

Bit Market Services

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REPORT AT 30.09.2016

Testo del comunicato

Vedi allegato.

Milan, October 28th 2016

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THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2016

- **Order backlog at EUR 6,443.5 million (+6.9%)**
- **New orders at EUR 996.1 million (+69.0%)**
- **Revenue at EUR 900.6 million (-5.5%)**
- **EBIT at EUR 77.0 million (-15.3%)**
- **Net result at EUR 45.8 million (-23.1%)**
- **Net Financial Position, positive net cash, at EUR (287.9) million (+4.0%)**

The Board of Directors of ANSALDO STS (STS.MI), has examined and approved by majority the Group's consolidated Financial Report at 30 September 2016.

New Orders at 30 September 2016 amount to EUR **996.1** million compared with EUR 589.3 million at 30 September 2015; **Order Backlog** is EUR **6,443.5** million (EUR 6,410.4 million at 30 December 2015, EUR 6,029.2 million at 30 September 2015). Main orders for the period are related to projects in Taiwan, Glasgow, Brussels and the Rome-Florence line in Italy.

Revenue is EUR **900.6** million, a reduction of EUR **52.0** million compared with the 2015 nine months value of EUR 952.6 million. The production volume from projects secured in recent years has only partially offset the decline in revenues, in particular due to the completion phase of some significant contracts in the Asia Pacific area.

Operating Income (EBIT) is EUR **77.0** million, with a decrease of EUR 13.9 million at 30 September 2015; Return on Sales (ROS) is 8.5% compared with 9.5% in the same period of the previous year. The decrease in operating income is mainly due to lower production volumes, prudential provisions against arbitration findings with the Russian customer on the Libyan contract and the transaction costs associated with the resignation of strategic managers.

Net Result is EUR **45.8** million (EUR 59.5 million at 30 September 2015). The reduction of 23.1% is also due to additional prudential provisions in the financial charges coming from the findings of the arbitration on the Libyan contract.

The Chief Executive Officer and General Manager, Andy Barr, is satisfied with the Q3 results stating " *I again thank the management and all my colleagues for the continuous work in producing these results. In particular the achievement of additional significant new orders and the delivery and activation of key signaling contracts this quarter are the evidence of Ansaldo STS performance and reliability. During my initial period with ASTS I have seen clearly that we are building a new future and a more efficient and competitive industrial reality in the market, and with our focus on the project delivery we will continue to grow, creating value for all shareholders.*"

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Consolidated results for the September 2016

Ansaldo STS

Key consolidated figures (EUR million)	30.09.2016	30.09.2015	% Change	31.12.2015
New orders	996.1	589.3	69.0%	1,336.0
Order backlog	6,443.5	6,029.2	6.9%	6,410.4
Revenue	900.6	952.6	-5.5%	1,383.8
Operating Income (EBIT)	77.0	90.9	-15.3%	135.8
R.O.S.	8.5%	9.5%	-1.0 p.p.	9.8%
Tax Rate	34.7%	34.3%	+0.4 p.p.	32.0%
Net Profit	45.8	59.5	-23.1%	93.0
Net Working Capital	132.1	81.4	62.2%	64.5
Net Financial Position (positive net cash)	(287.9)	(276.8)	4.0%	(338.7)
Free Operating Cash Flow	(11.7)	23.3	-150.4%	87.7
R&D	26.9	27.3	-1.7%	36.9
Headcount (no.)	3,933	3,759	4.6%	3,772
EPS	0.23	0.30	-23.3%	0.47

Net Working Capital moves from EUR 64.5 million at 31 December 2015 to EUR **132.1** million at 30 September 2016 (EUR 81.4 million at 30 September 2015). The increase is due to the higher value of the work in progress and the decrease in the value of customer advances, partially offset by the decrease in trade receivables.

Net Financial Position (positive net cash) is EUR **(287.9)** million decreased compared with the value, still positive, of EUR (338.7) million at 31 December 2015 and increased compared with EUR (276.8) million at 30 September 2015.

Free Operating Cash Flow (FOCF) before strategic investments shows an absorbed cash flow of EUR **11.7** million compared with a generated cash flow of EUR 23.3 million at 30 September 2015.

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Main orders:

Country	Project	Customer	Value (EUR million)
Taiwan	Sanying Line MRT System	NCTG DRTS	220
United Kingdom	Glasgow Metro – maintenance included	Strathclyde Partnership for Transport	135
Belgium	Brussels Metro	STIB	88
Italy	ACC-MDD Rome-Florence - SST ERTMS ETCS Liv.2 included	RFI	75
Australia	Auto Haul - AC Loco variation order	Rio Tinto Iron Ore	48
U.S.A.	LIRR Ronkonkoma	LIRR	38
Malaysia	KVDT	Dhaya Maju Infrastructure	37
France	2016 Maintenance	RATP	27
India	Noida Metro	Delhi Metro Rail Corporation Limited	26
Sweden	ESTER - Line 2	Trafikverket	21
United Kingdom	Ferriby Gilberdijke	Network Rail	20
U.S.A.	LIRR MID-DAY – Train Depot	LIRR	17
Various EU / Asia	Components	Various	37
U.S.A.	Components	Various	35
Various EU / Asia	Service & Maintenance	Various	35

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ATTACHMENTS:

**CONSOLIDATED INCOME STATEMENT
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	30.09.2016	30.09.2015	31.12.2015
Revenue	900.6	952.6	1,383.8
Purchases and personnel expenses	(813.0)	(855.4)	(1,233.3)
Changes in work in progress, semi-finished products and finished goods	2.1	3.8	(0.3)
Amortization, depreciation and impairment losses	(14.0)	(13.7)	(18.7)
Restructuring costs	-	-	-
Other net operating income	1.3	3.4	4.3
Operating income (EBIT)	77.0	90.9	135.8
Net financial income (expense)	(6.8)	(0.3)	0.9
Income taxes	(24.4)	(31.0)	(43.7)
Non-current assets held for sale	-	-	-
Net Profit	45.8	59.5	93.0
Profit per share	0.23	0.30	0.47

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**CONSOLIDATED BALANCE SHEET
ANSALDO STS**

Consolidated balance sheet (EUR million)	30.09.2016	30.09.2015	31.12.2015
Non-current assets	307.9	311.5	307.2
Non-current liabilities	(61.4)	(56.1)	(55.3)
	246.5	255.4	251.9
Inventories	129.2	125.7	121.2
Contract work in progress	409.1	371.4	346.4
Trade receivables	570.7	581.3	663.6
Trade payables	(394.8)	(324.5)	(416.0)
Progress payments and Advances from customers	(571.4)	(658.7)	(635.8)
Provisions for minimizing risk and charges	(20.0)	(10.1)	(11.1)
Other net assets (liabilities)	9.2	(3.7)	(3.8)
Net working capital	132.1	81.4	64.5
Net invested capital	378.6	336.8	316.4
Group equity	666.2	613.1	654.8
Third parties equity	0.3	0.5	0.3
Equity	666.5	613.6	655.1
Assets held for sale	-	-	-
Net Financial Position (liquidity)	(287.9)	(276.8)	(338.7)

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**CONSOLIDATED CASH FLOW STATEMENT
ANSALDO STS**

Consolidated cash flow statement (EUR million)	30.09.2016	30.09.2015
Opening Cash and cash equivalents	304.3	270.1
Gross cash flow from operating activities	107.0	112.5
Change in working capital	(101.5)	(25.7)
Changes in other operating assets and liabilities	(9.0)	(53.1)
Cash flow generated by (used in) operating activities	(3.5)	33.7
Cash flow from ordinary investing activities	(8.2)	(10.4)
Free operating cash-flow	(11.7)	23.3
Strategic investments	-	(8.3)
Other changes in investing activities	0.7	-
Cash flow generated by (used in) investing activities	(7.5)	(18.7)
Dividends paid	(36.0)	(30.8)
Cash flow from financing activities	2.7	(19.1)
Cash flow generated by (used in) financing activities	(33.3)	(49.9)
Exchange rate gain and losses, net	(3.0)	2.0
Closing cash and cash equivalents	257.0	237.2

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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 **31st October 2016** at h **11.00 am (CET)**.

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/en/investor-relations/presentations> 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 1212 81 8004;
USA: +1 718 705 8796

A replay of the conference call will be available from 31st October 2016 and 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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