MANAGEMENT REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR 2013/14

1. Main events of fiscal year 2013/14

1.1. Organic growth of sales and resilient operating margin

During fiscal year 2013/14, Alstom's order intake decreased by 6% on an organic basis at €21.5 billion. Thermal Power's orders went down by 2% on an organic basis, at €9.0 billion. Despite tough market conditions, the Sector booked 11 gas turbines in Iraq, Germany and Chile as well as several service contracts for gas-fired power plants in the United States of America and in the United Kingdom. In the Steam business, major contracts were awarded in Poland, Saudi Arabia and India. Renewable Power achieved a strong commercial performance, as the Sector's orders received rose by 40% on a comparable basis at €2.6 billion, with large orders of wind turbines for Brazil and Mexico and a rebound of Hydro bookings with orders in India, Brazil, Albania and Canada. Grid recorded €3.5 billion of orders, 26% below last year on an organic basis, when two large High Voltage Direct Current (HVDC) contracts had been awarded in Germany and in India. With a major contract in Saudi Arabia for three metro lines and several other important orders booked in France and in Canada, Transport's order intake reached €6.4 billion, a sustained level although in decrease of 9% on an organic basis compared to last year. The Sector had commercial successes in emerging countries with several contracts signed in Brazil, Chile and Argentina.

The depreciation of the currencies of some emerging countries against euro, mainly the Brazilian Real, the South African Rand and the Indian Rupee, impacted the backlog negatively by €2.3 billion compared to the backlog on 31 March 2013. As a result, Alstom's backlog slightly came down from €52.9 billion last year to €51.5 billion, which represents 30 months of sales.

On an organic basis, consolidated sales increased by 4% at €20.3 billion. Transport growth (+9%) was supported by its strong backlog. Renewable Power recorded a solid growth of its sales (+9%) thanks to orders received during the year as well as Grid (+6%) including the HVDC contracts under execution. Sales in Thermal Power remained stable on a comparable basis.

The income from operations reached €1,424 million, compared to €1,463 million in fiscal year 2012/13, with an operating margin of 7.0% for fiscal year 2013/14 versus 7.2% last fiscal year.

With higher financial expenses, increased restructuring charges and some specific impairment charges and provisions, the Net profit (Group share) reached €556 million in fiscal year 2013/14, compared to €768[1] million last year.

[1] Figures have been adjusted following the application of IAS19 revised

The Group free cash flow was negative at €(171) million compared to a positive free cash flow of €408 million during fiscal year 2012/13. After a negative free cash flow of €(511) million in the first semester, the Group generated a positive free cash flow of €340 million in the second half of the fiscal year.

In July 2013, Alstom issued a new bond for an amount of €500 million under its Euro Medium Term Note Programme listed in Luxembourg. It bears an annual coupon of 3% and will mature in July 2019.

The negative free cash flow, the payment of the dividend for €268 million and a net cash outflow of €88 million resulting from acquisitions and disposals were the main drivers underlying the increase of the Group's net financial debt at €3,019 million on 31 March 2014 compared to €2,342 million on 31 March 2013.

At the end of March 2014, Alstom had a cash and cash equivalent position of €2,320 million, as well as an undrawn available credit line of €1,350 million.

1.2. Support to the Group's development

1.2.1. Research & Development

During fiscal year 2013/14, the Group spent €815 million in research and development in order to foster innovation in high-growth markets and to renew and extend its existing range of products. Last fiscal year, expenses amounted to €794 million.

Thermal Power

Thermal Power continued its programme for the upgrades and development of its gas turbines including the extension of the existing test facility in Cologne, Germany. New functionalities developed are aimed at further increasing its capability for combustor testing to reduce significantly exhaust gas emissions from advanced gas turbines.
The Sector also launched its Advanced Circulating Fluidised Bed boiler which provides the fuel range flexibility of the CFB at the larger output of up to 660MW and reduced operating costs through increased efficiency and reduced CO2 footprint.

Renewable Power

In December 2013, Renewable Power completed the installation of the HALIADE™ 150-6 MW, its new-generation offshore wind turbine at the Belwind site in Belgium. This is now the largest offshore wind turbine ever installed in sea waters. A few months before, the prototype commissioned at Le Carnet site in France had successfully obtained the International Electrotechnical Commission (IEC) power performance measurement, confirming its technical specifications. The extension of the wind onshore range of products was also a focus with the prototype of the latest ECO 122-2.7 MW successfully installed in the Netherlands. This wind

turbine, tailored for Class III lower wind conditions, will broaden the range of solutions which now addresses all classes of winds based on three dimensions of blades, fixed on a common ECO 100 platform.
Renewable Power also continued the improvement of its tidal turbine. The full-scale tidal device installed in Scotland in January 2013 has injected over 100 MWh of electricity into the grid. This important milestone reached will reinforce the customers' confidence in the endurance of the machine and in its reliability.

Grid

Grid kept on focusing its R&D investments in the fields of Super Grid and Smart Grid through further development of High Voltage Direct Current (HVDC) and digital substation technologies.

Grid has successfully completed tests on its high-voltage DC circuit-breaker prototype. The latest series of tests consisted of reproducing real operational constraints of a high-voltage DC transmission grid. These tests mark the final stages of work headed by RTE[1] for the operation and protection of DC grids in Europe's TWENTIES research project, co-funded by the European Commission's FP7 programme. This work contributes to the development and implementation of new technologies, facilitating the integration of renewable energy into Europe's electric power grid.

Smart Grids are today leading to the emergence of a new concept in sustainable urban environments known as "Smart Cities". The Nice Grid initiative in France is Europe's first smart solar district demonstration project. Partnered by Alstom, it prefigures this new urban model. To ensure a stable and reliable power supply, Smart Grid technologies are used as a means of interconnecting resources and optimising the performance of their networks.

Grid has launched MaxSine™ eStorage, a battery energy storage solution (BESS) that will enable energy storage along the grid. This solution will increase energy efficiency and balance energy flow in real-time, based on consumer demand. MaxSine™ eStorage addresses the instabilities on the electrical grid created by intermittent sources of renewable energy, such as wind and solar.

The inauguration of Alstom Smart Grid Centre in Dubai is a cornerstone of the Group's commitment to the development of the Smart Grid in the United Arab Emirates and in the Middle East region. As Smart Grid technologies are integrated into existing infrastructure, customers in the region will benefit from the centre's close links to Alstom's state-of-the-art Smart Grid Centres in France and USA, using tools and processes with the latest technologies, and ongoing support from Alstom experts worldwide - in real-time.

[1] RTE : "Réseau de Transport d'Electricité", French electricity transmission system operator

Transport

In May 2013, Transport presented two major innovations:

- Axonis™, a fully integrated metro system available in a record time at an optimised cost and able to carry up to 45,000 passengers per hour and per direction. This solution was perfectly designed for fast-growing and densely populated cities.
- Urbalis™ Fluence, the first signalling solution to be vehicle-centric. Enabling shorter headways between trains, the system, available for metro lines, metro-trams and automated light transit systems increases transport capacity and decreases network saturation.

Transport also focused on the development of reversible substations for metro and suburban train lines. Already existing for tram systems, HESOP™ will enable optimisation of energy consumption from the power grid and recovery of the energy generated under braking.
In November 2013, the Sector unveiled its first CITADIS™ Compact tramway on its manufacturing site at La Rochelle in France. This first order is booked with the Aubagne municipality, near Marseille.
In September 2013, Transport and its Russian partner Transmashholding (TMH) presented their new generation of freight locomotives, the 2ES5 for the Russian market and the KZ8A intended to Kazakhstan and produced at the Electrovoz Kurastyru Zauyty (EKZ) manufacturing site, a joint venture between Kazakh Railways (KTZ), Alstom and TMH. Designed to run in extreme weather conditions, these locomotives are among the most powerful locomotives in the world. The two partners also signed an agreement for the development of the first Russian dual-voltage freight locomotive called 2ES20. This new high performing locomotive will enhance freight operations in the country.
Finally, in March 2014, the CORADIA™ Regiolis trains received the homologation for commercial service. Transport signed in October 2009 a frame contract of 1,000 units with SNCF and French regions (of which 216 are firm).

1.2.2. Investments

During fiscal year 2013/14, Alstom had a €565 million capital expenditure (excluding capitalised development costs) to strengthen its presence in growing markets and modernise its existing production facilities across the world.

Thermal Power inaugurated in Saudi Arabia its Rabigh Thermal Services workshop. This new facility will be able to offer a faster and more flexible repair service for structural parts of gas turbines. The Sector also planned to further extend the range of services to other components and to infrastructure work.
In Vietnam, Thermal Services proceeded with the investment in its Phu My site to complement its blade reconditioning footprint.
In India, the Sanand manufacturing facility is under construction and is progressing as per plan; it should be completed by December 2014. Sanand plant will assemble steam turbines and generator modules for the Indian market.

Renewable Power made large investments in new technologies and in geographical markets currently experiencing strong growth such as Brazil (Hydro and Wind) and China (Hydro). Two thirds of the capital expenditure was related to the Wind business.
In Brazil, Renewable Power inaugurated in August 2013 its first wind tower factory in Latin America. This new site located in Canoas will complement the existing Bahia facility which is already producing wind nacelles. With a production capacity of 120 steel towers per year (representing approximately a capacity of 350 MW) this factory aims at supplying the growing wind market of Latin America, particularly in the South of Brazil.
In China, Alstom relocated and inaugurated a brand-new production site in Tianjin. This facility is now Alstom's largest hydropower industrial site. The site also hosts a Hydro Global Technology Centre (GTC) and will be able to deliver up to 26 turbine and generator units of up to 1,000 MW each per year.

Grid adapted its capacity in India for the HVDC market to consolidate its leading position in the 800kV network Indian market. Grid also reinforced its HVDC platform in the United Kingdom where the Sector has established its worldwide HVDC Competence Centre. The start of the VSC modules and sub-modules production lines also strengthened Grid "Know-How" and capacity on High Voltage segment.

During fiscal year 2013/14, Transport made several large investments in order to strengthen its activities in growing markets while modernizing its existing facilities in developed countries.
Firstly, the Sector increased its presence in Russia with a new production site built in collaboration with its Russian partner Transmashholding (TMH). This new facility located in Novocherkassk, near Rostov, will be dedicated to asynchronous traction drives for electric locomotives jointly developed and manufactured by Alstom and TMH such as the EP20, the 2ES5 and the KZ8A.
In January 2014, Transport announced the installation of its first tramway manufacturing line in South America. The new site, located on Alstom's existing hydro facility in Brazil, will address the booming Brazilian and Latin American tramway markets, starting with the 32 CITADIS™ tramways ordered for the Rio de Janeiro city.
In Canada, Transport started its new bogie manufacturing plant located in Sorel-Tracy. This facility will assemble more than 900 bogies for the supply of new metro cars.
In France, the Sector opened a new delivery centre for very high-speed Euroduplex trains on its Belfort site. The new plant is equipped with a 200 metres long inspection pit, which enables the commissioning engineers to work beneath the train, to inspect the running gear and brakes and to carry out roof operations on the whole length of the train.

1.2.3. Acquisitions, disposals and partnerships

During fiscal year 2013/14, Alstom developed its position in fast growing markets and expanded its network with focused acquisitions and partnerships, and announced in November 2013 the implementation of an asset disposal programme.

Thermal Power

Thermal Power strengthened its position in emerging markets through several partnerships.
In China, the Sector signed a long term agreement with Harbin Turbine Corporation (HTC) to license its GT13™E2 gas turbine for manufacture, assembly and sales in China. The two partners will establish a service joint venture to address the aftermarket needs of Chinese customers for these machines. Thermal Power also signed a cooperation agreement with China's Dongfang Electric (DEC) for the supply of turbine and generator packages for future Chinese AP 1000 nuclear projects.
To reinforce its presence in the Middle East, the Sector set up a joint venture with Arabian Bemco in order to build a manufacturing facility in Saudi Arabia dedicated to power generation components, primarily heat recovery steam generators (HRSGs). This new world-class manufacturing facility will complement the thermal services workshop inaugurated this year in Rabigh.
Finally, on 1 April 2014, Alstom agreed to sell its auxiliary components business, part of the Steam segment, for an Enterprise Value of around €730 million. The sale of this non-core asset is part of the disposal programme announced by Alstom in November 2013. The transaction is expected to close before the end of first half of fiscal year 2014/15, and is not affected by the post-closing events (see below – Post-closing events).

Renewable Power

In the Hydropower business, the Sector signed an agreement with the Japanese company Daido Metal for the supply of advanced coatings for the bearing pads used in hydroelectric plants.
In July, the Hydro business completed the sale of its ring motors activities in order to focus on core activities.
Concerning the Wind business, Renewable Power strengthened further its alliance with EDF-EN and WPD Offshore through the signing of a partnership agreement with the view to address the French government's second call for tender for the supply of wind turbines. In order to strengthen its offshore wind offer, Renewable Power signed an agreement with STX France for the supply of transition parts used to affix the wind turbine to its foundations and especially designed to meet the technical requirements of the HALIADE™ 150. The Sector also announced a global partnership with Freyssinet in order to provide higher concrete towers for its ECO 122 wind turbine, designed to serve less windy sites.
As for the New Energies business, an agreement was signed with Soitec in order to jointly bid in a call for tender issued by the French Energy Regulation Commission for the delivery of concentrated photovoltaic power plants. Finally, the Sector announced its cooperation with GDF Suez and Ports Normands Associés (PNA) to perform various engineering studies and equip the Raz Blanchard tidal power pilot farm launched in France in October 2013.

Grid

In order to strengthen its activities in emerging markets, Grid acquired two Brazilian companies. The first one, Engeman Serviços e Manutenção is a specialist in medium and high voltage electrical devices and a regional reference in field service delivery whereas Brazilian Reason

Tecnologia S.A, provider of measurement and substation automation products for transmission and distribution customers, will allow the Sector to expand its digital substation offering.
Grid also signed a Long Term Strategic Partnership Agreement with Eaton Corporation to leverage opportunities for industrial and distribution utilities projects or turnkey solutions involving high, medium and low voltage with a specific focus on Americas, Middle-East and Africa.
Finally, the Sector set up two Joint-Ventures, one with Soyuz Holding (Russia) to locally manufacture high voltage switchgears, and another with KEPCO in order to get a privileged access to the Korean HVDC market.

Transport

During fiscal year 2013/14, Transport entered into partnerships for the development and the adaptation of its CITADIS™ tramways to new markets. In June 2013, Transport signed two agreements, the first one with Japan Transport Engineering Company (J-TREC) in order to jointly assess the opportunities to modernise and develop the tramway network in Japan. The second agreement was signed by TramRus, a Transport's Russian joint-venture, with City Transport Group, a subsidiary of Ukrainian bus manufacturer LAZ Group in order to produce modern high speed tramways for the Ukrainian market, based on a winterised version of the CITADIS™.
In December 2013, Transport formed a joint venture with Babcock and Costain (ABC Electrification) to enhance its position in the railway infrastructure market in the United Kingdom. In February 2014, ABC was appointed by Network Rail as one of four suppliers to deliver a major electrification programme. The joint venture has been awarded two out of the six areas within the programme.
The Group announced in November 2013 that it was considering the sale of a minority stake in Alstom Transport. This process has been put on hold in view of the post-closing events (see below- Post-closing events).

1.3. Corporate Responsibility

1.3.1. Corporate Social Responsibility (CSR) initiatives

In December 2013, Alstom published a document defining clearly its CSR policy. This document, endorsed by the CEO and widely communicated internally, is giving the frame of CSR actions inside the Group.

Over fiscal year 2013/14, the Country CSR action plans have been developed up to cover more than 15 large countries[1] enabling to structure all actions in favour of local communities, often with the support of volunteers among Alstom employees.

[1] with more than 1,000 employees

Alstom has also supported communication on CSR with the completion of ten educational short films on sustainable development topics for external and internal audiences, as well as a monthly newsletter widely communicated internally.

1.3.2. Environment, Health and Safety (EHS)

In 2013/14, Alstom succeeded in targeting as planned the objective to reduce the environmental footprint of its operations. Energy and water consumption were in line with the targets, as all other objectives with the exception of SF_6 emission. In addition, 100% of Alstom manufacturing sites over 200 employees are now certified ISO 14001.

About occupational safety, the Alstom Zero Deviation Plan (AZDP) remains the "keystone" of Alstom actions throughout all Sectors and countries. This programme targets high-risk activities and the protection of employees and contractors worldwide from the possible risks of working in an Alstom workshop, factory, test facility and/or construction site. During the year, two new directives were added to cover two additional high-risk activities. A new audit campaign covered 169 sites with a significant improvement on compliance with Alstom Safety Directives. As a consequence, the number of accidents has drastically reduced: the injury frequency rate[1] has decreased from 1.4 to 1.2 in 12 months, in line with the objective of reaching 1.0 at the end of fiscal year 2015/16.

1.4. Dedicated to Excellence

Alstom decided to launch in November 2013 a Group-wide cost competitiveness plan called Dedicated to Excellence or "d2e" to reinforce its competitive position and address pricing pressure in some markets. This plan targets a €1.5 billion cost reduction in April 2016 versus the 2012/13 cost base. The performance plan focuses on four main costs categories: direct sourcing, manufacturing efficiency, industrial footprint and non-production overhead costs.

At the end fiscal year 2013/14, approximately one-third of the overall cost reduction objective has been completed through the implementation of specific action plans in all Sectors and the promotion of best-practice sharing within the Group. The Group intends to enhance its plan and raise its April 2016 cost savings target through a number of actions, notably additional restructuring plans in Thermal Power.

[1] Number of accidents with time lost to injury per million hours worked.

2. General comments on activity and results

2.1. Consolidated key financial figures

The following table sets out the Group's key performance indicators for 2013/14.

in € million	Year ended 31 March 2014	Year ended 31 March 2013 (1)	% Variation Mar. 14 / Mar. 13 Actual	% Variation Mar. 14 / Mar. 13 Organic
Order Backlog	51,458	52,875	(3%)	2%
Orders Received	21,498	23,770	(10%)	(6%)
Sales	20,269	20,269	0%	4%
Income from operations	1,424	1,463	(3%)	1%
Operating Margin	*7.0%*	*7.2%*		
EBIT	1,008	1,189	(15%)	
Net Profit - Group share	556	768	(28%)	
Free Cash Flow	(171)	408		
Capital Employed	8,161	7,651		
Net Cash/(Debt)	(3,019)	(2,342)		
Headcount	93,002	92,906	0%	

(1) Figures have been adjusted following the application of IAS19 revised

2.2. Key geographical figures

Total Group Actual figures, in € million (except for Headcount)	Year ended 31 March 2014 Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	Total
Orders Received	5,341	2,455	3,238	2,749	3,196	4,519	**21,498**
% of contrib	*25%*	*11%*	*15%*	*13%*	*15%*	*21%*	*100%*
Sales	6,603	2,178	2,417	1,524	4,281	3,266	**20,269**
% of contrib	*32%*	*11%*	*12%*	*8%*	*21%*	*16%*	*100%*
Headcount	46,182	7,988	10,732	6,100	18,790	3,210	**93,002**
% of contrib	*50%*	*9%*	*12%*	*6%*	*20%*	*3%*	*100%*

Total Group Actual figures, in € million (except for Headcount)	Year ended 31 March 2013 Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	Total
Orders Received	8,512	973	3,271	2,550	4,474	3,990	**23,770**
% of contrib	*36%*	*4%*	*14%*	*10%*	*19%*	*17%*	*100%*
Sales	6,571	1,953	2,583	1,561	4,478	3,123	**20,269**
% of contrib	*32%*	*10%*	*13%*	*8%*	*22%*	*15%*	*100%*
Headcount	46,264	7,987	10,180	5,789	19,569	3,117	**92,906**
% of contrib	*50%*	*9%*	*11%*	*6%*	*21%*	*3%*	*100%*

3. *Outlook*

Alstom has been affected by lower orders for new build in Thermal Power due to persisting difficult market conditions. Visibility remains low and the timing of the economic recovery uncertain. In January 2014, the Group had indicated that this environment would continue to weigh on its operating performance in 2014/15 and that it anticipated a slight decline of its operating margin. In view of the post-closing events mentioned below which are likely to impact its operations, the Group is not able to confirm these forecasts.

4. *Post-closing events*

On April 30th, 2014, the Board of Directors of Alstom announced that it received a binding offer from General Electric (GE) to acquire its Energy activities. The scope of the transaction includes the Thermal Power, Renewable Power and Grid Sectors, as well as corporate and shared services. These businesses registered €14.4 billion in sales in fiscal year 2013/14. The proposed price is a fixed price representing an Equity Value of €12.35 billion and an Enterprise Value of €11.4 billion.

Should this offer be approved and completed, Alstom would refocus on its Transport activities. Alstom should use the sale proceeds to strengthen its Transport business, pay down its debt and return cash to its shareholders.

The Board of Directors acknowledging unanimously the strategic and industrial merits of this offer, will take a month to review this offer. It has set up to this aim a committee of independent directors led by Jean-Martin Folz, and comprised of Messrs Gérard Hauser, James W. Leng, Chairman of the nominations and remuneration committee, and Alan Thomson, Chairman of the Audit committee. This Committee appointed a financial expert and a legal advisor. Should the Board conclude positively, the information and consultation of Alstom employees' representatives bodies will be conducted before entering into a definitive agreement. Completion of the transaction would be subject to merger control and other regulatory clearances. In accordance with AFEP-MEDEF code, the final approval of the transaction will be submitted to the shareholders. Bouygues, a 29% shareholder of Alstom, has committed not to sell its shares until this approval and has indicated that it will support the recommendation of the Alstom Board of Directors.

In the context of this binding offer, Alstom may not solicit offers from third parties for the acquisition of all or part of its Energy business. It has however reserved the right to consider unsolicited offers for its entire Energy business that could lead to a superior offer for Alstom. If, after having recommended the GE's offer, the Board of Directors were to support another transaction, Alstom would owe GE a break-up fee equal to 1.5% of the purchase price.

The Board also review a declaration of interest received from Siemens, regarding an alternative transaction.

5. Sector analysis

5.1. Thermal Power

Thermal Power covers new power plants and equipment, retrofit, automation & control and service activities globally for gas, steam and nuclear power generation applications.

The following table presents the key performance indicators for Thermal Power:

Thermal Power **Actual figures** **(in € million)**	**Year ended** **31 March 2014**	**Year ended** **31 March 2013**	% Variation March 14 / March 13 Actual	 Organic
Order backlog	17,904	19,151	(7%)	(2%)
Orders received	9,017	9,574	(6%)	(2%)
Sales	8,787	9,179	(4%)	0%
Income from operations	930	959	(3%)	0%
Operating margin	10.6%	10.4%		
EBIT (1)	854	917	(7%)	
Capital employed	2,774	2,264		

(1) Figures have been adjusted following the application of IAS19 revised

5.1.1. Orders received

During fiscal year 2013/14, Thermal Power recorded €9,017 million of orders received, a decrease of 2% versus last year on a comparable basis. The Gas business sold 11 gas turbines in fiscal year 2013/14: four GT26™ and four GT13™E2 gas turbines were awarded in Iraq, two GT13™E2 were booked in Chile, and a turnkey contract was signed in Germany for the construction of a combined-cycle heat and power plant equipped with a GT26™ gas turbine. Increasing the proximity with its customers and strengthening its product portfolio, Thermal Services delivered another solid commercial performance. Main contracts included several long-term service agreements as well as upgrading packages in the United States of America, the United Kingdom, South Africa and Mexico. In the Steam business, Thermal Power booked a major contract for the supply of two units to a new ultra-supercritical coal-fired power plant in Poland, including two boilers and two steam turbines. The Sector was also awarded with two other large contracts for the supply of four steam turbines and generators with air quality control equipment in Saudi Arabia, two steam turbines for a coal power plant in China, as well as several contracts to supply nine supercritical boilers for coal power plants located in India. Nuclear business mainly supplied steam turbines and generators for a Chinese nuclear power plant.

Thermal Power					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 14 / March 13*	
Actual figures, in € million	**31 March 14**	contrib	**31 March 13**	contrib	*Actual*	*Org.*
Western Europe	1,925	21%	1,758	18%	*9%*	*11%*
Eastern Europe	1,787	20%	483	5%	*270%*	*283%*
North America	1,886	21%	2,179	23%	*(13%)*	*(9%)*
South and Central America	232	3%	106	1%	*119%*	*139%*
Asia/Pacific	1,461	16%	2,361	25%	*(38%)*	*(34%)*
Middle East/Africa	1,726	19%	2,687	28%	*(36%)*	*(35%)*
Orders by destination	**9,017**	**100%**	**9,574**	**100%**	***(6%)***	***(2%)***

In Western Europe, Thermal booked €1,925 million of orders including a major contract for the turnkey construction of a 450 MW combined-cycle heat and power plant equipped with a gas turbine GT26™ in Germany and the operation and maintenance of nine GT26™ gas turbines in the United Kingdom. With 21% of total orders received by Thermal Power, the region was the first commercial region of the Sector.

In Eastern Europe, order intake jumped from €483 million last year to €1,787 million in fiscal year 2013/14, thanks notably to a major contract signed in Poland for the construction of two 900 MW blocks at the Opole ultra-supercritical coal-fired power plant. The region represented this year 20% of total orders received by the Sector.

In North America, Thermal Power's orders received amounted to €1,886 million, decreasing by 9% compared to last year on a comparable basis. Major contracts belonged to Thermal Services with the renewal of several long-term service contracts for 16 gas turbines GT24™ in the United States of America and the operation and maintenance of GT24™ and GT11™ gas turbines in Mexico and Canada. For new build, the Steam business booked a contract for the supply of two 170 MW CFB Boilers in Mexico, and the Gas business signed a contract for the supply of a steam tail package for a combined cycle plant in the United States of America.

Thermal Power's orders received reached €232 million in fiscal year 2013/14 in South and Central America, mainly driven by a contract for the supply of two GT13™E2 gas turbines for a combined-cycle power plant located in Chile and several Thermal Services orders.

In Asia/Pacific, Thermal Power recorded orders worth €1,461 million, significantly down compared to last year when the Sector booked the supply of components and services for five 660 MW supercritical boilers and two turbo-generator packages for nuclear plants in consortium with BHEL, a gas-fired combined-cycle power plant in Thailand and several contracts for five GT13™E2 gas turbines in China. This year again, several large contracts were booked in India to supply supercritical boilers dedicated to coal power plants across the country. The Sector also signed two contracts for the supply of steam turbines and generators for an AP1000 nuclear reactor power plant and a 2,000 MW coal power plant, both located in China.

Orders received in Middle East/Africa reached €1,726 million, down 35% compared to last year when the Sector booked two major contracts, one for a turnkey combined-cycle power plant and the associated service contract in Israel and the other for the supply of supercritical boilers, steam turbines and generators in Saudi Arabia. During fiscal year 2013/14, main contracts included two contracts for the supply and operation of four GT26™ and four GT13™E2 gas turbines in Iraq, an order for the delivery of four steam turbine generator sets and equipment in Saudi Arabia, the supply of the MXL2 upgrade package for a Gas Combined Cycle Power Plant located in the United Arab Emirates and the spare parts for a fleet of coal-fired power plants in South Africa.

Thermal Power Sector received the following major orders during 2013/14:

Country	**Description**
Germany	Turnkey combined-cycle heat and power plant with 1 GT26™ turbine
India	Supply 2 x 500 MW supercritical boilers for a coal-fired power plant
Iraq	Supply and operation of 4 GT26™ turbines
Iraq	Supply and operation of 4 GT13™E2 turbines
Poland	Supply 2 x 900 MW blocks to a ultra-supercritical (USC) coal-fired power plant
Saudi Arabia	Supply of 4 x 720 MW steam turbine generator sets
South Africa	Spare parts for a coal-fired power plant
United Kingdom	Operation and maintenance of nine GT26™ turbines
United States of America	Long term service contracts for four gas-fired power plants with 14 GT24™ turbines and one emission control project.

5.1.2. Sales

During fiscal year 2013/14, sales reached €8,787 million, stable on an organic basis compared to last year, as the decrease of sales coming from Europe was partially offset by a good performance in Middle East/Africa.

Thermal Power					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 14 / March 13*	
Actual figures, in € million	**31 March 14**	contrib	**31 March 13**	contrib	*Actual*	*Org.*
Western Europe	1,876	21%	2,114	23%	*(11%)*	*(11%)*
Eastern Europe	1,015	12%	1,180	13%	*(14%)*	*(13%)*
North America	1,429	16%	1,467	16%	*(3%)*	*2%*
South and Central America	174	2%	179	2%	*(3%)*	*2%*
Asia/Pacific	2,402	27%	2,444	27%	*(2%)*	*3%*
Middle East/Africa	1,891	22%	1,795	19%	*5%*	*15%*
Sales by destination	**8,787**	**100%**	**9,179**	**100%**	***(4%)***	***0%***

Despite the trading of a major contract for a gas-fired power station and several service contracts in the United-Kingdom, sales in Western Europe decreased by 11% during fiscal year 2013/14, at €1,876 million. The completion of several important contracts in France and in the United Kingdom was partly offset by the ramp-up of large turnkey projects.

In Eastern Europe, Thermal Power sales reached €1,015 million, decreasing by 13% compared to 2012/13 on an organic basis. Main orders traded during the period included a steam power plant in Slovenia, equipment for a fossil fuel power plant in Estonia and service contracts in Russia.

Sales in North America increased by 2% on a comparable basis to reach €1,429 million. The main contracts traded were a steam project and three Heat Recovery Steam Generators (HRSGs) sold in the United States of America.

In South and Central America, Thermal Power sales amounted to €174 million in fiscal year 2013/14, stable compared to €179 million last year.

In Asia/Pacific, sales reached €2,402 million in 2013/14, up 3% versus the previous year on a comparable basis, representing 27% of the Sector's total sales. The region still benefited from the execution of contracts booked two years ago, notably coal-fired power plants in Malaysia, and of several contracts booked last year in India.

In Middle East/Africa, sales increased by 15% compared to last year on a comparable basis, reaching €1,891 million. Thanks to large contracts won last year in Israel and in Saudi Arabia, the region accounted this year for 22% of Thermal Power's sales.

5.1.3. Income from operations and operating margin

Thermal Power's income from operations reached €930 million compared to €959 million last year. The good project execution as well as the impact of the cost reduction programme enabled the Sector to post a sound level of operating margin of 10.6%, slightly up versus 10.4% last year.

5.2. Renewable Power

Renewable Power covers Hydro, Wind and New Energies businesses.

The following table presents the key performance indicators for Renewable Power:

Renewable Power **Actual figures** **(in € million)**	**Year ended** **31 March 2014**	**Year ended** **31 March 2013**	% Variation March 14 / March 13 Actual	 Organic
Order backlog	4,919	4,569	8%	22%
Orders received	2,565	2,029	26%	40%
Sales	1,829	1,803	1%	9%
Income from operations	82	88	(7%)	12%
Operating margin	4.5%	4.9%		
EBIT	2	(10)	N/A	
Capital employed	1,445	1,200		

5.2.1. Orders received

Orders received increased by 40% on an organic basis, at €2,565 million compared to €2,029 million last year. The increase was driven by several large orders in the Wind business for the delivery of wind turbines to Brazil and in new markets, such as Korea, Mexico and the Netherlands. The total number of Wind turbines sold has exceeded 570 units compared to 370 units last year. Hydro Business confirmed a healthy performance, with a significant growth of service and retrofit volumes, and despite the absence of jumbo project. Several Hydro new build projects were booked notably in India, Brazil, Albania and Canada.

Renewable Power **Actual figures, in € million**	**Year ended** **31 March 14**	% of contrib	**Year ended** **31 March 13**	% of contrib	*% Variation* *March 14 / March 13* *Actual*	 *Org.*
Western Europe	266	10%	159	8%	*67%*	*70%*
Eastern Europe	203	8%	30	2%	*577%*	*555%*
North America	300	12%	131	6%	*129%*	*142%*
South and Central America	1,349	53%	1,283	63%	*5%*	*22%*
Asia/Pacific	268	10%	128	6%	*109%*	*115%*
Middle East/Africa	179	7%	298	15%	*(40%)*	*(39%)*
Orders by destination	**2,565**	**100%**	**2,029**	**100%**	***26%***	***40%***

In Western Europe, orders received reached €266 million, representing an increase of 70% on a comparable basis compared to last fiscal year. Orders booked included small contracts in the Wind and Hydro businesses for new build and services.

In Eastern Europe, Renewable Power booked €203 million of orders in fiscal year 2013/14 versus €30 million last year, representing 8% of total orders received by Renewable Power. The Sector was awarded a contract to supply six Francis turbine-generator units and auxiliaries in Albania, as well as several contracts to deliver five Francis turbines, two Kaplan turbines and associated equipment in Turkey.

In North America, orders received reached €300 million during fiscal year 2013/14, more than twice their level of last year, and accounted for 12% of the total orders received by the Sector. In Canada, the Sector signed a contract for the delivery, installation and commissioning of two 220 MW vertical Francis turbine-generator units. In Mexico, Alstom was awarded the supply of 34 ECO 100 wind turbines at the new Sureste wind farm as well as a project to build a turnkey geothermal power plant with an installed capacity of 25 MW in the state of Puebla.

In South and Central America, the Sector booked orders worth €1,349 million in 2013/14, an increase of 22% compared to last year on an organic basis, and accounted for 53% of the total orders received by the Sector. In Brazil, during fiscal year 2013/14, the Sector booked another phase of the Renova Framework agreement signed last year and an important contract to deliver, erect and commission ECO 122 wind turbines for two large wind farms located in the Northeast of the country. In the Hydro business, Renewable Power booked several contracts to supply additional equipment to different hydropower plants also located in Brazil.

In Asia/Pacific, orders received soared from €128 million last year to €268 million, becoming the third largest region in terms of commercial activity with 10% of the Sector's total order intake. The Hydro business booked a large contract for the supply of five Francis turbines for the new hydro power plant in India. The Wind business booked an important order for the installation and commissioning of 29 ECO 74 wind turbines in the Hamada Wind Farm located in Japan.

In Middle East/Africa, orders received reached €179 million, representing 7% of Renewable Power total order intake. The Sector will supply equipment for Israel's first pumped storage power station in Gilboa. Alstom also signed several hydro contracts to equip a hydropower plant with three 90 MW Francis turbine-generator sets in Ivory Coast and a service agreement in the Democratic Republic of Congo.

The Renewable Power Sector received the following major orders during 2013/14:

Country	**Description**
Albania	6 Francis turbine-generator units and auxiliaries
Brazil	Supply, operation and maintenance of 21 ECO 100, 26 ECO 110 and 32 ECO 122 wind turbines
Brazil	Supply, operation and maintenance of ECO 122 wind turbines
Brazil	Equipment for two hydro-power plants
Canada	2 x 220 MW vertical Francis turbine-generator units with butterfly valves and regulation system for a new hydro power plant
India	4 Francis hydro turbines of 205 MW and 1 Francis turbine of 30 MW for a new hydro power plant
Israel	Supply equipment for a pumped storage power station
Mexico	Supply of 34 ECO 100 wind turbines

5.2.2. Sales

Renewable Power sales increased by 9% on an organic basis at €1,829 million during fiscal year 2013/14 compared to €1,803 million for the last fiscal year. The Sector's sales were mainly driven by the on-going completion of hydro projects in Brazil and Switzerland and the execution of Wind projects in Brazil and in Mexico.

Renewable Power					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 14 / March 13*	
Actual figures, in € million	**31 March 14**	contrib	**31 March 13**	contrib	*Actual*	*Org.*
Western Europe	332	18%	264	15%	*26%*	*27%*
Eastern Europe	114	6%	124	7%	*(8%)*	*(7%)*
North America	313	17%	288	16%	*9%*	*16%*
South and Central America	656	36%	575	32%	*14%*	*34%*
Asia/Pacific	312	17%	362	20%	*(14%)*	*(10%)*
Middle East/Africa	102	6%	190	10%	*(46%)*	*(45%)*
Sales by destination	**1,829**	**100%**	**1,803**	**100%**	***1%***	***9%***

In Western Europe, sales increased by 27% on an organic basis to reach €332 million, mainly driven by major milestones reached on two Hydro pump storage projects executed in Switzerland.

Sales in Eastern Europe reached €114 million, 7% below last year level on an organic basis, despite the delivery of hydropower equipment in Turkey.

Sales in North America amounted to €313 million, versus €288 million last year, thanks to the execution of several Hydro projects in Canada and in the USA.

Sales traded in South and Central America represented 36% of total sales at €656 million. The region's sales were driven by both Wind and Hydro projects booked the previous years but also by the quick execution of Wind projects ordered during the current year in Mexico.

In Asia/Pacific, sales reached €312 million, 10% below the level of last fiscal year on an organic basis despite the delivery of Hydro projects in India and in China.

In Middle East/Africa, the completion of a large Wind contract signed in Morocco caused a decrease of 45% on an organic basis in the region's sales, which amounted to €102 million, compared to €190 million during the previous year. However, the Sector started to trade a large Hydro project won last year in Ethiopia.

5.2.3. Income from operations and operating margin

Renewable Power's income from operations decreased by 7% at €82 million versus €88 million for last year. The change of the mix between the three businesses had a slight negative impact on operating margin rate which went from 4.9% to 4.5%.

5.3. Grid

The following table presents the key performance indicators of Grid Sector for the fiscal year 2013/14:

Grid **Actual figures** **(in € million)**	**Year ended** **31 March 2014**	**Year ended** **31 March 2013**	% Variation March 14 / March 13 Actual	 Organic
Order backlog	5,470	6,190	(12%)	(5%)
Orders received	3,514	5,058	(31%)	(26%)
Sales	3,777	3,829	(1%)	6%
Income from operations	211	238	(11%)	(8%)
Operating margin	5.6%	6.2%		
EBIT	169	140	21%	
Capital employed	2,100	2,182		

5.3.1. Orders received

During the year 2013/14, the Grid market slowed down, as a difficult economical context led to some delays in investment decisions.

In this context, Grid maintained a sound commercial performance with a good flow of small and mid-sized orders. The Sector's order intake decreased by 26% on an organic basis, from €5,058 million to €3,514 million, which included the booking during the fiscal year 2012/13 of two large High Voltage Direct Current (HVDC) projects in India (Champa) and Germany (Dolwin 3) for a total of €1.4 billion. Excluding HVDC, the Alternative Current (AC) business was resilient.

Grid **Actual figures, in € million**	**Year ended** **31 March 14**	% of contrib	**Year ended** **31 March 13**	% of contrib	*% Variation* *March 14 / March 13* *Actual*	 *Org.*
Western Europe	559	16%	1,652	33%	*(66%)*	*(66%)*
Eastern Europe	353	10%	311	6%	*14%*	*18%*
North America	389	11%	418	8%	*(7%)*	*(2%)*
South and Central America	372	11%	332	7%	*12%*	*26%*
Asia/Pacific	932	26%	1,584	31%	*(41%)*	*(34%)*
Middle East/Africa	909	26%	761	15%	*19%*	*23%*
Orders by destination	**3,514**	**100%**	**5,058**	**100%**	***(31%)***	***(26%)***

In Western Europe, orders reached €559 million, 16% of the Sector's orders received in 2013/14 and 66% below last year's figures. The booking for €1.1 billion of the large HVDC project Dolwin 3 had significantly impacted fiscal year 2012/13. France, Germany and the United Kingdom remained the main contributors.

In Eastern Europe, orders reached €353 million (10% of the total orders), 18% higher on an organic basis than in fiscal year 2012/13. The market was positively impacted by a switchgear project in Kazakhstan.

Orders received in North America amounted to €389 million, representing 11% of the total order intake, flat on an organic basis. The reduction in Canada on the Power Electronic activity has been partly compensated by an activity increase in the United States of America for turnkey projects.

South and Central America, with orders received amounting to €372 million, represented 11% of the Sector's orders received. Orders were boosted this fiscal year by a turnkey project of 17 substations 230kV for transmission lines in Brazil.

The Asia/Pacific region showed a strong order intake at €932 million, 26% of Grid orders received. This represented a 34% organic decrease compared to last year, which was boosted by the award of the Champa-Kurukshetra HVDC project in India.

In Middle East/Africa, Grid booked orders for €909 million (26% of yearly order intake), 23% higher than fiscal year 2012/13 on a comparable basis. In particular, several large and mid-sized turnkey projects were awarded in Saudi Arabia. The market benefited from continuous investments made in infrastructure.

The Grid Sector received the following major orders during fiscal year 2013/14:

Country	**Description**
Brazil	Construction of 17 substations 230kV for transmission line extension
Saudi Arabia	Construction of 4 substations / reinforcement of 3 substations
Saudi Arabia	3 turnkeys 110kV / 13.89kV
Saudi Arabia	Construction of 2 substations 132kV / reinforcement of 2 substations
Kazakhstan	110kV Gas-insulated Switchgear project for substation extension
Iraq	Construction of 4 substations 132kV
Qatar	Power transformers and automation system delivery
India	Automation and Network management system delivery

5.3.2. Sales

Grid sales reached €3,777 million during fiscal year 2013/14. On an organic basis, the volume of sales traded increased by 6%, boosted by progress made on large HVDC projects booked in the last two financial years.

Grid					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 14 / March 13*	
Actual figures, in € million	**31 March 14**	contrib	**31 March 13**	contrib	*Actual*	*Org.*
Western Europe	929	25%	657	17%	*41%*	*43%*
Eastern Europe	314	8%	388	10%	*(19%)*	*(17%)*
North America	367	10%	470	12%	*(22%)*	*(18%)*
South and Central America	319	8%	408	11%	*(22%)*	*(13%)*
Asia/Pacific	1,005	27%	1,150	30%	*(13%)*	*1%*
Middle East/Africa	843	22%	756	20%	*12%*	*15%*
Sales by destination	**3,777**	**100%**	**3,829**	**100%**	***(1%)***	***6%***

In Western Europe, Grid sales amounted to €929 million, a 43% increase on an organic basis compared to last year, and accounted for 25% of the Sector's total sales. Main contracts traded included HVDC substations for wind power generation in Germany (Dolwin 3) and an onshore HVDC connection in Sweden (South West Link).

Grid recorded sales at €314 million in Eastern Europe during fiscal year 2013/14, a 17% organic decrease compared to the previous exercise, mainly due to the slowdown of the Russian market.

Sales in North America amounted to €367 million, a decrease of 18% on a comparable basis, compared to fiscal year 2012/13, driven by a reduction of volumes on the Mexican market and in Air Insulated Systems in the United States of America.

Sales in South and Central America reached €319 million, a 13% decrease on an organic basis compared to last year which was driven by the Rio Madeira HVDC contract.

During fiscal year 2013/14, Grid sales in Asia/Pacific amounted to €1,005 million representing 27% of the Sector's total sales traded and increasing by 1% on an organic basis compared to fiscal year 2012/13, supported notably by the start of the Champa-Kurukshetra HVDC project in India.

In Middle East/Africa, sales increased by 15% on an organic basis, at €843 million, accounting for 22% of Grid's total sales. The activity was mainly supported by the execution of projects in Iraq, Saudi Arabia, Libya and in the United Arab Emirates.

5.3.3. Income from operations and operating margin

Grid's income from operations reached €211 million versus €238 million last year. Operating margin was at 5.6%, below last year level of 6.2%, penalized by the trading of some low margin conventional products. Nonetheless, efforts made on costs through the d2e programme allowed compensating for most of the market price erosion.

5.4. Transport

The following table presents key performance indicators for Transport.

Transport **Actual figures** **(in € million)**	**Year ended** **31 March 2014**	**Year ended** **31 March 2013**	% Variation March 14 / March 13 Actual	 Organic
Order backlog	23,165	22,965	1%	3%
Orders received	6,402	7,109	(10%)	(9%)
Sales	5,876	5,458	8%	9%
Income from operations	330	297	11%	12%
Operating margin	5.6%	5.4%		
EBIT	252	287	(12%)	
Capital Employed	1,881	1,924		

5.4.1. Orders received

During fiscal year 2013/14, orders received by Transport stood at €6,402 million, with a 1.1 book-to-bill ratio, a decrease of 9% on an organic basis compared to 2012/13. During the previous year, the Sector registered a remarkable performance thanks notably to metros and suburban trainsets contracts awarded in France and to a record high level of orders for regional trains, mainly booked in Sweden and Italia. In fiscal year 2013/14, Transport also recorded several large contracts such as the metro project in Riyadh, Saudi Arabia, very high speed and regional trains in France and the maintenance of light rail vehicles in Canada. The Sector confirmed its commercial presence in emerging countries with tramway system and maintenance sold in Brazil, metro cars booked in Argentina and large metro modernisation awarded in Chile.

Transport **Actual figures, in € million**	**Year ended** **31 March 14**	% of contrib	**Year ended** **31 March 13**	% of contrib	*% Variation* *March 14 / March 13* *Actual*	 *Org.*
Western Europe	2,591	41%	4,943	70%	*(48%)*	*(47%)*
Eastern Europe	112	2%	149	2%	*(25%)*	*(21%)*
North America	663	10%	543	7%	*22%*	*30%*
South and Central America	796	12%	829	12%	*(4%)*	*2%*
Asia/Pacific	535	8%	401	6%	*33%*	*36%*
Middle East/Africa	1,705	27%	244	3%	*599%*	*602%*
Orders by destination	**6,402**	**100%**	**7,109**	**100%**	***(10%)***	***(9%)***

In Western Europe, order intake reached €2,591 million during fiscal year 2013/14, 47% under last year's level on a comparable basis, which had been driven by a major contract for suburban trainsets in France and several large orders for CORADIA™ regional trains in Germany, Italy and Sweden. During fiscal year 2013/14, the Sector was awarded several contracts in France for intercity trains, regional trains and tramways. SNCF also confirmed its option for ten additional double-decker very high speed trains corresponding to a contract signed in 2007. In the United Kingdom, Transport signed a major contract for the delivery of a rail infrastructure under London. In Germany, the Sector confirmed the commercial success of the two previous years with additional contracts for CORADIA™ regional trains, among which a large order for 29 CORADIA™

Continental electrical trains including the maintenance and a purchase option for up to 23 additional trains. In Italy, major orders included the overhaul of Minuetto regional trains, the supply of signalling systems in order to upgrade the Rome railway intersection and the modernization of the Milan-Desio-Seregno suburban-tram. Western Europe remained the first commercial region with 41% of total orders received by the Sector.

In Eastern Europe, Transport booked €112 million of orders in fiscal year 2013/14, compared to €149 million in 2012/13. Main orders received included the supply of 10,000 point machines for the Kazakhstan railways.

Transport recorded €663 million of orders received in North America in fiscal year 2013/14, compared to €543 million in 2012/13. Main contracts signed included a long-term maintenance contract for CITADIS™ Spirit light rail trains in Canada, the overhaul of Baltimore's entire fleet of light rail vehicles in the United States of America and the extension of the Line 12 of the Mexico City's metro.

Transport recorded €796 million of orders received during fiscal year 2013/14 in South and Central America. The Sector was awarded contracts for the delivery of 14 CITADIS™ tramways to the city of Cuenca, in Ecuador and 120 cars for the Buenos Aires metro line H. In Brazil, Transport will supply rolling stock and systems to the tramway line connecting Rio de Janeiro and Porto Maravilha. Finally, in Chile, the Sector recorded a contract for the modernization of the Santiago metro.

In Asia/Pacific, Transport booked €535 million of orders in 2013/14, up 36% compared to last year on an organic basis. During fiscal year 2013/14, the Sector was awarded eight additional X'TRAPOLIS™ suburban double deck trains in Australia. In China, Transport booked various traction contracts for more than 800 cars, and several signalling contracts in a few cities including Shanghai, Ningbo and Shenzhen. In Hong-Kong, Transport further extended its presence with several contracts, mostly in the infrastructure segments.

Accounting for 27% of orders received by Transport, Middle East/Africa booked a record high commercial performance, becoming the second largest region in terms of orders with €1,705 million in 2013/14. This performance mainly came from the award of a turnkey metro project intended to equip three lines of the city of Riyadh in Saudi Arabia and which includes rolling stock, infrastructures, signalling and the associated maintenance. The Sector also booked a contract for the maintenance of intercity trains in Israel and one to provide two tramway lines to the cities of Mostaganem and Ouargla in Algeria.

The Transport Sector received the following major orders during 2013/14:

Country	Description
Argentina	Supply of 20 trains of six cars each for the Buenos Aires metro
Brazil	Porto Maravilha Tramway (Rio de Janeiro)
Canada	Maintenance of CITADIS™ Spirit light rail vehicles in Ottawa
Chile	Santiago Metro modernization
France	Supply of 10 additional very high speed trains
France	34 CORADIA™ Liner Intercity trains
Germany	Supply of 29 CORADIA™ Continental electrical trains
Israel	Maintenance of intercity trains
Saudi Arabia	Supply of 69 Metropolis™ trains, Urbalis™ Fluence signalling, the energy recovery system, and the fast track laying technology
United Kingdom	Delivery of the Crossrail C610 infrastructure project
United States of America	Overhaul of Baltimore's 53 light rail vehicles

5.4.2. Sales

Transport sales increased by 9% on an organic basis during fiscal year 2013/14 thanks to the execution of several major projects notably in Eastern Europe and reached €5,876 million, compared to €5,458 million last year.

Transport					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 14 / March 13*	
Actual figures, in € million	**31 March 14**	contrib	**31 March 13**	contrib	*Actual*	*Org.*
Western Europe	3,466	59%	3,536	65%	*(2%)*	*(1%)*
Eastern Europe	735	13%	261	5%	*182%*	*183%*
North America	308	5%	358	6%	*(14%)*	*(10%)*
South and Central America	375	6%	399	7%	*(6%)*	*(1%)*
Asia/Pacific	562	10%	522	10%	*8%*	*12%*
Middle East/Africa	430	7%	382	7%	*13%*	*14%*
Sales by destination	**5,876**	**100%**	**5,458**	**100%**	***8%***	***9%***

Western Europe, with €3,466 million, represented 59% of total sales traded, stable on a comparable basis compared to last fiscal year when two major train contracts reached completion. Contracts for very high speed and suburban trains were traded in France. Regional trains were delivered in Germany, Sweden and Italy and a maintenance contract for PENDOLINO™ high-speed trains was traded in the United Kingdom.

Eastern Europe sales increased nearly threefold at €735 million, with the delivery of high speed trains in Poland and locomotives in Russia and Kazakhstan.

Transport sales in North America amounted to €308 million over 2013/14, 10% lower than the level of last fiscal year on an organic basis, which was driven by the completion of a metro project in Mexico and the execution of contracts for metro and regional trains in Canada.

Still driven by the delivery of metro trainsets in Peru and Brazil, and by progress on turnkey projects in Panama and Venezuela, South and Central America accounted for 6% of the Sector's sales in fiscal year 2013/14 at €375 million.

In Asia/Pacific, Transport recorded €562 million of sales during fiscal year 2013/14, 12% above the level of last year on an organic basis, triggered by the execution of various projects in China, the deliveries of metro cars and signalling projects in India, and the progress of various infrastructure projects, mostly in Singapore.

Transport sales in Middle East/Africa increased by 14% on a comparable basis, at €430 million. The supply of turnkey tramway line in the United Arab Emirates (Dubai) and in Algeria drove the performance of the region.

5.4.3. Income from operations and operating margin

Driven by the high volume of sales, Transport's income from operations increased by 11%, at €330 million for fiscal year 2013/14, compared to €297 million for the previous year. The operating margin improved from 5.4% last year to 5.6% in fiscal year 2013/14.

5.5. Corporate and Others

Corporate and Others comprise all units accounting for corporate costs as well as the International Network.

The following table presents the key figures for Corporate and Others:

Corporate & Others **(in € million)**	**Year ended 31 March 2014**	**Year ended 31 March 2013**
Income from operations	(129)	(119)
EBIT	(269)	(145)
Capital Employed	(39)	81

The increase of non-operating expenses was mainly linked to an increase of legal fees and to the booking of specific provisions.

6. Operating and financial review

6.1. Income statement

Total Group (in € million)	Year ended 31 March 2014	Year ended 31 March 2013	% Variation March 14 / March 13 Actual	 Organic
Sales	20,269	20,269	0%	4%
Cost of sales	(16,213)	(16,324)	(1%)	4%
R&D expenses	(733)	(737)	(1%)	1%
Selling expenses	(966)	(952)	1%	5%
Administrative expenses	(933)	(793)	18%	23%
Income from operations	**1,424**	**1,463**	**(3%)**	**1%**
Operating margin	7.0%	7.2%		

6.1.1. Sales

During fiscal year 2013/14, consolidated sales stood at €20.3 billion, increasing by 4% on an organic basis from last year. Orders booked during fiscal year 2012/13 started to be executed, particularly for Transport and Grid. Transport's operational performance was fuelled by the sound execution of large orders booked last year in France, Germany and Italy for the delivery of regional trains, and by the significant milestones reached on contracts booked last fiscal year in Venezuela, Brazil and Peru for metro trainsets and signalling systems. Grid sales benefited from the progress of large HVDC contracts, particularly in India where milestones were reached on the Champa-Kurukshetra project booked in fiscal year 2012/13. In Renewable Power, large contracts signed this year in Brazil or in Mexico achieved important milestones while the Hydro business benefited from the execution of service contracts. The late booking of some orders in Thermal Power impacted the sales of the year which were flat on a comparable basis versus last year.

6.1.2. Research and development expenses

In fiscal year 2013/14, Alstom kept a sustained level of research and development expenses at €733 million compared to €737 million last year, confirming the Group's commitment to prepare the future. Excluding the impact of capitalisation and amortisation of development costs, research and development expenditures (gross costs) went up from €794 million to €815 million. Capitalisation of development costs increased from €233 million last year to €279 million in fiscal year 2013/14, due to the recognition on balance sheet of Wind offshore technologies and development costs from various new products.

6.1.3. Selling and administrative expenses

Thanks to a strict control of costs, selling expenses remained steady as compared to last year in terms of percentage of sales (4.8% on a comparable basis). The change of cost allocation rules used for project accounting in the Transport Sector implemented since 1 April 2013 led to a different allocation of costs between contract indirect production costs (estimated decrease in cost of sales for €146 million for fiscal year 2013/14) and overhead expenses (estimated increase of administrative expenses by €132 million and of selling expenses by €22 million for fiscal year 2013/14). Excluding this allocation change, administrative and selling expenses remained flat versus fiscal year 2012/13. For further details on this change in accounting estimates, refer to Note 2.1.3 to the consolidated financial statements.

6.1.4. Income from operations

The Group's income from operations reached €1,424 million in fiscal year 2013/14 versus €1,463 million last year. The operating margin was impacted by the lower growth in Thermal Power's sales than in other Sectors and decreased from 7.2% last fiscal year to 7.0% in 2013/14.

Total Group **(in € million)**	**Year ended 31 March 2014**	**Year ended 31 March 2013***	% Variation March 14/ March 13
Income from operations	**1,424**	**1,463**	**(3%)**
Restructuring costs	(220)	(137)	61%
Other income (expense)	(196)	(137)	43%
Earnings Before Interest and Taxes	**1,008**	**1,189**	**(15%)**
Net financial income (expense)	(308)	(266)	16%
Income tax charge	(163)	(186)	(12%)
Share in net income of equity investments	29	47	(38%)
Discontinued operations	-	-	N/A
Non-controlling interests	(10)	(16)	(38%)
Net income - Group share	**556**	**768**	**(28%)**

* Figures have been adjusted following the application of IAS19 revised

6.1.5. Earnings before interest and taxes (EBIT)

EBIT amounted to €1,008 million for fiscal year 2013/14, compared to €1,189 million in 2012/13. This 15% year-on-year decrease is mainly linked to the launch of restructuring programmes in all Sectors including the programme d2e to adapt the Group's industrial footprint to its continuously changing environment and to the increase of non-recurring charges primarily caused by impairment losses recognized in some businesses.

6.1.6. Net financial income (expense)

Net financial expense was at €(308) million during fiscal year 2013/14 compared to €(266) million for the previous year adjusted following the application of IAS19 revised. Net interest expenses reached €(199) million during 2013/14 compared to €(165) million last year, mainly due to the charges of a new bond issued in July 2013.

6.1.7. *Income tax charge*

The income tax charge decreased from €(186)m last year, adjusted following the application of IAS19 revised, to €(163)m for fiscal year 2013/14. It included a €(326) million current income tax charge versus €(266) million last year and a €163 million deferred income tax credit versus €80 million in 2012/13.

The effective tax rate was at 23% for 2013/14, compared to 20% last year, reflecting tougher tax policies in European countries as well as a shift towards high-tax emerging countries in the geographic mix.

6.1.8. *Net income - Group share*

The decrease of EBIT, combined with the increase of financial expenses and non-recurring impairment charges impacting equity investees in the Renewable Power and Grid Sectors, have resulted in a decrease of net income (Group Share) which amounted to €556 million for fiscal year 2013/14 as compared to €768 million last fiscal year adjusted following the application of IAS19 revised.

6.2. Balance sheet

Total Group Actual figures (in € million)	At 31 March 2014	At 31 March 2013*	Variation March 14/ March 13
Goodwill	5,281	5,536	(255)
Intangible assets	2,054	1,982	72
Property, plant and equipment	3,032	3,024	8
Associates and non-consolidated investments	620	698	(78)
Other non-current assets	533	521	12
Deferred taxes	1,647	1,720	(73)
Non-current assets	**13,167**	**13,481**	**(314)**
Working capital assets	14,630	15,915	(1,285)
Marketable securities and other current financial assets	18	36	(18)
Cash and cash equivalents	2,320	2,195	125
Assets held for sale	293	-	293
Current assets	**17,261**	**18,146**	**(885)**
Assets	**30,428**	**31,627**	**(1,199)**

Total Group Actual figures (in € million)	At 31 March 2014	At 31 March 2013*	Variation March 14/ March 13
Equity (Group share and minorities)	5,109	5,087	22
Provisions (non-current and current)	1,901	1,989	(88)
Accrued pension and other employee benefits	1,526	1,674	(148)
Financial debt (current and non-current)	5,721	4,955	766
Deferred taxes	176	284	(108)
Working capital liabilities (excl. provisions)	15,995	17,638	(1,643)
Liabilities held for sale	-	-	0
Liabilities	**30,428**	**31,627**	**(1,199)**

* Figures have been adjusted following the application of IAS19 revised

6.2.1. Goodwill and intangible assets

At the end of March 2014, goodwill amounted to €5,281 million against €5,536 million at the end of March 2013. The decrease is notably due to a transfer to assets held for sale of the goodwill corresponding to its auxiliary components business which was approved by the Board of Directors on 1 April 2014 as part of the Group’s non-core assets disposal programme announced in November 2013.

Intangible assets include acquired intangible assets and capitalised development costs. They increased slightly to €2,054 million on 31 March 2014 (compared to €1,982 million on 31 March 2013) due to capitalisation of development costs.

6.2.2. Tangible assets

Tangible assets slightly increased to €3,032 million on 31 March 2014, compared to €3,024 million on 31 March 2013.

The Group strengthened its industrial presence and increased its production capacities in fast growing markets through €565 million of capital expenditures (excluding capitalised development expenses) compared to €505 million last year. In India, Thermal Power pursued the construction of its new manufacturing facility in Sanand, which will assemble steam turbines and generator modules. Renewable Power inaugurated a wind tower factory in Brazil and a hydropower industrial site in China. Grid reinforced its production capacity and "know-how" in HVDC through investments in India and in the United Kingdom. Transport opened new production sites in fast growing markets, in particular a tramway manufacturing line in Brazil and a production facility dedicated to traction drives for electric locomotives in Russia.

6.2.3. Associates and non-consolidated investments

Associates and non-consolidated investments accounted for €620 million on 31 March 2014, compared to €698 million on 31 March 2013. This evolution is mainly due to the completion of the acquisition of Tidal Generation Limited, which is now fully consolidated, and to a translation adjustment linked with unfavourable exchange rate against the Russian Rouble which impacted the value of the Group's share in Transmashholding.

6.2.4. Other non-current assets

Other non-current assets amounted to €533 million at the end of March 2014, compared to €521 million at the end of March 2013. Financial non-current assets directly associated to a long-term lease of trains and associated equipment for a London metro operator decreased from €382 million at the end of March 2013 to €364 million at the end of March 2014.

6.2.5. Working capital

Working capital (defined as current assets excluding assets held for sale, cash and cash equivalents and marketable securities, less current liabilities excluding current financial liabilities and including non-current provisions) on 31 March 2014 was €(3,266) million compared to €(3,712) million on 31 March 2013. The increase is linked to the higher level of Construction Contracts In Progress (CCIP), mainly on a few projects in Thermal Power.

6.2.6. Deferred tax

Net deferred tax assets increased to €1,471 million at the end of March 2014, from €1,436 million a year before.

6.2.7. Current and non-current provisions

The current and non-current provisions decreased from €1,989 million on 31 March 2013 to €1,901 million on 31 March 2014.

6.2.8. Equity attributable to the equity holders of the parent and non-controlling interests

Equity on 31 March 2014 slightly increased to €5,109 million (including non-controlling interests) from €5,087 million on 31 March 2013 adjusted following the application of IAS19 revised. It was mostly impacted by:

- net income from the fiscal year 2013/14 of €556 million (Group share);
- distribution of dividends (Group share) of €(259) million in 2013/14;
- currency translation adjustment of €(326) million during fiscal year 2013/14.

6.2.9. Financial debt

The gross financial debt amounted to €5,721 million at the end of March 2014 compared to €4,955 million at the end of March 2013. This increase mainly resulted from the issuance of a new €500 million bond in July 2013.

See Note 25 to the consolidated financial statements for further details regarding the financial debt.

6.3. Liquidity and capital resources

The following table presents selected figures concerning the consolidated statement of cash flows:

Total Group		
(in € million)	**Year ended 31 March 2014**	**Year ended 31 March 2013***
Net cash provided by operating activities - before changes in net working capital	939	1,239
Changes in net working capital resulting from operating activities	(300)	(150)
Net cash provided by /(used in) operating activities	**639**	**1,089**
Net cash used in investing activities	(907)	(1,118)
Net cash provided by /(used in) financing activities	564	180
Net increase/(decrease) in cash and cash equivalents	**296**	**151**
Cash and cash equivalents at the beginning of the period	2,195	2,091
Net effect of exchange rate variations	(148)	(49)
Other changes	(23)	2
Cash and cash equivalents at the end of the period	**2,320**	**2,195**

* Figures have been adjusted following the application of IAS19 revised

6.3.1. Net cash provided by operating activities

Net cash provided by operating activities was €639 million for fiscal year 2013/14, compared to €1,089 million for the previous year.

Net cash provided by operating activities before changes in net working capital was €939 million in 2013/14. It represents the cash generated by the Group's net income after elimination of non-cash items (given that provisions are included in the definition of the working capital, they are not part of the elimination of non-cash items) and before working capital movements.

The Group's net working capital change resulting from operating activities was negative at €(300) million in 2013/14 compared to €(150) million last fiscal year.

6.3.2. Net cash used in investing activities

Net cash used in investing activities was €(907) million for fiscal year 2013/14, versus €(1,118) million for the previous year. In 2013/14, capital expenditures (excluding capitalised development expenses) amounted to €565 million and capitalised research and development costs to €279 million. Acquisitions of businesses, net of cash acquired, amounted to €105 million in 2013/14 versus €472 million in 2012/13 when it included the payment of the remaining part of the acquisition price of 25% of TMH's equity.

6.3.3. *Net cash provided by financing activities*

Net cash provided by financing activities was €564 million for fiscal year 2013/14, compared to €180 million the previous year. This evolution is mainly due to the issuance of a new €500 million bond in 2013/14 compared to an issuance of a €350 million bond in 2012/13.

6.3.4. *Net cash position*

On 31 March 2014, the Group recorded a net debt level of €3,019 million, compared to the net debt position of €2,342 million at 31 March 2013.

Total Group **(in € million)**	**Year ended 31 March 2014**	**Year ended 31 March 2013***
Net cash/(debt) at the beginning of the period	**(2,342)**	**(2,492)**
Change in cash and cash equivalents	296	151
Change in marketable securities and other current financial assets & liabilities	(13)	11
Change in bonds and notes	(474)	(350)
Change in current and non current borrowings	(346)	174
Change in obligations under finance leases	38	45
Net debt of acquired entities at acquisition date and other variations	(178)	119
Net cash/(debt) at the end of the period	**(3,019)**	**(2,342)**

* Figures have been adjusted following the application of IAS19 revised

Notes 24, 25, 26, 30 and 31 to the consolidated financial statements provide further details, respectively on:

- the analysis of pensions and other employee benefits;
- the nature and the maturity of the financial debt;
- the Group's policy regarding financial risk management, including currency, interest, credit and liquidity risks;
- off-balance sheet commitments;
- lease obligations.

6.4. Use of non-GAAP financial indicators

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

6.4.1. *Orders received*

A new order is recognised as 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 to immediately eliminate the currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

6.4.2. Order backlog

Order backlog represents sales not yet recognised on 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 and to foreign currency translation effects.

6.4.3. 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 the 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, and a reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group **(in € million)**	**Year ended 31 March 2014**	**Year ended 31 March 2013**
Net cash provided by /(used in) operating activities	**639**	**1,089**
Capital expenditure (including capitalized development costs)	(844)	(738)
Proceeds from disposals of tangible and intangible assets	34	57
Free Cash Flow	**(171)**	**408**

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 regarding the actual amount of cash generated or used by operations.

6.4.4. Capital employed

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non-current assets (excluding prepaid pension benefits and financial non-current assets directly associated to financial debt) and current assets (excluding marketable securities and other current financial

assets, and cash and cash equivalents) minus non-current provisions and current liabilities (excluding current financial debt).
Capital employed by Sector and at Group level is presented in Note 5 to the consolidated financial statements as of 31 March 2014.

Capital employed is used both for internal analysis purposes and for external communication as it provides insight regarding the amount of financial resources employed by a Sector or the Group as a whole and the profitability of a Sector or the Group as a whole in regard to resources employed.

At the end of March 2014, capital employed reached €8,161 million, compared to €7,651 million at the end of March 2013, mainly due to the increase in working capital requirements.

Total Group (in € million)	**Year ended 31 March 2014**	**Year ended 31 March 2013***
Non current assets	13,167	13,481
less deferred tax assets	(1,647)	(1,720)
less non-current assets directly associated to financial debt	(364)	(382)
less prepaid pension benefits	(22)	(16)
plus assets held for sale	293	-
Capital employed - non current assets **(A)**	11,427	11,363
Current assets	17,261	18,146
less cash & cash equivalents	(2,320)	(2,195)
less marketable securities and other current financial assets	(18)	(36)
less assets held for sale	(293)	-
Capital employed - current assets **(B)**	14,630	15,915
Current liabilities	18,500	19,272
less current financial debt	(1,314)	(325)
plus non current provisions	710	680
Capital employed - liabilities **(C)**	17,896	19,627
Capital employed (A)+(B)-(C)	**8,161**	**7,651**

* Figures have been adjusted following the application of IAS19 revised

6.4.5. *Net cash*

Net cash is defined as cash and cash equivalents, marketable securities and other current financial assets and financial non-current assets directly associated to financial debt, less current and non-current financial debt.

Total Group **(in € million)**	**Year ended 31 March 2014**	**Year ended 31 March 2013**
Cash and cash equivalents	2,320	2,195
Marketable securities and other current financial assets	18	36
Financial non-current assets directly associated to financial debt	364	382
less:		
Current financial debt	1,314	325
Non current financial debt	4,407	4,630
Net cash/(debt)	**(3,019)**	**(2,342)**

6.4.6. *Organic basis*

Figures disclosed in this section include performance indicators presented on an actual basis and on an organic basis. Figures have been given on an organic basis in order to eliminate the impact of changes in business composition and of variation of exchange rates between the Euro and the foreign currencies. 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, provided on an organic basis, are not measurements of performance under IFRS.

To prepare figures on an organic basis, the figures presented on an actual basis are adjusted as follows:

- the actual figures for 2012/13 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for 2013/14, as used for preparing the Consolidated Financial Statements;
- in order to reflect the same scope of activity, actual figures for 2012/13 are restated from disposals made during fiscal year 2013/14 and 2013/14 actual figures are restated from acquisitions made in fiscal year 2013/14.

Figures on an organic basis are presented in the table shown next page.

Alstom - ORGANIC FIGURES 2013/14

in € million	Year ended 31 March 2013 Actual figures	Exchange rate	Scope impact	Comparable Figures	Year ended 31 March 2014 Actual figures	Scope impact	Organic figures	% Var Act. Mar. 14 / Mar. 13	% Var Org. Mar. 14 / Mar. 13
Thermal Power	19,151	(963)	-	18,188	17,904	-	17,904	(7%)	(2%)
Renewable Power	4,569	(480)	(54)	4,035	4,919	-	4,919	8%	22%
Grid	6,190	(403)	(13)	5,774	5,470	(3)	5,467	(12%)	(5%)
Transport	22,965	(444)	-	22,521	23,165	-	23,165	1%	3%
Corporate & Others	-	-	-	-	-	-	-	N/A	N/A
Orders backlog	**52,875**	**(2,290)**	**(67)**	**50,518**	**51,458**	**(3)**	**51,455**	**(3%)**	**2%**
Thermal Power	9,574	(359)	-	9,215	9,017	-	9,017	(6%)	(2%)
Renewable Power	2,029	(195)	(1)	1,833	2,565	-	2,565	26%	40%
Grid	5,058	(257)	(30)	4,771	3,514	(4)	3,510	(31%)	(26%)
Transport	7,109	(105)	1	7,005	6,402	-	6,402	(10%)	(9%)
Corporate & Others	-	-	-	-	-	-	-	N/A	N/A
Orders Received	**23,770**	**(916)**	**(30)**	**22,824**	**21,498**	**(4)**	**21,494**	**(10%)**	**(6%)**
Thermal Power	9,179	(362)	-	8,817	8,787	-	8,787	(4%)	0%
Renewable Power	1,803	(103)	(27)	1,673	1,829	-	1,829	1%	9%
Grid	3,829	(224)	(43)	3,562	3,777	(4)	3,773	(1%)	6%
Transport	5,458	(86)	-	5,372	5,876	-	5,876	8%	9%
Corporate & Others	-	-	-	-	-	-	-	N/A	N/A
Sales	**20,269**	**(775)**	**(70)**	**19,424**	**20,269**	**(4)**	**20,265**	**0%**	**4%**
Thermal Power	959	(31)	-	928	930	-	930	(3%)	0%
Renewable Power	88	(5)	(10)	73	82	-	82	(7%)	12%
Grid	238	(10)	2	230	211	-	211	(11%)	(8%)
Transport	297	-	(3)	294	330	-	330	11%	12%
Corporate & Others	(119)	3	-	(116)	(129)	-	(129)	8%	11%
Income from Operations	**1,463**	**(43)**	**(11)**	**1,409**	**1,424**	**-**	**1,424**	**(3%)**	**1%**
Thermal Power	10.4%			10.5%	10.6%		10.6%		
Renewable Power	4.9%			4.4%	4.5%		4.5%		
Grid	6.2%			6.5%	5.6%		5.6%		
Transport	5.4%			5.5%	5.6%		5.6%		
Corporate & Others	N/A			N/A	N/A		N/A		
Operating margin	**7.2%**			**7.3%**	**7.0%**		**7.0%**		
Sales	20,269	(775)	(70)	19,424	20,269	(4)	20,265	0%	4%
Cost of sales	(16,324)	667	54	(15,603)	(16,213)	4	(16,209)	(1%)	4%
R&D expenses	(737)	8	-	(729)	(733)	-	(733)	(1%)	1%
Selling expenses	(952)	28	1	(923)	(966)	-	(966)	1%	5%
Administrative expenses	(793)	29	4	(760)	(933)	-	(933)	18%	23%
Income from Operations	**1,463**	**(43)**	**(11)**	**1,409**	**1,424**	**-**	**1,424**	**(3%)**	**1%**