
# JANUARY-SEPTEMBER 2018 RESULTS

12 November 2018

# Contents

# Order Intake

New orders in 3Q,
prior to the addition of projects pending of signature

*(in millions of EUR)*

| | 2015 | 2016 | 2017 | 2018 [1] | | |
|---|---|---|---|---|---|---|
| | 1Q-4Q | 1Q-4Q | 1Q-4Q | 1Q | 1Q-2Q | 1Q-3Q |
| Order Intake | 902 | 2,677 | 1,514 | 143 | 407 | 753 [2] |

The main projects added to the backlog in the third quarter of 2018 were:

Northern franchise (United Kingdom)

Oslo (Norway)

This order intake, in addition to those reported for the first six months of the year, also includes new contracts from other businesses such as Rail Services, MiiRA and other lines of business, especially new bus orders, and adjustments made to projects in progress (capital gains, capital losses and translation adjustments, mainly).

[1] Order Intake obtained as: (Period End backlog - Period Start backlog + Period revenues), considering the signature of the contract as criterion for its recognition in the order backlog, excluding the portfolio acquired from Solaris.

[2] This figure does not include options contemplated in several signed projects.

# Order Intake

## Oslo (Norway) – *Contracted and in the backlog*

Sporveien, the urban public transport operator in the Norwegian capital, has signed an agreement with CAF for the supply of new URBOS family tram units for the city of Oslo.

The project consists of:

- The supply of 87 five-coach units
- The option for 60 additional units

## Arriva-Northern Franchise (United Kingdom) – *Contracted and in the backlog*

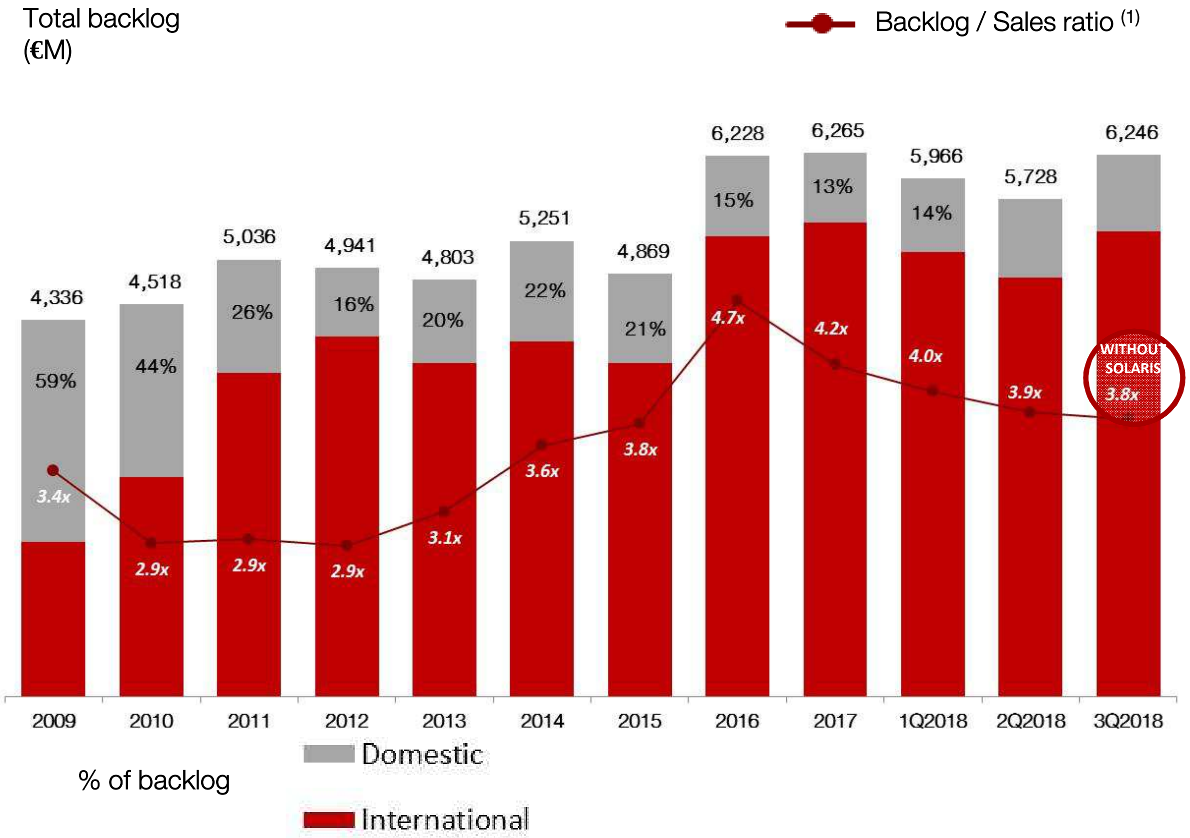
In July 2018 CAF, the operator Arriva UK and finance company Eversholt Rail Group signed an extension to the contract awarded in 2016, which has now reached the manufacturing phase.

The extension includes the following:

- Supply of a further 3 diesel units

# Backlog

Surge in the backlog,
mainly due to Solaris




[1] Backlog / Sales ratio of each quarter of 2018, calculated against total annual revenue of 2017.

The CAF Group order backlog as of 30 September 2018 stood at EUR 6,246 million.

This includes the portfolio from Solaris and does not include projects awarded and pending signature for an amount of EUR 1,200 million. At the time these results are posted there is high visibility of the contractual materialisation of this amount, assigned to the following projects:

- Metro units for the city of Amsterdam
- DMUs, and subsequent maintenance, for the Wales & Borders franchise in the United Kingdom
- Supply of the entire system for the Liège tram via the Tram D'Ardent consortium (made up of CAF, Colas and DIF)

# Consolidated Statement of Profit or Loss

*(in millions of EUR)*

| | 9M2018 | 9M2017 | Chng. % |
|---|---|---|---|
| Revenue | 1,372 | 1,052 | 30% |
| EBITDA | 136 | 130 | 5% |
| D&A and impairments | (30) | (26) | 15% |
| EBIT | 105 | 104 | 2% |
| Financial result | (47) | (59) | (20%) |
| Profit before tax | 58 | 45 | 29% |
| Income tax | (28) | (16) | 69% |
| Net profit after income tax | 30 | 28 | 6% |
| Profit attributable to non-controlling interests | (1) | - | (851%) |
| Profit attributable to the Parent | 31 | 28 | 10% |

Accumulated **revenue** as of 30 September 2018 stood at EUR 1,372 million, a year-on-year increase of 30%.

The substantial growth is largely due to the intense pace of manufacture of rail vehicles, with more than 40 projects ongoing at various locations worldwide. The commuter and regional segment is still the largest contributor, thanks to **large-volume projects** such as the regional units for Dutch operator NS or the various vehicle consists for the Northern and Transpennine franchises in the United Kingdom.

In relation to British projects, it should be pointed out the beginning on manufacturing, finishing and rolling stock tests has started in the new plant at Newport in the United Kingdom in September.

All in all, foreign sales account for 89% of the total, demonstrating once again the Company's **marked international projection.**

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The company's EBITDA margin for the first nine months of the year stood at EUR 136 million, close to 10% EBITDA margin on the period, and up by 5% against the same period the previous year.

The result was due to:

- the *business mix* during the period, with substantial revenues of rolling stock
- the *mix of projects* leading to revenues during the period
- a context of *depreciation of the Brazilian real*, with expectations of future recovery through the upgrade of future flows with local inflation.

The Financial Result showed expenditure of EUR 47 million as of 30 September 2018, down by 20% against the same period the previous year.

The Profit before Tax as of 30 September 2018 stood at EUR 58 million, up by 29% against profit for the same period in 2017.

Finally, the Net Profit after Income Tax as of 30 September 2018 stood at EUR 30 million, up by 6% against the same period the previous year, albeit offset by the greater accountable expenditure arising from the new regional CIT law.

# Outlook

The Company maintains its outlook:



- Double-digit revenue growth in 2018 and the following year, underpinned by the high order intake in recent years with the support of Solaris
- Upward trend of profit in the next few years, driven by:
  a) Increased activity, especially in European manufacturing plants
  b) Order intake margin in line with that achieved in the past
  c) Backlog with lower execution risk
  d) Operational excellence and efficiency programmes:
     - Improvement in the management of manufacturing and industrialisation
     - Optimisation in the performance of suppliers in terms of quality and deliveries
     - Globalisation of purchases and improved management
     - Efficient inventory management
- Ambition to maintain the current historic order backlog, based on a stable volume of open tenders in excess of EUR 7 billion.
- 2020 strategic lines in progress with Growth, Efficiency and Digitalisation objectives

# Other information of interest

There follows some information of interest on the effects of the recent acquisition of Solaris Bus & Coach, S.A. on the CAF Group's consolidated accounts:

| | |
|---|---|
| **AS OF** | 5 September 2018 |
| **% SHAREHOLDING** | 100% equity share, until the materialisation of Polish fund PFR's entry into Solaris capital with a 35% stake |
| **COMPARABILITY** | The incorporation of Solaris affects the comparability of CAF's historic information |

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