6 May 2015

Alstom 2014/15 results

- **Record high order intake (€10 billion) and backlog (€28 billion)**
- **Operating income up c.20%**
- **Strong cash flow generation in the second half**

In the context of the project between Alstom and General Electric, and in compliance with IFRS 5, Thermal Power, Renewable Power and Grid activities, as well as some corporate costs, have been classified as Discontinued Operations; they are therefore not included in orders, sales, income from operations and are reported under the "net income – discontinued operations" line.

Between 1 April 2014 and 31 March 2015, Alstom booked a record €10 billion of orders, up by more than 60% as compared to last year. The book-to-bill ratio, at 1.6, was above 1 for the fifth year in a row and was notably boosted by a €4 billion contract in South Africa. Sales, at €6.2 billion, were up 8% (7% on a like-for-like basis) over last year and income from operations amounted to €318 million, up 19%. The operating margin (after corporate costs) improved by 50bps to 5.2%, thanks to the increase in sales, the sound execution of projects, the implementation of the d2e (dedicated to excellence) performance plan and despite ramp-up costs of new platforms.

Group net income (continued and discontinued) was at €(719) million, affected by a number of exceptional items, in particular the agreement with the US Department of Justice and some asset write-offs in Russia. As expected, free cash flow from continued operations (before tax and financial cash-out) was positive for the full year and Group free cash flow was substantially positive over the second half of the year and offset a large part of the cash outflow of the first half, with a full year figure of €(429) million.

The backlog amounted to €28 billion, corresponding to 55 months of sales.

No dividend distribution will be proposed at the next Annual General Meeting.

Key figures

(in € million)	2013/14*	2014/15	*% change reported*	*% change organic*
Actual figures				
Orders received	6,148	10,046	*63%*	*61%*
Backlog	22,936	28,394	*24%*	*17%*
Sales	5,726	6,163	*8%*	*7%*
Income from operations**	268	318	*19%*	
Operating margin	4.7%	5.2%	-	
Net income – Continued operations	160	(823)	-	
Net income – Discontinued operations	396	104	-	
Net income – Group share	556	(719)	-	
Free cash flow	(157)	(429)	-	

** Restated from IFRS 5 and IFRS 11*
***After corporate costs*

"Alstom delivered a very strong commercial performance in its Transport activity during the fiscal year, booking a record level of orders. We achieved our 2014/15 targets with sales up 7% organically and the operating margin improving by 50 bps, benefiting from good execution and the strict implementation of our cost savings plan. As expected, Group free cash flow was substantially positive in the second half and free cash flow from continued operations, before tax and financial cash-out, was positive over the full year. We also confirm our medium-term guidance. The project with General Electric is moving ahead; we have already obtained anti-trust and regulatory authorisations in a number of countries and are actively working to complete this process and, thus, allow a closing in the coming months. After closing, we plan to call a Shareholders' Meeting to vote on the amount of cash proceeds to be distributed to shareholders", said Patrick Kron, Alstom's Chairman and Chief Executive Officer.

2014/15 results

Record high level of orders

Alstom registered a record €10.0 billion of orders in 2014/15, up by more than 60% as compared to the past year. The Group benefited from a number of large orders, in particular a jumbo rail contract in South Africa, turnkey tramway systems in Qatar and Australia, trains for Paris metro in France and a full metro system in Mexico. Orders were also strong in Services and Signalling.

Robust increase in sales and in operating income

In 2014/15, Alstom's sales reached €6.2 billion, up organically by 7%, thanks mainly to deliveries of suburban, intercity and very high speed trains in France, Italy and Germany as well as very high speed trains in Morocco and tramways in Dubai. Emerging countries represented 30% of sales.

Income from operations (after corporate costs), at €318 million, increased by a healthy 19%. The operating margin, at 5.2% after corporate costs, improved by 50 bps thanks to sound project execution and tight cost control, partly mitigated by ramp-up costs associated with new platforms.

Net income from continued operations was impacted by a number of exceptional items, such as a provision for the agreement with the US Department of Justice (c.€720 million), asset write-offs in Russia (c.€90 million) and restructuring charges (c.€100 million).

Net income from discontinued operations amounted to €104 million.

Strong cash flow generation in the second half of the year

As expected, free cash flow from continued operations (before tax and financial cash-out), at €77 million, turned positive over the year with €162 million of cash flow generation in the second half. Despite stringent working capital management, the free cash flow was affected this year by the unfavourable cash profile of some contracts executed in the first half.

Free cash flow from discontinued operations (before tax and financial cash-out) stood at €19 million showing a strong rebound in the second half, at €1 billion, thanks to better cash profile of some projects executed over the period and strict cash management.

The Group had a gross cash in hand of €1.6 billion at the end of March 2015 and a confirmed undrawn credit line of €1.35 billion. The €722 million bond maturing September 2014 was reimbursed on due date.

The Group's net financial debt amounted to €(3,143) million at 31 March 2015 versus €(3,038) million at 31 March 2014. This evolution resulted mainly from negative free cash flow (after tax and financial cash-out) and the proceeds from the disposal of the steam auxiliary components business.

Equity decreased over the period, standing at €4,224 million at 31 March 2015 from €5,109 million at 31 March 2014, impacted mainly by the negative net income.

Update on the project with General Electric

On 20 June 2014, Alstom's Board of Directors unanimously recommended the offer from General Electric to acquire Alstom's Energy businesses and to set up three alliances under the form of joint-ventures in some of these activities.

The information – consultation process with works councils has been completed, the master agreement and all the related documentation are signed between Alstom and General Electric, the French Foreign Investment authorisation has been obtained and, on 19 December 2014, the shareholders approved the transaction by a majority of 99.2%. Competition and regulatory authorisations processes are underway and General Electric and Alstom are actively working to complete the process and allow a closing in the coming months.

The sale proceeds would be used to provide the Group with a solid balance sheet structure, reimburse part of the outstanding debt and return some cash to the shareholders through a possible public share buy-back offer (*offre publique de rachat d'actions*). Such offer would be submitted to a shareholders' decision after completion of the transaction.

Outlook

For the medium term, sales are expected to grow at over 5% per year organically, and the operating margin should gradually improve within the 5-7% range. Free cash flow is expected to be in line with net income before Energy activities contribution with possible volatility on short periods.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 5 May 2015, are available on Alstom's website at www.alstom.com. The accounts have been audited and certified.

In accordance with AFEP-MEDEF recommendations, information related to the remuneration of Alstom's Executive Officer is available on Alstom's website: www.alstom.com, under Group/Corporate Governance/Compensation of Executive Officers.

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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 risk 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.