



Ansaldo STS S.p.A.

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Issued Capital € 60.000.000,00 fully paid up

R.E.A. n. 421689

Company Registration number Genoa Chambre of Commerce

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Rome, 27 July 2010

Board of Directors approves first-half results and updates 2010 guidance

- **Value of production: EUR 584.7 million (+6.8%)**
- **EBIT: EUR 57.7 million (+1.6%)**
- **Net profit: EUR 33.4 million (-10.9%)**
- **New orders: EUR 645.3 million (-22.5%)**
- **Order backlog: EUR 3,915 million (+15%)**
- **2010 guidance updated**

The Board of Directors of Ansaldo STS (STS.MI), chaired by Alessandro Pansa, has approved the first-half results to 30 June 2010.

RESULTS FOR THE FIRST HALF OF 2010

Value of production for the period was EUR 584.7 million, up 6.8% versus a value of production of EUR 547.3 million in first semester 2009, of which EUR 381.7 million related to the Signalling Unit and EUR 222 million related to the Transportation Solutions Unit.

EBIT increased 1.6% to EUR 57.7 million, compared to EUR 56.8 million of the first half of 2009. The Group's return on sales (EBIT margin) is 9.9% from 10.4% of the same period of 2009.

More specifically, the Signalling Unit generated EBIT of EUR 46.7 million, in line with the figure of EUR 46.9 million for the first half of 2009, while the Transportation Solutions Unit increased its EBIT to EUR 18.2 million, versus EUR 16.4 million in the same period of 2009.

Group net profit for the first half of 2010 was EUR 33.4 million, a 10.9% decrease versus the same period of the last year (EUR 37.5 million).

PRESS RELEASE

The Group continues to focus on innovation: **research and development investments** in the first half of 2010 is EUR 22.5 million.

Key figures (EUR m)	30.06.10	30.06.09	% chg.	Dec. 2009 cons.
New orders	645.3	832.3	-22.5%	1,786.0
Order backlog	3,915.0	3,404.8	15.0%	3,759.7
Value of production	584.7	547.3	6.8%	1,175.6
EBIT	57.7	56.8	1.6%	125.1
EBIT margin	9.9%	10.4%	-0.5 pp	10.6%
Net profit	33.4	37.5	-10.9%	87.8
Working capital	(164.4)	(189.6)	-13.3%	(187.1)
Net debt	(276.5)	(236.0)	17.2%	(278.9)
R&D	22.5	19.8	13.6%	41.1
Total Headcount	4,340	4,318	0.5%	4,339
EPS	0.33	0.37	-10.8%	0.88

New orders totalled EUR 645.3 million in the first half of the year, versus EUR 832.3 million in the same period of 2009, a result nevertheless considered positive in that it was achieved in a particularly difficult economic environment.

Specifically, during the period:

- new orders for the **Signalling Unit** totalled EUR 222.4 million
- new orders for the **Transportation Solutions Unit** totalled EUR 425.7 million

The main orders acquired in the first half of 2010 relate to the following projects:

Country	Project	Customer	Value (EUR m)
Denmark *	Copenhagen Existing Line O&M and modifications	Metroselskabet	188.0
Italy *	Naples Line 6 – Mostra Arsenale	Naples municipal authority	160.5
Italy-France-US-Australia	Components, services & maintenance	Various	66.0
Italy	ACC Genoa rail network	RFI	43.7
Italy *	Genoa Metro	Genoa municipal authority	42.4
Italy *	Naples Alifana railway – modifications	Alifana	10.6
Italy	Rome Metro Line B1	Salini	7.4
South Korea	Rotem 56 electric locomotives	Hyundai Rotem	7.1
Australia	Rio Tinto various projects	Rio Tinto	6.3
Italy	ATC Wayside: reconfig. Verona, Florence	RFI	5.1
Italy *	Naples Line 6 – modifications	Naples municipal authority	4.9
Australia	FMG – Various orders	FMG	3.7
Italy	ACC versions Rho and Messina Patti	RFI	2.9
India	Mumbai Monorail - modifications	Scomi	2.8
UK	Level Crossing	Network Rail	2.7
South Korea	Rotem 7 EMU	Hyundai Rotem	2.6
Italy	Genoa Metro: Peripheral Posts Update	AMT – Ge	2.6
Malaysia	Double Track Seremban - Gemas (South)	Emrail	2.5

**Main new orders during the period under review by the Transportation Solutions Unit*

The **order backlog** at 30 June 2010 totalled EUR 3,915 million, up EUR 510.2 million, or 15%, compared to 30 June 2009. The current backlog is equivalent to around 3.5 years' production.

The order backlog for the **Signalling Unit** totalled EUR 1,900 million at 30 June 2010 (EUR 1,623.6 million excluding orders from the Transportation Solutions Unit), up 24% from EUR 1,524.8 million at 30 June 2009.

The order backlog for the **Transportation Solutions Unit** in the period was EUR 2,291 million, up 8% compared to EUR 2,122 million at 30 June 2009.

Free Operating Cash Flow (FOCF) in the period was EUR 20.1 million, compared to EUR 70.4 million at 30 June 2009. This decline was mainly due to lower advances on new orders and greater working capital absorption.

Consolidated working capital at 30 June 2010 was a negative EUR 164.4 million, compared to a negative EUR 187.1 million at 31 December 2009. The change in working capital is attributable to the increase in inventories and work in progress net of payments on account, which were partially offset by the decline in trade receivables and the increase in trade payables and other current liabilities.

The Group's **net cash position** at 30 June 2010 was a positive EUR 276.5 million, versus EUR 278.9 million at the end of 2009, a decrease of EUR 2.4 million after dividend payments of EUR 31 million approved by the shareholder meeting of 23 April 2010.

2010 guidance updated

In line with the market trend and outlook in the period, the Board of Directors approved updates to certain business and financial forecasts for the current year.

The updates broadly confirm the guidance already provided, but with a more prudent valuation of the company's business and profitability outlook for 2010, in view of the greater market volatility and some commercial and operating difficulties that arose in the Asia Pacific region.

In light of these considerations, the Board of Directors amended the forecasts relating to:

- **New orders**, now seen between EUR **1,350 million** and EUR **1,750 million** (previous estimate: between EUR 1,550 million and 1,750 million)
- **EBIT margin (ROS)** now seen at **approximately 10.7%** (previous estimate: 10.7% or above).

The following forecasts remain unchanged:

- **Production revenues**: between EUR **1,230 million** and EUR **1,300 million**
- **Net cash position**: between EUR **280 million** and EUR **300 million**
- **Free operating cash flow**: between EUR **45 million** and EUR **55 million**
- **Tax Rate**: **34%** or lower

CONSOLIDATED INCOME STATEMENT
Ansaldo STS Group

<i>Consolidated income statement (EUR m)</i>	30.06.10	30.06.09	31.12.09
Revenues	584.7	547.3	1,175.6
<i>Value of production</i>	584.7	547.3	1,175.6
Purchasing and staff costs	(529.0)	(490.1)	(1,041.4)
Change in inventories, semi-finished and finished products and goods	6.2	3.1	0.3
Depreciation/amortisation	(6.5)	(5.6)	(11.8)
Write-downs	(0.0)	(0.4)	(1.8)
Restructuring costs	(0.7)	(1.5)	(1.5)
Other net operating revenues (costs)	3.0	4.0	5.7
<i>EBIT</i>	57.7	56.8	125.1
Net financial income (expenses)	(2.7)	(1.7)	(0.3)
Income taxes	(21.6)	(17.6)	(37.0)
<i>Net profit</i>	33.4	37.5	87.8
Earnings per share	0.33	0.37	0.88

CONSOLIDATED BALANCE SHEET
Ansaldo STS Group

<i>Consolidated balance sheet (EUR m)</i>	30.06.10	31.12.09	30.06.09
Non-current assets	262.8	252.0	251.0
Non-current liabilities	(49.1)	(42.2)	(42.4)
	213.7	209.8	208.6
Inventories	105.7	99.2	95.8
Contract work in progress	234.9	151.2	192.9
Trade receivables	427.0	526.5	334.3
Trade payables	(261.2)	(248.2)	(216.1)
Customer advances	(599.8)	(652.0)	(525.4)
Short-term provisions for risks and future liabilities	(26.4)	(27.7)	(27.4)
Other net current assets (liabilities)	(44.6)	(36.1)	(43.6)
Working capital	(164.4)	(187.1)	(189.5)
Net invested capital	49.3	22.7	19.1
Group shareholders' equity	324.9	300.9	254.5
Minority shareholders' equity	0.9	0.7	0.6
Shareholders' equity	325.8	301.6	255.1
Net debt (cash)	(276.5)	(278.9)	(236.0)

CASH FLOW STATEMENT

<i>Cash flow statement (EUR m)</i>	<i>30.06.10</i>	<i>30.06.09</i>	<i>31.12.09</i>
Cash & cash equivalents – opening balance	128.5	71.5	71.50
Cash flow from operations (gross)	63.9	64.8	145.8
Changes in other operating assets and liabilities, and provisions for risks and charges	(14.4)	(0.6)	(35.0)
Funds from Operations	49.5	64.2	110.8
Change in working capital	(24.9)	10.1	13.30
Cash flow generated by (used in) operations	24.6	4.30 ⁷	24.10 ¹
Cash flow from ordinary investments	(4.5)	(3.9)	(9.7)
Free operating cash flow	20.1	70.4	114.4
Strategic investments	-	(2.6)	(3.2)
Other changes in investments	-	-	-
Cash flow generated by (used in) investments	(4.5)	(6.5)	(12.9)
Dividends paid	(31.0)	(27.0)	(27.0)
Cash flow from financing activities	55.4	(30.3)	(26.9)
Cash flow generated by (used in) financing activities	24.4	(57.3)	(53.9)
Exchange rate differences	3.2	0.10	(0.3)
Cash and cash equivalents – closing balance	176.2	82.1	128.5

RESULTS BY BUSINESS UNIT

<i>EUR m</i>	SIGNALLING		TRANSPORTATION SOLUTIONS	
	30.06.10	30.06.09	30.06.10	30.06.09
New orders	222.4	390.1	425.7	456.0
Order backlog	1,900.0	1,534.8	2,291.4	2,122.0
Value of production	381.7	380.5	222.0	175.9
EBIT	46.7	46.9	18.2	16.4
EBIT margin	12.2%	12.3%	8.2%	9.3%
Operating working capital (*)	15.9	(36.9)	(122.7)	(106.7)
Research and development	21.1	18.7	1.4	1.1
Headcount (*)	3,485	3,509	412	314

Notes to the table

The figures reported in the table ignore eliminations between divisions.

(*)= These figures have been restated following the adoption of the new Control Model approved as part of the "Fast Forward Driven by Business" project.

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.



Ansaldo STS confirms that at 4.30 p.m. on 27 July, the management will be available to comment on the above, via conference call.

The presentation used in the conference call will be available in advance on our website www.ansaldo-sts.com

To take part in the conference call:

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UK: +44 208 79 29 750

USA: +1 866 23 96 425

To replay the conference call in the 72 hours following the call, using access code **724#**

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NB:

The management of Ansaldo STS also assesses the business and financial performance of the Group and its business segments based on a number of indicators not provided for by IFRS. As required by CESR recommendation CESR/05 - 17 b, the components of each of the non-GAAP alternative performance indicators used in this press release are defined below.

EBIT: i.e. earnings before interest and tax, 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".

EBIT margin: is calculated as the ratio of EBIT to revenues.

Free operating cash flow (FOCF): this is the sum of the cash flows generated by/used in operations, cash flow generated by/used in investments in or disposals 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".

Operating working capital: includes trade receivables and payables, inventories, work in progress, customer advances and provisions for risks and future liabilities.

Working capital: operating working capital net of other current assets and liabilities.

PRESS RELEASE



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