



## FIRST HALF 2017 RESULTS PRESENTATION



27 July 2017

# AT A GLANCE

Revenue growth consolidates,  
with double-digit EBITDA margin  
and a stable financial debt position

*(in millions of EUR)*

	1H2017	1H2016	% change
Order intake	454	1,636	(72%)
Revenues	755	632	19%
EBITDA margin	11.4%	10.2%	-
EBIT margin	9.0%	8.0%	-
Net income	16	15	5%

	30/06/2017	31/12/2016	% change
Backlog	5,927	6,228	(5%)
Working capital	324	253	28%
Net Financial Debt	285	265	8%
Equity	756	784	(4%)





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# Order Intake



Order Intake concentrated in Europe,  
with CAF signing its first maintenance contract in Germany

*(in millions of EUR)*

	2014 Q1-Q4	2015 Q1-Q4	2016 Q1-Q4	2017 <sup>1</sup>	
				Q1	Q1-Q2
Order Intake	1,895	902	2,677	232	454 <sup>2</sup>

The main contracts signed and included in the backlog in the first half of 2017 that worth approximately EUR 200 million, are:



Utrecht (Netherlands)



Schönbuchbahn (Germany)



RATP (France)



Stockholm (Sweden)

Exposure of these contracts to foreign currency risk is low, while they show renewed trust of former CAF customers, such as Utrecht and Stockholm.

The order intake contains other contracts related to other businesses and maintenance contracts or extensions of existing contracts, as well as new orders for MiiRA and other core business lines. Additionally, adjustments to projects in progress (mainly gains, losses and translation adjustments) are also included.

<sup>1</sup> 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.

<sup>2</sup> This figure does not include options contemplated in signed projects.

# Order Intake



*(continued)*

## Utrecht

On 18 January 2017, the Province of Utrecht (Netherlands) and CAF signed a supplementary agreement, ordering the production and delivery of Urbos 100 trams, in addition to the ongoing orders for trams under way and obtained by CAF in early 2015.

The project extension includes:

- The delivery of 22 trams consisting of 7 modules



## RATP

The public transport operator of Paris (RATP, Régie Autonome des Transports Parisiens) has awarded CAF a contract for the design and manufacture of dual-mode electric locomotives; i.e. they may run by drawing power through overhead wires, as well as through batteries inside the units.

The project comprises the following:

- The supply of 12 units, with an option to acquire up to 6 additional locomotives



# Order Intake



*(continued)*

## Zweckverband Schönbuchbahn (Germany)

On 11 April 2017, Zweckverband Schönbuchbahn (ZVS), the public transport authority in Germany, signed a contract with CAF for the supply, and integral maintenance, of light rail vehicle units for the Schönbuchbahn. These new electrical LRVs will be operated on the ZVS network between Böblingen – Holzgerlingen - Dettenhausen.

The project comprises:

- The supply of 9 three-car Light Rail Vehicle units
- Integral maintenance of the units for a period of 19 years
- The option to request up to an additional 19 trains



## Stockholm

CAF signed an agreement with SL AB (Storstockholms Lokaltrafik), which oversees the transport network in Stockholm, to expand the project for the supply of trams for the city beyond the 22 units manufactured by CAF already circulating around the Scandinavian capital.

The project extension includes:

- The supply of 8 three-car units

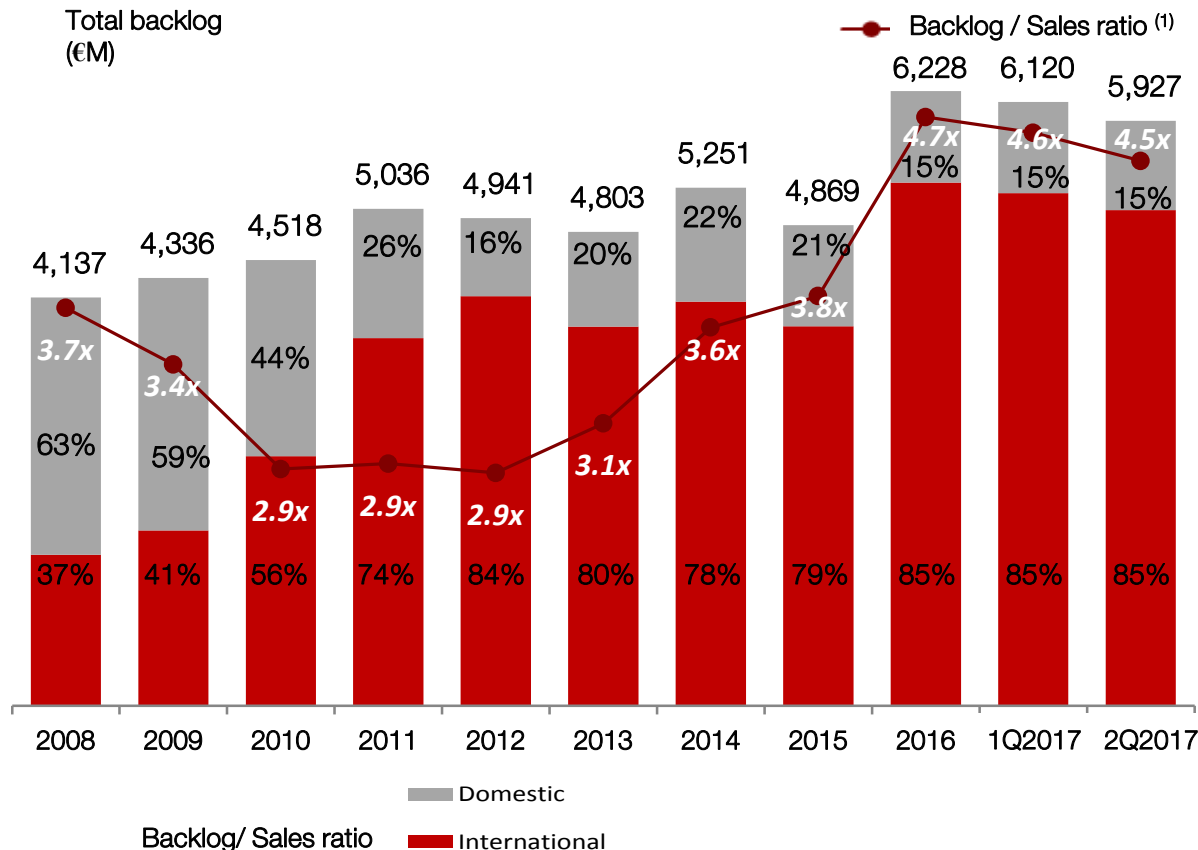


# Backlog



Order intake still at all-time highs  
with a well diversified geographic mix

Total backlog  
(€M)



The order backlog at 30 June 2017 reached EUR 5,927 million, equivalent to 4.5x annual revenue of 2016.

The bulk of the backlog still entails international orders, spread out over more than 50 countries.

CAF has also been awarded **projects pending signature**, amounting to approximately EUR 150 million (excluding their future options). The award of two unsigned projects, which account for the largest share of this amount, has been ratified in July 2017.

<sup>1</sup> Backlog / Sales ratio of each quarter of 2017, calculated against total annual revenue of 2016.

# Consolidated Statement of Profit or Loss



(in millions of EUR)

	1H2017	1H2016	% change
Revenue	755	632	20%
Other Income (*)	7	6	14%
Procurements and changes in inventories	(341)	(280)	22%
Staff costs	(230)	(206)	12%
Other operating expenses	(105)	(88)	20%
<b>EBITDA</b>	<b>86</b>	<b>65</b>	<b>33%</b>
<b>% margin</b>	<b>11.4%</b>	<b>10.2%</b>	
D&A	(19)	(19)	0%
Impairments and gains/losses on disposals	(0)	4	-
<b>EBIT</b>	<b>68</b>	<b>51</b>	<b>34%</b>
<b>% margin</b>	<b>9.0%</b>	<b>8.0%</b>	
Finance income	4	4	8%
Finance costs	(35)	(31)	13%
Exchange differences	(12)	(0)	-
Other financial gains and losses (**)	(0)	0	-
Financial result	(43)	(27)	60%
Result of companies accounted for using the equity method	-	-	
Profit before tax	25	24	3%
Income tax	(9)	(9)	1%
<b>Net Income</b>	<b>16</b>	<b>15</b>	<b>5%</b>
<b>% margin</b>	<b>2.1%</b>	<b>2.4%</b>	

(\*) Considers Other Operating income and In-house work on non-current assets

(\*\*) Considers Impairment and gains and losses on disposals of financial instruments and Changes in fair value of financial instruments

**Revenue** increased by 20% year-on-year in the first half of 2017, driven by a recovery in industrial activity in rolling stock and growth in services.

87% of revenues correspond to the **overseas market**.

Regional trains for the Northern franchise and cars for the Caledonian Sleepers, both in the UK, the commuter trains for the new line between Mexico D.F. and Toluca, and metro units for Santiago de Chile were the main **rolling stock contracts** in execution in the first half of 2017.



# Consolidated Statement of Profit or Loss



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The increase in **Staff costs** was slightly lower than the increase in activity.

Higher **EBITDA** and **EBIT**, attributable to the project mix in progress and the increase in industrial activity compared to last year.

The **Financial result** was worse, affected by exchange rate differences, due mainly to higher exposure to fluctuations of the Brazilian real than in 1H2016.

# Consolidated Statement of Financial Position



(in millions of EUR)

	30/06/2017	31/12/2016	% change
<b>Assets</b>			
Intangible Assets	41	40	3%
Property, Plant & Equipment, net	223	229	(3%)
Investments accounted for using the equity method	20	19	5%
Non-Current Financial Assets	615	666	(8%)
Deferred Tax Assets	164	159	3%
<b>Non-Current Assets</b>	<b>1,063</b>	<b>1,114</b>	<b>(5%)</b>
Inventories	101	60	67%
Trade receivables for sales and services	1,274	1,306	(2%)
Other receivables	203	204	(1%)
Current tax assets	15	13	18%
Other Current Financial Assets	100	140	(29%)
Other Current Assets	4	3	16%
Cash & Cash Equivalents	281	392	(28%)
<b>Current Assets</b>	<b>1,979</b>	<b>2,119</b>	<b>(7%)</b>
<b>Total Assets</b>	<b>3,042</b>	<b>3,233</b>	<b>(6%)</b>
<b>Equity &amp; Liabilities</b>			
<b>Total Equity</b>	<b>756</b>	<b>784</b>	<b>(4%)</b>
Long-Term Provisions	5	5	17%
Non-Current Bank Borrowings	611	648	(6%)
Other Non-Current Financial Liabilities	62	61	1%
Deferred Tax Liabilities	178	172	3%
Other Non-Current Liabilities	62	58	6%
<b>Non-Current Liabilities</b>	<b>918</b>	<b>944</b>	<b>(3%)</b>
Short-Term Provisions	215	228	(6%)
Current Bank Borrowings	43	103	(58%)
Other Current Financial Liabilities	67	140	(52%)
Trade and Other Payables	1,042	1,035	1%
Other Current Liabilities	-	-	(4%)
<b>Current Liabilities</b>	<b>1,368</b>	<b>1,505</b>	<b>(9%)</b>
<b>Total Equity &amp; Liabilities</b>	<b>3,042</b>	<b>3,233</b>	<b>(6%)</b>

## Property, plant and equipment

Investment in property, plant and equipment in the first half of 2017 amounted to EUR 9 million, slightly lower than D&A for the period.

## Non-current financial assets

These refer mainly to assets linked to concession contracts. In these contracts, the future cash flows are determined and guaranteed (without demand risk). The cash flows in BRL are indexed to local inflation.

Decrease in the year for amounts receivable under the framework of these contracts and due to the currency effect (decline in value of the BRL and USD).

## Current assets

Decrease in "Trade receivables for sales and services" due to start-up of projects with more favourable collection milestones.

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## Equity

Movements in Equity are mainly related to profit for the period, the exchange-rate effect and the payment of dividends, as approved at the General Shareholder's Meeting.

## Non-current liabilities

“Non-current bank borrowings”: decrease in the volume of gross debt as a result of repayments and the positive impact of BRL and USD depreciation.

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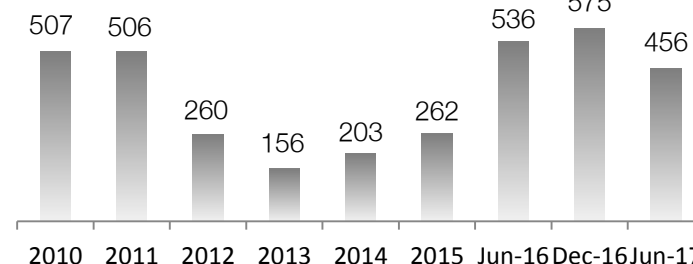
## Current Liabilities

Current Bank Borrowings decreased from 31 December 2016, mainly as a result of the repayment of bank loans.

“Other Current Financial Liabilities”: decreased, due to the fall in the market value of currency hedges, despite the effect of including EUR 21 million in dividends payable in the second half.

## Customer prepayments

(in millions of EUR)



Trade and Other Payables increased as the increase in Payable to Suppliers was offset by the decline in Customer Prepayments.



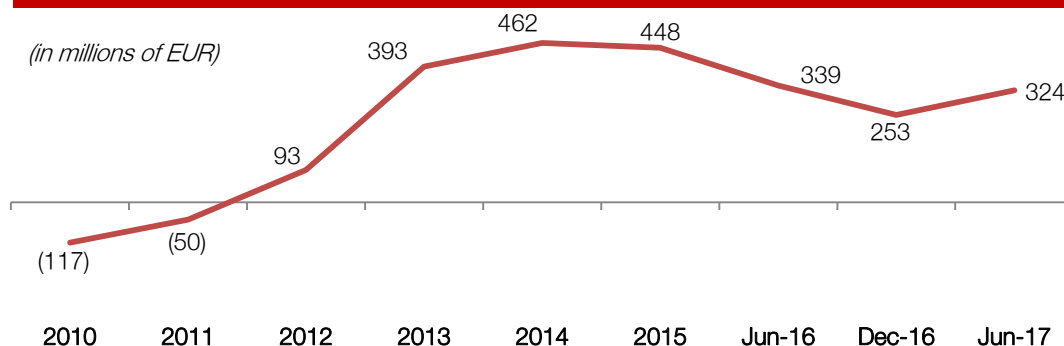
# Consolidated Statement of Financial Position



Increased activity and lower order intake led to an increase in working capital in the period

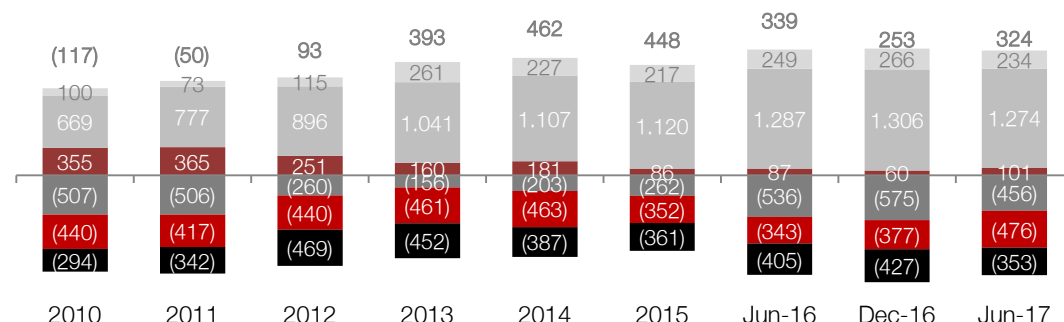
## WORKING CAPITAL

(in millions of EUR)



Working capital increase in the first half of 2017 as a result of the decrease in prepayments received on the back of lower order intake in the period, and a lower balance of customer prepayments due to progress on projects.

Trade Receivables fell in the first six months of the year despite the increase in activity.



<sup>1</sup> Include the following items on the statement of financial position:

- Other receivables: Other receivables, Current tax assets, Current asset derivatives and Other current assets
- Other payables: Current provisions, Other creditors without customer prepayments, Current tax liabilities and Current liability derivatives.

# Consolidated Statement of Financial Position



Stability of the Company's financial position despite the increase in working capital

## Gross Financial Debt

(in millions of EUR)

	2011	2012	2013	2014	2015	2016	Jun17
Concessions Gross Debt	239	492	446	421	346	364	317
Corporate Gross Debt	9	101	268	429	531	403	353
<b>TOTAL</b>	<b>248</b>	<b>593</b>	<b>714</b>	<b>849</b>	<b>877</b>	<b>767</b>	<b>670</b>

Gross Financial Debt decreased by EUR 97 million in the first half of 2017, in part due to the positive effect of foreign currency translation in the period, especially the Brazilian real.

## Cash and Financial Investments<sup>1</sup>

(in millions of EUR)

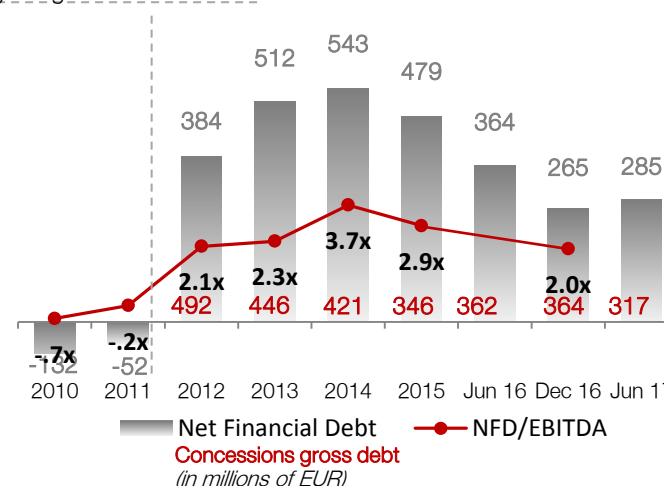
	2011	2012	2013	2014	2015	2016	Jun17
<b>TOTAL</b>	<b>300</b>	<b>208</b>	<b>202</b>	<b>306</b>	<b>399</b>	<b>502</b>	<b>385</b>

The Company's Cash fell by EUR 117 million in 1H2017, largely due to the repayment of bank loans.

<sup>1</sup> See breakdown in Note 14 h) of the Annual Consolidated Financial Statements

## Net Financial Debt

Beginning of concessions <sup>2</sup>



Net Financial Debt through June increased by EUR 20 million, illustrating a certain degree of stabilisation in the company's financial position.

Stripping out the impact of concessions, the corporate business continues to show a positive net cash position.

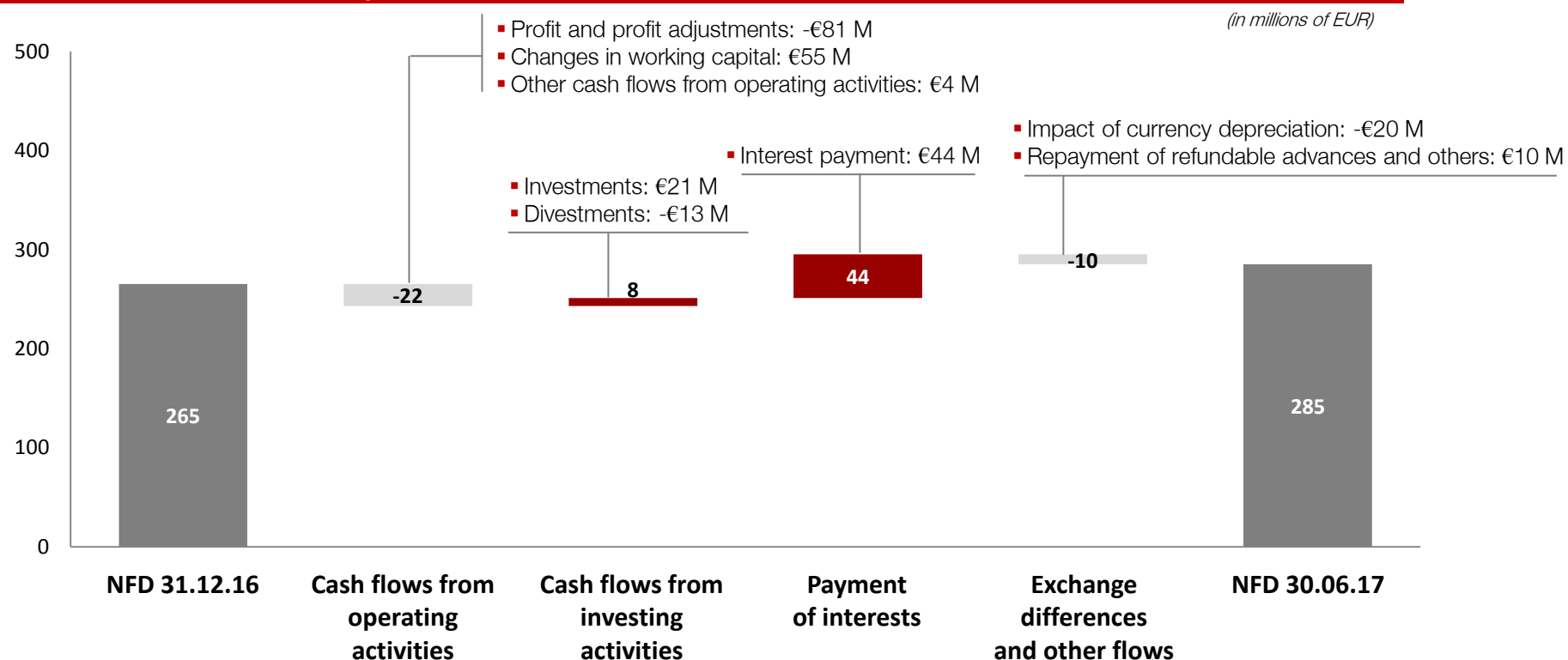
<sup>2</sup> PPP-5000 in Brazil and L12 in Mexico

# Consolidated Statement of Financial Position



Stability of the Company's financial position despite the increase in working capital

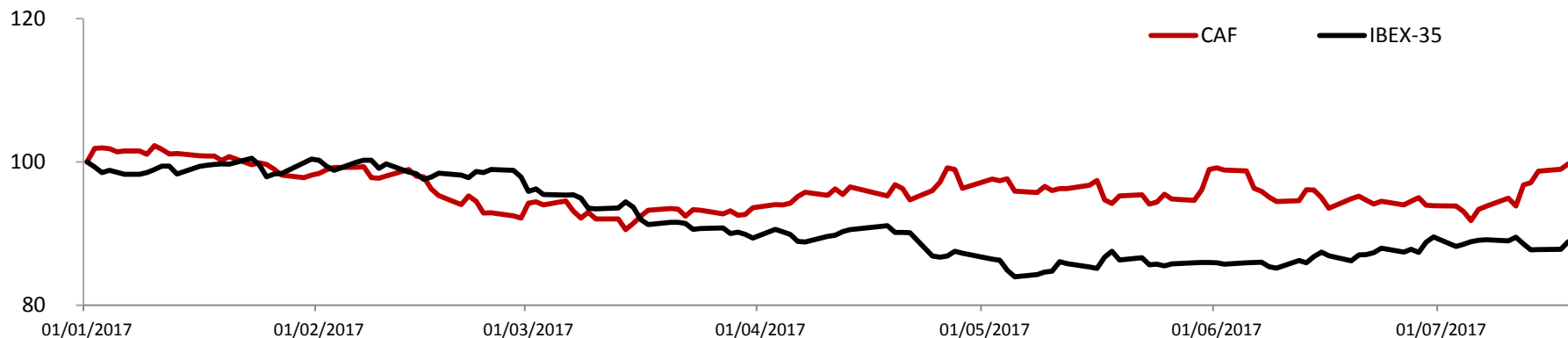
## Net Financial Debt (Net Debt Bridge)



# Stock Market Information

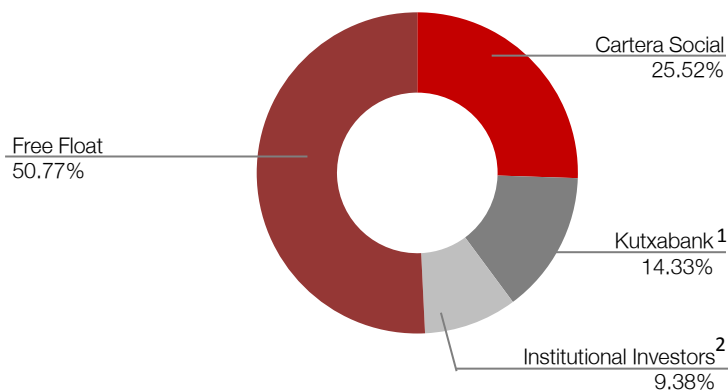


Base 100= 01/01/2017



## Shareholding structure

30/06/2017



<sup>1</sup> Includes the stake of Fundación Bancaria Kutxa

<sup>2</sup> Includes investors with holdings of over 3% or 1% in the case of investors with head office in tax havens

## Stock Market Information

2017  
(to 19/07)

Market capitalisation (EUR)	1,304,725,345
No. of shares	34,280,750
Latest share price (EUR)	38.1
Maximum share price (EUR)	39.5
Minimum share price (EUR)	34.5
Traded volume (thousands of shares)	6,921
Turnover (thousands of shares)	254,186



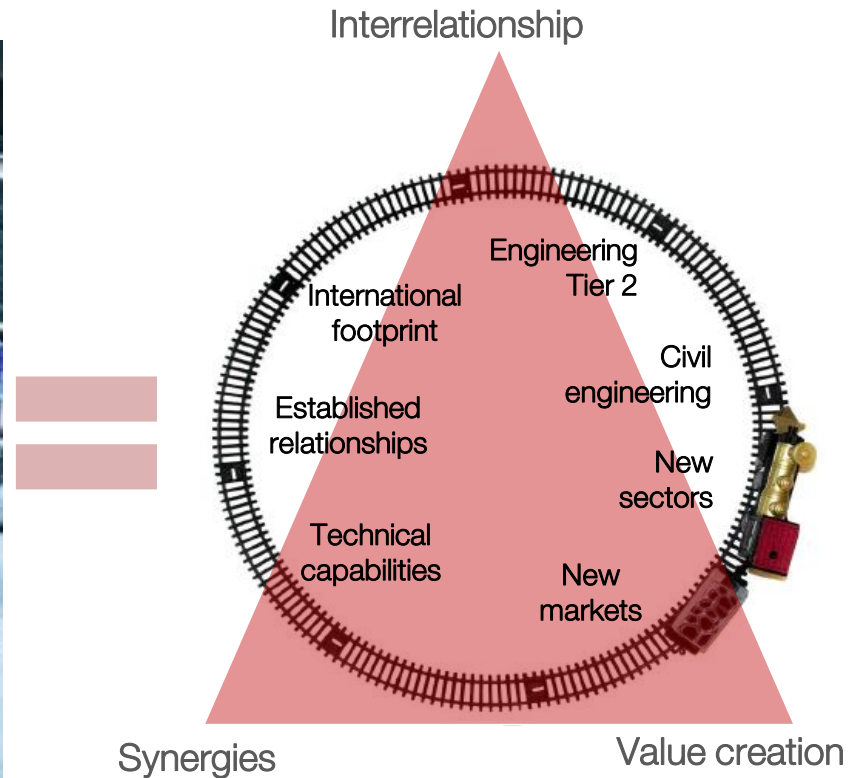
# Additional Information



Jul/17 - CAF acquires the prestigious British Engineering Company, BWB, strengthening its status as provider of comprehensive solutions



Transport Systems



# Additional Information



Jul/17 - New CAF plant in the United Kingdom expected to be operating by mid-2018

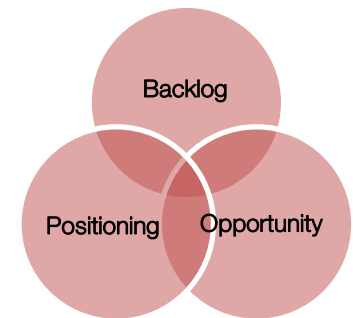
✓ CAF has had operations in the UK since the '90s:

- Heathrow Express
- NIR (North Ireland Railways)
- Trams for Edinburgh
- Trams for Birmingham

✓ CAF won major projects in the UK in 2016 (> EUR 1,000 M)

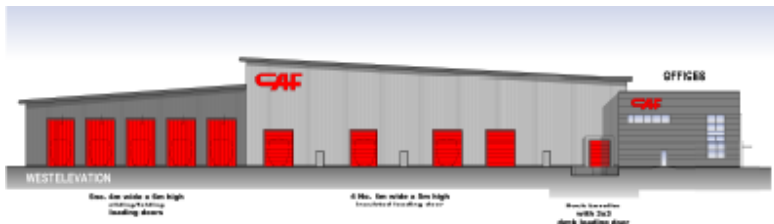
✓ Hefty investment in railways planned for the country:

- Railway franchise renewal,
- London Underground
- Etc.



CAF will locate production in Newport (Wales)

- Greenfield. 46,000m<sup>2</sup> plot
- Initial workforce of 300 employees
- Traction of local suppliers
- Manufacture of the full range of rail vehicles
- Scope for future capacity increases, depending on contract wins in the country



# Additional Information



Jul/17 - CAF MiiRA takes over Italy's RIFER SRL,  
diversifying into the wheelsets and railcar business



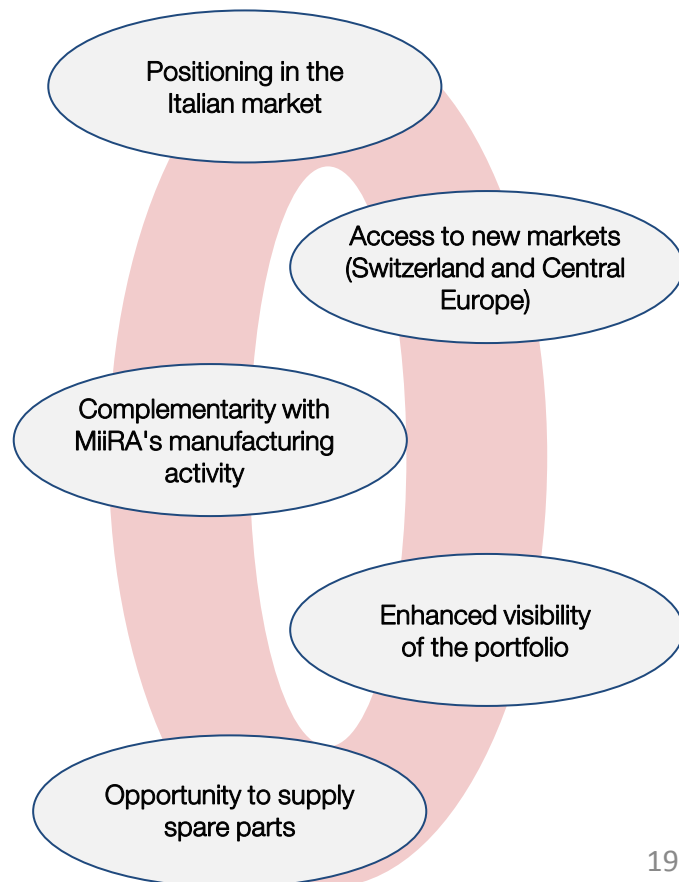
- Broad range of railcar maintenance services:

- Core business:

- **Complete wheelset maintenance** (is1, is2 and is3), including spare wheels and gearbox maintenance.

- Other activities:

- Preventive railcar maintenance.
- Light railcar maintenance.



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