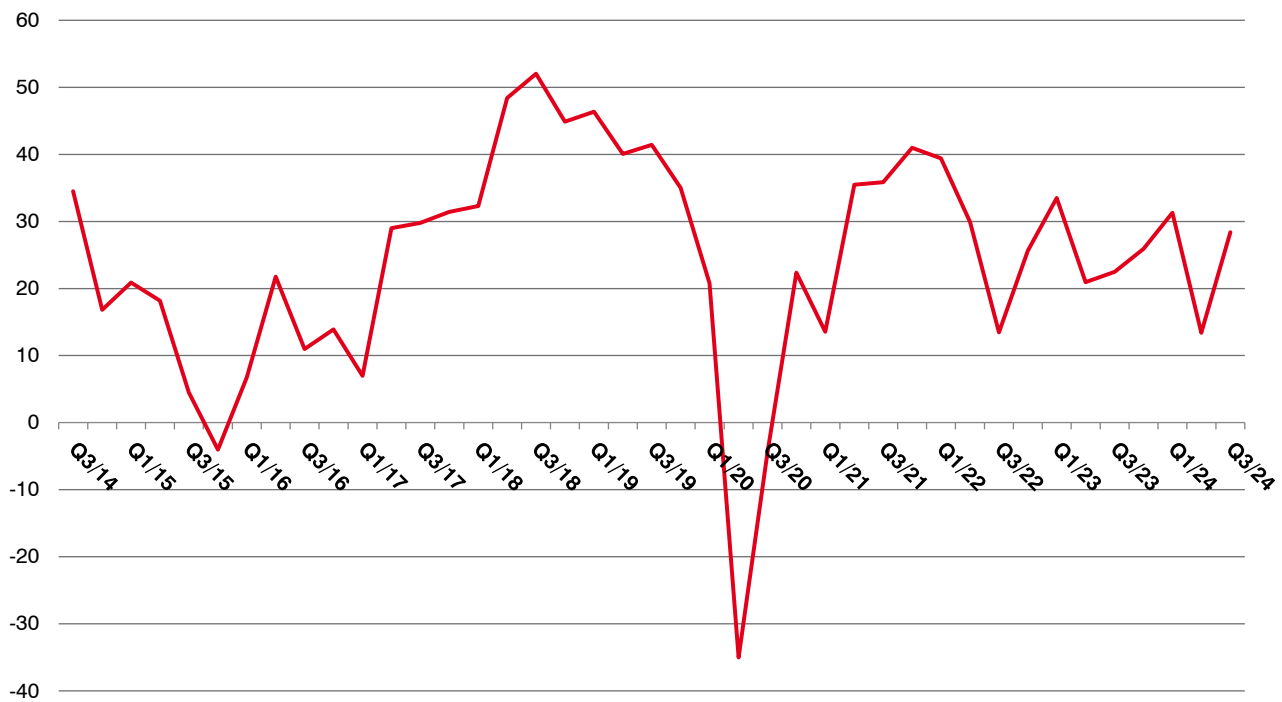




RAILWAY INDUSTRY: SOLID SITUATION IN THE THIRD QUARTER

The sector is currently unimpressed by the recent global economic weakness and ongoing uncertainties and is presently in a solid position following a dip in sentiment in the middle of the year. However, the index remains volatile, reflecting the changing sentiment of the entire sector. The industry is reporting a favourable business situation, which the experts surveyed worldwide expect to continue in the coming six months. The positive assessment is supported by the fact that companies' order books remain well-filled. Although the slightly negative trend that began in the previous quarter will continue, overall demand for products and services remains at a good level. However, entrepreneurs are burdened by high purchase prices, ongoing supply chain problems and staff shortages - these parameters have had the greatest negative impact on companies in the last 12 months. This is shown by the latest SCI RAIL BUSINESS INDEX - a regular survey of top managers in the global rail industry conducted by the consulting firm SCI Verkehr.

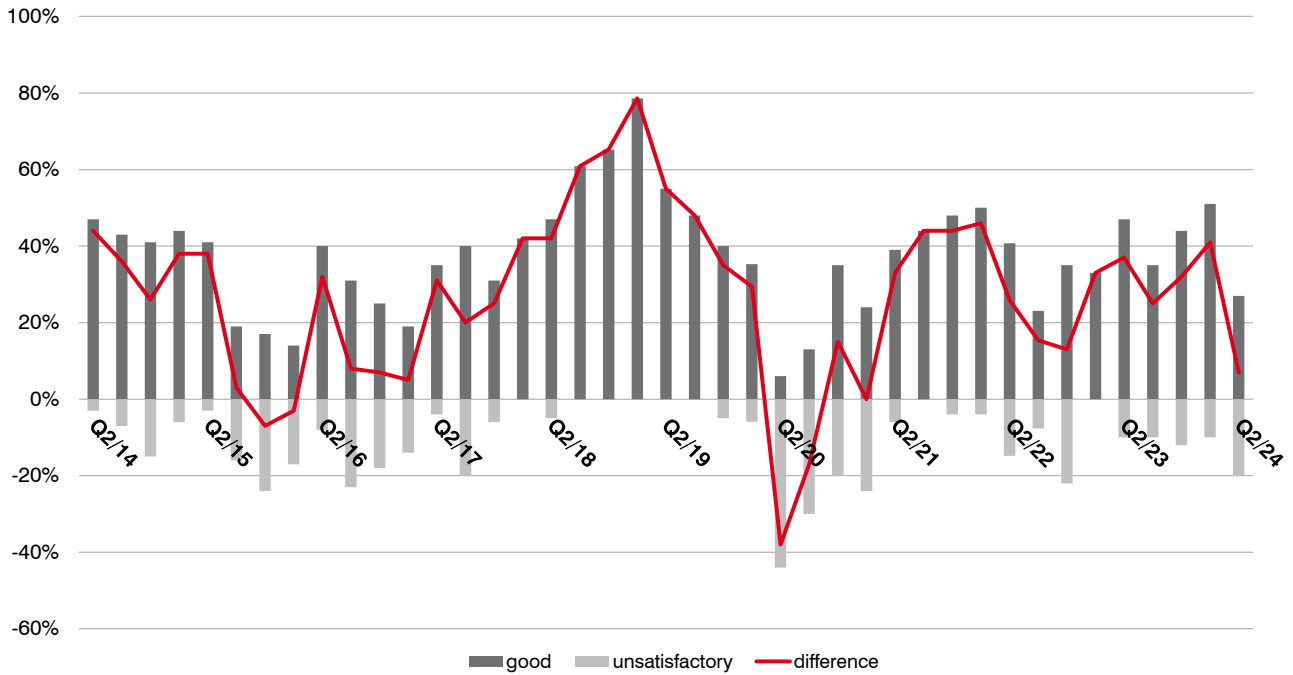
SCI Rail Business Index



Source: SCI Verkehr GmbH

Figure 1: SCI Rail Business Index

Development of current business situation



Source: SCI Verkehr GmbH

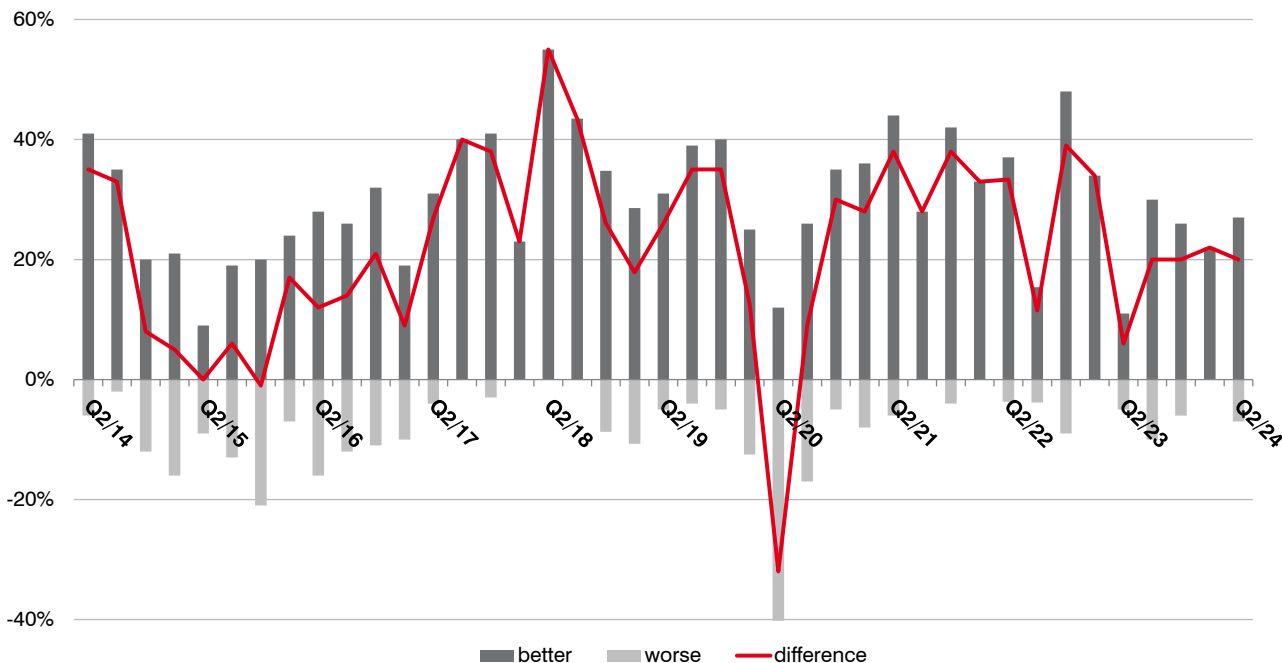
Until quarter 4/2009, survey only conducted among companies headquartered in Germany.

Figure 2: Development of the current business situation

According to the managers surveyed, the current business situation is more positive compared to the previous quarter's survey. 43% reported a good development, 16 percentage points more than in the second quarter. For 36% (cf. Q2: 53%) of companies, the business situation was quite regular for the season. The proportion of respondents reporting a negative development remained the same at around 20% - in both the second and the ongoing third quarter, around one in five interviewees were critical of the business situation. After the negative development in the middle of the year, the index in the second half of the year follows the solid mood of the railway industry.



Expected business development in next quarter



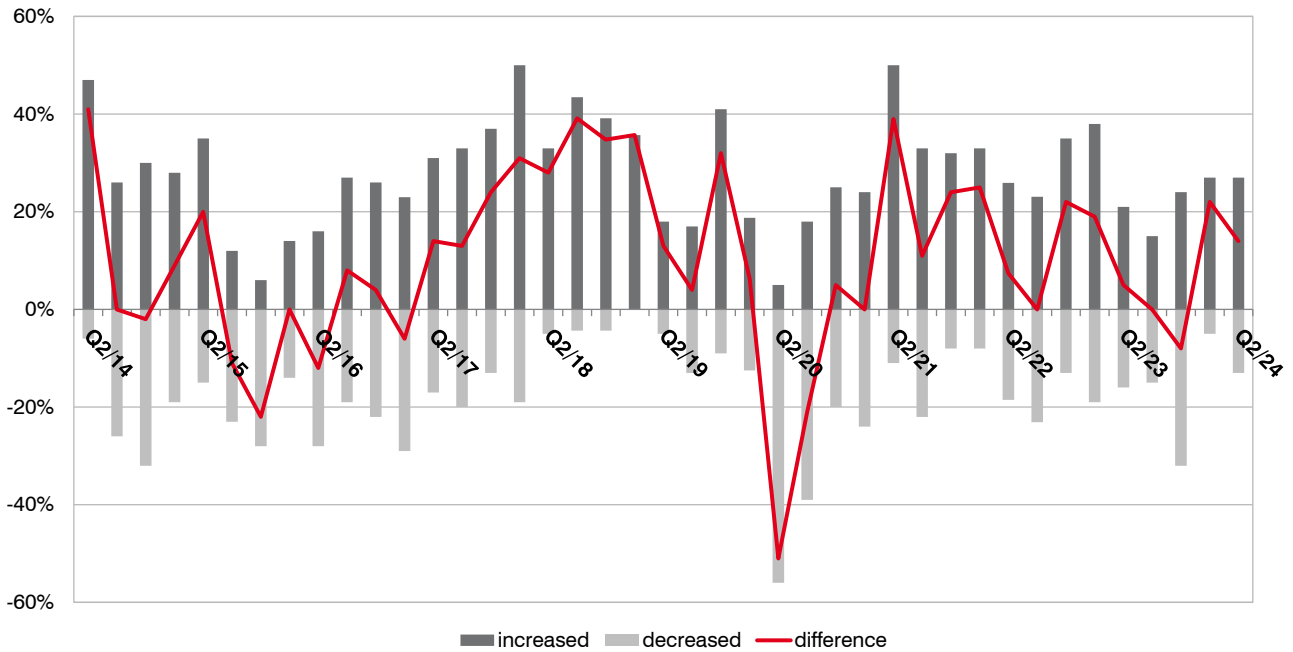
Source: SCI Verkehr GmbH

Since Q3 2020, the expectation period for this question is the next quarter (previously: the next 6 months); until quarter 4/2009, the survey was only conducted for companies headquartered in Germany.

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 thoroughly positive expectations for the third quarter of 2024, the current figures reflect an optimistic outlook. Seemingly unaffected by the ongoing phase of economic weakness, the majority of companies surveyed are confident about the coming quarter: as many as 35% expect a more favourable business trend and 65% expect business to remain the same. Compared to the previous quarter, the few sceptics have become silent: while 7% of respondents still feared an unfavourable business trend in the middle of the year, none expect this to be the case in the fourth quarter. (Cf. Q3/24: more favourable 27%; unchanged 66%; less favourable 7%).

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

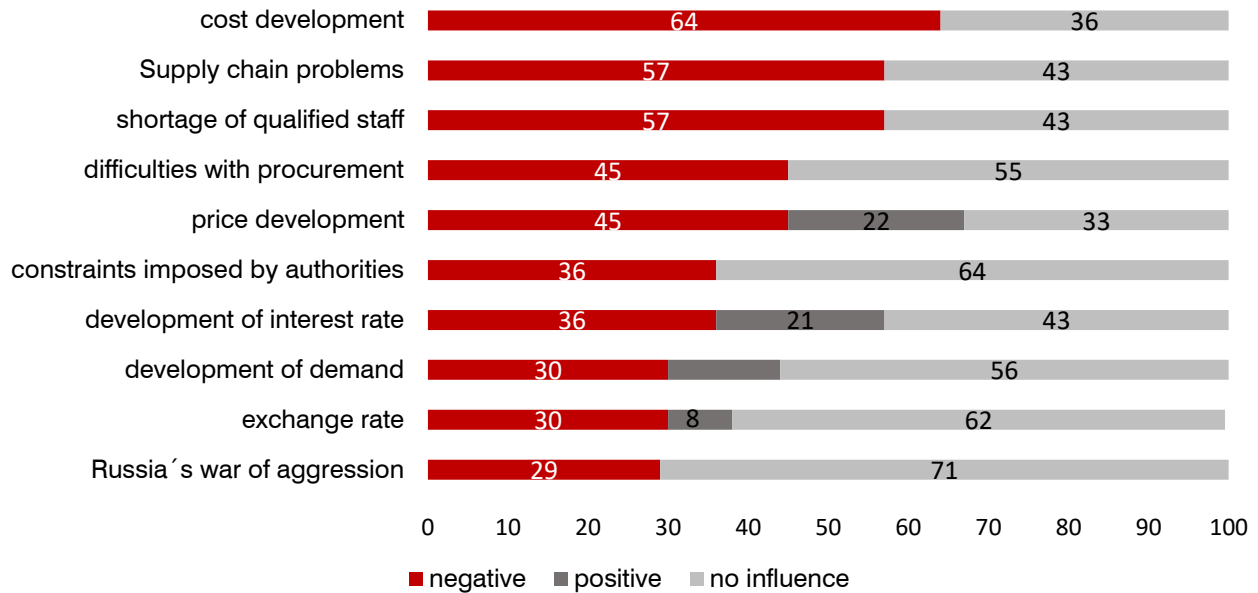
Figure 4: Demand for products and services

The negative trend in demand for products and services continued in the third quarter. Although the managers surveyed continue to report high demand overall, the proportion of companies reporting a drop in demand is steadily increasing. While this figure was 5% in the first quarter and 13% in the second, in the current survey as many as 29% stated that demand had fallen, thus contributing to the falling index. Around one in five reported an increase in demand (cf. Q2: -6 percentage points) and one in two reported an unchanged situation (cf. Q2: -10 percentage points).



Influence parameters of business situation in the last 12 months

(in percent)



Source: SCI Verkehr GmbH

© SCI Verkehr

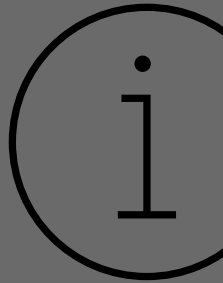
Figure 5: Influence parameters

We asked managers to indicate which parameters had an impact on their company's business situation during the last 12 months. Purchasing prices - which in most cases will have increased significantly - were again mentioned by the majority of respondents. At 64%, the figure is down 31 percentage points compared to the previous year, but still signals the ongoing cost pressure in companies. According to the respondents, supply chain problems have also had a massive impact on the business situation over the past year. Although the value here also fell by 27 percentage points - with the same position in the ranking - the tense procurement situation continues to pose a challenge for the sector. Looking back over the last 12 months, a lack of personnel is also considered to have had a significant impact on the business situation. A shortage of staff is seen as a limiting factor by 57% of the managers surveyed. In the previous year's survey, this factor was also in third place with 66%. Only 29% of respondents believe that the war in Ukraine is having an impact on the business situation. This once again relativises the position in the ranking - in 2022, the effects of the war of aggression were attributed the second highest level of influence, in 2023 it was still the fourth highest. Regardless of the ranking position, however, the consequences of the war continue to have an indirect impact on other parameters.



SCI GLOBAL RAIL INDEX

Der 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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