

Naples, 24 April 2009

## Ansaldo STS: results for the first quarter of 2009

- **Net profit at EUR 15.6 million (+49%)**
- **Value of production at EUR 259.8 million (+18%)**
- **EBIT at EUR 24.2 million (+20%)**
- **New orders at EUR 528.3 million (+173%)**
- **Order backlog at EUR 3,427 million (+17%)**
- **Merger of Ansaldo Signal NV (in liquidation) 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 2009. The board also approved the merger into Ansaldo STS of its wholly-owned subsidiary Ansaldo Signal NV (in liquidation), pursuant to article 2505 of the Italian civil code.

Net profit was EUR 15.6 million, an increase of 48.6% compared to the same period of 2008 (EUR 10.5 million), and the order backlog rose to EUR 3,427.1 million (+17.2%), of which EUR 528.3 million (+172.9%) related to new orders acquired in the period.

EBIT for the quarter was EUR 24.2 million, versus EUR 20.1 million in the same period of 2008.

### RESULTS FOR THE FIRST QUARTER OF 2009

Key figures (EUR m)	1Q 2009	1Q 2008	% chg	Dec. 2008 cons.
New orders	<b>528.3</b>	193.6	172.9%	1,296.6
Order backlog	<b>3,427.1</b>	2,924.4	17.2%	3,136.4
Value of production	<b>259.8</b>	219.2	18.5%	1,105.5
EBIT	<b>24.2</b>	20.1	20.4%	117.6
ROS	<b>9.3%</b>	9.1%	0.2 p.p.	10.63%
Net profit	<b>15.6</b>	10.5	48.6%	77.6
Working capital	<b>(160.9)</b>	(194.4)	(17.2%)	(166.3)
Net debt (cash)	<b>(215.6)</b>	(172.0)	25.3%	(195.9)
R&D	<b>9.2</b>	10.1	(8.9%)	44.5
Headcount	<b>4,333</b>	4,258	1.8%	4,352
EPS	<b>0.16</b>	0.10	60.0%	0.78

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The group recorded value of production of EUR 259.8 million in 1Q09, an 18.5% increase compared to the EUR 219.2 million recorded in 1Q08.

Profitability (ROS) also improved, from 9.1% in 1Q08 to 9.3%.

New orders for the first three months of 2009 totalled EUR 528.3 million, of which EUR 304.1 million related to the Transport Systems Unit and EUR 238.1 million to the Signalling Unit (gross of transactions with the Transport Systems Unit); This represented a huge increase of +172.9% versus 1Q08, and is testament to the group's success in international markets, with a EUR 214 million contract received for the Taipei Metro and agreements signed in Germany, Spain, the US and Australia. Orders secured outside Italy accounted for 73%.

The main new orders acquired in 1Q09 are shown below.

Country	Project	Customer	Value (EUR m)
Taiwan*	Taipei Circular Line phase 1	SEMPO	214.2
Italy*	Naples metro: Line 1 Dante - Garibaldi	Naples local authority	53.7
Italy*	High-speed trains for Italy – modifications	IRICAV - SATURNO	32.9
Italy-France-US	Components / Service and maintenance	Various	24.0
Italy	Electronic railway station management system – Palermo	RFI	19.0
Germany	On-board ATC system for 30 Velaro trains	SIEMENS	16.8
US	PAAC North Shore Connector	PAAC	9.9
US	WMATA Silver Springs	WMATA	8.9

\* Main orders acquired by the Transport Systems Unit

The **order backlog** at 31 March 2009 totalled EUR **3,427.1** million, an increase of **+17.2%** on the same period of 2008. EUR **1,603.6** million related to the **Signalling Unit**, versus EUR **1,339.5** million in 1Q08 (gross of transactions with the Transport Systems Unit), and EUR **2,069.5** million to the Transport Systems Unit, versus EUR **1,808.8** million in 1Q08.

**Working capital** was negative to the tune of EUR **160.9** million at 31 March 2009, an improvement of EUR **5.4** million on the EUR **-166.3** million reported at end-December 2008.

The group had a **net cash** position of EUR 215.6 million at 31 March 2009, an increase of EUR 19.7 million on the EUR 195.9 million recorded at 31 December 2008, chiefly as a result of higher customer receipts. Free operating cash flow (FOCF) before strategic investments for the current year was EUR 19.4 million, compared with a negative figure of EUR -12.8 million for 1Q08; this was mainly due to a change in working capital and lower ordinary investments versus 1Q08.

Thanks to the commercial success of the Transport Systems business and a good performance in terms of new orders from the Signalling business in 2008, the group's backlog figure was significantly higher on 1 January 2009 than a year earlier. This laid the foundations for the first quarter of 2009, in which production volumes exceeded the already substantial figure for 1Q08 and major new orders received in this period further boosted the backlog. The efficiency-raising programmes and measures implemented with the aim of further increasing profitability will continue in 2009; an improvement of 0.2% was achieved in 1Q09 compared with the same period of 2008.

The overall market for signalling and transport systems is growing. The group will continue to focus on countries experiencing strong economic growth which have significant capacity for infrastructure investment, such as China, India, Turkey and Russia, as demonstrated by the latest new orders received.

Please note that on 20 April 2009, an announcement was made to the market that Ansaldo STS, via its subsidiary Ansaldo STS USA, has been awarded a contract worth USD 25.8 million for the Long Island Railroad (LIRR) Harold and Point Central Instrument Location (CIL) Interlocking Project.

In 2009, the group will seek further opportunities in the international transport systems market thanks to the combination of its systems experience acquired in Italy and the industrial presence of the group's signalling subsidiaries in various markets..

**ATTACHMENTS:**
**CONSOLIDATED INCOME STATEMENT**
**ANSALDO STS GROUP**

<i>Consolidated income statement (EUR m)</i>	<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Dec 2008</b>
Revenues	259.8	219.2	1,105.5
<b>Value of production</b>	<b>259.8</b>	<b>219.2</b>	<b>1,105.5</b>
Purchasing and staff costs	(233.6)	(201.3)	(976.0)
Depreciation and amortisation	(2.9)	(2.5)	(10.5)
Write-downs	-	-	(3.7)
Other net operating revenues (costs)	0.2	(1.5)	6.5
Change in work in progress, semi-finished and finished goods	2.2	6.2	(2.6)
Restructuring costs	(1.5)		(1.6)
<b>EBIT</b>	<b>24.2</b>	<b>20.1</b>	<b>117.6</b>
Net financial income (expenses)	0.3	0.3	4.4
Income taxes	(8.9)	(9.9)	(44.4)
<b>Net profit</b>	<b>15.6</b>	<b>10.5</b>	<b>77.6</b>
Earnings per share	0.16	0.1	0.78

**CONSOLIDATED BALANCE SHEET**
**ANSALDO STS GROUP**

<i>Consolidated balance sheet (EUR m)</i>	<b>31.03.09</b>	<b>31.12.08</b>	<b>31.03.08</b>
Non-current assets	255.7	254.0	249.3
Non-current liabilities	(47.3)	(44.8)	(46.1)
	<b>208.4</b>	<b>209.2</b>	<b>203.2</b>
Inventories	91.1	92.8	105.6
Contract work in progress	171.1	145.7	184.9
Trade receivables	372.6	370.0	271.0
Trade payables	(230.6)	(213.5)	(158.3)
Advances for customer	(501.6)	(502.4)	(490.1)
Short-term provisions for risks and future liabilities	(28.8)	(28.5)	(26.9)
Other net current assets (liabilities)	(34.7)	(30.4)	(80.6)
<b>Working capital</b>	<b>(160.9)</b>	<b>(166.3)</b>	<b>(194.4)</b>
<b>Net invested capital</b>	<b>47.5</b>	<b>42.9</b>	<b>8.8</b>
Group shareholders' equity	262.6	238.3	180.4
Minority shareholders' equity	0.5	0.5	0.4
<b>Shareholders' equity</b>	<b>263.1</b>	<b>238.8</b>	<b>180.8</b>
<b>Net debt (cash)</b>	<b>(215.6)</b>	<b>(195.9)</b>	<b>(172.0)</b>

**CASH FLOW STATEMENT**

**ANSALDO STS GROUP**

<i>Cash flow statement (EUR m)</i>	<i>31.03.09</i>	<i>31.03.08</i>	<i>31.12.08</i>
<b>Cash and cash equivalents – opening balance</b>	<b>71.5</b>	<b>63.4</b>	<b>63.4</b>
Cash flow from operations (gross)	29.2	24.4	131.5
Change in working capital	(12.2)	(42.2)	(16.3)
Changes in other operating assets and liabilities, and provisions for risks and future liabilities	(0.2)	7.5	(58.6)
<b>Cash flow generated by (used in) operating activities</b>	<b>16.8</b>	<b>(10.3)</b>	<b>(56.6)</b>
Cash flow from ordinary investments	2.6	(2.5)	(13.3)
<b>Free operating cash flow</b>	<b>19.4</b>	<b>(12.8)</b>	<b>43.3</b>
Strategic investments			(2.1)
Other changes in investments	-	-	-
Cash flow generated by (used in) investment activities	2.6	(2.5)	(15.4)
Dividends paid			(20.0)
Cash flow from financing activities	(8.9)	33.7	(13.5)
<b>Cash flow generated by (used in) financing activities</b>	<b>(8.9)</b>	<b>33.7</b>	<b>(33.5)</b>
Exchange rate differences	0.9	(1.9)	0.4
<b>Cash and cash equivalents – closing balance</b>	<b>82.9</b>	<b>82.4</b>	<b>71.5</b>

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**RESULTS BY BUSINESS SECTOR**

EUR m	SIGNALLING		TRANSPORT SYSTEMS	
	1Q 2009	1Q 2008	1Q 2009	1Q 2008
New orders	<b>238.1</b>	145.9	<b>304.1</b>	48.3
Order backlog	<b>1,603.6</b>	1,339.5	<b>2,069.5</b>	1,808.8
Value of production	<b>175.9</b>	170.1	<b>84.1</b>	49.4
EBIT	<b>17.8</b>	15.5	<b>8.4</b>	5.1
ROS	<b>10.14%</b>	9.09%	<b>9.96%</b>	10.34%
Working capital	<b>(47.9)</b>	(53.3)	<b>(110.8)</b>	(129.2)
Research and development	<b>8.5</b>	9.2	<b>0.5</b>	0.5
Headcount	<b>3,883</b>	3,840	<b>377</b>	365

*Notes to the table*

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





## **Merger of Ansaldo Signal NV (in liquidation) into Ansaldo STS**

The board of directors of Ansaldo STS also approved the merger of its wholly-owned subsidiary Ansaldo Signal NV (in liquidation), referred to below as "Ansaldo Signal NV", into Ansaldo STS, pursuant to article 2505 of the Italian civil code.

Ansaldo Signal NV is a company incorporated under Dutch law, and its merger into Ansaldo STS is in accordance with directive 2005/56/EC of 26 October 2005 on cross-border mergers, implemented in Italy by legislative decree 108 of 30 May 2008 and in the Netherlands by law 260/261 effective from 15 July 2008.

The decision to approve the merger represents another step in the process of rationalising and simplifying the structure of the Ansaldo STS group, which began with the merger of Ansaldo Trasporti – Sistemi Ferroviari SpA and Ansaldo Segnalamento Ferroviario SpA into Ansaldo STS, effective from 1 January 2009.

### **Objectives of the merger**

The rationalisation and simplification of the Ansaldo STS group's structure is intended to:

- simplify the existing Ansaldo STS chain of control
- reduce the costs and duplications associated with maintaining a number of intermediate sub-holdings such as Ansaldo Signal NV
- prevent duplication of competencies among group companies, generate time savings and streamline internal procedures
- simplify financial flows
- strengthen Ansaldo STS' financial structure

### **Legal profile of the merger of Ansaldo Signal NV into Ansaldo STS**

Given that Ansaldo Signal NV is wholly-owned by Ansaldo STS, the merger was approved by the board of directors in accordance with the simplified procedure set out in article 2505 of the Italian civil code and article 23, paragraph 2b of the articles of association.

As this is a simplified merger, Ansaldo STS will not launch a capital increase, nor will it assign – pursuant to article 2504-*ter* of the Italian civil code – shares to replace the shareholding held in Ansaldo Signal NV, which will be cancelled without exchange on completion of the merger.

Similarly, no change is expected to be made to Ansaldo STS' articles of association. As the merger does not involve any changes to the articles of association, nor set out any grounds for shareholder withdrawal pursuant to current legislation, the merger will not give rise to any right of withdrawal by the shareholders of Ansaldo STS.





The merger approved today is expected to become effective for legal, accounting and tax purposes from 1 October 2009, unless otherwise indicated in the merger deed.

From the date the merger becomes legally effective, Ansaldo STS will take over all active and passive legal relationships, tangible and intangible assets, movable and immovable property, vehicles, machinery etc., owned by Ansaldo Signal NV, and shall undertake to meet all commitments and obligations by the agreed deadlines and under the agreed terms and conditions.

#### **Financial impact on the consolidated accounts of Ansaldo STS**

The merger set out above will not have any financial effect on the consolidated accounts of the group headed by Ansaldo STS.

#### **Explanatory documents available to the public**

The documentation relating to the merger is available at the company's headquarters (via P. Mantovani, 3-5, Genoa) and can also be viewed on the Ansaldo STS website ([www.ansaldo-sts.com](http://www.ansaldo-sts.com)). These documents comprise the merger plan, the explanatory report by Ansaldo STS' board of directors, and the draft annual accounts of Ansaldo STS and Ansaldo Signal NV for 2008 and the financial statements for the three previous years. The same material (except for the financial statements for the three years prior to 2008) will also be available at Borsa Italiana SpA ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

The minutes relating to the board of directors' resolution approving the merger will be made available to the public at the company's headquarters, Borsa Italiana SpA and on the Ansaldo STS website at the same time as the request is made for the merger to be registered in the Genoa companies' register (i.e. within 30 days from the approval of the resolution).

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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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**Ansaldo STS confirms that at 4pm CET on 27 April, the management will be available to comment on the results for the first quarter of 2009, via conference call.**

**Via conference call:**

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UK: +44 20 8792 9750  
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**To replay the conference call in the 72 hours following the call, using access code 780#**

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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 17 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 other securities, and gains/losses on any sales of consolidated shareholdings, which are recorded under "financial income and expenses", or in the case of gains/losses on shareholdings accounted for using the equity method, under the item "effect of the accounting for shareholdings using the equity method".

**ROS (return on sales)** or the EBITA margin is calculated as the ratio of adjusted EBITA to total 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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