ASTALDI

9M 2017 results

14 November 2017

Agenda

- **Capital and financial strengthening Program**
- **Venezuela write-down**
- **9M Results**

A comprehensive capital and financial strengthening program

- **A €400 million capital and financial strengthening Program**

  - A **capital increase of €200 million**, partially aimed at restoring the capital structure following the write-down of assets in Venezuela and …
  - … the **issue of new financial instruments of €200 million** aimed at strengthening the financial structure of the Group towards the implementation of the Strategy Plan especially enhancing its competitive positioning in less risky markets

  - The Company is taking all actions to be in the best position to successfully pursue the debt refinancing programme aimed at extending maturities beyond 2022 and reducing the cost of debt

  - In addition, and subject to certain conditions, a **€120 million new commited credit facility** has been granted by Banca Intesa San Paolo, BNP Paribas, Banco BPM, HSBC e Unicredit
  - As part of the Program, the Company has started a positive dialogue with its main lending banks, for the request of a waiver on contractual covenants to be finalized by 4Q 2017

A comprehensive capital and financial strengthening program – Rationale

- Strategy & Industry:
  - Acceleration of the Company repositioning towards less risky markets
  - Enhance capacity for new opportunities offered by the market
  - Increase operating resilience

- Capital & financial structure:
  - Be in the best position to successfully pursue the long-term debt refinancing plan target of extending maturities and reduce the cost of debt
  - Accelerate deleverage

Expected Timing

Phase 1

Phase 2

H2 17 | **2018**

Jun-17
€140m convertible refinanced

H2 17 (*)
~€90m New committed lines

H2 17
€120m new committed credit facility

14 Nov. 17
- Program
- 9M results
- Venezuela de-risking

Q1 18
- EGM for approval of €200M capital increase
- New issue (**) €200M

2018
- €750m HY bond

and

- €500m RCF refinancing

(*) *Further >70m new committed lines already done in H12017*

(**) *Issue of financial instruments to support financial structure*

Venezuela – a strong action in downsizing risk exposure

Our projects

- *3 railway projects – executed with an Italian consortium – suspended since 2015*
- *All the contracts are under the aegis of a bilateral treaty between the Government of Venezuela and the Italian Government*
- *The bilateral treaty entitles to make recourse to international arbitration (under ICC rules)*

Why now

- All actions put in place by the Company to recover the assets have not yet proven successful
- In 3Q 2017 the political, economic and social situation of the Country has rapidly worsened:
  - ***August, 2017 – new sanctions of the US on Venezuela***
  - ***November, 2017 – S&P's and Fitch cut Venezuela rating to CC and C (very high default risk)***
  - ***November, 2017 – new sanctions of the UE on Venezuela***
  - ***November 2017 – President of Venezuela Maduro announces request for debt restructuring***
  - ***Today - S&P puts Venezuela in selected default***

Venezuela – a strong action in downsizing risk exposure

- *In relation to recent negative and serious developments in the country, and in light of the findings of studies conducted with the help of an independent expert and international network, the Company while making a conservative assessment and adopting a cautious attitude, calculated the value of said exposure.*

How

The recovery rate has been calculated using both a benchmark analysis on Venezuelan Gov yields and relating CDS and DCF

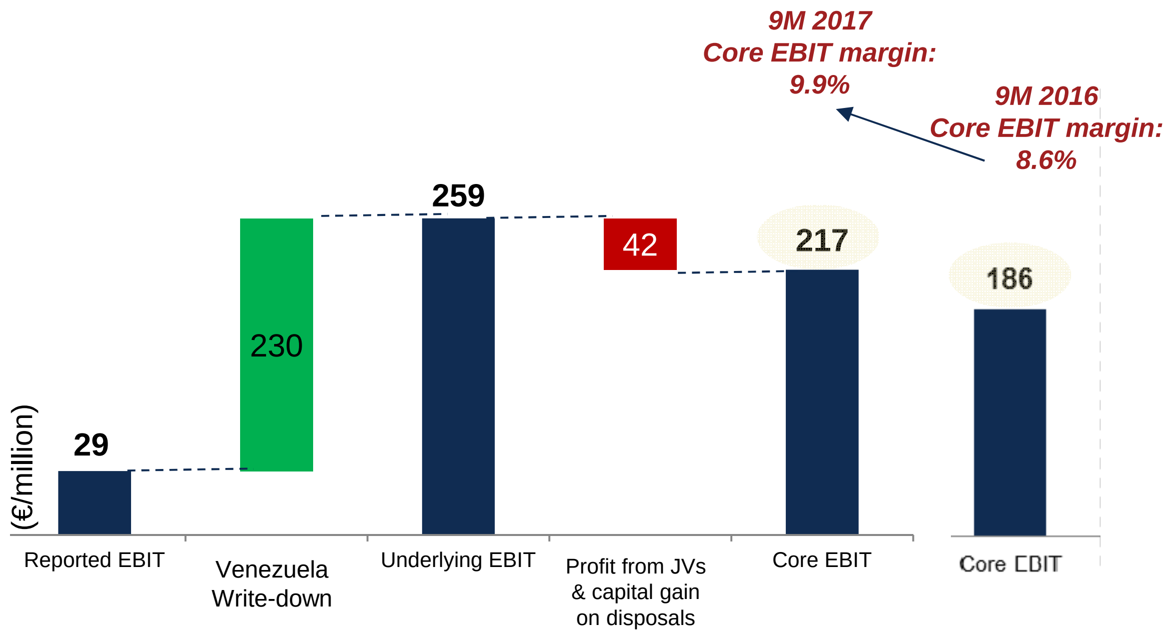
The probability of default of the Country in the short-term has been factored in

Write-down amounts to app. EUR 230 million

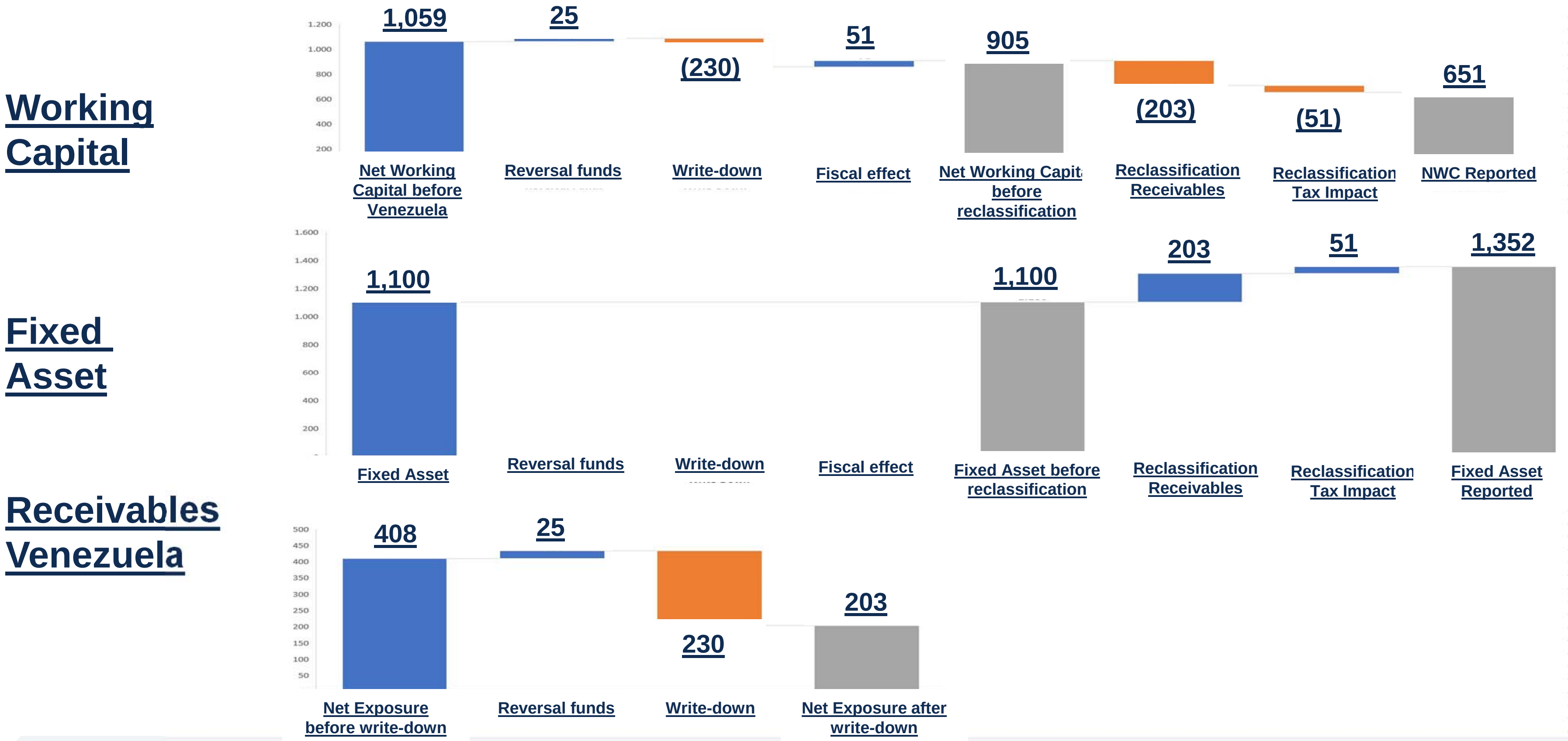
Recovery rate at 47% – *models and metrics used to calculate the recovery rate are in line with the best practices for this type of valuation*

Impact of Venezuela write-down on P/L

Underlying business showing a solid momentum



Impact of Venezuela write-down on BS



Revised guidelines

	Current targets 2017E	Revised targets 2017E	
Revenues	+5% YoY to ~€3.15bn	+5% YoY to ~€3.15bn	▪ **Confirmed**
EBITDA margin	11% - 12%	11% - 12%	
EBIT margin *(before Venezuela impact)*	9% - 10.6%	9% - 10.6%	
EBIT margin *(after Venezuela impact)*		3% - 3.5%	
NWC *(before Venezuela impact)*	<€800m	~€900m / ~€1,000m	▪ **Failure to collect in Venezuela** ▪ **Postponed collection of certain slow-moving working capital items**
NWC *(after Venezuela impact)*		< €600m	
Net debt	~€1bn	~€1.15bn	

Underlying business showing solid momentum

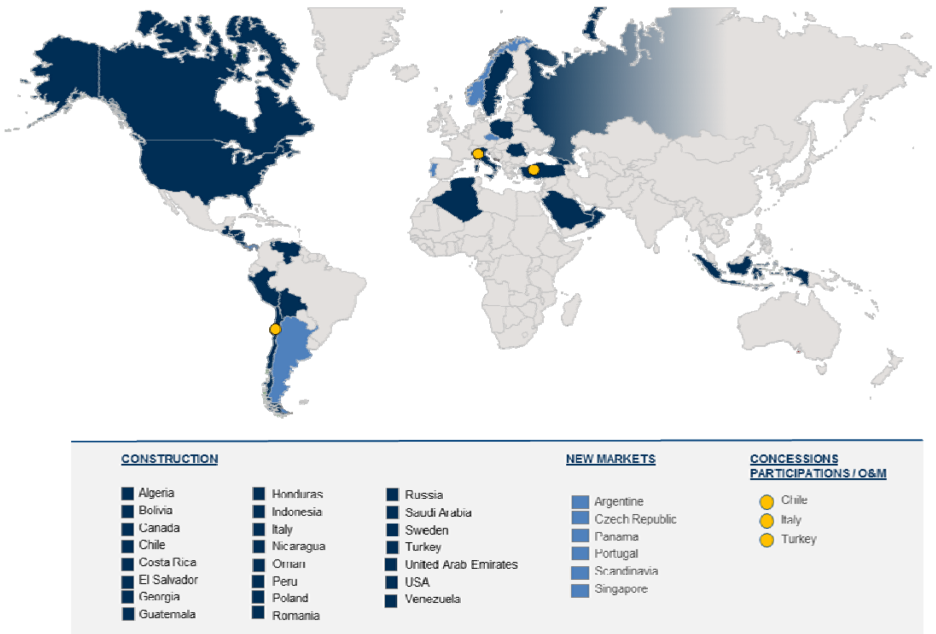
9M & Q3 2017 main results (€m)

	30/09/2017 after write-down	30/09/2017 *before write-down*	30/09/2016	YoY (%) *before write-down*
Total Revenue	**2,189,329**	**2,189,329**	**2.150,805**	**+1.8%**
EBITDA	**302,127**	**302,127**	**284,782**	**+6.1%**
EBITDA *margin*	**13.8%**	**13.8%**	**13.2%**	––
Write-downs	(234,461)	(4,461)	(427)	n.s.
EBIT	**29.375**	**259,375**	**242,226**	**+7.1%**
EBIT *margin*	**1.3%**	**11.8%**	**11.3%**	––
Net Profit/(Loss) for the period	**(87,689)**	**68,245**	**55,553**	**+22.8%**

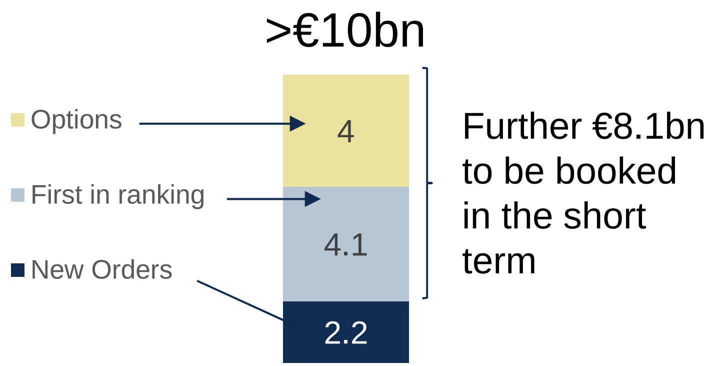
- **9M revenue up 2%**, driven by a solid performance on a tough comparable, with 9M16 substantially aided by completion of major projects in Turkey and Russia
- **Strong EBITDA margin of 13.8% in 9M**; good cost management showed in 9M, with production costs down to 64% of revenues, from 66.8% in 9M 16
- **Underlying EBIT (*) up 7.1% to €259m** (vs. €242m in 9M 16)
- **Underlying EBIT(*) margin strong at 11.8% for 9M 17, up from 11.3% for 9M 16**
- **Financial charges at €145m in 9M 17** (vs. 136m in 9M 16)
- **Underlying net income(*) rose ~23% to over €68m** – after Venezuela write down net loss of €88m

(*) Before Venezuela write-down

EPC focus orders improves backlog quality



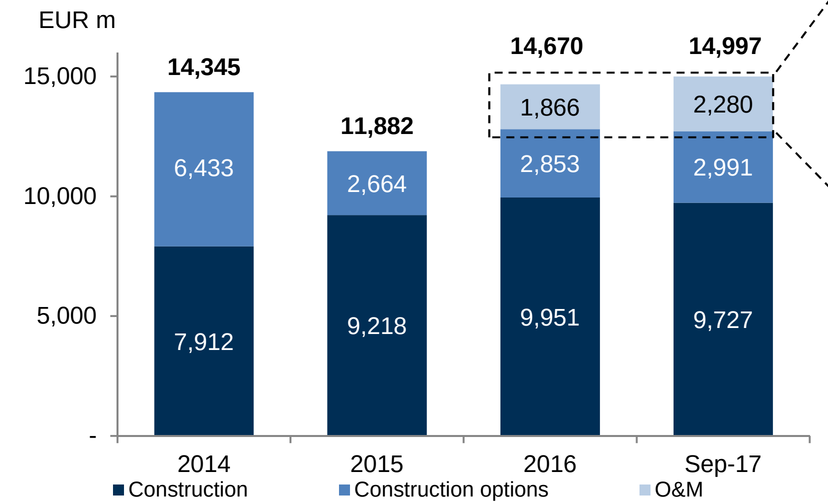
- **New orders of €2.2b over 9M – *book to bill at 1.1x***
- >80% of new construction contracts with advance payments
- 60% of new construction contracts in preferred, lower risk geographies
- O&M backlog benefitting from conversion from concession backlog: +€470m over 9m to €2.3b
- **Main new orders in line with diversification strategy**



Converting concession backlog into O&M activities improves backlog quality

- **Significant revenue visibility** – average contractual term of c. 20 years
- **High margin business** compared to traditional construction activities
- **Low capital intensity** resulting from capital light concession approach

Increase in revenue-generating backlog



Contracts successfully converted in 9M 2017

Mestre Hospital Italy
- Astaldi Group stake in SPV: 60.4%
- Contract term: 15yrs
- Capacity: 680 beds

4 Hospitals in Tuscany
- Astaldi Group stake in SPV: 35%
- Contract term: 16yrs
- Capacity: 2,019 beds

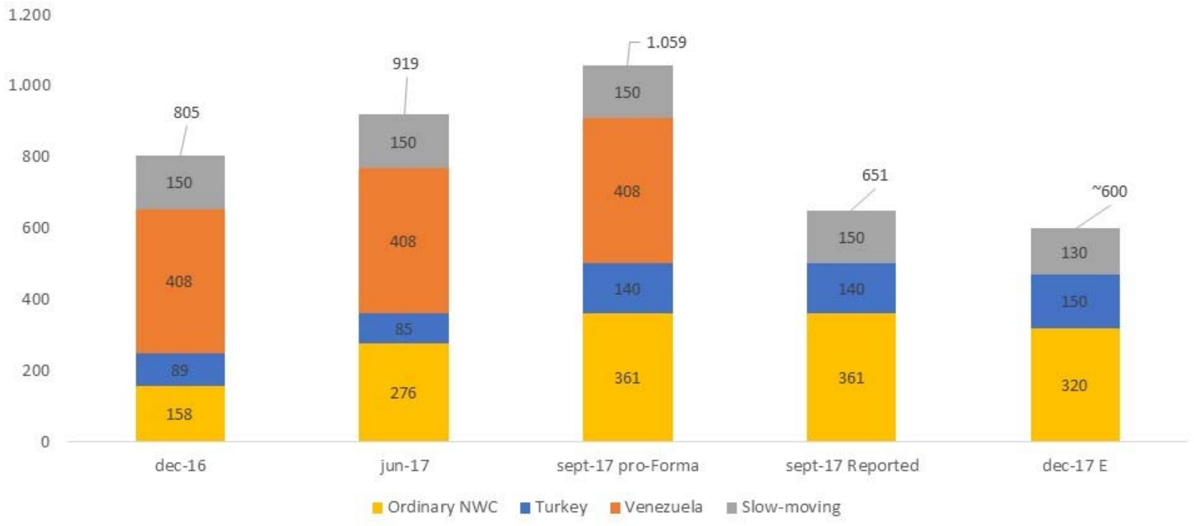
Etlik Hospital, Turkey
- Astaldi Group stake in SPV: 51%
- Contract term: 26yrs
- Capacity: c. 3,600 beds

Western Metropolitan Hospital in Santiago, Chile
- Astaldi Group stake in SPV: 51%
- Contract term: 16yrs
- Capacity: c. 530 beds

Relaves mining plant, Chile
- Astaldi Group stake in SPV: 81.93%
- Contract term: 15yrs
- Capacity: 2,000 tons of copper per year

Planned positive effect on working capital structure

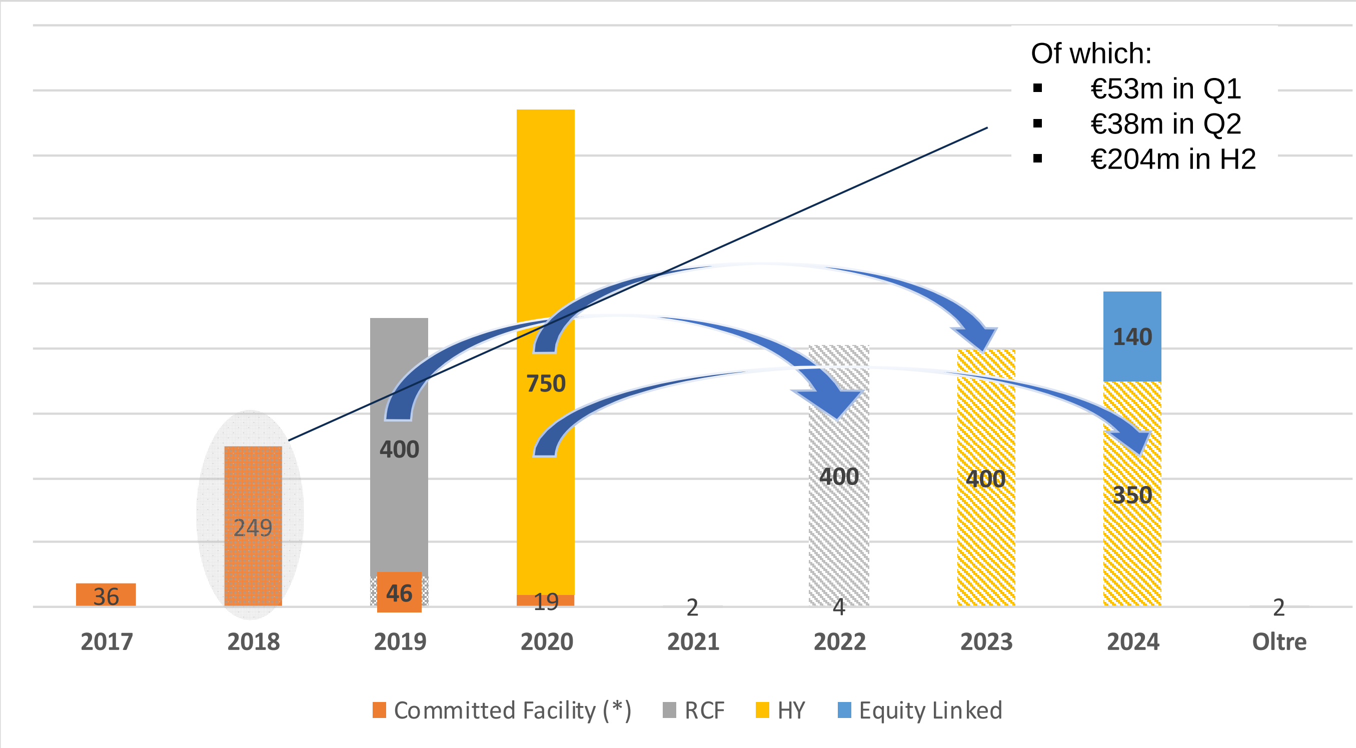
Working capital evolution
(€m)



- **Ordinary working capital**
- Increase mainly due to production in Canada, Poland, Italy, Romania, and Russia
- Advance payments collected from Romania, Chile, and Poland, partially offset by recoveries in Turkey and Chile
- **Turkey receivables** relating to Third Bridge on Bosphorus with extended payment terms. Working on the sale of receivables
- **Working capital performance benefits from Venezuela write-down and reclassification of the balance among fixed assets**
- S**low-moving working capital items** refer to Romania, Algeria, and Italy. NWC task force dedicated to the unwinding of these items

Reduction of working capital expected in Q4 and in FY 2018

Liquidity and Debt maturity profile



LIQUIDITY 3Q

- New committed facilities achieved in 9 months: €107m
- Committed Credit Facilities available for €103m (€100m out of RCF)
- Uncommitted credit facilities undrawn for €172m
- New committed revolving credit facility of 120M approved: 2Y tenor

DEBT PROFILE

- It does consider contractual maturities: the Company is working to the roll-over some of the maturities, in particular in 2018
- Refinancing Program:
  - HY Bond: refinancing in 2 tranches, 5 and 7 years
  - RCF: extension of 2 or 3 years

(*) Does not include the "no recourse debt"

2018: does not include EUR 46 M bridge financing to a project finance in Turkey (financial close 1st half 2018).

Asset Disposal on track

	CONCESSION	CASH-IN	2016	1H2017	2H2017	2018	2019	COMMENTARY
✓	A4 HOLDING	€110m	●					▪ Signed in 1H-16 ▪ Cashed-in in September 2016
✓	CHACAYES HYDRO PLANT	€42m	●	●				▪ Signed in March 2017 ▪ Cashed-in in March 2017
✓	WESTERN METROPOLITAN HOSPITAL	€10m (*1st tranche*) + €16m (*2nd tranche*)		● *(1st tranche)*			● *(2nd tranche)*	▪ Signed in January 2017 ▪ Cashed-in in 1Q-17 ▪ Deconsolidation of €100m of non-recourse debt (as per contractual agreements)
✓	MILAN SUBWAY LINE 5	€64.5m		●	●			▪ Signed in 2Q-17 ▪ Cashed-in in 2Q-17
✓	TUSCANY HOSPITALS			●	●			▪ Signed and cash-in expected in 2017
IN PROGRESS	ETLIK INTEGRATED HEALTH CAMPUS IN ANKARA					● *(1d tranche)*	● *(2nd tranche)*	▪ Entry of an investment fund in the concession SPV during the construction phase, while Astaldi maintains construction and O&M activities ▪ Sale advisory mandate assigned
IN PROGRESS	3rd BRIDGE ON BOSPHORUS					●		▪ Project completed and opened to traffic in August 2016 – ramp-up phase by end 2017 ▪ Sale advisory mandate assigned
IN PROGRESS	GOI MOTORWAY						●	▪ Phase 1 started operations in 1H 2016 ▪ Highway construction expected to be completed by 1H 2019 and disposal expected in 2H 2019
IN PROGRESS	MESTRE HOSPITAL					●		▪ Start-up negotiation in 3Q-17 ▪ In 1H 2017 increased its stake from 37% to 60.4% ▪ Stake build-up with the goal of maximizing value

Turkey – challenges, but no threats

Asset disposal programme

- **Renewed interest in Turkey markets** from institutional financial investors
- **Disposal process commenced** for 3rd Bridge on Bosphorus and Etlik Integrated Health Campus in Ankara
- *Gebze-Orhangazi-Izmir motorway* asset sale planned for 2019 at the end of the construction phase (expected in H12019)

Backlog

- *Construction activities for Etlik Health Integrated Campus in progress*
- *Started-up works on new construction projects – ex. Istanbul subway*

- **We confirm our interest in Turkey, but we are <u>shifting from concessions towards EPC contracts</u>**

- 3rd Bridge on Bosphorus disposal process on track and on time
- Awarded sale advisory mandate to Morgan Stanley and City
- Disposal to be closed within 1H-18

Third Bridge on Bosphorus (€m)	Sept-2017
Equity	167
Shareholder Loan	182
Book value	**349**
Receivables	**140**

Receivables relating to a construction contract increase with extended payment terms

- Disposal programme in Strategy Plan factors in ~€200m cash-in relating to the shareholder loan stake – additional proceeds may come from the sale of the equity stake
- We are working on the sale of receivables

9M 2017 results

14 November 2017