

Alstom first half 2021/22 results – in line with Capital Markets Day on 6 July 2021

- **Very solid order intake of €9.7 billion for H1 2021/22, +81% versus proforma, robust backlog at €76.4 billion**
- **Sales H1 2021/22 at €7.4 billion, +14% versus proforma**
- **aEBIT^{1 2} margin at 4.5%**
- **Adjusted net profit^{2 3} of €172 million**
- **Free Cash Flow² at €(1.46) billion for H1 2021/22, due to anticipated non-recurring adverse working capital change. Positive Free Cash Flow H2 2021/22 confirmed**
- **Bombardier Transportation integration fully on track and progress on projects stabilisation**
- **€400m synergies run rate⁴ and outlook 2024/25 confirmed**

10 November 2021 – During the first half of fiscal year 2021/22 (between 1 April 2021 and 30 September 2021), Alstom booked €9.7 billion of orders and sales reached €7.4 billion. Book-to-bill ratio exceeded 1.3. Adjusted EBIT reached €335 million leading to an adjusted EBIT margin of 4.5%. Adjusted net profit^{2 3} amounted to €172 million. Free Cash Flow amounted to €(1,461) million. The backlog amounted to €76,362 million on 30 September 2021, providing strong visibility on future sales.

“Our first semester results are in line with our expectations as announced at the Capital Markets Day in July. During the first semester, the Group had a very strong commercial performance across all regions and product lines, illustrated by significant wins in Mexico, Taiwan, or Europe. Those successes leveraged the market momentum acceleration and the reinforced Group’s profile which combines qualified teams, diverse product portfolios and improved customer intimacy around the world. Our operational performance is also consistent with our plan, with the integration of Bombardier Transportation fully on track and the progress on project stabilisation. The Group is now firmly engaged on the continuous improvement of its financial trajectory.

Alstom, in the context of the COP 26, reiterates its commitments and targets to contribute to the decarbonisation of our economy through its green mobility solutions and innovations.”, said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

1 aEBIT includes equity-accounted investments when these are considered to be part of the operating activities of the Group. This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Bombardier Sifang (Qingdao) Transportation Ltd., Bombardier NUG Propulsion System Co. Ltd.

2 Non - GAAP. See definition in the appendix

3 Net profit from continued operations (Group share) excluding the impact of amortisation of assets exclusively valued when determining the PPA in the context of business combination, net of the corresponding tax effect.

4 Objective to generate €400 million cost synergies on annual run rate basis by the fourth to fifth year after closing of the acquisition of Bombardier Transportation on 29 January 2021

Key figures⁵

Actual figures (in € million)	Half-year ended 30 September 2020	Half-year ended 30 September 2020 proforma ⁵	Half-year ended 30 September 2021	% change reported	% change proforma ⁵
Orders backlog	40,001		76,362	91%	
Orders received ²	2,652	5,364	9,726	267%	81%
Sales	3,518	6,536	7,443	112%	14%
Adjusted EBIT ^{1 2}	263		335	27%	
Adjusted EBIT margin ^{1 2}	7.5%		4.5%		
EBIT before PPA ²	197		179		
Adjusted net profit ^{2 3}	168		172		
Free Cash Flow ²	(253)		(1,461)		

Strategic and business update

The enlarged Group profile made progress on all four strategic pillars of its Alstom in Motion 2025 strategy in the first half year of 2021/22:

1. Growth by offering greater value to customers

- Orders

The Group booked a very solid order intake of €9,726 million in H1 2021/22 versus €5,364 million in H1 2020/21 proforma (+81%), sustained by a strong commercial dynamic.

Alstom order intake is fuelled by the strong demand in Europe, totalling €6.3 billion of orders, notably with large orders such as €1.4 billion order in Denmark for 100 Coradia Stream trains and 15 years of maintenance. Alstom also signed several contracts in Germany, including a signalling order in Stuttgart with the Coburg rail node and an order for suburban trains in Hamburg totalling €0.5 billion.

Alstom booked €3.4 billion of orders outside Europe. In the Asia Pacific region, Alstom registered more than €1 billion, including 25 new generation X'trapolis suburban trains for €0.3 billion and the phase two of Taipei's fully automated Circular Line for €0.4 billion. Americas, with €2.3 billion of orders, confirmed a positive market momentum with the Tren Maya large-scale intercity railway project for €1 billion and 60 new Flexity streetcars for the city of Toronto for €0.3 billion.

¹ aEBIT includes equity-accounted investments when these are considered to be part of the operating activities of the Group. This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Bombardier Sifang (Qingdao) Transportation Ltd., Bombardier NUG Propulsion System Co. Ltd.

² Non - GAAP. See definition in the appendix

³ Net profit from continued operations (Group share) excluding the impact of amortisation of assets exclusively valued when determining the PPA in the context of business combination, net of the corresponding tax effect.

⁵ Geographic and product breakdowns of reported orders, backlog and sales are provided in Appendix 1. Any reference in this document to variations « Pro forma like-for-like», orders and sales, correspond to a combined, non-audited, group vision including Alstom legacy fiscal year 2020/21 for the 1st Semester and legacy Bombardier Transportation contribution for 6 months of their fiscal year 2020 (April to September 2020) and are in line with Alstom accounting methods. The variations calculated using these combined figures exclude any scope and Forex adjustments and are defined in the appendix.

The book-to-bill ratio exceeded 1.3. The backlog amounted to €76.4 billion on 30 September 2021.

- Sales

In H1 2021/22 (from 1 April to 30 September 2021), Alstom's total sales reached €7,443 million versus €6,536 million in H1 2020/21 proforma (+14%), with recovery from last year's lockdown.

H1 2021/22 sales in Services amounting €1,559 million illustrates the positive impact of traffic pick-up. In Rolling stock, the H1 2021/22 sales at €4,285 million were sustained by the progressive ramp-up of production. In Signalling, Alstom reported €1,077 million sales, benefiting from the sound level of project execution. Systems delivered €522 million of sales in H1 2021/22 with growth resuming thanks to the ramp-up of systems projects in Canada, Egypt and Thailand.

Sales related to non-performing backlog, representing sales on project under cost-to-cost method with a negative margin at completion amounted to €1.29 billion in H1 2021/22. Alstom confirms that the execution of such non-performing projects should last 2 to 3 years.

2. Innovation by Pioneering Smarter and Greener Mobility for All

Alstom reiterates its commitment to accelerate smart, green and inclusive mobility innovation. The R&D expenses in H1 2021/22 amounted to €220 million⁶.

During the first half of fiscal year 2021/22, Alstom confirmed its leadership in hydrogen trains. Coradia iLint, world's first hydrogen fuel cell passenger train which has already cumulated more than 200,000 km in passenger service, made its first runs this semester in Poland, Sweden and France. The Group has reached another milestone to build an innovative and strong hydrogen rail value chain by signing a Memorandum of Understanding with Plastic Omnium to design onboard hydrogen storage solutions for railway.

In September 2021, Alstom also reached important milestones with its high capacity and energy-efficient electrical rail solutions by presenting Avelia Horizon power car. Avelia Horizon brings its predecessor's benefits to a further level, offering 20% more capacity along with energy consumption reduced by 20% compared to the previous generation.

Alstom has also been awarded an integrated turnkey metro system with the train-to-train Signalling technology for line 18 of the Ile-de-France network. The train-to-train technology adds up to 30% in line capacity and reduces by up to 30% the energy consumption.

In September 2021 also, Alstom and Airbus Cybersecurity signed a worldwide cooperation agreement to provide cybersecurity solutions and services to rail operators.

⁶ Excluding €(38) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.

3. Efficiency at scale, Powered by Digital

Alstom delivered in H1 2021/22 an adjusted EBIT⁷ of €335 million versus €263 million in H1 2020/21. It corresponds to a 4.5% aEBIT margin, impacted by the trading of non-performing backlog and progressive ramp-up of sales during the year.

Below adjusted EBIT, Alstom booked €(47) million of restructuring and rationalisation costs including the closure of Aptis activities and €(32) million of Bombardier Transportation integration costs and other costs.

Adjusted net profit⁸ reached € 172 million compared to €168 million the previous year, impacted by the volume effect, the integration costs and other one-off items below adjusted EBIT. Net profit from continued operations (Group share) stood at €(24) million, including net effect from purchase price allocation (PPA) after tax for €(196) million.

The gross margin backlog improved during H1 2021/22, based on trading low margin backlog and healthy gross margin on order intake.

4. One Alstom team Agile, Inclusive and Responsible

Alstom fully supports the Paris Agreement emission reduction targets and has implemented its own fully aligned targets⁹. The Group is being represented at COP26 to voice the importance of sustainable transport for decarbonization of the economy and promote alternatives to diesel in rail. It considers the COPs ambition as a catalyst to bring novel solutions for green and smart rail while further improving our environmental impact in production.

In 2021/22, the Alstom Foundation will benefit from a €2.2 million budget – a 50% increase which enabled the selection of more projects than usual and to address several new countries. 38 projects in 24 countries have been selected on October 2021 by the Foundation Board, relating to the protection of the environment, the access to energy and water, as well as the economic and social development, focusing on street children and orphans, and the employability of disadvantaged youth and women.

Alstom is proud of having joined the Paris stock exchange's CAC 40 ESG[®] index after markets close on 17 September 2021, comprising the 40 companies within the CAC Large 60 Index that have demonstrated the best environmental, social and governance (ESG) practices. This inclusion demonstrates the Group's commitment to smart and sustainable mobility and underlines its policy in ESG.

Balance sheet

During the first half of fiscal year 2021/22, the Group Free Cash Flow is negative at €(1,461) million. As anticipated, the Free Cash Flow has been impacted by non-recurring working capital build-up due to project stabilisation efforts, phasing effect and industrial ramp-up.

⁷ Non - GAAP. See definition in the appendix

⁸ net profit from continued operations (Group share) excluding the impact of amortisation of assets exclusively valued when determining the PPA in the context of business combination, net of the corresponding tax effect.

⁹ On legacy perimetre

The Group held €1,139 million of cash and cash equivalent at the end of September 2021. In addition, Alstom benefits from a strong liquidity with two Revolving Credit Facilities for a total of €3,250 million¹⁰ both fully undrawn.

Consequently, the Group liquidity stood at €4,389 million as of 30 September 2021, versus €4,500 million as of end of March 2021.

Alstom has increased its NEU CP¹¹ program outstanding, from €250 million in March 2021 to €750 million end of September 2021.

In July 2021, Alstom successfully issued a two-tranches senior bond for a total amount of €1.2 billion. One 6-year tranche amounting to €500 million with a fixed coupon of 0.125% payable annually and one 9-year tranche amounting to €700 million with a fixed coupon of 0.5% payable annually.

Clear global integration roadmap

The new organisation of Alstom was fully deployed during H1 2021/22. The culture change roadmap has been defined and is now deployed from H1 2021/22. Alstom confirms the objective to generate €400 million cost synergies on annual run rate basis by the fourth to fifth year after closing of the acquisition of Bombardier Transportation on 29 January 2021

On processes convergence, Alstom has already achieved about 40% of its objectives, focusing on the commercial and tender processes and tools, as well as on the deployment of strong engineering and quality governance principles. Alstom expects to reach 80% of convergence of its processes by the end of the fiscal year 2021/22. 100% of Rolling stock sites are already using the new inventory management methodology.

On IT integration, Alstom has finalised the digital factory roadmap, and has already started its roll-out in some Bombardier Transportation legacy sites, leveraging the maturity of the solutions and its past deployment experience in Alstom.

The products convergence is on track. The products and components portfolios of both legacies have been reviewed extensively, enabling Alstom to offer the best of both legacies in tenders. Alstom has already prepared its new integrated R&D plan which is now being deployed across the organisation to intensify and focus innovation efforts.

¹⁰ €1,500 million long term Revolving Credit Facility maturing in October 26 with a 1-year extension option at lenders discretion remaining. A first one-year extension option has been successfully exercised in September 2021 with all lenders' consent. This facility is undrawn at September closing. And €1,750 million short term Revolving Credit Facility having a remaining 10-month maturity, and two 6-month extension options at the borrower's discretion up to August 2023. This facility is also undrawn at September closing.

¹¹ Negotiable European Commercial Papers

Outlook for fiscal year 2021/22

As the basis for its 2021/22 guidance, the Group assumes neither further disruptions to the world economy, nor significant supply-chain shortages, that would materially impact the Group's ability to deliver products and services.

- Book to bill ratio above 1 on the back of a very good visibility on the short-term pipeline,
- Sales progression in H2 vs H1 2021/22 as a result of production ramp-up and stabilisation efforts,
- Progressive recovery of aEBIT,
- Free Cash Flow generation as of H2 2021/22 and onwards.

Mid-term financial trajectory and objectives

The outlook given in connection with the Capital Markets Day held on 6 July 2021 is confirmed

- 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 €76.4 billion backlog as of 30 September 2021, securing ca. €30 billion of sales 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 between 2024/25 and 2025/26.
- Free Cash Flow: From 2024/25 onwards, the conversion from adjusted net income¹² to Free Cash Flow should be over 80%¹³ 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 is committed to delivering sustained shareholder returns with a dividend pay-out ratio¹⁴ of between 25% and 35%¹⁵

The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 9 November 2021, are available on Alstom's website at www.alstom.com. These financial statements were audited by the Statutory Auditors whose certification report is in the process of being issued.

¹² Adjusted net income

¹³ Subject to short term volatility

¹⁴ 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.

¹⁵ Of adjusted net income

About Alstom

Leading societies to a low carbon future, Alstom develops and markets mobility solutions that provide the sustainable foundations for the future of transportation. Alstom's product portfolio ranges from high-speed trains, metros, monorail and trams to integrated systems, customised services, infrastructure, signalling and digital mobility solutions. Alstom has 150,000 vehicles in commercial service worldwide. With Bombardier Transportation joining Alstom on 29 January 2021, the enlarged Group's combined proforma revenue amounts to €14 billion for the 12-month period ended 31 March 2021. Headquartered in France, Alstom is now present in 70 countries and employs more than 70,000 people. www.alstom.com

Contacts

Press:

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

Samuel MILLER - Tel.: +33 (1) 57 06 67 74
Samuel.miller@alstomgroup.com

Investor relations:

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

Claire LEPELLETIER – Tel.: +33 (6) 76 64 33 06
claire.lepelletier@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 2020/21	% Contrib.	H1 2021/22	% Contrib.
Europe	1,088	41%	6,256	64%
Americas	249	10%	2,270	23%
Asia / Pacific	432	16%	1,042	11%
Africa / Middle East / Central Asia	883	33%	158	2%
Orders by destination	2,652	100%	9,726	100%

Actual figures <i>(in € million)</i>	H1 2020/21	% Contrib.	H1 2021/22	% Contrib.
Europe	20,398	51%	41,681	55%
Americas	5,106	13%	11,653	15%
Asia / Pacific	6,262	16%	11,398	15%
Africa / Middle East / Central Asia	8,235	20%	11,630	15%
Backlog by destination	40,001	100%	76,362	100%

Actual figures <i>(in € million)</i>	H1 2020/21	% Contrib.	H1 2021/22	% Contrib.
Europe	2,017	57%	4,620	62%
Americas	557	16%	1,226	16%
Asia / Pacific	424	12%	1,045	14%
Africa / Middle East / Central Asia	520	15%	552	7%
Sales by destination	3,518	100%	7,443	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures (in € million)	H1 2020/21	% Contrib.	H1 2021/22	% Contrib.
Rolling stock	890	34%	5,023	51%
Services	820	31%	1,522	16%
Systems	374	14%	2,195	23%
Signalling	568	21%	986	10%
Orders by destination	2,652	100%	9,726	100%

Actual figures (in € million)	H1 2020/21	% Contrib.	H1 2021/22	% Contrib.
Rolling stock	19,838	50%	38,983	51%
Services	13,899	35%	24,420	32%
Systems	2,218	5%	6,348	8%
Signalling	4,046	10%	6,611	9%
Backlog by destination	40,001	100%	76,362	100%

Actual figures (in € million)	H1 2020/21	% Contrib.	H1 2021/22	% Contrib.
Rolling stock	1,713	49%	4,285	58%
Services	662	19%	1,559	21%
Systems	452	13%	522	7%
Signalling	691	19%	1,077	14%
Sales by destination	3,518	100%	7,443	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures (in € million)	Half-Year ended 30 September 2020	Half-year ended 30 September 2021
Sales	3,518	7,443
Adjusted Gross Margin before PPA*	634	949
Adjusted Earnings Before Interest and Taxes (aEBIT)*	263	335
Restructuring and rationalisation costs	(7)	(47)
Impairment loss and other	33	(32)
Covid-19 inefficiencies & incremental costs	(68)	-
Reversal of net interest in equity investees pick-up	(24)	(77)
EARNING BEFORE INTEREST AND TAXES (EBIT) BEFORE PPA*	197	179
Financial result	(23)	(20)
Tax result	(38)	(43)
Share in net income of equity investees	37	65
Minority interests from continued operations	(5)	(9)
Adjusted net profit*	168	172
PPA net of tax	(7)	(196)
Net profit – Continued operations, Group share	161	(24)
Net profit (loss) from discontinued operations	9	(2)
Net profit (Group share)	170	(26)

* see definition below

APPENDIX 3 – FREE CASH FLOW

Actual figures <i>(in € million)</i>	Half-Year ended 30 September 2020	Half-Year ended 30 September 2021
EBIT before PPA	197	179
Depreciation and amortisation ¹	94	226
Restructuring variation	(15)	10
Capital expenditure	(54)	(135)
R&D capitalisation	(39)	(34)
Change in working capital ²	(433)	(1,697)
Financial cash-out	(21)	(10)
Tax cash-out	(30)	(86)
Other	48	85
Free Cash Flow	(253)	(1,461)

¹ Before PPA

² Change in working capital for €1,697 million corresponds to the €1,763 million changes in working capital resulting from operating activities disclosed in the condensed interim consolidated financial statements from which the €66 million variations of restructuring provisions and of corporate tax and other tax 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.

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, Bombardier Sifang (Qingdao) Transportation Ltd., Bombardier 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 “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 in percentage of sales.

EBIT before PPA

Following the Bombardier Transportation acquisition and with effect from these Fiscal year 2021/22 condensed interim 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, net of the corresponding tax effect. This indicator is also aligned with market practice.

The non-GAAP measure adjusted EBIT (aEBIT hereafter) indicator reconciles with the GAAP measure EBIT as follows:

<i>(in € million)</i>	Half-Year ended 30 September 2020	Half-year ended 30 September 2021
Adjusted Earnings Before Interest and Taxes (aEBIT)	263	335
<i>aEBIT (in % of Sales)</i>	<i>7.5%</i>	<i>4.5%</i>
Restructuring and rationalisation costs	(7)	(47)
Integration, acquisition and other costs	33	(32)
Covid-19 inefficiencies and incremental costs	(68)	-
Reversal of Net interest in equity investees pick-up	(24)	(77)
Earnings Before Interest and Taxes (EBIT) before PPA	197	179
PPA amortisation*	(7)	(217)
Earnings before Interest and Taxes (EBIT)	190	(38)

* Gross amount before tax

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.

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

<i>(in € million)</i>	Half-Year ended 30 September 2020	Half-Year ended 30 September 2021
Adjusted net profit	168	172
Amortisation of assets valued when determining the purchase price allocation	(7)	(196)
Net profit from continued operations attributable to equity holders	161	(24)

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.

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.

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

<i>(in € million)</i>	Half-Year ended 30 September 2020	Half-year ended 30 September 2021
Net cash provided by / (used in) operating activities	(162)	(1,293)
<i>Of which operating flows provided / (used) by discontinued operations</i>		
Capital expenditure (including capitalised R&D costs)	(92)	(169)
Proceeds from disposals of tangible and intangible assets	1	1
Free Cash Flow	(253)	(1,461)

Net cash/(debt)

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

<i>(in € million)</i>	Half-Year ended 30 September 2020	Half-Year ended 30 September 2021
Cash and cash equivalents	1,953	1,139
Other current financial assets	25	37
<i>Less:</i>		
Current financial debt	384	1,074
Non-current financial debt	751	2,628
Net cash/(debt) at the end of the period	843	(2,526)

Proforma like-for-like new Alstom

The "proforma like-for-like New Alstom" variations, orders and sales, correspond to the like-for-like variation of Alstom after the acquisition of Bombardier Transportation integrating Bombardier Transportation over the comparable periods preceding the acquisition. The pre-acquisition financial data used to calculate the "proforma like-for-like New Alstom" variations, sales, are extracted from the historical accounts of Alstom and Bombardier Transportation respectively. In order to ensure the comparability of the results, the proforma restatements as presented in chapter 3 of the URD "Unaudited proforma Condensed Financial Information as of 31 March 2021" have been applied. Data related to the commercial performance correspond to orders intake recorded by Alstom and Bombardier Transportation integrating Bombardier Transportation over the comparable periods preceding the acquisition. These indicators are not presented on an organic basis and, therefore, are not restated in order to 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. Sales Q1 2020/21 and Q2 2020/21 of Bombardier Transportation were converted at the average quarterly foreign exchange rate EUR/USD of 1/1.1004 for Q1 and 1/1.1648 for Q2, communicated in Bombardier Inc Q2 and Q3 2020 financial report. Orders received Q1 2020/21 and Q2 2020/21 of Bombardier Transportation were converted at the quarterly closing foreign exchange rate EUR/USD of 1/1.1284 for Q1 and 1/1.1702 for Q2, as communicated in Bombardier Inc Q2 and Q3 2020 financial report.

Adjusted income statement, EBIT and Adjusted Net Profit

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

<i>(in € million)</i>	Total Consolidated Income statement (GAAP)	(1)	Adjustments (2)	(3)	Total Adjusted Income Statement (Management view)
September 30, 2021					
Sales	7,443				7,443
Cost of sales	(6,694)	179	21		(6,494)
Adjusted Gross Margin before PPA⁽¹⁾⁽²⁾	749	179	21	-	949
R&D expenses	(258)	38			(220)
Selling expenses	(162)				(162)
Administrative expenses	(309)				(309)
Equity pick-up	-			77	77
Adjusted EBIT⁽¹⁾⁽²⁾	20	217	21	77	335
Other income / (expenses)	(58)		(21)		(79)
Equity pick-up (reversal)	-			(77)	(77)
EBIT / EBIT before PPA⁽²⁾	(38)	217	-	-	179
Financial income	6				6
Financial expenses	(26)				(26)
Pre-tax income	(58)	217	-	-	159
Income tax charge	(22)	(21)			(43)
Share in net income of equity-accounted investments	65				65
Net profit (loss) from continued operations	(15)	196	-	-	181
Net (profit) loss attributable to non controlling interests	(9)				(9)
Net profit (loss)/Adjusted Net Profit (loss)⁽²⁾	(24)	196	-	-	172
Purchase Price Allocation (PPA)	-	(196)			(196)
Net profit (loss) from discontinued operations	(2)				(2)
Net profit (Group share)	(26)	-	-	-	(26)

Note: (1) figures not reported as such in the income statement

Note: (2) Alternative performance indicator for management reporting only

Adjustments 30 September 2021:

- (1)** Impact of business combinations: amortization 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 share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group.

<i>(in € million)</i>	Total Consolidated Income statement (GAAP)	(1)	Adjustments (2)	(3)	Total Adjusted Income Statement (Management view)
September 30, 2020					
Sales	3,518				3,518
Cost of sales	(2,952)		68		(2,884)
Adjusted Gross Margin before PPA⁽¹⁾⁽²⁾	566	-	68	-	634
R&D expenses	(125)				(125)
Selling expenses	(101)				(101)
Administrative expenses	(169)				(169)
Equity pick-up	-			24	24
Adjusted EBIT⁽¹⁾⁽²⁾	171	-	68	24	263
Other income / (expenses)	19	7	(68)		(42)
Equity pick-up (reversal)	-			(24)	(24)
EBIT / EBIT before PPA⁽²⁾	190	7			197
Financial income	1				1
Financial expenses	(24)				(24)
Pre-tax income	167	7	-	-	174
Income tax charge	(38)	(1)			(39)
Share in net income of equity-accounted investments	37				37
Net profit (loss) from continued operations	166	7	-	-	173
Net (profit) loss attributable to non controlling interests	(5)				(5)
Net profit (loss)/Adjusted Net profit (loss)⁽²⁾	161	7			168
Purchase Price Allocation (PPA)	-	(7)			(7)
Net profit (loss) from discontinued operations	9				9
Net profit (Group share)	170	-	-	-	170

Note: (1) figures not reported as such in the income statement

Note: (2) Alternative performance indicator for management reporting only

Adjustments 30 September 2020:

- (1)** Impact of business combinations: amortisation of assets exclusively valued when determining the purchase price allocation (PPA), including corresponding tax effect;
- (2)** Impact from Covid-19 reclassified as non- recurring items;
- (3)** Reclassification of share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group.