

## Alstom discloses preliminary financial information for its first half of fiscal year 2023/24, ending September 30, 2023

- Book-to-bill at 1.0. FY 2023/24 outlook above 1.0 confirmed
- Strong sales organic growth at 6.5%. FY 2023/24 outlook above 5% confirmed
- Improved profitability at 5.2%. FY 2023/24 outlook around 6% confirmed
- Production ramp-up acceleration, a Rolling Stock program delay in the UK and order intake delays result in €(1,150) million Free Cash Flow for H1 2023/24
- FY 2023/24 Free Cash Flow now expected to be in a range of €(500) to €(750) million – previously announced as “significantly positive”
- Mid-term guidance confirmed

**4 October 2023** – The Board of Directors of Alstom has met on October 3<sup>rd</sup> and 4<sup>th</sup>, 2023 and has reviewed the preliminary unaudited financial results for the first half of fiscal year 2023/24 and approved the following press release.

### Key figures

<i>(in € billion)</i>	<b>Half-year ended 30 September 2023</b>
Orders received <sup>1</sup>	8.4
Sales	8.3
Book to bill ratio <sup>1</sup>	1x
Adjusted EBIT margin <sup>1</sup>	5.2%
Free Cash Flow <sup>1</sup>	(1.15)
Liquidity <sup>1</sup>	3.5

*The preliminary figures published in this press release are unaudited.*

“Supported by a positive market momentum, Alstom is accelerating on its organic growth trajectory. We are engaged in a steep ramp-up, in particular in the rolling stock activity. This, combined with legacy projects being finalized at the same time, is weighing on the free cash flow in this first half. The management team is strongly engaged on the operational excellence and cash focus plans. We remain committed to mid-term profitability and cash generation targets.” said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

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<sup>1</sup> See definition in appendix

## **First half 2023/24 review and revised FY 2023/24 outlook**

- **Orders**

During the first half of fiscal 2023/24, Alstom recorded €8.4 billion in orders compared to €10.1 billion over the same period last fiscal year. Last year performance was notably driven by a landmark project in Germany (Baden-Württemberg) for €2.5 billion.

Order intake in the second quarter of fiscal year 2023/24 stands at €4.5 billion, including notably 40 Coradia Stream high-capacity trains for Germany with a 30-year maintenance contract for €900 million, locomotives for Railpool and Akiem for more than €400 million, and coaches in the US for about €300 million.

The book-to-bill ratio is 1.0 for the first half of this fiscal year, a slight improvement compared to the first quarter.

Market momentum is confirmed and as announced, Alstom expects order intake to be stronger in the second half of the year, notably thanks to deals won but not yet booked and some orders shifting from the first to the second half of fiscal year 2023/24.

## **We confirm our guidance of book-to-bill above 1 for FY 2023/24**

- **Sales**

Alstom recorded €8.3 billion sales in the first half of this fiscal year, compared to €8.0 billion over the same period last fiscal year. This represents 6.5% organic sales growth and 2.7% on a reported basis, supported by the ramp-up in Rolling stock, a strong performance in Services and Signalling and the expected catch-up on Systems. Sales at zero gross margin reached approximately €1.0 billion sales during the first half and the target of €1.7 billion for this fiscal year is confirmed.

## **We confirm our guidance of organic sales growth above 5% for FY 2023/24**

- **Profitability**

The adjusted EBIT margin stands at 5.2% for the first half of this fiscal year, compared to 4.9% in the same period last fiscal year, in line with the trajectory. Profitability was positively impacted by continuous progress on accelerating production as well as delivering against planned synergies.

However, the Aventura<sup>2</sup> program in the UK, one of the legacy non-performing contracts, has not been completed as per original plans during this first half and is now expected to be completed beginning of fiscal year 2024/25. The negative impact has been recognized on first half adjusted EBIT.

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<sup>2</sup> Aventura designates a range of commuter trains designed and sold through 6 rolling stock contracts to 5 different customers, originally signed by Bombardier and executed in the United Kingdom. This program represents a total of 443 trains.

**We confirm our guidance of aEBIT margin around 6% for FY 2023/24**

- **Free Cash Flow**

Free Cash Flow stands at €(1,150) million for the first half of this fiscal year, compared to €(45) million in the same period last fiscal year.

In addition to the usual seasonality, Free Cash Flow for the first half of this fiscal year has been impacted by the following main factors, which explain the year-on-year variation:

- **First**, representing about half of the variation, the strong growth of Alstom backlog (now over €87 billion) during the last two years has resulted in a steep acceleration of the production ramp-up, exceeding 10% per year in average volume increase for our Rolling Stock activity. This, combined with tight supply chain conditions, resulted in a significant increase in the level of inventories and contract assets built in order to avoid production disruption and delivery delays during the first half of the year, particularly in Americas and in Europe. Improvements are expected during the second half of fiscal 2023/24, and full reversal in the coming years.
- **Second**, representing around one third of the variation, is the delay in completing the Aventura program in the UK, which has impacted first half cash-flow, and this will be only partly recovered in the second half, as completion is now expected beginning of fiscal year 2024/25.
- **Third** is the decrease in the level of downpayments compared to the same period last year due to weaker than expected orders booked in the first half of the fiscal year. Alstom expects the level of downpayments in the second half of this fiscal year to be higher than in the same period last year, thanks to strong order intake.

***FY 2023/24 Free Cash Flow now expected to be in a range of €(500) to €(750) million, compared to “significantly positive” as announced previously. Free Cash Flow in the second half of fiscal 2023/24 will be significantly positive thanks to the reversal of some of the headwinds of the first half and new actions initiated in the context of a new Cash Focus Program launched by Alstom.***

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**Mid-term guidance confirmed**

Alstom confirms its mid-term guidance as stated in May 2023. The above-mentioned impacts have no material consequences on the mid-term trajectory of the Group.

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**Conference call**

Alstom will host virtually an analyst and investor call on Wednesday 4 October 2023 at 6:30 pm (CET), hosted by Bernard Delpit, CFO.

A live audiocast will also be available on Alstom's website: [Alstom's preliminary results for H1 2023/24](#)

To participate in the Q&A session (audio only), please use the dial-in numbers below:

- UK +44 (0) 33 0551 0200
- USA +1 786 697 3501
- France +33 (0) 1 7037 7166

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Alstom commits to contribute to a low carbon future by developing and promoting innovative and sustainable transportation solutions that people enjoy riding. From high-speed trains, metros, monorails, trams, to turnkey systems, services, infrastructure, signalling and digital mobility, Alstom offers its diverse customers the broadest portfolio in the industry. With its presence in 63 countries and a talent base of over 80,000 people from 175 nationalities, the company focusses its design, innovation, and project management skills to where mobility solutions are needed most. Listed in France, Alstom generated revenues of €16.5 billion for the fiscal year ending on 31 March 2023.

For more information, please visit [www.alstom.com](http://www.alstom.com)

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## **APPENDIX - NON-GAAP FINANCIAL INDICATORS DEFINITIONS**

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

### **Orders received**

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer. When this condition is met, the order is recognised at the contract value. If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure using forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

### **Book-to-Bill**

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

### **Adjusted EBIT**

Adjusted EBIT (“aEBIT”) is the Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors. Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities). This mainly includes Chinese joint-ventures, namely CASCO, Alstom Sifang (Qingdao) Transportation Ltd, Jiangsu ALSTOM NUG Propulsion System Co. Ltd. (former Bombardier NUG Propulsion) and Changchun Changke Alstom Railway Vehicles Company Ltd.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalisation costs).
- tangibles and intangibles impairment.
- capital gains or loss/revaluation on investments disposals or controls changes of an entity.
- any other non-recurring items, such as some costs incurred to realise business combinations and amortisation of an asset exclusively valued in the context of business combination, as well as litigation costs that have arisen outside the ordinary course of business.
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a “one-off” exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT expressed as a percentage of sales.

**Free cash flow**

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. Free Cash Flow does not include any proceeds from disposals of activity.

The most directly comparable financial measure to Free Cash Flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

**Liquidity**

Liquidity is defined as the sum of cash and cash equivalents and undrawn Revolving Credit facilities, less the outstanding level of Negotiable European Commercial Papers and overdraft at the end of the period.