

Alstom 2016/17 results

- **€10 billion order intake leading to a record backlog of €34.8 billion**
- **€7.3 billion sales up 6%**
- **Adjusted EBIT at €421 million up 15%**
- **Positive free cash flow at €182 million**
- **Proposed dividend of €0.25 per share**
- **2020 objectives confirmed**

4 May 2017 – Between 1 April 2016 and 31 March 2017, Alstom booked €10.0 billion of orders leading to a new record-breaking backlog of €34.8 billion. Over the same period, sales were up 6% (5% organically), amounting to €7.3 billion. The adjusted EBIT increased to €421 million, 15% above last year, leading to an adjusted EBIT margin of 5.8%. Net income (Group share) reached €289 million.

Alstom benefits from a very strong balance sheet. During fiscal year 2016/17, free cash flow amounted to €182 million. Net debt remained stable at €208 million on 31 March 2017. Equity amounted to €3.7 billion at 31 March 2017.

At its next Shareholders' Meeting planned on 4 July 2017, Alstom will propose a dividend of €0.25 per share.

Key figures

(in € million)	2015/16	2016/17	<i>% change reported</i>	<i>% change organic</i>
Actual figures				
Orders backlog	30,363	34,781	15%	9%
Orders received	10,636	10,008	(6)%	(6)%
Sales	6,881	7,306	6%	5%
Adjusted EBIT	366	421	15%	
Adjusted EBIT margin	5.3%	5.8%		
Net income - Group share	3,001	289		
Free cash flow	(2,614)	182		
Net cash / (debt)	(203)	(208)		
Equity	3,328	3,713		

«During 2016/17, Alstom has continued to implement its 2020 strategy. With €10 billion orders for the third year in a row, Alstom has now reached leadership positions on all continents. We are particularly proud to have been awarded the first contract for high speed trains in the USA. Alstom's unique integration capability and its operational excellence have enabled a solid delivery of its record backlog. A particular focus has also been put on innovation with the launch of the first hydrogen train as well as a number of digital solutions that meet new customer needs and passenger expectations. In that context, Alstom proposes to resume the distribution of dividends and confirms its 2020 targets,» said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

2020 strategy on track

Alstom 2020 strategy is based on the five following pillars:

1. Customer-focused organisation

The Group confirmed its leading position with a high level of orders of €10,008 million booked in the fiscal year 2016/17. This compares to €10,636 million over the same period last year which included a €3.2 billion contract in India.

Alstom was awarded several major projects during this year. The Group signed contracts with Amtrak in the United States for new generation of Avelia high-speed train and services. The Alstom-led consortium Expolink won a contract with RTA for the extension of Dubai Metro's Red line. The Alstom-Bombardier consortium was selected to renew suburban trains in France. Other commercial successes included suburban and regional trains in Netherlands, Germany, Italy, France and Australia, high-speed trains in France and Italy, new metro cars in Peru and France, as well as maintenance contracts in Canada and in the United Kingdom.

Backlog reached a record high and amounted to €34.8 billion on 31 March 2017, including around 30% services.

2. Complete range of solutions

In fiscal year 2016/17, Alstom's total sales reached €7,306 million, up 6% (5% organically). The book-to-bill remained strong, above 1.4.

Signalling, systems and services represented 57% of sales in 2016/17, in line with 2020 objective of 60%. Systems sales increased by 27% with progress of Riyadh and Guadalajara metro systems in Saudi Arabia and Mexico, urban systems deliveries in Brazil and Qatar, as well as infrastructure projects in the United Kingdom. Signalling sales growth of 19% was supported by the integration of GE Signalling and deliveries in the United Kingdom and in Canada. Services slightly decreased at €1.5 billion of sales with an adverse forex impact on

maintenance contract in the United Kingdom. Rolling stock reached €3.2 billion of sales with deliveries of suburban, regional and high-speed trains in Europe, on-going execution of the PRASA project in South Africa and tramway deliveries in Algeria.

3. Value creation through innovation

Alstom sustained its level of research and development (gross costs) at €248 million, i.e. 3.4% of sales, in fiscal year 2016/17. Main programmes included the renewal of rolling stock ranges, signalling, and predictive maintenance. For example, Alstom will deliver to Amtrak in the US, a new generation of high speed trains with high-level of innovation for both passenger and operator. Furthermore, in March 2017, Alstom successfully performed the first test run at 80 km/h of the world's only fuel cell passenger train Coradia iLint. The same month, Alstom and NTL launched Aptis, a new, 100% electric experience of mobility.

4. Operational and environmental excellence

Alstom delivered an adjusted EBIT of €421 million in 2016/17, compared to €366 million the previous year, representing a 15% increase. The adjusted EBIT margin reached 5.8% for the fiscal year 2016/17, versus 5.3% for last fiscal year and 4.8% two years ago. This continuous improvement was driven by volume increase, portfolio mix and on-going initiatives for operational excellence. During the fiscal year 2016/17, net income (Group share) amounted to €289 million.

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 11% for solutions, by 9% for operations and its occupational injury frequency rate¹ to 1.4 this year.

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 2016/17. Alstom's employees around the world all share the same culture, underpinned by strong integrity and ethics values.

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

Solid balance sheet

During fiscal year 2016/17, the Group free cash flow was positive at €182 million, benefitting from first impacts of the Cash Focus programme, several large down-payments and phasing of transformation capex.

Alstom invested €150 million in capital expenditures in fiscal year 2016/17. The continuous need to reinforce its network as well as local competences should trigger an exceptional €300 million transformation capex over three years. As end of March 2017, these transformation capex stood at €51 million with notably the beginning of the sites construction in South Africa and in India.

The Group had a gross cash in hand of €1,563 million at the end of March 2017 and a fully undrawn credit line of €400 million. After reimbursement at maturity of a €453 million bond in February, Alstom gross debt amounted to €1,519 million as end of March 2017. Alstom net debt remained stable compared to previous year and stood at €208 million on 31 March 2017. Last, equity reached €3,713 million at 31 March 2017, versus €3,328 million at 31 March 2016.

Dividend

The Board of Directors decided to propose a dividend of €0.25 per share in respect of fiscal year 2016/17 to the Shareholder's Meeting that will meet on 4 July 2017.

The ex-dividend date would be 7 July 2017, and the dividend would be payable in cash on 11 July 2017.

Objectives for 2020 confirmed

By 2020 sales should grow organically by 5% per year.

Adjusted EBIT margin should reach around 7% by 2020 driven by volume, portfolio mix and results of operational excellence actions.

By 2020, Alstom expects c. 100% conversion from net income into free cash flow.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 3 May 2017, 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 €7.3 billion and booked €10.0 billion of orders in the 2016/17 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 32,800 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>	2015/16	% Contrib.	2016/17	% Contrib.
Europe	4,154	39%	5,102	51%
Americas	1,265	12%	2,890	29%
Asia / Pacific	4,135	39%	582	6%
Middle East / Africa	1,082	10%	1,434	14%
Orders by destination	10,636	100%	10,008	100%

Actual figures <i>(in € million)</i>	2015/16	% Contrib.	2016/17	% Contrib.
Europe	4,098	60%	4,104	56%
Americas	1,055	15%	1,247	17%
Asia / Pacific	673	10%	702	10%
Middle East / Africa	1,055	15%	1,253	17%
Sales by destination	6,881	100%	7,306	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	2015/16	% Contrib.	2016/17	% Contrib.
Rolling stock	6,487	61%	5,525	55%
Services	1,769	17%	2,037	20%
Systems	975	9%	1,466	15%
Signalling	1,404	13%	980	10%
Orders by destination	10,636	100%	10,008	100%

Actual figures <i>(in € million)</i>	2015/16	% Contrib.	2016/17	% Contrib.
Rolling stock	3,146	46%	3,170	43%
Services	1,544	22%	1,468	20%
Systems	1,015	15%	1,286	18%
Signalling	1,162	17%	1,382	19%
Sales by destination	6,881	100%	7,306	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures <i>(in € million)</i>	2015/16	2016/17
Sales	6,881	7,306
Adjusted Earnings Before Interest and Taxes (aEBIT)	366	421
Restructuring charges	(138)	(6)
Other charges	(454)	(57)
Earnings Before Interest and Taxes (EBIT)	(226)	358
Financial result	(275)	(127)
Tax result	(597)	(76)
Share in net income of equity investees	30	82
Minority interests from continued operations	(15)	(14)
Net income – Discontinued operations*	4,084	66
Net income – Group share	3,001	289

*Group share

APPENDIX 3 – FREE CASH FLOW

Actual figures <i>(in € million)</i>	2015/16	2016/17
Adjusted EBIT	366	421
Depreciation and amortisation	138	132
Restructuring cash-out	(61)	(49)
Capital expenditure	(154)	(150)
R&D capitalisation	(73)	(70)
Change in working capital	(892)	80
Financial cash-out	(291)	(115)
Tax cash-out	(211)	(87)
Other*	(1,436)	20
Free cash flow	(2,614)	182

*includes free cash flow from discontinued operations

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 2016	Year ended 31 March 2017
Adjusted Earnings Before Interest and Taxes (aEBIT)	366	421
Restructuring costs	(138)	(6)
Assets impairment	(398)	(6)
PPA amortisation and integration costs	(43)	(35)
Capital gains/losses on disposal of business	38	2
Others	(51)	(18)
Earnings Before Interest and Taxes (EBIT)	(226)	358

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 2016	Year ended 31 March 2017
Net cash provided by / (used in) operating activities	(2,158)*	401
Capital expenditure (including capitalised R&D costs)	(514)	(220)
Proceeds from disposals of tangible and intangible assets	58	1
Free cash flow	(2,614)	182

* includes mainly the operating cash flow used by discontinued activities for €(1,568) million.

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 2016	Year ended 31 March 2017
Cash and cash equivalents	1,961	1,563
Other current financial assets	22	8
Financial non-current assets directly associated to financial debt	318	260
<i>Less:</i>		
Current financial debt	686	444
Non-current financial debt	1,818	1,595
Net cash/(debt) at the end of the period	(203)	(208)

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.