Astaldi's Board of Directors approves the Strategy Plan 2017-2021

FITTER FOR THE FUTURE – STRATEGY PLAN 2017-2021
SUSTAINABLE GROWTH, DRIVERS FOR DE-RISKING AND FINANCIAL STRENGTH CONFIRMED AS STRATEGIC DRIVERS

Strategic Drivers

- Sustainable growth

- Upgraded revenue growth targets based on strong commercial performance in 2016
- Focus on securing high quality, attractive EPC opportunities which lead to high quality earnings
- Strengthening of O&M activities provides additional high margin, low capex revenue stream by converting concession backlog into revenue opportunity
- Current order backlog guarantees over 70% of cumulated revenues planned for 2017-2019 period

- Drivers for de-risking

- Accelerated geographic shift towards lower risk markets
- Improved projects cash flow with greater visibility
- Reduction of concession CAPEX
- Pursued reduction of WC/Revenues ratio
- Improved cash conversion of EBITDA

- Financial strength

- Stronger financial position thanks to positive cash-flow generation and accelerated delivery on asset disposals, ahead of target
- Relentless focus on debt reduction and lowering financing costs

Rome, 5 April 2017 – The Board of Directors of Astaldi S.p.A., chaired by Paolo Astaldi, met today to approve the Strategic Update of the Group's Business Plan 2017-2021 at 5 April 2017.

Filippo Stinellis, *Astaldi's Chief Executive Officer, said*: "*2016 was a transformational year for Astaldi. We successfully repositioned the business to better leverage our unique commercial capabilities. In light of the faster-than-expected progress that we have made this year, we updated the strategy plan with upgraded targets for* *revenue, improved cash conversion of earnings and reduced financing costs. As we build a stronger and 'fitter' business, our focus for 2017-2021 remains on securing sustainable revenue growth and high quality earnings while reducing the Group's overall risk profile.*"

Fitter for the Future – Strategic Update 2017-2021

The Group has made strong progress in repositioning the business and executing on the 2016-2020 strategy plan in 2016, and has upgraded the financial targets for 2017-2021 as a result. Astaldi will continue to develop the business and its capital structure based on three key pillars – sustainable growth, drivers for de-risking and financial strength. The geographic focus of the business will increasingly shift towards opportunities in lower risk markets where there is significant opportunity. The Group's target markets – North America, Europe and Chile – will offer high amounts of infrastructure investment in the short and medium term. In this respect, Astaldi is confident that the updated strategy plan will enable the company to secure attractive commercial opportunities while continuing to deliver sustainable growth and maximise shareholder returns.

Sustainable growth

The strategy plan set out in 2016 outlined a gradual repositioning of the backlog towards EPC (Engineering, Procurement, Construction) contracts to better leverage the business' areas of competitive strength. The Group secured €3.6 billion of new orders in construction in 2016 and will continue to work towards a target revenue split of over 60% EPC contracts. The Group has all the technical and operational skills to win multi-criteria EPC tenders, which offer a higher quality of earning, supporting sustainable margin development and cash flow, than the traditional tenders (assigned on lowest price). The Group will continue to pursue concessions opportunities, but with a "capital light" approach. Thanks to the introduction of the Operation & Maintenance (O&M) business line, Astaldi will convert a portion of its concession backlog into revenue opportunity. O&M activities generate high margin and low capex revenue from existing contracts, supporting earnings quality and visibility. One of the plan's 2017-2021 targets is to generate c. 10% of revenues from the O&M business line.

Drivers for de-risking

2016 marked an accelerated shift towards lower risk markets (Italy, Europe, US, Chile) aimed at increasing the weighting of these areas in the backlog. Over the plan period a higher proportion of revenues and earnings will come from lower risk geographies. Margins will slightly decrease as a result of this shift, but the impact will be offset by better financing terms and improved quality and visibility of cash flow. The Group remains focused on achieving a more efficient working capital cycle in line with the plan target to reduce the NWC/sales ratio. A dedicated task force on WC, the normalization of the levels of advance payments and lower capex on concessions, will increase the Group's cashflow generation capacity towards the planned reduction of debt.

Financial Strength

2016 showed an acceleration of the Group's asset disposal plan. From the start of the program until today the Group has secured sales for app. €250 million out of over €750 million set by 2021. The strategic geographic repositioning and the concession "capital light" new business model will lead to a reduction in capital expenditures over the plan period as in the 2016-2020 strategy plan. Furthermore, the new financial strategy aims at reducing the cost of debt. The targeted debt reduction will, thus, be supported by a swifter delivery on the asset disposal plan, improved working capital discipline and overall higher cash conversion of EBIDTA, also resulting from the new commercial policy.

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The presentation of the “Fitter for the Future” 2017-2021 Strategic Plan will be available on www.astaldi.com from at 11.30am CET, 6 April 2017, upon the Group unveiling the plan to the market.

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Financial targets 2017-2021

	2018	2021	CAGR 16-21
Revenue ~€3.6	billion	~€4.6 billion	~ 9%
Book- to- Bill	1.2x average through period		
Construction backlog	> €12 billion	~€14 billion	~ 7%
EBITDA margin ~11%	~10%		
EBIT margin	~9%	~8%	
Core EBIT margin	>7%	>7%	
Asset disposal	>€ 500 million		
Net debt	~€ 900 million	~€ 400 million	

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Astaldi Group is one of the leading General Contractors in Italy and one of the top 25 at a European level in the Construction sector where it is also a sponsor of project finance initiatives. It has been active for 90 years at an international level and is present on the market, developing complex and integrated projects involving the design, construction and operation of public infrastructures and large-scale engineering works, mainly in the following segments: Transport Infrastructures, Energy Production Plants, Civil and Industrial Construction and Facility Management, Plant Design and Management of Complex Systems. Listed on the Stock Exchange since 2002, it ended 2016 with a total order backlog of over EUR 27 billion and turnover in excess of EUR 3 billion. It boasts over 11,500 employees in Italy, Europe (Poland, Romania and Russia) and Turkey, Africa (Algeria), North America (Canada and the USA), Latin America, the Middle East (Saudi Arabia) and the Far East (Indonesia).

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