

Bombardier Transportation (Investment) UK Limited

**Directors' reports and financial statements
For the year ended 31 December 2019**

Registered number 09863932



Table of Contents

Company Information	1
Directors' Report	2
Strategic Report.....	6
Statement of Directors' Responsibilities	7
Independent Auditors' Report to the Members of Bombardier Transportation (investment) UK Ltd	8
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Changes in Equity	12
Balance Sheet	13
Notes to the Financial Statements	14

Company Information

Directors	P Allmer	(Appointed 9 November 2015)
	D Desjardins	(Appointed 9 November 2015)
	A Zoratti	(Appointed 14 September 2017)
	L S West	(Appointed 13 September 2018)
	D Di Perna	(Appointed 12 March 2019)
	A Tremblay	(Appointed 21 May 2020)
	A Decary	(Appointed 13 September 2018)
		(Resigned 11 May 20)
	C Emond	(Appointed 19 September 2019)
		(Resigned 29 January 2020)
	L Troger	(Appointed 11 February 2016)
		(Resigned 7 February 2019)
	S Lussier	(Appointed 14 September 2017)
		(Resigned 18 September 2019)
Secretary	L S West	(Appointed 30 August 2016)
Registered Office	Two Pancras Square Kings Cross London N1C 4AG United Kingdom	
Registered Number	09863932	
Auditor	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ United Kingdom	
Principal Bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT United Kingdom	
Solicitors	Norton Rose 3 More London Riverside London SE1 2AQ United Kingdom	

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2019.

The loss for the year, after taxation, amounted to €15,717,000 (2018 profit: €249,430,000).

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report, and these factors have been considered when preparing the financial projections of the Company.

As of 31 December 2019, the Company had net current assets of €2.6 million (2018 – €2.6 million) and net assets of €5,615 million (2018 - €5,465 million). There were current liabilities of €0.1 million (2018: nil) at the end of the period. The cash balance at year end was €2.5 million (2018: €2.4 million) and the financial projections to December 2021 show that the Company is committed to less than €0.1 million of expenditure during this period and hence this liability is covered by the cash balance on hand as at 31 December 2019. Subsequent to December 31, 2019, the Company received total capital contributions totalling €750 million from CDPQ ((€210 million), BT Rail I S.E.C. (€70 million), BT Rail II S.E.C (€70 million) and Bombardier Holding UK Limited (€300 million). The company also made capital contributions totalling €750 million to Bombardier Transportation (Global Holding) UK Limited subsequent to the yearend.

The Company's funding requirements are administered through the global Bombardier Transportation Group's centralised treasury function. The Company operates its activities in conjunction with other companies within the Bombardier Transportation Group and hence, is dependent on the cash flows and financial resources of the wider Bombardier Transportation Group.

This Company is the direct parent of Bombardier Transportation (Global Holdings) UK Limited, which is a parent to the Bombardier Transportation Group. As such, the results and cash flows of the underlying subsidiaries should be considered in light of the going concern assessment. Unaudited condensed interim consolidated financial statements relating to Bombardier Transportation (Global Holdings) UK Limited for the three- and nine-month periods ended September 30, 2020 were released on 19 November 2020. As part of the issuance of these condensed interim financial statements, Management performed an assessment of the consolidated Bombardier Transportation Group's ability to meet its anticipated financial requirements for a period of at least, but not limited to, 12 months from September 30, 2020, supporting the consolidated group's ability to continue as a going concern. This was based on management's projections for the rest of 2020 and all of 2021. As at November 19, 2020, being the release date of these interim condensed consolidated financial statements, management did not believe there were any material uncertainties impacting going concern of the consolidated group, however, this determination was a matter of significant judgment.

Whilst it is not expected, that any additional funding would be required in the period to 31 December 2021, the Directors have received written confirmation from the ultimate parent company, Bombardier Inc., confirming that until the sale to Alstom closes, if necessary they will provide the Company with the financial support to meet its liabilities as they fall due for as long as the entity remains under Bombardier Inc. ownership. Bombardier Inc.'s ability to provide this support is based on the latest Bombardier Inc. audited accounts as of 31 December 2019, the quarterly results as of 30 September 2020 combined with the projections for the rest of 2020 and 2021.

At an ultimate parent level, Bombardier Inc. has undertaken an analysis which demonstrates it will be able to meet currently anticipated financial requirements for a period of more than 12 months from the date of approving these financial statements. As at 5 November 2020, being the release date of the Bombardier Inc. third quarter financial report for the period to 30 September 2020, Bombardier Inc. did not believe there were any material uncertainties impacting going concern, albeit this determination was a matter of significant judgment. Such significant judgment included a range of operating forecasts for Bombardier's two business segments, the timing of closure of the sale of Bombardier Transportation to Alstom, as well as related stress test scenarios to assess liquidity adequacy and covenant compliance throughout the period.

Directors' Report

As set out in Note 15 - Events since balance sheet date, the sale of the global Bombardier Transportation division, including this Company, to Alstom has been agreed. On 31 July 2020, the European Commission provided conditional approval of the sale of Bombardier Transportation to Alstom. On 16 September 2020, Bombardier Inc, Alstom and CDPQ and certain related parties signed a definitive sale and purchase agreement for the sale of the Transportation business to Alstom. The signing of the sale and purchase agreement follows the completion of the required works council consultations. On 29 October 2020, Alstom secured shareholders' approval at the company's extraordinary shareholders' meeting. The transaction closing is now expected on 29 January 2021, subject to the customary closing conditions.

The publicly stated intention of Alstom is to continue to operate the Bombardier Transportation division as a going concern, and therefore this proposed transaction, in itself, would not be deemed to change the appropriateness of preparing these financial statements on a going concern basis.

However, a material uncertainty arises as the acquisition of the Bombardier Transportation division by Alstom is expected to conclude 29 January 2021 which is within twelve months of the approval of these financial statements. The expected change in ownership means the Directors have limited certainty over the intended future operations, financing and positioning of the Company within the Alstom Group. Since, the Company is a holding company, this creates a material uncertainty with respect to its intended future financing and positioning within the Alstom Group following the acquisition.

This material uncertainty may cast significant doubt upon the company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

On the basis of their assessment of the Company's financial position and the enquiries made of the directors of Bombardier Inc., the Company's directors believe it is appropriate to prepare the financial statements on the going concern basis.

Future developments

The directors consider that the business will continue to operate as it has during the year.

Events since balance sheet date

Impact of COVID 19

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019, on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December 2019 and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it could be material to the Company's financial position and could result in the revision of certain estimates, in particular the carrying value of investments and other non-current assets, as well as a reduction in future dividend and related income.

Proposed sale of the Bombardier Transportation Group to Alstom

On 17 February 2020, Bombardier Inc. signed a Memorandum of Understanding ("MOU") with Alstom SA and Caisse de dépôt et placement du Québec ("CDPQ") for the sale of the Transportation business (including this Company) to Alstom.

On 31 July 2020, the transaction has obtained regulatory approvals from several jurisdictions, including conditional approval from the European Commission. The conditions imposed by the European Commission consist of:

Directors' Report

- A transfer of Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train and an offer of IP license to Hitachi for the train co-developed by Hitachi and Bombardier Transportation for use in future very high-speed tenders in the U.K.;
- The divestments of the Alstom Coradia Polyvalent and the Reichshoffen production site in France;
- The divestment of the Bombardier TALENT 3 platform and dedicated production facilities located within the Hennigsdorf site in Germany; and
- Providing access to certain interfaces and products for some of Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS).

These divestitures will be done in compliance with all applicable social processes and consultations with employee representatives' bodies.

On 16 September 2020, Bombardier Inc., Alstom and CDPQ signed a definitive sale and purchase agreement ("SPA") for the sale of the Transportation business on the basis of an enterprise value of \$8.4 billion, reflecting a \$350 million price reduction from the previously announced MOU.

Based on the Transportation division's current operational performance and market conditions, total proceeds after the deduction of debt-like items, transferred liabilities and estimated closing adjustments, are expected to be \$6.2 billion, based on the lower end of the range agreed to in the SPA. After deducting CDPQ's equity position of \$2.2 billion, net proceeds of c. \$4 billion are expected

Furthermore, the acquisition transaction obtained shareholder approval by Alstom's shareholders on 29 October 2020. This included the issuance of Alstom's shares to the applicable subsidiaries of Bombardier Inc. and CDPQ.

With regulatory approvals obtained from several jurisdictions, the transaction closing is expected on 29 January 2021, subject to the customary closing conditions.

Other events

The company has received total capital contributions totalling €750 million from CDPQ (€210 million on 31 March 2020), BT Rail I S.E.C. (€70 million on 31 March 2020), BT Rail II S.E.C (€70 million on 31 March 2020) and Bombardier Holding UK Limited (€300 million on 26 June 2020 and €100 million on 11 September 2020) for which it has issued 35 convertible shares and 40 class B redeemable ordinary shares. Convertible shares have been issued to CDPQ (31 March 2020 21 shares), BT Rail I S.E.C. (7 shares) and BT Rail II S.E.C (7 shares) whilst class B redeemable shares have been issued to Bombardier Holding UK Limited (26 June 2020 30 shares and 11 September 2020 10 shares).

The company has made capital contributions totalling €750 million to Bombardier Transportation (Global Holding) UK Limited (31 March 2020 €350 million, 26 June 2020 €300 million and 11 September 2020 €100 million) for which it received 75 redeemable ordinary shares (31 March 2020 35 shares, 26 June 2020 30 shares and 11 September 2020 10 shares).

Directors

The directors, who served during the year and subsequently, are noted on the Company Information page.

The Company has granted an indemnity to one or more of its directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remains in force as at the date of approving the Directors' Report.

Political and charitable donations

No political contributions or charitable donations were made during the year.

Employee involvement

In common with other members of the Bombardier Transportation Group (the 'Group'), company policy is to use the consultative procedures agreed with its staff and elected representatives to ensure information and views are

Directors' Report

exchanged and to improve the awareness of the financial and economic factors which affect it. Communication with employees is through the Group intranet and a formal structure of regular briefing sessions.

Disabled persons

The Company is committed to the employment of disabled persons. In common with other members of the Group, where existing employees become disabled, it is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The Company does not discriminate on the grounds of disability in recruitment.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Group and Company.

By order of the Board,



L West
Director

21 December 2020

Strategic Report

The directors have pleasure in presenting their Strategic Report for the year ended 31 December 2019.

Principal activities and business review

The principal activity of the Company is that of a holding Company. The Company has the external investment from CDPQ. The company is the owner of the immediate parent company of Bombardier Transportation (Global Holding) UK Limited. The Bombardier Transportation Group is a global operation which operates in 40 countries, the main activities of the Group are the manufacture and servicing of railway rolling stock, rolling stock equipment and the provision of signalling and infrastructure solutions.

Results for the year

The loss for the year, after taxation, amounted to €15,717,000 (2018 profit: €249,430,000). Dividends totalling €nil (2018: €270,000,000) was paid during the year (see note 14).

Principal risks and uncertainties

The main risk arising from the Company's financial instruments is liquidity risk. The Company holds a derivative liability in respect to the CDPQ equity investment which is subject to periodic fair value estimation. Other risks are disclosed below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its cash and short-term deposits, and overdraft and short-term borrowings, all of which have floating interest rates. The Company actively participates in the Bombardier Transportation Group's cash pooling scheme and therefore receives appropriate interest rates from Group treasury.

Liquidity risk

The management of Bombardier Transportation's liquidity requires a constant monitoring of expected cash inflows and outflows, which is achieved through a detailed forecast of Bombardier Transportation's liquidity position, as well as long term operating and strategic plan, to ensure adequacy and efficient use of cash resources. Bombardier Transportation uses scenario analysis to stress test cash inflow projections. Liquidity adequacy is continually monitored which involves the application of judgement, taking into consideration historical volatility and seasonal needs, stress-test results, the maturity profile of indebtedness, access to capital markets, the level of customer advances, availability of letter of credit and similar facilities, working capital requirements, the availability of working capital financing initiatives and the funding of product development and other financial commitments.

By order of the Board,



L West
Director
21 December 2020

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Bombardier Transportation (Investment) UK Ltd.

Opinion

We have audited the financial statements of Bombardier Transportation (Investment) UK Ltd for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Material uncertainty related to going concern

We draw attention to Note 2.1 – basis of preparation] of these financial statements which indicates that the sale of the global Bombardier Transportation division, including this Company, to Alstom has been agreed. The acquisition of the Bombardier Transportation division by Alstom is expected to conclude on 29 January 2021, which is within twelve months of the approval of these financial statements. The expected change in ownership means the Directors have limited certainty over the intended future financing and positioning of the Company within the Alstom Group.

As stated in Note 2.1 – basis of preparation, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Bombardier Transportation (Investment) UK Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Bombardier Transportation (Investment) UK Ltd

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Helen McLeod-Jones (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham, UK
22 December 2020

Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income

For the years ended 31 December 2019 and 31 December 2018

	Note	2019 €'000	2018 €'000
Administrative expenses		(138)	(207)
Operating loss		(138)	(207)
Income from shares in group undertakings	4	-	270,000
Changes in fair value	5	(15,600)	(20,400)
(Loss) / Profit before taxation		(15,738)	249,393
Taxation on (Loss) / Profit	8	21	37
(Loss) / Profit after taxation		(15,717)	249,430

In the current year the Company made no material acquisitions and had no discontinued operations.

There were no gains or losses recognised in the current year other than those disclosed in the Statement of Profit or Loss and Other Comprehensive Income, therefore the (loss) / profit on ordinary activities after tax is the total comprehensive (loss) / income.

The notes on pages 14 to 30 form part of these financial statements.

Statement of Changes in Equity

Statement of Changes in Equity

For the years ended 31 December 2019 and 31 December 2018.

	Note	Share Capital Account €'000	Share Premium Account €'000	Retained Earnings €'000	Total Equity €'000
At 31 December 2017		20	5,356,021	(144,353)	5,211,688
Total comprehensive income for the year	13	-	-	249,430	249,430
Share premium reduction	12	-	(499,983)	499,983	-
Dividends paid	13, 14	-	-	(270,000)	(270,000)
At 31 December 2018		20	4,856,038	335,060	5,191,118
Total comprehensive loss for the year	13	-	-	(15,717)	(15,717)
Issue of share capital and associated share premium	13	-	150,000	-	150,000
At 31 December 2019		20	5,006,038	319,343	5,325,401

The notes on pages 14 to 30 form part of these financial statements.

Balance Sheet**Balance Sheet**

As at 31 December 2019 and 31 December 2018

	Note	2019 €'000	2018 €'000
Assets			
Non-current assets			
Investments	9	5,612,528	5,462,528
		5,612,528	5,462,528
Current assets			
Debtors due within one year	10	94	198
Cash and cash equivalents		2,510	2,399
		2,604	2,597
Total assets		5,615,132	5,465,125
Current liabilities			
Creditors due within one year	11	(131)	(7)
		(131)	(7)
Total assets less current liabilities		5,615,001	5,465,118
Non-current liabilities			
Creditors due after more than one year	11	(289,600)	(274,000)
		(289,600)	(274,000)
Total liabilities		(289,600)	(274,007)
Net assets		5,325,401	5,191,118
Equity			
Called up share capital	12	20	20
Share premium account	13	5,006,038	4,856,038
Profit and loss account	13	319,343	335,060
Total Equity		5,325,401	5,191,118

The notes on pages 14 to 30 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of directors on 21 December 2020 and were signed on its behalf by:



L West
Director
21 December 2020

Notes to the Financial Statements

Notes to the Financial Statements

At 31 December 2019

1. Authorisation of financial statements and compliance with FRS 101

The financial statements of Bombardier Transportation (Investment) UK Limited (the "Company") for the year ended 31 December 2019 were authorised and issued by the Board of directors on 21 December 2020 and the balance sheet was signed on the Board's behalf by Lynne West. Bombardier Transportation (Investment) UK Limited is incorporated and domiciled in England and Wales. The Company is privately held limited by shares.

These financial statements are presented in Euro and all values are rounded to the nearest thousand Euro, except where otherwise stated. The Company will receive dividends in Euro from the Bombardier Transportation group in order to pay dividends, also in Euro. As such this indicator determined that the functional currency of this Company should be Euro.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption provided by Financial Reporting Standard 101 from the requirement to provide a cash flow statement.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

2.1 Basis of preparation

The Company prepares its accounts in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The Company is dependent upon continuing financial support being made available by its ultimate parent undertaking, Bombardier Inc. to enable it to meet its liabilities as they fall due. Whilst the entity remains under Bombardier Inc ownership, the parent undertaking has agreed to provide sufficient funds to the Company for this purpose. As noted above, an MOU has been signed regarding the sale of the Bombardier Transportation Group of which this entity is a part. As a result of the necessary regulatory clearances, it is not expected this sale will complete within 12 months from the financial signing date and hence the Company can rely on the support given by its current parent company. Additionally, as set out on page 4 in the section regarding liquidity risk, the Bombardier Transportation group has undertaken analysis which demonstrates it will be able to meet currently anticipated financial requirements for a period of more than 12 months. Therefore, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. See note 15 Events since balance sheet date for further details.

The financial statements have been prepared under the historical cost convention, in accordance with applicable International Financial Reporting Standards with the exception of the financial derivative which is prepared on a fair value basis.

FRS 101 requires that the Statement of Profit or Loss and Balance Sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements

The Company has taken advantage of the exemption from the requirement to prepare consolidated accounts by virtue of Section 401 of the Companies Act 2006. These financial statements therefore present information about Bombardier Transportation (Investment) UK Limited as an individual undertaking and not about its Group. The Company accounts are wholly consolidated as part of Bombardier Inc. financial statements and are available from Corporate Office, 800 Rene-Levesque Blvd, West Montreal, Quebec, Canada, H2B 1YB.

Notes to the Financial Statements

2.1 Basis of preparation (continued)

A summary of the disclosure exemptions adopted under FRS 101 are presented below. Equivalent disclosures for share based payments and financial instruments are included in the Bombardier Inc. consolidated financial statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136)
Comparative information	Exemption from comparative for movements on share capital, tangibles, intangibles and investment property
Related party disclosures	Exemption from the disclosure requirements of IAS 24 paragraph 17
Presentation of financial statements	Exemption from statement of compliance with IFRS, cashflow information and capital management policy

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report, and these factors have been considered when preparing the financial projections of the Company.

As of 31 December 2019, the Company had net current assets of €2.6 million (2018 – €2.6 million) and net assets of €5,615 million (2018 - €5,465 million). There were current liabilities of €0.1 million (2018: nil) at the end of the period. The cash balance at year end was €2.5 million (2018: €2.4 million) and the financial projections to December 2021 show that the Company is committed to less than €0.1 million of expenditure during this period and hence this liability is covered by the cash balance on hand as at 31 December 2019. Subsequent to December 31, 2019, the Company received total capital contributions totalling €750 million from CDPQ ((€210 million), BT Rail I S.E.C. (€70 million), BT Rail II S.E.C (€70 million) and Bombardier Holding UK Limited (€300 million). The company also made capital contributions totalling €750 million to Bombardier Transportation (Global Holding) UK Limited subsequent to the yearend.

The Company's funding requirements are administered through the global Bombardier Transportation Group's centralised treasury function. The Company operates its activities in conjunction with other companies within the Bombardier Transportation Group and hence, is dependent on the cash flows and financial resources of the wider Bombardier Transportation Group.

This Company is the direct parent of Bombardier Transportation (Global Holdings) UK Limited, which is a parent to the Bombardier Transportation Group. As such, the results and cash flows of the underlying subsidiaries should be considered in light of the going concern assessment. Unaudited condensed interim consolidated financial statements relating to Bombardier Transportation (Global Holdings) UK Limited for the three- and nine-month periods ended September 30, 2020 were released on 19 November 2020. As part of the issuance of these condensed interim financial statements, Management performed an assessment of the consolidated Bombardier Transportation Group's ability to meet its anticipated financial requirements for a period of at least, but not limited to, 12 months from September 30, 2020, supporting the consolidated group's ability to continue as a going concern. This was based on management's projections for the rest of 2020 and all of 2021. As at November 19, 2020, being the release date of these interim condensed consolidated financial statements, management did not believe there were any material

Notes to the Financial Statements

uncertainties impacting going concern of the consolidated group, however, this determination was a matter of significant judgment.

Whilst it is not expected, that any additional funding would be required in the period to 31 December 2021, the Directors have received written confirmation from the ultimate parent company, Bombardier Inc., confirming that until the sale to Alstom closes, if necessary they will provide the Company with the financial support to meet its liabilities as they fall due for as long as the entity remains under Bombardier Inc. ownership. Bombardier Inc.'s ability to provide this support is based on the latest Bombardier Inc. audited accounts as of 31 December 2019, the quarterly results as of 30 September 2020 combined with the projections for the rest of 2020 and 2021.

At an ultimate parent level, Bombardier Inc. has undertaken an analysis which demonstrates it will be able to meet currently anticipated financial requirements for a period of more than 12 months from the date of approving these financial statements. As at 5 November 2020, being the release date of the Bombardier Inc. third quarter financial report for the period to 30 September 2020, Bombardier Inc. did not believe there were any material uncertainties impacting going concern, albeit this determination was a matter of significant judgment. Such significant judgment included a range of operating forecasts for Bombardier's two business segments, the timing of closure of the sale of Bombardier Transportation to Alstom, as well as related stress test scenarios to assess liquidity adequacy and covenant compliance throughout the period.

As set out in Note 15 - Events since balance sheet date, the sale of the global Bombardier Transportation division, including this Company, to Alstom has been agreed. On 31 July 2020, the European Commission provided conditional approval of the sale of Bombardier Transportation to Alstom. On 16 September 2020, Bombardier Inc, Alstom and CDPQ and certain related parties signed a definitive sale and purchase agreement for the sale of the Transportation business to Alstom. The signing of the sale and purchase agreement follows the completion of the required works council consultations. On 29 October 2020, Alstom secured shareholders' approval at the company's extraordinary shareholders' meeting. The transaction closing is now expected on 29 January 2021, subject to customary closing conditions.

The publicly stated intention of Alstom is to continue to operate the Bombardier Transportation division as a going concern, and therefore this proposed transaction, in itself, would not be deemed to change the appropriateness of preparing these financial statements on a going concern basis.

However, a material uncertainty arises as the acquisition of the Bombardier Transportation division by Alstom is expected to conclude 29 January 2021 which is within twelve months of the approval of these financial statements. The expected change in ownership means the Directors have limited certainty over the intended future operations, financing and positioning of the Company within the Alstom Group. Since, the Company is a holding company, this creates a material uncertainty with respect to its intended future financing and positioning within the Alstom Group following the acquisition.

This material uncertainty may cast significant doubt upon the company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

On the basis of their assessment of the Company's financial position and the enquiries made of the directors of Bombardier Inc., the Company's directors believe it is appropriate to prepare the financial statements on the going concern basis.

2.2 International Financial Reporting Standards issued but not effective.

In terms of FRS 101, the company is exempt from disclosure regarding the impact of accounting standards issued but not yet effective.

Notes to the Financial Statements

2.3 Income recognition

Income from dividends is recognised when the Company's right to receive payment is established.

2.4 Investments

Investments are stated at historical cost less any provision for impairment. In accordance with International Accounting Standard 36, the Directors consider the carrying value of investments for impairment. Any reductions in value arising from the impairment of investments are charged to the Statement of Profit or Loss and Other Comprehensive Income. When the directors consider that an impairment of an investment has been reversed this is credited to the Statement of Profit or Loss and Other Comprehensive Income.

2.5 Use of estimates and judgement

The application of the Company's accounting policies requires management to make judgement, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

The following identifies significant areas where management's judgements and estimates have the most significant effect on amounts recognised in the financial statements.

CDPQ equity and derivative liability components – The fair value of the convertible shares at issuance was assigned to its respective equity and derivative liability components so that no gain or loss arose from recognising each component separately, the fair value of the derivative liability was established first and the residual amount was allocated to the equity component.

The liability component is remeasured quarterly using the Company's best estimate of the present value of the settlement amount. The Company uses an internal valuation model based on stochastic simulations to estimate the fair value of the conversion option embedded in the Company's convertible shares. The fair value of the embedded conversion option is based on the difference in value between the convertible shares' accrued liquidation preference based on the minimum return entitlement; and the fair value of the common shares on an as converted basis.

This value is dependent on Bombardier Transportation segment meeting the performance incentives agreed upon with the CDPQ and the timing of exercise of the conversion rights and the applicable conversion rate.

The simulation model generates multiple Bombardier Transportation performance scenarios over the expected term of the option, using the best estimate of Bombardier Transportation's expected results over the remaining term of the instrument and a standard deviation derived from historic results.

Fair value of the shares on an as-converted basis is calculated using an EBIT multiple, which is based on market data, to determine the enterprise value. The discount rate used is also determined using market data. The Company uses internal assumptions to determine the term of the instrument and the future performance of Transportation, derived from the budget and strategic plan.

Investment impairment - Impairment of non-current assets is considered in accordance with IAS 36 Impairment of Assets. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the cash-generating unit to which the asset belongs. (Intangible assets not yet available for use are tested for impairment annually.) Other intangible assets, property, plant and equipment and investments are assessed for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount.

Notes to the Financial Statements

2.5. Use of estimates and judgement (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be below the carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell, if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

During the fourth quarter of 2019, for the investments an impairment test was completed. The recoverable amount of the investments was calculated based on the value in use using a discounted cash flow model. We did not identify any impairment.

Estimated future cash flows were based on the budget and strategic plan for the first 5 years and a growth rate of 1% was applied to derive terminal value beyond the initial 5-year period. The post-tax discount rate is also a key estimate in the discounted cash flow model and was based on a representative weighted average cost of capital. The post-tax discount rate used to calculate the recoverable amount in fiscal year 2019 was 8.5%.

During the fourth quarter of 2019, Bombardier Transportation completed its annual investment impairment test for the Company's investment in Bombardier Transportation group and did not identify any impairment.

2.6 Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the profit and loss account unless it relates to items in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2.7 Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

2.8 Financial Instruments

The company has adopted IFRS 9 effective 01 January 2018 with regards to measurement of financial asset, recognition of expected credit losses and hedge accounting.

In alignment with IFRS 9 no adjustments are deemed required for 2019 (2018: nil).

Notes to the Financial Statements**3. Changes in accounting policies****Leases**

In January 2016, the ISAB released IFRS 16, *Leases*, to replace previous leases standard. IAS 17, *Leases*, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of lease for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for those types of leases differently.

The modified retrospective approach has been elected whereby comparative periods were not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

IFRS 16 was adopted effective January 1, 2019 and resulted in no adjustment.

4. Income

	2019 €'000	2018 €'000
Income from shares in group undertakings:		
Dividend income	-	270,000
Total income	-	270,000

5. Changes in fair value

	2019 €'000	2018 €'000
Change in fair value of derivative liabilities	15,600	20,400
Total change in fair value	15,600	20,400

Interest payable represents the movement in the fair value estimate of the derivative created from the convertible shares issued to CDPQ.

6. Staff costs and directors' emoluments**a) Staff costs**

There are no staff nor staff costs in the Company, other than those Directors and Directors' emoluments per note 6b. The Directors are stated on page 1.

b) Directors' emoluments

	2019 €'000	2018 €'000
Aggregate emoluments in respect of qualifying services	148	226

The principle element of the Directors remuneration is borne by other group entities.

Notes to the Financial Statements

7. Auditor remuneration

	2019 €'000	2018 €'000
Fee payable to the company's auditors and their associates in respect of:		
- Audit of the company's annual financial statements	23	20
Total auditor remuneration	23	20

8. Taxation**a) Analysis of taxation**

	2019 €'000	2018 €'000
Current income taxation:		
Current year tax credit	(22)	(40)
Adjustments in respect of prior period	1	3
Taxation on profit	(21)	(37)

b) Reconciliation of the total tax charge/(credit)

(Loss) / Profit before taxation	(15,738)	249,393
(Loss) / Profit before taxation multiplied by standard rate of corporation taxation in the UK of 19.00% (2018: 19.00%)	(2,990)	47,385
Effects of:		
Expenses not deductible for taxation purposes	2,968	3,875
Non-taxable income from shares in group undertakings	-	(51,300)
Adjustments in respect of prior period	1	3
Total tax credit for the year	(21)	(37)

The standard rate of UK corporation tax was reduced to 19.00% on 1 April 2017. This rate was enacted on 18 November 2015 and in accordance with accounting standards, has been reflected in the Company's financial statements.

9. Investments

	Investments in subsidiary undertakings €'000	Total €'000
Cost		
At 31 December 2018	5,462,528	5,462,528
Additions	150,000	150,000
At 31 December 2019	5,612,528	5,612,528
Impairment		
At 31 December 2018	-	-
At 31 December 2019	-	-
Carrying amount		
At 31 December 2018	5,462,528	5,462,528
At 31 December 2019	5,612,528	5,612,528

Notes to the Financial Statements

9. Investments (continued)**Changes to the value of investments in 2019:**

During the year the company made a capital injection of €150,000,000 into Bombardier Transportation (Global Holding) UK Limited in consideration for issuance of 1 ordinary share at €1 nominal value per share (total of €1) and €149,999,999 of share premium.

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Investments directly held:				
Bombardier Transportation (Global Holding) UK Limited	UK	100%	Ordinary	Holding Company
Investments indirectly held:				
Bombardier Transportation Belgium NV	Belgium	100%	Ordinary	Trade and Finance
Bombardier Transportation Canada Holding Inc.	Canada	100%	Ordinary	Holding company
Bombardier Transportation (Germany) S.L. & Co. KG	Germany	100%	Limited Partner	Holding company
Bombardier Transportation Global Holding SE	Netherlands	100%	Ordinary	Holding company
Bombardier European Investments, S.L.U.	Spain	100%	Ordinary	Holding company
Bombardier Transportation (Global) USA Inc.	USA	100%	Ordinary	Holding company
Bombardier USA LLC	USA	100%	Ordinary	Holding company
Bombardier Transportation Rail Argentina S.A.	Argentina	70%	Ordinary	Local project support
Bombardier Transportation (Customer Support) Australia Pty Ltd	Australia	100%	Ordinary	Operation and maintenance services
Bombardier Transportation Australia Pty Ltd	Australia	100%	Ordinary	Design and supply of rail transit and signalling systems
EDI Rail - Bombardier Transportation Pty Ltd	Australia	50%	Ordinary	Local project support
NGR Holding Company Pty Ltd.	Australia	10%	Ordinary	Local project support
Bombardier Rail Signalling Services Pty Ltd.	Australia	100%	Ordinary	Design and supply of rail signalling systems
Bombardier Transportation (V/Line) Australia Pty Ltd	Australia	100%	Ordinary	Maintenance and repair of equipment and rolling stock
EDI Rail - Bombardier Transportation (Maintenance) Pty Limited	Australia	50%	Ordinary	Holding company
NGR Project Company Pty Ltd.	Australia	10%	Ordinary	Local project support
V/Line Maintenance Pty Ltd	Australia	100%	Ordinary	Maintenance and repair of equipment and rolling stock
NGR Hold Trust	Australia	10%	Partnership Units	Holding company
NGR Project Trust	Australia	10%	Partnership Units	Local project support

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier Transportation Austria GmbH	Austria	100%	Ordinary	Manufacturing of light rail vehicles
RTA Rail Tec Arsenal Fahrzeugversuchsanlage GmbH	Austria	30%	Ordinary	Operation of a test facility
Bombardier Transportation Brasil Ltda.	Brazil	100%	Ordinary	Manufacture and servicing of rolling stock and equipment.
10412767 Canada Inc.	Canada	100%	Ordinary	Dormant company
10412805 Canada Inc.	Canada	100%	Ordinary	Dormant company
Bombardier TransEd GP Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd GP Manitoba Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd Holdings LP	Canada	100%	Ordinary	Local project support
Bombardier Transportation Canada Inc.	Canada	100%	Ordinary	Operation, maintenance and servicing
Bombardier Transportation Canada Participation Inc.	Canada	100%	Ordinary	Holding company
10397962 Canada Inc.	Canada	100%	Ordinary	Dormant company
Bombardier Western Pacific Enterprises Electrical Installation General Partnership	Canada	51%	Ordinary	Electrical installation
TransEd O&M Partners General Partnership	Canada	60%	Partnership Units	Local project support
TransEd Partners General Partnership	Canada	10%	Partnership Units	Local project support
Bombardier Transportation (Management) Canada Inc.	Canada	100%	Ordinary	Holding company
Bombardier Transportation (Capital) Canada Inc.	Canada	100%	Ordinary	Holding company
Bombardier Transportation Treasury Canada Inc.	Canada	100%	Ordinary	Group Treasury Company
Bombardier Transportation (Chile) S.A.	Chile	100%	Ordinary	Local project support
Bombardier Investment Management and Consulting (Beijing) Co., Limited	China	100%	Ordinary	Holding company
Bombardier NUG Propulsion System Co. Ltd.	China	50%	Ordinary	Manufacture, sales and servicing of propulsion drive and control systems
Bombardier NUG Signalling Solutions Company Limited	China	50%	Ordinary	Design, manufacture and installation of signalling control systems
Bombardier Railway Transportation Equipment (Shanghai) Co., Ltd.	China	100%	Ordinary	Maintenance and servicing
Bombardier Sifang (Qingdao) Transportation Ltd.	China	50%	Ordinary	Vehicle design, manufacture, sales and servicing.
Bombardier Transportation (Engineering Service) Beijing Co., Ltd.	China	100%	Ordinary	Technology development, consultancy and training services.
Bombardier Transportation China Ltd.	China	100%	Ordinary	Local project support
Bombardier Transportation Consulting (Shanghai) Co., Ltd.	China	100%	Ordinary	Consultancy services
*Bombardier Transportation Equipment (Suzhou) Co., Ltd.	China	50%	Ordinary	Design and manufacture of traction motors
Bombardier Transportation Railway Equipment (Qingdao) Co., Ltd	China	100%	Ordinary	Manufacture and sale of parts and equipment

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Changchun Bombardier Railway Vehicles Company Ltd.	China	50%	Ordinary	Vehicle design, manufacture, sales and servicing.
CRRC Puzhen Bombardier Transportation Systems Limited	China	50%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Shentong Bombardier (Shanghai) Rail Transit Vehicle Maintenance Company Limited	China	50%	Ordinary	Maintenance and servicing
Bombardier Transportation Czech Republic a.s.	Czech Republic	98%	Ordinary	Carbody manufacturing
Bombardier Transportation Denmark A/S	Denmark	100%	Ordinary	Rail control solutions and services
Bombardier Transportation Gulf DMCC	Dubai - UAE	100%	Ordinary	Regional hubco providing project support
Bombardier Transportation Gulf LLC	Dubai - UAE	100%	Ordinary	Regional hubco providing project support
Bombardier Transportation Egypt, LLC	Egypt	100%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Bombardier Transportation Ethiopia PLC.	Ethiopia	100%	Ordinary	Local project support
Bombardier Transportation Finland Oy	Finland	100%	Ordinary	Rail control solutions
Bombardier Transport France S.A.S.	France	100%	Ordinary	Vehicle engineering and manufacture
Centre d'Essais Ferroviaires en Région Nord - Pas-de-Calais (C.E.F.) S.A.	France	1%	Ordinary	Technological services
France Metro Caracas (FRAMECA) S.A.	France	7%	Ordinary	Technological services
Valutec S.A.	France	1%	Ordinary	Technological services
Société Concessionnaire du Transport sur Voie Réservée de l'Agglomération Caennaise (S.T.V.R.) S.A.	France	32%	Ordinary	Passenger transportation
Société d'économie mixte locale Le Phénix Théâtre de Valenciennes S.A.	France	0%	Ordinary	Performing Arts
Bombardier Transportation (Bahntechnologie) Holding Germany GmbH	Germany	100%	Ordinary	Holding company
Bombardier Transportation (Propulsion & Controls) Germany GmbH	Germany	100%	Ordinary	Design, manufacture and distribution of drive systems.
Bombardier Transportation Signal Germany GmbH	Germany	100%	Ordinary	Rail control solutions
Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH	Germany	1%	Ordinary	Local project support
Bombardier Transportation (Locomotives) Germany GmbH	Germany	100%	Ordinary	Development, production and sale of vehicles and equipment
Bombardier Transportation GmbH	Germany	100%	Ordinary	Design, manufacture and installation of equipment
Bombardier Transportation Group GmbH	Germany	100%	Ordinary	Management services
IFB Institut für Bahntechnik GmbH	Germany	13%	Ordinary	Consultancy services
InoSig GmbH	Germany	50%	Ordinary	Rail control solutions
Bombardier Transportation Hungary kft.	Hungary	100%	Ordinary	Manufacturing
Bombardier Transportation India Private Limited	India	100%	Ordinary	Engineering and manufacturing
Bombardier Transportation Israel Ltd.	Israel	100%	Ordinary	Local project support

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier Transportation (Holdings) Italy S.p.A.	Italy	100%	Ordinary	Holding company
Bombardier Transportation Italy S.p.A.	Italy	100%	Ordinary	Vehicle design, manufacture, sales and servicing.
Bombardier Saudi Arabia Ltd.	Kingdom of Saudi Arabia	100%	Ordinary	To perform local work on Saudi contracts
Bombardier Transportation Baltics SIA	Latvia	100%	Ordinary	Development, manufacture and sale of signalling systems
Bombardier Transportation Luxembourg Finance S.A.	Luxembourg	100%	Ordinary	Holding company
Bombardier Transportation Luxembourg Investments S.A.	Luxembourg	100%	Ordinary	Holding company
Bombardier Transportation Financial Services S.à r.l.	Luxembourg	100%	Ordinary	Group treasury company
Bombardier Transportation Luxembourg Capital S.à r.l.	Luxembourg	100%	Ordinary	Holding company
Bombardier (Malaysia) Sdn. Bhd.	Malaysia	100%	Ordinary	Local project support
Bombardier (Mauritius) Ltd.	Mauritius	100%	Ordinary	Local project support
Bombardier Holding (Mauritius) Ltd.	Mauritius	100%	Ordinary	Holding company
Bombardier Transportation Mexico, S.A. de C.V.	Mexico	100%	Ordinary	Vehicle manufacture
BT Ensamblés México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Manufacturing and maintenance services
BT México Controladora, S. de R.L. de C.V.	Mexico	100%	Ordinary	Holding company
BT Personal México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Management of personnel
Bombardier Transport Maroc S.A.S	Morocco	100%	Ordinary	Production and servicing of equipment
Bombardier Holdings Netherlands B.V.	Netherlands	100%	Ordinary	Holding company
Bombardier Transportation (Participations) Netherlands B.V.	Netherlands	100%	Ordinary	Holding company
Bombardier Transportation Netherlands B.V.	Netherlands	100%	Ordinary	Rail control solutions
Bombardier Transportation Norway AS	Norway	100%	Ordinary	Rail control solutions
Bombardier Transportation (Shared Services) Philippines, Inc.	Philippines	100%	Ordinary	Finance shared service centre
Bombardier Transportation Philippines, Inc.	Philippines	100%	Ordinary	Vehicle and equipment design, manufacture, sales and servicing.
Bombardier Transportation (Rail Engineering) Polska Sp. z o.o.	Poland	60%	Ordinary	Rail control solutions
Bombardier Transportation (ZWUS) Polska Sp. z o.o.	Poland	100%	Ordinary	Rail control solutions
Bombardier Transportation Polska Sp. Z o.o.	Poland	100%	Ordinary	Carbody manufacturing
Krakowskie Zakłady Automatyki S. A.	Poland	12%	Ordinary	Rail engineering
Bombardier Transportation Portugal S.A.	Portugal	100%	Ordinary	Local project support

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Normetro ACE Agrupamento do Metropolitano do Porto	Portugal	25%	Ordinary	Local project support
Bombardier Transportation Shared Services Romania S.R.L.	Romania	100%	Ordinary	Administrative shared service centre
First Locomotive Company LLC	Russian federation	15%	Ordinary	Manufacture of rolling stock
Limited Liability Company Bombardier Transportation (Rus)	Russian federation	100%	Ordinary	Design, manufacture, sales and marketing of vehicles and equipment.
Bombardier Transportation (Holdings) Singapore Pte. Ltd.	Singapore	100%	Ordinary	Design, installation, operation and maintenance of transport systems
Bombardier (Singapore) Pte. Ltd.	Singapore	100%	Ordinary	Design, installation, operation and maintenance of transport systems
Bombardier Transportation (Rolling Stock) South Africa Proprietary Limited (RF)	South Africa	100%	Ordinary	Dormant company
Bombardier Transportation South Africa (Pty.) Ltd.	South Africa	74%	Ordinary	Local project support
Bombela Electrical and Mechanical Works (Pty) Ltd.	South Africa	90%	Ordinary	Design, manufacture and installation of railway components
Bombela Maintenance (Pty) Ltd.	South Africa	90%	Ordinary	Maintenance and repair of rolling stock
Bombela TKC (Proprietary) Limited	South Africa	25%	Ordinary	Rail system delivery management
Isithimela Rail Services (Pty) Ltd	South Africa	50%	Ordinary	Construction of track works
Bombardier Transportation Korea Ltd.	South Korea	100%	Ordinary	Product sales and servicing
Bombardier European Holdings, S.L.U.	Spain	100%	Ordinary	Engineering and manufacturing
Bombardier Transportation (Investments) Spain, S.L.	Spain	100%	Ordinary	Holding company
Bombardier Transportation (Participations) Spain, S.L.	Spain	100%	Ordinary	Holding company
BTREN Mantenimiento Ferroviario S.A.	Spain	51%	Ordinary	Local project support
Bombardier Transportation (Nordic Holdings) Sweden AB	Sweden	100%	Ordinary	Holding company
Bombardier Transportation (Signal) Sweden AB	Sweden	100%	Ordinary	Rail control solutions
Bombardier Transportation (Signal) Sweden HB	Sweden	67%	General Partner	Rail control solutions
Bombardier Transportation Sweden AB	Sweden	100%	Ordinary	Engineering and manufacturing
BA (Holdings) Sweden AB	Sweden	100%	Ordinary	Holding company
Bombardier Transportation (Holdings) Switzerland AG	Switzerland	100%	Ordinary	Holding company
Bombardier Transportation (Switzerland) AG	Switzerland	100%	Ordinary	Engineering and manufacturing

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Consenec AG	Switzerland	5%	Ordinary	Consultancy and management services
First Locomotive Holding AG	Switzerland	15%	Ordinary	Holding company
Bombardier Transportation Taiwan Ltd.	Taiwan	100%	Ordinary	Parts and servicing
Bombardier Transportation Holdings (Thailand) Ltd.	Thailand	100%	Ordinary Preference	Regional hubco providing project support
Bombardier Transportation Signal (Thailand) Ltd.	Thailand	100%	Ordinary Preference	Design, manufacture and installation of signalling control systems
Bombardier Transportation Ulasim Dis Ticaret Ltd. Sti.	Turkey	100%	Ordinary	Local project support
Bombardier Transportation (Gautrain) UK Ltd.	UK	100%	Ordinary	Provision of infrastructure and rolling stock
Bombardier Transportation (Holdings) UK Ltd.	UK	100%	Ordinary Redeemable, Ordinary Preference	Holding company
Bombardier Transportation (Rolling Stock) UK Ltd.	UK	100%	Ordinary	Maintenance and repair of rolling stock
Bombardier Transportation (Signal) UK Ltd.	UK	100%	Ordinary	Dormant company
Bombardier Transportation UK Ltd.	UK	100%	Ordinary	Design, manufacture and maintenance of rolling stock and signalling systems
Bombardier Transportation UK Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Bombardier Transportation VP Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Crossfleet Limited	UK	100%	Ordinary	Provision of infrastructure and rolling stock
Infrasig Ltd.	UK	100%	Ordinary	Vehicle to perform work under ETCS framework agreement
Prorail Limited	UK	100%	Ordinary	Dormant company
SETML Transportation Limited	UK	100%	Ordinary	Dormant company
South Eastern Train Maintenance Ltd.	UK	100%	Ordinary	Maintenance and repair of rolling stock
WhereIsMyTransport Ltd	UK	2%	Ordinary Preference	Business and domestic software development
Bombardier Transportation Ukraine, Limited Liability Company	Ukraine	100%	Ordinary	Engineering services
Bombardier Transit Corporation	USA	100%	Ordinary	Sales and marketing
Bombardier Transportation (Holdings) USA Inc.	USA	100%	Ordinary	Holding company
Bombardier Transportation Capital USA LLC	USA	100%	Ordinary	Holding company
Bombardier Transportation Investments USA LLC	USA	100%	Ordinary	Holding company
Auburn Technology, Inc.	USA	100%	Ordinary	Component assembly

Notes to the Financial Statements

9. Investments				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier Mass Transit Corporation	USA	100%	Ordinary	Manufacturing of mass vehicle transit systems
Bombardier Transit Systems Corporation	USA	100%	Ordinary	Servicing
Bombardier Transportation Monorail Systems, Inc.	USA	100%	Ordinary	Sales and maintenance
Bombardier Transportation Services USA Corporation	USA	100%	Ordinary	Equipment maintenance
Massachusetts Bay Commuter Railroad Company, LLC	USA	20%	Ordinary	Local project support
Southern New Jersey Rail Group L.L.C.	USA	100%	Ordinary	Local project support
LAX Integrated Express Solutions Holdco, LLC	USA	10%	Ordinary	Holding Company
LAX Integrated Express Solutions, LLC	USA	10%	Ordinary	Local project support

*Bombardier Transportation Equipment (Suzhou) Co., Ltd. was sold to Bombardier NUG Propulsion System Co. Ltd. effective January 1, 2019. This results in a reduction of the voting rights from 100% to 50%.

10. Debtors

	2019 €'000	2018 €'000
Debtors due within one year		
Amounts owed by Group undertakings	12	140
Group relief receivable	82	58
Total debtors	94	198

11. Creditors

	2019 €'000	2018 €'000
a) Creditors due within one year		
Amounts owed to Group undertakings	18	-
Accruals and deferred income	114	7
	132	7
b) Creditors due after one year		
Derivative financial liabilities	289,600	274,000
	289,600	274,000
Total creditors	289,732	274,007

Notes to the Financial Statements

12. Share capital

	2019	2019	2018	2018
	No.	€'000	No.	€'000
Authorised, Allotted, called up and fully paid:				
Ordinary shares of €0.01 each	1,400,770	14	1,400,700	14
Convertible shares of €0.01 each	600,330	6	600,300	6
Total share capital	2,001,100	20	2,001,000	20

On 26 September 2019 the Company issued Bombardier UK Holding Limited 70 B ordinary shares of €0.01 each in the company at an aggregate premium of €150,000,000. On this date, the Company also issued CDPQ 18 convertible shares having an aggregate par value of €0.18, BT Rail I, L.P. 6 convertible shares having an aggregate par value of €0.06 and BT Rail II, L.P. 6 convertible shares having an aggregate par value of €0.06. The redeemable shares shall be redeemed on the following terms:

- i) the Company may redeem the redeemable ordinary shares at any time following a minimum of three months' notice period to the holders of the redeemable ordinary shares;
- ii) upon the redemption date, the holders of the redeemable ordinary shares shall deliver the certificates for the shares to the Company's registered office, in exchange for the amount due to said holders;
- iii) the amount redeemable on each share shall be the amount paid, including any premium; and
- iv) the receipt, by the holders of the redeemable ordinary shares, of the amount payable on redemption shall constitute an absolute discharge to the Company in respect of such redemption.

The Bombardier Transportation Group's results in 2019 did not reach the performance targets underlying CDPQ's investment in the Company. Accordingly, for the 12-month period starting on February 12, 2020, Bombardier's percentage of ownership on conversion of CDPQ's shares will decrease by 2.5% to 67.5% and the preference return entitlement rate on liquidation of its shares will increase from 9.5% to 12.0% for this period.

Any dividends paid by the Company to its shareholders during this period will be distributed on the basis of each shareholder's percentage of ownership upon conversion, being 67.5% for Bombardier and 32.5% for CDPQ. These adjustments will become effective once the audited consolidated financial statements of the Company are duly approved by its board of directors.

13. Reserves

	Share capital account €'000	Share premium account €'000	Unrealised loss €'000	Profit and loss account €'000	Total €'000
As at 31 December 2017	20	5,356,021	(147,103)	2,750	5,211,688
Share capital restructuring	-	(499,983)	-	499,983	-
Dividends paid	-	-	-	(270,000)	(270,000)
Profit for the year after taxation	-	-	(20,400)	269,830	249,430
As at 31 December 2018	20	4,856,038	(167,503)	502,563	5,191,118
Issue of share capital and associated share premium	-	150,000	-	-	150,000
Dividends paid	-	-	-	-	-
Loss for the year after taxation	-	-	(15,600)	(117)	(15,717)
As at 31 December 2019	20	5,006,038	(183,103)	502,446	5,325,401

Notes to the Financial Statements

13. Reserves (continued)

The total cumulative unrealised and realised gains and losses in the profit and loss account for the year ended 31 December 2019 is a gain of €319,343,000 (2018: gain of €335,060,000). The convertible shares issued to CDPQ in 2016 contain no obligation for the Company to deliver cash or other financial assets to CDPQ. Judgement was used to conclude that the CDPQ's convertible share investment in the company is considered a compound instrument comprised of an equity component, representing the discretionary dividends and liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering a variable number of common shares of the Company, as opposed to the entire instrument being characterised as a liability. The Company presents convertible shares in its equity and derivative component as a liability. Transaction costs in relation to the convertible share instrument calculated at 1% of the original derivative value were reclassified from profit and loss account to share premium account.

On 19 September 2019 shareholders of the Company passed a resolution to increase share capital. On 26 September 2020 the following additional shares were allotted with a share premium of €150,000,000, 70 B Ordinary shares with a par value of €0.70 and 30 convertible shares with a par value €0.30.

A revised Statement of Capital (Share Capital) was filed with Companies House on 23 October 2019.

14. Dividends declared and paid

	2019	2018
	€'000	€'000
Dividend declared per share (to the nearest euro)		
2018 interim dividend: €75 per share	-	150,000
2018 interim dividend: €25 per share	-	50,000
2018 interim dividend: €35 per share	-	70,000
Dividends declared and paid during the year	-	270,000

Dividends declared and paid have been distributed on the basis of each shareholder's respective equity instrument percentage; that is the number of ordinary shares held by the relevant shareholder calculated on an as converted basis.

15. Events since the balance sheet date**Impact of COVID 19**

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019, on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December 2019 and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it could be material to the Company's financial position and could result in the revision of certain estimates, in particular the carrying value of investments and other non-current assets, as well as a reduction in future dividend and related income.

Proposed sale of the Bombardier Transportation Group to Alstom

On 17 February 2020, Bombardier Inc. signed a Memorandum of Understanding ("MOU") with Alstom SA and Caisse de dépôt et placement du Québec ("CDPQ") for the sale of the Transportation business (including this Company) to Alstom.

On 31 July 2020, the transaction has obtained regulatory approvals from several jurisdictions, including conditional approval from the European Commission. The conditions imposed by the European Commission consist of:

- A transfer of Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train and an offer of IP license to Hitachi for the train co-developed by Hitachi and Bombardier Transportation for use in future very high-speed tenders in the U.K.;
- The divestments of the Alstom Coradia Polyvalent and the Reichshoffen production site in France;

Notes to the Financial Statements

15. Events since the balance sheet date (continued)

- The divestment of the Bombardier TALENT 3 platform and dedicated production facilities located within the Hennigsdorf site in Germany; and
- Providing access to certain interfaces and products for some of Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS).

These divestitures will be done in compliance with all applicable social processes and consultations with employee representatives' bodies.

On 16 September 2020, Bombardier Inc., Alstom and CDPQ signed a definitive sale and purchase agreement ("SPA") for the sale of the Transportation business on the basis of an enterprise value of \$8.4 billion, reflecting a \$350 million price reduction from the previously announced MOU.

Based on the Transportation division's current operational performance and market conditions, total proceeds after the deduction of debt-like items, transferred liabilities and estimated closing adjustments, are expected to be \$6.2 billion, based on the lower end of the range agreed to in the SPA. After deducting CDPQ's equity position of \$2.2 billion, net proceeds of c. \$4 billion are expected

Furthermore, the acquisition transaction obtained shareholder approval by Alstom's shareholders on 29 October 2020. This included the issuance of Alstom's shares to the applicable subsidiaries of Bombardier Inc. and CDPQ.

With regulatory approvals obtained from several jurisdictions, the transaction closing is expected on 29 January 2021, subject to the customary closing conditions.

Other events

The company has received total capital contributions totalling €750 million from CDPQ (€210 million on 31 March 2020), BT Rail I S.E.C. (€70 million on 31 March 2020), BT Rail II S.E.C. (€70 million on 31 March 2020) and Bombardier Holding UK Limited (€300 million on 26 June 2020 and €100 million on 11 September 2020) for which it has issued 35 convertible shares and 40 class B redeemable ordinary shares. Convertible shares have been issued to CDPQ (31 March 2020 21 shares), BT Rail I S.E.C. (7 shares) and BT Rail II S.E.C. (7 shares) whilst class B redeemable shares have been issued to Bombardier Holding UK Limited (26 June 2020 30 shares and 11 September 2020 10 shares).

The company has made capital contributions totalling €750 million to Bombardier Transportation (Global Holding) UK Limited (31 March 2020 €350 million, 26 June 2020 €300 million and 11 September 2020 €100 million) for which it received 75 redeemable ordinary shares (31 March 2020 35 shares, 26 June 2020 30 shares and 11 September 2020 10 shares).

16. Related parties

The Company has not disclosed transactions with other wholly owned group companies, as it has taken advantage of the exemption conferred by Financial Reporting Standard No. 101.

In 2019, the Company paid Bombardier UK Holding Limited and CDPQ dividends totalling €nil and €nil respectively (2018: £195,750,000 and £74,250,000 respectively), no amounts are owing at the end of the year (2018: nil).

17. Parent company

The Company's immediate parent company is Bombardier UK Holding Limited which is incorporated in the UK.

The Company's ultimate parent company and controlling party is Bombardier Inc., which is incorporated in Canada and which is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Group is a member. Group accounts for Bombardier Inc. are available from Corporate Office, 800 Rene-Levesque Blvd, West Montreal, Quebec, Canada H2B 1YB.