



DESPITE STRONG BUSINESS PERFORMANCE, A SCEPTICAL OUTLOOK FOR THE FUTURE: RAILWAY INDUSTRY BRACES FOR UNCERTAIN TIMES

The SCI Rail Business Index shows a mixed mood, shaped by strong current business on the one hand and poor expectations on the other. The current business situation and demand for products and services have developed positively. However, the growing number of respondents with sceptical to negative views on the outlook is noticeably dampening sentiment and pushing the index down. Overall, the index has fallen by nearly four points to 11.2% (Q1/25: 15%), making it lower than a year ago (Q2/24: 13%). Full order books today are no guarantee for the future. It is suspected that this may also reflect brought-forward expenditures in anticipation of rising tariffs.

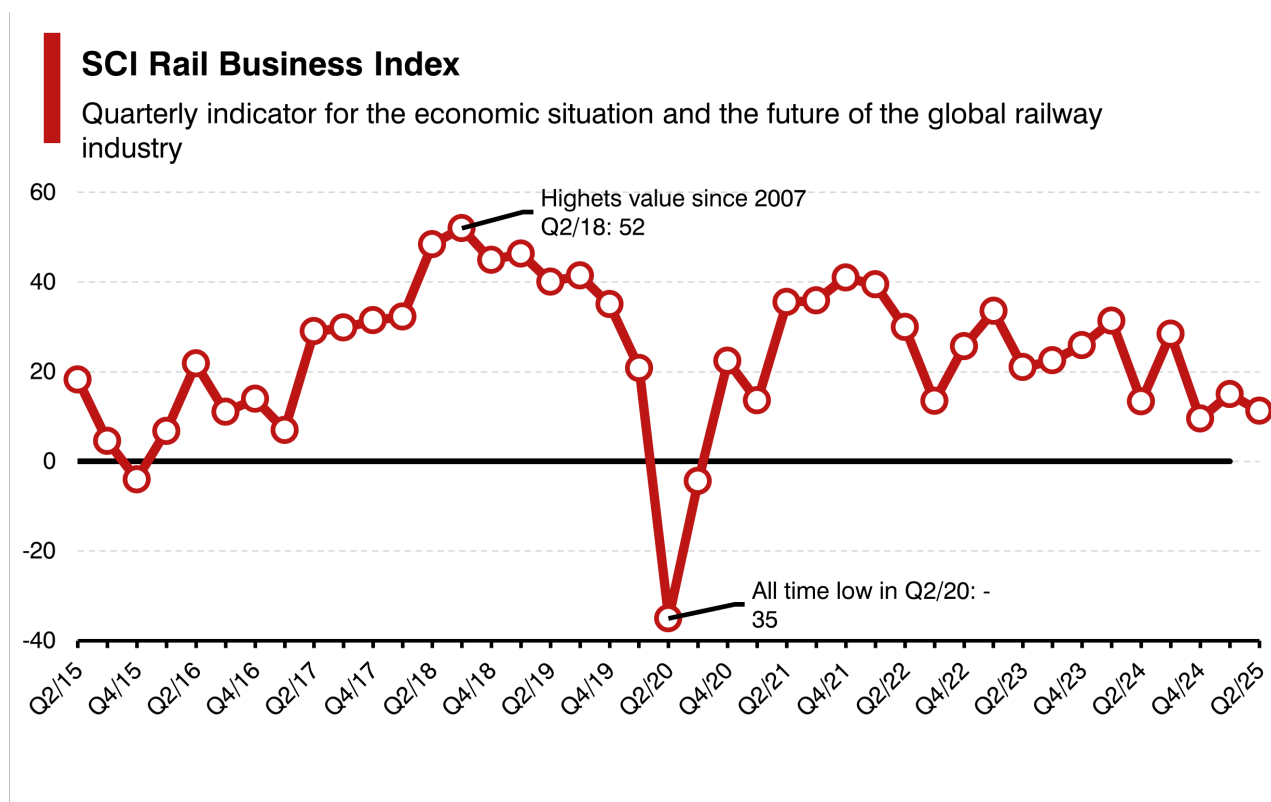
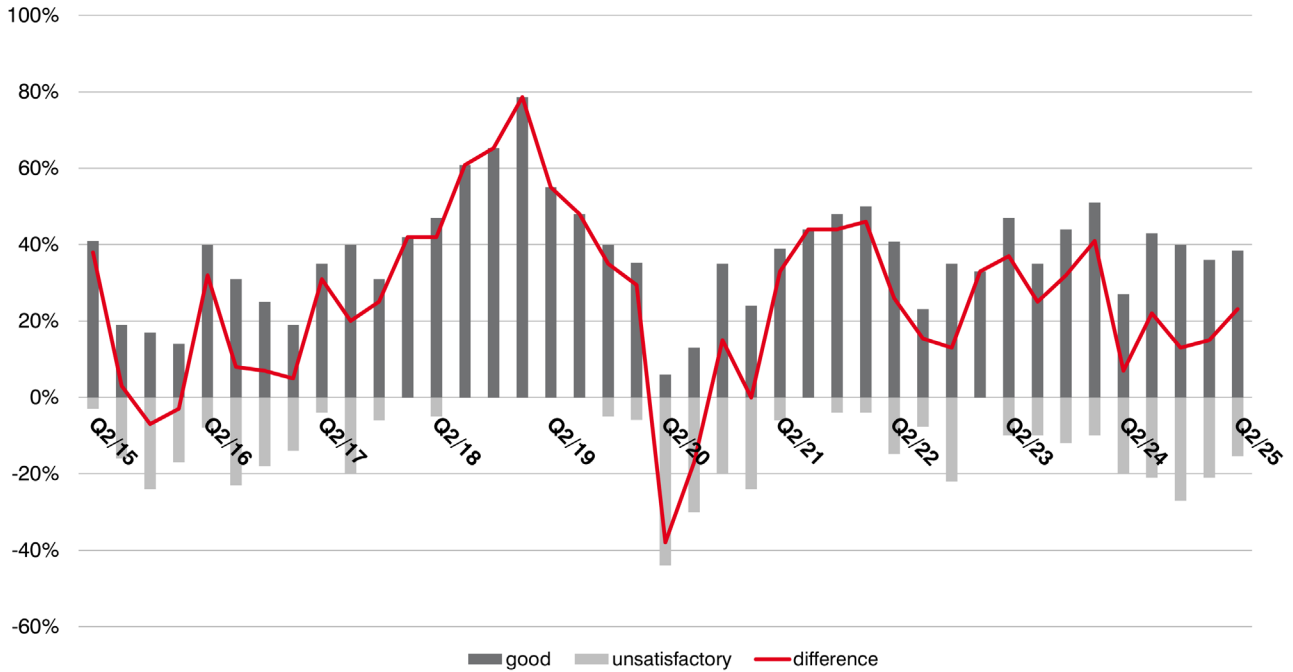


Figure 1: SCI Rail Business Index



Development of current business situation



Source: SCI Verkehr GmbH

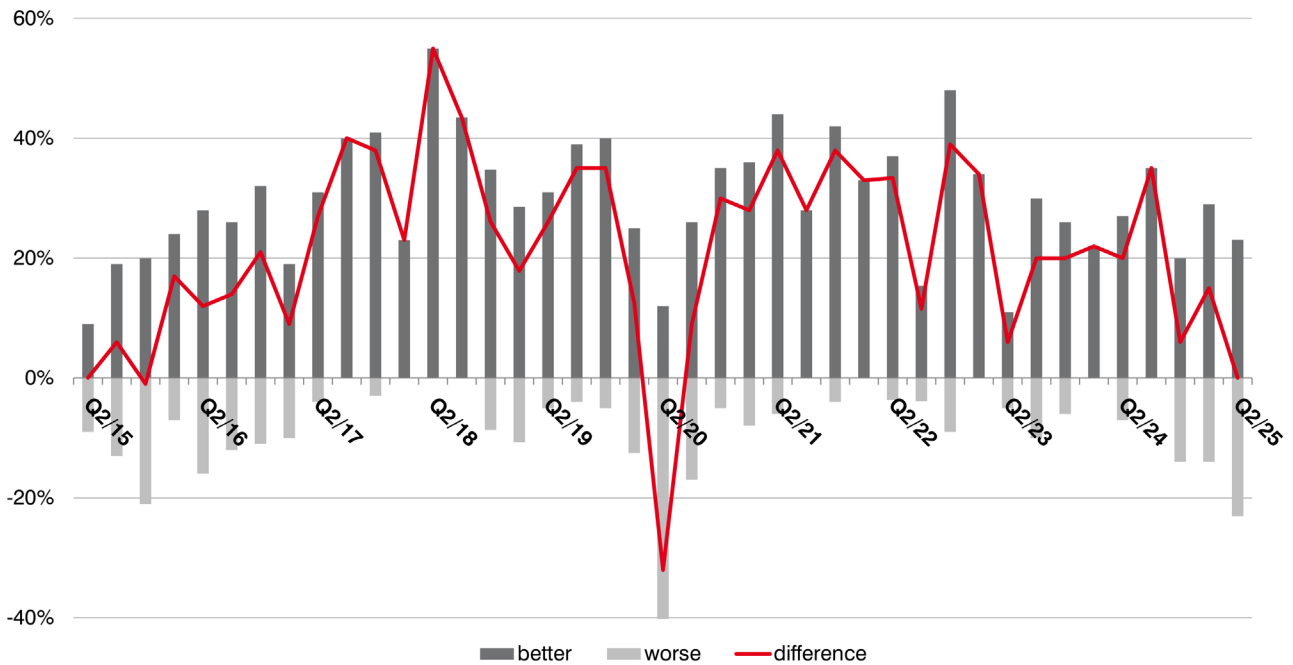
Until quarter 4/2009, survey only conducted among companies headquartered in Germany.

Figure 2: Development of current business situation

The current business situation is not all that bad: almost 85% of respondents report a seasonally typical or even positive business performance. Even the 15% who are dissatisfied and currently see an unsatisfactory development in business represent an improvement of 5% compared to the previous year (Q2/24: 20%). As a result, the index rises overall to 23%, which is also 8% better than three months ago (Q1/25: 21%).



Expected business development in next quarter



Source: SCI Verkehr GmbH

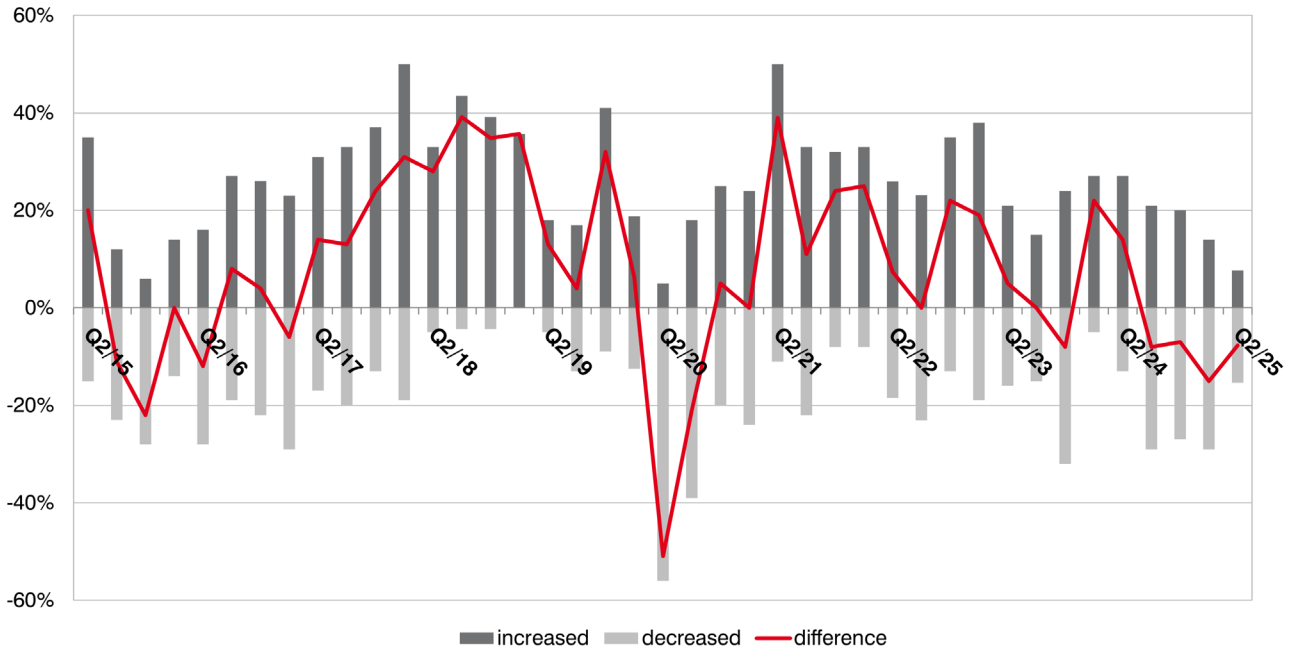
Since Q3 2020, the expectation period for this question is the next quarter (previously: the next 6 months); until quarter 4/2009, the survey was only conducted for companies headquartered in Germany.

Figure 3: Expected business development in next quarter

Not just 15% as in the previous quarter, but now even 23% of respondents expect an unfavourable development in their business. At the same time, the scale is balanced: 23% also anticipate an improvement in business performance, and more than half (54%) still expect conditions to remain unchanged. Nevertheless, the overall value of zero per cent marks the lowest level since the COVID slump – a neutral sentiment driven by the unpredictability of current tariff policies.



Demand for products and services



Source: SCI Verkehr GmbH

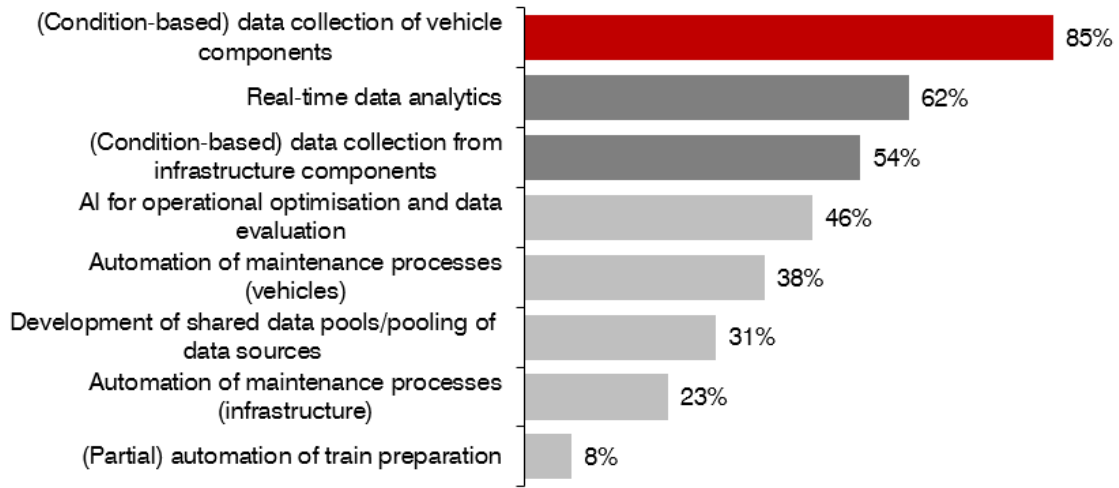
Since Q3 2020, the reference period for this question is the last quarter (previously: the last 6 months).
Until quarter 4/2009 survey only conducted for companies with headquarters in Germany

Figure 4: Demand for products and services

77% of respondents report no change in demand for products and services. In addition, fewer companies are reporting a deterioration in the situation – this figure has almost halved to just 15% (Q1/25: 29%). However, this is not offset by a corresponding increase in demand elsewhere; on the contrary, only 8% report a rise in demand (Q1/25: 14%). As a result, despite a slight recovery, the overall value for this question remains disappointingly negative at -8% (Q1/25: -15%).



Relevance of topics (selection) for the digitalisation of rail



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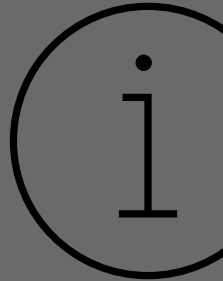
Figure 5: Estimated annual development of incoming orders in 2025 and medium future in the next 3-5 years

Digitalisation remains the dominant topic in the railway industry. And the pace of change is accelerating: 69% of respondents report that the speed of digitalisation has increased, while 31% disagree. This time, the SCI Rail Business Index also captured the most relevant areas of rail digitalisation. The responses show that condition-based data collection from vehicle components is the leading topic, cited by 85%. This is followed by real-time data analytics (62%) and condition-based data collection from infrastructure components (54%). Currently in fourth place is AI-based operations optimisation and data analysis, mentioned by 46%.



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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