FIRST HALF YEAR RESULTS 2016

27 July 2016

Contents

Order Intake

Relevant contracts
to forge a solid backlog

(Eur m)

2014	2015	2016	
Q1-Q4	Q1-Q4	Q1	Q1-Q2 [1]
1.895	902	789	1.636

The following are the main contracts signed and included in the backlog in the first half of year 2016:

- ARRIVA (UK): c. €740m
- FIRST GROUP (UK): c. €310m
- MARYLAND (USA): c. €180m
- CANBERRA (Australia): c. €100m

- OTHER: c. €300m
  - These include but are not limited to Maintenance and Technical Support contracts, contracts signed by Miira and other Subsidiaries (e.g. Signalling), and other rolling stock contracts such as the installation contract of ACR (Rapid Charge Accumulation) on board of the Birmingham light rail vehicles or 6 LRVs for Newcastle (Australia).

[1] As a result of the difference in backlog and revenue of the period

Order Intake

(Continued)

Arriva UK

On 21st of January 2016, CAF was selected by the railway operator Arriva UK and the leasing company Evershot Rail Group for the manufacture of two train fleets based on the CIVITY UK platform that will operate on the Northern franchise

This project includes the following:

- The supply of 43 electric trains of 3 and 4 cars each, and 55 diesel trains of 2 and 3 cars each (a total of 281 passenger cars) for commuter/regional services at a top speed of 160 kmph.
- Technical and logistic support services for both fleets.

First Group UK

CAF has signed contracts with the First Group Operator and the finance companies Eversholt Rail Group and Beacon for the supply of rolling stock based on the CIVITY UK platform. First Group operates the TransPennine franchise.

This project includes the following:

- The supply of 66 passenger cars and 12 electric units with 5-cars each.
- Technical support for maintenance and comprehensive management of spares for both car types.

Order Intake

(Continued)

Maryland

CAF is the selected bidder for the manufacturing of LRV units for the Purple Line in Maryland, USA.

In addition, CAF will hold a 20% share in the company that will manage the operation and maintenance of the Light Railway System for 30 years.

The project awarded to CAF includes the following:

- Supply of 26 5-module LRV type units.
- Supply of spares, special tooling and testing equipment through the company's American affiliate CAF USA Inc.

Canberra

Canberra has selected the Canberra Metro Consortium in which CAF takes part as the supplier of rolling stock, for the development of a new light rail line in the city. First vehicles are scheduled for delivery in late 2017.

The project awarded to CAF includes the following:

- The supply of 14 LRVs of 5 modules each and 100% low-floor.
- Maintenance for a 20 year period.

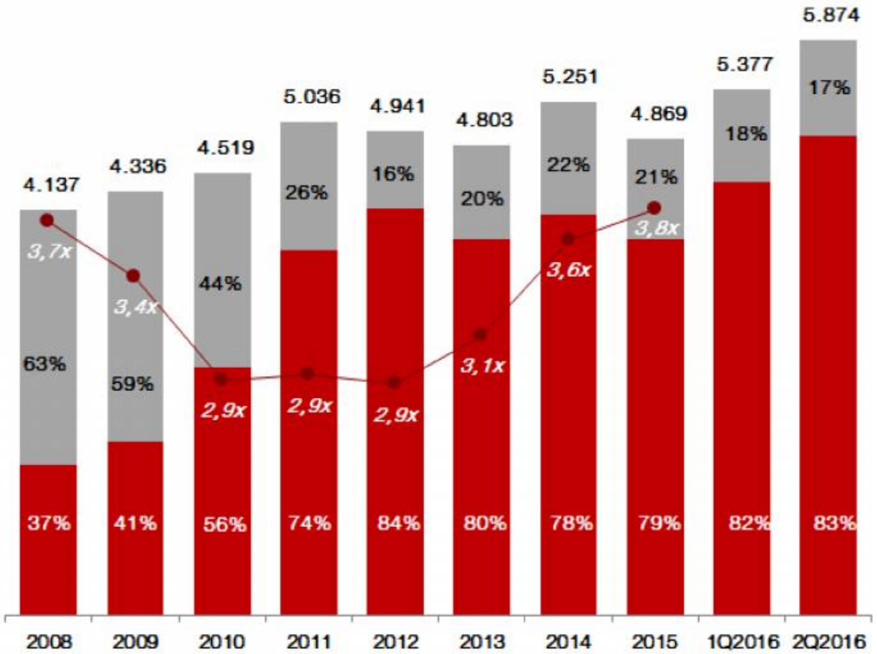
Backlog

Record-high order backlog
as a foothold for future growth

Order Backlog

Total backlog

Backlog/Sales Ratio



% of the backlog

Spain

International

Equivalent to 4.2x and 4.6x 2015 sales

Order backlog as of 30 June 2016 reaches **record-high peak** with €5,9 billion equivalent to 4.6x 2015 turnover.

The backlog does not include **firm contracts** signed beyond 30th of June 2016:

- Quito Metro (approx. €160m)

In addition, CAF has a number of **awarded projects pending signing**, amounting to c. €200m.

Consolidated Profit & Loss Account

(Eur m)

Profit & Loss Account	1H2016	1H2015	% change
Revenue	632	660	-4%
Other Income (*)	6	8	-24%
Changes in inventories	(33)	(33)	1%
Procurements	(246)	(243)	1%
Staff costs	(206)	(213)	-3%
Other operating expenses	(88)	(84)	5%
EBITDA	65	95	-32%
% margin	10,2%	14,4%	
D&A	(19)	(21)	-11%
Impairments and gains/loses on disposals	4	(1)	-702%
EBIT	51	74	-31%
% margin	8,0%	11,2%	
Financial income	4	7	-46%
Financial costs	(31)	(29)	7%
Exchange differences	0	(7)	-103%
Other financial gains and loses	(0)	(1)	-72%
Financial result	(27)	(30)	-9%
Profit before tax	24	44	-46%
Income tax	-9	(12)	-23%
Net Income	15	33	-54%
% margin	2,4%	4,9%	

(*) Considers Other Operating income and in-house work on non-current assets

The Net **Turnover** as of 30th June 2016 decreases by 4% relative to the same period of 2015. Half of this decline has been caused by the devaluation of the Brazilian Real, and the other half is mainly explained by a lower industrial activity, as already expected.

This lower industrial activity, which is expected to improve from 2H2016 on, has been partially mitigated by an increase on the **services and signalling businesses.**

78% of the sales account for the **exports market.**

Suburban trains for Euskotren, CPTM and Toluca, and metro units for Istanbul, Chile and Helsinki, are the **main manufacturing projects** in execution during the first half of 2016.

Consolidated Profit & Loss Account

(Continued)

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Staff costs decrease for the second consecutive half year period, and reflect a 3% year-on-year decline in line with the turnover.

The **EBITDA and EBIT** abatement is attributable to lower industrial activity and the "mix" of ongoing projects.

The first evidences collected from the implemented **efficiency improvement initiatives** are in line with planned results.

Amortization maintains a declining tendency due to contracted investments in the last few years.

Balance Sheet Consolidated

(Eur m)

Balance Sheet	30/06/2016	31/12/2015	% change
Assets			
Intangible Assets	36	35	4,8%
Property, Plan & Equipment, net	234	241	-2,8%
Investments accounted for using the equity method	17	14	21,8%
Non-Current Financial Assets	637	613	3,9%
Deferred Tax Assets	154	161	-4,7%
Non Current Assets	**1.078**	**1.064**	**1,4%**
Inventories	87	86	1,3%
Trade and other receivables	1.498	1.298	15,4%
Other Current Financial Assets	146	122	19,0%
Other Current Assets	5	6	-7,6%
Cash & Cash Equivalents	285	297	-4,2%
Current Assets	**2.021**	**1.810**	**11,7%**
Total Assets	**3.100**	**2.874**	**7,8%**
Equity & Liabilities			
Total Equity	**748**	**715**	**4,7%**
Long-Term Provisions	4	5	-10,8%
Non-Current Bank Borrowings	624	662	-5,7%
Other Non-Current Financial Liabilities	53	75	-28,6%
Deferred Tax Liabilities	155	157	-1,0%
Other Non-Current Liabilities	57	64	-11,4%
Non Current Liabilities	**894**	**962**	**-7,1%**
Short-Term Provisions	223	229	-2,4%
Current Bank Borrowings	139	204	-31,6%
Other Current Financial Liabilities	110	54	105,1%
Trade and Other Payables	984	708	39,0%
Other Current Liabilities	0	2	-87,1%
Current Liabilities	**1.458**	**1.197**	**21,8%**
Total Equity & Liabilities	**3.100**	**2.874**	**7,8%**

Tangible Fixed Assets

Investments in tangible fixed assets in the first half of 2016 stand at €4m, which is a figure significantly lower than the amortization of that period.

Non Current Financial Assets

These mainly refer to trade receivables related to concessions.

The upturn of this item is affected by exchange rate fluctuations during the period (mainly the Brazilian Real).

The quotas of the Brazilian and Mexican concessions are referenced to the inflation of the respective currencies.

Current Assets

The evolution of Trade receivables and other accounts receivable reflect the consumption of working capital on ongoing projects, as well as the revaluation of the Brazilian Real in the first half of 2016.

Balance Sheet Consolidated

(Continued)

(Eur m)

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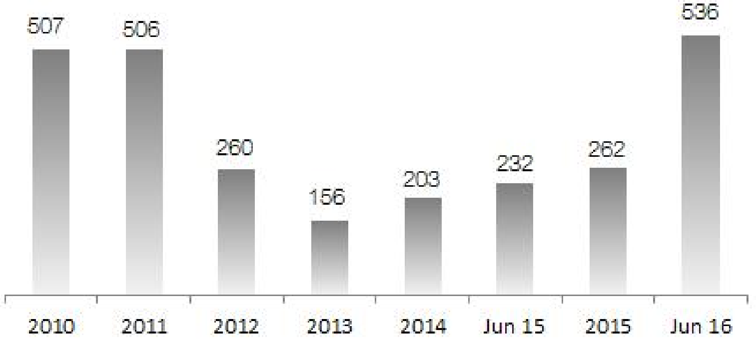
Current Liabilities

Other Current Financial Liabilities increases due to the variation of the market value of exchange rate hedging derivatives, and includes payable dividend (€18 million).

Trade creditors and other accounts payable increases mainly due to the Customer pre-payments.

Customer advances

(Eur m)



Balance Sheet Consolidated

(Continued)

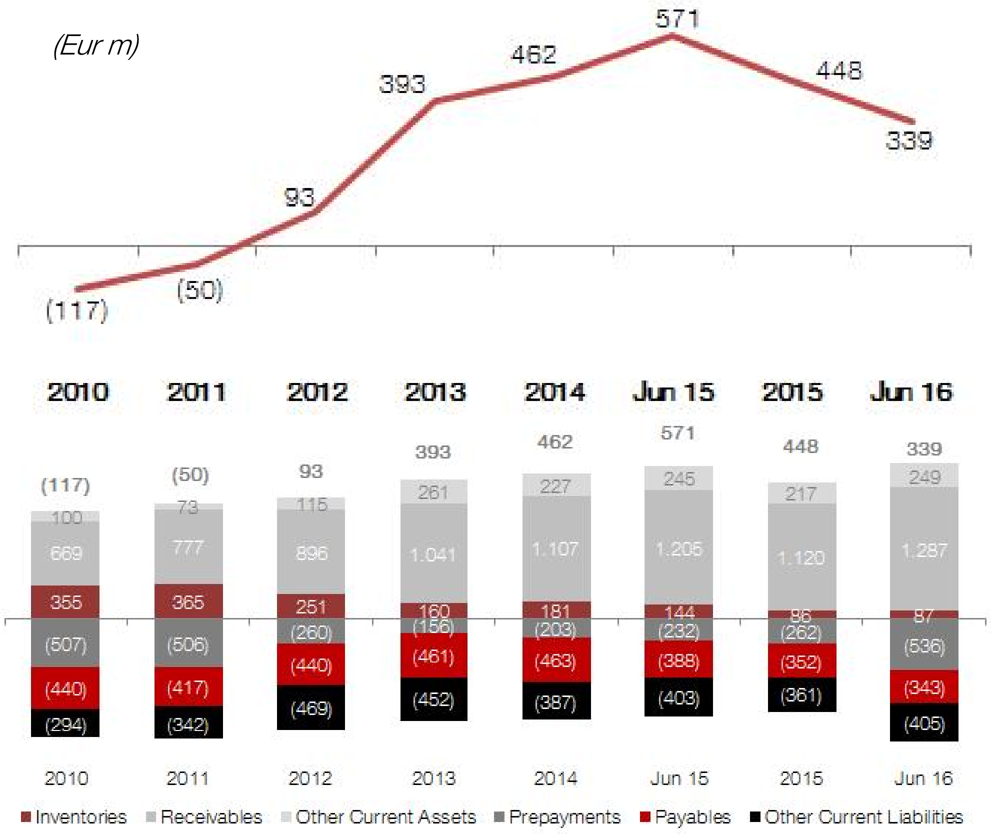
Current Assets

The consumption of working capital declines for the second consecutive half year.

This improvement results primarily from payment conditions of newly signed contracts, which include upfront payment and payments linked to progressive project completion milestones.

Manufacturing efficiency projects, with expected impact on inventory levels, are progressing appropriately.

(Eur m)



Note:
- "Trade and other receivables" includes the following balance item: Other Trade Receivables, Current Tax Assets, Derivatives from Current Assets and Other Current Assets.
- "Other Payables" includes the following balance items: Current Provisions, Other Payables without customer advances, Current Tax Liabilities, Derivatives from Current Liabilities and other items under "Other Financial Liabilities"

Balance Sheet
Consolidated

(Continued)

Gross Financial Debt

(Eur m)

	2011	2012	2013	2014	Jun15	2015	Jun16
Concessions Gross Debt	239	492	446	421	403	346	362
Corporate Gross Debt	9	101	268	429	504	531	414
TOTAL	**248**	**593**	**714**	**849**	**907**	**877**	**776**

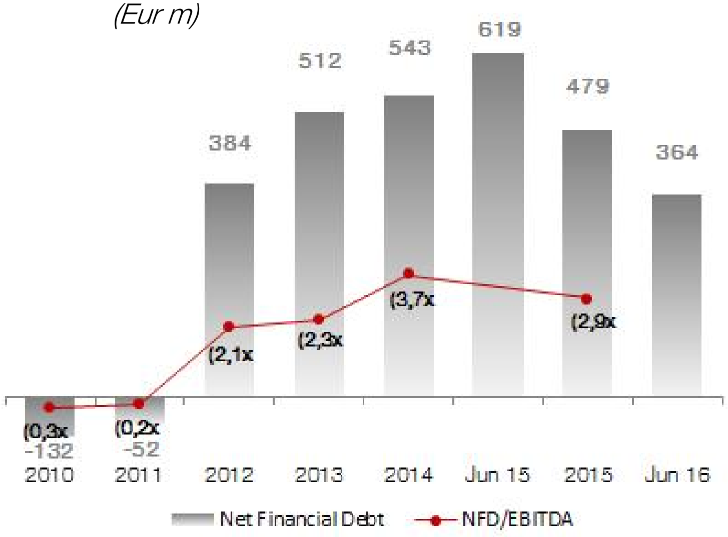
Decline in Gross Financial Debt (€101m), essentially driven by the improvement of the debt with recourse to the parent company (€117m).

This improvement in Gross Financial Debt offsets negative effect of the revaluation of the Brazilian Real (c. €46m).

Accordingly, the non-recourse debt associated with concession contracts, increases as a result of the increasing value in euro of the debt in Brazilian Reals, due to the revaluation of the Brazilian Real.

Net Financial Debt

(Eur m)



Improvement of the Net Financial Debt, driven by the improvement of advance payments related to new contracts.

Cash Flow Statements Consolidated

(Million Euro)

Statements of Cash Flows	30/06/2016	30/06/2015	Change
Net cash flow from operating activities (i)	**189.198**	**(48.159)**	**237.357**
Payments due to investment	(35.851)	(11.380)	(24.471)
Proceeds from disposal ant other cash-flows from investing activities	11.776	17.229	(5.453)
Net cash flow from investing activities (ii)	**(24.075)**	**5.849**	**(29.924)**
Proceeds/(Payments) relating to financial liability instruments	(147.787)	54.689	(202.476)
Dividends and returns on other equity instruments paid	(30.545)	(26.343)	(4.202)
Net cash flows from financing activities (iii)	**(178.332)**	**28.346**	**(206.678)**
Effect on cash of foreign exchange rate changes	799	(501)	1.300
Net increase in cash and cash equivalents (i+ii+iii)	**(12.410)**	**(14.465)**	**2.055**
Cash and cash equivalents at beginning of year	**297.440**	**197.111**	
Cash and cash equivalents at end of year	**285.030**	**182.646**	

Positive operating cash flow generation of €189m.

The investment transaction cash flows include an investment of €25m in deposits.

In terms of funding activity cash flows, the most significant factor is the important anticipated debt reduction (€133m), with no effect on the Group's liquidity.

Outlook

The Company maintains projected performance for upcoming years[1]:

- Strong pipeline for 2016: 50-60 tenders for an approximate value of € 6 billion in all 5 continents, with particular focus in Western Europe.
- Backlog, awards and pipeline as a pillar for the increase in revenue for the coming years.
- Medium-term profitability levels sustained by the continuous search for the operational excellence and seamless execution of efficiency measures.
- Cash generation driven by improved Working capital levels, concession- related debt amortisation and normalised capex requirements.

[1] Projections as laid out in the *"Investor Presentation"* document made public on 17 March 2016.

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