

Genova, 12 November 2007

## THE BOARD APPROVES THE THIRD-QUARTER RESULTS

- **In the first nine months:**
  - **Net profit at EUR 36.7 million (+47.4%);**
  - **Value of production at EUR 666.3 million (+2.2%);**
  - **EBIT at EUR 62 million (+17.4%);**
  - **Order backlog at EUR 2.852 million (+14.5%);**
  - **Positive cash position of EUR 163.7 million (+11.5%).**
- **Buyback of 148,090 shares authorised to service the management incentive scheme**

The board of directors of Ansaldo STS (STS.MI), headed by Alessandro Pansa, has approved the consolidated results to 30 September 2007, which showed an improvement compared to the same period last year.

For an accurate comparison with 2006, pro-forma data takes into account the effects of the acquisition of the shareholdings in Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari for the whole period, from 1 January 2006. Data showing the effects of the purchase of shareholdings from their date of acquisition (24 February 2006) is also provided in the tables attached.

In the first nine months of 2007, the Ansaldo STS group generated **net profit of EUR 36.7 million**, up **47.4%** compared to a pro-forma result of EUR 24.9 million for the same period last year, which included one-off listing costs of EUR 6.9 million.

**Value of production** for the first nine months of 2007 was **EUR 666.3 million**, an increase of **2.2%** on the figure of EUR 652 million for the same period of 2006.

**New orders** totalled **EUR 1,151.9 million (+6.7%)** at 30 September 2007, compared to EUR 1,079.1 million in the same period last year. The **order backlog** rose by **14.5%**, from EUR 2,491.3 million to **EUR 2,852.3 million** at 30 September 2007.

**EBIT** also grew, from EUR 52.8 million to **EUR 62 million**, an increase of **17.4%** on the same period last year. The group's **EBIT margin** also rose, from 8.1% to **9.3%**.

At 30 September 2007, the group had a positive **cash position of EUR 163.7 million**, compared to EUR 158.2 million at the end of 2006 and EUR 146.8 million at 30 September 2006 (+11.5%)

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Key figures (EUR m)	9 Months 2007	9 Months 2006 (1)	% chg.	Third Quarter 2007	Third Quarter 2006	% chg.
<b>New orders</b>	<b>1,151.9</b>	1,079.2	6.7%	<b>605.2</b>	257.2	135.3%
<b>Order backlog</b>	<b>2,852.3</b>	2,491.3	14.5%	<b>2,852.3</b>	2,491.3	14.5%
<b>Value of Production</b>	<b>666.3</b>	652.0	2.2%	<b>205.0</b>	209.7	-2.2%
<b>EBIT</b>	<b>62.0</b>	52.8	17.4%	<b>17.2</b>	17.3	-0.6%
<b>EBIT margin</b>	<b>9.3%</b>	8.1%	1.2%	<b>8.4%</b>	8.2%	0.2%
<b>Net profit</b>	<b>36.7</b>	24.9	47.4%	<b>8.4</b>	9.0	-6.7%
<b>Working capital</b>	<b>(213.2)</b>	(230.1)	-7.3%	<b>(213.2)</b>	(230.1)	-7.3%
<b>Net debt</b>	<b>(163.7)</b>	(146.8)	11.5%	<b>(163.7)</b>	(146.8)	11.5%
<b>R&amp;D</b>	<b>32.2</b>	28.7	12.2%	<b>8.2</b>	8.7	-5.7%
<b>Headcount</b>	<b>4,258</b>	3,913	8.8%	<b>4,258</b>	3,913	8.8%
<b>EPS</b>	<b>0.37</b>	0.25		<b>0.08</b>	0.09	

(1) Pro-forma 2006 data that includes Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari SpA in the basis of consolidation from 1 January 2006, as well as one-off listing costs of EUR 6.9 million.

## RESULTS FOR THE THIRD QUARTER OF 2007

**Orders** secured in the third quarter of 2007 totalled EUR 605.2 million, compared with EUR 257.2 million in the same period last year, a rise of EUR 348 million or 135.3%.

Specifically, new orders for the **Signalling Unit** totalled EUR 115.2 million (EUR 110.3 million excluding dealings with the Transport Systems Unit), while the **Transport Systems Unit** secured orders of EUR 494.9 million.



The main orders acquired in the third quarter of 2007 relate to the following projects:

Country	Project	Customer	Value (EUR m)
Italy*	Naples Metro Line 6	Naples Metro	426,0
Italy*	Rome Line C	Rome Metro	55.2
USA-Italy-France	Service components and maintenance	Various	22.0
Australia	Rio Tinto project	Rio Tinto	13.8
Italy	ACS – Rebaudengo	RFI	11.5
France	CTRL – change in order	URN	9.0
Spain	Los Gavilanes	ADIF	7.4
France	Maintenance	RATP	6.3
Italy	On board SCMT	Gargano Ferrovie	5.7
Italy*	High speed	TAV	4.1

\* Main orders acquired by the Transport Systems Unit in 3Q07

At 30 September 2007, the **order backlog** of the **Signalling Unit** (excluding dealings with the Transport Systems Unit) totalled EUR 1,231.9 million (compared with EUR 1,264.9 million in the same period of 2006), of which:

- EUR 602.3 million relates to the Italian subsidiary;
  - EUR 257.7 million to the US subsidiary;
  - EUR 224.2 million to the French subsidiary;
  - EUR 166.2 million to the Asia/Pacific subsidiary;
- (figures excluding dealings between subsidiaries)

At 30 September 2007, the **order backlog** of the **Transport Systems Unit** totalled EUR 1,760.9 million (compared with EUR 1,299.5 million in the same period of 2006), and mainly related to the following projects:

- High speed for Italy (EUR 121.5 million)
- Copenhagen metro (EUR 149.7 million)
- Contracts relating to the construction of the Naples, Rome and Genoa metro systems (EUR 656.8 million)
- Driverless metro systems of Brescia and Milan (EUR 324 million)
- Thessaloniki driverless metro (EUR 162 million)
- Rome driverless metro line C (EUR 195.5 million)
- Alifana metro (EUR 116.2 million)
- Miscellaneous (EUR 35.2 million)

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**Value of production** came in at EUR 205 million, compared to EUR 209.7 million in the same period of 2006, down 2.2% on quarter basis.

This decrease was due to:

- **the Signalling Unit** (excluding dealings with the Transport Systems Unit), for EUR 4.3 million.
- **the Transport Systems Unit**, for EUR 0.4 million.

**R&D costs** totalled EUR 8.2 million in 3Q07, against EUR 8.7 million in the same period last year.

**EBIT** came in at EUR 17.20 million for the third quarter, compared to EUR 17.27 million in 3Q06.

By business:

- **Signalling** registered EBIT of EUR 16.4 million, compared to EUR 19.6 million in the same period last year, a decrease of EUR 3.2 million.
- **Transport Systems** generated EBIT of EUR 1.8 million, compared to EUR 1.9 million in the same period last year, a decrease of EUR 0.1 million.

The group closed the third quarter of 2007 with **consolidated net profit** of EUR 8.4 million, compared with EUR 9.0 million at 30 September 2006.

**Free operating cash flow (FOCF)**, before strategic investments, was positive to the tune of EUR 11.5 million, a fall compared to the exceptional figure of EUR 99.9 million reported at 30 September 2006.

The main factors causing the variation in the group's cash position were as follows:

- receipts from Italian clients of EUR 196 million;
- receipts from non-Italian clients of EUR 88.2 million;
- payment of EUR 2.4 million for acquisition of RM STAR division;
- VAT and tax payments totalling EUR 43.2 million;
- payments for investments in tangible and intangible assets of EUR 7.2 million;
- financial income and charges of EUR 4.6 million.

Operating cash flow, however, registered a positive trend.

At 30 September 2007, **consolidated net invested capital** was negative to the tune of EUR 3 million, compared to a negative figure of EUR 31.6 million at 31 December 2006.

The difference of EUR 28.6 million is due to both the change in working capital, which fell from EUR (237.3) million in December 2006 to EUR (213.2) million at 30 September 2007, and the increase of EUR 4.5 million in net non-current assets/liabilities.



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Ansaldo STS group

<i>Consolidated profit and loss (EUR m)</i>	<i>Third quarter 2007</i>	<i>Third quarter 2006 (1)</i>	<i>Figure at 30.09.07</i>	<i>Figure at 30.09.06 (1)</i>	<i>Figure at 30.09.06 (2)</i>
Revenues	205.0	209.7	666.3	652.0	533.5
Value of Production	<b>205.0</b>	<b>209.7</b>	<b>666.3</b>	<b>652.0</b>	<b>533.5</b>
Purchasing and staff costs	(183.4)	(189.2)	(598.7)	(591.9)	(480.5)
Change in inventories, semi-finished and finished products and goods	0.2	0.5	3.1	2.9	3.7
Depreciation and amortisation	(2.4)	(2.5)	(7.1)	(7.2)	(5.9)
Write-downs	0	0	0	(0.2)	(0.1)
Restructuring costs	(0.2)	(0.1)	(0.2)	(0.1)	0
Other net operating revenues (costs)	(2.0)	(1.1)	(1.4)	(2.7)	(3.6)
<b>EBIT</b>	<b>17.2</b>	<b>17.3</b>	<b>62.0</b>	<b>52.8</b>	<b>47.1</b>
Net financial income (expenses)	0.8	0.6	2.6	2.0	1.3
Income taxes	(9.6)	(8.9)	(27.9)	(29.8)	(26.1)
<b>NET PROFIT</b>	<b>8.4</b>	<b>9.0</b>	<b>36.7</b>	<b>25.0</b>	<b>22.3</b>
Earnings per share	0.08	0.09	0.37	0.25	0.22

- (1) *Pro-forma data that includes the results of activities since the beginning of 2006 and one-off listing costs of EUR 6.9 million.*
- (2) *2006 with the effect of the transfer of Ansaldo Signal NV and Ansaldo Sistemi Ferroviari from 24 February 2006 and including one-off listing costs of EUR 6.9 million.*

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## CONSOLIDATED FINANCIAL POSITION

### Ansaldo STS group

<i>Consolidated financial position (EUR m)</i>	<b>30.09.07</b>	<b>30.09.06</b>	<b>31.12.06</b>
Non-current assets	259.7	233.7	250.5
Non-current liabilities	49.5	43.4	44.8
	<b>210.2</b>	<b>190.3</b>	<b>205.7</b>
Inventory	106.8	91.4	96.5
Contract work in progress	137.3	89.0	78.3
Trade receivables	265.7	268.4	311.2
Trade payables	165.8	161.3	166.3
Advances from clients	462.9	434.5	475.1
Short-term provisions for risks and charges	23.4	26.2	22.3
Other current net assets (liabilities)	(70.9)	(56.9)	(59.6)
<b>Working capital</b>	<b>(213.2)</b>	<b>(230.1)</b>	<b>(237.3)</b>
<b>Net invested capital</b>	<b>(3.0)</b>	<b>(39.8)</b>	<b>(31.6)</b>
Group shareholders' equity	160.3	106.6	126.3
Minority interests	0.4	0.4	0.3
<b>Shareholders' equity</b>	<b>160.7</b>	<b>107</b>	<b>126.6</b>
<b>Net debt</b>	<b>(163.7)</b>	<b>(146.8)</b>	<b>(158.2)</b>

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## CASH FLOW

### Ansaldo STS group

Cash Flow (EUR m)	30.09.07	30.09.06	31.12.06
<b>Cash and cash equivalents – opening balance</b>	48.6	36.0	36.0
Gross cash flow from operations	63.3	57.6	100.2
Changes in working capital	(27.6)	79.9	93.8
Changes in other operating assets and liabilities	(11.0)	(20.4)	(53.1)
<b>Cash flow generated (used) by operating activities</b>	24.7	117.1	140.9
Cash flow from ordinary investments	(13.3)	(17.3)	(21.6)
<b>Free operating cash flow</b>	<b>11.5</b>	<b>99.9</b>	<b>119.3</b>
Strategic investments	(2.4)	(54.8)	(60.4)
<b>Cash flow generated (used) by investment activities</b>	(15.7)	(72.1)	(82.0)
Dividends paid	0	(32.0)	(32.0)
Capital increases	0	0	60.2
Cash flow from financing activities	8.7	(5.8)	(74.7)
<b>Cash flow generated (used) by financing activities</b>	8.7	(37.8)	(46.5)
<b>Translation difference</b>	(0.1)	0.2	0.2
<b>Cash and cash equivalents – closing balance</b>	<b>66.2</b>	<b>43.4</b>	<b>48.6</b>

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**RESULTS BY SECTOR OF ACTIVITY**

EUR m	SIGNALLING					TRANSPORT SYSTEMS				
	Third quart. 2007	Third quart. 2006	At 30/09/07	At 30/09/06	At 31/12/06	Third quart. 2007	Third quart. 2006	At 30/09/07	At 30/09/06	At 31/12/06
<b>New orders</b>	115.2	177.6	492.5	576.8	833.1	494.9	83.7	670.0	508.3	534.3
<b>Order backlog</b>	1,231.9	1,264.9	1,231.9	1,264.9	1,319.6	1,760.9	1,299.5	1,760.9	1,299.5	1,248.1
<b>Value of Production</b>	165.7	169.3	521.2	499.0	702.1	45.0	45.4	157.3	161.7	236.7
<b>EBIT</b>	16.4	19.6	56.2	51.9	73.9	1.8	1.9	14.2	14.1	21.4
<b>EBIT margin</b>	9.9%	11.6%	10.8%	10.4%	10.5%	4.0%	4.2%	9.0%	8.7%	9.1%
<b>Working capital</b>	(65.5)	(62.8)	(65.5)	(62.8)	(70.0)	(136.3)	(165.3)	(136.3)	(165.2)	(171.9)
<b>Net invested capital</b>	14.1	9.0	14.1	9.0	8.6	(17.2)	(127.2)	(17.2)	(127.3)	(124.3)
<b>Research and development</b>	7.5	8.2	29.9	27.3	33.2	0.4	0.4	1.6	1.2	2.0
<b>Headcount</b>	3,890	3,556	3,890	3,556	3,606	321	328	321	328	327

Notes to the table

The figures shown in the table do not include dealings with other divisions.

*Jean Paul Giani, 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 release accurately represents the figures contained in the group's accounting records.*

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## SHARE BUYBACK PROGRAMME FOR THE MANAGEMENT INCENTIVE PLAN

The board of directors of Ansaldo STS SpA also voted today to launch the Share Incentive Plan 2006-2007 (the "Plan") already approved by the shareholders' meeting on 22 May 2007.

Specifically, in accordance with the Plan and relating to the 2006 targets, **148,090 shares will be assigned to 47 key personnel at Ansaldo STS** and some of its subsidiaries.

To implement the Plan, the board of directors also voted to launch the **share buyback programme** servicing the Plan, within the limits of the authorisation granted by the shareholders' meeting and the board of directors.

Given the limits imposed by the shareholders' resolution, the board of directors set the following conditions regarding the implementation of the programme:

- 148,090 own shares with a nominal value of EUR 0.50 each are to be purchased, representing 0.148% of the share capital; this number is lower than the maximum number of own shares authorised to be bought back by the shareholders' meeting mentioned above, that is 224,315 ordinary shares with a nominal value of EUR 0.50 each, representing 0.224% of the share capital;
- the buyback will be implemented at a price of no greater than 15% and no less than 15% of the market price registered by the share on the day before each operation, in accordance with the laws in force, including the provisions of Regulation (EC) no. 2273/2003;
- the share purchases will be made pursuant to the provisions of article 144-bis, paragraph 1, letter b) of the Issuer Regulations;
- the quantity of shares purchased on any day shall be no greater than 25% of the average daily volume of Ansaldo STS shares traded on the Italian stock exchange;
- the buyback must be carried out by 30 November 2007; this is in line with the final deadline set by the shareholders' meeting above, of 18 months from the resolution of 22 May 2007.

The company must inform the public of any subsequent amendments to the buyback programme in good time.

By the seventh trading day after the individual buyback operations, Ansaldo STS will inform Consob and the market of the following: the number of shares purchased, and the date, time and price of every purchase.

At present, Ansaldo STS and its subsidiaries do not hold Ansaldo STS ( STS. MI ) shares.

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**Ansaldo STS confirms that at 15:00 CET on Tuesday 13 November, the management will be available to comment on the results for the third quarter of 2007, via conference call.**

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

**Italy: +39 02 8020911**

**UK: +44 20 8792 9750**

**USA: +1 866 239 6425**

**To replay the conference call in the 72 hours following the call, using access code 840#**

**Italy: +39 02 80613780**

**UK: +44 20 7108 6235**

**USA: +1 866 848 9310**

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