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Societa' : ANSALDO STS

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Informazione
Regolamentata

Nome utilizzatore : ANSALDON07 - Razeto Andrea

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Diffusione presunta

Oggetto : ANSALDO STS THE BOARD OF
DIRECTORS APPROVES THE FIRST
HALF FINANCIAL REVISES THE
GUIDANCE

Testo del comunicato

Vedi allegato.

Milan, 27th July 2016

THE BOARD OF DIRECTORS APPROVES THE FIRST HALF FINANCIAL REPORT AT 30 JUNE 2016 AND REVISES GUIDANCE FOR 2016

- **New orders at EUR 714.0 million (+53.7%)**
- **Order backlog at EUR 6,510.7 million (+4.0%)**
- **Revenue at EUR 602.7 million (-4.7%)**
- **EBIT at EUR 48.1 million (-17.0 %)**
- **Net result at EUR 27.3 million (-30.7%)**
- **Net Financial Position, positive net cash, at EUR (282.8) million (+2.3%)**
- **Guidance 2016 revised as relating to R.O.S. (Return on Sales) and Net Financial Position**

The Board of Directors of Ansaldo STS (STS.MI), has examined and approved the Group's consolidated First-Half Financial Report at 30 June 2016.

New Orders during the first half of 2016 amount to EUR **714.0** million compared to EUR 464.6 million at 30 June 2015; **Order Backlog** is EUR **6,510.7** million (EUR 6,410.4 million at 31 December 2015, and EUR 6,261.6 million at 30 June 2015). The increase is mainly due to the acquisition of MRT Line System Sanying contract in Taiwan.

Revenue is EUR **602.7** million, a decrease of EUR **29.7** million compared to the 2015 first half value of EUR 632.4 million. The revenues have been negatively affected by the achievement of the final phase of some significant contracts in the Asia Pacific. This impact is significantly compensated by the production of new order orders.

Operating Income (EBIT) is EUR **48.1** million, compared to EUR 57.9 million at 30 June 2015, a decrease of about EUR **9.9** million substantially referable to the prudential provisions against the dispute with the Russian customer for the contract in Libya as a result of the arbitration outcome and the transaction costs due to the resignation of strategic managers.

Return on Sales (ROS) is **8.0%** compared to 9.2% in the same period of the previous year. Without the extraordinary events impact referred in the above paragraph, the Return on Sales (ROS) would be substantially in line with the previous year.

Net Result is EUR **27.3** million (**4.5%** of revenue), a decrease of **30.7%** compared to EUR 39.3 million at 30 June 2015, also for additional prudential provisions at financial costs level, resulting from the outcome of the arbitration on the contract in Libya.

The Chief Executive Officer and General Manager, Andrew Barr, stated: " *I'm satisfied with the results and I would like to thank the management team and all the colleagues for the hard work they've done to achieve them and for the support they're demonstrating to me at this very beginning of my engagement within the Company. I firmly believe that through the commitment of us all, Ansaldo STS will further grow and strengthen its position in Italy and on the global markets for the benefit of our people, our customers and partners and for creating value for all shareholders* "

Consolidated results for the first - half of 2015
Ansaldo STS

Key consolidated figures (EUR million)	30.06.2016	30.06.2015	% Change	31.12.2015
New orders	714.0	464.6	53.7%	1,336.0
Order backlog	6,510.7	6,261.6	4.0%	6,410.4
Revenue	602.7	632.4	-4.7%	1,383.8
Operating Income (EBIT)	48.1	57.9	-17.0%	135.8
R.O.S.	8.0%	9.2%	-1.2 p.p.	9.8%
Tax Rate	35.2%	33.2%	+2.0 p.p.	32.0%
Net Profit	27.3	39.3	-30.7%	93.0
Net Working Capital	111.4	69.8	59.5%	64.5
Net Financial Position (surplus/positive net cash)	(282.8)	(276.5)	2.3%	(338.7)
FOCF	(17.3)	17.4	-199.4%	87.7
R&D	18.5	18.6	-0.4%	36,9
Headcount (no.)	3,841	3,796	1.2%	3,772
EPS	0.14	0.20	-30.0%	0.47

Net Working Capital moves from EUR 64.5 million at 31 December 2015 to EUR **111.4** million at 30 June 2016 (EUR 69.8 million at 30 June 2015). The increase of EUR **46.9** million is due to an increase of contract work in progress as well as a decrease of progress payments and advances from customers, only partially offset by the decrease of trade receivables.

Net Financial Position (surplus/positive net cash) of the Group is EUR **(282.8)** million compared to EUR (338.7) million at 31 December 2015 and EUR (276.5) million at 30 June 2015.

Free Operating Cash Flow (FOCF) before strategic investments shows an absorbed cash flow of EUR **17.3** million compared to the cash flow generation of EUR 17.4 million at 30 June 2015.

Main orders:

Country	Project	Customer	Value (EUR million)
Taiwan	Sanying Line MRT System	NCTG DRTS	220
United Kingdom	Metro Glasgow – maintenance included	Strathclyde Partnership for Transport	135
Australia	Auto Haul – Variation order AC Loco	Rio Tinto Iron One	48
U.S.A.	LIRR Ronkonkoma	LIRR	38
Malaysia	KVDT	Dhaya Maju infrastructure	37
France	Maintenance 2016	RATP	27
Sweden	Ester Line 2	Trafikverket	21
United Kingdom	Ferriby Gilberdijke	Network Rail	20
U.S.A.	LIRR MID-DAY Storage Yard	LIRR	17
U.S.A.	Components	Others	22
Others EU / Asia	Components	Others	28
Others EU / Asia	Service & Maintenance	Others	21

ATTACHMENTS:

**CONSOLIDATED INCOME STATEMENT
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	30.06.2016	30.06.2015
Revenue	602.7	632.4
Purchases and personnel expenses	(547.2)	(572.9)
Amortization, depreciation and impairment losses	(9.7)	(8.6)
Other net operating income	0.7	3.5
Changes in work in progress, semi-finished products and finished goods	1.6	3.6
Operating income (EBIT)	48.1	57.9
Net financial income (expense)	(6.0)	1.0
Income taxes	(14.8)	(19.6)
Net Profit	27.3	39.3
Profit per share	0.14	0.20

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**CONSOLIDATED BALANCE SHEET
ANSALDO STS**

Consolidated balance sheet (EUR million)	30.06.2016	30.06.2015	31.12.2015
Non-current assets	309.2	314.0	307.2
Non-current liabilities	(59.0)	(57.3)	(55.3)
	250.2	256.7	251.9
Inventories	119.5	126.2	121.2
Contract work in progress	393.1	350.6	346.4
Trade receivables	586.7	640.2	663.6
Trade payables	(405.7)	(318.7)	(416.0)
Progress payments and Advances from customers	(570.6)	(719.2)	(635.8)
Provisions for minimizing risk and charges	(20.0)	(10.1)	(11.1)
Other net assets (liabilities)	8.4	0.9	(3.8)
Net working capital	111.4	69.8	64.5
Net invested capital	361.6	326.5	316.4
Group equity	644.1	602.6	654.8
Third parties equity	0.3	0.5	0.3
Equity	644.4	603.1	655.1
Assets held for sale	-	-	-
Net Financial Position (liquidity)	(282.8)	(276.5)	(338.7)

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CONSOLIDATED CASH FLOW STATEMENT
ANSALDO STS

Consolidated cash flow statement (EUR million)	30.06.2016		30.06.2015	
Opening Cash and cash equivalents	304.3		270.1	
Gross cash flow from operating activities	72.1		73.1	
Change in working capital	(94.7)		1.3	
Changes in other operating assets and liabilities	10.8		(49.8)	
Cash flow generated by (used in) operating activities	(11.8)		24.6	
Cash flow from ordinary investing activities	(5.5)		(7.2)	
Free operating cash-flow		(17.3)		17.4
Strategic investments	-		-	
Other changes in investing activities	0.5		(6.7)	
Cash flow generated by (used in) investing activities	(5.0)		(13.9)	
Dividends paid	(36.0)		(30.8)	
Cash flow from financing activities	2.9		(23.3)	
Cash flow generated by (used in) financing activities	(33.1)		(54.1)	
Exchange rate gain and losses, net	(2.5)		3.8	
Closing cash and cash equivalents	251.9		230.5	

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2016 GUIDANCE

The Company has also decided to update the guidance for the current year with reference to R.O.S. (Return on Sales) and Net Financial Position.

The new 2016 guidance are:

Orders: EUR 1,400 – 2,000 million

Order Backlog: EUR 6,300 – 7,000 million

Revenue: EUR 1,350 – 1,450 million

ROS: 9.0% - 9.3% (previously: about 9.8%)

Net Financial Position (*surplus/positive net cash*): EUR (300) – (350) million (previously: about (320) – (370))

In particular the variation of the above mentioned data has been primarily determined by the outcome of the arbitration award related to the contract for Sirth – Benghazi Line in Libya, which sentenced against Ansaldo STS to reimburse about EUR 29 million to Zarubezhstroytechnology (as announced on 20th June 2016), in addition to legal interests and court expenses, together with the transactions effects with strategic managers who left the Company during the first half of 2016 (as announced on 5th May 2016).

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.

Ansaldo STS confirms that the management will be available to comment on the above via conference call on **28th July 2016** at h **11.00 a.m.**

The presentation used in the conference call will be available on the Company's website www.ansaldo-sts.com in the Investor Relations section at <http://www.ansaldo-sts.com/it/investor-relations/presentazioni> as well as on the authorized storage system at <http://www.emarketstorage.com>

To participate in the **conference call**:

Italy: +39 02 802 09 11; UK: +44 212 81 8004; USA: +1 718 705 8796

A replay of the conference call will be available for 72 hours following the end of the conference call, 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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Note:

Ansaldo STS 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.

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

- any impairment of goodwill;
- amortization of the percentage of purchase price allocated to intangible assets acquired as part of business combination, 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 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 Working Capital: is the working capital net of funds for minimizing risks and charges and other current assets and liabilities.

Net Invested Capital: is the sum of non-current assets, non-current liabilities and net working capital.

Net financial debt (cash) / Net debt (cash) or net financial position: is the calculation method used that 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 revenues 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 (R.O.S.): is the ratio of EBIT to revenue.

Return on Equity (R.O.E.): 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.

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