Astaldi's BoD approves results at 31 March 2015

ASTALDI: INCREASE OF REVENUE AND NET PROFIT DURING FIRST QUARTER OF 2015
REVENUE UP BY 9.6% TO EUR 604.6 MILLION,
NET PROFIT UP BY 21.3% TO EUR 23.3 MILLION

- Main consolidated results:
  - Total revenue of EUR 604.6 million
  - EBITDA margin of 12%, with EBITDA of EUR 72.5 million
  - EBIT margin of 9.2%, with EBIT of EUR 55.3 million
  - Net profit of EUR 23.3 million

- Total order backlog of approx. EUR 28 billion, of which:
  - Order backlog in execution EUR 14 billion
  - EUR 14 billion of additional projects secured and to be finalised

- New orders of EUR 573 million secured during the quarter

- Net financial debt of EUR 1,017 million (compared to EUR 1,012 million at 31 March 2014 and EUR 798.6 million at 31 December 2014)

Rome, 14 May 2015 – The Board of Directors of Astaldi S.p.A., chaired by Paolo Astaldi, met today to approve the Interim Report on Operations at 31 March 2015.

Stefano Cerri, Astaldi Group's Chief Executive Officer, commented as follows: "*2015 represents a turning point for Astaldi Group from a strategic viewpoint. The concession investment cycle will gradually become less intense, also thanks to the envisaged creation of an infrastructure fund, thus freeing up financial resources of such an amount as to allow complete repositioning of the equity and financial structure in the short-term. All of this will be facilitated by the business solidity of the Group which generates ever-increasing self-financing thanks to the order backlog, the quality and size of which are constantly expanding*".

Main consolidated financial results at 31 March 2015

Total revenue amounted to EUR 604.6 million, showing a 9.6% increase compared to EUR 551.6 million for Q1 2014. The quarterly figure benefitted from the increase in activities in Europe (especially Turkey, Poland and Russia) and in America (Canada, Chile), which more than offset performance in Italy, linked to the completion of some key contracts (Line 5 - Milan underground), but also to a fairly negative situation at a local level as regards the infrastructure sector. Therefore, the quarterly figure offers confirmation of the effectiveness of the Group's geographical diversification strategy implemented in recent years, which has made it possible to reposition activities in countries with well-defined, suitably-funded infrastructure development programmes.

Operating revenue totalled EUR 575.3 million, showing a 12% increase compared to EUR 514.2 million at 31 March 2014, and accounting for 95% of total revenue. Other operating revenue amounted to EUR 29.3 million (5% of total revenue).

Italy (18.4% of operating revenue) recorded a performance in line with forecasts, considering the fairly negative situation seen in recent years, partially offset by the start-up of some contracts ("Quadrilatero Marche-Umbria" road network, Line 4 - Milan underground) and by the normalisation of contributions from projects in progress (new hospital in Naples, "Pedemontana Lombarda" motorway). Good contributions were also recorded for contracts nearing completion (Line 5 - Milan underground, Bologna Centrale HS railway station), as well as from the Company NBI (Plant Engineering) and from the management of three hospitals in Tuscany.

Projects in progress in the Rest of Europe (44% of operating revenue) increased by 12% thanks to the good performance achieved in Turkey (Third Bosphorus Bridge, Gebze-Orhangazi-Izmir motorway), Russia (Western High-Speed Diameter - St. Petersburg), Poland (Krakow-Balice International Airport, Łodz railway project) and Romania (road projects and two underground lines in Bucharest). The Americas (31% of operating revenue) increased by 75% thanks to the contribution from activities underway in Canada (Muskrat Falls Hydroelectric Project) and operations performed by the Canadian company, TEQ Construction Enterprise (Facility Management), as well as from projects in progress in Peru (Cerro del Águila Hydroelectric Project) and Chile (Chuquicamata Mining Project, West Metropolitan Hospital in Santiago). The Maghreb (4% of operating revenue) increased by 14%, thanks to works under construction in Algeria (railways), while the Middle East (2% of operating revenue) benefitted from railway works in progress in Saudi Arabia (Jedda and KAEC HS railway stations).

Construction accounted for 99.7% of operating revenue and amounted to EUR 573 million, up by 11.9% compared to EUR 512 million at 31 March 2014, thanks to the increased contribution of Transport Infrastructures (71% of operating revenue, equal to EUR 410 million), attributable to Turkey, Russia, Poland and Algeria. As regards Italy, mention must be made of the good performance achieved on underground lines in Rome (Line C) and Milan (Lines 4 and 5), as well as the first results related to the "Quadrilatero Marche-Umbria" road network. Hydraulic and Energy Production Plants accounted for 13% of operating revenue, equal to EUR 75 million (respectively 7.4% and EUR 38 million at 31 March 2014) and generated almost double the figure recorded for the first quarter of 2014 thanks to hydroelectric projects in Canada and Peru. Civil and Industrial Construction accounted for 8% of operating revenue, equal to EUR 48 million (respectively 7.4% and EUR 38 million at 31 March 2014), showing a more than 25% increase compared to Q1 2014 thanks to the results achieved by operations in Canada (through TEQ Construction Enterprise), Chile (West Metropolitan Hospital in Santiago) and Italy (new hospital in Massa-Carrara). Facility Management, Plant Engineering and Management of Complex Systems accounted for 7% of operating revenue, equal to EUR 40 million (respectively, 6.2% and EUR 32 million at 31 March 2014), showing a 25% increase compared to 31 March 2014, to be attributed mainly to the good performance of NBI and the results of projects in progress in Chile in the mining segment (Chuquicamata).

Concessions generated approximately 0.3% of operating revenue and amounted to EUR 2 million (in line with Q1 2014), reflecting the positive contribution of the Tuscan Hospitals project in Italy and Milas-Bodrum International Airport in Turkey. An additional EUR 10 million must be added as "*Effects of equity accounting*", which includes the positive results of projects related to the Hospital in Venice-Mestre in Italy, the Chacayes hydroelectric plant in Chile and the Third Bosphorus Bridge and Gebze-Orhangazi-Izmir motorway in Turkey.

Production costs totalled EUR 416.4 **million** (+5.7%, EUR 394 million at 31 March 2014), showing a less than proportional increase compared to the increase in operating revenue (+12%), thanks to overall rebalancing of the operating efficiency of projects in progress. **Personnel expenses totalled** EUR 107.5 **million** (EUR 77.9 million at 31 March 2014) and reflected the effect of the greater incidence of direct production phases.

EBITDA amounted to **EUR 72.5 million**, largely in line with the figure for the same quarter of last year, with an EBITDA margin of 12% (EUR 73.4 million and 13.3% respectively at 31 March 2014), backed up by the general increase in quality of orders in progress and, specifically, of EPC contracts linked to concession projects, as well as construction projects in progress in Russia, Poland and Algeria. **EBIT** totalled EUR 55.3 million, with an EBIT margin of 9.2% (EUR 57.9 million and 10.5% respectively at 31 March 2014).

Net financial charges were in line with the figure recorded for the first quarter of 2014 and amounted to **EUR 28.3 million** (EUR 27.2 million at 31 March 2014).

EBT increased to **EUR 37.1 million** (+14%, EUR 32.5 million at 31 March 2014). The quarterly figure benefitted from EUR 10.1 million (EUR 1.8 million at 31 March 2014), related to the consolidation at equity of some investments, mentioned above, all of which fall under the Concessions segment.

This resulted in **an increase in consolidated net profit to EUR 23.3 million** (+21.3%, EUR 19.2 million at 31 March 2014), with an estimated quarterly tax rate of 38%.

Consolidated financial position figures at 31 March 2015

Main consolidated financial position figures *(EUR/000)*	31.03.2015	31.12.2014	31.03.2014
Total net fixed assets	825,558	790,197	692,840
Working capital	837,009	616,714	920,531
Total provisions	(23,204)	(23,002)	(29,188)
Net invested capital	1,639,364	1,383,910	1,584,183
Total financial payables/receivables *	(1,022,096)	(803,854)	(1,015,448)
of which:			
Total Net Financial Debt	*(1,107,420)*	*(798,656)*	*(1,102,303)*
Equity attributable to owners of the Parent	611,046	574,058	563,604
Total Equity	617,268	580,056	568,735

(*) Figure shown inclusive of treasury shares on hand totalling EUR 4.7 million at 31 March 2015, EUR 5.2 million at 31 December 2014 and EUR 3.1 million at 31 March 2014.

Net fixed assets amounted to EUR 825.5 million (EUR 790.2 million at 31 December 2014) at 31 March 2015 and the quarterly performance can mainly be linked to the equity accounting of some investments (mainly falling

under the Concessions segment) as well as progressive amortisation of intangible assets related to the concession for management of Milas-Bodrum International Airport (Turkey).
Working capital totalled EUR 837 million (EUR 616.7 million at 31 December 2014), showing a largely cyclical trend which sees an increase in this item, achieving higher levels in the first part of the year, before experiencing re-absorption during the remaining part of the year. The drop in working capital compared to March 2014 when it totalled EUR 920.5 million offers confirmation of the major focus placed on controlling financial trends. This resulted in net invested capital of EUR 1,639.4 million (EUR 1,383.9 million at 31 December 2014).
Total equity amounted to EUR 617.3 million (EUR 580.1 million at 31 December 2014), up by 6% compared to the end of last year.

Total net financial debt at 31 March 2015 amounted to EUR 1,017 million (EUR 799 million at 31 December 2014 and EUR 1,012 million at 31 March 2014). The quarterly figure largely reflects the dynamics recorded as regards working capital, linked to the payment cycle, showing a typical trend of the first part of the year. Therefore, the figure is in line with achievement of business plan targets, which envisage curbing of the level of total debt, as a result of the Construction segment's good cash-generating ability.

Technical CAPEX made during the first three months of the year amounted to EUR 23 million, mainly linked to projects in Canada, Peru and Russia.
Concession investments totalled approximately EUR 40 million, approximately EUR 7 million of which by way of equity paid into the project regarding Line 4 of the Milan underground and approximately EUR 34 million of which by way of payment of semi-equity into projects in Turkey (Gebze-Orhangazi-Izmir motorway, Third Bosphorus Bridge). Therefore, on the whole concession investments totalled EUR 644 million.

Consolidated Cash Flow Statement

(EUR/000)	31.03.2015	31.03.2014
A) Net cash flow generated (absorbed) by operating activities	(178,943)	(177,116)
B) Cash flow generated (absorbed) by investment activities	(63,071)	(3,749)
C) Cash flow generated (absorbed) by financing activities	184,787	175,770
NET INCREASE (DECREASE) OF AVAILABLE FUNDS (A+B+C)	(57,226)	(5,094)
AVAILABLE FUNDS AT START OF QUARTER	530,212	373,833
AVAILABLE FUNDS AT END OF QUARTER	472,985	368,739

The consolidated cash flow statement of Q1 2015 shows a trend largely in line with the same period of last year, both as regards net cash flow absorbed by operating activities and cash flow generated by financing activities (EUR 178.9 million and EUR 184.8 million, respectively). Cash flow absorbed by investment activities totalled EUR 63.1 million at 31 March 2015 (EUR 3.1 million in Q1 2014) with the increase mainly to be attributed to the aforementioned invested capital trends of the Concessions segment, as well as capital invested in technical resources and equipment. It must also be noted that management of financing activities generated available funds totalling EUR 184.8 million (EUR 178.8 million at 31 March 2014) with quarterly flows mainly linked to partial use (for approximately EUR 55 million) of the revolving credit facility subscribed in November 2014.

Order backlog

The **order backlog in execution amounts to approximately EUR 14 billion** (as regards 2014, EUR 13.8 billion at 31 December and EUR 12.8 billion at 31 March), with Italy accounting for 38% and international activities for the remaining 62%, with **new orders amounting to EUR 573 million**. Construction accounted for 57% of the total while Concessions accounted for the remaining 43%. On the whole, the quarterly figures were largely in line with the figures recorded at year-end and provided confirmation of a consolidated quality of orders and optimised business risk profile both in terms of geographical positioning and technological content.
The total order backlog, which also includes additional projects secured and in the process of being finalised (first classified and contracts awaiting financial closing), **amounts to approximately EUR 28 billion**, with 39% of projects regarding Italy and the remaining 61% developed abroad.

Main new orders

ARTURO MERINO BENÍTEZ INTERNATIONAL AIRPORT - SANTIAGO DE CHILE | Chile (concession – construction share). Pro-quota inclusion of this project in the backlog was recorded following publication on Chile's Official Gazette of the Government decree awarding the concession.

"QUADRILATERO MARCHE-UMBRIA" ROAD NETWORK, MAXI-LOT 2 (1st operational phase) | Italy (construction). The contract refers to a first tranche of works to improve the Perugia-Ancona road and upgrading of the Pedemontana delle Marche road.

Events after the reporting period

The contract for re-financing of Line 5 of the Milan underground in Italy was signed in April 2015. Indeed, the SPV, Metro5 S.p.A. subscribed a loan worth EUR 580 million which will be used to re-finance and complete the line. The transaction involves an EUR 430 million bank loan and the issue of an EUR 150 million project bond, both expiring in 2035. It is innovative insofar as it sees for the first time in Italy the combination of credit facilities with a project bond, issued on the basis of legislation approved in November 2014 with the "Sblocca Italia" decree (Law No. 164 of 11 November 2014).

Outlook

Over the coming months, the Group will focus on achieving the key production and commercial targets set for 2015. From an operating viewpoint, the activities in progress in areas where the Group is currently most present (Russia, Turkey, Canada) will contribute to its growth, but major focus will also be paid to the milestones of other important projects in progress (especially in Italy). From a commercial viewpoint, we will start to see the outcomes of interesting projects for which Astaldi has already been classified as first in ranking in the award procedure. The result is an **overall situation, which corroborates the Group's ability to achieve targets set for the year**.

As regards **Concessions**, there will be a gradual increase in contributions from projects under management, which will benefit from additional contributions in Italy, with start-up of the extension of Line 5 of the Milan underground and management of the Hospital in Massa-Carrara. Efforts will also go ahead to achieve financial closing of some key projects in progress in Turkey (Etlik hospital campus in Ankara, Gebze-Orhangazi-Izmir motorway) and Chile

(West Metropolitan Hospital and Arturo Merino Benítez International Airport in Santiago), as well as re-financing of the Gebze-Orhangazi-Izmir motorway in Turkey.
As regards Concessions, activities linked to valorisation of the most mature assets will continue to go ahead, as planned. Specifically, work is going ahead to set up the new infrastructure fund and a pool of banks comprising BNP Paribas, Deutsche Bank, Intesa San Paolo and Unicredit has been appointed as Astaldi Group advisors.

From a financial viewpoint, efforts will be made to increase the Group's liquidity and contract cash flow, with benefits for the endogenous growth process and general levels of debt.

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The Board of Directors, also in light of its current composition, proceeded to reorganise the internal committees in order to optimize its structure, as well as following the recent appointment of the director Eugenio Pinto who is also a director of the strategic subsidiary Astaldi Concessioni S.p.A. In this respect, the director himself considered it appropriate to note that his independence requisites pursuant to the Code of Self-Discipline were no longer fulfilled. While noting the absence of specific automatisms, the Board of Directors and Board of Statutory Auditors appreciated his assessment of the situation.
The new structure and composition of the committees are described below.
The Appointments and Remuneration Committee was set up, bringing together the two previously separate committees. The new committee comprises: Piero Gnudi (independent, non-executive director) as Chairman; Ernesto Monti (non-independent, non-executive director); and Giorgio Cirla (independent, non-executive director).
The following were appointed to the Control and Risks Committee: Nicoletta Mincato (independent, non-executive director) as Chairperson; Eugenio Pinto, (non-independent, non-executive director); and Paolo Cuccia (independent, non-executive director).
Today's meeting of the Board of Directors also appointed the independent director Chiara Mancini, Chairperson of the Related Parties Committee and confirmed Giorgio Cirla and Paolo Cuccia as the other independent members.

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Astaldi's Manager in charge of Financial Reporting Paolo Citterio, General Manager – Administration and Finance hereby declares, pursuant to subsection 2 of Article 154-bis of the Finance Consolidation Act, that the accounting information contained herein tallies with accounting documents, ledgers and entries.

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ASTALDI GROUP is one of the main General Contractors in Italy and among the top 25 at a European level in the construction sector, where it also operates as a sponsor of project finance initiatives. It has been active at an international level for 90 years, developing complex and integrated projects in the field of design, construction and management of public infrastructures and major civil engineering works, mostly in the following segments: transport infrastructures, energy production plants, civil and industrial construction, facility management, plant engineering and management of complex systems. It has been listed on the Stock Exchange since 2002 and holds 92nd position in the listings of global contractors. It ended 2014 with a total order backlog, including additional orders secured and in the process of being finalised, of over EUR 28 billion and a turnover of more than EUR 2.6 billion. It boasts more than 9,600 employees working in Italy, Europe (Poland, Romania and Russia), Turkey, the Middle East (Saudi Arabia), Africa (Algeria), Latin America (Chile, Peru, Venezuela and Central America), and North America (Canada and the USA).

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Reclassified consolidated income statement

EUR/000	31/03/2015		31/03/2014	
Revenue	575,310	95.1%	514,201	93.2%
Other operating revenue	29,340	4.9%	37,387	6.8%
Total revenue	**604,650**	**100.0%**	**551,588**	**100.0%**
Cost of production	(416,374)	-68.9%	(393,970)	-71.4%
Added value	**188,276**	**31.1%**	**157,618**	**28.6%**
Personnel expenses	(107,498)	-17.8%	(77,946)	-14.1%
Other operating costs	(8,272)	-1.4%	(6,246)	-1.1%
EBITDA	**72,506**	**12.0%**	**73,427**	**13.3%**
Amortisation and depreciation	(15,922)	-2.6%	(15,546)	-2.8%
Provisions	(1,245)	-0.2%		0.0%
(Capitalisation of internal construction costs)		0.0%	59	0.0%
EBIT	**55,339**	**9.2%**	**57,941**	**10.5%**
Net financial income and charges	(28,329)	-4.7%	(27,180)	-4.9%
Effects of equity accounting	10,096	1.7%	1,776	0.3%
Pre-tax profit	**37,106**	**6.1%**	**32,537**	**5.9%**
Taxes	(14,198)	-2.3%	(13,063)	-2.4%
Profit from continuing operations	**22,908**	**3.8%**	**19,474**	**3.5%**
Profit (loss) arising from operations related to disposal groups		**0.0%**	**(1,007)**	**-0.2%**
Profit for the year	**22,908**	**3.8%**	**18,467**	**3.3%**
(Profit) loss attributable to non-controlling interests	372	0.1%	717	0.1%
Net profit attributable to owners of the parent	**23,280**	3.9%	**19,184**	3.5%

Reclassified consolidated balance sheet

EUR/000	31/03/2015	31/12/2014	31/03/2014
Intangible assets	28,452	32,555	53,795
Property, plant and equipment	235,854	224,165	201,604
Investments	461,804	436,909	358,062
Other net non-current assets	99,448	96,568	83,936
Non-current assets held for sale			1,913
Liabilities directly associated with non-current assets held for sale			(6,472)
TOTAL Non-current assets (A)	825,558	790,197	692,840
Inventories	73,266	64,870	57,548
Contract work in progress	1,172,168	1,165,348	1,398,530
Trade receivables	55,909	52,299	81,066
Receivables from customers	866,265	850,742	934,574
Other assets	220,286	183,793	184,461
Tax receivables	110,738	97,834	104,516
Payments on account from customers	(475,937)	(589,785)	(662,375)
Subtotal	2,022,694	1,825,101	2,098,319
Trade payables	(80,192)	(68,777)	(136,560)
Payables to suppliers	(753,957)	(817,430)	(741,458)
Other liabilities	(351,536)	(322,180)	(299,770)
Subtotal	(1,185,685)	(1,208,387)	(1,177,787)
Working capital (B)	837,009	616,714	920,531
Employee benefits	(9,684)	(9,595)	(8,114)
Provisions for non-current risks and charges	(13,520)	(13,407)	(21,074)
Total provisions (C)	(23,204)	(23,002)	(29,188)
Net Invested Capital (D) = (A) + (B) + (C)	1,639,364	1,383,910	1,584,183
Cash and cash equivalents	472,985	530,212	368,118
Current financial receivables	13,252	20,870	33,958
Non-current financial receivables	219,594	170,933	97,395
Securities	1,521	1,396	1,583
Current financial liabilities	(564,634)	(387,587)	(497,591)
Non-current financial liabilities	(1,196,060)	(1,164,266)	(1,075,100)
Net financial liabilities (E)	(1,053,341)	(828,442)	(1,071,637)
Receivable rights from concessions	31,246	24,589	31,574
Net financial debt – disposal groups			24,615
Total financial liabilities (F)	(1,022,096)	(803,854)	(1,015,448)
Equity attributable to owners of the parent	(611,046)	(574,058)	(563,604)
Equity attributable to non-controlling interests	(6,222)	(5,998)	(5,130)
Equity (G) = (D) - (F)	617,268	580,056	568,735