Press Release

6 November 2013

Alstom's first half of 2013/14
Stable profitability
FCF impacted by project profiles and downpayments

- **Ambitious cost saving programme accelerated**
- **Strategic mobility to be enhanced through asset sales**
- **Guidance maintained**

Between 1 April and 30 September 2013, Alstom booked €9.4 billion of orders, down 22% compared to the first half of last year. The book-to-bill ratio, close to 1, benefited from a good flow of small to medium-sized orders despite a less active market for big contracts. Over the same period, sales were up 4% organically, amounting to €9.7 billion, thanks to the ramp-up achieved in the second quarter. Income from operations and the operating margin were stable at around €700 million and 7.1% respectively. The net profit stood at €375 million whilst the free cash flow at €(511) million was mainly affected by the unfavourable cash profile of some contracts being executed during the period and by limited downpayments due to the level and mix of orders received.

Key figures

(in € million)	30 September 2012 *	30 September 2013	*% change reported*	*% change organic*
Actual figures				
Orders received	12,129	9,431	*(22)%*	*(20)%*
Backlog	52,015	50,890	*(2)%*	*2%*
Sales	9,748	9,730	*0%*	*4%*
Income from operations	703	695	*(1)%*	
Operating margin	7.2%	7.1%	-	
Net income	386	375	*(3)%*	
Free cash flow	101	(511)	-	

** Adjusted for revised IAS 19*

"In markets that remain contrasted, our commercial activity in the first half was supported by a good flow of small and medium-sized orders, but lacked large contracts, notably in Thermal Power. As expected, sales recovered in the second quarter leading to a 4% organic growth in the first half. With strict cost control and good execution of contracts, the

operating margin remained stable. Tendering is active and we expect stronger order bookings by the end of the year, which will support free cash-flow rebound in the second half. Looking forward, we maintain the guidance given at the close of FY 2012/13. In the current low-growth environment, we need to further reinforce our competitiveness; we are accelerating our performance plan and expect annual cost savings ramping up to € 1.5 billion by April 2016. We want to regain strategic mobility and have launched an asset disposal programme targeting €1 to 2 billion of proceeds through the contemplated sale of a minority stake in Alstom Transport and the disposal of non-strategic assets", said Patrick Kron, Alstom's Chairman & Chief Executive Officer.

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Contrasted markets

During the first six months of 2013/14, the macro-economic conditions have remained challenging with a sluggish economic environment in mature countries and a slower growth in some emerging countries.

In power generation, while demand in steam remains stable with opportunities in Eastern Europe, Middle East and Asia, gas recovery is postponed in the mature markets. Thermal services and environmental control systems continue to show good dynamism. As for renewable, the hydro market improved compared to last year and some large projects are expected to resume over the medium-term. Onshore wind remains under significant price pressure while offshore wind shows opportunities notably in Europe.

The power transmission market continues to benefit from sustained demand in HVDC and smart grid while AC is still suffering from overcapacity and pricing pressure.

Finally, demand for rail transport equipment and services remains sustained, supported by urban and regional needs in Europe and expansion in emerging markets.

Book-to-bill ratio close to 1 thanks to a robust flow of small and mid-sized orders

Orders booked over the first half of 2013/14 amounted to €9.4 billion, a 22% decrease from the same period last year, with a good flow of small to medium-sized orders despite a less active market for large contracts, notably in Thermal Power. On 30 September 2013, the Group's backlog amounted to €51 billion, representing 30 months of sales.

During the semester, Thermal Power registered once again a strong level of orders in Services, at €2.7 billion, while orders for new power plants remained limited.

Renewable Power orders rebounded strongly, at €1 billion, thanks to new hydro projects (Albania, Turkey, Canada and India) and services. Several wind contracts were signed over the first six months too (Mexico, Brazil).

Grid recorded €1.7 billion of contracts, a stable level if adjusting from the ultra-high voltage direct current (UHVDC) contract signed last year in India.

Transport registered a sound level of orders at €2.9 billion, decreasing compared to an exceptionally high level of contracts in H1 2012/13. Commercial activity remained sustained with, in particular, very high-speed and intercity trains in France, light rail overhaul in the USA and an infrastructure contract in the UK. In October, Alstom announced two mega contracts, one of €1.2 billion for the metro of Riyadh and one of around €4 billion for suburban trains in South Africa.

Stable operational performance

Sales in the first half of 2013/14 amounted to €9.7 billion, up 4% organically, with all Sectors reporting positive organic growth. The second quarter showed a significant rebound in sales, growing 10% on a like-for-like basis, with notably a strong growth for Thermal Power (+12%) and Transport (+10%) while Renewable Power and Grid sales increased organically by 5% and 4% respectively.

Supported by sound project execution and on-going cost reduction, both the income from operations, at €695 million, and the operating margin, at 7.1%, were globally stable in the first half of 2013/14 as compared to the same period last year. The operating margin in Thermal Power remained strong at 10.6%, benefiting mainly from good project execution and actions on costs. Renewable Power's operating margin was affected by continued pressure on wind prices and decreased from 5.7% in the first half 2012/13 to 5.1%. Better volumes and actions on costs allowed margin to improve from the low point of H2 2012/13 (4.1%). Grid's operating margin decreased from 6.1% in the first half of last year to 5.7% as a result of continuing negative impact of overcapacity and price pressure in AC, partly mitigated by overall good execution of projects and cost optimisation.

In Transport, the operating margin increased from 5.3% in the first half 2012/13 to 5.6% thanks to tight cost control.

Net profit amounted to €375 million compared with €386 million in the first half of 2012/13 when adjusted for revised IAS 19.

Free cash flow impacted by some project profiles and downpayments

Free cash flow amounted to €(511) million in the first half 2013/14. Unfavourable cash profile of some contracts executed during the period and downpayments, which were impacted by the level and mix of orders received, weighed negatively on working capital change. Nonetheless, other components have been kept under strict control thanks to continuous efforts on working capital.

The Group had a gross cash in hands of €1.8 billion at the end of September 2013 and a confirmed undrawn credit line of €1.35 billion. On 1 July 2013, the Group launched a new bond issuance of €500 million which bears an annual coupon of 3.0% and will mature in July 2019. Gradual repayment of the debt is scheduled to start in September 2014.

Following the payment of the dividend, the Group's net financial debt came to €(3,294) million at 30 September 2013 versus €(2,342) million at 31 March 2013 and €(2,871) million at 30 September 2012.

Equity was stable over the period, standing at €5,006 million at 30 September 2013 from €5,089 million at 31 March 2013 (adjusted for revised IAS 19).

A comprehensive action plan

As already stated when the 2012/13 accounts were released, demand in a number of markets is weaker than expected 18 months ago. Economic growth has not recovered to pre-crisis level in a number of mature countries and has slowed in emerging countries. In this context, Alstom is enhancing its on-going plans to improve its competitiveness and adjust cost base to this low-growth scenario and is taking action to increase its strategic mobility.

The Performance plan, named "d2e" (dedicated to excellence), is accelerated and enhanced with two targets: (i) reinforcing the Group's long-term competitiveness and (ii) consolidating the medium-term guidance. Alstom is targeting annual savings ramping up to €1.5 billion by April 2016 as compared to the 2012/13 cost base. In this context, the restructuring costs associated with this plan are expected to be in the €150-200 million range per year.

To increase financial flexibility and enable strategic mobility for both Alstom Group and Alstom Transport, the Group will study the sale of a minority stake in Alstom Transport to industrial partners or financial investors. Alstom also intends to dispose of non-strategic assets. Globally this programme is targeting €1 to 2 billion of proceeds by December 2014.

Outlook

The Group maintains its guidance of a low-single digit sales growth on an organic basis and of a stable operating margin in 2013/14, which should then gradually increase to around 8% over the next two to three years. Free cash flow should be positive year after year over this period.

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

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