Results Presentation
Third Quarter 2023

14 November 2023

Talgo

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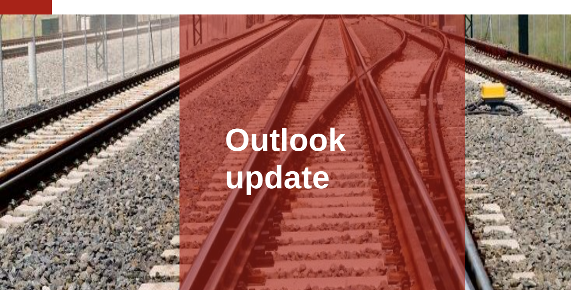
Executive Summary – Key Highlights

- **Sustainability approach** in all business activities. **Decreasing working accidents** obtaining best rates of the last five years.
- Outstanding commercial momentum registering **historical highs in new orders with value amounting close to €2.2 bn[3]**.
- **Steady increase of manufacturing activity** in line with project schedules and strengthen backlog.
- **Optimizing industrial capacity** to enhance business profitability.

	9M-2023
Accident freq.[1]	7.30
Severity[2]	0. 15
Order intake	€1,903 m
Backlog	€4,187 m

- **Revenue and aEBITDA strong growth in Q3-2023** driven by **increasing manufacturing activity** and **extraordinary positive impacts** due to DB and DSB project extensions.
- Maintenance contribution to **stable revenues and margins**.
- Scrip dividend successfully completed (83% of capital accepting shares) and **ongoing share buy-back** (25% completed).

	9M-2023
Revenues	€ 470.3 m
aEBITDA	€ 64.5 m
aEBITDA Mg.	13.7%



- Higher industrial activity and extraordinaries drive Talgo to **improve FY-2023 guidance in both revenues and margins.**
- **Higher WC expected** in line with existing project execution schedules could result on **slightly higher leverage for FY-2023.**
- **Order intake** guidance mostly reflecting **already signed contracts.**
- Uncertainties derived from **macro and geopolitical still conditions business performance** (supply chain and costs).

	9M-2023
Revenues	45%[4]
aEBITDA Mg.	c. 13%
NFD	c. 2.5x[6]
Order intake[5]	c. 3.5x

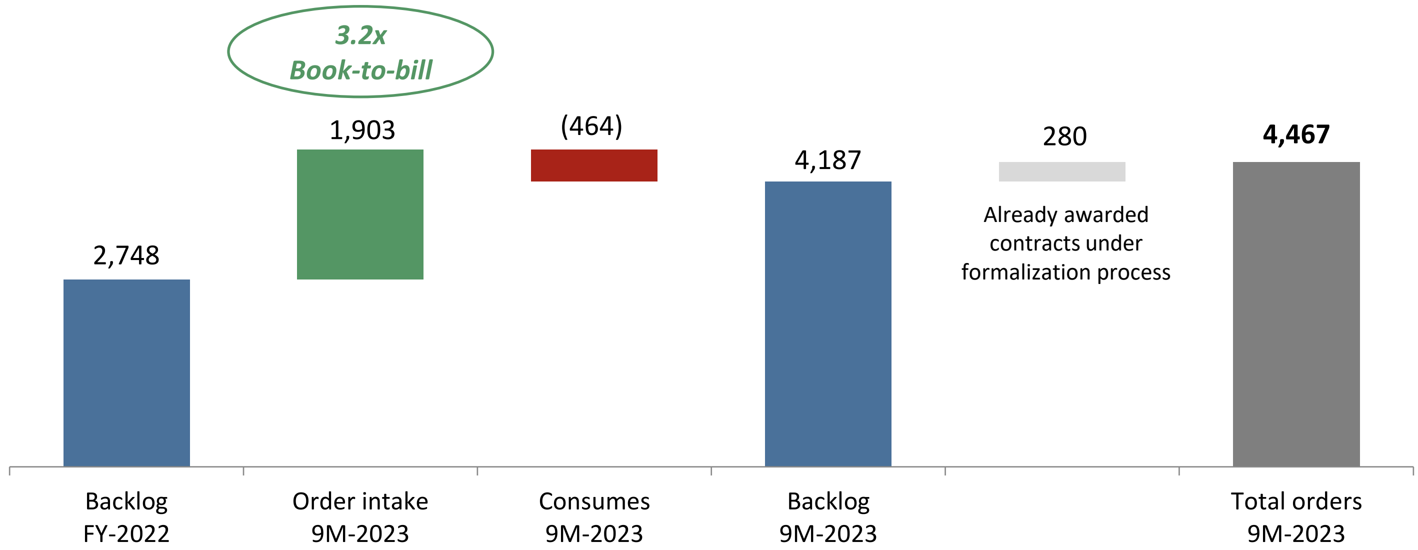
1) Accident frequency rate: Includes Talgo FTEs in Spain. Industrial accidents per million man-hours worked. FTEs (Full Time Equivalent Employees).
2) Severity rate: Number of working days lost per 1,000 hours worked. Talgo FTEs in Spain.
3) Includes projects awarded pending to be signed.
4) Backlog execution in the period 2023-2024 based on FY2022 backlog figures.
5) Book-to-bill ratio: Volume of new orders over LTM revenues.
6) Net Financial Debt to LTM aEBITDA. NFD excludes repayable advances with entities of to the Spanish Public Administration relating to R&D, which are not considered financial debt

Source: Company

Business performance (I/II)

- **Recent awards consolidate Talgo presence and its state-of-the-art technology advantages in international markets…**
  - DSB extension for the manufacturing of eight additional Talgo 230 compositions with value amounting €177 m[1].
  - DB extension for the manufacturing of 56 additional Talgo 230 trains with value amounting €1,560 m[1].
  - Renfe maintenance contract extension for high speed fleet with value amouting €151 m.
  - ENR new contract for seven night trains for €280 m, pending to meet certain precedent conditions and approvals.
- … and **lead Talgo's order intake to historical highs with €1.9 bn of new orders** registered in the period.
  - **Upside in the maintenance services** business upon delivery of new trains.
  - **Indexation clauses in new contract** that contribute to mitigate inflation risks.
- **Strong commercial momentum** with wide range of opportunities in the pipeline amounting over €10 bn.
  - Worldwide commercial presence with strongest focus **EMEA key markets**…
  - … and **long-distance segments** leveraging on latest technology developments.

Order intake 9M-2023 (€m)



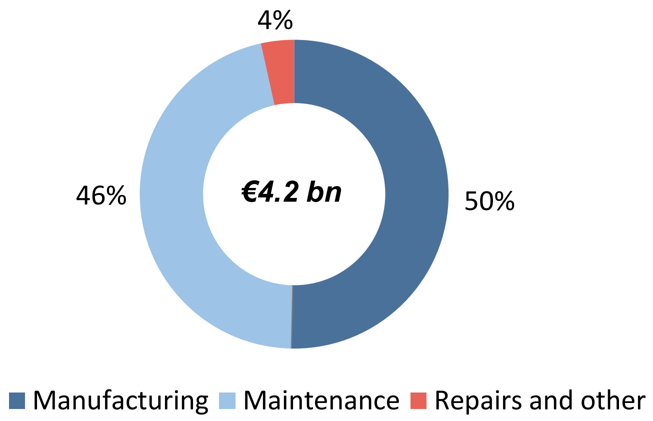
1) Project value updated according to indexation formulas at moment of project Notice to Proceed.

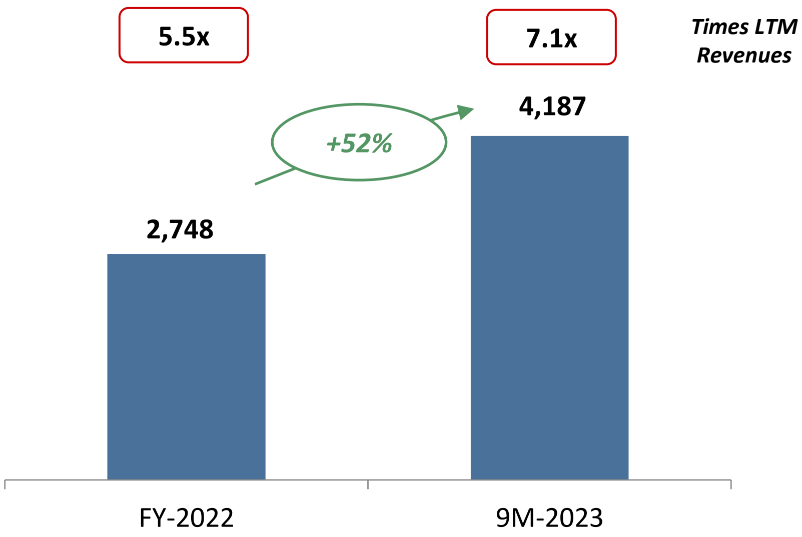
Source: Company

Business performance (II/II)

- **Backlog increased by 52% in the year to reach €4.2 bn** driving Talgo to its **backlog historical highs** and boosting its **international presence.**
- In addition, most relevant new orders are contract extensions (DB and DSB), which minimize **execution risks and contribute visibility over stable margins.**
- Recent awards comprise mainly manufacturing projects that contributes with **high industrial activity and revenues visibility** in the short and medium term.
  - Ramping up manufacturing activity lead by first orders of DB (Germany) and DSB (Denmark) projects and supported by RENFE powerheads (Spain) project.
  - Renfe VHS trains under delivery process, expected to start in the short term.
  - Maintenance services coming on time and on budget in all markets.

Order backlog 9M-2023 (€m)

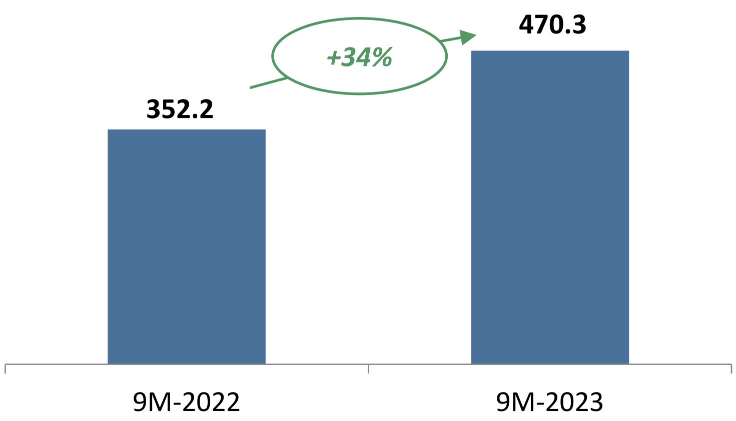




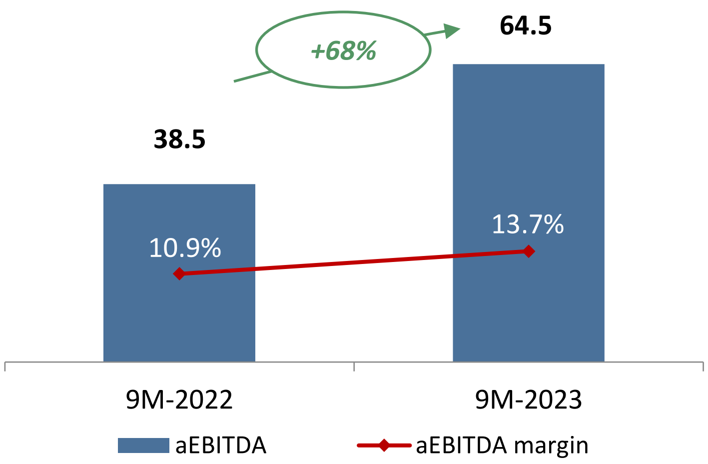
Source: Company

Main financial figures – P&L

Revenues (€m)



aEbitda (€m) and margin (%)



- Strong backlog determine expected **revenue growth for the following years, already visible in 2023.**
- In addition, contract extensions implied project status updates in Q3-2023 resulting on **extraordinary higher revenues and margins improvements recognised in the period**, which are non-recurrent**.**
- As a result of the aforementioned, **revenues increased by 34% in Q3-2023 vs. same period of previous year, to reach €470.3 m.** while **aEBITDA increased by 68% to reach 64.5 €m**.
- The main manufacturing revenues contributors in the period were DB (Germany), DSB (Denmark) and Renfe powerheads (Spain) projects, supported by a **stable level of revenues and margins in maintenance activity**.
- Talgo continue to implement measures to **mitigate project risks and protect business margins:** indexation clauses, financial expenses related to project financing included in prices and widening supplier base.

Source: Company

Outlook FY-2023

	Current Outlook	***Updated Outlook***	
Profitability	✓ aEBITDA: **c. 12%**	**c. 13%**	↑
Capital structure	✓ Working Capital: **Stable**[3]	**Working Capital stable**[3]	
	✓ Net Financial Debt: **c. 2.0x aEBITDA**	**c. 2.5x aEBITDA**	↑
	✓ Capex: **c. €30 m**[1]	**c. €20 m**[1]	↓
Business performance	✓ 2023-24 backlog execution: **c. 40%**[2]	**c. 45%[2] in 2023-24**	↑
	✓ Average Book-to-Bill ratio: **c. 3.0x**	**c. 3.5x**	↑
Shareholder remuneration	✓ Shareholder Remuneration: **€12 m** *(Scrip Dividend + share buy-back)*	**Scrip Dividend completed** (83% chose shares) **Share Buy-back under execution** (25% of progress)	

Guidance improvements reflects remarkable business performance and sound commercial momentum

1) Does not include project R&D investments.
2) Over backlog FY2022.
3) Measured as % over revenues

Source: Company

Annex - Alternative Performance Measures: definitions

All regulated information, among others, annual accounts, annual report, results presentations, investors/analysts conference calls, 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 following APMs are used in the Presentation are considered to be in line with market commonly used practices and aims to reconcile the figures with the International Financial Reporting Standards (IFRS):

- ***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 all 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 low interest rates.*
- ***Debt ratio**: Net Financial Debt divided by Adjusted EBITDA*
- ***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 the Euro are 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 revenues recognised in a period and aims to provide visibility over the years needed to execute that volume of new orders considering LTM revenues. Is measured as times the value of new awards represent over the last twelve months revenues.*

Source: Company

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