

FAIVELEY TRANSPORT: 2013/14 HALF-YEAR RESULTS

Gennevilliers, 25 November 2013

<i>IFRS (€ millions)</i>	2012/13	2013/14	% change
Sales	461.1	458.6	(0.5%)
Operating profit	51.4	46.2	(10.0%)
<i>As a % of sales</i>	<i>11.1%</i>	10.1%	
Net profit- Group share	26.1	25.3	(3.2%)
<i>As a % of sales</i>	<i>5.7%</i>	5.5%	
Earnings per share (€)	1.84	1.78	(3.6%)

GROWTH IN ORDER BOOK TO €1,656 MILLION

The Group's order book totalled €1,656 million at 30 September 2013, an increase of 2.5% over the first six months of the 2013/14 financial year. This was an increase of 3.3% on a like-for-like basis over the same period.

Among the major orders for the first half year, the Group secured the following:

- In Russia:
 - Braking systems for 158 EP20 locomotives manufactured by Transmashholding;
 - Air conditioning systems for 118 double-deck cars built by Stadler for the Aeroexpress rail link to Moscow airports;
 - Braking systems to equip seven Talgo high speed trains to be operated by the Russian rail company RZD;
 - Air conditioning systems for 20 regional trains built by Ural Locomotives;
- In China:
 - Orders for braking systems to equip 190 additional locomotives from car builders Datong and Zhuzhou, confirming the very strong recovery of Chinese investments in this segment;
 - On-board doors for 210 cars for Shanghai Metro (lines 3 & 4);
 - Couplers and on-board doors for 37 Hong Kong Metro trains built by Rotem;
- In Europe:
 - Couplers and air conditioning systems to equip 100 Siemens Desiro trains for the Austrian operator ÖBB;
 - Platform doors for the new line of the Copenhagen Metro;

- A first order for brakes to equip 130 new Traxx locomotives built by Bombardier for Deutsche Bahn;
- A repeat order for braking systems to equip 46 Alstom Coradia X60 trains for the Swedish market;
- Repeat orders for air conditioning systems for 108 Flexity 2 type tramways manufactured by Bombardier;
- The first order for air conditioning systems for Stadler's new Flirt 3 tramway platform to equip 40 carriages for the Hungarian operator MAV.

HALF YEAR SALES VIRTUALLY UNCHANGED

Faiveley Transport's sales for the first half of 2013/2014 were €459 million, a decline of 0.5% compared to the first half of the previous financial year, including a decline of 0.4% on a like-for-like basis. The acquisition of Schwab Verkehrstechnik last May made a positive contribution of 1.7% and foreign exchange rates had a negative impact of 1.8%.

On a like-for-like basis, this change in sales breaks down as follows:

- In Europe, sales growth was 3% with a good level of project deliveries in France and the UK;
- The Asia-Pacific region recorded a decline of 7%, due to a reduction in deliveries of equipment for metros in China and India in comparison to the previous financial year, partially offset by the growth in Russia;
- The Americas region reported a 2% decline, reflecting the slowdown in the freight segment since the summer of 2012 and the phasing of Transit projects.

The Services activity achieved organic growth of 4.8% over the first six months, driven in particular by China and Italy. Original equipment activities recorded a 3.9% decline on a like-for-like basis.

SLIGHT DECLINE IN NET PROFIT

The Group's operating profit was €46.2 million (10.1% of sales) for the first six months, compared to €51.4 million (11.1% of sales) over the same period of the previous financial year. This 10% decline in operating profit was due to a slight reduction in gross margin combined with an increase in sales, general and research costs.

Gross profit totalled €117.3 million (25.6% of sales), compared to €119.0 million over the first half of 2012/13 (25.8% of sales). This slight decline in gross margin was caused by a less favourable project mix, primarily due to the ramp-up of deliveries on major new train platform projects, which incur significant start-up engineering costs.

Sales, general and administrative costs increased 4% to €61.4 million due to the strengthening of sales teams and the development of IT tools. Research costs also increased 4%, to €6.6 million.

Financial expenses were reduced to €5.7 million, a significant drop of 24% due to the reduction in Group debt compared to the first half of the previous year, to lower interest rates and improved Euro rate hedging.

Group share of net profit reached €25.3 million, a decline of 3% compared to the first half of the previous year.

FINANCIAL POSITION

The Group's net financial debt totalled €230 million at 30 September 2013, taking into account treasury shares. This increase, usual for every first half-year, amounted to €68 million compared to 31st March 2013. Main reasons were the annual payment of dividends, the seasonal decrease of the factoring programme, the acquisition of Schwab Verkehrstechnik in May 2013 and the mid-year increase in working capital requirement.

The net debt to EBITDA ratio was just below 2.0x at 30 September 2013, the same level as at 30 September 2012.

OUTLOOK

The Group maintains its objective of achieving organic sales growth in the 2013/14 financial year of between 0% and 3%. In the second half of the year, growth is expected to be driven by the delivery of major projects in Europe and the significant recovery of the locomotive segment in China.

In this context, and in line with the slight decline in gross margin in the first half of the year, the Group anticipates a full year operating margin slightly lower than last year.

In terms of order intake, there are numerous opportunities for orders across all regions, with significant tenders in the short-term in Europe, South America, South Africa and Asia.

Shareholders' agenda:

30 January 2014 (after close of trading), 2013/2014 third quarter sales

30 May 2014 (after close of trading), 2013/2014 annual sales and results



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 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 close to 6,000 people in 24 countries

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Euronext Paris Compartment B, a member of the NYSE Euronext Group

A component of the CAC Allshare and CAC Mid 60 indices

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FIRST HALF 2013/2014 CONSOLIDATED FINANCIAL STATEMENTS
FIRST HALF 2013/14 CONSOLIDATED INCOME STATEMENT

(€ thousands)	30 September 2013	30 September 2012
SALES	458 599	461 063
Cost of sales	(341 267)	(342 057)
GROSS PROFIT	117 332	119 006
<i>As % of Sales</i>	25,6%	25,8%
Administrative costs ⁽¹⁾	(39 619)	(38 610)
Sales and marketing costs ⁽¹⁾	(21 756)	(20 358)
Research and development costs	(6 638)	(6 402)
Other operating income	795	1 027
Other operating costs	(3 600)	(2 484)
PROFIT FROM RECURRING OPERATIONS	46 514	52 179
<i>As % of Sales</i>	10,1%	11,4%
Restructuring costs	(284)	(693)
Gain/(Loss) on disposal of non current assets	(5)	(108)
OPERATING PROFIT	46 225	51 378
<i>As % of Sales</i>	10,1%	11,1%
<i>Amortisation, depreciation and provision charges included in operating profit</i>	8 531	8 318
Operating profit before amortisation and depreciation charges	54 756	59 696
Net cost of financial debt	(4 440)	(5 525)
Other finance income	5 577	6 493
Other finance costs	(6 861)	(8 485)
NET FINANCE COST	(5 724)	(7 517)
PROFIT BEFORE TAX	40 501	43 861
Income tax	(14 227)	(15 465)
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES	26 274	28 396
Profit/(loss) for the period of discontinued activities		
CONSOLIDATED NET PROFIT FOR THE YEAR	26 274	28 396
Minority interests	962	2 256
NET PROFIT - GROUP SHARE	25 312	26 140
<i>As % of Sales</i>	5,5%	5,7%
Number of shares ⁽²⁾	14 256 587	14 190 405
Earnings per share, in €:		
<i>Earnings per share</i>	1,78	1,84
<i>Diluted earnings per share</i>	1,78	1,84

(1) 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 30 September 2012 has been restated accordingly (€ 5.8 million).

(2) Excluding treasury shares

The calculation of net earnings per share takes account of the deduction of all treasury shares held by Faiveley Transport, being 357 565 shares as at 30 September 2013, 423 747 shares as at 30 September 2012 and 382 050 shares as at 31 March 2013.

CONSOLIDATED BALANCE SHEET – ASSETS at 30 September 2013

ASSETS (€ thousands)	30 September 2013 Net	31 March 2013 * Net
Subscribed uncalled share capital (I)		
Goodwill	666 111	651 235
Intangible assets		
Other intangible assets	49 383	42 953
Property, plant and equipment		
Land	5 786	5 880
Buildings	22 315	24 558
Plant and machinery	30 033	28 559
Other property, plant and equipment	10 712	12 459
Financial investments		
Shareholdings in unconsolidated subsidiaries	253	253
Shareholdings in associates	-	-
Other non-current financial investments	4 864	5 598
Deferred tax assets	44 966	46 808
TOTAL NON-CURRENT ASSETS (II)	834 423	818 303
Inventories	162 169	144 453
Work-in-progress on long term contracts	102 447	98 524
Advances and prepayments paid	3 630	3 893
Trade receivables	171 847	184 193
Other current receivables	25 847	34 877
Taxation receivable	10 559	7 427
Current financial assets	9 178	9 348
Current investments	29 499	22 035
Cash	120 215	152 923
TOTAL CURRENT ASSETS (III)	635 391	657 673
TOTAL ASSETS (I + II + III)	1 469 814	1 475 976

*2012/2013 Financial statements had been restated with impacts of IAS19 revised (change in accounting estimates due to retrospective application of IAS 19 Revised "Employee Benefits").

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES at 30 September 2013

EQUITY AND LIABILITIES (€ thousands)	30 September 2013	31 March 2013 *
SHAREHOLDERS' EQUITY		
Share capital	14 256	14 232
Share premium	89 444	88 633
Translation differences	(7 194)	2 782
Consolidated reserves	404 781	357 247
Net profit for the period	25 312	59 277
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY EQUITY	526 599	522 171
MINORITY INTERESTS		
Share of subsidiaries' equity	29 401	28 832
Share of subsidiaries' profit for the year	775	3 957
TOTAL MINORITY INTERESTS	30 176	32 789
TOTAL CONSOLIDATED EQUITY (I)	556 775	554 960
Provisions for non-current liabilities and charges	39 820	39 900
Deferred tax liabilities	31 076	28 271
Non-current borrowings and financial debts	329 164	314 841
TOTAL NON-CURRENT LIABILITIES (II)	400 060	383 012
Current provisions for liabilities and charges	80 990	83 910
Current borrowings and financial debts	84 877	62 600
Advances and prepayments received	116 090	120 860
Current liabilities	220 009	257 871
Tax payable	11 013	12 763
TOTAL CURRENT LIABILITIES (III)	512 979	538 004
TOTAL EQUITY AND LIABILITIES (I + II + III)	1 469 814	1 475 976

*2012/2013 Financial statements had been restated with impacts of IAS19 revised (change in accounting estimates due to retrospective application of IAS 19 Revised "Employee Benefits").

FIRST HALF 2013/14 CONSOLIDATED CASH FLOW STATEMENT

	Half-Year 2013/2014	Half-Year 2012/2013
(€ thousands)		
Cash flow from operating activities		
Net profit for the period - Group share	25 312	26 139
Minority interests	962	2 256
Adjustments for non-cash items:		
- Depreciation and amortisation charges	8 531	8 125
- Expenses related to share-based payments	1 438	1 446
- Asset impairment (including goodwill)	-	-
- Net movements in provisions	(3 614)	(3 349)
- Deferred tax	2 957	5 656
- Net loss/(gain) on assets disposal	5	108
- Grant income	(160)	(202)
- Share of profit/(loss) from associates	-	-
- Dilution profit	-	-
Self-financing capacity	35 431	40 179
Changes in working capital	(50 882)	(59 009)
Decrease (+) increase (-) of inventories	(21 195)	(20 878)
Decrease (+) increase (-) of trade and other receivables	13 926	(8 643)
Increase (+) decrease (-) of trade and other payables	(38 062)	(29 222)
Increase (+) decrease (-) of income tax	(5 550)	(266)
Net cash generated from operating activities	(15 451)	(18 830)
Cash flow from investing activities		
Purchase of intangible assets	(3 557)	(2 965)
Purchase of property, plant and equipment	(5 556)	(5 694)
Proceeds from grants	0	0
Proceeds from disposal of PPE and intangible assets	55	0
Purchase of financial assets	(174)	(383)
Proceeds from sale of financial assets	1 426	1 078
Free Cash Flow ⁽¹⁾	(23 257)	(26 794)
Cash and cash equivalent of acquired subsidiaries	(27 410)	0
Cash and cash equivalent of disposed subsidiaries	0	0
Net cash used in investing activities	(27 410)	0
Proceeds from new share issues	0	0
Buyback of treasury shares	835	116
Movement in share and merger premiums	0	0
Other movements in equity (cash-flow hedge)	1 006	(922)
Cash dividends paid to parent company shareholders	(13 542)	(12 062)
Cash dividends paid to minority interests	(1 997)	(132)
Proceeds from new borrowings	62 573	94 166
Repayment of borrowings	(21 423)	(118 030)
Net cash generated from/(used in) financing activities	27 452	(36 864)
Net foreign exchange difference	2 703	(237)
Impact of increase/(decrease) in value of cash equivalents	(4 440)	2 613
Net increase/(decrease) in total cash	(24 954)	(61 282)
Cash and cash equivalents at start of period	165 913	206 823
Cash and cash equivalents at end of the year	140 959	145 541

(1) Free Cash Flow is defined cash flow from operating activities added to the cash flow from investing activities, excluding the cash flow from acquired or disposed subsidiaries