

# Shareholders' Meeting

2 July 2013

**ALSTOM**  
*Shaping the future*

Kareen Ceintre



# Shareholders' meeting 2013

- **Agenda :**  
See notice of meeting p. 3
- **Resolutions :**  
See notice of meeting p. 32 to 36

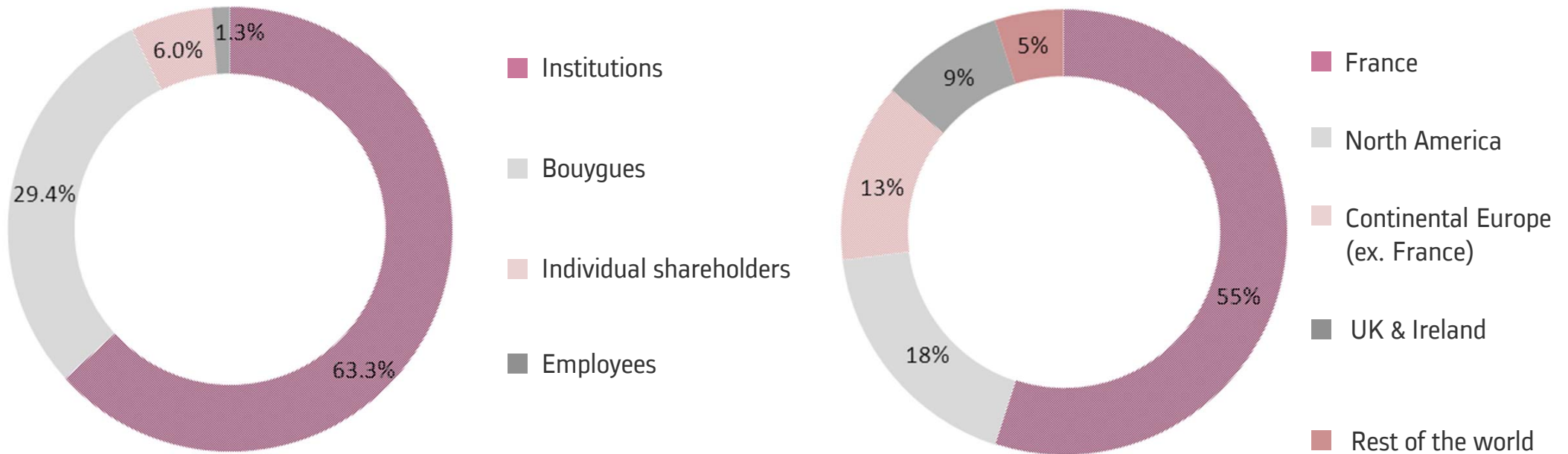
# Alstom & You

## Patrick Kron



# Shareholding structure

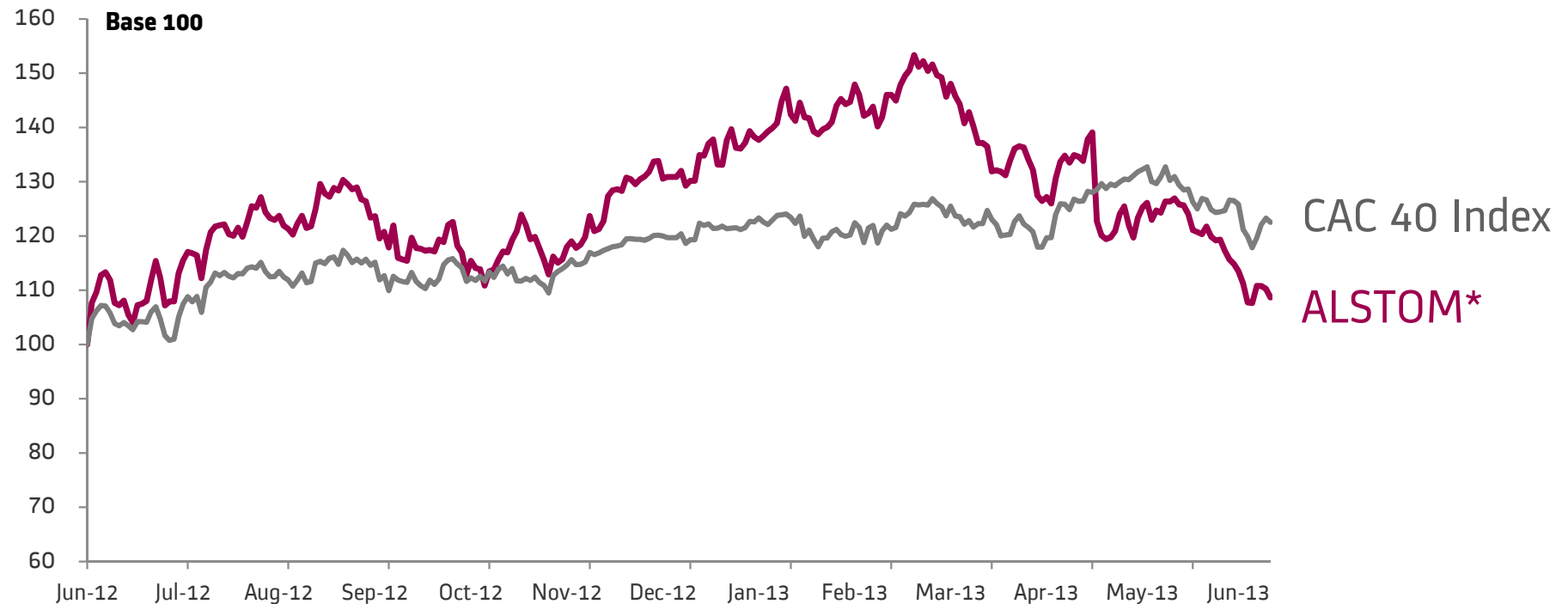
*As of 31 march 2013*



You are 230,000 shareholders

# Share price evolution over 1 year

An increase of 9%, lower than the CAC 40 index growth (+23%)



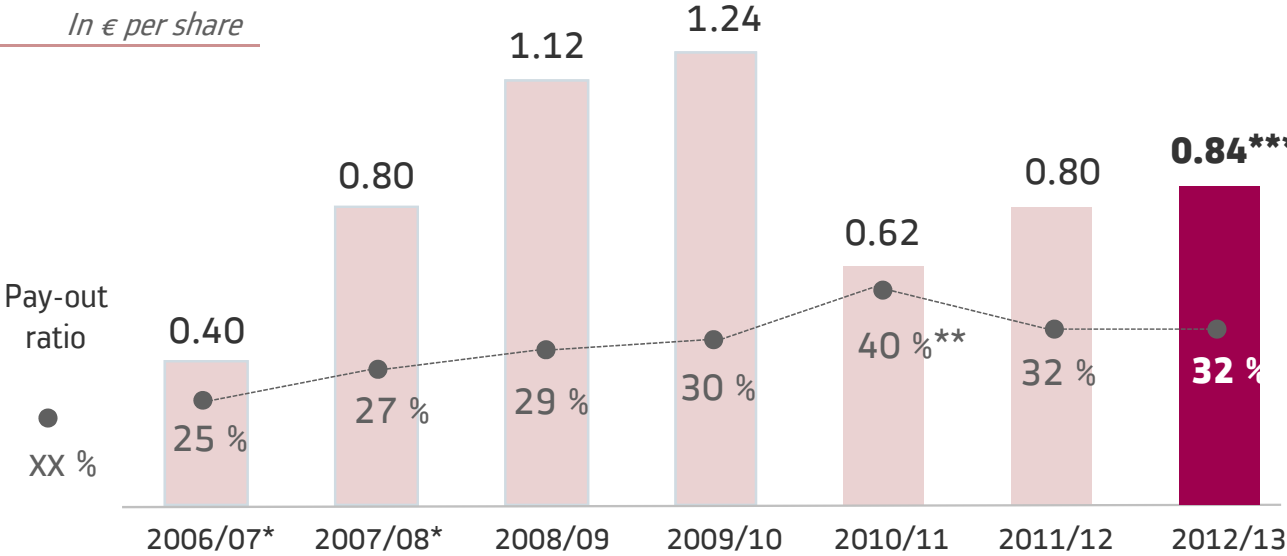
**Share price at closing : 28 June 2013**

*\* Dividend not reinvested*

# Dividend

## New increase in dividend

Payment: 9 July 2013



\* Adjusted from the split  
 \*\* Net result impacted by exceptionally high restructuring charges  
 \*\*\* Proposed to your vote

# Your information

## A permanent dialogue with individual shareholders

### Dedicated web page section

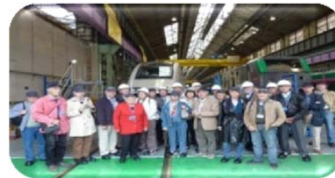


[www.alstom.com/investors](http://www.alstom.com/investors)

### Shareholders letter



### Site visits



### Information meetings



### Alstom Open de France



Shareholders tribune

### Contact us



Email address: [Investor.relations@chq.alstom.com](mailto:Investor.relations@chq.alstom.com)



# Alstom in 2012/13

Patrick Kron



# Three main activities organised in four operational Sectors

Among the top 3 global players for its core activities  
**Power generation**

## Thermal Power Sector

*Largest thermal technology portfolio in the market (coal, gas, fuel, nuclear)*



## Renewable Power Sector

*~25 % of the installed base in hydro worldwide  
Innovative equipments in wind*



*25% of the worldwide installed power generation capacity uses Alstom's technologies*

## Power transmission

### Grid Sector

*One of the key players on power transmission market*



## Rail transportation

### Transport Sector

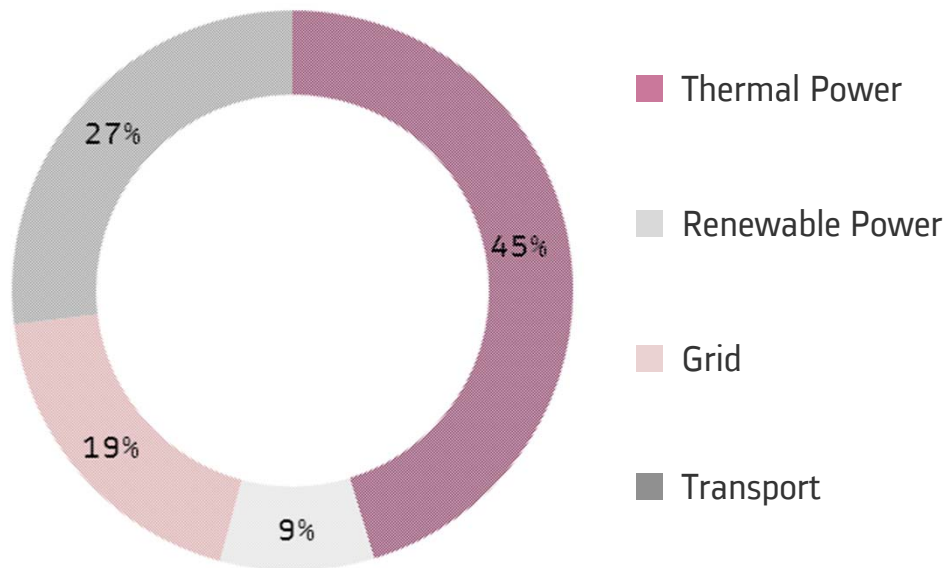
*Alstom manufactures 1 metro out of 4 and 1 tram out of 4*



# A balanced portfolio

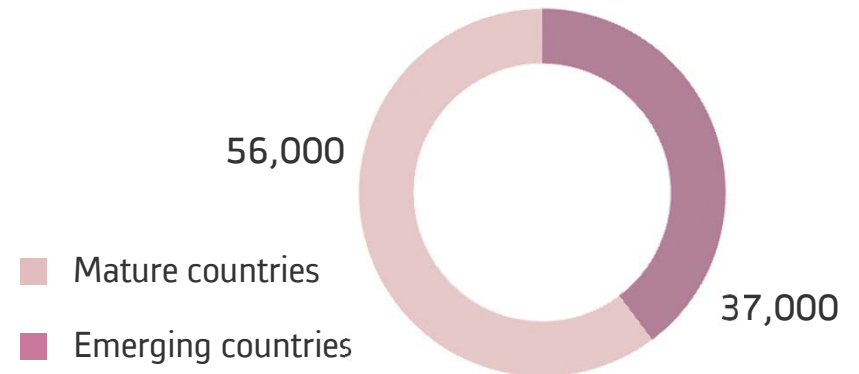
As of 31 March 2013

**Sales ~ € 20 billion**



## A worldwide presence

**93,000 employees**



- Thermal Power
- Renewable Power
- Grid
- Transport



# Corporate Social Responsibility and Sustainable Development commitments (1/2)

## At the heart of the strategy

- A range of environmentally-friendly products and solutions
- An increased commitment to a sustainable supply chain
- A reinforced involvement in local activity
- A strengthened effort in raising awareness of sustainable development issues (internal and external)
- An ethics programme deployed throughout the Group

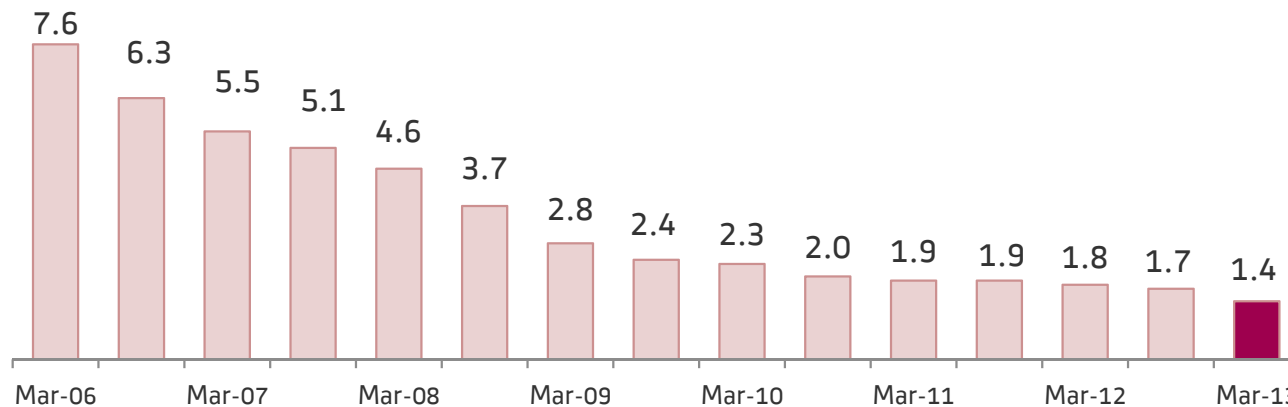


# Corporate Social Responsibility and Sustainable Development commitments (2/2)

- Better working conditions with top priority given to safety
- Teams' mobilisation for innovation
- A performance recognised by rating agencies



Injury Frequency Rate (12 rolling months) – ALSTOM employees

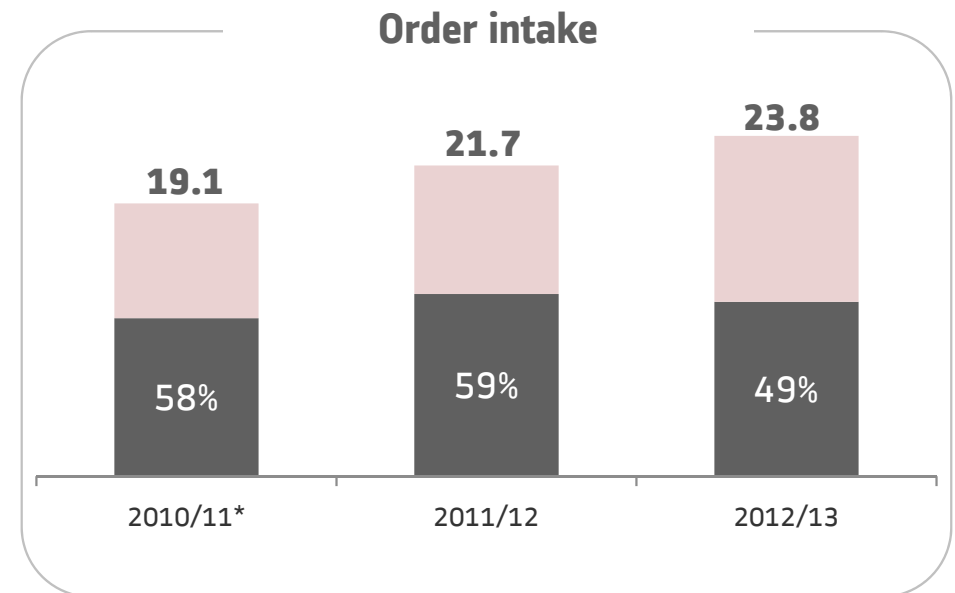


# Main events 2012/13

## Orders momentum supported by geographical redeployment

*In € billion*

- Good level of order intake, despite a still challenging environment
- Emerging countries representing half of the total orders
- Strong commercial performance in Transport in Europe



\* Grid consolidated since June 2010

■ Mature countries ■ Emerging countries

# Main events 2012/13

## Major commercial successes thanks to recent R&D initiatives



- **Thermal Power**

- A combined cycle power plant in Thailand, featuring upgraded **GT 26 gas turbines**



- **Renewable Power**

- 3 offshore zones of the 1st offshore French tender with 240 turbines **Haliade 150**



- **Grid**

- DolWin 3, an offshore high voltage direct current connection project (**HVDC**) in Germany



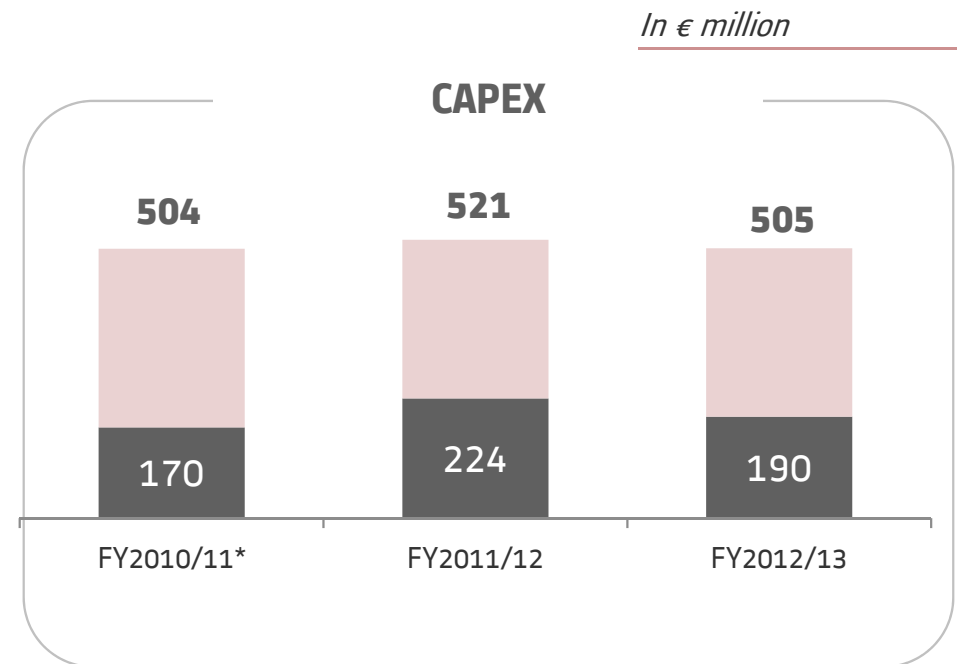
- **Transport**

- 34 light rail vehicles for Ottawa, marking the successful entry of Alstom on the North American **light rail vehicle** market

# Main events 2012/13

## Sustained CAPEX for future growth

- Capex remaining at a sustained level
  - Around € 500 million per year
- Around 40% in 2012/13 invested in emerging markets
  - **India**: Mundra (Thermal), Chennai (Transport)
  - **China**: Tianjin (Hydro)
  - **CIS**: Russia (Hydro), Kazakhstan (Transport)
  - **Brazil**: Canoas (Wind)



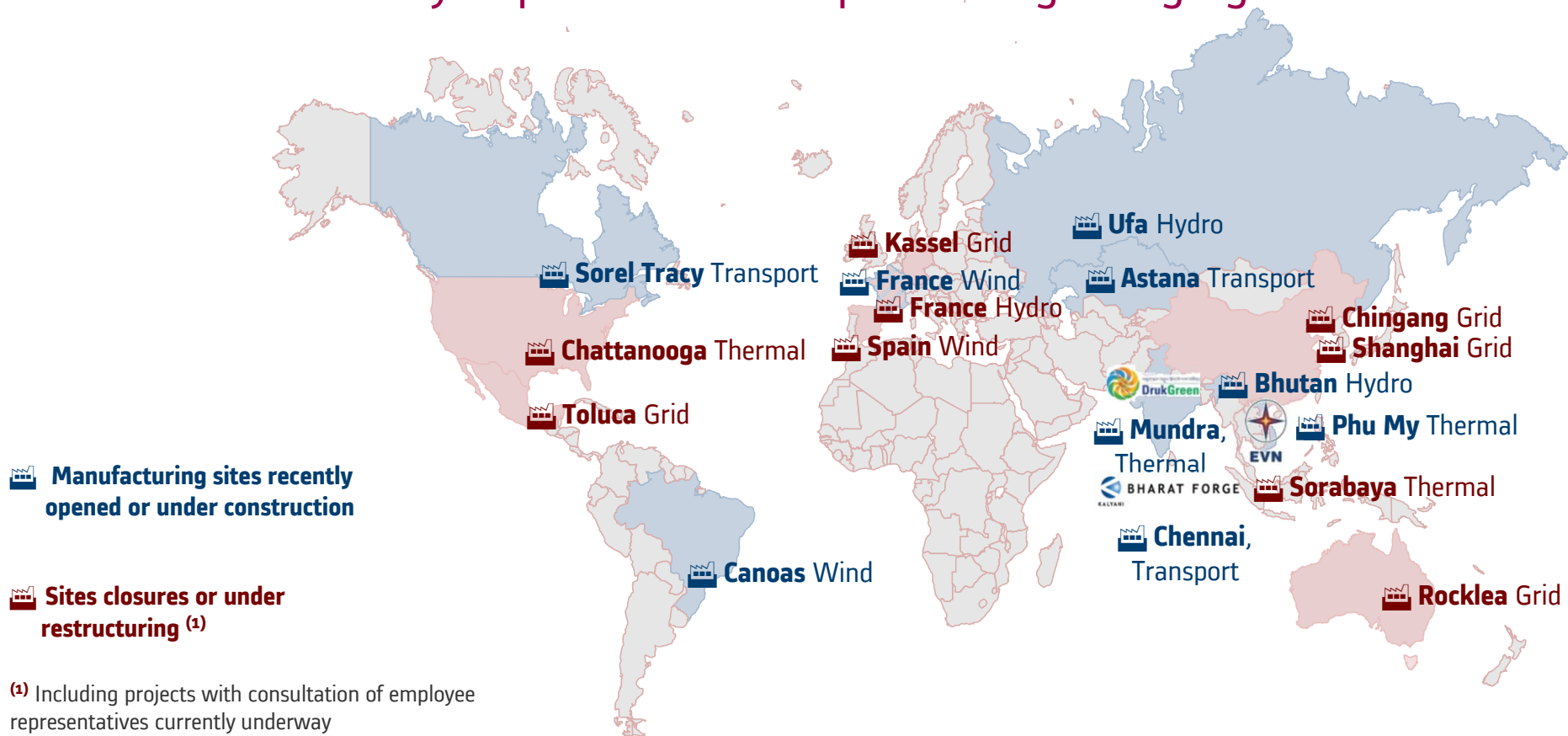
\* Grid consolidated since June 2010

■ Mature countries ■ Emerging countries



# Optimisation of operational footprint

## Efficiency improvement and positioning in high growth markets



# Preparing the future

## Positions in emerging markets reinforced through JVs and partnerships

### Key JVs and partnerships



#### Russia

- Nuclear (Rosatom)
- Hydro (RusHydro)
- HVDC (KER), switchgear (Soyuz), rectifiers (RusAl)
- Rolling stock (TMH), signalling (Promelectronica)



#### China

- Steam turbines (Beijing Heavy Electric Machinery Works), nuclear (Dongfang)
- HVDC (SGCC), transformers (SEC)
- Traction (CNR), signalling (CRSC)



#### Kazakhstan

- Locomotives (KTZ and TMH), point machines (Kamkor)



#### Algeria

- Tramways (Ferrovia)



#### Brazil

- Hydro (Bardella)



#### India

- Steam turbines (Bharat Forge), boilers (BHEL)



#### South Korea

- HVDC (KEPCO)



#### Vietnam

- Gas turbine reconditioning (EVN)



# Thermal power

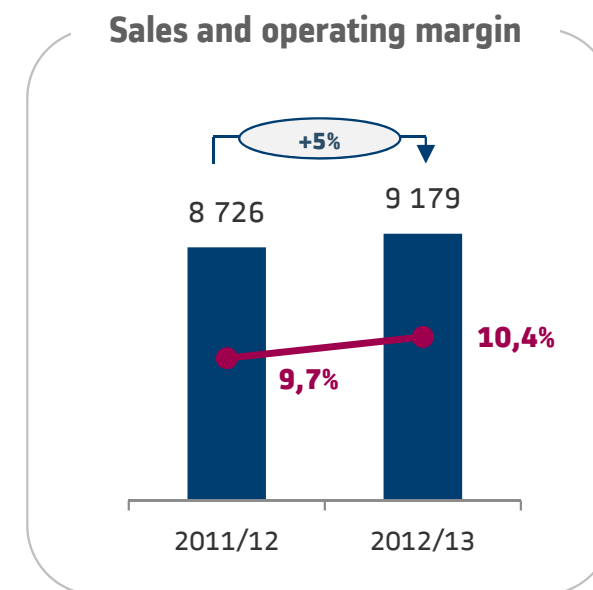
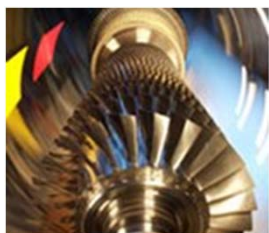
## Key figures

Improvement of operating margin thanks to higher volumes and actions on costs

*In € million*

### Examples of commercial successes

- **Gas** – 12 turbines sold (5 GW), vs. 14 (2.8 GW) in 2011/12
- **Steam** – a new key contract in Saudi Arabia (heavy fuel oil)
- Strong activity in **Services**



# Renewable power

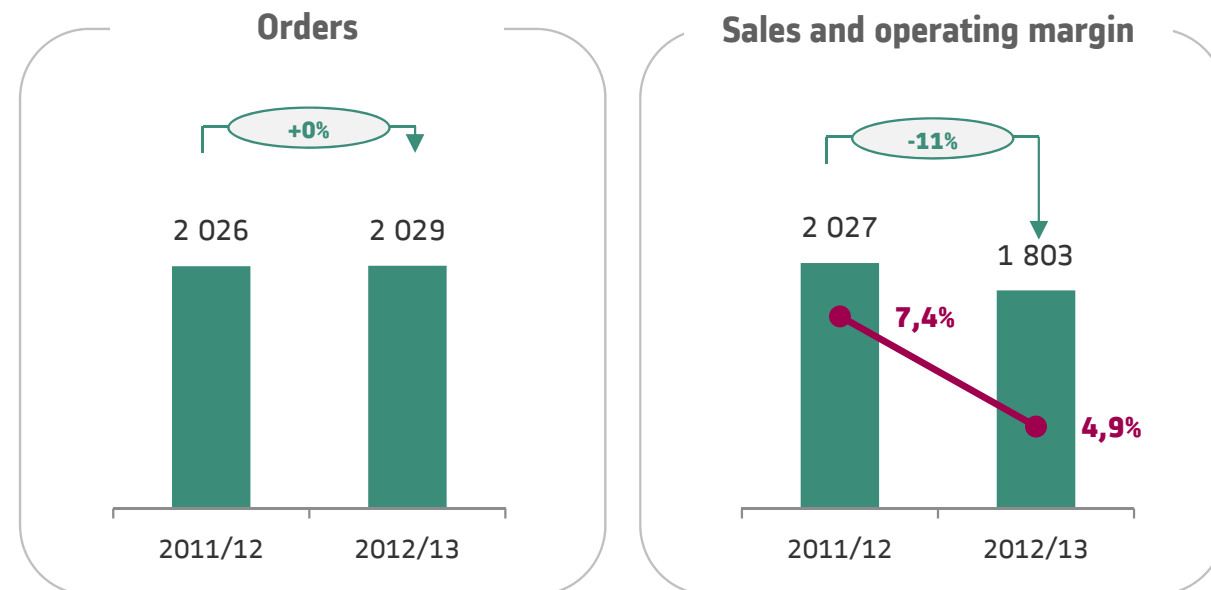
## Key figures

Operating margin impacted by low level of sales and price pressure in Wind

*In € million*

### Examples of commercial successes

- 2 major projects in **Hydro** (Ethiopia, Colombia)
- Building up a leadership position in Brazil in **Onshore Wind**
- 3 **Offshore Wind** farms with EDF



# Grid

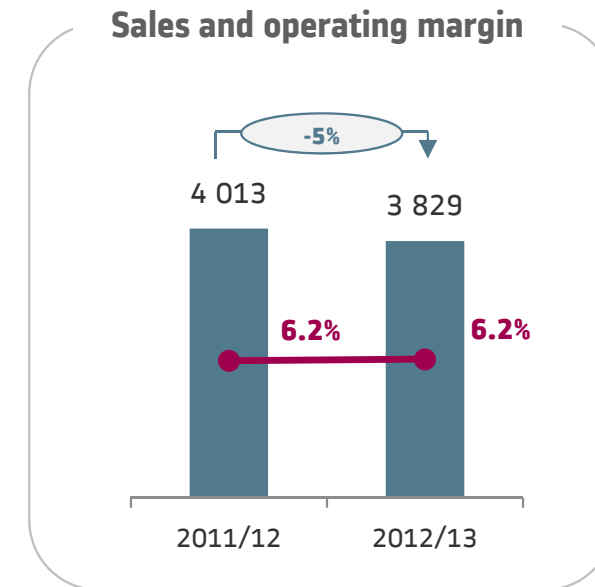
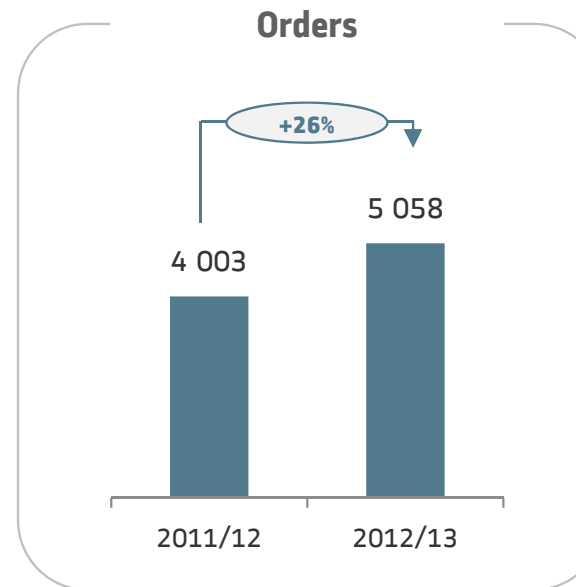
## Key figures

Strong level of orders and operating margin resilience

*In € million*

### Examples of commercial successes

- Key projects in **HVDC** (Dolwin 3, Champa)
- Commercial projects under development in **Smart Grid**



# Transport

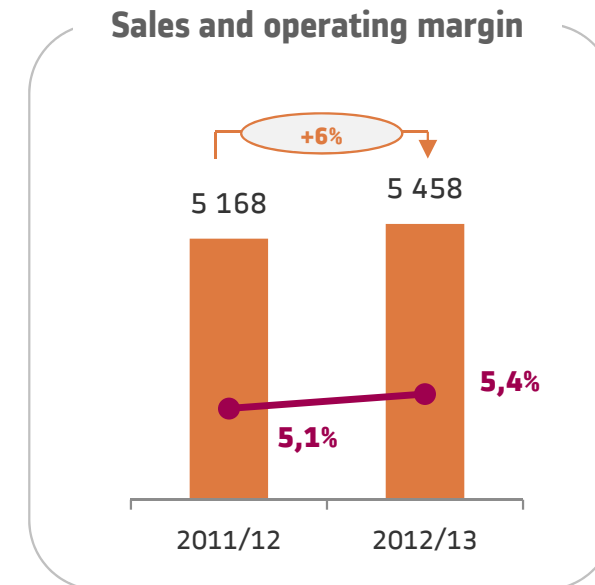
## Key figures

Increase in operating margin thanks to volume growth and good project execution

*In € million*

### Examples of commercial successes

- Numerous successes in **Rolling stock** in Europe
- Maintaining leading positions in **Signalling**
- Growing share of **Services** business



# Innovation at Alstom

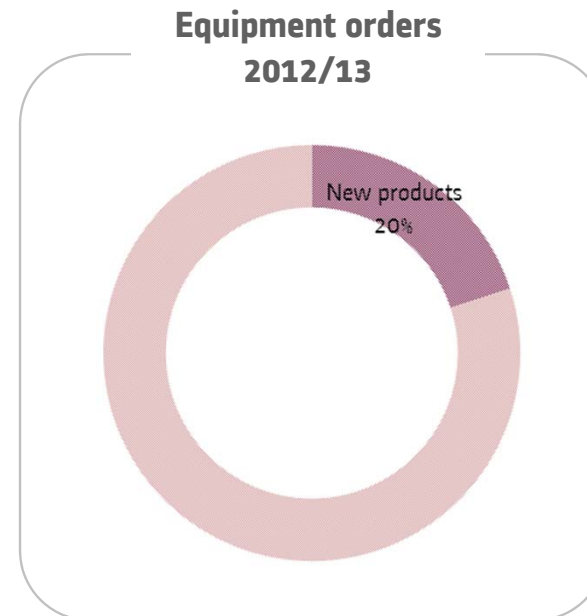
Ronan Stephan, Group Chief Innovation Officer



# Innovation: a key pillar of Alstom strategy

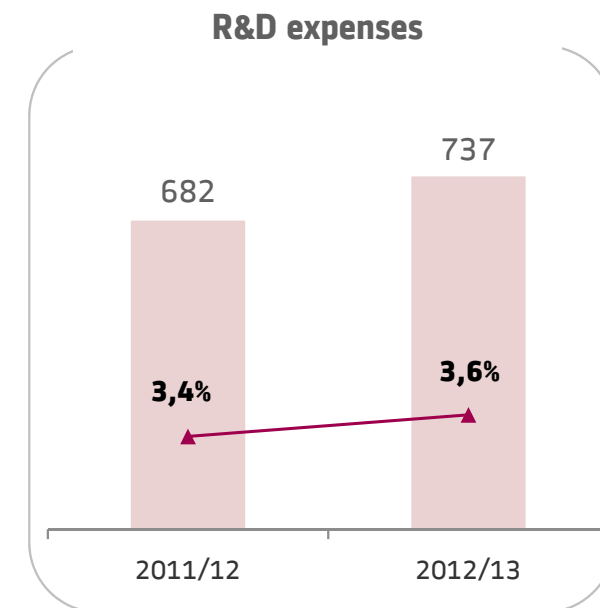
## Immediate commercial successes and longer term impacts

- **20%** of equipment orders are made with **new products** \*
- **Target:** enhance the leadership in traditional segments and penetrate **new markets**
  - Offshore wind
  - Smart Grid
  - HVDC
  - Urban signalling
- Manage **structural changes**
  - Growing urbanisation
  - Energy efficiency
  - Environmental constraints
  - Development of digital technologies



\* Less than 3 years

*In € million*



■ R&D expenses

— As a % of sales



# Target: anticipate major trends

## Provide solutions for challenges of the future

Major trends	Consequences for our businesses	Alstom technologies and key methods
Mobility	<ul style="list-style-type: none"><li>• Development of urban and regional rail</li><li>• Increased efficiency for transport systems</li></ul>	<ul style="list-style-type: none"><li>• New ranges of adapted rolling stock equipment</li><li>• Energy recovery systems for trains and metros</li></ul>
Renewable energy sourcing	<ul style="list-style-type: none"><li>• New sources of energy</li><li>• Intermittency on electrical grid</li></ul>	<ul style="list-style-type: none"><li>• Onshore and offshore wind turbines</li><li>• Marine energies, solar thermal energy</li><li>• HVDC</li><li>• Smart grid network management</li></ul>
Energy efficiency	<ul style="list-style-type: none"><li>• Need to increase global energy efficiency</li><li>• Development of digital technologies</li></ul>	<ul style="list-style-type: none"><li>• Higher efficiency and growing power output of turbines</li><li>• Smart Grid</li></ul>
Urbanisation and emerging countries growth	<ul style="list-style-type: none"><li>• Growing needs in energy and transport</li><li>• Solutions aligning economic efficiency and technical performance</li></ul>	<ul style="list-style-type: none"><li>• Smart cities</li><li>• Design to cost</li><li>• Efficient materials</li></ul>

# Three vectors to stimulate innovation

## Coordinated actions on three fronts

### A combination of:

#### Internal programmes

3.6% of sales dedicated to R&D in 2012/13

#### Thermal power

- Upgraded GT13 and GT26
- Power automation and control

#### Renewable power

- ECO 122 wind turbines
- Variable pump storage in Hydro

#### Grid

- HVDC solutions
- Smart Grid

#### Transport

- Urban signalling
- Citadis Spirit (for the North American market)

#### Acquisitions

Marine energies

- Tidal Generation Ltd.









Solar thermal energy

- Bright Source Energy



#### Partnerships

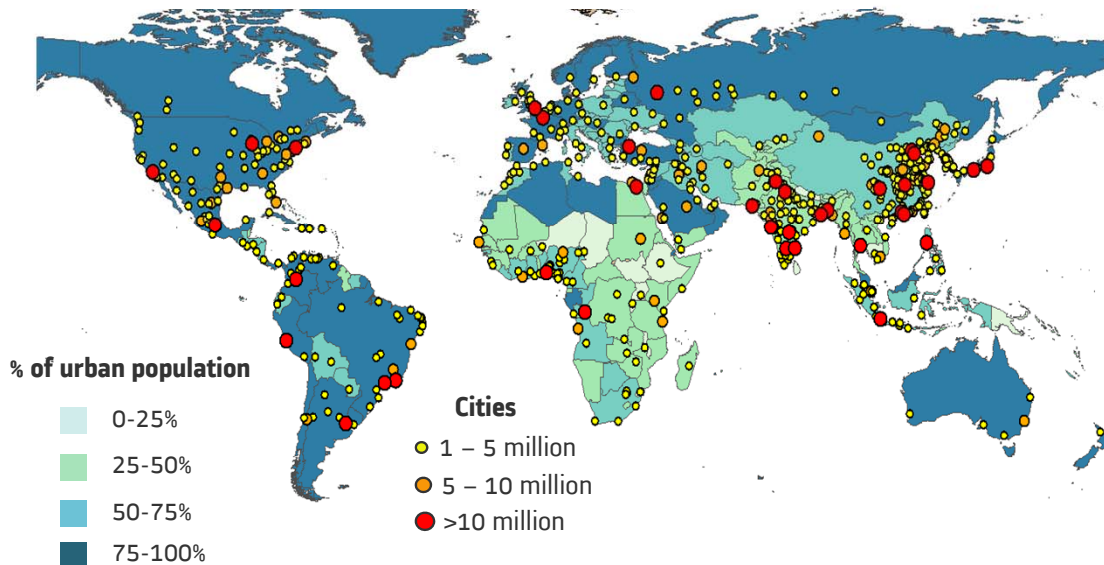
- Universities (more than 200 agreements)
- Systems for integrating renewable energy sources into the grid 
- Digital substation automation solutions 
- Smart grid management 
- New generation of freight locomotives 
- Cyber-security  

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# Case study: growing urbanisation

## Tangible solutions for tomorrow's cities

### World urban population in 2025



- More than 70% of world population will be living in cities in 2050 (vs. 50% currently)

Source: United Nations  
P 27

### • Changing needs

- Manage traffic (congestion)
- Supply energy demand
- Limit pollution
- Optimise energy consumption

### • Alstom solutions

- Smart grid (IssyGrid, NiceGrid)
- CO2 capture and storage
- Digital control systems
- Urban transport
- Automatic metro solutions

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# Conclusion : staying open to the world

## Keeping up a sustained R&D effort over the coming years

- One of the main pillars to support Group growth over medium and long term
- A key differentiating factor vs. competitors (particularly in emerging markets)
- In constant development thanks to agreements with Universities and businesses (principle of open innovation)
- ➔ **A well-adapted response to major structural changes to come**

**Innovation example:**  
**Offshore wind turbine Haliade 150**  
Jérôme Péresse, Renewable Power President



# Haliade™ 150-6MW

Video : first new generation offshore wind turbine

## Haliade™ 150

- Robust
- Simple
- Efficient



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# Haliade™ 150-6MW : robust, simple, efficient

## A technological edge in the market



Photo courtesy of LM Wind Power

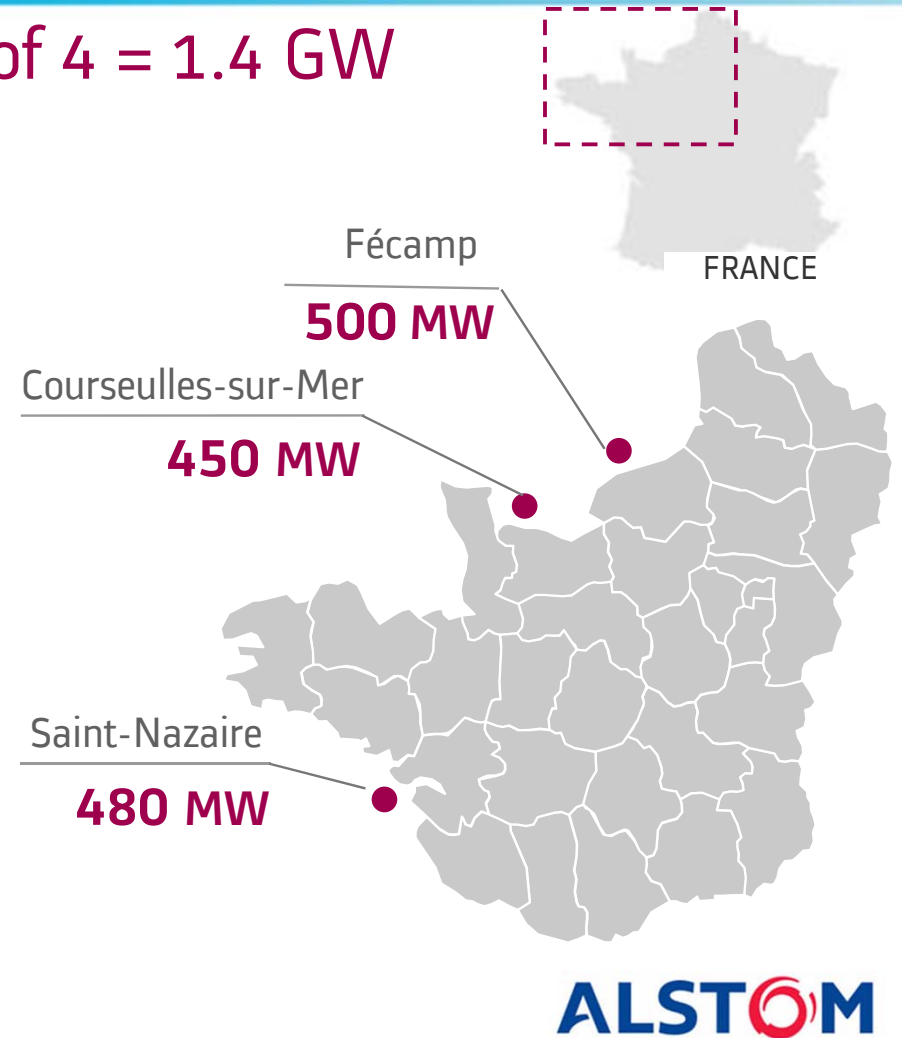
- First new generation offshore wind turbine with a 150 meters rotor
  - **Robust:** ALSTOM PURE TORQUE®
  - **Simple:** permanent magnets and direct drive
  - **Efficient:** a large rotor for an increased yield



# First success in offshore wind in France

3 zones awarded out of 4 = 1.4 GW

- A project for **240 offshore** turbines for a total value of around **€ 2 billion**
- Construction start : **2016**

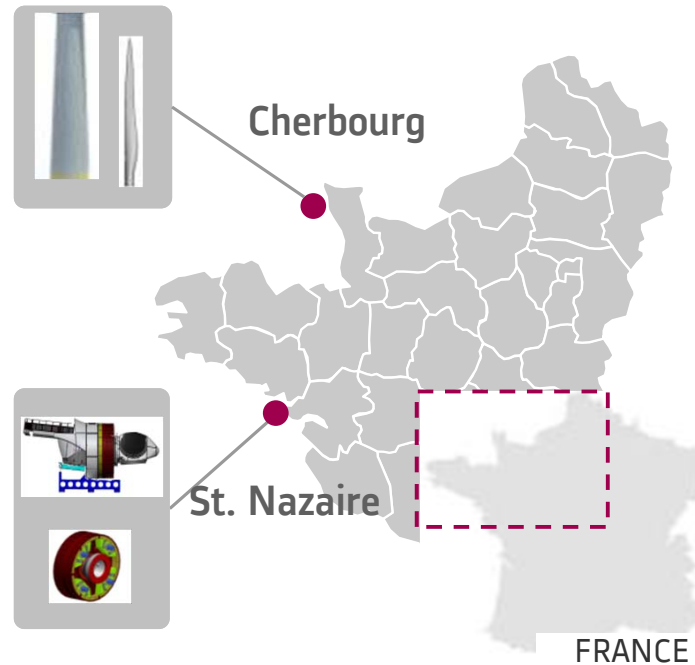




# Construction of new manufacturing sites in France

## A convincing industrial plan

- **Nacelles** : assembly factory operational in 2014
  - **Generators** : manufacturing site operational in 2014
  - **Blades** : manufacturing site operational in 2015
  - **Towers** : assembly factory operational in 2015
- 
- Creation of **1,000 direct jobs** and **4,000 indirect jobs**
  - **€ 100 million investment** for € 2 billion orders



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# Second tender offer in offshore wind in France

## Alstom ideally positioned to bid for the upcoming tenders

- Launch of the 2<sup>nd</sup> tender for construction and operation of two wind farms of a total of 1,000 MW (150 to 200 turbines)
  - Noirmoutier (480 – 500 MW)
  - Le Tréport (480 – 500 MW)
- **Award expected in early 2014**
- **Alstom's participation as EDF's exclusive partner for wind turbines**

Overview of French government tender zones

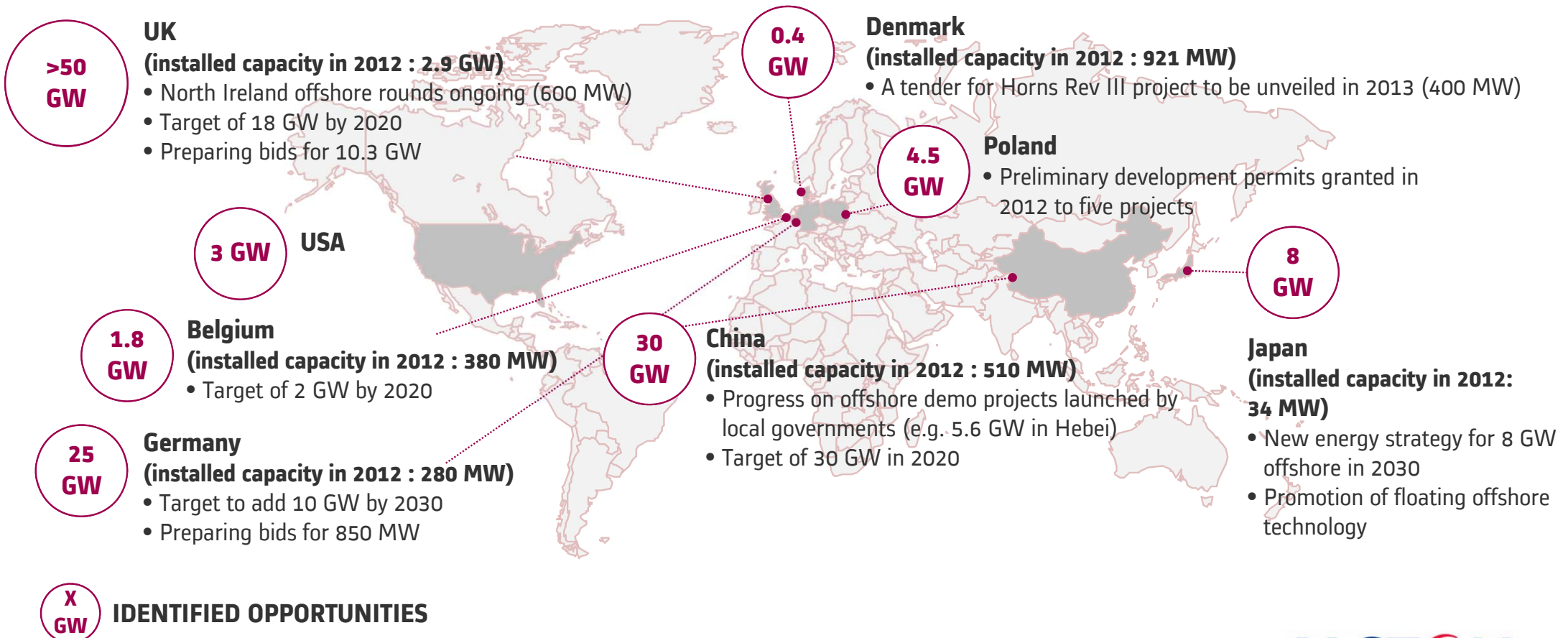


Source: Alstom, French ministry of ecology, sustainable development and energy

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# A market with strong international potential

## An international ambition, mainly in Europe, but also in the rest of the world



**Innovation example:**  
**VSC and DolWin 3 project**  
Grégoire Poux-Guillaume, Grid President

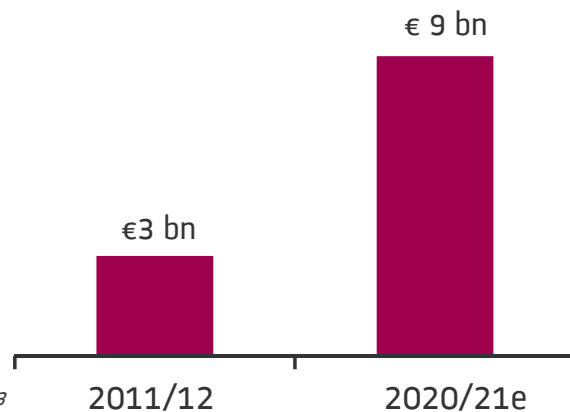


# HVDC market potential



## HVDC market growth over 10 years

**+10% to 15% per year**



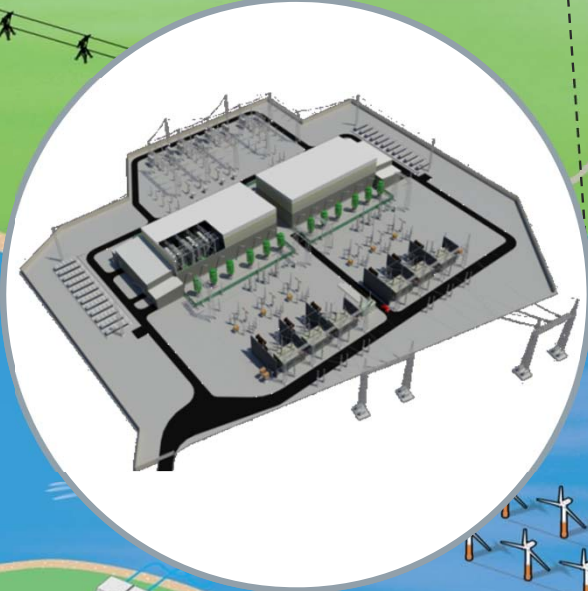
- **A cumulated market of € 50bn over the next 10 years**
  - A high added-value segment
  - A target of **20% market share for Alstom**
- **Growth factors**
  - **Supergrid development** – Increased country interconnections in specific markets (Europe, Middle-East, North America)
  - **Development of HVDC connections in growing markets** (China, India, Brazil, Russia)
  - **Integration of renewable energy sources** (including offshore wind, mainly in Europe)

# How to transport electricity over very long distances?

**DEFINITION:** a system of electrical conversion of an alternative current (AC) into direct current (DC) and vice-versa

Land connection

Offshore connection



# Stafford (UK): first Alstom global site for HVDC

## RESEARCH & DEVELOPMENT

- Simulators and demonstrators HVDC VSC
- R&D on HVDC control room

## PRODUCTION

- HVDC valves **up to 800 kV**
- A hall dedicated to VSC conversion valves manufacturing
- **2 production lines**, 16 assembly posts



## COMMERCIAL PROJECTS

- Participation in new supergrid European project **TWENTIES**
- Major HVDC projects on each continent, including:
  - **Rio de Madeira**, the longest HVDC connection (Brazil)
  - **SouthWest link**, first VSC multi-terminal (Sweden)
  - **DolWin 3**, Alstom's first VSC offshore connexion (Germany)

# Project Dolwin 3: connection of an offshore wind farms in Germany

## LOCATION

- German North Sea, 83 km north of Germany

## CUSTOMER

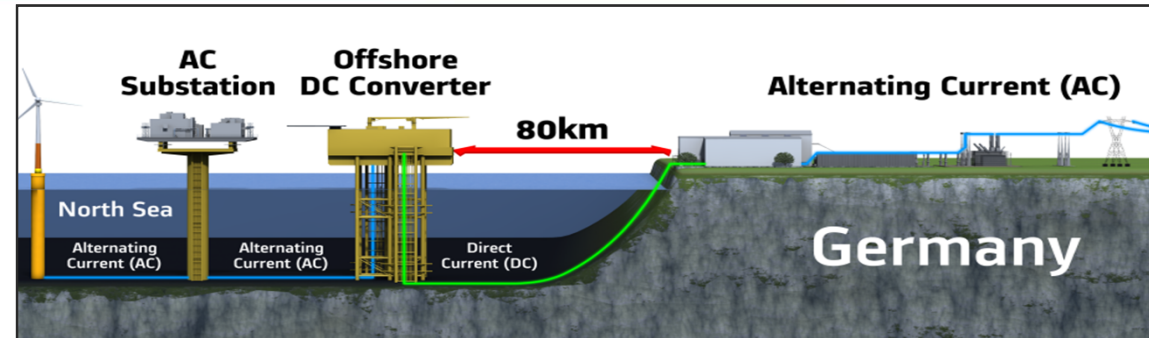
- TenneT Offshore GmbH (Germany)

## CONTRACT SCOPE

- Offshore HVDC VSC converter platform
- Onshore HVDC VSC converter
- Connecting cable systems
- Design, supply, construction, erection, energising and testing of complete equipment for offshore wind farm connection
- 5-year maintenance contract

## PARTNERS

- Platform: Nordic Yards
- Cables: Prysmian Powerlink (160 km)



## COMMERCIAL VALUE

- **Over € 1 billion**

## CALENDAR

- Contract announcement: 26 February 2013
- Projected delivery: 2017/18



# Financial results 2012/13

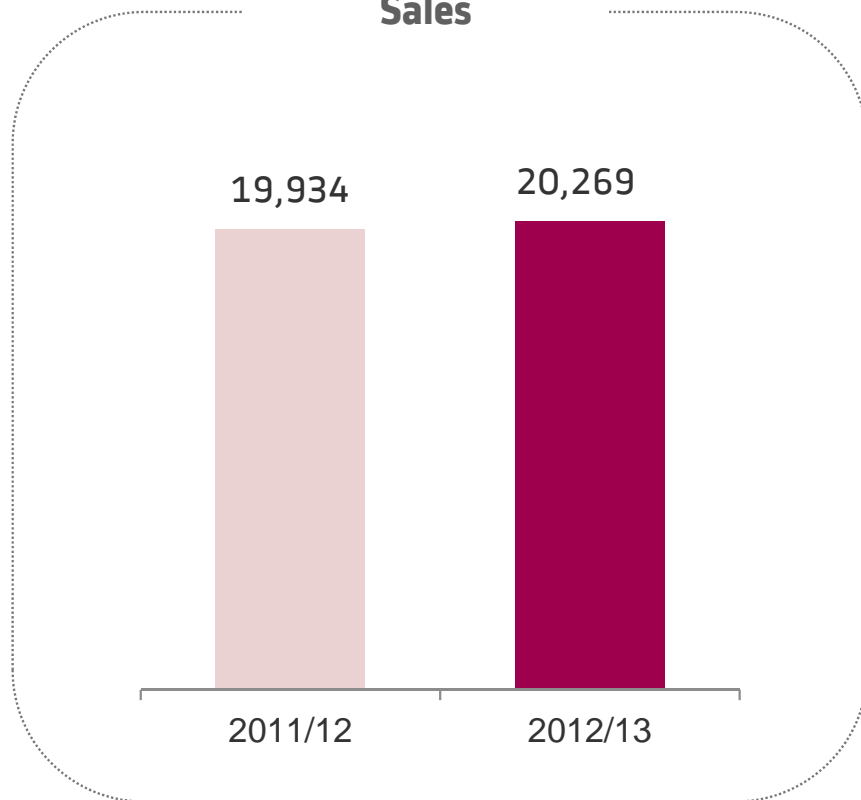
Nicolas Tissot

**ALSTOM**  
*Shaping the future*

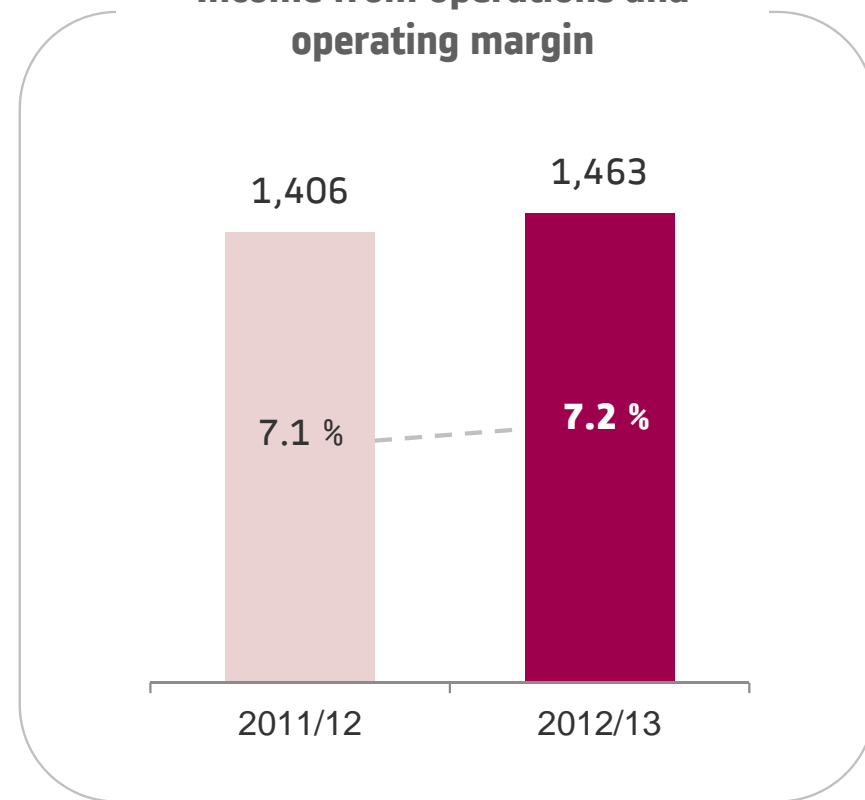
# Group operating performance

*In € million*

## Sales



## Income from operations and operating margin



# Income statement

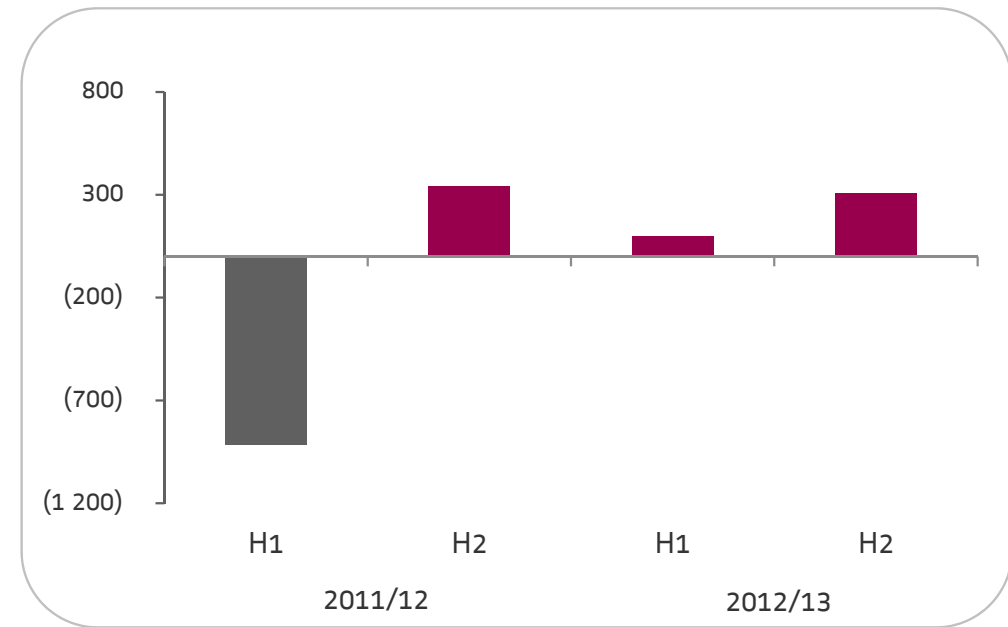
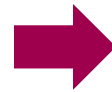
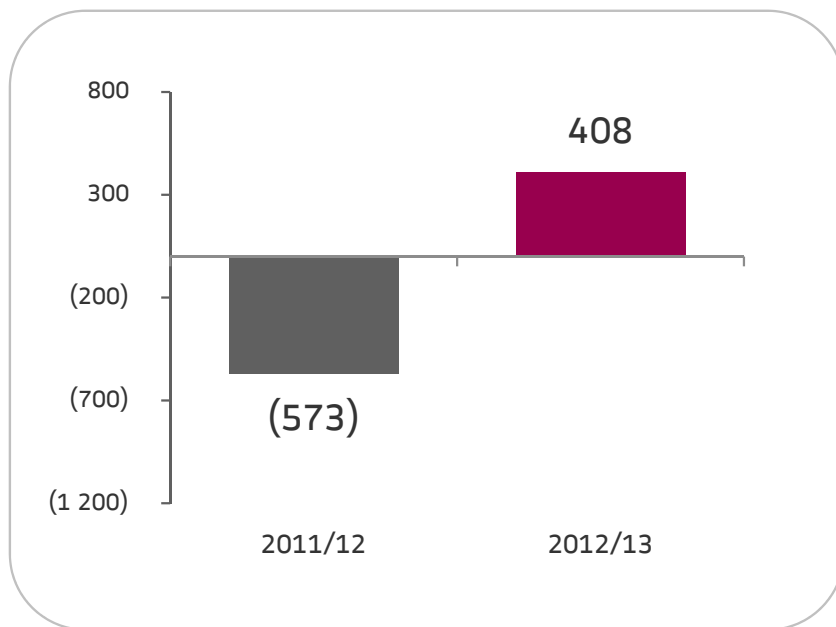
*In € million*

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

# Free cash flow

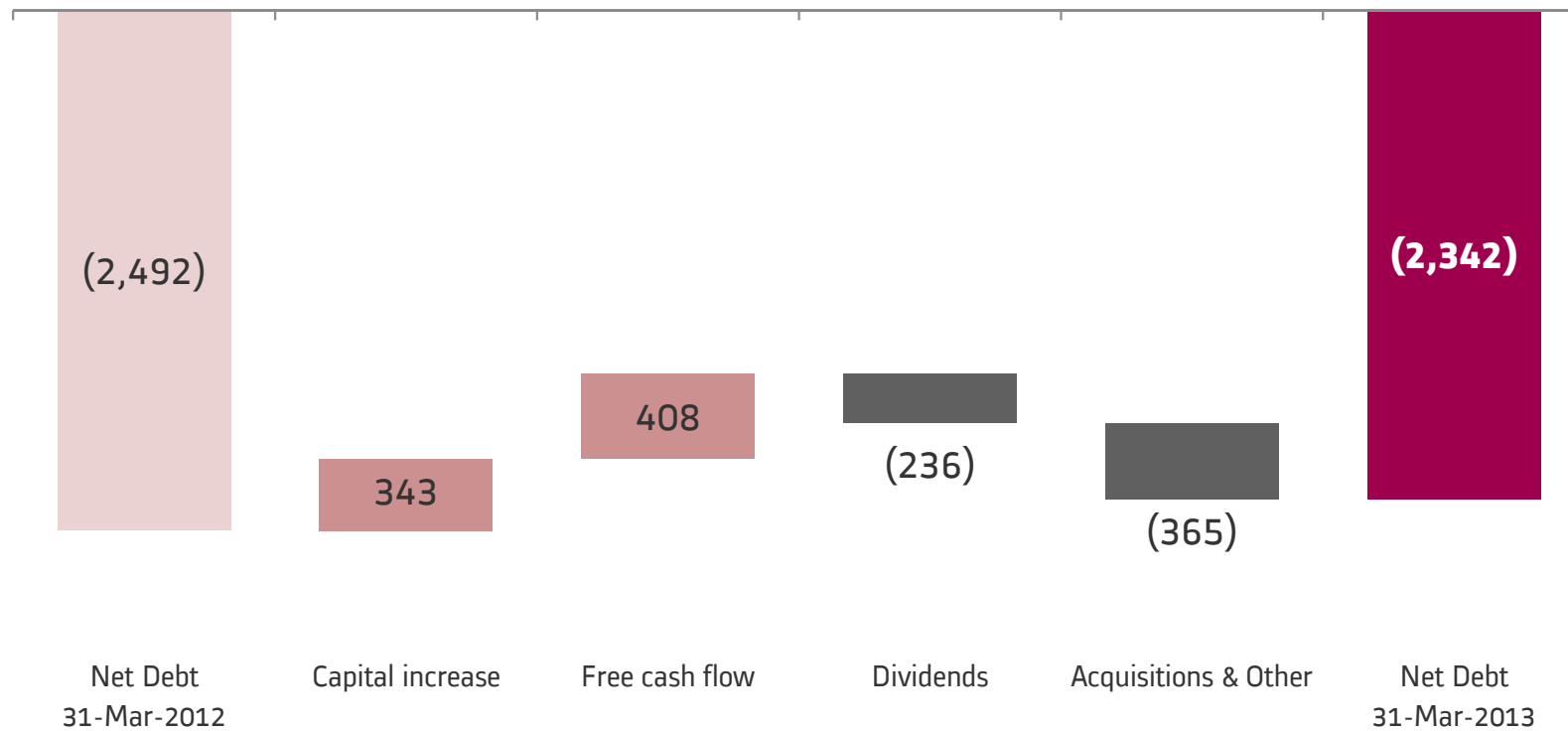
## Three consecutive semesters of positive free cash flow

*In € million*



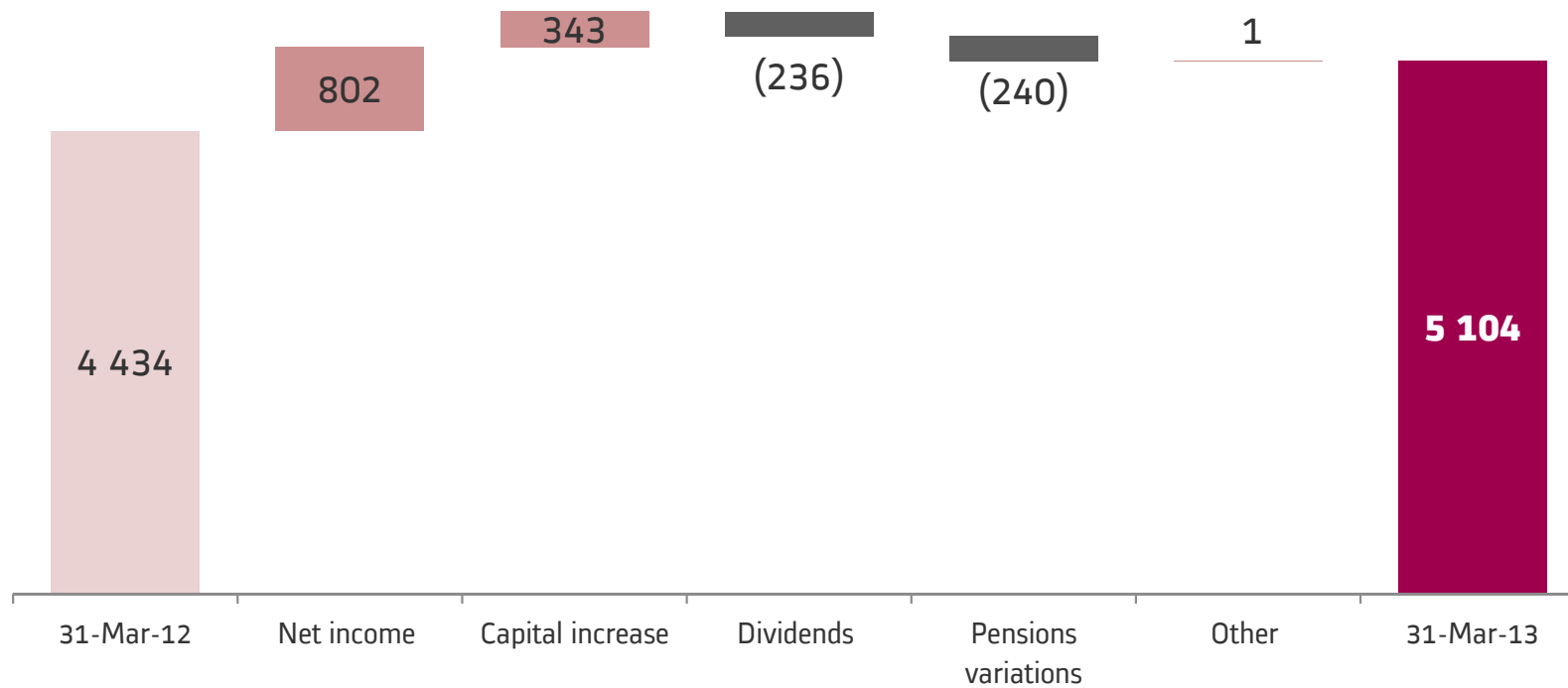
# Net debt evolution

*In € million*



# Equity evolution

*In € million*



# Outlook

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# Long-term global context unchanged

## Attractive long-term fundamentals for all end-markets

### LONG TERM DRIVERS

### GROUP MARKET IMPACT

#### Demography

- Increasing weight of **emerging market** demand

#### Electricity consumption

- Driving new equipment for **Power (Thermal and Renewable)** and **Grid** connections

#### Ageing of the installed infrastructure

- Positive impact for **all Sectors**: growing demand for Services (including retrofit) and fleet renewal

#### More Renewables within energy mix

- Increase in **Renewable** energy sourcing
- Grid stability and interconnection (HVDC and smart grid)

#### Urbanisation

- Authorities seeking to develop **rail infrastructures** for both urban and intercity
- **Smart cities**

#### Environmental regulations/concerns

- Focus on **renewable** energy sources and more efficient power (**Thermal**)
- Emission control technologies (**Thermal**)
- **Rail transport** favoured over road or plane



# Confirmed strategic targets

## GROWTH LEVERS IDENTIFIED

CAPEX



Enlarge product offering through a better coverage of current markets and development in high growth market segments



Develop Service business across all Sectors



Expand in current and adjacent markets through partnerships & targeted acquisitions

R&D



Extend geographical coverage in emerging markets

## OPERATIONAL EXCELLENCE

### People

(safety, development in emerging countries)

### Project execution & Quality

(training, processes)

### Cost competitiveness

(efficiency, supply chain management, capacity adjustments, control of S&A)

### Cash focus

(actions on working capital)

# Updated guidance

## Key changing factors from last year

- Volume growth reviewed downwards(-)
  - Economic environment further deteriorated
  - Clients slowing down some projects
- Enhanced action on costs (+)
  - Footprint optimisation 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

# Corporate Governance

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# Board of Directors

## A diversified Board



- 9 independent Directors out of 14 (64%)
- 6 foreigners (43%)
- 3 women (21%)

# Evolution of the Board of Directors

## Proposed appointment of a Director

- Amparo Moraleda
  - Nationality: Spanish
  - Principal function: Director of companies
  - Independent Director
  - Other current mandates:
    - French company: Faurecia
    - International companies : Solvay, Melià Hotels International SA, Corporacion Financiera Alba SA
  - Experience
    - International companies
    - Electrical industry



# Board of Directors

## *Activity in 2012/13*

- Review of the Group's financial situation and risks; approval of half-year and annual results
- Decision to increase capital
- Review of the Group's growth strategy and its activities
- Review of corporate governance practices; Evaluation of the proper functioning of the Board and of its Committees
- Remuneration of the Executive and Non-Executive Directors (mandataires sociaux)
- Proposition of renewal of Directors' mandate

### **Activity of the Board of Directors in 2012/13**

- 6 meetings
- 99 % attendance
- 1 meeting in St-Nazaire (main subject: new energies, wind and HVDC)

# Audit Committee

## *Activity in 2012/13*

- Review of full year and half year financial information
- Review of internal control procedures, risk management and internal audit activity
- Review of the treasury, off-balance sheet commitments and provisions
- Review of the Group IT system and pension obligations
- Review of functioning of the Committee

### **Activity of the Audit Committee in 2012/13**

- 4 meetings
- 96 % attendance
- Composition: 4 independent members out of 6 (67 %)

# Nominations and Remuneration Committee

## *Activity in 2012/13*

- Review of the governance practices and internal regulations of the Board over conflicts of interest management and prevention
- Review of CEO's and non-executive Directors compensations
- Proposal of conditional stock options and performance shares allocation
- Review of succession plans
- Selection and proposition of nomination of a new Director
- Assessment of the annual auto-evaluation procedure of the functioning of the Board of Directors and Committees

### **Activity of the Nominations and Remuneration Committee in 2012/13**

- 4 meetings
- 100 % attendance
- Composition: 3 independent members out of 5 (60 %)



# Ethics, Compliance and Sustainability Committee

## *Activity in 2012/13*

- Review and approval of the budget increase of the Ethics and Compliance Direction
- Approval of new initiatives to reinforce the Alstom Integrity Programme and of the new training project « Alstom Integrity Training »
- Review of the new presentation of the Group Corporate Social Responsibility policy and of the action plans
- Review of the group policies on work safety conditions and equal opportunities for women and men
- Review of the main non-financial indicators used by the Group
- Evaluation of the Committee functioning

### **Activity of the Ethics, Compliance and Sustainability Committee in 2012/13**

- 3 meetings
- 100 % attendance
- Composition: 3 independent members (100 %)

# Allocation of stock options and performance shares

- Stable share of beneficiaries: circa 2% of total Group's headcount
- Allocation based on level of responsibility and performance
- No discount for the exercise price of stock options
- 2012/13 LTI stock options and performance shares subject to performance conditions tied to the Group's operating margin and free cash flow in each of the following 3 fiscal years (2012/13, 2013/14, 2015/16)

*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.*

# Shareholders' meeting



# Independent Auditors' Report



# Dialogue with Shareholders



# Vote of the resolutions

Kareen Ceintre



## 1<sup>st</sup> resolution – Ordinary part of the Meeting

- **Approval of the statutory financial statements and operations for the fiscal year ended 31 March 2013**



## 2<sup>nd</sup> resolution - Ordinary part of the Meeting

- **Approval of the consolidated financial statements and operations for the fiscal year ended on 31 March 2013**

## 3<sup>rd</sup> resolution - Ordinary part of the Meeting

**Dividend : €0.84 per share**

### **Allocation of net income :**

• Income for the financial year	€	67,186,173.39
• Amount previously carried forward	€	840,001,589.76
• Allocation to the legal reserve	€	3,359,308.67
• Distributable income	€	903,828,454.48
• Dividend paid	€	258,852,825.84
• Balance carried forward	€	644,975,628.64

## 4<sup>th</sup> resolution - Ordinary part of the Meeting

- **Independent Auditors' special report on related party agreements and commitments**

## 5<sup>th</sup> resolution - Ordinary part of the Meeting

- **Appointing Mrs Amparo Moraleda as a Director**

## 6<sup>th</sup> resolution - Ordinary part of the Meeting

- **Determination of the amount of the Directors' fees**

## 7<sup>th</sup> resolution - Ordinary part of the Meeting

- **Authorisation to be given to the Board of Directors to trade the Company's shares**
  - **Maximum amount: 10% of the share capital**
  - **Duration : 18 months**

## 8<sup>th</sup> resolution - Extraordinary part of the Meeting

- **Authorisation to be given to the Board of Directors to reduce the share capital by cancellation of shares**
  - **Maximum amount: 10% of the share capital**
  - **Duration : 24 months**

## 9<sup>th</sup> resolution – Extraordinary part of the Meeting

- **Authorisation to the Board of Directors to freely allocate existing or future shares of the Company**
  - **Maximum amount: 1% of the share capital \***
  - **Of which 0.02% maximum to corporate officers**
    - **Duration : 38 months**

*\* such amount is deducted from the limit in the 10th resolution*



## 10<sup>th</sup> resolution - Extraordinary part of the Meeting

- **Authorisation to the Board of Directors to grant stock options giving rights to subscribe to new shares or purchase existing shares in the Company**
  - **Maximum amount: 2,5% of the share capital \***
  - **Of which 0.10 % maximum to corporate officers**
  - **Duration : 38 months**

*\* minus any amount allocated in the 9th resolution*

## 11<sup>th</sup> resolution - Extraordinary part of the Meeting

- **Authorisation to implement the Shareholders' Meeting's decisions and complete the formalities**

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