

Half Year Results Fiscal Year 2016/17

9 November 2016

ALSTOM
Designing fluidity

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Agenda

- 1 **Introduction**
- 2 2020 strategy
- 3 Financial results
- 4 Objectives

Outstanding results in H1 2016/17

- Continued strong commercial and operational performance
 - High order intake of €6.2bn and new record-breaking backlog of €33.6bn
 - Sales up 8% (organic 7%) at €3.6bn (book-to-bill over 1.7)
 - Adjusted EBIT up 20%, at €200m, leading to margin at 5.6%

- Exceptionally high free cash flow
 - Free cash flow of €333m
 - Net cash at €54m
 - Equity of €3.4bn

- 2020 objectives confirmed

H1 2016/17 key figures

<i>In € million</i>	H1 2015/16	H1 2016/17	% change reported	% change organic
Backlog	27,719	33,570	21%	22%
Orders	3,897	6,212	59%	66%
Sales	3,303	3,570	8%	7%
Adjusted EBIT	167	200	20%	
<i>Adjusted EBIT margin</i>	5.1%	5.6%		
Net income – Group share	(57)	128		
Free cash flow	(1,336)	333		

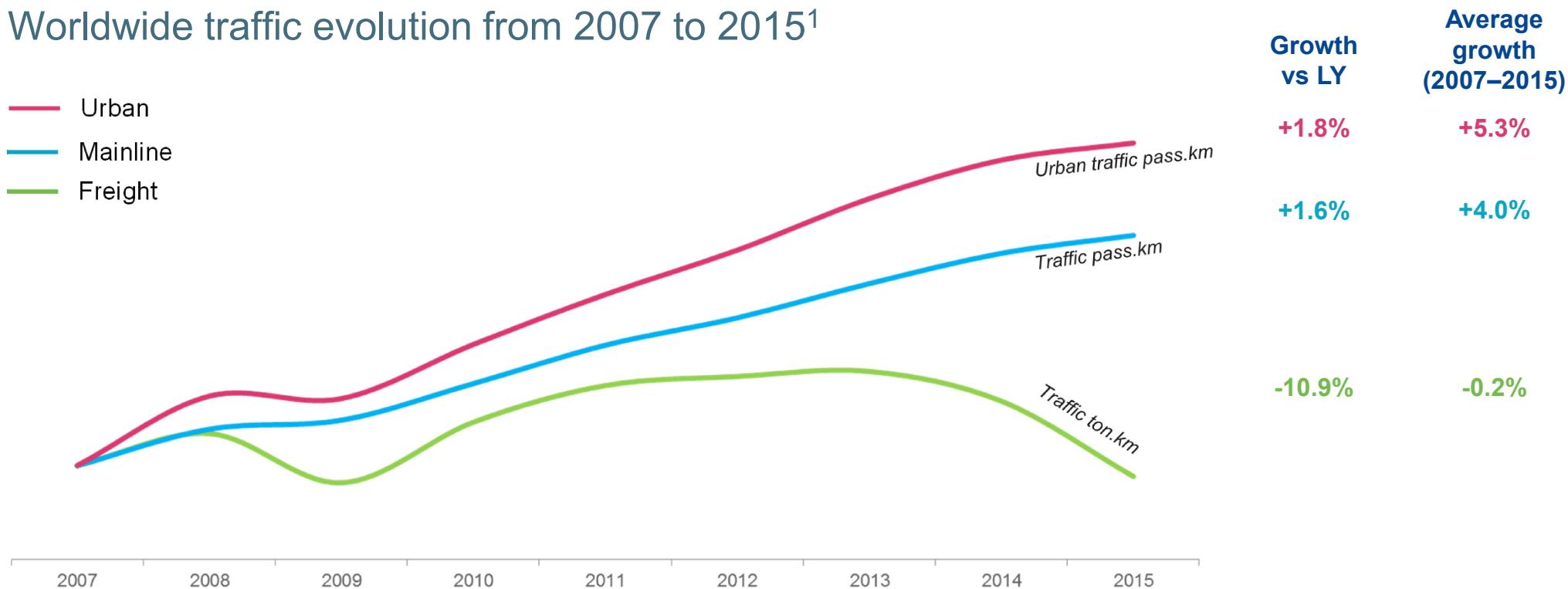
Agenda

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Railway traffic evolution

Worldwide traffic evolution from 2007 to 2015¹

- Urban
- Mainline
- Freight

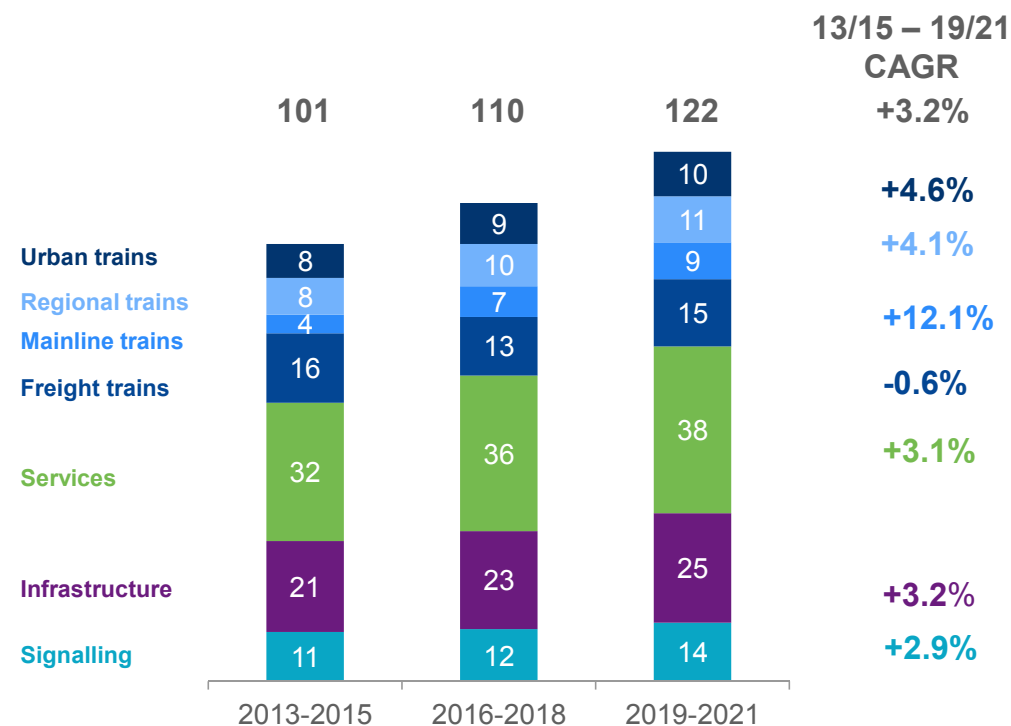
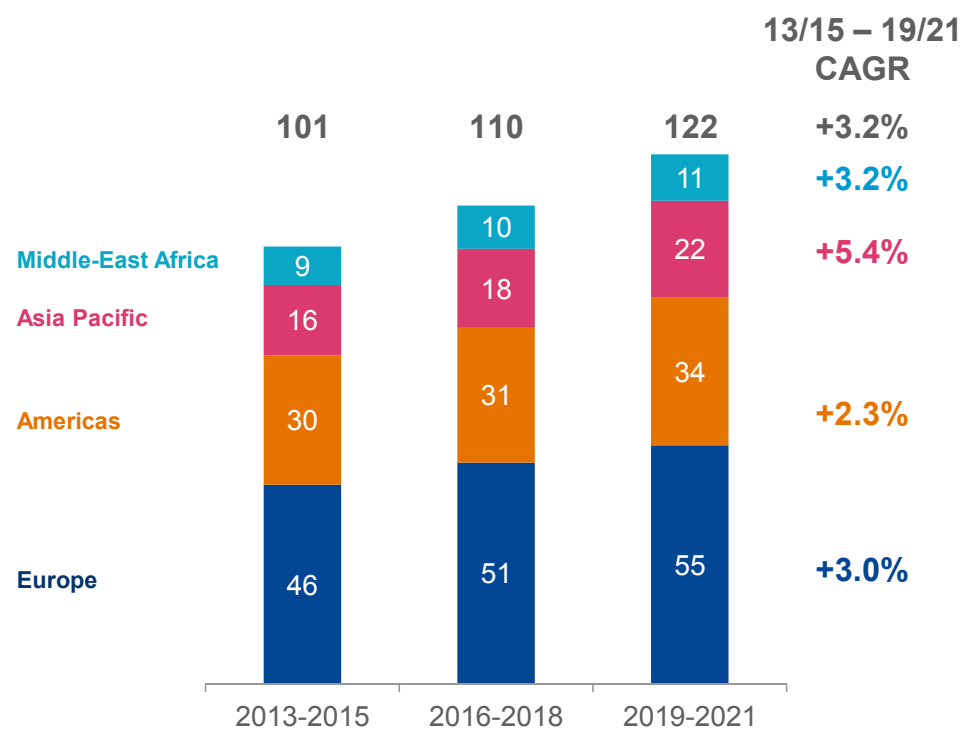


Passenger traffic for urban & mainline keeps growing, but freight is strongly decreasing

¹ Urban traffic figures are for Top 30 cities worldwide; mainline & freight traffic figures are for all major national operators worldwide.

Market forecast

Average annual accessible market (€bn)



Significant growth in all geographical regions confirmed by latest market study

Source: UNIFE Market Study 2016

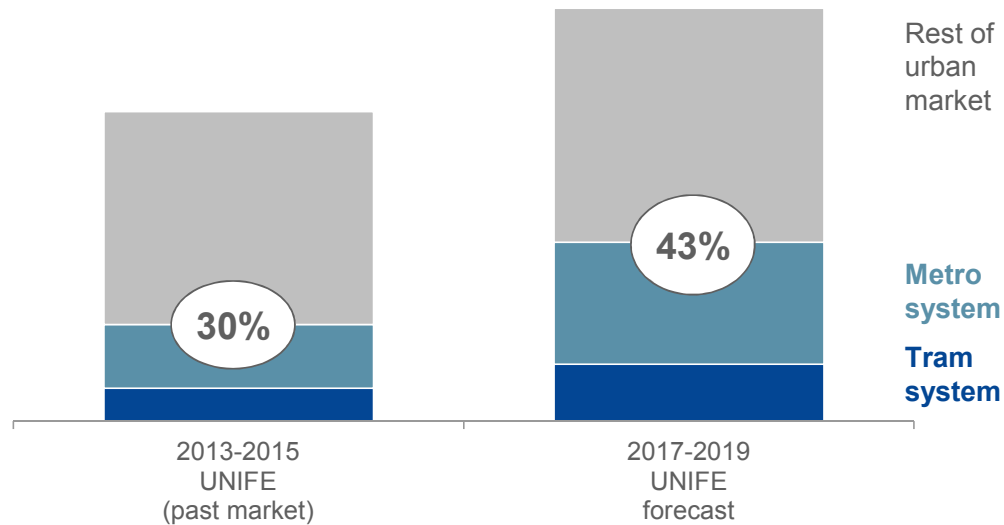
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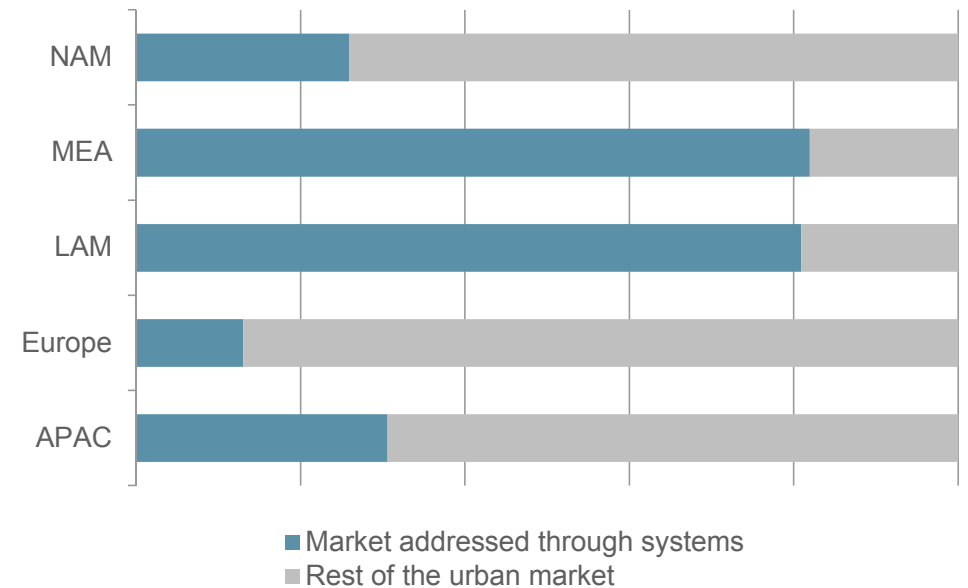


Share of systems within the urban market

System market within urban market
Annual average



Share of urban market addressed through systems
2017-2019



Systems continue to grow up to ~40% of the urban market, especially in MEA, LAM and APAC

Source: Alstom estimation, UNIFE Market Study 2016

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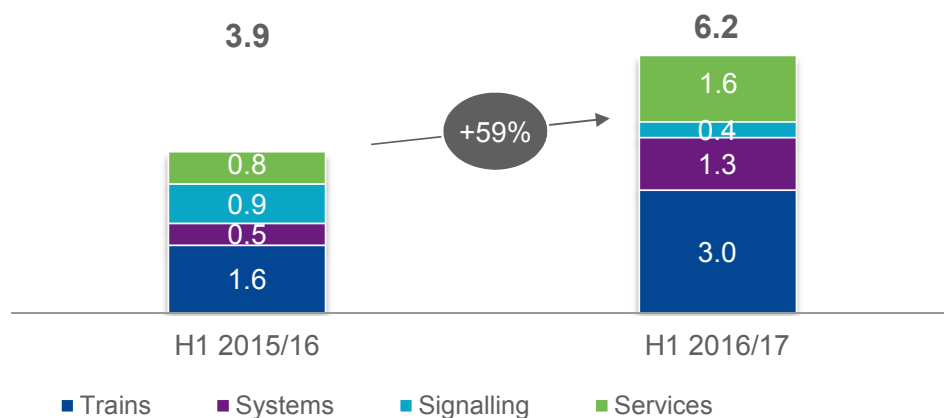
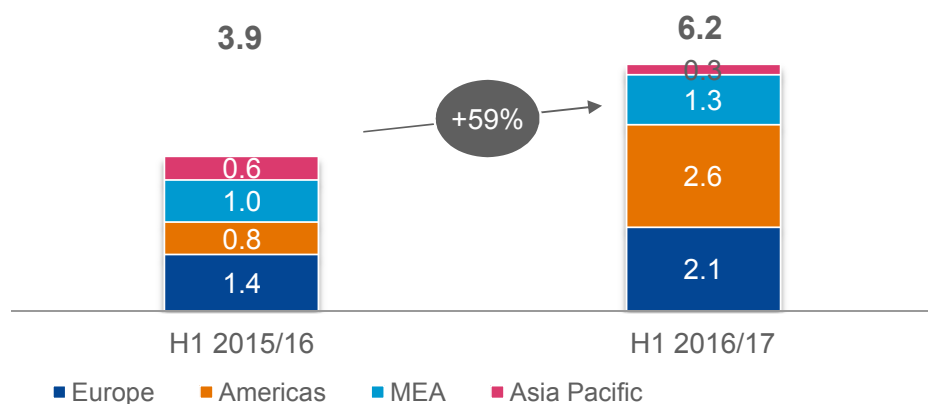
An ambitious strategy for 2020



Customer-focused organisation

Continued strong commercial performance

Orders (in € billion)

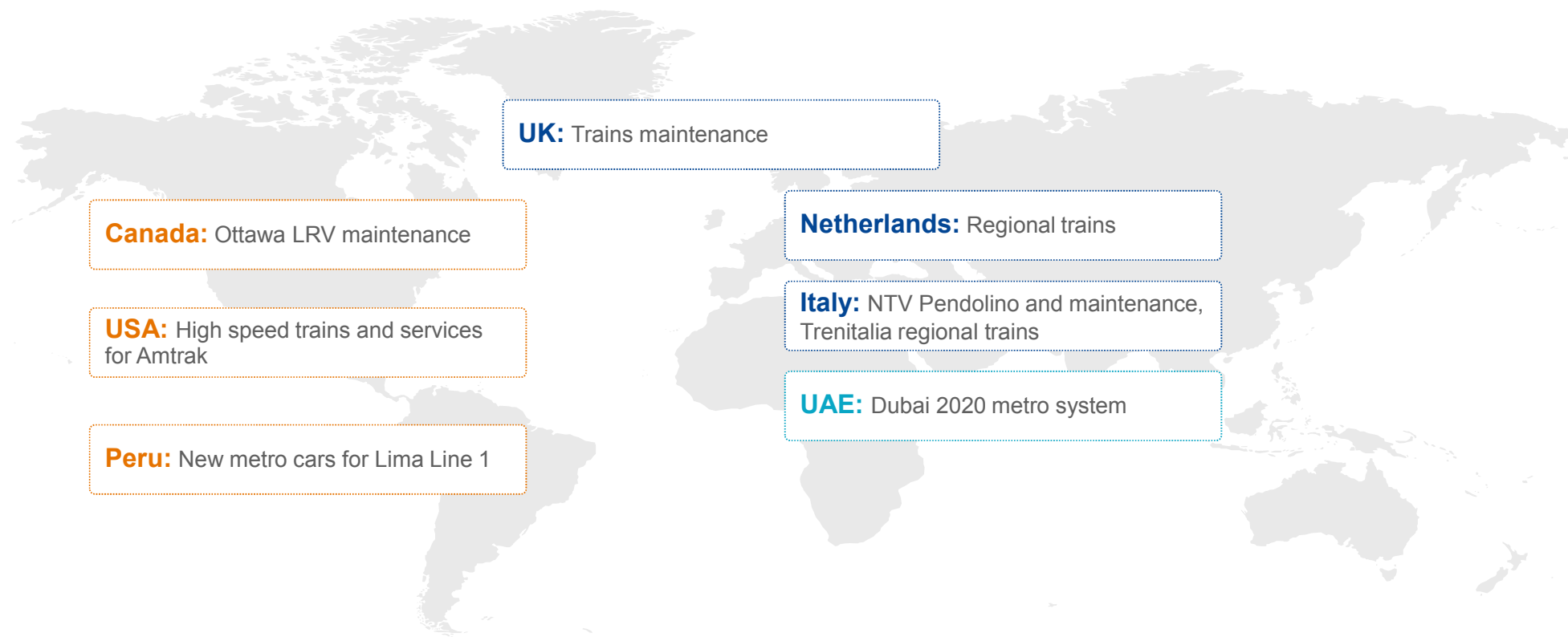


- Strong order intake of €6.2bn
- Book to bill above 1.7
- New record-breaking backlog of €33.6bn

—●→ % change reported

Customer focused organisation

Main H1 2016/17 orders



A very dynamic order trend with recent successes in the US, UAE, Italy and the Netherlands

Customer focused organisation

NTV in Italy

- Options of previous contract signed in October 2015
- 4 Pendolino trains and related maintenance services
- Extension of maintenance services for NTV's entire fleet from 20 to 30 years
- Delivery scheduled end 2017 and ready to enter into service in 2018



NTV's renewed confidence in Alstom expertise

Complete range of solutions

Dubai: a fully integrated system for Expo 2020 link

- Alstom, leader of ExpoLink consortium
- 50 Metropolis trainsets and electromechanical works
- New route extends 15 km and serves Expo 2020
- Delivery of the system before 2020



A fully integrated metro project for Alstom, with a non-negotiable deadline

Complete range of solutions

Towards more systems, signalling and services



- Tram, metro, suburban/regional, high speed, very high speed, locomotive
- Components: traction, bogie, motor

46%



- Maintenance
- Modernisation
- Spare parts, repairs & overhaul
- Support services

21%



- Signalling solutions portfolio for: main lines, urban, control and security
- Sold as products or solutions

19%



- Integrated solutions
- Infrastructure

14%

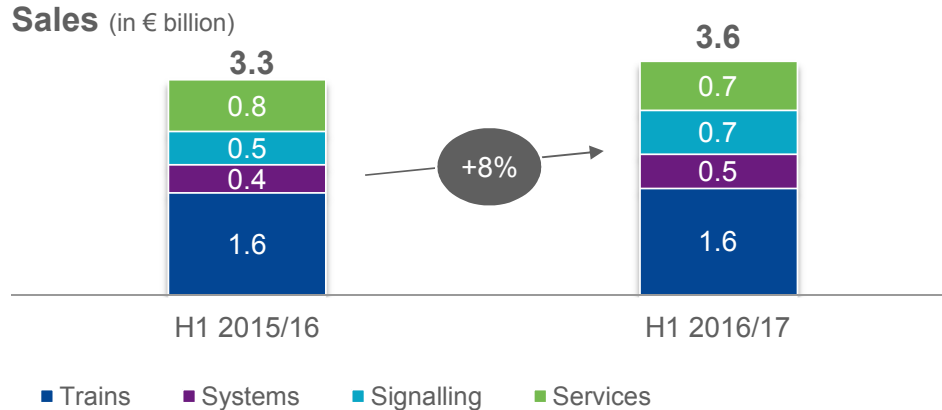


Note: % of H1 2016/17 sales
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Complete range of solutions

Organic sales growth of 7%



■ 5% growth in standalone Trains

- Suburban, regional and high-speed trains in Europe (France, Italy, Sweden, etc.)
- On-going execution of PRASA project
- Tramway deliveries in Algeria

■ 20% growth in Systems

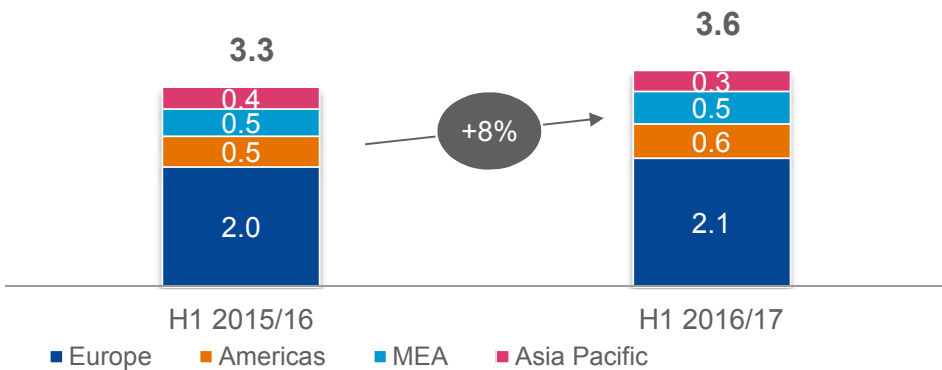
- Progress on metro system in Saudi Arabia
- Tramway systems in Brazil and Qatar
- Infrastructure in UK

■ 33% growth in Signalling

- Deliveries in Canada
- Contribution of GE signalling

■ Slight decrease in Services

- Adverse forex impact on UK contract



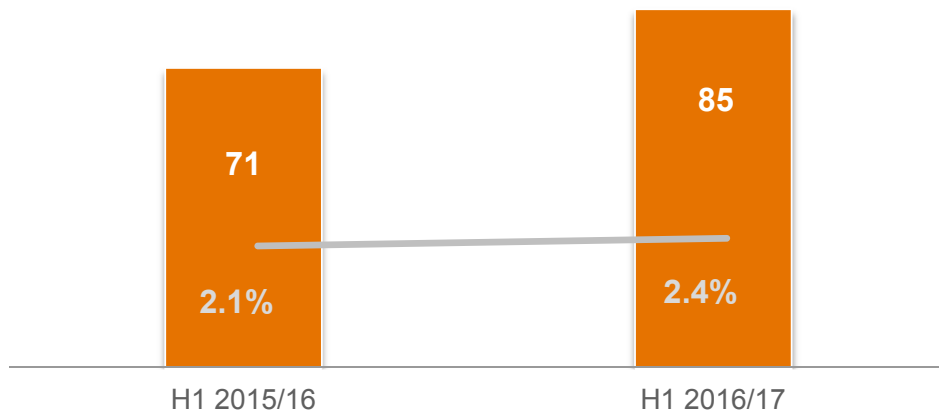
—●→ % change reported

Value creation through innovation

Sustained level of R&D

R&D* (in € million)

— As % of sales



* R&D including externally-funded programmes, excluding capitalisation and amortisation

Main R&D programmes

- Renewal of mainline and urban train ranges
- Signalling programmes
- Predictive maintenance

Value creation through innovation

High speed train contract with Amtrak - US

- 28 **Avelia Liberty trains**, new generation of Alstom very high speed trains
- Optimised maintenance costs
- Improved energy management
- Enhanced comfort for passengers
- A **€1.8bn contract**: deliveries expected to start in 2021



Avelia Liberty for Amtrak

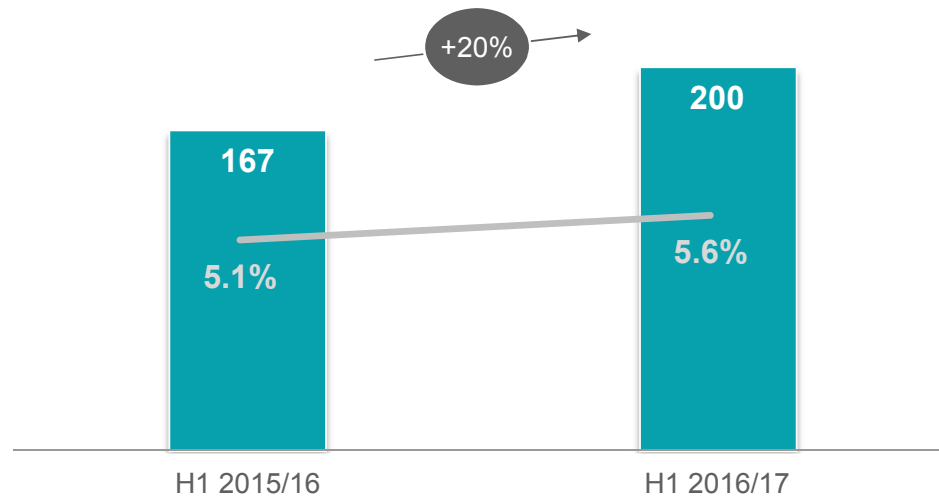
A new generation of train with high level of innovation for both passenger and operator

Operational excellence

Continued strong operational performance

Adjusted EBIT (in € million)

— As % of sales



- Volume increase
- Portfolio mix improvement with accretive acquisitions
- On-going initiatives for operational excellence

— ● — % change reported

Operational excellence

■ Competitive offering

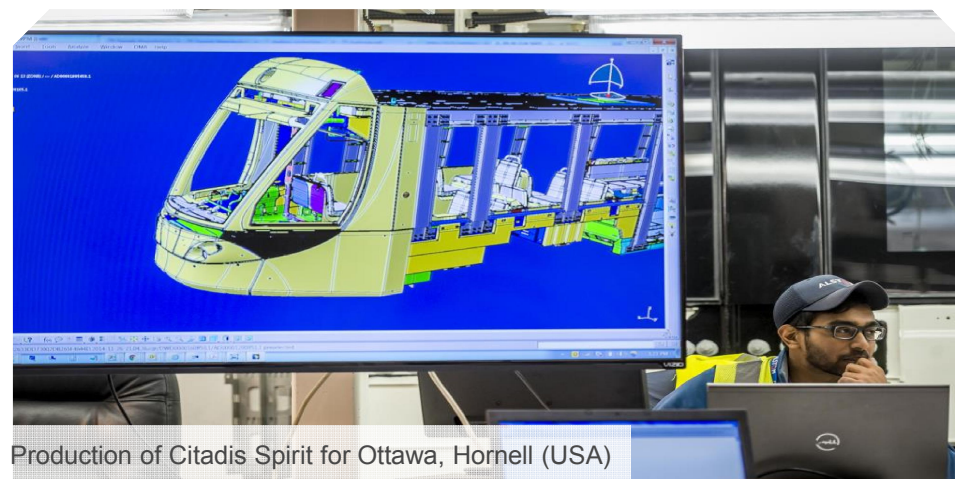
- Sourcing
- Global footprint

■ Excellence in delivery

- Global business transformation underway
- Strong project management skills
- Flawless execution

■ A digitalisation plan to create an agile and effective information system

■ Cash focus programme



To remain competitive while supporting margin improvement

Operational excellence

Competitive offering

Sourcing

■ Alstom Alliance

- Premium partnerships with strategic suppliers to support geographical expansion, share innovations and mutualise development of key components
- Quality, cost-effective and reliable solutions
- Total of 34 members with 10 new ones during Innotrans fair

■ Global sourcing

- Increase of India sourcing volume
- Above one third purchased in low cost countries

Global footprint

■ India ramp-up

- 2,300 people as end of September 2016



Operational excellence

Optimised train product ranges: a platform approach

- Optimised costs
- Improved modularity and design
- Better energy efficiency

Urban



Metropolis



Citadis

Mainline



Coradia



Avelia

Operational excellence

First successes for our new generation of Coradia trains



79 Intercity trains for the Netherlands operator

- €0.8 billion
- First deliveries by 2020



150 regional trains for Trenitalia with first order of 47 trains

- €0.9 billion for the frame contract
- First deliveries by early 2019

Optimised layout, weight, modularity and cost

Operational excellence

Update on Cash focus programme

■ “Sourcing 4 Cash” led by a cross-functions team

- Review of Terms & Conditions (T&C’s)

■ Cash improvement calls launched on major sites with focus on:

- Inventory & work in progress management
- Overdue reduction
- Local application of T&C’s
- Cost incurred management

■ Other actions

- Continuous training through videos and “Cash Talks” available to all
- Reinforcement of cash related matter in the early phase of business development and tender phase
- Regular meetings during project execution

Strong management actions in place to optimise working capital

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Income statement

In € million

	H1 2015/16*	H1 2016/17
Sales	3,303	3,570
Adjusted EBIT	167	200
<i>Adjusted EBIT margin</i>	5.1%	5.6%
Restructuring charges	(14)	-
Other charges	(29)	(32)
EBIT	124	168
Financial result	(86)	(71)
Tax result	(2)	(32)
Share in net income of equity investees	13	47
Minority interests from continued op.	(8)	(8)
Net income – Discontinued operations **	(98)	24
Net income – Group share	(57)	128

* Includes mainly the reclassification of separation costs of €(23) million from other charges to net income - discontinued operations

** Group share

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Free cash flow

<i>In € million</i>	H1 2015/16	H1 2016/17
Adjusted EBIT	167	200
Depreciation & amortisation	74	69
Restructuring cash-out	(24)	(18)
Capex	(50)	(43)
R&D capitalisation	(28)	(21)
Change in working capital	(164)	188
Financial cash-out	(83)	(11)
Tax cash-out	(162)	(40)
Other*	(1,066)	9
Free cash flow	(1,336)	333

*includes free cash flow from discontinued operations

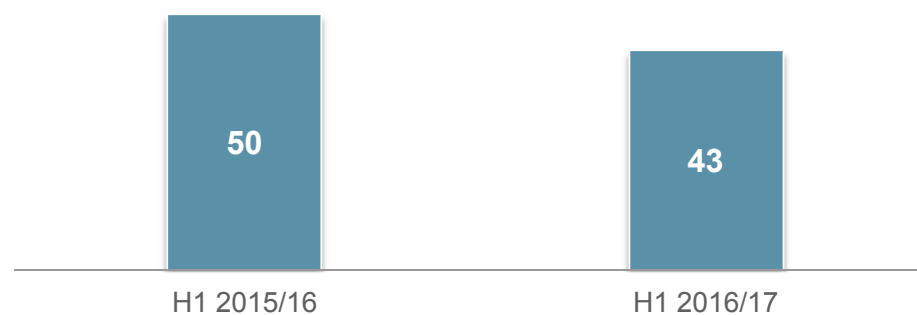
- **High contribution of operating profit**
- **Positive evolution of working capital**
 - Several large down-payments
 - Volatility on short period
- **Phasing of both capex and legacy cash-out**

Capex developments

- Control of recurring capex
- Slow ramp up of transformation capex



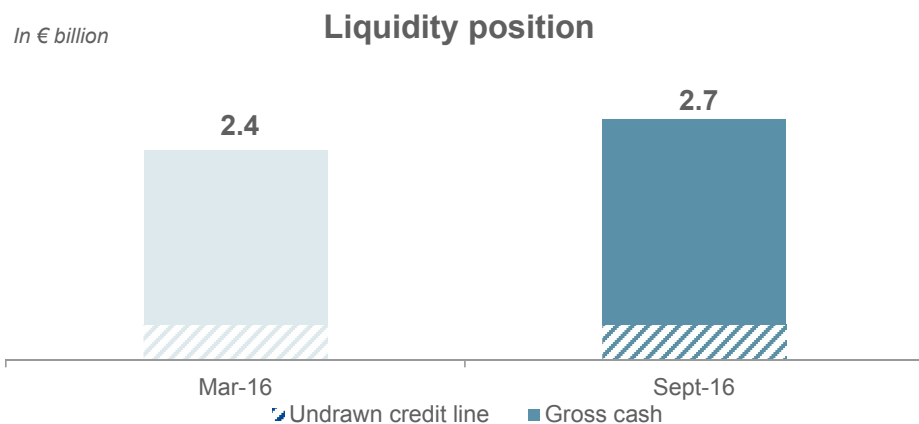
Capex* (in € million)



* excluding capitalised development costs

New sites to meet customers' growing demand for a local presence
c. €300m transformation capex expected over next 3 years

Liquidity and gross debt

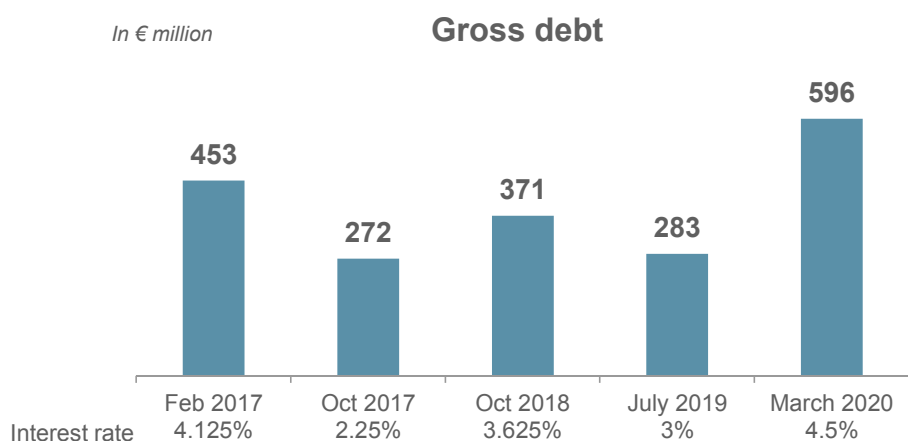


Liquidity

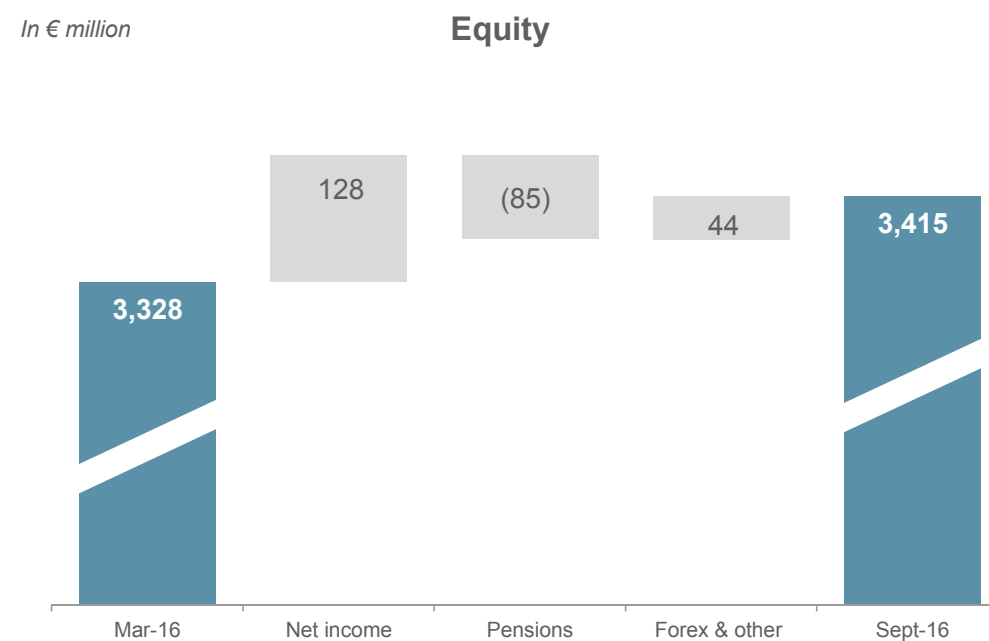
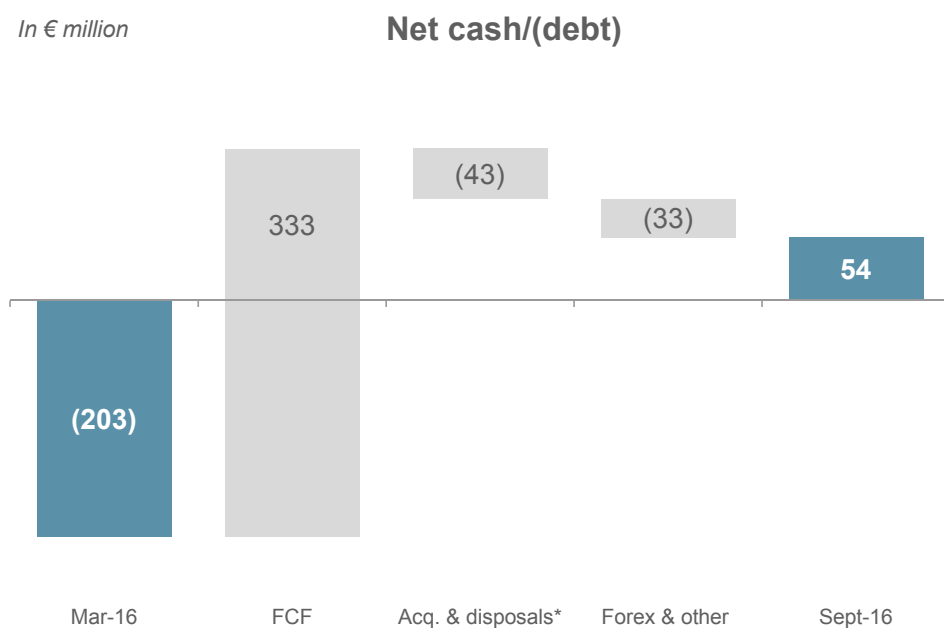
- €2.3bn cash and cash equivalents as of 30 September 2016
- €400m revolving credit facility ; fully undrawn
- Flexibility with Energy JVs put options

Gross debt

- €2bn outstanding bonds as of 30 September 2016
- Next maturity in February 2017 (c.€0.5bn)



Net cash & equity



* includes GE related separation impact (e.g. IS&T)

Agenda

- ① Introduction
- ② 2020 strategy
- ③ Financial results
- ④ **Objectives**

2020 objectives confirmed

2020 OBJECTIVES

- **Sales expected to grow at 5% per year organically**
- **Adjusted EBIT margin to reach around 7%**
- **c. 100% conversion from net income to free cash flow**

Contacts and agenda

Contacts

Selma BEKHECHI

Investor Relations Director
+33 (0)1 57 06 95 39

Julien MINOT

Investor Relations Manager
+33 (0)1 57 06 64 84

investor.relations@alstom.com

Agenda

17 January 2017

Q3 2016/17 Orders and Sales

4 May 2017

Full Year 2016/17 Results



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