HALF-YEAR RESULTS 2019

BUILDING TRAINS WITH PASSION AND SWISS PRECISION

Dr. Thomas Ahlburg, Group CEO, and Raphael Widmer, Group CFO

3 September 2019

REPRESENTING STADLER TODAY

Dr. Thomas Ahlburg
Group CEO

Raphael Widmer
Group CFO

AGENDA

1	Introduction and highlights	Dr. Thomas Ahlburg, Group CEO
2	Half-year financial results 2019	Raphael Widmer, Group CFO
3	Summary and outlook	Dr. Thomas Ahlburg, Group CEO

INTRODUCTION AND HIGHLIGHTS

Dr. Thomas Ahlburg, Group CEO

STADLER

HALF-YEAR 2019 KEY FIGURES

Order intake
CHF 2.3bn
+178%[1]

Net revenues
CHF 1.1bn[2]
+40%[1]

Order backlog
CHF 14.4bn
+9%[3]

EBIT
CHF 46.9m[2]
+33%[1]

(1) Change year-on-year.
(2) Note that net revenues, EBIT, and EBIT margins are subject to strong seasonal effects and are in line with seasonal patterns experienced historically. Please see slides 12 and 16 for more details.
(3) Change in relation to 31 December 2018.

STADLER AT A GLANCE

>8,000 Stadler trains and locomotives operate in 41 countries every day

>170 million kilometres covered every year by vehicles serviced by Stadler

12 core sites across high- and low-cost countries

c. 10,500 employees, including engineering team of over 1,500 employees[1]

~7% net revenues CAGR over the last decade[2]

27,000 registered shareholders following successful IPO in April 2019

1 Average FTEs H1 2019.
2 2008-2018.

COMPREHENSIVE PORTFOLIO OF VEHICLE FAMILIES

Market segments and vehicle families

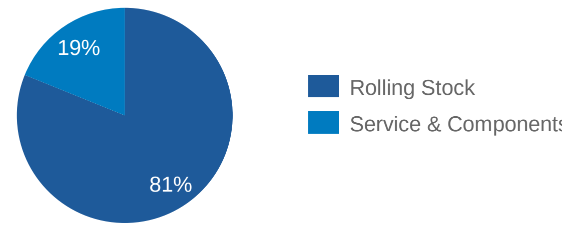
Type	Market segment	Vehicle families
Trains	Very High Speed	*Not a strategic focus*
	High Speed	
	Intercity[1]	 
	Regional / Suburban[1]	 
	Coaches	
Loco-motives	Main-line locomotives	 
	Shunting locomotives	 
Metro	Metro	
LRV	Tram / Tram Train	 

Tailor-made

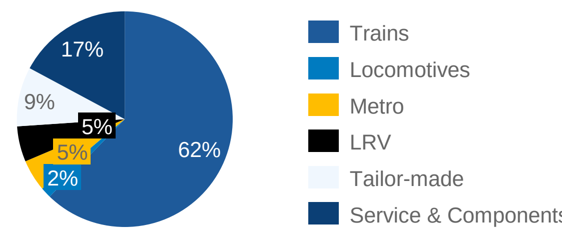
Services & Systems

Order backlog contributions (H1 2019)

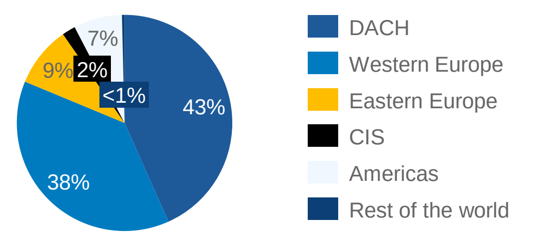
Reporting segment



Market segment[2]

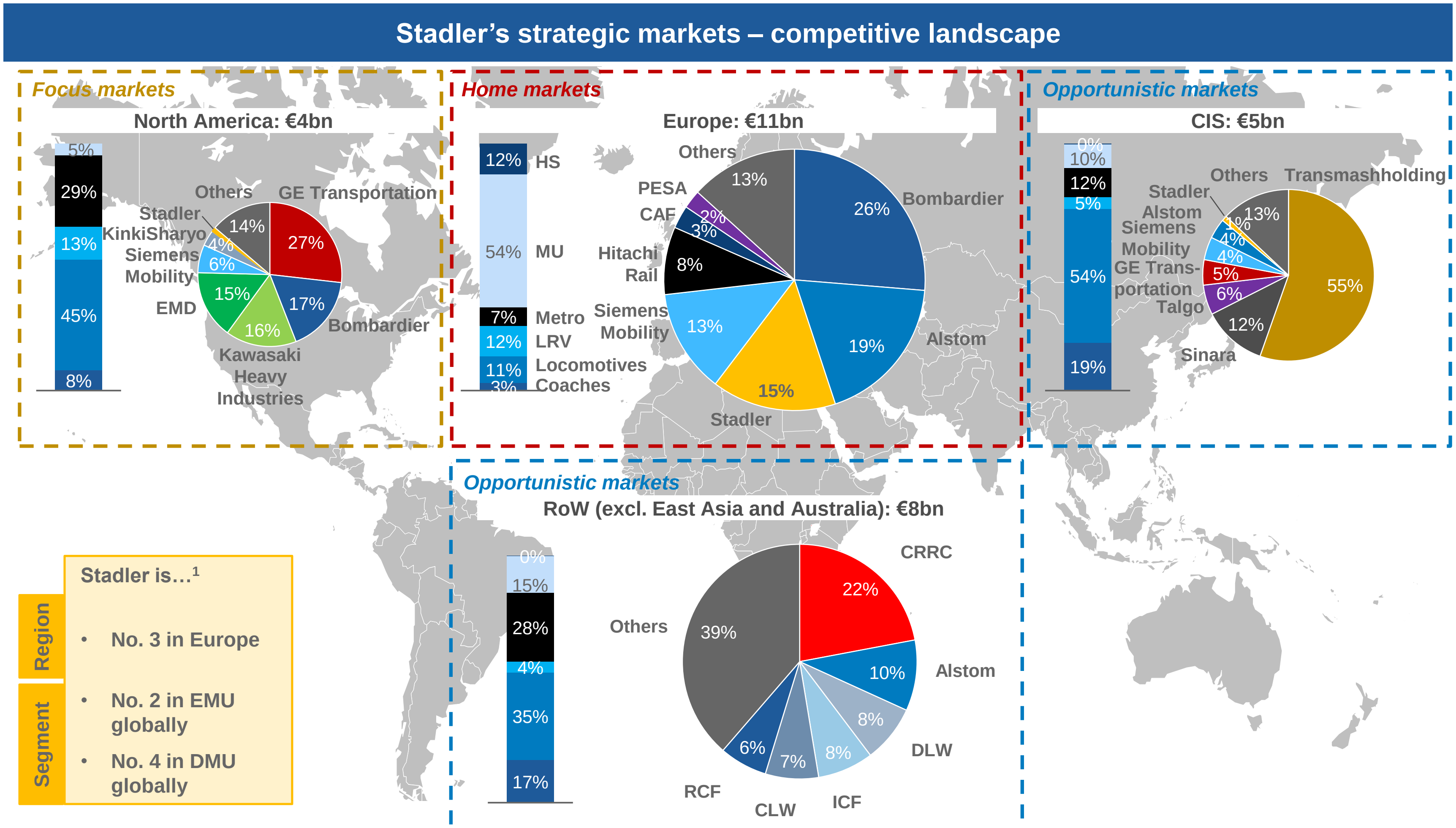


Regional markets



1 Intercity and Regional/Suburban classified as MU (Multiple Units) in market studies.
2 As at 31 December 2018.

AN ESTABLISHED LEADER IN OUR HOME MARKETS



Stadler is…[1]

Region
- No. 3 in Europe

Segment
- No. 2 in EMU globally
- No. 4 in DMU globally

Source: SCI (2018).
Bar charts represent market structure by product, pie charts represent market share by player.
Market volumes as at 2017 based on € value of equipment delivered. 2017 market size defined as average of 2016-2018.
Market segment values as at 2017 (based on market value in €). Market shares based on units delivered between 2013 and 2017, weighted by market segment value.
Very High Speed trains (VHS) defined as trains with top speed above 251km/h.
East Asia defined as China + South Korea + Japan. Rest of the World (RoW) includes Asia (excluding East Asia), South and Central America, Middle East and Africa.
EMD: Electro-Motive Diesel; DLW: Diesel Locomotive Works; ICF: Integral Coach Factory; CLW: Chittaranjan Locomotive Works; RCF: Rail Coach Factory; EMU: electrical multiple units; DMU: diesel multiple units.
1 Measured on the basis of Stadler's strategic markets.

HALF-YEAR 2019 ORDER HIGHLIGHTS

Rolling Stock

55 battery-powered FLIRT Akku

- Presented for the first time at InnoTrans 2018, Stadler has managed to win a major contract within a very short time
- Contract includes vehicle maintenance for 30 years

60 locomotives for VR Group

- Successful entry into the Finnish market with a contract valued approx. EUR 200m

Further expansion of the market position in Canada with first FLIRT order for Ottawa

Service & Components

CHF 100m service contract for over 100 trains in Norway

- Milestone service contract underpinning our strategic focus
- Largest fleet under contract and first full-service order from a state-run operator

30-year maintenance for 55 FLIRT Akku vehicles ordered in Germany

Two large service orders in Germany from Bogestra and Netinera

Pending orders

US Metro contract for MARTA (Atlanta)

- Largest order by number of vehicles in Stadler's history
- Valued at over USD 600m

BVG Metro Berlin

- We have participated in the tender, but the final award decision has been delayed due to a bidder's appeal

80 TRAMLINK trams for Milan framework contract

HALF-YEAR FINANCIAL RESULTS 2019

Raphael Widmer, Group CFO

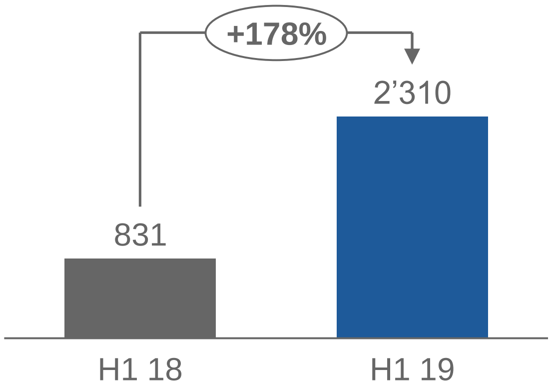
STADLER

HALF-YEAR RESULTS 2019 SUMMARY

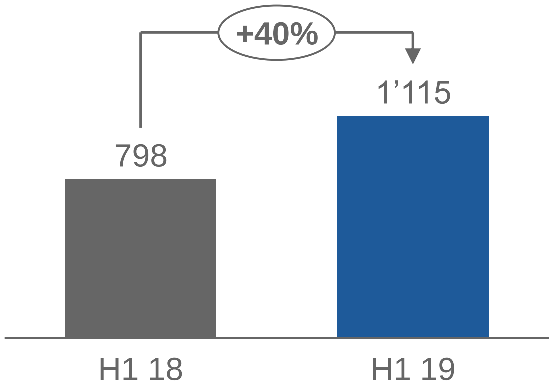
Key figures

CHFm

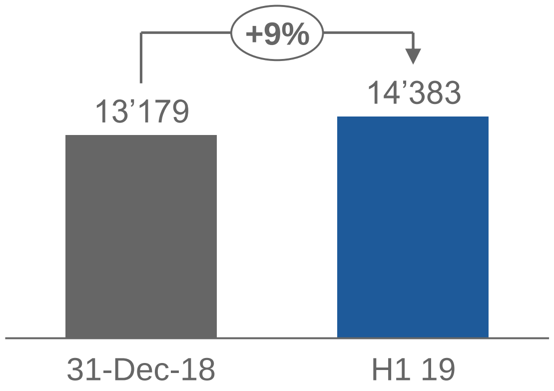
Order intake



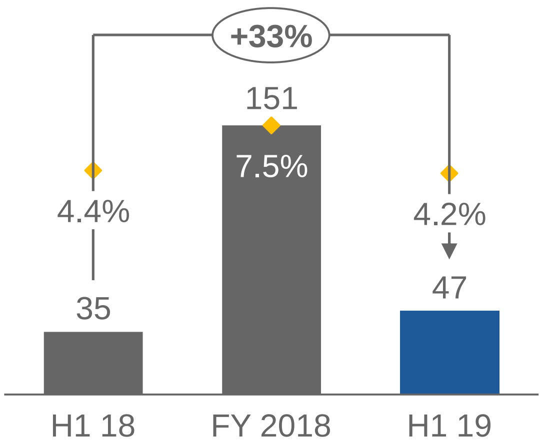
Net revenues



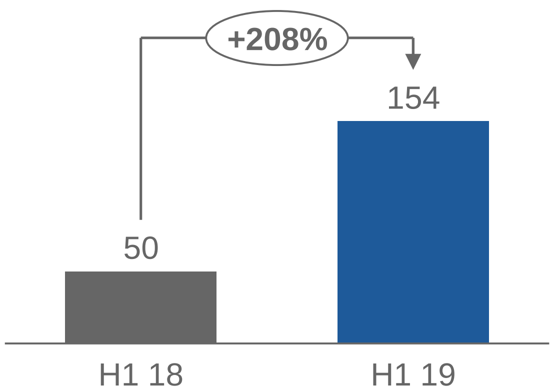
Order backlog



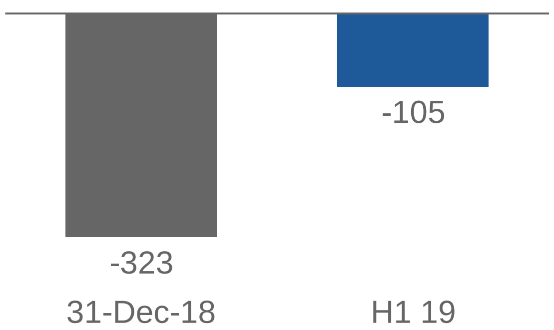
EBIT



Capex



Net working capital[1]



◆ EBIT as % of net revenues

⬭ Change reported

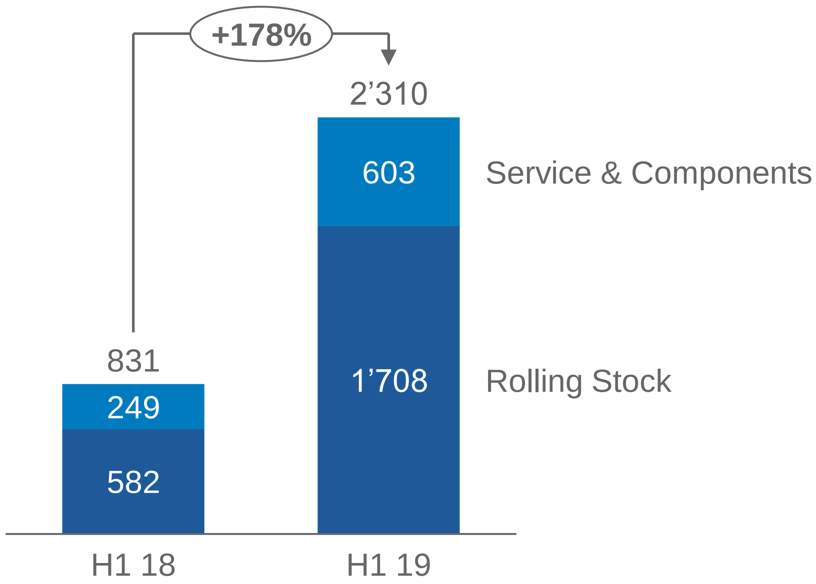
1 Net working capital is calculated by subtracting the sum of trade payables, liabilities from work in progress and other current liabilities (including other current liabilities, current provisions, and deferred income and accrued expenses) from the sum of trade receivables, inventories, work in progress,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

STRONG TOP LINE

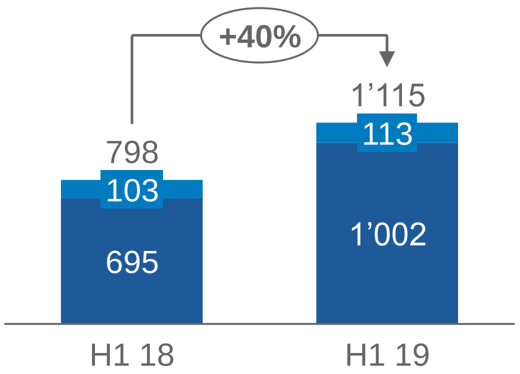
Strong order intake and revenue growth in the first half of the year

CHFm

Order intake



Net revenues



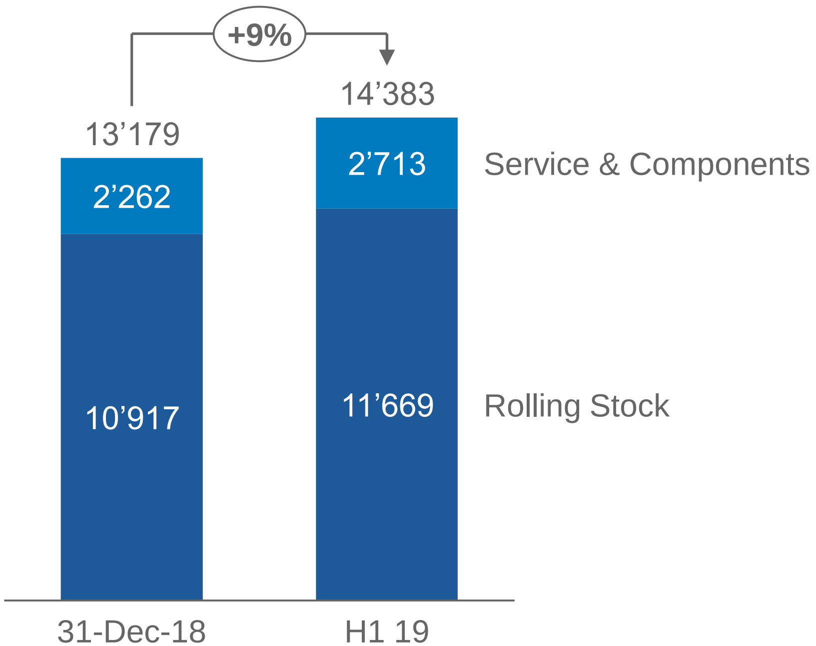
Comments

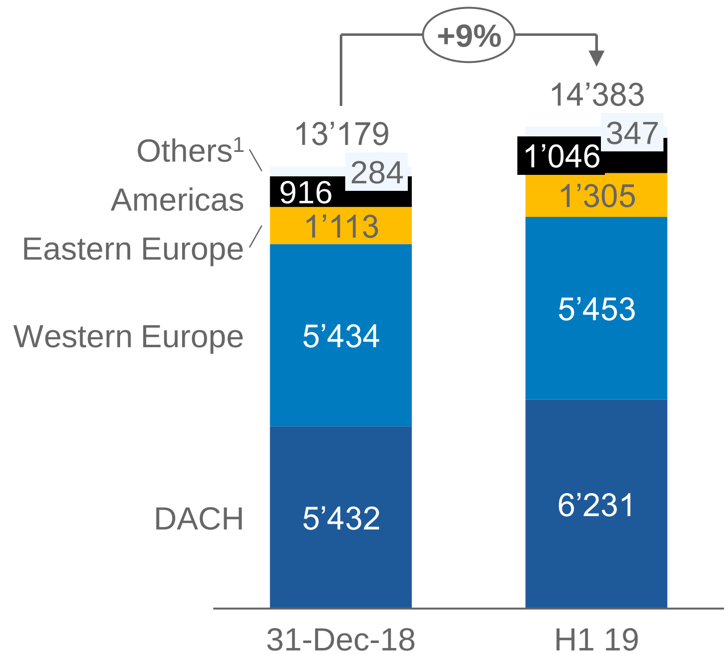
- Surge in order intake in Rolling Stock as well as Service & Components compared to the same period last year
- Significant growth in order intake in Stadler’s home markets in Europe as well as in the North American strategic focus market (Ottawa, DART)
- Net revenues continue to follow their typical seasonal patterns
- Year-on-year growth of 44% in Rolling Stock net revenues and 10% in the Service and Components business
- Stable revenue development in the DACH region coupled with strong revenue growth in all other geographical markets

RECORD ORDER BACKLOG

Continued strong order intake drives a record order backlog of CHF14.4bn

CHFm





Comments

- A growing order backlog in both reporting segments and across regions
- Note: the order backlog as at 30 June does not include a number of projects already announced such as:
  - a pending order from MARTA (Atlanta) valued at over USD 600m
  - a framework agreement to supply 80 TRAMLINK trams for Milan with an initial order for 30 vehicles

1 Others: CIS and rest of the world.

ROLLING STOCK

Strong order intake drives a new record order backlog

CHFm	H1 2018	H1 2019	Change
Order intake	582	1’708	194%
Order backlog	10’917[1]	11’669	7%
Net revenues (third party)	695	1’002	44%
Investments in fixed assets	32	105	230%
Total staff as FTEs[2]	6’412	8’147	27%

Comments

- Significant step-up in the first six months of 2019 compared to the first half of 2018
- Revenue growth in line with planned expansion
- Significant increase in FTEs and investments in fixed assets to provide capacity for execution according to plan

1 As at 31 December 2018.
2 Average FTEs 1 January to 30 June.

SERVICE & COMPONENTS

Strong order intake drives a new record order backlog

CHFm	H1 2018	H1 2019	Change
Order intake	249	603	142%
Order backlog	2’262[1]	2’713	20%
Net revenues (third party)	103	113	10%
Investments in fixed assets	11	17	59%
Total staff as FTEs[2]	1’724	2’163	25%

Comments

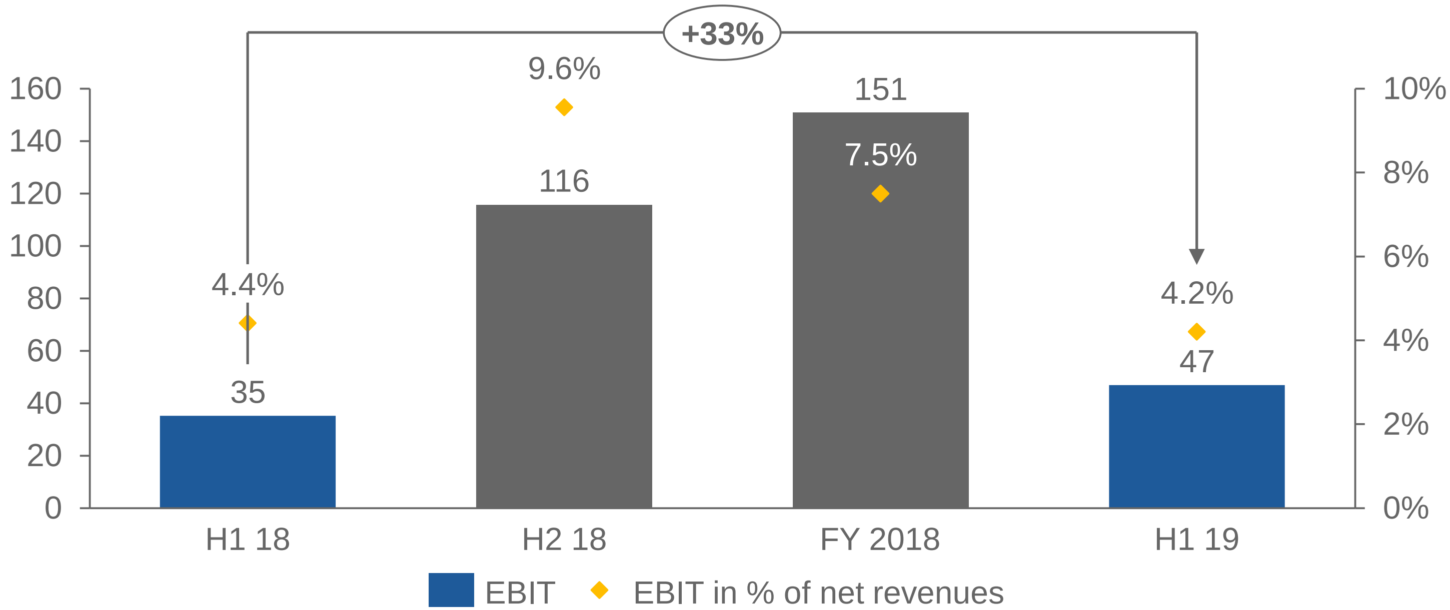
- Surge in order intake and backlog predominantly driven by long-term service contracts
- Solid year-on-year growth in net revenues
- Investments and FTEs follow strong order and revenue trend

1 As at 31 December 2018.
2 Average FTEs 1 January to 30 June.

EBIT

EBIT grows 33% year-on-year at slightly lower margin

CHFm



Comments

- EBIT increases by 33% year-on-year driven by strong revenue growth
- Sequential EBIT decline versus H2 2018 in line with expectations and the typical seasonality of our business
- EBIT margin slightly lower mainly due to:
  - adverse foreign currency impacts
  - effects of changes in the regional mix
  - production ramp-up related to additional orders

NET INCOME

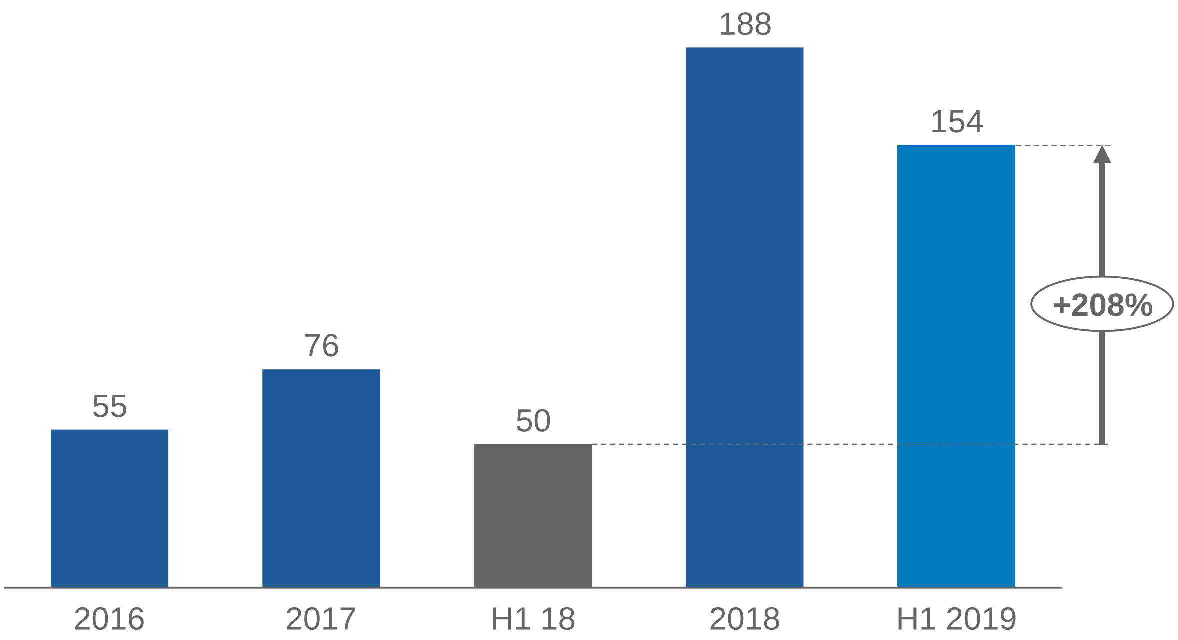
(in CHFm)	H1 2018	H1 2019	Change
Earnings before interest and taxes (EBIT)	**35.2**	**46.9**	**33%**
Financial result	(21.3)	(11.7)	
Share of results from associates	1.0	1.4	
Ordinary result	**14.8**	**36.6**	**147%**
Non-operating result	-	(0.9)	
Profit before income taxes	**14.8**	**35.7**	**141%**
Income taxes	(7.3)	(8.2)	
Profit for the period	**7.6**	**27.5**	**263%**
thereof attributable to			
- Shareholders of Stadler Rail AG	7.0	26.9	
- Non-controlling interests	0.6	0.6	

Comments

- Financial result mainly driven by movements in foreign currencies
- Tax rate as % of profit before taxes: 23.0% (H1 2018: 48.9%)
- Semi-annual tax rates not representative of the full year and typically impacted by technical and seasonal effects

HIGH LEVEL OF GROWTH INVESTMENTS

Capital expenditure[1] (CHFm)



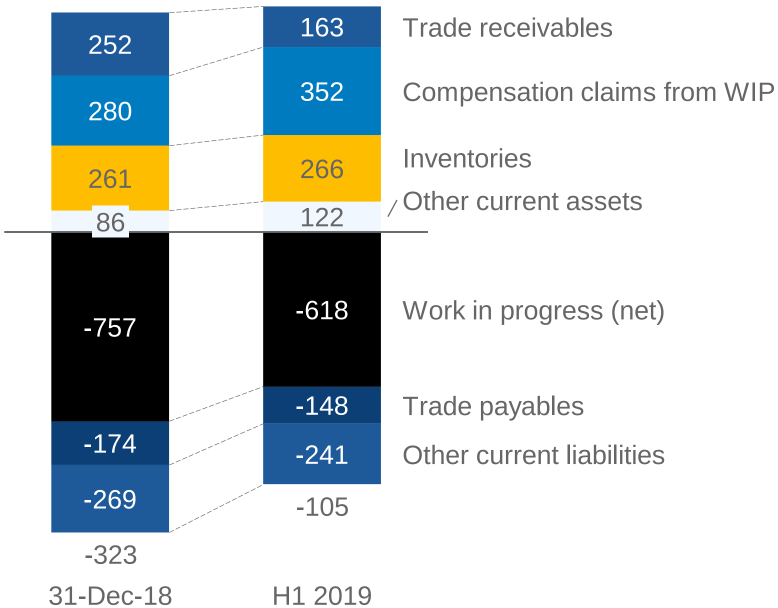
Comments

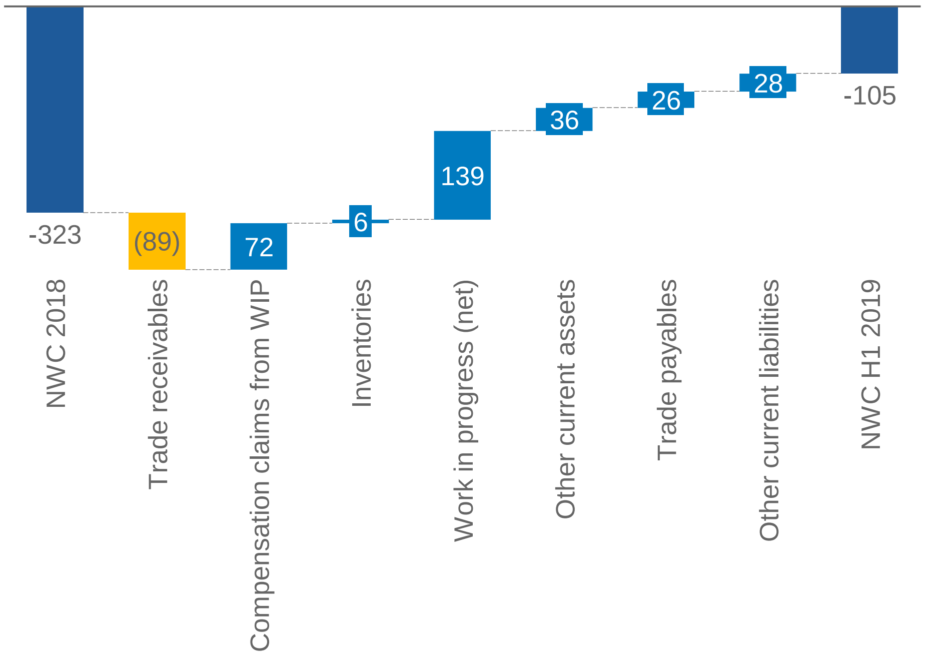
- Significant investments supporting Stadler's anticipated growth
- Major capacity investments during the first six months of 2019:
  - St. Margrethen, Switzerland
  - Herne, Germany
  - Salt Lake City, USA

1 Capital expenditure is calculated as the sum of investments in tangible and intangible assets.

NET WORKING CAPITAL

Net working capital[1] (CHFm)



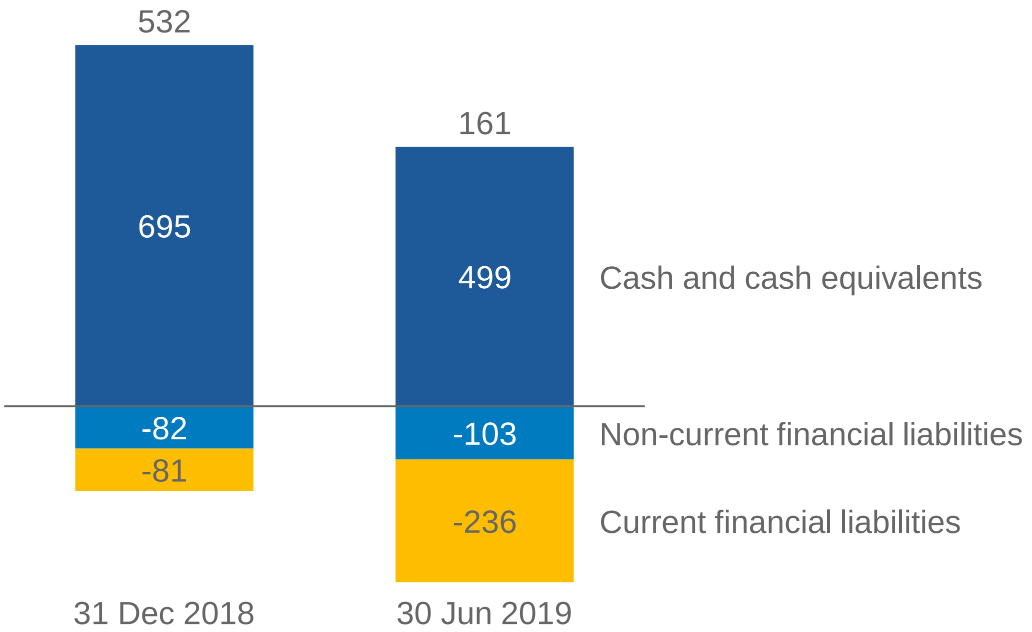


Comments

- Temporarily higher level of net working capital (NWC) in line with the typical seasonal pattern of our business
- Increase in NWC mostly due to higher net work in progress as a result of production ramp-up

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).

NET CASH



Comments

- Lower net cash position as a result of usual seasonal patterns combined with higher working capital needs amid the ramp-up of manufacturing across the Group
- Increase in current financial liabilities mainly due to:
  - short-term project financing (as expected) largely related to our SMILE contract with SBB
  - partial delays of final customer acceptance for certain vehicles within the East Anglia contract

SUMMARY AND OUTLOOK

Dr. Thomas Ahlburg, Group CEO

STADLER

KEY MACRO ECONOMIC TRENDS SUPPORTING GROWTH OF RAILWAY SECTOR

Global demand for transportation is growing…[1]

Population growth

- Continuing upward trend in population
  - c.83 million people are being added to the world's population every year
- By 2050, worldwide population is estimated to increase to c.9.8 billion (+29% from 2018)

Urbanisation

- Number of megacities with more than 10 million inhabitants in the world is expected to reach 43 by 2030, mostly in developing countries
- By 2050, c.68% of population is estimated to live in urban areas (+13% from 2018)

…with strong tailwind for the rail sector…[2]

Environmental awareness

- Rail travel produces the least amount of CO_2 emissions by travel amongst major means of transport: rail at 14g per passenger km vs. car at 104g and plane at 285g
- Adoption of more restrictive regulations on car use in large urban areas

Demand for rail transport

- Increasing air and road congestion expected to foster shift towards rail transport
- High-speed rail market expected to continue to gain share from airlines due to greater convenience

Market liberalization

- Liberalisation in many established markets driven by commercial reasons and rollout of EU regulations
- Domestic railway operations in EU member states to be opened to competitive entry from December 2019

…with trains as a core part of Mobility 4.0

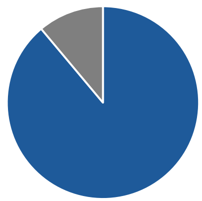
Autonomous cars

- We do not see autonomous cars taking market share from rail transportation because:
  - Rail transportation provides better space efficiency and superior capacity
  - Rail transportation will continue to maintain edge on time-to-travel

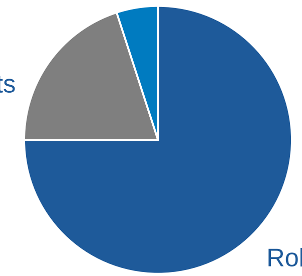
1 Source: United Nations.
2 Source: European Environment Agency, SCI (2018).

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

Stadler sales today



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.

OUTLOOK

Outlook 2019

Outlook for 2019 given at the time of the IPO broadly confirmed

- We expect net revenues of approximately CHF 3.5bn excluding foreign currency impacts and an EBIT margin of 7%

Effects impacting guidance for 2019

East Anglia contract

- Homologation process completed in record time but partial delay of final customer acceptance for certain vehicles within the East Anglia contract due to third-party supplier product
- Potential risk of penalties

Selected external effects potentially impacting our business performance

- Strong appreciation of the Swiss franc
- Brexit, and a hard Brexit in particular
- Further escalation of protectionist tendencies and international trade conflicts as well as a general macroeconomic slowdown

Q&A

APPENDIX

STADLER

INFORMATION

Share information

Listing:	SIX Swiss Exchange
Currency:	CHF
Ticker symbol:	SRAIL
ISIN:	CH0002178181
Listing date:	12 April 2019

Financial calendar

March 2019:	Publication of full-year results 2019
30 April 2019:	Annual General Meeting
August 2020:	Publication of half-year results 2020

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SEGMENT BREAKDOWN

	H1 2018				H1 2019			
CHFm	Rolling Stock	Service & Components	Corporate Center	Total	Rolling Stock	Service & Components	Corporate Center	Total
Order intake	**582**	**249**	**-**	**831**	**1’708**	**603**	**-**	**2’310**
Total revenue	708	221	(132)	798	1’027	284	(196)	1’115
Inter-segment revenue	(14)	(118)	132	-	(25)	(171)	196	-
Net revenue	**695**	**103**	**(0)**	**798**	**1’002**	**113**	**-**	**1’115**
Investments in PPE	**32**	**11**	**2**	**45**	**105**	**17**	**2**	**125**
Total FTE	**6’412**	**1’724**	**158**	**8’294**	**8’147**	**2’163**	**181**	**10’491**

CONSERVATIVE SALES RECOGNITION

Percentage of Completion Method: Units-of-delivery method

Project phases

Phase I: Signing	*Phase II: Engineering*	*Phase III: Manufacturing*	*Phase IV: Delivery*	*Phase V: Warranty*
6m	1y	1.5y	3-4y	3-6y

Milestone payments *(10% - 30%)*

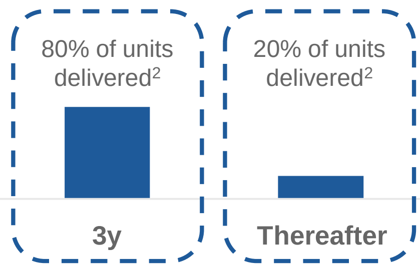
Milestone payments *(70% - 75%)*

Delivery payment *(5% - 15%)*

% of total payments(1)

Cash flows

Sales recognition

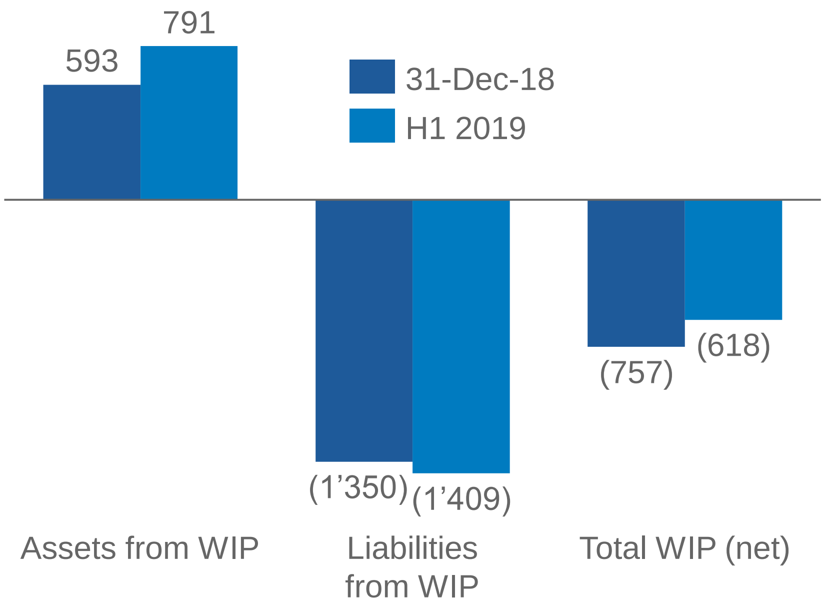


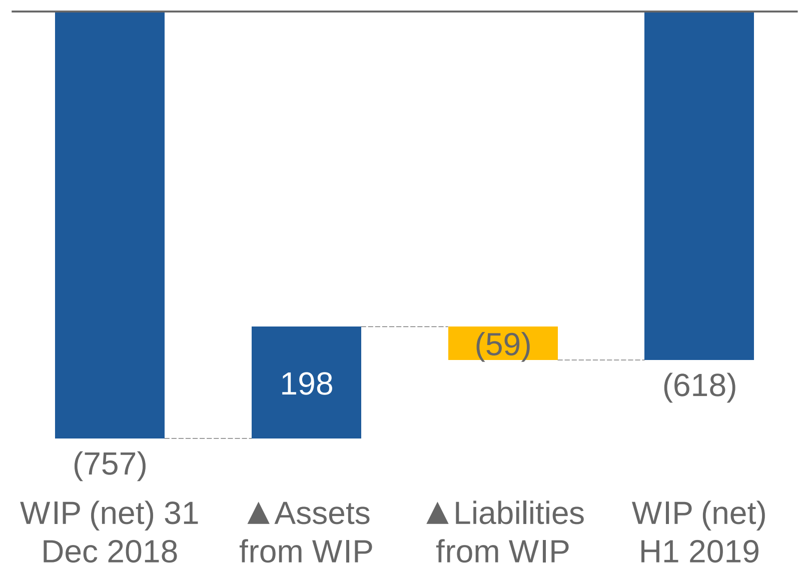
Rationale

- **Pressure on management:** sales recognition is the result of successfully executing orders as opposed to incurring costs
- **Conservative approach:** sales are recognised relatively late and risk of earnings surprises is minimized

1 Average values based on management estimates; distribution varies on a project-by-project basis.
2 Average values based on management estimates.

WORK IN PROGRESS





Comments

- Continuously negative net work in progress (WIP)
- Increasing WIP as a result of a major production ramp-up

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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 Presentation, 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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