Beat: Technology

Alstom unveils its strategy and objectives for 2020 with steady growth

Best growth in Urban Transport

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USPA NEWS - Alstom will host a meeting with investors and financial analysts at its signalling site Villeurbanne. Henri Poupart-Lafarge, Chairman &CEO &Marie-Jose Donsion, CFO together with other Senior Executives, will present the strategic, operational & financial prioririties for Alstom moving towards 2020.

Alstom will host tomorrow a meeting with investors and financial analysts at its signalling site in Villeurbanne (France). Henri Poupart-Lafarge, Chairman and CEO and Marie-José Donsion, Chief Financial Officer, together with other Senior Executives, will present the strategic, operational and financial priorities for Alstom moving towards 2020.----------
Today refocused on transport, Alstom operates in a market showing steady growth of 2.8%(1) per year. Demand remains strong, driven by urbanisation and environmental concerns. Urban transport remains the market segment with the most significant growth (+4.1% per year)(1).----------
To answer their growing mobility needs, customers, whose regulatory environments differ according to country, require capex and opex optimisation through reduced maintenance costs, energy savings, life extension and improved availability of solutions. Their requirements also increasingly include more safety, performance and eco-friendly solutions as they face strong intermodal competition. The capacity to localise production and engineering are also becoming important drivers of public customers´ decisions.----------
In this context, Alstom has defined a clear ambition for 2020: to be the preferred partner of cities, countries and operators, providing an answer to their mobility needs. This means being a top tier player in all regions of the world and all market segments. Alstom 2020 strategy is based on the five following pillars:----------
CUSTOMER FOCUSED REALISATION - Alstom benefits from solid market shares worldwide, with ambition to be n°1 or 2 in all continents. The company is organised into empowered regions, each with their own supply chain to answer local needs using local resources and strengths. They draw on a network of local industrial sites and strategic partnerships around the globe. The need to continuously reinforce this network as well as local competences will trigger an additional € 300 million capex over the next three years.----------
COMPLETE RANGE OF SOLUTIONS - Alstom offers the widest range of solutions in the industry, from components to trains, signalling and services to fully integrated systems, and boasts leading positions in each market segment. Alstom is the world leader in integrated system. By 2020, signalling, systems and services should represent 60% of Alstom´s sales.
VALUE CREATION INNOVATION - Innovation is a source of competitiveness and differentiation for Alstom, as well as a catalyst for new contracts and markets. The company wants 30% of its orders to come from newly developed products by 2020. The main axes of development are the total cost of ownership of our solutions as well as passenger experience.
Operational and environmental excellence - Through the competitiveness improvement of its offering and excellence in project management, Alstom aims at reducing its costs to outpace global price decrease and support margin improvement. Sourcing savings are expected to increase to €250 million per year. Manufacturing and engineering footprints will continue to grow globally, while in Europe they will be adapted to the workload. A dedicated Cash Focus program is being launched with strong management actions in place on working capital. In terms of environmental excellence, energy consumption is to be reduced by 20% for solutions and by 10% for operations by 2020.----------
DIVERSE AND ENTREPRENEURIAL PEOPLE - To reflect Alstom´s passenger base, the company has the ambition to significantly increase diversity, aiming for 25% of Management or Professional roles to be occupied by women, and 50% of senior management and talent pool to be non-European within five years. Alstom´s employees around the world all share the same culture, underpinned by strong integrity and ethics values.----------
OBJECTIVES FOR 2020---------- By 2020 sales should grow organically by 5% per year.
Adjusted EBIT(2) margin should reach around 7% by 2020 driven by volume, portfolio mix and results of operational excellence actions. By 2020, Alstom expects c. 100% conversion from net income into Free Cash Flow.
(1) Source UNIFE 2014“¨(2) Adjusted EBIT corresponds to Earning Before Interests, Tax and Net Result from Equity Method Investments adjusted with: net restructuring expenses,“¨tangible and intangible assets impairment, capital gains or loss/revaluation on investments disposals or controls changes on an entity and any other non-recurring items. A non-recurring item is a “one-off“/exceptional item that is not supposed to be reappearing in following years and that is significant.

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