



9M 2016 Results

TALGO S.A. obtains a net profit of 44.1 million euros

- Total net turnover grew by 24.5 per cent due to higher manufacturing and maintenance activities resulting from the execution of contracted backlog and commercialization of maintenance equipment
- Adjusted EBITDA stood at 89.6 million euros
- TALGO continues to achieve its objectives of efficiency on time and according to the operational plans established in each of its ongoing projects

Madrid November 11th, 2016

TALGO S.A., a leading specialized rolling stock engineering company focused on designing, manufacturing and servicing technologically differentiated, fast, lightweight trains, has registered net revenues of 444.5 million euros in the first nine months of 2016, representing a 24.5 per cent increase compared to the same period of the previous year. The net profit stood at 44.1 million euros. Talgo's results for the first nine months of the year 2016 have been achieved due to the increase in manufacturing and maintenance activities, as a result of the sound execution of the Company's strong international backlog, and due to the commercialization of maintenance equipment. In addition, Talgo has successfully obtained the required Russian certifications for the trains which will connect the Moscow-Berlin route, a project for which Talgo has already sent the complete units, thus concluding the manufacturing process. The trains are ready to start circulating and will first depart from Moscow on December 17th.

Adjusted EBITDA for the first nine months of 2016 stood at 89.6 million euros, with adjusted EBITDA margin at circa 20 per cent, in line with the margin targets set by the company. The 9M 2016 results show a clear positive performance of the business despite the one-off impact of the extra charges corresponding for the certifications of the Russia project (14.6 million euros). In fact, the Company's adjusted EBITDA would have increased to 104.2 million euros with margins of 22.5 percent, had not taken these additional costs into account, in line with the Company's initial expectations.

During the third quarter of 2016, the company was awarded a strategic contract in Los Angeles worth 72.9 million dollars to technologically overhaul over the next 56 months up to 74 vehicles that serve on the city's Red Line Metro. As part of its current diversification strategy, Talgo expects to bring its technological leadership to new market segments, such as the regional trains market, for which its new EMU train is currently under development and has already been presented to



tenders worldwide. Talgo's first solution for the commuter and regional trains segment will be ready in 2017.

Ahead of the next months, and regarding the contracted backlog, the Company foresees new potential contracts, which are expected to be awarded in the next few months in Spain, Europe, North America, Middle East and South Asia mainly, markets in which Talgo's distinctive technology represents a clear competitive advantage. Talgo has already bid for different manufacturing and maintenance projects reaching up to a total value of 1.5 bn euros.

Notes to editors

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 La Mecca and Medina in Saudi Arabia.

For further information

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