STADLER

HALF-YEAR REPORT

2024

Half-year results 2024 at a glance

1.3
Net revenue in CHF billion
Previous year: 1.3

2.2 %
EBIT margin
Previous year: 3.7 %

27.5
Profit for the period in CHF million
Previous year: 25.8

26.8
Order backlog in CHF billion
As at 31 December 2023: 24.4

2.5
Order intake in CHF billion
Previous year: 4.7

28.2
EBIT in CHF million
Previous year: 47.5

14,807
Employees worldwide
(average FTE 1 January – 30 June 2024)
Previous year: 13,743

Stadler – the system provider of mobility solutions in rail vehicle construction, service and signalling technology

Key figures

in millions of CHF or as noted	1st half-year resp. 30.06.2024	as % of net revenue	1st half-year 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 expenditure [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

For the best rail vehicles in the world

At Stadler, there is one thing that gives us fresh motivation every day: the desire to do everything we can to produce the best rail vehicles in the world. The engineering office founded by Ernst Stadler in 1942 has grown into a company that operates internationally. We have come from humble beginnings to become a group with 16 production locations and component plants, five engineering locations and over 80 service locations around the world.

Stadler builds rail vehicles and offers solutions in the areas of service and signalling technology. The "Rolling Stock" segment focuses on the development, design and production of high-speed, intercity and regional trains, locomotives, metros, light rail vehicles and passenger coaches.

With innovative solutions in the "Signalling" segment, Stadler supports the interplay between vehicles and infrastructure. The "Service & Components" segment offers customers a variety of services, ranging from the supply of individual spare parts, vehicle repairs, modernisation and overhauls to complete full-service packages. This ensures that after delivery, the vehicles continue to meet our customers' most demanding requirements in terms of reliability, availability and environmental sustainability over their entire life cycle of 30 years on average.

Every step of the way, Stadler does its best to make sure that wherever they are in the world, passengers get to their destination safely, quickly and in comfort.

Contents

On track in a challenging environment

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.

Peter Spuhler, Executive Chairman of the Board of Directors (l.), and Markus Bernsteiner, Group CEO (r.)

Dear Shareholders,

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 signing 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, which are being used in the current financial year. In addition, the processing of various orders with negative cash flows is being ramped up. 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.

Main orders received

In the first half of the year, Stadler achieved success in various international markets and further expanded its leading position in the field of innovative rail vehicles, service and signalling technology. Stadler’s commitment to technical excellence and global expansion is evident in all areas, ranging from major orders in Saudi Arabia and new contracts for high-speed and FLIRT trains to achievements in the field of alternative drives and locomotives.

Stadler reached a milestone at the beginning of the year. In early February, Saudi Arabia Railways (SAR) and Stadler signed contracts for the delivery and maintenance of 10 plus 10 passenger trains, representing an order volume of around CHF 600 million. Saudi Arabia is a new market for Stadler.

Stadler achieved another success with high-speed trains in February. SBB is ordering five additional “SMILE” high-speed trains from Stadler for the planned expansion of its international service to Italy. The SMILE model, named “Giruno“ by SBB, is the first high-speed train in Europe to fully comply with the Disability Discrimination Act.

SBB has signed an option for the delivery of 33 new FLIRT Evo multiple units for international rail transport as part of a framework agreement for a maximum of 510 single-decker multiple units. The new FLIRT Evo trains will operate on regional services between Switzerland and France from the end of 2030.

In recent years, Stadler has consistently expanded its alternative drive portfolio and further strengthened its leading market position in this area. Stadler achieved further success in terms of order intake for alternative drives in the first half of 2024: the Italian railway operator Ferrovie della Calabria (FdC) placed an order for three new narrow-gauge hydrogen trains. The order is part of the framework agreement signed in 2023 for up to 15 hydrogen-powered trains, which will be used for regional and local transport in the Italian region of Calabria.

In the USA, Stadler signed a framework agreement with Metra Metropolitan Rail for 16 battery-electric multiple units. The initial order comprises eight two-car multiple units. This is the first time that Stadler has been commissioned to supply battery-powered vehicles for Chicago.

In addition, the state of California and Stadler have signed an agreement for six more hydrogen trains, bringing California's hydrogen fleet to a total of ten vehicles. This confirms Stadler's leading position in the field of alternative drive systems. Over 180 rail vehicles with battery or hydrogen drive have already been sold.

In the locomotive sector, KiwiRail (New Zealand) and Stadler have strengthened their partnership thanks to two new contracts for the delivery of 33 locomotives. The first contract consists of nine mainline locomotives with ETCS, while the second covers 24 battery-diesel hybrid shunting locomotives, as well as spare parts and technical services.

In the Service division, a contract was concluded for the complete maintenance of all the EURO9000 locomotives recently ordered by Alpha Trains for a period of at least ten years from delivery.

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 approximately 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 around 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.

Best regards,

Peter Spuhler
Executive Chairman of the Board

Markus Bernsteiner
Group CEO

Consolidated income statement

in thousands of CHF or as noted	Note	1st half-year 2024		1st half-year 2023	
Net revenue	5	**1,292,851**	**100.0%**	**1,288,629**	**100.0%**
Material and external services		(589,463)	45.6%	(607,314)	47.1%
Material overheads		(59,175)	4.6%	(57,561)	4.5%
Warranty costs		(37,861)	2.9%	(41,328)	3.2%
Production costs		(311,951)	24.1%	(307,172)	23.8%
Engineering costs		(120,906)	9.4%	(101,043)	7.8%
Project management costs		(19,725)	1.5%	(17,885)	1.4%
Cost of goods sold and services provided		**(1,139,081)**	**88.1%**	**(1,132,303)**	**87.9%**
Gross margin	6	**153,770**	**11.9%**	**156,326**	**12.1%**
Development costs		(22,862)		(18,472)	
Marketing and sales costs		(34,568)		(29,759)	
Administration costs		(65,188)		(60,060)	
Other operating income		3,744		4,718	
Other operating expenses		(6,713)		(5,204)	
Operating result (EBIT)	7	**28,183**	**2.2%**	**47,549**	**3.7%**
Financial result	8	3,073		(12,929)	
Share of results from associated companies		2,348		1,652	
Ordinary result		**33,604**	**2.6%**	**36,272**	**2.8%**
Non-operating result		(38)		(127)	
Profit before income taxes		**33,566**	**2.6%**	**36,145**	**2.8%**
Income taxes	9	(6,024)		(10,304)	
Profit for the period		**27,542**	**2.1%**	**25,841**	**2.0%**
– thereof attributable to shareholders of Stadler Rail AG		23,949		25,581	
– thereof attributable to minority interests		3,593		260	
Basic and diluted earnings per share (in CHF)		**0.24**		**0.26**	

Consolidated balance sheet

in thousands of CHF	Note	30.06.2024		31.12.2023	
Assets					
Cash and cash equivalents		807,804		1,087,044	
Trade receivables		316,168		334,071	
Other current receivables		152,368		113,389	
Compensation claims from work in progress	11	733,281		695,245	
Inventories		326,969		302,010	
Work in progress	10	1,365,196		1,043,664	
Accrued income and deferred expenses		64,049		34,015	
Total current assets		**3,765,835**	**71.6%**	**3,609,438**	**72.1%**
Property, plant and equipment	12	1,051,001		998,045	
Financial assets		185,236		149,978	
Investments in associated companies		23,246		21,245	
Intangible assets		234,953		229,870	
Total non-current assets		**1,494,436**	**28.4%**	**1,399,138**	**27.9%**
Total assets		**5,260,271**	**100.0%**	**5,008,576**	**100.0%**
Liabilities & equity					
Current financial liabilities	13	235,236		171,730	
Trade payables		247,676		159,342	
Liabilities from work in progress	10	2,571,833		2,635,324	
Other current liabilities		78,986		106,912	
Current provisions		71,069		81,769	
Deferred income and accrued expenses		467,626		394,640	
Total current liabilities		**3,672,426**	**69.8%**	**3,549,717**	**70.9%**
Non-current financial liabilities	13	680,094		516,371	
Employee benefit obligations		4,218		3,970	
Non-current provisions		139,287		119,258	
Total non-current liabilities		**823,599**	**15.7%**	**639,599**	**12.8%**
Total liabilities		**4,496,025**	**85.5%**	**4,189,316**	**83.6%**
Share capital	14	20,000		20,000	
Capital reserves		16,512		17,389	
Treasury shares		(2)		(8)	
Retained earnings		679,535		628,582	
Profit for the period, attributable to shareholders of Stadler Rail AG		23,949		124,318	
Stadler Rail AG shareholders' equity		**739,994**	**14.1%**	**790,281**	**15.8%**
Minority interests		24,252		28,979	
Total equity		**764,246**	**14.5%**	**819,260**	**16.4%**
Total liabilities & equity		**5,260,271**	**100.0%**	**5,008,576**	**100.0%**

Consolidated cash flow statement

in thousands of CHF	Note	1st half-year 2024	1st half-year 2023[1]
Cash flow from operating activities			
Profit for the period		27,542	25,841
Depreciation and amortisation		61,449	52,883
Loss/(Profit) on disposal of non-current assets		1,336	1,313
Share of results from associated companies		(2,348)	(1,652)
Profit from sale of subsidiaries	15	–	(1,944)
Other non-cash items		(46,864)	(8,037)
Addition/(Reduction) employee benefit obligations		5	5
Addition/(Reduction) non-current provisions		16,532	6,828
Change in net current assets			
– Reduction/(Addition) trade receivables		21,983	61,895
– Reduction/(Addition) other current receivables		(36,396)	16,758
– Reduction/(Addition) compensation claims from work in progress		(24,433)	43,503
– Reduction/(Addition) inventories		(17,347)	(19,486)
– Reduction/(Addition) work in progress		(293,024)	(131,523)
– Reduction/(Addition) accrued income and deferred expenses		(29,421)	(6,699)
– Addition/(Reduction) trade payables		82,891	(19,295)
– Addition/(Reduction) liabilities from work in progress		(132,494)	381,774
– Addition/(Reduction) other current liabilities		(24,143)	(49,146)
– Addition/(Reduction) current provisions		(12,341)	(16,855)
– Addition/(Reduction) deferred income and accrued expenses		63,978	8,216
Net cash flow from operating activities		**(343,095)**	**344,379**
Cash flow from investing activities			
Investments in property, plant and equipment	12	(74,258)	(96,242)
Grants received for property, plant and equipment		4,361	–
Proceeds from sales of property, plant and equipment		511	331
Investments in financial assets		(330)	(340)
Proceeds from sales of financial assets		5,310	61
Acquisition of subsidiaries, net of cash and cash equivalents acquired	15	–	43,546
Proceeds from sales of subsidiaries, net of cash and cash equivalents received	15	–	(33)
Dividends received from associated companies		1,246	661
Investments in intangible assets		(28,433)	(29,189)
Grants received for intangible assets		434	350
Proceeds from sales of intangible assets		666	1,240
Net cash flow from investing activities		**(90,493)**	**(79,615)**
Cash flow from financing activities			
Proceeds from current financial liabilities	13	100,360	312,540
Repayment of current financial liabilities	13	(54,644)	(414,439)
Proceeds from non-current financial liabilities	13	168,858	–
Repayment of non-current financial liabilities	13	–	(379)
(Purchase)/Sale of treasury shares		(2,340)	(2,257)
Dividends paid to shareholders of Stadler Rail AG	14	(89,928)	(89,952)
Dividends paid to minority interests		(8,061)	–
Net cash flow from financing activities		**114,245**	**(194,487)**
Total net cash flow		**(319,343)**	**70,277**
Cash and cash equivalents as at 1 January		1,087,044	831,682
Currency translation differences on cash and cash equivalents		40,103	(2,862)
Cash and cash equivalents as at 30 June		**807,804**	**899,097**

[1] Adjustment of the statement of government grants related to assets received due to the initial application of Swiss GAAP FER 28, see Note 2 "Basis for the preparation of the financial statements"

The other non-cash items include, in particular, changes in deferred tax assets as well as the effects of share-based remuneration and currency translation differences.

Consolidated statement of changes in equity

in thousands of CHF	Share capital	Capital reserves	Treasury shares	Goodwill offset	Currency translation differences	Other retained earnings	Total retained earnings	Stadler Rail AG shareholders' equity	Minority interests	Total equity
Balance as at 1 January 2023[1]	**20,000**	**16,866**	**(99)**	(242,190)	–	977,998	**735,808**	**772,575**	**6,519**	**779,094**
Reclassification[2]	–	–	–	–	(43,948)	43,948	–	–	–	–
Profit for the period	–	–	–	–	–	25,581	25,581	25,581	260	25,841
Dividends paid	–	–	–	–	–	(89,952)	(89,952)	(89,952)	(914)	(90,866)
Transactions with subsidiaries	–	–	–	(4,869)	–	–	(4,869)	(4,869)	–	(4,869)
Purchase of treasury shares	–	–	(2,257)	–	–	–	–	(2,257)	–	(2,257)
Share-based payments	–	(704)	2,340	–	–	–	–	1,636	(6)	1,630
Currency translation differences	–	–	–	–	8,844	–	8,844	8,844	(9)	8,835
Balance as at 30 June 2023	**20,000**	**16,162**	**(16)**	(247,059)	(35,104)	957,575	**675,412**	**711,558**	**5,850**	**717,408**
Balance as at 1 January 2024[1]	**20,000**	**17,389**	**(8)**	(243,512)	–	996,412	**752,900**	**790,281**	**28,979**	**819,260**
Reclassification[2]	–	–	–	–	(59,337)	59,337	–	–	–	–
Profit for the period	–	–	–	–	–	23,949	23,949	23,949	3,593	27,542
Dividends paid	–	–	–	–	–	(89,928)	(89,928)	(89,928)	(9,097)	(99,025)
Purchase of treasury shares	–	–	(2,340)	–	–	–	–	(2,340)	–	(2,340)
Share-based payments	–	(877)	2,346	–	–	–	–	1,469	(9)	1,460
Currency translation differences	–	–	–	–	16,563	–	16,563	16,563	786	17,349
Balance as at 30 June 2024	**20,000**	**16,512**	**(2)**	(243,512)	(42,774)	989,770	**703,484**	**739,994**	**24,252**	**764,246**

[1] As reported as at 31 December 2022 resp. 31 December 2023

[2] Adjustment of the statement of other retained earnings due to the initial application of Swiss GAAP FER 30 (revised), see Note 2 "Basis for the preparation of the financial statements"

Notes to the consolidated half-year financial statements

1. The Stadler Rail Group

Stadler Rail AG ("Holding" or "Company"), headquartered in 9565 Bussnang at Ernst-Stadler-Strasse 1, is a public limited company incorporated under Swiss law, which has been listed on the SIX Swiss Exchange in Zurich with the securities symbol SRAIL since 12 April 2019. The Stadler Rail Group (hereinafter Stadler) is an international, independent rail vehicle manufacturer with a focus on Europe and the development of further regions, which pursues a targeted segment and market strategy with high-quality and customer-specific products.

The consolidated half-year financial statements as at 30 June 2024 present the net assets, financial position and results of operations of Stadler Rail AG and its subsidiaries.

2. Basis for the preparation of the financial statements

The consolidated half-year financial statements cover the period from 1 January 2024 to 30 June 2024 and have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations) and Swiss GAAP FER 31. The consolidated half-year financial statements do not include all the information and disclosures contained in the annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2023.

The consolidated half-year financial statements have been prepared in accordance with the same accounting principles and valuation basis as applied in the annual consolidated financial statements as at 31 December 2023, with the exception of the revised or new provisions of Swiss GAAP FER 30 and 28 explained in the following sections.

The figures in the consolidated half-year financial statements have not been audited.

Swiss GAAP FER 30

In 2022, the Swiss GAAP FER Commission approved the revised "Consolidated financial statements" standard (Swiss GAAP FER 30) to be applied from 1 January 2024. The consolidated half-year financial statements have been prepared in accordance with these new accounting principles and valuation basis, and the changes have been applied retrospectively, with the exception of the transitional relief granted for acquisitions and disposals completed before 1 January 2024 (Notes 14 to 23 "Goodwill" and Notes 25 and 82 "Reclassification to profit or loss of accumulated foreign currency differences"). In general, the accounting principles revised in Swiss GAAP FER 30 had already been applied in the annual consolidated financial statements as at 31 December 2023, with the exception of the identification and recognition of intangible assets relevant to decision-making in the event of acquisitions, and the derecognition through profit or loss of accumulated currency translation differences recognised in equity arising from disposals. Due to the requirement set out in Note 37 to present the accumulated currency translation differences as a separate column within the statement of changes in equity, the presentation of the statement of changes in equity has been adjusted accordingly.

Swiss GAAP FER 28

Also in 2022, the Swiss GAAP FER Commission adopted the new standard "Government Grants" (Swiss GAAP FER 28), which came into force on 1 January 2024. The new provisions are applied retrospectively in the consolidated half-year financial statements. With the exception of the additional disclosure requirements, government grants had previously already been treated in accordance with the new standard.

Government grants are recognised when there is reasonable assurance that the attached conditions will be met and the value can be estimated reliably.

Government grants related to assets are offset directly against the asset.

Monetary government grants related to income are recognised in the periods in which the corresponding expenses are incurred. The relevant grants are reported in "Other operating income".

Monetary government grants related to income awarded for the fulfilment of a specific customer order are deducted from the planned costs of the corresponding order when there is reasonable assurance that the attached conditions will be met and the value can be estimated reliably. The costs incurred for "work in progress" or "liabilities from work in progress" are reduced on receipt of the grant (cash-in). Grants are recognised in the income statement at the time of the recognition of revenue according to the percentage of completion of the corresponding order as a reduction in cost of goods sold (net disclosure in accordance with Note 5).

Non-monetary grants related to income are disclosed in the notes.

3. Management assumptions and estimates

Management has not made any significant changes to the estimates and assumptions applied in the consolidated half-year financial statements compared to those used in the 2023 consolidated financial statements.

Russia's ongoing war of aggression against Ukraine and the associated sanctions against Belarus continued to have an impact on Stadler and the plant in Fanipol in the past six months. On account of the very good order situation, the high capacity utilisation of the other Group locations and the high level of skills and quality offered by the Fanipol plant in terms of value added, Stadler is maintaining the plant in Belarus unchanged so that it can reopen it as soon as the sanctions have been lifted. The plant continues to provide services in car body and component production, as well as in the field of engineering, in strict compliance with all the sanctions.

During the preparation of the 2024 half-year financial statements, Stadler's management prepared a business plan for the Fanipol plant. An impairment test was then conducted based on this plan. This shows that the existing assets are covered by future cash flows despite the current restrictions and the temporary reduction of capacities.

Stadler is constantly monitoring the situation and taking all possible measures to minimise any negative effects.

4. Seasonal and other influences

Stadler's net revenue development during the year is subject to seasonal fluctuations. The second half of the year is usually stronger in net revenue and, as a result of using the "units of delivery" method for revenue recognition, also more profitable. This is partly due to customers' timetable changes and the associated deliveries of vehicles. In addition, special events or the product and region mix on which sales are based can have a significant impact on the half-year results.

5. Segment reporting

External segment reporting is based on internal reporting, which is used by Group Management for corporate management purposes. Group Management consists of the Group Executive Board and the Board of Directors. The following three segments exist:

Segment	Activity
Rolling Stock	The "Rolling Stock" business segment manufactures various types of rail vehicles. This segment includes various product types in the following sectors: high-speed, intercity, regional trains, city transport, locomotives and Tailor Made. The range of services also encompasses the sale of spare material, the provision of engineering services and small orders.
Service & Components	The "Service & Components" business segment includes the sale of spare parts, the completion of revision, repair and modernisation work (refits) in the 3R business, and the performance of preventive and corrective maintenance in the full-service business. This business segment also includes the supply of vehicle components such as car bodies or bogies.
Signalling	The "Signalling" business segment develops and sells various signalling solutions for vehicles and infrastructures. The portfolio includes solutions in the areas of train protection (ETCS and national automatic train protection systems), communication-based train control for driverless operation (CBTC), automatic train operation (ATO), driving assistance systems (CWS/CDAS/DAS), interlocking technologies (RSTW/ ESTW) and other trackside components that make up the complete automatic train protection system. The range of services also encompasses the sale of spare parts and, as a digitalisation partner, the provision of services relating to the planning and implementation of safety systems.

With reference to the complementary recommendation for listed companies (FER 31/12) on segment reporting, Stadler does not report segment results in the interests of shareholders for the following reasons:
1. Detrimental effect on the negotiating position:

The disclosure of segment results would allow conclusions to be drawn on pricing, which could significantly impair Stadler's negotiating position.

2. Competitive disadvantage in relation to competitors:

Stadler's competitors generally do not report segment information and detailed segment results. The disclosure of segment results would put Stadler at a competitive disadvantage vis-à-vis its competitors by allowing conclusions to be drawn about the margin and cost situation per segment.

in thousands of CHF or as noted	"Rolling Stock"		"Service & Components"		"Signalling"		"Corporate Centre" & Eliminations		Total	
	1st half-year 2024	**1st half-year 2023**	**1st half-year 2024**	**1st half-year 2023**	**1st half-year 2024**	**1st half-year 2023**	**1st half-year 2024**	**1st half-year 2023**	**1st half-year 2024**	**1st half-year 2023**
Net revenue										
Net revenue per segment	1,037,444	1,063,090	386,891	365,023	66,820	34,126	(198,304)	(173,610)	1,292,851	1,288,629
Intersegment revenue	(18,657)	(15,448)	(155,119)	(150,407)	(24,528)	(7,755)	198,304	173,610	–	–
Total net revenue (third parties)	**1,018,787**	**1,047,642**	**231,772**	**214,616**	**42,292**	**26,371**	**–**	**–**	**1,292,851**	**1,288,629**
of which according to the PoC method	1,013,355	1,044,126	157,196	154,873	38,754	24,688	–	–	1,209,305	1,223,687
Net revenue by geographical market										
Germany, Austria, Switzerland	627,586	674,706	50,479	52,481	35,048	19,411	–	–	713,113	746,598
Western Europe	196,316	251,225	134,870	130,217	555	994	–	–	331,741	382,436
Eastern Europe	38,893	76,242	37,566	22,708	541	882	–	–	77,000	99,832
America	76,234	43,740	4,189	2,622	5,599	5,084	–	–	86,022	51,446
CIS	13,579	1,729	4,064	1,408	–	–	–	–	17,643	3,137
Rest of the world	66,179	–	604	5,180	549	–	–	–	67,332	5,180
Total net revenue by market	**1,018,787**	**1,047,642**	**231,772**	**214,616**	**42,292**	**26,371**	**–**	**–**	**1,292,851**	**1,288,629**
Net revenue by product group										
Trains	385,418	468,840								
Locomotives	192,819	157,951								
LRV	102,768	54,163								
METRO	131,225	22,421								
TAILOR MADE	206,557	344,267								
Total net revenue by product	**1,018,787**	**1,047,642**								
Additions to PPE										
Additions to PPE	34,700	64,559	30,538	16,923	300	496	1,250	3,792	66,788	85,770
Total additions to PPE	**34,700**	**64,559**	**30,538**	**16,923**	**300**	**496**	**1,250**	**3,792**	**66,788**	**85,770**
Staff as FTEs										
Permanent employees	9,504	8,703	3,515	3,323	600	547	231	207	13,850	12,780
Temporary employees	372	372	306	333	3	6	–	–	681	711
Apprentices	225	199	41	45	10	8	–	–	276	252
Total staff as FTEs	**10,101**	**9,274**	**3,862**	**3,701**	**613**	**561**	**231**	**207**	**14,807**	**13,743**

The "Corporate Centre" is not an operating segment, but is a service provider within Stadler.

6. Gross margin

At 11.9%, the gross margin is slightly lower than in the same period of the previous year (12.1%). 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 milestones.

7. Operating result (EBIT)

The EBIT margin fell from 3.7% in the previous period to 2.2%. This 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 that are not directly related to net revenue.

8. Financial result

The financial result improved by CHF 16.0 million to CHF 3.1 million in relation to the previous period. Higher interest income was generated by the further optimisation of liquidity management, as well as by higher foreign exchange gains, mainly due to the foreign currency valuation of balance sheet items. On the other hand, interest expenses, particularly for project financing, fell significantly compared to the previous period.

9. Income taxes

Income taxes decreased by CHF 4.3 million to CHF 6.0 million compared to the previous period. In relation to the profit before income tax, income taxes totalled 17.9% compared to 28.5% in the previous period. This relative decrease is due to the weighting of the results achieved with different applicable tax rates, and the capitalisation or non-capitalisation of deferred tax assets on current losses.

The Stadler Rail Group falls within the scope of the OECD model rules (OECD Pillar Two). From 1 January 2024, Stadler will be obliged to pay a supplementary tax if the minimum tax rate of 15% per country is not reached. However, taking into account the (temporary) three-year transitional arrangement (transitional safe harbour), Stadler is not expected to incur any additional taxes in the 2024 reporting period. A final assessment will be made at the end of this financial year when the necessary data is available in full.

10. Work in progress

in thousands of CHF	30.06.2024	31.12.2023
Work in progress		
“Units of delivery” method		
Work in progress, gross	2,409,519	2,052,096
Advance payments to suppliers	88,873	64,314
Advance payments to suppliers, related parties	–	214
Advance payments to suppliers, associated companies	31,628	18,964
Advance payments from customers	(1,137,682)	(1,143,692)
Advance payments from customers, related parties	(127,640)	(15,836)
Total work in progress “units of delivery” method	**1,264,698**	**976,060**
“Cost to cost” method		
Work in progress, gross	38,045	24,486
Advance payments to suppliers	1,089	752
Advance payments from customers	(9,162)	(6,877)
Full-service contracts net	70,526	49,243
Total work in progress “cost to cost” method	**100,498**	**67,604**
Total work in progress	**1,365,196**	**1,043,664**
Liabilities from work in progress		
“Units of delivery” method		
Work in progress, gross	1,265,697	878,031
Advance payments to suppliers	148,092	147,912
Advance payments to suppliers, related parties	7,386	7,050
Advance payments to suppliers, associated companies	11,827	18,685
Advance payments from customers	(3,854,237)	(3,513,484)
Advance payments from customers, related parties	–	(44,173)
Advance payments from customers, associated companies	(3,619)	(4,646)
Total liabilities from work in progress “units of delivery” method	**(2,424,854)**	**(2,510,625)**
“Cost to cost” method		
Work in progress, gross	1,951	2,980
Advance payments to suppliers	191	361
Advance payments from customers	(23,165)	(27,128)
Full-service contracts net	(125,956)	(100,912)
Total liabilities from work in progress “cost to cost” method	**(146,979)**	**(124,699)**
Total liabilities from work in progress	**(2,571,833)**	**(2,635,324)**
Net work in progress / (liabilities from work in progress)	**(1,206,637)**	**(1,591,660)**

Gross work in progress increased by a total of CHF 757.6 million to CHF 3,715.2 million. This development reflects the processing of the large order backlog from previous years.

Advance payments from customers rose by a total of CHF 399.7 million to CHF 5,155.5 million in the same period, partly due to payment milestones for individual orders and advance payments received for incoming orders.

11. Compensation claims from work in progress

in thousands of CHF	30.06.2024	31.12.2023
Compensation claims from work in progress		
Compensation claims for vehicles whose revenue has been recognised but not yet invoiced	2,609,105	2,692,207
Advance payments from customers for vehicles whose revenue has been recognised but not yet invoiced	(1,875,824)	(1,996,962)
Total compensation claims from work in progress	**733,281**	**695,245**

Compensation claims from work in progress amounting to CHF 733.3 million (previous year: CHF 695.2 million) are composed of claims from contracts where acceptance by customers has not yet taken place but all significant performance obligations have been fulfilled (CHF 158.9 million, previous year: CHF 122.4 million) and claims from contracts where acceptance by customers has already taken place but invoices have not yet been issued in accordance with individual payment plans (CHF 574.4 million, previous year: CHF 572.8 million).

12. Property, plant and equipment

Property, plant and equipment increased by CHF 53.0 million to CHF 1,051.0 million compared to the previous year. In addition to ongoing replacement investments, this change is due to investments in the new commissioning centre in Hennigsdorf and the new maintenance centre in Rendsburg. In addition, further investments were made in car body production in Szolnok and in the Valencia production plant as part of the capacity expansion programme.

13. Financial liabilities

Financial liabilities decreased by CHF 227.2 million to a total of CHF 915.3 million compared to the previous year. This change was largely due to the intake of operating loans (CHF 101.9 million) and bank loans for buildings and property, plant and equipment (CHF 167.3 million), as well as the repayment of operating loans (CHF 0.3 million), project loans (CHF 48.1 million), bank loans for buildings and property, plant and equipment (CHF 5.6 million) and lease liabilities (CHF 0.6 million).

14. Equity

Share capital

As at 30 June 2024, the share capital of the parent company Stadler Rail AG consisted of 100 million registered shares with a par value of CHF 0.20 each (31 December 2023: 100 million registered shares with a par value of CHF 0.20 each).

At the Annual General Meeting on 18 March 2019, conditional share capital of a maximum of 2 million registered shares with a par value of CHF 0.20 each was created for employee benefit plans, from which no shares had been issued as at the balance sheet date.

At the Annual General Meeting on 6 May 2021, authorised share capital of a maximum of 10 million registered shares with a par value of CHF 0.20 each was created, from which no shares had been issued by the expiry of the two-year authorisation period on 6 May 2023.

At the Annual General Meeting on 12 May 2023, a capital band of between CHF 19.0 million (lower limit) and CHF 22.0 million (upper limit) was introduced. Within the scope of the capital band, the Board of Directors is authorised to increase or reduce the share capital once or several times by any amount, or to acquire or sell shares directly or indirectly, until 11 May 2026. The capital increase or reduction may be effected by issuing up to 10 million registered shares with a par value of CHF 0.20 each, or by cancelling up to 5 million registered shares with a par value of CHF 0.20 each, or by increasing or reducing the par values of the existing registered shares within the scope of the capital band. As at the balance sheet date of 30 June 2024, neither an increase nor a reduction of the share capital had been carried out from the capital band.

Dividends

The proposal to distribute CHF 0.90 per share for the 2023 financial year was approved at the Annual General Meeting on 22 May 2024 and paid out as follows in May 2024:

in thousands of CHF or as noted	1st half-year 2024	1st half-year 2023
Dividends paid		
Number of registered shares entitled to dividend (in pcs.)	99,919,748	99,946,744
Ordinary dividend per registered share (in CHF)	0.90	0.90
Total dividends paid	**89,928**	**89,952**

15. Changes in the scope of consolidation

15.1 Changes in 2024

There were no changes to the scope of consolidation in the first half of 2024.

15.2 Changes in 2023

Additions (companies founded)

– As at 5 June 2023: Stadler Service Azerbaijan LLC, Baku, Azerbaijan (purpose: Service)

Additions (acquisitions of subsidiaries)

In September 2022, a contract was concluded with FWM – Fahrzeugwerke Miraustrasse GmbH (Hennigsdorf, Germany) for the purchase of an operating site, including buildings and operating equipment (property, plant and equipment), as well as for the takeover of employees, for a price of CHF 12.5 million. The closing conditions agreed upon in the purchase agreement were met in full on 3 January 2023. The purchase was therefore only recognised in the consolidated financial statements from this date. The goodwill of CHF 2.2 million arising from the acquisition was recognised directly in equity. The acquisition of this business will expand capacities for vehicle commissioning in Germany.

In addition, a contract for the purchase of 100% of the capital shares of the limited liability partnership "ZSPV" (Astana, Kazakhstan) was concluded in December 2022. This purchase was subject to various closing conditions, which were met on 27 January 2023. Consequently, the new company was only included in the consolidated financial statements from this date. The acquisition was related to a major contract worth EUR 2.3 billion signed with Kazakhstan Railways (KTZ). In addition to the delivery of 537 sleeper and couchette cars, including a 20-year full-service contract, the contract also includes the transfer of technology from Switzerland to Kazakhstan and the acquisition of the limited liability partnership "ZSPV", a local production plant with around 100 employees. The purchase price of CHF 24.1 million was offset by cash and cash equivalents acquired of CHF 80.2 million. The high level of cash and cash equivalents acquired resulted from advance payments received, recognised in liabilities from work in progress, in connection with the major order from Kazakhstan Railways (KTZ) mentioned above. The goodwill of CHF 2.6 million arising from the acquisition was offset directly against equity. The acquired company has since been renamed as the limited liability partnership "Stadler Kazakhstan".

Disposals (sales of minority interests)

Following the prior acquisition of 100% of the capital shares of the limited liability partnership "Stadler Kazakhstan", 49% of the capital shares were sold on with effect from 20 September 2023 as part of the establishment of a strategic partnership for the Kazakhstan region. CHF 0.6 million of profit from the sale of minority interests was recognised in "Other operating income" after goodwill recycling of CHF 1.3 million. The purchase price receivable of CHF 11.8 million was converted into a long-term interest-bearing loan.

Disposals (sales of subsidiaries)

Stadler CIS AG (Bussnang, Switzerland) and its subsidiaries Stadler Kazakhstan Ltd (Astana, Kazakhstan) and Stadler Service Kazakhstan Ltd (Astana, Kazakhstan) were sold with effect from 1 March 2023, Stadler CIS AG being a sales company for the CIS market. The two subsidiaries had been newly founded in 2022 and had not yet started their operational activities. CHF 1.9 million of profit from the sale was recognised in "Other operating income" after goodwill recycling of TCHF 18. The sales price of CHF 2.0 million (including the settlement of previous intragroup financing of CHF 1.2 million) was offset by cash and cash equivalents of TCHF 33. The sales price had not yet been paid as at the balance sheet date of 30 June 2024.

Disposals (mergers within the scope of consolidation)

The net assets of BBR Intelis SA (Vufflens-la-Ville, Switzerland) were transferred to the parent company Stadler Signalling AG (Wallisellen, Switzerland) on 29 March 2023 with effect from 1 January 2023.

16. Investments in associated companies

16.1 Changes in 2024

There were no changes from purchases or sales in the first half of 2024.

16.2 Changes in 2023

In 2019, various contingent purchase price payments in connection with the AngelStar S.r.l. joint venture were recognised as provisions and offset directly against retained earnings as an increase in goodwill. In the second half of 2023, a payment of CHF 1.0 million became due upon fulfilment of a condition. However, as the remaining purchase price conditions had not been met, the remaining provision of CHF 2.2 million was reversed. Goodwill was reduced by the equivalent amount, which in turn was offset directly against retained earnings.

17. Government grants

In addition to the grants related to assets recognised in the cash flow statement, Stadler received non-monetary grants related to assets of CHF 0.2 million in the first half of 2024 for the construction of photovoltaic systems (previous period: none). This amount was deducted directly from the supplier invoice, as the government grant was claimed by the supplier.

Stadler was awarded government grants related to income amounting to CHF 79.7 million to fulfil a specific customer order for the production of rail vehicles. The manufacturing order was placed by the government itself. The last tranche totalling CHF 8.8 million was finally paid out in the current financial year (previous period: CHF 18.6 million). Due to the recognition of revenue according to the percentage of completion of this order, the production costs reported in the first half of 2024 were reduced by CHF 22.2 million (previous period: CHF 0).

Furthermore, Stadler had received a grant related to income of CHF 7.0 million in the previous period under a coronavirus support programme in the United States. This amount was recognised in the income statement as other operating income in the 2022 financial year, and the corresponding expenses were recorded accordingly.

18. Exchange rates

in CHF	Average rates		Closing rates	
	1st half-year 2024	1st half-year 2023	30.06.2024	31.12.2023
Currency				
EUR	0.9611	0.9856	0.9634	0.9260
USD	0.8889	0.9122	0.9000	0.8380
GBP	1.1246	1.1247	1.1383	1.0655
NOK	0.0836	0.0872	0.0845	0.0824
PLN	0.2227	0.2123	0.2236	0.2134
HUF	0.0025	0.0026	0.0024	0.0024
CZK	0.0384	0.0416	0.0385	0.0375
DZD	0.0066	0.0067	0.0067	0.0062
SEK	0.0844	0.0870	0.0848	0.0835
RUB	0.0098	0.0118	0.0105	0.0094
RSD	0.0082	0.0084	0.0082	0.0079
DKK	0.1289	0.1324	0.1292	0.1242
GEL	0.3290	0.3516	0.3213	0.3110
KZT	0.0020	0.0020	0.0019	0.0018
AZN	0.5229	0.5365	0.5292	0.4918

19. Events after the reporting date

On 12 July 2024, Stadler issued two bonds of CHF 100.0 million each with a coupon of 1.6925% and 1.9950% respectively. The issue price for both bonds was 100.000% of the nominal value. They will be redeemed at par value on 12 July 2029 and 12 July 2032. The bonds are listed on the SIX Swiss Exchange. The issue of these bonds does not change the figures in the consolidated half-year financial statements.

No other events occurred after the reporting date that could have a significant impact on the 2024 consolidated half-year financial statements.

20. Approval of the consolidated half-year financial statements

The 2024 consolidated half-year financial statements were approved for publication by the Board of Directors on 26 August 2024.

Financial Calendar

Annual Report 2024, Annual Media and Analyst Conference	19 March 2025
General Meeting 2025	7 May 2025
Half-year report 2025	27 August 2025

Shares

Listing: SIX Swiss Exchange
Ticker: SRAIL
ISIN: CH0002178181
Security number: 217.818

Contacts

Investors and financial analysts

Daniel Strickler
Investor Relations Officer
Tel.: +41 71 626 86 47
E-mail: ir@stadlerrail.com

Corporate communication

Gerda Königstorfer
Head of Group Communications
Tel.: +41 71 626 19 19
E-mail: medien@stadlerrail.com

All statements in this report that are not based on historical facts are forward-looking statements that offer no guarantee whatsoever with regard to future performance; they involve risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities of competitors and other factors beyond the control of the company.

August 2024

This annual report is published in English and German.
The original language is German.

Publication data
Text: Stadler
Design: NeidhartSchön AG
Photography: Stadler
Editorial system: mms solutions ag

Stadler Rail AG
Ernst-Stadler-Strasse 1
9565 Bussnang, Switzerland
stadlerrail.com

STADLER