Half-year financial report

As of 30 September 2018

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This document is a free translation of the French language original version

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Management report on condensed interim consolidated financial statements,

Half-year ended 30 September 2018

ALSTOM

MANAGEMENT REPORT

ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

HALF YEAR ENDED 30 SEPTEMBER 2018

1. Main events of half year ended 30 September 2018

1.1 Creation of global leader in Mobility

The proposed combination of Alstom with Siemens Mobility, including its rail traction drive business, has reached significant milestones in the past months.

On 17 July 2018, Alstom shareholders approved the proposed combination of Alstom with Siemens Mobility.

As part of the combination, Alstom existing shareholders at the close of the business day preceding the completion date of the transaction, will receive two exceptional distributions: a control premium of €4 per share (Distribution A) and an extraordinary distribution up to €4 per share subject to certain adjustments (Distribution B). Payment of both distributions shall be made on the 8th business day following the date of closing of this transaction.

On 8 June, Alstom and Siemens jointly filed the application for merger control clearance with the European Commission and on 13 July, Alstom and Siemens took note of the European Commission's initiation of a Phase 2 review of the proposed combination of Siemens' Mobility business with Alstom.

On 29 October, Alstom and Siemens received a Statement of Objections from the European Commission as part of the Phase 2 examination of the proposed combination. The Statement of Objections formalises the Commission's assessment of this transaction at this stage and gives Alstom and Siemens the opportunity to access the case file and respond to the Commission. It does not prejudge of the final decision of the European Commission.

Alstom and Siemens continue to work constructively with the European Commission to explain the rationale and the benefits of the proposed combination. Alstom and Siemens will now discuss the specific concerns of the Commission and will ensure that they are addressed in a timely manner.

The transaction is subject to approval by relevant anti-trust authorities and closing is expected in the first half of 2019.

1.2 Excellent results for Alstom in the first half of 2018/19

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

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(in € million)	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)	% Variation Sep. 18/ Sep. 17 Actual	Organic
Orders Received	7,129	3,170	125%	130%
Orders Backlog	38,113	34,966	9%	11%
Sales	4,010	3,341	20%	23%
aEBIT	285	180	58%	
aEBIT %	*7.1%*	*5.4%*		
EBIT	219	143		
Net Profit - Group share	563	177		
Free Cash Flow	172	227		
Capital Employed	1,892	3,654		
Net Cash/(Debt)	(280)	(101)		
Equity	4,021	3,296		

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

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:

	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)			Sep. 18/ Sep. 17	
(in € million)	Actual figures	Actual figures	Exchange rate	Comparable Figures	% Var Act.	% Var Org.
Orders Backlog	38,113	34,966	(584)	34,382	9%	11%
Orders Received	7,129	3,170	(68)	3,102	125%	130%
Sales	4,010	3,341	(68)	3,273	20%	23%

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

The actual figures for the first half of fiscal year 2017/18 (orders backlog, orders received and sales) are restated taking into account September 2018 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 first half of the last fiscal year were impacted by the depreciation of the Canadian Dollar (CAD), Swedish Krona (SEK), US Dollar (USD) and to a lesser extent the Argentinian Peso (ARS) and Brazilian Real (BRL) against the Euro.
- Sales recorded during the first semester of last fiscal year have been impacted by an adverse translation effect mainly due to depreciation of the US Dollar (USD), Brazilian Real (BRL), Australian Dollar (AUD) Mexican Peso (MXN) and Indian Rupee (INR) against the Euro.
- Orders backlog was adversely impacted by the depreciation of South African Rand (ZAR), Indian Rupee (INR), Brazilian Real (BRL), Australian Dollar (AUD) and Canadian Dollar (CAD) against the Euro**.**

Actual figures are not adjusted for scope of 21net as impact of acquisition is considered not significant at Alstom Group level.

1.4 Acquisitions and Partnerships

In April 2018, Alstom completed 100% acquisition of UK based 21net, expert in on-board internet and passenger infotainment for the railway industry.

In June 2018, Transmashholding and Locotech Services agreed to combine under a new holding Transmashholding Limited. Following the transaction, the contribution of Alstom has been diluted. In the meantime, additional shares of Transmashholding Limited have been bought by the Group from the other shareholders to increase its ownership up to 20% for €115 million. The Group retains a significant influence. The financial impacts of this operation, and notably the dilutive effect, will be booked during the second semester.

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.

2. Outlook

2.1 Outlook

The Alstom outlook is provided at constant perimeter and exchange rate. It is set in accordance with the IFRS 15 standard, which is the new applicable standard for revenue recognition.

For the fiscal year 2018/19, sales are expected to reach around €8 billion and adjusted EBIT margin should reach around 7%.

In the medium term, Alstom should continue to outperform the market growth, gradually improve profitability, and improve cash generation, with potential volatility over some short periods.

2.2 Assumptions

This outlook relies on several assumptions, outlined as follows:

- It is established considering no major change to foreign exchange rates compared to the ones known as well as no significant adjustment to the 30 September 2018 scope of consolidation. Price inflation should remain comparable to the previous year (2.1% as per OECD expectation) and the Group assumes an overall stable political environment where Alstom operates.
- For the year 2018/19, Alstom should continue to deliver on its current portfolio of projects. Revenue from backlog as of 30th September should represent over 98% of Alstom's revenues during the coming fiscal year.
- The market is expected to continue growing, fuelled by a soaring urbanization and an increasing environmental awareness that both have a direct beneficial effect on the demand for rail solutions. The expected drivers of growth should be notably Europe (Germany, Spain, France, Italy and the UK), as the largest accessible rail market, alongside with India and Taiwan in Asia/Pacific. Price competition witnessed in the recent years is expected to continue as new entrants attempt to expand outside of their historical markets.
- The adjusted EBIT margin improvement compared to the previous exercises should come from rigorous project execution, delivering on projected sourcing savings. Standardisation of engineering tools and processes together with design to cost, adaptation of the footprint both for engineering and manufacturing should support the improvement of Alstom's performance. Also, digital transformation combined with efficient discipline in overhead cost management should contribute to achieve this performance.
- Cash generation notably relies on the Cash Focus program including targeted initiatives related to working capital which has already delivered results as per expectation. Cash focus program specifically targets inventory management, capital expenditure efforts and key contract execution. The cash collection initiative is jointly steered by both commercial and operational teams.

The above mentioned forward-looking statements regarding short term guidance shall not be used as results forecast or any performance indicator. It notably relies on existing plans, initiatives for projects, products and services and their potential. These assumptions are deemed reasonable as of the date of the present document and could change and evolve due to significant risk and uncertainties. Such risks include those set forth in the chapter 4 'Risk Factors and Internal Control' of the latest Registration Document and other external factors not known to the Group at this stage such as general industry conditions and competition, technological advances, future market conditions, sourcing difficulties, financial instability and sovereign risk and exposure to regulatory action or litigation. Alstom undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. This guidance should be used consequently with cautiousness.

3. Commercial performance

During the first half of fiscal year 2018/19, Alstom's order intake reflected solid growth at €7.1 billion as compared to €3.2 billion for the first half of 2017/18. During the first half of fiscal year the group marked signature of jumbo orders, with a historic order in France to supply 100 next-generation very high-speed trains as well as a contract in Montreal, Canada to deliver a complete automatic and driverless metro system. The commercial performance was further marked by an additional order signed in Italy to supply five Pendolino trains and associated maintenance for 30 years. The footprint of Asia/Pacific was further strengthened by key orders signed in India for the supply of metro cars to Mumbai as well as an order secured in Taiwan to supply an integrated metro system for Taipei.

Geographic breakdown					**% Variation Sep. 18/ Sep. 17**	
Actual figures *(in € million)*	**Half-Year ended 30 September 2018**	% of contrib	**Half-Year ended 30 September 2017(*)**	% of contrib	**Actual**	**Organic**
Europe	4,303	60%	1,535	48%	180%	183%
Americas	1,705	24%	907	29%	88%	98%
Asia/Pacific	922	13%	544	17%	69%	72%
Middle East/Africa	199	3%	184	6%	8%	8%
ORDERS BY DESTINATION	**7,129**	**100%**	**3,170**	**100%**	**125%**	**130%**

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

Product breakdown					**% Variation Sep. 18/ Sep. 17**	
Actual figures *(in € million)*	**Half-Year ended 30 September 2018**	% of contrib	**Half-Year ended 30 September 2017(*)**	% of contrib	**Actual**	**Organic**
Rolling stock	3,959	56%	1,330	42%	198%	202%
Services	1,416	20%	992	31%	43%	46%
Systems	1,091	15%	406	13%	169%	175%
Signalling	663	9%	442	14%	50%	54%
ORDERS BY DESTINATION	**7,129**	**100%**	**3,170**	**100%**	**125%**	**130%**

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

In Europe, Alstom's order intake stood at €4.3 billion for the half year of fiscal year 2018/19 as compared to €1.5 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. These trains are competitive with 20% lower acquisition costs than previous generations, 20% increase in capacity through more modular interior, 20% reduction in energy consumption through the adoption of regenerative braking and more than 30% reduction in maintenance costs. In addition, Alstom signed a contract to supply five additional Pendolino high-speed trains in Italy and an associated maintenance for 30 years. Other major contracts signed during the year included supply 32 Citadis Dualis tram trains to Île-de-France region in France, a breakthrough tram order to supply 38 Citadis trams made of steel to Frankfurt in Germany and a signalling order in Norway to equip the entire Norwegian railway fleet with on-board train control solution and associated maintenance for 25 years.

In Americas, Alstom reported €1.7 billion of orders for the half year of fiscal year 2018/19 as compared to €0.9 billion during the same period last fiscal year. Alstom's presence in Canada was further strengthened by signature of a large contract with Réseau Express Métropolitain in Canada 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. First half of last fiscal year included signature of contracts to supply Citadis Spirit™ light rail vehicles for the Greater Toronto and Hamilton areas as well as for Ottawa in Canada.

In Asia/Pacific, Alstom's order intake stood at €0.9 billion as compared to €0.5 billion during the same period. Alstom secured a major rolling stock contract to supply 248 metro cars for line 3 of the Mumbai metro. In addition, the group secured a large-scale order in Taiwan to supply 19 Metropolis™ trains, Urbalis CBTC[1] driverless signalling solution for line 7 of Taipei. Furthermore, Alstom has been awarded a 15-year contract by Metro Trains Sydney for the maintenance of 22 six-car Metropolis™ train sets and Urbalis 400 CBTC[1] systems. As part of this order, Alstom will use its innovative predictive maintenance tool "HealthHub".

In Middle East/Africa orders stood at €0.2 billion during the first half of fiscal year 18/19. Alstom secured an order in Morocco for the supply of 30 electric locomotives.

Alstom received the following major orders during the first half of 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
France	Rolling stock	Supply of 100 next-generation Avelia™ Horizon very high-speed trains
France	Rolling stock	Supply of 32 additional Citadis™ Dualis tram-trains to Île-de-France
Germany	Rolling stock	Supply of 38 Citadis™ trams for Frankfurt
India	Rolling Stock	Supply of 248 metro cars for Mumbai metro line 3
Italy	Rolling Stock/ Services	Supply of five additional Pendolino trains and associated maintenance for a period of 30 years
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
Taiwan	Systems	Supply of an integrated metro system to Taipei line 7

[1] Communication Based Train Control

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4. Backlog

On 30 September 2018, the Group backlog reached a new record high of €38.1 billion as compared to €35.0 billion last year at the same period under the IFRS 15 standard, providing strong visibility over future sales. The backlog position improved by 11% as compared to September 17 restated IFRS15 level, once adjusted for adverse foreign exchange translation effects. The strong project execution during the first half of the year resulted in an expected decrease of the Systems backlog.

Geographic breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2018**	% of contrib	**Half-Year ended 30 September 2017(*)**	% of contrib
Europe	16,858	44%	14,239	40%
Americas	6,485	17%	5,523	16%
Asia/Pacific	5,345	14%	5,268	15%
Middle East/Africa	9,425	25%	9,936	29%
BACKLOG BY DESTINATION	**38,113**	**100%**	**34,966**	**100%**

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

Product breakdown

Actual figures *(in € million)*	**Half-Year ended 30 September 2018**	% of contrib	**Half-Year ended 30 September 2017(*)**	% of contrib
Rolling stock	19,682	52%	17,656	50%
Services	11,284	29%	10,161	29%
Systems	3,741	10%	4,126	12%
Signalling	3,406	9%	3,023	9%
BACKLOG BY DESTINATION	**38,113**	**100%**	**34,966**	**100%**

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

5. Income statement

5.1 Sales

Alstom's sales for the first half of fiscal year stood at €4.0 billion compared to €3.3 billion during the same period last year under the IFRS 15 standard, thanks to strong project execution especially in Middle East and Africa. The book-to-bill ratio stands at 1.8x for the current period as compared to 0.9x for the same period last year.

Geographic breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2018	% of contrib	Half-Year ended 30 September 2017(*)	% of contrib	% Variation Sep. 18/ Sep. 17 Actual	% Variation Sep. 18/ Sep. 17 Organic
Europe	1,982	50%	1,710	51%	16%	16%
Americas	728	18%	663	20%	10%	15%
Asia/Pacific	450	11%	411	12%	9%	15%
Middle East/Africa	850	21%	557	17%	53%	56%
SALES BY DESTINATION	**4,010**	**100%**	**3,341**	**100%**	**20%**	**23%**

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

Product breakdown Actual figures *(in € million)*	Half-Year ended 30 September 2018	% of contrib	Half-Year ended 30 September 2017(*)	% of contrib	% Variation Sep. 18/ Sep. 17 Actual	% Variation Sep. 18/ Sep. 17 Organic
Rolling stock	1,736	43%	1,415	42%	23%	23%
Services	749	19%	636	20%	18%	20%
Systems	888	22%	673	20%	32%	37%
Signalling	637	16%	617	18%	3%	9%
SALES BY DESTINATION	**4,010**	**100%**	**3,341**	**100%**	**20%**	**23%**

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

In Europe, Alstom reported sales of €2.0 billion as against €1.7 billion for the first half of fiscal year 2018/19. Sales of the region contributed to 50% of the Group total sales. Sales was driven by execution of Rolling stock contracts for the supply of Coradia™ Continental regional trains and Coradia™ Lint Diesel trains in Germany as well as supply of regional trains in Italy. Besides, continued deliveries of Euroduplex™ high-speed trains for the Paris-Bordeaux line and Coradia™ trains in France generated further sales for the period. The execution of Crossrail infrastructure track as well as performance of overhaul activity on Pendolino trains in United Kingdom further boosted the region performance.

In Americas, Alstom sales stood at €0.7 billion, up 15% 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 execution of Rolling stock contracts primarily light rail vehicles for Ottawa, supply of bogies for Montreal metro in Canada and continued deliveries of Amtrak high-speed trains in the USA. Also, the performance of overhaul activity in the USA contributed to sales for the period. In Latin America, the sales were notably driven by the execution of metro system for Panama Line 2 as well as deliveries of metro cars to Lima line in Peru.

During the first half of fiscal year 2018/19, Asia/Pacific reported sales of €0.4 billion, up 15% on an organic basis. Sales accounted for 11% of the Group's total sales, thanks to execution of Rolling stock contracts namely suburban trains for Melbourne, electric locomotives for India as well as the execution of metro contracts in India. Systems activity was driven by the execution of infrastructure contract of Dedicated Freight Corridor in India and deliveries of the Citadis™ X05 light rail vehicles to Sydney.

In Middle East/Africa, Alstom's sales amounted to €0.9 billion for the first half of fiscal year 2018/19 contributing to 21% of total sales, up 4 percentage points compared to the same period last year, and with an organic growth of 56%. The strong growth was steered by the execution of major Systems contracts, notably the production of metro cars for Dubai Route 2020 metro in the United Arab Emirates, and Riyadh in Saudi Arabia, together with the delivery of Lusail tramway in Qatar. Besides, the region's performance 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 and locomotives to Kazakhstan.

5.2 Research & development

During the first half of fiscal year 2018/19, the research and development gross costs amounted to €147 million i.e. 3.7% of sales, with continued emphasis on sustainable mainlines developments and smart mobility solutions.

(in € million)	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)
R&D Gross costs	(147)	(123)
R&D Gross costs (in % of Sales)	*3.7%*	*3.7%*
Funding received	36	24
Net R&D spending	(111)	(99)
Development costs capitalised during the period	27	26
Amortisation expense of capitalised development costs	(27)	(29)
R&D expenses (in P&L)	(111)	(102)
R&D expenses (in % of Sales)	*2.8%*	*3.1%*

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

The group development strategy continues to support the Avelia™ range very high-speed train of the future. As a milestone, Alstom secured the order for the supply of 100 Avelia™ trains from SNCF in July 2018.

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. Alstom has received an approval for the commercial operation in Germany in July 2018.

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

Alstom continued to put emphasis on its vision of smart mobility and sustainable transportation during various events including the Innotrans 2018 Trade Show, European Mobility Exhibition. Also, it has developed several innovative solutions notably:

- **Mastria™**, an innovative multimodal solution which maximises traffic fluidity and orchestrates passenger routes.
- **Station One™**, the first online market place and a specialised platform for buying and selling mobility related products and services.
- **Aptis™**, the 100% electric bus with new exteriors and interior designs that reflect future mobility.

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5.3 Operational performance

During the first half of fiscal year 2018/19, the adjusted EBIT reached €285 million with an operational margin at 7.1% as compared to €180 million at 5.4% during first half of 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 contained while the revenue grew extensively as compared to same period last year. Selling and Administrative costs reached the level of 6.7%, expressed as a percentage of sales, as compared to 8.2% for the same period last year. This has notably contributed to the adjusted EBIT performance.

5.4 Net profit

Restructuring costs amounted to €(34) million driven by footprint rationalisation and competitiveness initiatives, notably in the United Kingdom. Amortisation of intangible assets and integration costs related to business combinations, such as SSL, GE Signalling and Nomad were reduced to €(7) million. Besides, transaction costs related to the Siemens-Alstom deal amounted to €(36) million during the first half of fiscal year 2018/19. EBIT stood at €219 million as compared to €143 million in the first half of fiscal year 2018/19 as a result of continued strong operational performance over the year.

Net financial expenses decreased to €(46) million during the first half of fiscal year 2018/19 as compared to €(53) million for the same period last year. This is consistent with the decrease in the gross financial debt resulting from the repayment of €272 million bonds having matured over the year. €3 million restatement have been recorded as significant financial component to account for timing difference of cash receipts and revenue recognition under cost to cost method on a project.

The Group recorded an income tax charge of €(12) million for the first half fiscal year 2018/19 corresponding to an effective tax rate of 7% versus €(25) million for the same period last year corresponding to an effective tax rate of 28%. The effective tax rate is lower due to deferred tax assets recognized on previous tax loss carry forwards as well as reversal of tax provisions. Excluding these items, effective tax rate would have reached 26%.

The share in net income from equity investments amounted to €161 million mainly related to the change on put options over the period. Improved performance from Transmashholding (TMH) and Casco Signal Limited also contributed to the increase in the level of share in net income from equity investments over the period.

The Net profit from discontinued operations stood at €245 million including the reassessment of liabilities related to the disposal of activities.

As a result, the Net profit (Group share) stood at €563 million for this first half of fiscal year 2018/19 compared to €177 million during the same period last fiscal year.

5.5 Free cash flow

(in € million)	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)
Adjusted EBIT	**285**	**180**
Depreciation and amortisation	82	75
Restructuring cash-out	(19)	(18)
Capital expenditure	(85)	(85)
R&D capitalisation	(27)	(26)
Change in working capital	(10)	128
Financial cash-out	(29)	(16)
Tax cash-out	(73)	(47)
Other	48	36
FREE CASH FLOW	**172**	**227**

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

The Group free cash flow was positive at €172 million for the first half of fiscal year 2018/19 as compared to €227 million during the same period of last fiscal year. Cash generation was positive notably due to good operating profit and a sound level of cash collected. Operating working capital remained overall stable as resources used in the execution of main contracts signed in previous years was compensated by cash collection. Operating working capital during the same period last year was favourably impacted by advance payments on large contracts signed and progress payments from customers.

During the period, Alstom invested €85 million in capital expenditures of tangible assets of which €52 million from strategic capex, notably Madhepura factory, Hornell plant for Amtrak project and Prasa production facilities. These strategic projects represent an additional €300 million capex over three years. Up to the first half of fiscal year 2018/19 the transformation capex accounted for €212 million of which €52 million spent this semester. Additionally, Alstom has continued to invest in its facilities, tools and plans around the work for a total spend of €33 million during this semester.

6. Net debt

On 30 September 2018, the Group recorded a net debt level of €280 million, compared to the net debt position of €255 million on 31 March 2018. Alstom's net debt slightly increased over the period, as free cash flow generated by operations was offset by €84 million dividends paid including non-controlling interests and €136 million acquisitions and disposals. The Group's acquisitions and disposals in the period include notably Alstom's share increase in the TMH Locotech investment for €115 million.

In addition to its available cash and cash equivalents, amounting to €1,397 million as of 30 September 2018, the Group can access a €400 million revolving credit facility, maturing in June 2022 which is fully undrawn at September 2018. This resulted into a liquidity position as of September 2018 of €1,797 million.

7. Equity

The increase in Equity on 30 September 2018 to €4,021 million (including non-controlling interests) from €3,479 million on 31 March 2018 was mostly impacted by:

- net profit from first half of fiscal year 2018/19 of €563 million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €16 million net of tax;
- dividends paid to Alstom shareholders for €(78) million;
- share-based payments for €16 million;
- fair value adjustment of Locotech investment in Transmashholding €60 million;
- currency translation adjustment of €(32) million.

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8. Non-GAAP financial indicators definitions

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

8.1 Orders received

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure 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 sales not yet recognised from orders already received.
Order backlog at the end of a financial year is computed as follows:

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

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

8.3 Book-to-bill

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

8.4 Adjusted EBIT

When Alstom's new organisation was implemented, 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.

Adjusted EBIT corresponds to Earning Before Interests, Tax and Net result from Equity Method Investments adjusted with 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)	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)
Adjusted Earnings Before Interest and Taxes (aEBIT)	**285**	**180**
aEBIT (in % of Sales)	*7.1%*	*5.4%*
Restructuring costs	(34)	(19)
PPA amortisation and Integration costs	(7)	(12)
Siemens deal costs	(36)	(4)
Others and asset impairement	11	(2)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**219**	**143**

(*) 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, 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.

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

(in € million)	Half-Year ended 30 September 2018	Half-Year ended 30 September 2017(*)
Net cash provided by / (used in) operating activities	**282**	**337**
Capital expenditure (including capitalised R&D costs)	(111)	(112)
Proceeds from disposals of tangible and intangible assets	1	1
FREE CASH FLOW	**172**	**227**

(*) 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 as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

During the first half of fiscal year 2018/19, the Group's free cash flow was positive at €172 million compared to €227 million during the same period of the previous year.

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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 September 2018, capital employed stood at €1,892 million, compared to €1,544 million at the end of March 2018. This movement was mainly driven by the net decrease of the liability position of the Group working capital and by the positive net income from equity investments as of 30 September 2018.

(in € million)	**Half-Year ended 30 September 2018**	**Year ended 31 March 2018***
Non current assets	3,974	3,857
less deferred tax assets	(290)	(297)
less non-current assets directly associated to financial debt	(202)	(213)
less prepaid pension benefits	-	-
Capital employed - non current assets **(A)**	3,482	3,347
Current assets	7,086	6,918
less cash & cash equivalents	(1,397)	(1,231)
less other current financial assets	(6)	(8)
Capital employed - current assets **(B)**	5,683	5,679
Current liabilities	7,680	7,495
less current financial debt	(709)	(543)
plus non current provisions	302	530
Capital employed - liabilities **(C)**	7,273	7,482
CAPITAL EMPLOYED (A)+(B)-(C)	**1,892**	**1,544**

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

8.7 Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt.

On 30 September 2018, the Group recorded a net debt level of €280 million, compared to the net debt position of €255 million on 31 March 2018.

(in € million)	**Half-Year ended 30 September 2018**	**Year ended 31 March 2018**
Cash and cash equivalents	1,397	1,231
Other current financial assets	6	8
Financial non-current assets directly associated to financial debt	202	213
less:		
Current financial debt	709	543
Non current financial debt	1,176	1,164
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(280)**	**(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 figures are not measurements of performance under IFRS.

9. March 2018 IFRS15 Restatement Disclosures

The following tabs present the disclosure of major KPI's after the application of the IFRS 9 and IFRS 15 accounting standards.

9.1 Income Statement

(in € million)	**Year ended At 31 March 2018 IFRS15**
Orders Received	7,183
Orders Backlog	35,274
Sales	7,346
aEBIT	397
aEBIT %	*5.4%*
EBIT	264
Net Profit - Group share	365
Free Cash Flow	128
Capital Employed	1,544
Net Cash/(Debt)	(255)
Equity	3,479

9.2 Commercial Performance:

Geographic breakdown Actual figures *(in € million)*	At 31 March 2018 IFRS 15	 % of contrib
Europe	3,507	48%
Americas	1,628	23%
Asia/Pacific	980	14%
Middle East/Africa	1,068	15%
ORDERS BY DESTINATION	**7,183**	**100%**

Product breakdown Actual figures *(in € million)*	At 31 March 2018 IFRS 15	 % of contrib
Rolling stock	3,189	45%
Services	2,180	30%
Systems	523	7%
Signalling	1,291	18%
ORDERS BY DESTINATION	**7,183**	**100%**

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9.3 Orders Backlog

Geographic breakdown **Actual figures** *(in € million)*	**Year Ended 31 March 2018** **IFRS 15**	 **% of contrib**
Europe	14,361	41%
Americas	5,211	15%
Asia/Pacific	5,017	14%
Middle East/Africa	10,685	30%
BACKLOG BY DESTINATION	**35,274**	**100%**

Product breakdown **Actual figures** *(in € million)*	**Year Ended 31 March 2018** **IFRS 15**	 **% of contrib**
Rolling stock	18,068	51%
Services	10,651	30%
Systems	3,302	10%
Signalling	3,253	9%
BACKLOG BY DESTINATION	**35,274**	**100%**

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9.4 Sales

Geographic breakdown **Actual figures** *(in € million)*	Year Ended 31 March 2018 IFRS 15	 % of contrib
Europe	3,749	51%
Americas	1,333	18%
Asia/Pacific	900	12%
Middle East/Africa	1,364	19%
SALES BY DESTINATION	**7,346**	**100%**

Product breakdown **Actual figures** *(in € million)*	Year Ended 31 March 2018 IFRS 15	 % of contrib
Rolling stock	3,150	43%
Services	1,354	18%
Systems	1,527	21%
Signalling	1,315	18%
SALES BY DESTINATION	**7,346**	**100%**

9.5 Research and Development

(in € million)	Year ended 31 March 2018 IFRS15
R&D Gross costs	(345)
R&D Gross costs (in % of Sales)	*4.7%*
Funding received	58
Net R&D spending	(287)
Development costs capitalised during the period	92
Amortisation expense of capitalised development costs	(57)
R&D expenses (in P&L)	(252)
R&D expenses (in % of Sales)	*3.4%*

9.6 Adjusted EBIT

(in € million)	Year ended At 31 March 2018
Adjusted Earnings Before Interest and Taxes (aEBIT)	**397**
aEBIT (in % of Sales)	*5.4%*
Restructuring costs	(47)
PPA amortisation and Integration costs	(25)
Capital gains/losses on disposal of business	3
Others and asset impairement	(64)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**264**

9.7 Free Cash Flow

(in € million)	Year ended 31 March 2018 IFRS15
Adjusted EBIT	**397**
Depreciation and amortisation	144
Restructuring cash-out	(37)
Capital expenditure	(203)
R&D capitalisation	(90)
Change in working capital	64
Financial cash-out	(66)
Tax cash-out	(93)
Other	12
FREE CASH FLOW	**128**

9.8 Net Cash/(debt)

(in € million)	Year ended 31 March 2018 IFRS15
Cash and cash equivalents	1,231
Other current financial assets	8
Financial non-current assets directly associated to financial debt	213
less:	
Current financial debt	543
Non current financial debt	1,164
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(255)**

Condensed interim consolidated financial statements,

As of 30 September 2018

INTERIM CONSOLIDATED INCOME STATEMENT

		Half-year ended	
(in € million)	**Note**	**30 September 2018**	**30 September 2017 (*)**
Sales	**(4)**	**4,010**	**3,341**
Cost of sales		(3,345)	(2,785)
Research and development expenses	(5)	(111)	(102)
Selling expenses		(100)	(99)
Administrative expenses		(169)	(175)
Other income/(expense)	(6)	(66)	(37)
Earnings Before Interests and Taxes		**219**	**143**
Financial income	(7)	3	4
Financial expense	(7)	(49)	(57)
Pre-tax income		**173**	**90**
Income Tax Charge	(8)	(12)	(25)
Share in net income of equity-accounted investments	(13)	161	110
Net profit from continuing operations		**322**	**175**
Net profit from discontinued operations	(9)	245	8
NET PROFIT		**567**	**183**
Net profit attributable to equity holders of the parent		563	177
Net profit attributable to non controlling interests		4	6
Net profit from continuing operations attributable to:			
· Equity holders of the parent		318	169
· Non controlling interests		4	6
Net profit from discontinued operations attributable to:			
· Equity holders of the parent		245	8
· Non controlling interests		-	-
Earnings per share (in €)			
· Basic earnings per share	(10)	2,53	0,80
· Diluted earnings per share	(10)	2,50	0,79

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Half-year ended	
(in € million)	**Note**	**30 September 2018**	**30 September 2017 (*)**
Net profit recognised in income statement		**567**	**183**
Remeasurement of post-employment benefits obligations	(22)	20	37
Equity investments at FVOCI		58	(4)
Income tax relating to items that will not be reclassified to profit or loss		(3)	-
Items that will not be reclassified to profit or loss		**75**	**33**
of which from equity-accounted investments		*60*	*-*
Fair value adjustments on cash flow hedge derivatives		-	4
Costs of hedging reserve		(2)	3
Currency translation adjustments (**)	(16)	(32)	(151)
Income tax relating to items that may be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		**(34)**	**(144)**
of which from equity-accounted investments		*(21)*	*(34)*
TOTAL COMPREHENSIVE INCOME		**608**	**72**
Attributable to:			
· Equity holders of the parent		608	70
· Non controlling interests		-	2
Total comprehensive income attributable to equity shareholders arises from :			
· Continuing operations		363	62
· Discontinued operations		245	8
Total comprehensive income attributable to minority equity arises from :			
· Continuing operations		-	2
· Discontinued operations		-	-

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

(**) Currency translation adjustments on actuarial gains and losses are not significant at 30 September 2018 (€5 million at 30 September 2017).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET

Assets

(in € million)	Note	At 30 September 2018	At 31 March 2018 (*)
Goodwill	(11)	1,450	1,422
Intangible assets	(11)	425	416
Property, plant and equipment	(12)	864	854
Investments in joint-venture and associates	(13)	613	533
Non consolidated investments		57	58
Other non-current assets	(14)	275	277
Deferred Tax		290	297
Total non-current assets		**3,974**	**3,857**
Inventories	(15)	1,435	1,348
Cost to fulfill a contract	(15)	21	30
Contract assets	(15)	1,289	1,201
Trade receivables		1,763	1,772
Other current operating assets	(15)	1,175	1,328
Other current financial assets	(18)	6	8
Cash and cash equivalents	(19)	1,397	1,231
Total current assets		**7,086**	**6,918**
Assets held for sale	(9)	2,602	2,390
TOTAL ASSETS		**13,662**	**13,165**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Equity and liabilities

(in € million)	Note	At 30 September 2018	At 31 March 2018 (*)
Equity attributable to the equity holders of the parent	(16)	3,965	3,419
Non controlling interests		56	60
Total equity		**4,021**	**3,479**
Non current provisions	(15)	302	530
Accrued pensions and other employee benefits	(22)	454	468
Non-current borrowings	(20)	976	952
Non-current obligations under finance leases	(20)	200	212
Deferred Tax		23	22
Total non-current liabilities		**1,955**	**2,184**
Current provisions	(15)	883	862
Current borrowings	(20)	691	525
Current obligations under finance leases	(20)	18	18
Contract liabilities	(15)	2,900	3,003
Trade payables		1,648	1,346
Other current liabilities	(15)	1,540	1,741
Total current liabilities		**7,680**	**7,495**
Liabilities related to assets held for sale	(9)	6	7
TOTAL EQUITY AND LIABILITIES		**13,662**	**13,165**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Half-year ended 30 September 2018	30 September 2017 (*)
Net profit		**567**	**183**
Depreciation, amortisation and impairment	(11)/(12)	89	83
Expense arising from share-based payments		11	9
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a) , and other change in provisions		11	31
Post-employment and other long-term defined employee benefits		7	12
Net (gains)/losses on disposal of assets		1	1
Share of net income (loss) of equity-accounted investments (net of dividends received)	(13)	(130)	(92)
Deferred taxes charged to income statement		10	(15)
Net cash provided by operating activities - before changes in working capital		**566**	**212**
Changes in working capital resulting from operating activities (b)	**(15)**	**(284)**	**125**
Net cash provided by/(used in) operating activities		**282**	**337**
Of which operating flows provided / (used) by discontinued operations		-	-
Proceeds from disposals of tangible and intangible assets		1	1
Capital expenditure (including capitalised R&D costs)		(111)	(112)
Increase/(decrease) in other non-current assets	(14)	2	11
Acquisitions of businesses, net of cash acquired	(2)	(124)	-
Disposals of businesses, net of cash sold		(13)	(52)
Net cash provided by/(used in) investing activities		**(245)**	**(152)**
Of which investing flows provided / (used) by discontinued operations		*(10)*	*(52)*
Capital increase/(decrease) including non controlling interests		5	30
Dividends paid including payments to non controlling interests		(84)	(56)
Changes in current and non-current borrowings	(20)	204	(10)
Changes in obligations under finance leases	(20)	(9)	(14)
Changes in other current financial assets and liabilities		(9)	(5)
Net cash provided by/(used in) financing activities		**107**	**(55)**
Of which financing flows provided / (used) by discontinued operations		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**144**	**130**
Cash and cash equivalents at the beginning of the period		1,231	1,563
Net effect of exchange rate variations		25	(50)
Transfer to assets held for sale		(3)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(19)**	**1,397**	**1,643**
(a) Net of interests paid & received	(20)	*(14)*	*(15)*
(b) Income tax paid		*(73)*	*(46)*

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

(in € million)	Half-year ended 30 September 2018	30 September 2017
Net cash/(debt) variation analysis (*)		
Changes in cash and cash equivalents	144	130
Changes in other current financial assets and liabilities	9	5
Changes in current and non-current borrowings	(204)	10
Changes in obligations under finance leases	9	14
Transfer to assets held for sale	(3)	-
Net debt of acquired/disposed entities at acquisition/disposal date and other variations	20	(52)
Decrease/(increase) in net debt	(25)	107
Net cash (debt) at the begining of the period	(255)	(208)
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(280)**	**(101)**

(*) 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 (see Note 14), less financial debt (see Note 20).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Actuarial gains and losses	Cash-flow hedge	Currency translation adjustment	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2017 (as published)	**219,711,830**	**1,538**	**890**	**1,906**	**(322)**	**1**	**(352)**	**3,661**	**52**	**3,713**
IFRS 9 & 15 restatement	-	-	-	(488)	-	-	20	(468)	(1)	(469)
At 31 March 2017 (restated)	**219,711,830**	**1,538**	**890**	**1,418**	**(322)**	**1**	**(332)**	**3,193**	**51**	**3,244**
Movements in other comprehensive income	-	-	-	3	38	3	(151)	(107)	(5)	(112)
Net income for the period	-	-	-	177	-	-	-	177	6	183
Total comprehensive income	**-**	**-**	**-**	**180**	**38**	**3**	**(151)**	**70**	**1**	**71**
Change in controlling interests and others	-	-	-	-	-	-	-	-	11	11
Dividends paid	-	-	-	(55)	-	-	-	(55)	(4)	(59)
Issue of ordinary shares under long term incentive plans	-	-	-	-	-	-	-	-	-	-
Recognition of equity settled share-based payments	810,445	6	14	9	-	-	-	29	-	29
At 30 September 2017 (*)	**220,522,275**	**1,544**	**904**	**1,552**	**(284)**	**4**	**(483)**	**3,237**	**59**	**3,296**
Movements in other comprehensive income	-	-	-	8	21	3	(64)	(32)	1	(31)
Net income for the period	-	-	-	188	-	-	-	188	3	191
Total comprehensive income	**-**	**-**	**-**	**196**	**21**	**3**	**(64)**	**156**	**4**	**160**
Change in controlling interests and others	-	-	-	2	-	-	(2)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(3)	(3)
Issue of ordinary shares under long term incentive plans	1,020,164	7	-	(7)	-	-	-	-	-	-
Recognition of equity settled share-based payments	668,032	4	13	9	-	-	-	26	-	26
At 31 March 2018 (*)	**222,210,471**	**1,555**	**917**	**1,752**	**(263)**	**7**	**(549)**	**3,419**	**60**	**3,479**
Movements in other comprehensive income	-	-	-	57	16	-	(28)	45	(4)	41
Net income for the period	-	-	-	563	-	-	-	563	4	567
Total comprehensive income	**-**	**-**	**-**	**620**	**16**	**-**	**(28)**	**608**	**-**	**608**
Change in controlling interests and others	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(78)	-	-	-	(78)	(4)	(82)
Issue of ordinary shares under long term incentive plans	638,610	5	-	-	-	-	-	5	-	5
Recognition of equity settled share-based payments	209,287	1	4	6	-	-	-	11	-	11
At 30 September 2018 (*)	**223,058,368**	**1,561**	**921**	**2,300**	**(247)**	**7**	**(577)**	**3,965**	**56**	**4,021**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Alstom is a leading player in the world rail transport industry. As such, the Company offers a complete range of solutions, including rolling stock, systems, services as well as signalling for passenger and freight railway transportation. It benefits from a growing market with solid fundamentals. The key market drivers are urbanisation, environmental concerns, economic growth, governmental spending and digital transformation.

In this context, Alstom has been able to develop both a local and global presence that sets it apart from many of its competitors, while offering proximity to customers and great industrial flexibility. Its range of solutions, one of the most complete and integrated on the market, and its position as a technological leader, place Alstom in a unique situation to benefit from the worldwide growth in the rail transport market. Lastly, in order to generate profitable growth, Alstom focuses on operational excellence and its product mix evolution.

The condensed interim consolidated financial statements are presented in euro and have been authorized for issue by the Board of Directors held on 13 November 2018.

A. MAJOR EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION

NOTE 1. COMBINATION OF SIEMENS AND ALSTOM'S MOBILITY BUSINESSES

The proposed combination of Alstom with Siemens Mobility, including its rail traction drive business, has reached significant milestones in the past months.

On 17 July 2018, Alstom shareholders approved the proposed combination of Alstom with Siemens Mobility.

As part of the combination, Alstom existing shareholders at the close of the business day preceding the completion date of the transaction, will receive two exceptional distributions: a control premium of €4 per share (Distribution A) and an extraordinary distribution of up to €4 per share subject to certain adjustments (Distribution B). Payment of both distributions shall be made on the 8th business day following the date of closing of this transaction.

On 8 June, Alstom and Siemens jointly filed the application for merger control clearance with the European Commission and on 13 July, Alstom and Siemens took note of the European Commission's initiation of a Phase 2 review of the proposed combination of Siemens' Mobility business with Alstom. On 29 October, Alstom and Siemens received a Statement of Objections from the European Commission as part of the Phase 2 examination of the proposed combination. The Statement of Objections formalises the Commission's assessment of this transaction at this stage and gives Alstom and Siemens the opportunity to access the case file and respond to the Commission. It does not prejudge of the final decision of the European Commission. Alstom and Siemens continue to work constructively with the European Commission to explain the rationale and the benefits of the proposed combination.

The transaction is subject to approval by relevant anti-trust authorities and closing is expected in the first half of 2019.

NOTE 2. CHANGES IN CONSOLIDATION SCOPE

TMH Limited

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. The Group retains a significant influence. The financial impacts of this operation, and notably the dilutive effect, will be booked over the second semester (Note 13).

21net

In April 2018, Alstom completed the 100% acquisition of 21net, expert in on-board internet and passenger infotainment for the railway industry. The company is headquartered in the UK with subsidiaries in Belgium, France, Italy and India. 50 people are employed and its turnover represented around €16 million for the year ended 31 December 2017.

The allocation of the price and the determination of the goodwill will be finalized within twelve months from the date of acquisition.

B. ACCOUNTING POLICIES AND USE OF ESTIMATES

NOTE 3. ACCOUNTING POLICIES

3.1 Basis of preparation of the condensed interim consolidated financial statements

Alstom ("the Group") condensed interim consolidated financial statements for the half-year ended 30 September 2018 are presented and have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB), endorsed by the European Union and which application was mandatory at 1 April 2018, and in accordance with IAS 34, Interim Financial Reporting. This standard provides that condensed interim financial statements do not include all the information required under IFRS for the preparation of annual consolidated financial statements. These condensed interim consolidated financial statements must therefore be read in conjunction with the Group's consolidated financial statements at 31 March 2018.

The accounting policies and measurement methods used to prepare these condensed interim consolidated financial statements are identical to those applied by the Group at 31 March 2018 and described in Note 2 to the consolidated financial statements for the year ended 31 March 2018, except:

- new standards and interpretations mandatorily applicable presented in paragraph 3.2 below;
- the specific measurement methods of IAS34 applied for the preparation of condensed interim consolidated financial statements regarding estimate of tax expense (as described in Note 8) and Post-employment and other long term employee defined benefits valuations (as described in Note 22).

3.2 New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2018

3.2.1 IFRS 15 Revenue from contracts with customers

Context

On 22 September 2016, European Union endorsed IFRS15 Revenue from Contracts with Customers (issued by IASB on 28 May 2014), which supersedes IAS11 on Construction Contracts, IAS18 on Revenue for the sale of goods and the rendering of services, as well as other related interpretations. The new standard has become effective for Alstom for fiscal year beginning on 1 April 2018.

Transition method elected

Alstom has elected to apply the full retrospective method. Accordingly, opening equity at 1 April 2017 has been restated. To reflect the impact of applying IFRS15, the interim 2018/2019 consolidated financial statements include restated comparative data for fiscal year 2017/2018 as well as for the period ended at 30 September 2017.

Final impacts on equity restatement at 1 April 2017 and 31 March 2018

Alstom achieved several qualitative and quantitative conclusions:

- The identification of performance obligations has not led to significant changes versus previous practice.
- Most construction contracts as well as long term service agreements fulfill the requirements for revenue recognition over time and remain accounted for under the percentage of completion method. Nevertheless, the percentage of completion method used by Alstom changed. Previously, the stage of completion on construction contracts and long-term service agreements was assessed upon the milestones method which ascertained the stage of completion of a physical proportion of the contract work or the performance of services provided in the agreement.

  Under IFRS15, the percentage of completion method retained is the cost to cost method: revenue is now recognized for each performance obligation based on the percentage of costs incurred to date divided by the total costs expected at completion. For each contract, depending on the stage of completion and the milestones reached compared to the costs incurred to date, this change in method impacts the phasing in the recognition of revenue and margin from one period to another. The analysis performed on the current portfolio of contracts has reduced equity at the opening date of 1 April 2017 by €201 million (€258 million at 31 March 2018).
- Moreover, the new standard puts additional constraint on the transaction price estimates and especially on variable consideration and contract modifications. The estimation of the transaction price should include variable amounts and/or contract modifications to the extent that it is highly probable that no significant reversal in the amount of cumulative revenues recognized will occur when the uncertainty associated with these elements is subsequently resolved. The introduction of this constraint on the price escalation estimates on the one hand, as well as the incorporation of amendments under negotiation on the other hand, has led to recognize these effects on contract value at a later point in time, when they become enforceable. This had thus the effect of deferring revenue and margin and contributed to reduce equity at restatement date by approximatively €82 million for price escalation estimate and €186 million for contract amendments at 1 April 2017 (respectively €76 million and €214 at 31 March 18).
- No significant financial component has been identified except for one contract, since timing of cash receipts and revenue recognition under cost to cost method do not differ substantially. This has led to no material effect on equity either at restatement date or at 31 March 2018.

The impact of applying IFRS15 resulted in a reduction of equity of, respectively €469 million at 1 April 2017 and €548 million at 31 March 2018;

These changes have an impact on the timing of revenues and margins and resulted in a reduction of equity at the date of restatement as well as at 31 March 2018, but the new standard does not affect the cash position of the contracts and has no impact on the economy of the contracts at completion.

Final impacts on balance sheet presentation

Besides, changes to the balance sheet presentation occurred due to IFRS15 implementation.

The main changes in the balance sheet presentation can be summurized in the following way:

- With respect to the construction contracts and long term service agreements, the captions "Construction contracts in progress, assets" and "Construction contracts in progress, liabilities" disappeared. The advance payments received from customers were presented exclusively in the aggregate "construction contracts in progress, liabilities".
- New aggregates called "contract assets" and "contract liabilities" are disclosed for construction contracts and long term service agreements in progress and are determined on a contract-by contract basis. The aggregate "contract assets" corresponds to the unbilled part of revenues recognized to date net of the advance payments received from customers. Unbilled part of revenue corresponds to revenue recognized to date in excess of progress billings.

  On the contrary, when progress billings are in excess of revenue recognized to date, the net amount is accounted for as deferred income and aggregated with the related advance payments received from customers under the caption "contract liabilities".
- In accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets, the present obligations under contracts remain measured using the same valuation principles. Nevertheless, they are presented as current provisions and no longer in construction contracts in progress (as per former IAS11 application).
- In addition, for costs incurred in fulfilling a contract with a customer that are within the scope of other standards, namely IAS2 Inventories, IAS16 Property, Plant and Equipment, IAS38 Intangible assets, these costs are accounted for in accordance with those other standards that apply primarily. For instance, product development costs falling under the scope of IAS38 were reclassified from project to research and development costs.

  For other costs incurred in fulfilling a contract that are not within the scope of the standards stated above, those costs should be accounted for under a new caption called "costs to fulfil a contract" when eligible for capitalization. Therefore, related amounts in construction contracts in progress have been reclassified accordingly.

Other topics

- Under IFRS15, quantitative and qualitative disclosures are requested on transaction price allocated to the remaining performance obligations, which corresponds to Alstom's definition of order backlog as reported in Management Report.
- Order backlog represents sales not yet recognized 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 sales recognized during the year

- Plus/Less adjustments on transaction price (including cancellations of orders, changes in scope of consolidation, contract price adjustments, foreign currency translation effects…)

The change in percentage of completion method from milestones to cost to cost, as well as the deferral of revenue at a later point in time for price escalation estimates and contract amendments, resulted in a new valuation of the order backlog to approximatively €36.9 billion at 1 April 2017, €35.3 billion at 31 March 2018 and €38.1 billion at 30 September 2018.

3.2.2 IFRS9 Financial instruments

IFRS9 Financial Instruments introduces a single approach to classification and measurement of financial instruments based on the characteristics of the financial instruments and on the Group's management intention. The standard includes also a revised guidance on impairment on financial assets as well as new general hedge accounting requirements.

This new standard becomes effective for Alstom for fiscal year starting 1 April 2018. The review and analysis of this standard has not concluded to any material impact on its consolidated financial statements.

Nevertheless, two options have been elected:

- In the course of its operations, the group is exposed to currency risk arising from operational transactions in foreign currency: future cash in but also future cash out transactions. Thus, the Group puts in place a significant volume of hedges at inception of the contract to cover these exposures applying fair value hedge accounting. When Alstom designates only foreign exchange spot changes as hedged item, the cost of hedging approach will be retained, allowing the Group to recognize the change in fair value of forward points in Other Comprehensive Income (rather than in income statement under IAS39). This option has no significant impact on March 2018 restated equity, but a reclassification was performed between Profit and Loss and Other Comprehensive Income with an impact of €(11) million on the financial result of fiscal year 17/18 restated.
- For the portfolio of non-consolidated investments (previously designated as available for sale financial assets), Alstom has elected to record the change in fair value on these investments through Other Comprehensive Income with no subsequent recycling in income statement. This option has no impact on March 2018 restated equity.

Finally, the new standard modifies the recognition of the credit risk related to financial assets and especially trade receivables, moving from the incurred loss approach to an expected loss approach. Nevertheless, from the Group perspective, the application of IFRS9 impairment requirements resulted in no material impact over the impairment already accounted for under IAS39. Indeed, impairment losses continue to be determined considering the risk of non-recovery on a case-by-case basis.

3.2.3 Restated financial statements

The following tabs present the impact of changes related to the application of the new accounting standards, IFRS15 and IFRS9 as described above:

Income statement

At 30 September 2017

(in € million)	Half-Year ended 30 Sept 2017 published	Restatement IFRS 9 & 15	Half-Year ended 30 Sept 2017 restated
Sales	**3,756**	**(415)**	**3,341**
Cost of sales	(3,171)	386	(2,785)
Research and development expenses	(80)	(22)	(102)
Selling expenses	(99)	-	(99)
Administrative expenses	(175)	-	(175)
Other income/(expense)	(37)	-	(37)
Earnings Before Interests and Taxes	**194**	**(51)**	**143**
Financial income	2	2	4
Financial expense	(53)	(4)	(57)
Pre-tax income	**143**	**(53)**	**90**
Income Tax Charge	(40)	15	(25)
Share in net income of equity-accounted investments	110	-	110
Net profit from continuing operations	**213**	**(38)**	**175**
Net profit from discontinued operations	8	-	8
NET PROFIT	**221**	**(38)**	**183**
Net profit attributable to equity holders of the parent	213	(36)	177
Net profit attributable to non controlling interests	8	(2)	6
Net profit from continuing operations attributable to:	-	-	-
· Equity holders of the parent	205	(36)	169
· Non controlling interests	8	(2)	6
Net profit from discontinued operations attributable to:	-	-	-
· Equity holders of the parent	8	-	8
· Non controlling interests	-	-	-

At 31 March 2018

(in € million)	Year ended 31 March 2018 published	Restatement IFRS 9 & 15	Year ended 31 March 2018 restated
Sales	**7,951**	**(605)**	**7,346**
Cost of sales	(6,686)	559	(6,127)
Research and development expenses	(188)	(64)	(252)
Selling expenses	(204)	(7)	(211)
Administrative expenses	(359)	-	(359)
Other income/(expense)	(133)	-	(133)
Earnings Before Interests and Taxes	**381**	**(117)**	**264**
Financial income	7	3	10
Financial expense	(98)	(11)	(109)
Pre-tax income	**290**	**(125)**	**165**
Income Tax Charge	(73)	14	(59)
Share in net income of equity-accounted investments	216	-	216
Net profit from continuing operations	**433**	**(111)**	**322**
Net profit from discontinued operations	52	-	52
NET PROFIT	**485**	**(111)**	**374**
Net profit attributable to equity holders of the parent	475	(110)	365
Net profit attributable to non controlling interests	10	(1)	9
Net profit from continuing operations attributable to:			
· Equity holders of the parent	423	(110)	313
· Non controlling interests	10	(1)	9
Net profit from discontinued operations attributable to:			
· Equity holders of the parent	52	-	52
· Non controlling interests	-	-	-

Balance sheet

At 31 March 2017

Assets

(in € million)	At 31 March 2017 published	Restatement IFRS 9 & 15	At 31 March 2017 restated
Goodwill	1,513	-	1,513
Intangible assets	395	3	398
Property, plant and equipment	749	33	782
Investments in joint-venture and associates	2,755	-	2,755
Non consolidated investments	55	-	55
Other non-current assets	316	-	316
Deferred Tax	189	60	249
Total non-current assets	**5,972**	**96**	**6,068**
Inventories	916	372	1,288
Construction contracts in progress, assets	2,834	(2,834)	-
Cost to fulfill a contract	-	20	20
Contract assets	-	1,151	1,151
Trade receivables	1,693	249	1,942
Other current operating assets	1,365	27	1,392
Other current financial assets	8	-	8
Cash and cash equivalents	1,563	-	1,563
Total current assets	**8,379**	**(1,015)**	**7,364**
Assets held for sale	10	-	10
TOTAL ASSETS	**14,361**	**(919)**	**13,442**

Equity and liabilities

(in € million)	At 31 March 2017 published	Restatement IFRS 9 & 15	At 31 March 2017 restated
Equity attributable to the equity holders of the parent	3,661	(468)	3,193
Non controlling interests	52	(1)	51
Total equity	**3,713**	**(469)**	**3,244**
Non current provisions	614	-	614
Accrued pensions and other employee benefits	526	-	526
Non-current borrowings	1,362	-	1,362
Non-current obligations under finance leases	233	-	233
Deferred Tax	23	-	23
Total non-current liabilities	**2,758**	**-**	**2,758**
Current provisions	250	582	832
Current borrowings	416	-	416
Current obligations under finance leases	28	-	28
Construction contract in progress, Liabilities	4,486	(4,486)	-
Contract liabilities	-	3,166	3,166
Trade payables	1,029	-	1,029
Other current liabilities	1,674	288	1,962
Total current liabilities	**7,883**	**(450)**	**7,433**
Liabilities related to assets held for sale	7	-	7
TOTAL EQUITY AND LIABILITIES	**14,361**	**(919)**	**13,442**

At 31 March 2018

Assets

(in € million)	At 31 March 2018 published	Restatement IFRS 9 & 15	At 31 March 2018 restated
Goodwill	1,422	-	1,422
Intangible assets	410	6	416
Property, plant and equipment	831	23	854
Investments in joint-venture and associates	533	-	533
Non consolidated investments	58	-	58
Other non-current assets	277	-	277
Deferred Tax	224	73	297
Total non-current assets	**3,755**	**102**	**3,857**
Inventories	1,146	202	1,348
Construction contracts in progress, assets	2,675	(2,675)	-
Cost to fulfill a contract	-	30	30
Contract assets	-	1,201	1,201
Trade receivables	1,589	183	1,772
Other current operating assets	1,328	-	1,328
Other current financial assets	8	-	8
Cash and cash equivalents	1,231	-	1,231
Total current assets	**7,977**	**(1,059)**	**6,918**
Assets held for sale	2,390	-	2,390
TOTAL ASSETS	**14,122**	**(957)**	**13,165**

Equity and liabilities

(in € million)	At 31 March 2018 published	Restatement IFRS 9 & 15	At 31 March 2018 restated
Equity attributable to the equity holders of the parent	3,966	(547)	3,419
Non controlling interests	61	(1)	60
Total equity	**4,027**	**(548)**	**3,479**
Non current provisions	530	-	530
Accrued pensions and other employee benefits	468	-	468
Non-current borrowings	952	-	952
Non-current obligations under finance leases	212	-	212
Deferred Tax	22	-	22
Total non-current liabilities	**2,184**	**-**	**2,184**
Current provisions	313	549	862
Current borrowings	525	-	525
Current obligations under finance leases	18	-	18
Construction contract in progress, Liabilities	4,147	(4,147)	-
Contract liabilities	-	3,003	3,003
Trade payables	1,346	-	1,346
Other current liabilities	1,555	186	1,741
Total current liabilities	**7,904**	**(409)**	**7,495**
Liabilities related to assets held for sale	7	-	7
TOTAL EQUITY AND LIABILITIES	**14,122**	**(957)**	**13,165**

Cash-Flow Statement

At 30 September 2017

(in € million)	Half-year ended 30 September 2017 published	Restatement IFRS 9 & 15	Half-year ended 30 September 2017 restated
Net profit	**221**	**(38)**	**183**
Depreciation, amortisation and impairment	101	(18)	83
Expense arising from share-based payments	9	-	9
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a) , and other change in provisions	27	4	31
Post-employment and other long-term defined employee benefits	12	-	12
Net (gains)/losses on disposal of assets	1	-	1
Share of net income (loss) of equity-accounted investments (net of dividends received)	(91)	(1)	(92)
Deferred taxes charged to income statement	(1)	(14)	(15)
Net cash provided by operating activities - before changes in working capital	**279**	**(67)**	**212**
Changes in working capital resulting from operating activities (b)	**50**	**75**	**125**
Net cash provided by/(used in) operating activities	**329**	**8**	**337**
Of which operating flows provided / (used) by discontinued operations	-	-	-
Proceeds from disposals of tangible and intangible assets	1	-	1
Capital expenditure (including capitalised R&D costs)	(103)	(9)	(112)
Increase/(decrease) in other non-current assets	10	1	11
Acquisitions of businesses, net of cash acquired	-	-	-
Disposals of businesses, net of cash sold	(52)	-	(52)
Net cash provided by/(used in) investing activities	**(144)**	**(8)**	**(152)**
Of which investing flows provided / (used) by discontinued operations	*(52)*	-	*(52)*
Capital increase/(decrease) including non controlling interests	30	-	30
Dividends paid including payments to non controlling interests	(56)	-	(56)
Issuances of bonds & notes	-	-	-
Repayments of bonds & notes issued	-	-	-
Changes in current and non-current borrowings	(10)	-	(10)
Changes in obligations under finance leases	(14)	-	(14)
Changes in other current financial assets and liabilities	(5)	-	(5)
Net cash provided by/(used in) financing activities	**(55)**	**-**	**(55)**
Of which financing flows provided / (used) by discontinued operations	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**130**	**-**	**130**
Cash and cash equivalents at the beginning of the period	1,563	-	1,563
Net effect of exchange rate variations	(50)	-	(50)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,643**	**-**	**1,643**
(a) Net of interests paid & received	*(15)*	-	*(15)*
(b) Income tax paid	*(46)*	-	*(46)*

At 31 March 2018

(en millions d'€)	Half-year ended 31 March 2018 published	Restatement IFRS 9 & 15	Half-year ended 31 March 2018 restated
Net profit	**485**	**(111)**	**374**
Depreciation, amortisation and impairment	161	10	171
Expense arising from share-based payments	18	-	18
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a) , and other change in provisions	5	12	17
Post-employment and other long-term defined employee benefits	19	-	19
Net (gains)/losses on disposal of assets	2	-	2
Share of net income (loss) of equity-accounted investments (net of dividends received)	(197)	(1)	(198)
Deferred taxes charged to income statement	(52)	(13)	(65)
Net cash provided by operating activities - before changes in working capital	**441**	**(103)**	**338**
Changes in working capital resulting from operating activities (b)	**(33)**	**113**	**80**
Net cash provided by/(used in) operating activities	**408**	**10**	**418**
Of which operating flows provided / (used) by discontinued operations	-	-	-
Proceeds from disposals of tangible and intangible assets	3	-	3
Capital expenditure (including capitalised R&D costs)	(283)	(10)	(293)
Increase/(decrease) in other non-current assets	21	-	21
Acquisitions of businesses, net of cash acquired	(4)	-	(4)
Disposals of businesses, net of cash sold	(80)	-	(80)
Net cash provided by/(used in) investing activities	**(343)**	**(10)**	**(353)**
Of which investing flows provided / (used) by discontinued operations	*(82)*	-	*(82)*
Capital increase/(decrease) including non controlling interests	47	-	47
Dividends paid including payments to non controlling interests	(60)	-	(60)
Issuances of bonds & notes	-	-	-
Repayments of bonds & notes issued	(272)	-	(272)
Changes in current and non-current borrowings	7	-	7
Changes in obligations under finance leases	(27)	-	(27)
Changes in other current financial assets and liabilities	-	-	-
Net cash provided by/(used in) financing activities	**(305)**	**-**	**(305)**
Of which financing flows provided / (used) by discontinued operations	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(240)**	**-**	**(240)**
Cash and cash equivalents at the beginning of the period	1,563	-	1,563
Net effect of exchange rate variations	(92)	-	(92)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,231**	**-**	**1,231**
(a) Net of interests paid & received	*(66)*	-	*(66)*
(b) Income tax paid	*(93)*	-	*(93)*

3.2.4 Other new standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2018

Several amendments are applicable at 1 April 2018:

- Interpretation IFRIC22 – Foreign Currency Transactions and Advance Consideration;
- Amendment to IFRS2 – Clarifications of classification and measurement of share-based payment transactions;
- Annual Improvements to the 2014-2016 IFRS Cycle.

All these amendments effective at 1 April 2018 for Alstom have no material impact on the Group's consolidated financial statements.

3.3 New standards and interpretations not yet mandatorily applicable

New standards and interpretations endorsed by the European Union

- IFRS16 Leases

IFRS16 – Leases, applicable from 1st January 2019, introduces a single lessee accounting model for almost all leases contracts under which a lessee is required to recognize a right-of-use leased asset and a lease liability representing its obligation to make lease payments.

For its transition method, the Group has elected to apply cumulative catch-up retrospective approach. Prior-period comparative data will therefore not be restated at the transition date and only opening equity at that date will be affected.

The Group is currently performing a detailed inventory of its lease agreements (which mainly concern real estate assets) and analyzing the impacts that IFRS16 may have on its consolidated financial statements.

In view of the specific features of certain leases (notably their renewal clauses), as well as the rates used to measure the lease liabilities under IFRS16, the commitments, referred in note 25 – Operating leases, may not therefore be fully representative of the lease liabilities that will have to be recognized under IFRS16.

New standards and interpretations not yet approved by the European Union

- IFRIC23 Uncertainty over income tax treatments. The interpretation will be applicable for annual periods beginning after 1 January 2019;
- Amendments to IAS28: Long-term interests in associates and joint ventures. The amendment will be applicable for annual periods beginning after 1 January 2019;
- Annual improvement to IFRS Standards 2015-2017 cycle will be applicable for annual periods beginning after 1 January 2019;
- Amendments to IAS19: Plan Amendment, curtailment or settlement. The amendments will be applicable for annual periods beginning after 1 January 2019;
- Amendments to References to the Conceptual Framework in IFRS Standards. The amendments will be applicable for annual periods beginning after 1 January 2020.

The potential impacts of these new pronouncements are currently being analyzed.

C. SEGMENT INFORMATION

NOTE 4. SEGMENT INFORMATION

The financial information of Alstom Group is regularly reviewed by the Executive Committee, identified as Chief Operating Decision Maker, for assessing performance and allocating resources. This reporting presents Key Performance Indicators at Group level.

Sales by country of destination

	Half-year ended	
(in € million)	30 September 2018	30 September 2017 (*)
Europe	1,982	1,710
of which France	*626*	*512*
Americas	728	663
Asia & Pacific	450	411
Middle-East & Africa	850	557
TOTAL GROUP	**4,010**	**3,341**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Sales by product

	Half-year ended	
(in € million)	30 September 2018	30 September 2017 (*)
Rolling stock	1,736	1,415
Services	749	636
Systems	888	673
Signalling	637	617
TOTAL GROUP	**4,010**	**3,341**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Information about major customers

No external customer represents individually 10% or more of the Group's consolidated sales.

D. OTHER INCOME STATEMENT

NOTE 5. RESEARCH AND DEVELOPMENT EXPENDITURE

	Half-year ended	
(in € million)	**30 September 2018**	**30 September 2017 (*)**
Research and development gross cost	(147)	(123)
Funding received	36	24
Research and development spending, net	**(111)**	**(99)**
Development costs capitalised during the period	27	26
Amortisation expense of capitalised development costs	(27)	(29)
RESEARCH AND DEVELOPMENT EXPENSES (IN P&L)	**(111)**	**(102)**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

During the half-year ended 30 September 2018, the Group invested €147 million in research and development, notably to develop:

- its "Very high-speed train" Avelia™: SNCF ordered 100 trains in July 2018;
- its zero-emission train Coradia iLint™, with a commercial start up in September 2018 in Germany;
- its 100% electric bus, Aptis™: a dedicated entity was created in June 2018 for production and selling;
- its Citadis™ X05 light rail vehicle, with steel case, Frankfurt contract has been notified in June 2018;
- the new solution EVC bi-standard, for Nordic markets (Norway order in May 2018);
- digital initiatives such as Mastria and "Station One", which has been communicated widely on Innotrans.

NOTE 6. OTHER INCOME AND EXPENSE

	Half-year ended	
(in € million)	**30 September 2018**	**30 September 2017**
Restructuring and rationalisation costs	(34)	(19)
Impairment loss and other	(32)	(18)
Other income / (expense)	**(66)**	**(37)**

In the 6 months period ended 30 September 2018, restructuring and rationalization costs are mainly related to the adaptation of the means of production in certain countries, notably in UK and Brazil.

Over the period ended at 30 September 2018, Impairment loss and other represent mainly:

- €(7) million of amortisation of intangible assets and integration costs related to business combinations, such as SSL, GE Signalling and Nomad;
- €18 million related to the reversal of debt on previous acquisition;
- €(36) million of transaction costs related to Siemens combination;
- €(7) million related to legal proceedings and other risks remeasurements that have arisen outside of the ordinary course of business.

NOTE 7. FINANCIAL INCOME (EXPENSE)

	Half-year ended	
(in € million)	30 September 2018	30 September 2017 (*)
Interest income	2	3
Interest expense on borrowings	(30)	(34)
NET FINANCIAL INCOME/(EXPENSES) ON DEBT	**(28)**	**(31)**
Net cost of foreign exchange hedging	(11)	(13)
Net financial expense from employee defined benefit plans	(5)	(6)
Financial component on contracts	3	2
Other financial income/(expense)	(5)	(5)
NET FINANCIAL INCOME/(EXPENSES)	**(46)**	**(53)**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

NOTE 8. TAXATION

In accordance with IAS34, income tax charge is recognized based on management's estimate of the projected effective tax rate for the whole financial year to the pre-tax income of the interim period and takes into consideration potential discrete items.

At 30 September 2018, effective tax rate is 7%, due to deferred tax assets recognized on previous tax loss carry forwards as well as reversal of tax provisions. Excluding these items, effective tax rate would have reached 26%.

NOTE 9. FINANCIAL STATEMENTS OF DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Accounting methods and principles applicable to discontinued operations are identical to those used at 30 September 2017 and 31 March 2018.

At 30 September 2018, Assets Held For Sale (and related liabilities) comprise:

- delayed transferred assets for a net amount of €2 million : only one Chinese entity remains accounted for as Asset Held For Sale;
- Energy Alliances for €2,594 million: as a consequence of Alstom's decision to exercise its put options in September 2018, the three Alliances and the related put options are classified as Assets Held For Sale (Note 13). On 2 October 2018, the Group has completed the transfer of all its interests in the three Energy Alliances (Renewables, Grid and Nuclear) to General Electric and received a total cash payment of €2.594 billion.

The line "Net profit from discontinued operations", recognized in the Consolidated Income Statement, includes the reassessment of liabilities related to the disposal of activities. Over the period ended 30 September 2018, Alstom recognized a profit for €245 million.

Alstom's Consolidated Statement of Cash Flows takes into account the cash flows of staggered and delayed transferred assets, until their effective transfer to General Electric, and costs directly related to the sale of Energy activities.

In the context of the General Electric transaction, the release of some conditional and unconditional parent company guarantees formerly issued, mainly by Alstom Holdings SA, to cover obligations of the former Energy affiliates in an amount of €7.2 billion**.** The Group benefits from a general indemnification from General Electric in these matters.

NOTE 10. EARNINGS PER SHARE

(in € million)	Half-year ended 30 September 2018	Half-year ended 30 September 2017 (*)
Net Profit attributable to equity holders of the parent :		
• From continuing operations	318	169
• From discontinued operations	245	8
EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**563**	**177**

number of shares	Half-year ended 30 September 2018	Half-year ended 30 September 2017 (*)
Weighted average number of ordinary shares used to calculate basic earnings per share	**222,426,320**	**220,164,680**
Effect of dilutive instruments other than bonds reimbursable with shares:		
• Stock options and performance shares (LTI plan)	3,071,513	4,055,054
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED TO CALCULATE DILUTED EARNINGS PER SHARES	**225,497,833**	**224,219,734**

(in €)	Half-year ended 30 September 2018	Half-year ended 30 September 2017 (*)
Basic earnings per share	2.53	0.80
Diluted earnings per share	2.50	0.79
Basic earnings per share from continuing operations	1.43	0.77
Diluted earnings per share from continuing operations	1.41	0.75
Basic earnings per share from discontinued operations	1.10	0.04
Diluted earnings per share from discontinued operations	1.09	0.04

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

E. NON-CURRENT ASSETS

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

11.1 Goodwill

(in € million)	At 31 March 2018	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 30 September 2018
GOODWILL	**1,422**	**6**	**-**	**22**	**1,450**
Of which:					
Gross value	1,422	6	-	22	1,450
Impairment	-	-	-	-	-

Movements between 31 March 2018 and 30 September 2018 mainly arose from 21net purchase price allocation for an amount of € 6 million. This goodwill remains provisional.

The impairment test at 31 March 2018 supported the Group's opinion that goodwill was not impaired. At 30 September 2018, the Group considers that the assumptions used at 31 March 2018 to assess the recoverable value of goodwill are not substantially modified.

11.2 Intangible assets

(in € million)	At 31 March 2018	Additions / disposals / amortisation / impairment	Other changes including CTA & scope	At 30 September 2018
Development costs	1,201	27	12	1,240
Other intangible assets	384	18	(2)	400
Gross value	**1,585**	**45**	**10**	**1,640**
Development costs	(936)	(27)	1	(962)
Other intangible assets	(233)	(12)	(8)	(253)
Amortisation and impairment	**(1,169)**	**(39)**	**(7)**	**(1,215)**
Development costs	265	-	13	278
Other intangible assets	151	6	(10)	147
NET VALUE	**416**	**6**	**3**	**425**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

(in € million)	At 31 March 2018 (*)	Additions / amortisation / impairment	Disposals	Other changes of which translation adjustments and scope	At 30 September 2018
Land	90	-	-	-	90
Buildings	866	19	(1)	-	884
Machinery and equipment	808	15	(5)	(15)	803
Constructions in progress	98	42	-	(8)	132
Tools, furniture, fixtures and other	213	4	(2)	-	215
Gross value	**2,075**	**80**	**(8)**	**(23)**	**2,124**
Land	(9)	-	-	-	(9)
Buildings	(457)	(20)	1	-	(476)
Machinery and equipment	(583)	(22)	3	3	(599)
Constructions in progress	(13)	(1)	-	(1)	(15)
Tools, furniture, fixtures and other	(159)	(7)	2	3	(161)
Amortisation and impairment	**(1,221)**	**(50)**	**6**	**5**	**(1,260)**
Land	81	-	-	-	81
Buildings	409	(1)	-	-	408
Machinery and equipment	225	(7)	(2)	(12)	204
Constructions in progress	85	41	-	(9)	117
Tools, furniture, fixtures and other	54	(3)	-	3	54
NET VALUE	**854**	**30**	**(2)**	**(18)**	**864**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

The Group adapts its means of production around the world, notably with the construction and modernization of manufacturing sites in India, in South Africa and in the United States of America. This mainly contributes to the commitments of fixed assets amounting to €72 million at 30 September 2018 (against €68 million at 31 March 2018).

NOTE 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Financial information

	Share in equity		Share of net income	
(in € million)	**At 30 September 2018**	**At 31 March 2018**	**Half-year ended 30 September 2018**	**Half-year ended 30 September 2017**
Energy Alliances	-	113	99	79
TMH Limited	457	260	49	14
Other Associates	93	100	18	17
Associates	**550**	**473**	**166**	**110**
SpeedInnov JV	59	59	(1)	-
Other Joint ventures	4	1	(4)	-
Joint ventures	**63**	**60**	**(5)**	**-**
TOTAL	**613**	**533**	**161**	**110**

At 30 September 2018, the main variations are as follows:

- Energy Alliances (Note 13.1): Energy Alliances have been reclassified at 30 September 2018 as “Assets held for sale” for €212 million, of which €113 million related to Nuclear Alliance and €99 million related to the change in put options over the period;
- TMH Limited (Note 2 & Note 13.2): TMH Limited is the new holding of The Breakers Investments B.V and Locotech Services.

Movements during the period

(in € million)	**At 30 September 2018**	**At 31 March 2018**
Opening balance	**533**	**2,755**
Share in net income of equity-accounted investments	161	216
Dividends	(31)	(18)
Acquisitions	115	-
Transfer to assets held for sale	(212)	(2,382)
Translation adjustments and other	47	(38)
CLOSING BALANCE	**613**	**533**

13.1 The three Energy Alliances

In the framework of the acquisition of Energy activities by General Electric, in November 2015, three alliances have been created, consisting of respectively:

- combination of Alstom Grid and General Electric Digital Energy businesses (“Grid Alliance”);
- Alstom’s hydro, offshore wind and tidal businesses (“Renewable Alliance”);
- Global Nuclear & French Steam production assets for servicing of the “Arabelle” steam turbine equipment for nuclear power plants worldwide and servicing for applications in France (“Nuclear Alliance”).

The investments in Energy alliances include liquidity rights through put options on its shares to General Electric with a minimum guaranteed exit price.

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

As a consequence, the three Alliances and the related options have been reclassified as Assets Held For Sale for a total amount of €2.594 billion, of which €2.382 billion at 31 March 2018 for Renewable and Grid and €212 million at 30 September 2018 for Nuclear and for the change in the put options over the period.

The capital gain arising from the disposal price evaluation as well as the amortization of the time value recognized over the holding period of the shares amount to €99 million for period ended 30 September 2018.

The put options fair value, recognized in Cash Flow Hedge Reserve for €7 million, will be reclassified into the profit and loss over the second semester, after the completion of the disposal.

13.2 TMH Limited (new holding of The Breakers Investments B.V and Locotech Services)

Since 29 December 2015, Alstom owned 33% of The Breakers Investments B.V., the 100% holding company of Transmashholding ("TMH"), the leading Russian railway equipment manufacturer that operates in Russia and in the other countries of the Commonwealth of Independent States (CIS). Alstom also had three seats on the TMH Board of Directors.

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. The Group retains a significant influence. The financial impacts of this operation, and notably the dilutive effect, will be booked over the second semester.

In addition, over the period ended 30 September 2018, the fair value of Locotech Services investment held by TMH has been remeasured through OCI for an amount of €60 million.

Other variations are mainly due to the result for the period for €49 million and the currency translation effect for €(19) million.

For practical reason, to be able to get timely and accurate information, data as of 30 June 2018 and 31 December 2017 are retained and booked within Alstom's 30 September 2018 and 31 March 2018 accounts. The length of the reporting periods and any difference between the ends of the reporting periods remain the same from period to period to allow comparability and consistency.

The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of The Breakers Investments B.V. at 30 June 2018 and 31 December 2017 and are established in accordance with IFRS. These financial statements, established in Rubles, were converted to euros based on the rates used by the Group at 30 September 2018 and 31 March 2018.

Balance sheet

(in € million)	At 30 June 2018	At 31 December 2017
Non-current assets	861	818
Current assets	1,250	1,107
TOTAL ASSETS	**2,111**	**1,925**
Equity-attributable to the owners of the parent company	856	772
Equity-attributable to non-controlling interests	141	125
Non current liabilities	228	238
Current liabilities	886	790
TOTAL EQUITY AND LIABILITIES	**2,111**	**1,925**
Equity interest held by the Group	33%	33%
NET ASSET OF THE BREAKERS INVESTMENTS B.V.	**285**	**257**
Goodwill	68	73
Impairment of share in net asset of equity investments	(57)	(62)
Preliminary impacts of TMH-Locotech Services merger (*)	168	-
Other (**)	(7)	(8)
GROUP'S SHARE IN NET ASSET	**457**	**260**

(*) Mainly includes the acquisition of additional interests and the reevaluation of Locotech Services investment.

(**) Includes notably fair value restatements calculated at the time of the acquisition.

Income statement

(in € million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Sales	1,456	1,006
Net income from continuing operations	172	20
Share of non-controlling interests	(26)	3
Net income attributable to the owners of the parent company	**146**	**23**
Equity interest held by the Group	33%	33%
Share in the net income	**48**	**8**
Other items (*)	1	6
GROUP'S SHARE IN THE NET INCOME	**49**	**14**

(*) Includes notably the amortisation of the amounts recognized at the time of allocation of the acquisition price.

13.3 Other associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €85 million (of which €18 million of net profit) as well as other associates which are not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents €93 million as of 30 September 2018 (€100 million as of 31 March 2018).

NOTE 14. OTHER NON-CURRENT ASSETS

(in € million)	At 30 September 2018	At 31 March 2018
Financial non-current assets associated to financial debt (*)	202	213
Long-term loans, deposits and other	73	64
Other non-current assets	**275**	**277**

(*) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Note 20).

F. WORKING CAPITAL

NOTE 15. WORKING CAPITAL

(in € million)	At 30 September 2018	At 31 March 2018 (*)	Variation
Inventories	1,435	1,348	87
Cost to fulfill a contract	21	30	(9)
Contract assets	1,289	1,201	88
Trade receivables	1,763	1,772	(9)
Other current operating assets / (liabilities)	(365)	(413)	48
Contract liabilities	(2,900)	(3,003)	103
Provisions	(1,185)	(1,392)	207
Trade payables	(1,648)	(1,346)	(302)
WORKING CAPITAL	**(1,590)**	**(1,803)**	**213**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

(in € million)	Half-year ended 30 September 2018
Working capital at the beginning of the period	**(1,803)**
Changes in working capital resulting from operating activities	284
Changes in working capital resulting from investing activities	-
Translation adjustments and other changes	(71)
Total changes in working capital	**213**
Working capital at the end of the period	**(1,590)**

15.1 Inventories

(in € million)	At 30 September 2018	At 31 March 2018 (*)
Raw materials and supplies	791	818
Work in progress	581	554
Finished products	222	138
Inventories, gross	**1,594**	**1,510**
Raw materials and supplies	(81)	(103)
Work in progress	(3)	(1)
Finished products	(75)	(58)
Write-down	**(159)**	**(162)**
Inventories, net	**1,435**	**1,348**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

15.2 Net contract Assets/(Liabilities)

(in € million)	At 30 September 2018	At 31 March 2018 (*)	Variation
Cost to fulfill a contract	21	30	(9)
Contract assets	1,289	1,201	88
Contract liabilities	(2,900)	(3,003)	103
Net contract Assets/(Liabilities)	**(1,590)**	**(1,772)**	**182**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Net contract Assets/(Liabilities) include down-payments for €2,243 million at 30 September 2018 and €2,196 million at 31 March 2018.

15.3 Other current operating assets & liabilities

(in € million)	At 30 September 2018	At 31 March 2018
Down payments made to suppliers	140	154
Corporate income tax	43	59
Other taxes	252	242
Prepaid expenses	86	80
Other receivables	329	286
Derivatives relating to operating activities	132	298
Remeasurement of hedged firm commitments in foreign currency	193	209
Other current operating assets	**1,175**	**1,328**

(in € million)	At 30 September 2018	At 31 March 2018 (*)
Staff and associated liabilities	426	483
Corporate income tax	15	48
Other taxes	120	89
Deferred income	2	4
Other payables	646	601
Derivatives relating to operating activities	176	253
Remeasurement of hedged firm commitments in foreign currency	155	263
Other current operating liabilities	**1,540**	**1,741**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Over the period ended 30 September 2018, the Group entered into an agreement of assignment of receivables that leads to the derecognition of tax receivables for an amount of €87 million. The total disposed amount outstanding at 30 September 2018 is €206 million.

15.4 Provisions

(in € million)	At 31 March 2018 (*)	Additions	Releases	Applications	Translation adjustments and other	At 30 September 2018
Warranties	235	48	(9)	(27)	-	247
Risks on contracts	627	96	(60)	(27)	-	636
Current provisions	**862**	**144**	**(69)**	**(54)**	**-**	**883**
Tax risks & litigations	148	10	(41)	(1)	(3)	113
Restructuring	27	30	-	(15)	-	42
Other non-current provisions	355	37	(250)	(1)	6	147
Non-current provisions	**530**	**77**	**(291)**	**(17)**	**3**	**302**
Total Provisions	**1,392**	**221**	**(360)**	**(71)**	**3**	**1,185**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

Provisions for warranties relate to estimated costs to be incurred over the residual contractual warranty period on completed contracts.

Provisions for risks on contracts relate to provisions on contract losses and to commercial disputes and operating risks.

In relation to tax risks, the Group tax filings are subject to audit by tax authorities in most jurisdictions in which the Group operates. These audits may result in assessment of additional taxes that are subsequently resolved with the authorities or potentially through the courts.

The Group believes that it has strong arguments against the questions being raised, that it will pursue all legal remedies to avoid an unfavorable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts.

Restructuring provisions mainly derive from the adaptation of the means of production in certain countries, such as UK and Brazil.

Other non-current provisions mainly relate to guarantees delivered in connection with disposals, employee litigations, legal proceedings and environmental obligations.

Main disputes are described in Note 23.

G. EQUITY AND DIVIDENDS

NOTE 16. EQUITY

16.1 Capital

At 30 September 2018, the share capital of Alstom amounts to €1,561,408,576 consisting of 223,058,368 ordinary shares with a par value of €7 each. Over the period, the weighted average number of outstanding ordinary shares amounts to 222,426,320 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 225,497,833 after the effect of all dilutive instruments.

During the period ended 30 September 2018:

- 1 040 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 65 shares. The 73,338 bonds reimbursable in shares outstanding at 30 September 2018 represent 4,606 shares to be issued;
- 209,222 ordinary shares were issued under equity settled share-based payments
- 638,610 ordinary shares were issued under free share plan "We are Alstom 2016", delivered on 25 September 2018.

16.2 Currency translation adjustment

As at 30 September 2018, the currency translation group reserve amounts to € (577) million.

The currency translation adjustment, presented within the consolidated statement of comprehensive income for €(32) million, primarily reflects the effect of variations of the US Dollar (€35 million), South African Rand (€(9) million), Tunisian Dinar (€(4) million), Brazilian Real (€(28) million), Russian Federation Rouble (€(18) million), Indian Rupee (€(7) million) against the Euro for the half-year ended 30 September 2018.

NOTE 17. DISTRIBUTION OF DIVIDENDS

The Shareholders' Meeting of Alstom held on 17 July 2018 decided to distribute for the financial year ended 31 March 2018, a dividend in cash for €0.35 by share. Dividends have been fully paid on 24 July 2018 for a total amount of €78 million.

At 30 September 2018, €6 million of dividends, granted to non-controlling interests, have been paid.

H. FINANCING AND FINANCIAL RISK MANAGEMENT

NOTE 18. OTHER CURRENT FINANCIAL ASSETS

(in € million)	At 30 September 2018	At 31 March 2018
Derivatives related to financing activities	6	8
OTHER CURRENT FINANCIAL ASSETS	**6**	**8**

NOTE 19. CASH AND CASH EQUIVALENTS

(in € million)	At 30 September 2018	At 31 March 2018
Cash	464	409
Cash equivalents	933	822
CASH AND CASH EQUIVALENT	**1,397**	**1,231**

In addition to bank open deposits classified as cash for €464 million, the Group invests in cash equivalents:

- Euro money market funds for an amount of €820 million (€465 million at 31 March 2018) qualified as “monetary” or “monetary short-term” under the French AMF classification;
- Bank term deposits that can be terminated at any time with less than three months notification period for an amount of €113 million (€357 million at 31 March 2018).

NOTE 20. FINANCIAL DEBT

		Cash movements	Non-cash movements		
(in € million)	At 31 March 2018	Net cash variation	Change in scope	Translation adjustments and other	At 30 September 2018
Bonds	1,248	-	-	1	1,249
Other borrowing facilities	163	224	1	(5)	383
Put options and earn-out on acquired entities	37	(20)	-	(17)	-
Derivatives relating to financing activities	13	-	-	(8)	5
Accrued interests (*)	16	(14)	-	28	30
Borrowings	**1,477**	**190**	**1**	**(1)**	**1,667**
Obligations under finance leases	17	(1)	-	-	16
Other obligations under long-term rental (**)	213	(8)	-	(3)	202
Obligations under finance leases	**230**	**(9)**	**-**	**(3)**	**218**
Total financial debt	**1,707**	**181**	**1**	**(4)**	**1,885**

(*) Paid interests are disclosed in the net cash provided by operating activities part in the cash flow statement. Net interests paid and received amount to € (14) million over the semester.

(**) The other obligations under long-term rental represent liabilities related to lease obligations on trains and associated equipment (see Note 14).

Bonds

The following table summarizes the significant components of the Group's bonds:

	Initial Nominal value (in € million)	Maturity date (dd/mm/yy)	Nominal interest rate	Effective interest rate	Accounting value at 30 September 2018	Market value at 30 September 2018
Alstom October 2018	500	05/10/2018	3.63%	3.71%	371	372
Alstom July 2019	500	08/07/2019	3.00%	3.18%	282	290
Alstom March 2020	750	18/03/2020	4.50%	4.58%	596	637
Total and weighted average rate			**3.90%**	**4.01%**	**1,249**	**1,299**

On 5 October 2018, the bonds have been reimbursed for €371 million.

The bond issues of ALSTOM contain a clause of change of control offering the possibility for any bondholder to require an early refund, in whole or in part, of 101 % of the nominal of its bonds during a limited period following a change of control.

Other borrowings facilities

Other borrowings consist in banking facilities drawn by affiliates.

NOTE 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The main categories of financial assets and financial liabilities of the Group and Financial Risk Management are identical to those described in the consolidated financial statements at 31 March 2018.

Revolving Credit Facility

In addition to its available cash and cash equivalents, amounting to €1,397 million at 30 September 2018, the Group can access a €400 million revolving credit facility, maturing in June 2022, which is fully undrawn at September 2018.

Contractual obligations

Contractual obligations of the Group towards its customers may be guaranteed by bank bonds or insurance bonds. Bank and insurance bonds may guarantee liabilities already recorded on the balance sheet as well as contingent liabilities.

To issue these bonds, the Group relies on both uncommitted bilateral lines in numerous countries and a €3 billion Committed Bilateral Bonding Facility Agreement ("CBBGFA") with five tier one banks allowing issuance until 2st November 2020 of bonds with tenors up to 7 years.

As at 30 September 2018, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €8.9 billion (€ 8.5 billion at 31 March 2018).

The available amount under the Committed Bilateral Bonding Guarantee Facility Agreement at 30 September 2018 amounts to €1.1 billion (€1.0 billion at 31 March 2018).

The Revolving Credit Facility as well as the Committed Bilateral Bonding Guarantee Facility Agreement contain a change of control clause.

At closing of the transaction with Siemens, the change of control clauses will have to be waived or amended, as usual in this context so the Group keeps benefiting from the Revolving credit facility.

Regarding the bonding line, the change of control may result in the program being suspended, in the obligation to procure new bonds to replaces outstanding bonds or to provide cash collateral, as well as early reimbursement of the other debts of the Group, as a result of their cross-default or cross-acceleration provisions.

Preparing the closing of the transaction with Siemens, Alstom will ask the lenders to accept the waiver or the amendment of the change of control clause. The Group doesn't expect any difficulty to obtain this consent.

Financial covenant

- The Revolving Credit Facility (RCF) is subject to the ratio of total net debt to EBITDA:
  - Total net debt is defined as total debt except financial lease and financial derivatives less cash and cash equivalents,
  - The EBITDA is defined as earnings before financing expense, financing income, income taxes, amortisation and impairment charges on tangible and intangible assets (over rolling 12 months for the semester).

  This ratio should not exceed 2.5.

  The financial covenant calculation is detailed below:

(in € million)	Half-year ended 30 September 2018	For the year ended 31 March 2018 (*)
EBITDA	521	438
Total net debt	265	232
Total Net debt leverage	**0.5**	**0.5**

(*) Previous year figures are restated due to the application of IFRS9 and IFRS15 (see Note 3).

- The Committed Bilateral Bonding Guarantee Facility Agreement includes a financial covenant (leverage ratio) based on consolidated figures of the Group and consistent with the financial covenant of the revolving credit facility, as described above.

I. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS

NOTE 22. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS

The net liability on post-employment and on other long term employee defined benefits is calculated using the latest valuation at the previous financial year closing date. Adjustments of actuarial assumptions are performed on main contributing areas (United Kingdom, Germany, France, Switzerland, Italy and the US) if significant fluctuations or one-time events have occurred during the 6 months period. The fair value of main plan assets was reviewed at 30 September 2018.

Discount rates for main geographic areas (weighted average rates)

(in %)	At 30 September 2018	At 31 March 2018
United Kingdom	2.95%	2.80%
Euro zone	1.65%	1.68%
Other	2.96%	2.86%

Movements of the period

At 30 September 2018, the net provision for post-employment benefits amounts to €454 million compared with €468 million at 31 March 2018. The variation of actuarial gains and losses arising from post-employment defined benefit plans recognized in the Other comprehensive income amounts to €20 million for the half-year ended 30 September 2018 because of the evolution of the discount rate by geographic areas.

Other variations in the period ended 30 September 2018 mainly arose from service costs related to defined benefits that are consistent with costs incurred in the previous period, and with projections estimated in actuarial valuations performed at 31 March 2018.

J. CONTINGENT LIABILITIES AND DISPUTES

NOTE 23. DISPUTES

As a preliminary remark, it shall be noted that, by taking over Alstom's Energy Businesses in November 2015, General Electric undertook to assume all risks and liabilities exclusively or predominantly associated with said businesses and in a symmetrical way, Alstom undertook to keep all risks and liabilities associated with the non-transferred business. Cross-indemnification for a duration of 30 years and asset reallocation ("wrong pocket") mechanisms have been established to ensure that, on the one hand, assets and liabilities associated with the Energy businesses being sold are indeed transferred to General Electric and on the other hand, assets and liabilities not associated with such businesses are borne by Alstom. As a result, the consequences of litigation matters that were on-going at the time of the sale and associated with these transferred activities are taken over by General Electric. Indemnity provisions protect Alstom in case of third party claims directed at Alstom and relating to the transferred activities. For this reason and since Alstom no longer manages these litigation matters, Alstom is ceasing to include them in this section.

Disputes in the Group's ordinary course of business

The Group is engaged in several legal proceedings, mostly contract-related disputes that have arisen in the ordinary course of business. These disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates, particularly for large long-term projects. In some cases, the amounts, which may be significant, are claimed against the Group, sometimes jointly with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of these litigations are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

Other disputes

Asbestos

Some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos in France essentially and in Italy, Spain and the United Kingdom. In France, these proceedings are initiated by certain employees or former employees suffering from an occupational disease in relation to asbestos with the aim of obtaining a court decision allowing them to obtain a supplementary compensation from the French Social Security funds. In addition employees and former employees of the Group not suffering from an asbestos related occupational disease have started lawsuits before the French courts with the aim of obtaining compensation for damages in relation to their alleged exposure to asbestos, including the specific anxiety damage.

The Group believes that the cases where it may be required to bear the financial consequences of such proceedings do not represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases would not have any material adverse effect on its financial condition.

Alleged anti-competitive activities

Transportation activities in Brazil

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiary of Alstom, following allegations of anti-competitive practices and illegal payments. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom's subsidiary in Brazil, and certain current and former employees of the Group. Alstom is cooperating with CADE. In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible. Following the opening phase, this procedure has continued with the phase of production of evidence. The hearing phase took place from January to March 2016, with the deposition of current and former employees of the Group as well as the questioning of witnesses. CADE has actively asserted its positions in this phase of the proceedings. The final report setting forth its conclusions on the procedure is still being expected in the coming months. In parallel to this main case opened by CADE only in relation to entities and individuals formally notified when launching the proceedings in 2014, CADE launched in the Spring of 2018 formal notifications against individuals who had not been notified yet, mainly foreign individuals not residing in Brazil. The proceedings against these individuals are part of a second phase of the case. It remains difficult to assess with precision the outcome of this procedure. Current and former employees of Alstom are also subject to criminal proceedings initiated by the public prosecutor of the state of Sao Paulo in connection with some of the Transport projects subject to CADE procedure.

In December 2014, the public prosecutor of the state of Sao Paulo also initiated a lawsuit against Alstom's subsidiary in Brazil, along with a number of other companies, related to alleged anti-competitive practices regarding the first phase of a train maintenance project, which is also subject to administrative proceedings since 2013. In the last quarter of 2016, this Alstom subsidiary in Brazil, along with a number of other companies, faced the opening of another lawsuit by the public prosecutor of the state of Sao Paulo related to alleged anti-competitive practices regarding a second phase of the said train maintenance project. In case of proven illicit practices, possible sanctions can include the cancellation of the relevant contracts, the payment of damage compensation, the payment of punitive damages and/or the dissolution of the Brazilian companies involved.

Alleged illegal payments

Certain companies and/or current and former employees of the Group are currently being investigated and/or subject to procedures, by judicial or administrative authorities (including in Brazil, in the United Kingdom and in France) or international financial institutions with respect to alleged illegal payments in certain countries.

With respect to these matters, the Group is cooperating with the concerned authorities or institutions. These investigations or procedures may result in criminal sanctions, including fines which may be significant, exclusion of Group subsidiaries from tenders and third-party actions.

The Prosecutor of the State of Sao Paulo launched in May 2014 an action against a Group's subsidiary in Brazil, along with a number of other companies, for a total amount asserted against all companies of BRL2.5 billion (approximately €537 million) excluding interests and possible damages in connection with a transportation project. The Group's subsidiary is actively defending itself against this action.

In the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. The SFO opened during fiscal year 2014/15 three criminal prosecutions against entities of the Group and certain current and past employees of the Group in connection with transportation projects located in Poland, Tunisia, India and Hungary, and with an energy project located in Lithuania that is no longer handled by Alstom. In March 2016, the SFO announced that it was pressing charges against a seventh individual in its investigation. Following a shift in the procedural calendar, the trial phase for the project in Hungary took place during the summer of 2017 and could not be concluded. It now started in September 2018. The trial phase for the other transportation projects took place at the beginning of 2018 and concluded on 10 April 2018. At the Southwark Crown Court in London, Alstom Network (UK) Ltd was acquitted, by a Jury, of conspiracies to corrupt in India and Poland. It was convicted on a single count of a conspiracy to corrupt in Tunisia but has lodged an appeal against this conviction. A financial penalty in relation to Tunisia will be determined following the conclusion of the Hungary Trial, which is likely to conclude by the end of 2018. It follows that should the appeal against conviction succeed, the financial penalty will be returned to the company. Due to the ongoing proceedings in London there is, in the UK, a strict prohibition on any reporting of the fact of the trial, the verdicts, or the upcoming proceedings referred to above. Accordingly, publication of these elements of information would be a criminal offence in the UK, pursuant to the Contempt of Courts Act 1981, which is punishable with imprisonment. It remains difficult to assess with precision the final outcome of these procedures.

Budapest metro

In 2006, Alstom was awarded by BKV a contract for the delivery of metros for two lines in the city of Budapest. During the execution of the project, Alstom experienced delays mostly related to technical change requests from BKV and the refusal by the Hungarian Authority "NKH" to deliver the final train homologation in 2010 (in August 2007, NKH granted a Preliminary Type License). On 19 October 2010 BKV terminated the contract and called the bank guarantees. In July 2011 the parties agreed the re-entry into force of the contract and the suspension of the arbitration procedure initiated by Alstom in January 2011. The final train homologation was obtained in July 2012. The arbitration proceedings resumed on 17 December 2012 and are at the phase of assessments of damages claimed by the parties and expertise. The expert appointed by the arbitral tribunal issued preliminary findings in 2017 and the parties have submitted their responses to these findings for further consideration by the expert. An additional expert report was produced in September 2018, which is still undergoing comments and debates between the parties. This process is expected to continue until end of 2018.

CR-1 Marmaray railway infrastructure – Turkey

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the "Marmaray Commuter Rail Project (CR-1)" to the consortium Alstom Dogus Marubeni (AMD), of which Alstom Transport's main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guarantees was forbidden and the AMD consortium immediately initiated an arbitration procedure to resolve

the substantive issues. The arbitral tribunal has decided in December 2014 that the contract stands as terminated by virtue of Turkish law and has authorised the parties to submit their claims for compensation of the damages arising from such termination. Following this decision on the merits, DLH made renewed attempts in 2015 to obtain payment of the bank guarantees but defense proceedings by the AMD consortium have enabled so far to reject these payment requests.
In the arbitration procedure, the phase of assessment of damages is over. Hearings took place in October 2017 and post-hearing submissions were exchanged in February 2018. In May 2018, the arbitral tribunal requested further submissions from the parties to clarify certain claims and the parties exchanged their submissions until July 2018. A partial final award on quantum is now expected during the first quarter of 2019, with a decision on auxiliary topics such as legal costs or interests being part of a subsequent final award. The main next step will therefore be the issuance of the arbitral award on the quantum.

Also, through arbitration request notified on 29 September 2015, Marubeni Corporation launched proceedings against Alstom Transport SA taken as consortium leader in order to be compensated for the consequences of the termination of the contract with AMD. In a similar fashion, through arbitration request issued on 15 March 2016, the other consortium member Dogus launched proceedings against Alstom Transport SA with similar demands and a request to have the disputes between consortium members consolidated in a single case. Alstom Transport SA is rejecting these compensation requests and is defending itself in these proceedings between consortium members which, while having gone through a consolidation in a single case, have however been suspended by the arbitral tribunal pending the outcome of the main arbitral proceedings between AMD and DLH. In October 2018, Dogus applied for interim measures to clarify certain aspects of the consortium agreement and this request is currently under review.

Regional Minuetto trains & high-speed Pendolino trains – Italy

Alstom Transport's subsidiary in Italy is involved in two litigation proceedings with the Italian railway company Trenitalia. One is related to a supply contract of regional Minuetto trains awarded in 2001 (the "Minuetto case"), and the other to a supply contract of high-speed Pendolino trains awarded in 2004 (the "Pendolino case"). Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay and technical penalties and, consequently, to withhold payments. Since the parties dispute certain technical matters as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. In the Minuetto case, the technical expertise report has been released and Alstom has challenged its contents with amendment requests. The technical expert submitted his final report in April 2017 and certain amendment requests were taken into account. The procedure is now in the phase of exchange of final summary memorials, which is expected to continue in 2019. In the Pendolino case, the technical expertise report was also released and Alstom has obtained certain corrections following its challenge on some of the conclusions of the report. On this case, the expertise phase is therefore over and the proceedings have continued their path on the legal aspects of the dispute. The next step will be for the tribunal to render a decision.

Intercity trains Poland

On 30 May 2011, PKP Intercity SA ("PKP") and Alstom Transport subsidiaries in Poland and Italy entered into a contract for the delivery of trains and maintenance services to PKP. The delivery of the trains with the planned signalling system was not possible due to the lack of necessary railway infrastructure in Poland. Therefore, a dispute has arisen between the parties in connection with damages arising from project delays and PKP initiated arbitration proceedings on 29 April 2015. Following the phase of assessment of damages claimed by the parties, these arbitration proceedings have progressed towards the closing of hearings. On 12 December 2016, the Alstom subsidiaries involved in this case received the notification of the arbitral decision whereby the arbitrators came to the conclusion that these subsidiaries had to compensate PKP for delay damages amounting to € 42 million (plus interests and legal costs), following which PKP was indemnified in January 2017 through a draw-down on the project bond. Alstom strongly contests the arbitral decision and has launched proceedings in Poland in the Court of Appeal of Katowice to obtain the cancellation of this decision and the compensation of damages suffered by Alstom as a result, in particular, of the call on the project bond. The Court of Appeal of Katowice rejected Alstom's request for cancellation of the arbitral decision in August 2017 and Alstom filed a recourse to the Supreme Court on 16 October 2017. The Supreme Court has rejected this recourse.

Saturno

Following a dispute within a consortium involving Alstom's subsidiary in Italy and three other Italian companies, the arbitral tribunal constituted to resolve the matter has rendered in August 2016 a decision against Alstom by awarding €22 million of damage compensation to the other consortium members. Alstom's subsidiary strongly contests this decision and considers that it should be able to avoid its enforcement and thus prevent any damage compensation payment. On 30 November 2016, Alstom's subsidiary filed a motion in the Court of Appeals of Milan to obtain the cancellation of the arbitral award. On 1 December 2016, Alstom's subsidiary filed an ex parte motion for injunctive relief to obtain the suspension of the arbitral award pending the outcome of the appeal proceedings, which was temporarily accepted by the Court. After a phase of hearings in contradictory proceedings on the request for suspension of the arbitral award, the Court of Appeals of Milan decided on 3 March 2017 in favor of Alstom's subsidiary by confirming definitively the suspension of this arbitral decision pending the outcome of the proceedings relating to the cancellation of such decision. These proceedings are still on-going.

Jerusalem LRT

On the Jerusalem light rail tramway project, a dispute started in 2009 between the Concessionaire CityPass and the State of Israel to ascertain responsibilities for certain project delays and extra costs. Alstom's subsidiary in charge of the project is involved in the dispute in its capacity as EPC Contractor. The resolution of this dispute was initially handled through some form of dispute review board with two arbitrators reviewing claims and counterclaims produced by the parties and giving instructions to delay and quantum experts. In the past months, the matter has been evolving towards full-fledged arbitration proceedings with the parties being in the process of appointing a new panel of three arbitrators who will have to decide on the resolution of the dispute. Once this arbitral tribunal is constituted, its main tasks will be to review the financial compensation claimed by the Concessionaire and Alstom for the project prolongation, and to decide on the admissibility of the counterclaims raised by the State of Israel. In the past months though, the parties decided to postpone further developments in the arbitral proceedings in order to launch a mediation process, which started in May 2018 and is presently on-going.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

K. OTHER NOTES

NOTE 24. RELATED PARTIES

There are no material changes in related-party transactions between 31 March 2018 and 30 September 2018.

NOTE 25. LEASE OBLIGATION

(in € million)	Total	Within one year	1 to 5 yearss	Over 5 years
Long term rental (*)	276	31	123	122
Finance leases	20	2	8	10
Operating leases	420	64	157	199
TOTAL AT 30 SEPTEMBER 2018	**716**	**97**	**288**	**331**

(*) Obligations related to a long-term rental of trains and associated equipment to a London metro operator (Note 14 & 20) including interests to be paid.

NOTE 26. SUBSEQUENT EVENTS

The Group has not identified any subsequent event to be reported other than the items already described above or in the previous notes.

NOTE 27. SCOPE OF CONSOLIDATION

PARENT COMPANY			
ALSTOM SA	France	-	Parent Company

Companies	Country	Ownership %	Consolidation Method
ALSTOM Algérie "Société par Actions"	Algeria	100	Full consolidation
ALSTOM Grid Algérie SPA	Algeria	100	Full consolidation
ALSTOM Argentina S.A.	Argentina	100	Full consolidation
ALSTOM Transport Australia Pty Limited	Australia	100	Full consolidation
NOMAD DIGITAL PTY LTD	Australia	100	Full consolidation
ALSTOM Transport Azerbaijan LLC	Azerbaijan	100	Full consolidation
ALSTOM Belgium SA	Belgium	100	Full consolidation
CABLIANCE BELGIUM	Belgium	100	Full consolidation
21NET BELGIUM	Belgium	100	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100	Full consolidation
ETE - EQUIPAMENTOS DE TRACAO ELETRICA LTDA	Brazil	100	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100	Full consolidation
ALSTOM Chile S.A.	Chile	100	Full consolidation
ALSTOM (Guangdong) High Voltage Electric Co. Ltd	China	51	Full consolidation
ALSTOM Hong Kong Ltd	China	100	Full consolidation
ALSTOM Investment Company Limited	China	100	Full consolidation
ALSTOM Qingdao Railway Equipment Co Ltd	China	51	Full consolidation
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd	China	60	Full consolidation
Chengdu ALSTOM Transport Electrical Equipment Co., Ltd.	China	60	Full consolidation
XI'AN ALSTOM YONGJI ELECTRIC EQUIPMENT CO., LTD	China	51	Full consolidation
ALSTOM Transport Danmark A/S	Denmark	100	Full consolidation
NOMAD DIGITAL APS	Denmark	100	Full consolidation
NOMAD DIGITAL (DENMARK) APS	Denmark	100	Full consolidation
ALSTOM Egypt for Transport Projects SAE	Egypt	99	Full consolidation
AREVA INTERNATIONAL EGYPT FOR ELECTRICITY TRANSMISSION & DISTRIBUTION	Egypt	100	Full consolidation
ALSTOM Transport Finland Oy	Finland	100	Full consolidation
ALSTOM Executive Management	France	100	Full consolidation
ALSTOM Holdings	France	100	Full consolidation
ALSTOM Kleber Sixteen	France	100	Full consolidation
ALSTOM Leroux Naval	France	100	Full consolidation
ALSTOM Network Transport	France	100	Full consolidation
Omega 1	France	100	Full consolidation
StationOne	France	100	Full consolidation
ALSTOM APTIS	France	100	Full consolidation
ALSTOM Transport SA	France	100	Full consolidation
ALSTOM Transport Technologies	France	100	Full consolidation
CENTRE D'ESSAIS FERROVIAIRES	France	92	Full consolidation
ALSTOM SHIPWORKS	France	100	Full consolidation
ETOILE KLEBER	France	100	Full consolidation
INTERINFRA (COMPAGNIE INTERNATIONALE POUR LE DEVELOPPEMENT D'INFRASTRUCTURES)	France	50	Full consolidation
LORELEC	France	100	Full consolidation
21NET France	France	100	Full consolidation
ALSTOM Lokomotiven Service GmbH	Germany	100	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100	Full consolidation
NOMAD DIGITAL GMBH	Germany	100	Full consolidation
VGT VORBEREITUNGSGESELLSCHAFT TRANSPORTTECHNIK GMBH	Germany	100	Full consolidation
ALSTOM Network UK Ltd	Great Britain	100	Full consolidation
ALSTOM NL Service Provision Limited	Great Britain	100	Full consolidation
ALSTOM Academy for rail	Great Britain	100	Full consolidation
ALSTOM Transport	Great Britain	100	Full consolidation
ALSTOM Transport Service Ltd	Great Britain	100	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	Great Britain	100	Full consolidation
ALSTOM Transport UK Limited	Great Britain	100	Full consolidation
NOMAD DIGITAL (INDIA) LIMITED	Great Britain	70	Full consolidation
NOMAD DIGITAL LIMITED	Great Britain	100	Full consolidation
NOMAD DIGITAL NETWORKS UK LIMITED	Great Britain	100	Full consolidation
NOMAD HOLDINGS LIMITED	Great Britain	100	Full consolidation
NOMAD SOLUTIONS UK LIMITED	Great Britain	100	Full consolidation
NOMAD SPECTRUM LIMITED	Great Britain	100	Full consolidation
NOMAD WEST COAST LIMITED	Great Britain	100	Full consolidation

SIGNALLING SOLUTIONS LIMITED	Great Britain	100	Full consolidation
WASHWOOD HEATH TRAINS LTD	Great Britain	100	Full consolidation
WEST COAST SERVICE PROVISION LIMITED	Great Britain	100	Full consolidation
WEST COAST TRAINCARE LIMITED	Great Britain	100	Full consolidation
21NET LTD	Great Britain	100	Full consolidation
ALSTOM Transport Hellas AE	Greece	100	Full consolidation
J&P AVAX SA - ETETH SA - ALSTOM TRANSPORT SA	Greece	34	Full consolidation
ALSTOM Transport Hungary Zrt.	Hungary	100	Full consolidation
ALSTOM Manufacturing India Private Limited	India	100	Full consolidation
ALSTOM Systems India Private Limited	India	95	Full consolidation
ALSTOM Transport India Limited	India	100	Full consolidation
MADHEPURA ELECTRIC LOCOMOTIVE PRIVATE LIMITED	India	74	Full consolidation
NOMAD DIGITAL (INDIA) PRIVATE LIMITED	India	70	Full consolidation
TWENTY ONE NET PRIVATE LTD	India	100	Full consolidation
PT ALSTOM Transport Indonesia	Indonesia	67	Full consolidation
ALSTOM Khadamat S.A.	Iran	100	Full consolidation
ALSTOM Transport Ireland Ltd	Ireland	100	Full consolidation
CITADIS ISRAEL LTD	Israel	100	Full consolidation
ALSTOM Ferroviaria S.p.A.	Italy	100	Full consolidation
ALSTOM Services Italia S.p.A.	Italy	100	Full consolidation
ALSTOM S.p.A.	Italy	100	Full consolidation
21NET ITALIA S.R.L	Italy	100	Full consolidation
ALSTOM Kazakhstan LLP	Kazakhstan	100	Full consolidation
ALSTOM Transport (Malaysia) Sdn Bhd	Malaysia	50	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100	Full consolidation
ALSTOM CABLIANCE	Morocco	100	Full consolidation
ALSTOM Transport Maroc SA	Morocco	100	Full consolidation
ALSTOM Transport BV	Netherlands	100	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100	Full consolidation
New ALSTOM Holdings B.V.	Netherlands	100	Full consolidation
NOMAD DIGITAL B.V.	Netherlands	100	Full consolidation
AT NIGERIA LIMITED	Nigeria	100	Full consolidation
ALSTOM Transport Norway AS	Norway	100	Full consolidation
ALSTOM Panama, S.A.	Panama	100	Full consolidation
ALSTOM Transport Peru S.A.	Peru	100	Full consolidation
ALSTOM Transport Construction Philippines, Inc	Philippines	100	Full consolidation
ALSTOM Konstal Spolka Akcyjna	Poland	100	Full consolidation
ALSTOM Pyskowice Sp. z o.o.	Poland	100	Full consolidation
ALSTOM Transporte Portugal Unipessoal Lda	Portugal	100	Full consolidation
NOMAD TECH, LDA.	Portugal	51	Full consolidation
ALSTOM Transport SA (Romania)	Romania	93	Full consolidation
ALSTOM Transport Rus LLC	Russian Federation	100	Full consolidation
ALSTOM Saudi Arabia Limited	Saudi Arabia	100	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100	Full consolidation
ALSTOM Southern Africa Holdings (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Transport Holdings SA (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Ubunye (Pty) Ltd	South Africa	51	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD	South Africa	61	Full consolidation
ALSTOM Korea Transport Ltd	South Korea	100	Full consolidation
ALSTOM Espana IB, S.L.	Spain	100	Full consolidation
ALSTOM Transporte, S.A.	Spain	100	Full consolidation
APLICACIONES TECNICAS INDUSTRIALES, S.A.	Spain	100	Full consolidation
ALSTOM Transport AB	Sweden	100	Full consolidation
ALSTOM Transport Information Systems AB	Sweden	100	Full consolidation
MOTALA TRAIN AB	Sweden	100	Full consolidation
ALSTOM Network Schweiz AG	Switzerland	100	Full consolidation
ALSTOM Schienenfahrzeuge AG	Switzerland	100	Full consolidation
ALSTOM Transport (Thailand) Co., Ltd.	Thailand	100	Full consolidation
ALSTOM T&T Ltd	Trinidad and Tobago	100	Full consolidation
ALSTOM Ulasim Anonim Sirketi	Turkey	100	Full consolidation
ALSKAW LLC	USA	100	Full consolidation
ALSTOM Transport Holding US Inc.	USA	100	Full consolidation
ALSTOM Transportation Inc.	USA	100	Full consolidation
ALSTOM Signaling Inc.	USA	100	Full consolidation
ALSTOM Signaling Operation, LLC	USA	100	Full consolidation
NOMAD DIGITAL, INC	USA	100	Full consolidation
ALSTOM Venezuela, S.A.	Venezuela	100	Full consolidation
ALSTOM Transport Vietnam Ltd	Vietnam	100	Full consolidation

ALSOMA G.E.I.E.	France	55	Joint Operation
METROLAB	France	50	Joint Operation
THE ATC JOINT VENTURE	Great Britain	37	Joint Operation
IRVIA MANTENIMIENTO FERROVIARIO, S.A.	Spain	51	Joint Operation
CITAL	Algeria	49	Equity Method
CASCO SIGNAL LTD	China	49	Equity Method
SHANGHAI ALSTOM Transport Company Limited	China	40	Equity Method
TRANSLOHR INDUSTRIAL (TIANJIN) CO. LTD	China	56	Equity Method
TRANSMASHHOLDING LIMITED	Cyprus	20	Equity Method
SILASIO TRADING LIMITED	Cyprus	20	Equity Method
NEWTL	France	51	Equity Method
NTL HOLDING	France	51	Equity Method
SPEEDINNOV	France	65	Equity Method
TRANSLOHR SAS	France	51	Equity Method
ABC ELECTRIFICATION LTD	Great Britain	33	Equity Method
ELECTROVOZ KHURASTYRU ZAUYTY LLP	Kazakhstan	58	Equity Method
LLP JV KAZELEKTROPRIVOD	Kazakhstan	50	Equity Method
TMHS	Mongolia	20	Equity Method
RAILCOMP BV	Netherlands	60	Equity Method
THE BREAKERS INVESTMENTS B.V.	Netherlands	20	Equity Method
TMH-ALSTOM BV	Netherlands	60	Equity Method
AM-TEKH	Russian Federation	20	Equity Method
CENTRAL RESEARCH AND DEVELOPMENT INSTITUTE "TransElektroPribor"	Russian Federation	20	Equity Method
CORPORATE UNIVERSITY OF LOCOMOTIVE TECHNOLOGIES	Russian Federation	20	Equity Method
DEMIKHOVSKY MASHINOSTROITELNY ZAVOD OAO	Russian Federation	20	Equity Method
FIRM LOCOTECH	Russian Federation	20	Equity Method
IVSK OOO	Russian Federation	12	Equity Method
KMT LOMONOSOVSKIY OPITNY ZAVOD PF OAO	Russian Federation	6	Equity Method
KMT UPRAVLYAUSHCHAYA KOMPANIYA ZAO	Russian Federation	8	Equity Method
KOLOMENSKY ZAVOD OAO	Russian Federation	17	Equity Method
LOCOTECH GLOBAL TRADING	Russian Federation	20	Equity Method
LOCOTECH FOUNDRY PLANTS	Russian Federation	15	Equity Method
LOCOTECH PROMSERVICE	Russian Federation	20	Equity Method
LOCOTECH LEASING	Russian Federation	15	Equity Method
LOCOTECH SERVICE	Russian Federation	20	Equity Method
MASHCONSULTING ZAO	Russian Federation	20	Equity Method
METROVAGONMASH OAO	Russian Federation	15	Equity Method
OKTYABRSKY ELEKTROVAGONOREMONTNY ZAVOD OAO	Russian Federation	15	Equity Method
OVK TMH ZAO	Russian Federation	20	Equity Method
PENZADIESELMASH OAO	Russian Federation	20	Equity Method
PO BEZHITSKAYA STAL OAO	Russian Federation	12	Equity Method
PROIZVODSTVENNAYA FIRMA KMT LOMONOSOVSKY PILOT PLANT	Russian Federation	2	Equity Method
RAILCOMP LLC	Russian Federation	60	Equity Method
ROSLOKOMOTIV ZAO	Russian Federation	20	Equity Method
RUSTRANSKOMPLEKT ZAO	Russian Federation	15	Equity Method
SAPFIR OOO	Russian Federation	20	Equity Method
TORGOVY DOM TMH ZAO	Russian Federation	20	Equity Method
TRAMRUS LLC	Russian Federation	60	Equity Method
TRANSMASH OAO	Russian Federation	12	Equity Method
TRANSMASHHOLDING ZAO	Russian Federation	20	Equity Method
TRTrans LLC	Russian Federation	60	Equity Method
TVERSKOY VAGONOSTROITELNY ZAVOD INVEST OOO	Russian Federation	5	Equity Method
TVERSKOY VAGONOSTROITELNY ZAVOD OAO	Russian Federation	10	Equity Method
UPRAVLYAUSCHAYA KOMPANIYA BRYANSKY MASHINOSTROITELNY ZAVOD ZAO	Russian Federation	20	Equity Method
VSEROSSIYSKY NAUCHNO-ISSLEDOVATELSKY I PROEKTNO-KONSTRUKTORSKY INSTITUT ELEKTROVOZOSTROENIYA OAO	Russian Federation	13	Equity Method
ZAVOD AIT	Russian Federation	10	Equity Method
ZENTROSVARMASH OAO	Russian Federation	20	Equity Method
ZHELDORREMMASH	Russian Federation	15	Equity Method
LUGANSKTEPLOVOZ OAO	Ukraine	15	Equity Method

RTA RAIL TEC ARSENAL FAHRZEUGVERSUCHSANLAGE GMBH	Austria	15	Non consolidated investment
MOBILIEGE	Belgium	15	Non consolidated investment
ISLAND CAPITAL LTD	Bermuda	1	Non consolidated investment
CADEMCE SAS	France	16	Non consolidated investment
COMPAGNIE INTERNATIONALE DE MAINTENANCE - C.I.M.	France	1	Non consolidated investment
EASYMILE	France	13	Non consolidated investment
ENTREPRISES-HABITAT IMMOBILIER	France	0	Non consolidated investment
FRAMECA - FRANCE METRO CARACAS	France	19	Non consolidated investment
MOBILITE AGGLOMERATION REMOISE SAS	France	17	Non consolidated investment
OC'VIA	France	2	Non consolidated investment
OC'VIA CONSTRUCTION	France	12	Non consolidated investment
OC'VIA MAINTENANCE	France	12	Non consolidated investment
RESTAURINTER	France	35	Non consolidated investment
SOCIETE FRANCAISE D'EXPORTATION DE SYSTEMES AVANCES	France	1	Non consolidated investment
SOCIETE IMMOBILIERE DE VIERZON	France	1	Non consolidated investment
AIRE URBAINE INVESTISSEMENT	France	4	Non consolidated investment
4iTEC 4.0	France	23	Non consolidated investment
SUPERGRID INSTITUTE SAS	France	8	Non consolidated investment
IFB INSTITUT FUR BAHNTECHNIK GMBH	Germany	7	Non consolidated investment
TRAMLINK NOTTINGHAM (HOLDINGS) LTD	Great Britain	13	Non consolidated investment
PARS SWITCH	Iran	1	Non consolidated investment
METRO 5 SPA	Italy	9	Non consolidated investment
S.A.T. SISTEMA AUTOMATICO DI TRASPORTO S.R.L.	Italy	20	Non consolidated investment
T.P.B. TRASPORTI PUBBLICI DELLA BRIANZA S.p.A. (in bankruptcy)	Italy	30	Non consolidated investment
TRAM DI FIRENZE S.p.A.	Italy	10	Non consolidated investment
VAL 208 TORINO GEIE	Italy	50	Non consolidated investment
SUBURBANO EXPRESS, S.A. DE C.V.	Mexico	11	Non consolidated investment
IDEON S.A.	Poland	0	Non consolidated investment
INVESTSTAR S.A.	Poland	0	Non consolidated investment
KOLMEX SA	Poland	2	Non consolidated investment
ALBALI SEÑALIZACIÓN, S.A.	Spain	12	Non consolidated investment
TRAMVIA METROPOLITA DEL BESOS SA	Spain	21	Non consolidated investment
TRAMVIA METROPOLITA, S.A.	Spain	24	Non consolidated investment

Energy Alliances	**Country**	**Ownership %**	**Consolidation Method**
GEAST	France	20	Equity Method
GE GRID ALLIANCE BV	Netherlands	50	Equity Method
GE Renewable Holding BV	Netherlands	50	Equity Method
ALSTOM Renewable US, LLC	USA	45	Equity Method
GRID ALLIANCE US HOLDINGS INC	USA	91	Equity Method
GRID SOLUTIONS (U.S.) LLC	USA	30	Equity Method
RENEWABLES ALLIANCE US HOLDINGS INC	USA	91	Equity Method

Subsidiaries of Nuclear Alliances included in combinated finacial statement	**Country**	**Ownership %**	**Consolidation Method**
ALSTOM Power Conversion	France	20	Equity Method
ALSTOM Power Service	France	20	Equity Method
ALSTOM Power Systems	France	20	Equity Method
PROTEA	France	20	Equity Method
ALSTOM Atomenergomash	Russian Federation	10	Equity Method

Report of independent auditors on the half-year financial information

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

MAZARS
61, rue Henri Regnault
92075 Paris La Défense

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

(Period from 1 April 2018 to 30 September 2018)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,
ALSTOM SA
48 rue Albert Dhalenne
93400 Saint-Ouen
France

In compliance with the assignment entrusted to us by your Shareholder's Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Alstom SA, for the period from 1 April 2018 to 30 September 2018;

- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matters set out in:

- the note 23 “Disputes” to the condensed interim consolidated financial statements, which describes litigation in connection with the execution of some contracts and ongoing investigations by judicial authorities with respect to alleged illegal payments in certain countries;
- the notes 3.2.1 and 3.2.3 to the condensed interim consolidated financial statements, related to the first application of the IFRS 15 standard “Revenue from Contracts with Customers” and the IFRS 9 standard “Financial instruments”.

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, November 13, 2018

The Statutory Auditors

Original signed by

PricewaterhouseCoopers Audit	MAZARS
Edouard Demarcq	Cédric Haaser

ALSTOM

Responsibility statement of the person responsible for the half-year financial report

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93400 Saint-Ouen (France)
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STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT*

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements of ALSTOM (the "Company") for the first half-year of fiscal year 18/19 have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and of all entities included in its scope of consolidation, and that the half-year management report included herein presents a true and fair review of the main events which occurred in the first six months of the fiscal year and their impact on the condensed accounts, as well as the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Saint-Ouen, on 13 November 2018,

Orginal signed by

Henri Poupart-Lafarge

Chairman and Chief Executive Officer

** This is a free translation of the statement signed and issued in French Language by the Chairman and Chief Executive Officer of the Company and is provided solely for the convenience of English speaking readers.*

ALSTOM
Société Anonyme au capital de 1 562 064 924 €
Siège eocial : 48 rue Albert Dhalenne
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389 058 447 RCS Bobigny