

Annual Results Fiscal Year 2007/08

7 May 2008

We are shaping the future

ALSTOM

Agenda

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Key events of the year

Key figures

In € million

Very strong performance

	March 2007	March 2008	Variation	Guidance
Orders received	19,029	23,472	+23% actual/ +24% organic*	
Backlog	32,350	39,222	+21% actual/ +23% organic*	
Sales	14,208	16,908	+19% actual/ +19% organic*	+15% organic*
Income from operations Operating margin	957 6.7%	1,295 7.7%	+35% actual/ +35% organic*	7.5% operating margin
Net income	547**	852	+56% actual	
Free cash flow	745	1,635	+119% actual	
Dividend per share	0.8€	1.6€***	x2	

(*) same scope and exchange rates

(**) restated following a change in accounting for pensions

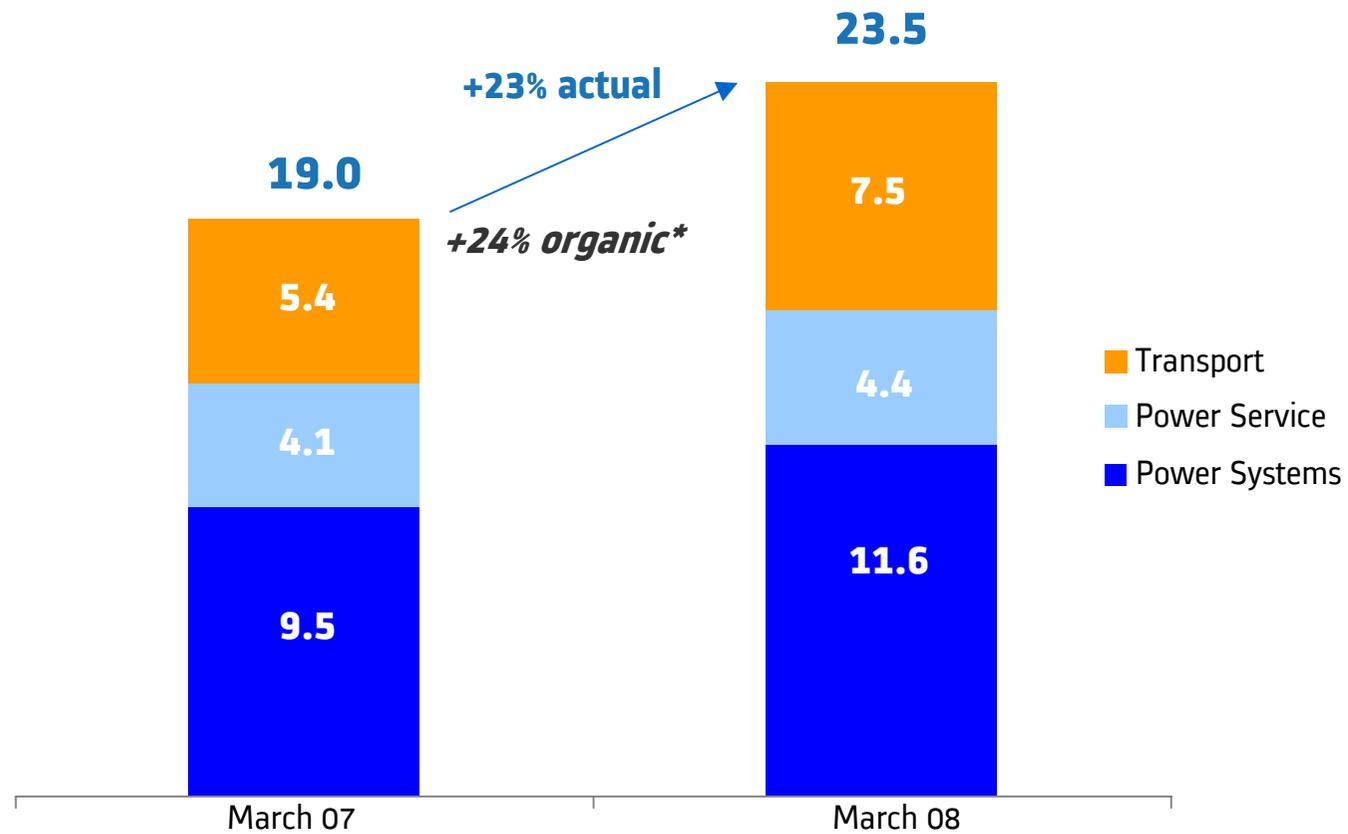
(***) to be proposed in the next AGM

Key events of the year

Orders received

In € billion

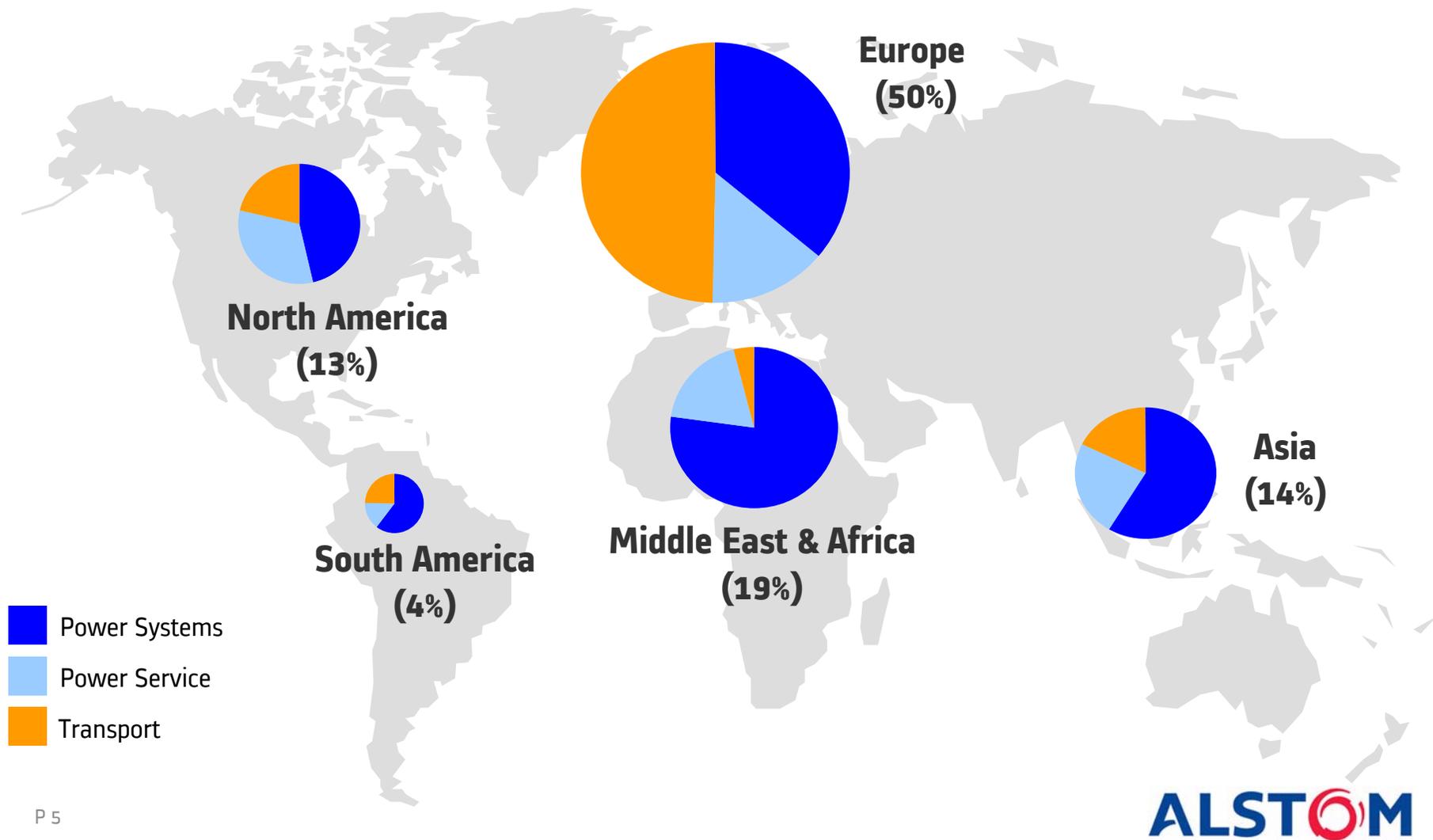
Record commercial activity in all Sectors



Key events of the year

Orders received by country of destination

Orders well balanced by region and Sector

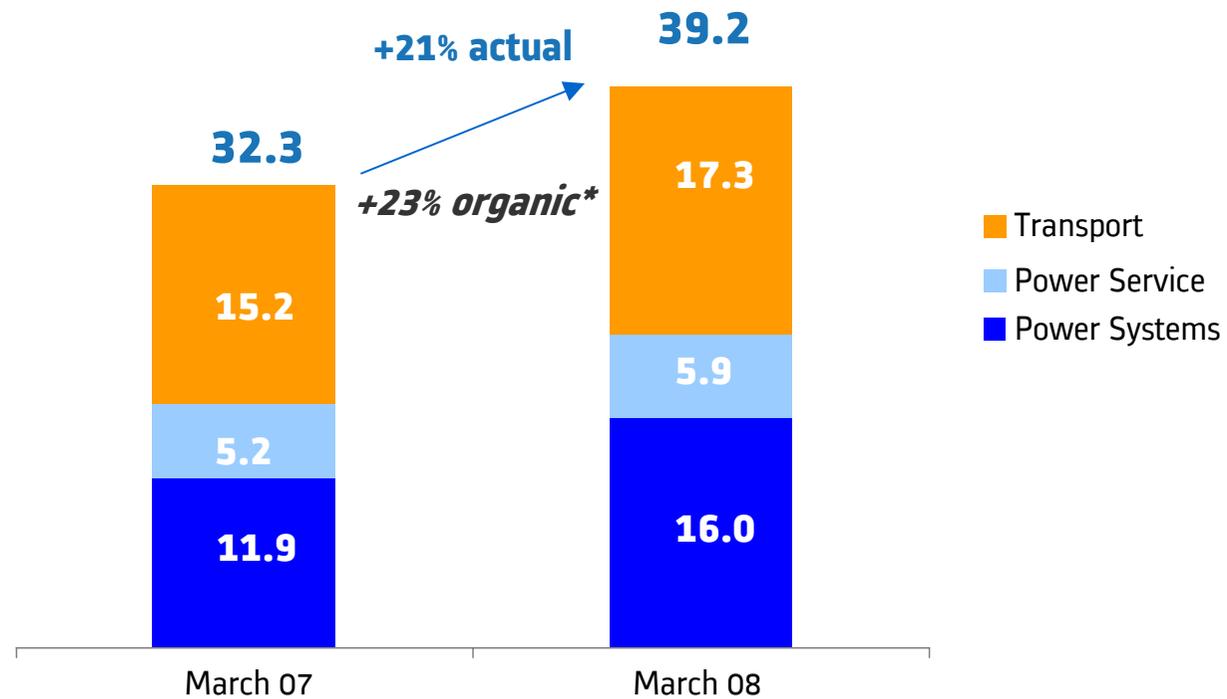


Key events of the year

Backlog

In € billion

Increase in volume and quality



Key events of the year

Project execution

A strict process in place at all levels,
from Units to Corporate Risk Committee chaired by CEO



Review & approval of tenders

Selectivity in orders

Protection of the backlog (currency, raw materials)

→ hedging, firm quotations, escalation clauses

Assessment of terms & conditions

Review of projects during execution

Close monitoring of costs and margins

Focus on lead-times

- A systematic control in place since 2004
- Year after year, execution of the backlog globally in line with initial assumptions

Key events of the year

Capital expenditure

Optimising the industrial base

Adapt cost base

- Grow production from low cost countries (Poland, Mexico, India...)

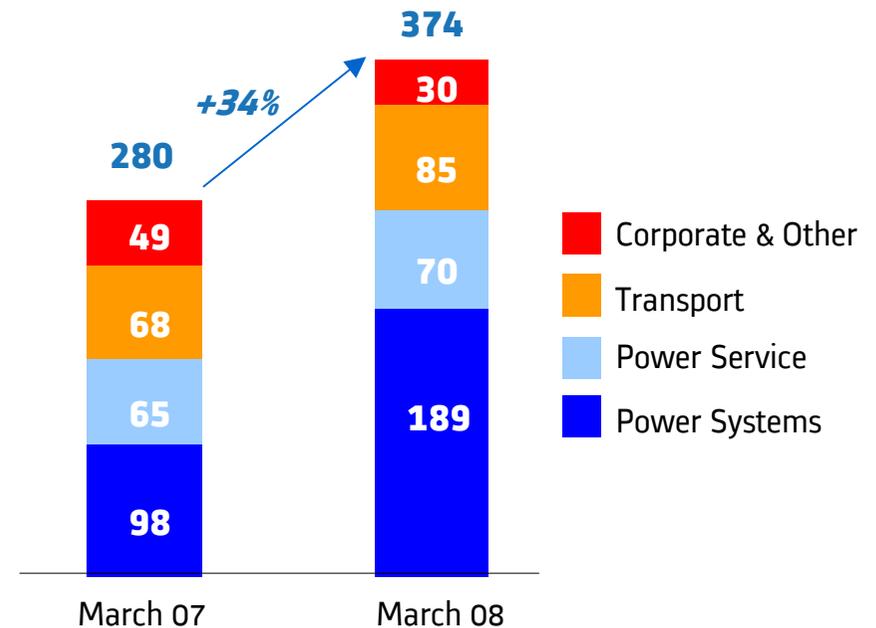
Debottleneck production

- Increase blade manufacturing (Europe / Mexico / China) and capacity of our foundry in Poland to produce critical parts of turbines

Capture growing markets

- USA for gas and steam applications (incl. nuclear); China for hydro...

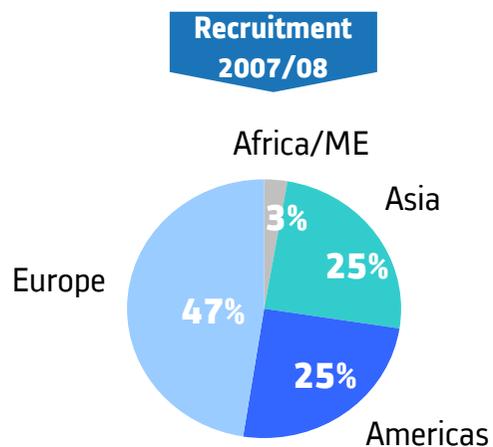
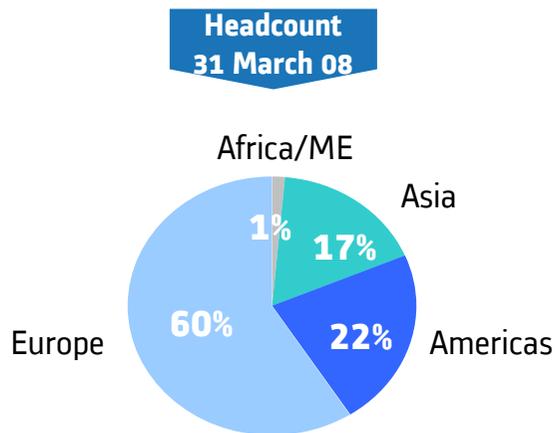
Capital expenditure (in € million)



Key events of the year

Human Resources

Managing our forces



- Headcount March 2008: **76,000**
 - **10,500 recruitments** over 12 months
 - 4,500 new employees through acquisitions
- Particular efforts put on **high growth regions** (e.g. Asia...) and **key functions** (e.g. project directors...)



Key events of the year

Research & Development

Fuelling future growth



CO₂ capture programmes

Chilled ammonia

- 5 partnerships for pilot plants in USA, Canada, Sweden, Norway

Advanced amines

- Joint development with Dow

Oxy-combustion

- 2 pilots in Germany and France



AGV

- Prototype unveiled in La Rochelle in February 2008

Tramway

- New CITADIS adapted for existing networks

Signalling

- Development of URBALIS system for metros and ATLAS for main lines (ERTMS solution)

- Increase in R&D expenses by **21%** (from €456 million to **€554 million**)

Key events of the year

Sustainable development (1)

A key priority

Initiatives



- Adhesion to **Global Compact** in March 2008
 - Respect of principles for environmental protection, human rights, labour standards and business ethics
- Creation of a **Foundation** for the Environment
 - Objective: support initiatives taken by our employees in the area of environmental protection in partnership with local organisations
 - 15 projects selected
- **Innovation** Board created to sponsor innovation within the Group
 - partnership with 100 universities

Environment

- **Action plan** put in place in all major sites to reduce energy consumption and Greenhouse Gases (GHG) intensities
 - **Target:** -20% by 2015



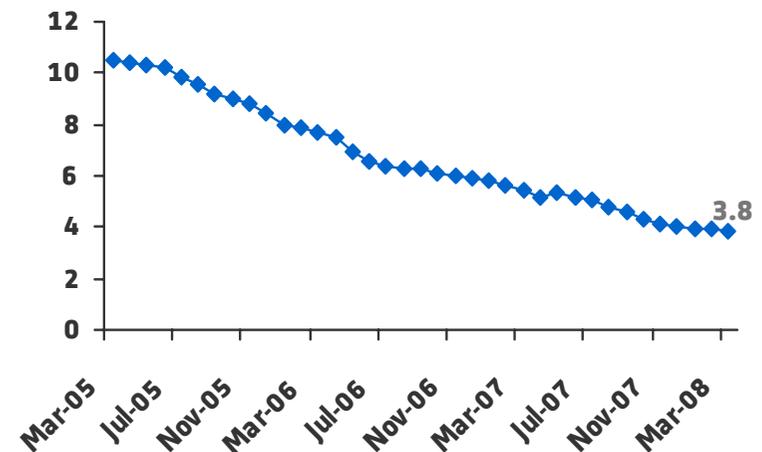
Key events of the year

Sustainable development (2)

Social

- Strong voluntary actions for **safety** at work:
 - Major improvement to be continued
- Alstom **University**
 - 3,500 trainees/year, 80 programs in 7 languages
 - 10 e-learning courses in self-service
 - 4 regional campuses
- New **employee share programme** in 2008: 'Alstom Sharing': 32% subscription rate

Injury Frequency Rate



Sourcing

- **Charter** for sustainable development communicated to our key suppliers
- **Audit** programme on application of the charter by suppliers

Key events of the year

M&A

External development to boost organic growth

Acquisitions

- **Coal:** Wuhan Boiler Co in China
- **Wind:** Ecotècnia in Spain

Joint Ventures

- **Nuclear:** JV with Atomenergomash in Russia
- **Signalling:** JV with Balfour Beatty in UK and Ireland
- **Train maintenance:** JV with RENFE in Spain

Partnerships

- **Rolling stock:** cooperation agreement with Transmashholding in Russia

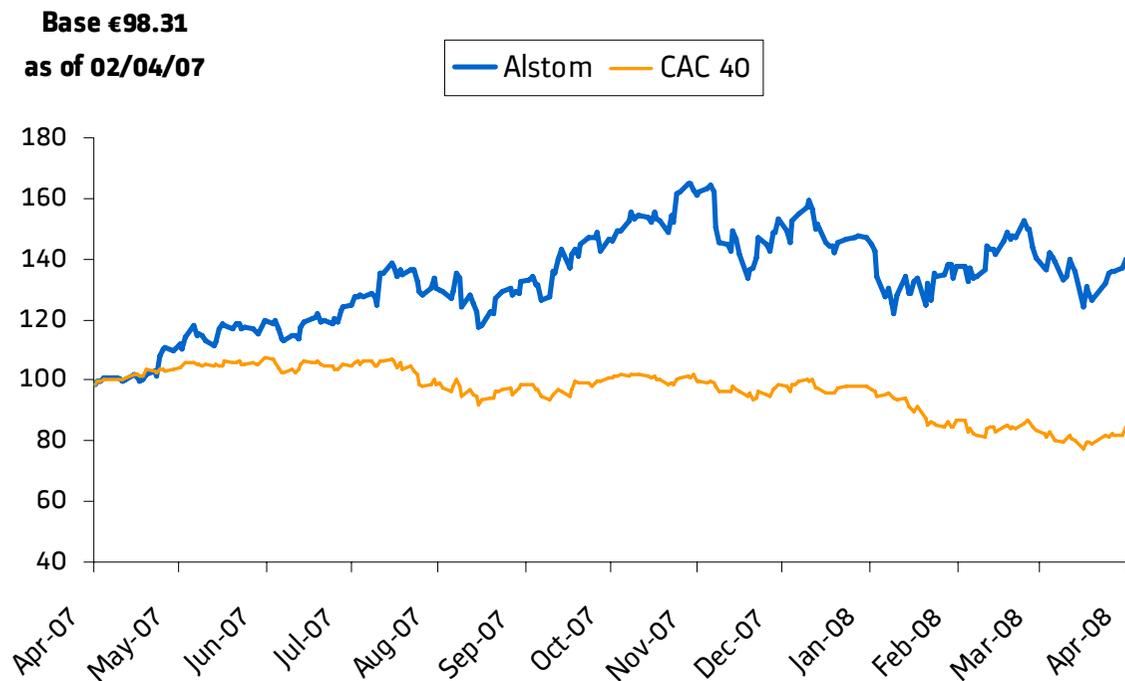


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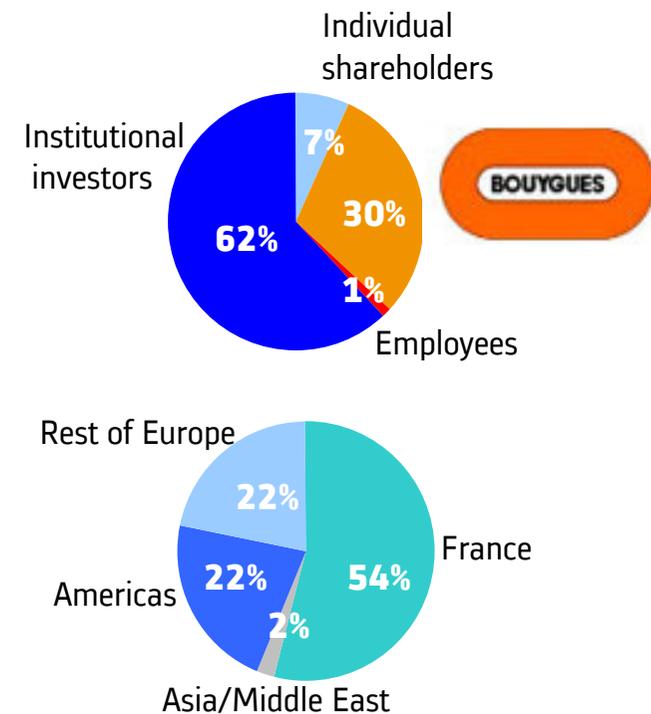
Key events of the year

Share

Strong performance of the stock price



Shareholders distribution 31 March 08



- 215,000 shareholders worldwide
- Split of shares by 2 proposed in the next AGM (to be implemented in July)

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Power

General context

Favourable market conditions to continue

- High volume for new equipment
 - Demand in fast growing countries driven by strong power needs (China, India, Russia, South Africa...)
 - Replacement market in developed countries
- Diversification of technologies influenced by several factors: fuel prices, regulations, energy independence, public acceptance...
- Service/retrofit activities driven by ageing of the fleet (30% of installed base older than 30 years)



Power

Key figures (1)

In € million

	March 2007	March 2008	Variation
Orders			
<i>Power Systems</i>	9,535	11,569	+21%
<i>Power Service</i>	4,058	4,401	+8%
Total Power	13,593	15,970	+17%
Backlog			
<i>Power Systems</i>	11,873	16,039	+35%
<i>Power Service</i>	5,219	5,900	+13%
Total Power	17,092	21,939	+28%
Sales			
<i>Power Systems</i>	5,673	7,768	+37%
<i>Power Service</i>	3,198	3,602	+13%
Total Power	8,871	11,370	+28%

Power

Key figures (2)

In € million

	March 2007	March 2008	Variation
Income from op			
<i>Power Systems</i>	201	415	+106%
<i>Power Service</i>	510	592	+16%
Total Power	711	1,007	+42%
Operating margin			
<i>Power Systems</i>	3.5%	5.3%	
<i>Power Service</i>	15.9%	16.4%	
Total Power	8.0%	8.9%	

Power

Key achievements 2007/08

Gas

- 38 gas turbines (of which 18 GT26) booked: **RECORD YEAR!**
- Successes mainly in Europe and Middle East/Africa

Operational priorities: capacity ramp-up, preparation of GT 24 comeback



Coal

- Acquisition of Wuhan **completed**
- **Biggest contracts** ever awarded in South Africa (turbine islands of 9.6 GW)*

Operational priorities: deployment of activity in Asia and management of environmental concerns in USA and Europe



(*) Bravo contract (4.8GW) to be booked in fiscal year 2008/09

Power

Key achievements 2007/08

Nuclear

- **'Arabelle'** technology chosen in the USA & China
- JV in **Russia** implemented

Operational priorities: participation in worldwide nuclear revival (South Africa, India, Russia...)



Hydro

- **Large contracts** awarded in Vietnam, Uganda, Brazil and China
- New **opportunities** in Asia and South America

Operational priorities: increase in China, establishment of India and further development of refurbishment in Europe and North America



Wind

- Smooth **integration** of Ecotècnia

Operational priorities: management of growth within Alstom (increase of Europe, expansion in North America and Asia)



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Power

Key achievements 2007/08

Retrofit

- **Growing activity** in coal, notably in Europe and USA, driven by environmental concerns and need for higher efficiency
- Large contract for the retrofit of a **nuclear** steam turbine in Mexico

Operational priorities: leverage of our large installed base; grasping of future nuclear opportunities



Service

- **Successful integration** of last year's acquisitions: PSM in the USA, Strongwish and Sizhou in China
- Booking of 10 **O&M** contracts in UK, Italy, Morocco, Ireland, UAE, Brazil...

Operational priorities: increase of penetration of our own fleet; growth while keeping high margin; differentiation through technology



Power Systems

Strategy: clean power



Strengthen portfolio of clean technologies and promote clean combustion



N°1 in hydro



N°1 in conventional islands of nuclear power plants



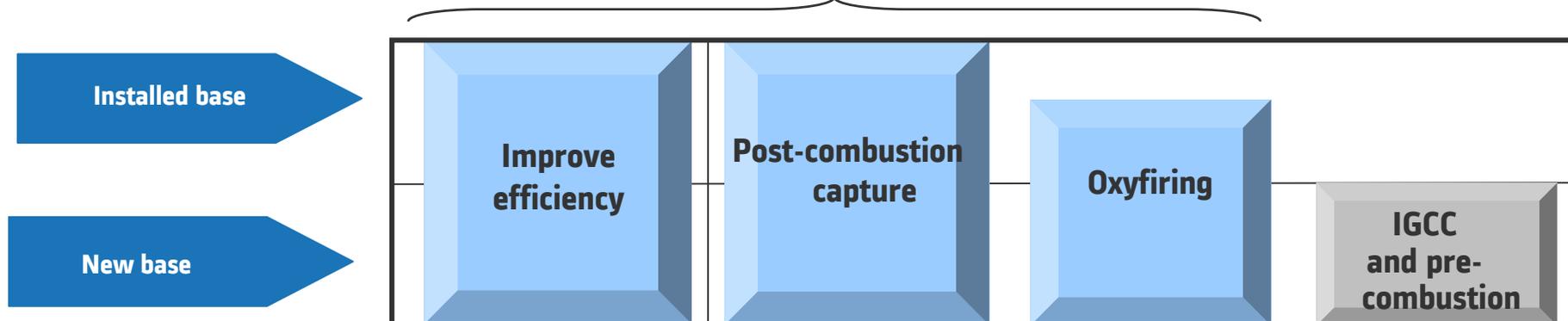
Recent acquisition of Ecotècnia



N°1 in environmental control systems

- Clean combustion:

Main priority areas of Alstom:

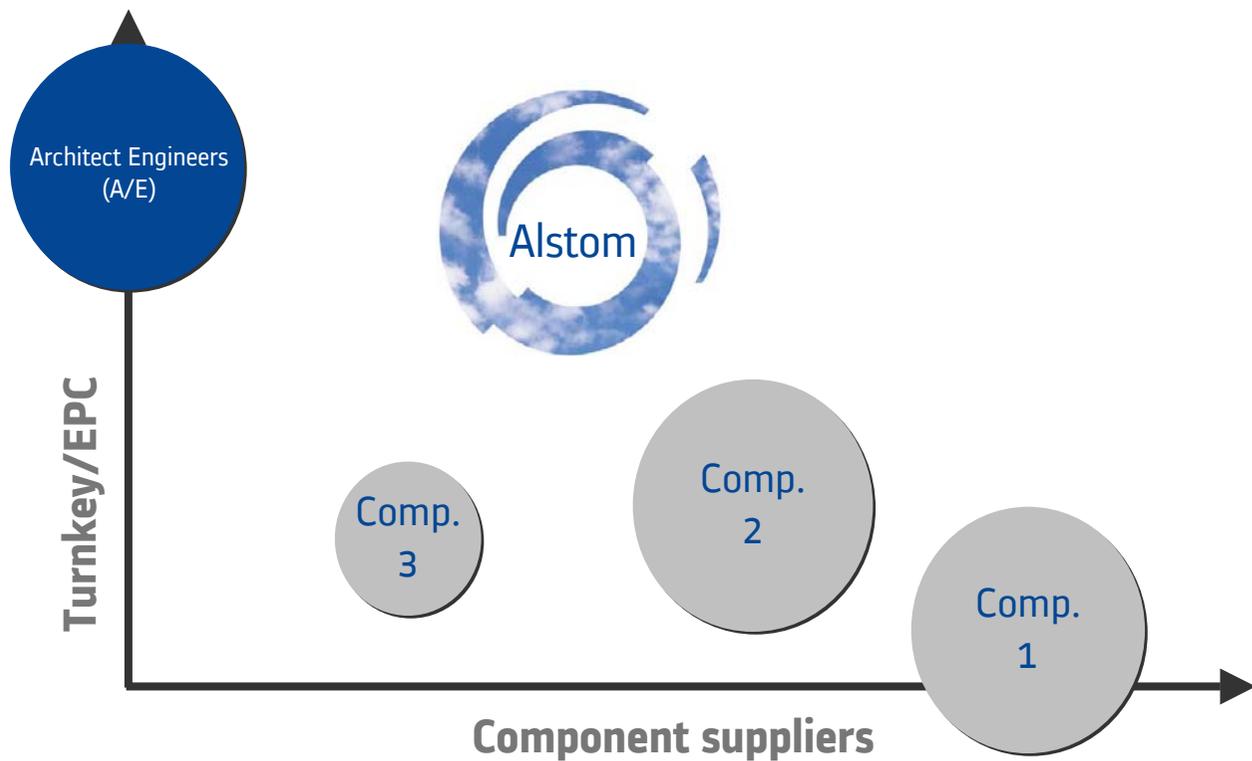


Power Systems

Strategy: plant integrator

Optimise the whole power plant

Plant	✓
Large GT	✓
Large ST	✓
Boilers	✓
Generators	✓
HRSG/HEX	✓
ECS	✓



Power Systems

Strategy: industrial platform re-balancing

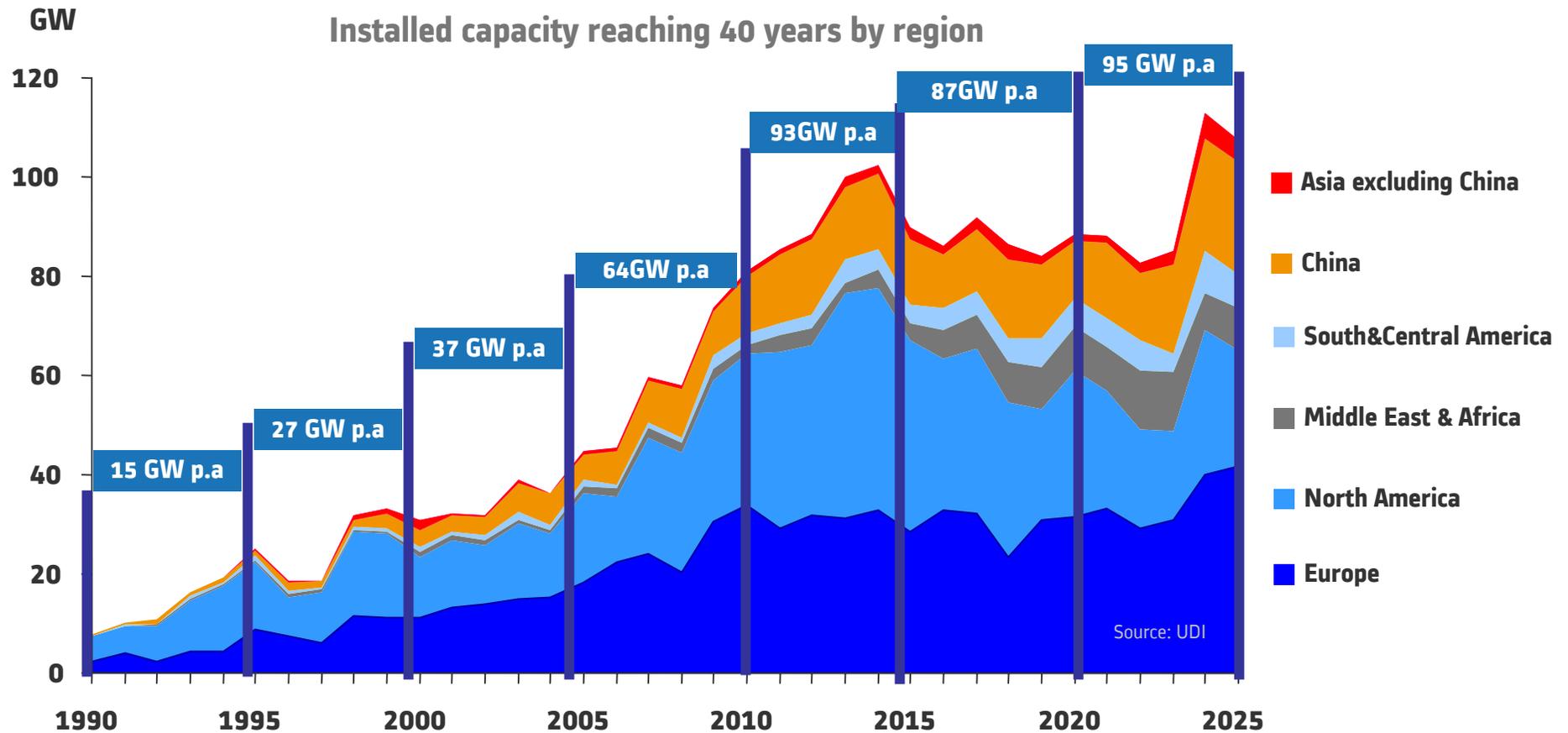
Grow Asia and Americas
Debottleneck supply chain



Power Systems/Power Service

Strategy: modernisation/maintenance of installed base

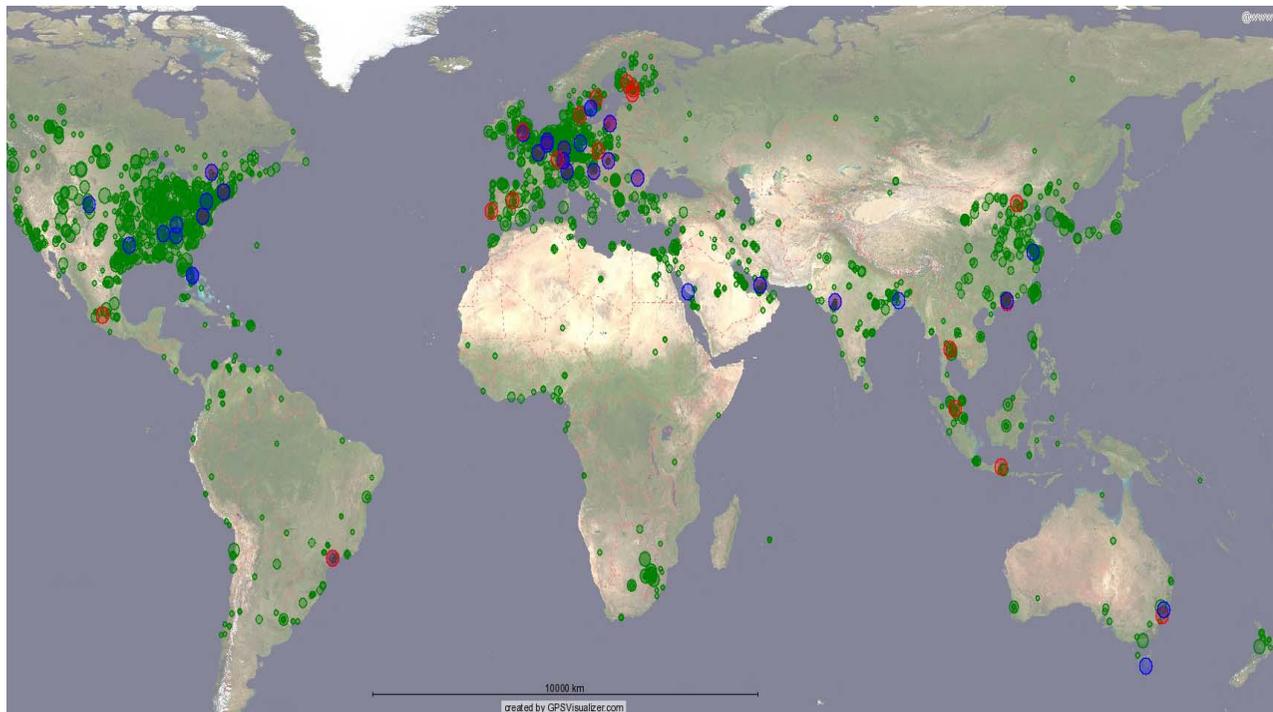
Alstom to take advantage of the ageing fleet



Power Service

Strategy: stronger presence to serve installed base

Alstom to benefit from its own large installed fleet (25%)



Global service network

- 38 engineering locations
- 31 field service hubs and 27 service workshops
- 18,000 people

- Power Service Workshop / Engineering location
- Power Service Field Service Hub
- Plant containing at least 1 major Alstom equipment

Power Service

Strategy: added value for customers

Technology and innovation to improve plant performance

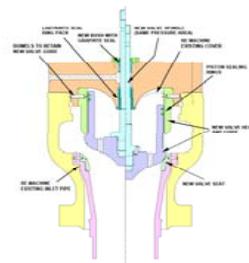
Gas turbines



GT13 E2 XL upgrade

- Improved lifetime / availability at minimal cost

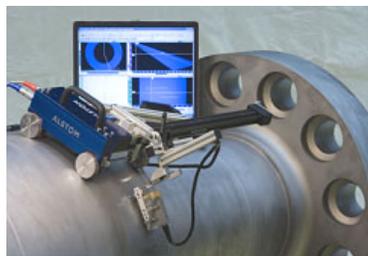
Steam turbines



Control Valve upgrade

- Reduced pressure losses to increase plant efficiency

Robotics



Full Rotor Scanner

- Automated ultrasonic modular scanning system for all rotors detecting and sizing of cracking and forging defects

Transport

General context

A faster than anticipated growth

- Sustained demand in Europe, expanding also outside Europe, driven by urbanisation, mobility and environmental concerns
- Strong market for very high speed trains and mass transit
- Growth in service and signalling activities



Transport

Key figures

In € million

	March 2007	March 2008	<i>Variation</i>
Orders	5,388	7,467	+39%
Backlog	15,239	17,283	+13%
Sales	5,288	5,509	+4%
Income from op	350	397	+13%
Operating margin	6.6%	7.2%	

Transport

Key achievements 2007/08

High speed/ Very high speed

- Large orders for **TGVs** in France and Argentina* as well as **AGVs** in Italy*
- Contract of **Pendolino** trains for Helsinki-St Petersburg line
- Very high speed trains **prospects** in Morocco, Germany, Saudi Arabia...

Operational priorities: maintaining technological leadership around the world



Urban transit

- Contracts for **METROPOLIS** in New York, Brazil, Turkey, France and China
- Booking of **CITADIS** tramways in Dublin, France, Turkey, Rotterdam; and of **DUALIS** tram trains in France

Operational priorities: platforming strategy and reduction of costs



Transport

Key achievements 2007/08

Regional and suburban trains

- Success of **CORADIA** in Germany
- Contracts for **suburban trains** in Spain and **X'TRAPOLIS** in Australia
- Large tenders expected in **France**

Operational priorities: reinforcement of product offering to differentiate in a competitive environment

Locomotives

- Medium-sized orders for **PRIMA** locos in Morocco, Germany and France

Operational priorities: geographical expansion in fast growing countries



Transport

Key achievements 2007/08

Signalling

- **JV** with Balfour Beatty to serve UK and Irish markets
- Order for a **signalling system** in Belgium
- First **ERTMS** level 2 operational in Italy

Operational priorities: technological leadership to maintain; acquisitions opportunities to grasp



Service

- **JV** with RENFE in Spain
- **Maintenance contracts** in UK and Spain

Operational priorities: growth of parts and refurbishment; increase of market share in freight renovation



Transport

Strategy: platforming & cost optimisation

5 product centers of excellence



High Speed Trains >250kph
(La Rochelle, France)
TGV/AGV



Intercity Trains: from 140kph to 250kph
(Savigliano, Italy)
PENDOLINO/'Minuetto'/X'TRAPOLIS



Regional Trains: from 100kph to 180 kph
(Salzgitter, Germany)
CORADIA



Urban Trains
(Valenciennes, France)
CITADIS/METROPOLIS



Locomotives
(Belfort, France)
PRIMA

Transport

Strategy: geographic expansion

Emerging opportunities outside Europe



Intercity projects (outside Europe)

- TGV in **Argentina** (Buenos Aires-Rosario-Cordoba)
- TGV in **Morocco** (Tangier-Casablanca)
- Very high speed line in **Saudi Arabia**

New markets to penetrate

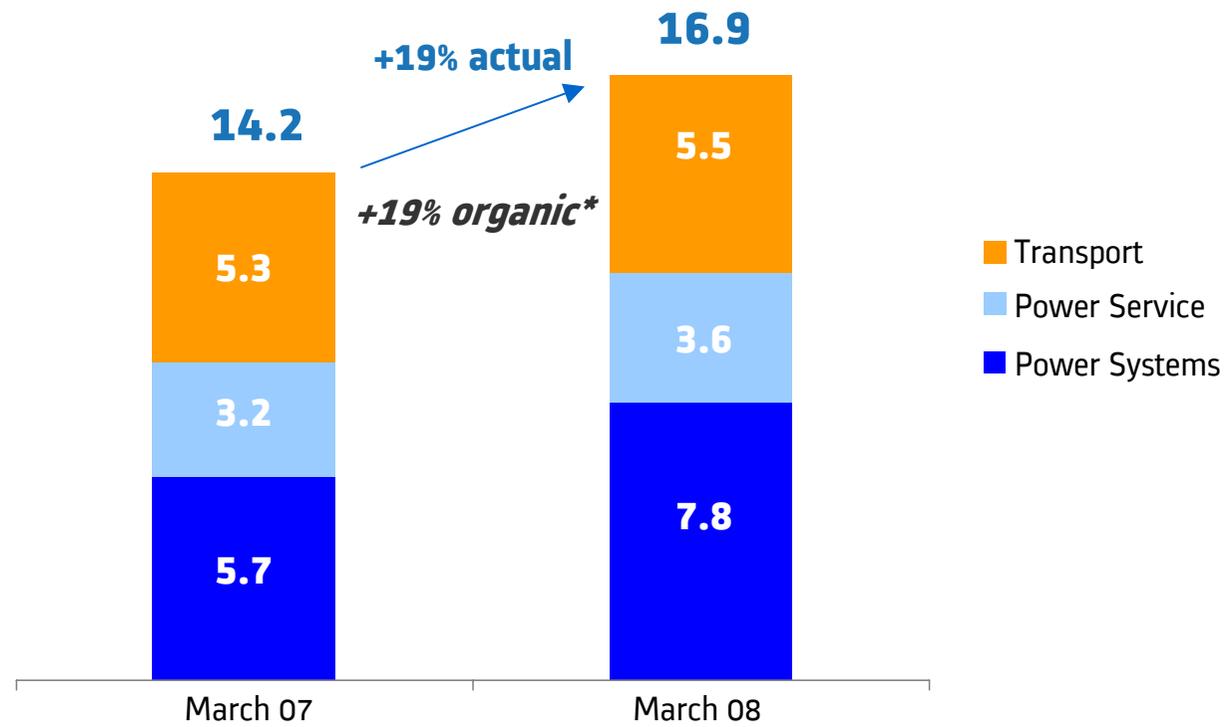
- **North Africa** (tramways...)
- **Russia** (cooperation with TMH in rolling stock)
- **India** (rolling stock, signalling)

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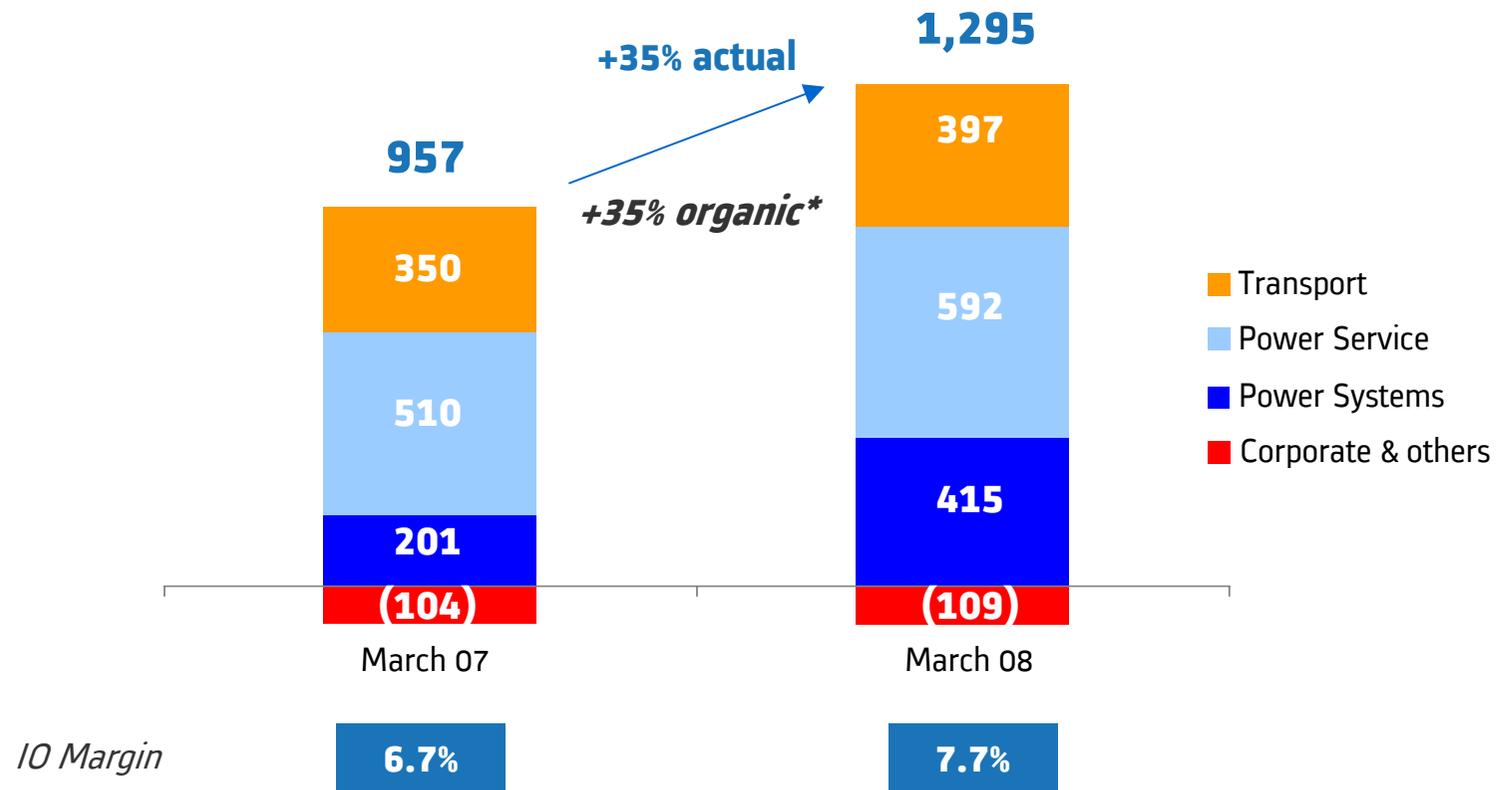
Sales

In € billion



Income from operations

In € million



Income Statement

In € million

	March 2007	March 2008	Variation
Income from operations	957	1,295	+35%
Restructuring costs	(68)	(35)	
Capital gains & other	(63)	(39)	
EBIT	826*	1,221	+48%
Financial result	(111)	(69)	
Tax result	(145)	(291)	
Discontinued operations	(32)	-	
Minority interest & other	9	(9)	
Net result	547*	852	+56%

(*) restated following a change in accounting for pensions

Free Cash Flow

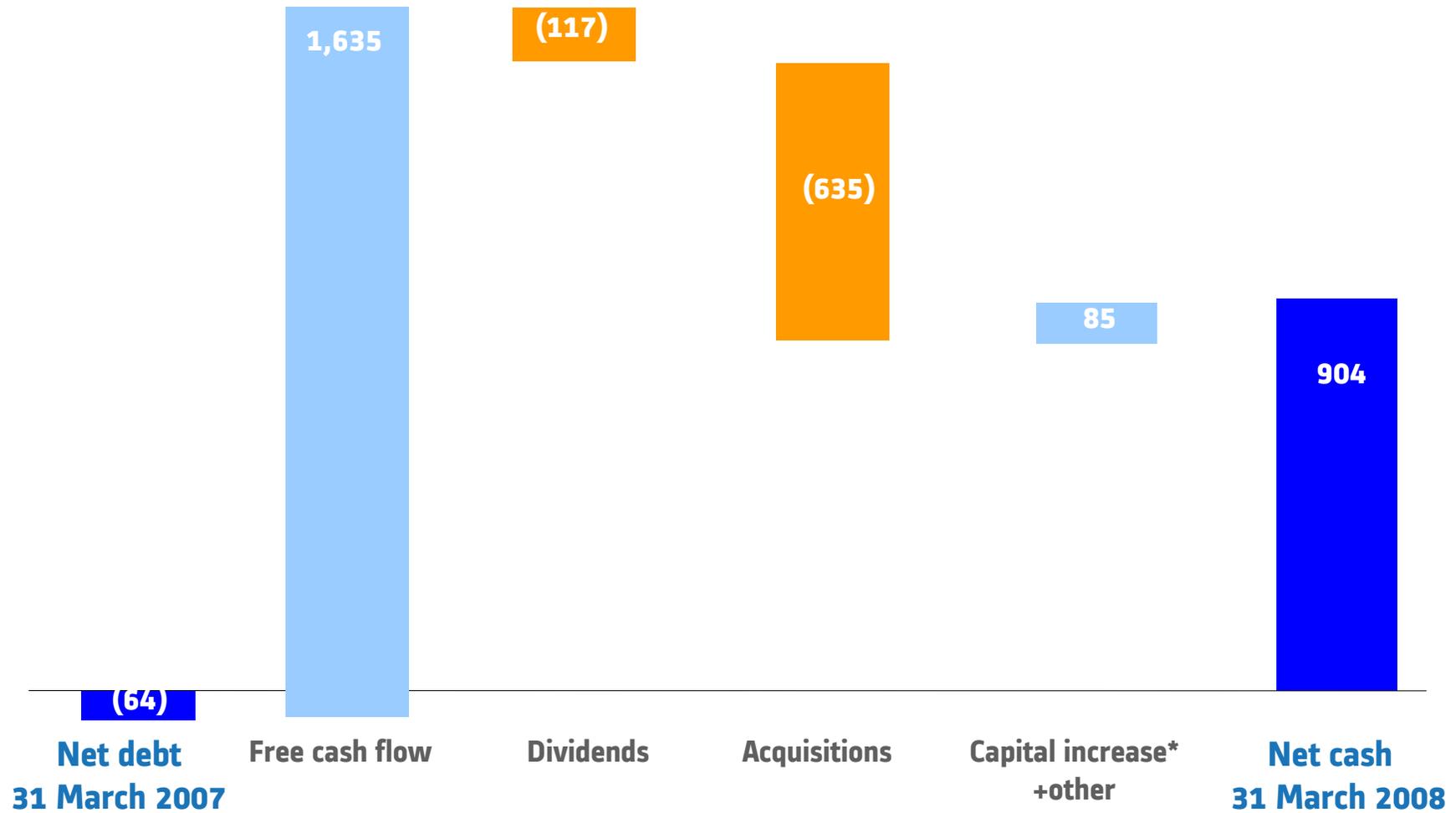
In € million

	March 2007	March 2008
Income from operations	957	1,295
Restructuring cash out	(102)	(87)
Depreciation	216	223
Capital expenditure	(280)	(374)
R&D cap. & amort. of acq. techno.	16	(7)
Pensions	(404)*	(102)
Change in working capital	540	777
Tax cash out	(116)	(127)
Financial cash out	(102)	(56)
Others	20	93
Free cash flow	745	1,635

(*) including €300 million discretionary contribution to German pension plans

Evolution of net debt

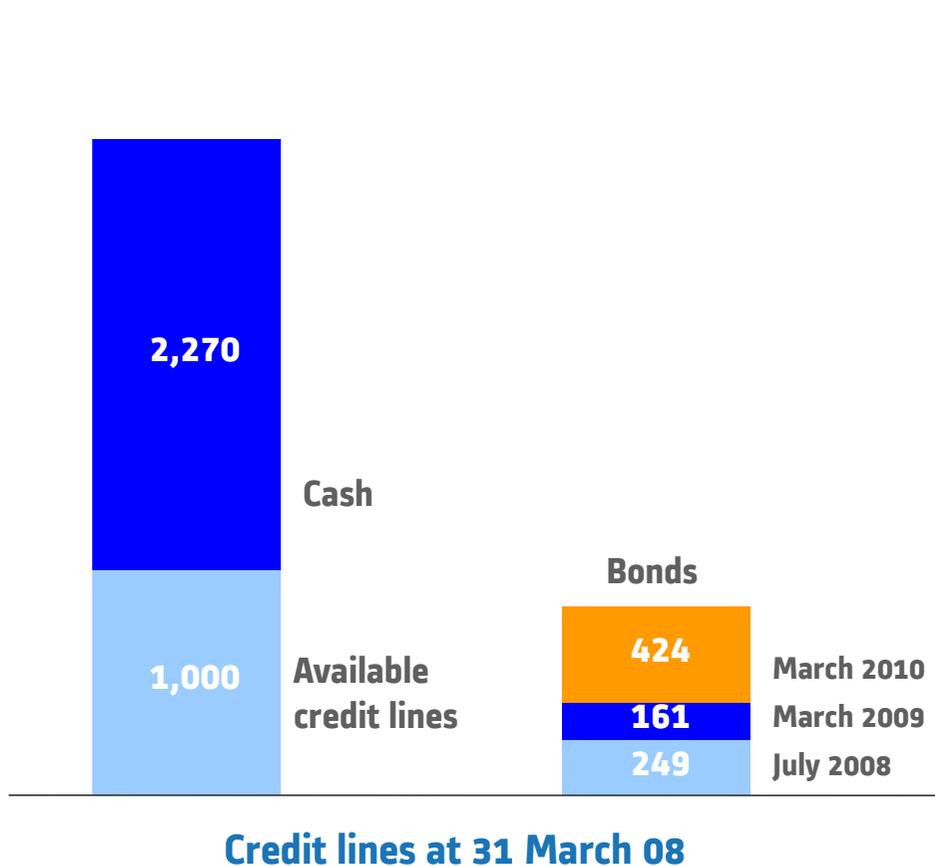
In € million



Main financial events

In € million

Nominal amount



Rating

- **Investment Grade** rating to be published: BBB+/Baa1

Bonding programme

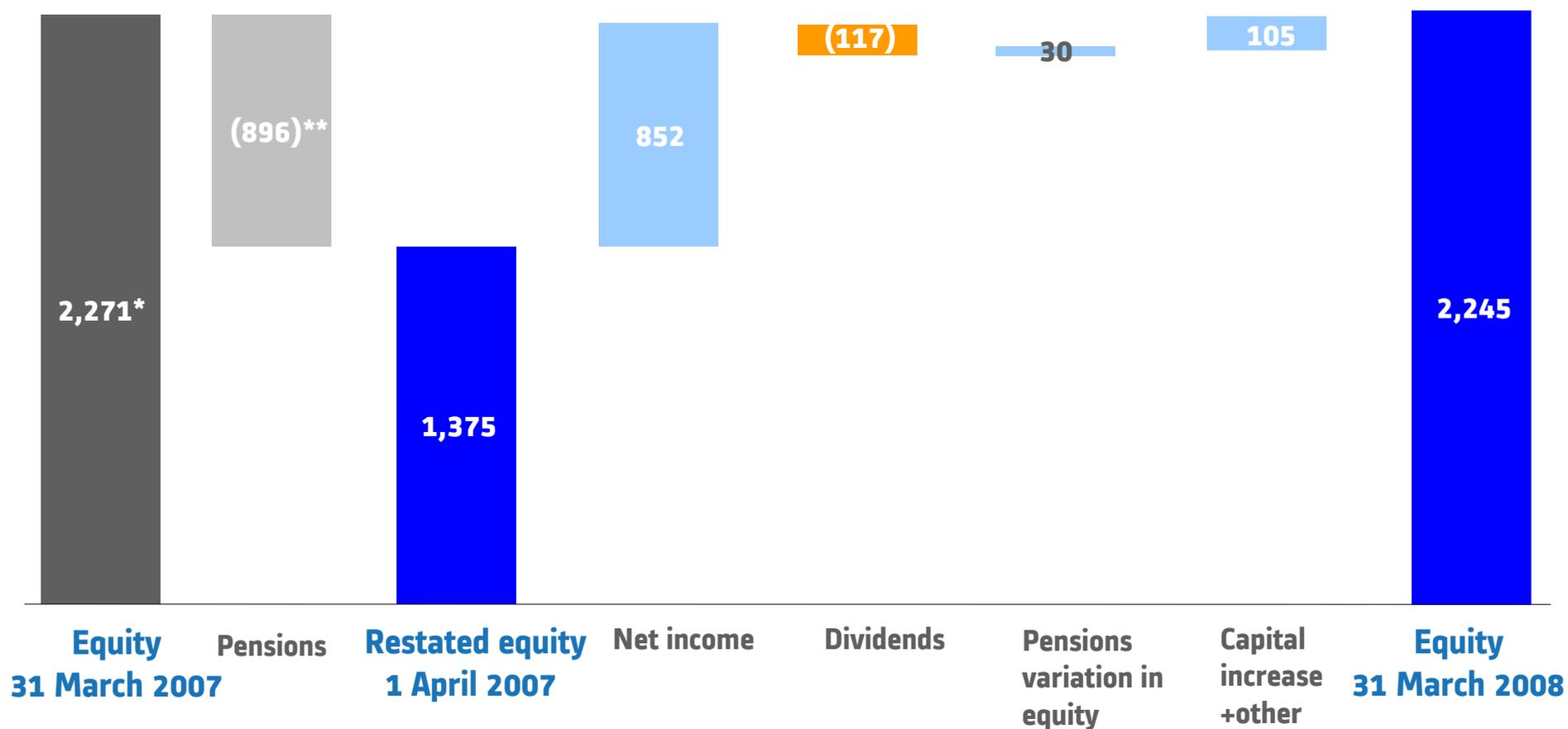
- **Needs covered** until July 2010
- Decrease in bonding costs

Debt buy-back

- **€866 million** of the 3 bonds bought back in 2007/08

Evolution of equity

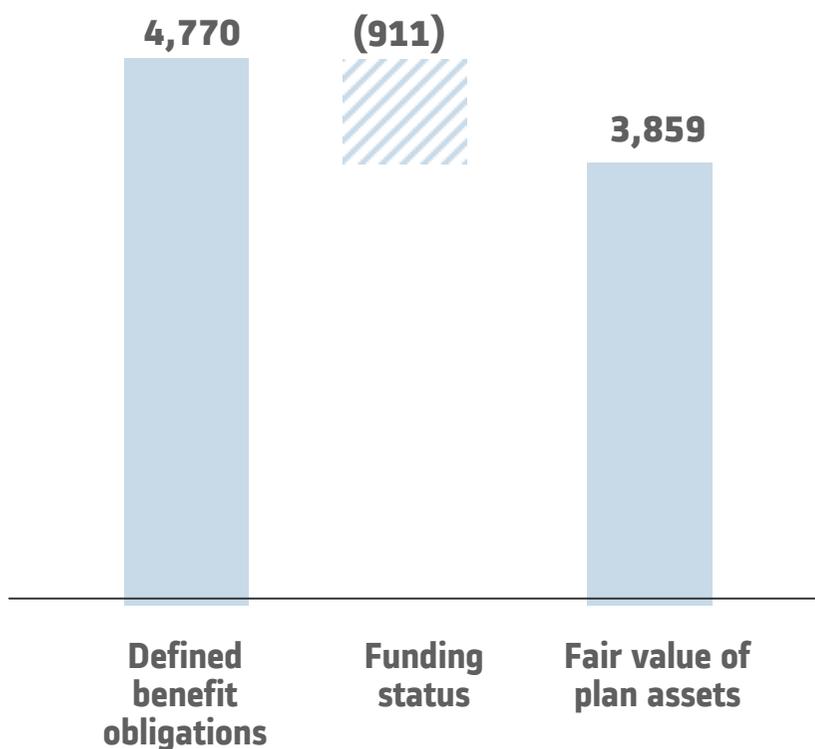
In € million



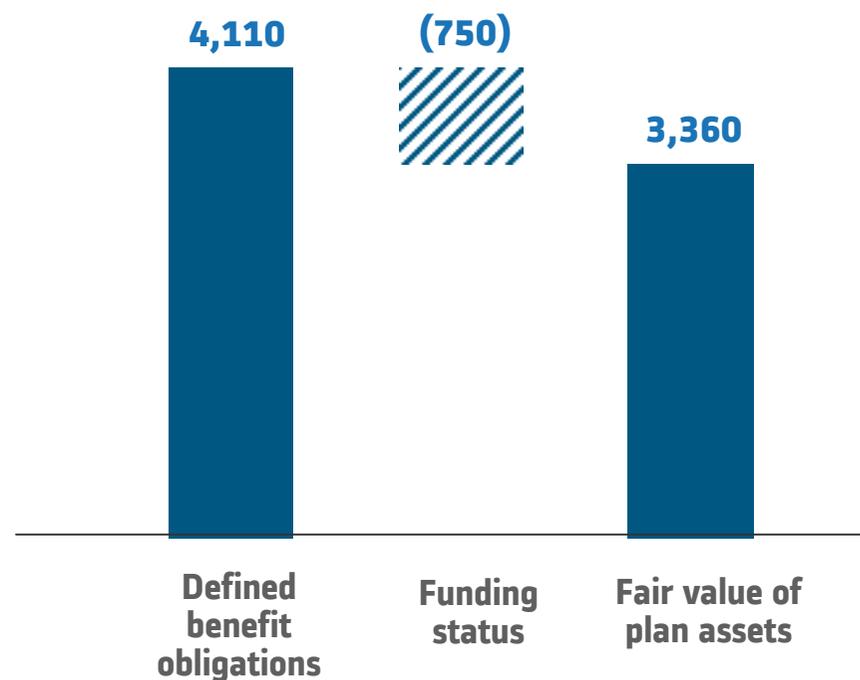
Pensions

In € million

Situation at 31 March 2007*



Situation at 31 March 2008



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Next steps

- Short-term priorities
 - Continued selectivity in order intake
 - Execution of our backlog
 - Development of our human resources
 - Investment to support sales growth
 - R&D efforts to pursue
- Long-term priorities
 - Differentiation and innovation
 - Increase of geographical (Asia, Russia...) and product coverage through combination of organic and external growth



New forecast

- March 2010 **operating margin** forecast reviewed upwards: **around 9%** for the Group
 - Power: between **10% and 11%**
 - Transport: between **7% and 8%**
- Based on current market conditions and trends, operating margin should **further increase beyond March 2010**

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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