

Milan, February 27<sup>th</sup> 2017

**CONSOLIDATED AND DRAFT FINANCIAL STATEMENTS 2016 APPROVED,  
DIVIDEND PROPOSED OF EUR 0.18 PER SHARE  
INTERIM CFO APPOINTED**

- **New orders of EUR 1.475,8 million (+10.5%)**
- **Order Backlog at December 31<sup>st</sup> 2016 of EUR 6.488,4 million (+1.2%)**
- **Revenue at EUR 1.327,4 million (-4.1%)**
- **EBIT at EUR 126.8 million (-6.6%)**
- **ROS 9.6% (-0.2 p.p.)**
- **Consolidated Net Result of EUR 77.9 million (-16.3%)**
- **Free Operating Cash Flow (FOCF) at EUR 37.9 million (-56.7%)**
- **Net Financial Position, positive net cash, at EUR (338.0) million in line compared to the previous year 2015 of EUR (338.7).**
- **Total dividend amount of EUR 36 million (EUR 0.18 per share) proposed to the Shareholders' Meeting, in line to the previous year**
- **Corporate Governance Report approved**

The Ansaldo STS S.p.A. (STS.MI) Board of Directors meeting, held today, approved by majority the draft financial statements for 2016 that will be presented at the Ordinary Shareholders' Meeting on **May 18<sup>th</sup> 2017**, in a single call.

The Board also approved by majority the Ansaldo STS Group's consolidated Financial Report on December 31<sup>st</sup> 2016.

The 2016 financial year ended with a consolidated **Net Result** of EUR **77.9** million compared to EUR 93.0 million in 2015.

**Net Financial Position (positive net cash)**, amounts to EUR **(338.0)** million in line with 2015 EUR (338.7) million with the **Free Operating Cash Flow** at EUR **37.9** million compared to EUR 87.7 million in 2015. As regards the FOCF and the NFP to be highlighted that, in October 2016, the Company reimbursed the Russian client ZST with its share of the advance payment, in addition to legal expenses and accrued interests up to the return date (37.4 million).

The Board has decided to propose to the Ordinary Shareholders' Meeting a **dividend distribution of EUR 0.18** for each of the shares with dividend rights (i.e. for each outstanding share on the coupon date, excluding own shares held on that date), gross of withholding tax pursuant to the law. The total value of the dividends proposed is EUR **36** million as in 2015 financial year.

The dividend will be payable, if approved by the Shareholder meeting, starting from May 31<sup>st</sup> 2017 (*payment date*), with coupon date (coupon no. 15) set at May 29<sup>th</sup> 2017 (*ex date*). Ansaldo STS S.p.A. Shareholders at the close of business on May 30<sup>th</sup> 2017 (*record date*) will be entitled to the dividend.

**Andy Barr**, CEO and General Manager of Ansaldo STS, commented: "*This has been an outstanding year for Ansaldo STS, bringing signal successes despite formidable challenges. We secured significant new orders and made substantial progress on flagship contracts; a strong performance and a sound base from which to deliver further growth in 2017. These results prove that within Ansaldo STS we have the capabilities and the professionalism to continue to grow the Company from its solid base. In 2017 we will further invest in R&D, technology, innovation and in human resources in order to reinforce our staff for securing optimal delivery*".

The Board of Directors has also appointed, on an interim basis, effective from March 1st 2017, Renato Gallo as Chief Financial Officer of the Company, in addition to, with the favourable consensus of the Statutory Auditors, Manager in charge of preparing the company's financial reporting pursuant to Article 154-bis, paragraph 2, of the consolidated Law on Finance, replacing Roberto Carassai.

Renato Gallo has already covered important managerial roles inside the Company in last years, as Deputy CFO and Senior Vice President Management & Statutory Reporting.

Renato Gallo as for today holds n. 1.593 shares of the Company. The CV is available on the Company's website [www.ansaldo-sts.com](http://www.ansaldo-sts.com)

Andy Barr also added: "On behalf of all Board members, I welcome Renato Gallo to his new role as interim CFO of Ansaldo STS. Renato already has extensive experience within the company and I'm sure we will continue to collaborate well. My personal thanks, and those of the Board, go to Roberto Carassai for his professional contribution to the success of the Company in recent years. He has played a key role at Ansaldo STS and we would like to thank Roberto for his strong endeavour and we wish him every success in the future".

**Consolidated Results 2016  
Ansaldo STS**

| <b>Key consolidated figures<br/>(M€)</b>            | <b>31.12.2016</b> | <b>31.12.2015</b> | <b>%<br/>Change</b> |
|---|-------------------|-------------------|---------------------|
| New orders  | <b>1.475,8</b>    | 1.336,0           | 10.5%               |
| Order Backlog                                       | <b>6.488,4</b>    | 6.410,4           | 1.2%                |
| Revenue   | <b>1.327,4</b>    | 1.383,8           | -4.1%               |
| EBIT  | <b>126.8</b>      | 135.8             | -6.6%               |
| R.O.S   | <b>9.6%</b>       | 9.8%              | -0.2%               |
| Tax Rate  | <b>33.2%</b>      | 32.0%             | 1.2%                |
| Net Result  | <b>77.9</b>       | 93.0              | -16.3%              |
| Net Working Capital                                 | <b>120.5</b>      | 64.5              | 86.9%               |
| Net Financial Position ( <i>positive net cash</i> ) | <b>(338.0)</b>    | (338.7)           | -0.2%               |
| R&D   | <b>36.7</b>       | 36.9              | -0.6%               |
| Headcount (no.)                                     | <b>3.951</b>      | 3.772             | 4.7%                |
| Economic Value Added (EVA)                          | <b>57.9</b>       | 65.8              | -12.0%              |
| EPS   | <b>0.39</b>       | 0.47              | -17.0%              |

**New orders** amount to EUR **1.475,8** million compared with EUR 1.336,0 million in 2015, with an increase of **10.5%**; in particular to be highlighted the projects awarded in Taiwan, Glasgow, Bruxelles and Italy for the Rome-Florence and Milan-Genoa ("Valico dei Giovi") lines.

**Order Backlog** is EUR **6.488,4** million compared with 6.410,4 million of last year (+1.2%).

**Revenue** is EUR **1.327,4** million, decreased compared with the previous year's value of EUR 1.383,8 million (-4.1%). The revenue decrease is due to shift to 2017 of some new orders and the completion of significant contracts in Asia Pacific region, which has been only partially compensated by the volumes realized on contracts acquired in the last years.

**Operating income (EBIT)** is EUR **126.8** million, a decrease of 6.6% compared with 2015 (135.5 million). **Return on sales (ROS)** is **9.6%**, decreased compared with the previous financial year (9.8%). The reduction in operating income is mainly due to lower revenues, compensated by the better mix of the projects in the period, to the final settlement of the arbitration findings with the Russian customer on the Libyan contract (EUR 8.1 million) and to the transaction costs associated with the resignation of strategic managers (EUR 2.4 million).

**PRESS RELEASE**

**Net invested capital** at December 31<sup>st</sup> 2016 amounted to EUR **369.8** million, compared with EUR 316.4 million in the previous year.

**Net working capital** is EUR **102.5** million (64.5 million in 2015) mainly due to a reduction on progress payments and advances from customers.

Main orders:

| Country         | Project   | Customer   | Value (M€) |
|-----------------|---|--|------------|
| Taiwan          | Sanying Line Sistema MRT                              | NCTG DRTS  | 220        |
| Italy           | A.V. Milano-Genova                                    | Consorzio Saturno                                | 175        |
| Great Britain   | Metro Glasgow – maintenance included                  | Strathclyde Partnership for Transport            | 139        |
| Australia       | Auto Haul – Variation order                           | Rio Tinto Iron Ore                               | 96         |
| Belgium         | Metro Bruxelles                                       | STIB   | 88         |
| Italy           | ACC-MDD Rome-Florence - included SST ERTMS ETCS Lev.2 | RFI  | 75         |
| U.S.A.          | LIRR Ronkonkoma                                       | LIRR   | 38         |
| Malaysia        | KVDT  | Dhaya Maju Infrastructure                        | 37         |
| Italy           | Line 6 - Variation order                              | Comune di Napoli                                 | 30         |
| Australia       | Forrest field Airport Link                            | Salini Impregilo Spa - NWR Pty Ltd Joint Venture | 30         |
| France          | Maintenance 2016                                      | RATP   | 27         |
| India           | Metro Noida   | Delhi Metro Rail Corporation Limited             | 26         |
| Sweden          | ESTER - Line 2  | Trafikverket                                     | 21         |
| Great Britain   | Ferriby Gilberdijke                                   | Network Rail                                     | 20         |
| U.S.A.          | LIRR MID-DAY – Depot                                  | LIRR   | 17         |
| Other EU / Asia | Service & Maintenance                                 | Several  | 65         |

**SCHEDULES:****Consolidated Income Statement  
Ansaldo STS**

| <i>(M€)</i>   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
| <b>Revenue</b>  | <b>1.327,4</b>    | <b>1.383,8</b>    |
| Purchasing and personnel expenses                             | (1.182,4)         | (1.233,3)         |
| Amortisation and depreciation                                 | (18.3)            | (18.7)            |
| Other net operating income (expense)                          | 0.7               | 4.3               |
| Changes in work in progress, semi-finished and finished goods | (0.5)             | (0.3)             |
| <b>EBIT Adjusted</b>  | <b>126.8</b>      | <b>135.8</b>      |
| Restructuring costs   | -                 | -                 |
| <b>Operating Income (EBIT)</b>                                | <b>126.8</b>      | <b>135.8</b>      |
| Net financial income (expense)                                | (10.2)            | 0.9               |
| Income taxes  | (38.7)            | (43.7)            |
| Profits/(Losses) from non-current assets for sale             | -                 | -                 |
| <b>Net Result</b>   | <b>77.9</b>       | <b>93.0</b>       |
| <b>Profit per share (Basic and Diluted)</b>                   | <b>0.39</b>       | <b>0.47</b>       |

EPS of EUR **0.39** (EUR 0.47 in 2015) was calculated based on the average of n.199.996.346 outstanding shares in the year (n.199.995.192 shares in 2015).

**Consolidated Balance Sheet  
Ansaldo STS**

| <i>(M€)</i>  | <u>31.12.2016</u>     | <u>31.12.2015</u>     |
|--|-----------------------|-----------------------|
| Non-current assets                                       | 310.4                 | 307.2                 |
| Non-current liabilities                                  | <u>(61.1)</u>         | <u>(55.3)</u>         |
|  | <b><u>249.3</u></b>   | <b><u>251.9</u></b>   |
| Inventories  | 125.0                 | 121.2                 |
| Contract work in progress                                | 358.9                 | 346.4                 |
| Trade receivables  | 728.9                 | 663.6                 |
| Trade payables   | (458.1)               | (416.0)               |
| Progress payments and advances from customers            | (598.0)               | (635.8)               |
| Provisions for risks and charges                         | (14.1)                | (11.1)                |
| Other net assets/(liabilities)                           | <u>(22.1)</u>         | <u>(3.8)</u>          |
| <b>Net working capital</b>                               | <b><u>120.5</u></b>   | <b><u>64.5</u></b>    |
| <b>Net invested capital</b>                              | <b><u>369.8</u></b>   | <b><u>316.4</u></b>   |
| Group equity   | 707.6                 | 654.8                 |
| Third parties equity                                     | <u>0.2</u>            | <u>0.3</u>            |
| <b>Equity</b>  | <b><u>707.8</u></b>   | <b><u>655.1</u></b>   |
| <b>Assets held for sale</b>                              | -                     | -                     |
| <b>Net Financial Position (<i>positive net cash</i>)</b> | <b><u>(338.0)</u></b> | <b><u>(338.7)</u></b> |

**PRESS RELEASE**

Consolidated Cash Flow Statement  
Ansaldo STS

| <i>(M€)</i>  | <u>31.12.2016</u>    | <u>31.12.2015</u>    |
|--|----------------------|----------------------|
| <b>Opening cash and cash equivalents</b>                     | <b><u>304.3</u></b>  | <b><u>207.1</u></b>  |
| Gross cash flow from operating activities                    | 154.1                | 162.0                |
| Change in working capital                                    | (83.2)               | 8.9                  |
| Changes in other operating assets and liabilities            | (17.2)               | (68.5)               |
| <b>Cash flow generated by (used in) operating activities</b> | <b><u>53.7</u></b>   | <b><u>102.4</u></b>  |
| Cash flow used in ordinary investing activities              | (15.8)               | (14.7)               |
| <b><i>Free operating cash-flow</i></b>                       | <b><u>37.9</u></b>   | <b><u>87.7</u></b>   |
| Strategic investments  | (2.1)                | (15.1)               |
| Other changes in investing activities                        | 3.2                  | 6.0                  |
| <b>Cash flow generated by (used in) investing activities</b> | <b><u>(14.7)</u></b> | <b><u>(23.8)</u></b> |
| Dividends paid   | (36.0)               | (30.0)               |
| Cash flow from financing activities                          | (1.3)                | (18.0)               |
| <b>Cash flow generated by (used in) financing activities</b> | <b><u>(37.3)</u></b> | <b><u>(48,0)</u></b> |
| <b>Exchange rate gain and losses, net</b>                    | <b>0.4</b>           | <b>3.6</b>           |
| <b>Closing cash and cash equivalents</b>                     | <b><u>305.6</u></b>  | <b><u>304.3</u></b>  |

**Outlook on the Management**

The current Management considers that 2017 will increase in terms of volumes and profitability (ROS) will be substantially in line with 2016.

**2016 Results for Ansaldo STS S.p.A.**

Economic and financial trend for 2016 of the Holding Company Ansaldo STS S.p.A. is positive; in particular the Company close with a Net result of EUR 145.9 million, which includes dividends from subsidiaries for EUR 112.7 million, compared to EUR 35.9 million del 2015 which included dividends for EUR 6.0 million.

The financial statements are shown below:

| <b>Ansaldo STS S.p.A. Income Statement</b><br>(M€)            | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
| <b>Revenue</b>  | <b>830.0</b>      | <b>721.7</b>      |
| Purchasing and personnel expenses                             | (772.5)           | (677.3)           |
| Changes in work in progress, semi-finished and finished goods | 0.6               | 0.1               |
| Amortisation and depreciation                                 | (12.2)            | (12.1)            |
| Other net operating income (expense)                          | 14.8              | 17.4              |
| <b>EBIT Adjusted</b>  | <b>60.7</b>       | <b>49.8</b>       |
| Restructuring costs   | -                 | -                 |
| <b>Operating Income (EBIT)</b>                                | <b>60.7</b>       | <b>49.8</b>       |
| Net financial income (expenses)                               | 101.3             | 1.7               |
| Income taxes  | (16.1)            | (15.6)            |
| <b>Net Result</b>   | <b>145.9</b>      | <b>35.9</b>       |

**PRESS RELEASE**

| <b>Ansaldo STS S.p.A. Financial Position</b><br><i>(M€)</i> | <u>31.12.2016</u>     | <u>31.12.2015</u>    |
|---|-----------------------|----------------------|
| Non-current assets  | 304.5                 | 305.1                |
| Non-current liabilities                                     | <u>(31.0)</u>         | <u>(30.2)</u>        |
|   | <b>273.5</b>          | <b>274.9</b>         |
| Inventories   | 95.3                  | 95.6                 |
| Contract work in progress                                   | 178.4                 | 179.5                |
| Trade receivables   | 606.1                 | 548.5                |
| Trade payables  | (398.7)               | (345.5)              |
| Customer advances   | (427.9)               | (455.6)              |
| Provisions for risks and future liabilities                 | (2.1)                 | (2.4)                |
| Other net assets (liabilities)                              | <u>(9.5)</u>          | <u>10.0</u>          |
| <b>Net working capital</b>                                  | <b>41.6</b>           | <b>30.1</b>          |
| <b>Net invested capital</b>                                 | <b>315.1</b>          | <b>305.0</b>         |
| <b>Net equity</b>   | <b>475.4</b>          | <b>362.6</b>         |
| <b>Net Financial Position (<i>positive net cash</i>)</b>    | <b><u>(160.3)</u></b> | <b><u>(57.6)</u></b> |

| <b>Ansaldo STS S.p.A. Cash Flow Statement</b><br><i>(M€)</i> | <u>31.12.2016</u> | <u>31.12.2015</u> |
|--|-------------------|-------------------|
| <b>Opening cash and cash equivalents</b>                     | <b>178.6</b>      | <b>179.4</b>      |
| Gross cash flow from operating activities                    | 78.0              | 64.6              |
| Change in working capital                                    | (30.6)            | (15.5)            |
| Changes in other operating assets and liabilities            | (15.0)            | (23.9)            |
| <b>Cash flow generated by (used in) operating activities</b> | <b>32.4</b>       | <b>25.2</b>       |
| Cash flow used in ordinary investing activities              | (2.8)             | (6.3)             |
| <b>Free operating cash-flow</b>                              | <b>29.6</b>       | <b>18.9</b>       |
| Strategic investments  | (2.1)             | (15.5)            |
| Dividends by established companies                           | 111.1             | 3.1               |
| <b>Cash flow generated by (used in) investing activities</b> | <b>106.2</b>      | <b>(18.7)</b>     |
| Dividends paid   | (36.0)            | (30.0)            |
| Cash flow from financing activities                          | (78.2)            | 22.7              |
| <b>Cash flow generated by (used in) financing activities</b> | <b>(114.2)</b>    | <b>(7.3)</b>      |
| <b>Increase (decrease) in cash and cash equivalents</b>      | <b>24.4</b>       | <b>(0.8)</b>      |
| <b>Closing cash and cash equivalents</b>                     | <b>203.0</b>      | <b>178.6</b>      |

Roberto Carassai, 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.

This press release contains statements based on the outlook of Ansaldo STS's current Management.

These statements are, by their nature, subject to a number of unforeseeable risk factors, which could lead to different results.

These statements are therefore only valid with reference to the date on which they were made, and can be subject to updates. In such case, the Company will give appropriate notice.

-----

The Board approved by majority the **Corporate Governance Report** for the 2016 financial year, which also contains information on the ownership structure pursuant to Article 123-*bis* of the Consolidated Law on Finance, which will be published as provided by the law in force.

-----

**PRESS RELEASE**

**Ansaldo STS** confirms that the Management will hold a conference call for investors and analysts at **05.00 pm (CET) February 27<sup>th</sup> 2017**.

The presentation in support of the conference call will be available in advance on the Company website at [www.ansaldo-sts.com](http://www.ansaldo-sts.com) and in the Investor Relations section at the following address <http://www.ansaldo-sts.com/en/investor-relations/presentations>, and on the storage system, which is accessible from the website <http://www.emarketstorage.com>

To take part in the **conference call**:

*Italy: +39 02 802 09 11; UK: +44 1 212 81 8004; USA: +1 718 705 8796*

**The replay of the conference call, by access code 922#, will be available for 72 hours starting from the end of the call.**

The access numbers are:

*Italy: +39 02 72495; UK: +44 1 212 818 005; USA: +1 718 705 8797*

Note:

The Management of Ansaldo STS also assesses the business and financial performance of the Group based on a number of indicators not provided for by IFRS-EU. As required by CESR recommendation CESR/05 - 178b the components of each of the indicators are defined below:

**EBIT:** earnings before interest and tax is added, with no adjustments. It excludes income and expenses relating to the operations of unconsolidated subsidiaries and securities, and gains/losses on any sales of consolidated shareholdings, which are recorded under "financial income and expenses", or in the case of income/expenses relating to shareholdings accounted for using the equity method, under the item "effect of the accounting for shareholdings using the equity method".

**Adjusted EBIT:** 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 is the sum of the cash flows generated by/used in operations, cash flow generated by/used to invest in or to dispose of tangible and intangible assets and shareholdings, net of cash flows from the purchase/sale of shareholdings that, due to their nature or size, are considered "strategic investments". The re-classified cash flow shows how the FOCF is created for the years compared.

**Economic Value Added (VAE):** is the difference between EBIT net of income taxes and the cost of the 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 Working Capital less provisions for current 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:** the calculation scheme complies with the provisions in paragraph 127 of the recommendations CESR/05-054b implementing EC Regulation no. 809/2004.

**New orders:** the sum of the contracts agreed with customers during the reporting period which meet the contractual requirements to be recorded in the orders book.

**PRESS RELEASE**

**Order backlog:** is the difference between new orders and revenue for the period (including any change to contract work in progress). This difference is added to the backlog for the previous period.

**Headcount:** is the number of employees recorded in the register on the last day of the reporting period.

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

**Return on Equity (R.O.E.):** ratio between the net result and average amount of equity in the two years compared.

**Research and Development Expenses:** total expense incurred for research and development activity, 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 which is to be treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) for accounting and management purposes.

*External Relations:*

Ansaldo STS  
**Andrea Razeto, tel. +39 010 6552068**  
[andrea.razeto@ansaldo-sts.com](mailto:andrea.razeto@ansaldo-sts.com)

*Investor Relations:*

Ansaldo STS  
**Roberto Corsanego, tel. +39 010 6552076**  
[roberto.corsanego@ansaldo-sts.com](mailto:roberto.corsanego@ansaldo-sts.com)

**PRESS RELEASE**