

Alstom 2020/21 full year results

- Alstom legacy fully in line with 2021 guidance, following strong commercial activity, sound project execution, and increased profitability
- Bombardier Transportation integration fully on track
- Positive rail market outlook, supported by important stimulus plans worldwide
- Continued achievements in ESG

All data if not specified are reflecting combined Group vision including Alstom legacy fiscal year 2020/21 and Bombardier Transportation contribution for 2 months (February and March 2021) and are in line with Alstom accounting methods. Definitions are provided at the end of this press release. Organic change is excluding scope and forex effects, representing Alstom legacy performance only compared to fiscal year 2019/20.

11 May 2021 – Between 1 April 2020 and 31 March 2021, Alstom booked €9.1 billion of orders, including €664 million for two months contribution from Bombardier Transportation, consolidating a backlog of €74.5 billion. Sales reached €8.8 billion, including €1,125 million for two months contribution from Bombardier Transportation. The book-to-bill ratio was strong, above 1.

The adjusted EBIT stood at €645 million, integrating former Bombardier Transportation contribution and Covid-19 impact. Adjusted EBIT margin was at 7.3% at a Group level and reached 8.0% on an Alstom legacy perimeter and 2.7% for Bombardier Transportation legacy.

Adjusted net profit amounted to €301 million, including several one-off items, in part related to Bombardier Transportation acquisition.

During fiscal year 2020/21, free cash flow amounted to €(703) million including a €(751) million contribution from Bombardier Transportation and €48 million positive on an Alstom legacy perimeter. Net cash/(debt) following Bombardier Transportation's acquisition amounted to €(899) million on 31 March 2021. Alstom benefits from solid €4.5 billion liquidity position and equity amounting to €9,117 million at 31 March 2021.

2020/21 fiscal year results on Alstom legacy perimeter are in line with its full year guidance.

The Board of Directors, in its meeting of May 10, 2021, decided to propose a dividend distribution of €0.25 per share at the next Shareholders' meeting on 28 July 2021, which corresponds to a 31% payout ratio from the adjusted net profit.

Key figures

(in € million)	Fiscal-year ended 31 March 2020	Fiscal-year ended 31 March 2021	Fiscal-year ended 31 March 2021 ex- Alstom	% change reported	% change organic
Actual figures					
Orders backlog	40,903	74,537	42,541	82%	2%
Orders received	9,900	9,100	8,436	(8)%	(14)%
Book-to-bill ratio	1.2x	1.0x	1.1x		
Sales	8,201	8,785	7,660	7%	(4)%
Adjusted EBIT ¹	630	645	614	2%	
Adjusted EBIT margin ¹	7.7%	7.3%	8.0%		
Adjusted Net profit ²	457	301	310		
Net profit, group share ³	467	247	307		
Free cash flow	206	(703)	48		
Net cash / (debt)	1,178	(899)			
Equity	3,328	9,117			

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. and Changchun Bombardier Railway Vehicles Company Ltd.

² 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.

³ Including net profit from discontinued operations and excluding non-controlling interests

“We opened a new chapter in our history in 2020/21 by finalizing the acquisition of Bombardier Transportation on January 29th, creating a global mobility leader committed to respond to the increasing need for greener transportation worldwide. Commercial performance remained strong this year, demonstrating that rail is supported by solid market fundamentals: Alstom secured various large orders in H2 2020/21 such as double-deckers in the United-States, metros in India and the largest ever order placed by the Spanish operator RENFE. Sales resisted well despite the impact of the first Covid-19 wave on our operations and the Group delivered a solid operational performance with tangible results in terms of profitability. With the integration of Bombardier Transportation fully on track, the Group is starting the new fiscal year fully focused on customer satisfaction, project execution and on seizing opportunities from the strong commercial momentum supported by a worldwide push for sustainable mobility.”, said Henri Poupart-Lafarge, Alstom Chairman and Chief Executive Officer.

Strategic and business update

This fiscal year 2020/21 closes the second year of the *Alstom in Motion* strategy (AiM) announced by Alstom on 24 June 2019 which sets a clear ambition: be the leading global innovative player for a sustainable and smart mobility. It also marks the beginning of a new chapter in Alstom history with the

acquisition of Bombardier Transportation closed in January 2021. In this context and in the context of the Covid-19 crisis, the Group continues to make good progress on the AiM priorities:

1. Growth by offering greater value to the customers

- Orders

The Group booked €9,100 million in orders in the fiscal year 2020/21 (-14% organic) compared to €9,900 million over the same period last year. Bombardier Transportation contribution amounted to €664 million. This sustained level of orders in the Covid-19 context results from the commercial activity full recovery after a softer first semester 2020/21.

Alstom was awarded projects mainly for Rolling Stock and Services, including a large order in Spain for 152 regional trains with RENFE for a total of €1.4 billion including 15 years associated maintenance for 56 trains, 200 double-deck cars for the METRA Chicago suburban system in the United-States for €650 million, 34 regional trains in Lower Saxony, Germany, with associated 30-year maintenance for nearly €760 million, as well as the first order from its acquired product portfolio for Mumbai metro 4 and 4A. It also booked metro systems in Taiwan and in Toulouse in France.

The book-to-bill ratio stood at 1.1 on Alstom legacy perimeter, in line with FY guidance. On a Group basis, book to bill stood at 1.04. The backlog amounted to €74.5 billion on 31 March 2021, providing strong visibility on future sales.

- Sales

During the fiscal year 2020/21, Alstom's total sales reached €8,785 million. On an organic basis, sales experienced a moderate decline down 4% organically, as mainly a consequence of the Covid-19 first lockdowns on operations in Q1. Overall, operations resumed nominally in the second half of the year. Bombardier Transportation two-month activity contribution was consistent with previous quarters at €1,125 million.

In fiscal year 2020/21, rolling stock sales reached €4,530 million (down 1% organic) with normalized manufacturing activity in H2 2020/21 and continued ramp up of large Rolling Stock projects. Signalling sales reached €1,563 million (up 3% organic), with a moderate decline due to a shift in installation during Q1 containments followed by positive evolution in H2 2020/21. Services sales reached €1,745 million (up 2% organic) despite train traffic reduction in particular during the first quarter. Systems sales reached €947 million (down 32% organic) with an expected ramp-down on Riyadh systems projects, the completion of Dubai contract, a fully traded contract in Panama.

In H2 2020/21¹, all product lines experienced organic growth compared to H2 2019/20 but Systems which is continuing its anticipated ramp down.

¹ For H2 2020/21 organic growth, sales were up +4% with Rolling Stock up +6%, Services up +9%, Signalling up +7% and Systems down (17)%

- Acquisitions

In 2020/21, Alstom pursued the implementation of its *Alstom in Motion* strategic plan through bolt-on value-creating acquisitions.

On 30 June 2020, Alstom acquired IBRE (since renamed Alstom IBRE), a company specialized in the development, manufacture and supply of cast iron or steel brake discs for high-speed, intercity, regional and suburban trains, trams and metros. Its turnover reached approximately €10 million in 2019.

In January 2021, the Group acquired B&C Transit, a transit engineering design and construction firm specializing in the passenger rail sector. This transaction reinforces Alstom's position in the North American signaling market by combining the companies' advanced technology products and engineering capabilities to the benefit of transit agencies and operators across the United-States and Canada. B&C Transit, headquartered in California, had a turnover over US\$45 million in 2020.

In March 2021, Alstom expanded its maintenance expertise in Benelux with the acquisition of Dutch services company Shunter. Each year, Shunter carries out maintenance, overhaul and damage repair on more than 1,000 railway vehicles. Shunter's annual turnover in 2020 was around €20 million.

On 1 April 2021 (after fiscal year 2020/21), Alstom completed the acquisition of Helion Hydrogen power. Through this acquisition, Alstom, who is playing a pioneering role in the field of hydrogen for the railway sector, extends its portfolio of innovative solutions and its expertise. Helion Hydrogen Power employs nearly 30 employees and is based in Aix-en-Provence (France). The company covers the entire value chain of high-power fuel cells and has been involved in more than 100 projects and some 30 of its solutions are in operation worldwide

On 2 April 2021 (after fiscal year 2020/21), Alstom acquired Flertex, a French group specialised in the design and manufacture of brake linings (pads and shoes) for braking systems. With this acquisition, Alstom continues to expand and strengthen its expertise in braking systems, a key element in the overall technical performance of trains

- Stock market index

In September 2020, the Steering Committee of the Euronext Indices decided to include Alstom in the list of the 40 stocks making up the French CAC40 index; this took effect on Monday 21 September 2020.

2. Innovation in smarter and greener mobility solutions

Despite the Covid-19 context, Alstom preserved its innovation capabilities with a sustained level of research and development net costs at €318 million, i.e. 3.6% of sales, in the fiscal year 2020/21.

Alstom accelerated its leading positioning on hydrogen trains with the award of two flagship contracts, in France for 12 trains of a total value of €190 million and in Italy for a first order of 6 trains and 8 additional options totalling roughly €160 million. Alstom also reached several agreements in Europe to shape the mobility of the future with hydrogen trains, performing successful testing in the Netherlands and in Austria and a bold plan to fast-track the hydrogen train industry with investment in Breeze hydrogen trains in the United-Kingdom.

After having been selected by SNCF Réseau to develop its next generation signal interlockings, Alstom also seized the opportunity to successfully introduce its state-of-the-art technology in Germany with the installation of a digital interlocking on behalf of DB Netz AG. Once installed, the technology will begin transmitting rail control information digitally, increasing the line's passenger capacity and reliability. Digitalising rail interlockings is one of the key steps in introducing European Train Control (ETCS) in Germany. The German government is financing the implementation of new digital interlocking technology on seven regional lines as part of a Covid-19 stimulus package valued at €500 million.

After receiving the award for the "Innovation Prize for Regulatory Sandboxes" by the Federal Ministry of Economics of Germany in May 2020, related to a planned test project to implement Automatic Train Operation (ATO) in daily passenger operation of regional trains, Alstom, SNCF and its partners ran in December 2020 the first semi-autonomous train in France. This trial under real operating conditions marks a major step for the autonomous train project. The next key stage of the project will be the circulation, at the end of 2021, of a train with the same level of partial autonomy on a line equipped with lateral signaling without any modification to the infrastructure.

3. Efficiency powered by digital

Alstom delivered an adjusted EBIT of €645 million corresponding to a 7.3% margin in fiscal year 2020/21. On an Alstom legacy perimeter, adjusted EBIT margin reached 8% compared to a 7.7% adjusted EBIT margin over the same period last year. Bombardier Transportation legacy adjusted EBIT margin stood at 2.7%.

Alstom, on its legacy scope, improved its profitability 2020/21 despite volume reduction thanks to continued operational efficiency. In line with its *Alstom in Motion* trajectory and despite the Covid-19 crisis, Alstom kept delivering on its large rolling stock projects with the delivery of a total of 55 trainsets under the PRASA contract in South Africa, the inauguration of WAG12 eLocomotive by Indian Prime Minister Modi and the completion of testing of the first Avelia Liberty™ prototype in Pueblo (Colorado) for Amtrak while continuing testing on the second prototype between Washington, D.C. and Boston.

Additionally, Alstom² best cost countries strategy is well implemented. It pursued its Engineering footprint optimization with further workload executed in India compared to 2019/20 and increase of sourcing share in best cost countries.

In the context of the sanitary crisis, Alstom also optimized selling, tender and administrative costs across all regions and controlled the level of R&D investments while preserving commercial and innovation capabilities.

Below adjusted EBIT, Alstom booked a €68 million charge related to Covid-19 incremental costs and inefficiencies resulting from the implementation of all necessary sanitary measures in all Alstom sites. In addition, it recorded €117 million in transaction and integration costs related to the Bombardier Transportation acquisition and one-off items such as the reversal of asset impairments and provisions.

Adjusted Net profit from continued operations (Group share) reached €301 million compared to €457 million the previous year, primarily impacted by the Covid-19 crisis effect on volumes, the integration of Bombardier Transportation and other one-off items below adjusted EBIT. Net profit from continued operation (Group share) stood at €240 million, after the impact of amortization of assets exclusively valued when determining the purchase price allocations at €(61) million after tax.

4. One Alstom team, agile, inclusive and responsible³

In 2020/21, Alstom reached significant milestones to enable decarbonisation of mobility.

Alstom also had its emissions reduction targets approved by the Science Based Targets initiative (SBTi) in January 2021. The targets covering greenhouse gas emissions from Alstom's operations (so-called scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Alstom's target for the emissions from its value chain (scope 3) meets the SBTi's criteria for ambitious value chain goals. As a demonstration of its commitment towards cleaner operation, 60% of its operation are now fed by renewable energy, to be compared to 36% last year.

As an acknowledgement of the Group's continued commitment to be among the best places in the world to work, Alstom has been certified "Top Employer" in Europe, and for the first time in Asia Pacific and North America, with certifications in 14 countries, to be compared with 6 countries in 2019/20. Alstom also progresses on the gender diversity, with 22.3% of women in management and professional role, to be compared with 21.4% as of March 2020.

In 2020/21, the foundation benefited from a €1.9 million budget, a significant increase versus last year (€1.5 million), to better support communities suffering from the Covid-19 fallout. In November 2020, the Alstom Corporate Foundation's Board has selected 29 projects out of 167 projects submitted for funding from its 2020/21 budget versus 25 last year.

² Alstom legacy

³ All figures in this paragraph are for Alstom legacy

Alstom reached the highest possible score of “A” in the 2020 CDP assessment on climate issues, is rated AA by MSCI ESG, and has been included for the tenth consecutive year in the Dow Jones Sustainability Indices (DJSI), World and Europe.

Solid balance sheet

During the fiscal year 2020/21, the Group Free Cash Flow was negative at €(703) million, with a negative contribution from former Bombardier Transportation at €(751) million and a positive contribution of Alstom legacy at €48 million, in line with guidance set for the fiscal year 2020/21⁴. Bombardier Transportation’s cash outflow was mainly attributable to partial unwinding of working capital practices, supplier repayment, and working capital phasing.

Alstom legacy experienced a strong cash performance in H2 2020/21 with deliveries ramp-up and stronger order intake.

The Group held €1,250 million of cash and cash equivalent at the end of March 2021. It also had a total of €3,250 million credit line facilities fully undrawn⁵. Consequently, its liquidity stood at €4,500 million as of 31 March 2021.

Alstom’s net cash/(debt) amounted to €(899) million on 31 March 2021, compared to €1,178 million on 31 March 2020, resulting mainly from Bombardier Transportation’s acquisition and the Group’s cash flow result. Lastly, equity reached €9,117 million at 31 March 2021 following all three capital increases as part of Bombardier Transportation acquisition financing, compared to €3,328 million on 31 March 2020.

Bombardier Transportation acquisition and integration update

On 29 January 2021, Alstom completed the acquisition of Bombardier Transportation. The reference price was established at €5.5 billion, at the bottom of the range of €5.5 billion to €5.9 billion communicated on 16 September 2020. The proceeds for the acquisition were established at €4.4 billion, which include the impact of the minimum cash adjustment mechanism based on a negative net cash position of Bombardier Transportation as of 31 December 2020 and other further contractual adjustments for an amount of €1.1 billion⁶.

The enlarged Group has a combined proforma revenue of around €14 billion and €74.5 billion combined backlog. It employs 71,700 people in 70 countries, has unparalleled R&D capabilities, a balanced

⁴ Guidance FY 2020/21 for Alstom legacy

⁵ Alstom put in place this fiscal year two revolving credit facilities: a €1,500 million facility with 5-year maturity and two one-year options at the lenders’ discretion and a €1,750 million facility with an 18-month maturity and two 6-month extensions at the borrower’ discretion, replacing Alstom’s and Bombardier’s existing revolving credit facilities in the context of the Covid-19

⁶ Alstom also proceeded, on 29 January 2021, to the reimbursement of the € 0.75 billion Equity injections to CDPQ and Bombardier Inc.

industrial footprint across the world and a complete portfolio of products and solutions to better serve its customers worldwide. Services, Rolling Stock, Signalling and Systems activities are significantly strengthened building on the complementarities of Bombardier and Alstom.

Bombardier Transportation integration is fully on track. 90% of employees consider the acquisition as positive for the Group. 600 customers were contacted post acquisition, the vast majority of them being very positive on the acquisition and seeing the upside potential for their business. N3 organization has been finalized and more than 30,000 users have been migrated to the Alstom IT environment.

Additionally, projects reviews have been carried out: it led to the building of a €632 million additional provisions for risks on Bombardier Transportation contracts on the top of €451 million already in Bombardier Transportation Balance sheet as of Dec 2020⁷. Projects securisation roadmap is under implementation.

Alstom confirms its objective to generate €400 million cost synergies on annual run rate basis by the fourth to fifth year⁸ and to restore Bombardier Transportation's margin to a standard level in the medium term. The transaction is expected to be double digit EPS accretive from year 2 post closing⁹ and to preserve Alstom's strong credit profile with a Baa2 rating.

Proposed dividend

At the Annual General Meeting on 28 July 2021, the Board of Directors will propose the distribution of a dividend of €0.25 per share. This level corresponds to a payout ratio of 31% of adjusted net profit, Group share.

Outlook

The Alstom outlook will be provided during a Capital Markets Day to be hosted virtually on 6 July 2021.

The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 10 May 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.

⁷ \$554m provision for onerous contracts in Note 25 of Bombardier Inc financial reports as of Dec 2020, converted at Dec 31st exchange rate

⁸ Post-closing of the acquisition

⁹ After cost synergies and implementation costs, and before PPA amortization

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 January 29, 2021, the enlarged Group's combined proforma revenue amounts to €14 billion for the 12-month period ended March 31, 2021. Headquartered in France, Alstom is now present in 70 countries and employs more than 70,000 people. www.alstom.com

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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.

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APPENDIX 1A – GEOGRAPHIC BREAKDOWN

Actual figures <i>(in € million)</i>	2019/20 Fiscal year	% Contrib.	2020/21 Fiscal year	% Contrib.
Europe	7,624	77%	6,027	66%
Americas	646	6%	1,050	11%
Asia / Pacific	1,569	16%	1,059	12%
Africa / Middle East / Central Asia	61	1%	964	11%
Orders by destination	9,900	100%	9,100	100%

Actual figures <i>(in € million)</i>	2019/20 Fiscal year	% Contrib.	2020/21 Fiscal year	% Contrib.
Europe	21,321	52%	40,804	55%
Americas	5,539	14%	10,491	14%
Asia / Pacific	6,120	15%	11,209	15%
Africa / Middle East / Central Asia	7,923	19%	12,033	16%
Backlog by destination	40,903	100%	74,537	100%

Actual figures <i>(in € million)</i>	2019/20 Fiscal Year	% Contrib.	2020/21 Fiscal Year	% Contrib.
Europe	4,675	56%	5,316	61%
Americas	1,280	16%	1,351	15%
Asia / Pacific	889	11%	1,093	12%
Africa / Middle East / Central Asia	1,357	17%	1,025	12%
Sales by destination	8,201	100%	8,785	100%

APPENDIX 1B – PRODUCT BREAKDOWN

Actual figures <i>(in € million)</i>	2019/20 Fiscal Year	% Contrib.	2020/21 Fiscal Year	% Contrib.
Rolling stock	4,591	46%	4,484	49%
Services	3,315	34%	2,045	23%
Systems	265	3%	930	10%
Signalling	1,729	17%	1,641	18%
Orders by destination	9,900	100%	9,100	100%

Actual figures <i>(in € million)</i>	2019/20 Fiscal Year	% Contrib.	2020/21 Fiscal Year	% Contrib.
Rolling stock	20,677	51%	39,052	53%
Services	13,794	33%	24,737	33%
Systems	2,288	6%	4,692	6%
Signalling	4,144	10%	6,056	8%
Backlog by destination	40,903	100%	74,537	100%

Actual figures <i>(in € million)</i>	2019/20 Fiscal Year	% Contrib.	2020/21 Fiscal Year	% Contrib.
Rolling stock	3,942	48%	4,530	51%
Services	1,469	18%	1,745	20%
Systems	1,301	16%	947	11%
Signalling	1,489	18%	1,563	18%
Sales by destination	8,201	100%	8,785	100%

APPENDIX 2 – INCOME STATEMENT

Actual figures (in € million)	FY 2019/20	FY 2020/21
Sales	8,201	8,785***
Adjusted Earnings Before Interest and Taxes (aEBIT)	630	645
Restructuring and rationalisation costs	(18)	(14)
PPA amortisation*	(14)	(84)
Impairment loss and other	9	(129)
Covid-19 inefficiencies & incremental costs	(24)	(68)
Reversal of net interest in equity investees pick-up	(38)	(50)
Earnings Before Interest and Taxes (EBIT)	545	300
Financial result	(76)	(68)
Tax result	(118)	(63)
Share in net income of equity investees	102	83
Minority interests from continued operations	(7)	(12)
Net profit – Continued operations – group share	446	240
Net profit – Discontinued operations	21	7
Net profit – group share	467	247****
Adjusted net profit**	457	301

* Including PPA related to Bombardier Transportation acquisition

** see definition below

*** Thereof impact of Bombardier Transportation acquisition €1,125m

**** Thereof impact of Bombardier Transportation acquisition €(60)m

APPENDIX 3 – FREE CASH FLOW

Actual figures (in € million)	FY 2019/20	FY 2020/21
EBIT	545	300
Depreciation and amortisation*	293	391
Restructuring variation	(12)	(16)
Capital expenditure	(195)	(158)
R&D capitalisation	(79)	(106)
Change in working capital	(249)	(1,001)
Financial cash-out	(95)	(79)
Tax cash-out	(102)	(94)
Other	100	60
Free cash flow	206	(703)

* Including PPA related to Bombardier Transportation acquisition for €71m

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.

Order backlog

Order backlog represents sales not yet recognised from orders already received. Order backlog at the end of a financial year is computed as follows:

- order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded during the year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS 15 quantitative and qualitative disclosures requirement.

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 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. and Changchun Bombardier Railway Vehicles Company Ltd.

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

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/reevaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize 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.

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

<i>(in € million)</i>	Full-Year ended 31 March 2020	Full-year ended 31 March 2021
Adjusted Earnings Before Interest and Taxes (aEBIT)	630	645
Restructuring and rationalisation costs	(18)	(14)
PPA amortisation*	(14)	(84)
Impairment loss and other	9	(129)
Covid-19 inefficiencies and incremental costs	(24)	(68)
Reversal of Net interest in equity investees pick-up	(38)	(50)
Earnings Before Interest and Taxes (EBIT)	545	300

*Including PPA related to Bombardier Transportation acquisition

Adjusted net profit

Following the Bombardier Transportation acquisition and with effect from these Fiscal year 2020/21 consolidated financial statements, 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>	FY 2020/21
Adjusted net profit	301
Amortization of assets valued when determining the purchase price allocation	(61)
Net Profit from continued operations attributable to equity holders	240

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:

<i>(in € million)</i>	FY 2019/20	FY 2020/21
Net cash provided by / (used in) operating activities	476	(455)
Capital expenditure (including capitalised R&D costs)	(274)	(265)
Proceeds from disposals of tangible and intangible assets	4	17
Free cash flow	206	(703)

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.

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>	Year ended 31 March 2020	Year ended 31 March 2021
Cash and cash equivalents	2,175	1,250
Other current financial assets	45	28
Financial non-current assets directly associated to financial debt	-	-
<i>Less:</i>		
Current financial debt	270	526
Non-current financial debt	772	1,651
Net cash/(debt) at the end of the period	1,178	(899)

Organic basis

Figures presented in this section 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.

<i>(in € million)</i>	Year ended 31 March 2020			Year ended 31 March 2021				
	Actual figures	Exchange rate	Comparable Figures	Actual figures	Thereof impact of acquisitions	Comparable Figures	% Var Act.	% Var Org.
Backlog	40,903	791	41,694	74,537	31,996	42,541	82%	2%
Orders	9,900	(71)	9,829	9,100	664	8,436	(8%)	(14%)
Sales	8,201	(192)	8,009	8,785	1,125	7,660	7%	(4%)

Pay-out ratio

The payout ratio is calculated by dividing the amount of the overall dividend with the "Adjusted net profit" as presented in the management report in the consolidated financial statements.