Outstanding results for Alstom in the first half of 2016/17

- **Continued strong commercial and operational performance**
- **Exceptionally high free cash flow**
- **2020 objectives confirmed**

9 November 2016 – Between 1 April and 30 September 2016, Alstom booked €6.2 billion of orders leading to a new record-breaking backlog of €33.6 billion. Over the same period, sales were up 8% (7% organically), amounting to €3.6 billion. The adjusted EBIT grew from €167 million to €200 million, representing a 20% increase, with an adjusted EBIT margin of 5.6%. The net income (Group share) reached €128 million. In first half of fiscal year 2016/17, free cash flow was exceptionally high at €333 million.

Key figures

Actual figures *(in € million)*	**Half-year ended 30 September 2015**	**Half-year ended 30 September 2016**	*% change reported*	*% change organic*
Orders backlog	27,719	33,570	*21%*	*22%*
Orders received	3,897	6,212	*59%*	*66%*
Sales	3,303	3,570	*8%*	*7%*
Adjusted EBIT	167	200	*20%*	
Adjusted EBIT margin	5.1%	5.6%		
Net income - Group share	(57)	128		
Free cash flow	(1,336)	333		

"Alstom started the fiscal year 2016/17 with excellent results. Commercial performance was very dynamic including the booking of two contracts for a new generation of high-speed train in the US and the extension of the Dubai metro system. Operational performance was sustained with organic sales growth of 7% and adjusted EBIT up by 20%. Free cash flow was exceptionally high, with several large down-payments. These results demonstrate the success of Alstom's strategy and allow us to confirm the 2020 objectives," said Henri Poupart-Lafarge, Alstom's Chairman & Chief Executive Officer.

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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 €6,212 million booked in the first half of fiscal year 2016/17. This compares to €3,897 million registered over the same period last year.

Alstom was awarded several major projects during the semester. 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. Other commercial successes for this first half included Coradia regional trains in Netherlands and Italy, high-speed Avelia Pendolino trains with maintenance in Italy, new metro cars in Peru, as well as maintenance contracts in Canada and in the United Kingdom.

The backlog reached a new record high and amounted to €33,570 million on 30 September 2016.

2. Complete range of solutions

In first half of fiscal year 2016/17, Alstom's sales were up 8% (7% organically) and reached €3,570 million. The book-to-bill remained strong, above 1.7.

Signalling, systems and services represented 54% of sales in first half of 2016/17, in line with 2020 objective of 60%. Signalling sales growth of 33% was supported by the integration of GE Signalling and deliveries in Canada. Systems sales increased by 20% with progress of Riyadh metro system in Saudi Arabia, urban systems deliveries in Brazil and Qatar, as well as infrastructure projects in the United Kingdom. Services slightly decreased to €0.7 billion of sales with an adverse forex impact on maintenance contract in the United Kingdom. Trains reached €1.6 billon 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 (excluding capitalisation and amortisation) at €62 million, i.e. 1.7% of sales, in first half of fiscal year 2016/17. Main programmes included the renewal of mainline and urban train ranges, signalling, and predictive maintenance. With the high-speed train contract with Amtrak in the US, Alstom will deliver a new generation of train with high-level of innovation for both passenger and operator.

4. Operational and environmental excellence

Alstom delivered an adjusted EBIT of €200 million in first half of 2016/17, compared to €167 million over the same period last year, representing a 20% increase. The adjusted EBIT margin reached 5.6% compared to 5.1% in first half of 2015/16. This continuous improvement was driven by volume increase, portfolio mix and on-going initiatives for operational excellence. During the first half of 2016/17, the net income (Group share) amounted to €128 million.

Alstom invested €43 million in capital expenditures in first half of 2016/17 in order to strengthen its global footprint in the emerging markets while modernising its existing facilities.

The Group free cash flow was exceptionally high at €333 million, benefitting from a combination of several large down-payments and phasing of both capex and legacy cash-out. Alstom had a net cash level of €54 million at 30 September 2016, compared to a net debt position of €203 million at 31 March 2016.

Alstom also achieved a 7% reduction in the overall energy consumption of its portfolio compared to a year ago. The Group is on track to meet its objectives to reduce the energy consumption of its solutions by 20% by 2020.

5. Diverse and entrepreneurial people

Alstom pursues its strategy to reflect its passenger base: the company has the ambition to increase diversity, aiming for 25% of Management or Professional roles to be occupied by women, and for 50% of senior management and the talent pool to be non-European within five years. Alstom's employees around the world all share the same culture, underpinned by strong values, integrity and ethics.

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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 half-year financial report, as approved by the Board of Directors, in its meeting held on 8 November 2016, can be found on Alstom's website at www.alstom.com. The accounts have been audited and certified.

About Alstom

As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the railway sector. Alstom manages the widest range of solutions in the market – from high-speed trains to metros and tramways – customised services (maintenance, modernisation,…) and infrastructure and signalling solutions. Alstom is a world leader in integrated railway systems. It recorded sales of €6.9 billion and booked €10.6 billion of orders in the 2015/16 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 31,000 people today.
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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 *(in € million)*	**Half-year ended 30 Sept. 2015**(*)	% Contrib.	**Half-year ended 30 Sept. 2016**	% Contrib.
Europe	1,417	36%	2,124	35%
Americas	834	21%	2,570	41%
Asia / Pacific	602	16%	267	4%
Middle East / Africa	1,044	27%	1,251	20%
Orders by destination	**3,897**	100%	**6,212**	100%

Actual figures *(in € million)*	**Half-year ended 30 Sept. 2015**(*)	% Contrib.	**Half-year ended 30 Sept. 2016**	% Contrib.
Europe	1,983	60%	2,121	59%
Americas	501	15%	577	16%
Asia / Pacific	364	11%	343	10%
Middle East / Africa	455	14%	529	15%
Sales by destination	**3,303**	100%	**3,570**	100%

(*) In comparison with H1 2015/16 publication, Kazakhstan and Azerbaijan were represented and moved from Europe to Middle East/Africa.

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures *(in € million)*	**Half-year ended 30 Sept. 2015**	% Contrib.	**Half-year ended 30 Sept. 2016**	% Contrib.
Trains	1,643	42%	2,971	48%
Services	780	20%	1,596	26%
Systems	524	14%	1,268	20%
Signalling	949	24%	377	6%
Orders by destination	**3,897**	100%	**6,212**	100%

Actual figures *(in € million)*	**Half-year ended 30 Sept. 2015**	% Contrib.	**Half-year ended 30 Sept. 2016**	% Contrib.
Trains	1,565	48%	1,641	46%
Services	791	24%	742	21%
Systems	430	13%	515	14%
Signalling	505	15%	672	19%
Sales by destination	**3,303**	100%	**3,570**	100%

APPENDIX 2 - USE OF NON-GAAP FINANCIAL INDICATORS

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 and to 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.
Adjusted EBIT 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/revaluation 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.
The non-GAAP measure adjusted EBIT indicator reconciles with the GAAP measure EBIT as follows:

(in € million)	**Half-year ended 30 Sept. 2015**	**Half-year ended 30 Sept. 2016**
Adjusted Earnings Before Interest and Taxes (aEBIT)	**167**	**200**
Restructuring costs	(14)	-
Assets impairment	(78)	-
PPA amortisation and integration costs	-	(24)
Capital gains/losses on disposal of business	36	(1)
Others*	13	(7)
Earnings Before Interest and Taxes (EBIT)	**124**	**168**

* includes mainly the reclassification of separation costs in connection with the disposal of discontinued activities from other non-recurring income / (expense) to net profit from discontinued activities for an amount of €(23) million as of 30 September 2015.

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:

(in € million)	**Half-year ended 30 Sept. 2015**	**Half-year ended 30 Sept. 2016**
Net cash provided by / (used in) operating activities	**(1,047)***	**396**
Capital expenditure (including capitalised R&D costs)	(337)	(64)
Proceeds from disposals of tangible and intangible assets	48	1
Free cash flow	**(1,336)**	**333**

* includes mainly the operating cash flow used by discontinued activities for €(1,068) 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, marketable securities and other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt.

(in € million)	**Year ended 31 March 2016**	**Half-year ended 30 Sept. 2016**
Cash and cash equivalents	1,961	2,308
Marketable securities and other current financial assets	22	4
Financial non-current assets directly associated to financial debt	318	276
Less:		
Current financial debt	686	731
Non-current financial debt	1,818	1,803
Net cash/(debt) at the end of the period	**(203)**	**54**

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.