Ansaldo STS

A Hitachi Group Company

H1 2017 results

Analysts Conference Call

July 28, 2017

Agenda and contents

Orders & Revenues by Area – H1 2017 vs H1 2016

ORDERS	H1 2017	H1 2016	*% change*
Italy	**268**	39	*587%*
Rest of Europe	**144**	259	*-44%*
N. Africa / Middle East	**11**	0	*n.s.*
Americas	**107**	83	*29%*
Asia Pacific	**123**	333	*-63%*
TOTAL	**653**	**714**	*-9%*

REVENUE	H1 2017	H1 2016	*% change*
Italy	**117**	133	*-12%*
Rest of Europe	**202**	185	*9%*
N. Africa / Middle East	**57**	50	*14%*
Americas	**160**	109	*47%*
Asia Pacific	**100**	126	*-21%*
TOTAL	**636**	**603**	*5%*

H1 2017 Results - Main Orders Booked

Country	Project Name	Customer	Value (M€)
Italy	Framework Agreement with RFI	RFI	100
Italy	On board equipment for Caravaggio trains	HRI	63
Denmark	Copenhagen Cityringen variation to Sydhavnen	Metroselskabet	60
Various EU/Asia	Components	Various	52
Australia	Rio Tinto variation orders	Rio Tinto	48
Various EU/Asia	Service & Maintenance	Various	29
USA	Components	Various	28
Italy	Naples Line 6 variation orders	Naples Municipality	24
USA	On board and wayside variations	LIRR	22
Korea	On board equipment	Rotem	20

H1 2017 main events – Baltimore Metro (Not included in H1 2017 Orders)

Hitachi Ansaldo Baltimore Rail Partners, LLC, a limited liability corporation between Hitachi Rail Italy SpA and Ansaldo STS USA, Inc. (the US subsidiary of Ansaldo STS) has been awarded a $400.5 million contract from Maryland Transit Authority (MTA) to provide a new metro fleet of railcars and a Communication Based Train Control (CBTC) system for the Baltimore Metro Subway Link.

The award of the Baltimore project marks Ansaldo STS's largest win in North America and represents a significant milestone in the company's recognition as a major North American CBTC provider. The company has already successfully delivered and is delivering CBTC projects of similar caliber both in North America and globally. Ansaldo STS will integrate a new CBTC system into the existing 15.5 miles of MTA infrastructure.

H1 2017 main events – RFI awarded Ansaldo STS €100m framework agreement

Italian Rail Network (RFI) has awarded Ansaldo STS a two-year €100m technical assistance and maintenance contract for its train control solutions installed across the Italian main line and high-speed network.

The contract comprises technical services, maintenance and repair of existing Ansaldo STS systems on the RFI network.

H1 2017 main events – Ansaldo STS signed MoU for a new Dynamic Headway Solution for Copenhagen Metro (1/2)

Ansaldo STS has signed a MoU with Metroselskabet to develop a Proof of Concept for a new Dynamic Headway solution leveraging Hitachi technologies for the Copenhagen Metro.

The new Dynamic Headway solution will be designed using both Ansaldo STS's train control systems and Hitachi's digitalization and IoT (Internet of Things) technology to detect congestion through sensors at stations in order to analyze demand. A dynamic solution will help resolve congestion before it impacts on passengers, thereby increasing passenger satisfaction. For the operators this means saving energy and operation costs by increasing utilization of services.

H1 2017 main events– Ansaldo STS signed MoU for a new Dynamic Headway Solution for Copenhagen Metro (2/2)

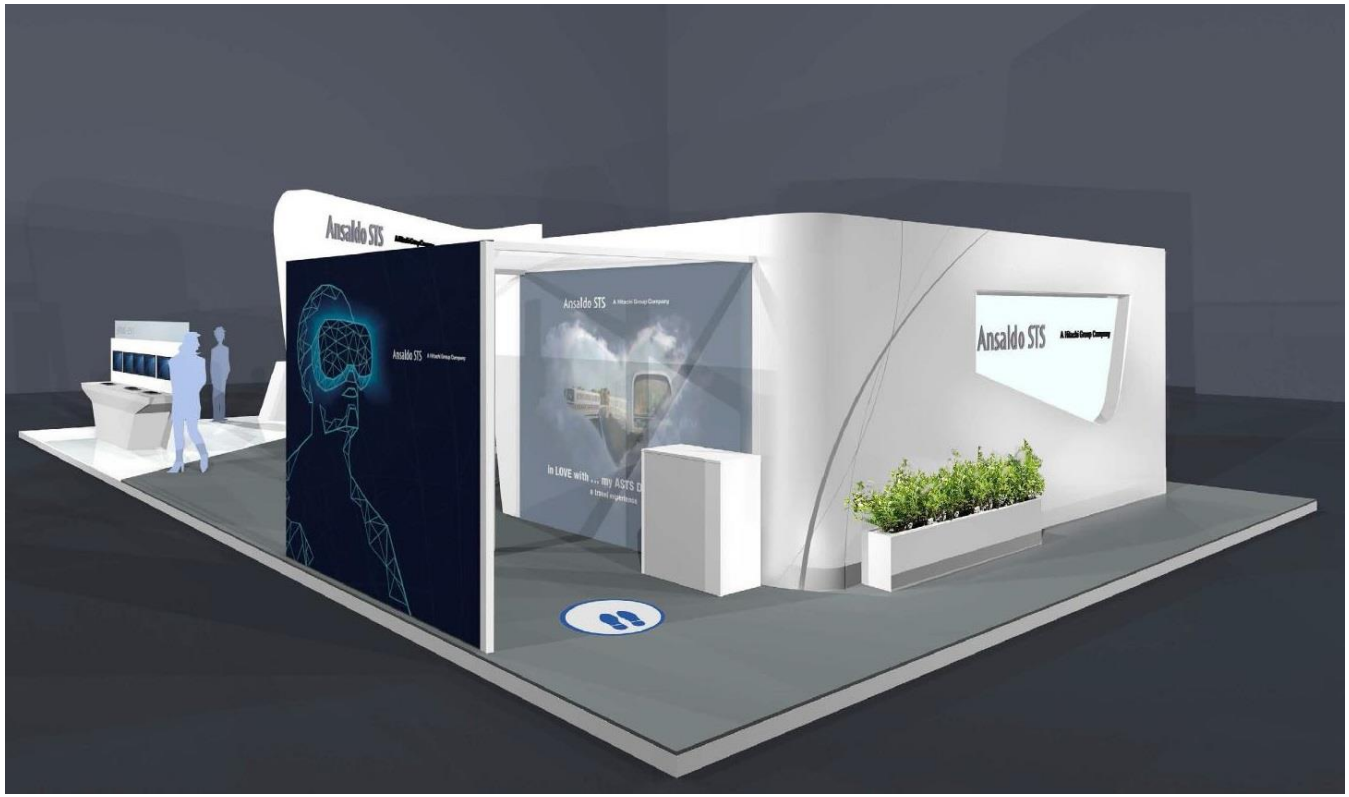
A prototype solution will be available on site by the end of 2017, potentially followed by full development and implementation targeting Copenhagen M1/M2 and Cityringen project.

The Copenhagen Metro line consists of 21 km of double track (10 km underground and 11 km of elevated track) and passes through 22 stations connecting the various parts of the city centre, the area of Ørestad and the airport. Its 34 unattended trains travel at a maximum speed of 80 km/h, ensuring that passengers have two minutes to wait during peak hours, and are guaranteed a 24-hour service.

H1 2017 main events– UITP 2017 in Montreal (1/2)

Technology, innovation and sustainable development were the main topics at the core of the 62th edition of the UITP Global Public Transport Summit, the most important two-years world exhibition on urban and regional transportation, which took place in Montreal, Canada, between the 15th and the 17th of May 2017.

Ansaldo STS and Hitachi Rail Italy, key players at the international fair with a joint stand (Hall 2), presented the newest technologies and products to clients, institutions, partners and suppliers. Key players of the 2017 edition were the metros, both traditional and driverless, chosen by a growing number of cities across the world: Milan, Rome, Copenhagen, Miami, Honolulu, Taipei, Riyadh and Lima.

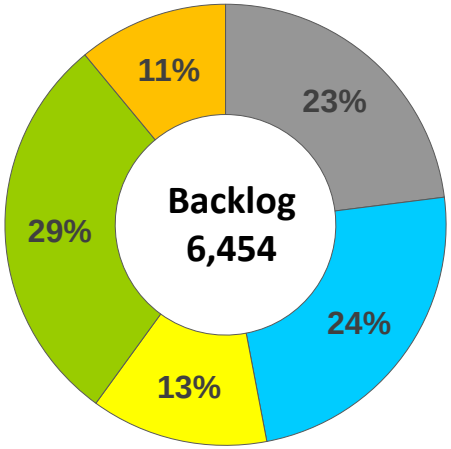


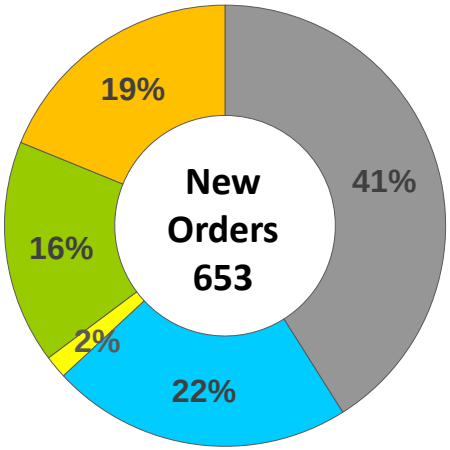
H1 2017 main events – UITP 2017 in Montreal (2/2)

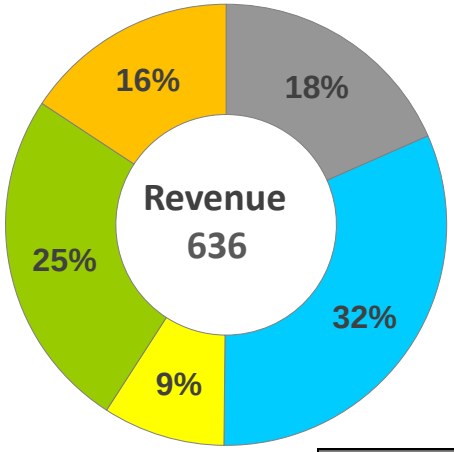
Ansaldo STS invited guests, clients and partners to join a proper “travel experience”, visiting both the driverless underground solutions and, moreover, the ultimate technologies designed for subways and railway transportation (passenger and freight): the Communication Based Train Control (CBTC), a new generation of rail transit control, which enhances flexibility, reduces maintenance costs and improves interoperability; and the European Rail Traffic Management System (ERTMS), the new European interoperable railway signalling system, designed to guarantee the interoperability beyond borders (in Europe as well as in Asia, Oceania and Middle East).

Backlog, Orders & Revenue by Geographic Area

H1 - 2017

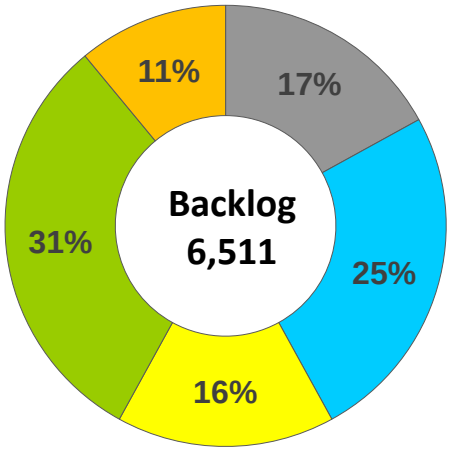


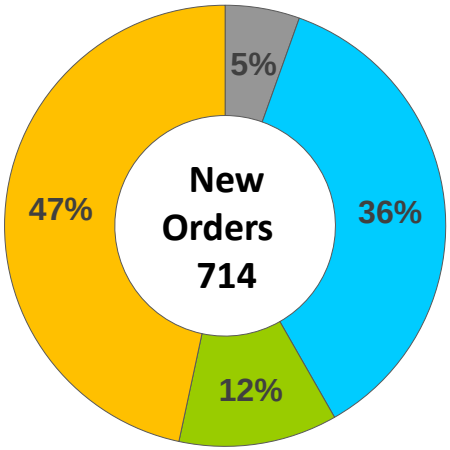


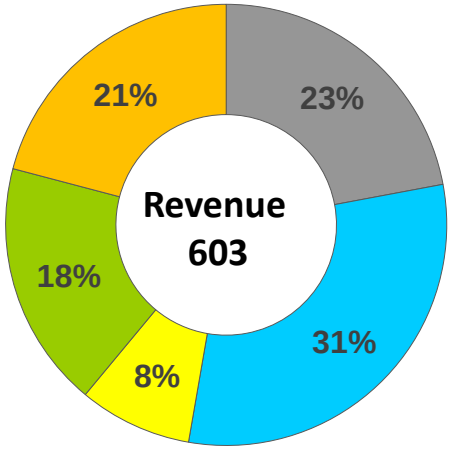


Italy
Rest of Europe
N.Africa / Mid East
Americas
Asia Pacific

H1 - 2016

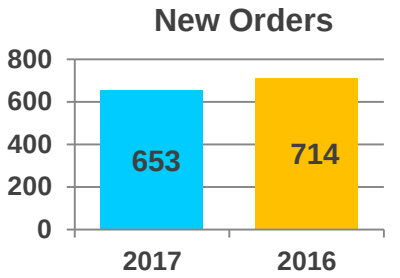




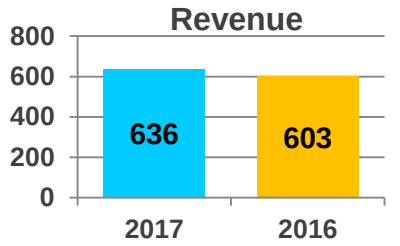


H1 2017 - Key Facts

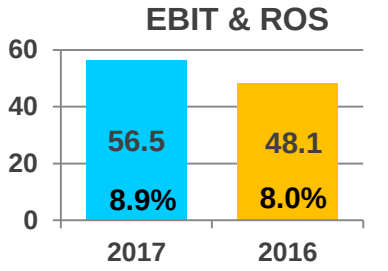
❑ **New Orders** at 653 M€, down 61 million (-9%) compared with H1 2016, which included SanYing Line in Taiwan for 220 M€ and Glasgow Metro for 135 M€. Main orders booked in the second quarter are: framework agreement with RFI for 100 M€; Copenhagen Cityringen variation for 60 M€; Rio Tinto variations in Australia for 48 M€; other minor signalling and components and service & maintenance orders.



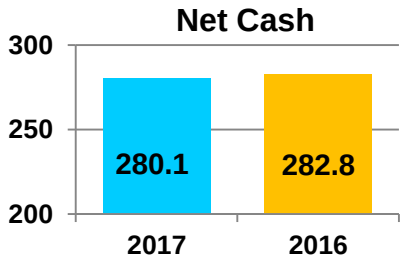
❑ **Revenue** at 636 M€, with an increase of 33 million (+5%) compared with H1 2016, mainly due to higher contribution coming from projects in Americas, Middle East and Rest of Europe regions, only partially offset by lower production in Asia Pacific region (mostly as a result of achieving the final phase of significant contracts) and in Italy.



❑ **EBIT** at 56.5 M€, 8.4 M€ higher versus same period last year, mainly due to higher volumes, a different contract mix and higher marketing & sales investments. **ROS** is 8.9% compared to 8.0% in H1 2016. EBIT trend in H1 2016 was negatively affected by the ZST provision due to the negative outcome of the arbitration in Libya (7.5 M€) and the transaction costs associated with the resignation of strategic managers (2.4 M€).



❑ **Net Financial Position** (**cash**) at 280.1 M€, in line with the amount achieved in H1 2016 (282.8 M€). **FOCF** equal to -54.7 M€ compared to -17.3 M€ in H1 2016, mainly due to shifting of cash collections expected in the first semester of 2017.



H1 2017 Results - Key Data

(M€)	H1 2017	H1 2016	*% change*
New Orders	**652.7**	714.0	*-8.6%*
Order Backlog	**6,453.8**	6,510.7	*-0.9%*
Revenue	**635.8**	602.7	*5.5%*
EBIT	**56.5**	48.1	*17.5%*
ROS	**8.9%**	8.0%	*0.9 p p*
Tax Rate	**29.0%**	35.2%	*(6.2) p p*
Net Result	**42.8**	27.3	*57.1%*
Net Working Capital	**199.6**	111.4	*79.2%*
Net Financial Position	**(280.1)**	(282.8)	*-0.9%*
R&D	**18.3**	18.5	*-0.9%*
Total Headcount	**4,127**	3,841	*7.4%*
EVA	**20.9**	18.3	*14.2%*

2017 main Key Data – Guidance Confirmed

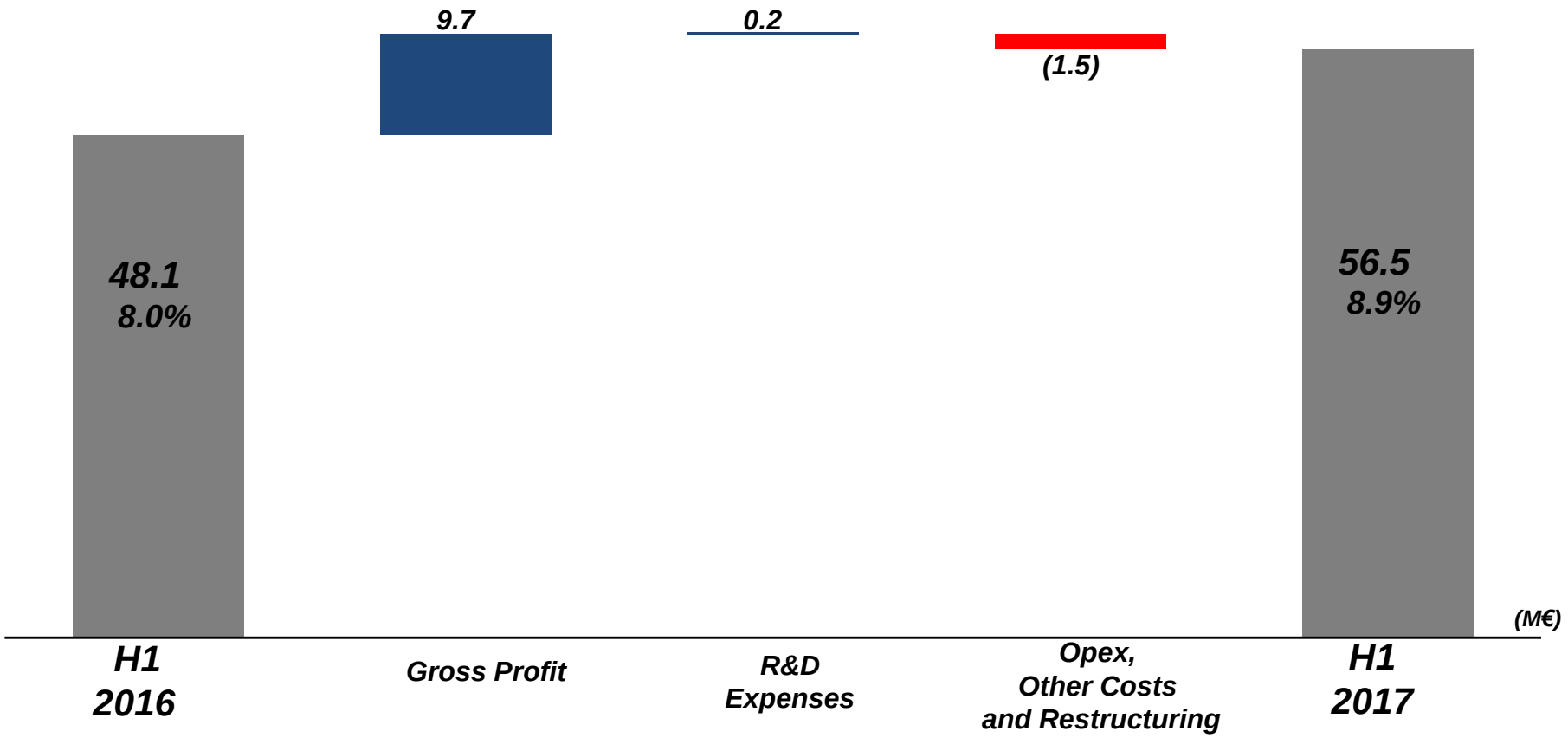
(M€)	2016 Actual	2017 *Guidance*
New Orders	1,475.8	1,500 - 2,000
Order Backlog	6,488.4	6,500 – 7,000
Revenue	1,327.4	1,350 – 1,450
ROS	9.6%	9.4% - 9.8%
Net Financial Position	(338.0)	(330) – (380)

THANK YOU FOR YOUR ATTENTION

Q&A……

Back Up

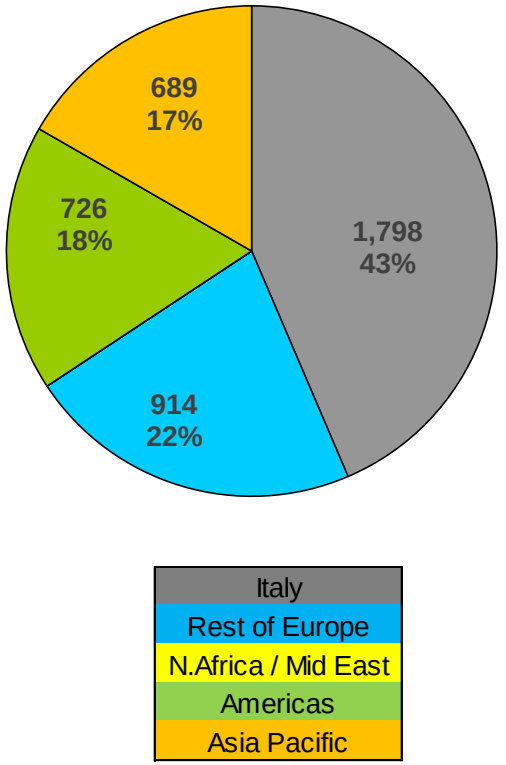
Back Up detail - EBIT Evolution – H1 2017 vs H1 2016



H1 2016 EBIT included the ZST provision posted in Q2 (€7.5m) and the accounting impacts of transactions with strategic managers who left the company in the period (€2.4m).

Back Up detail – H1 2017 - Total Headcount

Country	Main Locations	Headcount
ITALY	Genoa, Naples, Turin, Potenza, Branches	1,798
FRANCE	Les Ulis, Riom	656
SPAIN	Madrid	175
SWEDEN	Stockholm	66
OTHER EUROPE	Munich., London	17
USA - CANADA	Pittsburgh, Batesburg, Montreal	726
AUSTRALIA	Perth, Brisbane	261
INDIA	Bangalore	308
MALAYSIA	Kuala Lumpur	59
CHINA	Beijing	61
TOTAL HEADCOUNT		4,127



Accounting definitions (1/3)

Renato Gallo, 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).

CBS: Communications Based Signalling.

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.

CTC EVO: Evolved Centralized Traffic Control.

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)

ERSC: Emulation Code Block, system that assure distance from trains with code in track circuits

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.

ERSAT: latest satellite generation that interfaces and integrates the railway technology ERTMS (European Rail Traffic Management System) with the navigation and satellite positioning technology Galileo. The acronym comes from ER, for ERTMS, and SAT, indicating the satellite technology.

ERSAT EAV: project, funded with the contribution of GSA, where new localization algorithms were tested together with the ability to integrate EGNOS and Galileo in the Ansaldo STS's ERTMS solution, integrated with satellite technology and scheduled for ERSAT solution. The acronym EAV means Enabling and Validation.

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.

Glossary (4/6)

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.

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.

IETO: Integrated Electronic Train Order.

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.

Glossary (5/6)

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.

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).

ROC: Remote Operations Centre.

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.

Glossary (6/6)

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

SSA: Support System for Automatic dispatch.

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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