

Milan, 28th July 2017

THE BOARD OF DIRECTORS APPROVES THE FIRST HALF FINANCIAL REPORT AT 30 JUNE 2017

- **New orders at EUR 652.7 million (-8.6%)**
- **Order backlog at EUR 6,453.8 million (-0.9%)**
- **Revenue at EUR 635.8 million (+5.5%)**
- **EBIT at EUR 56.5 million (+17.5 %)**
- **Net result at EUR 42.8 million (+57.1%)**
- **Net Financial Position, positive net cash, at EUR (280.1) million (-0.9%)**
- **2017 Guidance confirmed**

The Board of Directors of Ansaldo STS (STS.MI), has examined and approved the Group's consolidated First-Half Financial Report at 30 June 2017.

New Orders during the first half of 2017 amount to EUR **652.7** million compared to EUR 714.0 million at 30 June 2016; **Order Backlog** is EUR **6,453.8** million (EUR 6,488.4 million at 31 December 2016, and EUR 6,510.7 million at 30 June 2016).

Revenue is EUR **635.8** million, an increase of EUR **33.1** million compared to the 2016 first half value of EUR 602.7 million; the improved performance in USA and the rest of Europe has more than offset the decline in the Asia Pacific area, due to the final phase of some significant projects.

Operating Income (EBIT) is EUR **56.5** million, compared to EUR 48.1 million at 30 June 2016, mainly due to higher production volumes, a different mix of project progress in the two periods and higher costs for commercial investments. The EBIT value in the first half of 2016 was penalized by the negative outcome of the arbitration in Libya (EUR 7.5 million) and the transaction costs associated with the resignation of strategic managers (EUR 2.4 million).

Return on Sales (ROS) is **8.9%** compared to 8.0% in the same period of the previous year.

Net Result is EUR **42.8** million (**4.5%** of revenue), an increase of EUR 15.5 million compared to EUR 27.3 million at 30 June 2016; It should be noted that in the first half of 2016 additional prudential provisions were posted in financial expenses, as a result of the arbitration on the Libyan project (EUR 7.0 million), in addition to what above mentioned.

The Chief Executive Officer and General Manager, **Andrew Barr**, stated: " *After over one year as the CEO of Ansaldo STS I am happy with these results for the first half of 2017. During my time so far I have been able to travel to a significant number of the company sites around the world and meet many of the staff. This has enabled me to understand the commitment and capability within the company. Ansaldo STS remains strong in the market and we are continuing to ensure the performance remains strong* "

Consolidated results for the first - half of 2017
Ansaldo STS

Key consolidated figures (EUR million)	30.06.2017	30.06.2016	% Change	31.12.2016
New orders	652.7	714.0	-8.6%	1,475.8
Order backlog	6,453.8	6,510.7	-0.9%	6,488.4
Revenue	635.8	602.7	+5.5%	1,327.4
Operating Income (EBIT)	56.5	48.1	+17.5%	126.8
R.O.S.	8.9%	8.0%	+0.9 p.p.	9.6%
Tax Rate	29.0%	35.2%	-6.2 p.p.	33.2%
Net Profit	42.8	27.3	+57.1%	77.9
Net Working Capital	199.6	111.4	+79.2%	120.5
Net Financial Position (surplus/positive net cash)	(280.1)	(282.8)	-0.9%	(338.0)
FOCF	(54.7)	(17.3)	-215.4%	37.9
R&D	18.3	18.5	-0.9%	36.7
Headcount (no.)	4,127	3,841	+7.4%	3,951
EPS	0.21	0.14	+50.0%	0.39

Net Working Capital moves from EUR 120.5 million at 31 December 2016 to EUR **199.6** million at 30 June 2017 (EUR 111.4 million at 30 June 2016). The deviation of EUR **79.1** million is due to an increase of work in progress, a decrease of trade payables and an increase in other net assets (liabilities).

Net Financial Position (surplus/positive net cash) of the Group is EUR **-280.1** million compared to EUR -338.0 million at 31 December 2016 and in line with EUR -282.8 million at 30 June 2016.

Free Operating Cash Flow (FOCF) before strategic investments shows an absorbed cash flow of EUR **54.7** million compared to a cash flow absorption of EUR 17.3 million at 30 June 2016.

Main orders:

Country	Project	Customer	Value (EUR million)
Italy	Framework Agreement with RFI	RFI	100
Italy	Caravaggio trains on board equipment's	Hitachi Rail Italy	63
Denmark	Copenhagen Cityringen, Sydhavnen variation	Metroselskabet	60
Australia	Rio Tinto variation order	Rio Tinto	48
Italy	Naples Line 6 variation orders	Naples municipality	24
U.S.A.	On Board and on line variation orders	LIRR	22
South Korea	On Board equipment's	Rotem	20
Others EU / Asia	Components	Others	52
Others EU / Asia	Service & Maintenance	Others	29
U.S.A.	Components	Others	28

ATTACHMENTS:

**CONSOLIDATED INCOME STATEMENT
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	30.06.2017	30.06.2016
Revenue	635.8	602.7
Purchases and personnel expenses	(571.9)	(547.2)
Amortization, depreciation and impairment losses	(8.6)	(9.7)
Other net operating income	0.3	0.7
Changes in work in progress, semi-finished products and finished goods	0.9	1.6
Operating income (EBIT)	56.5	48.1
Net financial income (expense)	3.9	(6.0)
Income taxes	(17.5)	(14.8)
Net Profit	42.8	27.3
Profit per share	<i>0.21</i>	<i>0.14</i>

CONSOLIDATED BALANCE SHEET
ANSALDO STS

Consolidated balance sheet (EUR million)	30.06.2017	30.06.2016	31.12.2016
Non-current assets	313.1	309.2	310.4
Non-current liabilities	(62.0)	(59.0)	(61.1)
	251.1	250.2	249.3
Inventories	123.3	119.5	125.0
Contract work in progress	389.6	393.1	358.9
Trade receivables	714.2	586.7	728.9
Trade payables	(420.5)	(405.7)	(458.1)
Progress payments and Advances from customers	(594.6)	(570.6)	(598.0)
Provisions for minimizing risk and charges	(16.5)	(20.0)	(14.1)
Other net assets (liabilities)	4.1	8.4	(22.1)
Net working capital	199.6	111.4	120.5
Net invested capital	450.7	361.6	369.8
Group equity	730.6	644.1	707.6
Third parties equity	0.2	0.3	0.2
Equity	730.8	644.4	707.8
Assets held for sale	-	-	-
Net Financial Position (liquidity)	(280.1)	(282.8)	(338.0)

CONSOLIDATED CASH FLOW STATEMENT
ANSALDO STS

Consolidated cash flow statement (EUR million)	30.06.2017		30.06.2016	
Opening Cash and cash equivalents	305.6		304.3	
Gross cash flow from operating activities	76.9		72.1	
Change in working capital	(77.9)		(94.7)	
Changes in other operating assets and liabilities	(46.1)		10.8	
Cash flow generated by (used in) operating activities	(47.1)		(11.8)	
Cash flow from ordinary investing activities	(7.6)		(5.5)	
Free operating cash-flow		(54.7)		(17.3)
Strategic investments	-		-	
Other changes in investing activities	0.4		0.5	
Cash flow generated by (used in) investing activities	(7.2)		(5.0)	
Dividends paid	-		(36.0)	
Cash flow from financing activities	(8.1)		2.9	
Cash flow generated by (used in) financing activities	(8.1)		(33.1)	
Exchange rate gain and losses, net	(3.2)		(2.5)	
Closing cash and cash equivalents	240.0		251.9	

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2017 GUIDANCE

The Company guidance are confirmed:

Orders: EUR 1,500 – 1,200 million

Order Backlog: EUR 6,500 – 7,000 million

Revenue: EUR 1,350 – 1,450 million

ROS: 9.4% - 9.8%

Net Financial Position (*surplus/positive net cash*): EUR (330) – (380) million

Renato Gallo, the director responsible for drawing up the Company's accounting statements, hereby declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the information contained in this press release accurately represents the figures contained in the Company's accounting records.

The Board of Directors also assessed the possession of the independence requirements pursuant to Art. 148, paragraph 3 of the Consolidated Finance Act and the Corporate Governance Code.

Ansaldo STS confirms that the management will be available to comment on the above via conference call on **28th July 2017** at h **4.00 p.m. (CEST)**.

The presentation used in the conference call will be available on the Company's website www.ansaldo-sts.com in the Investor Relations section at <http://www.ansaldo-sts.com/it/investor-relations/presentazioni> as well as on the authorized storage system at <http://www.emarketstorage.com>

To participate in the **conference call**:

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

A replay of the conference call will be available for 72 hours following the end of the conference call, accessible by dialling the access code **922#** and one of the following numbers:

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

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Note:

Ansaldo STS management also assesses the performance of the group using certain indicators which are not defined by the IFRS-EU.

The components of each indicator are described below as required by CESR/05 – 178b Communication:

EBIT: earnings before interest and taxes, before any adjustment, EBIT excludes any gains or losses made on unconsolidated equity investments and securities, as well as any gains or losses on sales of consolidated equity investments, which are classified under “financial income and expense” or “share of profits (losses) of equity-accounted investees” if related to equity-accounted investments.

EBIT Adjusted: refers to the EBIT as described above, net of:

- any impairment of goodwill;
- amortization of the percentage of purchase price allocated to intangible assets acquired as part of business combination, pursuant to IFRS 3;
- restructuring costs in relation to defined and significant plans;
- other income or expenses of an extraordinary nature, i.e. Related to particularly significant events which are unrelated to ordinary activities.

Free Operating Cash Flow (FOCF): this indicator is the sum of cash flow from (used in) operating activities and cash flow from (used in) investing and disinvesting in property, plant and equipment, intangible assets and equity investments, net of cash flows from acquisitions or sales of equity investments which are deemed “strategic” due to their nature or importance. The reclassified statement of cash flows set out in paragraph 8 shows how FOCF is arrived at for the current reporting period and corresponding period of the previous year.

Economic Value Added (EVA): is the difference between EBIT net of income taxes and the cost of 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 the working capital net of funds for minimizing 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: is the calculation method used that complies with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) no. 809/2004.

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

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

Headcount: is the number of employees recorded in the relevant register on the reporting date.

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

Return on Equity (R.O.E.): is the ratio of the profit or loss for the reporting period to the average amount of equity at the reporting date and the corresponding period reporting date.

Research and development expense: total expense incurred for research and development, 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 expenses represent the expenses commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms.

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