
Alstom Transport Danmark A/S
Annual Report for 2017/18

Amerika Plads 19
2100 København Ø
CVR-nr.: 17 18 42 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company
on *14 June* 2018

R. ylt.

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The statutory accounts are reported in English.

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Alstom Transport Danmark A/S for the financial year 1 April 2017 - 31 March 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2018 of the Company and of the results of the Company operations for 2017/18.

We recommend that the Annual Report be adopted at the Annual General Meeting.

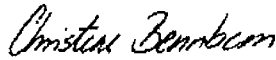
Copenhagen, 14 May 2018

Executive Board

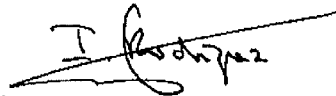


Emmanuel Henry

Board of Directors



Christine Bennborn



Ignacio Rodriguez



Robert Whyte

Independent Auditor's Report

To the Shareholders of Alstom Transport Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2018, and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Alstom Transport Danmark A/S for the financial year 1 April 2017 - 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 14 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33771231



Jan Boje Andreassen

State Authorised Public Accountant

mne2338

Company Information

The Company

Alstom Transport Danmark A/S
Amerika Plads 19
2100 København Ø

Website: www.alstom.com

CVR No: 17 18 42 10
Financial period: 1 April - 31 March

Municipality of reg. office: Københavns kommune

Board of Directors

Christine Bennborn
Ignacio Rodriguez
Robert Whyte

Executive Board

Emmanuel Henry

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	44,520	40,551	18,817	14,664	9,525
Operating profit/loss	-9,685	2,252	-7,763	-10,294	-2,865
Net financials	0	-21	-49	-64	-3
Net profit/loss for the year	-9,685	2,231	-7,812	-10,358	-2,868
Balance sheet					
Balance sheet total	129,491	45,153	103,470	69,680	59,740
Equity	15,111	14,796	12,565	20,377	26,864
Number of employees	60	49	33	24	16
Ratios					
Return on assets	-7.5%	5.0%	-7.5%	-14.8%	-4.8%
Solvency ratio	11.7%	32.8%	12.1%	29.2%	45.0%
Return on equity	-43.0%	10.6%	-34.3%	-30.6%	-6.9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Review

Main activity

Alstom Transport offers product from rolling stock to infrastructure, including signalling, maintenance and integrated transport systems. Alstom Transport Danmark A/S is delivering the new signal solution for Fjernbane East Denmark and the signal solution for trains operated in Denmark.

Risks at recognition and measurement

Contract work in progress on large orders are recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). Even with a reliable measurement of total revenues and expenses in respect of the contract and of the stage of completion at the balance sheet date, is there due to projects' duration over a number of years a consistent risk of significant adjustments in the following years. More information is available in note 6 "Contingent assets, liabilities and other financial obligations".

Development in the year

The income statement of the Company for 2017/18 shows a loss of kDKK 9,685 and at 31 March 2018 the balance sheet of the Company shows equity of kDKK 15,111.

Expenses in the financial year include expenses related to tenders on potential projects.

The ongoing projects are showing stable margins, but with delays. The delays have in 2017/18 resulted in increasing investments in contract work in progress and negative cash-flow. Roll-out on both signalling projects are ongoing, and the projects will in the coming years generate increasing sales and cash.

The company has a deferred tax asset of kDKK 36,955, which is not activated.

The result is lower than expected, and is considered unsatisfactory.

The sole shareholder of the company, Alstom Transport Holdings B.V, has during the financial year performed an unconditional shareholders' contribution in the amount of kDKK 10,000 to the company. This contribution was performed in order to strengthen the balance sheet of the company.

Risk Factors

The company's short- and long-term outlook is subject to risk and uncertainty that might result in the actual performance differing from expectations. The major factors are the inherent risk in the ongoing projects, relationships to customers, changes to the market conditions in Denmark and the ability to attract and retain qualified and dedicated employees.

Environmental footprint

The company is part of Alstom's global approach to sustainability, including environmental footprint such as consuming less energy, reducing carbon footprint, limiting airborne emissions, saving water and recovering waste.

Targets and expectations for the year ahead

The company expects a profit before tax in 2018/19, but depending on progress and profitability of the ongoing projects.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

	<u>Note</u>	<u>2017/18</u> kDKK	<u>2015/16</u> kDKK
Gross profit/loss		44,520	40,551
Employee Costs	2	-54,205	-38,299
Profit/loss before financial income and expenses		-9,685	2,252
Financial income		9	1
Financial expenses		-9	-22
Profit/loss before tax		-9,685	2,231
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-9,685	2,231

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Retained earnings	-9,685	2,231
	-9,685	2,231

Balance Sheet 31 March

Assets

	<u>Note</u>	<u>2017/18</u> kDKK	<u>2015/16</u> kDKK
Other receivables		1,277	736
Fixed asset investments		<u>1,277</u>	<u>736</u>
Fixed assets		<u>1,277</u>	<u>736</u>
Contract work in progress	4	<u>98,753</u>	<u>0</u>
Trade receivables		904	8,654
Receivables from group enterprises		25,966	7,006
Other receivables		2,044	40
Prepaid expenses		547	29
Receivables		<u>29,461</u>	<u>15,729</u>
Cash at bank and in hand	3	<u>0</u>	<u>28,688</u>
Currents assets		<u>128,214</u>	<u>44,417</u>
Total Assets		<u>129,491</u>	<u>45,153</u>

Liabilities and Equity

Share capital		9,000	9,000
Retained earnings		<u>6,111</u>	<u>5,796</u>
Equity		<u>15,111</u>	<u>14,796</u>
Bank debt	3	76,501	0
Prepayments received from customers	4	194	7,382
Trade payables		17,428	6,950
Payables to group enterprises		11,849	7,320
Other payables		8,408	8,705
Short-term debt		<u>114,380</u>	<u>30,357</u>
Debt		<u>114,380</u>	<u>30,357</u>
Total Liabilities and Equity		<u>129,491</u>	<u>45,153</u>
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	kDKK	kDKK	kDKK
Equity at 1 April 2017	9,000	5,796	14,796
Equity contribution in the year		10,000	10,000
Net profit/loss for the year		-9,685	-9,685
Equity at 31 March 2018	<u>9,000</u>	<u>6,111</u>	<u>15,111</u>

Notes to the Annual Report

1 Accounting Policies

Basis of Preparation

The Annual Report of Alstom Transport Danmark A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Annual Report for 2017/18 is presented in kDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Notes to the Annual Report

1 *Accounting Policies (continued)*

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Contract work in progress on large orders are recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Expenses for goods and services sold

Expenses for goods and services sold comprise the cost incurred to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish group companies. The tax effect of the joint taxation is allocated to the enterprises in proportion to their taxable incomes.

Notes to the Annual Report

1 *Accounting Policies (continued)*

Balance Sheet

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured based on pre-defined milestones. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments and payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Annual Report

1 *Accounting Policies (continued)*

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial Highlights

Explanation of financial ratios

Profit before financials x 100
Total assets

Equity at year end x 100
Total assets at year end

Net profit for the year x 100
Average equity

Notes to the Annual Report

	<u>2017/18</u>	<u>2016/17</u>
	kDKK	kDKK
2 Staff expenses		
Wages and salaries	50,748	35,230
Pensions	3,039	2,336
Other social security expenses	418	733
	<u>54,205</u>	<u>38,299</u>
Average number of employees	<u>60</u>	<u>49</u>

3 Cash at bank and in hand and bank debt

The majority of the company's cash and bank debt are managed in cash-pool by a Group company.

4 Contract work in progress and prepayments received from customers

Contract work in progress	512,390	344,031
Payments received on account	<u>-413,637</u>	<u>-351,093</u>
	98,753	-7,062
Prepayments	<u>-194</u>	<u>-320</u>
	<u>98,558</u>	<u>-7,382</u>

5 Provision for deferred tax

Contract work in progress	0	0
Tax loss carry-forward	-36,955	-34,824
Transferred to deferred tax asset	<u>36,955</u>	<u>34,824</u>
	<u>0</u>	<u>0</u>

Deferred tax has been provided at 22% corresponding to the future tax rate.

Deferred tax asset

Calculated tax asset	36,955	34,824
Write down to assessed value	<u>-36,955</u>	<u>-34,824</u>
Carrying amount	<u>0</u>	<u>0</u>

6 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	2,583	1,798
Between 1 and 5 years	<u>3,187</u>	<u>986</u>
	<u>5,770</u>	<u>2,784</u>
Lease obligations, besides period of non-terminability 12 months	<u>5,770</u>	<u>2,784</u>

Notes to the Annual Report

6 Contingent assets, liabilities and other financial obligations (continued)

Contingent liabilities

The company is jointly and severally liable for tax on previous group companies' income until the fiscal year 2015/16.

The company has issued prepayment and performance bonds to customers for 384 mDKK as of 31 March 2018.

The company is a contract party to a number of project agreements in Denmark. With respect to certain agreements, claims related to project delays have been raised by the customer. Due to the size, duration and complexity of the projects, the financial implications of such actions are uncertain. The company continually assesses and monitors the developments within these projects, and its financial and contractual position with respect to these topics. It is Management's current assessment that the outcome will not have a significant adverse impact on profit and equity.

7 Consolidated Financial Statements

The Company is included in the Group Annual Report of Alstom SA, 48, rue Albert Dhalenne, 93400 Saint-Ouen, France.