

The mood of crisis is now also reaching the global railway industry - despite the successful "Innotrans" trade fair and many still well-filled order books, hopes of noticeable growth are fading.

The global rail industry has so far defied the economic downturn. But now the consequences of inflation, energy crisis, disrupted supply chains and dwindling demand are also reaching this recently so robust economic sector: The current business situation and the demand for products and services are assessed as noticeably worse by the participants in the third quarter of 2022. The future expectations of the rail sector have deteriorated overall. In view of the world political events and the threat of global recession, however, it is surprising that the majority of the companies surveyed continue to assume positive future expectations for their own company. This ambivalent perception is also in line with the forecast of the world market study* published by SCI Verkehr GmbH in September: despite multiple crises, the global rail industry is still expected to grow by 1.6% annually in real terms until 2026. This is shown by the current SCI RAILBUSINESS INDEX - a regular survey of top managers in the global rail industry by the consultancy SCI Verkehr.

SCI Rail Business Index



Source: SCI Verkehr GmbH

Figure 1: SCI Rail Business Index

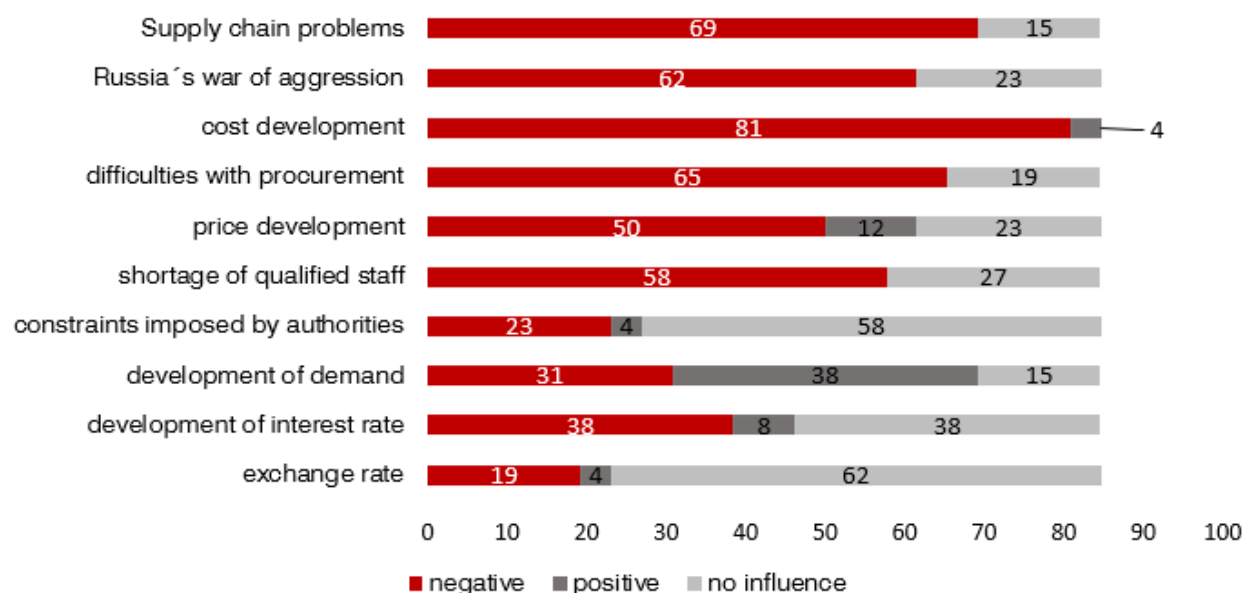


Special question

The effects of the tense global procurement situation are reflected in the parameters influencing the railway industry's business situation: supply chain problems (69%), procurement of goods and services (65%) and - as a direct consequence of a corresponding shortage - the level of purchase prices (81%) have the greatest negative impact on existing business. All three highlight the increasing cost pressure for manufacturers of railway products in the globally competitive market. Furthermore, the price development (50%), the lack of qualified personnel (58%) as well as official restrictions (23%) had a negative influence on the situation in the last twelve months. The majority of the managers surveyed only see a positive influence on the past business development in an increase in demand.

Influence parameters of business situation in the last 12 months

(in percent)

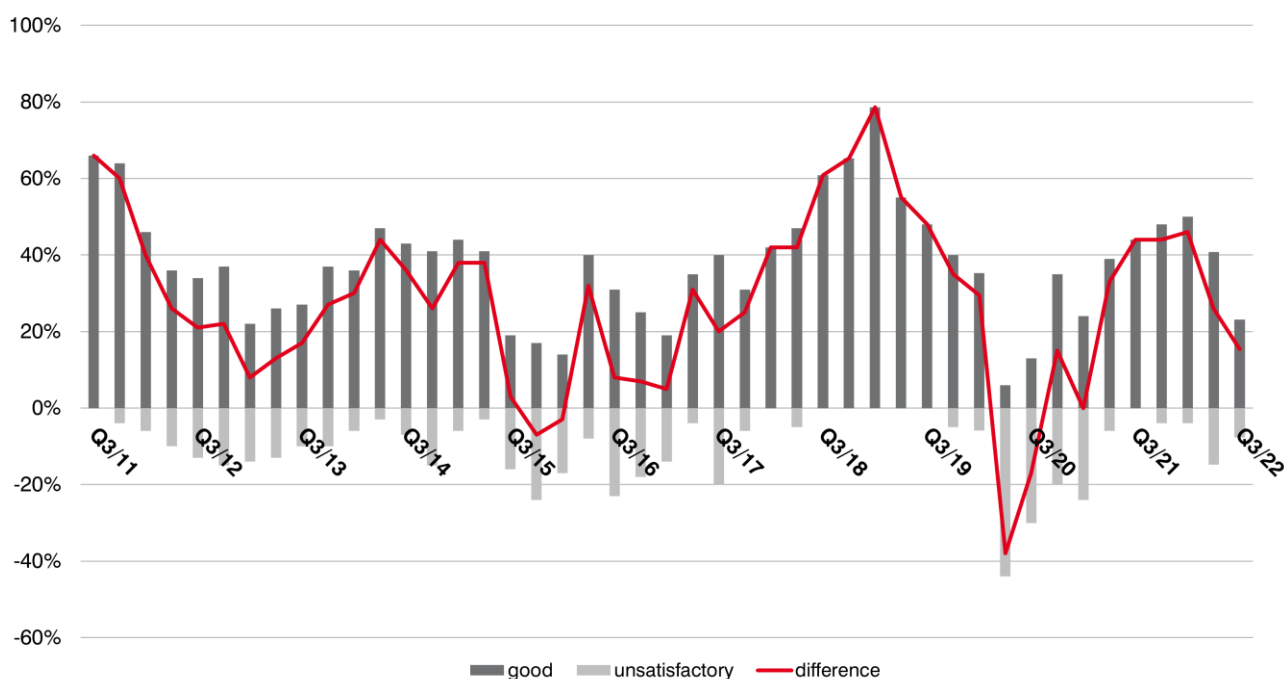


Source: SCI Verkehr GmbH

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Figure 2: special question

Development of current business situation

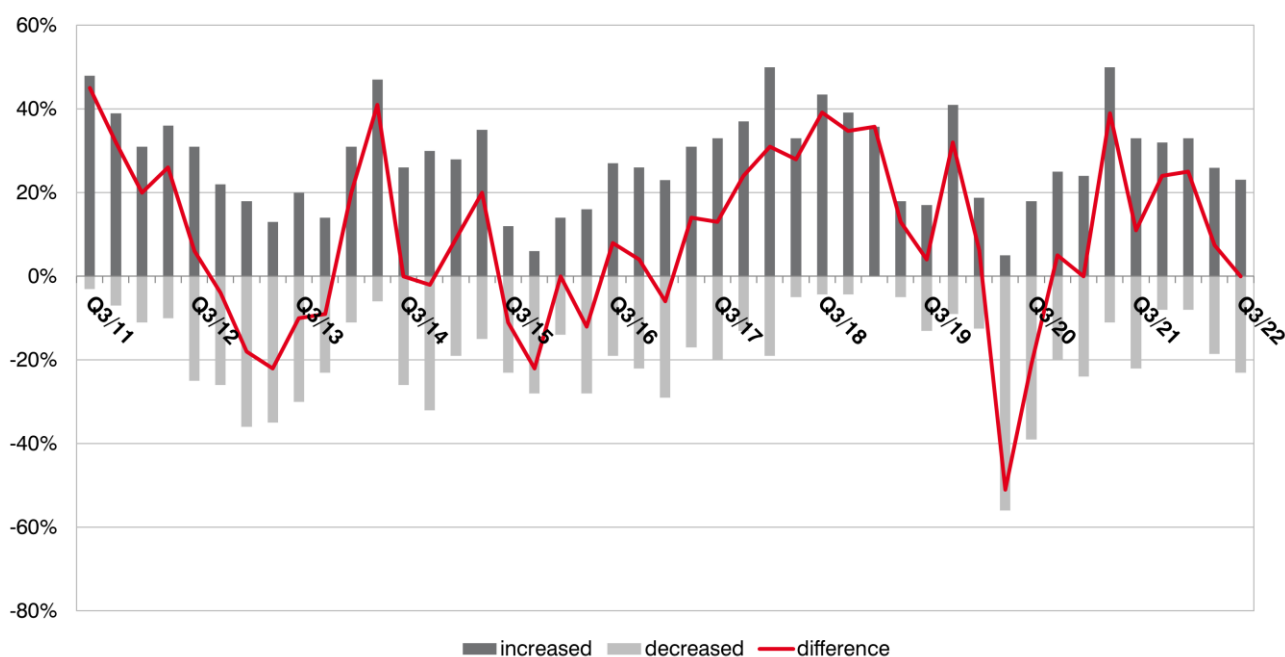


Source: SCI Verkehr GmbH

Figure 3: Development of current business situation

In the third quarter of 2022, the top managers assess their current business situation significantly more negatively than in the previous quarter. Only 23% of respondents rate their current business situation as good, compared to 41% in the second quarter. 8% of respondents say their business situation is unsatisfactory, compared to 15% in the second quarter. The vast majority of the survey participants (58%) assess their current business situation as usual for the season (satisfactory). The number of companies that described their current order backlog as "relatively large" in the first quarter increased from 44% to 54%. Only 4% of the respondents assessed the current order backlog as too small, in line with the previous quarter.

Demand for products and services



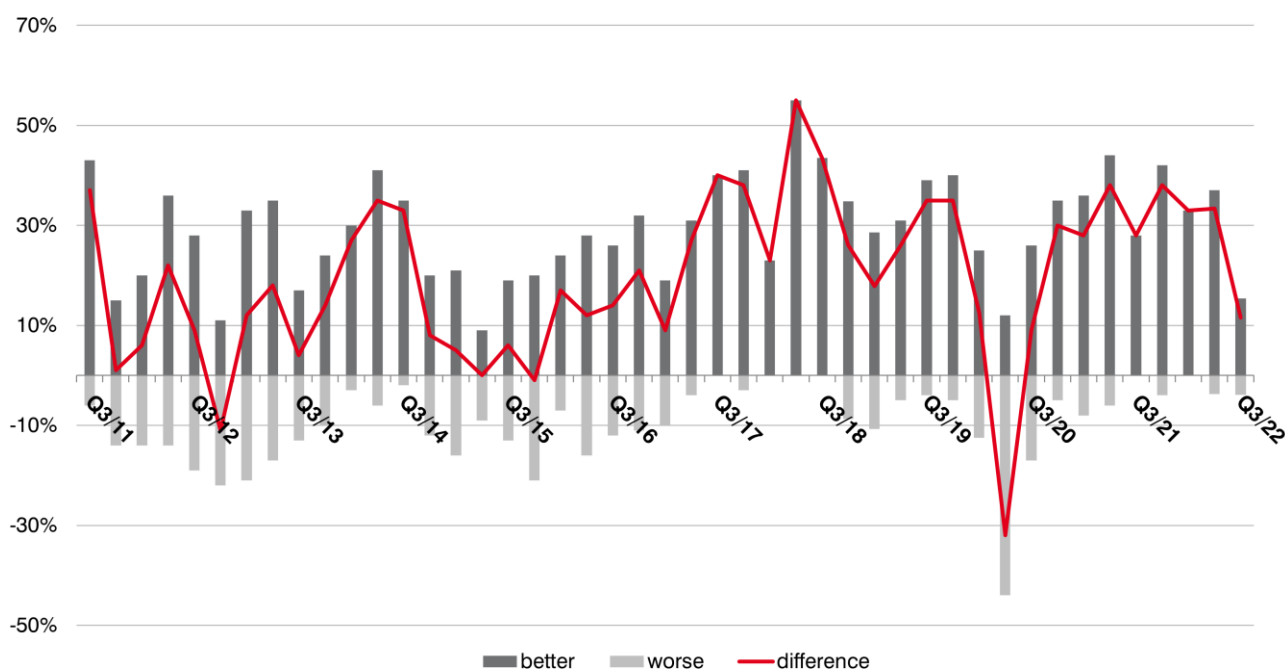
Source: SCI Verkehr GmbH

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 demand for products and services has hardly changed compared to the second quarter, but the valuation level has dropped slightly again. 23% of respondents assess the second quarter of 2022 more positively than the previous quarter. Likewise, 23% of the participants note that demand has fallen (19% in the previous quarter). However, the majority of participants (42%) still assess the demand for products and services as unchanged (56% in the previous 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 5: Expected business development in next quarter

With regard to the expected business development in the coming quarter, the survey revealed a significantly worse assessment than in the second quarter: Overall, only 15% of the top managers surveyed expect the situation to improve in the coming quarter (in Q2 it was still 37%) and 4% expect it to worsen. Surprisingly, the expected business development is nevertheless assessed more positively than the development of the current business situation. Overall, expectations for future business development are positive and the vast majority of respondents expect at least the same level of business development.

Footnote

*The market report "[Worldwide Market for Railway Industries 2022](#)" is available from 01.09.2022 in the [SCI Shop](#). A data appendix in Excel format is also available for the study, which for the first time also presents figures that go beyond the contents of the study in a transparent and clear manner.



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 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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