



Half year results Fiscal Year 2019/20

6 November 2019

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• mobility by nature •

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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. H1 2019/20 highlights
2. Alstom in Motion and business update
3. H1 2019/20 financial results
4. Conclusion

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H1 2019/20 highlights

H1 2019/20 key messages

Positive commercial momentum with orders at €4.6bn supported by large wins in Europe

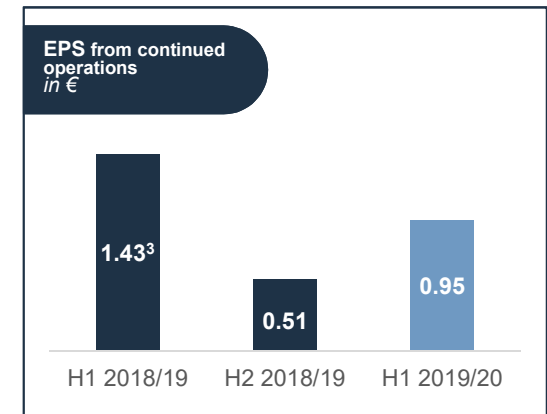
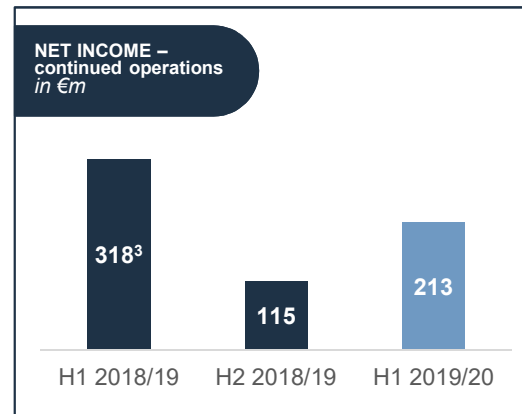
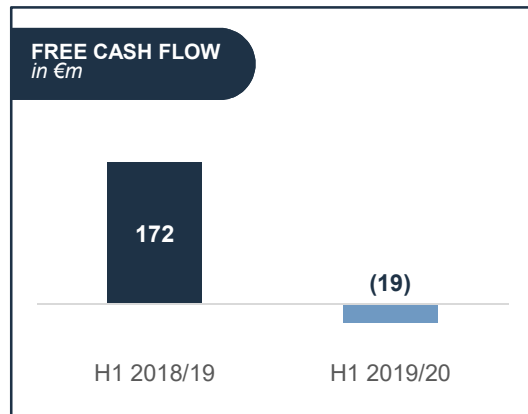
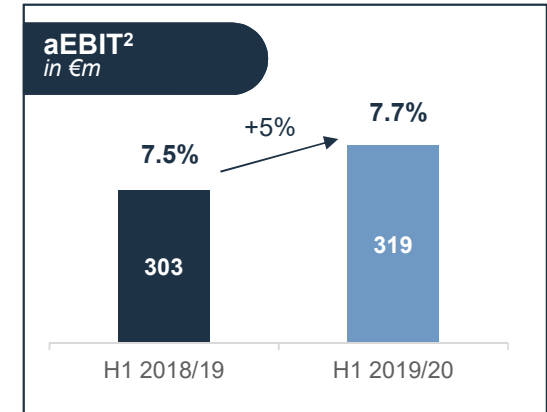
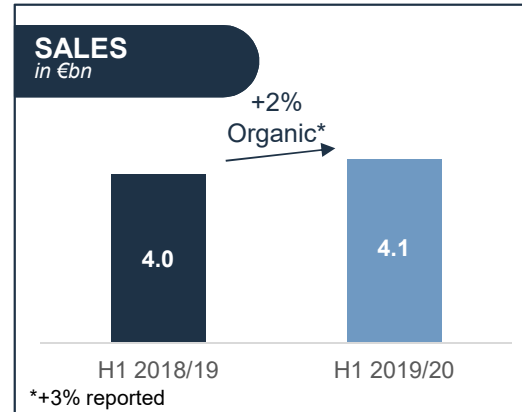
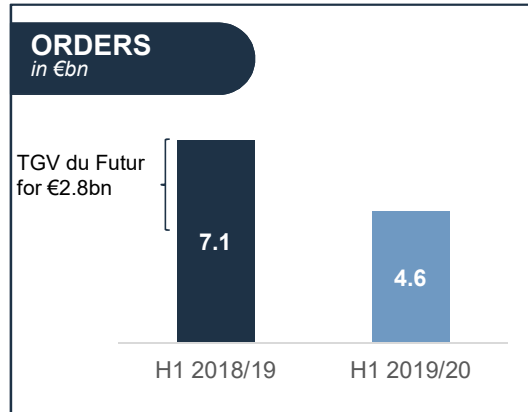
Pursued sales growth at +3% (+2% organic) in the context of an expected slowdown in systems

Continuous improvement of adjusted EBIT margin reaching 7.7% driven by volume and operational efficiency

Free Cash Flow impacted by anticipated operating working capital change linked to rolling stock projects ramp up

Alstom in Motion launched and outlook confirmed for FY 2022/23

H1 2019/20 key figures¹



¹ Previous year figures have not been restated to reflect the application of IFRS 16 ; ² aEBIT adjusted for CASCO contribution in both periods; ³ Includes €100m impact linked GE Energy JV transaction

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Alstom in Motion and business update

Our « Alstom in Motion » strategic plan for 2019 – 2023



GROWTH
by offering
greater value
to our customers

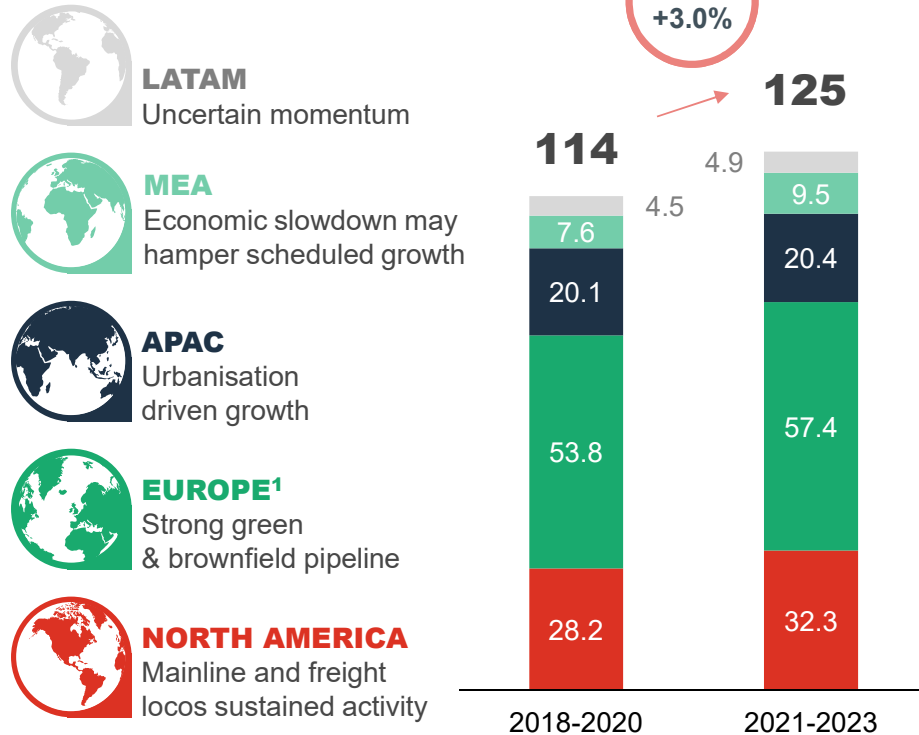
INNOVATION
in smarter and
greener mobility
solutions

EFFICIENCY,
powered by
digital

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

A positive OEM market, with dynamic signals coming from Europe

Global rail OEM market, in € Bn



LATAM
Uncertain momentum

MEA
Economic slowdown may hamper scheduled growth

APAC
Urbanisation driven growth

EUROPE¹
Strong green & brownfield pipeline

NORTH AMERICA
Mainline and freight locos sustained activity

New announcements of investments from European operators to match growth in rail passenger traffic

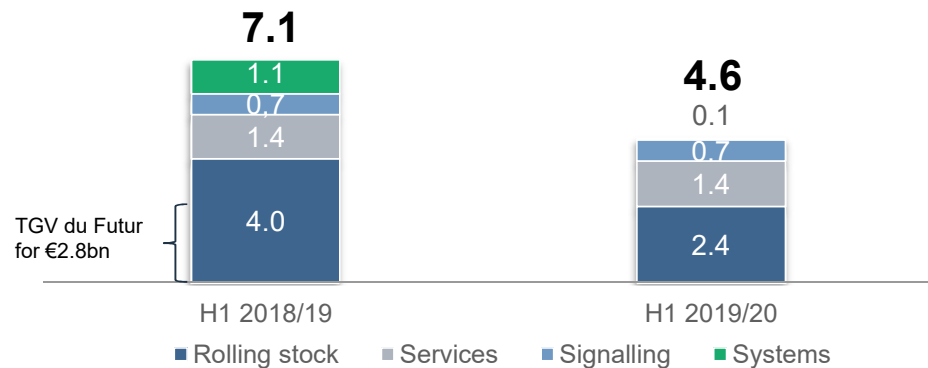
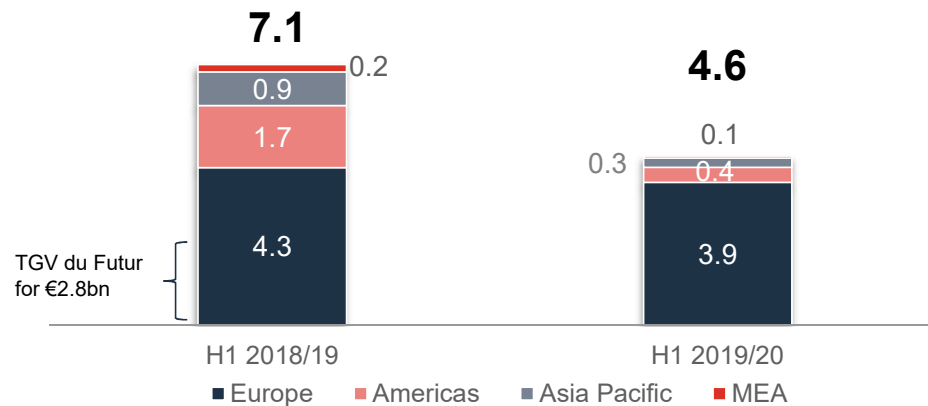
- +5.9% rail passenger transport in Europe on H1 2019 vs H1 2018 – compared to 2.5% CAGR between 2015-2018²
- TGV order from SNCF in France to cope with high passenger traffic demand (12 additional trains for €335m) on Paris-Bordeaux line
- KLM to replace its daily shuttle between Brussels and Amsterdam by train seats from March 2020
- TGV Lyria operator to invest €400-500m to increase capacity by 30% to compete with plane transport
- Deutsche Bahn to receive extra €20bn from Germany climate plan

GROWING MARKET SUPPORTING ALSTOM GROWTH TARGETS

¹ Including France and including CIS ; ² Millions of passenger-kilometers on Europe mainline for half-year yoy
Source: UNIFE Market Study 2018, Eurostat, KLM website, UBS

Positive order intake of €4.6bn

Orders (in € billion)



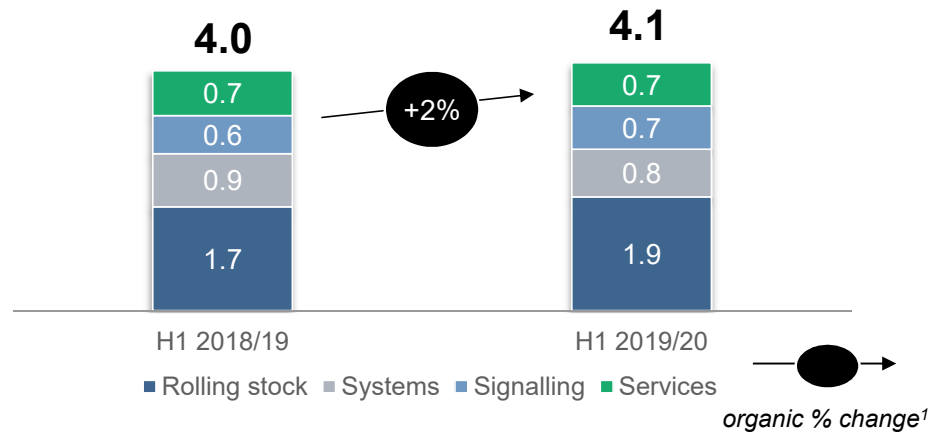
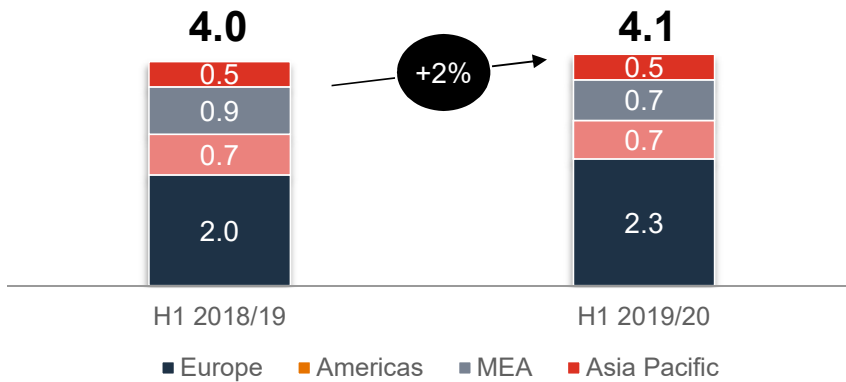
- Mainly fuelled by Rolling Stock and Services in Europe
- Foreseen low orders in Systems in the context of the macro economic situations of MEA and LAM
- Book-to-bill at 1.1x
- Leading to a record backlog of €41.3bn

Main orders booked during the period:

- **France:** very high speed trains (TGV) for €335m, regional trains of which 39 trains for region Grand Est for €360m, CDG Express for €160m
- **Germany:** regional trains (iLint) for €360m, Hamburg Metro for €105m
- **Italy:** regional trains and services
- **Spain:** Barcelona metro for €268m
- **Chile:** maintenance contracts for the Santiago Metro

Sales growth in line with projected phasing and fuelled by the delivery of Rolling Stock and Signalling projects

Sales (in € billion)



Rolling Stock

c.9% organic growth

- Regional trains in Europe (mainly France, Germany and Italy)
- Ramp-up of Amtrak and Prasa projects

Signalling

c.12% organic growth

- Main activity in APAC (India) and Americas (Mexico)

Services

c.(5)% organic growth

- 2018/19 included one off projects in the UK
- US renovation activities ramp down

Systems

c.(13)% organic growth

- Ramp down of Lusail and Riyadh systems projects in MEA

¹ +3% reported

Strategic green and smart mobility orders in H1 2019/20

Hydrogen train

- Second Ilint hydrogen train contract in Germany (360M€), following first successful commercial service in Oct 2018¹
- In France, SNCF working with Alstom to replace regional trains with 15 hydrogen trains
- Opening up to potential large market with c.1,000 regional trains in France and 3,600 in Europe still running on diesel²



APTIS ebus

- Already 85 buses sold to 5 French cities (Paris, La Rochelle, Toulon, Strasbourg, and Grenoble)
- Latest innovation of ground-based recharging systems – SRS dedicated to electric buses presented in Malaga in September



ERTMS³ for Paris Lyon high speed line

- 500km of lines equipment of ERTMS 2 level system, configurable to the hybrid level 3
- 240 trains per day on main section, 16 trains per hour on the line at peak hour (vs. 13 as of today)



¹ In total, 41 trains sold including 14 trains ordered in Germany in Q3 2017/18 ; ² Roland Berger study ³ European Rail Traffic Management System
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AiM efficiency programmes being deployed to support margin improvement

- **Digital transformation**

- 70% of company turnover covered by group core model SAP solution, deployment to be completed by 2021/22
- Smart operations program covering supply chain, engineering, and manufacturing in full speed

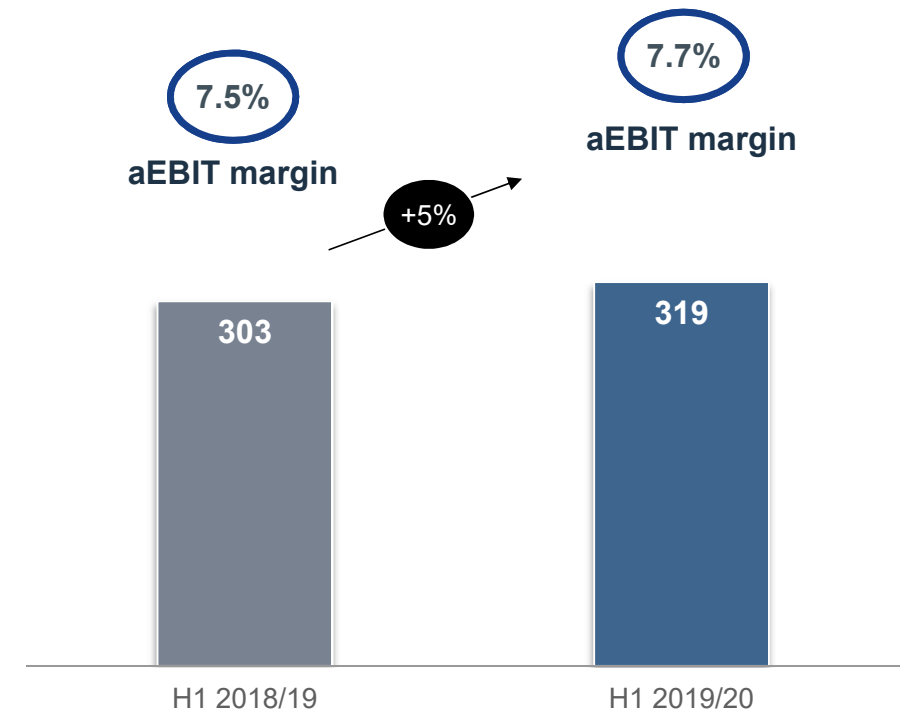
- **Footprint stabilisation and optimization**

- Engineering and manufacturing target model identified
- Best shoring efforts in progress

- **Best-in-Class Project Execution**

- New project management process pilot launched

Adjusted EBIT¹ (in € million)



Key targets : -15% development lead time ; 75% digitalized processes ; 60+% sourcing & operations in Best Cost Countries ; 5% On Time Delivery increase

¹ Including Casco JV share of net income

Alstom gains strong ESG recognition this half year

- **June 2019:** Alstom attains global ISO 37001 anti-bribery certification

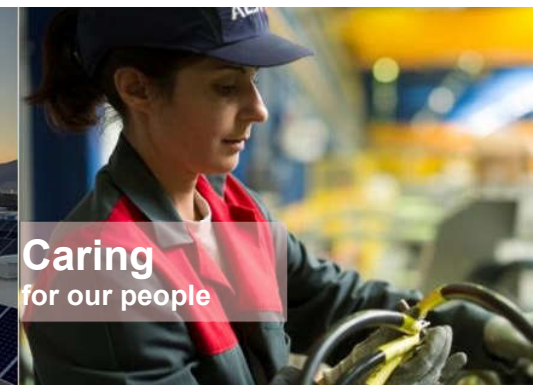


- **September 2019:** Included in the Dow Jones Sustainability Indices (DJSI), World and Europe for the ninth consecutive year, part of the top 4% assessed companies in its industry (vs. top 5% in 2018)

- **October 2019:** Alstom France, first railway manufacturer to obtain “RSE engagé” label level 3 on ISO 26000 from AFNOR



ESG ambition and targets embedded into Alstom in Motion strategy



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H1 2019/20 Financial Results

Income statement

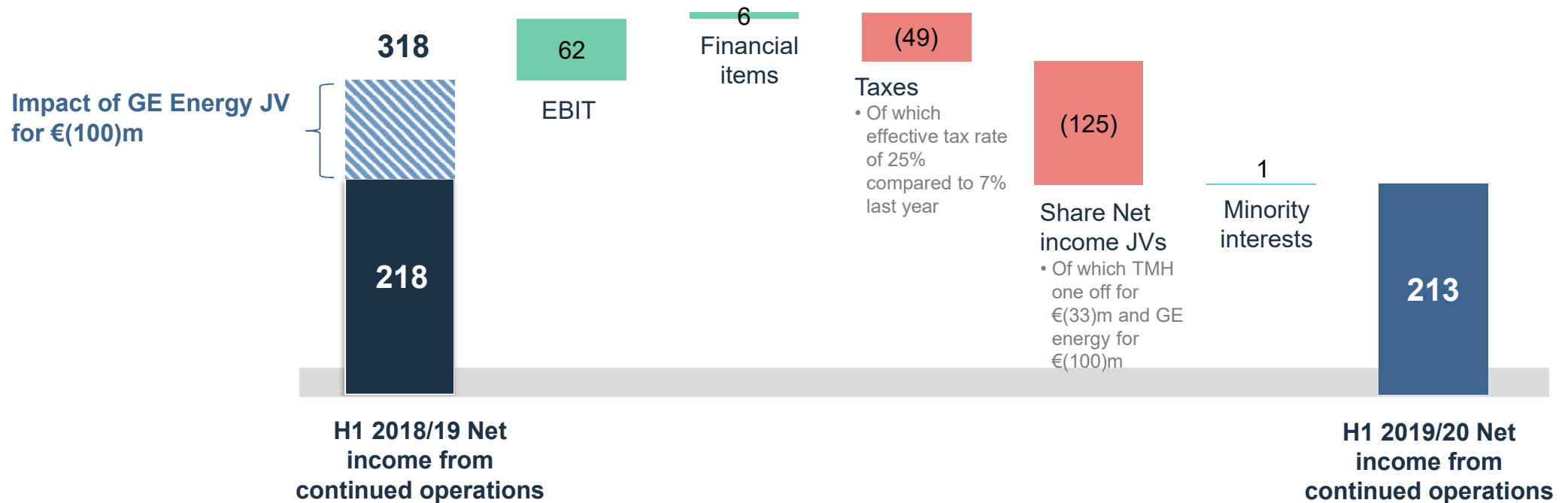
<i>(in € million)</i>	H1 2019/20	H1 2018/19¹	$\Delta\%$	$\Delta\%$ Org.
Sales	4,140	4,010	+3%	+2%
Adjusted EBIT²	319	303	+5%	
Adjusted EBIT margin	7.7%	7.5%		
Restructuring charges	(7)	(34)		
Other items	(31)	(50)		
EBIT	281	219	+28%	
Financial results	(40)	(46)		
Tax results	(61)	(12)		
Share in net income of equity investees	36	161 ³		
Minority interests from continued op.	(3)	(4)		
Net Income – Continued operations	213	318	(33)%	
Net income – Discontinued operations	14	245		
Net income – Group Share	227	563	(60)%	

1 Previous year figures have not been restated to reflect the application of IFRS 16 ; 2 aEBIT adjusted for CASCO contribution in both periods; 3 Of which GE Energy JV reevaluation for €100m

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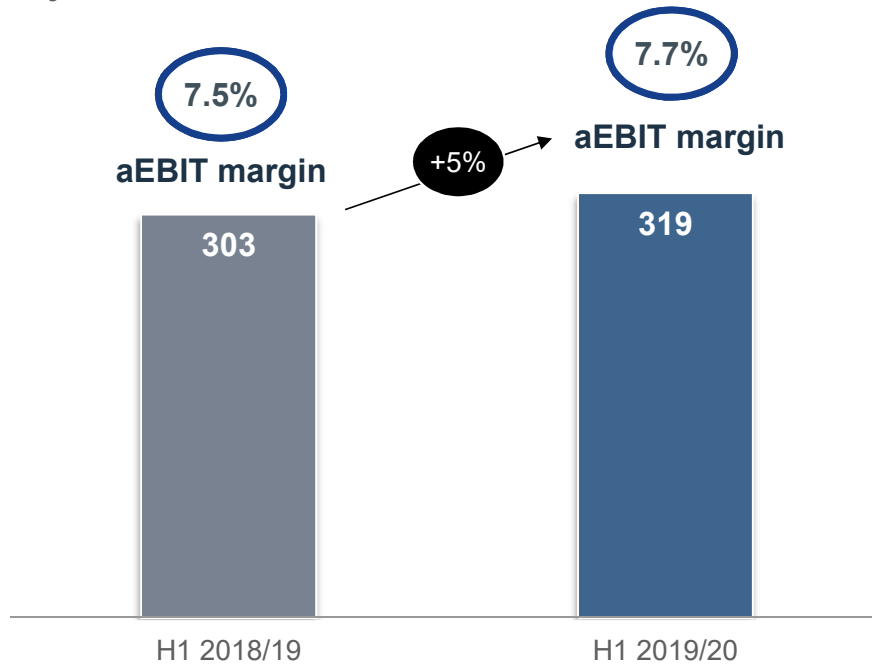
Strong normalized net income though several one-off items last year

Change in Net income – continued operations
(in € million)



aEBIT progression benefiting from volume and operational efficiency

Adjusted EBIT¹ (in € million)

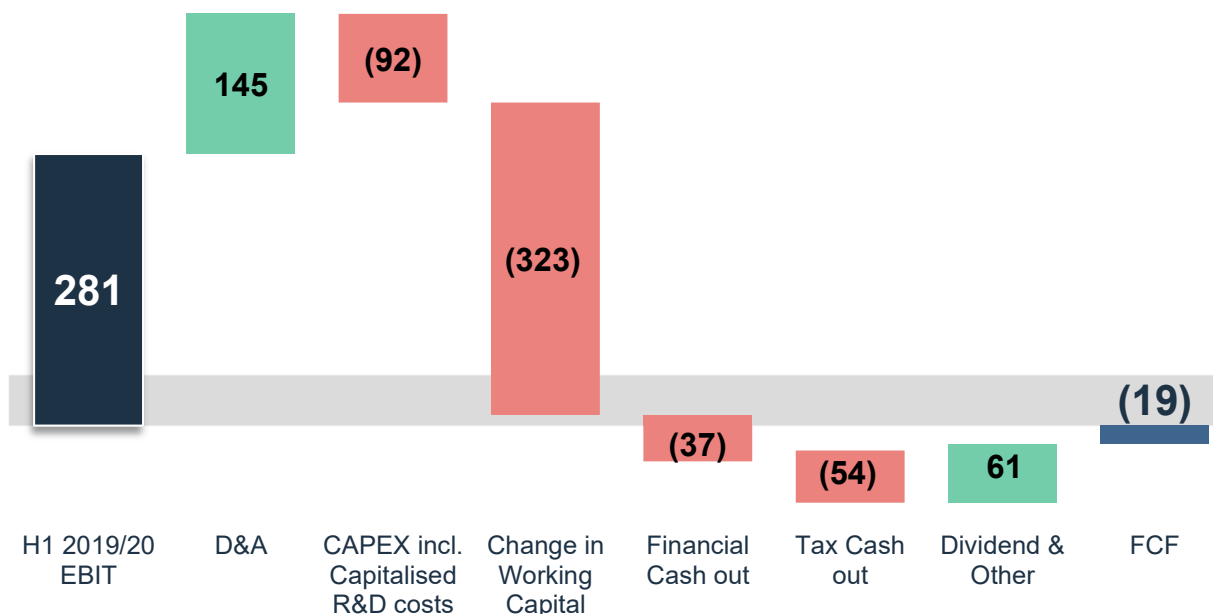


- Volume increase
- Contract effective execution
- Increase in R&D investments, mainly in Signalling, supporting AiM strategy
 - Emphasis on sustainable mainlines developments and smart mobility solutions
- Continued improvement of backlog profitability

¹ Including Casco JV share of net income for both periods: €18m in 2018/19 and €19m in 2019/20

FCF impacted by anticipated ramp up of large Rolling Stock projects

EBIT to FCF
(in € million)



- Positive CAPEX phasing in H1 2019/20
- Adverse working capital position as anticipated:
 - mainly due to inventories growth reflecting the on-going ramp-up of major projects: of which Amtrak, Prasa, e-LoCo, Coradia continental in Germany and Coradia Stream “POP” in Italy
- Financial cash out mainly coupon payment and cost of forex hedging
- Positive dividend inflows contribution

Cash Focus Programme launched

Alstom in Motion targets

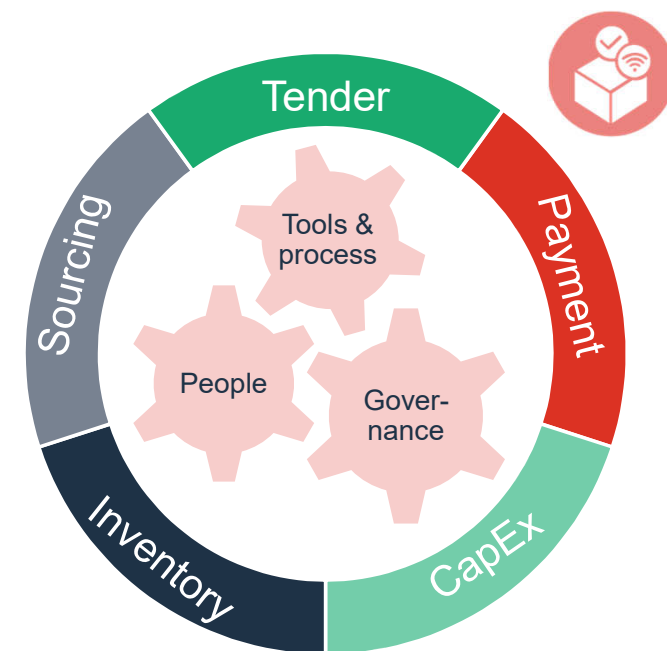
- Mid term target: working capital stability after increase due to industrial ramp-up
- Inventory
 - 15% Hard Inventory coverage
 - Testing time optimization : 20% time reduction

Transformation enablers

- Adaptation of tender process
- Supply Chain management
- Cash training, culture, & process aligned
 - Training modules construction
 - Cash Performance Indicator
- Management incentives aligned to FCF generation & FCF / Net Income – 10,000 employees concerned

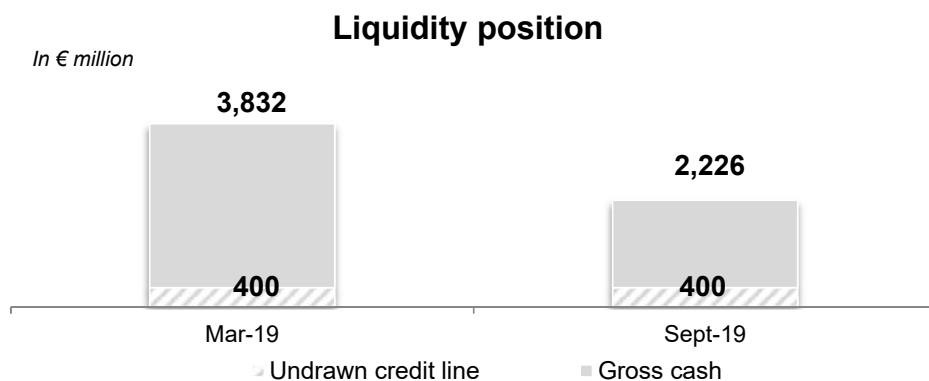
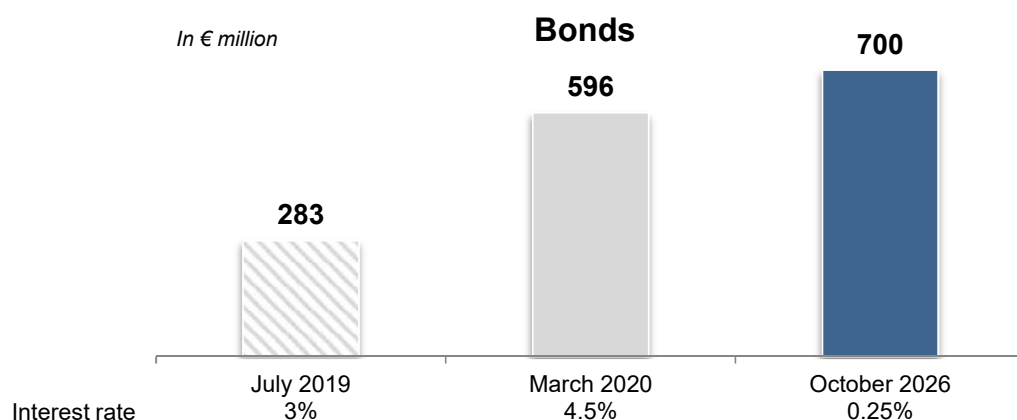
Recent achievements

- Tender working capital targets implemented
- Vendor Managed Inventory implemented in La Rochelle and ongoing roll out
- Electronic invoicing program in NAM, to be launched in Europe
- 3 pilots factories for reduction of testing duration



Step up Cash performance as a company wide target

Bonds and liquidity position



Bonds

- Alstom rated Baa2 with positive outlook upgrade on 4 September 2019 proving positive credit story
- Reimbursement in July 2019 of €283m bond at a 3% coupon
- On October 8th, Alstom successfully launched a 7-year €700 million senior bond issue at record low fixed coupon of 0.25% for credit rating level
 - **Rationale for new issue:**
 - Seize excellent market conditions
 - Refinance March 20 bond & ensure long-term flexibility
 - Re-establish Alstom on bond market with a stronger financial profile

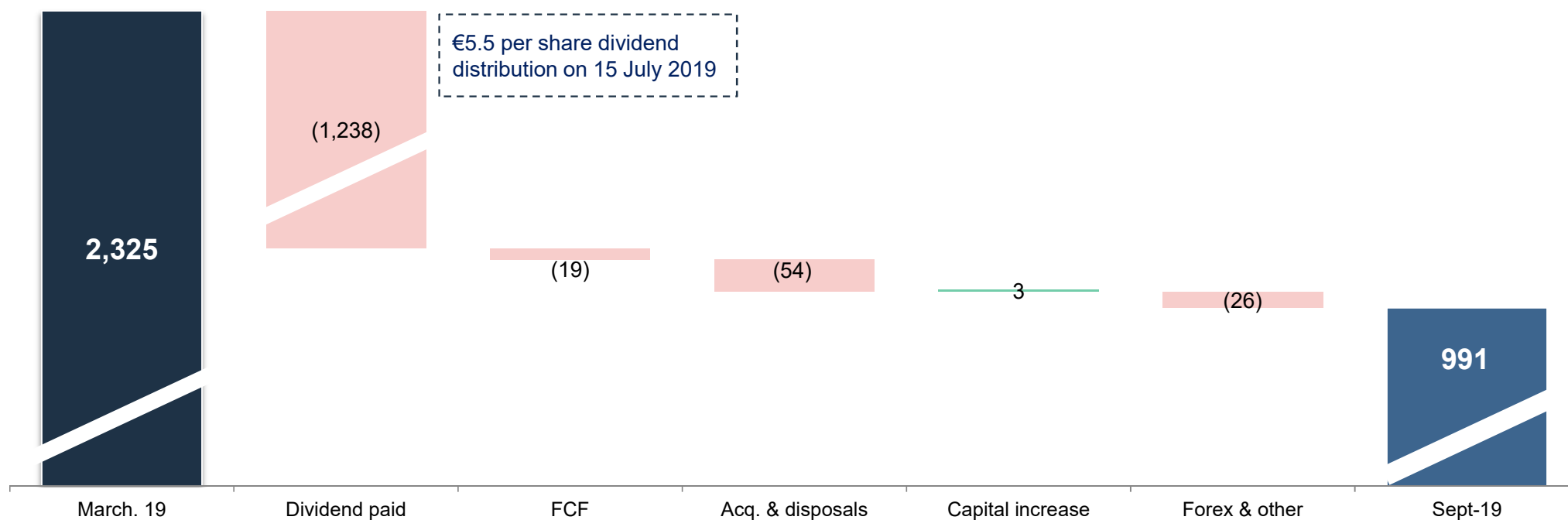
Liquidity

- €5.5 per share dividend distribution as at 15 July 2019 for €1.2bn
- €1,826m cash and cash equivalents as of 30 September 2019
- €400m revolving credit facility, fully undrawn

Evolution of net cash

In € million

Net cash/(debt)¹



¹ Due to IFRS 16 implementation at 1 April 2019, the Group has chosen to exclude lease obligations from the net cash/(debt) which results in a change in net cash/debt of €(15)m at IFRS 16 first application. As of September 30 2019, impact of the leasing obligations in financial debt amounts to €410M.

4

Conclusion

FY 2019/20 perspective and 2022/23 outlook confirmed

FY 2019/20

The 2019/20 fiscal year will be a year of stabilisation of growth after a 2018/19 fiscal year with an exceptional sales and profitability growth.

For 2019/20 fiscal year, the business cycle with the finalisation of major systems contracts and the evolution of large Rolling stock projects will lead to a sales and margin growth lower than the average objectives set in the context of AiM, and to a working capital evolution impacting the generation of free cash flow³.

FY 2022/23 Outlook confirmed

- ✓ **Sales average annual growth rate of around 5% over 2019/20 to 2022/23**
- ✓ **aEBIT margin¹ around 9% in 2022/23**
- ✓ **Above 80% Net Income² to FCF³ by 2022/23**

Sustainable shareholder return: 25 to 35% dividend pay-out as of 2019/20

¹ Including the share of net income of the joint venture with CASCO held by Alstom at 49% ; ² Net profit from continuing operations attributable to equity holders of the parent ; ³ The free cash flow generation is subject to usual short-term volatility linked to customers down payments and milestone payments from customers

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Key Take Aways

- ❖ Alstom in Motion strategy deployment on track
- ❖ Very dynamic commercial momentum, rail passenger traffic showing upbeat signals in Europe
- ❖ Focus on execution of new record high backlog and profitable growth

Contacts & Agenda

CONTACTS

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AGENDA

16 January 2020

Q3 2019/20 Orders and Sales

12 May 2020

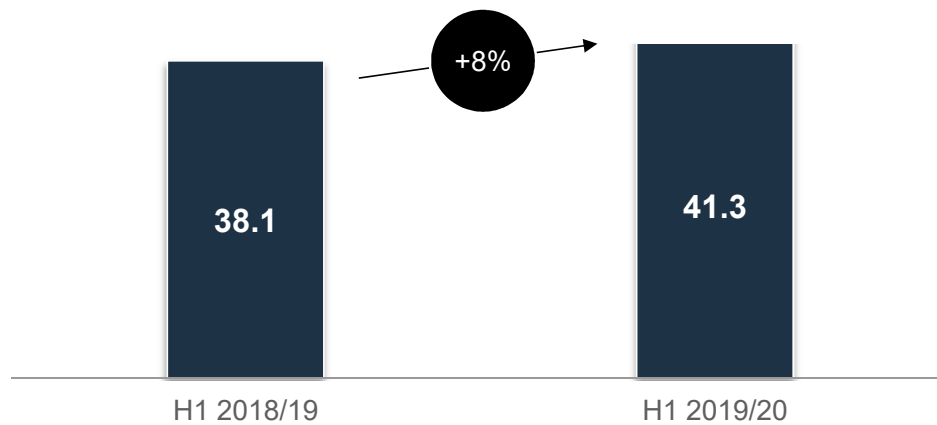
2019/20 Results



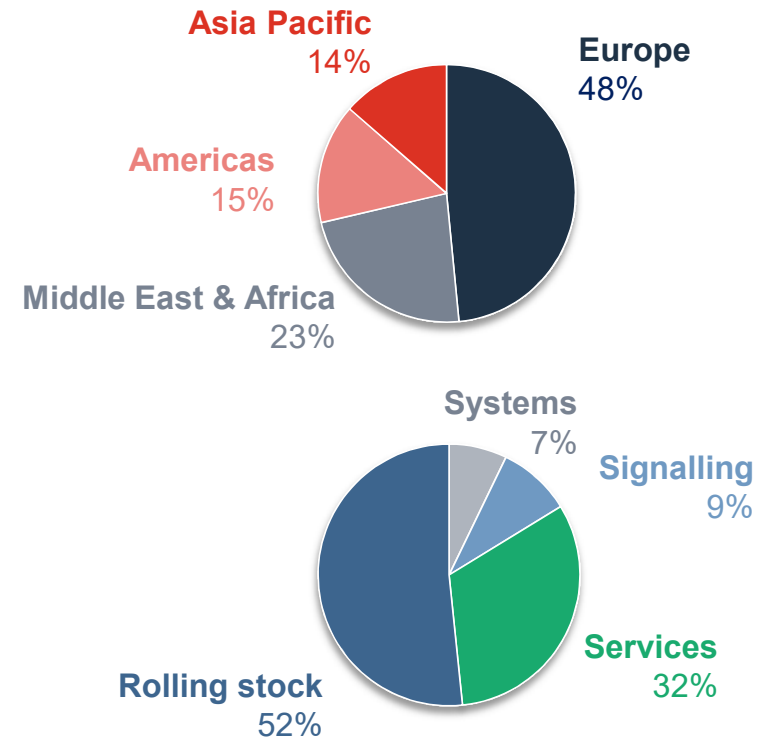
Appendix

Record backlog reaching €41.3bn

- **Backlog** (in € billion)



- **Backlog breakdown as end of September 2019**



From EBIT to Free Cash Flow

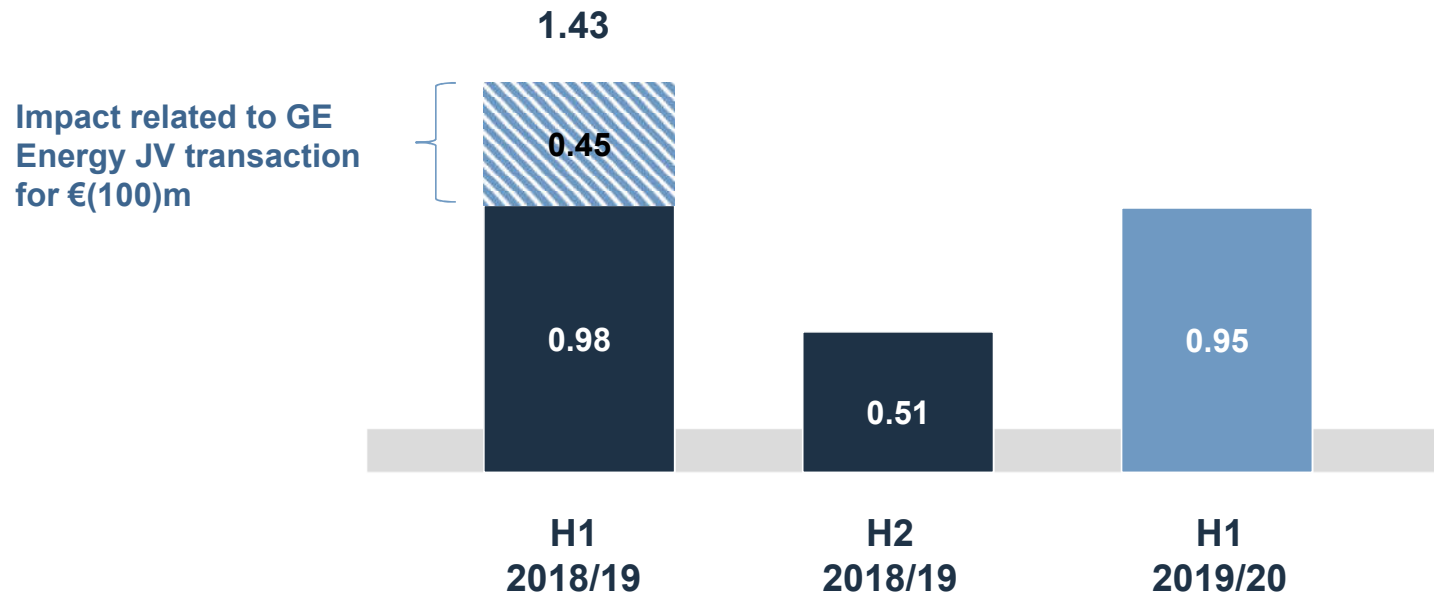
<i>(in € million)</i>	H1 2019/20	H1 2018/19
EBIT	281	219
Depreciation & amortisation	145	89
Restructuring	(9)	15
Capex	(60)	(85)
R&D capitalisation	(32)	(27)
Change in working capital	(323)	17
Financial cash-out	(37)	(29)
Tax cash-out	(54)	(73)
Other	70	46
Free cash flow	(19)	172

1 Previous year figures have not been restated to reflect the application of IFRS 16

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Stable Earnings Per Share excluding Energy JV related items

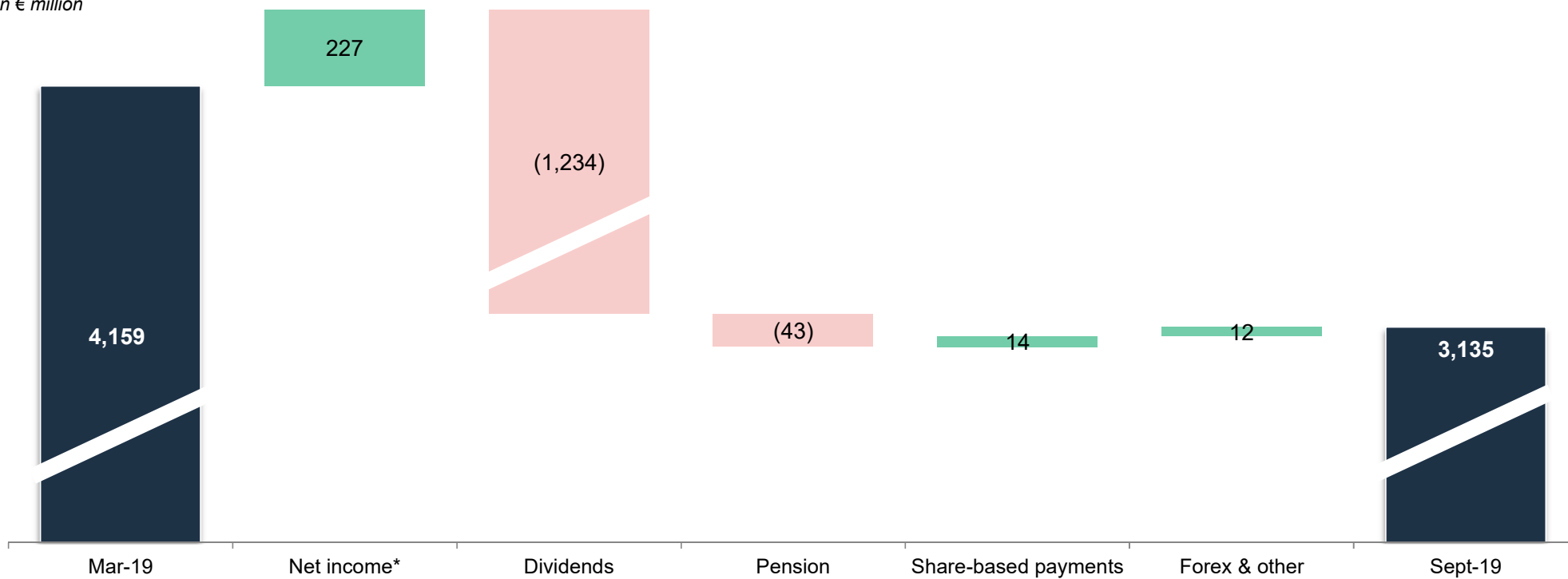
Earnings Per Share from Continued operations
(in € per share)



Equity

Equity

In € million



* Group share

Appendix 1 - 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.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS15 standard quantitative and qualitative disclosures requirements.

- **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 in 2015, 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.

Going forward (1st application for Half Year 2019/2020 publication), Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered as part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities), namely the CASCO Joint Venture. The company believes that bringing visibility over a key contributor to the Alstom signalling strategy will provide a fairer and more accurate picture of the overall commercial & operational performance of the Group. This change will also enable more comparability with what similar market players define as being part of their main non-GAAP 'profit' aggregate disclosure.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize 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;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT in percentage of sales.

Appendix 1 - Non-GAAP financial indicators definitions

- **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.

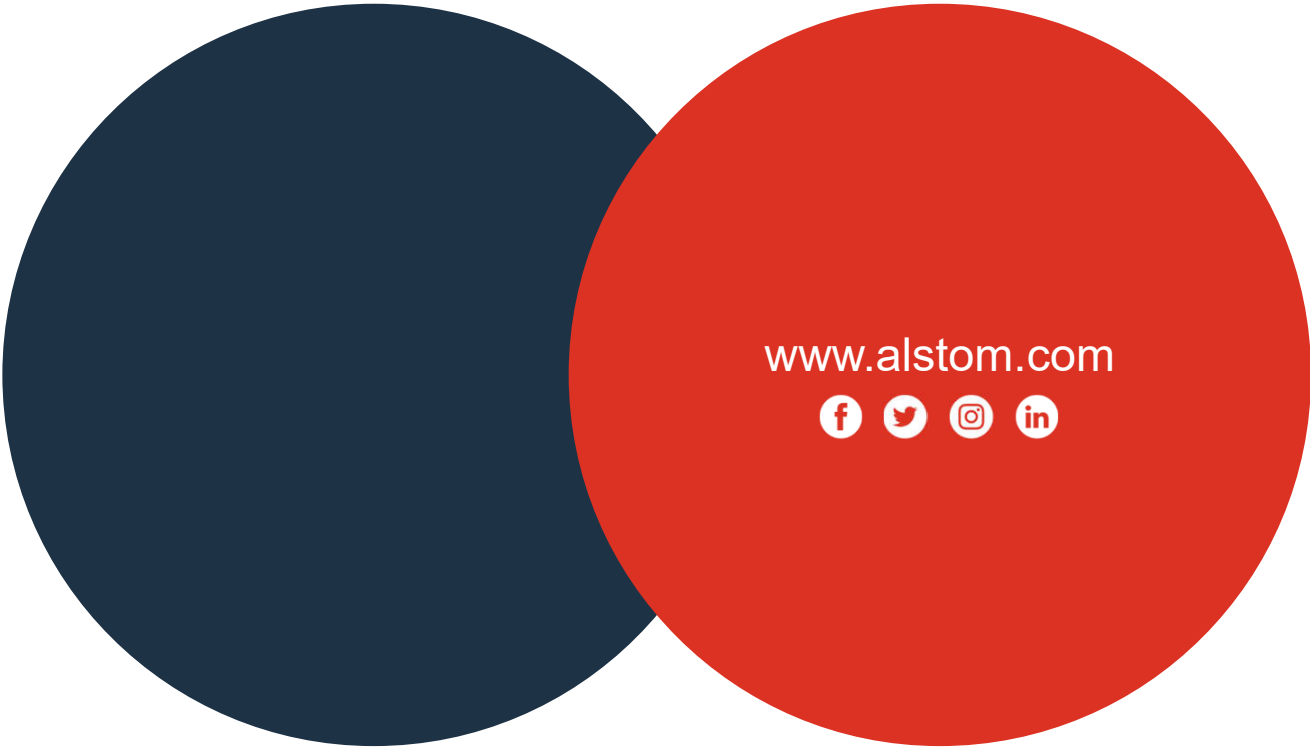
Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

- **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.

- **Pay-out ratio**

The pay-out ratio is calculated by dividing the amount of the overall dividend with the "Net profit from continuing operations attributable to equity holders of the parent" as presented in the consolidated income statement.



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