

Investor Factsheet

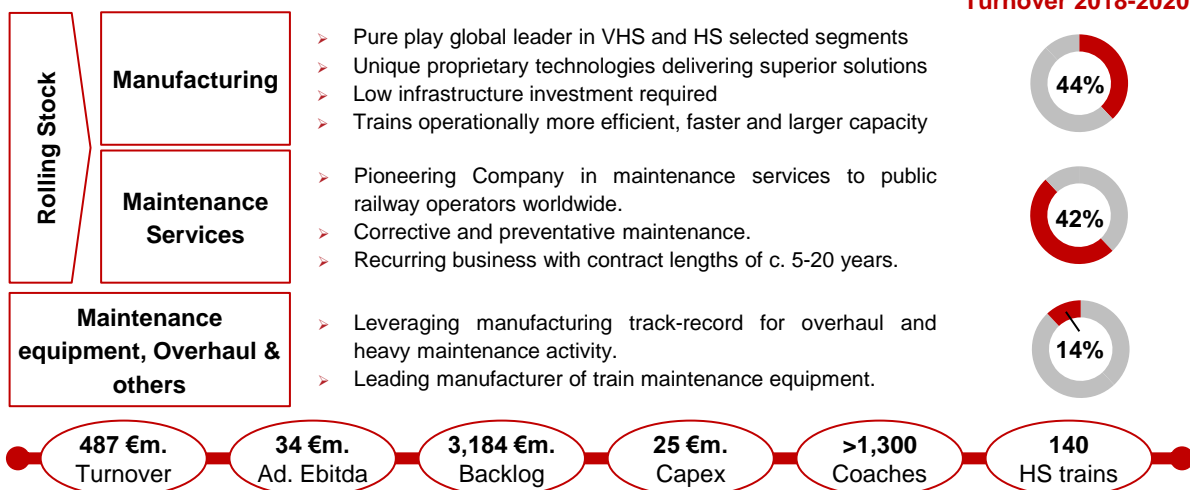


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Overview

Founded in 1942 in Spain, Talgo is a leading specialized rolling stock engineering company mainly focused on designing, manufacturing and servicing technologically differentiated, fast, lightweight trains. With its distinctive suite of proprietary, state-of-the-art technology developed over several decades, Talgo has become a reference in the market; delivering the best products and services in their category in terms of quality, safety, reliability, efficiency and accessibility.

Three complementary business lines



Summary of key events

- 1942:** Company establishment and built of **Talgo I**
- 1948:** First marketable platform (**Talgo II**) is completed
- 1964:** **Talgo III** launched servicing Madrid-Barcelona route, being the first train to reach 200 km/h in Spain
- 1969:** First Talgo International train (Barcelona-Genève)
- 1994:** Talgo as the first European train with a regular commercial service in US
- 1998:** Development of **HS T-250 and T-250** hybrid trains
- 2001:** Talgo supplies it first **VHS T-350** train in Spain
- 2007-09:** Internationalisation process (UZB - KZT)
- 2011:** Haramain project award (Mecca-Medina).
- 2012:** Development of the **VHS Avril** platform
- 2015:** Listing on Spanish Stock Exchange and Markets
- 2016-2017:** Talgo awarded for VHS in Spain (30 Avril trains)
- 2019:** Talgo awarded by DB in Germany (23 Talgo 230 trains)
- 2020:** Talgo awarded by DSB in Denmark (8 Talgo 230 trains)

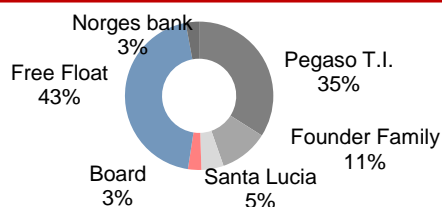
Stock Data (as of Nov 30 , 2021)

Market Capitalisation: 568 €m.
Shares Outstanding: 123.4 m.
Symbol: TLGO.MC

Financial calendar

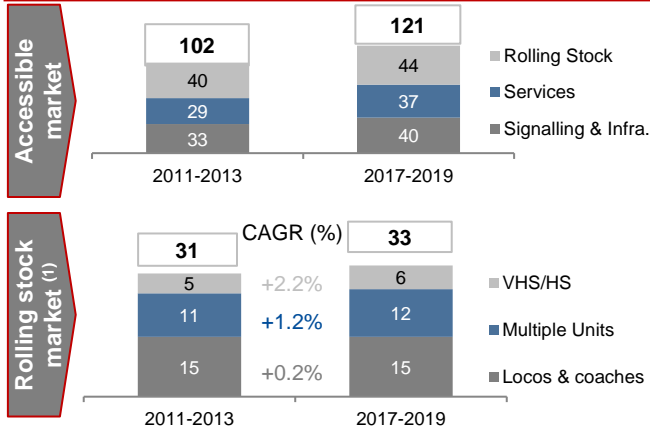
Interim Results 2021 July 27th 2021
Results Q3 2021 November 12th 2021

Substantial Shareholders



(1) Average Net Turnover by business line for the period 2017-2020

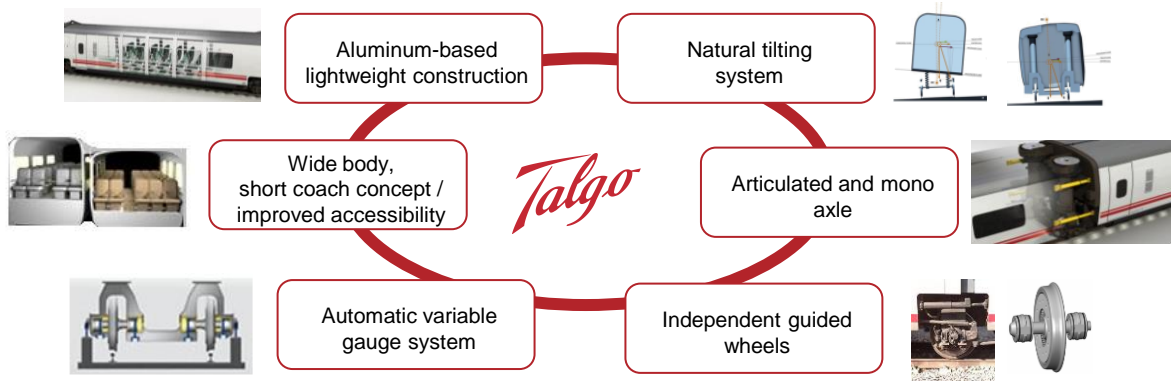
Market backdrop



Multiple market growth drivers

- 1 Demand for mobility
- 2 Urbanisation and population growth
- 3 Emerging market growth
- 4 Replacement demand
- 5 Market liberalisation
- 6 Environmental concerns

... providing unique and state-of-the-art technology...



Talgo's range of technology implies higher energy efficiency, journey time reduction and better capacity and accessibility, while reducing the track and train maintenance needs.

... implemented in Talgo's rolling stock portfolio...

Type	Very High Speed		High Speed	Talgo 230 Powerheads	Natural tilting passenger coaches	Regional Commuter Trains
Products	AVRIL 	Talgo 350 	Talgo 250 	Talgo 230	Night & day train tilting cars 	Talgo Regional Commuter trains
Description	Trains operating at more than 300km/h with fix and variable gauge		Trains operating at more than 250km/h with fix and variable gauge		Passenger railway vehicles for day and night services	Electric/diesel multiple units that operate between 120-160 km/h
Markets	Spain	Spain, Saudi Arabia	Spain, Uzbekistan	Germany	Spain, Germany, Denmark, USA, Egypt, Kazakhstan, Russia	To be marketed selectively

... and overhaul services and maintenance equipment

Maintenance equipment	Comprise underfloor wheels lathers for maintenance of high speed and long distance trains
Overhaul / Heavy Maint.	New segment for third party trains, with ongoing projects in Spain and USA.

Effective business model...

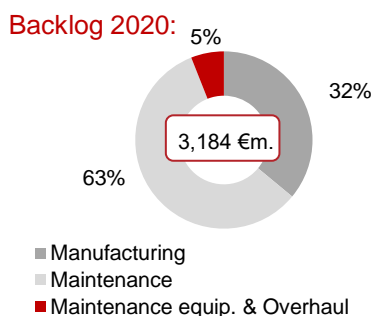
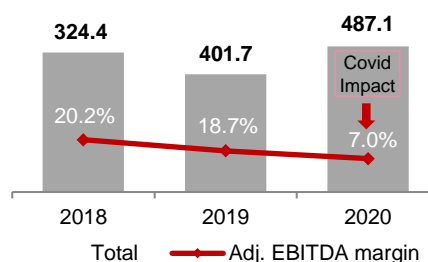
Proprietary Technologies	<ul style="list-style-type: none"> Higher energy efficiency, reduced journey time and increased capacity, reduced track and train maintenance Lower investment requirement 	Productivity and efficiency	<ul style="list-style-type: none"> c.30% of total employees are engineers. Production sites with further efficiency improvements being implemented.
Asset-Light	<ul style="list-style-type: none"> Integrated, asset-light model based on engineering and outsourcing and in-house assembly of outsourced components 	Flexible Cost Base	<ul style="list-style-type: none"> Large component of cost structure outsourced implying low fixed costs Increase outsourcing optimizing costs without lowering product quality
Attractive business mix	<ul style="list-style-type: none"> Manufacturing drives maintenance, which in turn increases business resiliency 	Selective commercial approach	<ul style="list-style-type: none"> Systematic approach to tender processes Focus on technological advantage as a proven competitive edge

Strategy

Talgo's vision and strategy relies on four pillars:

- Efficient delivery of current order book**
 - Deliver backlog on time and on budget
 - Improve manufacturing efficiency
 - Utilise flexible capacity
- Further development of existing geographies and entry into new markets**
 - Commercial structure through key customised products focus
 - Spread of commercial presence in developed countries
 - Selective approach to contracts with good margins and cash flow profile and limited contractual risks
- Further growth of maintenance and overhaul business**
 - Strengthen overhaul activity with 3rd party customers
 - Focus on high value-add in lighter maintenance
 - Develop range of market-leading maintenance equipment
- New product development and penetration**
 - Ongoing R&D: Regional/Commuter train trials
 - Further markets/enhancements for 'AVRIL'

Main financial figures



Senior management team

Carlos de Palacio y Oriol Executive Chairman

- Joined Talgo in 1998
- Appointed Ex. Chairman in 2002
- >20 years of industry experience

Gonzalo Urquijo Fernandez de Aroz Chief Executive Officer

- Joined Talgo in 2021
- Appointed CEO in 2021
- Extensive experience in the steel sector

Corporate governance

- 15 members – 2 Executives (Chairman and CEO) / 7 independent / 3 Other External / 3 Proprietary
- Board committees:
 - Audit Committee: 2 Independent and 1 Proprietary – 6 meetings in 2020
 - Appointments Committee: 2 Independent and 1 Proprietary – 5 meetings in 2020
 - Strategy Committee: 1 Executive, 2 Independent/ 1 External and 1 Proprietary – 6 meetings in 2020

Talgo main financial figures

Year End 31st December	2016	2017	2018	2019	2020	CAGR 16-20
Order Intake						
Book-to-Bill (x)	0.1	1.8	0.5	2.8	0.8	
Group Order Intake Total (€m)*	46.0	701.0	176.0	1,134.0	387.0	
Manufacturing Proportion (%)	-	82.8%	10.8%	60.5%	29.2%	
Maintenance Proportion (%)	-	11.6%	15.9%	33.4%	62.3%	
Other Proportion (%)	29.4%	5.7%	73.3%	6.1%	8.5%	
Backlog						
Manufacturing	317.4	723.0	644.0	1,189.0	1,000.0	33.2%
Maintenance	2,195.1	1,966.0	1,784.0	1,955.0	2,000.0	(2.3%)
Other	91.3	94.0	186.0	204.0	184.0	19.1%
Total Group (€m)	2,603.8	2,783.0	2,614.0	3,348.0	3,184.0	5.2%
Profit & Loss (€m)						
Revenues	579.8	384.4	324.4	401.7	487.1	(4.3%)
EBITDA	107.9	83.6	57.9	68.1	28.0	(28.6%)
Adjusted EBITDA	113.3	87.6	65.6	75.2	34.2	-25.9%
<i>Adjusted EBITDA Margin (%)</i>	<i>19.5%</i>	<i>22.8%</i>	<i>20.2%</i>	<i>18.7%</i>	<i>7.0%</i>	
Depreciation & Amortisation	(20.3)	(24.2)	(25.1)	(17.2)	(31.2)	11.3%
EBIT	87.6	59.4	32.8	50.8	(3.2)	(56.3%)
Adjusted EBIT	102.4	74.7	52.3	60.2	16.4	-36.7%
<i>Adjusted EBIT Margin (%)</i>	<i>17.7%</i>	<i>19.4%</i>	<i>16.1%</i>	<i>15.0%</i>	<i>3.4%</i>	
Net Financial Expenses	(6.9)	(9.4)	(9.1)	(7.9)	(9.1)	n.a.
EBT	80.7	50.0	23.7	42.9	(12.3)	(37.5%)
Tax Rate (%)	19.2%	31.4%	-25.3%	-10.5%	36.6%	
Profit for the year	61.9	34.3	17.7	38.4	(17.4)	-27.2%
EPS (€)*	0.50	0.28	0.14	0.31	(0.14)	
<i>* EPS calculated over the shares currently traded (123,4 million shares)</i>						
Balance Sheet (€m)						
Fixed Assets	280.3	273.2	241.9	249.9	257.0	(2.1%)
Current Assets	443.8	326.2	278.6	307.3	417.6	(1.5%)
Cash & equivalents	38.8	243.2	383.7	325.6	228.3	55.7%
Total Assets	762.9	842.6	904.2	882.8	902.9	4.3%
Trade Creditors	174.0	188.9	223.5	244.9	265.4	11.1%
Taxation & Other Creditors	4.5	9.2	9.4	14.4	9.5	20.5%
Borrowings & Loans (S/T)	25.4	21.4	12.3	58.6	41.1	12.8%
Long Term liabilities	265.1	309.7	331.0	273.3	329.2	5.6%
Total Liabilities	469.0	529.2	576.2	591.2	645.2	8.3%
Ordinary Share Capital	109.7	47.8	47.9	47.9	39.1	(22.7%)
Reserves & other	184.1	265.8	280.1	243.7	218.6	4.4%
Shareholders' Funds	293.8	313.6	328.0	291.6	257.7	-3.2%
Net Financial Debt	191.0	30.0	(104.4)	(59.3)	48.1	
Net Financial Debt / Adj. EBITDA (x)	1.7	0.3	(1.6)	(0.8)	1.4	
Cash Flow (€m)						
Adjusted Ebitda	113.3	87.6	65.6	75.2	34.2	(25.9%)
Change in W/C	(125.3)	132.2	81.8	(5.1)	(94.2)	n.a.
Taxes paid	(8.2)	(7.4)	(2.8)	(8.7)	(3.1)	(21.6%)
Operating Cash Flow	(20.2)	212.4	144.6	61.4	(63.1)	n.a.
Capex	(9.0)	(11.5)	(9.6)	(23.3)	(24.7)	28.7%
Net interest expenses	2.4	(12.4)	(14.5)	(13.0)	(9.6)	n.a.
Net financial liabilities variation	83.9	42.4	2.8	(22.3)	27.2	n.a.
Other	(40.2)	(26.5)	17.4	(58.7)	(14.2)	(22.9%)
Net variation in cash	16.9	204.4	140.6	(55.9)	(97.3)	54.9%