Astaldi's BoD approves results at 30 June 2014

INCREASE IN REVENUE TO EUR 1.2 BILLION +4.4%
NET PROFIT OF EUR 34.3 MILLION, +6.4%
2014 GROWTH TARGETS CONFIRMED

- 1H 2014 Results
  - Increase in consolidated total revenue to EUR 1,201.5 million, +4.4%
  - EBITDA margin of 12.4%, with EBITDA of EUR 149.3 million, +2.9%
  - EBIT margin of 9.8%, with EBIT of EUR 118.1 million, +4.5%
  - Consolidated net profit of EUR 34.3 million, +6.4%
  - Consolidated total net financial debt of EUR (1.1) billion
- Total order backlog of EUR 21.5 billion, of which:
  - Order backlog in execution at EUR 12.7 billion
  - EUR 8.8 billion of additional contracts acquired and currently being finalised
- 2014 Targets
  - Consolidated total revenue: + 10% YOY
  - EBIT margin: > 9%
  - Net financial debt: approximately EUR (900) million

Rome, 1 August 2014 – The Board of Directors of Astaldi S.p.A., chaired by Paolo Astaldi, met today to approve the Group's Interim Financial Report at 30 June 2014.

Stefano Cerri, the Group's Chief Executive Officer, commented as follows: "The half-yearly figures confirm a growth trend in line with Business Plan; the forecast end-of-year results will be positively influenced by an additional boost from projects in progress in Canada, Turkey and Russia ".

Main Consolidated Financial Results at 30 June 2014

(EUR/000)	30.06.2014	% on total revenue	30.06.2013*	% on total revenue	YOY change (%)
Total revenue	1,201,524	100.0%	1,150,655	100.0%	+4.4%
EBITDA	149,256	12.4%	145,039	12.6%	+2.9%
EBIT	118,131	9.8%	113,001	9.8%	+4.5%
EBT	54,713	4.6%	57,104	5.0%	-4.2%
Net Profit	34,333	2.9%	32,282	2.8%	+6.4%

*Restated following application of IFRS-11 – *Joint arrangements*.

Consolidated total revenue increased by +4.4% to EUR 1,201.5 million (EUR 1,150.6 million in June 2013) with operating revenue accounting for 93.8%, equal to EUR 1,126.9 million (+2.6%, EUR 1,098.5 million in June 2013) and other operating revenue for the remaining 6.2%, equal to EUR 74.5 million (+42.9%, EUR 52.2 million in June 2013).

The revenue structure shows an increasingly marked focus on countries classified as investment grade, resulting in an improved business risk profile. Recently-joined areas such as Russia and Canada were among those making the largest contribution to revenue together with Turkey, followed by Poland and Peru. Areas where the Group boasts a firmly-established presence such as Algeria and Romania achieved satisfactory levels. Italy reduced its contribution, accounting for approximately 28% of revenue, in line with the Group's strategies and with a forecast trend that envisages additional reductions through to 2016.

Specifically, Italy (-28.5%) has an order backlog with longer performance times than international projects and recorded the completion of the most significant contracts. Positive contributions were recorded from railway projects (Line 4 and 5 of the Milan underground, Line C of the Rome underground, Bologna Centrale High-Speed station, Parma-La Spezia railway line), together with contributions from the Pedemontana Lombarda motorway, but also from Plants Design and Maintenance segment (approximately EUR 42 million from the subsidiary NBI) and from Concessions (approximately EUR 4 million from Ge.SAT, the service management company for the Four Hospitals in Tuscany). Europe (+31%) contributed to revenues with progress made on projects in Turkey (Gebze-Orhangazi-Izmir motorway-Phase 1, Third Bridge on Bosphorus), Russia (Western High Speed Diameter in St. Petersburg) and Poland (Warsaw underground, Łódź railway project), as well as Romania that confirmed 2013 production levels. The contribution to revenues from America also recorded an increase (+33%) thanks to the start-up of works in Canada (Muskrat Falls hydroelectric project) and progress made on works in Peru (Cerro del Águila hydroelectric project) and Chile (Chuquicamata mining projects). Africa remained largely in line with the previous year thanks to the resumption of works of railway projects (Saida-Moulay Slissen). Asia recorded a significantly smaller contribution, confirming the Group's exit from the Oil & Gas segment, but also the progress made on railway projects (Saudi Arabia).

Construction accounted for 99% of revenue, equal to EUR 1,118 million (+2.3%, EUR 1,093 million in June 2013). Transport infrastructures (74% of revenue) continued to represent the Group's core business; the drop for Railways and Undergrounds and Ports and Airports that was almost totally offset by the higher level of production for Roads and Motorways. Specifically, Railways and Undergrounds reflected the planned slowdown in activities in Venezuela (where minimal levels of production were recorded) and Algeria (where activities recommenced as from the second quarter of 2014), as well as the gradual completion of undergrounds (Line 5 of the Milan underground and Line C of the Rome underground) and Bologna Centrale High-Speed station in Italy.

Concessions (0.8% of revenue) generated EUR 9 million (EUR 5 million in June 2013), plus an additional EUR 13.8 million (EUR 3.1 million in June 2013) eaccounted among "Income from Equity Participations. The operations in progress in Turkey (Milas-Bodrum International Airport which opened the season in April) and in Italy (Tuscan hospitals of Prato, Lucca and Pistoia) contributed to revenues. In terms of "Income from Equity Participations", the half-year included the effects of operations in Italy related to the A4 motorway (EUR 4.2 million through Re.Consult Infrastrutture), Venice-Mestre hospital (EUR 1.1 million) and Line 5 of Milan underground (EUR 0.4 million), as well as EUR 8.6 million for consolidation at equity of the Third Bridge on Bosphorus SPV.

Production costs totalled EUR 856 million (EUR 834.7 million in June 2013), with a 71.2% incidence on revenue (72.5% in June 2013). Personnel expenses totalled EUR 179.7 million (EUR 155.1 million in June 2013), with a 15% incidence on revenue.

EBITDA increased by +2.9% to EUR 149.3 million (EUR 145 million in June 2013), with an **EBITDA margin of 12.4%**. **EBIT increased by +4.5% to EUR 118.1 million** (EUR 113 million in June 2013), with an **EBIT margin of 9.8%**.

Net financial charges increased to EUR 77.5 million (EUR 59.1 million in June 2013) as a result of: (i) an increased average level of debt due to the support guaranteed for production, (ii) an increased cost of debt as a result of the bond issues at the end of 2013 and in February 2014 that extended the debt maturity profile to 2020, (iii) the increase for the cost of sureties related to the greater average value of backlog projects, the cost of which is, in any case, included in the estimated margins set forth in the commercial offer.

Financial charges included EUR 18.9 million related to fair value assessment of the equity-linked bond issued in January 2013.

EBT amounted to EUR 54.7 million (EUR 57.1 million in June 2013) with EUR 14.1 million resulting from the equity consolidation of investments almost entirely attributable to the concessions sector (EUR 3.2 million in June 2013). **Consolidated net profit totalled EUR 34.3 million (+6.4%**, EUR 32.3 million in June 2013), with an estimated tax rate of 36% for the half-year.

Main Consolidated Financial Position Figures at 30 June 2014

(EUR/000)	30-Jun-14	31-Dec-2013*	30-Jun-2013*
Total net fixed assets	760,016	718,830	635,805
Working capital	933,240	704,192	704,605
Total provisions	(26,968)	(30,594)	(32,219)
Net invested capital	1,666,288	1,392,428	1,308,192
Net Financial Position **	(1,101,560)	(800,235)	(732,996)
Equity attributable to owners of the parent	558,995	547,093	532,915
Total equity	564,728	592,193	575,196

* Restated following application of IFRS-11 – *Joint arrangements*.
** Figure expressed inclusive of treasury shares on hand, equal to EUR 2.5 million in June 2014, EUR 2.8 million in December 2013 and EUR 2.8 million in June 2013.

Net fixed investments amounted to EUR 32.3 million (approximately 2.5% of revenue) and referred to projects in Canada (Muskrat Falls hydroelectric project), Russia (Western High Speed Diameter in St. Petersburg), Chile (Chuquicamata mining projects) and Romania (Line 4 of the Bucharest underground).

As regards concessions, **gross investments during the first half of the year totalled EUR 73 million**, approximately **EUR 40 million of which related to equity investments** (Third Bridge on Bosphorus and Gebze-Orhangazi-Izmir motorway in Turkey) and **EUR 33 million of which to semi-equity** (Line 5 of the Milan underground, Italy and Third Bosphorus Bridge, Turkey). On the whole, concession investments (to be taken as Astaldi's shares of equity and semi-equity paid into SPVs related to the individual projects in progress as well as the relative working capital) amounted to EUR 579 million. The half-yearly figure includes EUR 28 million of receivable rights from concessions – meaning the shares of investments covered by guaranteed cash flows as detailed in IFRIC-12 – related to Milas-Bodrum International Airport (Turkey), as well as the effects of deconsolidation of car parks under management in Verona and Turin, subject to sale during the half-year.

Net fixed assets totalled EUR 760 million (EUR 718.8 million in December 2013).

Working capital increased to EUR 933.2 million (EUR 704.2 million in December 2013), basically as a result of the increase of works in progress. The latter reflected the performance of activities in Poland (Warsaw underground), Turkey (Third Bridge on Bosphorus), Algeria (Saida-Moulay Slissen railway), Russia (Western High Speed Diameter in St. Petersburg), Canada (Muskrat Falls hydroelectric plant) and Italy (Line 4 of the Milan underground, Line C of the Rome underground, Pedemontana Lombarda motorway). On the other hand, payments on account from customers increased to EUR 740 million (EUR 677 million at the end of 2013), especially for projects in Turkey and Russia .

It must be recalled that the working capital at 30 June 2014 included certified and hence collectable receivables from the Venezuelan government totalling EUR 338 million (net of EUR 15 million of contract advances). In this regard, it is felt to date that despite the continuing delays in payments, there are not sufficient reasons to consider the overall collectability of the relative receivables to be at risk. Indeed during the first half of the year, also as a result of the waning of social tension in the country, institutional initiatives recommenced, aimed at protecting the interests of Italian companies working in Venezuela. Moreover, meetings are planned during the second part of 2014 between representatives of the Italian government and Venezuelan authorities. The aim is to promote, through the Council of Economic Cooperation between the two countries, projects linked to developing Venezuela's railway system, with the prerequisite of defining clear financial coverage of undertakings. Moreover, the Venezuelan government has earmarked in its budget significant sums as financial coverage of current and future obligations relating to the Goup's railway projects in execution in the Country.

Net invested capital amounted to EUR 1,666.3 million (EUR 1,392.4 million in December 2013). It is felt that the performance of the first six months of the year will be normalised during the second part of 2014 when important production milestones will be achieved, that are also expected to be reflected at a financial level.

Equity attributable to owners of the parent totalled EUR 559 million (EUR 547.1 million in December 2013). Third-party Equity dropped to EUR 5.7 million (EUR 45.1 million in December 2013) mainly as a result of merger of A.I.2 into Re.Consult Infrastrutture. The result was total net equity of EUR 564.7 million (EUR 592.2 million in December 2013).

CONSOLIDATED NET FINANCIAL DEBT

The total net financial debt at 30 June 2014 amounted to EUR (1,099) million (EUR (797) million in December 2013). The financial structure reflected the support guaranteed for production during the first half of the year, also by virtue of the forecast financial milestones for the second half of the year which it is felt will guarantee an improvement of the overall financial exposure. The debt/equity ratio, equal to 1.15x if the share of debt related to concessions (insofar as self-liquidating) is excluded, stood at 1.95x at 30 June 2014.

Consolidated Net Financial Debt

	30/06/2014	31/03/2014	31/12/2013*	30/09/2013*	30/06/2013*
Available funds	362,649	369,701	374,633	306,441	355,802
Current financial receivables	44,760	49,405	44,859	37,878	39,986
Current financial debt	(532,409)	(497,591)	(382,115)	(507,871)	(484,388)
Net current financial debt	(125,001)	(78,485)	37,377	(163,552)	(88,600)
Non-current financial debt	(1,102,871)	(1,075,100)	(954,881)	(840,030)	(806,687)
Gross financial debt - Continuing operations	(1,635,280)	(1,572,691)	(1,336,996)	(1,347,902)	(1,291,075)
Net financial debt – Continuing operations	(1,227,871)	(1,153,585)	(917,504)	(1,003,582)	(895,286)
Net financial debt – disposal groups	16,532	24,615	30,680	34,484	33,874
Net financial debt	(1,211,339)	(1,128,970)	(886,824)	(969,099)	(861,413)
Non-current financial receivables	109,780	113,522	86,589	70,715	128,417
Total financial debt	(1,101,560)	(1,015,448)	(800,235)	(898,384)	(732,996)
Treasury shares on hand	2,546	3,146	2,859	2,725	2,808
Total net financial debt	(1,099,013)	(1,012,303)	(797,376)	(895,658)	(730,188)

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, the 2013 figures, shown for the purpose of comparison, were restated.

Order Backlog

The **consolidated order backlog in execution amounted to EUR 12.7 billion** (EUR 13.3 billion in December 2013), with EUR 485 million of new orders (Turkey, Poland, Romania, Canada, Italy). The **total order backlog,** including orders which are in the process of being finalised, **amounted to EUR 21.5 billion**, with construction accounting for an additional EUR 3 billion and concessions for an additional EUR 5.8 billion.

As regards the order backlog in progress, 70% of orders are to be attributed to foreign projects while Italy accounted for the remaining 30%, largely reflecting the breakdown of revenue generated.

Order backlog (EUR/000,000)	At 01/01/2013	Increases/ Decreases	Decreases for production	At 30/06/2014
Construction	**7,593**	**429**	**(1,118)**	**6,904**
Transport infrastructures	6,105	352	(838)	5,619
Water and energy	1,010	0	(123)	887
Civil and industrial construction	265	50	(72)	243
Plants	213	27	(85)	155
Concessions	**5,729**	**56**	**(9)**	**5,776**
Order backlog	**13,322**	**485**	**(1,127)**	**12,680**

The main projects comprising the potential order backlog include: (i) the Gebze-Orhangazi-Izmir motorway – Phase 2B (Turkey), pending financial closing scheduled by the end of 2015, (ii) the Etlik Healthcare Campus in Ankara (Turkey), for which some preliminary activities have been embarked on but for which the definition of negotiations in progress with the client regarding some contractual aspects and financial closing are pending, (iii) the Western Metropolitan Hospital in Santiago (Chile) pending financial closing scheduled by the end of the first half of 2015, (iv) the Moscow-St. Petersburg motorway (Russia) for which negotiation is underway of the contract to construct a key section of the motorway.

NEW ORDERS

GEBZE-ORHANGAZI-IZMIR MOTORWAY PHASE 2A (CONSTRUCTION) | Turkey – As regards Astaldi, EUR 58 million for construction activities and EUR 56 million of concession revenue (not inflated) for the second operational section (25 kilometres, Orhangazi-Bursa) of the concession contract for the construction and subsequent management of over 400 kilometres of motorway linking Gebze and Izmir. Pro-rata inclusion among the backlog took place following definition of funding and the start-up of preliminary activities for construction works, already commenced during the first half of the year. The financing agreement, signed in July 2014, totals USD 600 million.

S-5 / S-8 | Poland – EUR 200 million for the design and construction of two new sections of road (19 kilometres of the fast-flowing S-5 Poznan-Breslavia and 15 kilometres of the S-8 Breslavia-Warsaw-Bialistok). Works will commence during the second half of 2014, with a planned duration of 39 months for the S-5 and 28 months for the S-8.

TEQ Construction Enterprise | Canada – EUR 50 million, to be attributed to the new orders of the Group's Canadian subsidiary, mainly referring to projects in the healthcare and civil construction segments of a unitary value of less than EUR 15 million.

NBI | Italy – EUR 27 million, to be attributed to the Group's subsidiary specialising in Plant Engineering, Maintenance and Management of Complex Systems.

Foreseeable Development Of Operations

The coming months will be focused on actions needed to achieve the 2013-2018 Business Plan targets approved in June.

Further reduction of Italy's contribution to revenue is forecast through to 2016. Therefore, activities will be focused on completing projects in progress, also in virtue of important milestones planned for 2015.

As regards international activities, Russia, Turkey and Canada in particular will contribute to the Group's growth. As regards Russia, no specific repercussions are envisaged with regard to the recent economic sanctions adopted by the international community following the unrest in Ukraine. Indeed, Astaldi mainly operates in Russia with private customers and in already-financed contractual contexts.

As for concessions, the commitment will pursue to reach the correct "valorization" of the most mature assets. The strategy provides for management of concession assets in accordance with an asset rotation logic. Said logic is aimed at disinvesting financial resources in order to reduce and re-balance the Group's financial debt, but also at guaranteeing the equity coverage needed to support further growth in the concessions sector. Efforts will also be made to achieve financial closing in the medium-term for projects in progress in Turkey (Gebze-Orhangazi-Izmir motorway Phase 2B, Etlik Healthcare Campus in Ankara) and Chile (Western Metropolitan Hospital in Santiago).

With regard to financial strategy, major focus will be given over the coming months to the ability of individual projects to generate cash flow, as well as to additional extension of debt maturity and consequent improvement of the Group's available funds. It is important to note, inter alia, that the first significant repayment deadline is 2016 (linked to the current EUR 325 million revolving credit facility) and the Group is already taking action aimed at redefining its average length.

Consolidated financial statements

Reclassified consolidated income statement

EUR/000	30/06/2014	% on total revenue	30/06/2013 *	% on total revenue
Revenue	1,126,936	93.8%	1,098,459	95.5%
Other operating revenue	74,588	6.2%	52,197	4.5%
Total revenue	1,201,524	100.0%	1,150,655	100.0%
Cost of production	(856,007)	-71.2%	(834,659)	-72.5%
Added value	345,517	28.8%	315,997	27.5%
Personnel expenses	(179,696)	-15.0%	(155,069)	-13.5%
Other operating costs	(16,565)	-1.4%	(15,888)	-1.4%
EBITDA	149,256	12.4%	145,039	12.6%
Amortisation and depreciation	(31,086)	-2.6%	(24,955)	-2.2%
Provisions		0.0%	(3,840)	-0.3%
Impairment losses	(124)	0.0%	(3,480)	-0.3%
(Capitalisation of internal construction costs)	85	0.0%	237	0.0%
EBIT	118,131	9.8%	113,001	9.8%
Net financial income and charges	(77,469)	-6.4%	(59,070)	-5.1%
Effects of equity accounting	14,052	1.2%	3,173	0.3%
Pre-tax profit	54,713	4.6%	57,104	5.0%
Taxes	(19,736)	-1.6%	(24,726)	-2.1%
Profit from continuing operations	34,977	2.9%	32,378	2.8%
Profit (loss) arising from operations related to disposal groups	(736)	-0.1%		0.0%
Profit for the year	34,241	2.8%	32,378	2.8%
(Profit) loss attributable to non-controlling interests	92	0.0%	(95)	0.0%
Net Profit	34,333	2.9%	32,282	2.8%

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, the 2013 figures, shown for the purpose of comparison, were restated.

Reclassified consolidated balance sheet

EUR/000	30/06/2014	31/12/2013*	30/06/2013*
Intangible assets	48,567	58,971	100,104
Property, plant and equipment	217,015	205,059	208,470
Investments	404,436	384,151	284,268
Other net non-current assets	94,401	81,003	53,810
Non-current assets held for sale	2,029	1,936	2,928
Liabilities directly associated with non-current assets held for sale	(6,432)	(12,290)	(13,774)
TOTAL Non-current assets(A)	760,016	718,830	635,805
Inventories	59,519	61,711	65,478
Contract work in progress	1,479,699	1,261,797	1,236,012
Trade receivables	53,041	46,312	56,267
Receivables from customers	978,672	915,581	835,263
Other assets	200,390	174,515	191,948
Tax receivables	103,240	104,612	125,690
Payments on account from customers	(740,058)	(676,569)	(542,205)
Subtotal	2,134,502	1,887,958	1,968,453
Trade payables	(91,373)	(102,523)	(188,322)
Payables to suppliers	(827,162)	(805,033)	(758,568)
Other liabilities	(282,727)	(276,210)	(316,958)
Subtotal	(1,201,262)	(1,183,766)	(1,263,848)
Working capital (B)	933,240	704,192	704,605
Employee benefits	(8,627)	(8,003)	(8,815)
Provisions for non-current risks and charges	(18,340)	(22,591)	(23,404)
Total provisions (C)	(26,968)	(30,594)	(32,219)
Net invested capital (D) = (A) + (B) + (C)	1,666,288	1,392,428	1,308,192
Cash and cash equivalents	361,082	373,226	354,425
Current financial receivables	27,523	29,412	23,375
Non-current financial receivables	98,830	70,986	102,690
Securities	1,567	1,407	1,376
Current financial liabilities	(532,409)	(382,115)	(484,388)
Non-current financial liabilities	(1,102,871)	(954,881)	(806,687)
Net financial liabilities (E)	(1,146,278)	(861,965)	(809,208)
Receivable rights from concessions	28,186	31,050	42,339
Net financial debt – disposal groups	16,532	30,680	33,874
Total financial liabilities (F)	(1,101,560)	(800,235)	(732,996)
Equity attributable to owners of the parent	(558,995)	(547,093)	(532,915)
Third-Party Equity	(5,734)	(45,101)	(42,281)
Equity (G) = (D) - (F)	564,728	592,193	575,196

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, the 2013 figures, shown for the purpose of comparison, were restated.