

Alstom's first half 2022/23: solid results with full-year outlook and mid-term targets confirmed, backed by a resilient business model.

- **Order intake at €10.1 billion**
- **Sales at €8.0 billion, up 8%¹ vs. last year, in line with trajectory**
- **aEBIT² margin of 4.9%**
- **Adjusted Net Profit² of €179 million**
- **Free Cash Flow at €(45) million**
- **FY 2022/23 outlook:**
 - **aEBIT margin: 5.1% to 5.3%**
 - **Free Cash Flow: €100 to €300 million**
- **Mid-term 2024/25 objectives confirmed**

16 November 2022 – In the first half 2022/23 (from 1 April to 30 September 2022), Alstom booked €10.1 billion of orders. The Group sales reached €8.0 billion, in line with the targeted trajectory, resulting in a strong book-to-bill ratio at 1.25. The backlog reached €85.9 billion, providing strong visibility on future sales.

Alstom's adjusted EBIT was €397 million, equivalent to a 4.9% aEBIT margin. Adjusted net profit was €179 million and free cash flow was €(45) million for the half-year.

"We have delivered a strong commercial performance during this first half, marked notably by three new wins for our Coradia Stream™ regional train in Germany, Romania and Spain, and a remarkable level of order intake in Services. Market momentum remains very positive with customers confirming their investment plans in all regions. Our operational performance continues to improve as we progress with the integration of Bombardier Transportation according to plan. The quality of our backlog is therefore progressing, resulting in achieved targets and improved profitability despite a challenging macro environment. Confident in the resilience of our business model, we remain fully committed to our 2025 Alstom in Motion plan." said **Henri Poupart-Lafarge**, Chairman of the Board of Directors and Chief Executive Officer of Alstom.

¹ Of which 5% organic growth

² Non - GAAP. See definition in the appendix

Key figures³

Actual figures (in € million)	Half-year ended 30 September 2021	Half-year ended 30 September 2022	% Change Reported	% Change Organic
Orders backlog	76,362	85,932	13%	9%
Orders received ⁴	9,726	10,072	4%	(1)%
Sales	7,443	8,048	8%	5%
Adjusted EBIT ⁴	335	397	18%	
Adjusted EBIT margin ⁴	4.5%	4.9%		
EBIT before PPA ⁴	179	200		
Adjusted net profit ⁴	172	179		
Free Cash Flow	(1,461)	(45)		

Strategic and business update

The Group made progress on all four pillars of its Alstom in Motion 2025 strategy in this first half of fiscal year 2022/23.

1. Growth by offering greater value to customers

- **Orders**

During the first half of fiscal year 2022/23, the Group recorded €10.1 billion in orders, with significant commercial success across multiple geographies – notably in Europe, Asia/Pacific and in Africa/Middle East/Central Asia – and product lines, predominantly in Rolling Stock and Services. Orders for Services reached a new record level of €3.0 billion.

In Europe, Alstom recorded €6.6 billion order intake during the first half of fiscal year 2022/23, compared with €6.3 billion over the same period last fiscal year. Of particular note, Alstom was awarded a landmark contract to supply 130 Coradia Stream High-Capacity trains, together with full maintenance for 30 years, for the Baden-Württemberg network in Germany, with a potential option of 100 additional trains. In France, the Group has received an additional order for 15 new-generation Avelia Horizon™ very high-speed trains from SNCF Voyageurs.

Alstom also signed a historic agreement with Sweden's national operator SJ to supply 25 Zefiro Express™ electric high-speed trains, with an option of 15 additional trains. In Romania, the Group will supply 17 additional Coradia Stream™ inter-regional trains and associated 15 years maintenance

³ Geographic and product breakdowns of reported orders and sales are provided in Appendix 1

⁴ Non - GAAP. See definition in the appendix

services to Romania Railway Reform Authority (ARF). In the UK, Alstom signed a new contract with Govia Thameslink Railway (GTR) for a services contract worth around €300 million. And in Spain, the Group has been awarded a contract by Catalonian operator FGC (Ferrocarrils de la Generalitat de Catalunya) to supply 10 new Coradia Stream™ regional trains, along with associated maintenance for a period of 15 years, for the new commuter line that will connect Barcelona's city centre with El Prat Airport.

In Americas, Alstom reported €0.8 billion order intake, compared with €2.3 billion over the same period last fiscal year. The performance in Americas last year was mainly driven by contracts in Mexico and in Brazil.

In Asia/Pacific, the order intake stood at €1.7 billion, compared with €1.0 billion over the same period last fiscal year. In Australia, Alstom has signed a framework contract with the Department of Transport Victoria for the provision of 100 Flexity™ low-floor Next Generation Trams (NGTs) for the largest urban tram network in the world. Valued at approximately €700 million, the contract includes the supply of rolling stock and 15-year maintenance. In India, Alstom has been awarded a contract by Madhya Pradesh Metro Rail Corporation Limited (MPMRCL) to deliver 156 Movia™ metro cars with 15 years of maintenance and the installation of latest generation of Communications Based Train Control (CBTC) signalling system as well as train control and telecommunication systems, each with seven years of maintenance, for the Bhopal and Indore metro projects.

In Africa/Middle East/Central Asia, the Group reported €1.0 billion order intake, compared with €0.2 billion over the same period last fiscal year, mainly driven by a contract in Egypt to supply 55 Metropolis™ trains and 8-year maintenance to National Authority for Tunnels (NAT) for the upgrade of Cairo Metro Line 1, valued at €876 million.

As of 30 September 2022, the orders backlog stood at €85.9 billion, providing the Group with strong visibility over future sales.

- **Sales**

Alstom's sales were €8.0 billion for the first half of fiscal year 2022/23, representing a growth of 8% on an actual basis and 5% on an organic basis compared with Alstom sales in the same period last fiscal year. Sales related to non-performing backlog, corresponding to sales on projects with a negative margin at completion, were €1.3 billion during the first half of the fiscal year 2022/23.

Rolling stock sales reached €4.4 billion, representing an increase of 2% on an actual basis, driven by the continued execution of large rolling stock contracts, including the Coradia Stream™ trains in the Netherlands, the Regio 2N regional trains and Francilien suburban trains for SNCF as well as EMU trains for the Paris Metro for RATP in France, the Barcelona Metro for Transports de Barcelona SA in Spain, the ICE 4 trains and the S-Bahn Stuttgart trains for Deutsche Bahn in Germany, the Aventura™ trains in the United Kingdom and the double-deck M7-type multifunctional coaches for SNCB in Belgium.

On the other hand, large Rolling Stock contracts such as the TWINDEXX double-deck trains for SBB in Switzerland and the Coradia Stream™ trains in Italy are close to completion, therefore generating lower levels of sales as compared to the same period last year.

Services sales stood at €1.8 billion, up 16% versus last year, benefiting from growth in Europe maintenance as well as train operations in Americas.

In Signalling, Alstom reported €1.2 billion sales, up 7% versus last year, led by a stable execution in Europe and in APAC and a growing performance in Germany.

Systems sales grew 41% on an actual basis and stood at €0.7 billion, reflecting an acceleration in execution on key projects notably Cairo monorail, Thailand and Montreal, as well as new orders contributions.

- **Divestments**

The Group announced in July 2022 that it has concluded the transfer of business activities related to Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train to Hitachi Rail. Alstom will continue to honour its obligations under the existing orders for Rolling Stock from Trenitalia and ILSA to ensure a seamless transition.

In August 2022, Alstom also completed the divestment of its Coradia Polyvalent platform, its Reichshoffen production site in France and its TALENT3 platform to CAF.

These milestones signal the completion of the divestment commitments to the European Commission for their clearance of the Alstom/Bombardier Transportation transaction.

2. Innovation by Pioneering Smarter and Greener Mobility for All

During the first half of fiscal year 2022/23, Alstom reached important delivery milestones, and launched a range of initiatives to accelerate its transformation into a more competitive and agile group. The R&D expenses reached €231 million⁵, i.e., 2.9% of sales in the first half of fiscal year 2022/23, reflecting the Group's continuous investments in innovation, focused on the following areas:

Energy efficiency: Alstom puts a high focus into aerodynamic efficiency to reduce the energy consumption on our high-speed trains. The new Avelia Horizon (known as TGV M) has a resistance reduced by 16% compared with Euroduplex, which accounts for nearly half of the energy consumption at high speed.

⁵ Excluding €(30) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.

Noise reduction: Flexx Curve is an innovative solution to reduce the resistance of the wheels and the noise level in curves. It reduces curve squealing noise by ca. 15 dB and energy consumption in curves by 80%.

Passenger experience: Alstom's smart lighting solution is an intelligent light control system to automatically adjust the interior LED lighting according to the level of natural light, weather, time of the day, season, passenger density. For passengers, it enables to improve their well-being and creates a pleasant ambiance, respecting the human physiological cycle.

Autonomous train: the Alstom's ATO technology (Automatic Train Operation) aims at maximizing and optimizing operations, increasing line capacity, reducing energy consumption and costs, and improving general service (including comfort and punctuality) for passengers. Several important milestones were reached over the period (for SNCF in particular), both for passenger trains (success of the first tests of autonomous trains without any crew member in the driving cab) and for freight transportation (successful testing of an automatic lateral signalling system and an obstacle detection radar).

Onboard computer: Alstom is ahead of the competition in onboard signalling control function for urban and mainline solutions. Alstom's solution is a dedicated cybersecurity board with remote access for easy diagnostic and updates, enabling space and weight reduction (equipment volume reduced by 60% compared to the previous generation, resulting in up to one more seat for a passenger or more room for the driver).

Green traction: Alstom's third generation Helion fuel cell is bespoke for high-power applications. It is modular and robust with increased reliability and extended lifetime, while consuming less hydrogen. The Group reached three important milestones during H1 2022/23:

- the entry into full commercial service of the world first hydrogen-powered line in Germany (fully homologated),
- the record distance of 1,175 km without refueling, exceeding our expectations
- the validation by the European Commission of the IPCEI (for more than €5bn of subsidies, including €350m dedicated to four Alstom projects) boosting the development of Hydrogen solutions.

Last, the Group has developed the "Innovation Station" (a versatile platform located in strategic areas such as Singapore, Sweden and Tel Aviv) to bring global mobility solutions to local ecosystems and leveraging Alstom's worldwide footprint.

3. Efficiency at scale, Powered by Digital

In the first half of fiscal year 2022/23, Alstom's combined adjusted EBIT reached €397 million, equivalent to a 4.9% operational margin, compared with €335 million or 4.5% during the same period last fiscal year. The uplift was driven from synergies generating 60bps of improvement, a favourable

evolution on low performing contracts representing 10bps, increased volume and favourable mix delivering 50bps, partly offset by the effect of inflation for (80)bps.

The integration process is on track, with 92% on our 200 critical processes converged and the digital suite deployment over 7 countries live. Synergies are expected to generate around €200 million adjusted EBIT over FY 2022/23, versus €102 million last year.

The operational margin percentage was negatively impacted by the €1.3 billion sales traded at zero gross margin, mostly related to legacy Bombardier Transportation projects.

Below adjusted EBIT, Alstom recorded restructuring and rationalisation charges of €(6) million consisting mainly of expenses related to initiatives in Canada for €(4) million and the United Kingdom for €(2) million.

Integration costs, impairment & others amounted to €(116) million, consisting of costs related to the integration of Bombardier Transportation for an amount of €(64) million, remedies and capital loss on disposal of business for €(20) million, legal proceedings for €(17) million, and other exceptional expenses for €(15) million.

Taking into consideration restructuring and rationalisation charges, integration costs, impairment & others, Alstom's combined EBIT before amortisation of assets exclusively valued when determining the purchase price allocation ("PPA") stood at €200 million. This compares to €179 million in the same period last fiscal year.

The share in net income from equity investments amounted to €62 million, excluding the amortisation of the purchase price allocation ("PPA") from Chinese joint ventures of €(6) million.

Adjusted net profit, representing the group's combined share of net profit from continued operations excluding PPA net of tax, amounts to €179 million for the first half of fiscal year 2022/23. This compares to an adjusted net profit of €172 million in the same period last fiscal year.

4. 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) but is also committed to work with suppliers and customers (scope 3) to make its solutions Net Zero throughout their entire life cycle. Alstom targets have been submitted for validation by the independent Science Based Targets initiative (SBTi) and are currently under review with expected feedback by December 2022.

Since the beginning of the year, a decrease of 5% of energy consumption has been recorded in particular on gas consumption due to favourable weather conditions and the deployment of energy efficiency plans in all regions.

The supply of electricity from renewable sources has also been expanded. Alstom further developed its contracts for the supply of electricity from renewable energy source in France and United Kingdom during the last 6 months to reach 46% of green electricity coverage (vs 42% for FY 2021/22). This will continue to grow with agreements signed in China and India.

Altogether, this leads to a reduction in CO2 emissions scope 1 and 2 of 6.5% on this first semester 2022/23 versus 12 previous months.

During the InnoTrans Fair held in September 2022 in Berlin, Alstom also engaged with suppliers on scope 3 and committed to decrease its CO2 emissions from the supply chain by 30% by 2030.

Regarding Diversity & Inclusion, the Alstom in Motion (AiM) 2025 strategy targets to reach 28% of women in management, engineering and professional roles by 2025. As of end of September 2022, 23.6% of managers, engineers and professional roles are held by women. Alstom is on a positive trajectory and will continue to accelerate its efforts in the coming months.

The Group's sustainable development & CSR strategy and results have been assessed by Moody's with a score of 70/100 (+ 3 points versus last year), allowing Alstom to further establish its presence among the CAC40 ESG index.

Financial structure

The Group's Free Cash Flow stands at €(45) million for the first half of fiscal year 2022/23 as compared to €(1,461) million during the same period last fiscal year. As expected, the free cash flow was notably impacted by an unfavourable €(381) million change in operating working capital compared to €(1,697) million last year; owing to continued industrial ramp-up, project working capital phasing and provisions consumption.

On 30 September 2022, the Group recorded a net debt position of €(2,306) million, including bonds with supportive maturities and cost profile and no financial covenants.

The Group held €833 million of cash and cash equivalent at the end of September 2022. In addition, Alstom benefits from a strong liquidity with two Revolving Credit Facilities (RCF) for a total of €4,250

million⁶. Both facilities have two one-year extension options at lenders' discretion and are undrawn on 30 September 2022, with no financial covenants.

With these RCF lines, the level of Commercial Papers outstanding on 30 September 2022 of €357 million and the €108 million drawdown from a short-term bank facility, the Group benefits from solid €4.6 billion liquidity position as of 30 September 2022.

The Group also relies for its bonds and guarantees needs on both uncommitted bilateral lines in numerous countries and a Committed Guarantee Facility Agreement ("CGFA") with sixteen tier one banks, which was extended to €12.7 billion during the semester in anticipation of the growing market demand.

Alstom expects no rating action from Moody's following this half year results.

Evolution of the Board of Directors

Alstom's Board of Directors met on 15 November 2022 and has co-opted M. Jay Herbert Walder as a new member, in replacement of M. Serge Godin who has decided to resign from his position.

M. Walder has dual citizenship in the USA and the United Kingdom and has an extensive experience in the Rail sector, having notably served as Chief Executive Officer and Board Member of the MTR Corporation in Hong Kong, Chairman and Chief Executive Officer of the New York Metropolitan Transportation Authority, and Managing Director, Finance and Planning at Transport for London.

Financial trajectory for FY 2022/23

The Group has based its 2022/23 outlook on a central inflation scenario reflecting a consensus of public institutions.

The Group also assumes its continuous ability to navigate the electronics, supply chain and energy challenges as it has done during this first half of fiscal year 2022/23.

- Book to bill ratio above 1
- Sales growth consistent with mid-term guidance
- Adjusted EBIT Margin expected within the 5.1% to 5.3% range
- Free Cash Flow generation expected within the €100m to 300m range.

⁶ -€1,750 million Revolving Credit Facility maturing in January 25, and two 1-year extension options at the lenders' discretion. This facility is undrawn as of September 30 closing. And €2,500 million Revolving Credit Facility maturing on January 27, and two 1-year extension options at the lenders' discretion. This facility is also undrawn as of September 30 closing.

Mid-term financial trajectory and objectives

The outlook given in connection with Alstom in Motion 2025 is confirmed.

- Market share: By 2024/25, Alstom is aiming to grow its market share by 5 percentage points⁷ by leveraging its unique strategic positioning, supported by its enlarged group momentum and its competitive offering.
- Sales: Between 2020/21 (proforma sales of €14 billion) – and 2024/25, Alstom is aiming at sales Compound Annual Growth Rate over 5% supported by strong market momentum and unparalleled €85.9 billion backlog as of 30 September 2022, securing sales of ca. €36 to 38 billion over the next three years. Rolling stock should grow above market rate, Services at solid mid-single digit path and Signalling at high single digit path.
- Profitability: The adjusted EBIT margin should reach between 8% and 10% from 2024/25 onwards, benefiting from operational excellence initiatives, the completion of the challenging projects in backlog while synergies are expected to deliver €400 million run rate in 2024/25 and €475 - 500 million annually from 2025/26 onwards.
- Free Cash Flow: from 2024/25 onwards, the conversion from adjusted net profit to Free Cash Flow should be over 80%⁸ driven by mid-term stability of working capital, stabilisation of CAPEX to around 2% of sales and cash focus initiatives while benefiting from volume and synergies take up.
- Alstom will maintain its disciplined capital allocation focusing on maintaining its investment grade profile, while keeping flexibility and ability to pursue growth opportunities through focused bolt-on M&A. Alstom's Baa2 rating with negative outlook was confirmed during Q1 2022/23 by Moody's.
- Alstom is committed to delivering sustained shareholder returns with a dividend pay-out ratio⁹ of between 25% and 35%.¹⁰

Alstom™, Coradia™ and Coradia Stream™ are trademarks of the Alstom Group

⁷ In comparison to Alstom's market share in 2020/21

⁸ Subject to short term volatility

⁹ The pay-out ratio is calculated by dividing the amount of the overall dividend with the "Adjusted net profit from continuing operations attributable to equity holders of the parent, Group share" as presented in the management report in the consolidated financial statements.

¹⁰ Of adjusted net profit

About Alstom

Leading societies to a low carbon future, Alstom develops and markets mobility solutions that provide sustainable foundations for the future of transportation. 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. 150,000 vehicles in commercial service worldwide attest to the company's proven expertise in project management, innovation, design and technology. In 2021, the company was included in the Dow Jones Sustainability Indices, World and Europe, for the 11th consecutive time. Headquartered in France and present in 70 countries, Alstom employs more than 74,000 people. The Group posted revenues of €15.5 billion for the fiscal year ending on 31 March 2022. Log onto www.alstom.com for more information.

Contacts

Press:

Coralie COLLET - Tel.: +33 (1) 57 06 18 81
coralie.collet@alstomgroup.com

Eric PRUD'HOMME - Tel. : +49 (0) 152 545 39436
eric.prud-homme@alstomgroup.com

Investor Relations:

Martin VAUJOUR – Tel.: +33 (0)6 88 40 17 57
martin.vaujour@alstomgroup.com

Estelle MATURELL ANDINO – Tel.: +33 (0)6 71 37 47 56
estelle.maturell@alstomgroup.com

This press release contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are relevant to the current scope of activity and are by their nature subject to a number of important risks and uncertainty factors (such as those described in the documents filed by Alstom with the French AMF) that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These such forward-looking statements speak only as of the date on which they are made, and Alstom undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

This press release does not constitute or form part of a prospectus or any offer or invitation for the sale or issue of, or any offer or inducement to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for any shares or other securities in the Company in France, the United Kingdom, the United States or any other jurisdiction. Any offer of the Company's securities may only be made in France pursuant to a prospectus having received the visa from the AMF or, outside France, pursuant to an offering document prepared for such purpose. The information does not constitute any form of commitment on the part of the Company or any other person. Neither the information nor any other written or oral information made available to any recipient, or its advisers will form the basis of any contract or commitment whatsoever. In particular, in furnishing the information, the Company, the Banks, their affiliates, shareholders, and their respective directors, officers, advisers, employees or representatives undertake no obligation to provide the recipient with access to any additional information.

APPENDIX 1A – GEOGRAPHIC BREAKDOWN

Actual figures <i>(in € million)</i>	H1 2021/22	% Contrib.	H1 2022/23	% Contrib.
Europe	6,256	64%	6,571	65%
Americas	2,270	23%	806	8%
Asia/Pacific	1,042	11%	1,687	17%
Middle East/Africa/Central Asia	158	2%	1,008	10%
Orders by destination	9,726	100%	10,072	100%

Actual figures <i>(in € million)</i>	H1 2021/22	% Contrib.	H1 2022/23	% Contrib.
Europe	4,620	62%	4,788	59%
Americas	1,226	16%	1,352	17%
Asia/Pacific	1,045	14%	1,178	15%
Middle East/Africa/Central Asia	552	7%	730	9%
Sales by destination	7,443	100%	8,048	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	H1 2021/22	% Contrib.	H1 2022/23	% Contrib.
Rolling stock	5,023	51%	5,508	55%
Services	1,522	16%	3,038	30%
Systems	2,195	23%	524	5%
Signalling	986	10%	1,002	10%
Orders by product line	9,726	100%	10,072	100%

Actual figures <i>(in € million)</i>	H1 2021/22	% Contrib.	H1 2022/23	% Contrib.
Rolling stock	4,285	58%	4,360	54%
Services	1,559	21%	1,802	23%
Systems	522	7%	734	9%
Signalling	1,077	14%	1,152	14%
Sales by product line	7,443	100%	8,048	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures (in € million)	Half-Year ended 30 September 2021	Half-Year ended 30 September 2022
Sales	7,443	8,048
Adjusted Gross Margin before PPA*	949	1,060
Adjusted Earnings Before Interest and Taxes (aEBIT)*	335	397
Restructuring and rationalisation costs	(47)	(6)
Integration, acquisition and other costs	(32)	(116)
Reversal of net interest in equity investees pick-up	(77)	(75)
EARNING BEFORE INTEREST AND TAXES (EBIT) BEFORE PPA*	179	200
Financial result	(20)	(24)
Tax result	(43)	(48)
Share in net income of equity investees	65	62
Minority interests from continued operations	(9)	(11)
Adjusted Net profit	172	179
PPA net of tax	(196)	(195)
Net profit – Continued operations, Group share	(24)	(16)
Net profit (loss) from discontinued operations	(2)	(5)
Net profit (Group share)	(26)	(21)

* See definition below

APPENDIX 3 – FREE CASH FLOW

Actual figures (in € million)	Half-Year ended 30 September 2021	Half-Year ended 30 September 2022
EBIT before PPA	179	200
Depreciation and amortisation ¹	226	233
Restructuring	10	(12)
Capital expenditure	(135)	(99)
R&D capitalisation	(34)	(57)
Change in Working Capital ²	(1,697)	(381)
JVs dividends	73	97
Financial & Tax items	(96)	(86)
Others	13	60
Free Cash Flow	(1,461)	(45)

¹ Before PPA

² Change in Working Capital for €(381) million corresponds to the €(343) million changes in working capital resulting from operating activities disclosed in the condensed interim consolidated financial statements from which the €12 million variations of restructuring provisions and €(50)m of variation of Tax working capital have been excluded

APPENDIX 4 - 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 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.

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.

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. (formerly Bombardier Sifang), Bombardier NUG Propulsion System Co. Ltd and Changchun Changke Alstom Railway Vehicles Company Ltd (formerly Changchun Bombardier).

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

- net restructuring expenses (including rationalization 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 realize business combinations and amortization 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.

Adjusted net profit

Following the Bombardier Transportation, Alstom decided to introduce the “adjusted net profit” indicator aimed at restating its 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 indicator is also aligned with market practice.

Free cash flow

Free Cash Flow is defined as net cash provided by operating activities minus 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.

Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings.

Pay-out ratio

The pay-out ratio is calculated by dividing the amount of the overall dividend with the “Adjusted Net profit from continuing operations attributable to equity holders of the parent, Group share” as presented in the management report in the consolidated financial statements.

Organic basis

This press release includes 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.

<i>(in € million)</i>	H1 2021/22			H1 2022/23		
	Actual figures	Exchange rate	Comparable Figures	Actual figures	% Var Act.	% Var Org.
Backlog	76,362	2,800	79,162	85,932	13%	9%
Orders	9,726	428	10,154	10,072	4%	(1)%
Sales	7,443	230	7,673	8,048	8%	5%