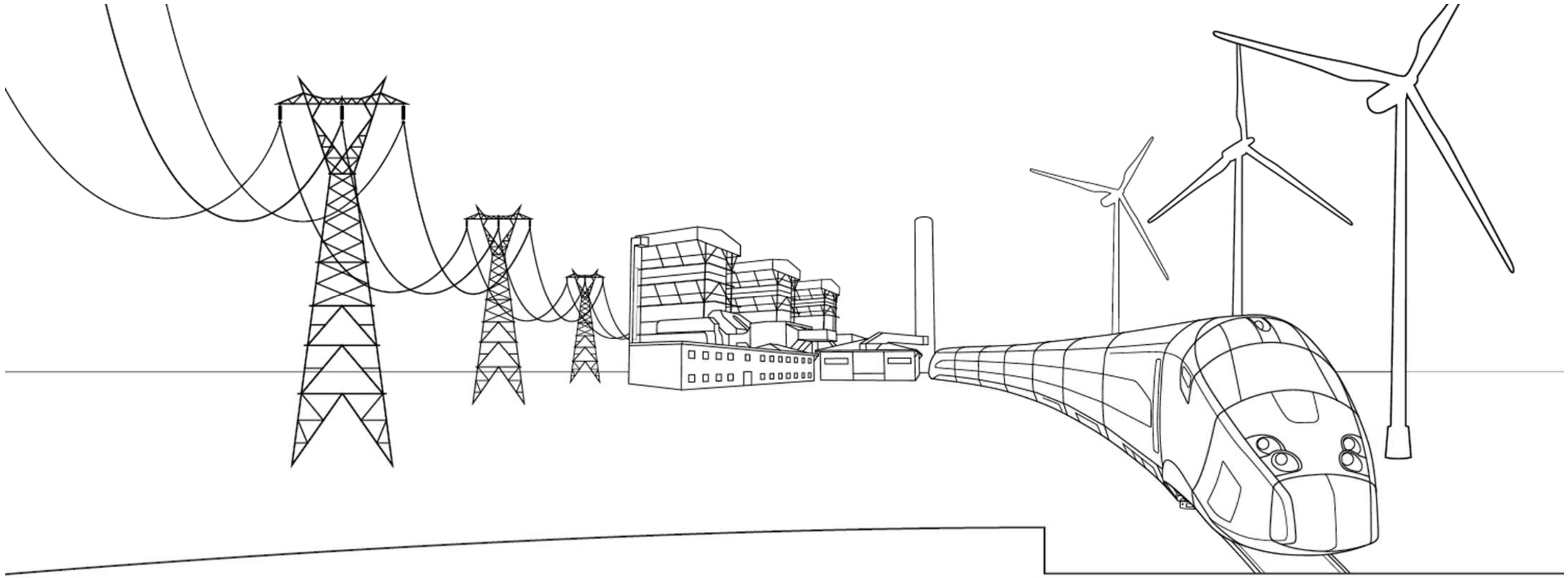
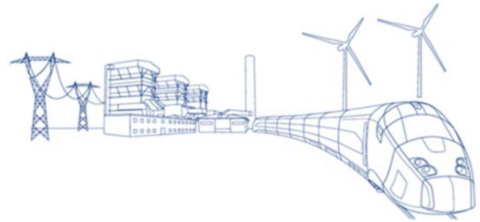


Half-Year Results
Fiscal Year 2013/14

6 November 2013

ALSTOM
Shaping the future

Key takeaways



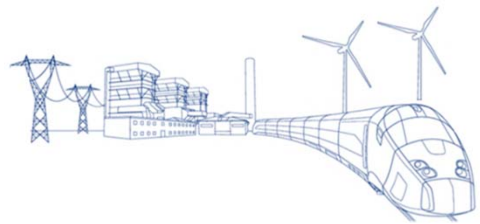
Making Alstom fit for the current environment

- **Stable H1 2013/14 profitability** with **FCF impacted** by some contracts' profiles and downpayments
- Strong backlog of 30 months of sales with **active pipeline of projects** and opportunities
- Acceleration of the performance plan with **annual savings ramping-up to €1.5 billion by April 2016**
- Regaining **strategic mobility:** €1 to 2 billion of proceeds targeted
- **Guidance maintained**

Agenda

- **Key highlights of H1 2013/14**
- Alstom's action plan to adapt to the current environment
- Outlook

H1 2013/14 key figures



Stable profitability, FCF impacted by some contracts' profiles and downpayments

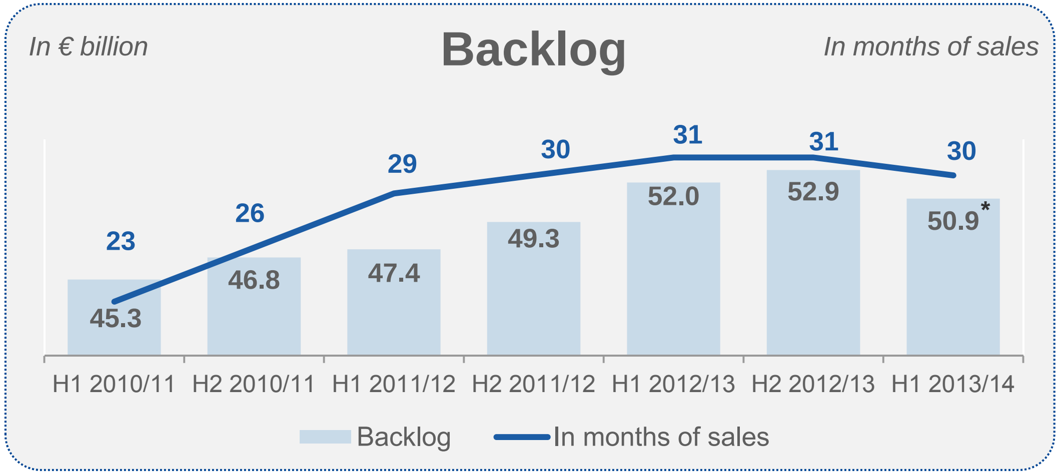
In € million

	Sept 2012*	Sept 2013	% change reported	% change organic
Orders	12,129	**9,431**	-22%	-20%
Book-to-bill ratio	*1.24*	***0.97***		
Backlog	52,015	**50,890**	-2%	2%
Sales	9,748	**9,730**	0%	4%
Income from operations	703	**695**	-1%	
Operating margin	*7.2%*	***7.1%***		
Net income	386	**375**	-3%	
Free cash flow	101	**(511)**		

** Adjusted for revised IAS 19*

Solid backlog at the end of September

Order book representing 30 months of sales

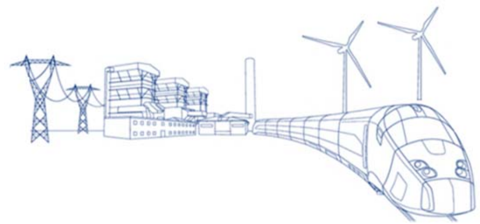


* Negative forex impact = €2 billion

** Large orders (>€100m) decrease in H1 2013/14 vs. H1 2012/13

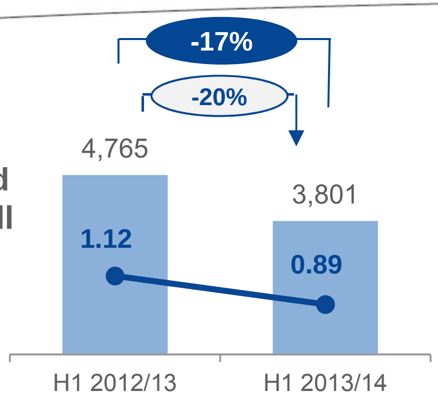
- Healthy backlog representing 30 months of sales
- Sustained level of small and mid-sized orders but limited large orders

Thermal Power
Key figures



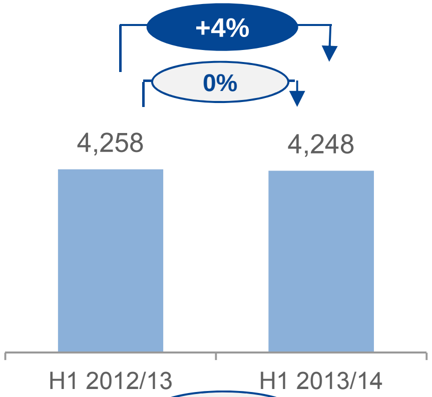
In € million

Orders and book-to-bill



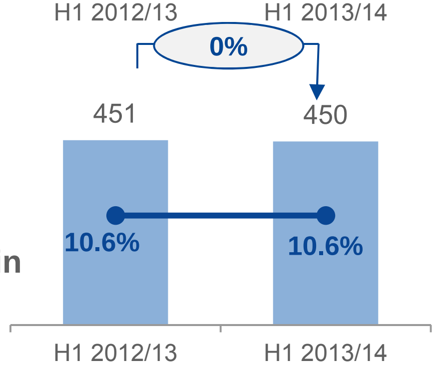
- Steam equipment (coal, ECS) remaining active, while pick-up in gas yet to come
- Thermal Services orders strong at €2.7 billion

Sales



- Sales growing in spite of limited milestone recognition in EPC projects
- Resilient Thermal Services sales: €1.9 billion (-4% vs last year on an organic basis)

Income from op. and margin



- Stable operating income and margin thanks to strong execution and actions on costs

-x% % change reported -x% % change organic

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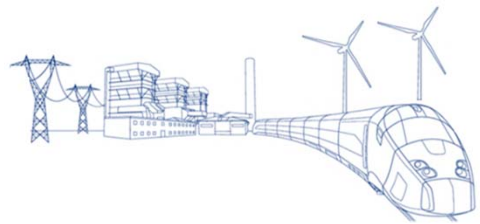
Renewable Power
Key figures

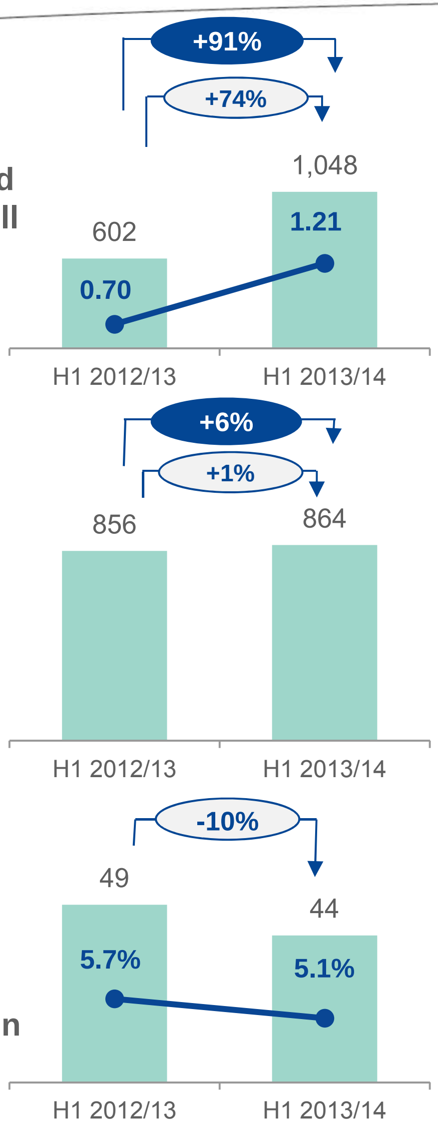


In € million

Orders and book-to-bill

Sales

Income from op. and margin



-x% % change reported   -x% % change organic

- Growth in orders fuelled by hydro projects booked (Albania, Turkey, Canada, India) and by strong growth in services
- Commercial successes in wind in Mexico and in Brazil

- Sales recovering progressively from a low level of activity

- Decrease in margin linked to continuing pressure on wind prices partly offset by better volumes and actions on costs
- Margin improving from a low point in H2 2012/13

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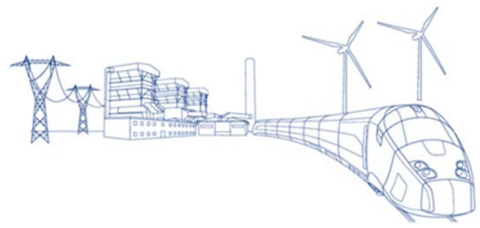
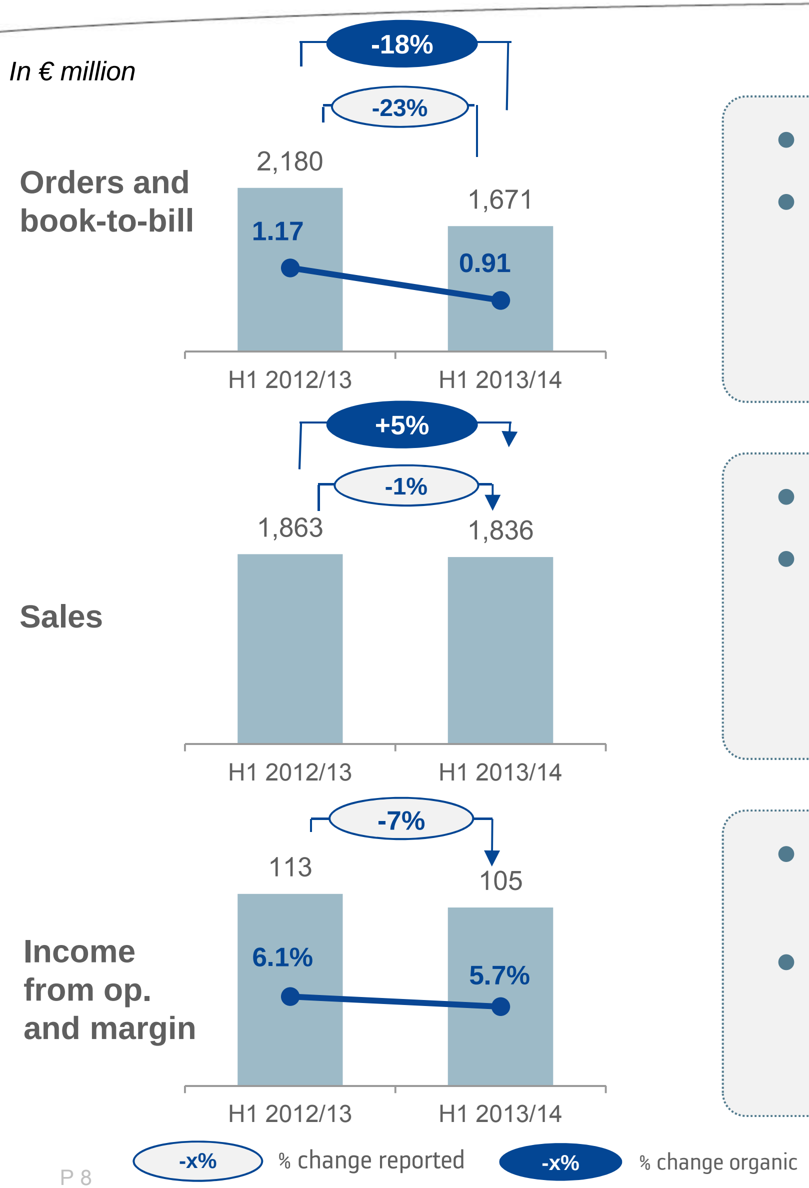
Grid
Key figures





- Good flow of small and mid-sized contracts
- Stable volumes excluding a €400 million UHVDC contract in India booked in H1 2012/13

- Sales up 5% on an organic basis
- Well-balanced by region (app. 30% in Europe, 20% in Americas, 25% Asia/Pacific, 25% MEA)

- Increasing contribution from power electronics and automation
- Significant efforts on costs ramping up and partly mitigating price pressure in AC

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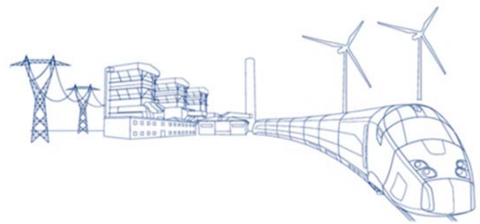
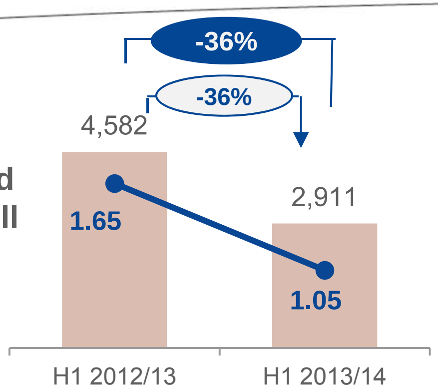
Transport
Key figures



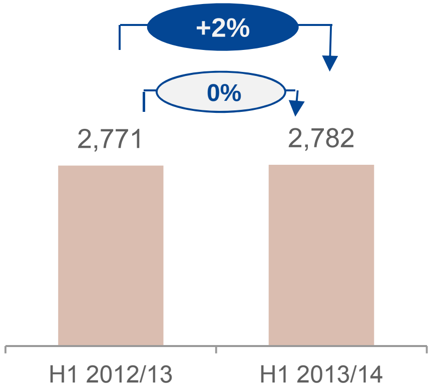
In € million

Orders and book-to-bill



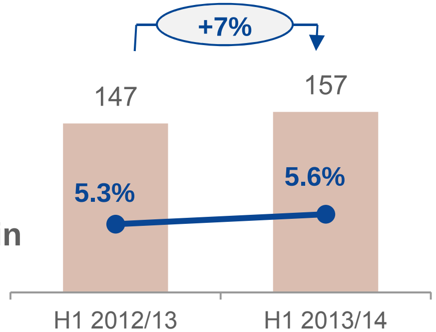
- Sound orders (exceptionally high in H1 2012/13)
- Main contracts signed in France, UK, USA

Sales



- Increase in sales organically (strong in Q2)
- Main deliveries in France (regional and suburban trains), Germany (regional trains), Kazakhstan (locomotives) and the UK (Pendolino service)

Income from op. and margin



- Income from operations and margin improvement thanks to good execution and cost optimisation

-x% % change reported   -x% % change organic

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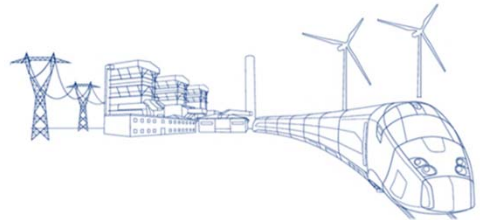
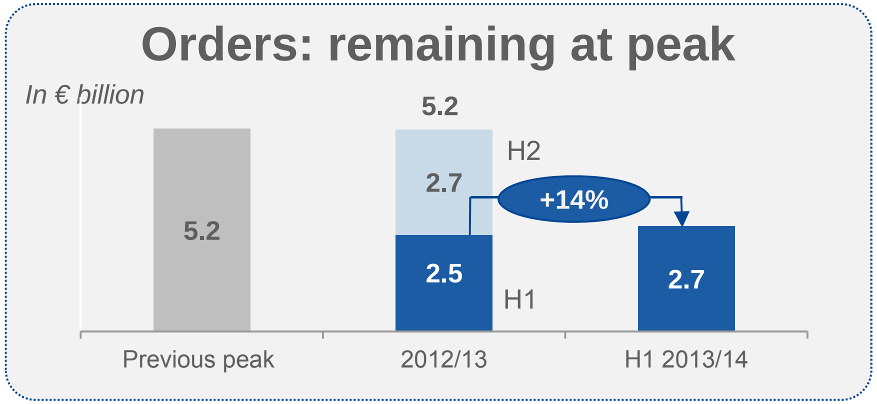
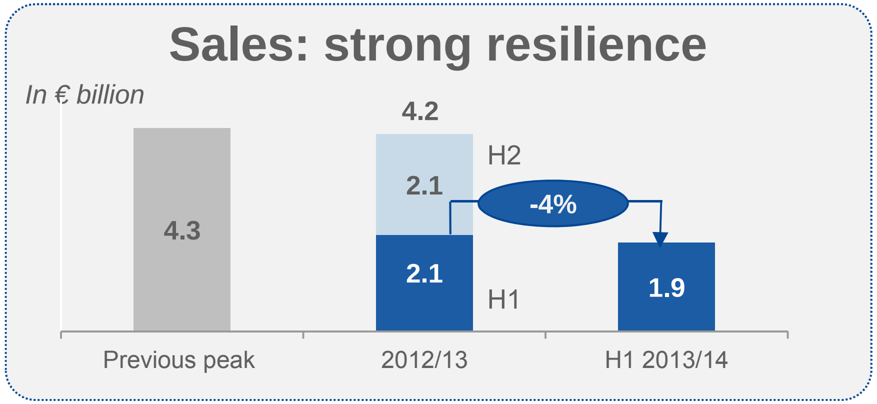
Sound Thermal Services business



Activity supported by balanced portfolio





Resilience of thermal service market

- Ageing base in mature markets,
- increasing environmental constraints and
- growing emerging markets offsetting
- lower utilisation rate of power plants in Europe

Key strengths of Alstom positioning

- Large installed base
- Services to both own and third-party fleets
- Diversified technologies
- Global presence (60 countries)

-x% % change organic

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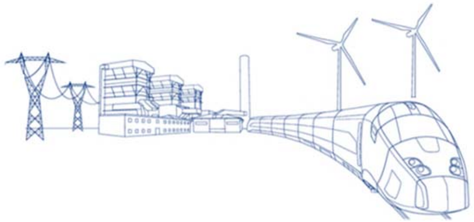
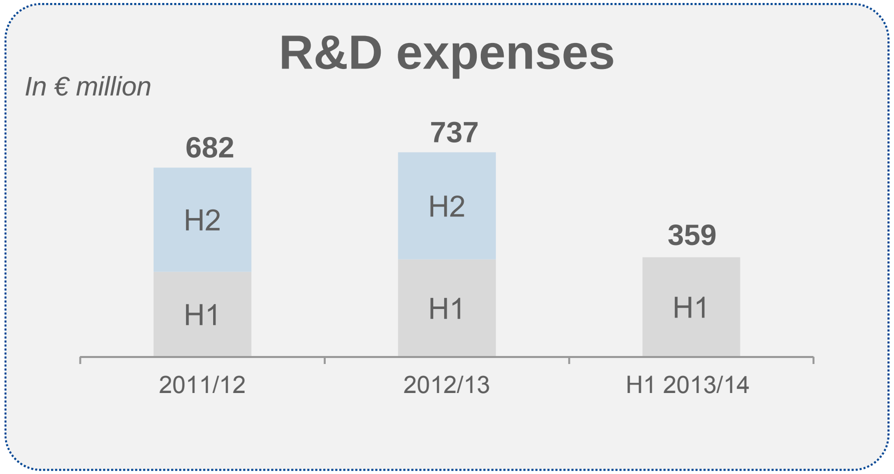
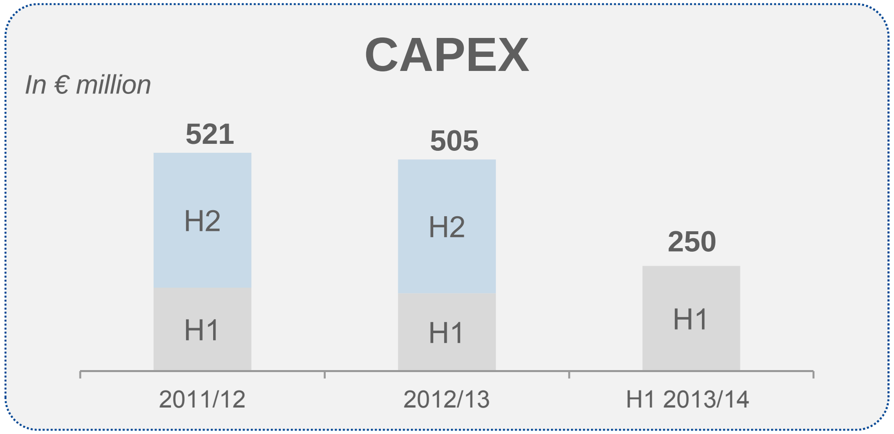
Investing selectively for future growth



R&D and capex in line with plans





- H1 2013/14 R&D expenses dedicated notably to:
  - Gas turbines development
  - Successful Tidal test turbine
  - First digital substation automation centre in India
  - Axonis and Urbalis Fluence, two major innovative solutions in metro systems and signalling

- In H1 2013/14, several initiatives:
  - New facility for steam turbines in Gujarat, India
  - Extension of the hydro site in Tianjin, China
  - Wind tower factory in Canoas, Brazil
  - Bogie manufacturing plant in Canada

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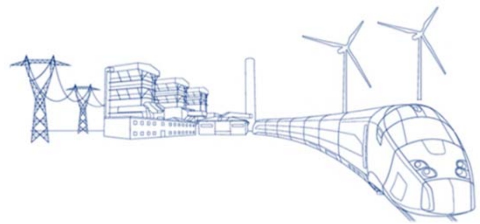
Income statement



In € million

	Sept 2012 *	Sept 2013	% change reported
Sales	9,748	**9,730**	*0%*
Income from operations	703	**695**	*-1%*
Operating margin	*7.2%*	***7.1%***	
Grid PPA & acquisition costs	(43)	**(2)**	
Restructuring charges	(29)	**(56)**	
Other non-operating expenses	(39)	**(20)**	
EBIT	592	**617**	*4%*
Financial result	(135)	**(140)**	
Tax result	(90)	**(103)**	
Impairment loss of equity investees	-	**(22)**	
Non controlling interest & other	19	**23**	
Net income	386	**375**	*-3%*

* *Adjusted for revised IAS 19*

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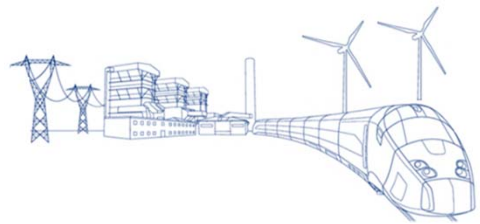
Free cash flow



FCF impacted by some projects’ profiles and downpayments

In € million	Sept 2012	Sept 2013
Income from operations	703	**695**
Restructuring cash out	(73)	**(78)**
Depreciation	175	**162**
Capital expenditure	(186)	**(250)**
R&D cap. & amort. of acq. Techno	(15)	**(31)**
Pensions	(34)	**(34)**
Change in working capital	(291)	**(775)**
Tax cash out	(121)	**(144)**
Financial cash out	(44)	**(53)**
Other	(13)	**(3)**
Free cash flow	101	**(511)**

Negative working capital change during the period:

- Unfavourable cash profile of contracts executed: - €700 million, mainly related to a few large contracts
- Limited downpayments due to unfavourable mix and level of orders: -€200 million
- Inventories, trade receivables and payables under control: + €100 million

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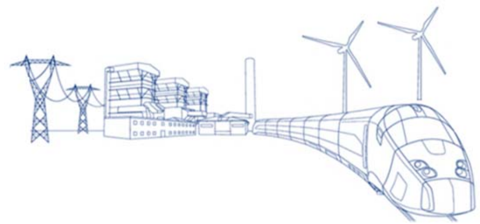
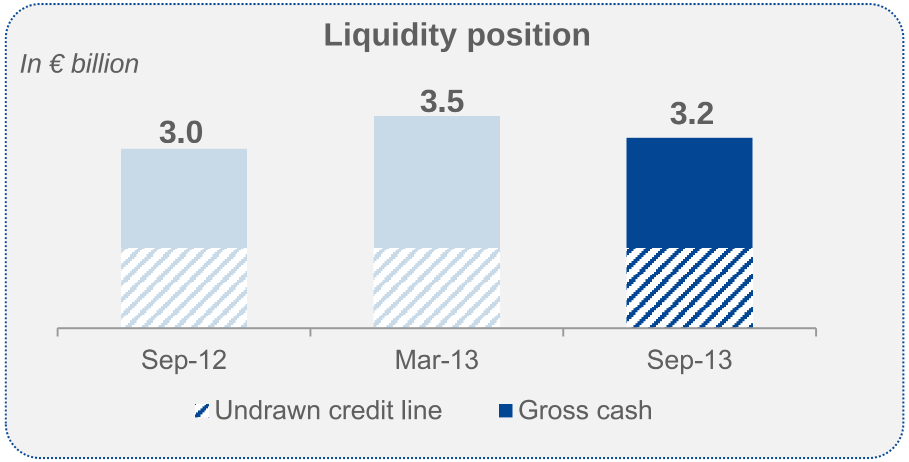
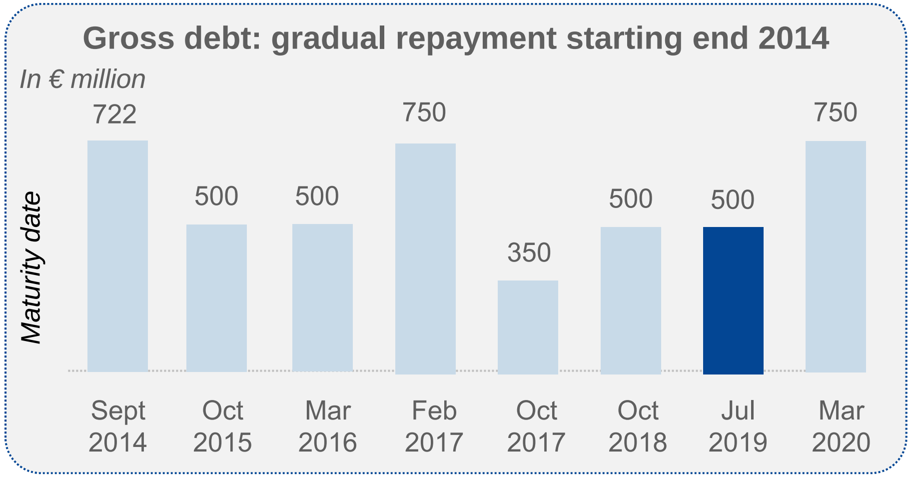
Financial structure



Actively managing balance sheet





- A €1.35 billion syndicated credit line **fully undrawn** maturing **in 2016**

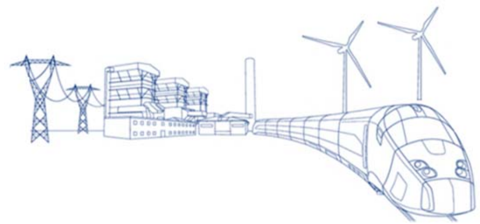
- **Large headroom** on covenants at end of Sept 2013
  - Minimum interest cover = 10.4 (>3)
  - Maximum total net debt leverage = 1.8 (<3.6)
  - Maximum total debt* = €5.1 billion (not applicable as investment grade, < €6 billion if not investment grade)

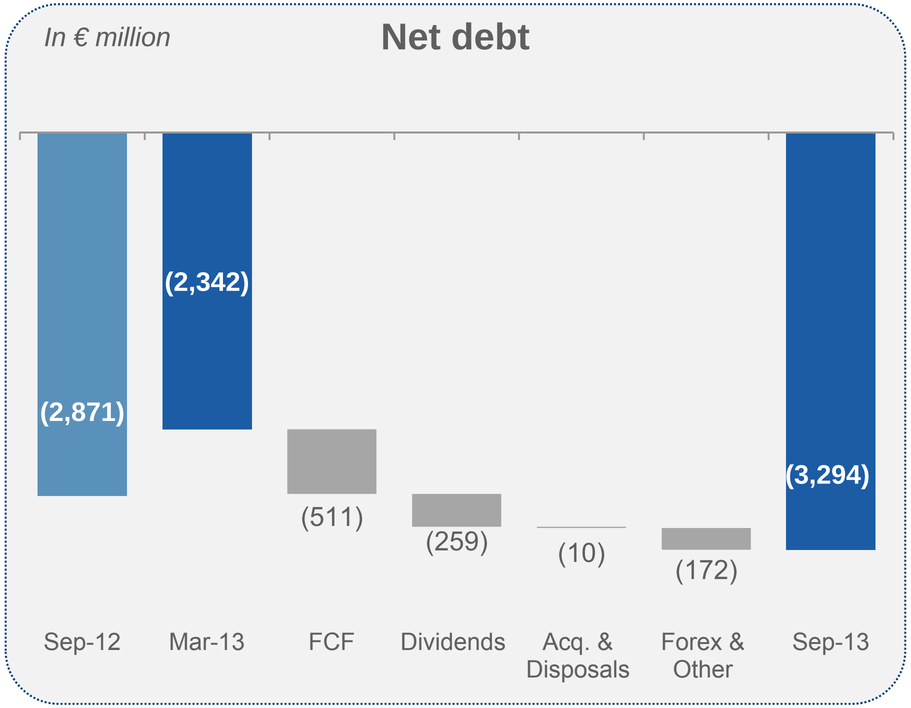
- New bond issuance made last July (€500 million, annual coupon of 3.0%, maturing July 2019)

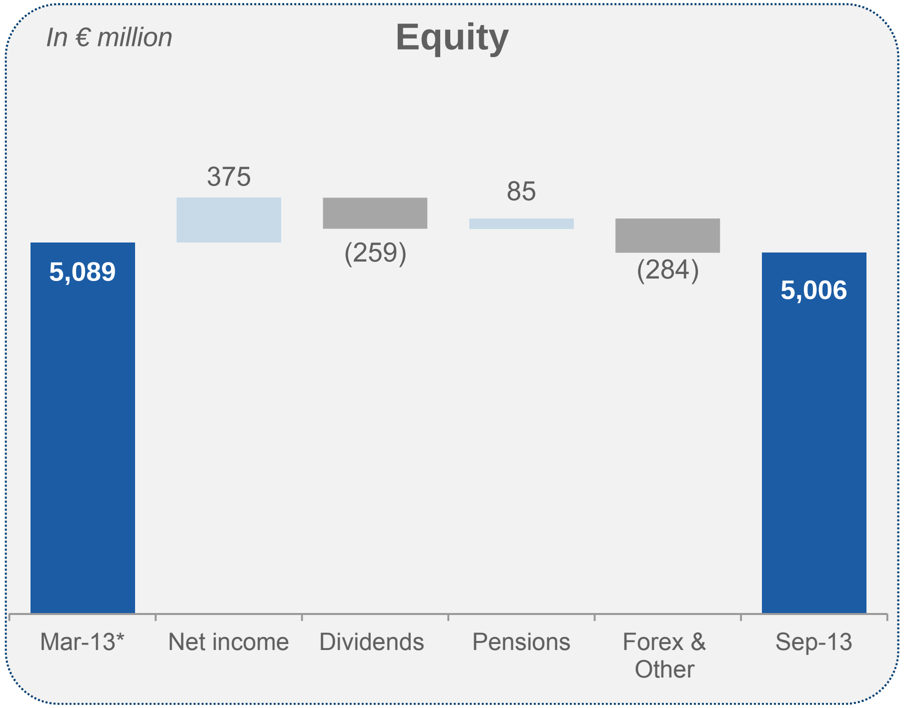
- **€ 9 billion syndicated bonding line**, maturing July 2016

* Minus finance lease obligations

Net debt & equity







** Adjusted for revised IAS 19*

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Agenda

- Key highlights of H1 2013/14
- **Alstom's action plan to adapt to the current environment**
- Outlook

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A comprehensive action plan to reinforce competitiveness and increase strategic mobility

Adapting to a tough economic and commercial **environment:**

- Enhancing **cost savings programme**
- Promoting a **leaner organisation**
- Increasing **financial flexibility** and regaining **strategic mobility**

d2e Dedicated to Excellence

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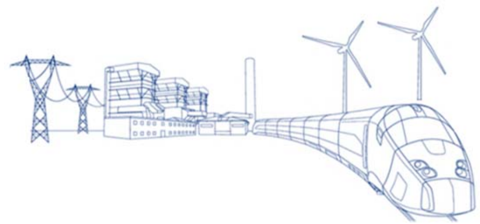
Contrasted markets



THERMAL POWER

Gas	Postponed recovery in mature markets
Steam	Opportunities in Eastern Europe, Middle East and Asia
Nuclear	Some new programmes, opportunities in safety enhancements
Services	Sound demand

RENEWABLE POWER

Hydro	Services & rehabilitation, large projects expected to resume
Onshore wind	Strong market but overcapacity & pricing pressures
Offshore wind	Opportunities in Europe (UK, North Sea, France), arising elsewhere
New energies	“Niche” market

GRID

HVDC	Sustained demand
Smart Grid	Strong growth with Renewable integration
AC products	Regional opportunities but global overcapacity and pricing pressure

TRANSPORT

Rolling stock	Expansion in urban & regional rolling stock Opportunities in Europe and emerging markets
Signalling & Services	Sound demand in signalling Big international contracts in Services

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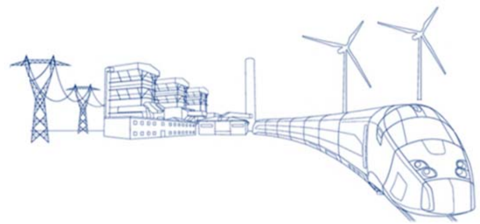
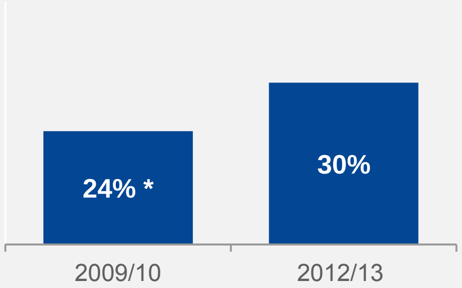
Consistent efforts to grasp growth and opportunities



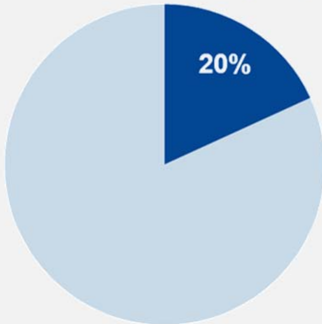
Developing service business



* Including Grid on a pro-forma basis

Services representing **30%** of sales in FY2012/13, from 24% in 2009/10

Enlarging equipment product offering



20% of orders with products of **less than 3 years** in 2012/13:

- Upgraded gas turbines,
- HVDC, smart grid
- Eco 122 wind turbines,
- Urban signalling, Citadis Spirit

Expanding in current and adjacent markets through partnerships and JVs

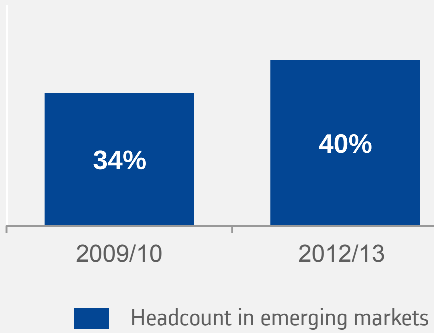
in key **emerging markets**

- China: Harbin (*Gas turbines*), SGCC, CNR
- Russia: Rosatom, TMH
- India: Bharat Forge, BHEL

and **technologies**

- GDF SUEZ: Tidal power farms
- KEPCO: HVDC
- CISCO: Digital substations

Extending geographical coverage



Headcount in **emerging markets** accounting for **40%** in 2012/13

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“Dedicated to Excellence” Plan

- **Adjusting cost base to low-growth scenario**
- **Performance plan** accelerated and enhanced with **two targets:**
  - Reinforcing competitiveness
  - Consolidating the medium-term guidance
- Promotion of **leaner organisation**
- Targeting **annual savings ramping-up to €1.5 billion by April 2016** vs. FY 2012/13 cost base
- **Restructuring costs** of €150-200 million per year

Four major cost categories

Sourcing: €10bn of cost base in 2012/13

- **More efficient sourcing** organisation (incl. creation of a sourcing board across the Group to identify and share best practices)
- **Action plans on levers** to be pushed further (LCC sourcing content, optimise prices in supply chain, reduce # of suppliers)

Manufacturing: €4bn of cost base in 2012/13

- Deployment to all the Group of **lean practices** identified in Sectors, including
  - higher standardisation and modularisation
  - redesign-to-cost

Industrial footprint: €2.5bn in 2012/13

- Optimisation of the **global footprint** and organisation streamlining
- Addressing **under-recovery**
- **Adjustment of capacity** and capex to market demand

S&A and R&D: €2.5bn in 2012/13

- **Reduction of S&A** while maintaining commercial efficiency to leverage good worldwide positions
- **Continuation of R&D efforts** while being selective

➡ Address the €19bn cost base and **make a €1.5bn improvement**

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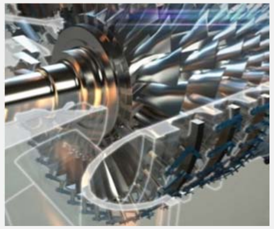
Examples of initiatives by Sector

THERMAL POWER: lead-time reduction



Optimisation of project resources on EPC Gas project

Action plan on non-critical equipment

Reduction in delivery time on EPC steam projects

Lean outages standardisation

RENEWABLE POWER: Francis turbines redesign-to-cost

4 levers of cost savings:

- functional
- technical redesign-to-cost,
- process optimisation,
- supplier co-design

Objective to substantially reduce production costs

GRID: sourcing transformation

Initiatives to generate savings: price management, tendering / sales support, raw material management, contract management, sourcing transformation, streamlining, etc

Targeting strong reduction of # of suppliers

TRANSPORT: local manufacturing & engineering

Increasing manufacturing footprint in LCC

Implementation of common manufacturing and engineering processes in all sites

Initiatives at corporate level

Lighter and leaner organisation

Simplification of regional structure

- Reorganising corporate functions on country level
- Reinforcing regional hubs

Decentralisation

- Delegating authority
- Reinforcing local decision making

Organisational delayering

- Simplifying decision-making process

Get closer to customers in emerging markets

- Creating centres of excellence in BRICs
- Improving long trust relationship

Recent capacity adjustments – Streamlining

Context

- **Adaptation** of **footprint** to lower demand
- Optimisation of cost base, notably in Indirect costs

Plan launched end October 2013

Thermal Power

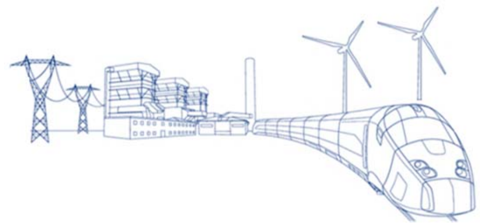
- Adaptation of **European boiler capacity** (notably in Germany)
- Streamlining in other businesses

Central functions

- Adaptation of **IS&T footprint**

➡ Total headcount impact: approximately **1,300 positions**

Making Alstom fit for future: portfolio management



Increased financial flexibility and strategic mobility by:

- **Disposal** of non-strategic assets
- Study of the sale of a **minority stake in Alstom Transport** to industrial partners or financial investors

➡ **€1 to 2 billion of proceeds** targeted by December 2014

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Agenda

- Key highlights of H1 2013/14
- Alstom's action plan to adapt to the current environment
- **Outlook**

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Three-year guidance maintained

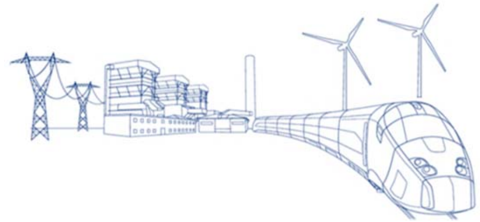
OUTLOOK

- Sales to grow **organically at low single digit**

- **IFO margin** expected to **gradually increase** with
  - Stable IFO margin in FY 13/14
  - IFO margin at **around 8%** in FY 15/16 or FY 16/17

- **Positive FCF** year after year

Contacts and agenda



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AGENDA

21 January 2014

Q3 orders and sales

7 May 2014

FY 2013/14 results

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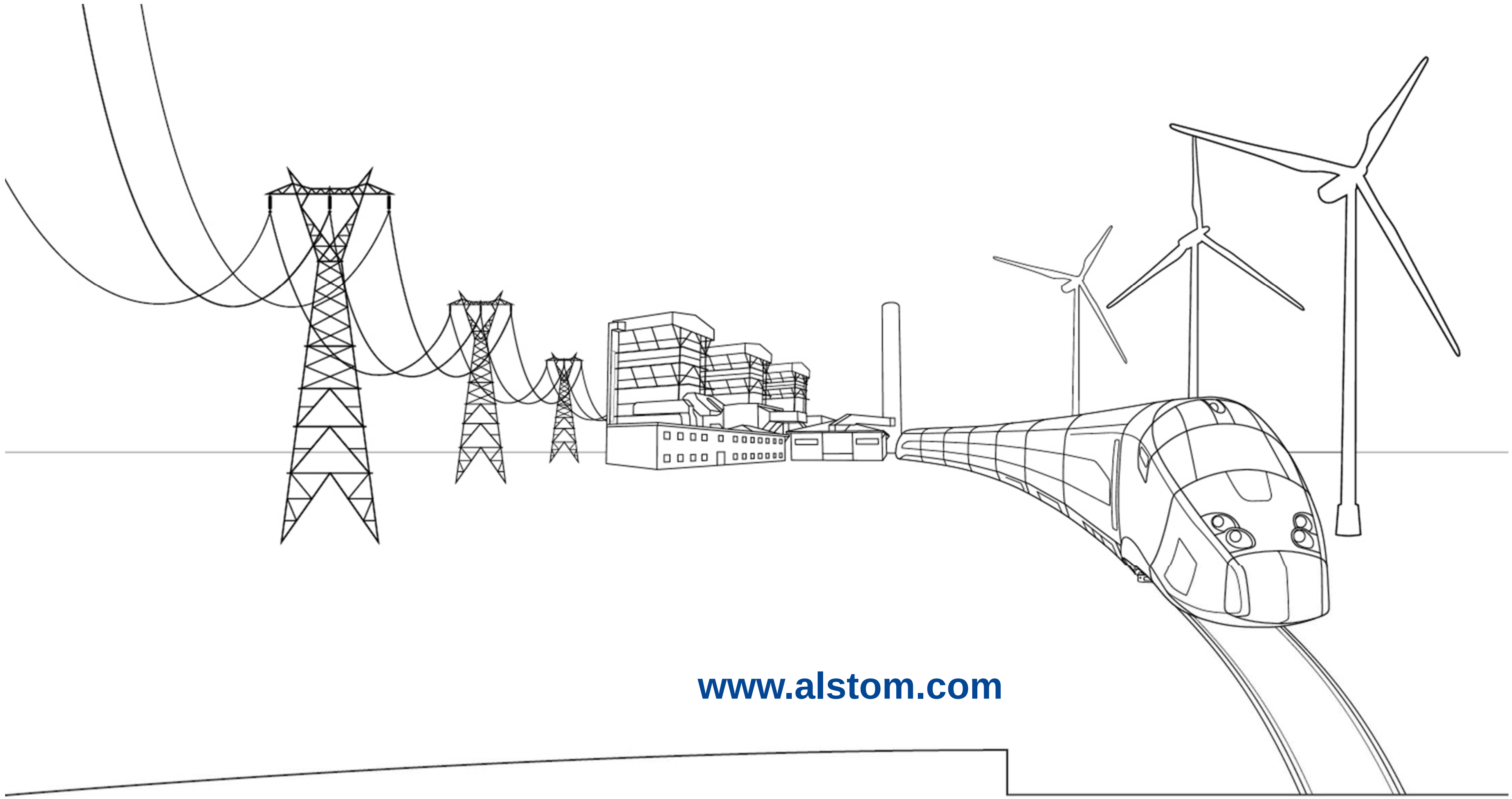

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