

In a challenging commercial environment,

Alstom posts excellent operational results for the fiscal year 2009/10

Between 1 April 2009 and 31 March 2010, driven by the quality of its backlog, Alstom registered record sales (€19.7 billion) and income from operations (€1.8 billion), up respectively by 5% and 16% over the previous year. The operating margin reached 9.1%, whilst the net result amounted to €1.2 billion (+10%). During the same period, order intake was heavily impacted by the economic recession. At €14.9 billion, orders were down by 39% from the very high level of last year. Alstom generated a free cash flow of €185 million.

At its next Annual General Meeting, Alstom will propose to increase the dividend from €1.12 to €1.24 per share (+11%).

Key figures

(in € million)	31 March	31 March	% Variation
	2009	2010	March 10 / March 09
<i>Actual figures</i>			
Orders received	24,580	14,919	-39%
Backlog	45,670	42,561	-7%
Sales	18,739	19,650	+5%
Income from operations	1,536	1,779	+16%
Operating margin	8.2%	9.1%	-
Net income	1,109	1,217	+10%
Free cash flow	1,479	185	-

“Fiscal year 2009/10 was marked by a major contraction in demand for power generation due to the strong economic downturn, whilst the transportation market resisted better, supported by the focus on rail projects in government budgets. After a low point in orders during the first half of the year, the second semester saw a modest improvement. Although tendering remains active, it is still difficult to assess the timing and the magnitude of the expected recovery. The backlog continues to be robust despite its slight decline. Driven by its quality, sales and income from operations have reached record levels and the operating margin target of 9% has been exceeded. In response to the economic uncertainty, Alstom intends to remain focused on strictly controlling costs and maintaining flexibility and smooth project management. To support its organic long-term growth strategy, the Group plans on keeping a sound level of capital expenditures and research and development expenses, although programmes will continue to be strictly prioritised. Additionally, the acquisition of Transmission activities will strengthen Alstom’s offering. Over the next two years, we expect the Group’s operating margin to stay within a 7 to 8% bracket.”, said Patrick Kron, Alstom’s Chairman and Chief Executive Officer.

Low level of order intake

During the fiscal year 2009/10, Alstom's markets were impacted by the global economic downturn. The Group booked €14.9 billion of new orders, a 39% decrease from the exceptionally high level of the previous fiscal year, which included several very large contracts. On 31 March 2010, the backlog amounted to €42.6 billion (-7%), representing 26 months of sales.

In Power, Thermal Systems & Products received orders for a large gas power plant in the UK, coal power plants in Slovenia, Germany and India as well as plant management systems in South Africa. Thermal Services registered a flow of small and medium-sized orders, particularly in Europe and in the USA, for both retrofit and service and booked three operation and maintenance long-term contracts during the fourth quarter. In Renewables, the main orders recorded during the period were for hydro projects in Switzerland. In Transport, the main contracts recorded during the fiscal year included regional trains in France and Germany, suburban trains in France, metros in Brazil and the Netherlands, tramways in Brazil, Morocco and France, as well as various signalling systems and maintenance orders.

Record sales and results

The progressive delivery of the backlog has led to a further growth in sales. They reached the record level of €19.7 billion in the fiscal year 2009/10 from €18.7 billion in 2008/09, representing a 5% increase. Sales grew by 6% in Power and by 1% in Transport.

In the fiscal year 2009/10, income from operations amounted to €1,779 million, up 16% from €1,536 million in the previous year and operating margin improved from 8.2% to 9.1%, both Sectors having achieved their operating margin objectives. Power's operating margin grew from 9.6% to 10.6%, whilst Transport's operating margin remained stable at 7.2%.

On the back of an improved operating performance, net profit increased by 10%, amounting to €1,217 million compared to €1,109 million in the previous fiscal year.

Sound financial structure

Free cash flow was positive at €185 million during the fiscal year 2009/10. The operational profit has more than offset the expected deterioration of the working capital linked to the low level of orders.

Alstom had a net cash position of €2,222 million at 31 March 2010, compared to €2,051 million at 31 March 2009. A syndicated line of bonding facilities amounting to €8.3 billion has been renewed for three years at the same conditions as the previous one.

Equity increased from €2,884 million at 31 March 2009 to €4,101 million at 31 March 2010 as a result of the strong net income.

Dividend

The Board of Directors has decided to propose a €1.24 per share dividend at the next Annual General Meeting, to be held on 22 June 2010. It represents a 11% increase compared to the dividend of €1.12 paid last year. If approved, the dividend will be distributed on 29 June 2010.

Composition of the Board of Directors

At the next Annual General Meeting, to be held on 22 June 2010, the Board of Directors will propose the appointments of Mrs Lalita D. Gupte, former Joint Managing Director and member of the Board of ICICI bank Ltd, and Mrs Katrina Landis, Chief Executive Officer and Group Vice President of BP Alternative Energy, as Directors, as well as the renewal of the appointments of Georges Chodron de Courcel, Olivier Bouygues and Bouygues SA, as Directors.

Adaptation to the new environment

To adapt to the more challenging markets, Alstom has intensified its measures to reduce costs; for example, selling and administrative expenses decreased from 7.4% of sales in March 2009 to 6.8% in March 2010. The total workforce has been adjusted with a decrease of 5,000 people over the year, by natural turnover, non-renewal of some fixed term employment contracts or downsizing of some sites.

To keep and reinforce its technological leadership and industrial efficiency, the Group maintained R&D expenses and capital expenditures at high levels, respectively €614 million and €470 million.

Update on portfolio evolution

On 20 January 2010, Alstom and Schneider Electric signed with Areva the agreement for the acquisition of its Transmission & Distribution (T&D) business. The proposed transaction was approved by the European Commission on 26 March 2010; it remains subject to the approvals of competition authorities in certain countries and of the French Commission des Participations et des Transferts which are expected shortly. Alstom and Schneider Electric are working closely with the management of Areva T&D in order to implement a rapid and smooth integration.

On 1 March 2010, Alstom and Transmashholding (TMH), the largest railway equipment manufacturer in Russia, firmed up the strategic partnership that they had previously concluded. This agreement is subject to final documentation and authorisations.

Outlook

Power remains focused on developing in high growth areas, keeping the lead in clean power and leveraging opportunities in the installed base. Transport aims to strengthen its positioning in mature markets, whilst targeting emerging ones with suitable solutions. Along with the integration of Transmission's activities into the Group, Alstom will seek to boost its growth through selective acquisitions if opportunities arise.

Alstom's operational priorities are geared towards leveraging its competitive advantages to get profitable orders as well as adapting to the load whilst maintaining flexibility. Focus remains centred on quality, project execution and strict cost control.

In the current context, Alstom has set a new operating margin forecast between 7 and 8% over the next two years, based upon proper contract execution and gradual recovery of demand.

*

The Group activity and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 3 May 2010, are available on Alstom's website at www.alstom.com. The accounts have been audited and certified.

In accordance with AFEP-MEDEF recommendations, information related to the remuneration of Alstom's Executive Officer is available on Alstom's website: www.alstom.com, under About us/Corporate Governance/Remuneration of the Executive Officer.

Press Contact

Philippe Kasse, Stéphane Farhi (Corporate)

Tel: +33 1 41 49 29 82 / 33 08

philippe.kasse@chq.alstom.com

stephane.farhi@chq.alstom.com

Investor Relations

Emmanuelle Châtelain

Tel: + 33 1 41 49 37 38

emmanuelle.chatelain@chq.alstom.com

This press release contains forward-looking statements which are based on current plans and forecasts of Alstom's management. Such forward-looking statements are relevant to the current scope of activity and 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.