

Annual Results
Fiscal Year 2006/07

14 May 2007

We are shaping the future

ALSTOM

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Key events of the year

Key figures

- Strong performance in 2006/07

In € million

	March 2006 (*)	March 2007	Variation
Orders received	15,290	19,029	+24% actual +34% comparable(**)
Backlog	26,944	32,350	+20% actual +22% comparable(**)
Sales	13,413	14,208	+6% actual +14% comparable(**)
Income from operations	746	957	+28% actual
Operating margin	5.6%	6.7%	+40% comparable(**)
Net income	178	448	+152% actual
Free cash flow	525	1,045***	+99% actual

(*) actual figures

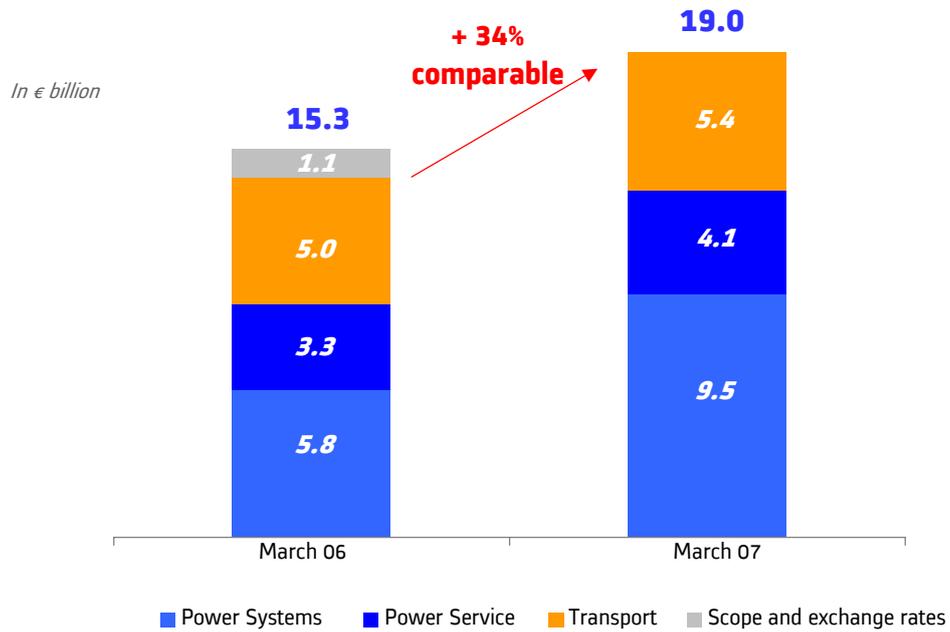
(**) same scope and exchange rates

(***) before discretionary contribution to German pension funds (€300 million)

Key events of the year

Orders received

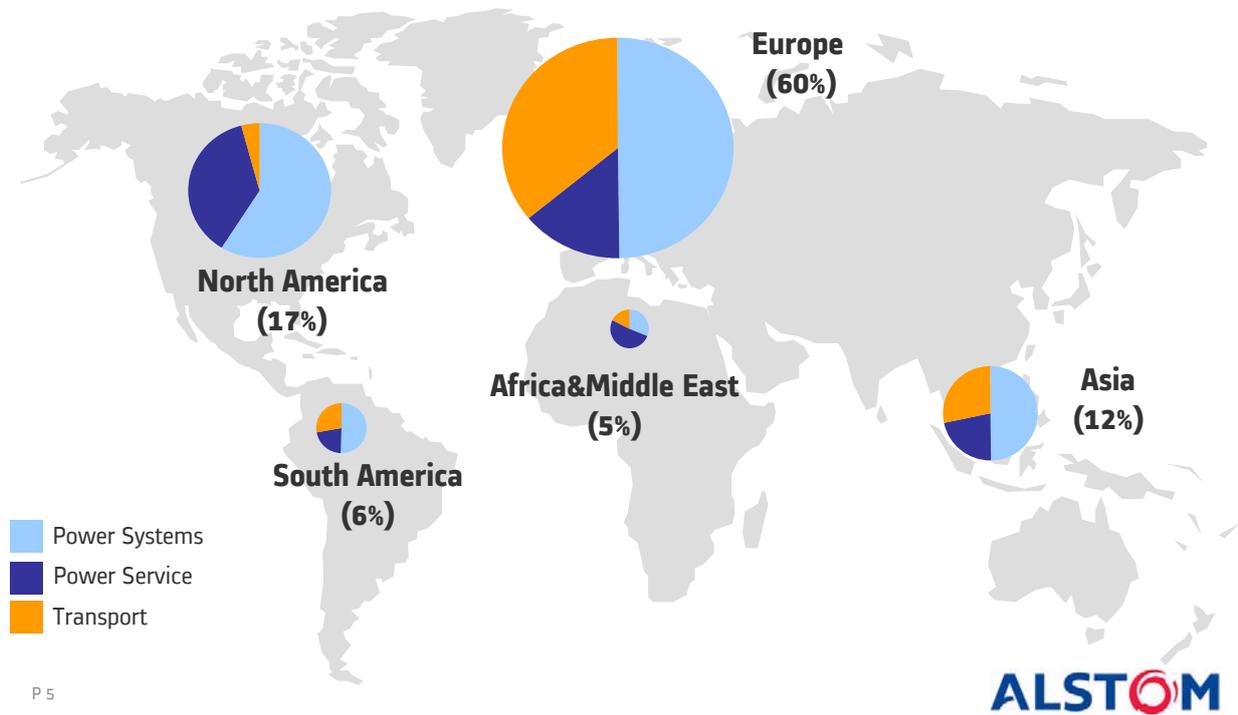
- Buoyant commercial activity in 2006/07



Key events of the year

Orders received by country of destination

- Strong order intake in EU and North America in 2006/07

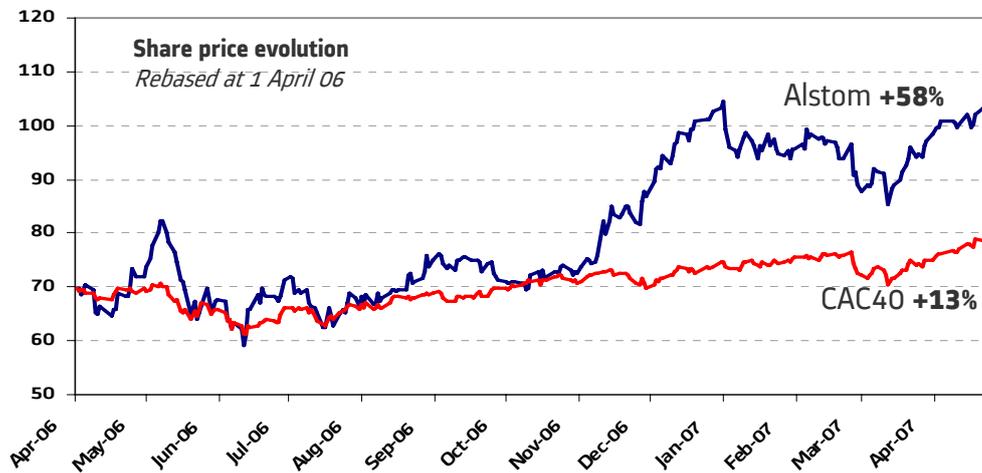


Key events of the year

Share price performance

- Alstom back in CAC40 index since July 2006
- +58% stock price appreciation since 1 April 06, compared to +13% for CAC40

In euros



(data as of 30 April 2007)

Key events of the year

Bouygues

- A long-term shareholder with app. 25% of capital



Commercial partnership

- Cooperation of sales networks
- Development of integrated offers in Power and Transport
- Implementation of complementarities thanks to close geographical fit



Operational partnership

- Sharing of experiences and best practices in project management
- Development of standard terms and conditions for future contracts
- Joint training programs



JV hydro

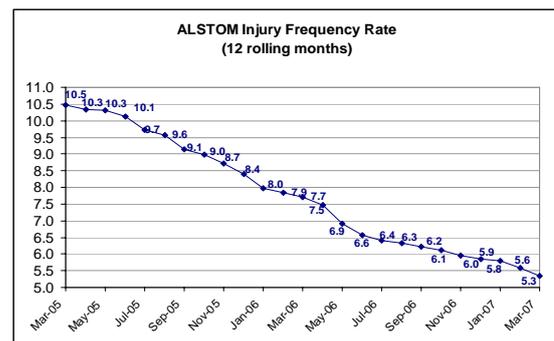
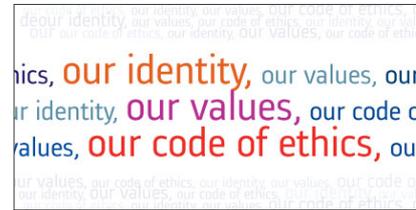
- 50% Alstom / 50% Bouygues
- Closed 31 October 2006



Key events of the year

HR management

- Prepare our forces
 - Recruitment of 8,700 employees in 2006/07 of which 4,100 engineers & managers
 - Efficient integration and reinforcement of training effort
 - Specific effort on project managers population
- Share the vision and values
 - Group brand platform elaborated (identity, ambition, vision, values)
 - Review of the code of ethics
- Improve collective efficiency
 - Reinforcement of safety: Injury frequency rate reduced
 - Constructive industrial relations



Key events of the year

Research and development

- Overall increase in R&D efforts: +26% in 2006/07

Power

- Clean Power
 - Efficiency (ultra-supercritical)
 - CO2 capture
- Improved performance of equipment
 - GT26 and GT13 compressors
- Parts upgrade and value packages



Transport

- Very high speed
 - AGV (Test platform available mid-07)
 - Speed world record
- ERTMS (Level 2 successfully implemented)



Key events of the year

Disposal program

- Marine Sector sold to Aker Yards
 - Completed on 31 May 2006
- Commitments with EC executed
 - Disposal programme closed
 - JV Hydro operational since Nov 06
 - Exit of French State 2 years ahead of schedule (equity participation, counter-guarantee on bonding programme)



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Power

General context

- Dynamic market in Europe for gas & steam equipment and services
- Strong coal market world-wide supported by energy security concerns
- Need for environmental upgrade of existing facilities driven by regulations (USA and Europe) and ageing installed base
- Support for modernization / upgrades of existing plants by high fuel prices (higher payback)
- Major hydro projects moving ahead (Brazil, China)



Power

Key figures

In € million

	March 2006 (*)	March 2007	Variation
Orders			
Power Systems	5,783	9,535	+65%
Power Service	3,330	4,058	+22%
Total Power	9,113	13,593	+49%
Sales			
Power Systems	4,724	5,673	+20%
Power Service	2,708	3,198	+18%
Total Power	7,432	8,871	+19%
Backlog			
Power Systems	8,074	11,873	+47%
Power Service	4,352	5,219	+20%
Total Power	12,426	17,092	+38%

(*) comparable figures: same scope and exchange rates

Power

Key figures

In € million

	March 2006 (*)	March 2007	Variation
Income from op			
Power Systems	85	201	+137%
Power Service	424	510	+20%
Total Power	509	711	+40%
Operating margin			
Power Systems	1.8%	3.5%	
Power Service	15.7%	15.9%	
Total Power	6.8%	8.0%	

(*) comparable figures: same scope and exchange rates

Power

Key events 2006/07

Gas

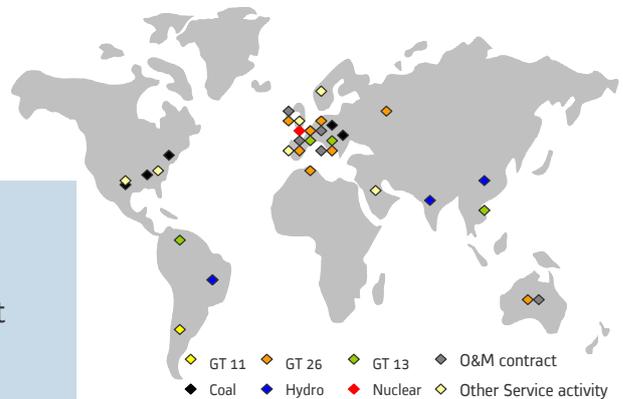
- 20 gas turbines booked (of which 13 GT26)
- Large market share in Europe for GT26, with contracts obtained in Italy, Spain, Germany, France, Russia and UK

Coal

- 3 major coal power plants in USA and Eastern Europe
- CO2 strategy being launched (pilot plant with AEP)
- Wuhan Boilers Co. acquisition progressing

Hydro

- Orders for hydro projects in Venezuela, China and India
- Ramp-up of factory in India



Power

Key events 2006/07

Nuclear

- Success in France (Flamanville)
- JV with Atomenergomash initiated in Russia

Retrofit

- Contract for the retrofit of a nuclear power plant in USA
- Integrated solution for a coal-fired power plant in South Africa

Service

- Several major O&M contracts related to new gas power plants
- Various service contracts for plants, gas turbines, steam turbines or boilers, mainly in Europe and USA
- Footprint established in China (acquisitions of Strongwish and Sizhou Electric Power)



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Power

Strategic priorities

- Power Systems: Execute strong backlog and leverage strategic opportunities
 - Strengthen current position on broad portfolio technology
 - Consolidate market share in gas turbines; upgrade performance
 - Strengthen Clean Coal leadership and accelerate CO2 product development
 - Leverage successes in conventional islands for nuclear plants
 - Maintain leadership in hydro
 - Develop industrial base in the USA (turbomachines) and in Asia (boilers); reinforce supply chain
 - Exceptional capex of €200 million over 3 years
 - Materialize external growth opportunities



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Power

Strategic priorities

- Power Service: Keep strong profitable growth
 - Leverage installed own fleet
 - Increase market share, notably environmental products and steam plants
 - Boost growth by selective acquisitions
 - Increase regional coverage, notably in Asia and the USA
 - Optimise supply chain and internal costs



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Transport

General context

- Opportunities in mass transit and very high speed
- Asian/Pacific market growing rapidly, driven by China (mainline and infrastructure)
- Increasing demand in the UK and Germany
- Competitive environment



Transport

Key figures

In € million

	March 2006 (*)	March 2007	Variation
Orders	5,011	5,388	+8%
Sales	4,957	5,288	+7%
Backlog	13,986	15,239	+9%
Income from op	314	350	+11%
Operating margin	6.3%	6.6%	

(*) comparable figures: same scope and exchange rates

Rolling stock

- Orders for CORADIA regional trains (Germany, France, Sweden)
- Contracts for METROPOLIS in Santo Domingo, Budapest, Shanghai
- Booking of several CITADIS tramways in France (Reims, Orleans)
- Success of CITADIS tram-trains in the Netherlands
- Order for 500 freight PRIMA locomotives in China



**Alstom: n°1 in sales worldwide
in 2006/07**

Transport

Key events 2006/07

Systems & Infrastructure

- Turnkey contract for tramway in Algiers
- Electrification of a high speed line in China
- Track work and signaling project in Turkey

Signaling

- High growth in order intake
- Inauguration of ERTMS in Italy

Service

- Strong maintenance activities in UK
- Service contract in Argentina
- Acquisition in Switzerland (JV with SBB)

574.8 km/h



Record Date – 3 April 2007

- Take full benefit of industrial realignment and develop non rolling stock activities
 - Consolidate current position
 - Further standardise and optimise costs
 - Leverage high speed and very high speed positions (AGV), mass transit, ...
 - Develop service business
 - Progress in signaling by leveraging successes in ERTMS
 - Differentiate through system solutions



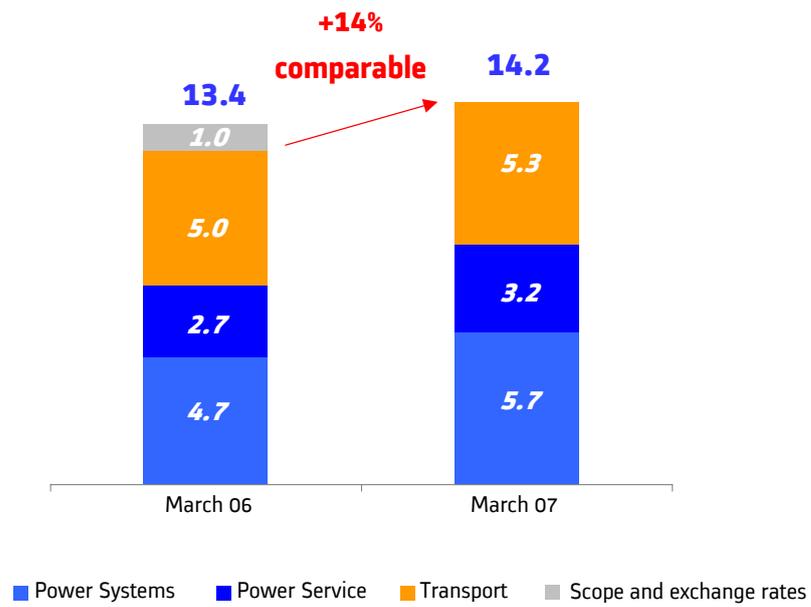
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Sales

Breakdown by Sector

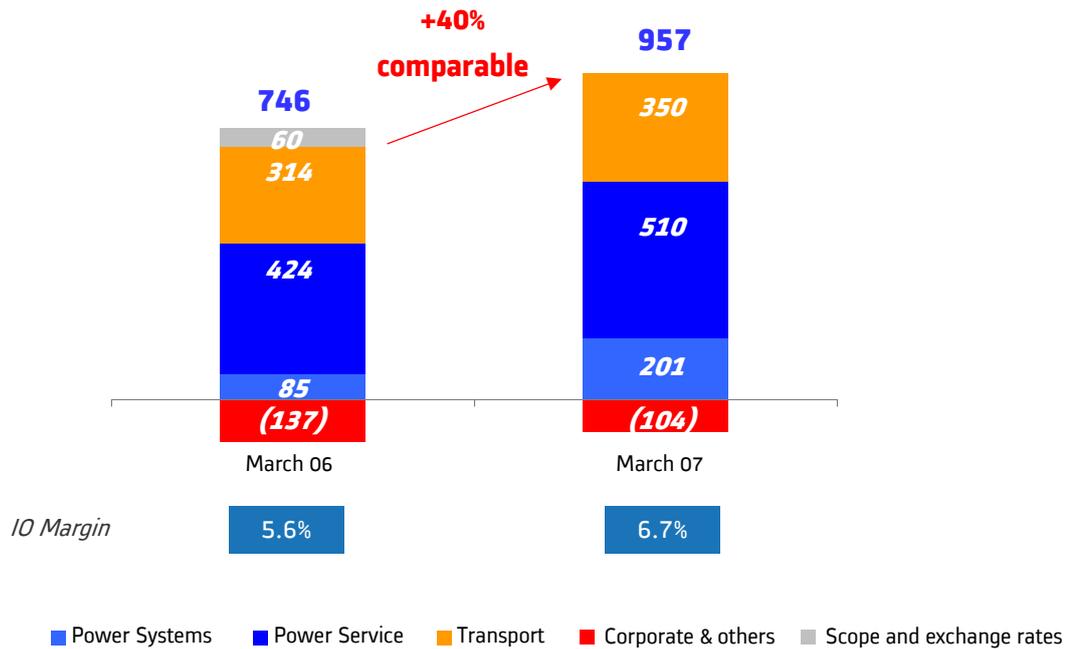
In € billion



Income from operations

Breakdown by Sector

In € million



Income Statement -1-

In € million

	March 2006	March 2007
Income from operations	746	957
Restructuring costs	(80)	(68)
Amortisation of pension	(61)	(72)
Capital gains & other	122	(90)*
EBIT	727	727

* Including fine on T&D – GIS business

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Income Statement -2-

In € million

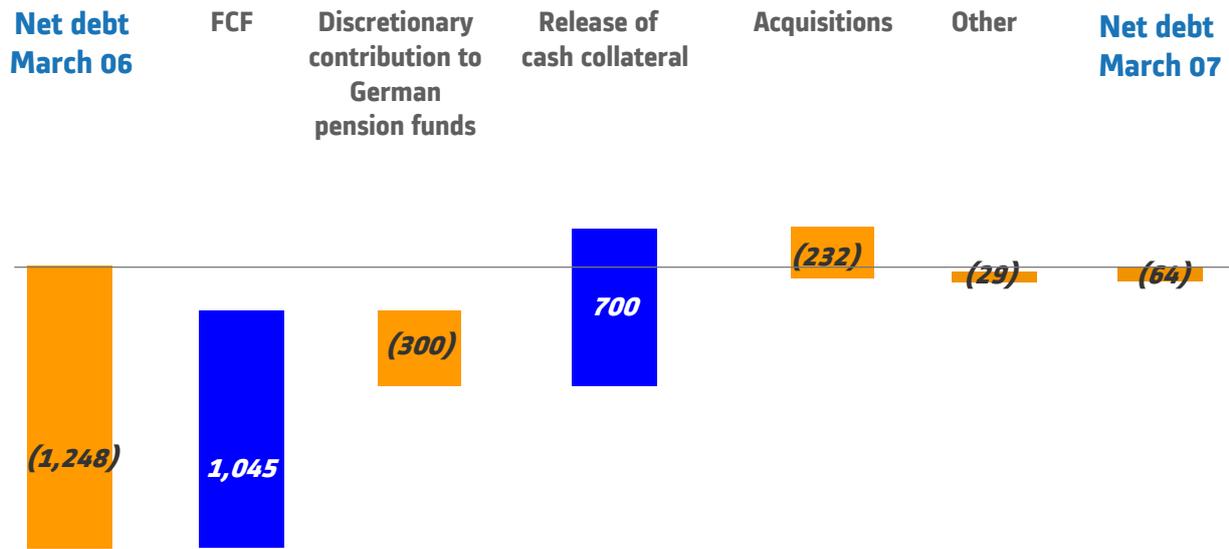
	March 2006	March 2007
EBIT	727	727
Financial result	(222)	(111)
Tax result	(125)	(145)
Discontinued operations	(198)	(32)
Minority interest & other	(4)	9
Net result	178	448

Free Cash Flow

<i>In € million</i>	March 2006	March 2007
EBIT before restructuring	807	795
Capital gain/loss	(144)	88
Depreciation	322	216
R&D cap. & amort. of intang.	15	16
Restructuring cash out	(239)	(102)
Financial cash out	(207)	(102)
Tax cash out	(85)	(116)
Change in WC	248	540
Capex	(207)	(280)
Others	15	(10)
Free cash flow	525	1,045
<i>Discretionary pension contrib.</i>	-	(300)
<i>Free cash flow after pensions</i>	525	745

Evolution of net debt

In € million

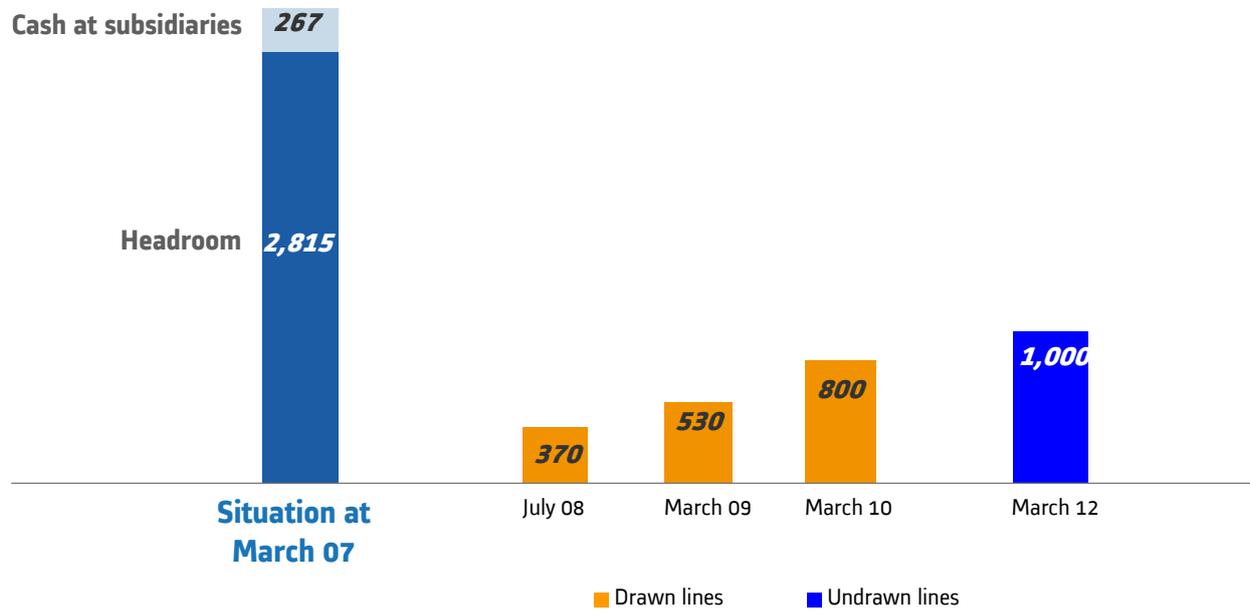


- Net debt close to nil at March 2007

Main credit lines at 31 March 2007

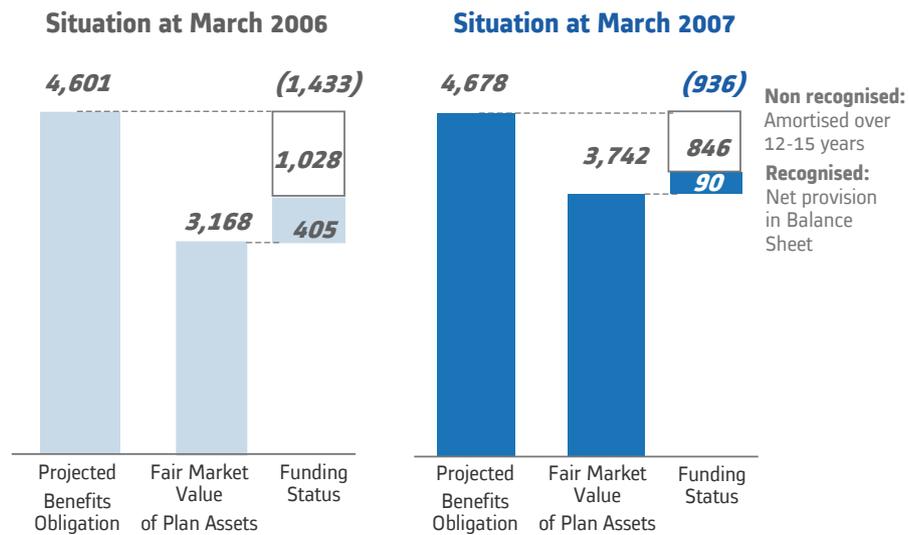
In € million

Nominal amount



Off balance-sheet Pension underfunding

In € million



- Underfunding reduced following funding of German plans and favourable evolution of financial markets
- Equity share reduced from 50% to 40% to optimise pension risk management

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Agenda

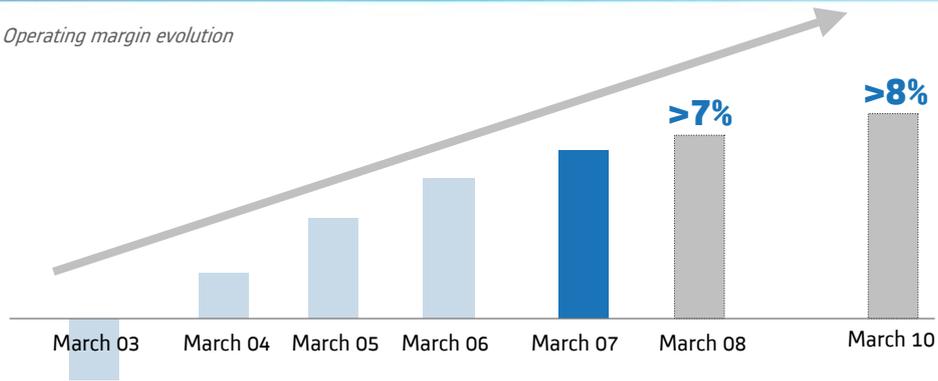
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A new phase

- We must combine growth and performance improvement...
 - Increase geographical coverage
 - Consolidate project management
 - Adapt industrial organisation to new challenges and strengthen sourcing
- ...invest for the future...
 - Sustained high spending of R&D and capex to support growth
 - Development of partnerships
 - Acquisitions to boost internal growth
- ...and reward our shareholders
 - Dividend of 0.8€ per share to be proposed at AGM

New objectives

Operating margin evolution



- **March 2008:** Operating margin target of **7% to be exceeded**,
 - Power: **>8%**
 - Transport: **7%**with a double-digit growth of sales
- **March 2010:** Operating margin should be **over 8%**
 - Power: **9-10%**
 - Transport: **7-8%**

Disclaimer

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.

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