

Full Year Results Fiscal Year 2015/16

11 May 2016

ALSTOM
Designing fluidity

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Agenda

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

Key take-aways

- Record commercial year and very strong operational performance
 - Record high order intake and backlog of resp. €10.6bn and €30.4bn
 - Sales up 12% (organic 7%) at €6.9bn (book-to-bill = 1.5)
 - Adjusted EBIT up 23%, at €366m, leading to margin at 5.3%
- Strengthened balance sheet
 - Net income of €3.0bn, benefitting from deal and after exceptional impairments
 - Net debt significantly decreased at €203m
 - Equity of €3.3bn
- 2020 strategy on-track allowing to confirm 2020 objectives

2015/16 key figures

<i>In € million</i>	2014/15	2015/16	% change reported	% change organic
Backlog	28,394	30,363	+7%	+14%
Orders	10,046	10,636	+6%	+7%
Sales	6,163	6,881	+12%	+7%
Adjusted EBIT	298	366	+23%	
<i>Adjusted EBIT margin</i>	4.8%	5.3%		
Net income – Group share	(719)	3,001		
Free cash flow - Group	(429)	(2,614)		
Net cash/(debt)	(3,143)	(203)		

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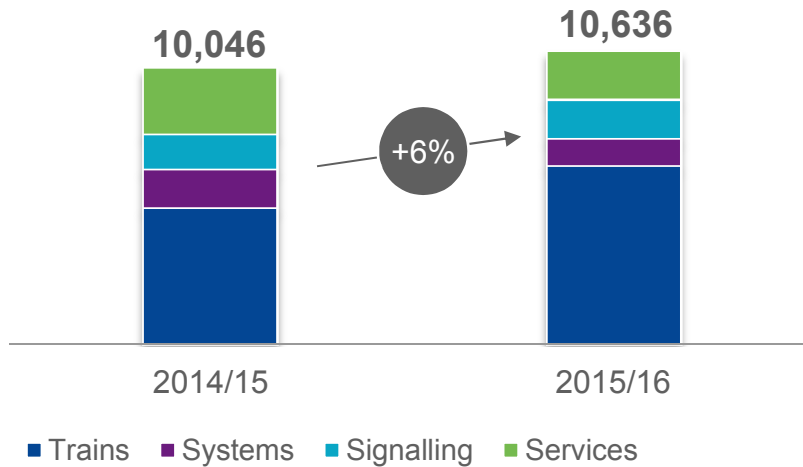
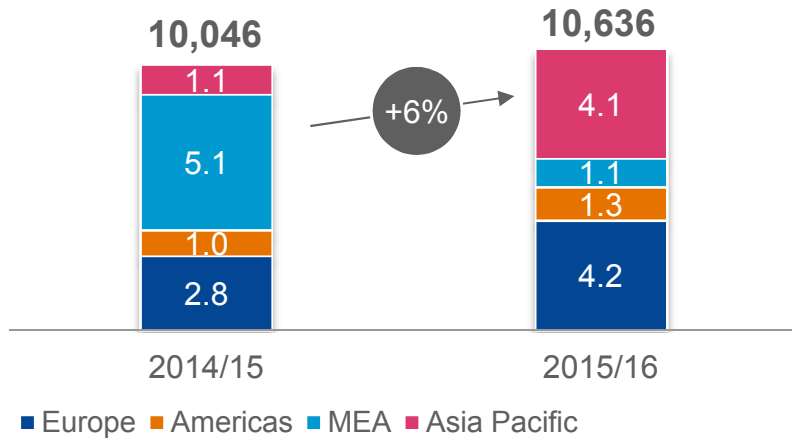
An ambitious strategy for 2020



Customer focused organisation

Record level of orders

Orders (in € million)



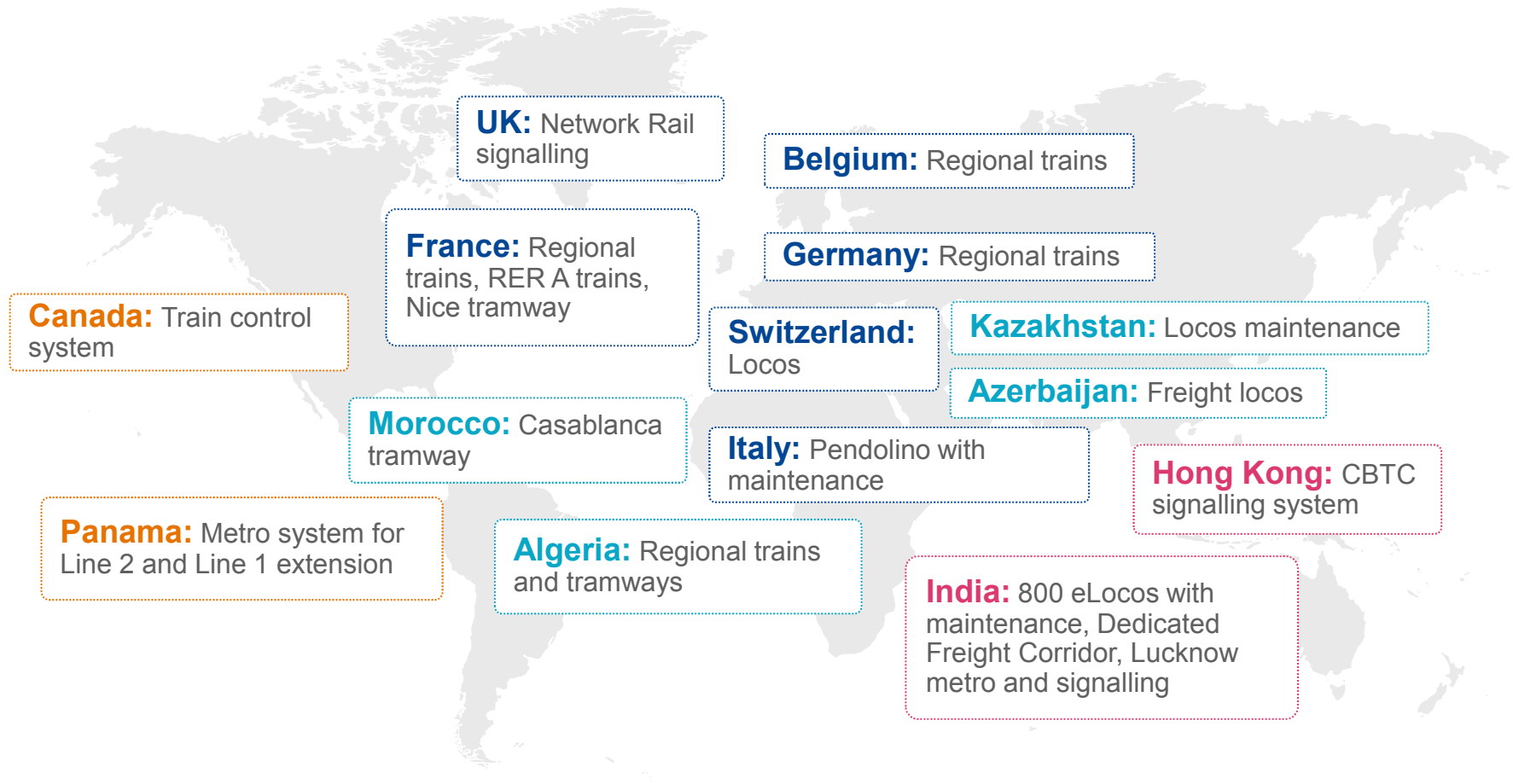
—●→ % change reported

Solid commercial momentum

- Strong order intake of €10.6bn
- Book to bill of 1.5
- 7% organic increase vs 2014/15
- Emerging markets representing c.60%
- eLocos project in India booked in Q4 for c.€3.2bn

Customer focused organisation

Main 2015/16 orders



Successes across all geographies

Customer focused organisation

eLoco project in India

■ Scope

- 800 electric locomotives
- Associated maintenance: 13 years for the first 250 locos and 4 years for the following 250
- €200m investment incl. set up of manufacturing plant and two depots
- JV with Indian Railways (74%/26%)



■ Status

- Contract signed in November 2015 with Indian Railways
- Booking in Q4 2015/16
- Deliveries expected between 2018 and 2029

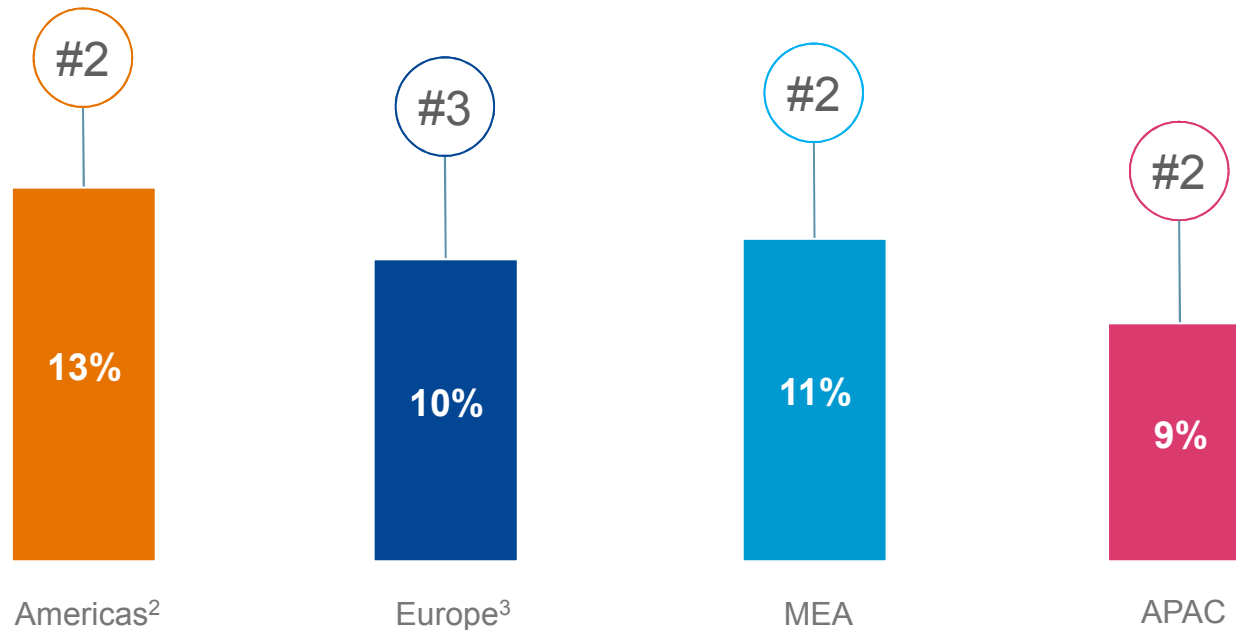
€3.2bn contract for 800 electric locomotives and maintenance

Customer focused organisation

Leader on all continents

1

Our market share¹ (%) and ranking in 2015/16



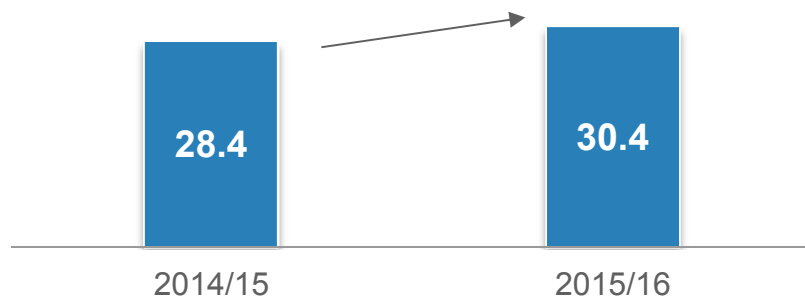
Note: (1) Market shares and rankings based on 2015/16 orders; (2) Excluding freight market ; (3) Russia not included as market handled directly by TMH
Source: UNIFE Market Study 2014; Official Financial Results ; Alstom estimation

Objective to reach critical size in each region (#1 or #2 where relevant)

Customer focused organisation

Backlog at a new record high

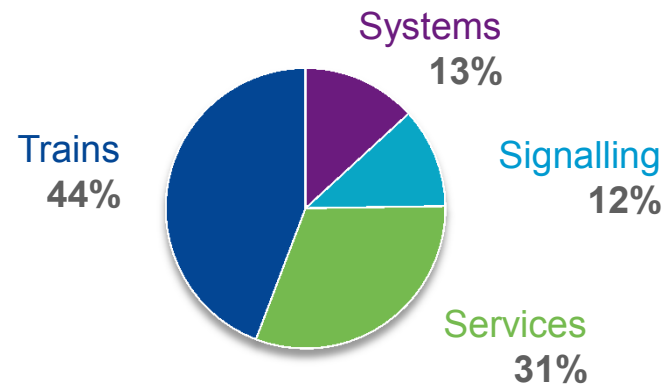
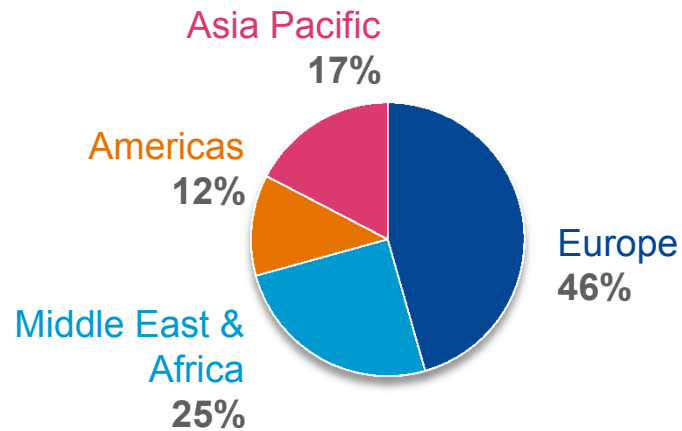
Backlog (in € billion)



Record high backlog of €30.4bn

- Strong visibility on future sales
- Progressive conversion
- Incl. one third of services

Breakdown as end of March 2016



Customer focused organisation

Strategic partnerships & new sites around the world

Russia TMH (trains)	Algeria CITAL (trams)	India Chennai (trains)*	South Africa Gibela (suburban trains)	Turkey Istanbul hub *	India Madhepura (locos) Coimbatore*
Kazakhstan EKZ (locos)	France Metrolab (R&D)	France NTL (trams)	Kazakhstan KEP (signalling)	Brazil Taubaté *	Sweden Motala (Services)
		MEA APAC LAM Systems & Signalling hubs *	India Bangalore *	UK SSL (Signalling)	Russia TMH (trains) Kazakhstan EKZ (locos)



* New Alstom sites

2015/16

Solid, efficient and well-established network of partners and new sites to meet customers' growing demand for a local presence

Complete range of solutions

Towards more systems, signalling and services

TRAINS



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

46%



SERVICES



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

22%



SIGNALLING



- Signalling solutions portfolio for:
 - Main lines
 - Urban
 - Control and security
- Sold as products or solutions

17%



SYSTEMS



- Integrated solutions
- Infrastructure

15%



Systems, signalling & services totalling 54% of 2015/16 sales and to represent c. 60% by 2020

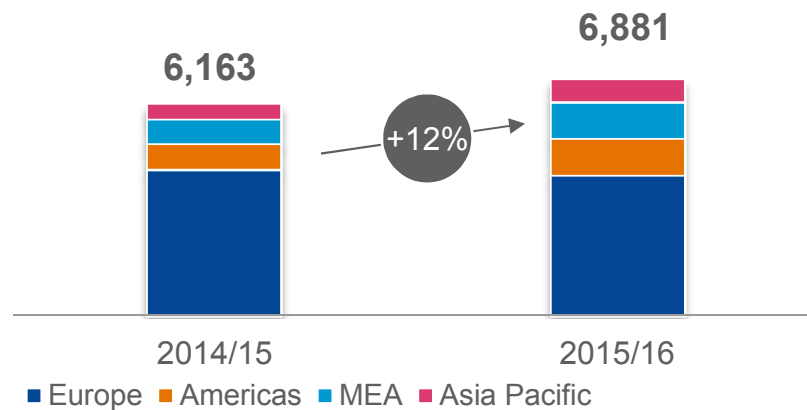
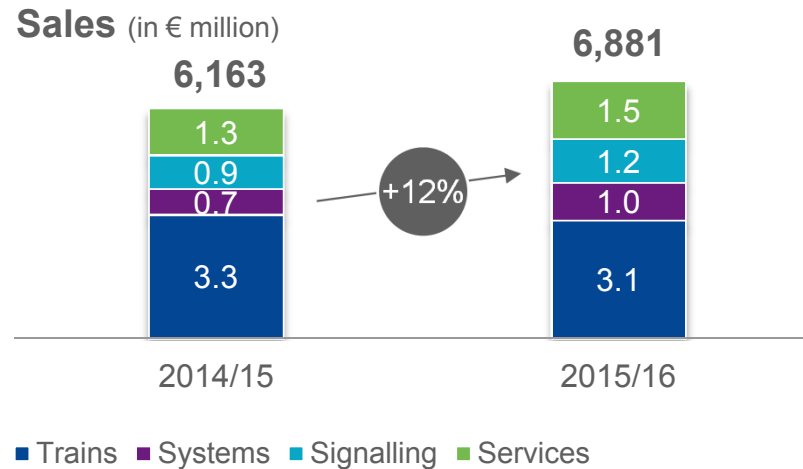
Note: % of 2015/16 sales, including GE sig. for 5 months

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Complete range of solutions

Marked sales increase



Sales growth of 12% (organic 7%)

■ Slight decrease in standalone trains

- Regional deliveries in Europe
- On-going execution of PRASA project
- Metro in Singapore, Argentina, India
- Progress on very high speed in Morocco
- Major milestones on locos in Kazakhstan
- Tramway deliveries in Algeria

■ 49% growth in Systems

- Progress on metro system in Saudi Arabia
- Urban systems in Brazil and Venezuela

■ 30% growth in Signalling

- Deliveries in Spain, France
- Integration of GE signalling and SSL

■ 23% growth in Services

- Contract execution in UK and Sweden
- Maintenance activities in the USA

—●→ % change reported

Complete range of solutions

On-going execution of PRASA project

■ Scope

- Design, manufacture and supply 600 trains for South Africa fleet renewal
- Parts supply & technical support for 19 years
- Gibela Joint Venture led by Alstom (61%), local factory, 65% average local content

■ Status

- First train delivered from Brazil end 2015
- Local factory construction started in March 2016
- First train to be manufactured in South Africa end 2017



Customer: Passenger Rail Agency of South Africa

Largest contract ever in Alstom history (c. €4bn), well on its way

Value creation through innovation

Staying a step ahead

1

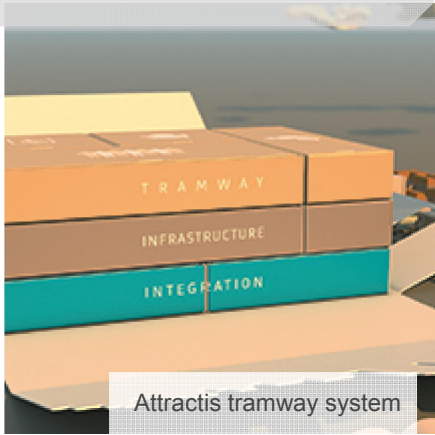
Boost technical innovation to increase differentiation



Citadis X05

2

Invest in competitiveness-oriented technology



Atractis tramway system

3

Optimise customers' total cost of ownership



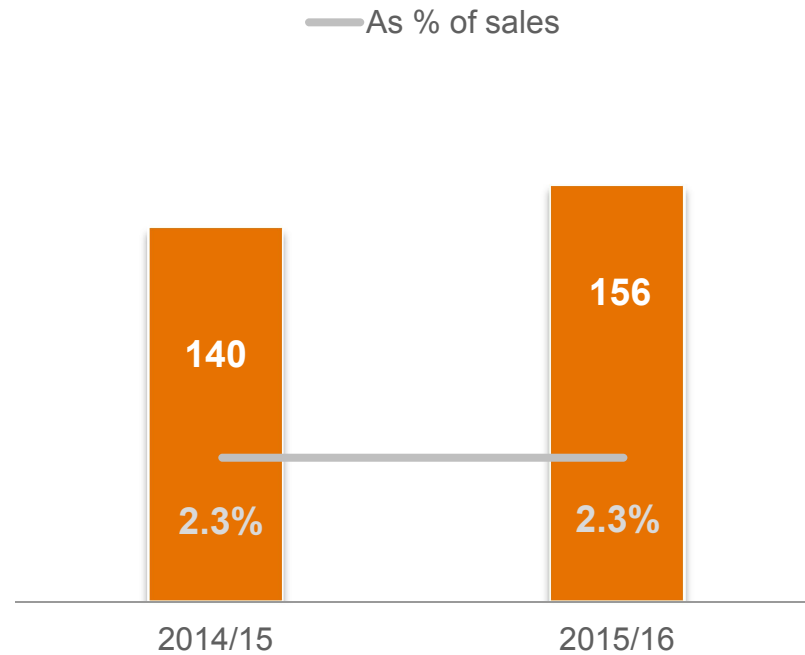
Coradia maintenance

An R&D strategy focused on differentiation and competitiveness
30% of total orders coming from newly developed products by 2020

Value creation through innovation

2015/16 R&D

R&D¹ (in € million)



Note: (1) R&D excluding capitalisation and amortisation

Main R&D programmes

- Citadis X05 tramway
- Signalling programmes
- HealthHub predictive maintenance tool

New launched initiatives

- Attractis tramway system
- Static Recharge System

Sustained R&D expenses

Value creation through innovation

Nice tramway project

€91m project

Awarded in October 2015

Scope

- 19 Citadis X05 tramway
- SRS, Static Recharge System
- Citadis Ecopack



Latest generation of tramway for the city of Nice

Value creation through innovation

Evolution of Avelia range

Very high-speed train of the future programme

- 750 seats
- -35% energy consumption
- Optimised maintenance cost

JV SpeedInnov with ADEME



Operational excellence

At the heart of Alstom strategy

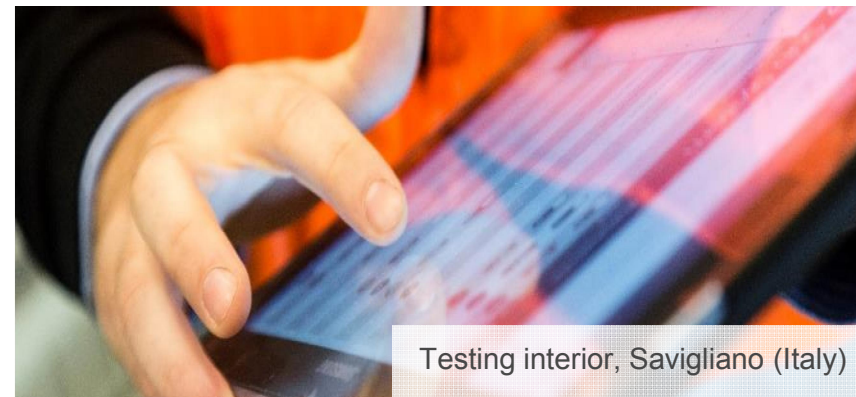
■ Competitive offering

- Sourcing
- Global footprint

■ Excellence in delivery

- Global business transformation underway
- Strong project management skills

■ Cash focus programme



- Operational excellence to remain competitive
 - while supporting margin improvement

Operational excellence

Competitive offering in 2015/16

Sourcing

- **Supplier day** held in India beg. 2016
 - Gathering 90 strategic suppliers, representing 50% of purchases
 - New partnerships signed, with bundle, total cost of ownership and catalogue approach
 - India sourcing volume of c.€150m 6x vs 2014/15
- **Above one third purchased in low cost countries**

Global footprint

- **India ramp-up**
 - India trains, components and signalling engineering centre ramp-up: 1,800 people in 2015/16
 - First fully-made in India metro trainset delivered to Kochi customer
- **First tramways manufactured in Latin America**
- **Construction of Gibela factory started**

Operational excellence

Excellence in delivery in 2015/16

■ New tools deployment started

- Alstom integrated information system massive roll-out launched (10 countries deployed in 15/16)
- APSYS, lean manufacturing system extending to Engineering and Project Management
- New electrical organisation (NEO) in main sites in Europe



Manufacturing Excellence for Alstom



Manufacturing execution system

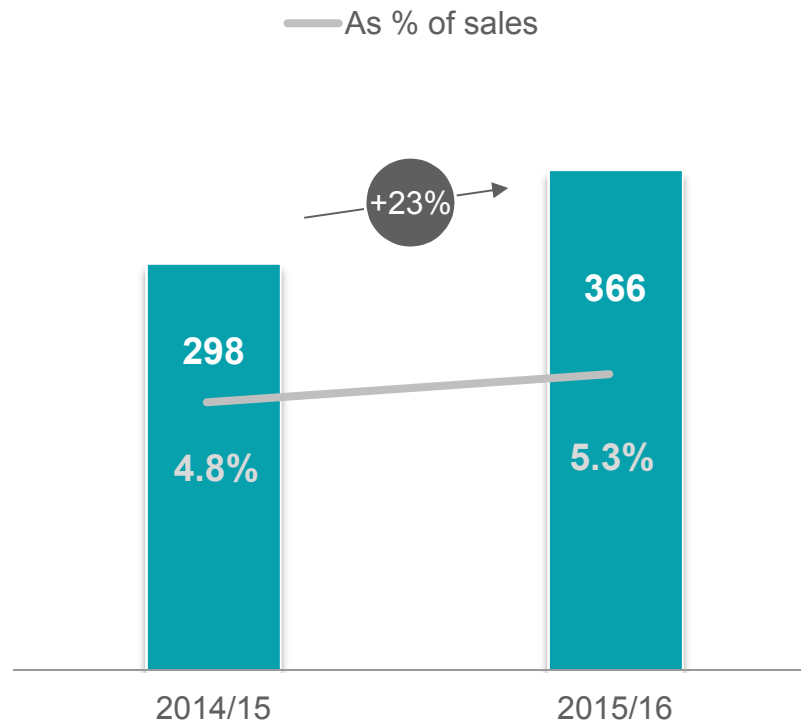


New electrical organisation (NEO)

Operational excellence

Very strong operational performance

Adjusted EBIT (in € million)



aEBIT increase of 23%

- Volume impact
- Progressive portfolio mix impact
- On-going actions on operational excellence
- Partly offset by price pressure and competitive environment

— ● — % change reported

Operational excellence

Cash focus programme launched

Main levers

■ Terms and conditions

- Level of down payment now stabilised

■ Design to cash actions such as:

- Planning of supplies
- Manufacturing lead-time
- Inventory management, ...

Key practices

- Worldwide training (e.g. sales community)
- Upfront review of cash information, from the anticipation phase
- Regular meetings during project execution

Example

- Time to market of new standard metro: 12 months (actual 15 months)

Strong management actions in place to optimise working capital

Environmental excellence

■ Improve our environmental footprint

- Continue our efforts on energy saving, waste and CO₂
- ISO 14001 for all operational units with more than 200 people
- 2020 objective: energy intensity reduction by 10%. Status: 2.3% in 2015

■ Improve energy consumption for solution

- Better sizing and energy consumption measurement
- 2020 objective: energy consumption reduction by 20%. Status: on track

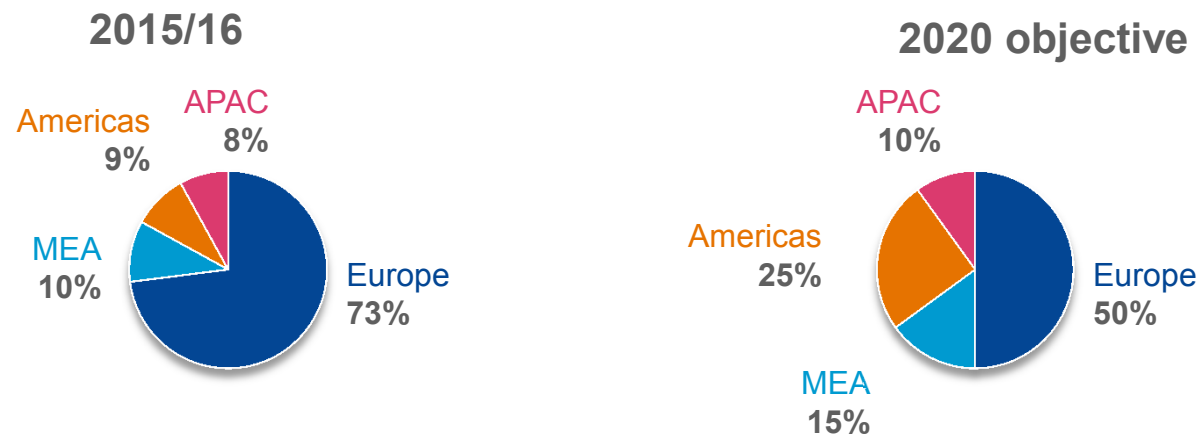
■ Safety at work



- Alstom Zero Deviation Plan
- Zero Severe Accidents on High Risk Activities
- 2020 objective: injury frequency rate (IFR1) at 1. Status: 1.8 in 2015/16

Diverse and entrepreneurial people

- **31,000 employees worldwide**
- **Diversity** in terms of gender, generation, nationality, social and cultural background...
- **Training plans, development programs...**
- **2020 objectives**
 - 25% women in a management or professional role. Status: 20% in 2015/16
 - For middle management and talent pool, nationalities to reflect activities:



Organic growth boosted by selective acquisitions

- **Small to mid-size acquisitions**
- **Support international expansion and strengthen leading positions**
- **2015/16 acquisitions**
 - GE Signalling
 - SSL, signalling in UK
 - Motala Train AB, Services in Sweden



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Income statement

In € million

	2014/15	2015/16
Sales	6,163	6,881
Adjusted EBIT	298	366
<i>Adjusted EBIT margin</i>	4.8%	5.3%
Restructuring charges	(106)	(138)
Other charges	(813)	(454)
EBIT	(621)	(226)
Financial result	(137)	(275)
Tax result	8	(597)
Share in net income of equity investees	(64)	30
Minority interests from continued op.	(9)	(15)
Net income – Discontinued operations *	104	4,084
Net income – Group share	(719)	3,001

* Group share

Exceptional context

■ Deal impact

Capital gain of €4.2bn after tax

Financial result impacted by legacy gross debt costs and bond buy-back

Tax result impacted by €(0.5)bn derecognition of deferred tax assets

■ Exceptional impairments mainly in France

€(0.4)bn exceptional impairments of both tangible and intangible assets

€(0.1)bn restructuring and rationalisation linked to global footprint adaptation

Net income of €3bn, after deal impact and exceptional impairments

Free cash flow

<i>In € million</i>	2014/15	2015/16
Adjusted EBIT	298	366
Depreciation & amortisation	144	138
Restructuring cash-out	(85)	(61)
Capex	(99)	(154)
R&D capitalisation	(67)	(73)
Change in working capital	(133)	(892)
Other	18	25
Free cash flow* – Continued operations	77	(652)
Free cash flow* – Discontinued operations	19	(1,461)
Financial cash-out	(276)	(291)
Tax cash-out	(249)	(211)
Free cash flow – Group	(429)	(2,614)

- FCF from continued operations impacted by settlement of DoJ fine of c. €(720)m in Nov. 2015
- Cash focus programme launched

* Before tax and financial cash-out

Capex developments

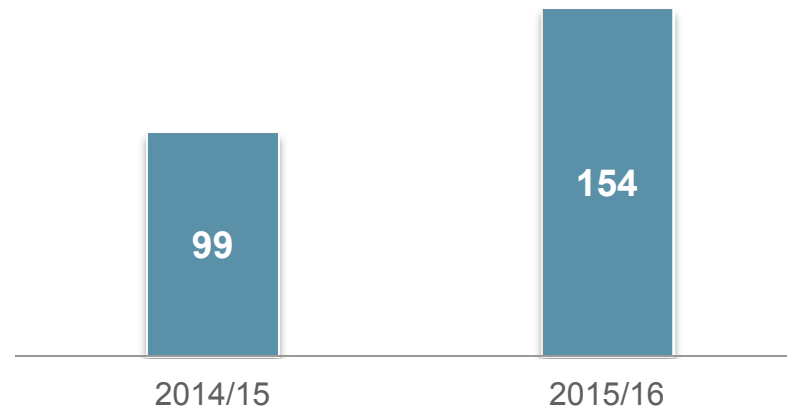
■ Development in emerging markets

- Sri City extension in India
- Start of Gibela factory in South Africa

■ Rationalisation of real estate policy

- Acquisition of Barcelona Plant

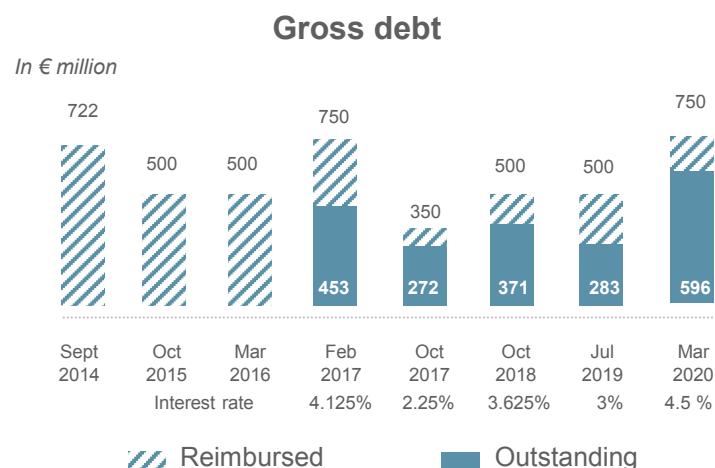
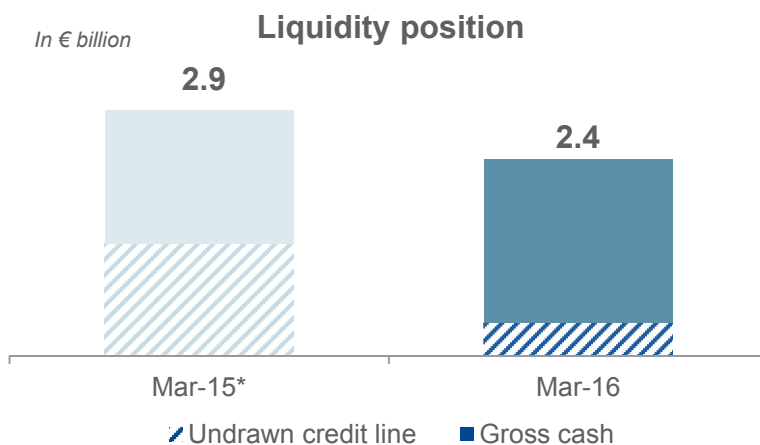
Capex¹ (in € million)



Note: (1) 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

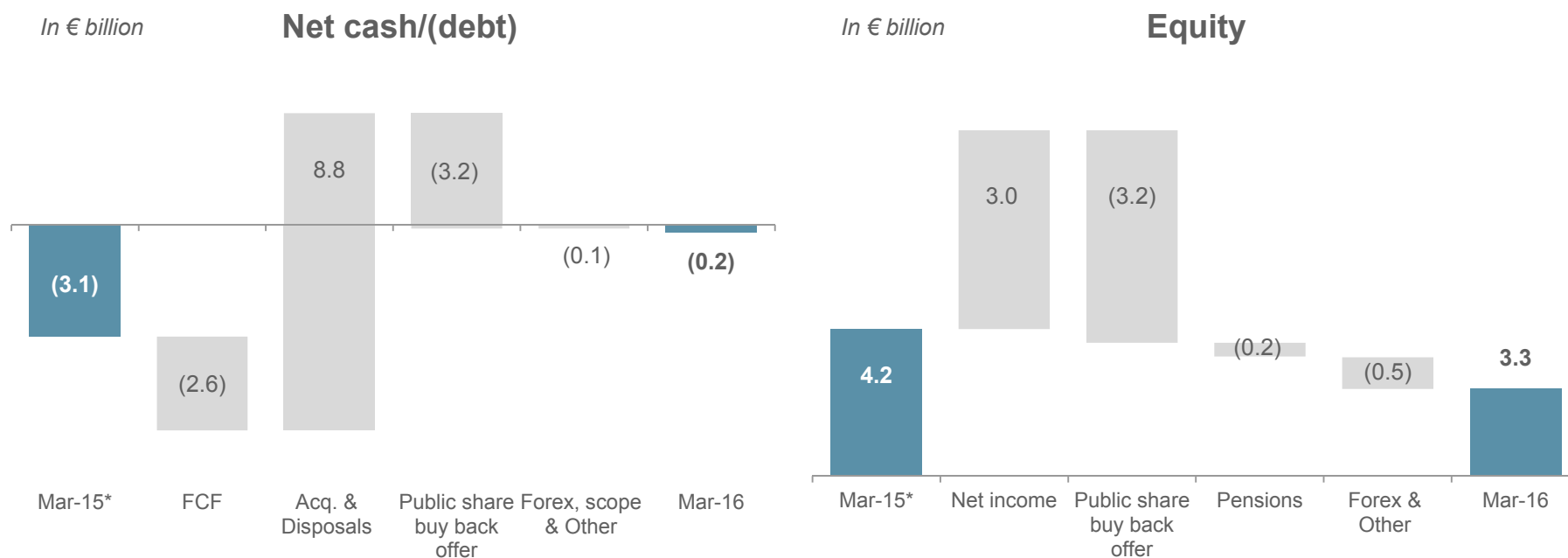
- €2bn cash and cash equivalents as of 31 March 2016
- New €400m revolving credit facility replacing previous ones ; fully undrawn
- Flexibility with Energy JVs put options

Gross debt

- €2bn outstanding bonds as of 31 March 2016
 - Gradual repayment started in Sep. 2014
 - €1 billion reimbursed in H2 2015/16
 - €875m bond buy-back in Feb. 2016

* Pre Alstom-GE transaction closing

Net debt & equity



* Pre Alstom-GE transaction closing

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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

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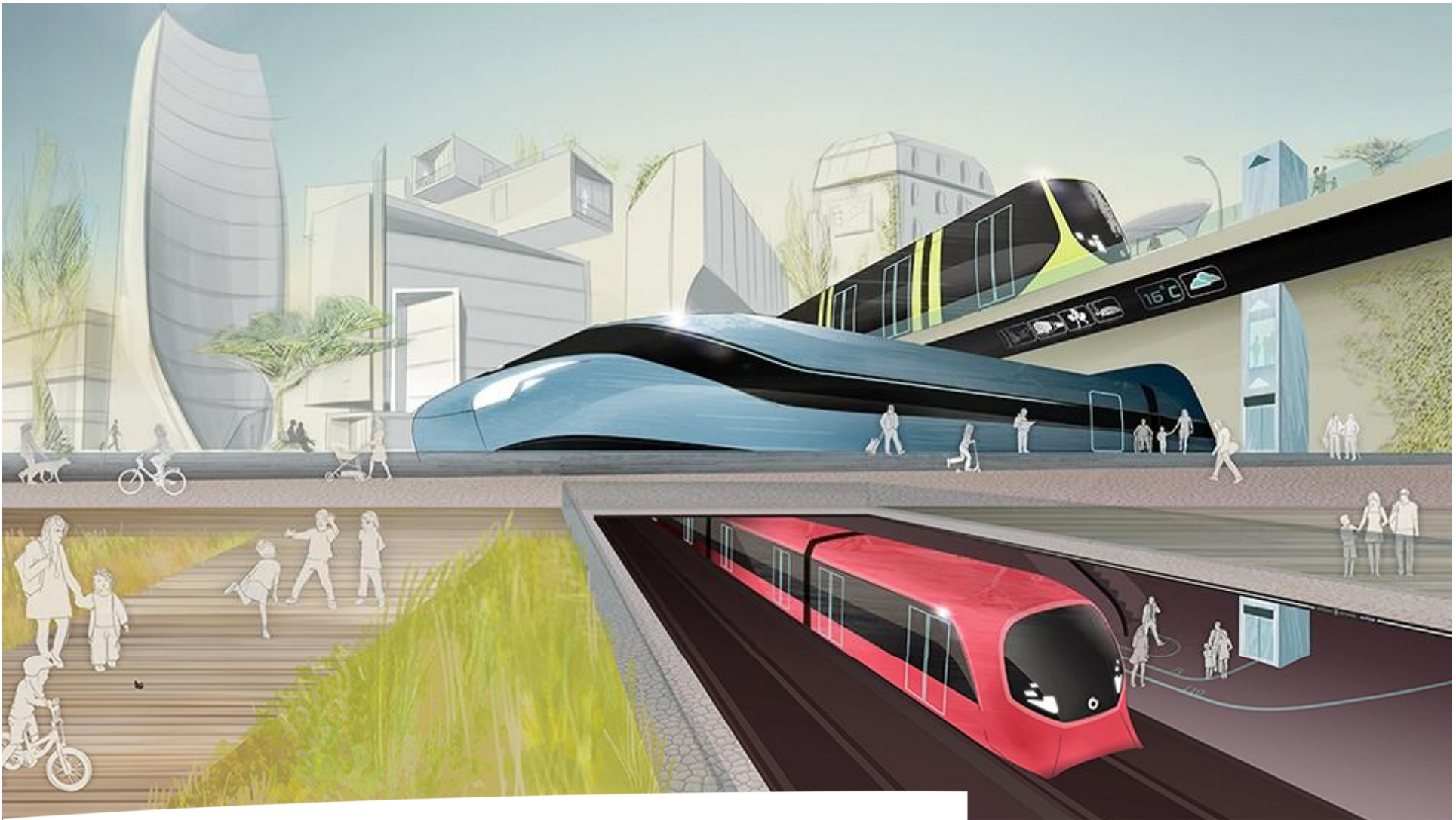
Agenda

5 July 2016

Shareholders' Meeting

13 July 2016

Q1 2016/17 Orders and Sales



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