ALSTOM

Annual financial report

As of 31 March 2019

Management report on consolidated financial statements,

As of 31 March 2019

ALSTOM

MANAGEMENT REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. Main events of year ended 31 March 2019

1.1 The combination of Siemens and Alstom's mobility business

The proposed combination of Alstom with Siemens Mobility, including its rail traction drive business, will not proceed following the 6 February 2019 decision of the European Commission to prohibit the proposed merger.

1.2 Excellent results for Alstom in the fiscal year 2018/19

Group's key performance indicators for the fiscal year 2018/19:

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018(*)	% Variation Mar. 19/ Mar. 18 Actual	Organic
Orders Received	12,107	7,183	69%	71%
Orders Backlog	40,481	35,239	15%	13%
Sales	8,072	7,346	10%	11%
aEBIT	570	397	44%	
aEBIT %	*7.1%*	*5.4%*		
EBIT	408	264		
Net Profit - Group share	681	365		
Free Cash Flow	153	128		
Capital Employed	2,088	1,487		
Net Cash/(Debt)	2,325	(255)		
Equity	4,159	3,430		

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

1.3 Organic growth

Above mentioned figures are adjusted as follows for foreign exchange variation resulting from the translation to Euro from the original currency, as well as for change in scope.
The below table shows how we walk from actual to comparable figures:

	Year ended 31 March 2019			Year ended 31 March 2018(*)		
(in € million)	Actual figures	Scope Impact	Comparable Figures	Actual figures	Exchange rate	Comparable Figures
Orders Backlog	40,481	(623)	39,858	35,239	(56)	35,183
Orders Received	12,107	-	12,107	7,183	(83)	7,100
Sales	8,072	-	8,072	7,346	(44)	7,302

The actual figures for the fiscal year 2017/18 (orders backlog, orders received and sales) are restated taking into account March 2019 exchange rates, which showed an overall appreciation of the Euro against the majority of the currencies making up the Alstom portfolio.

- Orders received during the last fiscal year were impacted by the depreciation of the South African Rand (ZAR), Argentinian Peso (ARS), Canadian Dollar (CAD), Swedish Krona (SEK) against the Euro.
- Sales recorded during the last fiscal year have been impacted by an adverse translation effect driven by the depreciation of the Brazilian Real (BRL), Indian Rupee (INR), Australian Dollar (AUD), and offset by the appreciation of the US Dollar (USD) against the Euro.
- Orders backlog was adversely impacted by the depreciation of South African Rand (ZAR), offset by the observed appreciation of the US Dollar (USD), Indian Rupee (INR), Canadian Dollar (CAD), United Arab Emirates Dhiram (AED) and the British Pound (GBP) against the Euro**.**

In order to reflect the same scope of activity, actual figures for fiscal year 2018/19 have been adjusted for the Electrovoz Khurastyru Zauyty LLP (EKZ) acquisition, which took place during the calendar year 2019. However, actual figures have not been scope-adjusted for the 21net and NTL acquisitions, the scope impact being considered immaterial at the Alstom Group level.

1.4 Acquisitions and Partnerships

In April 2018, Alstom completed the full acquisition of the UK-based 21net, an expert in on-board internet and passenger infotainment for the railway industry.

In June 2018, TMH and Locotech Services agreed to combine under a new holding TMH Limited. Following the transaction, the contribution of Alstom has been diluted. In the meantime, additional shares of TMH Limited have been bought by the Group from the other shareholders to increase its ownership up to 20% for €115 million (before acquisition costs). The Group retains a significant influence.

On 2 October 2018, Alstom has completed the transfer of all its interests in the three Energy Joint Ventures (Renewables, Grid and Nuclear Joint Ventures) to General Electric and received a total cash payment of €2.594 billion.

In January 2019, Alstom bought the remaining 49% of NTL Holding. This holding was created in 2012 jointly with Bpifrance to acquire the "Translohr" tramway on tires. Henceforth, Alstom owns 100% of the company and the consolidation method has been changed accordingly from equity to full consolidation. No significant impacts are expected in the group financial statement in the frame of this acquisition.

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As at 22 December 2017, Alstom signed an agreement with the Kazakh national railway company (KTZ) to acquire their 25% stake in the EKZ Joint Venture (JV) for €21 million, recognized in March 2018 Group Financial Statement as non-current assets because of unmet suspensive conditions. As at 25 February 2019, all the suspensive conditions have been met and Alstom owns 75% of the shares, conferring the control over the Kazakh company, which is specialized in the manufacturing and the maintenance of electric locomotives especially for the Eurasian Economic Union and CIS markets.

2. Commercial performance

During the fiscal year 2018/19, Alstom reported a record high commercial performance of €12.1 billion of orders intake as compared to €7.2 billion for the fiscal year 2017/18. This fiscal year marked the signature of several jumbo orders, notably in France to supply 100 next-generation very high-speed trains, in Canada to deliver a complete automatic and driverless metro system and associated maintenance and, in Saudi Arabia, a contract for full maintenance of the transit system. The commercial performance was further sustained by the signature of large contracts to supply regional trains in Italy along with the associated maintenance.

Geographic breakdown					**% Variation Mar. 19/ Mar. 18**	
Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib	**Actual**	**Organic**
Europe	7,337	60%	3,507	48%	109%	110%
Americas	2,155	18%	1,628	23%	32%	35%
Asia/Pacific	1,429	12%	980	14%	46%	47%
Middle East/Africa	1,186	10%	1,068	15%	11%	14%
ORDERS BY DESTINATION	**12,107**	**100%**	**7,183**	**100%**	**69%**	**71%**

Product breakdown					**% Variation Mar. 19/ Mar. 18**	
Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib	**Actual**	**Organic**
Rolling stock	6,078	50%	3,189	45%	91%	92%
Services	3,144	26%	2,180	30%	44%	47%
Systems	1,359	11%	523	7%	160%	164%
Signalling	1,526	13%	1,291	18%	18%	20%
ORDERS BY DESTINATION	**12,107**	**100%**	**7,183**	**100%**	**69%**	**71%**

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

In Europe, Alstom reported strong a commercial orders intake at around €7.3 billion for the fiscal year 2018/19 as compared to €3.5 billion during the same period last year. The exceptional commercial performance of the region was steered by the historic order secured in France to supply 100 next-generation Avelia™ Horizon very high-speed trains to SNCF. The order was the result of collaborative work between SNCF and Alstom undertaken within the framework of the 'TGV of the Future' program. In addition, Alstom signed large contracts, amongst which the supply of metro cars to Line 15, 16 and 17 of the Grand Paris Express, as well as the supply of 32 Citadis™ Dualis tram trains for île-de-France region. In Italy, the group secured several large rolling stock and maintenance contracts, which include supply and maintenance of Coradia™ regional trains and five additional Pendolino™ high-speed trains. The group was also awarded a contract in Luxembourg to supply high-capacity double deck Coradia™ trains for their national network. In Germany, Alstom signed several breakthrough orders notably the tram order to supply 38 Citadis™ trams made of steel to the city of Frankfurt, Coradia™ iLINT regional hydrogen powered trains and Coradia™ Lint regional trains to be operated in Bavaria. Signalling was fuelled by an order in Norway to equip the national railway fleet with on-board train control solution and associated maintenance for 25 years.

In Americas, Alstom reported €2.2 billion of orders for the fiscal year 2018/19 as compared to €1.6 billion during the last fiscal year. Alstom's Canadian footprint was further strengthened by signature of a large contract with Réseau Express Métropolitain to deliver complete automatic and driverless light metro system to Montreal including rolling stock and signalling as well as operation and maintenance services for 30 years. In addition, the group signed a contract with Société de transport de Montréal for the supply of bogies and motors as well as Signalling solution systems for the 153 additional metro cars.

In Asia/Pacific, Alstom's order intake stood at €1.4 billion as compared to €1.0 billion during the same period last year. The performance was mainly driven by a major rolling stock contract in India to supply 248 metro cars for Mumbai metro line 3. In addition, the group secured a large-scale order in Taiwan to supply 19 Metropolis™ trains including Urbalis™ CBTC[1] driverless signalling solution for line 7 of Taipei. Furthermore, Alstom has been awarded in Australia, a 15-year contract for the maintenance of 22 six-car Metropolis™ train sets and Urbalis™ 400 CBTC[1] systems for Sydney. As part of this order, Alstom will use its innovative predictive maintenance tool HealthHub™.

In Middle East/Africa, orders stood at €1.2 billion for the fiscal year 2018/19, as compared to €1.1 billion in the last fiscal year. The group secured a contract in Saudi Arabia for the full maintenance of the transit system including the trains and fixed installations such as tracks, signalling, communication, passenger information systems and power supply. Also, Alstom secured an order in Morocco for the supply of 30 electric locomotives.

Alstom received the following major orders during the fiscal year 2018/19:

Country	Product	Description
Australia	Services	Maintenance of 22 six-car Metropolis™ train sets and Urbalis™ 400 CBTC[1] signalling system
Canada	Systems/Services	Supply of 212 Metropolis™ metro cars, Urbalis™ 400 CBTC[1], control centre solutions and associated maintenance for 30 years
Canada	Rolling stock	Supply of bogies and motors as well as the train control, communication, passenger information and video surveillance systems for 153 metro cars
France	Rolling stock	Supply of 100 next-generation Avelia™ Horizon very high-speed trains
France	Rolling stock	Supply of 173 metro cars to lines 15, 16 and 17 of the Grand Paris Express
France	Rolling stock	Supply of 32 additional Citadis™ Dualis tram-trains to Île-de-France region
Germany	Rolling stock	Supply of 66 Coradia™ Lint trains to be operated in Bavaria

[1] CBTC Communications-based train control

Country	Product	Description
Germany	Rolling stock/Services	Supply of Coradia™ iLINT hydrogen powered trains for the Lower Saxony region
Germany	Rolling stock	Supply of additional regional trains to Deutsche Bahn
Germany	Rolling stock	Supply of 38 Citadis™ X05 steel trams for the city of Frankfurt
Italy	Rolling Stock/Services	Supply of Coradia™ stream regional trains to Puglia, Sicilia, Lombardia and Piemonte regions and associated maintenance
Italy	Rolling Stock/Services	Supply of five additional Pendolino™ trains and associated maintenance for a period of 30 years
India	Rolling Stock	Supply of 248 metro cars for Mumbai metro line 3
Luxembourg	Rolling Stock	Supply of 34 regional high-capacity double deck Coradia™ trains
Morocco	Rolling Stock	Supply of 30 electric Prima locomotives
Norway	Signalling	Supply of on-board train control solution for Norwegian railway fleet and maintenance for the period of 25 years
Saudi Arabia	Services	Maintenance of the transit system including the trains and fixed installations
Taiwan	Systems	Supply of an integrated metro system to Taipei line 7

3. Orders backlog

On 31 March 2019, the Group backlog reached a new record high of €40.5 billion, as compared to €35.2 billion last year at the same period under the IFRS 15 standard, providing strong visibility over future sales. The backlog position improved by 13% as compared to March 18, once adjusted for adverse foreign exchange translation effects and scope impacts. The strong commercial performance during the year resulted in improved backlog position mainly in Rolling stock and Services. Strong execution of Systems contracts in Middle East/Africa resulted in an expected backlog decrease for the region. The March 2019 backlog contribution to the next three fiscal years revenue is expected to land within a €16.5B - €17.5B range.

Geographic breakdown

Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib
Europe	18,212	45%	14,453	41%
Americas	6,297	16%	5,212	15%
Asia/Pacific	5,752	14%	5,017	14%
Middle East/Africa	10,220	25%	10,557	30%
BACKLOG BY DESTINATION	**40,481**	**100%**	**35,239**	**100%**

Product breakdown

Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib
Rolling stock	20,672	51%	17,971	51%
Services	12,779	32%	10,660	30%
Systems	3,311	8%	3,355	10%
Signalling	3,719	9%	3,253	9%
BACKLOG BY DESTINATION	**40,481**	**100%**	**35,239**	**100%**

(*) *Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard. €35,274 million backlog as published in half year financial report as of 30 September 2018.*

4. Income statement

4.1 Sales

Alstom's sales for the fiscal year stood at €8.1 billion compared to €7.3 billion during the same period last year under the IFRS15 standard. This performance reflects robust growth across all geographies driven by strong project execution. The book-to-bill ratio stands at 1.5x for the current period as compared to 1.0x for the same period last year.

Geographic breakdown

Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib	**% Variation Mar. 19/ Mar. 18** Actual	Organic
Europe	4,061	51%	3,749	51%	8%	8%
Americas	1,470	18%	1,333	18%	10%	12%
Asia/Pacific	921	11%	900	12%	2%	5%
Middle East/Africa	1,620	20%	1,364	19%	19%	19%
SALES BY DESTINATION	**8,072**	**100%**	**7,346**	**100%**	**10%**	**11%**

Product breakdown					**% Variation Mar. 19/ Mar. 18**	
Actual figures *(in € million)*	**Year ended 31 March 2019**	% of contrib	**Year ended 31 March 2018(*)**	% of contrib	**Actual**	**Organic**
Rolling stock	3,448	43%	3,150	42%	9%	11%
Services	1,556	19%	1,354	19%	15%	16%
Systems	1,766	22%	1,527	21%	16%	16%
Signalling	1,302	16%	1,315	18%	(1%)	(1%)
SALES BY DESTINATION	**8,072**	**100%**	**7,346**	**100%**	**10%**	**11%**

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

In Europe, Alstom reported sales of €4.1 billion as against €3.7 billion for the fiscal year 2018/19. Sales of the region contributed to 51% of the Group total sales, up 8% on an organic basis, thanks to continued deliveries of Euroduplex™ high-speed trains for the Paris-Bordeaux line and Coradia™ trains in France. The ramp-up of large Rolling stock contracts to supply of regional and high-speed trains in Italy, as well as Coradia™ Continental regional trains to Germany and Netherlands generated sales for the period. The execution of Crossrail infrastructure track as well as the maintenance of Pendolino™ trains in United Kingdom further contributed to the region performance.

In Americas, Alstom sales stood at €1.5 billion, up 12% on an organic basis contributing to 18% of the total Group's sales compared to the same period last year. The region's sales were driven by the execution of a metro system project for Panama Line 2. In addition, rolling stock refurbishment activities, together with the ramp-up of the Amtrak high-speed train project in the USA contributed to the region's performance. Also, deliveries of light rail vehicles for Ottawa, supply of bogies for the Montreal metro in Canada and deliveries of metro cars to Lima line in Peru supported the sales of the period.

During the fiscal year 2018/19, Asia/Pacific reported sales of €0.9 billion, up 5% on an organic basis. Sales accounted for 11% of the Group total performance led by deliveries of suburban trains to Melbourne and Citadis™ X05 light rail vehicles to Sydney, Australia. In addition, execution of infrastructure contract of Dedicated Freight Corridor as well as electric locomotives in India further contributed to the region's sales.

In Middle East/Africa, Alstom's sales amounted to €1.6 billion for the fiscal year 2018/19, contributing to 20% of total sales, up 19% organically as compared to the same period last year. The region's performance was largely fuelled by the ramp-up of Systems contracts including the production of metro cars for Dubai Route 2020 metro in the United Arab Emirates and Riyadh in Saudi Arabia and delivery of Lusail tramway in Qatar. Besides, the region's sales volume was impacted by the continued execution of rolling stock contracts, including the production of X'trapolis™ trains for PRASA in South Africa, the deliveries of Coradia™ trains to Algeria, Senegal and Prima freight locos to Azerbaijan.

4.2 Research & development

During the fiscal year 2018/19, the research and development gross costs amounted to €291 million i.e. 3.6% of sales, with a focus on sustainable mainlines developments and smart mobility solutions.

(in € million)	**Year ended 31 March 2019**	**Year ended 31 March 2018(*)**
R&D Gross costs	(380)	(345)
R&D Gross costs (in % of Sales)	*4.7%*	*4.7%*
Funding received	75	58
Net R&D spending	(305)	(287)
Development costs capitalised during the period	68	90
Amortisation expense of capitalised development costs	(54)	(55)
R&D expenses (in P&L)	(291)	(252)
R&D expenses (in % of Sales)	*3.6%*	*3.4%*

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

Alstom directed some of the research and development effort on the Avelia™ range very high-speed train 'TGV' of the future. As a milestone, Alstom secured the order for the supply of 100 Avelia™ trains from SNCF in July 2018.

In addition, the group further invested in the award-winning Coradia iLint™ regional trains. These trains are hydrogen fuel cell- powered, low noise and are known for zero-emission. The approval for the commercial operation in Germany has been received in September 2018, additionally the Coradia iLint™ successfully demonstrated its operational capabilities in several regions (Länder) during a 3-week tour in Germany.

The Group further developed its Citadis™ light rail vehicle product suite, the tramway contract secured by Alstom in Frankfurt, Germany coming as a concrete confirmation of this effort.

Aptis™, the 100% electric bus with new exteriors and interior designs that reflect the future mobility reported its first commercial success with the Strasbourg Transport Company, supplying 12 Aptis™ buses.

Alstom has continued to develop urban signalling solutions with Urbalis™ 500 and Urbalis™ 400.

As a provider of mobility solutions in the digitalization era, Alstom has showcased its vision of smart mobility and sustainable transportation during various events including the Innotrans 2018 Trade Show, European Mobility Exhibition, Smart City Expo World Congress and Expo Europa 360. A few breakthrough technologies addressing the evolving mobility needs are listed below:

- **Mastria™**, the first multimodal supervision solution which maximises traffic fluidity and orchestrates passenger routes.
- **Optimet OrbanMap™,** a real-time dynamic information system provided to passengers at metro stations.
- **Iconis Security,** an integrated solution to manage security operations, passenger information and communications within the control centre, providing efficient, responsive and seamless supervision of both the onboard and wayside installations.
- **Station One™**, the first online market place and a specialised platform for buying and selling mobility related products and services. Platform has been launched officially in March 2019.

4.3 Operational performance

During the fiscal year 2018/19, the adjusted EBIT reached €570 million equivalent to a 7.1% operational margin, as compared to €397 million and 5.4% during the last fiscal year. During the period, this exceptional increase in Alstom's operational performance was steered by the revenue growth, stable product mix and efficiencies in operational performance and overhead costs.

Overhead costs have been stable while the revenue grew substantially as compared to same period last year. Selling and Administrative costs as a percentage of sales reached 7.0%, as compared to 7.8% for the same period last year. This contributed to the adjusted EBIT performance.

4.4 Net profit

Restructuring costs amounted to €(65) million driven by rationalisation initiatives notably in Germany, Brazil and in the United Kingdom. Amortisation of intangible assets and integration costs related to business combinations, such as SSL, GE Signalling and Nomad decreased to €(15) million. Besides, the transaction costs related to the Siemens-Alstom deal amounted to €(74) million during the fiscal year 2018/19. Other costs mainly reflected the net of legal proceedings and capital gains on disposal of assets linked to the dilution of TMH and the takeover of EKZ. EBIT stood at €408 million as compared to €264 million for the fiscal year 2018/19 as a result of continued strong operational performance over the year.

Net financial expenses decreased to €(88) million during the fiscal year 2018/19, as compared to €(99) million for the same period last year. This is partly linked to the decrease in the gross financial debt resulting from the repayment of €371 million bonds that matured during the year. A €6 million restatement has been recorded as a significant financial component to account for the timing difference of cash receipts and revenue recognition under the cost-to-cost method.

The Group recorded an income tax charge of €(70) million for fiscal year 2018/19, corresponding to an effective tax rate of 22%.

The share in net income from equity investments amounted to €195 million, mainly related to the re-evaluation of the Energy Joint Ventures put options over the period. Improved performance from Transmashholding (TMH) and Casco Signal Limited also contributed to the net income from equity investments over the period.

The Net profit from discontinued operations stood at €248 million including the reassessment of liabilities related to the disposal of activities.

As a result, the Net profit (Group share) stood at €681 million for the fiscal year 2018/19 compared to €365 million during the same period last fiscal year.

5. Free cash flow

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018
EBIT	**408**	**264**
Depreciation and amortisation	194	168
Restructuring variation	15	10
Capital expenditure	(207)	(203)
R&D capitalisation	(68)	(90)
Change in working capital	(12)	91
Financial cash-out	(90)	(66)
Tax cash-out	(105)	(93)
Other	18	47
FREE CASH FLOW	**153**	**128**

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

This year, the Group free cash flow was positive at €153 million compared to €128 million during the last fiscal year. Cash generation was positive notably due to progress payments received for the deliveries of projects and the first results of the 2nd phase of cash focus program, notably trade receivable reduction. Working capital resources remained overall stable as resources used in the ramp-up of major projects signed in previous years were mostly compensated by a sound level of progress payments collected. Last year, working capital included large advance payments associated with main orders signed, while some other major projects were still in design and engineering phases. Year-on-year financial cash outflow increased driven by the timing of maturing derivatives.

During the period, Alstom invested €207 million in capital expenditures of tangible assets, of which €110 million in strategic capital expenditure on major project sites: Madhepura factory in India, Hornell plant for Amtrak project in the USA and Prasa production facilities in South Africa. These strategic projects represent an additional €300 million capital expenditure over the course of roughly three years. As at 31 March 2019, Alstom had invested €269 million in transformation capital expenditure since the beginning of these projects, €110 million of which was spent during the fiscal year 2018/19. In addition to the €110 million strategic capital expenditure, Alstom has continued to invest in facilities, tools and plants around the world to meet the needs of capacity developments, for a total spend of €97 million during this fiscal year.

6. Net Cash (Debt)

On 31 March 2019, the Group recorded a net cash level of €2,325 million, compared to the net debt position of €255 million on 31 March 2018. Alstom's net debt turned into net cash over the period, mainly due to the €2,594 million proceeds from the sale of Energy Joint Ventures to General Electric. Free cash flow generated by operations was offset by €84 million dividends paid to shareholders and non-controlling interests, and by €114m of business acquisitions. Group's acquisitions and disposals in the period include the Alstom stake increase in the TMH Limited investment for €115 million.

In addition to its available cash and cash equivalents, amounting to €3,432 million as of 31 March 2019, the Group can draw from €400 million revolving credit facility, maturing in June 2022 which is fully undrawn at March 2019. This resulted into a liquidity position as of March 2019 of €3,832 million.

7. Equity

The Group Equity on 31 March 2019 rose to €4,159 million (including non-controlling interests) from €3,430 million on 31 March 2018. This increase can be broken down as follows:

- net profit for the fiscal year 2018/19 of €681 million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €(49) million net of tax;
- dividends paid to Alstom shareholders for €(78) million;
- share-based payments for €39 million;
- fair value adjustment of Locotech investment in Transmashholding €53 million;
- currency translation reserve applied linked to Transmashholding dilution and EKZ takeover €53 million
- currency translation adjustment of €36 million.

8. Non-GAAP financial indicators definitions

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

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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 through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

8.2 Order backlog

Order backlog represents the amount of sales that are yet to be 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 IFRS15 quantitative and qualitative disclosures requirement.

8.3 Book-to-bill ratio

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

8.4 Adjusted EBIT

When Alstom's new organisation was implemented, 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.

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;
- and any other non-recurring items, such as some costs incurred to realize business combinations and amortisation of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT in percentage of sales.

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

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018(*)
Adjusted Earnings Before Interest and Taxes (aEBIT)	**570**	**397**
aEBIT (in % of Sales)	*7.1%*	*5.4%*
Restructuring costs	(65)	(47)
PPA amortisation and Integration costs	(15)	(25)
Siemens deal costs	(74)	(39)
Others and asset impairement	(8)	(22)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**408**	**264**

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

8.5 Free cash flow

Free cash flow is defined as net cash provided by operating activities, less capital expenditures including capitalised development costs, the capital expenditures being shown as net of proceeds from disposals of tangible and intangible assets. Free cash flow does not include any proceeds from disposals of activity.

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

A reconciliation of free cash flow and net cash provided by operating activities is presented below:

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018(*)
Net cash provided by / (used in) operating activities	**425**	**418**
Capital expenditure (including capitalised R&D costs)	(275)	(293)
Proceeds from disposals of tangible and intangible assets	3	3
FREE CASH FLOW	**153**	**128**

(*) Previous year figures have been restated in accordance with the IFRS 9 and IFRS 15 standard

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication: The Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

During the fiscal year 2018/19, the Group free cash flow was positive at €153 million compared to €128 million during 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 2019, capital employed stood at €2,088 million, compared to €1,487 million at the end of March 2018. This movement was mainly driven by the reassessment of liabilities related to the disposal of discontinued activities, positive net income from equity investments along with the remeasurement of Locotech and TMH dilution profit overt the period. The strategic capital expenditure over the fiscal year also increased the capital employed.

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018*
Non current assets	4,313	3,865
less deferred tax assets	(299)	(305)
less non-current assets directly associated to financial debt	(201)	(213)
less prepaid pension benefits	-	-
Capital employed - non current assets **(A)**	3,813	3,347
Current assets	9,090	6,991
less cash & cash equivalents	(3,432)	(1,231)
less other current financial assets	(10)	(8)
Capital employed - current assets **(B)**	5,648	5,752
Current liabilities	8,059	7,625
less current financial debt	(1,032)	(543)
plus non current provisions	346	530
Capital employed - liabilities **(C)**	7,373	7,612
CAPITAL EMPLOYED (A)+(B)-(C)	**2,088**	**1,487**

* Energy alliances and put options re-classed to assets held for sale as at March 2018

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 current and non-current financial debt.

On 31 March 2019, the Group recorded a net cash level of €2,325 million, compared to the net debt position of €(255) million on 31 March 2018.

(in € million)	Year ended 31 March 2019	Year ended 31 March 2018
Cash and cash equivalents	3,432	1,231
Other current financial assets	10	8
Financial non-current assets directly associated to financial debt	201	213
less:		
Current financial debt	1,032	543
Non current financial debt	286	1,164
NET CASH/(DEBT) AT THE END OF THE PERIOD	**2,325**	**(255)**

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 indicators are not performance measurement aggregates defined by the IFRS.