9 Months Results Fiscal Year 2025/26

Tuesday, 20th January 2026

Third Quarter Results

Operator: Hello and welcome to Alstom third quarter orders and sales for fiscal year 2025 and 2026. My name is George and I'll be your coordinator for today's event. Please note this conference is being recorded and for the duration of the call, your lines will be in a listen-only mode. However, you have the opportunity to ask questions toward the end of the presentation, and this can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator. I'd like to hand the call over to your host today, Mr Bernard Delpit, Executive Vice President and CFO. Please go ahead, sir.

Bernard Delpit: Good evening everyone. Thanks for joining the group's orders and sales update for the third quarter of this fiscal year 2025/26. Let's start with orders on slide three.

Alstom recorded €20 billion of orders in the first nine months. The book to bill ratio was 1.4, accelerating to 2 in the third quarter. As a result, the backlog reached €100.3 billion, up from €96 billion at the end of September.

Some colour by region and product lines. The Americas are on track for the best year ever in terms of commercial momentum, with orders in Mexico and Canada this quarter adding to the large orders in New York and New Jersey booked in the first half. Europe remains the largest contributor, supported by numerous rolling stock options being exercised in France, as well as first-time orders in central and southern Europe.

The order intake for services accelerated in the third quarter, with several large rolling stock contracts being bundled with maintenance, like for instance, PKP in Poland, Baden-Württemberg in Germany, in Mexico and in Greece. Systems also got its fair share of order intake thanks to the turnkey contract in Melbourne. Signalling order intake was softer in Q3, but the product line had a solid first half with contract wins in Italy, Taiwan, Brazil and Singapore.

Turning to slide four and details on the third quarter, where we booked €9.6 billion of orders. This record quarter reflects not only strong global demand for rail solutions, but also robust tendering activity and contract awards in geographies that we consider as our home markets. It also demonstrates our ability to provide integrated solutions to clients, not only when we sell rolling stock together with maintenance, but also when we deliver turnkey projects. It also shows the growing success of the rolling stock platforms, with some of them already being in service and some others being in the final stages of approval.

Looking at examples of large orders booked in the third quarter, the Avelia Horizon platform continues to gain momentum as the only very high-speed double-deck solution on the market, with nearly 200 trainsets now on order across multiple clients, both private and public. In the quarter, as part of the framework agreement with SNCF, we secured two additional tranches for a total of €2 billion. One tranche covers 30 trainsets for Eurostar, which will be the first double-deck trains to operate through the Channel. The other tranche is for 15 trainsets for SNCF for international operations, notably between France and Belgium.

The Coradia Max double-deck regional solution is currently under development and testing for German clients. We booked two major contracts for a total of €2.1 billion, one in Poland for the supply of 42 Coradia Max trainsets for PKP Intercity, together with long-term maintenance. Another in Baden-Württemberg, where the region exercised an option for 26 additional trainsets, also with maintenance.

Looking at Mexico, we signed a contract worth €920 million for the supply of 47 train sets and the maintenance for new rail corridors in the country. This project builds on Alstom's strong industrial footprint in Mexico, and leverages the development and expertise gained through the Tren Maya project that was recently completed.

In Greece, we signed a contract of nearly €400 million with Hellenic Train for 23 Coradia Stream regional train sets and ten years of maintenance. These trains will be produced at the Savigliano site in Italy, using the proven Coradia Stream platform already deployed for several customers across Europe.

In Australia, we secured a €1 billion share of the Suburban Rail Loop East Line contract in Melbourne. Under this system contract, we will deliver 13 automated metro trains, signalling, maintenance and a range of subsystems. And in Canada, we booked a €1.4 billion contract for metro cars for Toronto.

I want to emphasise that this record level of order intake does not go against our selective approach when responding to tenders. In the last few months, a number of large contracts in Switzerland or Denmark, for instance, went to competitors because we chose not to participate when our solution was too far from the customer's requirements, or because the contractual conditions were considered by us as too stringent. All this considered, the average margin on new orders continues to exceed the average backlog margin.

Moving to operational highlights on slide five, starting with some delivery milestones. In the third quarter, the first MF19 metro train entered service in Paris. The deployment of this new generation of rail metro trains will continue across eight metro lines through 2033.

This year also includes homologation procedures underway for several major projects. This, of course, includes the Avelia Horizon for the launch customer SNCF, another TGV name, as well as locomotives and the Coradia Max double-decker regional train solution.

Now looking at the industrial footprint, we are continuously adapting the footprint to align with backlog and demand, as well as strengthen Alstom's competitive advantage. For example, construction of the new assembly line in France for Avelia Horizon is progressing as planned. The site in Fez, Morocco, has completed its first production line for drivers cabs and expanding its capacity in components including converters. At the same time, we continue to execute the transformation plan in Germany. We are also considering various options to adapt the Bruges site in Belgium in light of current backlog. As a result of these rightsizing initiatives, we now expect non-operating expenses to land above the €100 million mark.

Turning to slide six on production, volumes remain broadly stable over the first nine months, in line with the full-year plan. In the third quarter, sequential improvement in India for metros and in Germany for EMUs helped offset the seasonal slowdown in South Africa. Compared to last year, the production mix has shifted, with now a higher share of projects currently in ramp-up phases. This evolution in the portfolio mix supports operational momentum and prepares the ground for a volume increase in Q4. We now foresee car production this year to land within a range of 4300 to 4400.

Turning to sales on slide seven. Sales reached €13.9 billion in the first nine months, up 7.2% on an organic basis and down from €7.9 billion in H1. Q3 organic growth was 5.9%, largely due to a tough comparison base. The same effect should lead to Q4 organic growth moderating. All product lines, with the exception of systems, contributed to the sales growth.

In particular, rolling stock sales totalled €7.2 billion, reflecting 6% organic growth. This was driven by strong ramp up in Germany with double-digit growth across multiple regional train projects, continued momentum in France, notably supported by the RER NG programme, and in Asia Pacific the locomotive business in India remains an important growth driver.

Services sales reached €3.4 billion, with 9% organic growth, supported by strong performance in Italy, the UK, Australia and people movers in the US. Sales in signalling came in at €2 billion, with 13% organic growth driven by robust execution in France and Italy.

Finally, system sales totalled €1.3 billion, flattish on an organic basis. It was impacted by the ramp down of the Mexico Tren Maya contract, which was not fully offset by ramp ups in the Philippines and Taiwan. We expect this trend to continue through the rest of the year.

Looking at inorganic items, foreign exchange was a 3.3 percentage point headwind driven by the euro appreciation against most currencies. To be noted, the same euro appreciation is also expected to have a mildly negative impact on margin and cash for the full year. Scope, had a negative 80 Bips impact due to the deconsolidation of the North American signalling business in the first semester last year, scope was neutral in Q3.

On a reported basis, sales therefore increased by 3% during the first nine months of the fiscal year.

Concluding with slide eight on the outlook. The set of assumptions behind the outlook here has not changed compared to mid-November when we reported first half results. We assume R&D at around 3% of sales, which is slightly higher than the last fiscal year and the first half-year of this year. Regarding tariffs, there is no change either. We remain well protected, largely thanks to the group's multi-local footprint with several manufacturing sites in the United States.

Now turning to the outlook. Based on the commercial momentum to date, we will deliver a book to bill above 1 at group level, as well as for rolling stock for the full year. We confirm the organic sales are expected to grow by more than 5% for the full year. We reiterate guidance of an adjusted EBIT margin around 7% for the fiscal year, with currency expected to be a bigger headwind than we anticipated back in May last year. Finally, we confirm the free cash flow outlook of €200 to €400 million. We are not narrowing the guidance range. The exact timing of some commercial opportunities and operational milestones will determine where we land, and whether certain cash-ins fall into Q4 or next fiscal year.

With this, I will now take your questions.

Questions and Answers

Operator: Thank you very much, Mr Delpit. Ladies and gentlemen, as a reminder, for questions, please press star one and just make sure that your lines are not muted in order to let your signal reach our equipment. Our first question today will be coming from Mr Gael de Bray of Deutsche Bank. Please go ahead.

Gael de Bray (Deutsche Bank): Thanks very much. I have two questions, please. Good evening maybe to start with. The first question is related to these two additional orders you got from SNCF for Avelia trains this quarter. I was wondering if we can infer from these announcements that the TGV M is now fully back on track in terms of in terms of quality and in terms of ramp up. So that's question number one.

Bernard Delpit: Okay. Hi, Gael. Thank you for your question. Yeah, there is absolutely no change as of today to what was previously said in terms of timeline for the homologation. And I will let SNCF make any announcement on the revenue service start, but no change from our point of view.

Gael de Bray: Okay. Understood. And the second question is on the order dynamics. I mean, obviously they've been super strong this quarter, but I'd say more generally that's been the case over the past couple of quarters. Is there is there any risk that you had so many orders falling this quarter that, that eventually we get a bit of an air pocket for orders in the next few quarters?

Bernard Delpit: Okay. Fair question. And frankly, no air pocket ahead. We have good visibility on orders for the next quarters, I would say, with, of course, some uncertainty on the timing of the booking and then the timing of some down payment collection. But for instance, we have the regional trains for CP in Portugal that now has been on the back burner for quite a while. We have several opportunities for which customers have already made some announcements. Just to illustrate that, a turnkey project in Belgrade, the Virgin project for very high speed for the Channel, we see some commercial news flow possibly in the AMECA region. So we have good visibility. I do not expect an air pocket, even if for sure not every year will be as strong as this fiscal year.

Gael de Bray: Thank you very much.

Bernard Delpit: You're welcome.

Operator: Thank you much, sir. Sir, our next question will be coming from Akash Gupta calling from J.P. Morgan. Please go ahead.

Akash Gupta (J.P. Morgan): Yes. Hi, Bernard, thanks for your time. I have two questions as well. My first question is on working capital. So you gave this €200 to €400 million free cash flow guidance months ago, when visibility on several working capital line items was low. And maybe if you can talk about how in the course of years and course of the year, these assumptions have changed, and based on nine months' progress and the outlook for remaining couple of months, what do you expect in your latest plan versus original plans? Or in other words, what I want to know is that which line items could be better than expected and which line items there may be some uncertainty versus original plan? So that's number one.

And number two is on a question on non-operating expense. So you are guiding for above €100 million because of the options for the Belgian site. When we look at your backlog at various sites, is this one kind of a one-off or there can be future need for adaptation in other sites that can lead to these non-operating expenses can be above €100 million in coming years? Thank you.

Bernard Delpit: Okay. Thank you Akash. Let me rephrase your question to be sure to check that I get them right. So first on working capital. Yeah. In fact, it goes as we thought since the very beginning of the year. So on the one hand, the outstanding commercial momentum was anticipated, hence we thought that the down payments would be back-end loaded. We have visibility on that, so down payments in H2 should be higher than in H1. It goes as planned.

Nothing has changed, but it's still back-end loaded as we anticipated since the beginning of the year.

On the other hand, it's true that we have a higher share of options in the order intake. So when you are considering the record level of order intake, you need to keep that in mind when making your assumptions in terms of cash in. We have several orders that are booked in H2, but with no down payments, but rather what I would call instalments over a few quarters. Okay, so that also has to be considered in the working capital dynamics. And we have also some projects that are still awaiting homologation milestones. I will not discuss again the TGV, so you know, this one will come next fiscal year, but we have also some projects that are still in homologation phase. So it could fall either in Q4 or next year.

So therefore the guidance is unchanged. We keep the range as it is. You know, that I consider it's already a very narrow range in terms of landing for cash. We are managing billions of cash in and cash out every month. So I'm not narrowing the guidance. As I said, I think because it goes as planned since the very beginning of the year. Does it answer your question, Akash, on working capital?

Akash Gupta: I mean, it does, but maybe add some colour on, like when we look at the level of contract assets, what's your thinking now versus start of the year? Do you think you are still on track or will there be more? I mean, overall working capital is fine with your plan, but I was asking more on the different line items. Has there been any change versus your original anticipation at the start of the year?

Bernard Delpit: Frankly, it's difficult for me to go into the detail of the balance sheet at the end of Q3. So I will not elaborate on that. We see very much this year with working capital as a headwind to cash generation but contract working capital could be a tailwind in H2 versus what you have seen in in in H1. So that's all I can say at that stage of the year.

Now your second question was on non-operational expenses wasn’t it, Akash?

Akash Gupta: Yes. You guided for more than €100 million this year because you are considering options for building site. I wanted to ask, when we look at the other sites, is this one off, or could this non-operating expense be above €100 million in the coming years as well?

Bernard Delpit: Yeah. By definition, all non-operational expenses are one-offs. And for the moment, we were just considering some rightsizing of the Bruges site. We are contemplating different scenarios for the future of the site. So let's say it's our view as we speak today. By the way, we have some other sites in terms of engineering that – and I will not detail the geographies where we are also thinking of some restructuring. So I was just mentioning that because as previously I guided for €100 million NOE, it could be North of that. You could maybe take €150 million in your model if it helps you.

Akash Gupta: Thank you.

Bernard Delpit: You're welcome.

Operator: Thank you very much for your question, sir. We'll now go to Vlad Sergievskii of Barclays. Please go ahead. Your line is open, sir.

Vlad Sergievskii (Barclays): Yes, good afternoon. Thank you very much for taking my question. I'll try to ask on free cash flow guidance as well. So to deliver the second-half cash flow that you're aiming for, you would require significant positive working capital contribution. Can I ask, outside of the arguably higher prepayments or contract liabilities, are there any other working capital lines that could contribute a meaningful positive number? Or we will be talking predominantly about contract liabilities here?

And my second question to related to cash flow is on the dividend from Chinese JVs. Do you expect any cash flow contribution from this dividend in the second half of this year? I can see previously sometimes you got these dividends in the second half and sometimes you didn't. Any plans for this year would be very helpful. Thank you very much.

Bernard Delpit: So I will start with the second one. So you know it's unbalanced between H1 and H2 in terms of dividends. This year will be strong in terms of contribution of the JVs. But in terms of dividends, yes, indeed it's pretty unbalanced between H1 and H2. So I expect H2 to be below H1 this year.

Now, on contract working capital, I see down payments as a driver for contract liabilities. But also we'll see that it will depend again on homologation timing. Some contract asset moves as well. But beyond those two points, nothing really to mention here.

Vlad Sergievskii: Thanks very much.

Operator: Thank you very much, sir. Next question this evening will be coming from or I should say Ms Delphine Brault of Oddo BHF. Please go ahead. Your line is open.

Delphine Brault (Oddo BHF): Yes, good evening. Thanks for taking my questions. I have two. First relates to Germany. Can you update us a little bit on your strategy there? Where are you in terms of efficiency improvement? Because, well, you mentioned production ramp-up and you continue to sign orders. So any inflection as compared to what you told us a few months ago?

And second question, it seems that CAF, so your Spanish competitor, may consider or be advised to consider your participation to the contract you lost recently against them. And what is your view on this potential offer?

Bernard Delpit: Okay Delphine, Mademoiselle Delphine. So, on Germany, no change. No change in our strategy. We continue to adapt our footprint to the demand and to what we consider will be a normal and average level of business in Germany. So, no change here. The total PC, I mean, the production of cars this year will increase a lot. So that will help to reduce the under-absorption of fixed costs in Germany. So that goes in the right direction. But it's only one step. There are continuous steps in order to turn around the business here in Germany but it goes in the right direction. And it's not because we have been awarded new contracts that we will change our strategy, because we need again to reshuffle our capacities there and to turn the business with more services as the installed fleet will continue to grow. But in terms of, I would say, car production, assembly line, we stick to the plan. We are happy because the Goerlitz plant now is ready to be handed over to KNDS. That's done. That's well executed. And we continue to discuss with unions on the future of different sites. So no change in the policy. We are very happy with the new awarded contracts, but it doesn't change our view of the need to restructure our business in Germany.

Now for CAF. I haven't received any call from our partner. We know them well. If they are interested in Bruges, happy to discuss.

Delphine Brault: Thank you.

Operator: Thank you very much, madam. Next question is coming from Daniela Costa of Goldman Sachs. Please go ahead. Your line is open.

Daniela Costa (Goldman Sachs): Hi, good afternoon. Thank you for taking my questions. I have two. So on the on the first one I just wanted to check, this year I think you said the share of ramp-ups that were in terms of what you were executing was higher than last year. Given we see this big order intake in this quarter and recently, do you expect the profile to continue to be sort of more skewed to ramp-ups also looking into the next year? That's the first question, I'll ask the second after this.

Bernard Delpit: Yeah. I will not start to discuss next year, Daniela. So I will limit myself to give you one number. The ramp-up projects that represented I would say something like 10% of the total cars that we produced last year, it will be 20% this year. So that's a change. That's a change. So when you consider that we will end the year at the same level as last year, the effort to get there is much greater because the ramp-ups are by definition more challenging project. But for next year, let's wait the guidance in May to discuss it.

Daniela Costa: Sure. And my second question, maybe you won't reply given it relates to the next few years, but I guess in the past Alstom used to have a slide that, some capital markets days, where you had like how much of the backlog was covering already the next few years. So if we look at how big the backlog is now, can you walk us through which visibility it is giving you? You know, how much is covered next year or the year after, like you used to do in the past?

Bernard Delpit: I'm not sure I get that? You know that our, I would say, usual long-term guidance is to have a book to bill above 1. It will not change. So this year, yes, it's a record year, but frankly it doesn't change our long-term view on our policy to continue to grow and to change the mix, which is an important part of our strategy. And I'm sure you noticed that the share of bundled deals is pretty strong, which goes in the right direction. So we will come back to you with more figures at the end of the year to see how much of next year's programme is already covered by the existing backlog. But I guess that the vast majority of what we will have to produce and deliver next year is already booked by definition.

Daniela Costa: Okay. Thank you.

Operator: Thank you for your questions. We'll now go to Lucas Ferhani of Jefferies. Please go ahead. Your line is open.

Lucas Ferhani (Jefferies): Thanks for taking the time. I have two questions as well. Maybe the first one. It was a very helpful comment on the selectivity, the margin in the backlog. I guess, just to be more precise, if we were to show that slide on the backlog and the gross margin development, I think it reached 18% in H1. Obviously the mix of rolling stock is quite heavy this time, but do you think it would continue to go up sequentially? That'd be the first one.

Bernard Delpit: And the answer is yes.

Lucas Ferhani: Perfect. Thank you. And the second one would be on restructuring. I think you mentioned you're still looking at restructuring in other geographies potentially. Just wondering where do you think maybe the balance of demand/capacity is still not right? Where would you look at making changes?

Bernard Delpit: Well, frankly, what we've seen into this year is really helping in terms of balancing capacity and activity. Because where we could have faced some overcapacity was in the US. And as the orders were very strong this year, now we do not foresee a potential restructuring or overcapacity in this country. I would say the same thing in Mexico. We are at the end of the deliveries of the Tren Maya project, and now we have a new one in Mexico. So I would say that the granularity of our order intake this year fits well with where we have capacities. So no specific geographies except the one I mentioned already in Europe, both in Germany and maybe in Belgium, where we are thinking of the different options because of the decision of SNCB.

Lucas Ferhani: Okay. Thank you.

Operator: Thank you for your question, sir. Ladies and gentlemen, as a reminder, if you have any questions or follow up questions, please press star one at this time. We'll now go to Martin Wilkie calling from Citi. Please go ahead. Your line is open, sir.

Martin Wilkie (Citi): Yeah, thank you. Good evening. It's Martin from Citi. The question I had was on raw material inflation. You mentioned earlier that you were well protected on tariffs, but obviously we have seen some metal prices creep up at the end of last year, particularly copper and so forth. And I know in the past you've talked about indexation and other ways that you are protected from that. But given how quickly those prices have come up in the end of 2025, are you comfortable that you are protected from any rise in both aluminium and copper in terms of what you're producing over the next two or three years? Thank you.

Bernard Delpit: Yeah. Hi, Martin. Nothing really specific to report here. We have contracts. We think we are protected both on the cost side, with some long-term contracts for some raw material, and also on the selling price side with escalation clauses. So we think we are pretty well protected. And I have not been reported that we have any specific issues on some specific raw material items.

Martin Wilkie: Great. Thank you very much. That was it. Thank you.

Operator: Thank you sir. Next question coming from Louis Billon of AlphaValue. Please go ahead sir.

Louis Billon (AlphaValue): Hi, good evening. Thank you for taking my question. My first question is about signalling. So the forex impact in signalling is quite high. But you have mentioned that the execution was solid in Italy and in France, so from which country is the impact of forex? And what is the situation in Germany for signalling and why you haven't mentioned it in the solid execution?

Bernard Delpit: Well, in fact, yes, we are growing our signalling business in Germany, but maybe not as much as we hoped because it takes time for the local operator to award some contracts in signalling. So it takes more time than what we expected. I don't know exactly what you were mentioning in terms of scope. You know that last year we exited the conventional signalling business in the US. That's why we have this negative scope impact. And it has to be taken into account when looking at the signalling evolution, but nothing really, nothing specific to report. Indeed good execution in Italy, in the UK, in France. And it's ramping up in Germany but not at the pace that we expected.

Louis Billon: Okay. My question was about the forex impact not the scope impact. So yeah. And maybe also on the Deutsche Bahn new CEO, I understand that from your peers that Deutsche Bahn was a bottleneck. Do you think with a new CEO it could help your business in Germany?

Bernard Delpit: Well, frankly, no views from me on any specific question on the new CEO of DB. And on FX, nothing really to mention. Most of our signalling business is in Europe, by the way. So not really a lot of FX. But in the UK, where we have a large signalling business, and yes, indeed there is an FX impact. So for signalling we are 4% up on reported terms on the first nine months. That's 13% organic growth. So it's moving definitely in the right direction.

Louis Billon: Okay, maybe a last question if I may. So in the last earnings call, you mentioned that you were maybe thinking of increasing the guidance, and you haven't. So what are the reasons for not upgrading the guidance. And is it related to the postponement of the high-speed train with Avelia platform?

Bernard Delpit: Not really. I mean, yes, indeed, and that's what I think I said just before, now the cash-in from TGV will mostly come starting next year. But no, I said that we did not narrow the guidance because we have still some important milestones, both from a commercial point of view and operational point of view in Q4. So some uncertainties. That's why it was not the proper time to narrow the guidance. That's it. And again, €200 million range is really something that for me is not material considering all the amounts of cash in and cash out that we manage every quarter.

Louis Billon: Okay. Thank you.

Operator: Thank you. Mr Billon. We'll now go to Jonathan Mounsey of BNP Paribas, please go ahead.

Jonathan Mounsey (BNP Paribas): Hello, everyone. Thanks for fitting me in, Bernard. A couple of questions. First is really a housekeeping question. When I look at Bloomberg consensus, it has a positive dividend for 2026. I was thinking more as if this was not the time to start reinstating the dividend. Maybe just a bit of clarification on that one.

And then there's a second question. Thinking more out into the latter years, obviously a couple of years ago, you set the target. And I think the key target is the cumulative free cash flow, the €1.5 billion or at least €1.5 billion by 2027. Obviously, in May, we'll be kind of less than a year away from that. And I just wonder, are you going to wait to deliver the free cash flow before thinking about what comes next? Or with a year to go, can we maybe expect in May, you may be thinking about new mid-term targets pushing out maybe to 2029 or 2030? I just want to get some expectations of how we'll be thinking about the company. Usually the investment case extends beyond a year, so maybe May is the time to start talking about the years that come after 2027. Thank you.

Bernard Delpit: Okay, Jonathan, thank you for those two questions that I will not answer, of course, because when it comes to dividend, it's not my decision but it's going to be a board decision. You know, the kind of framework we shared during the 2023/2024 deleveraging period, we said that we would start to restore dividend once we get to net debt zero. I don't think we'll be there at the end of this fiscal year. Maybe the next one. So I think we'll answer to your question, which is a fair one, in due time.

And then for free cash flow guidance in the mid-term, please wait for Martin Sion to join the company and to make his mind. The commitment is €1.5 billion and I reiterate it tonight. So let's do it and we'll see what we will do in terms of midterm guidance in May.

Jonathan Mounsey: Thank you.

Bernard Delpit: You're welcome.

Operator: Thank you so much, sir.

Bernard Delpit: Thank you very much for your time. Thank you for your questions and looking forward to meeting you in the next weeks, and for the next call in May with Martin Sion. Bye.

Operator: Thank you very much. Ladies and gentlemen, that will conclude today's conference. Thank you for your attendance. You may now disconnect. Have a good day and goodbye.

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