



2017 H1 Results

TALGO net profit at €31.9 million, operating margin reaches 15%

- Backlog of the company stays well over €3,300 million, ensuring its industrial activity for the coming years

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Talgo S.A., Spanish leader company in the design, manufacturing and maintenance of light high-speed trains, registered a net revenue of €215 million in the first half of 2017, allowing the company to post a net profit of €31.9 million.

Accordingly, the net operating and the EBITDA margins of the company evolved positively during the six first months of the year, with the former at 15% and over 23% for the latter. This healthy Talgo's margins evolution came mainly as a consequence of the quest for greater cost efficiency but also as a result of the mix of projects now underway.

The execution of those projects was satisfactory during the first half of the year, as it is the case of the Haramain very high-speed line connecting Mecca and Medina, in Saudi Arabia. Talgo has already finished the construction of 30 out of the 36 very high-speed trains requested for that line, and the units are already under a heavy dynamic testing process in which trains reached the 330 kph mark during Q3 2017, which represented an increase of 10% regarding the commercial purpose that was established

Adjusted EBITDA for 2017 H1 was €50.4 million, and the company expects to register a strong cash flow during the second half of the fiscal year and during 2018, as it continues to reach new milestones along the projects under execution, recovering the cash previously invested into the working capital assigned to those projects and allowing the deleverage of the company.

The company keeps its commitment to remunerate shareholders, after distributing a €10 million dividend during the second half of the year, attributed to the 2016 financial results. This distribution was executed according a Scrip Dividend program in which 87% of the shareholders requested to be payed with additional shares, a new proof of the confidence they have on the future of the company.

New projects

During the second quarter of 2017, Talgo signed the contract to provide Renfe with a first block of 15 very high-speed Avril trains as a result of the procurement process ended in December 2016. Additionally, last June Renfe requested Talgo to provide a second block of 15 very high-speed trains as part of an option included in the tender sheet. The company will also be in charge of the maintenance of both contract blocks during 30 years in a joint venture to be created ad hoc with Renfe.



With this contract, Talگو ensures an industrial activity flow for the following fiscal years through the commercialization of Avril, the newest rail solution of the company for the very high-speed segment and which will be constructed starting in early 2018.

Talگو has also started the Works to overhaul and refurbish 74 rail vehicles for the Los Angeles Metro under a contract awarded last September, a contract which not only reinforces Talگو's presence in the North American rail market, but also is its first entrance into the 3rd party-built refurbishment segment.

The company is also pursuing its proactive commercial activities and new business opportunities along the different market segments in which it operates. The company is accordingly working on a pipeline of over 30 opportunities detected in Spain and overseas, with a total value of €9.4 billion nationally and internationally.

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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