



# SPAFID CONNECT

Informazione Regolamentata n. 0804-98-2017	Data/Ora Ricezione 31 Ottobre 2017 13:12:07	MTA - Star
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Societa' : ANSALDO STS

Identificativo : 95293

Informazione  
Regolamentata

Nome utilizzatore : ANSALDON07 - Razeto Andrea

Tipologia : REGEM; 2.2

Data/Ora Ricezione : 31 Ottobre 2017 13:12:07

Data/Ora Inizio : 31 Ottobre 2017 13:12:08

Diffusione presunta

Oggetto : Ansaldo STS The Board of Directors  
approves the consolidated interim financial  
report at 30 September 2017

*Testo del comunicato*

Vedi allegato.

Milan, October 31<sup>st</sup> 2017

## **THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2017**

- **Order backlog at EUR 6,384.5 million (-0.9%)**
- **New orders at EUR 915.5 million (-8.1%)**
- **Revenue at EUR 945.0 million (+4.9 %)**
- **EBIT at EUR 84.5 million (+9.8%)**
- **Net result at EUR 61.6 million (+34.5%)**
- **Net Financial Position, positive net cash, at EUR (295.7) million (+2.7%)**

The Board of Directors of Ansaldo STS (STS.MI), has examined and approved by majority the Group's consolidated Financial Report at 30 September 2017.

**New Orders** at 30 September 2017 amount to EUR **915.5** million compared with EUR 996.1 million at 30 September 2016; **Order Backlog** is EUR **6,384.5** million (EUR 6,488.4 million at 31 December 2016, EUR 6,443.5 million at 30 September 2016).

**Revenue** is EUR **945.0** million, an increase of EUR 44.4 million compared with the 2016 nine months value of EUR 900.6 million. The improved performance of projects in the Americas and the Middle East more than compensated the reduction due to the final phase of some significant contracts in the Asia Pacific region.

**Operating Income (EBIT)** is EUR **84.5** million, with an increase of EUR 7.6 million compared to 30 September 2016; Return on Sales (ROS) is **8.9%** compared with 8.5% in the same period of the previous year. In the first 2016 nine months the EBIT value was penalized by provisions for the negative outcomes of Libya's arbitration (EUR 7.5 million) and the transaction costs associated with the resignation of strategic managers (EUR 2.4 million).

**Net Result** is EUR **61.6** million (EUR 45.8 million at 30 September 2016). It should be noted that in the 2016 first nine months, additional provisions were posted in financial expenses as result of the findings of the arbitration on the Libyan contract (EUR 7.0 million), in addition to what above mentioned.

The Chief Executive Officer and General Manager, Andy Barr, commented on the results stating "*Ansaldo STS continues to do a great job both in terms of results and investments for the future. Thanks to these results and the work of the management and colleagues we create achievements and additional profitable results in our business. This calls for increasingly innovative, reliable and competitive solutions to ensure we are on track in this challenging market*".

Consolidated results for the September 2017

Ansaldo STS

Key consolidated figures (EUR million)	30.09.2017	30.09.2016	% Change	31.12.2016
New orders	915.5	996.1	-8.1%	1,475.8
Order backlog	6,384.5	6,443.5	-0.9%	6,488.4
Revenue	945.0	900.6	+4.9%	1,327.4
Operating Income (EBIT)	84.5	77.0	+9.8%	126.8
R.O.S.	8.9%	8.5%	+0.4 p.p.	9.6%
Tax Rate	28.9%	34.7%	-5.8 p.p.	33.2%
Net Profit	61.6	45.8	+34.5%	77.9
Net Working Capital	182.9	132.1	+38.5%	120.5
Net Financial Position (positive net cash)	(295.7)	(287.9)	+2.7%	(338.0)
Free Operating Cash Flow	(35.2)	(11.7)	n.s.	37.9
R&D	28.6	26.9	+6.4%	36.7
Headcount (n.)	4,161	3,933	+5.8%	3,951
EPS	0.31	0.23	+34.8%	0.39

**Net Working Capital** moves from EUR 120.5 million at 31 December 2016 to EUR **182.9** million at 30 September 2017 (EUR 132.1 million at 30 September 2016). The increase is mainly due to the lower value of trade payables and the increase on other net assets (liabilities).

**Net Financial Position (positive net cash)** is EUR **(295.7)** million, decreased compared with the value, still positive, of EUR (338.0) million at 31 December 2016 and increased compared with EUR (287.9) million at 30 September 2016.

**Free Operating Cash Flow (FOCF)** before strategic investments shows an absorbed cash flow of EUR **35.2** million compared with an absorbed cash flow of EUR 11.7 million at 30 September 2016.

The above figures do not include any impact coming from the recent payment related to the Stockholm project. It is not currently possible to ascertain what if any impact this might have on guidance for results for 2017.

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Main orders:

<b>Country</b>	<b>Project</b>	<b>Customer</b>	<b>Value (EUR million)</b>
USA	Baltimore Metro	MTA	133
Italy	Framework Agreement with RFI	RFI	100
Denmark	Copenhagen Cityringen variation order (O&M included)	Metroselskabet	81
Italy	Caravaggio trains on board devices	HRI	63
Australia	Rio Tinto variation orders	Rio Tinto	48
Italy	Naples Line 6 variation orders	Naples Municipality	24
USA	Stanford-New Haven line re-signalling	MNRR	22
Australia	On board devices	Rotem	20
Others Europe/Asia	Components	Others	66
Others Europe/Asia	Service & Maintenance	Others	54
USA	Components	Others	41

**ATTACHMENTS:**

**CONSOLIDATED INCOME STATEMENT  
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>31.12.2016</b>
<b>Revenue</b>	<b>945.0</b>	<b>900.6</b>	<b>1,327.4</b>
Purchases and personnel expenses	(852.7)	(813.0)	(1,182.4)
Changes in work in progress, semi-finished products and finished goods	3.0	2.1	(0.5)
Amortization, depreciation and impairment losses	(12.6)	(14.0)	(18.3)
Restructuring costs	-	-	-
Other net operating income	1.8	1.3	0.7
<b>Operating income (EBIT)</b>	<b>84.5</b>	<b>77.0</b>	<b>126.8</b>
Net financial income (expense)	2.0	(6.8)	(10.2)
Income taxes	(25.0)	(24.4)	(38.7)
Non-current assets held for sale	-	-	-
<b>Net Profit</b>	<b>61.6</b>	<b>45.8</b>	<b>77.9</b>
<b>Profit per share</b>	<b>0.31</b>	<b>0.23</b>	<b>0.39</b>

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CONSOLIDATED BALANCE SHEET  
ANSALDO STS

Consolidated balance sheet (EUR million)	30.09.2017	30.09.2016	31.12.2016
Non-current assets	313.6	307.9	310.4
Non-current liabilities	(58.0)	(61.4)	(61.1)
	<b>255.6</b>	<b>246.5</b>	<b>249.3</b>
Inventories	119.5	129.2	125.0
Contract work in progress	396.4	409.1	358.9
Trade receivables	714.9	570.7	728.9
Trade payables	(406.4)	(394.8)	(458.1)
Progress payments and Advances from customers	(628.7)	(571.4)	(598.0)
Provisions for minimizing risk and charges	(16.7)	(20.0)	(14.1)
Other net assets (liabilities)	3.9	9.2	(22.1)
<b>Net working capital</b>	<b>182.9</b>	<b>132.1</b>	<b>120.5</b>
<b>Net invested capital</b>	<b>438.5</b>	<b>378.6</b>	<b>369.8</b>
Group equity	734.0	666.2	707.6
Third parties equity	0.2	0.3	0.2
<b>Equity</b>	<b>734.2</b>	<b>666.5</b>	<b>707.8</b>
Assets held for sale	-	-	-
<b>Net Financial Position (liquidity)</b>	<b>(295.7)</b>	<b>(287.9)</b>	<b>(338.0)</b>

CONSOLIDATED CASH FLOW STATEMENT  
ANSALDO STS

Consolidated cash flow statement (EUR million)	30.09.2017		30.09.2016	
<b>Opening Cash and cash equivalents</b>	<b>305.6</b>		<b>304.3</b>	
Gross cash flow from operating activities	98.0		107.0	
Change in working capital	(71.9)		(101.5)	
Changes in other operating assets and liabilities	(47.4)		(9.0)	
<b>Cash flow generated by (used in) operating activities</b>		<b>(21.3)</b>		<b>(3.5)</b>
Cash flow from ordinary investing activities	(13.9)		(8.2)	
<b>Free operating cash-flow</b>		<b>(35.2)</b>		<b>(11.7)</b>
Strategic investments	-		-	
Other changes in investing activities	0.5		0.7	
<b>Cash flow generated by (used in) investing activities</b>	<b>(13.4)</b>		<b>(7.5)</b>	
Dividends paid	-		(36.0)	
Cash flow from financing activities	(1.6)		2.7	
<b>Cash flow generated by (used in) financing activities</b>	<b>(1.6)</b>		<b>(33.3)</b>	
<b>Exchange rate gain and losses, net</b>	<b>(4.0)</b>		<b>(3.0)</b>	
<b>Closing cash and cash equivalents</b>	<b>265.3</b>		<b>257.0</b>	

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Renato Gallo, 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.

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**Ansaldo STS** confirms that the management will be available to comment on the above via conference call on **31<sup>st</sup> October 2017 at 4.00 pm (CET)**.

The presentation used in the conference call will be available on the Company's website [www.ansaldo-sts.com](http://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 1 212 81 8004;  
USA: +1 718 705 8796.

A replay of the conference call will be available for 96 hours starting from the end of the conference call, accessible by dialling the access code **922#** 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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Fine Comunicato n.0804-98

Numero di Pagine: 10