FAIVELEY TRANSPORT: 25% INCREASE IN NET PROFIT IN THE 2012/2013 FINANCIAL YEAR

Gennevilliers, 5 June 2013

IFRS (€ millions)	2011/12	**2012/13**	**% change**
Sales	900.5	**987.7**	+9.7%
Operating profit	93.3	**111.1**	+19.1%
Operating margin (as % of sales)	*10.4%*	***11.2%***	
Net profit- Group share	47.4	**59.3**	+25.0%
Net margin (as % of sales)	*5.3%*	***6.0%***	
Earnings per share *(€)*	3.38	**4.17**	+23.1%

9.7% SALES GROWTH DURING THE FINANCIAL YEAR

Faiveley Transport generated sales of €988 million for the 2012/2013 financial year, an increase of 9.7% compared to the previous year and a 3.3% increase on a like-for-like basis. The acquisition of Graham-White had a positive contribution of 4.5%, and there was a positive foreign exchange effect of 1.9%.

Sales growth was evenly distributed among the geographic regions, with organic growth of 3% in Europe, 5% in the Asia-pacific region and a 4% increase on a like-for-like basis in Americas.

The Services activity achieved an excellent year and reported organic growth of 9%. It now accounts for 41% of the Group’s total sales. Delivery levels were stable for Original Equipment activities.

ORDER BOOK OF €1,616 MILLION

After several years of exceptional order intake, the Group’s order book reached €1,616 million at 31 March 2013, a decline of 4.4% compared to the end of March 2012. In a less active global environment than in previous years, the Group continued to win significant orders, particularly in Europe and Asia-Pacific: the Thameslink programme in the UK (on-board doors), the Milan Metro (braking systems, air conditioning, pantographs and couplers), the Lille Metro (platform screen doors), regional trains in Italy (braking systems), high-speed trains in China (air conditioning systems), locomotives in China (brakes) and the Moscow Metro (air conditioning).

19% INCREASE IN OPERATING PROFIT

The Group's operating profit increased by 19% to €111.1 million (11.2% of sales), compared to €93.3 million (10.4% of sales) in the previous financial year. Sales growth and strict control over sales, general and administrative costs led to this significant increase of operating profit, despite a decline in the gross margin rate. The main events of the financial year include the positive effect of the successful trial against Wabtec in the US (with a €6 million positive impact on 2012/13 operating profit out of a total net gain of €10 million) as well as a major loss provision of an equivalent amount booked on the RER Brussels project, due to technical difficulties in the development of sliding steps and on-board doors.

Gross profit for the financial year grew 6.2% to €248.3 million (25.1% of sales) compared to €233.8 million (26.0% of sales) in 2011/12. As in the first half of the year, an improved harmonisation in expense allocation between fixed costs and cost of sales accounts for 0.2 percentage points of the decline in gross margin, with no impact on operating profit. Excluding this effect, the 0.7 percentage point decline in gross margin was primarily due to the ramp-up of the major new platforms incurring significant start-up engineering costs and, for some of these platforms, specific development issues.

Sales, general and administrative costs were €120.3 million, compared to €118.6 million in the previous year. On a like-for-like basis, these costs decreased by 2.3% due to continuation of the administrative and general cost reduction plan.

Financial expenses improved by 10% to €13.6 million, due to lower market interest rates and improved hedging on euro debt, which offset the additional interest expense related to the Graham-White acquisition debt.

Consolidated net profit totalled €59.3 million, an increase of 25% compared to the previous year. Taking treasury shares into account, net earnings per share amounted to €4.17.

The Group also achieved a satisfactory level of cash generation during the year, with free cash flow of €51 million, in line with the previous year. Excluding accruals relating to the Wabtec trial, the working capital requirement was almost unchanged during the year.

Net debt at 31 March 2013 totalled €162 million, taking into account treasury shares, a reduction of €34 million during the year. The balance sheet was therefore further strengthened with a Net Debt to EBITDA ratio of 1.5x at 31 March 2013, as against 1.8x at 31 March 2012, and a €53 million increase in equity to €527 million.

12% INCREASE IN DIVIDEND

The Management Board will propose to the Annual General Meeting the payment of a dividend of €0.95 per share for the 2012/13 financial year, corresponding to an increase of

12%. This amount represents 23% of net earnings, in line with the group policy issued last year of targeting a pay-out ratio ranging between 20% and 25% of net profit.

OUTLOOK

Business activity levels are up on last year, with a number of significant projects in tender phase, especially in Europe and in emerging countries.

The Group confirms its objective of achieving sales growth in the 2013/14 financial year, with organic growth of 0% to 3%, and the contribution of the acquisition of Schwab Verkehrstechnik announced on 17 May 2013.

Europe is aiming to achieve moderate growth, particularly due to the start of serial production deliveries of certain major projects awarded to the Group over the last few years.
In Asia-Pacific, sales should be stable overall, with an acceleration of locomotive deliveries in China that should offset the decline in the Group's metro projects in this country.
In North America, the freight market is expected to remain stable at approximately 35,000 cars per year, in line with activity level over the past few months.

Shareholders' agenda:
25 July 2013 (after close of trading), Q1 sales 2013/14
12 September 2013, Annual General Meeting
25 November 2013 (after close of trading), HY1 sales and results 2013/14

FAIVELEY TRANSPORT, A WORLD LEADER IN THE RAILWAY INDUSTRY

About Faiveley Transport Group

Faiveley Transport is a global leader in high-tech components for rail systems. The Group supplies manufacturers, operators and railway maintenance bodies worldwide 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 6,000 people in 24 countries

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2011/2012 CONSOLIDATED FINANCIAL STATEMENTS

2011/2012 CONSOLIDATED INCOME STATEMENT

(€ thousands)	2012/2013 IFRS	2011/2012 IFRS
SALES	987 706	900 523
Cost of sales	(739 371)	(666 722)
GROSS PROFIT	248 335	233 801
% of sales	25,1%	26,0%
Administrative costs *	(76 532)	(78 719)
Sales and marketing costs *	(43 790)	(39 898)
Research and development costs	(13 363)	(11 111)
Other operating income	5 474	2 687
Other operating costs	(7 825)	(12 071)
PROFIT FROM RECURRING OPERATIONS	112 299	94 689
% of sales	11,4%	10,5%
Restructuring costs	(1 025)	(1 213)
Gain/(Loss) on disposal of non current assets	(164)	(204)
Other non-operating income/(expenses)		
OPERATING PROFIT	**111 110**	**93 272**
% of sales	11,2%	10,4%
Amortisation, depreciation and provision charges included in operating profit	*16 344*	*14 947*
Operating profit before amortisation and depreciation charges	*127 454*	*108 219*
Net cost of financial debt	(10 583)	(10 700)
Other finance income	13 682	14 330
Other finance costs	(16 727)	(18 815)
NET FINANCE COST	**(13 628)**	**(15 185)**
PROFIT BEFORE TAX	**97 482**	**78 087**
Income tax	(33 871)	(26 912)
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES	**63 611**	**51 175**
Share of profit from associates	-	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**63 611**	**51 175**
Profit/(loss) for the period of discontinued activities		
CONSOLIDATED NET PROFIT FOR THE YEAR	**63 611**	**51 175**
Minority interests	4 333	3 747
NET PROFIT - GROUP SHARE	**59 278**	**47 428**
Number of shares	**14 232 102**	**14 012 090**
Earnings per share, in €:		
Earnings per share	*4,17*	*3,38*
Diluted earnings per share	*4,17*	*3,38*

* During the year the cost of management activities have been reclassified from "sales and marketing costs" in "administrative costs". In order that costs were comparable, presentation of accounts at 31 March 2012 has been restated accordingly (€ 12.1 million).

CONSOLIDATED BALANCE SHEET – ASSETS

ASSETS (€ thousands)	31 March 2013 Net IFRS	31 March 2012 Net IFRS
Subscribed uncalled share capital (I)		
Goodwill	651 235	648 981
Intangible assets :		
Other	42 953	40 057
Property, plant and equipment :		
Land	5 880	5 848
Buildings	24 558	25 662
Plant and machinery	28 559	27 436
Other	12 459	9 966
Financial investments:		
Shareholdings in unconsolidated subsidiaries	253	245
Shareholdings in associates	-	-
Other non-current financial investments	5 598	5 538
Deferred tax assets	44 816	43 598
TOTAL NON-CURRENT ASSETS (II)	**816 311**	**807 331**
Inventories	144 453	144 000
Work-in-progress on long term contracts	98 524	91 048
Advances and prepayments received	3 893	3 811
Trade receivables	184 193	179 402
Other current receivables	34 877	18 515
Taxation receivable	7 427	11 048
Current financial assets	9 348	9 328
Current investments	22 035	41 080
Cash	152 923	169 166
TOTAL CURRENT ASSETS (III)	**657 673**	**667 398**
TOTAL ASSETS (I + II + III)	**1 473 984**	**1 474 729**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EQUITY AND LIABILITIES (€ thousands)	**31 March 2013 IFRS**	**31 March 2012 IFRS**
SHAREHOLDERS' EQUITY		
Share capital	14 232	14 187
Share premium	88 633	86 488
Translation differences	2 782	(198)
Consolidated reserves	362 147	326 238
Net profit for the period	59 277	47 428
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY EQUITY	**527 071**	**474 143**
MINORITY INTERESTS		
Share of subsidiaries' equity	28 832	27 362
Share of subsidiaries' profit for the year	3 957	3 640
TOTAL MINORITY INTERESTS	**32 789**	**31 002**
TOTAL CONSOLIDATED EQUITY (I)	**559 860**	**505 145**
Provisions for non-current liabilities and charges	33 008	36 213
Deferred tax liabilities	28 271	22 090
Non-current borrowings	314 841	352 865
TOTAL NON-CURRENT LIABILITIES (II)	**376 120**	**411 168**
LIABILITIES		
Current provisions for liabilities and charges	83 910	80 353
Current borrowings	62 600	95 420
Advances and prepayments received	120 860	124 674
Current liabilities	257 871	245 444
Tax payable	12 763	12 525
TOTAL CURRENT LIABILITIES (III)	**538 004**	**558 416**
TOTAL EQUITY AND LIABILITIES (I + II + III)	**1 473 984**	**1 474 729**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	2012/2013 IFRS	2011/2012 IFRS
Cash flow from operating activities		
Net profit for the period - Group share	59 278	47 428
Minority interests	4 333	3 747
Adjustments for non-cash items:		
- Depreciation and amortisation charges	16 346	14 947
- Expenses related to share-based payments *	2 410	1 832
- Asset impairment (including goodwill)	-	-
- Net movements in provisions	5 058	5 783
- Deferred tax	4 355	(2 849)
- Net loss/(gain) on assets disposal	164	810
- Grant income	(404)	(526)
- Share of profit/(loss) from associates		-
- Dilution profit	-	-
Self-financing capacity	**91 540**	**71 172**
Changes in working capital	**(19 929)**	**(4 030)**
Decrease (+) increase (-) of inventories	3 273	(1 417)
Decrease (+) increase (-) of trade and other receivables	(33 980)	1 507
Increase (+) decrease (-) of trade and other payables	6 947	2 431
Increase (+) decrease (-) of income tax	3 831	(6 551)
Net cash generated from operating activities	**71 611**	**67 142**
Cash flow from investing activities		
Purchase of intangible assets	(6 684)	(7 007)
Purchase of property, plant and equipment	(13 791)	(10 102)
Proceeds from grants	219	46
Proceeds from disposal of PPE and intangible assets	49	189
Purchase of financial assets	(506)	(1 001)
Proceeds from sale of financial assets	551	1 159
Cash and cash equivalent of acquired subsidiaries	0	(77 608)
Cash and cash equivalent of disposed subsidiaries	0	0
Net cash used in investing activities	**(20 162)**	**(94 324)**
Proceeds from new share issues	0	0
Buyback of treasury shares	523	932
Movement in share and merger premiums	0	0
Other movements in equity (cash-flow hedge)	163	(1 936)
Cash dividends paid to parent company shareholders	(12 062)	(16 738)
Cash dividends paid to minority interests	(3 319)	(1 356)
Proceeds from new borrowings	106 869	101 418
Repayment of borrowings	(185 087)	(43 711)
Net cash generated from/(used in) financing activities	**(92 913)**	**38 609**
Net foreign exchange difference	(3 060)	1 169
Impact of increase/(decrease) in value of cash equivalents (1)	3 614	1 516
Net increase/(decrease) in total cash	**(40 910)**	**14 112**
Cash and cash equivalents at start of period	206 823	192 711
Cash and cash equivalents at end of the year	**165 913**	**206 823**

* For better readability, the IFRS 2 expense was classified from "cash flows from financing" in "self-financing capacity".
For reasons of comparability, the cost of € 1.8 million at 31 March 2012 was also reclassified.