



FAIVELEY TRANSPORT ANNOUNCES ITS 2015/16 HALF-YEAR RESULTS:

SALES GROWTH: 9.5%

ADJUSTED GROUP OPERATING PROFIT ^(a) UP 9.5%

SIGNIFICANT INCREASE IN FREE CASH FLOW

ANNUAL SALES AND GROUP OPERATING PROFIT REVISED UPWARDS

Gennevilliers, 26 November 2015

Financial statements for the first half of 2015/16 were closed by the Management Board and approved by the Supervisory Board, during meetings held on 26 November 2015.

(€ millions)	HY1 2015/16	HY1 2014/15	% change
Order book at 30 September	1,814.7	1,694.5	+7.1%
Sales	532.8	486.7	+9.5%
Adjusted Group operating profit ^{(a)(b)}	51.8	47.3	+9.5%
<i>as % of sales</i>	9.7%	9.7%	
Net profit – Group share	23.2	26.7	(13.4)%
<i>as % of sales</i>	4.3%	5.5%	
Free cash flow ^(b)	34.2	16.8	+104%

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

(b) Indicators not defined under IFRS, definitions provided in the appendix.

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

“Faiveley Transport Group’s results for the first half year increased across all key parameters: growth in the order book, strong growth in sales, and improved operating profit and cash flow generation. These results reflect the Group’s positive momentum, in line with its strategic plan, Creating Value 2018.

The high level of order intake reflects the confidence our car builder customers have in the Group’s ability to support them in their projects, as well as the dynamism of the Services division.

Given the momentum of the US market and the high levels of major project delivery in Europe, the Group has revised upwards its sales guidance for the 2015/16 financial year as well as its guidance for Group operating profit before both restructuring and costs related to the transaction with Wabtec.

Moreover, the proposed combination with Wabtec would be an excellent strategic move for Faiveley Transport. The complementary nature of our activities is strong, both in terms of product range and geographic coverage. This transaction would allow us to pursue our aim of becoming one of the global leaders in rail equipment and services in Passenger Transit. The transaction is progressing in line with the initially envisaged calendar.”

SIGNIFICANT EVENTS

On 28 May 2015, during the presentation of its 2014/15 annual results, Faiveley Transport Group presented its strategic plan for the next three years: *Creating Value 2018*. A dedicated press release is available on the Group's website.

On 27 July 2015, Faiveley Transport announced its entry into exclusive negotiations with Wabtec Corporation. Following review with employee representative bodies, on 6 October 2015 the Faiveley family and Wabtec Corporation signed the share purchase agreement as well as a shareholders' agreement; Faiveley Transport and Wabtec Corporation signed the agreement related to the tender offer.

Wabtec's firm offer relates to the acquisition of the entire Faiveley Transport share capital, valuing it at an enterprise value in the region of €1.7 billion, and would give rise to one of the world's leading rail equipment manufacturers with combined sales of approximately €4 billion.

Finalisation of this project is subject to the fulfilment of standard closing conditions and specifically to the approval of the competent competition authorities (the European Commission and the US Department of Justice, as well as Russia's Federal Antimonopoly Services).

The project has already been approved by the Russian competition authority. The process of applying to the European Commission for authorisation has begun, with, in particular, the submission of a pre-notification file on 28 October. Lastly, concerning the United States, on 30 October the Department of Justice opened a request for additional information regarding the proposed acquisition.

In this context, the acquisition of the controlling interest from the Faiveley family by Wabtec is not expected before the second quarter of 2016 and the proposed tender offer will be filed with the *Autorité des Marchés Financiers* (AMF – French financial markets authority) in the weeks following this change in control.

GROWTH IN ORDER BOOK

At 30 September 2015, the Group's order book posted growth of 7.1% (of which 4.5% organic growth), reaching €1,814.7 million compared with 30 September 2014.

The Group secured some significant contracts over the period, with, notably, in the second quarter:

In the Europe region:

- Braking systems for 82 Desiro HC Rhin-Ruhr Express (RRX) electric passenger trains (EMU) built by Siemens, along with a services contract for the supply of spare parts and brake overhaul for a firm period of 10 years;
- Heating, ventilation and air conditioning (HVAC) systems for new EuroCity EC250 high speed Swiss trains built by Stadler Rail;
- The supply of platform screen doors for four new stations extending Line 14 of the Paris metro for the RATP;
- An additional order for heating, ventilation and air conditioning (HVAC) systems for 30 regional trains in Sweden built by Alstom Transport;

In the Americas region:

- Heating, ventilation and air conditioning (HVAC) systems for the 284 cars of the Orange and Red Lines of the Boston metro (MBTA) built by CRRC.

In the Asia-Pacific region:

- Braking systems for 138 cars of Lines 4, 5 and 6 of the Riyadh metro built by Alstom Transport;
- Access door systems for 228 cars of Line 13 of the Shanghai metro built by CRRC (Puzhen);
- Access door systems for 162 cars of the Delhi metro built by Bombardier Transport.

SALES

Over the first half of 2015/16, Faiveley Transport achieved sales of €532.8 million, an increase of 9.5% compared with the first half of 2014/15, including organic growth of 2.5%. Currency effects had a favourable impact of 7.0%.

(€ millions)	2015/16	2014/15	Organic growth	Total growth
Europe	297.4	303.2	-3.6%	-1.9%
Asia/Pacific	120.6	100.5	+7.4%	+19.9%
Americas	111.3	76.8	+23.7%	+45.0%
Rest of the world	3.5	6.2	-44.6%	-43.9%
TOTAL HY1	532.8	486.7	+2.5%	+9.5%
Original Equipment	296.5	293.2	-5.2%	+1.2%
Services	236.3	193.5	+14.1%	+22.1%
TOTAL HY1	532.8	486.7	+2.5%	+9.5%

On a like-for-like basis over the half-year:

- Europe (56% of sales) decreased by 3.6%, with the end of major project deliveries such as the BR430 regional German trains, the Munich metro and the Brussels RER, and this decline was not fully offset by the delivery of other major ongoing projects such as Régiolis and Regio2N in France, Zefiro in Italy and Thameslink in the United Kingdom, or by the momentum of Services;
- The Asia-Pacific region (23% of sales) grew organically by 7.4%, primarily due to the high level of deliveries in China, India and Australia;
- The Americas region (21% of sales) recorded organic growth of 23.7% due in particular to the high volume of the freight business in the United States (in a freight market which achieved record levels of more than 80,000 cars at annualised rates), the delivery of major projects in Canada (Toronto tramway and Montreal metro) and the high level of activity of the Services Division.

The Services Division grew 14.1% in organic terms over the half year, primarily driven by performances in Italy, the UK, North America, China and Australia.

The Original Equipment Divisions recorded a 5.2% decrease in sales on a like-for-like basis over the half year, related to project delivery schedules.

GROUP OPERATING PROFIT

Operating profit for the first six months of the 2015/16 financial year was impacted by non-recurring charges, including primarily:

- €9.5 million in transaction costs related to the proposed combination with Wabtec Corporation; and
- €1.3 million in restructuring costs

Restated for these costs, adjusted Group operating profit (including the share of profit of joint ventures) totalled €51.8 million (9.7% of sales) at 30 September 2015, against €47.3 million (9.7% of sales) for the first half of 2014/15, representing an increase of 9.5%.

Gross profit stood at €131.7 million (24.7% of sales), compared with €116.2 million over the first half of 2014/15 (23.9% of sales). This increase in gross margin was primarily linked to improved project execution, as well as to a favourable product mix as a result of strong growth in the Services activity.

Sales, general and administrative costs rose 18% primarily as a result of exchange rates (approximately 6%) and the implementation of the *Creating Value 2018* strategic plan, which includes the strengthening of operational, sales and management teams as well as the roll-out of new IT systems and the improvement in processes and operations controls.

Group operating profit totalled €40.9 million for the first six months of the 2015/16 financial year, a fall of 12% due to the impact of costs related to the planned transaction with Wabtec.

NET PROFIT

Financial charges improved sharply to €4.5 million, compared with €7.7 million for the first half of 2014/15, due to the lower cost of financial debt and an overall positive foreign exchange result.

The income tax charge totalled €11.1 million, compared with €13.5 million for the six months to 30 September 2014. The decrease in the effective tax rate (33.7% compared with 38.0% in the first half of 2014) was mainly the result of a favourable country mix.

Group share of net profit reached €23.2 million, a decline of 13% compared to the first half of 2014/15 which is due solely to non-recurring costs related to the transaction with Wabtec. Restated for these transaction related costs, Group share of net profit increased 10%.

Net earnings per share was €1.61 at 30 September 2015, representing a decrease of 14% (€1.87 at 30 September 2014).

CASH FLOW AND FINANCIAL POSITION

Self-financing capacity before interest and tax was €51.9 million, a decrease of 4% in comparison with the first half of 2014/15 (€53.9 million).

At 30 September 2015, the working capital requirement (WCR) after factoring of receivables totalled €94.3 million, a decrease of €10.7 million in comparison with 31 March 2015. This change takes into account a sharp decrease in customer receivables and an increase in inventory related to the activity, as well as a decrease in factoring of receivables, which is customary in the first half-year, of €10 million, and favourable currency effects of €6 million.

Net capital expenditure (CAPEX) reached €15.8 million, a significant increase on the first half of the previous financial year (€9.9 million), as a result of investments related to the *Creating Value 2018* strategic plan.

After taking account of the change in working capital requirements and net capital expenditure, free cash flow totalled €34.2 million, a significant improvement in comparison with the first half of 2014/15 (free cash flow of €16.8 million).

The Group's net financial debt reached €152.4 million at 30 September 2015, a decrease of €32 million compared with 31 March 2015. This change was the result of free cash flow generated over the half-year.

2015/16 OUTLOOK

Given the momentum of the markets in which it operates and the implementation of its strategic plan for the next three years, for the 2015/16 financial year the Group has:

- Revised upwards its sales guidance which it now expects to be between €1,080 and €1,120 million, representing growth of 3% to 7% in relation to the 2014/15 financial year, compared with previous sales guidance of between €1,050 and €1,080 million;
- Revised upwards its guidance for Group operating profit before restructuring costs and costs related to the Wabtec transaction, with a targeted level of between €105 and €110 million which represents growth of 8% to 13% in comparison with the level for the 2014/15 financial year, against the previous guidance of €102 to €107 million.

Analyst/investor presentation:

The analyst/investor presentation will be conducted in English on Wednesday 26 November 2015 at 6pm via an audiocast accessible both live and pre-recorded via the Group's website:

<http://www.faiveleytransport.com/fr>.

Half-Year Financial Report at 30 September 2015:

The French version of the Half-Year Financial Report at 30 September 2015 was submitted to the Autorité des Marchés Financiers (AMF) today and can be accessed via the Faiveley Transport Group website: www.faiveleytransport.com/fr/finance/informations-reglementees

Next communication:

28 January 2016 (after close of trading), 2015/16 third quarter trading update

26 May 2016 (before start of trading), full-year results 2015/16.

About Faiveley Transport:

Faiveley Transport is a global supplier of high added value integrated systems for the railway industry. With more than 5,700 employees in 24 countries, Faiveley Transport generated sales of €1,048.4 million in the 2014/15 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, power collectors and converters, 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.

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The public tender offer planned by Wabtec will be submitted to examination and visa by the French Autorité des Marchés Financiers. Wabtec and Faiveley Transport will respectively establish a draft offer memorandum and a draft memorandum in response which will be available on their respective websites and that of the Autorité des Marchés Financiers.

Contacts:

Guillaume Bouhours
Domitille Vielle
Charlotte Rougeron

Chief Financial Officer
Group Financial Communication Manager
Group Communication Manager

guillaume.bouhours@faiveleytransport.com
domitille.vielle@faiveleytransport.com
charlotte.rougeron@faiveleytransport.com

EXTRACTS OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015, AUDITED AND APPROVED AT THE SUPERVISORY BOARD MEETING OF 26 NOVEMBER 2015

Limited audit procedures on the consolidated financial statements have been carried out. The Statutory Auditors' limited review report has been issued.

CONSOLIDATED INCOME STATEMENT

<i>(€ millions)</i>	HY1 2015/16	HY1 2014/15
Sales	532.8	486.7
Cost of sales	(401.1)	(370.5)
Gross Profit	131.7	116.2
<i>as % of sales</i>	24.7%	23.9%
Administrative costs	(47.1)	(40.4)
Sales and marketing costs	(26.5)	(22.1)
Research and development costs	(8.6)	(7.4)
Other operating income and expenses	(10.7)	(2.2)
Profit from recurring operations	38.7	44.1
<i>as % of sales</i>	7.3%	9.1%
Restructuring costs	(1.3)	(0.8)
Gain/(loss) on disposal of non-current assets	-	-
Operating profit	37.4	43.3
<i>as % of sales</i>	7.0%	8.9%
Share of profit of joint ventures	3.5	3.3
Operating profit after share of profit of joint ventures	40.9	46.5
<i>as % of sales</i>	7.7%	9.6%
Net cost of financial debt	(5.1)	(5.6)
Other financial income and expenses	0.6	(2.1)
Net financial expense	(4.5)	(7.7)
Share of profit of other equity-accounted entities	-	-
Profit before tax	36.4	38.9
Income tax	(11.1)	(13.5)
Net profit:	25.3	25.3
Attributable to Company shareholders	23.2	26.7
<i>Attributable to minority interests</i>	2.2	(1.4)
Earnings per share, in €:		
Basic ^(a)	1.61	1.87
Diluted ^(b)	1.59	1.83

(a) Basic earnings per share takes into account the deduction of the average treasury shares held by Faiveley Transport (216,303 at 30 September 2015 and 296,233 at 30 September 2014).

(b) Diluted earnings per share calculated after deducting treasury shares held by Faiveley Transport and adding back shares exercisable under share allocation plans (164 503 at 30 September 2015 and 281,262 at 30 September 2014).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	September 2015	March 2015
Goodwill	690.7	697.1
Intangible assets	60.3	58.3
Property, plant and equipment	72.4	70.6
Shareholdings in associates	23.5	21.8
Deferred tax assets	61.5	66.4
Other non-current financial assets	3.1	3.3
Total non-current assets	911.6	917.6
Inventories	174.9	167.7
Work-in-progress on projects	116.3	121.7
Advances and prepayments paid on orders	2.4	2.6
Trade receivables	185.8	224.1
Other current assets	26.3	24.7
Tax receivable	11.8	17.8
Current financial assets	27.0	42.8
Short-term investments	18.9	14.8
Cash	235.7	222.0
Assets held for sale	7.0	7.1
Total current assets	805.9	845.5
TOTAL ASSETS	1,717.5	1,763.0
Share capital	14.6	14.6
Consolidated reserves and net profit	613.8	611.1
Equity – Group share	628.4	625.7
Minority interests	30.3	31.7
Total equity	658.7	657.4
Provisions for non-current liabilities and charges	41.8	48.1
Deferred tax liabilities	49.8	50.9
Non-current borrowings and financial debt	391.2	396.5
Total non-current liabilities	482.8	495.4
Provisions for current liabilities and charges	104.6	101.8
Current borrowings and financial debt	35.3	54.6
Advances and prepayments received on orders	132.5	140.2
Current liabilities	294.2	303.9
Current tax payable	9.5	9.5
Total current liabilities	576.1	610.1
TOTAL EQUITY AND LIABILITIES	1,717.5	1,763.0

CONSOLIDATED CASH FLOW STATEMENT

Press release of 26 November 2015 (continued)

(€ millions)	HY1 2015/16	HY1 2014/15
Net profit – Group share	23.2	26.7
Minority interests	2.2	(1.4)
Depreciation and amortisation charges	9.0	8.6
Charges related to share-based payments	1.2	0.9
Asset impairment (including goodwill)	-	-
Change in provisions	1.5	(1.4)
Unrealised net loss/(gain) on derivative instruments and revaluation of monetary assets and liabilities	2.2	4.8
Other calculated income and expenses	(0.1)	-
Net loss/(gain) on asset disposals	0.1	-
Grant income	-	(0.1)
Share of profit of equity-accounted entities	(3.5)	(3.3)
Dividends received from equity-accounted entities	-	-
Dilution profit	-	-
Net cost of financial debt	5.1	5.6
Income tax charge (including deferred tax)	11.1	13.5
Self-financing capacity before interest and tax	51.9	53.9
Change in working capital requirements	4.3	(14.7)
Tax paid	(2.7)	(8.6)
Net financial interest paid	(3.5)	(4.0)
Cash flow from operating activities	50.0	26.6
Purchase of property, plant and equipment and intangible assets	(15.8)	(9.9)
Disposal of property, plant and equipment and intangible assets	-	0.1
Proceeds from capital grants	-	-
Purchase of financial assets	(0.2)	(0.2)
Disposal of financial assets	-	0.1
Free cash flow ^(a)	34.2	16.8
Net cash outflows / inflows related to acquisitions/disposals of subsidiaries and minority interests	(1.3)	-
Net cash from investment activities	(17.1)	(9.9)
Proceeds from new share issues	-	-
Change in treasury shares	2.0	(0.2)
Movement in share and merger premiums	-	-
Dividends paid to parent company shareholders	-	-
Dividends paid to minority interests	(1.8)	(0.2)
Proceeds from new borrowings	4.2	-
Repayment of borrowings	(18.9)	(21.9)
Cash flow from financing activities	(14.5)	(22.4)
Net foreign exchange difference	(0.8)	(5.9)
Net increase/(decrease) in cash and cash equivalents	17.6	(11.5)
Cash and cash equivalents at start of the period	234.7	237.9
Cash and cash equivalents at end of the period	252.3	226.5

^(a) Indicator not defined under IFRS, definition provided in the appendix

2015/16 SECOND QUARTER SALES

<i>(€ millions)</i>	2015/16	2014/15	Organic growth	Total growth
Europe	147.8	150.9	-3.6%	-2.0%
Asia/Pacific	65.0	55.1	+7.2%	+17.9%
Americas	59.3	40.2	+28.5%	+47.6%
Rest of the world	1.4	3.8	-63.8%	-62.9%
TOTAL 2nd quarter (Q2)	273.5	249.9	+3.0%	+9.4%
Original Equipment	151.7	148.7	-4.2%	+2.0%
Services	121.8	101.2	+4.0%	+20.3%
TOTAL 2nd quarter (Q2)	273.5	249.9	+3.0%	+9.4%

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 and costs related to the planned transaction with Wabtec Corporation.

<i>(€ millions)</i>	HY1 2015/16	HY1 2014/15
Operating profit	37.4	43.3
Share of net profit of equity-accounted entities	3.5	3.3
Group operating profit	40.9	46.5
Restructuring costs	1.3	0.8
Costs related to the Wabtec transaction	9.5	-
Adjusted Group operating profit	51.8	47.3

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.

<i>(€ millions)</i>	HY1 2015/16	HY1 2014/15
Self-financing capacity before interest and tax	51.9	53.9
Tax paid	(2.7)	(8.6)
Net financial interest paid	(3.5)	(4.0)
Change in working capital requirements	4.3	(14.7)
Investments	(15.8)	(9.9)
Free cash flow	34.2	16.8