

## Alstom Q1 2018/19 Orders and Sales

- **Sound commercial momentum with orders intake of €2.6 billion**
- **Strong sales level at €2 billion, up 14% (17% organic)**
- **Outlook confirmed**
- **Combination with Siemens Mobility reached new milestones**

**19 July 2018** – Over the first quarter of fiscal year 2018/19 (from 1 April to 30 June 2018), Alstom booked €2.6 billion of orders, compared to €1.9 billion over the same period last year. The Group's sales increased to €2.0 billion, up 14% (17% organically) compared to €1.8 billion over the first quarter of 2017/18.

At €35.5 billion on 30 June 2018 and including around 30% of Services, the current backlog provides strong visibility on future sales.

### Key figures

Actual figures (in € million)	2017/18 Q1 (restated for IFRS 15)	2018/19 Q1	% change reported	% change organic
Orders received	1,909	2,641	38%	42%
Sales	1,770	2,017	14%	17%

*Geographic and product breakdowns of reported orders and sales are provided in Appendix 1. All figures mentioned in this release are unaudited.*

*"Alstom is starting the financial year with sound commercial momentum and a strong sales level. In particular, we are proud to have won the driverless light metro system for Montreal, one of the major urban system projects this year. The sales growth was mainly driven by remarkable progress made within Middle East system projects. Consequently, we confirm our outlook. Meanwhile, we are making good progress on the combination with Siemens Mobility. Two days ago, Alstom shareholders approved the transaction with a very large majority,"* said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

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## **Detailed review**

During the first quarter of 2018/19, Alstom recorded €2,641 million of orders, including a driverless light metro system for Montreal, additional Citadis Dualis tram-trains in France, a long-term rolling stock and signalling maintenance contract for Sydney metro, a national on-board train control system in Norway and Citadis trams for Frankfurt.

Sales, at €2,017 million, were up 14% (17% organically) in the first quarter 2018/19, compared to the same period last year. Sales were mainly fuelled by system projects in the Middle East, PRASA project in South Africa and regional trains deliveries in Italy.

## **Main events**

Alstom, previously owning 33% of TMH, reinforced its investment in Russia by reaching a 20% stake in the combined entity that TMH created with Locotech, another Russian company operating in the services activity. The deal represented an investment of €115 million and was completed on 29 June 2018.

Alstom positioned itself as a leader in the global transition to sustainable mobility. The hydrogen train Coradia iLint won the GreenTec Mobility Award, Alstom launched the Transport Decarbonisation Alliance, and hydrogen claimed its place as one of the most promising drivers of the energy transition – all in a quarter leading up to the world-first homologation of Alstom's hydrogen passenger train in Germany.

## **Outlook confirmed**

The Alstom outlook is provided at constant perimeter and exchange rates. It is set in accordance with the new IFRS 15 norm, which is the new applicable standard for revenue recognition.

For the fiscal year 2018/19, sales are expected to reach around €8 billion and adjusted EBIT margin should reach up to 7%.

In the medium term, Alstom should continue to outperform the market growth, gradually improve profitability, and improve cash generation, with possible volatility over some short periods.

## **Creation of a global leader in Mobility**

The proposed combination of Alstom with Siemens Mobility, including its rail traction drive business, has reached significant milestones in the past months.

Alstom and Siemens jointly filed the application for merger control clearance with the European Commission on 8 June 2018.

On 13 July, Alstom and Siemens took note of the European Commission's initiation of a Phase II review of the proposed combination of Siemens' Mobility business with Alstom.

The opening of an in-depth review is common in the case of business combinations of this size and nature and does not therefore prejudice the outcome of the investigation.

On 17 July, Alstom shareholders approved the proposed combination of Alstom with Siemens Mobility.

The transaction is subject to approval by relevant anti-trust authorities and closing is expected in the first half 2019.

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*All figures mentioned in this release are under IFRS 15 application. The sales at 30 June 2018 are presented in comparison with the sales at 30 June 2017, restated to take account of the application of IFRS 15 on 1 April 2018.*

### **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 €8.0 billion and booked €7.2 billion of orders in the 2017/18 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 34,500 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

<b>Actual figures</b> <i>(in € million)</i>	<b>2017/18</b> <b>Q1 (restated for</b> <b>IFRS 15)</b>	<b>%</b> <b>Contrib.</b>	<b>2018/19</b> <b>Q1</b>	<b>%</b> <b>Contrib.</b>
Europe	607	32%	830	31%
Americas	767	40%	1,477	56%
Asia / Pacific	367	19%	302	11%
Middle East / Africa	168	9%	32	1%
<b>Orders by destination</b>	<b>1,909</b>	<b>100%</b>	<b>2,641</b>	<b>100%</b>

<b>Actual figures</b> <i>(in € million)</i>	<b>2017/18</b> <b>Q1 (restated for</b> <b>IFRS 15)</b>	<b>%</b> <b>Contrib.</b>	<b>2018/19</b> <b>Q1</b>	<b>%</b> <b>Contrib.</b>
Europe	897	51%	1,040	52%
Americas	392	22%	363	18%
Asia / Pacific	226	13%	230	11%
Middle East / Africa	255	14%	384	19%
<b>Sales by destination</b>	<b>1,770</b>	<b>100%</b>	<b>2,017</b>	<b>100%</b>

## APPENDIX 1B – PRODUCT BREAKDOWN

<b>Actual figures</b> <i>(in € million)</i>	<b>2017/18</b> <b>Q1 (restated for</b> <b>IFRS 15)</b>	<b>%</b> <b>Contrib.</b>	<b>2018/19</b> <b>Q1</b>	<b>%</b> <b>Contrib.</b>
Rolling stock	1,037	54%	453	17%
Services	401	21%	966	37%
Systems	322	17%	837	32%
Signalling	149	8%	385	15%
<b>Orders by destination</b>	<b>1,909</b>	<b>100%</b>	<b>2,641</b>	<b>100%</b>

<b>Actual figures</b> <i>(in € million)</i>	<b>2017/18</b> <b>Q1 (restated for</b> <b>IFRS 15)</b>	<b>%</b> <b>Contrib.</b>	<b>2018/19</b> <b>Q1</b>	<b>%</b> <b>Contrib.</b>
Rolling stock	782	44%	888	44%
Services	356	20%	380	19%
Systems	344	20%	425	21%
Signalling	288	16%	324	16%
<b>Sales by destination</b>	<b>1,770</b>	<b>100%</b>	<b>2,017</b>	<b>100%</b>

## **APPENDIX 2 - 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.

### **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.

### 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.

<i>(in € million)</i>	<b>Q1 2017/18 (restated for IFRS 15)</b>				<b>Q1 2018/19</b>			% Var Act.	% Var Org.
	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope Impact	Comparable Figures		
Orders	1,909	(50)	-	1,860	2,641	-	2,641	38%	42%
Sales	1,770	(47)	0	1,723	2,017	-	2,017	14%	17%