Half year results
Fiscal Year 2020/21

10 November 2020

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Disclaimer

- *FY 2020/21 forecasts are based on Alstom's scope of consolidation at the end of September 2020, therefore exclude any scope impacts from the expected Bombardier Transportation acquisition. They are mainly based on the following assumptions:*

Alstom internal assumptions

- *The sales improvement in the second semester as compared to the first semester will primarily come from a decrease in the Covid-19 related disruptions that affected Alstom during the first half of this fiscal year, and from the execution of its orders backlog.*
- *The adjusted EBIT margin improvement compared to the first semester will primarily come from additional volume, rigorous project execution, and the delivery of projected sourcing savings.*
- *Standardisation of engineering tools and processes together with design to cost, and optimisation of our footprint both for engineering and manufacturing, will also support the improvement of Alstom performance. In addition, digital transformation, combined with efficient discipline in overhead cost management, will contribute to the improvement of the adjusted EBIT margin.*
- *Improved cash generation over the second semester as compared to the first semester will mainly come from accelerated deliveries and commercial performance. It remains subject to usual short-term volatility in down- and progress payments from clients.*

Macro-economic assumptions

- *They have been established excluding any major variations in exchange rates of the currencies of the main countries outside of Euro-zone in which the Group generates its revenues, compared to the rates in effect as at 30 September 2020.*
- *They assume an overall stable political environment in areas where Alstom operates or delivers products.*
- *They assume the absence of Covid-19 crisis-related production slowdowns, arising from partial or full lockdown situations, that would exceed the lockdown measures in place on the date of this document and affecting either Alstom or its key suppliers. In addition, they assume that customer tenders scheduled for the second semester will not considerably shift to later periods and that train mileage for purposes of calculating indexed payments under maintenance contracts will not decrease very significantly during the remainder of the second semester due to the ongoing health crisis.*

Agenda

- H1 2020/21 highlights
- Market update
- Business update
- Bombardier Transportation transaction status
- H1 2020/21 financial results
- Conclusion and outlook

1 H1 2020/21 highlights

H1 2020/21 key takeaways

€2.7bn Order intake

€3.5bn Sales

7.5% aEBIT margin

€(253)m FCF

- **Order intake** level linked to anticipated shift in tender activity towards H2, with **robust backlog at €40bn**
- **Strong pipeline and mid-term rail market perspectives** supported by recent announcements in favour of rail
- Sales down -13% organically after a Q1 impacted by lockdown and **operations back to normal level in Q2**
- **Resilient aEBIT** supported by continued improvement of gross margin
- Free Cash Flow impacted by the Covid-19 crisis
- **Major milestones** achieved in **Bombardier Transportation** acquisition project, with closing expected in Q1 2021

H1 2020/21 sustainability and corporate social responsibility highlights

Environmental footprint: FEZ site in Morocco relying on 120 solar panels, with strong focus on employees well-being and eco-friendly material usage

Sustainable mobility solutions: several agreements reached on Hydrogen in Europe

Caring for people: 1st in Human Capital category of the Wall Street Journal sustainable management ranking

Positive impact on society: innovative solutions for healthier mobility such as anti bacteria painting

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Market update

Resilient growth of rail markets supported by recent announcements in favour of rail

- **Strong support shown by governments to local rail operators[1]**
- **Confirmed long term rail investment plans**
- **Massive government packages in favour of sustainable mobility**
- **Shift from air to rail accelerating[2]**

€672bn Resilience and Recovery instrument earmarked to climate neutrality investments

Germany Climate Plan
- €86bn of spending for rail confirmed despite Covid-19 crisis

French « Plan de relance »
- €4.7bn directed to rail transportation and €1.2bn for daily mobility
- €2bn for green and low carbon hydrogen capacity

India: 7,000 km of **network to be electrified** by 2021

INVEST Act includes **$60bn funding for rail**

UNIFE anticipates 2.3%[3] sustained CAGR between 2017-2019 and 2023-2025 for OEM market despite Covid-19 crisis

1 Germany: DB will receive €5.5 billion as part of the recovery plan; UK: Go-Ahead and FirstGroup get extensions to Covid rail bail-outs in Sep 2020; Canada: $600M made available to Toronto Transit Commission
2 France: possible ban on airplanes connections served by train in less than 2h30, Austria Airline: replacing Vienna – Salzburg flights with a train service; 3 UNIFE Market Study 2020, central scenario (V-shape)

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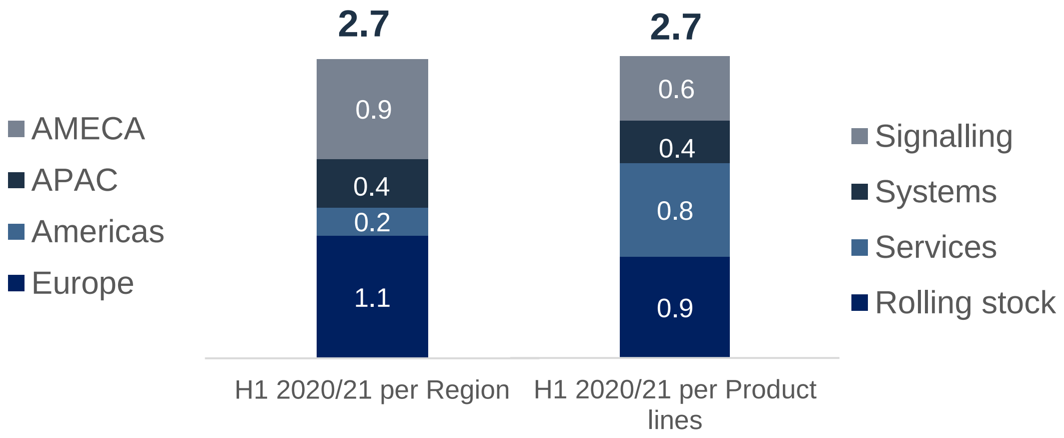
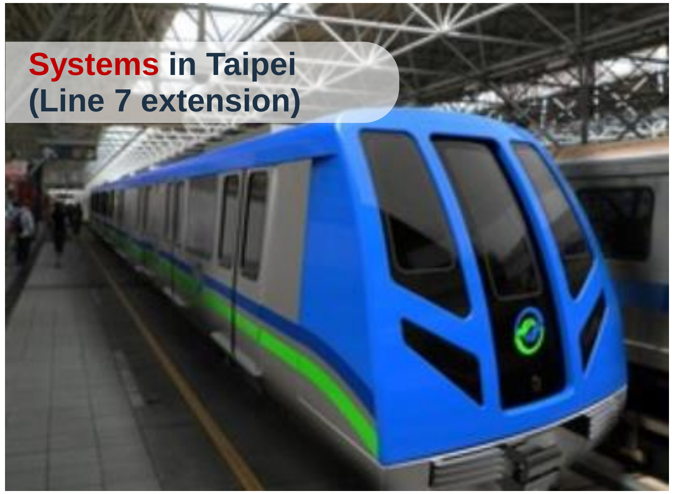
Business update

Order intake at €2.7bn impacted, as anticipated, by a shift in tender activity from H1 to H2

Orders H1 (in €bn)

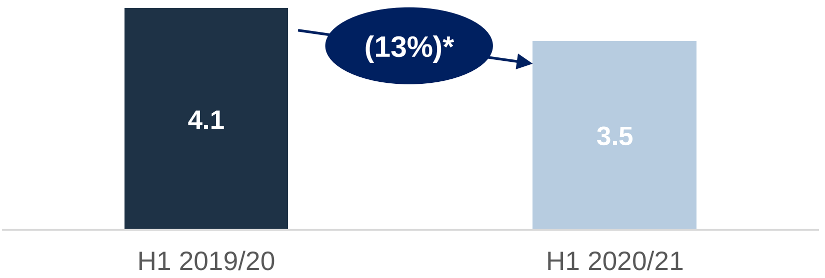




- Robust industry leading backlog at c.€40bn
- No cancellation in backlog
- Strong commercial outlook for H2 allowing an expected book-to-bill ratio above 1x for FY 2020/21

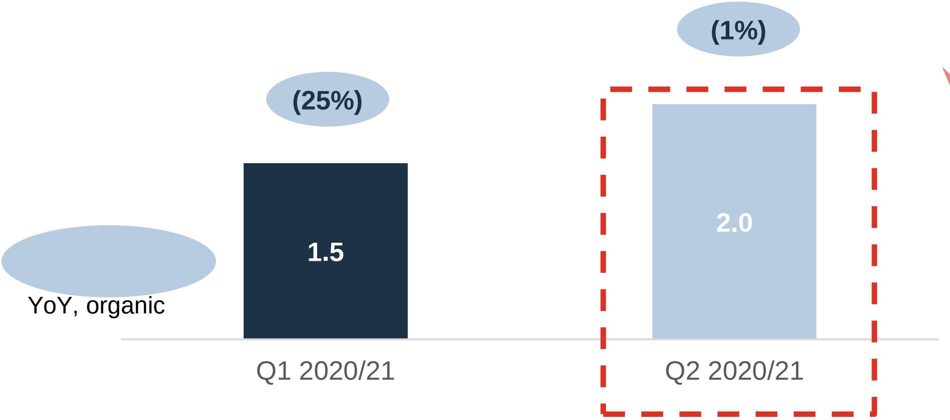
H1 2020/21 sales impacted by lockdown, operations in Q2 back to normal level

Sales H1 (in €bn)



*organic, (15%) reported

Sales Q2 (in €bn)



Rolling Stock - *Q2 +10% organic vs LY*
- Production normalisation
- Ramp up of large contracts

Services - *Q2 +8% organic vs LY*
- Recovery of train operations, execution of growing near term backlog

Signalling - *Q2 +3% organic vs LY*
- Remaining Covid-19 impact compensated by execution of growing near term backlog

Systems - *Q2 (35)% organic vs LY*
- Anticipated ramp-down

Continuous progress in « Alstom in Motion » strategy deployment

AiM Alstom in Motion

GROWTH

Extending Alstom's offer through M&A

July 2020 – Acquisition of the braking systems player - IBRE

INNOVATION

Being at the forefront of technological progress

August 2020 – Mobility orchestration technology for Panama metro

September 2020 – Hydrogen trial in Austria for ÖBB

EFFICIENCY

Best-in class project execution

July 2020 – Complete delivery of Dubai Metro

Hydrogen solutions benefit from a strong momentum

Large market ahead for hydrogen based passenger trains

- Diesel bans from some operators between 2035 and 2040[1]
- 46% of the EU mainline network still served by diesel[2]
- Still 20,000 diesel-powered cars in Europe[3]
- Strong push for Hydrogen worldwide:

  Europe: Hydrogen plan to reach 40GW capacity by 2030[2]

  Germany: €9bn for Hydrogen as part of stimulus package[4]

  France: €7bn by 2030[5] (€2bn initial investment by 2022)

Alstom a pioneer, involved in numerous concrete projects throughout Europe

1 SNCF in 2035, DB by 2050; 2 European Union Hydrogen strategy - https://ec.europa.eu/energy/sites/ener/files/hydrogen_strategy.pdf 3 UNIFE; 4 https://www.reuters.com/article/us-health-coronavirus-germany-stimulus-idUSKBN23B10L ; 5 https://www.gouvernement.fr/sites/default/files/cfiles/mesures_france_relance.pdf

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Bombardier Transportation transaction status

Bombardier Transportation acquisition well on track

UPDATE

- **Sale and Purchase Agreement,** and Bombardier and CDPQ Investment Agreements signature announced on September 16th 2020:
  - **Net proceeds expected now up to €5.3bn**[1] against a range of €5.8 - €6.2bn previously agreed
  - **Transaction's strategic rationale and objectives confirmed**
  - Maintained financing structure, preserving Alstom's strong credit profile with a Baa2 rating
- **Clearance process** from relevant regulatory authorities and anti-trust authorities progressing nominally, with European Commission's approval provided on July 31st 2020[2]
- EGM held on October 29th 2020 with **shareholders approving all the resolutions** related to the transaction. Special meeting of the double voting rights holders approved removal of double voting rights on the same day

NEXT STEPS

- Rights issue: Q4 CY20 – H1 CY21, subject to market conditions
- Expected closing: Q1 CY21

1 Revised price range between €5.5 - €5.9 bn. Preliminary contractual purchase price estimated at €5.3bn, after taking into account estimated potential post-closing adjustments and obligations linked to Bombardier Transportation's net cash protection mechanism. The final purchase price amount will be determined on the basis of Bombardier Transportation's accounting books as of 31 December 2020 and as of the transaction completion date and of the mechanisms set forth in the acquisition agreement. 2 Subject to compliance with some commitments (see press release dated 31 July 2020)

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H1 2020/21 financial results

Income statement

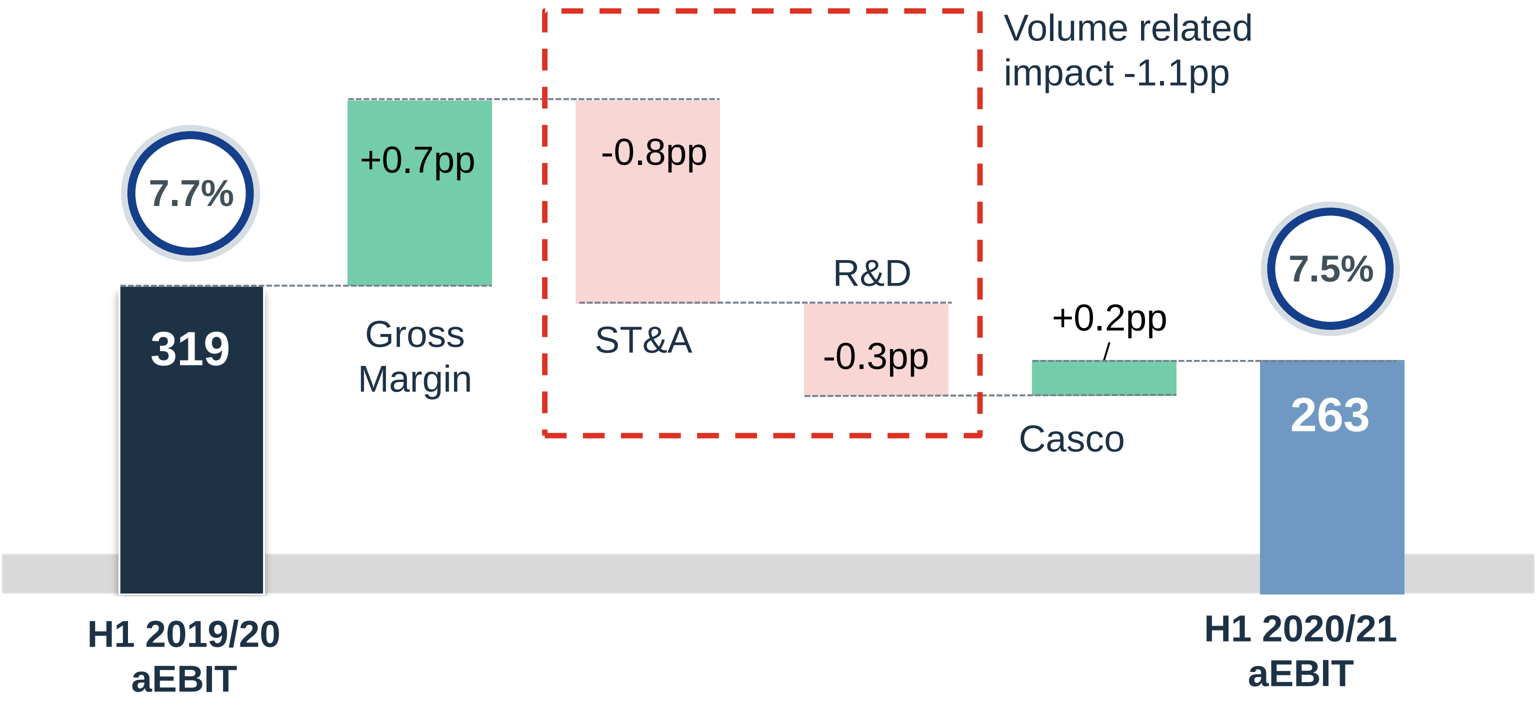
(in € million)	**H1 2020/21**	**H1 2019/20**
Sales	**3,518**	**4,140**
Adjusted EBIT[2]	**263**	**319**
Adjusted EBIT margin	***7.5%***	***7.7%***
Restructuring and rationalisation costs	(7)	(7)
Impairments loss and other	26	(12)
Covid-19 inefficiencies and incremental costs	(68)	-
Casco contribution reversal	(24)	(19)
EBIT	**190**	**281**
Financial results	(23)	(40)
Tax results	(38)	(61)
Share in net income of equity investees	37	36
Minority interests from continued op.	(5)	(3)
Net Income – Continued operations, Group share	**161**	**213**

- Resilient aEBIT in Covid-19 context
- Non-operating items including:
  - Bombardier Transportation transaction costs €(44)m and Covid-19 impact €(68)m
  - Positive impact from reversal of asset impairment and provision
- ETR at 23% and Financial costs decrease driven by reimbursed bonds in H1 2019/20

1 aEBIT includes CASCO contribution for both periods: €24 million for September 2020 and €19 million for September 2019

aEBIT benefits from improvement of Gross Margin and controlled SG&A and R&D costs

Adjusted EBIT[1] (in € million)

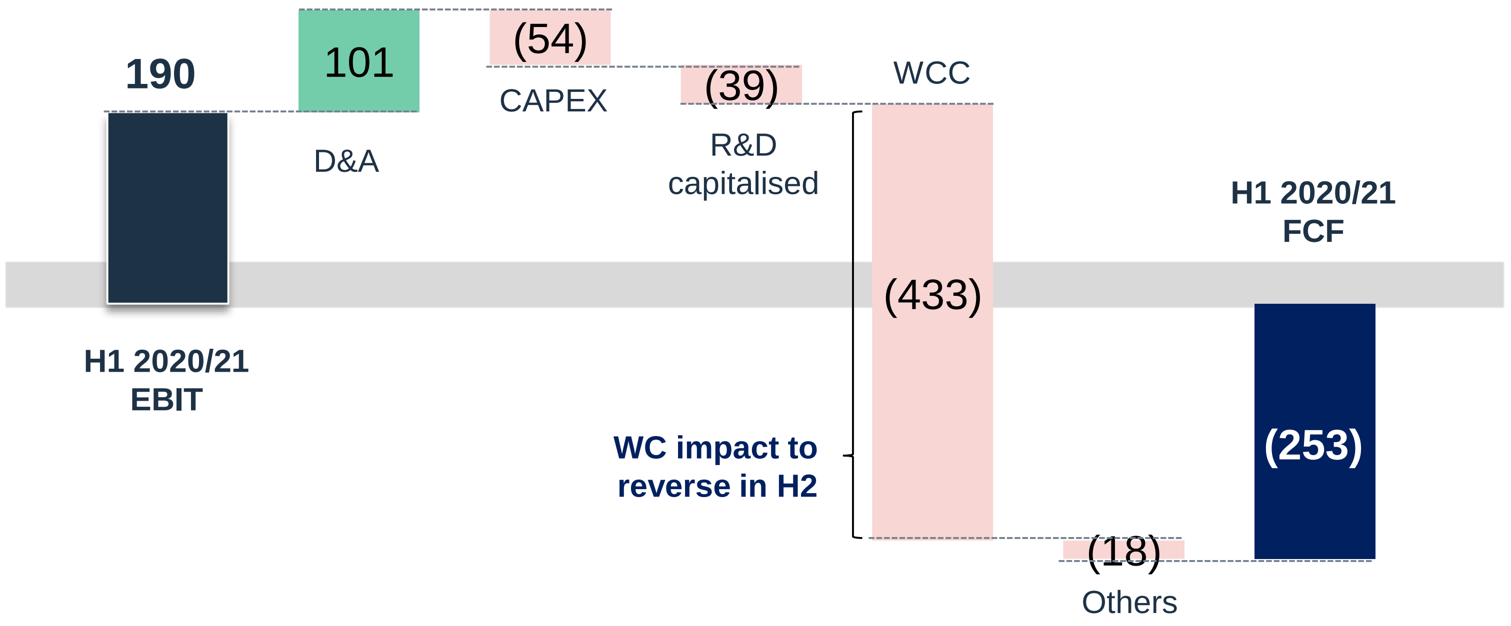


- Continued improvement of backlog profitability
- Continuous improvement of Gross Margin
- Reduction in absolute ST&A spending
- Continued R&D investments in line with AIM target
- Positive contribution of Casco

1 aEBIT includes CASCO contribution for both periods: €24 million for September 2020 and €19 million for September 2019

Free Cash Flow impacted by expected adverse Working Capital linked to Covid-19

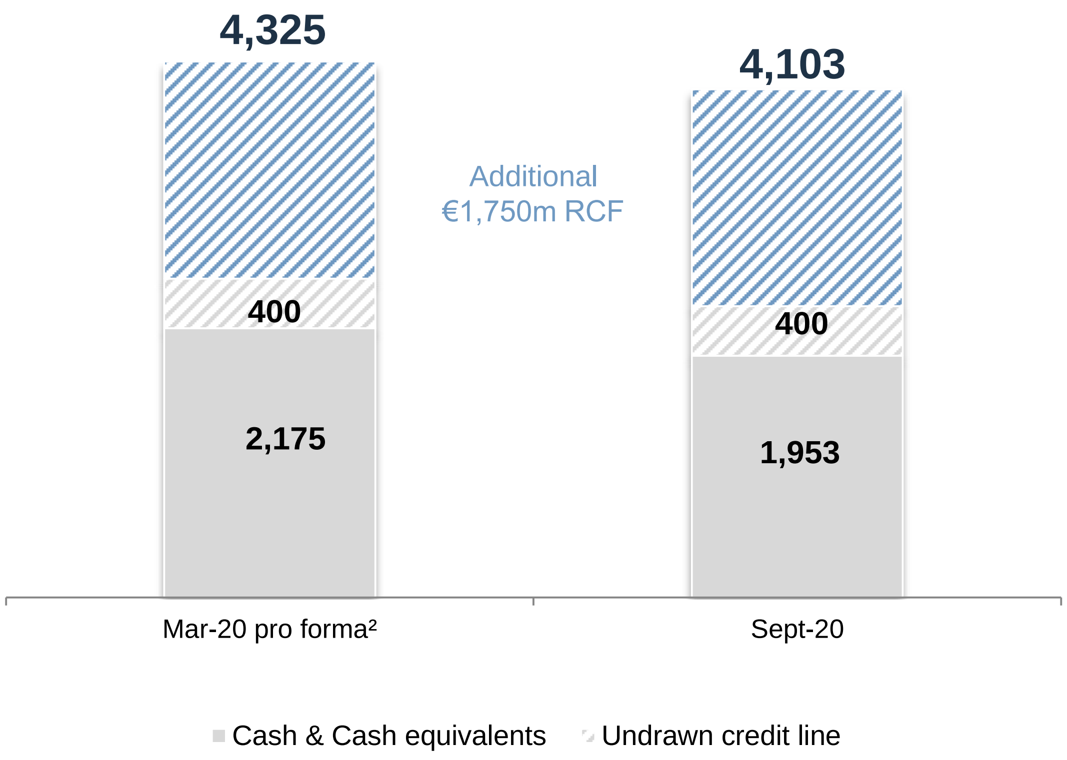
From EBIT to Free Cash Flow (in € million)



- Anticipated temporary adverse working capital position:
  - Drift in cash in due to Covid-19
  - Ramp up of large Rolling Stock projects as anticipated
  - Reduced level of Down Payments due to shift in commercial activity to H2
- Contained Capex expenses

Strong liquidity position with €4.1bn credit lines facilities available

Strong liquidity position (in € million)



- €1,953m cash and cash equivalents as of 30 September 2020
- €400m Revolving Credit Facility (RCF) and additional €1,750m short term RCF secured[1] in April 2020, both fully undrawn[1]
- Strong Baa2 rating
- 7-year €700m senior bond outstanding

1 with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lenders' discretion 2 including €1,750m RCF

6 Conclusion and outlook

Conclusion and outlook

H1 2020/21 results

- H1 2020/21 results as anticipated resulting from Covid-19 crisis outcome
- Operations back to normal level in Q2

Outlook[1]

- Resilient full year outlook[1]:
  - Commercial performance allowing a book to bill ratio above one
  - Sales between €7.6bn and €7.9bn
  - An adjusted EBIT margin in the 7.7% - 8.0% range
  - Breakeven to positive Free Cash Flow generation[2]

Assuming that the ongoing Covid-19 "second wave" does not have a material effect on production or on the commercial tendering schedule

- Sustained mid-term market perspectives supported by large recovery plans and structural demand for sustainable mobility
- Confirmed mid term outlook communicated on May 12, 2020[3]

Bombardier Transportation acquisition

Majors step achieved in transaction process, closing now expected for Q1 2021

1 The fiscal year 2020/21 outlook assumes the absence of Covid-19 crisis-related production slowdowns, arising from partial or full lockdown situations, that would exceed the lockdown measures in place on the date of this document and affecting either Alstom or key suppliers. Also relating to the Covid-19 environment, they assume that customer tendering schedules will not materially shift after the second semester and that train mileage for purposes of calculating indexed payments under maintenance contracts will not decrease very significantly during the remainder of the second semester ; 2 Subject to the usual short-term volatility in the timing of receipt of down payments and milestone payments owed by customers; 3 The objective of a 5% average annual growth rate over the period from 2019/20 to 2022/23 should be slightly impacted by the temporary slowdown of tender activity, yet the 2022/23 objectives of 9% aEBIT margin and of a conversion from net income to free cash flow above 80% are confirmed (AiM targets set on an Alstom standalone basis)

Contacts & Agenda

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AGENDA

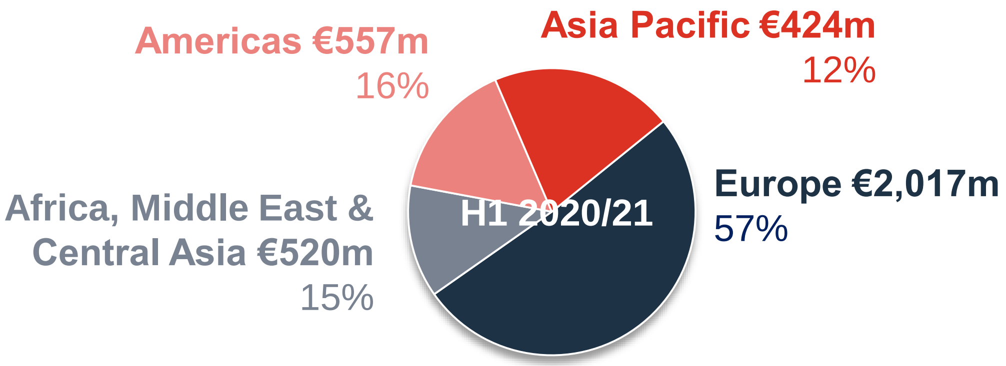
19 **January 2021**

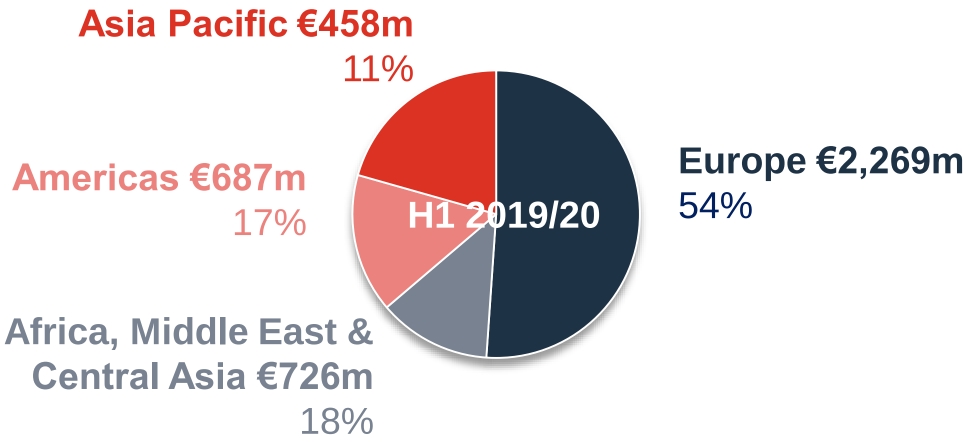
Q3 2020/21 Orders & Sales

Appendix

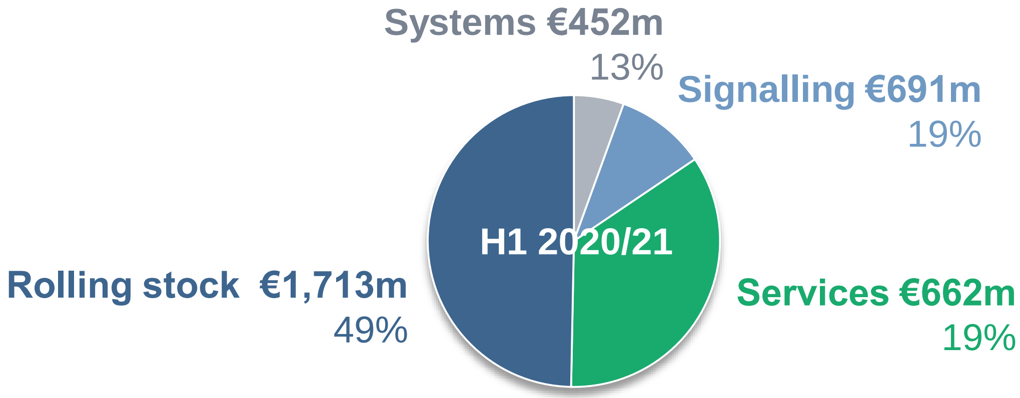
H1 2020/21 Sales per regions and product lines

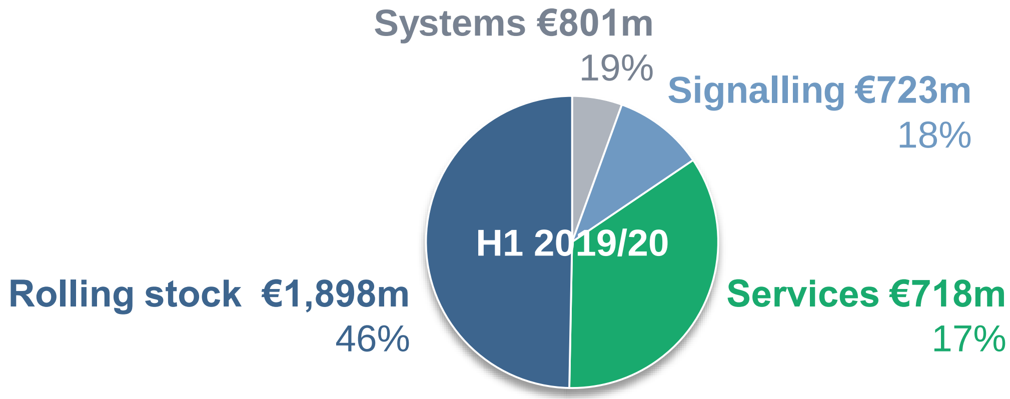
Sales breakdown per regions (in € million)





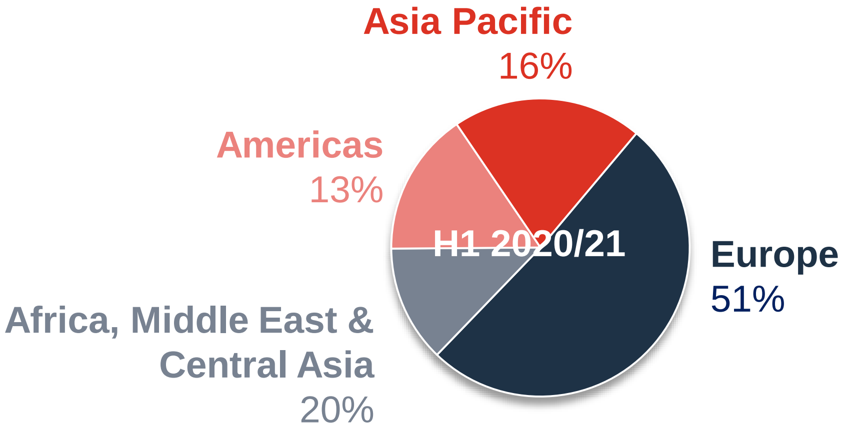
Sales breakdown per product line (in € million)

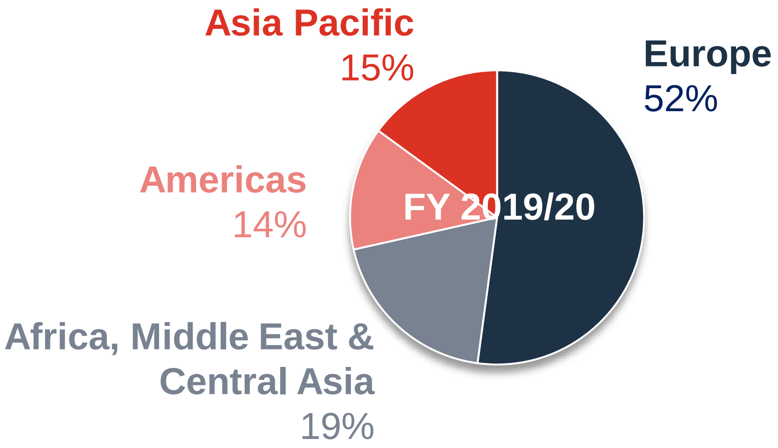




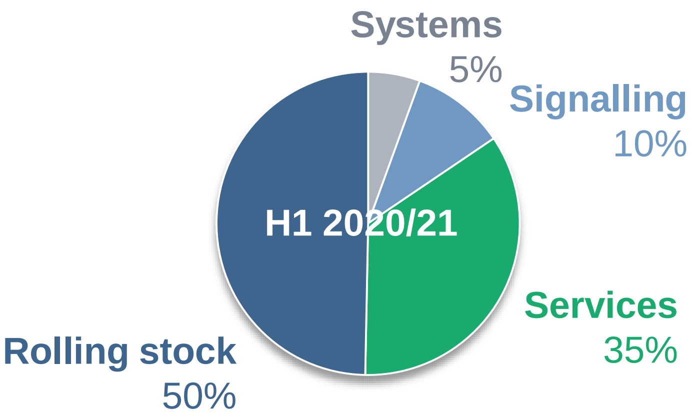
Industry-leading backlog reaching €40bn

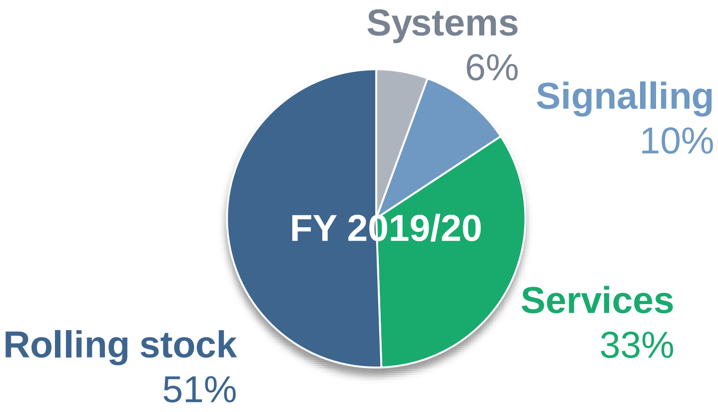
Backlog breakdown per regions



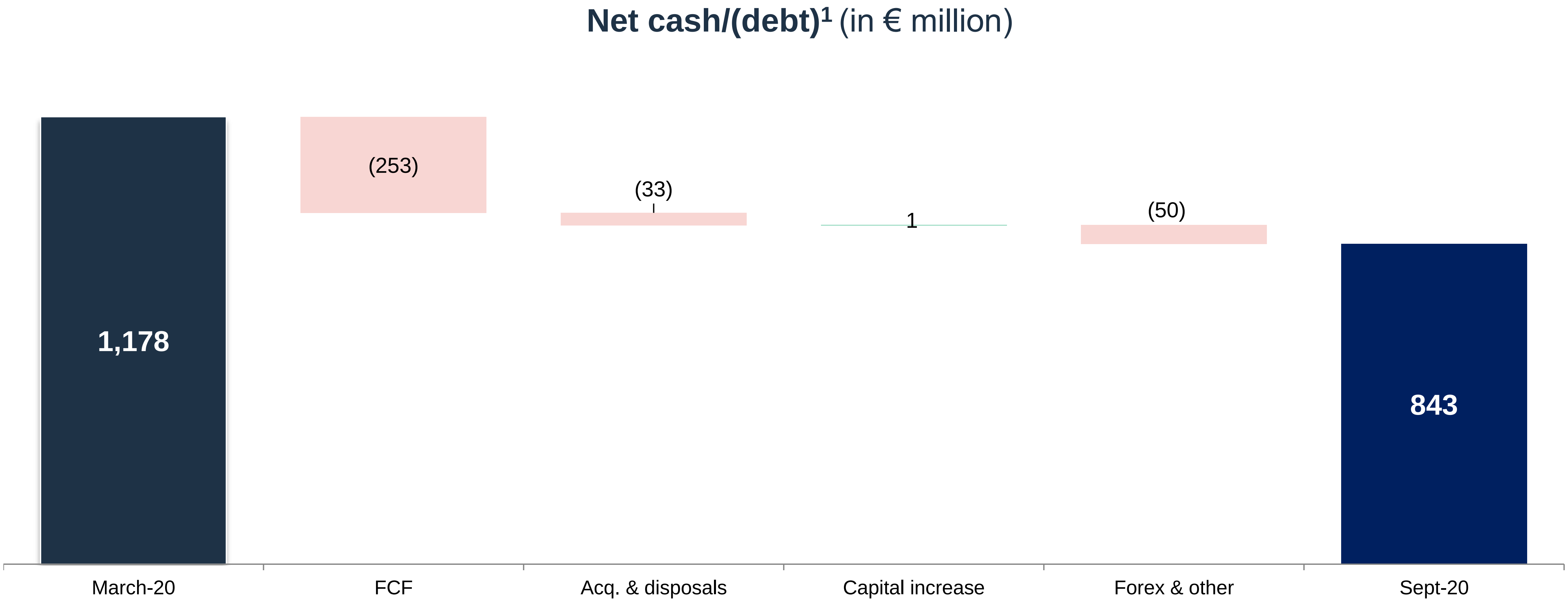


Backlog breakdown per product line



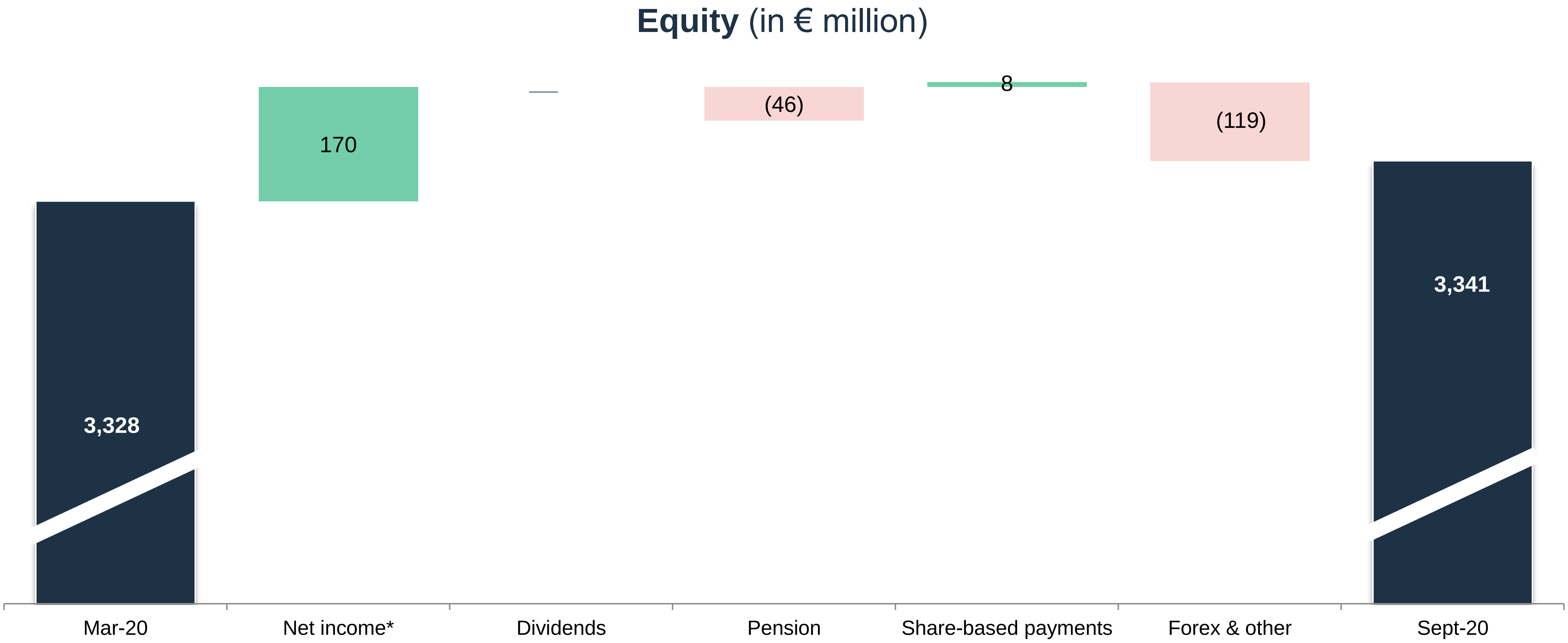


Evolution of net cash



1 Due to IFRS 16 implementation on 1 April 2019, the Group has chosen to exclude lease obligations from the net cash/(debt). As of September 30 2020, impact of the leasing obligations in financial debt amounts to €406M€

Equity



* Group share

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 using 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 from 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.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.
Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS 15 quantitative and qualitative disclosures requirement.

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

Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be 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 amortization 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 expressed as a percentage of sales.

Appendix 1 - Non-GAAP financial indicators definitions

- **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 any 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.

- **Net cash/(debt)**

The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings www.alstom.com

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