Ad hoc media release

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Bussnang, 11 March 2021

Strong second half of the year despite the coronavirus crisis

- **The EBIT margin increased significantly to 7.0 percent in the second half of 2020 compared to the first six months of the year, despite the massive impact of coronavirus (H1 2020: 0.5 percent). For the year as a whole, Stadler achieved an EBIT margin of 5.1 percent (previous year: 6.1 percent).**
- **Net profit increased to CHF 138.4 million in the past financial year compared to the prior-year period (previous year: CHF 128.5 million).**
- **Delays caused by coronavirus were only partially compensated for and a total of 465 vehicles were delivered (2019: 444 vehicles). The vehicles that could not be delivered due to coronavirus are largely completed and ready for homologation and customer acceptance.**
- **Stadler achieved the revenue and margin targets announced in August 2020 despite supply chain disruptions, travel restrictions and forced quarantines that cost the company around 25,000 working days. The obligation to wear a mask and work from home also had a negative impact on productivity. Revenue stood at around CHF 3.1 billion, only slightly below the previous year's level (2019: CHF 3.2 billion). Despite coronavirus, growth in revenue in the second half of the year reached 3.1 percent in relation to the same period of the previous year.**
- **In spite of delays in the awarding of major projects, Stadler achieved an order intake of CHF 4.3 billion, 15 percent below the exceptionally high order intake of CHF 5.1 billion the previous year. The multi-year order backlog stands at over CHF 16 billion.**
- **Assuming that the coronavirus situation will soon be normalised, a strong order intake, a return to significant growth in revenue and improved profitability are anticipated again in 2021. Under these conditions, Stadler expects that delayed homologations and final acceptances can be made up for in the current year. The medium-term financial targets are confirmed, subject to the normalisation of economic conditions.**

Stadler received numerous new orders worth a total of 4.33 billion Swiss francs last year despite the pandemic. As expected, order intake was around 15 percent down on the exceptionally high figure achieved the previous year (2019: 5.12 billion Swiss francs). Although there have been delays in the awarding of significant individual contracts due to the coronavirus crisis and appeals brought by competitors, Stadler has not perceived a collapse in demand. No ongoing orders were cancelled or tenders suspended. The order backlog rose to more than 16 billion Swiss francs (2019: 15 billion Swiss francs), thereby ensuring solid basic capacity utilisation for Stadler.

In the first half of the year, there were interruptions in supply chains due to the pandemic. In addition, due to official requirements, individual plants were either temporarily closed or had to provisionally reduce their production capacity. Restrictions on travel by customers and employees led to delayed approval and vehicle acceptance procedures. As a result, revenues were postponed and final invoices for vehicles had to be delayed, which also placed a burden on operating cash flow. The substantially reduced timetable frequencies in public transport also led to fewer kilometres travelled and hence to lower revenue and profit from services.

The negative effects of the coronavirus crisis from the first half of 2020 normalised slightly in the second half of the year. Thanks to the immediate measures introduced, such as accelerated homologation and acceptance processes as well as strict optimisation programmes, Stadler succeeded in partially compensating for the delays suffered in the first half of the year. After a 16 percent decline in revenue in the first half of 2020 compared to the same period of the previous year, revenue in the second half of the year increased by 3.1 percent compared to the second half of 2019 . As a result, the full-year revenue of 3.08 billion Swiss francs was only slightly below the record result achieved in 2019 (2019: 3.20 billion Swiss francs). Production at all plants is now largely back to normal and Stadler was able to deliver 465 trains, light rail vehicles and locomotives in the full year (previous year: 444 vehicles). The coronavirus crisis nevertheless continued to influence orders in the second half of the year with regard to the supply chain, homologation processes and deliveries.

The operating result in terms of EBIT declined accordingly in comparison with the previous year and stood at 156.1 million Swiss francs (2019: 193.7 million Swiss francs). In the second half of the year, Stadler was able to increase profitability from 0.5 to 7.0 percent compared to the first half of 2020 (H2 2019: 7.0 percent), resulting in an EBIT margin of 5.1 percent for the full year (2019: 6.1 percent). The lower profitability overall is mainly due to delays in revenues and interruptions in supply chains caused by coronavirus. Despite strong growth, revenue – and hence profit contributions – in the above-average margin Service & Components segment was significantly below Stadler's own expectations and the capacities available due to the scaling down of timetables. The depreciation of the Norwegian krone against the Swiss franc also had a negative impact on the EBIT margin. The devaluation led to currency losses of around 30 million Swiss francs on remaining call-off orders from a framework agreement signed in 2008. All currency risks from this contract have now been eliminated.

Net profit increased to 138.4 million Swiss francs in the past financial year compared to the prior-year period (previous year: 128.5 million Swiss francs).

Net debt increased to 608 million Swiss francs as at 31 December 2020 compared to -5.6 million on 31 December 2019. This rise is due in particular to pandemic-related delays in homologation processes and customer acceptances, as well as receipt of the associated final payments. This resulted in an increase in net working capital. Overall, this led to a cash flow from operating activities of -205.8 million Swiss francs in the past financial year (previous year: -186.8 million Swiss francs). In addition, Stadler continued to invest heavily in the development of innovative products and in the growth of the Group.

Growth of the Rolling Stock segment in the second half of the year

Order intake in the Rolling Stock segment amounted to 2.88 billion Swiss francs in the 2020 financial year. The decrease of around 33 percent compared with the previous year (2019: 4.28 billion Swiss francs) is due to an exceptionally high basis of comparison in 2019 as well as to delays in the awarding of significant individual contracts that had been expected in 2020. In the Rolling Stock segment, the order backlog therefore decreased slightly to 12.0 billion Swiss francs at the end of 2020 (2019: 12.3 billion Swiss francs).

Following the year-on-year decline in revenue of more than 20 percent in the first half of 2020, revenue in the Rolling Stock segment in the second half of the year was up slightly on the previous year's level (H2

2019: 1.94 billion Swiss francs), rising to 1.95 billion Swiss francs. However, due to delayed deliveries, the full-year revenue of 2.74 billion Swiss francs was 6.7 percent below the previous year's figure of 2.94 billion Swiss francs.

Further acceleration of growth in the Service & Components segment despite coronavirus

Order intake in the Service & Components reporting segment was 1.46 billion Swiss francs in 2020, 75 percent above the previous year's level of 0.83 billion Swiss francs. This record result in the Service & Components reporting segment was thanks partly to the service contract for the Tyne & Wear Metro network in the UK over a period of 35 years and to the supply of spare parts for the new underground cars for the Berlin public transport company over a period of 32 years. Stadler received a strategically relevant order from the Netherlands: 36 FLIRT trains will be retrofitted with the GUARDIA European Train Control System (ETCS) for the regional transport operator Arriva Nederland.

Growth in the strategically important service business continued to accelerate in 2020. In the first half of 2020, many rail operators scaled down their timetables due to the pandemic. As long-term service contracts are usually settled on the basis of kilometre performance, revenue in the service business as a whole fell short of Stadler's expectations. The company nevertheless succeeded in continuing to drive growth in its strategically important service business, prompting an increase in revenue of 32 percent to 343.3 million Swiss francs in the past financial year (2019: 260.9 million Swiss francs).

Significant milestones in the signalling business

Stadler has been constantly developing and expanding its signalling division since 2016. The successes of the previous years continued in 2020. For example, the GUARDIA European Train Control System (ETCS) received approval in 2020 to operate in Poland. There, the system is used in the FLIRT trains of the railway operator Koleje Mazowickie. In Switzerland, the system will be used for the first time in BLS's new FLIRT trains, which were unveiled to the public in 2020. ETCS projects are also under way in other countries, including Hungary, Slovenia, Italy and Germany.

Stadler invests in growth and innovative rail vehicles

In 2020, Stadler invested a total of 288 million Swiss francs in growth, including the development and expansion of its sites. In its home market of Switzerland, Stadler moved into the new production plant in St. Margrethen. Total investments amount to over 86 million Swiss francs, 36.6 million of which were made in 2020. In Germany, the expansion of the new production hall is progressing with an investment volume of up to 70 million euros, 42.6 million euros of which were incurred in 2020. In Poland, Stadler expanded its commissioning capacities with a new hall at the Siedlce site at a cost of 9.6 million Swiss francs. Production capacities at the plant in Minsk and in Szolnok, Hungary, were also increased with investments of 12 million Swiss francs and 11.4 million Swiss francs respectively. In Hungary, Stadler is also investing 28.8 million Swiss francs in the construction of a new hall for the overhaul of bogies.

In order to be able to continue to offer sustainable, attractive mobility solutions, Stadler is investing in innovative rail vehicles, such as the new low-floor tram, which was ordered for the first time for the city of Darmstadt, Germany, at the beginning of 2020. Features such as complete accessibility, panoramic windows and high interior ceilings ensure a pleasant travel experience. The new bogie technology also makes the trams particularly maintenance-friendly and thus even more economical to operate. In addition to its existing well-rounded, broad product portfolio, Stadler is making inroads into new drive technologies. Stadler is developing its first hydrogen train for the rail operator of San Bernardino County in California. Nahverkehrsverbund Schleswig-Holstein in northern Germany ordered 55 battery-powered trains after Stadler emerged as the winner of Germany's first green technology tender. In addition to the joint project with the Austrian Zillertalbahn, another hydrogen concept for the European market is in the works.

Changes in the Group Executive Board

In its meeting on 10 Marc 2021, Stadler's Board of Directors has taken notice of Marina Winder's decision to resign as the Head of Communication and PR. Marina Winder has decided to leave the Group Executive Board after her maternity leave and become self-employed. She will continue to support Stadler as a communication specialist on the basis of a mandate. "I would like to thank Marina Winder for her great commitment and I look forward to being able to count on her expertise going forward", said Peter Spuhler, Chairman of the Board of Directors and Group CEO a. i. Marina Winder was leading the General Secretariat since 2015, and she was leading the international communications team.

In its meeting on 10 March 2021, Stadler's Board of Directors also unanimously approved the appointment of Philipp Brunner as a new member of the Group Executive Board as of 1 July 2021. He has been with Stadler for over ten years and is currently CEO of Stadler Minsk. In his future role as Head of the Division Central Europe, Philipp Brunner will succeed Christian Spichiger, who is taking over the management of the Division Components from Markus Bernsteiner. "It makes me proud that we have been able to find an internal solution to ensure a smooth generation change," explains Peter Spuhler. Christian Spichiger has led the Division Central Europe since 2013 and was responsible for the development of the Poland location from 2006 onwards. "I would like to thank Christian Spichiger for his great commitment and important contribution to Stadler's development," says Peter Spuhler. From now on, Markus Bernsteiner will concentrate on managing the largest division, Division Switzerland, which is responsible for about 50 percent of the Group's turnover. Furthermore, Markus Bernsteiner has taken on a number of important tasks as one of Peter Spuhler's deputies.

Outlook: anticipated return to significant growth in revenue and improved profitability

Thanks to the ongoing solid demand, and assuming that the effects of the pandemic will soon be normalised, the order intake for 2021 is expected to reach around 4 to 5 billion Swiss francs again, and revenue should stand at between 3.5 and 3.8 billion Swiss francs. Under these conditions, Stadler is anticipating an EBIT margin of over 6 percent for the current financial year. In order to provide the required capacities, Stadler is expecting investments of around 200 million Swiss francs in 2021. A positive free cash flow is expected for the current year. The Board of Directors intends to put forward a proposal to the General Meeting for the payment of a dividend of 85 million Swiss francs (0.85 Swiss francs per share) for the 2020 financial year. Subject to the normalisation of the coronavirus situation, the medium-term financial targets of an EBIT margin of 8 to 9 percent from 2023 onwards and a dividend policy with a payout ratio of approximately 60 percent are confirmed.

Further information on the 2020 results

Peter Spuhler, Executive Chairman of the Board of Directors and Group CEO a. i., and Raphael Widmer, Group CFO, will present the results for the first half of the year today at 10:00 am. You will receive the dial-in details upon registration. Please register here for the broadcast in German language or here for the broadcast in English. The annual report is available on our website.

Key figures for 2020

in millions of CHF or as noted	2020	as % of net revenue	2019	as % of net revenue	Change in %
Stadler					
Order intake	4'331.5		5'117.3		-15%
Order backlog	16'105.6		15'026.1		7%
Net revenue	3'084.9	100.0%	3'200.8	100.0%	-4%
Gross margin[1]	315.3	10.2%	356.2	11.1%	-11%
EBITDA[2]	251.9	8.2%	269.9	8.4%	-7%
Operating result (EBIT)	156.1	5.1%	193.7	6.1%	-19%
Profit for the period	138.4	4.5%	128.5	4.0%	8%
Earnings per share (in CHF)	1.38		1.27		8%
Net cash flow from operating activities	(205.8)		(186.8)		
Capital expenditure[3]	288.3		248.7		
Free cash flow[4]	(458.9)		(328.9)		
Net working capital[5]	450.0		27.4		
Work in progress (net)[6]	(317.3)		(803.8)		
Net cash[7]	(608.2)		5.6		
Equity ratio	19.1%		22.3%		
Staff as FTEs	12'303		10'918		13%
Rolling Stock segment					
Order intake	2'875.3		4'283.9		-33%
Order backlog	11'995.6		12'254.3		-2%
Net revenue (third parties)	2'741.6	88.9%	2'939.8	91.8%	-7%
Service & Components segment					
Order intake	1'456.3		833.5		75%
Order backlog	4'110.0		2'771.8		48%
Net revenue (third parties)	343.3	11.1%	260.9	8.2%	32%

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 75 years. The system provider of rail vehicle construction solutions has its headquarters in Bussnang in Eastern Switzerland. It has a workforce of around 12,300 based in various production and engineering locations as well as more than 40 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.

Dates

Annual General Meeting 2021:	*6 May 2021*
Half-year report 2021	*25 August 2021*

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There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this Media Release, which, in turn, could affect our ability to achieve our stated targets. The important factors that could cause such differences include: changes in the markets the Group serves, including as a result of changes in the global demand for transportation and demographic changes; the Group's ability to successfully develop, launch and market new products and services; the Group's ability to retain existing customers and/or secure new customers; the Group's ability to compete with existing and new competitors; the Group's ability to maintain the high quality, reliability, performance and timely delivery of its products and services; the impact of fluctuations in foreign exchange rates; and such other factors as may be discussed from time to time. Although we believe that our expectations reflected in any such forward-looking statement are based upon reasonable assumptions, we can give no assurance that those expectations will be achieved.

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