



First nine months 2018 results

Analysts Conference Call

October 30, 2018

Agenda and contents

Speakers: Andy Barr, CEO and General Manager
Renato Gallo, CFO
Roberto Corsanego, Head of IR

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1. Shareholders information

Hitachi purchases the entire shareholding in Ansaldo STS held by Elliott

- On October 29, 2018, Hitachi, Ltd. and Hitachi Rail Italy Investments S.r.l. (HRII), on the one hand, and Elliott Management Corporation, Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership (together, “Elliott”), on the other, reached an agreement for the purchase by HRII, a company entirely and indirectly controlled by Hitachi, of the entire shareholding in Ansaldo STS S.p.A. (inclusive of shares underlying derivative instruments) held by Elliott, equal to approximately 31.794% of the share capital of Ansaldo.
- The agreement relates to No. 63,588,837 ordinary shares of Ansaldo, having a nominal value of Eur 0.50 each.
- The purchase price paid is equal to Eur 12.70 per share, amounting to an aggregate consideration of Eur 807,578,229.90 for the entire purchased shareholding.
- The relevant settlement is intended to take place within four trading days following the signing of the Agreement, and therefore on 2 November 2018.
- In addition, the Agreement provides for a reciprocal settlement of all claims and disputes pending between the parties, as well as the resignation of the three directors of Ansaldo appointed by the shareholders’ meeting of the issuer held on May 13, 2016 and selected from the slate submitted by Elliott, who have therefore tendered their resignation letters with effect from November 2, 2018, and the waiver by the other candidates included in the abovementioned slate submitted by Elliott of the right to be appointed in the place of the resigning directors.

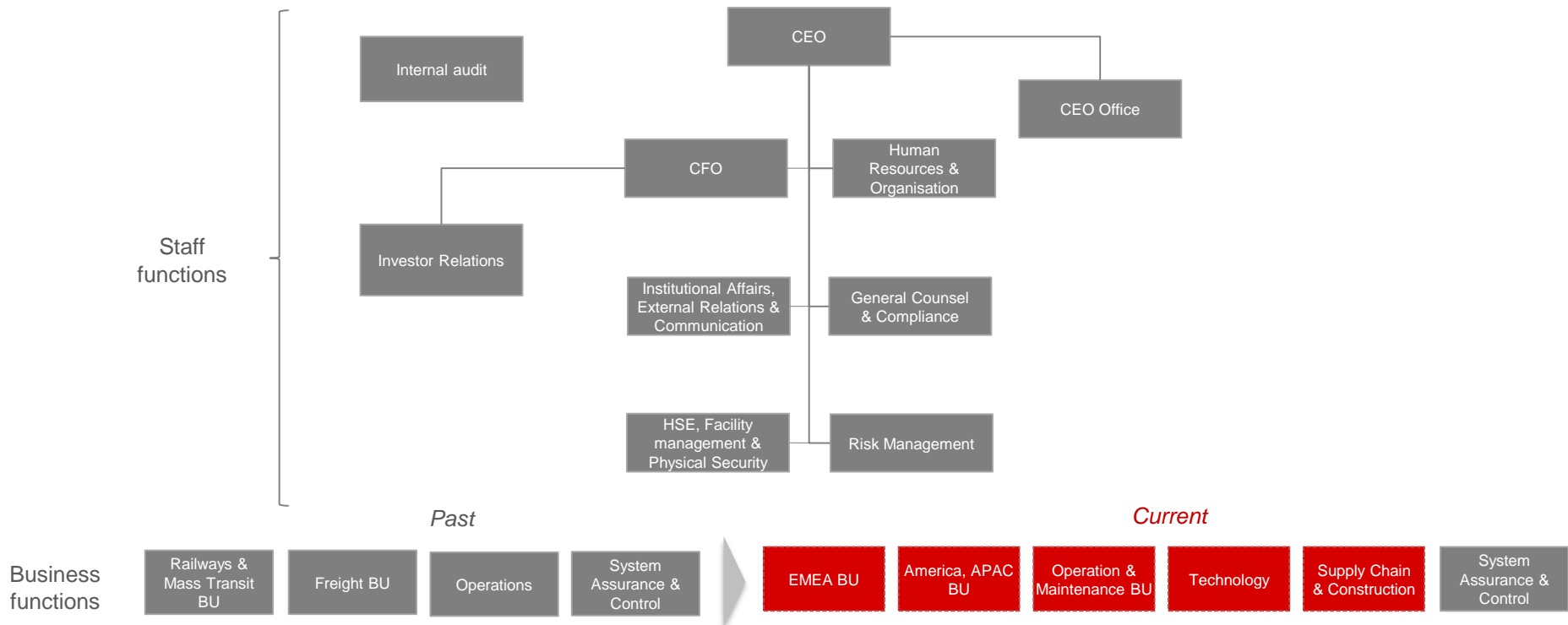
Voluntary Public Tender Offer launched by Hitachi Rail Italy Investments S.r.l. on all of the ordinary shares of Ansaldo STS s.p.a.

- Hitachi Rail Italy Investments S.r.l. declared its intention to launch a voluntary public tender offer on all of the ordinary shares of Ansaldo STS, excluding the ordinary shares of the issuer held, either directly or indirectly, by the offeror as of the date of this notice, as well as the ordinary shares of Ansaldo subject to the agreement with Elliott.
- The Offer is therefore launched on a total of No. 34,866,461 ordinary shares of the issuer, equal to 17.433% of the issuer's share capital with a nominal value of Euro 0.50 each, regular dividend, fully paid-up.
- The offeror will pay in cash, to each shareholder subscribing to the offer, Euro 12.70 per share tendered.
- In compliance with the applicable Italian and U.S. laws and regulations, the offer period will be agreed with Borsa Italiana and will range from a minimum of twenty (20) to a maximum of forty (40) trading days, subject to extensions and the potential re-opening of the offer period.

2. New organisation update – First step completed

Organisational Structure Changes – First step completed

Here below the new organizational chart, with the first changes become effective as per October 8th. As anticipated, we endeavour to have the future organisation fully established in the first half of 2019.



Organisational Improvements – First step completed

As already anticipated, we will implement our future organisation through a step-by-step approach until the beginning of the new fiscal year in April 2019. According to this program, a number of changes were implemented on October 8th.

New Business Unit EMEA

Christian Andi

- Business development, sales, and project management in Europe, Middle East and Africa

New Business Unit Americas & APAC

Michele Fracchiolla

- North and South America and the Asia-Pacific region – Australia, China, India, Taiwan, Malaysia, Korea

New Business Unit Operation & Maintenance (O&M)

Edoardo La Ficara

- Global development of operations and maintenance, contract delivery, Service & Maintenance delivery

New Technology Function

Giuseppe Gaudiello

- Engineering, development and verification & validation, combining two units

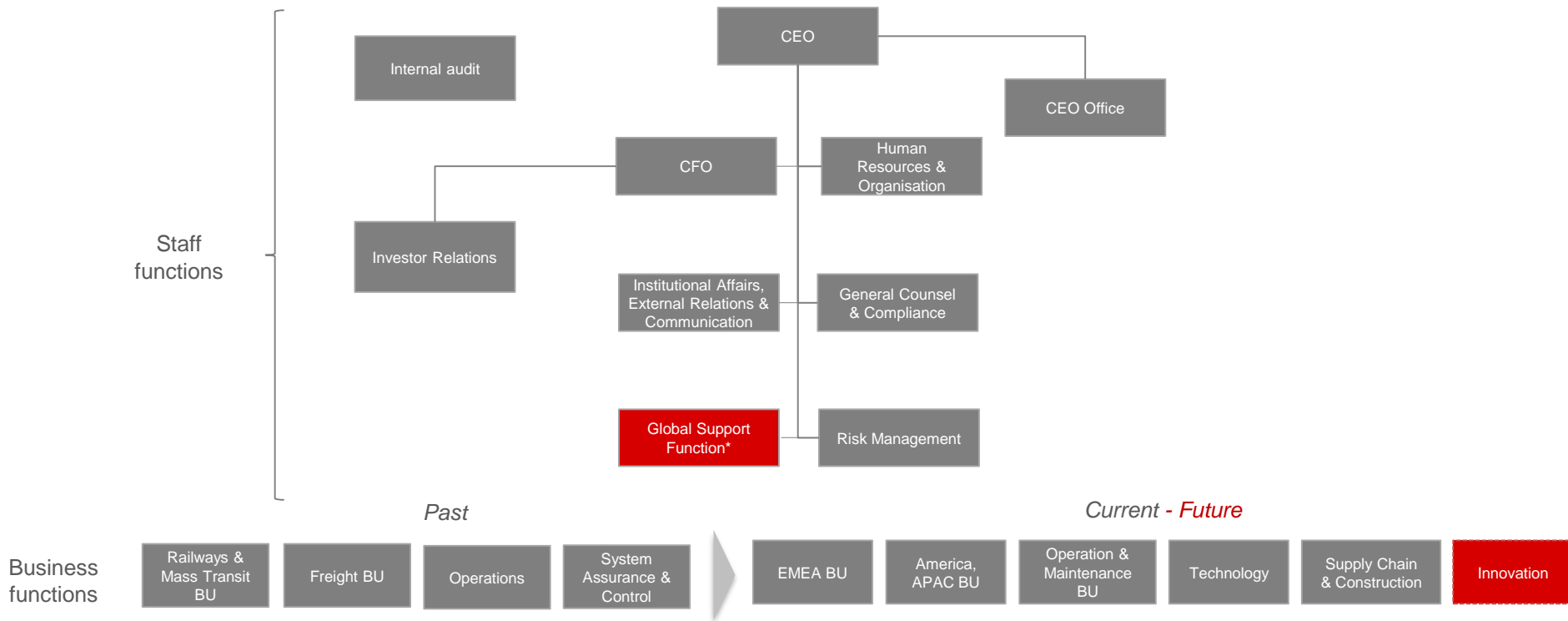
New Supply Chain & Construction Unit

Ulderigo Zona

- Supply planning, procurement, logistics, manufacturing, construction, construction management

Organisational Structure Changes – Final step

The organisational evolution final step, expected to be in place within the beginning of the next fiscal year, ie within April 1st 2019, is graphically represented below .

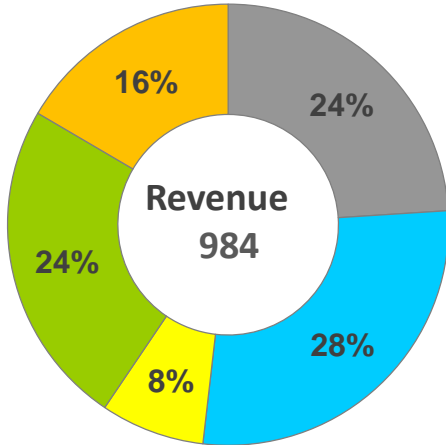
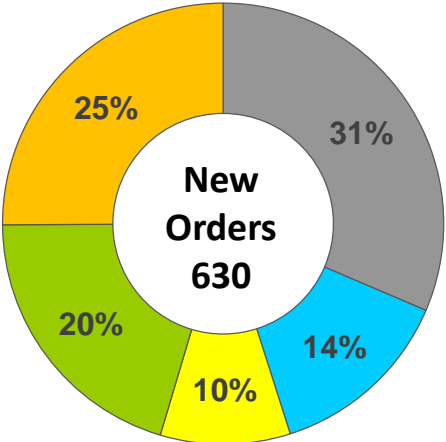
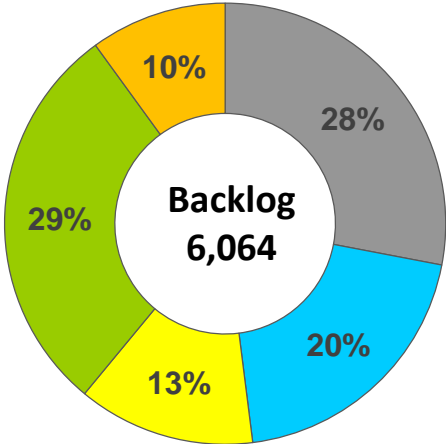


*HSE, Facility Management, Physical Security, IT and Continuous improvement, Quality and Certification Unit

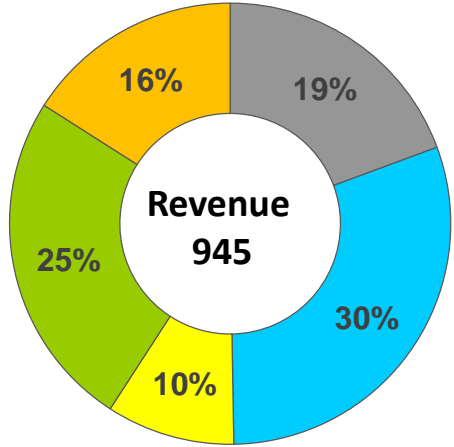
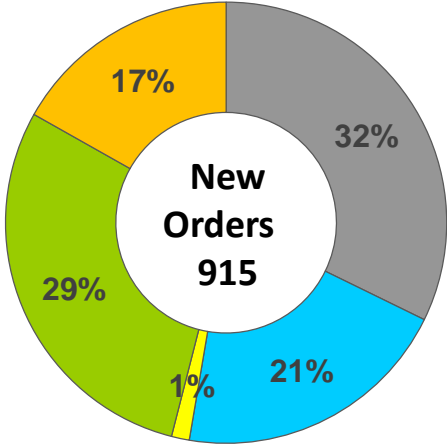
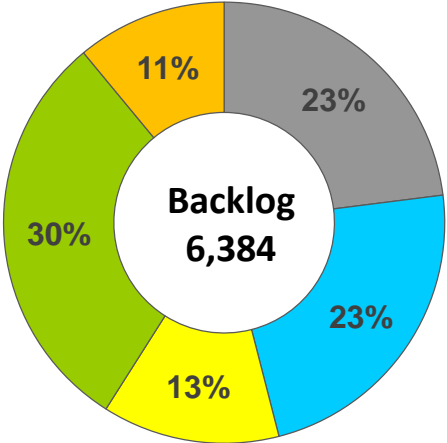
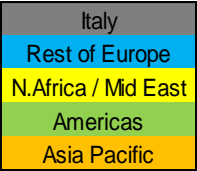
3. Orders and recent performance by region

Backlog, Orders & Revenue by Geographic Area

9M - 2018



9M - 2017



Orders & Revenues by Area – 9M 2018 vs 9M 2017

ORDERS	9M 2018	9M 2017	% change
Italy	198	295	-33%
Rest of Europe	86	187	-54%
N. Africa / Middle East	60	12	400%
Americas	128	267	-52%
Asia Pacific	158	154	3%
TOTAL	630	915	-31%

REVENUE	9M 2018	9M 2017	% change
Italy	236	183	29%
Rest of Europe	274	287	-5%
N. Africa / Middle East	75	89	-16%
Americas	236	235	0%
Asia Pacific	163	151	8%
TOTAL	984	945	4%

First nine months 2018 results - Main orders booked

Country	Project Name	Customer	Value (M€)
Australia	Rio Tinto - Variation orders	Rio Tinto	74
USA	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	Princess Noura University O&M	Princess Noura Bint Abdul Rahman University	34
France	OCTYS system for Paris Metro Line 6	RATP	18
USA	Trip stop replacement	PAAC	17
USA	Los Angeles track circuit replacements	LACMTA	15
Various EU/Asia	Service & Maintenance	Various	54
Various EU/Asia	Components	Various	53
USA	Components	Various	38

4. Recent key events

Ansaldo STS at InnoTrans (1/2)

InnoTrans is the leading trade fair for the rail sector, taking place once every two years in Berlin. This year it was held on 18-21 September. There were more than 3,000 exhibitors, 200,000 square meters of exhibition space and more than 3,500 meters of rail track.

Ansaldo STS welcomed our guests together with the Hitachi Group, showing all those who had the opportunity to visit us our vision of the future as a leading company in the Full Service Provider segment.



Visitors at the various zones at the Ansaldo STS stand, fully combined with Hitachi Rail



Left to right: Giuseppe Gaudiello, Andy Barr, Danilo Toninelli (Italian Minister of Infrastructure and Transport), Christian Andi

Ansaldo STS at InnoTrans (2/2)

Ansaldo STS has presented new contents, including videos, to explain the innovative offer of its solutions, through this renewed and increasingly interactive website.

The procurement office has been present and available to suppliers, with our specialized staff. This edition has also seen our department of Human Resources on the stand, happy to meet new talents to provide a safer, smarter and eco-friendly mobility.



InnoTrans stand, showing also the higher level where meetings took place



Visitors could experience a virtual reality train journey in countries where our technology is in operation

Ansaldo STS, as the lead entity of the FLOW consortium, is awarded the contract for the O&M services of Lines 3, 4, 5 & 6 of Riyadh Metro

- Ansaldo STS as Leader of FLOW consortium (with Ferrovie dello Stato Italiane and Alstom Transport as other members), has received in September a Letter of Award from ArRiyadh Development Authority (ADA) related to the Operation and Maintenance services contract of Lines 3, 4, 5 and 6 of Riyadh Metro.
- The contract will cover a period of 12 years (including the mobilization period), and has a total value to the FLOW Consortium of 10.9 billion Saudi Arabian Riyals, equal to 2.9 billion USD. Ansaldo STS' share is equal to about 1 billion USD.
- The FLOW consortium has been appointed as operator of four lines (out of six) of the Riyadh Metro network, which is currently under construction in the Capital city of the Kingdom of Saudi Arabia.
- Ansaldo STS has been present in Saudi Arabia for more than 15 years and, as part of the ANM consortium, is supplying the metro system for line 3 (Orange Line) which is the longest line of Riyadh Metro's network.



Ansaldo STS awarded major railway signalling project in Malaysia



- Ansaldo STS through its subsidiary Ansaldo STS Malaysia, partner of the Ansaldo STS Pestech consortium (with Pestech Technology as other member), has been awarded a project contract for the signalling of the 198km track that extends between Gemas to Johor Bahru in southern Malaysia. The contract for Ansaldo STS portion is worth approx. MYR 264 million, approx. EUR 55 million.
- The scope of works for Ansaldo STS includes the delivery of the mainline signalling system based on MicroLok II interlocking, wayside Automatic Train Protection (ATP), and Train Control Systems for the Operations Centre at KL Sentral and Control Centre at Gemas.
- This upgrade, which includes 11 stations and the Kempas Baru Depot, is the latest in a series of initiatives being undertaken by Keretapi Tanah Melau Berhad (KTMB) to upgrade Malaysia's rail network.
- This contract award is the latest in a series of signalling projects awarded to Ansaldo STS which include the Klang Valley Double Track (KVDT) project currently under delivery and the successful completion of the Subang Skypark project in 2017.

5. Financials

First nine months 2018 - Key Facts

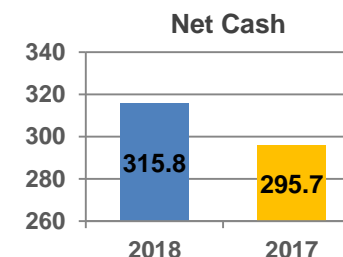
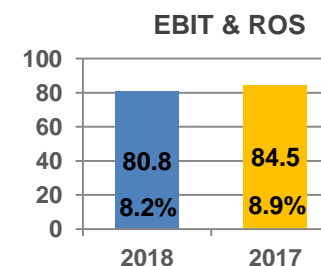
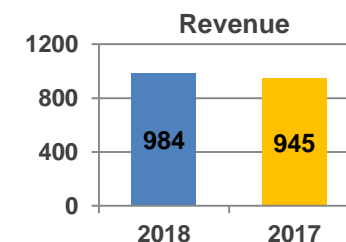
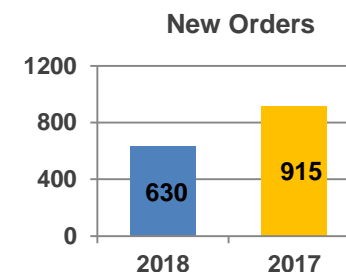
□ **New Orders** at 630 M€, down 285 million (-31%) compared with same period of last year, also due to the shifting to Q4 of some important opportunities (Riyadh O&M the most important one). Main orders booked in the third quarter of the year are: Rio Tinto variation orders for 37 M€; various components orders for 21 M€.

□ **Revenue** at 984 million, with an increase of 39 million (+4%) compared with same period of last year, mainly due to higher contribution coming from projects in Italy and Asia Pacific regions, only partially offset by lower production in Rest of Europe and Middle East regions.

□ **EBIT** at 80.8 M€, 3.7 M€ lower versus same period last year, with a **ROS** of 8.2% compared to 8.9%. The period is characterized by higher volumes and higher R&D investments. Starting from January 1st this year new IFRS 15 standard came into force: net of this, **ROS restated** would have been 8.8%, approximately in line with the same period of last year.

□ **Net Financial Position (cash)** at 315.8 M€, decreased compared with December 2017 amount (357.5 M€) and improved versus the amount achieved at the end of September 2017 (295.7 M€).

FOCF (Free Operating Cash Flow) equal to -39.7 M€ compared to -35.2 M€ in the same period of last year.



First nine months 2018 results - Key data

<i>(M€)</i>	9M 2018	9M 2017	<i>% change</i>
New Orders	630.3	915.5	-31.1%
Order Backlog	6,064.1	6,384.5	-5.0%
Revenue	983.9	945.0	4.1%
EBIT	80.8	84.5	-4.4%
ROS	8.2%	8.9%	-0.7 p p
Tax Rate	26.1%	28.9%	-2.8 p p
Net Result	61.1	61.6	-0.8%
Net Working Capital	177.5	182.9	-2.9%
Net Financial Position	(315.8)	(295.7)	6.8%
R&D	31.2	28.6	9.1%
Total Headcount	4,275	4,161	2.7%
EVA	32.5	32.9	-1.1%

2018 - 2019 main key data Guidance

(M€)	2017 Actual	2018 12 months Guidance	Jan. 18 - March 19 15 months Guidance
New Orders	1,500.8	1,500 - 2,000	1,700 - 2,200
Order Backlog	6,457.5	6,450 - 7,050	6,450 - 7,050
Revenue	1,361.0	1,350 - 1,450	1,680 - 1,780
ROS	7.4%	8.0% - 8.5%	8.0% - 8.5%
Net Financial Position	(357.5)	(300) - (380)	(300) - (380)

- Due to the change of the closing of the fiscal year from December to March, a 15 months guidance (from January 2018 to March 2019) is now provided to the market.
- 2018 ROS is penalized by the implementation of the IFRS 15 new standard. Estimated impact is approximately -50 basis points.

6. Q&A

7. Accounting definitions

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.

NB: Ansaldo STS 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).

Net Working Capital: It comprises trade receivables and payables, inventories, assets and liabilities from contracts and provisions for liabilities and charges, net of other current assets and liabilities.

Net Financial Position (NFP) 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 signed with the customers during the period considered, which feature the contractual characteristics to be included in the order book.

Order Backlog: It represents revenues not yet recorded for orders received. 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 cancellation of orders during the period;
- Less revenue for the period.

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: 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.

8. Glossary of rail terminology abbreviations

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

APM: Automated People Mover, is a type of small scale automated guideway transit system, usually serving small areas such airports, downtown districts or parks.

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.

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.

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.

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.

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.

OCTYS: Open Control of Trains, Interchangeable & Integrated System.

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.

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 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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