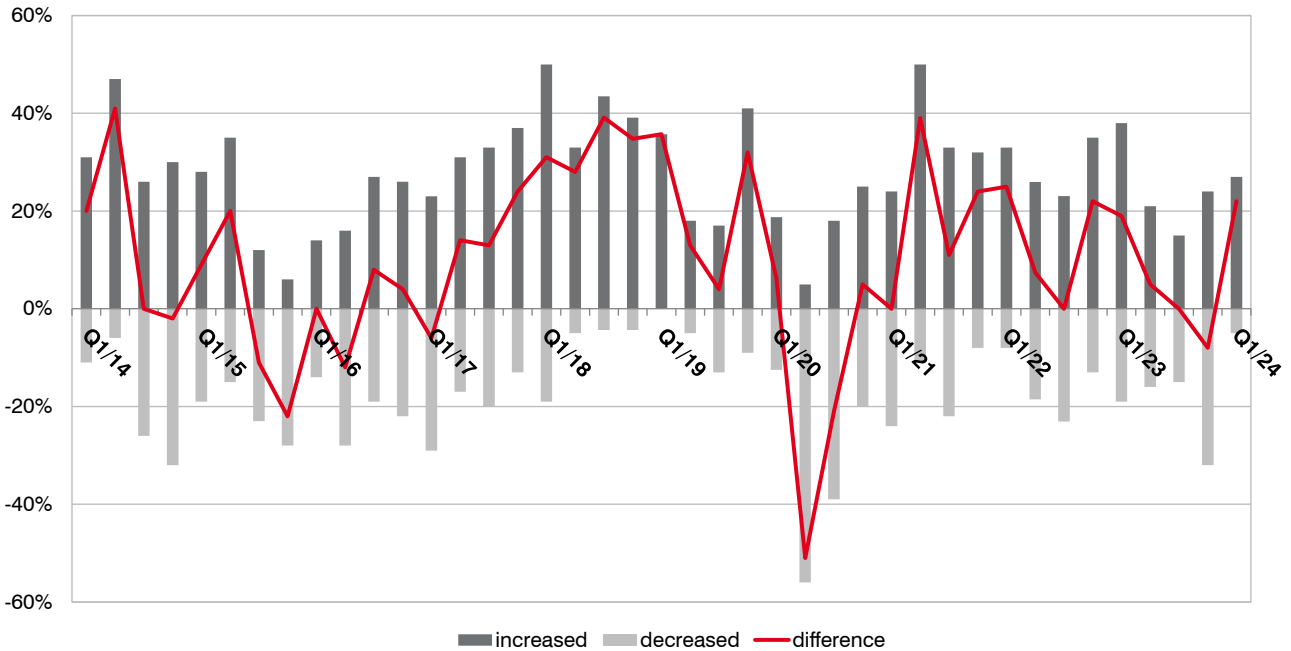
Since the latest survey, the forecast period for this question is the next quarter (previously: the next 6 months); Up to Q 4/2009, only companies with headquarters in Germany surveyed.

Figure 3: Expected business development in the next quarter

When asked about their expectations for the business development in the next quarter, the majority of companies agree that the situation is expected to remain the same. Based on the thoroughly positive expectations for the second quarter of 2024, the current figures reflect a continued solid outlook. Seemingly unimpressed by the ongoing phase of economic weakness, the majority of entrepreneurs surveyed are optimistic about the coming quarter: as many as 27% expect business to develop more favourably and 66% expect it to remain the same, defying the general assessment and the prevailing uncertainty in the industry. Less than one in ten expect business to develop unfavourably. (cf. Q1/24: more favourable 22%; unchanged 78%; less favourable 0%).



### 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).  
Until quarter 4/2009 survey only conducted for companies with headquarters in Germany

Figure 4: Demand for products and services

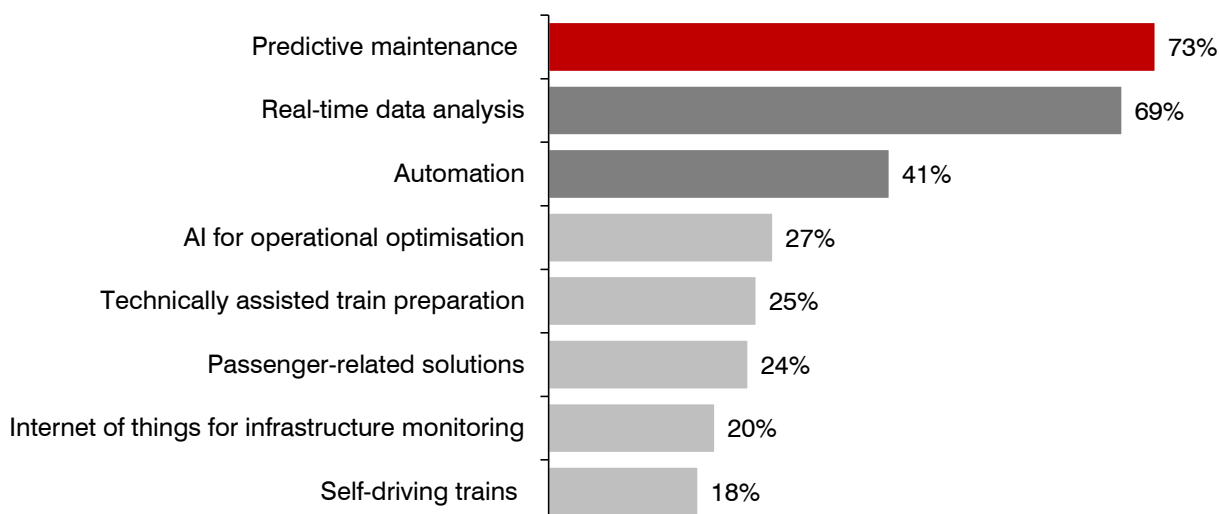
The positive trend of the first quarter in terms of the demand for products and services is not continuing in the current quarter: although the managers surveyed continue to report a high demand overall, the proportion of companies reporting a drop in demand is increasing. While this figure was 5% in the first quarter, in the current survey 13% stated that demand had fallen, thus contributing to the falling index. At 27%, the figure for increased demand remains constant compared to the first quarter, with 60% reporting an unchanged situation.



**Has the pace of digitalisation in the rail industry accelerated?**



**Relevance of topics (selection) for the digitalisation of rail**



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Figure 5/6: Digitalisation in the railway industry

At the end of May 2024, SCI Verkehr asked the top managers in the global railway industry for their assessment of the development of the digitalisation in the railway industry. The result: the sector appears to be divided in terms of its assessment of the speed at which the necessary digitalisation is progressing: 52% say that the pace has accelerated. At 48% of respondents, the proportion of sceptics is only slightly lower. When asked further, the two topics of "predictive maintenance" and the underlying "real-time data analysis" dominate in terms of their relevance for the railway industry.

*SCI Verkehr is supporting the digital transformation of the railway industry with an expert community platform. On [Klusij.de](https://www.klusij.de), you will find digital solutions and IT experts for rail transport along your business processes.*



## SCI GLOBAL RAIL INDEX

The SCI GLOBAL RAIL INDEX is based on approximately 100 reports from representative companies in the global rail industry. 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 mark 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 "poor", 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 average of the balances of the business situation and expectations. The companies are regularly asked to assess their current business situation and their expectations for the coming six months. They can mark 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 "poor", 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 average of the balances of the business situation and expectations.



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