

Investor Presentation

September 2019

ALSTOM

Disclaimer

This presentation contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements 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.

Agenda

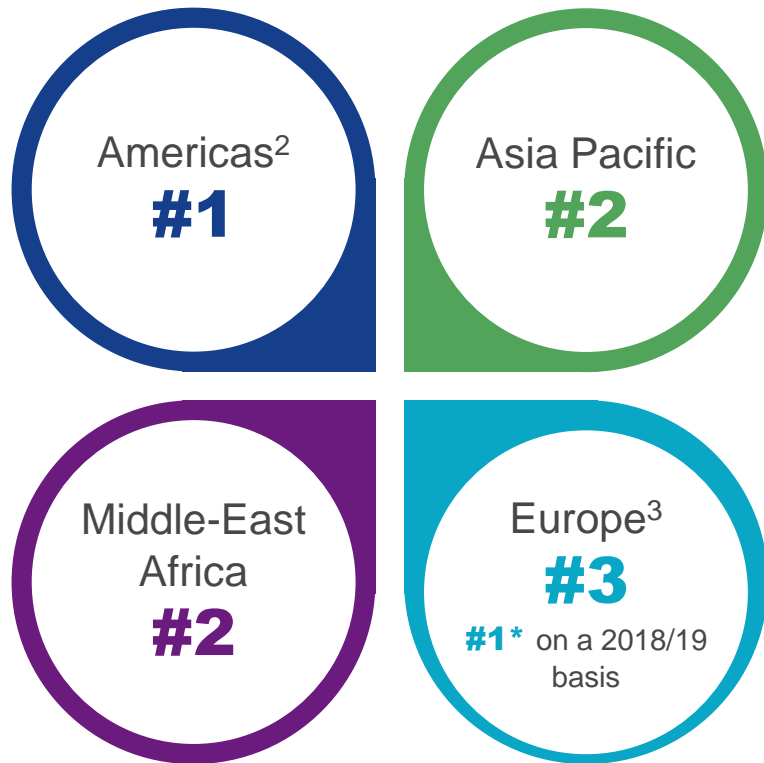
1. Alstom today
2. Market perspectives
3. Strategy overview
4. Finance
5. Appendix (including FY 2018/19 results)



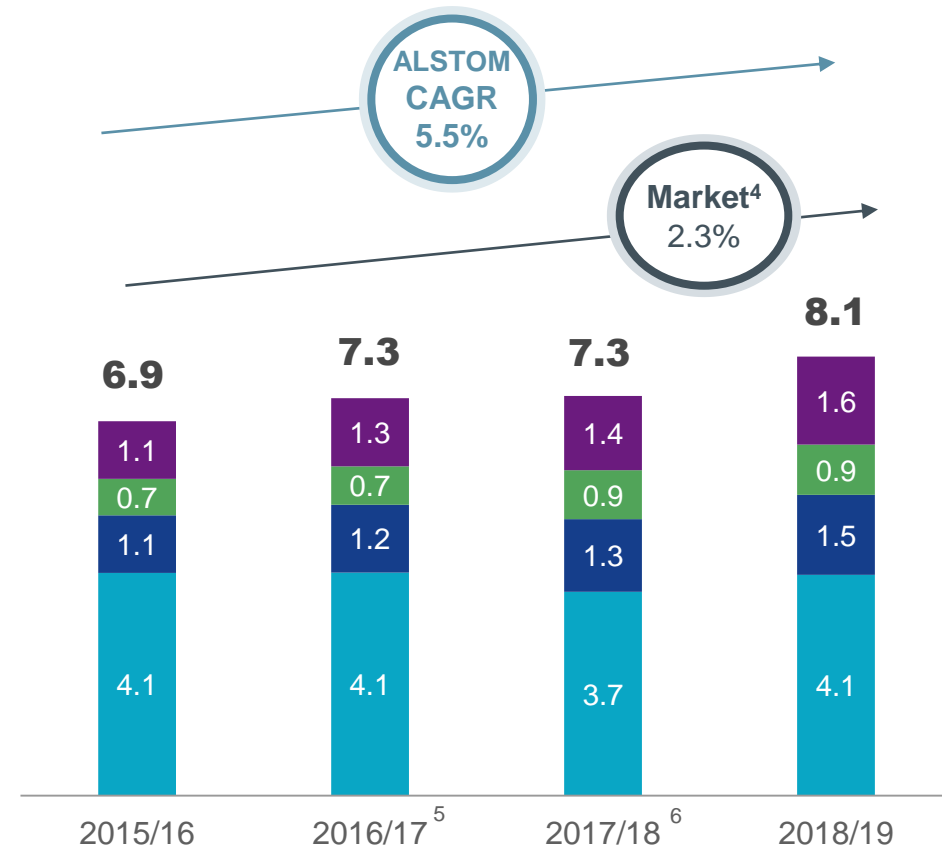
Alstom today

The most global player, a leader in all geographies, result of outstanding growth

Alstom within the top 3 market share in every region¹



Growth outperforming the market
Alstom sales, by region, in € Bn



ALSTOM – SEPTEMBER 2019

¹ Based on last 3 years orders vs accessible market ; ² Americas excluding freight market ; ³ Russia not included as market handled directly by TMH ; ⁴ CAGR between 2015/17 and 2018/20 ; ⁵ 15/16 and 16/17 numbers are per IAS 11 6 Restated for IFRS 9 & 15. - Sources: Alstom ; UNIFE Market Study 2018

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A unique multiregional footprint key to the group's commercial success and competitiveness



A diverse and innovative portfolio of solutions



ROLLING STOCK

High Speed & Very High Speed
Suburban & regional trains
Metros
Tramways
Locomotives
Electrical bus



SYSTEMS

Infrastructure
Integrated solutions



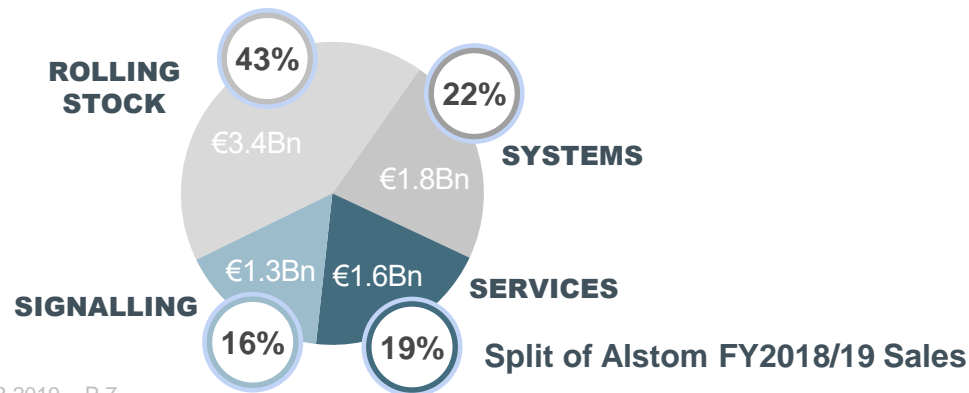
SERVICES

Maintenance
Modernisation
Parts & Repairs
Support services

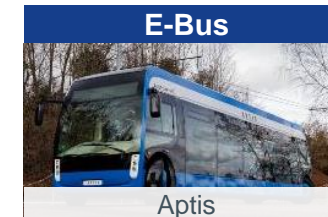
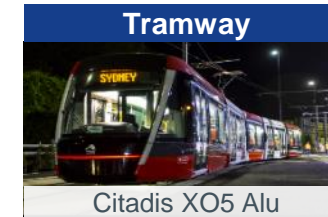


SIGNALLING

Mainline networks
Urban networks
Network and passenger monitoring and surveillance systems



New platforms and breakthrough innovations in all product lines



4-5% sales R&D investments
2015/16 – 2018/19
* FY2015/16 and FY2016/17 restated for IFRS 15

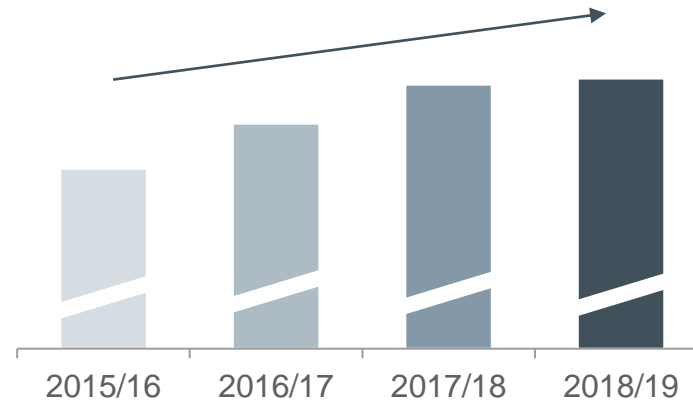
Strong project execution and ability to improve operational profitability

Operational excellence

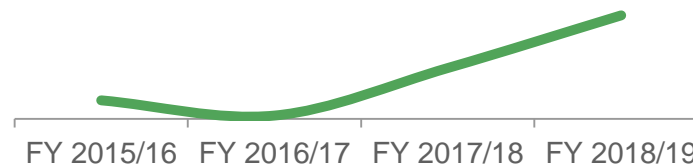


Margin evolution

Gross Margin on Order Intake, in %

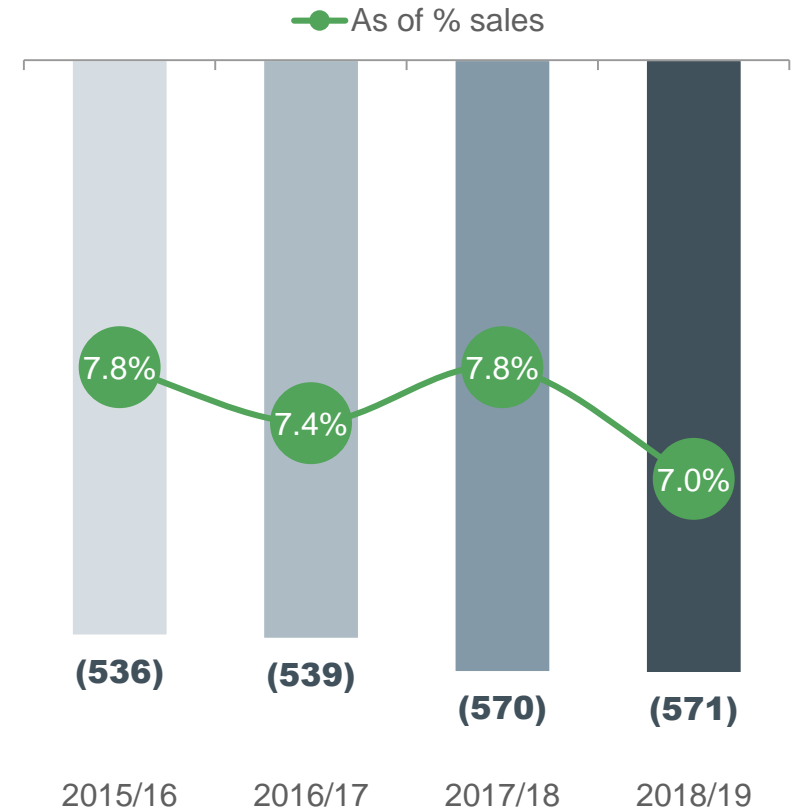


Margin at completion increase on projects portfolio



Structural cost control

SG&A evolution contained despite fast growing sales (in €m)



Strategy 2020 largely a success, ready for the next step

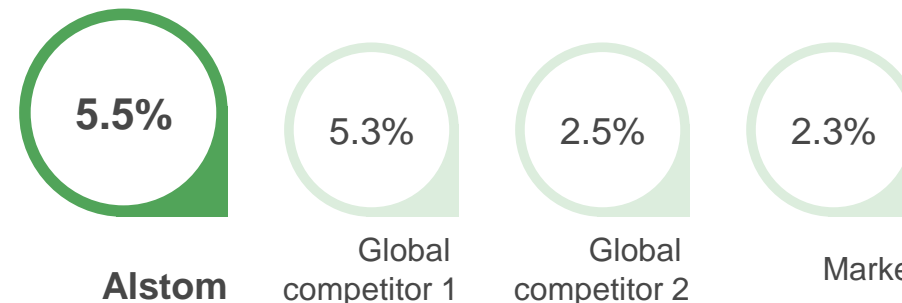
Record backlog in the industry, geared for sustainable growth

Backlog in 2018/19



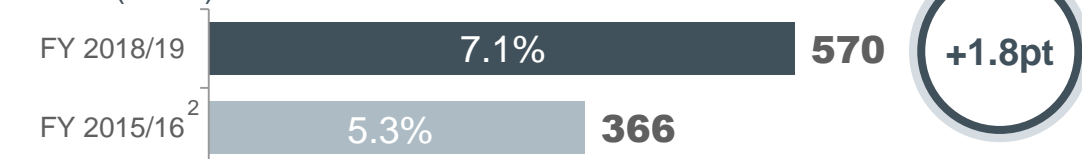
Outperformed market and main competition' growth

Sales 2015/16¹ – 2018/19



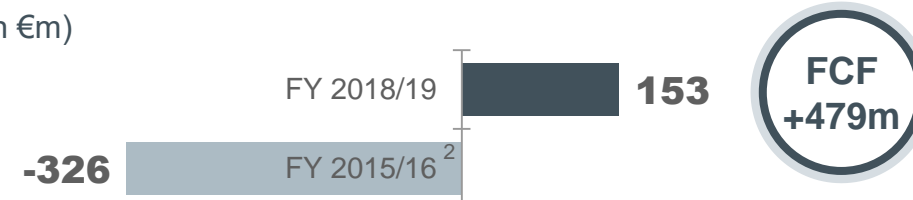
Strong increase in profitability

aEBIT (in €m)



Significant recovery in free cash flow

FCF (in €m)



Strategy 2020 objectives: 5% sales organic growth per year, around 7% Adjusted EBIT margin, c. 100% conversion from net income to free cash flow

ALSTOM – SEPTEMBER 2019 ¹ Based on published data on local currency ² Under IAS11 standards, not restated for IFRS 9 & 15 and based on published data on local currency

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Financial objectives for 2022/23

Sales average annual growth rate of around 5% over 2019/20 to 2022/23

aEBIT margin¹ around 9% in 2022/23

Above 80% Net Income² to FCF³ by 2022/23

Sustainable shareholder return: 25 to 35% dividend pay-out as of 2019/20

¹ including CASCO JV share of net income

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

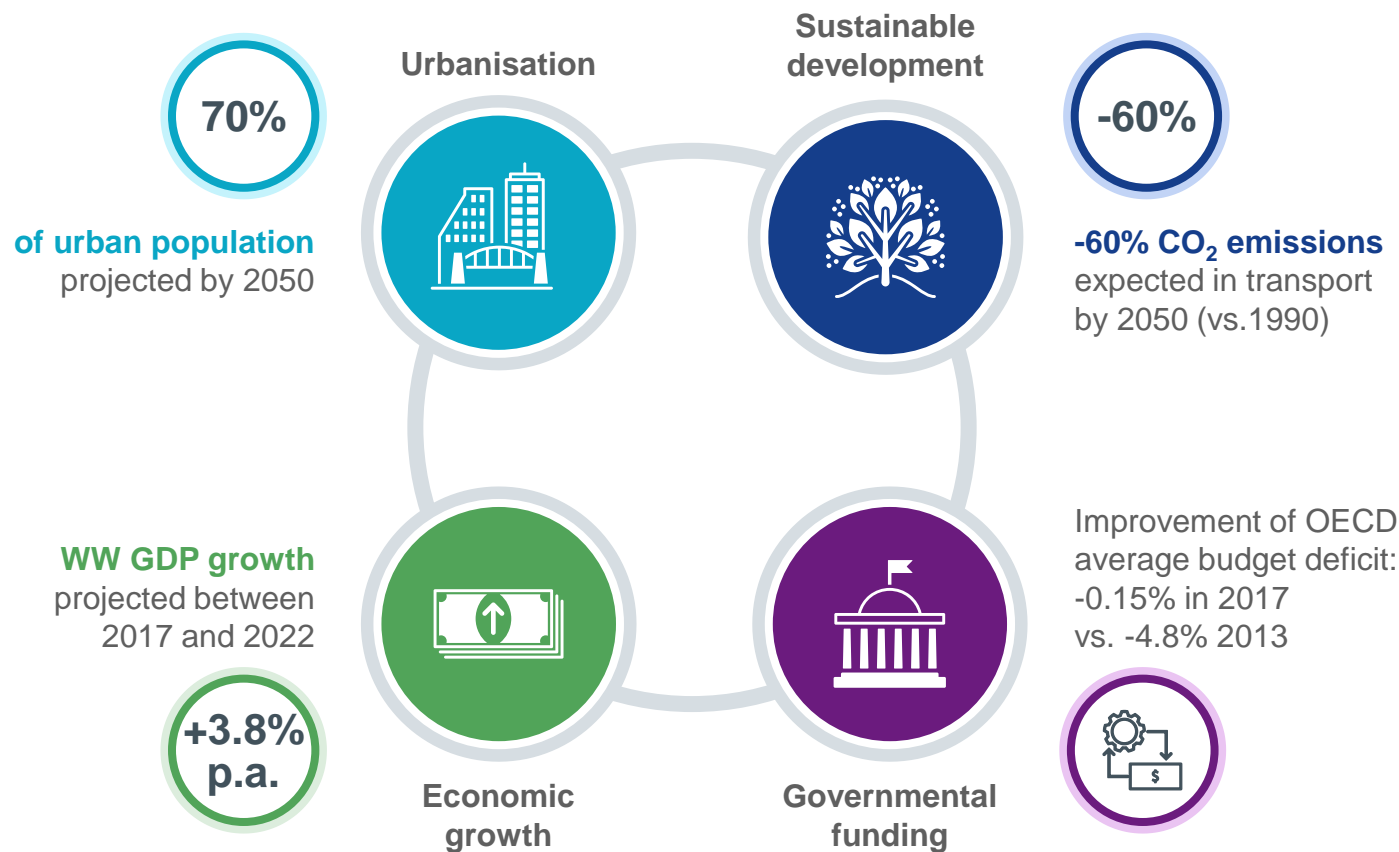
ALSTOM – SEPTEMBER 2019 ³ Note: free cash flow generation is subject to usual short-term volatility linked to customers down payments and milestone payments from customers Under new IFRS standard (IFRS15/IFRS16)

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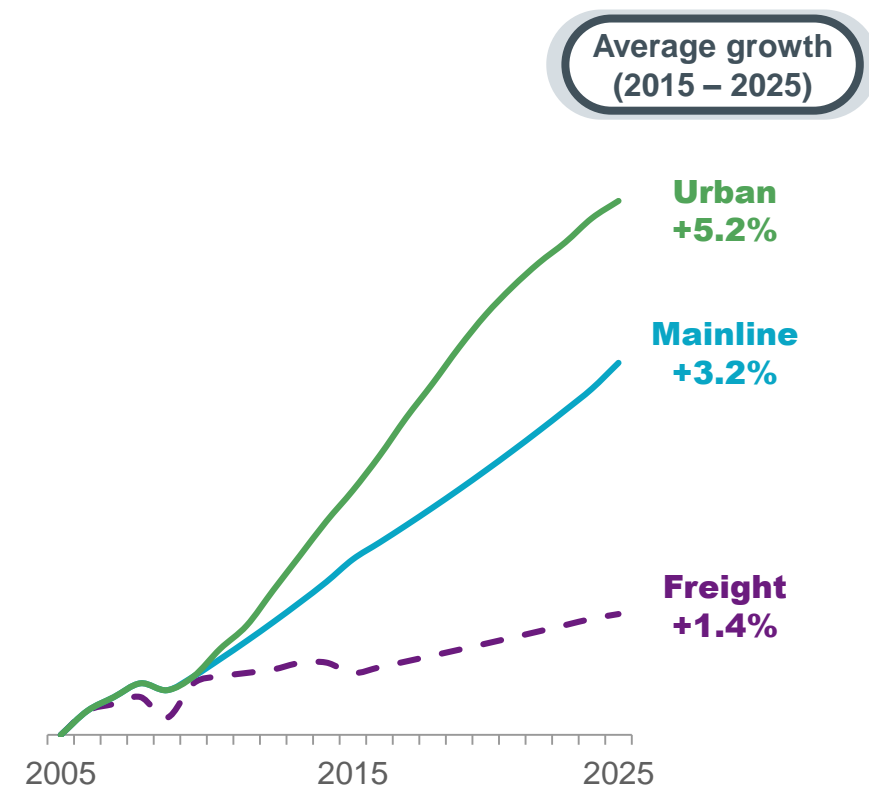


Market perspectives

Robust macro-economic drivers supporting the steady growth of rail traffic



Passenger traffic per market segment In basis 100

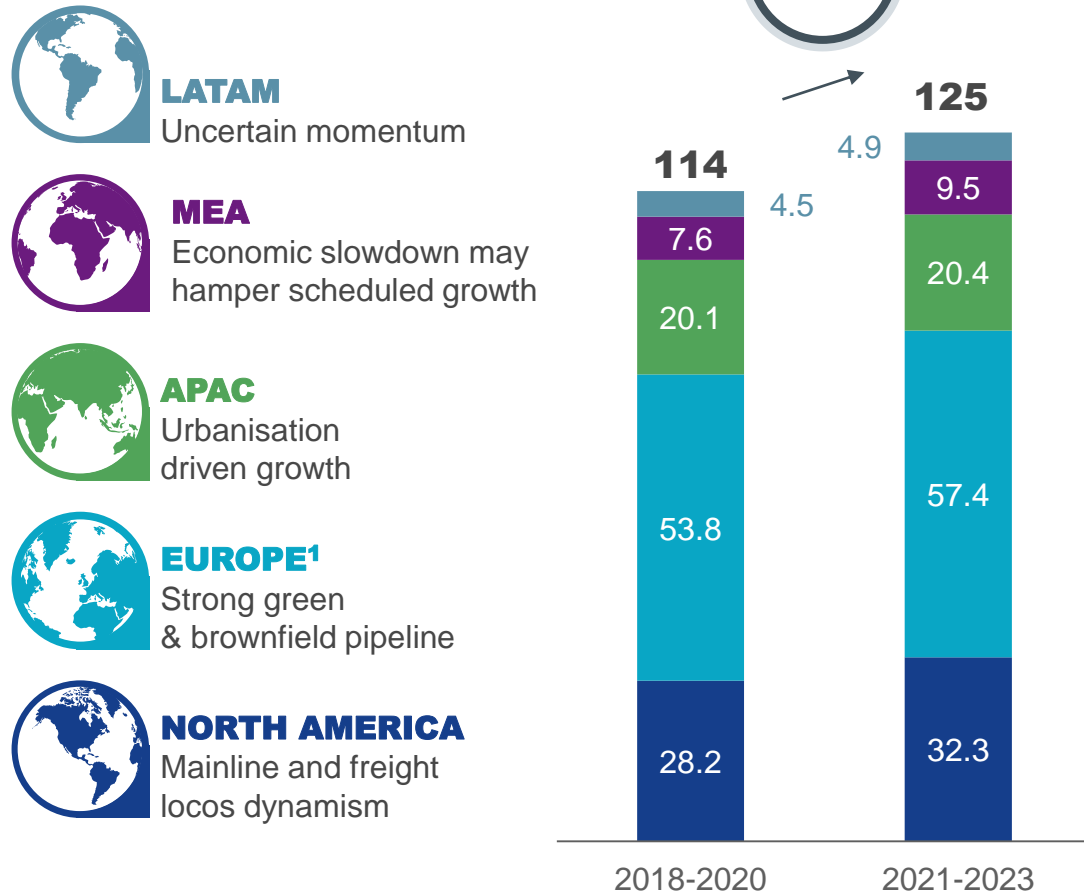


Sources: Statista, United Nations, OECD, 2011 EU White Paper, UIC & CER Rail transport and Environment Facts & Figures report, BCG analysis
Note: Urban traffic figures are for Top 30 cities worldwide; Mainline & Freight traffic figures are for all major national operators worldwide

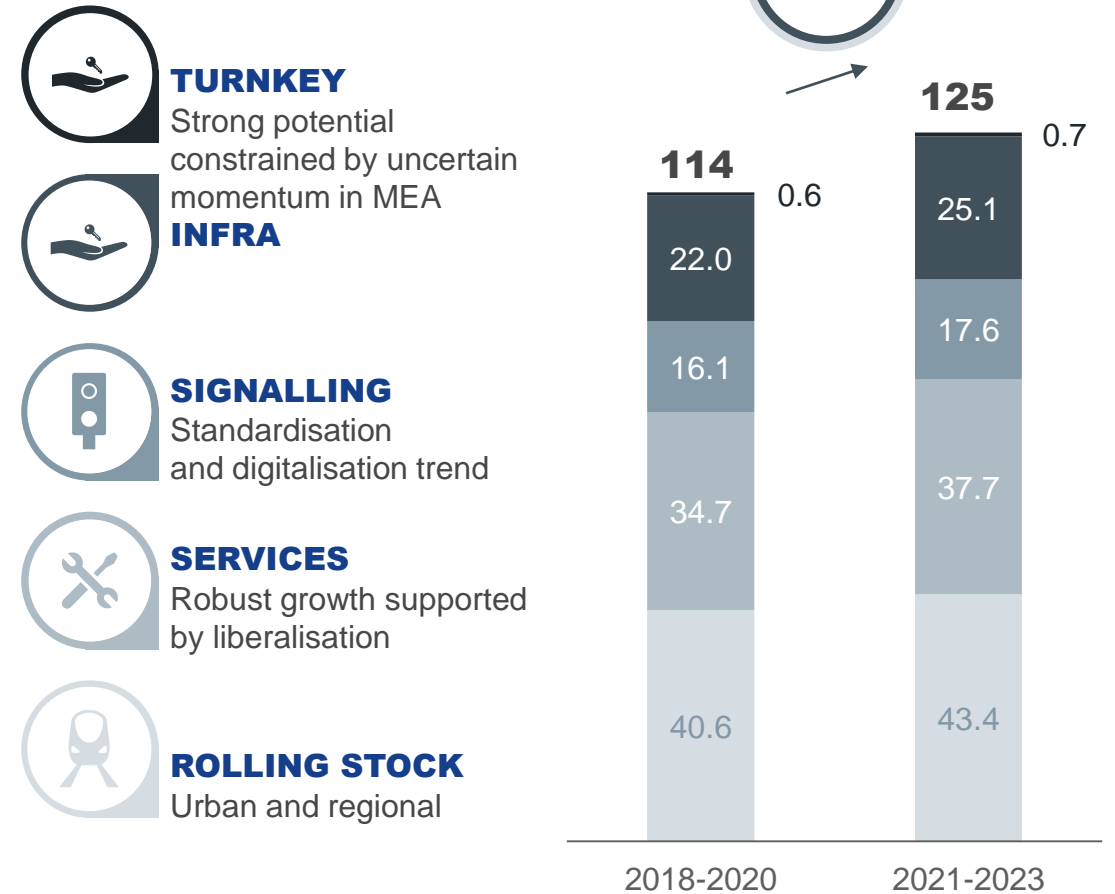
Data: Rail transport markets – global market trends 2016–2025 - SCI Verkehr multi client studies 2017

A positive rail manufacturing market outlook

Global rail OEM market, in € Bn



Global rail OEM market, in € Bn



ALSTOM – SEPTEMBER 2019 ¹ Including France and including CIS
Source: UNIFE Market Study 2018

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A changing market

- With a more diverse set of clients
 - **Longstanding clients:** National operators on traditional markets
 - **New clients:** Internationalized Operators, Private operators, Transport Authorities, Infrastructure funds
- Growing environmental concerns while rapid advancement of green technologies
 - Multiplication of "diesel ban"
 - Continued investment in hydrogen
 - Increased availability of green technologies
- Digital revolution carrying changes in our industry
 - Rapid progress in digital technologies...
 - ...Enabling new mobility solutions...
 - ... And impacting the rail value chain

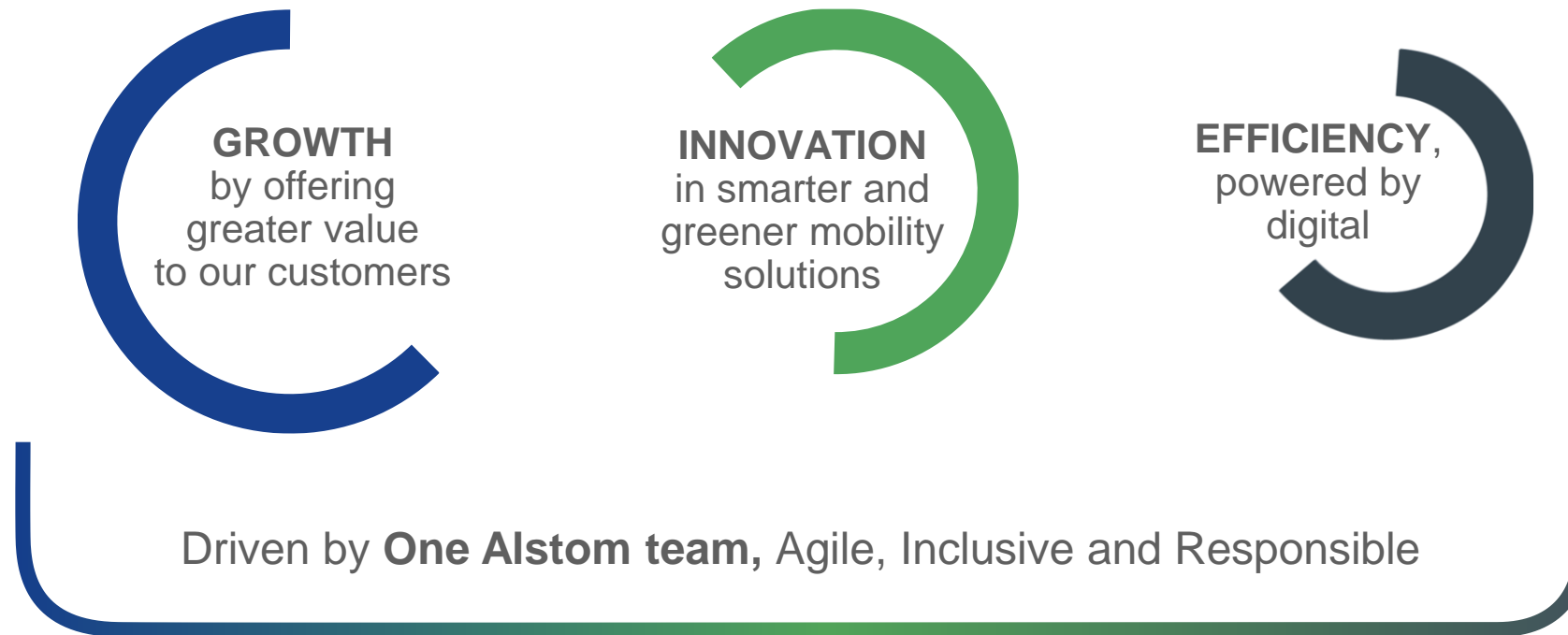


Strategy overview

**Be the leading global innovative player
for a sustainable and smart mobility**



AiM – Alstom in Motion : our strategic plan for 2019 - 2023



Growth by offering greater value to our customers

◀ Leverage our recognised expertise and our customer intimacy worldwide ▶



SERVICES

Become
the undisputed leader



SIGNALLING

Gain product
and market leadership



ROLLING STOCK & SYSTEMS

Grow profitably leveraging
our new platforms

#1 OR #2 IN OUR MARKETS – GEOGRAPHIES AND LINES OF BUSINESSES

Services: become the undisputed leader

Outstanding market potential



Accessible market by 2023: ~€42bn¹, largely untapped



Strong growth drivers: liberalisation, efficiency concerns of operators, growing and ageing installed base



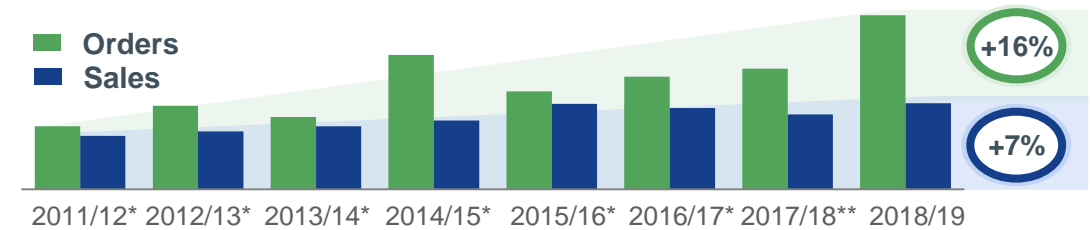
Sound strategic and financial rationale: 20 years+ term contracts, high margins, customer intimacy, low capex

Alstom best positioned with unique assets and excellent track-record

- Installed base + **50,000 vehicles**, only 1/5 clients have service contracts today
- Numerous success stories of subcontracting to traditional operators
- Digital-driven maintenance, green retractioning, proven ability to maintain non Alstom fleet

Alstom Services Orders and Sales In €m, CAGR in %

Acc. Market CAGR 11/13 – 18/20



* Under IAS 11 ; ** Restated for IFRS 9 & 15

NEXT PRIORITIES:

① New revenue streams in **parts**

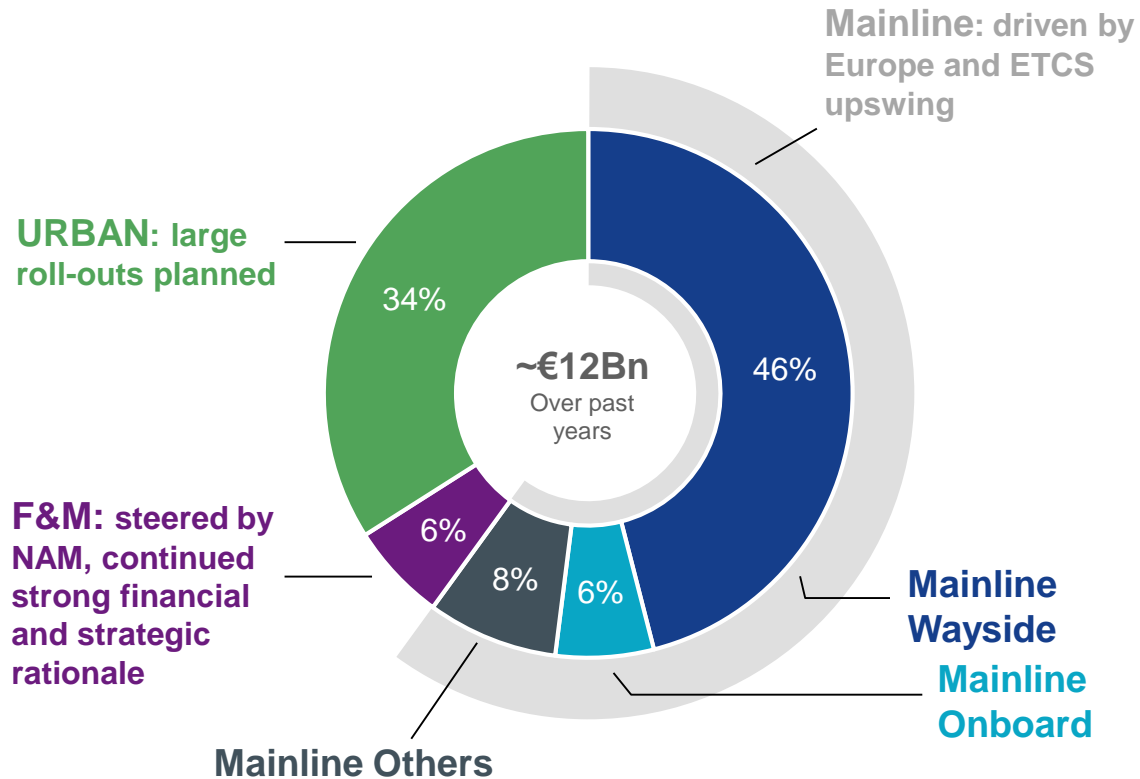
② Expand our leadership in **maintenance**

③ **Green modernisation**

Signalling: gain product and market leadership

Accessible Market Segment Breakdown¹

UNIFE Accessible market



NEXT PRIORITIES:

- Leverage our assets to capture growth:
 - ✓ ETCS expertise
 - ✓ Complex project know-how
 - ✓ #1 in China and India for Urban
 - ✓ Leader in NAM Freight and mining
 - ✓ Global footprint
- Standardise our platforms to gain in agility and competitiveness
- Deepen technological leadership

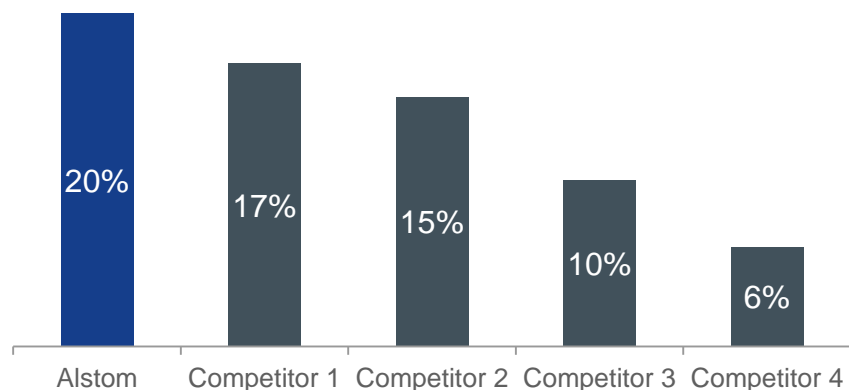


ALSTOM – SEPTEMBER 2019 ¹ Excluding Services
Source: UNIFE study 2018 & Company data

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Rolling stock & Systems: leverage our new platforms to further expand

Already a leading position in our markets¹
Market shares 3Y Orders – March 19, in %



- High technology products
- Competitive on price (Total Cost of Ownership) quality and time
- Ability to customise and respond to clients' demands

New platforms already well commercialised

Orders FY 2016/17-2018/19



from new platforms



Latest developments:

- Maintenance consideration fully embedded in design and manufacturing
- From energy usage reduction to limiting the impact on the infrastructure
- Integration of digital solutions

NEXT PRIORITIES:

- **Higher penetration in established markets and extension to new geographies** – with same products or products with limited adaptation
- **Increased competitiveness through standardisation**

ALSTOM – SEPTEMBER 2019 ¹ The addressable rolling stock excludes D-LoCo, Wagons, Coaches and APM. Coradia Stream – Netherlands and Italy projects
Source: Alstom competitor orders database

Already recognised breakthrough innovations in green and smart mobility

Unique electric bus
Built from base zero
Won one of the largest
European tenders



Rolling stock - Coradia iLint

First Hydrogen train
€360m first contract

New platform - Aptis



99% of recoverable
energy captured
Now extensively used
worldwide



Systems - Hesop

Pioneer / leader
in predictive
maintenance

Services - Health Hub



Signalling - Fluence

World first driverless-
To-driveless metro

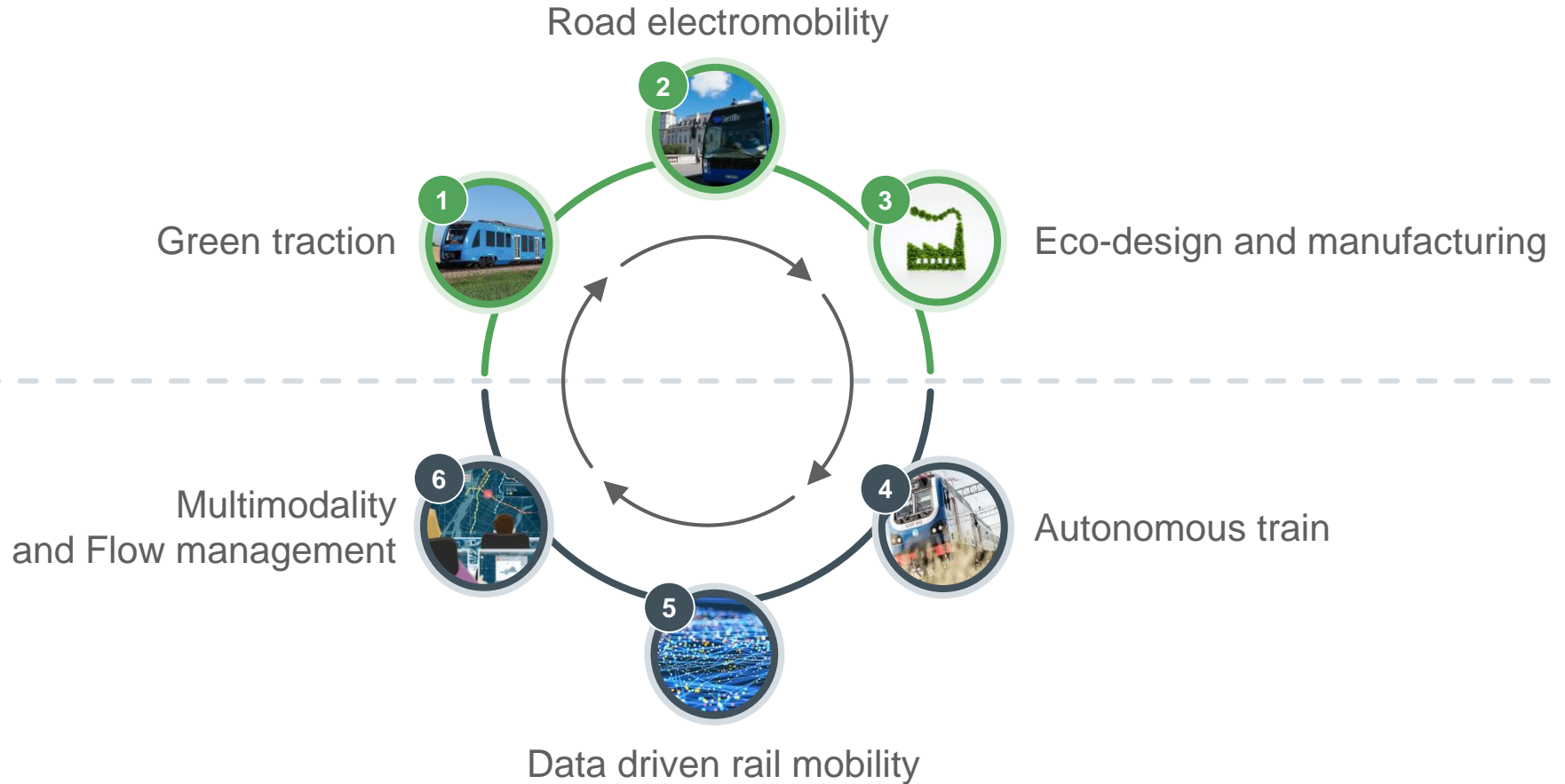
Alstom assets

- Long-term customer intimacy
- Dynamic entrepreneurial culture
- 7,000 engineers, 2/3 software
- A strong ecosystem with key partnerships

Six priority innovation areas to respond to mid and long term business drivers

GREEN MOBILITY

SMART MOBILITY



LEAD IN GREEN AND SMART SOLUTIONS

Efficiency, powered by digital

A TOP PRIORITY FOR THE GROUP

2020 objective of 7% aEbit margin reached

Thanks to:

- Sourcing cost reduction – **€250m**
- **60%** of manufacturing in best cost countries
- Strong **project execution** and **SG&A control**
- **Volume** and **mix** effect

Additional levers

- **Digital** transformation
- **Footprint** stabilisation & optimisation
- Best-in-class project **execution**, including cash focus

On top of natural drivers

- New platforms gaining in **competitiveness**
- **Learning curve** of our recent manufacturing and engineering sites

INDUSTRY LEADING MARGINS AND CASH GENERATION

Environment and social impact at the heart of our strategy

2025 targets



1
ENABLING
decarbonisation of mobility

25%¹ energy reduction in solutions (CO₂)
100 % electricity supply from renewables



2
CARING
for our people

Total recordable injury rate at 2
25% Women in management & professional roles
Global **Top Employer** certification



3
CREATING
a positive impact on society

100,000 beneficiaries /y from local actions
100% of newly developed solutions eco-designed



4
DEVELOPING
ethical and sustainable supply chains

100% of suppliers monitored or assessed for compliance on CSR standards and E&C practices

ALSTOM – SEPTEMBER 2019- Compared to 2014

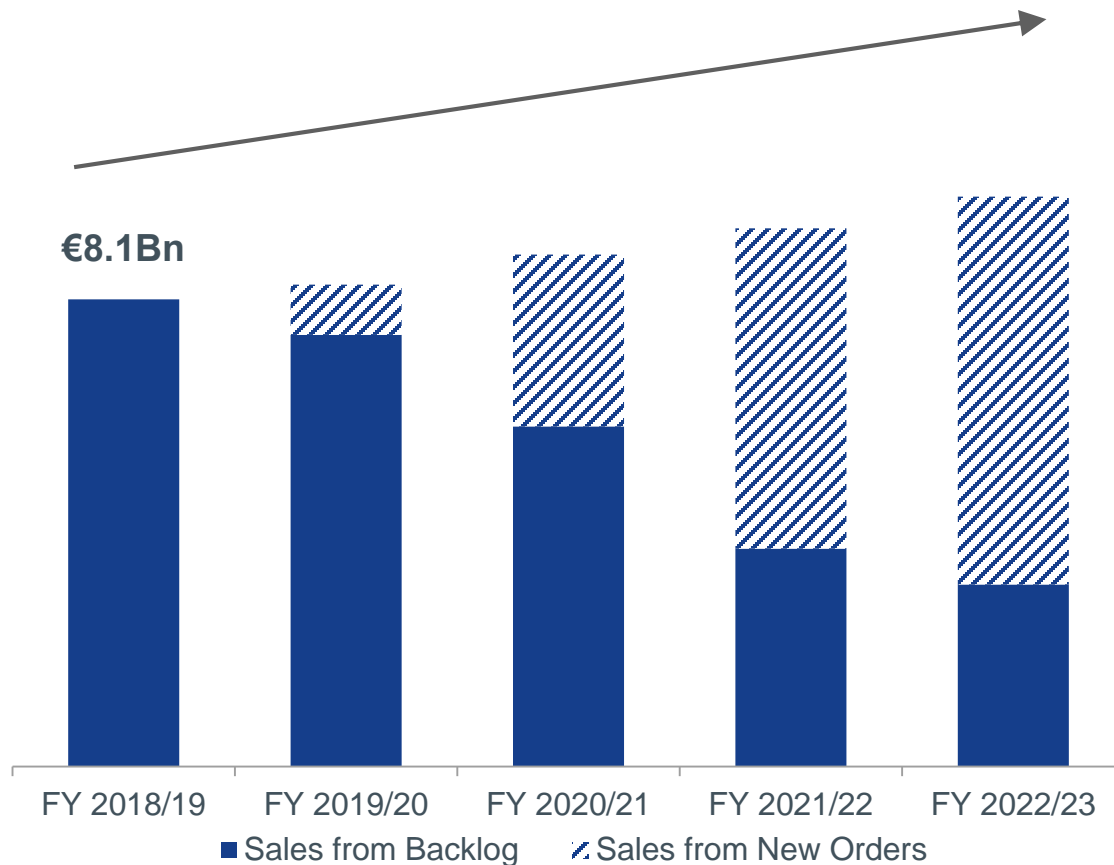
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Finance



Growing Sales Sustainably Above Market

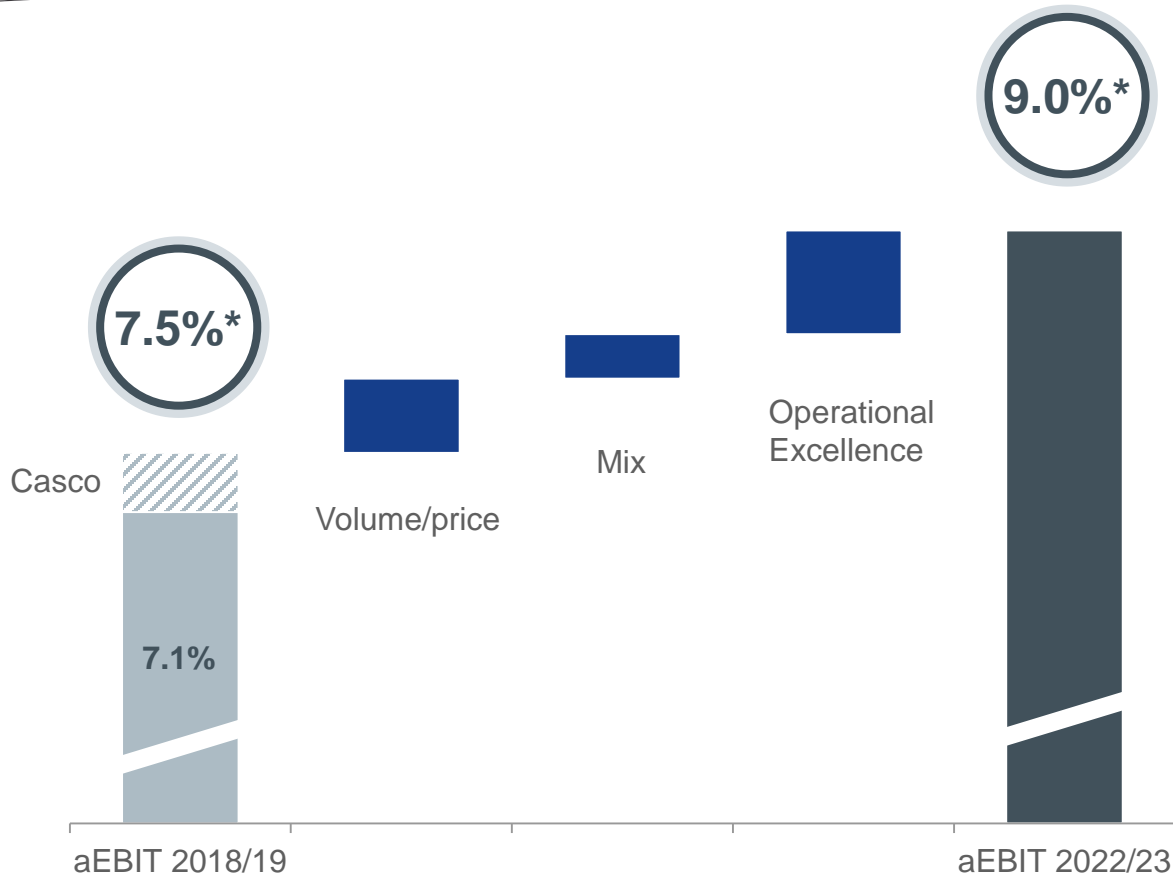


- Record €40Bn backlog securing €16.5-17.5Bn sales over next 3 years
- Boost Signalling sales
- Foster Services momentum
- Revenue from Services and Signalling to reach 40% by 2022/23
- Build on Rolling Stock and Systems capabilities
- Softer FY 2019/20 due to Middle East large system projects phasing

Sales step up: Average annual growth rate of around 5% over 2019/20 to 2022/23



Objective: Uplifting margin to Benchmark Level



- Volume/Price
 - Sustainable top line growth
 - Consistent price dynamics trends
- Portfolio Mix
 - Growth towards Services & Signalling (toward 40% of sales in 2022/23)
- Operations Performance
 - Sourcing savings (60% Best cost countries)
 - Global footprint extension (60% Best cost countries)
 - Standardisation & efficiency in execution

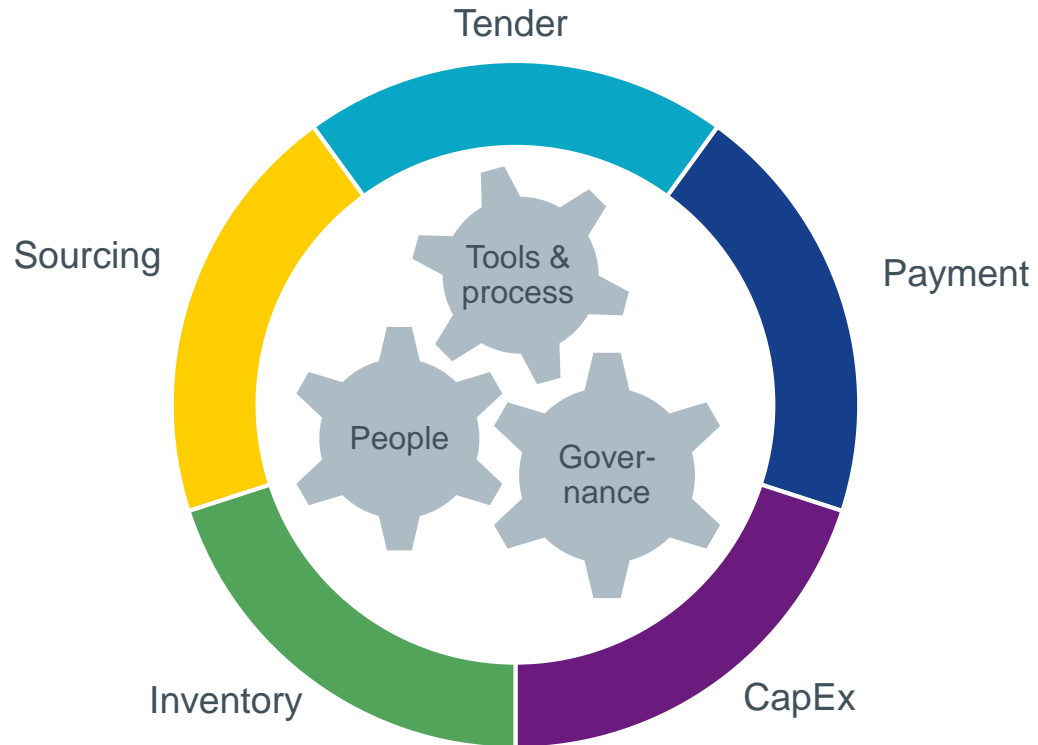
* including CASCO JV share of net income

Profit boost by 150 bps to around 9% aEBIT margin



Driving Performance through Cash Focus Programme

Programme Architecture



● Key drivers

- Tender
 - Progress payment & Working Capital optimisation
- Inventory
 - 20% reduction of testing duration
 - 15% Hard Inventory coverage reduction
 - Vendors Managed Inventories implementation
- Sourcing / supply chain
 - Payment terms & Supply chain right in time

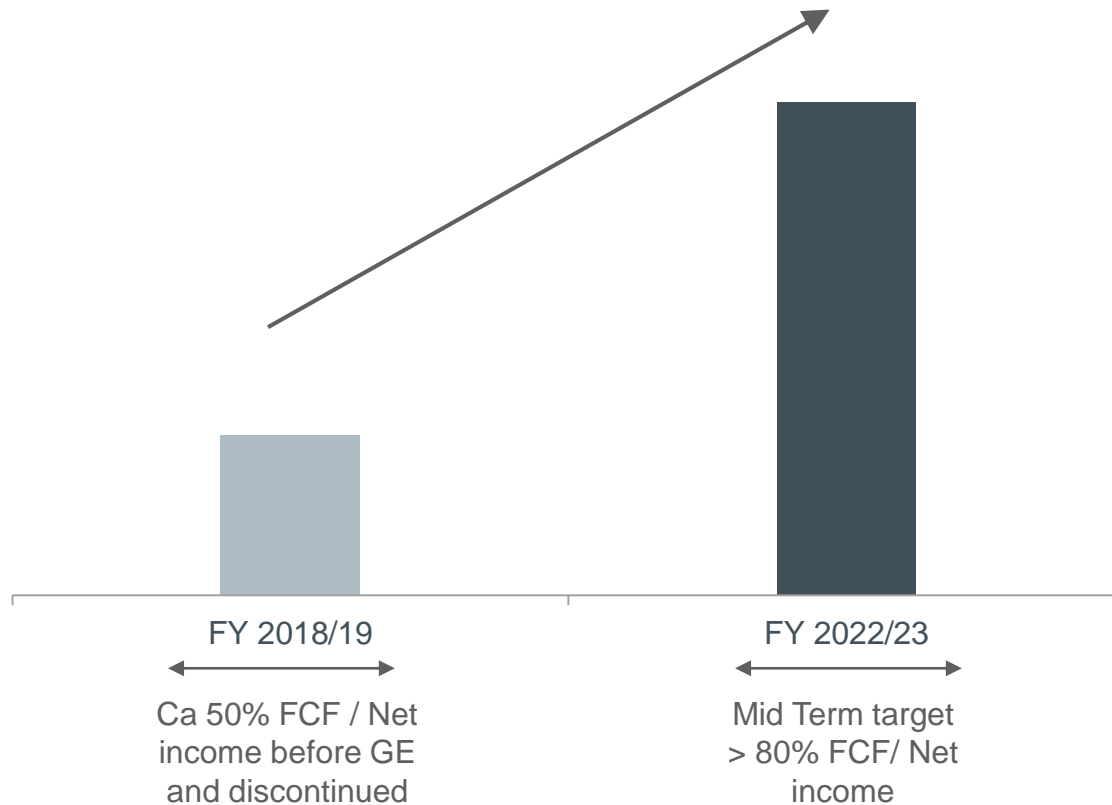
● Transformation enablers

- Cash training, culture, & process aligned
- Management incentives aligned to FCF generation & FCF / Net Income

Step up Cash performance as a company wide target



Delivering FCF Performance



● FCF key drivers

- EBIT growth driven by volume & margin expansion
- Working Capital: inventory impact during 2 years, and stable mid-term target
- Capex stabilising to 2% of sales
- Financial cash out benefiting from bonds repayment
- Tax cash out supported by tax losses carried forward

Subject to customary short term volatility related to down payments & progress payments phasing

Committed to FCF generation – Targeting FCF / Net Income¹ ratio above 80% by 2022/23

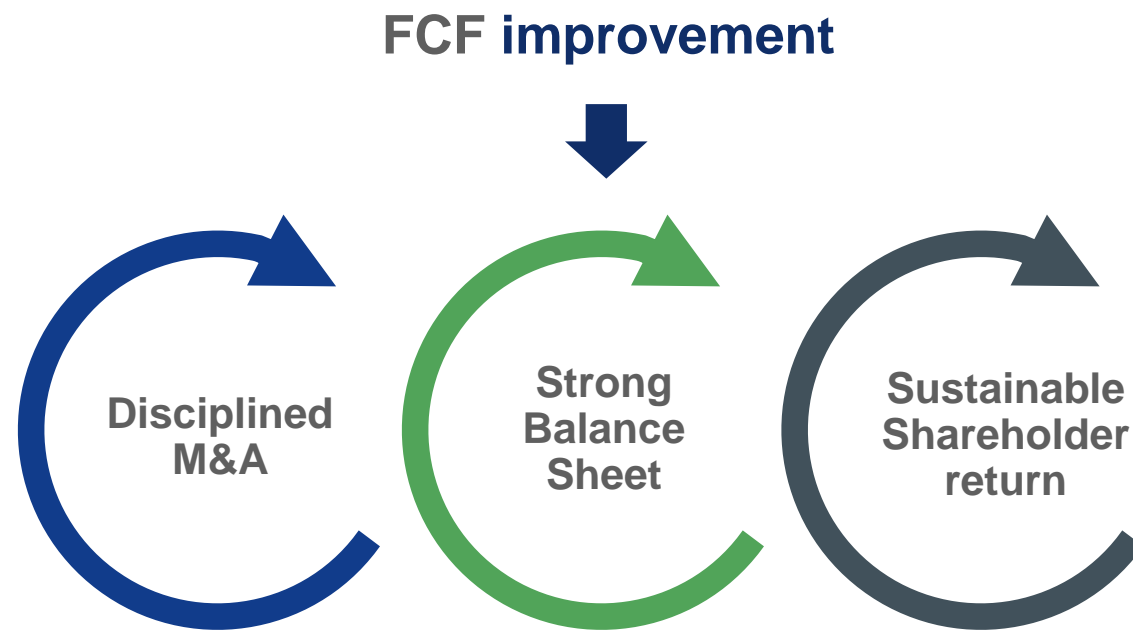
¹Net profit from continuing operations attributable to equity holders of the parent

ALSTOM – SEPTEMBER 2019 Report
Nota 2: Free cash flow generation is subject to usual short-term volatility linked to customers down payments and milestone payments from customers

Nota 2: Graph for illustrative purpose

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Capital Allocation Policy & Shareholder return

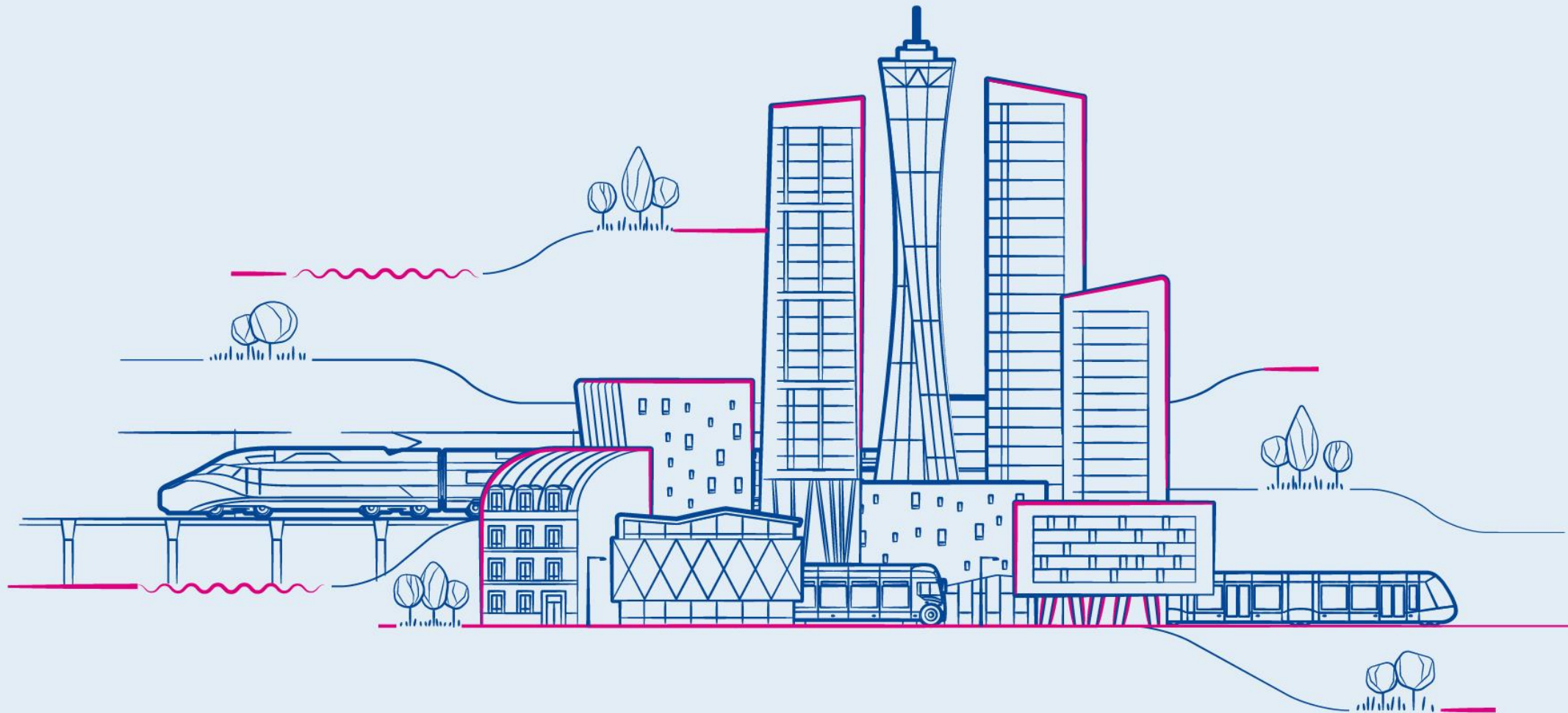


- Strong net cash position maintained to sustain growth
- Solid investment grade rating maintained
- Sustainable shareholder return: 25 to 35% dividend pay out as of 2019/20

Key Take Aways

- Well positioned in a growing market, supported by an industry-leading backlog, a global footprint and range of products / services
- Translating in industry-leading margins and cash flow generation
- Significant firepower to implement disciplined M&A and innovation
- Management focus on executing backlog & financial strategy
- Sustainable shareholder return policy





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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.

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 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.

- **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.



Appendix

Full Year 2018/19 Results

Income statement

<i>In € million</i>	FY 2017/18*	FY 2018/19	% change reported	% change organic
Sales	7,346	8,072	10%	11%
Adjusted EBIT	397	570	44%	
<i>Adjusted EBIT margin</i>	5.4%	7.1%		
Restructuring charges	(47)	(65)		
Other charges	(86)	(97)		
EBIT	264	408		
Financial result	(99)	(88)		
Tax result	(59)	(70)		
Share in net income of equity investees	216	195		
Minority interests from continued op.	(9)	(12)		
Net income – Discontinued operations**	52	248		
Net income – Group share	365	681		

* Restated for IRFS 9 & 15

** Group share

Free cash flow

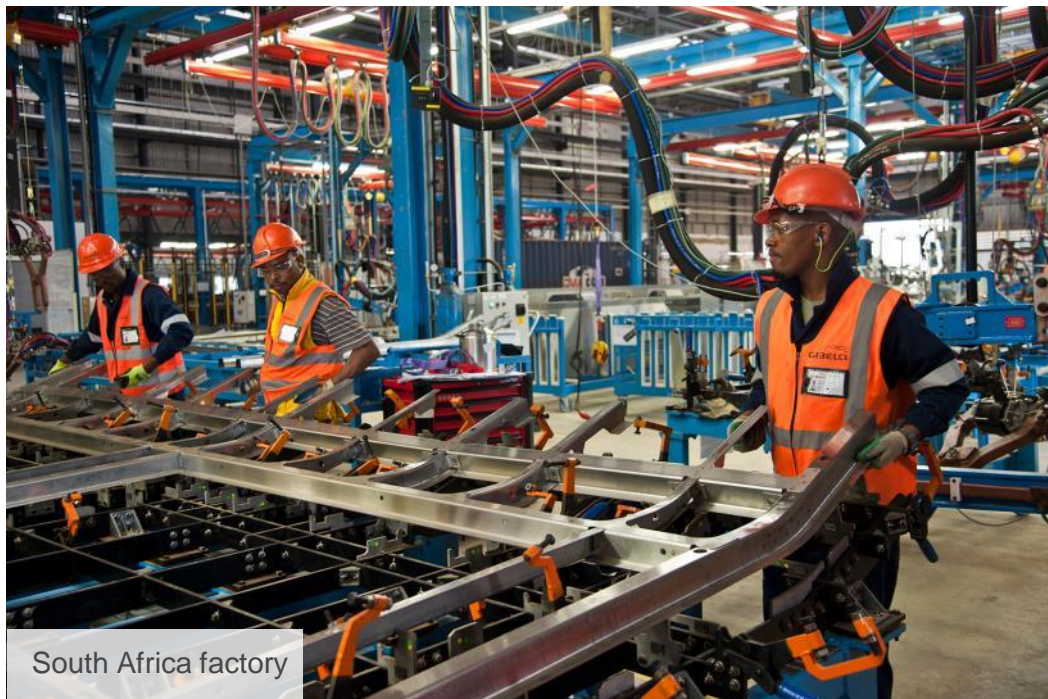
<i>In € million</i>	FY 2017/18*	FY 2018/19
EBIT	264	408
Depreciation & amortisation	168	194
Capex	(203)	(207)
R&D capitalisation	(90)	(68)
Change in working capital	91	(12)
Financial cash-out	(66)	(90)
Tax cash-out	(93)	(105)
Other	57	33
Free cash flow	128	153

- Positive EBIT evolution
- Phasing of transformation capex
- Working capital limited evolution, impacted by the ramp-up of major projects signed in previous years
- Siemens/Alstom deal cash impact

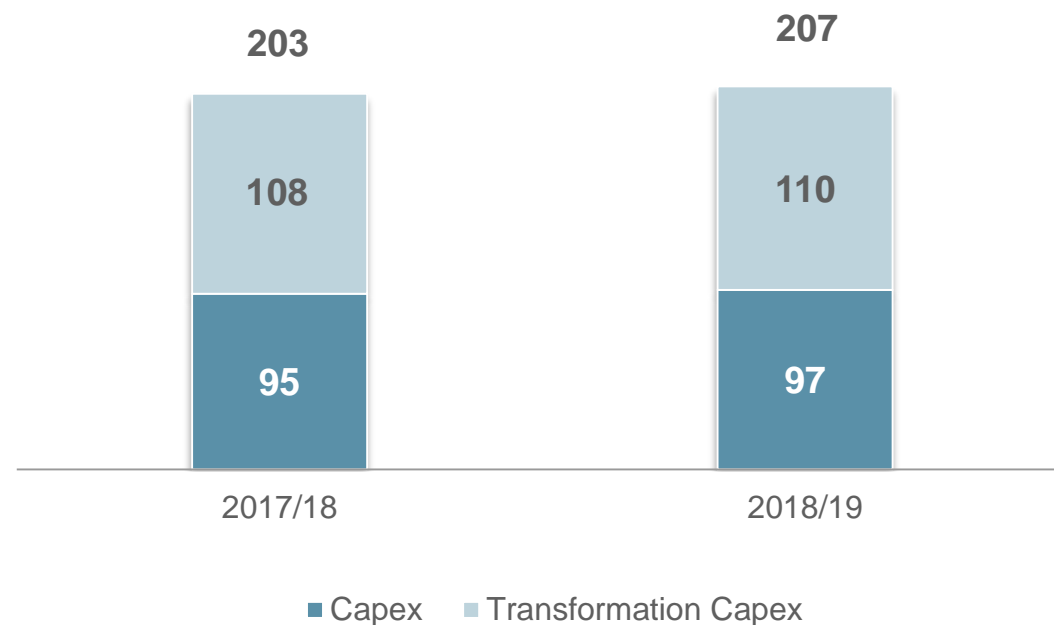
* Restated for IFRS 9 & 15

Capex developments

Ramp up of transformation capex



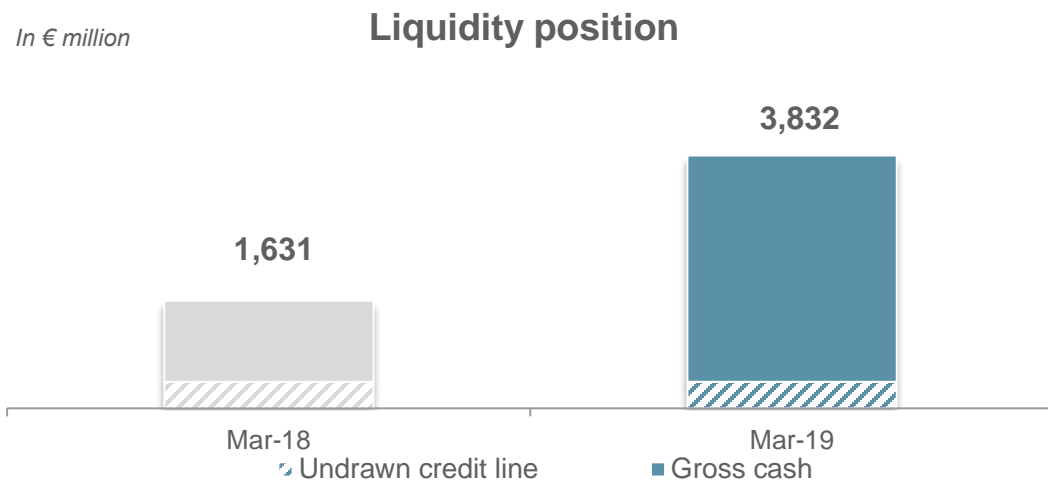
Capex* (in € million)



* excluding capitalised development costs

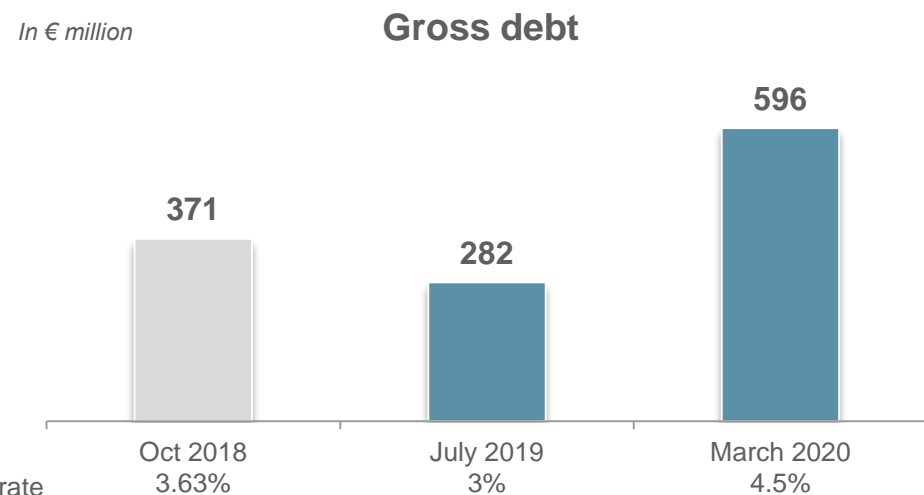
Strategic transformation of our footprint
€269m spent out of c. €300m transformation capex

Liquidity and gross debt



Liquidity

- €3,432m cash and cash equivalents as of 31 March 2019
- €400m revolving credit facility ; fully undrawn
- Energy JVs fully cashed in for €2.6bn



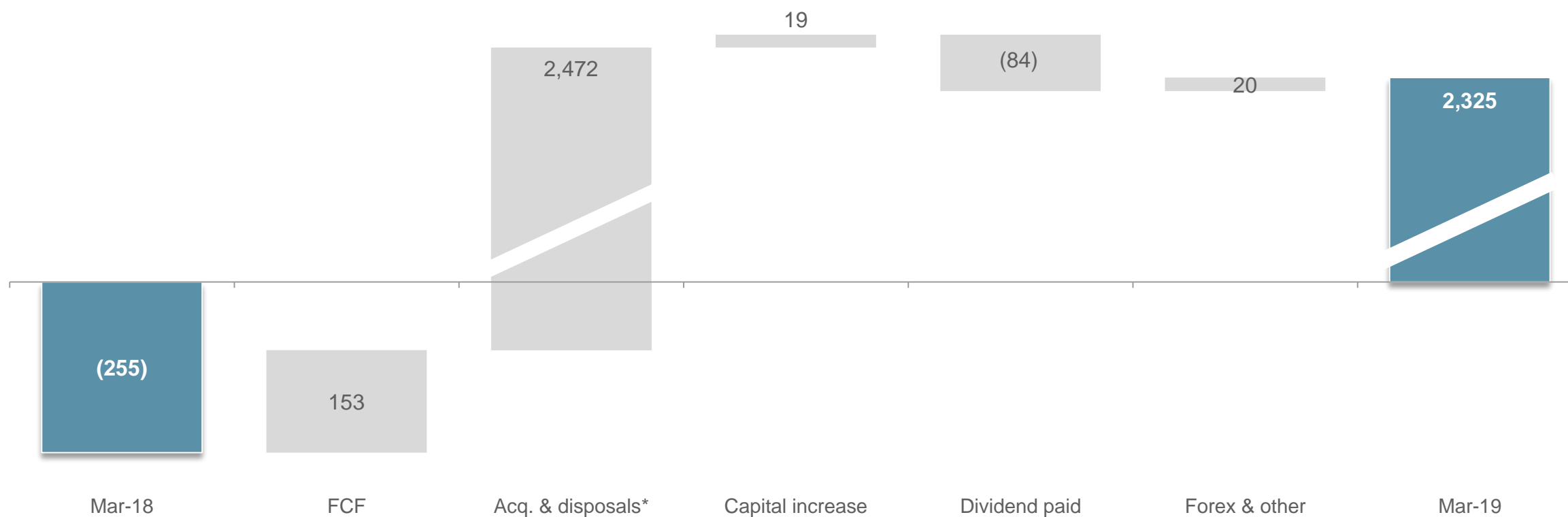
Gross debt

- €878m outstanding bonds as of 31 March 2019
- €371m reimbursed at maturity in October 2018
- Next maturity in July 2019 (€282m)

Net cash

In € million

Net cash/(debt)

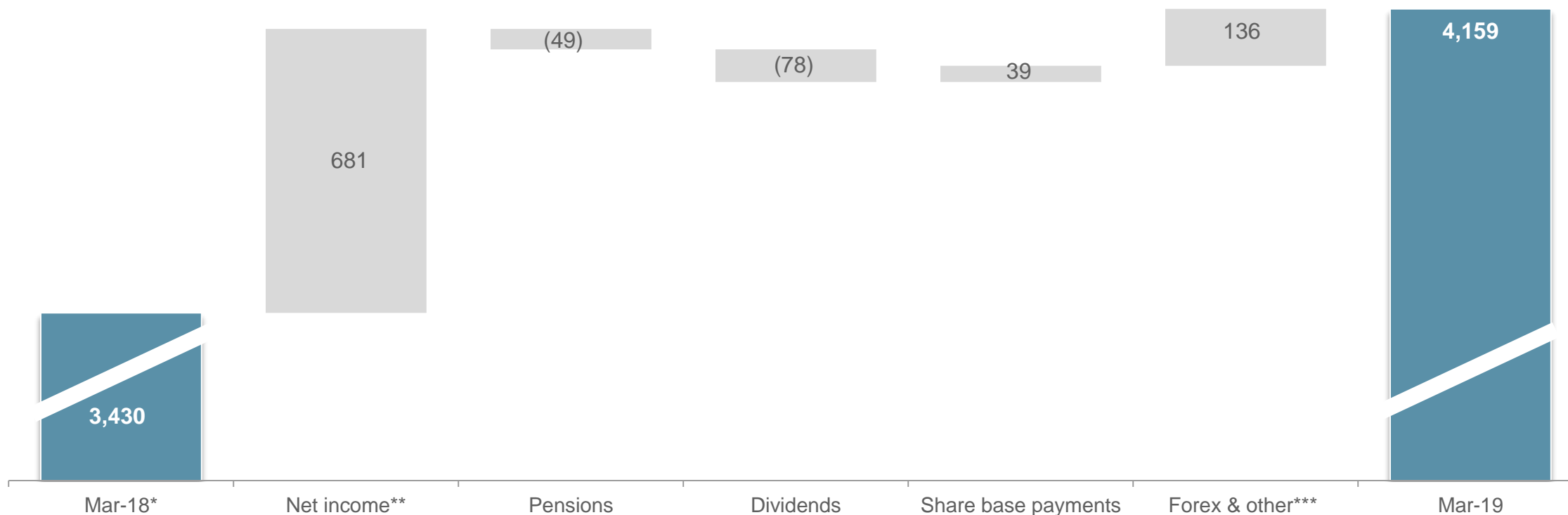


* includes GE disposals put option exercise for €2,594m and stakes of TMH for (€115m)

Equity

In € million

Equity



* Restated for IRFS 9 & 15

** Group share

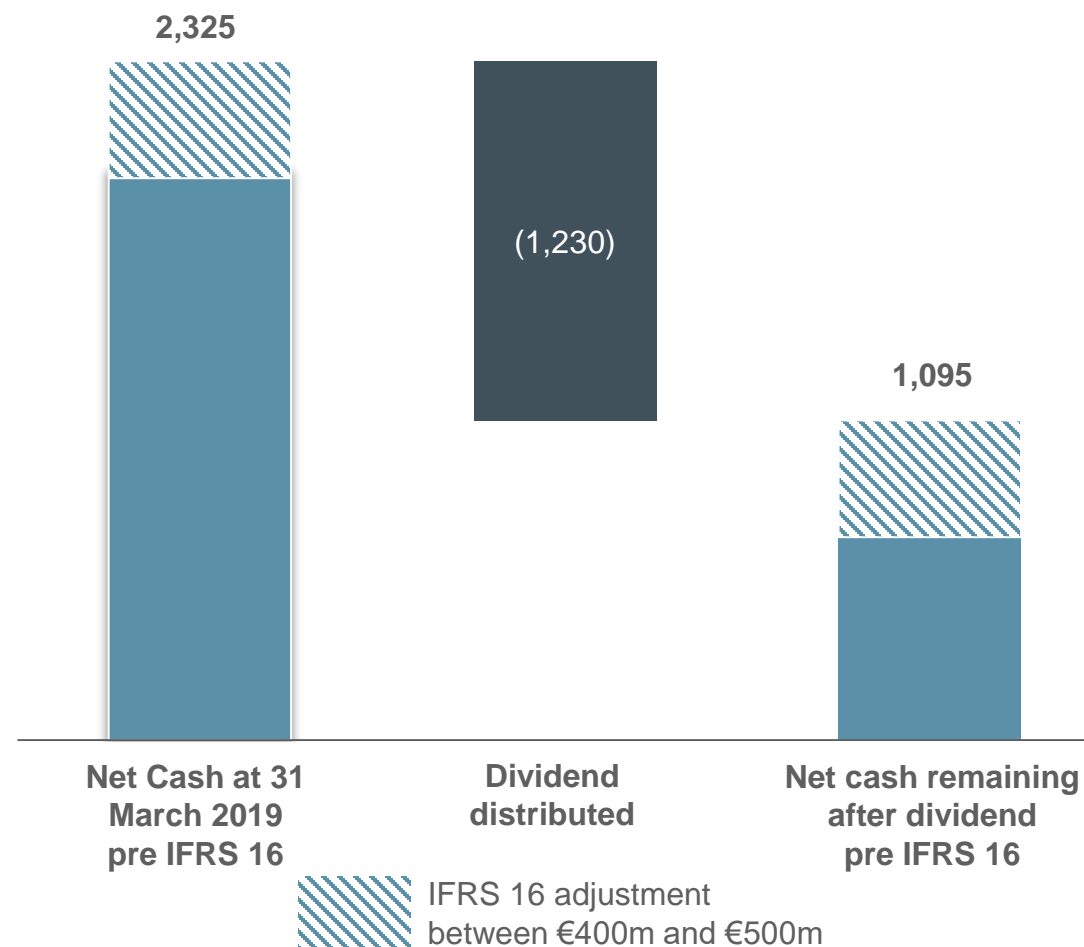
*** Of which Forex for €36m and €53m related to fair value adjustment of Locotech investment in TMH

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Shareholder distribution

- Board of directors proposed a dividend of €5.50 per share, based on net cash position at 31 March 2019
- Net cash post dividend will be at €1,095m without considering IFRS16 impact estimated between €400m and €500m



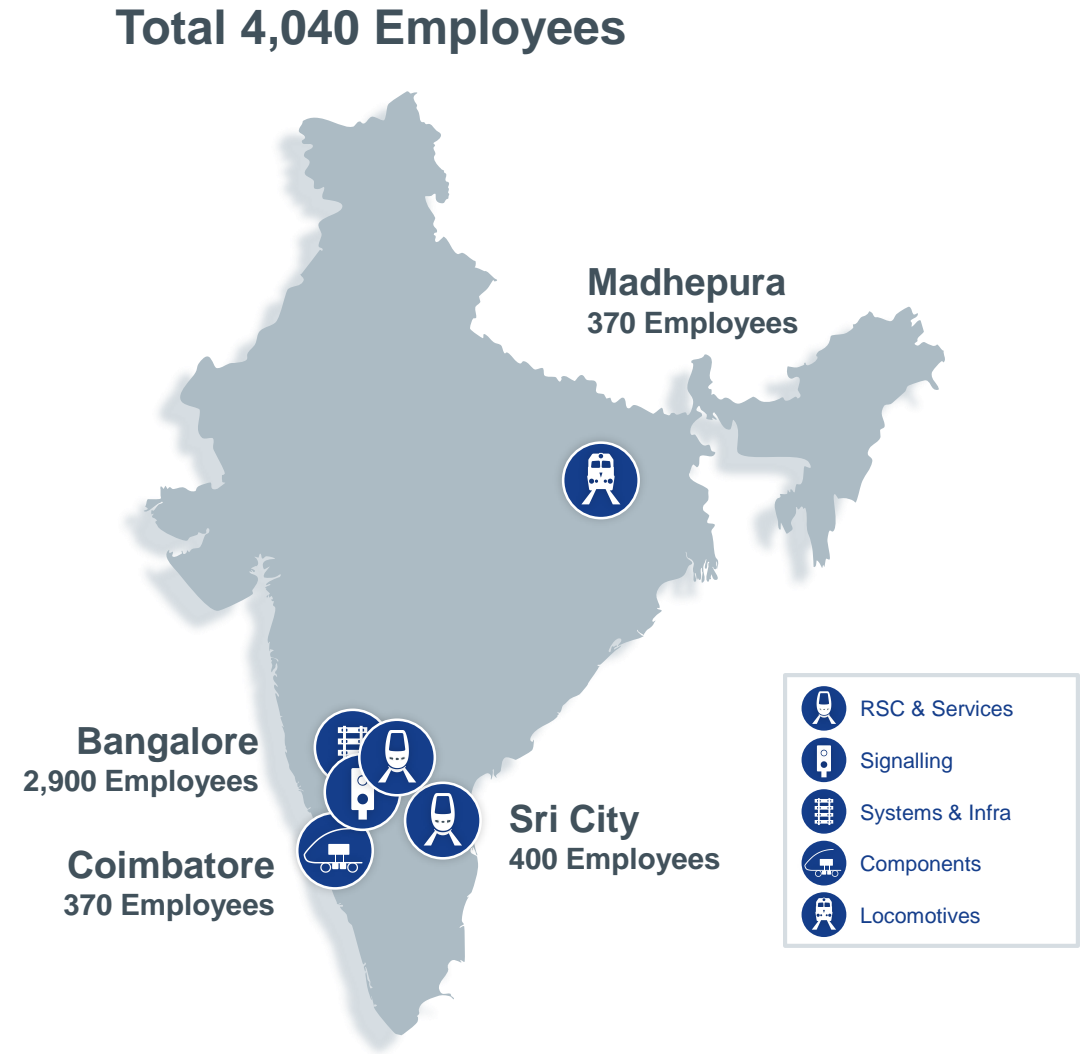
Appendix

Case Study

Alstom in India

An Established Footprint

- **India:** key contributor to Alstom strategy with high standard sites for R&D, engineering and manufacturing
 - **Bangalore:**
Alstom's largest engineering center for Rolling Stock & Signalling
→ 22% of global engineering workload
 - **Coimbatore:**
Global traction manufacturing site
→ 18% of global traction manufacturing workload
 - **Sri City:**
Metro manufacturing facility, serving customers worldwide
→ Installed capacity of 20 Cars / month
 - **Madhepura:**
Loco manufacturing facility dedicated to domestic market



Alstom in India

A Proven Track-Record

- **Metro RS:**

a proven Track-Record of Projects executed from India, to address Domestic & Export Markets:

- **Chennai, Kochi, Lucknow, Sydney**, successfully commissioned
- **Montreal, Mumbai** in execution

- **Signalling:**

global involvement in both Urban & Mainline projects:

- **Urban:** Design Lead in 17 projects, both in Domestic & Export Markets
- **Mainline:** Design Lead in India, Design Support in major Export Projects

LUCKNOW – €150m



Rolling Stock



Signaling

1st completed “Make in India” project
1st Train delivered in 14 months

HONG KONG SIL – €37m

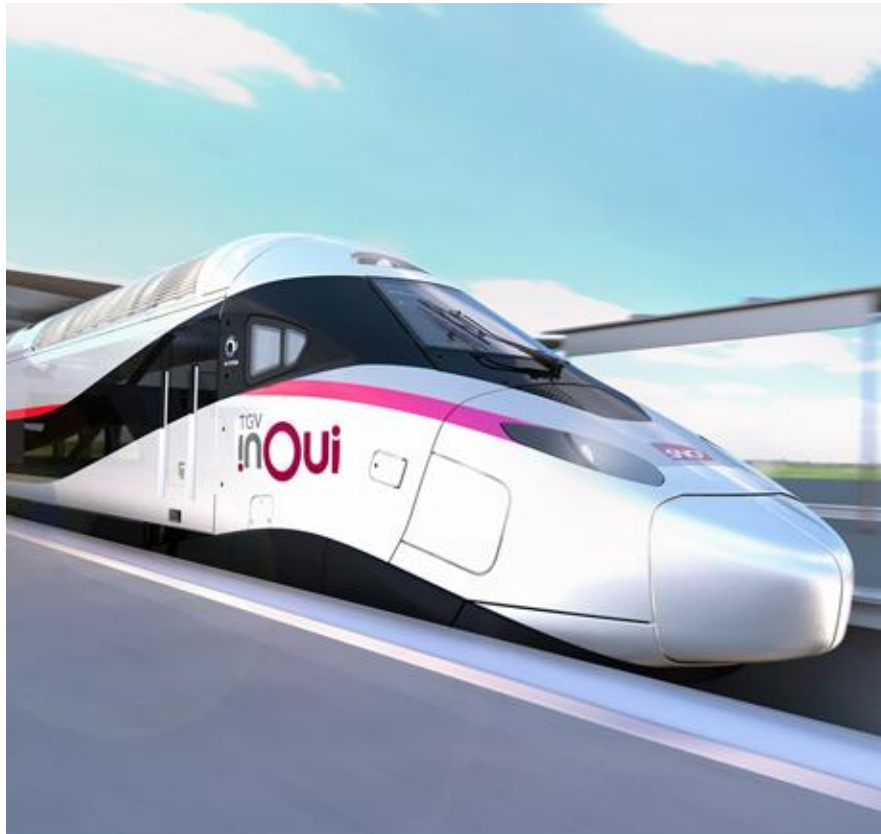


Signaling

1st Driverless (GOA4) Alstom solution
deployed from Bangalore

Digital Transformation: Use Case TGV2020

Extensive use of digital and new technologies



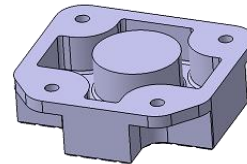
Manufacturing Execution System
Digital worksinstruction and monitoring



Virtual Training
welding and painting



3D printing:
2% of parts ambition



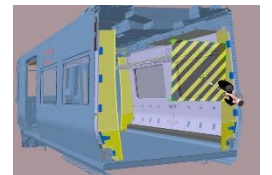
Parts handling
with Cobot



Welding automation



E-BoM / 3D



**-25%
Manufacturing
hours vs previous
generation**

Footprint Stabilisation & Optimisation: Use case Sydney Project

Worldwide organisation serving Sydney Project



**Project Set up:
20% savings vs
previous
organisation**

