

Genoa, March 14th 2018

**CONSOLIDATED AND DRAFT FINANCIAL STATEMENTS 2017 APPROVED,
DIVIDEND PROPOSED OF EUR 0.15 PER SHARE,
2018 GUIDANCE APPROVED**

- **New orders of EUR 1,500.8 million (+1.7%)**
- **Order Backlog at December 31st 2017 of EUR 6,457.5 million (-0.5%)**
- **Revenue at EUR 1,361.0 million (+2.5%)**
- **EBIT at EUR 100.8 million (-20.5%)**
- **ROS 7.4% (-2.2 p.p.)**
- **Consolidated Net Result of EUR 64.9 million (-16.7%)**
- **Free Operating Cash Flow (FOCF) at EUR 30.6 million (-19.4%)**
- **Net Financial Position, positive net cash, at EUR (357.5) million, in increase compared to the previous year 2016 of EUR (338.0).**
- **Total dividend amount of EUR 30 million (EUR 0.15 per share) proposed to the Shareholders' Meeting**
- **Corporate Governance Report approved**
- **2018 Guidance approved**

The Ansaldo STS S.p.A. (STS.MI) Board of Directors meeting, held today, approved by majority the draft financial statements for 2017 that will be presented at the Ordinary Shareholders' Meeting.

The Board also approved by majority the Ansaldo STS Group's consolidated Financial Report on December 31st 2017.

The Board of Directors of Ansaldo STS S.p.A. resolved to convene the **Shareholders' Meeting** of the Company, for **May 10th 2018** in a single call.

The call notice, the explanatory reports prepared pursuant to art. 125-ter TUF and art. 84-ter of *Regolamento Emittenti*, as well as the additional documentation relating to the Shareholders' Meeting, will be made available to the public within the terms and with the procedures established by current legislation.

The 2017 financial year ended with a **Consolidated Net Result** of EUR **64.9** million compared to EUR 77.9 million in 2016.

The Board has decided to propose to the Ordinary Shareholders' Meeting a dividend distribution of **EUR 0.15** 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 taxes pursuant to the law. The total value of the proposed dividends is EUR **30** million.

The dividend will be paid, if approved by the Shareholders' Meeting, starting from May 23rd 2018 (*payment date*), with coupon date (coupon no. 15) set at May 21st 2018 (*ex date*). Ansaldo STS S.p.A. Shareholders at the close of business on May 22nd 2018 (*record date*) will be entitled to the dividend.

With regard to the purchase and disposal of own shares, the Company's Board of Directors resolved to request a new authorization from the Shareholders' Meeting so that it can purchase and dispose of the shares purchase, in compliance with current legislation and in particular by (EU) Regulation no. 596/2014, at the service of the share incentive plans approved by the Company.

The purchase authorization of own shares is required for a period of 18 months starting from the approval of the Shareholders' Meeting. Authorization for the disposal is requested without time limits. Purchases can be made in one or more times up to a maximum of n. 251,000 ordinary shares, corresponding to 0.125% of the share capital. Therefore, considering the current listing of the Ansaldo STS share on the Milan Stock Exchange, the potential maximum purchase disbursement for the transaction is estimated at around EUR 3,117,000.

The purchase transactions will be carried out in compliance with the provisions of art. 132 of Legislative Decree 58/1998, by art. 144-bis of *Regolamento Emittenti* and any other applicable Italian or European legislation, as well as the admitted market practices recognized by Consob and must be carried out at price conditions compliant with the provisions of art. 3 paragraph 2 of *Regolamento Delegato* (EU) no. 2016/1052 of the European Commission of 8 March 2016.

The shares to service the share incentive plans approved by the Company will be assigned in the manner and within the terms indicated by the regulations of the plans themselves.

To date, the Company does not hold any own shares.

*The Chief Executive Officer and General Manager, **Andy Barr** commented: " 2017 has been an important year, underlying performance has been good and the impact of isolated contract problems in Northern Europe has been contained. I am particularly pleased with the work of my team and would like to thank all the staff for their effort in reaffirming the Company's commitment to being a reliable partner to many of the major rail and transit authorities worldwide."*

**Consolidated Results 2017
Ansaldo STS**

Key consolidated figures (M€)	31.12.2017	31.12.2016	% Change
New orders	1,500.8	1,475.8	+1.7%
Order Backlog	6,457.5	6,488.4	-0.5%
Revenue	1,361.0	1,327.4	+2.5%
EBIT	100.8	126.8	-20.5%
R.O.S	7.4%	9.6%	-2.2 p.p.
Tax Rate	34.5%	33.2%	+1.3 p.p.
Net Result	64.9	77.9	-16.7%
Net Working Capital	127.2	120.5	+5.5%
Net Financial Position (<i>positive net cash</i>)	(357.5)	(338.0)	+5.8%
R&D	41.3	36.7	+12.7%
Headcount (no.)	4,228	3,951	+7.0%
Economic Value Added (EVA)	34.0	57.9	-41.2%
EPS	0.32	0.39	-17.9%

New orders amount to EUR **1,500.8** million compared with EUR 1,475.8 million in 2016, with an increase of 1.7%; in particular to be highlighted the acquisition of related projects, in Italy, at Verona-Padua high speed through the participation in the Iricav 2 Consortium concession holder, following the approval by the CIPE of the first functional lot and, in USA, for the supply of the CBTC (Communication Based Train Control) for the "Baltimore Metro Subway Link".

Order Backlog is EUR **6,457,5** million compared with 6,488,4 million of last year (-0.5%).

Revenue is EUR **1,361,0** million, an increase compared with the previous year's value of EUR 1,327,4 million (+2.5%). The revenue increase is due to the greater progress of the projects in Americas and Middle East, partially offset by the decrease following the achievement of the final phase of some contracts in Asia Pacific area and Italy.

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Operating income (EBIT) is EUR **100.8** million, a decrease of 20.5% compared with 2016 (126.8 million). **Return on sales (ROS)** is **7.4%**, decreased compared with the previous financial year (9.6%). The EBIT decreased due to the provisions relating to developments in the Northern Europe area (EUR 35.2 million), while in the previous year, it included the provisions for cumulatively lower amounts, related to the outcome of the arbitration in Libya (EUR 8.1 million) and the exit of some strategic figures from the group (EUR 2.4 million). The effect of higher production volumes was offset by the increase in R&D and Marketing & Sales activities.

At 31 December 2017 the **Net Invested Capital** was EUR **371.5** million, compared to EUR 369.8 million of the previous year.

Net working capital is EUR **127.2** million (EUR 120.5 million in 2016); the reduction in overall inventories due to the increase in the value of advances from customers was offset by the reduction in trade payables and the increase in other net assets and liabilities.

Net Financial Position (positive net cash), amounts to EUR **(357.5)** million an increase compared to 2016 EUR (338.0) million. The **Free Operating Cash Flow** is EUR **30.6** million compared to EUR 37.9 million in 2016. Please note that in October 2017, regarding the contract awarded by AB Storstockholms Lokaltrafik ("SL"), concerning the updating of the signalling system of the "Metro System Red Line" section of Stockholm, the Company, after the SL request, returned part of the advanced payments collected in previous years, for about EUR 34.5 million, in addition to VAT (EUR 8.6 million subsequently recovered) and interest (EUR 2.1 million). The 2016 FOCF was penalized by the effect of the arbitration with ZST related to the project in Libya, for an amount of EUR 37.4 million.

Main orders:

Country	Project	Customer	Value (M€)
Italy	A.V. Verona-Padua	IRICAV DUE Consortium	336
U.S.A.	Baltimore Metro	MTA	133
Italy	RFI Agreement	RFI	100
Denmark	Copenhagen Cityringen variation orders (including O&M)	Metroselskabet	82
Italy	On Board equipment Caravaggio trains	Hitachi Rail Italy	63
Australia	Rio Tinto variation orders	Rio Tinto	48
Italy	ACC and ACC-M signalling installation	RFI	40
Italy	Naples Line 6 – variation orders	Naples Municipality	24
U.S.A.	New Haven – signalling installation	MNRR	22
U.S.A.	Los Angeles – Westside extension – section 2	LACMTA	21
Australia	On Board equipment	Rotem	20
Various EU / Asia	Components	Various	82
Various EU / Asia	Service & Maintenance	Various	58
U.S.A.	Components	Various	56

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SCHEDULES:**Consolidated Income Statement
Ansaldo STS**

<i>(M€)</i>	<u>31.12.2017</u>	<u>31.12.2016</u>
Revenue	1,361.0	1,327.4
Purchasing and personnel expenses	(1,247.2)	(1,182.4)
Amortisation and depreciation	(19.0)	(18.3)
Other net operating income (expense)	5.8	0.7
Changes in work in progress, semi-finished and finished goods	0.3	(0.5)
EBIT Adjusted	100.8	126.8
Restructuring costs	-	-
Operating Income (EBIT)	100.8	126.8
Net financial income (expense)	(1.8)	(10.2)
Income taxes	(34.2)	(38.7)
Profits/(Losses) from non-current assets for sale	-	-
Net Result	64.9	77.9
Profit per share (Basic and Diluted)	0.32	0.39

EPS of EUR **0.32** (EUR 0.39 in 2016) was calculated based on the average of n. 199,996,061 outstanding shares in the year (n. 199.996.346 shares in 2016).

**Consolidated Balance Sheet
Ansaldo STS**

<i>(M€)</i>	<u>31.12.2017</u>	<u>31.12.2016</u>
Non-current assets	305.1	310.4
Non-current liabilities	<u>(60.8)</u>	<u>(61.1)</u>
	<u>244.3</u>	<u>249.3</u>
Inventories	111.0	125.0
Contract work in progress	379.6	358.9
Trade receivables	736.6	728.9
Trade payables	(413.6)	(458.1)
Progress payments and advances from customers	(683.0)	(598.0)
Provisions for risks and charges	(16.0)	(14.1)
Other net assets/(liabilities)	<u>12.6</u>	<u>(22.1)</u>
Net working capital	<u>127.2</u>	<u>120.5</u>
Net invested capital	<u>371.5</u>	<u>369.8</u>
Group equity	728.9	707.6
Third parties equity	<u>0.1</u>	<u>0.2</u>
Equity	<u>729.0</u>	<u>707.8</u>
Assets held for sale	-	-
Net Financial Position (<i>positive net cash</i>)	<u>(357.5)</u>	<u>(338.0)</u>

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**Consolidated Cash Flow Statement
Ansaldo STS**

<i>(M€)</i>	<u>31.12.2017</u>	<u>31.12.2016</u>
Opening cash and cash equivalents	<u>305.6</u>	<u>304.3</u>
Gross cash flow from operating activities	133.9	154.1
Change in working capital	(45.6)	(83.2)
Changes in other operating assets and liabilities	(38.2)	(17.2)
Cash flow generated by (used in) operating activities	<u>50.1</u>	<u>53.7</u>
Cash flow used in ordinary investing activities	(19.5)	(15.8)
<i>Free operating cash-flow</i>	<u>30.6</u>	<u>37.9</u>
Strategic investments	(3.1)	(2.1)
Other changes in investing activities	3.8	3.2
Cash flow generated by (used in) investing activities	<u>(18.8)</u>	<u>(14.7)</u>
Dividends paid	-	(36.0)
Cash flow from financing activities	(1.6)	(1.3)
Cash flow generated by (used in) financing activities	<u>(1.6)</u>	<u>(37.3)</u>
Exchange rate gain and losses, net	<u>(8.0)</u>	<u>(0.4)</u>
Closing cash and cash equivalents	<u>327.3</u>	<u>305.6</u>

Outlook on the Management

The 2018 financial year will include the accounting effects coming from the adoption of the new IFRS15 standard.

Volumes are expected in continuity with the previous year, while the profitability will be affected by a different and less favourable mix of projects.

Further investments in R&D and commercial activity as well as specific initiatives focused on improving company effectiveness and efficiency are also budgeted in the year.

2018 Guidance

The Board of Directors of Ansaldo STS (STS.MI) according to Company's performance and market outlook, unanimously approved the 2018 Guidance:

New Orders : EUR 1,500 – 2,000 million

Order Backlog : EUR 6,450 – 7,050 million

Revenue : EUR 1,350 – 1,450 million

ROS* : 8.0 % - 8.5%

Net Financial Position (positive net cash) : EUR (330) – (380) million

*2018 ROS is penalized by the implementation of the IFRS 15 new standard.
Estimated impacted is -0.5 p.p..

This press release contains statements that are provisional in nature, based on Ansaldo STS current objectives and forecasts. These provisional statements are by their nature subject to a number of unforeseeable risk factors, which could lead to results that are different from the plans, objectives and expectations expressed herein.

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2017 Results for Ansaldo STS S.p.A.

Economic and financial trend for 2017 of the Holding Company Ansaldo STS S.p.A. is positive; in particular the Company close with a Net result of EUR 72.0 million, which includes dividends from subsidiaries for EUR 36.5 million, compared to EUR 112.7 million del 2016.

The financial statements are shown below:

Ansaldo STS S.p.A. Income Statement <i>(M€)</i>	31.12.2017	31.12.2016
Revenue	824.8	830.0
Purchasing and personnel expenses	(773.5)	(772.5)
Changes in work in progress, semi-finished and finished goods	(1.3)	0.6
Amortisation and depreciation	(12.6)	(12.2)
Other net operating income (expense)	15.5	14.8
EBIT Adjusted	52.9	60.7
Restructuring costs	-	-
Operating Income (EBIT)	52.9	60.7
Net financial income (expenses)	34.6	101.3
Income taxes	(15.5)	(16.1)
Net Result	72.0	145.9

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Ansaldo STS S.p.A. Financial Position <i>(M€)</i>	<u>31.12.2017</u>	<u>31.12.2016</u>
Non-current assets	307.8	304.5
Non-current liabilities	(29.6)	(31.0)
	<u>278.2</u>	<u>273.5</u>
Inventories	79.8	95.3
Contract work in progress	164.9	178.4
Trade receivables	635.1	606.1
Trade payables	(352.5)	(398.7)
Customer advances	(510.0)	(427.9)
Provisions for risks and future liabilities	(3.9)	(2.1)
Other net assets (liabilities)	9.1	(9.5)
Net working capital	<u>22.5</u>	<u>41.6</u>
Net invested capital	<u>300.7</u>	<u>315.1</u>
Net equity	532.2	475.4
Net Financial Position (<i>positive net cash</i>)	<u>(231.5)</u>	<u>(160.3)</u>

Ansaldo STS S.p.A. Cash Flow Statement <i>(M€)</i>	<u>31.12.2017</u>	<u>31.12.2016</u>
Opening cash and cash equivalents	203.0	178.6
Gross cash flow from operating activities	69.3	78.0
Change in working capital	35.9	(30.6)
Changes in other operating assets and liabilities	(58.7)	(15.0)
Cash flow generated by (used in) operating activities	46.5	32.4
Cash flow used in ordinary investing activities	(5.7)	(2.8)
Free operating cash-flow	40.8	29.6
Strategic investments	(3.1)	(2.1)
Dividends by established companies	33.6	111.1
Cash flow generated by (used in) investing activities	24.8	106.2
Dividends paid	-	(36.0)
Cash flow from financing activities	(89.9)	(78.2)
Cash flow generated by (used in) financing activities	(89.8)	(114.2)
Increase (decrease) in cash and cash equivalents	(18.5)	24.4
Closing cash and cash equivalents	184.5	203.0

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

The Board also approved the **2017 Non-Financial Statement**, envisaged by Legislative Decree 254/2016, the **Corporate Governance Report** for the financial year 2017, which also contains information on the ownership structure pursuant to art. 123-bis of the TUF, as well as the **Remuneration Report** prepared pursuant to art. 123-ter of the TUF, including the Remuneration Policy of Ansaldo STS for the year 2018.

These reports will be made available to the public in the times and methods provided for by current legislation.

Ansaldo STS confirms that the Management will hold a conference call for investors and analysts at **05.00 pm (CET) March 14th 2018**.

The presentation in support of the conference call will be available in advance on the Company website at 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 48 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

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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.

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.

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