MANAGEMENT REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR 2014/15

1. Main events of fiscal year 2014/15

1.1. The Energy Transaction

1.1.1. Presentation of the General Electric offer

On 26 April 2014, the Board of Directors of ALSTOM received from General Electric (GE) an offer, countersigned by Alstom on 29 April 2014, and updated by GE on 20 June 2014, to acquire its Energy activities. On June 20, 2014, the Board of Directors of the Company unanimously decided to issue a positive recommendation on the GE's offer.

GE would acquire the Thermal Power, Renewable Power and Grid activities as well as central and shared services (legal entities ALSTOM and ALSTOM Holdings would not be disposed) (the "Energy Business") for a committed equity value of €12.35 billion, pursuant to a master agreement between GE and Alstom. By taking over Alstom's Energy activities, GE undertakes to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business (this will not apply to the agreement concluded with the US Department Of Justice detailed in Note 1.2). In the context of the transaction, Alstom would get indemnified by GE for any liability pertaining to the Energy Business which Alstom may incur after closing of the transaction.

The completion of the transaction is subject to a limited number of conditions precedent, which essentially cover works council consultation, receipt of authorizations required from a regulatory and merger control standpoint. However, once the authorizations relating to entities being sold, which account for at least 85% of the turnover of all the entities subject to the sale, including authorizations in certain key countries (such as authorisations of the European Commission and the U.S. authority), have been obtained, the parties may complete the transaction, with the remainder to be transferred in successive stages, provided there would be no violation of applicable law to do so.

In the framework of the acquisition of Energy activities by GE, three alliances would be created:

- the Grid alliance would consist of a combination of Alstom Grid and GE Digital Energy businesses to be held through two joint venture holding companies (Alstom would hold a 50%-1 stake in each Joint venture's share capital and voting rights);
- the Renewables alliance would consist of Alstom's hydro, offshore wind and tidal businesses; this alliance also would be held through two joint venture holding companies (Alstom would hold a 50%-1 stake in each Joint venture's share capital and voting rights);

- the scope of the Global Nuclear & French Steam alliance would include the production and servicing of the "Arabelle" steam turbine equipment for nuclear power plants worldwide, as well as Alstom's steam turbine equipment and servicing for applications in France. Alstom would hold 20%-1 share of the share capital into the joint venture company and would have 50%-2 votes of voting rights. The French State would hold a preferred share giving it veto and other governance rights over issues relating, *inter alia*, to security and nuclear plant technology in France.

The investment by Alstom in these alliances would amount to circa € 2.5 billion. The future joint venture companies would be accounted for under equity method in Alstom's consolidated financial statements.

In December 2014, GE and Alstom entered into an amendment to the original agreement. Alstom has agreed to an extension of the trademark licensing of its name from 5 years to 25 years as well as other contractual amendments for an additional consideration of circa € 0.4bn to be paid by GE.

GE would sell Alstom 100% of its signalling business, with sales of circa $500 million in 2013 and 1,200 employees, and the companies would sign several collaboration agreements including a service agreement for GE locomotives outside of the United States of America, R&D, sourcing and manufacturing and commercial support in the United States of America.

1.1.2. Process

On 4 November 2014, on conclusion of the information-consultation procedure with personnel representative bodies, the Board of Directors of Alstom approved the signing of the master agreement which was signed on the same date, the 4 November 2014.

The application for the approval of the transaction under Article L. 151-3 of the Monetary and Financial Code relating to foreign investments in France has been filed by GE on 1 October 2014. Authorization was obtained on 4 November 2014.

In accordance with the AFEP-Medef code, the transaction was approved by the shareholders with a majority of 99.2% during an Extraordinary General Meeting submitted to and convened on 19 December 2014.

Following the information-consultation procedure with works councils and the authorisation relating to foreign investments in France, the support expressed by shareholders during the EGM is a key milestone since the signing of the agreements with GE.

The completion of the transaction is now subject to receipt of authorizations required from a regulatory and merger control standpoint in a certain number of jurisdictions. The master agreement specifies that if the conditions precedents have not been met by 30 November 2015, either party shall be allowed to terminate the master agreement in accordance with its terms.

The European Commission opened on 23 February 2015 an in-depth investigation in the transaction (known as Phase II) on the European Union competition implications of merging the GE & Alstom heavy-duty gas turbine (HDGT) businesses, and the U.S. Department of Justice, Antitrust Division, requested further documents. Several other jurisdictions are also continuing their analysis of the transaction. Such in-depth reviews by regulators are common in such transaction and Alstom remains confident on the positive final outcome.

Subject to obtaining the regulatory and merger control authorizations required, the closing of the transaction is expected to occur in the coming months.

The closing would be followed by a cash return to shareholders which could range between €3.5 billion and €4 billion and be implemented through a public share buy-back offer (*offre publique de rachat d'actions*). The precise amount to be distributed and method of distribution would be specified at a later date and would be submitted to a shareholders' decision after closing of the transaction.

Once this transaction is completed, Alstom would refocus on its fully owned Transport activities and on its Energy alliances with GE.

1.1.3. Accounting treatment

Since the Board's approval of the offer on 20 June 2014, following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the transaction, Alstom considers that the conditions are met for the application to the Energy activities of IFRS 5 – Non-current assets held for sale and discontinued operations: the Group has made a decision to sell the assets concerned and considers the sale to be highly probable as of 31 March 2015.

In the consolidated financial statements, the activities being disposed are reported as follows:

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet as at 31 March 2015, with no reclassification of the comparative balance sheet as at 31 March 2014;
- the net profit of discontinued operations realized over the year is disclosed by a single amount on the face of the consolidated income statement into the line named "Net profit from discontinued operations". The income statement of comparative periods is presented in accordance with IFRS 5 and as detailed in Note 3 "Comparability";
- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the year are disclosed in the consolidated statement of cash flows.

At the date of the disposal, the capital gain as well as the related tax impact will be recognised under the line "Net profit from discontinued operations". The disposal value will significantly exceed the carrying value of the net assets held for sale.

For more details on the consequences of the deal on the consolidated financial statements as well as the adjustments made on data published in the 2013/14 Registration Document, please refer to Note 3 and Note 4 to the consolidated financial statements for the year ended 31 March 2015.

1.2. Agreement between Alstom and the US Department of Justice

Alstom has concluded on 22 December 2014 an agreement with the U.S. Department of Justice (DOJ) in order to put an end to the investigation conducted in the United States from 2010 on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act (FCPA).

Two US subsidiaries, Alstom Power Inc. and Alstom Grid Inc. (formerly known as Alstom T&D Inc.), have agreed to enter into deferred prosecution agreements with the DOJ relating to FCPA charges. If these two US subsidiaries fulfil the terms of their deferred prosecution agreements, all criminal charges will be dismissed against them at the end of three years. Another Alstom subsidiary, Alstom Network Schweiz AG (formerly known as Alstom Prom AG), has agreed to plead guilty to FCPA antibribery charges. In relation to these underlying charges, the ultimate parent company of the Group, Alstom S.A. has agreed to plead guilty to violating the books and records and internal controls provisions of the FCPA and to pay a fine of approximately USD 772 million.

The DOJ agreement has also stipulated that no part of the fine can be passed on to GE as part of the projected sale of Alstom's energy businesses.

The Plea agreements concluded with the DOJ are subject to approval by the competent American court.

Payment of the fine is expected to occur ten days after entry of judgement and pronouncement of sentence, based upon such approval. Sentencing is currently scheduled for June 2015 which schedule could be postponed by the Court.

1.3. Disposal of the business auxiliary components

The Auxiliary components business was part of the Steam business within Thermal Power and was active both in the new equipment market and aftermarket services across three product lines: air preheaters and gas-gas heaters for thermal power plants, heat transfer solutions for a variety of petrochemical and industrial processes, and grinding mills for diversified industrial applications.

The sale of the Auxiliary components business to a European investment firm was completed on 29 August 2014. The business was sold for an Enterprise Value of around €730 million as part of the non-core asset disposal programme announced by Alstom in November 2013.

The Auxiliary components business being part of Thermal Power, it is part of the planned transaction with GE. As a consequence, the Group presents all impacts regarding this disposal on the line “Net profit from discontinued operations” of the income statement.

1.4. Strong commercial and operational performance in Continuing activities

In compliance with IFRS 5, Thermal Power, Renewable Power and Grid activities have been reported in Alstom's consolidated financial statements as discontinued operations; they are therefore not included in Orders received, Sales, Income from Operations and EBIT, and are reported under the "Net profit – discontinued operations" line.

During fiscal year 2014/15, Alstom's orders received reached €10.0 billion, a 61% increase in comparison with the level of last year on an organic basis. This record high performance was driven by a jumbo contract booked in South Africa for around €4 billion and several major orders, including a large metro contract for the Greater Paris network in France and a fully integrated tramway project in Qatar. On 31 March 2015, the Group backlog reached a record high at €28.4 billion, representing 55 months of sales.

Consolidated sales increased by 7% on an organic basis at €6.2 billion, fuelled by deliveries of intercity, suburban and very high-speed trains booked in France, Germany and Italy during the last two years. The Group's sales also benefited from a large growth in Middle East/Africa driven by the on-going execution of very high-speed trains in Morocco and tramway contracts in Dubai and by the first milestones executed on the South African jumbo contract.

During fiscal year 2014/15, the income from operations (after corporate costs) increased by a healthy 19%, from €268 million in fiscal year 2013/14 to €318 million this fiscal year, with an operating margin of 5.2% for fiscal year 2014/15 versus 4.7% last fiscal year, thanks to sound project execution and tight cost control partly mitigated by ramp-up costs associated to new platforms.

Highly impacted by the legal agreement concluded with the U.S. Department of Justice (ca. €720 million), impairment charges on Russian associates (ca. €90 million) and restructuring charges (ca. €100 million), Net profit from Continuing operations (Group share) amounted to €(823) million in fiscal year 2014/15. Net profit from Discontinued operations (Group share) amounted to €104 million. Net profit (Group share) was at €(719) million in fiscal year 2014/15, compared to €556 million last year.

During fiscal year 2014/15, the Group free cash flow was negative at €(429) million compared to €(157) million during fiscal year 2013/14, mainly due to lower sales in Energy impacting progress payments and adverse cash profile of some projects over the period. After a negative free cash flow of €(1,376) million in the first semester, the Group generated a positive free cash flow of €947 million in the second half of the fiscal year.

The negative free cash flow, proceeds from assets sale and the classification of the net cash position of discontinued operations in "Assets/Liabilities held for sale" generated a limited increase of the Group's net financial debt which stood at €(3,143) million on 31 March 2015 compared to €(3,038)[1] million on 31 March 2014.

On 31 March 2015, Alstom had a cash and cash equivalent position of €1,599 million, as well as undrawn available credit facilities for €1,350 million. The Group had also additional facilities amounting to a total of €1,600 million fully undrawn as of 31 March 2015, available up to the completion (and subject to the non-cancellation) of the proposed transaction with GE, or 1 December 2015.

1.5. Support to Alstom's future development

1.5.1. Research & Development

During the fiscal year 2014/15, Alstom spent €116 million in research and development, notably for the development of the Urbalis™ Fluence signalling solution and the CITADIS™ Spirit light rail vehicle intended to the North American market.

In September 2014, Alstom Transport announced several major innovations focusing on three main goals: enhance passenger experience, encourage proximity with its customers and reduce life cycle costs:

- The latest version of the CITADIS™ tramway enhanced to be more comfortable, spacious and accessible. The CITADIS™ X05 also integrates new technologies which reduce energy consumption and lifecycle costs and enable the particular requirements of cities to be met.

- Atlas 400 and Atlas 500, new solutions to meet the ERTMS[2] standards for rail interoperability. Based on its ten years of expertise, Atlas 400 is specially adapted to low-density routes and reduces the amount of trackside equipment whereas Atlas 500 is designed for high-density lines with an increased headway performance. Both are applicable for re-signalling upgrades or new-build projects.

- HealthHub, a new "predictive" maintenance tool using advanced data analytics to predict the remaining useful life of rolling stock, infrastructure and signalling assets. This innovative approach is designed for a move from traditional mileage-based maintenance to condition-based predictive maintenance, thus reducing lifecycle cost and improving equipment availability for the operator.

- A new generation of H3 hybrid shunting locomotives equipped with a 350 kW diesel generator and a battery. This three-axle locomotive consumes far less fuel than conventional vehicles and substantially cuts pollutant emissions.

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[1] Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

[2] European Rail Traffic Management System

In May 2014, Alstom had already introduced, jointly with the Association of French Regions and SNCF, the new CORADIA™ Polyvalent as the next-generation regional trains which are gradually entering into service in the French Regions. These trains are designed to combine efficiency, economic performance and environmental protection while suiting each Region's needs. So far, over 200 CORADIA™ Polyvalent trains have been ordered by 12 French Regions.

Over the second half of fiscal year 2014/15, Alstom signed letters of intent with various German regions to deliver a new generation of emission-free trains, based on the Alstom CORADIA™ platform. In addition to being completely emission-free, a new energy management system allows to reduce energy consumption. Moreover, its noise level is drastically reduced compared to conventional diesel trains.

1.5.2. Investments

During fiscal year 2014/15, Alstom Transport invested €99 million in capital expenditures (excluding capitalised development costs) to further develop its industrial footprint in growing markets while modernising its existing facilities in developed countries.

In March 2015, Alstom inaugurated a new production line for CITADIS™ tramways in its Taubaté plant in Brazil. This new production facility will serve the Brazilian market as well as the broader Latin America region where a number of new tramway projects are emerging. When fully operational, the facility will employ around 150 people.

In India, Transport invested in the development of its engineering centre for signalling and rolling stock, located in Bangalore.

In Europe, Transport invested in the modernisation of its manufacturing facilities in France, Germany and Poland to enhance their efficiency. In addition, to improve its service offer, the Sector opened a new control room dedicated to regional train maintenance in Italy as well as a new bogie overhaul facility in the United Kingdom.

1.5.3. Acquisitions and Partnerships

In South Africa, Alstom Transport entered into a joint venture, Gibela, with local shareholders to deliver one of the biggest projects in rail transport worldwide. Following the jumbo contract awarded by PRASA (Passenger Rail Agency of South Africa) in October 2013, the Gibela joint venture is committed to establishing a new production facility in the East region of Johannesburg, which should be operational by June 2015. With this facility, Gibela will deliver 600 commuter trains and provide technical support and supply of spare parts over an 18-year period.

In France, the transfer of AREVA TA's Command & Control for Transportation (CCT) activity to Alstom was completed in October 2014. The acquisition of a business which includes design and production of signalling solutions for tramways and metros, TCMS[1] on-board safety information

[1] TCMS: Train Control Management System

management system and radio communications technology will strengthen Alstom's offer in signalling and confirm its position in the transport networks market in the Paris and Ile-de-France areas.

In Russia, the 2ES5 freight locomotive, jointly produced by Alstom and Transmashholding (TMH), obtained the certification, confirming its compliance with Russian mandatory safety norms. In addition, Alstom also signed two important Memoranda of Understanding with Russian Railways (RZD) and RZDstroy, both aiming at developing railway transportation in Russia and beyond.

Finally, in December 2014, Alstom signed an agreement with the Kazakh national railway company (KTZ) aiming to acquire an additional 25% of KTZ's stake, thereby bringing its total share in the EKZ joint venture to 50%. After approval by the relevant authorities, Alstom will become the main shareholder in EKZ, KTZ and TMH both holding 25% of the joint venture based in Astana. By increasing its share in a company that has recently been awarded a €1.3 billion contract for the maintenance of electric locomotives, Alstom shows its confidence in the Kazakh market attractiveness. As major shareholder, the Group wants to extend EKZ scope to maintenance activities with the creation of a service centre.

1.6. Group Corporate Responsibility

1.6.1. Environment, Health and Safety (EHS)

During fiscal year 2014/15, Alstom successfully maintained its efforts to reduce the environmental footprint of its operations. The Group showed a good trend in most of the indicators concerning its environmental performance of operations. For instance, SF6 fugitive emission trend during 2014/15 is showing a clear improvement. 100% of Alstom manufacturing sites over 200 employees and several other sites have gained or maintained the ISO 14001 certification.

About occupational safety, the Alstom Zero Deviation Plan (AZDP) remains the "keystone" of Alstom actions throughout the Group. This programme targets high-risk activities and the protection of employees and contractors worldwide from the potential risks of working in an Alstom workshop, factory, test facility or construction site. A new audit campaign covered over 170 sites with improvement on compliance to Alstom Safety Directives including the two new directives added last year. As a consequence, the number of severe accidents has reduced while the injury frequency rate[1] was maintained at 1.2, with the objective of reaching 1.0 at the end of fiscal year 2015/16.

1.6.2. Corporate Social Responsibility (CSR)

During fiscal year 2014/15, the CSR organisation has developed action plans to increase Sustainable Development mind-set among employees and managers, such as the issuance of a monthly newsletter and several local initiatives.
Alstom successfully maintained its listing in the DJSI[2] World & Europe and in the CDLI[3] for French companies, respectively for the fourth and third consecutive years.
The Alstom Foundation supported a batch of projects to favour access to primary education in emerging countries. In June 2014, the Board of the Foundation approved 20 new projects, some of which focused on access to education in different countries such as Mexico, India and South Africa.

[1] Number of accidents with time lost to injury per million hours worked.
[2] Dow Jones Sustainability Index (DJSI)
[3] Carbon Disclosure Leadership Index (CDP France report 2014)

2. General comments on activity and results

Following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the Energy transaction, Alstom considers that the conditions are met for the application of IFRS 5 – *Non-current assets held for sale and discontinued operations.* In the consolidated financial statements, the activities being disposed are reported separately in the income statement and in the statement of cash flows as discontinued operations.

For more details on the consequences of the deal on the consolidated financial statements as well as the adjustments made on data published in the 2013/14 Registration Document, please refer to Note 3 and Note 4 to the consolidated financial statements for the year ended 31 March 2015.

2.1 Consolidated key financial figures

The following table sets out the Group's key performance indicators for 2014/15.

in € million	Year ended 31 March 2015	Year ended 31 March 2014 *	% Variation Mar. 15 / Mar. 14 Actual	Organic
Order Backlog	28,394	22,936	24%	17%
Orders Received	10,046	6,148	63%	61%
Sales	6,163	5,726	8%	7%
Income from operations	318	268	19%	12%
Operating Margin	*5.2%*	*4.7%*		
EBIT	(621)	162	NA	
Net Profit from continuing operations - Group share	(823)	160	NA	
Net Profit from discontinued operations - Group share	104	396	(74%)	
Net Profit - Group share	(719)	556	NA	
Free Cash Flow	(429)	(157) **		
Capital Employed	857	7,886 **		
Net Cash/(Debt)	(3,143)	(3,038) **		
Headcount ***	87,849	93,002	(6%)	

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

**Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

*** Headcount are Group figures.

2.2. Key geographical figures

Total Group	Year ended 31 March 2015				
Actual figures, in € million (except for Headcount)	Europe	Americas	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	2,837	980	1,141	5,088	**10,046**
% of contrib	*28%*	*10%*	*11%*	*51%*	*100%*
Sales	4,340	739	449	635	**6,163**
% of contrib	*70%*	*12%*	*7%*	*11%*	*100%*
Headcount **	50,257	15,055	18,022	4,515	**87,849**
% of contrib	*57%*	*17%*	*21%*	*5%*	*100%*

Total Group	Year ended 31 March 2014*				
Actual figures, in € million (except for Headcount)	Europe	Americas	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	2,586	1,459	381	1,722	**6,148**
% of contrib	*42%*	*24%*	*6%*	*28%*	*100%*
Sales	4,072	702	453	499	**5,726**
% of contrib	*71%*	*12%*	*8%*	*9%*	*100%*
Headcount **	52,965	16,832	18,790	4,415	**93,002**
% of contrib	*57%*	*18%*	*20%*	*5%*	*100%*

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

** Headcount are Group figures. In comparison with FY2013/14 Registration Document, Turkey has been removed from European region and included into Middle East/Africa.

3. Outlook

For the medium term, sales are expected to grow at over 5% per year organically, and the operating margin should gradually improve within the 5-7% range. Free cash flow is expected to be in line with net income before Energy activities contribution with possible volatility on short periods.

4. Operational analysis

4.1. Transport

The following table presents key performance indicators for Transport:

Transport Actual figures in € million	Year ended 31 March 2015	Year ended 31 March 2014*	% Variation March 15/ March 14 Actual	 Organic
Order backlog	28,301	22,818	24%	18%
Orders received	10,043	6,130	64%	61%
Sales	6,139	5,680	8%	7%
Income from operations	345	308	12%	7%
Operating margin	5.6%	5.4%		
EBIT	159	228	(30%)	
Capital Employed	1,772	1,895**	(6%)	

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

**Figures have been restated as mentioned in Note 5.1 following the first application of IFRS 11

4.1.1. Orders received

During fiscal year 2014/15, Transport recorded €10,043 million of orders, an increase of 61% versus last year on a comparable basis. This record high performance was driven by a jumbo contract signed with PRASA in South Africa for around €4 billion.

The Sector also recorded several large metro contracts notably for the delivery of 35 metro trains to the Paris network in France, a full metro system to the city of Guadalajara in Mexico as well as fully-automated METROPOLIS™ trainsets in Australia. Orders were also boosted by tramways contracts such as 35 CITADIS™ vehicles for the city of Lusail, Qatar and several projects to equip the cities of Setif, Mostaganem and Ouargla in Algeria. In the signalling business, Transport was notably awarded equipment for a new high-speed line in Spain and the associated maintenance. The Sector also booked a sound level of services.

Transport Actual figures, in € million	Year ended 31 March 2015	% of contrib	Year ended 31 March 2014*	% of contrib	% Variation March 15 / March 14 Actual	 Org.
Europe	2,837	28%	2,579	42%	10%	9%
Americas	980	10%	1,459	24%	(33%)	(33%)
Asia/Pacific	1,141	11%	381	6%	199%	193%
Middle East/Africa	5,085	51%	1,711	28%	197%	185%
Orders by destination	**10,043**	**100%**	**6,130**	**100%**	**64%**	**61%**

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

During fiscal year 2014/15, orders received in Europe increased by 9% on an organic basis at €2,837 million, representing 28% of the Sector's orders. This performance was notably driven by a large order booked in France for the supply of 35 eight-car metros for the line 14 of the Paris network. Additionally, Transport was selected to supply 25 CORADIA™ Nordic regional trains to the Skåne region in Sweden, four PENDOLINO™ high-speed trains in Switzerland and 15 CITADIS DUALIS™ tram-trains for the Ile-de-France region in France. In Italy, Transport booked several contracts to overhaul a fleet of PENDOLINO™ trains and to supply 20 optional CORADIA™ Meridian regional trains. In the signalling business, the Sector will provide its ERTMS[1] signalling system and the associated maintenance for a period of 20 years for the Spanish new North-West high-speed line. Alstom's ERTMS signalling solutions will also equip a high-speed railway segment in Romania. Finally, Transport was awarded a contract to maintain 75 passenger cars on a sleeper service in the United Kingdom.

In Americas, Transport's orders received amounted to €980 million, decreasing by 33% compared to last year on an organic basis when the Sector registered a long-term maintenance contract for CITADIS™ trains in Canada as well as several metro contracts in Chile and Argentina. During fiscal year 2014/15, two major metro orders were booked in Mexico: the first one for the delivery of a full metro system to the city of Guadalajara including 18 METROPOLIS™ trains, the communication and the traffic control systems, and the second one for the upgrade and the modernization of Mexico City metro trains. Finally, in Canada, Transport was awarded a large contract to equip the Toronto Union Station with a new signalling system.

In Asia/Pacific, orders received tripled compared to last year on an organic basis, to reach €1,141 million during fiscal year 2014/15. This growth was notably fed by two large contracts signed in Australia to construct, operate and maintain the CBD and South East Light Rail line and to provide 22 fully-automated METROPOLIS™ trainsets and signalling equipment to the city of Sydney. The Sector was also awarded a contract to supply METROPOLIS™ trainsets to the city of Kochi in India.

In fiscal year 2014/15, Middle East/Africa accounted for 51% of the Sector's total orders received with €5,085 million recorded, becoming the first commercial region for Transport. This performance was mainly driven by the jumbo rail contract awarded by PRASA in South Africa to supply X'TRAPOLIS Mega™ commuter trains as well as the technical support and supply of spare parts over an 18-year period. In addition, Transport signed a large contract in Qatar to provide to the city of Lusail a fully integrated tramway system including 35 CITADIS™ vehicles. The Sector was also selected to supply a tramway system to the city of Setif in Algeria as well as tramways for Mostaganem and Ouargla cities. Finally, two signalling and infrastructure contracts were signed in Egypt to equip the Beni Suef-Asyut regional railway line as well as Cairo's metro line 3.

[1] ERTMS : European Railways Traffic Management System

Transport received the following major orders during fiscal year 2014/15:

Country	Description
Algeria	Supply of CITADIS™ tramways for the cities of Mostaganem and Ouargla
Australia	Supply of 22 six-car fully-automated METROPOLIS™ trainsets and the CBTC (Communications Based Train Control) signalling system
Australia	Design, delivery and commissioning of an integrated tramway system, including 30 CITADIS™ tramways and signalling equipment for Sydney
France	Supply of 35 eight-car metros trains for the Paris network
Italy	Option for 20 additional CORADIA™ Meridian regional trains
Mexico	Supply of 18 METROPOLIS™ trains, the communication system, the high-voltage and traction substations and the CTBC signalling system
Mexico	Upgrading and modernization of Mexico City metro trains
South Africa	Supply of 600 X'TRAPOLIS Mega™ commuter trains (3,600 cars) over a period of 10 years and the associated maintenance for a period of 18 years
Qatar	Design, manufacturing, commissioning and servicing of 35 CITADIS™ tramways, power supply equipment, signalling and trackworks
Spain	Supply of ERTMS Level 2 signalling system and the associated maintenance for a period of 20 years for the new North-West high-speed line
Sweden	Supply of 25 CORADIA™ Nordic regional trains
Switzerland	Supply of four additional PENDOLINO™ high-speed trains
United Kingdom	15-year service contract to maintain 75 passenger cars on the "Caledonian Sleeper" trains

4.1.2. Sales

Transport sales increased by 7% on an organic basis at €6,139 million during fiscal year 2014/15 compared to €5,680 million for the last fiscal year. The Sector's sales were mainly driven by the progress of large contracts booked in France, Germany and Italy over the last two financial years and by the growth in Middle East/Africa.

Transport					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 15 / March 14*	
Actual figures, in € million	**31 March 2015**	contrib	**31 March 2014***	contrib	*Actual*	*Org.*
Europe	4,340	71%	4,058	71%	*7%*	*6%*
Americas	739	12%	679	12%	*9%*	*8%*
Asia/Pacific	449	7%	453	8%	*(1%)*	*(3%)*
Middle East/Africa	611	10%	490	9%	*25%*	*22%*
Sales by destination	**6,139**	**100%**	**5,680**	**100%**	***8%***	***7%***

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

In Europe, Transport's sales amounted to €4,340 million, an increase of 6% on an organic basis. The growth was driven by deliveries of intercity, suburban and very high-speed trains following strong orders received in France, Germany and Italy during the last two years. Concerning high-speed trains, a PENDOLINO™ maintenance contract was traded in the United Kingdom while trains were delivered in Poland and in Switzerland. During fiscal year 2014/15, the region accounted for 71% of the total Sector's sales.

Driven by the deliveries of metro trainsets to Brazil and Chile, and by the sustained signalling and maintenance activities in the United States of America, sales in Americas reached €739 million, a 8% organic increase compared to fiscal year 2013/14, representing 12% of the Sector's sales during fiscal year 2014/15.

In Asia/Pacific, Transport's sales amounted to €449 million, a 3% organic decrease compared to last fiscal year, sustained by the execution of various projects notably the delivery of METROPOLIS™ trainsets to Singapore metro and the production of X'TRAPOLIS™ trains for Australia.

During fiscal year 2014/15, Transport recorded €611 million of sales in Middle East/Africa, up 22% versus last year on an organic basis, mainly due to progress made on very high-speed trains in Morocco and on a tramway system in the United Arab Emirates and to the first milestones executed in the PRASA jumbo contract.

4.1.3. Income from operations and operating margin

Transport's income from operations increased by 12% to €345 million for fiscal year 2014/15, compared to €308 million for the previous year, thanks to sound project execution and tight costs control, however, partly mitigated by ramp-up costs associated with new platforms.

4.2. Corporate and Others

Corporate and Others comprise corporate costs which are not part of the transaction with GE as well as some Thermal Power, Renewable Power and Grid units which are not part of the transaction and which do not contribute significantly to the Group results.
Moreover, in order to present relevant financial information, the Group has done a preliminary allocation of the Corporate costs (external costs, legal costs…) and liabilities (notably provisions for litigations) between Continuing operations and Discontinued operations in accordance with agreements negotiated with GE.

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

Corporate & Others **in € million**	**Year ended 31 March 2015**	**Year ended 31 March 2014***
Order backlog	93	118
Orders received	3	18
Sales	24	46
Income from operations	(27)	(40)
EBIT	(780)	(66)
Capital Employed	(915)	NA

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

Corporate and Others' EBIT was highly impacted by the $772 million (ca. €720 million) Alstom S.A. agreed to pay to the U.S. Department of Justice (DOJ) as part of the agreement concluded to resolve the investigation into alleged violations of the U.S. Foreign Corrupt Practices Act (FCPA).

4.3. Discontinued operations: Energy transaction

On June 20, 2014, the Board of Directors of Alstom decided to issue a positive recommendation to GE's offer to acquire the Thermal Power, Renewable Power and Grid activities, as well as corporate and shared services ("Energy"). This Energy transaction is reported in Alstom's consolidated financial statements as discontinued activities.

The following table presents the key performance indicators of Energy for 2014/15:

Energy Actual figures in € million	**Year ended 31 March 2015**	**Year ended 31 March 2014***	*% Variation March 15/ March 14 Actual*	*Organic*
Order backlog	29,787	28,059	*6%*	*1%*
Orders received	13,321	15,116	*(12%)*	*(12%)*
Sales	13,330	14,332	*(7%)*	*(6%)*

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

During fiscal year 2014/15, Energy orders received amounted to €13,321 million, a decrease of 12% versus last year on a comparable basis. Energy order intake included the supply and maintenance of three gas turbines in Mexico and in Turkey as well as the delivery of ultra-supercritical boiler, steam turbine and generator to a lignite fired plant in Thailand. Energy was also awarded a project for the erection of a large thermal solar power plant in Israel and associated maintenance, several wind turbines contracts in Brazil and large High Voltage Direct Current contracts in Asia and in North America.

Energy received the following major orders during this period:

Country	Description
Brazil	Supply of 4x175 MW Hydro turbines
Brazil	Delivery of 237 ECO 100, ECO 110 & ECO 122 Wind Turbines
Canada	Turnkey contract for an HVDC solution
Chile	Transmission system
Israel	Engineering, Procurement and Construction (EPC) of a solar power station and full operations and maintenance (O&M) activities for a period of 25 years
India	Phase 2 of 800 kV Champa–Kurukshetra UHVDC link
Mexico	Supply, operation and maintenance of a GT24™ turbine
South Korea	HVDC Line Commutated Converter (LCC)
Thailand	Supply of an ultra-supercritical boiler with integrated Selective Catalytic Reduction of NOx (SCR), an ultra–supercritical steam turbine and generator, and an air quality control systems composed of a Wet Flue Gas Desulphurisation (WFGD) system
Turkey	Supply and maintenance of the power island of a 950 MW combined-cycle power plant including two GT26 gas turbines, two heat recovery steam generators (HRSGs), one steam turbine and three turbo-generators
Turkey	Supply of 2x660 MW Boiler and Turbine Generator

During fiscal year 2014/15, Energy sales amounted to €13,330 million, a 6% organic decreased versus last year. Despite the execution ramp up of wind contracts in Brazil, Energy sales were impacted by low bookings in previous periods.

Note: Specific measurements

In compliance with IFRS 5, the Group has applied the following specific measurements which impact the consolidated financial statements:

- Discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, have been measured at the lower of their carrying amount and fair value less costs to sell;
- The exception of IAS 12 consisting in not recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities have been recognised with an income statement impact presented within the "Net profit from discontinued operations";
- Amortisation on non-current assets classified as "assets held for sale" has ceased at the date of IFRS 5 application;
- Costs specifically incurred in the context of the deal have been presented in the P&L within the "Net profit from discontinued operations".

The current accounting impacts of the planned Energy transaction are based on the GE offer and related agreements, and reflect management current best estimate. They will be finalized as part of the transaction closing, expected to occur in the coming months.

For more details on the consequences of the deal on the consolidated financial statements as well as the adjustments made on data published in the 2013/14 Registration Document, please refer to Note 3 and Note 4 to the consolidated financial statements for the year ended 31 March 2015.

5. Operating and financing Review

5.1. Income statement

Total Group			% Variation	
	Year ended	Year ended	March 15/ March 14	
in € million	31 March 2015	31 March 2014*	*Actual*	*Organic*
Sales	6,163	5,726	*8%*	*7%*
Cost of sales	(5,237)	(4,804)	*9%*	*8%*
R&D expenditure	(112)	(122)	*(8%)*	*(8%)*
Selling expenses	(199)	(204)	*(2%)*	*(2%)*
Administrative expenses	(297)	(328)	*(9%)*	*(9%)*
Income from operations	**318**	**268**	*19%*	*12%*
Operating margin	5.2%	4.7%		

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

5.1.1. Sales

During fiscal year 2014/15, consolidated sales amounted to €6.2 billion, a 7% increase on an organic basis versus last year. Alstom sales benefited from the progress made on intercity trains, suburban trains and very high-speed trains contracts booked in France, Germany and Italy during the last two years. In the United Kingdom, major milestones were also reached on a large maintenance contract for PENDOLINO™ high-speed trains while several high-speed trains were delivered in Poland and in Switzerland. The Group operational performance was also fuelled by growth in Middle East/Africa, 22% above the level of last year on an organic basis, mainly due to progress made on very high-speed trains to Morocco and to the first milestones executed on the PRASA contract.

5.1.2. Research and development expenses

In fiscal year 2014/15, Alstom kept a sustained level of research and development expenses at €112 million close to the €122 million recorded last year, confirming the Group's commitment to focus on differentiation and competitiveness. Capitalisation of development costs went down from €77 million last year to €67 million in fiscal year 2014/15.

5.1.3. Selling and administrative expenses

Thanks to a strict control of costs and the successful implementation of the dedicated to excellence (d2e) performance plan, selling expenses decreased compared to last year both in volume (-2% on a comparable basis) and as percentage of sales (from 3.6% to 3.2%).

Compared to fiscal year 2013/14, administrative expenses also went down both in volume (-9% on a comparable basis) and as percentage of sales (from 5.7% to 4.8%) driven by cost savings actions initiated according to dedicate to excellence (d2e) performance plan.

5.1.4. Income from operations

The Group's income from operations reached €318 million in fiscal year 2014/15 versus €268 million last year. The operating margin improved from 4.7% last year to 5.2% in fiscal year 2014/15.

Total Group **(in € million)**	**Year ended** **31 March 2015**	**Year ended** **31 March 2014***	*% Variation March 15/ March 14*
Income from operations	**318**	**268**	***19%***
Restructuring costs	(106)	(48)	*121%*
Other income (expense)	(833)	(58)	*N/A*
Earnings Before Interest and Taxes	**(621)**	**162**	***N/A***
Financial income (expense)	(137)	(159)	*(14%)*
Income tax charge	8	94	*(91%)*
Share of net income of equity-accounted investments	(64)	70	*N/A*
Non-controlling interests attributable to continuing operations	(9)	(7)	*29%*
Net profit from continuing operations	**(823)**	**160**	***N/A***
Net profit from discontinued operations	113	399	*(72%)*
Non-controlling interests attributable to discontinued operations	(9)	(3)	*N/A*
Net income - Group share	**(719)**	**556**	***N/A***

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

5.1.5. Earnings before interest and taxes (EBIT)

During fiscal year 2014/15, EBIT amounted to €(621) million for fiscal year 2014/15, compared to €162 million in 2013/14. The Group was notably impacted by the $772 million (ca. €720 million) Alstom S.A. agreed to pay as part of an agreement concluded with the U.S. Department of Justice (DOJ). EBIT was also impacted by other non-recurring charges booked such as assets write-off and by restructuring plans launched during the year in order to efficiently adapt the Group's footprint to its commercial environment.

5.1.6. Net financial income (expense)

Net financial expense went down at €(137) million during fiscal year 2014/15 compared to €(159) million for the previous year. Net interest expenses decreased to €(105) million during 2014/15 compared to €(130) million last year, mainly thanks to the reimbursement of a €722 million bond in September 2014.

5.1.7. *Income tax charge*

On the basis of a negative taxable income, the Group recorded an income tax profit of €8 million for fiscal year 2014/15 versus €94 million last year when deferred income tax assets were recognised in the United States of America and in France.
The income tax profit included a €(45) million current income tax charge versus €(48) million last year and a €53 million deferred income tax credit versus €142 million in 2013/14.

5.1.8. *Share of net income of equity-accounted investments*

The share of net income of equity investments was impacted by an impairment recorded on Transmashholding (TMH) reflecting the uncertainties of its upcoming performance and the unfavourable exchange rate of the Russian Ruble.

5.1.9. *Net profit - Group share*

The decrease of EBIT, combined with non-recurring impairment charges impacting equity investees in Transport, resulted in a decrease of Net profit from Continuing operations (Group share) which amounted to €(823) million for fiscal year 2014/15 as compared to €160 million last fiscal year (adjusted following the first application of IFRS 11 and following the application of IFRS 5 in the context of the Energy disposal).
Net profit from Discontinued operations (Group share) reached €104 million for fiscal year 2014/15 versus €396 million for previous fiscal year.
Finally, the Net profit (Group share) amounted to €(719) million in fiscal year 2014/15, compared to €556 million for the same period last year.

5.2 Balance sheet

Following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the Energy transaction, Alstom considers that the conditions are met for the application of IFRS 5 – *Non-current assets held for sale and discontinued operations.* In the consolidated financial statements, the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet.

For more details on the consequences of the deal on the consolidated financial statements as well as the adjustments made on data published in the 2013/14 Registration Document, please refer to Note 3 and Note 4 to the consolidated financial statements for the year ended 31 March 2015.

Total Group **Actual figures** **(in € million)**	**Year ended** **31 March 2015**	**Year ended** **31 March 2014***	*Variation* *March 15/* *March 14*
Goodwill	688	5,269	*(4,581)*
Intangible assets	444	2,053	*(1,609)*
Property, plant and equipment	656	2,968	*(2,312)*
Associates and non-consolidated investments	363	705	*(342)*
Other non-current assets	473	510	*(37)*
Deferred taxes	732	1,647	*(915)*
Non-current assets	**3,356**	**13,152**	***(9,796)***
Working capital assets	6,802	14,506	*(7,704)*
Marketable securities and other current financial assets	61	26	*35*
Cash and cash equivalents	1,599	2,276	*(677)*
Current assets	**8,462**	**16,808**	***(8,346)***
Asset held for sale	21,415	293	*21,122*
Assets	**33,233**	**30,253**	***2,980***

Total Group **Actual figures** **(in € million)**	**Year ended** **31 March 2015**	**Year ended** **31 March 2014***	*Variation* *March 15/* *March 14*
Equity (Group share and minorities)	4,224	5,109	*(885)*
Provisions (non-current and current)	1,314	1,901	*(587)*
Accrued pension and other employee benefits	461	1,525	*(1,064)*
Financial debt (current and non-current)	5,186	5,704	*(518)*
Deferred taxes	11	176	*(165)*
Working capital liabilities (excl. provisions)	6,864	15,838	*(8,974)*
Liabilities related to assets held for sale	15,173	-	*15,173*
Liabilities	**33,233**	**30,253**	***2,980***

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

5.2.1. *Goodwill and intangible assets*

At the end of March 2015, goodwill amounted to €688 million against €5,269 million at the end of March 2014. Movements over the period ended mainly arose from the classification of the Energy activities' goodwill as "Assets held for sale" for an amount of € 4,690 million.

Intangible assets include acquired intangible assets and capitalised development costs. They decreased to €444 million on 31 March 2015 (compared to €2,053 million on 31 March 2014) mainly from the classification of the Energy activities' Intangible assets as "Assets held for sale" for an amount of €1,824 million. At 31 March 2015, the Group considers that the assumptions used to assess the recoverable value of Transport's intangibles at 31 March 2014 are not substantially modified.

5.2.2. *Tangible assets*

The Group's tangible assets decreased to €656 million on 31 March 2015, compared to €2,968 million on 31 March 2014 mainly coming from the classification of the Energy activities' tangible assets as "Assets held for sale" for €2,786 million.

Concerning the Continuing activities, the Group chose to further develop its industrial footprint in fast growing markets while modernising its existing facilities through €99 million of capital expenditures (excluding capitalised development expenses) compared to €111 million last year. In emerging markets, Transport invested in the development of a new production line for CITADIS™ tramways in Brazil which will serve the broader Latin America region as well in a signalling centre located in India. In Europe, the Sector inaugurated a new control room dedicated to regional trains' maintenance in Italy as well as a new bogie overhaul facility in the United Kingdom.

5.2.3. *Associates and non-consolidated investments*

Associates and non-consolidated investments accounted for €363 million on 31 March 2015, compared to €705 million on 31 March 2014. This evolution is mainly due to unfavourable trend on the business plan of activities in Russia taking into account the actual crisis and assumptions on recovery and to the classification of the Energy activities' associates and non-consolidated investments as "Assets held for sale" for €204 million.

5.2.4. *Other non-current assets*

Other non-current assets amounted to €473 million at the end of March 2015, compared to €510 million at the end of March 2014. Financial non-current assets directly associated to a long-term lease of trains and associated equipment for a London metro operator slightly increase from €364 million at the end of March 2014 to €383 million at the end of March 2015 due to evolution of EUR/GBP exchange rate.

5.2.5. *Working capital*

Working capital (defined as current assets excluding assets held for sale, cash and cash equivalents and marketable securities, less current liabilities excluding current financial liabilities and including non-current provisions) on 31 March 2015 was €(1,376) million compared to €(3,233) million on 31 March 2014. The increase is mainly linked to the classification of the Energy activities' working capital as "Assets held for sale" for an amount of €2,928 million partly offset by the provision booked to cover the $772 million (ca. €720 million) legal agreement Alstom S.A. agreed to pay to the U.S. Department of Justice (DOJ).

5.2.6. *Deferred tax*

Net deferred tax assets decreased to €721 million at the end of March 2015, from €1,471 million a year before. The evolution is mainly linked to the classification of the Energy activities' deferred tax as "Assets held for sale" for an amount of €913 million.

5.2.7. *Current and non-current provisions*

The current and non-current provisions decreased from €1,901 million on 31 March 2014 to €1,314 million on 31 March 2015. The evolution is mainly linked to the classification of the Energy activities' current and non-current provisions as "Assets held for sale" for an amount of €1,186 million, partly offset by the provision booked to cover the legal agreement Alstom S.A. agreed to pay to the U.S. Department of Justice (DOJ).

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

Equity on 31 March 2015 decreased to €4,224 million (including non-controlling interests) from €5,109 million on 31 March 2014. It was mostly impacted by:

- net profit from the fiscal year 2014/15 of €(719) million (Group share);
- pensions variation (recorded in equity) of €(499) million in 2014/15;
- currency translation adjustment of €304 million during fiscal year 2014/15.

5.2.9. *Financial debt*

The gross financial debt reached €5,186 million at the end of March 2015 compared to €5,704 million at the end of March 2014 notably thanks to the reimbursement of a bond in September 2014 for €722 million.

See Note 26 to the consolidated financial statements for further details regarding the financial debt.

5.3 Liquidity and capital resources

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

Total Group **in € million**	**Year ended 31 March 2015**	**Year ended 31 March 2014***
Net cash provided by operating activities before changes in net working capital	(421)	923
Changes in net working capital resulting from operating activities	726	(302)
Net cash provided by operating activities	**305**	**621**
Of which operating flows provided / (used) by discontinued operations	*163*	*415*
Net cash used in or provided by investing activities	(213)	(879)
Of which investing flows provided / (used) by discontinued operations	*593*	*(645)*
Net cash used in financing activities	(336)	551
Of which financing flows provided / (used) by discontinued operations	*(193)*	*63*
Net (decrease)/increase in cash and cash equivalents	**(244)**	**293**
Cash and cash equivalents at the beginning of the period	2,276	2,147
Net effect of exchange rate variations	229	(142)
Other changes	8	(22)
Transfer to assets held for sale	(670)	-
Cash and cash equivalents at the end of the period	**1,599**	**2,276**

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

5.3.1. Net cash provided by operating activities

Net cash provided by operating activities was €305 million for fiscal year 2014/15, compared to €621 million for the previous year.

Net cash provided by operating activities before changes in net working capital was €(421) million in 2014/15. It represents the cash generated by the Group's net profit after elimination of non-cash items (given that provisions are included in the definition of the working capital, they are not part of the elimination of non-cash items) and before working capital movements.

The Group's net working capital change resulting from operating activities was positive at €726 million in 2014/15 compared to €(302) million last fiscal year.

5.3.2. Net cash used in investing activities

Net cash used in investing activities amounted to €(213) million for fiscal year 2014/15, versus €(879) million for the previous year. In 2014/15, capital expenditures (excluding capitalised development expenses) amounted to €(458) million and capitalised development costs to €(298) million. Disposals of businesses, net of cash sold, amounted to €623 million in 2014/15 which mainly includes the proceeds from the disposal of the auxiliary components business mentioned in 1.3. Acquisitions of businesses, net of cash acquired, amounted to €(50) million in 2014/15 versus €(116) million in 2013/14.

5.3.3. Net cash provided by financing activities

Net cash provided by financing activities was at €(336) million for fiscal year 2014/15, compared to €551 million the previous year. This evolution is mainly due to a bond repayment partly offset by the issuance of commercial papers.

5.3.4. Net cash/(debt) position

On 31 March 2015, the Group recorded a net debt level of €(3,143) million, compared to the net debt position of €(3,038) million at 31 March 2014.

Total Group **(in € million)**	**Year ended 31 March 2015**	**Year ended 31 March 2014***
Net cash/(debt) at the beginning of the period	**(3,038)**	**(2,376)**
Change in cash and cash equivalents	(244)	293
Change in marketable securities and other current financial assets & liabilities	(7)	(15)
Change in bonds and notes	780	(474)
Change in current and non current borrowings	(471)	(332)
Change in obligations under finance leases	39	38
Transfer to assets held for sale	(387)	-
Net debt of acquired entities at acquisition date and other variations	185	(172)
Net cash/(debt) at the end of the period	**(3,143)**	**(3,038)**

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

Notes 25, 26, 27, 30 and 31 to the consolidated financial statements provide further details, respectively on:

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

5.4 Use of non-GAAP financial indicators

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

5.4.1. Orders received

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

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

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires to immediately eliminate the currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

In the context of the Energy disposal, orders received presented for fiscal year 2014/15 are figures from continuing activities.

5.4.2. Order backlog

Order backlog represents sales not yet recognised on orders already received.

Order backlog at the end of a financial year is computed as follows:

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

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

In the context of the Energy disposal, order backlog presented for fiscal year 2014/15 are figures from continuing activities.

5.4.3. Free cash flow

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

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities, and a reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group		
in € million	**Year ended 31 March 2015**	**Year ended 31 March 2014***
Net cash provided by operating activities	**305**	**621**
Of which operating flows provided / (used) by discontinued operations	*163*	*415*
Capital expenditure (including capitalized development costs)	(756)	(811)
Proceeds from disposals of tangible and intangible assets	22	33
Free Cash Flow	**(429)**	**(157)**

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

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.

5.4.4. Capital employed

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non-current assets (excluding prepaid pension benefits and financial non-current assets directly associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents) minus non-current provisions and current liabilities (excluding current financial debt).
Capital employed by Sector and at Group level is presented in Note 5 to the consolidated financial statements as of 31 March 2015.

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

At the end of March 2015, capital employed reached €857 million, compared to €7,886 million at the end of March 2014. Movements over the period ended mainly arose from the classification of the Energy activities' assets and liabilities as "Assets held for sale".

Total Group **in € million**	**Year ended** **31 March 2015**	**Year ended** **31 March 2014***
Non current assets	3,356	13,152
less deferred tax assets	(732)	(1,647)
less non-current assets directly associated to financial debt	(383)	(364)
less prepaid pension benefits	(8)	(22)
Capital employed - non current assets **(A)**	2,233	11,119
Current assets	8,462	16,808
less cash & cash equivalents	(1,599)	(2,276)
less marketable securities and other current financial assets	(61)	(26)
Capital employed - current assets **(B)**	6,802	14,506
Current liabilities	9,893	18,326
less current financial debt	(1,998)	(1,297)
plus non current provisions	283	710
Capital employed - liabilities **(C)**	8,178	17,739
Capital employed (A)+(B)-(C)	**857**	**7,886**

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

5.4.5. *Net cash*

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

Total Group		
in € million	**Year ended 31 March 2015**	**Year ended 31 March 2014***
Cash and cash equivalents	1,599	2,276
Marketable securities and other current financial assets	61	26
Financial non-current assets directly associated to financial debt	383	364
less:		
Current financial debt	1,998	1,297
Non current financial debt	3,188	4,407
Net cash/(debt)	**(3,143)**	**(3,038)**

* Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements "Comparability" following the first application of IFRS 11

5.4.6. *Organic basis*

Figures disclosed in this section include performance indicators presented on an actual basis and on an organic basis. Figures have been given on an organic basis in order to eliminate the impact of changes in business composition and of variation of exchange rates between the Euro and the foreign currencies. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However these figures, provided on an organic basis, are not measurements of performance under IFRS.

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

- the actual figures for 2013/14 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for 2014/15, as used for preparing the Consolidated Financial Statements;
- in order to reflect the same scope of activity, actual figures for 2013/14 are restated from disposals made during fiscal year 2014/15 and 2014/15 actual figures are restated from acquisitions made in fiscal year 2014/15.

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

ALSTOM

Alstom - ORGANIC FIGURES 2014/15

	Year ended 31 March 2014 *				Year ended 31 March 2015				
in € million	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope Impact	Organic figures	% Var Act. March 15/ March 14	% Var Org March 15/ March 14
Transport	22,818	1,212	1	24,031	28,301	(24)	28,277	24%	18%
Corporate & Others	118	5	-	123	93	-	93	(21%)	(24%)
Orders backlog	**22,936**	**1,217**	**1**	**24,154**	**28,394**	**(24)**	**28,370**	**24%**	**17%**
Transport	6,130	108	1	6,239	10,043	-	10,043	64%	61%
Corporate & Others	18	(1)	-	17	3	-	3	(83%)	(82%)
Orders Received	**6,148**	**107**	**1**	**6,256**	**10,046**	**-**	**10,046**	**63%**	**61%**
Transport	5,680	56	1	5,737	6,139	(5)	6,134	8%	7%
Corporate & Others	46	(3)	-	43	24	-	24	(48%)	(44%)
Sales	**5,726**	**53**	**1**	**5,780**	**6,163**	**(5)**	**6,158**	**8%**	**7%**
Transport	308	14	-	322	345	(1)	344	12%	7%
Corporate & Others	(40)	-	-	(40)	(27)	-	(27)	(33%)	(33%)
Income from Operations	**268**	**14**	**-**	**282**	**318**	**(1)**	**317**	**19%**	**12%**
Transport	5.4%			5.6%	5.6%		5.6%		
Corporate & Others									
Operating margin	**4.7%**			**4.9%**	**5.2%**		**5.1%**		
Sales	5,726	53	1	5,780	6,163	(5)	6,158	8%	7%
Cost of sales	(4,804)	(39)	(1)	(4,844)	(5,237)	4	(5,233)	9%	8%
R&D expenses	(122)	-	-	(122)	(112)	-	(112)	(8%)	(8%)
Selling expenses	(204)	-	-	(204)	(199)	-	(199)	(2%)	(2%)
Administrative expenses	(328)	-	-	(328)	(297)	-	(297)	(9%)	(9%)
Income from Operations	**268**	**14**	**-**	**282**	**318**	**(1)**	**317**	**19%**	**12%**

*Figures have been restated as mentioned in Note 3 to the Consolidated Financial Statements “Comparability” following the first application of IFRS 11 and following the application of IFRS 5 “Non-current assets held for sale and discontinued operations” in the context of the Energy disposal