

Alstom to lead the way to greener and smarter mobility, worldwide

- With the widest geographical reach and most comprehensive portfolio of the industry, Alstom is in a unique position to respond to the unprecedented need for sustainable mobility
- Alstom in Motion (AiM) 2025 strategic plan is built on proven AiM strategy and significantly enlarged Group profile
- The Group aims to further grow leveraging on its reinforced product lines and geographical presence, commits to accelerate smart and green mobility innovation with important R&D investments, and will extend its operational excellence efforts to a new scale
- Bombardier Transportation integration fully on track, synergies fully confirmed
- Sales to grow at over 5% CAGR during the period 2020/21 to 2024/25, strongly outgrowing the market
- Adjusted EBIT margin to reach best in class profitability level between 8% and 10% from 2024/25 onwards
- Net income¹ to free cash flow conversion ratio to reach over 80 % from 2024/25 onwards, yet short term focus on legacy Bombardier Transportation projects stabilization to impact free cash flow in 2021/22²
- ESG targets extended to the new scale

5 July 2021 – The board of Alstom approved on July 4 Alstom’s strategic plan “Alstom in Motion 2025” (AiM 2025) and mid-term financial objectives.

The expanded strategy AiM 2025 will focus on capturing the strong market growth opportunities and reinforcing further the innovation leadership of Alstom as well as driving efficiency throughout the new organisation and ensuring the successful integration of Bombardier Transportation.

“Our Alstom in Motion 2025 strategy is our answer to the historical acceleration of sustainability and green mobility need all over the world. Alstom has become the leading international rail actor in this exceptional context. This is a unique responsibility we are ready to endorse and our focus is to offer our

¹ Adjusted net profit - see definition in appendix

² During H1 2021/22, free cash flow is expected to reach between (€1.6 billion) and (€1.9 billion) impacted by working capital consumption due to phasing, industrial ramp-up and projects stabilization efforts. In H2 2021/22, the Group expects positive free cash flow driven by increased deliveries and operations stabilization. Overall, this should result in significant negative free cash flow in 2021/22

solutions wherever they are needed on the planet. We have a clear ambition, the most comprehensive and innovative portfolio, and highly engaged teams across the world.

By 2025 we will have outgrown the rail industry significantly and set new industry standards for smart and green mobility in terms of sustainability, innovation, and profitability.”, said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

Alstom enters in a new chapter of its history on a solid base with an Alstom in Motion strategy launched in 2019 fully on track and following the Bombardier Transportation acquisition, a significantly reinforced profile.

The “Alstom in Motion 2025” builds on well-established strategic pillars

This fiscal year 2020/21 closes the second year of the *Alstom in Motion* strategy (AiM) announced by Alstom on 24 June 2019 which sets a clear ambition: be the leading global innovative player for a sustainable and smart mobility. It also marks the beginning of a new chapter in Alstom history with the acquisition of Bombardier Transportation closed in January 2021. In this context and in the context of the Covid-19 crisis, the Group continues to make good progress on the AiM priorities:

1. Growth by offering greater value to customers

The Group expects to outgrow the market significantly with a sales growth over 5% CAGR and expand its global market share by 5 percentage points. This reflects the positive commercial dynamics along with the unique position of Alstom to fully capture market opportunities.

Regarding market presence, more than 70% share of the Group sales are in North America and Europe, two regions that will benefit from strong stimulus packages. Alstom has in particular a very natural leadership position in Western and Southern Europe. With the Bombardier Transportation acquisition, it also strengthened significantly its industrial and commercial assets in Germany, North America, United Kingdom and Nordics, and plans to further develop in these geographies.

The Group is the only industry player which such a presence in emerging markets, with 11 JVs in China, major manufacturing and engineering sites in India. It also demonstrated strong track record in executing complex projects in emerging markets and is uniquely placed to capture growth in Asia, Middle East and Africa stemming from economic growth and urbanization.

Alstom can also now build on its ability to offer the best value proposition for its customers based on the most complete and a high performing portfolio in the industry, with Rolling Stock ranging from light rail to very high speed train, parts, maintenance and operations services, and a complete portfolio in Signalling.

Signalling and Services will continue to have the fastest growth potential. Alstom aims to be market leader in Signalling by 2025 benefiting from its technological leadership in ETCS³, a presence in each strategic market and strong engineering hubs in mature and emerging markets. In Services, Alstom targets to grow at solid mid-single digit, leveraging on the widest installed base of the industry with, 150,000 vehicles, the most extensive depots network and 15,000 highly skilled service employees. In Rolling Stock, Alstom comprehensive and best-in-class portfolio, continuously fuelled with innovation, is positioning the Group ahead of the game, and Alstom will focus most particularly on increasing competitiveness and profitability.

2. Innovation by Pioneering Smarter and Greener Mobility for All

Alstom has significantly reinforced his Research and Development (R&D) resources and intends to expand its leadership in rail innovation. With the new scale and combined expertise, the Group now has more than 9,500 patents and a unique scale and talent base in the industry. R&D investments will be significantly reinforced - expected at €550-600 million per year in 2024/25 at around 3% of annual sales - to further advance innovation in the key areas of smart, green, inclusive and healthier mobility.

The Group is the only rail player that today offers the entire scope of green traction solutions and in-house fuel cell technology. Hydrogen trains have been running in Germany since 2018 and the Group has been awarded firm contracts in Germany, France and Italy for 59 trains and has multiplied other partnerships with other countries in Europe. For Smart Mobility, the Group aims to have fully autonomous trains prototypes for freight and passengers ready by 2023. Alstom will also be able to leverage data from the 35,000 vehicles currently maintained and can count on its 7,500 software engineers and systems architects working on digital mobility solutions to further advance its offering to enable fully connected metros, trams as well regional trains.

3. Efficiency at scale, Powered by Digital

The continued transformation and efficiency gains combined with the successful integration of Bombardier Transportation will be a key focus to deliver on the Group's ambitious profitable growth targets. The Group will continue to deploy its proven ability in operational excellence and project management, leverage its balanced global footprint, drive the digitalization of its value chain to optimise sites and projects and transfer its expertise throughout the new organisation.

This will be achieved on a basis of clear strategic initiatives supported by a set of dedicated targets by 2025:

The Group will drive the transformation by deploying its digital suite to reach 100% Group wide, leverage its scale to invest and accelerate and increase digitalization of its processes by 20%.

The Group will drive continued project management excellence in order to achieve a Net Promoter Score of 8.3, implement systematic cash focus in projects, and extend best practices to lower hard inventories by 20%.

³ European Train Control System

The Group will grow its sites in Best Costs Countries, leverage its combined locations to optimize its industrial strategy and optimize its supply chain to increase global manufacturing work by 20% in Best Costs Countries and increase manufacturing productivity by 10%.

4. One Alstom Team Agile, Inclusive and Responsible

The Group reiterates its Corporate Social Responsibility convictions to aim for carbon neutrality in transport and increase social equity and inclusion by increasing the availability and efficiency of public transport. These convictions are driven by one Alstom team with one set of values: Agile, Inclusive and Responsible.

The Group extended its ESG 2025 targets and will bring this to the scope of the new organisation. Its priorities are: Enabling decarbonisation of mobility, Caring for our people, Creating a positive impact on society and Acting as a responsible business partner.

<p>Enabling decarbonisation of mobility</p>	<ul style="list-style-type: none"> • 25% energy reduction in solutions⁴ • 100% of newly developed solutions eco-designed • 100% electricity supply from renewables • Alstom committed to science-based CO2 emissions reduction targets within the frame of the Paris Agreement⁵ 	<p>Creating a positive impact on society</p>	<ul style="list-style-type: none"> • 250,000 beneficiaries per year from local actions and Alstom foundation
<p>Caring for our people</p>	<ul style="list-style-type: none"> • Total recordable injury rate at 2 • 28% Women in management, engineering & professional role • Global Top Employer certification 	<p>Acting as a responsible business partner</p>	<ul style="list-style-type: none"> • 100% of suppliers monitored or assessed on Corporate Social Responsibility and Ethics and Compliance standards according to their level of risk

Most recently, Alstom has signed in June 2021 a €400 million Green guarantee facility with BBVA for the issuance of bank guarantees in support of Alstom’s commercial contracts which recognizes the Group contribution to Sustainable Development Goals SDG 9 “Industry, innovation and infrastructure” and SDG 11 “Sustainable Cities and Communities.

Integration of Bombardier Transportation

⁴ Compared to 2014

⁵ Target on Alstom legacy perimeter covering emissions from operations (scopes 1 and 2) consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Target on Alstom legacy perimeter for emissions from value chain (scope 3) meeting the SBTi’s criteria for ambitious value chain goals, in line with current best practice. As part of the Bombardier Transportation integration program, CO2 reduction targets will be reviewed by the end of FY2021/22

The integration of Bombardier Transportation is on track and has received strong employee support and customer endorsements. Five months after closing, the organisation is deployed as per target; the product and process convergence roadmaps are secured, and the organisation is now operating under one unified IT system. The Group also achieved its first significant commercial wins from the combined strength of the portfolio and expanded geographical footprint resulting in around €6 billion of orders in the first quarter of the current fiscal year.

A clear integration roadmap and timeline has been set to complement the Group's strategy:

- Stabilisation of challenging Bombardier Transportation legacy projects based on Alstom's proven expertise and execution track record in 2 to 3 years with a strong focus on 2021/22;
- One operating model with best-in-class converged processes and product portfolio in 3 years;
- Full leverage of the significant geographical, industrial and product scale and complementarities for synergies, enhanced value proposition and growth from 4-5 years onwards.

Project stabilization impacting fiscal year 2021/22 Free Cash Flow

The current fiscal year 2021/22 will be a transition year, focused on the stabilization of the Bombardier Transportation challenging legacy projects. During H1 2021/22 free cash flow is expected to be between (€1.6 billion) and (€1.9 billion) impacted by working capital consumption due to phasing, industrial ramp-up and project stabilization efforts. In H2 2021/22, the Group expects positive free cash flow driven by increased deliveries and operations stabilization. Overall, this should result in significant negative free cash flow in 2021/22.

Thereafter, the Group expects to see yearly positive free cash flow generation towards its mid-term target⁶, driven by progressive working capital stabilization.

Mid-term financial trajectory and objectives

- Sales: Between 2020/21 (proforma sales of €14 billion) – and 2024/25, Alstom is aiming at sales Compound Annual Growth Rate over 5%, supported by strong market momentum and unparalleled €74.5 billion backlog securing ca. €30 billion of sales over the next three years. Rolling stock should grow above market rate, Services at solid mid-single digit path and Signalling at high single digit path;

⁶ Subject to short term volatility

- Profitability: The adjusted EBIT margin should reach between 8% and 10% from 2024/25 onwards, benefiting from operational excellence initiatives, the completion of the challenging projects in backlog while synergies are expected to deliver €400m run rate between 2024/25 and 2025/26;
- Free Cash Flow: From 2024/25 onwards, the conversion from net income⁷ to free cash flow should be over 80%⁸ driven by mid-term stability of working capital, stabilisation of CAPEX to around 2% of sales and cash focus initiatives while benefiting from volume and synergies take up;
- Alstom will maintain its disciplined capital allocation focusing on maintaining its investment grade profile while keeping flexibility and ability to pursue growth opportunities through focused bolt-on M&A.
- Alstom is committed to delivering sustained shareholder returns with a dividend pay-out ratio of between 25% and 35%⁹. For fiscal year 2020/2021, on the dividend announced on May 11¹⁰, Alstom's board of directors decided to propose, in its meeting of July 4, to the General Shareholder Assembly a dividend in share or in cash, which will be detailed in the notice for the shareholders' meeting.

Note to investors and editors: The presentations of the Capital Markets day will be available online at 8.45 am Paris time and a replay of the meeting will be available during the day at [Capital Markets Day 06/07/2021 | Alstom](#).

Orders & Sales of first Quarter of Fiscal year 2021/22 will be released on 20 July 2021.

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⁷ Adjusted net income

⁸ Subject to short term volatility

⁹ Of adjusted net income

¹⁰ Dividend distribution of €0.25 per share, which corresponds to a 31% payout ratio from the adjusted net profit group share

About Alstom

Leading societies to a low carbon future, Alstom develops and markets mobility solutions that provide the sustainable foundations for the future of transportation. Alstom's product portfolio ranges from high-speed trains, metros, monorails and trams, to integrated systems, customised services, infrastructure, signalling, and digital mobility solutions. Alstom has 150,000 vehicles in commercial service worldwide. With Bombardier Transportation joining Alstom on January 29, 2021, the enlarged Group's combined proforma revenue amounts to €14 billion for the 12-month period ended March 31, 2021. Headquartered in France, Alstom is now present in 70 countries and employs more than 70,000 people. www.alstom.com

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APPENDIX - 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 using 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 from 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.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS 15 quantitative and qualitative disclosures requirement.

Adjusted EBIT

Adjusted EBIT (“aEBIT”) is 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.

Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities).

This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Bombardier Sifang (Qingdao) Transportation Ltd., Bombardier NUG Propulsion System Co. Ltd. and Changchun Bombardier Railway Vehicles Company Ltd.

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/reevaluation 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.

Adjusted net profit

Following the Bombardier Transportation acquisition and with effect from these Fiscal year 2020/21 consolidated financial statements, Alstom decided to introduce the “adjusted net profit” indicator aimed at restating its net profit from continued operations (Group share) to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination, net of the corresponding tax effect. This indicator is also aligned with market practice.

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. Free Cash Flow does not include any 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 into the actual amount of cash generated or used by operations.

Pay-out ratio

The payout ratio is calculated by dividing the amount of the overall dividend with the “Adjusted Net profit from continuing operations attributable to equity holders of the parent, group share” as presented in the management report in the consolidated financial statements.