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Stadler posts a record-breaking number of orders received

2016 was a successful year for Stadler. The Swiss rail vehicle manufacturer posted a record-breaking number of orders received worth CHF 4.9 billion. Despite of to the persistently strong Swiss franc an average turnover and result is being recorded.

The renewed “Frankenschock”, triggered by the removal of the exchange rate cap for the Swiss franc against the Euro, hit Stadler hard. 3000 of the company’s 7000 employees are based in the high-wage country of Switzerland, the export ratio is over 50% and consolidation takes place in Swiss francs. In the 2015 financial year, this resulted in a decline in turnover. The expansion of Stadler’s base through the tapping of new markets and new market segments as well the launching of new products has paid off: in 2016, Stadler almost returned to its old strength despite the currency-related setbacks of recent years.

In terms of orders received, it succeeded in posting a record result: Stadler attracted orders worth **CHF 4.9 billion** in 2016. This is more than twice the volume recorded in the prior year. In 2015, orders received totalled CHF 2.1 billion. Despite of the persistently strong Swiss franc an average annual result is being recorded. In 2016, the turnover of Stadler Rail AG stood at CHF 2.1 billion (2015: CHF 2.05 billion) and was thus in line with the long-term average.

“I am pleased that Stadler was able to overcome the challenges of the Swiss currency crisis in recent years. The removal of the Swiss franc’s exchange rate cap resulted in a collapse of the margins. The package of measures decided upon was well received by the workforce and brought the employees even closer together. This has allowed us to make it through the crisis stronger than before and remain on a healthy footing”, said Peter Spuhler, owner and Group CEO of Stadler, at the annual media conference in Bussnang.

Following the purchase of Valencia a year ago, the number of employees increased to almost 7000, with 3000 of these based in Switzerland. These figures remained relatively steady during the past year. Stadler currently has **7300 employees**. The increase has occurred due to the establishment of the joint venture with Solaris Bus & Coach and the new engineering location in Chemnitz.

The global market for rolling stock is growing – driven by enormous population growth and the need for investments owing to outdated infrastructure. At the same time, the level of competition is also on the rise. In particular, the advances being made by Chinese providers are leading to greater margin pressure. Stadler needs to tackle this challenge by demonstrating a great deal of innovative capacity and investing in new products. Stadler Rail Group is optimally prepared for the future with its high order book, solid balance sheet and the outstanding expertise of its employees.

For the most part, the utilisation levels at the Stadler locations are good. A significant improvement has also been seen at the factory in Minsk. After the previous underutilisation owing to the oil and gas crisis and the resulting fall in the price of the rouble, a solid level of basic utilisation was recorded last year. The order for 23 Metelitsa trams from Saint Petersburg made a significant contribution here.

Two new companies

Stadler is operating two new companies within its organisation. Over the past twelve months, Stadler Chemnitz and the Solaris Tram joint venture have been added. Stadler Chemnitz is attached to the Division Germany and provides engineering services in the areas of construction (structure, interior fittings and exterior elements), electronics, pneumatics, technical calculations and multi-body simulation. The approximately 60 engineers at Stadler Chemnitz will perform technical projects independently as well as process defined work packages for all Group locations.

On 1 January 2017, Solaris Bus & Coach and Stadler established a joint venture in Poland called Solaris Tram. The joint venture runs a shared factory in Środa in which car bodies are manufactured and painted. For tenders in Poland and other central European countries, Solaris Tram and Stadler Polska will in future submit offers together as a consortium managed by Stadler. This will allow both companies to strengthen their position in the Polish and central European markets.

New location in Switzerland

The currency environment and Switzerland's high wage costs, when set against a backdrop of a large share of Stadler's business coming from exports, are continuing to exert strong pressure on the company's margins. Efficiency increases are required in order to ensure Stadler's continuing operations in Switzerland. As a result, Stadler is assessing the feasibility of a new site in St. Margrethen. Working with the canton of St. Gallen, the municipality of St. Margrethen and the landowner Hiag, the rail vehicle manufacturer has sourced a plot of around 70,000 m² in St. Margrethen offering ideal conditions, even including an existing rail link. However, before the building can go ahead, the site will have to be rezoned and the construction plan amended. An appropriate application has been submitted.

The new production location is aimed at optimising manufacturing conditions for the double-decker multiple unit train competence centre. The Altenrhein site's leased infrastructure is approximately 100 years old and not perfectly suited to the manufacture of double-decker multiple unit trains. This results in restricted productivity in this location and weakened competitiveness in the international arena. The planned investment is a clear statement of intent to maintain activities in Switzerland and at the crossroads of Switzerland, Germany and Austria.

High number of orders received in the tailor-made segment

Stadler has once again seen a high number of orders received in the tailor-made segment: The Appenzeller Bahnen ordered eleven TANGO and five tailor-made multiple unit trains from Stadler. RhB placed an order for 36 tailor-made multiple unit trains. Stadler will produce 14 tailor-made multiple unit trains for Regionalverkehr Bern-Solothurn RBS and a further five for Wynen- and Suhrentalbahn. HVLE has ordered from Stadler ten six-axle EURODUAL locomotives including maintenance for ten years. Moreover Matterhorn Gotthard Bahn has placed an order for seven new locomotives.

The end of “Please mind the gap” in the UK

Stadler has succeeded in gaining a foothold in the UK. Right at the start of the year a contract was signed with Merseytravel for 52 commuter trains to run in Liverpool from 2020 onward. The new trains are being developed specially for Liverpool's requirements and are a combination of traditional suburban train and metro. The new fleet will be the first in the UK to guarantee unhindered entry to the vehicle. The world-famous “Please mind the gap”, the phrase that so characterised the sound of UK rail and underground stations, is to be made a thing of the past. Stadler has also been awarded the 35-year full-service contract for the 52 trains which is especially gratifying.

KISS performing well

The KISS double-decker has also performed very well over the last year. The contract with Mälardalen is now legally valid following the rejection of Bombardier's appeal. This leaves the way clear for Stadler to deliver 33 four-car double-decker multiple unit trains from Altenrhein to the Swedish rail company Mälardalen. Ten double-deckers were sold to Azerbaijan. The Georgian national railway has acquired four KISS double-deckers.

Interruption in Caltrain project

Stadler has also succeeded in selling KISS in the USA for the first time. The American rail company Caltrain placed an order for 16 six-car electric double-decker multiple unit trains in June 2016. From 2020 onward, there will be Swiss Stadler trains running between San Francisco and San José in Silicon Valley – and offering a comfortable ride to Apple, Google and Facebook employees. The electric high-performance double-decker multiple unit trains, offering high passenger capacity, will enable Caltrain to provide faster and more frequent connections for the rapidly growing numbers of passengers. The modern double-decker multiple unit trains with their lightweight construction in aluminium will take over from the current diesel-powered steel trains and make an important contribution to reducing greenhouse gas and noise emissions in the US state.

Financing for the Caltrain project comes from regional, state and federal funds. The electrification project has a budget of almost USD 2 billion. Federal funding of USD 647 million from the Department of Transport's (DOT) budget was approved in early June – following a slight delay resulting from the change in administration and the associated new appointments to the top roles in the DOT.

Despite the delay, Stadler continued with all its project activities on the customer's behalf. These costs were approved up to a contractual ceiling as part of the financing already granted. Now that a valid signature has been given there is further certainty and Stadler acknowledges this with some relief.

Record also in Germany

Stadler also posted record orders of more than EUR one billion last year in Germany. Highlights include, among others, the following: Rhein-Ruhr S-Bahn's order of 41 FLIRT vehicles and Stuttgart Network's order of another 45 FLIRT vehicles. Stadler is contracted to develop and build 27 four-car METRO vehicles for BVG. VBK has exercised an option for 25 CITYLINK vehicles and Alpha Trains ordered five FLIRT vehicles.

Service business on the increase

The latest order from Merseytravel from the UK also includes a full-service contract for 35 years. For the first time in Stadler's history, the service contract has a greater value than the vehicle order itself. In addition, Stadler has been awarded the maintenance contract for the Hungarian State Railways (MAV) FLIRT vehicles over 15 years, as well as a full-service contract for Arriva Limburg also over 15 years for their FLIRT

vehicles. East Anglia also relies on Stadler and has entrusted the rolling stock manufacturer with maintenance for seven years. There was also an order for 41 FLIRT vehicles for Rhein-Ruhr. Most recent order received: Stadler was able to sign a contract with Go-Ahead at the end of May this year for the maintenance of 45 electric FLIRT multiple unit trains over a period of 13.5 years.

More than one train per day

Stadler successfully delivered over 400 trains by the agreed contractual dates last year. In spring 2015, Stadler won a contract with the Dutch State Railway (NS) operated by Reizigers for 58 FLIRT vehicles. The first trains were delivered at the end of 2016, 24 are already in regular passenger operation. This is yet another time that Stadler has proven that it can provide exceptional flexibility.

Roll-out of Giruno

In May 2017, Stadler and SBB celebrated the roll-out of the eleven-car Giruno. The roll-out marks the start of the complex approval procedures for the four countries. The roll-out is one of the most important milestones in the development process of a rail vehicle. The spectacular arrival of the Giruno into Bussnang was followed live by around 500 invited guests from business, politics and the media. Federal President and Transport Minister Doris Leuthard also travelled to Bussnang to witness the roll-out of the Giruno.

Stadler celebrates its first 75 years

The roll-out of the Giruno also coincides with Stadler's celebrations of its 75th anniversary year. In 1942, in the midst of the Second World War, Ernst Stadler founded an engineering office in Zurich which specialised in the development and construction of locomotives. Twenty years later, Ernst Stadler and his employees moved to Bussnang in the Thurgau region, where he laid the foundation stone for Stadler's headquarters. His second wife, Irma Stalder, took charge of the company's destiny after his death. Peter Spuhler joined the company in 1987 and bought it out two years later with a loan from Thurgauer Kantonalbank. The company had 18 employees at that time and was generating sales of 4.5 million Swiss francs. Stadler, joined by the local population, celebrated its anniversary on the 20th May. As many as 40,000 visitors were in the production plants in Bussnang, Altenrhein and Winterthur.

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About Stadler

Stadler has been building trains for 75 years. The system provider of rail vehicle construction solutions is headquartered in Bussnang in Eastern Switzerland, and has a workforce of more than 7000 based in various locations across Switzerland, Germany, Spain, Poland, Hungary, the Czech Republic, Italy, Austria, the Netherlands, Belarus, Algeria and the United States. Stadler provides a comprehensive range of products in the railway and commuter rail segments: high-speed trains, intercity trains, regional and commuter rail trains, underground trains, tram trains and trams. Furthermore, Stadler also manufactures main-line dual-mode locomotives, shunting locomotives and passenger carriages, including the most powerful diesel-electric locomotive in Europe. Stadler remains the world's leading manufacturer in the rack-and-pinion rail vehicle industry.

More Stadler figures: The best-selling FLIRT (Fast Light Innovative Regional Train) vehicle has already sold over 1,400 units in a total of 17 countries. The KISS (the name is an acronym of the German for Comfortable Innovative Speedy Suburban Train) is also very popular: it has sold 258 units in 9 countries. The most

powerful diesel-electric locomotive in Europe, the EURO 4000, has sold 130 units in 7 countries. Additionally, Stadler Service maintains vehicle fleets consisting of over 680 vehicles that cover a combined annual distance of 120 million kilometres in 16 different countries.

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