



# Rail rolling stock boosted as sector embraces technology

SPOT ON | OTHER INDUSTRIES | APRIL 2025

“In 2025, the rail sector continues to experience robust M&A activity, driven by the imperative for economies of scale. This dynamic competitive landscape has spurred consolidation as companies seek to strengthen their positions. The appetite for high-quality assets remains high among both financial investors and strategic acquirors across various rail segments. Leveraging our expertise, Oaklins’ rail specialists possess an in-depth understanding of how to strategically position companies to maximize their value upon exit.”

**SÉBASTIEN NADEAU**  
RAIL ROLLING STOCK SPECIALIST  
OAKLINS

## MARKET OVERVIEW

### Meaningful advances

Moves towards more environmentally friendly and efficient transportation are driving growth and investment in the rolling stock market.

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## SPOTLIGHT

### Leading the way

The California High-Speed Rail project is promoting fast, sustainable transit with a pioneering model that's sparking interest around the world.

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## CASE STUDY

### Creating new synergies

Oaklins’ team in Canada recently advised Sojitz Corporation of America regarding its acquisition of US-based BW Services.

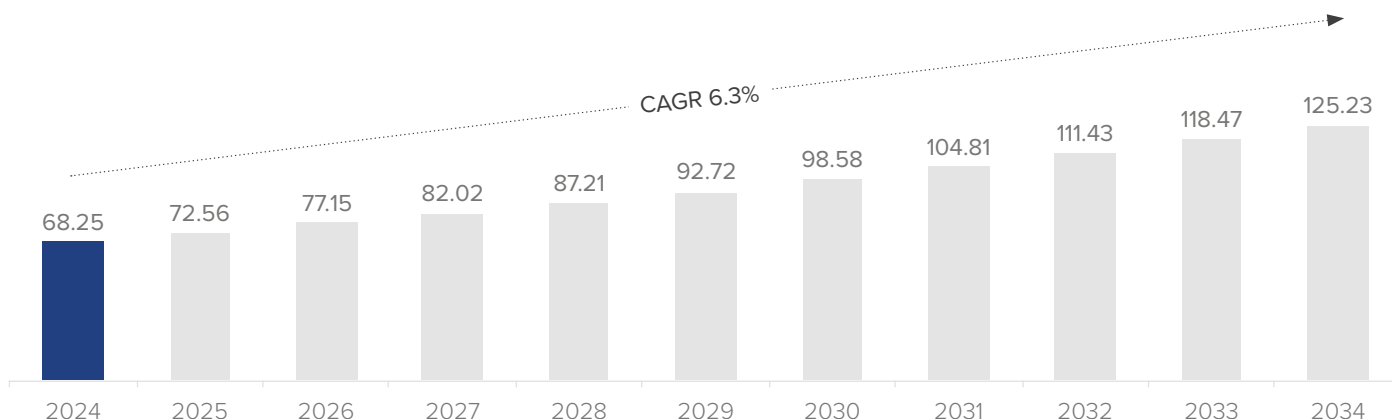
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# Market overview

The global rolling stock market is projected to grow from US\$68.25 billion in 2024 to US\$125.23 billion by 2034, reflecting a 6.3% CAGR, as governments and operators accelerate fleet modernization, rail network expansion and sustainability-driven investments.

Global rail rolling stock market size (US\$bn)

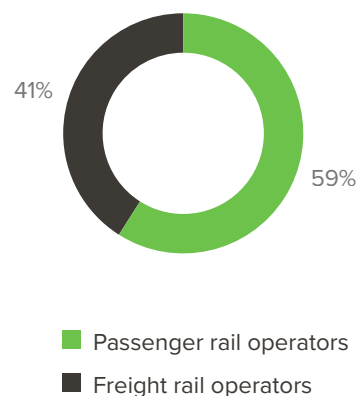


Source: Precedence Research

Rising urban congestion is fueling demand for metros, electric multiple units (EMUs) and light rail, while high-speed and intercity rail services remain key growth drivers, supported by electrification mandates and modal shift policies reshaping procurement priorities. Freight rail is gaining momentum, with operators investing in specialized wagons to adapt to evolving trade and logistics demands, while automation and energy-efficient rolling stock play an increasing role in operational strategies. However, passenger rail continues to dominate the market, maintaining the largest share of rolling stock demand.

With strong industry tailwinds, M&A activity is expected to intensify, as strategic buyers seek consolidation opportunities and financial investors look to capitalize on long-term sector growth. The market's high concentration, where 20 manufacturers control 80% of global rolling stock sales, is reinforcing competition for high-value contracts and acquisitions. The push for technological integration, operational efficiencies and sustainable transport solutions is further driving demand, setting the stage for robust deal activity, with buyers positioning for scale, resilience and long-term market leadership.

Rolling stock market share in 2024, by application (%)



Source: Precedence Research



# Spotlight

## CALIFORNIA HIGH-SPEED RAIL: A CATALYST FOR INFRASTRUCTURE TRANSFORMATION

The California High-Speed Rail (CHSR) project is a transformative initiative set to redefine transportation across the state. Phase 1 will connect San Francisco with Los Angeles and Anaheim via a 500-mile electrified corridor, significantly reducing travel times and promoting sustainable transit.

Beyond reshaping California's transportation landscape, CHSR has become a powerful economic driver, generating an estimated US\$22 billion in economic activity to date. The project has also created thousands of jobs and spurred technological advancements in rail infrastructure.

### Global influence of high-speed rail (HSR) projects

As a pioneering high-speed rail initiative, CHSR has global significance. It demonstrates the feasibility and benefits of large-scale rail investment, influencing similar projects worldwide. Countries and regions considering and implementing high-speed rail — such as the United States' Northeast Corridor (US\$66 billion), the UK's HS2 (US\$103 billion), India's Mumbai–Ahmedabad Bullet Train (US\$27 billion), and the European Rail Baltica project (US\$26 billion) — are closely monitoring California's progress.

Major high-speed rail projects worldwide, including some mentioned above, highlight this shift toward sustainable, efficient transportation:

- **HS2 (United Kingdom):** connecting London with Birmingham and the north of the UK, fostering economic growth despite budget concerns
- **Jakarta–Bandung HSR (Indonesia):** Southeast Asia's first high-speed rail initiative, cutting travel time and enhancing regional integration
- **Mumbai–Ahmedabad HSR (India):** utilizing Japan's Shinkansen technology to revolutionize India's rail sector
- **Moscow–St. Petersburg HSR (Russia):** a 400-km/h rail project to improve domestic connectivity and reduce reliance on air travel
- **Houston–Dallas HSR (USA):** a planned 330-km/h train, cutting travel time to 90 minutes between the two cities
- **Renfe's European expansion:** Spain's Barcelona–Toulouse line aims to improve cross-border connectivity

### The Montréal–Toronto high-speed rail proposal

In Canada, a proposed Montréal–Toronto HSR corridor could transform travel between two of the country's largest cities, offering a faster and more efficient alternative to road and air journeys.

The Québec–Ontario corridor is one of the busiest in North America, with millions traveling between Montréal, Ottawa and Toronto each year. The proposed HSR would cut travel times to under three hours, compared to over five hours by car and four by conventional rail.

The project aligns with Canada's Net-Zero 2050 goals, reducing greenhouse gas emissions by shifting travelers from planes and cars to electrified trains. By investing in high-speed rail, Canada could also unlock significant economic benefits, including job creation, regional economic growth and enhanced trade opportunities between key urban centers.



# Market trends

The rail rolling stock sector is witnessing a strategic shift towards integrating advanced technologies, notably in predictive maintenance, safety systems, sustainable infrastructure and AI-driven inspections.

## Predictive maintenance and real-time monitoring

The shift towards predictive maintenance is leading to an evolution in asset management by minimizing downtime and reducing operational costs. For instance, Amsted Digital's IQ Series™ provides real-time GPS tracking and load monitoring, enabling proactive maintenance strategies. Similarly, Duos Technologies' RIP® system utilizes AI-powered imaging to detect defects at operational speeds, reducing the need for manual inspections and expediting repairs. This trend has heightened the strategic value of companies specializing in predictive maintenance, making them attractive acquisition targets. A notable example is Wabtec Corporation's agreement to acquire Evident's Inspection Technologies division for US\$1.78 billion, underscoring the growing importance of predictive maintenance across the rail and industrial sectors.

## Safety and workforce protection

With increasing regulatory scrutiny, the demand for automated safety solutions is on the rise. Technologies such as Miller Ingenuity's ZoneGuard, which offers sensor-based alerts for approaching trains, and Onyx Rail's XING™, an AI-powered system for monitoring crossings and detecting trespassers, are essential in enhancing safety and reducing liability. The focus on compliance and risk mitigation has positioned safety technology firms as key M&A targets, as operators integrate advanced solutions to bolster operational security. For instance, Knorr-Bremse's acquisition of Alstom's North American signaling business for US\$690 million reflects the industry's emphasis on strengthening safety and signaling capabilities through strategic acquisitions.

## Sustainable and efficient infrastructure

Sustainability initiatives are also gaining traction, with companies prioritizing eco-friendly technologies. Holland's Hybrid Welder, which reduces diesel dependency by utilizing battery-powered rail welding, exemplifies the push toward decarbonization. This shift aligns with broader environmental, social and governance (ESG) objectives, attracting infrastructure investors who prioritize sustainable solutions. Consequently, M&A activity is increasingly favoring companies that contribute to greener, more efficient rail operations, as exemplified by Wabtec's recent acquisition of Fanox, reflecting a strategic emphasis on

sustainability and efficiency. The Fanox transaction strengthens Wabtec's existing capabilities as a leader in the production of specialized relays for on-board train operations and other industrial applications, expanding its customer base and recurring revenue.

## AI and automation in inspections

The adoption of AI and automation is transforming infrastructure inspections, enhancing accuracy and efficiency. Hitachi Energy's HVM integrates satellite imagery, LiDAR and AI for vegetation control and hazard detection, while RailWorks' AIVR enables remote track inspections using AI and video analysis. The growing reliance on automated inspections has driven consolidation within the sector. Hitachi Rail's acquisition of Thales' Ground Transportation Systems business illustrates the industry's focus on strengthening technological capabilities through strategic acquisitions.

These advancements are not only optimizing rail operations but also reshaping the industry's competitive landscape. As predictive maintenance, automation and sustainability become central to long-term strategies, companies with specialized technologies are emerging as prime acquisition targets. With rising infrastructure investment and shifting regulatory priorities, the sector is seeing increased consolidation as industry players seek to integrate cutting-edge capabilities and position themselves for the next era of rail transport.




## Recent rail-related M&A transactions

Date	Country	Target	Country	Acquiror
Feb-25				
Jan-25				
Jan-25				
Jan-25				

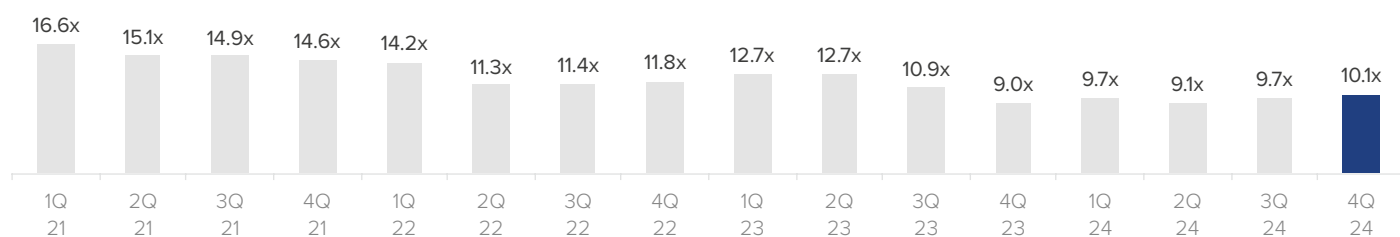
# Public comparables

## Trading and operating performance figures

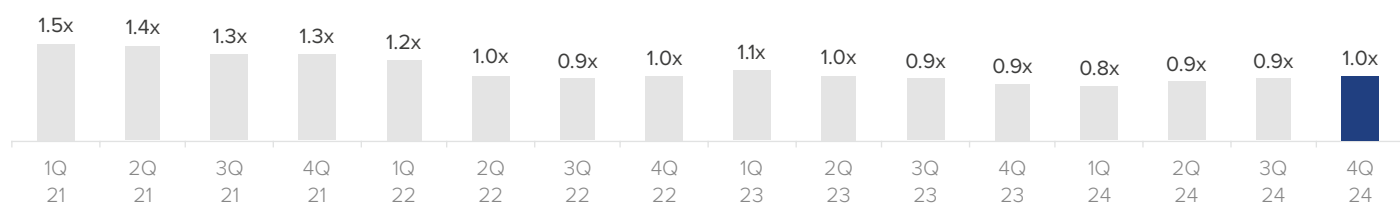
### Rail-related manufacturing

Company	Country	Market cap. (US\$m)	Enterprise value	LTM Operating figures				
				Revenues	5-yr CAGR	EBITDA margin (%)	EV/Revenue	EV/EBITDA
<b>SIEMENS</b>		179,927	222,998	79,240	8.0%	15.3%	2.8x	18.4x
 <b>CRRC</b>		27,897	28,068	34,758	0.5%	8.9%	0.8x	9.1x
 <b>Wabtec</b> <small>CORPORATION</small>		30,956	34,578	10,387	4.8%	20.4%	3.3x	16.3x
 <b>KNORR-BREMSE</b>		13,998	14,463	8,279	2.7%	16.3%	1.7x	10.7x
<b>ALSTOM</b>		9,941	11,898	20,021	17.0%	6.0%	0.6x	9.9x
<b>STADLER</b>		2,308	2,454	4,020	9.3%	6.9%	0.6x	8.8x
 <b>THE GREENBRIER COMPANIES</b>		1,727	3,509	3,612	2.5%	13.2%	1.0x	7.4x
<b>CAF</b>		1,357	1,695	4,370	10.1%	7.7%	0.4x	5.0x
		460	896	763	16.5%	9.6%	1.2x	12.2x
<b>vossloh</b>		986	1,255	1,280	4.9%	12.3%	1.0x	8.0x
<b>Mean</b>		<b>26,956</b>	<b>32,181</b>	<b>16,673</b>	<b>7.6%</b>	<b>11.7%</b>	<b>1.3x</b>	<b>10.6x</b>
<b>Median</b>		<b>2,308</b>	<b>3,509</b>	<b>4,370</b>	<b>4.9%</b>	<b>9.6%</b>	<b>1.0x</b>	<b>9.1x</b>


### Median EV/EBITDA historical trends



### Median EV/Revenue historical trends



Source: S&P Global CapIQ



# Case study

## **Sojitz Corporation of America expands its footprint in the rail industry with the acquisition of BW Services.**

Sojitz Corporation of America continues to expand its North American rail-focused portfolio with the acquisition of BW Services, further strengthening its synergistic network of rail rolling stock businesses.

Sojitz Corporation of America is a subsidiary of the Sojitz Group, which was formed when Nichimen Corporation and Nissho Iwai Corporation joined forces. For more than 150 years, its business has helped support the development of countries around the world.

Today, the Sojitz Group consists of approximately 400 subsidiaries and affiliates located in Japan and throughout the world, developing wide-ranging general trading company operations.

Founded in 1967, BW Services is a privately owned railcar servicing company that specializes in the maintenance, repair and certification of tank cars. The company operates two AAR-certified and strategically situated facilities, one in Angleton, Texas, and the other in Westlake, Louisiana.

Oaklins' team in Canada advised the buyer in this transaction.



has acquired

**BW Services**

**M&A BUY-SIDE**

**Other Industries**

“At a buoyant time for M&A in the railcar servicing sector, this transaction marks an exciting step forward for Sojitz Corporation of America. Thanks to a proactive growth and diversification strategy, Sojitz is now set to widen its profile in the thriving rail industry. It was a privilege for us here at Oaklins E. Canada to curate this expansion opportunity, and we look forward to seeing its acquisition bear fruit for both parties.”

**FAUSTO LEVY**  
PRINCIPAL, OAKLINS CANADA

# Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

## OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Rail rolling stock is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the rail rolling stock sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for rail rolling stock companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



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Sébastien leads Oaklins' rail rolling stock team and is a managing partner at Oaklins E. Canada. He has been involved in the rail industry for well over 15 years and has built a network of contacts with industry leaders. Sébastien has closed several transactions, such as debt financing, equity financing and acquisitions for CAD Railway Industries, a leading Canadian maintenance, repair and operations service provider focused on the North American rail industry.

**United by a strong belief that we can achieve the extraordinary.** Oaklins is a global team of 850+ financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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