STADLER

Ad hoc announcement
pursuant to Art. 53 LR

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Bussnang, 15 March 2023

Strong operating performance in a challenging environment – result massively dented by currency effects

- **Despite continued significant headwinds such as inflation, supply chain disruptions and geopolitical tensions, a strong operational performance was achieved**
- **Order intake up 54% to new record high of CHF 8.6 billion**
- **Order backlog increases by 23% from CHF 17.9 billion to CHF 22.0 billion compared to year-end 2021**
- **Turnover increases by 3.2 % to CHF 3.8 billion, currency translation in Swiss francs impacts turnover by around CHF 140 million**
- **EBIT margin of 5.5% (2021: 6.2%); excluding negative currency effects (over CHF 60 million) at around 7%**
- **Negatively impacted by additional currency effects of CHF 56.7 million in the financial result, the profit for the period reaches CHF 75.1 million (2021: CHF 134.5 million)**
- **Free cash flow reaches CHF 396.4 million (2021: CHF 434.2)**
- **Stable dividend of CHF 0.90 per share proposed based on strong operational performance**
- **Outlook 2023: Net revenues of CHF 3.7 to 4.0 billion and an EBIT margin comparable to 2022 expected under stable economic conditions**
- **Medium-term financial targets confirmed**

«2022 was an extraordinarily challenging year in many ways – marked by a combination of inflation, rising energy and raw material prices, supply chain issues, currency distortions and geopolitical tensions, but also by encouraging records and numerous successes. Faced with these challenging conditions, we once again demonstrated the strength and resilience of our business model with an excellent operational performance. We achieved record levels of revenue and order intake thanks to the successful further development of our range of products and services», comments Peter Spuhler, executive Chairman of the Board of Directors, on the past business year.

In its anniversary year, Stadler recorded the highest order intake in the company's history. At CHF 8.6 billion, order intake once again considerably exceeded the previous record of CHF 5.6 billion from 2021. As well as being successful in many smaller tenders, we owe this sharp increase above all to individual large orders with delivery periods of over ten years.

Consequently, the order backlog rose even further to a record high of CHF 22.0 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. The 2022 order intake and order backlog also do not include the order for Kazakhstan Railways (KTZ).

Revenue increased by 3 percent to CHF 3.8 billion in relation to the previous year. However, revenue is at the lower end of the original forecast, in particular due to currency effects.

EBIT and Group result

Negative currency effects of over CHF 60 million due to the 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, foreign currency risks are minimised as far as possible by natural hedging and 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 lead times of certain orders, which can span several years. In order to ensure that vehicles are delivered on time, Stadler intensified its efforts to further optimise production processes last year. The additional costs incurred also had a negative impact on the operating result.

Despite these expenses, EBIT stood at CHF 205.1 million (2021: CHF 223.7 million) with an EBIT margin of 5.5 percent (2021: 6.2 percent) and was therefore in line with expectations.

A positive one-off effect of CHF 21.3 million in the first half of 2022 was recorded in connection with the acquisition of BBR Verkehrstechnik GmbH (BBR), announced at the end of 2021. Thanks to the acquisitions of BBR and Bär Bahnsicherung AG, Stadler has consistently expanded its expertise in signalling technology over the last twelve months. Both companies have been integrated into the new Signalling Division.

In terms of its Group result, Stadler posted a profit of CHF 75.1 million in the past financial year, compared to CHF 134.5 million in the previous year. The Group result was negatively impacted in particular by further exchange rate losses in the financial result amounting to CHF 56.7 million (2021: CHF 37.7 million). These were mainly due to reporting date valuation effects associated with the strong appreciation of the Swiss franc, especially against the euro.

Cash flow and balance sheet

Free cash flow reached CHF 396.4 million in the past financial year (2021: CHF 434.2 million). At CHF 184.5 million, capital expenditure was slightly below expectations (previous year: CHF 177.1 million), as a number of outgoing payments were postponed to the current financial year. The net cash position as at 31 December 2022 increased to CHF -230.8 million compared to CHF -351.1 million as at 31 December 2021. Due to our conservative recognition of goodwill, which is directly offset against equity, as well as currency effects, equity fell to CHF 779.1 million as at 31 December 2022 (31 December 2021: CHF 880.3 million). When assessing the equity ratio, it is important to note that advance payments from new orders generally lead to a balance sheet extension and therefore have a negative impact on the equity ratio.

“Rolling Stock” segment

In the “Rolling Stock” reporting segment, a strong increase in order intake of 52 percent to CHF 7.3 billion was recorded in the 2022 financial year (2021: CHF 4.8 billion). In the past year, Stadler again succeeded in securing numerous smaller orders and several major contracts ahead of international competitors. As a result, the order backlog in the reporting segment grew by another 27 percent to CHF 17.0 billion compared to year-end 2021 (31 December 2021: CHF 13.4 billion). Revenue in the “Rolling Stock” reporting segment stood at CHF 3.2 billion (2021: CHF 3.2 billion).

“Service & Components” segment

Order intake in the “Service & Components” segment amounted to CHF 1.2 billion in the past financial year, which corresponds to a significant increase of 58 percent compared to the previous year (2021: CHF 0.7 billion). A major order from the VDV project consortium made a significant contribution to this success. As a result, the order backlog in the strategically important service business increased by a further 8 percent to CHF 4.8 billion compared to the backlog of CHF 4.4 billion at the end of 2021. At CHF 453.3 million, revenue in the 2022 financial year remained at the previous year's level (2021: CHF 455.2 million). The strong appreciation of the Swiss franc in particular had a negative impact of around 7 percent on revenue.

“Signalling” segment

As a single-source supplier of solutions for rails and vehicles, Stadler is also continuing to 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, which were merged into a separate division with over 600 employees as of 1 January 2022. This new division is being treated as a separate reporting segment for the first time in the 2022 financial year.

The “Signalling” reporting segment recorded strong growth, mainly due to acquisitions. Order intake rose to CHF 49.0 million compared to CHF 3.7 million in the previous year, while the order backlog increased to CHF 170.1 million as at 31 December 2022 (21 December 2021: CHF 60.0 million). Revenue also experienced significant growth in the financial year, rising to CHF 50.1 million from CHF 6.4 million in the previous year.

Main orders received

Order intake exceeded the strong level of the previous year and reached a new record. The demand for innovative and efficient mobility solutions continues unabated. Although large orders for vehicles generated considerable volumes, the service sector was also partly responsible.

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. The first call-off order comprises 41 KISS trains to be put into service from 2026 at a cost of around EUR 600 million.

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. In the first call-off order, the three railway operators ordered 286 FLIRT vehicles from Stadler, representing a volume of around CHF 2.0 billion. 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 five 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 AG (BLT) and Rostocker Strassenbahn AG (RSAG), HAVAG from Germany also opted for TINA trams in August 2022 and the Dutch company HTM followed suit in December 2022. The success of the TINA model, with 191 trams ordered within a very short time, confirms 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 Great Britain. The vehicles are part of a framework agreement for at least 100 locomotives.

High demand for alternative drives

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 Akku vehicles at the end of 2021 and a further 14 battery-operated trains in the current year for use in north-eastern Germany.

Stadler presented no fewer than seven vehicles with sustainable drive solutions at InnoTrans, the major international rail trade fair in Berlin, which took place again in September 2022 after a four-year interruption. As well as unveiling its hydrogen-powered FLIRT H2 multiple unit for American passenger transport, Stadler displayed the battery-powered FLIRT Akku train, the EURO9000 model – which is the most powerful hybrid locomotive in Europe – and the next-generation TINA tram, among other vehicles.

Outlook for 2023

Due to ongoing solid demand, Stadler expects order intake for the current financial year to be in line with the medium-term financial targets with a book-to-bill ratio of approx. 1.5x. Assuming that the current economic conditions and geopolitical tensions remain stable, Stadler again anticipates revenue of between CHF 3.7 and 4.0 billion for the 2023 financial year, as well as an EBIT margin at a comparable level to the 2022 financial year, capital expenditure of around CHF 200 million and a positive free cash flow.

The Board of Directors intends to put forward a proposal to the General Meeting for the payment of a dividend of CHF 90.0 million (CHF 0.90 per share) for the 2022 financial year compared to CHF 90 million (CHF 0.90 per share) in the previous year.

«Our development in 2022 shows that we are right on track and are capable of generating excellent results, even when confronted with major challenges such as the Russian attack on Ukraine, high inflation, currency distortions and global supply shortages. The very high order intake once again confirms the great confidence our customers have in our innovative products, reliability and quality. In these conditions, we can – despite the huge challenges that still lie ahead – successfully continue on our chosen path and boost profitability in the long term by means of permanent product development, constant process optimisation, efficiency increases and cost control», comments Markus Bernsteiner, Group CEO.

Medium-term financial targets confirmed

Stadler remains convinced that an EBIT margin of 8 to 9 percent can be achieved under normal economic conditions. 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.

Stadler expects an average book-to-bill ratio of 1.5x and average revenue growth in the mid single-digit percentage range until 2025. In the medium term, Stadler anticipates capital expenditure of approximately CHF 120 to 150 million and foresees net working capital in the region of zero with fluctuations over the cycle.

Further information on the 2022 results

Peter Spuhler, Executive Chairman of the Board of Directors, Markus Bernsteiner, Group CEO, and Raphael Widmer, Group CFO, will present the annual results today at 10.00 a.m. at a press conference. Please register here for the broadcast in German or English.

The annual report is available on our website.

Key figures for 2022

in millions of CHF or as noted	2022	as % of net revenue	2021	as % of net revenue	Change in %
Stadler					
Order intake	8’557.2		5’565.7		54%
Order backlog	22’024.0		17’871.3		23%
Net revenue	3’750.5	100.0%	3’634.7	100.0%	3%
Gross margin[1]	385.4	10.3%	402.0	11.1%	-4%
EBITDA[2]	308.9	8.2%	323.0	8.9%	-4%
Operating result (EBIT)	205.1	5.5%	223.7	6.2%	-8%
Profit for the period	75.1	2.0%	134.5	3.7%	-44%
Earnings per share (in CHF)	0.73		1.34		-45%
Net cash flow from operating activities	441.3		503.2		12%
Capital Expenditures[3]	184.5		177.1		4%
Free Cash Flow[4]	396.4		434.2		9%
Net Working Capital[5]	(157.4)		114.6		
Work in Progress (net)[6]	(808.1)		(461.3)		
Net Cash[7]	(230.8)		(351.1)		
Equity	779.1		880.3		
Staff as FTEs	13’431		13’067		3%
Rolling Stock segment[8]					
Order intake	7’347.8		4’828.5		52%
Order backlog	17’047.9		13’401.5		27%
Net revenue (third parties)	3’247.1	86.6%	3’173.1	87.3%	2%
Service & Components segment					
Order intake	1’160.4		733.5		58%
Order backlog	4’765.7		4’409.8		8%
Net revenue (third parties)	453.3	12.1%	455.2	12.5%	0%
Signalling segment[8]					
Order intake	49.0		3.7		1206%
Order backlog	170.1		60.0		184%
Net revenue (third parties)	50.1	1.3%	6.4	0.2%	689%

[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 exp

[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

[8] 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 over 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 13,500 based in various production and engineering locations as well as more than 70 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 2022:	*5 May 2022*
Half-year report 2022	*31 August 2022*

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