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## **Alstom launches its share capital increase with preferential subscription rights of an amount of approximately €2 billion as part of the financing of the acquisition of Bombardier Transportation**

**November 16, 2020**

### **Terms of the transaction**

- Subscription ratio: 3 new shares per 10 existing shares
- Subscription price: €29.50 per new share; theoretical value of the preferential subscription rights: €2.90
- Preferential subscription rights trading period: from November 17<sup>th</sup> to November 26<sup>th</sup>, 2020, inclusive
- Subscription period: from November 19<sup>th</sup> to November 30<sup>th</sup>, 2020, inclusive

Following the signing of the sale and purchase agreement with Bombardier Inc. and Caisse de dépôt et placement du Québec (“**CDPQ**”) for the acquisition of Bombardier Transportation (the “**Acquisition**”) on September 16<sup>th</sup>, 2020 under revised terms, and the approval at Alstom’s Shareholders’ Meeting held on October 29<sup>th</sup> of all resolutions related to the Acquisition, Alstom reaches today a key milestone in the acquisition process, with the launch of its share capital increase with shareholders’ preferential subscription rights in an amount of approximately €2 billion (including issue premium).

The proceeds of the rights issue will be used to finance in part the Acquisition price which is expected to amount to up to €5.3 billion<sup>1</sup>. The rights issue is part of the total equity financing of approximately €5 billion that also includes capital increases reserved for CDPQ and Bombardier Inc., in minimum amounts of €2.63<sup>2</sup> billion and €500<sup>3</sup> million, respectively. A bond issue in an amount of approximately €400 million is also being contemplated.

The Acquisition announced on February 17<sup>th</sup>, 2020 will enable Alstom to accelerate its strategic roadmap by bringing together complementary commercial, products and industrial platforms and represents a key milestone in the strengthening of Alstom’s operational profile. With a significant

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<sup>1</sup> Revised price range of €5.5bn – €5.9bn. Preliminary contractual purchase price estimated at €5.3bn, after taking into account estimated potential post-closing adjustments and obligations linked to Bombardier Transportation’s net cash protection mechanism. The final purchase price amount will be determined on the basis of Bombardier Transportation’s accounting books as of December 31, 2020 and the transaction completion date and of the mechanisms set forth in the share purchase agreement.

<sup>2</sup> Total amount subscribed through a reserved capital increase (i) by set-off of CDPQ and its affiliates’ claim in connection with the Bombardier Transportation purchase price, for an amount between €1.93 billion and €2.08 billion, depending on the final amount of the Acquisition Price, (ii) increased by an amount in cash of €700 million, pursuant to the terms provided for in the investment agreement entered into with CDPQ and its affiliates.

<sup>3</sup> Amount which may be increased to a maximum of €650 million, pursuant to the terms of the investment agreement entered into with Bombardier UK Holding.

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broader reach, a larger portfolio of solutions and enhanced innovation capabilities, Alstom will be in an ideal position to respond to the increasing demand for sustainable mobility.

With an objective to restore Bombardier Transportation's margin at a standard level in the medium-term and to generate €400m synergies in annual run-rate synergies by the fourth to fifth year post-closing<sup>4</sup>, the Acquisition should be strongly value-creative for the Group's shareholders, with an expected double digit EPS accretion as from the second year post-closing<sup>5</sup>.

The Acquisition will also enable Alstom to welcome CDPQ as a new long-term shareholder, who will become Alstom's largest shareholder with approximately 17.8% of the share capital.

The Acquisition is expected to close in Q1 2021 subject to regulatory approvals and customary closing conditions. As of the date of this press release, all applicable competition authorities have authorized the Acquisition other than those in China and South Africa whose review is ongoing.

*"We are now entering the final stretch of the acquisition of Bombardier Transportation, the completion of which is now expected to occur in Q1 2021. Alstom's core purpose is to develop mobility solutions that are more respectful of the environment for the wellbeing of all, and thus to improve quality of life in our cities and lands. The acquisition of Bombardier Transportation is at the heart of this strategy. Along with Alstom's and Bombardier Transportation's employees, we are going to build a world leader extremely well positioned to have a significant impact on the future of mobility, and at the same time create strong value for all stakeholders. We are pleased to offer as of today to Alstom's shareholders and to investors the opportunity via this circa €2 billion rights offering to participate in this key milestone of the Group's development.",* said Henri Poupart-Lafarge, Alstom's Chairman and Chief Executive Officer.

### **Key terms of the rights issue**

The rights issue will be carried out with preservation of the shareholders' preferential subscription rights, pursuant to the 4<sup>th</sup> resolution of the combined general meeting of October 29<sup>th</sup>, 2020, and will result in the issuance of 68,077,926 new shares at a subscription price of €29.50 per share (i.e., a nominal value of €7 plus an issue premium of €22.50), to be fully paid up upon subscription, representing gross proceeds, including the issue premium, of €2,008,298,817 (which may be increased to a gross amount, including the issue premium, of €2,009,623,397, by issuance of 68,122,827 new shares in the event of exercise of all currently-exercisable share subscription options of the Company<sup>6</sup>).

Holders of existing shares recorded on their accounts as of the end of the accounting day on November 16<sup>th</sup>, 2020 will be entitled to receive preferential subscription rights which will be detached from the underlying existing shares on November 17<sup>th</sup>, 2020. Existing shares will therefore trade ex-right from November 17<sup>th</sup>, 2020.

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<sup>4</sup> Post-closing of the Acquisition.

<sup>5</sup> After cost synergies and implementation costs, and before amortization of the purchase price allocation (PPA).

<sup>6</sup> The right to exercise the share subscription options corresponding to option plans for which the exercise period is underway is suspended as of November 13, 2020 at 5:00 pm (Paris time) for a maximum period of three months.

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Each existing share will entitle its holder to receive one (1) preferential subscription right. 10 rights will entitle holders to subscribe for 3 new shares on an irreducible basis (*à titre irréductible*), at a subscription price of €29.50 per share.

Subscriptions on a reducible basis (*à titre réductible*) will be accepted. Any new shares not subscribed on an irreducible basis (*à titre irréductible*) will be distributed and allocated to the holders of the rights having submitted additional subscription orders on a reducible basis (*à titre réductible*) subject to reduction in the event of oversubscription.

Based on the closing price of Alstom stock on the regulated market of Euronext Paris ("**Euronext Paris**") on November 12<sup>th</sup>, 2020, i.e. €42.06:

- the theoretical value of 1 preferential subscription right is €2.90 (this value may fluctuate during the rights trading period, in particular depending on changes in the price of Alstom share)
- the theoretical value of the ex-right share is €39.16
- the subscription price for the new shares of €29.50 per share (representing a nominal value of €7 plus an issue premium of €22.50) reflects a discount of 24.7% to the theoretical ex-right share price and 29.9% to the closing price on November 12<sup>th</sup>, 2020

The only offer to the public in the context of the rights issue will be in France.

### **Subscription intentions**

Bouygues, which owns 9.7% of Alstom's share capital, committed towards Alstom to participate in the rights issue in a "tail swallow" transaction ("*opération blanche*") by selling part of its preferential subscription rights to cover the cost of taking up the remainder exclusively with the proceeds of this sale. Upon completion of this transaction, Bouygues is expected to hold approximately 8%<sup>7</sup> of Alstom's share capital.<sup>8</sup>

Alstom is not aware of the subscription intentions of any other shareholder.

### **Lock-up agreements**

Alstom has agreed to a lock-up period starting on the date of signing of the underwriting agreement and ending 180 calendar days after the settlement and delivery date of the rights issue, subject to certain exceptions.

Bouygues has agreed to a lock-up period starting on the date of approval by the Autorité des marchés financiers (AMF) of the prospectus relating to the rights issue and ending 90 calendar days after the settlement and delivery date of the rights issue, subject to certain exceptions.

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<sup>7</sup> This percentage does not take into account the capital increases reserved for affiliates of CDPQ and Bombardier Inc., respectively.

<sup>8</sup> Assuming the completion of a "tail swallow" transaction as described in section 5.2.2 of the securities note, estimated on the basis of an assumption given for illustrative purposes only and based on the theoretical value of the shareholders' preferential subscription rights calculated on the basis of the closing price of Alstom stock on November 12<sup>th</sup>, 2020.

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### **Dilution**

For illustrative purposes only, a shareholder holding 1% of the Company's share capital as of November 12<sup>th</sup>, 2020, and who does not participate in the rights issue, would hold 0.77% following the rights issue and 0.60% following the rights issue and the capital increases reserved for affiliates of CDPQ and Bombardier Inc..

### **Underwriting**

The rights issue is being underwritten pursuant to an underwriting agreement entered into on November 13<sup>th</sup>, 2020 with a syndicate of banks including BofA Securities, Crédit Agricole Corporate and Investment Bank, HSBC and Société Générale acting as Joint Global Coordinators, Lead Managers and Joint Bookrunners, Goldman Sachs, Natixis and Santander acting as Joint Bookrunners and BBVA, Commerzbank and Unicredit acting as Co-Bookrunners. This underwriting agreement does not constitute an irrevocable guarantee (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code.

### **Indicative timetable of the rights issue**

The preferential subscription rights will be traded on Euronext Paris under the ISIN code FR00140001N0 from November 17<sup>th</sup>, 2020 until November 26<sup>th</sup>, 2020 inclusive. It will not be possible to buy or sell the preferential subscription rights on the market after the close of trading on November 26<sup>th</sup>, 2020. The subscription period for the new shares will run from November 19<sup>th</sup>, 2020 to November 30<sup>th</sup>, 2020, inclusive.

Any preferential subscription rights not exercised before the end of the subscription period, i.e. the close of trading on November 30<sup>th</sup>, 2020, shall automatically become null and void. Settlement and delivery of the new shares and commencement of trading on Euronext Paris are expected to take place on December 7<sup>th</sup>, 2020. The new shares, which will entitle their holders to any dividends declared by Alstom as from the date of issuance, will be, as from their issuance date, fully fungible with Alstom's existing shares and will be traded under the same trading line and ISIN code as Alstom's existing shares (ISIN code FR0010220475).

### **Availability of the Prospectus**

The prospectus (the "Prospectus") including (i) the 2019/20 universal registration document (*document d'enregistrement universel*) of Alstom filed with the AMF on June 2<sup>nd</sup>, 2020 under number D.20-0508, (ii) the first amendment to the 2019/20 universal registration document filed with the AMF on October 7<sup>th</sup>, 2020 under number D.20-0508-A01, (iii) the second amendment to the 2019/20 universal registration document filed with the AMF on November 13<sup>th</sup>, 2020 under number D.20-0508-A02 and (iv) a securities note (*note d'opération*) (including the summary of the prospectus) which was filed with the AMF and received approval under number 20-555 dated November 13<sup>th</sup>, 2020 is available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and the company ([www.alstom.com](http://www.alstom.com)). Copies of the Prospectus are available free of charge at the Company's registered office (48, rue Albert Dhalenne, 93400 Saint-Ouen-sur-Seine).

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### **Risk factors**

Investors' attention is drawn to the risk factors included in chapter 4 "Risk Factors, internal control and risk management" of the 2019/20 universal registration document, in section 2 "Risk Factors" of the first amendment to the universal registration document, in section 2 "Risk Factors" of the second amendment to the universal registration document and in chapter 2 "Risk Factors" of the securities note (*note d'opération*).

In particular, investors are invited to take into consideration the risks related to the contemplated Acquisition, in particular those related to Bombardier Transportation's performance and contingent liabilities, as well as to the integration of Bombardier Transportation's activities and potential failure to achieve expected synergies, as set out in section 2 "Risk Factors" of the first and second amendments to the 2019/20 universal registration document.

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### **About Alstom**

Leading the way to greener and smarter mobility worldwide, Alstom develops and markets integrated systems that provide the sustainable foundations for the future of transportation. Alstom offers a complete range of equipment and services, from high-speed trains, metros, trams and e-buses to integrated systems, customised services, infrastructure, signalling and digital mobility solutions. Alstom recorded sales of €8.2 billion and booked orders of €9.9 billion in the 2019/20 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 38,900 people.

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