



## FAIVELEY TRANSPORT ANNOUNCES ITS 2014/15 HALF-YEAR RESULTS

ORGANIC SALES GROWTH OF 10.1%

NET PROFIT UP 5.5%

SIGNIFICANT INCREASE IN FREE CASH FLOW

Gennevilliers, 26 November 2014

The Supervisory Board held on 25 November 2014 approved the financial statements for the first half of 2014/15.

(€ millions)	H1 2014/15	H1 2013/14 restated <sup>(a)</sup>	Change
<b>Order book at 30 September</b>	<b>1,694.5</b>	<b>1,641.1</b>	<b>+3.3%</b>
<b>Sales</b>	<b>486.7</b>	<b>445.8</b>	<b>+9.2%</b>
<b>Group operating profit<sup>(b)</sup></b>	<b>46.5</b>	<b>45.5</b>	<b>+2.2%</b>
<i>as % of sales</i>	9.6%	10.2%	(60) bps*
<b>Net profit (Group share)</b>	<b>26.7</b>	<b>25.3</b>	<b>+5.5%</b>
<i>as % of sales</i>	5.5%	5.7%	
<b>Free cash flow<sup>(c)</sup></b>	<b>10.1</b>	<b>(28.6)</b>	<b>+€38.7m</b>

\*bps= basis points

(a) Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

(b) **Group operating profit** is defined as operating profit including the share of profit of joint ventures.

(c) Indicators not defined under IFRS, definitions provided in the appendix.

**Stéphane Rambaud-Measson, Chairman of the Management Board and Chief Executive Officer of Faiveley Transport,** commented:

"Faiveley Transport Group's results for the first half of the year show a positive inflexion compared to the second half of 2013/14. It reflects the ramp-up of series deliveries of several major new projects and the initial impact of the optimisation of our operational performance and the initiatives introduced to improve Customer satisfaction.

Given the momentum shown by the markets in which the Group operates and the strong level of deliveries in Original Equipment, we have revised upwards the full-year sales organic growth now anticipated between 4% and 7%. In terms of profitability, we can confirm that we anticipate an increase of Group operating profit compared with the previous year, between €94 million and €100 million."

### SIGNIFICANT EVENTS

At its meeting of 7 April 2014, the Supervisory Board of Faiveley Transport appointed Stéphane Rambaud-Measson as Chairman of the Management Board and Chief Executive Officer of Faiveley Transport Group. He joined the Group on 17 March 2014 as Group Executive Vice President.

Furthermore, during the first six months of the year, the Group's Executive Committee was bolstered by the appointment of: Jérôme Spencer, Executive Activity Director Services activity, Ralph Fürderer, Group Chief Technology Officer, and Jun He, China President.

As of 1 April 2014, the Information & Safety segment, previously part of the Access & Information division, was transferred to the Energy & Comfort activity. Historical data has been restated accordingly.

## GROWTH IN ORDER BOOK

At 30 September 2014, the Group's order book posted growth of 3.3% to €1,694.5 million, compared with the restated figure at 30 September 2013.

The Group secured some significant contracts during the period, with notably:

- For the Europe region:
  - ✓ A repeat order for braking systems, pantographs and access doors to equip 40 Euroduplex TGVs for SNCF,
  - ✓ The supply of 600 energy meters for SNCF's high speed fleet, the largest contract in Europe since the standard pertaining to energy metering on board trains came into force,
  - ✓ Air conditioning systems for 20 new Flirt3 regional trains built by Stadler-Newag for the Polish operator PKP.
- For the Asia-Pacific region:
  - ✓ Platform screen door systems for 22 stations of line 3 of the Riyadh metro built by Ansaldo STS,
  - ✓ Access door systems for 486 cars of line 7 of the Delhi metro built by Hyundai-Rotem,
  - ✓ Air conditioning systems for 238 cars of lines 1 and 2 of the Riyadh metro built by Siemens.
- For the Americas region:
  - ✓ A high level of orders for freight brake components in the US with Amsted Rail,
  - ✓ Access doors for 120 cars of line H of the Buenos Aires metro built by Alstom.

The Services activity made a strong start to the financial year in terms of order intake across all segments (spare parts, engineering services and friction pairs) with the following contracts in particular:

- In the Europe region:
  - ✓ System maintenance of platform screen doors for the Spanish city of Seville,
  - ✓ The revision of door systems on commuter trains for the operator Scotrail in the UK.
- In the Asia-Pacific region:
  - ✓ The supply of brake discs for Millenium trains operated by Sydney Trains in Australia.

## SALES

Over the first half of 2014/15, Faiveley Transport achieved sales of €486.7 million, an increase of 9.2% compared with the first half of 2013/14 restated for the impact of the new accounting standards, including organic growth of 10.1%. Schwab Verkehrstechnik AG, acquired in May 2013, contributed growth of 0.3% and exchange rates had a negative impact of 1.2%.

(€ millions)	2014/15	2013/14 restated	Organic growth	Total growth	2013/14 published
Europe	303.2	274.6	+9.9%	+10.4%	274.6
Asia/Pacific	100.5	96.2	+7.8%	+4.5%	109.0
Americas	76.8	71.7	+10.1%	+7.1%	71.7
Rest of the world	6.2	3.3	+91.6%	+87.9%	3.3
<b>TOTAL First Half (H1)</b>	<b>486.7</b>	<b>445.8</b>	<b>+10.1%</b>	<b>+9.2%</b>	<b>458.6</b>
Original Equipment	293.2	260.3	+13.7%	+12.6%	268.7
Services	193.5	185.4	+4.9%	+4.4%	189.9
<b>TOTAL First Half (H1)</b>	<b>486.7</b>	<b>445.8</b>	<b>+10.1%</b>	<b>+9.2%</b>	<b>458.6</b>

(a) Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

On a like-for-like basis over the half-year:

- Europe (62% of sales) achieved growth of 9.9%, with major project deliveries in Italy, France, Germany and Denmark ;
- The Asia-Pacific region (21% of sales) grew by 7.8%, primarily due to the high level of deliveries in China, India, Singapore and New Zealand;
- The Americas region (16% of sales) posted growth of 10.1% due in particular to the dynamism of the freight market in the US, which shows a record level of over 67,000 new wagons on an annualized basis.

The Services activity recorded organic growth of 4.9% over the half-year, mainly concentrated in China, India, the UK and Spain.

Original Equipment activities registered sales growth of 13.7% on a like-for-like basis over the half-year. This strong growth is due notably to the ramp-up in deliveries on several major significant projects such as Regiolis, Regio2N, V300 Zefiro, Metro Milan and Italian regional trains.

## GROUP OPERATING PROFIT

The Group's operating profit (including the share of profit of joint ventures) totalled €46.5 million (9.6% of sales) at 30 September 2014, compared with €45.5 million (10.2% of sales) as restated in the first half of 2013/14, an increase of 2.2%.

Gross profit totalled €116.2 million (23.9% of sales), compared with €112.6 million in the first half of 2013/14, as restated (25.1% of restated sales). This decline in the gross margin rate was primarily due to the recognition of operational cost overruns on Brakes projects in Europe and on Air Conditioning and Doors projects in China. The Group continues its efforts to improve project execution.

In addition, sales, general and administrative costs rose 3.1% primarily due to the ongoing strengthening of operational management teams, as well as the effect of wage inflation in regions where the Group operates.

## NET PROFIT

Net financial expens increased to €7.7 million, primarily due to the implementation in March 2014 of a "Schuldschein" long-term financing under German law, for a total of €130 million.

The income tax charge totalled €13.5 million, compared with €13.7 million for the period to 30 September 2013 as restated. The increase in the effective tax rate (38.0% compared with 36.8% in the first half of 2013) was mainly the result of an unfavourable country mix.

The Group share of net profit reached €26.7 million, an increase of 5.5% in comparison with the 2013/14 first half-year.

Net earnings per share was €1.87 at 30 September 2014, representing an increase of 5.1% (€1.78 at 30 September 2013 restated).

## CASH FLOW AND FINANCIAL POSITION

Self-financing capacity was €32.7 million, an increase of 18.5% in comparison with the first half of 2013/14 restated (€27.6 million).

At 30 September 2014, the working capital requirement (WCR) after transfer of receivables totalled €122.4 million, in comparison with 31 March 2014 restated (€107.0 million). This increase was primarily due to the growth in inventories and the decrease in trade receivables, which is usual in the first half year.

Net capital expenditure (CAPEX) reached €9.0 million, representing 1.8% of sales, stable compared with the Group's historical record levels.

After taking account of the change in working capital requirements and net capital expenditure, free cash flow totalled €10.1 million, a significant improvement in comparison with the first half 2013/14 (negative free cash flow of €28.6 million).

The Group's net financial debt reached €200.0 million at 30 September 2014, a decrease of €1.0 million compared with the first half of 2013/14 as restated. This change resulted primarily from the €10.1 million cash flow generated; offset by the impact of net foreign exchange differences.

## 2014/15 OUTLOOK

Given the 2014/15 first half performance and the high level of deliveries of Original Equipment activities, Faiveley Transport has revised upwards its guidance for full-year organic sales growth to between 4% and 7%.

In terms of profitability, the Group confirms an increase of its Group operating profit<sup>1</sup> for the 2014/15 financial year, to an anticipated level of between €94 million and €100 million compared to €87.6 million in 2013/14.

**Analyst/investor presentation:**

The analyst/investor presentation will be conducted in English on Wednesday 26 November 2014 at 6pm via an audio webcast accessible both live and pre-recorded via the Group's website:

<http://www.faiveleytransport.com>.

**Half-Year Financial Report at 30 September 2014:**

The French Half-Year Financial Report at 30 September 2014 was submitted to the *Autorité des Marchés Financiers* (AMF) today and can be accessed via the Faiveley Transport Group website:

<http://www.faiveleytransport.com/finance/regulatory-information>

**Shareholders' agenda:**

28 January 2015 (after market close), 2014/15 third quarter trading update

28 May 2015 (before market opening), 2014/15 Full-Year results and Strategic Plan review

23 July 2015 (after market close), 2015/16 first quarter trading update

**About Faiveley Transport:**

*Faiveley Transport is a global supplier of high added value integrated systems for the railway industry. With more than 5.500 employees in 24 countries, Faiveley Transport generated sales of €982 million for the 2013/14 financial year. The Group supplies manufacturers, operators and railway maintenance bodies worldwide with the most comprehensive range of systems in the market: Energy & Comfort (air conditioning, power collectors and converters, and passenger information), Access & Mobility (passenger access systems and platform doors), Brakes & Safety (braking systems and couplers) and Services.*

*Faiveley Transport is listed on Euronext Paris and is a component of the CAC Allshare and CAC Mid 60 indices. Compartment B, ISIN: FR0000053142, Tickers: Bloomberg: LEY FP / Reuters: LEY.FP*



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<sup>1</sup> Group operating profit includes the share of net profit of joint ventures

**EXTRACTS OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014, AUDITED AND APPROVED BY THE SUPERVISORY BOARD OF 25 NOVEMBER 2014**

Limited audit procedures on the consolidated financial statements have been carried out. The Statutory Auditors' report has been issued.

**CONSOLIDATED INCOME STATEMENT**

<i>(€ millions)</i>	<b>H1 2014/15</b>	<b>H1 2013/14 restated</b>
<b>Sales</b>	<b>486.7</b>	<b>445.8</b>
Cost of sales	(370.5)	(333.2)
<b>Gross Profit</b>	<b>116.2</b>	<b>112.6</b>
<i>as % sales</i>	23.9%	25.3%
Administrative costs	(40.4)	(38.9)
Sales and marketing costs	(22.1)	(21.7)
Research and development costs	(7.4)	(6.5)
Other operating income and expenses	(2.2)	(2.3)
<b>Profit from recurring operations</b>	<b>44.1</b>	<b>43.2</b>
<i>as % sales</i>	9.1%	9.7%
Restructuring costs	(0.8)	(0.3)
Gain/(loss) on disposal of non-current assets	-	-
<b>Operating profit</b>	<b>43.3</b>	<b>42.9</b>
<i>as % sales</i>	8.9%	9.6%
Share of profit of joint ventures	3.2	2.6
<b>Operating profit after share of profit of joint ventures</b>	<b>46.5</b>	<b>45.5</b>
<i>as % sales</i>	9.6%	10.2%
Net cost of financial debt	(5.6)	(4.3)
Other financial income and expenses	(2.1)	(1.2)
<b>Net financial expense</b>	<b>(7.7)</b>	<b>(5.6)</b>
Share of profit of other associates	-	-
<b>Profit before tax</b>	<b>38.8</b>	<b>40.0</b>
Income tax	(13.5)	(13.7)
<b>Net profit:</b>	<b>25.3</b>	<b>26.3</b>
<b>Attributable to Company shareholders</b>	<b>26.7</b>	<b>25.3</b>
<i>Attributable to minority interests</i>	<i>(1.4)</i>	<i>1.0</i>
<b>Earnings per share, in €:</b>		
Net <sup>(a)</sup>	1.87	1.78
Net, diluted <sup>(b)</sup>	1.83	1.74

(a) Basic earnings per share takes into account the deduction of all treasury shares held by Faiveley Transport (296,233 at 30 September 2014 and 357,565 at 30 September 2013).

(b) Diluted earnings per share calculated after deducting all treasury shares held by Faiveley Transport and adding back all shares exercisable under share allocation plans (281,262 at 30 September 2014 and 309,060 at 30 September 2013).

Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(€ millions)</i>	<b>30 September 2014</b>	<b>31 March 2014 restated</b>
Goodwill	674.0	663.9
Intangible assets	51.9	50.5
Property, plant and equipment	70.8	68.0
Shareholdings in associates	17.2	12.3
Deferred tax assets	53.1	51.7
Other non-current financial assets	5.8	2.7
<b>Total non-current assets</b>	<b>872.8</b>	<b>849.1</b>
Inventories	173.3	146.4
Work-in-progress on projects	115.6	112.5
Advances and prepayments paid on orders	1.7	2.3
Trade receivables	182.3	194.6
Other current assets	36.7	32.8
Taxation receivable	8.1	13.2
Current financial assets	23.2	7.9
Short-term investments	50.6	69.8
Cash	178.2	169.4
<b>Total current assets</b>	<b>769.6</b>	<b>748.9</b>
<b>TOTAL ASSETS</b>	<b>1,642.4</b>	<b>1,598.0</b>
Share capital	14.3	14.3
Consolidated reserves and net profit	559.8	535.6
<b>Equity – Group share</b>	<b>574.1</b>	<b>549.9</b>
Minority interests	28.7	27.7
<b>Total equity</b>	<b>602.8</b>	<b>577.6</b>
Provisions for non-current liabilities and charges	41.5	38.2
Deferred tax liabilities	36.4	34.0
Non-current borrowings and financial debt	396.4	408.0
<b>Total non-current liabilities</b>	<b>474.3</b>	<b>480.2</b>
Current provisions for liabilities and charges	93.0	94.4
Current borrowings and financial debt	65.6	50.9
Advances and prepayments received	120.5	122.6
Current liabilities	275.8	258.6
Current tax payable	10.5	13.7
<b>Total current liabilities</b>	<b>565.4</b>	<b>540.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,642.4</b>	<b>1,598.0</b>

Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

## CONSOLIDATED CASH FLOW STATEMENT

(€ millions)	H1 2014/15	H1 2013/14 restated
Net profit for the period - Group share	26.7	25.3
Minority interests	(1.4)	1.0
Depreciation and amortisation charges	8.6	8.4
Charges related to share-based payments	0.9	1.4
Asset impairment (including goodwill)	-	-
Change in provisions	(1.4)	(4.0)
Net loss/(gain) on derivative instruments and revaluation of assets	-	(4.4)
Deferred tax	2.6	2.7
Net loss/(gain) on asset disposals	-	-
Grant income	(0.1)	(0.2)
Share of profit of associates	(3.2)	(2.6)
Dilution profit	-	-
<b>Self-financing capacity</b>	<b>32.7</b>	<b>27.6</b>
Change in working capital requirements	(13.6)	(48.4)
Dividends received from equity-accounted joint ventures	-	-
<b>Net cash from/(used in) operating activities</b>	<b>19.1</b>	<b>(20.8)</b>
Purchase of property, plant and equipment and intangible assets	(9.9)	(9.0)
Disposal of property, plant and equipment and intangible assets	0.1	0.1
Proceeds from capital grants	-	-
Purchase of financial assets	(0.2)	(0.2)
Disposal of financial assets	1.0	1.4
<b>Free cash flow <sup>(a)</sup></b>	<b>10.1</b>	<b>(28.6)</b>
Net cash from subsidiaries	-	(27.4)
<b>Cash flow used in investment activities</b>	<b>(9.0)</b>	<b>(35.2)</b>
Proceeds from new share issues	-	-
Change in treasury shares	(0.2)	0.8
Movement in share and merger premiums	-	-
Other movements in equity (cash-flow hedge)	0.3	1.0
Dividends paid	(0.2)	(15.5)
Proceeds from new borrowings and other financial debt	8.6	62.6
Repayment of borrowings and other financial debt	(24.2)	(21.4)
<b>Cash flow from/(used in) financing activities</b>	<b>(15.7)</b>	<b>27.5</b>
Net foreign exchange difference	(5.9)	2.7
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(11.4)</b>	<b>(25.8)</b>
Cash and cash equivalents at start of the period	237.9	164.9
<b>Cash and cash equivalents at end of the period</b>	<b>226.5</b>	<b>139.1</b>

<sup>(a)</sup> Indicator not defined under IFRS, definition provided in the appendix

Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

**SALES FOR THE SECOND QUARTER 2014/15**

(€ millions)	2014/15	2013/14 restated <sup>(a)</sup>	Organic growth	Total growth	2013/14 Published
Europe	150.9	140.8	6.9%	7.2%	140.8
Asia/Pacific	55.1	52.6	6.1%	4.8%	60.9
Americas	40.2	34.8	15.4%	15.6%	34.8
Rest of the World	3.8	1.2	212.3%	316.6%	1.2
<b>TOTAL 2<sup>nd</sup> quarter (Q2)</b>	<b>249.9</b>	<b>229.5</b>	<b>+9.1%</b>	<b>+8.9%</b>	<b>237.8</b>
Original Equipment	148.7	135.5	10.2%	9.8%	141.5
Services	101.2	94.0	7.6%	7.7%	96.3
<b>TOTAL 2<sup>nd</sup> quarter (Q2)</b>	<b>249.9</b>	<b>229.5</b>	<b>+9.1%</b>	<b>+8.9%</b>	<b>237.8</b>

(a) Data published in respect of 2013/14 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

**FINANCIAL INDICATORS NOT DEFINED UNDER IFRS**
**Group operating profit**

**Group operating profit** is defined as operating profit including the share of profit of joint ventures entities introduced by the retroactive application of IFRS 11 "Joint arrangements".

**Free cash flow**

**Free cash flow** is defined as self-financing capacity restated for the change in working capital requirement, dividends received from equity-accounted joint ventures and investments in property, plant and equipment and intangible assets made by the Group.

(€ millions)	H1 2014/15	H1 2013/14 restated
<b>Self-financing capacity</b>	<b>32.7</b>	<b>27.6</b>
Change in working capital requirement	(13.6)	(48.4)
Dividend received from equity-accounted joint ventures	-	-
Capital expenditure	(9.0)	(7.8)
<b>Free cash flow</b>	<b>10.1</b>	<b>(28.6)</b>