

Excellent results for Alstom in the first half 2018/19

- **Strong commercial momentum with €7 billion orders, leading to a new record-breaking backlog of €38 billion**
- **Outstanding operational performance with sales at €4 billion and adjusted EBIT margin of 7%**
- **Positive free cash flow and solid balance sheet**

14 November 2018 – Between 1 April 2018 and 30 September 2018, Alstom booked €7.1 billion of orders leading to a new record-breaking backlog of €38.1 billion. Sales reached €4.0 billion. The book-to-bill was strong at 1.8. The adjusted EBIT increased to €285 million leading to an adjusted EBIT margin of 7.1%. Net income (Group share) was exceptionally high at €563 million. During the first half of fiscal year 2018/19, free cash flow amounted to €172 million.

Key figures

(in € million)	Half-year ended 30 September 2017*	Half-year ended 30 September 2018	% change reported	% change organic
Actual figures				
Orders backlog	34,966	38,113	9%	11%
Orders received	3,170	7,129	125%	130%
Sales	3,341	4,010	20%	23%
Adjusted EBIT	180	285	58%	
Adjusted EBIT margin	5.4%	7.1%		
Net income - Group share	177	563		
Free cash flow	227	172		

*Restated IFRS 9 & 15

“Alstom achieved excellent results in this first half with breakthrough commercial successes, including new generation of very high-speed trains in France and metro system project in Canada. The new record-breaking backlog provides strong visibility on future sales and our outstanding operational performance reflects the solid projects execution. In the meantime, we continue to progress on the combination with Siemens Mobility to create substantial value for the mobility sector, our customers, every day users of our transport solutions as well as for our employees and our shareholders.” said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

Success of the 2020 strategy

Alstom 2020 strategy is based on the five following pillars:

1. Customer-focused organisation

The Group booked €7,129 million orders in the first half of fiscal year 2018/19. This compares to €3,170 million over the same period last year.

Alstom was awarded projects in all regions, including an order for 100 next-generation very high speed trains in France, a driverless light metro system for Montreal, Pendolino trains and maintenance in Italy, a major rolling stock contract for Mumbai, an integrated metro system for Taipei, additional Citadis Dualis tram-trains in France, a long-term rolling stock and signalling maintenance contract for Sydney metro, a national on-board train control system in Norway, electric locomotives in Morocco and Citadis trams for Frankfurt.

The backlog reached a new record high and amounted to €38,113 million on 30 September 2018, providing strong visibility on future sales.

2. Complete range of solutions

In the first half of fiscal year 2018/19, Alstom's total sales reached €4,010 million, up 20% (23% organically). The book-to-bill was strong at 1.8.

Signalling, systems and services represented 57% of sales in the first half of 2018/19. Systems sales reached €888 million with a strong ramp-up on Dubai metro and Lusail tram systems projects and progress on Riyadh metro system. Services sales increased to €749 million notably thanks to the increasing contribution of United Kingdom and Italy contracts. Signalling sales increased at €637 million with the start of new projects in France and in Australia. Rolling stock sales reached €1,736 million with deliveries of regional and high-speed trains in Europe and the on-going execution of the PRASA project in South Africa.

3. Value creation through innovation

Alstom sustained its level of research and development (gross costs) at €147 million, i.e. 3.7% of sales, in first half of 2018/19. Main programmes included the renewal of rolling stock ranges, smart mobility and predictive maintenance.

In September 2018, Alstom's hydrogen trains Coradia iLint entered passenger service in Lower Saxony, a world premiere. Alstom also launched StationOne, the first online marketplace dedicated to the railway sector.

4. Operational and environmental excellence

Alstom delivered an adjusted EBIT of €285 million corresponding to 7.1% margin in first half 2018/19, compared to €180 million corresponding 5.4% margin the previous year. This improvement was driven by a significant volume increase and on-going initiatives for operational excellence, while portfolio mix remained stable. Net Income (Group share) reached to €563 million, including an exceptional net income from discontinued operations of €245 million.

In September 2018, Alstom has been included in the Dow Jones Sustainability Indices (DJSI), World and Europe for the eighth consecutive year, attesting to its leading position in sustainable business practices.

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 September 2018, Alstom distributed 30 free shares to its employees as part of the "We are Alstom" employee share ownership scheme, launched in 2016. After a two-year acquisition period, nearly 25,000 employees received these shares or their equivalent in the form of bonuses.

Solid balance sheet

During the first half of fiscal year 2018/19, the Group free cash flow was positive at €172 million, benefitting from the Cash Focus programme.

Alstom invested €85 million in capital expenditures in the first half 2018/19. As end of September 2018, the cumulated transformation capex stood at €212 million, out of €300 million, with the progress in sites' construction in South Africa, in India and the Hornell site extension in the United States.

The Group had a gross cash in hand of €1,397 million at the end of September 2018 and a fully undrawn credit line of €400 million. Alstom bond debt amounted to €1,249 million as end of September 2018. In October 2018, Alstom reimbursed at maturity a €371 million bond.

Alstom net debt amounted to €280 million on 30 September 2018, compared to €255 million on 31 March 2018. Last, equity reached €4,021 million at 30 September 2018, compared to €3,479 million on 31 March 2018.

Investments

Alstom, previously owning 33% of TMH, reinforced its investment in Russia by reaching a 20% stake in the combined entity that TMH created with Locotech, another Russian company operating in the services activity. The deal represented an investment of €115 million and was completed on 29 June 2018. In the first half of 2018/19, TMH contributed €49 million as share of net income in equity investees, compared to €14 million over the same period last year.

On 2 October 2018, Alstom has completed the transfer of all its interests in the three Energy Joint Ventures (Renewables, Grid and Nuclear Joint Ventures) to General Electric and received a total cash payment of €2.594 billion.

Outlook

The Alstom outlook is provided at constant perimeter and exchange rate. It is set in accordance with the IFRS 15 standard, which is the new applicable standard for revenue recognition.

For the fiscal year 2018/19, sales are expected to reach around €8 billion and adjusted EBIT margin should reach around 7%.

In the medium term, Alstom should continue to outperform the market growth, gradually improve profitability, and improve cash generation, with possible volatility over some short periods.

Creation of a global leader in Mobility

The proposed combination of Alstom with Siemens Mobility, including its rail traction drive business, has reached significant milestones in the past months.

On 17 July 2018, Alstom shareholders approved the proposed combination of Alstom with Siemens Mobility.

As part of the combination, Alstom existing shareholders at the close of the business day preceding the completion date of the transaction, will receive two exceptional distributions: a control premium of €4 per share (Distribution A) and an extraordinary distribution of up to €4 per share subject to certain adjustments (Distribution B). Payment of both distributions shall be made on the 8th business day following the date of closing of this transaction.

Alstom should implement a share repurchase program in the coming period, with cancellation of the number of Alstom shares necessary to ensure a shareholding of the Siemens Group representing 50.67% of Alstom's issued share capital as of the determination date¹ and of at least 50% on a fully diluted basis as of the completion date of the transaction. The amount of the repurchase global price is one of the adjustments that may impact the amount of the Distribution B.

On 8 June, Alstom and Siemens jointly filed the application for merger control clearance with the European Commission and on 13 July, Alstom and Siemens took note of the European Commission's initiation of a Phase 2 review of the proposed combination of Siemens' Mobility business with Alstom.

On 29 October, Alstom and Siemens received a Statement of Objections from the European Commission as part of the Phase 2 examination of the proposed combination. The Statement of Objections formalises the Commission's assessment of this transaction at this stage and gives Alstom and Siemens the opportunity to access the case file and respond to the Commission. It does not prejudice of the final decision of the European Commission.

Alstom and Siemens continue to work constructively with the European Commission to explain the rationale and the benefits of the proposed combination. Alstom and Siemens will now discuss the specific concerns of the Commission and will ensure that they are addressed in a timely manner.

The transaction is subject to approval by relevant anti-trust authorities and closing is expected in the first half of 2019.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 13 November 2018, are available on Alstom's website at www.alstom.com. The accounts have been reviewed by the auditors.

¹ The determination date means the last day of the quarter (i.e., December 31, March 31, June 30, September 30) immediately preceding the month in which the satisfaction or, as the case may be, waiver of the last conditions precedent to the contemplated combination will occur.

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 €7.2 billion of orders in the 2017/18 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 34,500 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 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Europe	1,535	48%	1,535	48%	4,303	60%
Americas	907	29%	907	29%	1,705	24%
Asia / Pacific	544	17%	544	17%	922	13%
Middle East / Africa	184	6%	184	6%	199	3%
Orders by destination	3,170	100%	3,170	100%	7,129	100%

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Europe	14,597	45%	14,239	40%	16,858	44%
Americas	5,573	17%	5,523	16%	6,485	17%
Asia / Pacific	5,203	16%	5,268	15%	5,345	14%
Middle East / Africa	7,368	22%	9,936	29%	9,425	25%
Backlog by destination	32,741	100%	34,966	100%	38,113	100%

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Europe	1,917	51%	1,710	51%	1,982	50%
Americas	727	19%	663	20%	728	18%
Asia / Pacific	429	12%	411	12%	450	11%
Middle East / Africa	683	18%	557	17%	850	21%
Sales by destination	3,756	100%	3,341	100%	4,010	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Europe	3,507	48%	3,507	48%
Americas	1,628	23%	1,628	23%
Asia / Pacific	980	14%	980	14%
Middle East / Africa	1,068	15%	1,068	15%
Orders by destination	7,183	100%	7,183	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Europe	14,726	43%	14,361	41%
Americas	5,085	15%	5,211	15%
Asia / Pacific	4,903	14%	5,017	14%
Middle East / Africa	9,464	28%	10,685	30%
Backlog by destination	34,178	100%	35,274	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Europe	3,938	50%	3,749	51%
Americas	1,531	19%	1,333	18%
Asia / Pacific	974	12%	900	12%
Middle East / Africa	1,508	19%	1,364	19%
Sales by destination	7,951	100%	7,346	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Rolling stock	1,330	42%	1,330	42%	3,959	56%
Services	992	31%	992	31%	1,416	20%
Systems	406	13%	406	13%	1,091	15%
Signalling	442	14%	442	14%	663	9%
Orders by destination	3,170	100%	3,170	100%	7,129	100%

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Rolling stock	15,969	49%	17,656	50%	19,682	52%
Services	9,899	30%	10,161	29%	11,284	29%
Systems	3,698	11%	4,126	12%	3,741	10%
Signalling	3,175	10%	3,023	9%	3,406	9%
Backlog by destination	32,741	100%	34,966	100%	38,113	100%

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	% Contrib.	H1 2017/18 (rest. IFRS 9 & 15)	% Contrib.	H1 2018/19	% Contrib.
Rolling stock	1,641	43%	1,415	42%	1,736	43%
Services	696	19%	636	20%	749	19%
Systems	819	22%	673	20%	888	22%
Signalling	600	16%	617	18%	637	16%
Sales by destination	3,756	100%	3,341	100%	4,010	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Rolling stock	3,189	45%	3,189	45%
Services	2,180	30%	2,180	30%
Systems	523	7%	523	7%
Signalling	1,291	18%	1,291	18%
Orders by destination	7,183	100%	7,183	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Rolling stock	16,800	49%	18,068	51%
Services	11,131	32%	10,651	30%
Systems	2,939	9%	3,302	10%
Signalling	3,308	10%	3,253	9%
Backlog by destination	34,178	100%	35,274	100%

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	% Contrib.	FY 2017/18 (rest. IFRS 9 & 15)	% Contrib.
Rolling stock	3,464	43%	3,150	43%
Services	1,480	19%	1,354	18%
Systems	1,691	21%	1,527	21%
Signalling	1,316	17%	1,315	18%
Sales by destination	7,951	100%	7,346	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures <i>(in € million)</i>	H1 2017/18 <i>(published)</i>	H1 2017/18 <i>(rest. IFRS 9 & 15)</i>	H1 2018/19
Sales	3,756	3,341	4,010
Adjusted Earnings Before Interest and Taxes (aEBIT)	231	180	285
Restructuring charges	(19)	(19)	(34)
Other charges	(18)	(18)	(32)
Earnings Before Interest and Taxes (EBIT)	194	143	219
Financial result	(51)	(53)	(46)
Tax result	(40)	(25)	(12)
Share in net income of equity investees	110	110	161
Minority interests from continued operations	(8)	(6)	(4)
Net income – Discontinued operations*	8	8	245
Net income – Group share	213	177	563

*Group share

Actual figures <i>(in € million)</i>	FY 2017/18 <i>(published)</i>	FY 2017/18 <i>(rest. IFRS 9 & 15)</i>
Sales	7,951	7,346
Adjusted Earnings Before Interest and Taxes (aEBIT)	514	397
Restructuring charges	(47)	(47)
Other charges	(86)	(86)
Earnings Before Interest and Taxes (EBIT)	381	264
Financial result	(91)	(99)
Tax result	(73)	(59)
Share in net income of equity investees	216	216
Minority interests from continued operations	(10)	(9)
Net income – Discontinued operations*	52	52
Net income – Group share	475	365

*Group share

APPENDIX 3 – FREE CASH FLOW

Actual figures <i>(in € million)</i>	H1 2017/18 (published)	H1 2017/18 (rest. IFRS 9 & 15)	H1 2018/19
Adjusted EBIT	231	180	285
Depreciation and amortisation	93	75	82
Restructuring cash-out	(18)	(18)	(19)
Capital expenditure	(80)	(85)	(85)
R&D capitalisation	(23)	(26)	(27)
Change in working capital	53	128	(10)
Financial cash-out	(19)	(16)	(29)
Tax cash-out	(46)	(47)	(73)
Other	36	36	48
Free cash flow	227	227	172

Actual figures <i>(in € million)</i>	FY 2017/18 (published)	FY 2017/18 (rest. IFRS 9 & 15)
Adjusted EBIT	514	397
Depreciation and amortisation	137	144
Restructuring cash-out	(37)	(37)
Capital expenditure	(202)	(203)
R&D capitalisation	(81)	(90)
Change in working capital	(49)	64
Financial cash-out	(70)	(66)
Tax cash-out	(93)	(93)
Other	9	12
Free cash flow	128	128

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/revaluation 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	Half-year ended
	30 Sept. 2017	30 Sept. 2018
	<i>(rest. IFRS 9 & 15)</i>	
Adjusted Earnings Before Interest and Taxes (aEBIT)	180	285
Restructuring costs	(19)	(34)
PPA amortisation and integration costs	(12)	(7)
Siemens deal costs	(4)	(36)
Others and asset impairment	(2)	11
Earnings Before Interest and Taxes (EBIT)	143	219

<i>(in € million)</i>	Year ended 31 March 2018 <small>(rest. IFRS 9 & 15)</small>
Adjusted Earnings Before Interest and Taxes (aEBIT)	397
Restructuring costs	(47)
PPA amortisation and integration costs	(25)
Capital gains/losses on disposal of business	3
Others and asset impairment	(64)
Earnings Before Interest and Taxes (EBIT)	264

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. 2017 <small>(published)</small>	Half-year ended 30 Sept. 2017 <small>(rest. IFRS 9 & 15)</small>	Half-year ended 30 Sept. 2018
Net cash provided by / (used in) operating activities	329	337	282
Capital expenditure (including capitalised R&D costs)	(103)	(112)	(111)
Proceeds from disposals of tangible and intangible assets	1	1	1
Free cash flow	227	227	172

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 2018	Half-year ended 30 Sept. 2018
Cash and cash equivalents	1,231	1,397
Other current financial assets	8	6
Financial non-current assets directly associated to financial debt	213	202
<i>Less:</i>		
Current financial debt	543	709
Non-current financial debt	1,164	1,176
Net cash/(debt) at the end of the period	(255)	(280)

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.

	Half-year ended 30 Sept. 2017 <small>(rest. IFRS 9 & 15)</small>			Half-year ended 30 Sept. 2018			
<i>(in € million)</i>	Actual figures	Exchange rate	Comparable Figures	Actual figures	Comparable Figures	% Var Act.	% Var Org.
Backlog	34,966	(584)	34,382	38,113	38,113	9%	11%
Orders	3,170	(68)	3,102	7,129	7,129	125%	130%
Sales	3,341	(68)	3,273	4,010	4,010	20%	23%