



H1 2019 results

Talgo increases its net profit by 40% and obtains 14 million euros in 1H 2019

- Talgo's strong commercial *momentum* has increased the order book, including the projects already awarded pending signature, up to 3,500 million euros at company's historic maximum levels
- The Share Buy Back Programme reaches the 39% of the total. Once the programme is executed and shares cancelled, existing shareholders will increase their share on the company by 20%.

Madrid, July 24th, 2019

Talgo, a leading specialized rolling stock engineering company focused on designing, manufacturing and servicing technologically differentiated, fast, lightweight trains, has registered a net profit of €14 million, representing a 40% increase compare to the same period of the previous year.

Company's strong commercial momentum with successful commercial activity resulted on new orders signed in international markets, such as Germany, Egypt, Uzbekistan and the United States amounting €804 million, leading the backlog to record historical levels, driven by a widened geographical commercial presence, which together with product diversification, has enhanced the company commercial approach.

New order drove backlog to €3.2 bn with a stronger presence of manufacturing projects. Including projects already awarded and pending signature, the amount rises to €3.5 bn, at company's historic maximum levels.

Adjusted EBITDA for the first half of 2019 stood at €30 million, €14.6 million in the second quarter, the margin target is maintained at 18%, in line with market consensus, reflecting the successful projects management with strong focus on deliver the highest service and product quality with a strict costs control.

Talgo's net turnover, in the first half of 2019, reached €167,8 million, a slight growth from the €163.1 million registered in 2018. Talgo is also in a strong financing capacity with over €320 million in cash and €65 million euros in net cash and maintains its Share Buy Back Programme, with €39 million invested by June 2019, 39% of the total. Once the plan is completed, existing shareholders will increase their share on the company by 20%.



New strategic projects

Talgo's new orders in the first half of 2019 amounted to €804 million, bringing the portfolio to historic levels. These new orders mainly come from the project awarded by Deutsche Bahn in February 2019, which includes the manufacturing of 23 long-distance trains in a framework agreement for the manufacturing of up to 100 Talgo trains for an approximate total value amounting €2.3 bn. In addition, Talgo has recently registered additional contracts such as the project awarded by the Egyptian state railway company ENR for the manufacturing of six trains and their maintenance during eight years for a total value of €157 million; the acquisition by the national railway company of Uzbekistan (UTY) of two additional Talgo 250 trains for its high-speed fleet and the contract to rebuild Southern California Regional Rail Authority Rail Cars operated by Metrolink.

These new contracts are the result of the company's efforts to boost its commercial activity in order to reinforce its order intake with high-quality projects that guarantee the sustainability of the business model.

In addition, Talgo continue with the successful execution of all the maintenance contracts in seven countries, highlighting the good results obtained so far in the high-speed Mecca-Medina corridor, started on October 2018. At the moment, Talgo trains have completed more than 1.000 journeys, carrying above 400,000 passengers.

The company has continued working on the identification and tendering process of additional opportunities. In this sense, Talgo is currently working on over 20 opportunities expected to be awarded throughout the next 24 months with a total value amounting €7.3 billion. The tenders identified mainly cover the Very High-Speed segment (such as HS2 project in the United Kingdom) and suburban trains (Renfe has approved the bidding of different regional and suburban train packages, as well as high-speed locomotives, in which Talgo intends to participate).

Second half of 2019 outlook

Talgo has confirmed its 2019 outlook. Ahead of the next fiscal year, the company maintains its expectations in strong double-digit revenue growth, reflecting manufacturing ramp-up of ongoing projects, mainly driven by the Very High-Speed project Avril for Renfe. In addition, Talgo expects a successful performance of the maintenance business in all projects. With regards to profitability, the company expects to maintain its adjusted EBITDA margin target at 18% for FY2019.

Additionally, Talgo is working to expand its commercial presence geographically, which, together with the diversification of its product portfolio, is expected to contribute the achievement of new projects in 2019 and in the coming years. In addition to the active pipeline, the company actively monitors over 45 longer term opportunities with an expected value amounting c. €11 bn.

About Talgo:

Talgo S.A. is a leading specialized rolling stock engineering company mainly focused on designing, manufacturing and servicing technologically differentiated, fast, lightweight trains with industrial presence in seven countries: Spain, Germany, Kazakhstan, Uzbekistan, Russia, Saudi Arabia and United States. The Company is renowned worldwide for its innovation capacity, its unique technology and reliability. TALGO is the rolling stock provider for the Haramain high speed railway line between Mecca and Medina in Saudi Arabia.