Astaldi's Board of Directors approves Group's results at 31 March 2017

ASTALDI: REVENUES UP BY 3% TO EUR 651.4 MILLION IN Q1, NET PROFIT UP BY 5% TO OVER EUR 25 MILLION

- Main consolidated results for the first quarter:
  - Revenues of EUR 651.4 million, +3% compared to 31 March 2016
  - EBITDA margin of 13.1%, with EBITDA of EUR 85 million
  - EBIT margin of 11.2%, with EBIT of EUR 72.7 million
  - Net profit of over EUR 25 million, +5% compared to 31 March 2016

- Total order backlog of over EUR 27 billion, of which:
  - EUR 19.2 billion of orders in execution
  - EUR 8 billion of further options and first in ranking

- Approximately EUR 1 billion of new orders during Q1

- Total Net Financial Debt of EUR 1,216 million (compared to EUR 1,232.9 million in March 2016 and EUR 1,088.7 million in December 2016)

Rome, 10 May 2017 – 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 2017.

Filippo Stinellis, *Astaldi Group's CEO*, commented: "Securing one billion euros of new orders during the quarter illustrates the Group's strong commercial drive and our successful repositioning of the business to deliver a more diversified revenue mix and a stronger financial profile. The first quarter showed positive financial trends compared to previous years, with a clear curbing in working capital and in net financial position, which is in line with the targets that we outlined in our Strategy Plan".

Main consolidated results at 31 March 2017

Revenues increased by 3% to EUR 651.4 million, (EUR 632.6 million in Q1 2016). Operating revenue accounted for 94% of this total, equal to EUR 614.1 million (up by 3.8% compared to EUR 591.6 million in March 2016), and other operating revenue for the remaining 6%, equal to EUR 37.3 million. The Construction sector generated EUR 611 million, equal to 99.5% of operating revenue.

The current geographical diversification shows a significant push towards the internationalisation of the business activities. Indeed, international activities generated over 80% of revenue, equal to EUR 493 million, showing a 2.1% increase compared to EUR 483 million in March 2016. In the first quarter, the business registered a greater contribution from America (43% of operating revenue) and an unchanged contribution from Africa (5% of operating revenue). Italy saw an 11% increase, reversing last year's trend, and accounted for EUR 121 million, compared to EUR 109 million in March 2016, mainly due to the Transport Infrastructure segment. More specifically, as at 31 March 2017, the Group registered an acceleration in activities in Canada (Muskrat Falls Hydroelectric Project, after signing of the agreement in November 2016), the launch of new orders in Chile (Chuquicamata Mine) and steady progress on ongoing projects in Turkey, Romania and Poland. In North America (USA, California), construction works started on the I-405 Highway with the initial results of the Group's commercial strategy for the USA already delivering tangible results. Particular progress was registered in Italy on the Marche-Umbria Quadrilatero Road Network, Line 4 of the Milan Underground, Naples-Afragola HS Station and the Brenner Base Tunnel. Important operating milestones were also achieved, such as the public opening of the San Giovanni museum station on Line C of the Rome Underground (March 2017) and the final inspection of the new hospital in Naples ("Ospedale del Mare") in February 2017.

Construction generated 99.5% of operating revenue; the remaining 0.5% was generated by Concessions and mainly refers to the results of O&M activities performed through the investee GE.SAT. for the new hospitals in Tuscany.

Production costs totalled EUR 419.5 million, down compared to EUR 440.2 million in March 2016, negatively impacting total revenues, which dropped from 69.6% to 64.4%.

Our cost structure reflects the production trend and mix of activities which are, compared to the past, more impacted by specialist services that the Group prefers to provide through its own specialised personnel rather than through subcontractors. An example of this is the personnel dedicated to tunnel excavation, which is the reason why Astaldi is currently using a total of 8 TBMs at its sites worldwide.

Personnel expenses increased to EUR 158.4 million compared to EUR 115.9 million in Q1 2016, with the impact on revenues increasing to 24.3% from 18.3%. Other operating costs totalled EUR 15.5 million, compared to EUR 5.8 million in Q1 2016, with an increased impact on revenues of 2.4% from 1.1%. The quarterly trend is due to lower production costs, resulting from the completion of significant projects, and to an increase in personnel expenses and other operating costs caused by the acceleration and launch of projects which mainly need direct handling, such as the Muskrat Falls Project in Canada and new contracts for the Chuquicamata Mine in Chile.

EBITDA margin was 13.1%, with EBITDA of over EUR 85 million (respectively, 14.3% and EUR 90.4 million in Q1 2016). The quarterly result reflects the targets laid out in the Strategy Plan, with margins beginning to adjust to the shift in business mix and to the improved risk profile. The repositioning is also beginning to show through in the order backlog and to benefit our financial performance. The EBIT margin totalled 11.2% for EBIT of EUR 72.7 million (respectively, 11.9% and EUR 75 million in Q1 2016). This figure was the result of lower D&A charges mainly due to project phases which provide for fewer contributions in terms of amortisation.

Net financial expense totalled EUR 39.5 million, in keeping with the figure at 31 March 2016 (EUR 39.4 million) and with a 6.1% impact on revenue (6.2% for Q1 2016). This quarter the lower level of debt exposure compared to the same period last year offset higher charges for guarantees and sureties related to the repositioned backlog. The positive effects of this in terms of production will start to be seen in the second half of this year.

EBT totalled EUR 33.2 million, compared to EUR 35.6 million at 31 March 2016 as a result of the aforementioned trends.

This resulted in a 5% **increase in net profit to over** EUR 25 **million** (EUR 23.9 million at 31 March 2016), with a net margin of 3.9% (3.8% in Q1 2016), against an estimated tax rate of 24.8%.

Consolidated financial position figures at 31 March 2017

(Figures shown in EUR/000)

	31.03.2017	31.12.2016	31.03.2016
Total net fixed assets	1,049,805	1,007,371	902,939
Working capital	919,059	804,861	965,258
Total provisions	(22,351)	(21,215)	(25,852)
Net invested capital	1,964,514	1,791,017	1,842,345
Total financial payables / receivables (*)	(1,219,386)	(1,092,532)	(1,238,326)
Equity attributable to owners of the Parent	721,149	692,384	598,873
Total equity	727,127	698,485	604,019

(*) Figure shown inclusive of treasury shares on hand equal to EUR 3.8 million in March 2017 and EUR 5.4 million in March 2016 and EUR 3.9 million in December 2016.

Net fixed assets at 31 March 2017 totalled EUR 1,049.8 million (EUR 1,007.4 million in December 2016) and included an increase due to the equity accounting of motorway concessions in Turkey, as well as the conversion of capital (equity) sums previously paid, as subordinated loans, into the Gebze-Orhangazi-Izmir Motorway concession project.

Working capital totalled approximately EUR 919 **million** (EUR 805 million in December 2016 and EUR 965 million at 31 March 2016). The usual seasonal increase in working capital was much lower than in the same period in previous years, thanks to the strict control of project cash flows implemented by management. The 14% increase in working capital this quarter is far lower than the average increase of 35% over the last four years. Furthermore, benefits from the collection of contractual advances linked to the recently acquired construction orders are scheduled for the coming months.

This resulted in **net invested capital of** EUR 1,946.5 **million** (EUR 1,791 million in December 2016), as a result of the aforementioned trends.

Total equity amounted to EUR 727.1 **million** (EUR 698.5 million at 31 December 2016).

The total net financial debt amounted to EUR 1,215.6 **million** (EUR 1,088.7 million at 31 December 2016 and EUR 1,232.9 million at 31 March 2016). This reflects the trends seen in working capital and investments. The quarterly trend also included a positive net effect from the sale of concession assets totalling EUR 16 million, resulting from the collection of EUR 52 million (including financial receivables) from definition of transfer agreements for some assets in Chile, already announced in the Financial Statements at 31 December 2016 (Pacific Hydro Chacayes S.A., concession holder for the Chacayes Hydroelectric Plant and 49% of the interest held in SCMS, concession holder for the West Metropolitan Hospital in Santiago). The overall financial effect takes into account the fact that some financial receivables were already included in net financial debt.

The **Debt/Equity ratio** at 31 March 2017 stood at 1.67x.

Net technical investments in Q1 2017 totalled approximately EUR 3 million, and relate to projects in progress in Canada (Muskrat Falls), Russia (M-11 Moscow-St. Petersburg Motorway) and Poland.

Concession investments during the quarter totalled EUR 7 million and relate to payment of semi-equity for projects in Chile (Arturo Merino Benítez International Airport in Santiago) and Turkey (Etlik Integrated Health Campus in Ankara), as well as the conversion to capital (equity) of sums previously paid-in as semi-equity for the Gebze-Orhangazi-Izmir motorway concession. This meant that total concession investments (Astaldi's share of equity and semi-equity paid into SPVs linked to individual projects currently in progress, as well as related working capital) amounted to EUR 708 million, EUR 7 million of which relates to financial assets from concession activities as per IFRIC-12 relating to projects in Chile (La Punilla Hydroelectric Project).

Order backlog

The order backlog in execution totalled EUR 19.2 billion (EUR 19.5 billion in December 2016), 54% of which was generated by Construction and 46% by Concessions and related O&M activities (Operation and Maintenance), with Italy accounting for 31% and international projects for the remaining 69% (mainly Europe and America). The quarterly figure included approximately EUR 1 billion of new orders and contractual increases (mainly EPC[1], contracts in Europe and North America).

The total order backlog amounts to over EUR 27 billion, which includes EUR 8 billion of potential orders. The latter refer to rights that have been secured but are subject to certain conditions (financial closing, approval by various bodies, etc.).

The backlog reflects an increase in contracts awarded based on multiple selection criteria, particularly technicality and quality, and our increased focus on regions with a lower risk profile, in keeping with the Group's Strategy Plan.

Main new orders during the quarter

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lots 2A and 2B) | Romania (*construction*): A total of EUR 776 million (Astaldi has a 42% interest) for upgrading 80 kilometres of the Frontieră-Curtici-Simeria Railway Line forming part of the Pan-European Corridor 4 and related ancillary works.

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lot 3) | Romania (*construction*): EUR 600 million, Astaldi has a 49.5% interest, for upgrading approximately 40 kilometres of the Frontieră–Curtici–Simeria Railway Line related to the stretch between Gurasada and Simeria of the 614 km-Radna-Simeria section, and related ancillary works.

ISTANBUL UNDERGROUND (Kirazli-Halkalı section) | Turkey (*construction*): EUR 627 million, Astaldi Group has a 15% interest, for performance of civil works and electro-mechanical systems on the new section of the Istanbul Underground.

MENEMEN-ALIAĞA-ÇANDARLI MOTORWAY | Turkey (*construction and operation concession*): Total investment of EUR 392 million, EUR 333 million of which for construction activities (Astaldi has a 33% interest). The BOT Contract involves construction and operation of 80 kilometres of new motorway sections in İzmir province (including 14 junctions, 3 service areas, 7 motorway tollgates, 10 viaducts and 11 bridges), and the performance of all O&M activities.

«PIEMONTE-SAVOIA» ITALY-FRANCE HVDC INTERCONNECTION PROJECT | Italy (*construction*): EUR 54 million for performance of civil works for the Italian section of the HVDC (High Voltage Direct Current) interconnection project in progress involving Italy and France. Works involve the construction of approximately

[1] EPC = Engineering, Procurement, Construction.

45 kilometres of cuttings with installation of HDPE pipes and underground excavation using microtunnelling technology, for subsequent systems installation, as well as all related works. The project will be performed without any interruption of vehicle traffic. The duration of works is 2 years, with start-up by Q3 2017. The project has been commissioned by Terna Rete Italia S.p.A.

BIG BULLFROG CREEK ROAD PROJECT | USA, Florida (*construction*): more than EUR 43 million for the performance of works to widen more than 6 kilometres of the SR-43 (US-301) from 2 to 6 lanes, for the section between the SR-674 and the CR-672 (Balm Road). The duration of works is just over 2 years. The project has been commissioned by FDOT (Florida Department of Transportation). The works will be performed by Astaldi Construction Corporation, the Group's subsidiary dedicated to the American market.

Events after the reporting period

In April 2017, the SPVs of two concession projects in Turkey – **Third Bosphorus Bridge** and **Gebze-Orhangazi-Izmir Motorway** – collected the **remainder of minimum guaranteed revenue** forecast for the first operating period, totalling 672 million Turkish Lire for the Third Bosphorus Bridge for September-December 2016 and 844 million Turkish Lire for the Gebze-Orhangazi-Izmir Motorway (Phase 1 and Phase 2A) for July-December 2016.

Outlook

On 5 April the Company's Board of Directors approved the 2017-2021 Strategic Plan. In the short term, the Group will work to achieve important operating milestones in Italy (inauguration of Naples-Afragola HS Station in June) and in Chile (laying of the first stone of E-ELT in May), as well as for the commencement of works on recently awarded projects in Turkey (Menemen-Aliağa-Çandarli Motorway, Istanbul Underground).

Our overall strategic aim is to ensure the balanced geographical diversification of our business activities, with a greater focus on projects with an independent financial profile. Astaldi will favour contracts that are based on a multi-criteria selection process that maximise our technical ability and track record of quality, and that take advantage of our integrated offering. The Group is focused on strengthening its positioning in countries where it has an established presence (especially Chile and the USA) and consolidating its position in newer regions with high development potential (such as North America and Europe). Astaldi will leverage the expertise developed working on highly complex projects such as the Third Bosphorus Bridge while also developing new international partnerships, such as for the West Metropolitan Hospital and Arturo Merino Benítez International Airport in Chile

Growth will be supported by the newly-identified O&M business line which, together with the Group's existing operating capacity in the Plant Engineering segment via NBI, will provide a fully integrated offering for complex infrastructure works. Supporting this, the asset disposal programme will favour disposal agreements that will promote O&M and construction activities relating to infrastructure works remaining within the Group , such as with the West Metropolitan Hospital in Chile.

Concessions will continue to represent an area of growth for the Group, but with a different approach than in the past. The focus will be on promoting a project development model that will see Astaldi hold a smaller share in SPVs and hence a smaller undertaking in terms of equity contribution, as has already been implemented in Chile (West Metropolitan Hospital and Arturo Merino Benítez International Airport).

As a result of these strategic initiatives, the Group's overall risk profile will be more balanced and it will be on track to deliver more sustainable growth.

A key strategic priority is debt reduction. The Group has adopted a disciplined approach to working capital management. Targeted action has been taken to reduce working capital absorption while also implementing a more efficient management of working capital components. At the commercial level, the Group will focus on securing contracts with a more independent financial profile and with advanced payments.

Astaldi has made strong progress on its asset disposal programme to date and will look to sustain this momentum. Following the results achieved in relation to A4 Holding in Italy and SCMS and Pacific Hydro Chacayes in Chile, as well as agreements signed for M5 in Italy, the company will focus over the coming months on delivering the asset disposals set out in the Strategy Plan. As regards the hospital sector in Italy, the medium term goal is to streamline the Group's participation in projects already in progress in order to accelerate the disposal process. Moreover, now that the Turkish motorway concession assets have collected the minimum guaranteed revenue (as announced in April), the Group's evaluation of potential disposal options for these assets can now commence.

Guidance for 2017

In line with the policies and targets set out in the 2017-2021 Strategy Plan, the 2017 guidance for annual growth in revenue is in line with 2016, at approximately 5%. Margins expected to stabilise at between 11% and 12% for EBITDA, and between 9% and 10% for EBIT. From a financial standpoint, in 2017 Astaldi will continue to work on reducing working capital, with the goal of bringing working capital below EUR 800 million (compared to EUR 805 million in 2016). The related impact on the net financial position for year-end is approximately EUR 1 billion, a slight reduction on EUR 1.1 billion in 2016.

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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 Consolidated Finance Act, that the accounting information contained herein tallies with accounting documents, ledgers and entries.

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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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ATTACHMENTS

Reclassified Consolidated Income Statement

(Figures shown in EUR/000)

	31/03/2017		31/03/2016 *	
Revenue	614,100	94.3%	591,649	93.5%
Other operating revenue	37,344	5.7%	40,966	6.5%
Total revenue	**651,444**	**100.0%**	**632,615**	**100.0%**
Production costs	(419,536)	-64.4%	(440,255)	-69.6%
Added value	**231,907**	**35.6%**	**192,360**	**30.4%**
Personnel expenses	(158,404)	-24.3%	(115,880)	-18.3%
Other operating costs	(15,484)	-2.4%	(5,780)	-0.9%
Share of profits of joint ventures, SPVs and associates	27,000	4.1%	19,675	3.1%
EBITDA	**85,019**	**13.1%**	**90,375**	**14.3%**
Amortisation and depreciation	(11,838)	-1.8%	(14,945)	-2.4%
Provisions	(427)	-0.1%	(380)	-0.1%
Impairment losses		0.0%	(2)	0.0%
EBIT	**72,755**	**11.2%**	**75,048**	**11.9%**
Net financial expense	(39,526)	-6.1%	(39,394)	-6.2%
Pre-tax profit	**33,229**	**5.1%**	**35,654**	**5.6%**
Tax expense	(8,260)	-1.3%	(9,573)	-1.5%
Profit from continuing operations	**24,969**	**3.8%**	**26,081**	**4.1%**
Loss from discontinued operations		**0.0%**	**(2,639)**	**-0.4%**
Profit for the period	**24,969**	**3.8%**	**23,442**	**3.7%**
(Profit) / loss attributable to non-controlling interests	130	0.0%	459	0.1%
Profit attributable to owners of the Parent	**25,099**	3.9%	**23,901**	3.8%

* Q1 2016 figures referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A., have been restated in compliance with IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”.

Reclassified Consolidated Balance Sheet

(Figures shown in EUR/000)

	31/03/2017	31/12/2016	31/03/2016
Intangible assets	71,694	74,026	45,188
Property, plant and equipment	202,346	208,251	202,476
Equity investments	573,075	523,631	549,475
Other non-current assets	154,466	149,378	105,800
Non-current assets held for sale	48,224	69,973	
Liabilities directly associable with non-current assets held for sale		(17,888)	
Non-current assets (A)	**1,049,805**	**1,007,371**	**902,939**
Inventories	45,185	50,008	72,405
Contract work in progress	1,633,975	1,555,110	1,375,585
Trade receivables	51,950	57,327	44,378
Amounts due from customers	729,324	666,449	579,292
Other assets	250,422	199,632	204,545
Tax assets	93,904	94,537	136,497
Payments on account from customers	(481,307)	(492,856)	(388,591)
Subtotal	**2,323,454**	**2,130,206**	**2,024,111**
Trade payables	(71,168)	(61,352)	(64,380)
Payables due to Suppliers	(917,652)	(934,748)	(758,939)
Other liabilities	(415,576)	(329,245)	(235,534)
Subtotal	**(1,404,395)**	**(1,325,346)**	**(1,058,853)**
Working capital (B)	**919,059**	**804,861**	**965,258**
Employee benefits	(8,712)	(7,506)	(9,242)
Non-current portion of provisions for risks and charges	(13,639)	(13,709)	(16,609)
Total Provisions(C)	**(22,351)**	**(21,215)**	**(25,852)**
Net Invested Capital (D) = (A) + (B) + (C)	**1,946,514**	**1,791,017**	**1,842,345**
Cash and cash equivalents	417,218	506,470	462,813
Current financial receivables	34,477	25,227	18,903
Non-current financial receivables	273,241	276,856	284,131
Securities	670	848	1,096
Current financial liabilities	(647,710)	(503,808)	(645,037)
Non-current financial liabilities	(1,345,310)	(1,479,258)	(1,416,221)
Net financial liabilities (E)	**(1,267,415)**	**(1,173,664)**	**(1,294,315)**
Financial assets from concessions	6,757	4,390	55,989
Net financial debt – disposal groups	41,271	76,743	
Total financial liabilities (F)	**(1,219,386)**	**(1,092,532)**	**(1,238,326)**
Equity attributable to owners of the Parent	(721,149)	(692,384)	(598,873)
Equity attributable to non-controlling interests	(5,978)	(6,101)	(5,146)
Equity (G) = (D) - (F)	**727,127**	**698,485**	**604,019**

Consolidated Statement of Cash Flows

(Figures shown in EUR/000)

	Q1 2017	Q1 2016
A) Cash flow used in operating activities	(122,243)	(263,914)
B) Cash flow generated (used) by investing activities	30,094	(11,229)
C) Cash flow from financing activities	(4,258)	126,693
NET DECREASE OF CASH AND CASH EQUIVALENTS (A+B+C)	**(96,407)**	**(148,450)**
OPENING CASH AND CASH EQUIVALENTS *	**513,625**	**611,263**
CLOSING CASH AND CASH EQUIVALENTS	**417,218**	**462,813**

* These figures include cash and cash equivalents referred to asset available for disposal, equal to EUR 7.1 million.