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Alstom posted operational results for 2010/11 in line with guidance and achieved a marked increase of orders during the second half

Between 1 April 2010 and 31 March 2011, Alstom registered sales of €20.9 billion and an income from operations of €1,570 million, corresponding to an operating margin of 7.5%. The net result decreased to €462 million, due to the adverse impact of non-recurring charges. At €19.1 billion, orders were up from the low level of last year. After a trough in the first semester, a marked rebound of orders was achieved in the second one. In parallel, the free cash flow strongly recovered in the second half of 2010/11 with €447 million generated, as compared to the €963 million outflow in the first half.

At its next Annual General Meeting, Alstom will propose a dividend of €0.62 per share, after €1.24 last year.

Key figures

(in € million)	31 March 2010	31 March 2011 (excl. Grid)	31 March 2011 (incl. Grid ¹)	% Variation March 11 / March 10 (excl. Grid)	% Variation March 11 / March 10 (incl. Grid)
<i>Actual figures</i>					
Orders received	14,919	15,620	19,054	+5%	+28%
Backlog	42,561	41,685	46,816	(2)%	+10%
Sales	19,650	17,270	20,923	(12)%	+6%
Income from operations	1,779	1,352	1,570	(24)%	(12)%
Operating margin	9.1%	7.8%	7.5%	NA	NA
Net income	1,217	NA	462	NA	(62)%
Free cash flow	185	NA	(516)	NA	NA

“Results of fiscal year 2010/11 showed an operational performance in line with expectations. After three semesters of low orders, the second half of 2010/11 was characterised by a strong commercial rebound with, as announced, a fourth quarter higher than the third one. This positive commercial evolution triggered a significant improvement of the cash generation in the second half of the year. The recovery in orders intake has been driven by numerous successes in emerging markets where demand is expected to continue to grow, while activity in the developed economies remains sluggish. This geographical shift of demand opens a new business phase to Alstom. To seize the upcoming opportunities whilst maintaining its competitiveness, the Group plans to adapt its geographical presence to the expected demand and strengthen its best-in-class offering. During the year, Alstom continued to build up its industrial footprint

¹ Consolidated from June 2010 to March 2011

in the BRIC countries and signed several strategic partnerships in these key markets, whilst capacity adjustment plans were launched in Europe and North America. Research and development expenses have been maintained at a high level to keep the lead in technology. Encouraged by the commercial recovery of the second half 2010/11, the Group confirms that the operating margin of fiscal year 2011/12 should stay within the 7% to 8% bracket”, said Patrick Kron, Alstom’s Chairman and Chief Executive Officer.

Strong rebound of orders during the second semester

During fiscal year 2010/11, Alstom registered €19.1 billion of orders, up 28% including Grid compared to last year. Commercial activity was challenging during the first half of 2010/11, but gained positive momentum during the second half. Major successes were registered in emerging countries which accounted for around 60% of the orders booked (versus 35% in 2009/10). On 31 March 2011, the backlog amounted to €46.8 billion, representing 26 months of sales.

In Power, the Thermal Systems & Products business received orders for gas plants in Singapore, India as well as in the Middle East, for nuclear equipment in China and for environmental control systems in South Africa. Thermal Services activity showed a very strong performance over the year, with €5.2 billion of orders received. In particular, it booked large Operation & Maintenance contracts in Singapore, Spain and Taiwan as well as significant retrofit orders in France and Poland. The Renewables segment recorded hydro projects in South America and Switzerland, as well as wind contracts in Brazil and the UK.

During fiscal year 2010/11, Transport registered large orders for locomotives in Russia and Kazakhstan, regional trains in France and Sweden, very high speed trains in Morocco, metros in Canada, Santo Domingo, Panama, India and Brazil as well as tramways in France and Tunisia. Maintenance contracts for mainlines fleets were registered in the USA, as well as a number of signalling contracts in Europe and China.

The Grid Sector secured a large volume of small to medium-sized contracts across technologies, including sub-stations in Western Europe, Russia and Brazil, and orders for network management systems in Europe and the Middle East.

Operational performance in line with guidance

The Group's sales stood at €20.9 billion, up 6% including Grid, compared to last year. At €11.7 billion (-16%), Power's sales were impacted by the low level of orders taken over the past period. Transport's sales slightly declined at €5.6 billion, whilst Grid, with €3.7 billion over ten months, posted higher revenues than expected.

In fiscal year 2010/11, income from operations amounted to €1,570 million, versus €1,779 million in the previous year. Standing at 7.5% for the Group (7.8% excluding Grid), operating margin was fully in line with guidance. As anticipated, Power's margin decreased from 10.6% in 2009/10 to 9%. Transport's operating margin remained globally stable around 7% whilst Grid's operating margin stood at 6%.

Net profit, which included a specific negative impact of €158 million linked to the acquisition of Grid, amounted to €462 million compared with the record result of €1,217 million last year. This evolution came mainly from the high restructuring charges corresponding to the full impact of the adjustment plans launched in Power Thermal in Europe and North America as well as in some European sites of the Transport Sector.

Sound financial structure

After a large cash outflow in the first half of 2010/11, the cash flow turned substantially positive in the second half, supported by the recovery of orders. For the full year, the free cash flow stood at €(516) million.

At 31 March 2011, Alstom turned into a net debt position of €1,286 million as compared to net cash of €2,222 million at 31 March 2010, due to the financing of the acquisition of Grid for €2,351 million, the negative free cash flow over the period and the payment of the dividend for 2009/10.

Equity remained almost flat over the period, standing at €4,152 million at 31 March 2011 from €4,101 million at 31 March 2010, after taking into account pension adjustments and the payment of the dividend.

Dividend

The Board of Directors has decided to propose a dividend of €0.62 per share at the next Annual General Meeting to be held on 28 June 2011, compared to a dividend of €1.24 paid last year. It corresponds to a pay out ratio of around 40%, substantially higher than the one of the previous years at approximately 30%. If approved, the dividend will be distributed on 5 July 2011.

A new business phase

After a record high commercial activity in 2007/08 followed by a weak demand over the next 18 months, Alstom rebounded during the second half of 2010/11, supported by successes in emerging countries contrasting with the slow activity in developed markets.

To benefit from opportunities in the fast growing regions, Alstom initiated several partnerships over the year in Russia, India and China across all three Sectors. On 20 April, the Group announced its intention to create a 50/50 joint venture with Shanghai Electric to become jointly the world leader in boilers for coal-fired power plants. In addition, Alstom spent over €500 million in capital expenditures to upgrade its existing footprint and to launch new investments in the BRIC countries.

Simultaneously, to adapt to the lower demand for gas and coal plants in Europe and North America, Alstom launched a restructuring plan in Power Thermal to adjust its capacity accordingly. Last March, the Group also announced a plan to adjust its workforce and improve its competitiveness in the Transport Sector in Italy, Germany and Spain.

Beyond this geographical adaptation, Alstom's strategy is to keep the lead in innovation. During the year, research and development expenses remained at a high level; including Grid, they exceeded €700 million. In Power, the market is moving towards a faster growth in CO₂-free technologies; in addition to the carbon capture & storage and turbine upgrades programmes, the Sector is putting emphasis on on-shore and off-shore wind as well as on thermal solar. Grid's objective is to further strengthen its range of technologies and to expand in the strategic areas of super and smart grids. During the year, to increase its capabilities in network management, the Sector created a joint venture with Bouygues for eco-districts and acquired Psymetrix and Uisol. Transport kept investing in high end segments, while developing products suited to the

specific needs of the emerging markets. Overall, to differentiate from competition, the Group is also maintaining a strong focus on service and turnkey capabilities.

Outlook

While fully focused on extending the encouraging commercial performance of the recent months, Alstom continues to concentrate its operational priorities on excellence in product quality and project execution as well as on strict cost control.

Encouraged by the commercial recovery of the second half 2010/11, the Group confirms that the operating margin of fiscal year 2011/12 should stay within the 7% to 8% bracket.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 3 May 2011, 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/Corporate Governance/Remuneration of the Executive Officer.

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