

Annual Results Fiscal Year 2009/10

4 May 2010

We are shaping the future

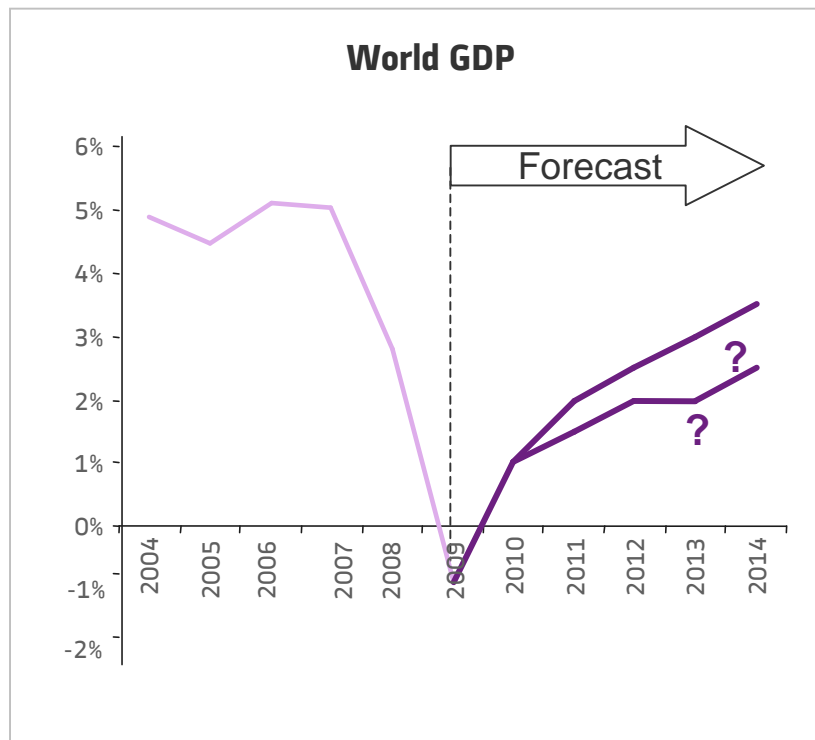
ALSTOM

Agenda

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Evolution of the global context

2009: the world has changed



- Strong economic downturn in 2009
- Uncertain timing of the expected recovery
- Growth to be mostly driven by emerging countries
- Increasing competition from Asian players

Key figures (1/2)

In € million

Record financial performance in 2009/10...

	March 2009	March 2010	Variation	
Sales	18,739	19,650	+5%	↗
Income from operations <i>Operating margin</i>	1,536 8.2%	1,779 9.1%	+16%	↗
Net income	1,109	1,217	+10%	↗
Dividend per share	1.12€	1.24€*	+11%	↗

(*) To be proposed to the next AGM

Key figures (2/2)

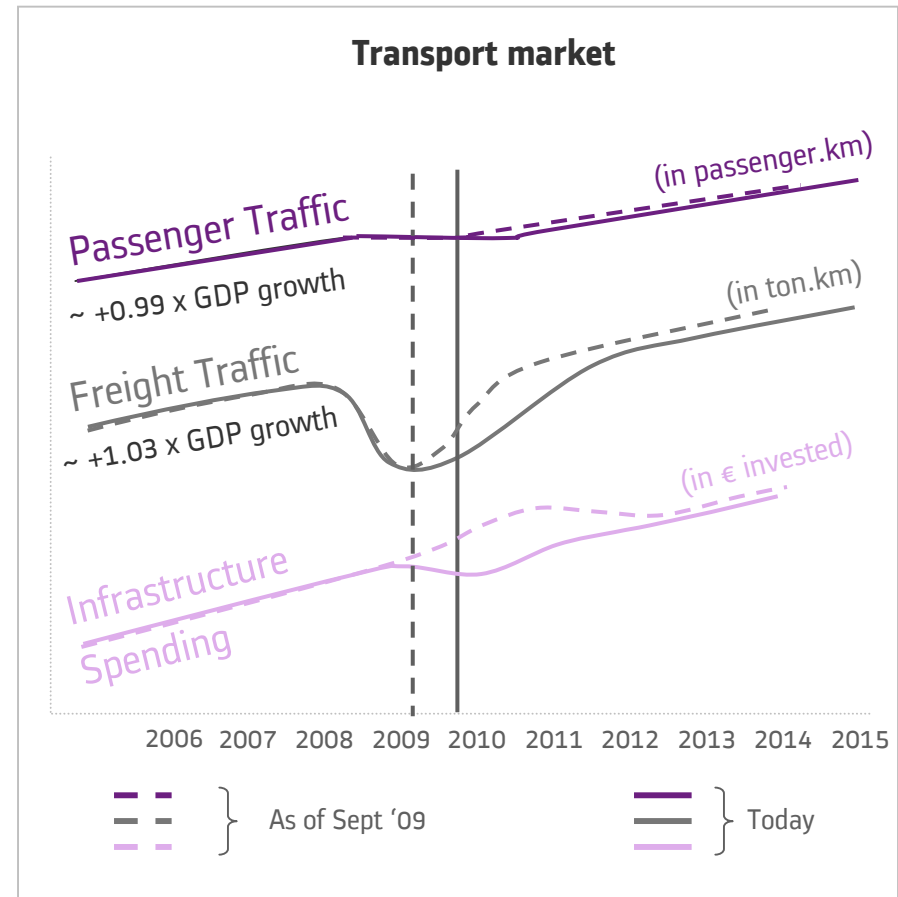
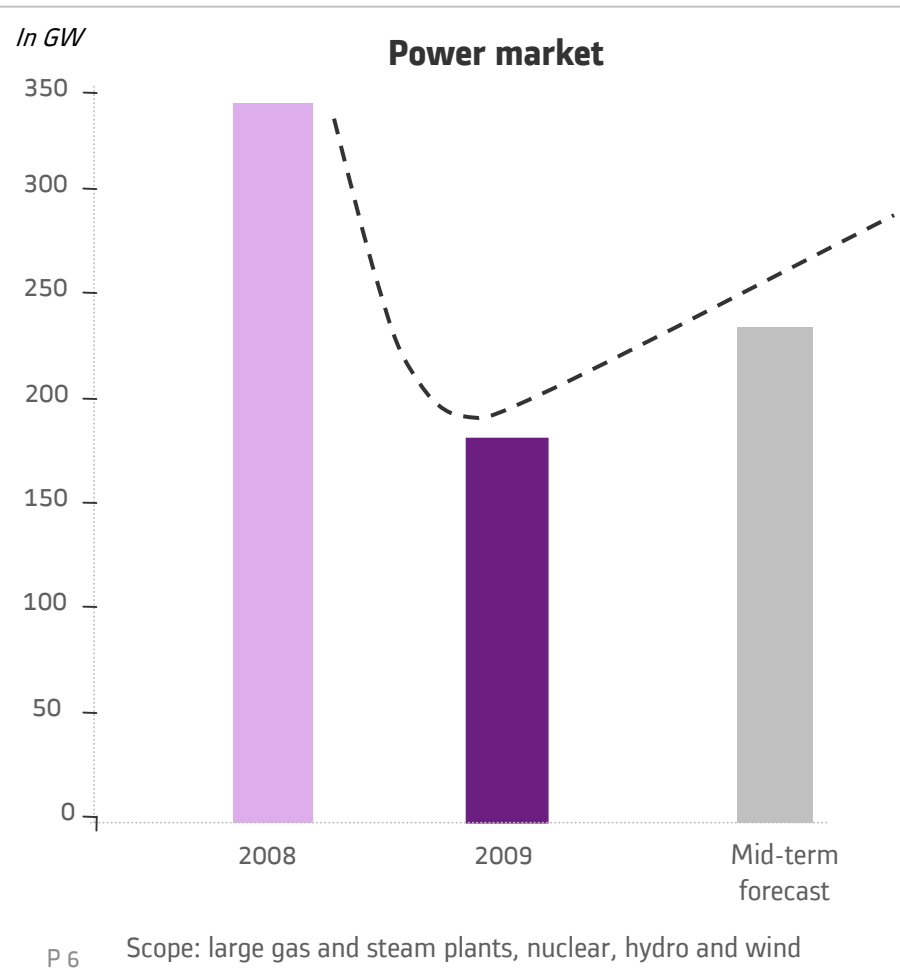
In € million

...in a difficult commercial environment

	March 2009	March 2010	<i>Variation</i>	
Orders received	24,580	14,919	-39%	↓
Backlog	45,670	42,561	-7%	↓
Free cash flow	1,479	185	-	↓

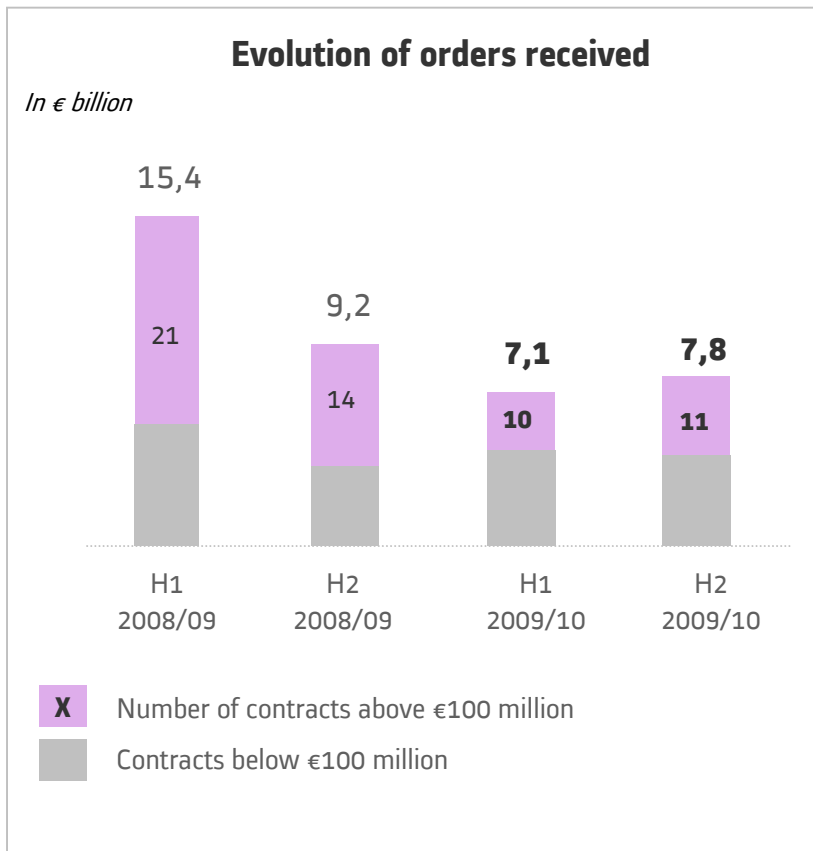
Expected evolution of our markets

Short term trough, medium term rebound
Power more impacted than Transport



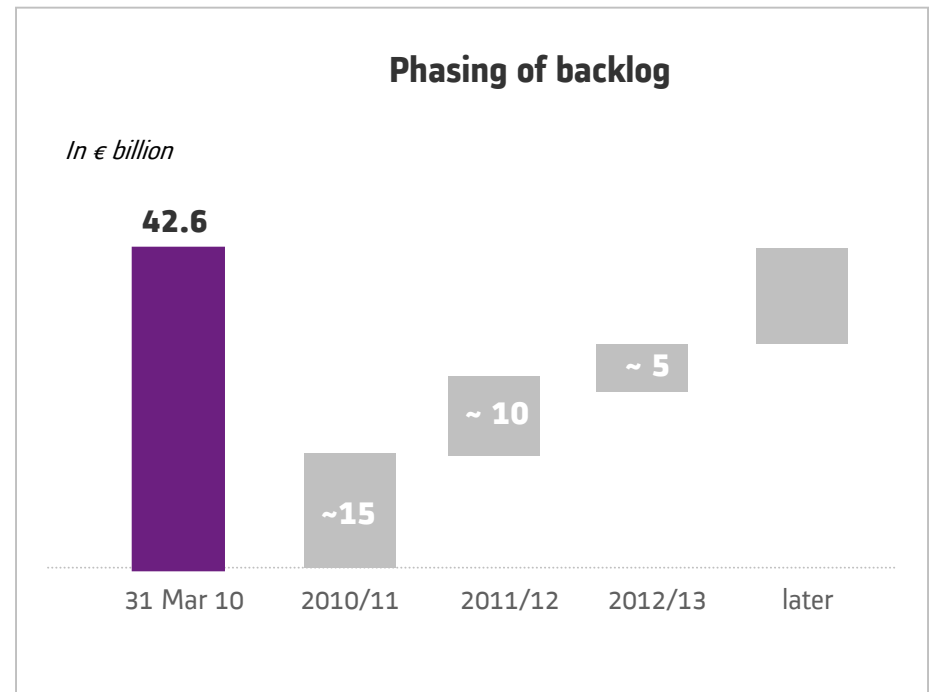
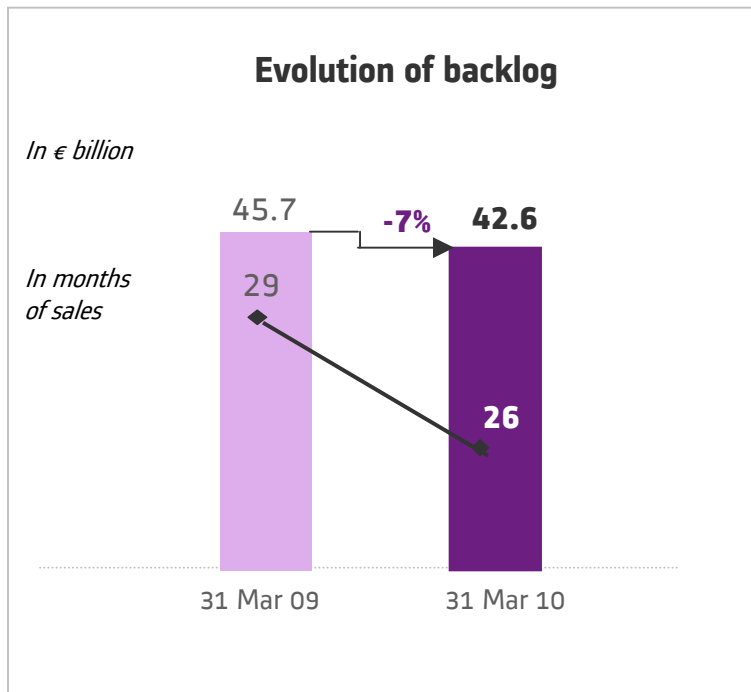
Orders

Low order intake in 2009/10 despite active tendering activity



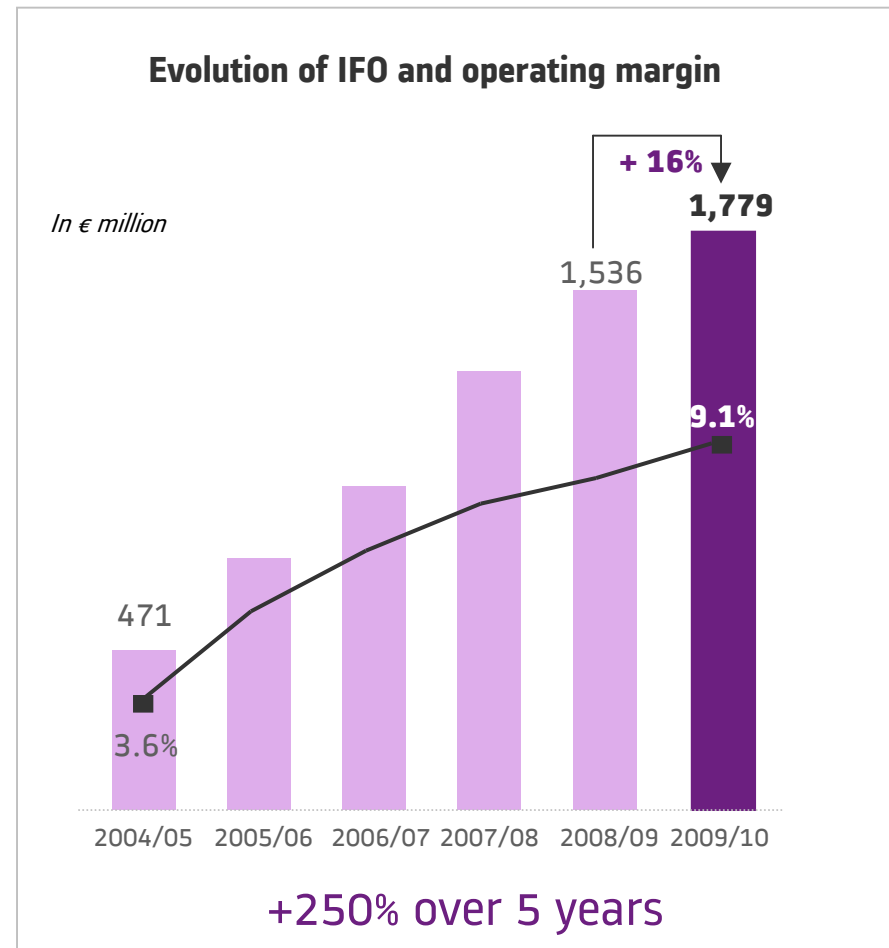
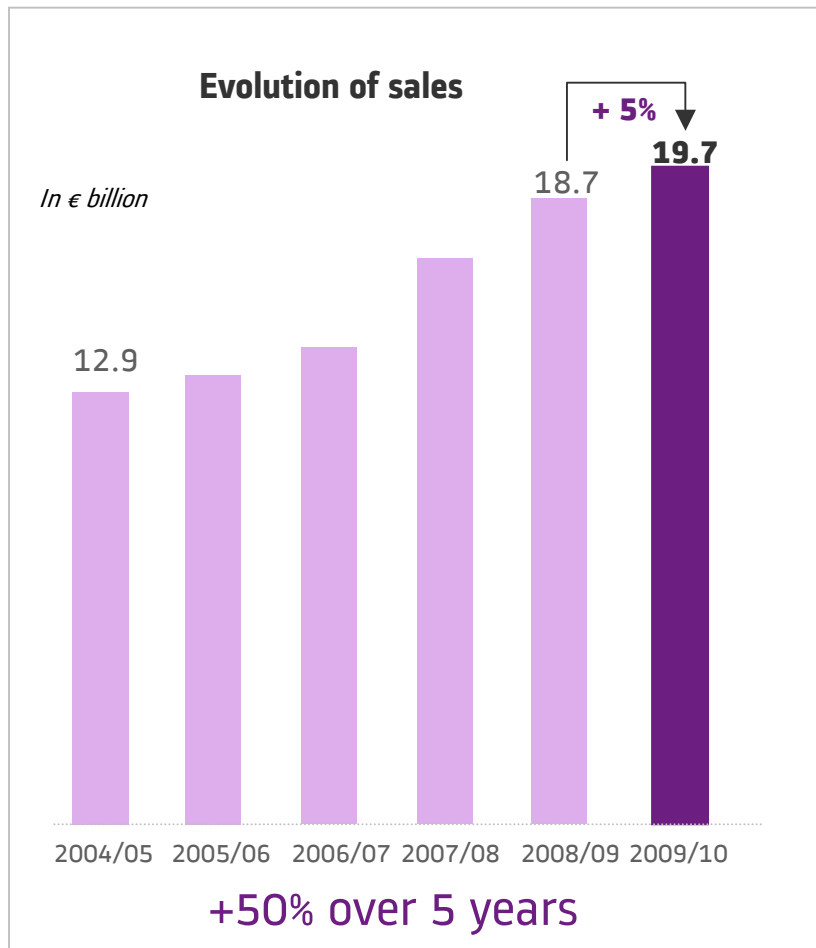
Backlog

Backlog decreasing, but maintaining good visibility



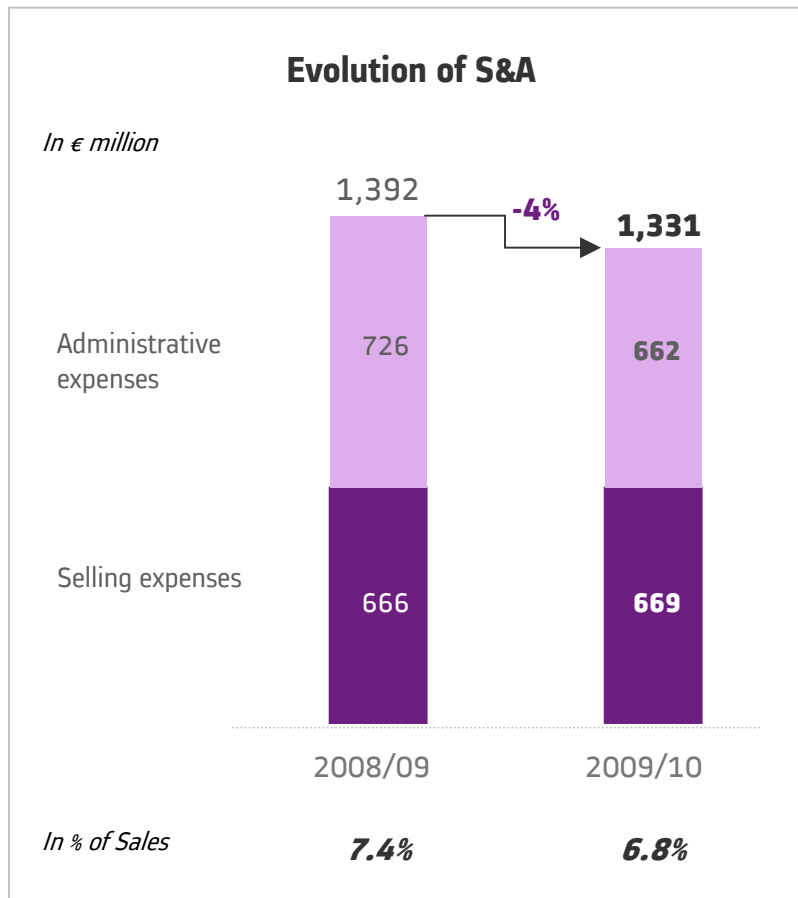
Sales and income from operations (IFO)

Driven by quality of backlog,
record performance in sales and IFO in FY 2009/10



Adapting to the new environment: S&A expenses

Strict control of administrative expenses



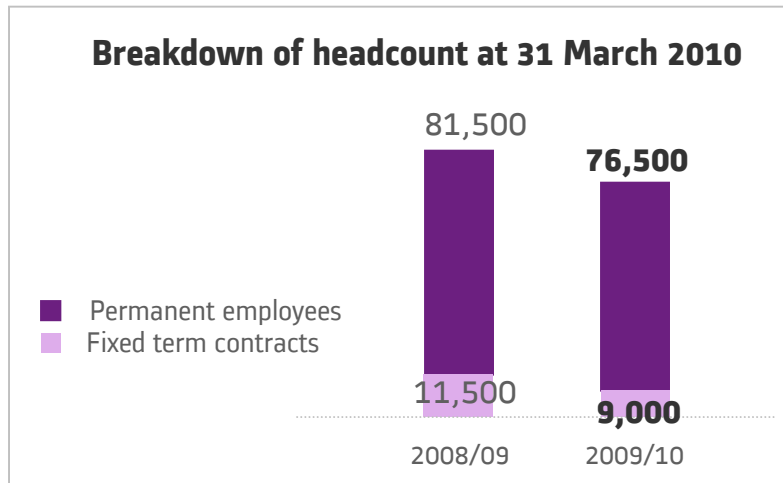
- Effects of cost reduction
- Function efficiency



- High activity of sales force

Adapting to the new environment: Human Resources

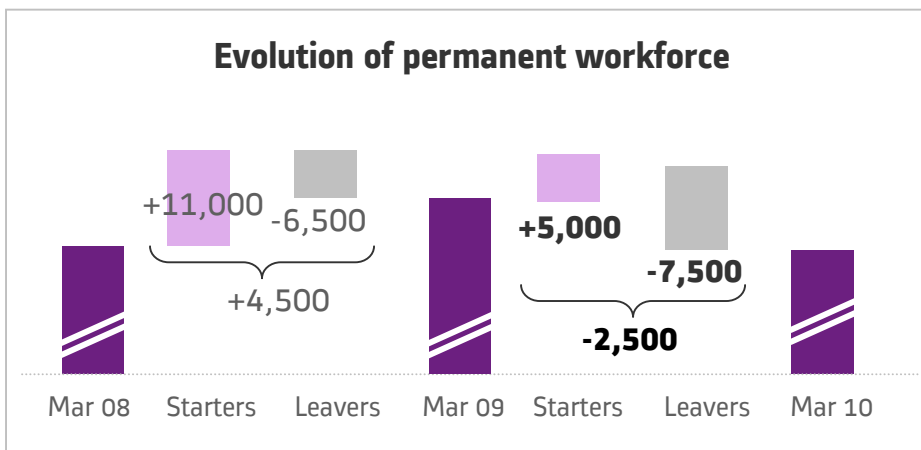
Headcount reduction



Number of employees decreased by 5,000 over 1 year

- Starters strictly related to backlog execution
- Reduction of fixed term contracts
- Downsizing of sites (boilers in Czech Republic, rolling stock in USA, Brazil ...)

Evolution of permanent workforce



Increasing competition from Asian players (1/2)

Alstom has strong differentiating factors

① Global industrial footprint

- Broad worldwide manufacturing base (ability to provide local content when requested)
- Comprehensive supply chain
- Capacity to create partnerships with domestic players (China, India, Russia...)

② Commercial network

- Presence in more than 70 countries
- Long relationships with established customers

Increasing competition from Asian players (2/2)

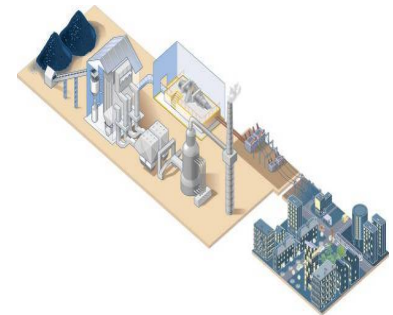
③ Technology & quality

- Strong advance in clean power (CCS, efficiency, nuclear...)
- Barriers to entry in gas
- Leader in very high speed trains with 30 years of experience



④ Turnkey capabilities

- Ability to manage large and complex projects
- Mastering of key competencies (tendering, engineering, procurement, construction...)



⑤ Service business

- Over 100 years of experience
- First worldwide installed base in Power
- More than 20,000 specialists in over 100 service centres



Strategy by geography: Europe & USA

Strengthen our position in historical markets



Europe:

- A key region for the 2 Sectors with opportunities in both new capacities and installed base



USA:

- Power: Develop clean power offering (CCS, nuclear, wind, hydro) and market GT 24; work on installed base
- Transport: Promote and develop high speed trains; take selective positions in mass transit; participate in signalling projects

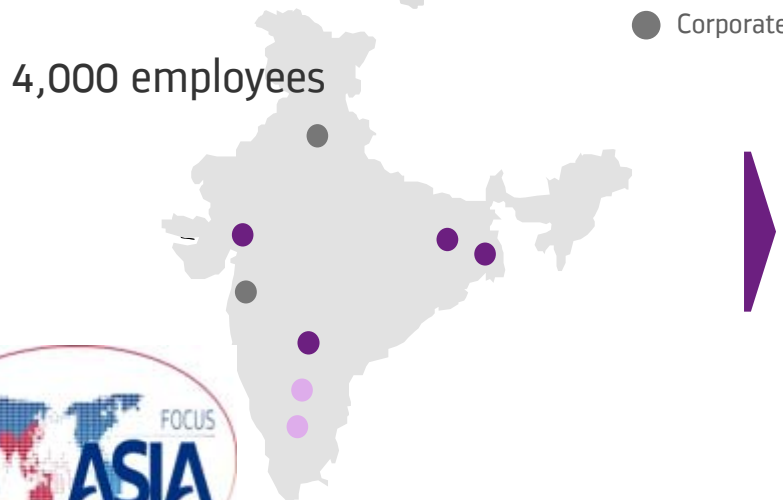
Strategy by geography: BRIC (1/2)

Be where the market is
and build an export basis from emerging countries



China:

- Power: Strongly focus on hydro and nuclear; strengthen presence on steam turbines and boilers
- Transport: Ad hoc partnerships on rolling stock; leverage on recent successes in signalling

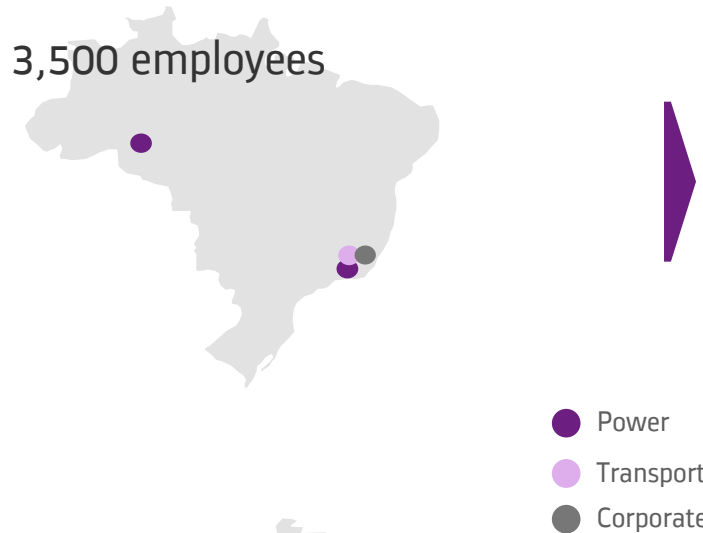


India:

- Power: Strengthen position in boilers & ECS; develop steam and nuclear; consolidate existing partnerships
- Transport: Expand position in signalling; build position in rolling stock (main lines, mass transit)



Strategy by geography: BRIC (2/2)



Brazil:

- Expand footprint in Power (new wind turbine factory under construction)
- Ensure commercial successes in mass transit market (rolling stock and signalling); work on new markets (high speed)



Russia:

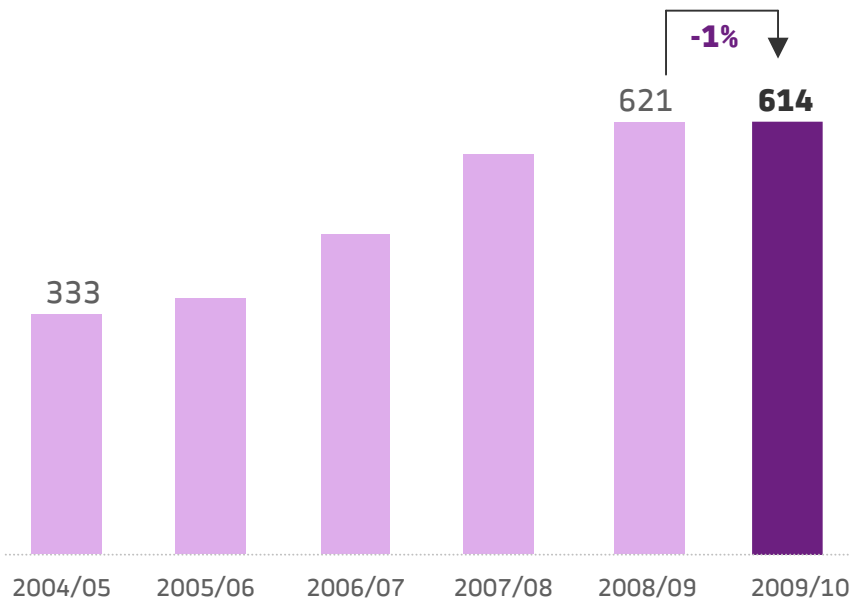
- Enter Transport market through strategic partnership with TMH
- Build position in Power: develop JV in nuclear and grow in thermal and hydro

Research & Development

Maintain R&D effort to remain technology leader

Evolution of R&D spending

In € million



Nearly doubling over 5 years

Power:

- Turbines upgrade
- Carbon Capture and Storage
- Renewable offering (on shore/off shore wind; ocean energy)



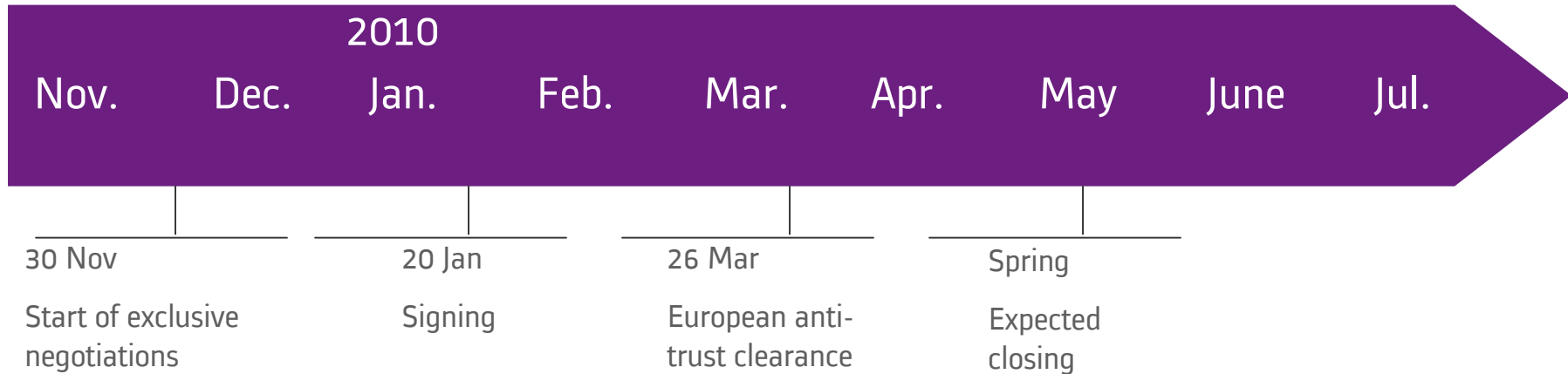
Transport:

- Validation of AGV and Prima II locomotive
- New tram train
- Signalling: development of ERTMS & CBTC



Portfolio

On-going smooth integration of Transmission activities



- **Integration of Transmission activities:**
 - Separation from Areva
 - Carve out with Schneider Electric
 - Integration within Alstom



Corporate Responsibility

Strong commitment



- New set of targets to reduce environmental impact:
 - Waste: 80% recycled by 2015
 - ISO 14001: all manufacturing sites over 200 people to be certified by 2012
 - Water consumption: 20% reduction in areas with water issues by 2015
 - Reduction of energy and greenhouse gases (GHG) intensities by 20% by 2015
- Alstom Foundation: 24 projects funded in 2008 and 2009



- Injury Frequency Rate down to 2.3 from 2.7 in March 2009 and 5.5 in March 2007
 - Objective to be below 1 by 2015
- Alstom University: 6,300 trainees/year



- New version of Code of Ethics issued in Jan 2010
- e-Ethics module undertaken by 35,000 managers worldwide

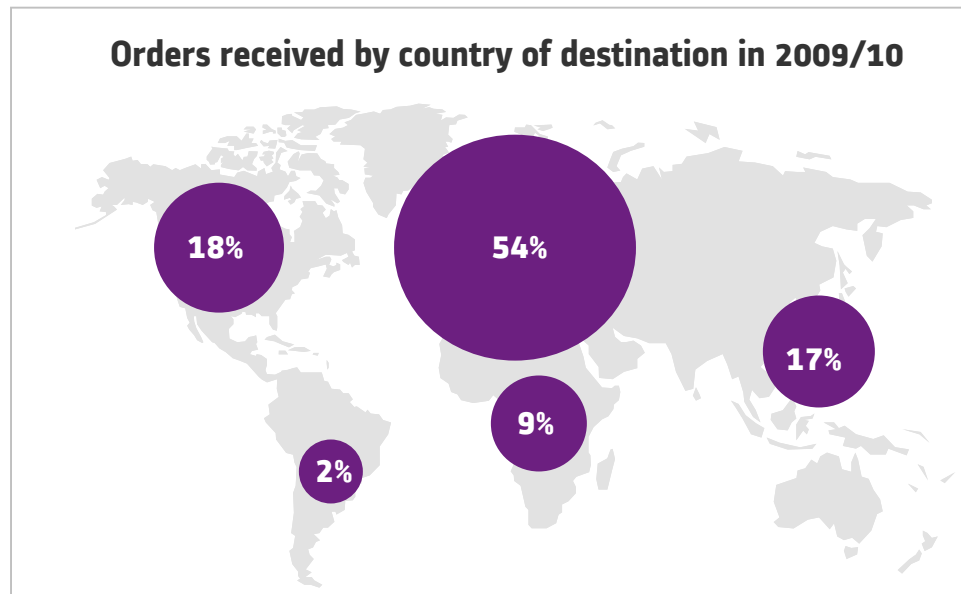
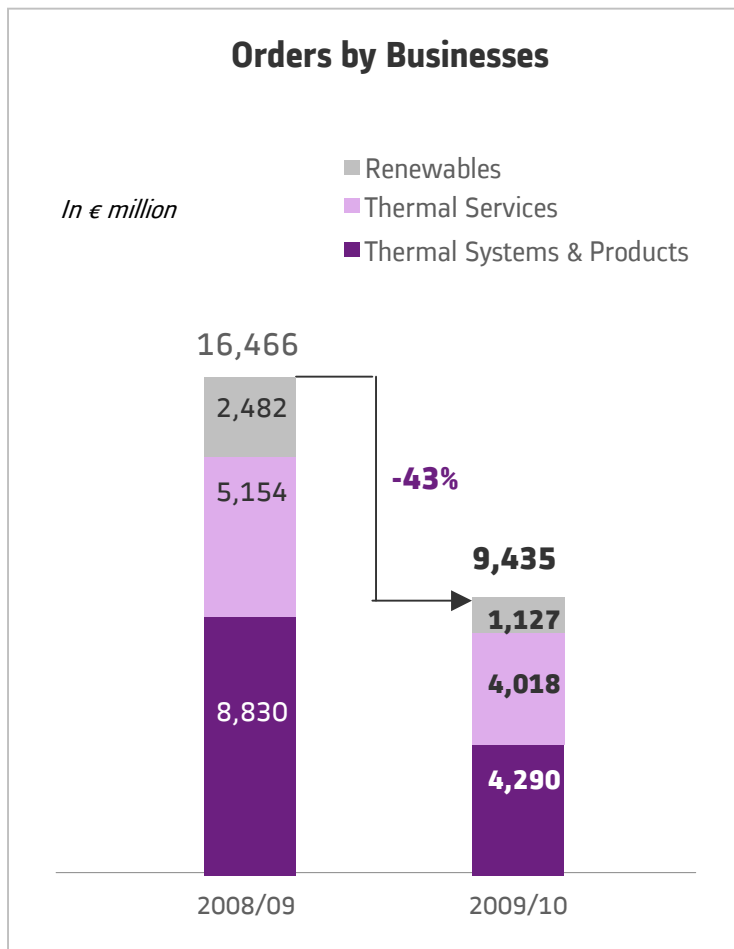
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Power

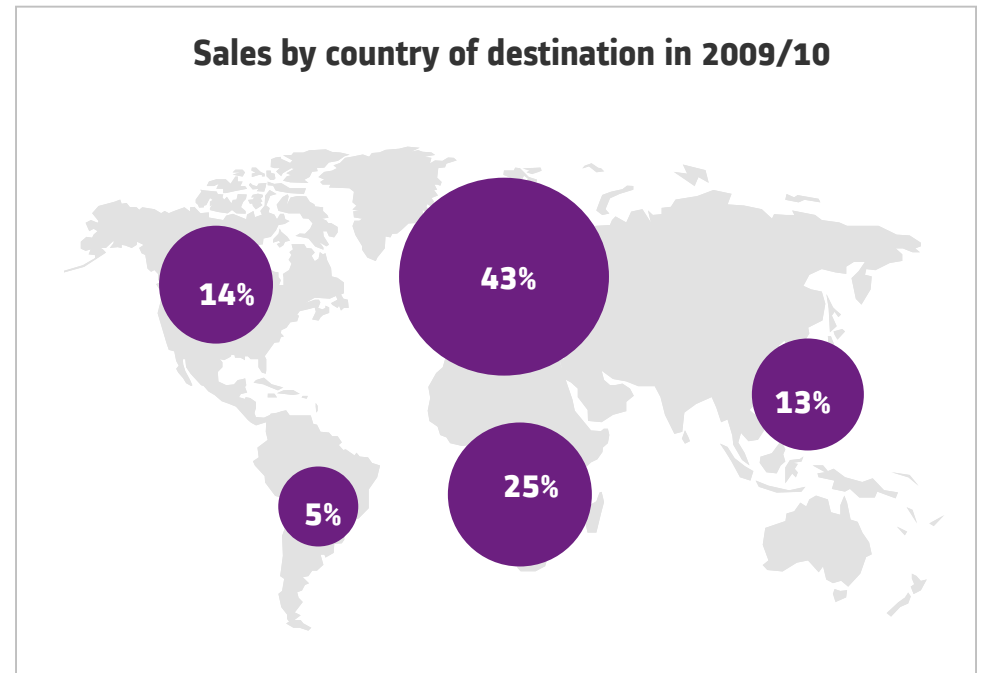
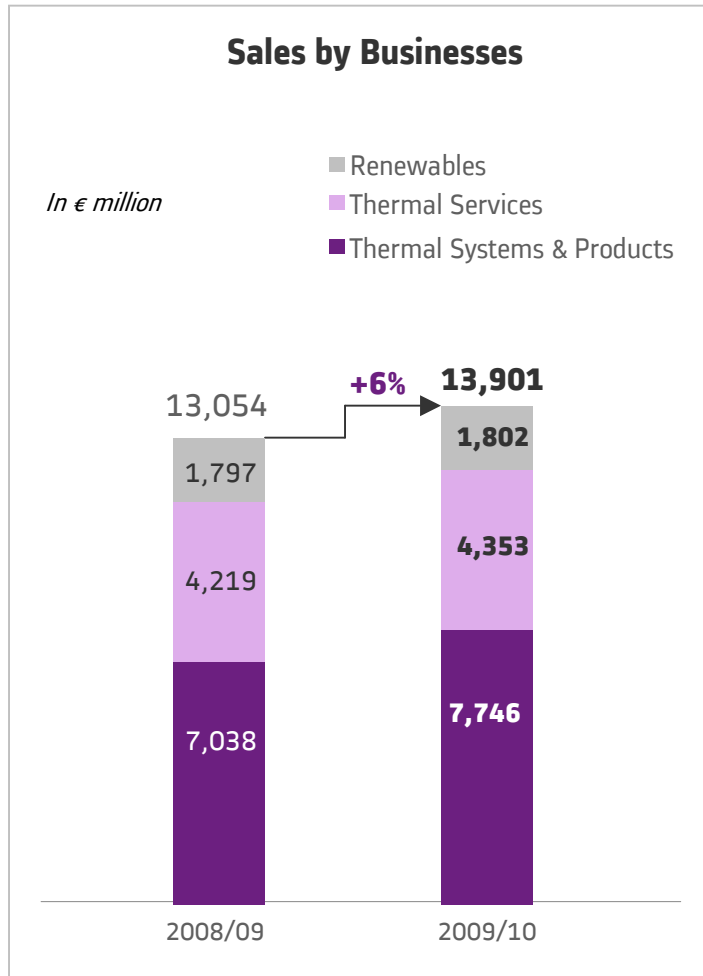
Orders received

Orders received impacted by recession



- **Hydro** projects in Switzerland
- **Retrofit** contract in Poland
- **Operation and maintenance** contracts in UK and Singapore
- **Gas** plant in UK
- **Coal** orders in Slovenia, Germany and India
- **Plant management systems** in South Africa

A record year



Power

Key figures

In € million

	March 2009	March 2010	Variation
Orders	16,466	9,435	-43%
Backlog	26,164	23,318	-11%
Sales	13,054	13,901	+6%
Income from operations	1,248	1,468	+18%
Operating margin	9.6%	10.6%	

Power

Main events: technology

Enlarged portfolio in clean technologies



Tidal energy: agreement with Clean Current



Wind energy: launch of off-shore 6MW wind turbine for series production in 2014



Biomass co-firing successfully implemented in the UK



New **Automation System** suite

REUTERS
LATEST NEWS VIRGINIA, NEW JERSEY

Alstom mise sur le captage de CO₂
Le groupe inaugure un projet majeur aux Etats-Unis. [PAGE 15](#)

Alstom prend une longueur d'avance dans le captage du CO₂

AEP and Alstom Commission First of Its Kind Carbon Capture and Sequestration (CCS) Project

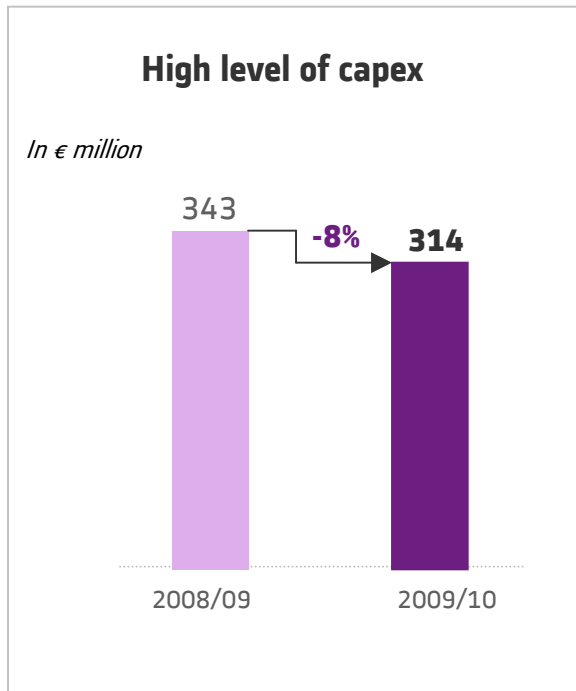
You are here: [Home](#) > [News](#) > [Article](#)

Mountaineer: First world **CCS** project with chilled ammonia



Back in **geothermal** in Mexico

Localisation of production in key markets for the future



Wuhan **Boiler** factory (China)
opened in November 2009



Chattanooga **turbines** factory (USA):
inauguration in June 2010



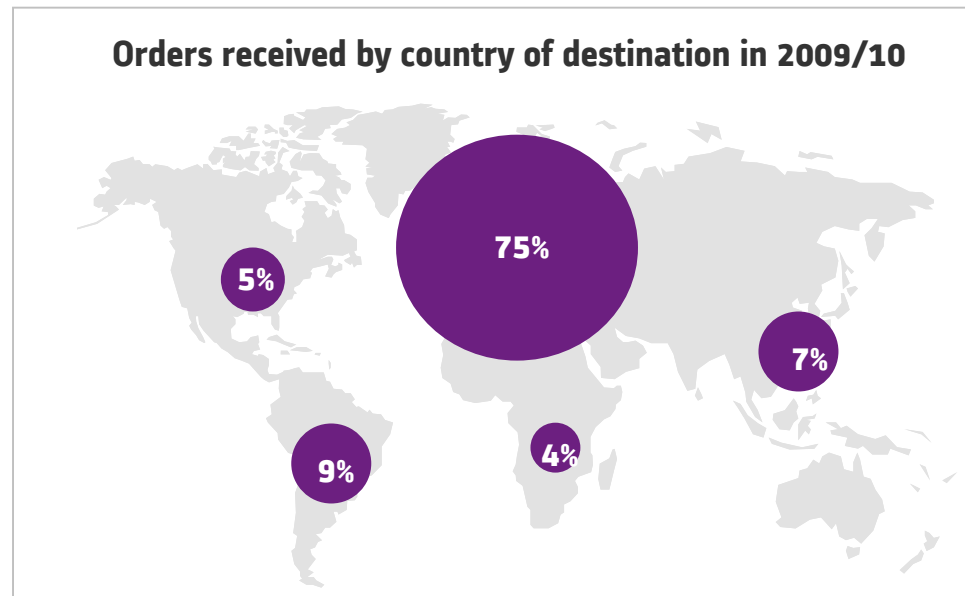
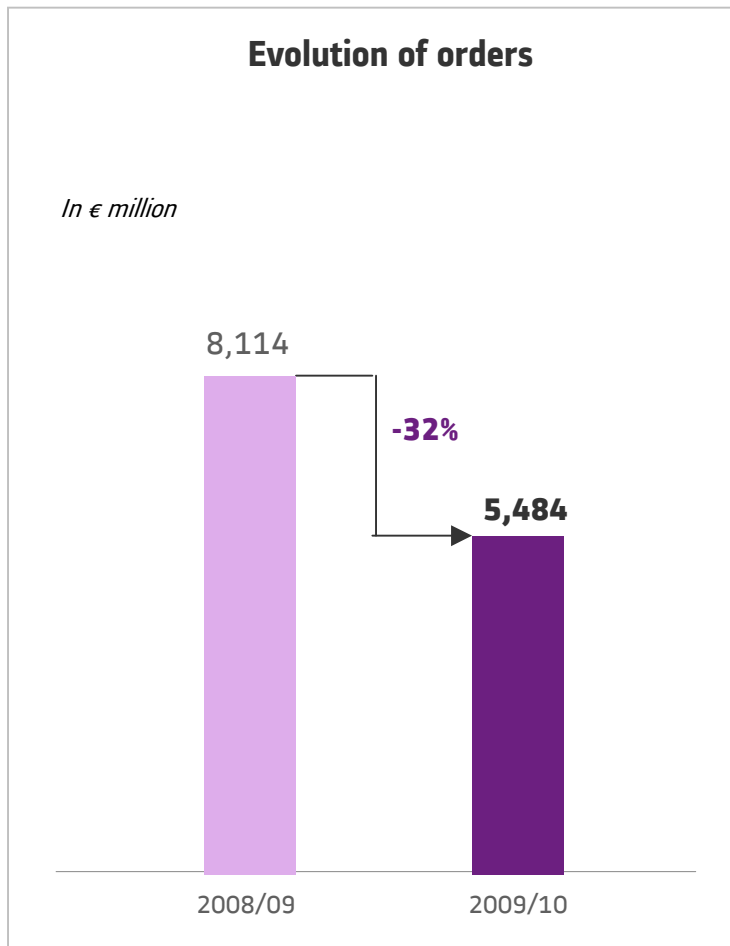
Camaçari
(Bahia
Region)

Wind: Brazil and US entry on going
(Salvador de Bahia and Amarillo/Texas)



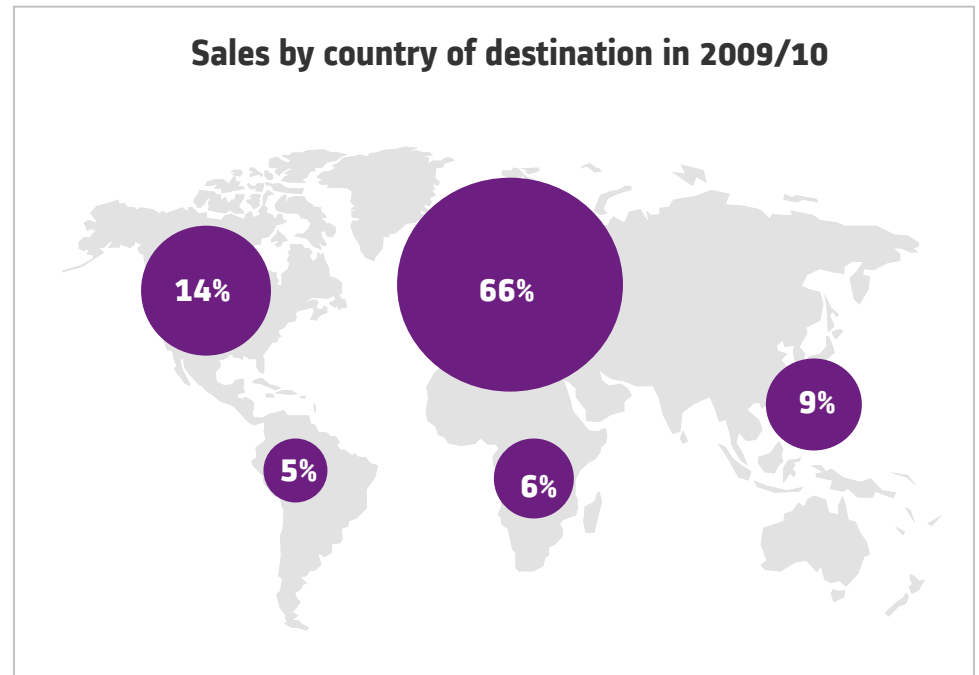
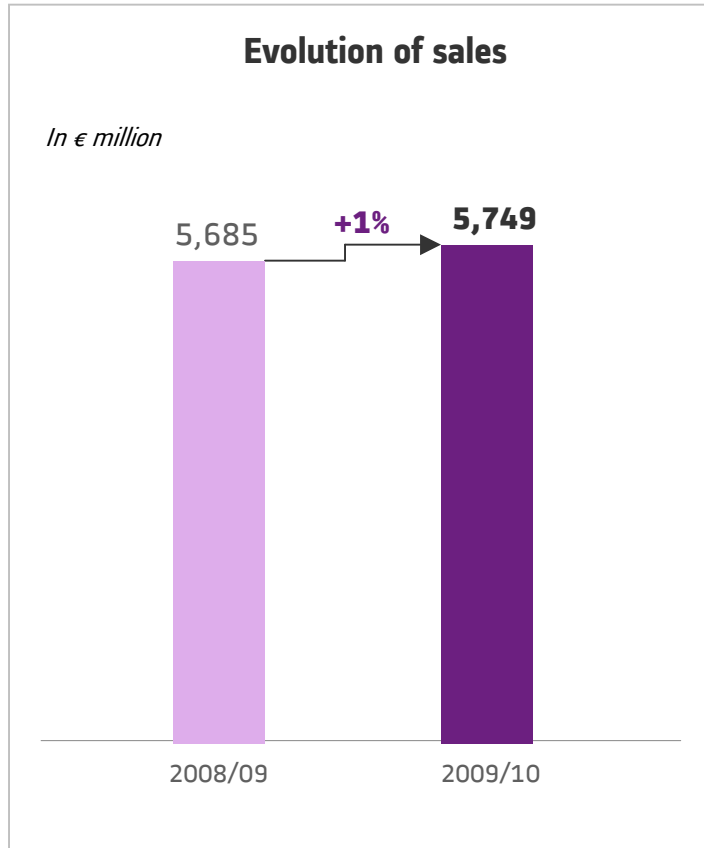
IMMA **hydro** factory (Brazil)
inaugurated in April 2010

Lower number of large contracts in 2009/10



- **Tramways** contracts in Brazil (Brasilia), Morocco (Casablanca) and France (Dijon-Brest, Rouen)
- **Metros** orders in Brasilia and Amsterdam
- **Regional trains** in France and Germany, sub-urban trains in Paris
- **Maintenance** contract for the Reims tramway (France)
- Various orders for **signalling** systems

Continued sales growth



Transport

Key figures

In € million

	March 2009	March 2010	Variation
Orders	8,114	5,484	-32%
Backlog	19,506	19,243	-1%
Sales	5,685	5,749	+1%
Income from operations	408	414	+1%
Operating margin	7.2%	7.2%	

Transport

Main events: strategic partnership with Transmashholding

Access to the very large Russian market

- Purchase of a 25% stake in TMH's equity
 - Downpayment of \$75 million subject to final documentation and authorisations
 - Final price depending on TMH's results over 2008-2011
- Creation of a joint engineering company for the development of new products in Russia



TRANSMASHHOLDING



Transport

Main events: technology & capex

Launch of new products



AGV testing for NTV in Italy



New **signalling** for urban & mainlines (increase of fleet availability)



First **Prima II** locomotive delivered to Morocco

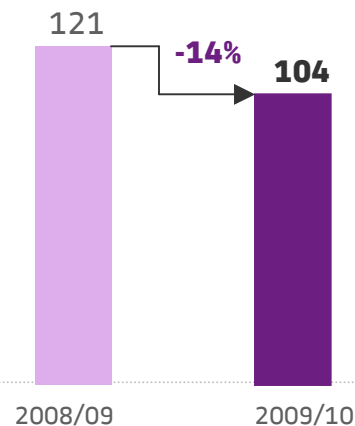


Dynamic tests for the new **tram train** for delivery in August 2010

On-going modernisation of European footprint

Capex programmes

In € million



Components



Rolling stock



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Income statement

In € million

	March 2009	March 2010	Variation
Sales	18,739	19,650	+5%
Income from operations	1,536	1,779	+16%
Restructuring costs	(46)	(96)	
Capital gains & other	(47)	(54)	
EBIT	1,443	1,629	+13%
Financial result	21	(42)	
Tax result	(373)	(385)	
Minority interest & other	18	15	
Net result	1,109	1,217	+10%

Free cash flow

In € million

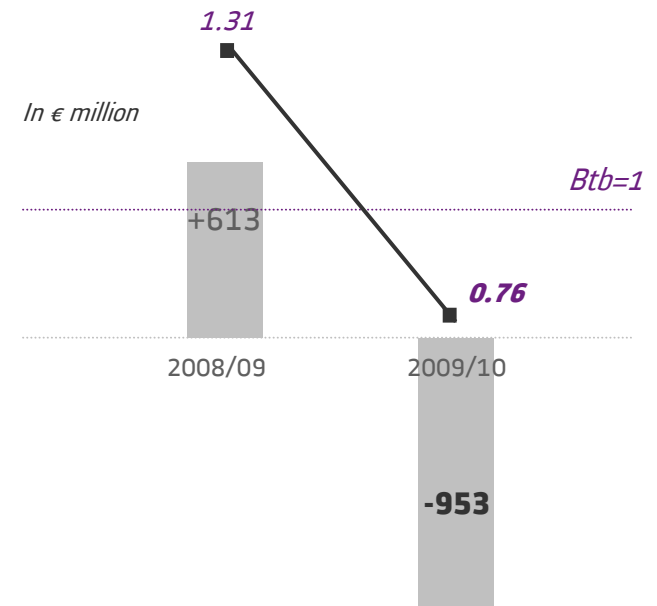
March 2009 March 2010

Income from operations

Income from operations	1,536	1,779
Restructuring cash out	(84)	(112)
Depreciation	247	278
Capital expenditure	(499)	(470)
R&D cap. & amort. of acq. Techno.	(35)	(56)
Pensions	(151)	(63)
Change in working capital	613	(953)
Tax cash out	(192)	(191)
Financial cash out	13	(18)
Other	31	(9)
Free cash flow	1,479	185

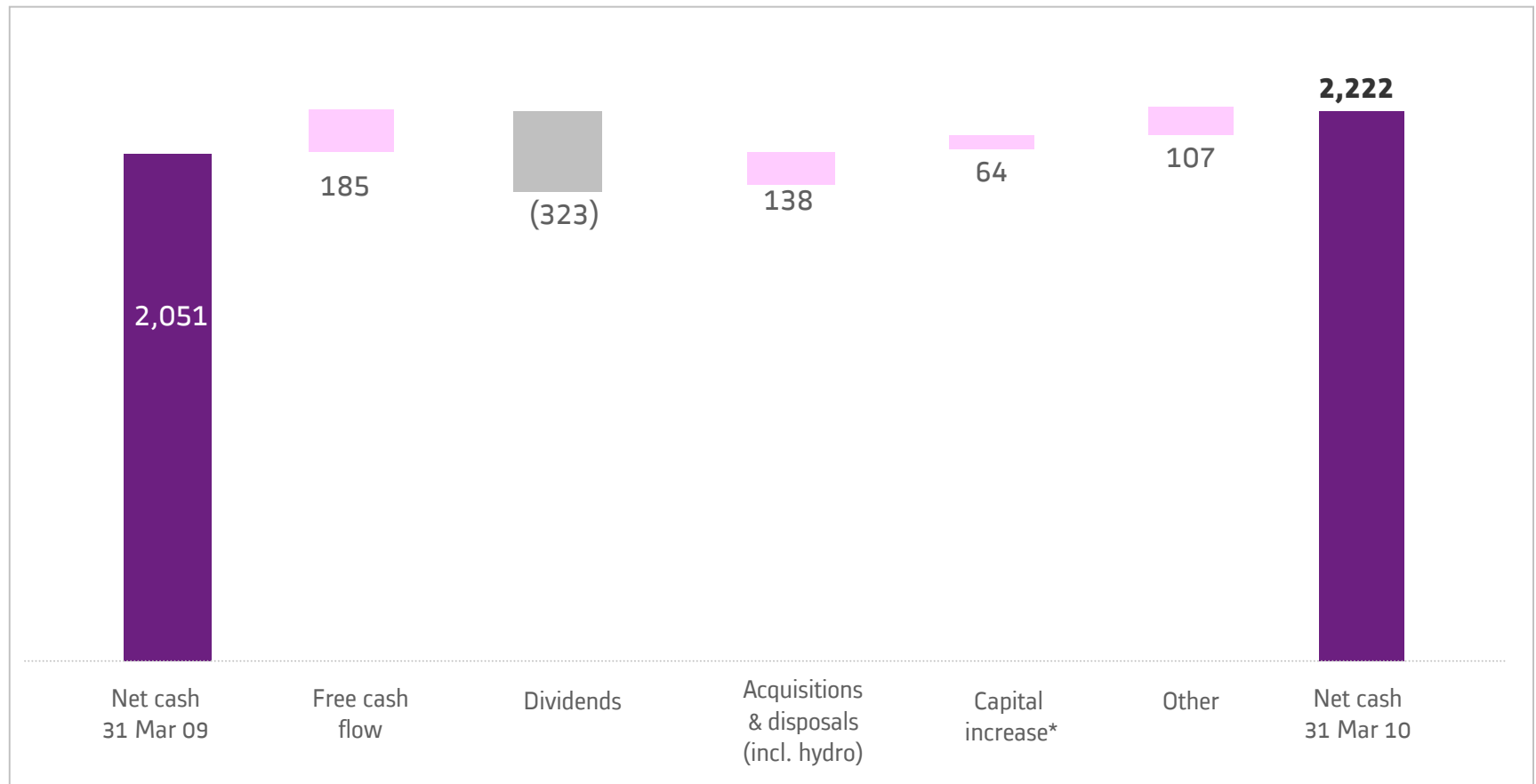
Change in working capital vs book-to-bill ratio

In € million



Net cash evolution

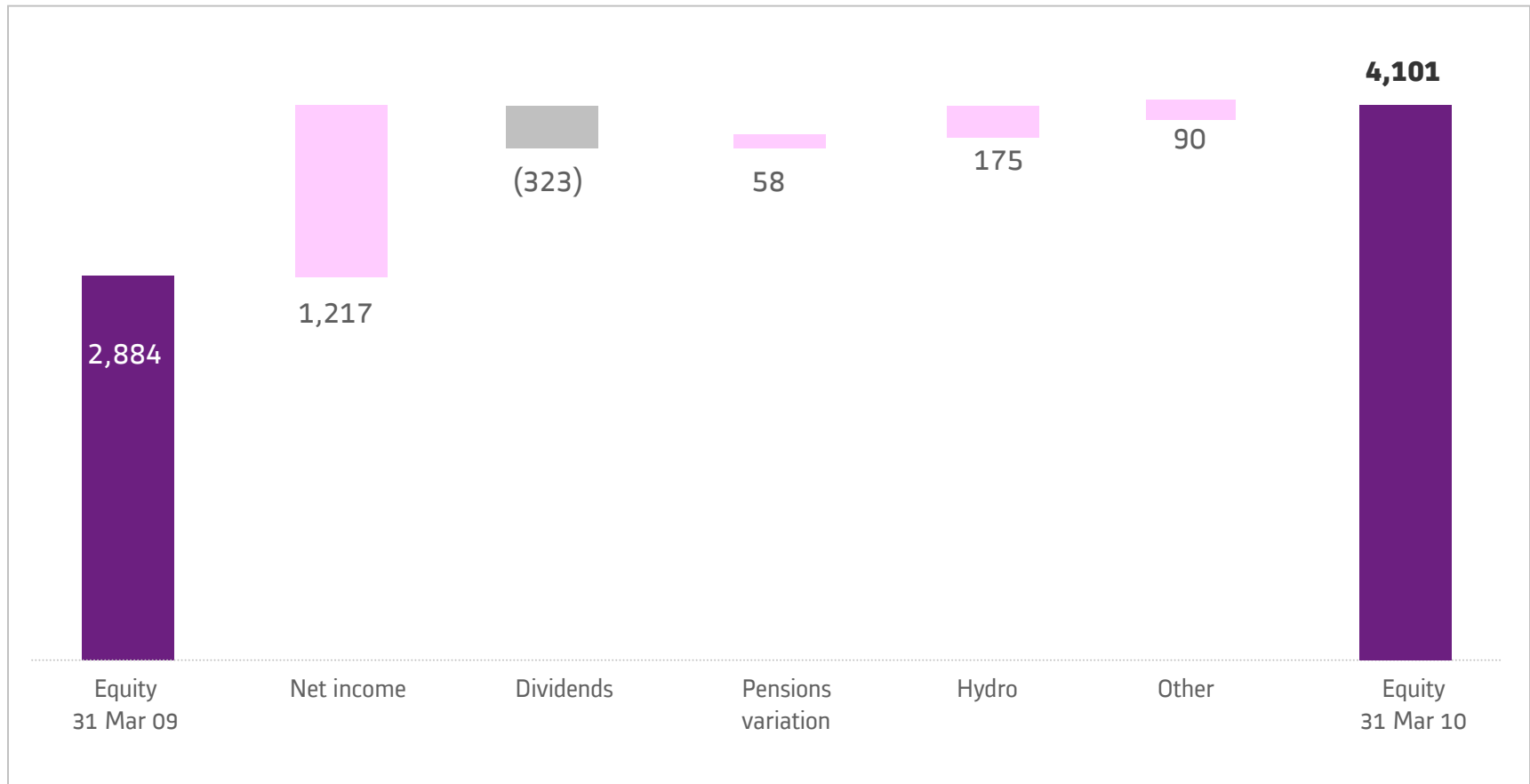
In € million



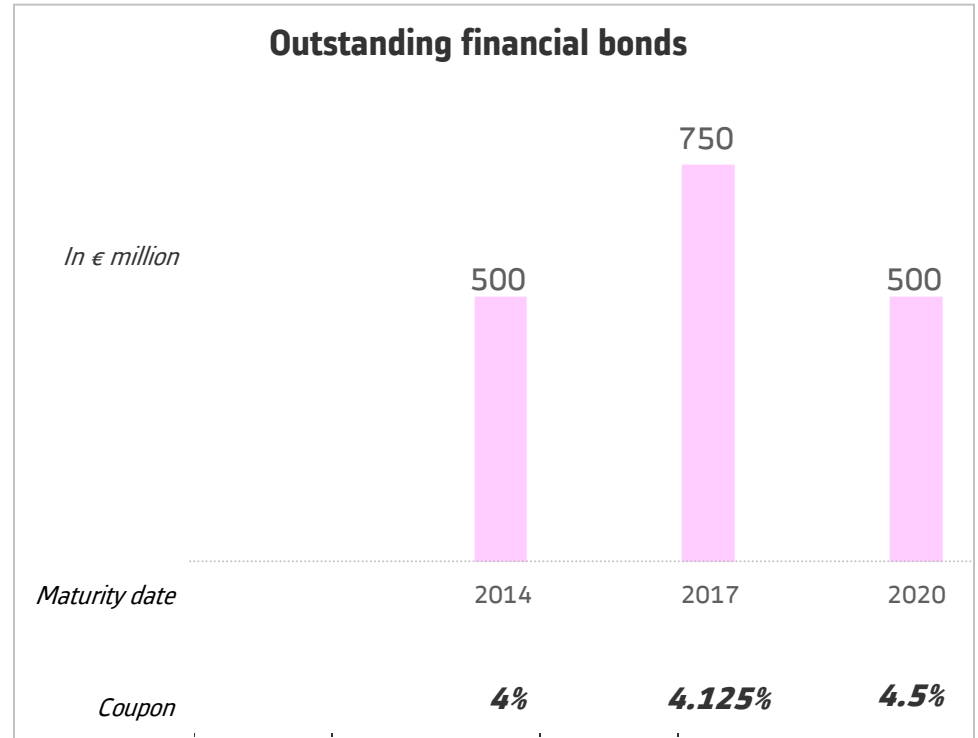
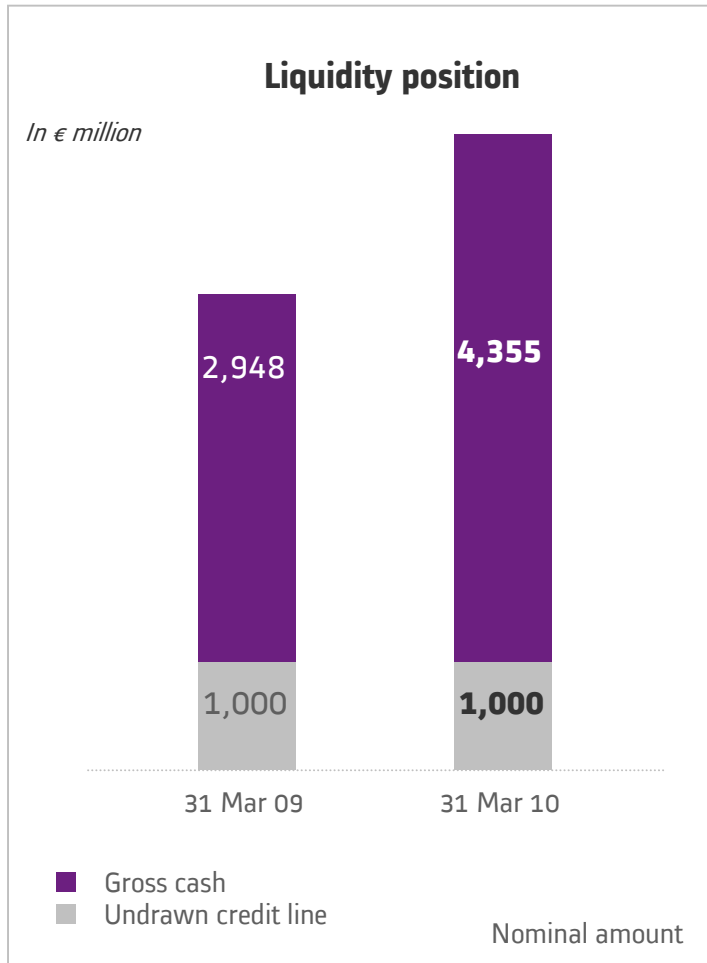
(*) Employee share purchase schemes and stock options

Equity evolution

In € million

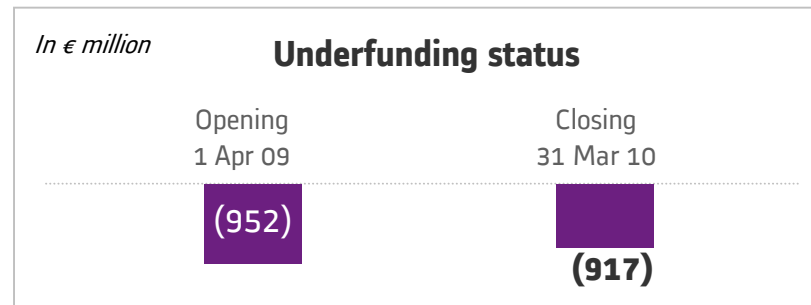
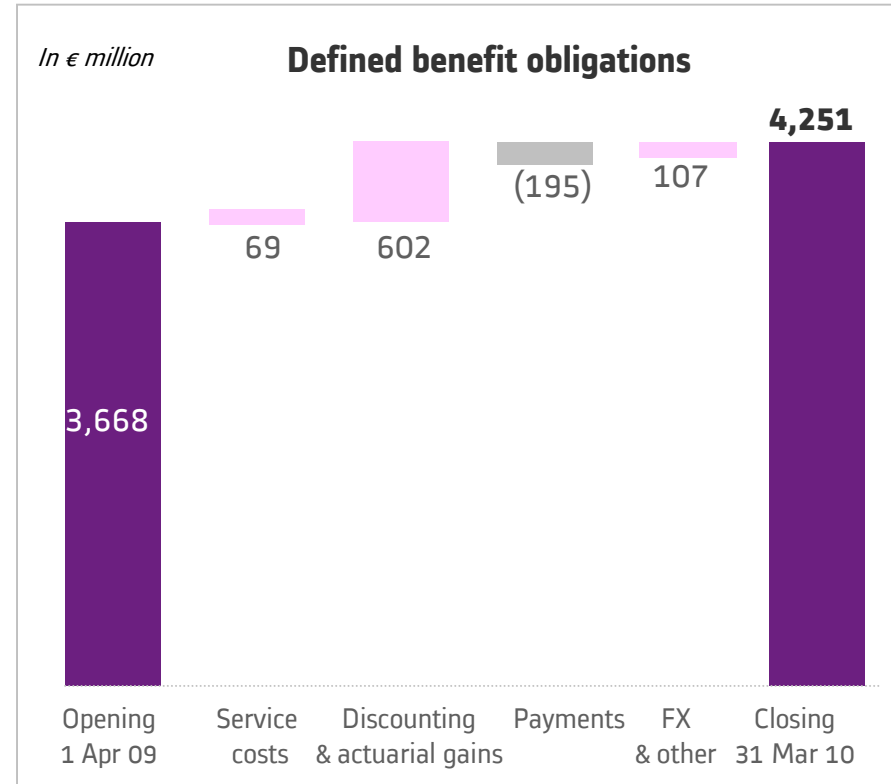
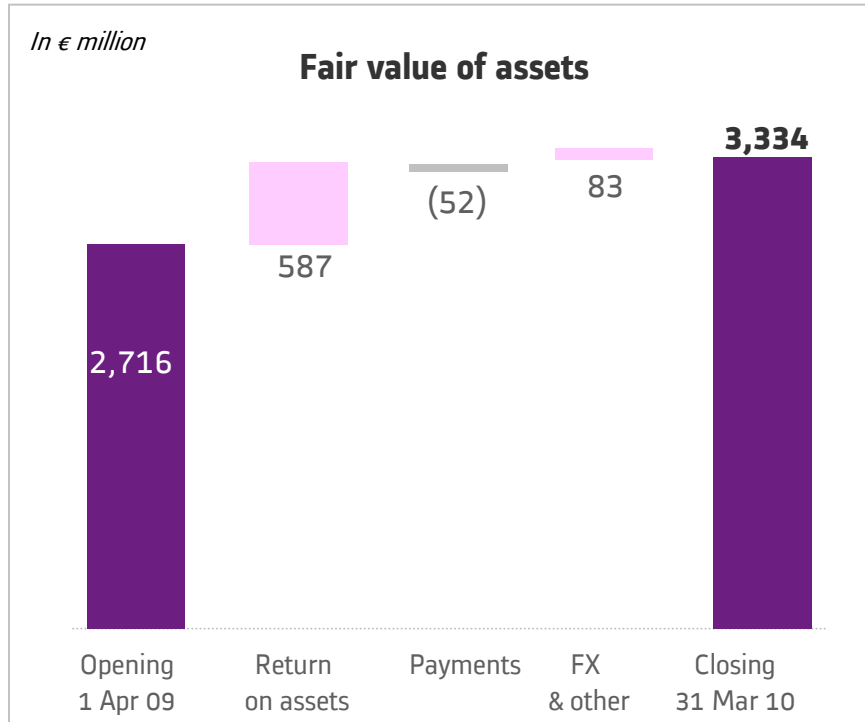


Funding

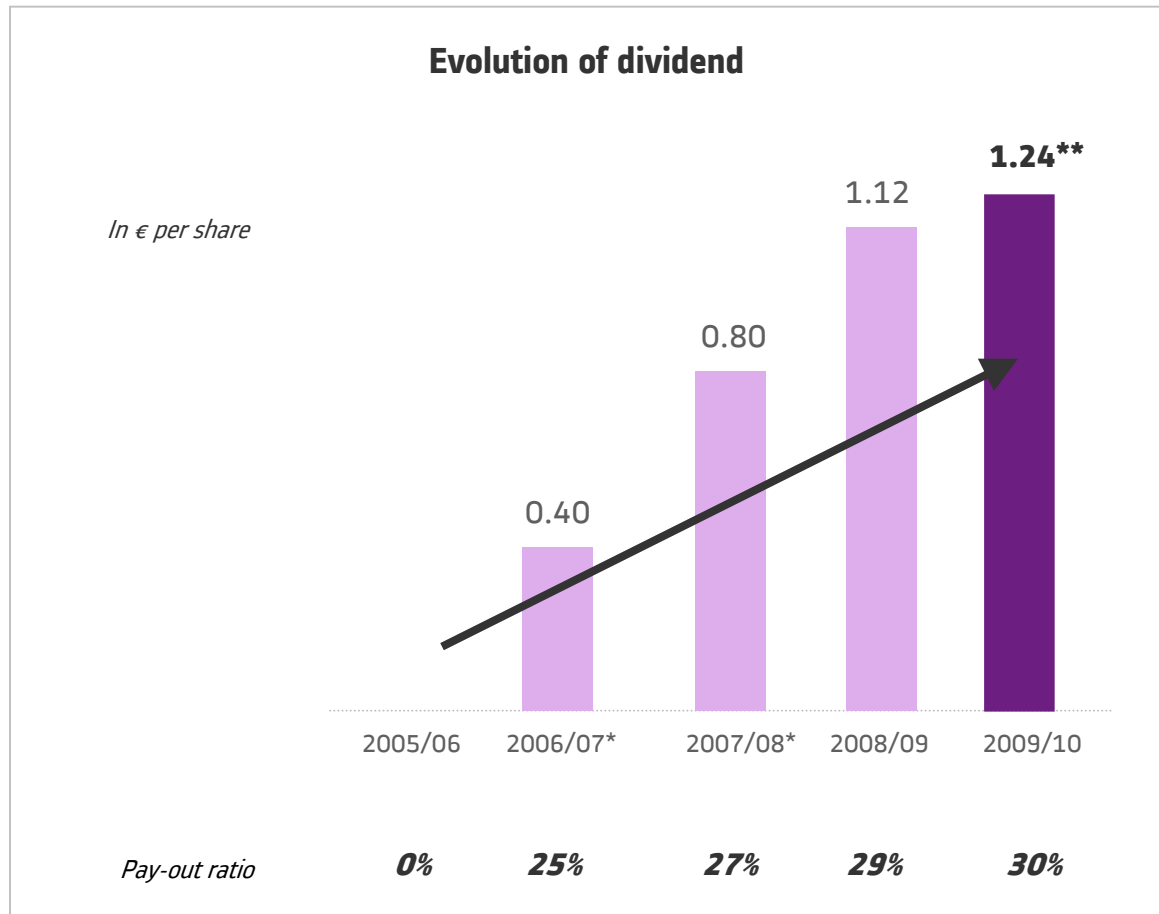


- Bonding facilities**
- Syndicated line of €8.3 billion renewed for 3 years
 - Conditions unchanged

Pensions



Dividend



Annual General Meeting: 22 June 2010
Ex-date: 24 June 2010
Record date: 28 June 2010
Payment date: 29 June 2010

(*) Adjusted from the split

(**) To be proposed to the next AGM

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Strategic priorities

Power:

- Focus on high growth areas
- Keep the lead in clean power
- Leverage opportunities in installed base



Transport:

- Strengthen positioning on high tech markets
- Target lower price markets with 'good enough' solutions



Group:

- Smooth integration of Transmission activities
- Boost growth by selective acquisitions



Outlook

Operational priorities



- Leverage competitive advantages to get profitable orders
- Adapt to the load and keep flexibility
- Focus on quality and project execution
- Strictly monitor costs
- Maintain high level of R&D and capex while being selective

Outlook for the next two years



- Group's operating margin: between 7% and 8% based upon:
 - Proper backlog execution
 - Gradual recovery of demand

Contacts & agenda

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- 22/06/2010 Annual General Meeting
- 20/07/2010 Orders and sales for the first quarter of FY2010/11
- 22/09/2010 Analyst Day on Transmission activities

Disclaimer

This presentation 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.

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