Press release of 26 May 2016

FAIVELEY TRANSPORT ANNOUNCES ITS 2015/16 ANNUAL RESULTS

SALES GROWTH: 5.4%

ADJUSTED GROUP OPERATING PROFIT (1) OF €108.5 MILLION, + 11.9%

SOLID FREE CASH FLOW OF €38.5 MILLION

Gennevilliers, 26 May 2016

The financial statements for the 2015/16 financial year have been prepared by the Management Board and approved by the Supervisory Board on 25 May 2016.

(€ millions)	2015/16	2014/15	% change
Order book	**1,847.2**	**1,877.0**	**-1.6%**
Sales	**1,105.2**	**1,048.4**	**+5.4%**
Adjusted Group operating profit (1)(2)	**108.5**	**96.9**	**+11.9%**
as % of sales	*9.8%*	*9.2%*	*+60 bps**
Operating profit	**78.8**	**88.7**	**-11.2%**
Net profit – Group share	**51.3**	**55.7**	**-7.8%**
as % of sales	*4.6%*	*5.3%*	*-70 bps**
Free cash flow (2)	**38.5**	**63.6**	**€ -25.1 m**

**bps= basis points*

*(1) **Adjusted Group operating profit** is defined as operating profit restated for restructuring costs and costs related to the planned combination with Wabtec and including the share of profit of equity-accounted entities.*

(2) 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 show a clear improvement: organic growth in the order book, growth in sales, a significant increase in adjusted Group operating profit and solid cash flow generation. These results reflect the Group's positive momentum resulting from the implementation of its strategic plan, Creating Value 2018.

For the 2016/17 financial year, the Group expects an increase in both sales and adjusted operating profit in line with the financial targets for 2018.

Moreover, the proposed combination with Wabtec would be an excellent strategic move for Faiveley Transport. The complementary nature of our activities is striking, both in terms of product range and geographic coverage. This transaction would allow us to pursue our aim of building a global leader in rail equipment and services in the Passenger Transit field. The transaction is proceeding according to the recently announced schedule with the transfer of the controlling interest from the Faiveley family expected in the fourth quarter of 2016."

SIGNIFICANT EVENTS

On 28 May 2015, during the presentation of its 2014/15 annual results, Faiveley Transport Group presented its strategic plan for the next three years: *Creating Value 2018.* A dedicated press release is available on the Group's website.

On 27 July 2015, Faiveley Transport announced its entry into exclusive negotiations with Wabtec Corporation. Following review with employee representative bodies, on 6 October 2015 the Faiveley family and Wabtec Corporation signed the share purchase agreement as well as a shareholders' agreement; Faiveley Transport and Wabtec Corporation signed the agreement related to the tender offer.

Wabtec's firm offer relates to the acquisition of the entire Faiveley Transport share capital, valuing it at an enterprise value in the region of €1.7 billion, and would give rise to one of the world's leading rail equipment manufacturers with combined sales of approximately €4 billion.

Finalisation of this project is subject to the fulfilment of standard closing conditions and specifically to the approval of the competent competition authorities (the European Commission and the US Department of Justice, as well as Russia's Federal Antimonopoly Services).

The project has already been approved by the Russian competition authority. The process for applying to the European Commission for authorisation is ongoing. Following the formal notification submitted on 4 April 2016, on 12 May 2016 the European Commission opened an in-depth investigation (Phase 2) with respect to a few products areas which could be affected by the combination.
In the United States, the Department of Justice is continuing the second request review in relation to the planned acquisition.

In this context, the acquisition of the controlling interest from the Faiveley family by Wabtec is expected to occur in the fourth quarter of 2016 and the proposed tender offer will be filed with the *Autorité des Marchés Financiers* (AMF – French financial markets authority) in the weeks following this change in control.

CREATING VALUE 2018

During the presentation of its 2014/15 Annual Results, Faiveley Transport presented its *"Creating Value 2018"* strategic plan.
Faiveley Transport pursues the execution of its strategic action plans with the objective to achieve the financial targets set for the period 2015/16 – 2017/18.

The *Creating Value 2018* plan is based on five strategic building blocks: *Shape, Execute, Create, Develop, Grow Talent*. During the 2015/16 financial year, the Group notably:

- Opened a new industrial facility in Plzen in the Czech Republic, housing the pantograph assembly operations, and start the manufacture and assembly for on-board doors, couplers and brakes.
- Expanded its existing industrial facility in India to turn it into a multi-product site.
- Completed its organisation and rolled out its governance to improve its performance: creation of the China Division with its own management; hierarchical integration of the Finance and Human Resource functions.
- Continued its progress in terms of operational excellence, by rolling out its Faiveley Worldwide Excellence (FWE) programme throughout the organisation;
- Implemented its new ERP information system, now running in more than ten of the Group's sites.

In addition, Faiveley Transport is ahead of schedule in relation to the financial targets set when the plan was presented, and has confirmed its objectives:

- Sales of €1.15 billion (excluding acquisitions) in 2017/18, thanks in particular to the momentum of the Services Division;
- Group operating margin before restructuring of between 11% and 12% of 2017/18 sales (i.e. between €125 million and €140 million of Group operating profit before restructuring, excluding acquisitions);
- Cumulative free cash flow of more than €110 million over the three years of the plan (2015/16 to 2017/18).

ORDER BOOK

At 31 March 2016, the Group's order book totalled €1,847.2 million, achieving organic growth of 1.6% in comparison with 31 March 2015 (a decline of 1.6% when including the negative 3.2% currency effect).

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

In the Europe region:

- The supply of heating, ventilation and air conditioning (HVAC) and braking systems for the MP 14 trains for the Paris metro, built by Alstom for the RATP;
- Braking systems and heating, ventilation and air conditioning (HVAC) systems for 82 Desiro HC Rhine-Ruhr Express (RRX) electric passenger trains (EMU) built by Siemens, along with a services contract for the supply of spare parts and brake overhaul for a firm period of 10 years;
- The supply of platform screen doors for 27 existing stations of Line 4 and for the four new stations of Line 14 of the Paris metro for RATP;
- Heating, ventilation and air conditioning (HVAC) systems for the new Swiss EuroCity EC250 high speed trains built by Stadler Rail;
- An additional order for the supply of bogie brakes for 42 Regio2N trains built by Bombardier Transportation;
- The supply of auxiliary converters for 355 double-deck M7 cars built by Bombardier Transportation for Société Nationale des Chemins de Fer Belges (SNCB-NMBS).

In the Americas region:

- Heating, ventilation and air conditioning (HVAC) systems for the 284 cars of the Orange and Red Lines of the Boston metro (MBTA) for the Chinese manufacturer CRRC;
- Access door systems for the new Metropolis trains built by Alstom which will equip the future metros of Guadalajara (Line 3), Panama City (Lines 1 and 2), Lima (Line 1) and Santo Domingo (Lines 1 and 2);
- The supply of platform screen doors for 15 stations of Line 6 of the Sao Paulo metro.

In the Asia-Pacific region:

- An additional order for braking systems, door systems, pantographs and heating, ventilation and air conditioning (HVAC) systems for 162 cars of Line 11 of the Delhi metro built by Bombardier Transportation;
- The supply of couplers and door systems for 744 new cars for the Hong Kong metro built by CRRC Sifang;
- Braking systems and access doors for the 22 Metropolis six-cars trains for Sydney built by Alstom;
- Overhaul of the braking systems of 23 suburban trains in Australia;
- Overhaul of the braking systems of 150 locomotives in Iran.

SALES

Over the financial year 2015/16, Faiveley Transport achieved sales of €1,105.2 million, an increase of 5.4% compared with 2014/15, including organic growth of 1.3%. Currency effects had a favourable impact of 4.1%.

(€ millions)	**2015/2016**	2014/15	**Organic growth**	**Total growth**
Europe	634.9	638.5	-1.6%	-0.6%
Asia/Pacific	246.0	230.2	-0.1%	+6.8%
Americas	215.9	168.3	+16.3%	+28.3%
Rest of the world	8.4	11.4	-27.2%	-27.1%
FULL YEAR	**1,105.2**	**1,048.4**	**+1.3%**	**+5.4%**
Original Equipment	610.7	612.4	-4.0%	-0.3%
Services	494.5	436.0	+8.8%	+13.4%
FULL YEAR	**1,105.2**	**1,048.4**	**+1.3%**	**+5.4%**

On a like-for-like basis:

- Europe (57% of sales) contracted by 1.6%, with the completion of certain project deliveries, particularly in Belgium and Eastern Europe, and this decline was not fully offset by the delivery of other major ongoing projects such as Régiolis in France, Zefiro in Italy and Thameslink in the United Kingdom, or by the momentum of the Services Division;
- The Asia-Pacific region (22% of sales) was stable (organic decline of 0.1%), with a very good level of growth in India, and the completion of deliveries of certain projects in the region;

- The Americas region (20% of sales) recorded strong organic growth of 16.3% thanks in particular to a buoyant freight market in the United States in 2015 and to the high level of activity of the Services Division.

The Services Division posted organic growth of 8.8%, primarily due to the performances recorded in the Asia-Pacific region, and in the United States, Italy and the United Kingdom.

The Original Equipment Divisions recorded a 4.0% fall in sales on a like-for-like basis, mainly due to project delivery schedules.

GROUP OPERATING PROFIT

Operating profit for the 2015/16 financial year was impacted by non-recurring charges, including primarily:
- €17.3 million in transaction costs related to the proposed combination with Wabtec Corporation; and
- €6.8 million in restructuring costs, in line with the implementation of the strategic plan, Creating Value 2018.

Restated for these elements, adjusted Group operating profit (including the share of profit in joint ventures) totalled €108.5 million (9.8% of sales) for the year to 31 March 2016, against €96.9 million (9.2% of sales) for 2014/15, representing an increase of 11.9%.

Gross profit totalled €281.1 million (25.4% of sales), compared with €254.4 million in 2014/15 financial year (24.3% of sales). This significant increase in gross margin was primarily due to improved project execution, a favourable volume effect related to the level of US freight, as well as to a favourable mix as a result of strong growth in the Services activity.

Sales, general and administrative costs rose by 14.9% as a result of exchange rates (approximately 4%) and the implementation of the Creating Value 2018 strategic plan, which includes the strengthening of operational, sales and management teams as well as the rollout of new IT systems and the improvement in processes and operations controls.

Group operating profit totalled €84.4 million for the 2015/16 financial year, a fall of 11.4% due to the impact of transaction costs associated with the planned combination with Wabtec.

NET PROFIT

Financial charges fell sharply to €7.2 million, compared with €13.9 million in 2014/15, due to the lower cost of net financial debt and an overall positive foreign exchange result.

The income tax charge totalled €21.2 million, compared with €28.5 million for the year to 31 March 2015. The decrease in the effective tax rate (29.6% against 38.1% in 2014/15) was mainly due to transaction costs related to the planned combination with Wabtec, and a favourable country mix.

Minority interests improved sharply (€4.7 million, compared with a fall of €2.8 million at 31 March 2015), thanks to both the performance of the joint venture with Amsted on freight brakes in the United States, and the recovery of the doors and air conditioning operations of the SFRT joint venture in Shanghai.

Net profit – Group share reached €51.3 million, down 7.8% in relation to the 2014/15 financial year, which was due solely to non-recurring costs related to the proposed combination with Wabtec. Restated for these costs, net profit – Group share would have increased by 14%.

Net earnings per share were €3.56 for the year to 31 March 2016, representing a fall of 8.2% (€3.88 for the year to 31 March 2015).

CASH FLOW AND FINANCIAL POSITION

Self-financing capacity before interest and tax was €126.8 million, up 7.5% in comparison with the 2014/15 financial year (€118.0 million).

At 31 March 2016, the working capital requirement (WCR) after factoring of receivables totalled €120.9 million, up €15.9 million in comparison with 31 March 2015. This change incorporates a sharp increase in customer advances (up €18.5 million, thanks to order intake outside Europe), a €6.4 million decrease in inventories thanks to specific management measures, a €10.4 million fall in customer receivables, and an acceleration of suppliers payments.

Capital expenditure (CAPEX) reached €38.1 million, as forecasted a significant increase on the previous financial year (Capex of €23.1 million in 2014/15), due to investments related to the Creating Value 2018 strategic plan.

After taking account of the change in working capital requirements and net capital expenditure, free cash flow totalled €38.5 million, ahead of schedule in relation to the Strategic Plan which anticipates cumulative free cash flow of at least €110 million over 3 years. Restated for outflows connected with the proposed transaction with Wabtec, free cash flow would total €43 million.

The Group's net financial debt reached €154.5 million at 31 March 2016, a decrease of €30.0 million compared with 31 March 2015. This change was mainly the result of free cash flow generated over the financial year.

PROPOSED DIVIDEND

Given the current proposed combination between Faiveley Transport and Wabtec Corporation, Faiveley Transport has undertaken not to pay any dividend other than that decided by the Shareholders' General Meeting of 18 September 2015.

2016/17 OUTLOOK

Given the development of the markets in which it operates as well as the continued implementation of its strategic plan over the next two years, the Group expects sales of between €1,115 million and €1,140 million for the 2016/17 financial year, representing growth of between 1% and 3% in relation to the 2015/16 financial year. This forecast takes into account the contraction of the US freight market in terms of orders since the summer of 2015, which will be offset by the momentum of other activities, in Asia-Pacific and Europe.

The Group also expects an improvement in its adjusted Group operating profit, before restructuring costs and costs related to the combination with Wabtec, with a targeted level of between €114 and €120 million, which represents growth of 5% to 10% in comparison with the level for the 2015/16 financial year.

Given the planned combination with Wabtec, the acquisition of the controlling interest from the Faiveley family is expected in the fourth quarter of 2016. The proposed tender offer will be submitted to the *Autorité des Marchés Financiers* (AMF) in the weeks following this change in control.

Analyst/investor presentation:

The analyst/investor presentation of the 2015/16 annual results will take place in English today, Thursday 26 May 2016 at 2pm, at the Centre de Conférences Edouard VII, 23 square Edouard VII, 75009 Paris.
The presentation will be available on the Group's website.
The conference will be broadcast live and available for subsequent viewing on the site:
http://www.faiveleytransport.com.

Next communications:

25 July 2016 (after close of trading), 2016/17 first quarter financial information
30 September 2016, Shareholders' Annual General Meeting
29 November 2016 (after close of trading), 2016/17 half-year results

About Faiveley Transport:

Faiveley Transport is a global supplier of high added value integrated systems for the railway industry. With almost 6,000 employees in 24 countries, Faiveley Transport generated sales of €1,105.2 million in the 2015/16 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 & Small indices.
Compartment A, ISIN: FR0000053142, Tickers: Bloomberg: LEY FP / Reuters: LEY.FP

LEY LISTED NYSE EURONEXT

DISCLAIMER:

This press release includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause expected results to differ.
Although Faiveley Transport believes that its expectations and the information in this press release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the expected results will be as set out in this press release.
Neither Faiveley Transport nor any other company within the Faiveley Transport Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the press release, and neither Faiveley

Transport, any other company within the Faiveley Transport Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the press release.
The public tender offer planned by Wabtec will be submitted to examination and visa by the French Autorité des Marchés Financiers. Wabtec and Faiveley Transport will respectively establish a draft offer memorandum and a draft memorandum in response which will be available on their respective websites and that of the Autorité des Marchés Financiers.

Contacts:

Guillaume Bouhours	Chief Financial Officer	guillaume.bouhours@faiveleytransport.com
Domitille Vielle	Group Financial Communication Manager	domitille.vielle@faiveleytransport.com
Charlotte Rougeron	Group Communication Manager	charlotte.rougeron@faiveleytransport.com

EXTRACTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015/16 FINANCIAL YEAR

The financial statements at 31 March 2016 have been audited, reviewed and checked by the Supervisory Board at its meeting of 25 May 2016. Audit procedures on the consolidated financial statements have been carried out. The Statutory Auditors' report is pending.

CONSOLIDATED INCOME STATEMENT

(€ millions)	2015/2016	2014/15
Sales	**1,105.2**	**1,048.4**
Cost of sales	(824.1)	(794.0)
Gross Profit	**281.1**	**254.4**
as % of sales	*25.4%*	*24.3%*
Administrative costs	(102.5)	(89.0)
Sales and marketing costs	(53.5)	(46.7)
Research and development costs	(18.4)	(17.0)
Other operating income and expenses	(21.2)	(11.3)
Profit from recurring operations	**85.6**	**90.4**
as % of sales	*7.7%*	*8.6%*
Restructuring costs	(6.8)	(1.6)
Gain/(loss) on disposal of PPE and intangible assets	-	(0.1)
Operating profit	**78.8**	**88.7**
as % of sales	*7.1%*	*8.5%*
Share of profit of joint ventures	5.6	6.6
Operating profit after share of profit of joint ventures	**84.4**	**95.3**
as % of sales	*7.6%*	*9.1%*
Net cost of financial debt	(9.9)	(11.0)
Other financial income and expenses	2.7	(2.9)
Net financial expense	**(7.2)**	**(13.9)**
Share of profit of other equity-accounted entities	-	-
Profit before tax	**77.2**	**81.4**
Income tax	(21.2)	(28.5)
Net profit:	**56.0**	**52.9**
Attributable to Company shareholders	***51.3***	***55.7***
Attributable to minority interests	*4.7*	*(2.8)*
Earnings per share, in €:		
Basic (1)	**3.56**	**3.88**
Diluted (b)	3.50	3.86

(1) Basic earnings per share take into account the deduction of the average number of treasury shares held by Faiveley Transport (205,692 in 2015/16 and 282,158 in 2014/15).

(2) Diluted earnings per share take into account the deduction of all treasury shares held by Faiveley Transport and the increase in total shares exercisable under share allocation plans (264,899 in 2015/16 and 85,928 in 2014/15).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	March 2016	March 2015
Goodwill	688.6	697.1
Intangible assets	63.6	58.3
Property, plant and equipment	77.7	70.6
Shareholdings in equity-accounted entities	20.7	21.8
Deferred tax assets	62.3	66.4
Other non-current financial assets	2.9	3.3
Total non-current assets	**915.7**	**917.6**
Inventories	161.2	167.7
Work-in-progress on projects	123.4	121.7
Advances and prepayments paid on orders	2.3	2.6
Trade and other receivables	215.8	224.1
Other current assets	37.9	24.7
Taxation receivable	18.0	17.8
Current financial assets	33.9	42.8
Short-term investments	15.0	14.8
Cash	221.0	222.0
Assets held for sale	7.5	7.1
Total current assets	**836.2**	**845.5**
TOTAL ASSETS	**1,751.9**	**1,763.0**

Share capital	14.6	14.6
Consolidated reserves and net profit	642.1	611.1
Equity – Group share	**656.8**	**625.7**
Minority interests	32.1	31.7
Total equity	**688.9**	**657.4**
Provisions for non-current liabilities and charges	43.1	48.1
Deferred tax liabilities	51.1	50.9
Non-current borrowings and financial debt	360.9	396.5
Total non-current liabilities	**455.2**	**495.4**
Provisions for current liabilities and charges	112.4	101.8
Current borrowings and financial debt	57.7	54.6
Advances and prepayments received on orders	158.7	140.2
Current liabilities	269.6	303.9
Current tax payable	9.5	9.5
Total current liabilities	**607.9**	**610.1**
TOTAL EQUITY AND LIABILITIES	**1,751.9**	**1,763.0**

CONSOLIDATED CASH FLOW STATEMENT

(€ millions)	2015/2016	2014/15
Net profit – Group share	51.3	55.7
Minority interests	4.7	(2.8)
Depreciation and amortisation charges	19.7	17.5
Charges related to share-based payments	7.6	2.2
Asset impairment (including goodwill)	-	-
Change in provisions	15.1	6.1
Unrealised net loss/(gain) on derivative instruments and revaluation of monetary assets and liabilities	0.4	3.4
Other calculated income and expenses	-	-
Net loss/(gain) on asset disposals	0.1	-
Grant income	-	(0.3)
Share of profit of equity-accounted entities	(5.6)	(6.6)
Dividends received from equity-accounted entities	2.5	3.2
Dilution profit	-	-
Net cost of financial debt	9.9	11.0
Income tax charge (including deferred tax)	21.2	28.5
Self-financing capacity before interest and tax	**126.8**	**118.0**
Change in working capital requirements	(26.6)	4.4
Tax paid	(14.7)	(25.8)
Net financial interest paid	(8.9)	(9.8)
Cash flow from operating activities	**76.6**	**86.8**
Purchase of property, plant and equipment and intangible assets	(36.0)	(23.7)
Disposal of property, plant and equipment and intangible assets	0.1	0.2
Proceeds from capital grants	-	0.1
Purchase of financial assets	(2.9)	(0.2)
Disposal of financial assets	0.7	0.5
Free cash flow (1)	**38.5**	**63.6**
Net cash outflows / inflows related to acquisitions/disposals of subsidiaries and minority interests	(1.3)	(1.9)
Cash flow from investment activities	**(39.4)**	**(25.1)**
Proceeds from new share issues	-	-
Change in treasury shares	3.0	0.8
Movement in share and merger premiums	-	-
Dividends paid	(14.8)	(11.5)
Proceeds from new borrowings	8.3	-
Repayment of borrowings	(34.0)	(36.7)
Cash flow from financing activities	**(37.4)**	**(47.4)**
Net foreign exchange difference	(0.6)	(17.6)
Net increase/(decrease) in cash and cash equivalents	**(0.8)**	**(3.3)**
Cash and cash equivalents at start of the period	234.7	237.9
Cash and cash equivalents at end of the period	233.9	**234.7**

(1) *Indicator not defined under IFRS, definition provided in the appendix*

2015/16 FOURTH QUARTER SALES

(€ millions)	2015/2016	2014/15	Organic growth	Total growth
Europe	185.5	182.4	+3.4%	+1.6%
Asia/Pacific	65.8	72.8	-12.5%	-9.6%
Americas	49.5	48.9	+2.9%	+1.3%
Rest of the world	2.2	2.4	-6.1%	-7.2%
TOTAL 4th quarter (Q4)	**303.0**	**306.5**	**-0.7%**	**-1.1%**
Original Equipment	164.7	168.3	-1.5%	-2.1%
Services	138.3	138.2	+0.4%	+0.1%
TOTAL 4th quarter (Q4)	**303.0**	**306.5**	**-0.7%**	**-1.1%**

FINANCIAL INDICATORS NOT DEFINED UNDER IFRS

Adjusted Group operating profit

Adjusted Group operating profit is defined as operating profit restated for restructuring costs and transaction costs related to the planned combination with Wabtec Corporation and including the share of profit of equity-accounted entities.

(€ millions)	2015/2016	2014/15
Operating profit	**78.8**	**88.7**
Share of net profit of equity-accounted entities	5.6	6.6
Group operating profit	**84.4**	**95.3**
Restructuring costs	(6.8)	(1.6)
Costs related to the Wabtec transaction	(17.3)	-
Adjusted Group operating profit	**108.5**	**96.9**

Free cash flow

Free cash flow is defined as self-financing capacity before interest and tax restated for tax paid, net financial interest paid, and the change in working capital requirements and net capital expenditure.

(€ millions)	2015/2016	2014/15
Self-financing capacity before interest and tax	**126.8**	**118.0**
Change in working capital requirements	(26.6)	4.4
Tax paid	(14.7)	(25.8)
Net financial interest paid	(8.9)	(9.8)
Investments	(38.1)	(23.1)
Free cash flow	**38.5**	**63.6**