



9M 2022 Results

Talgo registers 352.2 €m of revenues up to September due to increased industrial activity

- Talgo has a solid order backlog (over 2.7 €bn), 70% of which corresponds to maintenance projects with inflation indexation clauses.
- International projects, including Deutsche Bahn (Germany), DSB (Denmark) and ENR (Egypt), were the main revenue contributors in the period.
- The company accelerates industrial activity and confirms its forecasts for 2022.

Madrid, 10th of November, 2022

Talgo S.A., a leading company in the design, manufacture, and maintenance of high-speed light trains, registered a revenue of 352.2 €m in the first nine months of 2022, down from 427 €m registered in the same period of the previous year, mainly due to the change in the project mix and the impact on the pace of execution of manufacturing projects, affected by disruptions in the supply chain. However, the company has already seen a recovery of industrial activity in recent months, resulting in higher quarterly revenues. Revenues from international projects account for 70% of total revenues, with the main revenue contributors being manufacturing projects for Deutsche Bahn (Germany), DSB (Denmark) and Egyptian National Railways (Egypt).

Talgo reported an adjusted EBITDA of 38.5 €m in the first nine months of 2022, down from 49.8 €m in the same period in 2021. The decline in adjusted EBITDA reflects on one hand, the impact of higher prices in raw materials, supplies, labor, and logistics costs due to inflation and, on the other hand, lower productivity due to supply chain disruptions. However, the operating margin has stabilized at 10.9% reflecting the implementation of measures to adapt the business to the current context, and the sustainability of the business and the defensive profile provided by the maintenance activity.

Talgo has a solid and diversified backlog of more than 2.7 €bn, of which more than 800 €m are for manufacturing and overhaul projects, guaranteeing a high level of industrial activity for the period 2022-2025, while the nearly 2 €bn in maintenance projects generate revenue and cash flow prospects in the long-term with contracts containing inflation indexation clauses.

In terms of new orders, the Egyptian state-owned railway company ENR awarded Talgo a new contract for the manufacture of seven additional intercity passenger trains for night services, worth approximately 280 €m. The project, whose adjudication is subject to the formalization of the financing, also includes maintenance at Talgo's facilities in Egypt for a period of 15 years. According to the established calendar, the delivery of the first units are expected to start from 2024 onwards.

As for projects that are currently underway, the trains of the very high-speed manufacturing project for RENFE are currently finished and in the advanced testing phase, with deliveries scheduled for the upcoming months. Manufacturing projects for the German operator DB and the Egyptian operator ENR will be the main growth drivers of the activity in the coming quarters, while the project for the Danish operator DSB and the project to manufacture 40



locomotives for RENFE are in the early stages, with prospects of increasing activity in 2023. Maintenance projects, which account for 69% of the order backlog, consolidate the complete recovery in all regions after Covid-19, providing stable revenues, which are also hedged against inflation through indexation clauses that contractually adjust prices annually.

2022 Outlook

Talgo confirms its forecasts for 2022, having adapted them in the second quarter to the current context. The forecasts for this year continue to be supported by the projects to manufacture intercity trains for rail operators in Germany, Denmark, Egypt and the project to manufacture 40 locomotives for RENFE, although they remain subject to the evolution of the geopolitical and macroeconomic environment.

In line with its commitment to sustained and selective growth, the company is working on more than 25 commercial opportunities mainly in Europe and the Middle East, and largely focused on long-distance segments, with a positive outlook for the coming months. In this sense, Talgo is gaining commercial momentum in a global context of policies favorable to the decarbonization of transport with customers demanding environmentally friendly and efficient means of transport. Talgo's experience in projects to decarbonize passenger rail transport in Europe, such as the current ones for Deutsche Bahn and DSB, positions the company favorably in the ongoing process of decarbonizing the global rail system.

Talgo's commercial strategy combines geographical and product diversification with a selective approach towards opportunities, in which Talgo's technology is highly competitive, and remains a fundamental pillar for the consolidation of a high-quality portfolio that guarantees sustainable growth in the long-term. The company is currently applying models with indexed fares and/or hedging strategies in all tenders in order to mitigate risks associated with the evolution of the current context.

In terms of profitability, the company maintains its adjusted EBITDA forecast at 11%, subject to the evolution of the current inflationary context and the supply chain context.

Talgo maintains its forecast Capex investment of up to 25 €m for 2022, in line with 2021. With regard to Net Financial Debt, Talgo expects to maintain it at 2.5x adjusted EBITDA by the end of the year.

Committed to sustainability and the environment

In line with the clear vocation that characterizes Talgo in the areas of sustainability, social responsibility and respect for the environment, the company maintains the safety for all employees as a priority in its daily activities in order to achieve the goal of zero accidents. In addition, during the third quarter, the company approved the installation of photovoltaic systems at its facilities to promote self-consumption and thus reduce energy costs.

Committed to its shareholders

Talgo continues its commitment in terms of shareholder remuneration, having completed the distribution of a dividend to its shareholders for an amount of 10 €m, as announced in the first quarter of 2022.



This distribution was made through a flexible dividend program, also known as 'Scrip Dividend' and subsequent share buyback program, in which 83% of shareholders requested payment in shares, thus strengthening their position in Talgo's share capital, which is a clear sign of shareholder support and trust in the future of the company.

As of October 27th, the company has executed the Share Buyback Program which contemplated the subsequent redemption of the shares acquired, leaving the capital at 37,156,169.93 euros, represented by 123,442,425 shares with a nominal value of 0.301 euros each. The execution of the Share Buyback Program has eliminated any dilutive effect on shareholders who chose to receive their dividend in cash, while at the same time increasing the participation in the capital of shareholders who requested to receive their remuneration in shares, generating a real remuneration for all shareholders.

About Talgo

Talgo S.A. is a leading company in the design, manufacture and maintenance of high-speed light trains with a manufacturing presence in eight countries: Spain, Germany, Denmark, Kazakhstan, Uzbekistan, Egypt, Saudi Arabia and the United States. The Company is recognized worldwide for its innovative capabilities, unique and distinctive technology and reliability. Talgo is Renfe's main supplier of high-speed and ultra high-speed trains and the supplier of trains in the "Haramain" high-speed railway line project between Mecca and Medina in Saudi Arabia. Talgo is also the manufacturer chosen by the German operator Deutsche Bahn and the Danish operator DSB to decarbonize its network with the Talgo 230 long-distance trains.

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