



Financial results for the year 2016

## **Talgo obtained a net profit of €61.9 million in FY2016**

- Total net turnover grew by 11.3 per cent due to strong backlog execution during the year
- Net profit increased by 3.8 per cent compared to FY2015
- The backlog amounted to €2,604 million, expected to rise up to €3,170 million as soon as the recently awarded high speed contract in Spain is signed

*Madrid, February 28th 2017*

Talgo, S.A., a leading specialized rolling stock engineering company focused on designing, manufacturing and servicing technologically differentiated, fast, lightweight trains, has registered a net turnover of €579.8 million euros in 2016, representing 11.3 per cent increase compared to the previous year. Net profit reached 61.9 million euros, up by 3.8 per cent in comparison to last year. Talgo's strong FY2016 results derive from the strong manufacturing activity mainly related to the strong execution of the Mecca-Medina project, and supported by the solid and recurring maintenance activity as well as the commercialization of maintenance equipment. A clear example of the positive performance of the business is that Talgo has recently been awarded a contract for the renewal of rolling stock in the United States as well as the supply and maintenance of 15 very high speed trains for the Spanish operator Renfe, both considered of strategic importance.

The 2016 adjusted EBITDA stood at 113.3 million euros, with adjusted EBITDA margin at circa 20 per cent, in line with the margin targets set by the company for the FY2016. Also last year, Talgo successfully delivered 3 trains to the Russian railway company RZD, which connect Moscow and Berlin since December 2016. The Talgo *Strizh* trains are the first trains able to cross the border between Belarus and Poland thanks to the automatic variable-gauge system, a unique technology developed by Talgo, which allows its trains to circulate across four countries (Russia, Belarus, Poland and Germany) with four different rail networks, thus making the route more rapid and comfortable for travelers.

Talgo's net turnover and operating margins depend on the size, timing and phase of the manufacturing projects under execution. Talgo's FY2016 results showcase the good progress made in the execution of its industrial activity and international projects, which represent 82 per cent of the company's revenues. In Saudi Arabia, the company is making good progress in the manufacturing and testing of the 36 trains for the Mecca-Medina's high speed project, in line with the expected schedule. In Kazakhstan the company is efficiently developing another of its major projects, having started manufacturing a second order of 603 passenger carriages after Talgo adapted manufacturing schedules to the client's requirements.



Profit & Loss Account, € mm	2016	2015	Var %
Total net turnover	579.8	520.7	11.3%
Adjusted EBITDA	113.3	120.5	(6.0%)
Adjusted EBIT	102.4	104.3	(1.9%)
Profit for the year	61.9	59.6	3.8%

### New strategic projects

Regarding its order intake, Talgo will start the development of two new projects in 2017. In September 2016, the company signed a contract with LACTMA (Los Angeles County Metropolitan Transport Authority) to overhaul the Red Line rolling stock and to upgrade relevant technologies onboard its rail vehicle fleet. Additionally, in November 2016 the Spanish railway operator Renfe awarded Talgo a contract to supply 15 very high-speed trains and their maintenance during 30 years, with an option to supply a second block of 15 additional trains. The company will provide Renfe with its most advanced very high-speed train. Talgo Avril is a faster, lighter, more efficient and sustainable train which, according to Talgo's president Carlos de Palacio Oriol, "not only saves energy and maintenance costs for operators, but also further preserves the ecological spirit that governs our time and that of our future generations."

In the words of Talgo's CEO, José María Oriol: "The year 2016 has been a year of positive results and business performance as our company has been awarded strategic contracts in Spain as well as in the rest of the world. The company has leveraged opportunities to consolidate its position as an international reference in the global high-speed market, thus demonstrating the efforts in the last few years. During 2016 we have continued to strengthen our order book with two new strategic projects that bring quality to our portfolio and guarantee the sustainability of our business model in the long term, and which also allow us to explore decisive market segments around the world and to continue to pursue our ongoing diversification strategy."

Ahead of the next 24 to 30 months, Talgo has identified commercial opportunities with a total approximate total value of €6.7bn. The potential contracts will be awarded mainly in Europe, Southeast Asia and the Middle East. These opportunities include high-speed rail projects –the market segment with higher growth potential in the next years– along with other manufacturing and maintenance projects for long-distance coaches, market segments in which Talgo's experience and unique technology represent clear competitive advantages. The company has also identified a number of opportunities in the regional and suburban train segment for which it has developed Talgo EMU, a completely flexible and adaptable technological platform with a maximum commercial speed of 160 kmph and equipped with Talgo's unique technology. In line with the company's strategic Talgo EMU is the only train of its segment to offer the greatest capacity and the lowest energy consumption.

### 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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