



Acquisition of Bombardier Transportation: accelerating Alstom's strategic roadmap

February 17th, 2020

ALSTOM
• mobility by nature •

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Transaction highlights

Excellent strategic rationale

- Acquisition of the 4th global rail OEM¹, with strong commercial and product complementarities with Alstom
- Accelerating Alstom's strategic roadmap, strengthening all product lines and adding strategic industrial capacity
- Significant efficiency potential from synergies and improving Bombardier Transportation's performance



Significant value creation

- Strategic and immediate additions to Alstom's operational profile
- Mid term objective to improve Bombardier Transportation's margins to a standard level
- ~€400m annual run rate cost synergies yielding a NPV >€3bn²
- Double-digit EPS³ accretion from year 2 post closing

Solid transaction structure

- Alstom to acquire Bombardier Transportation for €5.8bn – €6.2bn net proceeds, o/w €5bn financed with equity component
- Fully committed financing securing Alstom's balance sheet
- Caisse de dépôt et placement du Québec ("CDPQ") to become a new long-term shareholder of Alstom
- Closing expected in H1 CY21, subject to customary regulatory approvals

1. Original Equipment Manufacturer; 2. Net of implementation cost; 3. Post synergies, implementation cost and before PPA amortization

Robust macro-economic drivers supporting the steady growth of rail traffic

Supportive macro-economic drivers



Economic growth



Sustainable development



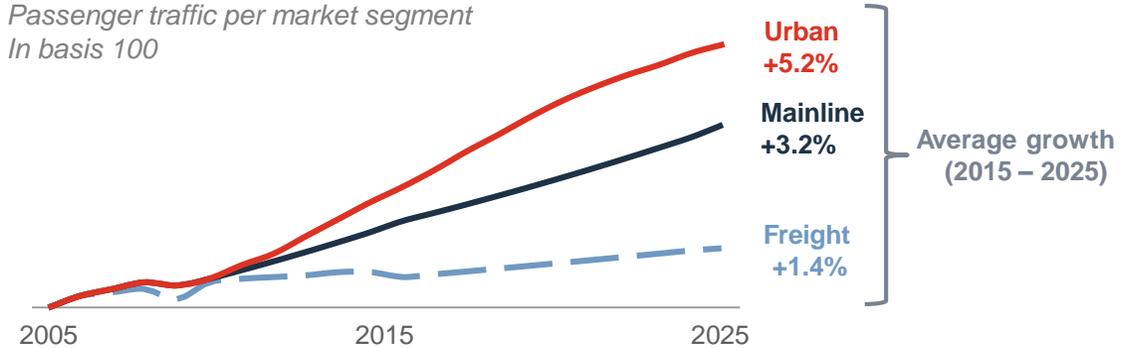
Government funding



Urbanization

Strong rail traffic growth

Passenger traffic per market segment
In basis 100



Sustainable global rail OEM market growth

In €bn

2018-2020

114

2021-2023

125

3.0%
CAGR

Sources: SCI Verkehr multi client studies 2017; UNIFE Market Study 2018

Alstom, a leading track record with a clear ambition

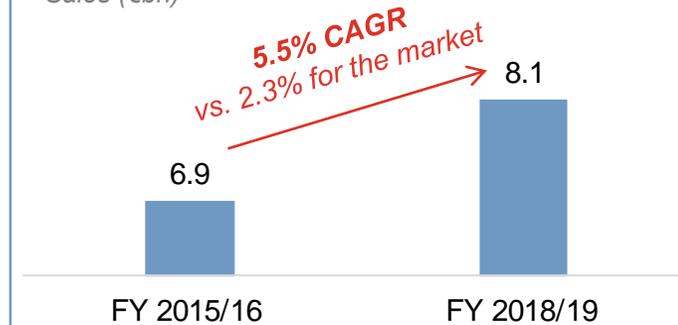
✓ Record **backlog** in the industry

Latest figures available



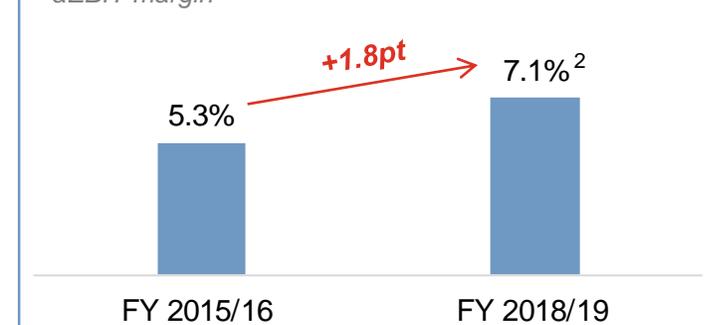
✓ Top **growth** performance

Sales (€bn)



✓ Significant **profitability** improvement

aEBIT margin



✓ A clear **strategy** : “Alstom in Motion” 2019 – 2023 strategic plan



Driven by **One Alstom team**, Agile, Inclusive and Responsible

1. As of 31-Dec-2019; 2. 7.5% with the new Alstom EBIT definition which includes the share in net income of the equity-accounted investments namely CASCO

Bombardier Transportation, a reference in rail mobility

- Strong historical track record of **market leadership**
- **A broad product portfolio** in all market segments, with strategic products
- **Comprehensive expertise** ranging from component manufacturing to rail operations
- **A balanced industrial footprint** between best-cost and high-tech countries
- **Largest installed base worldwide** with a fleet of 100,000 vehicles



€7.4bn¹ of revenue



€32bn¹ of backlog



People Mover - Bangkok



Multilevel – New Jersey



Aventra - London overground

1. As of 31-Dec-2019

Establishing unparalleled commercial reach to feed sustainable growth

✓ Acquiring strong presence in strategic and growing markets

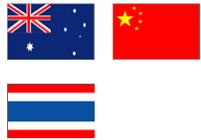
Strong presence

Market trends



UK to invest ~€40bn by 2024

DB & Germany to invest ~€86bn by 2030



China to spend ~€100bn on country's railways in 2020



Significant investment expected in rail infrastructure



Middle-East & Africa rail OEM market CAGR of 4.9%¹

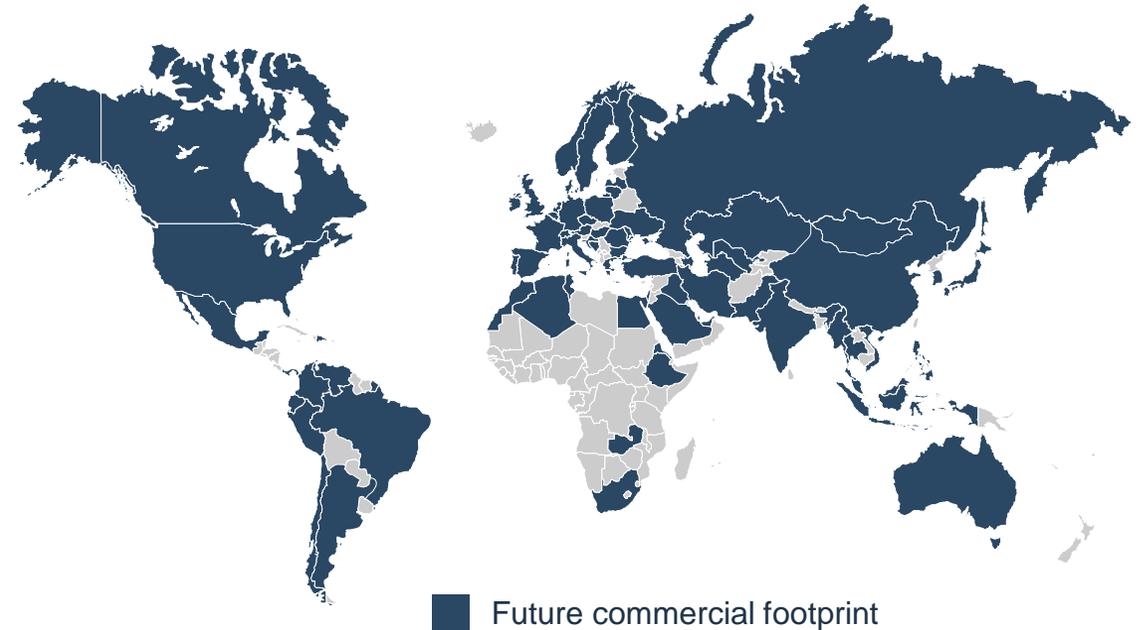
✓ Critical size on all continents

BOMBARDIER
TRANSPORTATION

Presence in over **70 countries**

ALSTOM

Presence in over **60 countries**



Bringing Alstom's global expertise to a wider set of clients

1. Over 2016-2022

Rolling Stock : addition of a complementary and attractive portfolio to respond to a wider set of customer needs

Comprehensive & complementary portfolio

BOMBARDIER TRANSPORTATION

	Metro	Complementary specific products in London, San Francisco, Singapore
	Tram / Light rail	Complementary specific products in Germany, Canada, Australia
	People Mover / Monorail	✓✓✓
	Intercity / Regional	Complementary specific products in UK (Aventra), Nordics (Regina)
	High Speed / VHS	✓
	Locomotives	✓✓✓

Specific regional complementarity
 Platform complementarity

Bombardier Transportation brings selected attractive & profitable niches



E-locomotive
TRAXX



Monorail
Innovia



People Mover
Innovia

As well as specific products catering large markets majority share of Bombardier Transportation RS revenue



Aventra



Talent 3



San Francisco metro



BiLevel coaches



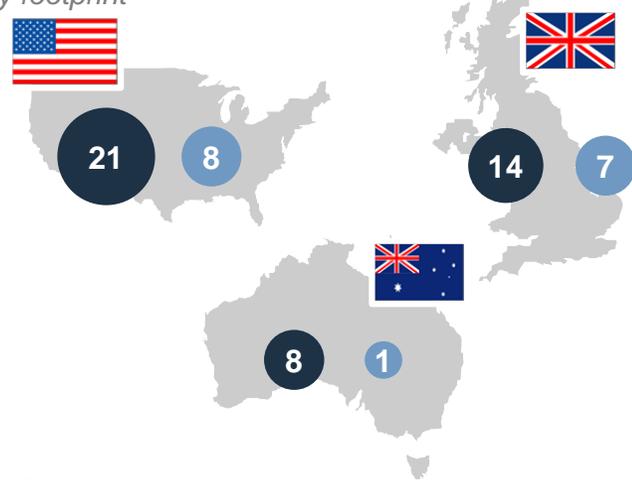
While Alstom will extend its platform and large project capabilities to Bombardier Transportation's existing clients

Services : access to the largest installed train fleet and strong technical capabilities



Bombardier Transportation brings **large maintenance facilities footprint** and **100k installed train fleet** for further development with **low capital intensity**

Key footprint



Maintenance facilities

BOMBARDIER
TRANSPORTATION

ALSTOM



€12.6bn backlog in services^{1,2}



€1.9bn sales in services^{1,2}



Additional solutions in digital / predictive maintenance, which can be enhanced by data scale effect



Orbita ©

Cross-reference information from extensive global fleet database to establish patterns of equipment performance

Orbita © fleet monitor

- Improved prognostic capability
- Replace legacy systems



Bombardier Transportation's **experience in operations** to enhance value of service offering



NTRANSIT
The Way To Go.



Operation and Maintenance



AIRTRAIN JFK



Operation and Maintenance

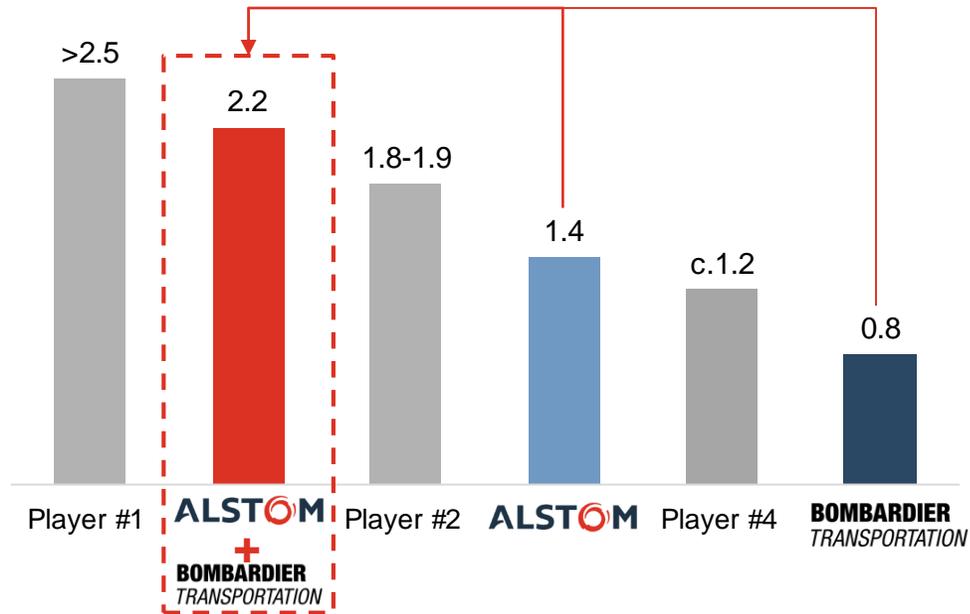
1. Globally; 2. As of 31-Dec-2019

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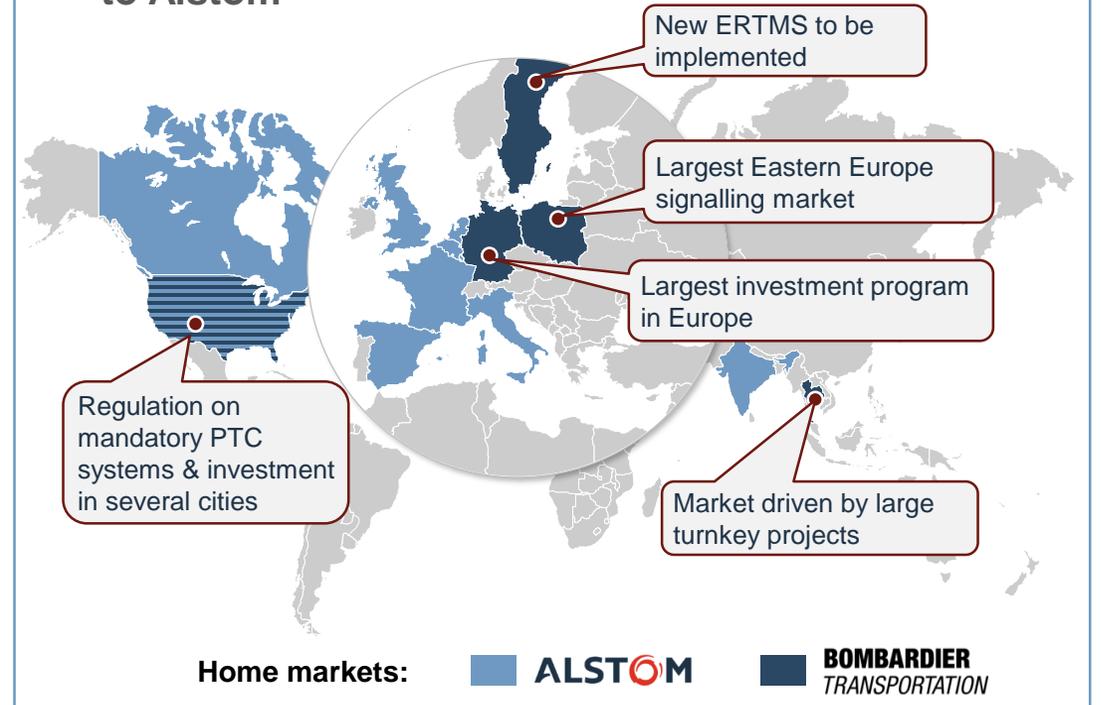
Signalling : scale increase to achieve Alstom's leadership ambition

✓ Becoming the #2 in Signalling

Based on 2018 sales (€bn)



✓ Bombardier Transportation's brings complementary and strategic signalling markets to Alstom



✓ 3,800 highly qualified Bombardier Transportation Signalling employees

✓ Data analytics experience from Bombardier Transportation to boost Alstom's Signalling services strategy

Acquiring industrial capacity in strategic and complementary geographies

✓ Attractive Bombardier Transportation footprint



7 production sites through JVs (8,000+ employees) covering the entire value chain (rolling stock, signalling and services)



Rail vehicles
Rail control
Components



Rail vehicles
Rail control
Components



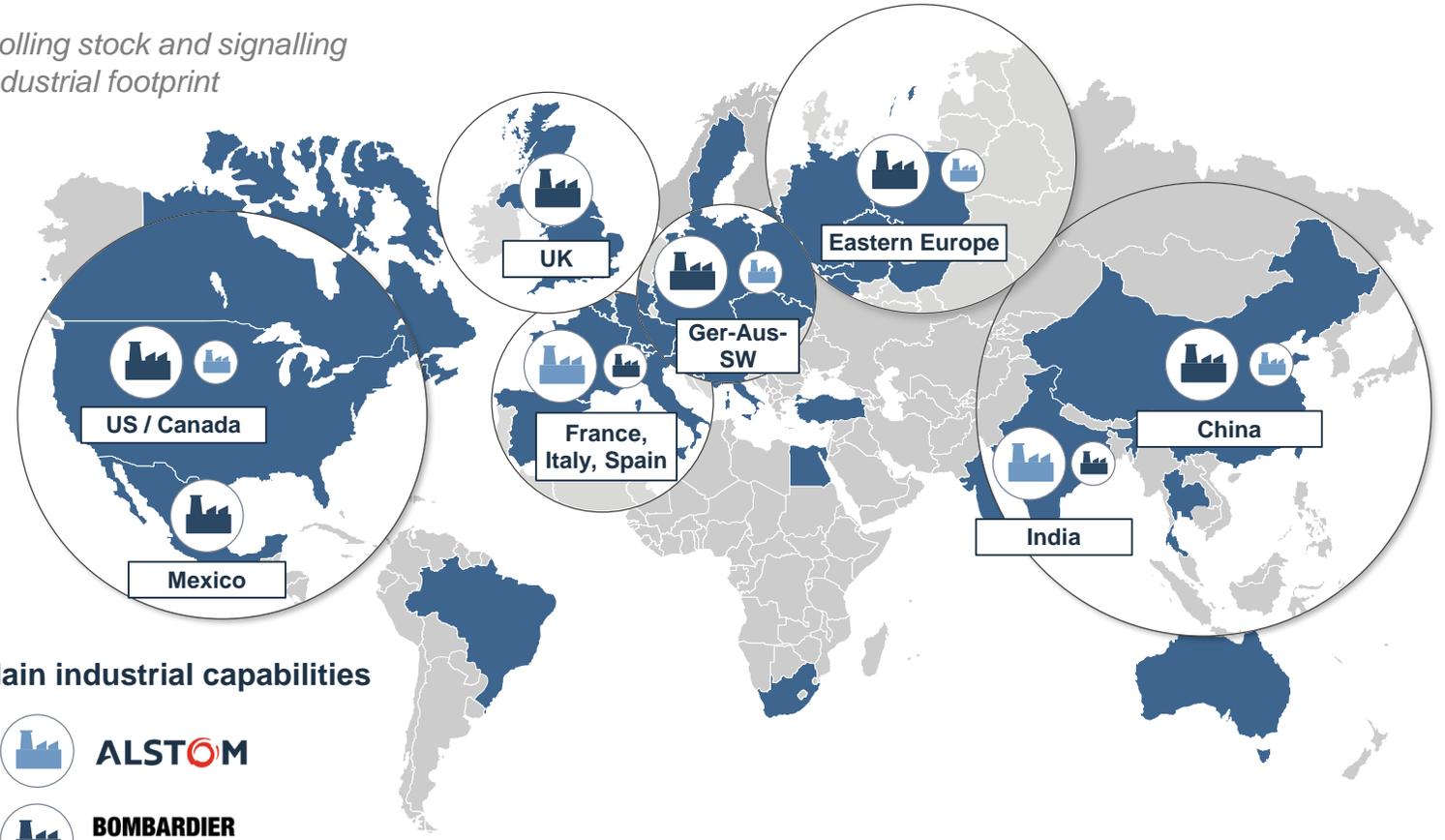
Rail vehicles
Rail control



Rail vehicles
Components

✓ Alstom's footprint balanced across mature and emerging markets

Rolling stock and signalling industrial footprint

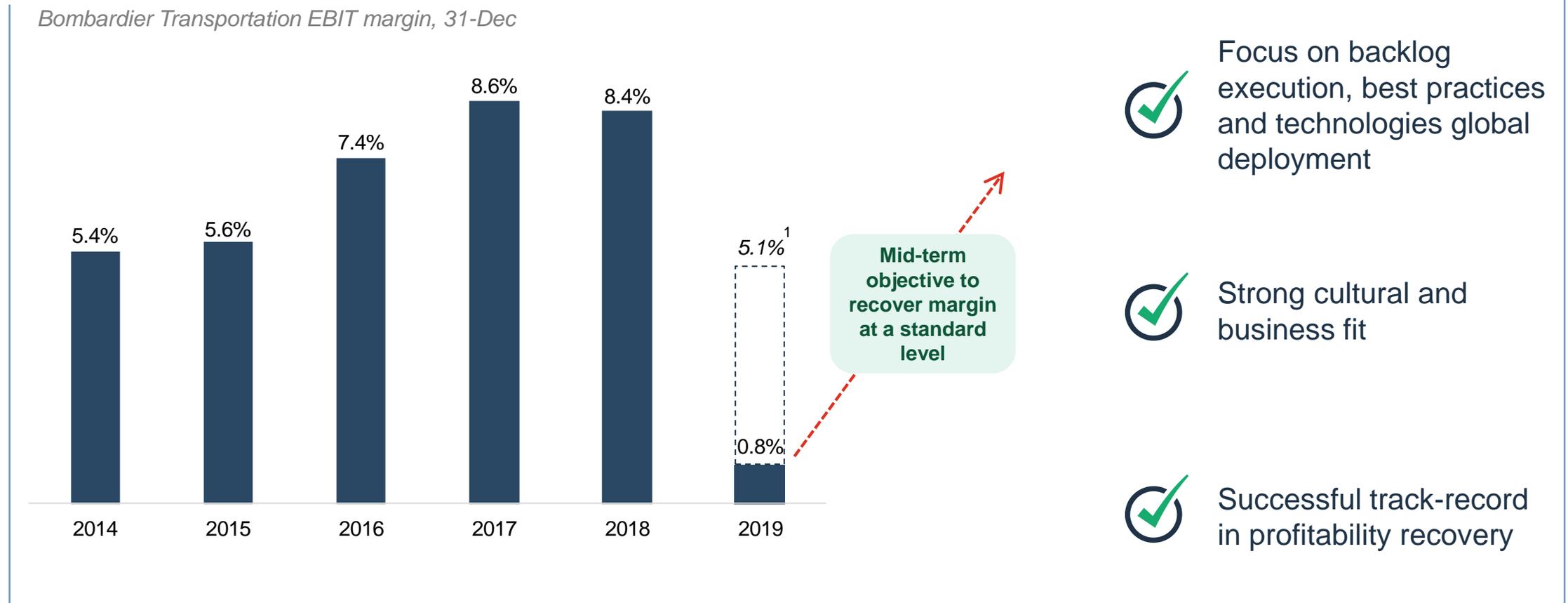


Main industrial capabilities



Clear levers to recover Bombardier Transportation's full potential and profitability

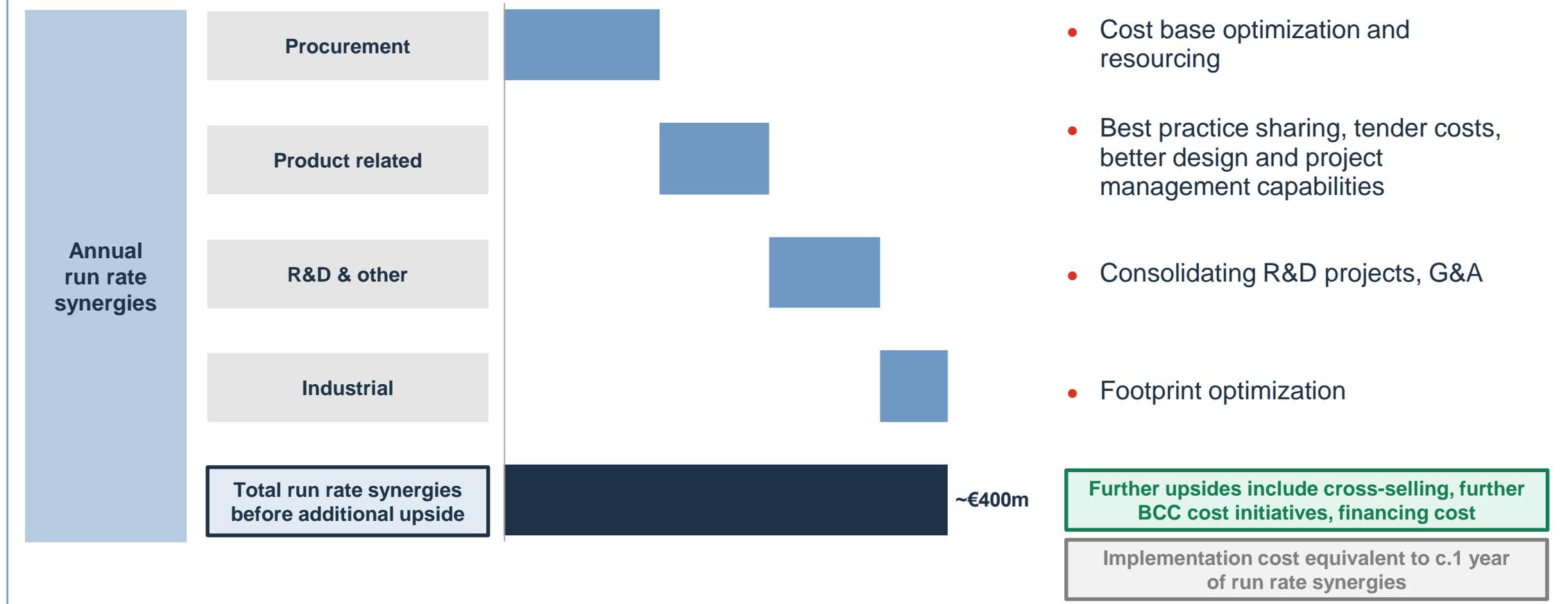
Objective to restore Bombardier Transportation margins towards a standard level



1. Adjusted for \$350m impact in Q4 related to certain projects (Avantra, SBB) and increased production and manufacturing costs for projects in Germany

Well-identified and executable synergies

✓ ~€400m run rate cost synergies achieved after 4 to 5 years¹ with potential additional upside



1. Post closing

A strong value creating transaction

A strengthened operational profile in a growing market



Revenue: **€15.5bn¹**
(Global critical size)



Backlog of **€75bn** at 31-Dec
with **>33% of services²**



Significant increase in
clients and geographies

Clear levers for Bombardier Transportation's margins recovery and robust synergies



Mid-term objective to **recover Bombardier Transportation's EBIT margin** at a standard level



~€400m of run rate cost synergies achieved after 4 to 5 years³



NPV of synergies **>€3bn⁴**

Double-digit EPS⁵
accretion from
year 2 post closing

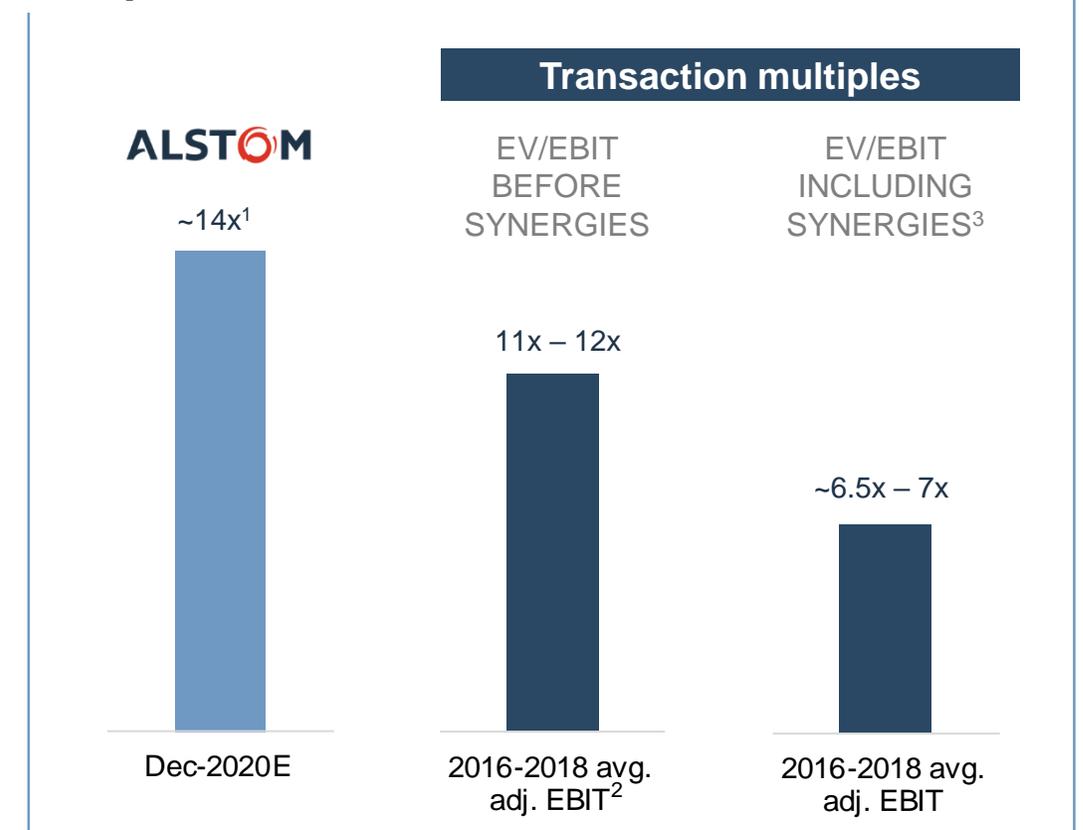
1. Based on Alstom results as of 31-Mar-2019 and Bombardier results as of 31-Dec-2019; 2. Based on Bombardier Transportation backlog as of 31-Dec-2019 and Alstom backlog as of 30-Sep-2019; 3. Post closing; 4. Net of implementation cost; 5. Post synergies, implementation cost and before PPA amortization

Transaction considerations

Net proceeds to Bombardier Transportation shareholders

- Net proceeds floor & cap at €5.8bn - €6.2bn, subject to closing mechanisms
- Bombardier Transportation net cash position at closing to be retained by Alstom
- Protection mechanism guaranteeing minimum zero net cash as at 31-Dec-2020
- Illustration at 31-Dec-2019
 - €5.8bn net proceeds to Bombardier Inc.
 - €0.4bn Bombardier Transportation net cash retained by Alstom
 - €0.9bn net pension liabilities assumed by Alstom

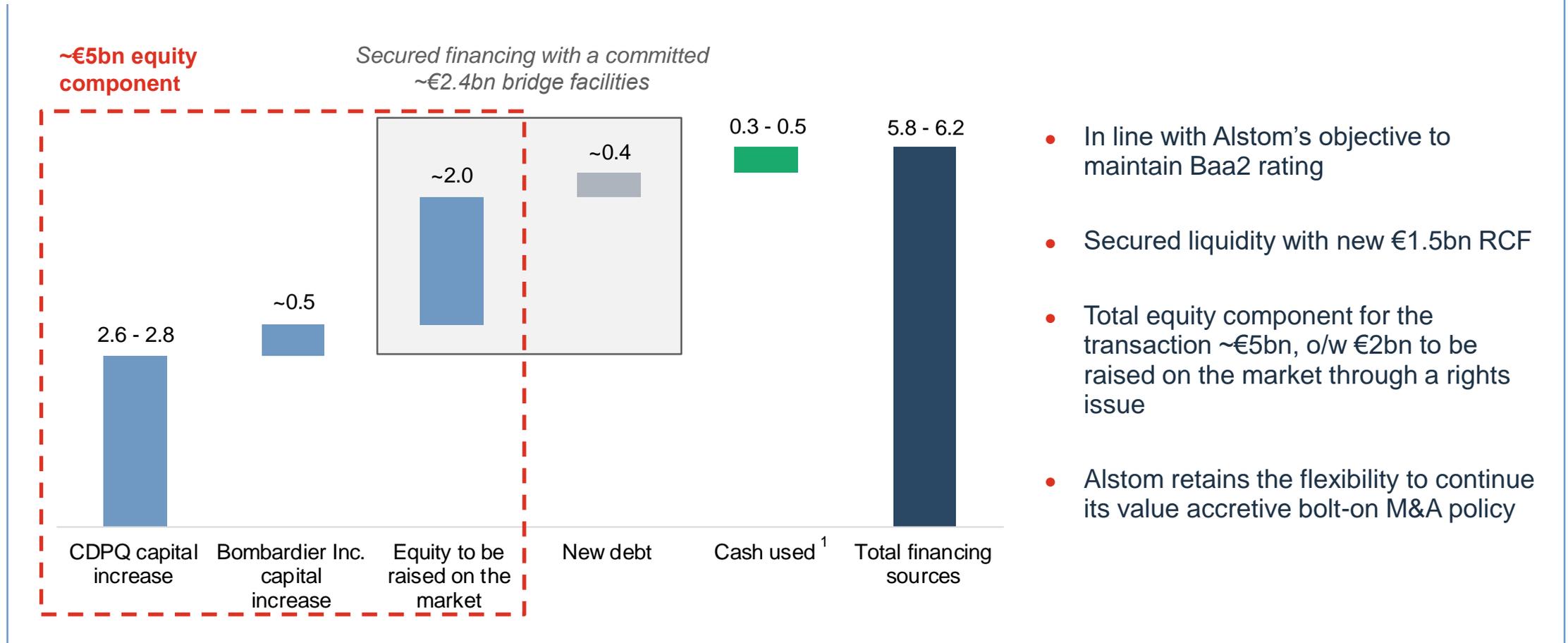
Perspectives on transaction value



1. Based on Alstom share price as of 20-Jan-2020; 2. Representing an average margin of 8.1%; 3. Includes ~€400m of run rate cost synergies

Fully committed financing – securing Alstom’s strong balance sheet

Structure to finance net proceeds to Bombardier Transportation shareholders (€bn)

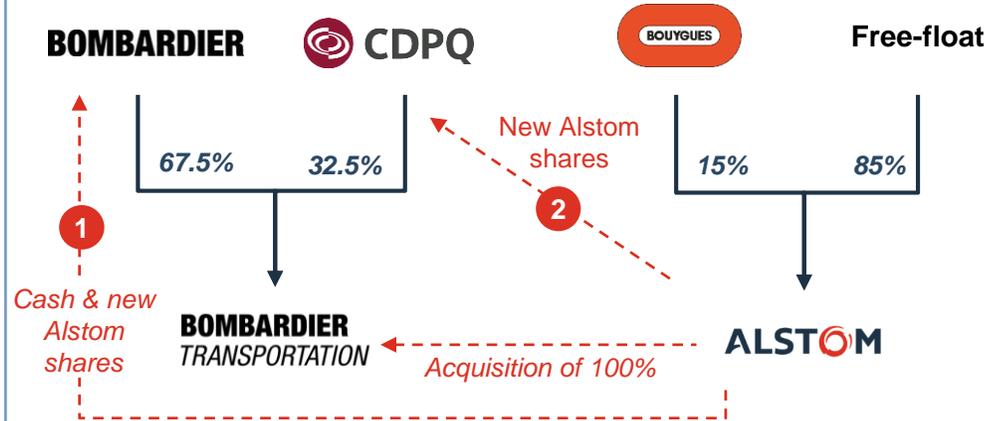


- In line with Alstom’s objective to maintain Baa2 rating
- Secured liquidity with new €1.5bn RCF
- Total equity component for the transaction ~€5bn, o/w €2bn to be raised on the market through a rights issue
- Alstom retains the flexibility to continue its value accretive bolt-on M&A policy

1. From Bombardier Transportation net cash at closing and Alstom net cash

A solid acquisition structure strengthening Alstom's long-term shareholding base

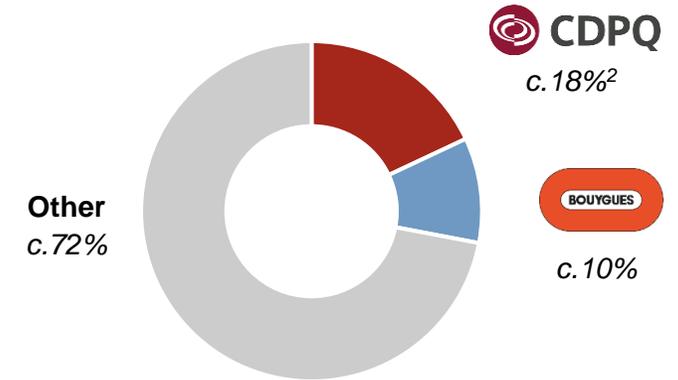
Transaction mechanism



- Acquisition by Alstom of Bombardier Transportation with
 - 1 cash & new Alstom shares to Bombardier Inc¹
 - 2 new Alstom shares to CDPQ²
- Unanimous support from Alstom's Board of Directors
- Bouygues committed to vote in favor of the transaction related resolutions at EGM

CDPQ: a new long term shareholder

Indicative shareholding post equity raising³



- CDPQ strong commitment with a €2.6bn - €2.8bn investment in the transaction
- 21-month lock up commitment period from closing for CDPQ
- CDPQ to appoint 2 Board representatives and 1 Observer (*censeur*)

1. c. 3% shareholding post equity raising based on a €47.5 reference share price, 3-month lock-up undertaking from closing; 2. Based on a €44.45 reference share price; 3. Indicative proforma shareholding after all equity issuances

Indicative timetable and next steps

Key milestones

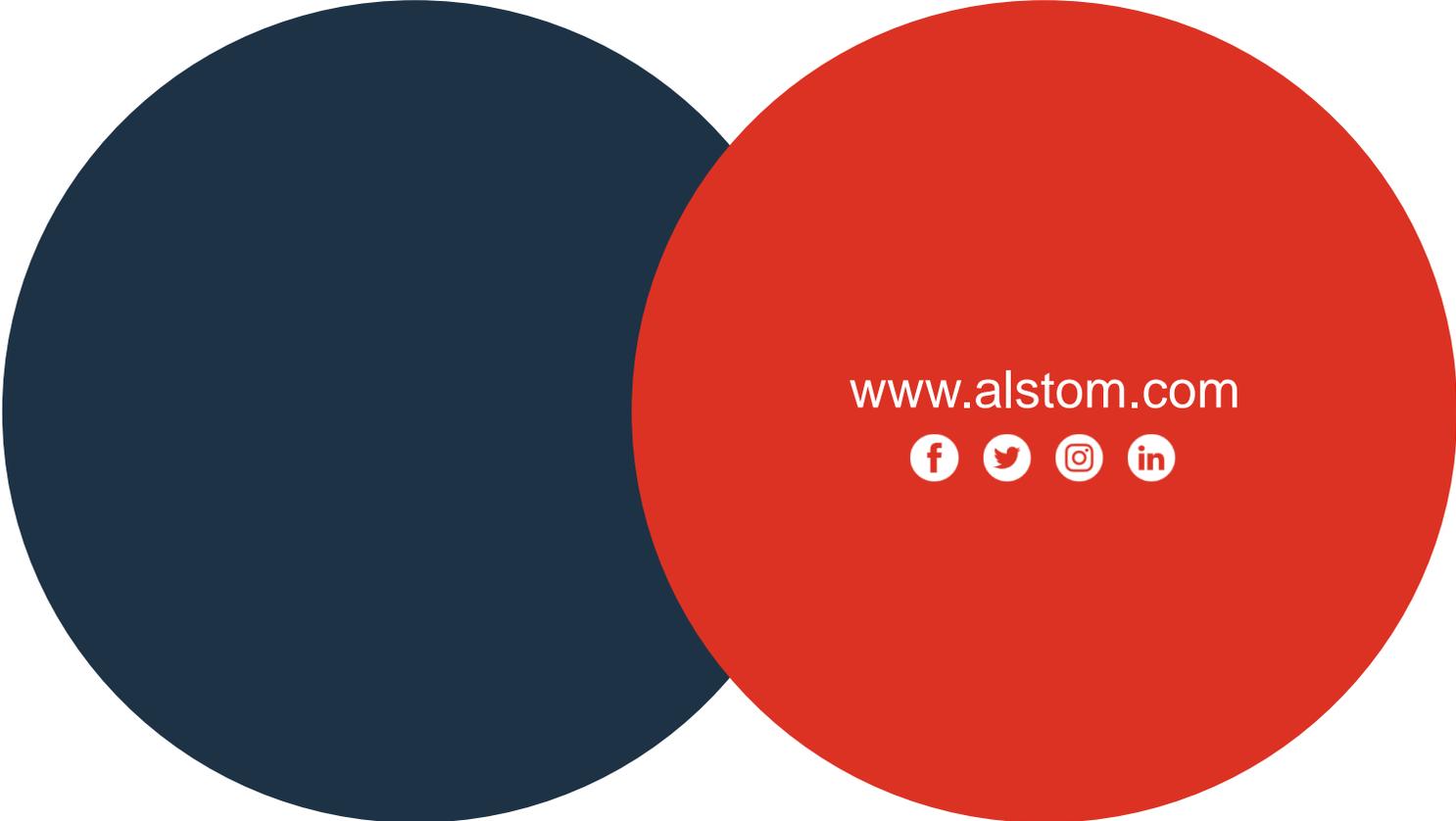
- Memorandum of Understanding signing between Bombardier Inc, CDPQ and Alstom : February 2020
- Share Purchase Agreement signing: H2 CY20
- Alstom EGM: End October 2020
- Targeted regulatory approvals: H1 CY21
- Rights issue: H2 CY20 – H1 CY21, subject to market conditions
- Expected closing: H1 CY21

Closing conditions

- Workers' Councils consultation
- Anti-trust and regulatory approvals
- Alstom Extraordinary General Meeting approving CDPQ and Bombardier Inc reserved capital increases and the rights issue (majority of 2/3rd needed, Bouygues committed to vote in favor of the deal related resolutions)

Conclusion

- ✔ Unique opportunity to accelerate Alstom's strategic roadmap in a growing market
- ✔ Acquiring key commercial, product and industrial complementary assets
- ✔ Leading portfolio offering and R&D capabilities to address ever-increasing needs for mobility
- ✔ Strong cultural fit and robust action plan to restore Bombardier Transportation's full potential
- ✔ Value creation for all stakeholders, within a secured financing structure



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