

Press release

No. 3/2021

28 April 2021

Annual financial statement of the German railway industry: Resilience and record turnover, but sharp drop in export orders.

- **Total turnover in 2020 reaches record level of 12.5 billion euros.**
- **Significant drop by 37.5 percent in incoming orders from abroad, unprecedented challenge for export-oriented SMEs.**
- **Railway industry calls for dynamic investment in electrification and digitisation of the rail as well as clear prospects for vehicle retrofitting with digital on-board units.**

Berlin, 28 April 2021 – The German Railway Industry Association (VDB) takes an ambivalent stock of the fiscal year 2020. The railway industry achieved a maximum turnover amounting to 12.5 billion euros in 2020. "The increase of almost 7 percent reflects the high order intake of the last two years and the resilience of the German railway industry," said VDB President Andre Rodenbeck. Domestic business increased by more than 5 percent. Export sales were growing by just under 10 percent. The vehicle business remained the strongest with a turnover of 9.2 billion euros and a rise of 21 percent. The number of employees remained stable at 53,300.

However, this was offset by a sharp drop in orders from abroad, which was largely due to the pandemic. Total order intake in 2020 was 14 billion euros. While orders on the domestic market increased by 23.5 percent, exports slumped by a massive 37.5 percent to 3.5 billion euros. Orders from abroad in the vehicle sector even shrank by 42 percent. "Not every member company was affected in the same way. But export-oriented SMEs, in particular, will be facing noticeable negative after-effects of the crisis in the coming years. Economics and politics must not ignore these warning signals," stated Rodenbeck. The climate targets in the transport sector can only be achieved with the climate-friendly railways. However, this requires high-performance industrial structures.

"Companies in the German railway industry are aware of their responsibility and have been making a valuable contribution to combating the COVID 19 pandemic for more than a year, through company hygiene concepts, strict testing offers and, wherever possible, mobile working," said Rodenbeck. "We are in the starting blocks for occupational health vaccination. From a business perspective, this is an important complementary contribution to accelerating the vaccination campaign. The more quickly we vaccinate, the more rapidly we will leave this crisis," Rodenbeck pointed out. The railway industry is also optimising health protection on trains through technological innovations such as contactless door opening and modern passenger guidance.

Railway industry calls for more dynamic investment in Clean Mobility.

Investments must now provide a dynamic impetus for the Mobility Revolution 4.0, he said, adding that Germany can and must achieve the 70-percent electrification target by 2025. Electrification through overhead lines needs sufficient funding, less complex planning procedures and optimised processes. In addition, funding incentives for various technologies have to activate the market ramp-up for new drives on the rails and include previously unsubsidised dual-mode locomotives to achieve a maximum climate impact. Stable investments in the digital rail need to create more planning security for the industry. "In order to fully equip the German rail network with digital control and safety technology by 2035 as intended, the current annual equipment capacity must increase by four or five times," stated Rodenbeck.

Railway industry calls for clear prospects for vehicle modification.

For an extensive ETCS roll-out, rail vehicles must be digitally retrofitted with on-board units (OBUs). In the future, ETCS will dispense with the need for trackside signal masts because part of the infrastructure will be digitally integrated into the vehicle. "OBUs are digital infrastructure for which the federal government has financing responsibility," said Rodenbeck. Despite support from the EU and the German states, Germany has so far lacked a clear prospect for funding digital vehicle modification. From 2021, tenders for new vehicles should only be put out with ETCS on-board equipment. Around 12,750 existing vehicles will have to be digitally retrofitted by 2030. The right course for coordination, organisation and investment is critical to success.

Railway industry calls for reformed awarding of contracts for the Green Re-Start

Innovations *made in Germany* still too often fall through the cracks in today's tendering models. Where awards are strictly purchase-price-minded, best offers for customers and climate protection are often lost. Existing approaches in European and German law must be applied consistently in order to transform innovative technologies and European value creation into disruptive new mobility. Climate industries such as the railway industry now need internationally fair competitive conditions and nationally dynamic investments for clean mobility.

Press release

No. 3/2021

28 April 2021

German Railway Industry Association (VDB)

The VDB is the stakeholder of more than 210 companies, worldwide leading system houses and specialist medium-sized ‘hidden champions’. The VDB members develop and manufacture systems and components for rail vehicles and the infrastructure with more than 53,300 employees in Germany alone. Innovative technologies *made in Germany* ensure excellent railway systems, climate-friendly mobility and digital innovations worldwide.

Contact:

**Verband der Bahnindustrie in Deutschland (VDB)
(German Railway Industry Association)**

Pauline Maître
Press Officer | Head of Communications
Universitätsstraße 2
10117 Berlin

Tel.: +49 30 20 62 89-60
Fax: +49 30 20 62 89-50
maître@bahnindustrie.info
www.bahnindustrie.info

**Development of turnover and order intake in the railway industry over time
(fiscal year 2020, VDB member companies)**

