

Ad-hoc announcement

pursuant to Art. 53 LR

HOLD-BACK PERIOD	13 March 2024
DOCUMENT	9 pages
ENCLOSURES	Photos, other attachments

Bussnang, 13 March 2024

Innovative products strengthen market position: robust operating performance in a challenging global environment with strongly negative currency effects

- Order intake of CHF 6.8 billion (2022: CHF 8.6 billion) again significantly exceeds our strategic target of 1.5x prior year net revenues despite the fact that the signings of two sizable orders, valued at approximately CHF 1.2 billion in total, were delayed into 2024
- Order backlog of CHF 24.4 billion as at 31.12.2023 again exceeds the prior year's level of CHF 22.0 billion
- Solid net revenues of CHF 3.6 billion (2022: CHF 3.8 billion) despite negative foreign currency effects of approximately CHF 100 million
- EBIT reaches CHF 183.3 million (2022: CHF 205.1 million) at an EBIT-margin of 5.1% (2022: 5.5%). Before negative foreign currency effects EBIT reaches CHF 208.0 million at an EBIT-margin of 5.6%
- Net profit increases significantly to CHF 138.6 million from CHF 75.1 million in the in the previous year and reaches the highest level since Stadler's IPO
- In particular following the even greater focus on cash management, free cash flow reached CHF 749.1 million in 2023 (2022: CHF 396.4 million)
- Due to the very strong free cash flow, the net cash position as at 31 December 2023 improved considerably to CHF 398.9 million compared to CHF –230.8 million as at 31 December 2022
- The Board of Directors intends to propose to the Annual General Meeting a dividend of CHF 0.9 per share, the same as in the previous year
- Outlook 2024: Under the assumption of stable framework conditions, Stadler anticipates revenue of between CHF 3.5 and 3.7 billion for 2024 and an EBIT margin comparable to that of 2023
- Substantial growth in net revenue and EBIT expected until 2026

Stadler performed very well in 2023, a year that continued to be marked by inflation, currency distortions and supply chain difficulties. Our diversified product portfolio brought us success on a number of markets. We are continuing to generate a promising order intake with our innovative, sustainable and high-quality products and solutions. We have achieved particularly noteworthy market success in Kazakhstan, Lithuania, Italy and the USA, for example.

“Stadler is excellently positioned in the growing rail market thanks to an innovative product portfolio. We were largely able to compensate for the higher prices of materials and procurement bottlenecks by persistently implementing efficiency measures in production technology. Revenue and EBIT remained at a solid level despite the considerable impact of negative currency effects”, comments Markus Bernsteiner, Group CEO, the results of the financial year 2023.

The order situation progressed well once again in 2023. Thanks to ongoing extremely dynamic demand, order intake totalled CHF 6.8 billion, well above the strategic target of 1.5x the previous year's revenue. The decrease in relation to the previous year (2022: CHF 8.6 billion) is attributable to the recognition of several major orders worth several billion in the 2022 financial year. In addition, two major orders totalling around CHF 1.2 billion were postponed until after year-end 2023. Given that the order intake remained significantly higher than revenue, the order backlog rose to CHF 24.4 billion as at 31 December 2023 (31 December 2022: CHF 22.0 billion).

The order intake and order backlog do not include any orders for vehicles or services from framework agreements that have not yet been called off on a binding basis by the customer.

Before negative currency effects of around 3 percent, revenue reached a comparable level to the previous year (2022: CHF 3.8 billion). After currency effects, revenue stood at CHF 3.6 billion, around 4 percent below the previous year's figure.

EBIT and Group result

Negative currency effects due to the strong appreciation of the Swiss franc, particularly against the euro, continued to have a significant negative impact on the operating result in the past financial year. The currency effects of around CHF 25 million stem mainly from orders that are processed in Switzerland and invoiced in foreign currencies. In general, foreign currency risks are minimised as far as possible by natural hedging and supplemented by financial hedging.

In the phase between the submission of an offer and the final signing of a contract, which can sometimes take several years, the corresponding currency risks cannot be fully hedged. Nor can the currency risks be fully hedged over the entire processing period due to the long lead times of certain orders, which can span several years.

Allowing for negative currency effects, EBIT totalled CHF 183.3 million (previous year: CHF 205.1 million) with an EBIT margin of 5.1 percent (previous year: 5.5 percent). EBIT is in line with expectations before taking into account negative currency effects.

In terms of its Group result, Stadler posted a profit of CHF 138.6 million in the past financial year, compared to CHF 75.1 million in the previous year. The significant increase in the Group result is due in particular to lower currency losses in the financial result of CHF 11.4 million (2022: CHF 56.7

million). In addition, much higher interest income was recognised due to the high level of liquidity.

Cash flow and balance sheet

In particular following the even greater focus on cash management, free cash flow reached CHF 749.1 million in 2023 (2022: CHF 396.4 million). At CHF 244.3 million, capital expenditure was in line with expectations on account of the favourable order situation (2022: CHF 184.5 million). Due to the very satisfactory free cash flow, the net cash position as at 31 December 2023 improved considerably to CHF 398.9 million compared to CHF –230.8 million as at 31 December 2022.

“Rolling Stock” segment

The “Rolling Stock” reporting segment recorded orders totalling CHF 5.0 billion in the 2023 financial year. The previous year’s figure of CHF 7.3 billion includes major orders worth several billion. As a result, the order backlog in the reporting segment grew by another 8 percent to CHF 18.4 billion compared to year-end 2022 (31 December 2022: CHF 17.0 billion). Revenue in the “Rolling Stock” reporting segment reached CHF 3.1 billion, down 5 percent (including 2 percent of negative currency effects) on the prior-year period (2022: CHF 3.2 billion).

“Service & Components” segment

Order intake in the “Service & Components” segment once again rose significantly compared to the previous year and amounted to CHF 1.7 billion in 2023. This represents an increase of 48 percent compared to the prior-year period, which was already very strong (2022: CHF 1.2 billion). As a result, the order backlog in the strategically important service business increased by a further 23 percent to CHF 5.9 billion compared to the backlog of CHF 4.8 billion at the end of 2022. At CHF 463.6 million, revenue in the 2023 financial year was 2 percent above the previous year’s level (2022: CHF 453.3 million). The strong appreciation of the Swiss franc in particular had a negative impact of around 5 percent on revenue.

“Signalling” segment

The “Signalling” reporting segment also recorded strong growth in the past financial year. Order intake rose to CHF 56.0 million compared to CHF 49.0 million in the previous year. The order backlog as at 31 December 2023 increased to CHF 162.2 million compared to CHF 170.1 million as at 31 December 2022. Revenue increased by 14 percent in the financial year (including negative currency effects of 2 percent) to CHF 64.1 million from CHF 50.1 million in the previous year.

Main orders received

Stadler achieved very encouraging market success in all product segments and in certain regions in 2023. At the beginning of the year, Stadler and Kazakhstan Railways (KTZ) finalised a long-term contract for the delivery of 537 sleeper and couchette cars. The contract, which is worth EUR 2.3 billion, also includes the maintenance of the sleeper and couchette cars over a period of 20 years. In March, Norske tog awarded Stadler a contract for the construction of 17 FLIRT trains for use in Norwegian long-distance transport. The contract includes an option for up to 83 additional vehicles.

Stadler received an order from Italy for electric multiple units for regional transport around Mount Vesuvius. The framework agreement with EAV is for the delivery of up to 60 vehicles, with an initial order for 16 trains, including maintenance, for a period of 5 years.

What is more, Austrian Federal Railways (ÖBB) ordered a further 38 KISS double-decker trains. The order is part of the framework agreement for 186 vehicles signed in 2022. ÖBB has placed call-off orders for a total of 79 trains so far.

In the tram segment, Stadler and the Italian operator Azienda Trasporti Milanesi S.p.A (ATM) signed a further framework agreement for up to 50 TRAMLINK trams. Stadler will deliver 14 trams for the metropolis of Milan in an initial call-off order. In addition, the Spanish operator Ferrocarrils de la Generalitat Valenciana (FGV) placed an order for 16 TRAMLINK trams for the cities of Alicante and Valencia. The contract includes an option for up to twelve additional vehicles.

In the locomotives sector, Stadler was awarded a framework contract by Trenitalia for up to 50 EUROLIGHT locomotives. The Italian rail operator has placed an initial call-off order for 13 bimodal locomotives. The contract also covers the maintenance of the vehicles over a period of ten years.

Sustained high demand for alternative drives

Stadler is ideally positioned worldwide with innovative products and solutions. Stadler has consistently expanded its alternative drive portfolio in recent years and is currently assisting rail operators worldwide with the decarbonisation of rail transport. Depending on the area of application, Stadler offers its customers tailor-made solutions with battery, hydrogen or even hybrid drives.

Stadler built the world's first battery-electric multiple unit approved for passenger use back in 2017. The first FLIRT Akku fleet was put into regular operation in Schleswig-Holstein in the reporting year.

The first FLIRT H₂ vehicles were also very well received on the market. The hydrogen train successfully completed intensive tests on Swiss rails in 2023. It is being subjected to additional rounds of tests in Colorado before it reaches its final destination at the San Bernardino County Transportation Authority in California.

Several sales successes were achieved with alternative drive systems: Utah State University (USU), the ASPIRE Engineering Research Center and Stadler have signed a contract to develop and test a battery-powered passenger train. This will allow Stadler to bring the first multiple-unit train with battery drive to North America, based on the successful FLIRT Akku concept.

An order was received from Lithuania for the first time: the railway operator LTG Link is procuring 54 FLIRT multiple units. In line with an initial call-off order, Stadler will supply nine electric FLIRT vehicles for intercity operations and six battery-electric FLIRT vehicles for operation on non-electrified railway lines. With their battery-electric drive, these trains will allow sustainable rail transport on lines that are only partially electrified in Lithuania.

In July 2023, Stadler also won a tender held by ÖBB for a framework agreement for up to 120 FLIRT Akku vehicles. The first call-off order comprises 16 Cityjet battery-powered multiple units, which will be deployed along the Kamptal railway in Lower Austria from 2028.

Also in July, the two Italian rail operators Azienda Regionale Sarda Trasporti (ARST) and Ferrovie della Calabria (FdC) awarded Stadler two framework agreements. The contracts comprise the supply and maintenance of ten hydrogen trains for ARST in Sardinia and 15 similar vehicles for FdC in Calabria. This makes Stadler the first train manufacturer in the world to produce narrow-gauge hydrogen trains. The two operators have ordered a total of twelve trains in an initial call-off order.

In the USA, the Californian rail operator Caltrain awarded Stadler the contract for the development of the first battery-electric double-decker multiple unit for the American market. Like the FLIRT Akku model, this vehicle enables low-emission local operation on lines that are only partially electrified. Furthermore, a contract for the delivery up to of 29 hydrogen-powered trains for the California State Transportation Agency (CalSTA) and Caltrans was signed in October. The first call-off order comprises four hydrogen trains, and a firm order for six more hydrogen trains was placed at the beginning of 2024.

Stadler has once again confirmed its leading position in this field thanks to these successes and to the sales of around 180 rail vehicles with alternative drive systems already achieved in the USA, Germany, Italy, Austria, UK and Lithuania.

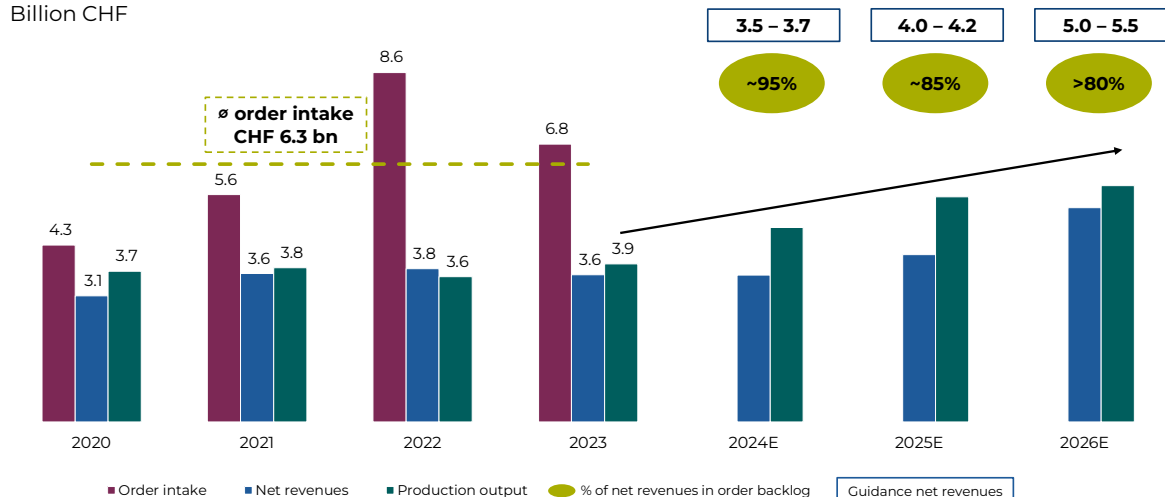
Outlook for 2024 to 2026

Stadler has made a very successful start to 2024 and rapidly recorded a promising order intake in the first few months of the year. Nevertheless, Stadler expects the global economic environment to remain challenging in the current financial year. Despite the recessionary trends, Stadler is set to face a significant increase in production output in the coming years thanks to its strong order backlog.

In contrast to its competitors, Stadler applies the conservative units-of-delivery accounting method in the “Rolling Stock” segment. Vehicles must generally be completed and accepted by the customer before the corresponding sales and earnings can be recognised. This conservative approach means that there may be several years between the signature of the contract and the realisation of sales and earnings. On account of the high order intake in recent years, production output and gross work in progress will increase substantially from 2024 onwards. Stadler therefore expects a strong increase in sales and earnings, particularly in the 2026 financial year.

Production output versus revenues

Billion CHF



Notes: Production output equals net revenues plus delta gross work in progress. Bar height for net revenue 2024E to 2026E correspond to midpoints of guidance ranges. Production output 2024E to 2025E illustrative only.

With this in mind, Stadler anticipates revenue of between CHF 3.5 and 3.7 billion for the current financial year and an EBIT margin comparable to that of 2023. Due to the high order intake, Stadler forecasts investments of around CHF 200 million. The increase in work in progress associated with the rise in production output may have a negative impact on free cash flow in the current financial year despite progress payments from current orders. However, we continue to expect solid advance payments from new orders and improved payment terms for current orders.

The Board of Directors intends to put forward a proposal to the General Meeting for the payment of a dividend of CHF 90.0 million (CHF 0.90 per share) for the 2023 financial year compared to CHF 90 million (CHF 0.90 per share) in the previous year.

For the 2025 financial year, Stadler expects revenue of between CHF 4.0 and CHF 4.2 billion and an EBIT margin of approximately 7 percent. Stadler also anticipates investments totalling around CHF 200 million in 2025.

Stadler expects revenue of between CHF 5.0 and 5.5 billion in the 2026 financial year in connection with the strong increase in the number of vehicle acceptances. The EBIT margin should be between 7 and 8 percent and investments are likely to total around CHF 200 million.

Stadler anticipates an average book-to-bill ratio of 1.5x until 2026 and is maintaining its dividend policy with a payout of around 60 percent of consolidated net profit. Stadler remains convinced that an EBIT margin of 8 to 9 percent can be achieved in the medium term under normal economic conditions.

All the information on the outlook is based on the assumption that the framework conditions will remain stable, particularly with regard to the currency situation and global geopolitical tensions.

Further information on the annual results

Markus Bernsteiner, Group CEO, and Raphael Widmer, Group CFO, will present the business results for 2023 at a media conference today at 10.00 am. You can find the dial-in details for the German-language broadcast [here](#) or for the English-language broadcast [here](#). The presentation on the annual results 2023 will be made available on our [website](#) before the conference call. You can also find the detailed annual report 2023 on our [website](#). You can download the key figures for the 2023 financial year in Excel format at the following [link](#).

Key figures for 2023

in millions of CHF or as noted	as % of		as % of		Change
	2023	net revenue	2022	net revenue	in %
Stadler					
Order intake	6'803.9		8'557.2		(20%)
Order backlog	24'414.1		21'983.7		11%
Net revenue	3'608.4	100.0%	3'750.5	100.0%	(4%)
Gross margin ¹	404.6	11.2%	385.4	10.3%	5%
EBITDA ²	295.2	8.2%	308.9	8.2%	(4%)
Operating result (EBIT)	183.3	5.1%	205.1	5.5%	(11%)
Profit for the period	138.6	3.8%	75.1	2.0%	84%
Earnings per share (in CHF)	1.24		0.73		71%
Net cash flow from operating activities	905.3		441.3		105%
Capital expenditures ³	244.3		184.5		32%
Free cash flow ⁴	749.1		396.4		89%
Net working capital ⁵	(855.6)		(157.4)		
Work in progress (net) ⁶	(1'591.7)		(808.1)		
Net cash ⁷	398.9		(230.8)		
Equity	819.3		779.1		
Staff as FTEs	13'944		13'431		4%
Rolling “Stock segment”					
Order intake	5'034.6		7'347.8		(31%)
Order backlog	18'381.4		17'047.9		8%
Net revenue (third parties)	3'080.7	85.4%	3'247.1	86.6%	(5%)
“Service & Components” segment					
Order intake	1'713.3		1'160.4		48%
Order backlog	5'870.5		4'765.7		23%
Net revenue (third parties)	463.6	12.8%	453.3	12.1%	2%
“Signalling” segment					
Order intake	56.0		49.0		14%
Order backlog	162.2		170.1		(5%)
Net revenue (third parties)	64.1	1.8%	50.1	1.3%	28%

¹ Gross margin is calculated as net revenue less cost of goods sold and services provided

² EBITDA is calculated as the sum of EBIT and depreciation and amortisation

³ Capital expenditure is calculated as the sum of investments in property, plant and equipment and intangible assets

⁴ Free cash flow is calculated as EBITDA less capital expenditure less change in net working capital

⁵ Net working capital is calculated by subtracting the sum of trade payables, liabilities from work in progress, other current liabilities, current provisions and deferred income and accrued expenses from the sum of trade receivables, inventories, work in progress, other current receivables, compensation claims from work in progress and accrued income and deferred expenses

⁶ Work in progress (net) is calculated as work in progress (asset) less liabilities from work in progress

⁷ Net cash is calculated as cash and cash equivalents less current and non-current financial liabilities

About Stadler

Stadler has been building trains for over 80 years. The provider of mobility solutions in rail vehicle construction, service and signalling has its headquarters in Bussnang in eastern Switzerland. It has a workforce of around 14,000 based in various production and engineering locations as well as more than 80 service locations. The company is conscious of its social responsibility for sustainable mobility and therefore stands for innovative, sustainable and durable quality products. The product range in the field of mainline railways and city transport includes high-speed trains, intercity trains, regional and suburban trains, metros, tramways and trams. Stadler also manufactures main-line locomotives, shunting locomotives and passenger carriages. It is the world's leading manufacturer in the rack-and-pinion rail vehicle industry.

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