



July 3rd, 2018

CAF HAS ENTERED INTO AN AGREEMENT TO ACQUIRE POLISH BUS MANUFACTURER SOLARIS, STRENGTHENING ITS COMMITMENT TO URBAN MOBILITY

CAF has decided to take an important step within its Strategic Plan, on the road to European leadership in sustainable urban mobility systems. Together with Solaris, CAF will broaden its already extensive range of products enabling it to meet the current and future needs in urban transportation, particularly in electric mobility and multimodal door-to-door solutions. Moreover, by integrating with the Polish company Solaris, the CAF Group will become one of the market leaders in the bus segment.

“CAF’s investment in Solaris confirms our commitment to the vision of profitable growth and opens new strategic markets to CAF,” said Andrés Arizkorreta, President and Chief Executive Officer of CAF. “Together with Solaris, we will create a leader in urban mobility solutions beyond rolling stock, particularly in the e-mobility segment. We want to continue using and to develop Solaris’ valuable brand and to keep its Polish character. The combination of both companies’ know-how in production, design, technology and services, together with the track record of Solaris in bus product innovation will allow us to better serve our clients while creating shareholder value.”

“By selecting CAF as an investor for Solaris, we ensure a promising future for the brand, its clients and its employees.” said Solange Olszewska, President and CEO of Solaris Bus & Coach. “I strongly believe that CAF has the right vision for the company and will be able to develop Solaris’ potential on a global scale. I am confident that this agreement is fully in line with everything we have achieved since the company was founded 22 years ago and elevates Solaris to a higher level of development path” – Mrs. Olszewska added

Solaris, established in 1996, is a global supplier of conventional and electric buses with presence in over 700 cities in 32 countries. With a 2017 turnover of close to €450 million, it has production plants in Poland in the cities of Bolechowo and Sroda, and a workforce of more than 2,300 people.

The main markets where Solaris operates are Poland, Germany, Italy, Scandinavia and the Baltics. In 2017, the company delivered 1,397 buses, including conventional models (diesel and CNG) and a growing number of e-mobility vehicles, where it offers the widest available range of solutions, e.g. hybrid buses, trolleybuses, full-battery and hydrogen fuel cell powered public transport vehicles. Additionally, the company offers related services, such as maintenance and spare parts.

In 2017, Solaris Urbino electric bus was awarded the prestigious “Bus of The Year” title.

The transaction will position CAF Group as one of the leaders in the urban segment in Europe. It will also open new opportunities for CAF's urban railway business in Central and Eastern Europe and strengthen its services, electric traction equipment and transport systems design businesses, while providing an opportunity to enter and grow in new mobility-related areas.

In the bus segment, and complementary to the work undertaken in recent years by CAF's Vectia subsidiary regarding development of urban and hybrid electric transport solutions, the agreement with Solaris will allow enlarged CAF Group to offer the widest and most complete range of products in the high-growth market, especially in the e-mobility segment.

CAF's decision, in line with its 2017-2020 Strategic Plan, will increase its technological capability to offer integrated transport solutions to an even wider portfolio of clients.

It should also be noted that the business complementarity of Solaris and CAF Group, with a large number of clients worldwide, will enable potentially significant synergies, such as ability to provide a more complete offer to customers, an increased technological and financial strength to successfully participate in large tenders, as well as economies of scale in purchases and technological development (R&D).

The Enterprise Value of Solaris is estimated to be slightly above €300 million, with the final amount to be determined at closing of the transaction based on the relevant adjustments. This value results in a PER ratio for Solaris based on 2018 estimates below CAF's 2017 ratio.

The transaction, which involves the acquisition of all of Solaris' shares, will be funded mainly by additional CAF debt, and remains subject to customary closing conditions, including the approval of the Polish and German Anti-Trust Authorities, expected by September 2018.

Supplementary information related to the operation is attached below.



Strengthening of sustainable
urban mobility solutions



July 3rd, 2018

CAF will integrate Solaris, the Polish bus manufacturer, in the Group

European leadership in sustainable urban mobility systems

CAF | GROUP



SOLARIS

Extending the range of e-mobility products

1. Solaris



Leading supplier of hybrid, electric and conventional urban buses with presence in more than 700 cities in 32 countries



General Information

- Solaris Bus & Coach S.A.
- Company founded in 1996
- Manufacturing plants in Poland

Main Figures (2017)

- 1.397 buses sold
- 2.319 employees
- €444 million in revenues

Technology/Products

- Full range of solutions: conventional, hybrid and electric
- Focused on the urban segment
- Pioneer in e-mobility solutions in Europe
- Multiple charging solutions

Market/Clients

- Experience with ca. 700 clients
- > 60% of units sold to international clients
- Main markets: Germany & Poland

1. Solaris













Solaris offers the widest range of e-mobility solutions in the market

Conventional

E-mobility

Services

DIESEL & CNG			E-MOBILITY PRODUCTS			CHARGING SYSTEMS			AFTERSALES SERVICES
Urbino <i>(Diesel)</i>		Diesel Urban Bus <i>Multiple lengths</i>	Urbino Electric		Zero-emission urban bus <i>Multiple lengths</i>	Plug-In		Nuremberg Paris Warsaw	Maintenance
InterUrbino		Diesel Interurban Bus <i>Multiple lengths</i>	Urbino Hybrid		Hybrid Urban bus <i>Multiple lengths</i>	Induction		Berlin Braunschweig	
CNG Urbino		CNG Urban Bus <i>Multiple lengths</i>	Trollino 2001		Zero-emission trolleybus <i>Multiple lengths</i>	Pantograph		Rzeszów Oslo Hannover	Spare Parts
						Fuel Cell		Hamburg Riga Bérgamo	

- Consolidated range, with more than 14,000 references

- First electric bus launched in 2011
- Ca. 2,000 units sold

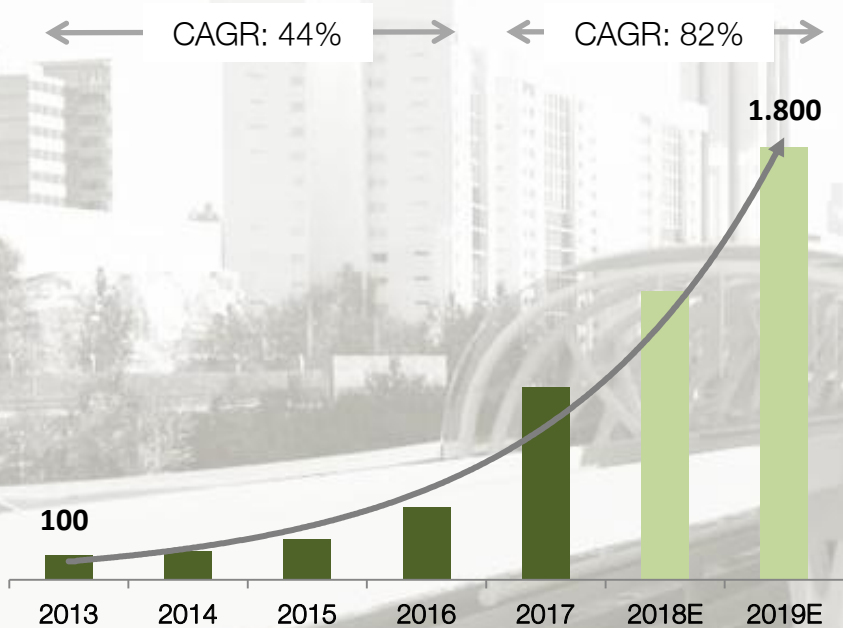
- E-mobility product range with all possible solutions (hybrid, trolleybuses, battery and fuel cell) well ahead of competition

- High potential due to expected increase in demand for aftersales services related to e-mobility

1. Solaris

Excellent positioning
to capitalize on the opportunities of a growing market

European demand for electric buses



Number of units. Approximate figures.
Source: Solaris Bus & Coach S.A., The World Bus & Coach Manufacturing Industry Report 2016, VDA Bus Report 2017

Positioning in e-mobility in Europe

MARKET SEGMENT SHARE			E-MOBILITY OFFERING			
COMPANY	Poland	EU	Hybrid	Trolley	Battery	Full-cell
SOLARIS	#1 (>65%)	#3 (>10%)	●	●	●	●
Peer 1	#2 (>15%)	#1 (20%)	●	○	◐	○
Peer 2	#4	#2 (>10%)	●	○	○	○
Peer 3	n.d.	#4 (>10%)	●	●	●	○
Peer 4	#3	#5 (<10%)	●	○	○	○
Peer 5	n.d.	#6 (<10%)	●	○	●	○

Source: Solaris Bus & Coach S.A.

Progressive change of Solaris' product mix
towards an increased weight of e-mobility solutions

	Conventional	E-mobility
2017	c.80% of buses sold	c.20% of buses sold
2020E	c.55% of buses sold	c.45% of buses sold

2. Strategic positioning



New shareholding structure that supports CAF's long-term project. Start of the internationalization process

Development of **key rolling stock technology**. Creation of CAF Power&Automation, CAF Signaling & CAF Turnkey&Engineering. CAF begins selling solutions

2013: **Vectia**, a subsidiary involved in supplying hybrid and electric bus urban systems, is established



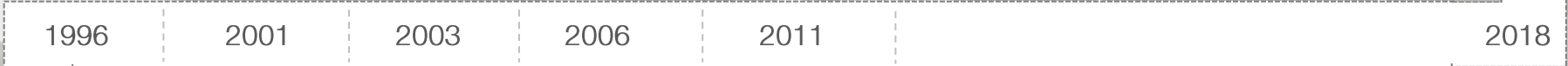
International consolidation. Consolidation of vehicle design know-how

Approval of the **2017-2020 Strategic Plan**, which pursues **profitable growth** in all segments

- 1 Greater growth in vehicles
- 2 Strengthening of the services segment
- 3 Growth of other businesses



Integration of Solaris in CAF Group



Launch of production under the Neoplan license in Bolechowo (Poland)

Launch of the first **trolleybus** (first step in electric mobility)

Launch of the first **Compressed Natural Gas ("CNG")** bus

Presentation of the first serial production line of **hybrid** buses in Europe

Launch of the first fully **electric** bus

2. Strategic positioning

Solaris generates opportunities for growth in CAF's core segments, and its growth will benefit from being part of CAF Group

Strategic Plan CAF Group 2020

1

Greater growth in vehicles

- Solaris leadership in **Central and Eastern Europe** in the urban segment will provide new opportunities to the vehicles segment
- Cross-selling opportunity: offering of Solaris products to CAF's current customer base, as well as CAF's urban products (Trams and LRVs) to Solaris' customer base

2

Strengthening of the services business

- **Significant opportunity** to expand the services business (maintenance and spare parts) due to:
 - Greater expected demand of e-mobility related services
 - Support from the know-how developed in CAF's Rail Services business

3

Growth of other businesses

- **Support growth of urban bus business from CAF Group**, based on:
 - Technological capacity and ability to design charging infrastructure solutions and turnkey projects from CAF Turnkey&Engineering, along with power train and energy accumulation technology from CAF Power&Automation.
 - CAF's know-how in financing activities
- Opportunity for additional growth in **propulsion systems and charging solutions**

CAF GROUP'S VISION¹

"Increase and diversify our comprehensive transit portfolio beyond railways"



Potential savings

- ✓ R&D
- ✓ Purchases
- ✓ SRC²

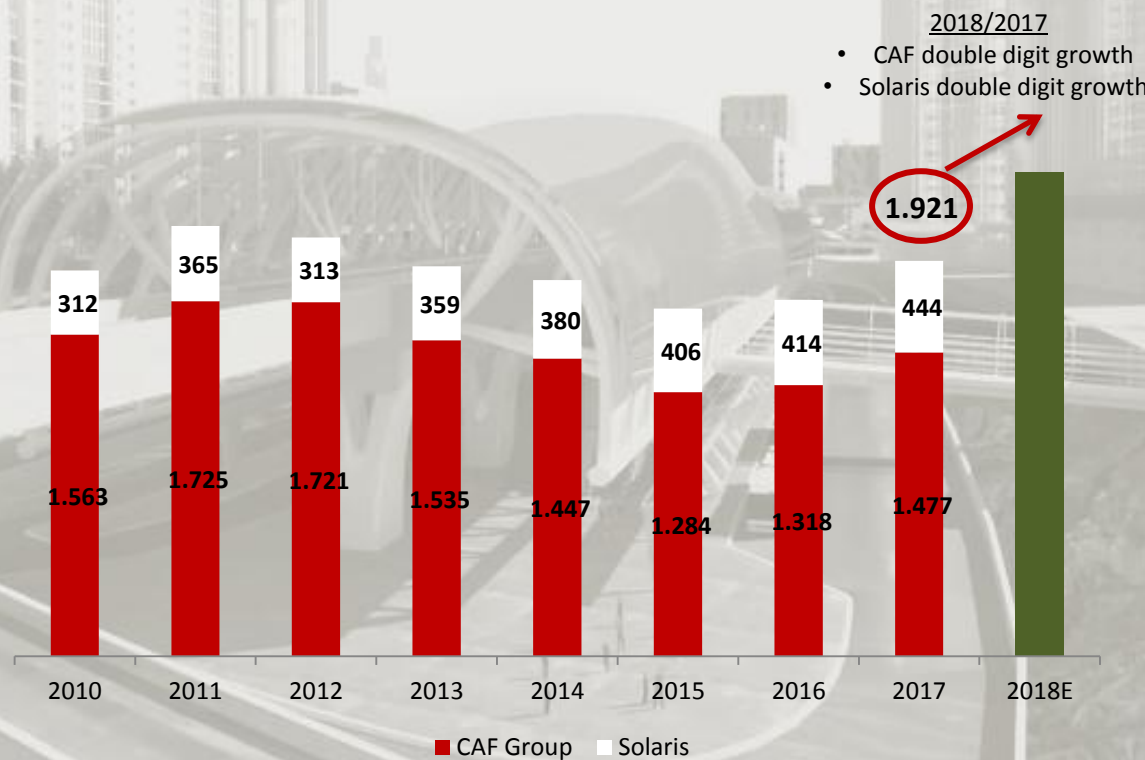
¹ Updated in November 2016 prior to the definition and approval of the Group's new Strategic Plan. Full CAF Group's vision is available at www.caf.net

² Shared Resources Center

2. Strategic positioning

The integration of the Solaris business in the CAF Group will mean an important sales contribution

CAF Group + Solaris Revenues (€M)



Source: Annual consolidated accounts of CAF and Annual accounts of Solaris Bus & Coach S.A. converted to euros according to the exchange rate as of January 2, 2018 (EUR/PLN=4,1633)

3. Transaction details

- Acquisition of 100% of Solaris Bus & Coach, S.A.
- The Enterprise Value of Solaris is estimated to be slightly above €300 million
- PER ratio for Solaris based on 2018 estimates below CAF's 2017 ratio
- Transaction will be funded mainly by additional CAF debt
- Next Steps:
 - Transaction approval by the Polish and German Anti-Trust Authorities
 - Closing expected by September 2018

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