Press release - 28 November 2011

FAIVELEY TRANSPORT: 2011/2012 HALF-YEAR RESULTS

CONSOLIDATED INCOME STATEMENT FOR THE 1ST HALF OF 2011/12

IFRS (€ millions)	30/09/2010	**30/09/2011**	**% change**
Sales	411.2	**380.3**	(7.5%)
Operating profit	49.7	**39.4**	(20.7%)
as a % of sales	*12.1%*	***10.4%***	
Net profit - Group share	29.0	**19.9**	(31.5%)
as a % of sales	*7.1%*	***5.2%***	
Earnings per share (€)	2.07	**1.42**	(31.1%)

SALES OF €380.3 MILLION FOR THE FIRST HALF OF THE YEAR

Despite slight growth in the second quarter, sales for the first half of 2011/12 were €380.3 million, a decline of 7.5% compared to the first half of 2010/11 and 6.3% on a like-for-like basis. These sales figures primarily reflect the continued decrease of business activity in Spain and a clear slowdown in China in the high speed and locomotive markets, since the ministerial team changes. The project delivery schedule was less favourable in Europe in the first half of the year, and was only partly offset by the thriving US freight market.

HIGHEST ORDER BOOK EVER

At 30 September 2011, the order book totalled €1,614 million, an increase of 18% compared to 30 September 2010 and 11% compared to 31 March 2011. This excellent performance was due to a combination of a continued regular inflow of diverse orders and to the largest contract in the Group's history for the supply of braking equipment to the German high-speed trains ICx, manufactured for Deutsche Bahn by Siemens and Bombardier.

HALF-YEAR RESULTS

Gross profit for the first half of 2011/12 was €105.4 million, representing 27.7% of sales, compared to €115.8 million and 28.2% for the first half of 2010/11. This decline was due to the unfavourable volume effect in the first half.

Sales and marketing, administrative and research costs increased moderately (up 2% compared to the first half of 2010/11), due to the Group's increased presence in its strategic growth regions (Germany, Russia, China and the US), and significant tendering activity.

Operating profit was €39.4 million, representing 10.4% of sales, a decline of 21% compared to the previous financial year. The operating margin was adversely affected by lower sales during the first half, resulting in a lower absorption of fixed costs.

Financial charges increased to €8.1 million, compared to €6.0 million in the previous financial year, due to non-cash items relating to foreign exchange hedges on projects, whereas the cost of net indebtedness decreased slightly.

As a result, Group net income was €19.9 million in the first half. Taking account of treasury shares, net earnings per share was €1.42, a decline of 31% compared to the previous year.

FINANCIAL POSITION

The net financial debt amounted to €213 million at 30 September 2011, an increase of €67 million during the period due to a strong rise in working capital requirements (up €48 million), to the annual dividend payments (€18 million) and the seasonal decrease in the receivables deconsolidation programme in the first half of the year (down €14 million).

The change in working capital requirement was primarily due to:

- a significant increase in work-in-progress on projects, which mainly includes engineering activity on the major programmes awarded to the Group over the last 18 months, which have not yet entered the delivery phase;
- the adjustment of inventory levels in anticipation of significant activity volumes expected in the second half.

The balance sheet remains strong with a net debt to EBITDA ratio of 1.7, in line with the level as of 30th September 2010.

OUTLOOK

For the second half of 2011/12, the Group foresees a positive organic growth. However, the recent postponement of several metro projects in China have led the Group to forecast stable sales, or even a slight organic decline of 2%, for the full year 2011/12.

In China, the railway market is showing positive signs of a medium-term recovery following the publication of a new five-year plan, which confirmed substantial investment in railway equipment, and the support of central government to the funding of the Ministry of Railways. This gradual return to investment is expected from 2012 onwards, accompanied by stricter safety standards and equipment certification procedures. This trend should benefit Faiveley Transport's systems for new Chinese train platforms. Furthermore, the metro market continues to thrive, despite being subject to funding by local authorities.

In Europe, the Group should benefit from a much more favourable delivery schedule in the second half of the year.

In the US, Faiveley should benefit from continued growth in the railway freight market, due to the success of its braking equipment joint-venture with Amsted.

Shareholders agenda:

Q3 2011/2012 sales: 26 January 2012 (after close of trading)

FAIVELEY TRANSPORT, WORLD LEADER IN THE RAILWAY INDUSTRY

About the Faiveley Transport Group

Faiveley Transport is a global leader for high tech components for rail systems. The Group supplies manufacturers, operators and railway maintenance bodies with the most comprehensive range of systems in the market: air conditioning, passenger access systems, platform doors and gates, braking systems, couplers, power collectors, passenger information and services.

FAIVELEY Transport employs more than 5,000 people in 24 countries.

For more information please visit: www.faiveleytransport.com

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