

## Sound results for Alstom in 2015/16

- **Record commercial year**
- **Very strong operational performance**
- **Strengthened balance sheet**
- **2020 objectives confirmed**

**11 May 2016** – Between 1 April 2015 and 31 March 2016, Alstom achieved a record commercial performance with orders received and backlog at respectively €10.6 billion and €30.4 billion. Over the same period, sales were up 12% (7% organically), amounting to €6.9 billion. The adjusted EBIT increased to €366 million, 23% above last year, leading to an adjusted EBIT margin of 5.3%.

Net income (Group share) reached €3.0 billion, benefitting from the sales of Energy activities to General Electric and after impact of exceptional impairments mainly in France.

Alstom benefits today from a very strong balance sheet. The net debt significantly decreased to €0.2 billion on 31 March 2016 compared to €3.1 billion on 31 March 2015. Equity amounted to €3.3 billion at 31 March 2016.

Following the cash return to shareholders of €3.2 billion through the public share buy-back offer, the Board of Directors will propose no dividend distribution at the next Annual General Meeting.

### Key figures

(in € million)	2014/15	2015/16	<i>% change reported</i>	<i>% change organic</i>
<b>Actual figures</b>				
Orders backlog	28,394	30,363	7%	14%
Orders received	10,046	10,636	6%	7%
Sales	6,163	6,881	12%	7%
Adjusted EBIT	298	366	23%	
Adjusted EBIT margin	4.8%	5.3%		
Net income - Group share	(719)	3,001		
Free cash flow	(429)	(2,614)		
Net cash / (debt)	(3,143)	(203)		

*“2015/16 is the second record commercial year in a row for Alstom, including a major e-Locos project in India and successes across all regions and product lines. Sales growth exceeded expectations with above 5 % average organic growth over the past four years. The adjusted EBIT was up by over 20%. Balance sheet is strengthened by the transaction with General Electric. The implementation of our strategy is on track allowing us to confirm our 2020 objectives.”*, said Henri Poupart-Lafarge, Alstom’s Chairman & Chief Executive Officer.

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## **2020 strategy on track**

Alstom 2020 strategy is based on the five following pillars:

### **1. Customer focused organisation**

The Group confirmed its leading position with a record high level of orders of €10,636 million booked in the fiscal year 2015/16. This compares to €10,046 million over the same period last year which included a €4 billion contract in South Africa.

Alstom’s strong commercial performance was notably driven by a major contract for electric locomotives and associated maintenance in India of about €3.2 billion. Other commercial successes were registered in all regions including Pendolino trains with maintenance in Italy, regional trains in Belgium, Germany, France and Algeria, maintenance of Kazakh locomotives, locomotives in Azerbaijan, metro systems in Panama and metro in India, as well as signalling systems in India, Hong Kong, Canada and United Kingdom.

The backlog reached a record high and amounted to €30.4 billion on 31 March 2016, including around one third of services.

### **2. Complete range of solutions**

In fiscal year 2015/16, Alstom’s total sales reached €6,881 million, up 12% (7% organically). The book-to-bill remained strong, above 1.5.

Signalling, systems and services represented 54% of sales in 2015/16, in line with 2020 objective of 60%. Signalling sales growth of 30% was supported by the integration of GE Signalling and SSL in the United Kingdom, as well as by projects executions in Spain and France. Systems sales increased by 49% with progress of Riyadh metro system in Saudi Arabia and urban systems deliveries in Brazil and Venezuela. Services reached €1.5 billion of sales thanks to execution of maintenance contracts in United Kingdom and Sweden as well as increasing activities in the USA. Main standalone trains deliveries included regional trains in Europe, on-going execution of project for PRASA customer in South Africa and urban trains in Singapore, Argentina, India and Algeria.

### **3. Value creation through innovation**

Innovation is a source of competitiveness and differentiation for Alstom. The company expects 30% of its orders to come from newly developed products by 2020. To achieve this target, the Group sustained its level of research and development (excluding capitalisation and amortisation) at €156 million, i.e. 2.3% of sales, in fiscal year 2015/16. In October 2015, Alstom was chosen to equip the city of Nice with Citadis X05, its latest generation of tramway and SRS, its innovative ground-based static charging solution.

### **4. Operational and environmental excellence**

In line with its objective to boost operational excellence, Alstom delivered an adjusted EBIT of €366 million in 2015/16 compared to €298 million the previous year, representing a 23% increase. The adjusted EBIT margin reached 5.3% for the fiscal year 2015/16 versus 4.8% for last fiscal year, thanks to volume, portfolio mix and operational excellence actions which enabled to offset price pressure and competitive environment.

In terms of environmental excellence, energy consumption is to be reduced by 20% for solutions and by 10% for operations by 2020. With the objective of constantly improving safety at work, the Group targets an occupational injury frequency rate<sup>1</sup> of 1 by 2020. Alstom has already reduced its energy consumption for operations by 2.3% and its occupational injury frequency rate<sup>1</sup> to 1.8 this year.

### **5. Diverse and entrepreneurial people**

To reflect Alstom's passenger base, the company has the ambition to increase diversity, aiming for 25% of Management or Professional roles to be occupied by women, and 50% of senior management and talent pool to be non-European within five years. Both objectives are on track. Alstom's employees around the world all share the same culture, underpinned by strong integrity and ethics values.

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### **Solid balance sheet**

Benefitting from the sales of Energy activities to General Electric, the net income (Group share) amounted to €3,001 million in the fiscal year 2015/16. This result included exceptional impairments mainly in France.

During fiscal year 2015/16, the Group free cash flow was negative at €(2,614) million, mainly due to the free cash flow<sup>2</sup> of discontinued activities at €(1,461) million and the settlement of the US Department of Justice fine for around €(720) million. The free cash flow<sup>2</sup> of transport operations was slightly positive.

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<sup>1</sup> Number of work-related injuries which prevent the injured person from carrying out work for a period of at least one full day per million of hours worked

<sup>2</sup> Before tax and financial cash-out

Alstom invested €154 million in capital expenditures in fiscal year 2015/16 and the continuous need to reinforce its network as well as local competences should trigger an exceptional €300 million capex over the next three years.

The Group had a gross cash in hand of €2.0 billion at the end of March 2016 and a fully undrawn credit line of €0.4 billion.

As committed, the Group has been fully deleveraged. The remaining net debt of €203 million at 31 March 2016 resulted from small acquisitions and the cost of bond buy-back.

Equity reached €3,328 million at 31 March 2016.

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### **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 management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 10 May 2016, are available on Alstom's website at [www.alstom.com](http://www.alstom.com). The accounts have been audited and certified.*

*In accordance with AFEP-MEDEF recommendations, information related to the remuneration of Alstom's Executive Officer is available on Alstom's website: [www.alstom.com](http://www.alstom.com), under About us/Corporate Governance/Compensation of Executive Officers.*

## **About Alstom**

*As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the railway sector. Alstom manages the widest range of solutions in the market – from high-speed trains to metros and tramways – customised services (maintenance, modernisation,...) and infrastructure and signalling solutions. Alstom is a world leader in integrated railway systems. It recorded sales of €6.9 billion and booked €10.6 billion of orders in the 2015/16 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 31,000 people today.*

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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.*