Press Release

3 November 2011

In the first half of 2011/12,

Alstom achieved a good level of orders, while, as expected, its operational performance was impacted by low sales

Between 1st April and 30th September 2011, Alstom booked a sound level of orders at €10.2 billion, up 45% compared to the first half of last year, confirming the recovery achieved in the second part of 2010/11. Over the same period, sales amounted to €9.4 billion, down 10%, reflecting the low level of orders taken during the last economic downturn. Impacted by this lower volume, income from operations decreased to €627 million, corresponding to a margin of 6.7%. The net result stood at €363 million, whilst the free cash flow was negative at €(914) million, due to the low sales and some non-recurring events.

Key figures

(in € million)	**30 September 2010**	**30 September 2011**	% Var. Sept 11 / Sept 10 (excl. Grid)	% Var. Sept 11 / Sept 10 (incl. Grid)
Actual figures				
Orders received	7,038	10,183	+48%	+45%
Backlog	45,287	47,382	+6%	+5%
Sales	10,432	9,389	-15%	-10%
Income from operations	763	627	-	-18%
Operating margin	7.3%	6.7%	-	-
Net income[1]	401	363	-	-9%
Free cash flow	(963)	(914)	-	-

"The commercial rebound was confirmed during this first half with orders exceeding €10 billion and a book-to-bill above 1 for the fourth consecutive quarter. As announced, the low turnover of this period, reflecting the trough in orders taken during the 2009 crisis, negatively impacted both profitability and cash. The second half of the year should be characterised by an improved volume of sales, a higher operating margin, as well as a positive free cash flow. Based on this analysis, we are able to confirm our operating margin forecast of 7-8% for the fiscal year 2011/12. In terms of commercial activity, mature markets remained slow, impacted by the lack of visibility in the current economic environment, whilst the emerging markets continued to benefit from the favourable trends already noticed; our recent successes in these regions give us confidence to maintain a sustained level of orders in our four Sectors", said Patrick Kron, Alstom's Chairman & Chief Executive Officer.

[1] After a negative impact from Grid purchase price allocation and acquisition costs of respectively €75 million in H1 2010/11 and €54 million in H1 2011/12

A "two speed world" with unchanged drivers

During the first six months of 2011/12, the market conditions remained unchanged with contrasted situations across geographies.
In power generation, growth continued to drive demand for new infrastructure in emerging countries, whilst the uncertainty and sufficient reserve margins kept on hold a number of projects in mature economies. Renewables and thermal services confirmed their resilience worldwide.
Demand for rail transportation has been hit in some countries by constraints in State budgets but remained overall solid, as developing countries continue to show a strong momentum.
Finally in a competitive environment, the transmission global market kept good volumes.

Recovery of orders confirmed

Orders booked over the first half amounted to €10.2 billion, a 45% increase from the same period last year, confirming the commercial rebound in all Sectors which showed a book-to-bill at 1 or above in H1 2011/12. On 30th September 2011, the Group's backlog amounted to €47 billion, representing 29 months of sales.

During the semester, Thermal Power registered two large steam projects in Malaysia and Estonia, booked 8 gas turbines and benefited from a strong activity in environmental control systems and in service.

Over the period, Renewable Power notably recorded wind projects in Brazil and Ethiopia as well as hydro contracts in India and Latin America.

In Transport, the main orders of the period included locomotives in Russia and high speed trains in Poland with the corresponding maintenance contract.

Grid booked €1.9 billion of contracts including, among others, two major contracts in the Middle East, for electricity network improvement in Saudi Arabia and for GIS substations and power transformers in Iraq.

Operational performance impacted by lower sales

Sales in the first half of 2011/12 amounted to €9.4 billion, compared to €10.4 billion for the first half of 2010/11, representing a 10% decrease, with Thermal Power down 22% and Transport down 16%, while Renewable Power was up 26%.

With these lower volumes, income from operations decreased from €763 million to €627 million for the first half of 2011/12, representing a margin of 6.7%. Operating margin in Thermal Power moved from 8.4% to 9.2%, benefiting from a favourable mix and actions on costs. Renewable Power's margin decreased from 9.0% to 7.3%, affected by price erosion in wind, whilst in Transport the operating margin decreased from 7.3% to 5.0%, due to the adverse impact of the lower volumes. Grid's operating margin remained stable at 5.8%.

Net profit amounted to €363 million compared with €401 million in the first half of 2010/11, down 9% due to the lower income from operations.

Sound financial structure despite current pressure on cash flow

Free cash flow was negative at €(914) million during the first half of 2011/12, due to the low sales leading to less progress payments, the development of Transport in some countries (Russia, India) triggering temporary consumption of working capital and €280 million of exceptional cash outflow linked to disputes with two customers (in Bulgaria and Hungary).

At 30 September 2011, net debt stood at €2,748 million (including an estimated earn-out to be paid to TMH in 2012) as compared to €1,286 million at 31 March 2011 and €1,473 million at 30 September 2010. This evolution mainly resulted from the negative free cash flow over the period and the payment of the dividend for 2010/11.

With a gross cash in hands of €1.3 billion at the end of September 2011, an undrawn credit line of €1 billion and a schedule of gradual repayment of the debt starting in September 2014, the balance sheet remains strong.

Equity was stable over the period, standing at €4,102 million at 30 September 2011 from €4,152 million at 31 March 2011.

Major achievements to further adapt to demand

During the first half of fiscal year 2011/12, Alstom continued to implement structural measures to maintain its competitiveness and benefit from the momentum of emerging countries.

Last fiscal year, Thermal Power and Transport Sectors announced restructuring plans to adapt to their changing markets. At the end of the semester, more than half of the planned reduction of 3,500 permanent positions in the Thermal Power activities in Europe and North America had been executed; plans for the remainder are underway. As far as Transport is concerned, all agreements with employee representatives have been signed and, at end of September 2011, approximately one third of the 1,380 planned reductions in Germany, Italy and Spain had been implemented.

During the first half of 2011/12, Alstom continued its development in fast growing markets. Last April, Alstom and Shanghai Electric announced their intention to join forces to create the world leader in boilers for coal-fired power plants through a 50/50 joint company. The Group also signed a memorandum of understanding with Datang Corporation to jointly develop carbon capture and storage demonstration projects in China. In Russia, Alstom Transport acquired its 25% stake in Transmashholding, the leading Russian rail manufacturer, in line with the agreement signed in 2008. The three other Sectors also entered some key partnerships in the country.

Alstom enlarged its renewables portfolio by acquiring a 40% equity share in AWS Ocean Energy, a Scottish wave energy technology development company.

Research and development expenses remained at a high level. They amounted to €360 million during the first semester. In particular, Alstom unveiled the latest upgrades to its 50 Hz (GT26) and 60 Hz (GT24) gas turbines, characterised by higher output, efficiency and flexibility.

Capital expenditures were maintained at around €200 million. The four Sectors pursued their key investments in the most dynamic countries.

Outlook

The recent commercial recovery should translate into higher sales in the second half of 2011/12, which, combined with the positive impact of the on-going actions on costs, should lead to an improvement of the operational performance. The anticipated increased volume of sales and sustained level of orders should also trigger a positive free cash flow in the second part of the fiscal year. On this basis, the Group confirms the operating margin for March 2012 should stay between 7% and 8%.

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The half-year financial report can be found on Alstom's website at www.alstom.com.

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