Financial report
Half-year

As of 30 September 2022

Management report on condensed interim consolidated financial statements,

Half-year ended 30 September 2022

1. Main events of half-year ended 30 September 2022

1.1. The acquisition of Bombardier Transportation

Alstom acquired Bombardier Transportation on 29 January 2021. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, strengthens its leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide.

Anti-trust requirements: closing of the remedies

Alstom completed during the first semester 2022/23 all its divestment obligations required by the European Commission for the clearance of the acquisition of Bombardier Transportation.

On 1 July 2022, Alstom concluded the transfer of the Bombardier Transportation's contribution to the joint V300 Zefiro very high-speed train platform to its historical partner Hitachi Rail. This transfer involves passing over the maintenance activities, the intellectual property rights and the branding. Alstom will henceforth reduce its involvement in new contracts for the V300 Zefiro train while completing its scope for existing orders on Rolling Stock.

On 1 August 2022, Alstom completed the sale of the Coradia Polyvalent regional train platform together with all operations of the Reichshoffen production site in France and the Talent 3 regional train platform developed in Hennigsdorf, Germany to CAF. Alstom will carry out its remaining post-sale obligations for Talent 3 and will operate in consortium with CAF to fulfill existing contracts for rolling stock delivery from the Reichshoffen site. Alstom has also committed on certain undertakings to ensure the viability of the Reichshoffen site during a transitional period (in particular through allocation of workload).

For signalling, long-term commitments required by the European Commission on the supply of certain signalling onboard units and train control management systems have been addressed.

These transactions complied with all applicable social processes and consultations with employee representative bodies and were subject to regulatory approvals.

Over the first semester of 2022/23, the loss arising from these remedies net of costs to sell stood at €(19) million recognized in Other Operating Expenses (see Note 6) associated with a negative impact on Investing cash flow for €(75) million.

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 (65% of the backlog being covered by price escalation clauses on global inflation - commodities, energy and labour indexes).

On certain assets: goodwill, technology and other intangible assets (see Note 11), as well as deferred taxes (see Note 8), impairment tests are reviewed at least annually and whenever events or circumstances indicate that it might be impaired. Based on its reasonable estimates, the visibility available and previous enlarged sensitivity analyses performed in March 2022, Alstom has not identified any trigger event indicating that any assets should be impaired at the end of September 2022.

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) but is also committed to work with suppliers and customers (scope 3) to make its solutions Net Zero through 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 deployment of energy efficiency plans in all regions.

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 CO_2 emissions scope 1 and 2 of 6.5% on 1st 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 by 30% its CO_2 emissions from the supply chain by 2030.

Regarding Diversity & Inclusion, 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.

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.

ALSTOM

1.4. Key figures for Alstom in the first half of fiscal year 2022/23

Group's key performance indicators for the first half of fiscal year 2022/23:

(in € million)	Half-Year ended 30 September 2022	Half-Year ended 30 September 2021	% Variation Sep. 22/ Sep. 21 Actual
Orders Received [1]	10,072	9,726	4%
Orders Backlog	85,932	76,362	13%
Sales	8,048	7,443	8%
Adjusted Gross Margin before PPA [1]	1,060	949	12%
aEBIT [1]	397	335	18%
aEBIT % [1]	*4.9%*	*4.5%*	
EBIT before PPA [1]	200	179	
EBIT [4]	(14)	(38)	
Adjusted Net Profit [1][2]	179	172	
Net Profit - Group share [3]	(21)	(26)	
Free Cash Flow [1]	(45)	(1,461)	
Capital Employed [1]	12,420	12,873	
Net Cash/(Debt) [1]	(2,306)	(2,526)	
Equity	9,392	9,194	

(1) Non - GAAP. See definition page 16
(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 €(6) million

The aEBIT as a percentage of sales has progressed from 4.5% over the first semester of 2021/22 to 4.9% over the first semester of 2022/23, benefiting from synergies for 60bps, a favourable evolution on low performing contracts for 10bps, an increased volume and favourable mix for 50bps, partly offset by inflation (80)bps.

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 table shows the conversion of prior year actual figures to a like-for-like set of numbers:

(in € million)	Half-Year ended 30 September 2022 Actual figures	Half-Year ended 30 September 2021 Actual figures	Half-Year ended 30 September 2021 Exchange rate impact	Half-Year ended 30 September 2021 Comparable figures	Sep. 22/ Sep. 21 % Var Actual	Sep. 22/ Sep. 21 % Var Org.
Orders Backlog	85,932	76,362	2,800	79,162	13%	9%
Orders Received	10,072	9,726	428	10,154	4%	(1%)
Sales	8,048	7,443	230	7,673	8%	5%

The actual figures for the first half of fiscal year 2021/22 (orders backlog, orders received and sales) are restated to reflect September 2022 exchange rates, which showed an overall depreciation of the Euro against most of the currencies making up the Alstom portfolio.

- Orders backlog was significantly impacted by a favourable translation effect driven by the appreciation of the US dollar (USD), the Indian rupee (INR), the Mexican pesos (MXN), the Australian dollar (AUD), the Canadian dollar (CAD) and the Saudi real (SAR) against the Euro (EUR). This favourable translation effect was partly offset by the depreciation of the British pound sterling (GBP) against the Euro (EUR).
- Orders received have been impacted by a favourable translation effect mainly due to appreciation of the Mexican pesos (MXN), the US dollar (USD), the Brazilian real (BRL), the Australian dollar (AUD) and the New Taiwan dollar (TWD) against the Euro (EUR).
- Sales were mainly impacted by the appreciation of the US dollar (USD), the Indian rupee (INR) and the Australian dollar (AUD) against the Euro (EUR).

1.6. Acquisitions and partnerships

Speed Innov

Through its affiliate SpeedInnov, a joint venture created in 2015 with ADEME, Alstom focused on its 'Very high-speed train of the future' project, aiming to promote a new generation of very high-speed trainset which will reduce acquisition and operating costs by at least 20%, optimize the environmental footprint and develop the commercial offer to improve passenger experience. In this context, Alstom subscribed to a capital increase in this joint venture in an amount of €26 million in June 2022 increasing its stake from 75.35% to 75.48% with no change in the consolidation method (Joint control).

2. Commercial performance

During the first half of fiscal year 2022/23, the Group witnessed significant commercial success across multiple geographies, notably in Europe, Asia/Pacific and in Africa/Middle East/Central Asia, and product lines, mostly in Rolling Stock and Services. The recorded order intake stood at €10.1 billion, slightly improving on an actual basis. Orders for Services reached a very strong level of €3.0 billion. For the same period last fiscal year, Alstom reported an order intake of €9.7 billion.

Geographic breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2022	% of contrib	Half-Year ended 30 September 2021	% of contrib	% Variation Sep. 22/ Sep. 21 Actual	 Organic
Europe	6,571	65%	6,256	64%	5%	5%
Americas	806	8%	2,270	23%	(65)%	(69)%
Asia/Pacific	1,687	17%	1,042	11%	62%	49%
Africa/Middle East/Central Asia	1,008	10%	158	2%	538%	525%
ORDERS BY DESTINATION	**10,072**	**100%**	**9,726**	**100%**	**4%**	**(1)%**

Product breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2022	% of contrib	Half-Year ended 30 September 2021	% of contrib	% Variation Sep. 22/ Sep. 21 Actual	 Organic
Rolling stock	5,508	55%	5,023	51%	10%	6%
Services	3,038	30%	1,522	16%	100%	92%
Systems	524	5%	2,195	23%	(76)%	(78)%
Signalling	1,002	10%	986	10%	2%	(1)%
ORDERS BY DESTINATION	**10,072**	**100%**	**9,726**	**100%**	**4%**	**(1)%**

In **Europe**, Alstom recorded €6.6 billion order intake during the first half of fiscal year 2022/23, as compared to €6.3 billion over the same period last fiscal year.

In Germany, Alstom was awarded a landmark contract to supply 130 Coradia Stream™ High Capacity electric double-deck trains together with full maintenance for 30 years to Landesanstalt Schienenfahrzeuge Baden-Württemberg (SFBW) for the Baden-Württemberg network, including an option for up to 100 additional trains. With a value of almost €2.5 billion for the firm order, this contract is a positive indication of Alstom's market share ambitions in Germany. 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™ electic 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 services to Romania Railway Reform Authority (ARF). In the U.K., Alstom signed a Technical Support and Spares Supply Agreement (TSSSA) with Govia Thameslink Railway (GTR) for a period of five years and five months to align with the duration of GTR's National Rail Contract. 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 city centre with El Prat Airport.

Last year's performance in Europe was mainly driven by significant orders awarded by customers in Denmark, France and in Germany.

In **Americas**, Alstom reported €0.8 billion order intake, as compared to €2.3 billion over the same period last fiscal year, driven by the award of several small contracts. The performance in Americas last year was mainly driven by contracts for the Tren Maya railway project in Mexico, and for São Paulo, Brazil.

In **Asia/Pacific**, the order intake stood at €1.7 billion, as compared to €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 supply of rolling stock and 15-year maintenance, making this the biggest tram contract in Australia and in the Southern hemisphere. 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 comprehensive 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 comprehensive maintenance, for the Bhopal and Indore metro projects.

Last year's performance in Asia/Pacific was driven by contracts for Taipei Circular Line Phase Two, and for Melbourne's suburban rail network.

In **Africa/Middle East/Central Asia**, the Group reported €1.0 billion order intake, as compared to €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 upgrade of Cairo Metro Line 1, valued at €0.9 billion. The performance last year was mainly driven by a contract to provide Casa Transports in Morocco with 66 Citadis™ X05 trams.

Alstom received the following major orders during the first half of fiscal year 2022/23:

Country	Product	Description
Australia	Rolling stock / Services	Supply of 100 Flexity™ low-floor Next Generation Trams (NGTs) as well as 15 years of maintenance for the Melbourne Tram Network
Egypt	Rolling stock / Services	Supply of 55 Metropolis™ trains and 8-year maintenance to National Authority for Tunnels (NAT) for the upgrade of Cairo Metro Line 1
France	Rolling stock	Supply of an additional 15 new-generation Avelia Horizon™ very high-speed trains to SNCF Voyageurs
Germany	Rolling stock / Services	Supply of 130 Coradia Stream™ High Capacity electric double-deck trains and 30 years of full-service maintenance for the Baden-Württemberg network
India	Rolling Stock / Services / Signalling	Supply of 156 Movia™ metro cars with 15 years of comprehensive maintenance and installation of signalling systems with seven years of comprehensive maintenance for the Bhopal and Indore metro projects
Romania	Rolling stock / Services	Supply of 17 additional Coradia Stream™ inter-regional trains and associated 15 years maintenance service to Romania Railway Reform Authority (ARF)
Spain	Rolling stock / Services	Supply of 10 Coradia Stream™ regional trains and 15 years of associated maintenance for Barcelona airport connection
Sweden	Rolling stock	Supply of 25 Zefiro Express™ electric high-speed trains to Sweden's national rail operator SJ
U.K.	Services	Technical Support and Spares Supply Agreement (TSSSA) for 5 years and 5 months with Govia Thameslink Railway (GTR)

3. Orders backlog

As of 30 September 2022, the orders backlog stood at €85.9 billion, providing the Group with strong visibility over future sales. This represents a 13% increase on an actual basis and a 9% increase on an organic basis as compared to 30 September 2021 mainly driven by the strong commercial performance of Rolling stock and Services products in Europe as well as positive contract price adjustments, partly offset by the sale of the Coradia Polyvalent regional train platform together with all operations of the Reichshoffen production site in France to CAF and the transfer of Bombardier Transportation's contribution to the joint V300 Zefiro very high-speed train platform to Hitachi Rail, which negatively impacted the order backlog by €0.7 billion.

The appreciation of currencies against the Euro (EUR) since September 2021, mainly the US dollar (USD), the Mexican pesos (MXN) and the Canadian dollar (CAD) in Americas; the Indian Rupee (INR), the Australian dollar (AUD) and the New Singapore dollar (SGD) in Asia/Pacific, and the Saudi riyal (SAR) in Africa/ Middle East/Central Asia, positively impacted backlog for a total amount of €2.8 billion. This affected the backlog of all products.

Geographic breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2022**	% of contrib	**Half-Year ended 30 September 2021**	% of contrib
Europe	46,360	54%	41,681	55%
Americas	14,283	17%	11,653	15%
Asia/Pacific	12,806	15%	11,398	15%
Africa/Middle East/Central Asia	12,483	14%	11,630	15%
BACKLOG BY DESTINATION	**85,932**	**100%**	**76,362**	**100%**

Product breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2022**	% of contrib	**Half-Year ended 30 September 2021**	% of contrib
Rolling stock	42,645	50%	38,983	51%
Services	29,702	34%	24,420	32%
Systems	6,556	8%	6,348	8%
Signalling	7,029	8%	6,611	9%
BACKLOG BY DESTINATION	**85,932**	**100%**	**76,362**	**100%**

4. Income statement

4.1. Sales

Alstom's combined sales amounted to €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 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 €1.3 billion during the first half of the fiscal year 2022/23.

Geographic breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2022	% of contrib	Half-Year ended 30 September 2021	% of contrib	% Variation Sep. 22/ Sep. 21 Actual	% Variation Sep. 22/ Sep. 21 Organic
Europe	4,788	59%	4,620	62%	4%	4%
Americas	1,352	17%	1,226	16%	10%	(2)%
Asia/Pacific	1,178	15%	1,045	14%	13%	6%
Africa/Middle East/Central Asia	730	9%	552	7%	32%	28%
SALES BY DESTINATION	**8,048**	**100%**	**7,443**	**100%**	**8%**	**5%**

Product breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2022	% of contrib	Half-Year ended 30 September 2021	% of contrib	% Variation Sep. 22/ Sep. 21 Actual	% Variation Sep. 22/ Sep. 21 Organic
Rolling stock	4,360	54%	4,285	58%	2%	0%
Services	1,802	23%	1,559	21%	16%	12%
Systems	734	9%	522	7%	41%	35%
Signalling	1,152	14%	1,077	14%	7%	3%
SALES BY DESTINATION	**8,048**	**100%**	**7,443**	**100%**	**8%**	**5%**

In **Europe**, combined sales reached €4.8 billion, accounting for 59% of the Group's total sales and representing an increase of 4% 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 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 Aventra™ 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 level of sales as compared to the same period last year.

In **Americas**, combined sales stood at €1.4 billion, accounting for 17% of the Group's sales and representing an increase of 10% 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 the ALP-45DP locomotives for New Jersey Transit. 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 train Operations & System Maintenance services for Metrolinx in Toronto.

In **Asia/Pacific**, sales amounted to €1.2 billion, accounting for 15% of the Group's sales and representing an increase of 13% compared to last year on an actual basis. These sales were driven by the continuous ramp-up of the production of electric locomotives in India and the Bombardier moviaTM cars for LTA Singapore, the MetropolisTM trains for Sydney metro extension in Australia and the continued execution of the systems contract for the Bangkok monorail in Thailand.

In **Africa/Middle East/Central Asia**, sales stood at €0.7 billion, contributing 9% to the Group's total sales and representing an increase of 32% on an actual basis. The systems contracts for the Cairo monorail trains in Egypt and the rolling stock contract for the X'TrapolisTM Mega commuter trains in South Africa are the main sales contributors within the region, as well as the PrimaTM freight locos for Kazakh Railways and Azerbaijan Railways.

4.2. Research and development

During the first half of fiscal year 2022/23, research and development gross costs amounted to €(297) million, i.e. 3.7% of sales, reflecting the Group's continuous investments in innovation to develop smarter and greener mobility solutions, supporting Alstom In Motion strategy which is based on three pillars: Autonomous mobility, Data factory and Mobility orchestration. Net R&D amounts to €(231) million before PPA amortisation.

(in € million)	Half-Year ended 30 September 2022	Half-Year ended 30 September 2021
R&D Gross costs	(297)	(259)
R&D Gross costs (in % of Sales)	*3.7%*	*3.5%*
Funding received (*)	50*	40*
Net R&D spending	(247)	(219)
Development costs capitalised during the period	57	34
Amortisation expense of capitalised development costs (**)	(41)**	(35)**
R&D expenses (in P&L)	**(231)**	**(220)**
R&D expenses (in % of Sales)	*2.9%*	*3.0%*

(*) Financing received includes public funding amounting to €31 million at 30 September 2022, compared to €20 million at 30 September 2021.
(**) For the fiscal period ended 30 September 2022, excluding €(30) million of amortisation expenses of the purchase price allocation of Bombardier Transportation, compared to €(38) million at 30 September 2021.

Alstom continued the development of the very high-speed trains **Avelia Horizon™**, fully re-invoiced since this year to SpeedInnov, with the two train sets ready to start the testing.

The other RSC developments were focused on **Alstom Coradia stream™** range which has been further extended with longer cars and 15kV traction chain (DACH), the power car development for FNM in Italy and the start of the application on STA with three different voltages, Alstom **TRAXX™ Multi-system 3 - locomotives**, with the development of the passenger version at 200kph and Alstom **Green traction** (battery and hydrogen) program. Hydrogen expertise was reinforced by the acquisition of Helion in 21-22 (new generation of stacks to improve performances and lifetime). The bricks developed in the framework of **Green traction** will benefit to several product lines: Light Rail (**Onboard Energy Storage**), Locomotives, Regional and Commuter. **Coradia iLint™** (energised by hydrogen) set a new distance record in Germany: 1175km.

Services product line is focused on addressing green, sustainable and more efficient operation concepts. **Green re-tractioning initiatives** include for example the retrofit with hydrogen-fuelled internal combustion engines for locomotives and the ability to provide autonomy for non-electrified lines via so-called "Last-mile" functionality.

Alstom continues to develop innovative Digital Solution dedicated to operation and maintenance activities with the **Health Hub** solutions set to optimise reliability and availability while maximising the useful life of components for sustainability improvement.

D&IS Product Line worked on **Atlas ETCS** convergence, **ERTMS** level 2 on-board solution, to equip over 300 trains at Digital Node of Stuttgart with ATLAS™ on-board train control solution. Alstom kept on developing CBTC solutions Urbalis **Fluence™** (e.g., Grand Paris Line 18), **Urbalis 400™** (e.g., Taipei CL2, Santiago L7) and **Cityflo 650™** (e.g., Seattle Tacoma Airport) for metros and tramways, and **ICONIS and EbiScreen™ suites** for Operational Control Centers, maximizing traffic fluidity and orchestrating operations from distance.

Alstom Innovations cluster continued to develop **Autonomous Mobility solutions for Passengers & Freight trains**. It had a successful GoA2 (Grade of Automation 2) test with SNCF under real mainline operating conditions: in January 2022, Alstom successfully tested, with a real freight locomotive, a first set of perception features able to "see" lateral red-light signals which is a first necessary step towards GoA.

Due to global warming, rail buckles have become a worldwide concern, Alstom is proposing a novel machine learning framework to estimate the risk of rail buckle and detect if a buckle has happened. The solution provides critical information in real-time, allowing railways to operate rail traffic safely and efficiently without relying on inaccurate or regional weather forecasts and unexpected environmental conditions.

4.3. Operational performance

In the first half of fiscal year 2022/23, Alstom's combined adjusted EBIT reached €397 million, equivalent to a 4.9% operational margin, as compared to €335 million or 4.5% during the same period last fiscal 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. Alstom invested significantly in these projects during the first half of fiscal year 2022/23, making positive progress on projects stabilisation, therefore confirming the Group ambition to progressively improve its backlog profitability.

Selling and Administrative costs as a percentage of sales represented 6.3% for the combined 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 €75 million, slightly decreasing from the €77 million reported in the same period last fiscal year. The contribution from CASCO Signal Limited joint-ventures amounted to €32 million, whereas former Bombardier Transportation joint-ventures contributed €43 million, compared to €24 million and €53 million respectively in the same period last year.

4.4. From adjusted EBIT to adjusted net profit

During the first half of fiscal year 2022/23, 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, €(17) million of legal fees in the context of Bombardier

Transportation's integration remedies and capital loss on disposal of business for (20) 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.

Net financial expenses of the period amounted to €(24) million, as compared to €(20) million in the same period last fiscal year, remaining broadly stable over the period.

The Group recorded an income tax charge of €(29) million in the first half of fiscal year 2022/23, corresponding to an effective tax rate before PPA of 27%, compared to €(22) 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 €62 million – excluding the amortisation of the purchase price allocation ("PPA") from Chinese joint ventures of €(6) million -, compared to €65 million in the same period last fiscal year, with strong performances from CASCO joint-venture as well as Alstom Sifang (Qingdao) Transportation Ltd. (formerly Bombardier Sifang) and Bombardier NUG Propulsion System Co. Ltd.

Net profit attributable to non-controlling interest totalled €11 million, compared to €9 million in the same period last fiscal year.

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.

4.5. From adjusted net profit to net profit

During the first half of fiscal year 2022/23, amortisation of assets exclusively valued when determining the purchase price allocation ("PPA") in the context of business combination amounted to €(214) million before tax, compared to €(217) million in the same period last year. Positive tax effect associated with the PPA amounts to €19 million, compared to €21 million last year.

The Group's share of net profit from continued operations (Group share), including net effect from PPA after tax for €(195) million, stood at €(16) million, compared to €(24) million in the same period last fiscal year.

The net profit from discontinued operations stood at €(5) million. As a result, the Group's combined Net profit (Group share) stood at €(21) million for the first half of fiscal year 2022/23, compared to €(26) million in the same period last fiscal year.

5. Free cash-flow

(in € million)	Half-Year ended 30 September 2022	Half-Year ended 30 September 2021
EBIT before PPA	**200**	**179**
Depreciation and amortisation	233	226
Restructuring variation	(12)	10
Capital expenditure	(99)	(135)
R&D capitalisation	(57)	(34)
Change in working capital (*)	(381)	(1,697)
Financial and Tax cash-out	(86)	(96)
JV dividends	97	73
Other	60	13
FREE CASH FLOW	**(45)**	**(1,461)**

(*) Change in Working Capital for €(381)m 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.

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 cash generation was notably impacted by an unfavourable €(381) million change in working capital compared to €(1,697) million last year; owing to continued industrial ramp-up and project working capital phasing and provisions consumption.

Depreciation and amortisation excluding PPA amounted to €233 million (€441 million including PPA), compared to €226 million in the same period last fiscal year (€443 million including PPA). Right-of-use assets amortisation amounted to €68 million in line with €69 million for the first semester of fiscal year 2021/22.

Financial cash-out position is broadly stable.

In the first semester of the 2022/23 fiscal year, Alstom spent €99 million in capital expenditures. The Capex program was focused on developing manufacturing capacities in best cost countries such as India, Morocco, Kazakhstan, Poland, Mexico and Brazil. At the same time, some historical facilities have integrated new industrial solutions to secure efficient backlog execution such as in France (La Rochelle, Valenciennes, Crespin), Spain (Barcelona), USA (Hornell), Australia. Capex for energy savings and safety have pulled up, reflecting Alstom commitments for sustainable growth.

"Other" items as listed above reached €60 million this fiscal year including mainly shared based payments €28 million and Capital G/L Disposal of Assets related to remedies €20 million.

6. Net Cash/(debt)

At 30 September 2022, the Group recorded a net debt position of €(2,306) million, compared to the €(2,085) million net cash balance that the group reported on 31 March 2022. This €221 million increase is driven by various factors. Free Cash Flow consumption is at €(45) million. It is also impacted by €(51) million dividend pay-out, €(76) million lease and €(49) million other items including FX and remedies.

In addition to its available cash and cash equivalents, amounting to €833 million at 30 September 2022, the Group benefits from strong liquidity with:

- €1.75 billion short term Revolving Credit Facility maturing in January 2025
- €2.5 billion Revolving Credit Facility maturing in January 2027

Both facilities have two one-year extension options at lenders' discretion and are undrawn at 30 September 2022.

As per its conservative liquidity policy, the €2.5 billion Revolving Credit Facility serves as a back-up of the Group €2.5 billion NEU CP program in place. With these RCF lines (undrawn at 30 September 2022), the €357 million of Commercial Papers outstanding at 30 September and the €108 million drawdown from a short term bank facility, the Group benefits from a €4.6 billion liquidity available.

7. Equity

The Group Equity on 30 September 2022 amounted to €9,392 million (including non-controlling interests), from €9,024 million on 31 March 2022, mostly impacted by:

- net profit/(loss) of €(21) million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €189 million net of tax;
- currency translation adjustment of €169 million.

8. Subsequent events

None

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. 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.

9.4. Adjusted EBIT and EBIT before PPA

9.4.1. 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. (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 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.

9.4.2. 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:

(in € million)	**Half-Year ended 30 September 2022**	**Half-Year ended 30 September 2021**
Sales	**8,048**	**7,443**
Adjusted Earnings Before Interest and Taxes (aEBIT)	**397**	**335**
aEBIT (in % of Sales)	*4.9%*	*4.5%*
Capital Gains / (losses) on disposal of business	(20)	-
Restructuring and rationalisation costs	(6)	(47)
Integration costs, impairment & others	(96)	(32)
Reversal of Net Interest in Equity Investees pick-up	(75)	(77)
EARNING BEFORE INTEREST AND TAXES (EBIT) BEFORE PPA	**200**	**179**
PPA amortisation*	(214)	(217)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**(14)**	**(38)**

(*) Gross amount before tax

9.5. 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 2022**	**Half-Year ended 30 September 2021**
Adjusted Net Profit	**179**	**172**
Amortization of assets valued when determining the purchase price allocation	(195)	(196)
NET PROFIT FROM CONTINUED OPERATIONS (GROUP SHARE)	**(16)**	**(24)**

9.6. 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 2022	Half-Year ended 30 September 2021
Net cash provided by / (used in) operating activities	**95**	**(1,294)**
Of which operating flows provided / (used) by discontinued operations		
Capital expenditure (including capitalised R&D costs)	(156)	(169)
Proceeds from disposals of tangible and intangible assets	16	2
FREE CASH FLOW	**(45)**	**(1,461)**

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 2022/23, the Group Free Cash Flow was at €(45) million compared to €(1,461) million in the same period last fiscal year.

9.7. 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 2022, capital employed stood at €12,420 million, compared to €12,873 million at the end of September 2021.

(in € million)	Half-Year ended 30 September 2022	Half-Year ended 30 September 2021
Non current assets	17,250	17,242
less deferred tax assets	(464)	(403)
less non-current assets directly associated to financial debt	(129)	(153)
Capital employed - non current assets **(A)**	16,657	16,686
Current assets	14,108	12,913
less cash & cash equivalents	(833)	(1,139)
less other current financial assets	(93)	(37)
Capital employed - current assets **(B)**	13,182	11,736
Current liabilities	17,186	15,845
less current financial debt	(593)	(1,075)
plus non current lease obligations	538	615
less other obligations associated to financial debt	(138)	(153)
plus non current provisions	426	316
Capital employed - liabilities **(C)**	17,419	15,549
CAPITAL EMPLOYED (A)+(B)-(C)	**12,420**	**12,873**

9.8. 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 2022, the Group recorded a net cash level of €(2,306) million, as compared to the net cash position of €(2,526) million on 30 September 2021.

(in € million)	Half-Year ended 30 September 2022	Half-Year ended 30 September 2021
Cash and cash equivalents	833	1,139
Other current financial assets	93	37
Other non current assets	31	-
less:		
Current financial debt	593	1,074
Non current financial debt	2,670	2,628
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(2,306)**	**(2,526)**

9.9. 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.

9.10. Sales by Currency

	Half-Year ended 30 September 2022 as a % of Sales
Currencies	
EUR	48.9%
USD	13.1%
GBP	12.0%
AUD	5.0%
INR	4.5%
ZAR	2.7%
SEK	2.3%
CAD	1.8%
SGD	1.4%
Currencies below 1% of sales	8.3%

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9.11. 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)	(4)	
30 September 2022						
Sales	**8,048**					**8,048**
Cost of Sales	(7,168)	178	2			(6,988)
Adjusted Gross Margin before PPA (*)	**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 (*)	**(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) 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 corresponding tax effect;

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

(3) Reclassification of other operational costs to non-recurring items – none for the first semester of 2022/23;

(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

(in € million)	**Total Consolidated Financial Statements (GAAP)**	Adjustments (1)	(2)	(3)	(4)	**Total Consolidated Financial Statements (MD&A view)**
30 September 2021						
Sales	**7,443**					**7,443**
Cost of Sales	(6,687)	171	21			(6,494)
Adjusted Gross Margin before PPA (*)	**756**	**171**	**21**	**-**	**-**	**949**
R&D expenses	(258)	38				(220)
Selling expenses	(162)					(162)
Administrative expenses	(309)					(309)
Equity pick-up	-				77	77
Adjusted EBIT (*)	**27**	**210**	**21**	**-**	**77**	**335**
Other income / (expenses)	(65)	7	(21)			(80)
Equity pick-up (reversal)	-				(77)	(77)
EBIT / EBIT before PPA (*)	**(38)**	**217**	**-**	**-**	**-**	**179**
Financial income (expenses)	(20)					(20)
Pre-tax income	**(58)**	**217**	**-**	**-**	**-**	**158**
Income tax Charge	(22)	(21)				(42)
Share in net income of equity-accounted investments	64					64
Net profit (loss) from continued operations	**(15)**	**196**	**-**	**-**	**-**	**181**
Net profit (loss) attributable to non controlling interests (-)	(8)					(8)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) (*)	**(24)**	**196**	**-**	**-**	**-**	**172**
Purchase Price Allocation (PPA) net of corresponding tax effect	-	(196)				(196)
Net profit (loss) from discontinued operations	(2)					(2)
Net profit (Group share)	**(26)**					**(26)**

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

Adjustments 30 September 2021:

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

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

(3) Reclassification of other operational costs to non-recurring items – none for the first semester of 2021/22;

(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

9.12. From Enterprise Value to Equity Value

(in € million)		Half-Year ended 30 September 2022
Total Gross debt, incl. Lease obligations	**(1)**	**3,810**
Pensions liabilities net of prepaid and deferred tax asset related to pensions	(2)	551
Non controlling interest	(3)	113
Cash and cash equivalents	(4)	(833)
Oher current financial assets	(4)	(93)
Other non-current financial assets	(5)	(49)
Net deferred tax liability / (asset)	(6)	(364)
Investments in associates & JVs, excluding Chinese JVs	(7)	(133)
Non-consolidated Investments	(8)	(80)
Bridge		**2,922**

(1) Long-term and short-term debt and Leases (Note 20), excluding the lease to a London metro operator for €129 million due to matching financial asset (Notes 14 and 20)

(2) As per Note 22 net of €(49) million of deferred tax allocated to accruals for employees benefit

(3) As per balance sheet

(4) As per balance sheet

(5) Other non-current assets: Loans to non-consolidated Investments for 18m and deposit on a US loan for 31m (Notes 14 and 20)

(6) Deferred Tax Assets and Liabilities – as per balance sheet net of €(49) million allocated to accruals for employee 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

9.13. 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 2022**
Amortisation Plan, as per P&L booking (*)	
2022	(428)
2023	(406)
2024	(372)
2025	(376)
2026	(267)
2027	(215)
2028	(205)
2029	(167)
2030	(140)
2031	(108)
2032	(97)
Beyond	(290)

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