

Alstom 2017/18 results

- **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**
- **Proposed dividend of €0.35 per share**

16 May 2018 – Between 1 April 2017 and 31 March 2018, Alstom booked €7.2 billion of orders. Over the same period, sales reached €8.0 billion, corresponding to an outstanding growth of 9% (10% organically). The adjusted EBIT increased to €514 million, 22% above last year, leading to an adjusted EBIT margin of 6.5%. Net income (Group share) amounted to €475 million, compared to €289 million the previous year.

Alstom benefits from a very strong balance sheet. During fiscal year 2017/18, free cash flow amounted to €128 million. Net debt remained roughly stable at €255 million on 31 March 2018. Equity amounted to €4.0 billion at 31 March 2018.

At its next Shareholders' Meeting planned on 17 July 2018, Alstom will propose a dividend of €0.35 per share, up 40% compared to last year.

Key figures

(in € million)	2016/17	2017/18	% change reported	% change organic
Actual figures				
Orders backlog	34,781	34,178	(2)%	4%
Orders received	10,008	7,183	(28)%	(27)%
Sales	7,306	7,951	9%	10%
Adjusted EBIT	421	514	22%	
Adjusted EBIT margin	5.8%	6.5%		
Net income - Group share	289	475		
Free cash flow	182	128		
Net cash / (debt)	(208)	(255)		
Equity	3,713	4,027		

«These excellent results demonstrate the success of the 2020 strategy, with an outstanding sales growth and a further margin enhancement. Alstom continued to leverage the growing globalisation of the mobility market and is now in excellent position to join forces with Siemens Mobility. Together Alstom and Siemens Mobility will shape tomorrow's mobility: efficient, sustainable and connected!» 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 €7,183 million orders in the fiscal year 2017/18. This compares to €10,008 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 the United Arab Emirates.

Alstom was awarded projects in all regions during this year. The Group notably booked the last 100 trains of the PRASA project in South Africa. Alstom also signed several contracts in Canada for almost 100 light rail vehicles and some maintenance. Other commercial successes included contracts for Pendolino trains with associated maintenance in Italy, regional trains in Italy, Senegal, Germany and France, metro systems in Vietnam and Philippines, metro and signalling in Singapore, metro in France, maintenance in Sweden, traction system for New York metro as well as a fleet modernisation project in the USA.

At €34.2 billion on 31 March 2018, current backlog provides strong visibility on future sales.

2. Complete range of solutions

In fiscal year 2017/18, Alstom's total sales reached €7,951 million, up 9% (10% organically).

Signalling, systems and services represented 57% of sales in 2017/18, in line with 2020 objective of 60%. Systems sales increased by around 30% with the progress of urban systems projects in the Middle East. Services sales reached €1.5 billion, notably thanks to the contribution of overhaul activities on Pendolino trains in the United Kingdom. Signalling sales slightly decreased due to an adverse market environment for freight and mining rail transportation, as well as the ramp down of some projects. Rolling stock sales reached €3.5 billion with deliveries of regional and high-speed trains in Europe, the beginning of the Amtrak project in the USA, deliveries of regional trains in Algeria 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 €278 million, i.e. 3.5% of sales, in fiscal year 2017/18. Main programmes included the renewal of rolling stock ranges, smart mobility 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. In October 2017, Alstom and NTL received the Innovation award at Busworld exhibition in Belgium for Aptis, their new 100% electric mobility experience. Lastly, Alstom had a first commercial success for its hydrogen-fuelled zero emission train, Coradia iLint, in Germany.

4. Operational and environmental excellence

Alstom delivered an adjusted EBIT of €514 million in 2017/18, compared to €421 million the previous year, representing a 22% increase. The adjusted EBIT margin reached 6.5% for the fiscal year 2017/18, compared to 4.8% for the fiscal year 2014/15. This continued improvement was driven by volume increase, portfolio mix and on-going initiatives for operational excellence. During the fiscal year 2017/18, net income (Group share) amounted to €475 million, compared to €289 million the previous year.

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 rate¹ of 1 by 2020. Alstom has already reduced its energy consumption by 14% for solutions, by 9% for operations and reached its occupational injury frequency rate¹ target of 1 this year.

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

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 in 2020. The objective is on track with 20% in 2017/18.

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. Alstom also announced that the three year period of self-reporting obligations that the Group agreed to as part of the Plea Agreement of 22 December 2014 has come to a successful

¹ 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

completion. This achievement is the result of the company's efforts during the period and a close cooperation with the US Department of Justice. The company remains committed to the highest level of integrity in its activities and will continue the development of its compliance programme.

Solid balance sheet

During fiscal year 2017/18, the Group free cash flow was positive at €128 million, benefitting from the Cash Focus programme and impacted by the ramp-up of transformation capex.

Alstom invested €202 million in capital expenditures in fiscal year 2017/18, compared to €150 million the previous year. As end of March 2018, the cumulated transformation capex stood at €159 million, out of €300 million, with notably the progress in sites' construction in South Africa and in India.

The Group had a gross cash in hand of €1,231 million at the end of March 2018 and a fully undrawn credit line of €400 million. After reimbursement at maturity of a €272 million bond in October 2017, Alstom bond debt amounted to €1,248 million as end of March 2018. Alstom net debt remained roughly stable compared to previous year and stood at €255 million on 31 March 2018. Last, equity reached €4,027 million at 31 March 2018, versus €3,713 million at 31 March 2017.

On 9 May 2018, Alstom signed an agreement with General Electric relating to the implementation of the agreements from 2015 regarding the intended exit of Alstom from the three Energy Joint Ventures. The "Renewables", "Grid" and "Nuclear" Joint Ventures were set up in November 2015 as part of the sale of the Alstom Energy business to General Electric. Alstom intends to exercise its options to sell its interests in the "Renewables" and "Grid" Joint Ventures in 2018 (pursuant to Alstom's put options). If these options are exercised during the exercise period (between September 4th and September 10th), GE will then be deemed to have exercised its option to acquire Alstom's interest in the "Nuclear" Joint Venture (pursuant to General Electric's call option), and the transfer of all interests will occur on 2 October 2018 for a total amount of €2.594 billion.

Dividend

The Board of Directors decided to propose a dividend of €0.35 per share in respect of fiscal year 2017/18 to the Shareholder's Meeting that will meet on 17 July 2018.

The ex-dividend date would be 20 July 2018 and the record date would be 23 July 2018. The dividend would be payable in cash from 24 July 2018.

Outlook

The Alstom outlook is provided at constant perimeter and exchange rates. It is set in accordance with the new IFRS 15 norm, 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 up to 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 business including its rail traction drives business has reached significant milestones in the past months.

On 23 March 2018, Siemens and Alstom entered into a Business Combination Agreement (BCA) following the Memorandum of Understanding signed on 26 September 2017. The BCA sets forth the terms and conditions agreed upon by the two companies and follows the conclusion of the required works council information and consultation process at Alstom regarding the proposed deal.

On 15 May 2018, Alstom and Siemens announced the proposed nominations for the future Board of Directors of Siemens Alstom. The Board of Directors of the combined company will consist of 11 members, including six independent members. These nominations are subject to the approval of Alstom shareholders as well as to the completion of the deal itself, subject to the approval by various authorities.

The best-suited target organisation has been defined to become the trusted partner of all mobility stakeholders worldwide, drive digitalisation of mobility and deliver value while staying at the forefront of innovation. The target organisation will rest on three principles: Intimacy with customers through empowered “Regions”; Digitalisation, which is the key enabler of value creation in mobility, will be driven by “Mobility Automation”; Innovation and Operational efficiency through transverse “Platforms” and “Operational excellence” functions.

Closing is expected at the end of calendar year 2018. The transaction is subject to the approval of Alstom shareholders at the company’s Shareholders’ Meeting, planned to be held on 17 July 2018. The transaction is also subject to approval by relevant regulatory authorities, including foreign investment clearance by the French Ministry for the Economy and Finance and approval by anti-trust authorities as well as the confirmation by the French capital market authority (AMF) that no mandatory takeover offer has to be launched by Siemens following completion of the contribution. Siemens has already

initiated the internal carve-out process of its mobility business and other related businesses in order to prepare for the combination with Alstom.

The new group will be headquartered in Saint-Ouen, France, and continue to be listed on the Paris stock exchange. As part of this transaction, Siemens will receive newly issued shares in the combined company representing 50 percent of the share capital of Alstom on a fully diluted basis.

*

The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 15 May 2018, are available on Alstom's website at 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, 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 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 €8.0 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>	2016/17	% Contrib.	2017/18	% Contrib.
Europe	5,102	51%	3,507	48%
Americas	2,890	29%	1,628	23%
Asia / Pacific	582	6%	980	14%
Middle East / Africa	1,434	14%	1,068	15%
Orders by destination	10,008	100%	7,183	100%

Actual figures <i>(in € million)</i>	2016/17	% Contrib.	2017/18	% Contrib.
Europe	4,104	56%	3,938	50%
Americas	1,247	17%	1,531	19%
Asia / Pacific	702	10%	974	12%
Middle East / Africa	1,253	17%	1,508	19%
Sales by destination	7,306	100%	7,951	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	2016/17	% Contrib.	2017/18	% Contrib.
Rolling stock	5,525	55%	3,189	45%
Services	2,037	20%	2,180	30%
Systems	1,466	15%	523	7%
Signalling	980	10%	1,291	18%
Orders by destination	10,008	100%	7,183	100%

Actual figures <i>(in € million)</i>	2016/17	% Contrib.	2017/18	% Contrib.
Rolling stock	3,170	43%	3,464	43%
Services	1,468	20%	1,480	19%
Systems	1,286	18%	1,691	21%
Signalling	1,382	19%	1,316	17%
Sales by destination	7,306	100%	7,951	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures <i>(in € million)</i>	2016/17	2017/18
Sales	7,306	7,951
Adjusted Earnings Before Interest and Taxes (aEBIT)	421	514
Restructuring charges	(6)	(47)
Other charges	(57)	(86)
Earnings Before Interest and Taxes (EBIT)	358	381
Financial result	(127)	(91)
Tax result	(76)	(73)
Share in net income of equity investees	82	216
Minority interests from continued operations	(14)	(10)
Net income – Discontinued operations*	66	52
Net income – Group share	289	475

*Group share

APPENDIX 3 – FREE CASH FLOW

Actual figures <i>(in € million)</i>	2016/17	2017/18
Adjusted EBIT	421	514
Depreciation and amortisation	132	137
Restructuring cash-out	(49)	(37)
Capital expenditure	(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
Free cash flow	182	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/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>	Year ended 31 March 2017	Year ended 31 March 2018
Adjusted Earnings Before Interest and Taxes (aEBIT)	421	514
Restructuring costs	(6)	(47)
PPA amortisation and integration costs	(35)	(25)
Capital gains/losses on disposal of business	2	3
Others and asset impairment	(24)	(64)
Earnings Before Interest and Taxes (EBIT)	358	381

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>	Year ended 31 March 2017	Year ended 31 March 2018
Net cash provided by / (used in) operating activities	401	408
Capital expenditure (including capitalised R&D costs)	(220)	(283)
Proceeds from disposals of tangible and intangible assets	1	3
Free cash flow	182	128

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	Year ended 31 March 2018
Cash and cash equivalents	1,563	1,231
Other current financial assets	8	8
Financial non-current assets directly associated to financial debt	260	213
<i>Less:</i>		
Current financial debt	444	519
Non-current financial debt	1,595	1,188
Net cash/(debt) at the end of the period	(208)	(255)

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.

<i>(in € million)</i>	Year ended 31 March 2017				Year ended 31 March 2018			% Var Act.	% Var Org.
	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope Impact	Comparable Figures		
Backlog	34,781	(1,972)	-	32,809	34,178	(58)	34,120	(2)%	4%
Orders	10,008	(272)	-	9,736	7,183	(55)	7,128	(28)%	(27)%
Sales	7,306	(146)	-	7,160	7,951	(51)	7,900	9%	10%