

press release

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Railway industry anticipates slowdown after record-breaking year

Despite the encroaching recession the German railway engineering manufacturers could once again return respectable financial figures in 2008. The turnover of the industry, for example, increased by 3.1 per cent to 9.9 billion Euro and therefore exceeded the peaks of the years 2003 and 2004. The orders received even increased by 19.6 per cent last year and reached the new peak value of 12.8 billion Euro. The order books in the railway industry are therefore basically full. Nevertheless the manufacturers observe a shifting of orders. The present business mood in the companies of the branch has cooled down in the last six months, but is still satisfactory. The railway engineering manufacturers employed altogether 45,000 employees in 2008, which is 2.5 per cent more than in the previous year.

Berlin, 31 March 2009 – At today's annual press conference of the German Railway Industry Association (VDB) in Berlin leading representatives of the Association are drawing a somewhat different conclusion about the business of the German railway engineering manufacturers. "Although the year 2008 has been the best financial year for the railway industry so far", as VDB President Friedrich Smaxwil says, "even the railway industry will not be able to stand aside from the downturn of the global economy completely. Even in our industry the economic climate is getting harsher now." Nevertheless the railway industry is still in a comparably acceptable situation, explains Smaxwil, looking at the automotive, ship-building and mechanical engineering industries. The reason for this is the medium- and long-term business cycles that are typical for the construction of railway engineering.

In particular the foreign business proved to be attractive for the railway engineering manufacturers in Germany once again last year. There was an increase by 7.8 per cent to 5.5 billion Euro which resulted in an export quota of the industry of about 56 per cent. In contrast to this the domestic turnover was declining and dropped by 2.2 per cent to 4.4 billion Euro. The railway engineering manufacturers won about three quarters of their business by manufacturing rail vehicles and their components. There was a considerable rise in the vehicle business by 7.2 per cent to 7.4 billion Euro. Whilst the domestic business stagnated on the level of 2007 at 2.7 billion Euro, the vehicle business abroad produced a strong growth: the turnover increased by 11.9 per cent which amounts to a volume of 4.7 billion Euro.

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The infrastructure manufacturers had to accept a seemingly clear decrease in turnover in 2008 – both at home and abroad. Their business declined altogether by 7.4 per cent to 2.5 billion Euro. – The orders received showed a pleasing picture for the entire railway industry: there was an abrupt rise in the orders by 19.6 per cent to 12.8 billion Euro. In particular the foreign demand increased considerably by 31 per cent to 7.6 billion Euro. The domestic demand increased, too, but to a lesser extent, by 6.1 per cent to a volume of 5.2 billion Euro.

Railway engineering manufacturers expanded employment in 2008

There was a downright boom of demands from abroad as regards rail vehicles. The respective orders increased by 32 per cent thus amounting to a volume of 6.6 billion Euro. The orders from the railway transport companies in Germany for vehicles and components that amounted to 3.5 billion Euro increased considerably, too, namely by 9.4 per cent. The orders for infrastructure equipment rose by 8 per cent. – The railway engineering manufacturers expanded their employment in 2008. Altogether 45,000 people were directly employed in the railway industry in 2008, i.e. 2.5 per cent more than in the previous year.

Ronald Pörner, General Manager of VDB, is expecting stimulatory impulses from the two economic stimulus packages of the Federal Government for this and next year, also for the stagnating infrastructure business of the railway industry at home. He stresses that the additional investment funds of the government for the rail amounting to about 1.32 billion Euro up to the year 2011, parts of which should also be beneficial for the railway industry, must not be a flash in the pan. “Germany’s chronically underfinanced rail infrastructure needs a long-term commitment”, says Pörner. “The biggest challenge for the railway industry this year is the predicted decline of the goods transport on the rail by about 4.5 percent”, he declares. “The declining transport service of the railway transport companies will also lead to a reduction in the demand for goods transport locomotives and shunting engines as well as wagons in our member companies. We must wait and see to what extent.”

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Verband der Bahnindustrie in Deutschland (VDB) e.V. (German Railway Industry Association)

The industrial association of the railway engineering manufacturers in Germany is the stakeholder of more than 120 companies – from worldwide leading system houses to specialist small- and medium-sized enterprises. The VDB members with their about 45,000 employees in Germany develop and manufacture systems and components for railway vehicles and the infrastructure. Based on their technology they provide for more sustainable rail traffic using their excellent and economic railway systems.

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