Ansaldo STS A Hitachi Group Company

Ansaldo STS S.p.A.
Via Paolo Mantovani, 3-5 - 16151 Genoa - Italy
Issued Capital € 100.000.000,00 - fully paid up
Company Registration number
Genoa Chambre of Commerce
R.E.A. n. 421689
Fiscal Code and Value Added Tax n. 01371160662

Direction and coordination of Hitachi Ltd
Press Office:
Tel. +39 010 6552068 - Fax +39 010 6552939
www.ansaldo-sts.com

Milan, January 31st 2017

Unaudited preliminary FY 2016 estimates
Very positive performance in a transitional year

- **Order backlog at EUR 6,488.4 million, +1.2% y/y**
- **New Orders at EUR 1,475.8 million, +10.5% y/y**
- **Revenue of EUR 1,327.4 million, -4.1% y/y**
- **EBIT of EUR 126.8 million, -6.6% y/y. EBIT margin (ROS) at 9.6%, compared to 9.8% in 2015**
- **Net Result of EUR 77.9 million, -16.3% y/y, equivalent to 5.9% of revenues**
- **Net Financial Position (cash surplus) of EUR (338.0) million, in line with the 2015 amount of EUR (338.7) million**

The Board of Directors of Ansaldo STS (STS.MI) has reviewed the preliminary unaudited estimates of the company's annual results for 2016 consolidated financial statements, and thank the CEO for the results, achieved despite the final settlement of the arbitration findings with the Russian customer on the Libyan contract and the transaction costs associated with the resignation of strategic managers.

The Chief Executive Officer and General Manager, Andy Barr, thanking the Board of Directors for its support and trust, commented: *"Ansaldo STS performed impressively in 2016. The company has made significant progress in two major areas: the award of new important contracts in Glasgow, Brussels and San Ying which have laid the basis for strong future revenue performance; the Company has also reaffirmed its reputation for reliability, achieving major milestones on its largest and most complex projects. I want to thank all the staff, and my management colleagues, who have helped in delivering these results.*

Order backlog is EUR **6,488.4** million (6,410.4 million at 31 December 2015). **New Orders** at EUR **1,475.8** million compared to EUR 1,336.0 million at 31 December 2015; particular highlights include the awards of projects in Taiwan, Glasgow, Bruxelles and in Italy for the Rome - Florence and the Milan - Genoa ("Valico dei Giovi") lines.

Revenues are EUR **1,327.4** million, a reduction of EUR 56.5 million compared with EUR 1,383.8 million in 2015; as highlighted during the year, the reduction in revenues is largely the result of achieving the final phases of significant contracts in the Asia Pacific region which have been compensated only partly by new contracts acquired in the last few years.

PRESS RELEASE

Operating income (EBIT) is EUR **126.8** million, a reduction of EUR 9.0 million compared with 2015. **EBIT margin (ROS – Return on Sales)** is 9.6%, compared with 9.8% in the previous year. The reduction in operating income is mainly due to lower revenues, compensated by the better mix of the projects in the period, the final settlement of the arbitration findings with the Russian customer on the Libyan contract and the transaction costs associated with the resignation of strategic managers.

Net Result is EUR **77.9** million (EUR 93.0 million in 2015). The reduction of 16.3% is also dependent upon further costs in the financial expenses as a result of the arbitration findings on the Libyan contract.

Net Financial Position, (cash surplus) is EUR **(338.0)** million compared with EUR (338.7) million in 2015.

Free Operating Cash Flow (FOCF) before strategic investments is EUR **37.9** million compared to EUR 87.7 million in 2015. In this regard we would like to highlight that, in October 2016, the Company reimbursed the Russian client ZST its advance payment share, together with legal fees and interests expenses accumulated up to the repayment date.

Roberto Carassai, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the *Testo Unico della Finanza* law, that the information contained in this press releases accurately represents the figures contained in the Group's accounting records.

Please note that the figures contained in this press release are currently being audited by Ernst & Young, the company responsible for the statutory audit of Ansaldo STS's financial statements. The results of the audit will be released at the same time as the annual report and accounts are approved.

The final full year 2016 results will be commented by the management of the Company once the draft financial statements are approved by the Board of Directors.

Note:

Ansaldo STS's management also assesses the performance of the group and the business units 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 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.

Adjusted EBIT: is the EBIT as described above, net of:

- any impairment of goodwill;
- amortization of the portion of purchase price allocated to intangible assets acquired as part of business combinations, pursuant to IFRS 3;
- restructuring costs in relation to defined and significant plans;
- other income or expense not of an ordinary nature, i.e., related to particularly significant events 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.

Net financial position or debt: is the calculation method used that complies with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) no. 809/2004.

New orders: 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 revenue for the period (including the change in contract work in progress). This difference is added to the backlog for the previous year.

Return on Sales (R.O.S.): is the ratio of EBIT to revenue.

External Relations:

Ansaldo STS
Andrea Razeto, tel. +39 010 6552068
andrea.razeto@ansaldo-sts.com

Investor Relations:

Ansaldo STS
Roberto Corsanego, tel. +39 010 6552076
roberto.corsanego@ansaldo-sts.com

PRESS RELEASE