Q1-2023 Results Presentation

11 May 2023

Key Business Figures in Q1-2023

- **Health & Safety and ESG** as key elements in the pursuit of business excellence. **Working accidents rates delivering improved figures.**
- **Increasing manufacturing pace** of current projects while **optimizing existing industrial capacity** to address new opportunities with a cost efficient and *time-to-market* competitive approach.
- **Good commercial momentum** with €464 m[3] of recent awarded manufacturing orders.

	Q1-2023
Accident freq.[1]	**8.99**
Severity[2]	**0.19**
Backlog	**€2,631 m**

- Revenue growth enhanced by **increasing manufacturing activity** and **stable maintenance services**.
- **Recovering EBITDA margins,** although higher financial expenses and corporate tax impacted net income.

	Q1-2023
Revenues	**€126.7 m**
aEBITDA	**€15.4 m**
aEBITDA Mg.	**12.2%**
Net income	**€2.4 m**

- **Confirmed FY2023 outlook** with **strong commercial momentum.**
- Business performance and market expectations however remains subject to macroeconomic and geopolitical stabilization

	Q1-2023
Revenues	**40%[4]**
aEBITDA mg.	**c. 12%**
Order intake	**>2.0x[5]**

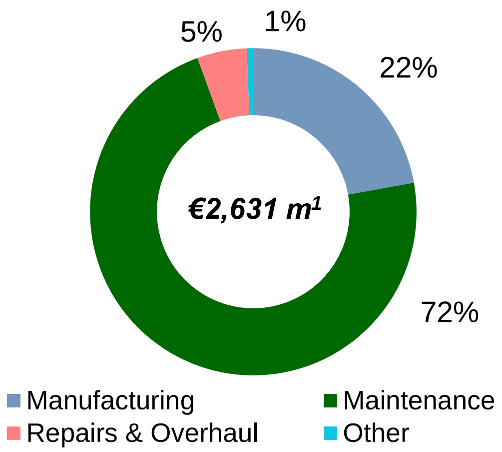
1) Accident frequency rate: Includes Talgo FTEs in Spain. Industrial accidents per million man-hours worked. FTEs (Full Time Equivalent Employees).
2) Severity rate: Number of working days lost per 1,000 hours worked. Talgo FTEs in Spain.
3) Includes mainly new extension order from DSB for 184 €m (April 2023) and ENR for 280 €m (august 2022), both already awarded and subject to comply with precedent condition.
4) Backlog execution in the period 2023-2024 based on FY2022 backlog figures.
5) Book-to-bill ratio for FY2023

Source: Company

Key Operating Figures – Backlog performance

- **Manufacturing and overhaul projects underway with adapted schedules** with DB (Germany), ENR (Egypt), DSB project (Denmark) and RENFE powerheads projects representing the core of the manufacturing backlog.
- All **maintenance contracts** (representing 72% of backlog) are **inflation indexed,** thus providing a base of **stable revenues with sustainable profitability.**
- **Transformational commercial/operations model:**
  - **Transitional commercial activity and tender processes to a new pricing model** with indexed rates, hedging strategies and other pass-through clauses in all tenders to mitigate inflation risks.
  - **Supply chain strategy redefined** through widening and rellocating suppliers base, aiming to reduce supply chain disruptions.
  - **Optimization measures** to enhance industrial efficiencies and maximize capacity in existing facilities.

Order backlog Q1-2023 (€m)



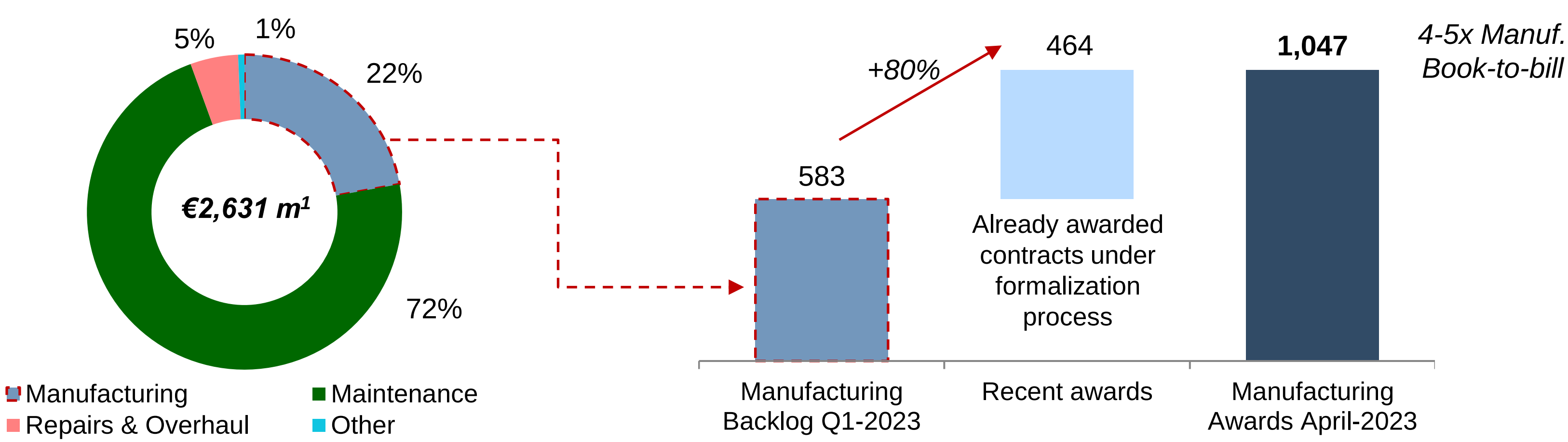
1) Does not include ENR (Egypt) project amounting 280 €m awarded in august 2022, as its formalization is subject to precedent conditions related to project financing. It does not includes the extension order signed with DSB (Denmark) in April 2023 for a total value amounting 184 €m, pending of approval by Danish Parliament.

Source: Company

Key Operating Figures – Commercial activity

- **Strong commercial momentum** driven by the ongoing global transport decarbonisation process as key element to achieve SDGs.
- **Talgo has recently signed new orders amounting €464 m (DSB and Egypt),** still pending to meet certain precedent conditions and approvals.
- Considering recent contract awards, **backlog would reach over 3 billion euros.** In addition, **such awards represents an increase of over 80% of manufacturing backlog as of Q1-2023**, thus ensuring industrial visibility for the following years.
- On top of this, Talgo currently address a wide range of potential opportunities with aggregated **value amounting over €7.5 b**, of which:
  - **Majority of opportunies in EMEA** countries with long distance segments (core Talgo product).
  - Over **€2.5 b corresponds to contract extensions.**

Order backlog Q1-2023 (€m)



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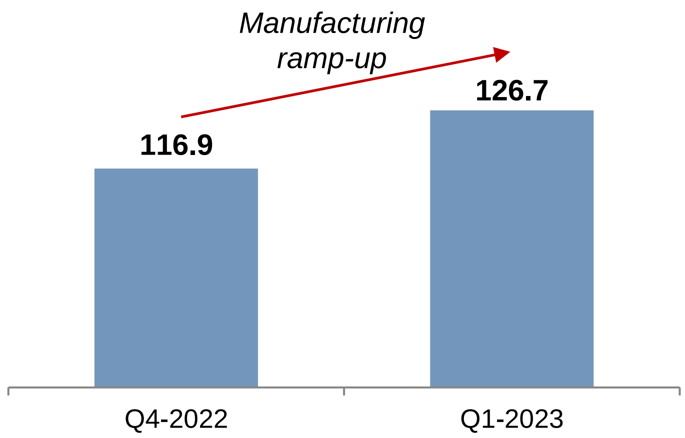
Source: Company

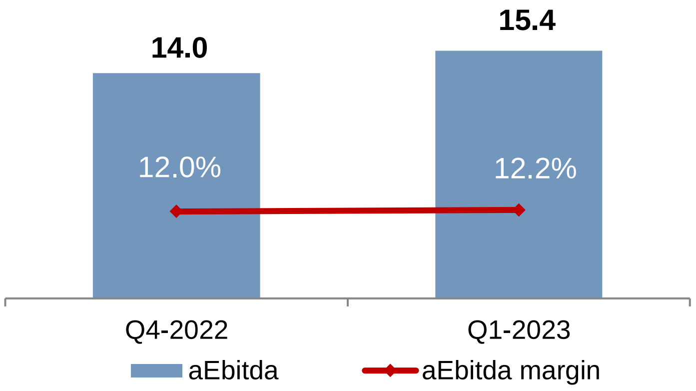
Key Financial Figures

- **Revenues reached €126.7 m in Q1-2023** reflecting revenues ramp-up driven by increasing manufacturing activity, mainly DB (Germany), ENR (Egypt), DSB (Denmark) and Renfe powerheads.
- **aEBITDA amounted to €15.4 m[1] in Q1-2023, resulting on 12% margin**. Supply chain and inflation still represents the main challenge in the manufacturing backlog, mainly regarding the projects awarded pre-Covid and still under execution.
- **Net income amounted to 2.4 €m in Q1-2023**, impacted mainly by higher financial expenses recognised in the period and higher effective corporate tax.

Quarterly revenues – QoQ (€m)



aEBITDA (€m) and margin (%) - QoQ



1) Reported EBITDA amounted €15.0 m, thus aEBITDA includes 0.4 #m of non-recurrent items

Source: Company

Update on FY-2023 Outlook

	Targets FY2023	Q1- 2023 Update
Profitability	✓ aEBITDA: **c. 12%**	c. 12%
Capital structure	✓ Working Capital: **Stable Working Capital**	Stable Working Capital
	✓ Net Financial Debt: **c. 2.0x aEBITDA**	c. 2.0x
	✓ Capex: **c. €30 m**	c. €30 m[1]
Business performance	✓ 2023-24 backlog execution: **c. 40%[2]**	c. 40%[2] in 2023-24
	✓ Average Book-to-Bill ratio: **> 2.0x**	> 2.0x
Shareholder remuneration	✓ Shareholder Remuneration: **€12 m[3]** *(Scrip Dividend + share buy-back)*	€12 m[3]

Confirmed guidance for the year…

…with upside risk in the commercial area on the back of a strong commercial momentum

1) Does not include project R&D investments.
2) Over backlog FY2022.
3) Subject to GSM approval. To be preliminary implemented through a Scrip Dividend and share buy back program

Source: Company

Annex - *Alternative Performance Measures: definitions*

This results presentation, as well as any conference call, press release or related information issued contains alternative performance measures (APMs) as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authorities (ESMA) on October 5, 2015.

The APMs used in the Presentation are described below aiming to reconcile the figures with the International Financial Reporting Standards:

- ***EBITDA:*** *Earnings Before Interest Taxes Amortization and Depreciation ("EBITDA"). It corresponds to Net Operating Income plus amortization and depreciation. This indicator are aligned with market practice.*
- ***EBIT:*** *Earning Before Interest and Taxes ("EBIT"). It corresponds to Net Operating Income. This indicator are aligned with market practice.*
- ***Adjusted EBITDA:*** *Adjusted EBITDA ("aEBITDA") is a Key Performance Indicator to present the level of recurring operational performance. Adjustments to EBITDA include primary non-recurring costs as redundancies and obsolescence and guarantees expenses. These indicators are aligned with market practice and comparable to direct competitors.*
- ***Capex:*** *Capital Expenditures or investments in fixed assets dedicated for the business operations. Includes capitalised development costs. Does not include proceeds from disposals of fixed assets.*
- ***Net Financial Debt:*** *The net cash/(debt) is defined as cash and cash equivalents less short and long-term financial liabilities, including financial leasing. Net Financial Debt excludes repayable advances with entities belonging to the Spanish Public Administration relating to R&D, which are not considered financial debt due to their recurrence and zero interest rates.*
- ***Working Capital****: is defined as the current assets and liabilities of the company, excluding financial items, this is cash and cash equivalent and short-term financial liabilities.*
- ***Backlog:*** *The backlog represents the total amount revenues expected to be accounted in the future business based on already awarded and signed contracts. It is measured based on the value signed by contract in case of manufacturing and overhaul contracts, while maintenance contracts are based on estimates considering time and unit price. It does not consider inflation adjustments.*
- ***Order intake:*** *represents the new orders recognized in a certain period. A new order is recognised as an order received only when the contract is awarded and signed between the parties, thus creating legal obligations between both parties. The value of new orders does not consider inflation adjustments included by contract nor any other impact from derivatives. Orders awarded in a currency other than de Euro is recognized at the spot exchange rate in moment of award.*
- ***Pipeline:*** *the Pipeline represent the theoretical value of opportunities in which the company is working on from a commercial perspective. The represented value is an estimate, and it might vary throughout the time. It does not represent any probability nor the exact value or guidance of offers submitted by the company.*
- ***Book-to-Bill ratio:*** *represents how the new orders weighting over the total backlog. Is measured as times the value of new awards represent over the total backlog at a certain date.*

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