

FAIVELEY TRANSPORT ANNOUNCES 2016 RESULTS IN LINE WITH GUIDANCE

Gennevilliers, 16 February 2017

On February 16th 2017, the Faiveley Transport Supervisory Board reviewed the 2016 financial statements prepared by the Management Board. As a reminder, 2016 fiscal year was shortened to 9 months (from April to December), due to Faiveley Transport's change of fiscal year-end to December 31st.

(€ millions)	FY 2016 9 month (April-December)	Pro Forma 2016 12 month (Jan-December)	FY 2015/16 12 month (April-March)	% change PF 2016 vs. 2015/16
Order book at year-end	1,831.2		1,847.2	
Sales	802.8	1,105.8	1,105.2	+0.1%
Adjusted Group operating profit ^(a)	75.8	118.7	108.5	+9.4%
<i>as % of sales</i>	9.4%	10.7%	9.8%	
Net profit – Group share	(32.4)	(10.3)	51.3	
Free cash flow ^(b)	(8.2)		38.5	

(a) Adjusted Group operating profit is defined as operating profit including the share of profit of equity-accounted entities, restated for restructuring costs and impairments and costs related to the combination with Wabtec.

(b) Free cash flow is defined as self-financing capacity before interest and tax restated for tax paid, net financial interest paid, and the change in working capital requirements and net capital expenditure

Stéphane Rambaud-Measson, Chairman of the Management Board and Chief Executive Officer of Faiveley Transport, commented:

“The fiscal year 2016 was marked by the completion of the combination of Faiveley Transport and Wabtec, with the change of control from the Faiveley family to Wabtec since November 30th.

Results posted for the fiscal year are in line with our guidance as we continue to progress in the implementation of our Creating Value 2018 strategic plan, and despite strong headwinds in the US Freight market.”

SIGNIFICANT EVENTS

On 30 November 2016, Wabtec Corporation acquired a 51% majority ownership of Faiveley Transport, after completing the purchase of the Faiveley family's stake. The strategic combination of Wabtec and Faiveley Transport creates one of the world's largest public rail equipment companies, with revenues of about \$4.2 billion and a presence in all key transit and freight rail markets worldwide.

Wabtec launched a tender offer for the remaining public shares on December 27th. Through the tender offer, the public shareholders of Faiveley Transport had the option to receive €100 per share of Faiveley Transport in cash or to exchange their shares for 15 Wabtec common stock for 13 Faiveley Transport shares, at the same financial conditions as the Faiveley family.

As announced by the French market authority (AMF) on February 3rd 2017, Wabtec successfully completed the tender offer and reached ownership of 78.2% of Faiveley Transport's share capital. A subsequent tender offer is opened from February 14th until March 6th.

ORDER BOOK

On 31 December 2016, the Group's order book stood at €1,831.2 million, an increase of 2.7% (including a 2.9% organic growth) in comparison with 31 December 2015.

The Group secured certain significant contracts over the period, notably during the third quarter:

Europe region:

- An additional order for brakes, couplers and heating, ventilation and air conditioning systems for M7 double deck trains built by Alstom Transport in consortium with Bombardier, for the operator SNCB in Belgium;
- Repeat orders for braking systems and access doors for the French regional trains Regio2N built by Bombardier Transport for the Normandie region;

Americas region:

- Door systems for 28 high speed trains built by Alstom for Amtrak in the US;
- Access doors for 120 metro cars built by Alstom for the Metro of Lima.

Asia-Pacific region:

- Couplers, air conditioning systems and pantographs for the fleet of 800 electric freight locomotives that will be built by Alstom for Indian Railways, in Madhepura;
- Access Doors for the Line 17 and Line 10 of the Shanghai metro, built by a subsidiary of CRRC;

SALES

Over the 9 months of the 2016 fiscal year, Faiveley Transport achieved sales of €802.8 million, stable over the same 9-month period of 2015. Growth includes 5.4% organic growth, a 1.6% negative foreign exchange effect and a negative 3.7% contribution of the divested ARF joint-venture, as this subsidiary was impacted by a strong downturn in the US Freight market.

Sales volume reaches €1,105.8 million for the 12 months of calendar year 2016, stable compared to fiscal year 2015/16.

(€ millions)	FY 2016 9 month (April-December)	Pro Forma 2016 12 month (Jan-December)	FY 2015/16 12 month (April-March)	Growth PF 2016 vs. 2015/16
Europe	464.3	649.8	634.9	+2.3%
Asia/Pacific	189.2	255.0	246.0	+3.7%
Americas	132.9	182.4	215.9	-15.5%
Rest of the world	16.5	18.6	8.4	+122.9%
TOTAL	802.8	1,105.8	1,105.2	+0.1%
Original Equipment	458.8	623.5	610.7	+2.1%
Services	344.0	482.3	494.5	-2.5%
TOTAL	802.8	1,105.8	1,105.2	+0.1%

On a like-for-like basis over the 9 months of fiscal year 2016:

- Europe (58% of sales) posted organic growth of 4.8%, thanks to high project deliveries in Germany and the growth of service sales in Italy;
- The Asia-Pacific region (24% of sales) increased 8.5% in organic terms, thanks to a strong growth in India;
- The Americas region (17% of sales) recorded an organic decline of 5.8% primarily resulting from the sharp downturn of the North American freight market. This organic decrease does not include the contribution of the ARF joint-venture which was divested on December 1st.

The Services Division sales increased organically by 1.1% over the 9 months of fiscal year 2016, mainly thanks to European markets offsetting US freight market decrease.

Original Equipment sales grew by 9.3% on a like-for-like basis over the 9-month fiscal year 2016, driven by Northern Europe (Germany, UK and Belgium) and India.

GROUP OPERATING PROFIT

Adjusted Group operating profit (including the share of profit in joint ventures) totalled €75.8 million (9.4% of sales) over the 9-month 2016 fiscal year. As a reminder, adjusted Group operating profit is restated for restructuring costs, impairment of assets and costs related to the transaction with Wabtec.

Pro forma adjusted Group operating profit over the 12-month 2016 calendar year reached €118.7 million (10.7% of sales), an increase of 9.4% over fiscal year 2015/16. The growth of adjusted operating profit and improvement in operating margin are primarily the result of the implementation of Faiveley Transport's *Creating Value 2018* strategic plan initiatives.

Significant non-recurring charges were recorded in 2016, resulting into an operating loss of €14.3 million, including primarily:

- €20.5 million in transaction costs related to the combination with Wabtec; and
- €62.8 million impairment on asset disposals as part of the transaction with Wabtec; these divestments, primarily the joint-venture with Amsted Rail in the United States and the brake pads subsidiary Faiveley Transport Gennevilliers in Europe, were required by the competition authorities.

NET PROFIT

Financial expenses totalled €20.0 million, including exceptional charges of €11.3 million linked to the refinancing of Faiveley Transport's debt. In December, following the change of control, Faiveley Transport repaid in full its syndicated credit facility and its USPP private placement and repaid €36 million of its Schuldschein private placement (€94 million still outstanding). These repayments were financed via medium term loans from Wabtec.

Income tax charge amounted to €11.8 million, representing an effective tax rate of 41.5% before impairment of assets.

Net result group share was a loss of €32.4 million. Restated for the impairment of assets held for sale and costs related to the transaction with Wabtec, the Group share of net profit would have been €43.8 million.

CASH FLOW AND FINANCIAL POSITION

Capital expenditure (CAPEX) reached €24.0 million over the financial year, standing as expected at a high level due to the implementation of the *Creating Value 2018* strategic plan.

Excluding €15.4 million of cash outflow linked to the Wabtec transaction, free cash-flow stood at €7.2 million for the fiscal year. Including these items, free cash flow was negative €8.2 million.

Net financial debt amounted to €199.9 million as of 31 December 2016, compared to €154.5 million as of 31 March 2016. The increase of the financial debt is related to the Wabtec transaction costs, the payment of dividends and foreign exchange impact.

About Faiveley Transport:

Faiveley Transport is a global supplier of high value added integrated systems for the railway industry. With more than 6,000 employees in 24 countries, Faiveley Transport generated sales of €1,105 million in the 2015/16 financial year. The Group supplies manufacturers, operators and railway maintenance bodies worldwide with the most comprehensive range of systems in the market: Energy & Comfort (air conditioning systems, power collection and passenger information), Access & Mobility (passenger access systems and platform doors), Brakes & Safety (braking systems and couplers) and Services.

Faiveley Transport is listed on Euronext Paris and is a component of the CAC Allshare and CAC Mid & Small indices. Compartment B, ISIN: FR0000053142, Tickers: Bloomberg: LEY FP / Reuters: LEY.FP



DISCLAIMER:

This press release includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause expected results to differ. Although Faiveley Transport believes that its expectations and the information in this press release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the expected results will be as set out in this press release. Neither Faiveley Transport nor any other company within the Faiveley Transport Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the press release, and neither Faiveley Transport, any other company within the Faiveley Transport Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the press release.

The tender offer was submitted to examination and visa by the French Autorité des Marchés Financiers. Wabtec and Faiveley Transport have established and released an offer memorandum and a memorandum in response which are available on their respective websites and that of the Autorité des Marchés Financiers.

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EXTRACTS OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 31 December 2016
CONSOLIDATED INCOME STATEMENT

<i>(€ millions)</i>	FY 2016/17 9 months (April-December)	FY 2015/16 12 months (April-March)
Sales	802.8	1,105.2
Cost of sales	(589.0)	(824.1)
Gross Profit	213.8	281.1
<i>as % of sales</i>	26.6%	25.4%
Administrative costs	(80.5)	(102.5)
Sales and marketing costs	(39.3)	(53.5)
Research and development costs	(12.5)	(18.4)
Other operating income and expenses	(28.7)	(21.2)
Profit from recurring operations	52.7	85.6
<i>as % of sales</i>	6.6%	7.7%
Restructuring costs	(4.2)	(6.8)
Gain/(loss) on disposal of PPE and intangible assets	-	-
Operating profit before Impairment of assets	48.5	78.8
<i>as % of sales</i>	6.0%	7.1%
Impairment of assets	(62.8)	-
Operating profit	(14.3)	78.8
<i>as % of sales</i>	-1.8%	7.1%
Share of profit of joint ventures	2.6	5.6
Operating profit after share of profit of joint ventures	(11.7)	84.4
<i>as % of sales</i>	-1.5%	7.6%
Net cost of financial debt	(18.1)	(9.9)
Other financial income and expenses	(1.9)	2.7
Net financial expense	(20.0)	(7.2)
Profit before tax	(31.7)	77.2
Income tax	(11.8)	(21.2)
Net Profit:	(43.6)	56.0
<i>Attributable to Company shareholders</i>	<i>(32.4)</i>	<i>51.3</i>
<i>Attributable to minority interests</i>	<i>(11.2)</i>	<i>4.7</i>
Earnings per share, in €:		
Basic	(2.22)	3.56
Diluted	(2.22)	3.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)

	December 2016	March 2016
Goodwill	653.2	688.6
Intangible assets	55.7	63.6
Property, plant and equipment	84.6	77.7
Shareholdings in associates	16.4	20.7
Deferred tax assets	65.9	62.3
Other non-current financial assets	2.7	2.9
Total non-current assets	878.3	915.7
Inventories	174.0	161.2
Work-in-progress on projects	136.9	123.4
Advances and prepayments paid on others	7.4	2.3
Trade and other receivables	220.3	215.8
Other current assets	57.5	37.9
Taxation receivable	14.7	18.0
Current financial assets	23.1	33.9
Short-term investments	16.8	15.0
Cash	171.7	221.0
Assets held for sale	3.9	7.5
Total current assets	826.2	836.2
TOTAL ASSETS	1 704.5	1 751.9
Share capital	14.8	14.6
Consolidated reserves and net profit	600.0	642.1
Equity – Group share	614.7	656.8
Minority interests	8.4	32.1
Total equity	623.1	688.9
Provisions for non-current liabilities and charges	46.5	43.1
Deferred tax liabilities	51.7	51.1
Non-current borrowings and financial debt	337.3	360.9
Total non-current liabilities	435.5	455.2
Provisions for current liabilities and charges	109.6	112.4
Current borrowings and financial debt	75.9	57.7
Advances and prepayments received on orders	131.2	158.7
Current liabilities	309.8	269.6
Current tax payable	8.8	9.5
Liabilities related to Assets held for sale	10.5	-
Total current liabilities	645.9	607.9
TOTAL EQUITY AND LIABILITIES	1 704.5	1 751.9

CONSOLIDATED CASH FLOW STATEMENT

Press release of 16 February 2017 (continued)

(€ millions)	FY 2016/17 9 months (April- December)	FY 2015/16 12 months (April- March)
Net profit – Group share	(32.4)	51.3
Minority interests	(11.2)	4.7
Depreciation and amortisation charges	15.4	19.7
Charges related to share-based payments	8.7	7.6
Asset impairment (including goodwill)	62.8	-
Change in provisions	(4.3)	15.1
Unrealized net loss/(gain) on derivative instruments and revaluation of monetary assets and liabilities	5.3	0.4
Other calculated income and expenses	(0.1)	-
Net loss/(gain) on asset disposals	0.4	0.1
Grant income	-	-
Share of profit of equity –accounted entities	(2.6)	(5.6)
Dividends received from equity-accounted entities	1.2	2.5
Dilution profit	-	-
Net cost of financial debt	18.1	9.9
Income tax charge (including deferred tax)	11.8	21.2
Self-financing capacity before interest and tax	73.3	126.8
Change in working capital requirements	(32.7)	(26.6)
Tax Paid	(10.6)	(14.7)
Net financial interest paid	(14.1)	(8.9)
Cash Flow from operating activities	15.9	76.6
Purchase of property, plant and equipment and intangible assets	(27.8)	(36.0)
Disposal of property, plant and equipment and intangible assets	1.2	0.1
Proceeds from capital grants	-	-
Purchase of financial assets	(0.2)	(2.9)
Disposal of financial assets	2.7	0.7
Free cash flow ^(a)	(8.2)	38.5
Net cash outflows / inflows related to acquisitions/disposals of subsidiaries and minority interests	(0.2)	(1.3)
Net cash from investment activities	(24.3)	(39.4)
Proceeds from new shares issues	1.6	-
Change in treasury shares	-	3.0
Premiums paid/received on financial derivatives	6.1	-
Dividends paid to parent company shareholders	(14.7)	(13.0)
Dividends paid to minority interests	(5.9)	(1.8)
Proceeds from new borrowings	298.0	8.3
Repayment of borrowings	(309.2)	(34.0)
Cash flow from financing activities	(24.0)	(37.4)
Net foreign exchange difference	(13.7)	(0.6)
Net increase/(decrease) in cash and cash equivalents	(46.2)	(0.8)
<i>Of which cash and cash equivalents transferred to Assets held for Sale</i>	<i>0.4</i>	<i>-</i>
Cash and cash equivalents at start of the period	233.9	234.7
Cash and Cash equivalents at the end of the period	187.8	233.9

^(a) **Free cash flow** is defined as self-financing capacity before interest and tax restated for tax paid, net financial interest paid, and the change in working capital requirements and net capital expenditure

FY2016/17 THIRD QUARTER SALES

(€ millions)	Q3 2016/17	Q3 2015/16	Organic growth	Total growth
Europe	157.0	152.0	+4.9%	+3.3%
Asia/Pacific	75.0	59.6	+28.1%	+25.9%
Americas	43.4	55.1	+0.6%	-21.2%
Rest of the world	6.9	2.7	+190.5%	+158.8%
TOTAL 3rd Quarter (Q3)	282.3	269.4	+11.6%	+4.8%
Original Equipment	160.5	149.5	+15.8%	+7.4%
Services	121.8	119.9	+6.6%	+1.5%
TOTAL 3rd Quarter (Q3)	282.3	269.4	+11.6%	+4.8%

FINANCIAL INDICATORS NOT DEFINED UNDER IFRS

Adjusted Group operating profit

Adjusted Group operating profit is defined as operating profit including the share of profit of equity-accounted entities, restated for restructuring costs, impairment of assets and costs related to the transaction with Wabtec Corporation.

(€ millions)	FY 2016/17 9 months (April-December)	Pro Forma 2016 12 months (Jan-December)	FY 2015/16 12 months (April-March)
Operating profit	(14.3)	18.2	78.8
Share of net profit of equity-accounted entities	2.6	3.6	5.6
Group operating profit	(11.7)	21.8	84.4
Restructuring costs	4.2	9.7	6.8
Impairment of Assets	62.8	62.8	-
Costs related to the Wabtec transaction	20.5	24.4	17.3
Adjusted Group operating profit	75.8	118.7	108.5

Free cash flow

Free cash flow is defined as self-financing capacity before interest and tax restated for tax paid, net financial interest paid, the change in working capital requirements and net investments.

(€ millions)	FY 2016/17 9 months (April-December)	FY 2015/16 12 months (April-March)
Self-financing capacity before interest and tax	73.3	126.8
Tax paid	(10.6)	(26.6)
Net financial interest paid	(14.1)	(14.7)
Change in working capital requirements	(32.7)	(8.9)
Investments	(24.0)	(38.1)
Free cash flow	(8.2)	38.5