

Bit Market Services

Informazione Regolamentata n. 0804-102-2015	Data/Ora Ricezione 31 Dicembre 2015 09:10:52	MTA - Star
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Societa' : ANSALDO STS

Identificativo : 67582

Informazione
Regolamentata

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RBC Fairness Opinion 29.11.2015

Testo del comunicato

Vedi allegato.



RBC Capital Markets®

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STRICTLY PRIVATE AND CONFIDENTIAL

29 November 2015

Independent Directors and Board of Statutory Auditors
Ansaldo STS S.p.A.
Via Paolo Mantovani, 3 – 5
16151 Genoa
Italy

Independent Directors and Board of Statutory Auditors:

Hitachi Rail Italy Investments S.r.l (“Hitachi”) has announced that it will make an offer (“Offer”) for all the issued ordinary shares in Ansaldo STS S.p.A. (the “Company”) of par value €0.50 per share (“Company Ordinary Shares”) that it does not already own, directly or indirectly, pursuant to which the holders of Company Ordinary Shares (“Shareholders”) will receive €9.50 in cash for each Company Ordinary Share (“Consideration”).

You have requested our opinion as to the fairness of the Consideration, from a financial point of view, to the Shareholders.

RBC Europe Limited (“RBC Capital Markets”), as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with offers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

We are acting as financial advisor to the Independent Directors and Board of Statutory Auditors of the Company (the “Independent Directors”) in connection with the Offer and we will receive a fee for our services upon delivery of this opinion which is not contingent upon the successful completion of the Offer. In addition, the Company has agreed to indemnify us for certain liabilities that may arise out of our engagement in connection with the Offer and this opinion.

The Company acknowledges that RBC Capital Markets and its affiliates comprise a global, full service financial organisation engaged in securities trading and brokerage activities and providing investment banking, investment management, financial and financial advisory services. In the ordinary course of its trading, brokerage, investment and asset management and financial activities, RBC Capital Markets and its affiliates may hold long or short positions and may trade or otherwise effect or recommend transactions, for its own account or the accounts of its customers, in debt or equity securities or loans of the Company and/or Hitachi or any other company that may be involved in the Offering and receive customary compensation in connection therewith. In addition, RBC Capital Markets and its affiliates may also provide a broad range of ordinary course financial products and services to its customers (including, without limitation, banking, credit derivative, hedging and foreign exchange products and services). By virtue of its rendering the opinion to the Company, RBC Capital Markets and its affiliates shall not be required to restrict any of their activities conducted in the ordinary course of their business and have no obligation to disclose such interests and transactions to the Company or account for any fees or payments regarding such activities.

For the purposes of rendering our opinion, we have undertaken such review and inquiries as we deemed necessary or appropriate under the circumstances, including the following: (i) we reviewed the financial terms of the Offer; (ii) we reviewed and analysed certain publicly available financial and other data with respect to the Company and certain other relevant historical operating data relating to the Company made available to us from published sources and from the internal records of the Company; (iii) we conducted discussions with members of the senior management of the Company with respect to the business prospects and financial outlook of the Company as a standalone entity and have taken into account their commercial assessments; and (iv) we performed other studies and analyses as we deemed appropriate.

In arriving at our opinion, we performed the following analyses in addition to the review, inquiries and analyses referred to in the preceding paragraph: (i) we undertook a discounted cash flow valuation of the Company based upon the Company's projections; (ii) we compared the financial metrics of selected precedent transactions with the financial metrics implied by the Consideration; and (iii) we compared the premia paid in selected precedent transactions with the premium implied by the Consideration. In addition, for reference purposes, we (i) compared selected market valuation metrics of the Company and other comparable publicly traded companies with the financial metrics implied by the Consideration; (ii) reviewed research analysts' target prices for the Company; and (iii) observed the historical trading performance of the Company Ordinary Shares for the 52 weeks ending with Hitachi's announcement of the binding agreement for the sale and purchase by it of the entire interest owned by Finmeccanica on 24 February, 2015.

A summary of the material financial analysis performed is presented below. This summary does not purport to be an exhaustive description of the financial analyses undertaken by RBC Capital Markets. For the purposes of our analysis we have taken into consideration the value of the Company's net debt and other relevant balance sheet items as at 30 September 2015.

Discounted cash flow: We applied the discounted valuation methodology to the Business Plan (approved by the Board of the Company on 6 March 2015). The 2015 forecast has been updated per latest management guidance as at Q3 2015. The Business Plan does not include any synergies or other benefits that may be derived from any future business combination or strategic partnership with Hitachi, any of its affiliates or shareholders, or any other person. We calculated the estimated present value of the unlevered, after tax free cash flows from 1 October 2015 to 31 December 2019, and the terminal value thereafter using both the growth rate in perpetuity and terminal year multiple methodologies.

Precedent Transaction Multiples: We reviewed the financial aspects of certain selected transactions that were completed during the period from 2000 to 2015. We used estimates of the EV/EBITDA and EV/EBIT multiples paid by the relevant acquirer for those transactions and applied such multiples to the Company's relevant metrics.

Precedent Transaction Premia: We analysed the premia paid in public offers of significant size and similar features in Italy during the last five years. We applied such premia to the share price of the Company as at market close on 31 July, 2014, considered to be the last date when the share price was unaffected by speculation of a potential offer. We also undertook a similar analysis, having adjusted the unaffected share price in line with the movement in the FTSE MIB index since that date, to account for the passage of time.

The following table summarises the results of the analysis referred to above:

Methodology	Minimum Implied Value per Company Ordinary Share	Maximum Implied Value per Company Ordinary Share
Discounted cash flow (growth rate in perpetuity methodology)	€10.09	€11.54
Discounted cash flow (terminal year multiple methodology)	€9.67	€10.12
Precedent transaction multiples	€9.62	€11.63
Precedent transaction premia (applied to unaffected share price)	€8.94	€13.52
Precedent transaction premia (applied to the index correlated unaffected share price)	€9.81	€14.84

As detailed above, several analytical methodologies have been employed and no one method of analysis should be regarded as critical to the overall conclusion we have reached. Each analytical technique has inherent strengths and weaknesses and the nature of the available information may further affect the value of particular techniques. The overall conclusions we have reached are based on all the analysis and factors presented, taken as a whole and also on application of our own experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative analysis. We therefore give no opinion as to the value or merit standing alone of any one or more parts of the analyses.

In rendering our opinion, we have assumed and relied upon the truth, accuracy and completeness of all the information that was publicly available to us and all of the financial, legal, tax, operating and other information provided to, or discussed with, us by the Company (including, without limitation, the financial statements and related notes thereto of the Company) and have not assumed any responsibility for independently verifying, and have not independently verified, any such information. We have assumed that all projections and forecasts provided to us by the Company were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the future financial

performance of the Company, as a standalone entity. We express no opinion as to such projections and forecasts or the assumptions upon which they were based.

In rendering our opinion, we have not assumed any responsibility to perform, and have not performed, an independent evaluation or appraisal of any of the assets or liabilities of the Company and we have not been furnished with any such valuations or appraisals. We have not assumed any obligation to conduct, and have not conducted, any physical inspection of the property or facilities of the Company. We have not investigated and make no assumption regarding any litigation or other claims affecting the Company.

Our opinion speaks only as at the date hereof, is based on the conditions as they exist and information which we have been supplied as at the date hereof and is without regard to any market, economic, financial, legal, or other circumstances or event of any kind or nature which may exist or occur after such date. We have not undertaken to reaffirm or revise this opinion or otherwise comment upon events occurring after the date hereof and do not have an obligation to update, revise or reaffirm this opinion.

The opinion expressed herein is provided for the information and assistance of the Independent Directors of the Company in connection with the Offer. We express no opinion and make no recommendation, to any Shareholder as to whether or not they should or should not accept the Offer. All advice and opinions (written and oral) rendered by RBC Capital Markets are solely for the use and benefit of the Independent Directors. Such advice or opinions may not be reproduced, summarised, excerpted from or referred to in any public document or given to any other person without the prior written consent of RBC Capital Markets. Where (i) required by applicable law or regulation or (ii) the Company is undertaking a written communication with its shareholders, the opinion may be included in any disclosure document filed by the Company with the applicable securities regulatory authorities or written communication to shareholders with respect to a proposed Offer, provided that it is reproduced in full and that any description of or reference to RBC Capital Markets or summary of the opinion in the disclosure document is in a form acceptable to RBC Capital Markets and its legal advisers. RBC Capital Markets shall have no responsibility for the form or content of any such disclosure document, other than the opinion itself.

Our opinion does not address the merits of the underlying decision by the Company to engage in the Offer or the relative merits of the Offer compared to any alternative business strategy or transaction in which the Company might engage.

Our opinion addresses solely whether or not the Consideration is fair, from a financial point of view, to the Shareholders. Our opinion does not in any way address other terms or arrangements of the Offer, including, without limitation, the financial or other terms of any other agreement contemplated by, or to be entered into in connection with, the Offer. We express no opinion as to the prices at which Company Ordinary Shares will trade following the closing of the Offer. Furthermore, in rendering our opinion we express no opinion about the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or class of such persons, relative to the Consideration.

The Opinion is written in English. If the Opinion is translated into any language other than English, in the event of any discrepancy between the English version and any other language version, the English version shall always prevail.

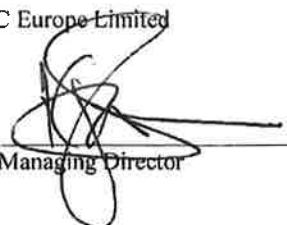
Our opinion has been approved by RBC Capital Markets' Fairness Opinion Committee.

Based on our experience as investment bankers and subject to the foregoing, including the various assumptions and limitations set forth herein, it is our opinion that, as at the date hereof, the Consideration is inadequate, from a financial point of view, to the Shareholders.

Very truly yours,

RBC Europe Limited

By:


Managing Director

Fine Comunicato n.0804-102

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