Ad hoc announcement
pursuant to Art. 53 LR

HOLD-BACK PERIOD	none
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ENCLOSURE	none

Bussnang, 30 August 2023

Strong operational performance in a still challenging global environment, with the euro exchange rate in particular weighing on the result

- **Demand remains exceptionally high: first-half order intake of CHF 4.7 billion after strong prior-year figure (H1 2022: 6.0 billion)**
- **Order backlog as at 30.06.2023 reaches a new record level of CHF 25.4 billion (31.12.2022: CHF 22.0 billion)**
- **As expected, sales reached CHF 1.3 billion after CHF 1.5 billion in the same period of the previous year. In 2022, there was a shift in sales from the second half of the year in favour of the first half. In addition to seasonality, negative currency effects of approximately CHF 40 million contributed to the decline in sales**
- **Despite the challenging global environment gross margin improved by 2.3 percentage points from 9.8% in the same period last year to 12.1% due to further improvements in order execution and a favourable product mix**
- **Operating EBIT margin for the first half of the year was 3.7% (CHF 47.5 million) compared to 3.1% (CHF 45.5 million) in the same period last year. Taking into account a positive one-off effect of CHF 21.3 million, the EBIT margin increased to 4.5% (CHF 66.8 million) in the same period of the previous year**
- **Net profit increases to CHF 25.8 million (H1 2022: CHF 2.4 million)**
- **Free cash flow increases significantly to CHF 303.4 million (H1 2022: CHF 91.3 million)**
- **Net working capital improves significantly to CHF -485.4 million (31.12.2022: CHF -157.4 million)**
- **Net cash improves to CHF -57.8 million as of 30 June 2023 compared to CHF -230.8 million at year-end 2022 due to strong free cash flow**
- **Due to the high order intake, investments of over CHF 200 million are expected for 2023. All other key figures for the outlook for 2023 are confirmed**
- **Medium-term financial targets are confirmed**

“We continue to be extremely successful in the market with our innovative products. This is reflected in the strong order intake of the past six months. Our order books are well filled and delivery volumes remain at a high level thanks to our robust and resilient organisation. Stadler achieved a very good operating performance in the first half of 2023, which was marked by inflation and economic headwinds. This was only possible thanks to the strong team performance and great flexibility of all Stadler employees. The situation in our supply chains remains tense in some areas. The focus on cost discipline, ongoing process optimisation and efficiency improvements is already showing results. Our service and signalling businesses also continue to develop strongly", comments Markus Bernsteiner, Group CEO.

Order intake reached CHF 4.7 billion in the first half of 2023 on account of the persistent, extremely dynamic demand. As expected, the figure failed to match the strong order intake achieved in the first half of 2022 (H1 2022: CHF 6.0 billion).

The order backlog rose even further to a record high of CHF 25.4 billion (31 December 2022: CHF 22.0 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.

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 in the fact that about one third of revenue is generated in the first half of the year and the remaining two thirds in the second half. While there was a slight shift in this rule in favour of the first half of the year in the prior-year period, a normalisation of seasonality trends is apparent in the current business year. This resulted in a 12 percent decrease in revenue to CHF 1.3 billion compared to the same period last year (H1 2022: CHF 1.5 billion). Negative currency effects also contributed around 3 percent to the decline in revenue. Despite ongoing supply chain issues and the impact of geopolitical tensions in some areas, there were no significant delays in vehicle deliveries.

Earnings performance

Notwithstanding the challenging global environment, the gross margin rose to 12.1 percent from 9.8 percent in the same period last year, thanks to further improvements in project execution and a favourable product mix.

The operating result at EBIT level reached CHF 47.5 million in the first half of the year, compared to CHF 66.8 million (including a positive one-off effect of CHF 21.3 million) in the first half of 2022. The EBIT margin for the first half of the year stood at 3.7 percent compared to 4.5 percent (or 3.1 percent before one-off effects) in the same period last year. The decline in EBIT and the EBIT margin is due in particular to a non-recurring positive one-off effect of CHF 21.3 million in relation with the acquisition of BBR in the first half of 2022. In addition, currency effects of around CHF 15.0 million due to the appreciation of the Swiss franc, especially against the euro, had a negative impact on 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.

The Group result increased significantly to CHF 25.8 million from CHF 2.4 million in the same period last year. Whereas foreign exchange losses had a strong negative impact of CHF 32.1 million in the first half of 2022, mainly due to the foreign currency valuation of balance sheet items, foreign exchange gains of CHF 3.2 million were recorded in the current period.

Cash flow und balance sheet

Free cash flow increased to CHF 303.4 million in the reporting period compared to CHF 91.3 million in the first half of 2022. Net cash as at 30 June 2023 stood at CHF -57.8 million compared to CHF -230.8 million as at 31

December 2022. The high free cash flow and the associated increase in net cash are due in particular to high advance payments from new orders and milestone payments from orders in progress.

“Rolling Stock” segment

Order intake in the “Rolling Stock” reporting segment amounted to CHF 3.6 billion in the first half of 2023, which is 27 percent lower than in the same period of the previous year. The order backlog in the reporting segment grew by 15 percent to CHF 19.6 billion compared to year-end 2022 (31 December 2022: CHF 17.0 billion). The “Rolling Stock” reporting segment generated revenue of CHF 1.0 billion in the first half of 2023. This resulted in a decrease in revenue of 16 percent year-on-year (H1 2022: CHF 1.3 billion). The decline in revenue is mainly due to the seasonal effects mentioned above combined with negative currency effects.

“Service & Components” segment

Order intake in the “Service & Components” segment was CHF 1.1 billion in the first half of 2023, once again reaching the high level of the previous year (H1 2022: CHF 1.1 billion). The order backlog in the strategically important service business increased by 18 percent to CHF 5.6 billion compared to the backlog of CHF 4.8 billion at the end of 2022. Revenue in the “Service & Components” segment increased by 5 percent to CHF 214.6 million compared to the same period of the previous year (H1 2022: CHF 204.2 million).

“Signalling” segment

In the first half of 2023, the “Signalling” segment recorded an order intake of CHF 37.0 million compared to CHF 15.7 million in the first half of 2022. The order backlog rose to CHF 188.6 million from CHF 170.1 million at year-end 2022. The “Signalling” reporting segment generated revenue of CHF 26.4 million in the first half of the year, compared to CHF 14.6 million in the first half of 2022.

Main orders received

Stadler recorded major orders in all product segments in the first half of the year. At the beginning of the year, Stadler and Kazakhstan Railways (KTZ) concluded a long-term contract for the delivery of 537 sleeper and couchette cars. The contract, which is worth EUR 2.3 billion, also includes the maintenance of the sleeper and couchette cars over a period of 20 years. In March, the rail operator Norske Tog awarded Stadler a contract for the construction of 17 FLIRT trains for use in Norwegian long-distance transport. The contract includes an option for up to 66 additional vehicles. Stadler also received an order from Lithuania for the first time: the rail operator LTG Link is procuring 15 FLIRT multiple units with an option for up to 39 additional vehicles. What is more, Austrian Federal Railways ordered a further 35 KISS double-decker trains. The order is part of the framework agreement for 186 vehicles signed in 2022. ÖBB has placed call-off orders for a total of 76 vehicles so far.

In the tram sector, Stadler and the Italian operator Azienda Transporti Milanesi S.p.A. (ATM) signed an additional framework agreement for up to 50 TRAMLINK trams. Stadler will deliver 14 trams for the metropolis of Milan in an initial call-off order. In addition, the Spanish operator Ferrocarrils de la Generalitat Valenciana (FGV) placed an order for 16 TRAMLINK trams for the cities of Alicante and Valencia. The contract includes an option for up to 12 additional vehicles.

In the locomotives sector, Stadler was awarded a framework contract by Trenitalia for up to 50 EUROLIGHT locomotives. The Italian rail operator has placed an initial call-off order for 13 bimodal locomotives. The contract also covers the maintenance of the vehicles over a period of 10 years.

Outlook for 2023 and medium-term financial objectives
Due to the persistently 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 anticipates revenue of between CHF 3.7 and 4.0 billion for the 2023 financial year, as well as an EBIT margin on a par with the 2022 financial year, and a positive free cash flow. As a result of the high order intake, capacity planning has shown that there is a need for additional investment in the component and final assembly plants in order to process the record-high order backlog and prevent the risk of future bottlenecks. The acquisition of an adjacent plot of land in St. Margrethen has already created a flexible option for potential future capacity expansion, for example. In this context, Stadler is anticipating investments of over CHF 200 million for the current financial year (previously: around CHF 200 million).

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 result.

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 around CHF 120 to 150 million and foresees net working capital in the region of zero with fluctuations over the cycle.

Further information on the half-year results

Markus Bernsteiner, Group CEO, 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 2023

in millions of CHF or as noted	1st half-year 2023 resp. 30.06.2023	as % of net revenue	1st half-year 2022 resp. 31.12.2022	as % of net revenue	Change in %
Stadler					
Order intake	4'663.7		5'973.7		-22%
Order backlog[1]	25'429.8		21'983.7		16%
Net revenue	1'288.6	100.0%	1'471.7	100.0%	-12%
Gross margin[2]	156.3	12.1%	143.7	9.8%	9%
EBITDA[3]	100.4	7.8%	117.8	8.0%	-15%
Operating result (EBIT)	47.5	3.7%	66.8	4.5%	-29%
Profit for the period	25.8	2.0%	2.4	0.2%	967%
Earnings per share (in CHF)	0.26		0.01		
Net cash flow from operating activities	344.4		67.3		412%
Capital Expenditures[4]	125.1		83.3		50%
Free Cash Flow[5]	303.4		91.3		232%
Net Working Capital[1,6]	(485.4)		(157.4)		
Work in Progress (net)[1,7]	(1'128.1)		(808.1)		
Net Cash[1,8]	(57.8)		(230.8)		
Equity	717.4		779.1		
Staff as FTEs	13'743		13'092		5%
Rolling Stock segment					
Order intake	3'559.3		4'895.8		-27%
Order backlog	19'596.1		17'047.9		15%
Net revenue (third parties)	1'047.6	81.3%	1'252.8	85.1%	-16%
Service & Components segment					
Order intake	1'067.5		1'062.2		0%
Order backlog	5'645.1		4'765.7		18%
Net revenue (third parties)	214.6	16.7%	204.2	13.9%	5%
Signalling segment					
Order intake	37.0		15.7		135%
Order backlog	188.6		170.1		11%
Net revenue (third parties)	26.4	2.0%	14.6	1.0%	81%

[1] as at 30 June 2023 resp. 31December 2022
[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] Free cash flow is calculated as EBITDA less capital expenditure less change in net working capital
[6] 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
[7] Work in progress (net) is calculated as work in progress (asset) less liabilities from work in progress
[8] Net cash is calculated as cash and cash equivalents less current and non-current financial liabilities

About Stadler

Stadler has been building trains for more than 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 80 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 2023, Annual Media and Analyst Conference:	*13 March 2024*
Annual General Meeting 2024 :	*22 May 2024*

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