Preview ALO Q4 2023/24

Q4 orders **Order published during Q4**	**Value €m**	**Description**	**Press Release**
RATP MF19	~ 800	(07/03/2024 PR) Alstom supply Île-de-France Mobilités and RATP with 103 new MF19 trainsets	Alstom receives an additional order for 103 MF19 new generation metros to modernise the Paris region network | Alstom
AlUla tram	~ 500	(03/01/2024 PR) Contract with The Royal Commission for AlUla (RCU) for AlUla's pioneering battery-powered tramway: 20 Citadis B battery-trams. (also deliver power supply, signalling, communication, and depot equipment and provide full maintenance for the trams for 10 years	**Alstom signs contract with The Royal Commission for AlUla for the Tramway Project in the Kingdom of Saudi Arabia worth more than €500 million | Alstom**
ISR DD coaches	~260	526/01/2024 PR) Production of 96 double-deck coaches	Double-deck coaches contract with Israel Railways | Alstom
S/T	**~1.6bn**		
No PR during Q4			
Abidjan metro	~500	No press release (coming into force of previously announced order)	
S/T	**~0.5bn**		
Total large orders	**~2.1bn**		

- At 3Q FY23/24 trading update, **we confirmed our book-to-bill ratio guidance of above 1 for FY24** at Group level (1.1 over the first nine months of FY23/24) thanks to a stronger second half fuelled by positive market momentum and sustained commercial activity.
- At 1H FY23/24 results, **we indicated that the book-to-bill ratio for Rolling Stock may end up below 1 for FY24** (0.7 over the first nine months of FY23/24)
- In addition to large orders disclosed in the above table, **base orders (<€200m) typically account for €1.5bn to €2.0bn on average per quarter**, with some seasonality leading **to stronger fourth quarters historically**. Many small orders were announced during Q4 (Stockholm metro ~125m, Jeddah ~105m, Vancouver Sky Train, SFBW).
- The relatively low number of large orders announced during Q4 compared to historically is largely due to **a few orders being postponed into next fiscal year** (UK, Americas notably, and Dominican Republic now expected during H1 of FY25).
- **Some deals have already been announced but have not yet been booked in Q4,** including **Combos de Portugal** (Some € 700m awarded to Alstom. Expecting end of competitors challenge. Expected booking in FY24/25) and **Dominican Republic (**~€300m – awarded. Expecting financial close now during H1 of FY24/25).

Sales

- At 3Q FY23/24 trading update, **we confirmed our guidance of organic growth sales above 5% for FY23/24** (+7.3% over the first nine months of FY23/24).

- Currency had a negative impact of 2.7% on sales over the first nine months of FY23/24. Breakdown of sales by currency is given on page 36 of the H1 23/24 presentation, and **we note that key currencies have been developing less unfavourably through the year** when compared to last fiscal year's levels
- Scope had a negative impact of 0.5% over the first nine months of FY23/24 and largely relate to the disposal of Reichshoffen factory in France in August 2022, impacting revenue though 1H FY23/24.
- At 3Q FY23/24 trading update, **we confirmed the target of €1.7bn sales at zero gross margin for FY23/24.**

Expected sales releases for Q4:

reported growth	9 months was 4.1% - expect usual higher level of activity in Q4
organic growth	9 months was 7.3% - expect usual higher level of activity in Q4

Adjusted EBIT

- **H1 FY23/24 saw a 30bp Y/Y aEBIT margin improvement to 5.2%** driven by:
  - Positive impact from synergies: +30 bps
  - Positive impact from non-performing sales reduction: +40 bps
  - Favourable mix and volumes effect: +50 bps
  - Positive impact from CPA on backlog; +20 bps
  - Negative impact from R&D acceleration: -30 bps
  - Negative impact from the Aventra program: -80bps

As a reminder, last May, we guided for FY23/24 for "around 6%" adjusted EBIT.

- As per FY22/23 communication, we're making progress on inflation indexation:
  - 71% on backlog covered by CPA as of Mar23 and expecting ~75% as of Mar24
  - ~90% on order intakes have inflation protection

Below adjusted EBIT

- **Non-operating expenses**
  - Integration costs are progressing according to plan and we expect H2 FY23/24 integrations costs to be broadly equivalent to the level of H1 FY23/24 at €65m
  - Restructuring
    - Costs savings plan (~1500 p) and Derby (rightsizing) have been announced
    - Should be a provision in FY24 and cash out mainly in 24/25 and 25/26 – will be precised on May 8
    - Germany is still going on

- Financial cost : H2 saw increased rates versus expectations on short-term debt instruments
- PPA : table of depreciation on page 39 of the H1 23/24 presentation

Cash and FCF position

- At 3Q FY23/24 trading update, **we confirmed our FCF guidance FY23/24 within the range €(500m) - €(750m)** based on the following:
  - AT H1 FY23/24 results, we indicated that Funds From Operations (FFO) should see a positive evolution in H2 FY23/25 despite the usual seasonality on R&D and Capex
  - We indicated a Trade working capital overall stabilization from H1 position in days of sales, thanks to actions on inventories but also expected decrease in payables.
  - Contract working capital change: we indicated improvement during H2 through improved deliveries and downpayments

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What to expect from May 8 release

- **FY23/24 actuals and analysis of FCF full-year performance**
- **Progress update on the various aspects of the Action Plan presented at H1 FY23/24**
  - Operational, commercial, costs efficiency, ramp-up
  - Breakdown and characteristics of the €2bn deleveraging plan (assets disposals, quasi-capital, capital raise)
- **Guidance for FY25 and mid-term ambitions**