

Genoa, 26 July 2011

## **The Board approves the first-half results and updates 2011 guidance**

- **Revenues of EUR 569.2 million (-2.7%)**
- **EBIT of EUR 52.2 million (-9.5%)**
- **Net profit at EUR 32.1 million (-3.9%)**
- **New orders at EUR 667.7 million (+3.5%)**
- **Order backlog at EUR 4,618 million (+18%)**
- **2011 guidance updated**

The Board of Directors of Ansaldo STS (STS.MI) has approved the half-year report to 30 June 2011.

### **RESULTS FOR THE FIRST HALF 2011**

**Revenues** for the half-year totalled EUR 569.2 million, a decline of 2.7% compared to EUR 584.7 million for the first six months of 2010.

**EBIT** went from EUR 57.7 million in the first half of 2010 to EUR 52.2 million, due to lower volumes of production and higher research and business costs.

The Group's return on sales (EBIT margin) was 9.2% compared to 9.9% achieved in the corresponding period of 2010.

Breaking the results down by business sector, the Signalling Unit generated revenues of EUR 351.4 million, compared to EUR 381.7 million reported in the same period of last year, while EBIT totalled EUR 36.3 million, a year-on-year decline from EUR 46.7 million for the first half of 2010. The Transportation Solutions Unit closed the six months with revenues of EUR 226.2 million, a slight improvement compared to the same period of 2010 (EUR 222.0 million), while EBIT was EUR 21.1 million, an increase from EUR 18.2 million posted in the same period of 2010.

In the first half of 2011, the Ansaldo STS Group recorded a **net profit** of EUR 32.1 million, a decrease of 3.9% on the same period of last year (EUR 33.4 million).

**PRESS RELEASE**

The Group continues to focus on innovation: during the first half of 2011, it **invested** EUR 19.9 million in **research and development**.

Key figures (euro millions)	30.06.11	30.06.10	% chg.	Dec 2010 cons.
New orders	667.7	645.3	3.5%	1,985.0
Order backlog	4,617.7	3,915.0	17.9%	4,551.1
Revenues	569.2	584.7	-2.7%	1,283.7
EBIT	52.2	57.7	-9.5%	137.1
EBIT margin (ROS)	9.2%	9.9%	-0.7 pp	10.7%
Net profit	32.1	33.4	-3.9%	94.9
Free Oper. ash-flow	(63.4)	20.1	n.r.	66.0
Working capital	(61.5)	(164.4)	-62.6%	(154.3)
Net debt	(212.8)	(276.5)	-23.0%	(318.2)
R&D	19.9	18.1	9.9%	34.8
Headcount	4,189	4,340	-3.5%	4,217
EPS	0.27	0.28*	-3.6%	0.79

\*recalculated following the capital increase of 5 July 2010

**New orders** totalled EUR 667.7 million in the first six months of 2011, representing an increase of 3.5% in the same period of 2010 (EUR 645.3 million).

Specifically, during the period:

- new orders in the **Signalling Unit** totalled EUR 448.4 million
- new orders in the **Transportation Solutions Unit** totalled EUR 222.6 million.

The main orders acquired in the first half of 2011 relate to the following projects:

Country	Project	Customer	Value (€M)
Italy	Turin-Padua route	RFI	193.6
Italy*	Milan Line 5 Ext. Garibaldi - San Siro	Milan local authority	105.2
Sweden	Stockholm Red Line	S L	85.0
Australia*	Rio Tinto RAFA Phase 1	Rio Tinto	70.0
USA - Italy - France	Components, services & maintenance	Various	39.7
Australia*	Rio Tinto RAFA Phase 2	Rio Tinto	32.0
Australia	Various ARTC projects	ARTC	22.0
France	RATP Metro Paris Maintenance	RATP	18.0
Canada	STM Montreal	STM	12.0

*\*Main new orders acquired during the period by the Transportation Solutions Unit*

The **order backlog** totalled EUR 4,617.7 million on 30 June 2011, a rise of 17.9% from EUR 702.7 million on 30 June 2010.

The order backlog of the **Signalling Unit** totalled EUR 2,155.6 million (EUR 1,911.9 million excluding orders from the Transportation Solutions Unit) compared with EUR 1,900 million on 30 June 2010 (+13.5%).

The order backlog of the **Transportation Solutions Unit** on the same date was EUR 2,705.8 million, compared with EUR 2,291.4 million on 30 June 2010 (+18.1%).

**Free Operating Cash Flow (FOCF)** was EUR -63.4 million, compared with EUR 20.1 million on 30 June 2010. The decrease was due to greater working capital absorption.

On 30 June 2011 **consolidated working capital** was a negative EUR 61.5 million,

compared to a negative figure of EUR 154.3 million at 31 December 2010. The change is attributable to the increase in inventories and work in progress net of payments on account, partially offset by the fall in trade receivables, and the increase in trade payables and other current liabilities.

On 30 June 2011, the Group had a **Net Cash Position** of EUR 212.8 million, versus EUR 318.2 million at end-2010, a decrease of EUR 105.4 million after a dividend pay-out of EUR 33.6 million.

### Updated 2011 Guidance

In line with the market trend and outlook in the period, the Board of Directors approved updates to certain business and financial forecasts for the current year.

The ongoing Libyan crisis has led the Board of Directors to revise down growth estimates with a resulting negative impact on profitability (ROS) for the current year.

€M	New Guidance 2011	Previous Guidance 2011
<b>Orders</b>	<b>1,900 – 2,100</b>	1,500 – 1,700
<b>Revenues</b>	<b>1,180 – 1,260</b>	1,280 – 1,360
<b>ROS</b>	<b>9.5% - 10%</b>	~10.6%
<b>Free Operating Cash Flow</b>	<b>0 - 20</b>	50 - 70
<b>Net Financial Position (*)</b>	<b>(280) - (300)</b>	(330) - (370)

(\*) After payment of 2010 dividend

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

<i>Consolidated Income Statement (€ Million)</i>	<b>30.06.1 1</b>	<b>30.06.1 0</b>	<b>31.12.10</b>
<b>Revenues</b>	<b>569.2</b>	<b>584.7</b>	<b>1,283.7</b>
Purchasing and staff costs	(521.2)	(529.0)	(1,136.8)
Change in inventories, semi-finished and finished products and goods	7.9	6.2	2.3
Depreciation and amortisation	(6.4)	(6.5)	(13.2)
Write-downs	(0.1)	(0.0)	(6.4)
Restructuring costs	(1.4)	(0.7)	(2.3)
Other net operating revenues (costs)	4.2	3.0	9.8
<b>EBIT</b>	<b>52.2</b>	<b>57.7</b>	<b>137.1</b>
Net Financial income (expenses)	0.4	(2.7)	(3.9)
Income taxes	(20.5)	(21.6)	(38.3)
<b>Net profit</b>	<b>32.1</b>	<b>33.4</b>	<b>94.9</b>
<i>Earnings per share</i>	<i>0.27</i>	<i>0.28*</i>	<i>0.79</i>

\* recalculated following the capital increase of 5 July 2010

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

<i>Consolidated balance sheet (€ million)</i>	<b>30.06.11</b>	<b>30.06.10</b>	<b>31.12.10</b>
Non-current assets	268.0	262.8	263.7
Non-current liabilities	(44.8)	(49.1)	(46.1)
	<b>223.2</b>	<b>213.7</b>	<b>217.6</b>
Inventories	146.1	105.7	127.6
Contract work in progress	284.1	234.9	216.9
Trade receivables	566.8	427.0	624.8
Trade payables	(354.5)	(261.2)	(403.1)
Customer advances	(658.3)	(599.8)	(657.2)
Short-term provisions for risks and future liabilities	(16.4)	(26.4)	(22.4)
Other net current assets (liabilities)	(29.3)	(44.6)	(40.9)
<b><i>Working capital</i></b>	<b>(61.5)</b>	<b>(164.4)</b>	<b>(154.3)</b>
<b><i>Net invested capital</i></b>	<b>161.7</b>	<b>49.3</b>	<b>63.3</b>
Group shareholders' equity	373.4	324.9	380.4
Minority shareholders' equity	1.1	0.9	1.1
<b><i>Shareholders' equity</i></b>	<b>374.5</b>	<b>325.8</b>	<b>381.5</b>
<b><i>Net debt (cash)</i></b>	<b>(212.8)</b>	<b>(276.5)</b>	<b>(318.2)</b>

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

<i>Cash flow statement (€ million)</i>	<b>30.06.11</b>		<b>30.06.10</b>		<b>31.12.10</b>	
<b><i>Cash and cash equivalents – opening balance</i></b>	<b>153.3</b>		<b>128.5</b>		<b>128.5</b>	
Cash flow from operations (gross)	59.4		63.9		165.0	
Changes in other operating assets and liabilities, and provisions for risks and charges	(58.2)		(14.4)		(50.3)	
Funds from Operations		1.2		49.5		114.7
Change in working capital	(58.8)		(24.9)		(41.7)	
Cash flow generated by (used in) operations	(57.6)		24.6		73.0	
Cash flow generated by (used in) operations	(5.8)		(4.5)		(7.0)	
<b><i>Free Operating cash-flow</i></b>		<b>(63.4)</b>		<b>20.1</b>		<b>66.0</b>
Strategic investments			-		-	
Other changes in investments	(6.2)		-		-	
Cash flow generated by (used in) investments	(12.0)		(4.5)		(7.0)	
Sale of own shares	0.3		-		-	
Dividends paid	(33.6)		(31.0)		(31.0)	
Cash flow from financing activities	33.1		55.4		(12.8)	
<b><i>Cash flow generated by (used in) financing activities</i></b>	<b>(0.2)</b>		<b>24.4</b>		<b>(43.8)</b>	
Exchange rate differences	1.8		3.2		2.6	
<b><i>Cash and cash equivalents – closing balance</i></b>	<b>81.7</b>		<b>176.2</b>		<b>153.3</b>	

**RESULTS BY BUSINESS UNIT**

€M	SIGNALLING		TRANSPORTATION SOLUTIONS	
	30.06.11	30.06.10	30.06.11	30.06.10
<b>New orders</b>	<b>448.4</b>	222.4	<b>222.6</b>	425.7
<b>Order backlog</b>	<b>2,155.6</b>	1,900.0	<b>2,705.8</b>	2,291.4
<b>Revenues</b>	<b>351.4</b>	381.7	<b>226.2</b>	222.0
<b>EBIT</b>	<b>36.3</b>	46.7	<b>21.1</b>	18.2
<b>EBIT margin (ROS)</b>	<b>10.3%</b>	12.2%	<b>9.3%</b>	8.2%
<b>Operating working capital (*)</b>	<b>100.0</b>	15.9	<b>(123.5)</b>	(122.7)
<b>Research and development</b>	<b>18.9</b>	16.7	<b>1.0</b>	1.4
<b>Headcount (*)</b>	<b>3,184</b>	3,485	<b>565</b>	412

*Notes to the table*

The figures reported in the table ignore eliminations between 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.*





**Ansaldo STS confirms** that at **5.00pm (CET)** on **26 July**, the management will be available to comment on the above via conference call.

The presentation used in the conference call will be available in advance on our website [www.ansaldo-sts.com](http://www.ansaldo-sts.com)

To take part in the conference call:

Italy: +39 02 805 88 11

UK: +44 1212818003

USA: +1 718 705 8794

To replay the conference call in the 72 hours following the call, starting from 8.00am CET on 27 July 2011, using access code **879#**

Italy: +39 02 72495

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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 - 17 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".

**Operating working capital:** includes trade receivables and payables, inventories, work in progress, customer advances and provisions for risks and future liabilities.

**Working capital:** is calculated as operating working capital net of other current assets and liabilities.

**PRESS RELEASE**



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