

Rome, October 30, 2018

Direction and coordination of Hitachi Ltd
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**APPROVED THE CONSOLIDATED INTERIM FINANCIAL REPORT AT 30
SEPTEMBER 2018
GUIDANCE FOR THE 15 MONTHS PERIOD (JANUARY 2018 – MARCH
2019) APPROVED**

- **New orders at EUR 630.3 million (-31.1%)**
- **Order backlog at EUR 6,064.1 million (-5.0%)**
- **Revenue at EUR 983.9 million (+4.1%)**
- **EBIT at EUR 80.8 million (-4.4%)**
- **Net result at EUR 61.1 million (-0.8%)**
- **Net Financial Position, positive net cash, at EUR (315.8) million (+6.8%)**
- **Guidance for the period January 2018 – March 2019 approved**

The Board of Directors of Ansaldo STS (STS.MI) has examined and approved the Group's consolidated financial report at 30 September 2018.

The Chief Executive Officer and General Manager, **Andrew Barr**, stated: *"The Company performance in the first nine months of this year is positive. In particular, I am very happy for the recent letter of award of the Riyadh Operation & Maintenance contract, as this contract is in perfect alignment with the Business Strategy Overview to focus on the O&M business and we expect to book the order in this FY. It has a huge relevance for our company because it consolidates our O&M capability and our status of "Full Service Provider" in the rail industry. I'd like to thank, finally, the teams globally within Ansaldo STS for the continued successful delivery of our major projects"*.

New Orders during the first nine months of 2018 amount to EUR **630.3** million compared to EUR 915.5 million at 30 September 2017; **Order Backlog** is EUR **6,064.1** million (EUR 6,457.5 million at 31 December 2017 and EUR 6,384.5 million at 30 September 2017).

Revenue is EUR **983.9** million, an increase of EUR **38.9** million compared to the 2017 first nine months value of EUR 945.0 million; the improved performance is due to the higher progress of the projects in Italy and in the Asia Pacific area, only partially offset by the lower production in Rest of Europe and Middle East.

Operating Income (EBIT) is EUR **80.8** million, compared to EUR 84.5 million at 30 September 2017; the **Return on Sales (ROS)** is **8.2%**, compared to 8.9% in the same period of the previous year.

In particular, higher production volumes and higher Research and Development investments characterize the period.

Starting from 1st January 2018 it has been adopted the new IFRS15 accounting standard for the revenue recognition; specifically, for 2018 first nine months the total variation in terms of revenues and EBIT, without the application of the new accounting standard, is estimated at around EUR 5.8 million, which would confirm the ROS of 8.8%, practically in line with the first nine months of the previous year.

Net Result is EUR **61.1** million, a decrease of EUR 0.5 million compared to EUR 61.6 million at 30 September 2017.

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

Key consolidated figures (EUR million)	30.09.2018	30.09.2017	% Change	31.12.2017
New orders	630.3	915.5	-31.1%	1,500.8
Order backlog	6,064.1	6,384.5	-5.0%	6,457.5
Revenue	983.9	945.0	+4.1%	1,361.0
Operating Income (EBIT)	80.8	84.5	-4.4%	100.8
R.O.S.	8.2%	8.9%	-0.7 p.p.	7.4%
Tax Rate	26.1%	28.9%	-2.8 p.p.	34.5%
Net Profit	61.1	61.6	-0.8%	64.9
Net Working Capital	177.5	182.9	-2.9%	127.2
Net Financial Position <i>(surplus/positive net cash)</i>	(315.8)	(295.7)	+6.8%	(357.5)
Free Operating Cash Flow	(39.7)	(35.2)	-12.8%	30.6
R&D	31.2	28.6	+9.1%	41.3
Headcount (no.)	4,275	4,161	+2.7%	4,228
EPS	0.31	0.31	+0.0%	0.32

Net Working Capital moves from EUR 127.2 million at 31 December 2017 to EUR **177.5** million at 30 September 2018 (EUR 182.9 million at 30 September 2017). The increase of EUR **50.3** 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 **(315.8)** million, slightly reduced compared to EUR (357.5) million at 31 December 2017 and increased compared to the value at 30 September 2017, EUR (295.7) million.

Free Operating Cash Flow (FOCF) before strategic investments shows an absorbed cash flow of EUR **39.7** million compared to a cash flow absorption of EUR 35.2 million at 30 September 2017.

Main new orders:

Country	Project	Customer	Value (Eur million)
Australia	Rio Tinto – Variation orders	Rio Tinto	74
U.S.A.	LIRR expansion project from Floral Park to Hicksville – New York	Third track construction contract JV	38
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	<i>Service & Maintenance</i>	Various	54
Various EU / Asia	Components	Various	53
U.S.A.	Components	Various	38

ATTACHMENTS:

**CONSOLIDATED INCOME STATEMENT
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	30.09.2018	30.09.2017
Revenues from contracts with customers	983.9	945.0
Purchases and personnel expenses	(900.3)	(852.7)
Amortization, depreciation and impairment losses	(17.2)	(12.6)
Other net operating income	4.9	1.8
Changes in work in progress, semi-finished products and finished goods	9.4	3.0
Operating income (EBIT)	80.8	84.5
Net financial income (expense)	1.7	2.0
Income taxes	(21.5)	(25.0)
Net Profit	61.1	61.6
<i>Profit per share</i>	<i>0.31</i>	<i>0.31</i>

**CONSOLIDATED BALANCE SHEET
ANSALDO STS**

Consolidated balance sheet (EUR million)	30.09.2018	30.09.2017	31.12.2017
Non-current assets	323.7	313.6	305.1
Non-current liabilities	(61.1)	(58.0)	(60.8)
	262.6	255.6	244.3
Inventories	128.8	119.5	111.0
Contract Assets	461.5	396.4	379.6
Trade receivables	652.6	714.9	736.6
Trade payables	(365.2)	(406.4)	(413.6)
Contract Liabilities	(674.2)	(628.7)	(683.0)
Provisions for risk and charges	(37.2)	(16.7)	(16.0)
Other net assets (liabilities)	11.2	3.9	12.6
Net working capital	177.5	182.9	127.2
Net invested capital	440.1	438.5	371.5
Group equity	755.9	734.0	728.9
Third parties equity	-	0.2	0.1
Equity	755.9	734.2	729.0
Assets held for sale	-	-	-
Net Financial Position (positive net cash)	(315.8)	(295.7)	(357.5)

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**CONSOLIDATED CASH FLOW STATEMENT
ANSALDO STS**

Consolidated cash flow statement (EUR million)	30.09.2018		30.09.2017	
Opening Cash and cash equivalents	327.3		305.6	
Gross cash flow from operating activities	111.8		98.0	
Change in working capital	(102.4)		(71.9)	
Changes in other operating assets and liabilities	(40.9)		(47.4)	
Cash flow generated by (used in) operating activities	(31.5)		(21.3)	
Cash flow from ordinary investing activities	(8.2)		(13.9)	
Free operating cash-flow		(39.7)		(35.2)
Strategic investments	-		-	
Other changes in investing activities	0,1		0.5	
Cash flow generated by (used in) investing activities	(8.1)		(13.4)	
Dividends paid	-		-	
Cash flow from financing activities	(2.8)		(1.6)	
Cash flow generated by (used in) financing activities	(2.8)		(1.6)	
Exchange rate gain and losses, net	(1.9)		(4.0)	
Closing cash and cash equivalents	283.0		265.3	

PRESS RELEASE

15 MONTHS GUIDANCE FOR THE PERIOD FROM JANUARY 2018 TO MARCH 2019

The Board of Directors of Ansaldo STS (STS.MI) in the today's meeting, considering the change of the closing of the fiscal year from December to March, approved in the Shareholders Meeting of the last May 10, communicates the *guidance* for the 15 months period from January 2018 to March 2019:

(M€)	2018 12 months Guidance	Jan. 18 - March 19 15 months Guidance
New Orders	1,500 - 2,000	1,700 - 2,200
Order Backlog	6,450 - 7,050	6,450 - 7,050
Revenue	1,350 - 1,450	1,680 - 1,780
ROS	8.0% - 8.5%	8.0% - 8.5%
Net Financial Position	(300) - (380)	(300) - (380)

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.

Ansaldo STS confirms that the Management will hold a conference call for investors and analysts at **4.00 p.m. (CET) on 30 October 2018**.

Presentation used in the conference call will be available in advance on the Company website www.ansaldo-sts.com in the InvestorRelations 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: **+1 718 705 879**

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Note:

Ansaldo STS management also assesses the performance of the group using certain indicators that 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 based on 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 Orders Backlog at the end of the accounting period is calculated as follows:

- orders backlog at the beginning of the accounting period;
- plus orders intake during the period;
- minus possible amendments to initial Orders Backlog due to the scope of consolidation, exchange rate changes and any cancellations of orders during the period.

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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