



# Alstom presentation

September 2018

# Disclaimer

*This presentation contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are by their nature subject to a number of important risk 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.*

# Agenda

---

- 1 **Introduction**
- 2 2020 strategy
- 3 Financial results
- 4 Outlook
- 5 Siemens Alstom project

# FY 2017/18 results highlights

- Order intake of €7.2bn and backlog of €34.2bn
- Sales at €8bn with an outstanding growth of 9% (10% organically)
- Continued profitability improvement with an adjusted EBIT margin reaching 6.5%
- Positive free cash flow and sound balance sheet
  - Free cash flow of €128m
  - Net debt at €255m
  - Equity of €4.0bn
- Dividend of €0.35 per share, up 40%
- New outlook for 2018/19 and in medium term
- Siemens Alstom project progressing well

# Agenda

---

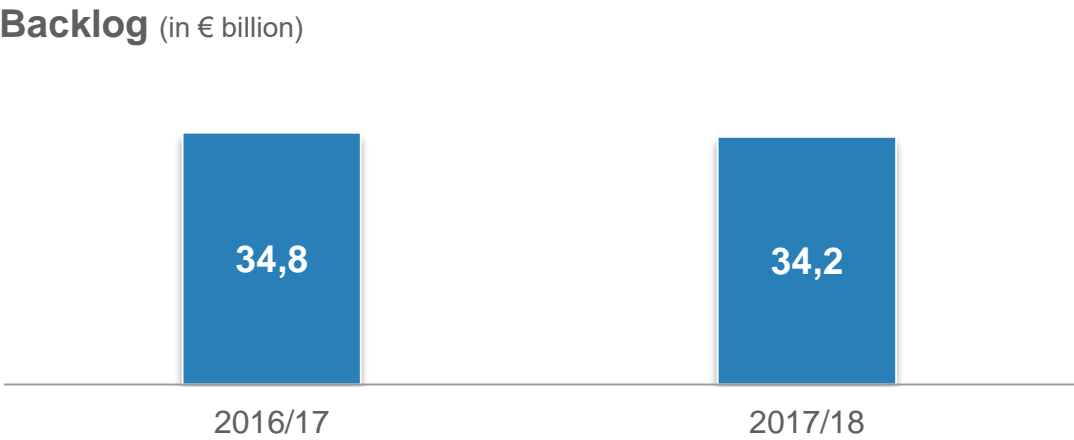
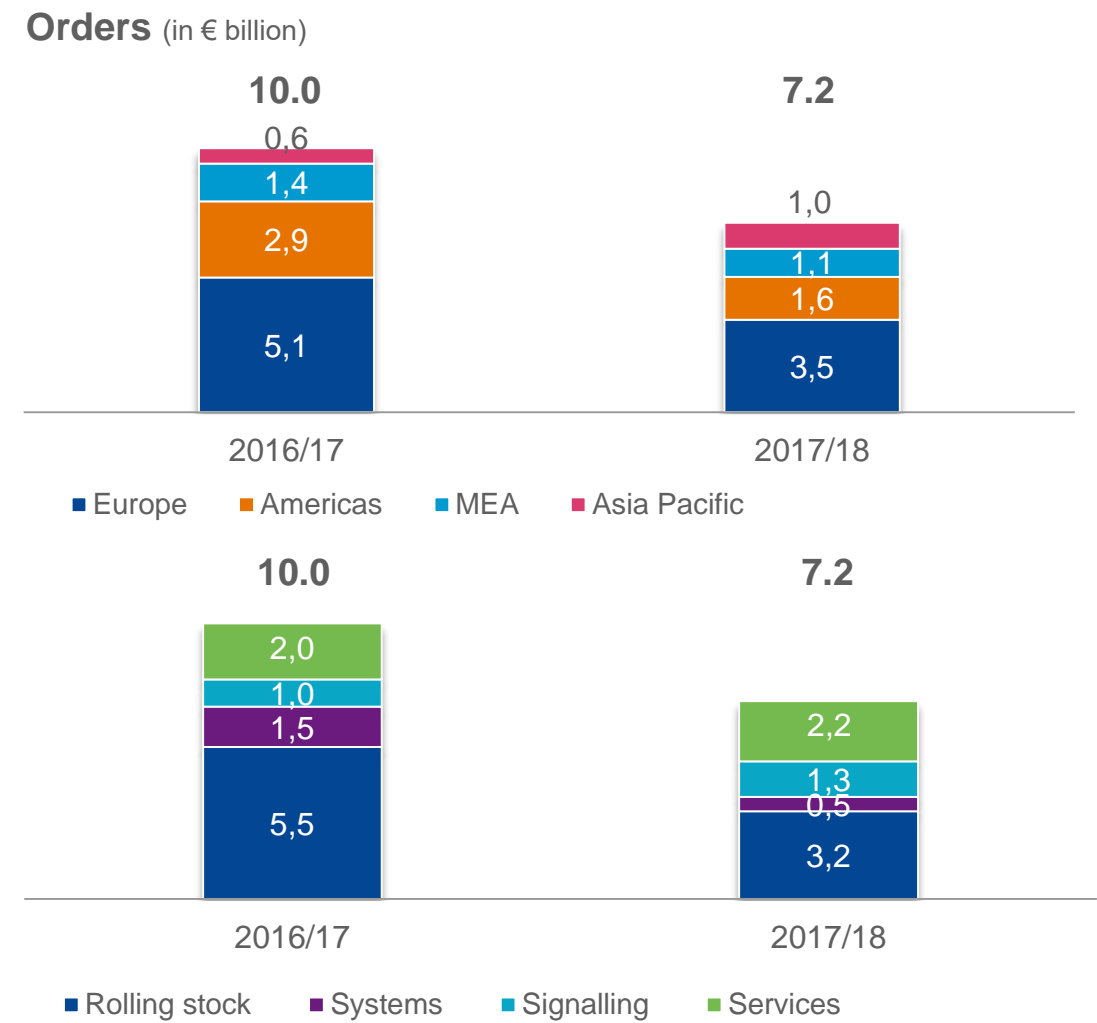
- ① Introduction
- ② **2020 strategy**
- ③ Financial results
- ④ Outlook
- ⑤ Siemens Alstom project

# An ambitious strategy for 2020

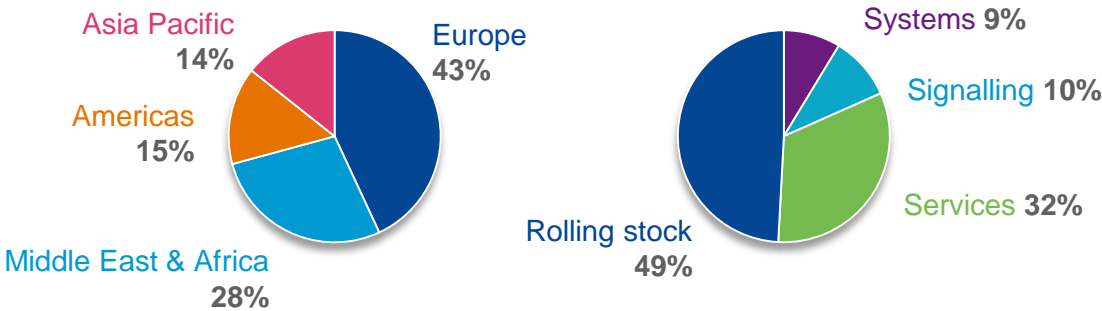


# Customer-focused organisation

## Commercial performance

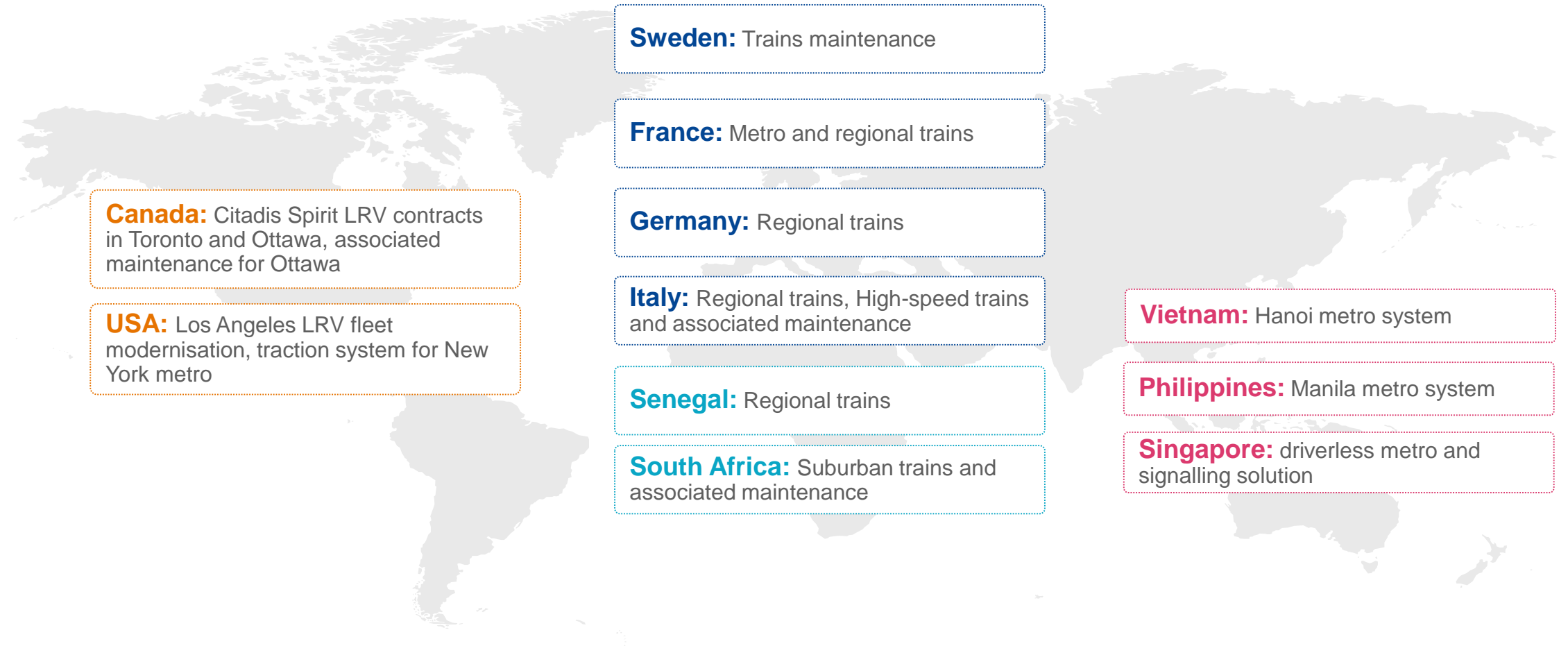


Backlog breakdown as end of March 2018



# Customer focused organisation

## Main FY 2017/18 orders



Contracts awarded in all regions



# Customer focused organisation

Leader on all continents

- 34,500 employees working on 105 sites in 60 countries serving 200 customers



## Rankings<sup>(1)</sup>

AMERICAS<sup>(2)</sup>

#1

EUROPE<sup>(3)</sup>

Top 3

MIDDLE EAST AFRICA

Top 3

ASIA PACIFIC

Top 3

Notes: (1) Based on last 3 years orders vs accessible market ; (2) Americas excluding freight market ; (3) Russia not included as market handled directly by TMH. Sources: Alstom ; UNIFE Market Study 2016

Objective to reach critical size in each region

# Complete range of solutions

*Towards more systems, signalling and services*

## ROLLING STOCK



- E-bus, tram, metro, suburban/regional, high speed, very high speed, locomotive
- Components: traction, bogie, motor

43%



## SERVICES



- Maintenance
- Modernisation
- Spare parts, repairs & overhaul
- Support services

19%



## SIGNALLING



- Signalling solutions portfolio for: main lines, urban, control and security
- Sold as products or solutions

17%



## SYSTEMS



- Integrated solutions
- Infrastructure

21%



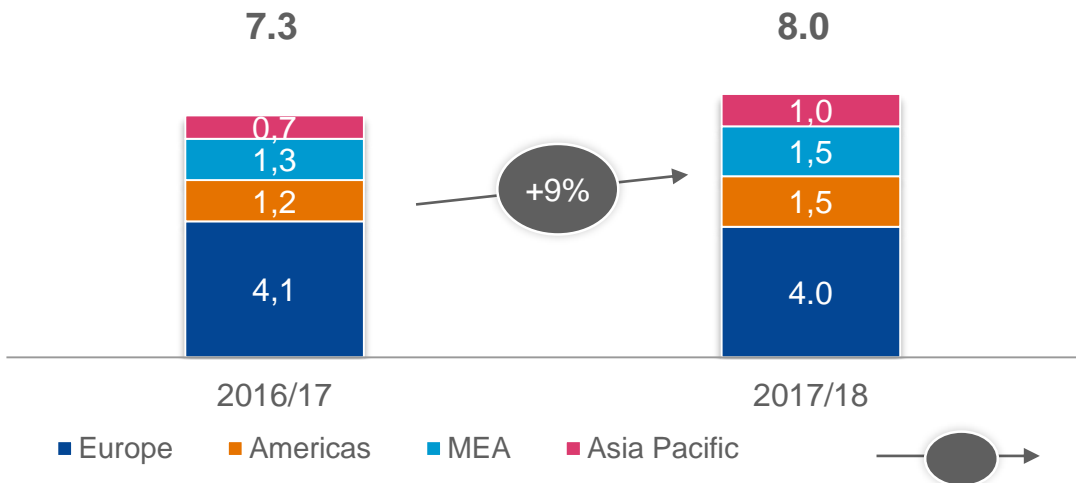
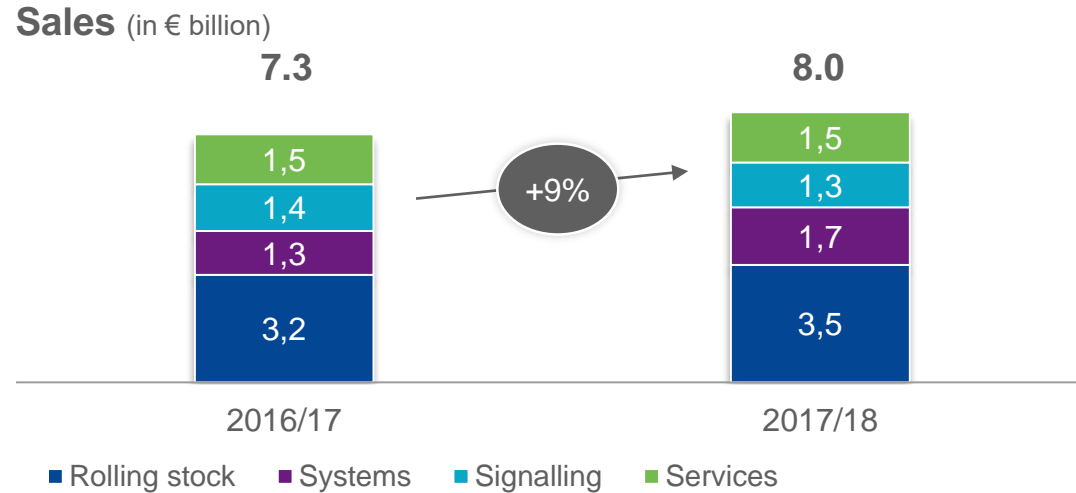
Note: % of FY 2017/18 sales

ALSTOM – September 2018 – P 10

© ALSTOM 2018. All rights reserved. Information contained in this document is indicative only. No representation or warranty is given or should be relied on that it is complete or correct or will apply to any particular project. This will depend on the technical and commercial circumstances. It is provided without liability and is subject to change without notice. Reproduction, use or disclosure to third parties, without express written authority, is strictly prohibited.

# Complete range of solutions

Outstanding organic sales growth of 10%



% change reported

## ■ c. 9% growth in Rolling Stock

- Regional and high-speed trains in Europe
- Beginning of Amtrak project
- Regional trains in Algeria
- On-going execution of PRASA project

## ■ c. 31% growth in Systems

- Progress on Middle-East urban systems

## ■ Slight increase in Services

- Contribution of UK contracts incl. overhaul activities on Pendolino trains

## ■ Slight decrease in Signalling

- Freight and mining adverse market environment
- Ramp down of some projects

# Complete range of solutions

*Progress on urban systems projects in Middle-East*

## ■ Riyadh metro, Kingdom of Saudi Arabia



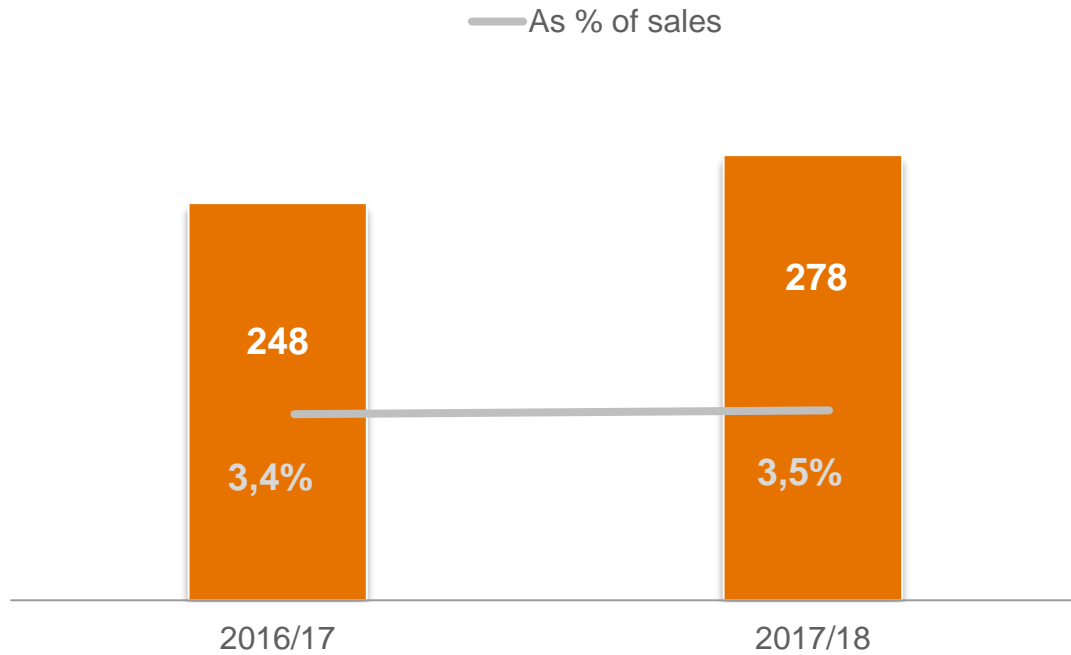
## ■ Dubai 2020, United Arab Emirates



# Value creation through innovation

## *Sustained level of R&D*

R&D gross costs (in € million)



## Main R&D programmes

- Renewal of rolling stock ranges
- Smart mobility programmes
- Predictive maintenance



# Value creation through innovation

## Recent major launches

- First commercial success for Coradia iLint in Germany
- Award of 2018 GreenTec Mobility prize in Munich
- Currently in tests across Europe
- Innovation label at Busworld's awards for Aptis

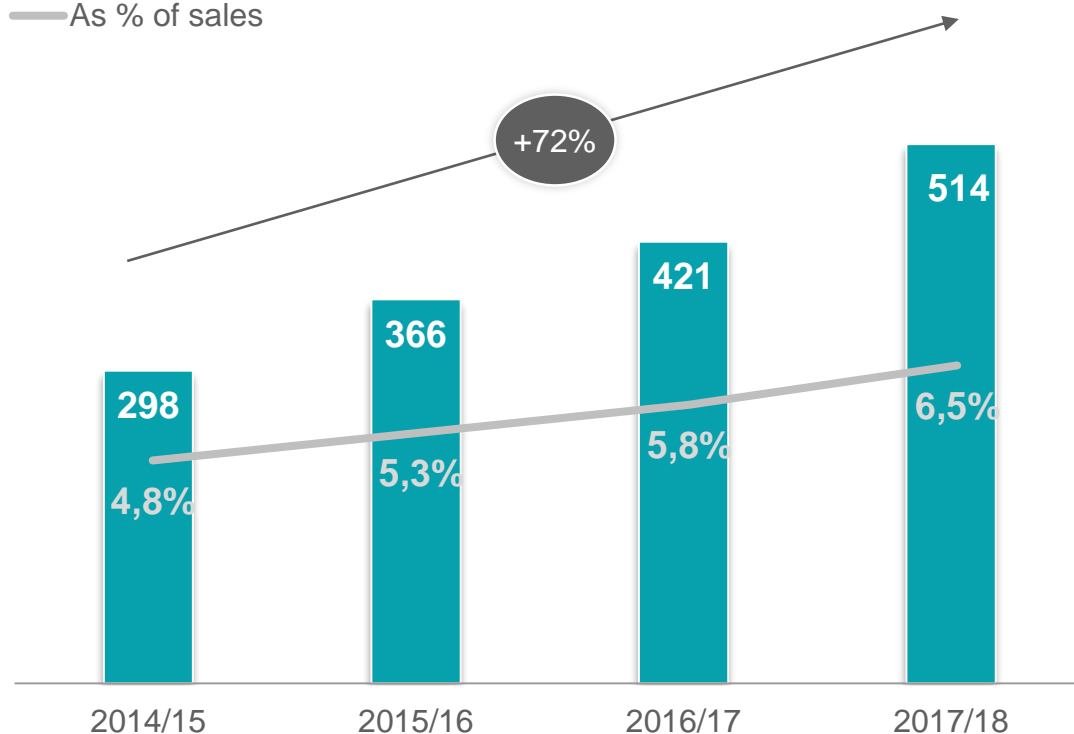


# Operational excellence

Continued strong operational performance

Adjusted EBIT (in € million)

— As % of sales



- Volume increase
- Portfolio mix improvement
- On-going initiatives for operational excellence

— ● — % change reported

## Sourcing

### ■ Alstom Alliance

- Premium partnerships with strategic suppliers to support geographical expansion, share innovations and mutualise development of key components
- Quality, cost-effective and reliable solutions

### ■ Global sourcing

- Increase of global sourcing volume
- c.45% purchased in low cost countries

## Global footprint

### ■ Continued India ramp-up

- 3,300 people at end March 2018 (vs 2,700 at end March 2017)
- Madhepura factory inaugurated in April 2018



Madhepura site (India)



# Operational excellence

*Excellence in delivery: solid project execution*

## ■ PRASA project, South Africa



## ■ eLoco project, India



## ■ Amtrak NGHST project, USA



# Environmental excellence

*On track to achieve 2020 objectives*

## ■ Improve our environmental footprint

- Continue our efforts on energy saving, waste and CO<sub>2</sub>
- ISO 14001 for all operational units with more than 200 people
- 2020 objective: energy intensity reduction by 10%. - **2017 status: 9% reduction compared to 2014**

## ■ Improve energy consumption for solutions

- Better sizing and energy consumption measurement
- 2020 objective: energy consumption reduction by 20%. - **2017 status: 14% reduction compared to 2014**

## ■ Safety at work



- Alstom Zero Deviation Plan
- Zero Severe Accidents on High Risk Activities
- 2020 objective: Occupational injury frequency rate (employees and contractors) at 1. - **Status: 1 in 2017/18**

# A culture based on diversity & entrepreneurship



- **34,500 employees worldwide**
- **Diversity** in terms of gender, generation, nationality, social and cultural background targeted:
  - **25%** women in management or professional role by 2020 – Status: 20% in 2017/18

# CSR and Ethics & Compliance

- First AFAQ ISO 37001 certification for anti-bribery management system awarded by AFNOR
- Alstom selected in the Dow Jones Sustainability World and Europe indices for the 7<sup>th</sup> consecutive year and now part of the top 5% assessed companies
- Alstom scores B at CDP's 2017 climate change questionnaire for its first answer in the new perimeter



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



Strong external recognition of Alstom CSR and Ethics & Compliance



# Agenda

---

- ① Introduction
- ② 2020 strategy
- ③ **Financial results**
- ④ Outlook
- ⑤ Siemens Alstom project

# Income statement

<i>In € million</i>	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>% change reported</b>	<b>% change organic</b>
<b>Sales</b>	7,306	<b>7,951</b>	9%	10%
<b>Adjusted EBIT</b>	421	<b>514</b>	22%	
<i>Adjusted EBIT margin</i>	5.8%	<b>6.5%</b>		
Restructuring charges	(6)	(47)		
Other charges	(57)	(86)		
EBIT	358	381		
Financial result	(127)	(91)		
Tax result	(76)	(73)		
Share in net income of equity investees	82	216		
Minority interests from continued op.	(14)	(10)		
Net income – Discontinued operations*	66	52		
<b>Net income – Group share</b>	289	<b>475</b>		

\*Group share

# Free cash flow

*In € million*

	FY 2016/17	FY 2017/18
<b>Adjusted EBIT</b>	421	514
Depreciation & amortisation	132	137
Restructuring cash-out	(49)	(37)
Capex	(150)	(202)
R&D capitalisation	(70)	(81)
Change in working capital	80	(49)
Financial cash-out	(115)	(70)
Tax cash-out	(87)	(93)
Other	20	9
<b>Free cash flow</b>	182	128

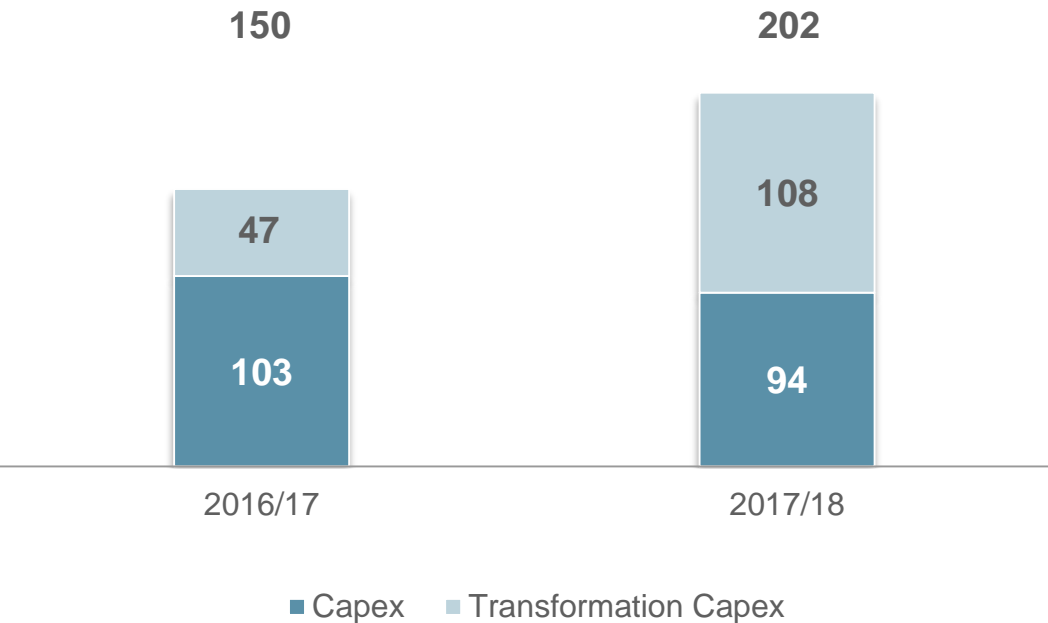
- **Cash Focus programme impact**
- **Working cap impacted by volatility on short period**
- **Ramp-up of transformation capex**

# Capex developments

## Ramp up of transformation capex



Capex\* (in € million)

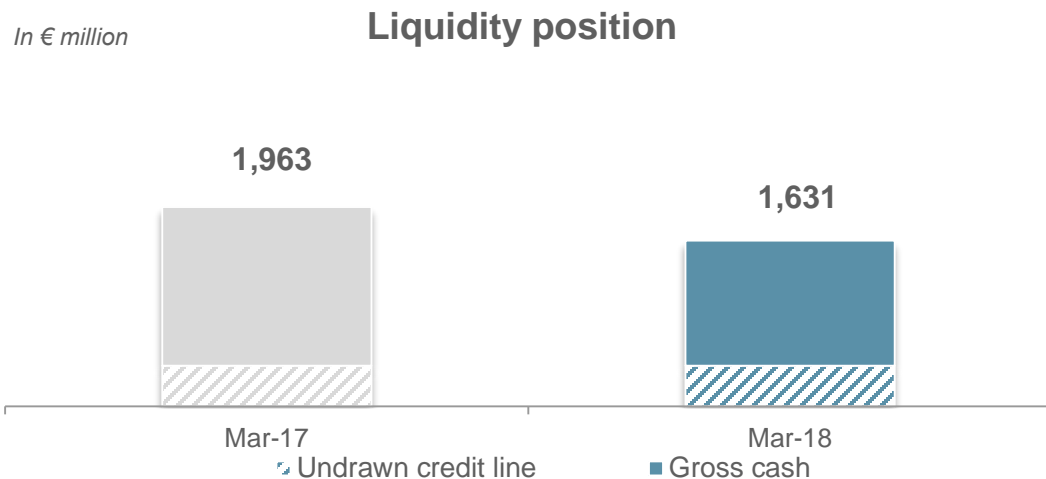


\* excluding capitalised development costs

New sites to meet customers' growing demand for a local presence  
€159m spent out of c. €300m transformation capex

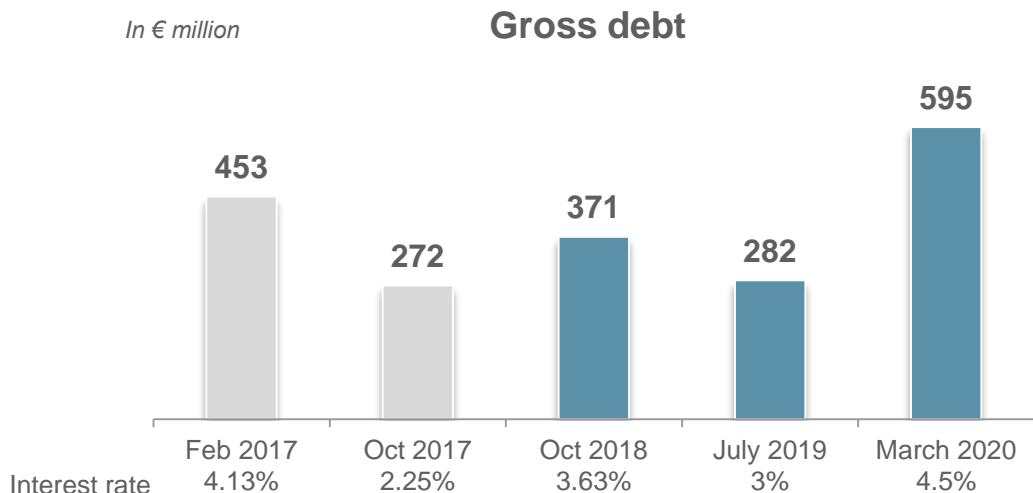


# Liquidity and gross debt



## Liquidity

- €1,231m cash and cash equivalents as of 31 March 2018
- €400m revolving credit facility ; fully undrawn
- Flexibility with Energy JVs: €2.6bn on 2 October 2018



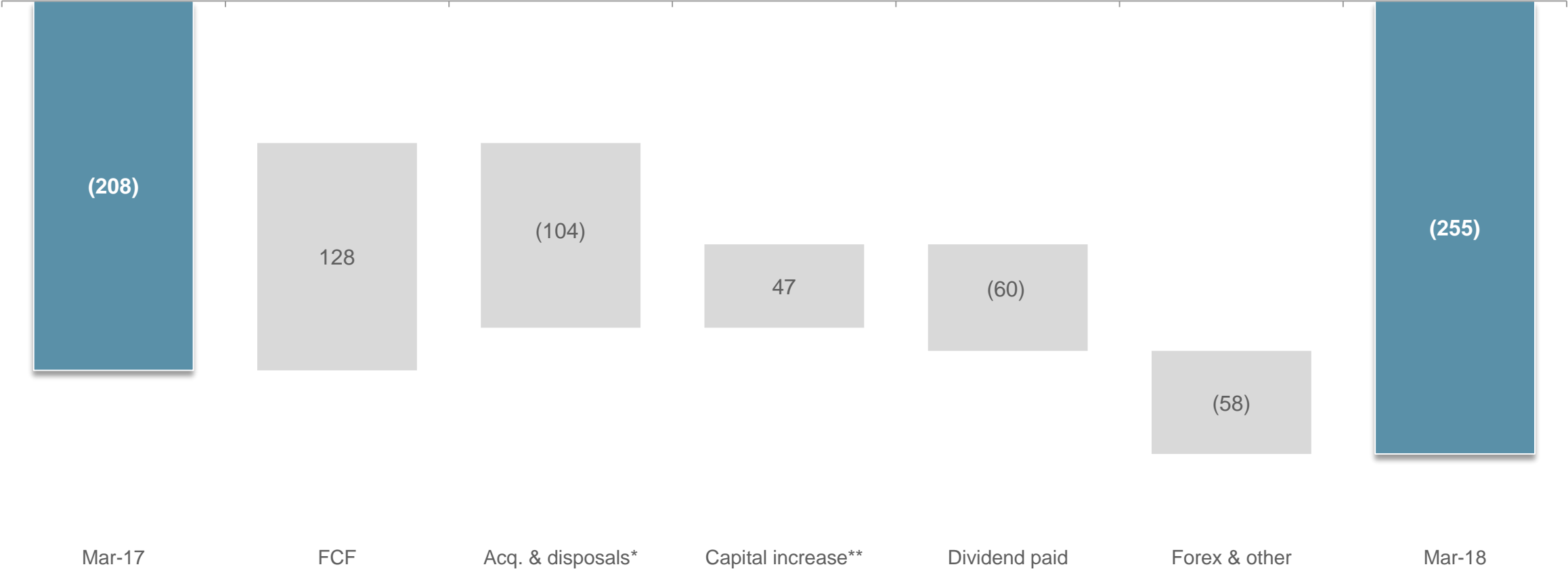
## Gross debt

- €1,248m outstanding bonds as of 31 March 2018
- €272m reimbursed at maturity in October 2017
- Next maturity in October 2018 (€371m)

# Net debt

In € million

Net cash/(debt)



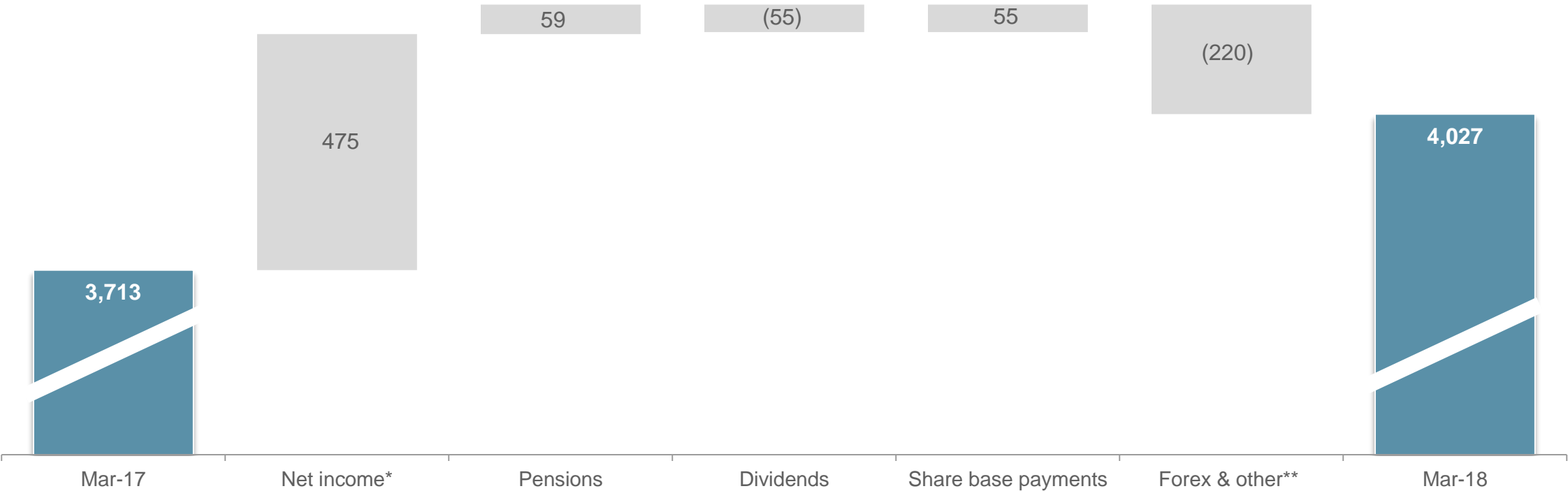
\* includes GE related separation impact (e.g. IS&T) and advance payment on EKZ shares

\*\* includes Indian Railways contribution to Madhepura capital and stock option subscription

# Equity

In € million

## Equity



\* Group share

\*\* includes currency translation adjustment of €(234) million

# IFRS 15 implementation

- **New standard for revenue recognition**
- **Effective from fiscal year 2018/19 for Alstom**
- **Full retrospective method elected**
- **No impact on the cash position and no impact at completion on the economics**
- **Change in percentage of completion method from milestones to cost to cost**
- **Estimated impacts**
  - Aggregate reduction of equity at transition of c.€450m at 1 April 2017
  - Increase in order backlog of c.€2.1bn to reach c.€36.9bn at 1 April 2017

No impact on cumulative profit or cash generation recognised over contract lifecycle  
Some timing effects on revenue and profit recognition

# Agenda

---

- 1 Introduction
- 2 2020 strategy
- 3 Financial results
- 4 Outlook**
- 5 Siemens Alstom project

# Outlook

- At constant perimeter and exchange rates. In accordance with IFRS 15.

## FY 2018/19

- Sales to reach around €8bn
- aEBIT margin to reach up to 7%

## Medium term

- Outperform the market growth
- Gradually improve profitability
- Improve cash generation, with possible volatility over some short periods

# Agenda

---

- ① Introduction
- ② 2020 strategy
- ③ Financial results
- ④ Outlook
- ⑤ **Siemens Alstom project**

# Siemens Alstom: vision for the future company

Create a **global player** in the rail industry...

- **Growth**
- **Efficiency**
- **Innovation**

... and participate in the **transformation of the broader mobility market**

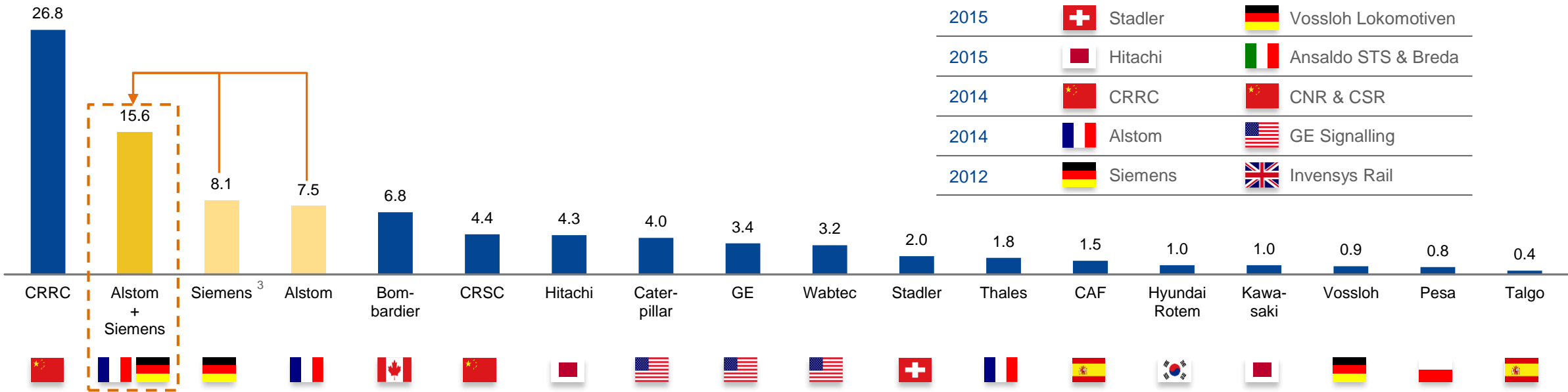
- **Capacity to innovate**
- **Leveraging rail attributes** spreading to other mobility modes (electrification, autonomous vehicles, shared mobility)
- **Critical mass of some of our nascent initiatives**



# Creation of a global leader in Mobility (1/2)

## A global leader in Rolling Stock, Signalling, Services and Systems

Revenue of rail activities (€bn)  
Last available financial year<sup>1</sup>



Ongoing industry consolidation over recent years...

Year <sup>2</sup>	Acquirer	Target
2018	Wabtec	GE Transportation
2016	Wabtec	Faiveley
2015	Stadler	Vossloh Lokomotiven
2015	Hitachi	Ansaldo STS & Breda
2014	CRRC	CNR & CSR
2014	Alstom	GE Signalling
2012	Siemens	Invensys Rail

Note: 1 End of September 2017 for Alstom and Siemens – Source: Document E  
Note: 2 Announcement date  
Note: 3 Including revenue related to Rail Traction Drives business

ALSTOM – September 2018 – P 33

## Creation of a global leader in Mobility (2/2)

This combination with Siemens is the best fit for Alstom

Siemens has complementary footprint and strong positioning in rail automation

Alstom's commercial dynamism and sound financial situation allow to seize this opportunity

Leverage strengths of the Siemens Group as main shareholder

The governance will be well balanced

High value creation potential for shareholders

Strong financial profile



# Siemens Alstom combined company key figures

**62,300** employees

---

Over **65** main sites

---

**€59bn** backlog

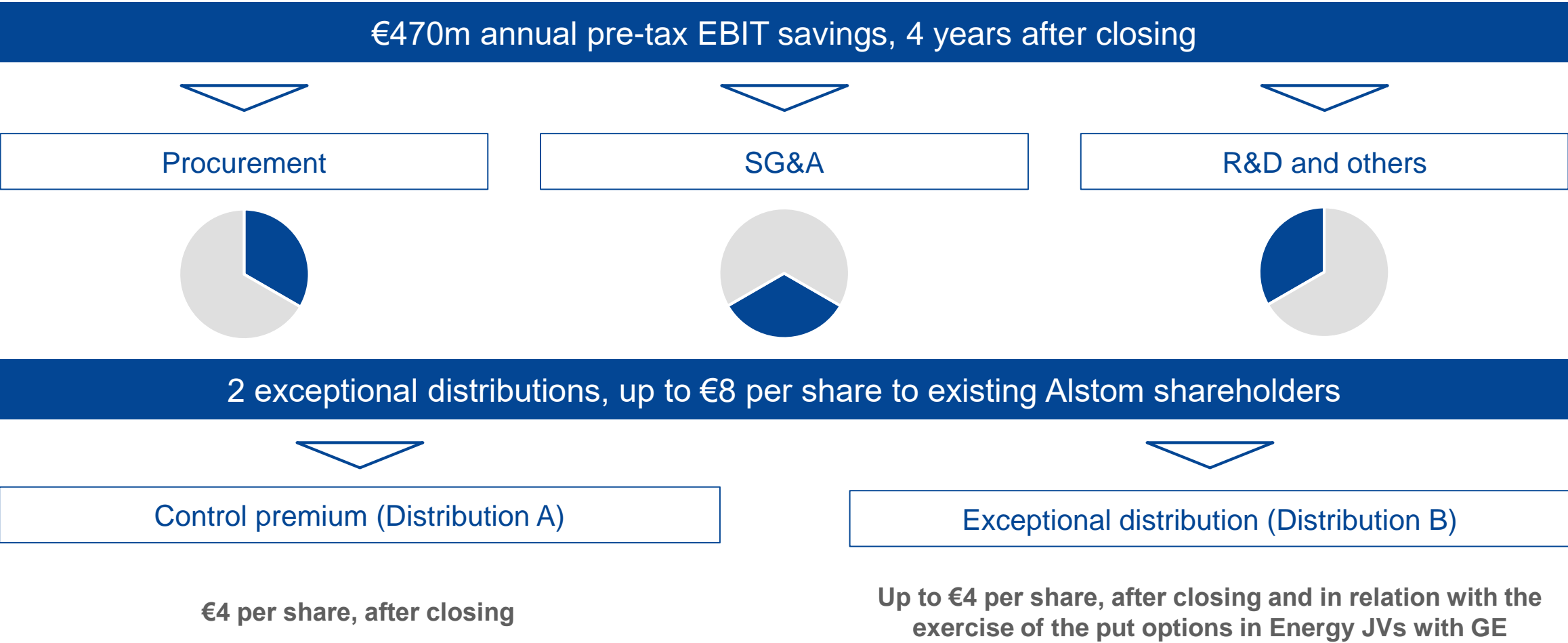
---

**€16bn** sales



Rank second in global mobility industry

# High value creation potential for shareholders



# Strong financial profile

	Alstom Ending Sept. 17	Siemens Mobility <sup>2</sup> Ending Sept. 17	Group Proforma Ending Sept.17
Sales <sup>1</sup>	€7,493m	€8,146m	€15,639m
EBIT <sup>1</sup>	€384m	€717m	€1,196m
Net profit <sup>1</sup>	€388m	€536m	€994m
Net (debt)/cash			Targeted net cash at closing: €0.5bn to €1.0bn

**Notes:** 1 Figures extract from the Doc E published on 6 June 2018

2 incl. Rail Traction Drives

ALSTOM – September 2018 – P 37

© ALSTOM 2018. All rights reserved. Information contained in this document is indicative only. No representation or warranty is given or should be relied on that it is complete or correct or will apply to any particular project. This will depend on the technical and commercial circumstances. It is provided without liability and is subject to change without notice. Reproduction, use or disclosure to third parties, without express written authority, is strictly prohibited.

# A governance well balanced

- Combination of Alstom and Siemens mobility business (including traction drive) to **create a new company Siemens Alstom**:
  - **Listing in France** on Euronext Paris
  - Group headquarters in **Paris Area**
  - **Led by current Alstom CEO** with Siemens controlling combined business



# Future Siemens Alstom Board of Directors

## 11 Directors with complementary skills



**Roland Busch<sup>2</sup>**  
CTO and member  
of the Managing Board  
of Siemens AG, as **Chairman**



**Yann Delabrière<sup>3</sup>**  
currently Lead Independent  
Director of Alstom, as  
**independent Vice-Chairman**



**Clotilde Delbos<sup>3</sup>**  
Renault Executive Vice  
President and CFO,  
as **independent Director**



**Sigmar H. Gabriel<sup>2</sup>** Former  
German Minister of Foreign Affairs,  
as **independent Director**



**Sylvie Kandé de Beaupuy<sup>3</sup>**  
Group Ethics & Compliance Officer  
of Airbus group and current  
Alstom's independent board  
member, as **independent Director**



**Janina Kugel<sup>2</sup>**  
Chief HR Officer and member  
of the Managing Board  
of Siemens AG



**Henri Poupart-Lafarge<sup>3</sup>**  
currently Chairman and CEO  
of Alstom, as **director and CEO**



**Baudouin Prot<sup>3</sup>**  
Senior Advisor at Boston  
Consulting Group, as **independent  
Director**



**Christina M. Stercken<sup>2</sup>**  
Director of Ascom Holding AG,  
Landis & Gyr Group AG,  
and Ansell Ltd., as **independent  
Director**



**Ralf P. Thomas<sup>2</sup>**  
CFO and member  
of the Managing Board  
of Siemens AG



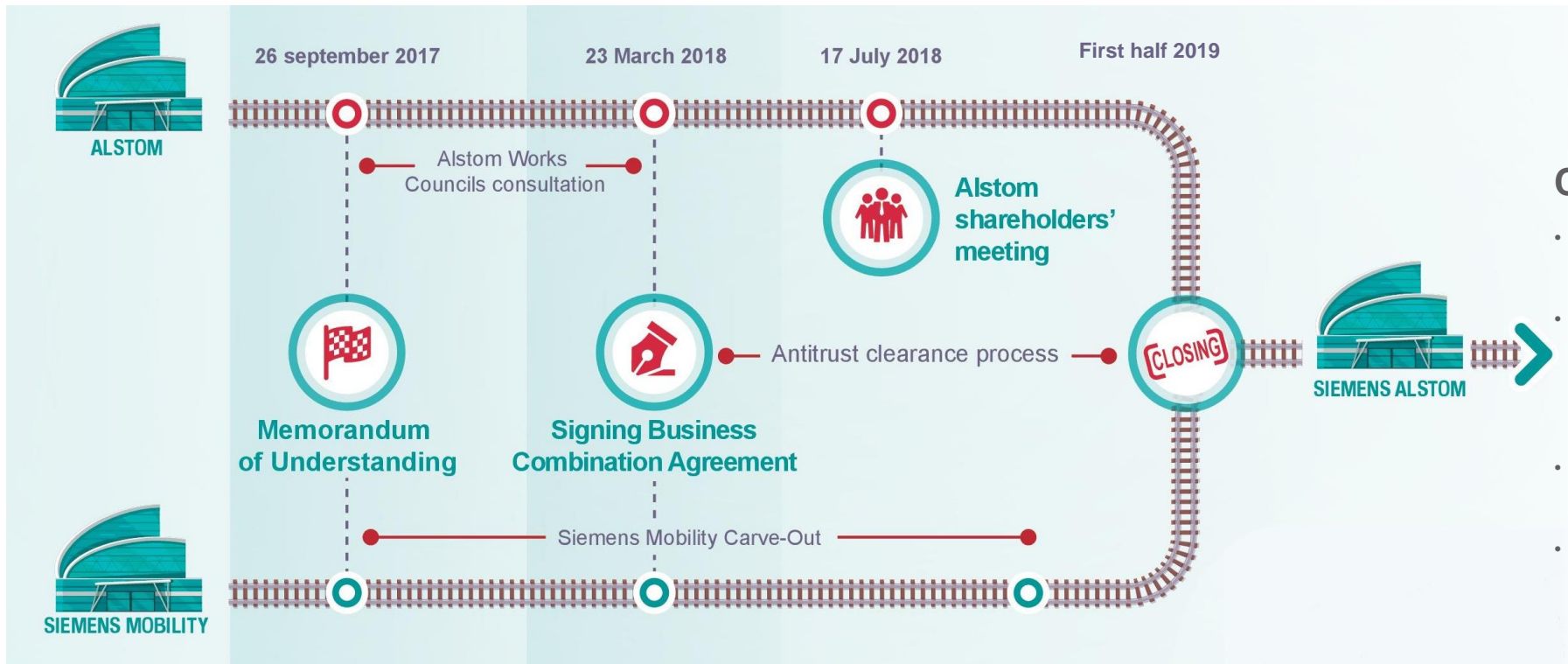
**Mariel von Schumann<sup>2</sup>**  
Chief of Staff of Siemens AG  
and Head of Governance  
and Markets

(2) members designated by Siemens  
(3) CEO + members proposed by Alstom

Separation of the offices of Chairman and CEO  
6 independent members (55%) and 5 women (45%)



# Indicative timetable



## Closing conditions:

- 28 May: MINEFI clearance (French State – foreign investment control)
- 29 May: confirmation from the AMF that no public mandatory tender offer will have to be filed by Siemens following completion of the contribution
- 17 July: Approval by Alstom Shareholders' meeting
- Antitrust and other regulatory approvals (13 July: the European Commission has announced the transition from Phase I to Phase II)

Some key milestones already achieved





[www.alstom.com](http://www.alstom.com)

**ALSTOM**  
*Designing fluidity*

# Contacts and agenda

## Contacts

**Selma BEKHECHI**

Investor Relations Director  
+33 (0)1 57 06 95 39

**Julien MINOT**

Investor Relations Manager  
+33 (0)1 57 06 64 84

[investor.relations@alstomgroup.com](mailto:investor.relations@alstomgroup.com)

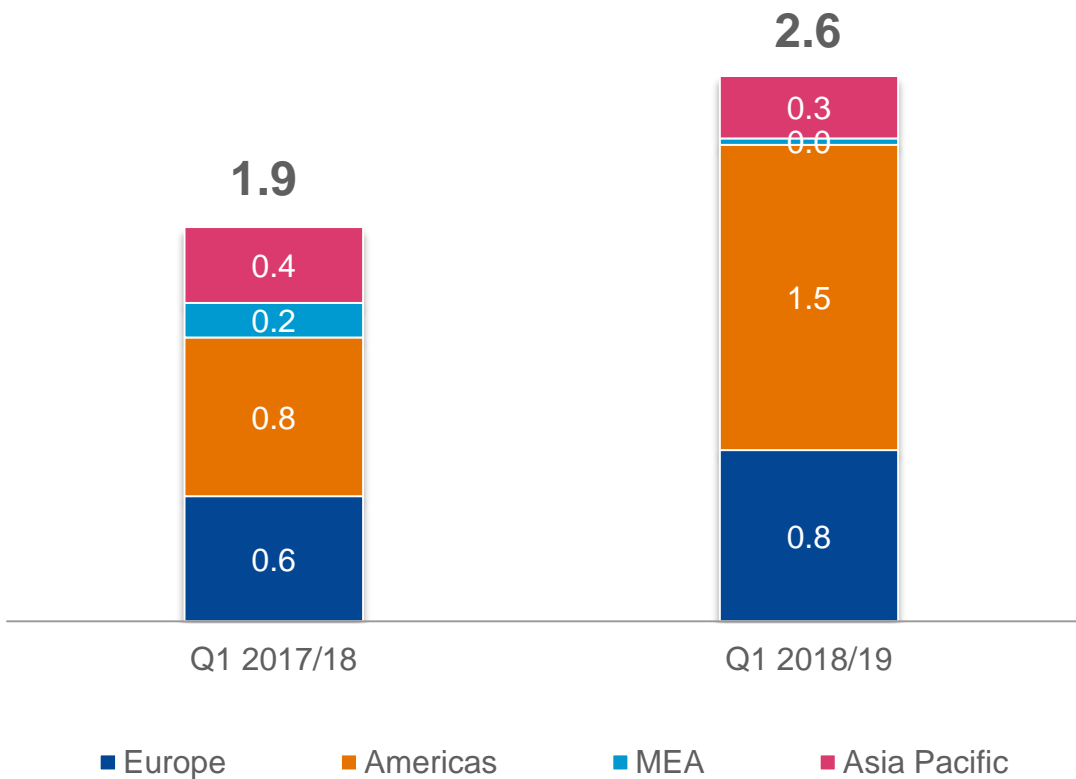
## Agenda

**14** November 2018

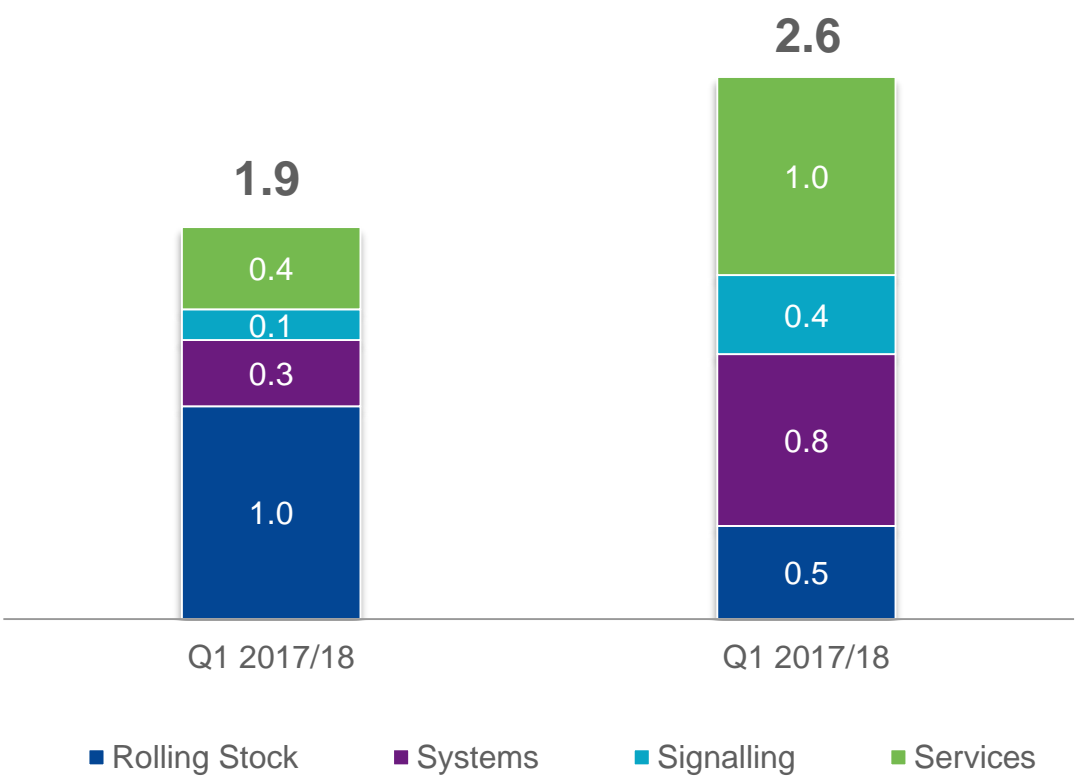
**H1 2018/19 Results**

# Appendix: Q1 2018/19 Orders

Orders by region  
(in € billion)



Orders by products  
(in € billion)



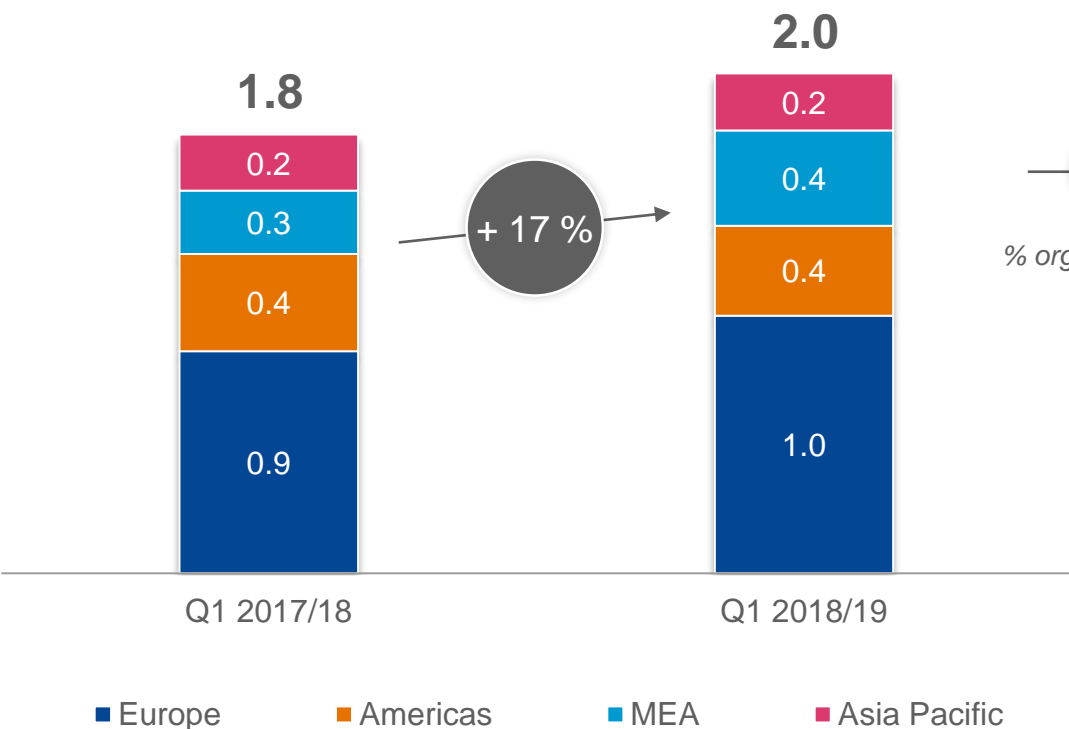
All figures mentioned are under IFRS 15 application, Q1 2017/18 is restated for IFRS 15  
ALSTOM – September 2018 – P 43

© ALSTOM 2018. All rights reserved. Information contained in this document is indicative only. No representation or warranty is given or should be relied on that it is complete or correct or will apply to any particular project. This will depend on the technical and commercial circumstances. It is provided without liability and is subject to change without notice. Reproduction, use or disclosure to third parties, without express written authority, is strictly prohibited.

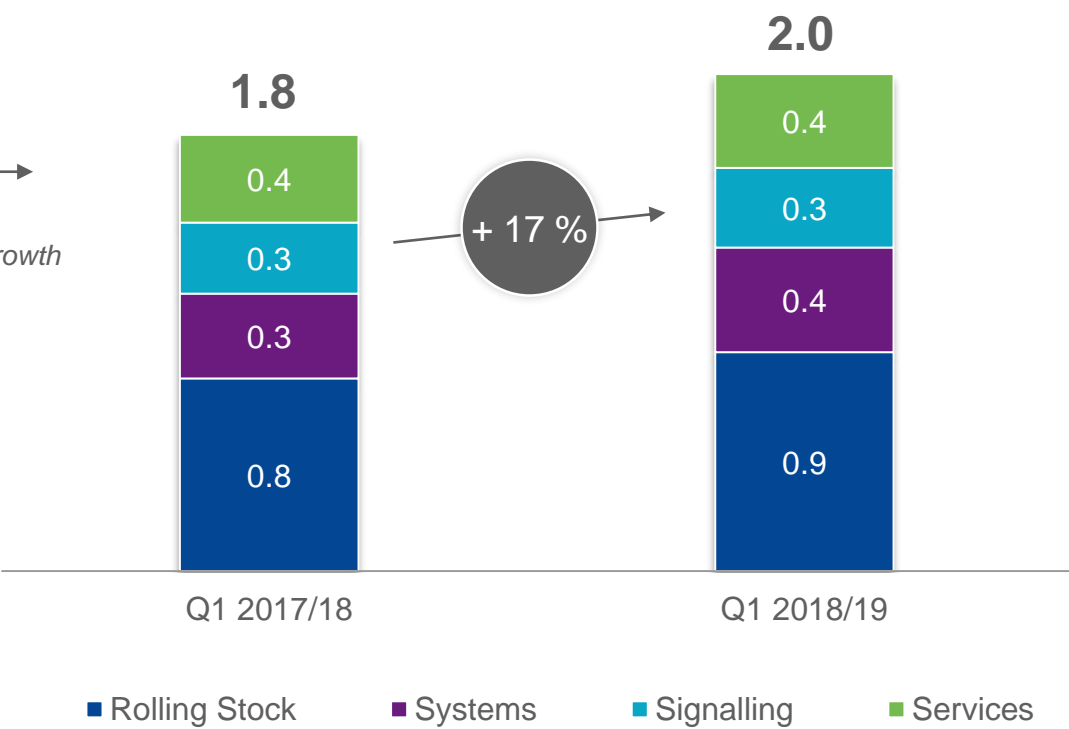


# Appendix: Q1 2018/19 Sales

Sales by region  
(in € billion)



Sales by product  
(in € billion)



All figures mentioned are under IFRS 15 application, Q1 2017/18 is restated for IFRS 15  
ALSTOM – September 2018 – P 44

© ALSTOM 2018. All rights reserved. Information contained in this document is indicative only. No representation or warranty is given or should be relied on that it is complete or correct or will apply to any particular project. This will depend on the technical and commercial circumstances. It is provided without liability and is subject to change without notice. Reproduction, use or disclosure to third parties, without express written authority, is strictly prohibited.