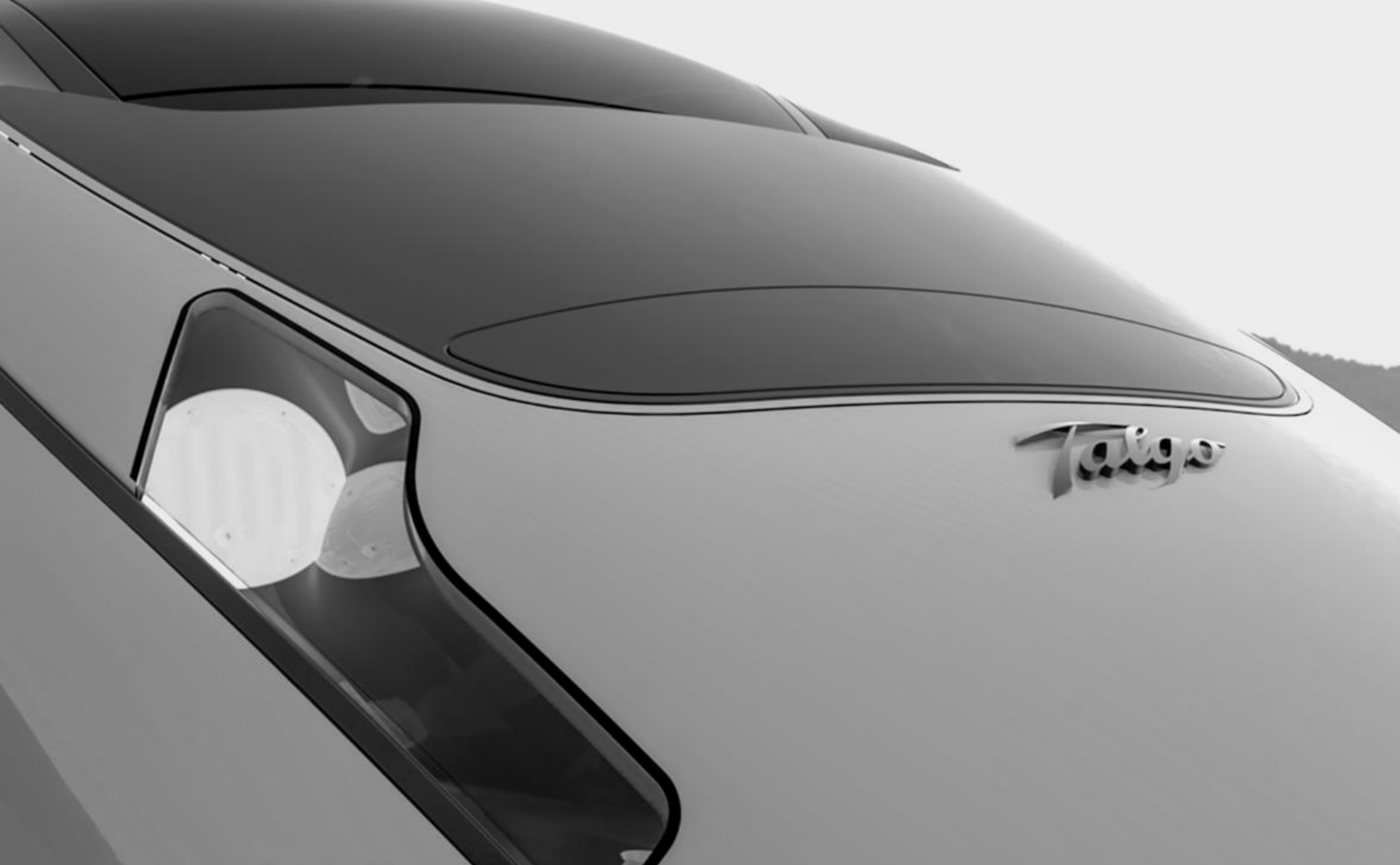

Talgo 2017 1Q Results

May 11th, 2017




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1. First quarter reflects the current manufacturing pace and highlights the efforts made in efficiency

Revenues

- **Net Revenues** reached 121 €m in 1Q 2017, reflecting the current manufacturing stage of the main manufacturing contracts under execution.
- Maintenance services on track to provide stability and recurrent cash generation.

Profitability

- **Adjusted EBITDA and adjusted EBIT** reached 28 €m and 26 €m, respectively, with high margins as a result of (i) projects profitability review and (ii) mix of projects being executed.

Net profit

- **Net Profit increased to 16 €m** in the period (adjusted net profit reached 18 €m).

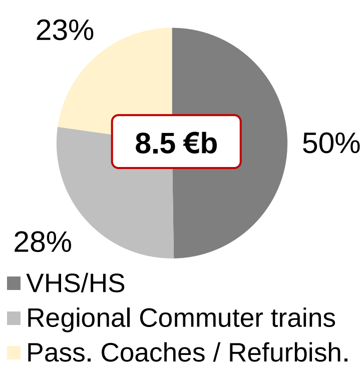
Other

- **Working and NFD evolved as expected** and guidance is maintained for the year end 2017.

Order intake

- Talgo is **working on several opportunities worldwide** with good expectations to continue increasing order book in 2017.
  - **Bids submitted** for different manufacturing projects in Spain and MENA with a **total value of approximate 480 €m**(1)**.**
  - Spanish VHS 15 trains awarded in December 2016 was signed in April 2017.

2017-2020 pipeline by segment



- Talgo has an identified pipeline for the period 2017-2020 with opportunities amounting 8.5 €b.
- VHS lead the pipeline mainly driven by identified tenders in Europe, Asia and MENA.
- Passenger coaches (28% of the pipeline) include mainly opportunities in countries where the natural tilting is a clear competitive advantage.
- Regional and Commuter trains states as a new segment with several opportunities worldwide where Talgo expects to penetrate in the short-medium term.

Source: Company information

(1) Includes only manufacturing activity

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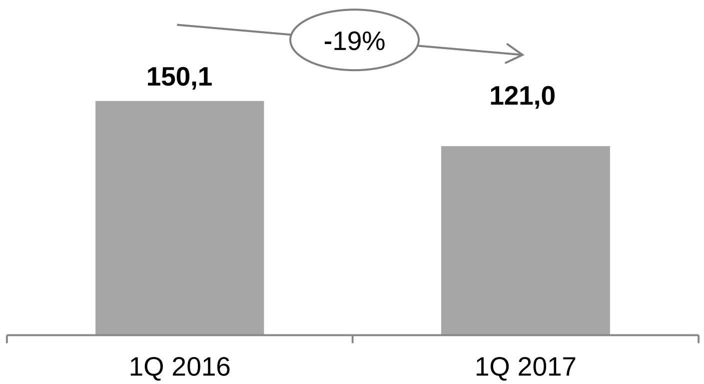
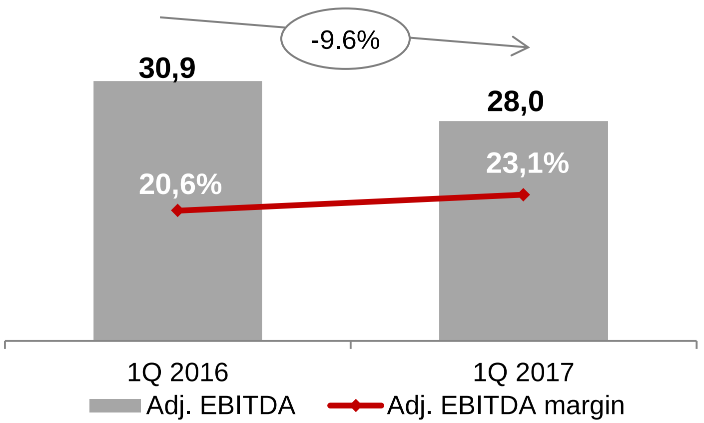
1. High margins driven by projects executed and operational excellence

- Net Turnover **reached 121.0 €m. in the period 1Q 2017** mainly driven by:
  - ✓ **Execution of contracted backlog** (mainly Mecca-Medina and Kazakhstan).
  - ✓ **Maintenance services on track**, providing stability in terms of recurrence and cash generation.
  - ✓ **Maintenance equipment** being sold to operators and other clients worldwide.
- **Adjusted EBITDA reached 28.0 €m in 1Q 2017** (30.9 €m in 1Q 2016), enhancing margins achieving 23.1% mainly due to the mix of projects being executed.

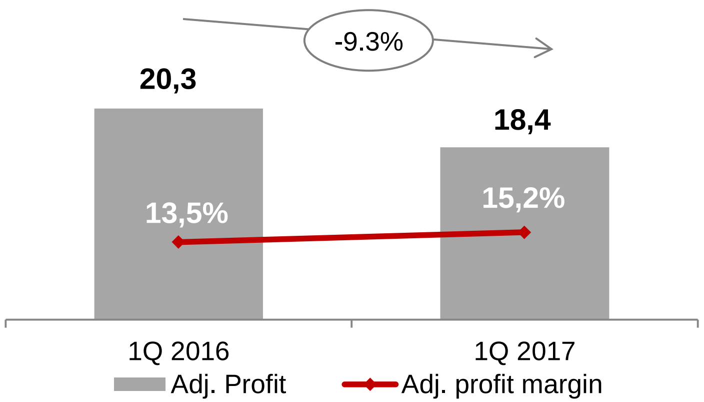
Net turnover (€m)



Adj. EBITDA (€m) and Adj. EBITDA margin (%)



Adj. Profit (€m) and Adj. Profit margin (%)



Source: Company information

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1. First quarter results in line with Company expectations

	Outlook feb-2017	Performance 1Q 2017	Outlook update 2017
Business performance: Manufacturing / Maintenance activity	▪ Manufacturing execution will continue in ongoing projects. ▪ Maintenance activity expected to continue providing stability and recurrent revenues. ▪ Further internationalization. ▪ Proactive commercial activity.	▪ Backlog execution and revenue recognition driven mainly by the current phase of the manufacturing projects. ▪ Strengthening positioning in national and international tenders.	▪ We expect a stable level of execution on manufacturing projects throughout the year. ▪ Maintenance projects successfully executed providing stability and recurrent revenues. ▪ Order book expected to be reloaded with additional contracts.
Profitability	▪ Increase efficiency of manufacturing and maintenance processes.	▪ High margins registered in 1Q2017, headed to reach company target by year end 2017.	▪ Maintain profitability objectives, with EBITDA target at c20%
Cash Flow and Capital Structure	▪ Improvement of Working Capital profile expected for 2017-2018. ▪ Expansion capex expected of 19-20 €m. ▪ NFD/EBITDA target: 1.0-1.2x.	▪ Working Capital needs reflect manufacturing program. ▪ Expansion capex: 1.7€m. ▪ Comfortable liquidity position.	▪ Working Capital recovery expected for 2017-2018 reflecting delivery process of current manufacturing projects. ▪ Maintain Leverage ratios targeted: 1.0-1.2x. NFD/EBITDA

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Appendix 1. Profit & Loss

Profit & Loss Account (€m)	1Q17	1Q16	1Q15
Total net turnover	**121.0**	**150.1**	**86.5**
Other income	1.2	1.8	0.8
Procurement costs	(56.1)	(84.7)	(34.3)
Employee welfare expenses	(25.3)	(23.4)	(24.2)
Other operating expenses	(13.6)	(13.7)	(12.8)
EBITDA	**27.1**	**30.1**	**16.1**
% Ebitda margin	*22.4%*	*20.1%*	*18.6%*
Other adjustments	0.8	0.8	1.3
Adjusted EBITDA	**28.0**	**30.9**	**19.1**
% Adj. Ebitda margin	*23.1%*	*20.6%*	*22.0%*
D&A (inc. depreciation provisions)	(5.0)	(5.2)	(4.5)
EBIT	**22.1**	**25.0**	**11.7**
% Ebit margin	*18.3%*	*16.6%*	*13.5%*
Other adjustments	0.8	0.8	1.3
AVRIL Amortization	2.8	2.0	2.0
Adjusted EBIT	**25.8**	**27.7**	**16.6**
% Adj. Ebit margin	*21.3%*	*18.5%*	*19.2%*
Net financial expenses	(2.2)	(1.8)	(0.5)
Profit before tax	**19.9**	**23.2**	**11.2**
Tax	(4.3)	(4.9)	(2.7)
Profit for the period	**15.6**	**18.3**	**8.5**
Adjusted Profit for the period	**18.4**	**20.3**	**12.1**

Source: Company information