- Order intake of €8.2 billion
- Record backlog of €43 billion
- Sales reaching €6.2 billion, up 3% (+2% organic)
- Alstom in Motion outlook confirmed

16 January 2020 – Over the third quarter 2019/20 (from 1 October to 31 December 2019), Alstom booked €3.6 billion of orders, compared to €3.4 billion over the same period last fiscal year. The Group's sales increased at €2.1 billion compared to €2.0 billion over the third quarter 2018/19.

For the first nine months of 2019/20 (from 1 April to 31 December 2019), Alstom's order intake reached €8.2 billion. The Group's sales reached €6.2 billion, up 3% (2% organically) compared to the first nine months of 2018/19.

The backlog, on 31 December 2019, reaches a new historical record of €43 billion and provides strong visibility on future sales.

Key figures

Key figures **Actual figures**	2018/19	2019/20	2018/19
(in € million)	Q1	Q2	Q3

Orders received	2,641	4,488	3,386
Sales	2,017	1,993	2,010

Geographic and product breakdowns of reported orders and sales are provided in Appendix 1.

"Alstom's order intake was particularly dynamic this quarter, benefiting from a strong momentum in Europe and Asia Pacific with a major contract for Perth's rail network, as well as significant orders in Signalling and Services in line with our Alstom in Motion (AiM) strategy. The Group is also proud to have contributed to the start of commercial services of emblematic transport systems, such as the Leman express between Switzerland and France and Sydney Light Rail.

The rail market is clearly undergoing a very positive momentum, in particular driven by growing environmental concerns. We are fully committed to contribute to the shift to a decarbonated future thanks to our portfolio of sustainable mobility solutions.” said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

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Detailed review

During the third quarter of 2019/20 (from 1 October to 31 December 2019), Alstom recorded €3,563 million of orders, versus €3,386 million in Q3 2018/2019. Europe accounts for the majority of the orders of the Group with notably a €755 million contract to refurbish and maintain Avanti West Coast Pendolinos in the United Kingdom and the renewal and automation of Marseille metro. It also includes 44 new generation metro trains for Île-de-France Mobilités and RATP in consortium with Bombardier within a major frame contract for a total of up to 410 trains. Alstom also achieved a strong order intake in Asia Pacific at €1,276 million with a combined €800 million contract for rolling stock and maintenance for Perth’s rail network in Australia, as well as driverless trains and digital signalling system for Sydney Metro extension.

Orders in Signalling and Services were particularly positive with respectively €593 million and €1,266 million booked during the quarter.

Regarding sales, €2,060 million were traded in the third quarter 2019/20 (from 1 October to 31 December 2019) versus €2,010 in Q3 2018/19. Compared to the first nine months of 2018/19, Rolling Stock sales grew by 11% with the acceleration of major projects this quarter. Services show a slight decrease at 2%. Systems show a foreseen decline, by 22%, due notably to a fully traded contract for Panama Metro and contracts nearing completion in Middle-East. Signalling sales increased strongly by 16%, in coherence with our AiM strategy, with contracts executed mainly in Americas, Asia Pacific and Europe.

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Main events of the third quarter 2019/20

In October 2019 Alstom has successfully carried out the issuance of senior unsecured Eurobonds for a total of €700 million, at excellent financing conditions. The bonds have a seven-year maturity and a fixed coupon of 0.25%, payable annually. The order book was more than three times oversubscribed.

In December 2019, Sydney Light Rail commenced revenue service and will contribute to transform the appeal of the city of Sydney. Alstom, as part of the ALTRAC Light Rail consortium, has been responsible for the integrated light rail system. The tram system integrates innovative power solutions, with a wire-free APS ground-based power supply and Hesop energy recovery substations.

French-Swiss Leman Express rail network started service with 17 Coradia Polyvalent and on-board digital solutions implemented by Alstom on 23 other trains, allowing cross-border operations. The Coradia Polyvalent Léman Express trains will contribute to providing a sustainable alternative to the car for the daily commutes of Greater Geneva's residents, as well as a better service to the economic and tourist hubs of the entire region. The Leman Express is Europe's largest cross-border rail network (45 stations, 230 km).

In the frame of Denmark's countrywide signalling system replacement programme, Alstom is a first to supply full ERTMS [1] Level 2 on a Denmark corridor, the line to Roskilde to Köge, which opened for commercial service in December. The system is fully digital and combines both ERTMS trackside and on-board signalling, while being fully integrated with the Traffic Management System. This technology ("baseline 3") represents the latest level of the standard, allowing to further increase traffic throughput. Alstom is the first player worldwide to offer this integrated system [2] .

In line with the AiM strategy to be the leading global innovative player for a sustainable and smart mobility, Alstom committed during COP 25 to the "Science-Based Targets" initiative, a framework providing pathways to set ambitious greenhouse gas reduction targets. This will enable us to be fully consistent with the objectives stated by the Paris agreement to keep global temperature rise below 2 degrees Celsius. Alstom is the first train manufacturer to commit to set such a target.

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Outlook

The Alstom outlook is provided at constant perimeter and exchange rates. It is set in accordance with the IFRS 15 and 16 norms.

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 [3] .

Up to March 2023, Alstom targets an average annual growth rate of sales around 5% over the period 2019/20 – 2022/23, an adjusted EBIT margin [4] to reach around 9% in 2022/23, a conversion from net income [5] to free cash flow above 80% by 2022/23 [3] and a dividend policy with a pay-out ratio between 25% and 35%.

Furthermore, Alstom will conduct a disciplined investment and external growth transactions policy to support its development and to create value.

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 1A – GEOGRAPHIC BREAKDOWN

Actual figures

2018/2019

%

2019/2020

%

(in € million)

9 months

Contrib.

9 months

Contrib.

Europe

6,235

59%

6,092

74%

Americas

1,937

19%

504

6%

Asia / Pacific

1,168

11%

1,531

19%

Middle East / Africa

1,175

11%

54

1%

Orders by destination

10,515

100%

8,181

100%

Actual figures

2018/2019

%

2019/2020

%

(in € million)

9 months

Contrib.

9 months

Contrib.

Europe

3,005

50%

3,500

56%

Americas

1,101

18%

1,015

16%

Asia / Pacific

662

11%

655

11%

Middle East / Africa

1,252

21%

1,030

17%

Sales by destination

6,020

100%

6,200

100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures

2018/2019

%

2019/2020

%

(in € million)

9 months

Contrib.

9 months

Contrib.

Rolling stock

5,456

52%

4,099

50%

Services

2,868

27%

2,719

33%

Systems

1,262

12%

91

1%

Signalling

929

9%

1,272

16%

Orders by destination

10,515

100%

8,181

100%

Actual figures

2018/2019

%

2019/2020

%

(in € million)

9 months

Contrib.

9 months

Contrib.

Rolling stock

2,608

43%

2,897

47%

Services

1,122

19%

1,109

18%

Systems

1,338

22%

1,078

17%

Signalling

952

16%

1,116

18%

Sales by destination

6,020

100%

6,200

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 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.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.

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.

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

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.

9 months 31 Dec. 2018	**9 months 31 Dec. 2019**			
(in € million)	Actual	Exchange	Scope impact	Com
figures	rate	Figures	figures	Figu
Orders	10,515	112	-	10,6
Sales	6,020	72	-	6,09

Q3 31 Dec. 2018	**Q3 31 Dec. 2019**			
(in € million)	Actual	Exchange	Scope impact	Com
figures	rate	Figures	figures	Figu
Orders	3,386	37	-	3,42
Sales	2,010	14	-	2,02

[1] European Railway Traffic Management System

[2] A full system (combining Onboard, Wayside, Traffic Management System) in Baseline 3

[3] The free cash flow generation is subject to usual short-term volatility linked to customers down payments and milestone payments from customers

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

[5] Net profit from continuing operations attributable to equity holders of the parent