

Genoa, 28 July 2014

## THE BOARD OF DIRECTORS APPROVES THE FIRST- HALF FINANCIAL REPORT AT 30 JUNE 2014

- **New orders at EUR 889.6 million (+128.2%);**
- **Order backlog at EUR 5,870.8 million (+8.9%);**
- **Revenue of EUR 581.1 million (+1.6%);**
- **EBIT Adjusted at EUR 54.9 million (+4.7%);**
- **EBIT at EUR 52.0 million (no change);**
- **Net Result at EUR 36.3 million (+12.1%);**
- **Net Financial Position, positive net cash of EUR (201.2) million (-9.4%);**
- **Guidance 2014 confirmed.**

The Board of Directors of Ansaldo STS SpA (STS.MI), a Finmeccanica company, has examined and approved the Group's consolidated First-Half Financial Report at 30 June 2014.

**New Orders** during the first half of 2014 amount to EUR **889.6** million compared with EUR 389.9 million restated at 30 June 2013; **Order Backlog** value is EUR **5,870.8** million (EUR 5,567.3 million at 31 December 2013 restated, EUR 5,388.6 million at 30 June 2013 restated).

**Revenue** at EUR **581.1** million, with increase of EUR 9.3 million compared with the restated figure of EUR 571.8 million in the first half of 2013. The increase is primarily due to a different mix following the start of new contracts awarded in recent years.

**Operating Income**, net of restructuring costs relating to the "mobilità" agreement of EUR 2.9 million (**EBIT adjusted**), is EUR **54.9** million, with an increase of EUR 2.5 million compared with 30 June 2013 restated; as a percentage is **9.4%**, compared with 9.2% of the previous year.

**Operating income (EBIT)** is EUR **52.0** million, in line with the restated figure of the previous year. **Return on Sales (ROS)** is **8.9%**, compared with 9.1% at 30 June 2013 restated. The positive impact of higher volume and new efficiency plan effects offset the increase in restructuring costs due to the "mobilità" plan in progress.

**Net Result** is EUR **36.3** million (6.2% of revenue), with an increase of 12.1% compared with EUR 32.4 million at 30 June 2013.

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## Consolidated results for the first - half of 2014

### Ansaldo STS

Key consolidated figures (EUR million)	30.06.2014	30.06.2013 <i>*restated</i>	% Change	31.12.2013 <i>*restated</i>
New Orders	<b>889.6</b>	389.9	128.2%	1,483.6
Order Backlog	<b>5,870.8</b>	5,388.6	8.9%	5,567.3
Revenue	<b>581.1</b>	571.8	1.6%	1,229.8
EBITadjusted	<b>54.9</b>	52.4	4.7%	117.5
EBITadjusted %	<b>9.4%</b>	9.2%	0.2 p.p.	9.6%
EBIT	<b>52.0</b>	52.0	0.0%	117.0
ROS	<b>8.9%</b>	9.1%	-0.2 p.p.	9.5%
Net Result	<b>36.3</b>	32.4	12.1%	74.8
Net Working Capital	<b>82.1</b>	32.0	156.4%	30.7
Net Financial Position (positive net cash)	<b>(201.2)</b>	(222.1)	-9.4%	(245.5)
R&D	<b>13.7</b>	14.4	-4.4%	32.0
Headcount (no.)	<b>3,884</b>	3,939	-1.4%	3,929
EPS	<b>0.20</b>	0.18**	11.1%	0.44

*\*Data restated following the application of IFRS11 governing joint arrangements qualifying as joint ventures that, from 1 January 2014 (the date of adoption by Ansaldo STS Group,) are consolidated using the equity method. The figures in 2013 have been updated to ensure consistent comparison of data.*

*\*\* Recalculated following the free share capital increase of 15 July 2013.*

**Net Working Capital** increases from EUR 30.7 million at 31 December 2013 (restated) to EUR **82.1** million at 30 June 2014 (EUR 32.0 million at 30 June 2013 restated). The EUR 51.4 million variation is due to an increase of net work in progress, partially offset by the decrease of trade receivables and the increase in trade payables, which also reflects the seasonality of the backlog programs.

**Net Financial Position (positive net cash)** of the Group is EUR **(201.2)** million compared with EUR (245.5) million restated at 31 December 2013 and EUR (222.1) million restated at 30 June 2013. Net Financial Position at 30 June 2013 was not yet impacted by the Libyan contract advance payment partial reimbursement of about EUR 41 million.

**Free Operating Cash Flow (FOCF) before strategic investments** is negative for EUR **16.3** million compared with a negative amount of EUR 26.0 million at 30 June 2013 (restated).

Key orders in the first-half 2014 are:

<b>Country</b>	<b>Project</b>	<b>Customer</b>	<b>Value (EUR million)</b>
Peru	Metro Lima Lines 2&4	Lima Municipality	512.3
Denmark	Copenhagen City Ring, Extension + variation	Metroselskabet	62.0
Australia	Rio Tinto (various contracts)	Rio Tinto	32.6
China	4 Metro: HZL4 – Trains SY10 - Xi'an 25 Trains - DL Ph 2	Insigma	20.7
U.S.A.	WMATA Red line ATP TrackModule replacement	WMATA	18.9
Italy	ACC Villa Literno	RFI	15.2
U.S.A.	LIRR ESA GCT Harold Tunnel	LIRR	14.6
South Korea	H.S.L. on-board equipment	Rotem	12.6
China	On-board equipment no. 184 C3 (components)	Hollysys	10.6
Italy	Update ACC Canello-Aversa-Gricignano	RFI	10.0
Italy	Maintenance SSB ETR500	Trenitalia	9.8
Australia	Moreton Bay subway line	DOT	9.2
U.S.A., Europe	Components, Service & Maintenance	various	51.1

**ATTACHMENTS:**

**CONSOLIDATED INCOME STATEMENT  
ANSALDO STS**

Consolidated income statement (EUR million)	30.06.2014	30.06.2013 <i>restated</i>	31.12.2013 <i>restated</i>
<b>Revenue</b>	<b>581.1</b>	<b>571.8</b>	<b>1,229.8</b>
Purchases and personnel expense	(522.8)	(517.0)	(1,098.1)
Changes in work in progress, semi-finished products and finished goods	2.2	1.9	(2.3)
Amortization, depreciation and impairment losses	(7.8)	(7.7)	(16.9)
Restructuring costs	(2.9)	(0.4)	(0.5)
Other net operating income	2.2	3.4	5.0
<b>Operating Income (EBIT)</b>	<b>52.0</b>	<b>52.0</b>	<b>117.0</b>
Net financial income (expense)	0.5	(2.8)	(3.2)
Income taxes	(16.2)	(16.9)	(39.1)
Non-current assets held for sale	-	0.1	0.1
<b>Net Profit</b>	<b>36.3</b>	<b>32.4</b>	<b>74.8</b>
<b>Profit per share</b>	<b>0.20</b>	<b>0.18**</b>	<b>0.44</b>

*\*Data restated following the application of IFRS11 governing joint arrangements qualifying as joint ventures that, from 1 January 2014 (the date of adoption by Ansaldo STS Group,) are consolidated using the equity method. The figures in 2013 have been updated to ensure consistent comparison of data.*

*\*\* Recalculated following the free share capital increase of 15 July 2013.*

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**CONSOLIDATED BALANCE SHEET  
ANSALDO STS**

Consolidated Balance Sheet (EUR million)	30.06.2014	30.06.2013 <i>restated</i>	31.12.2013 <i>restated</i>
Non-current assets	281.7	269.0	273.2
Non-current liabilities	(55.4)	(49.2)	(50.4)
	<b>226.3</b>	<b>219.8</b>	<b>222.8</b>
Inventories	112.2	132.2	111.3
Contract work in progress	346.1	413.6	288.6
Trade receivables	609.3	579.9	625.5
Trade payables	(380.3)	(419.2)	(355.2)
Progress payments and advances from Customers	(604.2)	(648.1)	(635.2)
Provisions for minimising risk and charges	(14.3)	(14.7)	(14.8)
Other net assets (liabilities)	13.3	(11.7)	10.5
<b>Net Working Capital</b>	<b>82.1</b>	<b>32.0</b>	<b>30.7</b>
<b>Net Invested Capital</b>	<b>308,429</b>	<b>251.8</b>	<b>253.5</b>
Group equity	508.7	473.5	498.8
Third parties equity	1.1	0.5	0.3
<b>Equity</b>	<b>509.8</b>	<b>474.0</b>	<b>499.1</b>
Assets held for sale	0.2	0.1	0.1
<b>Net Financial Position (liquidity)</b>	<b>(201.2)</b>	<b>(222.1)</b>	<b>(245.5)</b>

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**CONSOLIDATED CASH FLOW STATEMENT  
ANSALDO STS**

Consolidated cash flow statement (EUR million)	30.06.2014	30.06.2013 <i>restated</i>
<b>Opening Cash and cash equivalents</b>	<b>191.5</b>	<b>141.9</b>
Gross cash flow from operating activities	58.7	61.9
Change in working capital	(50.0)	(67.0)
Changes in other operating assets and liabilities	(22.6)	(16.0)
<b>Cash flow generated by (used in) operating activities</b>	<b>(13.9)</b>	<b>(21.1)</b>
Cash flow from ordinary investing activities	(2.4)	(4.9)
<b>Free operating cash-flow</b>	<b>(16.3)</b>	<b>(26.0)</b>
Strategic investments	(1.9)	(0.6)
Other changes in investing activities	-	(0.1)
<b>Cash flow generated by (used in) investing activities</b>	<b>(4.3)</b>	<b>(5.6)</b>
Dividends paid	(28.8)	(28.8)
Cash flow from financing activities	(1.1)	34.1
<b>Cash flow generated by (used in) financing activities</b>	<b>(29.9)</b>	<b>5.3</b>
Exchange rate gain and losses, net	1.0	(2.8)
<b>Closing cash and cash equivalents</b>	<b>144.4</b>	<b>117.7</b>

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## 2014 GUIDANCE

Guidance for current year are confirmed:

**New Orders:** EUR 1,400 – 1,700 million;

**Order Backlog:** EUR 5,600 – 6,000 million;

**Revenue:** EUR 1,250 – 1,350 million;

**ROS:** about 9.5%;

**Net Financial Position (net cash positive):** EUR (270) – (300) million.

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Note:

Ansaldo STS's *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.

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

- any *impairment* of goodwill;
- amortisation of the percentage of purchase price allocated to intangible assets acquired as part of *business combinations*, 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 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 Invested Capital:** is the sum of non-current assets, non-current liabilities and net working capital.

**Net financial position or debt:** is the calculation method used 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 revenue 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 (ROS):** is the ratio of EBIT to revenue.

**Return on Equity (ROE):** 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.



Roberto Carassai, 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.

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**Ansaldo STS confirms that the management will be available to comment on the above via conference call on 29 July at 10.00 CET.**

The presentation used in the conference call will be available on the Company's website <http://www.ansaldo-sts.com/en/investor-relations/presentations>

To take part of the conference call:

Italy: +39 02 805 88 11;

UK: +44 121 281 8003;

USA: +1 718 705 8794

A replay of the conference call will be available for 72 hours following the call, from 12.00 p.m. (CET) on 29 July 2014, accessible by dialling the access code **863#** 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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