



AMBIVALENT MOOD IN THE RAIL INDUSTRY: INVESTMENT STIMULI ARE POSITIVE DRIVERS, BUT GLOBAL TRENDS AND TRADE CONFLICTS DAMPEN EXPECTATIONS

Despite a continued decline in demand for products and services, the mood within the industry points to a slight recovery. The increase of 6 points to a total of 15 index points (compared to 9 in Q4/24) gives reason for hope. The value of 15 represents the overall quarterly score: both the current business situation and business expectations are rated at 15 points. While the industry still remains far from the significantly higher levels seen in the same quarters of previous years (Q1/24: 31%), it has nonetheless moved past its low points and is now showing solid business development. Amid positive news of massive public investments and unclear developments in global markets, the rail industry remains optimistic that the situation will improve for many companies.

SCI Rail Business Index

Quarterly indicator for the economic situation and the future of the global railway industry

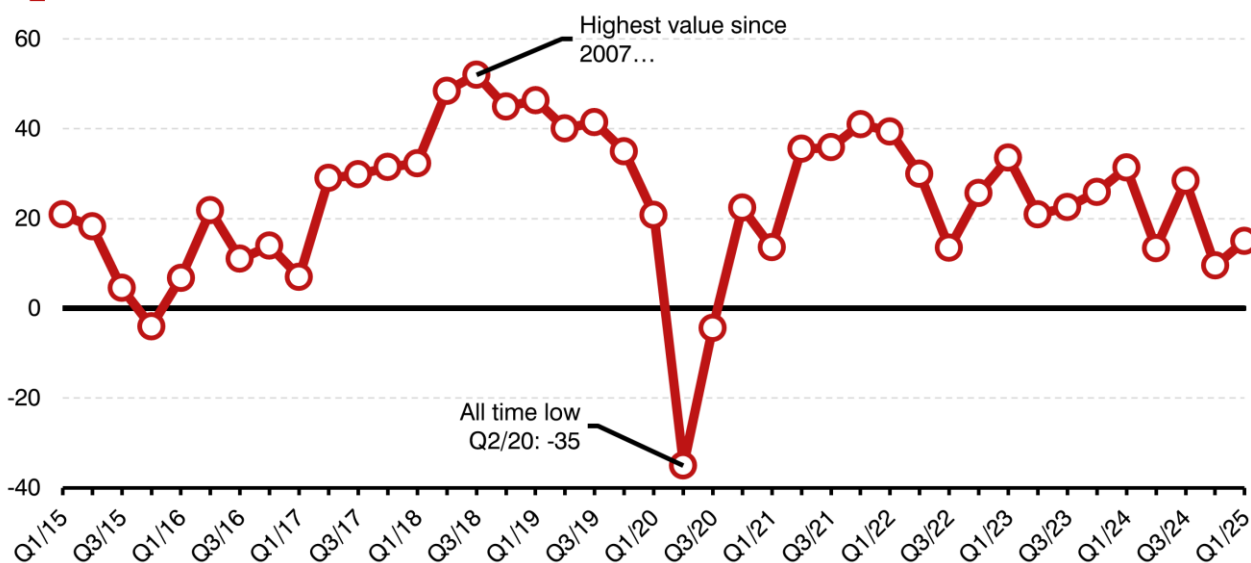
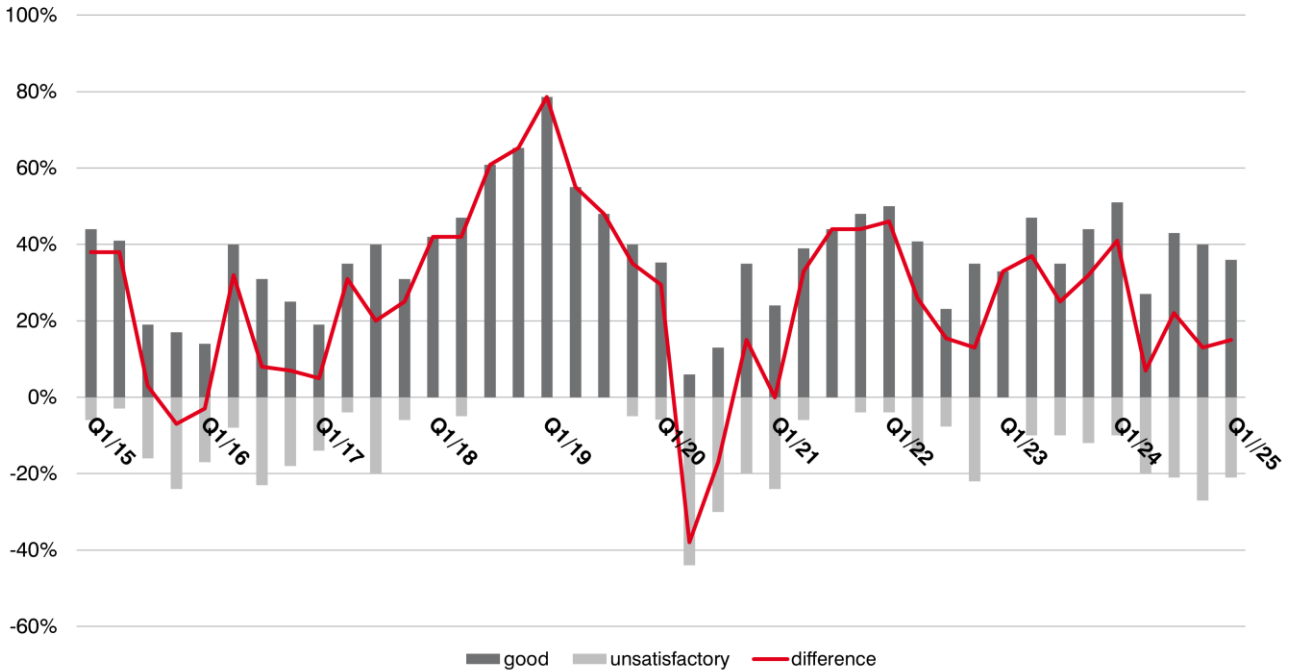


Figure 1: SCI Rail Business Index



Development of current business situation



Source: SCI Verkehr GmbH

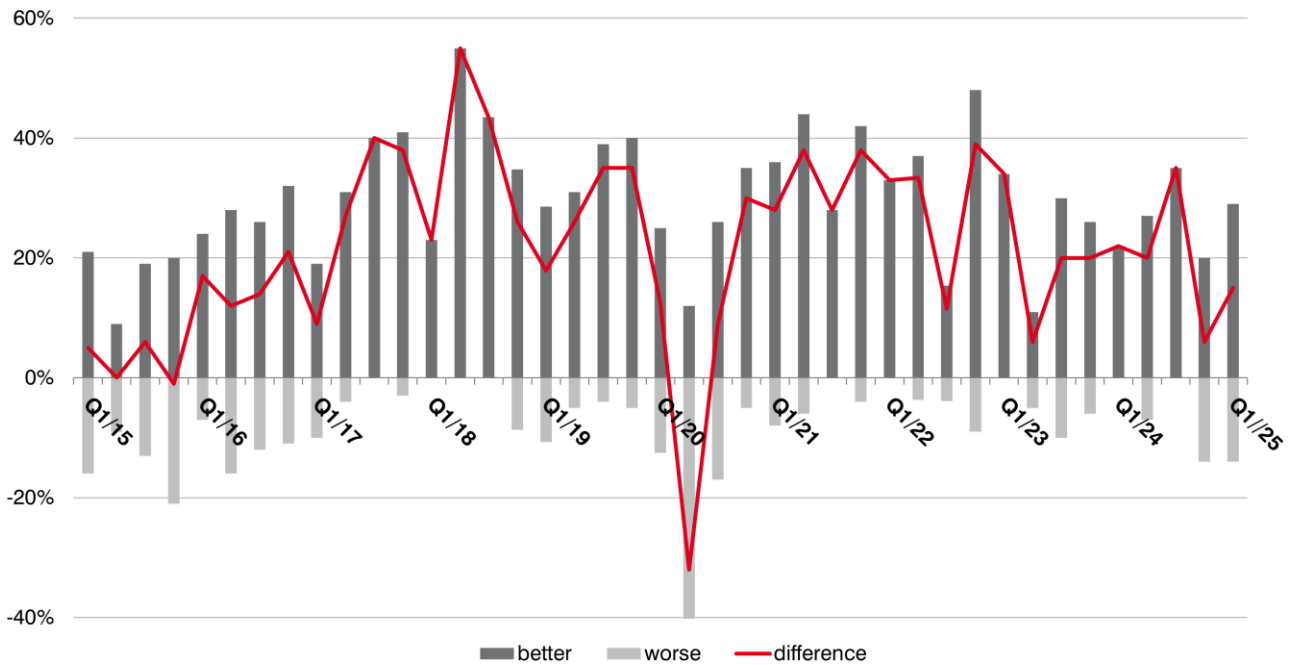
Until quarter 4/2009, survey only conducted among companies headquartered in Germany.

Figure 2: Development of current business situation

The development of the current business situation is better than in the previous quarter. The low point at the turn of the year has been overcome, and the trend is now upward again. A total of 79% of respondents rate the current business situation as good or satisfactory. In contrast, 21% consider the situation to be unsatisfactory. Notably, for the fourth consecutive quarter, around one fifth of companies have been faced with an unsatisfactory business situation. This negative figure pulls the current overall value down to a moderate 15%, despite 36% reporting good expectations. As a result, the current overall business situation this quarter is significantly below the figure from a year ago (Q1/24: 41%).



Expected business development in next quarter



Source: SCI Verkehr GmbH

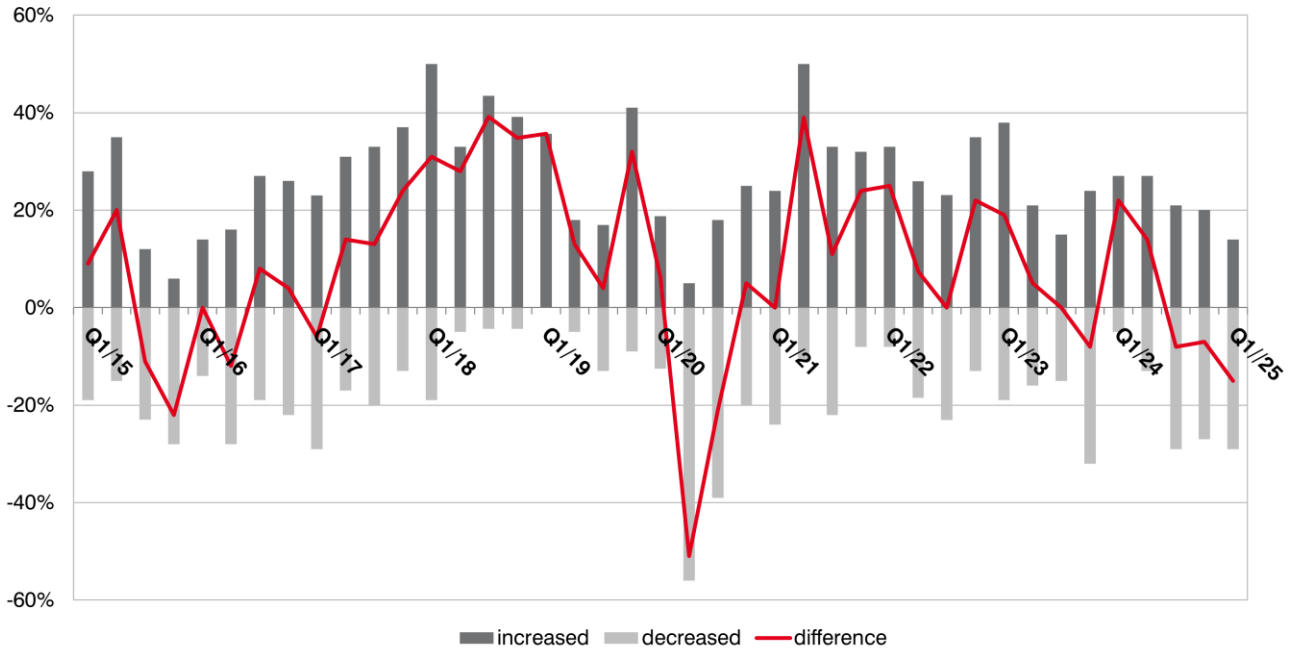
Since Q3 2020, the expectation period for this question is the next quarter (previously: the next 6 months); until quarter 4/2009, the survey was only conducted for companies headquartered in Germany.

Figure 3: Expected business development in next quarter

Expectations for business development are on the rise: The group expecting a more favourable development has increased from 20% to 29%. Not only is almost a third of respondents optimistic, but together with the 57% who anticipate a stable development, they form an impressive total of 86% (29% "more favourable" plus 57% "stable") who do not expect a negative trend. However, even in the statements regarding expected business development, there is a pessimistic undercurrent: 14% expect a less favourable development, which pulls the overall rating down to a total of 15%.



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

In relation to the products and services of the rail industry, the trend continues to decline: the overall value stands at minus 15%. The negative trend is due to the smaller number of those who reported an increased demand (only 14%, compared to 20% in the previous quarter Q4/24) and the slight increase in those who have seen a decrease in demand (29%, compared to 27% in the previous quarter). However, the middle ground remains strong: more than half of the companies (57%) report an unchanged order situation.



Estimated annual development of incoming orders in 2025 and medium future in the next 3-5 years

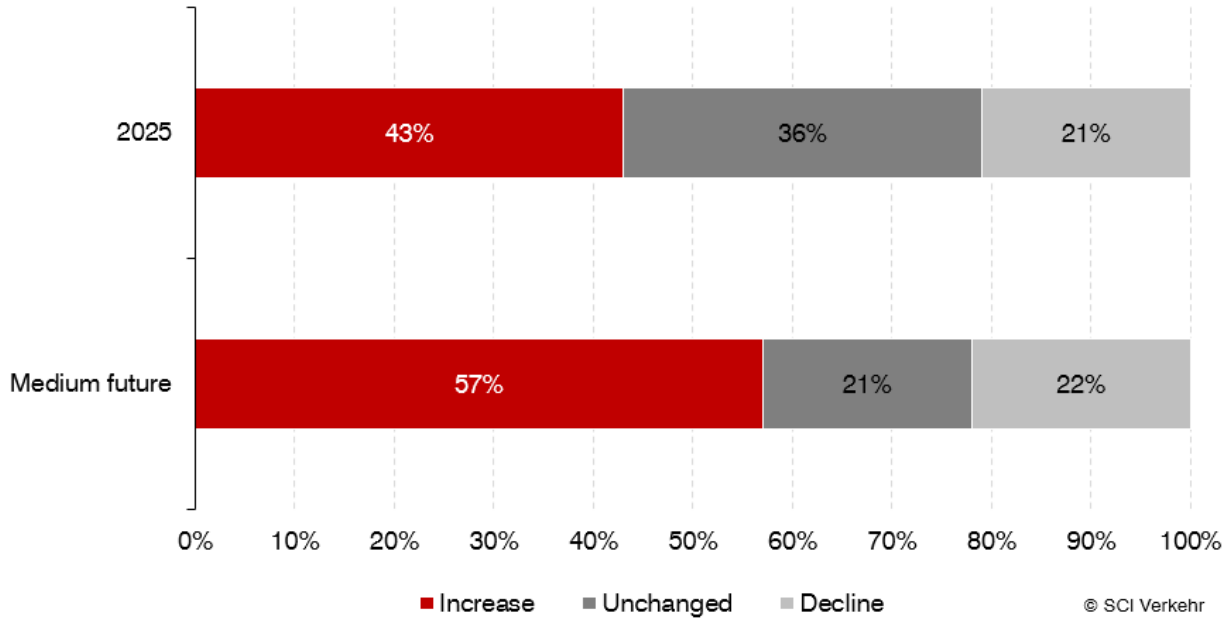


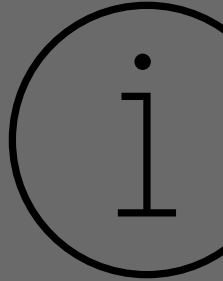
Figure 5: Estimated annual development of incoming orders in 2025 and medium future in the next 3-5 years

The SCI Rail Business Index also asked for assessments regarding the development of order intake for 2025 and the next 3-5 years. It is clear that many companies anticipate an improvement in the situation: 43% expect an increase in orders this year, and even 57% foresee rising orders in the medium term. However, around a fifth of the responses again show negative values: 21% are sceptical for this year, and 22% for the next three to five years, expecting a decline in orders. But together with the middle ground of those expecting a stable order situation (36% for this year and 21% for the medium-term future), the overall outlook is positive for a solid two-thirds of the surveyed companies.



SCI GLOBAL RAIL INDEX

The SCI GLOBAL RAIL INDEX is based on approximately 100 reports from representative companies within the global rail industry. Companies are regularly asked to assess their current business situation and provide their expectations for the next six months. They can rate their situation as "good", "satisfactory", or "poor", and their business expectations for the upcoming six months as "more favourable", "unchanged", or "less favourable". The balance value for the current business situation is the difference between the percentage of "good" and "poor" responses, while the balance value for expectations is the difference between the percentage of "more favourable" and "less favourable" responses. The business climate is a transformed average of the balances for both the business situation and expectations.



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