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Bussnang, 31 August 2022

Strong operational performance and unabated high demand for Stadler solutions in a challenging economic and geopolitical environment

- **Order intake increased by 91% to CHF 6.0 billion, full-year guidance already achieved by the end of June**
- **Thanks to proven and newly developed vehicle concepts, order backlog increases by 22% to CHF 21.7 billion compared to year-end 2021**
- **Revenue up 4% to CHF 1.5 billion**
- **EBIT rises by 36% to CHF 66.8 million - including positive one-off effect and strongly negative currency effects of CHF 30.0 million**
- **Improved EBIT margin of 4.5% (H1 2021: 3.5%) – excluding currency effect EBIT margin would be 6.5%**
- **Mainly due to exchange rate losses at EBIT level and a further CHF 32.1 million in the financial result, net profit falls to CHF 2.4 million (H1 2021: CHF 26.3 million)**
- **Currency effects, inflation with rising prices for salaries and materials, disruptions in the supply chain and geopolitical situation impact first half of the year**
- **Outlook 2022: Order intake increased to over CHF 7.0 billion, sales, investments and free cash flow confirmed, EBIT margin slightly below previous year, at least above 5%**
- **Outlook 2025: In a stable economic environment, 8% to 9% EBIT margin confirmed, 7% to 8% realistic due to current conditions**

“I am pleased that our competent teams have achieved strong growth in order intake in the first half of 2022 and delivered outstanding results thanks to an excellent operational performance – despite extremely challenging economic conditions with a combination of inflation, supply chain issues, currency distortions and geopolitical tensions. Over the past two years, we have done our homework and set the course for successful corporate development with improved profitability,” comments Peter Spuhler, Executive Chairman of the Board of Directors and Group CEO a. i.

At CHF 6.0 billion, order intake almost doubled in the first half of 2022 compared to the same period of the previous year (H1 2022: CHF 3.1 billion). Consequently, it had already reached the forecast value for the full year by the end of June. This is due in particular to individual orders with delivery periods of over 10 years.

The order backlog rose again to a record high of CHF 21.7 billion (31 December 2021: CHF 17.9 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.

While the impact of coronavirus has now largely normalised, the supply chain situation remains tense. Thanks to Stadler's flexible organisation and intensified efforts to simplify manufacturing processes, create a continuous production flow and optimise material supplies, as well as to the strong local anchorage of our suppliers, delays in the delivery of supplier parts have so far not led to any significant postponements in the deliveries of our vehicles. Although this led to a growth in revenue of 4 percent to CHF 1.5 billion compared to the same period of the previous year (H1 2021: CHF 1.4 billion), the above-mentioned measures also resulted in higher costs.

Stadler's business is generally subject to strong seasonality during the year, which typically leads to significantly higher revenue and greater profitability in the second half of the year. This is usually reflected as about one third of the revenue being generated in the first half of the year and the remaining two thirds in the second half. In the current year, there are signs of a slight shift in this rule in favour of the first half of the year.

EBIT and group result

The operating result at the EBIT level increased by 36 percent to CHF 66.8 million (H1 2021: CHF 48.9 million). In view of the current supply chain situation, production processes were continuously optimised in order to ensure the timely delivery of new vehicles. The additional costs incurred had a negative impact on the operating result.

Currency effects of CHF 30 million due to the abrupt and strong appreciation of the Swiss franc since the beginning of the year, especially against the euro, significantly affected the result. The currency effects stem mainly from orders processed in Switzerland and invoiced in foreign currencies. In general, any foreign currency risks that arise are minimised as far as possible by natural hedging and are 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 periods of certain orders, which cab span several years.

A positive one-off effect in the first half of 2022 was recorded in connection with the acquisition of BBR, announced at the end of 2021. As part of the purchase price for the BBR companies, shares in Stadler Signalling AG were transferred to the seller. Thanks to the acquisitions of BBR and Bär, Stadler has consistently expanded its expertise in signalling technology over the last nine months.

In terms of its Group result, Stadler posted a profit of CHF 2.4 million in the first half of 2022, compared to CHF 26.3 million in the same period of the previous year. The Group result was negatively impacted in particular by further exchange rate losses in the financial result, amounting to CHF 32.1 Mio. (H1 2021: CHF 13.0 million). These were mainly due to reporting date valuation effects associated with the strong appreciation of the Swiss franc – following the rise in key interest rates shortly before the half-year financial statements, especially against the euro.

Cashflow and balance sheet

Free cash flow increased to CHF 91.3 million in the reporting period compared to CHF –37.2 million[1] in the first half of 2021. Net debt as at 30 June 2022 stood at CHF 491.6 million, compared to CHF 351.1 million as at 31 December 2021. The increase in net debt is due in particular to the investments made, the dividend payment of CHF 90.0 million and the completion of the BBR acquisition in the first half of 2022.

[1] The previous year's figures were restated in connection with the change in accounting principles described in Note 2 in the 2022 half-year report.

«Rolling Stock» segment

Order intake in the “Rolling Stock” reporting segment amounted to CHF 4.9 billion in the first half of 2022, which is 72 percent higher than in the same period of the previous year. As a result, the order backlog in the reporting segment grew by 24 percent to CHF 16.7 billion compared to year-end 2021 (31 December 2021: CHF 13.4 billion). The “Rolling Stock” reporting segment generated revenue of CHF 1.3 billion in the first half of 2022. This resulted in a rise in turnover of 1 percent year-on-year (H1 2021: CHF 1.2 billion). This represents a strong basis for comparison that is attributable to postponements of deliveries from 2020 to the first half of 2021 due to the coronavirus pandemic.

«Service & Components» segment

Order intake in the “Service & Components” segment in the first half of 2022 stood at CHF 1.1 billion, which was significantly higher than in the same period of the previous year (H1 2021: CHF 278.4 million), particularly as a result of a large order from the VDV project consortium. The order backlog in the strategically important service business increased by 11 percent to CHF 4.9 billion compared to the backlog of CHF 4.4 billion at the end of 2021. It therefore continues to make up just under a quarter of the Group’s total order backlog despite strong growth in the “Rolling Stock” segment. With a large number of long-term service orders, some with periods longer than 35 years, the order backlog in the “Service & Components” segment also made a significant contribution to the long-term stability of Stadler’s business performance. In terms of revenue, the “Service & Components” segment also maintained its extremely successful growth course and increased its revenue by 14 percent to CHF 204.2 million compared to the same period of the previous year (H1 2021: CHF 179.6 million).

«Signalling» segment

As a leading provider of mobility solutions, Stadler’s ambition is to help shape and drive forward the digitalisation of rail transport. As well as offering vehicle-based signalling solutions, Stadler has also expanded its signalling capabilities on the infrastructure side and has merged them into a separate division as of 1 January 2022. Stadler is listing the Signalling division as a separate reporting segment for the first time for the purposes of the 2022 half-year results.

In the first half of 2022, the “Signalling” segment recorded an order intake of CHF 15.7 million compared to CHF 0.6 million in the first half of 2021. The order backlog rose to CHF 162.9 million. The “Signalling” reporting segment generated CHF 14.6 million in revenue in the first half of the year.

Main orders received

Stadler was able to secure several large orders in the first half of the year. At the beginning of the year, Stadler was awarded a contract by the VDV consortium after winning an international tender held jointly by six transport companies from Germany and Austria for up to 504 vehicles. In addition to vehicle production, the framework agreement also includes a maintenance contract lasting up to 32 years. The first call-off order comprises 246 CITYLINK vehicles, representing a volume of around EUR 1.7 billion. In February, Austrian Federal Railways (ÖBB) legally awarded Stadler a framework contract for 186 double-decker multiple units. ÖBB and Stadler signed the first call-off order for 41 KISS trains in April 2022. Stadler also received a record order from Switzerland: In May, Swiss Federal Railways (SBB), Thurbo and RegionAlps signed a framework agreement with Stadler for up to 510 single-decker FLIRT multiple units. This is the largest tender in Swiss rail history. The three rail operators ordered 286 FLIRT vehicles from Stadler in the first call-off order. In addition, SBB exercised an option for a further seven SMILE high-speed trains from an existing framework contract.

In the tram sector, Stadler recorded four major order successes two years after the market launch of the TINA vehicle concept. After an initial order placed by HEAG mobilo GmbH from Darmstadt in 2020 and subsequent orders from the Swiss company Baselland Transport (BLT) and Rostocker Strassenbahn AG (RSAG), HAVAG also opted for TINA trams in August 2022. These consecutive successes within a very short time confirm that the innovative vehicle concept meets the high demands of passengers and customers alike.

An order for 30 six-axle, bimodal locomotives was received from Beacon Rail and GB Railfreight in the UK including spare parts.

Market leadership in alternative drives expanded

Stadler was able to further expand its market leadership in the field of alternative drive systems. Following on from the Nahverkehrsverbund Schleswig-Holstein order (55 vehicles), DB Regio ordered 44 battery-powered FLIRT vehicles at the end of 2021 and a further 14 battery-operated trains in the current year for use in north-eastern Germany. To date, Stadler has therefore sold the most vehicles with battery or hydrogen drive, and was also able to set a world record in battery-only mode with this vehicle.

Stadler will be presenting no fewer than seven vehicles with sustainable drive solutions at InnoTrans, the major international rail trade fair in Berlin, which is taking place again in September after a four-year interruption. As well as unveiling its hydrogen-powered FLIRT H2 multiple unit for American passenger transport, Stadler will be displaying the battery-powered FLIRT train, the EURO9000 model – which is the most powerful hybrid locomotive in Europe – and the next-generation TINA tram, among other vehicles.

Challenging situation in Belarus

The Russian war of aggression against Ukraine is also affecting Stadler and the Fanipol plant. Stadler is consistently implementing the related sanctions, and was therefore forced to transfer individual orders from Belarus to plants in the European Union and Switzerland in order to ensure that they could be processed. Before the start of the war in Ukraine, around two percent of Stadler's order backlog was still being processed at the Fanipol plant, and the plant's production capacity was less than ten percent of the total Group capacity. Supply chain disruptions due to the ongoing Russian war in Ukraine could lead to a further increase in prices, adding to cost inflation.

Outlook for 2022

Due to the high order intake in the first half of the year and ongoing strong demand, Stadler now expects an order intake of over CHF 7.0 billion for the full year.[2]

Assuming that there is no further deterioration in the current economic conditions, which are characterised by a combination of currency distortions and inflation, with rising prices for salaries and materials, as well as geopolitical tensions, Stadler continues to forecast revenue of between CHF 3.7 and 4.0 billion, investments of around CHF 200 million and a positive free cash flow for the 2022 financial year.

If the challenging conditions described above continue in the second half of the year, Stadler expects a slightly lower EBIT margin in relation to the previous year's figure of 6.2 percent – despite constant operational improvements – due in particular to significant negative currency effects. The EBIT margin should nonetheless reach at least 5 percent.[3]

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[2] Previously: between CHF 5.0 billion and 6.0 billion.

[3] Previously: stable EBIT margin.

Medium-term financial targets

"I remain convinced that an EBIT margin of 8 to 9 percent can be achieved under stable economic conditions. Thanks to our strategic focus, our innovative, customer-oriented product portfolio and our excellent order processing, Stadler remains clearly committed to this ambition," says Peter Spuhler.

Given the current combination of inflation, supply chain issues, currency distortions and geopolitical tensions, on the other hand, Stadler considers an EBIT margin of 7 to 8 percent to be realistic for the 2025 financial year. Stadler continues to adhere to its dividend policy of distributing approximately 60 percent of the Group's net profit.

Further information on the half-year 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 presentation on the half-year results will be made available on our website before the conference call.

The half-year report is available on our website.

Key figures for 1st half of 2022

in millions of CHF or as noted	1st half-year 2022 resp. 30.06.2022	as % of net revenue	1st half-year 2021 resp. 31.12.2021	as % of net revenue	Change in %
Stadler					
Order intake	5'973.7		3'121.6		91%
Order backlog[1]	21'728.4		17'871.3		22%
Net revenue	1'471.7	100.0%	1'417.7	100.0%	4%
Gross margin[2]	143.7	9.8%	142.0	10.0%	1%
EBITDA[3]	117.8	8.0%	96.0	6.8%	23%
Operating result (EBIT)	66.8	4.5%	48.9	3.5%	36%
Profit for the period	2.4	0.2%	26.3	1.9%	-91%
Earnings per share (in CHF)	0.01		0.26		-95%
Net cash flow from operating activities	67.3		10.6		536%
Capital expenditure[4]	83.3		97.5		-15%
Free cash flow[5,6]	91.3		(37.2)		
Net working capital[1,7]	57.8		114.6		-50%
Work in progress (net)[1,8]	(587.7)		(461.3)		-27%
Net cash[1,9]	(491.6)		(351.1)		-40%
Equity ratio[1]	16.0%		19.1%		-16%
Staff as FTEs	13'092		12'851		2%
Rolling Stock segment					
Order intake	4'895.8		2'842.7		72%
Order backlog[1]	16'673.5		13'401.5		24%
Net revenue (third parties)	1'252.8	85.1%	1'237.6	87.3%	1%
Service & Components segment					
Order intake	1'062.2		278.4		282%
Order backlog[1]	4'892.0		4'409.8		11%
Net revenue (third parties)	204.2	13.9%	179.6	12.7%	14%
Segment Signalling[10]					
Order intake	15.7		0.6		2365%
Order backlog[1]	162.9		60.0		172%
Net revenue (third parties)	14.6	1.0%	0.6	0.0%	2485%

1 as at 30 June 2022 resp. 31 December 2021
2 Gross margin is calculated as net revenue less cost of goods sold and services provided
3 EBITDA is calculated as the sum of EBIT and depreciation and amortisation
4 Capital expenditure is calculated as the sum of investments in property, plant and equipment and intangible assets
5 The previous year's figures were restated in connection with the change in accounting principles described in Note 2
6 Free cash flow is calculated as EBITDA less capital expenditure less change in net working capital
7 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
8 Work in progress (net) is calculated as work in progress (asset) less liabilities from work in progress
9 Net cash is calculated as cash and cash equivalents less current and non-current financial liabilities
10 The previous year's figures were restated following the introduction of the new "Signalling" business segment. In the past, signalling activities were included in the "Rolling Stock" business segment

About Stadler

Stadler has been building trains for 80 years. The provider of mobility solutions in rail vehicle construction, service and signalling technology has its headquarters in Bussnang, eastern Switzerland. It has a workforce of around 13,000 based in various production and engineering locations as well as more than 60 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 Report 2022, Annual Media and Analyst Conference:	*15 March 2023*
Annual General Meeting 2023 :	*12 May 2023*

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