

Milan, April 28th 2017

Direction and coordination of Hitachi Ltd
Press Office:
Tel. +39 010 6552068 - Fax +39 010 6552939
www.ansaldo-sts.com

THE BOARD OF DIRECTORS APPROVES INTERIM CONSOLIDATED REPORT AT 31 MARCH 2017

- **Order backlog at EUR 6,454.0 million (+0.6%);**
- **New Orders acquired in the period at EUR 266.1 million (-14.5%);**
- **Revenue of EUR 299.1 million (+2.7%);**
- **EBIT at EUR 25.9 million (+10.7%);**
- **Net Result of EUR 20.0 million (+1.4%);**
- **Net Financial Position, positive net cash, at EUR (327.0) million, substantially in line compared to the 2016 first quarter of EUR (328.3) million.**

The Board of Directors of Ansaldo STS (STS.MI) has examined and approved the Interim Consolidated Financial Report of the Group at 31 March 2017.

The Chief Executive Officer and General Manager, Andy Barr, said: " I'm extremely satisfied that the Company performance in the first quarter of this year is in line with our expectations. There continues to be challenges particularly in new order acquisition and we will continue to work hard to maintain our targets".

Order Backlog is EUR **6,454.0** million (EUR 6,417.3 million at 31 March 2016); **New Orders acquired** amount to EUR **266.1** million compared to EUR 311.3 million at 31 March 2016.

Revenue is EUR **299.1** million, an increase of EUR **7.9** million compared to the 2016 first three months value of EUR 291.2 million. Specifically, the improved performance in the Americas and in Europe generally offset the decline in the Asia Pacific area.

Operating Income (EBIT) is EUR **25.9** million, with an increase of EUR **2.5** million compared to 31 March 2016; **Return on Sales (ROS)** is **8.7%** compared to 8.0% in the same period of the previous year. Higher volumes in the period and lower R&D expenses are only partially offset by an unfavourable contract mix. EBIT trend in Q1 2016 was negatively affected by the transaction costs associated with the resignation of strategic managers (EUR 2.4 million).

Net Result is EUR **20.0** million (EUR 19.7 million at 31 March 2016). The increase of the EBIT, lower financial income and higher taxes have caused the overall change (EUR +0.3 million).

PRESS RELEASE

Consolidated results for the March 2017

Ansaldo STS

Key consolidated figures (EUR million)	31.03.2017	31.03.2016	% Change	31.12.2016
New Orders	266.1	311.3	-14.5%	1,475.8
Backlog	6,454.0	6,417.3	0.6%	6,488.4
Revenue	299.1	291.2	2.7%	1,327.4
EBIT	25.9	23.4	10.7%	126.8
R.O.S	8.7%	8.0%	+0.7 p.p.	9.6%
Tax Rate	30.9%	26.8%	+4.1 p.p.	33.2%
Net Result	20.0	19.7	1.4%	77.9
Net Working Capital	151.4	93.3	62.3%	120.5
Net Financial Position (positive net cash)	(327.0)	(328.3)	-0.4%	(338.0)
Free Operating Cash Flow	(11.0)	(8.5)	29.4%	37.9
R&D	7.9	9.1	-13.2%	36.7
Headcount (no.)	4,084	3,803	7.4%	3,951
EPS	0.10	0.10	0.0%	0.39

Net Working Capital moves from EUR 120.5 million at 31 December 2016 to EUR **151.4** million at 31 March 2017 (EUR 93.3 million at 31 March 2016). The increase is mainly due to the higher value of the work in progress.

Net Financial Position (positive net cash) is EUR **(327.0)** million, decreased compared to the value, still positive, of EUR (338.0) million at 31 December 2016 (at 31 March 2016 it was EUR (328.3) million).

Free Operating Cash Flow (FOCF) before strategic investments shows a cash flow absorption of EUR **11.0** million, compared to a cash flow absorption of EUR 8.5 million at 31 March 2016.

Main Orders:

Country	Project	Customer	Value (EUR million)
Italy	On Board equipment for "Caravaggio" trains	HRI	61
Turkey	On Board and wayside equipment - Ankara Metro - variation orders	Ankara Municipality	14
USA	On Board and wayside equipment variation orders	LIRR	10
Denmark	Copenhagen Metro - variation orders	Metroselskabet	10
USA	Honolulu Metro - variation orders	Honolulu Authority	10
South Korea	On Board equipment	Rotem	9
USA	On Board and wayside equipment - variation orders	MBTA	9
Various EU / Asia	Components	Various	28
USA	Components	Various	17
Various EU / Asia	Service & Maintenance	Various	13

ATTACHMENTS:

**Consolidated Income Statement
Ansaldo STS**

<i>(EUR million)</i>	31.03.2017	31.03.2016	31.12.2016
Revenue	299.1	291.2	1,327.4
Purchasing and personnel expenses	(271.7)	(268.4)	(1,182.4)
Amortisation and depreciation	(4.5)	(4.2)	(18.3)
Other net operating income (expense)	0.3	0.5	0.7
Changes in work in progress, semi-finished and finished goods	2.7	4.2	(0.5)
EBIT Adjusted	25.9	23.4	126.8
Restructuring costs	-	-	-
Operating Income (EBIT)	25.9	23.4	126.8
Net financial income (expense)	3.1	3.6	(10.2)
Income taxes	(8.9)	(7.2)	(38.7)
Profit/(Loss) from non-current assets for sale	-	-	-
Net Result	20.0	19.7	77.9
Profit per share (Basic and Diluted)	0.10	0.10	0.39

Consolidated Balance Sheet
Ansaldo STS

<i>(EUR million)</i>	31.03.2017	31.03.2016	31.12.2016
Non-current assets	307.4	306.6	310.4
Non-current liabilities	(60.3)	(56.5)	(61.1)
	247.1	250.1	249.3
Inventories	128.8	125.4	125.0
Contract work in progress	383.3	395.5	358.9
Trade receivables	715.7	632.9	728.9
Trade payables	(452.4)	(448.0)	(458.1)
Progress payments and advances from customers	(592.9)	(606.8)	(598.0)
Provisions for risks and charges	(13.8)	(11.8)	(14.1)
Other net assets/(liabilities)	(17.3)	6.1	(22.1)
Net working capital	151.4	93.3	120.5
Net invested capital	398.5	343.4	369.8
Group equity	725.3	671.4	707.6
Third parties equity	0.2	0.3	0.2
Equity	725.5	671.7	707.8
Assets held for sale	-	-	-
Net Financial Position (positive net cash)	(327.0)	(328.3)	(338.0)

Consolidated Cash Flow Statement
Ansaldo STS

<i>(EUR million)</i>	<u>31.03.2017</u>	<u>31.03.2016</u>
Opening cash and cash equivalents	305.6	304.3
Gross cash flow from operating activities	38.9	35.4
Change in working capital	(7.4)	(11.8)
Changes in other operating assets and liabilities	(39.9)	(29.4)
Cash flow generated by (used in) operating activities	(8.4)	(5.8)
Cash flow used in ordinary investing activities	(2.6)	(2.7)
Free operating cash-flow	(11.0)	(8.5)
Strategic investments	-	-
Other changes in investing activities	0.2	0.1
Cash flow generated by (used in) investing activities	(2.4)	(2.6)
Cash flow from financing activities	(0.7)	(1.7)
Cash flow generated by (used in) financing activities	(0,7)	(1.7)
Exchange rate gain and losses, net	(0.1)	(1.8)
Closing cash and cash equivalents	294.0	292.4

Renato Gallo, the manager in charge of preparing the company's financial reporting, hereby declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in this press release accurately represents the figures contained in the Company's accounting records.

Ansaldo STS confirms that the Management will hold a conference call for investors and analysts at **06.00 pm (CEST) April 28th 2017**.

The presentation in support of the conference call will be available in advance on the Company website at www.ansaldo-sts.com and in the Investor Relations section at the following address <http://www.ansaldo-sts.com/en/investor-relations/presentations>, and on the storage system, which is accessible from the website <http://www.emarketstorage.com>

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

Italy: +39 02 802 09 11; UK: +44 1 212 81 8004; USA: +1 718 705 8796

The replay of the conference call, by access code 922#, will be available for 96 hours starting from the end of the call.

The access numbers are:

Italy: +39 02 72495; UK: +44 1 212 818 005; USA: +1 718 705 8797

PRESS RELEASE

Note:

The Management of Ansaldo STS also assesses the business and financial performance of the Group based on a number of indicators not provided for by IFRS-EU. As required by CESR recommendation CESR/05 - 178b the components of each of the indicators are defined below:

EBIT: earnings before interest and tax is added, 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 the accounting for shareholdings using the equity method”.

Free Operating Cash Flow (FOCF): this is the sum of the cash flows generated by/used in operations, cash flow generated by/used to invest in or to dispose 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”. The re-classified cash flow shows how the FOCF is created for the years compared.

Economic Value Added (VAE): is the difference between EBIT net of income taxes and the cost of the average invested capital of the current reporting period and the corresponding period of the previous year measured on the basis of the weighted average cost of capital (WACC).

Net Working Capital: is Working Capital less provisions for current risks and charges, and other current assets and liabilities.

Net invested Capital: is the sum of non-current assets, non-current liabilities and Net Working Capital.

Net financial debt (cash) / Net debt (cash) or net financial position: the calculation scheme complies with the provisions in paragraph 127 of the recommendations CESR/05-054b implementing EC Regulation no. 809/2004.

New orders: the sum of the contracts agreed with customers during the reporting period which meet the contractual requirements to be recorded in the orders book.

Order backlog: is the difference between new orders and revenue for the period (including any change to contract work in progress). This difference is added to the backlog for the previous period.

Headcount: is the number of employees recorded in the register on the last day of the reporting period.

Return on Sales (R.O.S.): the ratio of EBIT to revenue.

Return on Equity (R.O.E.): ratio between the net result and average amount of equity in the two years compared.

Research and Development Expenses: total expense incurred for research and development activity, both expensed and sold. Research expense taken to profit or loss usually relates to “general technology”, i.e., aimed at gaining scientific knowledge and/or techniques applicable to various new products and/or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and which is to be treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) for accounting and management purposes.

External Relations:

Ansaldo STS
Andrea Razeto, tel. +39 010 6552068
andrea.razeto@ansaldo-sts.com

Investor Relations:

Ansaldo STS
Roberto Corsanego, tel. +39 010 6552076
roberto.corsanego@ansaldo-sts.com

PRESS RELEASE