

Genoa, 14<sup>th</sup> February 2007

## THE BOARD OF DIRECTORS OF ANSALDO STS APPROVES PRELIMINARY RESULTS AT 31 DECEMBER 2006

- **NET PROFIT : +18.7% TO EUR 45.8 MILLION, NET OF LISTING COSTS FOR EUR 6.8 MILLION, IN 2006**
- **VALUE OF PRODUCTION: +10.1% TO EUR 928.2 MILLION**
- **EBIT: +5.9% TO EUR 84.5 MILLION**
- **ACQUIRED ORDERS: +25.2% TO EUR 1,271.2 MILLION**
- **ORDER BACKLOG: +15.4% TO EUR 2,413.6 MILLION AT 31 DECEMBER 2006**
- **NET CREDITOR POSITION: +30.9% TO EUR 158.2 MILLION**

The Board of Directors of Ansaldo STS (STS.MI ), chaired by Alessandro Pansa, approved the quarterly report at 31 December 2006 and examined the preliminary consolidated data for the entire year, which closed with stronger performance than that projected at the time of the company's listing, in terms of the generation of revenues, profitability and acquired orders.

### RESULTS FOR 2006 (PRO-FORMA FIGURES)

For a proper comparison with the figures of the corresponding year-earlier periods, will be reported the pro-forma figures that reflect, for the entire year, the effect of the acquisition of the equity investments in Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari on 24<sup>th</sup> February 2006. It will be also reported the results after the effects of the acquisition of the equity investments in Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari, from 24<sup>th</sup> February 2006.

In 2006, based on pro-forma figures, the Ansaldo STS Group posted a **net profit** of EUR **48.5 million**, bigger than the previous year result (EUR 44.3 million).

Net profit without considering the listing costs came to EUR 52.6 million.

The **value of production** for the entire year came to EUR **928.2 million**, an increase of **10.1%** over 2005.

**EBIT** also rose in 2006 to EUR 84.5 million, compared with EUR 79.8 million in 2005. Excluding listing costs, that figure rises to EUR **91.3 million**, an increase of **14.6%** on 2005. The Group's ROS also rose from 9.5% to 9.8%.

**Acquired orders** for the year came to EUR **1,271.2 million**, an increase of 25.2% compared with 2005. The total **order backlog** at 31 December 2006 amounted to EUR **2,413.6 million**, a **15.4%** increase on 2005. The increase in the order backlog, involving both the Signalling and the Transport Systems divisions, was in part the result of the signing of the contracts for the driverless metro of Thessaloniki and Line 5 of the Milan metro, and railway signalling systems for Italy, India, Australia, Spain, Korea and UK.

The **net financial position** at 31 December 2006 showed a net creditor position of EUR **158.2 million**, compared with EUR 120.8 million at year-end 2005.

**Cash flow** from operations, net of investments, amounted to EUR **140.9 million**, a marked improvement on the EUR 105.9 million reported in the same period of 2005.

The main factors in the change in the Group's cash position were as follows: the acquisition of equity investments for EUR 100.2 million, dividend payments to Finmeccanica SpA for EUR 32.0 million, receipt of funds from the capital increase for EUR 10.0 million, the payment of EUR 50.2 million in capital contributions, and recovery of the VAT credit for EUR 19.2 million. The remaining balance is attributable to other changes in working capital.

At 31 December 2006 **consolidated net invested capital** was a negative EUR 31.6 million, compared with positive invested capital of EUR 38.6 million at December 2005. The difference of EUR 70.2 million is essentially attributable to **working capital**, which stood at EUR (237.3) million at 31 December 2006, compared with EUR (123.6) million at 31 December 2005. The change is largely due to a decrease in net inventories caused by the growth in invoicing on account, the decrease in trade payables (increased payments from customers) and the rise in current liabilities in respect of sundry and tax payables.

Key Figures (€mil.)	Fourth Quarter 2006 (1)	PRO FORMA FIGURES				
		Fourth Quarter 2005 (2)	% chg.	12 Months 2006	12 Months 2005 (2)	% chg.
Acquired Orders	193.6	103.5	87.0%	1,271.2	1,015.5	25.2%
Backlog	2,413.6	2,091.8	15.4%	2,413.6	2,091.8	15.4%
Value of Production	273.2	268.0	1.9%	928.2	842.6	10.1%
EBIT	31.6	28.4	11.3%	84.5	79.8	5.9%
				91.5*		14.6%*
ROS	11.6%	10.6%	1.0%	9.1%	9.5%	(0.4%)
				9.8%*		0.3%*
Net profit	20.8	16.6	25.3%	45.8	44.3	3.4%
				52.6*		18.7%*
Working capital	(237.3)	(123.6)	92.0%	(237.3)	(123.6)	92.0%
Net financial position	(158.2)	(120.8)	30.9%	(158.2)	(120.8)	30.9%
R&D	7.2	10.3	(30.0%)	35.2	34.7	1.4%
Total staff	3,962	3,622	9.4%	3,962	3,622	9.4%
EPS	0.21	-	-	0.46	-	-

\*Net of listing costs (EUR 6.8 million at 30 September 2006);

(1) 2006 with effect of transfer of Ansaldo Signal NV and Ansaldo Trasporti Sistemi with effect from 24 February 2006.

(2) The pro-forma figures for 2005 were drawn from the aggregate financial statements prepared at the time of the stock market listing.

## RESULTS FOR THE FOURTH QUARTER OF 2006 (PRO-FORMA FIGURES)

In the fourth quarter of 2006 the Ansaldo STS Group's **value of production** rose 2.0% compared with the same period of 2005, from EUR 268.1 million to EUR 273.2 million. The increase is attributable to the growth in the value of production of the *Signalling Unit* by EUR 14.8 million, which offset the EUR 9.7 million decrease for the *Transport Systems Unit*.

In the fourth quarter, **EBIT** rose to EUR 31.6 million, compared with EUR 28.4 million in the corresponding quarter of 2005. *Signalling* closed the period with operating income of EUR 22 million, down from the EUR 26.4 million the same period a year earlier. *Transport Systems* generated operating income of EUR 7.3 million, up from the EUR 4.4 million in the year-earlier period.

**Consolidated net profit** for the quarter amounted to EUR 20.8 million, compared with EUR 16.6 million a year earlier.

In the fourth quarter of the year, the Group incurred **R&D costs** of EUR 7.2 million, compared with EUR 10.3 million for the same period of 2005.

**Acquired orders** in the fourth quarter amounted to EUR 193.6 million, compared with EUR 103.4 million in the year-earlier period, an increase of EUR 90.2 million, or 87.0%.

Orders acquired by the *Signalling Unit* came to EUR 167.6 million, while the *Transport Systems Unit* acquired orders worth EUR 26.0 million.

The main orders acquired by the *Signalling Unit* in the fourth quarter of 2006 involved the following projects:

Country	Project	Customer	Value (EUR m)
Korea	HSL Taegu - Pusan	KRNA	37.0
Various	Components & Services		29.2
USA	GM/GC Buildout Phase 1	WMATA	7.1
Italy	HSL Roma -NA & MI-BO	TAV	7.1
USA	Resignal Main Line	QNSL	6.2
Australia	Hunter Valley / Goonyella	QR	6.0

*Transport Systems* acquired orders in Italy worth EUR 13.0 million and in Denmark worth EUR 7.0 million.

The **order backlog** at 31 December 2006 totaled EUR 2,413.6 million, an increase of EUR 321.8 million, or 15.4%, on 31 December 2005 (EUR 2,091.8 million).

The order backlog of the *Signalling Unit* at 31 December 2006 came to EUR 1,165.5 million, compared with EUR 1,142.0 million in 2005 (net of intercompany transactions with the *Transport Systems Unit*).

The order backlog of the *Transport Systems Unit* at 31 December 2006 came to EUR 1,248.1 million (compared with EUR 950.0 million in 2005).

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

## Ansaldo STS Group

Consolidated Profit and Loss Account (EUR m)	Fourth Quarter 2006	PRO FORMA FIGURES (2)			At 31/12/06 (1)
		Fourth Quarter 2005	At 31/12		
			2006	2005	
Revenues	270.8	266.9	922.8	839.5	810.6
Change in inventories, semi-finished and finished products and goods	2.4	1.1	5.3	3.1	0.3
<b>Value of Production</b>	<b>273.2</b>	<b>268.0</b>	<b>928.2</b>	<b>842.6</b>	<b>810.9</b>
Purchasing and staff costs	(243.0)	(233.7)	(834.8)	(748.3)	(723.4)
Depreciation and amortization	(2.2)	(2.5)	(9.5)	(9.5)	(8.2)
Writedowns	(1.4)	(0.5)	(1.5)	(1.3)	(1.5)
Restructuring costs	-	(0.1)	-	(0.1)	-
Other net operating revenues (costs)	4.9	(2.8)	2.1	(3.6)	1.3
<b>EBIT</b>	<b>31.6</b>	<b>28.4</b>	<b>84.5</b>	<b>79.8</b>	<b>79.1</b>
Net financial income (expense)	1.4	1.0	3.3	2.3	2.5
Income taxes	(12.2)	(12.8)	(42.0)	(37.8)	(38.5)
<b>NET PROFIT</b>	<b>20.8</b>	<b>16.6</b>	<b>45.8</b>	<b>44.3</b>	<b>43.2</b>
Earnings per share	0.21		0.46		

(1) 2006 with effect of transfer of Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari from 24 February 2006.

(2) The pro-forma figures for 2005 were drawn from the aggregate financial statements prepared at the time of the stock market listing.

## CONSOLIDATED FINANCIAL POSITION

## Ansaldo STS Group

<i>Consolidated Financial Position</i> (EUR m)	<b>PRO FORMA FIGURES (1)</b>	
	<i>At 31/12/06</i>	<i>At 31/12/05</i>
Non-current assets	250.6	205.3
Non-current liabilities	44.9	43.1
	<b>205.7</b>	<b>162.1</b>
Inventories	96.5	91.5
Contract work in progress	78.3	64.8
Trade receivables	311.1	342.2
Trade payables	166.3	173.5
Advances from customers	475.1	406.1
Provisions for short-term risks and charges	22.3	19.8
Other current net assets (liabilities)	(59.6)	(22.6)
<i>Net working capital</i>	<b>(237.3)</b>	<b>(123.6)</b>
<i>Net invested capital</i>	<b>(31.6)</b>	<b>38.6</b>
Group shareholders' equity	126.3	159.0
Minority interests	0.4	0.4
<i>Shareholders' equity</i>	126.6	159.3
<b>Net debtor (creditor) position</b>	(158.2)	(120.8)

(1) The pro-forma figures for 2005 were drawn from the aggregate financial statements prepared at the time of the stock market listing.

## CASH FLOW (PRO-FORMA FIGURES)

## Ansaldo STS Group

<i>Cash Flow</i> (EUR m)	PRO FORMA FIGURES Comparison 2006 / 2005			
	At 31/12/06		At 31/12/05	
<b>Cash and cash equivalents-opening balance</b>	<b>36.0</b>		<b>44.3</b>	
Gross cash flow from operating activities	100.2		102.9	
Change in working capital	93.8		18.4	
Change in other operating assets and liabilities, taxes and interest	(53.1)		(15.4)	
<b>Cash flow generated (used) by operating activities</b>	<b>140.9</b>		<b>105.9</b>	
Cash flow from ordinary investments	(21.6)		(107.6)	
<b>Free operating cash flow</b>		<b>119.2</b>		<b>(1.7)</b>
Strategic investments	(60.4)		-	
<b>Cash flow generated (used) by investment activities</b>	<b>(82.0)</b>		<b>(107.6)</b>	
Dividends paid	(32.0)		-	
Cash flow from financing activities	(14.4)		(6.2)	
<b>Cash flow generated (used) by financing activities</b>	<b>(46.4)</b>		<b>(6.2)</b>	
Translation difference	0.2		(0.4)	
<b>Cash and cash equivalents-closing balance</b>	<b>48.6</b>		<b>36.0</b>	

## RESULTS BY BUSINESS SEGMENT (PRO-FORMA FIGURES)

<i>€mil.</i>	SIGNALLING				TRANSPORT SYSTEMS			
	Fourth Quarter 2006	Fourth Quarter 2005	At 31/12/06	At 31/12/05	Fourth Quarter 2006	Fourth Quarter 2005	At 31/12/06	At 31/12/05
Acquired orders	256.2	67.1	833.0	796.5	26.0	37.1	534.3	240.1
Order backlog	1,319.6	1,223.4	1,319.6	1,223.4	1,248.1	950.1	1,248.1	950.1
Value of production	205.5	194.0	707.5	613.3	75.0	84.7	236.8	252.7
EBIT	22.0	26.4	73.9	63.9	7.3	4.4	21.5	18.4
EBIT margin	10.7%	13.6%	10.4%	10.4%	9.7%	5.2%	9.1%	7.3%
Working capital	(70.0)	(7.9)	(70.0)	(7.9)	(172.0)	(133.7)	(171.9)	(133.7)
Net invested capital	8.6	64.3	8.6	64.3	(124.3)	(126.0)	(124.3)	(126.0)
R&D	6.0	10.0	33.2	33.3	0.7	0.3	2.0	1.4
Total staff	3,606	3,304	3,606	3,304	327	318	327	318

*Notes to the table:*

*The values reported in the table include transactions between segments.*

*The figures for 2005 were drawn from the aggregate financial statements prepared at the time of the stock market listing*

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*Ansaldo STS confirms that on 15 February at 4:00 p.m. CET management will be available to discuss the results for the fourth quarter of the year via conference call.*

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Ansaldo STS S.p.A., listed on Borsa Italiana since 29 March 2006 (ticker: STS), is the parent of a group of companies operating in the rail and metro transport systems sector. Ansaldo STS controls Ansaldo Signal N.V., a Dutch company that is the parent of a group operating in the rail and metro signalling sector, and Ansaldo Trasporti-Sistemi Ferroviari S.p.A., an Italian systems/technology integration company that operates in the "turnkey" rail and metro transport systems sector. Ansaldo STS, which is headquartered in Genoa, is present in 18 countries and has about 4,000 employees. In 2005 the company posted revenues of EUR 840 million with a gross operating margin of EUR 89 million and a net profit of EUR 44 million.