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Markets & Strategy

Kevin Riddett
CEO & President
Invensys Rail

Market drivers

- Growing urbanisation and overcrowded road networks
- Cheaper and faster way to increase mobility, both for people and freight
- Political support for rail due to fiscal benefits (Spain, Turkey, China)
- Capacity constraints in developed markets (e.g. Network Rail in UK)
- Energy scarcity and environmental concerns
- Global events (e.g. World Cup; Olympic Games)

Rail signalling and control lie at the heart of meeting future demands on transport infrastructure

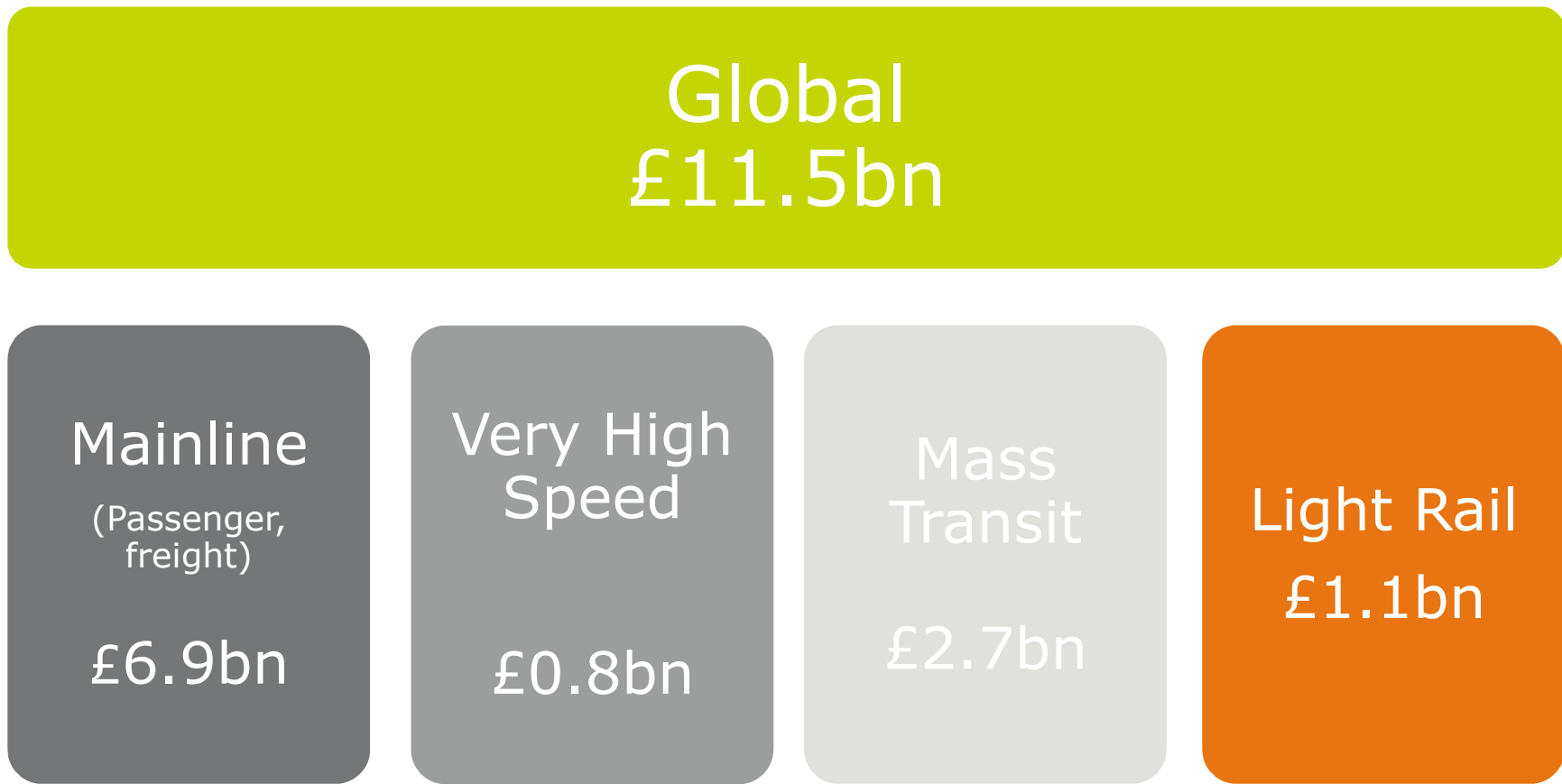
Emerging commercial trends

- Consortia and partnerships, particularly for large turnkey projects
- Increasing standardisation around global product standards (ERTMS, CBTC)
- Shortening product lifecycles and need for cost-effective adaptation
- Barriers to entry remain high for new market entrants
- Chinese ambitions in global rolling stock and rail construction
- Increasing demand for rail services (e.g. freight and niche segments)
- Continuing macroeconomic uncertainty and austerity measures in some regions will increase the need to maximise use of existing infrastructure.

Signalling is the obvious answer

2015/16 rail control market size by segment

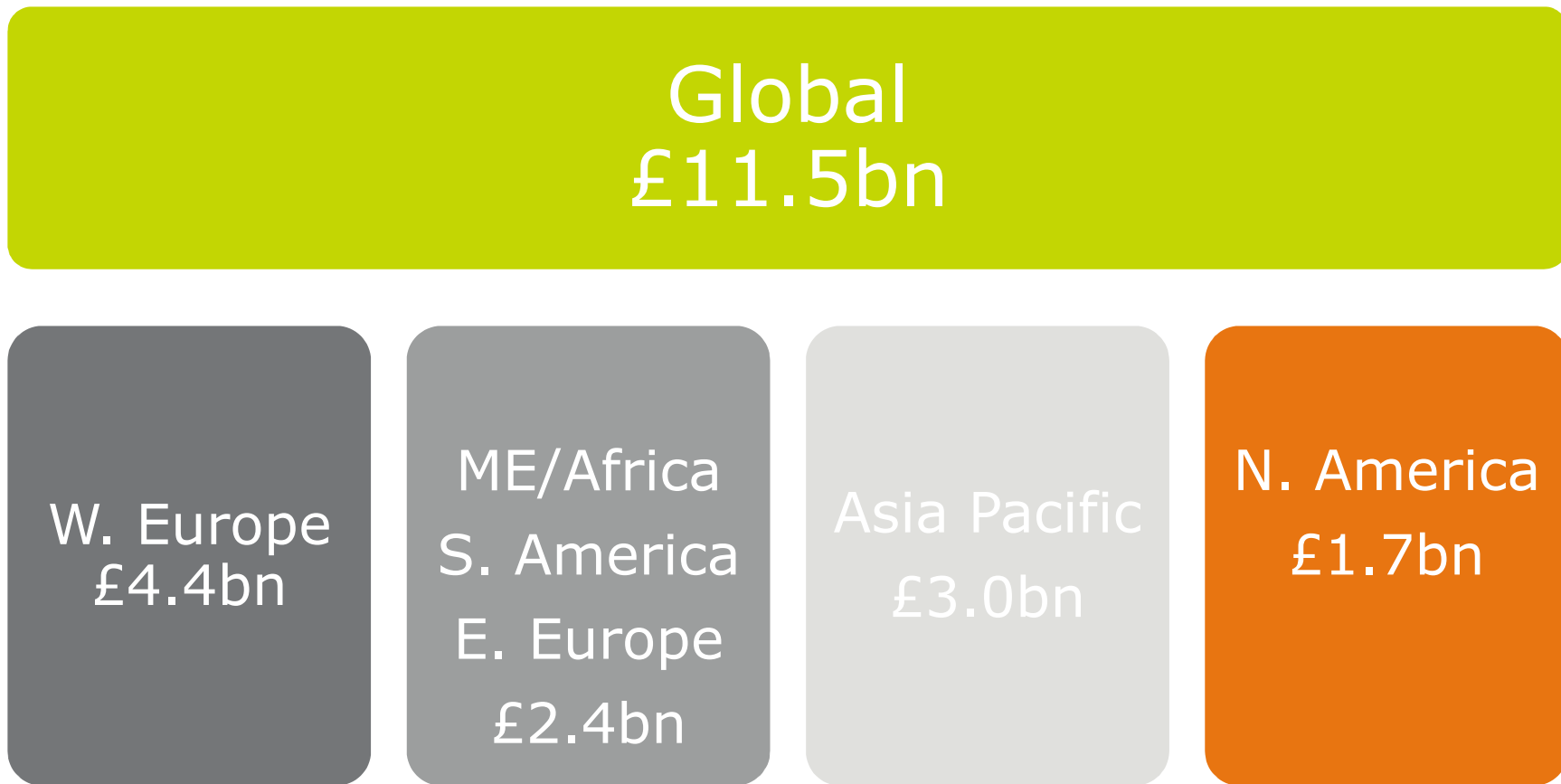
(Annual order intake £ billion)



Source: UNIFE World Rail Market Study 2010

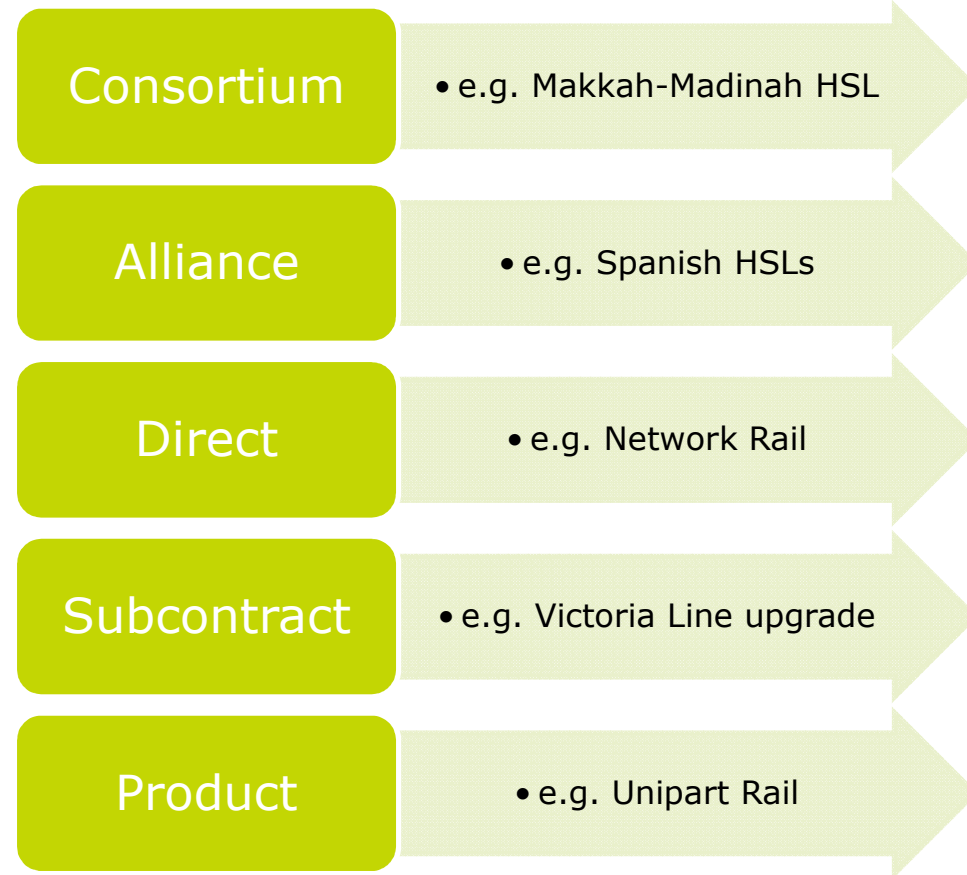
2015/16 rail control market size by geography

(Annual order intake £ billion)



Source: UNIFE World Rail Market Study 2010

Flexible go-to-market approach



Flexibility key to achieving maximum coverage

Consortia, partnerships and alliances

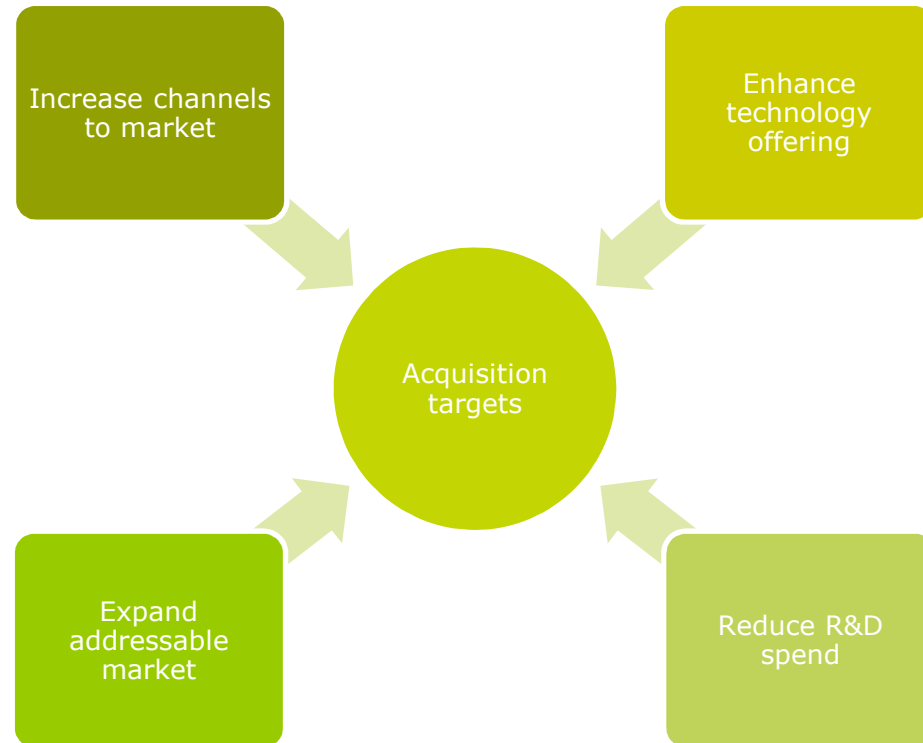


- Consortia
 - **Spain** – active
 - **China** – objective
 - **Middle East** – active (Saudi Arabia/Spain); – objective
- Existing project partners
 - **Turkey**: Yapi Merkezi, OHL
 - **Malaysia**: IRCON
- Existing alliances:
 - **Spanish HSL**: Thales
 - **China mass transit**: CSR/TEG

Consortia, partnerships and alliances critical in both traditional core markets & new markets

Acquisitions

- Products to broaden North American offerings
 - e.g. onboard equipment
- Technologies to address new segments
 - e.g. light rail
- Market access in new geographies
 - Rapid acquisition of local market knowledge
- Increased pace of development
 - “Make versus buy” decision



Invensys Rail standard delivery model

- High level consistent delivery
- Increased efficiency and utilisation
- Assures governance, learning loops and variation controls
- Increased scalability
- Increases customer alliance and engagement
- Differentiated platform from the competition



Repeat contracts in a country enable us to reduce costs by reusing engineering