# Press Release

5 May 2009

***With orders at a record level and net income up by 30%,***

# Alstom pursues its growth and improves once again its profitability for the fiscal year 2008/09

Between 1 April 2008 and 31 March 2009, Alstom maintained a strong commercial activity, with orders up by 5% and sales up by 11% from the record levels of the previous year. During the same period, income from operations grew by 19%, leading to an operating margin of 8.2%. This substantial rise in profitability allowed the net income to reach €1.1 billion, up by 30%. The Group's financial situation was further strengthened by the cash generation of €1.5 billion over the year. At its next Annual General Meeting, Alstom will propose to increase the dividend by 40% to €1.12 per share.

**Key figures**

| **(in € million)** | **31 March 2008** | **31 March 2009** | % Variation March 09 / March 08 |
|---|---|---|---|
| *Actual figures* | | | |
| Orders received | 23,472 | 24,580 | +5% |
| Backlog | 39,222 | 45,670 | +16% |
| Sales | 16,908 | 18,739 | +11% |
| Income from operations | 1,295 | 1,536 | +19% |
| Operating margin | 7.7% | 8.2% | - |
| Net income | 852 | 1,109 | +30% |
| Free cash flow | 1,635 | 1,479 | -10% |

"***Alstom once again posted healthy results in the fiscal year 2008/09, with a solid performance in both Power and Transport activities. The brutal downturn in the world's economy has created uncertainties in our markets. We expect demand for rail transportation to remain sustained, notably thanks to the stimulus packages; demand for new equipment in the power market should drop as some future projects may be postponed, while demand for service is expected to be less volatile. Alstom benefits from strong assets to face this challenging environment: a competitive industrial positioning worldwide, a solid customer base, a sound financial structure and a record backlog. The visibility provided by the backlog allows us to confirm our operating margin estimate for March 2010 at around 9%. Furthermore, to continue to smoothly weather the economic crisis, the Group has initiated actions aimed at optimising costs, developing flexibility and prioritising future investments, while continuing to ensure a proper execution of its large order book***", said Patrick Kron, Alstom's Chairman and Chief Executive Officer.

**Strong commercial activity**

During the fiscal year 2008/09, the Group booked €24.6 billion of new orders, a 5% increase from the already very high level of the previous fiscal year, bringing its backlog to €45.7 billion (+16%), which represents 29 months of sales. Both activities contributed to this growth in order intake: +3% in Power and +9% in Transport. Power received several orders for gas turnkey plants, mainly in Europe, South East Asia and Northern Africa, as well as large contracts for oil/coal power plants in Saudi Arabia, South Africa and Europe. The Sector also recorded orders for conventional islands in Chinese nuclear power plants, as well as for important hydro projects in Latin America and Portugal. Power signed operation and maintenance contracts, mainly related to gas-fired power plants, notably in Europe and the Middle East/Africa.
Transport set a new record in order intake, notably by booking very high speed trains (AGV) in Italy and Pendolinos in the UK, both associated to maintenance contracts, tramways in Northern Africa, metros in the Americas and Asia as well as regional trains in Northern Europe and Australia.

The progressive delivery of the large backlog led to a further growth in sales. They rose from €16.9 billion in the fiscal year 2007/08 to €18.7 billion in 2008/09, representing a 11% increase. Sales grew by 15% in Power and by 3% in Transport.

**Further rise in profitability**

In the fiscal year 2008/09, income from operations amounted to €1,536 million, up 19% from €1,295 million in the previous year and operating margin improved from 7.7% to 8.2%. The operating margin of Power grew from 8.9% to 9.6%, driven by the better quality of contracts booked over the recent periods combined with volume increase and continued focus on project execution. In Transport, the operating margin remained stable at 7.2% in spite of higher spending on new platforms.

Net profit increased by 30%, amounting to €1,109 million compared to €852 million in the fiscal year 2007/08. This evolution came mainly from improved operational performance and a positive financial income.

**Sound financial structure**

Free cash flow amounted to €1,479 million for the fiscal year 2008/09 compared to €1,635 million in the fiscal year 2007/08. An improved profitability associated with a favourable working capital evolution, largely driven by a book-to-bill ratio above 1.3, explains this strong cash flow generation.

Thanks to this very high free cash flow, Alstom has a net cash position of €2,051 million at 31 March 2009, as compared to €904 million at 31 March 2008, after payment of the dividend. Gross cash amounted to €2.9 billion and a credit line of €1 billion maturing in 2012 remains undrawn. Alstom also benefits from contract bonding lines of €21.5 billion, of which €7.5 billion are available.

After payment of the dividend in July 2008 and the negative impact of pensions variation due to the adverse performance of the financial markets, equity increased from €2,245 million at 31 March 2008 to €2,884 million at 31 March 2009 as a result of the strong net income.

Standard & Poor's and Moody's reiterated their BBB+ and Baa1 credit rating in May 2009.

**Dividend policy**

The Board of Directors has decided to propose a €1.12 per share dividend at the next Annual General Meeting, to be held on 23 June 2009. It represents a 40% increase as compared to the dividend of last year. If approved, the dividend will be distributed on 30 June 2009.

**Preparing the future**

Alstom benefits from its robust results of 2008/09 and from a high visibility given by its large order book. Nevertheless it has to adapt to the current uncertain economic environment. An internal plan has been launched to get a stricter control on costs; the streamlining of the Power organisation through the merger of Power Systems and Power Service Sectors will also allow costs to be reduced, while optimising Alstom's offering and better managing the supply chain. While making available the resources needed for the execution of its backlog, the Group will keep its flexible structure to adapt to future evolutions of demand.

Capital expenditures amounted to €499 million, up by 33% as compared to last year. The programmes launched to reinforce Power's industrial base in Asia and the USA as well as to strengthen Transport's competitive positions in Europe will be completed, while future investments are strictly prioritised.

Research and development expenses at €586 million rose by 6% as compared to the previous year. Efforts will be maintained to keep the lead in clean power and in Transport to pursue the standardisation strategy as well as the consolidation of its strong positions in key areas such as very high speed trains.

Finally, as part of its strategy to address high growth markets, the Group entered into a global partnership with Transmashholding, the leading rolling stock supplier of the Russian railway market.

**Outlook**

Alstom confirms that the operating margin of the Group in March 2010 should reach around 9%, with an operating margin for the Power Sector between 10% and 11% and for the Transport Sector between 7% and 8%.

*

*The Group activity and the consolidated financial statements can be found on Alstom's website at www.alstom.com.*

*In accordance with AFEP-MEDEF recommendations, information related to the remuneration of Alstom's Executive Officer is available on Alstom's website: www.alstom.com, under Investors/Remuneration of the Executive Officer.*

**Press Contact**
Philippe Kasse, Stéphane Farhi (Corporate)
Tel: +33 1 41 49 29 82 / 33 08
philippe.kasse@chq.alstom.com
stephane.farhi@chq.alstom.com

**Investor Relations**
Emmanuelle Châtelain
Tel: + 33 1 41 49 37 38
emmanuelle.chatelain@chq.alstom.com

*This press release contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are by their nature subject to a number of important risk and uncertainty factors (such as those described in the documents filed by Alstom with the French AMF) that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These such forward-looking statements speak only as of the date on which they are made, and Alstom undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.*