

## THE BOARD APPROVES THIRD QUARTER RESULTS

- **Growth trend continues in the first nine months:**
  - **Net profit at EUR 50 million (+36.2%);**
  - **EBIT at EUR 79 million (+ 26.2%), EBIT margin up to 10.2%;**
  - **Value of production at EUR 776 million (+16.4%);**
  - **Order backlog worth EUR 2,987 million (+4.7%);**
  - **Net financial position positive at EUR 176 million (+7.3%)**
  
- **The new 231 model also approved**

The board of directors of Ansaldo STS (STS.MI), headed by Alessandro Pansa, has approved the consolidated results to 30 September 2008, which showed an improvement compared to the same period last year. The board also approved the adoption of a new Organisational, Management and Control Model, adapting it to the new regulations recently introduced regarding the responsibility of companies pursuant to legislative decree 231/01.

In the first nine months of 2008, the Ansaldo STS group registered a **net profit of EUR 50 million**, up **36.2%**, or EUR **13.3 million**, on the figure of EUR **36.7 million** in the same period of 2007.

**Value of production** for the first nine months of 2008 was **EUR 775.7 million**, an increase of **16.4%** on the figure of EUR **666.3 million** for the same period of 2007.

The **order backlog** rose by **4.7%**, from EUR **2,852.3 million** to EUR **2,987.6 million** at 30 September 2008. **New orders** totalled EUR **808.7 million**, compared to EUR **1,151.9 million** in the same period of 2007, which benefited from the exceptional order worth EUR 426 million acquired in the third quarter of that year relating to the Naples metro line 6.

**EBIT** also grew, from EUR **62.9 million** to **EUR 79.4 million**, an increase of **26.2%**. The group's **EBIT margin** also rose, from **9.4%** to **10.2%**.

At 30 September 2008, the group had a positive **cash position of EUR 175.7 million**, compared to EUR **184.5 million** at the end of 2007 and EUR **163.7 million** at 30 September 2007 (**+7.3%**).

| Key figures<br>(EUR m)     | 9 Months<br>2008 | 9 Months<br>2007 | %<br>chg.    | Third<br>Quarter<br>2008 | Third<br>Quarter<br>2007 | %<br>chg. |
|----------------------------|------------------|------------------|--------------|--------------------------|--------------------------|-----------|
| <i>New orders</i>          | 808.7            | 1.151.9          | -29.8%       | 317.1                    | 605.2                    | -47.6%    |
| Order backlog              | 2,987.6          | 2,852.3          | 4.7%         | 2,987.6                  | 2,852.3                  | 4.7%      |
| <i>Value of production</i> | 775.7            | 666.3            | 16.4%        | 273.1                    | 205.0                    | 33.2%     |
| <i>EBIT</i>                | 79.4             | 62.9             | 26.2%        | 28.6                     | 17.1                     | 67.3%     |
| <i>EBIT margin</i>         | 10.24%           | 9.45%            | 0.79<br>p.p. | 10.47%                   | 8.36%                    | 2.11 p.p. |
| Net profit                 | 50.0             | 36.7             | 36.2%        | 18.9                     | 8.4                      | 125.0%    |
| Working capital            | (170.5)          | (213.2)          | -20.0%       | (170.5)                  | (213.2)                  | -20.0%    |
| Net financial position     | (175.7)          | (163.7)          | 7.3%         | (175.7)                  | (163.7)                  | 7.3%      |
| R&D                        | 29.8             | 32.2             | -7.5%        | 8.1                      | 8.2                      | -1.2%     |
| Headcount                  | 4,281            | 4,258            | 0.5%         | 4,281                    | 4,258                    | 0.5%      |
| EPS                        | 0.50             | 0.37             |              | 0.19                     | 0.08                     |           |

### RESULTS FOR THE THIRD QUARTER OF 2008

**New orders** secured in the third quarter of 2008 totalled EUR **317.1** million, down EUR **288.1** million, or **47.6%**, from the figure of EUR **605.2** million registered in the same quarter last year, which as mentioned above benefited from an exceptional performance.

Specifically, new orders for the **Signalling Unit** totalled EUR **142.5** million (EUR **137.9** million excluding dealings with the Transport Systems Unit), while the **Transport Systems Unit** secured orders of EUR **179.2** million.

The main orders acquired in the third quarter of 2008 relate to the following projects:

| Country                  | Project                                 | Client             | Value (EUR m) |
|--------------------------|---|--------------------|---------------|
| Malaysia*                | From North Ipoh to Pedang Besar         | MMC Gamuda         | 135.0         |
| Italy*                   | Alifana – change in order               | Metro Campania     | 27.6          |
| Italy,<br>USA,<br>France | Total components/ Service & Maintenance | Miscellaneous      | 24.1          |
| Brazil                   | CPTM Lines A & F                        | CPTM               | 14.8          |
| Australia                | Mesa A Signal Construction              | Robes River Mining | 14.3          |
| Australia                | Brockman 4 Construction                 | Hamersley Iron     | 12.5          |
| Australia                | Miscellaneous projects                  | ARTC – Rio Tinto   | 11.8          |
| Canada                   | South Yonge Resignalling                | TTC                | 8.2           |
| Denmark*                 | Copenhagen – change in order            | Orestadsselskabet  | 6.9           |
| Italy                    | MI – BO high speed                      | CEPAV 1            | 0.6           |

\* Main orders acquired by the Transport Systems Unit in 3Q08.

At 30 September 2008, the **order backlog** of the **Signalling Unit** (including dealings with the Transport Systems Unit) totalled EUR **1,351.3** million, compared with EUR **1,231.9** million in the same period of 2007.

At 30 September 2008, the **order backlog** of the **Transport Systems Unit** totalled EUR **1,878.9** million, compared with EUR **1,760.9** million in the same period of 2007, and mainly related to the following projects:

- High speed (EUR **91.5** million)
- Copenhagen metro (EUR **93.2** million)
- Construction of Naples and Genoa metros (EUR **595.3** million)
- Driverless metro systems of Brescia and Milan (EUR **300.2** million)
- Rome metro line C (EUR **336.5** million).

**Value of production** came in at EUR **273.1** million, compared to EUR **205.0** million in the same period of 2007, up **33.2 %** y/y.

This increase was due to:

- **the Signalling Unit** (excluding dealings with the Transport Systems Unit), for EUR **43.8** million;
- **the Transport Systems Unit**, for EUR **24.3** million.

**R&D costs** totalled EUR **8.1** million in 3Q08, against EUR **8.2** million in the same period last year.

**EBIT** came in at EUR **28.6** million for the third quarter, compared to EUR **17.1** million in 3Q07.

By business:

- **Signalling** registered EBIT of EUR **24.8** million, compared to EUR **16.4** million in the same period last year, an increase of EUR **8.4** million.
- **Transport Systems** generated EBIT of EUR **6.5** million, compared to EUR **1.8** million in the same period last year, an increase of EUR **4.7** million.

The **EBIT margin** was 10.5% in the quarter, up from 8.4% in 3Q07.

The group closed the third quarter of 2008 with **consolidated net profit** of EUR **18.9** million, compared with EUR **8.4** million at 30 September 2007.

**Free operating cash flow (FOCF)**, before strategic investments, was positive to the tune of EUR **14.8** million, up from the figure of EUR **11.4** million reported at 30 September 2007.

The rise of EUR **3.4** million is attributable to lower ordinary investments in the first nine months of 2008.

At 30 September 2008, **consolidated net invested capital** was EUR **35.8** million, compared to a negative figure of EUR **6.8** million at 31 December 2007.

The difference of EUR **42.6** million is due to the change in **working capital**, which rose from EUR **(216.7)** million in December 2007 to EUR **(170.5)** million at 30 September 2008.



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Ansaldo STS group**

| <i>Consolidated profit and loss<br/>(EUR m)</i>                      | <i>Third Quarter<br/>2008</i> | <i>Third Quarter<br/>2007</i> | <i>Figures at<br/>30.09.08</i> | <i>Figures<br/>at<br/>30.09.07</i> | <i>Figures<br/>at<br/>30.12.07</i> |
|--|-------------------------------|-------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Revenues   | 273.1                         | 205.0                         | 775.7                          | 666.3                              | 973.1                              |
| Value of production  | <b>273.1</b>                  | <b>205.0</b>                  | <b>775.7</b>                   | <b>666.3</b>                       | <b>973.1</b>                       |
| Purchasing and staff costs   | (236.4)                       | (183.7)                       | (688.6)                        | (598.0)                            | (860.8)                            |
| Change in inventories, semi-finished and finished products and goods | (5.4)                         | 0.2                           | (0.3)                          | 3.1                                | 1.0                                |
| Depreciation and amortisation  | (2.7)                         | (2.4)                         | (7.7)                          | (7.1)                              | (10.4)                             |
| Write-downs  | (0.2)                         | 0                             | (0.3)                          | 0.0                                | (0.6)                              |
| Restructuring costs  |                               |                               | (1.5)                          |                                    |                                    |
| Other net operating revenues (costs)                                 | 0.2                           | (2.0)                         | 2.1                            | (1.4)                              | (2.0)                              |
| <b>EBIT</b>  | <b>28.6</b>                   | <b>17.1</b>                   | <b>79.4</b>                    | <b>62.9</b>                        | <b>100.3</b>                       |
| Net financial income (expenses)                                      | 3.3                           | 0.8                           | 2.4                            | 1.8                                | 3.6                                |
| Income taxes   | (13.0)                        | (9.5)                         | (31.8)                         | (28.0)                             | (45.6)                             |
| <b>NET PROFIT</b>  | <b>18.9</b>                   | <b>8.4</b>                    | <b>50.0</b>                    | <b>36.7</b>                        | <b>58.3</b>                        |
| Earnings per share   | 0.2                           | 0.1                           | 0.5                            | 0.4                                | 0.6                                |

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## CONSOLIDATED FINANCIAL POSITION

### Ansaldo STS group

| <i>Consolidated financial position<br/>(EUR m)</i> | <b>30.09.08</b> | <b>30.09.07</b> | <b>31.12.07</b> |
|--|-----------------|-----------------|-----------------|
| Non-current assets                                 | 251.4           | 259.9           | 257.1           |
| Non-current liabilities                            | 45.1            | 49.7            | 47.2            |
|  | 206.3           | 210.2           | 209.9           |
| Inventories  | 93.6            | 106.8           | 98.3            |
| Contract work in progress                          | 186.8           | 137.3           | 151.9           |
| Trade receivables                                  | 296.5           | 265.7           | 326.5           |
| Trade payables                                     | 181.9           | 165.8           | 194.5           |
| Customer advances                                  | 480.0           | 462.9           | 506.8           |
| Short-term provisions for risks and charges        | 26.8            | 23.4            | 26.2            |
| Other net current assets (liabilities)             | (58.7)          | (70.9)          | (65.9)          |
| <b><i>Working capital</i></b>                      | <b>(170.5)</b>  | <b>(213.2)</b>  | <b>(216.7)</b>  |
| <b><i>Net invested capital</i></b>                 | <b>35.8</b>     | <b>(3.0)</b>    | <b>(6.8)</b>    |
| Group shareholders' equity                         | 211.0           | 160.3           | 177.3           |
| Minority interests                                 | 0.5             | 0.4             | 0.4             |
| <b><i>Shareholders' equity</i></b>                 | <b>211.5</b>    | <b>160.7</b>    | <b>177.7</b>    |
| <b>Net financial position</b>                      | <b>(175.7)</b>  | <b>(163.7)</b>  | <b>(184.5)</b>  |

## CASH FLOW

### Ansaldo STS group

| <i>Cash Flow<br/>(EUR m)</i>                                  | 30.09.08     | 30.09.07    | 31.12.07    |
|---|--------------|-------------|-------------|
| <b>Cash and cash equivalents – opening balance</b>            | 63.4         | 48.6        | 48.6        |
| Cash flow from operations (gross)                             | 79.5         | 63.3        | 112.3       |
| Change in working capital                                     | (28.0)       | (27.6)      | (26.6)      |
| Changes in other operating assets and liabilities             | (26.3)       | (11.0)      | (41.0)      |
| <b>Cash flow generated by (used in) operating activities</b>  | 25.2         | 24.7        | 44.7        |
| Cash flow from ordinary investments                           | (10.4)       | (13.3)      | (17.7)      |
| <b>Free operating cash flow</b>                               | <b>14.8</b>  | <b>11.4</b> | <b>27.0</b> |
| Strategic investments   | (0.5)        | (2.4)       | (2.4)       |
| <b>Cash flow generated by (used in) investment activities</b> | (10.9)       | (15.7)      | (20.1)      |
| Dividends paid  | (20.0)       | 0.0         |             |
| Capital increases   |              | 0.0         |             |
| Cash flow from financing activities                           | 43.2         | 8.7         | (8.9)       |
| <b>Cash flow generated by (used in) financing activities</b>  | 23.2         | 8.7         | (8.9)       |
| <b>Exchange rate differences</b>                              | (0.7)        | (0.1)       | (0.9)       |
| <b>Cash and cash equivalents – closing balance</b>            | <b>100.2</b> | <b>66.2</b> | <b>63.4</b> |



## RESULTS BY SECTOR OF ACTIVITY

| EUR m                    | SIGNALLING       |                  |              |              |              | TRANSPORT SYSTEMS |                  |              |             |             |
|--------------------------|------------------|------------------|--------------|--------------|--------------|-------------------|------------------|--------------|-------------|-------------|
|                          | III Quarter 2008 | III Quarter 2007 | At 30/09/08  | At 30/09/07  | At 31/12/07  | III Quarter 2008  | III Quarter 2007 | At 30/09/08  | At 30/09/07 | At 31/12/07 |
| New orders               | 142.5            | 115.2            | 577.3        | 492.5        | 822.3        | 179.2             | 494.9            | 256.5        | 670.0       | 802.7       |
| Order backlog            | 1,351.3          | 1,231.9          | 1,351.3      | 1,231.9      | 1,389.9      | 1,878.9           | 1,760.9          | 1,878.9      | 1,760.9     | 1,809.9     |
| Value of production      | 207.0            | 165.7            | 595.7        | 521.2        | 750.1        | 69.4              | 45.0             | 184.4        | 157.3       | 241.4       |
| EBIT                     | 24.8             | 16.4             | 67.4         | 56.9         | 86.5         | 6.5               | 1.8              | 18.9         | 14.2        | 22.0        |
| <b>EBIT margin</b>       | <b>12.0%</b>     | <b>9.9%</b>      | <b>11.3%</b> | <b>10.9%</b> | <b>11.5%</b> | <b>9.3%</b>       | <b>3.9%</b>      | <b>10.2%</b> | <b>9.1%</b> | <b>9.1%</b> |
| Working capital          | (38.2)           | (65.5)           | (38.2)       | (65.5)       | (68.7)       | (121.3)           | (136.3)          | (121.3)      | (136.3)     | (143.3)     |
| Net invested capital     | 45.6             | 14.0             | 45.6         | 14.0         | 11.1         | (3.6)             | (17.2)           | (3.6)        | (17.2)      | (20.8)      |
| Research and development | 7.3              | 7.5              | 27.1         | 29.9         | 37.8         | 0.6               | 0.4              | 1.8          | 1.6         | 2.3         |
| Headcount                | 3,849            | 3,890            | 3,849        | 3,890        | 3,866        | 366               | 321              | 366          | 321         | 327         |

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**Notes to the table**

*The figures shown in the table do not include dealings with other divisions.*

Jean Paul Giani, 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 contained in the group's accounting records.





**Ansaldo STS confirms that at 16:00 CET on Wednesday 12 November, the Management will be available to comment on the results for the third quarter of 2008, via conference call.**

**To take part in the conference call:**  
Italy: +39 02 8020911  
UK: +44 20 8792 9750  
USA: +1 866 239 6425

**To replay the conference call in the 72 hours following the call using access code 757#**  
Italy: +39 02 80613780  
UK: +44 20 7108 6235  
USA: +1 866 848 9310

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