



Q1 2021

Results Presentation

13 May 2021



Talgo

Table of contents

1. Key figures

2. Financial summary

3. Outlook and conclusions

ANNEX



Key business figures



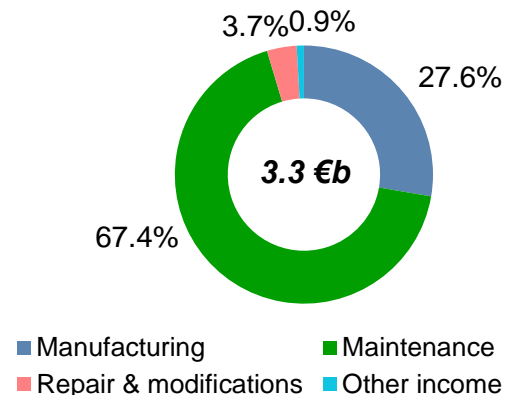
Key operating figures

- Improved accident frequency rates in Q1-2021 (7.6 vs. 7.9 in 2020)¹ and severity rates (0.1 vs. 0.2 in 2020)².
- Strong prevention and employee protection measures as the main elements in the fight against COVID-19.
- Ongoing phase of strong backlog execution led by the RENFE project to manufacture 30 VHS trains.
- Maintenance activity still impacted, which recovery is subject to progress on vaccinations and mobility restrictions.

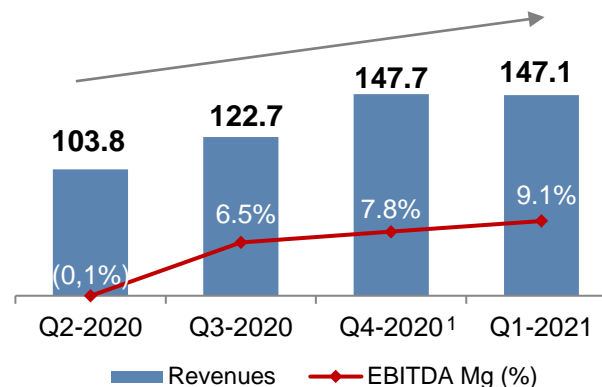
Key financial figures

- Manufacturing projects being executed in line with expectations, enhancing revenues for the period.
- Maintenance services under recovery but still behind pre-Covid activity level, therefore still impacting EBITDA margins.
- Continuation of policies to contain and optimise the cost structure aimed to protect the profitability of the business.

Backlog Q1-2021:



Revenues (€m) and EBITDA³ margin (%)

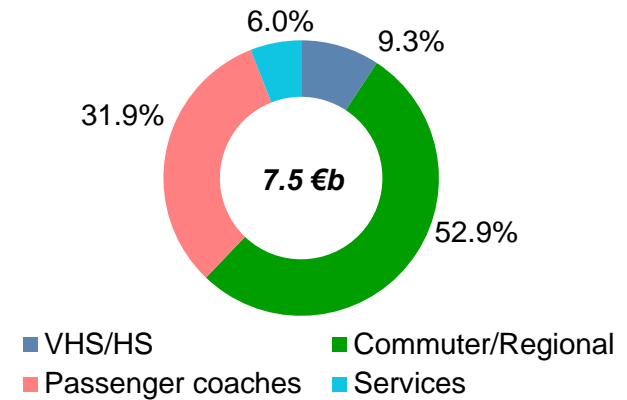


(1) Industrial accidents per million man-hours worked
 (2) Total working days lost per 1,000 hours worked
 (3) Adjusted EBITDA
 Source: Company

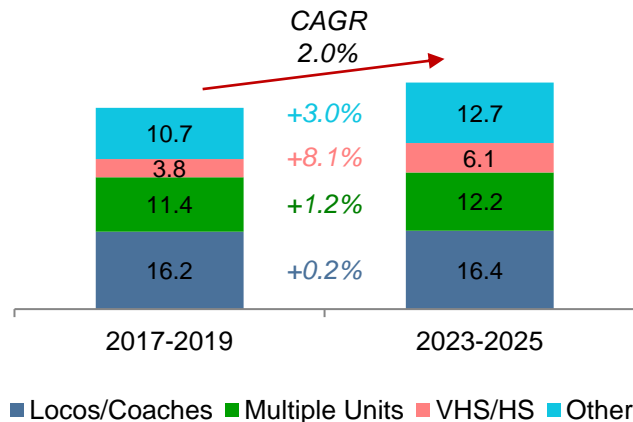
Market considerations

- Talgo's commercial strategy combines **geographical and product diversification** with a business model based on a **selective approach to opportunities with an appropriate risk-return ratio**.
- The current pipeline **amounts to approximately 7.5 €b**, lead by long distance and regional/commuter train opportunities in Europe.
- Talgo Vittal-One as a green platform powered by green hydrogen technology** to set the benchmark in the commuter/medium-distance segment.

Pipeline by market segment¹



Accessible global train market 2020-25 (€b)²



- The **VHS and HS segments lead expected growth** in the coming years.
- Greenhouse gas emissions per passenger per km in rail represent around 22% of car emissions and 14% of emissions from domestic flights².
- Passenger rail transport is positioned as a **key solution for the decarbonisation of transport in the coming years**.

(1) Estimates based on available information. Maintenance is included subject to availability

(2) UNIFE WRMS 2020-2025

Source: Company

Table of contents

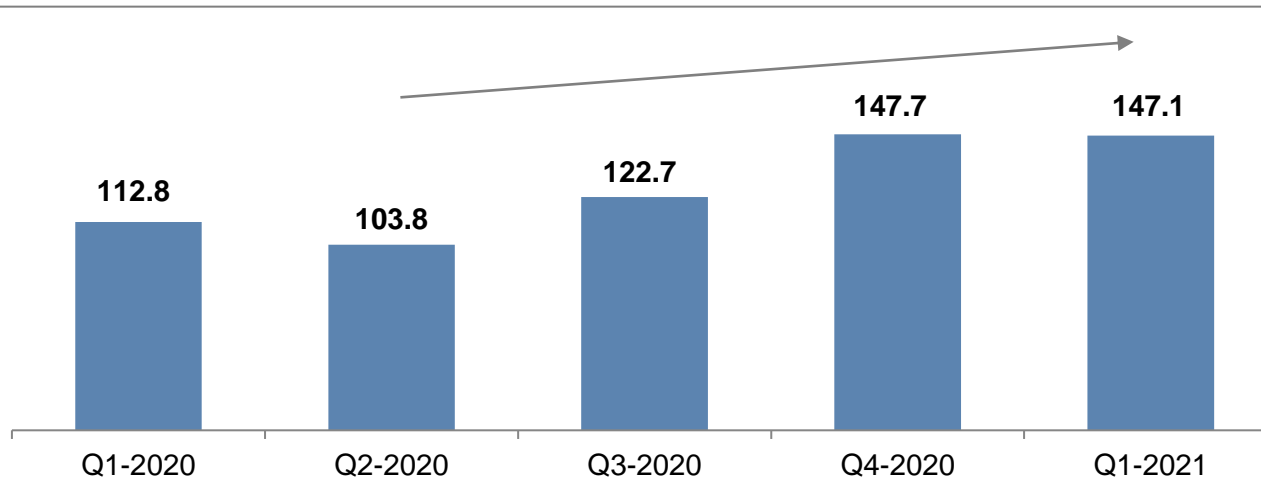
1. Key figures
- 2. Financial summary**
3. Outlook and conclusions

ANNEX



Strong backlog execution consolidates the revenue growth phase

Quarterly Revenues (€m)

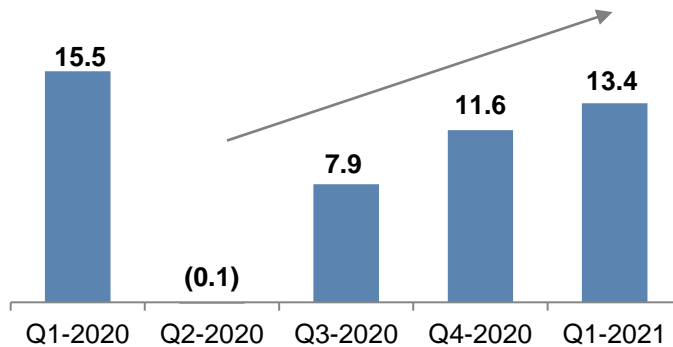


Note: 2020 and 2021 quarters might not be fully comparable due to different degree of COVID impact.

- **Revenues reached 147.1 €m in Q1-2021**, in line with the previous quarter, as a result of:
 - **Beginning of a cycle of growth in industrial activity** driven by manufacturing and refurbishment projects awarded in recent years.
 - **Maintenance activity continues** reflecting mobility restrictions in the different markets. Commercial operations in Saudi Arabia resumed in April 2021.
- The satisfactory performance of Talgo Group remains subject to maintenance activity, which **will continue to be affected until the full resumption of operations in the different markets**, since it is linked to mobility measures.

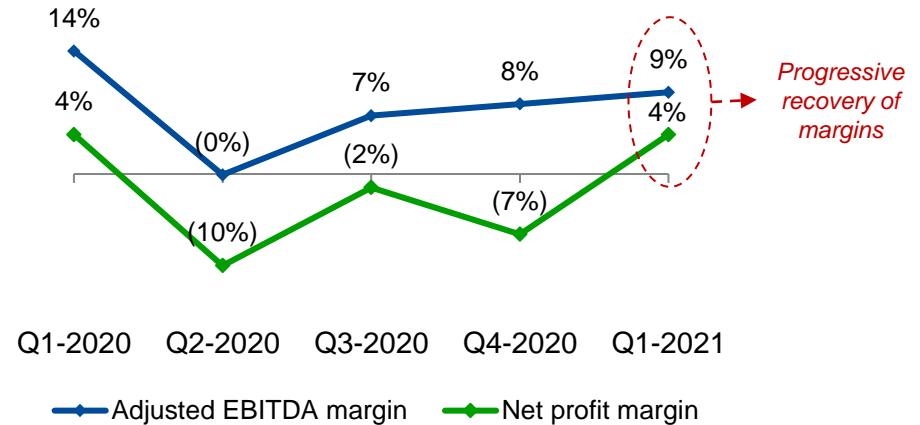
Flexible business model adapts effectively to adverse market contexts

Adjusted EBITDA⁽¹⁾ (€m)



Note: 2020 and 2021 quarters might not be fully comparable due to different degree of COVID impact.

Adjusted EBITDA margin and Net Profit (%)



- **Adjusted EBITDA⁽¹⁾ amounted 13.4 €m in the period**, which still reflects the impact of COVID-19.
- The quarterly performance however, reflects **progressive recovery in profitability** driven by a **better productivity** in the projects and the Company's efforts to implement plans to **maximise operational and financial efficiencies**.
- As a result:
 - **Adjusted EBITDA margin reached 9.1% in the period** (vs. 7.8% in Q4-2020).
 - **Net profit reached 6.4 €m in Q1-2021** (-9.9 €m in Q4-2020).
- The resumption of **activity in Saudi Arabia in April 2021 was a significant milestone** that sets the beginning of the anticipated progressive recovery in maintenance activity in the countries with presence.

(1) The adjustment to EBITDA includes non-recurring expenses

Table of contents

1. Key figures
2. Financial summary
- 3. Outlook and conclusions**

ANNEX



Business outlook for 2021 - Q1-2021 update

Business performance

- Q1-2021 results confirm the expected revenue growth cycle driven by manufacturing activity.
- Attractive opportunities in the pipeline with a high probability of materialising in the medium term.

- ✓ **35-37% backlog execution in 2021-2022**
- ✓ **>1.2x average Book-to-Bill in 2020-2021 period**

Profitability

- The Q1-2021 results reflect a recovery in profitability, although it continues to depend on maintenance activity.

- ✓ **Adjusted EBITDA between 10-12% in 2021**

Cash flow and capital structure

- Cycle of strong industrial activity, efficient and optimal use of available financing capacity.
- Selective capex, prioritising R&D activities (i.e. hydrogen).

- ✓ **Net investment in working capital requirements in 2021**
- ✓ **Capex c. 25 €m in 2021**

Shareholder remuneration

- Second cancellation of shares from Buyback Programme¹ (3.6 million shares / 2.8% of the capital²)

- ✓ **Projected shares cancellation for Q2-2021**

ESG (Environmental, social and governance)

- ✓ **Commitment to sustainable and socially-responsible management: Talgo's 1st Annual S&R (Sustainability and Responsibility) report in 2021 in accordance with GRI (Global Reporting Initiative) standards.**

Q1-2021 results and the current outlook for project performance are in-line with 2021 objectives.

1) Share buyback programme in accordance with the resolutions approved at the 2019 AGM.

2) Share capital comprising 127,003,216 shares at the end of 2020.

Source: Company

Conclusions

- ✓ **The decrease in accidents frequency rates and the low incidence of Covid-19 contagion registered in Talgo's facilities shows the Group's strong commitment to employees' health and safety.**
 - ✓ **Q1-2021 results consolidate expected revenue growth cycle with strong performance of manufacturing projects**
 - ✓ **The profitability of the business and consequently the Group's results continue to be affected by the impact of the severe mobility constraints on maintenance services.**
 - ✓ **The strong and diversified backlog ensures a high level of industrial activity and generates visibility in the medium to long term.**
- ✓ **Talgo has the right product, technology and investment plans to position itself as the benchmark solution in a growing sector and a reference in the process of decarbonising transport worldwide.**

Table of contents

1. Key figures
2. Financial summary
3. Outlook and conclusions

ANNEX



Annex 1. Profit and Loss account

Profit & Loss Account (€m)	1Q2021	1Q2020	% Change
Total Revenues	147.1	112.8	30.5%
Other income	3.5	2.8	26.8%
Procurement costs	(91.5)	(63.1)	45.0%
Employee welfare expenses	(32.9)	(28.6)	15.2%
Other operating expenses	(12.8)	(10.1)	26.8%
EBITDA	13.5	13.9	(2.6%)
<i>% Ebitda margin</i>	9.2%	12.3%	
Other adjustments	(0.1)	1.6	(109.1%)
Adjusted EBITDA	13.4	15.5	(13.7%)
<i>% Adj. Ebitda margin</i>	9.1%	13.7%	
D&A (inc. depreciation provisions)	(4.7)	(4.6)	2.3%
EBIT	8.8	9.3	(5.0%)
<i>% Ebit margin</i>	6.0%	8.2%	
Other adjustments	(0.1)	1.6	(109.1%)
Avril/ViTtal Amortization	0.6	0.6	-
Adjusted EBIT	9.2	11.5	(19.3%)
<i>% Adj. Ebit margin</i>	6.3%	10.2%	
Net financial expenses	(0.8)	(1.7)	(51.4%)
Profit before tax	8.0	7.6	5.2%
Tax	(1.6)	(2.7)	(40.1%)
Profit for the period	6.4	4.9	30.1%
Adjusted Profit for the period	6.8	5.3	27.8%