

Annual Results Fiscal Year 2012/13

7 May 2013

ALSTOM
Shaping the future

Agenda

1. 2012/13: key achievements

2. Financial results of 2012/13

3. Strategy

4. Outlook

Key figures

In € million

A robust performance in 2012/13

	March 2012	March 2013	Variation
Orders	21,706	23,770	+10%
<i>Book-to-bill ratio</i>	<i>1.09</i>	<i>1.17</i>	
Backlog	49,269	52,875	+7%
Sales	19,934	20,269	+2%
Income from operations	1,406	1,463	+4%
<i>Operating margin</i>	<i>7.1%</i>	<i>7.2%</i>	
Net income	732	802	+10%
Free cash flow	(573)	408	

2012/13 delivery

Annual results 2012/13: strong book-to-bill and FCF turnaround

Initial 3-year guidance

- Assumption of **orders** to remain sustained
- **Sales** growth over 5% per year on current scope
- **Operating margin** to gradually improve to around 8% in FY 2014/15
- Positive **FCF** each of the 3 years

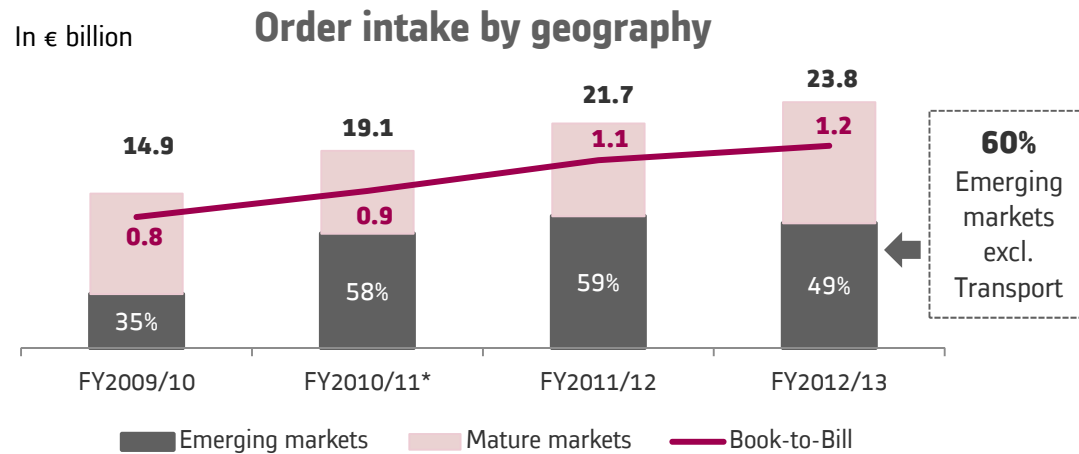
Year 1 – 2012/13

- **Book-to-bill above 1.0**
 - in every sector
 - **Orders up 10% YoY**
 - strong Q4 2012/13: €6.6 Bn
 - **Sales 2012/13: +2%**
 - **Operating margin up at 7.2%**
 - **H1 2012/13: €101m**
 - **H2 2012/13: €307m**
- } => **FY 2012/13: €408m**



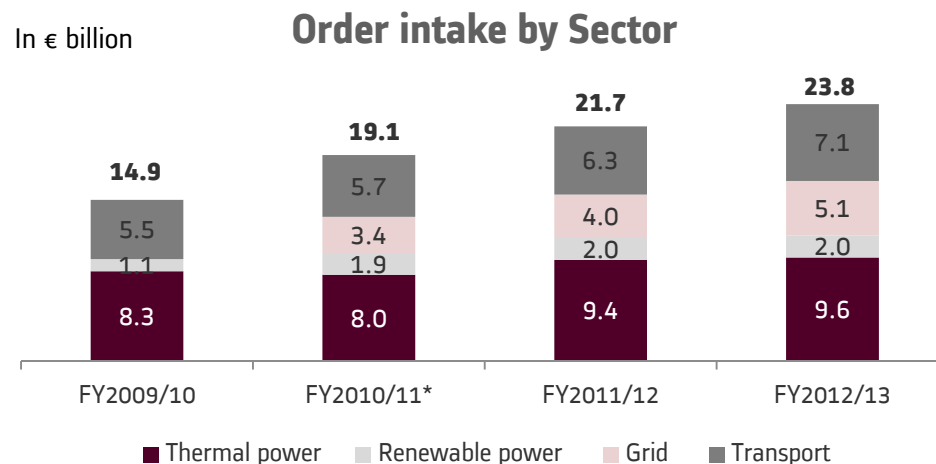
Ramp-up of orders

Orders momentum supported by geographical redeployment



➔ **Good level of orders received, despite a still challenging environment**

- Emerging countries representing half of the total orders
- Strong commercial performance in Transport, notably in Europe







A year of commercial successes (1/2)




A diversified range of products and geographies

THERMAL POWER – Main contracts

Gas – 12 turbines sold vs 14 in FY11/12 (5.0 GW vs 2.8 GW last year)

-  North Bangkok – 2 upgraded GT26 gas turbines (€225m)
-  China – 5 GT13 gas turbines
-  Carrington – 2 GT26 for a gas-fired power plant (€410m)
-  Tzafit – 2 GT26 for a gas-fired power plant (€500m)





Steam – another jumbo contract

-  Saudi Arabia – Equipment for HFO power plant (€750m)
-  India – Turbine islands and boilers for coal-fired power plants
-  Egypt – 650 MW steam turbine for power plant

Nuclear – slow recovery post-Fukushima



-  India – Turbo-generator package for nuclear plant

Retrofit/Services – strong year




-  South Africa – Kriel coal-fired power station retrofit
-  Libya – Spare parts for gas-fired power plants (€250m)
-  Tzafit – maintenance contract (€330m)
-  Canada – Retrofit of nuclear power plant (€265m)

RENEWABLE POWER – Main contracts

Hydro – active despite lack of big projects

-  Equipment (turbines and generators) for the biggest hydro power plant in Columbia
-  Grand Renaissance dam in Ethiopia – Turbines and generators (€250m)

Onshore Wind – building-up leadership in Brazil

-  Renova Energia – Eco 122 wind turbines (€ 450m) *
-  Casa dos Ventos – 68 Eco 122 wind turbines (€230m)
-  Queiroz Galvao – Wind turbines for 3 wind complexes (€270m)

Offshore wind – first success

-  France – 3 offshore farms (round 1) with EDF **

* Part of a frame agreement for 440 turbines (> €1bn)




** Orders expected to be gradually booked (> €2bn)

A year of commercial successes (2/2)



A diversified range of products and geographies

GRID – Main contracts



AC – remaining a key player

-  Sogamoso sub-station - Power transmission
-  KAR Kurdistan – Reinforcement of Northern Iraq's electricity network
-  Aurangabad – 765 kV Extra-HV Substation

HVDC – major commercial successes






-  Dolwin3 – Turnkey offshore grid connection (> € 1 bn)
-  Champa – 800 kV turnkey UHVDC (€400m)

Smart Grid – commercial projects developing well




-  Alaska – Modernization of Static VAR compensators
-  Hawaii – Maui smart Grid project

TRANSPORT – Main contracts


Rolling stock – highly successful in Europe

-  Additional new Pendolino trains (€200m)
-  Coradia trains for Swedish regional network (€440m)
-  Italy – Regional trains (€440m)
-  Paris region – Duplex train sets for the RER A (€650m)
-  Germany – Coradia regional trains (€400m)

Signalling – maintaining leading position

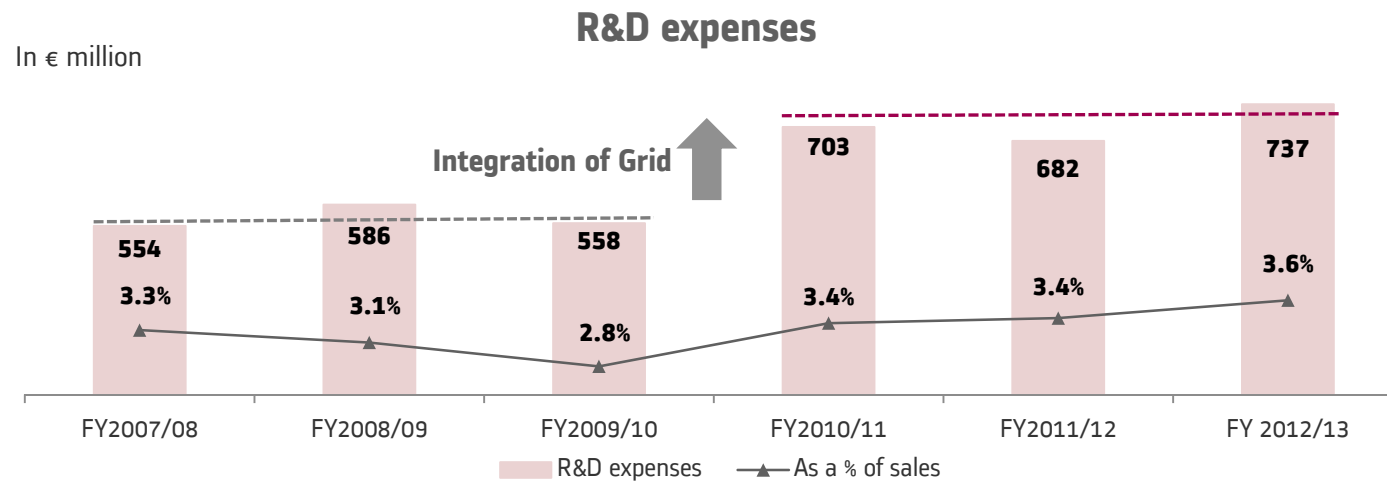
-  Renewal of Lille Line 1 automatic metro (€250m)
-  Additions to the BRIO contract – signalling for the Belgian railways network
-  New signalling systems for the whole of Amsterdam metro network

Service – growing share

-  Kazakhstan – 25-year maintenance and modernisation of locomotives with KTZ
-  Extension to a service contract for AGV (€330m)

R&D – a key pillar of Alstom strategy

R&D expenses: 3.6% of sales in FY2012/13



- ➔ Aiming at enhancing leadership in traditional segments, and
- ➔ Allowing new entry or further penetration of fast growing and high-end segments such as:
 - Third-party services in Thermal Power
 - Offshore wind
 - HVDC and Smart Grid
 - Urban signalling system

Recent R&D efforts paying off

Recent R&D initiatives leading to ...

Upgraded GT24 – GT26 gas turbines

- Greater operational flexibility, reliability and availability
- Improved efficiency with lower emissions

UHVDC

- 800kV DC valves, bushings and transformers
- Most efficient for transmission over long distances

MaxSine VSC

- New VSC valve & controls, 25MW full-scale demo.
- Building on Alstom Grid offshore expertise

Haliade 150

- 6 MW capacity
- Direct Drive and Pure Torque™ technology

Citadis Spirit (for North America)

- Flexible light-rail vehicle (tram-train)
- Able to operate in extreme winter conditions

U 500 Urban Signalling

- New generation radio-based CBTC
- Reduced intervals between trains



major 2012/13 commercial successes

North Bangkok CCPP power plant

- First CCPP in the world with Alstom's upgraded GT26 gas turbine (2 turbines)
- **Contract value: € 225 million (Alstom's part)**

Champa

- A reference in 800 Kv; 3,000 MW UHVDC
- **Contract value: € 400 million**

Dolwin 3

- HVDC with VSC technology; ±320 kV, 900 MW
- **Contract value: over €1 billion (exc. cables)**

Offshore French tender – Round 1

- 240 turbines for three offshore zones
- **Expected contract value: over € 2 billion**

Ottawa

- 34 light rail vehicles and 30-year maintenance
- **Contract value: € 400 million (Alstom's part) ***

Lille

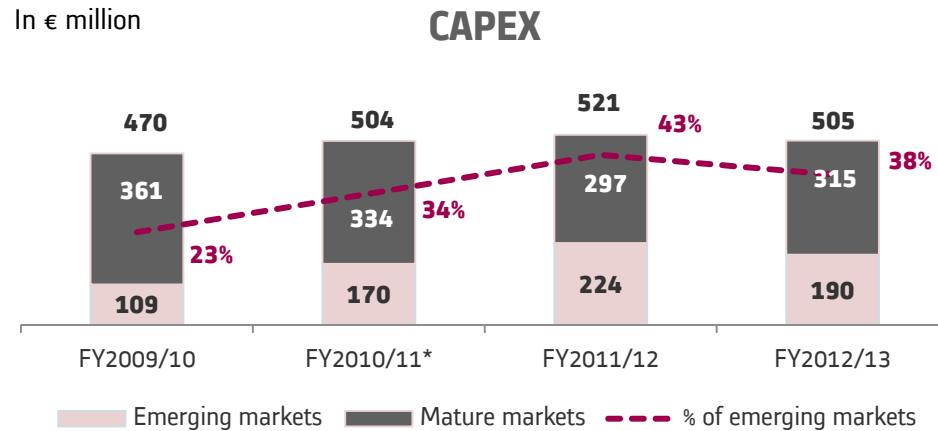
- Signalling for Line 1 metro (Urbalis 500)
- **Contract value: € 250 million (incl. metros)**

* € 200 million booked in 2012/13

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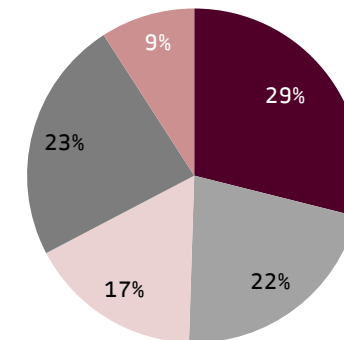
Sustained CAPEX for future growth

CAPEX focused on strategic priorities



* With Grid consolidated from June 2010

2012/13 CAPEX by Sector



Legend: Thermal (dark red), Renewable (grey), Grid (light pink), Transport (dark grey), Corporate (brown)

➔ CAPEX remaining at a sustained level

- Around €500 million

➔ Close to 40% FY2012/13 CAPEX in emerging markets

- Build-up of capacity in high growth areas

Optimisation of operational footprint

Efficiency improvement and positioning in high growth markets

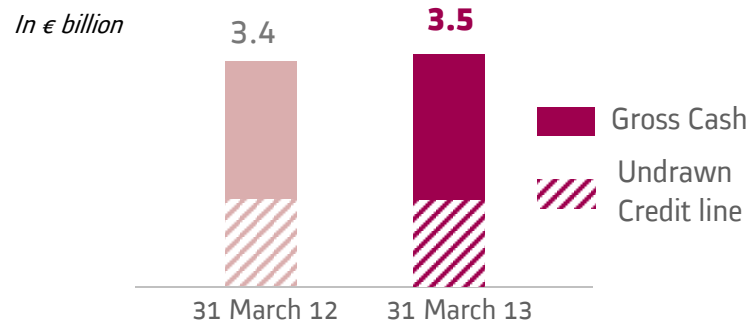


⁽¹⁾ Including projects with consultation of employee representatives currently underway

Solid financial structure

Actively managing balance sheet

Liquidity position: ample room for manoeuvre

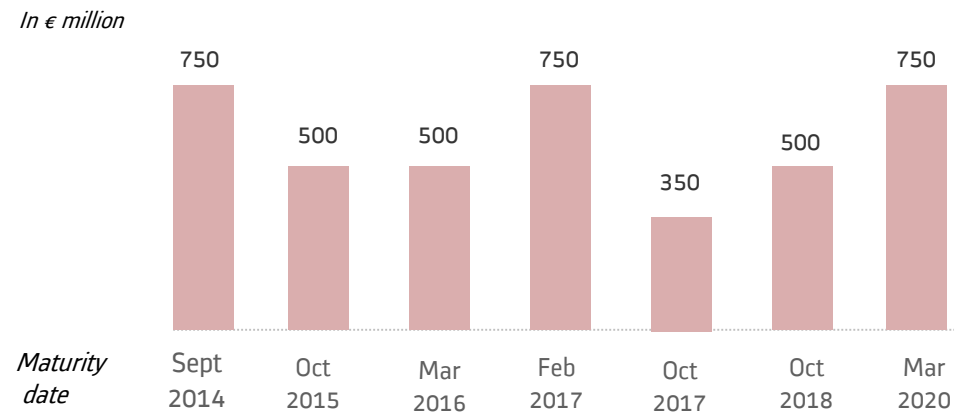


- A €1.35 billion syndicated credit line fully undrawn maturing in 2016
- Large headroom on covenants at end of March 13
 - Minimum interest cover = 11.2 (>3)
 - Maximum total net debt leverage = 1.3 (<3.6)
 - Maximum total debt not applying (investment grade)

Bonding line renegotiated

- Successful renewal of the syndicated line, raised to €9 billion, maturing July 2016

Gross debt: gradual repayment starting end 2014



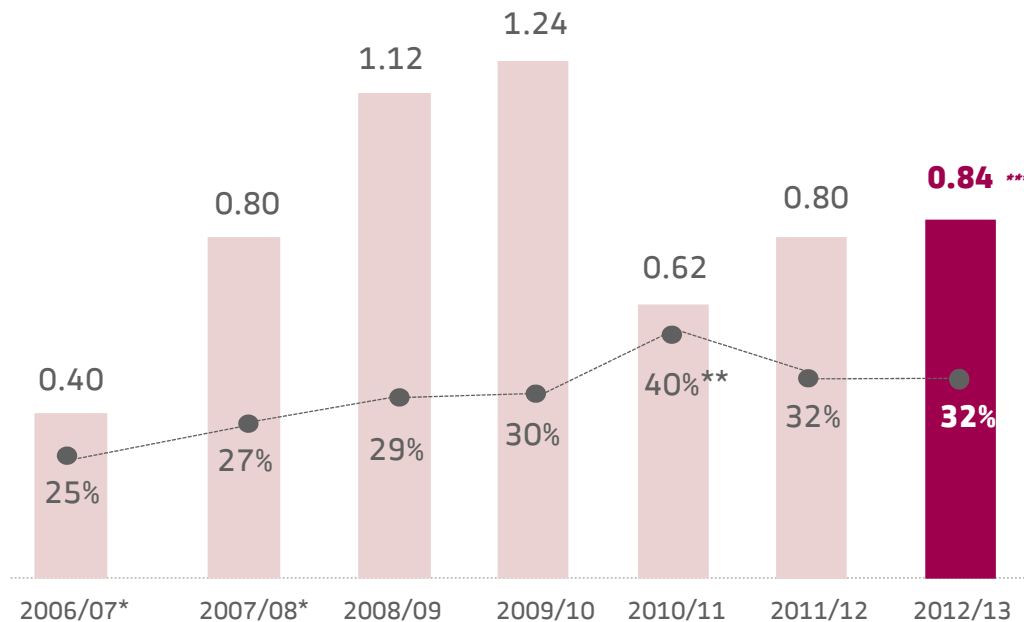
Cautious approach on M&A financing

- Small-sized capital increase (€350m, i.e. less than 5% of the share capital) aiming at financing acquisitions (namely TMH and other add-on transactions)
- Limited discount (<5%) and marginal dilution impact

Proposed dividend of €0.84 per share (+5%)

Increased dividend supported by growth of net profit

In € per share



● xx% Pay-out ratio

* Adjusted from the split

** Net result impacted by exceptionally high restructuring charges

*** To be proposed to the next AGM

- **Annual General Meeting:** 2 July 2013
- **Ex-date:** 4 July 2013
- **Record date:** 8 July 2013
- **Payment date:** 9 July 2013



Corporate Social Responsibility (1/2)

Major progress in 2012/13

- ➔ Development of a CSR policy covering all Sustainable Development aspects:
 - *Alstom technologies and solutions*
 - *Alstom partners and stakeholders*
 - *the way Alstom operates*
- ➔ CSR Country action plans (15 Alstom largest countries on board)
- ➔ Launch of internal and external communication supports
 - Monthly newsletter
 - Pedagogic films
- ➔ High disclosure score in the **Carbon Disclosure Project (CDP)**
 - 97/100 (vs. last year 88) - Performance score « B », stable vs. last year
 - Alstom ranked as 2nd of the SBF 250, and 1st in the French industry ranking

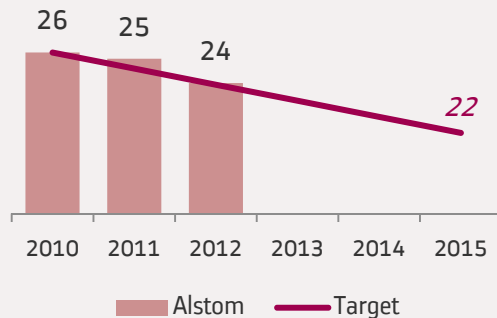


Corporate Social Responsibility (2/2)

Employees mobilised for sustainable development through Alstom CSR policy

Environment & stakeholders

Greenhouse gas emission intensity* (ton CO2 EQ/Sales in €m)



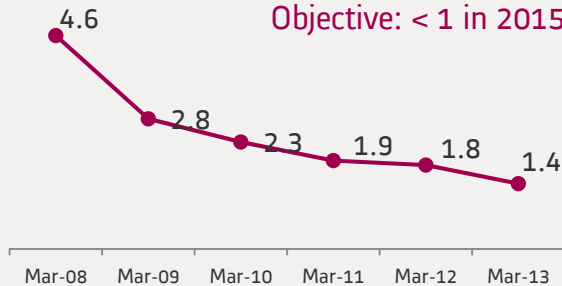
- Energy & GHG** related emissions, water and waste **reduction objectives** for 2015 well on track
- **Sustainable sourcing Charter** accepted by > 1,000 suppliers representing 80% of Alstom purchase amount
- **Alstom Foundation**: 16 new projects in 2012 for environmental protection & local communities

(*)Excluding the Grid Sector's SF6 fugitive emissions and the Birr R&D test activity emissions (due to gas and diesel oil usage)

P 15

Human Resources

Injury Frequency Rate (12 rolling months)



- IFR&1 on track and drastic reduction of highly severe accidents (divided per 2)
- Full deployment of Alstom Zero Deviation Plan to control high risk activities
- More than 3,300 people trained on EHS and High risk activities

(**) Greenhouse gases

Governance



- Continuous strengthening of Ethics & Compliance
- 300 E&C Ambassadors
- Implementation of the Integrity Program regularly assessed by Top 600 Managers

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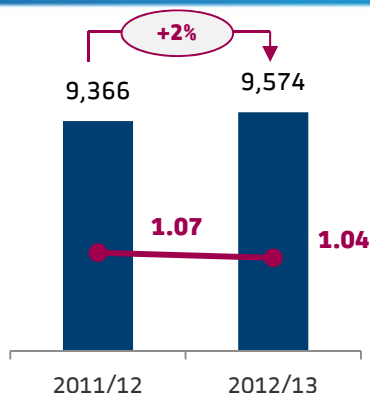
4. Outlook

Thermal Power

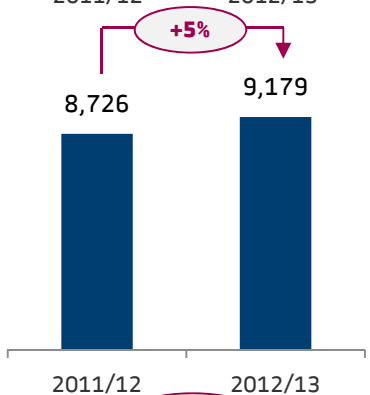
Key figures

In € million

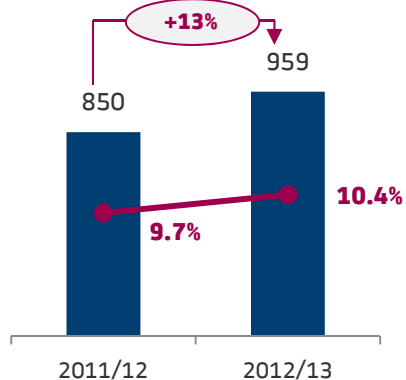
Orders and book-to-bill



Sales



Income from op. and margin



- Sustained orders with a book-to-bill above 1 for the 5th consecutive semester
- 12 gas turbines booked vs 14 in FY11/12: nearly twice the level booked last year in MW (5.0 GW vs. 2.8 GW)
- Strong activity in steam (coal, heavy fuel oil)
- €5.2 Bn of Thermal Services orders

- Sales progressively ramping up
- Resilient Thermal Services sales at €4.2 Bn

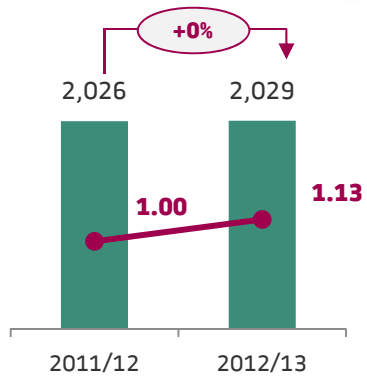
- Marked improvement of the operating income and margin thanks to higher volume and actions on execution and costs

Renewable Power

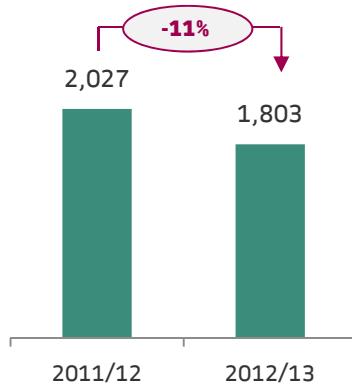
Key figures

In € million

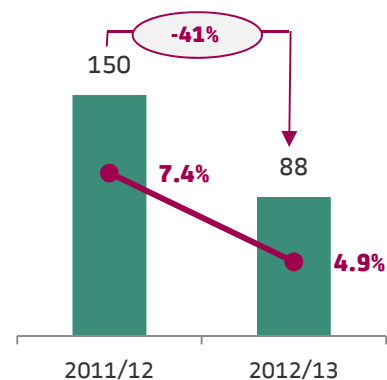
Orders and book-to-bill



Sales



Income from op. and margin



- Rebound of Hydro orders in H2 (Columbia, Ethiopia) as expected
- Strong commercial activity in wind with major contracts in Brazil

- H1 impacted by lack of significant milestones recognition on large Brazilian hydro projects in execution
- Situation improving in H2 (hydro milestones, growth in wind)

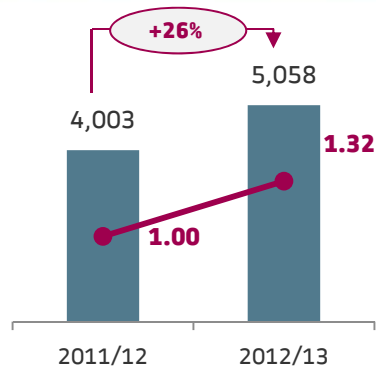
- Low point reached in operating margin due to
 - Low level of sales
 - Continuing pressure on wind prices
 - Negative impact of first Brazilian wind contracts

Grid

Key figures

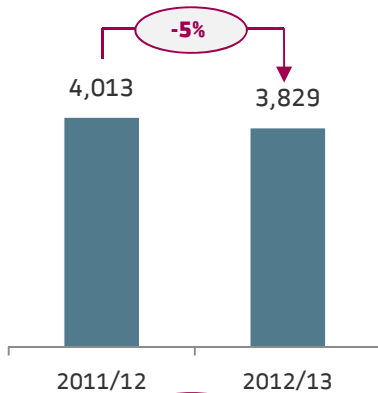
In € million

Orders and book-to-bill



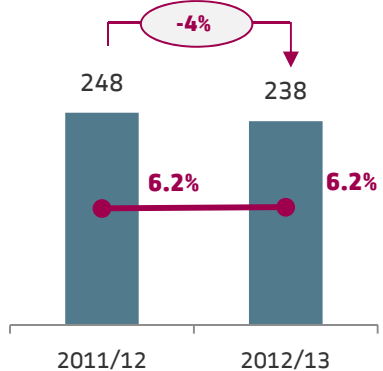
- Strong successes in HVDC (800kV UHVDC contract in India and offshore HVDC in Germany)
- Good flow of small and mid-sized contracts

Sales



- Customers slowing down some projects, impacting sales
- Well balanced by region (app. 25% in Europe, 25% in Americas, 30% Asia/Pacific, 20% MEA)

Income from op. and margin



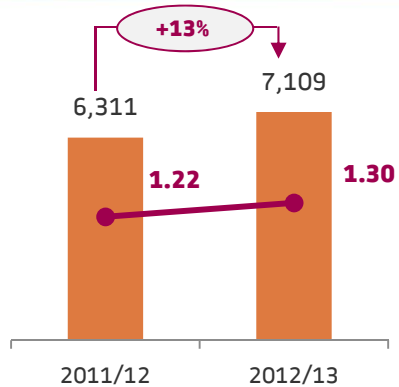
- Lower volumes impacting profitability, mitigated by strong execution and cost optimisation

Transport

Key figures

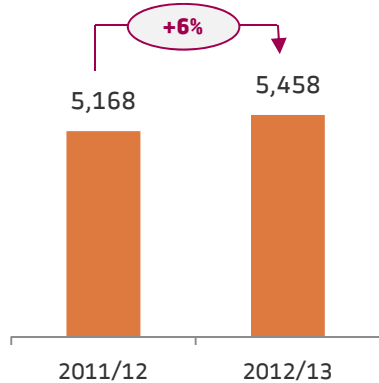
In € million

Orders and book-to-bill



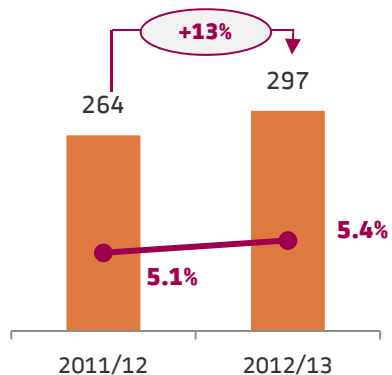
- High level of orders, leading to strong book-to-bill
- Orders particularly active in Europe and Americas
- Urban transport and regional trains representing the bulk of orders

Sales



- Strong growth in regional trains, signalling and services
- Main deliveries in France (high-speed and suburban trains), Italy (AGV), Russia and Kazakhstan (locomotives) and Latin America (metro trainsets)

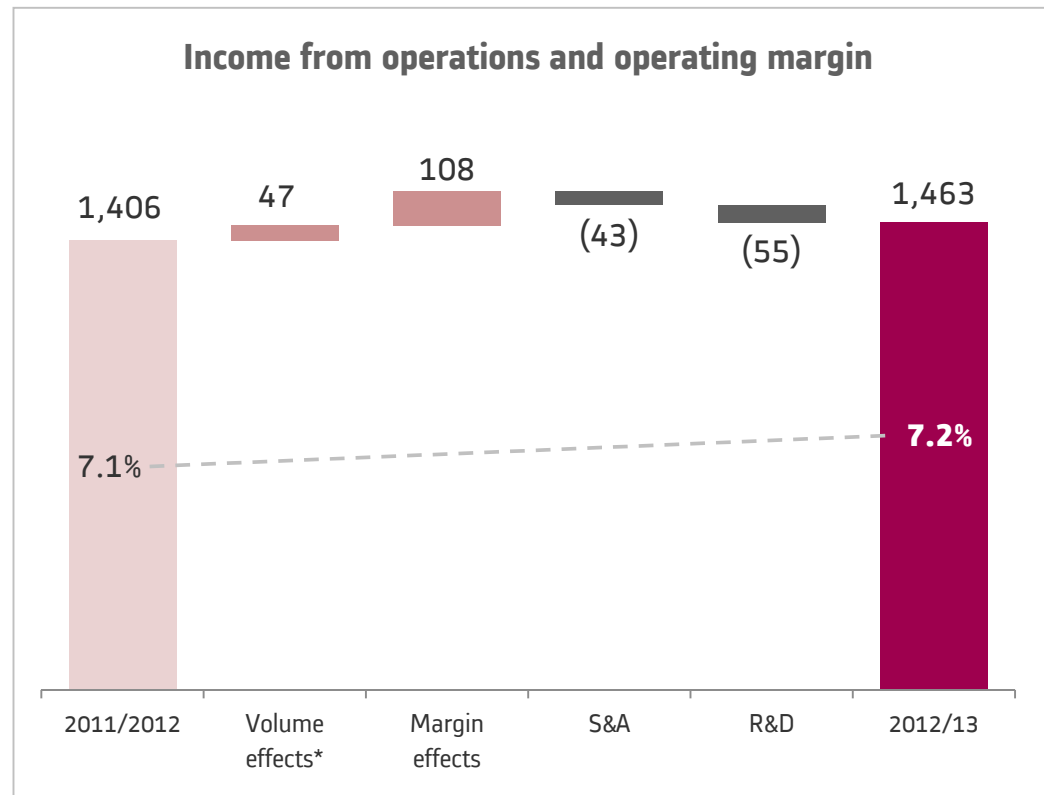
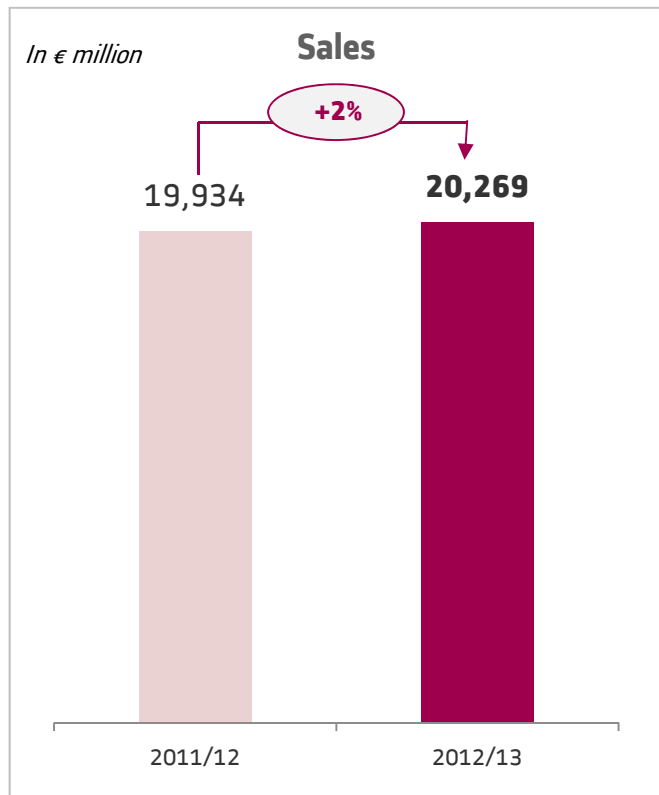
Income from op. and margin



- Operating income increase driven by volumes, good execution and cost optimisation
- Delivery of new products (less profitable in the starting phase than mature ones) still impacting margin

Sales and income from operations

- ➔ Sales growth lower than expected, hurt by lack of milestones recognition in Renewables and clients slowing down some projects (Grid)
- ➔ IFO margin up 10bp thanks to action on costs, despite lower than expected sales growth and increased R&D efforts



* Including under-recovery

Income statement

In € million

	March 2012	March 2013	Variation
Sales	19,934	20,269	2%
Income from operations	1,406	1,463	4%
<i>Operating margin</i>	7.1%	7.2%	
Grid PPA & acquisition costs	(156)	(45)	
Restructuring costs	(83)	(137)	
Capital gains & other	(95)	(94)	
EBIT	1,072	1,187	11%
Financial result	(177)	(223)	
Income tax charge	(179)	(193)	
Non control. interest & other	16	31	
Net result	732	802	10%

Free cash flow

In € million

	March 2012	March 2013
Income from operations	1,406	1,463
Restructuring cash out	(159)	(201)
Depreciation	340	348
Capital expenditure	(521)	(505)
R&D cap. & amort. of acq. Techno.	(98)	(57)
Pensions	(68)	(92)
Change in working capital	(968)	(111)
Tax cash out	(264)	(240)
Financial cash out	(157)	(223)
Other	(84)	26
Free cash flow	(573)	408

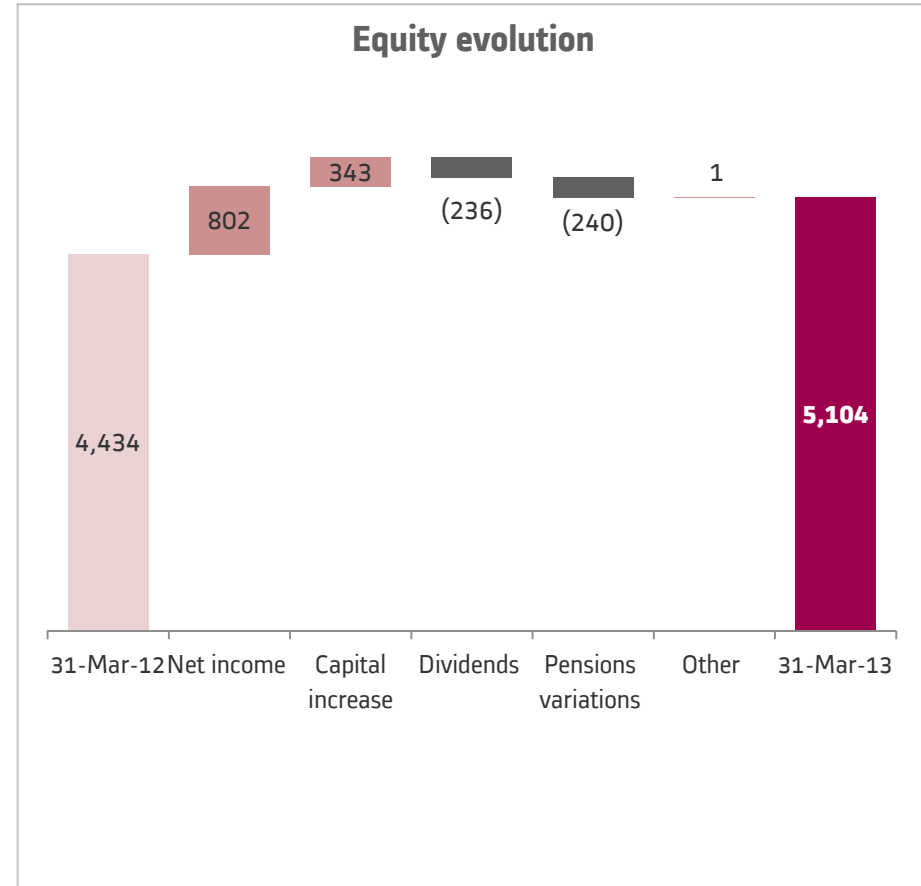
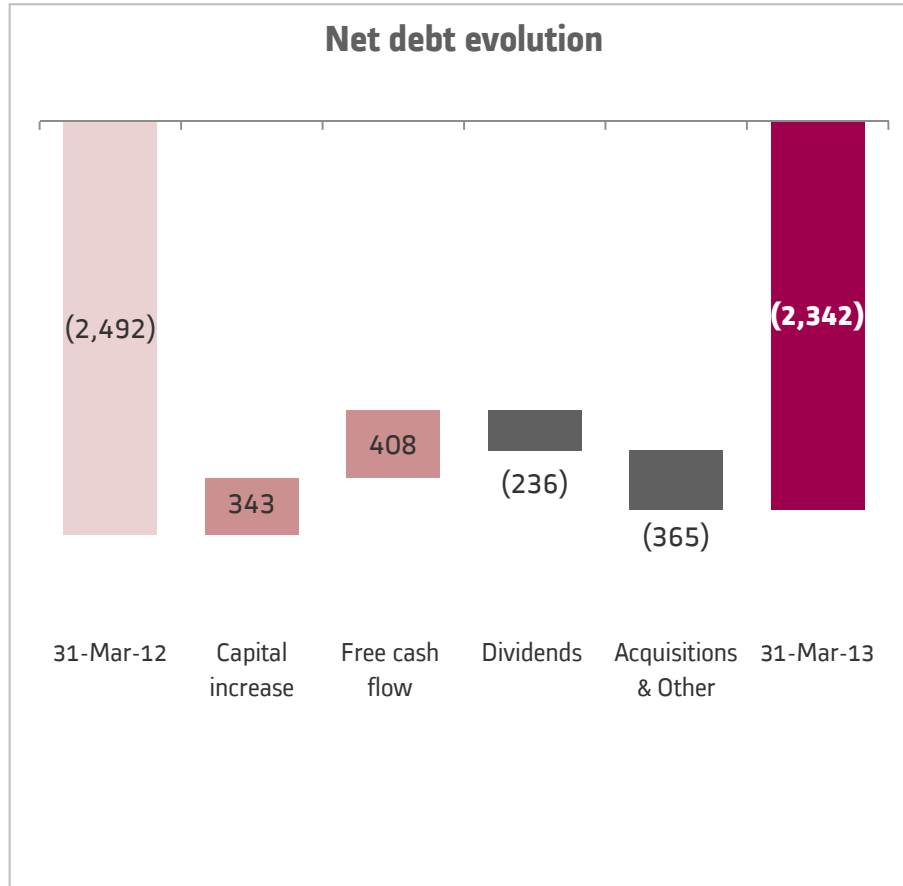
➔ **Positive free cash flow after two years of negative figures**

➔ **Change in Working Capital driven by:**

- Mix of orders weighing on the level of downpayments
- Lower than expected sales growth
- Strong working capital management

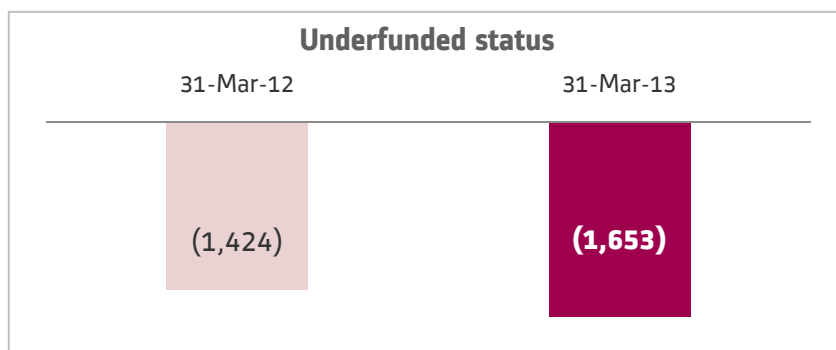
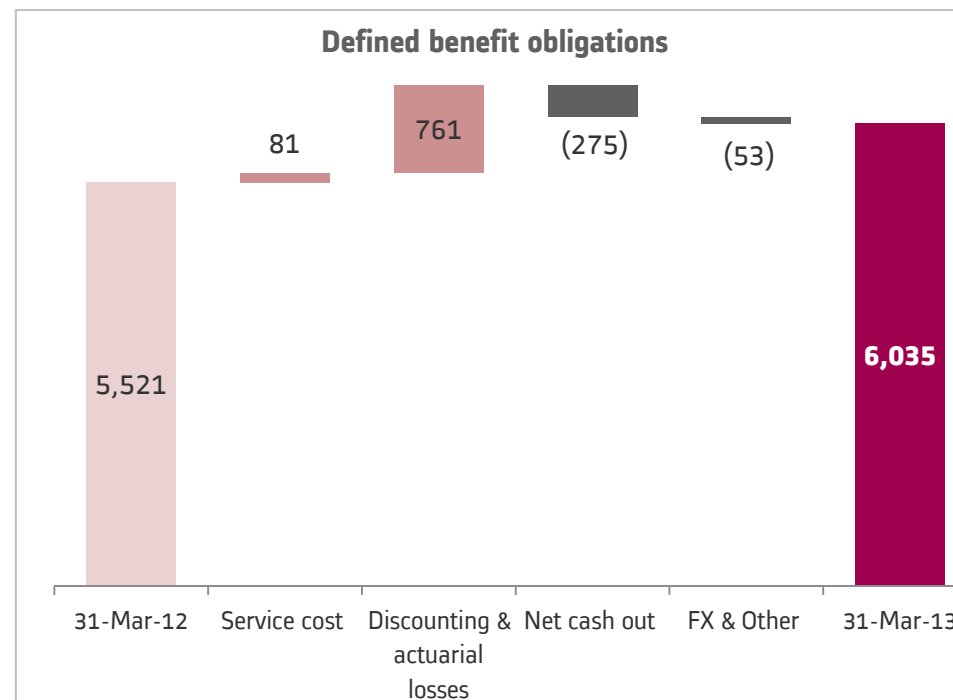
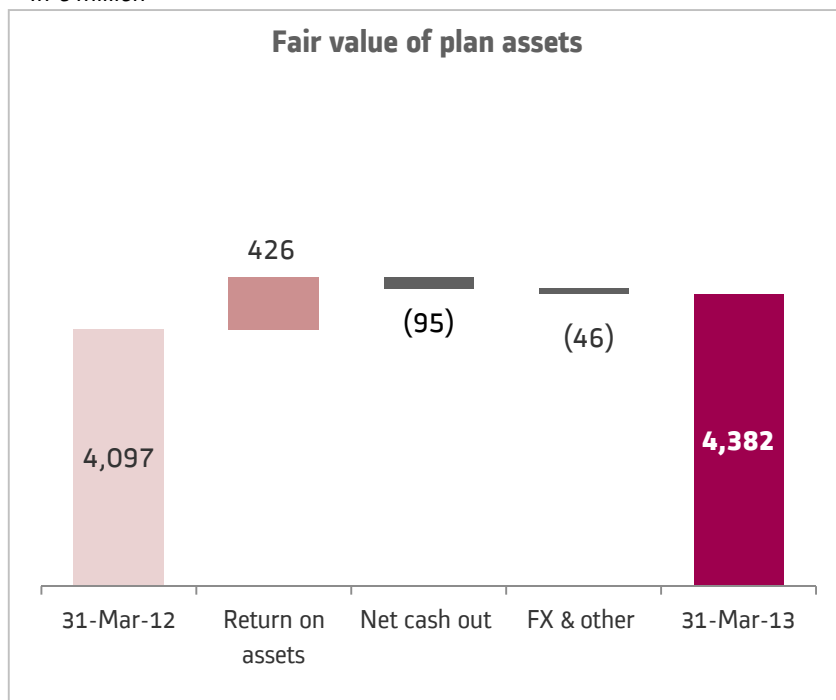
Net debt & equity evolution

In € million



Pensions

In € million



➔ Underfunding impacted by lower discount rate assumptions

Agenda

1. 2012/13: key achievements

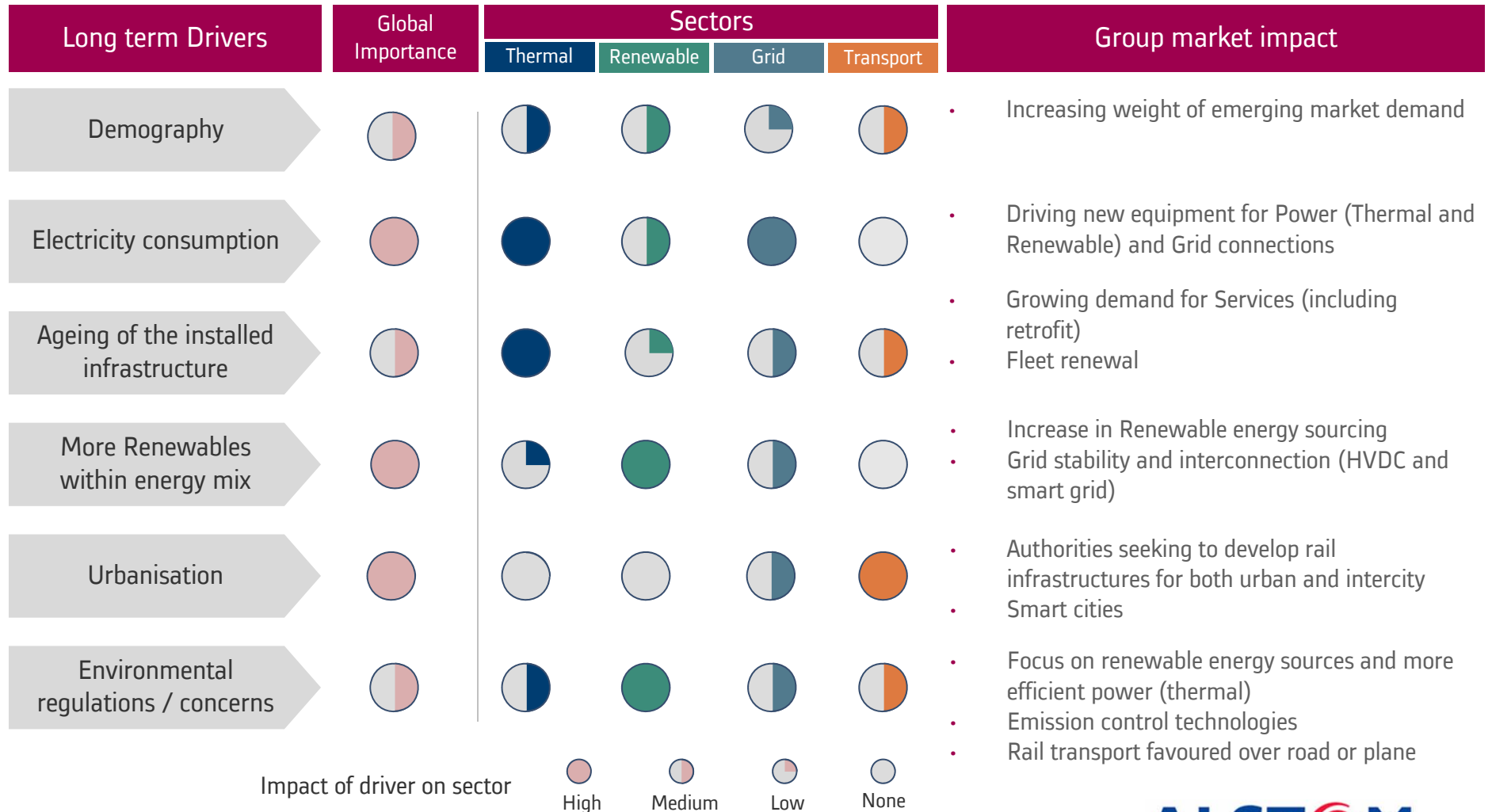
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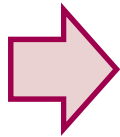
Long-term global context unchanged: favourable trends

Attractive long-term fundamentals for all end-markets

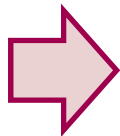


Confirmed strategic targets

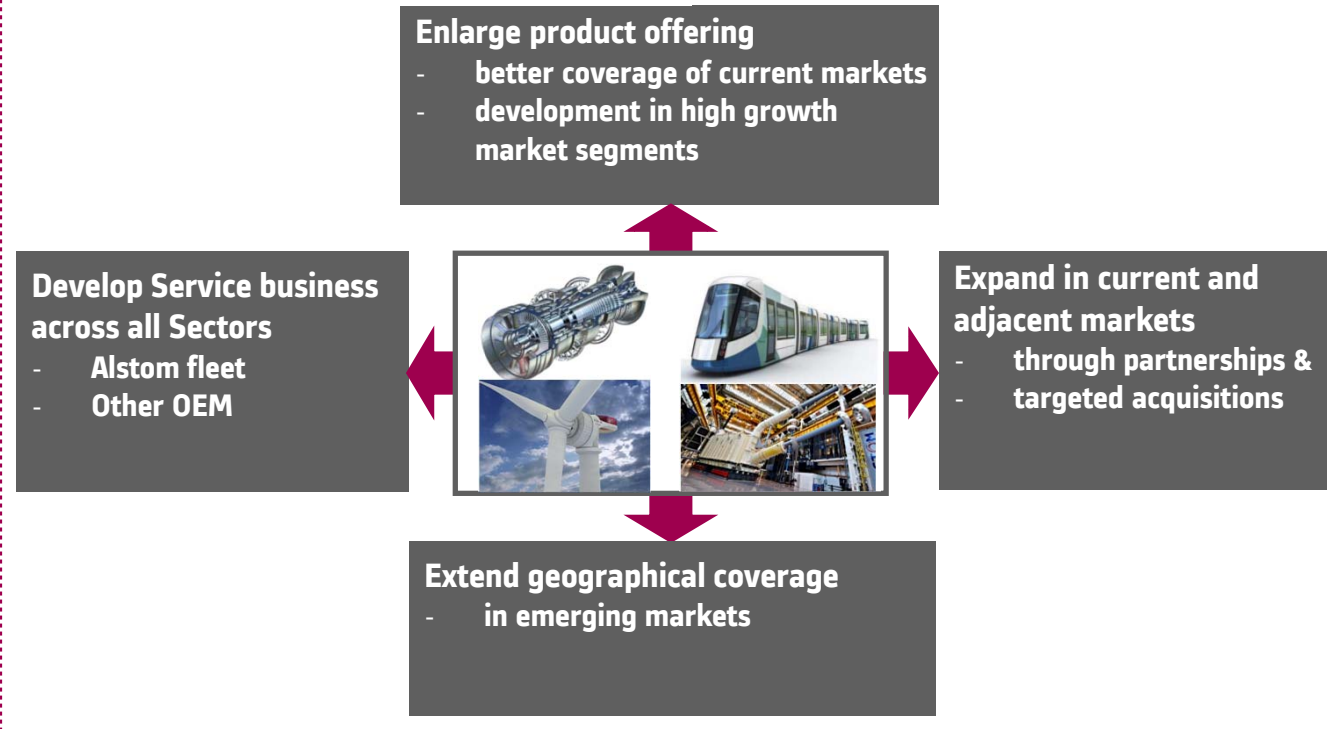
CAPEX



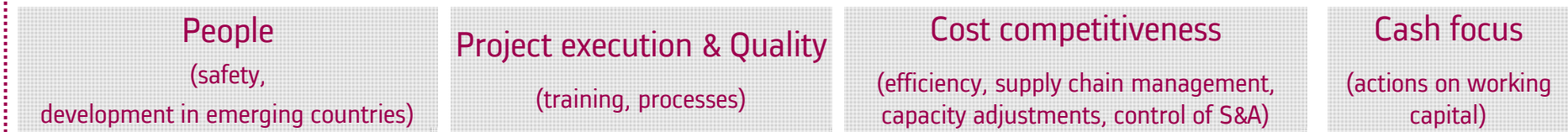
R&D



GROWTH LEVERS IDENTIFIED



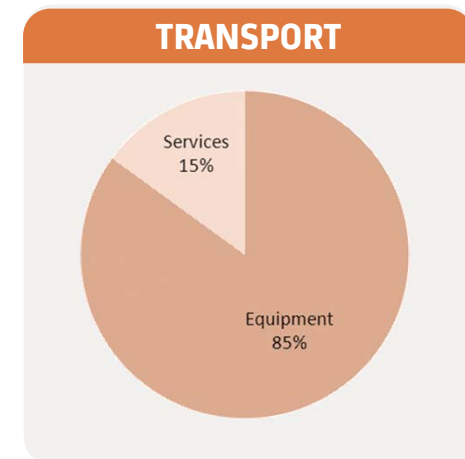
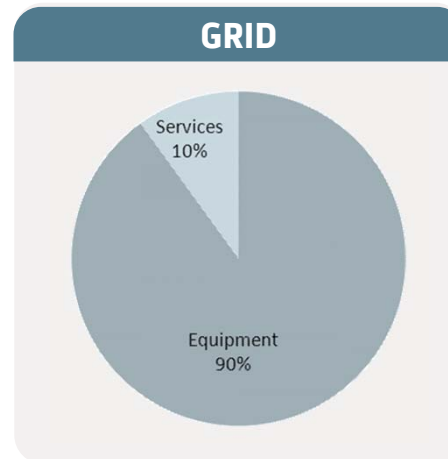
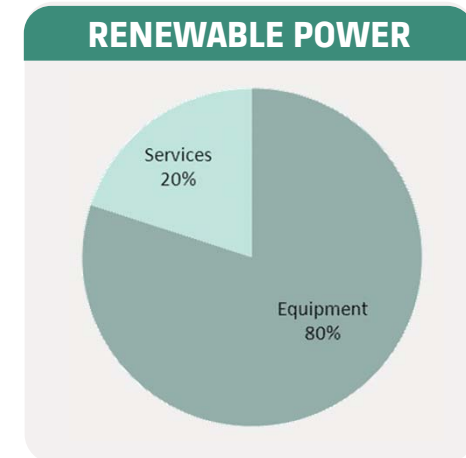
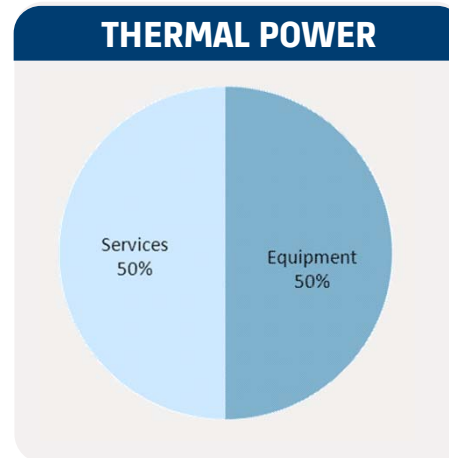
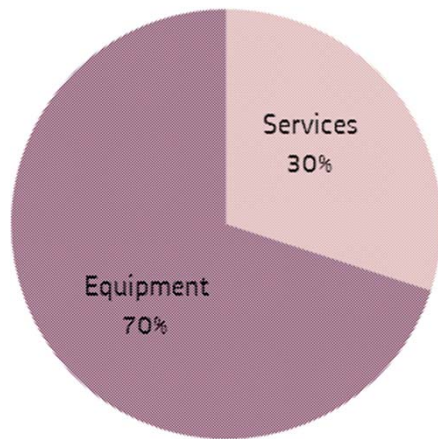
OPERATIONAL EXCELLENCE



1. Developing service business across all Sectors

Services: A growth lever in an uncertain environment

Sales breakdown FY 2012/13

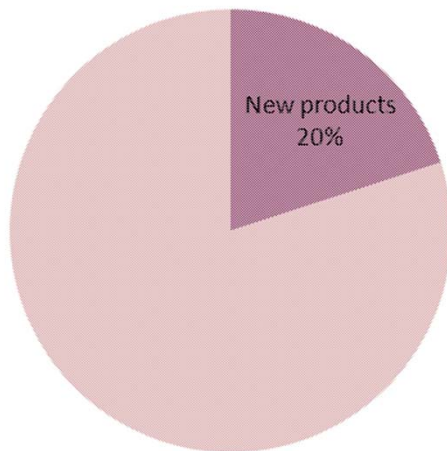


2. Enlarging product offering

New products representing 20% of 2012/13 (equipment) orders

➔ 20% of orders with products of less than 3 years

Equipment orders FY 2012/13



Key examples of new products

THERMAL POWER

- Upgraded GT26, GT13
- Power automation and control

RENEWABLE POWER

- Eco 122 wind turbines
- Variable pump storage in Hydro

GRID

- HVDC (UHVDC, HVDC-VSC)
- Smart Grid

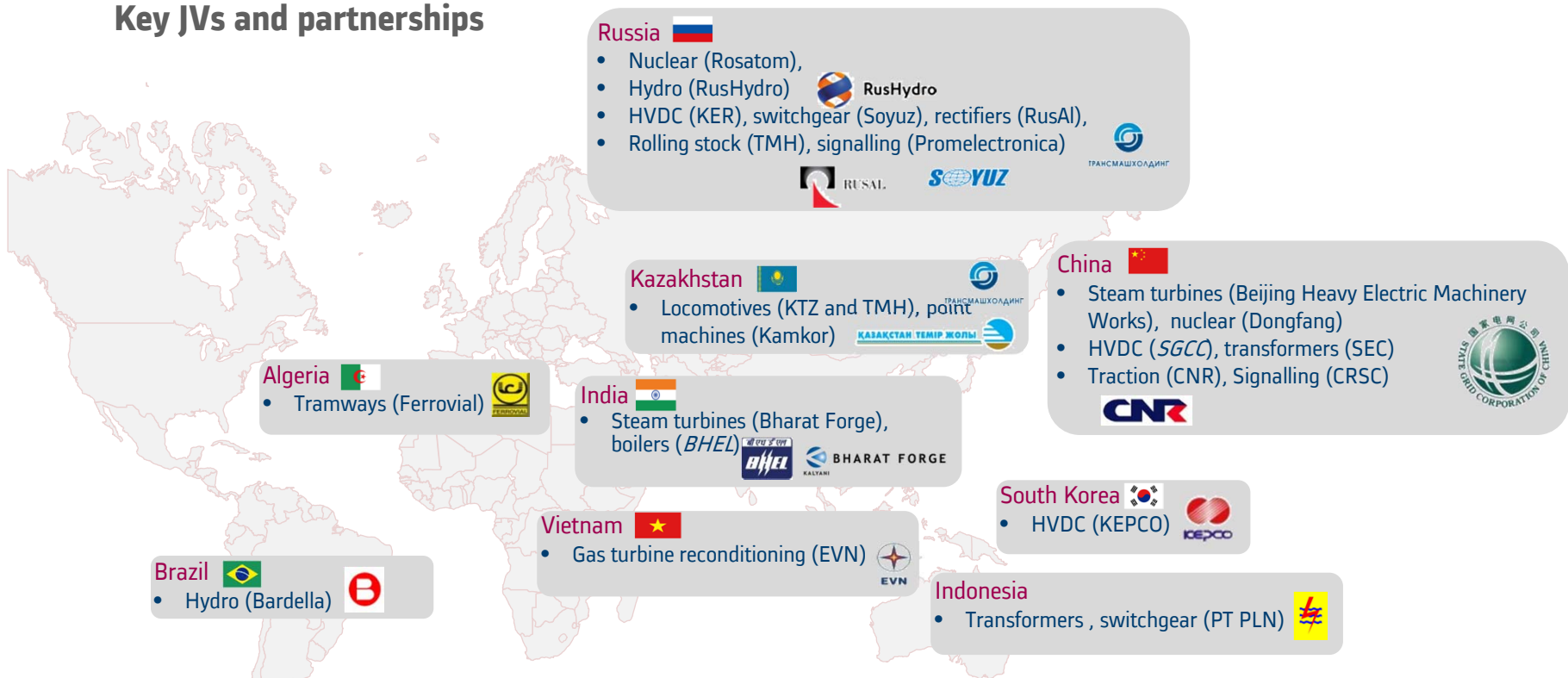
TRANSPORT

- Urban signalling
- Citadis Spirit

3. Expanding in current and adjacent markets through partnerships

Positions in emerging markets reinforced through JVs and partnerships

Key JVs and partnerships

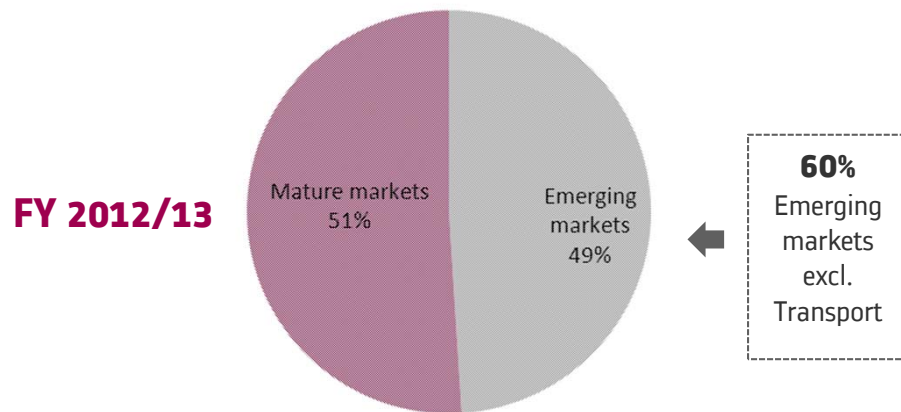
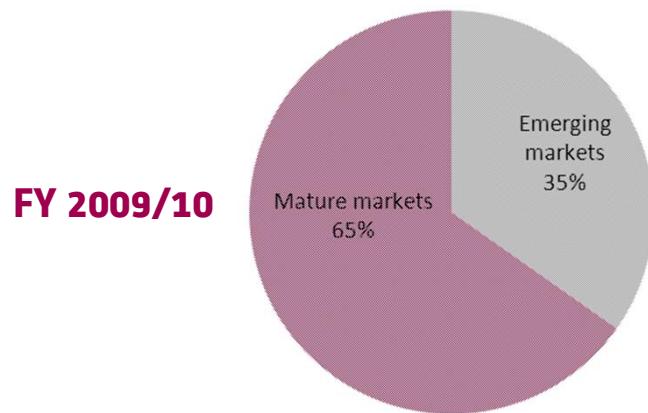


- Joint ventures
- Partnerships

4. Extending geographical coverage

Emerging markets representing half of 2012/13 sales

Sales breakdown



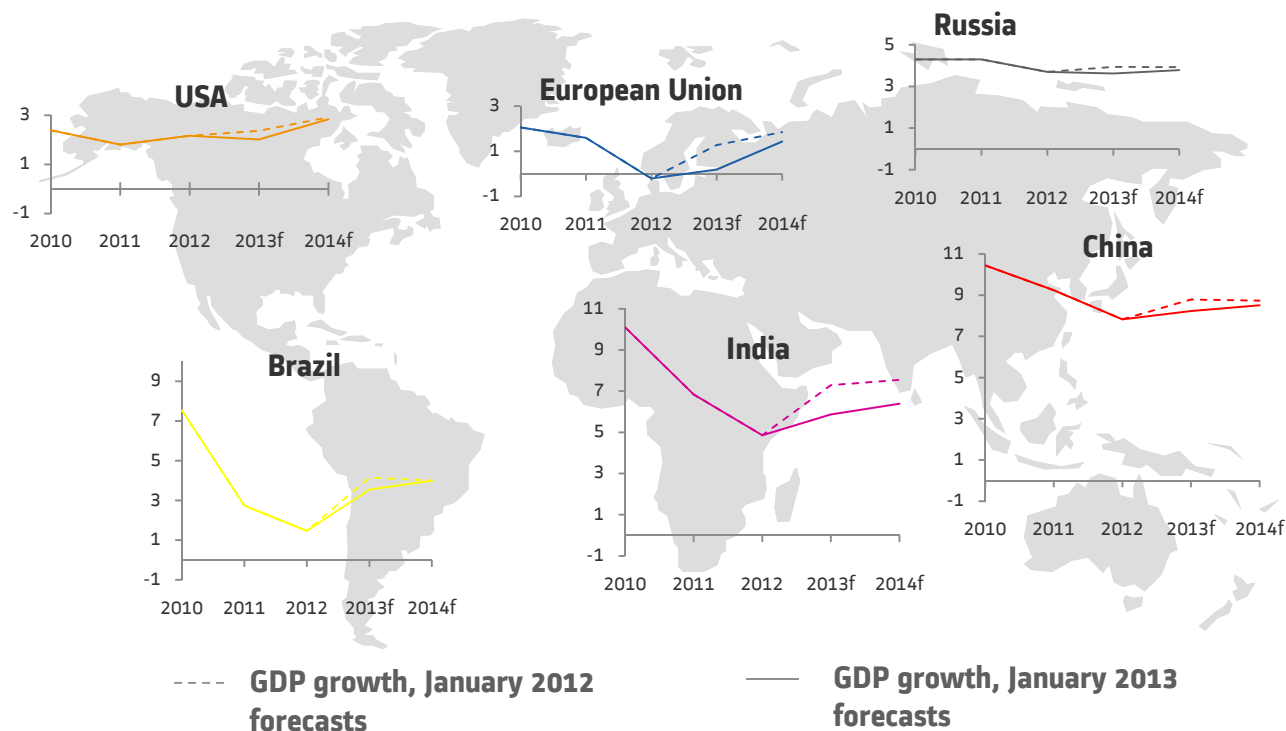
➔ **Successful redeployment of Alstom in emerging countries to meet growing demand**

➔ **Seeing further opportunities**

- In **Thermal Power**, thanks to HFO (Heavy Fuel Oil) applications for steam (Middle-East), GT26 and GT13 upgraded turbines (Asia notably)
- In **Renewable Power** with onshore opportunities (Brazil), growth in Hydro and focus on Services
- In **Transport** with a focus notably on CIS
- In **Grid** with HVDC segment and expansion of switchgear manufacturing presence in Russia and Indonesia

Short-term global context: weaker economic prospects

- ➔ Macroeconomic forecasts reviewed downwards
- ➔ Sluggish economic environment in developed world
- ➔ Slower growth in BRICs



Sources: IMF, World Economic Outlook, January 2013

Market environment remaining challenging

Short-term contrasted demand

THERMAL POWER

Gas



- Growing overall share in energy mix despite postponed recovery in mature countries

Steam



- Stable demand still mainly focused on Asia, ECS benefiting from new regulations (US notably)
- Opportunities in Middle East in Crude and Heavy Fuel Oil

Nuclear



- New build programmes resuming progressively in emerging markets, opportunities related to safety enhancement

Services



- Strong demand

RENEWABLE POWER

Hydro

New market



- Current slowdown, but growth expected to resume

Installed base



- Growing rehabilitation and solid service markets, driven by ageing installed base

Wind

Offshore



- Europe (UK, North Sea, France) on the forefront of offshore developments

Onshore



- Still overcapacity and significant pricing pressure

New energies



- Niche markets supported by public policies

Market environment remaining challenging

Short-term contrasted demand

GRID

HVDC



- Strong demand in HVDC market with solid key drivers (renewable energy integration, Supergrid development, increased country interconnections)

Smart grid



- Sustained growth to be driven by Renewable integration (increasing distributed and intermittent distribution), need to reduce consumption peaks

AC products



- Ageing networks driving replacement market
- Still overcapacity in some markets (transformer, ...)
- Customer delaying some projects

TRANSPORT

Rolling stock



- Continued expansion in urban and regional rolling stock
- Europe remaining sound with demand driven by ageing fleet and growing traffic congestion in cities, while emerging markets expected to grow sharply

Signalling and services

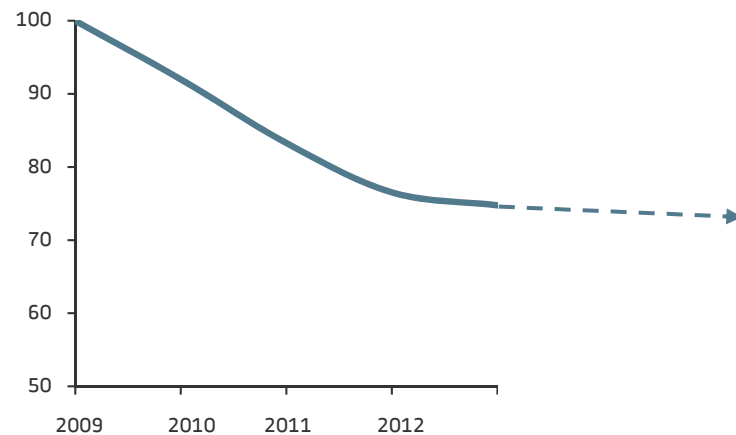


- Sound demand in signalling
- Services developing thanks to big international contracts

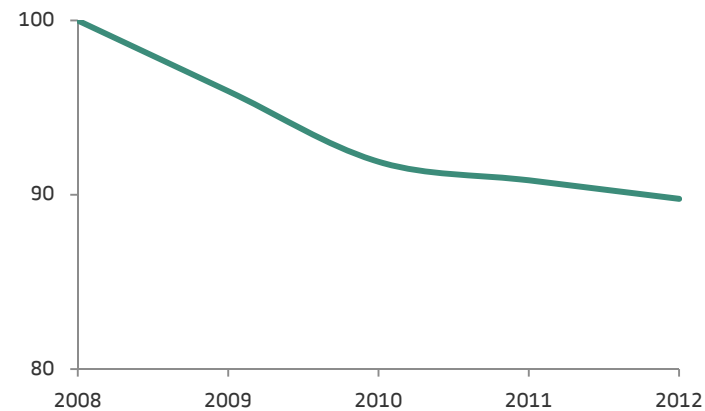
Highly competitive environment

- ➔ Market remaining highly competitive (“buyers’ market”)
- ➔ Overcapacity in some segments (coal, onshore wind, AC products, ...)
- ➔ On-going price pressure, even if expected to moderate, with still some disparities by region

AC Grid market price evolution



Onshore Wind market price evolution



Operational excellence – cost competitiveness

Efficiency measures in place

	Thermal Power	Renewable Power	Grid	Transport
Supply chain/Sourcing <ul style="list-style-type: none">• Increase LCC sourcing content• Optimise prices in supply chain• Reduce # suppliers	<ul style="list-style-type: none">• Standardisation & modularisation• Deployment of lean manufacturing• Manufacturing capacity optimisation in high cost countries	<ul style="list-style-type: none">• Restructuring of industrial base in Wind (closing of factories and downsizing)• Hydro: rationalisation of the European footprint• Re-design to cost in hydro and in wind	<ul style="list-style-type: none">• Restructuring of industrial base in AC products (closing of factories and downsizing)• Optimising supply chain through reduction of # suppliers and regional sourcing• Re-design to cost on HV products• Organisation streamlining	<ul style="list-style-type: none">• Optimising supply chain through global sourcing• Globalization of manufacturing footprint• Product cost reference improvement
Re-design to cost <ul style="list-style-type: none">• Re-design to cost• Standardise production				
Manufacturing <ul style="list-style-type: none">• Optimise footprint• Adapting capacity to demand• Lean management• Reduce Cost of Non Quality				
Project execution <ul style="list-style-type: none">• Increase productivity• Reduce lead-time• Improve margins vs 'as sold' assumptions				

Operational excellence – cash focus

Constant effort on Free Cash Flow

- ➔ All Sectors striving to optimise working capital components, notably through
 - Lead-time reduction
 - Decrease of inventories
 - Tighter management on payables and receivables

- ➔ Prioritisation of capex
 - Level expected to remain stable to support future growth
 - New capacities in emerging countries

- ➔ Still some external factors
 - Mix of orders
 - Development in new geographical areas
 - Focus on cash along the value chain

Agenda

1. 2012/13: key achievements
2. Financial results of 2012/13
3. Strategy
4. Outlook

Updated outlook

CONTEXT

- ➔ **Robust 2012/13 performance**
- ➔ **Short-term performance** expected to be impacted by
 - Lower volumes driven by
 - A more challenging environment than initially expected
 - Clients slowing down some projects
- ➔ **Unchanged solid long-term prospects**

FOCUS

- **Cash generation remaining top priority**
- **Enhanced actions on costs with broader restructuring plans and ambitious efficiency programmes**

OUTLOOK

- Sales to grow organically at low single digit
- IFO margin expected to gradually increase with
 - Stable IFO margin in FY13/14
 - IFO margin confirmed at around 8% but delayed by 1 to 2 years versus 2014/15
- Positive FCF year after year confirmed

Contacts & agenda

CONTACTS

Delphine BRAULT

Vice President Investor Relations
+33 (0)1 41 49 26 42

Anouch MKHITARIAN

Investor Relations Manager
+33 (0)1 41 49 25 13

Perrine DE GASTINES

Individual Shareholders Coordinator
+33 (0)1 41 49 21 79

Dymphna HAWKSLEY

Logistics
+33 (0)1 41 49 37 22

Investor.relations@chq.alstom.com

AGENDA

28 May 2013

Filing of Registration Document

02 July 2013

Annual General Meeting

24 July 2013

Orders and sales for the first quarter of FY 2013/14

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