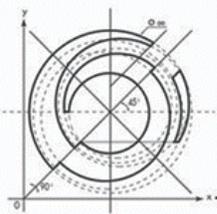


ALLSTOM

Half-Year Results Fiscal Year 2005/06

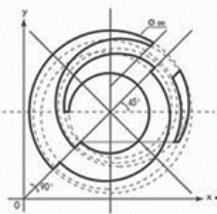
17 November 2005

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Agenda

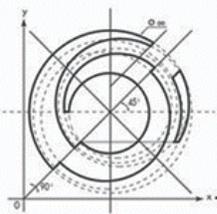
- ▶ **Overview** **P. Kron**
- ▶ **Operational review** **P. Kron**
- ▶ **Financial Results** **H. Poupart-Lafarge**
- ▶ **Conclusion** **P. Kron**



Main events in H1-05/06

- ▶ **Recovery ahead of plan**
 - ▶ **March 06 targets already achieved**

- ▶ **Visibility further reinforced**
 - ▶ **New bonding programme negotiated**
 - ▶ **Reduced debt with improved profile**
 - ▶ **Disposals close to completion (signed or closed)**
 - ▶ **Recent important commercial successes**



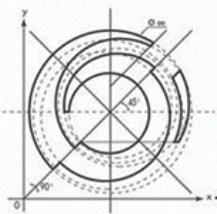
Key figures H1-05/06 in IFRS



- ▶ Orders Received at **€7.5Bn**, **down 10%*** versus H1 04/05, but **up 4%*** excluding Marine
- ▶ Sales at **€6.9Bn**, **up 12%***
- ▶ Operating margin at **5%**, up from 2.1%* in H1 04/05
- ▶ Net income of **+€136m**, versus a loss of €(242)m in H1 04/05
- ▶ Free Cash flow at **+€115m**, versus €(283)m in H1 04/05
- ▶ Gearing reduced from 104% to **68%**

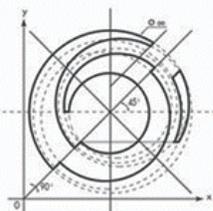
March 06 targets already achieved

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

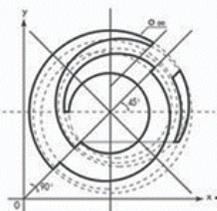


Agenda

- ▶ **Overview** **P. Kron**
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In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	8,362	7,454	(11)%
Sales	6,316	6,938	+10%
Backlog	27,077	27,488	+2%
Income from op	137	347	+153%
Operating Margin	2.2%	5.0%	-



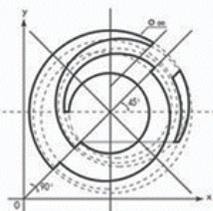
ALSTOM - Comparables



Same scope and exchange rates

In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	8,277	7,454	(10)%*
Sales	6,195	6,938	+12%
Backlog	26,311	27,488	+4%
Income from op	128	347	x2.7
Operating Margin	2.1%	5.0%	-

* +4% excluding Marine



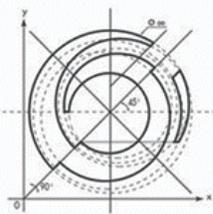
Power Turbo-Systems / Power Environment Comparables



Same scope and exchange rates

In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	2,215	2,346	+6%
Sales	1,820	2,426	+33%
Backlog	6,888	7,450	+8%
Income from op	(81)	37	-
Operating Margin	(4.5)%	1.5%	-

**FY2005/06 operating margin target:
increased to 1.5%/2%**

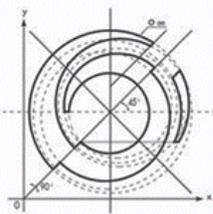


▶ Market

- ▶ **Contrasted markets by geographical areas**
- ▶ **Increasing demand for clean coal combustion and environmental control systems**
- ▶ **Continuing sound hydro market**
- ▶ **Gas market focused on South Europe, Middle-East and South East Asia**

▶ Achievements

- ▶ **GT26 awards in Italy and Germany**
- ▶ **Partnerships on boilers in Russia and India**
- ▶ **Smoother execution of on-going projects**



▶ GT24/GT26

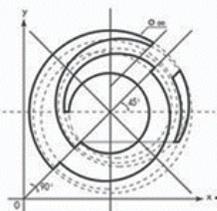
▶ 1.5 million operating hours

▶ Evolution of fleet commercial status:

	March 04	March 05	Sept 05
Firm agreements	64	74	74
<i>Of which unconditional</i>	42	65	72
<i>Of which conditional</i>	22	9	2
In negotiation	12	2	2
Total	76	76	76

▶ Cash impact in H1 05/06 : €56 million

▶ Remaining provisions : €286 million



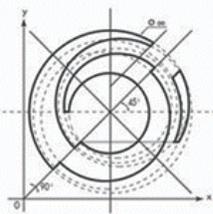
Power Service Comparables



Same scope and exchange rates

In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	1,719	1,760	+2%
Sales	1,409	1,505	+7%
Backlog	3,437	4,026	+17%
Income from op	188	221	+18%
Operating Margin	13.3%	14.7%	-

**FY2005/06 operating margin target:
increased to 14.5%/15%**

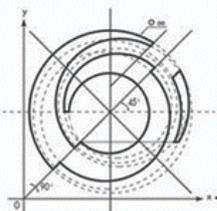


▶ Market

- ▶ Overall increasing demand in Europe and US due to on-going modernisation needs and optimisation of assets
- ▶ Growth in Asia with market liberalisation and larger installed capacities

▶ Achievements

- ▶ Continuous growth despite no major O&M contract registered in H1
- ▶ Acquisition of a maintenance company in Hong Kong
- ▶ Continued performance improvement



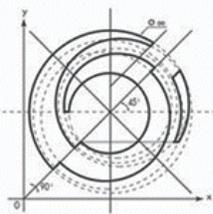
Transport Comparables



Same scope and exchange rates

In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	2,867	2,902	+1%
Sales	2,411	2,553	+6%
Backlog	13,802	14,277	+3%
Income from op	90	155	+72%
Operating Margin	3.7%	6.1%	-

**FY2005/06 operating margin target:
confirmed at 6%/6.5%**

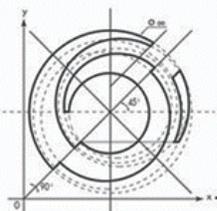


▶ Market

- ▶ **Continuing growth in Italy, Spain, France**
- ▶ **Weak markets in Germany, UK and US**
- ▶ **Continuous development of tramway systems**

▶ Achievements

- ▶ **Strong commercial performance in high speed**
- ▶ **Successes in mass transit: tramway, metro**
- ▶ **Marked improvement in the operational performance**

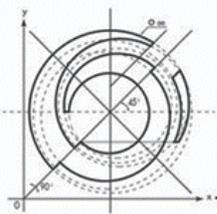


Marine Comparables

Same scope and exchange rates

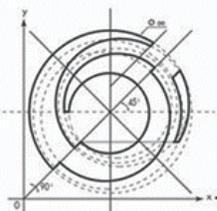
In € million	H1 04/05	H1 05/06	Var H1/H1
Orders	1,101	11	-
Sales	274	159	(42)%
Backlog	1,624	1,122	(31)%
Income from op	(34)	(22)	-
Operating Margin	(12.3)%	(13.6)%	-

- ▶ **Order for 2 cruise-ships to be registered in H2 05/06**
- ▶ **Reduced losses in H1 05/06 in spite of low sales**



Agenda

- ▶ **Overview** **P. Kron**
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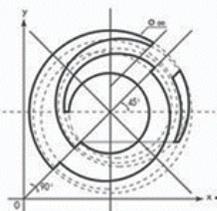


Income Statement -1-



In € million	H1 04/05	H1 05/06	Var H1/H1
Income from operations	137	347	x2.5
Restructuring costs	(69)	(38)	
Amortisation of pension	(27)	(31)	
Capital gains & other	(14)	25*	
EBIT	27	303	x11

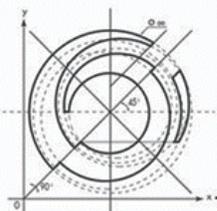
* Including €87 million of impairment on Marine assets



Income Statement -2-

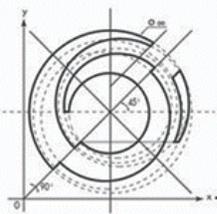
In € million	H1 04/05	H1 05/06	Var H1/H1
EBIT	27	303	x11
Financial result	(242)	(88)	
Tax result	(23)	(75)*	
Minority interest	(4)	(4)	
Net income	(242)	136	-

* Including app. €40 million related to taxes on capital gains



Free Cash Flow

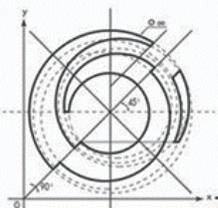
In € million	H1 04/05	H1 05/06	Var H1/H1
EBIT before restructuring	96	341	x3.5
Depreciation/amortisation	236	209	
Restructuring cash	(122)	(103)	
Financial items & tax	(282)	(108)	
Change in Marine WC	(100)	(230)	
Change in WC (excl. Marine)	176	245	
Capex	(96)	(123)	
Others	15	(60)	
GT24/GT26 cash outflow	(206)	(56)	
Free Cash Flow	(283)	115	-



Disposals

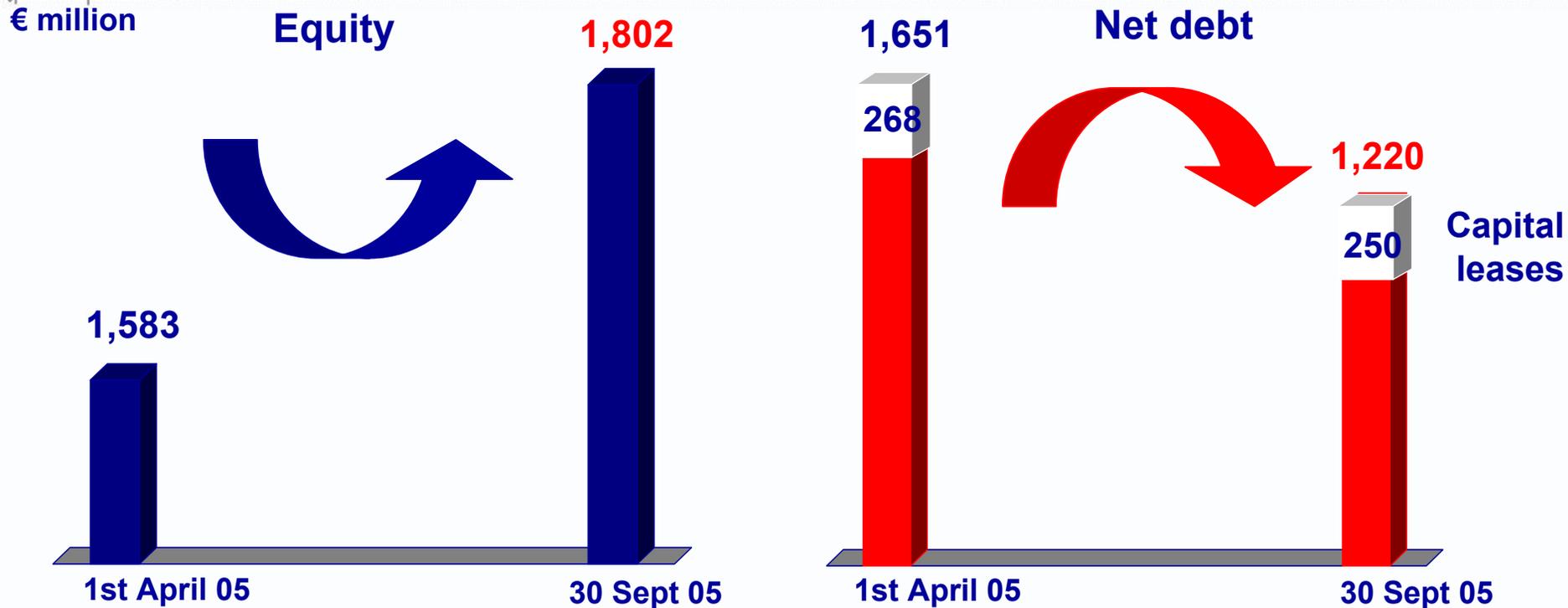
- ▶ Disposals requested by EC representing €1.5 billion of sales
 - ▶ **Valencia locomotives in Spain** Sold in FY 04/05
 - ▶ **Misc. activities in Australia** Sold in FY 04/05
 - ▶ **FlowSystems** Sold in H1 05/06
 - ▶ **Transport activities in Australia/NZ** Sold in H1 05/06
 - ▶ **Power Conversion** Sold in H2 05/06
 - ▶ **Industrial Boilers** To be closed in H2 05/06

Disposal programme close to completion

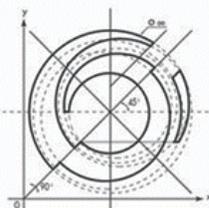


Evolution of equity & debt

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Gearing reduced to 68% in Sept 05

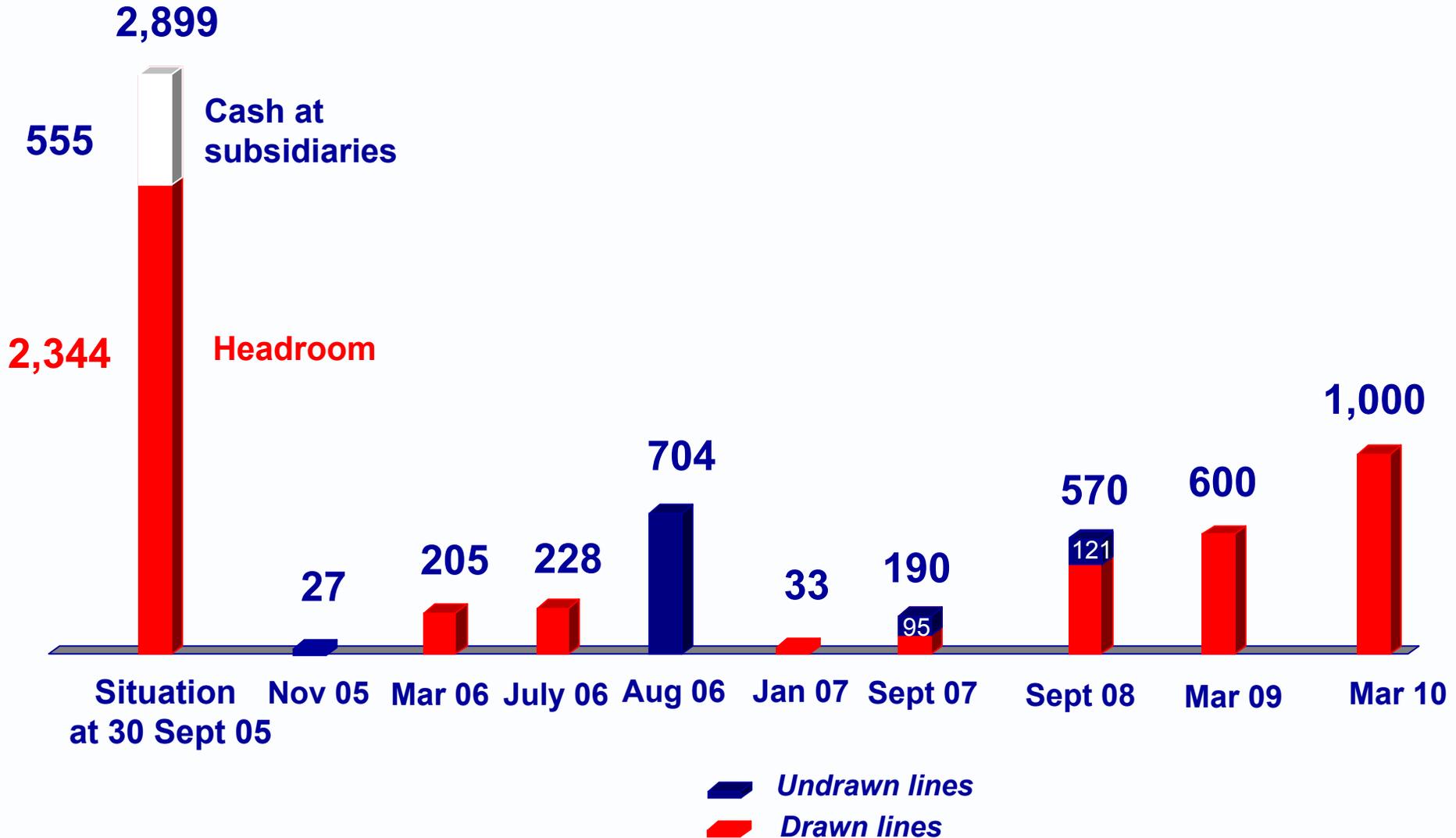


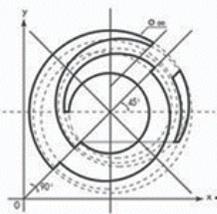
Main lines at 30th September 2005

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€ million

Nominal amount

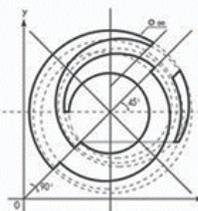




Bonding program

- ▶ Program increased to €10.5 billion and extended till July 2008
- ▶ €9.3 billion already syndicated with 18 banks
- ▶ New cash collateral of €175 million (to be increased in case of major adverse deviation of the operating margin vs targeted levels)
- ▶ €700 million cash collateral of the previous programme to be released between Sept and Dec 08

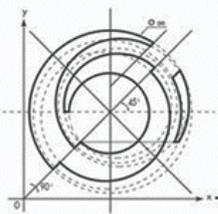
New scheme giving visibility



Cash collateral mechanism



	Sep-06	March 07	Sep-07	March 08	<Sept 08-Dec 08>
Op margin Cash collateral	all cases €175m	>4,5% €175m	>5,875% €175m	>6,25% €175m	€175m
Op margin Cash collateral (5%*)			4,875%<>5,875% €205m	5,25%<>6,25% €285m	€455m
Op margin Cash collateral (10%*)		<4,5% €230m	<4,875% €410m	<5,25% €570m	€910m
<i>*Expected outstanding bonding (issued post July 06)</i>	<i>*€600m</i>	<i>*€2,300m</i>	<i>*€4,100m</i>	<i>*€5,700m</i>	<i>€6,300m</i> <i>*cumul: €9,100m</i>
Initial cash collateral	€700m	€700m	€700m	€700m	0
<i>Expected outstanding bonding (issued prior July 06)</i>	<i>€6,300m</i>	<i>€5,400m</i>	<i>€4,900m</i>	<i>€4,000m</i>	<i>€2,800m</i>

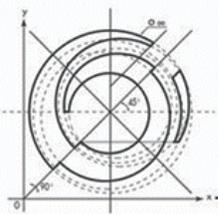


Group targets in IFRS (1)



	March 06	March 08
Op margin targets in French Gaap:	6%	7- 8%
IFRS adjustments*:		
- Pension service cost		(0.8%)
- Depreciation of intangible		(0.4%)
- Other		(0.1%)
Equivalent IFRS targets*:	4.7%	5.7- 6.7 %
New op margin targets:	5%	6-7%

* Based upon fiscal year 04/05 IFRS restatement



Group targets in IFRS (2)

March 06

Net income target in French Gaap:

IFRS adjustments*:

- Goodwill amortisation
- Others

positive



app. +€220m
app. + €20m

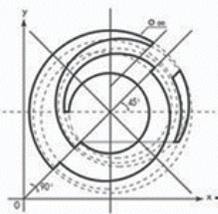
Equivalent IFRS Target*:

€240m

New net income target:

over €250m

* Based upon fiscal year 04/05 IFRS restatement



Group targets in IFRS (3)

March 06

Free Cash Flow target in French Gaap:

positive

IFRS adjustment *:



NS

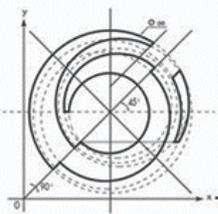
Equivalent IFRS target*:

positive

New Free Cash Flow target:

positive

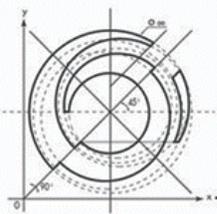
* Based upon fiscal year 04/05 IFRS restatement



New targets by Sector

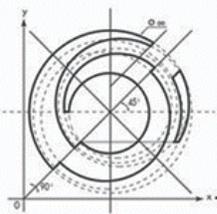
March 06	PTS/PE	PS	Transport
Op margin targets in French Gaap	3%	15-16%	7%
<i>IFRS adjustments</i> *:			
- Pension service costs	(0.8%)	(1.5%)	(0.4%)
- Depreciation of intangible	(0.8%)	(0.9%)	0%
- Other	(0.2%)	+0.3%	(0.4%)
Equivalent IFRS target*:	1.2%	12.9-13.9%	6.2%
New op margin targets:	1.5-2%	14.5%-15%	6-6.5%

* Based upon fiscal year 04/05 IFRS restatement



Agenda

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March 06 objectives

- ▶ Orders: same level as previous year on a comparable basis
- ▶ Sales: more than 7% up on a comparable basis
- ▶ Operating margin: over 5%
- ▶ Net income: over €250 million
- ▶ Free Cash Flow: positive

Guidance confirmed or improved

The Alstom logo is centered on a white semi-circular background. It features the word "ALSTOM" in a bold, blue, sans-serif font. The letter "O" is replaced by a red graphic consisting of two concentric circles with a gap on the right side, suggesting motion or a wheel. The background of the entire image is dark blue with vertical stripes and a large red arc on the left side.

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