Ansaldo STS
Investor meeting
2012
Key Messages

• In such an economic environment, our market is still expected to grow at 3%+
  - All key market trends in place hedging short term uncertainty
  - Volatility rising due to increased project size and progressive enlargement of scope of work (financing, service, operations & maintenance, training, operations), longer project acquisition process and increasing operational risk

• Despite competitive environment getting tougher...
  - All players targeting emerging and growing markets to capture opportunities resulting in strong pricing pressure

• ... Ansaldo STS is best positioned to seize market opportunities...
  - Global pure player with unique client centric business model, recognized technological leadership in market sweet spots (ERTMS, driverless, mass transit, HSL...) and highly flexible in design
  - Globally active with solid platforms and track record in emerging economies, where demand is

• ... committed and able to continue outperforming market growth...
  - Selectivity: focus on markets/opportunities that are attractive in terms of value and where we already enjoy a significant competitive positioning
  - Innovation: adapt and anticipate evolving geographical mix and clients’ technological needs
  - Flexibility and efficiency: stay competitive and agile, fiercely executing planned efficiency programs

• ... and deliver superior value to shareholders leveraging healthy backlog and protecting profitability
  - Strong organic growth, high revenue visibility thanks to healthy backlog at 4,5x revenues, solid margin and low risk in execution
  - Asset light business, strong balance sheet, negative NFP to sustain R&D and execution on time and on budget
  - Flexibility and efficiency ensured by key programs already launched and delivering against the promise
Ansaldo STS: a history of superior value creation

Revenues: ~10% CAGR
Backlog: ~15% CAGR

Superior Growth, M€

2007 973 2.980
2010 1.284 4.551

Significantly outperforming the market

Superior value creation

Revenues
Backlog

31/12/06 31/12/07 31/12/08 31/12/09 31/12/10

Ansaldo STS S.p.A.
Italy FTSE Italia All-Share

94pp 145 51
2011 was a tough year, but still with relevant results
Main achievements since our last Investor Day

<table>
<thead>
<tr>
<th>Main contracts and agreements</th>
<th>Main projects delivered</th>
<th>Flexibility and Efficiency to protect profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Copenhagen Metro - Cityring, 16 km through the centre of Copenhagen</td>
<td>• Riyadh - from desert to trains in operations in 2 years</td>
<td>• Effectively launched and mastered all key programs to sustain revenue growth leveraging healthy backlog while protecting profitability</td>
</tr>
<tr>
<td>• Milan Line 5 - Extension as far as San Siro Stadium</td>
<td>• China - Xi’an Metro Line 2 (intermittent ATP)</td>
<td>- Global Supply chain</td>
</tr>
<tr>
<td>• Turin Padua Line - Technological upgrade for interoperability on Europe’s railway lines</td>
<td>• Canada - Montréal Société de Transport - Wayside and Carborne Train Control</td>
<td>- Lean Manufacturing</td>
</tr>
<tr>
<td>• Rio Tinto (RAFA) - Significant volume of orders within Framework Agreement</td>
<td>• Spain - Madrid Lerida HSL, ERTMS L2 system</td>
<td>- Flexible Delivery</td>
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<td>• Germany - Berlin-Rostock ERTMS/ETCS</td>
<td>• USA - Chicago Transit Authority - Train Control and Traction Power Systems Upg.</td>
<td>- Global Development Centres</td>
</tr>
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<td>• Stockholm Underground Red Line - Upgrade of the on-board and ground signalling</td>
<td>• Australia - Queensland rail mining expansion project Goonyella to Abbot Point</td>
<td>- Streamlined Support Functions</td>
</tr>
<tr>
<td>• Honolulu - Ansaldo Honolulu JV driverless metro</td>
<td>• France - High Speed Line Rhin-Rhone, Interlocking + TVM 403</td>
<td></td>
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Despite competitive and macroeconomic environment getting tougher...

Then... Transportation industry is getting hit: players fiercely seeking opportunities resulting in strong price pressure...Today

October 2008

September 2011
... Ansaldo STS still committed and able to deliver superior value creation in the coming years

| Fundamentals | Market: Large & still growing but more competitive, volatile and changing in geo mix |
| | Technology: Core technologies becoming global solutions integrated in a diversified and proven portfolio to serve global and local needs |
| | People&capabilities: Globally integrated organization delivering on time and on budget |
| | Business model: unique client centric business model shaped to win in the competitive arena |

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<tr>
<th>Strategic directions</th>
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<th>Innovation</th>
<th>Flexibility &amp; Efficiency</th>
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<td><strong>Focus</strong> on attractive markets where Ansaldo STS enjoys good competitive positioning</td>
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<td><strong>Stay</strong> competitive and agile optimizing business model and cost/asset levels</td>
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<th>Commitment</th>
<th>Superior value creation</th>
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Ansaldo STS still committed and able to deliver superior value creation in the coming years

### Fundamentals

**Market:** Large & still growing but more competitive, volatile and changing in geo mix  
**Technology:** Core technologies becoming global solutions integrated in a diversified and proven portfolio to serve global and local needs  
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**Business model:** unique client centric business model shaped to win in the competitive arena

### Strategic directions

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### Commitment

**Superior value creation**  
- Sustain *revenue growth* leveraging *healthy backlog* while protecting *profitability*
Fundamentals: Market

Ansaldo STS, Chief Executive Officer Sergio De Luca
A healthy and growing market, evolving in geographical mix and technological trends, facing price pressure

Despite challenging environment, our market is still expected to grow at 3%+
- Transportation Solutions growing at higher rates
- Volatility raising due to project size, scope of work, longer project acquisition process and increasing operational risk

Emerging markets thanks also to urbanization trends are growing faster (e.g. India or Turkey/Middle East/South America) and increasing their relative weight (e.g. 70% of Transportation Solutions market)
- Good growth opportunities also in US and Australia for Signalling
- Result is a reducing weight of Western Europe

Core technologies are becoming global solutions
- e.g. ERTMS, CBTC, driverless

New source of growth emerging around key technologies kernels
- e.g. Satellite/GNSS and communication technologies to serve dark territories and low traffic routes

Price pressure mainly in signalling business as a consequence of:
- Product standardization
- Increasing competition amongst traditional and new players
- Aggressive efficiency plans by most players
Bright outlook: all key market drivers remain strongly positive

- Globalization / global trade
- Urbanization / Megacities
- Public debt / Deleveraging
- Environmental awareness / green
- Growth of emerging markets
- Emergence of PPP/pay-as-a-service models
- Intermodal transportation
- Infrastructure growth
Example - Emerging markets and urbanization: mega-cities are changing beyond recognition...

**SHENZHEN**
1990

**DELHI METRO**
2002

- Length: 8.3 km
- Length: 110 km

TODAY
NOW: 4 LINES

... fueling Transportation Solutions growth
Our market is healthy and still expected to grow at 3%+
Operations and Maintenance not included

Transportation Solutions

Signalling Market

Signalling through turnkey projects / Total Signalling market

- 2011
  - ~11%

- 2014
  - ~13%

~12,9B€ ~4,8 ~1

~6 - 9% CAGR ~1 - 2% CAGR

~5,7 - 6,2 ~1,1 - 1,3

~14 - 14,6B€ ~9,4 - 9,7

Note 1 - Transportation Solutions market defined as Electrical & Mechanical component of Rail turnkey projects (Rolling Stock not included); signalling portion assumed to be ~20% of the total perimeter included in the turnkey market

Note 2 - Excluding Japan, including all other Global markets (not only those where Ansaldo STS is present)

Note 3 - Figures at Current Euro.

Source: Ansaldo STS-BCG estimates based on Unife data among others
Signalling market: above average growth in Australia, North America, India, and Turkey/Middle East

Healthy market with uneven growth rates

2011 2014

Rest of America
4% 4%
18% 16%
20% 21%
14% 18%
43% 41%

Western Europe
43% 41%

Source: UNIFE, Ansaldo STS/BCG analyses

GEOGRAPHICAL MIX

CAGR ‘11-’14
1 ➤ 2%
-1 ➤ 0%
-4 ➤ -2%
3 ➤ 4%
7 ➤ 9%
-1 ➤ 0%
Transportation solutions: 4,8B€ growing at 6-9% per year
Gatekeeper in emerging areas and for signalling

Market split by key segments and geographies 2012-2014

5,2 - 5,5B€ per year, average 2012-2014

82%

GEOGRAPHICAL MIX

70% of markets outside of Ansaldo STS home markets - Asia, Middle East, and South America
Transportation Solutions the gate keeper for Signalling business

Note: Market calculated on 3 years rolling average. Including systems (Signalling, tlc, power supply, SCADA...); not including civil works and rolling stock.
Source: UIC, ERRAC, Interfleet, World Bank, UNIFE, Ansaldo STS Market Intelligence, BCG analyses
New sweet spots in signalling and transportation solutions
Hedging core European market

SIG
New mining freight networks in Australia

SIG/TS
Rail and mass transit projects in Turkey & Middle East

TS
Major turnkey projects (with/without significant O&M content)
### Core technologies becoming global solutions

**Description**

<table>
<thead>
<tr>
<th>ERTMS</th>
<th>Driverless</th>
<th>CBTC</th>
</tr>
</thead>
</table>
| Interoperable railway signalling system combining automatic train protection and train control with clear enhancement of network capacity | Fully automatic train operation  
- Train movement + station stop + door closing + failure recovery  
- No onboard staff at all | Continuous, high speed, two-way radio-based communication between wayside and vehicle |

**Key benefits**

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<th>CBTC</th>
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</table>
| Interoperability; up to 40% of increased capacity  
Higher speed, reliability and safety  
Lower costs and contracts lead time | High level of performance, availability, reliability and operational flexibility  
No staff increase  
Trains can be shorter and run more frequent without cost increase | Maximizes line capacity and efficiently upgrade/revamping of existing lines  
Scalable solutions (thus scalable budgets) |

**Market trends**

<table>
<thead>
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<th>ERTMS</th>
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</table>
| ERTMS becoming de facto industry standard  
Adopted in most new lines and major upgrades | Becoming more and more common in all geographies  
- Where labor cost is high as well as where labor skills are lower | Most new metro projects around the world are requiring CBTC Signalling systems |

Source: UNIFE, Ansaldo STS
New client needs: ERTMS technological specs evolving to meet raising requirements in communication and other functionalities

IP-based Communication
Examples of ongoing projects:
- Taiwan
- US HS
- India
- Denmark…

Virtual balises / GNSS
Examples of ongoing projects:
- Australia
- US PTC
- Russia…

GSM-R

Eurobalises odometry

ATO
Examples of ongoing projects:
- RioTinto
- UK
- Use of ERTMS in Suburban (Mexico)

Source: UNIFE, Ansaldo STS
Virtual balises / GNSS solutions: ensures safety both in dark territories and low traffic routes

<table>
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<th>Dark territories</th>
<th>Low traffic routes</th>
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<tbody>
<tr>
<td><strong>The need</strong></td>
<td><strong>Virtual balises / GNSS answer</strong></td>
</tr>
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</table>
| Ensure cost-effective train localization and protection over long stretches of semi-deserted areas  
  • Typically freight applications in Regions such as Australia, US, Russia, South America... | Satellite-based localization with SIL4 accuracy combined with TETRA IP-based TLC network  
  • Significant costs for TETRA communication infrastructure…  
  • …still very cost-competitive vs. traditional technologies |
| Make it possible to efficiently ensure safety on low traffic passenger lines with satellite-based ATP solutions  
  • Command-control systems or ETRMS/ETCS systems are too expensive to be used on railway lines with low traffic density | Satellite-based localization combined with communication based on public GSM network instead of GSM-R  
  • Major reduction in ground infrastructure costs |

**Market expected to boom: above 1B€ in three years**
Price pressure: a trend already expected, and now in place especially in signalling

### Product standardization

Clients benefit from standardization
- Established customers can put more suppliers in competition
- Newcomers can leverage proven solutions

All signalling players have been pursuing product standardization
- Cost to develop and maintain products to cover most global needs is too high without product standardization

### Increasing competition: traditional and new players

Barriers to entry remain high...
- No Chinese competitor expected to make it to the top 5 for more than a decade

…but growth is slowing down
- Especially in Western Europe which is home for most players

Increased competition both in home markets and in the hot areas where several players are focusing on
- e.g. Nordics
- e.g. Turkey/Middle East
- e.g. South East Asia

### Aggressive efficiency programs by most players

All competitors have been working systematically on efficiency
- Make or buy and other aspects of external cost optimization
- Business effectiveness
- G&A cost reduction

Efficiency programs are widely and openly described by the different players
- e.g. Probasis for Thales
- e.g. Top Six for Bombardier
- e.g. Excellence Program in operations for Alstom

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**Impact on prices**

<table>
<thead>
<tr>
<th>Year Period</th>
<th>Line</th>
</tr>
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<tbody>
<tr>
<td>2000 - 2007</td>
<td></td>
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<tr>
<td>2008 - 2009</td>
<td></td>
</tr>
<tr>
<td>2010 - 2011</td>
<td></td>
</tr>
<tr>
<td>2012 - 2014</td>
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Price pressure might ignite industry consolidation
A healthy and growing market, evolving in geographical mix and technological trends, facing price pressure

| **Healthy and growing market** | Despite challenging environment, our market is still expected to grow at 3%+
| | • Transportation Solutions growing at higher rates
| | • Volatility raising due to project size, scope of work, longer project acquisition process and increasing operational risk |

| **Evolving geographical mix** | Emerging markets thanks also to urbanization trends are growing faster (e.g. India or Turkey/Middle East/South America) and increasing their relative weight (e.g. 70% of Transportation Solutions market)
| | • Good growth opportunities also in US and Australia for Signalling
| | • Result is a reducing weight of Western Europe |

| **Traditional plus emerging technologies** | Core technologies are becoming global solutions
| | • e.g. ERTMS, CBTC, driverless
| | **New source of growth emerging around key technologies kernels**
| | • e.g. Satellite/GNSS and communication technologies to serve dark territories and low traffic routes |

| **Price pressure** | Price pressure mainly in signalling business as a consequence of:
| | • Product standardization
| | • Increasing competition amongst traditional and new players
| | • Aggressive efficiency plans by most players |
Fundamentals: Ansaldo STS

Unique positioning
Ansaldo STS: uniquely positioned to seize market opportunities

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<td>Price pressure</td>
<td>Enhancing its unique client centric business model relentlessly pursuing flexibility and efficiency programs along the whole value chain for a total gross cumulated target of 310M€ by 2014</td>
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</tbody>
</table>
Ansaldo STS: Strongly positioned to capture growth

Signalling

Signalling market

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>43%</td>
<td>41%</td>
</tr>
<tr>
<td>EE/CIS+ME+India+Africa</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>NAFTA+Australia</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Rest of America</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Asia Pac</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
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CAGR '11-'14

- Western Europe: 0%
- Rest of America: 0%
- EE/CIS+ME+India+Africa: 4%
- NAFTA+Australia: 9%
- Asia Pac: 2%

Ansaldo STS market share, average 2007-2011

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<td>Western Europe</td>
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Note: Based on orders
Ansaldo STS: carefully following geographical evolution

**Signalling**

- **Market**
  - Rest of the World: 41%
  - NAFTA+ Australia: 18%
  - Western Europe: 41%

- **Orders**
  - 2014:
    - Rest of the World: 14%
    - NAFTA+ Australia: 70%
    - Western Europe: 41%
  - 2011:
    - Rest of the World: 16%
    - NAFTA+ Australia: 35%
    - Western Europe: 30%
  - 2014:
    - Rest of the World: 35%
    - NAFTA+ Australia: 30%
    - Western Europe: 35%

- **Notes:**
  - 2011 skewed because of big wins in Italy (To-Pd) and France (high-speed)

**Transportation Solutions**

- **Market**
  - Rest of the World: 70%
  - NAFTA+ Australia: 13%
  - Western Europe: 17%

- **Orders**
  - 2012:
    - Rest of the World: 65%
    - NAFTA+ Australia: 32%
    - Western Europe: 20%
  - 2011:
    - Rest of the World: 58%
    - NAFTA+ Australia: 22%
  - 2014:
    - Rest of the World: 58%
    - NAFTA+ Australia: 22%
    - Western Europe: 22%

- **Notes:**
  - 2011 skewed because of big wins in Honolulu, Milan and Copenhagen
Ansaldo STS: unique value proposition to meet client needs
Honolulu recipe for success against all odds, experience + credibility + commitment + American

A good fit with our experience
(10 driverless projects in the world)

A proven team for a well structured deal

- 20 miles (~32 km) double track line
- 100% elevated guideway in the median of existing roadways
- 21 passenger stations
- Train Control Solution: Driverless Unmanned
- Required initial line capacity: 7,200 pphpd

• Design-Build: ~550M$, 2011 through 2019
  65% Ansaldo STS, 35% AnsaldoBreda; 80% American content

• Operate-Maintain: ~780M$, 2015 through 2029
  100% Ansaldo STS; 95%+ performed locally by permanent employees
Ansaldo STS: unique delivery capabilities to serve global client needs on time and on budget

Princess Noura University (PNU) in Riyadh, Key facts

• <1 year: design, procurement, materials at work site
• <1 year: construction, commissioning, O&M start
• Complete client satisfaction

A showcase for Ansaldo STS best-in-class delivery capabilities

Quick design of technologies and system integration

• Strong control over procurement & logistics
• Project Management
• Start and support of Operations & Maintenance (O&M) in a country with no pre-existing know-how
Ansaldo STS: diversified and proven products/solutions serve portfolio effectively serving global and local needs

Degree of maturity

- ERTMS
- Driverless
- CBTC
- Satellite based/GNSS

- Computer based interlocking
- Distributed interlocking
- PTC wayside
- PTC on Board

- Yard solutions
- Automation & supervision
- Train conformity check
Roy Hill 1 is a project by Hancock Prospecting to develop a new Iron Ore mine and build the necessary extraction and transportation infrastructure
- Giant size, low phosphorus iron ore deposit, with 2.4B€ tons of resources
- Posco (3rd largest steel manufacturer) owns a 15% stake in the project

The Roy Hill system is based on key innovative technologies
- TETRA IP-based TLC network
- Satellite-based localization with SIL4 accuracy

The satellite-based system relies on a new approach to achieve SIL4 accuracy with the current satellite localizer (LDS)
- It leverages a multi-constellation (GPS, GLONASS and GALILEO by 2015) as source of the primary data to modify the shape and values of the accuracy function along the route
- The Roy Hill model has been included in the SATLOC project with basic technology to be developed and validated in Italy

Applications in low density routes being pursued also in Italy
Ansaldo STS: unique client centric business model shaped to win in the competitive arena

- Legitimated by technological leadership in safety
- Solid roots and track records where demand is
- Serving future clients needs
- Global organization
- Rolling stock: no legacy, but preferred access
- Partnering along the whole client value chain
- Easing customer financial constraints
Ansaldo STS: uniquely positioned to seize market opportunities

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Strategic directions

Ansaldo STS, SVP Strategy
Marco Fumagalli
Ansaldo STS still committed and able to deliver superior value creation in the coming years

**Fundamentals**

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- **Technology**: Core technologies becoming global solutions integrated in a diversified and proven portfolio to serve global and local needs
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**Strategic directions**

1. **Selectivity**
   - **Focus** on attractive markets where Ansaldo STS enjoys good competitive positioning

2. **Innovation**
   - **Build** competitive advantages and ensure long-term growth

3. **Flexibility & Efficiency**
   - **Stay** competitive and agile optimizing business model and cost/asset levels

**Commitment**

- **Superior value creation**
  - Sustain **revenue growth** leveraging **healthy backlog** while protecting **profitability**
Selectivity: an imperative to profitably meet global trends
Major world cities - circa 2020

Prioritizing the right opportunities and focusing resources is critical to achieve profitable growth

Source: BCG
Selectivity: profitable growth at Ansaldo STS is a process, not a one-off event

(a) Orient
Ansaldo STS crisply understands its markets and positioning...
• Health of starting position, advantages and sets targets that are grounded in facts and explicitly linked to shareholder value creation
• Commitment to outperform market growth cherry picking opportunities
• Commitment to win in Emerging market

(b) Identify
Ansaldo STS identifies market opportunities to pursue value creation targets …
… applying profitable growth guiding principles, e.g.
• Build on competitive advantages
• Rigorously leverage the core to build on adjacencies
• Network and execute locally with global support

(c) Evaluate
Ansaldo STS systematically evaluates and prioritizes options based on facts...
• Value creation potential
• Ease of execution
...developing a profitable growth portfolio
• Don’t pursue all options, decide what is important and impacting the bottom line
• Deliver impact this year and over time

(d) Execute
Ansaldo STS details prioritized options into action plans and fiercely executes
• Organization, processes, and culture realigned to drive innovation and growth
• Rigorous monitoring of implementation
Selectivity: in Signalling, cherry picking value creation opportunities by applying market logic

**Strategic markets:** the core home markets plus other areas where Ansaldo STS is traditionally present and strong thus recognized (e.g. India)
- Ready to deliver product portfolio
- On-the-ground commercial and delivery organizations (including external partners)
  - In most cases also R&D organizations

**Opportunistic markets:** remaining markets where premium delivery is recognized
- Focus only on larger projects where we think we can be competitive
- Minimum fixed costs to serve

From a cloud of projects covering the world to a more focused and segmented approach

Clearly differentiated go to market strategies
## Innovation: technology strategy pursues multiple growth vectors

### Ansaldo STS growth vectors

<table>
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<th>Growth vectors</th>
<th>Ansaldo STS technology strategy to pursue new revenue streams</th>
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<td><strong>Core</strong></td>
<td>1. Maximize position in core</td>
</tr>
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| **Products/technologies** | • Enhance/innovate current product offer  
- Need to stay competitive  
• Protect position within existing customers  
- Leverage track record to attract new customer |
| **Geographies** | 2. Expand product offering |
| **Business models** | • Expand technology portfolio into adjacencies  
- Additional product needs of same clients  
- Ansaldo STS can achieve sustainable differentiation |
| **Products/technologies** | 3. Extend business model |
| **Business models** | • Develop and leverage complementary services addressing real client needs  
- e.g. Operations & Maintenance  
• Evaluate technology partnerships to position Ansaldo STS as a local player with global knowledge |
| **Geographies** | 4. Meet new needs of specific geographies |
| **Geographies** | • Master new leading edge technology trends around the Kernel building on core leadership  
• Anticipate clients needs as in satellite-based solutions |
# Innovation: key elements of Ansaldo STS technology plan

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Short term</th>
<th>Medium term</th>
<th>Long term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximize position in core</strong></td>
<td>CBTC</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expand product offering</strong></td>
<td>Tramwave</td>
<td>Train conformity check</td>
<td>Weigh in motion</td>
</tr>
<tr>
<td><strong>Extend business model</strong></td>
<td></td>
<td>O&amp;M solutions</td>
<td></td>
</tr>
<tr>
<td><strong>Meet new needs of specific geographies</strong></td>
<td>Satellite-based localization</td>
<td>PTC on Board</td>
<td>Satellite-based signalling</td>
</tr>
</tbody>
</table>
Flexibility: effective operations to sustain profitable growth

Expected change in the geographic mix

<table>
<thead>
<tr>
<th>SIG 2011</th>
<th>SIG 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 (index)</td>
<td>265 (index)</td>
</tr>
</tbody>
</table>

- Rest of the world
- NAFTA and Australia
- Western Europe

Expected change in the source of growth mix

- Business models
- Geographies
- Products/technologies

Ansaldo STS growth vectors

Need for Ansaldo STS operations to evolve

- Management of operational changes made easier by the fully integrated global organization that includes 100% of Ansaldo STS resources as of mid 2011

- Core: Traditional Ansaldo STS centers for Commercial and Delivery, possibly R&D
- Newer low-cost Ansaldo STS centers for Commercial and Delivery, possibly R&D
Flexibility: New operations leverage core knowledge to constantly deliver superior value to our customers

- Project manager located at client site where core Ansaldo STS capability is
  - On-field testing as well
- Development activities where there is competence

24h engineering operations leveraging different time zones

- Involvement RDE engineers enables reduction of development costs compared to current operations
- Final responsibility stays with the front-end engineering team
  - Next to the origin of the customer
- New RDE-based teams with no global responsibility yet, but importance will increase as soon market develops
- Seamless handover between engineering centers only possible through
  - Fully integrated global organization
  - Continuous worldwide exchange of engineers between the teams

Shorten development time and increase specialization

- 24h engineering operations leveraging different time zones
- Shorten development time and increase specialization
- New RDE-based teams with no global responsibility yet, but importance will increase as soon market develops
- Seamless handover between engineering centers only possible through
  - Fully integrated global organization
  - Continuous worldwide exchange of engineers between the teams
**Flexibility & Efficiency: Ansaldo STS superior value creation through already launched key global transformational programs**

**Global Development Centers**
Impact by standardizing platforms and optimizing product development

- 30M€

**Global Supply chain**
Impact by optimizing external cost management (bundling, best cost country sourcing, design to cost)

- 150M€

**Flexible Delivery**
Impact by flexibly planning, managing and agilely orchestrating activities globally according to portfolio and specific project requirements

- 40M€

**Lean Manufacturing**
Impact by orchestrating an integrated lean manufacturing footprint tight to current and expected customer needs

- 70M€

**Streamlined Support Functions**
Impact by unlocking hidden potential, extracting synergies, benefits of global scale and revised processes

- 20M€

Overall ambition of 310M€ gross cumulated savings by 2014 confirmed and well under way
The implementation of each strategic direction requires the execution of hundreds of strategic initiatives with clear targets, accountabilities, and action plans.

AIM is the system that we have developed to monitor the implementation of the efficiency programs and that we are now extending to any strategic initiative.

**AIM**

- **Data/tools:** to document targets, accountabilities, plans, and to report progress
- **Process:** to rigorously define plans and to diligently monitor their implementation
- **Governance:** to ensure frequent progress reviews with Senior Management and to identify corrective actions

Sample report highlighting impact of identified actions classified by “Degree of Implementation”

Our confidence is grounded on quantified results: we will deliver on time and on budget.

Cumulated by week:

- **2010**
  - 2011
  - 2012 focus: maintain momentum and fiercely ensure implementation
  - Total project costs: ~40M€, net headcount reduction of 8% by 2014
Strategic directions

Focus on flexibility and efficiency

Ansaldo STS, SVP and Efficiency Programs PM
Christian Andi
Ansaldo STS still committed and able to deliver superior value creation in the coming years

**Fundamentals**
- **Market:** Large & still growing but more competitive, volatile and changing in geo mix
- **Technology:** Core technologies becoming global solutions integrated in a diversified and proven portfolio to serve global and local needs
- **People&capabilities:** Globally integrated organization delivering on time and on budget
- **Business model:** unique client centric business model shaped to win in the competitive arena

**Strategic directions**
1. **Selectivity**
   - **Focus** on attractive markets where Ansaldo STS enjoys good competitive positioning
2. **Innovation**
   - **Build** competitive advantages and ensure long-term growth
3. **Flexibility & Efficiency**
   - **Stay** competitive and agile optimizing business model and cost/asset levels

**Commitment**
- Superior value creation
  - Sustain **revenue growth** leveraging **healthy backlog** while protecting **profitability**
**Flexibility & Efficiency: 5 key programs protect profitability ensuring excellence in execution by 2014**

<table>
<thead>
<tr>
<th>Programs</th>
<th>Description</th>
<th>Gross cumulated target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Supply chain</td>
<td>Impact by optimizing external cost management (bundling, best cost country sourcing, design to cost)</td>
<td>150 M€</td>
</tr>
<tr>
<td>Lean Manufacturing</td>
<td>Impact by orchestrating an integrated lean manufacturing structure tight to current and expected customer needs</td>
<td>70 M€</td>
</tr>
<tr>
<td>Flexible Delivery</td>
<td>Impact by flexibly planning, managing and agilely orchestrating activities globally according to portfolio and specific project requirements</td>
<td>40 M€</td>
</tr>
<tr>
<td>Global Development Centres</td>
<td>Impact by standardizing platforms and optimizing product families</td>
<td>30 M€</td>
</tr>
<tr>
<td>Streamlined Support Functions</td>
<td>Impact by unlocking hidden potential extracting synergies benefits of global scale and revised processes</td>
<td>20 M€</td>
</tr>
</tbody>
</table>

We are confident we will deliver against our promise
Our confidence is grounded on quantified results: we will deliver on time and on budget

Cumulated by week

2012 focus: maintain momentum and fiercely ensure implementation
Total project costs: ~ 40M€, net headcount reduction of 8% by 2014
Whole Ansaldo STS organization is visibly mobilized: we generate opportunities and each is tracked in detail

Savings clusterized in workstreams with a clear target and deployment plan

- Each workstream is monitored and report progress every 2 weeks
  - roles and mandates
  - targets and timings
  - sponsor and advisors

- List of all initiatives required to over meet the target is detailed
  - baseline, expected saving, timing

- Short/Medium/Long term initiatives are correctly balanced to ensure proper execution

- Each initiative is detailed
  - team in charge of the implementation
  - action plan
  - milestones
  - KPIs
  - additional benefits

Example:
Global Supply Chain

<table>
<thead>
<tr>
<th>Workstream</th>
<th>Initiatives in execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Materials</td>
<td></td>
</tr>
<tr>
<td>1. PCB A and Electronics</td>
<td>14</td>
</tr>
<tr>
<td>2. Cables</td>
<td>57</td>
</tr>
<tr>
<td>3. Racks &amp; cabinets</td>
<td>38</td>
</tr>
<tr>
<td>4. Electric components</td>
<td>22</td>
</tr>
<tr>
<td>5. Mechanical &amp; plastic parts</td>
<td>27</td>
</tr>
<tr>
<td>22. Wayside equipment</td>
<td>61</td>
</tr>
<tr>
<td>23. Onboard equipment</td>
<td>28</td>
</tr>
<tr>
<td>24. “C” Class materials</td>
<td>5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>252</td>
</tr>
<tr>
<td>Business Services</td>
<td></td>
</tr>
<tr>
<td>6. Design and engineering</td>
<td>86</td>
</tr>
<tr>
<td>7. Temporary work</td>
<td>9</td>
</tr>
<tr>
<td>Subtotal</td>
<td>95</td>
</tr>
<tr>
<td>Indirect services</td>
<td></td>
</tr>
<tr>
<td>8. IT</td>
<td>51</td>
</tr>
<tr>
<td>9. Facility Management</td>
<td>54</td>
</tr>
<tr>
<td>10. Travel</td>
<td>12</td>
</tr>
<tr>
<td>11. Communication (fixed and mobile)</td>
<td>19</td>
</tr>
<tr>
<td>12. Marketing</td>
<td>12</td>
</tr>
<tr>
<td>13. Utilities</td>
<td>18</td>
</tr>
<tr>
<td>14. Printed Materials</td>
<td>3</td>
</tr>
<tr>
<td>Subtotal</td>
<td>169</td>
</tr>
<tr>
<td>Packages &amp; Subcontr.</td>
<td></td>
</tr>
<tr>
<td>15. Apparatus and equip. for PSS</td>
<td>100</td>
</tr>
<tr>
<td>16. Telecommunication subsyst.</td>
<td>54</td>
</tr>
<tr>
<td>17. Station Auxiliary subsyst.</td>
<td>31</td>
</tr>
<tr>
<td>18. Onsite installation</td>
<td>97</td>
</tr>
<tr>
<td>19. Others</td>
<td>15</td>
</tr>
<tr>
<td>20. MU4 negotiations (P&amp;S+ M&amp;S)</td>
<td>23</td>
</tr>
<tr>
<td>21. Depot equipment</td>
<td>36</td>
</tr>
<tr>
<td>26. Trackworks</td>
<td>9</td>
</tr>
<tr>
<td>27. Supervision and control system</td>
<td>13</td>
</tr>
<tr>
<td>Subtotal</td>
<td>378</td>
</tr>
<tr>
<td>TOTAL</td>
<td>894</td>
</tr>
</tbody>
</table>

More than 2000 initiatives being tracked
Global Supply chain and Lean manufacturing example: We are implementing a unique model across our group...

From different business models in Racks & Cabinets reflecting former organization...

<table>
<thead>
<tr>
<th></th>
<th>Elementary Components Manufacturing</th>
<th>Rack Assembly</th>
<th>Cabinet Assembly</th>
<th>Final Electronic Assembly</th>
<th>Final Tests before shipping</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>All MUs: buy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PCBA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Back Plane</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• VME Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Carpentry Frame</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Wires &amp; Connectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>former MU1</td>
<td>• outsourced</td>
<td>• outsourced</td>
<td>• in house</td>
<td>• in house</td>
</tr>
<tr>
<td></td>
<td>former MU2</td>
<td>• outsourced</td>
<td>• in house + outsourced</td>
<td>• in house</td>
<td>• in house</td>
</tr>
<tr>
<td></td>
<td>former MU3</td>
<td>• in house</td>
<td>• in house</td>
<td>• in house</td>
<td>• in house</td>
</tr>
<tr>
<td></td>
<td>former MU4</td>
<td>• intercompany</td>
<td>• intercompany</td>
<td>• intercompany</td>
<td>• in house</td>
</tr>
</tbody>
</table>

...to one ASTS business model

OUTSOURCED

IN HOUSE

...reducing our 13M€ yearly expense by about 20%
Streamlined Support Functions Example: Being selective on Bids to enhance hit rate and reduce costs by 15-20%

1. Identified **criteria** for selecting bids to perform...

- Defines the strategic importance of the project
- Defines the probability the project and tender start as scheduled (GO probability)
- Defines the probability of winning the competition and get the contract (GET probability)

2. ...and defined a process for selecting only strategically aligned and higher probability bids

<table>
<thead>
<tr>
<th>Strategic guidelines</th>
<th>Win probability</th>
</tr>
</thead>
</table>

**Potential reduction of bidding costs by 15-20%**

*Summary table for Bids to be performed - Report by geography*

**Bidding costs (M€, '10-'11)**

- Total bids analyzed
- High prob. (>60%)
- Medium prob. (40-60%)
- Low prob. (<40%)

- Success rate: 71% 24% 0%

**Bids that should not be performed**

**FLEXIBILITY & EFFICIENCY**

- Defines the probability the project and tender start as scheduled (GO probability)
- Defines the probability of winning the competition and get the contract (GET probability)
Recap and Q&A

Ansaldo STS, Chief Executive Officer
Sergio De Luca
Key Messages

• In such an economic environment, our market is still expected to grow at 3%+
  - All key market trends in place hedging short term uncertainty
  - Volatility raising due to increased project size and progressive enlargement of scope of work (financing, service, operations & maintenance, training, operations), longer project acquisition process and increasing operational risk

• Despite competitive environment getting tougher...
  - All players targeting emerging and growing markets to capture opportunities resulting in strong pricing pressure

• ... Ansaldo STS is best positioned to seize market opportunities...
  - Global pure player with unique client centric business model, recognized technological leadership in market sweet spots (ERTMS, driverless, mass transit, HSL...) and highly flexible in design
  - Globally active with solid platforms and track record in emerging economies, where demand is

• ... committed and able to continue to outperform market growth...
  - Selectivity: focus on markets/opportunities that are attractive in terms of value and where we already enjoy a significant competitive positioning
  - Innovation: adapt and anticipate evolving geographical mix and clients’ technological trends
  - Flexibility and efficiency: stay competitive and agile, fiercely executing planned efficiency programs

• ... and deliver superior value to shareholders leveraging healthy backlog and protecting profitability
  - Strong organic growth, high revenue visibility thanks to healthy backlog 4.5x revenues, solid margin and low risk in execution
  - Asset light business, strong balance sheet, negative NFP to sustain R&D and execution on time and on budget
  - Flexibility and efficiency ensured by key programs already launched and delivering against the promise
Questions and Answers
Commitment: Guidance and Financials

Ansaldo STS, Chief Financial Officer
Alberto Milvio
Ansaldo STS still committed and able to deliver superior value creation in the coming years

**Fundamentals**
- **Market**: Large & still growing but more competitive, volatile and changing in geo mix
- **Technology**: Core technologies becoming global solutions integrated in a diversified and proven portfolio to serve global and local needs
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- **Business model**: unique client centric business model shaped to win in the competitive arena

**Strategic directions**

<table>
<thead>
<tr>
<th>1</th>
<th>Selectivity</th>
<th>2</th>
<th>Innovation</th>
<th>3</th>
<th>Flexibility &amp; Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Focus</strong> on attractive markets where Ansaldo STS enjoys good competitive positioning</td>
<td><strong>Build</strong> competitive advantages and ensure long-term growth</td>
<td><strong>Stay</strong> competitive and agile optimizing business model and cost/asset levels</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Commitment**

**Superior value creation**
- Sustain **revenue growth** leveraging **healthy backlog** while protecting **profitability**
Ansaldo STS: 2011 a tough year mainly due to Libya

<table>
<thead>
<tr>
<th>M€</th>
<th>Guidance 2011</th>
<th>Preliminary Unaudited 2011</th>
<th>Actual 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March</td>
<td>July</td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>1.500 - 1.700</td>
<td>1.900 - 2.100</td>
<td></td>
</tr>
<tr>
<td>Backlog</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>1.280 - 1.360</td>
<td>1.180 - 1.260</td>
<td></td>
</tr>
<tr>
<td>ROS</td>
<td>~10,6%</td>
<td>9,5% - 10,0%</td>
<td></td>
</tr>
<tr>
<td>Net Financial Position¹</td>
<td>(330) - (370)</td>
<td>(280) - (300)</td>
<td></td>
</tr>
</tbody>
</table>

(1) After Dividend payment
## Ansaldo STS: focus on Libya

Preliminary 2011 un-audited data

### Contract status end of 2011, M€

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Values - Whole life</td>
<td>743</td>
</tr>
<tr>
<td>Advance Payments</td>
<td>205</td>
</tr>
<tr>
<td>Revenues recognized</td>
<td>93</td>
</tr>
<tr>
<td>% completion</td>
<td>13%</td>
</tr>
<tr>
<td>Backlog - 31 Dec 2011</td>
<td>650</td>
</tr>
<tr>
<td>Working Capital - 31 Dec 2011</td>
<td>(130)</td>
</tr>
</tbody>
</table>

### 2011: Impact of Libya, M€

A substantial missing positive contribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>~100</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>~20</td>
</tr>
<tr>
<td>Cash Flow Generation</td>
<td>~35</td>
</tr>
<tr>
<td>% completion</td>
<td>~26%</td>
</tr>
<tr>
<td>Backlog - 31 Dec 2011</td>
<td>~549</td>
</tr>
</tbody>
</table>
Ansaldo STS: Strong Backlog Build-up in the last 4 years sustained by an above average Book to Bill ratio

Preliminary 2011 un-audited data

Ansaldo STS: cover ratio 4,5x

Signalling: cover ratio 2,9x

Transportation Solutions: cover ratio 6,5x
Ansaldo STS: focus on backlog evolution (i)
Geographical mix and business, Preliminary 2011 un-audited data

2008: 3.136M€
Italy&Europe>80%
Signalling and Transportation Solutions almost equal

2011: 5.453M€
Emerging Market and Transportation solutions taking the lead

Backlog evolution

By Geo Area

By Business

Italy
North America
Emerging
Transportation Solution
Rest of Europe
Australia
Signalling

O&M
EPC

59
<1
59
18
61
43
Operations and Maintenance a key asset in Ansaldo STS portfolio: the confirmation of a successful value proposition
Ansaldo STS: value creation focus on Invested Capital
Figures in M€, Preliminary 2011 un-audited data

- Net Invested Capital driven by Working Capital evolution
- Deterioration due to
  - large contract work-in-progress build-up
  - lower advances
  - customers’ tighter financial constraints
- Working Capital deterioration experienced also by the other major industry players
- Invested Capital expected to stabilize and improve
  - stronger working capital management
  - shift towards “working capital light” Transportation Solutions Projects
### Ansaldo STS: Pre Actual 2011 results and Guidance 2012

<table>
<thead>
<tr>
<th>(M€)</th>
<th>2011 Preliminary unaudited</th>
<th>2012 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>2.164</td>
<td>1.500-1.700</td>
</tr>
<tr>
<td>Backlog</td>
<td>5.453</td>
<td>5.700-5.900</td>
</tr>
<tr>
<td>Revenues</td>
<td>1.212</td>
<td>1.200-1.300</td>
</tr>
<tr>
<td>ROS¹</td>
<td>9,6%</td>
<td>~9,5%</td>
</tr>
<tr>
<td>Net Financial position</td>
<td>(290)</td>
<td>(~330)²</td>
</tr>
</tbody>
</table>

**Volumes still impacted by Libya**

**Profitability also by restructuring costs**

---

(1) Including restructuring severance costs for 8m€ in 2012, 1m€ in 2011
(2) Before Dividend payment
Ansaldo STS: Strategic pillars will ensure strong growth and profitability by 2014

- **Backlog, M€**
  - 2011: 5,460
  - 2014: 6,500
  - ~ 6% CAGR

- **Revenues, M€**
  - 2011: 1,212
  - 2014: 1,550
  - ~ 9% CAGR

- **ROS, pp**
  - 2011: 9,6
  - 2014: 11,0
  - 0,9-1,4pp

- **Net Financial Position, M€**
  - 2011: -290,0
  - 2014: -370,0
  - (80) - (110)
Ansaldo STS: Superior performance already booked thanks to strong revenue coverage from backlog

**Ansaldo STS**

<table>
<thead>
<tr>
<th>Year</th>
<th>New Orders</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>2014</td>
<td>42</td>
<td>58</td>
</tr>
</tbody>
</table>

**Signalling**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>25</td>
<td>55</td>
</tr>
<tr>
<td>100</td>
<td>75</td>
<td>45</td>
</tr>
</tbody>
</table>

**Transportation Solutions**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>100</td>
<td>92</td>
<td>80</td>
</tr>
</tbody>
</table>
Ansaldo STS: stock performance since IPO

Total Shareholders Return (TSR) since IPO: about 46%
Questions and Answers
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 this year we have joined the Global Compact, a voluntary initiative launched by the UN to spread the culture of respect for human rights, labour, environment and the fight against corruption.
Five years of free capital increase - details

<table>
<thead>
<tr>
<th>Free capital increase plan:</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mil of shares before the capital increase</td>
<td>100</td>
<td>120</td>
<td>140</td>
<td>160</td>
<td>180</td>
</tr>
<tr>
<td>Mil of shares after the capital increase</td>
<td>120</td>
<td>140</td>
<td>160</td>
<td>180</td>
<td>200</td>
</tr>
<tr>
<td>Factor of correction</td>
<td>0,833</td>
<td>0,857</td>
<td>0,875</td>
<td>0,889</td>
<td>0,9</td>
</tr>
</tbody>
</table>

This factor of correction (in 2011 was 0.857) must be used to make comparable the prices above periods of time. For instance in order to compare the present value of the share with the one concerning one year ago, it is necessary to correct last price multiplying it for 0.857. **In fact the IPO offering price adjustment will be:**

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.e. Offering price adj., after each tranche of free cap. increase</td>
<td>6,5</td>
<td>5,57</td>
<td>4,87</td>
<td>4,33</td>
</tr>
<tr>
<td>= 7,8X0,833</td>
<td>= 6,5X0,857</td>
<td>= 5,57X0,875</td>
<td>= 4,87X0,889</td>
<td>= 4,33X0,9</td>
</tr>
</tbody>
</table>

The free cap. increase is just an accounting operation with no effects on the financial structure of the company:
**Glossary**

**AF-900** - Part of an Automatic Train Control System (ATC), providing both train detection and transmission of digital cab signalling data for the Automatic Train Protection (ATP) function of the ATC.

**ATC - Automatic Train Control** or ATC, is an integrated signalling 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 signalling 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.

**ATSF - Ansaldo Trasporti Sistemi Ferroviari**, Transport Solutions Business Unit.

**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.

**CBTC - Communication Based Train Control**, or CBTC, is a system under development that will allow 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.

**CPTM** - The Companhia Paulista de Trens Metropolitanos runs the city of São Paulo’s suburban passenger services.

**CTC - A Centralized Traffic Control** system, or CTC, monitors the status of signalling 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.

**DPL - Dedicated Passenger Line.**

**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.

**ETCS - The European Train Control System** (ETCS) is a signalling, control and train protection system designed to replace the many incompatible safety systems currently used by European railways, especially on high-speed lines.

**ERTMS - The European Rail Traffic Management System**, or ERTMS, 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.
Glossary

EUROCAB - Onboard computer used to process ETCS information.

FS - Ferrovie dello Stato S.p.A, or FS, the operator of the Italian railway network.

HSL - High Speed Line, or HSL, refers to railway lines with capacity for speeds in excess of 200 km/h (125 mph).


Interlocking System (IXL) - 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.

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.

MicroLok - Wayside control system consolidating vital and non-vital control logic, data transmission and coded track circuits into a single package.

MT - Mass Transit.

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, thereby reducing operating costs. OTP is primarily designed for those markets where railway systems infrastructure is being used to full capacity.

OURAGAN - A large-scale programme implemented by RATP for the re-signalling of 13 lines. OURAGAN is intended to standardize CBTC technology and diversify suppliers, based on the concept of interchangeability.

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.

RFF - Réseau Ferré de France: manager, project leader and owner of the French national rail network.

RFI - Rete Ferroviaria Italiana S.p.A., or RFI, is a subsidiary of FS (defined above), responsible for managing the Italian railways infrastructure.

RZD - Rossiyskie Zheleznye Dorogi/Russian Railways is the state-owned railway company of Russia.

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.

SCMT - Sistema di Controllo della Marcia del Treno: automatic train protection system.

SNCF - Société Nationale des Chemins de fer Français. The French National Railway Company is concerned with the operation of rail services for passengers and freight, and the maintenance as well as signalling of rail infrastructure owned by RFF.

SSC - Sistema Supporto Condotta: Italian train stopping system. Less sophisticated than SCMT.

TLC - Trainline Controller provides an interface between CBTC equipment and the rolling stock's conventional controls.

TTCS: Train Conformity Check System verifies the conformity of running Rolling Stocks...
Mr. Alberto Milvio, 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.

NB:
The management of Ansaldo STS also assesses the business and financial performance of the Group and its business segments based on a number of indicators not provided for by IFRS.

As required by CESR recommendation CESR/05 - 178 b, the components of each of the non-GAAP alternative performance indicators used in this press release are defined below.

**EBIT**: i.e. earnings before interest and tax, with no adjustments. It excludes income and expenses from the operations of unconsolidated subsidiaries and securities, and gains/losses on any sales of consolidated subsidiaries, which are recorded under “financial income and expenses”, or in the case of profits/losses from shareholdings valued using the equity method, under the item “effects of the valuation of shareholdings at equity”.

**EBIT margin**: is calculated as the ratio of EBIT to revenues.

**Free operating cash flow (FOCF)**: this is the sum of the cash flows generated by/used in operations, cash flow generated by/used in investments in or disposals 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”.

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