

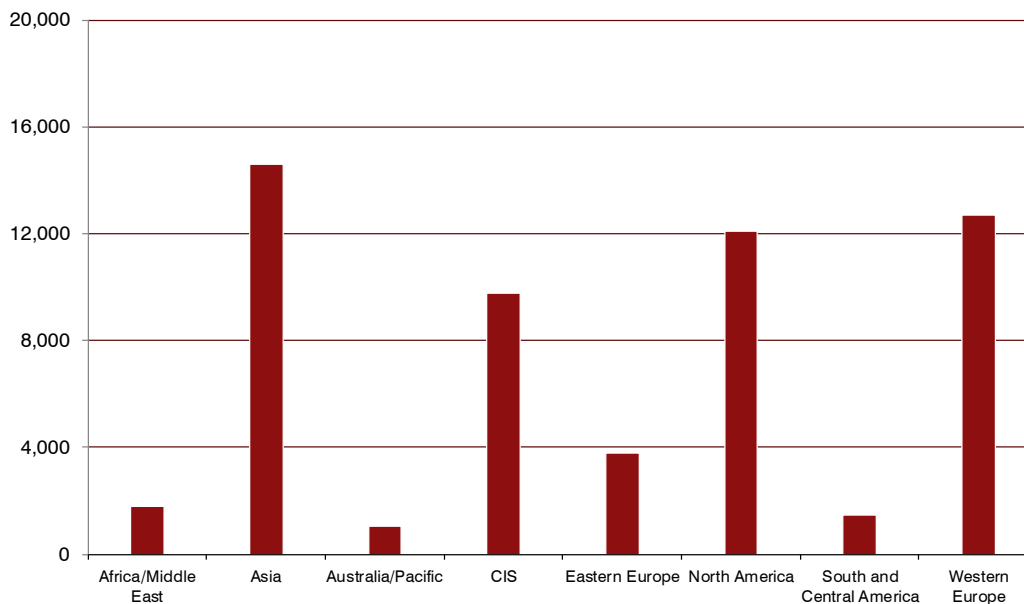
Long-term predictability, high volumes and good prospects for growth: the market for rail vehicle maintenance overtakes the market for new vehicles

[9th May 2018] The worldwide market volume for the maintenance of rail vehicles is currently 6% higher than that for new vehicles, following positive developments in recent years. The main drivers for this above-average development are further increases in fleet sizes worldwide as well as rising technological complexity of vehicles in relation to their speed, safety, comfort and digitalisation. Due to the higher predictability of maintenance activities compared to the production of new vehicles, globally active rail vehicle manufacturers have further strengthened their presence in the maintenance market, in particular through turnkey projects comprising vehicle delivery plus long-term full-service agreements. Following the large-volume contracts signed by GE Transportation and Alstom in India, vehicle manufacturers are now looking for the “next big thing” in order to secure and expand their market position. These are the results reported in the new MultiClient Study “Rail Vehicle Maintenance – Global Trends in the After-Sales Market”, produced by SCI Verkehr, a consultancy firm specialised in railway markets.

Market volume: Following rapid growth and upgrades of its rail vehicle fleets, Asia has overtaken Western Europe as the largest market worldwide, and will therefore continue to be an engine for further growth in the future. Nonetheless, Western Europe will remain an important target market for the industry due to its varied market structure, the high technological level of the vehicles and the growing influence of digitalisation on the maintenance of rail vehicles.

The current market volume for After-Sales services amounts to almost EUR 54 million worldwide, and will grow at an average of 3.2% per year up to 2022. Asia is now the largest regional market.

Worldwide Market Volume of Rolling Stock After-Sales Services 2017 by Region [in EUR million]

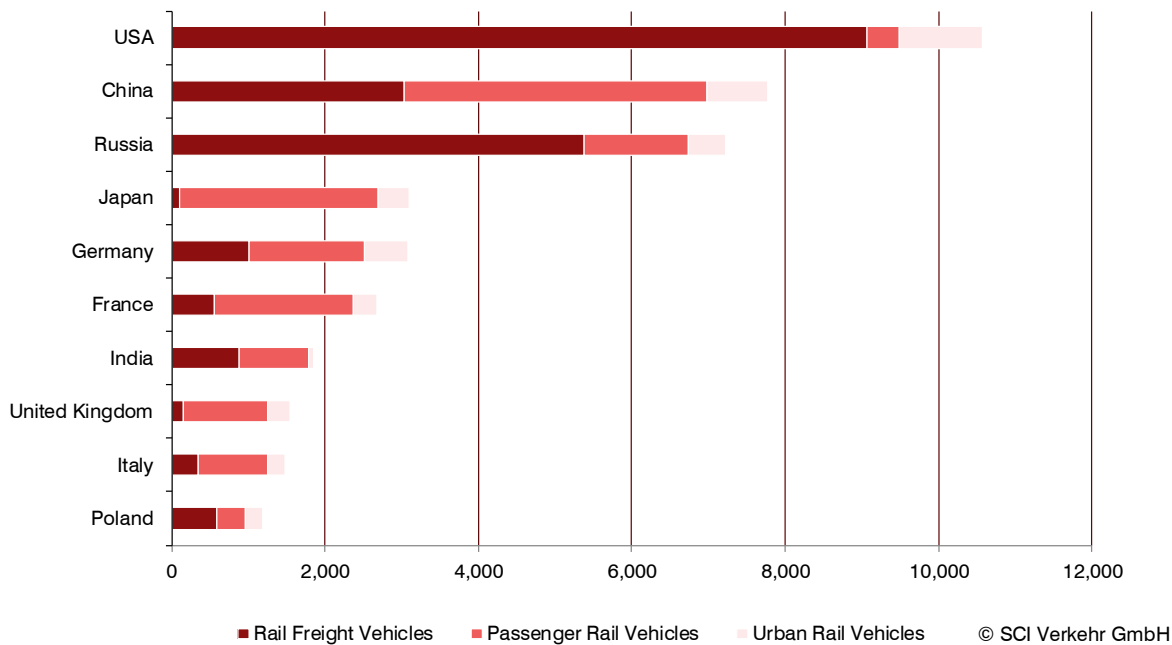


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With stable growth of more than 3%, the Western European market offers not only high volumes but also positive prospects for a large number of companies in the rail vehicle maintenance market segment. In particular, this concerns manufacturers of electrically powered rail vehicles, which due to the global trend for digitalisation have increasingly comprehensive datasets on vehicles, which are also of central relevance for vehicle maintenance and thus contribute to value creation.

In addition, markets with above-average growth potential are South America and Africa/Middle East, where in the metro segment in particular a rise in volumes is expected due to the creation of entire new systems or the extension of existing lines. However, the current maintenance market in these two world regions, are determined by rail freight transport (primarily diesel locomotives and freight wagons), which limits the potential for maintenance services being awarded.

Market Volume of Rolling Stock After-Sales Services 2017 TOP countries [in EUR million] - World



Although the proportion of maintenance services performed by railway operators is decreasing, they still represent substantially more than 50% of the overall market. With the exception of the USA and Russia, operators in the major national markets of China, Japan, Germany, France, India, Italy and Poland carry out the majority of maintenance for their own vehicles themselves. Some of these operators have established a position within the highly competitive maintenance market, and are currently undergoing restructuring in order to reduce excessive capacities and increase their activities on behalf of third parties.

The national market of the USA, defined by freight services, constitutes an exception: independent suppliers here have an unusually important market position, and maintain significant portions of the very large freight wagon fleet within a dense network of workshops.

Following the Russian state railway RZD's sale of its locomotive maintenance activities to the private company LocoTech in 2012, the planned sale of portions of Russia's freight wagon maintenance has been further delayed. The privatisation of at least one of the three large divisions CRC-1, CRC-2 and CRC-3 was already intended several years ago, but could not yet be finalised.

The MultiClient Study "[Rail Vehicle Maintenance – Global Trends in the After-Sales Market](#)" is available now (in English) from SCI Verkehr GmbH (www.sci.de). Please also find more information about our latest offer of [the data annex in Excel-format](#), which will be available for all upcoming study publications.

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