Annual financial report

As of 31 March 2020

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Management report on consolidated financial statements,

As of 31 March 2020

1. Main events of year ended 31 March 2020

1.1 The acquisition of Bombardier Transportation

Alstom announced on February 17th, 2020 the signature of a Memorandum of Understanding with Bombardier Inc. and the Caisse de dépôt et placement du Québec ("CDPQ") in view of the acquisition of Bombardier Transportation.

A unique opportunity to accelerate Alstom's strategic roadmap, Alstom in Motion
The acquisition of Bombardier Transportation is a one-time opportunity coming at the right moment for Alstom, which has significantly strengthened its operational and financial profile over the past 4 years, to accelerate its strategic roadmap, and is complementary to Alstom's commercial and industrial platforms.

Price structure and financing
The price for the acquisition of 100% of Bombardier Transportation shares will be €5.8 billion to €6.2 billion subject to Transportation's accounts and adjustment mechanisms at closing. In addition, Bombardier Transportation's net cash position at closing will be retained by Alstom and, should Bombardier Transportation have a negative net cash position as of 31 December 2020, the purchase price will be decreased on a Euro-per-Euro basis.
Alstom has in place a fully committed financing structured with the objective of maintaining Alstom's strong credit profile and commitment to its Baa2 rating. The consideration for the acquisition of 100% of the Bombardier Transportation shares will be a mix of cash and new Alstom shares. The total equity component of the financing will represent approximately €5 billion, of which €2 billion will be raised on the market.
Pursuant to the terms of the acquisition, CDPQ (which currently owns 32.5% of the Bombardier Transportation shares), will become the largest shareholder of Alstom owning approximately 18% of its shares. Bouygues will remain a large shareholder of Alstom owning around 10% of its shares. Bouygues is fully supportive of the transaction and undertook to vote in favour of the transaction-related resolutions at the extraordinary general meeting (EGM).

Indicative timetable and next steps
Alstom's unions indicated they will render their opinion around summer 2020 on the proposed takeover of Bombardier Transportation, according to the "method agreement" reached with management. An EGM vote on the reserved capital increases to CDPQ and Bombardier Inc. and the rights issue should take place no later than October 31, 2020. Subject to the EGM approval, rights issue will take place between the second semester 2020 and first semester 2021 and the reserved capital increases will take place at closing. The syndication of €2.4 billion of Bridge Facilities and a new €1.5 billion Revolving Credit Facility related to the proposed acquisition of Bombardier was completed in April 2020 as planned. The transaction will also be subject to clearance from relevant regulatory authorities and anti-trust authorities. Closing is expected in the first half of 2021.

1.2 Key figures for Alstom in the fiscal year 2019/20

The Group adopted IFRS 16 "Leases" on 1 April 2019, according to the simplified retrospective approach, without restatement of prior periods. On April 1, the 2019 impact of IFRS 16 first-time application on lease obligations amounted to €388 million.

Group's key performance indicators for the fiscal year 2019/20:

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019**	% Variation Mar. 20/ Mar. 19 Actual	Organic
Orders Received	9,900	12,107	(18%)	(19%)
Orders Backlog	40,903	40,481	1%	5%
Sales	8,201	8,072	2%	1%
aEBIT*	630	606	4%	
aEBIT %	*7.7%*	*7.5%*		
EBIT	545	408		
Net Profit - Group share	467	681		
Free Cash Flow	206	153		
Capital Employed	2,424	2,088		
Net Cash/(Debt)	1,178	2,325		
Equity	3,328	4,159		

(*) aEBIT adjusted for CASCO contribution in both periods: €38 million for March 2020 and €36 million for March 2019.
(**) Previous year figures have not been restated to reflect the application of IFRS 16.

1.3 Covid-19 crisis and impact on performance

In the context of the worldwide outbreak of Covid-19 Alstom responded to the crisis by deploying dedicated health & safety protection measures for its employees, in compliance with local and international authorities' guidance. These actions resulted in a reduction of activities across most production and maintenance facilities. The impact of these actions on Alstom's sales this year is assessed to be around €100 million, mostly on rolling stock due to the slowdown of sales recognition during the lockdown period and to a lesser extent on services due to the train traffic reduction. Identified Covid-19 incremental and inefficiencies costs incurred during the fiscal Year 19/20, amounting to €24 million, are not included in the percentage of completion formula and do not generate revenue. They have been recognized in the primary statement of the income statement-under the caption cost of sales.

1.4 Organic growth

The above-mentioned figures are adjusted as follows for foreign exchange variation resulting from the translation of the original currency to Euro, as well as for change in scope.

The below table shows how the prior year actual figures are converted into a like-for-like set of numbers for comparison purposes:

	Year ended 31 March 2020	Year ended 31 March 2019			Mar. 20/ Mar. 19	
(in € million)	Actual figures	Actual figures	Exchange rate	Comparable Figures	% Var Act.	% Var Org.
Orders Backlog	40,903	40,481	(1,639)	38,842	1%	5%
Orders Received	9,900	12,107	77	12,184	(18%)	(19%)
Sales	8,201	8,072	55	8,127	2%	1%

The actual figures for the fiscal year 2018/19 (orders backlog, orders received and sales) are restated to reflect March 2020 exchange rates.

- Orders backlog was adversely impacted by the depreciation of the South African Rand (ZAR), the Indian Rupee (INR) and the Kazakhstani Tenge (KZT) against the Euro (EUR).
- Orders received during 2018/19 fiscal year were mainly impacted by the appreciation of the Canadian Dollar (CAD) and the Saudi Riyal (SAR) against the Euro (EUR).
- Sales recorded during 2018/19 fiscal year have been impacted by a favourable translation effect driven by the appreciation of the US Dollar (USD) and the UAE Dirham (AED) against the Euro (EUR).

1.5 Partnerships

To develop the Avelia Horizon™ trains, the joint-venture SpeedInnov was created in 2015 by Alstom and the 'Agence de la transition écologique' (ADEME). The partnership is designed to work on developing a new generation of very high-speed trainset and focuses on lowering train acquisition and operating costs while improving performance. In June 2019, Alstom increased its investment in capital in this joint venture by €36 million, increasing its stake from 65.1% to 71.0%, leaving the consolidation method of this entity unchanged.

2. Commercial performance

In the fiscal year 2019/20, Alstom's order intake stood at €9.9 billion, as compared to €12.1 billion for 2018/19. The Group benefited from a strong momentum in the rail market to secure major contracts across numerous geographies. In France, Alstom's strong presence was once again evidenced by the supply order for additional regional Coradia™ Polyvalent trains to SNCF. In Australia, the Group was chosen to supply suburban trains and associated 20-year maintenance for Perth's rail network. In the United Kingdom Alstom was awarded a contract to maintain and refurbish Pendolino™ trains for Avanti West Coast.

Last year's exceptional order intake performance was mainly fuelled by a jumbo contract to supply 100 Avelia Horizon™ trains, worth €2.8 billion, and the large Systems contract in Canada with Réseau Express Métropolitain (REM) in Montreal along with operation and maintenance services for 30 years, worth €1.5 billion.

Geographic breakdown					**% Variation Mar. 20/ Mar. 19**	
Actual figures *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib	**Actual**	**Organic**
Europe	7,624	77%	7,337	60%	4%	4%
Americas	646	6%	2,155	18%	(70%)	(70%)
Asia/Pacific	1,569	16%	1,429	12%	10%	8%
Africa/Middle East/Central Asia	61	1%	1,186	10%	(95%)	(95%)
ORDERS BY DESTINATION	**9,900**	**100%**	**12,107**	**100%**	**(18%)**	**(19%)**

Product breakdown					**% Variation Mar. 20/ Mar. 19**	
Actual figures *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib	**Actual**	**Organic**
Rolling stock	4,591	46%	6,078	50%	(24%)	(25%)
Services	3,315	34%	3,144	26%	5%	4%
Systems	265	3%	1,359	11%	(81%)	(81%)
Signalling	1,729	17%	1,526	13%	13%	14%
ORDERS BY DESTINATION	**9,900**	**100%**	**12,107**	**100%**	**(18%)**	**(19%)**

In **Europe**, the Group witnessed another year of numerous commercial successes with a solid order intake of €7.6 billion for the fiscal year 2019/20, as compared to €7.3 billion in the previous year.

In France, large orders included the additional Coradia™ Polyvalent regional trains to several French regions, 12 Avelia™ Euroduplex trains to SNCF Mobilité, 13 Coradia™ Polyvalent trains for the CDG Express project as well as the renewal and automation of the Marseille metro. Alstom also won a contract to supply 44 new generation metro trains from Île-de-France Mobilités and RATP, in consortium with Bombardier, as part of a 410-train frame contract.

In Italy, Alstom will supply 48 Coradia Stream™ regional trains to the Lombardy, Calabria and Piedmont regions. The Group also secured an additional order for the supply and maintenance of 4 additional Pendolino™ high-speed trains.

In Germany, the 27-train supply order for RMV (including a 25-year maintenance contract) came as a further confirmation of the attractiveness of Alstom's Coradia iLint™ hydrogen train. The Group also received orders for 30 Coradia™ Lint™ regional trains for the Hesse region on the Wetterau West-East subnetwork and 19 Coradia™ Continental electric regional trains for Baden-Württemberg.

In the United Kingdom, Alstom won a 7-year contract to refurbish and maintain 56 electric Pendolino™ trains for Avanti West Coast. The Britain's most iconic train fleet, which was built by Alstom, is to undergo a major overhaul, focusing on onboard facilities.

Further awards in Europe included the supply of 42 metros to Barcelona and an 8-year maintenance contract for very high-speed trains for Rielsfera in Spain, together with the supply of InterCity Next Generation (ICNG), 18 Coradia Stream™ trains in the Netherlands. Furthermore, Alstom, as consortium leader, was awarded a contract to provide digital train control, traffic management and electrification infrastructure as part of the rehabilitation and modernisation of a section of the European Rhine-Danube rail corridor in Romania.

In **Americas**, Alstom reported €0.7 billion of orders in 2019/20, notably with a 20-year maintenance contract for the Santiago metro in Chile. The Group recorded €2.2 billion of orders in the previous fiscal year, thanks to a large system contract in Canada with Réseau express métropolitain (REM) in Montreal, to deliver a complete light metro system, including operation and maintenance services for 30 years.

In **Asia/Pacific**, Alstom reported a strong order intake at €1.6 billion in 2019/20, as compared to €1.4 billion last year, confirming its presence further on the Australian market, by signing a contract with the Public Transport Authority of Western Australia (PTA) to manufacture and maintain the next generation of C-series trains for Perth's growing rail network, as well as a contract to supply driverless trains and digital signalling system for Sydney Metro extension to City and Southwest.

In **Africa/Middle East/Central Asia**, the order intake stood slightly below the €0.1 billion mark, as compared to €1.2 billion over the same period last year. Last fiscal year, the Group had secured a contract in Saudi Arabia for the full maintenance of the transit system, along with an order in Morocco for the supply of 30 electric locomotives.

Alstom received the following major orders during the fiscal year 2019/20:

Country	Product	Description
Australia	Rolling Stock / Services	Supply of 43 regional trains to Perth and associated maintenance for 20 years
Australia	Signalling	Supply of 23 driverless metro trains and digital signalling system for the city of Sydney
Chile	Services	Renewal of metro cars maintenance for 20 years in Santiago
France	Rolling stock	Supply of 13 Coradia™ Polyvalent trains to the CDG Express line
France	Rolling stock	Additional order of 12 Avelia™ Euroduplex trains for SNCF
France	Rolling stock	Additional order of 75 Coradia™ Polyvalent trains to the French regions
France	Rolling stock/ Signalling	Supply of 38 new rubber-tyred metros, and automation of Marseille metro
France	Rolling stock	Supply of 44 metro trains for the city of Paris metro in a consortium with Bombardier
Germany	Rolling stock	Supply of 19 Coradia™ Continental regional trains to Baden-Württemberg region
Germany	Rolling stock	Supply of 30 Coradia™ Lint™ regional trains to the Hesse region
Germany	Rolling stock	Additional order to supply 32 metro trains to the city of Hamburg
Germany	Rolling stock/ Services	Supply of 27 Coradia iLint™ hydrogen trains to Frankfurt metropolitan area along with associated maintenance for 25 years
Italy	Rolling stock	Supply of 48 Coradia Stream™ regional trains to the Lombardy, Calabria and Piedmont regions
Italy	Rolling stock/ Services	Additional order to supply 4 Pendolino™ high-speed trains and associated maintenance for 30 years for NTV
Netherlands	Rolling stock	Supply of 18 Coradia Stream™ trains to the Netherlands
Romania	Systems	Supply of digital train control and infrastructure solutions for the European Rhine-Danube rail corridor
Spain	Rolling stock	Supply of 42 metros to replace the oldest trains in Barcelona on its lines 1 and 3
Spain	Services	Maintenance of very high-speed trains for 8 years for Rielsfera
United Kingdom	Services	Refurbishment and 7-year maintenance of Avanti West Coast Pendolino™ trains

3. Orders backlog

As of 31 March 2020, the Orders backlog reached €40.9 billion, providing the Group with strong visibility over future sales. This represents an increase of 1% on an actual basis and 5% on an organic basis, as compared to 31 March 2019.

The Group's backlog growth was driven by major commercial successes in France, Germany and Australia in rolling stock. Backlog increased for services and signalling products thanks to a strong commercial momentum in Europe and Australia. Key system contracts are now nearing completion in Africa/Middle East/Central Asia and Latin America regions and come as an explanation to the product line backlog decrease by 31%.

The fluctuation in currencies, most notably the depreciation of the South African Rand (ZAR) and the Indian Rupee (INR) against the Euro negatively impacted the rolling stock and systems backlog, mainly in Asia Pacific and Africa/ Middle East/Central Asia regions for a total amount of €1.6 billon.

During budget exercises, Alstom re-assesses how the company backlog evolution impacts the future sales cycles. Budget processes are designed to estimate, based on the latest contract costs and planning assumptions, how the contract sales from backlog can develop over time. The March 2020 backlog contribution to the next three fiscal years revenue is expected to land within a €17 billion - €18 billion range.

Geographic breakdown **Actual figures** *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib
Europe	21,321	52%	18,212	45%
Americas	5,539	14%	6,297	16%
Asia/Pacific	6,120	15%	5,752	14%
Africa/Middle East/Central Asia	7,923	19%	10,220	25%
BACKLOG BY DESTINATION	**40,903**	**100%**	**40,481**	**100%**

Product breakdown **Actual figures** *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib
Rolling stock	20,677	51%	20,672	51%
Services	13,794	33%	12,779	32%
Systems	2,288	6%	3,311	8%
Signalling	4,144	10%	3,719	9%
BACKLOG BY DESTINATION	**40,903**	**100%**	**40,481**	**100%**

4. Income statement

4.1 Sales

Alstom's sales stood at €8.2 billion in the fiscal year 2019/20, growing by 2% on an actual basis and 1% organically compared to the previous year. The strong growth in Europe notably on rolling stock and signalling activities was partially offset by the expected slowdown in other regions. It is estimated that this year, Alstom's sales were negatively impacted by around € 100 million due to the Covid-19 crisis, Europe being the most affected region. The book-to-bill ratio reached 1.2x this year, compared to 1.5x for the previous year. Last year's book-to-bill ratio was positively affected by the signature of a contract for the supply of 100 Avelia Horizon™ trains, worth €2.8 billion.

Geographic breakdown					% Variation Mar. 20/ Mar. 19	
Actual figures *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib	**Actual**	**Organic**
Europe	4,675	56%	4,061	51%	15%	15%
Americas	1,280	16%	1,470	18%	(13%)	(14%)
Asia/Pacific	889	11%	921	11%	(3%)	(3%)
Africa/Middle East/Central Asia	1,357	17%	1,620	20%	(16%)	(18%)
SALES BY DESTINATION	**8,201**	**100%**	**8,072**	**100%**	**2%**	**1%**

Product breakdown					% Variation Mar. 20/ Mar. 19	
Actual figures *(in € million)*	**Year ended 31 March 2020**	% of contrib	**Year ended 31 March 2019**	% of contrib	**Actual**	**Organic**
Rolling stock	3,942	48%	3,448	43%	14%	14%
Services	1,469	18%	1,556	19%	(6%)	(6%)
Systems	1,301	16%	1,766	22%	(26%)	(28%)
Signalling	1,489	18%	1,302	16%	14%	13%
SALES BY DESTINATION	**8,201**	**100%**	**8,072**	**100%**	**2%**	**1%**

In **Europe**, sales reached €4.7 billion, up €0.6 billion compared to last year. This accounts for 56% of the Group's total sales, up 15% on an organic basis, thanks to the strong execution of large rolling stock contracts, including, in France, the Coradia™ Polyvalent regional trains, Avelia™ Euroduplex high-speed trains, metro and suburban trains for the Île-de-France region. The Group increased the pace of Coradia™ Continental and Coradia™ Lint™ train deliveries in Germany, the Coradia Stream™ trains in the Netherlands and Italy. The Group produced further high-speed Pendolino™ trains for NTV in Italy. In the United Kingdom, Alstom continued to provide maintenance to Pendolino™ trains and equipment to Crossrail tunnels. Alstom also grew European signalling activities, in Denmark for the supply of onboard and trackside solutions, as well as in Italy, Spain and the United Kingdom.

In **Americas**, sales stood at €1.3 billion, down €0.2 billion compared to last year, and accounting for 16% of the Group sales this year. These sales related in part to the ramp-up of Amtrak high-speed trains in the USA and the light metro system for REM in Canada. In Latin America, sales were driven by the execution of the metro system for Panama Line 2 and the deliveries of metro cars in Santiago, Chile. During the year, several major overhaul contracts in the United States and systems contract in Panama reached completion, generating an expected decrease in sales as compared to last year.

In **Asia/Pacific**, sales amounted to €0.9 billion, largely stable compared to last year, and accounting for 11% of the Group sales. These sales were driven by the production increase of electric locomotives in India, and further sustained by strong deliveries in Australian contracts, notably the Citadis™ tramways for Sydney CBD and South East project and the production of X'trapolis™ trainsets for Melbourne's suburban rail network. Last year sales included the supply of metro trains to the Sydney North West Rail Link, which was fully delivered during the fiscal year.

In **Africa/Middle East/Central Asia**, sales stood at €1.4 billion, down €0.2 billion compared to last year, and contributing 17% to the Group's total sales. The ramp-up of major rolling stock contracts, including the X'trapolis™ trains for PRASA in South Africa, and the Prima™ freight locos for Azerbaijan and Kazakhstan, were largely offset by sales deceleration of systems contracts including for the Dubai metro in the United Arab Emirates and the Riyadh metro in Saudi Arabia, as both contracts come closer to the final completion stage. During this year, the region's performance was also further fuelled by the deliveries of Coradia™ trains for Senegal.

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4.2 Research & development

During the fiscal year 2019/20, research and development gross costs amounted to €442 million or 5.4% of total Group sales, with continued emphasis on sustainable developments and smart mobility solutions, addressing mainlines, urban and new mobility markets.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
R&D Gross costs	(442)	(380)
R&D Gross costs (in % of Sales)	*5.4%*	*4.7%*
Funding received	117	75
Net R&D spending	(325)	(305)
Development costs capitalised during the period	79	68
Amortisation expense of capitalised development costs	(56)	(54)
R&D expenses (in P&L)	(302)	(291)
R&D expenses (in % of Sales)	*3.7%*	*3.6%*

Alstom notably focused its research and development effort on the very high-speed trains **Avelia Horizon™** range, marked by the start of assembly of the first components pertaining to the SNCF order signed last year. The Avelia Horizon™ programme is funded by the SpeedInnov joint venture.

In the frame of Alstom In Motion strategy, the group invested in green solutions to offer zero carbon emission alternatives to diesel for non-electrified tracks. The Group is enlarging the **Coradia™** regional trains portfolio with hydrogen fuel cell Coradia iLint™ with trains already running in Germany and the Netherlands and more recently towards battery powered trains solution in Germany, further developed its **Citadis™** light rail vehicle with steel carbody for the city of Frankfurt in Germany.

Alstom further invested in the development of its mainlines signalling solutions **Atlas™** that enable performance and interoperability for a wide range of different networks. SNCF chose Alstom in September 2019 to enhance Paris-Lyon high speed line traffic performance. The on-board train control solution is poised to equip the entire Norwegian railway fleet.

Over the fiscal year 2019/20, Alstom accelerated developments of the North American Passenger & Transit portfolio solutions, including the **integrated Vital Processor Interlocking (iVPI®)** technology, a solution for interlocking and wayside control used for the Metrolinx USRC project in Toronto, Canada, the **Audio Frequency Track Circuits (AFTC5)** which detects train presence on the tracks with numerous application across the USA and **Carborne MicroCabmatic™** which supports the Positive Train Control system that aims at reducing train accident occurrence. It is being deployed through the New Jersey Transit (NJT) and Metro North Railroad (MNRR) contracts.

Alstom pursued the development of its CBTC solutions, **Urbalis Fluence™** and **Urbalis 400™** for metros and tramways, deployed in more than 100 lines worldwide, as well as for the recently awarded Marseille metro renewal and automation contract.

Over the period, Alstom increased its support to the **ICONIS™** suite for Operation Control Centers, allowing to maximize traffic fluidity and orchestrate operations from distance and the cyber security of Alstom solutions through its partnership with Airbus signed in 2017.

4.3 Operational performance

In the fiscal year 2019/20 Alstom adjusted EBIT reached €630 million, equivalent to a 7.7% operational margin, as compared to €606 million and 7.5% in the previous fiscal year.

The operational margin improvement came as a result of a reduction of cost of sales, when expressed as a percentage of sales. Cost of sales at Alstom are primarily, but not only, made up of material buy, applicative and system engineering, manufacturing and supply chain labour costs, as well as subcontracted services. The cost of sales ratio improvement was achieved through the optimisation of production capacities, enhanced industrial efficiency, and control over overhead production costs. The increased signalling share within the overall company sales mix has also contributed improving the cost of sales ratio.

Selling and Administrative costs as a percentage of sales rose marginally to 7.2%, as compared to 7.0% in the previous year, as a result of renewed commercial efforts over the period.

Over the period, the CASCO contribution, amounted to €38 million, increasing from previous year's €36 million contribution. Alstom has a 49% share in CASCO Signal Limited, a joint venture operating the Chinese railway market since 1986. It was established with the China Railway Signal & Communication Corporation and it is based in Shanghai. CASCO continues to provide signalling systems and services for subway, tramway and mainlines.

4.4 Net profit

During the fiscal year 2019/20, Alstom recorded restructuring and rationalization charges for €(18) million linked to small initiatives in Europe and Latin America. Last year's charges amounted to €(65) million as a result of costs optimisation initiatives in Germany, Brazil and in the United Kingdom.

Last year's capital gains on disposal of businesses were generated by the change of consolidation method from equity to full consolidation of EKZ for €33 million and the gain on TMH dilution for €25 million.

Over the period, Covid-19 incremental and inefficiencies costs amounted to €(24) million.

Impairment loss and other costs amounted to €(5) million, including mainly, amortisation of intangible assets such as GE signalling, EKZ and Nomad for €(14) million, deal costs related to the planned Bombardier Transportation acquisition for €(15) million and legal proceeding gains for €31 million. The expense that was recorded over the previous fiscal year included notably amortisation of intangible assets such as GE signalling, SSL and Nomad for €(15) million, transaction costs related to the Siemens combination project for €(74) million, in addition to charges related to legal proceedings for €(69) million.

EBIT stood at €545 million as compared to €408 million in the fiscal year 2018/19, reflecting the strong operational performance over the year.

Net financial expenses decreased to €(76) million during the fiscal year 2019/20, as compared to €(88) million in the previous year due to an improvement in the commercial derivatives portfolio. The reduction in financing expenses at holding level due to the repayment of €879 million bonds having matured over the year was partly offset by increased subsidiaries financing cost, notably for India.

The Group recorded an income tax charge of €(118) million for the fiscal year 2019/20 corresponding to an effective tax rate of 25% compared to €(70) million for the same period last year and an effective tax rate of 22%. Last year's effective tax rate was lower due to deferred tax assets recognized on previous tax loss carry forwards as well as reversal of tax provisions.

The share in net income from equity investments amounted to €102 million mainly related to the result of both Transmashholding Limited (TMH) and CASCO Signal Limited joint ventures. Last year's result was impacted by the re-evaluation of the Energy Joint Ventures put options over the period for €106 million.

The net profit from discontinued operations stood at €21 million including the reassessment of liabilities related to activities disposal, mainly related to the GE main deal. Last year the reassessment of the liabilities related to the disposal of activities impacted the net profit by €248 million.

As a result, the Net profit (Group share) stood at €467 million for the fiscal year 2019/20 compared to €681 million during the same period last fiscal year.

5. Free cash flow

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019*
EBIT	**545**	**408**
Depreciation and amortisation	293	194
Restructuring variation	(12)	15
Capital expenditure	(195)	(207)
R&D capitalisation	(79)	(68)
Change in working capital	(249)	(12)
Financial cash-out	(95)	(90)
Tax cash-out	(102)	(105)
Other	100	18
FREE CASH FLOW	**206**	**153**

(*) Previous year figures have not been restated to reflect the application of IFRS 16.

The Group's free cash flow was €206 million for the fiscal year 2019/20 as compared to €153 million for the prior fiscal year. Working capital resources were consumed mainly during the first half of the year with the ramp-up of major projects, notably for the X'trapolis™ suburban trains in South Africa, electrical locomotives in India and Coradia™ regional trains for the Netherlands, Italy and Germany, partly offset by a sound level of cash collected following deliveries and orders signed during the year.

The line "Other" from the table includes dividends linked to Transmashholding (TMH) and Casco Signal Limited joint ventures' performance. Last year, the line included the neutralization of the P&L impact linked to the consolidation method change from equity to full consolidation of EKZ for €(33) million and the gain on TMH dilution for €(25) million.

The Group adopted IFRS 16 "Leases" on 1 April 2019, according to the simplified retrospective approach, without restatement of prior period comparatives. Annual amortization related to the new right-of-use asset amounts to €92 million for the year ended 31 March 2020. The total impact of the IFRS16 lease implementation to the Free Cash Flow reported aggregate is estimated at €84 million over the period (refer to note 2.2.1 "IFRS16 Lease").

During the fiscal year 2019/20, Alstom invested €195 million in capital expenditures in order to sustain capacity increase in Poland for the Coradia Stream™ assembly, in India to enable upcoming light metro vehicle production, in Italy to maintain high speed trains, as well as in France to prepare for the Avelia Horizon™ high-speed trains production.

6. Net Cash/(debt)

Due to IFRS 16 implementation on 1 April 2019, the Group has chosen to exclude lease obligations from the net cash/(debt) which results in a change in net cash/debt of €15 million. From 1 April 2019, the net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. Previous year figures have not been restated to reflect the application of IFRS 16.

On 31 March 2020, the Group recorded a net cash level of €1,178 million, compared to the net cash position of €2,325 million on 31 March 2019. Alstom's net cash decreased over the period, due to €(1,240) million dividends paid including non-controlling interests, offset by a free cash flow generation of €206 million over the period, and further impacted by €(98) million acquisitions, net of disposals. The Group's acquisitions over the period notably included Alstom's share increase in the SpeedInnov Joint Venture for €36 million and Alstom's share increase in the CASCO Joint Venture for €20 million.

In addition to its available cash and cash equivalents, amounting to €2,175 million as of 31 March 2020, the Group can access a €400 million revolving credit facility, maturing in June 2022 which is fully undrawn at March 2020. This resulted in a liquidity position as of 31 March 2020 of €2,575 million.

In the context of Covid-19, Alstom has taken additional measures to bolster its liquidity.

Alstom has secured a €1,750 million short term Revolving Credit Facility (RCF) with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lender's discretion. This additional RCF aims at stepping in for Alstom's €1 billion Negotiables European Commercial Paper program, should the Commercial Papers market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the company has significant liquidity available should additional liquidity be required to address the consequences of the Covid-19 situation. Liquidity resources stand at €2,575 million as of 31 March 2020 comprising € 2,175 million in available cash and cash equivalents and €400 million of fully undrawn credit lines plus the additional €1,750 million under the new short term Revolving Credit Facility put in place in April 2020.

7. Equity

The Group Equity on 31 March 2020 amounted to €3,328 million (including non-controlling interests), from €4,159 million on 31 March 2019, mostly impacted by:

- net profit from fiscal year 2019/20 of €467 million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €36 million net of tax;
- dividends paid to Alstom shareholders for €(1,234) million;
- share-based payments for €85 million;
- currency translation adjustment of €(162) million.

8. Non-GAAP financial indicators definitions

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

8.1 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.

8.2 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.

8.3 Book-to-bill

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

8.4 Adjusted EBIT

When Alstom's new organisation was implemented in 2015, adjusted EBIT ("aEBIT") became 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), namely the CASCO Joint Venture. The company believes that bringing visibility over a key contributor to the Alstom signalling strategy will provide a fairer and more accurate picture of the overall commercial & operational performance of the Group. This change will also enable more comparability with what similar market players define as being part of their main non-GAAP 'profit' aggregate disclosure.

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/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortization 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.

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

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019**
Adjusted Earnings Before Interest and Taxes (aEBIT)*	**630**	**606**
aEBIT (in % of Sales)	*7.7%*	*7.5%*
Capital gains / (losses) on disposal of business	-	60
Restructuring and rationalisation costs	(18)	(65)
Impairment loss and other	(5)	(158)
Covid-19 inefficiencies and incremental costs	(24)	-
CASCO contribution reversal	(38)	(36)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**545**	**408**

(*) aEBIT adjusted for CASCO contribution in both periods.
(**) Previous year figures have not been restated to reflect the application of IFRS 16.

8.5 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. In particular, 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:

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019*
Net cash provided by / (used in) operating activities	**476**	**425**
Capital expenditure (including capitalised R&D costs)	(274)	(275)
Proceeds from disposals of tangible and intangible assets	4	3
FREE CASH FLOW	**206**	**153**

(*) Previous year figures have not been restated to reflect the application of IFRS 16.

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.

During the fiscal year 2019/20, the Group free cash flow was at €206 million compared to €153 million during the same period of the previous year.

8.6 Capital employed

Capital employed corresponds to hereafter-defined assets minus liabilities.

- Assets: sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, costs to fulfil a contract, contract assets, trade receivables and other operating assets;

- Liabilities: sum of non-current and current provisions, contract liabilities, trade payables and other operating liabilities.

At the end of March 2020, capital employed stood at €2,424 million, compared to €2,088 million at the end of March 2019. This movement was mainly driven by the net decrease of the liability position of the Group working capital.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
Non current assets	4,628	4,313
less deferred tax assets	(234)	(299)
less non-current assets directly associated to financial debt	(177)	(201)
less prepaid pension benefits	-	-
Capital employed - non current assets **(A)**	4,217	3,813
Current assets	8,380	9,090
less cash & cash equivalents	(2,175)	(3,432)
less other current financial assets	(45)	(10)
Capital employed - current assets **(B)**	6,160	5,648
Current liabilities	7,775	8,059
less current financial debt	(270)	(1,032)
plus non current lease obligations	465	
less other obligations associated to financial debt	(177)	
plus non current provisions	160	346
Capital employed - liabilities **(C)**	7,953	7,373
CAPITAL EMPLOYED (A)+(B)-(C)	**2,424**	**2,088**

8.7 Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt. On 31 March 2020, the Group recorded a net cash level of €1,178 million, as compared to the net cash position of €2,325 million on 31 March 2019.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
Cash and cash equivalents	2,175	3,432
Other current financial assets	45	10
Financial non-current assets directly associated to financial debt	-	201
less:		
Current financial debt	270	1,032
Non current financial debt	772	286
NET CASH/(DEBT) AT THE END OF THE PERIOD*	**1,178**	**2,325**

(*) Due to IFRS 16 implementation, the Group has chosen to exclude lease obligations from the net cash/(debt). From 1 April 2019, the net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. Previous year figures have not been restated to reflect the application of IFRS 16.

8.8 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.