HALF-YEAR RESULTS 2020

BUILDING TRAINS WITH PASSION AND SWISS PRECISION

Peter Spuhler, Executive Chairman and Group CEO a.i., Raphael Widmer, Group CFO

25 August 2020

STADLER

REPRESENTING STADLER TODAY

Peter Spuhler
Executive Chairman
and Group CEO a.i.

Raphael Widmer
Group CFO

AGENDA

1	Highlights first half-year 2020	Peter Spuhler, Executive Chairman and Group CEO a.i.
2	Half-year 2020 financial results	Raphael Widmer, Group CFO
3	Summary and outlook	Peter Spuhler, Executive Chairman and Group CEO a.i.

HIGHLIGHTS FIRST HALF-YEAR 2020

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HALF-YEAR 2020 KEY FIGURES

Order intake
CHF 3.1bn
+35%[1]

Order backlog
CHF 16.8bn
+12%[2]

Net revenues
CHF 0.9bn
-16%[1]

EBIT margin
0.5%
-3.7%-pts[1]

Free Cash Flow[3]
CHF -309.0m
- CHF 14.3m[1]

Net profit
CHF 15.7m
-43%[1]

(1) Change year-on-year.
(2) Change in relation to 31 December 2019.
(3) Defined as EBITDA –Capex –Change in NWC. EBITDA is calculated as the sum of EBIT and depreciation and amortization.

COVID-19 IMPACT

Market environment

- Demand remaining strong
- No order cancelations
- Ongoing tenders largely on track
- New tenders being launched

Impact on Operations

- Interruptions to internal and external supply chains
- Travel restrictions affecting Stadler employees, homologation officials and customers
- All plants currently operating at normal levels

Counter measures

- Health and safety measures initiated immediately
- Adapting assembly sequences and working shift times with employees partially working remotely
- Decentralised supply chain

Financial impact

- Partial recovery of deferred revenues expected in H2
- Lower fixed cost absorption due to decline in volumes
- Service & Components impacted by lower mileage
- Significant order backlog and resilient end market

ORDER INTAKE HIGHLIGHTS H1 2020

Tyne & Wear Metro

- **42 METRO trains**, a new maintenance plant and a **35-year service** contract
- Valued at c. **GBP 700m**

Metro Berlin

- Framework agreement for up to 1,500 METRO cars valued at up to **EUR 3.0bn**
- First call-off for **606 cars including spare parts** amounts to **EUR 1.2bn**

LRVs

- 14 trams of the next generation of vehicles for HEAG mobilo Darmstadt
- MPK Krákow has ordered 60 additional trams. Overall, Stadler is delivering 110 trams to Krakow

Tailor Made

- MGB ordered 12 out of 27 new «ORION» trains for c. **CHF 150m**
- 20 additional “Capricorn” trains worth **CHF 170m** in an option call-off from RhB

Mainline

- 21 additional KISS trains ordered by the Hungarian Railways for over **EUR 300m**
- Twelve more KISS trains for Mälab for over **CHF 130m**

Signalling

- First full homologation for GUARDIA European Train Control System
- First ETCS refit contract for Stadler won in the Netherlands

SMILE GRANTED TYPE APPROVAL

In April 2019, the SMILE was approved for single traction in Switzerland, followed by double traction in May 2019. In March 2020, the SMILE was approved for double traction in Italy.

UPDATE GREATER ANGLIA

All 58 FLIRT have been delivered to and taken over by the customer. An agreement has been reached with the customer regarding delay-related penalties.

HALF-YEAR 2020 FINANCIAL RESULTS

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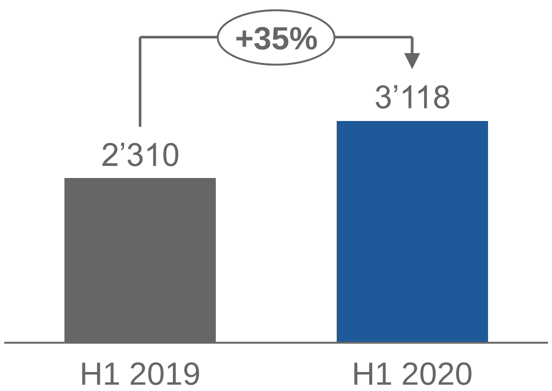
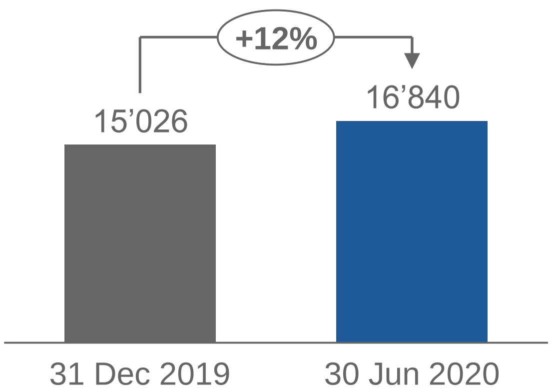
HALF-YEAR RESULTS 2020 SUMMARY

CHFm

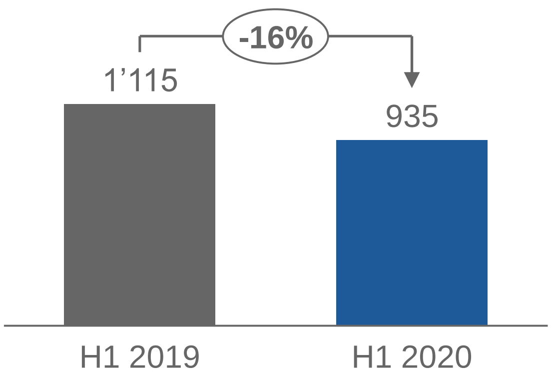
Order intake



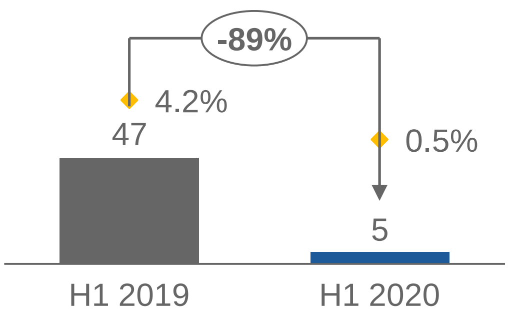
Order backlog



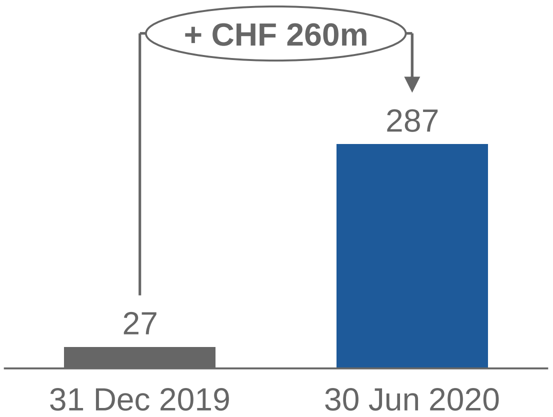
Net revenues



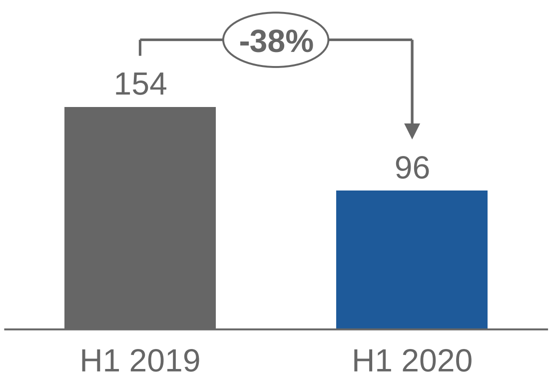
EBIT



Net working capital[(1)]



Capital expenditure[(2)]



◆ EBIT as % of net revenues

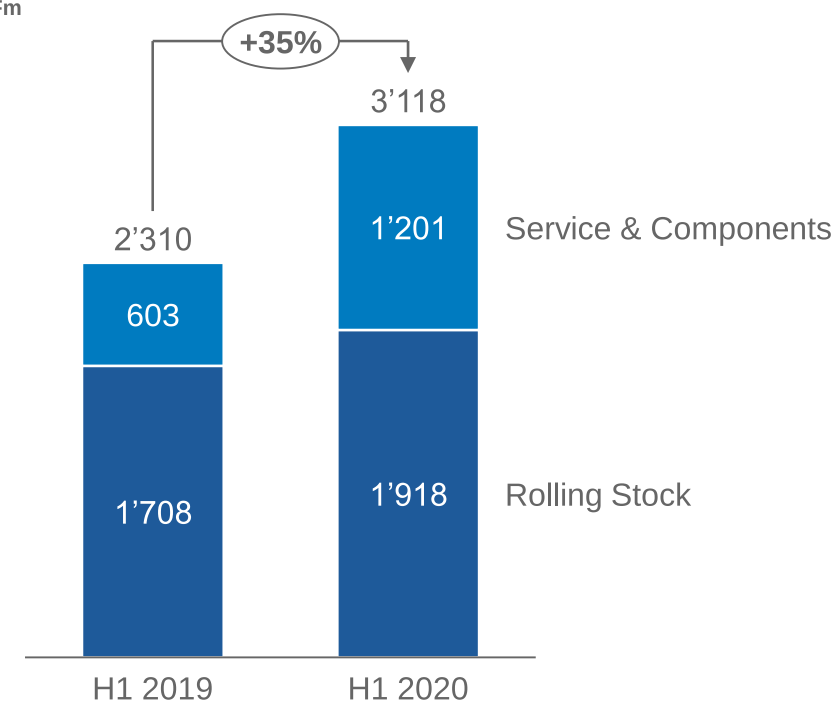
Change year-on-year / vs 31 Dec 2019

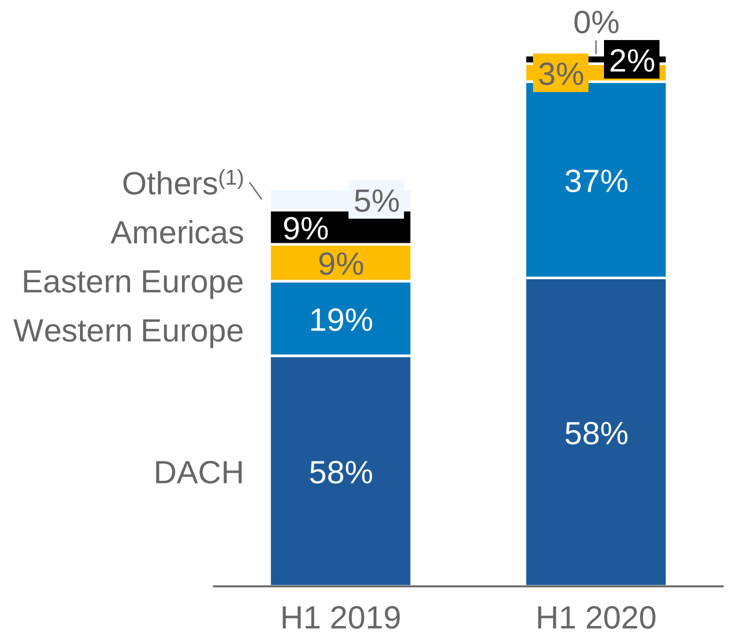
(1) Net working capital is calculated by subtracting the sum of trade payables, liabilities from work in progress and other current liabilities (including other current liabilities, current provisions and deferred income and accrued expenses) from the sum of trade receivables, inventories, work in progress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

(2) Capital expenditure is calculated as the sum of investments in tangible and intangible assets.

ORDER INTAKE

CHFm





Comments

Rolling Stock

- Major orders in DACH region (BVG Metro Berlin, Germany) and Western Europe (Nexus, UK)
- Large Tailor Made orders in Switzerland: a new order from Matterhorn Gotthard Bahn (MGB) and an option call-off by Rhaetian Railway (RhB)

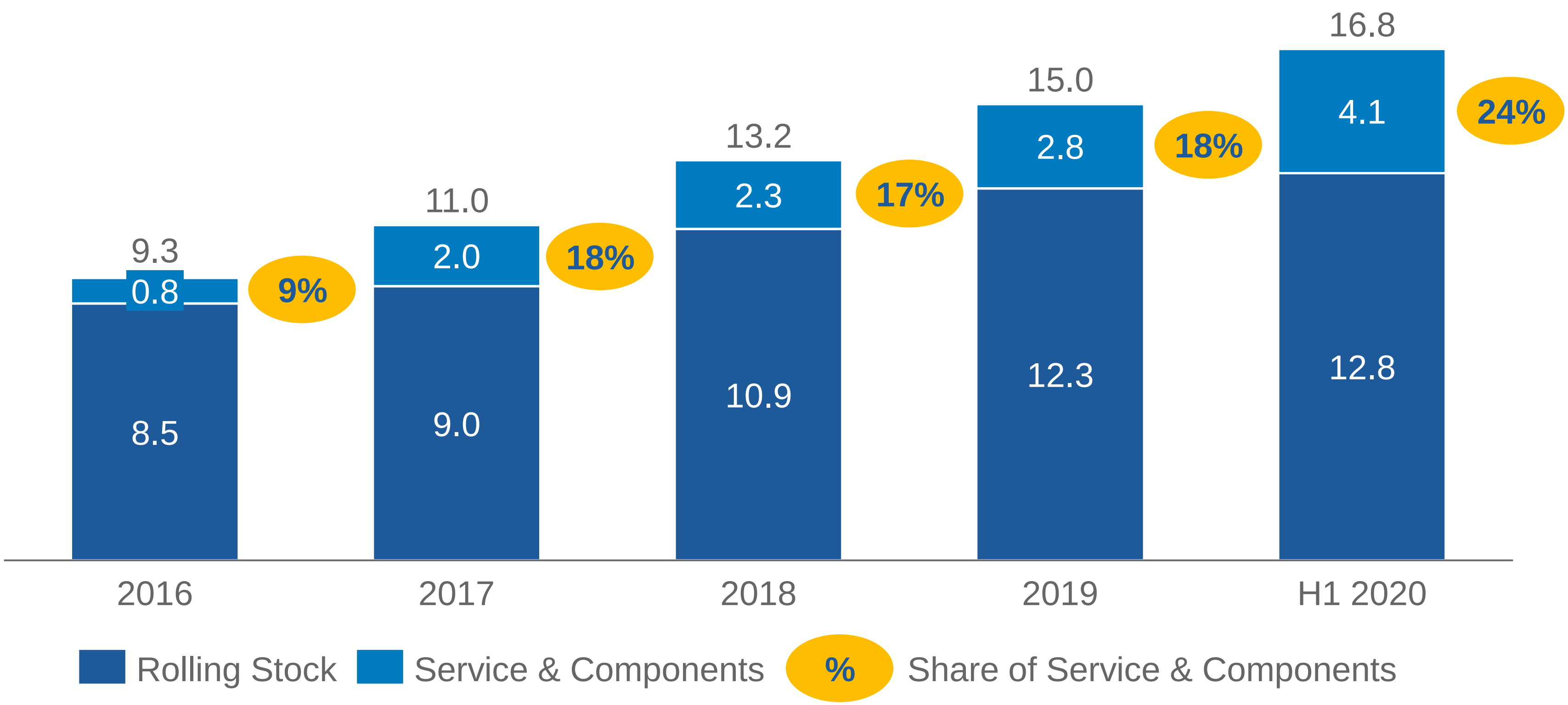
Service & Components

- Strong order intake mainly driven by two long-term service contracts in connection with the Rolling Stock orders from BVG, Germany, and Nexus, UK

(1) Others: CIS and rest of the world.

ORDER BACKLOG BY REPORTING SEGMENT

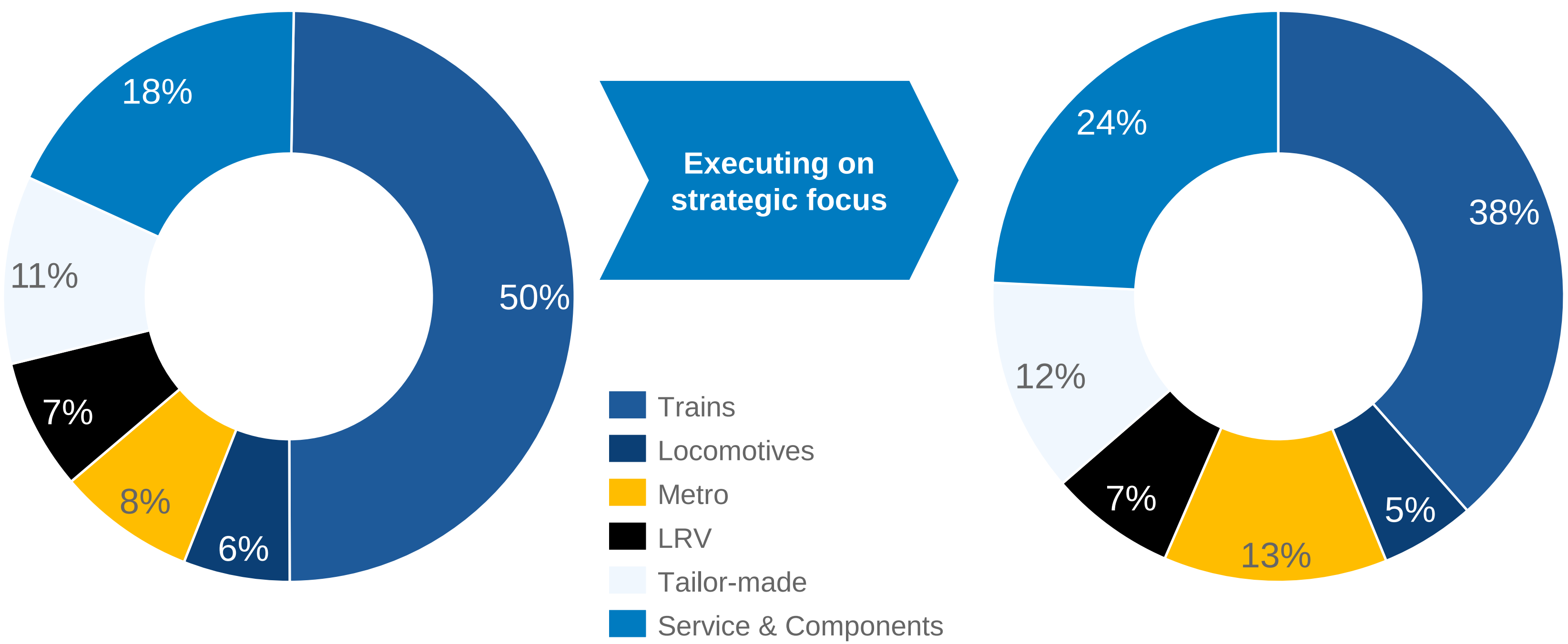
CHFbn



Order backlog at new record high of CHF 16.8bn with a growing Service & Components share

ORDER BACKLOG BY PRODUCT SEGMENT

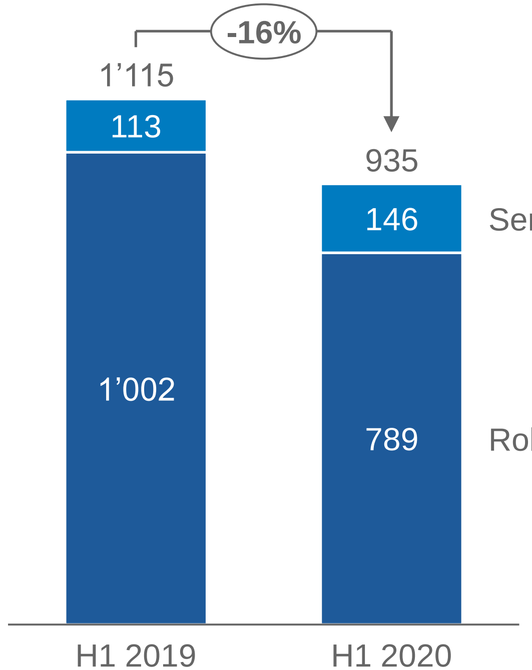
31 Dec 2019 | **30 Jun 2020**

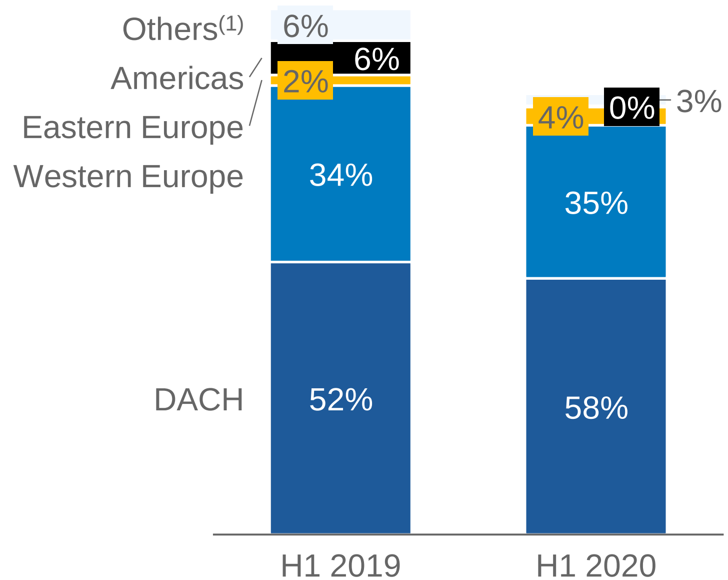


High quality and increasingly diversified order backlog

NET REVENUES

CHFm





Comments

Rolling Stock

– Revenues declined as a result of Corona-related supply chain disruptions and delays in homologation processes and final vehicle takeovers by customers due to travel restrictions

Service & Components

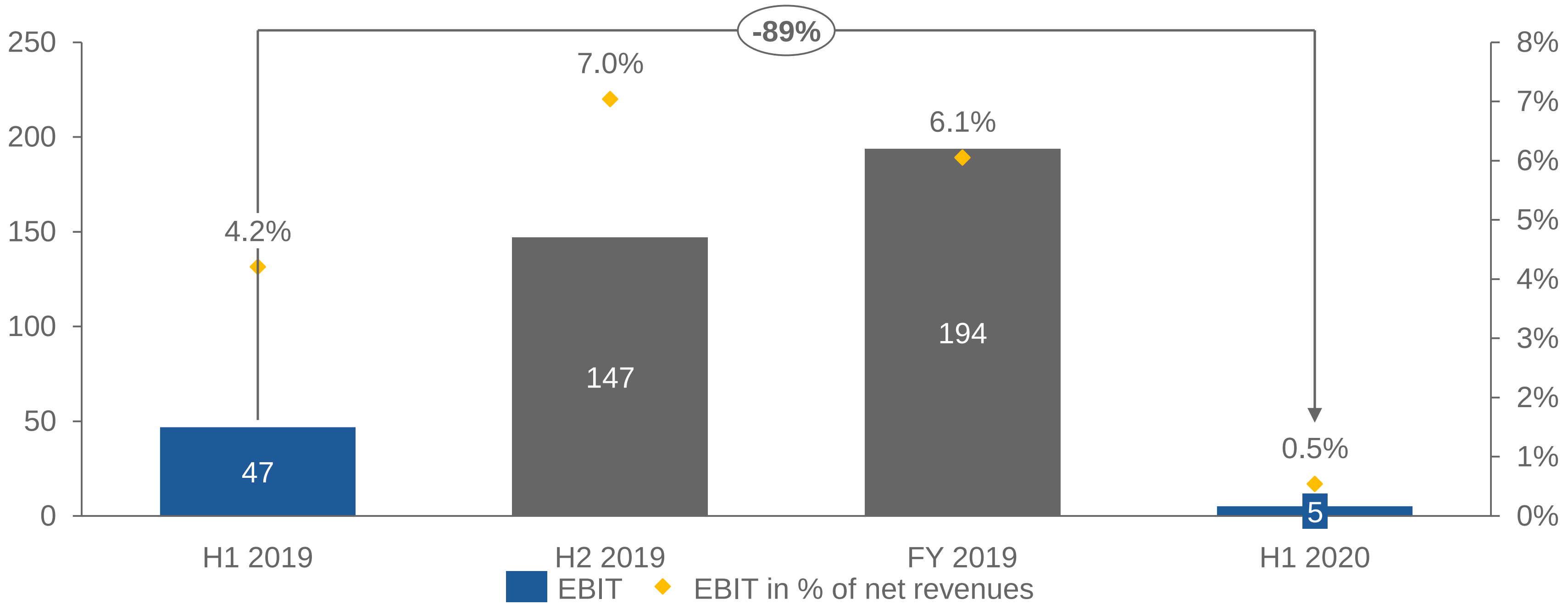
– Revenue growth below expectations as a result of lower frequencies in public rail transport and hence less revenues from mileage of vehicles in service

– Less spare parts and repair works

(1) Others: CIS and rest of the world.

EBIT

CHFm



Comments

Rolling Stock

- Corona-related delays in homologation and final acceptance of vehicles by customers led to a decline in revenues
- Lower volumes, supply chain disruptions and implementation of health and safety measures

Service & Components

- Higher fixed costs from additional capacities with lower absorption due to lower than expected revenues as a result of less mileage of vehicles in service

NET INCOME

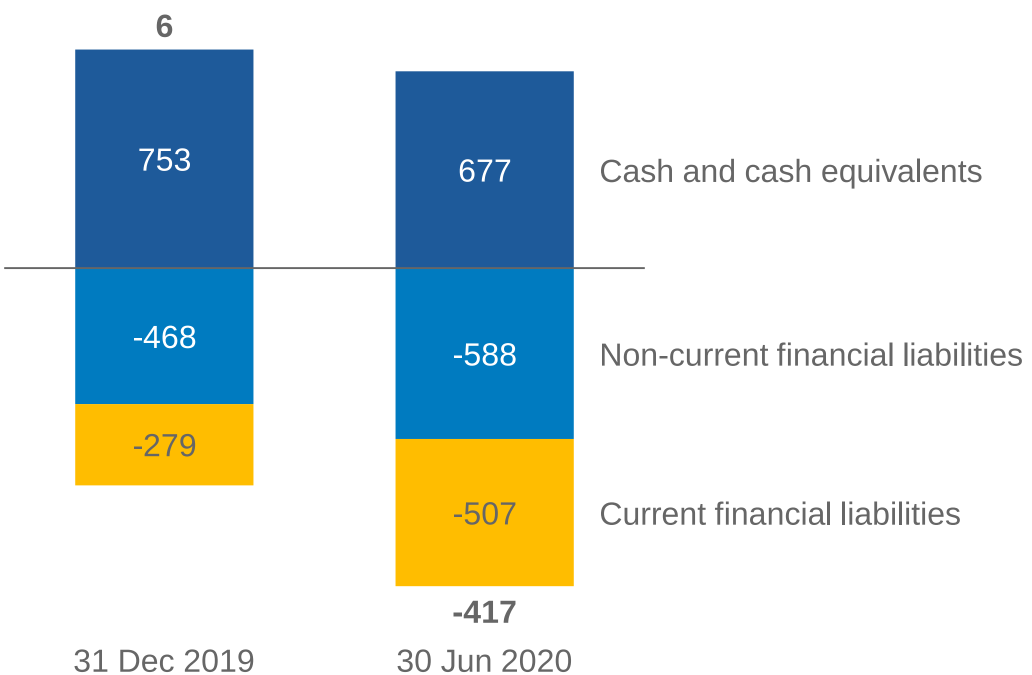
CHFm	H1 2019	H1 2020	Change YOY
Earnings before interest and taxes (EBIT)	**46.9**	**5.0**	**(89%)**
Financial result	(11.7)	17.7	
Share of results from associates	1.4	0.6	
Ordinary result	**36.6**	**23.4**	**(36%)**
Non-operating result	(0.9)	(0.8)	
Profit before income taxes	**35.7**	**22.6**	**(37%)**
Income taxes	(8.2)	(6.9)	
Profit for the period	**27.5**	**15.7**	**(43%)**
thereof attributable to			
- Shareholders of Stadler Rail AG	26.9	15.4	
- Non-controlling interests	0.6	0.3	

Comments

– Financial result mainly impacted by favourable currency exchange rates

NET CASH POSITION

CHFm

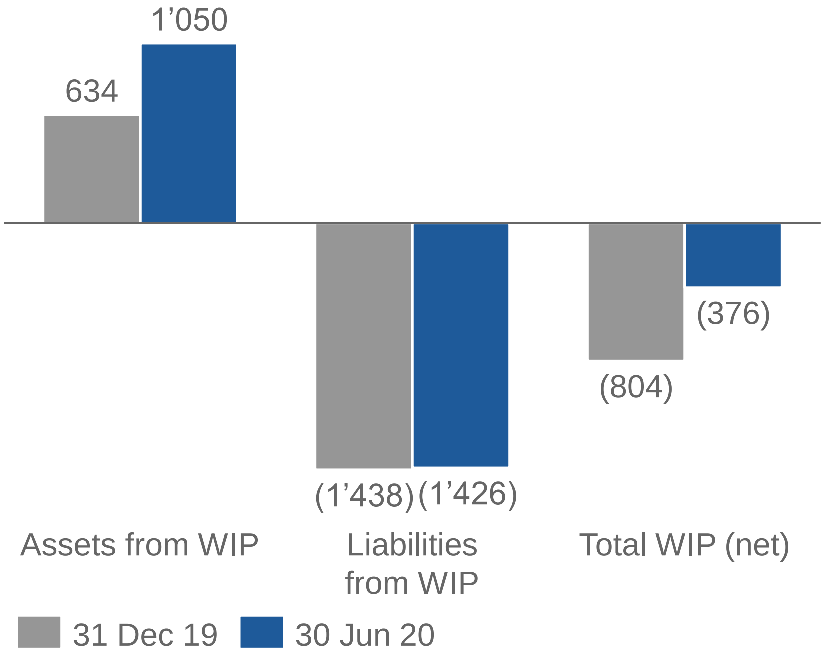


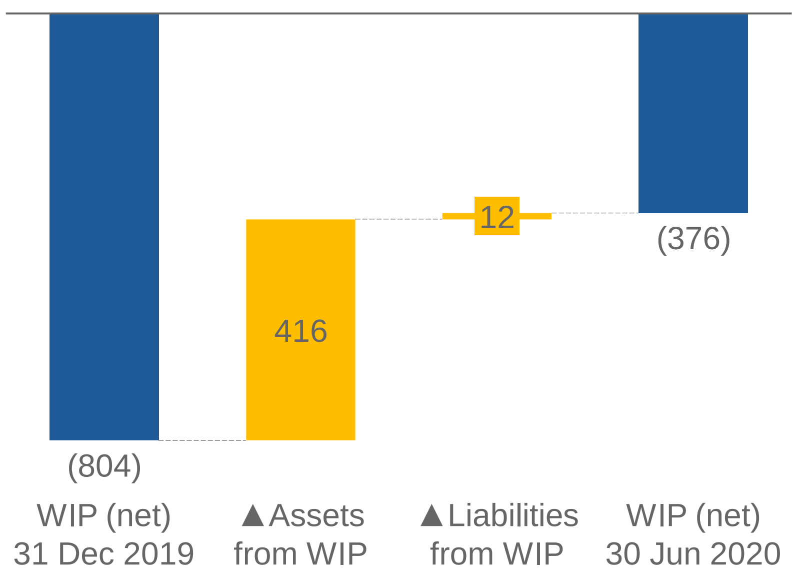
Comments

- Decline in net cash position mainly a result of deferred homologation, customer acceptance and invoicing of new vehicles
- Continuous ramp-up of production and work in progress
- Increase in current and non-current financial liability mostly due to additional project financing facilities

NET WORK IN PROGRESS

CHFm

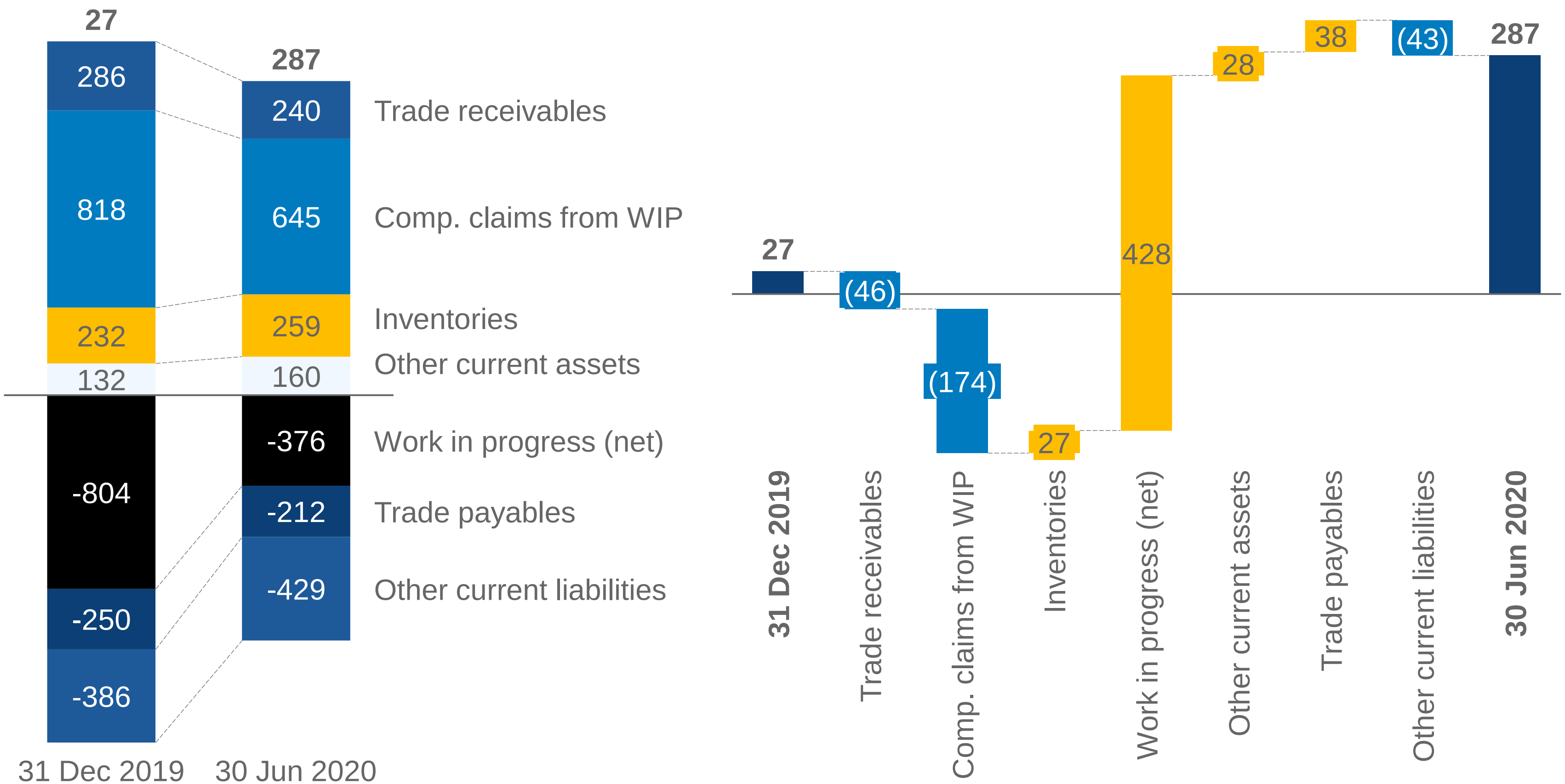




Continuously negative net work in progress (WIP). Increasing net WIP due to a build up of assets from WIP predominantly as a result of Corona-related delays in homologation and final takeover processes.

NET WORKING CAPITAL

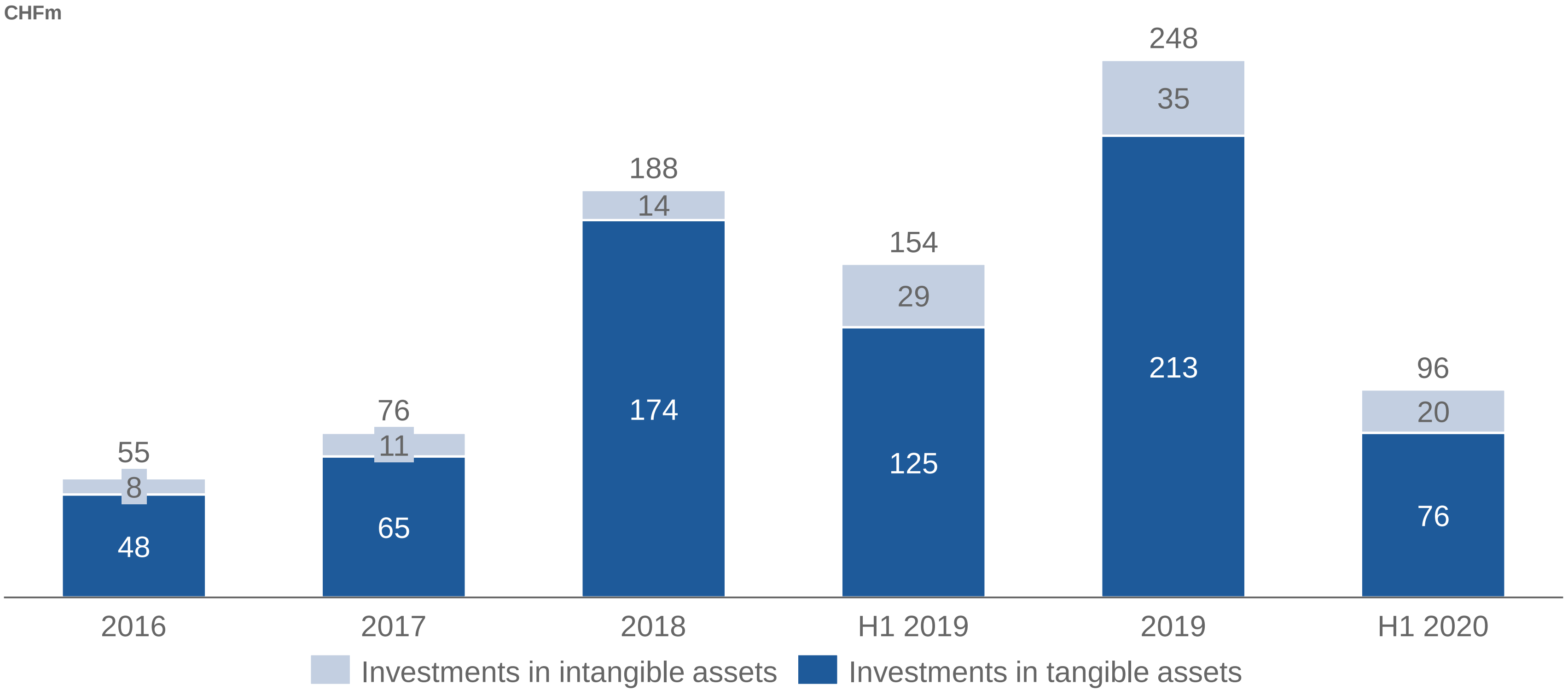
Net working capital(1) (CHFm)



Decrease in compensation claims from work in progress overcompensated by change in net work in progress. Mainly finished, but not delivered vehicles are driving WIP.

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

CAPITAL EXPENDITURE



Comments

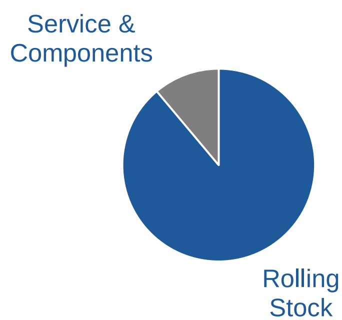
- Ramp-up of capacity expansion in Germany related to a framework contract for the delivery of up to 1,500 METRO cars for Berlin
- Further production capacity added in Belarus, Poland and Hungary and Spain
- Investments in equipment at recently opened manufacturing site in St. Margrethen, Switzerland
- Investments in intangible assets mainly relate to development of new high-speed SMILE vehicle concept, new products in locomotives and signalling

OUTLOOK: CLEAR STRATEGY FOR BRINGING STADLER TO THE NEXT LEVEL

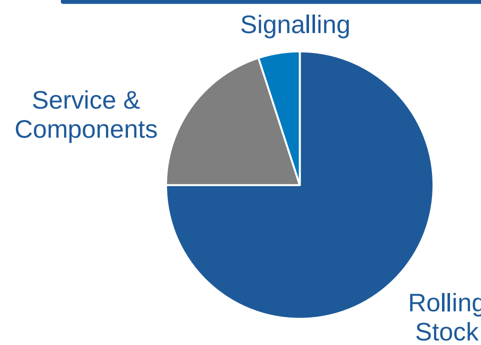
STADLER

WE HAVE A CLEAR STRATEGY FOR BRINGING STADLER TO THE NEXT LEVEL…

Stadler sales 2018



Stadler strategy 2023



Strategic focus

Regions
- Europe
- North America
- CIS
- New markets

Rolling Stock
- Market segments unchanged
- Deliver on backlog and establish next sales level
- Growth through new product pipeline

Service & Components
- Growing accessible market and installed base
- New service solutions
- Capture opportunities from signalling
- Potential selective acquisitions

Signalling
- Establish own signalling solutions
- AngelStar JV with Mermec
- Potential opportunistic acquisitions

Note: Sizes of pie charts are illustrative only.

… WHICH IS SUPPORTED BY ONGOING GROWTH MOMENTUM IN THE RAIL SECTOR

Growing demand supported by global megatrends

Tender pipeline remaining strong

Resilience to typical industrial business cycles

KEY TAKEAWAYS

REFLECTION AND OUTLOOK

H1-2020

- Corona-related disruptions to supply chains, vehicle homologations and final vehicle acceptance by customers
- Significant impact on Service & Components business profitability and revenues as a result of reduced frequencies in public rail transport

2020

- Partial recovery of Corona-related delays in homologation and final acceptance of new vehicles expected
- Growth related challenges remain key management focus in 2020

Mid-term

- Rail market momentum and tender pipeline remaining very strong
- High-quality backlog provides strong visibility

FY 2020 FINANCIAL GUIDANCE

Net revenues	– **Slightly lower than 2019**
EBIT-margin	– **Above 5%**
Dividend	– **Payout ratio of c. 60% of net income**

Our 2020 outlook is, among other factors, subject to possible further implications related to the COVID-19 pandemic and assuming constant currency exchange rates.

THANK YOU!

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Q&A

REPORTING SEGMENTS

Rolling Stock

CHFm	H1 2019	H1 2020	Change
Order intake	1'708	1'918	12%
Order backlog[1]	12'254	12'759	4%
Net revenues (third party)	1'002	789	-21%
Additions to fixed assets	105	58	-45%
Total staff as FTEs[2]	8'147	9'066	11%

Service & Components

CHFm	H1 2019	H1 2020	Change
Order intake	603	1'201	99%
Order backlog[1]	2'772	4'082	47%
Net revenues (third party)	113	146	29%
Additions to fixed assets	17	18	3%
Total staff as FTEs[2]	2'163	2'910	35%

(1) as at 30 June 2020 resp. 31 December 2019
(2) average FTEs 1 January to 30 June

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