PRESS RELEASE - 7 JUNE 2012

FAIVELEY TRANSPORT: 2011/12 ANNUAL RESULTS

Gennevilliers, 7 June 2012,

IFRS (€ millions)	**31/03/2012**	31/03/2011	% change
Sales	**900.5**	913.9	*(1.5%)*
Profit from recurring operations*	**94.7**	129.8	*(27.0%)*
Operating profit	**93.3**	126.7	*(26.4%)*
Operating margin (as % of sales)	***10.4%***	*13.9%*	
Net profit- Group share	**47.4**	75.7	*(37.3%)*
Net margin (as % of sales)	***5.3%***	*8.3%*	
Earnings per share (€) **	**3.38**	5.43	*(37.6%)*

(*) Excluding restructuring costs and gains/losses from disposal of assets
(**) After elimination of treasury shares

€ 900.5 MILLION ANNUAL SALES

Faiveley Transport generated sales of € 900.5 million for the 2011/2012 financial year, a decrease of 1.5% compared to the previous year and a 2.3% decline on a like-for-like basis. Over the full-year, the foreign exchange effect was slightly unfavourable at 0.6% and acquisitions had a positive contribution of 1.5%.
This change in sales reflects diverse developments in each region: strong organic growth in America (up 27%), a moderate decrease in European sales (down 3%) and a decline in Asia-Pacific (down 9%).
The group recorded a sustained growth in its Services activity (+6%), as a result of its policy of expansion of engineering services for trains in operation and thanks to the growth of its installed base.

A RECORD ORDER BOOK OF € 1,690 MILLION

Thanks to an exceptional year in terms of order intake, the Group posted a record order book of € 1,690 million at 31 March 2012, reflecting an increase of 16.3% compared to the end of March 2011. Faiveley Transport notably won a historic contract awarded by Siemens and Bombardier for the provision of brakes, on-board doors and air-conditioning systems for the first 130 German high-speed ICx trains, valued in excess of € 210 million. In addition to this major contract, the Group continued to book various new orders in all regions where it operates on significant platforms: Moscow metro (air-conditioning), Chennai metro (brakes, couplers, on-board doors), German ET430 intercity trains (on-board doors) and Swiss intercity trains (air-conditioning).

GROUP RESULTS: CONTROLLED STRUCTURE COSTS, SATISFACTORY CASH GENERATION AND SOUND BALANCE SHEET POSITION

Gross profit reached € 233.8 million for the 2011/12 financial year, a decline of 2.6 margin points to 26.0% of sales, compared to 28.6% in the previous year. As previously announced, this decrease was primarily due to project execution issues encountered in the platform door unit in China. These difficulties have led to significant downward margin revisions on a series of platform door contracts managed in China. The Group has rapidly taken drastic reorganisation and restructuring action to remediate this situation. Excluding this specific platform doors issue in China, the Group's gross profit only fell by 0.3 margin points, as a consequence of lower volume in China and Spain and a less favourable project mix.

The fixed cost reduction programmes implemented enable general and administrative costs to remain stable (up 0.6% at constant group structure). Sales and marketing costs grew moderately (up 2.5% at constant group structure) due to significant tendering activity during the year and the continued strengthening of teams in strategic development regions.

Operating profit amounted to € 93.3 million, a decline of 3.5 margin points compared to the previous year, representing 10.4% of sales, compared to 13.9% in 2010/2011. This reduction in operating profit margin was primarily due to the margin revisions on platform door projects managed in China.

Effective tax rate for the group increased to 34.5% (vs. 28.3% in 2010/11) due to a decrease of profits in lower taxation countries (China) and to an increase of taxes in France.

Net profit – Group share was € 47.4 million, representing a 5.3% net margin, down 3.0 margin points compared to the previous year. Taking treasury shares into account, net earnings per share was € 3.38.

Cash generation remained satisfactory with free cash flow of € 48.6 million over the financial year, before acquisitions. In particular, good operational management of working capital requirements (inventories, trade receivables, downpayments) offset engineering and project management costs incurred in relation to the major projects awarded over the last two years (€ 25 million increase in work-in-progress on projects).

Net debt at 31 March 2012 totalled € 196 million, taking into account treasury shares. Excluding the acquisition of Graham-White, cash generation allowed for a € 28 million reduction in net financial debt compared to the previous year. The balance sheet structure therefore remains very sound, with a net debt to EBITDA ratio of 1.8x. The Group successfully carried out two refinancing transactions over the last twelve months, including a significant addendum to its syndicated facility and a private placement in the US, which enabled to extend the average maturity of the debt by two years, as well as to diversify and strengthen the Group's financing sources at favourable conditions.

STRATEGIC ACQUISITION IN THE US

On 3 February 2012, Faiveley Transport acquired the American company Graham-White, a global leader in compressed air drying technology for railway braking systems and a leading provider of brake components in the US locomotive and rail transit markets. Graham-White generates annual sales of over USD 70 million, with a large share of revenues stemming from after-sales service and re-manufacturing. This transaction will reinforce Faiveley Transport's position in the US, notably in the locomotive and services markets.

DIVIDEND: PROPOSAL TO MAINTAIN THE PAYOUT RATIO

With the goal of maintaining the payout ratio between 20% and 25% of profits over the long-term, the Management Board will propose to the Annual General Meeting, to be held on 14 September 2012, a dividend distribution of € 0.85 per share.

2012/13 OUTLOOK: RETURN TO ORGANIC GROWTH AND IMPROVEMENT OF PROFITABILITY

The global railway market continues to benefit from highly favourable underlying trends, particularly growing urbanisation, the long-term trend for the development of sustainable means of transportation, and the renewal of ageing fleets in Western countries. These growth drivers are reflected in the launch of numerous programmes in Europe (intercity trains in Germany and Italy, Thameslink, IEP and Crossrail programmes in England, metro and high-speed investments in France) and the development of new geographic regions, such as Russia, India and South Africa. In China, the Ministry of Transport is expected to restart orders for locomotives and high speed trains during the financial year, while the metro market remains buoyant. In the US, the railway freight market, which experienced a significant upturn last year, should continue to grow; growth in the locomotive market should gather momentum over the next few years, driven by new regulatory requirements.

Within this environment, and considering its record order book, Faiveley Transport expects renewed organic growth in the 2012/13 financial year and improved profitability.

Appendix : 2011/12 Consolidated accounts

Shareholders' agenda:

24 July 2012	Q1 sales 2012/2013
14 September 2012	Annual General Meeting
25 October 2012	HY1 sales 2012/2013

Faiveley Transport, a world leader in the railway industry

Faiveley Transport is a global leader in 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 5,400 people in 25 countries.

FAIVELEY Transport

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2011/2012 CONSOLIDATED FINANCIAL STATEMENTS

2011/2012 CONSOLIDATED INCOME STATEMENT

(€ thousands)	**2011/2012 IFRS**	**2010/2011 IFRS**
SALES	900 523	913 872
Cost of sales	(666 722)	(652 404)
GROSS PROFIT	233 801	261 468
Administrative costs	(66 607)	(65 564)
Sales and marketing costs	(52 010)	(50 236)
Research and development costs	(11 111)	(11 638)
Other operating income	6 295	5 026
Other operating costs	(15 679)	(9 274)
PROFIT FROM RECURRING OPERATIONS	94 689	129 782
Restructuring costs	(1 213)	(2 641)
Gain/(Loss) on disposal of non current assets	(204)	(475)
Other non-operating income/(expenses)		
OPERATING PROFIT	**93 272**	**126 666**
Amortisation, depreciation and provision charges included in operating profit	*14 947*	*15 503*
Operating profit before amortisation and depreciation charges	*108 219*	*142 169*
Net cost of financial debt	(10 700)	(10 778)
Other finance income	14 330	25 395
Other finance costs	(18 815)	(28 041)
NET FINANCE COST	**(15 185)**	**(13 425)**
PROFIT BEFORE TAX	**78 087**	**113 241**
Income tax	(26 912)	(32 096)
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES	**51 175**	**81 145**
Share of profit from associates	-	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**51 175**	**81 145**
Profit/(loss) for the period of discontinued activities		
CONSOLIDATED NET PROFIT FOR THE YEAR	**51 175**	**81 145**
Minority interests	3 747	5 462
NET PROFIT - GROUP SHARE	**47 428**	**75 683**
Number of shares	**14 012 090**	**13 941 934**
Earnings per share, in €:		
Earnings per share	*3,38*	*5,43*
Diluted earnings per share	*3,38*	*5,43*

CONSOLIDATED BALANCE SHEET – ASSETS

ASSETS (€ thousands)	31 March 2012 Net IFRS	31 March 2011 Net IFRS
Subscribed uncalled share capital (I)		
Goodwill	648 981	562 028
Intangible assets :		
Other	40 057	44 931
Property, plant and equipment :		
Land	5 848	5 311
Buildings	25 662	24 359
Plant and machinery	27 436	23 666
Other	9 966	10 170
Financial investments:		
Shareholdings in unconsolidated subsidiaries	245	245
Shareholdings in associates	-	-
Other non-current financial investments	5 538	4 700
Deferred tax assets	43 598	29 848
TOTAL NON-CURRENT ASSETS (II)	**807 331**	**705 258**
Inventories	144 000	133 882
Work-in-progress on long term contracts	91 048	70 145
Advances and prepayments received	3 811	5 187
Trade receivables	179 402	183 724
Other current receivables	18 515	20 990
Taxation receivable	11 048	6 999
Current financial assets	9 328	12 618
Current investments	41 080	44 925
Cash	169 166	153 457
TOTAL CURRENT ASSETS (III)	**667 398**	**631 927**
TOTAL ASSETS (I + II + III)	**1 474 729**	**1 337 185**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EQUITY AND LIABILITIES (€ thousands)	31 March 2012 IFRS	31 March 2011 IFRS
SHAREHOLDERS' EQUITY		
Share capital	14 187	13 942
Share premium	86 488	74 683
Translation differences	(198)	(3 396)
Consolidated reserves	326 238	266 715
Net profit for the period	47 428	75 683
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	**474 143**	**427 627**
MINORITY INTERESTS		
Share of subsidiaries' equity	27 362	20 914
Share of subsidiaries' profit for the year	3 640	4 734
TOTAL MINORITY INTERESTS	**31 002**	**25 648**
TOTAL CONSOLIDATED EQUITY (I)	**505 145**	**453 275**
Provisions for non-current liabilities and charges	36 213	35 529
Deferred tax liabilities	22 090	17 508
Non-current borrowings	352 865	318 516
TOTAL NON-CURRENT LIABILITIES (II)	**411 168**	**371 553**
LIABILITIES		
Current provisions for liabilities and charges	80 353	72 138
Current borrowings	95 420	75 236
Advances and prepayments received	124 674	112 934
Current liabilities	245 444	237 360
Tax payable	12 525	14 689
TOTAL CURRENT LIABILITIES (III)	**558 416**	**512 357**
TOTAL EQUITY AND LIABILITIES (I + II + III)	**1 474 729**	**1 337 185**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	2011/12 IFRS	2010/2011 IFRS
Cash flow from operating activities		
Net profit for the period - Group share	47 428	75 683
Minority interests	3 747	5 462
Adjustments for non-cash items:		
- Depreciation and amortisation charges	14 947	15 504
- Asset impairment (including goodwill)	-	-
- Net movements in provisions	5 783	38
- Deferred tax	(2 849)	937
- Net loss/(gain) on assets disposal	810	475
- Grant income	(526)	(338)
- Share of profit/(loss) from associates	-	-
- Dilution profit	-	-
Self-financing capacity	**69 340**	**97 761**
Changes in working capital	***(4 030)***	***(4 106)***
Decrease (+) increase (-) of inventories	(1 417)	(5)
Decrease (+) increase (-) of trade and other receivables	1 507	(27 309)
Increase (+) decrease (-) of trade and other payables	2 431	23 019
Increase (+) decrease (-) of income tax	(6 551)	189
Net cash generated from operating activities	**65 310**	**93 655**
Cash flow from investing activities		
Purchase of intangible assets	(7 007)	(7 671)
Purchase of property, plant and equipment	(10 102)	(10 233)
Proceeds from grants	46	-
Proceeds from disposal of PPE and intangible assets	189	155
Purchase of financial assets	(1 001)	(1 849)
Proceeds from sale of financial assets	1 159	665
Cash and cash equivalent of acquired subsidiaries	(77 608)	(5 001)
Cash and cash equivalent of disposed subsidiaries	0	0
Net cash used in investing activities	**(94 324)**	**(23 934)**
Proceeds from new share issues	0	0
Buyback of treasury shares	932	(14 235)
Movement in share and merger premiums	0	0
Other movements in equity (cash-flow hedge)	(104)	5 527
Cash dividends paid to parent company shareholders	(16 738)	(17 024)
Cash dividends paid to minority interests	(1 356)	0
Proceeds from new borrowings	101 418	1 705
Repayment of borrowings	(43 711)	(55 584)
Net cash generated from/(used in) financing activities	**40 441**	**(79 611)**
Net foreign exchange difference	1 169	13 358
Impact of increase/(decrease) in value of cash equivalents	1 516	(2 483)
Net increase/(decrease) in total cash	**14 112**	**985**
Cash and cash equivalents at start of period	192 711	191 726
Cash and cash equivalents at end of the year	**206 823**	**192 711**