

Rome, 2 November 2010

## **THE BOARD APPROVES THE RESULTS TO 30 SEPTEMBER 2010**

- **Results for the first nine months:**
  - **Value of production at EUR 879.5 million (+6.3%)**
  - **EBIT at EUR 87 million (+1.6%)**
  - **Net profit at EUR 59.2 million (+6.5%)**
  - **New orders at EUR 1,009.5 million (-33.8%)**
  - **Order backlog at EUR 3,957.1 million (+3.5%)**

The Board of Directors of Ansaldo STS (STS.MI), headed by Alessandro Pansa, has approved the consolidated results to 30 September 2010, which were in line with expectations.

**Value of production** for the first nine months of 2010 was **EUR 879.5 million**, an increase of **6.3%** on the figure of EUR 827.7 million for the same period of 2009.

**EBIT** advanced by 1.6% versus the same period of 2009 to **EUR 87 million**, while the Group's return on sales (**EBIT margin**) came in at 9.9%.

In the first nine months of 2010, the Ansaldo STS group registered **net profit of EUR 59.2 million**, an increase of 6.5% on the figure of EUR 55.6 million in the same period of 2009.

**New orders** at 30 September 2010 totalled **EUR 1,009.5 million**, in line with management expectations; the drop of 33.8% versus the figure of EUR 1,524.9 million in the first nine months of 2009, was due to a particularly important order acquired in Libya last year, for EUR 541 million and also to delays in acquiring three large expected contracts, i.e. the extension of line 5 of the Milan Metro, the Turin-Padua line and the new City Ring of the Copenhagen Metro. However, the book to bill ratio is still significantly above one.

The **order backlog** was **EUR 3,957.1 million** at 30 September 2010, a rise of 3.5% on the figure of EUR 3,822.2 million recorded in the same period of last year.

**PRESS RELEASE**

Specifically:

- the **order backlog** of the **Signalling Unit** was **EUR 1,997.6 million** at 30 September 2010, versus EUR 2,028.6 million in the first nine months of last year.

- the **order backlog** of the **Transportation Unit** was **EUR 2,246.7 million** at 30 September 2010, versus EUR 2,051.8 million in the first nine months of last year.

**Free operating cash flow (FOCF)**, before strategic investments, was negative at EUR 60.2 million, compared to a positive EUR 80.6 million reported at 30 September 2009. This decrease was due for EUR 70 million to the delayed receipt of advance payment on the second Libyan contract and for the remaining part to the use of working capital for those contracts that benefited last year from the payment of considerable advance sums. On 2<sup>nd</sup> November, after a delay of about one month, the above mentioned payment of EUR 70 million has been cashed.

At 30 September 2010 **working capital** was a negative EUR 69.0 million, compared to a negative figure of EUR 187.1 million at 31 December 2009. The change is attributable to the above-mentioned increase in inventories and work in progress net of payments on account, offset by the fall in trade receivables and the rise in trade payables.

At 30 September 2010, the company had a **net cash position of EUR 195.3 million**, compared to EUR 245.7 million in the same period of last year and EUR 278.9 million at the end of 2009.

**R&D** spending also rose in the first nine months of 2010: costs **totalled EUR 35.3 million**, up 10% versus the figure of EUR 32.1 million in the same period of 2009.

<b>Key figures (EUR m)</b>	<b>9 months 2010</b>	<b>9 months 2009</b>	<b>% chg.</b>	<b>Dec. 2009 cons.</b>
<i>New orders</i>	<b>1,009.5</b>	<b>1,524.9</b>	-33.8%	<b>1,786.1</b>
<i>Order backlog</i>	<b>3,957.1</b>	<b>3,822.2</b>	3.5%	<b>3,759.7</b>
<i>Value of production</i>	<b>879.5</b>	<b>827.7</b>	6.3%	<b>1,175.6</b>
<i>EBIT</i>	<b>87.0</b>	<b>85.6</b>	1.6%	<b>125.1</b>
<i>EBIT margin (ROS)</i>	<b>9.9%</b>	<b>10.3%</b>	-0.4 pp	<b>10.6%</b>
<i>Net profit</i>	<b>59.2</b>	<b>55.6</b>	6.5%	<b>87.8</b>
<i>Working capital</i>	<b>(69.0)</b>	<b>(178.6)</b>	-61.4%	<b>(187.1)</b>
<i>Net debt position</i>	<b>(195.3)</b>	<b>(245.7)</b>	-20.5%	<b>(278.9)</b>
<i>R&amp;D</i>	<b>35.3</b>	<b>32.1</b>	10.0%	<b>41.1</b>
<i>Headcount</i>	<b>4,313</b>	<b>4,376</b>	-1.4%	<b>4,339</b>
<i>EPS</i>	<b>0.56</b>	<b>0.56</b>	-	<b>0.88</b>

The main orders acquired in the first nine months of 2010 relate to the following projects:

Country	Project	Customer	Nominal (EUR m)
Libya	Sirth Benghazi line	RZD	201.8
Denmark	Copenhagen Existing Line O&M *	Metroselskabet	188.0
Italy	Naples Line 6 – Mostra Arsenale *	Municipality of Naples	160.5
USA, Italy, France, Australia	Components, services & maintenance	Various orders	106.7
Australia	Various ARTC projects	ARTC	61.4
Italy	ACC Genoa rail network	RFI	43.7
Italy	Genoa metro depot *	Municipality of Genoa	42.4
Italy	Genoa metro vehicles *	Municipality of Genoa	31.6
Italy	Naples Alifana railway – modification *	Alifana	10.6
Italy	Rome Metro Line B1 *	Salini	7.4
South Korea	Rotem 56 electric locomotives	Hyundai	7.1
Denmark	Copenhagen	Metroselskabet	6.7
Australia	Rio Tinto various projects	Rio Tinto	6.3

\* Main orders acquired by the Transportation Solutions Unit

## OUTLOOK

In light of the results for the first nine months of the year, the guidance communicated with the publication of the half-yearly results is confirmed, despite the uncertainty of the full-year results for 2010, which factors in the ongoing volatility of the markets.

**CONSOLIDATED INCOME STATEMENT**
**Ansaldo STS Group**

<i>Consolidated income statement (EUR m)</i>	<i>Amount at 30 September 2010</i>	<i>Amount at 30 September 2009</i>	<i>31 December 2009</i>
Revenues	879.5	827.7	1,175.6
Value of production	879.5	827.7	1,175.6
Purchasing and staff costs	(792.9)	(738.8)	(1,041.4)
Change in inventories of semi-finished and finished products and goods	6.8	3.7	0.3
Depreciation and amortisation	(10.0)	(8.8)	(11.8)
Write-downs	0	(0.3)	(1.8)
Restructuring costs	(0.9)	(1.4)	(1.5)
Other net operating revenues (costs)	4.5	3.5	5.7
<b>EBIT</b>	<b>87.0</b>	<b>85.6</b>	<b>125.1</b>
Net financial income (expenses)	0.8	(4.4)	(0.3)
Income taxes	(28.6)	(25.6)	(37.0)
<b>NET PROFIT</b>	<b>59.2</b>	<b>55.6</b>	<b>87.8</b>
Earnings per share	0.56	0.56	0.88

**CONSOLIDATED BALANCE SHEET**
**Ansaldo STS Group**

<i>Consolidated balance sheet (EUR m)</i>	<b>30 September 2010</b>	<b>31 December 2009</b>
Non-current assets	258.0	252.0
Non-current liabilities	(44.9)	(42.2)
	<b>213.1</b>	<b>209.8</b>
Inventories	114.9	99.2
Contract work in progress	251.3	151.1
Trade receivables	488.1	526.5
Trade payables	(295.0)	(248.2)
Customer advances	(564.8)	(651.9)
Short-term provisions for risks and future liabilities	(22.4)	(27.7)
Other net current assets (liabilities)	(41.1)	(36.1)
<b>Working capital</b>	<b>(69.0)</b>	<b>(187.1)</b>
<b>Net invested capital</b>	<b>144.1</b>	<b>22.7</b>
Group shareholders' equity	338.4	300.9
Minority shareholders' equity	1.0	0.7
<b>Shareholders' equity</b>	<b>339.4</b>	<b>301.6</b>
<b>Net debt (cash)</b>	<b>(195.3)</b>	<b>(278.9)</b>

**CASH FLOW STATEMENT**
**Ansaldo STS Group**

<i>Cash flow statement</i> (EUR m)	<i>30 September</i> <i>2010</i>	<i>30 September</i> <i>2009</i>	<i>31 December</i> <i>2009</i>
<b>Cash and cash equivalents – opening balance</b>	128.5	71.5	71.5
Cash flow from operations (gross)	99.1	100.1	145.8
Change in working capital	(122.4)	(0.4)	12.2
Changes in other operating assets and liabilities	(30.8)	(12.1)	(35.0)
<b>Cash flow generated by (used in) operations</b>	<b>(54.1)</b>	<b>87.6</b>	<b>123</b>
Cash flow from ordinary investments	(6.1)	(6.9)	(8.5)
<b>Free operating cash flow</b>	<b>(60.2)</b>	<b>80.6</b>	<b>114.4</b>
Strategic investments	-	(2.6)	(3.2)
<b>Cash flow generated by (used in) investments</b>	<b>(6.1)</b>	<b>(9.5)</b>	<b>(11.7)</b>
Dividends paid	(31.0)	(27.0)	(27.0)
Capital increases			
Cash flow from financing activities	76.0	(4.8)	(26.9)
<b>Cash flow generated by (used in) financing activities</b>	<b>(45.0)</b>	<b>(31.8)</b>	<b>(53.9)</b>
<b>Exchange rate differences</b>	<b>1.7</b>	<b>(0.2)</b>	<b>(0.3)</b>
<b>Cash and cash equivalents – closing balance</b>	<b>115.1</b>	<b>117.6</b>	<b>128.5</b>

**RESULTS BY BUSINESS UNIT**

EUR m	SIGNALLING		TRANSPORTATION SOLUTIONS	
	At 30 September 2010	At 30 September 2009	At 30 September 2010	At 30 September 2009
New orders	542.1	1,084.4	509.3	484.6
Order backlog	1,997.6	2,028.6	2,246.7	2,051.8
Value of production	572.4	557.6	339.2	281.4
EBIT	70.0	68.8	26.3	27.3
EBIT margin (ROS)	12.2%	12.3%	7.8%	9.7%
Working capital	93.4	(23.1)*	(113.9)	(106.6)*
Research and development	33.2	30.4	2.0	1.7
Headcount	3,391	3,450*	446	330*

**Notes to the table**

*The figures shown in the table do not include dealings with other divisions.*

*\* These figures have been restated following the adoption of the new Control Model approved as part of the "Fast Forward Driven by Business" project.*

Alberto Milvio, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures in the Group's accounting records.

NB:

The management of Ansaldo STS also assesses the business and financial performance of the Group and its business segments based on a number of indicators not provided for by IFRS.

As required by CESR recommendation CESR/05 - 178 b, the components of each of the non-GAAP alternative performance indicators used in this press release are defined below.

**EBIT:** i.e. earnings before interest and tax, with no adjustments. It excludes income and expenses relating to the operations of unconsolidated subsidiaries and securities, and gains/losses on any sales of consolidated shareholdings, which are recorded under “financial income and expenses”, or in the case of income/expenses relating to shareholdings accounted for using the equity method, under the item “effect of accounting for shareholdings using the equity method”.

**EBIT margin (ROS):** is calculated as the ratio of EBIT to revenues.

**Free operating cash flow (FOCF):** this is the sum of the cash flows generated by/used in operations, cash flow generated by/used in investments in or disposals of tangible and intangible assets and shareholdings, net of cash flows from the purchase/sale of shareholdings that, due to their nature or size, are considered “strategic investments”.



**Ansaldo STS confirms** that at 3pm on 3 November, the management will be available to comment on the results for the first nine months of 2010, via conference call.

To take part in the **conference call**:

Italy: **+39 02 805 88 11**  
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USA: **+1 718 705 8794**

To **replay the conference call** in the 72 hours following the call using access code **860#**

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**PRESS RELEASE**