ALSTOM

Financial report Half-year

As of 30 September 2023

Management report on condensed interim consolidated financial statements,

Half-year ended 30 September 2023

1. Main events of half-year ended 30 September 2023

1.1. Trigger event assessment for assets impairment test

Alstom disclosed preliminary financial information for its first half of fiscal year 2023/24, ending September 30 2023, as well as an updated guidance regarding the full year 2023/24 (as disclosed in the press release dated 4 October 2023). Following this announcement, Alstom's share price has significantly decreased, leading to a market capitalization lower than the carrying amount of Alstom's net assets. As per IAS 36, this situation has been considered as a trigger event to reperform impairment test on goodwill (detailed in Note 11.1). The impairment test confirmed that the recoverable amount exceeds its carrying value at 30 September 2023, therefore no impairment loss was recognized on Goodwill over the period.

On other assets: technology and other intangible assets (amortised assets), as well as deferred taxes (see Note 8), impairment tests are reviewed at least annually and whenever events or circumstances indicate that they might be impaired. Based on its reasonable estimates, the visibility available and previous enlarged sensitivity analyses performed in March 2023, Alstom has not identified any trigger event indicating that any assets should be impaired at the end of September 2023.

1.2. Uncertainties linked to the current economic and political context

The current economic and political context creates uncertainties on business activities (namely inflation, price volatility of certain commodities, energy, increases of interest rates, supply chain disruptions or electronic components shortage…). Nevertheless, the Group carefully follows and monitors the potential increase in its cost structures (raw materials prices, supply chain and wages inflation), being quite well protected (73% of the backlog being covered by price escalation clauses on global inflation - commodities, energy and labour indexes).

1.3. One Alstom team - Agile, Inclusive and Responsible

More than ever, decarbonization is at the heart of Alstom's strategy. The Group is reducing its own direct and indirect emissions (Scope 1 & 2) and is also committed to work with suppliers and customers (Scope 3) to contribute to Net Zero carbon in the mobility sector. Alstom CO2 emissions reduction targets had been validated on the 6th of July 2023 by the independent Science Based Targets initiative (SBTi) as in line with requirements to reach Paris Agreement commitments.

The supply of electricity from renewable sources has also been expanded. Alstom signed a significant Power Purchase Agreement focused on solar development in Spain. The solar farm is expected to begin operations early 2025 with a 10-years contract. The project will cover the equivalent of 80% of Alstom's electricity consumption in Europe, so this is a major step in reaching our target of 100% electricity consumption from renewables.

Alstom's Corporate Social Responsibility performance is regularly evaluated by various rating agencies; the Group maintained its presence among the CAC40 ESG index for the 3rd consecutive year. Alstom improved is scoring to ECOVADIS questionnaire with a score of 77/100 and kept AA score with MSCI agency. Those results reflect its strong position and strategy on Sustainability.

1.4. Key figures for Alstom in the first half of fiscal year 2023/24

Group's key performance indicators for the first half of fiscal year 2023/24:

(in € million)	Half-Year ended 30 September 2023	Half-Year ended 30 September 2022	% Variation Sep. 23/ Sep. 22 Actual
Orders Received [1]	8,446	10,072	(16%)
Sales	8,443	8,048	5%
Adjusted Gross Margin before PPA & impairment [1]	1,165	1,060	10%
aEBIT [1]	438	397	10%
aEBIT % [1]	*5.2%*	*4.9%*	
EBIT before PPA & impairment [1]	275	200	
EBIT [4]	86	(14)	
Adjusted Net Profit [1][2]	174	179	
Net Profit - Group share [3]	1	(21)	
Free Cash Flow [1]	(1,119)	(45)	

(in € million)	Half-Year ended 30 September 2023	Year ended 31 March 2023	% Variation Sep. 23/ Mar. 23 Actual
Backlog	90,080	87,387	3%
Gross Margin % on backlog [1]	*17.2%*	*16.9%*	
Capital Employed [1]	13,012	11,728	
Net Cash/(Debt) [1]	(3,433)	(2,135)	
Equity	9,121	9,102	

(1) Non - GAAP. See definition page 15

(2) Based on Net profit from continuing operations, excluding amortisation expenses of the purchase price allocation, net of corresponding tax

(3) Incl. Net profit from discontinued operations and excl. non-controlling interests

(4) Incl. PPA from Chinese joint ventures counted as share in net income of equity investees in the Notes for €(5) million

The aEBIT as a percentage of sales has progressed from 4.9% over the first semester of 2022/23 to 5.2% over the first semester of 2023/24, benefiting from synergies for 30bps, a steady reduction of low performing contracts for 40bps, an increased volume and favourable mix for 50bps, an improved indexation of our backlog for 20bps, partially offset by R&D acceleration for (30)bps and the negative gross margin impact related to the Aventra program stabilisation costs (80)bps.

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1.5. Organic growth

For comparison purposes, the above-mentioned figures can be adjusted for foreign exchange variation resulting from the translation of the original currency to Euro. The below tables show the conversion of prior year actual figures to a like-for-like set of numbers:

(in € million)	Half-Year ended 30 September 2023 Actual figures	Half-Year ended 30 September 2022 Actual figures	Exchange rate and scope impact	Comparable figures	Sep. 23/ Sep. 22 % Var Actual	% Var Org.
Orders Received	8,446	10,072	(257)	9,815	(16%)	(14%)
Sales	8,443	8,048	(287)	7,761	5%	9%

(in € million)	Half-Year ended 30 September 2023 Actual figures	Year ended 31 March 2023 Actual figures	Exchange rate impact	Comparable figures	Sep. 23/ Mar. 23 % Var Actual	% Var Org.
Backlog	90,080	87,387	287	87,674	3%	3%

The actual figures for orders received and sales of the first half of fiscal year 2022/23, and the backlog of 31 March 2023 are restated to reflect September 2023 exchange rates. This restatement showed an appreciation of the Euro against several currencies making up the Alstom portfolio for orders and sales for first half of 2022/23, and a depreciation of the Euro against several currencies for the backlog of 31 March 2023.

- Orders received have been impacted by an unfavourable translation effect mainly due to depreciation of the Australian dollar (AUD), the Swedish krona (SEK), the Indian rupee (INR) and the Egyptian pound (EGP) against the Euro (EUR).
- Sales were mainly impacted by the depreciation of the US dollar (USD), the Australian dollar (AUD), the South African rand (ZAR), the Indian rupee (INR), the Swedish krona (SEK), the British pound sterling (GBP) and the Canadian dollar (CAD) against the Euro (EUR).
- Backlog was impacted by a favourable translation effect driven by the appreciation of the US dollar (USD), the British pound sterling (GBP) and the Mexican pesos (MXN) against the Euro (EUR). This favourable translation effect was partly offset by the depreciation of the South African rand (ZAR) and the Swedish krona (SEK) against the Euro (EUR).

1.6. Acquisitions and partnerships

There are no significant changes in the consolidation scope between 31 March 2023 and 30 September 2023.

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2. Commercial performance

During the first half of fiscal year 2023/24, the Group witnessed significant commercial success across multiple geographies, notably in Europe, Asia/Pacific and in Americas, and product lines, mostly in Rolling Stock, Systems and Services. The recorded order intake stood at €8.4 billion, presenting a decrease of (16)% compared to the same period last fiscal year on an actual basis. This decrease is mostly driven by last year's landmark contract awarded by Landesanstalt Schienenfahrzeuge Baden Württemberg (SFBW) network in Germany of almost €2.5 billion. For the same period last fiscal year, Alstom reported an order intake of €10.1 billion.

Geographic breakdown **Actual figures** *(in € million)*	**Half-Year ended 30 September 2023**	% of contrib	**Half-Year ended 30 September 2022**	% of contrib	**% Variation Sep. 23/ Sep. 22** Actual	Organic
Europe	5,232	62%	6,571	65%	(20%)	(19%)
Americas	1,456	17%	806	8%	81%	80%
Asia/Pacific	1,723	21%	1,687	17%	2%	13%
Africa/Middle East/Central Asia	35	0%	1,008	10%	(97%)	(96%)
ORDERS BY DESTINATION	**8,446**	**100%**	**10,072**	**100%**	**(16%)**	**(14%)**

Product breakdown **Actual figures** *(in € million)*	**Half-Year ended 30 September 2023**	% of contrib	**Half-Year ended 30 September 2022**	% of contrib	**% Variation Sep. 23/ Sep. 22** Actual	Organic
Rolling stock	3,818	45%	5,508	55%	(31%)	(28%)
Services	2,141	26%	3,038	30%	(30%)	(28%)
Systems	1,548	18%	524	5%	195%	189%
Signalling	939	11%	1,002	10%	(6%)	(3%)
ORDERS BY DESTINATION	**8,446**	**100%**	**10,072**	**100%**	**(16%)**	**(14%)**

In **Europe**, Alstom recorded €5.2 billion order intake during the first half of fiscal year 2023/24, as compared to €6.6 billion over the same period last fiscal year.

In Germany, Alstom was awarded a contract to supply 40 Coradia Stream™ High Capacity electric multiple units together with full maintenance for 30 years to Nahverkehrsverbund Schleswig-Holstein (NAH.SH), valued at close to €900 million, and including an option for up to 55 additional trains with a corresponding full-service package. The Group also signed a contract with RAILPOOL for 50 Traxx™ Universal multi-purpose locomotives.

In France, the Group signed a framework contract with Akiem European rolling stock leasing company for 100 Traxx™ Universal multi-system (MS3) locomotives, together with an initial firm order for 65 locomotives. The total amount of the framework agreement is up €500 million.

Alstom, as part of a consortium with the civil works companies Gulermak and Arcada, also signed a contract with the Cluj-Napoca City Hall in Romania for the construction of the Cluj-Napoca Metro Line 1. Alstom's share of this state-of-the-art turnkey project reaches approximately €400 million.

In Italy, Alstom was awarded a contract for the supply of high-speed trains.

Last year's performance in Europe was mainly driven by significant orders awarded by customers in Germany, France, Sweden, Romania, the U.K., and Spain.

In **Americas**, Alstom reported €1.5 billion order intake, as compared to €0.8 billion over the same period last fiscal year, driven by a contract with the Southeastern Pennsylvania Transportation Authority (SEPTA) in the United States to deliver 130 full low floor electric streetcars for Philadelphia, valued at over €667 million and with options to build an additional 30 streetcars. And the Group was awarded a contract by the Connecticut Department of Transportation (CTDOT) in the United States to supply 60 single-level rail coach cars valued at approximately €285 million with options to build an additional 313 cars, as part of CTDOT's coach renewal program for its statewide rail system.

The performance in Americas last year was mainly driven by the award of several small contracts.

In **Asia/Pacific**, the order intake stood at €1.7 billion, as compared to €1.7 billion over the same period last fiscal year. In the Philippines, Alstom in consortium with Colas Rail has been awarded by Mitsubishi Corporation a contract to provide an integrated railway system for the extension of the North-South Commuter Railway project (NSCR). Alstom's contract share is worth approximately €1 billion. In Australia, the Group will build an additional 23 VLocity™ trains in Victoria.

Last year's performance in Asia/Pacific was driven by significant contracts with the Department of Transport Victoria in Australia, and for the Bhopal and Indore metro projects in India.

In **Africa/Middle East/Central Asia**, the Group reported €35 million order intake, as compared to €1.0 billion over the same period last fiscal year. The performance last year was mainly driven by a contract to supply Metropolis™ trains and maintenance services for upgrade of Cairo Metro Line 1.

Alstom received the following major orders during the first half of fiscal year 2023/24:

Country	Product	Description
Australia	Rolling stock	Supply of additional VLocity™ trains
France	Rolling stock	Supply of 65 multi-system Traxx™ Universal locomotives to Akiem, under a framework contract for 100 locomotives
Germany	Rolling stock / Services	Supply 40 Coradia Stream™ high-capacity electric multiple units and 30 years of full-service maintenance to Nahverkehrsverbund Schleswig-Holstein (NAH.SH), with an option for up to 55 additional trains with a corresponding full-service package
Germany	Rolling stock	Supply of 50 Traxx™ Universal multi-purpose locomotives to Railpool
Italy	Rolling stock	Supply of high-speed trains
Philippines	Systems	Integrated railway system for the extension of the North-South Commuter Railway project in consortium with Colas Rail
Romania	Systems	Construction of Cluj-Napoca Metro Line 1 turnkey project as part of a consortium with the civil works companies Gulermak and Arcada
U.S.A.	Rolling stock	Supply of 130 low floor electric Citadis™ light rail vehicles to Southeastern Pennsylvania Transportation Authority (SEPTA), with options for an additional 30 streetcars
U.S.A.	Rolling stock	Supply of 60 single-level rail coach cars to Connecticut Department of Transportation (CTDOT), with option for an additional 313 cars

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3. Backlog

As of 30 September 2023, the backlog stood at €90.1 billion, providing the Group with strong visibility over future sales. This represents a 3% increase on both an actual basis and on an organic basis as compared to 31 March 2023. The increase of backlog is mostly driven by positive contract price adjustments.

The appreciation of several currencies against the Euro (EUR) since March 2023, mainly the US dollar (USD) and the Mexican peso (MXN) in Americas, positively impacted backlog for a total amount of €0.3 billion. This mainly affected the backlog of services and systems products.

Geographic breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2023**	% of contrib	**Year ended 31 March 2023**	% of contrib
Europe	50,802	57%	49,146	56%
Americas	14,245	16%	13,796	16%
Asia/Pacific	12,975	14%	12,191	14%
Africa/Middle East/Central Asia	12,058	13%	12,254	14%
BACKLOG BY DESTINATION	**90,080**	**100%**	**87,387**	**100%**

Product breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2023**	% of contrib	**Year ended 31 March 2023**	% of contrib
Rolling stock	43,328	48%	42,806	49%
Services	31,860	36%	30,741	35%
Systems	7,320	8%	6,330	7%
Signalling	7,572	8%	7,510	9%
BACKLOG BY DESTINATION	**90,080**	**100%**	**87,387**	**100%**

4. Income statement

4.1. Sales

Alstom's sales amounted to €8.4 billion for the first half of fiscal year 2023/24, representing a growth of 5% on an actual basis and 9% on an organic basis as compared to Alstom sales in the same period last fiscal year. Sales related to non-performing backlog, representing sales on projects with a negative margin at completion, amounted to €1.0 billion during the first half of the fiscal year 2023/24.

Geographic breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2023	% of contrib	Half-Year ended 30 September 2022	% of contrib	% Variation Sep. 23/ Sep. 22 Actual	Organic
Europe	4,875	57%	4,788	59%	2%	3%
Americas	1,664	20%	1,352	17%	23%	29%
Asia/Pacific	1,165	14%	1,178	15%	(1)%	7%
Africa/Middle East/Central Asia	739	9%	730	9%	1%	10%
SALES BY DESTINATION	**8,443**	**100%**	**8,048**	**100%**	**5%**	**9%**

Product breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2023	% of contrib	Half-Year ended 30 September 2022	% of contrib	% Variation Sep. 23/ Sep. 22 Actual	Organic
Rolling stock	4,463	52%	4,360	54%	2%	6%
Services	1,986	24%	1,802	23%	10%	14%
Systems	751	9%	734	9%	2%	5%
Signalling	1,243	15%	1,152	14%	8%	12%
SALES BY DESTINATION	**8,443**	**100%**	**8,048**	**100%**	**5%**	**9%**

In **Europe**, sales reached €4.9 billion, accounting for 57% of the Group's total sales and representing an increase of 2% on an actual basis. It was mainly driven by the continued execution of large rolling stock contracts, including the Coradia Stream™ trains in the Netherlands, the Regio 2N regional trains, the Avelia™ high-speed trains for SNCF as well as EMU trains for the Paris Metro for RATP in France, the Coradia Stream™ regional trains for Trenitalia in Italy, the ICE 4 trains for Deutsche Bahn in Germany, the Aventra™ trains in the United Kingdom and the double-deck M7-type multifunctional coaches for SNCB in Belgium. The ramp-up of Services contracts in the United Kingdom has also been a strong contributor to this growth. On the other hand, large Rolling Stock contracts such as the S-Bahn Stuttgart trains for Deutsche Bahn in Germany and the Francilien suburban trains for SNCF in France are close to completion, therefore generating lower level of sales as compared to the same period last year.

In **Americas**, sales stood at €1.7 billion, accounting for 20% of the Group's sales and representing an increase of 23% compared to last year on an actual basis. The performance was mainly driven by the metro cars for BART fleet of the future in San Francisco and Tren Maya project for the National Fund for the Promotion of Tourism in Mexico. The projects of Amtrak high-speed trains in the United States and the light metro system for REM in Canada remain key sales contributors within the region, together with the Metropolis™ trains for São Paulo Metropolitan Train System in Brazil.

In **Asia/Pacific**, sales amounted to €1.2 billion, accounting for 14% of the Group's sales and representing a decrease of 1% compared to last year on an actual basis. These sales were driven by the continuous ramp-up of the production of electric locomotives and metro cars in India, the Bombardier movia™ cars for LTA Singapore and the VLocity™ regional trains for The Department of Transport (DoT) in Victoria in Australia.

In **Africa/Middle East/Central Asia**, sales stood at €0.7 billion, contributing to 9% to the Group's total sales and representing an increase of 1% on an actual basis. The system contract for the Cairo monorail trains in Egypt, the rolling stock contract for the X'Trapolis™ Mega commuter trains in South Africa, as well as the Prima™ freight locos for Kazakh Railways and Azerbaijan Railways, are the main sales contributors within the region.

4.2. Research and development

As of end of September 2023, research and development gross costs amounted to €(330) million, i.e. 3.9% of sales, reflecting the Group's continuous investment in innovation to develop smarter and greener mobility solutions, in line with the Alstom In Motion strategy which is based on three pillars: Autonomous mobility, Data factory and Mobility orchestration. Net R&D amounts to €(254) million before PPA amortisation.

(in € million)	**Half-Year ended 30 September 2023**	**Half-Year ended 30 September 2022**
R&D Gross costs	(330)	(297)
R&D Gross costs (in % of Sales)	*3.9%*	*3.7%*
Funding received (*)	56	50
Net R&D spending	(274)	(247)
Development costs capitalised during the period	70	57
Amortisation expense of capitalised development costs (**)	(50)	(41)
R&D expenses (in P&L)	**(254)**	**(231)**
R&D expenses (in % of Sales)	*3.0%*	*2.9%*

(*) Financing received includes public funding amounting to €34 million at 30 September 2023, compared to €31 million at 30 September 2022.

(**) For the fiscal period ended 30 September 2023, excluding €(30) million of amortisation expenses of the purchase price allocation of Bombardier Transportation, compared to €(30) million at 30 September 2022.

Programs funded by IPCEI Hydrogen have been launched. This important European program will allow to further develop the components portfolio needed for hydrogen powered trains, fuel cell powerpacks, batteries and power converters. It will support the development of new hydrogen trains for regional applications, shunting locos and freight, leveraging on the experience collected with **Coradia iLint™** regional trains that are now in revenue service.

The development of Avelia range continues. Two pre-serial trainsets of **Avelia Horizon™** pursue dynamic test on the French network. The 320 kph milestone has been reached in September 2023. The development of international configurations is ongoing.

Based on **Citadis™** DNA, Alstom is developing a light rail vehicle addressing the specificities of the market in the USA with a focus on passenger experience and the possibility to operate without catenary.

The replacement of **Adessia™** commuter train has been launched to address the U.K. and USA markets. This new product range will include EMU, BMU, BEMU and HMU versions to also replace the existing Diesel trains.

The other Rolling Stock developments were focused on Alstom **Coradia stream™** range which has been further extended with longer cars and 15kV traction chain (primarily in Germany), and Alstom **TRAXX™ Multi-system 3 - locomotives** with the development of the passenger version at 200kph. The upgrade of Large gauge Metros addressing the Indian market is ongoing.

Services product line continues to focus on addressing green, sustainable and more efficient operation concepts like **Green re-tractioning initiatives** and **Health-Hub™**, an innovative solution for operation and maintenance activities.

Signalling Product Line worked on **Atlas™** European Standard convergence, driving market presence with its integration into TRAXX platform and securing new contracts for cross border operation, **ERTMS*** level 2 and level 3 on-board solution together with Automatic Train Operation, and it continued its footprint expansion with a new contract in Canada with the **ATLAS™** on-board train control solution. Alstom kept on developing CBTC solutions Urbalis **Fluence™** (e.g., Torino Line 1), **Urbalis™ 400™** (e.g., Cluj Metro, Surat Metro L1&2, Bhopal & Indore Metro) and **Cityflo™ 650™** (e.g., Delhi Line 7 extension, Metro Santiago de los Caballeros) for metros and tramways, and **ICONIS™** and **Ebi™Screen™** suites for Operational Control Centres, maximising traffic fluidity and orchestrating operations from a distance.

Alstom Signalling also plays a key role in the System and Innovation Pillar defining a harmonised functional architecture for the rail system including migration paths and regulatory framework as well as contributing to several Flagship projects: MOTIONAL (FP1), R2DATO (FP2) and FUTURE (FP6).

Alstom Innovations cluster continued to develop **Autonomous Mobility** solutions for Passengers & Freight trains.

4.3. Operational performance

In the first half of fiscal year 2023/24, Alstom's adjusted EBIT reached €438 million, equivalent to a 5.2% operational margin, as compared to €397 million or 4.9% during the same period last fiscal year.

Selling and Administrative costs as a percentage of sales represented 6.4% for the group as compared to 6.3% on an actual basis last year.

Over the period, the contribution resulting from the inclusion of the share in net income of the equity-accounted investments whose activity are considered as part of the operating activities of the Group amounted to €65 million, decreasing from the €75 million reported in the same period last fiscal year, impacted by unfavorable exchange rates. The contribution from CASCO Signal Limited joint-ventures and Alstom Sifang (Qingdao) Transportation Ltd. amounted to €30 million and €13 million respectively, compared to €32 million and €13 million respectively in the same period last year. The contribution of the remaining joint-ventures amounted to €22 million, as compared to €30 million in the same period last year.

4.4. From adjusted EBIT to adjusted net profit

During the first half of fiscal year 2023/24, Alstom recorded restructuring and rationalisation charges of €(7) million mainly related to the adaptation of the means of production, especially in Germany for €(3) million, in France for €(2) million and the U.S.A. for €(2) million.

Integration costs & others before impairment of tangible assets related to PPA amounted to €(92) million, consisting of costs related to the integration of Bombardier Transportation for an amount of €(65) million, €(6) million of legal fees in the context of Bombardier Transportation's integration remedies, and other exceptional expenses for €(21) million.

Overall, Alstom's other expenses for the first half of fiscal year 2023/24 amounted to €(98) million, a €24 million decrease in comparison to the same period last fiscal year.

Taking into consideration restructuring and rationalisation charges, capital gains on disposal of business, integration costs, impairment loss & others, Alstom's EBIT before amortisation and impairment of assets exclusively valued when determining the purchase price allocation ("PPA") stood at €275 million. This compares to €200 million in the same period last fiscal year.

Net financial expenses of the period amounted to €(98) million, impacted by higher interest rates, as compared to €(24) million in the same period last fiscal year.

The Group recorded an income tax charge of €(28) million in the first half of fiscal year 2023/24, corresponding to an effective tax rate before PPA of 25%, compared to €(29) million for the same period last fiscal year and an effective tax rate of 27%.

The share in net income from equity investments amounted to €53 million – excluding the amortisation of the purchase price allocation ("PPA") from Chinese joint ventures of €(5) million –, compared to €62 million in the same period last fiscal year, with strong performances from CASCO joint-venture as well as Alstom Sifang (Qingdao) Transportation Ltd., Jiangsu Alstom NUG Propulsion System Co. Ltd and Changchun Changke Alstom Railway Vehicles Company Ltd.

Net profit attributable to non-controlling interest totalled €12 million, compared to €11 million in the same period last fiscal year.

Adjusted net profit, representing the group's share of net profit from continued operations excluding PPA and impairment net of tax, amounts to €174 million for the first half of fiscal year 2023/24. This compares to an adjusted net profit of €179 million in the same period last fiscal year.

4.5. From adjusted net profit to net profit

During the first half of fiscal year 2023/24, amortisation & impairment of assets exclusively valued when determining the purchase price allocation ("PPA") in the context of business combination amounted to €(189) million before tax, compared to €(214) million in the same period last year. Positive tax effect associated with the PPA amounts to €16 million, compared to €19 million last year.

The Group's share of net profit from continued operations (Group share), including net effect from PPA after tax for €(173) million, stood at €1 million, compared to €(16) million in the same period last fiscal year.

The net profit from discontinued operations for the first half of fiscal year 2023/24 is nil. As a result, the Group's Net profit (Group share) stood at €1 million for the first half of fiscal year 2023/24, compared to €(21) million in the same period last fiscal year.

5. Free cash-flow

(in € million)	Half-Year ended 30 September 2023	Half-Year ended 30 September 2022
EBIT before PPA	**275**	**200**
Depreciation and amortisation	211	233
JV dividends	106	97
EBITDA before PPA + JV dividends	**592**	**530**
Capital expenditure	(86)	(99)
R&D capitalisation	(70)	(57)
Financial and Tax cash-out	(164)	(86)
Other	(15)	48
Funds from Operations	**256**	**336**
Trade Working Capital Changes	(730)	(44)
Contract Working Capital Changes	(645)	(337)
FREE CASH FLOW	**(1,119)**	**(45)**

The Group's Free Cash Flow stands at €(1,119) million for the first half of fiscal year 2023/24 as compared to €(45) million during the same period last fiscal year.

Funds from Operations stand at €256 million, compared to €336 million in the same period last fiscal year, despite an increase in EBIT before PPA (€275 million compared to €200 million in the same period last fiscal year).

Depreciation and amortisation excluding PPA amounted to €211 million (€395 million including PPA), compared to €233 million in the same period last fiscal year (€441 million including PPA). Right-of-use assets amortisation amounted to €61 million compared to the €68 million for the first semester of fiscal year 2022/23.

Financial cash-out reached €(92) million, compared to €(14) million in the same period last fiscal year, mainly due to increased interest rates on the Group's short-term debt and fees paid for the Committed Guarantee Facility Agreement ("CGFA") renegotiated in July 22.

In the first semester of the 2023/24 fiscal year, Alstom spent €(86) million in capital expenditures excluding R&D, as compared to €(99) million in the same period last fiscal year. The Capex program was focused on transformation & productivity-related investments in Europe as well as on the strategy of continuous increase of the industrial capacity in best cost countries such as Poland, Brazil, Hungary, Mexico, Kazakhstan, and India. Alstom continued to invest in energy savings and safety, reinforcing the Company's commitments for sustainable growth

Cash generation was also impacted by an unfavourable €(1,375) million change in working capital compared to €(381) million in the same period last fiscal year; mostly due to a degradation of Trade Working Capital of which a €(408) million inventory build-up is the main element, as well as the reversal effect of the change in law on VAT in France for €(380) million. The Contract Working Capital is negatively impacted by the delay of the Aventra program in the UK and the lower-than-expected downpayments in the first semester.

6. Net Cash/(debt)

At 30 September 2023, the Group recorded a net debt position of €(3,433) million, compared to the €(2,135) million net cash balance that the group reported on 31 March 2023. This €1,298 million increase is driven by various factors. Free Cash Flow consumption is at €(1,119) million. It is also impacted by €(46) million dividend pay-out, €(72) million lease, €(9) million acquisitions/disposals and €(53) million other items including FX and remedies.

7. Equity

The Group Equity on 30 September 2023 amounted to €9,121 million (including non-controlling interests), from €9,102 million on 31 March 2023, mostly impacted by:

- net profit/(loss) of €1 million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €(40) million net of tax;
- currency translation adjustment of €63 million;
- dividends of €(95) million by Alstom SA;
- capital increase of €58 million related to performance shares and dividends convertible into shares;
- other items including €23 million mark to market volatility and €16 million of recognition of equity settled share-based payments.

8. Subsequent events

8.1. Moody's Investors Service rating

On 12 October 2023, the credit rating agency Moody's Investors Service has decided to confirm Alstom's Baa3 long-term issuer rating. It has lowered its credit outlook to Negative from Stable.

8.2. New liquidity line

On the 31 October 2023, the Group has signed a new €2.25 billion liquidity line with a 1st tier international bank as a step to demonstrate the financial flexibility of Alstom. This facility is not subject to financial covenant and its maturity is October 2024 with two six-month extensions at borrowers' discretion.

8.3. Project of savings plan to reduce overhead costs

Announcement on Tuesday, November 14 by Alstom management to the European staff representative body of a proposed savings plan to reduce overhead costs representing close to 10% of total S&A positions (around 1,500 FTE reduction).

9. Non-GAAP financial indicators definitions

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

9.1. 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.

9.2. Book-to-bill

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

9.3. Gross Margin % on backlog

Gross Margin % on backlog is a Key Performance Indicator to present the expected performance level of firmed contracts in backlog. It represents the difference between the sales not yet recognized and the cost of sales not yet incurred from the contracts in backlog. This % is an average of the portfolio of contracts in backlog and is meaningful to project mid and long term profitability.

9.4. Adjusted Gross Margin before PPA

Adjusted Gross Margin before PPA is a Key Performance Indicator to present the level of recurring operational performance. It represents the sales minus the cost of sales, adjusted to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations ("PPA") in the context of business combination as well as non-recurring "one off" items that are not supposed to occur again in following years and are significant.

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9.5. Adjusted EBIT and EBIT before PPA

9.5.1. 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 joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Alstom Sifang (Qingdao) Transportation Ltd., Bombardier NUG Propulsion System Co. Ltd 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.

9.5.2. EBIT before PPA

Following the Bombardier Transportation acquisition and with effect from the fiscal year 2021/22 condensed consolidated financial statements, Alstom decided to introduce the "EBIT before PPA" indicator aimed at restating its Earnings Before Interest and Taxes ("EBIT") to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations ("PPA") in the context of business combination. This indicator is also aligned with market practice.

The non-GAAP measure adjusted EBIT (aEBIT hereafter) and EBIT before PPA indicators reconcile with the GAAP measure EBIT as follows:

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(in € million)	Half-Year ended 30 September 2023	Half-Year ended 30 September 2022
Sales	**8,443**	**8,048**
Adjusted Earnings Before Interest and Taxes (aEBIT)	**438**	**397**
aEBIT (in % of Sales)	*5.2%*	*4.9%*
Capital Gains / (losses) on disposal of business	1	(20)
Restructuring and rationalisation costs	(7)	(6)
Integration costs, impairment and other	(92)	(96)
Reversal of Net Interest in Equity Investees pick-up	(65)	(75)
EARNING BEFORE INTEREST AND TAXES (EBIT) BEFORE PPA & IMPAIRMENT	**275**	**200**
PPA amortisation & impairment*	(189)	(214)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**86**	**(14)**

(*) Gross amount before tax

9.6. Adjusted net profit

The "Adjusted Net Profit" indicator aims at restating the Alstom's net profit from continued operations (Group share) to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations ("PPA") in the context of business combination, net of the corresponding tax effect.

This non-GAAP measure adjusted net profit indicator reconciles with the GAAP measure Net profit from continued operations attributable to equity holders (Net profit from continued operations – Group share) as follows:

(in € million)	Half-Year ended 30 September 2023	Half-Year ended 30 September 2022
Adjusted Net Profit*	**174**	**179**
Amortization & impairment of assets valued when determining the purchase price allocation	(173)	(195)
NET PROFIT FROM CONTINUED OPERATIONS (GROUP SHARE)	**1**	**(16)**

9.7. 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.

A reconciliation of Free Cash Flow and net cash provided by operating activities is presented below:

(in € million)	Half-Year ended 30 September 2023	Year ended 30 September 2022
Net cash provided by / (used in) operating activities	**(967)**	**95**
Of which operating flows provided / (used) by discontinued operations		
Capital expenditure (including capitalised R&D costs)	(156)	(156)
Proceeds from disposals of tangible and intangible assets	4	16
FREE CASH FLOW	**(1,119)**	**(45)**

Alstom uses the Free Cash Flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight into the actual amount of cash generated or used by operations.

During the first half of fiscal year 2023/24, the Group Free Cash Flow was at €(1,119) million compared to €(45) million in the same period last fiscal year.

9.8. Capital employed

Capital employed corresponds to hereafter-defined assets minus liabilities.

- Assets: sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, costs to fulfil a contract, contract assets, trade receivables and other operating assets;
- Liabilities: sum of non-current and current provisions, contract liabilities, trade payables and other operating liabilities.

At the end of September 2023, capital employed stood at €13,012 million, from €11,728 million on 31 March 2023.

(in € million)	Half-Year ended 30 September 2023	Year ended 31 March 2023
Non current assets	16,698	16,845
less deferred tax assets	(634)	(596)
less non-current assets directly associated to financial debt	(103)	(108)
Capital employed - non current assets **(A)**	15,961	16,141
Current assets	16,515	14,551
less cash & cash equivalents	(826)	(826)
less other current financial assets	(59)	(92)
Capital employed - current assets **(B)**	15,630	13,633
Current liabilities	19,467	17,643
less current financial debt	(1,665)	(396)
plus non current lease obligations	515	501
less other obligations associated to financial debt	(145)	(144)
plus non current provisions	407	442
Capital employed - liabilities **(C)**	18,579	18,046
CAPITAL EMPLOYED (A)+(B)-(C)	**13,012**	**11,728**

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9.9. Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. On 30 September 2023, the Group recorded a net cash level of €(3,433) million, as compared to the net cash position of €(2,135) million on 31 March 2023.

(in € million)	Half-Year ended 30 September 2023	Year ended 31 March 2023
Cash and cash equivalents	826	826
Other current financial assets	59	65
Other non current assets	27	27
less:		
Current financial debt	1,665	396
Non current financial debt	2,680	2,657
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(3,433)**	**(2,135)**

9.10. Organic basis

Management report on condensed interim consolidated financial statements include performance indicators presented on an actual basis and on an organic basis. Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into Euro following the variation of foreign currencies against the Euro.

The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However, these figures are not measurements of performance under IFRS.

9.11. Sales by Currency

	Half-Year ended 30 septembre 2023 as a % of Sales
Currencies	
EUR	46.3%
USD	12.5%
GBP	11.5%
INR	5.0%
AUD	4.8%
CAD	3.0%
SEK	2.7%
ZAR	2.6%
MXN	2.2%
KZT	1.2%
BRL	1.2%
Currencies below 1% of sales	7.1%

9.12. Adjusted income statement, EBIT and Adjusted Net Profit

This section presents the reconciliation between the consolidated income statement and the MD&A management view.

(in € million)	Total Consolidated Financial Statements (GAAP)	Adjustments			Total Consolidated Financial Statements (MD&A view)
		(1)	(2)	(3)	
30 September 2023					
Sales	**8,443**				**8,443**
Cost of Sales	(7,432)	154			(7,278)
Adjusted Gross Margin before PPA & impairment (*)	**1,011**	**154**	**-**	**-**	**1,165**
R&D expenses	(284)	30			(254)
Selling expenses	(180)	-			(180)
Administrative expenses	(358)	-			(358)
Equity pick-up	-			65	65
Adjusted EBIT (*)	**189**	**184**	**-**	**65**	**438**
Other income / (expenses)	(98)				(98)
Equity pick-up (reversal)	-	-	-	(65)	(65)
EBIT / EBIT before PPA & impairment (*)	**91**	**184**	**-**	**-**	**275**
Financial income (expenses)	(98)				(98)
Pre-tax income	**(7)**	**184**	**-**	**-**	**177**
Income tax Charge	(28)	(16)	-		(44)
Share in net income of equity-accounted investments	48	5			53
Net profit (loss) from continued operations	**13**	**173**	**-**	**-**	**186**
Net profit (loss) attributable to non controlling interests (-)	(12)				(12)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) (*)	**1**	**173**	**-**	**-**	**174**
Purchase Price Allocation (PPA) & impairment net of corresponding tax effect	-	(173)			(173)
Net profit (loss) from discontinued operations	-				-
Net profit (Group share)	**1**	**-**	**-**	**-**	**1**

(*) non-GAAP indicator, see definition in section 9

Adjustments 30 September 2023:

(1) Impact of business combinations: amortisation of assets exclusively valued when determining the purchase price allocation (PPA), including net income of equity accounted investments, and including corresponding tax effect;

(2) Impact of business combinations: impairment of assets exclusively valued when determining the purchase price allocation (PPA) (see Note 3.6 of the financial statements), including corresponding tax effect – no impact this semester;

(3) Reclassification of share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group (see section 9.5.1 "Adjusted aEBIT")

(in € million)	Total Consolidated Financial Statements (GAAP)	Adjustments (1)	(2)	(3)	(4)	Total Consolidated Financial Statements (MD&A view)
30 September 2022						
Sales	**8,048**					**8,048**
Cost of Sales	(7,168)	178		2		(6,988)
Adjusted Gross Margin before PPA & impairment (*)	**880**	**178**	**-**	**2**	**-**	**1,060**
R&D expenses	(261)	30				(231)
Selling expenses	(178)	-				(178)
Administrative expenses	(329)	-				(329)
Equity pick-up	-				75	75
Adjusted EBIT (*)	**112**	**208**	**-**	**2**	**75**	**397**
Other income / (expenses)	(120)			(2)		(122)
Equity pick-up (reversal)	-	-	-	-	(75)	(75)
EBIT / EBIT before PPA & impairment (*)	**(8)**	**208**	**-**	**-**	**-**	**200**
Financial income (expenses)	(24)					(24)
Pre-tax income	**(32)**	**208**	**-**	**-**	**-**	**176**
Income tax Charge	(29)	(19)				(48)
Share in net income of equity-accounted investments	56	6				62
Net profit (loss) from continued operations	**(5)**	**195**	**-**	**-**	**-**	**190**
Net profit (loss) attributable to non controlling interests (-)	(11)					(11)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) (*)	**(16)**	**195**	**-**	**-**	**-**	**179**
Purchase Price Allocation (PPA) & impairment net of corresponding tax effect	-	(195)				(195)
Net profit (loss) from discontinued operations	(5)					(5)
Net profit (Group share)	**(21)**	**-**	**-**	**-**	**-**	**(21)**

(*) non-GAAP indicator, see definition in section 9

Adjustments 30 September 2022:

(1) Impact of business combinations: amortisation of assets exclusively valued when determining the purchase price allocation (PPA), including net income of equity accounted investments, and including corresponding tax effect;

(2) Impact of business combinations: impairment of assets exclusively valued when determining the purchase price allocation (PPA) (see Note 3.6 of the financial statements), including corresponding tax effect – no impact this semester;

(3) Impact of Aptis closure: reclassification of operational results as non-recurring items following Alstom's announced and planned discontinuance of Aptis activities;

(4) Reclassification of share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group (see section 9.5.1 "Adjusted aEBIT")

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9.13. From Enterprise Value to Equity Value

(in € million)		30 September 2023	31 March 2023
Total Gross debt, incl. lease obligations	**(1)**	**4,897**	**3,579**
Pensions liabilities net of prepaid and deferred tax asset related to pensions	(2)	632	582
Non controlling interest	(3)	104	105
Cash and cash equivalents	(4)	(826)	(826)
Oher current financial assets	(4)	(59)	(65)
Other non-current financial assets	(5)	(55)	(56)
Net deferred tax liability / (asset)	(6)	(493)	(443)
Investments in associates & JVs, excluding Chinese JVs	(7)	(110)	(123)
Non-consolidated Investments	(8)	(75)	(82)
Bridge		**4,015**	**2,671**

(1) Long-term and short-term debt and Leases (Note 20), excluding the lease to a London metro operator for €109 million due to matching financial asset (Notes 14 and 20)

(2) As per Note 22 net of €(25) million of deferred tax allocated to accruals for employees benefit costs

(3) As per balance sheet

(4) As per balance sheet

(5) Other non-current assets: Loans to non-consolidated Investments for €27 million and deposit on a US loan for €28 million (Notes 14 and 20)

(6) Deferred Tax Assets and Liabilities – as per balance sheet, net of €(25) million of deferred tax allocated to accruals for employees benefit costs

(7) JVs – to the extent they are not included in the share in net income of the equity-accounted investments whose activity are considered as part of the operating activities of the Group / FCF, ie excluding Chinese JVs

(8) Non-consolidated investments as per balance sheet

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9.14. Bombardier Transportation PPA amortisation plan

This section presents the amortisation plan of the Purchase Price Allocation of Bombardier Transportation.

(in € million)	**Half-Year ended 30 September 2023**
Amortisation Plan, as per P&L booking (*)	**(3,148)**
2021	(71)
2022	(428)
2023	(436)
2024	(368)
2025	(373)
2026	(264)
2027	(213)
2028	(203)
2029	(166)
2030	(138)
2031	(107)
2032	(96)
2033	(95)
2034	(46)
Beyond	(143)

(*) excludes PPA other than related to the purchase of Bombardier Transportation

9.15. Contract & Trade Working Capital

This section defines the Contract & Trade Working Capital.

Contract Working Capital is the sum of:

- Contract Assets & Liabilities, which includes the Customer Down-Payments
- Current provisions, which includes Risks on contracts and Warranties

Trade Working Capital is the Working Capital that is not strictly contractual, hence not included in Project Working Capital. It includes:

- Inventories
- Trade Receivables
- Trade Payables
- Other elements of Working Capital defined as the sum of Other Current Assets/Liabilities and Non-Current provisions

9.16. Funds From Operations Adjusted

Funds from Operations "FFO" in the EBIT to FCF statement refers to the Free Cash Flow generated by Operations, before Working Capital variations.

9.17. EBITDA before PPA + JV dividends

EBITDA before PPA + JV dividends is the EBIT before PPA, before the depreciation and amortisation, with the addition of the dividends received from the JVs.