THIRD QUARTER 2016 RESULTS

25 October, 2016

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Order Intake

Relevant Order Intake in 2016

The global amount of new contracts awarded in 2016 exceeds EUR 2,500 million, of which EUR 2,030 million relate to signed contracts up to 30 September

(in millions of EUR) [1]

2014	2015	2016		
Q1-Q4	Q1-Q4	Q1	Q1-Q2	Q1-Q3
1.895	902	789	1.636	2.030

The main contracts signed and included in the backlog in the third quarter of 2016 were :

Quito, Ecuador

Mexico City, Mexico

The two contracts have an approximate joint value of EUR 300 million.

These contracts are added to those already included in the first half of the year, notably the projects for ARRIVA (UK), FIRST GROUP (UK), MARYLAND (US) and CANBERRA (Australia).

In addition, 3 October 2016 saw the signing of the train supply contract for the Brussels metro for an approximate amount of EUR 353 million.

[1] Order Intake obtained as: (Period end backlog – Period start backlog + Period sales)

Order Intake

(continuation)

Quito

On 15 July 2016, the Official Institute of Credit (ICO in Spanish), in representation of the Government of Spain and the Ministry of Finance of the Republic of Ecuador, signed a Credit Agreement that entails the launch of the contract that the Municipality of the Metropolitan District of Quito awarded to CAF.

The project comprises the following:

- The supply of 18 trains of 6 cars each to run on the first line of the Quito Metro.
- Supply of auxiliary vehicles, equipment and workshop tools, and a batch of spare parts.

Mexico City

The Public Transport System (STC in Spanish) has signed with CAF the contract for the supply of trains with pneumatic rolling gear for the Line 1 of the Metro of Mexico City, which is part of the project for replacement of units and infrastructures renewal being carried out in the Metro.

The project comprises the following:

- Supply of 10 trains with pneumatic rolling gear.

Order Intake

(continuation)

Brussels

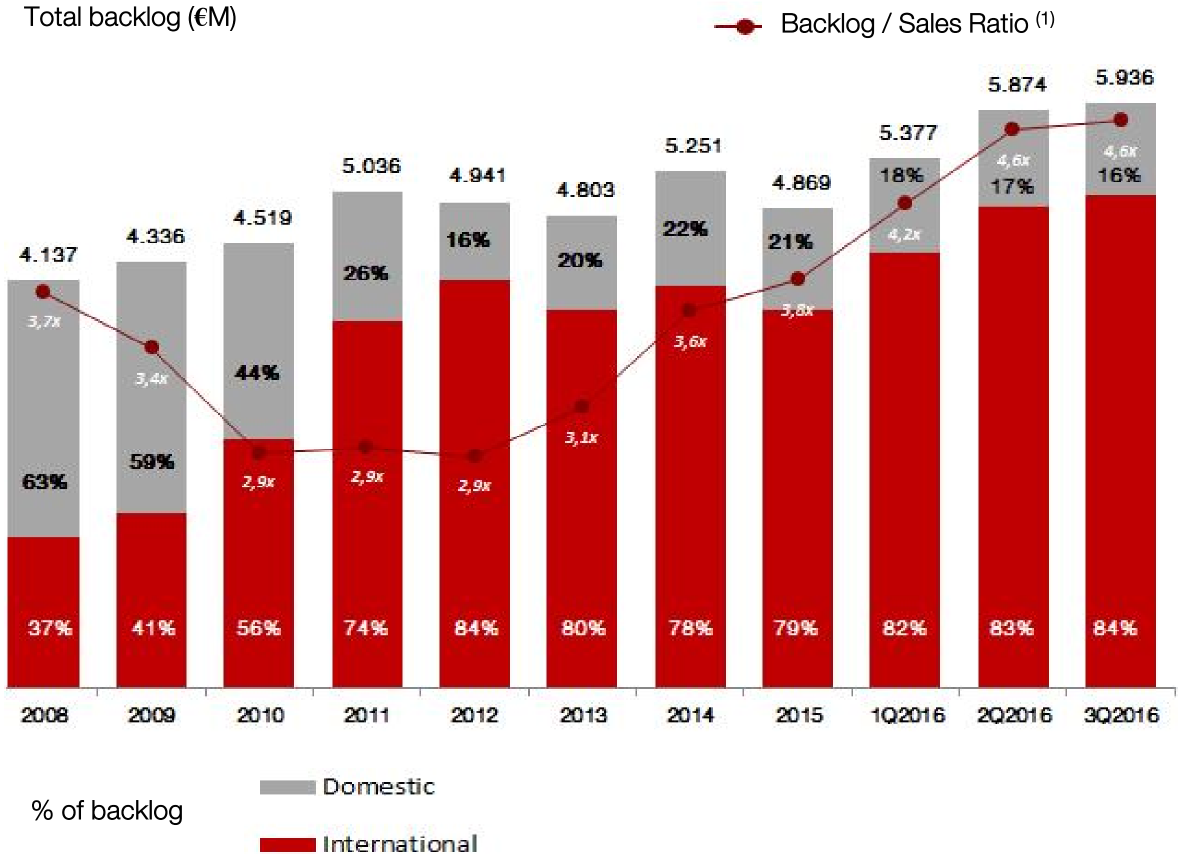
The Brussels Intercommunal Transport Company (MIVB/STIB), the operator of public transport in the European capital, has signed with CAF a 12-year framework agreement for the supply of trains for the Brussels Metro.

The project comprises the following:

- The supply of 43 state-of-the-art metro units.
- The option of ordering 47 additional trains during the lifetime of the framework agreement.

Backlog

Backlog at record highs
for the third consecutive quarter



[1] Backlog / sales ratio of each quarter of 2016 calculated against total annual revenue of 2015.

The order backlog at 30 September 2016 reached its **record-high peak** of EUR 5,936 million, equivalent to 4.6x annual revenue of 2015.

This backlog does not include **firm contracts signed** beyond 30 September 2016:

- Brussels Metro (approx. €353 M)

In addition, CAF has also been **awarded contracts yet to be signed** worth approximately EUR 365 million. This amount includes the recent awarding of a contract for the supply of trams for the city of Amsterdam.

Consolidated Profit & Loss Account

(in thousands of EUR)

	3Q2016 (9m)	3Q2015 (9m)	Chng. %
Revenue	962.552	935.416	3%
EBITDA	104.158	137.885	-24%
D&A and Impairments	(22.632)	(29.925)	-24%
EBIT	81.526	107.960	-24%
Financial result	(39.093)	(56.581)	-31%
Profit before tax	42.433	51.379	-17%
Income tax	(15.433)	(14.574)	6%
Net profit after income tax	27.000	36.805	-27%
Profit attributable to non-controlling interests	(486)	(958)	-49%
Profit attributable to the Parent	26.514	35.847	-26%

- Revenue as of 30 September 2016 amounts to EUR 962,552 thousand, that is, EUR 27,136 thousand (3%) higher compared to the figure for the nine month period ended 30 September 2015. The increase was due to the recovery in industrial activity in the third quarter and higher sales in services and signalling. The impact of exchange rates has not been significant.

- Exports accounted for 78.84% of total revenue, being the Euskotren project the only significant Spanish manufacturing project in progress at present.

- The project of 118 trains for NS (Netherlands), commuter trains for Euskotren, CPTM and Toluca, metro units for Medellin, Istanbul, Chile and Helsinki are the main manufacturing projects in progress in the nine month period ended 30 September 2016.

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- The EBITDA margin as of 30 September 2016 amounted to EUR 104,158 thousand, compared to EUR 137,885 thousand in the same period of 2015, that is, 24% lower.
- Profit before tax as of 30 September 2016 reached a profit of EUR 42,433 thousand, that is, 17% lower than the profit for the same period of 2015.
- The Financial Result as of 30 September 2016 totalled a loss of EUR 39,093 thousand, 31% lower compared to the figure for the nine month ended period of 2015, mainly due to the exchange rate differences of EUR 21,017 thousand.
- Net profit after income tax as of 30 September 2016 amounted to a profit of EUR 27,000 thousand, a decrease of 27% as compared to the profit in the nine month period ended 30 September 2015.
- Profit attributed to the parent company as of 30 September 2016 reached a profit of EUR 26,514 thousand, 26% lower compared to the profit for the same period of 2015.

Perspectives

UNIFE, the European associating of the main railway manufacturers, published in September 2016 the perspectives of the sector for the coming years. According to the analysis:

- There will be a continuation of the favourable perspectives for the sector, with sustained growth expected for the next six years.
- Specifically, it is estimated that the total market will reach an annual volume of EUR 185 thousand million (CAGR=2.6%), in the 2019-2021 period while the accessible market will amount to EUR 122 thousand million (CAGR=3.2%).
- The rolling stock and services segments will be the main drivers of this growth, accounting for 37% and 32% of the accessible market, respectively. By geographic area, Western Europe will continue to be the largest market, and the most dynamic one (CAGR=3.6%).
- These forecasts are aligned with the Company's sharper focus on the European market and on the service segment, thus giving continuity to elevated trading activity.

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