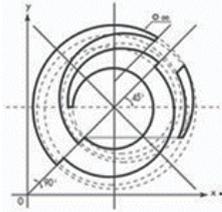


The word "ALSTOM" is displayed in a large, white, outlined font across the top of the slide. The letter "O" is replaced by a technical drawing of a gear or a circular component with concentric circles and radial lines. The background is a dark blue gradient with vertical stripes and faint white geometric patterns.A thick, solid red curved banner sweeps across the lower half of the slide, framing the text below. The banner starts on the left, curves upwards and then downwards to the right.

Annual Results Fiscal Year 2005/06

17 May 2006

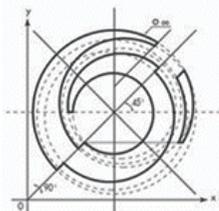
The ALSTOM logo is positioned at the bottom center of the slide. It consists of the word "ALSTOM" in a bold, blue, sans-serif font. The letter "O" is replaced by a red circle with a white outline, containing a white stylized gear or circular element.



Agenda

ALSTOM

- ▶ **FY 05/06 achievements** **P. Kron**
- ▶ **Operational review by Sector** **P. Kron**
- ▶ **Financial Results** **H. Poupart-Lafarge**
- ▶ **Outlook** **P. Kron**



Key figures* of FY 05/06

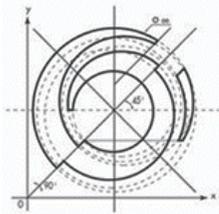
ALSTOM

	<i>FY 05/06 vs FY 04/05</i>	
▶ Sustained organic growth		
▶ Orders	€15.3bn: +8%**	✓
▶ Sales	€13.4bn: +8%**	✓
▶ Improved operational performance		
▶ Operating margin	5.6% vs 3.5%*	
▶ Operating margin (incl. Marine)	5.3% vs 2.5%**	✓
▶ Better profitability and cash generation		
▶ Net result	+€178m vs €(628)m	✓
▶ Free Cash Flow	+€25m vs €7m	
▶ Free Cash Flow (incl. Marine)	+€410m vs €(136)m	✓

All FY2005/06 targets achieved

*Marine treated as 'discontinued activity'

**On a comparable basis (same scope and exchange rates)



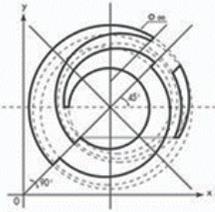
Main events of FY 05/06



▶ Strategic move

▶ Cooperation agreement with Bouygues

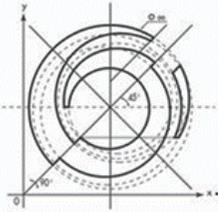
- ▶ Bouygues as a reference minority shareholder, with 21% of the capital to be purchased from French State
- ▶ Commercial and operational partnership
 - ▶ Commercial coordination upstream
 - ▶ Development of integrated offers when relevant
 - ▶ Share best practices on project and risk management
- ▶ 50% stake in ALSTOM's hydro business
 - ▶ Agreement in principle with Bouygues, subject to anti-trust clearances and consultation of employees representatives
 - ▶ Purchase price of 50% of Hydro entity (incl a debt vs ALSTOM of €300m) for €150m
- ▶ Subject to EC's approval and closing of Marine



Main events of FY 05/06



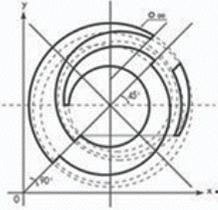
- ▶ **Refocus of portfolio**
 - ▶ **Marine merged into Aker Yards: closing expected end of May**
 - ▶ 25% share held till 2010
 - ▶ **Disposals requested by EC completed**
 - ▶ Valencia locomotives, IT business in Australia, FlowSystems, Transport activities in Australia and New Zealand and Power Conversion sold
 - ▶ Industrial boilers: closing expected shortly



Main events of FY 05/06



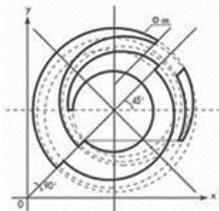
- ▶ **Operational performance restored**
 - ▶ **GT24/GT26 problem solved**
 - ▶ Final acceptance from the customers for all the 76 turbines
 - ▶ Remaining provisions at March 06: €263m
 - ▶ Award of new contracts
 - ▶ **Restructuring plans close to completion**
 - ▶ All plans completed or in final stage of implementation
 - ▶ **Project execution under control**
 - ▶ No overall slippage of gross margin in backlog during execution



Main events of FY 05/06



- ▶ **Financial situation strengthened**
 - ▶ **Balance sheet reinforced**
 - ▶ Equity increased with positive net income
 - ▶ Debt decreased with proceeds from disposals (€257m in FY 05/06) and positive free cash flow
 - ▶ Gearing reduced from 104% as of 1st April 2005 to 68% as of 31st March 2006
 - ▶ **Bonding programme secured, covering needs till July 08**
 - ▶ Syndicated line of €9.4 billion
 - ▶ Bilateral agreements of €1.5 billion
 - ▶ **Liquidity ensured and cost of debt reduced**
 - ▶ Headroom at March 06: €1.65 billion



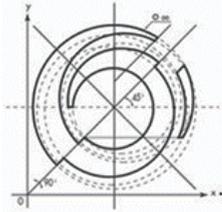
Main events of FY 05/06



- ▶ **Future being prepared**
 - ▶ **Increase of R&D expenses***
 - ▶ From €333m in FY 04/05 to €349m in FY 05/06: **+5%**
 - ▶ **Higher capex****
 - ▶ From €185m in FY 04/05 to €207m in FY 05/06: **+12%**
 - ▶ **Increase of selling expenses**
 - ▶ From €535m in FY 04/05 to €569m in FY 05/06: **+6%**
 - ▶ **Restart recruitment of engineers and managers**
 - ▶ **2,500** in FY 05/06

**Before capitalisation and amortisation*

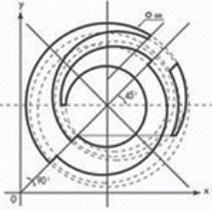
***Excluding R&D capitalisation*



Agenda

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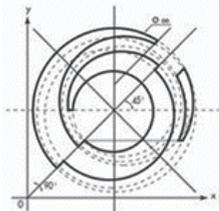
- ▶ **FY 05/06 achievements** **P. Kron**
- ▶ **Operational review by Sector** **P. Kron**
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- ▶ **Outlook** **P. Kron**



ALSTOM - Actuals



In €million	FY 04/05	FY 05/06	Var FY/FY
Orders	14,737	15,290	+4%
Sales	12,920	13,413	+4%
Backlog	25,937	26,944	+4%
Income from op	471	746	+58%
Operating Margin	3.6%	5.6%	

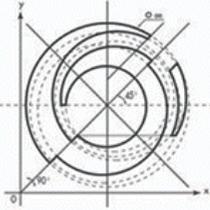


ALSTOM - Comparables



Same scope and exchange rates

In €million	FY 04/05	FY 05/06	Var FY/FY
Orders	14,114	15,290	+8%
Sales	12,429	13,413	+8%
Backlog	24,783	26,944	+9%
Income from op	430	746	+73%
Operating Margin	3.5%	5.6%	



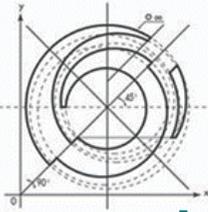
Power Turbo-Systems / Power Environment Comparables

ALSTOM

Same scope and exchange rates

In €million	FY 04/05	FY 05/06	Var FY/FY
Orders	5,241	6,076	+16%
Sales	4,352	5,079	+17%
Backlog	7,247	8,447	+17%
Income from op	(102)	101	
Operating Margin	(2.3)%	2.0%	

- ▶ **Strong rebound of both orders and sales**
- ▶ **Turnaround successfully implemented with performance targets met**



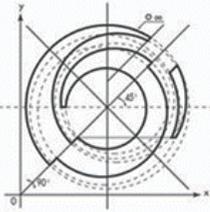
Power Turbo-Systems / Power Environment **ALSTOM**

▶ Market environment

- ▶ **Market stabilised at around 100-120 GW/year, with a dominant share in Asia (notably China and India)**
- ▶ **Diversification of technologies: strong activity in coal & nuclear**
- ▶ **Gas market active in Europe, Middle-East and South East Asia**
- ▶ **Need for environmental control systems and retrofit**

▶ Main achievements

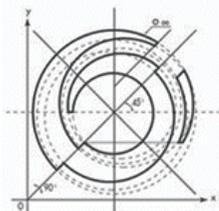
- ▶ **Strong booking of gas turbines (20 machines)**
 - ▶ New awards for GT26: Italy (6), Germany (2), Spain (2); out of which 3 booked at March 06
- ▶ **Asian strategy in progress: steam turbine JV ramp-up and boiler acquisition initiated in China, partnerships in boilers in India and Russia**
- ▶ **R&D programmes on plant integration, clean combustion and performance upgrades**



Power Turbo-Systems / Power Environment **ALSTOM**

- ▶ Drivers for margin improvement
 - ▶ Increase volume combined with selectivity in order intake
 - ▶ Continue to improve project management
 - ▶ Optimise cost base

- ▶ Strategy
 - ▶ Plant integrator
 - ▶ Clean Combustion Leader
 - ▶ Leverage of largest portfolio of technologies



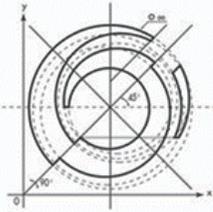
Power Service Comparables

ALSTOM

Same scope and exchange rates

In €million	FY 04/05	FY 05/06	Var FY/FY
Orders	3,179	3,491	+10%
Sales	2,780	2,853	+3%
Backlog	3,692	4,336	+17%
Income from op	412	442	+7%
Operating Margin	14.8%	15.5%	↗

- ▶ Encouraging growth of order intake
- ▶ Strong performance with margin above guidance

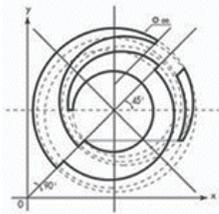


▶ Market environment

- ▶ **Solid development of global market with regional differences**
- ▶ **North America and Europe driven by shortened maintenance outages, lifetime extensions and environmental compliance**
- ▶ **Built up of installed capacities in Asia, and specifically China**
- ▶ **Increase in Middle East driven by new gas turbines capacity coming on-line**

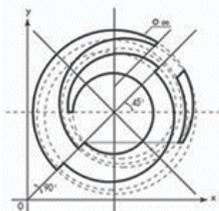
▶ Main achievements

- ▶ **Continuous growth of orders supported by the booking of several long-term contracts**
- ▶ **Improved maintenance programs, reconditioning of GT parts and better focussed supply chains leading to stronger margin performance**



- ▶ Drivers for margin improvement
 - ▶ Better leverage of assets with growth
 - ▶ Strengthened product strategies
 - ▶ Increase of local capabilities and resources in fast growing countries

- ▶ Strategy
 - ▶ Organic growth
 - ▶ Leverage broad products portfolio and market opportunities
 - ▶ Focused acquisitions
 - ▶ Increase industrial footprint in growing markets
 - ▶ Enhance Service products / capabilities



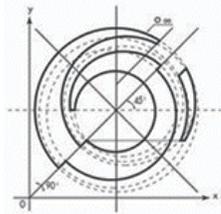
Transport Comparables



Same scope and exchange rates

In €million	FY 04/05	FY 05/06	Var FY/FY
Orders	5,295	5,184	(2)%
Sales	4,954	5,128	+4%
Backlog	13,836	14,141	+2%
Income from op	196	324	+65%
Operating Margin	4.0%	6.3%	

- ▶ **Orders remaining at a high level**
- ▶ **Significant growth in sales**
- ▶ **Improved performance in line with target**



Transport

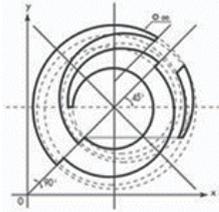


▶ Market environment

- ▶ **Stabilised demand at a high level**
- ▶ **Contrasted European market with continuous sound demand in Southern Europe and weakness in Germany and UK**
- ▶ **Opportunities in Asia**
- ▶ **Projects postponed in North America, while significant growth in Latin America**

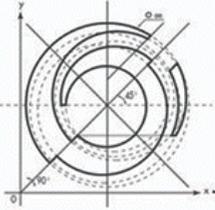
▶ Main achievements

- ▶ **Strong activity in tramways and high speed**
- ▶ **Cooperation with Ansaldo on introduction of new generation of single-deck very high speed trains (AGV)**
- ▶ **Increased R&D spending mainly for signaling software and very high speed**



- ▶ Drivers for margin improvement
 - ▶ Acceleration of standardisation of components and processes
 - ▶ Development of best practices in project execution
 - ▶ Actions on quality and sourcing

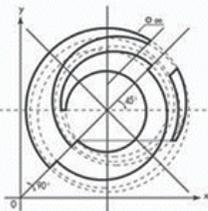
- ▶ Strategy
 - ▶ Global leadership in market share and profitability
 - ▶ Maintain n° 1 position in high speed/very high speed and mass transit
 - ▶ Increase activity in signalling, infrastructure and service
 - ▶ Grow business and industrial base in developing countries



Agenda

ALSTOM

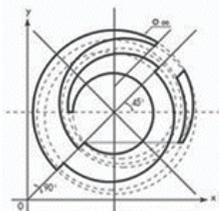
- ▶ **FY 05/06 achievements** **P. Kron**
- ▶ **Operational review by Sector** **P. Kron**
- ▶ **Financial Results** **H. Poupart-Lafarge**
- ▶ **Outlook** **P. Kron**



Key figures FY 05/06: new scope **ALSTOM**

In €million	Orders	Sales	IFO
PTS/PE	5,859	4,741	97
PS	3,416	2,781	436
Transport	5,023	4,979	310
Corporate	53	46	(137)*
TOTAL new scope	14,351	12,547	706
Disposed businesses	939	866	40
TOTAL	15,290	13,413	746
<i>Marine</i>	<i>1,143</i>	<i>439</i>	<i>(15)</i>

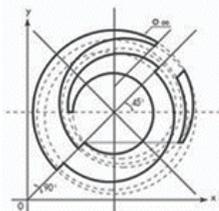
*Including full cost of free shares programme (€40 million)



Income Statement -1-



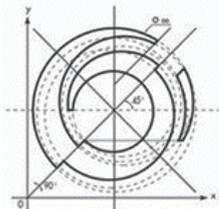
In €million	FY 04/05	FY 05/06	Var FY/FY
Income from operations	471	746	+58%
Restructuring costs	(350)	(80)	(77)%
Amortisation of pension	(47)	(61)	+30%
Capital gains & other	(125)	122	-
EBIT	(51)	727	-



Income Statement -2-

ALSTOM

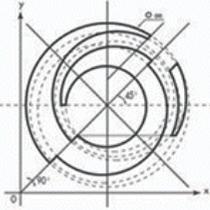
In €million	FY 04/05	FY 05/06	Var FY/FY
EBIT	(51)	727	-
Financial result	(381)	(222)	(42)%
Tax result	(163)	(125)	(23)%
Discontinued operations	(32)	(198)	-
Minority interest & other	(1)	(4)	-
Net result	(628)	178	-



Financial result



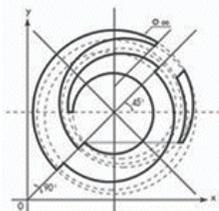
In €million	FY 04/05	FY 05/06	Var FY/FY
Interest expenses (net)	(185)	(108)	(42)%
Pension costs	(16)	(15)	(6)%
Fees	(105)	(75)	(29)%
Other	(75)	(24)	(68)%
Financial result	(381)	(222)	(42)%



Discontinued operations: Marine **ALSTOM**

In € million	FY 05/06
Impairment	(87)
Capital loss	(98)
Operational loss	(15)
Other	2
P&L impact	(198)
FCF impact	(115)*

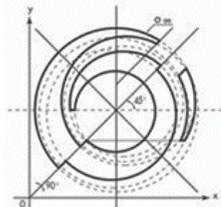
**Including disposal of R8*



Free Cash Flow



In € million	FY 04/05	FY 05/06	Var FY/FY
EBIT before restructuring	299	807	+170%
Capital gain/loss	34	(144)	-
Depreciation	355	322	-
R&D cap. & amort. of intang.	72	15	-
Restructuring cash	(281)	(239)	(15)%
Tax items	(92)	(85)	(8)%
Financial items	(381)	(207)	(46)%
Change in WC	580	363	(37)%
Capex	(185)	(207)	+12%
GT24/GT26 cash outflow	(366)	(115)	(69)%
Others	42	15	-
Free Cash Flow	77	525	-



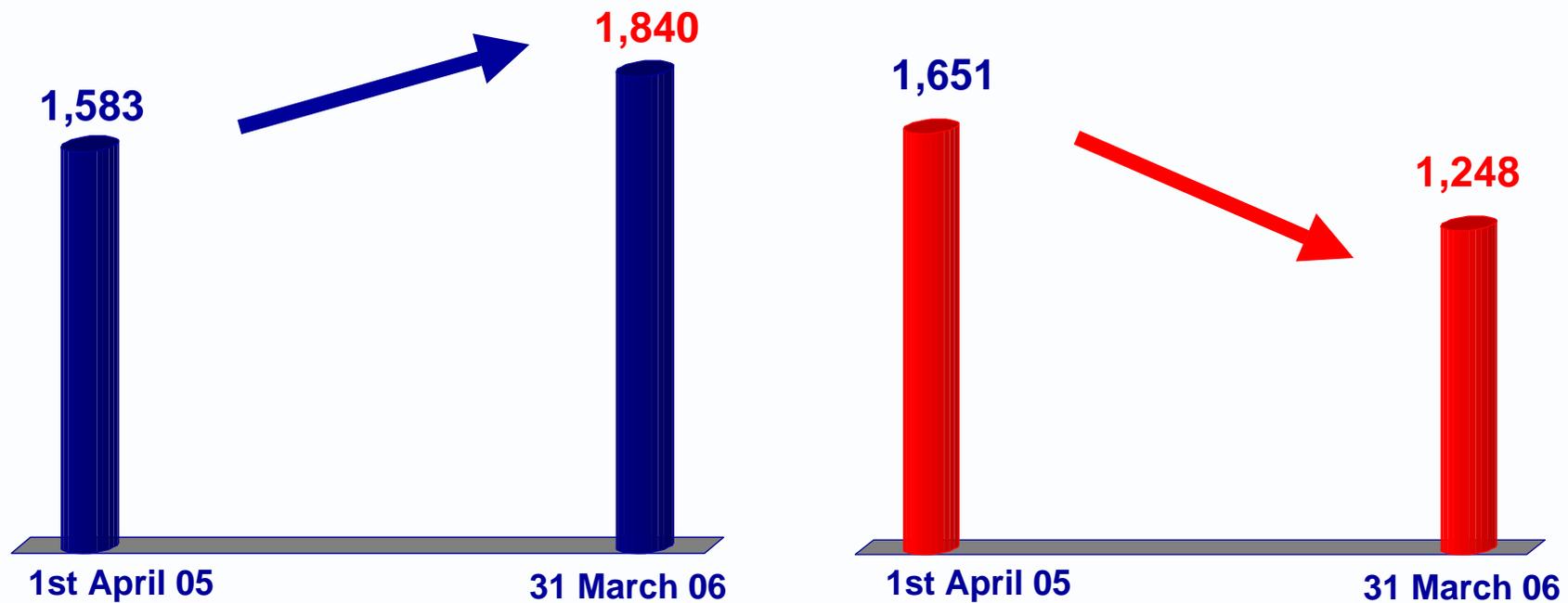
Evolution of equity & debt

ALSTOM

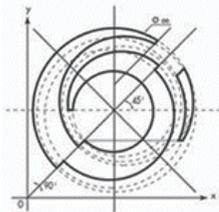
€million

Equity

Net debt



Gearing reduced to 68% in March 06

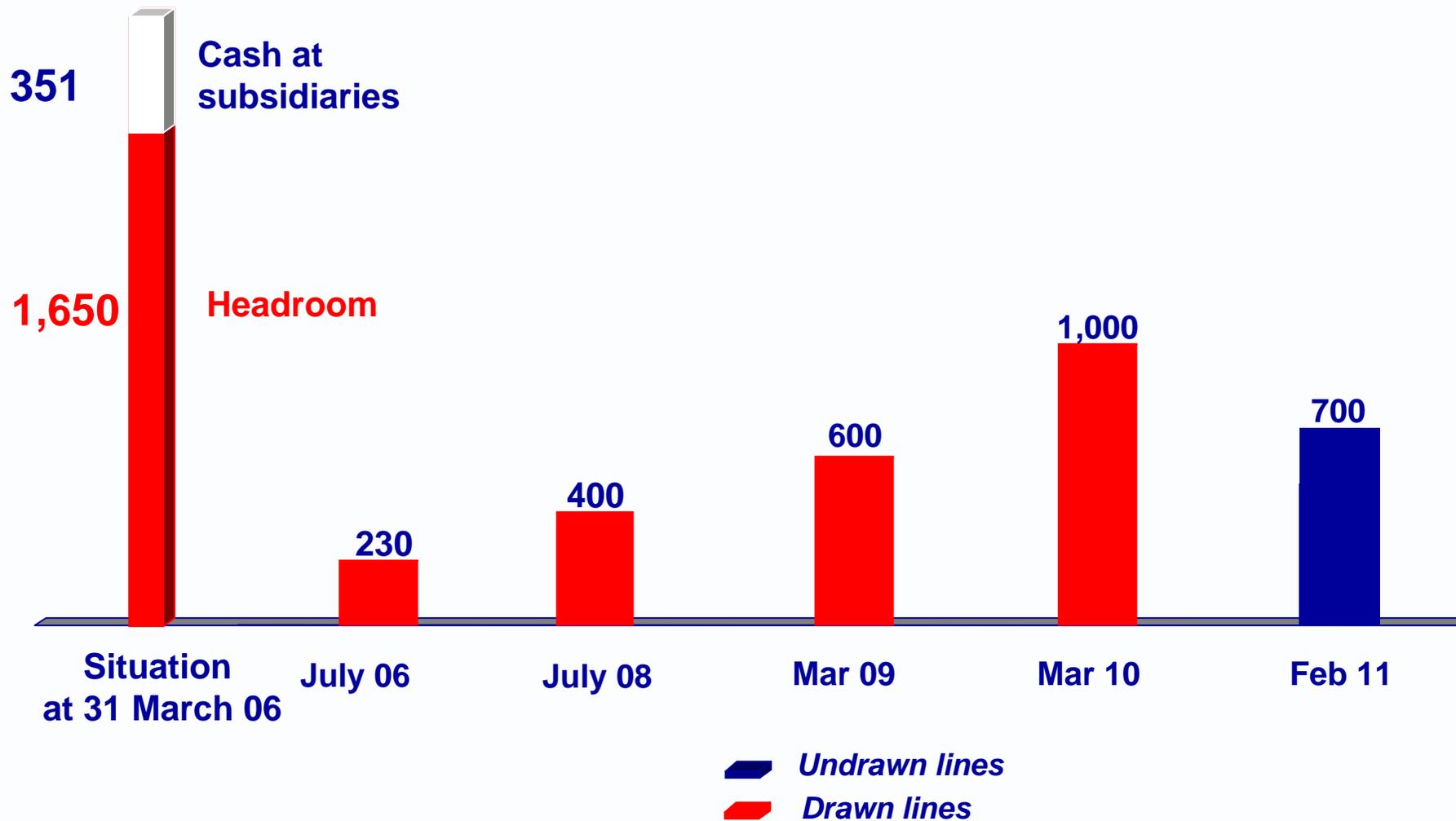


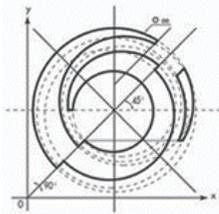
Main lines at 31st March 2006

ALSTOM

€million

Nominal amount

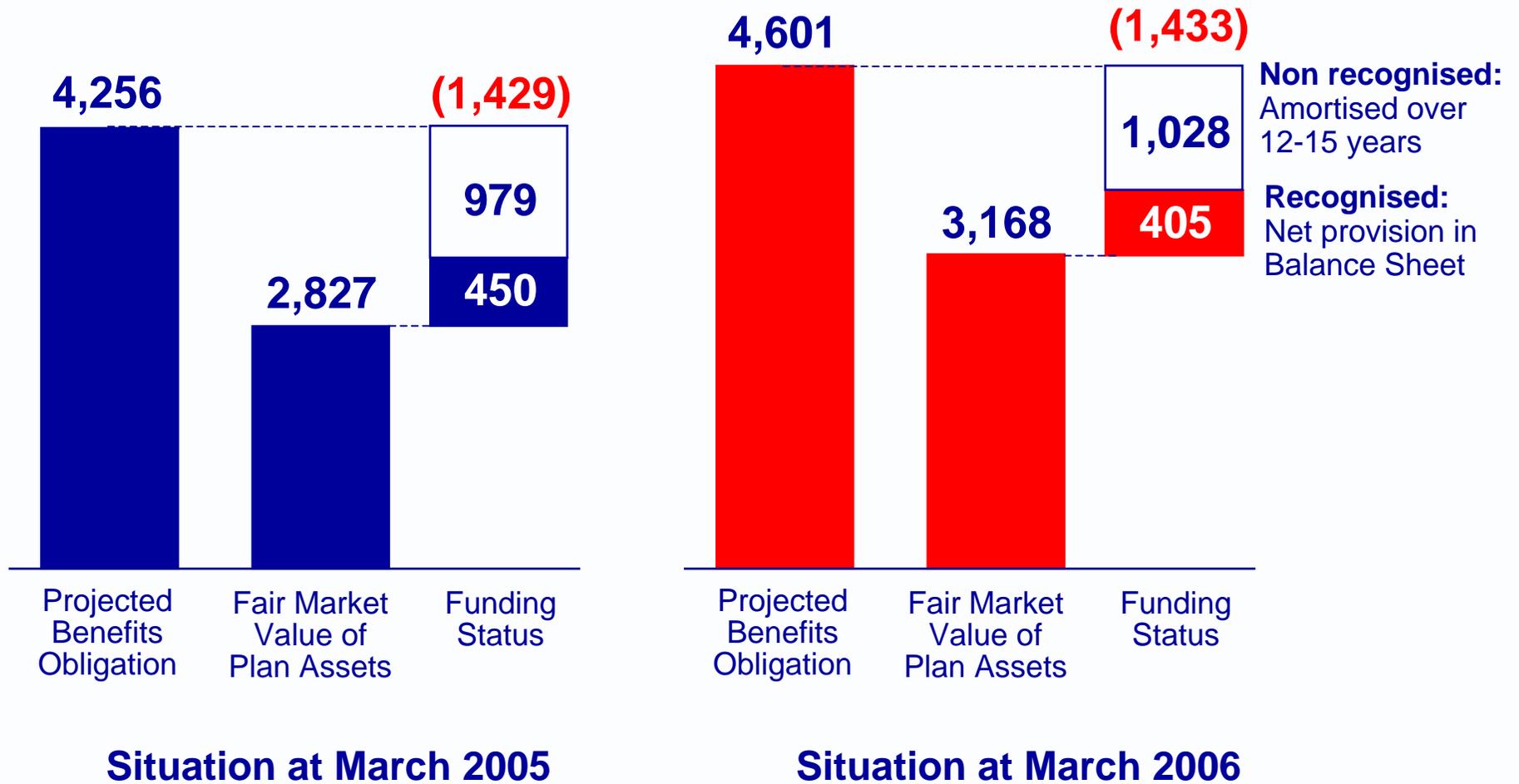


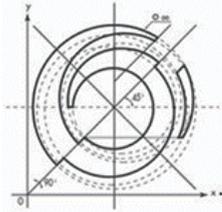


Off balance-sheet Pension underfunding



€ million

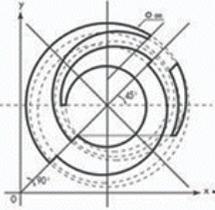




Agenda

ALSTOM

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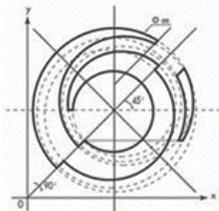


Global priorities for 2006/07...



- ▶ **Consolidate recovery**
 - ▶ **Grow while increasing selectivity in orders**
 - ▶ **Keep improving project management and industrial performance by adequate processes and controls**
 - ▶ **Reduce financial and bonding costs**

- ▶ **Prepare growth**
 - ▶ **Reinforce/build strong positions (commercial, industrial and engineering) in fast growing areas**
 - ▶ **Leverage strength to boost development (service, clean combustion, high speed...) by investing in R&D**
 - ▶ **Check opportunities to make value creative acquisitions**

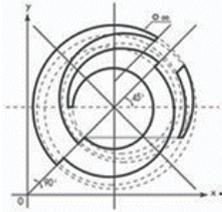


Objectives for 2007/08

ALSTOM

- ▶ Growth sustained by favourable markets
 - ▶ Operating margin target for March 08: top end of existing guidance
 - ▶ **Power: 8%**
 - ▶ **Transport: 7%**
- } Group: 7% after Corporate expenses**
- ▶ Continuous increase of the Free Cash Flow
 - ▶ **Further reduction of debt**
 - ▶ **Reward of shareholders**
 - ▶ **Selective acquisitions**

Combination of growth and enhanced performance



Conclusion



- ▶ Recovery fully completed
 - ▶ March 06 targets achieved
 - ▶ Balance sheet strengthened
- ▶ Basis for future profitable growth
 - ▶ Scope refocused on Power and Transport
 - ▶ Cooperation with Bouygues
 - ▶ A stable shareholder that shares the strategic vision of profitable growth pursued by ALSTOM
 - ▶ Synergies in commercial and operational capabilities

The ALSTOM logo is centered on a white semi-circular background. The word "ALSTOM" is written in a bold, sans-serif font. The letters "A", "L", "S", "T", and "M" are dark blue, while the letter "O" is red and stylized as a circle with three concentric red lines inside it. The background of the entire image consists of vertical blue stripes of varying shades, with a large red arc on the left side that curves around the white semi-circle.

ALSTOM

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