

Rome, February 5, 2019

FY 2018 RESULTS ANNOUNCEMENT

- **Strong commercial performance with orders intake at EUR 1,889.1 million (+25.9%), leading to a backlog of EUR 6,883.4 million**
- **Revenue at EUR 1,437.1 million (+5.6%)**
- **EBIT at EUR 118.5 million (+17.5%)**
- **Net result at EUR 88.3 million (+36.1%)**
- **Net Financial Position, positive net cash, at EUR (398.9) million (+11.6%)**
- **Ansaldo STS delisting effective since January 30, 2019**

The Board of Directors of Ansaldo STS has examined and approved the Group's interim consolidated financial report at 31 December 2018.

The Chief Executive Officer and General Manager, **Andrew Barr**, stated:

"The performance of ASTS this year has been extremely strong, in line with the guidance provided to the market during the year 2018. This year we have achieved the best results ever in revenues and net financial position with excellent figures for backlog, and orders in take.

2018 was a year in which we focused on ongoing project delivery, in particular making sure we have the correct people located locally. For example in Boston, we completed the first phase of the PTC installation for the MBTA network. At the end of the year, we were also able to get approval from the Federal Railroad Administration to operate this service as part of the trial for the next phase of the program.

In Australia, we have completed one million kilometres autonomous running with the freight trains for Rio Tinto.

In Honolulu, I was able to meet the Mayor, the local team and to see the first operation of an automatic train within the depot area in Honolulu itself.

In Italy we've achieved several significant milestones in the project we are implementing on the Italian rail network for our client RFI.

Our financial results show a record backlog this year, which was mainly strengthened by one major acquisition the Riyadh Operation & Maintenance contract, assigned by RDA to the Flow Consortium, led by Ansaldo STS and participated by Alstom and Ferrovie dello Stato Italiane. This contract is in perfect alignment with the Strategic Business Overview presented in 2018 which stated our intended focus on the new O&M business in addition to

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the established model and has a huge relevance for our company because it consolidates our O&M capability and our status of “Full Service Provider” in the rail industry.

The good operating performance I have mentioned before strongly contributed to the achievement of the record amount of revenues in 2018, in which significant milestones related to a certain number of projects have been met. At region level, the most important contributor to this result is Italy, where projects have progressed more than in other regions.

The profitability of the year, with a ROS of 8.2%, has been better than last year, when the ROS of 7.4% was negatively affected by exceptional events. It is important to say that the 2018 profitability, in addition to the different mix of the projects, has been negatively impacted by the IFRS15 new accounting principle, came into force starting from January 2018. Net of this effect, profitability of 2018 should have been 8.9%.

2018 reported also the highest level of Net Financial Position (cash positive) ever reached by Ansaldo STS, very close to €400m.

Corporate Social Responsibility (CSR) remains a very important part, as we are a global organization. As part of this, we are industry leading in the area of Sustainability and the award received in 2018 confirmed ASTS as a global leader in CSR in transportation.

We changed the structure of the company during the year to be more regionally focused and to be able to satisfy the needs of our clients more closely. The previous Railways & Mass Transit and Freight Business Units were replaced by the creation of the new EMEA (Europe, Middle East & Africa) and Americas and Asia Pacific regions and were joined by the Operation & Maintenance business unit after signing the Riyadh Metro contract. It was a great achievement for the company to have concluded this Organisational change by the end of 2018, so that we can start 2019 with the organisation now in place and ready to operate.

After almost three years since my appointment as CEO I’m extremely proud of the figures presented to the Board today performed by the company under my management in one of the most important phase of ASTS’ history. We delisted from the Stock Exchange Market on 30th January 2019 with performance at a record high.

ASTS is now fully part of the Hitachi Group and this represents a remarkable opportunity for all of us to continue the transformation process that makes ASTS one of the most competitive within our industry. We know that Hitachi will support our path of growth granting the business continuity and the plans for the future we have recently put in place.

I would like to acknowledge the strong commitment support and friendship of the people that we have within the company. Their dedication during the last three years has enabled us to reach the position we are now at and I would like to take this opportunity to express my thanks to everybody.”

**CONSOLIDATED RESULTS 2018
ANSALDO STS**

Key consolidated figures (EUR million)	31.12.2018	31.12.2017	% Change
New orders	1,889.1	1,500.8	+25.9%
Order backlog	6,883.4	6,457.5	+6.6%
Revenue from contracts with customers	1,437.1	1,361.0	+5.6%
Operating Income (EBIT)	118.5	100.8	+17.5%
R.O.S.	8.2%	7.4%	+0.8 p.p.
Tax Rate	26.4%	34.5%	-8.1 p.p.
Net Profit	88.3	64.9	+36.1%
Net Working Capital	126.5	127.2	-0.6%
Net Financial Position (surplus/positive net cash)	(398.9)	(357.5)	+11.6%
Free Operating Cash Flow	42.0	30.6	+37.5%
R&D	43.9	41.3	+6.1%
Headcount (no.)	4,327	4,228	+2.3%
EPS	0.44	0.32	+37.5%

New Orders amount to EUR **1,889.1** million compared to EUR 1,500.8 million in 2017, with an increase of 25.9%. The most important acquisition in 2018 is related to the Riyadh Operation & Maintenance contract, assigned by ArRiyadh Development Authority (ADA) to the Flow Consortium, led by Ansaldo STS and participated by Alstom and Ferrovie dello Stato Italiane.

Order Backlog is EUR **6,883.4** million, compared with EUR 6,457.5 million at 31 December 2017 (+6.6%).

Revenue is EUR **1,437.1** million, with an increase of EUR **76.1** million compared to the previous year's value of EUR 1,361.0 million; the improved performance is mainly due to the higher progress of the projects in Italy.

Operating Income (EBIT) is EUR **118.5** million, an increase of EUR 17.6 million compared with 2017; the **Return on Sales (ROS)** is **8.2%**, compared to 7.4% in the previous year. Starting from 1st January 2018 it has been adopted the new IFRS15 accounting standard for the revenue recognition; specifically, for 2018 the total variation in terms of revenues and EBIT, without the application of the new accounting standard, is estimated at around EUR 10.4 million, which would increase the ROS at 8.9%, significantly higher compared with the previous year, which was negatively affected by exceptional events.

Net Result is EUR **88.3** million, an increase of EUR 23.5 million compared to EUR 64.9 million at 31 December 2017.

Net Working Capital at EUR **126.5** million is practically in line with the amount of EUR 127.2 million at 31 December 2017.

Net Financial Position (surplus/positive net cash) of the Group is EUR **(398.9)** million, increased compared to EUR (357.5) million at 31 December 2017, also due to collections received in the last days of the year.

Free Operating Cash Flow (FOCF) before strategic investments shows a positive amount of EUR **42.0** million, increased compared with EUR 30.6 million at 31 December 2017.

Main new orders:

Country	Project	Customer	Value (Eur million)
Saudi Arabia	Riyadh O&M - Lines 3,4,5 & 6	RDA	840
Italy	HS/HC Milano - Verona line, Brescia Est - Verona junction	Saturno Consortium	98
Australia	Rio Tinto - Variation orders	Rio Tinto	85
Italy	Framework Agreement	RFI	65
Malaysia	Signalling system in southern Malaysia	KTMB	55
U.S.A.	LIRR expansion project from Floral Park to Hicksville - New York	Third track construction contract JV	38
Italy	Piscinola - Capodichino - Variation Order	EAV	35
Saudi Arabia	Riyadh O&M (PNU)	Princess Noura Bint Abdulrahman University	34
Various EU / Asia	<i>Service & Maintenance</i>	Various	66
Various EU / Asia	Components	Various	88
U.S.A.	Components	Various	50

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**CONSOLIDATED INCOME STATEMENT
ANSALDO STS**

<i>Consolidated income statement (EUR million)</i>	31.12.2018	31.12.2017
Revenues from contracts with customers	1,437.1	1,361.0
Purchases and personnel expenses	(1,306.3)	(1,247.2)
Amortization, depreciation and impairment losses	(23.0)	(19.0)
Other net operating income	3.6	5.8
Changes in work in progress, semi-finished products and finished goods	7.0	0.3
Operating income (EBIT)	118.5	100.8
Net financial income (expense)	1.5	(1.8)
Income taxes	(31.6)	(34.2)
Net Profit	88.3	64.9
<i>Profit per share</i>	<i>0.44</i>	<i>0.32</i>

**CONSOLIDATED BALANCE SHEET
ANSALDO STS**

Consolidated balance sheet (EUR million)	31.12.2018	31.12.2017
Non-current assets	324.4	305.1
Non-current liabilities	(62.1)	(60.8)
	262.3	244.3
Inventories	119.3	111.0
Contract Assets	449.5	379.6
Trade receivables	680.4	736.6
Trade payables	(391.6)	(413.6)
Contract Liabilities	(677.2)	(683.0)
Provisions for risk and charges	(39.6)	(16.0)
Other net assets (liabilities)	(14.3)	12.6
Net working capital	126.5	127.2
Net invested capital	388.8	371.5
Group equity	787.7	728.9
Third parties equity	-	0.1
Equity	787.7	729.0
Assets held for sale	-	-
Net Financial Position (positive net cash)	(398.9)	(357.5)

**CONSOLIDATED CASH FLOW STATEMENT
ANSALDO STS**

Consolidated cash flow statement (EUR million)	31.12.2018		31.12.2017	
Opening Cash and cash equivalents	327.3		305.6	
Gross cash flow from operating activities	152.0		133.9	
Change in working capital	(64.8)		(45.6)	
Changes in other operating assets and liabilities	(30.3)		(38.2)	
Cash flow generated by (used in) operating activities	56.9		50.1	
Cash flow from ordinary investing activities	(14.9)		(19.5)	
Free operating cash-flow		42.0		30.6
Strategic investments	-		(3.1)	
Other changes in investing activities	0.1		3.8	
Cash flow generated by (used in) investing activities	(14.8)		(18.8)	
Dividends paid	-		-	
Cash flow from financing activities	(4.2)		(1.6)	
Cash flow generated by (used in) financing activities	(4.2)		(1.6)	
Exchange rate gain and losses, net	(0.5)		(8.0)	
Closing cash and cash equivalents	364.7		327.3	

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