



Annual results Fiscal Year 2019/20

12 May 2020

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Agenda

- FY 2019/20 highlights
- Market update
- Covid-19 crisis and adaption measures
- FY 2019/20 Alstom in Motion and business update
- Bombardier transaction status
- FY 2019/20 financial results
- Conclusion and outlook

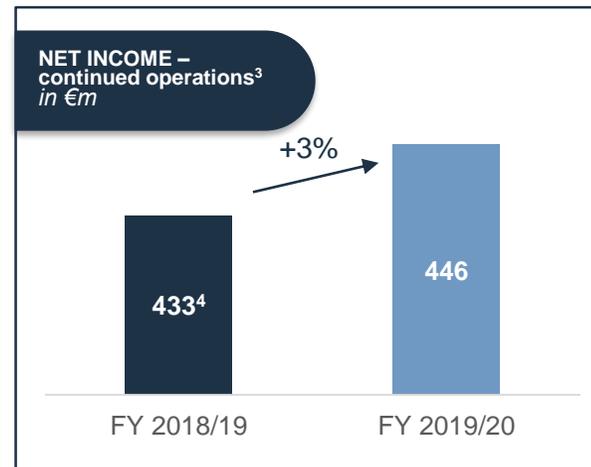
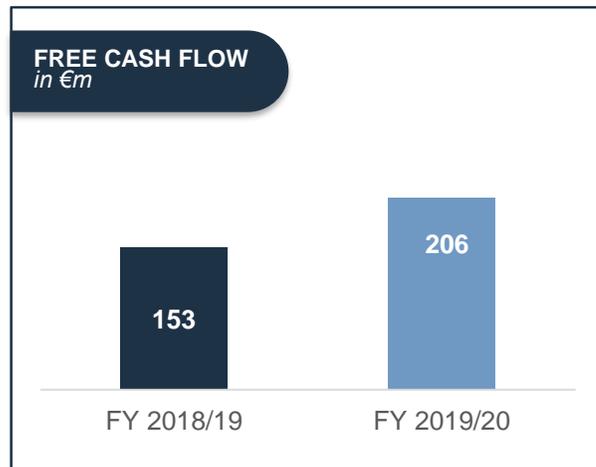
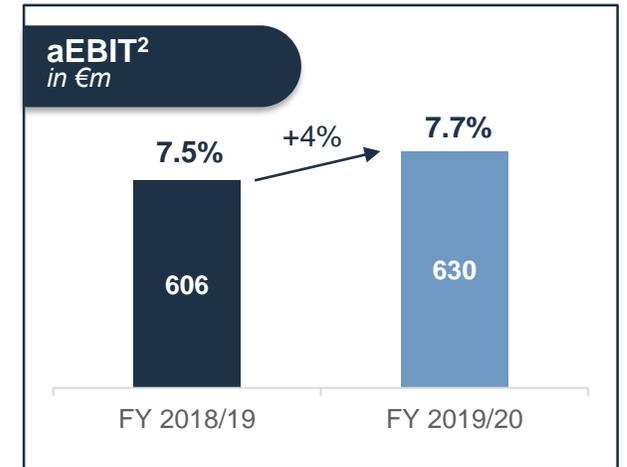
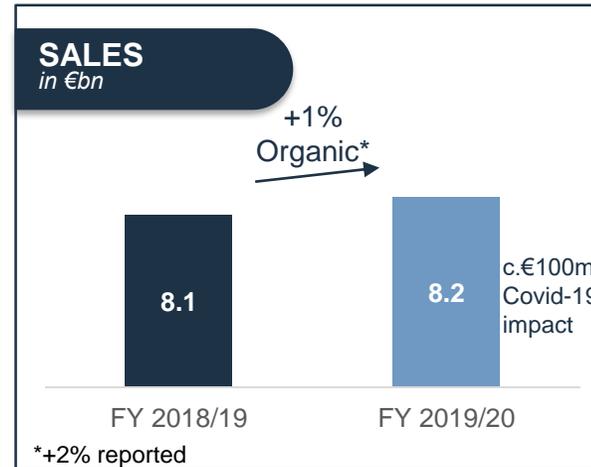
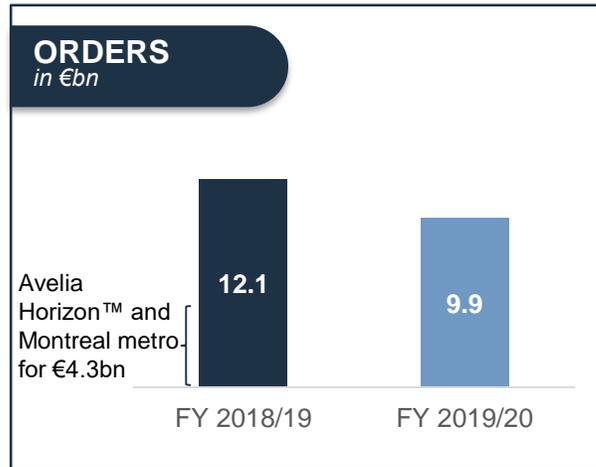
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FY 2019/20 highlights

Key messages

- **Strong commercial momentum** with orders reaching €9.9bn supported by large wins in Europe and Asia-Pacific
- **Sales at +2%** (+1% organic) in the context of an expected slowdown in systems, and including some Covid-19 impact at year end
- **Continued improvement of adjusted EBIT margin** reaching 7.7%
- **Solid Free Cash Flow generation at €206m** despite anticipated operating working capital change linked to rolling stock projects ramp up
- **Alstom in Motion deployed** as planned in 2019/20
- **Covid crisis impact** on 2020/21 to be further assessed. **Average annual sales objective of 5% growth over the period 2019/20-2022/23 should be slightly impacted yet 2022/23 objectives of 9% aEBIT margin and above 80% FCF / Net income ratio confirmed**
- **Strong rail market fundamentals** driven by sustainable transport needs

FY 2019/20 key figures¹



¹ Previous year figures have not been restated to reflect the application of IFRS 16 ; ² aEBIT includes CASCO contribution for both periods ; ³ Group share ; ⁴ FY2018/19 including €106m impact linked GE Energy JV transaction

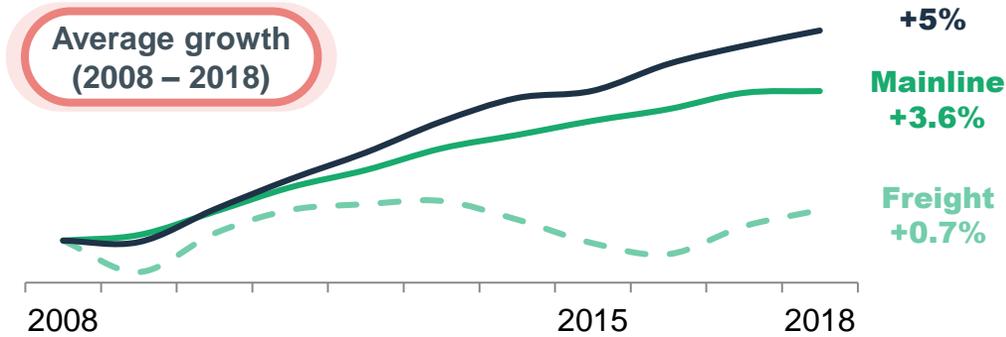
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Market update

2019 showed strong rail traffic momentum along with large investment plans

Solid passenger traffic growth since 2008

Passenger traffic per market segment
In basis 100



Data: Eurostat, National statistics website, Major operators annual reports

Ridership records in 2019 for many operators¹



¹ Amtrak 2019; DB 2019; Delhi metro: July 29, 2019; SNCF: +7% YoY in Summer 2019

Large investment plans announced for rail



90% reduction in transport emissions is needed by 2050



€86bn investment plan linked to green deal



€11.5bn to upgrade to ERTMS



20 cities with metro projects

Headwinds in 2020 but rail market resilient mid term

- **Sharp drop of passenger traffic** following Covid-19 containment measures, traffic progressively re-increasing with restrictions being lifted
- **Oil crisis to impact AMECA region**



Strong commitment to rail despite difficult environment



£106 billion High Speed 2 (UK) project phase 1 confirmed in April 2020



Amtrak received \$1 billion in federal relief funds



Mid-term resilience

- Strong fundamentals underlying rail traffic
- Orders linked to long-term investment plans
- Environmental concerns remain on top of the agenda

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Covid-19 crisis impact and adaption measures

Alstom has immediately adapted its activities with the principle of « safety first »

- **Extraordinary mobilization of teams with crisis cells put in place at every level**
- **Temporary closures of manufacturing sites and maintenance depots** until health and safety measures are put in place or upon governmental decision
- **Work on site:** personal protective equipment, adaptation of shifts, reinforcement of inspections
- **Remote working** deployed massively allowing continuity of engineering and other functions



24k

At-home users

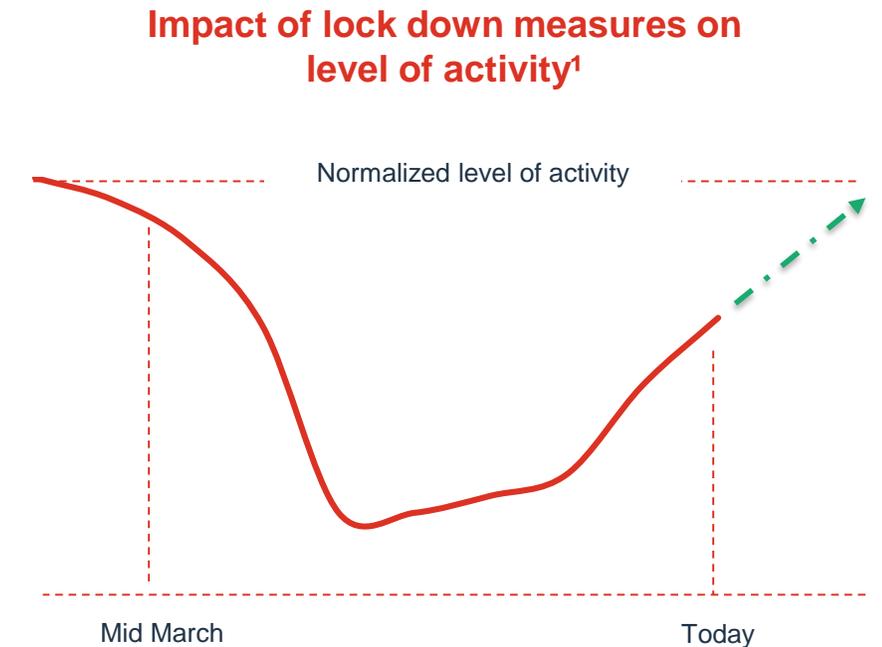
Covid-19 impact on Alstom's business

Revenue

- **Material reduction of production** across all activities starting mid March 2020
 - Rolling stock and Systems most affected, following suspensions in most manufacturing sites and supply chain
 - Services decline with closure of depots, and due to passenger traffic sharp decrease
 - Signalling to be impacted in its installation component
- **Situation on May 12**
 - Partial restart of manufacturing production and supply chain
 - Maintenance recovery linked to traffic uptake

Orders

- No cancellation of orders in backlog
- Slow down in tenders to be expected
- Resilient market mid-term



1 graph for illustrative purpose

Adaptation measures to the current environment

- **Use of holidays and part-time work** when local regulations allow
- **Reduction in discretionary spending** (R&D & IT, indirect costs)
- **Tight control on recruitment**
- **Cash protection measures** (working capital, CAPEX, commercial...)



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FY2019/20 AiM and business update

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



Our ambition: be the leading global innovative player for a sustainable and smart mobility

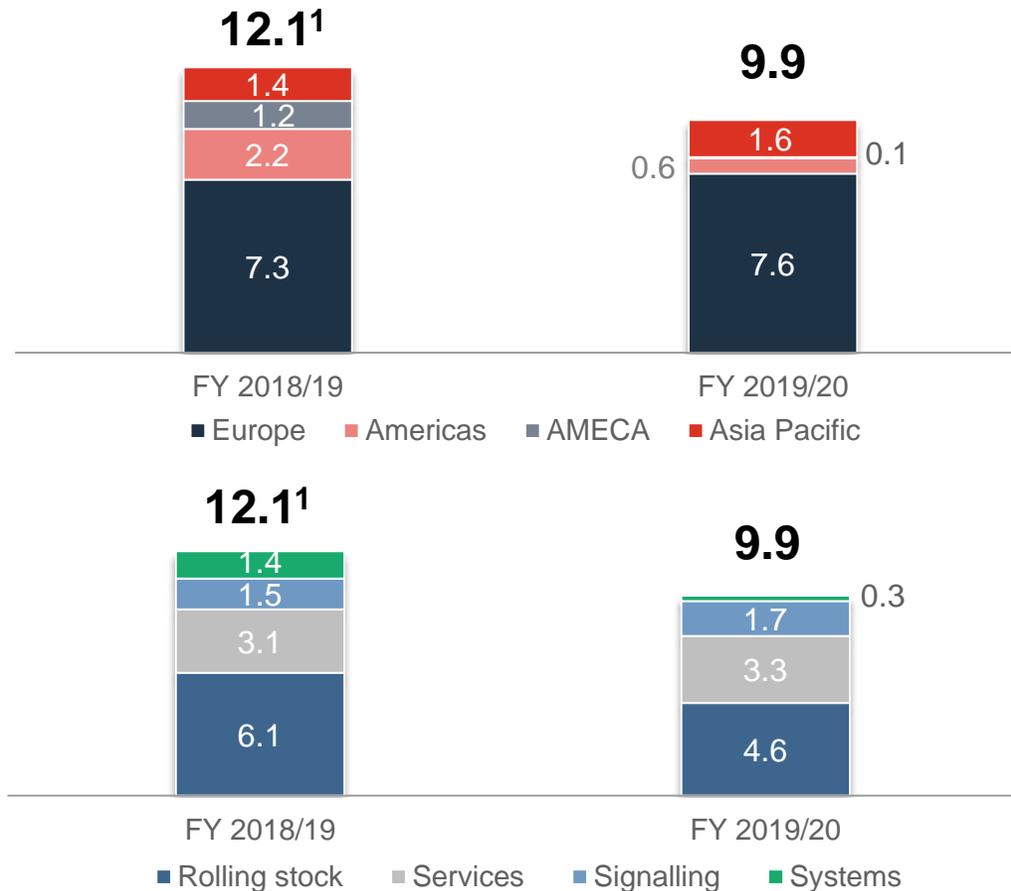


Driven by **One Alstom team**, Agile, Inclusive and Responsible

Strong order intake of €9.9bn



Orders (in € billion)



- Strong book-to-bill ratio at 1.2
- Comparable order intake when excluding last year jumbo order (Avelia Horizon™ and Montreal metro)
- Mainly fueled by Europe and Asia-Pacific
- Africa/Middle-East/Central Asia (AMECA) impacted by economic situation
- Increase order intake in Signalling and Services, contribution (51%) in line with AiM strategy
- Systems order intake impacted by LAM and AMECA context

¹ FY 2018/19 order intake included Avelia Horizon™ and Montreal metro for €4.3bn

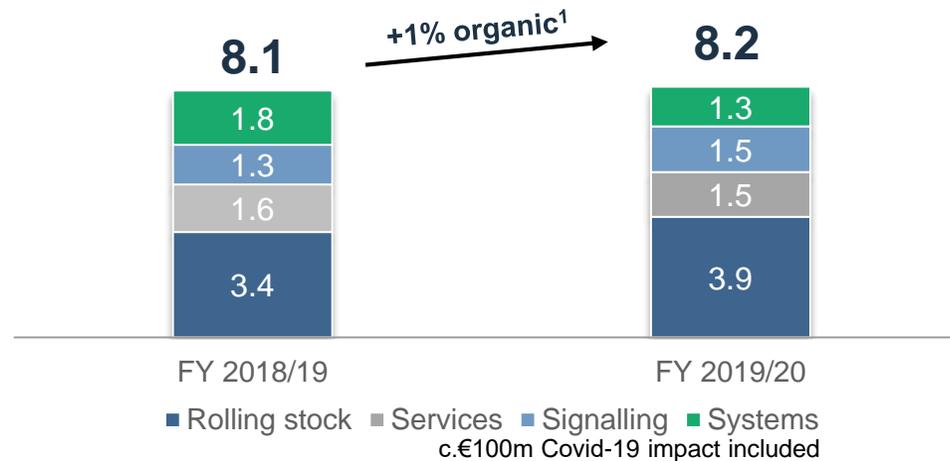
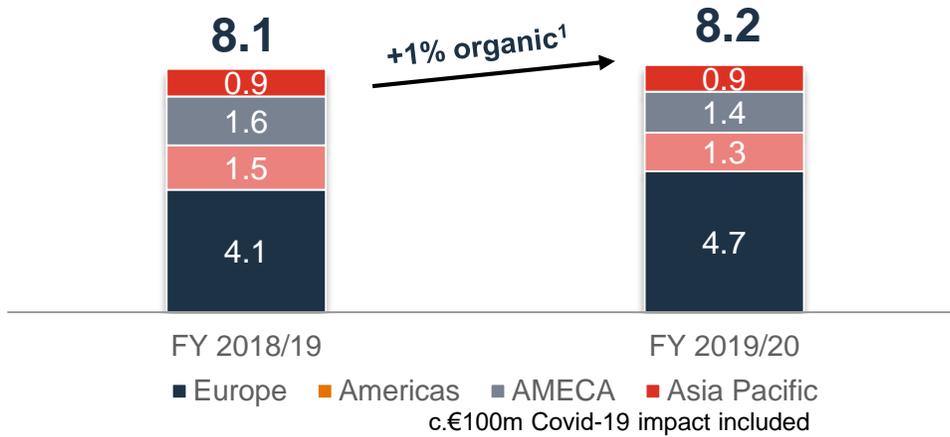
Some of our main contracts this year



Sustained sales growth supported by Rolling Stock and Signalling



Sales (in € billion)



Rolling Stock

c.14% organic growth

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



Services

c.(6)% organic growth

- 2018/19 included one off projects in the UK
- US renovation activities fully traded



Signalling

c.13% organic growth

- Asia Pacific (India), Americas (Mexico) and Europe (Denmark)



Systems

c.(28)% organic growth

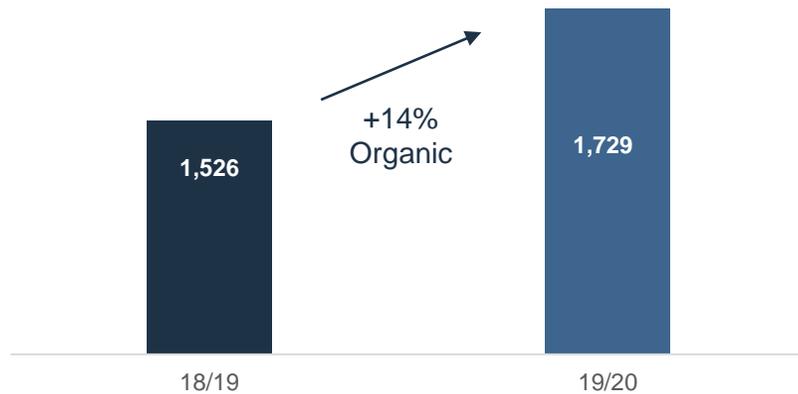
- Contracts nearing completion in Dubai, Lusail and Riyadh
- Panama contract fully delivered

¹ +2% reported

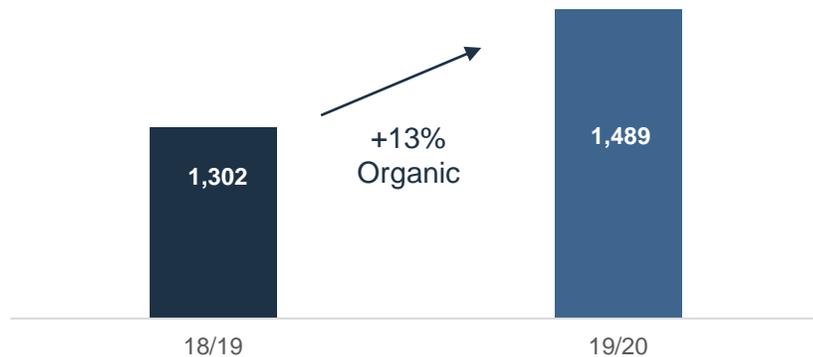
Signalling demonstrates strong performance



Orders (in € million)



Sales (in € million)



Mainline Europe

- Strategic successes in ETCS¹ L2 wayside with Paris-Lyon and UK framework contracts
- Most ERTMS² on-board tenders won



Urban worldwide

- Leadership in CBTC³ reinforced with Marseille automation and Sydney Metro City & Southwest award



US Freight & Mining

- New asset monitoring solution adopted by 4 major railroads



Services

- Doubled revenue

Innovation and Delivery optimization

- Indian engineering representing 27% workload
- Technological platforms convergence under finalization

1 European Train Control System ; 2 European Railway Train Monitoring System ; 3 Communication Based Train Control

Innovation in smarter and greener mobility solutions



✔ Complete range of green mobility solutions



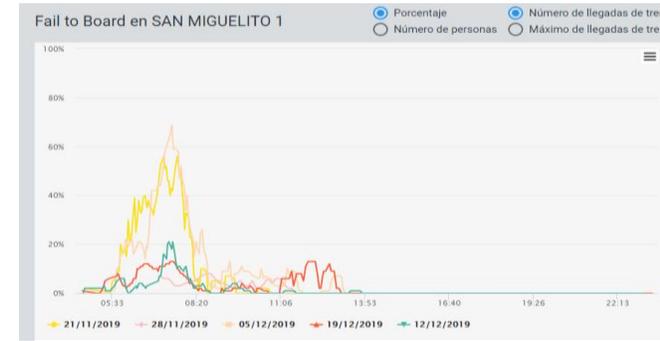
Coradia iLint™
hydrogen train



Coradia™ Continental
battery-electric trains

✔ Data-driven rail mobility

- Predictive analytics provided to Panama metro



- Railway System Simulator co-developed with

✔ Digital signalling

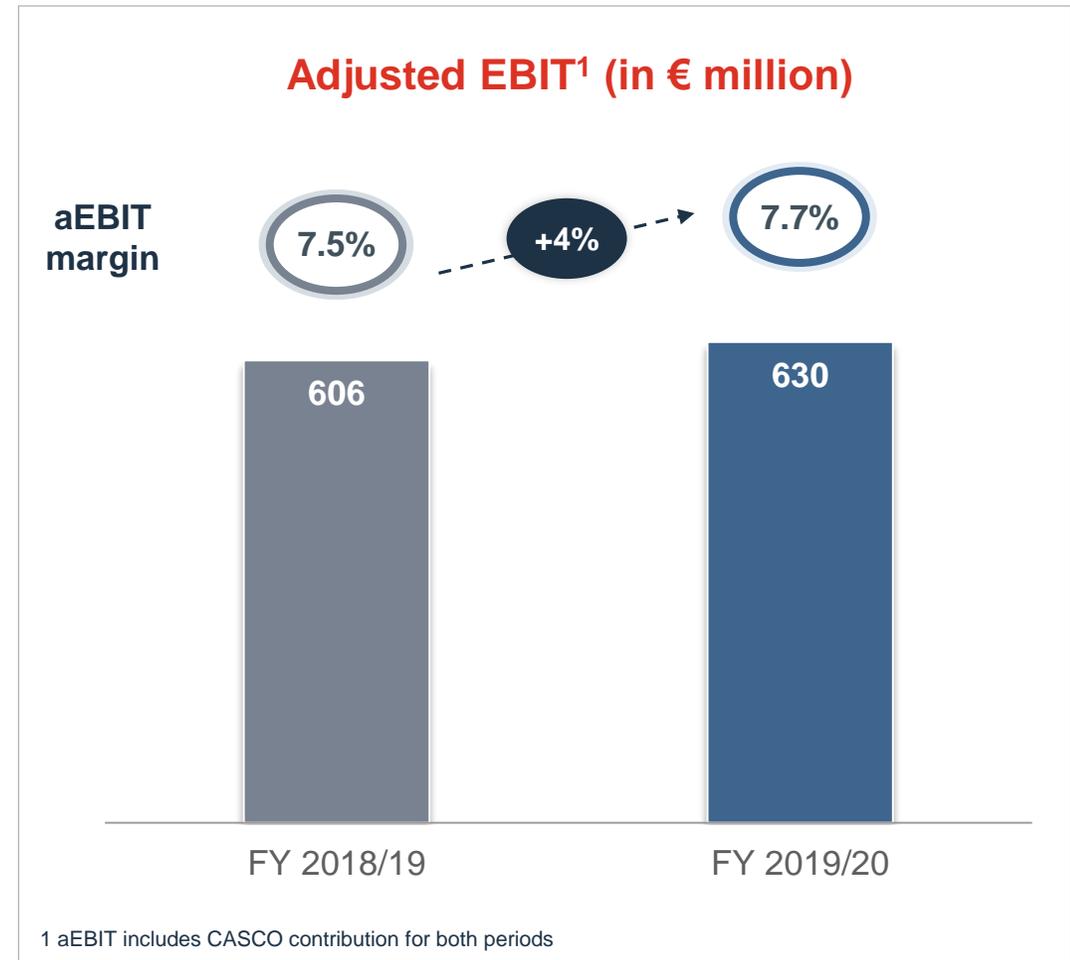
- First application ERTMS Level 3¹ in Wuppertal suspension railway

Stable level of net R&D spending totaling 3.7% over Sales

¹ European Railway Train Monitoring System Level 3: train location and integrity are solely supervised by the ETCS equipment onboard the train

AiM operational efficiency programs achieving first results

- ✔ **Project management efficiency**
- ✔ **Footprint stabilisation and optimisation**
 - 24% of Engineering workload allocated to India
- ✔ **Acceleration on digitization and automation**
 - 80% of the group turnover covered by group core model SAP
 - Highest-capacity welding robot



ESG fully embedded in Alstom's new AiM strategy



ENABLING
decarbonization
of mobility



CARING
for our
people



CREATING
a positive
impact on
society



DEVELOPING
ethical and
sustainable
supply chains

Rail emits very low amount of CO2 per passenger kilometer¹, yet Alstom has further ambitions to decarbonize mobility



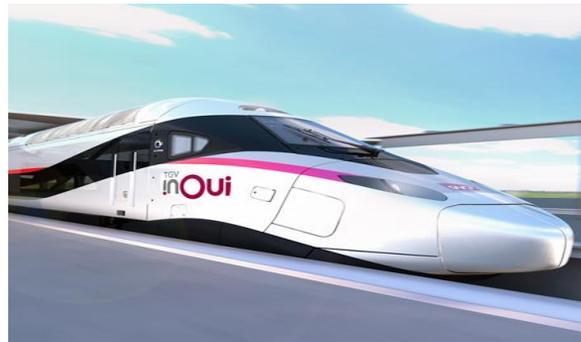
Innovating in sustainable Mobility solutions



Greening Portfolio: 25% reduction of energy consumption by 2025²



Decarbonising operations: 100% electricity from renewable sources by 2025



Complete range of green traction solutions



Signalling systems for better efficiency and increased capacity

New TGV Avelia Horizon™:

Energy consumption reduced by 20%

Passenger capacity increased by 20+%³

- 100% green electricity in European sites (i.e. UK, Belgium, Spain, etc.)
- Installation of solar panels in Nola plant (Italy) and in India

¹ with electric trains ; ² compared to 2014 level ; ³ compared to previous generation

Alstom engaged in the global fight against Covid-19

>140,000 masks and protective materials donated in all countries and to suppliers



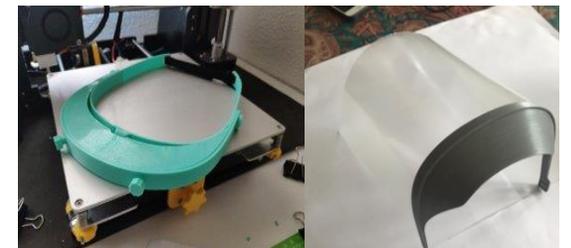
>€180,000 in financial donations (medical equipment; protective clothing; food banks)



Alstom foundation budget increase from €1.5million to €1.9million to support pandemic related project



3D printing of facial shields in Barcelona, Argentina, France and USA



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Bombardier transaction status

Bombardier Transportation acquisition status

UPDATE

- Alstom's unions to render their opinion around summer 2020
- Clearance process from relevant regulatory authorities and anti-trust authorities progressing
- April 2020: bridge facilities of c.€2.4bn with a 2-year duration and Revolving Credit Facility of €1.5bn¹ successfully syndicated and executed

NEXT STEPS

- Share Purchase Agreement signing: H2 CY20
- Alstom EGM: at the latest end of October 2020
- Targeted regulatory approvals: H1 CY21
- Rights issue: H2 CY20 – H1 CY21, subject to market conditions
- Expected closing: H1 CY21

¹ Replacing Alstom's and Bombardier Transportation's existing RCFs at closing of the acquisition

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FY 2019/20 financial results

Income statement

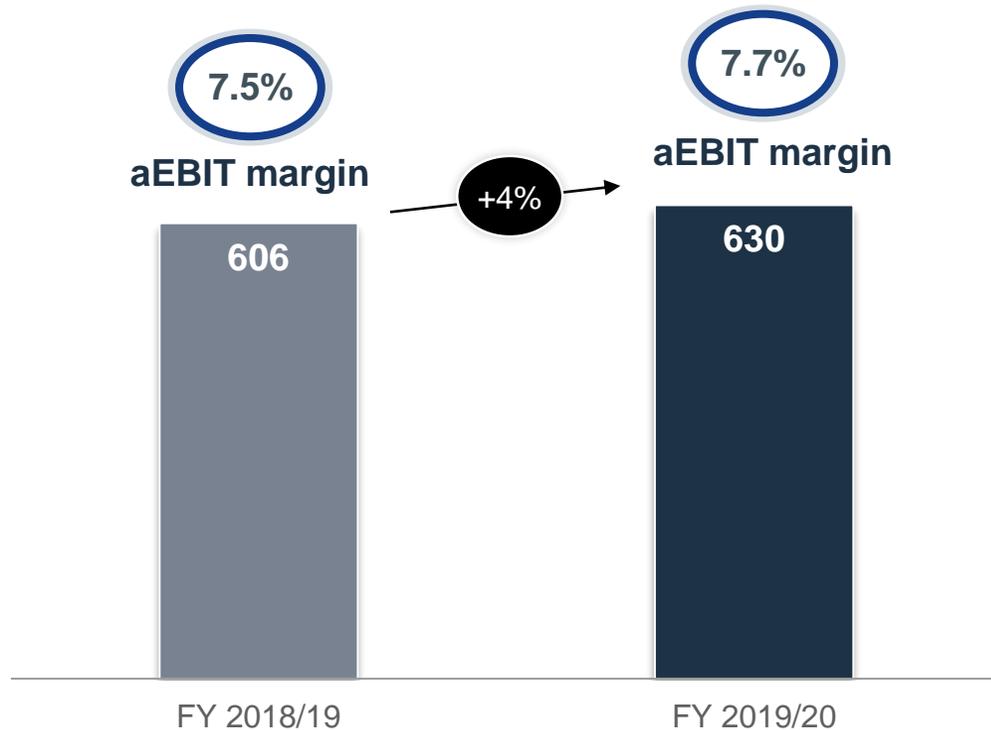
<i>(in € million)</i>	FY 2019/20	FY 2018/19¹
Sales	8,201	8,072
Adjusted EBIT²	630	606
Adjusted EBIT margin	7.7%	7.5%
Restructuring charges	(18)	(65)
COVID-19 impact	(24)	-
Other items	(43)	(133)
EBIT	545	408
Financial results	(76)	(88)
Tax results	(118)	(70)
Share in net income of equity investees	102	195 ³
Minority interests from continued op.	(7)	(12)
Net Income – Continued operations, Group share	446	433

- Continued improvement of adjusted EBIT margin
- Some Covid-19 impact related to identified inefficiencies and incremental costs
- Strong normalised net income though one-off items last year

1 Previous year figures have not been restated to reflect the application of IFRS 16 ; 2 aEBIT includes CASCO contribution for both periods; 3 Of which GE Energy JV reevaluation for €106m

Continued improvement of aEBIT margin reflecting strong operational performance

Adjusted EBIT¹ (in € million)

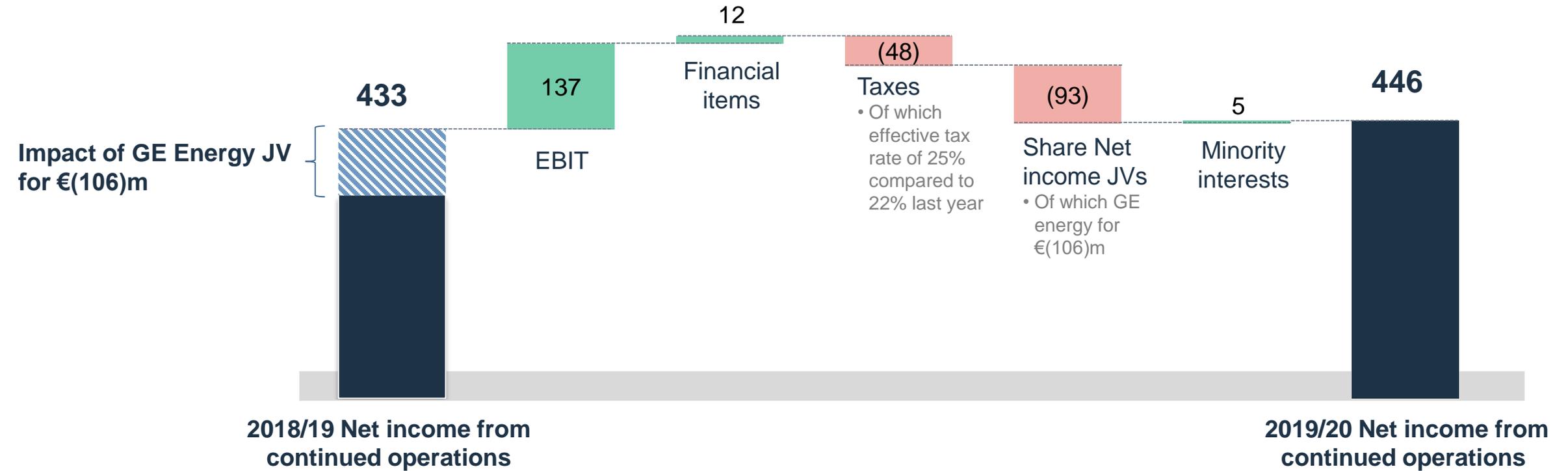


- Gross margin improvement driven by project execution and efficiency
- Increase in R&D investments, mainly in Signalling, supporting AiM strategy and SNCF Avelia Horizon™ programme
- Continued improvement of backlog profitability

¹ aEBIT includes CASCO contribution for both periods: €38 million for March 2020 and €36 million for March 2019

Strong normalised net income though one-off items last year

Change in Net income from continued operations, group share (in € million)



From EBIT to Free Cash Flow

<i>(in € million)</i>	FY 2019/20	FY 2018/19
EBIT	545	408
Depreciation & amortisation	293 ¹	194
Restructuring	(12)	15
Capex	(195)	(207)
R&D capitalisation	(79)	(68)
Change in working capital	(249)	(12)
Financial cash-out	(95)	(90)
Tax cash-out	(102)	(105)
Other	100	18
Free cash flow	206	153

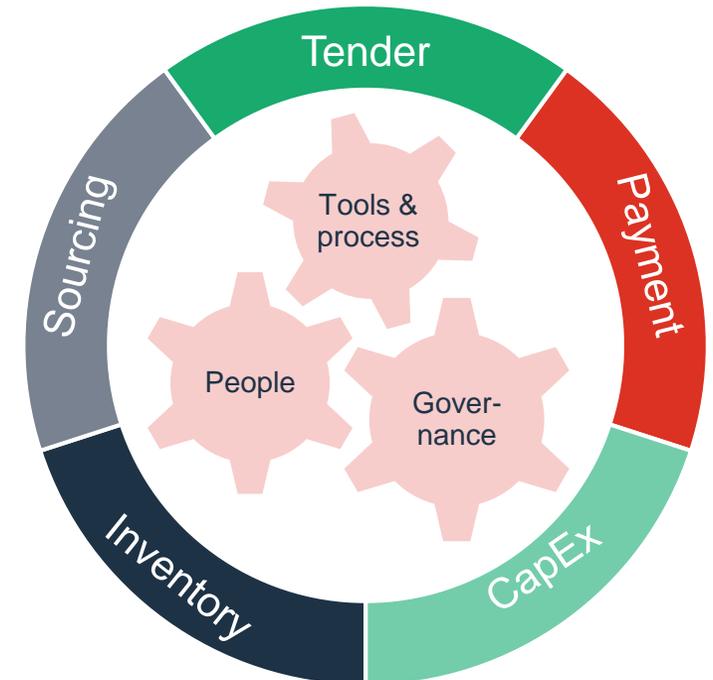
- Capex stabilization
- Anticipated adverse working capital position linked to ramp up of large Rolling stock projects
 - WC consumption mainly in H1
 - Strong cash collection and Cash Focus actions in H2
- Financial cash out mainly coupon payment and cost of forex hedging
- Positive dividend inflows contribution

¹ Due to IFRS 16 application Annual amortisation related to the new right-of-use asset amounts to €92 million for the year ended 31 March 2020. Total impact of IFRS 16 on FCF is €84m

Cash Focus programme leads to first solid results

19/20 achievements

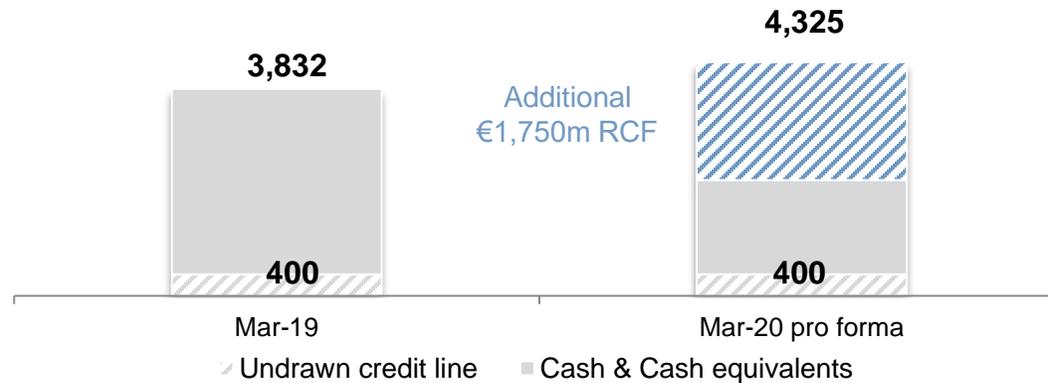
- Free Cash Flow generation objectives set for 10,000 people
- Improved payment profile in tender (incl. down payments)
- 13% Day Sales Outstanding¹ reduction including overdue collection
- Reduction of >20% in-house testing activities in the pilot sites
- Tight monitoring of project working capital in ramp up mode
- CAPEX control albeit growing activity: 6% optimization vs 18/19



¹ (average 12 months receivables / billing) *365 days

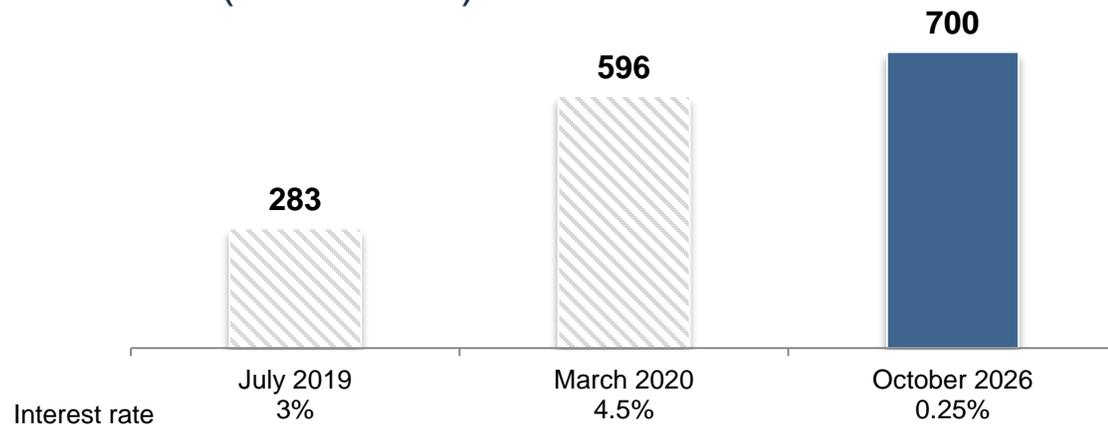
Strong liquidity position with €2.2bn credit lines facilities available

Strong liquidity position (in € million)



- €2,175m cash and cash equivalents as of 31 March 2020
- €400m Revolving Credit Facility (RCF) fully undrawn
- Additional €1,750m short term RCF secured¹ in April 2020

Bonds (in € million)



- Strong Baa2 rating
- Reimbursement of €283m bond and of €596m bond
- Successful launch of a 7-year €700m senior bond

¹ with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lenders' discretion

Shareholders distribution

DIVIDEND 2019/20

In the context of the current crisis and in the spirit of responsibility towards all stakeholders, proposed suspension of dividend

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Conclusion and outlook

Conclusion and outlook

- Strong 2019/20 full-year results confirming positive trend and ability to deliver as per roadmap set in the context of AiM strategic plan
- Bombardier transaction progressing as planned
- Covid-19 crisis likely to impact negatively 2020/21. Objective of a 5% average annual growth rate of sales over the period 2019/20-2022/23 should be slightly impacted from temporary tender activity slowdown
- Confirmation of 2022/23 objectives of 9% aEBIT margin and FCF / net income above 80%
- Alstom confident in its capacity to weather the crisis, and to capture opportunities in a resilient rail market, supported by sustainable mobility

Contacts & Agenda

CONTACTS

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AGENDA

8 July 2020

General Assembly Meeting

16 July 2020

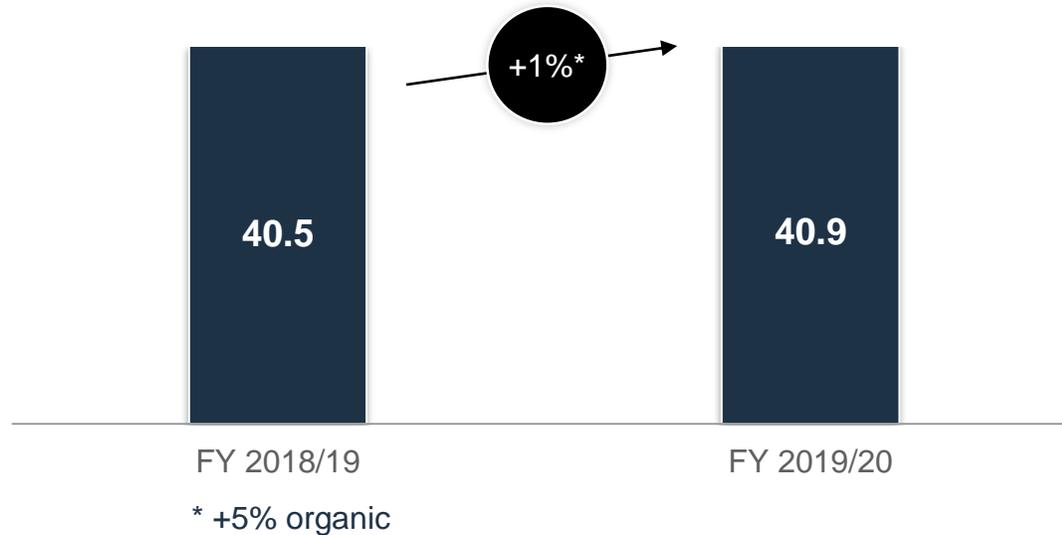
Q1 2020/21 Orders and Sales



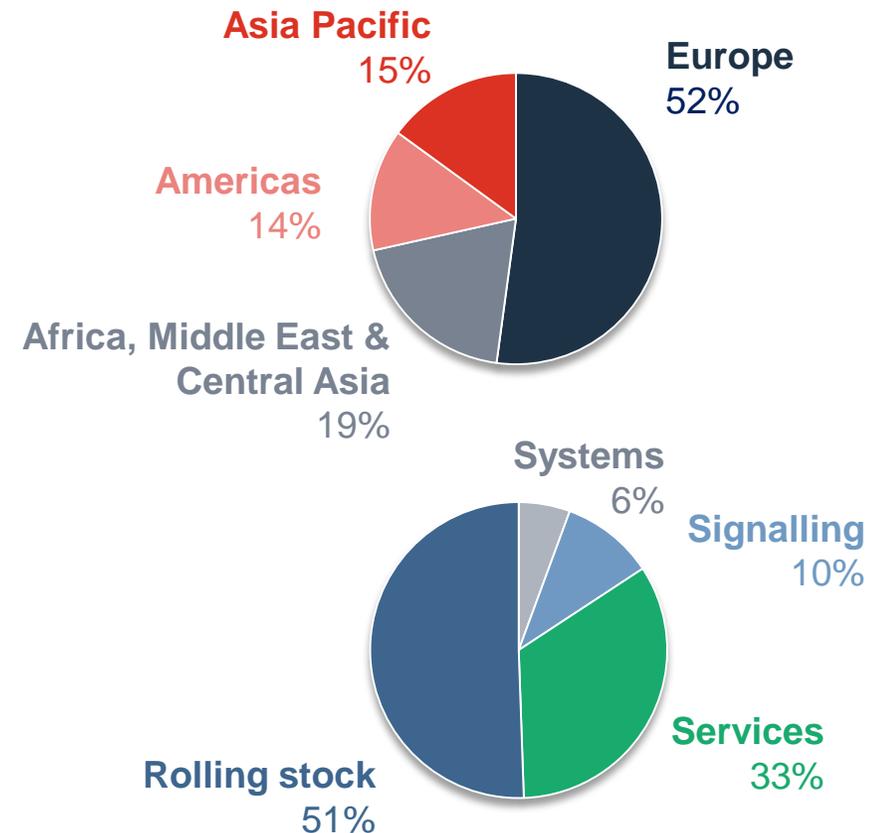
Appendix

Industry-leading backlog reaching €40.9bn

Backlog (in € billion)

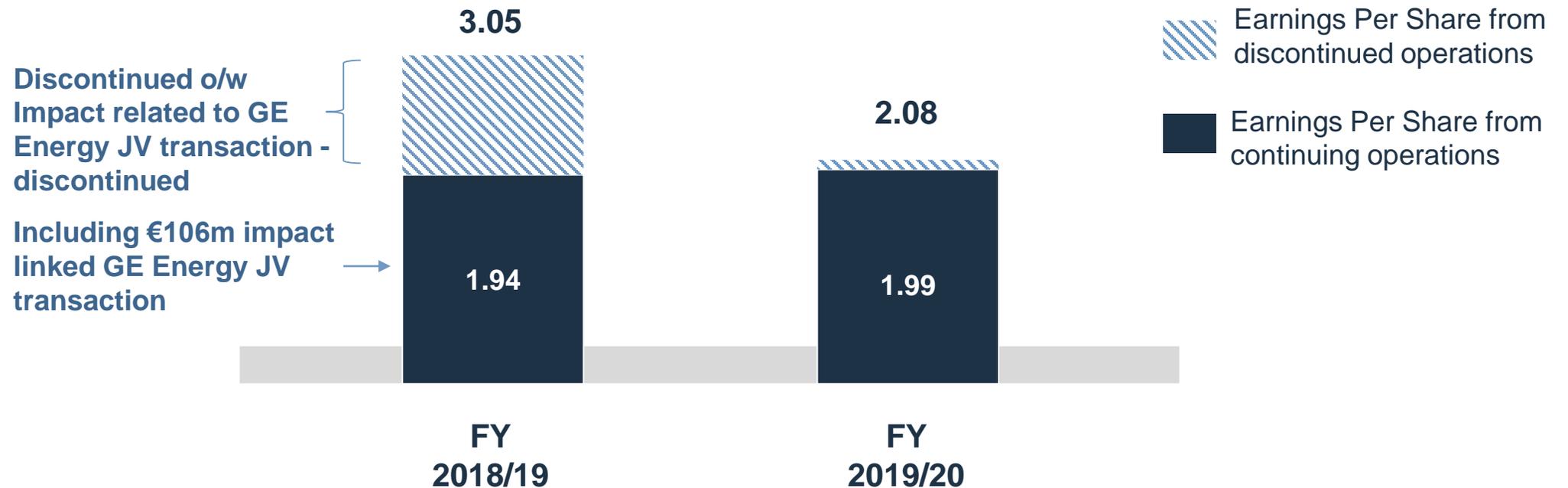


Backlog breakdown as end of March 2020



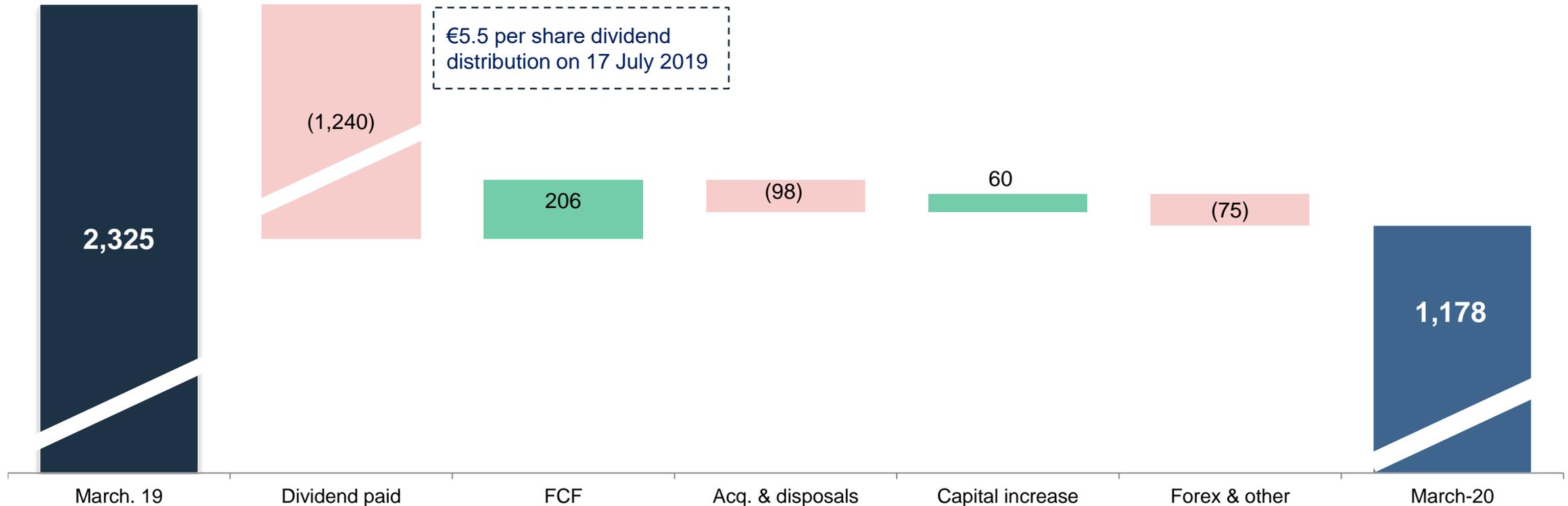
Improved Earnings Per Share from continuing operations

Earnings Per Share (in € per share)



Evolution of net cash

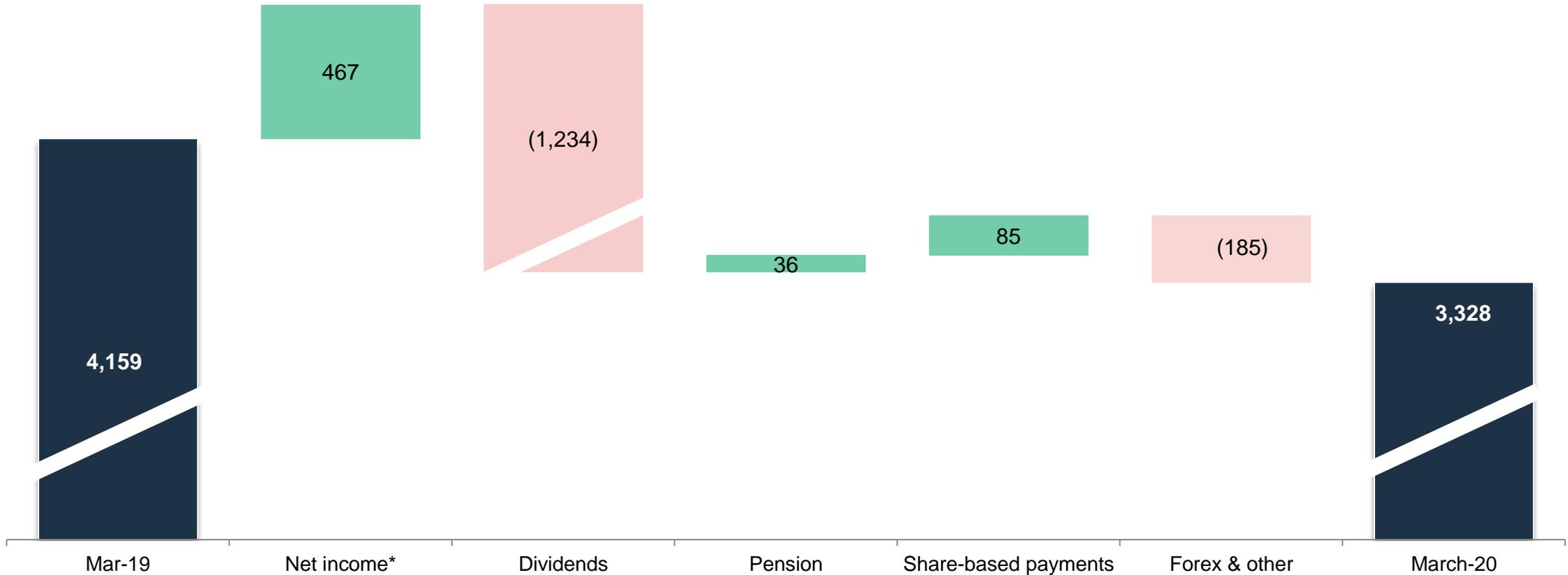
Net cash/(debt)¹ (in € million)



¹ Due to IFRS 16 implementation on 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 million. . As of March 31 2020, impact of the leasing obligations in financial debt amounts to €419M.

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 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.

- **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.

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), 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 amortization 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 expressed as a 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 any proceeds from disposals of activity.

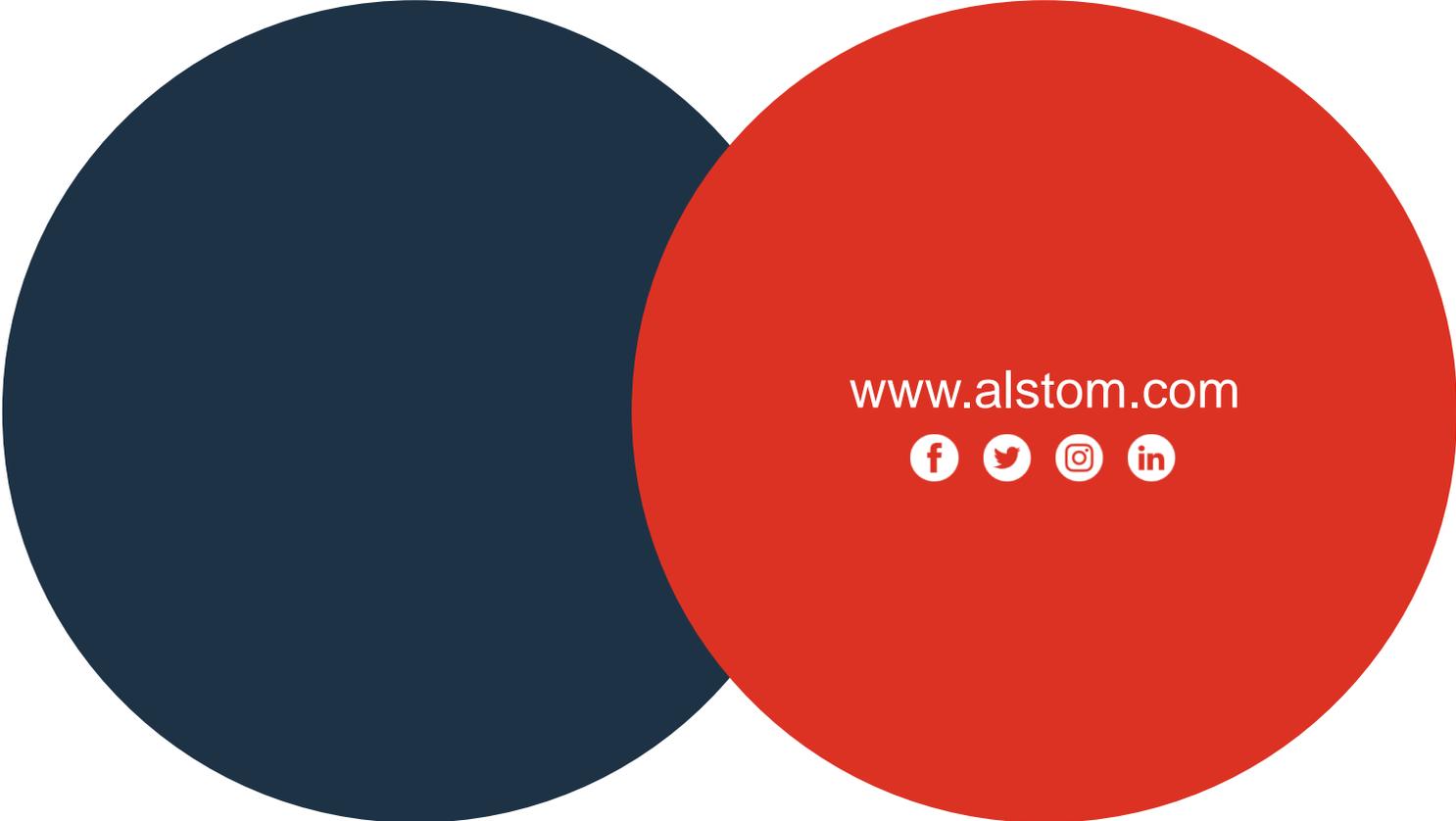
The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

- **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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