ASTALDI

INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2010 [1]

Total revenues of EUR 1.46 billion over the first nine months

EBITDA margin of 11.2%, EBIT margin of 8.6%,

consolidated net profit of EUR 44.2 million

Over EUR 1 billion of new orders confirmed

Total net financial position of EUR 460.7 million

- Total revenues up by 4.2% to EUR 1.46 billion
- EBITDA: up 4.2% to EUR 164.3 million, with EBITDA margin of 11.2%
- EBIT: up 3.4% to EUR 125.9 million, with EBIT margin of 8.6%
- Increase in net profit to EUR 44.2 million

- Order backlog of over EUR 8.7 billion
  - Construction order backlog of EUR 6 billion
  - Concessions order backlog of EUR 2.7 billion

[1] This unaudited Interim Report on Operations has been drafted pursuant to Article 154-*ter* of the Finance Consolidation Act.

Contents

Comments on the period's operating performance[2]

The results of the first nine months of 2010 show careful and effective use of Astaldi Group's strategic levers – such as exclusive technical and financial skills and know-how, consolidated international positioning and a diversified order backlog of increasingly high quality – which has made it possible to continue with the expansion programme mapped out.

The actions taken during the period in question helped to further mitigate the risk profile of activities – through **more marked diversification as regards geographical areas and products** – which resulted in consolidation of the **competitive advantage** that has allowed the Group to maintain its business margins. All of the above even given an increased competitiveness and general concern for the restrictions placed on public spending as a result of the global crisis.

The figures for the first nine months are backed up by the Group's **firmly-established presence in traditional markets (Italy, Turkey, Eastern Europe, Algeria, Middle East, Latin America)**, as well as by **successful singling out of new markets (Chile, Poland, Peru) and sectors (concessions).** Said figures confirm the results already recorded during the first half of the year, showing a growth trend which corroborates the targets set for the whole year in the business plan.

Total revenues at 30 September 2010 **saw an increase to EUR 1,461.7 million** (+4.2% compared to EUR 1,403.2 million at 30 September 2009), thanks to **the positive trend of activities in Italy and abroad**; the **levels of earnings** were confirmed, **with an EBITDA margin of 11.2% and an EBIT margin of 8.6%** in relation respectively to EBITDA of EUR 164.3 million (+4.2%, EUR 157.7 million in September 2009) and EBIT of EUR 125.9 million (+3.4%, EUR 121.7 million for the first nine months of the previous year). **Net profit totalled EUR 44.2 million** (+1%, EUR 43.8 million in September 2009), **with the net margin holding steady at 3%.**

The **order backlog amounted to more than EUR 8.7 billion**, with new projects and contractual increases in Italy and abroad accounting for more than EUR 1 billion of said backlog, **in line with management forecasts.**

The **net financial trend remained at the positive levels recorded during the first half of the year**: total net financial debt for the period stood at EUR 460.7 million, excluding treasury shares (as regards 2009, EUR 421.4 million at 31 December and EUR 448.8 million in September). Said figure confirms **the Group's ability to control its own growth through self-financing**, with the trends for the period offering further corroboration of the targets set for the end of the year.

[2] The calculation and recording criteria used to draft the 2009 Annual Financial Report were taken into account while presenting the period in question, with the exception of the accounting standards and interpretations which came into force as of 1 January 2010 and already described in the aforementioned report. The application of these did not generate any effects during the period in question with the exception of the Interpretation entitled "Service Concession Arrangements" (hereinafter IFRIC 12), described in the 2010 Half Year Financial Report. Application of IFRIC 12 generated effects, especially for the concessions where Astaldi is the direct stakeholder (hereinafter direct concessions), rather than through associate companies, with regard to calculation and recognition of financial and equity items. Said effects have been indicated in the 2010 Half Year Financial Report which should be referred to.

Lastly, it must be noted that, as from this Interim Report on Operations, the management plans to detail the effects arising from the official separation of construction activities from concession activities. Indeed, it must be recalled that Astaldi's Board of Directors resolved upon the setting up of a new company dedicated to said projects called "Astaldi Concessioni" as part of the policy to streamline the Group's presence in the concessions sector.

In light of this, a reporting and segmentation system is currently being introduced which, while in keeping with the general standards adopted to date, takes note of the official separation of companies dedicated to construction from those dedicated to concessions. Said system combined with major focusing of management processes shall make it already possible to highlight at this stage the key working and management benefits resulting from integration of the two sectors.

Indeed, this report shall detail the contribution to and share of the order backlog resulting from the two business areas – construction and concessions. All the Group's reporting system shall be suitably updated as from the next financial year when said separation shall be complete.

It must also be noted that the Group is carrying out intensive commercial activity in the geographical areas of interest (Italy and abroad), with the aim of consolidating strategic positioning on the one hand, and of ensuring additional growth levels thanks to a dual approach (construction/concession) clearly described in the 2010-2015 Business Plan. It is felt that all of this shall result in a significant increase in the order backlog over the next year, thus bringing forward achievement of the targets set in the 2010-2015 Business Plan.

Please find below a brief analysis of the consolidated economic, equity and financial results for the first nine months of the year followed by those for the third quarter.

Consolidated economic results at 30 September 2010

Main consolidated economic results (€/000)	30 September 2010	%	30 September 2009	%	YOY diff. (%)
Total revenues	1,461,732	100.0%	1,403,243	100.0%	+4.2%
EBITDA	164,295	11.2%	157,657	11.2%	+4.2%
EBIT	125,852	8.6%	121,747	8.7%	+3.4%
Net financial income and charges	(57,039)	(3.9%)	(50,546)	(3.6%)	+12.8%
Pre-tax profit	72,117	4.9%	72,883	5.2%	-1.1%
Group net profit	44,183	3.0%	43,780	3.1%	+0.9%

A look at the economic figures for the period makes it possible to appreciate how the commercial and organisational efforts made by the Group in recent years have generated the current stabilised results which benefit from economies of scale at a working level thanks to the constant optimisation of corporate processes linked to support activities such as engineering and finance as well as to procurement.

The structure of the income statement for the period reflected the **positive trend of projects in progress** in Italy and abroad.

Total revenues increased by 4.2% to EUR 1,461.7 million (EUR 1,403.2 million at 30 September 2009), thanks to the contribution of EUR 1,368.5 million of operating revenues (EUR 1,350.7 million in September 2009) and EUR 93.3 million of other revenues (EUR 52.6 million for the first nine months of 2009)[3]. Said figures were achieved despite the devaluation of Venezuela's Bolivar fuerte in January 2010[4] and the weakening of the Dollar against the Euro, recorded in particular during the third quarter. Said consequences, which were curbed thanks to the Group's currency hedging policies, resulted in a drop in the level of revenues expressed in Euros, while managing not to generate a significant effect on the quarter's result which, therefore, is all the more noteworthy.

Specifically, **operating revenues totalled** EUR **1,368.5 million** (+1.3% compared to EUR 1,350.7 million in September 2009) and reflected the contribution to production resulting exclusively from the construction sector. Indeed, said revenues include revenues from cark park management only, while they do not include revenues from management of other concession/project finance initiatives currently under management that are being transferred to "Astaldi Concessioni" insofar as the reference accounting standards do not allow for proportional consolidation of associate companies.

Suitable diversification of activities was confirmed thanks to the strategic approach adopted by the Group which tends to curb the excessive exposure on individual areas so as to minimise the overall risk profile.

On the whole, there was **consolidation of foreign operations** (which accounted for 57% of operating revenues, to be attributed mainly to Turkey, Eastern Europe and Latin America), as well as a **significant contribution from the domestic sector** (43% of operating revenues).

Italy generated revenues totalling EUR **589 million**, recording a partial drop, albeit expected, compared to EUR 618 million at 30 September 2009. This is to be attributed mainly to some projects (the Police Officers' Academy in Florence and the new hospital in Naples ("Ospedale del Mare") that have experienced technical, operating and procedural difficulties which have generated delays and which have now been resolved or are in the process of being resolved. Specifically, as regards contractual issues related to the new hospital in Naples ("Ospedale del Mare"), it should be noted that the activities – mainly concerning design – agreed on during the "face to face" with the Commissioner of the local health authority granting the concession, were carried out during the first nine months. For more information, please refer to the Management Report of Astaldi Group's

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[3] When calculating and recording revenues pursuant to IFRIC 12, the margin related to direct concessions still under construction was taken into account, including at a comparative level, as provided for in the reference standard.

[4] For more information regarding the effects on Group figures resulting from devaluation of the Bolivar fuerte decided by the Venezuelan government in January 2010, please refer to the section contained in the Management Report of Astaldi's 2009 Consolidated Financial Statements.

2009 Consolidated Financial Statements. As regards the other projects, work went ahead largely as planned and payments were in line with contractual agreements. Specifically, positive results were recorded for the contracts in progress to construct the Turin rail junction and Line 5 of the Milan underground (Lot 1); works on Line C of the Rome underground and Lot DG21 of the Jonica National Road (SS106) proceeded in a regular manner, largely in line with schedules. The quarter in question also saw the start-up of civil works connected to construction of the hospital in Prato which forms part of the integrated investment programme which will see the construction of 4 hospitals in Tuscany.

Lastly, in order to provide a complete picture, it must be noted that following the overflow of the River Seveso in Lombardy in October, some areas of the sites for Line 5 of the Milan underground (Lot 1) were affected by flooding. In this regard, it should be specified that, as at the date of this report, activities at all the sites affected by the event have resumed as normal and all the insurance procedures needed to obtain compensation for damages incurred have been started up. Therefore, also in consideration of forthcoming deadlines related to performance of works related to EXPO 2015, activities related to this contract shall go ahead as planned in the last quarter of 2010, as already seen in the first half of the year.

Foreign activities generated operating revenues of EUR 779 million (EUR 733 million for the first nine months of 2009), to be attributed mainly to projects in progress in Turkey (undergrounds, bridges), Eastern Europe (railways and motorways in Romania and Poland), Algeria (railways, motorways), Chile (renewable energy) and Latin America (railways, roads, energy production plants). Specifically, as regards foreign activities, note must be taken of the good trend of activities in Turkey especially as regards the Istanbul underground where tunnel excavation activities have virtually been completed (at the date of this report, more than 94% of excavation of natural tunnels and 100% of excavation using TBMs has been performed). There was an increase in the contribution from Algeria, as well as from Poland which shall benefit, by the end of the year, from the start-up of production activities related to Line 2 of the Warsaw underground. Latin America saw a steady contribution from the areas where traditionally present as well as those more recently acquired (e.g. Venezuela, Chile). There was a drop in the contribution from the Middle East, with the area being penalised when making a YOY comparison by the completion of some major contracts in early 2010, while the start-up of more recently secured contracts is pending (Saudi Arabia). Moreover, it must be noted that as far as this area is concerned, and specifically Saudi Arabia and Qatar, unfavourable results were recorded during the year, especially as regards Qatar, due to the completion of some major contracts which entailed charges, completely reimbursed in September's results, which meant the margin on contracts being cancelled out. In light of this, management processes are being reviewed so as to optimise the management of plant and equipment, together with procurement processes.

It remains true that the results achieved by the Group at a consolidated level reflect Astaldi management's strategic aim of maintaining useful production levels for each geographical area such as to ensure balanced and well-diversified expansion of activities, backed up by a coherent level of invested capital.

As far as sectors are concerned, **transport infrastructures confirmed its key role for the Group's activities**, accounting for 78.8% of operating revenues and amounting to EUR 1,078 million at 30 September 2010 (EUR 1,069 million for the same period of 2009). The railway and underground transport infrastructures sector is the major contributor to said figures, generating EUR 766 million of operating revenues (EUR 825 million at 30 September 2009) mainly thanks to the positive performance of railway projects in Venezuela, Algeria and Eastern Europe as well as underground projects in progress in Italy. **Significant contributions came from the energy production plants and renewable energy sector** (15.4% of operating revenues), amounting to EUR 211 million at 30 September 2010 (EUR 106 million in the same period of 2009), thanks above all the positive performance of the contract related to the Chacayes hydroelectric plant in Chile. On the other hand, while awaiting the entry into full operation of major projects in progress in the hospital sector, the civil and industrial construction sector was penalised by a 2009 which saw the intensification of industrial plant design in relation to the consignment of some key projects (5.8% of operating revenues, equal to EUR 79 million at 30 September 2010 compared to EUR 176 million for the first nine months of 2009).

Breakdown of operating revenues by geographical area (€/000,000)		30-Sep-10	%	30-Sep-09	%
Italy		**589**	43.1%	**618**	45.7%
Abroad		**779**	56.9%	**733**	54.3%
	Europe	340	24.9%	168	12.4%
	America	336	24.6%	376	27.8%
	Asia	8	0.6%	95	7.0%
	Africa	95	6.9%	94	7.0%
Total		**1,368**	100.0%	**1,351**	100.0%

Breakdown of operating revenues by sector (€/000,000)		30-Sep-10	%	30-Sep-09	%
Transport infrastructures		1,078	78.8%	1,069	79.1%
	Roads and motorways	271	19.8%	224	16.6%
	Railways and undergrounds	766	56.0%	825	61.1%
	Ports and airports	41	3.0%	20	1.5%
Hydraulic works and energy production plants		211	15.4%	106	7.8%
Civil and industrial construction		79	5.8%	176	13.0%
Total		**1,368**	100.0%	**1,351**	100.0%

As regards the increase in “other revenues”, said increase reflects the Group’s move towards activities which, even if linked to the large-scale works sector, see a significant contribution from the supply of goods and services which, by their very nature, do not fall under the main heading of “traditional revenues”.

When moving on to look at the other income statement items, we can see that the **cost structure reflected the increase in activities** seen mainly abroad and, at the same time, the order backlog’s increasing focus on general contracting projects involving the railway/underground sector where the use of outsourcing and joint ventures for contract management is more common.

The cost of production amounted to EUR 1,090.4 million (74.6% of total revenues); the resulting increase in absolute value (+4.0% compared to EUR 1,048.3 million in the same period of 2009) largely tallies with the increase in production levels. Specifically, there was an increase in consortia and subcontracting costs due to greater use of the general contracting formula to perform projects in progress.

Personnel costs amounted to EUR 177.9 million (12.2% of total revenues), showing a limited increase equal to 0.7% (EUR 176.7 million compared to the same period of 2009); the slight increase during the period is to be linked to the technical choices adopted to perform works in progress as well as the geographical mix of activities insofar as, at times, the specific characteristics of the areas the Group operates in allow for limited use of contractors or third-party subcontractors.

Other operating costs totalled EUR 29.1 million (2% of total revenues), up compared to EUR 20.6 million at 30 September 2009.

As regards margins, **excellent earning levels** were confirmed for the quarter in question, in keeping with the results already recorded for some years now for Astaldi Group’s overall activities, in Italy and abroad, thanks to the high quality of the order backlog. **The EBITDA margin stood at 11.2%,** helping generate an **EBIT margin of 8.6%,** in relation to EBITDA (gross operating margin) of EUR 164.3 million (+4.2% compared to EUR 157.7 million at 30 September 2009) and EBIT (operating result) of EUR 125.9 million (+3.4% compared to EUR 121.7 million at 30 September 2009). The result is an overall situation which sees Astaldi rewarded for **its ability to look ahead when singling out strategic initiatives in relation to the commercial development policies** for the areas it operates in.

Financial operations recorded net financial charges of EUR 57.0 million (EUR 50.6 million at 30 September 2009), showing a trend in keeping with the forecasts for this income statement item for the whole year[5]. When making a year-on-year comparison, the figure is affected by the growing incidence of sureties – which went from EUR 12 million at 30 September 2009 to EUR 14 million at 30 September 2010 – as a result of the increased levels of turnover and backlog. 2009 also saw the entry of financial income resulting from late payments by clients at a greater level that that recorded for the current year.

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[5] When calculating and recording financial income and charges pursuant to IFRIC 12, the effects of discounting back guaranteed cash flow and of charges on financial debt related to direct concessions were taken into account, including at a comparative level.

Pre-tax profit amounted to EUR 72.1 million, largely in line with the figure of EUR 72.8 million for the first nine months of 2009. The slight drop, as already mentioned, is to be linked to the end result of some projects in the Middle East which saw a drop in overall margins during the quarter in question. Taxes, even if calculated in a gross and preliminary manner on the basis of what the Group expects to pay at year-end, amounted to EUR 27.4 million (EUR 27,3 million at 30 September 2010). This resulted in **Group net profit of EUR 44.2 million** at 30 September 2010 (+1% compared to EUR 43.8 million at 30 September 2009), with a net margin of 3% and an estimated tax rate of 38%.

Consolidated financial and equity results at 30 September 2010

Main consolidated financial and equity results *(€/000)*	30 September 2010	31 December 2009	30 September 2009
Net fixed assets	434,595	449,618	419,118
Working capital	480,968	403,697	431,844
Total provisions	(36,169)	(33,364)	(31,339)
Net invested capital	879,394	819,952	819,623
Net financial payables/receivables	(524,438)	(469,610)	(492,898)
Receivables arising from concessions	59,596	43,046	38,926
Total financial payables/receivables (*)	(464,842)	(426,564)	(453,972)
Equity	414,552	393,387	365,652

(*) Amount inclusive of treasury shares which amounted to EUR 4.2 million at 30 September 2010 and, as regards 2009, to EUR 5.2 million at 31 December and EUR 5.1 million at 30 September.

As far as the period in question is concerned, **the Group's equity and financial structure reflected consolidation of the international positioning of the Astaldi's activities through the support given to production** and the major push for diversification as regards geographical areas and products.

Net fixed assets amounted to EUR 434.6 million (as regards 2009, EUR 449.6 million at year-end and EUR 419.1 million at 30 September), with the trend for the period confirming the balance achieved with regard to the need to hedge investments in technical resources and the self-financing ability generated by amortisation and depreciation[6].

Working capital amounted to EUR 480.9 million (EUR 403.7 million at 31 December 2009 and EUR 431.8 million for the first nine months of 2009), recording an increase of approximately EUR 77 million in absolute terms during this part of the year. Said figures were basically achieved as a result, at the date in question, of the **increase in contracts in progress** – equal to EUR 802.4 million at 30 September 2010 (as regards 2009,

[6] When calculating and recording fixed assets pursuant to IFRIC 12, the effects related to the adjustment of freely transferable assets in relation to direct concessions were taken into account, also with regard to the equity situation at 31 December 2009 and 30 September 2009.

EUR 648.6 million at 31 December and EUR 672 million at 30 September), basically in relation to activities performed in Italy (undergrounds) and abroad (Turkey, Algeria, Central and South America) – and **because of accounts receivable totalling EUR 578.3 million** (down compared to both EUR 683.5 million at 31 December 2009, and EUR 654.3 million at 30 September 2009). It is worth remembering that the working capital trend during this part of the year is affected by the increase in works in progress due to milestone-linked invoicing. In other words there is a major intensification of invoicing of works at year-end solely in order for administrations to use the funds allocated for individual projects. In short, the working capital trend confirms the model chosen by the management which provides for curbing of invested capital in order to obtain effective cash flow management. It is felt that the Group's equity and financial structure can benefit from said virtuous trend, including with regard to accounts at year-end and in future years, as set forth in the 2010-2015 Business Plan, approved in September 2010.

The increase in activities and the working capital trend account for the increase in net invested capital which totalled EUR 879 million at 30 September 2010 (as regards 2009, EUR 819.9 million at 31 December and EUR 819.6 million at 30 September), recording an increase of approximately EUR 60 million for the period.

Equity saw an increase and stood at EUR 414.5 million at 30 September 2010 (as regards 2009, EUR 393.3 million at 31 December and EUR 365.6 million at 30 September). The trend of the quarter's result and the suspended economic items entered in the comprehensive income statement basically account for said increase[7]. It must be remembered that equity items include "Reserves from cash flow hedging" which generated a negative impact of EUR 29 million. Said phenomenon originates from the fact that a rather large share of financial debt is subject to fixed rate hedging, as provided for in corporate risk management procedures. Said circumstance represents a key point in Group policies which tend to stabilise medium-term financial flows. Therefore, in short, the equity trend combined with the process of holding back profit shows the Group's firm belief in helping growth through a balanced source system.

The net financial position at 30 September 2010, excluding treasury shares, **stood at EUR (460.6) million** (as regards 2009, EUR (421.4) million at year-end, EUR (448.8) in September), **showing basic maintenance of the level of debt of the previous quarter**, thus confirming the detailed business model adopted which aims at ensuring financial equilibrium achieved as regards sources and investments. The debt structure remains focused on the medium/long-term with the first significant repayment to be made in 2013.

The debt/equity ratio stood at 1.1. The corporate debt/equity ratio, which excludes the share of debt related to concession activities insofar as without recourse or self-liquidating, was less than 0.9.

[7] Equity also increased as a result of the effects arising from the introduction of IFRIC 12 which were also taken into account when recalculating comparative figures at September and December 2009.

Changes in total net financial position

	€/000	30/09/10	30/06/10	31/12/09	30/09/09
A	Cash and cash equivalents	364,701	324,238	444,138	374,320
B	Securities held for trading	3,593	3,991	4,175	4,168
C	**Available funds**	**368,294**	**328,229**	**448,312**	**378,489**
D	**Financial receivables**	**38,006**	**41,347**	**24,461**	**21,324**
E	Current bank payables	(250,117)	(239,116)	(334,442)	(307,916)
F	Current share of non-current debt	(61,475)	(41,801)	(20,430)	(14,872)
G	Other current financial payables	(9,852)	(10,014)	(11,111)	(6,105)
H	**Current financial debt**	**(321,444)**	**(290,931)**	**(365,983)**	**(328,894)**
I	**Net current financial debt**	**84,856**	**78,645**	**106,790**	**70,919**
J	Non-current bank payables	(605,501)	(590,380)	(571,450)	(552,352)
K	Other non-current payables	(3,794)	(4,184)	(4,950)	(11,464)
L	**Non-current financial debt**	**(609,294)**	**(594,564)**	**(576,400)**	**(563,817)**
M	**Net financial debt**	**(524,438)**	**(515,919)**	**(469,610)**	**(492,898)**
N	**Receivables arising from concessions**	**59,596**	**55,064**	**43,046**	**38,926**
O	**Total financial debt**	**(464,842)**	**(460,855)**	**(426,564)**	**(453,972)**
	Treasury shares on hand	4,190	4,383	5,172	5,134
	Total net financial position	**(460,652)**	**(456,472)**	**(421,392)**	**(448,838)**

Consolidated economic, equity and financial results of Q3 2010

Astaldi Group ended the third quarter of 2010 showing a trend which supports and confirms the growth process already recorded as from the first half of the year.

Total revenues amounted to EUR 485.5 million (+1.5% compared to EUR 478.2 million in Q3 2009), with operating revenues of EUR 456.2 million and other operating revenues of EUR 29.3 million.

Despite the increase in production levels, the incidence of the cost of production on total revenues was largely the same as the figure recorded for the third quarter of 2009. The failure to achieve economies of scale during the third quarter was due, as mentioned above, to the costs incurred in Qatar following the completion of some contracts which cancelled out the economic margins forecast at the outset.

Direct production costs amounted to EUR 358 million, accounting for 73.8% of total revenues (+1.5% YOY compared to EUR 353 million for Q3 2009). While there was a drop in personnel costs which totalled EUR 56.3 million, corresponding to 11.6% of total revenues (-2.2%, EUR 57.6 million in Q3 2009).

The trend of operating earnings for the third quarter of 2010 was largely in line with that of the first nine months of the year. EBITDA stood at EUR 54.5 million (+0.2% compared to EUR 54.4 million for Q3 2009), with an EBITDA margin of 11.2%. EBIT totalled EUR 41.8 million (-2.1% compared to EUR 42.7 million in Q3 2009), with an EBIT margin of 8.6%.

Net financial charges amounted to EUR 21.6 million (4.4% of total revenues compared to an incidence of 3.4% recorded for Q3 2009), reflecting the level of turnover and the order backlog's increasing focus on projects with a greater technological-financial content. Said item also included exchange rate differences which, despite the major fluctuations in currencies, were limited thanks to the Group's risk control policy.

Group net profit totalled EUR 13 million (compared to EUR 16.7 million in Q3 2009), with a net margin of 2.7%. It must also be remembered that this quarter is compared with the last financial year which recorded especially significant margins, also following the completion of some projects and hence the consignment of definitive economic margins.

For a better understanding of the quarter's results, the main items of the quarter's income statement as well as the breakdown of revenues by geographical area and sector are shown below.

Main consolidated economic results (€/000)	Q3 2010	%	Q3 2009	%
Total revenues	485,457	100.0%	478,184	100.0%
EBITDA	54,548	11.2%	54,461	11.4%
EBIT	41,779	8.6%	42,675	8.9%
Net financial income and charges	(21,600)	-4.4%	(16,050)	-3.4%
Pre-tax profit	22,026	4.5%	28,476	6.0%
Group net profit	13,028	2.7%	16,760	3.5%

Breakdown of revenues by geographical area

€/000,000	**Q3 2010**	**%**	**Q3 2009**	**%**
Italy	**188**	**41.2%**	**185**	**39.7%**
Abroad	**268**	**58.8%**	**280**	**60.3%**
Europe	125	27.4%	76	16.4%
America	105	23.0%	143	30.8%
Asia	7	1.5%	30	6.5%
Africa	31	6.8%	31	6.7%
Total	**456**	**100.0%**	**465**	**100.0%**

Order backlog at 30 September 2010

Astaldi Group's order backlog at 30 September 2010 **stood at over EUR 8.7 billion**, with EUR 6 billion referring to the construction sector, mostly to general contracting projects, and the remaining EUR 2.7 billion to the concessions/project finance sector.

In keeping with management forecasts, contractual increases and new orders in Italy and abroad – mainly transport infrastructures and concessions – account for over EUR 1 billion of the backlog, against approximately EUR 1.4 billion of production.

The backlog's overall structure shows **ever increasing diversification of the risk profile of activities.**

There was **further consolidation of the international positioning of activities** (construction and concessions) in keeping with the plan's aims. At the same time, **the order backlog is, in any case, equally distributed** between domestic activities (57% of total revenues) and foreign activities (43%), with a view to ensuring suitable diversification of the country/risk.

As far as sectors are concerned, the first nine months of the year saw **further consolidation of the concessions sector** which benefitted from an even clearer division of the companies belonging to the two business areas – construction and concessions – as a result of the setting up of "Astaldi Concessioni". In this regard, it must be remembered that a reporting and segmentation system is currently being introduced which, in compliance with the general standards adopted to date, takes note of the official division of companies dedicated to construction activities and concessions – performed subsequent to the setting up of said company. Said system, combined with major focusing of management processes, shall make it possible to already highlight the significant effects of said reorganisation, and to lend greater emphasis to the integration of the individual business areas the Group operates in.

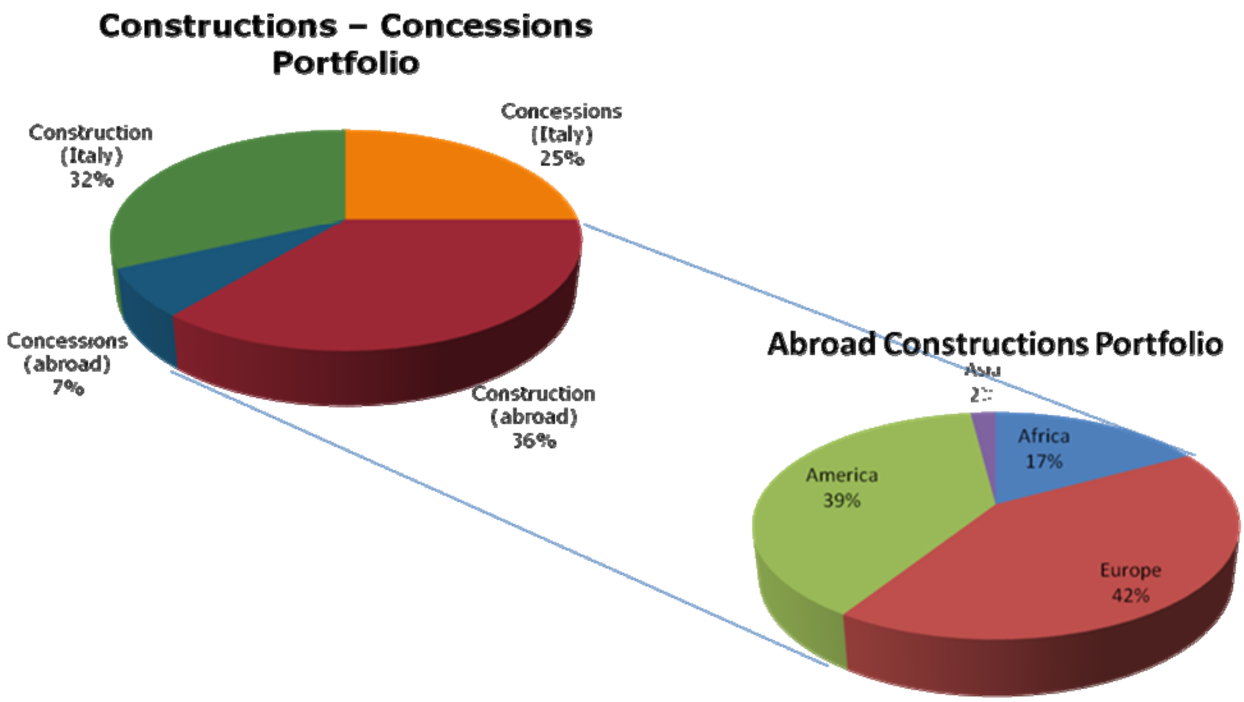
Please find below tables offering a breakdown of the backlog, showing the changes during the period in question, followed by figures related respectively to the construction and concessions sectors.

Order backlog (€/000,000)	At 01/01/2010	Increases	Decreases for production	At 30/09/2010
Transport infrastructures	5,724	704	(1,078)	5,350
Water and energy	416	-	(211)	205
Civil and industrial construction	422	67	(79)	410
Concessions	2,469	276	-	2,745
Order backlog	9,031	1,047	(1,368)	8,710

Order backlog (€/000,000)		At 01/01/2010	Increases	Decreases for production	At 30/09/2010
ITALY		4,647	904	(589)	4,962
ABROAD		4,384	143	(779)	3,748
	Europe	1,667	12	(340)	1,339
	America	2,124	50	(336)	1,838
	Africa	591	25	(95)	521
	Asia	2	56	(8)	50
Order backlog		9,031	1,047	(1,368)	8,710

At 30 September 2010, 57% of the order backlog referred to activities developed in Italy (EUR 4,962 million compared to EUR 4,647 million at 31 December 2009) while the remaining 43% (equal to EUR 3,748 million compared to EUR 4,384 million at 31 December 2009) to foreign activities, mainly developed in Turkey, Eastern Europe, Central and South America and Algeria.

Breakdown of order backlog by geographical area and sector



As far as sectors are concerned, **construction activities hold first place in the order backlog**, equal to 68% of the Group's total orders at 30 September 2010; specifically, transport infrastructures accounted for EUR 5,350 million (equal to 61% of the total backlog), followed by civil and industrial construction accounting for EUR 410 million (5%) and energy production plants and renewable energies for EUR 205 million (2%). All together, said initiatives offer an average life of 3/5 years, with projects developed in Italy accounting for EUR 2,811 million and foreign projects for the remaining EUR 3,154 million (mainly in Turkey, Eastern Europe, Central and South America, Algeria and the Middle East). **Concessions increased to EUR 2,745 million**, with projects developed in Italy accounting for EUR 2,151 and foreign projects for the remaining EUR 594 million (Honduras, Chile).

Lastly, it must be recalled that the value of the order backlog does not include changes regarding orders for which contracts still have to be drawn up, or which are still to be funded, at the draft date of this report. The commercial activities being performed are providing extremely positive figures and hence it is expected that the flow of new orders during the year shall prove to be in line with that of previous years.

The figures shown do not include, for example, the effects of awarding of the **concession to construct and subsequently manage the Gebze-Izmir motorway in Turkey**, for which the financial closure of funding, scheduled for the end of 2010, is pending. Astaldi shall perform the works together with five Turkish companies using the BOT formula (Build, Operate, Transfer). Return on the investment of 6.5 billion dollars is guaranteed by revenues of 23 billion dollars over a period of 22 years and 4 months of management under concession. The planned duration of works is 7 years as from the start-up. The share of the order referring to Astaldi shall be included among the consolidated backlog upon completion of the bureaucratic procedure to approve the project, expected by the end of the first half of 2011.

In addition to the Turkish concession mentioned above, on the basis of the conservative criteria adopted by the Group for the inclusion on new orders among the backlog, the values related to the following still have to be entered among new acquisitions: (i) the appointment as sponsor for the **project finance initiative related to the construction and subsequent management of the link road between Ancona Port and the surrounding road network** pending the final outcome of the award procedure, (ii) possible developments of projects in progress in Venezuela (also in light of the "6th Economic Cooperation Agreement" signed in May 2010 by the Italian and Venezuelan governments), (iii) consolidation of the partnership with Pacific Hydro in relation to the project to develop the water supply in Chile's Alto Cachapoal Valley (exclusivity agreements), (iv) further foreign initiatives for which formalisation of the relative contracts is pending which may lead to consolidation of the Group's presence in the transport infrastructures and concessions (renewable energy) sectors; (iv) new projects for which Astaldi is already in first position in the relative award procedures (153 kilometres of new railway line in Algeria and two high-speed stations in Saudi Arabia, for a total value of approximately EUR 500 million as regards Astaldi's stake).

CONSTRUCTION SECTOR

Order backlog - CONSTRUCTION (EUR/000,000)	30 September 2010
Transport infrastructures	5,350
Water and energy	205
Civil and industrial construction	410
Order backlog - CONSTRUCTION	5,965

Order backlog - CONSTRUCTION (EUR/000,000)	30 September 2010
Italy	2,811
Abroad	3,154
Order backlog - CONSTRUCTION	5,965

The construction order backlog at 30 September 2010 **amounted to approximately** 6 **billion** (**78% of total activities**) thanks to the contribution of EUR 771 million of new orders, mainly related to projects in the transport infrastructures sector in Italy with an additional contribution from the civil and industrial construction sector abroad.

The main trends for the period include:

- foreign projects - USD 80 million for the Jubail Export Refinery Project (civil works related to the construction of an oil refinery in the Jubail industrial district), in Saudi Arabia;
- domestic projects - EUR 446 million (Astaldi's stake) for the "construction" component of extension of the concession to construct and subsequently manage Line 5 of the Milan underground (additional 7 kilometres of new line and 10 new stations along the Stazione Garibaldi/Repubblica-Stadio San Siro stretch). The planned duration of works is 57 months. Once constructed, the contract provides for a management period of 23 years, with forecast revenues of over EUR 1,200 million (Astaldi has a 23.3% stake). At the draft date of this report, the production activities related to this contract have already got underway in consideration of the forthcoming deadlines connected to EXPO 2015;
- domestic projects - EUR 100 million (Astaldi's stake) of the contractual increase related to approval of the remaining part of funding for the T3 San Giovanni-Colosseo section of Line C of the Rome underground. The T3 section forms part of the larger project to construct Line C of the Rome underground which is currently being carried out by the General Contractor Metro C S.c.p.a. which Astaldi holds a 34.5% stake in. The T3 stretch refers to the part of the route running from San Giovanni to the Colosseum in addition to 2 stations (Amba Aradan, Colosseo/Fori Imperiali).

On the whole, the construction order backlog comprises EUR 2.8 billion of projects developed in Italy and EUR 3.1 billion of orders in progress abroad. The contracts refer mainly to general contracting projects with public counterparties and EPC contracts characterised by an increasing average value and technological and managerial content, as well as suitable financial backing which ensure a dual positive effect as regards the Group's accounts. Indeed, on the one hand we can see an extension of the average life of the order backlog which, as regards the construction sector, is equal to 3/5 years and means that Astaldi Group is not affected by the slowdown being experienced at the present moment in the domestic market (caused by the drop in new projects put up for tender already mentioned above). At the same time, on the other hand, the very nature of the orders included among the backlog generates a positive effect on margins as a result of the increasing quality of contracts in progress and the economies of scale achieved. It is also important to note that the prevalence of strategic projects among clients' infrastructure development plans brings with it a major commitment on the part of local governments which guarantees the continuity of activities and, except on rare occasions, payments, thus encouraging an increase in quality as regards the total order backlog.

In relation to construction activities, transport infrastructures once again prove to be the reference sector for the Group's operations (61% of the total backlog), followed by civil and industrial construction (5%) and energy production plants (2%). For more information regarding the type of orders among the backlog, please refer to Astaldi Group's 2009 Consolidated Financial Statements.

CONCESSIONS SECTOR

The concessions order backlog at 30 September 2010 **increased to EUR 2,745 million** (32% of total activities), EUR 2,151 million of which refer to domestic projects (in the urban transport infrastructures, healthcare construction and car parks sectors) and the remaining EUR 594 million to foreign projects (renewable energy and water in Chile and Honduras).

During the period in question, the concessions sector recorded EUR 276 million of new orders related to the "management" component of extension of the concession to construct and subsequently manage Line 5 of the Milan underground, as mentioned above.

While the figures shown do not include Astaldi's stake in the concession for the Gebze-Izmir motorway in Turkey (for which final financial closure, scheduled for the first half of 2010, is pending) and the concession for the link road between Ancona Port and the surrounding road network in Italy (for which Astaldi has been appointed sponsor, pending the final outcome of the award procedure).

For all the other concession initiatives, the value of management shares included among the backlog is to be taken as the discounted value of the shares of concession revenues referring to Astaldi's stake. It must be recalled that the values calculated in this way relating to the concessions sector, and specifically to activities developed through associate companies, are not reflected in financial statements. This is because, in compliance with reference accounting standards, the stakes held in projects do not always allow for full or proportional consolidation. Therefore, in order to lend greater emphasis to the value of these projects, the dedicated company "Astaldi Concessioni" has been set up, and all projects in progress shall be transferred to said company. For more information, please refer to the section below.

Order backlog - CONCESSIONS (EUR/000,000)	30 September 2010	Description
Car parks	272	3,700 parking spaces (in 5 car parks)
Hospitals	1,397	2,830 beds (6 hospital facilities)
Transport	482	14.1 kilometres of new underground line
Water and energy	594	110MW
Order backlog - CONCESSIONS	2,745	

Order backlog - CONCESSIONS (€/000,000)	30 September 2010
Italy	2,151
Abroad	594
Order backlog – CONCESSIONS	2,745

"Astaldi Concessioni"

Considering the growing importance of concession activities and the further expansion planned for the future, which means that concession activities shall account for a third of the value of Astaldi's total backlog by 2015, the company "Astaldi Concessioni", owned entirely by Astaldi, was set up on 30 July 2010. All the concessions projects shall be transferred to said company and specifically, as resolved by Astaldi's Board of Directors on 18 June 2010, said transfer shall involve several stages so as to obtain the necessary authorisation provided for by law.

The setting up of "Astaldi Concessioni", which is destined – even if as part of the Group's general strategies – to operate independently and specifically in the concessions sector, with its own resources and facilities, shall allow for the so-called "segregation" of the concessions sector. The necessary resources shall be coordinated and concentrated in a single dedicated company, set up for this purpose, with the requisites needed to satisfy the concessions sector's specific objectives.

As at the date of this report, all car park projects and stakes in foreign companies have been transferred. The transfer process is expected to be completed by the end of 2010 with the transfer of all stakes in Italian companies.

Lastly, it must be remembered that Astaldi has carried out the above operation with the aim of:

- defining a new organisational set-up that makes it possible to capitalise accrued experience, creating a suitable "knowledge centre" for the Group's development strategies;
- promoting managed assets, highlighting their strategic value;
- vesting the concessions sector with its own legal, economic and financial identity;
- optimising the system of sources of finance so as to bring deadlines into line with projects' economic and financial cycles.

Foreseeable trend of operations

The 2010-2015 Business Plan was approved in September 2010, the details of which are available for consultation on the company's website - www.astaldi.it.

As far as the next five years are concerned, the Group aims to achieve an **additional and important step forward as far as size is concerned, also by exploiting partnerships with the concessions sector**.

The construction sector will continue to play a key role, mainly thanks to the contribution from transport infrastructures, but **important partnerships will also arise from the concessions sector**, in Italy as well as abroad, in countries able to offer a suitable risk/return ratio (guaranteed minimum fees).

Concessions will represent an important vehicle of growth as regards the Group's activities and earnings. The sector shall maintain an integrated role with regard to the construction sector, completing the Group's range of specialisations in accordance with an industrial logic aimed at stabilising earnings, optimising cash flow and increasing the Group's ability to transform operating results into liquid assets. At the same time, it shall benefit from the important partnerships with the construction sector resulting from the commercial ability the Group has developed in the construction sector. The high level of specialisation and know-how in terms of the Group's project management shall be put to use in the concessions sector and serve to guarantee compliance with the work performance timeframes which lies at the base of optimisation of the financial and economic schedules related to concessions. The latter, insofar as based on project finance instruments, shall also make it possible to mitigate any funding problems in the infrastructures sector which may arise in the medium-term in Italy.

The growth strategy as regards the concessions market shall be characterised by an integrated approach aimed at optimising the existing backlog (car parks, hospitals, transport infrastructures, water and energy), developing foreign projects for which negotiations are already well underway (transport infrastructures, energy), and indentifying additional opportunities in accordance with a selective investment logic.

Its presence in Italy in sectors of traditional interest (undergrounds, motorways, healthcare construction) shall be consolidated in the short-term by the opening up of foreign markets in the motorway sector (Gebze-Izmir motorway in Turkey) and by expansion of the water sector (new projects in Chile and Central America). Additional projects in Italy and abroad (mainly in the healthcare construction and transport infrastructures sectors) shall be looked at, to be embarked on including through partnerships with sector operators. The ultimate aim shall be to strive to obtain a concessions backlog which is well balanced between projects able to generate cash (management activities) and projects that soak up resources (construction activities).

Additional consolidation of the construction sector – its core business - shall be guaranteed, boosted by the development of major projects in progress in Italy and abroad, and shall find new opportunities in the results obtained from the commercial growth strategies implemented in recent years.

Additional, targeted diversification of activities as regards geographical area and sector shall continue and shall provide benefits for the construction sector as well as the concessions sector.

Italy shall continue to be the natural hub of activities thanks to the expected contribution from major projects currently in progress (Line C of the Rome underground, Lots 1 and 2 of Line 5 of the Milan underground, the Turin rail junction, Bologna Centrale High-Speed station, the hospitals in Tuscany and Lots “DG21” and “DG22” of the Jonica National Road). **The selective singling out of opportunities** currently being looked at **shall provide an additional boost to growth**. Indeed, it is felt that priority projects shall also be carried out over the coming years in Italy, including through use of the PPP formula (public-private partnership) which, especially at a regional level, shall make it possible to carry out projects in major towns. Additional projects shall also be singled out in relatively new sectors in Italy such as the renewable energy production plants.

As regards foreign activities, there will be consolidation of commercial efforts in countries where traditionally present: Eastern Europe, Turkey and Algeria shall see an increase in the contribution from transport infrastructures; the Middle East shall experience a new development phase, with the expansion of transport infrastructures (railways, high-speed); Latin America shall benefit from the enforcement of existing major contractual options related to contracts in progress in Venezuela (railways) and Chile (energy). **The Group's range of action shall be extended to new geographical areas**, adjacent to markets where already present, able to offer interesting infrastructure investment opportunities with dedicated resources. The plan identifies Peru, USA and Brazil as areas of confirmed interest (to be developed including through partnerships with operators already present in these areas), and introduces new commercial targets such as India and Canada. These areas shall be subject to in-depth, careful analysis over the coming years, in keeping with the market approach methods used by the Group, and if the results of said analysis are positive, new development opportunities shall be singled out. The strategic aim of keeping the contribution of each individual area of operations under the limit of 10% of revenues remains unvaried.

Subsequent events

As regards events subsequent to 30 September 2010, it must be noted that on 5 November Astaldi Concessioni submitted an offer to purchase a 4.75% stake (or the smaller stake not taken up) in “Autostrada Brescia-Verona-Vicenza-Padova S.p.A.”, a concessionaire company of Autostrada “Serenissima”, put up for sale by Milan's city authorities.

The transaction is aimed at ensuring Astaldi has the chance to take part in one of the key projects in the motorway management market, presenting key critical and improvement factors and forecast returns in line with strategic policies, as well as at further optimising Astaldi's presence in an area which sees it already involved in concession projects and general contracting initiatives for large-scale works.

Acquisition of the stake is subject to resolution by the City Council and the actual size of the stake acquired by Astaldi Concessioni shall be calculated following advance exercise of the right of pre-emption by shareholders and, subsequently, by the company itself, with regard to shares not taken up by shareholders.

The offer to purchase Serenissima shares amounts to approximately EUR 700 per share. The price per share is in line with the most recent transactions performed on Serenissima and in keeping with the values that emerge from application of criteria to assess multiples and comparable transactions.

Mention must also be made of the laying of the first stone of the Gebze-Izmir motorway, performed by the Client in October. The ceremony attended by the Turkish Prime Minister and the Italian Ambassador served to confirm the Turkish government's major commitment to a work that shall play a key role in the economic development of the areas the 422-kilometre route runs through. In this regard, it must be recalled that, in compliance with the procedures used to include new orders in the backlog, the amounts related to Astaldi's stake as regards this project shall be included in the backlog upon completion of the relative financing procedures.

Side notes

Astaldi's management assesses the economic and financial performance of the Group and business segments on the basis of some indicators not provided for in IFRSs, listed below.

EBIT: is equal to the result prior to taxation and financial income and charges, without any adjustments. The following are excluded from EBIT: (i) income and changes resulting from the management of non-consolidated equity investments and securities; (ii) results of any transfers of consolidated equity investments, included under the heading of "financial income and charges" in balance sheet statements, or under the heading of "effects of valuation of equity investments using the equity method" for the results of equity investments valued using the equity method.

EBITDA: is obtained from EBIT, excluding (i) amortisation and depreciation of intangible and tangible assets; (ii) write-downs and provisions; (iii) capitalisation of internal construction costs.

Debt/Equity Ratio: is provided by the ratio between the net financial position – drafted in accordance with the CESR model (Committee European Securities Regulators) – and equity (excluding treasury shares on hand).

Statement by the Executive appointed to draft corporate accounts

(pursuant to Art. 154-bis, subsection 2 of Legislative Decree No. 58/1998)

The undersigned, Paolo Citterio, Astaldi's General Manager - Administration and Finance, in his capacity as Executive appointed to draft corporate accounts, hereby declares, pursuant to Art. 154-bis, subsection 2 of Legislative Decree No. 58/1998 (Finance Consolidation Act) that the accounting information contained herein tallies with documents, ledgers and account entries.

Rome, 10 November 2010.

Signed Paolo Citterio

General Manager – Administration and Finance

Attachments

Reclassified consolidated income statement

€/000	30/09/10	%	30/09/09	%	Q3 2010	%	Q3 2009	%
Revenues	1,368,469	93.6%	1,350,667	96.3%	456,200	94.0%	464,330	97.1%
Other operating revenues	93,263	6.4%	52,576	3.7%	29,257	6.0%	13,853	2.9%
Total revenues	**1,461,732**	**100.0%**	**1,403,243**	**100.0%**	**485,457**	**100.0%**	**478,184**	**100.0%**
Cost of production	(1,090,440)	-74.6%	(1,048,355)	-74.7%	(358,407)	-73.8%	(353,048)	-73.8%
Added value	**371,291**	**25.4%**	**354,888**	**25.3%**	**127,050**	**26.2%**	**125,136**	**26.2%**
Personnel costs	(177,872)	-12.2%	(176,664)	-12.6%	(56,303)	-11.6%	(57,577)	-12.0%
Other operating costs	(29,124)	-2.0%	(20,567)	-1.5%	(16,198)	-3.3%	(13,097)	-2.7%
EBITDA	**164,295**	**11.2%**	**157,657**	**11.2%**	**54,548**	**11.2%**	**54,461**	**11.4%**
Amortisation and depreciation	(39,063)	-2.7%	(32,775)	-2.3%	(13,188)	-2.7%	(11,465)	-2.4%
Provisions	(238)	0.0%	(973)	-0.1%	27	0.0%	248	0.1%
Write-downs		0.0%	(3,000)	-0.2%		0.0%	(1,000)	-0.2%
(Capitalisation of internal construction costs)	858	0.1%	838	0.1%	392	0.1%	431	0.1%
EBIT	**125,852**	**8.6%**	**121,747**	**8.7%**	**41,779**	**8.6%**	**42,675**	**8.9%**
Net financial income and charges	(57,039)	-3.9%	(50,546)	-3.6%	(21,600)	-4.4%	(16,050)	-3.4%
Effects of valuation of equity investments using equity method	3,303	0.2%	1,682	0.1%	1,847	0.4%	1,851	0.4%
Pre-tax profit (loss)	**72,117**	**4.9%**	**72,883**	**5.2%**	**22,026**	**4.5%**	**28,476**	**6.0%**
Taxes	(27,404)	-1.9%	(27,343)	-1.9%	(8,664)	-1.8%	(10,560)	-2.2%
Profit (loss) for the period	**44,713**	**3.1%**	**45,541**	**3.2%**	**13,361**	**2.8%**	**17,916**	**3.7%**
Minority (profit) loss	(530)	0.0%	(1,761)	-0.1%	(333)	-0.1%	(1,156)	-0.2%
Group net profit	**44,183**	**3.0%**	**43,780**	**3.1%**	**13,028**	**2.7%**	**16,760**	**3.5%**

Reclassified consolidated balance sheet

€/000	30 September 2010	31 December 2009	30 September 2009
Intangible fixed assets	3,996	3,966	4,114
Tangible fixed assets	305,879	319,959	296,661
Equity investments	90,220	93,397	93,537
Other net fixed assets	34,500	32,297	24,805
TOTAL Fixed assets (A)	**434,595**	**449,618**	**419,118**
Inventories	93,277	90,316	95,450
Contracts in progress	802,420	648,626	672,046
Trade receivables	35,681	27,541	32,290
Accounts receivable	578,358	683,536	654,256
Other assets	198,266	157,581	163,222
Tax receivables	109,388	78,391	86,709
Advances from customers	(333,247)	(382,905)	(396,047)
Subtotal	**1,484,144**	**1,303,086**	**1,307,925**
Trade payables	(129,455)	(90,034)	(90,435)
Due to suppliers	(576,670)	(543,639)	(518,031)
Other liabilities	(297,052)	(265,716)	(267,615)
Subtotal	**(1,003,176)**	**(899,389)**	**(876,081)**
Working capital (B)	**480,968**	**403,697**	**431,844**
Employee benefits	(9,556)	(9,555)	(9,649)
Provisions for non-current risks and charges	(26,613)	(23,809)	(21,690)
Total provisions (C)	**(36,169)**	**(33,364)**	**(31,339)**
Net invested capital (D) = (A) + (B) + (C)	**879,394**	**819,952**	**819,623**
Available funds	364,701	444,138	374,320
Current financial receivables	19,203	22,043	18,901
Non-current financial receivables	18,803	2,418	2,423
Securities	3,593	4,175	4,168
Current financial liabilities	(321,444)	(365,983)	(328,894)
Non-current financial liabilities	(609,294)	(576,400)	(563,817)
Net financial payables/receivables (E)	**(524,438)**	**(469,610)**	**(492,898)**
Receivables arising from concessions	59,596	43,046	38,926
Total financial payables/receivables (F)	**(464,842)**	**(426,564)**	**(453,972)**
Group equity	(396,851)	(375,122)	(358,796)
Minority equity	(17,702)	(18,265)	(6,856)
Equity (G) = (D) - (F)	**414,552**	**393,387**	**365,652**