Press Release

8 November 2007

With a strong first semester 2007/08,

Alstom continues to combine growth and increase in profitability

Between 1st April 2007 and 30th September 2007, Alstom registered a record level of orders (+33%), a strong growth in sales (+21%) and a significant improvement of its income from operations reaching €573 million (+39%), or 7.2% of sales. Alstom recorded a net result of €388 million (+49%) and an exceptionally high free cash flow (€1.2 billion).

Key figures

(in € million)	30 September 2006	30 September 2007	% Variation Sept 07 / Sept 06
Actual figures			
Orders received	9,664	12,847	+33%
Sales	6,608	8,004	+21%
Income from operations	413	573	+39%
Operating margin	6.3%	7.2%	-
Net income	261*	388	+49%
Free cash flow	747	1,248	+67%

*"The first half results 2007/08 were marked by a strong and profitable growth in our Power and Transport activities. As a market and technology leader, Alstom continues to benefit from a sustained demand across all of its businesses, illustrated by major commercial successes registered during the semester. Higher sales from a healthier backlog combined with a constant focus on project management and cost reduction led to a further improvement in performance. Over the period, efforts on recruitment, capital expenditure and research & development have intensified to support and extend this growing activity. For the full year 2007/08, the Group should record an organic** sales growth of approximately 15% while the operating margin should be at around 7.5%",* said Patrick Kron, Alstom's Chairman & Chief Executive Officer.

* Restated following a change in pension accounting

** Same scope (retreatment of disposals and acquisitions) and exchange rate

Good positioning in favourable markets

The power market shows a positive evolution as it is now expected to reach an average level of 185 GW per year over the 2007-2011 period, i.e. significantly higher than the previous forecast and than the average level of 150 GW per year recorded during 2005 and 2006. Geographically, new investment cycles are anticipated in Europe and North America, the market in Asia should remain strong, large investment plans in Russia have been initiated, and demand is expected to grow in the rest of the world. By technology, the increase in demand is expected to be divided between coal, gas, hydro, wind and nuclear. Environmental products and retrofit markets should offer strong opportunities in developed countries, mainly driven by more stringent regulations and ageing of the installed base.
The service market should continue to be healthy, notably in Europe and US, where needs for maintenance and life time extension are becoming more and more important. Service should accelerate in Asia by addressing environmental issues and improvement of plant performance.
The transport market should also show a growing trend, with demand for high speed and mass transit particularly sound. By geography, Europe should remain the key area, while Asia and Latin America offer increasing opportunities.

During the first half of 2007/08, the Group benefited from its worldwide presence, broad range of technologies and large installed base to serve these growing markets.

Excellent commercial activity

New orders booked over the period amounted to €12.8 billion, a 33% increase from the first half of last year, bringing the backlog to €37 billion (+24%), which represents 28 months of sales.

The strong growth in order intake came from all Sectors, notably Transport (+114%). Power Systems and Power Service showed an increase of 9% and 6% respectively, from the high levels recorded in H1 2006/07.

Over the first semester 2007/08, Power Systems booked an exceptionally large number of gas turbines in 12 countries: 29 in total of which 10 GT26. It also received an order for four conventional islands of nuclear power plants in China with its partner Dong Fang, as well as for several hydro projects in Brazil and China. Power Service signed several long-term contracts for Operation and Maintenance in Italy, the UK, Ireland, Morocco and India and recorded a large number of medium and small-sized projects. Transport achieved a very high level of order intake including a contract for very high speed trains in France, metros in New York, a signalling system in Belgium, a maintenance contract in the UK, regional trains in Germany as well as tramways in Dublin.

Sales in the first half of 2007/08 amounted to €8.0 billion, compared to €6.6 billion for the first half of 2006/07, representing a 21% increase as a result of the strong order intake during the last periods. All Sectors contributed to this growth: Power Systems (+30%), Power Service (+18%) and Transport (+13%).

Platform for future growth

Human resources management continued to be very active in dealing with this development. Over the first semester, 4,800 employees have been recruited all over the world including 2,550 engineers and managers. Training programmes were reinforced with the creation of 6 new campuses worldwide within 'Alstom University'. In November 2007, a new employee stock purchase scheme 'Alstom Sharing 2007' will be launched.

In parallel, research and development expenses rose substantially (up 23%). The strategic R&D programmes included, among others, CO2 capture projects for post combustion and oxyfiring processes as well as the preparation of a new generation of very high speed trains (AGV). Capital expenditures were also up (38%) and will contribute to expand the production capacity particularly in fast growing markets.

Since 1st April 2007, the Group finalised some acquisitions and partnerships: Wuhan Boiler Co. in China, Ecotècnia in Spain and the joint-venture with Atomenergomash in Russia. On 10 October 2007, a joint-venture in signalling has also been created with Balfour Beatty to serve the UK and Irish markets.

Further improvement in performance

Income from operations in the first half of 2007/08 amounted to €573 million, up 39% from €413 million in the first half of 2006/07; the operating margin grew from 6.3% to 7.2%. The operating margin of Power Systems improved from 3.0% to 4.5%, driven by a higher volume, a healthier backlog and a constant focus on project management. Power Service increased its operating margin from 16.0% to 16.3%, while growing substantially its level of sales. Transport's operating margin increased from 6.4% to 6.9%, as a result of continuing selectivity in contracts, better project management and cost reductions.

Net profit amounted to €388 million compared with €261 million in the first half of 2006/07, up 49%. This increase resulted from improved operational performance and lower financial and restructuring expenses.

High free cash flow

Free cash flow amounted to €1,248 million for the first half of 2007/08, compared to €747 million in the first half of 2006/07. A better profitability and a significant improvement of the working capital, largely related to the high level of orders, explained this exceptionally strong cash flow generation.

The Group turned cash positive during the first half of 2007/08, from a net debt of €64 million at 31 March 2007 to a net cash of €901 million at 30 September 2007, after payments related to acquisitions and dividend. This improvement came primarily from the very high free cash flow.

Equity increased from €1,375* million at 31 March 2007 to €1,831 million at 30 September 2007 as the result of the strong net income.

Outlook

Following this favourable first semester, sales for the full fiscal year 2007/08 should grow by approximately 15% (on an organic basis), while the operating margin should be at around 7.5%, after a further increase expected in the second half.

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The MD&A and the consolidated financial statements can be found on Alstom's website at www.alstom.com.

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* Restated following a change in pension accounting