

Alstom Q1 2020/21 Orders and Sales

- Sales at €1.5 billion, impacted by Covid-19 containment measures
- Sustained level of order intake at €1.7 billion, despite crisis
- Industry-leading backlog at €41.2 billion
- Rail resilience supported by recent announcements in favour of sustainable mobility

16 July 2020 – Over the first quarter of the 2020/21 fiscal year (from 1 April to 30 June 2020), Alstom booked €1.7 billion of orders, compared to €1.6 billion over the same period last year. The Group's sales decreased to €1.5 billion, down 27% (-25% on an organic basis) compared to €2.1 billion over the first quarter of 2019/20. Book-to-bill ratio stood at 1.1.

At €41.2 billion on 30 June 2020, the current backlog provides a strong indication of future sales.

Key figures

| Actual figures (in € million) | 2019/20 Q1 | 2020/21 Q1 | % change reported | % change organic |
|----------------------------------|---------------|---------------|----------------------|---------------------|
| Orders received | 1,620 | 1,651 | 2% | 2% |
| Sales | 2,054 | 1,507 | (27%) | (25%) |

Geographic and product breakdowns of reported orders and sales are provided in Appendix 1. All figures mentioned in this release are unaudited.

“During the first quarter, the Group’s level of sales was impacted by the consequences of the Covid-19 containment measures: while we achieved a very good continuity of our engineering activity through remote working, lockdowns impacted our sites and supply chain. Yet, the Group’s commercial activity remained stable despite the crisis. Announcements of governments worldwide in support of rail show that the train is more than ever recognized as a way to support the transition towards more sustainable mobility.” said Henri Poupart-Lafarge, Alstom’s Chairman and Chief Executive Officer.

Detailed review

During the first quarter of 2020/21, Alstom recorded €1,651 million of orders which compares to €1,620 million for the first quarter of 2019/20. This sustained order intake, despite the crisis, was mainly fueled by a large Rolling stock and Services order in AMECA and a metro system order in Taipei, Taiwan. The Group was also awarded various Services contracts for instance in Mexico, China, the United States and Greece. Signalling contracts were also booked in Europe and the United States.

The book-to-bill ratio stood at 1.1.

Sales, at €1,507 million, were down 27% (-25% on an organic basis) in the first quarter of 2020/21, compared to the same period last year. This decrease is mainly caused by the impact of the Covid-19 crisis, in particular on Rolling Stock due to the slowdown of sales recognition during the containment period, to a lesser extent on Services due to train traffic reduction and Signalling due to a slowdown in installation. Additionally, as anticipated for fiscal year 2020/21, Systems sales decreased with contracts nearing completion in Dubai, Riyadh and a fully traded contract in Panama.

As of July 16, Alstom's operations are close to a normalized level. Supply chain is resuming in line with manufacturing operations.

Main events

On June 30, Alstom took a new step forward in the implementation of its AiM strategic plan in France with the acquisition of Ibre, a company specialised in the development, manufacture and supply of cast iron or steel brake discs. With this acquisition, Alstom will reinforce its internal capabilities regarding railway braking systems, which are essential to the overall dynamic performance of trains. Ibre employs around 30 people at its Sens site in the region of Bourgogne Franche-Comté and had a turnover of approximately €10 million in 2019.

The German Federal Ministry of Economics has presented Alstom with the "Innovation Prize for Regulatory Sandboxes", related to a planned test project to implement Automatic Train Operation (ATO) in daily passenger operation of regional trains. The project will begin in 2021. For this project, two trains based on Alstom's successful Coradia Continental platform will be equipped with a European Train Control System (ETCS) and additional ATO equipment.

In May 2020, the first of the 12,000-horsepower Prima T8 electric locomotives was put into commercial service by Indian Railways. In line with the Make-in-India mandate, all 800 of the Prima locomotives are being manufactured locally.

Despite Covid-19, the two first Avelia Liberty prototypes started their testing programme at the Transport Technology Center in Pueblo, Colorado and along the North-East Corridor. In a context of travel restrictions and despite being over 8,000 km away, Alstom experts in Le Creusot (France) were able to participate in the tests. Sensors were capturing and transmitting test results to Le Creusot in real-time, allowing the team to analyse the test results.

Combined shareholder meeting on July 8, 2020

Alstom's Combined Shareholders' Meeting, took place behind closed doors, and broadcasted online, on July 8, 2020. The Shareholders' Meeting approved all of the proposed resolutions.

Bombardier Transportation acquisition process update

Alstom announced on February 17, 2020 that it had signed a Memorandum of Understanding with Bombardier Inc. and Caisse de dépôt et placement du Québec (“CDPQ”) in view of the acquisition of Bombardier Transportation.

Following the notification of the transaction to the European Commission on June 11, 2020, Alstom has taken a further step towards closing of its planned acquisition of Bombardier Transportation. On July 9, Alstom submitted commitments to respond to the Commission’s potential concerns.

Closing of the acquisition of Bombardier Transportation remains on track for the first half of 2021.

Confirmation of the outlook provided on 12th May 2020

In 2019/20, Alstom fully deployed its Alstom in Motion (AiM) strategic plan in order to progressively deliver revenues and margin growth in line with the objectives set in the context of AiM for 2022/23.

The Covid-19 crisis is likely to affect negatively the financial performance of the 2020/21 fiscal year, including order intake, net income, free cash flow and sales, though it is not possible today to assess precisely its impact. After the current crisis, the Group expects a fast recovery of the rail market, sustained by strong fundamentals and increasing demand for sustainable mobility.

In this context, 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 confirmed¹.

With a strong liquidity position, a demonstrated ability to deliver execution and profitability and the rapid launch of a cost and cash mitigation plan the Group is confident in its capacity to weather the crisis as well as to capture opportunities in a resilient rail market and contribute to the transition towards sustainable transport systems.

¹ AiM targets set on an Alstom standalone basis

About Alstom

Leading the way to greener and smarter mobility worldwide, Alstom develops and markets integrated systems that provide the sustainable foundations for the future of transportation. Alstom offers a complete range of equipment and services, from high-speed trains, metros, trams and e-buses to integrated systems, customised services, infrastructure, signalling and digital mobility solutions. Alstom recorded sales of €8.2 billion and booked orders of €9.9 billion in the 2019/20 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 38,900 people.

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APPENDIX 1A – GEOGRAPHIC BREAKDOWN OF ORDERS AND SALES

| Actual figures <i>(in € million)</i> | Q1 2019/20 | % Contrib. | Q1 2020/21 | % Contrib. |
|--|-------------------|----------------------|-------------------|----------------------|
| Europe | 1,331 | 83% | 239 | 14% |
| Americas | 100 | 6% | 165 | 10% |
| Asia / Pacific | 165 | 10% | 345 | 21% |
| Africa / Middle East / Central Asia | 24 | 1% | 902 | 55% |
| Orders by destination | 1,620 | 100% | 1,651 | 100% |

| Actual figures <i>(in € million)</i> | Q1 2019/20 | % Contrib. | Q1 2020/21 | % Contrib. |
|--|-------------------|----------------------|-------------------|----------------------|
| Europe | 1,154 | 55% | 844 | 56% |
| Americas | 298 | 15% | 262 | 17% |
| Asia / Pacific | 238 | 12% | 202 | 14% |
| Africa / Middle East / Central Asia | 364 | 18% | 199 | 13% |
| Sales by destination | 2,054 | 100% | 1,507 | 100% |

APPENDIX 1B – PRODUCT BREAKDOWN OF ORDERS AND SALES

| Actual figures <i>(in € million)</i> | Q1 2019/20 | % Contrib. | Q1 2020/21 | % Contrib. |
|--|-------------------|----------------------|-------------------|----------------------|
| Rolling stock | 984 | 61% | 553 | 34% |
| Services | 324 | 20% | 668 | 40% |
| Systems | 33 | 2% | 265 | 16% |
| Signalling | 279 | 17% | 165 | 10% |
| Orders by destination | 1,620 | 100% | 1,651 | 100% |

| Actual figures <i>(in € million)</i> | Q1 2019/20 | % Contrib. | Q1 2020/21 | % Contrib. |
|--|-------------------|----------------------|-------------------|----------------------|
| Rolling stock | 967 | 47% | 718 | 48% |
| Services | 358 | 18% | 283 | 19% |
| Systems | 375 | 18% | 182 | 12% |
| Signalling | 354 | 17% | 324 | 21% |
| Sales by destination | 2,054 | 100% | 1,507 | 100% |

APPENDIX 2 - NON-GAAP FINANCIAL INDICATORS DEFINITIONS

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

Orders

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

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.

Starting in 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 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 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.

Alstom uses 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.

| | Q1 2019/20 | | | Q1 2020/21 | | |
|-----------------------|----------------|---------------|--------------------|----------------|------------|------------|
| | Actual figures | Exchange rate | Comparable Figures | Actual figures | % Var Act. | % Var Org. |
| <i>(in € million)</i> | | | | | | |
| Orders | 1,620 | (3) | 1,617 | 1,651 | 2% | 2% |
| Sales | 2,054 | (37) | 2,017 | 1,507 | (27)% | (25)% |