

The ALSTOM logo is centered on the slide. The letters 'ALSTOM' are in a bold, dark blue sans-serif font. The letter 'O' is replaced by a red circular graphic consisting of two concentric rings, with the inner ring being slightly offset from the outer one, creating a sense of motion or a stylized 'O'.

**ALSTOM**

**Half-Year Results**  
**Fiscal Year 2006/07**

**Investor Presentation**

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**Highlights**

**P. Kron**

# Key figures of H1 2006/07

## Strong performance versus H1 2005/06

### ▶ Record level of activity

- ▶ Orders up 46%\*
- ▶ Sales up 8%\*
- ▶ Backlog up 20%\*

### ▶ Sharp rise in profitability

- ▶ Income from operations up 27%\*
- ▶ Operating margin up from 5.3% to 6.3%\*
- ▶ Net income up 67%

### ▶ Exceptionally high cash generation

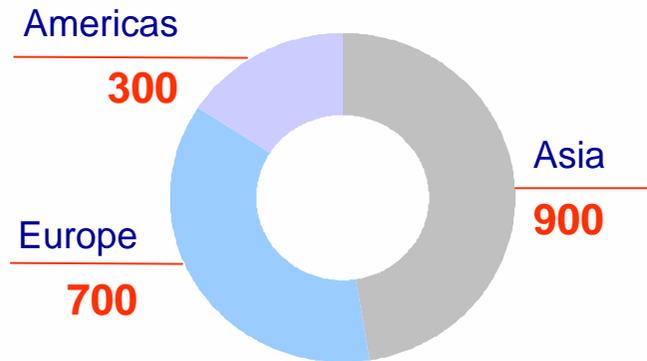
- ▶ Free cash flow at €747 million vs €359 million

# Main events of H1 2006/07

## Active HR management driven by strong activity

### ▶ Preparation of resources

- ▶ Recruitment of 1,900 engineers & managers over the past 6 months



- ▶ Reinforcement of our training efforts (130 sessions have gathered 1,600 participants)

### ▶ Corporate identity and culture

- ▶ Deployment of the programme 'Awards for All': grant of 12 free shares (or their cash equivalent) for 60,000 employees in 62 countries (accounted for in FY 2005/06)
- ▶ Employer branding initiative, with particular attention to University relations (400 graduates recruited over the past 6 months)

# Main events of H1 2006/07

## Cooperation with Bouygues

- ▶ **A long-term shareholder with 24.4% of the capital**
- ▶ **Commercial partnership**
  - ▶ Bids identified for future cooperation in Power and Transport
  - ▶ 2 awards in H1: the Reims tramway and the Flamanville nuclear power plant
- ▶ **Operational partnership**
  - ▶ Common training programmes
  - ▶ Sharing of best practices in project management
- ▶ **JV hydro**
  - ▶ Closed 31<sup>st</sup> October 2006



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**Operating  
performance**

**P. Kron**

# ALSTOM – Actuals\*

In €million	H1 05/06	H1 06/07	Var H1/H1
Orders	7,443	9,664	+30%
Sales	6,779	6,608	(3)%
Backlog	26,366	30,106	+14%
Income from op	370	413	+12%
Operating Margin	5.5%	6.3%	

# ALSTOM - Comparables

In €million	H1 05/06	H1 06/07	Var H1/H1
Orders	6,619	9,664	+46%
Sales	6,104	6,608	+8%
Backlog	25,071	30,106	+20%
Income from op	326	413	+27%
Operating Margin	5.3%	6.3%	

# Power - Comparables

In €million	H1 05/06	H1 06/07	Var H1/H1
Orders			
<i>PT/PE</i>	2,184	5,035	+131%
<i>PS</i>	1,664	2,364	+42%
<b>Power</b>	<b>3,848</b>	<b>7,399</b>	<b>+92%</b>
Sales			
<i>PT/PE</i>	2,261	2,732	+21%
<i>PS</i>	1,416	1,484	+5%
<b>Power</b>	<b>3,677</b>	<b>4,216</b>	<b>+15%</b>
Backlog			
<i>PT/PE</i>	6,925	10,442	+51%
<i>PS</i>	3,937	5,176	+31%
<b>Power</b>	<b>10,862</b>	<b>15,618</b>	<b>+44%</b>

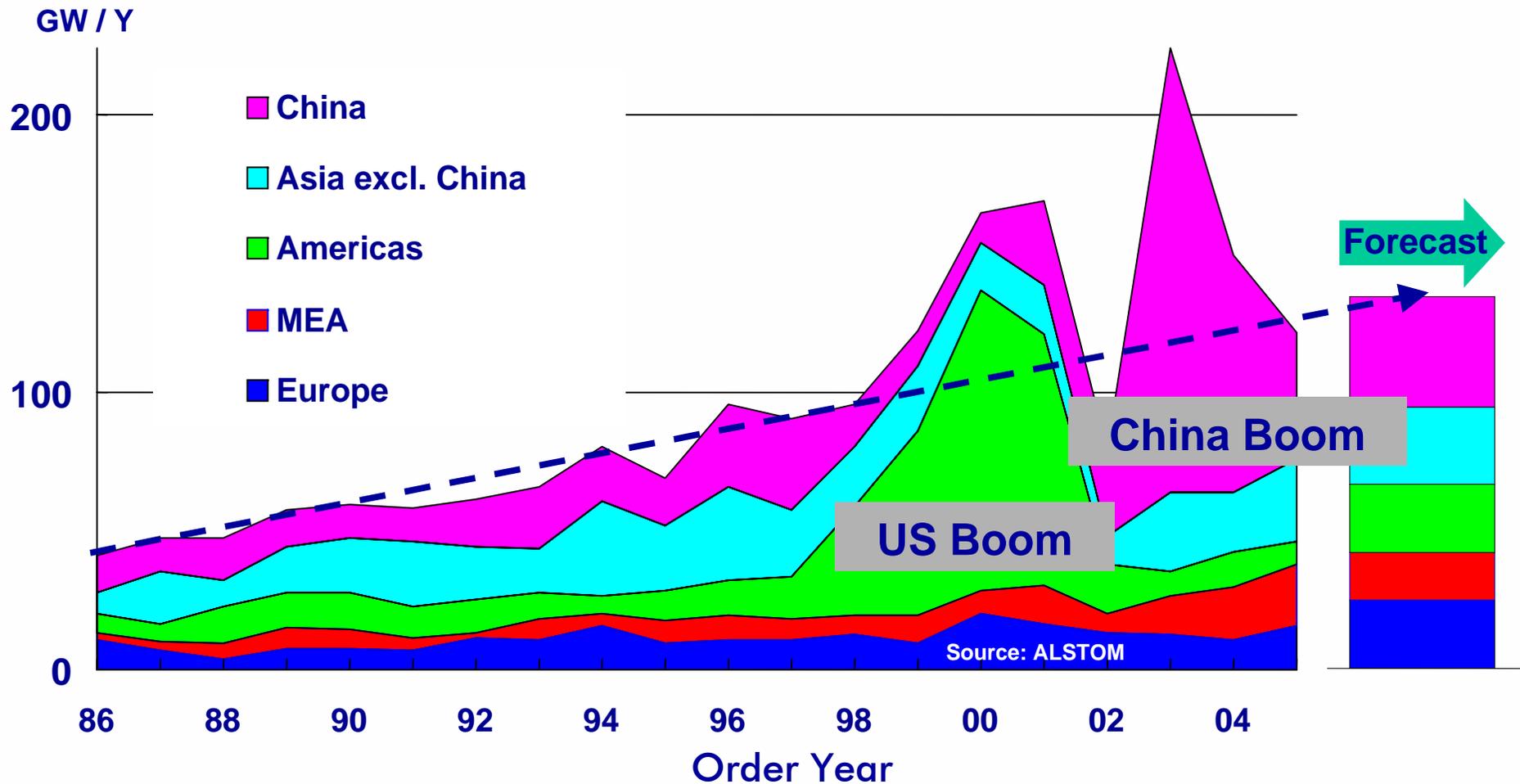
# Power - Comparables

In € million	H1 05/06	H1 06/07	Var H1/H1
Income from op			
<i>PT/PE</i>	27	83	+207%
<i>PS</i>	211	238	+13%
<b>Power</b>	<b>238</b>	<b>321</b>	<b>+35%</b>
Operating margin			
<i>PT/PE</i>	1.2%	3.0%	
<i>PS</i>	14.9%	16.0%	
<b>Power</b>	<b>6.5%</b>	<b>7.6%</b>	

- ▶ Significant improvement of performance driven by better project execution & cost reduction

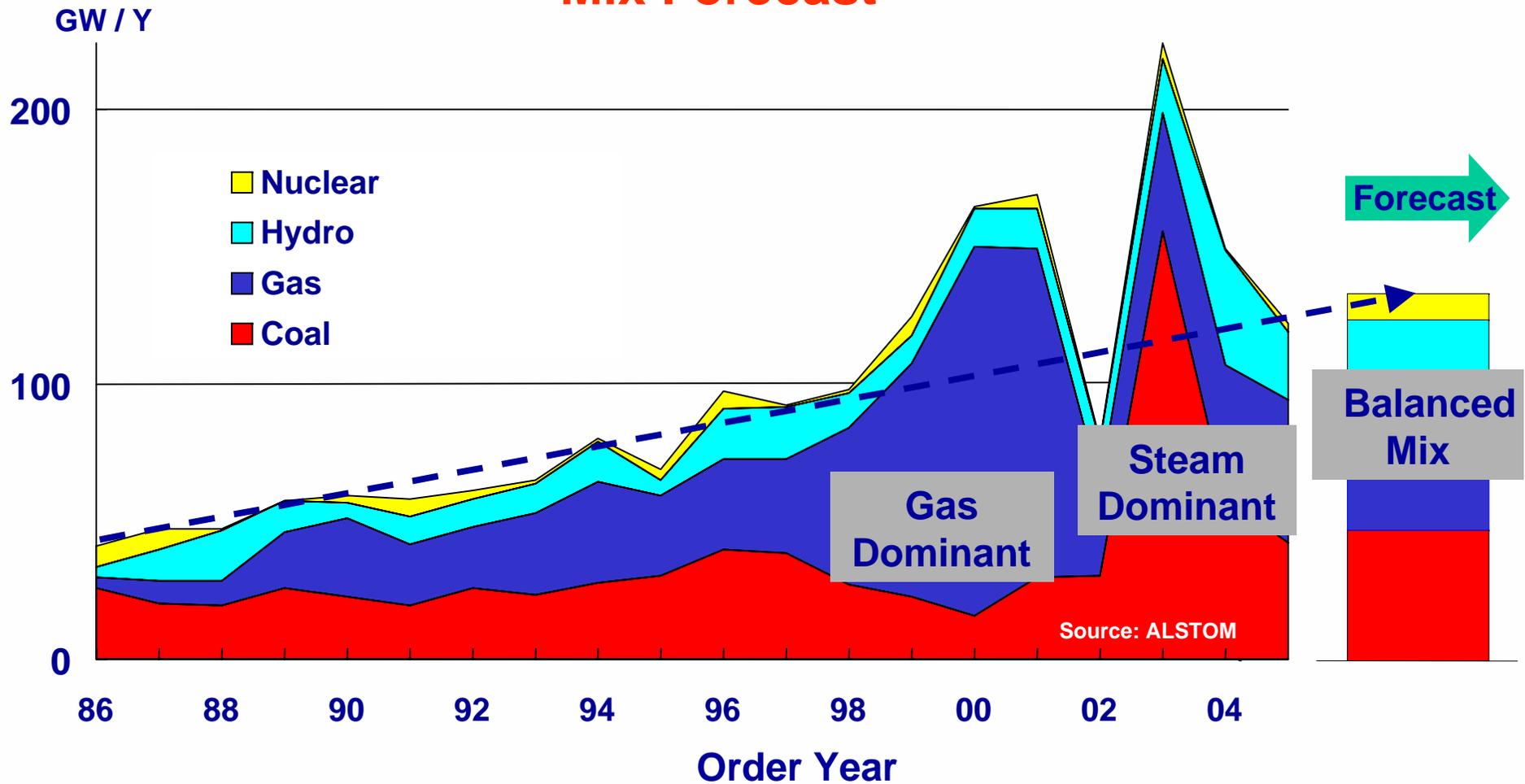
# Power – Update on market by region

## Successive Peaks in a Growing Market



# Power – Update on market by technology

## Mix Forecast



# Power – Main events

## PT/PE

### Gas

- ▶ 10xGT26 and 1xGT13 booked during the first semester (Spain, France, UK, Australia...)
- ▶ Delivery of a turnkey power plant in Australia within an impressive 16 months schedule to meet summer peak
- ▶ Firmer pricing environment



*Combined-cycle power plant in Cartagena*

### Coal

- ▶ Booking of a 670 MW clean coal power station in Bulgaria and a 850 MW advanced high-efficiency coal-fired power plant in the US
- ▶ 11x400 MW steam power plant in Saudi Arabia being currently delivered ahead of schedule
- ▶ Improvement of prices driven by higher demand



*Combined-cycle power plant in UK*

# Power – Main events

## PT/PE

### Nuclear

- ▶ Booking of the conventional island of the Flamanville (France) nuclear power plant

### Hydro

- ▶ Delivery of 1<sup>st</sup> equipment for the Three Gorges Dam (right bank) with 1.5 months ahead of schedule

### Retrofit

- ▶ Steam turbine in the US: outage completed in record timing
- ▶ Nuclear power plant in the US: performance guarantees exceeded



*Three Gorges Dam in China*

# Power – Main events

## PS

### Combined cycle power plants

- ▶ Several O&M contracts (Italy, UK, Spain)
- ▶ Various GT upgrades
- ▶ Modernisation of a power plant in Bahrain

### Coal & nuclear power plants

- ▶ Generator upgrade packages (Finland, UK)
- ▶ Steam Turbine upgrade solutions
- ▶ Major boiler overhauls and upgrades (Portugal)

### Expanded presence in China

- ▶ Shenzhen Strongwish Acquisition



# Power – R&D

## Gas turbines

- ▶ Performance upgrade GT26B2.2 power and efficiency due to mass flow increase
- ▶ Performance upgrade GT13E2 due to mass flow increase

## Clean power

- ▶ Order for 40MW oxy-fired boiler demonstration – route to pure CO<sub>2</sub> capture stream
- ▶ Launch of ‘chilled ammonia’ process for CO<sub>2</sub> capture from existing and future coal fired plants: pilot power plant in the US
- ▶ Steam turbine efficiency improvement



## Plant integrator

- ▶ Optimisation of all power plant components by leveraging our large portfolio of technologies

## Service programmes

- ▶ New Gas Turbine Upgrades
- ▶ Monitoring and diagnostic
- ▶ Performance and lifecycle solutions



# Transport - Comparables

In €million	H1 05/06	H1 06/07	Var H1/H1
Orders	2,744	2,241	(18)%
Sales	2,406	2,370	(1)%
Backlog	14,177	14,468	+2%
Income from op	143	151	+6%
Operating Margin	5.9%	6.4%	

- ▶ **Progress in operational performance driven by orders selectivity and manufacturing efforts**

# Transport – Market trends

## Diverse markets in Europe

- ▶ Solid demand in France and Spain
- ▶ Re-start of investments in Germany (rolling stock) and in UK (infrastructure)
- ▶ Slow growth in Italy and Scandinavia

## Growth in Asia

- ▶ Rapid development in China

## Contrasting demand in America

- ▶ Still weak in North America
- ▶ Significant growth in Latin America

# Transport – Main events

## Regional trains

- ▶ Orders for CORADIA in Germany, France and Sweden
- ▶ First modular train delivered in Spain, with commercial operation expected in January 07



## Tramways

- ▶ Booking of several CITADIS: in Algiers, Reims\* and Orleans\*
- ▶ Delivery of the Paris tramway 3 months in advance

## Metros

- ▶ METROPOLIS trains chosen by the cities of Santo Domingo and Budapest
- ▶ Opening of metro line 4 in Chile on 16 August 2006



## Very high speed trains

- ▶ TGV: 25 years old!



# Transport – Main events

## Signaling

- ▶ Deployment of ERTMS in Switzerland, with full commercial operation expected end of 2006

## Service

- ▶ Extension of WCML maintenance contract in the UK



## Systems

- ▶ Largest driverless turnkey system in construction in Singapore: depot 90% completed, 1/3 of the track already installed, 4 trains out of 40 delivered



# Transport – R&D

## AGV

- ▶ Distributed traction
- ▶ Commercial speed of 350km/h



## Signaling

- ▶ Improvement of interoperability & harmonisation of systems in Europe (ERTMS)



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**Financial  
Results**

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**H. Poupart-Lafarge**

# Income Statement -1-

In €million	H1 05/06	H1 06/07
Income from operations	370	413
Restructuring costs	(36)	(17)
Amortisation of pension	(31)	(33)
Capital gains & other	109*	9
<b>EBIT</b>	<b>412</b>	<b>372</b>

*\*Mainly related to the disposal of Transport activities in Australia and New Zealand*

## Income Statement -2-

In €million	H1 05/06	H1 06/07
EBIT	412	372
Financial result	(90)	(61)
Tax result	(75)	(78)
Discontinued activity	(107)	(15)
Minority interest & other	(4)	9
Net result	136	227

**Net result up 67%**

# Free Cash Flow

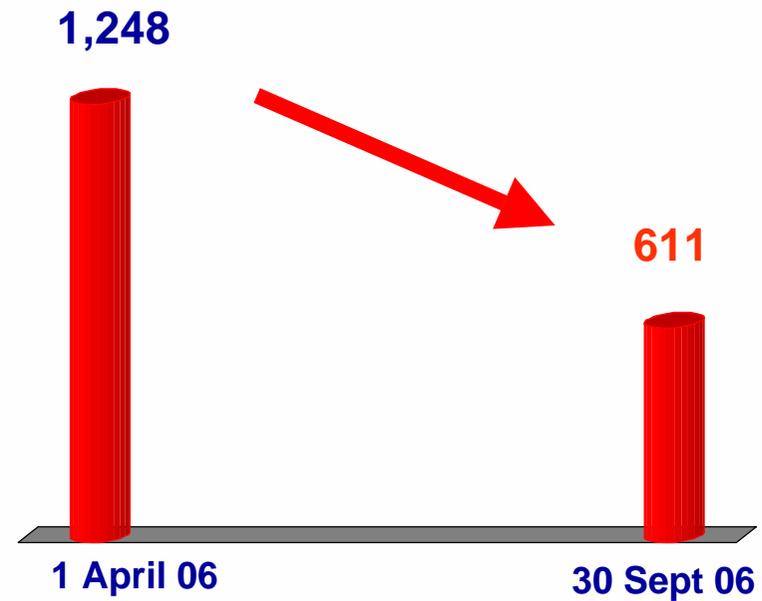
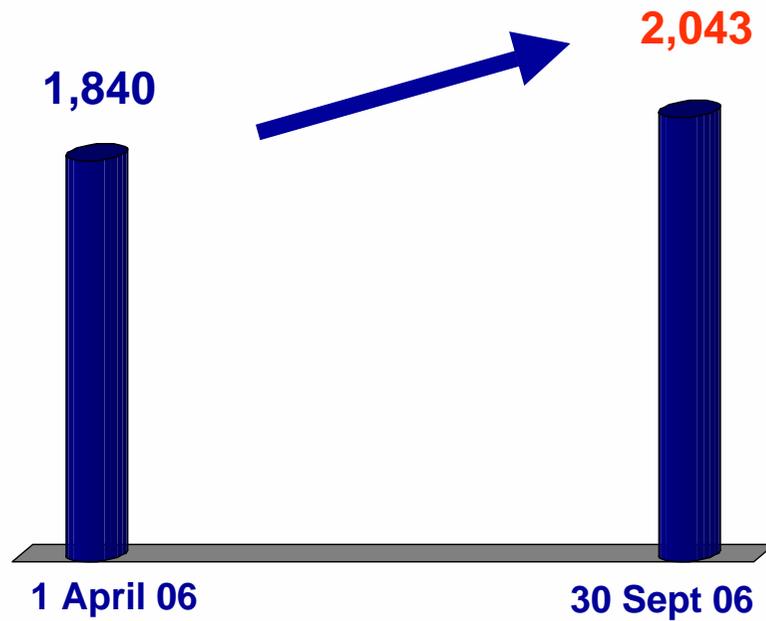
In € million	H1 05/06	H1 06/07
EBIT before restructuring	448	389
Capital gain/loss	(123)	(10)
Depreciation	150	97
Amortisation of intang.	49	55
R&D cap.	(46)	(42)
Restructuring cash out	(103)	(57)
Tax cash out	(16)	(50)
Financial cash out	(88)	(57)
Change in WC	188	523
Capex	(74)	(84)
Others	(26)	(17)
<b>Free Cash Flow</b>	<b>359</b>	<b>747</b>

# Evolution of equity & net debt

€million

Equity

Net debt

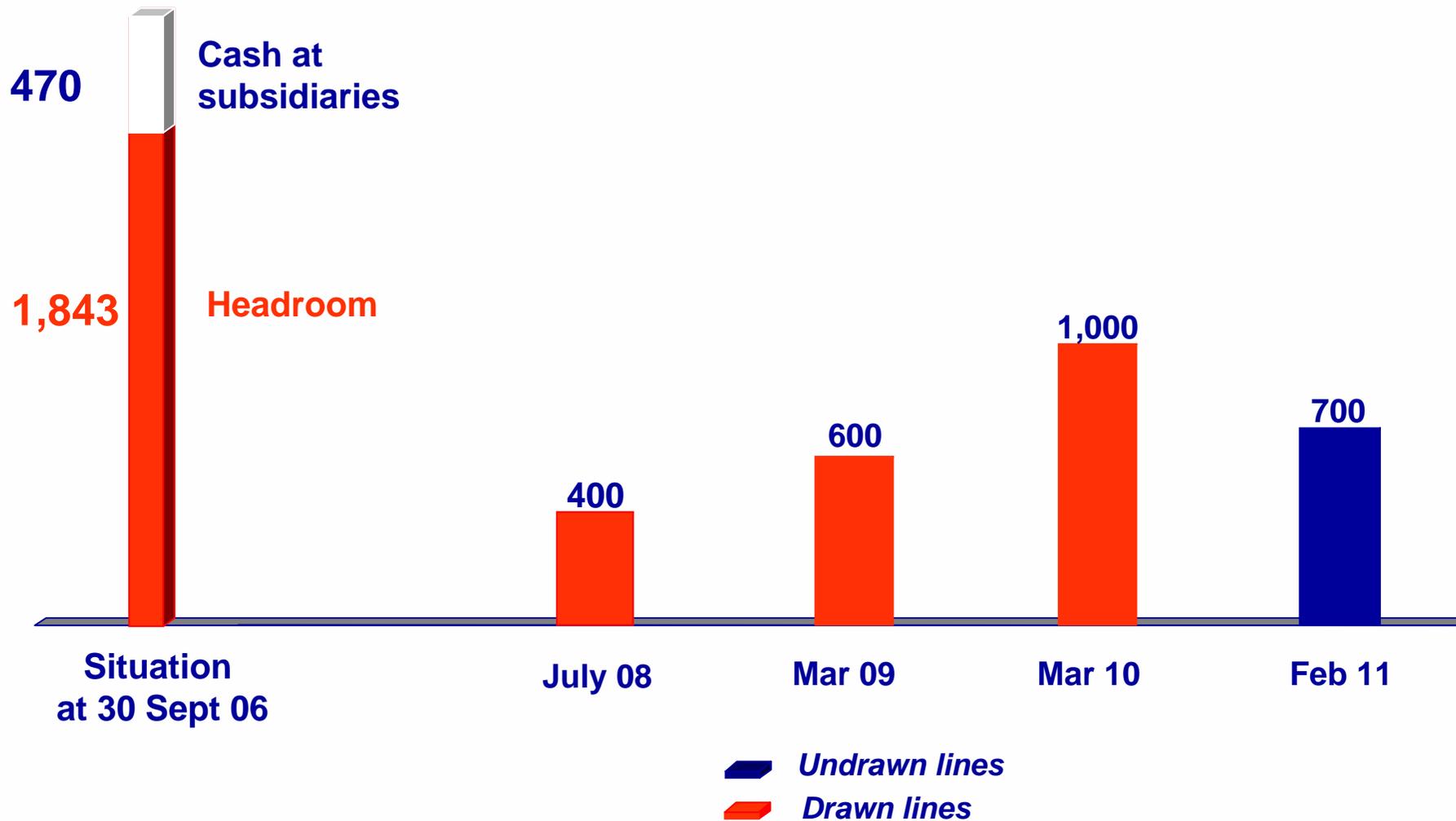


**Gearing reduced to 30% in September 06**

# Main lines at 30 September 2006

€million

*Nominal amount*



# Bonding programme

## Renegotiation of the conditions of the 2006-2008 bonding programme

### ▶ Reminder

- ▶ €9.7 billion syndicated with 18 banks
- ▶ Local bilateral lines obtained outside the programme

### ▶ Improved conditions

- ▶ Decrease of cost of bonding (included in operating margin)
- ▶ No cash collateral requested if operating margin in line with management targets (ex: > 6.5% at March 08)
- ▶ €700 million cash collateral of the previous programme to be released in FY 07/08

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**Outlook**

**P. Kron**

# Conclusion

## **Strong profitable growth in H1...**

- ▶ **Record level of orders supported by a favourable power market**
- ▶ **Good visibility combined with selectivity in order intake and strict control in project execution**

## **...continuing in H2**

- ▶ **Increase in operating income and margin**

# Outlook

## **FY 06/07:**

- ▶ **Sales to be up more than 10% on a comparable basis versus FY 05/06**
- ▶ **Further increase in operating margin during the second half**

## **FY 07/08:**

- ▶ **Previous operating margin target of 7% to be exceeded**

# 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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