

# Half-Year Results Fiscal Year 2009/10

29 October 2009

*We are shaping the future*

**ALSTOM**

# Agenda

1. Key events of the first half 2009/10
2. Operational review by Sector
3. Financial results
4. Conclusion

# Key figures

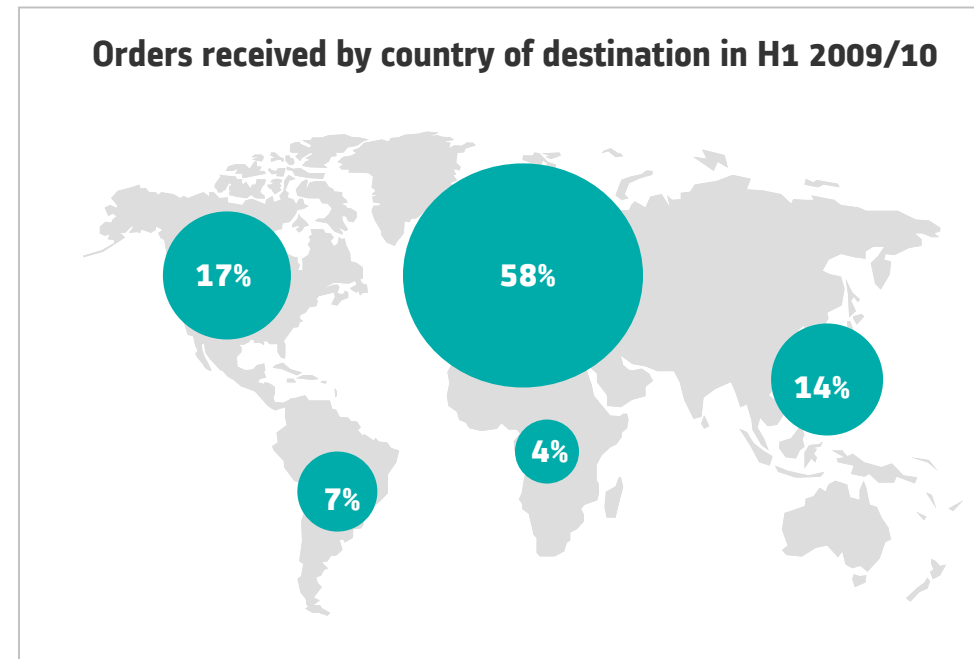
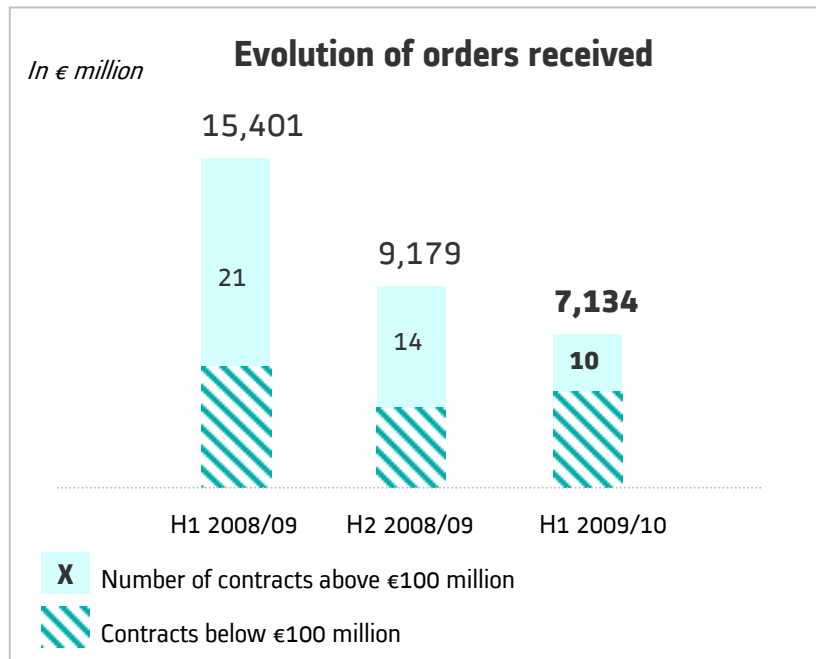
A good operational performance in a difficult economic environment

*In € million*

	<b>Sept 2008</b>	<b>Sept 2009</b>	<i>Variation</i>
Orders received	<b>15,401</b>	<b>7,134</b>	<i>-54%</i>
Backlog	<b>46,879</b>	<b>43,787</b>	<i>-7%</i>
Sales	<b>8,956</b>	<b>9,683</b>	<i>+8%</i>
Income from operations	<b>697</b>	<b>828</b>	<i>+19%</i>
<i>Operating margin</i>	<b>7.8%</b>	<b>8.6%</b>	
Net income	<b>527</b>	<b>562</b>	<i>+7%</i>
Free cash flow	<b>1,201</b>	<b>77</b>	<i>NS</i>

# Orders

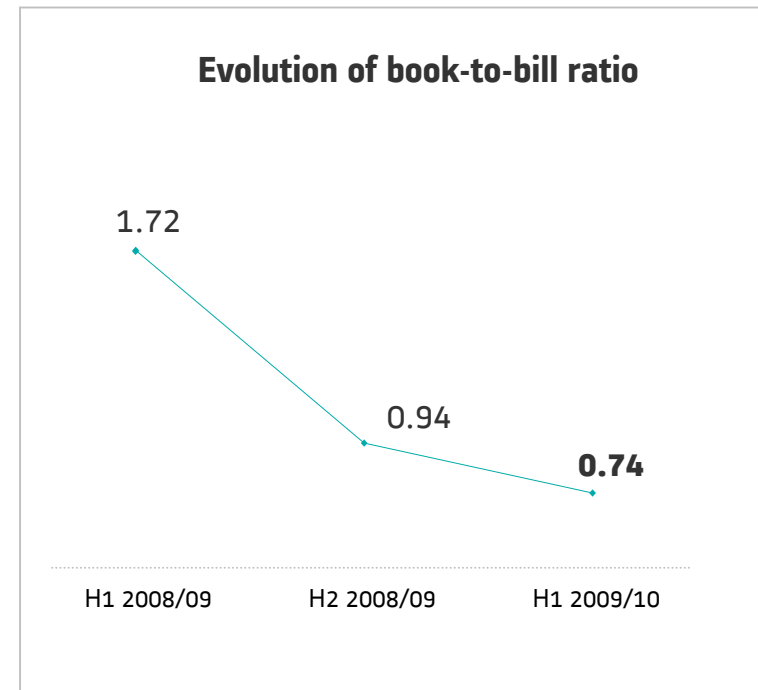
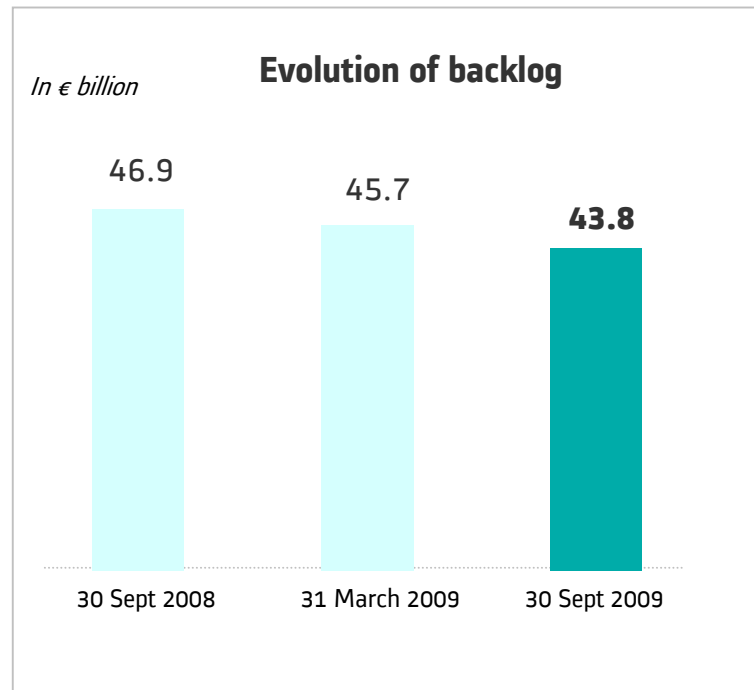
## A low level of orders in H1 2009/10



- No large orders received in Q2
  - Delays in customers' decisions in Power
  - Impact of the phasing of large contracts in Transport
- Active tendering activity expected to translate into higher orders in H2 2009/10

# Backlog & book-to-bill ratio

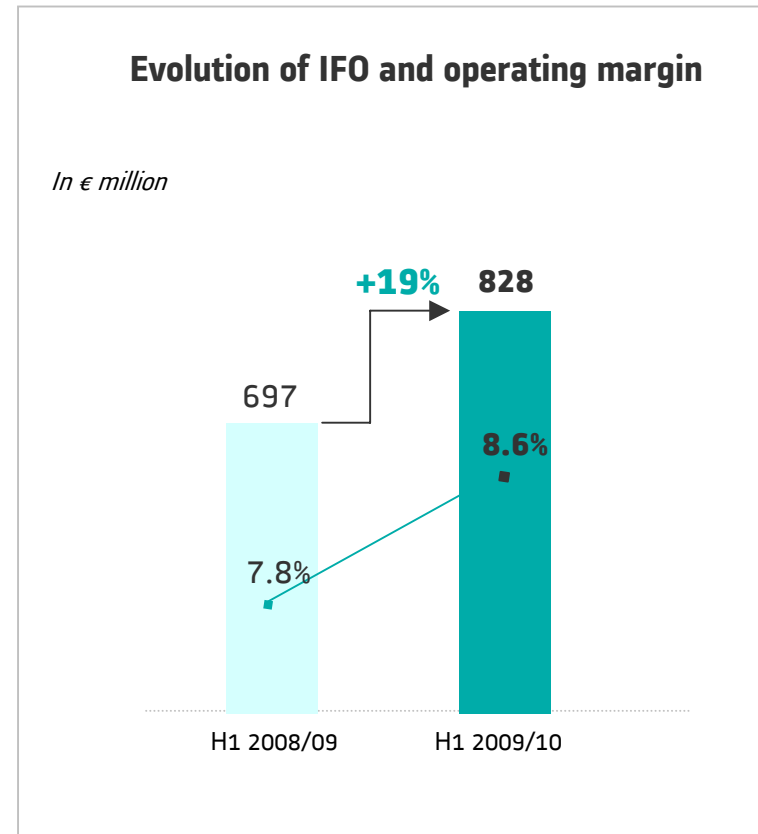
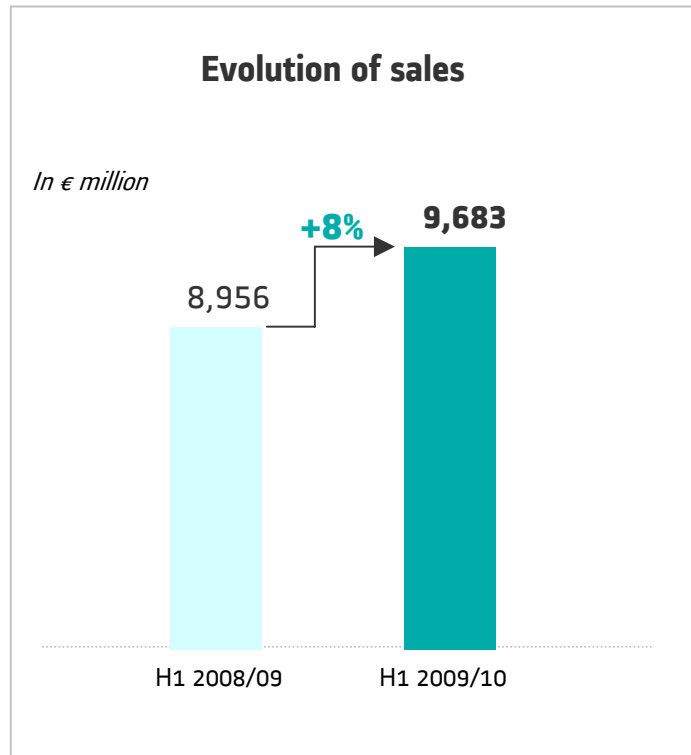
## A high visibility



- Backlog representing 27 months of sales
- Solid customer base
- No cancellation/deferral of orders booked

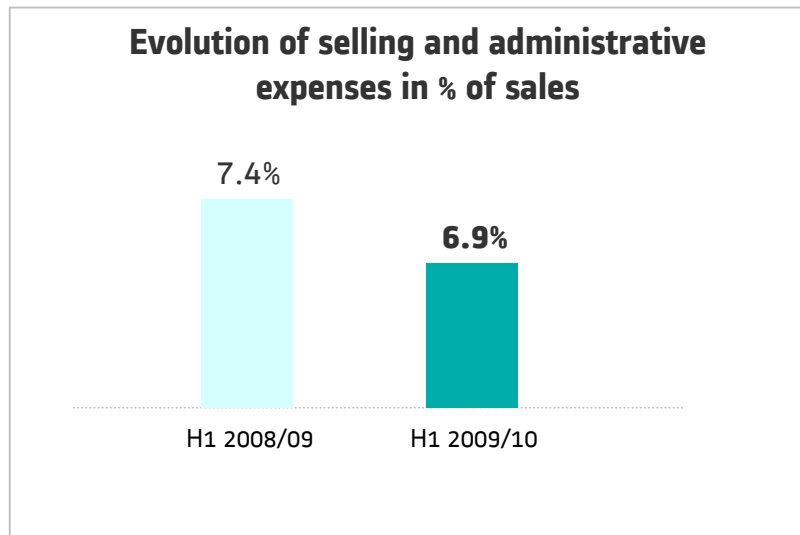
# Sales and income from operations (IFO)

## Continued sound delivery of the backlog

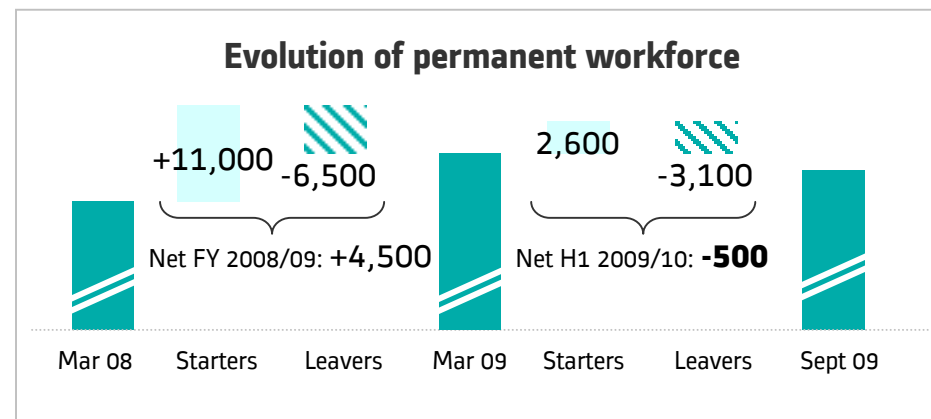
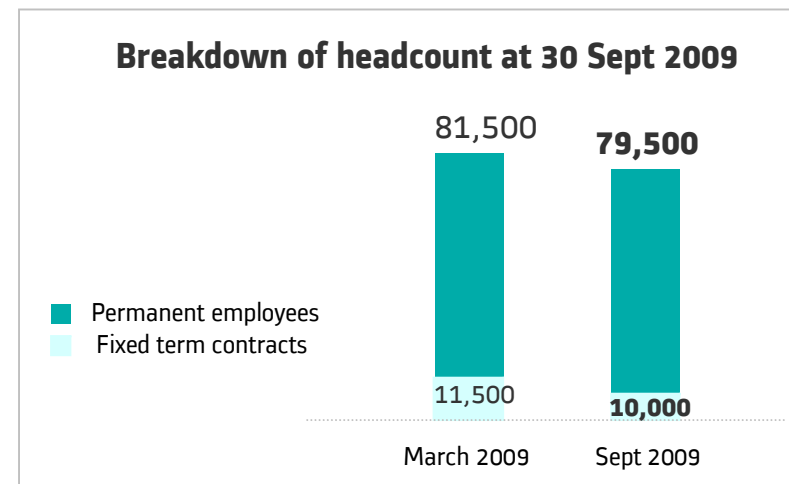


# Adaptation to the new economic environment

## Cost control and flexibility



- First effects of short term measures (control on spending and functions efficiency)



# Portfolio development

## Alstom/Schneider Electric: the best partners for Areva T&D

- Value creation through a joint offer
  - Close links between Alstom Power Generation and Areva Transmission
    - ✓ Coherent offering
    - ✓ Complementary international networks and access to utilities
    - ✓ Financial strength
    - ✓ Project management expertise
  - Creation of a leader in medium voltage activities by combining Schneider and Areva Distribution
- On-going process





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## Drivers in place for improved order intake

### Emerging markets

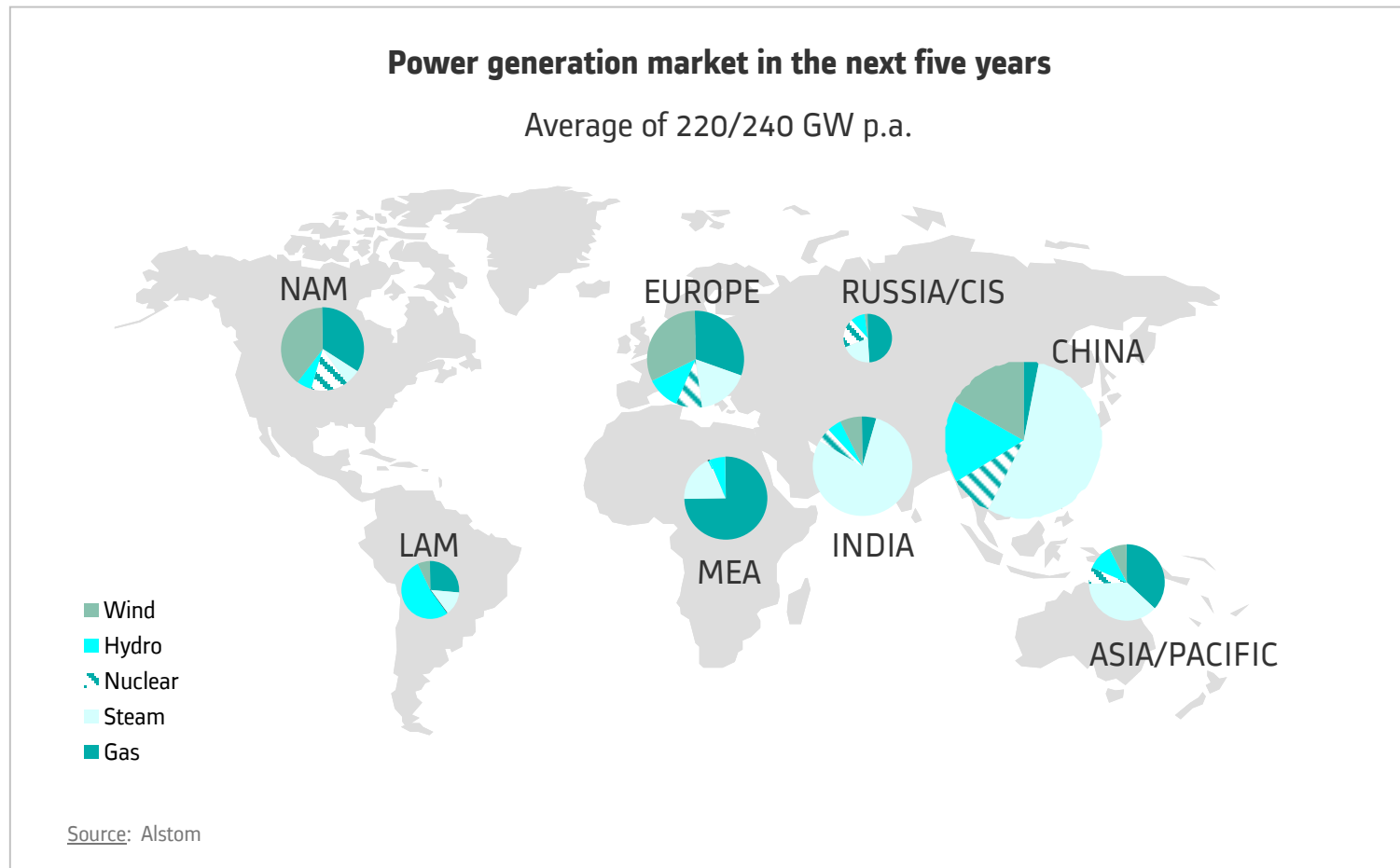
- Economic outlook improving and renewed growth in electricity consumption even though still fragile
- Insufficient reserve margins
- Strong investment needs driven by high long-term GDP growth

### Developed countries

- Ageing fleet candidate for replacement
- Trend of energy mix diversification
  - New wave of investments in CO<sub>2</sub> free technologies: wind, nuclear, hydro (pumped storage)
  - Growing share of intermittent power driving need for backup capacity
- Strong needs for efficiency improvement creating opportunities in retrofit and services

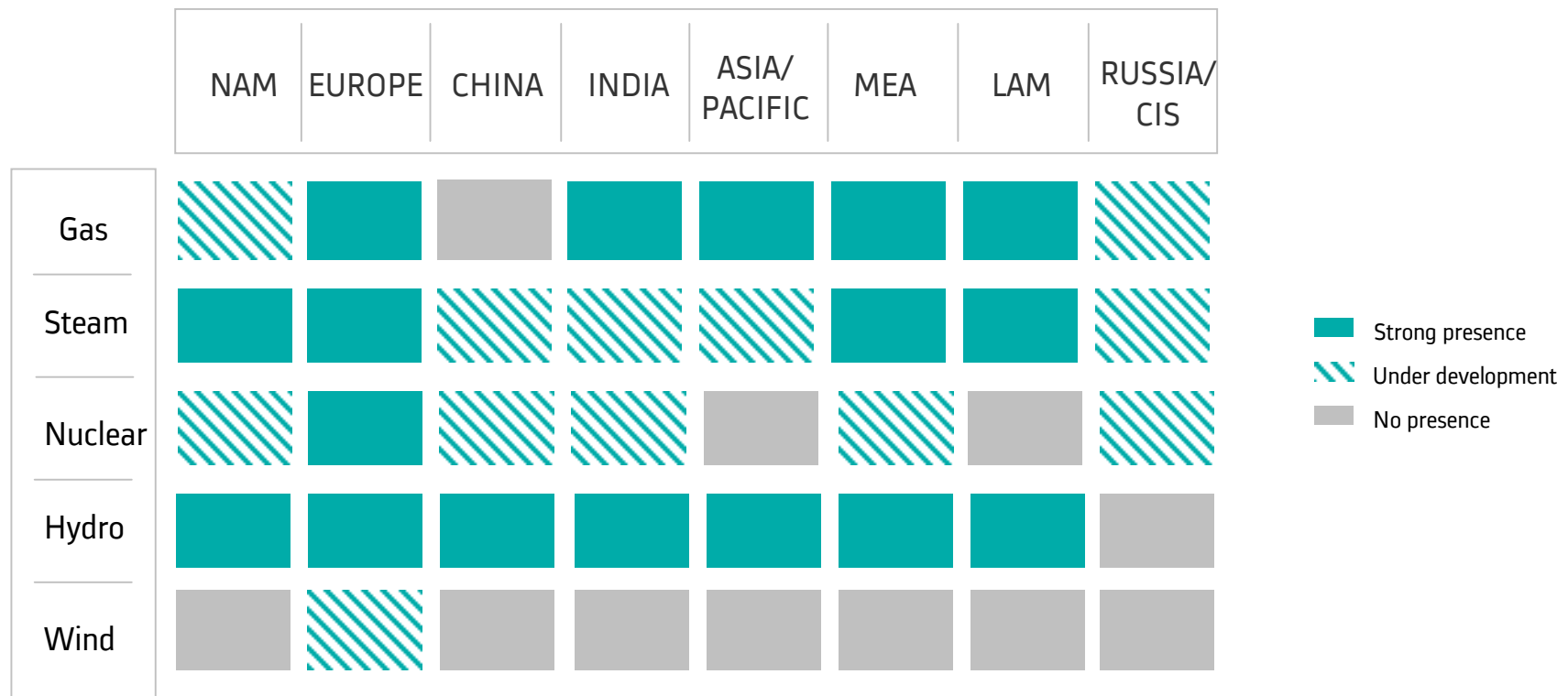
# Power Market

Sound medium-term demand & increasing mix diversification



# Power *Positioning*

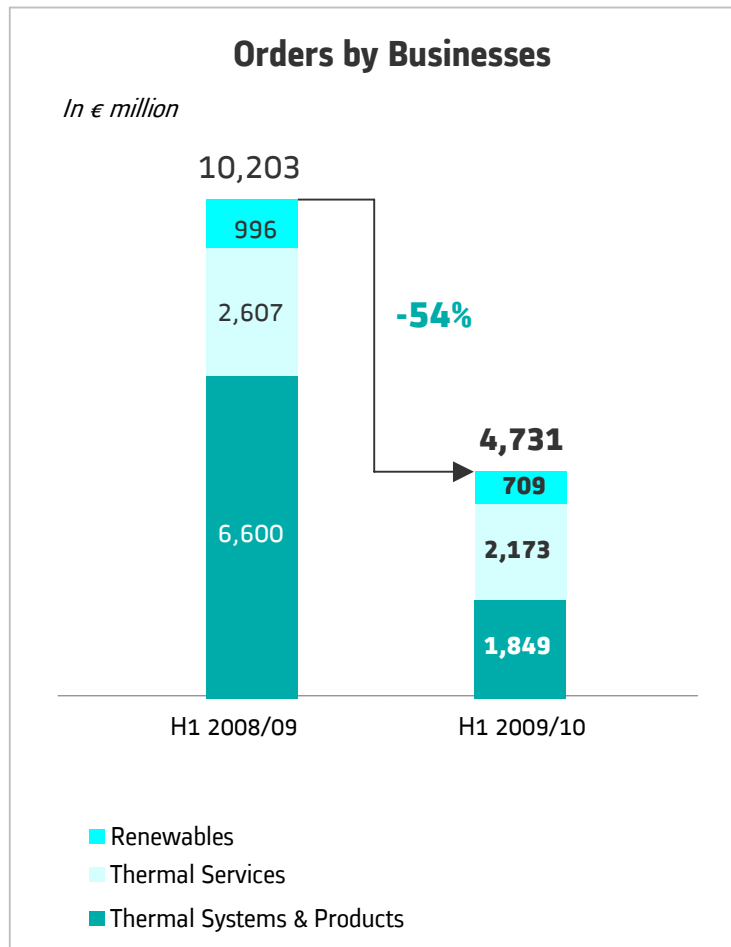
A large portfolio of technologies and a strong global coverage



# Power

## Orders received

### Investments in new power plants temporarily delayed



#### Main orders of H1 2009/10

##### Thermal Systems & Products

- **Gas** power plant in the UK, incl. 5xGT26
- **Steam** contracts in Germany and in India
- **Geothermal** order in Mexico



##### Thermal Services

- **Retrofit** orders in the USA and in Poland
- Small and medium-sized **service** projects in Europe and in Asia
- No substantial **O&M** contracts



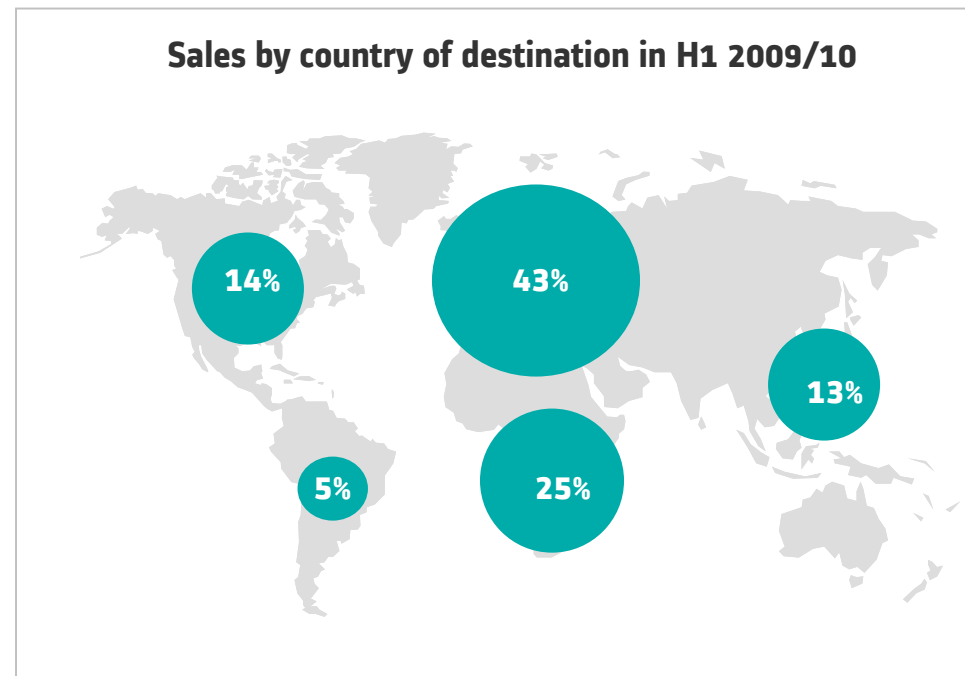
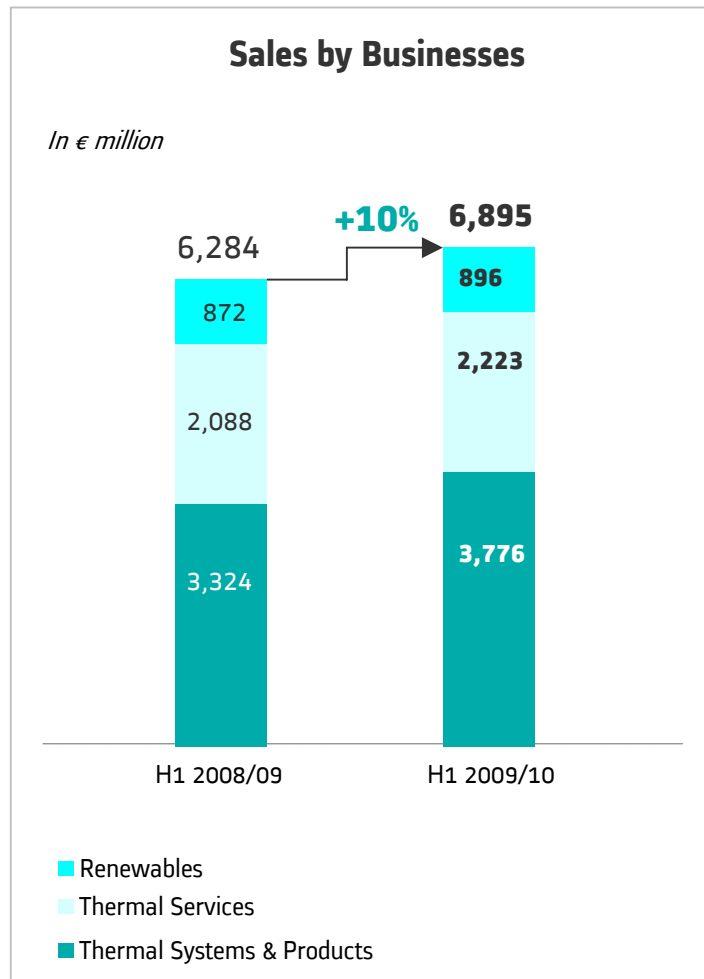
##### Renewables

- Various **hydro** orders in Switzerland, India and Spain
- **Wind** contracts in Europe



# Power Sales

Strong growth of sales driven by the large backlog



# Power

## Key figures

In € million

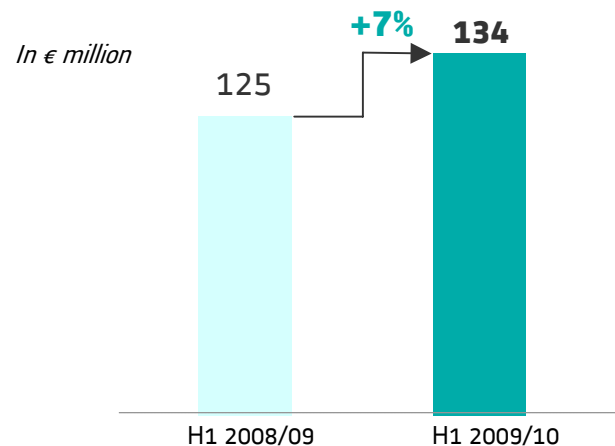
	Sept 2008	Sept 2009	Variation
<b>Orders</b>	10,203	4,731	-54%
<b>Backlog</b>	26,738	24,631	-8%
<b>Sales</b>	6,284	6,895	+10%
<b>Income from op</b>	581	677	+17%
<b>Operating margin</b>	9.2%	9.8%	

# Power

## Capex and R&D

### Completion of strategic capex plans Prioritisation of R&D

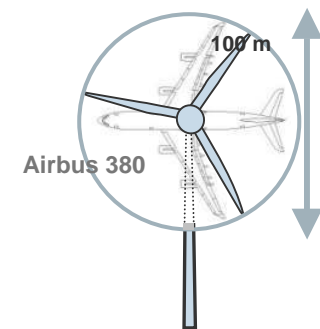
#### Evolution of capex



- New foundry in Poland unveiled in June
- Wuhan (China): inauguration of the factory on 12<sup>th</sup> November
- Chatanooga (USA): progressive ramp-up from mid-2010

#### R&D: key events of the semester

- Inauguration of Alstom/AEP CCS site at Mountaineer in West Virginia (USA) on 30<sup>th</sup> October
- Agreement signed with Clean Current Power Systems Incorporated to enter the ocean energy market
  - Commercialisation of tidal products expected by 2012
- Marketing of the new Eco100 wind turbine (3MW)



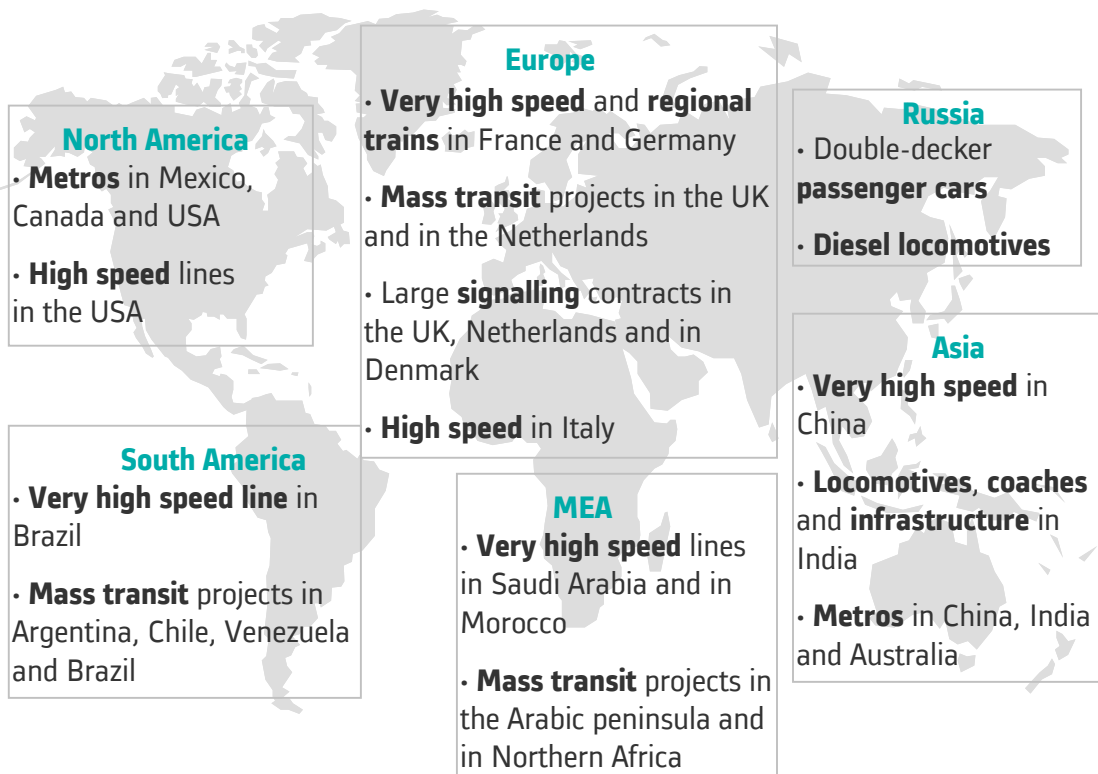


# Transport

## Market and drivers

### A sound demand

#### Large opportunities in all continents



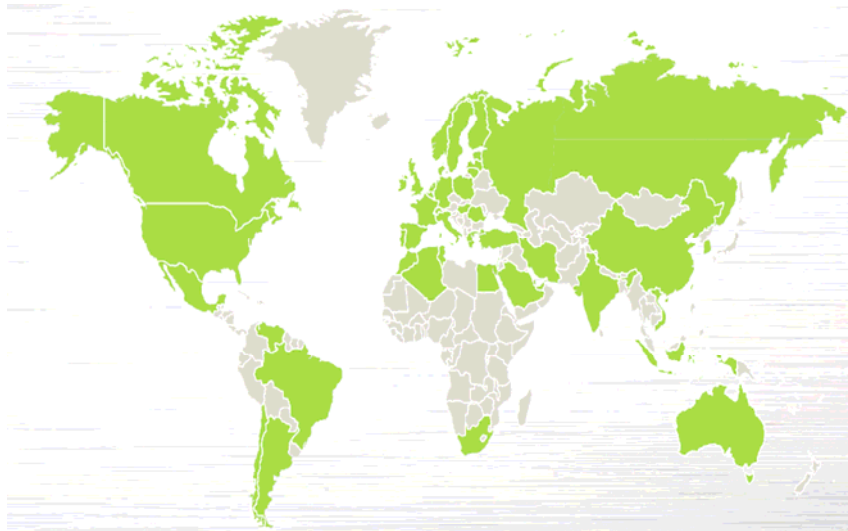
#### Key long term drivers

- Stimulus packages
- Increasing mobility & infrastructure saturation
- Growth of urban populations
- Environmental concerns

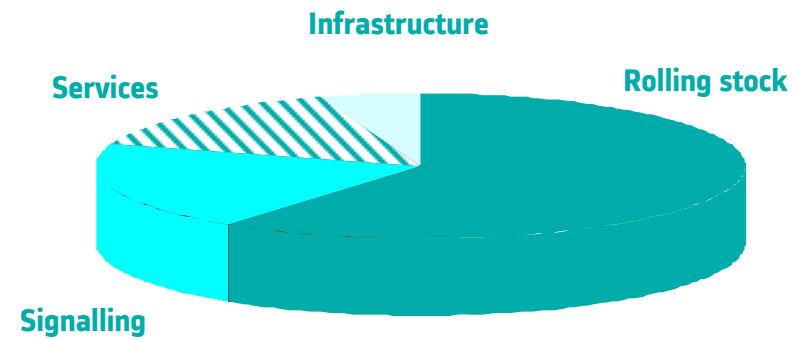
# Transport *Positioning*

## A worldwide leader

Global reach



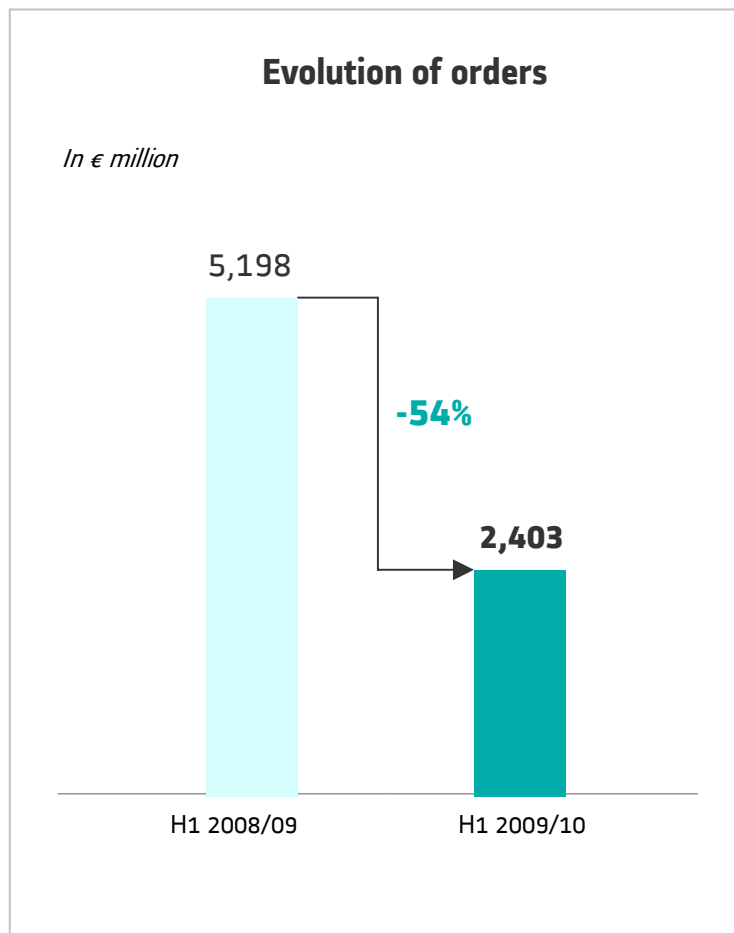
A full range of products and services



# Transport

## Orders received

### Order intake level influenced by large contracts



#### Main orders of H1 2009/10

##### Rolling Stock

- **Sub-urban train** in Paris (France)
- **Metro** contracts in Sao Paulo and Brasilia (Brazil)
- **Tramways** in Brasilia and Montpellier (France)
- **Regional trains** in Denmark and Germany



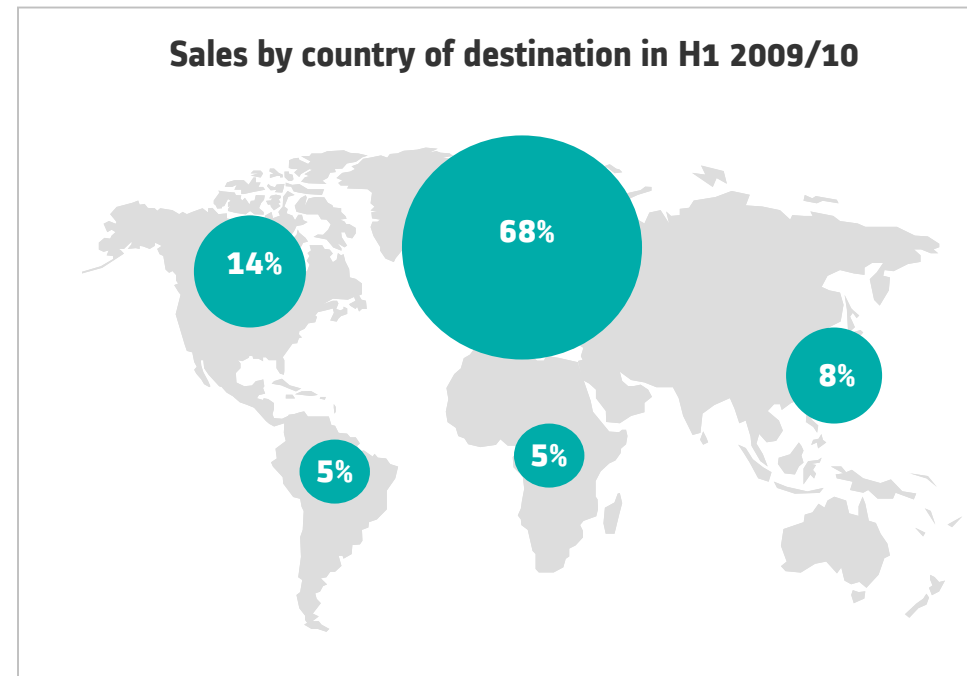
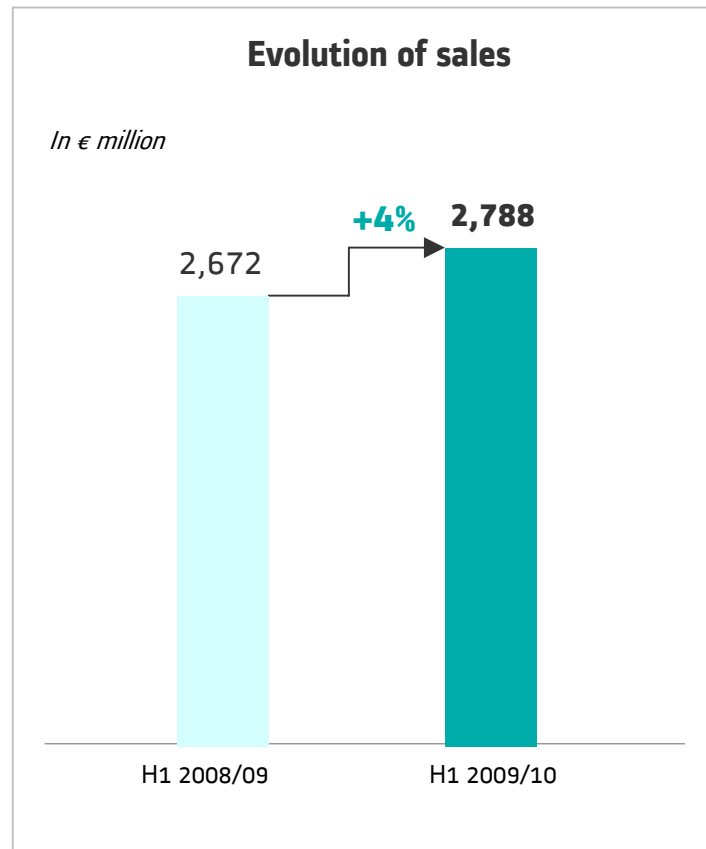
##### Signalling

- Various orders for **signalling** systems in Brazil, Canada, Asia and the Netherlands



# Transport Sales

## A continuous ramp-up



# Transport

## Key figures

In € million

	Sept 2008	Sept 2009	Variation
<b>Orders</b>	5,198	2,403	-54%
<b>Backlog</b>	20,141	19,156	-5%
<b>Sales</b>	2,672	2,788	+4%
<b>Income from op</b>	176	195	+11%
<b>Operating margin</b>	6.6%	7.0%	

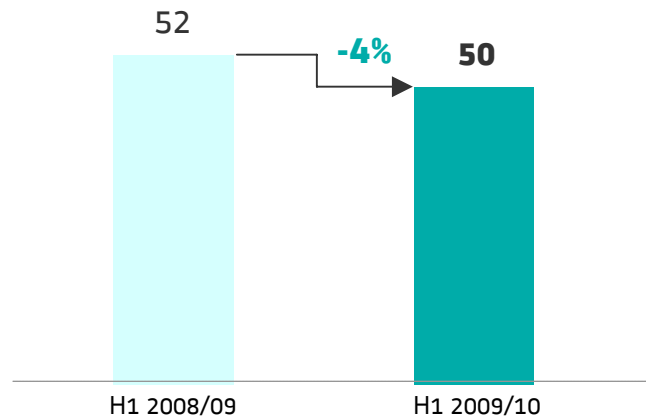
# Transport

## Capex and R&D

### Selective capex and R&D programmes

#### Evolution of capex

In € million



- Capacity expansion for rolling stock in several European countries

#### R&D: key events of the semester

- AGV in Italy
  - On-going tests
  - Certification expected in 2010
- Prima II locomotive prototype unveiled in June
  - Start of trials in Germany



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# Income statement

In € million

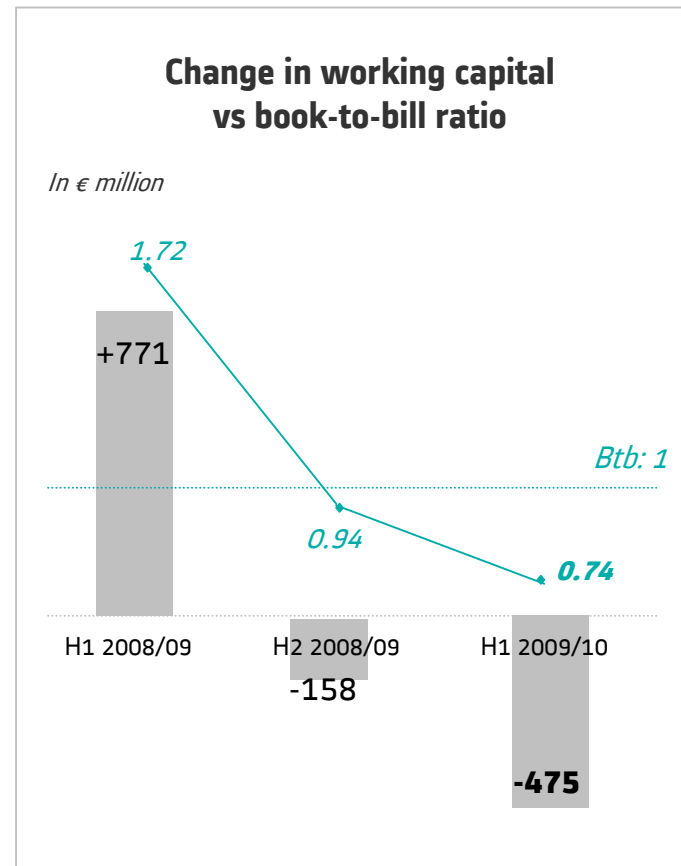
	Sept 2008	Sept 2009	Variation
<b>Sales</b>	8,956	9,683	+8%
<b>Income from operations</b>	697	828	+19%
Restructuring costs	(13)	(27)	
Capital gains & other	2	(19)	
<b>EBIT</b>	686	782	+14%
Financial result	19	(12)	
Tax result	(174)	(199)	
Minority interest & other	(4)	(9)	
<b>Net result</b>	527	562	+7%



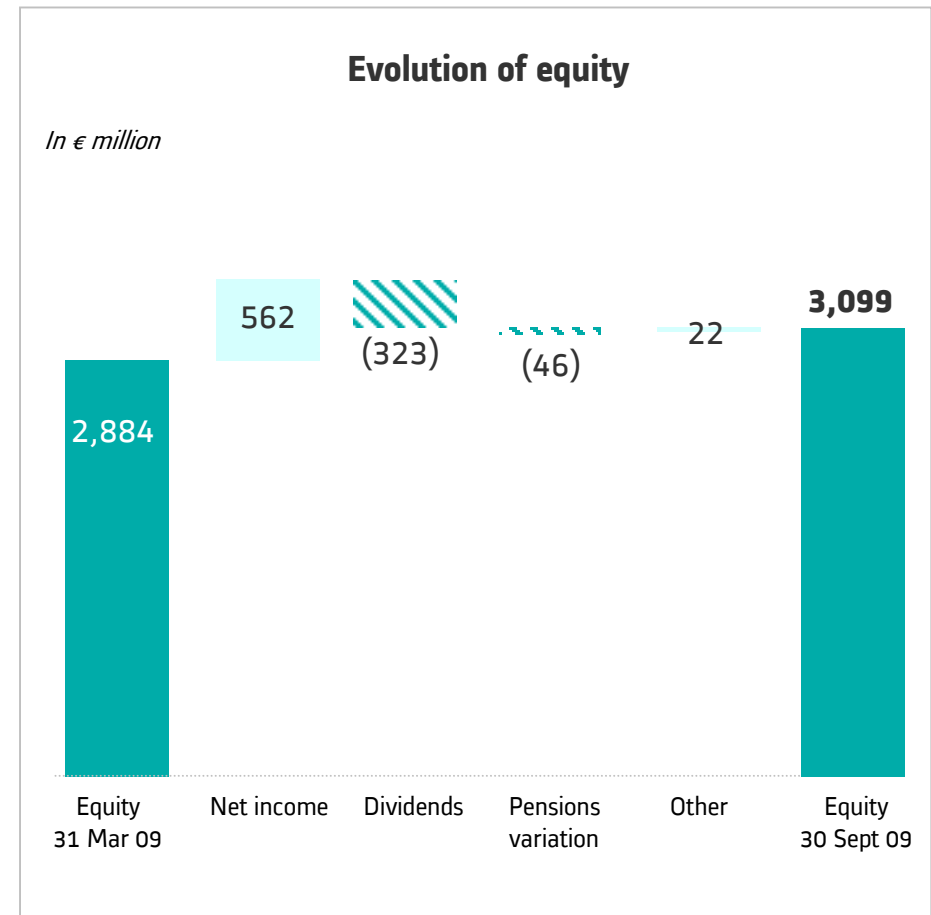
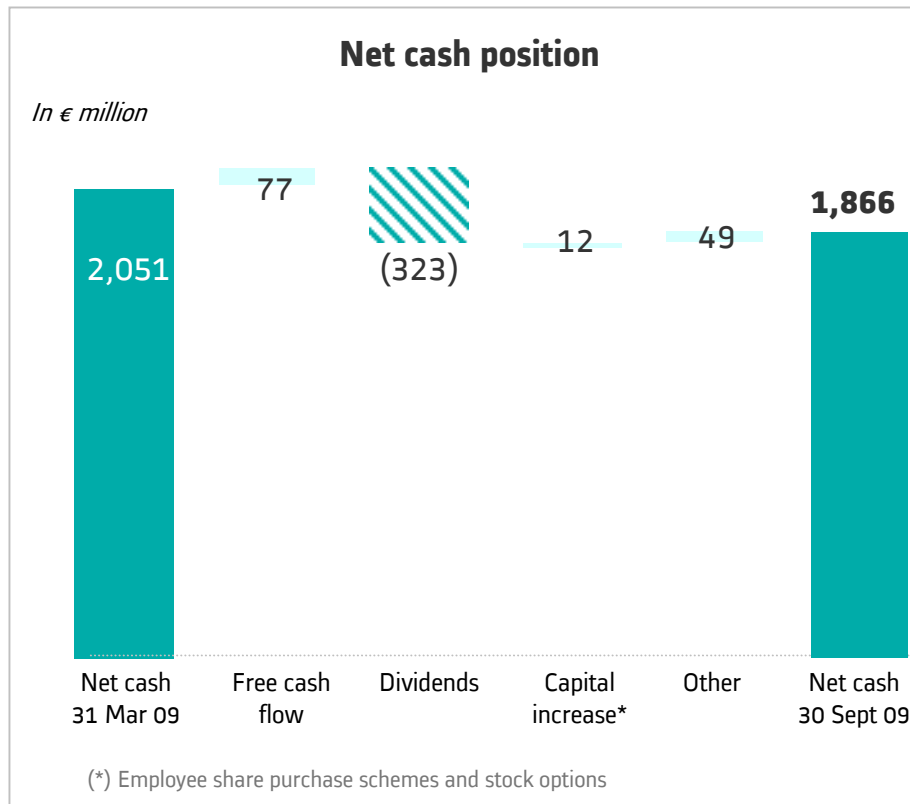
# Free cash flow

In € million

	Sept 2008	Sept 2009
<b>Income from operations</b>	<b>697</b>	<b>828</b>
Restructuring cash out	(39)	(38)
Depreciation	108	131
Capital expenditure	(195)	(210)
R&D cap. & amort. of acq. Techno.	4	(23)
Pensions	(46)	(34)
Change in working capital	771	(475)
Tax cash out	(129)	(97)
Financial cash out	14	(1)
Other	16	(4)
<b>Free cash flow</b>	<b>1,201</b>	<b>77</b>



# Evolution of net cash & equity



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# Conclusion

- Orders expected to rebound
- Execution of backlog under control
- March 2010 operating margin forecast confirmed: around 9% for the Group
  - Power: between 10% and 11%
  - Transport: between 7% and 8%
- Acquisition of Areva T&D high voltage business under consideration

# Contacts & agenda

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- [14/01/2010](#) Orders and sales for the first nine months of FY2009/10

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