ALSTOM'S EQUITY STORY

May 2024

ALSTOM
• mobility by nature •

Disclaimer

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Summary

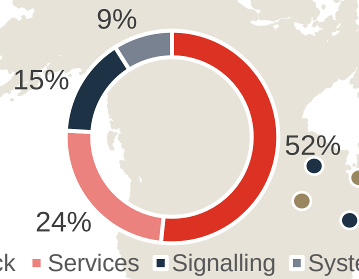
01 Executive summary

Alstom's investment case

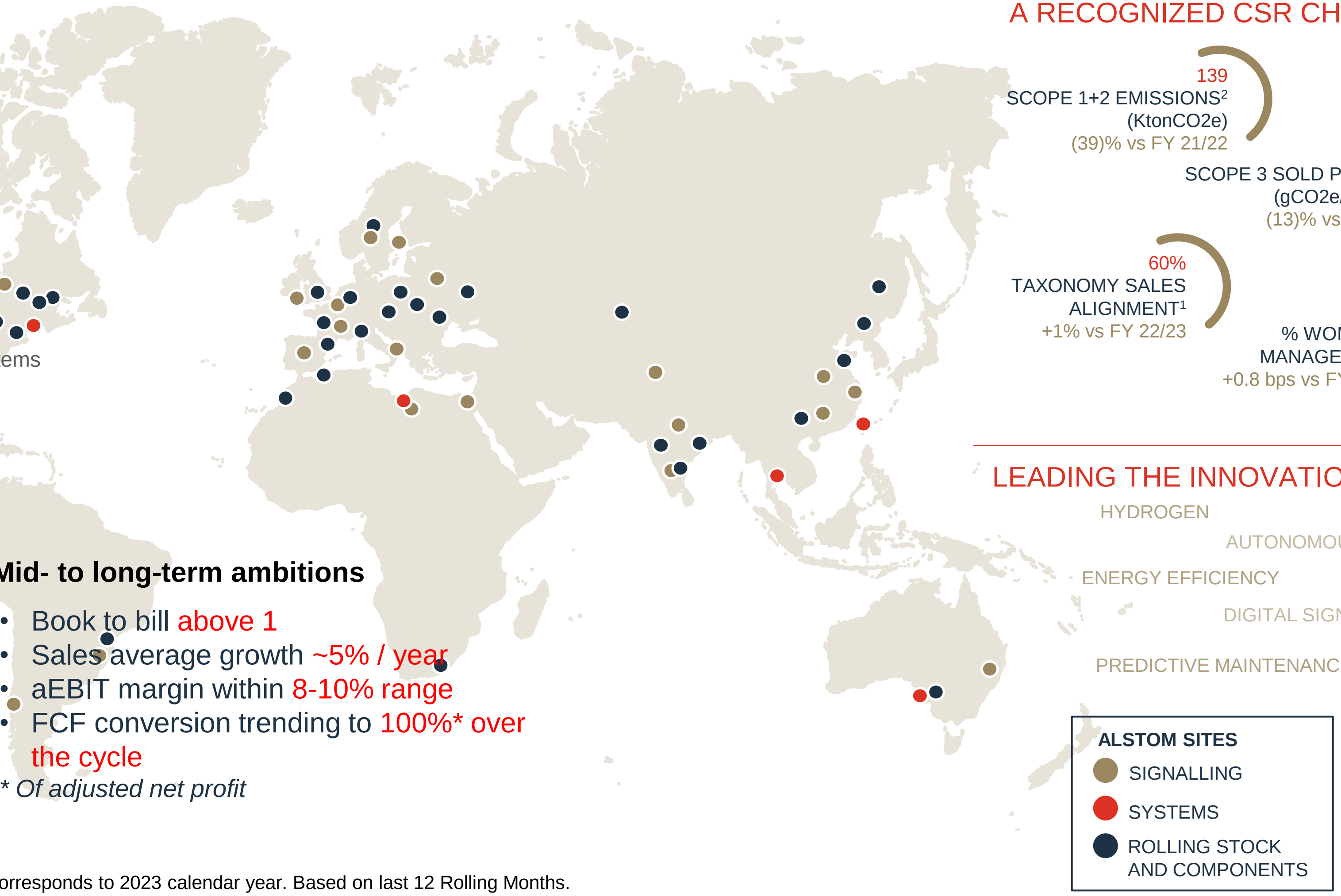
A WORLDWIDE LEADER WITH STRONG MARKET SHARES

Rolling stock: #1
Services: #1
Signaling: #2
Turnkey: #1

FY 2023/24 SALES



AN AMBITIOUS STRATEGIC PLAN: AiM 2025



Mid- to long-term ambitions

- Book to bill above 1
- Sales average growth ~5% / year
- aEBIT margin within 8-10% range
- FCF conversion trending to 100%* over the cycle

** Of adjusted net profit*

A RECOGNIZED CSR CHAMPION

139
SCOPE 1+2 EMISSIONS[2]
(KtonCO2e)
(39)% vs FY 21/22

4.0
SCOPE 3 SOLD PRODUCT
(gCO2e/pass.km)
(13)% vs FY 21/22

60%
TAXONOMY SALES ALIGNMENT[1]
+1% vs FY 22/23

24.7%
% WOMEN IN MANAGEMENT[3]
+0.8 bps vs FY 22/23

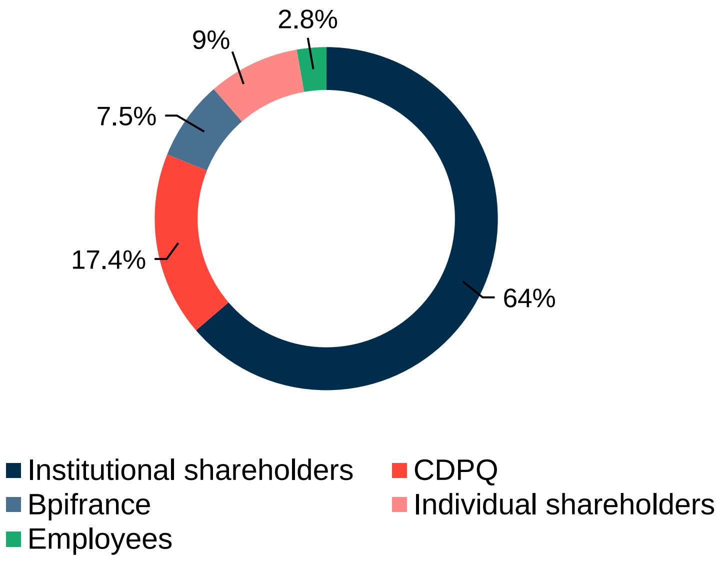
LEADING THE INNOVATION RACE

HYDROGEN
AUTONOMOUS MOBILITY
ENERGY EFFICIENCY
DIGITAL SIGNALLING
PREDICTIVE MAINTENANCE

1. Figures unaudited
2. Environmental figures are reported on a calendar year basis: FY 2023/24 corresponds to 2023 calendar year. Based on last 12 Rolling Months.
3. Women in management and professional positions

A stable shareholding structure

Shareholding structure[1] (in %)

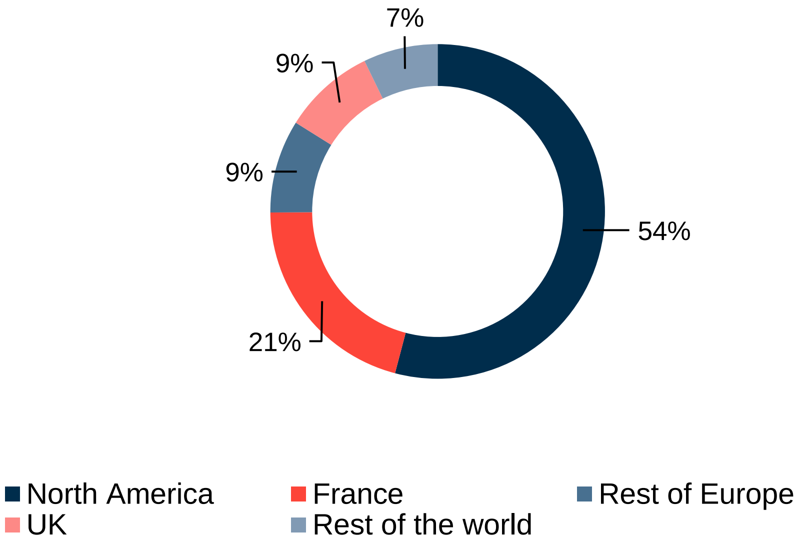


Stock market indexes

SBF 120

EUROSTOXX 600

By geographic zone[1] (in %)

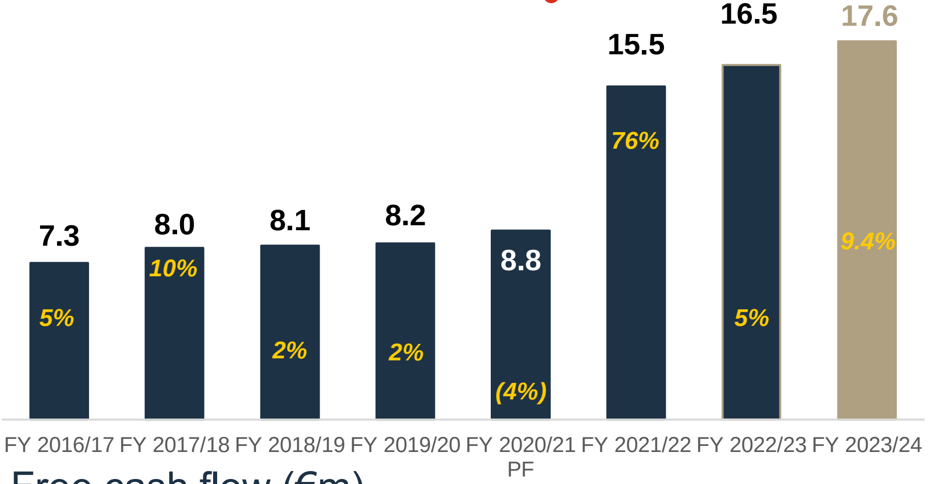


A large international floating base for investors

1. According to a shareholder study carried out IHS Markit as of 31 March 2024

Financial performance trajectory

Sales (€bn) and organic growth (%)



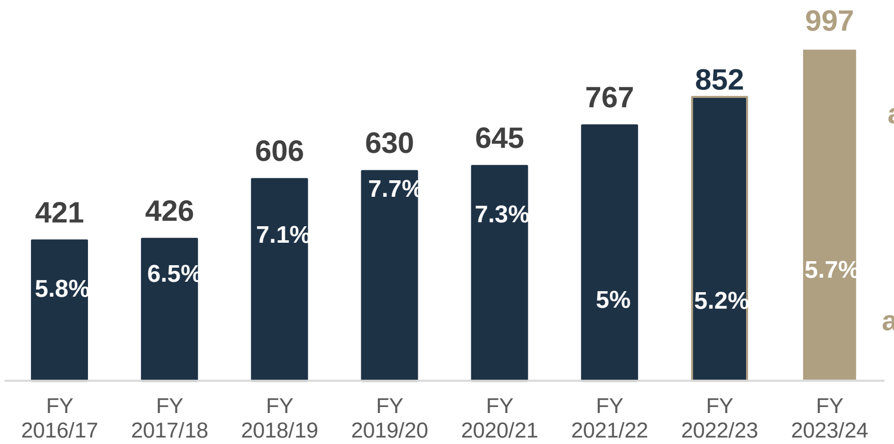
Mid- to long-term ambitions

Sales average growth ~5% / year

Outlook for FY 2024/25

Sales organic growth: around 5%

Adjusted EBIT[1] (€m) and margin (%)



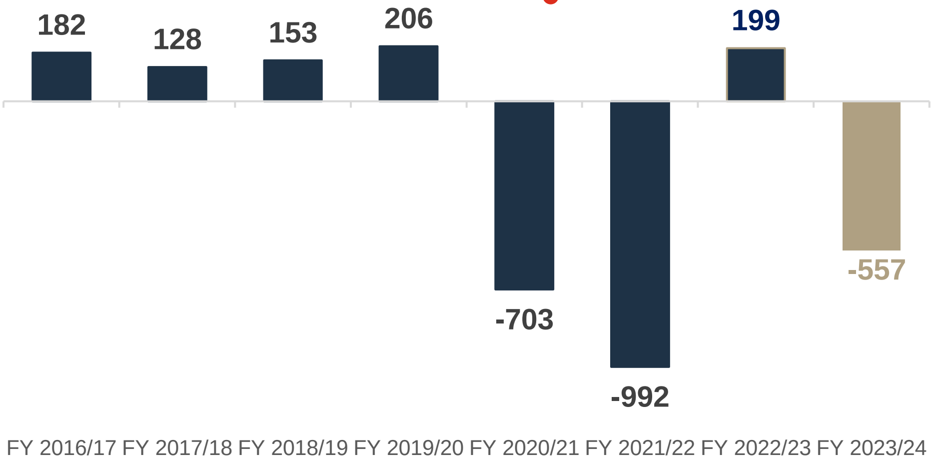
Mid- to long-term ambitions

aEBIT margin within 8-10% range

Outlook for FY 2024/25

aEBIT margin around 6.5 %

Free cash flow (€m)



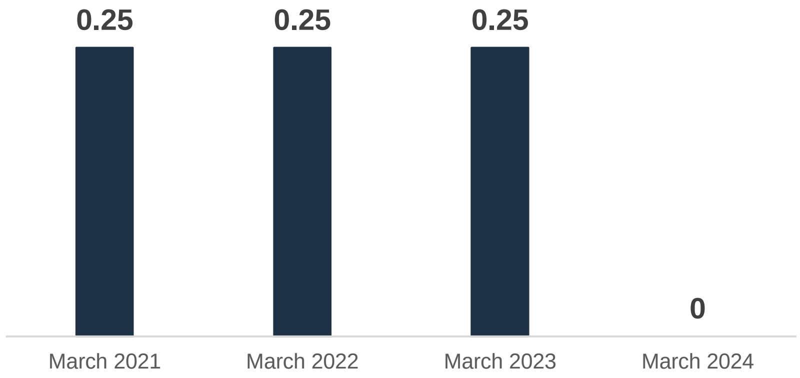
Mid- to long-term ambitions

FCF conversion trending to 100%* over the cycle

Outlook for FY 2024/25

FCF generation €300m to €500m

Dividend[2] per share (€)



1. Non-GAAP. See definition p.44 of the URD 2022/23 2. No dividend proposed in March 2024, for last year-end. 3. From FY 2025/26 onwards. Subject to short-term volatility * Of adjusted net profit

Alstom's story: building the world's leader in rail technology

Alstom in 2024

ALSTOM

French Railway Player | International Market Expansion | World Leadership Position

1928
Société Alsacienne de Constructions Mécaniques and Thomson Houston merged, created Alsthom

1972
Acquired Brissonneau et Lotz

1983
Acquired CIMT

1986
Acquired the railway division of Jeumont-Schneider

1989
Acquired ACEC and La Maquinista

1994-1997
Acquired LHB and the Hornell site of Erie Railroad

1998
Acquired SASIB Rail, including its American subsidiary GRS.

Renamed as Alstom

2001
Acquired Fiat Ferroviaria

2015
Acquired GE Signaling

2021
Acquired Bombardier Transporation

BOMBARDIER TRANSPORTATION

Canadian and European Roots | International Market Footprints

1970
Bombardier Inc. acquired Lohner Werke to enter the railway market

1974
Founded Bombardier Transportation

1988
Acquired Bruqeoise et Nivelle

1989
Acquired Atelier du Nord de la France and Concarril

2001
Acquired Adtranz, which had deep roots in Germany, Switzerland and Sweden as it was created by Daimler-Benz, AEG and ABB

A unique global player thanks to Bombardier Transportation

E-locomotive
TRAXX

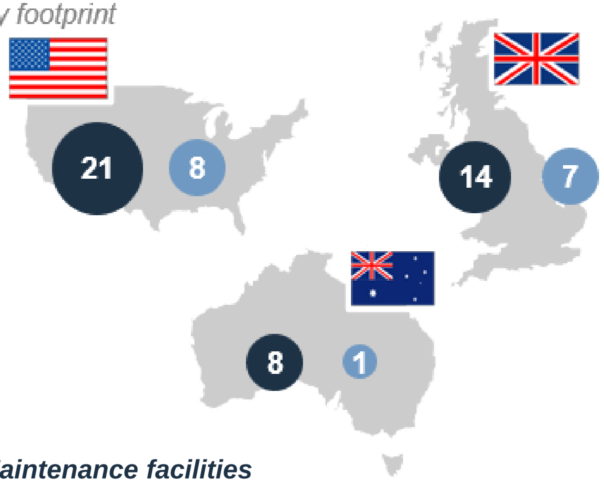
Monorail
Innovia

People Mover
Innovia

Portfolio complementarity

- Rolling stock: E loco, people movers, monorail, advanced components (bogies, traction ..)
- Services: UK franchise, US operations and maintenance, huge installed fleet
- Signalling: strong products complementarity

Key footprint



Maintenance facilities
BOMBARDIER TRANSPORTATION
ALSTOM

Geographical complementarity

UK to invest **~€40bn** by 2024

DB & Germany to invest **~€86bn** by 2030

Significant investment expected in rail infrastructure

Middle-East & Africa rail OEM market **CAGR of 4.9%**

An innovation catalysis

R&D
c.3.1% of sales*

Better pricing power and Terms & Conditions for Alstom

* adjusted EBIT Impact R&D expenses

Major part of the value creation is spread across trains Sub-systems, Services and Signalling

Product lines		Accessible Market, pa	Profitability	Alstom's presence
Digital & Integrated Systems	Infrastructure	€ 29bn	High Single Digit	
	Signalling	€ 15bn	Double Digit	
Rolling Stock & Components	RSC integration	€ 33bn	Progressive uplift from breakeven to high-single digit	
Services	Maintenance and Spares	€ 37bn	Solid mid-teens	
	Train Operations	€ 25bn*		

* Estimated values – Alstom analysis (Operations: only passengers operation considered)

02

The most comprehensive offering in the rail industry

Rolling Stock

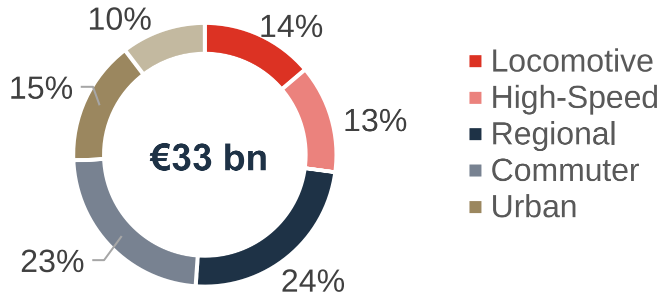
Avelia Horizon Dynamic Testing

Alstom is the market leader in Rolling Stock & Components

RSC IS A LARGE AND STEADY MARKET

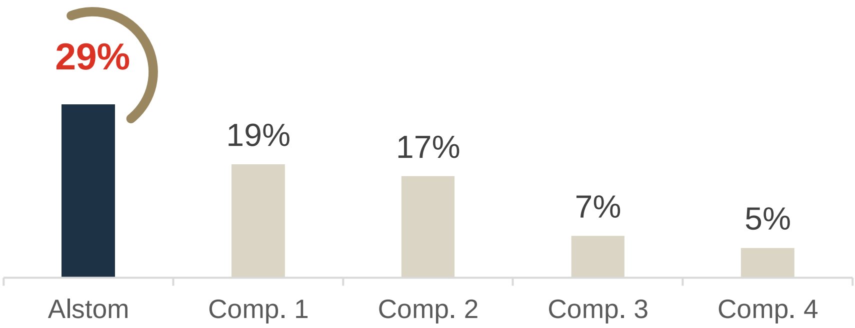
UNIFE accessible market 2025-2027
(WRMS 2022) – Average in € Bn / year

+2.8%*



ALSTOM: A CLEAR RSC MARKET LEADER

RSC Market shares 2020/21-2022/23, in % including turnkey share



MARKET DRIVERS

- **France Rail Plan**
- **Increased Indian Railways Budget**
- **US acceleration with Jobs & Infra Act**
- **Europe Diesel replacement**

RECENT WINS

FRANCE
103 MF19 New Generation Metros
€830 MILLION

UNITED STATES
130 Low-floor electric Citadis light rail vehicles
€660 MILLION

FRANCE
60 RER NG Commuter trains
€1 BILLION

SPAIN
49 Coradia Stream™ HC trains for RENFE
€370 MILLION

FRANCE
15 Avelia Horizon trains for SNCF
€590 MILLION

KAZAKHSTAN
100 KZ8A (NG) Locomotives, services & signalling

* CAGR of 2.8 % based on UNIFE accessible rolling stock market 2019-2021 to 2025-2027 period

Alstom is the only one being present in all geographies

and has only 1 or 2 competitors in each country

SIEGEN

KATOWICE

DERBY

BARCELONA

SAHAGUN

HORNELL

LA ROCHELLE

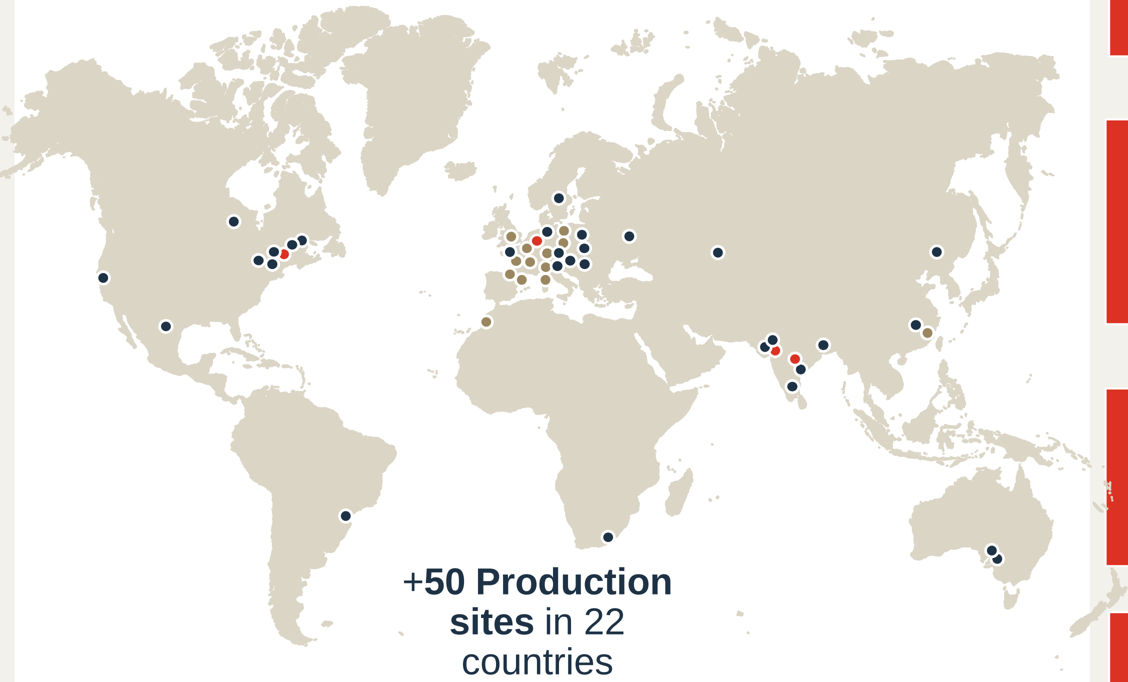
QINGDAO

MADHEPURA

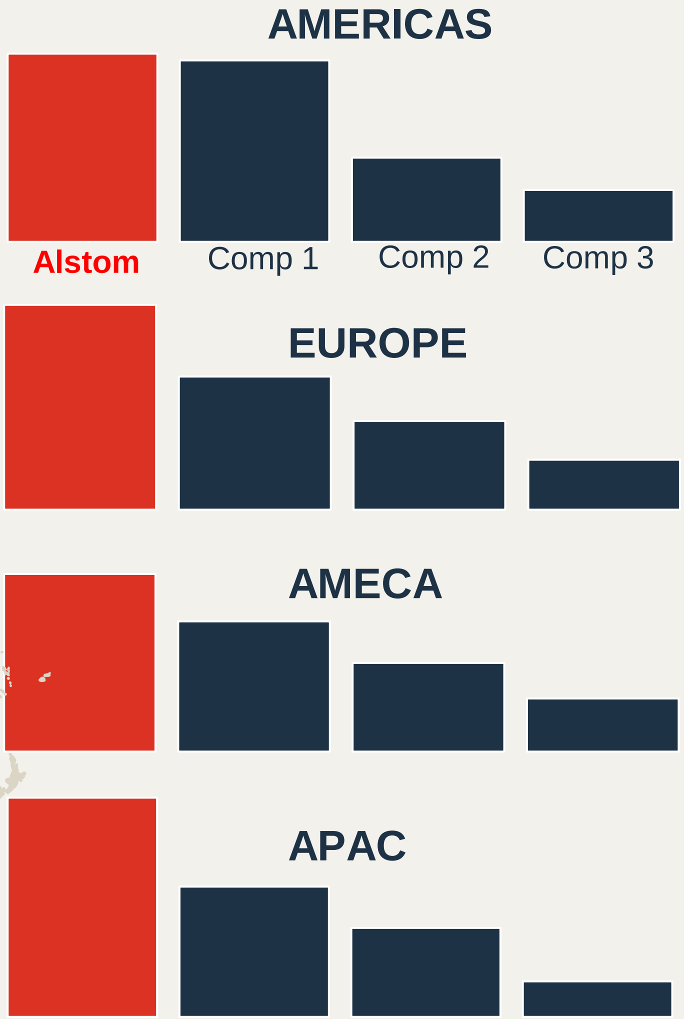
SAVIGLIANO

ALSTOM #1 IN ALL REGIONS

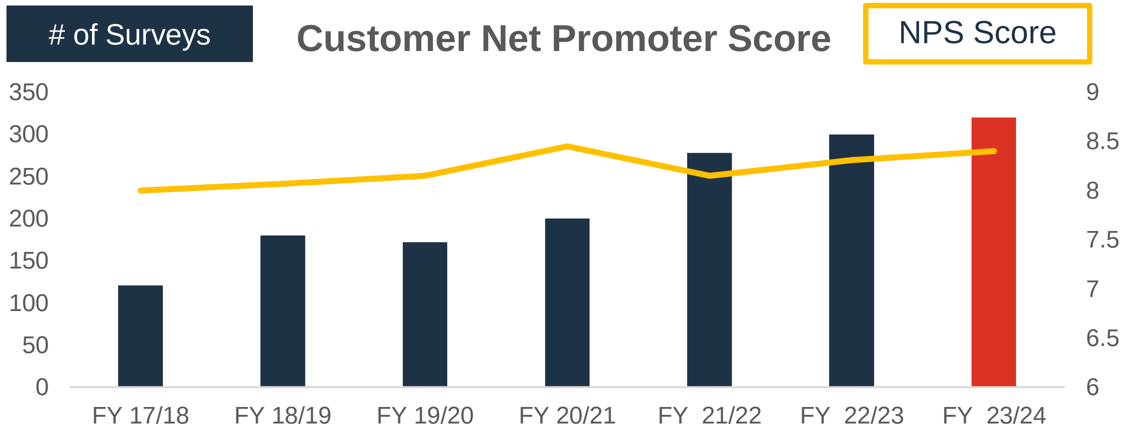
Rolling Stock & Components Key Sites



Engineering & Manufacturing ● Engineering ● Manufacturing



Quality excellence drives customer confidence and satisfaction



- Leg. AT
- Leg. AT + Leg. BT

RSC turnaround with production ramp-up supporting growth above market

RSC BUSINESS PROFILE

FY 2023/24:
- Backlog 41.3bn€
- Orders 6.4bn€
- Sales 9.1bn€

Typical mid to large contracts:
- From >100m to multi-billion€
- 3 to >5 years

Cash:
- 15 to 20% downpayments
- Negative working capital contribution

RSC product line as key enabler to Services and Systems businesses

PROFITABILITY IMPROVEMENT LEVERS

BUSINESS DEVELOPMENT LEVERS
- Selectivity
- Product convergence
- Increased % of projects indexed
- Platforming & Standardisation

OPERATIONAL LEVERS
- Operational excellence
- Synergies from process standardisation
- Digitalisation
- Acquisition value capture
- Footprint utilisation and BCC lever
- Project stabilization

HEADWINDS MONITORING

ELECTRONIC COMPONENT CRISIS

Cost premiums

SUPPLY CHAIN

Build a robust and capable railway supply base

INFLATION (energy, salaries & materials)

Continuous mitigation

Progressive margin uplift to high single digit profitability

Services

Metro Elizabeth Line maintenance

Maryland Operations and maintenance

Most extensive rail services portfolio, expertise and footprint

ALL ENCOMPASSING PORTFOLIO

- ROLLING STOCK MAINTENANCE
- PARTS AND COMPONENT OVERHAULS
- ASSET LIFE MANAGEMENT
- TRAIN OPERATIONS AND SYSTEM MAINTENANCE
- DIGITAL SOLUTIONS

CLEAR LEADERSHIP OVER THE RAIL SERVICES MARKET

~37* bn€

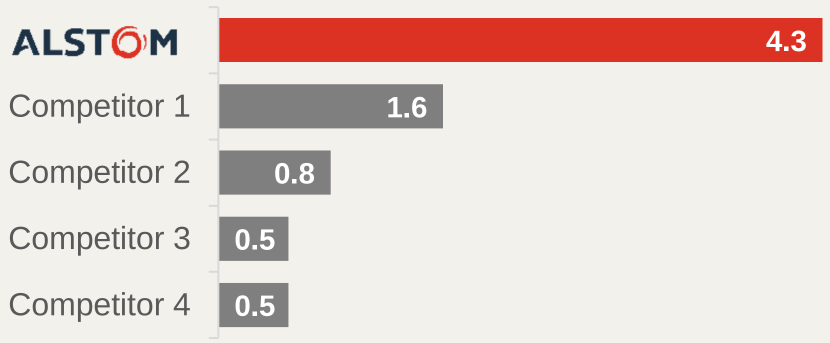
254 SERVICES SITES

40+ COUNTRIES

1,400+ CONTRACTS

16,000+ EMPLOYEES

Sales (B€) based on latest published figures



Source: latest annual reports - Excluding China Market

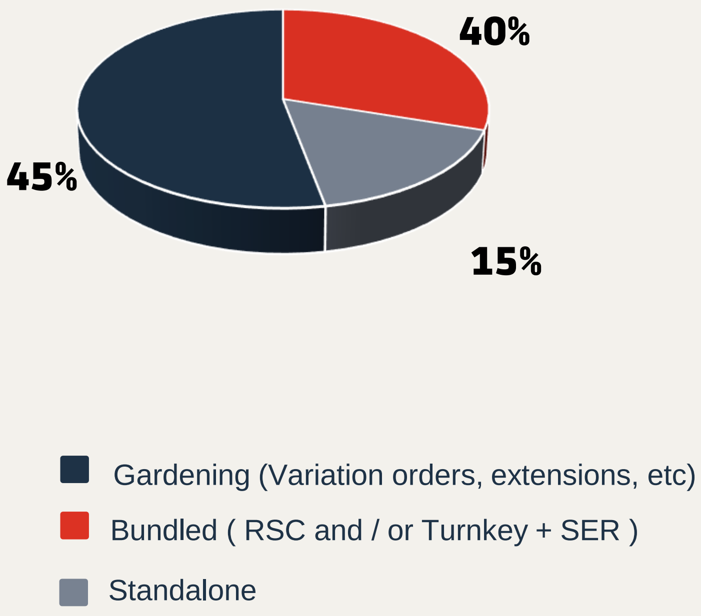
*Accessible Market UNIFE 2025-2027

Business model and evolution

(bundle contracts, installed based advantage, small contracts)

SUSTAINABLE BUSINESS WITH WELL BALANCED ORDER INTAKE

Order intake distribution FY 23/24



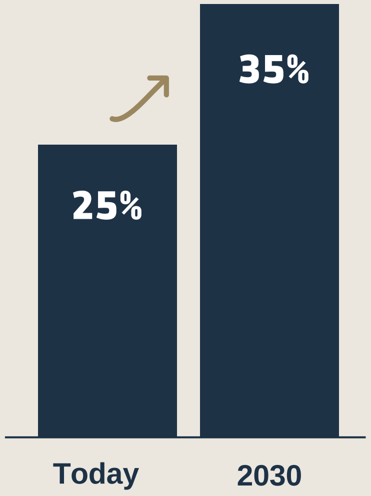
Expected CAGR FY 21/22 to 24/25

- 12% — Sustained trend to **bundle** rolling stock and services contracts
- 14% — Healthy level of **standalone** contracts both on Alstom and non Alstom fleets
- 10% — Long term customer intimacy securing continuous / **gardening** sales

Mid-term ambition: 35% of installed base under services contract

150,000+ CARS INSTALLED BASE WITH VAST HARVESTING POTENTIAL

Alstom Installed Base covered by Services contract



DEVELOPMENT LEVERS

Green and Smart modernisation

Digital Solutions

Obsolescence Management incl. software / Cybersecurity

Parts Supply / Component Overhauls

TSSSA*

TSSSA to open new customers relationship (Singapore – Austria – US – France)

Customer key points

- Technology access
- End of warranty
- Fleet availability
- Mid-life overhaul required
- Social paradigm

Customer benefits

- Performance & Budget guaranty
- Obsolescence managed
- Life extension
- Modern / Digital approach

* TSSSA: Technical Support and Spare Supply Agreement

Service franchise with strong predictability and high-single digit growth

SERVICES BUSINESS PROFILE

FY2023/24:
- Backlog 34.2bn€
- Orders 6.6bn€
- Sales 4.3bn€

Contracts:
- Long contracts up to 30 years
- Indexation as general rule
- Short-cycle business (parts)

Cash:
- Limited mobilisation payments (depots, capital spares)
- Positive working capital

PROFITABILITY IMPROVEMENT LEVERS

BUSINESS DEVELOPMENT LEVERS

- **Bundle offers**
- **Small orders management focus**
- **TSSSA opportunities**
- **Harvesting installed base**
- **Improvement of Client Total Cost of Ownership**

OPERATIONAL LEVERS

- **Local Footprint**
- **Improvement of fleet availability and reliability**
- **Low R&D needs**
- **Scale effect on Data management**

HEADWINDS MONITORING

RESOURCES AVAILABILITY

To support growth

SUPPLIERS PERFORMANCE

Localisation, resources availability and on-time performance

ACHIEVED SOLID MID-TEENS PROFITABILITY WITH LARGE GROWTH POTENTIAL

Signalling and Systems

Solid signalling market growth

with accelerating modal shift as key market driver

~15 bn€[1] — STRONG SIGNALLING MARKET GROWTH — **+~4%** CAGR[2]

Market boosted by infrastructure plans & **ERTMS[3] roll-out acceleration**

→ **Signalling key to increasing capacity on existing lines**

→ **Enabling modal-shift acceleration towards rail**

>20% high-speed capacity

(Paris – Lyon ERTMS Level 2 and then Hybrid L3)

>25% metro capacity

(Shangai L3 / L4, Fluence delivered by CASCO Joint venture)

ERTMS[3] ROLL-OUT ACCELERATING IN EUROPE

30 Bn€ signalling — German roll-out in the coming years

13 Bn€ signalling — Italy ERTMS roll-out framework attributed

Already materializing in orders

+ FRANCE rail plan *(100bn€ for entire plan, signalling share not yet known)*

& OUTSIDE EUROPE

Canada *(Toronto)*

Mexico *(Tren Maya)*

Australia *(New South Wales)*

India *(Delhi-Meerut)*

Philippines *(NSRC)*

Tanzania

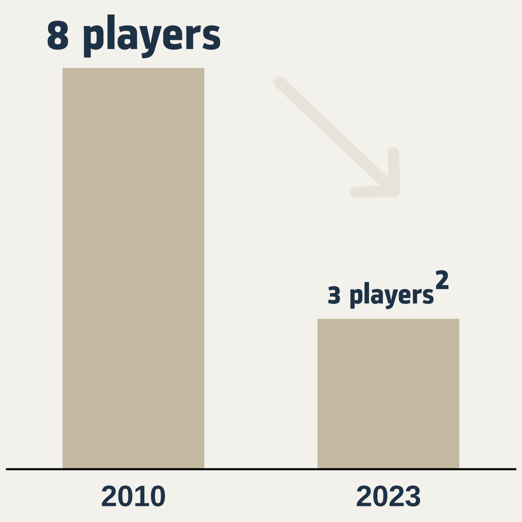
Turkey *(BBYO)*

Source: UNIFE market study (Alstom Addressable market excl. Japan & China) 1. 2022-2024 2. CAGR 2019-2021 to 2025-2027 3. ERTMS: European Rail Traffic Management System

Signalling, a market segment under consolidation around 3 global players

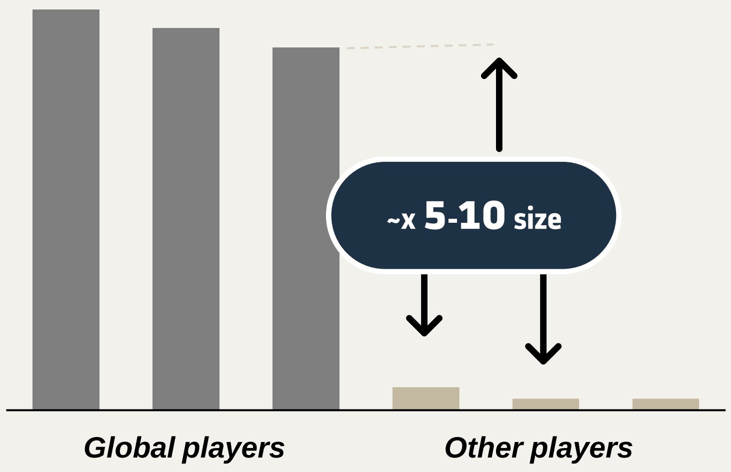
KEY GLOBAL PLAYERS CONSOLIDATING…

# of global signalling players[1]



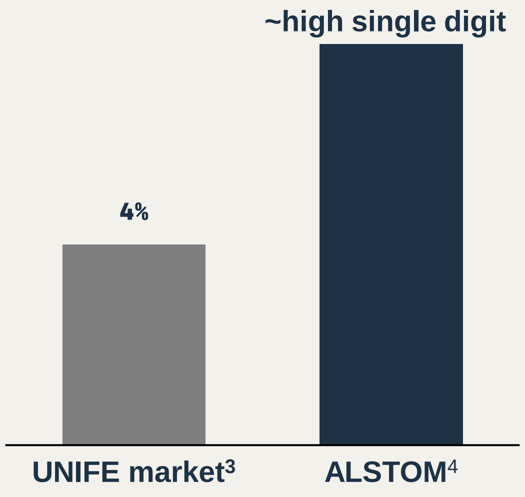
… FAR AHEAD OF REST OF COMPETITION[2]

Signalling players revenues overview



… OUTPACING MARKET GROWTH

Alstom growth vs. Market



1. Global layers considered >500m€ revenues present in Alstom addressable market 2. Thales/Hitachi Merger expected in 2023 3. Alstom addressable market excl. Japan and China, CAGR 2019-2021 to 2025-2027
4. FY22/23 vs. FY21/22

Deliver projects locally leveraging a worldwide footprint

LEVERAGE SCALE WHILE SECURING CUSTOMER INTIMACY

SIGNALLING SOLUTIONS

Application customization

Deliver & maintain CLOSE TO CUSTOMERS

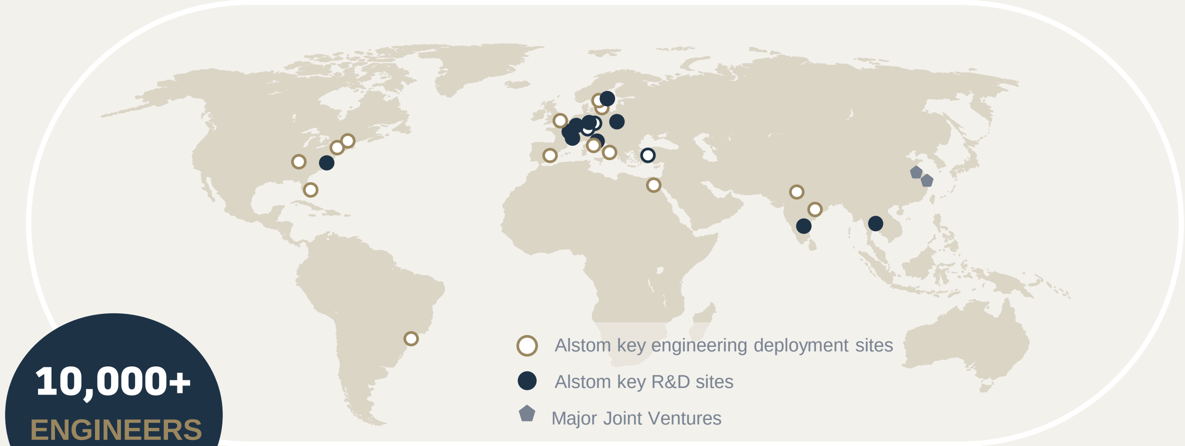
R&D
(Application software & technical platform)

CONCENTRATED FOOTPRINT developing standard solutions
(~10 key sites)

DELIVER EFFICIENTLY THROUGH AN UNPARALLELED ENGINEERING FOOTPRINT

	India	Thailand	Poland	Brazil
Key BCC sites				
Eng. FTE	*2,700+*	*500+*	*400+*	*200+*

ACCESS TO LARGE TALENT POOLS
(e.g. IT resources in India…)



10,000+ ENGINEERS

50+% of engineering hours executed in Best Cost Countries within 3 years
with India at the heart of the footprint

Signalling franchise set for profitable growth

SIGNALLING BUSINESS PROFILE

FY2023/24:
- Backlog 7.7bn€
- Orders 2.3bn€
- Sales 2.6bn€

Contracts:
- Typical small size; < 2 years
- Few > 100m€; 3 - 5 years

Cash:
- Low downpayments
- Electronics inventories
- Positive working capital

PROFITABILITY IMPROVEMENT LEVERS

BUSINESS DEVELOPMENT LEVERS

- **Small orders boost**
- **Selectivity**
- **High Single Digit growth pattern o/w services fast development**
- **Harvesting customer long term relationship**
- **Increased share of contract indexation**

OPERATIONAL LEVERS

Increase Best-Cost vs. High-Cost countries engineering content
- *Cost of labor*
- *Productivity*
- *Access to digital skills*

Scaling effect on R&D & Convergence roadmap
- *Decreasing R&D Intensity*

HEADWINDS MONITORING

ELECTRONIC COMPONENT CRISIS

Improving, backlog to be delivered

SUPPLY CHAIN

Business continuity favored over cash optimization

INFLATION (salaries & raw materials)

Largely mitigated

ACHIEVED DOUBLE DIGIT PROFITABILITY

Systems commercial success driving double digit growth

SYSTEMS BUSINESS PROFILE

FY2023/24:
- Backlog 8.7bn€
- Orders 3.7bn€
- Sales 1.6bn€

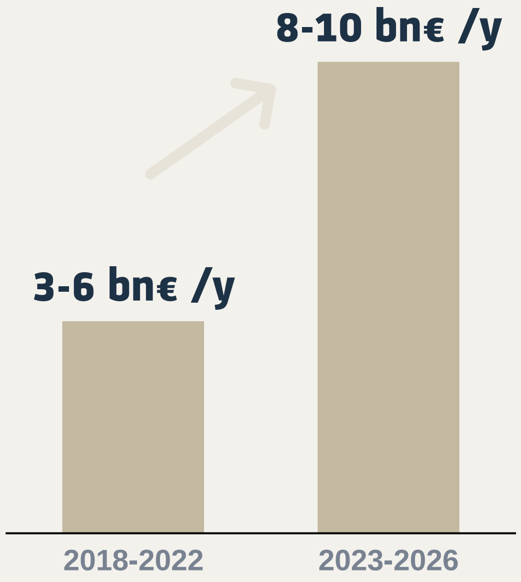
Very large projects business
- Several hundred millions to > €1bn
- 5-7 years execution

Profitable enabler
- Low R&D, low Capex
- Operations and Maintenance enabler

Cash generator
- Well – financed contracts
- Negative working capital

INCREASING VISIBLE PIPELINE OF OPPORTUNITIES

Volume of visible & addressable opportunities



STRONG ALSTOM POSITIONING

ALSTOM LEADING PLAYER AMONG THE 3 GLOBAL PLAYERS

>65% TOP 3 PLAYERS MARKET SHARE
OVER ALSTOM VISIBLE OPPORTUNITIES IN RECENT YEARS

"KEEP BEING THE BEST-IN-CLASS SYSTEM PROVIDER TO BE SELECTED AS THE BEST PARTNER"

- *Proven delivery track-record*
- *Unique vertical integration from system level to all key sub-systems*
- *Technology & competitiveness*

Cairo Monorail

Riyadh metro

Tren Maya

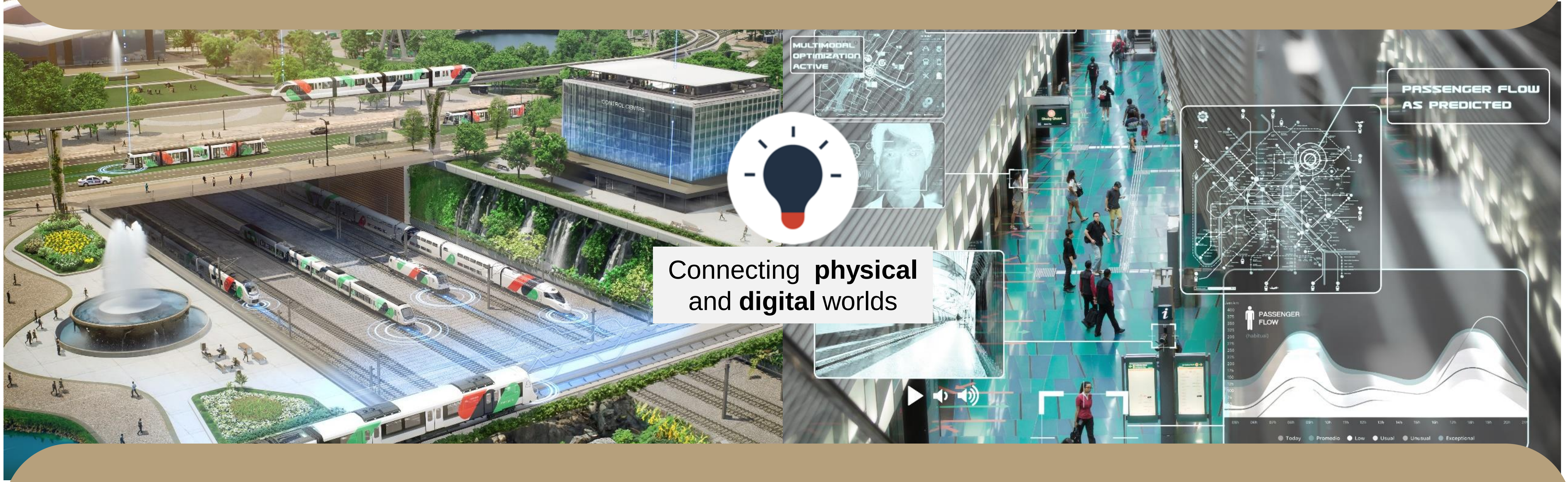
… WITH STRONG HIGH SINGLE DIGIT PROFITABILITY

03

An Innovation leader

We deploy an all-encompassing innovation…

RAIL PRODUCTS, SOLUTIONS AND SERVICES



PROCESSES AND PERFORMANCE

… anticipating and addressing our customers' challenges

Demands towards lower Cost of ownership
Throughout complete asset life-cycle

Optimum Resilience, Availability and Reliability of solutions
Cybersecurity, predictive maintenance/health monitoring, obsolescence management, connectivity, reliability at 0 km, extreme climate resilience

Climate neutral and enjoyable solutions for their stakeholders and riders
Carbon emissions, noise comfort, train vibrations, re-use and recycling

Rising energy concern
Efficiency, on-board energy storage and technology integration

Social/Economical constraints
Increasing traffic demand, more senior passengers, Driver/Staff shortage in some countries, infrastructure and stations footprint availability restrictions

A sustained R&D effort[1]

FY 2023/24		FY 2026/27
549 M€[2]	>	695 M€
SALES[2] 3.1%	>	SALES[2] ca.3.5%

1. Covering entire Alstom R&D spend 2. Net EBIT Impact R&D expenses

Innovation will be a significant enabler to address our strategic priorities

1. **Enhance current portfolio** to be Greener, Smarter and more inclusive

2. Contribute to **Service growth**

3. Reinforce **efficiency and performance**

Illustrations

AUTONOMOUS TRAIN OPERATIONS

Train remote monitoring and control

DIGITAL TRAIN

End-to-end digital continuity

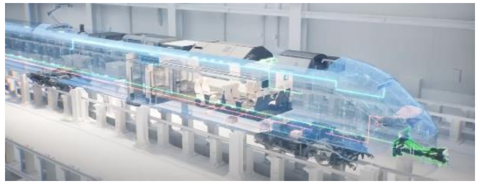
NEW BUSINESS MODELS

Open multipurpose depot

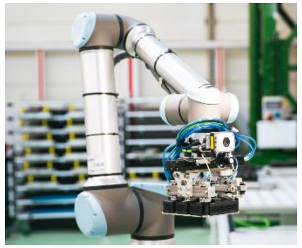
MAINTENANCE IMPROVEMENT

Predictive maintenance

DIGITAL TWINS TO OPTIMIZE CUSTOMER DELIVERY AND SATISFACTION



Virtual universe used in Design and Manufacturing



Industry 5.0

Levers

- Technologies
- Ecosystem and partnerships
- Joint innovation work with suppliers
- Participative Innovation, Intrapreneurs and start-ups

Alstom innovation at the forefront of sustainable traction solutions

to better serve our customers

Several criteria influencing Total Cost of ownership

Mission profile/Distance

Energy Infrastructure requirements

System economics in client's environment (e.g. cost of energy)

Climate conditions and topography

More or less energy required

Alstom wide-encompassing portfolio of solutions

Continuous design improvements of our RS trains enabling lower energy consumption

H_2 and battery to replace diesel on non-electrified lines

- Battery **charging solutions** (APS, Hesop™) and Hydrogen **refueling stations** partnerships
- **FlexCare Modernise™**: zero direct emission or low emissions green re-tractioning by replacing or upgrading diesel with green solutions

…being further developed as part of innovation strategy

- Liquid hydrogen use assessment
- Battery technologies (e.g. sodium) and rare Earths monitoring
- Smart Energy Management through real-time software platform assessment
- Boost of Green and Smart modernisation and FlexCare Sustain™ activities as part of short cycle sales push
- Recyclability, circularity and eco-design

Supported by EU IPCEI financing

We push innovations where data plays a critical role for rail applications

DATA USE CASES AND SOME REALIZATIONS

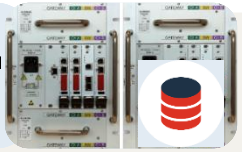
RAILWAY DATA

ENRICH DIGITAL APPLICATIONS TO IMPROVE PERFORMANCE

Simulators
Training for both train operations and maintenance staff

ACCELERATE VIRTUALISATION AND DIGITAL RAILWAYS

Vital wayside computer migration to IT servers
(1st step to Cloud)



ENHANCE KNOWLEDGE OF ASSET BEHAVIOUR

HealthHub™ Predictive maintenance

OPTIMISE NEXT GENERATION SOLUTION DESIGN

Engineering 2.0
Virtual homologation software for railway dynamics

ENSURE CYBERSECURITY

Decentralized Authentication (patented)

Powered by SaaS hosting solution, Onexis™ Cloud

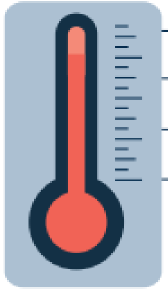
04

CSR at the heart of Alstom's DNA

Sustainable Mobility at the heart of Alstom's business

SUSTAINABILITY ISSUES

Potential Global Temperature Increases by end of the century

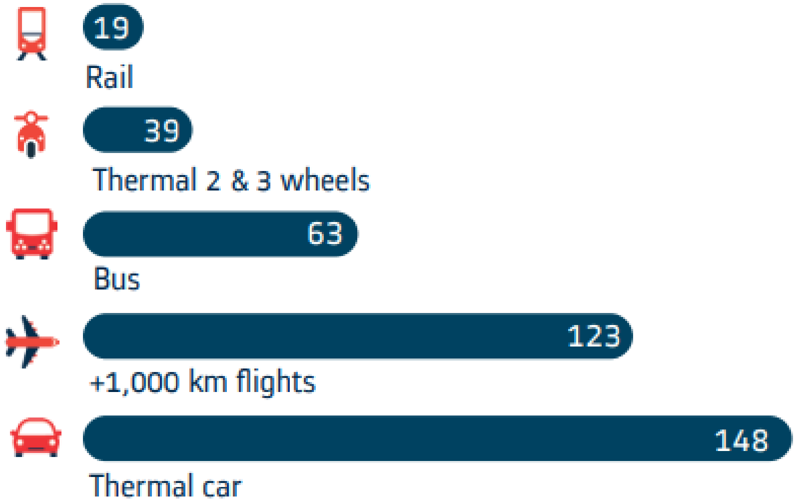


- **2.5-2.9°C** Expected based on current policies & actions
- **2.4°C** Likely to be reached based on current commitments
- **1.5°C** Maximum increase targeted
- **1.1°C** Temperature increase today

Transport generates **27%** of CO_2 emissions from energy use

THE TRAIN IS ONE OF THE LEAST EMITTING MODES OF TRANSPORT

Average GHG emissions for powered transportation modes (gCO_2/pkm)



Source: www.iea.org/data-and-statistics/charts/well-to-wheel-wake-wing-ghg-intensity-of-motorised-passenger-transport-modes in 2021.

Alstom directly contributes to Sustainable Development goals to provide access to safe, affordable, accessible and sustainable transport for all

Maintain efforts on our commitments for the near future

and prepare to accelerate beyond 2027

Our 5 SUSTAINABILITY & CSR PRIORITIES

Net zero mobility
- Innovating to develop efficient and fossil-free solutions for a net zero world
- Reducing the impact of our operations and adapting to a changing climate

Resource preservation
- Applying ecodesign to reduce lifecycle impacts from products and services
- Implementing circular models to conserve resources and protect biodiversity

Community empowerment
- Supporting local socio-economic development by growing lasting partnerships
- Making mobility more inclusive and accessible

People care and growth
Engaging our people by
- Creating a supportive workplace and culture ensuring their safety and health
- Leading on diversity, equity, inclusion and offering to develop and grow

Responsible value chain
- Enhancing environmental and social performance
- Protecting human rights through our value chain

Our priorities for a better world

	KPIs	Actual	Targets	
		FY 2023/24	FY 2026/27	FY 2029/30
Net zero mobility	• Scope 1 & 2 emissions from Alstom sites (kT)[1]	139	143	139
	• Scope 3 emissions from passenger solutions in intensity[1]	4.0	3.5	2.7
	• Scope 3 emissions from freight solutions in intensity[1]	8.4	7.4	5.9
	• Scope 3 supply chain emissions in intensity[2]	1059	800	665
Resources preservation	• % of circular (recycled) content in newly-developed trains and Infra	23.4%	30%	40%
	• Waste recycling rate from Alstom sites	73%	81%	85%
People care & growth	• Total recordable injury rate	1.5	1.6	1.4
	• Social care / Social Protection coverage	NA	75%	100%
	• % Female breakdown (MEP/ Top AG11+)	24.7/19.7	28/25	32/30
	• Learning culture: hours per year and employee (TBC)	26.7	23	25
	• Engagement Index	68%	70%	72%
Community empowerment	• Beneficiaries per year from local actions and Alstom foundation	359,000	330,000	400,000
Responsible value chain	• Suppliers with low or medium CSR net risk (%)	90%	92%	95%
	• Suppliers trained in sustainability and CSR	182	800	1,200

1: Baseline year 2021/22, Target year 2030/31 in gCO2 /pkm and Tkm
2: Baseline year 2022/23, Target year 2030/31 in gCO2/added value (€)

Net zero mobility

Equip our customers with the solutions to achieve Net Zero Mobility and deliver on our commitments

2030 Ambition

SCOPE 3

Purchased goods and services

Reduce carbon intensity

by **30%** vs FY2022/23

SCOPE 1&2

Operations

Reduce absolute emissions

By **40%** vs FY2021/22

SCIENCE BASED TARGETS *aligned with 1.5°C trajectory*

SCOPE 3

Sold Products

Reduce carbon intensity

by **42%** for Passenger Rolling-stock and **35%** for Freight vs FY2021/22

SCIENCE BASED TARGETS *aligned with Well-Below 2°C trajectory*

Key Levers

- Alstom carbon tool for suppliers' data collection
- Suppliers engagement (Top 100)
- Switch to low carbon technos

- Energy saving programs on sites
- 100% renewable electricity in our operations by 2025
- Start natural gas switching after 2026

- Energy Efficiency integrated in R&D
- Growing renewable electricity use by countries & customers
- **Phase out of diesel-only RSC** by 2030

Resource preservation

Accelerate on Ecodesign and Circular Economy to protect resources and preserve biodiversity

2030 Ambition

Leveraging ecodesign for performance as customer expectations develop

Increasing recycled content in rolling stock & Infra to **40%**

Progressively integrating circular economy in business models through services

Further expand recycling in Alstom sites to **85%**

Key Levers

- Establish baseline for Rolling Stock and Infra for new Environmental Score* and push innovation
- Develop Resource intensity target for Services and Signalling

- Expand use of low impact materials catalogue
- Develop new processes (3D printing, repair & reuse etc.)
- Collaborate with key suppliers

- Grow existing business models (ex electronic components, StationOne)
- Implement new Circular business models

- Action Plan for TOP 40 producers
- Best practices transfer
- General increase in industry recycling practices

* Methodology from European Commission Joint Research Committee

People care and growth

Engaging with our employees through extended care and growth programmes

4 pillars for People Ambition by 2030

Become a leader for **Diversity, Equity & Inclusion** (female, social coverage, pay transparency)

Create a supportive workplace & Culture (includes safety, wellbeing, decent remuneration engagement)

Develop & Grow our people (learning, skills)

Deliver social Impact *(employee volunteering) cf. Communities*

Community empowerment

Partnering in the growth of our communities to deliver social impact

2030 Ambition

Increase beneficiaries from local actions and Alstom Foundation to **400k**	Engagement of employees through volunteering	Towards a more accessible and inclusive mobility

Key Levers

- Shift from local & scattered initiatives to a global programme in line with Company purpose with maximum impact towards society

- Progressively deploying volunteering scheme through main countries
- More flexible policies to ensure all employees are eligible to participate inc. skills sponsorships

- Extend and leverage existing strong partnerships (Fundacion Once, Walk21, LEAP in India)
- Innovation to improve accessibility

Responsible value chain

Enhancing environmental and social performance through the value-chain

2030 Ambition

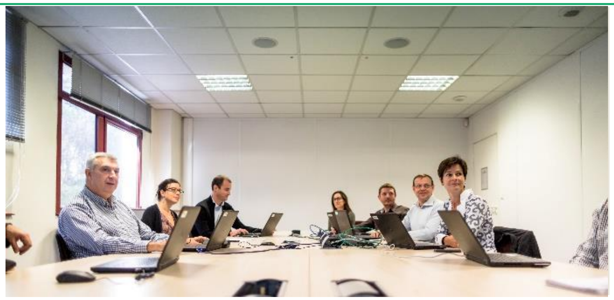
Increasing the proportion of suppliers with low or medium net CSR risk[1]	Suppliers trained in Sustainability & CSR	Developing dialogue with stakeholders on Sustainability & CSR
to **95%**	**1200** cumulative from start of FY2023/24	

Key Levers

- Assessment and monitoring to identify high risk suppliers
- Proactive partnering to define improvement plans

- Webinars and direct trainings
- Decarbonisation training sessions associated with Carbon Tool and carbon reduction initiatives

- Proactive conversations with stakeholders
- Identify, anticipate & manage needs at different project stages
- Action plans for customer satisfaction



1: Proportion of suppliers with low or medium net CSR risk level after CSR evaluation as per supplier's initial gross risk level

EU Taxonomy Alignment – our contribution to decarbonisation of transport

Strong results

Sales	CapEx	OpEx
Alignment: 60%*	**Alignment: 57%***	**Alignment: 57%***
Eligibility: 100%	Eligibility: 100%	Eligibility: 100%

**Unaudited figures*

Alstom currently well perceived on ESG performance

Strong sustainable rating profile by all main agencies

MSCI	SUSTAINALYTICS	S&P Global	Moody's ESG Solutions	CDP	ecovadis
AA rating	21.5	67 /100 score	70 /100 score	A-	77/100 **Gold**

ENGAGÉ RSE MODÈLE AFAQ 26000 Confirmé ★★ AFNOR CERTIFICATION

Presence in ESG index

Dow Jones Sustainability Indexes

- Tied to performance in S&P rating
- Alstom : 13 consecutive years
- Top 6% in industry
- (2023)

EURONEXT CAC 40® ESG INDEX

- Tied to performance in Moody's rating
- Alstom well positioned (12/40)

EURONEXT Live markets – CAC SBT 1.5

- New ESG index launched in January 23
- Tied to SBT validation

05

FY 2023/24 Group performance

1

Highlights

FY 2023/24 results in line with guidance, with strong H2 cash generation

ORDERS
€18.9bn
Book-to-bill
1.1

SALES
€17.6bn
+7% (o/w 9% org)
vs FY 2022/23

aEBIT
€997m
+17%
vs FY 2022/23

FREE CASH FLOW
€(557)m
vs €199m
FY 2022/23

139 KtonCO2e
Scope 1+2 Emissions[2]
(39)% vs FY 2021/22

4.0 gCO2e/pass.km
Scope 3 Sold products
(13)% vs FY 2021/22

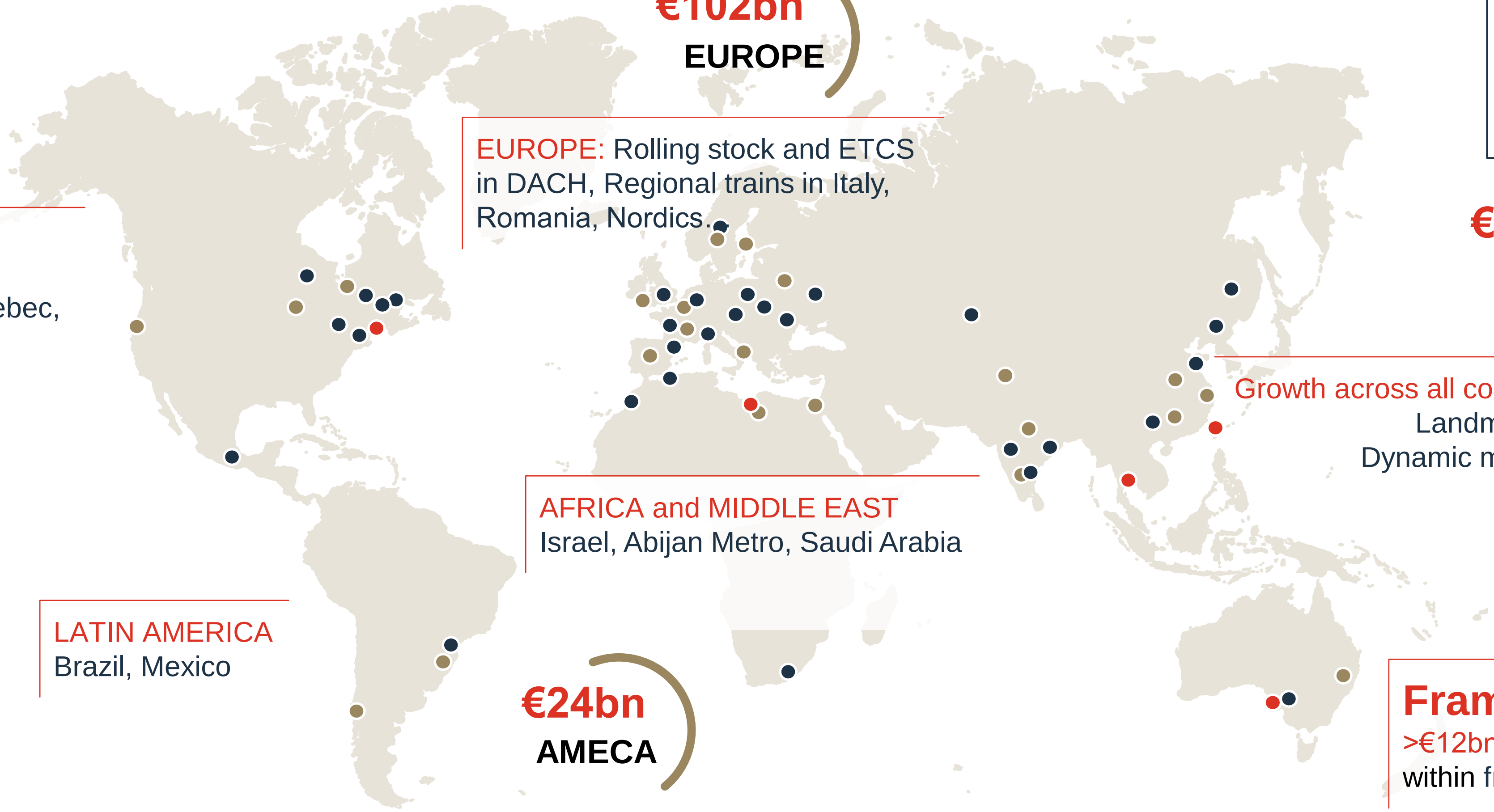
60 %
Taxonomy alignment on sales[1]
+1% vs FY 2022/23

24.7 %
Women in Management[3]
+0.8bp vs FY 2022/23

1. Figures unaudited
2. Environmental figures are reported on a calendar year basis: FY 2023/24 corresponds to 2023 calendar year. Based on last 12 Rolling Months.
3. Women in management and professional positions

Strong pipeline

~€190bn of three-year project pipeline reflecting selectivity strategy



€43bn
AMERICAS

NORTH AMERICA
RER Toronto
Urban projects: Quebec, Philadelphia

LATIN AMERICA
Brazil, Mexico

€102bn
EUROPE

EUROPE: Rolling stock and ETCS in DACH, Regional trains in Italy, Romania, Nordics.

€24bn
AMECA

AFRICA and MIDDLE EAST
Israel, Abijan Metro, Saudi Arabia

€19bn
APAC

Growth across all countries and product lines
Landmark award in Philippines,
Dynamic market in India & Australia

Frame agreements
>€12bn options to be exercised within frame agreements

H2 marked by major Services and Systems wins

€10.5bn of orders booked in H2 2023/24

Cross Country (MAINTENANCE- United Kingdom)

VLocity (MAINTENANCE- Australia)

AlUla (TRAMWAYS - Saudi Arabia)

Tel Aviv Green Line (TURNKEY- Tel Aviv)

Abidjan Metro (METRO & SYST – Ivory Coast)

MF19 (METRO - France)

Turning operational improvements into accelerated profit and cash generation

Alstom post-merger transformation is delivering results (FY 2023/24 vs FY 2020/21)

External demerit	**Divided by 4**
Manufacturing Throughput (# cars)	**+40%**
On-Time Delivery of rolling stock	**+27pp**
Client Net Promoter Score	**stable high level at 8.4**
Gross Margin in Backlog	**+150bps**

Company focused on securing cash and profit targets over the next three years

Reduce industrial inefficiencies
Reduce SG&A on sales by ~1pp
Reduce Inventories
Optimize indirect spend

Deleveraging plan being executed now

1.

Divestments

US Signalling and TMH

ca. €700m

2.

Equity-like

Hybrid bond

ca. €750m

3.

Capital raise

Rights issue

ca. €1bn

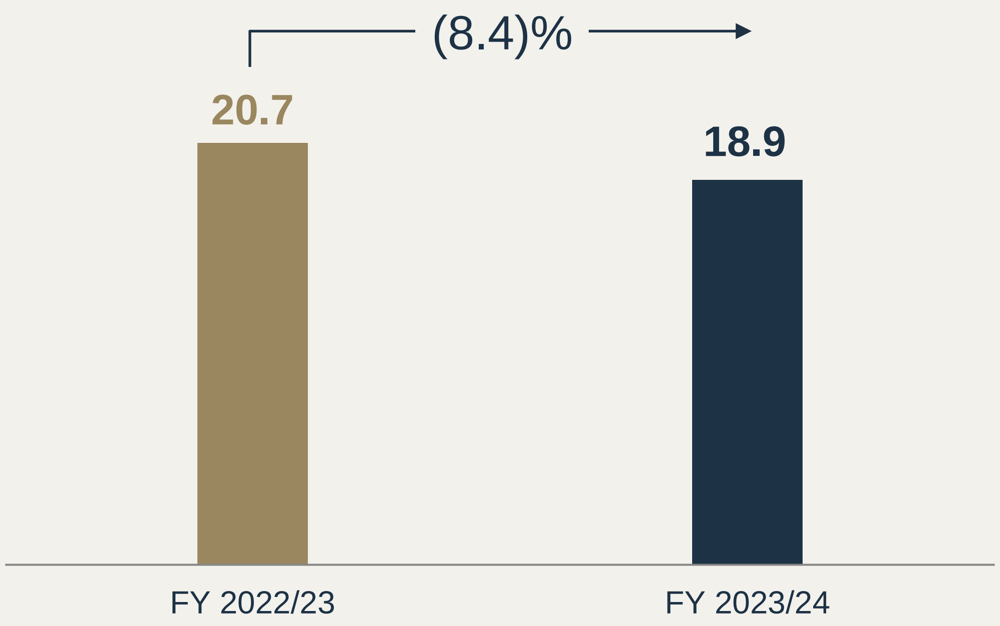
€2.4bn proceeds with €2bn deleveraging effect

2

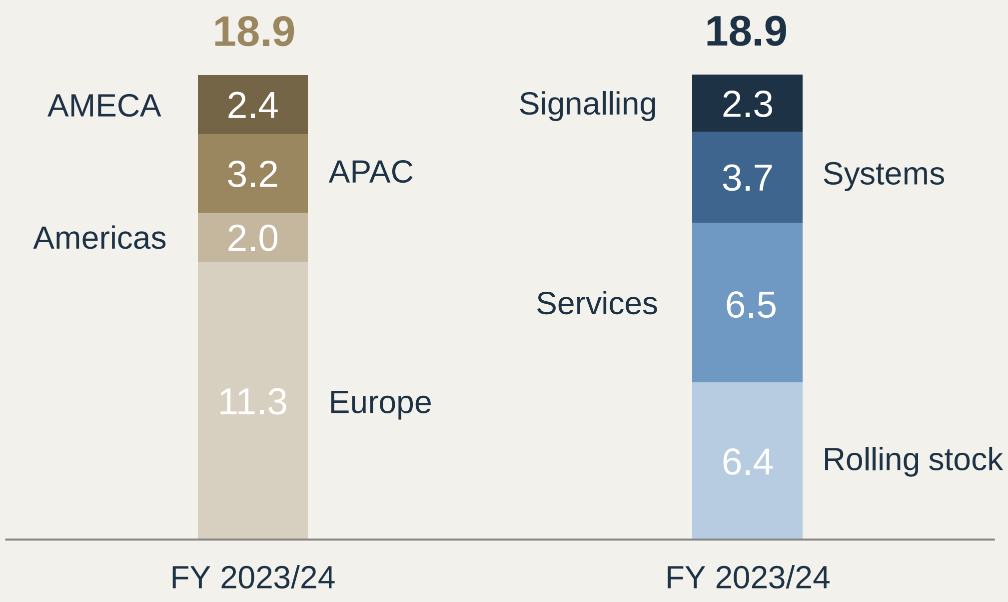
Financial Results

Quality order intake supporting trajectory

ORDERS FY 2023/24 (in €bn)



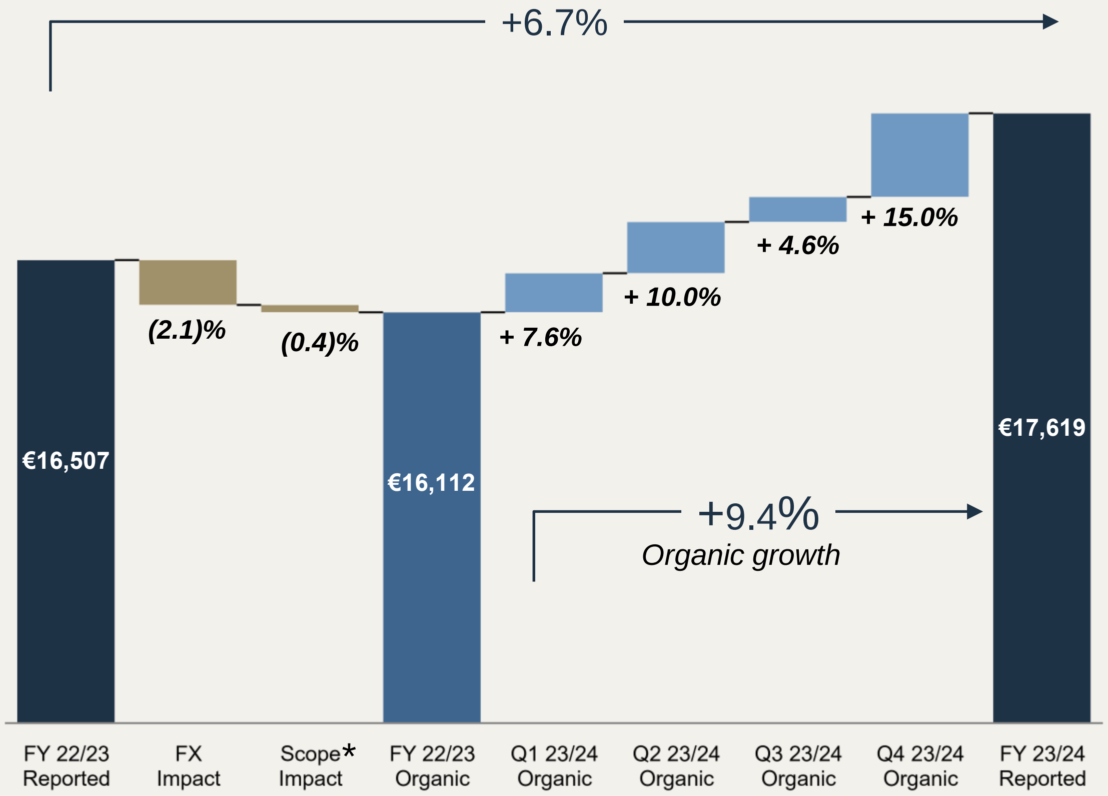
- > €60bn orders since merger
- Book-to-bill 1.1 and backlog at €92bn



- Margin and cash on order intake supporting short and mid-term trajectory

Strong end of the year on organic sales growth

SALES EVOLUTION (in € million)



** Mostly Rolling stock – disposal of Reichshoffen factory in France due to remedies process*

FY 2023/24 SALES SPLIT BY PRODUCT LINES

ROLLING STOCK: €9,123m
(+3.9% vs FY 2022/23, o/w 6.5% org)
Ramping up in France, Belgium and the US, solid level of execution in South Africa, India, and Europe

SERVICES: €4,272m
(+11.9% vs FY 2022/23, o/w 14.3% org)
Continuous ramp up in the UK, US and Italy, solid level of execution in Canada

SIGNALLING: €2,646m
(+8.9% vs FY 2022/23, o/w 11.8% org)
Consistent execution across all region especially in EU and APAC

SYSTEMS: €1,578m
(+6.9% vs FY 2022/23, o/w 9.3% org)
Mainly driven by good performance of Turnkey Systems projects in Mexico, Egypt and Canada

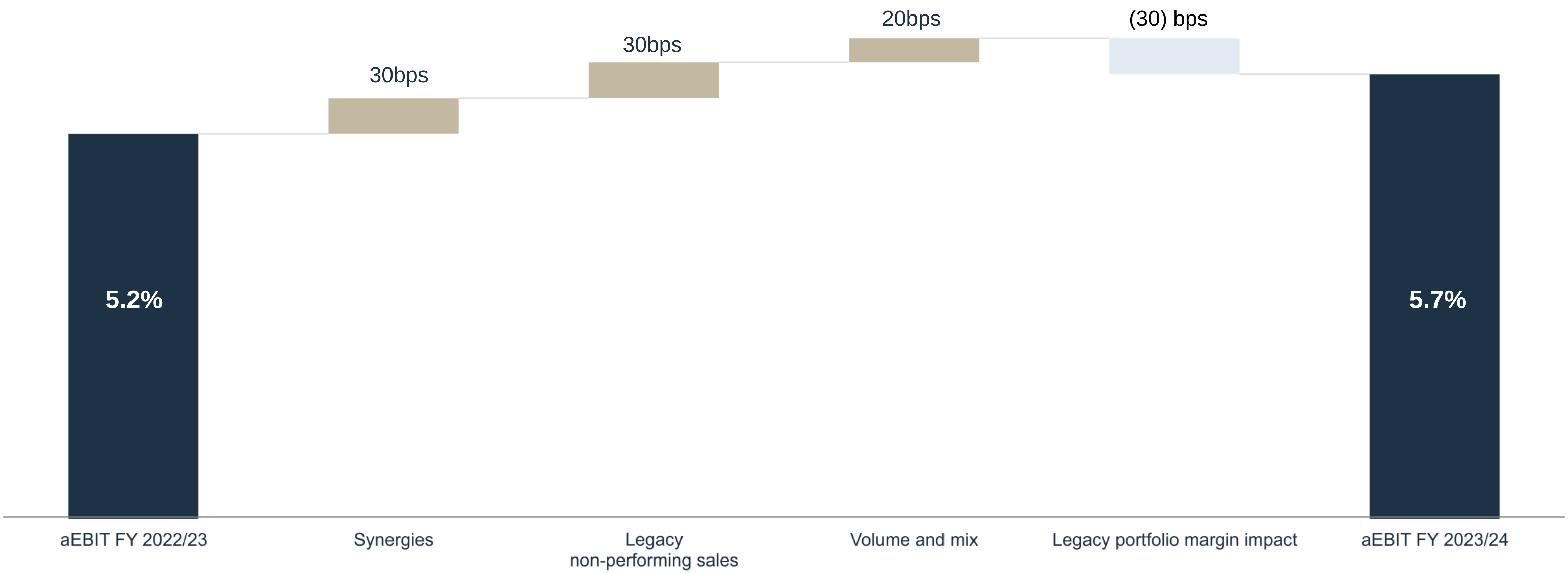
€1bn adjusted EBIT, up 17% year-on-year

(in € million)	FY 2022/23	FY 2023/24	*Evolution*
Sales	**16,507**	**17,619**	*+6.7%*
Cost of Sales	(14,182)	(15,096)	*+6.4%*
Adjusted Gross Margin before PPA[1] *As a % of sales*	**2,325** *14.1%*	**2,523** *14.3%*	*+20bps*
Research and development expenses before PPA[2] *As a % of sales*	(519) *3.1%*	(549) *3.1%*	*+5.8%*
Selling & Administrative expenses *As a % of sales*	(1,096) *6.6%*	(1,108) *6.3%*	*(30)bps*
Net interest in equity investees pickup[3]	142	131	*(7.7)%*
Adjusted EBIT [1]	**852**	**997**	*+17.0%*
Adjusted EBIT margin[1]	***5.2%***	***5.7%***	*+50bps*

1. Definition in Appendix
2. Excluding €(60) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.
3. Definition in Appendix. This mainly includes Chinese joint-ventures

Margin trajectory delivered in line with guidance

aEBIT (in %)



Net income impacted by restructuring, Russia exit and financial costs

(in € million)	FY 2022/23	FY 2023/24	*Evolution*
Sales	**16,507**	**17,619**	*+6.7%*
Adjusted EBIT	**852**	**997**	*+17.0%*
Adjusted EBIT margin	***5.2%***	***5.7%***	*+50bps*
Restructuring and rationalization costs	(65)	(147)	*+126.2%*
Integration, impairments and other costs	(279)	(363)	*+30.1%*
Reversal of net interest in equity investees pickup[1]	(142)	(131)	*(7.7)%*
EBIT before PPA and impairment	**366**	**356**	*(2.7)%*
Financial results	(103)	(242)	*+135.0%*
Tax results	(70)	(33)	*(52.9)%*
Share in net income of equity investees	123	(7)	-
Minority interests from continued op.	(24)	(30)	*(25)%*
Adjusted Net profit[2]	**292**	**44**	-
PPA net of tax	(420)	(351)	*(16.4)%*
Net Profit - Continued operations, Group share	**(128)**	**(307)**	-

Of which SG&A plan €115m
Others: Europe €32m

Integration costs €142m - as per plan
Litigation and legal fees €118m
Consequential impact from restructuring for €36m
Impairments €30m[4], mainly Russia exit

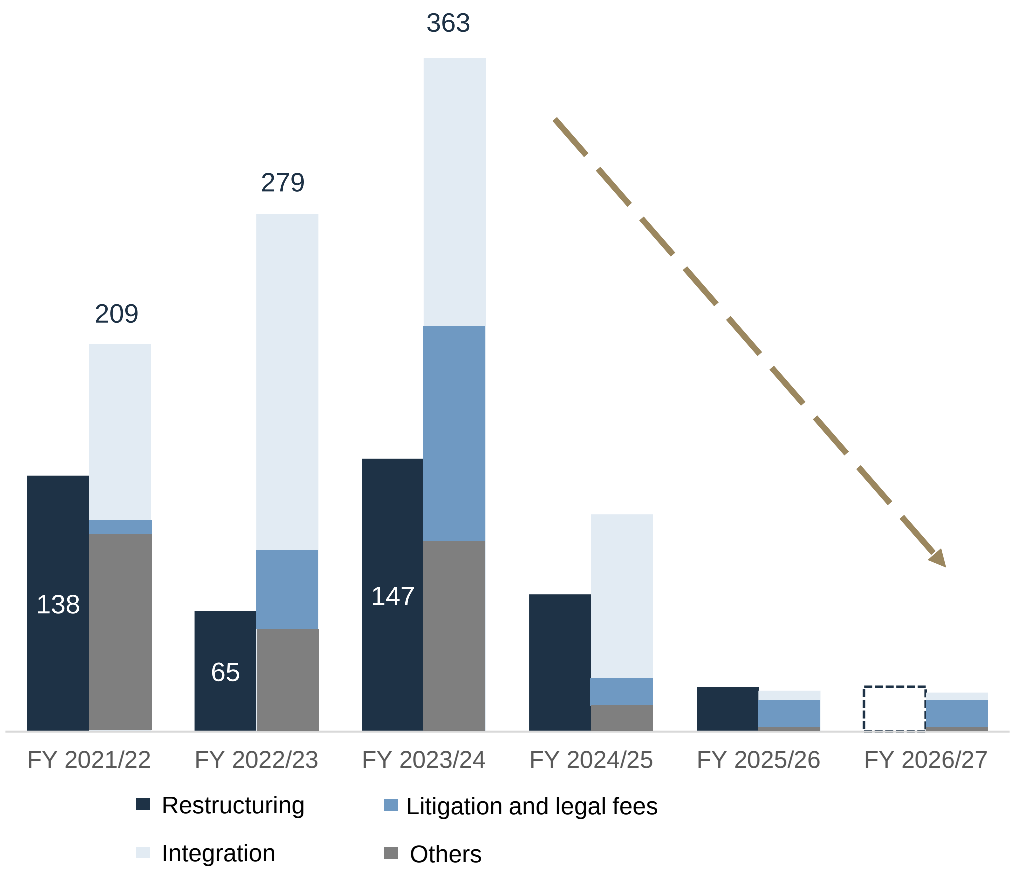
Net interest expense €153m (+€101m vs FY23)
Other financial expenses €89m (+€38m vs FY23)
(of which bank fees+€18m and SFC +€18m[3-4])

Stability on JVs at €115m.
TMH net impact of €(122)m: €75m proceeds from stake sale, and CTA recycling for €(197)m[4]

1. This mainly includes Chinese joint-ventures
2. Definition in appendix
3. Significant Financial Component – non-cash IFRS entry reclassifying the impact of well-financed contracts from Financial result to Gross Margin)
4. Non-cash

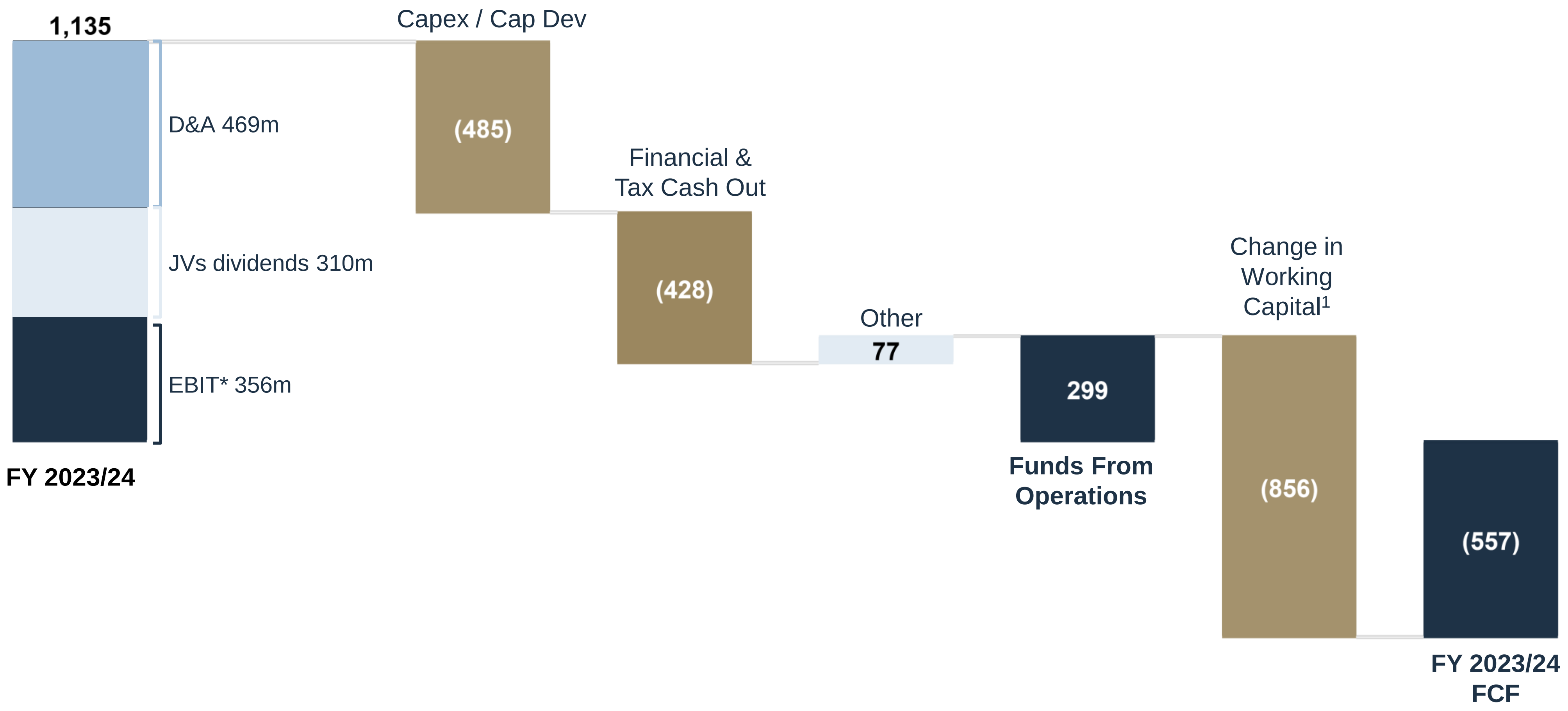
Expecting strong reduction in non-operating expenses from FY 2024/25 onwards

Non-operating expenses expected trajectory (in m€)



Negative FCF in FY 2023/24 due to WC changes and cash interest outflows

From EBIT* to Free Cash Flow (in € million)



* EBIT Before PPA and impairment

1. the total of Change in working capital of the FCF bridge of €(856)m corresponds to the €(841) million changes in working capital resulting from operating activities disclosed in the consolidated financial statements from which the € 93 million variations of restructuring provisions and €(78)m of variation of Tax working capital have been excluded.

Trade Working Capital

Supply chain support, discipline restored on overdues and inventories

(in € million / days of sales)	31 March 2023		31 March 2024	
Inventories[1,2]	3,729	*82*	3,818	*79*
Trade payables	(3,640)	*(81)*	(3,444)	*(71)*
Trade receivables	2,670	*59*	2,997	*62*
Other assets/ liabilities[1]	(2,244)	*(50)*	(1,705)	*(35)*
Trade Working Capital[3,4]	**515**	***11***	**1,666**	***34***

Inventories : leasing of a fleet of trains and supply chain actions to accelerate cycle times

Overdue receivables reduction by €124m year-on-year

Impact of VAT reversal on H1 (other assets / liabilities)

1. Inventories movement mainly impacted by c.(200) million of reclassification to fixed assets of a fleet of finished trains which was put on lease during the year (Non-FCF impact).
2. Inventories excludes impairment of €(410) million in March 23 & €(243) million in March 24, accounted for in other assets/liabilities
3 Definition in appendix
4 Excluding restructuring provisions and corporate tax changes

Contract Working Capital

Acceleration of deliveries and good flow of downpayments

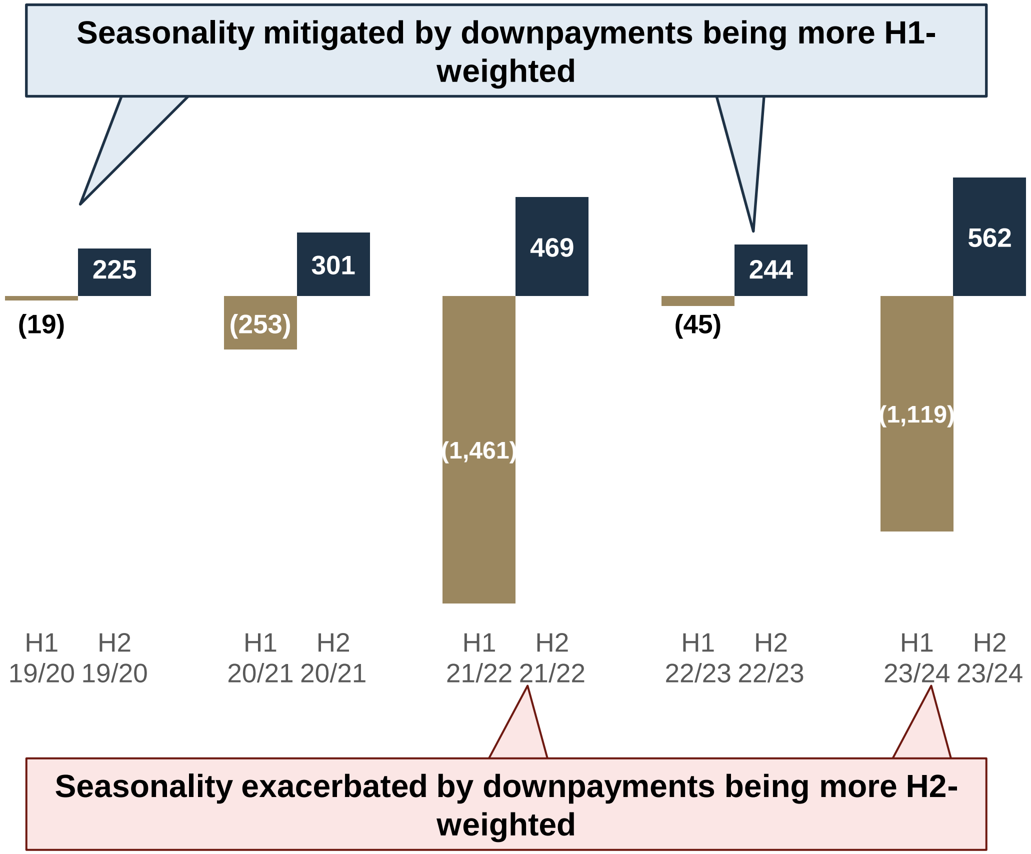
(in € million / days of sales)	31 March 2023		31 March 2024	
Contract assets	4,533	*100*	4,973	*103*
Contract liabilities	(6,781)	*(150)*	(7,995)	*(166)*
Current provisions *Of which Risks on contracts*	(1,779) *(1,182)*	*(39)*	(1,612) *(981)*	*(33)*
Contract Working Capital[1]	**(4,027)**	***(89)***	**(4,634)**	***(96)***

- Strong deliveries during second half - contract assets turns back to FY 2022/23 level
- Good flow of downpayments during H2
- Provisions on contract risks reduced as planned

1. Definition in appendix

Structural FCF seasonality mitigated or exacerbated by the timing of downpayments

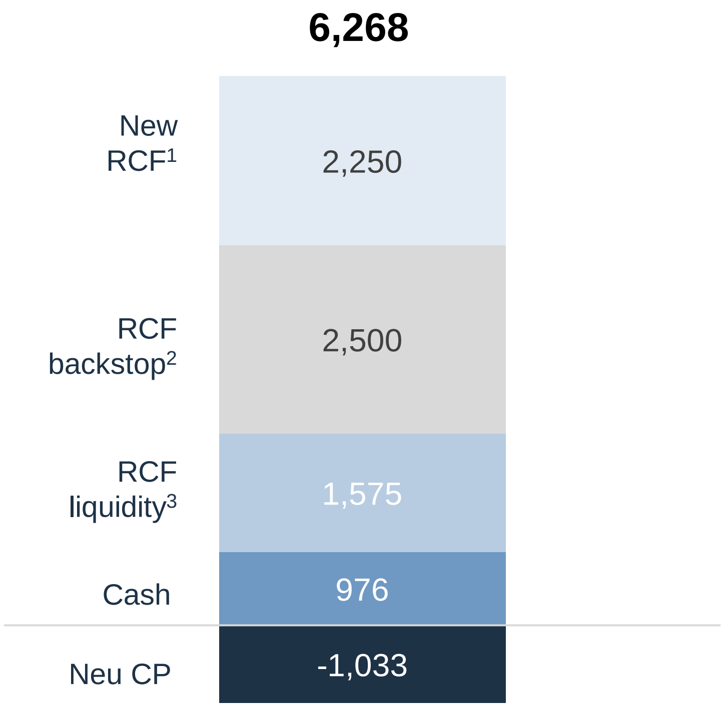
FCF (in € million)



- Structural seasonality on cash-in from progress payments, averaging ~45% in H1 and ~55% in H2 over the last five years, driven by:
  - Lower number of working days during H1 (May and Summer holidays)
  - Factory closures in July / August with lower production and lower trains acceptances
- Phasing of downpayments largely dependent on customers' budgetary timetable and contract signature.

Liquidity reinforced enabling significant headroom for FY 2024/25

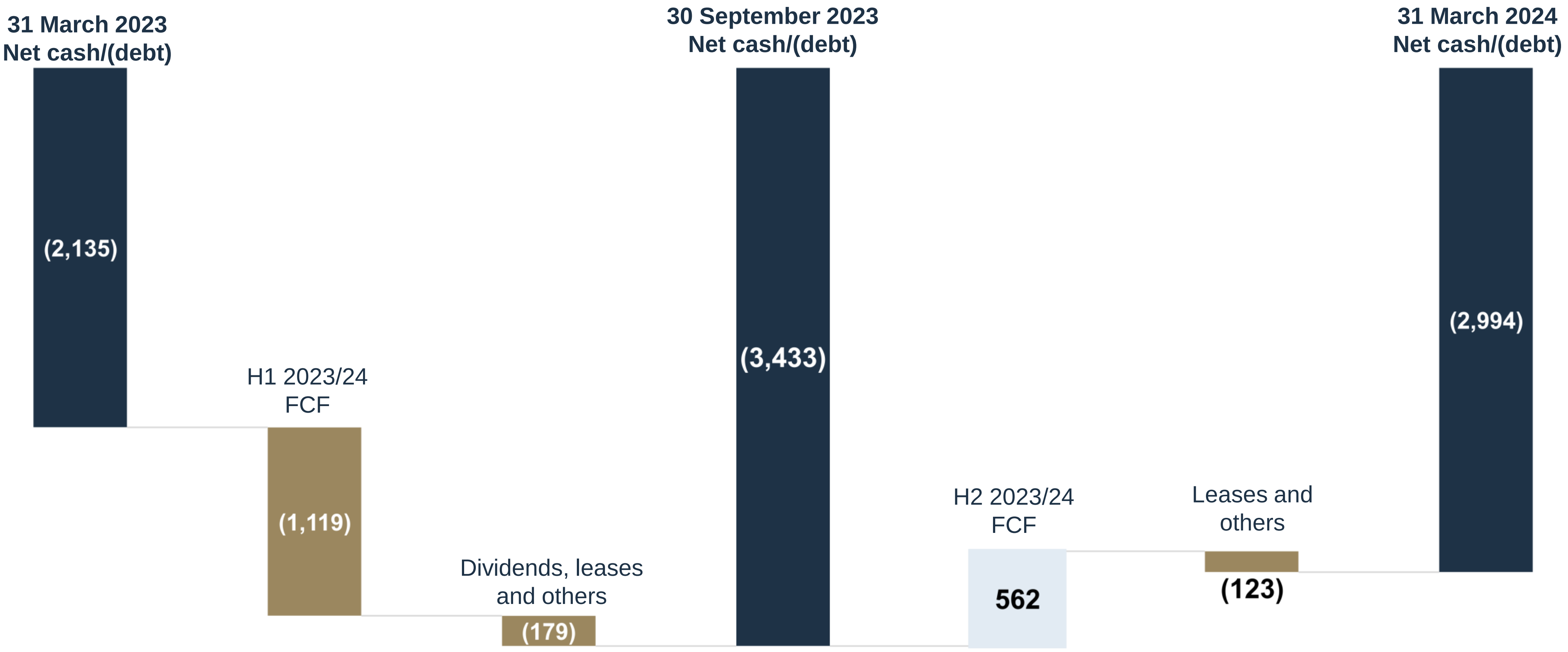
Liquidity as of March 2024 (in €m)



- €1,208m Short-term debt as of March 2024
  - €1,033m NeuCP
  - €175m drawing on liquidity RCF
- No covenant on any debt, including RCFs
- Liquidity of **€6,268m** as of March 2024 composed of:
  - €976m of cash
  - €6,325m of undrawn RCF
  - €(1,033)m of outstanding NeuCP
- €2bn deleveraging plan will:
  - Enable lower recourse to ST debt to manage the working capital swings
  - Trigger the €2,25bn RCF termination

1. **New RCF** : Undrawn as of Mar-24, maturing Oct-24 with two 6-month extensions remaining at Alstom discretion.
2. **Backstop RCF** : Undrawn as of Mar-24, maturing Jan-29 with no remaining extensions, 2nd extension successfully executed in Dec-23. Backstop to the €2,5bn NeuCP program.
3. **Liquidity RCF** : €175m drawn as of Mar-24, maturing in Jan-27 with no remaining extensions, 2nd extension successfully executed in Dec-23.

Strong cash generation in H2



Comprehensive plan – CDPQ and BPI intention to subscribe to RI prorata
IG rating reaffirmed. Outlook change to stable upon Hybrid and RI closing

Deleveraging actions	8 May 2024 breakdown	Proceeds	Use of proceeds
Asset Disposals	✓ US SIG signed **€630m** –closing ~Summer 2024 ✓ TMH delivered **€75m**	**~€700m**	• Repayment of Neu CP: **€1,033m** by September 2024 • Repayment of RCF: **€175m** by September 2024 • Remaining proceeds ca. **€1.2 billion** earmarked to repay gross debt at maturity and kept as cash equivalent
Hybrid	• ca. **€750m hybrid bond** • 50% equity credit by Moody's • Launch near term and no later than Sept 2024*	**~€750m**	
Capital increase	• ca. **€1bn Rights Issue** • CDPQ and BPI to subscribe pro-rata • Standby underwriting commitment • Launch near term and no later than Sept 2024*	**~€1bn**	
	~€2bn deleveraging impact	**~€2.4bn**	

** Depending on market conditions and AMF approval*

Solid credit profile affirmed by Moody's

Rating outcome	• Long term issuer rating: Baa3 / outlook negative • Senior unsecured notes: Baa3 • Short term rating: P-3

Moody's

Rating rationale

- *« The affirmation of the Baa3 long term issuer rating reflects Alstom's commitment to implement €2 billion of inorganic measures to support its investment grade rating.… »*
- *« … Moody's Rating will stabilize the outlook on Alstom's Baa3 long term issuer rating upon the successful closing of the rights issue and the hybrid bond issuance… »*
- *« Alstom's ratings continue to be supported by the issuer's global leadership in the rail equipment market (…). Alstom is one of the few players which has the size, technological and project management capabilities to offer the entire product suite to participate in large railway equipment contracts throughout the world.»*

Moody's Investors Service – rating action – May 2024

3

Trajectory

Leading the way to greener and smarter mobility

Our objectives

Restore profitability and best-in-class Operations
to consolidate our position as undisputed leader

Set foundations to become the Rail one-stop-shop reference partner

Our focus areas

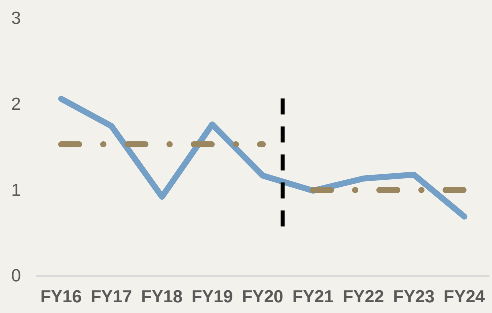
1. Achieve Excellence in Operations
2. Create profitable opportunities in focused markets and segments
3. Establish enduring customer partnerships, boosting services
4. Accelerate innovation and digital for better differentiation

Towards decarbonization of mobility, powered by our People

Rolling stock : turning selectivity into sustainable profit

Selectivity since merger

Rolling Stock Book to Bill



Book-to-bill from **~1.5** to **~1** before / after merger

Margin in backlog improved by **~160bps** since merger

Key additional actions to uplift profitability over next three years

Focus on 13 most attractive countries

- ✓ Clear competitive advantage
- ✓ Concentrating R&D efforts
- ✓ Service / Systems synergies

Enhance commercial discipline

- ✓ Increased target margins by segment
- ✓ Reinforced golden rules
- ✓ Strict contract management

Seamless execution

- ✓ Engineering efficiency through automation and AI tools
- ✓ Execute legacy backlog
- ✓ On-time delivery back to ex-AT levels in FY25

Mid-term expectations

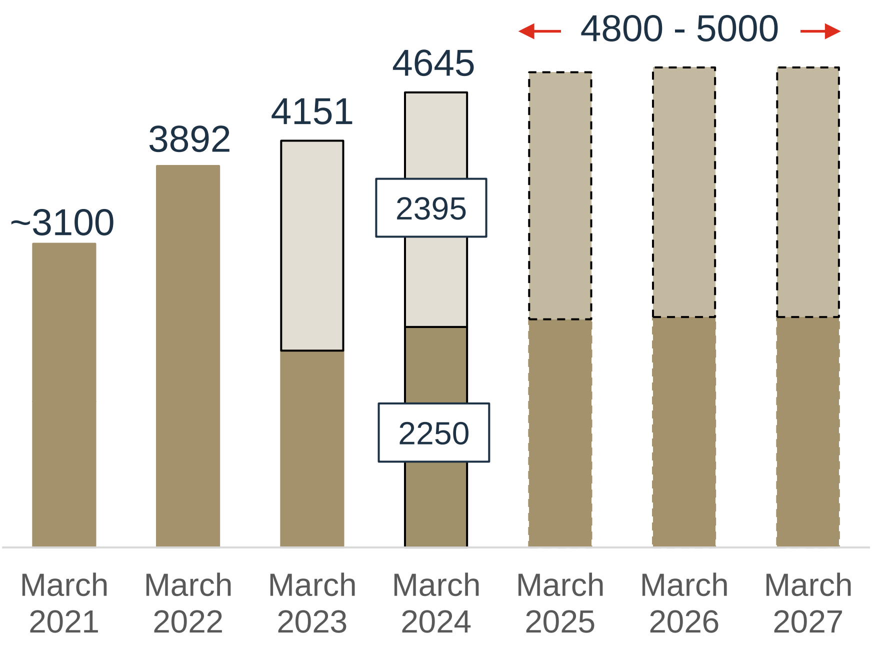
Continue improving Rolling Stock margin in backlog

Rolling Stock profitability uplift to mid-single digit by FY 2026/27

Rolling Stock to consume Contract Working Capital

Industrial optimization and overheads reduction post integration, as the Group stabilizes deliveries to 4,800-5,000 cars per year

Manufacturing Output (#cars)



- 2395 cars delivered over H2

Industrial optimization

€350m restructuring Cash-out in the plan

~1,500 FTE overhead reduction

Mid-term expectations

Reduce industrial inefficiencies on gross margin

Reduce incidence of SG&A on sales by **~1pp**

Bringing Services to the forefront of the Alstom business model

AMBITION	STRATEGIC FOCUS
Consolidate leadership	• Harvest installed base • Grow short cycle sales • One-stop shop positioning
Capture new markets	• Cross border and open access in Europe • Smart and Green modernisation • Boost Digital Maintenance • TSSSA to penetrate incumbents' fleets
Enhance industrialization	• Strategic depot footprint capex • Maintenance performance centres • Boost Parts business model

Mid-term expectations

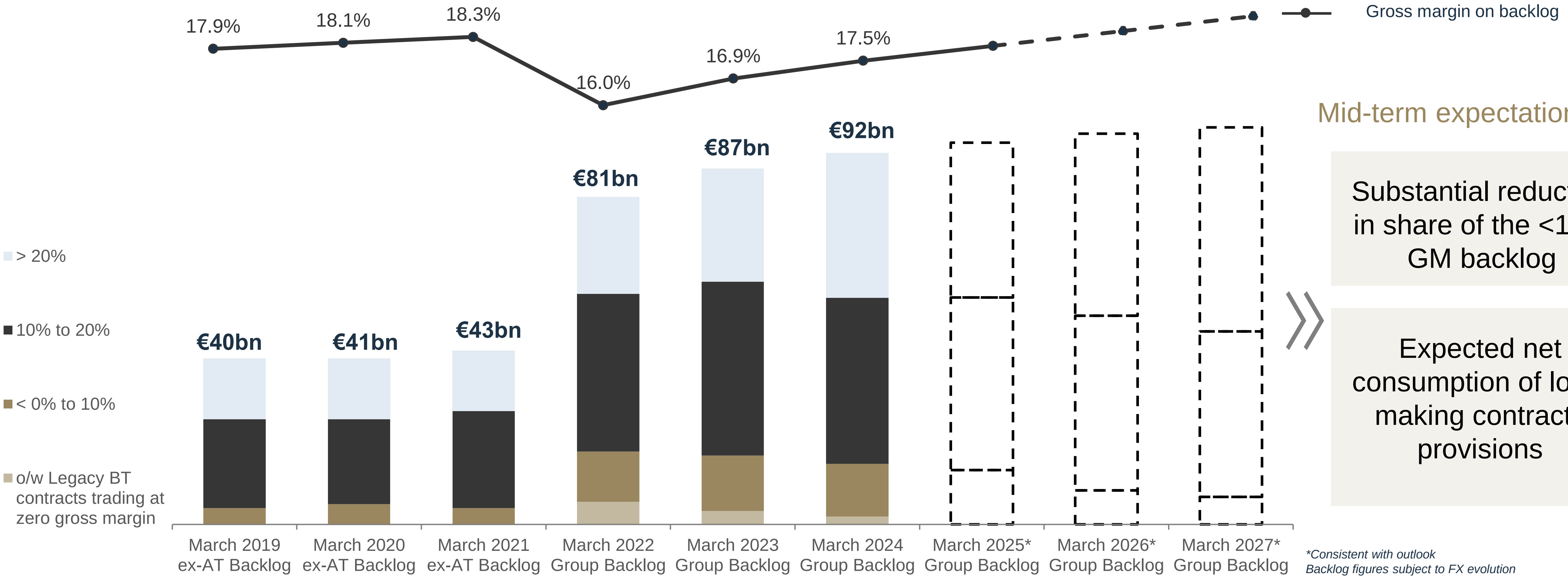
- Average book-to-bill largely above 1
- Share of Services in backlog to match share of Rolling Stock by FY 2026/27
- Services Contract Working capital build-up

Signalling and Systems - Profitable growth in a concentrated market

1 A MARKET…			Alstom ambition: 2 Grow above market	Alstom ambition: 3 Improve profitability
…CONSOLIDATING		… and GROWING		
2 *global competitors* **SIEMENS** **HITACHI x THALES**	***SIG***	**4% p.a. growth** *On accessible market*	**Mid to High Single Digit growth** Driven by - Mainline: Germany, - Growth in our home countries - Services uplift - WC build-up	**Sustain Double Digit profitability** Driven by - Improved margins on orders - More efficient R&D
	Turnkey	**~8Bn€ p.a.** *X2 versus last 4 years*	**High Single Digit growth** Driven by high market demand over the next 3 years	**From High Single Digit to Double Digit** Improved contract margin on backlog

Strong backlog with confirmed gross margin improvement trajectory

Backlog Stratification – Gross Margin evolution



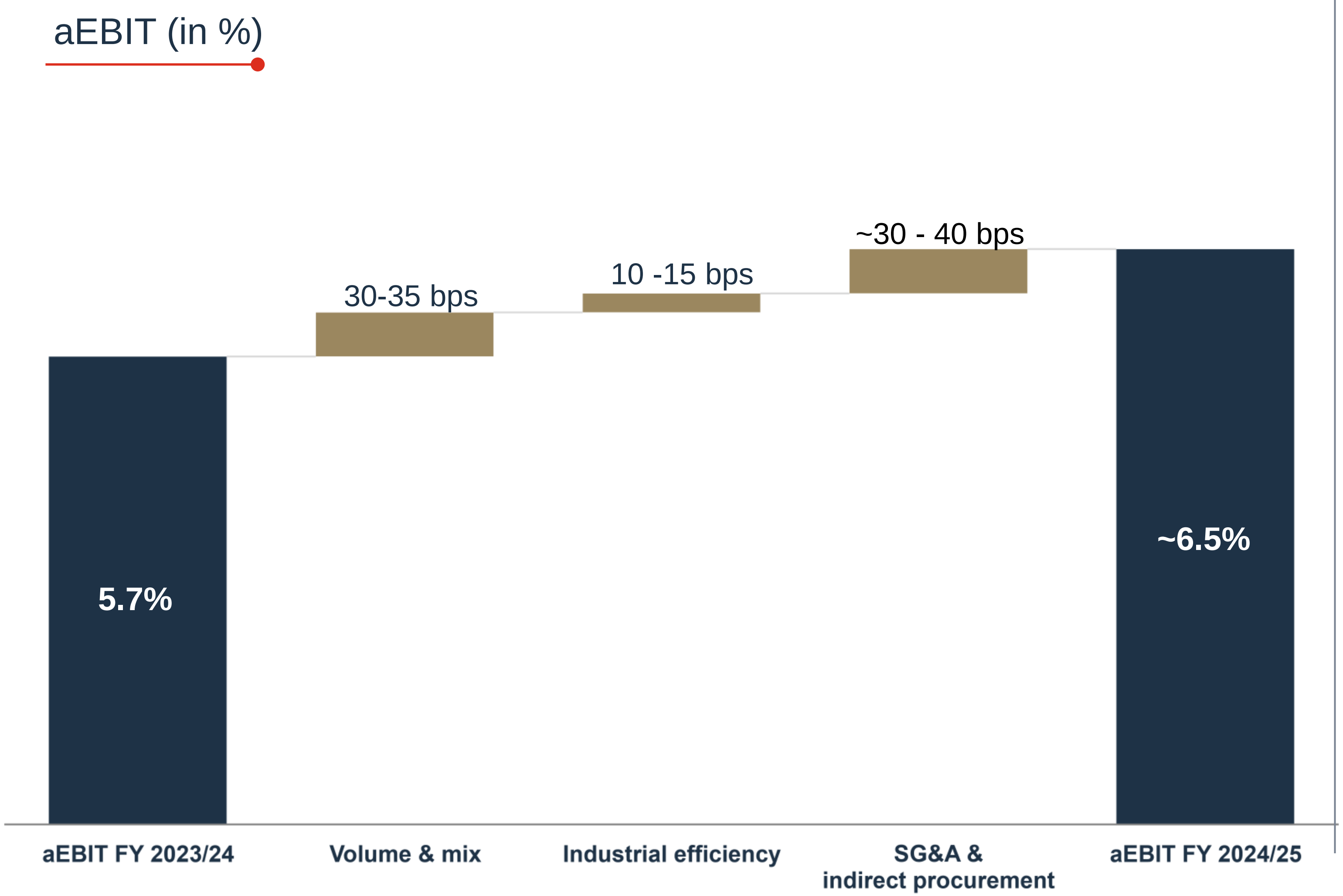
Mid-term expectations

Substantial reduction in share of the <10% GM backlog

Expected net consumption of loss-making contracts provisions

**Consistent with outlook*
Backlog figures subject to FX evolution

Non-linear aEBIT margin trajectory with impact of restructuring plan kicking in during second half of FY 2024/25



Main drivers to 8-10% aEBIT mid- to long-term ambition

- Rolling Stock margin uplift from progressive improvement of margin in backlog
- Reduction of industrial inefficiencies
- Full-year effect of the SG&A plan
- Indirect procurement action plan

Cumulative Free Cash-Flow generation of at least €1.5bn over the next three years

Investments impacting FFO

- Services CAPEX
- Restructuring cash out

Positive FFO drivers

- Strong EBITDA improvement
- Reduction of non-operating expenses

Contract working capital build-up

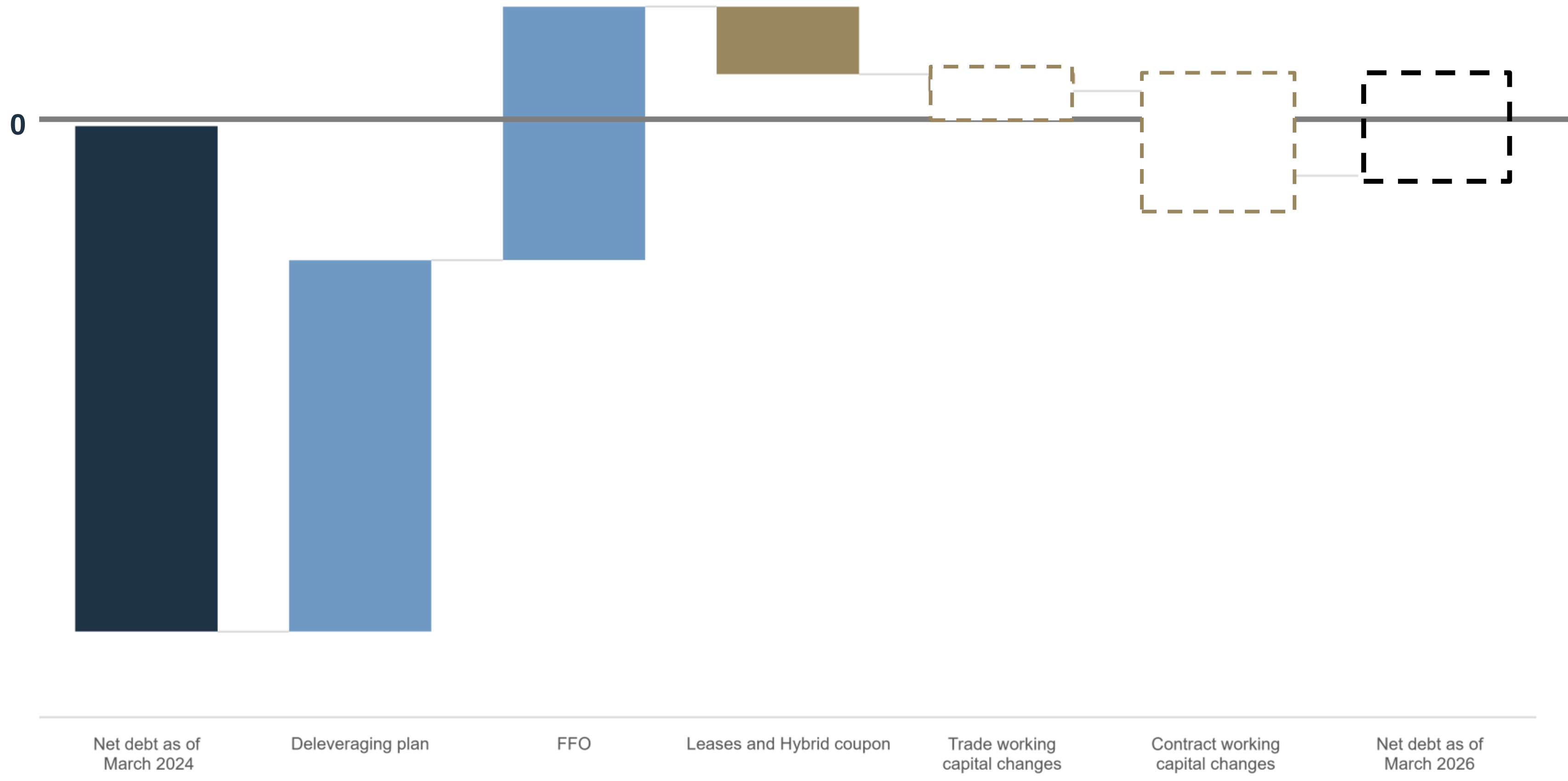
- Rolling Stock backlog stabilization
- Services and Signalling ramp-up
- Consumption of loss-making contract provisions

Positive trade working capital drivers

- Inventories trending to ~75 days

Capital allocation priorities

- Priority to deleverage and maintain Investment Grade rating
- Dividends policy to be re-evaluated once zero net financial debt is reached
- M&A policy:
  - Pursue bolt-on acquisitions (Innovation, Digital, Services)
  - Dynamic portfolio management



Graph not at scale, for illustration purposes

Guidance for FY 2024/25 and mid-term ambitions

Assumptions

- Supportive market demand
- FY 2024/25 downpayments consistent with FY 2023/24
- Balance sheet plan fully executed in FY 2024/25
- End of integration in FY 2024/25

Outlook for FY 2024/25

- Book to bill above 1
- Sales organic growth: around 5%
- aEBIT margin around 6.5 %
- FCF generation €300m to €500m
- Seasonality driving:
  - Negative FCF within a range of €(300)m to €(500)m in H1 2024/25
  - aEBIT margin development to be more H2 weighted

Mid- to long-term ambitions

- Book-to-bill above 1
- Sales average growth ~5% / year
- aEBIT margin within 8-10% range
- FCF conversion trending to 100%* over the cycle

** Of adjusted net profit*

At least €1.5bn cumulative FCF from FY 2024/25 to FY 2026/27

06 APPENDIX

Governance reinforced – Separation of CEO/ Chairman roles

Composition of the Board of Directors (as of March 2024)

Henri Poupart-Lafarge
Chairman and CEO

Daniel Garcia Molina
Employee Representative

Philippe Petitcolin
Independent Director

Bpifrance Investissement represented by José Gonzalo

Yann Delabrière
Lead Independent Director

Gilles Guilbon
Employee Representative

Baudouin Prot
Independent Director

Benoit Raillard
Observer

Bi Yong Chungunco
Independent Director

Sylvie Kandé de Beaupuy
Independent Director

Sylvie Rucar
Independent Director

Jay Walder
Independent Director / Observer since 12 March 2024

Clotilde Delbos
Independent Director

Frank Mastiaux
Independent Director

CDPQ represented by Kim Thomassin

Nominations and Remuneration Committee

Ethics and Compliance Committee

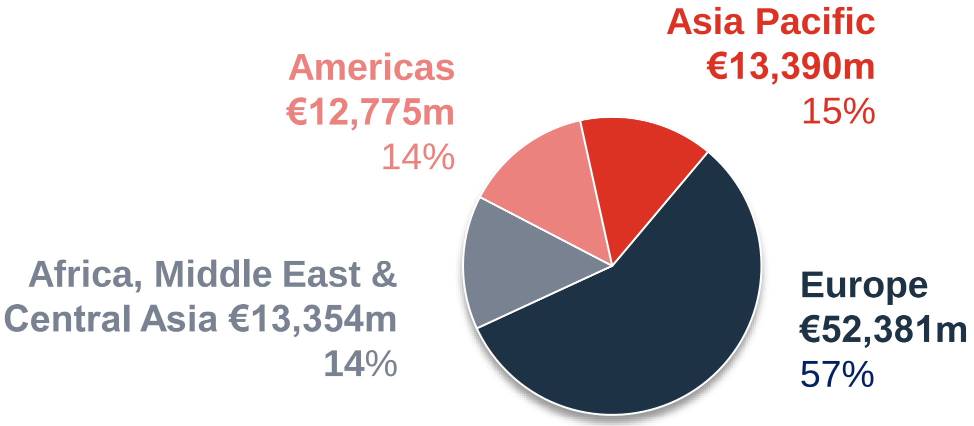
Audit and Risks Committee

Integration Committee

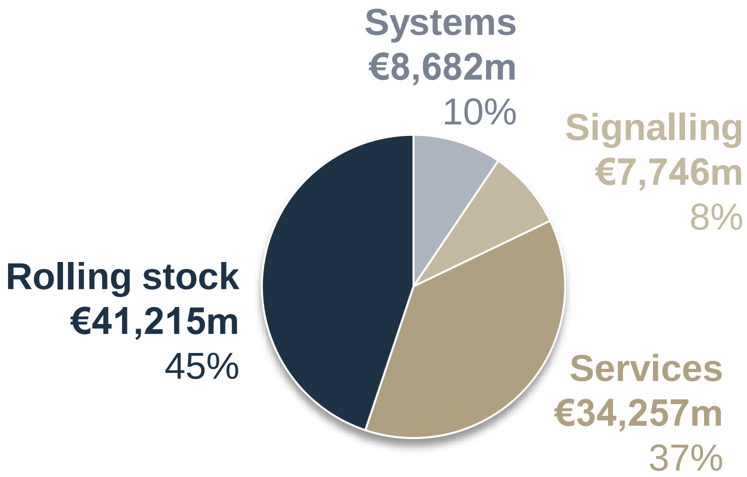
Board Attendance	Number of meetings	Foreign nationalities represented at Board level	Gender diversity	Independence
98% in 2023/24	9 Board meetings and 3 Executive Sessions in 2023/24	6 (40%)	45% *(excluding Employee rep. and Observers)*	8 Board members (82%) *(excluding Employee rep. and Observers)*

FY 2023/24 backlog by region and product line

Backlog breakdown by region (in € million)

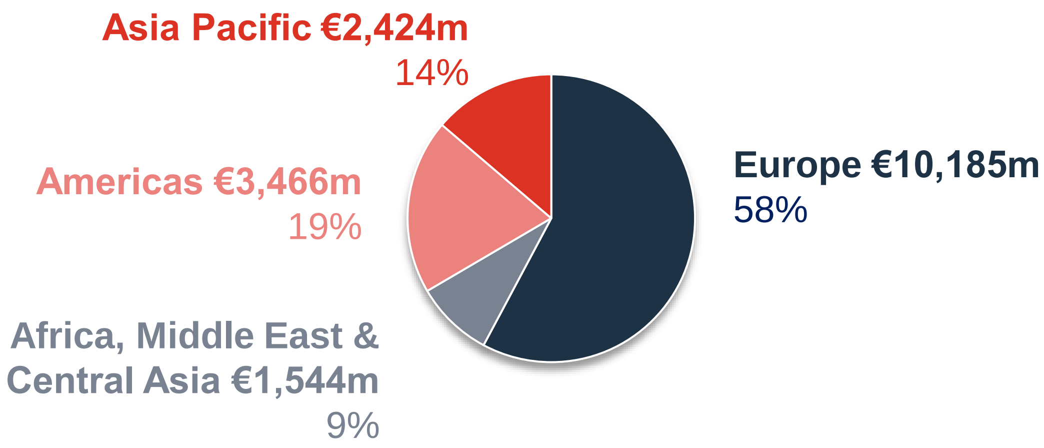


Backlog breakdown by product line (in € million)

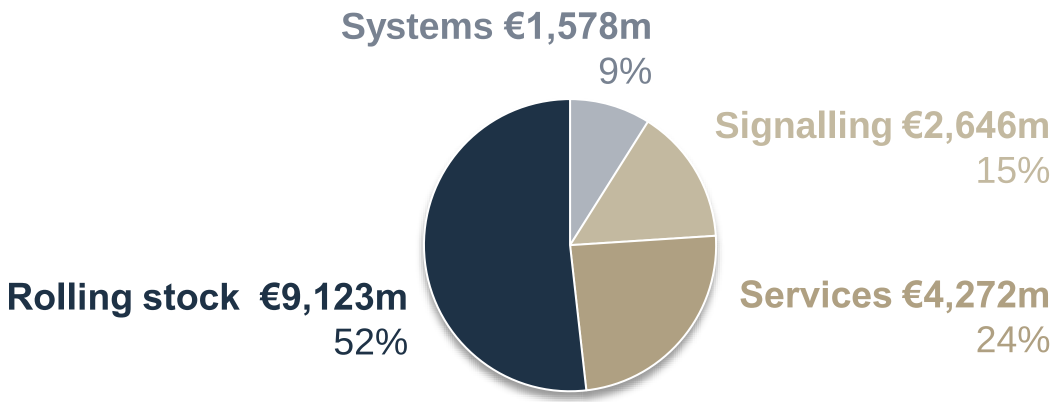


FY 2023/24 Sales by region and product line

Sales breakdown by region (in € million)

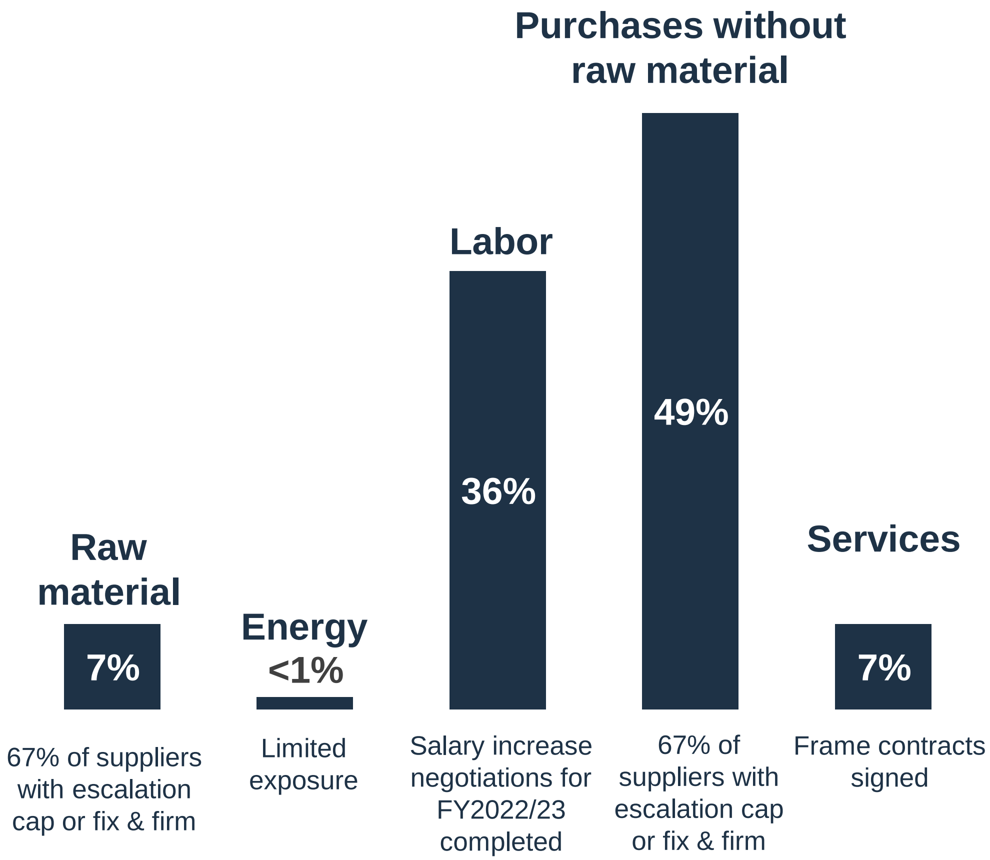


Sales breakdown by product line (in € million)



Inflation parameters and mitigation actions

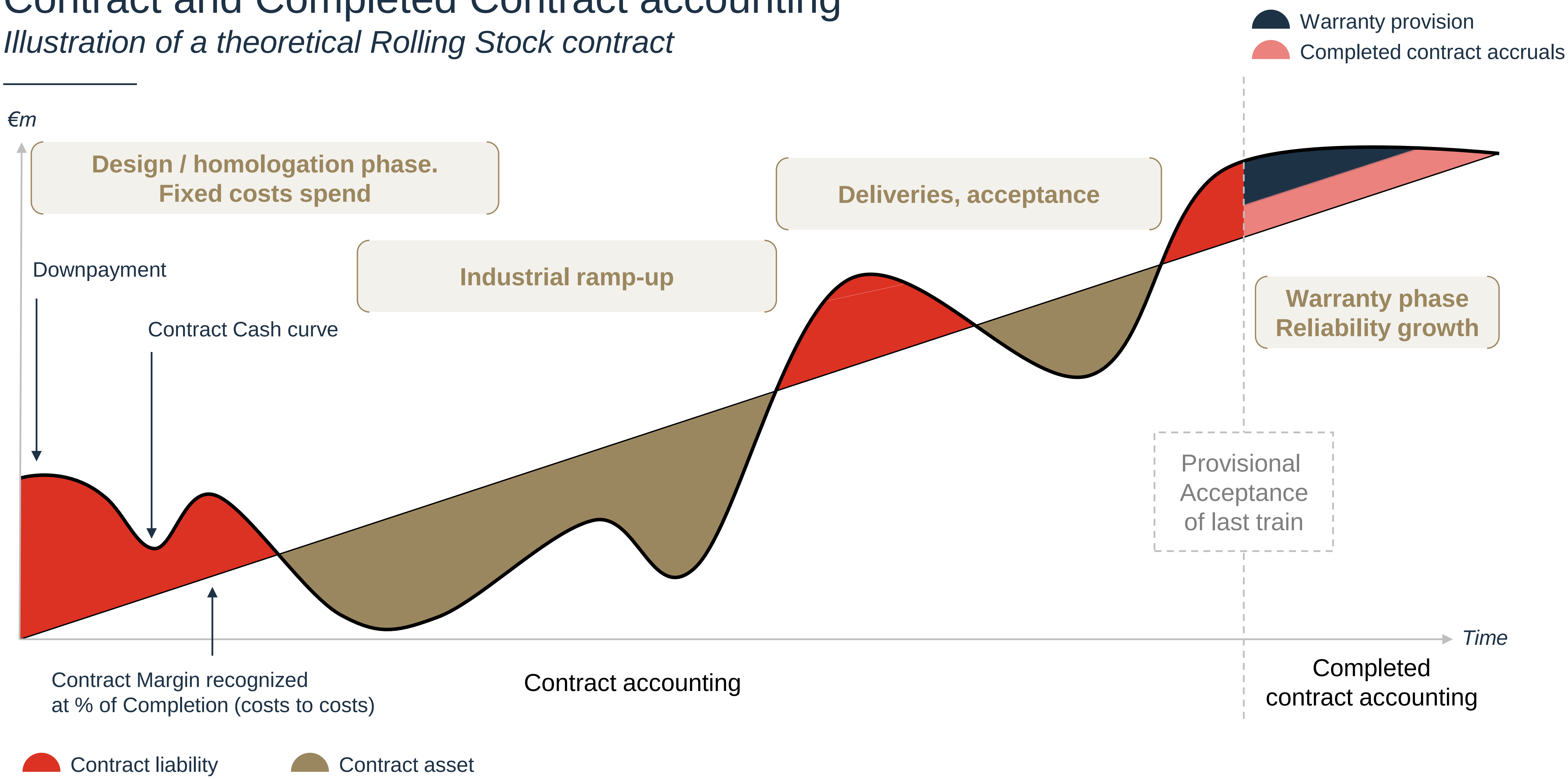
COST STRUCTURE*



* Based on FY 2023/24 cost base

Contract and Completed Contract accounting

Illustration of a theoretical Rolling Stock contract

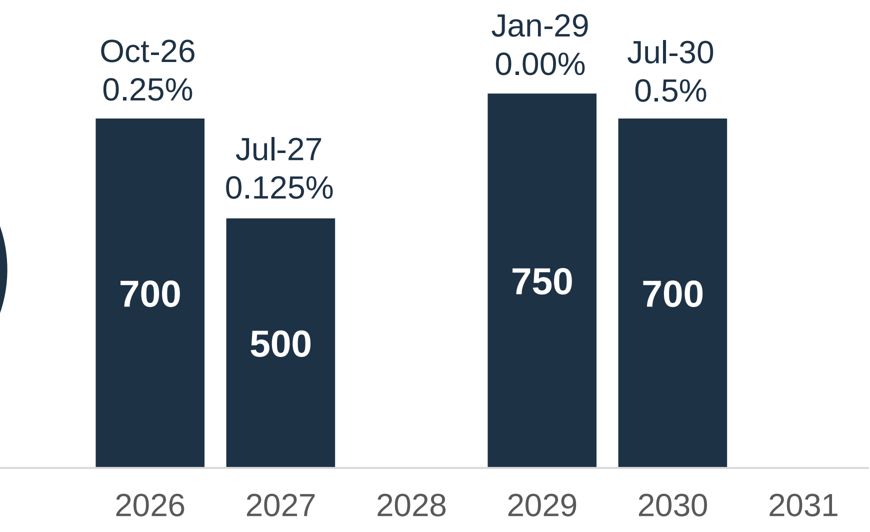


Favorable long-term debt profile and stable pension & leases liabilities

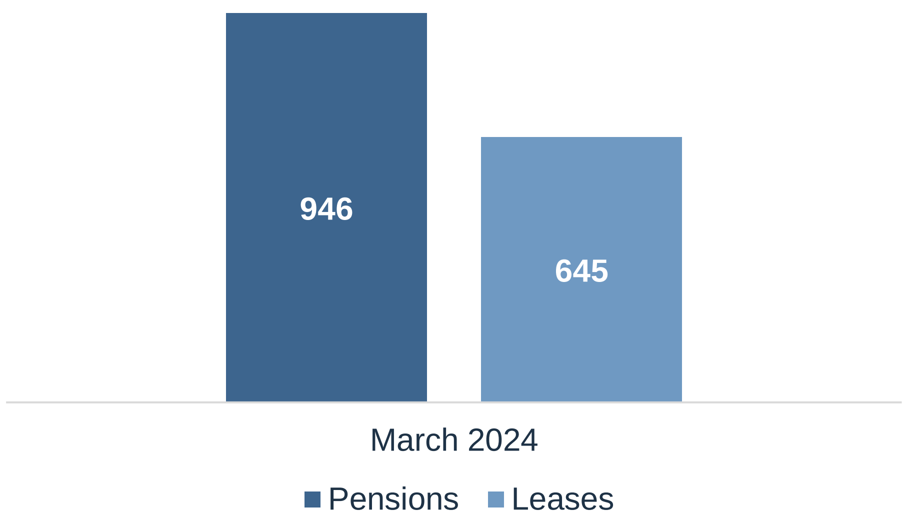
OUTSTANDING BONDS (IN € MILLION)

AVERAGE MATURITY
4.2 years

AVERAGE COUPON
0.22%



PENSIONS & LEASE LIABILITIES



- No financial covenants and fixed coupons on all bonds
- No major redemption before October 2026

Contract accounting – P&L – Glossary

- **Revenue and Contract Margin** are recognized at the percentage of completion method based on Costs-to-Costs under IFRS15:

  - **Percentage of completion** (PoC) = Costs accumulated to date divided by Costs at completion
  - Cumulative sales to date = Selling Price at completion x PoC.
    - **Period Sales** = Cumulative Sales to date – cumulative sales at end of last period.
  - Contract Margin (CM) to date = CM at completion x PoC.
    - **Period CM** = Cumulative CM to date – cumulative CM at end of last period.

  - **Selling Price (SP) and CM at completion** are reviewed for each project at least twice a year:
    - Changes in SP and / or CM at completion are recognized in P&L immediately so that cumulative P&L and related working capital balances (see next slides) always reflect the latest project review estimates.
    - If CM at completion is negative,
      - Losses to date (= negative CM at completion x PoC) are recognized in P&L + (if any) reversal of previously recognized positive margin
      - A provision for contract loss is recognized for the losses to come (provision = Negative CM at completion – Loss recognized to date)
      - At any further project review of a loss-making contract, the evolution of the loss (negative or positive) is immediately recognized in P&L, regardless the nature of the evolution (variation orders, operational improvements / degradations, penalties…)

Contract and Completed contract accounting – Working Capital – Glossary

- **Contract Liabilities** are made of
  - **Down-payments received** (upfront payment received at inception to finance the contract)
  - **Deferred income on contracts** : when cumulative billing of the contract is exceeding cumulative trading (revenue recognized in the income statement) on Cost-to-Cost contracts.

- **Contract Assets** are mainly **Unbilled income on contracts:** when cumulative trading (revenue recognized in the income statement) of the contract is exceeding cumulative billing[1] on Cost-to-Cost (CtC) contracts.

- At any time, a contract is either in a **Net Contract Assets** or in a **Net Contract Liability** situation as seen in the illustrative chart.

- When a contract reaches **provisional acceptance of 100% of the quantity of trains as per the contract,** Sales and GM at completion are recognized at 100%, net contract liability is reclassed to **completed contract accruals** (within Other payables) representing activities to be completed after acceptance

1. Billing triggers reduction of contract asset and recognition of a Receivable.

Other Working Capital items - Glossary

- **Inventories** are mainly **raw materials and semi-finished goods.** They are recognized when goods are received at the factory[1]. Inventories are transferred to Contract Assets / liabilities when they exit the warehouse and are entering the assembly line, then allocated to the contract accounting scheme

- **Current Provisions –** are mainly:
  - **Warranty provisions (about 1 /3 of total)** – provision created progressively at the delivery of each train. Mainly spare parts and warranty team at customer site.
  - **Provisions for risks on contracts (about 2/3) include** mainly provisions for contracts losses which are recognized when CM at completion becomes negative, corresponding to the portion of negative margin at completion still to be recognized through the P&L (see previous)

- **Non-Current Provisions –** are mainly for litigations, tax and environmental risks and restructuring provisions

1. Goods receipt triggers recognition of an Accounts Payable.

Other Working Capital items - Glossary

- **Other current operating assets** are mainly :
  - 40 to 50% represent B/S side of financial derivatives and hedged firm commitments not yet turned into a receivable
  - The remainder consists in
    - Taxes (VAT, CIT…)
    - Downpayment to suppliers
    - Prepaid expenses
    - Non-trade receivables

- **Other current operating liabilities** are mainly:
  - **Other payable (about 1/3 of total)** – are mainly completed contract accruals, representative of goods to be delivered or services to be rendered after the 100% provisional acceptance milestone is reached. In particular, reliability growth activities.
  - **Staff and assotiated liabilities (about 20% of total)** – mostly vacation accruals, social security payables…
  - Derivatives and hedged firm commitments / liability side (**about 1/3 of total**)
  - **AP with extended payment terms:** trade payables supported by the supply chain financing arrangement and exceeding regular payment terms
  - The remainder consists essentially in Taxes payable

Appendix - Non-GAAP financial indicators definitions (1/2)

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, Alstom Sifang (Qingdao) Transportation Ltd, Jiangsu ALSTOM NUG Propulsion System Co. Ltd. (former Bombardier NUG Propulsion) and Changchun Changke Alstom Railway Vehicles Company 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 expressed as a percentage of sales.

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

- **EBIT before PPA**

Following the Bombardier Transportation acquisition and with effect from the fiscal year 2021/22 condensed consolidated financial statements, Alstom decided to introduce the “EBIT before PPA” indicator aimed at restating its Earnings Before Interest and Taxes (“EBIT”) to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination. This indicator is also aligned with market practice.

- **Adjusted net profit**

The “Adjusted Net Profit” indicator aims at restating the Alstom’s net profit from continued operations (Group share) to exclude the impact of amortisation & impairment of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination, net of the corresponding tax effect.

- **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.

- **Net cash/(debt)**

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

- **Organic basis**

This presentation includes 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.

Contacts & Agenda

CONTACTS

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AGENDA

20 June 2024
Combined Annual Shareholders' Meeting

26 July 2024
FY 2024/25 First Quarter Order & Sales Results

www.alstom.com

ALSTOM

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