

Alstom presents its new strategic plan and objectives for 2023

- **One ambition, be the leading global innovative player for a sustainable and smart mobility**
- **A strategic plan AiM – “Alstom in Motion”, focused on a sustained growth, green and digital innovation, operational efficiency, and an agile, inclusive and responsible corporate culture**
- **Clear financial objectives up to 2022/23:**
 - **Over the period 2019/20 – 2022/23, average annual growth rate of sales around 5%**
 - **Adjusted EBIT margin around 9%¹ in 2022/23**
 - **Conversion from net income² to free cash flow above 80% by 2022/23**
 - **Disciplined investment and external growth transaction policy, to create value**
 - **As early as current fiscal year, introduction of a dividend policy with a pay-out ratio between 25% and 35%**

“I am proud to present today our new strategic plan AiM – « Alstom in Motion » linked with financial objectives for 2023. The 2020 strategy has succeeded in making Alstom the most global leader on its market, thanks to a strong geographical expansion. We now will leverage innovation and efficiency in our portfolio of products and services to expand our presence in all our fields of activity and become the leader in green and smart mobility solutions.” said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

24 June 2019 – Alstom hosts today in Paris an Investor Day for financial analysts and investors. Henri Poupart-Lafarge, Chairman and Chief Executive Officer, and Laurent Martinez, Chief Financial Officer,

¹ Including the share of net income of the joint venture with CASCO held by Alstom at 49%

² Net profit from continuing operations attributable to equity holders of the parent

together with other Senior Executives will present Alstom's strategic, operational and financial priorities for 2023 in the context of its new strategic plan "AiM - Alstom in Motion".

"2020 strategy" success, a strong basis for « AiM » – Thanks to its 2020 strategy, Alstom has become the most global leader of the rail manufacturing sector. Overperforming the market, the Group achieved its objectives of sales organic growth and achieved an average growth of 5.5% by year between 2015/16³ and 2018/19. It released an adjusted EBIT margin of 7.1%⁴ in 2018/19 (+1.8 pts vs 2015/16³). The free cash flow also increased over the period with +€153 million in 2018/19 versus €(326) million in 2015/16. The group has a solid balance sheet with a net cash amounting to €2,325 million at March 31 2019, before the proposed dividend distribution of 5.5 Euros/share⁵. Finally, Alstom can also count on a record backlog of €40.5 billion at the end of March 2019, offering strong visibility for the coming years.

Solid market perspectives – The estimated market growth between 2018 and 2023 should be around 3.0%⁶ per year, driven by urbanisation trends, strong environmental concerns, including reduction of CO2 emissions as well as the continued growth of the global economy.

Presentation of its strategic plan AiM « Alstom in Motion » with a clear ambition: be the leading global innovative player for a sustainable and smart mobility.

The Group is targeting the following main commercial and operational objectives: become number one or two on each of its market, lead in sustainable and smart mobility solutions, achieve a margin and free cash flow level among the best of its sector, and further improve its social and environmental impact.

The AiM « Alstom in Motion » strategy is based on the following pillars:

Growth by offering greater value to our customers – Alstom has strong market shares in all of its activities and geographies. The Group ambitions to consolidate its positioning in each:

- By becoming the undisputed leader in services, leveraging its installed based and worldwide presence, and by relying on its technical expertise and innovative solutions
- In signalling, by gaining market and product leadership thanks to the digitalisation of its solution and by being a key player in the development of international standards
- By expanding its leadership in rolling stock and systems thanks to the geographical expansion of our new product platforms and by enhancing their competitiveness.

>Alstom aims at becoming number one or two in each its markets: geographies and activities. Services and signalling should represent 40% of 2022/23 sales compared to 35% in 2018/19.

³ The 2015/16 and 2016/17 figures are the published figures and are not restated for IFRS 9 & 15.

⁴ The 2018/19 adjusted EBIT including the share of net income of the joint venture with CASCO is 7.5%

⁵ Proposed dividend amount totals 1.23 bn Euros. Net cash is given pre IFRS16 adjustments.

⁶ Source: UNIFE 2018

Innovation in smarter and greener mobility solutions – Green and smart mobility, encouraged by customers' and passengers' expectations, is leading to a transformation of the market. Already recognized as an industrial reference in this domain, with for example the first hydrogen train and products like Hesop which recovers the energy generated by trains in braking mode, Alstom has set six priority areas to confirm its leadership:

- Green traction and energy performance;
- Road electromobility;
- Eco-design and manufacturing;
- Autonomous train;
- Data driven rail mobility for more connected products and services;
- Multimodality and Flow management.

Alstom will rely on sustained R&D investments and constant in percentage of sales. Innovation is also at the heart of Alstom's entrepreneurial culture with for example already more than 6.500 patents issued and multiple key partnerships.

>Alstom's ambition is to lead in green and smart solutions.

Efficiency, powered by digital – The Group will capitalize on its worldwide presence and its industrial and engineering capacities in emerging markets, as well as on the gain in competitiveness of its new generation of products and services.

The Group will also implement additional levers, in particular the digital transformation of all its value chain, optimising sites and projects.

>Alstom's ambition is to achieve a margin and free cash flow level among the best of its sector.

One Alstom Team: an agile, inclusive and responsible culture – In order to support the railway sector transformation, Alstom will pursue its environmental and social responsibility commitments at a mid-term horizon. Among the objectives targeted for 2025⁷, energy consumption of solutions offered to its clients should be reduced by 25% ⁸and 100% of the group electricity supply should come from renewables. 100% of its suppliers should be monitored or assessed on CSR and E&C standards. Alstom employees share together the same culture, with strong local actions and ethical commitment. Following a consultation of all its employees, Alstom will change its brand signature, to become « *mobility by nature* » in order to reaffirm its leadership in mobility.

⁷ A full list of objectives is available on the Alstom website, in the capital markets day presentation

⁸ Compared to 2014

Financial objectives up to 2022/23

- **Over the period 2019/20 – 2022/23, sales should have an average annual growth rate around 5%**, overperforming the estimated growth for the market.
- **The adjusted EBIT margin⁹ should reach around 9% in 2022/23**, benefiting particularly from the impact of operational efficiency measures.
- **By 2022/23, the conversion from net income¹⁰ to free cash flow should be above 80%** driven by capex stabilisation to around 2% of sales in the mid-term, and mid-term stability of the working capital.
The free cash flow generation is subject to usual short-term volatility linked to customers down payments and milestone payments from customers.
- **Alstom will conduct a disciplined investment and external growth transactions policy to support its development and to create value.**
- **Alstom will introduce, as early as current fiscal year, a dividend policy with a pay-out ratio of between 25% and 35%.**

The 2019/20 fiscal year will be a year of stabilisation of growth after a 2018/19 fiscal year with an exceptional sales and profitability growth.

For 2019/20 fiscal year, the business cycle with the finalisation of major systems contracts and the evolution of large rolling stock projects will lead to a sales and margin growth lower than the average objectives set in the context of AiM, and to a working capital evolution impacting the generation of free cash flow.

The presentations of the Capital Markets day will be available online at 10 am Paris time and a replay of the meeting will be available during the day on www.alstom.com.

⁹ Including the share of net income of the joint venture with CASCO held by Alstom at 49%

¹⁰ Net profit from continuing operations attributable to equity holders of the parent

About Alstom

As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the transport sector. Alstom offers a complete range of solutions (from high-speed trains to metros, tramways and e-buses), passenger solutions, customised services (maintenance, modernisation), infrastructure, signalling and digital mobility solutions. Alstom is a world leader in integrated transport systems. The company recorded sales of €8.1 billion and booked €12.1 billion of orders in the 2018/19 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 36,300 people.

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This press release contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are relevant to the current scope of activity and are by their nature subject to a number of important risks and uncertainty factors (such as those described in the documents filed by Alstom with the French AMF) that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These such forward-looking statements speak only as of the date on which they are made, and Alstom undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

APPENDIX 1 - NON-GAAP FINANCIAL INDICATORS DEFINITIONS

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

Orders received

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

Order backlog

Order backlog represents sales not yet recognised on orders already received.

Order backlog at the end of a financial year is computed as follows:

- order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded during the year;
- less sales recognised during the year.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS15 standard quantitative and qualitative disclosures requirements.

Book-to-Bill

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

Adjusted EBIT

When Alstom's new organisation was implemented in 2015, adjusted EBIT ("aEBIT") became the Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors.

Going forward (1st application for Half Year 2019/2020 publication), Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered as part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities), namely the CASCO Joint Venture. The company believes that bringing visibility over a key contributor to the Alstom signalling strategy will provide a fairer and more accurate picture of the overall commercial & operational performance of the Group. This change will also enable more comparability with what similar market players define as being part of their main non-GAAP 'profit' aggregate disclosure.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortisation of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT in percentage of sales.

Free cash flow

Free cash flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, free cash flow does not include the proceeds from disposals of activity.

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt.

Organic basis

Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into Euro following the variation of foreign currencies against the Euro. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However these figures are not measurements of performance under IFRS.

Pay-out ratio

The pay-out ratio is calculated by dividing the amount of the overall dividend with the "Net profit from continuing operations attributable to equity holders of the parent" as presented in the consolidated income statement.