

Alstom meets its guidance for fiscal year 2011/12 and achieves a solid level of orders

Between 1 April 2011 and 31 March 2012, Alstom booked €21.7 billion of orders, up 14% compared to last year. As announced, the fourth quarter was particularly strong with €6.6 billion of new contracts. Sales, at €19.9 billion, showed a sequential rebound throughout the fiscal year with a marked improvement in the last quarter. Income from operations amounted to €1,406 million, corresponding to an operating margin of 7.1%, in line with guidance. The net result increased from €462 million in 2010/11 to €732 million (+58%). The free cash flow strongly recovered in the second half of 2011/12 with €341 million generated, after the €914 million outflow in the first half.

At its next Annual General Meeting, Alstom will propose a dividend of €0.80 per share, a 29% increase compared to last year.

Key figures

(in € million)	31 March 2011 ¹	31 March 2012	% Var. March 12/March 11
<i>Actual figures</i>			
Orders received	19,054	21,706	+14%
Backlog	46,816	49,269	+5%
Sales	20,923	19,934	(5)%
Income from operations	1,570	1,406	(10)%
Operating margin	7.5%	7.1%	-
Net income	462	732	+58%
Free cash flow	(516)	(573)	-

“In 2011/12, the Group achieved a solid commercial performance, illustrated by a book-to-bill ratio above 1 for every quarter of the fiscal year and by a strong level of orders in the fourth quarter, the highest for the combined Power Sectors and for Transport since 2008/09. Sales gradually recovered throughout the year. Thanks to an improvement in the second semester, the operating margin reached 7.1% for the full year, in line with the guidance given in 2010. Free cash flow turned substantially positive in the second half. Looking ahead, given our positioning in our four businesses, we are expecting to maintain a sound level of orders. On this basis, sales should increase by more than 5% per year over the next three years while operating margin should gradually improve to around 8% in March 2015. In parallel, we remain focused on generating cash and we anticipate a positive free cash flow for each of the next three years”, said Patrick Kron, Alstom’s Chairman and Chief Executive Officer.

¹ With Grid consolidated from June 2010 to March 2011

A sound level of order intake

During fiscal year 2011/12, Alstom registered €21.7 billion of orders, up 14% compared to last year. Commercial activity was particularly sustained in emerging countries which accounted for around 60% of the total orders, even if Transport remained active in Europe. On 31 March 2012, the backlog amounted to €49 billion, representing 30 months of sales.

Thermal Power won major successes across its businesses. In particular, it booked 14 gas turbines in Russia, Middle East and South East Asia, several large steam plants in Malaysia and Eastern Europe as well as its first nuclear contract in Russia. Thermal Power also benefited from a strong activity in environmental control systems as well as in retrofit and service.

Renewable Power recorded this year a large number of small and medium sized contracts for both hydro and wind. The major orders came from Latin America, Asia and North Africa.

Over the period, Grid booked the usual flow of small and medium orders worldwide as well as a strategic HVDC (High Voltage Direct Current) project in Sweden.

In Transport, the main projects registered were in Eastern Europe (locomotives in Russia and high speed trains in Poland with the corresponding maintenance contract), in Western Europe (very high speed trains in France, tramways in the United Kingdom, a signalling system in Denmark and regional trains in Sweden) as well as in Singapore (metros and signaling upgrade).

A sequential recovery of sales and operating income

In 2011/12, the Group's sales stood at €19.9 billion, down 5% compared to last year. This decrease particularly affected Thermal Power (down 10%) and Transport (down 8%), reflecting the trough of orders taken in 2009 during the crisis. Sales in Renewable Power were up 4% compared to last year, whilst Grid registered a turnover of €4 billion this year. As expected, global sales showed a sequential rebound during the year from the low point of the first quarter.

In fiscal year 2011/12, income from operations amounted to €1,406 million, versus €1,570 million in the previous year. After an operating margin of 6.7% in the first half, it reached 7.4% in the second half, leading to 7.1% for the full fiscal year, in line with guidance. Operating margin in Thermal Power moved from 9.0% in 2010/11 to 9.7%, benefiting from a favourable mix and actions on costs. Renewable Power's operating margin decreased from 8.9% to 7.4%, affected by price erosion in wind, whilst operating margin in Transport decreased from 7.1% to 5.1%, mainly due to the adverse impact of its lower sales. Grid's operating margin slightly increased to 6.2%.

Net profit amounted to €732 million, up 58% compared to the low result of €462 million last year, which had been impacted by the high restructuring charges booked in relation with capacity adjustments in Thermal Power and Transport.

A sound cash generation in the second semester strengthening the financial structure

After a large cash outflow in the first half of 2011/12, the free cash flow turned positive at €341 million in the second half, supported by the progressive recovery of sales and the sound level of orders. For the full year, the free cash flow amounted to €(573) million.

At 31 March 2012, net debt stood at €2,492 million compared to €1,286 million at 31 March 2011. 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 €2.1 billion at the end of March 2012, an undrawn credit line of €1.35 billion recently renewed and extended as well as a schedule of gradual repayment of the debt starting in September 2014, the balance sheet remains strong.

Equity increased over the period, standing at €4,434 million at 31 March 2012 from €4,152 million at 31 March 2011, after taking into account pension adjustments and the payment of the dividend.

Increased dividend per share proposed to the next AGM

The Board of Directors has decided to propose a dividend of €0.80 per share at the next Annual General Meeting to be held on 26 June 2012, up 29% compared to last year. This increase reflects the improvement of the net result. It corresponds to a pay out ratio of 32%. If approved, the dividend will be distributed on 3 July 2012.

An active year to shape the future

During the fiscal year 2011/12, Alstom continued to adapt to the geographical evolution of its markets and set significant milestones in technology and innovation.

Following the 2009 crisis, Thermal Power and Transport Sectors launched restructuring plans to adapt to slow demand in developed countries. At the end of March 2012, the adjustment in the North American and European capacities in Thermal Power was largely completed while the programme in the German, Italian and Spanish Transport units was on-going. In parallel, Alstom pursued its development in fast growing countries, either by investing in new capacities or by signing a record number of partnerships to further penetrate these promising areas.

Research and development expenses remained at a high level. Among a number of substantial developments, Thermal Power unveiled the latest upgrades to its GT26, GT24 and GT13 gas turbines, offering higher output, better efficiency and increased flexibility. Renewable Power inaugurated its new 6 MW offshore wind turbine and won its first project in France for the supply of three large wind farms including 240 turbines within a consortium led by EDF EN. Grid developed a new HVDC technology with a first success in Sweden during the year. Lastly, Transport completed its new very high-speed train (AGV) which was put into service at the end of April 2012 in Italy.

A three-year guidance (from fiscal year 2012/13 to fiscal year 2014/15)

The markets on which the Group operates show favourable prospects in the medium to long term and, in spite of short-term uncertainties in some areas, orders are expected to remain sound over the three coming years. Developing countries continue to offer opportunities in all Sectors, whilst mature markets, although still globally slow, should show positive signs in some segments, such as offshore wind and high-tech transmission businesses (HVDC and Smart Grid). In this context, sales should grow by more than 5% per year over the coming period. This growth will be accompanied by sustained capital expenditures to further strengthen Alstom's presence in emerging countries and by higher research and development expenses to keep its technological edge.

This increased volume combined with actions on costs should lead to a gradual improvement of the Group's operating margin, which is expected to be at around 8% in March 2015.

Lastly, with cash management remaining a top priority, Alstom plans the free cash flow to be positive in each of the three coming years.

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The management report and the consolidated financial statements, as approved by the Board of Directors, in its meeting held on 3 May 2012, 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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