

FY 2012/13

Alstom achieves a solid commercial and operational performance and free cash flow turns positive

Between 1 April 2012 and 31 March 2013, Alstom booked €23.8 billion of orders, up 10% compared to last year. As announced, the group achieved a strong level of orders in the fourth quarter at €6.6 billion, leading to a book-to-bill above 1 for the 10th consecutive quarter. Sales, at €20.3 billion, showed a 2% growth compared to last year. Income from operations amounted to €1,463 million, reaching a 7.2% operating margin, up 10bp compared to the same period last year. The net result increased by 10% from €732 million in 2011/12 to €802 million. The free cash flow turned positive to €408 million in fiscal year 2012/13.

At its next Annual General Meeting, Alstom will propose a dividend of €0.84 per share, a 5% increase compared to last year.

Key figures

(in € million)	31 March 2012	31 March 2013	% Var. March 13/March 12
<i>Actual figures</i>			
Orders received	21,706	23,770	+10%
Backlog	49,269	52,875	+7%
Sales	19,934	20,269	+2%
Income from operations	1,406	1,463	+4%
Operating margin	7.1%	7.2%	-
Net income	732	802	+10%
Free cash flow	(573)	408	-

"In 2012/13, the Group delivered a solid commercial performance, illustrated by a book-to-bill ratio above 1 for every quarter of the fiscal year. Sales were up despite lower milestones recognition in Renewable and clients slowing down some projects in Grid. The operating margin has improved compared to the last fiscal year, thanks notably to sound contract execution and cost optimisation. Free cash flow has clearly turned positive after two years of negative figures. Our long-term prospects remain solid, driven by attractive fundamentals for all our end-markets. However, our short-term performance is expected to be impacted by lower volumes than anticipated due to a more challenging environment. In this context, we now expect sales to grow organically at a low single digit, operating margin to stay stable in 2013/14 and then gradually increase over the next two to three years to around 8%. Cash generation remains a top priority and we continue to anticipate a

positive free cash flow year after year over this period”, said Patrick Kron, Alstom’s Chairman and Chief Executive Officer.

A solid commercial performance

During fiscal year 2012/13, Alstom registered €23.8 billion of orders, up 10% compared to last year. Commercial activity remained robust in emerging countries which accounted for nearly half of total orders. Transport was particularly successful in Europe. On 31 March 2013, the backlog amounted to €53 billion, up 7% and representing 31 months of sales.

Thermal Power won major contracts across its businesses. In particular, it booked 12 gas turbines in China, UK, Jordan, Israel and Thailand where it sold its first two upgraded GT26 gas turbines. The group nearly doubled its GW share compared to the level booked in 2011/12, increasing from 2.8 GW to 5 GW, thanks to the higher number of GT26 sold. The group was also active in steam with several turbine islands sold in Saudi Arabia (Heavy Fuel Oil), India and in Egypt. Thermal Power benefited from a strong activity in environmental control systems as well as in retrofit and service.

Renewable Power was particularly active in Wind in 2012/13, notably in Brazil. Three key contracts were signed in Hydro in Ethiopia, Columbia and Brazil, allowing the Sector to maintain a strong market share.

Over the period, Grid booked a record level of order intake with two major High Voltage Direct Current projects in India (800 kV) and Germany (Offshore) as well as the usual flow of small and medium orders worldwide.

Transport achieved its strongest commercial year since 2009/10. Successes were registered in Western Europe with notably regional trains in Germany, Italy and Sweden, high-speed trains in Switzerland, suburban trains and metros in France as well as a signalling system in the Netherlands. Outside Europe, the group also signed key contracts including metros in Brazil, light-rail vehicles in Canada and a maintenance contract in Kazakhstan.

A gradual recovery of sales and operating income

In 2012/13, the Group’s sales stood at €20.3 billion, up 2% compared to last year. This increase was driven by Thermal Power (up 5%) and Transport (up 6%), both of which recovered from last year’s trough. Sales in Renewable Power were down 11%, impacted, in the first half, by much lower revenues for large hydro contracts in execution in Latin America. Grid’s revenues decreased by 5% with customers slowing down some projects, notably in India.

In fiscal year 2012/13, income from operations amounted to €1,463 million, versus €1,406 million in the previous year. The Group’s operating margin improved by 10bp to 7.2%. The operating margin in Thermal Power progressed further from 9.7% in 2011/12 to

10.4%, benefiting from higher volumes and actions on costs. Renewable Power's operating margin reached a low point at 4.9%, from 7.4% in 2011/12, affected by a low level of sales, price erosion in wind and a negative impact of the first Brazilian wind contracts. The operating margin in Grid remained stable at 6.2%, thanks to sound execution and cost optimisation despite lower volumes and trading of some orders with low margins. Transport's operating margin continued to recover at 5.4% thanks to volume increase and efforts on costs.

Net profit amounted to €802 million, up 10% compared to last year. This figure included €137 million of restructuring costs, mainly on Grid and Renewable Power, as well as a positive contribution from Transmashholding (€68 million compared to €32 million in 2011/12).

Free cash flow turnaround confirmed

The free cash flow turned positive at €408 million in fiscal year 2012/13 supported by efficient working capital management and despite the low level of EPC contracts impacting customers' advance payments. Compared to last year, free cash flow generation improved by almost a billion euros.

On 1 October 2012, the Group launched a €350 million share capital increase through an accelerated book building. On 4 October 2012, Alstom launched a new bond issuance of €350 million, bearing an annual coupon of 2.25% and maturing in October 2017.

Equity increased over the period, standing at €5,104 million at 31 March 2013 from €4,434 million at 31 March 2012, after taking into account the capital increase, pension adjustments and the payment of the dividend.

At 31 March 2013, net debt stood at €2,342 million compared to €2,492 million at 31 March 2012. This reduction mainly resulted from the capital increase and the positive free cash flow partly offset by the payment of the dividend for 2011/12 and some financial investments.

With a gross cash in hands of €2.2 billion at the end of March 2013, an undrawn credit line of €1.35 billion as well as a schedule of gradual repayment of the debt starting in September 2014, the Group's balance sheet remains strong.

Increased dividend per share proposed to the next AGM

The Board of Directors has decided to propose a dividend of €0.84 per share at the next Annual General Meeting to be held on 2 July 2013, up 5% compared to last year. It corresponds to a stable pay-out ratio of 32%. If approved, the dividend will be distributed on 9 July 2013.

Sustained Research & Development and Capital Expenditures for future growth

During the fiscal year 2012/13, Alstom continued to invest in research & development (R&D) and capital expenditures (capex) to reinforce its presence in dynamic markets and pursued its policy of partnerships and selective acquisitions.

R&D expenses increased to €737 million in fiscal year 2012/13. Among a number of substantial developments, Thermal Power continued its focus on gas turbines aiming at offering higher output, better efficiency and increased flexibility. Renewable Power installed its first 1 MW Tidal turbine prototype in Scotland. Grid developed the world's fastest HVDC circuit breaker. Lastly, Transport launched its light rail vehicle for the North American market (Citadis Spirit).

At €505 million, capex remained at a sustained level, the four Sectors pursuing their investments to develop their capacities, particularly in emerging markets, and to modernise their industrial footprint.

Renewable Power acquired the wholly-owned subsidiary of Rolls-Royce, Tidal Generation Ltd (TGL), strengthening its portfolio of marine products and technologies. TGL is at the forefront of the design, development and manufacture of tidal stream turbines which capture and convert the energy of tidal streams to generate electrical power.

Alstom invested an additional US\$40 million in the American company BrightSource Energy Inc. to reinforce its partnership with this pioneering solar power company, a leader in the concentrated solar thermal tower technology. Since its initial investment in 2010, Alstom has progressively increased its participation and now holds above 20% of the capital.

In September 2012, Grid signed a memorandum of understanding with Toshiba Corporation to develop cooperation on smart grid, more specifically on systems supporting wide-scale integration of renewable energy sources into the grid.

Updated guidance

The markets on which the Group operates show unchanged solid long-term prospects, driven by attractive fundamentals for all end-markets and Alstom confirms its strategic targets based on profitable growth and operational excellence. However, over the last twelve months, economic conditions have further deteriorated whilst the competitive environment has remained challenging. These two headwinds should impact the future short-term performance, mitigated by action on costs through operational efficiency and footprint optimisation. In this context, sales are expected to grow at a low single digit on an organic basis, operating margin to stay stable in 2013/14 and then gradually increase to around 8% over the next two to three years. Cash generation remains a key focus and free cash flow should be positive year after year over this period.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 6 May 2013, are available on Alstom's website at www.alstom.com. The accounts have been audited and certified.

In accordance with AFEP-MEDEF recommendations, information related to the remuneration of Alstom's Executive Officer is available on Alstom's website: www.alstom.com, under About/Corporate Governance/Remuneration of the Executive Officer.

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