Full Year Results
Fiscal Year 2025/26

13 May 2026

ALSTOM

Disclaimer

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Agenda

1. **Highlights**
   Martin Sion, Chief Executive Office

2. **Context and priorities**
   Martin Sion, Chief Executive Officer

3. **Financial results**
   Bernard Delpit, Executive Vice President & Chief Financial Officer

4. **Outlook**
   Martin Sion, Chief Executive Officer

Highlights

Martin Sion
Chief Executive Officer

FY 2025/26 financial highlights: Delivering on cash, short on profitability

Record commercial year	**€27.6bn**	*Order intake*
Organic sales stronger than expected	**+7.2%**	*Organic growth vs. FY 2024/25*
Margin headwinds from FX, volumes and a few Rolling Stock contracts	**6.1%**	*adjusted EBIT margin*
Cash generation, in line with guidance	**€336m**	*Free-Cash-Flow*

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Avelia Horizon success confirming platforming strategy

SNCF
100 Trainsets

July 2018

SNCF
15 Trainsets

August 2022

Velvet
12 Trainsets

October 2024

ONCF
18 Trainsets

March 2025

Eurostar
30 Trainsets

October 2025

SNCF
15 Trainsets

January 2026

Reaching several operational milestones in FY 2025/26

NextGen Acela entry into service on the Northeast Corridor for Amtrak in August, with over 10 trains in service as of May 2026

Metros entering service in India (Bhopal and on Delhi line extensions), supported by CBTC * signalling technology

MF19 entry into service on Paris Metro Line 10, with deployment alongside RATP of Alstom's CBTC on-board system compliant with client's proprietary standards

Delivering **Australia's first brownfield CBTC*** installation with the opening of Melbourne's Metro Tunnel

*Communications-Based Train Control

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Context and priorities

Martin Sion
Chief Executive Officer

A solid base to build upon (1/2)

Attractive rail market dynamics allowing for disciplined growth

~€210bn

Three-year opportunity pipeline

Strong Services franchise with further upside

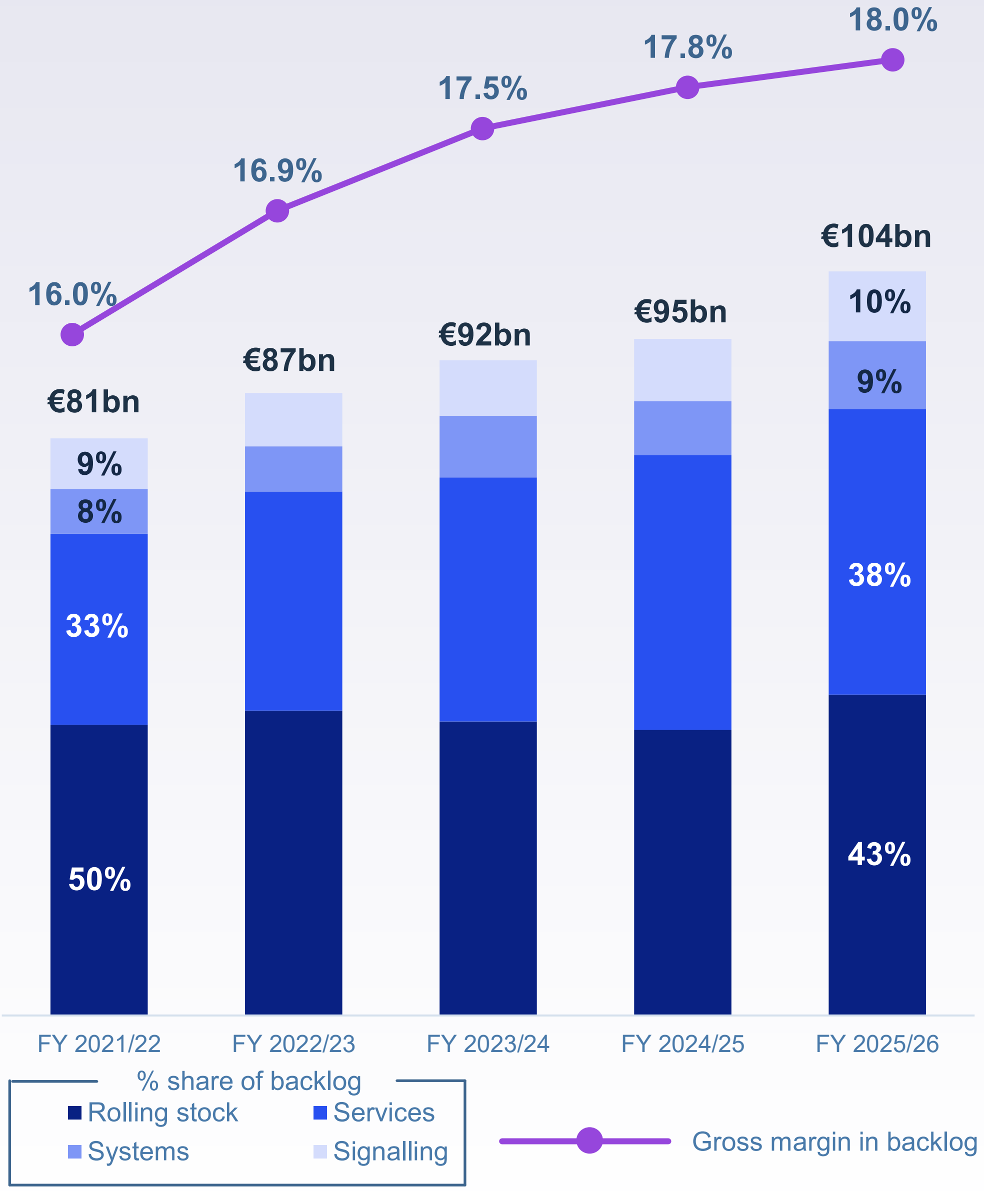
~50%

Rolling Stock orders coupled with Services in last 2 years

Leading digital expertise, driving Signalling and Systems opportunities

+80%

Signalling & Systems backlog vs. FY 2020/21



Solid base to build upon (2/2)

Commercial

Developing Services

35% → 39%

Share of Services in backlog[1]

Improving GM in backlog

16.9% → 18.0%

Gross margin in backlog[1]

Financial

Tightening cost discipline

6.6% → 5.4%

SG&A / sales[1]

Strengthening balance sheet

€2.1bn → €0.4bn

Net financial debt

Key progress areas in the last three years

Improving manufacturing quality

170 → 64

# of defects per unit[1]

Optimising German footprint

8 → 7

Manufacturing sites[1]

x2

Car production in German sites[2]

Operational

Scope 3 Emissions

4.6 → 3.7

Use of sold products - Passengers (gCO2/pass.km) [1]

Taxonomy alignment

59% → 70%

% sales alignment[1]

ESG

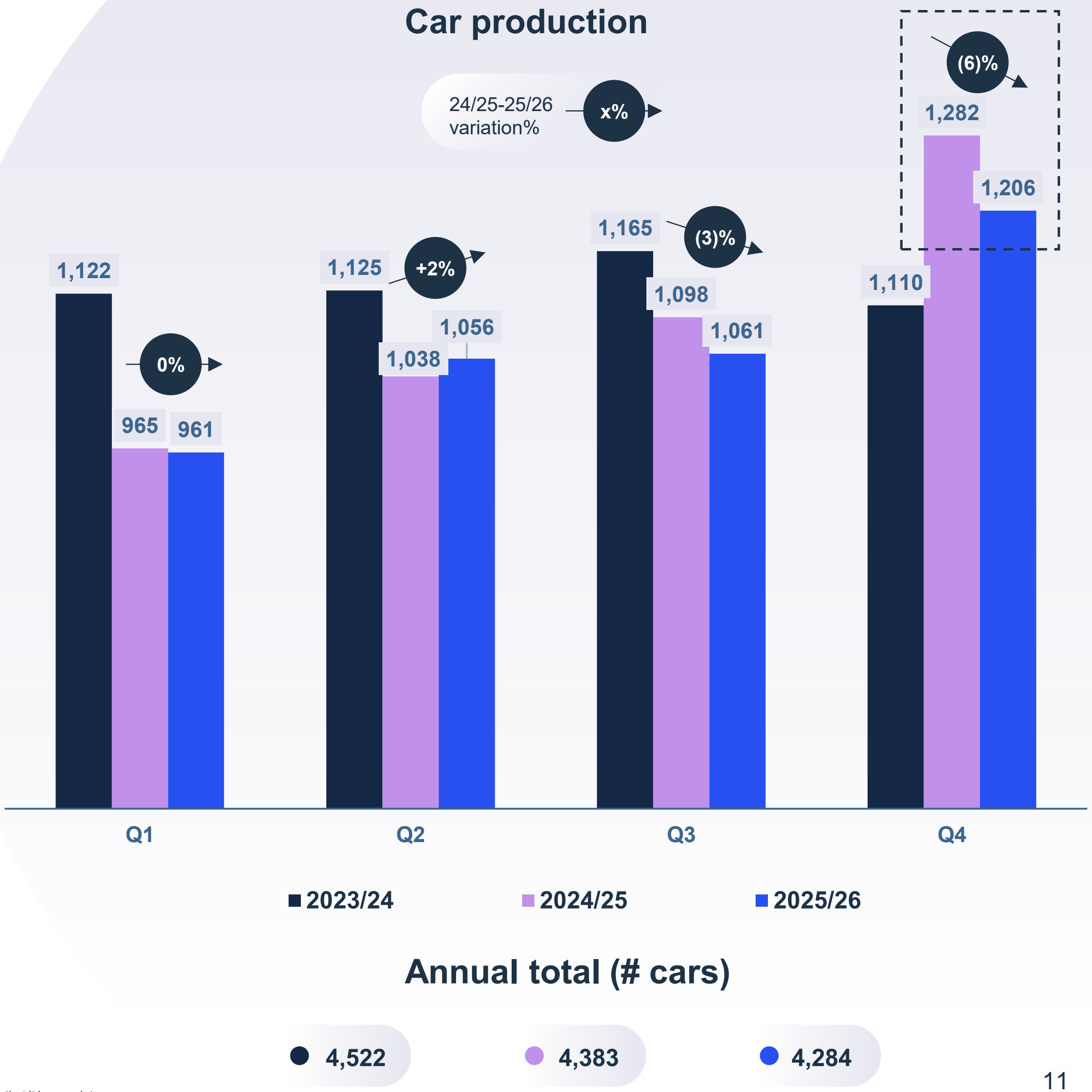
[1] FY 2025/26 vs FY 2022/23
[2] FY 2025/26 vs FY2024/25

Longer platform industrialisation weighing on car production and financial performance

Q4 car production lower than expected, impacted by industrialisation challenges

Additional costs to progress towards homologation / **deferred deliveries**

Margin pressure reflected in end-of-period project reviews

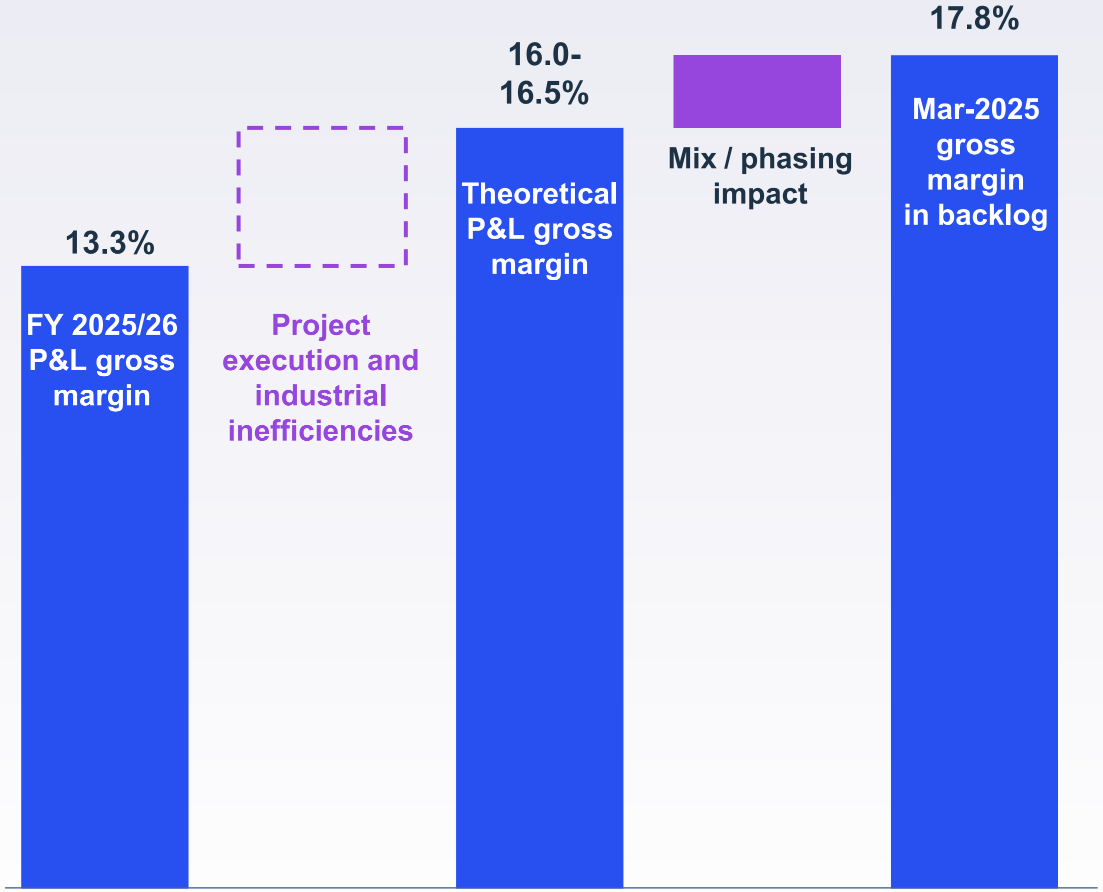


Rolling Stock execution and industrial inefficiencies impacting margins for too long

Insufficient end-to-end coordination, resulting in degraded supply chain and logistics performance

Extended development phases and delayed homologation of new products, resulting in slower ramp-up to serial production and additional activities performed to implement engineering changes

Industrial inefficiencies, resulting from frequent production rescheduling and supply chain disruptions



Priority action: Sharpening management focus on execution, enhancing accountability

Enforcing lean principle and short intervals operating rhythm

Simplify ways of working

Leaner cost base

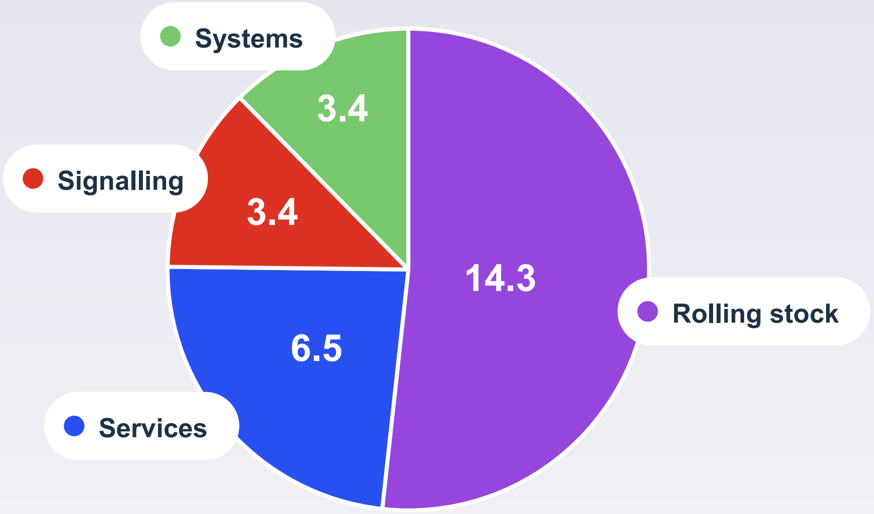
Accelerate procurement savings

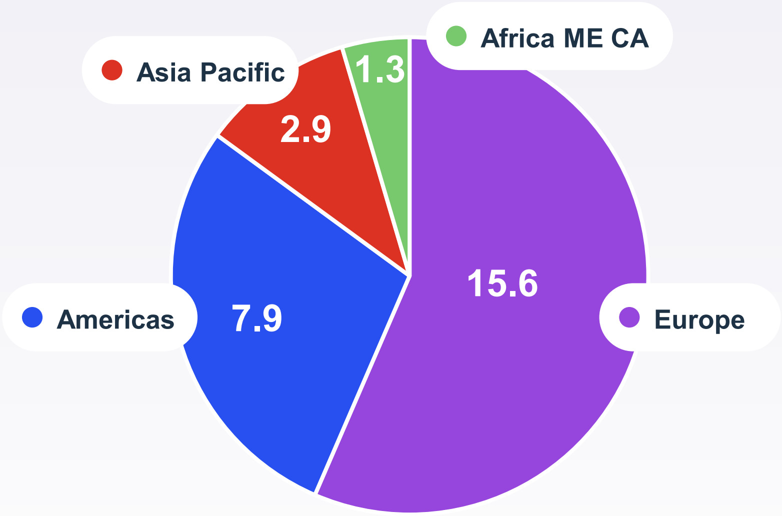
Financial results

Bernard Delpit
Executive Vice President & Chief Financial Officer

Orders: A record year for Americas, Signalling & Rolling Stock

Group book-to-bill	**1.4x**
Signalling book-to-bill	**1.3x**
Americas book-to-bill	**2.4x**





(€ in billions)

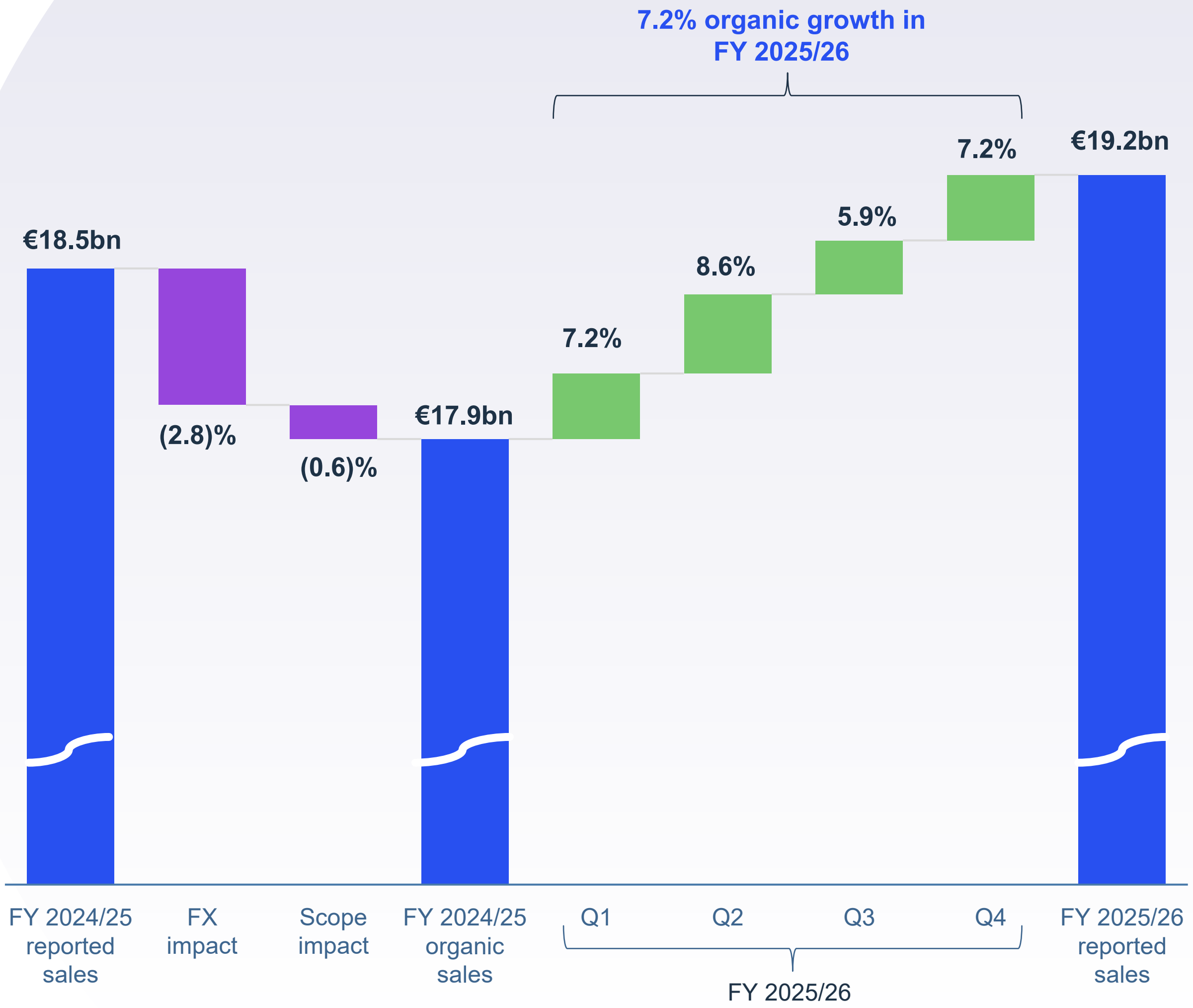
Organic sales well balanced across main product lines

Rolling Stock: €10.0bn
+6% vs FY 2024/25, of which +9% organic
Solid performance in France, India and Italy

Services: €4.7bn
+4% vs FY 2024/25, of which +7% organic
Ramping up in Australia and Italy with strong execution performance in UK, US

Signalling: €2.7bn
+2% vs FY 2024/25 of which +8% organic
Steady execution across all regions mainly in France, Italy and Germany

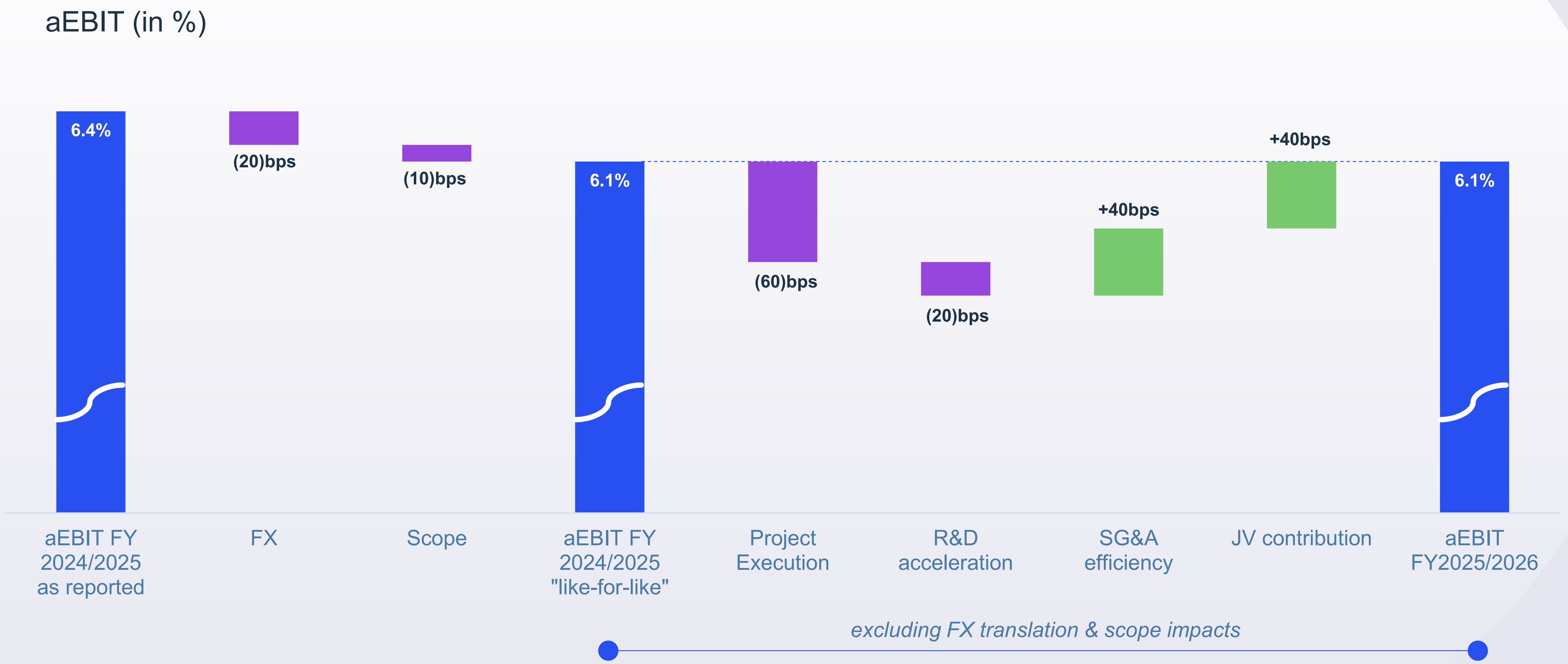
Systems: €1.8bn
(8)% vs FY 2024/25, of which (5)% organic
Ramping down in Mexico partly offset by projects in Brazil and the Philippines



Gross margin pressure partly mitigated

(in € million)	FY 2024/25	FY 2025/26	Y/Y change
Sales	**18,489**	**19,171**	**4%**
Cost of sales	(15,876)	(16,616)	5%
Adjusted gross margin before PPA impairment	**2,613**	**2,555**	**(2%)**
As a % of sales	*14.1%*	*13.3%*	*(80bps)*
R&D expenses	**(522)**	**(573)**	**9.8%**
As a % of sales	*(2.8)%*	*(3.0)%*	*(20)bps*
Selling & administrative expenses	**(1,062)**	**(1,030)**	**(3%)**
As a % of sales	*(5.7)%*	*(5.4)%*	*40bps*
Net income contribution from JVs	**148**	**216**	**46%**
Adjusted EBIT	**1,177**	**1,168**	**(1%)**
Adjusted EBIT margin	*6.4%*	*6.1%*	*(30bps)*

Adjusted EBIT margin stable at constant currency and scope



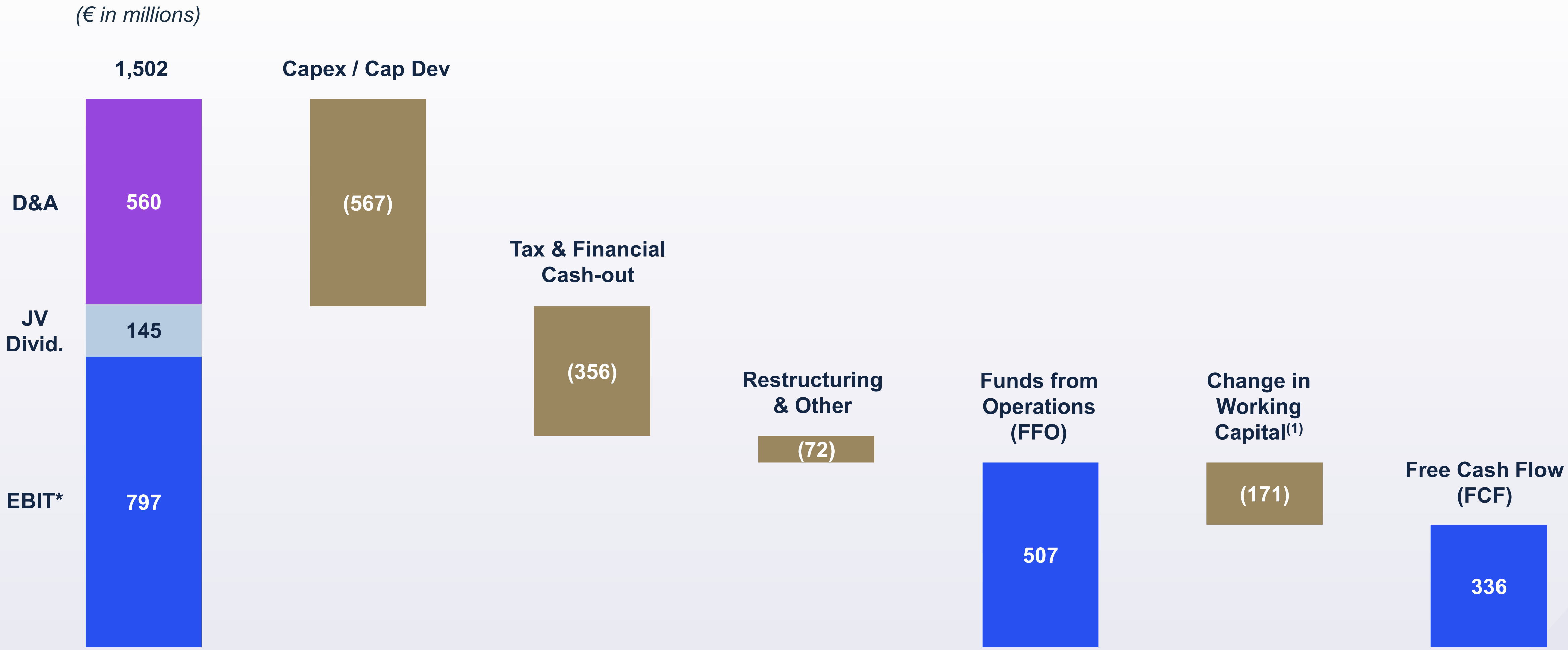
Adjusted net profit up 12% compared to the prior fiscal year

(€ in millions)	FY 2024/25	FY 2025/26	Y/Y change
Adjusted EBIT	**1,177**	**1,168**	**(1%)**
Non-operating expenses	(198)	(155)	(22%)
Reversal of net income contribution from JVs	(148)	(216)	46%
EBIT before PPA and impairment	**831**	**797**	**(4%)**
Financial results	(214)	(165)	(23%)
Tax results	(217)	(223)	3%
Share in net income of equity investees	128	191	49%
Minority interests from continued op.	(30)	(41)	37%
Adjusted net profit	**498**	**559**	**12%**
PPA net of tax	(345)	(236)	(32%)
Net profit (loss) from discontinued operations	(4)	1	NM
Net Profit (Group share)	**149**	**324**	**117%**

Including:
- €(56)m: Restructuring & rationalisation costs relating to footprint adaptation in France and Belgium
- €(34)m footprint reorganisation and transformation costs in Germany
- €(30)m legals fees

ETR 35%

Free Cash Flow delivered within the guided range despite contract working capital headwinds



* EBIT Before PPA & Impairment

(1) the total Change in working capital shown above on the FCF bridge of €(171) million corresponds to the €(271) million change in working capital resulting from operating activities, as disclosed in the consolidated financial statements, from which €60 million variations of restructuring provisions and €40m of variation of Tax working capital have been excluded.

Tighter Trade Working Capital management in FY 2025/26

(€ in millions, or expressed as # days of sales)	31 March 2025	31 March 2026
Inventories	4,151	4,276
days of sales	*82*	*81*
Trade receivables	2,906	3,095
days of sales	*57*	*59*
Trade payables	(3,751)	(4,282)
days of sales	*(74)*	*(82)*
Net other assets / liabilities	(1,599)	(1,585)
days of sales	*(32)*	*(30)*
Trade Working Capital[1,2,3]	**1,707**	**1,505**
days of sales	*34*	*29*

1 Definition is given in the appendix
2 Excluding restructuring provisions and corporate tax changes
3 The €1,707m to €1,505m balance sheet end position variation (=€202m) reads as €119m Operating Working Capital decrease shown on the EBIT to FCF bridge and €83m of Currency Translation Adjustments & other non FCF impacts

Contract assets increase only partly offset by contract liabilities

(€ in millions, or expressed as # days of sales)	**31 March 2025**	**31 March 2026**
Contract assets	5,895	6,507
days of sales	*116*	*124*
Contract liabilities	(8,881)	(9,406)
days of sales	*(175)*	*(179)*
Current provisions	(1,529)	(1,352)
Contract Working Capital[1,2]	**(4,515)**	**(4,251)**
days of sales	*(89)*	*(81)*

1 Definition shown in the appendix
2 The €(4,515)m to €(4,251)m balance sheet end position variation (=€264m) reads as €290m Operating Working Capital increase shown on the EBIT to FCF bridge and €(26)m of Currency Translation Adjustments & other non FCF impacts

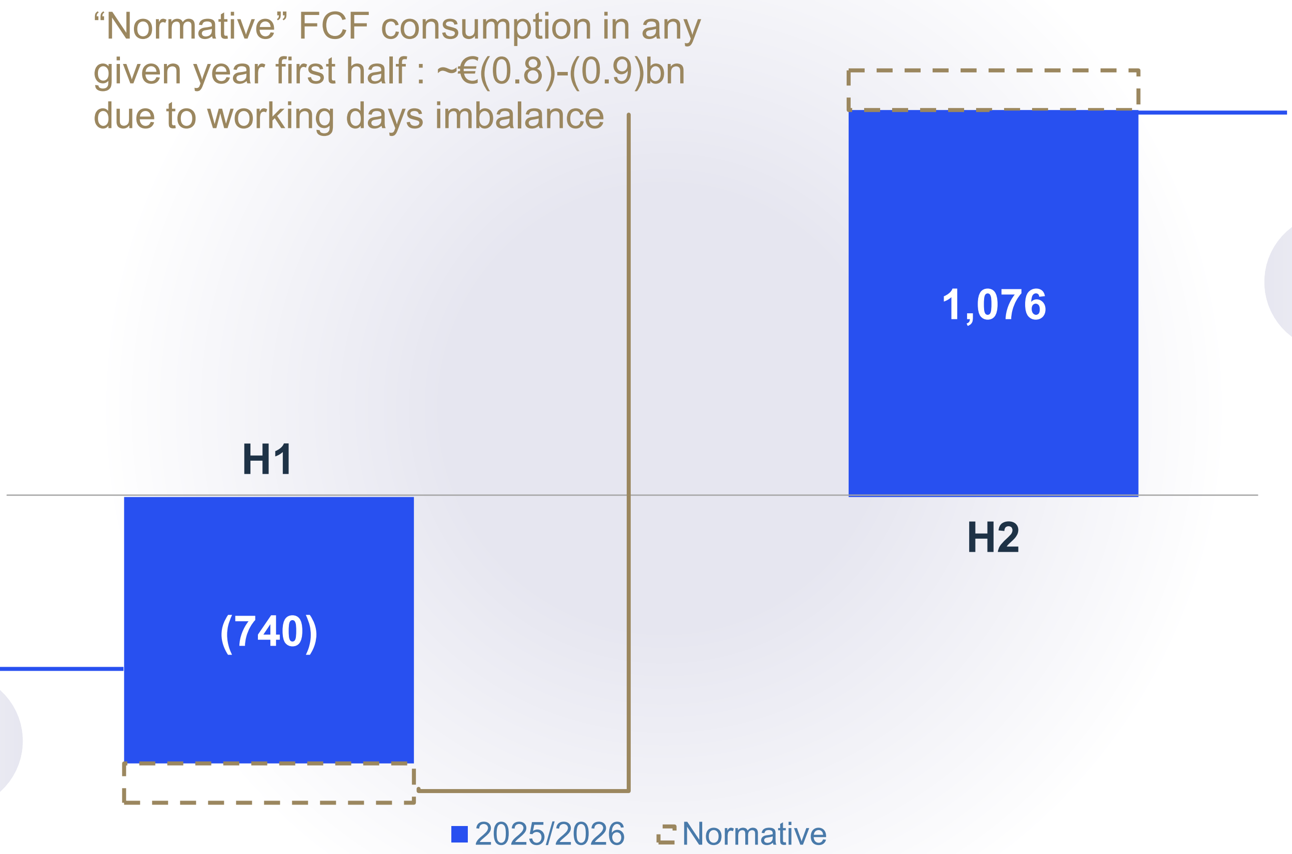
Typical FY 25/26 cash seasonality pattern, with over €1bn recovery in H2

(€ in millions)

FY 2025/26 H1 FCF slightly better-than-expected consumption driven by:

1. Strong Receivables collection

2. Lower Contract Assets Build-Up



FY2025/26 H2 FCF recovery driven by:

1. Lower-than-usual H2 Progress Payments

2. Offset by Trade Working Capital Improvement

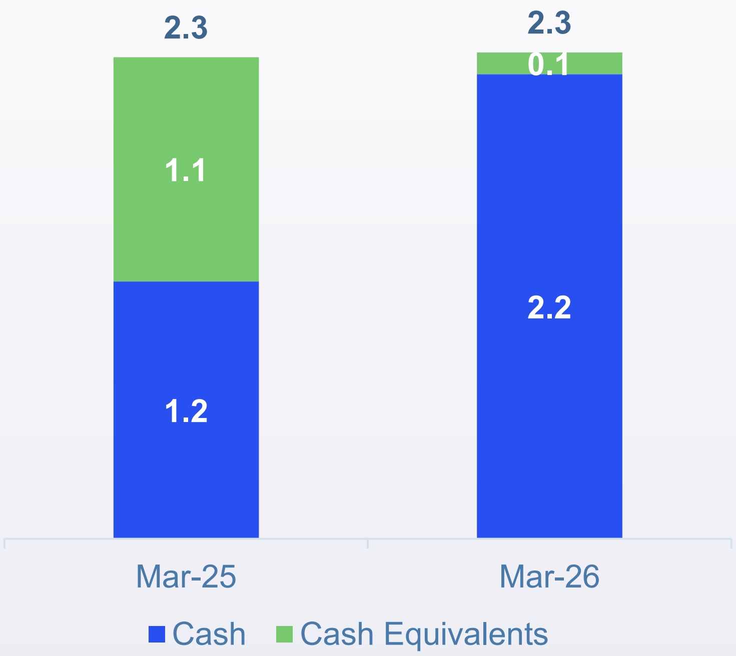
FCF generation driving incremental reduction in net debt

(€ in millions)

* Dividends paid to minority shareholders of Alstom consolidated entities

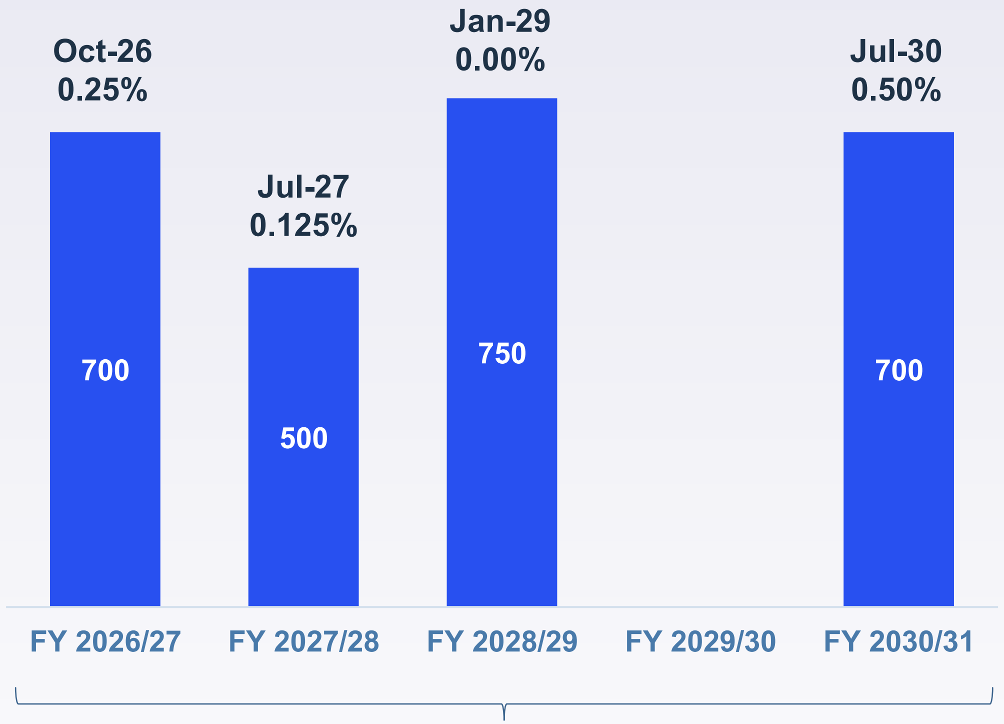
Cash and long-term debt: Commitment to Investment Grade rating

Cash and cash equivalent (€bn)



- Stable positive cash and cash equivalent position
- Committed liquidity as of March 26 = €2.3bn cash + €4.25bn undrawn committed RCF liquidity lines

Bonds outstanding (€m)



- Spread maturities
- Fixed coupons and no financial covenants on all bonds
- Stable outstanding long-term debt, including €750m Hybrid bond maturing in Aug 29 (accounted for in Equity)

Outlook

Martin Sion
Chief Executive Officer

FY 2026/27 outlook

Group book-to-bill	**>1x**
Organic sales growth	**~5%**
Car production	**4,400-4,500**
adjusted EBIT margin	**~6.5%**
Free-Cash-Flow	**Positive**
H1 Free-Cash-Flow	**€(1.5)bn**
Capital Markets Day	**Early 2027**

End of Presentation

Questions and Answers

Appendix Section

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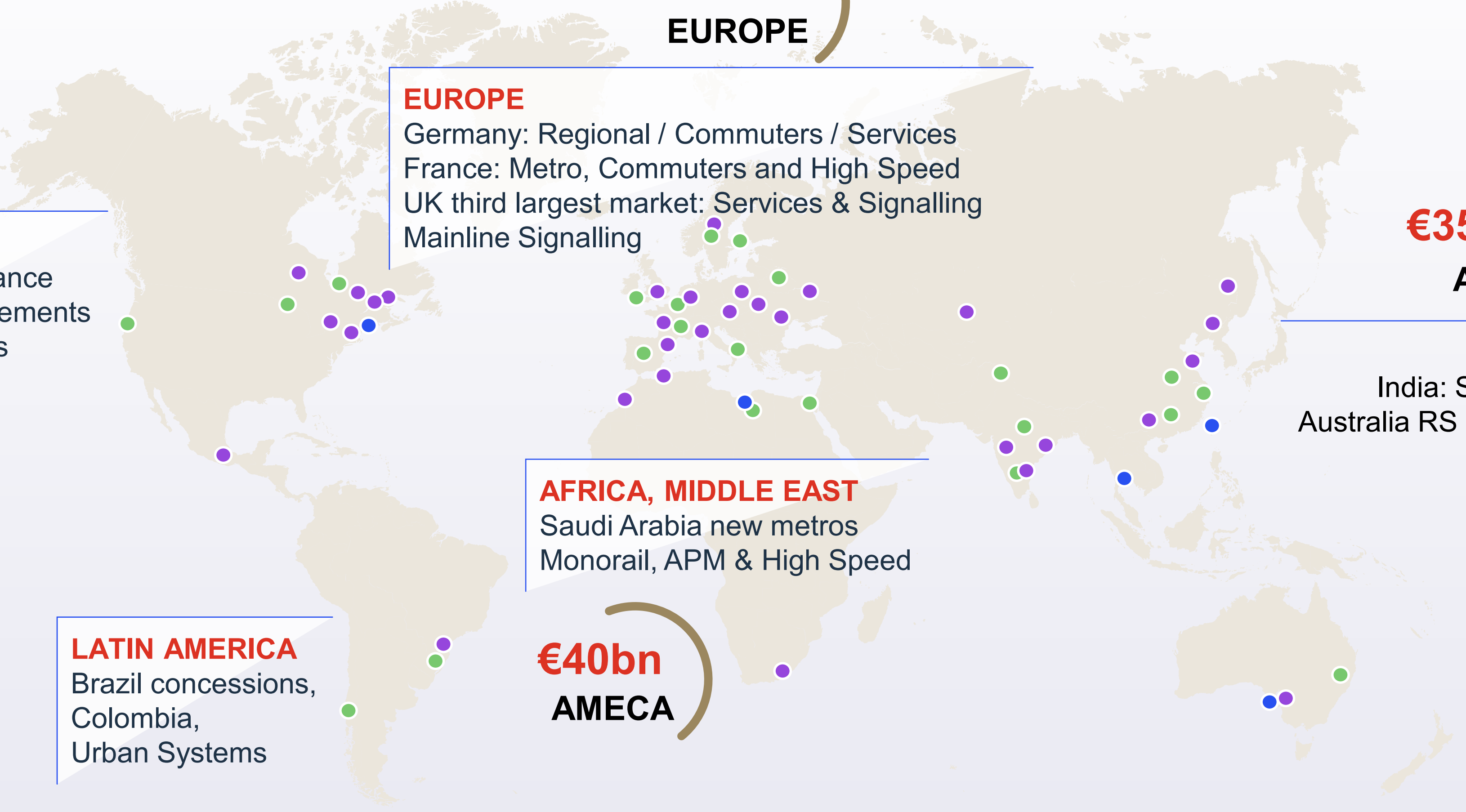
€210bn three-year opportunity pipeline
Europe largest market, AMECA & APAC growing further



€35bn
AMERICAS

NORTH AMERICA
AMTRAK Long distance
Canada train replacements
Urban & Commuters
O&M opportunities

LATIN AMERICA
Brazil concessions,
Colombia,
Urban Systems

€100bn
EUROPE

EUROPE
Germany: Regional / Commuters / Services
France: Metro, Commuters and High Speed
UK third largest market: Services & Signalling
Mainline Signalling

€40bn
AMECA

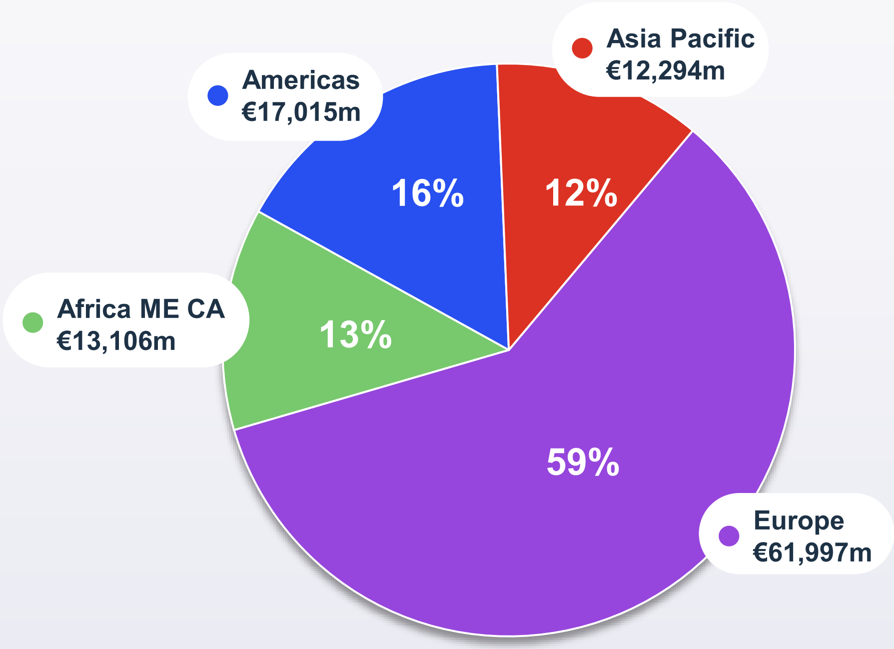
AFRICA, MIDDLE EAST
Saudi Arabia new metros
Monorail, APM & High Speed

€35bn
APAC

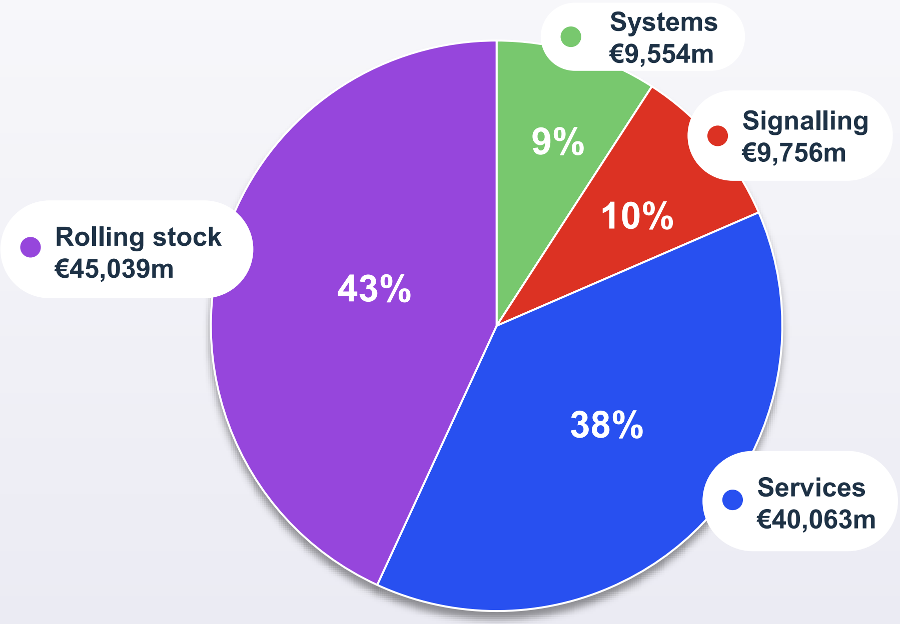
APAC
India: Suburban / Locos
Australia RS options, Vietnam

FY 2025/26 backlog by region and product line

Backlog breakdown by region (in € million)

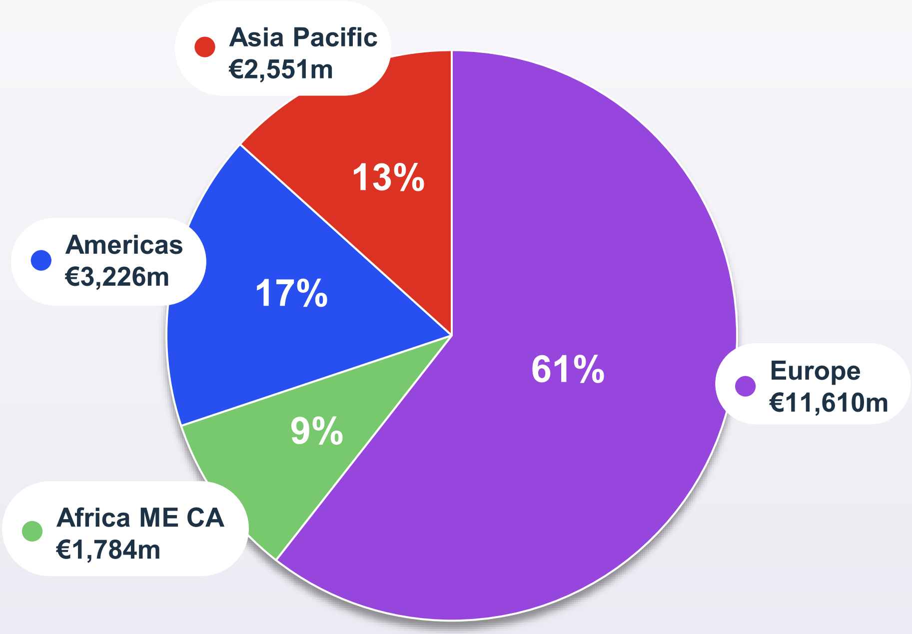


Backlog breakdown by product line (in € million)

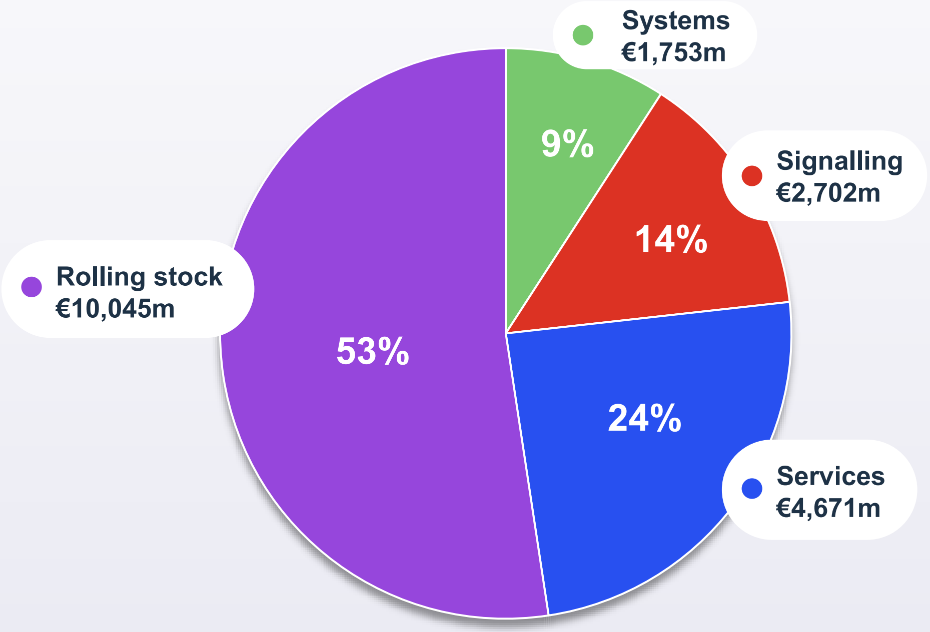


FY 2025/26 Sales by region and product line

Sales breakdown by region (in € million)



Sales breakdown by product line (in € million)



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Sales - Reported vs Organic figures by quarter

Reported growth	FY 2024/25 Q1	FY 2024/25 Q2	FY 2024/25 Q3	FY 2024/25 Q4	FY 2025/26 Q1	FY 2025/26 Q2	FY 2025/26 Q3	FY 2025/26 Q4
Rolling Stock	1.9%	1.1%	6.0%	5.3%	3.3%	2.6%	4.2%	14.3%
Services	12.2%	9.1%	6.5%	-4.2%	-0.3%	6.4%	8.3%	1.7%
Systems	4.5%	8.1%	47.4%	21.6%	24.9%	-13.4%	-15.4%	-15.5%
Signalling	6.4%	-5.3%	-5.3%	3.7%	-5.3%	15.2%	1.9%	-1.5%
GROUP	**5.1%**	**2.8%**	**7.9%**	**4.1%**	**2.8%**	**3.6%**	**2.6%**	**5.5%**

Organic growth	FY 2024/25 Q1	FY 2024/25 Q2	FY 2024/25 Q3	FY 2024/25 Q4	FY 2025/26 Q1	FY 2025/26 Q2	FY 2025/26 Q3	FY 2025/26 Q4
Rolling Stock	1.9%	2.5%	4.6%	5.6%	5.1%	7.4%	6.8%	17.2%
Services	13.1%	10.8%	8.0%	-3.8%	2.3%	10.2%	13.3%	4.2%
Systems	5.2%	21.1%	50.0%	26.8%	35.8%	-9.1%	-12.7%	-16.3%
Signalling	6.0%	-0.1%	5.2%	12.2%	8.9%	24.1%	5.9%	-2.3%
GROUP	**5.3%**	**5.9%**	**9.3%**	**6.0%**	**7.2%**	**8.7%**	**5.9%**	**7.2%**

FX Impact	FY 2024/25 Q1	FY 2024/25 Q2	FY 2024/25 Q3	FY 2024/25 Q4	FY 2025/26 Q1	FY 2025/26 Q2	FY 2025/26 Q3	FY 2025/26 Q4
Rolling Stock	0.0%	-1.4%	1.3%	-0.3%	-1.7%	-4.8%	-2.5%	-2.5%
Services	0.8%	-0.1%	0.6%	0.8%	-2.6%	-3.5%	-4.6%	-2.5%
Systems	-0.7%	-12.1%	-1.7%	-4.2%	-8.8%	-4.9%	-3.1%	0.9%
Signalling	0.4%	-1.1%	0.7%	1.5%	-3.8%	-0.3%	-3.9%	0.8%
GROUP	**0.2%**	**-2.0%**	**0.8%**	**-0.1%**	**-2.7%**	**-3.9%**	**-3.3%**	**-1.6%**

Scope impact	FY 2024/25 Q1	FY 2024/25 Q2	FY 2024/25 Q3	FY 2024/25 Q4	FY 2025/26 Q1	FY 2025/26 Q2	FY 2025/26 Q3	FY 2025/26 Q4
Rolling Stock	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Services	-1.6%	-1.4%	-2.0%	-1.3%	0.0%	0.0%	0.0%	0.0%
Systems	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Signalling	0.0%	-4.4%	-11.8%	-9.6%	-11.3%	-7.4%	0.0%	0.0%
GROUP	**-0.4%**	**-1.0%**	**-2.1%**	**-1.7%**	**-1.5%**	**-1.0%**	**0.0%**	**0.0%**

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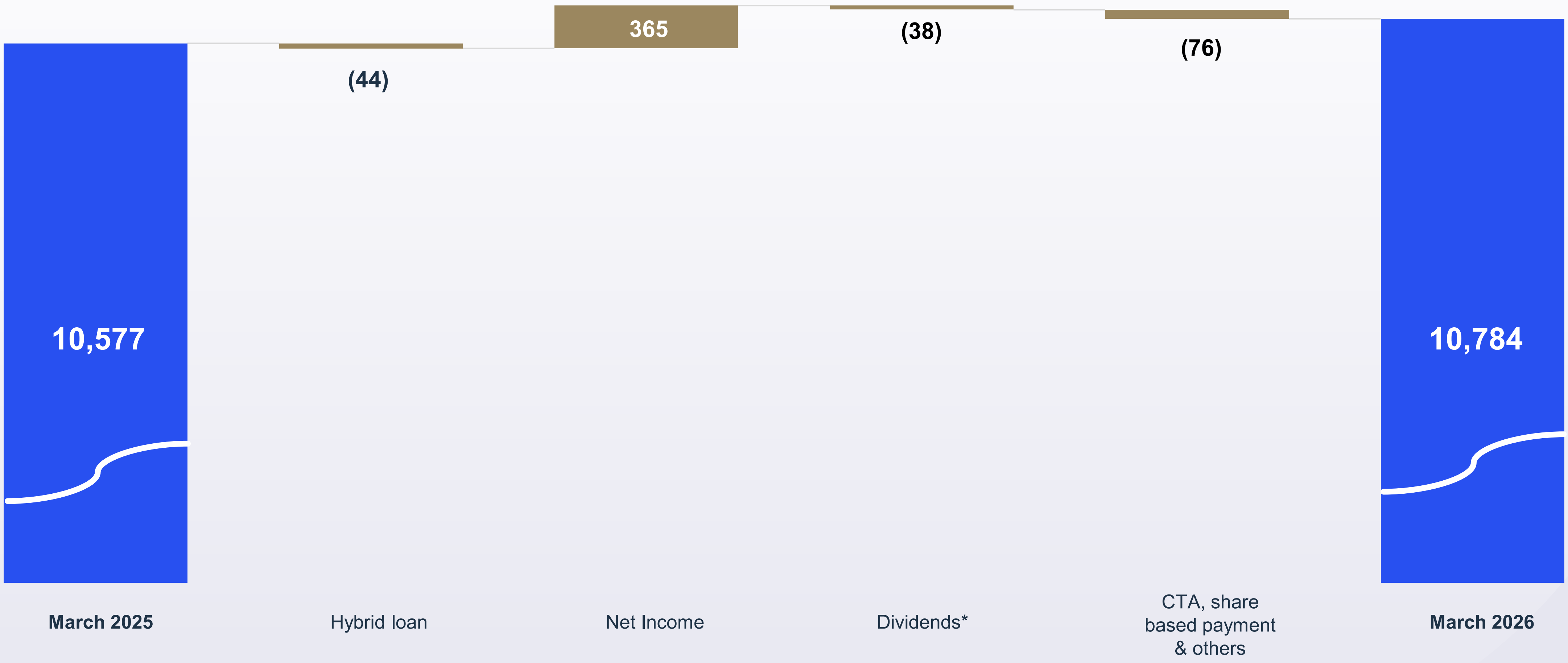
Sales by currency

Currencies	FY 2025/26 as a % of sales
EUR	53.0%
USD	8.9%
GBP	7.2%
AUD	4.5%
INR	4.4%
CAD	4.0%
SEK	3.2%
ZAR	2.8%
MXN	1.7%
BRL	1.5%
SGD	1.4%
KZT	1.1%
CHF	1.0%
Currencies below 1% of sales	5.2%

Equity Year on Year Evolution

(€ in millions)



* Dividends paid to minority shareholders of Alstom consolidated entities

Bridge consideration – From Enterprise Value to Equity Value
Hybrid bond for €750m not included

(in € million)		FY 2025/26
Total Gross debt, incl. lease obligations	(1)	**3,511**
Pension liabilities net of prepaid and deferred tax asset related to pensions	(2)	635
Non controlling interest	(3)	121
Cash and cash equivalents	(3)	(2,297)
Other current financial assets	(4)	(60)
Other non-current financial assets	(5)	(136)
Net deferred tax liability / (asset)	(6)	(656)
Investments in associates & JVs, excluding Chinese JVs	(7)	(41)
Non-consolidated Investments	(8)	(51)
Bridge		**1,026**

(1) Long-term and short-term debt and Leases (Note 27), excluding the lease to a London metro operator for €44m due to matching financial asset (Notes 15 and 27 in the Financial Notes)
(2) As per Note 29 (in the Financial Notes) net of €47m of deferred tax allocated to accruals for employees benefit costs (note 8.2 in the Financial Notes)
(3) As per balance sheet
(4) As per balance sheet – adjusted with the deposit for the NMTC loan for €26m
(5) As per balance sheet – excluding assets related to pensions for €290m, long term contract receivables for €114m and the deposit for the NMTC loan for €26m.
(6) Deferred Tax asset and Liabilities - as per balance sheet net of €47m of deferred tax allocated to accruals for employees benefit costs (note 8.2 in the Financial Notes)
(7) JVs - to the extent they are not included in equity pickup / FCF, i.e. excluding Chinese JVs.
(8) Non-consolidated investments as per balance sheet

Reconciliation between consolidated income statement and the MD&A management view as of 31 March 2026

(in € million)	Total Consolidated Financial Statements (GAAP)	Adjustments (1)	(2)	Total Consolidated Financial Statements (MD&A view)
31 March 2026				
Sales	**19,171**			**19,171**
Cost of Sales	(16,819)	203		(16,616)
Adjusted Gross Margin before PPA & impairment [1]	**2,352**	**203**	**-**	**2,555**
R&D expenses	(623)	50		(573)
Selling expenses	(359)	-		(359)
Administrative expenses	(671)	-		(671)
Equity pick-up	-		216	216
Adjusted EBIT [1]	**699**	**253**	**216**	**1,168**
Other income / (expenses)	(155)			(155)
Equity pick-up (reversal)	-	-	(216)	(216)
EBIT / EBIT before PPA & impairment [1]	**544**	**253**	**-**	**797**
Financial income (expenses)	(165)			(165)
Pre-tax income	**379**	**253**	**-**	**632**
Income tax Charge	(199)	(25)		(223)
Share in net income of equity-accounted investments	183	8		191
Net profit (loss) from continued operations	**364**	**236**	**-**	**600**
Net profit (loss) attributable to non controlling interests (-)	(41)			(41)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) [1]	**323**	**236**	**-**	**559**
Purchase Price Allocation (PPA) & impairment net of corresponding tax effect	-	(236)		(236)
Net profit (loss) from discontinued operations	1			1
Net profit (loss) (Group share)	**324**	**-**	**-**	**324**

Adjustments as of 31 March 2026:

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

2. 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 10.5.1. “Adjusted EBIT”)

Reconciliation between consolidated income statement and the MD&A management view as of 31 March 2025

(in € million)	Total Consolidated Financial Statements (GAAP)	Adjustments (1)	(2)	Total Consolidated Financial Statements (MD&A view)
31 March 2025				
Sales	**18,489**			**18,489**
Cost of Sales	(16,185)	309		(15,876)
Adjusted Gross Margin before PPA & impairment [(1)]	**2,304**	**309**	**-**	**2,613**
R&D expenses	(581)	59		(522)
Selling expenses	(363)	-		(363)
Administrative expenses	(699)	-		(699)
Equity pick-up	-		148	148
Adjusted EBIT [(1)]	**661**	**368**	**148**	**1,177**
Other income / (expenses)	(198)			(198)
Equity pick-up (reversal)	-	-	(148)	(148)
EBIT / EBIT before PPA & impairment [(1)]	**463**	**368**	**-**	**831**
Financial income (expenses)	(214)			(214)
Pre-tax income	**249**	**368**	**-**	**617**
Income tax Charge	(182)	(35)		(217)
Share in net income of equity-accounted investments	116	12		128
Net profit (loss) from continued operations	**183**	**345**	**-**	**528**
Net profit (loss) attributable to non controlling interests (-)	(30)			(30)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) [(1)]	**153**	**345**	**-**	**498**
Purchase Price Allocation (PPA) & impairment net of corresponding tax effect	-	(345)		(345)
Net profit (loss) from discontinued operations	(4)			(4)
Net profit (loss) (Group share)	**149**	**-**	**-**	**149**

Adjustments as of 31 March 2025:

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

2. 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 10.5.1. “Adjusted EBIT”)

Bombardier Transportation PPA provisional amortisation plan

(in € million)	As per P&L Booking [1]
FY 2020/21	(71)
FY 2021/22	(428)
FY 2022/23	(436)
FY 2023/24	(357)
FY 2024/25	(373)
FY 2025/26	(258)
FY 2026/27	(213)
FY 2027/28	(203)
FY 2028/29	(166)
FY 2029/30	(139)
FY 2030/31	(107)
FY 2031/32	(97)
FY 2032/33	(95)
FY 2033/34	(47)
Beyond	(151)

- The Gross PPA amortisation plan will be subject to FX evolution in future years or subject to potential impairments

1. Excludes PPA other than related to the purchase of Bombardier Transportation

Appendix - Non-GAAP financial indicators definitions (1/3)

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

- **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 relative to the amount of sales traded for a specific period.

- **Gross margin % on backlog**

Gross Margin % on backlog is a KPI that presents the expected performance level of firm 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.

- **Adjusted Gross Margin before PPA**

Adjusted Gross Margin before PPA is a KPI that presents 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 PPA in the context of business combination as well as significant, non-recurring “one off” items that are not expected to occur again in subsequent years.

- **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” KPI aimed at restating its Earnings Before Interest and Taxes (“EBIT”) to exclude the impact of amortisation of assets exclusively valued when determining the PPA in the context of business combination. This KPI is also aligned with market practice.

- **EBITDA before PPA + JV dividends**

EBITDA before PPA plus dividends from joint ventures is the EBIT before PPA, before depreciation and amortisation, with the addition of the dividends received from joint ventures.

Appendix - Non-GAAP financial indicators definitions (2/3)

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

- **Adjusted EBIT**

Adjusted EBIT ("aEBIT") is a KPI that presents the level of recurring operational performance. This KPI is also aligned with market practice and comparable to the Group's direct competitors.
Since September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT even though this component is part of the operating activities of the Group (because there are significant operational flows and/or common project execution associated 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., Jiangsu Alstom NUG Propulsion System Co. 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 significant, "one-off" exceptional item that is not expected to occur again in subsequent years.
Adjusted EBIT margin corresponds to Adjusted EBIT expressed as a percentage of sales.

- **Adjusted net profit**

The "Adjusted Net Profit" KPI restates Alstom's net profit from continued operations (Group share) to exclude the impact of amortisation of assets exclusively valued when determining the 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, 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.

- **Funds from Operations**

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

Appendix - Non-GAAP financial indicators definitions (3/3)

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

- **Contract and 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

- **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.

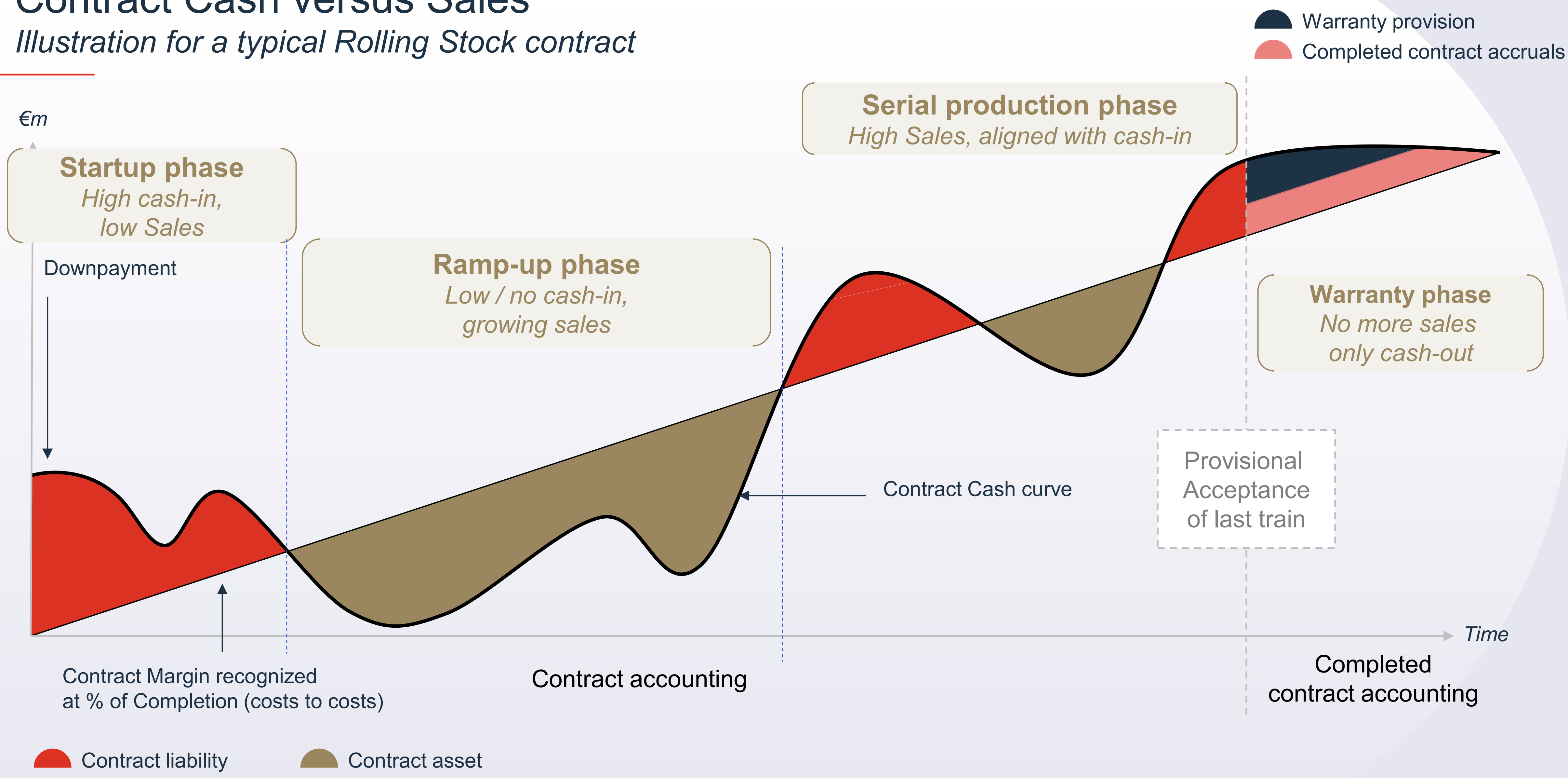
- **Organic basis**

This presentation includes KPIs 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.

Contract Cash versus Sales

Illustration for a typical Rolling Stock contract



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