



Ansaldo STS S.p.A.

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Issued Capital 70.000.000,00 € fully paid up
R.E.A. n.421689
Company Registration number Genoa Chamber of Commerce
Fiscal Code and Value Added Tax n. 013760662

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Genoa, 5 March 2012

DRAFT 2011 ANNUAL REPORT APPROVED DIVIDEND PROPOSED

- **Consolidated financial statements and the draft financial statements of the Parent Company for the year ended December 31, 2011 approved**
- **Ansaldo STS posted for the year 2011 a consolidated net profit of EUR 73 million (-23.0%)**
- **New intake orders of EUR 2,164 million (+9.0%)**
- **Backlog at 31 December 2011 of EUR 5,453 million (+19.8%)**
- **Revenues at EUR 1,212 million (-5.6%)**
- **EBIT at EUR 116 million (-15.3%)**
- **Net Financial Position (liquidity) of EUR 290 million (-9.0%)**
- **Dividend of EUR 0.20 per share to be proposed to the shareholders' meeting**

The Board of Directors of Ansaldo STS (STS.MI), meeting today under the chairmanship of Alessandro Pansa, has approved the draft 2011 annual report, which will be submitted to the shareholders' meeting to be convened by the Board of Directors to approve the annual financial statements.

The Board also approved the consolidated accounts of the Ansaldo STS Group for 2011.

In 2011, Ansaldo STS recorded **consolidated net profit** of EUR 73.1 million, compared to EUR 94.9 million in 2010.

The Board of Directors has decided to propose to the annual shareholders' meeting a dividend for each share with dividend rights of EUR 0.20, gross of statutory withholding tax, compared with EUR 0.24 the previous year (amount adjusted for the second tranche of the capital increase of 4 July 2011, from 120 to 140 million shares), to be paid from 24 May 2012 (ex-date: 21 May 2012, coupon no. 7) with a payout ratio of 38.3% of consolidated net income, compared to 35% of 2010 result.

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Sergio De Luca, CEO of Ansaldo STS, said:

“Within the wider international context of lower investment and greater competitive pressure, the year should be considered positive, despite a decline in revenues and margins, compared with both initial expectations and last year; this drop is largely due to the suspension of contracts in Libya, a country in which the company should have undertaken a vast amount of activity.

We believe that we will be able to return as soon as possible to this growth trend, both in terms of production and profitability, given the huge volume of orders acquired in 2011 and the determination with which the company is implementing an ambitious efficiency plan”.

2011 CONSOLIDATED RESULTS

Key figures (EUR million)	12 months 2011	12 months 2010	% chg.
New orders	2,163.7	1,985.0	9.0%
Order backlog	5,452.8	4,551.1	19.8%
Revenues	1,211.9	1,283.7	-5.6%
EBIT	116.1	137.1	-15.3%
EBIT margin (ROS)	9.6%	10.7%	-1.1 pp
Net profit	73.1	94.9	-23.0%
Working capital	(89.0)	(154.3)	-42.3%
Net debt position	(289.7)	(318.2)	-9.0%
R&D	33.9	34.8	-2.6%
Headcount	4,100	4,217	-2.8%
EPS	0.56	0.73*	8.2%

**recalculated following the bonus issue of 4 July 2011*

New orders for 2011 totalled EUR **2,163.7** million, an increase of 9% compared with the figure for the previous year of EUR 1,985 million.

The **order backlog** at 31 December 2011 totalled EUR **5,452.8** million, representing a 19.8% increase on the figure of EUR 4,551.1 million from the previous year.

Revenues for the full year were EUR **1,211.9** million, down 5.6% compared to 2010 (EUR 1,283.7 million).

EBIT was EUR **116.1** million in 2011, compared with EUR 137.1 million in 2010. The Group **EBIT margin (ROS)** stands at **9.6%**, versus 10.7% in 2010.

At 31 December 2011, the group had a **net cash position** of EUR 289.7 million, down 9% from EUR 318.2 million at the end of 2010.

At 31 December 2011 **Net invested capital** was positive at EUR 134.5 million, compared with a positive figure of EUR 63.3 million at 31 December 2010. **Working capital** stood at EUR -89 million at 31 December 2011, compared with EUR -154.3 million at 31 December 2010.

MAIN NEW INTAKE ORDERS IN 2011
Ansaldo STS Group

Country	Project	Customer	Value (EUR million)
USA*	Honolulu Metro	HART	841.8
Italy	Turin-Padua route (including variants)	RFI	210.5
Denmark *	Copenhagen – vehicles	Metroselskabet	121.9
Italy*	Milan Line 5 ext. Garibaldi - San Siro	Milan local authority	105.2
Sweden	Stockholm Red Line	S L	85.0
France Italy USA	Components, services & maintenance	Various	86.3
Australia *	Rio Tinto RAFA Phase 1	Rio Tinto	70.0
France	Brittany – Pays de Loire high-speed	EIFFAGE	62.0
Australia *	Rio Tinto various projects	Rio Tinto	48.2
France	LGV SEA	INEO	46.7
India	Calcutta Metro	KMRC	46.1
Australia *	Rio Tinto RAFA Phase 2	Rio Tinto	33.2
Turkey	Gebze – Kosekoy high-speed	Salini-CGF-Kolin	31.5
Australia	Various ARTC projects	ARTC	30.0
Italy	Modifications to high-speed trains	RFI	20.3
South Korea	Uhi-Shinseoul	POSCO	20.0
Italy	SCC – CTC change in order	RFI	18.1
France	Maintenance for RATP Paris Metro	RATP	17.8
France	LGVEE Phase 2	SNCF	15.0
Germany	Berlin – Rostock	D B	13.8
Canada	STM Montreal	STM	12.1
Saudi Arabia *	Riyadh – PNU changes in order	SBG	11.8

(*) Orders won by the Transportation Solutions business unit during 2011

**Consolidated income statement
Ansaldo STS Group**

<i>Consolidated Income Statement (EUR million)</i>	31.12.11	31.12.10
Revenues	1,211.9	1,283.7
Purchasing and staff costs	(1,075.7)	(1,136.8)
Change in inventories of semi-finished and finished goods	(3.9)	2.3
Depreciation and amortisation	(13.1)	(13.2)
Write-downs	(0.3)	(6.4)
Restructuring costs	(2.3)	(2.3)
Other net operating revenues (costs)	(0.5)	9.8
EBIT	116.1	137.1
Net financial income (expenses)	(0.7)	(3.9)
Income taxes	(42.3)	(38.3)
Net profit	73.1	94.9
Earnings per share (<i>basic and diluted</i>)	0.56	0.73*

*Recalculated following the bonus issue of 04.07.11

**Consolidated Balance Sheet
Ansaldo STS Group**

<i>Consolidated Balance Sheet (EUR million)</i>	31.12.11	31.12.10
Non-current assets	270.0	263.7
Non-current liabilities	(46.6)	(46.1)
	223.4	217.6
Inventories	129.9	127.6
Contract work in progress	283.3	216.9
Trade receivables	680.1	624.8
Trade payables	(431.9)	(403.1)
Customer advances	(706.7)	(657.2)
Short-term provisions for risks and future liabilities	(23.1)	(22.4)
Other net current assets (liabilities)	(20.6)	(40.9)
Working capital	(89.0)	(154.3)
Net invested capital	134.4	63.3
Group shareholders' equity	423.0	380.4
Minority shareholders' equity	1.1	1.1
Shareholders' equity	424.1	381.5
Net debt (cash)	(289.7)	(318.2)

**Cash flow statement
Ansaldo STS Group**

<i>Cash flow statement (EUR million)</i>	31.12.11	31.12.10
Cash and cash equivalents – opening balance	153.3	128.5
Gross Cash Flow from operating activities	127.3	165.0
Change in operating working capital	(42.7)	(41.7)
Changes in other operating assets and liabilities	(67.2)	(50.3)
Cash Flow from operating activities	17.4	73.0
Cash Flow form ordinary investing activities	(10.2)	(7.0)
Free operating cash flow	7.2	66.0
Strategic investments	(6.4)	-
Cash Flow from investing activities	(16.6)	(7.0)
Dividends paid	(33.6)	(31.0)
Cash flow from other financing activities	39.0	(12.8)
Cash Flow form financing activities	5.4	(43.8)
Exchange rate differences	1.4	2.6
Cash and cash equivalents – closing balance	160.9	153.3

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**Results by Business Unit
Ansaldo STS Group**

Key consolidated figures by Business Unit (EUR million)	SIGNALLING Business Unit		TRANSPORTATION SOLUTIONS Business Unit	
	31.12.11	31.12.10	31.12.11	31.12.10
New orders	1,045.9	890.2	1,256.1	1,142.8
Order backlog	2,341.4	2,090.6	3,442.3	2,721.5
Revenues	728.4	841.8	512.3	504.4
EBIT	75.1	104.2	55.0	46.3
EBIT margin (ROS)	10.3%	12.4%	10.7%	9.2%
Operating working capital:	111.4	0.3	(172.4)	(105.3)
R&D	32.5	33.0	1.4	1.8
Headcount	3.081	3.315	600	449

Notes to the table

The figures shown in the table include dealings with other divisions.

The total proposed dividend amount is approximately EUR 28 million, equivalent to EUR 0.20 per share.

Dividends are not due to the own shares held by the company on the ex-date. Currently, the company holds 463 own shares, and no purchases or sales of shares are expected before the above-mentioned ex-date.

EPS of EUR 0.56 (EUR 0.73 in 2010) was calculated on the basis of the 129,847,966 average outstanding shares in 2010 (129,839,431 shares in 2010, recalculated to take into account the new shares issued following the second tranche of the bonus issue of 4 July 2011).

Significant events that took place after 31 December 2011

In February 2012, the Italian Council of State gave the go-ahead to the consortium led by Impregilo (with Astaldi, Ansaldo STS, Ansaldo Breda, ATM and Sirti) in the tender to build and manage the Metro 4 Linate-Lorenteggio line, rejecting the request to suspend the definitive awarding of the contract put forward by a competing temporary consortium of companies. In January, the Third Division of the Lombardy Regional Administrative Court had rejected the claim, which was then followed by the appeal to the Council of State.

The work requires a total investment of approximately EUR 1.7 billion, two thirds of which will be funded by the state and local authorities.

On the annual Investor Day held on 9 February 2012, the company set out the forecasts of the strategic plan, with indications regarding 2012 and targets for 2014.

In particular, it again described the effects of the ongoing uncertainty in Libya, owing to which important contracts acquired in that country are not expected to be resumed in the near future.

Business Outlook

As of December 31, 2011 the Group's order book results in growth compared with the same date of 2010, due to the excellent performance in the acquisition of new orders, mainly in the field of Transportation Solutions. This provides good visibility for the production volumes for the next three years.

However, partly due to the continuing uncertainty in Libya, which does not allow the speedy resumption of major contracts won in that country, is expected for 2012 a production volume in line with that of 2011 with an unchanged overall profitability.

2011 Results for Ansaldo STS SpA

2011 can be considered a positive year both in terms of business results and production. Business and financial indicators, while still very much in positive territory, were down on the previous year, mainly owing to the suspension of activities in Libya.

The measures undertaken to gain new clients and penetrate new markets, as well as the consolidation of the company's presence in areas already acquired some time ago, undoubtedly resulted in success, in terms of both the volume of new orders and their quality. The success achieved in Honolulu is the most obvious example of this.

The 2011 financial statements for the parent company Ansaldo STS SpA are shown below.

Income statement Ansaldo STS SpA (EUR million)	31.12.2011	31.12.2010
Revenues	722.4	852.7
Purchasing and labour costs	(634.8)	(740.9)
Changes in work in progress, semi-finished and finished goods	(3.0)	1.9
Depreciation and amortisation	(5.3)	(5.4)
Write-downs	0.0	(5.2)
Other net operating revenues (costs)	9.2	13.4
EBIT	88.5	116.5
Net financial income (expenses)	(3.3)	8.2
Income taxes	(31.9)	(40.7)
Net profit	53.3	84.0

Balance sheet Ansaldo SpA (EUR million)	31.12.2011	31.12.2010
Non-current assets	273.7	263.4
Non-current liabilities	(25.0)	(26.5)
	248.7	236.9
Inventories	84.0	86.3
Contract work in progress	144.5	102.5
Trade receivables	565.4	534.4
Trade payables	(374.5)	(374.9)
Advances from customers	(563.8)	(504.6)
Short-term provisions for risks and future liabilities	(7.7)	(6.0)
Other net current assets (liabilities)	(12.9)	(29.8)
Working capital	(165.0)	(192.1)
Net invested capital	83.7	44.8
Shareholders' equity	321.9	304.5
Net Financial Position (liquidity)	(238.2)	(259.7)

Cash Flow Ansaldo STS SpA (EUR million)	<u>31.12.2011</u>	<u>31.12.2010</u>
Cash and cash equivalents – opening balance	115.5	105.6
Gross Cash Flow from operating activities	101.6	132.4
Change in operating working capital	(11.9)	2.3
Changes in other operating assets and liabilities	(60.4)	(50.8)
Cash Flow from operating activities	29.3	83.9
Cash Flow form ordinary investing activities	(10.9)	(6.8)
Free operating cash flow	18.4	77.1
Strategic investments	(6.3)	(0.7)
Dividends from consolidated companies	-	15.0
Cash Flow from investing activities	(17.2)	7.5
Dividends paid	(33.6)	(31.0)
Cash flow from other financing activities	12.9	(50.5)
Cash Flow form financing activities	(20.7)	(81.5)
Increase (decrease) in cash & cash equivalents	(8.6)	9.9
Cash and cash equivalents – closing balance	106.9	115.5

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.

The Board also approved the Corporate Governance Report, which contains information on shareholder structure pursuant to article 123-*bis* of the Testo Unico della Finanza law, and which will be published in the time and manner required by current legislation.



Ansaldo STS confirms that at 5.30 pm on Monday 5 March CET, the management will be available to comment on the above, via conference call.

To take part in the conference call:

Italy: +39 02 805 88 11; UK: +44 121 281 8003; USA: +1 718 705 8794

To replay the conference call in the 30 hours following the call, from 8.00 am CET on 6 March, using the access code

879#

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