

Genoa, 12 May 2008

Ansaldo STS : improved first-quarter results

- **Net profit Euro 10.5 M (+19%)**
- **Value of production Euro 219.2 M (+7.6%)**
- **EBIT Euro 20.1 M (+ 10%)**
- **Order backlog Euro 2,924 M (+ 23.4%)**
- **Plan to merge Italian operating companies into Ansaldo STS approved**

The board of directors of Ansaldo STS SpA (STS.MI), which met today under the chairmanship of Alessandro Pansa, has approved the quarterly results to 31 March 2008.

Net profit was EUR 10.5 million, an increase of 18.9% compared to the same period in 2007 (EUR 8.8 million), and the order backlog rose to EUR 2,924.4 million, of which EUR 193.6 million related to new orders acquired in the period.

EBIT for the quarter was EUR 20.1 million, versus EUR 18.3 million in the same period of 2007.

In accordance with the corporate reorganisation ratified on 18 April, the board of directors also approved both the plan to merge Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA into Ansaldo STS SpA and the Directors' Report on the merger. The merger plan has been prepared on the basis of the companies' approved annual financial statements to 31 December 2007. As both companies involved in the merger are 100%-owned by Ansaldo STS SpA, the merger (which will not involve a capital increase by the incorporating company) will be decided by the board of directors of Ansaldo STS SpA, pursuant to article 2505 of the Italian civil code. Final approval for the transaction, which will take legal and accounting effect on 1 January 2009, unless otherwise specified in the merger deed, is expected to be given in the second half of June.

PRESS RELEASE

RESULTS FOR THE FIRST QUARTER 2008

Key figures (EUR m)	1Q08	1Q07	% chg	Dec. 2007 Cons.
New orders	193.6	162.7	19.0%	1,532.5
Order backlog	2,924.4	2,370.0	23.4%	2,980.0
Value of production	219.2	203.7	7.6%	973.1
EBIT	20.1	18.3	9.8%	100.3
EBIT margin	9.1%	8.9%	0.2%	10.3%
Net profit	10.5	8.8	18.9%	58.3
Working capital	(194.4)	(262.0)	(25.8%)	(216.7)
Net financial position	(172.0)	(197.1)	(12.8%)	(184.5)
R&D	10.1	12.5	(19.2%)	41.2
Headcount	4,258	4,052	5.1%	4,243
EPS	0.10	0.09		0.58

The Group recorded a **value of production** of EUR 219.2 million in 1Q08 compared to EUR 203.7 million in 1Q07.

The **EBIT** margin rose to 9.1%, from 8.9% in the same period last year.

New orders for the first three months of 2008 totalled EUR 193.6 million, of which EUR 48.3 million related to the **Transport Systems Unit** and EUR 145.9 million to the **Signalling Unit**. 86.3% of the Signalling Unit's orders came from outside Italy.

The main new orders acquired in 1Q08 are shown below:

Country	Project	Client	Value (EUR m)
Italy*	Rome Metro Line C	Rome Metro	44.1
France**	Standard on-board equipment	SNCF	25.1
Tunisia**	Signalling and electrical equipment for the Tunis suburbs	SNCFT	18.2
UK**	Cambrian Line phases 2/3	Network Rail	13.2
Australia**	Orders for various projects	Rio Tinto	9.8
Australia**	Orders for various projects	ARTC	8.1
Italy-USA-France**	Components and maintenance	Various	25.3

* Main orders acquired by the Transport Systems Unit

** Main orders acquired by the Signalling Unit

The **order backlog** at 31 March 2008 totalled EUR 2,924.4 million, an increase of 23.4% on the same period in 2007. EUR 1,339.5 million related to the Signalling Unit, versus EUR 1,322.5 million in 1Q07 (including dealings with the Transport Systems Unit), and EUR 1,808.8 million to the Transport Systems Unit, versus EUR 1,200.7 million in 2007.

Working capital was negative to the tune of EUR 194.4 million at 31 March 2008, a variation of EUR 22.3 million on the EUR -216.7 million recorded in December 2007. The change in working capital was mainly due to a reduction in trade payables.

The group's **Net Financial Position** was positive to the tune of EUR 172.0 million at 31 March 2008, down EUR 12.6 million on the EUR 184.5 million recorded at 31 December 2007, due mainly to delayed receipts and higher payments to suppliers. **Free Operating Cash Flow** (FOCF) before strategic investments was EUR -12.8 million in the period, down from EUR 36.7 million at 31 March 2007.

OUTLOOK

The group's order backlog was up on the same period last year, and this will enable it to achieve production volumes for 2008 in line with, if not greater than, the already impressive totals registered in 2007.

Overall, the company's key markets are still growing, although in some countries (including Italy), certain railway investment programmes are nearing their natural conclusion. Faced with this prospect, the group is becoming increasingly active in countries with high economic growth and significant potential for investment in infrastructure, such as China, India and Russia.

Development in the transport systems business worldwide is continuing in 2008, combining the solid experience of Italian subsidiary Ansaldo Trasporti Sistemi Ferroviari with the presence of the Signalling Unit's operating companies in the various markets.

Lastly, the group supports US subsidiary US&S, whose activities are focused on the development and implementation of various highly complex projects with strategic importance for the technological advancement of ASTS products.

SCHEDULES:
CONSOLIDATED PROFIT AND LOSS ACCOUNT
ANSALDO STS GROUP

Consolidated profit and loss (EUR m)	1Q 2008	1Q 2007	Dec 2007
Revenues	219.2	203.7	973.1
Value of production	219.2	203.7	973.1
Purchasing and staff costs	(201.3)	(186.0)	(860.8)
Depreciation and amortisation	(2.5)	(2.0)	(10.4)
Write-downs	-	-	(0.6)
Other net operating revenues (costs)	(1.5)	(0.4)	(2.0)
Change in work in progress, semi-finished and finished goods	6.2	3.0	1.0
EBIT	20.1	18.3	100.3
Net financial income (expenses)	0.3	1.1	3.6
Income taxes	(9.9)	(10.6)	(45.6)
Net profit	10.5	8.8	58.3
Earnings per share	0.1	0.09	0.58

CONSOLIDATED FINANCIAL POSITION

ANSALDO STS GROUP

Consolidated financial position (EUR m)	31 Mar. 2008	31 Mar. 2007	31 Dec. 2007
Non-current assets	249.3	248.8	257.1
Non-current liabilities	(46.1)	(50.0)	(47.2)
	203.2	198.8	209.9
Inventories	105.6	106.3	98.3
Contract work in progress	184.9	92.4	151.9
Trade receivables	271.0	272.2	326.5
Trade payables	(158.3)	(172.6)	(194.5)
Customer advances	(490.1)	(476.0)	(506.8)
Short-term provisions for risks and charges	(26.9)	(22.6)	(26.2)
Other current net assets (liabilities)	(80.6)	(61.7)	(65.9)
Net working capital	(194.4)	(262.0)	(216.7)
Net invested capital	8.8	(63.2)	(6.8)
Group shareholders' equity	180.4	133.5	177.3
Minority interests	0.4	0.4	0.4
Shareholders' equity	180.8	133.9	177.7
Net financial position	(172.0)	(197.1)	(184.5)

CASH FLOW
ANSALDO STS GROUP

Cash Flow (EUR m)	31 Mar. 2008	31 Mar. 2007	31 Dec. 2007
Cash and cash equivalents – opening balance	63.4	48.6	45.6
Cash flow from operations	24.4	21.9	112.3
Change in working capital	(42.2)	21.6	(26.6)
Changes in other operating assets and liabilities, tax and interest	7.5	(3.0)	(41.0)
Cash flow generated (used) by operating activities	(10.3)	40.5	(44.7)
Cash flow from ordinary investments	(2.5)	(3.9)	
Free operating cash flow	(12.8)	36.6	26.9
Strategic investments		-	(2.4)
Other changes in investments	-	-	0.1
Cash flow generated (used) by investment activities	(2.5)	(3.9)	(20.1)
Capital increase		-	
Dividends paid		-	
Cash flow from financing activities	(33.7)	(49.8)	(8.9)
Cash flow generated (used) by financing activities	(33.7)	(49.8)	(8.9)
Exchange rate differences	(1.9)	-	(0.9)
Cash and cash equivalents – closing balance	82.4	35.4	63.4

RESULTS BY SECTOR OF ACTIVITY

EUR m	SIGNALLING		TRANSPORT SYSTEMS	
	1Q 2008	1Q 2007	1Q 2008	1Q 2007
New orders	145,9	156,3	48,3	7,0
Order backlog	1,339,5	1,322,5	1,808,8	1,200,7
Value of production	170,1	150,6	49,4	54,3
EBIT	15,5	14,9	5,1	5,2
EBIT margin	9.1%	9.8%	10.3%	9.5%
Working capital	(53.3)	(105.5)	(129.2)	(154.6)
Net invested capital	25.6	(32.7)	(11.9)	(108.5)
Research and development	9.2	11.8	0.5	0.5
Headcount	3.840	3.687	365	324

Notes to the table

The figures reported in the table do not take into account eliminations between 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.

Ansaldo STS confirms that at **3pm on 13 May**, the management will be available to comment on the results for the first quarter of 2008, via conference call.

Via conference call:

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To replay the conference call in the 72 hours following the call, using access code 706#

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