



# SPAFID CONNECT

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*Testo del comunicato*

Vedi allegato.

Rome, 31 July 2018

## THE BOARD OF DIRECTORS APPROVES THE FIRST SIX MONTHS REPORT AT 30 JUNE 2018

- **New orders at EUR 496.6 million (-23.9%)**
- **Order backlog at EUR 6,259.7 million (-3.0%)**
- **Revenue at EUR 660.1 million (+3.8%)**
- **EBIT at EUR 54.4 million (-3.7%)**
- **Net result at EUR 41.3 million (-3.7%)**
- **Net Financial Position, positive net cash, at EUR (349.5) million (+24.8%)**

The Board of Directors of Ansaldo STS (STS.MI) has examined and approved the Group's consolidated First-Six Months Financial Report at 30 June 2018.

The Chief Executive Officer and General Manager, **Andrew Barr**, stated: *"The Company performance in the first six months of this year is positive. I am looking to the next period to ensure this trend can continue and we are focusing on new orders acquisition for the rest of this year. Alongside this, we are working to deliver the actions as outlined in the Business Strategy Overview"*.

**New Orders** during the first six months of 2018 amount to EUR **496.6** million compared to EUR 652.7 million at 30 June 2017; **Order Backlog** is EUR **6,259.7** million (EUR 6,457.5 million at 31 December 2017 and EUR 6,453.8 million at 30 June 2017).

**Revenue** is EUR **660.1** million, an increase of EUR **24.3** million compared to the 2017 first six months value of EUR 635.8 million; the improved performance is due to the higher progress of the projects in Italy and in the Asia Pacific area.

**Operating Income (EBIT)** is EUR **54.4** million, compared to EUR 56.5 million at 30 June 2017; the **Return on Sales (ROS)** is **8.2%**, compared to 8.9% in the same period of the previous year.

In particular the period is characterized by higher production volumes and higher Research and Development investments.

Starting from 1st January 2018 it has been adopted the new IFRS15 accounting standard for the revenue recognition; specifically, for 2018 first six months the total variation in terms of revenues and EBIT, without the application of the new accounting standard, is estimated at around EUR 3.7 million, which would confirm the ROS of 8.8%, practically in line with the first six months of the previous year.

**Net Result** is EUR **41.3** million, a decrease of EUR 1.5 million compared to EUR 42.8 million at 30 June 2017.

**CONSOLIDATED RESULTS FOR THE FIRST SIX MONTHS OF 2018  
ANSALDO STS**

<b>Key consolidated figures (EUR million)</b>	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>% Change</b>	<b>31.12.2017</b>
New orders	<b>496.6</b>	652.7	-23.9%	1,500.8
Order backlog	<b>6,259.7</b>	6,453.8	-3.0%	6,457.5
Revenue	<b>660.1</b>	635.8	+3.8%	1,361.0
Operating Income (EBIT)	<b>54.4</b>	56.5	-3.7%	100.8
R.O.S.	<b>8.2%</b>	8.9%	-0.7 p.p.	7.4%
Tax Rate	<b>27.1%</b>	29.0%	-1.9 p.p.	34.5%
Net Profit	<b>41.3</b>	42.8	-3.7%	64.9
Net Working Capital	<b>140.6</b>	199.6	-29.5%	127.2
Net Financial Position (surplus/positive net cash)	<b>(349.5)</b>	(280.1)	+24.8%	(357.5)
Free Operating Cash Flow	<b>(9.0)</b>	(54.7)	+83.5%	30.6
R&D	<b>21.9</b>	18.3	+19.3%	41.3
Headcount (no.)	<b>4,207</b>	4,127	+1.9%	4,228
EPS	<b>0.21</b>	0.21	+0.0%	0.32

**Net Working Capital** moves from EUR 127.2 million at 31 December 2017 to EUR **140.6** million at 30 June 2018 (EUR 199.6 million at 30 June 2017). The increase of EUR **13.4** million is due to an increase of total net inventories and a decrease of trade payables, only partially offset by a decrease in trade receivables

**Net Financial Position** (surplus/positive net cash) of the Group is EUR **(349.5)** million, slightly reduced compared to EUR (357.5) million at 31 December 2017 and increased compared to the value at 30 June 2017, EUR (280.1) million.

**Free Operating Cash Flow (FOCF)** before strategic investments shows an absorbed cash flow of EUR **9.0** million compared to a cash flow absorption of EUR 54.7 million at 30 June 2017.

Main new orders:

<b>Country</b>	<b>Project</b>	<b>Customer</b>	<b>Value (EUR million)</b>
U.S.A.	LIRR expansion project from Floral Park to Hicksville - New York	Third track construction contract JV	38
Australia	Rio Tinto - Variation orders	Rio Tinto	37
Italy	Piscinola - Capodichino - Variation Order	EAV	35
Saudi Arabia	Riyadh O&M (PNU)	Princess Noura Bint Abdulrahman University	34
France	OCTYS L6	RATP	18
U.S.A.	<i>Trip Stop Replacement</i>	PAAC	17
U.S.A.	Los Angeles track circuit replacements	LACMTA	15
Various EU / Asia	Components	Various	46
Various EU / Asia	Service & Maintenance	Various	44
U.S.A.	Components	Various	24

**ATTACHMENTS:**

**CONSOLIDATED INCOME STATEMENT  
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	<b>30.06.2018</b>	<b>30.06.2017</b>
<b>Revenues from contracts with customers</b>	<b>660.1</b>	<b>635.8</b>
Purchases and personnel expenses	(606.4)	(571.9)
Amortization, depreciation and impairment losses	(10.9)	(8.6)
Other net operating income	7.0	0.3
Changes in work in progress, semi-finished products and finished goods	4.7	0.9
<b>Operating income (EBIT)</b>	<b>54.4</b>	<b>56.5</b>
Net financial income (expense)	2.2	3.9
Income taxes	(15.3)	(17.5)
<b>Net Profit</b>	<b>41.3</b>	<b>42.8</b>
<i>Profit per share</i>	<i>0.21</i>	<i>0.21</i>

**CONSOLIDATED BALANCE SHEET  
ANSALDO STS**

<b>Consolidated balance sheet (EUR million)</b>	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>31.12.2017</b>
Non-current assets	316.7	313.1	305.1
Non-current liabilities	(60.2)	(62.0)	(60.8)
	<b>256.5</b>	<b>251.1</b>	<b>244.3</b>
Inventories	124.3	123.3	111.0
Contract Assets	465.6	389.6	379.6
Trade receivables	654.5	714.2	736.6
Trade payables	(390.9)	(420.5)	(413.6)
Contract Liabilities	(675.4)	(594.6)	(683.0)
Provisions for risk and charges	(39.3)	(16.5)	(16.0)
Other net assets (liabilities)	1.8	4.1	12.6
<b>Net working capital</b>	<b>140.6</b>	<b>199.6</b>	<b>127.2</b>
<b>Net invested capital</b>	<b>397.1</b>	<b>450.7</b>	<b>371.5</b>
Group equity	746.5	730.6	728.9
Third parties equity	0.1	0.2	0.1
<b>Equity</b>	<b>746.6</b>	<b>730.8</b>	<b>729.0</b>
Assets held for sale	-	-	-
<b>Net Financial Position (positive net cash)</b>	<b>(349.5)</b>	<b>(280.1)</b>	<b>(357.5)</b>

**CONSOLIDATED CASH FLOW STATEMENT  
ANSALDO STS**

<b>Consolidated cash flow statement (EUR million)</b>	<b>30.06.2018</b>		<b>30.06.2017</b>	
<b>Opening Cash and cash equivalents</b>	<b>327.3</b>		<b>305.6</b>	
Gross cash flow from operating activities	74.8		76.9	
Change in working capital	(80.1)		(77.9)	
Changes in other operating assets and liabilities	1.9		(46.1)	
<b>Cash flow generated by (used in) operating activities</b>	<b>(3.4)</b>		<b>(47.1)</b>	
Cash flow from ordinary investing activities	(5.6)		(7.6)	
<b>Free operating cash-flow</b>		<b>(9.0)</b>		<b>(54.7)</b>
Strategic investments	-		-	
Other changes in investing activities	0.2		0.4	
<b>Cash flow generated by (used in) investing activities</b>	<b>(5.4)</b>		<b>(7.2)</b>	
Dividends paid	-		-	
Cash flow from financing activities	(6.7)		(8.1)	
<b>Cash flow generated by (used in) financing activities</b>	<b>(6.7)</b>		<b>(8.1)</b>	
<b>Exchange rate gain and losses, net</b>	<b>1.0</b>		<b>(3.2)</b>	
<b>Closing cash and cash equivalents</b>	<b>312.8</b>		<b>240.0</b>	

**PRESS RELEASE**

Renato Gallo, the Manager in charge of preparing the Company's financial reporting, hereby declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting 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 hold a conference call for investors and analysts at **5.00 p.m. (CEST) on 31 July 2018**.

The presentation used in the conference call will be available in advance on the Company website [www.ansaldo-sts.com](http://www.ansaldo-sts.com) in the Investor Relations section at the following address <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: **+44 212 81 8004**; USA: **+1 718 705 8796**

**A replay** of the conference call will be available for 48 hours following the end of the conference call, 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**

**PRESS RELEASE**



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:** includes trade receivables and payables, inventories, assets and liabilities from contracts and provisions for liabilities and charges, net of 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:** sum of the contracts signed with the customers during the period considered, which feature the contractual characteristics to be included in the order book.

**Order backlog:** represents the revenue not yet recorded for orders received. The Order backlog at the end of the accounting period is calculated as follows:

- order backlog at the beginning of the accounting period;
- plus orders intake during the period;
- minus any cancellations of orders during the period;
- less revenue for the period.

Furthermore, the Order Backlog may be subject to amendments due to certain changes in: the scope of consolidation, amounts deriving from contractual variables (price revisions, penalties) and exchange rate changes for contracts in currencies other than the working currency.

**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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**PRESS RELEASE**

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