

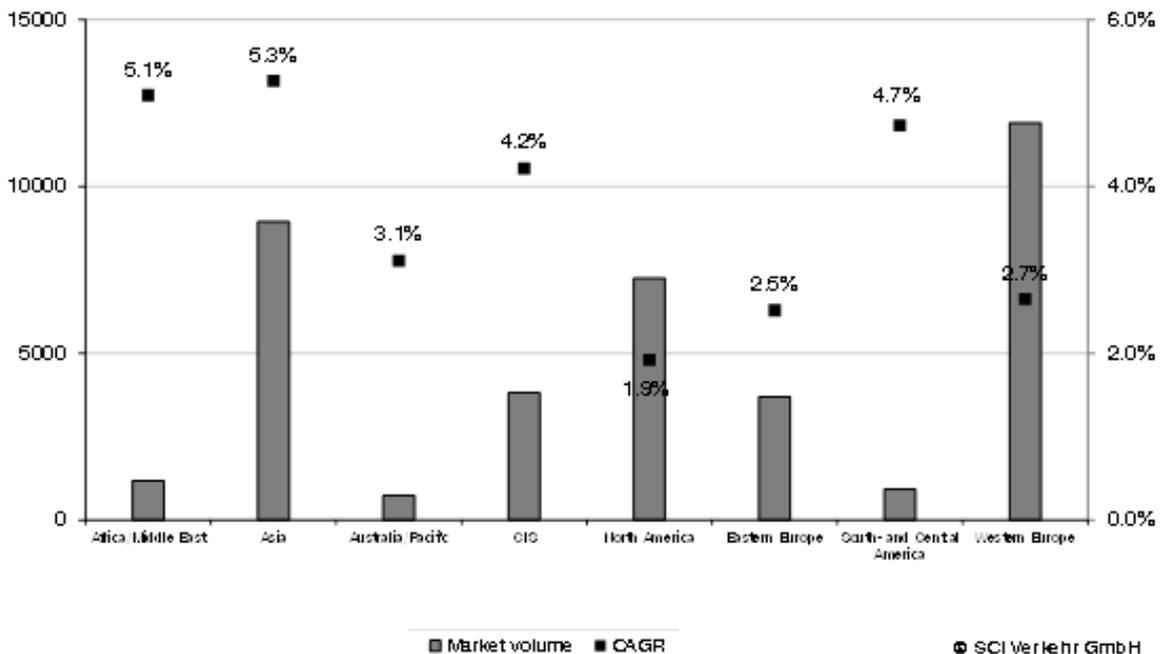
Maintenance of rolling stock: The market is slowly becoming more accessible – despite the fact that its organisation remains very heterogeneous worldwide

[20.11.2012] The worldwide market volume for vehicle maintenance grows stronger than the OEM business. This is the result of the study "[Rail Vehicle Maintenance– Global Market Trends in the After-Sales-Service](#)" compiled by the consultancy company specialising in railway technology SCI Verkehr. Vehicle manufacturers are increasingly pushing their way into the after-sales market to compensate the stagnating growth in the OEM market. Many operators, who have been deep-rooted in the market for decades, have restructured their maintenance divisions not least due to the increasing cost pressure or have outsourced services to external partners. In addition, technical requirements of maintenance have increased in recent years meaning the expertise of specialists is more and more needed. This has led to the development of various organisation models for maintaining rolling stock in the various world market regions. However, individual country markets within a region partly differ significantly.

Asia is the main driver for growth, Western Europe and North America are of high importance

The current market volume for after-sales services amounts to EUR 38.5 billion and will grow by an average of 3.4% p.a. by 2016. In contrast to decreasing growth rates in OEM business, the development in the after-sales market remains constant and will gain more importance in the total market for rolling stock (new vehicles and rolling stock).

**After-sales market volume [EUR million] & CAGR [%]
World 2011-2016**



However, all market regions will see growth in maintenance business – but Asia will be again main driver of this development. On the one hand, more installed base extensions in all vehicle segments mean a higher vehicle volume in the workshops, on the other hand, the higher technological level and the increasing equipment level of the vehicles will lead to an increase of maintenance costs. For example, China is planning to increase its number of specialised depots from currently four to just short of 30 for its growing high-speed train fleet. However, there are similar developments to be observed in the regions of Africa/Middle East, South and Central America and in the CIS albeit with a significantly lower market volume.

The accessibility of the maintenance business in Western Europe has increased in recent years and lead to a very heterogeneous market development. While operators in the Western European countries of the UK, Sweden and partly Spain have given large parts of maintenance to the manufacturers through long-term contracts, the markets in France, Germany, Austria, Switzerland and Italy are traditionally dominated by the maintenance divisions of the state railways. However, these divisions are also undergoing a phase of change: Thus, the business divisions of the large European state railways are increasingly setting the focus on the third-party business. In Italy, Alstom has entered the market and maintains the high-speed trains of the private provider NTV. With the introduction of the certification ECM (Entity in charge of maintenance), the responsibility for maintenance can be transferred by the vehicle owner to a certified company, mainly in the field of freight transport. This opens the market for independent providers or manufacturers. Efforts by some regions to create a operator-independent vehicle pool for tendering procedures provide potential for independent providers and manufacturers.

Maintenance markets in other world markets also differ considerably to some extent:

- In the market regions characterised by rail freight transport in North and South America as well as Australia, a large part of maintenance is carried out by the vehicle manufacturers and independent providers. In passenger transport, manufacturers in Australia have found joint ventures with operators to operate regional networks.
- The markets in the large country markets of India, China and Russia are managed at national level. In India, the railway company performs all maintenance work itself. In China, there are also local vehicle manufacturers responsible for revision and refurbishment besides the Chinese railway. The Russian market is undergoing a sustainable process of structural change due to a number of (partial) privatisations.

Manufacturers have identified long-term maintenance contracts combined with vehicle deliveries as growth segment in after-sales business. On the one hand, they have signed contracts in established markets in Western Europe, Russia or Australia, on the other hand, they are entering new markets (e.g. in Africa or South America) through new development projects. Nonetheless, the market remains a local business with individual market conditions in the individual countries and can only successfully be entered taking into consideration a number of basic conditions.

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