

Commissioned by



Conducted by



world **rail**market study

forecast 2016 to 2021



A. EXECUTIVE SUMMARY

Commissioned biennially for the sixth time by UNIFE, this edition of the World Rail Market Study confirms the positive trends of a growing rail supply industry. Despite some disparities across the different regions in the world, the attractiveness of rail as a reliable and efficient transport mode has been steadily progressing over the past two years and is forecasted to remain likewise in the future. Over the upcoming six years, the overall industry, with a current market volume of just above EUR 159 bn p. a., is foreseen to grow further at 2.6% CAGR¹ until 2021. While the largest demand will remain in the interurban segment, the highest growth rates are expected in the urban market driven by growing populations along with expanding metropolitan areas.

Apart from the classic megatrends promoting the development of the rail industry, several new ones have notably emerged in recent years and are expected to contribute to the further growth of the rail market. The construction of a complete digital ecosystem has provoked new, digital business models to emerge and, with the rest of the industry, benefit from high volumes of data.

From a legislative point of view, significant efforts, through the EU's Fourth Railway Package, are being undertaken to improve the competitiveness of the European rail system and adapt to the changing transport needs. The adoption of the Fourth Railway Package will have a positive impact on rail supply companies as well as on rail operators by supporting further harmonisation of European rail traffic. Moreover, rail has steadily improved its position as the transport means of choice, especially in urban areas: modern rail control technologies, such as unattended train operation and communications-based train control (CBTC), further improve capacity and safety of rail transport compared to other transport modes. In addition, Sub-Saharan Africa has become an attractive region for rail suppliers with unprecedented growth rates drawing investors' attention towards business opportunities in the region.

In this edition, five additional focus countries (Oman, Peru, Senegal, Serbia and Slovakia) have been included for the first time to further improve forecast accuracy.

¹ Compound annual growth rate – All percent figures stated in this report are CAGR unless stated otherwise

Record market volume in recent years

Compared to the last study two years ago, the overall rail supply market has witnessed a substantial growth at 3%, driven for the main part by the Asian Pacific region. At over EUR 159 bn, the world rail supply market has reached a record-high level. From a product segment perspective, the largest contribution to the market's growth in the 2013–2015 period compared to the 2011–2013 period stemmed mainly from the rolling stock and services segments. Added together, these two segments account for 72% of the total rail market in the 2013–2015 period. The highest growth rates have been recorded both in the rolling stock and the rail control segments, with 5.8% and 4.9% respectively. In particular, the rolling stock sector benefitted from record-high purchases of locomotives and freight wagons as well as from several large-scale orders in other product segments, such as metros, commuter trains and (very) high speed trains.

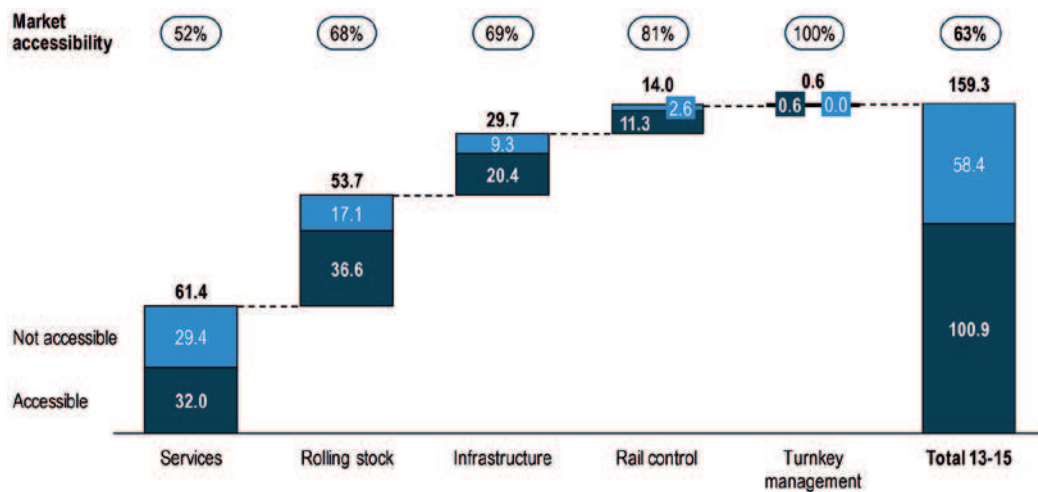


Figure 1: Overview of current market volumes by segment p.a. [EUR m]

TOTAL MARKET 2013–2015 159.3 BN EUR

CURRENT AVERAGE
ANNUAL TOTAL MARKET VOLUME

services
61.4 BN EUR

infrastructure
29.7 BN EUR

rail control
14.0 BN EUR

turnkey management 0.6 BN EUR

rolling stock
53.7 BN EUR

In line with overall market growth, the infrastructure in operation grew by 26,000 km, primarily in the urban and very high speed track segments, with track infrastructure in sum reaching more than 1.6 m km of urban and interurban tracks. The bulk of the additional track kilometres can be attributed to the Asian Pacific region due to the construction of new routes in China and India. Including the five additional countries as mentioned above, it is worth noting that approximately 40 % of all track kilometres are electrified, mostly in Western Europe and Asia Pacific, leaving considerable market potential for further track electrification. The installed base of rolling stock in the 60 countries totals approximately 6.2 m units, of which 88 % are freight cars. In relative terms, the metro segment showed the highest growth rate adding more than 8,000 new units to the installed base when compared with the previous study.

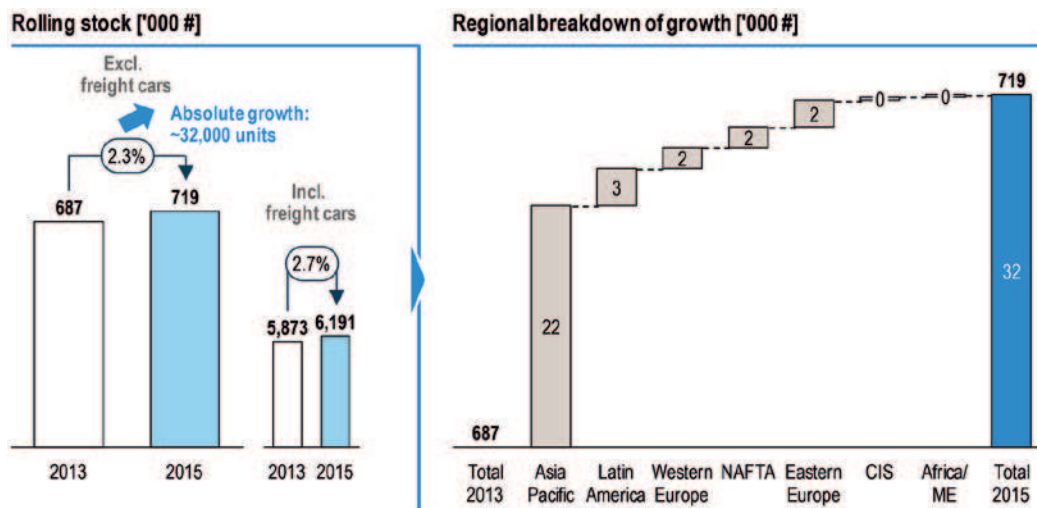


Figure 2: Development of rolling stock worldwide 2013-2015 [\'000 units]

Continued growth expected in the future

As per our forecasts, the total market for rail supply is set to continue its growth of recent years at 2.6%. The rail supply market is foreseen to reach approximately EUR 185 bn per annum in the 2019–2021 period. While the different regional markets are projected to grow steadily in the future, the highest growth rates are expected in Western Europe and Africa/Middle East, 3.1% and 3.0% respectively.

Western Europe and Africa/Middle East are expected to show strongest growth rates – Asia Pacific to remain at high levels

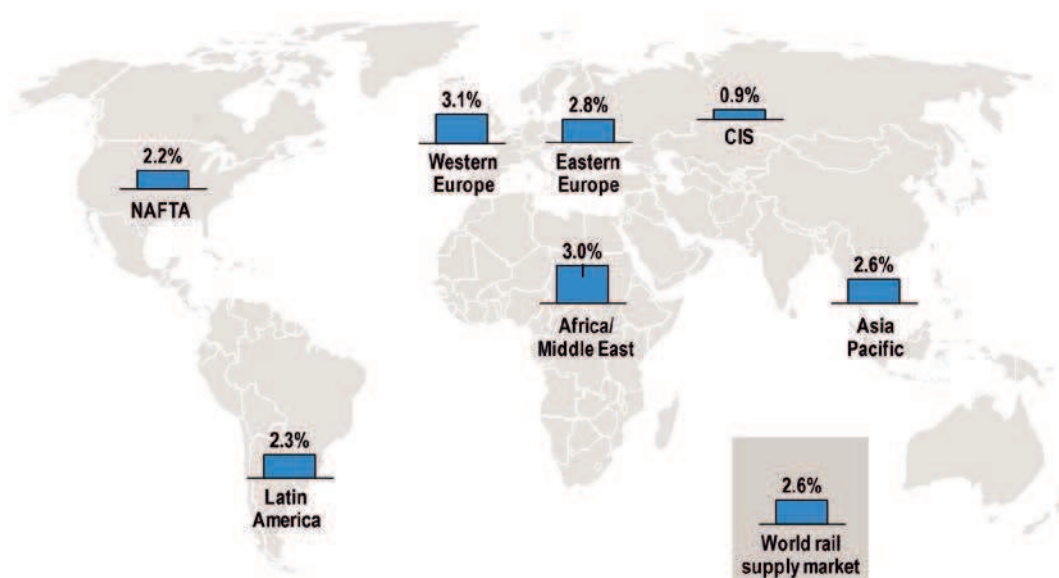


Figure 3: Future development in the global rail supply market p. a.

From a product segment perspective, the highest contribution (in absolute values) to the overall growth is predicted to stem from the services and rolling stock segments that will supply 68% of the expected market growth.

This growth of the rail supply industry will enable the sustainable improvement of mobility both in developed and developing countries, with rail as the backbone of an intermodal transport system where urbanisation goes hand in hand with sustainable development goals.