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Alstom and Shanghai Electric intend to join forces to create the world leader in boilers for coal-fired power plants

Patrick Kron, Chairman and CEO of Alstom, and Jianguo Xu, Chairman and CEO of Shanghai Electric Group, announce the signing of a letter of intent for the creation of Alstom-Shanghai Electric Boilers Co, a 50/50 joint company combining both partners' activities in the boiler market for power plants. Alstom-Shanghai Electric Boilers Co would be world leader, with combined sales of about €2.5 billion in 2010.

Through its size, technology, cost base and world presence, this joint company would give Alstom and Shanghai Electric a major competitive advantage in the important coal-fired power plants market, where demand is particularly strong in the large emerging countries. By combining the complementary assets of the two partners, the joint company will benefit from both Shanghai Electric's excellent competitiveness as well as its very strong positioning in China, the largest market in the world for coal-fired power plant boilers, and Alstom's extensive and longstanding close relationship with the utilities worldwide as well as its leadership in clean coal power plants and its technologies.

Alstom's global boiler business comprises manufacturing sites in Neumark (Germany), Chattanooga (USA), Durgapur (India) and Wuhan (China), as well as engineering centres at Stuttgart (Germany), Ashby (United Kingdom), Massy (France) and Windsor (USA). Shanghai Electric's boiler business is located in Shanghai (China).

The joint company would supply new boilers and spare parts for services. In addition to the direct sales that the joint company would achieve on the international markets, the Alstom-Shanghai Electric Boilers Co would be a privileged supplier to Alstom and Shanghai Electric for new equipment and spare parts to their respective turnkey and service businesses.

The company would be registered in Shanghai; its operational headquarters would be in Singapore, close to its markets which are mainly concentrated in Asia.

Alstom and Shanghai Electric expect to set-up the joint company once their agreements will be finalised and after the completion of the social and regulatory processes.

Patrick Kron, Chairman and Chief Executive Officer of Alstom, underlined that *"the creation of Alstom-Shanghai Electric Boilers Co would be the first global, worldwide, project between Alstom and a Chinese partner. It would be a new example of the policy of strategic partnerships that the company is methodically implementing in the large developing countries like Russia, India and China. With a joint company dedicated*

to boilers, a critical component of coal-fired power plants, we should create the conditions of a “win-win” association with Shanghai Electric, a long-time partner of Alstom. For Alstom, Alstom-Shanghai Electric Boilers Co would be an essential asset to develop the company’s positions in China, the world’s largest market, and to strengthen our leadership in the market for turnkey coal-fired power plants worldwide, with a well-established reputation for power efficiency and environmental protection”

About Alstom

Alstom is a global leader in the world of power generation, power transmission and rail infrastructure and sets the benchmark for innovative and environmentally friendly technologies. Alstom builds the fastest train and the highest capacity automated metro in the world, provides turnkey integrated power plant solutions and associated services for a wide variety of energy sources, including hydro, nuclear, gas, coal and wind, and it offers a wide range of solutions for power transmission, with a focus on smart grids. The Group employs 93,000 people in more than 70 countries, and had sales of over €23 billion in 2009/10 (pro forma figures).

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