



Full Year 2016 results

Analysts Conference Call

February 27, 2017

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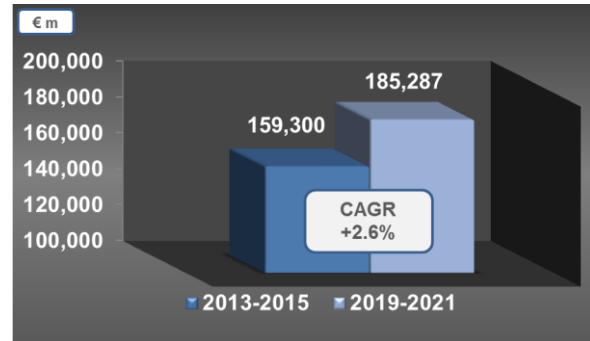
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Opening Remarks

2016: Resilient results in a year of transition

- Ansaldo STS becomes a Hitachi Group Company
- Key targets achieved in a challenging year
- Decrease of revenues mainly due to shift of some new orders to 2017 and significant contracts end-of-life
- Solid order backlog and remarkable increase in new orders
- Good basis for future revenue performance
- Renewed discipline on costs
- Net financial position confirmed at 2015 level
- Proposal to maintain the dividend notwithstanding the lower net result

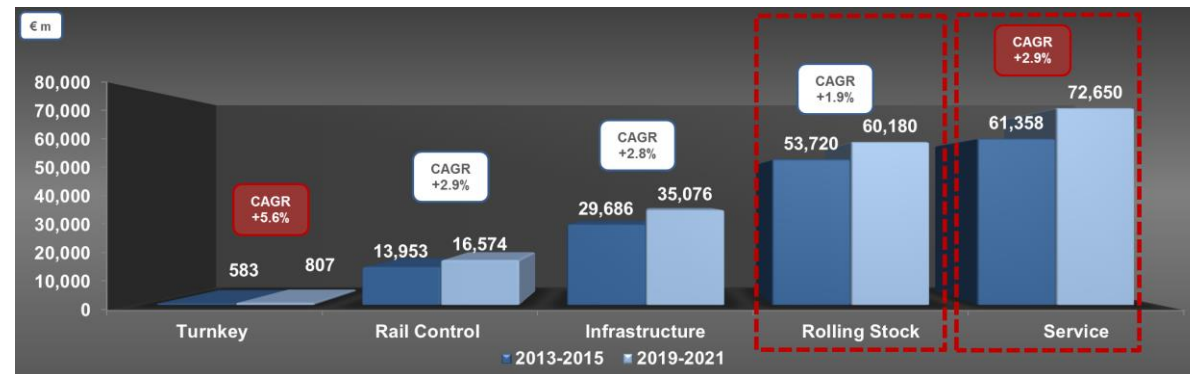
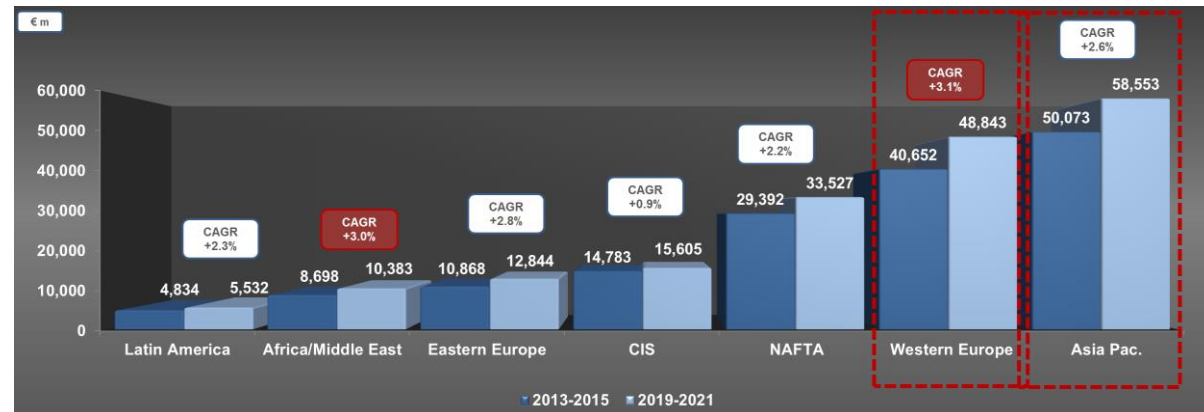
Rail Industry Market Forecast 2016 – 2021 – Total Market



- **Total market value** for the period 2019-2021 is foreseen to reach **€ 185bn** per annum.
- This represents **2.6% growth**.

GEOGRAPHICAL BREAKDOWN

- **Asia Pac** will remain the largest market (32% of total).
- **Asia Pac** and **Western Europe** are foreseen to account **58%** of total market.
- **Western Europe** (+3.1%) and **Africa/Middle East** (+3.0%) will register the higher growth.



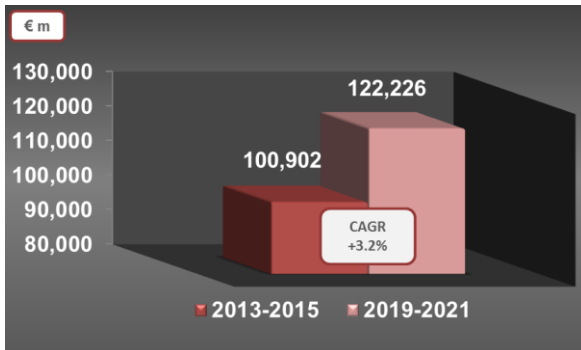
SEGMENT BREAKDOWN

- **Service** and **Rolling Stock** market are expected to give the **major contribution**.
- **Turnkey** segment will register a **strongest growth** at 5.6%.

Turnkey segment considers only the value added by project management. The value of rolling stock, infrastructure and rail control is subsumed under the respective segments.

Growth rate definition: CAGR between 2013-2015 average value and 2019-2021 average value

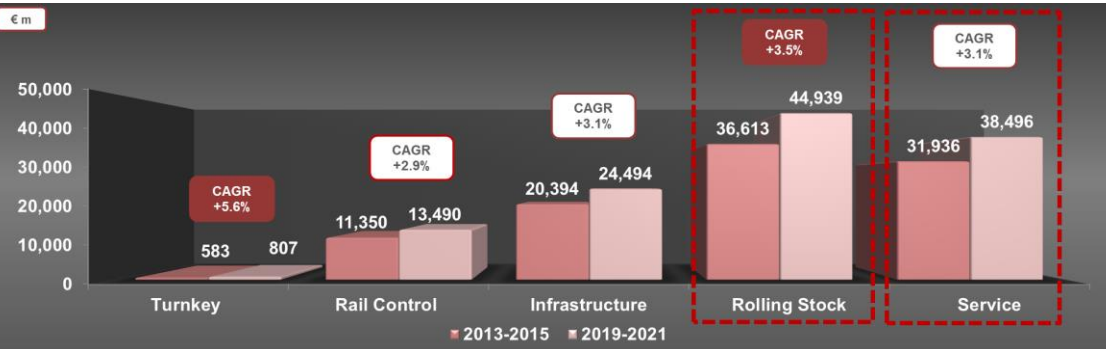
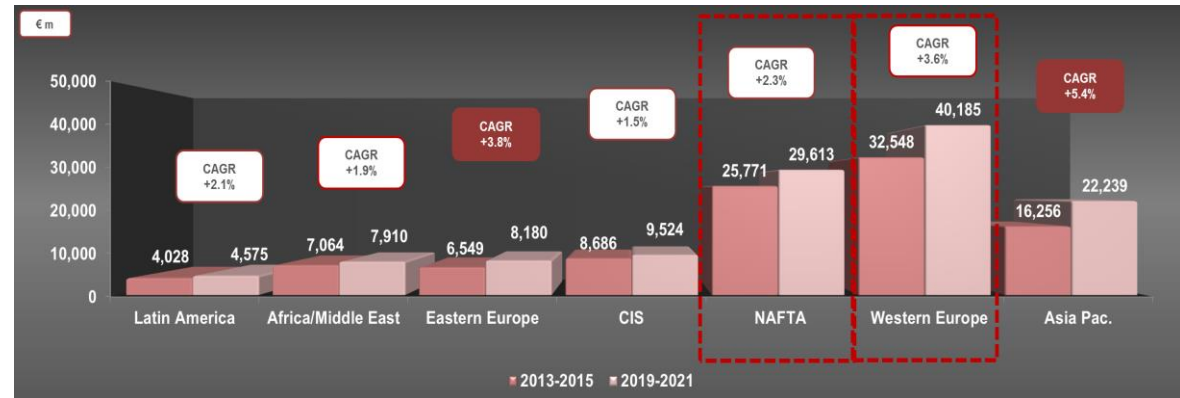
Rail Industry Market Forecast 2016 – 2021 – Accessible Market *



- **Total accessible market value** for the period 2019-2021 is foreseen to reach **€ 122 bn** per annum.
- This represents **3.2% growth**.

GEOGRAPHICAL BREAKDOWN

- **Western Europe** will remain the largest market tighter with **NAFTA**
- **Eastern Europe (+5.4%)** and **Asia Pac (+3.8%)** will register the **higher growth**



SEGMENT BREAKDOWN

- **Service** and **Rolling Stock** market are expected to give the **major contribution**.
- **Turnkey** segment will register a **strongest growth** at 5.6%.

Turnkey segment considers only the value added by project management. The value of rolling stock, infrastructure and rail control is subsumed under the respective segments.

*A market is considered to be accessible to the extent that it is open to external suppliers and is not served exclusively by a railway in-house or by a domestic manufacturer. If a market is open to European suppliers only through a Joint Venture, the market is considered accessible at 50 %.

Growth rate definition: CAGR between 2013-2015 average value and 2019-2021 average value

Source: UNIFE

Orders & Revenues by Area - FY 2016 vs FY 2015

ORDERS	FY 2016	FY 2015	% change
Italy	429	174	147%
Rest of Europe	427	351	22%
N. Africa / Middle East	4	76	-95%
Americas	130	480	-73%
Asia Pacific	486	253	92%
TOTAL	1,476	1,334	11%

REVENUE	FY 2016	FY 2015	% change
Italy	308	322	-4%
Rest of Europe	391	339	15%
N. Africa / Middle East	122	104	17%
Americas	255	247	3%
Asia Pacific	251	372	-33%
TOTAL	1,327	1,384	-4%

FY 2016 Results - Main Orders Booked

Country	Project Name	Customer	Value (M€)
Taiwan	San - Ying Line MRT System	NCTG DRTS	220
Italy	HS/HC Line Milan Genoa ("Terzo Valico")	Saturno Consortium	175
U.K.	Glasgow Metro (maintenance and option included)	Strathclyde Partnership for Transport	139
Australia	Auto Haul - variation orders	Rio Tinto	96
Belgium	Brussels Metro Lines 1&5	STIB	88
Italy	High Speed Line Turin - Milan - Naples Rome - Florence route	RFI	75
Various EU/Asia	Service & Maintenance	Various	65
USA	Components	Various	50
Various EU/Asia	Components	Various	49
USA	LIRR Ronkonkoma	LIRR	38
Malaysia	KVDT	Dhaya Maju Infrastrucure	37
Australia	Forrestfield Airport Link	JV Salini NRW	30
France	2016 Maintenance	RATP	27
India	Noida Metro	Delhi Metro Rail Corporation Limited	26
Sweden	Ester Line 2	Trafikverket	21
U.K.	Ferriby Gilberdjke	Network Rail	20

Q4 2016 Main Events – HS/HC line Milan Genoa (1/2)

On 28th December 2016 the “Saturno Consortium for the undertaking of High Technology Railway works for the Italian High Speed Railway System”, of which Ansaldo STS S.p.A is member, signed a contract with the General Contractor, the Consorzio Collegamenti Integrati Veloci (“COCIV”) for the production of the technological systems for the AV/AC Project (High Speed and High Capacity) of the “Terzo Valico dei Giovi” Milan – Genoa line.

The scope of work entrusted to Ansaldo STS is to supply the technology relating to the railway signalling systems, TMS, (SCCM/AV), Power Supply and Auxiliary Systems and the system for monitoring tunnel safety.

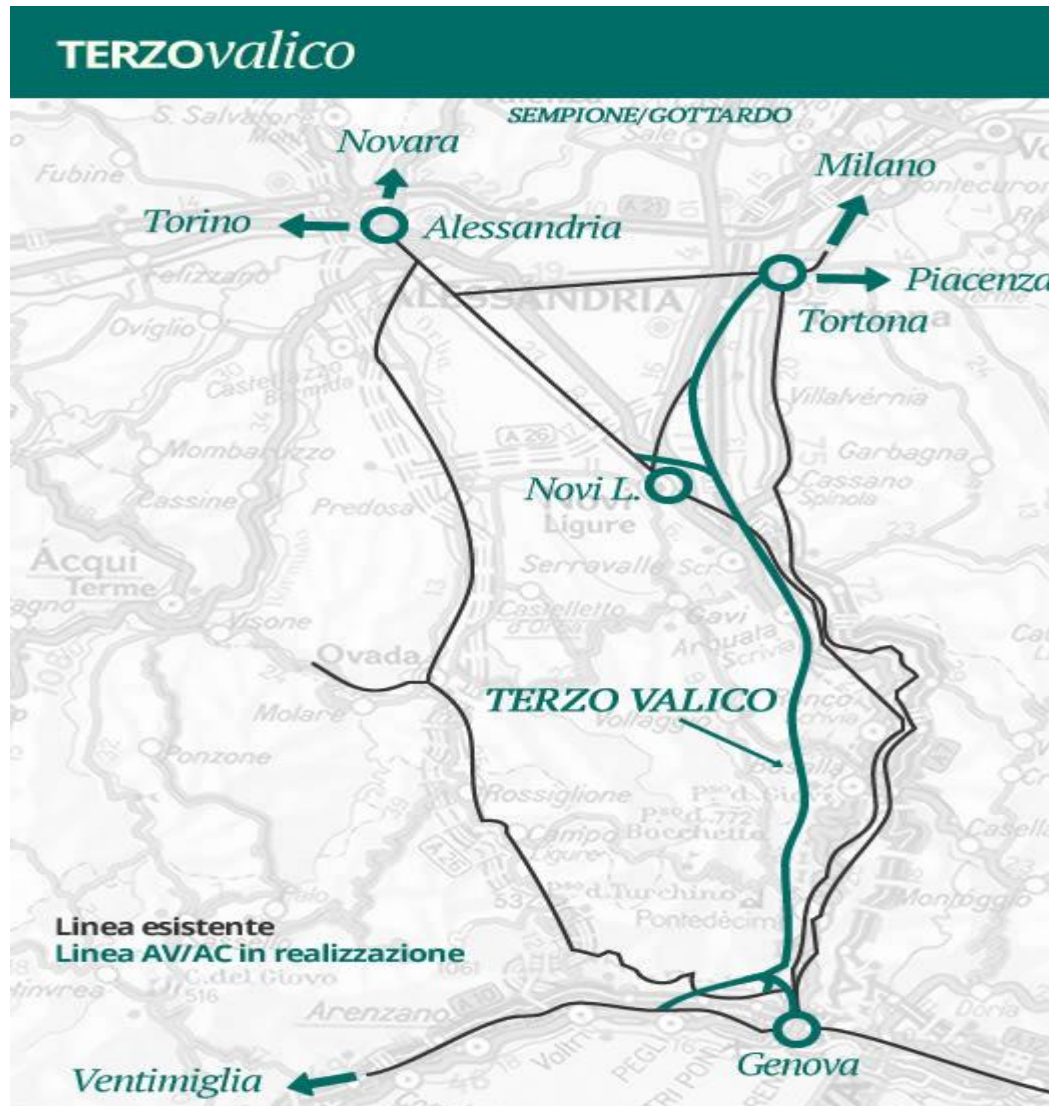
The overall value of the works assigned to Ansaldo STS amounts at EUR 174.6 million.

«Terzo Valico» is a new high speed/high capacity line which will enable to strenghten the links between the ligurian harbour system with the main railway lines of North Italy and Rest of Europe.

This project is included in the «Reno - Alpi» corridor, which is one of the strategic transportation transeuropean network corridors (TEN-T core network), which connect the most populated and industrial european regions.

Coherently with the strategy to privilege transportation eco friendly modes, recently reaffirmed by the European Union with the «Faro» initiative (COM (2011) 21), the project will allow in the future to move consistent shares of freight traffic from roads to railways, with advantagies for the environment, safety and social.

Q4 2016 Main Events – HS/HC line Milan Genoa (2/2)



Q4 2016 Main Events – Forrestfield Airport Link

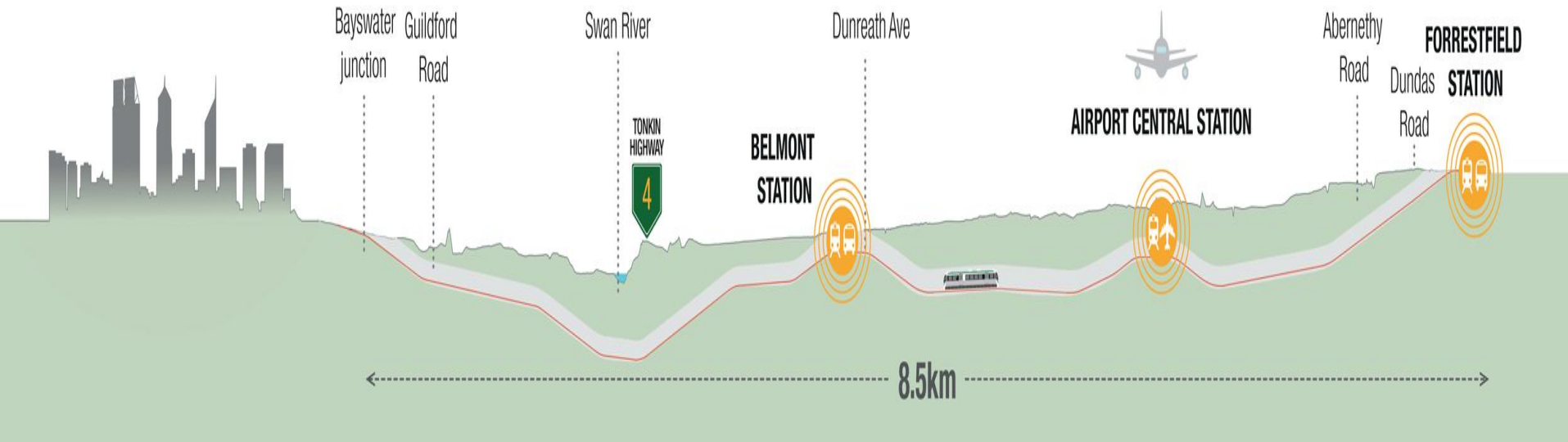
Ansaldo STS has signed a contract worth 44 million AUD (Australian dollars) with Salini Impregilo - NRW Joint Venture (SINRW) to deliver the complete signalling and telecommunications system for Perth's 8 km Forrestfield - Airport Link rail extension project .

Under the contract awarded to Ansaldo STS by the SINRW, Ansaldo STS will deliver the complete signalling and telecommunications system for an 8 km rail extension to the Perth Transport Authority's (PTA) railway line from Perth's eastern suburbs to the city's airport.

The scope of work, to be delivered by Ansaldo STS, includes the design, supply, installation and testing of signalling and communication for the 8 km line extension, which includes three new stations. MicroLok® interlocking will be the key technology used in the delivery of the signalling package.

Work on the project will begin immediately, with project completion scheduled for September 2020.

Q4 2016 Main Events – Forrestfield Airport Link (2/2)



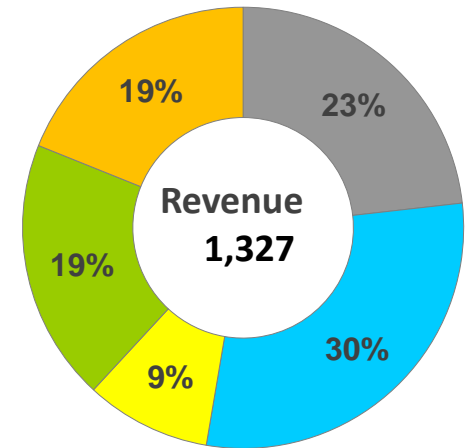
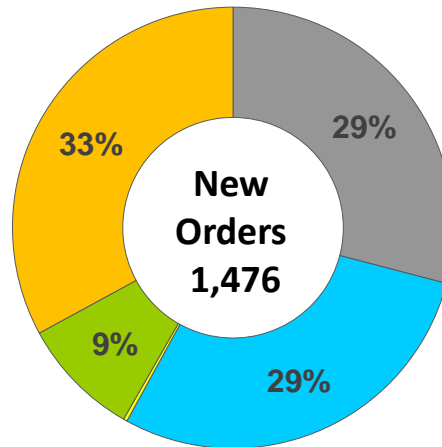
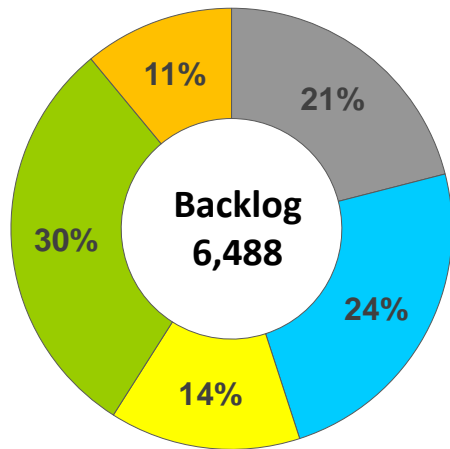
Different route options between Bayswater and Perth Airport were investigated to find the best way to accommodate existing road layouts and future upgrades, while minimizing impact on landowners and traffic and keeping costs in check.

Ultimately, it was decided the most appropriate rail route would be through underground tunnels that would run from Bayswater Station on the Midland Line along Tonkin Highway and Brearley Avenue into the Perth Airport Estate and on to Forrestfield.

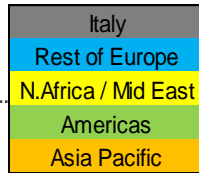
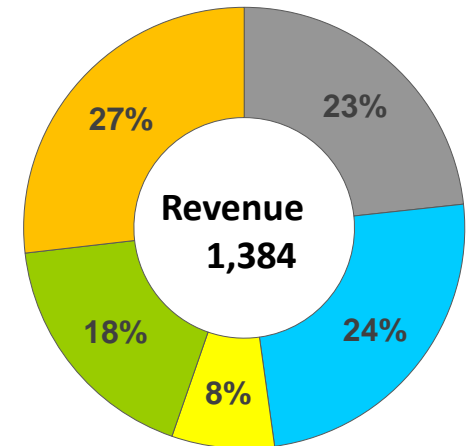
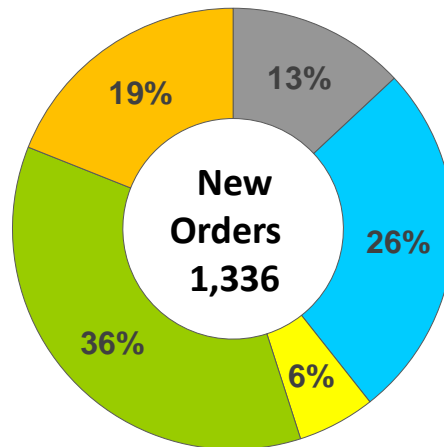
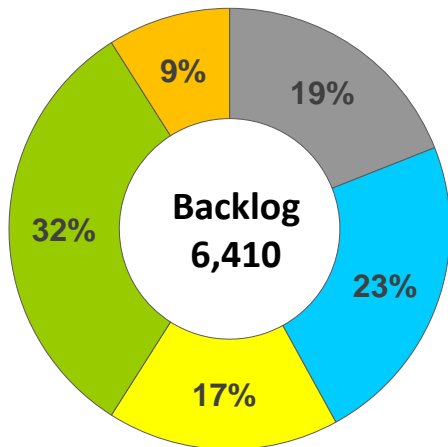
This route will travel through the Midland Line rail reserve, Tonkin Highway road reserve, Brearley Avenue road reserve, Perth Airport Estate and the Public Transport Authority rail reserve in Forrestfield. As the line will be located almost entirely underground, the impact on surrounding communities will be minimal, both during construction and once the line is operational

Backlog, Orders & Revenue by Geographic Area

FY - 2016



FY - 2015



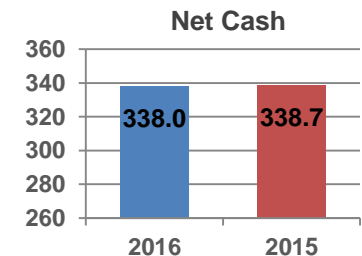
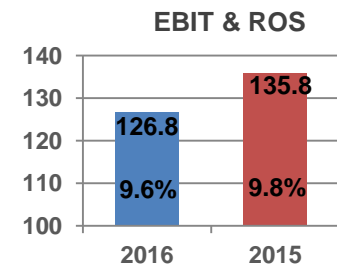
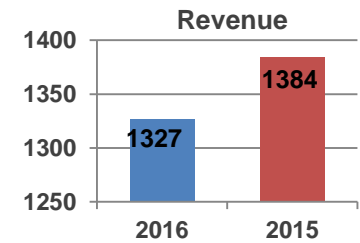
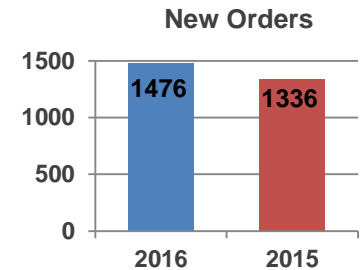
FY 2016 - Key Facts

□ **New Orders** at 1,476 M€, up 140 million (+10%) compared with FY 2015. Main orders booked in the last quarter of the year are: High Speed line between Milan and Genoa (“Terzo Valico dei Giovi”) for 175 M€; Autohaul variation orders with Rio Tinto in Australia for 48 M€; Forrestfield Airport Link in Perth, Australia, for 30 M€; other minor signalling and components and service & maintenance orders.

□ **Revenue** at 1,327 million, with a decrease of 57 million (-4%) compared with FY 2015, mainly due to shift of some new orders to 2017 and the result of achieving the final phase of significant contracts in Asia Pacific region, only partially offset by higher contribution coming from projects acquired in the last few years in Rest of Europe, Americas and Middle East regions.

□ **EBIT** at 126.8 M€, 9 M€ lower versus last year, with a **ROS** of 9.6% compared to 9.8% in FY 2015. Lower volumes in the period are partially offset by a favorable contract mix. EBIT trend in FY 2016 was mainly affected by the final settlement of the arbitration findings with the Russian customer ZST (8.1 M€) and the transaction costs associated with the resignation of strategic managers (2.4 M€).

□ **Net Financial Position (cash)** at 338.0 M€, in line with the amount achieved in FY 2015. **FOCF** equal to 37.9 M€ compared to 87.7 M€ in FY 2015, since: FY 2016 is negatively affected by the ZST arbitration settlement on the Libyan contract and related reimbursement of the advance payment, including legal fees and interests matured up to the repayment date (37.4 M€); 2015 FOCF benefited from the last tranche of Riyadh Metro progress payment.



FY 2016 Results - Key Data

<i>(M€)</i>	FY 2016	FY 2015	<i>% change</i>
New Orders	1,475.8	1,336.0	10.5%
Order Backlog	6,488.4	6,410.4	1.2%
Revenue	1,327.4	1,383.8	-4.1%
EBIT	126.8	135.8	-6.6%
ROS	9.6%	9.8%	(0.2) p p
Tax Rate	33.2%	32.0%	1.2 p p
Net Result	77.9	93.0	-16.3%
Net Working Capital	120.5	64.5	86.9%
Net Financial Position	(338.0)	(338.7)	-0.2%
R&D	36.7	36.9	-0.6%
Total Headcount	3,951	3,772	4.7%
EVA	57.9	65.8	-12.0%

2016 Main Key Data vs Guidance

(M€)	2016 Actual	2016 Last Revised Guidance (July 2016)	2016 Key Data vs Revised Guidance
New Orders	1,475.8	1,400 - 2,000	√ Met
Order Backlog	6,488.4	6,300 - 7,000	√ Met
Revenue	1,327.4	1,350 - 1,450	Not Met
ROS (1)	9.6%	9.0% - 9.3%	> Surpassed
Net Financial Position (2)	(338.0)	(300) - (350)	√ Met

1) Initial Guidance circa 9.8%;

2) Initial Guidance (320) – (370)

FY 2016 Results - Dividend declaration

The Board of Directors of Ansaldo STS will propose to next Shareholders meeting a total dividend amount equal to **36.0 M€**, the same amount distributed last year.

The dividend per share is **0.18 €**, the same of the previous year, despite the lower FY 2016 net result mainly due to exceptional items fully described before.

2017 main Key Data – Guidance

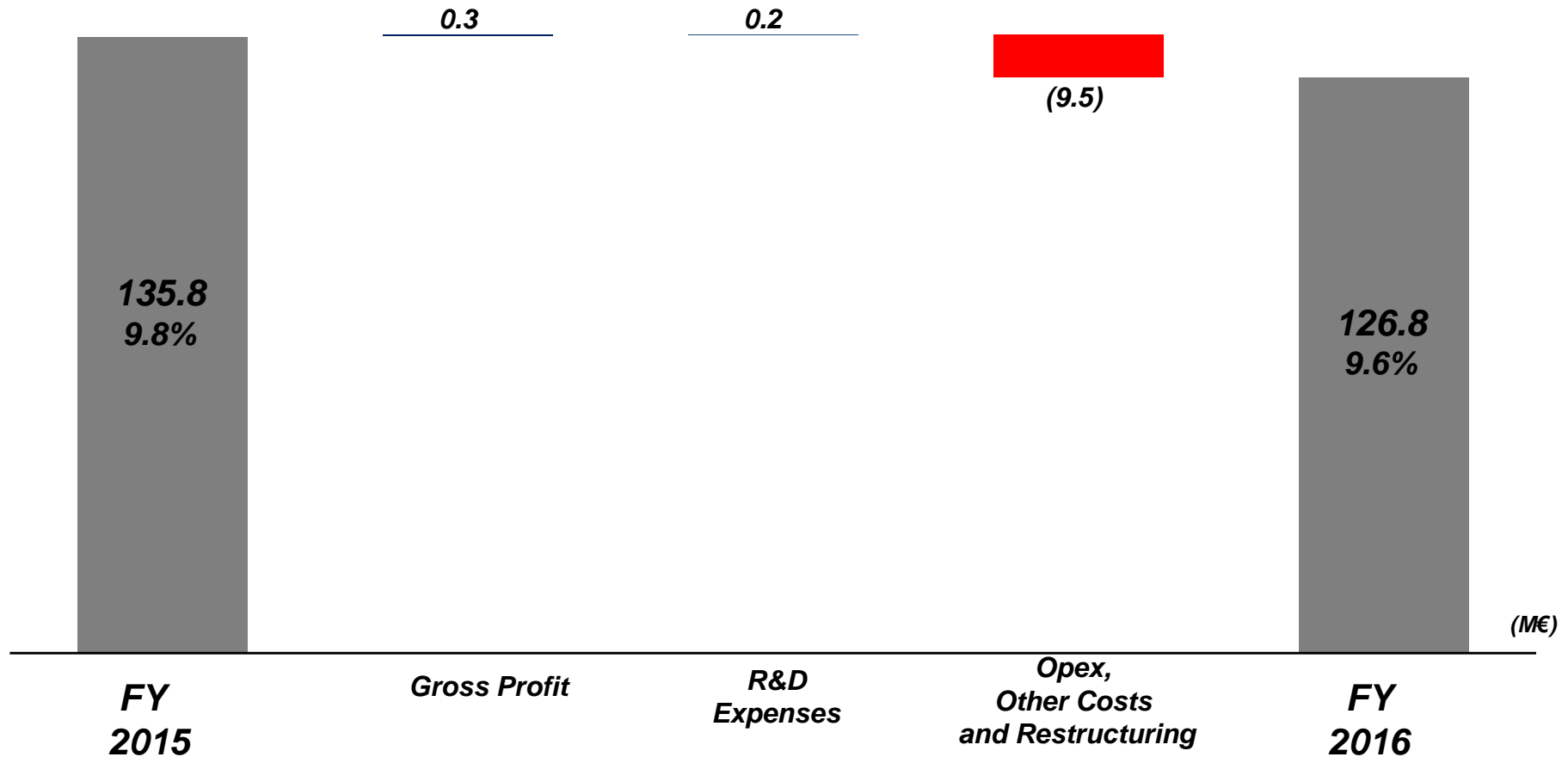
<i>(M€)</i>	2016 Actual	2017 Guidance
New Orders	1,475.8	1,500 - 2,000
Order Backlog	6,488.4	6,500 – 7,000
Revenue	1,327.4	1,350 – 1,450
ROS	9.6%	9.4% - 9.8%
Net Financial Position	(338.0)	(330) – (380)

THANK YOU FOR YOUR ATTENTION

Q&A.....

Back Up

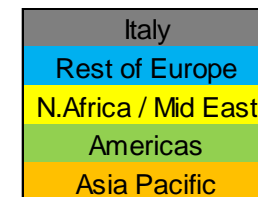
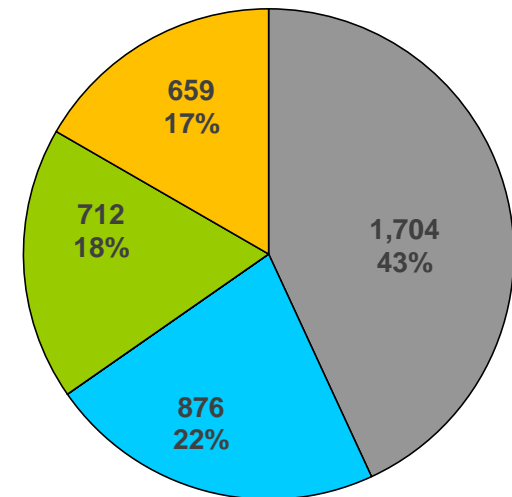
Back Up detail - EBIT Evolution - FY 2016 vs FY 2015



FY 2016 EBIT includes the ZST settlement effect (€8.1m) and the accounting impacts of transactions with strategic managers who left the company in the year (€2.4m).

Back Up detail - FY 2016 - Total Headcount

Country	Main Locations	Headcount
ITALY	<i>Genoa, Naples, Turin, Potenza, Branches</i>	1,704
FRANCE	<i>Les Ulis, Riom</i>	627
SPAIN	<i>Madrid</i>	174
SWEDEN	<i>Stockholm</i>	61
OTHER EUROPE	<i>Munich, London</i>	14
USA - CANADA	<i>Pittsburgh, Batesburg, Montreal</i>	712
AUSTRALIA	<i>Perth, Brisbane</i>	266
INDIA	<i>Bangalore</i>	277
MALAYSIA	<i>Kuala Lumpur</i>	54
CHINA	<i>Beijing</i>	62
TOTAL HEADCOUNT		3,951

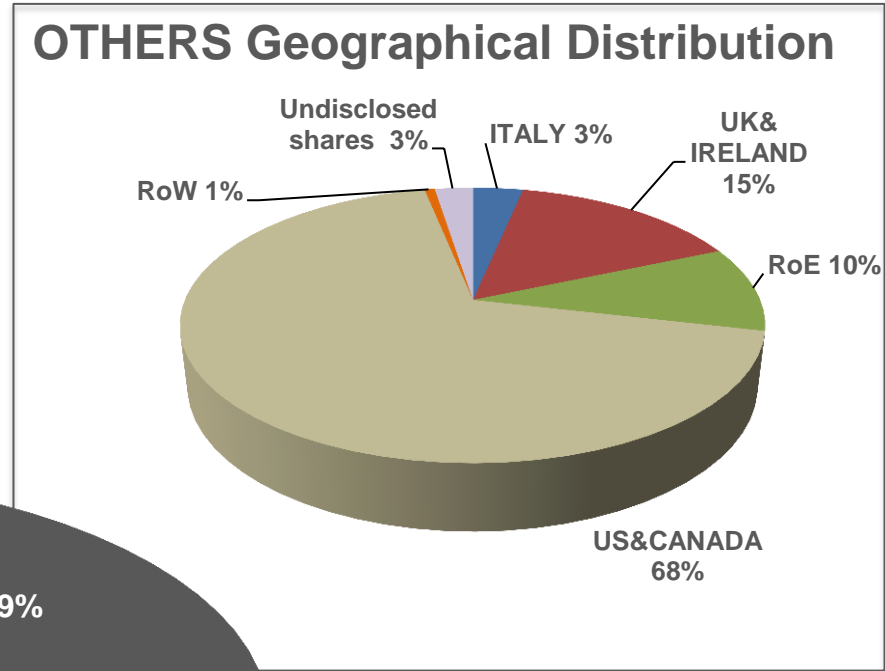
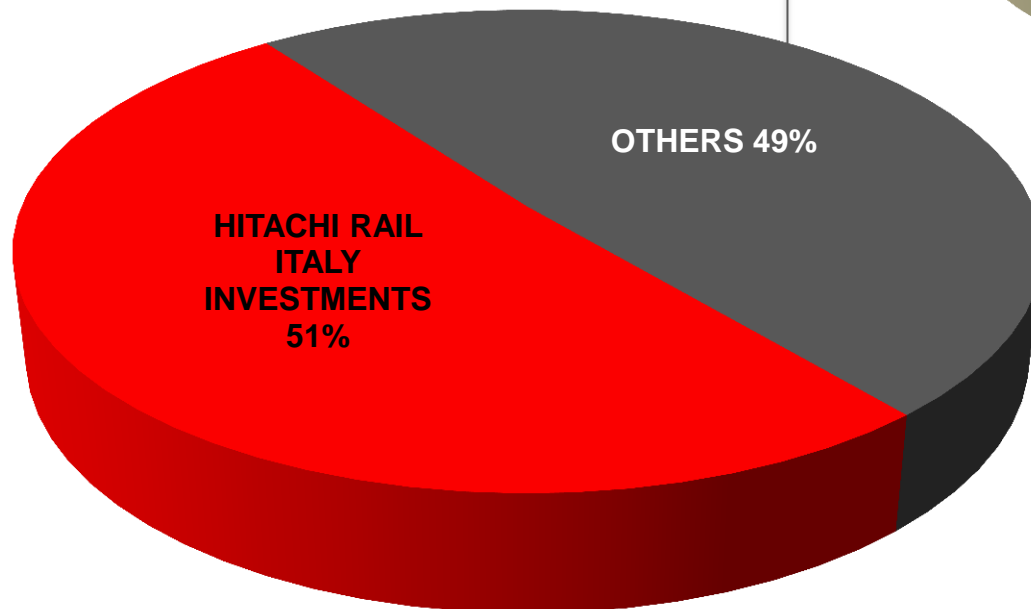


Relevant Shareholdings as of 31st December 2016

Total number of shares 200.000.000

HITACHI RAIL ITALY INVESTMENTS
101.544.702 shares 50.772%

OTHERS
98.455.298 shares 49.228%



Accounting definitions (1/3)

Roberto Carassai, the Manager in charge of preparing the company's financial reports, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the actual accounting information contained in this presentation corresponds to document results, books and accounting records

This Analysts Presentation contains forward-looking statements which are based on current plans and forecasts of Ansaldo STS S.p.A. Such forward-looking statements are by their nature subject to a number of risk and factors not foreseeable that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements.

These such forward-looking statements speak only as of the date on which they are made, and Ansaldo STS S.p.A. undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Accounting definitions (2/3)

NB: Ansaldo STS's management also assesses the performance of the group using certain indicators that are not defined by the IFRS.

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 gains or losses 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.

Return on Sale (ROS): it is calculated as the ratio of EBIT to Revenue.

Free operating cash flow (FOCF): this indicator is the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investing and disinvesting in property, plant and equipment, intangible assets and equity investments, net of cash flows from acquisitions and sales of equity investments which are deemed “strategic” due to their nature or importance. The FOCF is shown in the reclassified consolidated statement of cash flows.

Economic Value Added (EVA): it is the difference between EBIT, net of income taxes and the cost of the average invested capital of the current and previous year measured on the base of the Weighted Average Cost of Capital (WACC).

Accounting definitions (3/3)

Net Working Capital: It is working capital less provisions for current risks and other current assets and liabilities.

Net Financial (Position) or Debt: The calculation model used complies with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) n° 809/2004.

New Orders: It is the sum of the contracts agreed with customers during the reporting period that meet the contractual requirements to be recorded in the orders book.

Order Backlog: It 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: It is the number of employees recorded in the relevant register on the reporting date.

Research and development costs: 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 expense represents that 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.

Glossary (1/6)

ACC – M: “Apparato Centrale Computerizzato Multistazione” is a centralized interlocking system through which it is possible to manage multiple stations along the line.

APRs: Automatic Position Reporting System, radio based digital communications system for local, regional, or long distance.

ATC: Automatic Train Control, or ATC, is an integrated signaling system that guarantees the secure movement of trains. ATC integrates various subsystems positioned on-board and wayside. In addition to a full interlocking system, a complete ATC system consists of three subsystems: (i) ATP, (ii) ATO and (iii) ATS.

ATP: Automatic Train Protection, or ATP, is an ATC subsystem responsible for the safe operation of a signaling system. It imposes speed limits on trains, both to maintain a safe operating distance between them and to comply with safety and speed requirements. The ATP system is designed to be a fail-safe (vital) system.

ATO: Automatic Train Operation, or ATO, is an ATC subsystem which performs on-board, non-vital functions normally performed by a train driver, including ensuring a smooth acceleration of the train to the running speed, speed regulation and smoothly stopping the train at the proper position at station platforms or in front of stopping signals. ATO subsystems are primarily located on-board and represent one of the principal components of a driverless system. Additionally, ATO subsystems report vehicle health status to the central control offices.

ATS: Automatic Train Supervision, or ATS, is an ATC subsystem which operates to control trains automatically by means of ATO and ATP, in accordance with the railway timetable. This also involves a CTC system.

Glossary (2/6)

BALISE: An electronic beacon or transponder placed between the rails of a railway as part of an Automatic Train Protection system.

CBI: Computer Based Interlocking, or CBI, is an Interlocking System (see below) where the traditional wired networks of relays are replaced by software logic running on special-purpose fail-safe control hardware. The fact that the logic is implemented by software rather than hard-wired circuitry greatly facilitates the ability to make modifications when needed by reprogramming rather than rewiring (ACC, MicroLok® and SEI/PAI-NG are the Ansaldo STS CBI interlockings).

CBTC: Communication Based Train Control, or CBTC, is a system that allows for the interchangeability of different technological systems in use on various metro lines. CBTC can be understood as an attempt to create an ERTMS type standard for the mass transit industry.

CENELEC: European Committee for Electro technical Standardization.

CTC: A Centralized Traffic Control system, or CTC, monitors the status of signaling on a line or network and displays the relevant status information to a central operator, assists in the management of the line or network consistent with the timetable and exercises control to prevent small schedule disturbances from becoming traffic jams. CTC also notifies the operator of ATC equipment failures and of failures in traction power and passenger station support facilities.

CTCS : Chinese Train Control System, a train control system used on railway lines in China

DPL: Dedicated Passenger Line.

DTG: Distance to Go, Wayside and on board ATP system track circuit based.

Glossary (3/6)

ETCS: The European Train Control System (ETCS) is a signaling, control and train protection system designed to replace the many legacy safety systems currently used by European railways, especially on high-speed lines.

ERTMS: The European Rail Traffic Management System, or ERTMS, was introduced by the EU in 1992 as a means of creating a uniform system of command, control and coordination of rail traffic to allow for “interoperability” throughout EU territory. The ERTMS standard exists at three levels (ERTMS 1, 2 and 3) depending on use, each distinguished by the type of wayside and on-board equipment used and the manner in which this equipment communicates relevant data.

EUROCAB / EVC: Onboard computer used to process ETCS information.

GA: Generic Application.

GCP: Grade Crossing Predictor, an electronic device which is connected to the rails of a railroad track and activates the crossing's warning devices (lights, bells, gates, etc.), based on a range of factors, including train speed, which minimizes waiting delays for drivers and therefore reduces the number of accidents.

GNSS: Global Navigation Satellite System, satellite-based global navigation system, can rely on US GPS (Global Positioning System), or Russian GLONASS (Global Navigation Satellite System), or European Galileo system under development.

GP: Generic Product.

GSM-R: Global System for Mobile Communications-Railway, an international wireless communications standard for railway communication.

Glossary (4/6)

HERMES: Automation – Supervision system used for mass transit system.

HSL: High Speed Line, or HSL, refers to railway lines with capacity for speeds in excess of 200 km/h (125 mph).

ICSS: Integrated Control & Safety System. Integrated Communication Switching System.

IXL: Interlocking System. An interlocking system is responsible for the reliable and safe movement of trains inside a station, through complex junctions and for the length of the line. The interlocking system ensures that train movement is permitted only when a route is available and the switches along this route are safely locked in their position. In all cases the interlocking allocates a track portion or a route to one train at a time, excluding all others.

LDS: Localization Determination System, satellite-based solution for train control system SIL 4 localization.

LEU: Encoder. Product that is interfaced to balise and permit it to change the telegram to be sent to the train in the intermittent ATP according to the status of the route.

LRT: Light Rail Transit, or LRT, refers to a form of urban rail transit that utilizes equipment and infrastructure that is typically less massive than that used for metro systems, with modern light rail vehicles usually running along the system.

MTBF: Mean time between failures is the predicted elapsed time between inherent failures of a system during operation.

MTBHE: Mean Time Between Hazardous Events, estimated time between two events that can cause an hazardous event.

MT: Mass Transit.

Glossary (5/6)

OCC: Operational Control Centre, system that monitors the status of signaling on the line and the location of trains.

OTP: Optimizing Traffic Planner, or OTP, is a traffic management system that permits real time monitoring of the positioning of trains throughout a railway system. OTP optimizes system or network capacity by safely minimizing the time between trains, reducing operating costs. OTP is primarily designed for those markets where railway systems infrastructure is being used to full capacity.

PTC: Positive Train Control, North American freight railway implementation of CBTC.

RBC: Radio Block Centre. All trains automatically report their exact position and direction of travel to the RBC at regular intervals. RBC sends by radio fail safe information to the train (ATP).

SA: Specific Application.

SCADA: A Supervisory Control And Data Acquisition system, or SCADA, allows for the supervision of the various subsystems at work in a railway or mass transit environment. SCADA collects information from remote installations, transfers it back to a central office, analyzes the information, takes appropriate action and displays that data on a number of operator screens.

SCC: Automation – Supervision system used for railways system.

SCMT: Sistema di Controllo della Marcia del Treno. Automatic train protection system.

SIL: 0, 2, 4: Safety Integrity Level (SIL) is determined for components and systems with safety functions.

Glossary (6/6)

SSC: Sistema Supporto Condotta, Italian train stopping system. Less sophisticated than SCMT.

STO: Semi-automated Operation Mode.

TETRA: Terrestrial Trunked Radio , digital data and voice communication system.

TLC: Telecom networking.

TSRs: Temporary Speed Restrictions.

TTCS: Train Conformity Check System verifies the conformity of running Rolling Stocks.

TVM: Transmission Voie-Machine (TVM, track-to-train transmission in English) is a form of in-cab signalling originally deployed in France and used on high-speed railway lines.

UTO: Grade of Automation for systems, where there is no driver in the front cabin of the train, nor accompanying staff assigned to a specific train. This can also be referred to as Unattended Train Operation, or UTO.

VSS: Vital Safety Server used in freight application (both as for IXL and RBC).

Our commitment to the theme of sustainable development is expressed in the countries where we operate, across five continents, through the dissemination of our corporate vision, attention to environmental, social, and promote our work through a climate of cooperation with local cultures.



In coherence with our vision this year we have joined the Global Compact, a voluntary initiative launched by the UN to spread the culture of respect for human rights, labor, environment and the fight against corruption.

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