

## Siemens and Alstom join forces to create a European Champion in Mobility

- **Signed Memorandum of Understanding grants exclusivity to combine mobility businesses in a merger of equals**
- **Listing in France and group headquarters in Paris area; led by Alstom CEO with 50 percent shares of the new entity owned by Siemens**
- **Business headquarter for Mobility Solutions in Germany and for Rolling Stock in France**
- **Comprehensive offering and global presence will offer best value to customers all over the world**
- **Combined company's revenue €15.3 billion, adjusted EBIT of €1.2 billion**
- **Annual synergies of €470 million expected latest four years after closing**

Today, Siemens and Alstom have signed a Memorandum of Understanding to combine Siemens' mobility business including its rail traction drives business, with Alstom. The transaction brings together two innovative players of the railway market with unique customer value and operational potential. The two businesses are largely complementary in terms of activities and geographies. Siemens will receive newly issued shares in the combined company representing 50 percent of Alstom's share capital on a fully diluted basis and warrants allowing it to acquire Alstom shares representing two percent points of its share capital.

"This Franco-German merger of equals sends a strong signal in many ways. We put

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the European idea to work and together with our friends at Alstom, we are creating a new European champion in the rail industry for the long term. This will give our customers around the world a more innovative and more competitive portfolio”, said Joe Kaeser, President and CEO of Siemens AG. “The global market-place has changed significantly over the last few years. A dominant player in Asia has changed global market dynamics and digitalization will impact the future of mobility. Together, we can offer more choices and will be driving this transformation for our customers, employees and shareholders in a responsible and sustainable way”, Kaeser added.

“Today is a key moment in Alstom’s history, confirming its position as the platform for the rail sector consolidation. Mobility is at the heart of today’s world challenges. Future modes of transportation are bound to be clean and competitive. Thanks to its global reach across all continents, its scale, its technological know-how and its unique positioning on digital transportation, the combination of Alstom and Siemens Mobility will bring to its customers and ultimately to all citizens smarter and more efficient systems to meet mobility challenges of cities and countries. By combining Siemens Mobility’s experienced teams, complementary geographies and innovative expertise with ours, the new entity will create value for customers, employees and shareholders,” said Henri Poupart-Lafarge, Chairman and Chief Executive Officer of Alstom SA. “I am particularly proud to lead the creation of such a group which will undoubtedly shape the future of mobility.”

The new entity will benefit from an order backlog of €61.2 billion, revenue of €15.3 billion, an adjusted EBIT of €1.2 billion and an adjusted EBIT-margin of 8.0 percent, based on information extracted from the last annual financial statements of Alstom and Siemens. In a combined setup, Siemens and Alstom expect to generate annual synergies of €470 million latest in year four post-closing and targets net-cash at closing between €0.5 - €1.0 billion. Global headquarters as well as the management team for rolling stock will be located in Paris area and the combined entity will remain listed in France. Headquarters for the Mobility Solutions business will be located in Berlin, Germany. In total, the new entity will have 62,300 employees in over 60 countries.

As part of the combination, Alstom existing shareholders at the close of the day preceding the closing date, will receive two special dividends: a control premium of €4.00 per share (in total = €0.9 billion) to be paid shortly after closing of the transaction and an extraordinary dividend of up to €4.00 per share (in total = €0.9 billion) to be paid out of the proceeds of Alstom's put options for the General Electric joint ventures of approximately €2.5 billion subject to the cash position of Alstom.

The businesses of the two companies are largely complementary. The combined entity will offer a significantly increased range of diversified product and solution offerings to meet multi-faceted, customer-specific needs, from cost-efficient mass-market platforms to high-end technologies. The global footprint enables the merged company to access growth markets in Middle East and Africa, India, and Middle and South America where Alstom is present, and China, United States and Russia where Siemens is present. Customers will significantly benefit from a well-balanced larger geographic footprint, a comprehensive portfolio offering and significant investment into digital services. The combination of know-how and innovation power of both companies will drive crucial innovations, cost efficiency and faster response, which will allow the combined entity to better address customer needs.

The Board of Directors of the combined group will consist of 11 members and will be comprised of 6 directors designated by Siemens, one of which being the Chairman, 4 independent directors and the CEO. In order to ensure management continuity, Henri Poupart-Lafarge, will continue to lead the company as CEO and will be a board member. Jochen Eickholt, CEO of Siemens Mobility, shall assume an important responsibility in the merged entity. The corporate name of the combined group will be Siemens Alstom.

The envisaged transaction is unanimously supported by Alstom's board (further to a review process of the preparation of the transaction by the Audit Committee acting as an ad hoc committee) and Siemens's supervisory board. Bouygues fully supports the transaction and will vote in favor of the transaction at Alstom's board of directors

meeting and at the extraordinary general meeting deciding on the transaction to be held before July 31, 2018, in line with Alstom board of director decision. The French State also supports the transaction based on undertakings by Siemens, including a standstill at 50.5 percent of Alstom's share capital for four years after closing and certain governance and organizational and employment protections. The French State confirms that the loan of Alstom shares from Bouygues SA will be terminated in accordance with its terms no later than 17 October 2017 and that it will not exercise the options granted by Bouygues. Bouygues has committed to keep its shares until the earlier of the extraordinary general meeting deciding on the transaction and July 31, 2018.

In France, Alstom and Siemens will initiate Works Councils' information and consultation procedure according to French law prior to the signing of the transaction documents. If Alstom were not to pursue the transaction, it would have to pay a €140 million break-fee. The transaction will take the form of a contribution in kind of the Siemens Mobility business including its rail traction drives business to Alstom for newly issued shares of Alstom and will be subject to Alstom's shareholders' approval, including for purposes of cancelling the double voting rights, anticipated to be held in the second quarter of 2018. The transaction is also subject to clearance from relevant regulatory authorities, including foreign investment clearance in France and anti-trust authorities as well as the confirmation by the French capital market authority (AMF) that no mandatory takeover offer has to be launched by Siemens following completion of the contribution. Closing is expected at the end of calendar year 2018. The transaction was prepared under the review of an ad-hoc committee.

This press release and further information is available at

[www.siemens.com/pressconference](http://www.siemens.com/pressconference)

[www.alstom.com/press-centre](http://www.alstom.com/press-centre)

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Alstom will hold an analyst and investors conference call at 8:00 a.m. CEST on September 27, 2017 using the following link: [www.alstom.com/investors](http://www.alstom.com/investors)

Siemens will hold an analyst and investors conference call at 9:30 a.m. CEST on September 27, 2017, at this link: [www.siemens.com/analystcall](http://www.siemens.com/analystcall)

The CEOs of Siemens and Alstom will host a **joint press conference** in Paris on September 27, 2017 at 11:30 a.m. CEST. It will be held at L'Hôtel des Arts et Métiers at 9 bis, Avenue d'Iéna, 75116 Paris. Journalists not able to attend in person, can follow the webcast at [www.siemens.com/pressconference](http://www.siemens.com/pressconference) and also file

questions via the web interface. Please understand that not all questions filed can be answered.

#### **About Alstom**

As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the transport sector. Alstom offers a complete range of solutions (from high-speed trains to metros, tramways and e-buses), passenger solutions, customized services (maintenance, modernization), infrastructure, signaling and digital mobility solutions. Alstom is a world leader in integrated transport systems. The company recorded sales of €7.3 billion and booked €10.0 billion of orders in the 2016/17 fiscal year. Headquartered in France, Alstom is present in over 60 countries and employs 32,800 people. [www.alstom.com](http://www.alstom.com)

#### **About Siemens**

Siemens AG (Berlin and Munich) is a global technology powerhouse that has stood for engineering excellence, innovation, quality, reliability and internationality for more than 165 years. The company is active in more than 200 countries, focusing on the areas of electrification, automation and digitalization. One of the world's largest producers of energy-efficient, resource-saving technologies, Siemens is a leading supplier of efficient power generation and power transmission solutions and a pioneer in infrastructure solutions as well as automation, drive and software solutions for industry. The company is also a leading provider of medical imaging equipment – such as computed tomography and magnetic resonance imaging systems – and a leader in laboratory diagnostics as well as clinical IT. In fiscal 2016, which ended on September 30, 2016, Siemens generated revenue of €79.6 billion and net income of €5.6 billion. At the end of September 2016, the company had around 351,000 employees worldwide. Further information is available on the Internet at [www.siemens.com](http://www.siemens.com)

#### **IMPORTANT INFORMATION**

This communication does not constitute an offer to purchase, sell or exchange, or the solicitation of an offer to purchase, sell or exchange, any securities. The shares of Alstom may not be offered or sold in the United States of America except pursuant to an effective registration statement or pursuant to a valid exemption from registration under the U.S. Securities Act of 1933, as amended.

Combined data (including synergies) are estimates based on current assumptions of separation of Siemens Mobility Business, and remain subject to effective completion of Siemens Mobility Business' carve-out. This announcement includes forward-looking statements within the meaning of the safe harbour provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to Alstom's and Siemens's beliefs and expectations regarding the proposed combination of the Combined Business, benefits that would be afforded to customers, benefits to the Combined Business that are expected to be obtained as a result of the proposed merger and the relevant parties' ability to enhance shareholder value through, among other things, the delivery of cost savings and expected synergies. These statements are based on certain assumptions and reflect Alstom's and Siemens' current expectations.

These forward-looking statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in materials delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such

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## Joint Press Release by Siemens and Alstom

statements are based on the current expectations and assumptions of Alstom's and Siemens' respective management teams, and depend on numerous factors that are beyond Alstom's or Siemens' control. These forward-looking statements are subject to a number of risks, uncertainties and factors, including but not limited to: the failure of Alstom's shareholders to approve the proposed merger; the effect of regulatory conditions, if any, imposed by regulatory authorities; the reaction of Alstom's and Siemens' customers, employees and suppliers to the proposed merger; the ability to promptly and effectively integrate the businesses of Alstom and Siemens; the diversion of management time on merger-related issues; and those risks described in disclosures that have been made or will be made with regulatory authorities such as the French Autorité des marchés financiers (the "AMF") and/or the United States Securities and Exchange Commission (the "SEC"), and in particular in the chapter titled Risk Factors and Risks of the respective Annual Reports of Alstom and Siemens. Should one or more of these risks or uncertainties materialize, or should underlying expectations or assumptions prove to be incorrect, the actual results, performance, financial condition and prospects of Alstom or Siemens may vary materially from those expressed or implied in the relevant forward-looking statements. Neither Alstom nor Siemens intends, nor assumes any obligation, to update or revise these forward-looking statements in light of subsequent developments, new information or circumstances that differ from those currently anticipated. There can be no assurance that the proposed merger will be consummated or that the anticipated benefits will be realised. The proposed merger is subject to various regulatory approvals and the fulfilment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or such conditions will be met.

This document includes supplemental financial measures that are not clearly defined under IFRS and that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Alstom and Siemens' net assets and financial position or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled supplemental financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

### Additional information

In connection with the proposed transaction, Alstom intends to file (i) with the AMF, a prospectus and other relevant documents in connection with the listing of its shares to be issued against the contribution by Siemens of its mobility business and (ii) if applicable, with the SEC important documents related to the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ ALL RELEVANT DOCUMENTS FILED WITH THE AMF AND THE SEC, INCLUDING THE PROSPECTUS WHEN IT BECOMES AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders may obtain free of charge a copy of the prospectus as well as other documents filed with the authorities (when they are available) at the AMF's website, [www.amf-france.org](http://www.amf-france.org), and the SEC's website, [www.sec.gov](http://www.sec.gov). Those documents, when filed, may also be obtained free of charge from Alstom's website at [www.alstom.com](http://www.alstom.com) or by contacting Alstom's Investor Relations team at [investor.relations@alstomgroup.com](mailto:investor.relations@alstomgroup.com).

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