



Q3 2021

# Results Presentation

11 November 2021



*Talgo*

# Annex

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## 1. Key business highlights

## 2. Outlook update

ANNEX



# Key business highlights

## Key operational figures

- **Health & Safety:** cero accidents target .
- **Employee's protection measures in place** to continue preventing against COVID-19.
- **Robust backlog** with industrial visibility over the following years and long-term maintenance contracts.
- **Maintenance activity under progressive** recovery but still affected by safety protocols and restrictions.

Acc. Freq. Index<sup>1</sup>  
Acc. Severity Index<sup>2</sup>

**8.24**  
**0.22**

Backlog 9M 2021

**3,013 €m**  
(3,262 €m)<sup>3</sup>

Order intake 9M 2021

**255 €m**  
(504 €m)<sup>3</sup>

## Key financial figures

- Strong backlog execution to deliver **high revenue recognition in the period.**
- **Maintenance services under recovery** although still below pre-Covid activity level in some markets.
- **Increasing prices** of raw materials and transport services **already updated in the margin of the projects.**

9M 2020

9M 2021

Revenues

**339 €m**

**427 €m**

EBITDA<sup>4</sup>

**23 €m**

**50 €m**

EBITDA Mg.<sup>4</sup>

**6.7%**

**11.7%**

EBIT<sup>4</sup>

**9 €m**

**37 €m**

Net Income

**-8 €m**

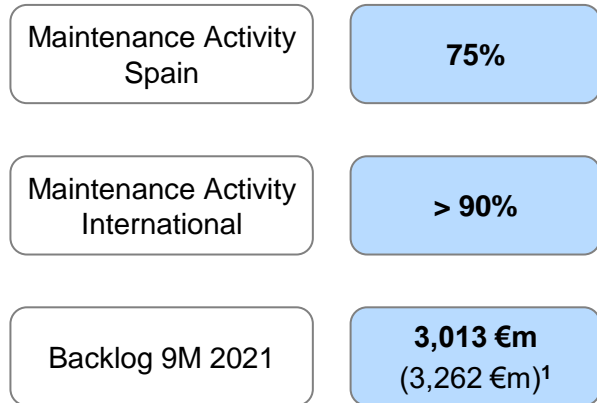
**21 €m**

**Talgo proven business resilience: margins under recovery and net income reached 21 €m**

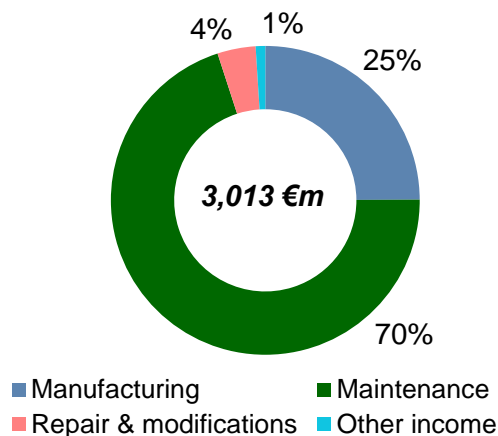
(1) Accident Frequency Index: Includes Talgo Group FTEs. Industrial accidents per million man-hours worked.  
 (2) Accident Severity Index: Number of working days lost per 1,000 hours worked.  
 (3) Includes 249 €m of contracts awarded in 9M 2021 pending to be signed  
 (4) Adjusted EBITDA and EBIT. Adjustments includes non-recurrent items or reclassifications due to income/cost nature.  
 Source: Company

# Key operational figures – Backlog

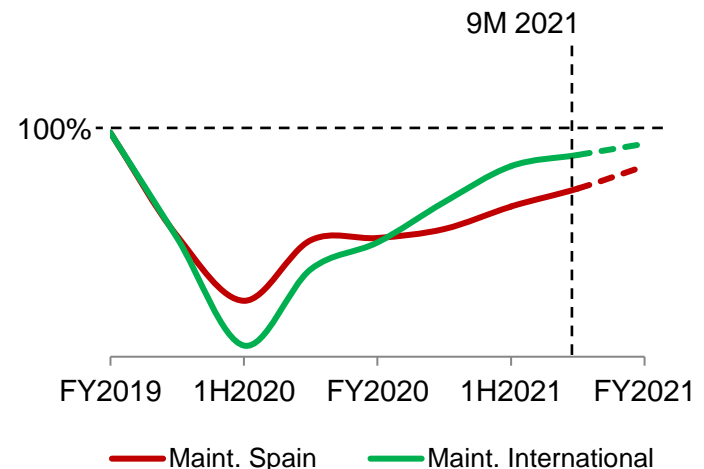
- **Recovery of maintenance services** as clients continue to resume commercial operations.
- **Positive outlook** should lead to recover pre-Covid maintenance services in the following months (1H2022).
- **Shifting mix of manufacturing projects** under execution:
  - High degree of progress in Spanish VHS project, already involve in testing activities.
  - DB (Germany) project ramping up to become main revenue contributor from 2022 onwards, while ENR (Egypt) and ADIF projects are already under manufacturing.
  - DSB (Denmark) project starting manufacturing phase.



Backlog 9M 2021 (€m)



Maintenance activity rate (base 100)<sup>1</sup>



(1) Includes 249 €m of contracts awarded in 9M2021 pending to be signed.

# Key operational figures – Market considerations

- Order intake remained stable in 3Q 2021, as a result of certain delay on awarding processes.
- However, there is a **significant set of opportunities ahead**:
  - **Over 30 active opportunities**, being Europe and MENA currently the main markets for Talgo.
  - **Passenger coaches / intercity segment taking the lead (50% of pipeline)** driven by positive outlook over long distance in European countries.
- **Positive outlook** in the sector supported by **environmental trends** that will promote **decarbonisation of transport in the coming years**.

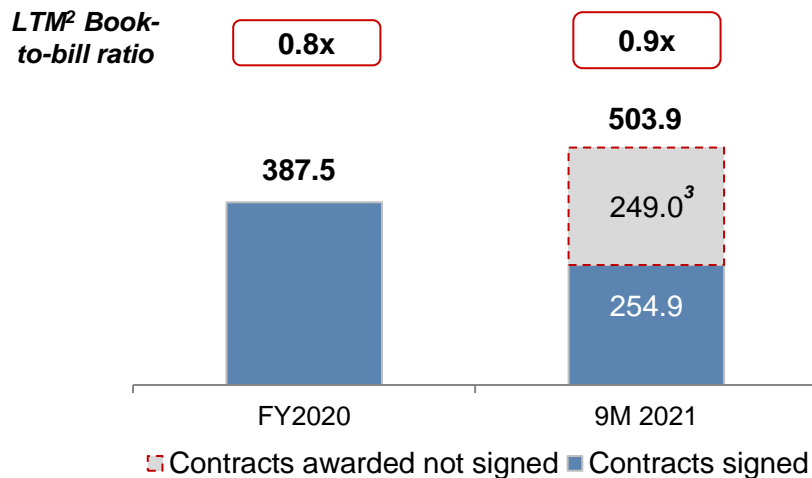
Pipeline 2021-2022 **5.5 €bn<sup>1</sup>**

Order intake 9M 2021 **255 €m (504 €m)<sup>3</sup>**

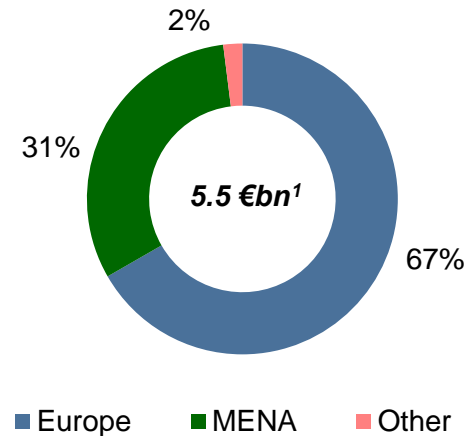


Talgo aims to become a reference in the market as the most sustainable solution provider for medium and long-distance trains (ie Green hydrogen).

Order intake (€m)



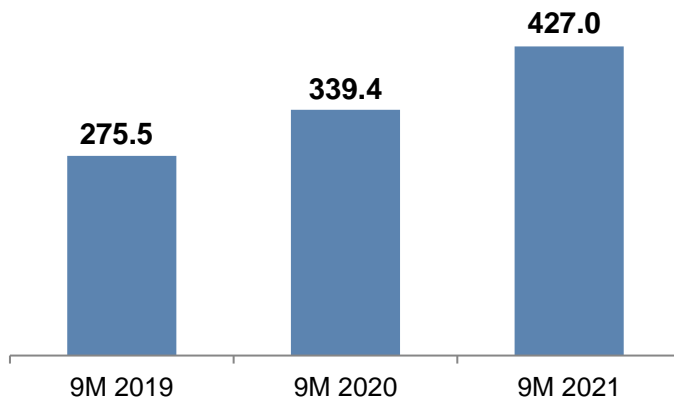
Pipeline by geographical region 2021-2022<sup>1</sup>



# Key financial figures – Revenues

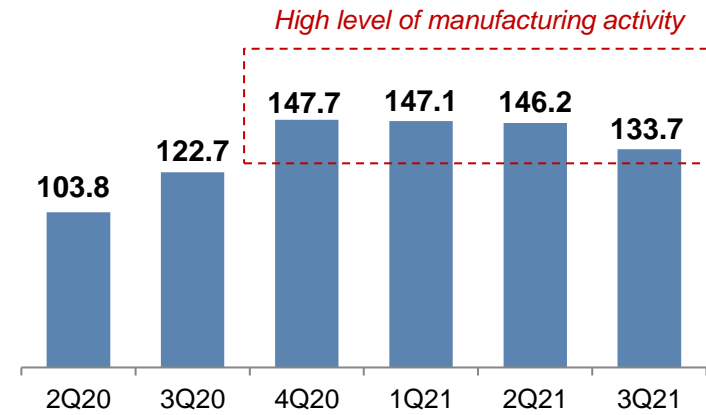
- **High revenue contribution in 3Q 2021** as a result of the ongoing phase of manufacturing and overhaul projects, leading **revenues to reach 427 €m in 9M 2021**.
- Maintenance projects recovering its **profile of recurrent and stable business unit**, supporting the business revenues and cash flow generation.
- **Current backlog ensures high industrial activity until 2024** (c. 1.0 €bn of manufacturing and overhaul orders in backlog)<sup>1</sup> with the subsequent revenue's contribution to the Company.
- As a result, **Revenues expected to remain stable in the following quarters**, in line with the guidance provided (35-37% of FY2020 Backlog to be executed in the period 2021-2022).

Revenues YoY (€m)



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

Quarterly Revenues (€m)

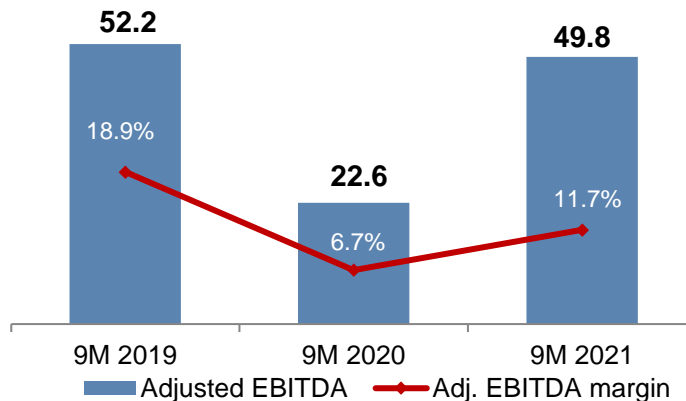


1) Includes all awarded orders as of September 2021

# Key financial figures – EBITDA

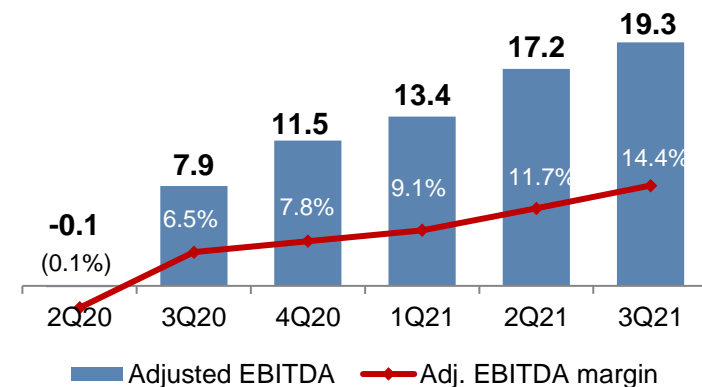
- EBITDA margins continued to increase in 3Q 2021 driven by a **higher industrial activity**, together with **continuous recovery of the maintenance services** in all markets.
- Variations in the period related to procurement costs and personnel expenses are considered normal given the **current projects' phases requirements** (manufacturing intensive with high volume of materials consumed and personnel required).
- As a result, **Adjusted EBITDA reached 49.8 €m** (11.7% margin), of which **19.3 €m corresponds to the 3Q 2021** (14.4% margin).
  - The company expects to meet the set **objective of reducing by 15% the overhead expenses** in the period 2021-22, aiming to enhance **competitiveness and flexibility**.
  - Increasing prices of raw materials and transport services** has no impact in projects with high degree of advance, while it has been updated in the margin of those with a lower degree of advance.

Adjusted EBITDA<sup>(1)</sup> YoY (€m)



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

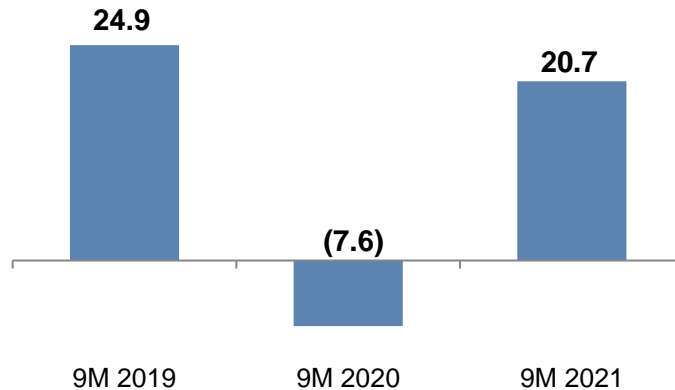
Quarterly Adjusted EBITDA<sup>(1)</sup> and margin (€m)



(1) Adjustments to EBITDA include non-recurring costs, primarily redundancies and other non recurrent expenses.

# Key financial figures – Net Income

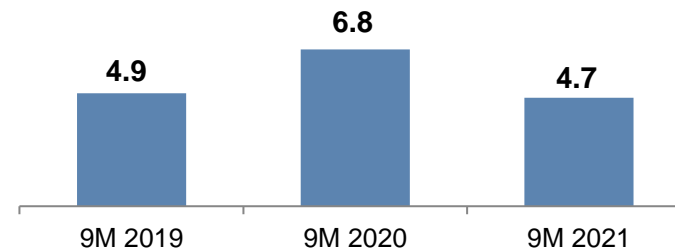
## Net Income (€m)



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

- **Net income reached 20.7 €m** in 9M 2021 (4.8% net margin), as a result of an **improved operational and financial performance** in the period.
- Reduced Net financial expenses in the period due to **lower volume of project bonds, positive FX effect** and **reduced long term debt interest expenses** (1.04% average interest rate).

## Net financial expenses (€m)



	Gross Debt (€m)	Average Maturity (y)	Average Cost (%)
FY2018	250.5	2.32	1.94%
FY2019	256.5	3.03	1.72%
FY2020	279.1	3.12	1.61%
1Q2021	250.5	3.50	1.58%
1H2021	279.7	3.74	1.04%
3Q2021	278.0	3.51	1.04%



# Annex

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1. Key Business Highlights

**2. Outlook update**

*ANNEX*



# Outlook update

<b>Profitability</b>		<ul style="list-style-type: none"> <li>✓ Adjusted EBITDA in FY2021: <b>11-12%</b></li> </ul>	
<b>Capital structure</b>		<ul style="list-style-type: none"> <li>✓ Working Capital in 2021: <b>Contained cash consumption supported by WC Action Plan</b></li> <li>✓ Net Debt in 2021: <b>c. 1.2x Adjusted EBITDA</b></li> <li>✓ Capex in 2021: <b>c. 25 €m</b></li> </ul>	  
<b>Business performance</b>		<ul style="list-style-type: none"> <li>✓ Backlog execution in 2021-2022: <b>35-37%</b></li> <li>✓ Average Book-to-Bill in 2020-2021: <b>0.8-1.0x</b></li> </ul>	 
<b>Strategy</b>		<ul style="list-style-type: none"> <li>✓ Strategic Plan 2022-2026: <b>For approval in 2H 2021</b></li> </ul>	
<b>Shareholder remuneration</b>		<ul style="list-style-type: none"> <li>✓ <b>Launch of a new Shareholder Remuneration Program in 1H 2022</b></li> </ul>	

Confirmed guidance to ensure FY2021 expected results

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## Annex 1 – Profit and Loss account

Profit & Loss Account (€m)	9M21	9M20	9M19	% Change 9M21-9M20
<b>Total net turnover</b>	<b>427.0</b>	<b>339.4</b>	<b>275.5</b>	<b>25.8%</b>
Other income	11.6	8.3	4.0	39.1%
Procurement costs	(253.5)	(202.5)	(101.1)	25.2%
Employee welfare expenses	(104.1)	(90.3)	(90.4)	15.4%
Other operating expenses	(35.4)	(36.3)	(41.2)	(2.5%)
<b>EBITDA</b>	<b>45.5</b>	<b>18.6</b>	<b>46.8</b>	<b>144.3%</b>
% Ebitda margin	10.7%	5.5%	17.0%	
Other adjustments	4.3	4.0	5.4	7.7%
<b>Adjusted EBITDA</b>	<b>49.8</b>	<b>22.6</b>	<b>52.2</b>	<b>120.1%</b>
% Adj. Ebitda margin	11.7%	6.7%	18.9%	
D&A (inc. depreciation provisions)	(14.3)	(15.0)	(12.0)	(4.4%)
<b>EBIT</b>	<b>31.2</b>	<b>3.6</b>	<b>34.8</b>	<b>757.5%</b>
% Ebit margin	7.3%	1.1%	12.6%	
Other adjustments	4.3	4.0	5.4	7.7%
VitTal Amortization	1.7	1.7	1.7	-
<b>Adjusted EBIT</b>	<b>37.2</b>	<b>9.3</b>	<b>41.9</b>	<b>299.2%</b>
% Adj. Ebit margin	8.7%	2.7%	15.2%	
Net financial expenses	(4.7)	(6.8)	(4.9)	(31.0%)
<b>Profit before tax</b>	<b>26.5</b>	<b>(3.2)</b>	<b>29.9</b>	<b>n.a.</b>
Tax	(5.8)	(4.4)	(5.0)	31.7%
<b>Profit for the period</b>	<b>20.7</b>	<b>(7.6)</b>	<b>24.9</b>	<b>n.a.</b>
<b>Adjusted Profit for the period</b>	<b>21.9</b>	<b>(6.3)</b>	<b>26.2</b>	<b>n.a.</b>