Ad hoc announcement
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Stadler is on track in a challenging environment in the first half of the year and confirms its outlook

- **At CHF 2.5 billion, order intake was on target in the first half of the year (H1 2023: 4.7 billion), although the signings of several orders have been delayed until the second half of the year.**
- **Order backlog as at 30 June 2024 reached a new high of CHF 26.8 billion (31 December 2023: CHF 24.4 billion).**
- **As expected, revenue was stable compared to the previous year at CHF 1.3 billion. Typically, around one third of revenue is recognised in the first half of the year and the remaining two thirds in the second half of the year.**
- **Production output rose to CHF 2.0 billion in the first half of the year, up 7% on the prior-year period (H1 2023: CHF 1.8 billion) or CHF 681 million higher than revenue (according to the "units of delivery" method).**
- **The gross margin remained virtually constant at 11.9% despite the partially ongoing effects of inflation, energy and raw material price increases, supply chain issues and geopolitical tensions (H1 2023: 12.1%).**
- **At 2.2%, the EBIT margin was below the previous year's figure of 3.7%. Revenue recognition according to the "units of delivery" method and shifts in the order mix mean that the EBIT margin is only of limited significance in the first half of the year.**
- **Net profit totalled CHF 27.5 million (H1 2023: CHF 25.8 million).**
- **Very high advance payments were recognised in the 2023 financial year, which are being used in the current financial year. In addition, the processing of various orders with negative cash flows is being ramped up. Accordingly, these effects had a negative impact on free cash flow, net working capital and the net cash position.**

- **Free cash flow therefore stood at CHF -384.7 million, dropping from CHF 303.4 million in the same period of the previous year. Net working capital remained negative at CHF -479.2 million (31 December 2023: CHF -855.6 million). The net cash position fell to CHF -107.5 million as at 30 June 2024 compared to CHF 398.9 million at the end of 2023 as a result of the negative free cash flow and dividend payments.**
- **Assuming that the framework conditions remain stable, particularly with regard to supply chains, the currency situation and global geopolitical tensions, the outlook for 2024 and the medium-term financial targets are confirmed.**

"Despite the ongoing challenging environment, Stadler achieved a solid performance in the first half of the year, aided by a diversified product portfolio and market success with alternative drive systems", says Markus Bernsteiner, Group CEO.

Order intake reached CHF 2.5 billion in the first half of 2024. As expected, the figure failed to match the extremely high order intake achieved in the first half of 2023 (H1 2023: CHF 4.7 billion). Whereas a major order had been received in the first half of 2023, the first half of 2024 saw the signings of several orders delayed until the second half of the year.

The order backlog rose to a new high of CHF 26.8 billion (31 December 2023: CHF 24.4 billion). The order intake and order backlog only include orders for vehicles or services from framework agreements that have been called off on a binding basis by the customer.

Stadler's business is subject to strong seasonality, 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. At CHF 1.3 billion, revenue in the first half of the year once again reached the previous year's level. Negative currency effects slowed revenue growth by around 1 percent.

Earnings performance

At 11.9 percent, the gross margin is slightly lower than in the same period of the previous year (12.1 percent). Despite the partially ongoing effects of inflation, energy and raw material price increases, supply chain issues and geopolitical tensions, the gross margin remained virtually constant thanks to the continuous optimisation of production processes and a strict focus on order costs and the achievement of milestones.

EBIT totalled CHF 28.2 million in the first half of the year compared to CHF 47.5 million in the first half of 2023. The EBIT margin fell from 3.7 percent in the previous period to 2.2 percent. Stadler's approach to revenue recognition (according to the "units of delivery" method) and shifts in the order mix mean that in principle, the EBIT margin is only of limited significance in the first half of the year. The reduction is attributable partly to the slightly lower gross margin, but mainly to higher costs for development, marketing and sales and administration in relation to net revenue. It should be noted that these costs do not evolve in proportion to net revenue. These expenses mostly comprise fixed costs, while the corresponding revenue and contribution margins are recognised with a delay of several years under our revenue recognition method.

At CHF 27.5 million, net profit increased by 7 percent from CHF 25.8 million in the same period of the previous year. Interest income of CHF 7.8 million and positive currency effects of CHF 11.6 million bolstered net profit in the first half of the year. In addition, income tax expenses were lower than in the same period of the previous year.

Cash flow and balance sheet

Very high advance payments were recognised in the 2023 financial year, are being used in the current financial year. In addition, the processing of various orders with negative cash flows is being ramped up. Accordingly, these effects had a negative impact on free cash flow, net working capital and the net cash position. In addition, dividends were paid out in the first half of the year. Free cash flow decreased to CHF -384.7 million in the reporting period compared to CHF 303.4 million in the first half of 2023. Net working capital remains negative at CHF -479.2 million (31 December 2023: CHF -855.6 million). The net cash position as at 30 June 2024 stood at CHF -107.5 million compared to CHF 398.9 million as at 31 December 2023.

“Rolling Stock” segment

Order intake in the “Rolling Stock” reporting segment amounted to CHF 2.0 billion in the first half of 2024, which is 44 percent lower than in the same period of the previous year. The decline in order intake in relation to the previous year is due to the recognition of a major order worth over CHF 2.0 billion in the first half of 2023. The order backlog in the reporting segment grew by 9 percent to CHF 20.0 billion compared to year-end 2023 (31 December 2023: CHF 18.4 billion). The “Rolling Stock” reporting segment generated revenue of CHF 1.0 billion in the first half of 2024. This resulted in a decrease in revenue of 3 percent year-on-year (H1 2023: CHF 1.0 billion).

“Service & Components” segment

Order intake in the “Service & Components” segment was CHF 511.8 million in the first half of 2024, down 52 percent on the high prior-year figure (H1 2023: CHF 1,067.5 million). The previous year’s figure also included an exceptionally large order in the “Service & Components” segment. The order backlog in the strategically important service business increased by 12 percent to CHF 6.6 billion compared to the backlog of CHF 5.9 billion at the end of 2023. Revenue in the “Service & Components” segment increased by 8 percent to CHF 231.8 million compared to the same period of the previous year (H1 2023: CHF 214.6 million).

“Signalling” segment

In the first half of 2024, the “Signalling” segment recorded an order intake of CHF 33.0 million compared to CHF 37.0 million in the first half of 2023. The order backlog rose to CHF 169.6 million from CHF 162.2 million at year-end 2023. The “Signalling” reporting segment generated revenue of CHF 42.3 million in the first half of 2024, an increase of 60 percent compared to CHF 26.4 million in the first half of 2023.

Outlook confirmed for 2024 to 2026

Following the flooding of two Swiss production facilities belonging to Constellium, a major manufacturer of highly specialised aluminium extrusion profiles, Constellium has experienced production interruptions and delivery delays for reasons of force majeure. Stadler uses this type of structural profiles for the production of aluminium car bodies. Stadler is working closely with Constellium to transfer production to another location. In addition, internal countermeasures have been introduced to compensate for possible delivery bottlenecks in the affected orders as effectively as possible. According to a press release dated 19 August 2024, Constellium currently assumes that production lines will restart not earlier than end of October 2024. If there are no further significant delays compared to a production ramp-up in October, the 2024 to 2026 outlook is confirmed.

For the current financial year, Stadler is anticipating revenue of between CHF 3.5 and 3.7 billion and an EBIT margin comparable to that of 2023. Due to the high order intake, Stadler forecasts investments of around CHF 200 million. The increase in work in progress associated with the rise in production output may have a negative impact on free cash flow in the current financial year despite progress payments from current orders. However, we continue to expect solid advance payments from new orders and improved payment terms for current orders.

For the 2025 financial year, Stadler expects revenue of between CHF 4.0 and CHF 4.2 billion and an EBIT margin of approximately 7 percent. Stadler also anticipates investments totalling around CHF 200 million in 2025.

Stadler expects revenue of between CHF 5.0 and 5.5 billion in the 2026 financial year in connection with the strong increase in the number of vehicle acceptances. The EBIT margin should be between 7 and 8 percent, and investments are likely to total around CHF 200 million.

Stadler anticipates an average book-to-bill ratio of 1.5x until 2026 and is maintaining its dividend policy with a payout of around 60 percent of consolidated net profit. Stadler remains convinced that an EBIT margin of 8 to 9 percent can be achieved in the medium term under normal economic conditions.

All the information on the outlook is based on the assumption that the framework conditions will remain stable, particularly with regard to supply chains, the currency situation and global geopolitical tensions.

Further information on the Half-Year Results

Markus Bernsteiner, Group CEO, and Raphael Widmer, Group CFO, will present the business results for the first half year 2024 at a media and analyst conference call today at 10.00 am. You can find the dial-in details for the German-language broadcast here or for the English-language broadcast here. The presentation on the half-year results 2024 will be made available on our website before the conference call. You can also find the detailed half-year report 2024 on our website. You can download the key figures for the first half-year in Excel format at the following link.

Key figures for 1st half of 2024

in millions of CHF or as noted	1st half-year 2024 resp. 30.06.2024	as % of net revenue	1st half-year 2023 resp. 31.12.2023	as % of net revenue	Change in %
Stadler					
Order intake	2'548.7		4'663.7		(45%)
Order backlog[1]	26'785.4		24'414.1		10%
Net revenue	1'292.9	100.0%	1'288.6	100.0%	0%
Gross margin[2]	153.8	11.9%	156.3	12.1%	(2%)
EBITDA[3]	89.6	6.9%	100.4	7.8%	(11%)
Operating result (EBIT)	28.2	2.2%	47.5	3.7%	(41%)
Profit for the period	27.5	2.1%	25.8	2.0%	7%
Earnings per share (in CHF)	0.24		0.26		(6%)
Net cash flow from operating activities	(343.1)		344.4		
Capital Expenditures[4]	97.9		125.1		(22%)
Free Cash Flow[5]	(384.7)		303.4		
Net Working Capital[1,6]	(479.2)		(855.6)		
Work in Progress (net)[1,7]	(1'206.6)		(1'591.7)		
Net Cash[1,8]	(107.5)		398.9		
Equity[1]	764.2		819.3		
Staff as FTEs	14'807		13'743		8%
Rolling Stock segment					
Order intake	2'003.8		3'559.3		(44%)
Order backlog[1]	20'040.7		18'381.4		9%
Net revenue (third parties)	1'018.8	78.8%	1'047.6	81.3%	(3%)
Service & Components segment					
Order intake	511.8		1'067.5		(52%)
Order backlog[1]	6'575.1		5'870.5		12%
Net revenue (third parties)	231.8	17.9%	214.6	16.7%	8%
Signalling segment					
Order intake	33.0		37.0		(11%)
Order backlog[1]	169.6		162.2		5%
Net revenue (third parties)	42.3	3.3%	26.4	2.0%	60%

1 As at 30 June 2024 resp. 31 December 2023
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 less grants received for 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 over 80 years. The provider of mobility solutions in rail vehicle construction, service and signalling has its headquarters in Bussnang in eastern Switzerland. It has a workforce of around 14,500 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.

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