

Excellent results for Alstom in the first half 2017/18

- **Sales up 5% in line with 2020 objective**
- **Adjusted EBIT up 16% at 6.2% margin from 5.6%**
- **Net income up 66% at €213 million**
- **Sound cash flow generation at €227 million**
- **2020 objectives confirmed**

14 November 2017 – Between 1 April 2017 and 30 September 2017, Alstom booked €3.2 billion of orders. Sales, at €3.8 billion were up 5% organically. The adjusted EBIT increased to €231 million, 16% above last year, leading to an adjusted EBIT margin of 6.2%. Net income (Group share) reached €213 million. Alstom benefits from a very strong balance sheet. During the first half of fiscal year 2017/18, free cash flow amounted to €227 million.

Key figures

(in € million)	Half-year ended 30 September 2016	Half-year ended 30 September 2017	% change reported	% change organic
Actual figures				
Orders backlog ¹	33,491	32,741	(2)%	0%
Orders received	6,212	3,170	(49)%	(49)%
Sales	3,570	3,756	5%	5%
Adjusted EBIT	200	231	16%	
Adjusted EBIT margin	5.6%	6.2%		
Net income - Group share	128	213		
Free cash flow	333	227		

“These six first months were marked by the good execution of our various projects as shown by solid operational results in line with our 2020 objectives. Systems sales have strongly increased, supported by the progress of Dubai and Riyadh metros projects. The construction of South Africa and India factories continues. Our innovation capacity is highlighted by the first commercial success for the Coradia iLint, the world’s first hydrogen train. These excellent results demonstrate the success of Alstom’s strategy in a growing market and represent a significant step towards our 2020 objectives. Furthermore, the

¹ September 16 backlog has been restated from the contribution of staggered entities

combination of Alstom with Siemens' railway activities brings together two innovative players in the mobility market with more unique customer value and operational potential. At this stage discussions with employee representative bodies are ongoing and the deal implementation teams are operational," said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

2020 strategy on track

Alstom 2020 strategy is based on the five following pillars:

1. Customer-focused organisation

The Group booked €3,170 million orders in the first half of fiscal year 2017/18. This compares to €6,212 million over the same period last year which included several large projects such as the new generation of high-speed trains with Amtrak in the USA and the extension of Dubai Metro's Red line with RTA in United Arab Emirates.

This semester, Alstom signed contracts in all regions, including two contracts in Canada for almost 100 light rail vehicles, a first metro system contract in Vietnam, a metro system contract in Philippines, contracts for regional trains in Italy, Senegal and Germany, a maintenance contract in Sweden, as well as a fleet modernisation project in the USA.

At €32.7 billion on 30 September 2017, current backlog provides strong visibility on future sales.

2. Complete range of solutions

In the first half of fiscal year 2017/18, Alstom's total sales reached €3,756 million, up 5% (5% organically).

Signalling, systems and services represented 57% of sales in the first half of 2017/18, in line with 2020 objective of 60%. Systems sales increased by almost 60% with progress of Riyadh and Dubai metro systems. Signalling and Services sales slightly decreased due to an adverse forex impact in the United Kingdom as well as the ramp down of some projects. Rolling stock sales remained stable at €1.6 billion with deliveries of regional and high-speed trains in Europe, the beginning of the Amtrak project in the USA, on-going execution of the PRASA project in South Africa and tramway deliveries in Algeria.

3. Value creation through innovation

Alstom sustained its level of research and development (gross costs) at €101 million, i.e. 2.7% of sales, in first half of fiscal year 2017/18. Main programmes included the renewal of rolling stock ranges, signalling, and predictive maintenance. In April 2017, Alstom launched several smart mobility technologies to address the evolving needs of both operators and

passengers, such as Mastria, the first multimodal supervision solution. Alstom and Airbus also signed a strategic cooperation agreement in the field of cybersecurity. More recently, Alstom and NTL received the Innovation label at Busworld exhibition in Belgium for Aptis, their new mobility experience.

4. Operational and environmental excellence

Alstom delivered an adjusted EBIT of €231 million in first half of 2017/18, compared to €200 million the previous year, representing a 16% increase. The adjusted EBIT margin reached 6.2%, versus 5.6% for last fiscal year. This continuous improvement was driven by volume increase and on-going initiatives for operational excellence. Net income (Group share) reached €213 million.

In September 2017, Alstom improved its score in the Dow Jones Sustainability World and Europe indices with an overall score of 80 out of 100 in the DJSI ranking, which represents a two points improvement compared to previous year. Finally, in October 2017, Alstom scores B at CDP's climate change questionnaire.

5. Diverse and entrepreneurial people

To reflect Alstom's passenger base, the company has the ambition to increase diversity. Alstom's employees around the world all share the same culture, underpinned by strong integrity and ethics values. In June 2017, Alstom obtained ISO 37001 certification for its anti-bribery management system, confirming its commitment to fight corruption.

Solid balance sheet

During the first half of fiscal year 2017/18, the Group free cash flow was positive at €227 million, benefitting from impacts of the Cash Focus programme and favourable cash profile of several projects.

Alstom invested €80 million in capital expenditures in first half 2017/18, compared to €43 million the previous year. As end of September 2017, the cumulated transformation capex stood at €100 million, out of €300 million, with notably the progress in sites' construction in South Africa and in India.

Alstom net debt amounted to €101 million on 30 September 2017, compared to €208 million on 31 March 2017. Last, equity reached €3,787 million at 30 September 2017, versus €3,713 million at 31 March 2017.

Creation of a global leader in Mobility

On 26 September 2017, Siemens and Alstom signed a Memorandum of Understanding to combine Siemens' mobility business including its rail traction drives business with Alstom. The transaction brings together two innovative players of the railway market with unique customer value and operational potential. The two businesses are largely complementary in terms of activities and geographies.

Governance

As per the announcement of 26 September 2017, the French State did not exercise the call options on Alstom shares held by Bouygues and restituted them on 17 October 2017. According to declaration published by the *AMF* (the French financial markets authority) on 25 October 2017, Bouygues holds 62,086,226 shares and 65,347,092 voting rights i.e. 28.15% of the capital and 28.95% of the voting rights of the Company. In this context, Pascal Faure has presented his resignation from his mandate as Director at Alstom. As a consequence, the Board of Directors of Alstom is now comprised of 13 Directors of which 6 women (46%) and 7 independent Directors (54%).

Objectives for 2020 confirmed

By 2020 sales should grow organically by 5% per year.

Adjusted EBIT margin should reach around 7% by 2020 driven by volume, portfolio mix and results of operational excellence actions.

By 2020, Alstom expects c. 100% conversion from net income into free cash flow.

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The half-year financial report, as approved by the Board of Directors, in its meeting held on 13 November 2017, is available on Alstom's website at www.alstom.com. The accounts have been reviewed by the auditors.

About Alstom

As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the transport sector. Alstom offers a complete range of solutions (from high-speed trains to metros, tramways and e-buses), passenger solutions, customised services (maintenance, modernisation), infrastructure, signalling and digital mobility solutions. Alstom is a world leader in integrated transport systems. The company recorded sales of €7.3 billion and booked €10.0 billion of orders in the 2016/17 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 32,800 people.

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This press release contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are relevant to the current scope of activity and are by their nature subject to a number of important risks and uncertainty factors (such as those described in the documents filed by Alstom with the French AMF) that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These such forward-looking statements speak only as of the date on which they are made, and Alstom undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

APPENDIX 1A – GEOGRAPHIC BREAKDOWN

Actual figures <i>(in € million)</i>	H1 2016/17	% Contrib.	H1 2017/18	% Contrib.
Europe	2,124	35%	1,535	48%
Americas	2,570	41%	907	29%
Asia / Pacific	267	4%	544	17%
Middle East / Africa	1,251	20%	184	6%
Orders by destination	6,212	100%	3,170	100%

Actual figures <i>(in € million)</i>	H1 2016/17	% Contrib.	H1 2017/18	% Contrib.
Europe	2,121	59%	1,917	51%
Americas	577	16%	727	19%
Asia / Pacific	343	10%	429	12%
Middle East / Africa	529	15%	683	18%
Sales by destination	3,570	100%	3,756	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	H1 2016/17	% Contrib.	H1 2017/18	% Contrib.
Rolling stock	2,971	48%	1,330	42%
Services	1,596	26%	992	31%
Systems	1,268	20%	406	13%
Signalling	377	6%	442	14%
Orders by destination	6,212	100%	3,170	100%

Actual figures <i>(in € million)</i>	H1 2016/17	% Contrib.	H1 2017/18	% Contrib.
Rolling stock	1,641	46%	1,641	43%
Services	742	21%	696	19%
Systems	515	14%	819	22%
Signalling	672	19%	600	16%
Sales by destination	3,570	100%	3,756	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures <i>(in € million)</i>	H1 2016/17	H1 2017/18
Sales	3,570	3,756
Adjusted Earnings Before Interest and Taxes (aEBIT)	200	231
Restructuring charges	-	(19)
Other charges	(32)	(18)
Earnings Before Interest and Taxes (EBIT)	168	194
Financial result	(71)	(51)
Tax result	(32)	(40)
Share in net income of equity investees	47	110
Minority interests from continued operations	(8)	(8)
Net income – Discontinued operations*	24	8
Net income – Group share	128	213

*Group share

APPENDIX 3 – FREE CASH FLOW

Actual figures <i>(in € million)</i>	H1 2016/17	H1 2017/18
Adjusted EBIT	200	231
Depreciation and amortisation	69	93
Restructuring cash-out	(18)	(18)
Capital expenditure	(43)	(80)
R&D capitalisation	(21)	(23)
Change in working capital	188	53
Financial cash-out	(11)	(19)
Tax cash-out	(40)	(46)
Other*	9	36
Free cash flow	333	227

*includes free cash flow from discontinued operations

APPENDIX 4 - NON-GAAP FINANCIAL INDICATORS DEFINITIONS

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

Orders received

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

Order backlog

Order backlog represents sales not yet recognised on orders already received.

Order backlog at the end of a financial year is computed as follows:

- order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded during the year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.

Book-to-Bill

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

Adjusted EBIT

When Alstom's new organisation was implemented, adjusted EBIT ("aEBIT") became the key performance indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors.

aEBIT corresponds to earning before interests, tax and net result from equity method investments adjusted with the following elements:

- net restructuring expenses (including rationalisation costs);
- tangibles and intangibles impairment;
- capital gains or loss/reevaluation on investments disposals or controls changes of an entity;
- and any other non-recurring items, such as some costs incurred to realise business combinations and amortisation of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business.

A non-recurring item is a "one-off" exceptional item that is not supposed to be reappearing in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT in percentage of sales.

The non-GAAP measure adjusted EBIT indicator reconciles with the GAAP measure EBIT as follows:

<i>(in € million)</i>	Half-year ended 30 Sept. 2016	Half-year ended 30 Sept. 2017
Adjusted Earnings Before Interest and Taxes (aEBIT)	200	231
Restructuring costs	-	(19)
Assets impairment	-	-
PPA amortisation and integration costs	(24)	(12)
Capital gains/losses on disposal of business	(1)	-
Others	(7)	(6)
Earnings Before Interest and Taxes (EBIT)	168	194

Free cash flow

Free cash flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, free cash flow does not include the proceeds from disposals of activity.

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

A reconciliation of free cash flow and net cash provided by operating activities is presented below:

<i>(in € million)</i>	Half-year ended 30 Sept. 2016	Half-year ended 30 Sept. 2017
Net cash provided by / (used in) operating activities	396	329
Capital expenditure (including capitalised R&D costs)	(64)	(103)
Proceeds from disposals of tangible and intangible assets	1	1
Free cash flow	333	227

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt.

<i>(in € million)</i>	Year ended 31 March 2017	Half-year ended 30 Sept. 2017
Cash and cash equivalents	1,563	1,643
Other current financial assets	8	15
Financial non-current assets directly associated to financial debt	260	241
<i>Less:</i>		
Current financial debt	444	468
Non-current financial debt	1,595	1,532
Net cash/(debt) at the end of the period	(208)	(101)

Organic basis

Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into Euro following the variation of foreign currencies against the Euro. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However these figures are not measurements of performance under IFRS.