Annual Financial Report
at 31 December 2014

ASTALDI Società per Azioni
Registered Office/Head Office: Via Giulio Vincenzo Bona 65 - 00156 Rome (Italy)
Registered with the Companies Register of Rome
Tax code no.: 00398970582
R.E.A. No. 152353
VAT No. 0080281001
Share capital: EUR 196,849,800.00 fully paid-in

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CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT

BOARD OF AUDITORS' REPORT TO SHAREHOLDERS MEETING

Corporate bodies

Board of Directors[1]

Chairman
Paolo Astaldi

Deputy Chairmen
Ernesto Monti
Giuseppe Cafiero

Chief Executive Officer
Stefano Cerri
Company Directors
Caterina Astaldi
Luigi Guidobono Cavalchini
Giorgio Cirla
Paolo Cuccia
Piero Gnudi[2]
Chiara Mancini
Nicoletta Mincato
Eugenio Pinto
Filippo Maria Stinellis[3]

General Management

Paolo Citterio (*Administration and Finance*)
Luciano De Crecchio (*Domestic*)
Cesare Bernardini (*International and Railway Works*)
Mario Lanciani (*International*)
Filippo Maria Stinellis (*International*)

Independent Auditors

KPMG S.p.A.

Honorary Chairman

Vittorio Di Paola

Board of Statutory Auditors

Chairperson
Daria Beatrice Langosco di Langosco[4]
Standing Auditors
Ermanno La Marca
Lelio Fornabaio
Alternate Auditors
Andrea Lorenzatti[5]
Giulia De Martino
Francesco Follina

Control and Risks Committee[6]

Chairman
Eugenio Pinto
Committee Members
Luigi Guidobono Cavalchini
Nicoletta Mincato

Remuneration Committee

Chairman
Ernesto Monti
Committee Members
Giorgio Cirla
Eugenio Pinto

[1]Please note that the Company Directors, Guido Guzzetti and Mario Lupo resigned from the board on 1 August 2014 and 21 November 2014 respectively.
[2]Director co-opted by the Board of Directors meeting of 1 October 2014 and appointed by the Shareholders' Meeting of 29 January 2015.
[3]Director appointed by the Shareholders' Meeting of 29 January 2015.

[4] Auditor appointed through slates presented by minority shareholders.
[5] Auditor appointed through slates presented by minority shareholders.
[6] Please note that Guido Guzzetti was a member of the Control and Risks Committee until 1 August 2014, the date of his resignation.

Related Parties Committee

Chairman
Eugenio Pinto
Committee Members
Giorgio Cirla
Paolo Cuccia

Appointments Committee[7]

Chairman
Ernesto Monti
Committee Members
Chiara Mancini[8]
Eugenio Pinto

[7] Mario Lupo was a member of the Appointments Committee until 21 November 2014, the date of his resignation.
[8] Chiara Mancini has been a Committee Member since 17 December 2014.

Summarised data

MAIN CONSOLIDATED INCOME STATEMENT FIGURES

(EUR/000)	31.12.2014	% on total revenue	31.12.2013 *	% on total revenue	YOY diff. (%)
Total revenue	2,652,565	100.0%	2,508,360	100.0%	5.7%
EBITDA	306,483	11.6%	322,155	12.8%	-4.9%
EBIT	234,832	8.9%	234,108	9.3%	0.3%
EBT	130,731	4.9%	129,956	5.2%	0.6%
Group profit	81,559	3.1%	67,337	2.7%	21.1%

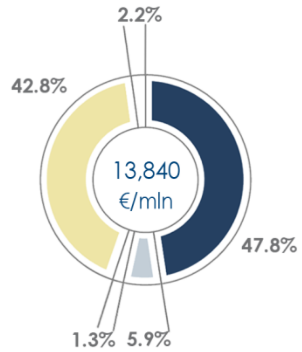
*Restated following application of IFRS-11 – *Joint arrangements*.

MAIN CONSOLIDATED FINANCIAL POSITION FIGURES

(EUR/000)	31.12.2014	31.12.2013 *	30.09.2014
Total net non-current assets	790,197	718,830	755,197
Working capital	616,714	704,192	972,443
Total provisions	(23,002)	(30,594)	(27,008)
Net invested capital	1,383,910	1,392,428	1,700,632
Total financial payables/receivables **	(803,854)	(800,235)	(1,107,778)
Group equity	574,058	547,093	586,862
Total equity	580,056	592,193	592,854

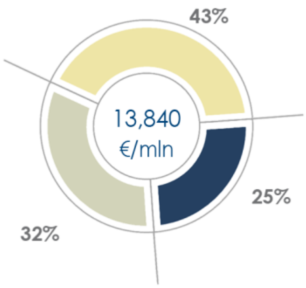
*Restated following application of IFRS-11 – *Joint arrangements*.
** Figure shown inclusive of treasury shares on hand equal to EUR 5.2 million at 31 December 2014, EUR 2.8 million at 31 December 2013 and EUR 3.1 million at 30 September 2013.

ORDER BACKLOG AND REVENUE



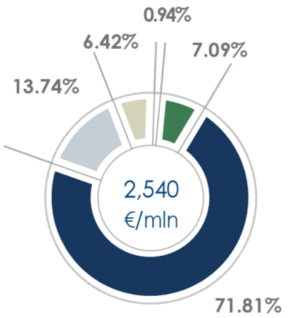
Order backlog by segment

(EUR/millions)	31.12.2014	31.12.2013
Transport infrastructures	6,619	6,105
Hydraulic works and energy production plants	816	1.010
Civil and industrial construction	174	265
Concessions	5,928	5,729
Facility Management, Plant Engineering and Management of Complex Systems	303	213
Total order backlog	13,840	13,322



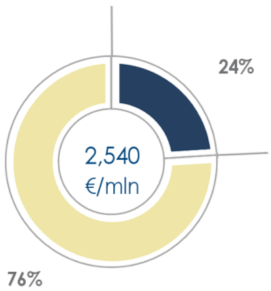
Order backlog by geographical segment

(EUR/millions)	31.12.2014	31.12.2013
Construction - Italy	3,511	2,280
Construction - International	4,401	5,313
Concessions	5,928	5,729
Total order backlog	13,840	13,322



Revenue by segment

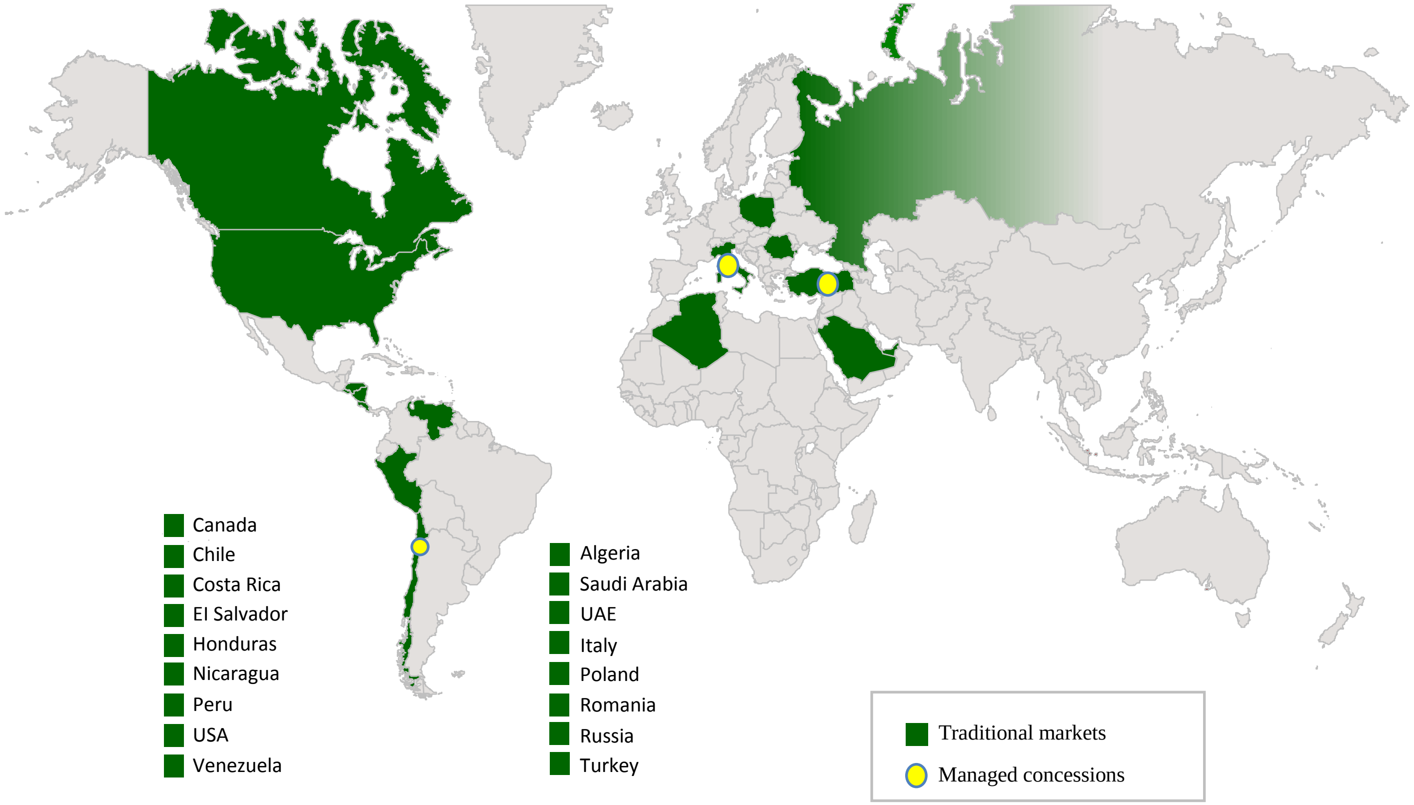
(EUR/millions)	31.12.2014	31.12.2013
Transport infrastructure	1,824	1,945
Hydraulic Works and energy production plants	349	116
Civil and industrial construction	163	158
Concessions	24	17
Facility Management, Plant Engineering and Management of Complex Systems	180	145
Total revenue	2,540	2,381



Revenue by geographical segment

(EUR/millions)	31.12.2014	31.12.2013
Italy	620	804
International	1,920	1,577
Total revenue	2,540	2,381

Astaldi Group worldwide



Main events of 2014

CORPORATE

BOND MARKET >> Astaldi **collected an additional EUR 150 million on the financial markets** in January, at fewer than three months from the launch of an EUR 600 million, high-yield bond loan. The operation was a great success with Italian and foreign institutional investors, with the **demand being more than 4 times the supply**. The bond rating was confirmed as B1 (Moody's) and B+ (Fitch, S&P), with a positive outlook. In November, Astaldi signed **an EUR 500 million revolving loan agreement, expiring in 2019**, for the refunding of a pre-existing credit facility (EUR 325 million, expiring in 2016) and to cover the Company's everyday requirements.

2013-2018 BUSINESS PLAN >> **Astaldi's Board of Directors approved the new Business Plan** in June.

NEW OFFICIAL ACKNOWLEDGEMENTS >> As far as CNN is concerned, **Toledo (Line 1, Naples underground, Italy) is the most attractive underground station in Europe**. The ranking drawn up in February by the American information network rewards the appearance, modernity and efficiency of the station built by Astaldi as part of joint venture and in operation since 2012. **The Tuscan Hospitals project in Italy received the «Best Practice Patrimoni Pubblici 2014» award** («Real Estate Asset Management» division) in May, for innovative management and valorisation of local urban assets. The award ceremony was held during Forum Nazionale Patrimoni Immobiliari Urbani Territoriali Pubblici, an annual event for sector operators which is now in its eighth year.

HUMAN RESOURCES AND ENGINEERING >> The Group has renewed its membership of the Green Building Council. The company has increased its focus on the environmental sustainability of construction processes and the importance lent to **LEED®Leadership in Energy and Environmental Design** standards. The latter's parameters establish specific criteria for the design and construction of healthy, energy-efficient, low environmental impact buildings. A selection scheme for young graduates has also been added alongside **Astaldi's «Puntiamo in alto!» study grant scheme,** which has been adopted for some years**, with the aim of moulding the Group's future management**.

CONSTRUCTION

TURKEY >> The inauguration ceremony for **the first crossing of Haliç Bridge**, (Golden Horn Bridge) in Istanbul was held in February. The bridge was built by Astaldi as part of a joint venture with a Turkish firm and is the first example in Turkey of a bridge with seabed foundations comprising large-diameter piles (2.5 m). March saw **laying of the seabed foundations of the Izmit Bay Bridge** along the route of the Gebze-Izmir motorway which Astaldi is currently building and will manage as part of a joint venture. **Financial closing for the sum of USD 600 million** was completed in July **for**

the same project in relation to Phase 2-A (25 kilometres, Orhangazi-Bursa). Funding is being provided by a pool of Turkish lending banks, generating positive rebalancing of the project's financial leverage (Debt/Equity ratio of 60/40 from the initial 50/50). **The Italian Prime Minister visited the Third Bosphorus Bridge site** in December, highlighting the importance for the country of this strategic work linking Asia and Europe.

ITALY >> Work got underway in March at the Linate sites **to dig using TBMs (Tunnel Boring Machine) the tunnels of Line 4 of the Milan underground** (15 kilometres, 21 stations) which Astaldi is currently building and will manage as part of a joint venture. **Two new stations of Line 5 of the Milan underground were opened to the public** between March and April (Isola and Garibaldi FS), as well as **Ospedale San Luca in Lucca, Tuscany** (492 beds). Astaldi was awarded the contract for **reclamation of the industrial district of the Porto Torres former petrochemical plant** in Sardinia in October.

POLAND >> **Astaldi has been awarded four new road contracts.** It will build **19 kilometres of the S-5 Poznan-Wroclaw** expressway (May) and **36 kilometres of the S-8 Wroclaw-Warsaw-Bialystok** expressway: Wroclaw-Warsaw-Bialystok section (May), Marki-Radzymin South section (September) and Mężenin-Jeżevo (November).

ROMANIA >> Astaldi was awarded **the contract for completion of the Nădlac-Arad motorway - Lot 2** in September**.**

CONCESSIONS

ITALY >> The subsidiary, Astaldi Concessioni went from being a limited liability company (S.r.l.) to being a joint-stock company (S.p.A.) in February. This change was made necessary, inter alia, by the company's increasingly important role for Astaldi Group's business activities and strategies. **Management of the complete Zara-Garibaldi FS section of Line 5 of the Milan underground** commenced in March. Hence the Bignami-Garibaldi FS section (6.1 kilometres, 9 stations, estimated 48,000 passengers/day) was completed and the whole section is currently operational. Works to construct the Garibaldi FS-San Siro section are currently going ahead and completion is scheduled by April 2015. The **car parks located at Ospedale San Jacopo in Pistoia and Nuovo Ospedale di Prato (Prato) were put into operation** between March and April (2,440 parking spaces, 1,166 of which for visitors). **Management of Ospedale San Luca in Lucca,** Tuscany, also **commenced** in May (492 hospital beds, 1,065 parking spaces). An **EUR 516 million financing agreement for Line 4 of the Milan underground was completed** in December. SPV M4 (the project's special purpose vehicle) signed the concession agreement with the Municipality of Milan on the same date.

TURKEY >> Two financing agreements were completed: **USD 2.3 billion for the Third Bosphorus Bridge concession** (May) and **USD 600 million for Phase 2-A of the Gebze-Izmir motorway** (July).The **project agreement** was signed in November **for performance of the construction and management contract for the Etlik healthcare campus in Ankara**.

CHILE >> Astaldi was awarded the **concession contract** in June **for the construction and subsequent management of the Western Metropolitan Hospital in Santiago de Chile** (523 hospital beds, 599 parking spaces and a surface area of 120,000 m^2). The concession will last 20 years with 51 months for construction activities and inspection and 15 years for management activities. The values related to the project will be included among the order backlog subsequent to financial closing scheduled by the end of the first half of 2015. In August, the **United Nations approved issue of the first carbon credits for the Chacayes hydroelectric plant (111 MW)**, built and managed by Astaldi (27.3% stake), together with the Australian company, Pacific Hydro (73% stake).

SALE OF CAR PARK DIVISION

March saw performance of the investment contract signed at the end of 2013 with a pool of institutional investors for transfer of the car park division. The transaction involved the sale of 95% of the investment in AST VT Parking, which the company branches related to the "Stati Uniti" and "Palazzo" car parks in Turin and "Piazza Cittadella" car park in Verona were transferred to in 2013. A similar operation will be performed in July related to the sale of 95% of the investment in AST B Parking (which the company branches related to the "VIII Agosto" and "Riva Reno" car parks in Bologna were transferred to in 2013).

Management report

Introduction

The 2014 Annual Financial Report has been compiled by applying the same accounting standards adopted in the Annual Financial Report at 31 December 2013 except for those coming into effect as from 1 January 2014 outlined in the Annual Consolidated Financial Statements in the section entitled "Newly-issued and approved accounting standards and interpretations coming into effect as from 1 January 2014".

Legislative Decree No. 32 of 2 February 2007 ("Implementation of Directive 2003/51/EC, which amends EEC Directive Nos. 78/660, 83/349, 86/635 and 91/674, regarding the annual accounts and consolidated accounts of some types of companies, banks and other financial institutes and insurance companies") amended, inter alia, Articles 40 (*Management Report*) and 41 (*Auditing of consolidated financial statements*) of Legislative Decree No. 127/1991. Specifically, with regard to Article 40 of Legislative Decree No. 127/1991, it was envisaged that, as far as companies drafting consolidated financial statements are concerned, the management report for the consolidated financial statements and the parent's separate financial statements "*may be presented in a single document, emphasising, where appropriate, the issues which are significant for all the companies included in the consolidation scope*". Taking into account the Group's structure, the company opted to avail itself of said possibility and hence this annual report includes information previously provided in the management report for the consolidated financial statements and in the management report for the separate financial statements of Astaldi S.p.A.

Lastly, it must be noted that Astaldi's Board of Directors resolved to avail itself of the faculty to eschew obligations regarding the publication of required disclosures on the occasion of significant mergers, demergers, share capital increases involving considerations other than cash, acquisitions and transfers, pursuant to Article 70, subsection 8 and Article 71, subsection 1-*bis* of the Issuers' Regulations issued by CONSOB.

Background scenario

In order to better understand the financial results of the year, please find below a brief analysis of the approved infrastructure development investment plans in the markets of greatest interests for the Group's operations.

Italy[9]

CONSTRUCTION >> The macroeconomic data for FY 2014 confirm that Italy is showing the first slight signs of recovery with the government having implemented a long-awaited reform policy. Despite 2013 recording a slight increase (0.1%), drops were nevertheless recorded during the quarters of 2014. In Q1 2014, the GDP recorded a rate of -0.1% compared to the previous quarter and -0.5% compared to Q1 of the previous year. The GDP dropped even further in Q2 2014 to -0.2% compared to the previous quarter and -0.3% compared to the previous year. In Q3 2014 the GDP dropped to -0.1% compared to the previous quarter and -0.5% compared to the previous year. Forecasts envisage a zero growth rate for the last quarter which, if confirmed, would mean a drop of -0.3% in the GDP in 2014 While, at a European level, signs of a recovery are starting to be seen with a forecast growth rate of 0.6% for 2014. With regard to said situation, Astaldi Group adopts a specific policy of balancing domestic and international activities that, however, does not result in Italy losing its key role in growth strategies. Indeed, it is felt that a well-balanced revenue structure, an average lifecycle of the construction order backlog for Italy of 3 to 5 years and the considerable potential synergies resulting from an integrated Construction-Plant Engineering-Concessions development model can guarantee that Italy will continue to make a significant contribution over the coming years. However, the recession currently being experienced in the construction sector cannot be overlooked. During the first nine months of 2014, investments in construction dropped by 3.1% against a drop in GDP of -0.4%. Sector production dropped by 0.9%, cement consumption by 7.2% and segment employment by 4.1%. 2,500 construction firms embarked on bankruptcy procedures during the early part of 2014 (up by 11.8% compared to the previous year). In terms of public investment, 2014 was the seventh consecutive year of crisis with investments cut by 32%, equivalent to EUR 64 billion. In any case, the sector was focused on by the government that approved the «Unlock-Italy» Decree in September (Law Decree No. 133/2014), allocating EUR 3.98 billion for the intensification of some infrastructure projects even if the amount of resources allocated and implementation times did not allow for any impact on the sector in the short-term. Indeed, to date, the only investment opportunities for the Public Administration are linked to amendments to rules of the internal Stability Pact contained in the 2015 Stability Law (Law No. 190 of 23 December 2014) which should generate EUR 1 billion to be used for investment. Territorial cohesion policy funding (European Structural Funds and the Development and Cohesion Fund) continues to play a significant role (approximately 40% of infrastructure planning). Said funds total approximately EUR 162 billion, EUR 47 billion of which related to 2007-2013 planning to be finalised and EUR 115 billion to 2014-2020 planning. Additional benefits may arise from the EUR 315 billion 2015-2017 Three-Year Plan approved by the EU Juncker Commission to catalyse public and private investments in relation to which Italy submitted a proposal in November 2014 for re-launch of the sector through investments totalling EUR 57 billion.

CONCESSIONS >> The lack of sufficient financial resources and the restrictions for local administrations arising from the Stability Pact have made Public-Private Partnerships (PPP) the preferential vehicle for performing the main infrastructure projects in progress throughout Italy. This has meant new interesting opportunities for the Concessions sector even if the number of projects that have actually reached the performance phase is still quite small. Available

[9] Source: "*Osservatorio Congiunturale sull'Industria delle Costruzioni – dicembre 2014*", by the Economic Affairs Division and Research Centre of ANCE (Italy's National Association of Builders).

figures to date show that there was a drop in invitations to bid (-51.5%, excluding maxi-works of a value of more than EUR 500 million) and in the value of approved projects (-39.8%) between January and October 2014 compared to the same period of the previous year. The reason for this slowdown in the market can be attributed to the serious financial crisis being experienced and the lack of public funding. Indeed, the sector is affected by a series of structural conditions such as the direct correlation between the problems in accessing credit and the number of project achieving financial closing, as well as lengthy and complex administrative procedures. Greater support from the reference legislative framework is to be hoped for in the future, especially in terms of simplification.

Rest of Europe

For the purposes of this Annual Financial Report, the rest of Europe is to be taken as Poland, Romania, Russia and Turkey. Please refer to the content below for a brief analysis of the situation identified in each of these countries.

TURKEY[10] >> Turkey has also been affected by the economic crisis, albeit in a much more limited way than the rest of Europe (OECD forecast of increase of GDP expected to be more than 3.7% for 2015, and between 2.5% and 3% for 2014). The Turkish government is continuing to support the development of PPP projects in the infrastructure segment with the aim of promoting and attracting foreign investment. After setting up a Public-Private Partnership Department within the Ministry of Health, involved in the construction of numerous healthcare facilities and formulation of dedicated PPP legislation which is at a very good point (Law No. 6428 of 9 March 2013), a measure was introduced in April 2014 which allows the Treasury Undersecretary to take on the role of guarantor of indebtedness totalling TYR 1 billion for the performance of projects in various sectors. In November 2014, the Minister of Economic Development presented the 2014-2018 National Development Plan which provides for investments totalling USD 350 billion, of which USD 100 billion with the PPP model.

RUSSIA >> Astaldi Group operates in Russia solely with well-identified private counterparties of high international standing. The country is much in need of improvement and upgrading of infrastructures. The procedure Astaldi uses to deal with these questions is strategic business partnerships where it operates mainly as an EPC Contractor. Possible future developments for its business activities in Russia are not to be ruled out even if great attention is paid to monitoring the country's economic and political situation which has been affected by international tension in recent months, linked to EU sanctions regarding the unrest in Ukraine. Please refer to the section entitled "Main risks and uncertainties" for more information.

[10] Source: "InfoMercatiEsteri", Ministry of Foreign Affairs and International Cooperation.

POLAND[11] >> Astaldi Group has operated in Poland since 2008, mainly in the Transport Infrastructures and Energy segments (with the construction of an industrial waste-to-energy plant). The Polish construction industry gained access to structural funding following its entry into the EU, ensuring focus on strategies to improve its infrastructure system which also acts as a driving force for the rest of the economy. If we are to consider the motorway sector alone, the construction of 1,700 kilometres of new road sections is planned by 2020. The role played by development programmes for the sector is also confirmed by the Partnership Agreement approved in January 2014 by the Polish government which defines the procedures for using EU funding allocated to Poland as part of the 2014-2020 Financial Framework. In addition to this, the country offers considerable macroeconomic stability which, albeit with its own specific characteristics, makes it possible to evaluate the increasing investment opportunities on offer. Thanks to its technical and financial skills, in addition to specific experience in the use of EU structural funds, Astaldi Group feels it is able to grasp interesting development opportunities, for both the construction and concession sectors, especially as regards the transport infrastructures, energy and environment segments.

ROMANIA[12] >> As regards 2014, Romania confirmed significant development opportunities for the Infrastructure segment while witnessing an improvement in the general political climate following the presidential elections in November 2014. More generally speaking, the country continues to guarantee medium-size public works contracts, especially in the transport segment, as well as interesting investments linked to cohesion infrastructure funding allocated by the European Union (linked mainly to construction of the Trans-European Rail/Motorway Corridor IV). During the year, the local government formulated the 2014-2020 Investment Plan which includes: (i) AP1 – *Development of the TEN-T network* with available community funding totalling EUR 3.4 billion and total financing of over EUR 4.5 billion; (ii) AP2 – *Development of multimodal transport systems* which can make use of European funding of EUR 1.7 billion for regional development, with total financing of over EUR 2.3 billion; (iii) AP3 and AP4, with additional allocation of European funding of approximately EUR 3.3 billion for the environmental sector and total financing of EUR 3.9 billion. As regards the medium/long-term, new investment opportunities may arise from the PPP law approved at the end of 2010. Considering the above and in light of the specific experience acquired over the years in the use of structural funding, Astaldi Group feels that interesting opportunities may be on offer in the medium-term in Romania, also in relation to partnerships with leading European companies.

Algeria

Algeria is one of the foreign countries where Astaldi Group's activities are well-established. Indeed, it has operated in the country since the 1990s, mainly in the Transport Infrastructures (roads, motorways, railways) and Hydroelectric and Energy Production Plants (aqueducts, dams) segments. The Group is currently assessing the Civil Construction sector where commercial opportunities may arise from the major development plans approved by the local government as regards the country's urbanisation and infrastructure upgrading.

[11] Sources: "*Road construction sector in Poland 2015-2020*" and "*PMR Investments – Database of construction investments in Poland*", by PMR.
[12] Sources: "*Romania Business Forecast Report*", by Business Monitor International, "*Nuova Programmazione dei Fondi Europei 2014-2020*", by ICE (Foreign Trade Institute).

Middle East

As regards the Middle East, Astaldi Group mainly operates in Saudi Arabia and the United Arab Emirates. Oman, Qatar, Bahrain and Kuwait have been added to these areas in recent months following the shifting of commercial activities towards the Transport Infrastructures sector. Interesting development opportunities are on offer in each of the countries listed, especially as regards the Transport Infrastructures segment.

Saudi Arabia and Abu Dhabi plan to spend USD 500 billion and USD 58 billion respectively in the transport infrastructure sector by 2020.

Oman has announced investments in the transport sector totalling more than USD 20 billion for the coming years.

Qatar will invest more than USD 200 billion in infrastructure projects during the 2013-2023 period.

Bahrain will invest USD 22 billion over the next 4 years.

Kuwait plans to invest USD 75 billion in infrastructure projects by 2016.

North America

For the purposes of this Annual Financial Report, North America is to be taken as the USA and Canada. Please find below a brief analysis of the situation in each of these countries.

CANADA >> Canada is a country offering numerous strong points which are of interest for Astaldi Group. It boasts considerable natural resources (metals and hydrocarbons) and is the leading global producer of electricity. It has a highly developed infrastructure market. It has implemented major development programmes in the hydroelectric and transport segments where the Group is able to boast significant experience. It has instruments (Building Canada Plan, PPP Canada) able to promote the start-up of medium and large-size projects, including through private-public partnerships. Therefore, it is felt that the area may offer interesting opportunities which may also arise from a logic of integration and synergy between Astaldi Canada (a company owned entirely by Astaldi) and its subsidiary TEQ (a Canadian company owned entirely by Astaldi, operating since the 1970s and offering interesting skills and know-how with regard to construction and project management, acquired in 2012).

UNITED STATES OF AMERICA[13] >> The United States' GDP continued to record a positive trend in 2014. Despite a negative first quarter (-2.1%), the real GDP increased at an annual rate of +4.6% in Q2 and +5% in Q3, while initial estimates for Q4 put it at +2.6%. The result is an increase in the real GDP for the whole year to 2.4% compared to 2.2% in 2013. Spending also increased (+4.3%). The unemployment rate continued to drop, standing at 5.6% at the end of the year. As regards 2015, financial analysts forecast a continuation of the positive economic trend, with a forecast GDP of 3.3%. Economic growth will be led by key sectors such as real estate, automobile industry and fixed investments

[13]Sources: *U.S. Department of Commerce, Bureau of Economic Analysis* -- http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm; *U.S. Department of Labor, Bureau of Labor Statistics* -- http://data.bls.gov/timeseries/LNS14000000; *The White House, Office of the Press Secretary* -- http://www.whitehouse.gov/the-press-office/2014/07/17/fact-sheet-building-21st-century-infrastructure-increasing-public-and-pr.

(residents and non-residents), as well as by public spending at all levels and a cut in the cost of crude oil. The latter should help growth considerably. It must also be noted that the Federal Administration is seriously committed to boosting the economy and upgrading services and infrastructures in the transport sector. During the second quarter, President Obama presented a USD 302 billion four-year plan to the Congress (Grow America Act) to finance projects for the construction and maintenance of motorways, bridges, public transport and railway systems. Another government instrument introduced during the year is the Build America Investment Initiative, aimed at increasing investment in infrastructure, facilitating cooperation between state and local bodies and private investors, promoting the use of public-private partnership (PPP) and putting federal credit schemes to good use. The Administration also launched the Build America Transportation Center, a body whose job is to facilitate dialogue between investors and builders in the public and private spheres, promoting innovative financial strategies to develop infrastructure projects in the transport segment. In this regard, the Group may benefit from numerous expansion opportunities and will continue to monitor the sector's development.

Latin America

The Group's operates in Latin America in areas where traditionally present (Venezuela and Central America) but also in recently-joined markets (Chile and Peru). The segments of interest are Transport Infrastructures, Energy Production Plants, Civil Construction and Mining Plants. The projects refer to the Construction sector (railways, hydroelectric plants, roads, viaducts) as well as the Concessions sector (airports, hospitals, mining plants). Please find below a brief analysis of the situation in the most important countries.

CHILE[14] >>The country represents an interesting opportunity for geographical and sectoral diversification thanks to its socio-political and economic stability, its sovereign debt credit rating (A-) and the soundness of its legislative framework, as well as the significant opportunities in progress in the Infrastructures sector, especially in the renewable energy and healthcare construction segments. In 2014, Chile confirmed its status as one of the most interesting foreign markets for the PPP sector. Its highly advanced legislative framework encourages the use of this instrument: it has been decided that the MOP (Ministry of Public Works) shall be the local public body responsible for implementing infrastructure action plans, and the provisions for regulating the PPP model can be found in Law No. 164/1991 ("Concession Law") and Law No. 956/1997 ("Concession Law Regulation"), currently in force. Specifically, interesting opportunities are shaping up in Chile for the construction of energy production plants, railways, hospitals and major infrastructures using the concession formula. The country is also planning major investments to improve the infrastructure network in order to deal with the intensive foreign trade activities and support current growth levels. As regards the railway segment, the 2014-2016 three-year plan drawn up by EFE, the national railway company, provides for investments totalling approximately USD 1 billion. As regards the airport segment, the major increase in passenger traffic and the expected entry of new air

[14] Sources: "*Chile Business Forecast Report*", Business Monitor International; "*Info Mercati Esteri. Cile*", by the Italian Embassy in Chile.

companies into the local market generate opportunities to expand the whole national network. As regards the road segment, new projects for the construction of urban and out-of-town roads and motorways are currently being examined and drawn up.

PERU >> Astaldi Group's presence in Peru corresponds to a logic of diversification of the risk profile of activities. The Group is currently focused on initiatives with private customers in relation to projects aimed at constructing hydroelectric plants. As regards the future, interesting opportunities may emerge, including with public counterparties, in the Transport Infrastructures (undergrounds, airports) and Hydroelectric and Energy Production Plants (aqueducts) segments.

VENEZUELA >> In 2014, the complexity of Venezuela's economic and socio-political situation was confirmed, leading Astaldi Group to reinforce its policy of limiting activities compared to the projects' actual potential. It must be recalled that the country's economy depends heavily on oil exports. The recent drop in the price of oil is weakening the already suffering local economy, heightening social tension. Given this situation, Astaldi Group is adopting an extremely cautious approach which has led to a limiting of activities related to projects in progress in the country since 2012. Said projects have deliberately been kept at much lower production levels than the potential ones. This offers a wide margin of recovery which the Group will be able to exploit when the socio-economic situation is able to guarantee the right stability, also in light of the general review of the Puerto Cabello-La Encrucijada railway line construction contract which has provided for redefinition of the timeframe for completion of works and the addition of integral system supply activities. While note must be taken of the increasing weakness of the local currency which is kept at a fixed rate against the US dollar. Alternative exchange rate mechanisms have also been introduced regarding transactions not featuring among Astaldi Group's activities. It must be recalled that the Group operates in Venezuela on contracts whose values are set for the most part in Euro, and for a part in local currency to cover domestic costs.

Comments on the operating performance

Total revenue at 31 December 2014, **amounted to EUR 2.65 billion (+5.7% YOY)**, with **EBITDA and EBIT of EUR 306.5 million and EUR 234.8 million respectively** and **a major increase in net profit to EUR 81.6 million (+21.1%**). **Net financial debt showed a marked improvement totalling EUR 798.6 million** (EUR 1,104.7 million in September 2014 and EUR 797.4 million in December 2013). The **expiry structure is increasingly focused on the medium/long-term**, with a credit rating backed up by the leading international rating agencies. The **total order backlog amounts to EUR 13.8 billion (+4% YOY)**, plus EUR 3.1 billion of new orders/contract amendments. The result is **a total backlog, including various options and contracts not included among the backlog to date, of over EUR 28 billion.**

The year's results are in line with the Group's planned growth and their foundations lie in a successful market positioning strategy and consolidated business capacity, with consequent **improvement of the risk profile of business activities**. Despite the problems experienced by reference markets, the solidity of the Group's business and a flexible development model have made it possible to achieve the set targets. The year's results benefitted especially from the fourth quarter's excellent performance with positive effects in terms of production volumes and absolute margins, as well as a considerable reduction in working capital, reflecting positively on net financial debt. The domestic situation is largely static even if there was an upturn in acquisitions during the last part of the year. While, as regards international activities, the ability of the Group and its local branches to suitably respond to commercial growth can be confirmed which, on the whole, allowed for the targets set forth in the business plan to be mostly achieved. Additional positive signals were recorded for the Group's financial structure which benefitted from the stabilisation of sources of financing as from 2013 and consequent shifting of the expiry structure to the medium/long-term. Some problems which had penalised the first half of 2014 and the previous year were also resolved.

Please refer below for a detailed analysis of the trends characterising the individual Income Statement and Balance Sheet items as well as the Group's financial structure trends.

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For a better understanding of the year's trends that will be analysed, it must be noted that the financial performance of the Group and its business segments are assessed on the basis of some indicators not provided for in IFRSs, the specific components of which are listed below.

<u>EBITDA</u>. This is obtained by excluding the following from EBIT, as defined below: (i) amortisation and depreciation of intangible assets and property, plant and equipment; (ii) impairment losses and provisions; (iii) capitalisation of internal construction costs.

<u>EBIT</u>. This is equal to the profit or loss prior to taxation and financial income and charges, without any adjustments. The following are excluded from EBIT: income and charges resulting from the management of non-consolidated investments and securities, as well as the results of any transfers of consolidated investments, included in financial statements under the heading of "financial income and charges", or under the heading of "effects of equity accounting" for the share of profit or loss of equity-accounted investees.

<u>EBT</u>. This is calculated as the net operating profit or loss, excluding financial income and charges, as well as the effects of equity accounting.

<u>Debt/Equity Ratio</u>. This is calculated as the ratio between the net financial position as the numerator and equity as the denominator, excluding treasury shares on hand.

<u>Net financial position</u>. This is obtained by subtracting the total of non-current financial receivables and receivable rights arising from concessions from net financial debt, calculated as required under CONSOB DEM/6064293 Statement dated 28 July 2006 that refers to European Securities and Markets Authority (ESMA, formerly CESR) Recommendation dated 10 February 2005 and provisions contained in CONSOB Statement dated 28/07/2006.

<u>Total financial debt.</u> This is obtained by subtracting the total of non-current financial receivables and receivable rights arising from concessions from net financial debt, calculated as required under CONSOB DEM/6064293 Statement dated 28 July 2006 that refers

to European Securities and Markets Authority (ESMA, formerly CESR) Recommendation dated 10 February 2005 and provisions contained in CONSOB Statement dated 28/07/2006.

Net non-current assets. These are to be taken as the total of non-current asset items; specifically, this refers to intangible assets, the Group's technical resources, the amount of investments as well as other non-current residual items compared to those listed above.

Working capital. This is the result of the total of receivables and payables linked to the core business (trade receivables and payables, inventories, works in progress, tax assets, payments on account from customers, residual current asset items).

Net invested capital. This is the total of net non-current assets, working capital, provisions for risks and provisions for employee benefits.

ROI. This is the ratio between net operating profit or loss (EBIT) and net invested capital.

Consolidated income statement figures at 31 December 2014

Main consolidated income statement figures (EUR/000)	31.12.2014	% on total revenue	31.12.2013 *	% on total revenue	YOY diff. (%)
Total revenue	2,652,565	100.0%	2,508,360	100.0%	5.7%
Total costs	(2,346,082)	(88.4%)	(2,186,205)	(87.2%)	7.3%
EBITDA	306,483	11.6%	322,155	12.8%	(4.9%)
EBIT	234,832	8.9%	234,108	9.3%	0.3%
Net financial charges	(138,870)	(5.2%)	(111,538)	(4.4%)	24.5%
EBT	130,731	4.9%	129,956	5.2%	0.6%
Group profit	81,559	3.1%	67,337	2.7%	21.1%

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

TOTAL REVENUE >> **Total revenue increased to EUR 2,652.6 million** (+5.7% YOY, EUR 2,508.4 million in 2013), with operating revenue accounting for 95.8%, hence attributable to the Group's business activity, and other revenue for the remaining 4.2%, which are not directly referred to the core business but to ancillary contracts. **Operating revenue increased to EUR 2,540.4 million** (+6.7% YOY, EUR 2,381.4 million in 2013), supported by a successful market positioning strategy and with the development of major foreign contracts that boosted turnover, recording highly positive trends. In addition to the domestic sector, the areas that made the most significant contribution to the year's production are those recently acquired (Russia, Canada) followed by countries where the Group is a well-established player (Turkey, Poland, Algeria, Romania, Peru, Chile). **Other operating revenue totalled EUR 112.2 million** (EUR 126.9 million in 2013) and referred to activities supplementary to the main construction contracts.

BREAKDOWN OF REVENUES BY SEGMENT >> **Construction accounted for approximately 99% of operating revenue amounting to EUR 2,516 million of revenue** (6.4% YOY, EUR 2,364 million in 2013) and benefitted from the

Group's specialisation in the Transport Infrastructures segment as well as integration into industrial processes of the subsidiaries NBI (Facility Management, Plant Engineering and Management of Complex Systems) and TEQ Construction Enterprise (Civil construction). The **remaining 1% was generated by Concessions** which means that their contribution to this Income Statement item was lower but largely stable. This is to be attributed to the Group's governance policy which, as regards the Concessions sector, is aimed solely (except for rare occasions) at minority investments in special purpose vehicles, with the consequent need to consolidate said investments using the equity method.

Revenue by segment (EUR/000,000)	**31.12.2014**	**% on total revenue**	**31.12.2013***	**% on total revenue**	**YOY diff. (%)**
CONSTRUCTION	**2,516**	**99.1%**	**2,364**	**99.3%**	**6.4%**
Transport Infrastructures	1,824	71.8%	1,945	81.7%	-6.2%
Railways and undergrounds	*821*	32.3%	*790*	*33.2%*	*3.9%*
Roads and motorways	*933*	36.7%	*953*	*40.0%*	*-2.1%*
Ports and airports	*70*	2.8%	*202*	*8.5%*	*-65.3%*
Hydraulic and Energy Production Plants	349	13.7%	116	4.9%	200.9%
Civil and Industrial Construction	163	6.4%	158	6.6%	3.2%
Facility Management, Plant Engineering and Management of Complex Systems	180	7.1%	145	6.1%	24.1%
CONCESSIONS	**24**	**0.9%**	**17**	**0.7%**	***41.2%.***
TOTAL OPERATING REVENUE	**2,540**	**100.0%**	**2,381**	**100.0%**	**6.7%**

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

CONSTRUCTION >> **Transport Infrastructures accounted for 71.8% of operating revenue, equal to EUR 1,824 million of revenue** (-6.2% YOY, EUR 1,945 million in 2013) and included: (i) the contribution from Roads and Motorways for the good progress of works in Turkey (Third Bosphorus Bridge, Gebze-Izmir motorway), Russia (Western High Speed Diameter in St. Petersburg), Romania (Arad-Nădlac motorway, Mihai-Bravu overpass), United States (roads and motorways), Italy (Pedemontana Lombarda motorway); (ii) the positive results of Railways and Undergrounds for the projects in progress in Romania (Bucharest-Constanta railway line, Line 4 and Line 5 of Bucharest underground), Poland (Warsaw underground), Algeria (Saida-Moulay Slissen railway line), Italy (Line 4 and Line 5 of Milan underground, Line C of Rome underground, Bologna Centrale HS Station); (iii) the additional contribution from Ports and Airports including the virtual completion of activities in Russia (Pulkovo International Airport in St. Petersburg), only partially offset by the progress of works in Poland (John Paul II International Airport Krakow-Balice). **Hydraulic and Energy Production Plants generated 13.7% of operating revenue, amounting to EUR 349 million (**EUR 116 million at the end of 2013), tripling their YOY value, achieving an extremely positive performance backed up by good project results in Canada (Muskrat Falls Hydroelectric Project) and progress of works in Peru (Cerro del Águila Hydroelectric Plant) and Poland (Bydgoszcz-Torun Waste-to-Energy Plant). **Civil and Industrial Construction accounted for 6.4% of operating revenue equal to EUR 163 million** (+3.2% YOY, EUR 158 million in December 2013) and reflected the intensification and/or virtual completion of some projects in Italy (Police Officers Academy in Florence, Tuscan Hospitals, Jonica National Road and Turin Rail Junction), preliminary activities performed in Chile for the Western Metropolitan Hospital in Santiago and the good results of operations in Canada (TEQ Construction Enterprise). **Facility Management, Plant Engineering and Management of Complex Systems accounted for 7.1% of operating revenue, equal to EUR 180 million** (+24.1% YOY, EUR 145 million at the end of 2013) thanks to the good results achieved by the subsidiary NBI and progress of mining projects in Chile (Chuquicamata).

CONCESSIONS >> **Concessions generated revenue of EUR 24 million** (EUR 17 million in 2013). The annual figure includes the results of management of Milas-Bodrum International Airport in Turkey (EUR 14.9 million) and the Tuscan Hospitals in Prato, Lucca and Pistoia in Italy (EUR 9.2 million). In accordance with consolidation rules, the operating results of other projects in progress are included in the Income Statement under **«Effects of equity accounting» (with an additional contribution of EUR 34.6 million)** that specifically refers to management of the A4 motorway (through the investee Re.Consult Infrastrutture), Ospedale dell'Angelo in Venice-Mestre and Line 5 of the Milan underground, as well as consolidation at equity of the SPVs related to projects in progress in the motorway sector in Turkey (Third Bosphorus Bridge, Gebze-Izmir motorway).

BREAKDOWN OF REVENUE BY GEOGRAPHICAL SECTOR >> The geographical structure of operating revenue reflects the gradual repositioning of the Group's activities on foreign markets able to guarantee sound, consolidated development programmes, in response to the drop seen in Italy in recent years.

Revenue by geographical area (EUR/000,000)	**31.12.2014**	**% on total revenue**	**31.12.2013***	**% on total revenue**	**YOY diff. (%)**
ITALY	**620**	**24.4%**	**804**	**33.8%**	**-22.9%**
INTERNATIONAL	**1,920**	**75.6%**	**1,577**	**66.2%**	**21.8%**
Rest of Europe	1,106	43.5%	1,018	42.8%	8.6%
America	633	24.9%	371	15.6%	70.6%
Middle East	26	1.0%	44	1.8%	-40.9%
Maghreb	155	6.1%	144	6.0%	7.6%
TOTAL OPERATING REVENUE	**2,540**	**100.0%**	**2,381**	**100.0%**	**6.7%**

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

ITALY >> Despite the significant YOY drop, **Italy confirmed its role as the number-one contributor to the Group's operating revenue** amounting to EUR 620 million, equal to 24.4% of total revenue (-23%, EUR 804 million in 2013). The major contributions to said result came from railway projects (Line 4 and Line 5 of Milan underground, Line C of Rome underground, Bologna Centrale high-speed station, Parma-La Spezia railway), as well as the new hospital in Naples ("Ospedale del Mare") and the Pedemontana Lombarda motorway and, as regards investee companies, the activities of NBI (Plant Engineering) and Ge.SAT (company responsible for managing services related to the new hospitals in Tuscany).

INTERNATIONAL >> On the whole, **International** activities (**75.6% of revenue**) generated EUR 1,920 million (+21.8% YOY, EUR 1,577 million in 2013) mainly thanks to the **contribution from recently-joined areas (Russia, Canada)** followed by **Turkey, Poland, Algeria, Chile and Peru**. On an aggregated basis, **Europe recorded an increase (+8.6% YOY)** which included the positive results of construction activities in Russia (Western High Speed Diameter in St. Petersburg), Turkey (Third Bosphorus Bridge, Gebze-Izmir motorway), Poland (Line 2 of Warsaw underground, Łódź railway project and Łódź Fabryczna station), Romania (rail and road works and specifically, Line 4 and Line 5 of the Bucharest underground), as well as management activities in Turkey (Milas-Bodrum International Airport). **The Americas also saw a significant increase (+70.6% YOY)**, mainly thanks to the good progress of hydroelectric projects in Canada (Muskrat Falls) and Peru (Cerro del Águila) and mining contracts in Chile (Chuquicamata), as well as start-up of the new project in Chile (Western Metropolitan Hospital in Santiago). While as far as Venezuela is concerned, it must be noted that the Venezuelan government included allocations in its spending budget during the year that refer to both past payables and future works to construct the Puerto Cabello-La Encrucijada railway line, making the relative payments. However, despite the fact that this shows a real attempt to start-up an albeit gradual process of returning contractual relations, the Group's activities, performed as a partnership with two other leading Italian companies, have continued to remain at limited levels that are considerably lower than the project's actual potential. The **Maghreb (+7.6% YOY)** saw the recommencement of railway works in progress in Algeria (Saida-Moulay Slissen railway line, Saida-Tiaret railway line).The **Middle East (-41% YOY)** was affected by the refocusing of business on the Transport Infrastructures sector, only partially offset by the progress of railway contracts in Saudi Arabia (Jeddah and KAEC HS stations).

TOTAL COSTS >> The cost trend reflected that of production and benefitted from the centralisation of some processes (e.g. purchase cycle) with consequent streamlining of costs. **Production costs totalled EUR 1,890.3 million** (+3.5% YOY, EUR 1,826.9 million in 2013), with a drop in incidence on revenue from 72.8% in December 2013 to 71.3%). A YOY comparison shows an increase in areas with high levels of production during the year (Turkey, Canada, Poland), a drop in the domestic sector and a limited absorption in areas with residual production (Middle East, Central America). **Personnel expenses totalled EUR 420 million**, (+31% YOY, EUR 320.5 million at the end of 2013) with a 15.8% incidence on revenue (12.8% in December 2013) and an increase that basically reflects the entry into operation of new contracts in Canada and complete progress of works in Russia.

PROFIT MARGINS >> The Group's earnings remained at high levels compared to competitors and are the result of careful strategic selection of projects of interest as from the commercial development phase and study of tenders, as well as compliance with performance timeframes and the Group's extremely high quality standards. **EBITDA** totalled **EUR 306.5 million** with an EBITDA margin of 11.6% (EUR 322.1 million and 12.8% in 2013). **EBIT amounted to EUR 234.8 million** with an EBIT margin of 8.9% (EUR 234.1 million and 9.3% in 2013). It must be recalled that the EBIT margin is the figure that best measures the performance of projects in progress when assessing economic performance.

FINANCING ACTIVITIES >> **Net financial charges amounted to EUR 138.9 million (+**24.5%, EUR 111.5 million in 2013). The year's trend and volumes reflected: (i) a greater average gross debt compared to the previous year; (ii) increased costs of sources of financing following the bond issues performed between 2013 and 2014; (iii) increased costs for sureties linked to the average greater value of projects (charges already included in project budgets in any case); (iv) positive differentials on some foreign currencies. Moreover, it must be noted that financial charges included a sum of EUR 36 million related to discounting back of receivables from the Venezuelan customer for projects in progress to construct the San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines for which no budget allocations were envisaged for FY 2015. Hence the current value of the projects was recalculated taking into account the stretching out of collection timeframes.

PROFIT FOR THE YEAR >> **Earnings before taxes (EBT) totalled EUR 130.7 million** (EUR 129.9 million in 2013). The figure includes **«Effects of equity accounting»** for the sum of EUR 34.7 million (compared to EUR 7.4 million in 2013) related to equity accounting of some associates, almost exclusively referable to concession projects where the Group has a minority investment. The tax rate is estimated at 37%, generating an **increase in profit for the year to EUR 81.6 million** (+21.1%, EUR 67.3 million in 2013), thus confirming a positive return on investments made by the Group.

Consolidated financial position figures at 31 December 2014

Main consolidated financial position figures *(EUR/000)*	31.12.2014	31.12.2013 *	30.09.2014
Total net non-current assets	790,197	718,830	755,197
Working capital	616,714	704,192	972,443
Total provisions	(23,002)	(30,594)	(27,008)
Net invested capital	1,383,910	1,392,428	1,700,632
Total financial payables / receivables **	(803,854)	(800,235)	(1,107,778)
Group equity	574,058	547,093	586,862
Total equity	580,056	592,193	592,854

* Restated following application of IFRS-11 – *Joint arrangements*.
** Figure shown inclusive of treasury shares on hand equal to EUR 5.2 million at 31 December 2014, EUR 2.8 million at 31 December 2013 and EUR 3.1 million at 30 September 2013.

The figures for the period reflect the **strengthening of the Group's equity and financial structure** achieved over the past two years following **re-balancing and consolidation of sources of financing and the repositioning of payment deadlines** towards the medium/long-term. This was possible thanks to a targeted collection strategy on bond markets adopted in 2013 and continued during 2014, as well as to the subscription of an EUR 500 million revolving credit facility in November 2014. The trend as regards levels of debt also reflected the results of a payment cycle which, if penalised during the first part of the year by the strategic decision to finance the working capital of project that had not yet achieved the set financial milestones, was able to record positive cash generation of approximately EUR 300 million in the last quarter, in line with forecasts. Therefore, **consolidated net financial debt at 31 December 2014, totalled EUR 798.6 million, showing a marked improvement on the figure of EUR**

1,104.7 million recorded in Q3 2014 (EUR 797.4 million at the end of 2013). The year's performance is even more worthy of note if we consider that the end-of-year figure for 2014 included equity and semi-equity investments of EUR 126 million in the concession sector and net investments of EUR 62 million in new technical resources.

Net non-current assets increased to EUR 790.2 million (EUR 718.8 in 2013) as a combined effect of the increase in investments and the decrease in property, plant and equipment and intangible assets. Specifically, investments increased due to: (i) investments in the form of share capital increases in the concession projects for the Third Bosphorus Bridge and Gebze-Izmir motorway in Turkey (investments for the year totalling approximately EUR 54 million); (ii) decrease following the merger of the investee A.I.2 with Re.Consult Infrastrutture; (iii) trend of investments valued using equity accounting; (iv) progressive amortisation of intangible assets related to the concession to manage Milas-Bodrum International Airport (Turkey); and (v) changes in technical non-current assets especially in Russia, Chile, Romania, Canada and Italy (Line 4 of Milan underground).

Working capital totalled EUR 616.7 million, down by more than 12% compared to EUR 704.2 million at the end of 2013. The figure is even more noteworthy if compared to EUR 972.4 million at 31 September 2014, showing a drop of approximately 37% thanks to the excellent performance of Q4 2014. This highlights the Group's focus on policies to limit working capital, with a generalised reduction in working capital items in exchange for the excellent financial performance achieved by the Group in the last quarter of 2014. **Works in progress dropped from EUR 1,261.8 to EUR 1,165.3** thanks to the decrease in the two lots of the Jonica National Road in Italy and projects in Russia which more than offset the increase seen in Canada, Algeria, Poland and Turkey. **Accounts receivable dropped from EUR 915.6 at the end of 2013 to EUR 850.7,** recording a reduction for the Pedemontana Lombarda motorway project and construction of Line 4 of the Milan underground as well as railway projects in progress in Venezuela; while an increase was recorded for projects in progress in Canada, Russia and Poland. **Payments on account from customers dropped to EUR 589.8 million compared to EUR 676.6 million in December 2013** due to the reduction in projects in Algeria, Russia and Peru and the contemporary increase in projects in Turkey and Poland. These results are even more admirable if compared to the increase recorded in turnover compared to the previous year (+6% YOY).

As a result of said trends, **net invested capital amounted to EUR 1,383.9 million** (EUR 1,392.4 million in 2013), largely in line with the previous year despite, as already mentioned, the increase in turnover. Therefore, the Group's sound equity and financial structure can be confirmed, as well as the quality of the order backlog which succeeds in generating increasing turnover by combining good margins and financial profile.

Group equity totalled EUR 574 million (EUR 547.1 million at the end of 2013) and included the year's profit, deferred items under equity related to hedging instruments and distribution of dividends totalling EUR 18.7 million (payment made on 15 May). Said item was affected by the negative impact of the conversion reserve which recorded a negative trend, especially in the last part of the year, related to the fluctuations in some specific foreign currency items. **Minority equity dropped to EUR 6 million** (EUR 45.1 million at the end of 2013) mainly due to the effects of the merger of the investee A.I.2 with Re.Consult Infrastrutture, as mentioned previously. The result was a **total equity of EUR 580.1 million** (EUR 592.2 million at 31 December 2013).

Consolidated net financial debt

The debt trend witnessed in 2014 led to a considerable increase in net financial debt during the first nine months of the year, peaking in September due to the support the Group wanted to guarantee for a series of projects set to reach important milestones. As forecast, **there was a significant decrease in net financial debt to EUR 798.6 million** during the last three months, more or less in line with EUR 797.4 million recorded at the end of 2013. This trend occurred despite significant investments in technical resources and concessions and an increase of around 6% in turnover. In November the Group refinanced an EUR 325 million credit facility expiring in 2016 with an EUR 500 million revolving loan whose expiry date was extended to 2019 and with a more advantageous cost profile than before. This serves to confirm the level of confidence the banking system has in the Group's financial and equity structure, considering it able to achieve Business Plan targets and maintain its current performance over time.

Generally speaking, the financial structure was well able to support the year's production trends and benefitted from the collection strategy targeting bond markets and refinancing of expiring loans, with consequent optimisation of the average cost of debt and improvement of liquidity indicators.

The debt/equity ratio stood at 1.38x, while the corporate debt/equity ratio (which excludes the share of debt related to concessions insofar as self-liquidating) totalled approximately 0.6x.

Breakdown of consolidated net financial debt

	(EUR/000)		31/12/2014	30/09/2014	30/06/2014	31/03/2014	31/12/2013
A	Cash and cash equivalents		530,212	407,330	361,082	368,118	373,226
B	Securities held for trading		1,396	1,430	1,567	1,583	1,407
C	**Available funds**	**(A+B)**	**531,607**	**408,760**	**362,649**	**369,701**	**374,633**
-	Short-term financial receivables		20,870	23,028	27,523	33,958	29,412
-	Current share of receivable rights arising from concessions		17,813	18,800	17,237	15,447	15,447
D	**Current financial receivables**		**38,683**	**41,828**	**44,760**	**49,405**	**44,859**
E	Current bank loans and borrowings		(336,636)	(504,999)	(470,923)	(410,673)	(301,929)
F	Current share of payables for bonds issued		(4,676)	(16,670)	(4,544)	(15,783)	(3,315)
G	Current share of non-current debt		(37,472)	(47,993)	(48,569)	(62,989)	(66,931)
H	Other current financial payables		(8,803)	(12,367)	(8,373)	(8,146)	(9,940)
I	**Current financial debt**	**(E+F+G+H)**	**(387,587)**	**(582,029)**	**(532,409)**	**(497,591)**	**(382,115)**
J	**Net current financial debt**	**(I+D+C)**	**182,703**	**(131,441)**	**(125,001)**	**(78,485)**	**37,377**
K	Non-current bank loans and borrowings		(275,976)	(232,159)	(220,181)	(191,446)	(225,622)
L	Issued bonds		(870,269)	(869,869)	(869,339)	(868,901)	(713,268)
M	Other non-current payables		(18,021)	(15,542)	(13,351)	(14,754)	(15,992)
N	**Non-current financial debt**	**(K+L+M)**	**(1,164,266)**	**(1,117,570)**	**(1,102,871)**	**(1,075,100)**	**(954,881)**
O	**Gross financial debt - Continuing Operations**	**(I+N)**	**(1,551,853)**	**(1,699,598)**	**(1,635,280)**	**(1,572,691)**	**(1,336,996)**
P	**Net financial debt - Continuing Operations**	**(J+N)**	**(981,563)**	**(1,249,011)**	**(1,227,871)**	**(1,153,585)**	**(917,504)**
Q	**Net financial debt – Disposal groups**				**16,532**	**24,615**	**30,680**
R	**Net financial debt**	**(P+Q)**	**(981,563)**	**(1,249,011)**	**(1,211,339)**	**(1,128,970)**	**(886,824)**
-	Non-current financial receivables		37,281	31,381	27,697	24,123	24,547
-	Subordinate loans		133,652	104,694	71,133	73,272	46,439
-	Non-current share of receivable rights arising from concessions		6,776	5,158	10,950	16,127	15,603
S	**Non-current financial receivables**		**177,709**	**141,233**	**109,780**	**113,522**	**86,589**
T	**Total financial debt**	**(R+S)**	**(803,854)**	**(1,107,778)**	**(1,101,560)**	**(1,015,448)**	**(800,235)**
	Treasury shares on hand		**5,198**	**3,114**	**2,546**	**3,146**	**2,859**
	Total net financial debt		**(798,656)**	**(1,104,664)**	**(1,099,013)**	**(1,012,303)**	**(797,376)**

** Restated following application of IFRS-11 "Joint arrangements"*

Investments

Investments in technical resources during the year totalled EUR 62 million (approximately 2% of total revenue), mainly referring to projects in Canada (Muskrat Falls Hydroelectric Plant), Russia (Western High Speed Diameter in St. Petersburg), Chile (Chuquicamata), Peru (Cerro del Águila Project), Romania (Line 4 of Bucharest underground) and Italy (Line 4 of Milan underground).

Gross investments in concession activities amounted to approximately EUR 126 million, EUR 52 million of which as payment of equity in Turkey (Third Bosphorus Bridge, Gebze-Izmir motorway) and EUR 74 million of which as payment of semi-equity in Italy (Line 4 and Line 5 of Milan underground) and Turkey (Third Bosphorus Bridge, Gebze-Izmir motorway). Concession investments (referring to Astaldi's share of equity and semi-equity paid into SPVs connected to the individual projects in progress and relative working capital) total EUR 598 million to date. The year's figure includes EUR 25 million of receivable rights arising from concessions - to be taken as the shares of investments covered by guaranteed cash flows, as provided for in IFRIC-12 – mostly related to Milas-Bodrum International Airport (Turkey).

Reclassified Consolidated Income Statement

(EUR/000)	Notes regarding reconciliation with consolidated financial statements	31/12/2014		31/12/2013 *	
Revenue	1	2,540,388	95.8%	2,381,413	94.9%
Other operating revenue	2	112,177	4.2%	126,947	5.1%
Total Revenue		**2,652,565**	**100.0%**	**2,508,360**	**100.0%**
Cost of production	3 - 4	(1,890,357)	-71.3%	(1,826,863)	-72.8%
Added value		**762,207**	**28.7%**	**681,496**	**27.2%**
Personnel expenses	5	(420,006)	-15.8%	(320,512)	-12.8%
Other operating costs	7	(35,718)	-1.3%	(38,830)	-1.5%
EBITDA		**306,483**	**11.6%**	**322,155**	**12.8%**
Amortisation and depreciation	6	(66,087)	-2.5%	(71,161)	-2.8%
Provisions	7	(1,534)	-0.1%	(4,463)	-0.2%
Impairment losses	6	(4,547)	-0.2%	(14,074)	-0.6%
(Capitalisation of internal construction costs)	8	516	0.0%	1,652	0.1%
EBIT		**234,832**	**8.9%**	**234,108**	**9.3%**
Net financial income and charges	9 - 10	(138,870)	-5.2%	(111,538)	-4.4%
Effects of equity accounting	11	34,769	1.3%	7,386	0.3%
Pre-tax profit		**130,731**	**4.9%**	**129,956**	**5.2%**
Taxes	12	(47,980)	-1.8%	(54,817)	-2.2%
Profit from continuing operations		**82,751**	**3.1%**	**75,139**	**3.0%**
Profit (loss) arising from operations related to disposal groups	**13**	**(2,006)**	**-0.1%**	**(4,575)**	**-0.2%**
Profit (loss) for the year		**80,745**	**3.0%**	**70,564**	**2.8%**
Profit (loss) attributable to non-controlling interests		814	0.0%	(3,227)	-0.1%
Profit attributable to owners of the parent		**81,559**	3.1%	**67,337**	2.7%

**Restated following application of IFRS-11 "Joint arrangements"*

Reclassified Consolidated Statement of Financial Position

(EUR/000)	Notes regarding reconciliation with consolidated financial statements	31/12/2014	31/12/2013 *
Intangible assets	17	32,555	58,971
Property, plant and equipment	15 - 16	224,165	205,059
Investments	18	436,909	384,151
Other net non-current assets	12 - 19 - 20	96,568	81,003
Non-current assets held for sale	26		1,936
Liabilities directly associated with non-current assets held for sale	26		(12,290)
TOTAL Non-current assets (A)		**790,197**	**718,830**
Inventories	21	64,870	61,711
Contract work in progress	22	1,165,348	1,261,797
Trade receivables	23	52,299	46,312
Receivables from customers	23	850,742	915,581
Other assets	19 - 20	183,793	174,515
Tax assets	24	97,834	104,612
Payments on account from customers	22	(589,785)	(676,569)
Subtotal		**1,825,101**	**1,887,958**
Trade payables	20 - 31	(68,777)	(102,523)
Payables to suppliers	20 - 31	(817,430)	(805,033)
Other liabilities	12 - 28 - 29 - 32	(322,180)	(276,210)
Subtotal		**(1,208,387)**	**(1,183,766)**
Working capital (B)		**616,714**	**704,192**
Employee benefits	30	(9,595)	(8,003)
Provisions for non-current risks and charges	33	(13,407)	(22,591)
Total provisions (C)		**(23,002)**	**(30,594)**
Net invested capital (D) = (A) + (B) + (C)		**1,383,910**	**1,392,428**
Cash and cash equivalents	25	530,212	373,226
Current financial receivables	19 - 20	20,870	29,412
Non-current financial receivables	19 - 20	170,933	70,986
Securities	19	1,396	1,407
Current financial liabilities	28	(387,587)	(382,115)
Non-current financial liabilities	28	(1,164,266)	(954,881)
Net financial liabilities (E)		**(828,442)**	**(861,965)**
Receivable rights arising from concessions	19	24,589	31,050
Net financial debt – disposal groups	26		30,680
Total financial liabilities (F)		**(803,854)**	**(800,235)**
Equity attributable to owners of the parent	27	(574,058)	(547,093)
Equity attributable to non-controlling interests	27	(5,998)	(45,101)
Equity (G) = (D) +(F)		**580,056**	**592,193**

**Restated following application of IFRS-11 "Joint arrangements”.*

Reconciliation between equity and profit for the year of the Parent and corresponding consolidated figures

	Equity 31/12/2014	Income Statement 31/12/2014	Equity 31/12/2013 *	Income Statement 31/12/2013*
Amounts as per Astaldi S.p.A.'s financial statements	**600,661**	**64,144**	**595,289**	**112,750**
- Elimination of carrying amount of controlling interests	(437,018)		(555,879)	
- Equity and profit for the year (calculated on the basis of same standards) of consolidated companies net of non-controlling interests	204,481	(62,636)	364,703	(115,680)
- Effect of equity accounting	38,694	34,769	(31,946)	1,436
- Elimination of allowance for impairment on investments in subsidiaries and equity-accounting investees net of use	78,956	18,169	65,535	23,709
- Elimination of provisions for risks on investments in subsidiaries and equity-accounted investees	84,915	23,016	104,144	57,550
- Intragroup dividends and losses		6,038		(13,888)
- Elimination of unrealised intragroup profit and other minor adjustments	3,368	(1,942)	5,247	1,461
Consolidated financial statements amount (attributable to owners of the parent)	**574,058**	**81,559**	**547,093**	**67,337**
Consolidated financial statements amount (attributable to non-controlling interests)	**5,998**	**(814)**	**45,101**	**3,227**
Consolidated financial statement amount	**580,056**	**80,745**	**592,193**	**70,564**

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

Order backlog

The **consolidated order backlog totalled EUR 13.8 billion,** with EUR 3.1 billion of new orders and contract addenda. **Italy accounts for 57% of the backlog and international activities for the remaining 43%.** Therefore, there was an upturn in the domestic market, in line with forecasts forming the basis of the Business Plan.

93% of new contracts refer to the Construction segment and comprise **orders whose start-up is largely scheduled by the end of 2015.** This serves to confirm the **sustainability of the production growth targets pursued by the Group**, even without considering the additional sum of EUR 14.5 billion of potential orders for the Group (44% for Construction and 56% for Concessions). The result is a total backlog of over EUR 28 billion, including options, signed contracts and contracts pending financing to date, not included among new orders for various reasons. It must be recalled that potential orders are to be looked on as acquired rights subject to the occurrence of various conditions precedent (financial closing, approval of various qualified bodies, etc.). Therefore, they are differentiated from orders in progress solely for the purpose of being able to suitably represent, at an accounting level, what the Group is actually able to convert into production in the short-term. Please refer below for details regarding the options and contracts pending financing as at the draft date of this report.

As regards the consolidated backlog, 62% of orders refer to international activities while Italy accounts for the remaining 38%. As regards segments, Construction accounts for 57% amounting to approximately EUR 8 billion (EUR 3.5 billion of which in Italy), referring mainly to general contracting projects and traditional contracts with a high technological content. While the Concessions segment accounts for the remaining 43%, equal to EUR 5.9 billion (EUR 1.7 billion of which in Italy).

MAIN NEW ORDERS OF 2014

VERONA-PADUA HIGH-SPEED/HIGH-CAPACITY RAILWAY LINE | Italy - approximately EUR 560 million as regards Astaldi, for design and construction of the Verona-Vicenza operational section which Astaldi holds a 37.49% stake in through the consortium, IRICAV DUE, which is the General Contractor the works were awarded to. Inclusion among the backlog of this first operational phase is to be attributed to provisions regarding the project set forth in the 2015 Stability Law. The final design will be completed during 2015 and submitted to the Public Agencies Meeting for approval. Works are scheduled to commence at the start of 2016.

GEBZE-IZMIR MOTORWAY PHASE 2-A (ORHANGAZI-BURSA SECTION) | Turkey - as regards Astaldi, EUR 58 million for construction activities and EUR 56 million for concession revenue (not inflated) for the second operational section (Phase 2-A: 25 kilometres, Orhangazi-Bursa section) of the concession contract for construction and subsequent management of the motorway linking the cities of Gebze and Izmir. It was included among the backlog following finalisation of financing and the start-up of preliminary activities prior to construction of the section.

S-5 POZNAN-WROCLAW EXPRESSWAY | Poland - EUR 116 million for the design and construction of 19 kilometres of road (from 137+500 km to Widawa-Wroclaw Junction). Design activities are underway for this project and works commenced in 2014, with a planned duration of 39 months.

S-8 WROCLAW-WARSAW-BIALYSTOK EXPRESSWAY, MĘZENIN-JEZEVO SECTION | Poland - EUR 85 million for the design and performance of works to expand and upgrade 14 kilometres of road along the section between the Jezevo and Męzenin junctions. The works are to be completed in under 2 years. This contract was awarded during the last quarter of 2014.

S-8 WROCLAW-WARSAW-BIALYSTOK EXPRESSWAY, WIŚNIEWO-MĘZENIN SECTION | Poland – approximately EUR 84 million for the design and performance of works to expand and upgrade 15 kilometres of road along the section between the Wiśniewo and Męzenin junctions. Works commenced in October 2014 and are to be completed over 28 months.

S-8 EXPRESSWAY LOT 3, MARKI JUNCTION-RADZYMIN SOUTH JUNCTION SECTION | Poland - approximately EUR 80 million (Astaldi has a 90% stake) for the design and construction of 7 kilometres of dual carriageway with 3 lanes in each direction plus hard shoulders, as well as two road junctions (Kobyłka and Radzymin South) and related access and service works. The works are to be completed in 36 months with the start-up of design activities in November 2014.

RECLAMATION OF PORTO TORRES INDUSTRIAL DISTRICT, SARDINIA | Italy – As regards Astaldi, approximately EUR 34 million for the reclamation of the former Porto Torres petrochemical plant in Sardinia. The contract includes the design and performance of integrated reclamation and permanent containment works for three sites polluted by industrial process waste, for a total surface area of approximately 350,000 m2. Restoration of the sites' status is also planned along with upgrading of the all the areas involved known as Minciaredda, Peci and Palte Fosfatiche. The works will involve the treatment of more than 1,000,000 m^3 of contaminated soil which will be analysed, classified and treated using a multifunctional, hi-tech platform with a surface area of 60,000 m^2 which will be installed on site. The project has been commissioned by Syndial, an ENI Group company working in the environmental remediation sector. The works are to be performed in 3 years, with start-up subsequent to the design phase and obtainment of authorisation.

NAPLES-AFRAGOLA HIGH-SPEED RAILWAY STATION | Italy - EUR 61 million for the performance of works to complete the passengers building including all station and railway plants. The works have been commissioned by Italferr S.p.A. (part of Italy's national railway group) and will be financed using already available funding. The start-up of works is scheduled for the first part of 2015, subsequent to signing of the contract, with a planned duration of approximately two years. The new station will be designed by the architect Zaha Hadid. This project was included among the backlog following provisional awarding at the end of 2014, which was subsequently confirmed in February 2015.

TARANTO PORT | Italy - EUR 52 million for dredging of the port's seabeds. The works form part of the plan to upgrade the container terminal area approved by the Port Authority and will involve the stretch of sea in front of the multi-sector dock. The depth of the seabeds will be increased by 2.5 metres and decontamination of the contaminated sediments will be performed at the same time. Works will commence in early 2015 and will last for about a year.

MONTE NIEDDU DAM | Italy: EUR 45 million for the construction of a dam in Sardinia with a maximum height of 75 metres, 391,000 m^3 of which made of roller-compacted concrete (RCC) and 110,000 m^3 of conventional vibrated concrete (CVC), as well as related electro-mechanical works. The works have been commissioned by Consorzio di Bonifica Sardegna Meridionale and will be financed using funding already made available by CIPE. The planned duration of works is 42 months, with start-up scheduled for March 2015. This contract was awarded in Q4 2014.

ANGELINI PHARMACEUTICAL GROUP HEAD OFFICE | Italy – totalling EUR 30 million for the performance of a series of works (structural, plant engineering and civil works, etc.) for the upgrading and office conversion of Angelini Group's head offices in Rome. The works for which contracts have been finalised to date amount to EUR 16 million, with the remaining EUR 14 million to come into play upon completion of the first phase. The new real estate complex will comprise a central building to be used as a multifunctional centre as well as four office blocks arranged in an "L" shape, topped by a bridge building, with underground car parking and storage areas. The start-up of works is scheduled for March 2015. The use of eco-sustainable materials and technologies that allow for improved energy efficiency is planned as well as obtainment of LEED® *Leadership in Energy and Environmental Design* certification for environmentally sustainable buildings. This project was awarded in the last quarter of 2014, with finalisation of the contract at the beginning of 2015.

NĂDLAC-ARAD MOTORWAY, LOT 2 | Romania – EUR 20 million (Astaldi has a 50% stake) for the design and performance of works to complete the motorway, already under construction by Astaldi as regards the part of the route related to the adjacent Lot 1. The works are to be completed in 8 months, with start-up in November 2014.

TEQ CONSTRUCTION ENTERPRISE | Canada – equivalent to EUR 56 million for orders acquired by the Canadian investee that are mainly connected to the healthcare and civil construction sectors, with a unitary value of less than EUR 15 million and to be started-up in the short-term.

NBI | Italy – approximately 122 million for contracts acquired by the Group's subsidiary specialising in the Facility Management, Plant Engineering and Management of Complex Systems segment. The projects secured mainly have a unitary value of less than EUR 13 million, an average duration of 14 months and were almost all started-up during 2014.

MAIN OPTIONS AND CONTRACTS PENDING FINANCING TO DATE

For more information about the individual projects, please see the section "Main projects in progress".

GEBZE-IZMIR MOTORWAY, PHASE 2-B (BURSA-IZMIR SECTION) | Turkey – as regards Astaldi, approximately EUR 390 million for construction activities and over EUR 1 billion for concession activities, with financial closing pending and scheduled by the end of 2015. The contract involves the construction and management of the last 301 kilometres of the motorway linking the cities of Gebze and Izmir, the already funded sections of which are currently under construction (Phase 1: Gebze-Orhangazi and Phase 2-A: Orhangazi-Bursa).

ETLIK HEALTHCARE CAMPUS, ANKARA | Turkey – as regards Astaldi, equivalent of EUR 443 million for construction activities and equivalent of EUR 1.3 billion for concession activities, pending closure of the relative non-recourse financing and approval by the High Planning Council[15] of the contract signed with the customer in November 2014. The contract involves the design, construction and management of a highly specialised healthcare facility, which is the largest under construction in Europe to date and which will provide 3,500 hospital beds. As regards this project, some preliminary activities have been started up and an EUR 50 million bridge loan was signed in February 2015 to facilitate the full start-up of works, pending financial closing scheduled by the end of Q3 2015.

WESTERN METROPOLITAN HOSPITAL, SANTIAGO DE CHILE | Chile – EUR 151 million for construction activities and EUR 545 million for concession activities, pending closure of non-recourse financing scheduled by the end of HY1 2015. The contract involves the construction and subsequent management of a hospital facility that will provide 523 hospital beds. As regards this project, some preliminary activities have been started up and an USD 50 million bridge loan was signed at the start of 2015 to facilitate the full start-up of works, pending financial closing.

ARTURO MERINO BENÍTEZ INTERNATIONAL AIRPORT, SANTIAGO DE CHILE | Chile – as regards Astaldi, equivalent of EUR 744 million for construction activities and equivalent of EUR 1.9 billion for concession activities, pending final awarding and closure of financing scheduled by the end of HY1 2015. The *Nuevo Pudahuel* consortium, which Astaldi holds a 15% stake in, was chosen by the Chilean government insofar as it submitted the best bid following the invitation to bid for awarding of the concession for the construction and subsequent management of Arturo Merino Benítez International Airport in Santiago de Chile, the 6th largest airport in South America (passenger traffic of EUR 16.1 million in 2014, more than half of which is international). The concession contract will come into effect as of 1 October 2015 and involves (i) modernisation and extension of the existing terminal; (ii) funding, design and construction of a new passenger terminal with a surface area of 175,000 m^2 which will increase the airport's capacity to 30 million passengers, with potential expansion up to 45 million; (iii) 20-year management and commercial development of main areas and services (new and existing terminals, car parks, future commercial activities). Construction activities will be performed by Astaldi as part of a joint venture in which it will hold a 50% stake. Unlike other concession projects included among the Group's backlog, this airport's concession provides for the start-up of management activities as from October since the consortium awarded the contract will take over from the current operator immediately.

M-11 MOSCOW-ST. PETERSBURG MOTORWAY | Russia – as regards Astaldi, approximately EUR 910 million, pending finalisation of contract negotiations with the client which are expected to be completed by Q1 2015.

ANCONA PORT MOTORWAY LINK | Italy – pending the signed concession agreement coming into effect subsequent to registration by the Court of Auditors, currently in progress. Said project involves the construction and management

[15] The Turkish High Planning Council is a task force comprising the Turkish Prime Minister, Ministers and Managers of the main national institutes whose aim is the country's economic and social planning, for the purpose of supporting the Council of Ministers in defining development targets and examining operating plans formulated to achieve them.

using the concession formula of approximately 11 kilometres of toll motorway linking the A14 motorway and Ancona port, as well as complementary road works. All works are to be performed using the DBFOM formula (Design-Build-Finance-Operate-Maintenance).

MEDIO PADANA VENETA NOGARA-MARE ADRIATICO REGIONAL MOTORWAY | Italy –pending signing of the agreement with the granting authority, Veneto's regional authority, expected by the end of 2015. It must be recalled that this project involves the construction and management using the concession formula of 107 kilometres of toll motorway links along the section from Nogarole (on level with the A-22 motorway) to Adria, in the north-east of Italy. The project is to be performed using the DBFOM formula (Design-Build-Finance-Operate-Maintenance).

SUMMARY TABLES

Order backlog (EUR/000,000)	**01/01/2014**	**Increases/Decreases**	**Decreases for production**	**31/12/2014**
Construction	**7,593**	**2,835**	**(2,516)**	**7,912**
Transport infrastructures	6,105	2,338	(1,824)	6,619
Water and energy	1,010	155	(349)	816
Civil and industrial construction	265	72	(163)	174
Plants	213	270	(180)	303
Concessions	**5,729**	**223**	**(24)**	**5,928**
Order backlog	**13,322**	**3,058**	**(2,540)**	**13,840**

Order backlog (EUR/000,000)	**01/01/2014**	**Increases/Decreases**	**Decreases for production**	**31/12/2014**
Italy	**4,069**	**1,757**	**(620)**	**5,206**
of which construction	*2,280*	*1,842*	*(611)*	*3,511*
of which concessions	*1,789*	*(85)*	*(9)*	*1,695*
International	**9,253**	**1,301**	**(1,920)**	**8,634**
of which construction	*5,313*	*993*	*(1,905)*	*4,401*
of which concessions	*3,940*	*308*	*(15)*	*4,233*
Europe	5,116	997	(1,106)	5,007
America	3,565	275	(633)	3,207
Maghreb	487	21	(155)	353
Middle East	85	7	(26)	66

Order backlog	**13,322**	**3,058**	**(2,540)**	**13,840**

Construction backlog (EUR/000,000)	**01/01/2014**	**Increases/Decreases**	**Decreases for production**	**31/12/2014**
Italy	**2,280**	**1,842**	**(611)**	**3,511**
International	**5,313**	**993**	**(1,905)**	**4,401**
Europe	2,216	538	(1,091)	1,663
America	2,525	427	(633)	2,319
Africa *(Algeria)*	487	21	(155)	353
Asia *(Middle East)*	85	7	(26)	66
Construction backlog	**7,593**	**2,835**	**(2,516)**	**7,912**

Concessions backlog (EUR/000,000)	**31/12/2014**
Italy	**1,695**
International	**4,233**
Europe	3,345
America	888
Concessions backlog	**5,928**

Main projects in progress

The following table contains details regarding progress of the main construction projects in progress in Italy and abroad followed by a brief description of the main projects . As regards concessions projects please refer to the subsequent section entitled "Concession projects", with the exception of what is listed below.

Country	**Project**	**Contract value(1)** (EUR / millions)	**Residual order backlog(2)** (EUR / millions)
Transport Infrastructures — Railways and Undergrounds			
Italy	Line C, Rome Underground — Phase-1……………..	575.9	24.8

Italy	Line C, Rome Underground — Section T-3(3)……..	201.5	181.0
Italy	Line C, Rome Underground — Section T-2(3)……..	218.7	218.7
Italy	Verona-Padua HS/HC Railway	562.5	562.5
Italy	Line 4, Milan Underground ………………………….	931.8	827.0
Italy	Bologna Centrale HS Station…………………………...	524.0	7.4
Italy	Line 5, Milan Underground Phase 2(4) …………….…	454.5	33.6
Algeria	Saida-Mulay Slissen Railway …………………………….	706.3	174.8
Algeria	Saida-Tiaret Railway………………………………………	279.9	155.7
Poland	Lodz Railway Project………………………………	136.3	53.6
Romania	Line 4, Bucharest Underground	154.6	111.9
Romania	Line 5, Bucharest Underground……………………….	116.6	56.3
Venezuela	Puerto Cabello-La Encrucijada Railway………………...	2,238.7	1,251.5
	Other projects ………………………………………………		137.3
Transport infrastructures — Roads and Motorways			
Italy	Jonica National Road, Lot DG-41……………………..	1,112.0	1,102.0
Italy	Infraflegrea Project………………………………………	213.4	99.0
Poland	S-8 Wisniewo-Mezenin National Road…………………..	84.2	81.6
Poland	S-8 Jezewo-Mezenin National Road……………………..	85.3	85.3
Poland	S-5 Wroclaw-Poznan National Road...…………………..	115.7	114.2
Poland	S-8 Marki-Radzymin South National Road…………………	78.6	78.6
Turkey	Gebze-Orhangazi-Izmir Motorway Phase 1 & Phase 2-A	377.2	124.5
Turkey	Third Bosphorus Bridge and Northern Marmara Highway..	646.2	305.5
Russia	Western High Speed Diameter, St. Petersburg ……………..	941.1	422.2
	Other projects………………………………………………		297.2
Transport infrastructures – Ports and Airports			
Italy	Taranto Port……………………………………………	52.1	52.1
Poland	John Paul II International Airport Krakow-Balice…………………………………………………….	71.5	42.3
	Other projects………………………………………………		18.6
Hydroelectric and Energy Production Plants			
Canada	Muskrat Falls Hydroelectric Project ……………………..	801.6	611.3
Italy	Monte Nieddu Dam……………………………………..	45.3	45.3
Peru	Cerro del Águila Hydroelectric Project………………..	272.4	106.2
	Other projects………………………………………………		53.2
Civil and Industrial Construction			
Italy	Four Tuscan Hospitals…………………………………	192.6	9.2
Italy	Police Officers Academy, Florence…………………………	225.9	13.1

Italy	Ospedale del Mare, Naples..................................	140.6	75.2
Italy	Reclamation of Porto Torres Industrial District...............	33.7	33.7
Chile	Chuquicamata Mining Project-Contract 1...........	143.2	53.7
Chile	Chuquicamata Mining Project-Contract 2...........	152.6	83.0
	Other projects...		209.1
	TOTAL CONSTRUCTION BACKLOG		**7,912**

(1) This refers to the share of the construction contract related to Astaldi Group's stake unless the SPVs are fully integrated due to the equity investment held in the project.
(2) This represents the percentage of works to be performed out of the share of the construction contract related to Astaldi Group's stake.
(3) For the purposes of the table, Line C of the Rome underground is split into three different operational sections so as to represent the actual progress of works. The three sections are identified as: (i) Phase-1, related to the Monte Compatri/Pantano-San Giovanni section (Sections T-4, T-5, T-6a, T-7) and Deposito Graniti, (ii) Section T-3, related to the San Giovanni-Fori Imperiali section, and (iii) Section T-2, related to the Fori Imperiali-Clodio/Mazzini section.
(4) Line 5 of the Milan underground is split into two different operational sections, identified as (i) Phase 1, related to Garibaldi-Bignami section, and (ii) Phase 2, related to the Bignami-Stadio San Siro section.

Italy

Italy is one of the well-established areas for the Group's operations, and, despite the difficult economic situation experienced by the country in recent years, it still plays a central role in commercial development policies. The domestic market accounted for 24% of consolidated operating revenue at 31 December 2014 and represented 38% of the order backlog in progress.

Italy – Transport Infrastructures (Railways and Undergrounds)

LINE C, ROME UNDERGROUND | Italy

Customer: Roma Metropolitane, directly controlled by the Municipality of Rome.

Contractor: Metro C S.c.p.A. (Astaldi has a 34.5% stake) operating in the capacity of General Contractor.

Amount: EUR 3.26 billion, of which EUR 1.12 billion in relation to Astaldi's stake.

The contract, to be performed using the general contracting formula, involves the design, construction, supply of rolling stock and commissioning of a new underground line in Rome. The complete planned route involves the construction of 25.4 kilometres and 29 stations along the Monte Compatri/Pantano-Clodio/Mazzini route, served by driverless trains, in other words with no driver aboard and a remote control system. At the draft date of this report, as regards the First Strategic Phase running along the Monte Compatri/Pantano-Fori Imperiali/Colosseo route (22 kilometres with 24 stations), it should be noted that: (i) the Monte Compatri/Pantano-Parco di Centocelle section (13 kilometres, 15 stations) was consigned to the Operator in December 2013 and put into operation in November 2014; (ii) the Parco di Centocelle-Lodi section (5 kilometres, 6 stations) was completed in August 2014 and activities are in progress prior to consignment to the Operator; (iii) the San Giovanni-Fori Imperiali/Colosseo section (3 kilometres, 3 stations) is currently under construction. Financing is pending for the remaining T-2 section (Fori Imperiali/Colosseo-Clodio/Mazzini) and the final design of the Fori Imperiali/Colosseo-Venezia subsection (0.66 kilometres, 1 station) was consigned in December 2014. It must be recalled that as regards the T-2 section and as agreed with the customer, the JV responsible for building Line C presented a project finance proposal for construction of the T-2 section, as well as extension of the line to Farnesina in 2011. To date no statement has been issued in this regard by Rome's municipal authority. It must also be noted that Metro C has taken legal action to obtain payment of part of the sum still due from Roma Metropolitane and that an Additional Deed was signed in July 2014 for the awarding of technical assistance and maintenance services on the Montecompatri/Pantano-Parco di Centocelle section and for Deposito Graniti, for a total amount of EUR 11.1 million.

LINE 5, MILAN UNDERGROUND | Italy

Customer: Municipality of Milan acting in the capacity of Granting Authority.

Concessionaire: Metro 5 S.p.A. (Astaldi Group has a 38.7% stake) for the Garibaldi-Bignami section and Metro 5 Lilla S.p.A. (100% owned by Metro 5 S.p.A.) for the Zara-Garibaldi section.

EPC Contractor: Astaldi.

Value of investment: EUR 571 million for the Garibaldi-Bignami section and EUR 790 million for the Garibaldi-San Siro section.

EPC Contract: EUR 716 million in relation to Astaldi's stake (considering both sections).

On the whole it involves the design (final and executive), construction and subsequent management, using the concession formula, of the public transport service of the new line for the Garibaldi-Bignami section (Phase 1: 6 kilometres, 9 stations) and extension of the Garibaldi-San Siro section (Phase 2: 7.1 kilometres, 10 stations) with a maximum capacity of 26,000 passengers/hour in each direction.

The construction contract linked to this project is an EPC contract and involves the design (final and executive) and performance of civil works for construction of the new line which will run underground along the Bignami-Garibaldi-San Siro route. At the draft date of this report, the Garibaldi-Bignami section has been operational since 1 March 2014 while all the stations envisaged in the project for the Garibaldi-San Siro extension have largely been completed and excavation works to dig the tunnel sections using a TBM have commenced. At the draft date of this report, inspection and testing prior to the start up of operation is underway, with completion of the whole line scheduled by April 2015.

Please refer to the section herein entitled «Concession Projects» for more information regarding operations and the contents of the concession agreement related to this project.

LINE 4, MILAN UNDERGROUND | Italy

Customer: Municipality of Milan acting in the capacity of Granting Authority.

Concessionaire: SPV Linea M4 S.p.A., a private-public mixed capital company, with the JV awarded the contract (Astaldi has a 28.9% stake) operating in the capacity of private shareholder.

EPC Contractor: Consorzio MM4 (Astaldi has a 32.135% stake).

Civil Works Contractor, permanent way and non-system plants: Metro Blu S.c.r.l. (Astaldi has a 50% stake).

EPC Contract (direct and indirect share): EUR 932 million referring to Astaldi's stake.

As a whole, the project involves the design and subsequent management of the public transport service of a new light underground with an integral automation system which will run along the San Cristoforo-Linate Airport route, for a total of 15.2 kilometres and 21 stations, with a maximum capacity of 24,000 passengers/hour in each direction. The construction of a Depot/Workshop for storing and maintaining rolling stock (47 vehicles) is also planned in the San Cristoforo area.
The construction contract related to the project is an EPC contract and involves the design (final and executive) and performance of all the new line's civil works, permanent way and installations, including the supply of rolling stock. The duration of the construction, pre-commissioning and commissioning phases is 88 months. At the draft date of this report, works are in progress to construct 3 stations (Linate Aeroporto, Forlanini Quartiere, Forlanini FS), 10 structures and a cut-and-cover tunnel and 5.44 kilometres of tunnels have already been built using 2 TBMs.
Please refer to the section herein entitled «Concession Projects» for more information regarding operations and the contents of the concession agreement related to this project.

LINE 1, NAPLES UNDERGROUND | Italy

Customer: Municipality of Naples.

Contractor: Toledo S.c.r.l. (Astaldi has a 90.39% stake).

Amount: EUR 255 million, of which EUR 230 million in relation to Astaldi's stake.

The project is part of the scheme to improve the underground transport system within the Municipality of Naples forming part of the concession granted to M.N. Metropolitana di Napoli S.p.A. (the granting authority is the Municipality of Naples) for the design, works supervision, construction and installation of the permanent way of the new Line 1 of the Naples underground, Dante-Centro Direzionale section. The works awarded to TOLEDO S.c.r.l. entailing construction of Università and Toledo stations, and laying of permanent way of the whole section were completed in 2013 and inspection and testing are being completed to date. Both stations are the result of cooperation between architects and artists of international renown and form part of the Municipality's urban upgrading project entitled Art Stations. Liquidation of the company is planned during 2015 as a result of fulfilment of the purpose of the contract.

LINE 6, NAPLES UNDERGROUND | Italy

Customer: Municipality of Naples.

Contractor: AS.M S.c.r.l. (Astaldi has a 75.91% stake).

Amount: EUR 68 million, of which EUR 52 million in relation to Astaldi's stake.

The project is part of the scheme to improve infrastructures within the Municipality of Naples forming part of the concession granted to Ansaldo STS (the granting authority is the Municipality of Naples) for the design, works supervision and construction of the new Line 6 of the Naples underground for which works related to the Mergellina-Municipio section are currently in progress. The works awarded to AS.M. S.c.r.l. refer to the performance of the civil works related to San Pasquale station.

VERONA-PADUA HIGH-SPEED/HIGH-CAPACITY RAILWAY LINE

Customer: Italferr S.p.A. (Gruppo Ferrovie dello Stato Italiane).

Contractor: Consorzio IRICAV DUE (Astaldi has a 37.49% stake).

Amount: approximately EUR 560 million, referring to Astaldi's stake.

The contract refers to works for design and construction of the Verona-Vicenza operational section which Astaldi holds a 37.49% stake in through the consortium IRICAV DUE, which is the General Contractor the works were awarded to. Inclusion among the backlog of this first operational phase is to be attributed to provisions regarding the project set forth in the 2015 Stability Law. The final design will be completed during 2015 and submitted to the Public Agencies Meeting for approval. Works are scheduled to commence at the start of 2016.

NAPLES-AFRAGOLA HIGH-SPEED RAILWAY STATION

Customer: Italferr S.p.A. (Gruppo Ferrovie dello Stato Italiane).

Contractor: Astaldi.

Amount: EUR 61 million.

The contract refers to works to complete the passengers building including all station and railway plants. The works have been commissioned by Italferr S.p.A. (part of Italy's national railway group) and will be financed using already available funding. The start-up of works is scheduled for the first part of 2015, subsequent to signing of the contract, with a planned duration of approximately two years. The new station will be designed by the architect Zaha Hadid.

BOLOGNA CENTRALE HIGH-SPEED RAILWAY STATION | Italy

Customer: Italferr S.p.A. (Gruppo Ferrovie dello Stato Italiane).

Contractor: Astaldi.

Amount: EUR 578 million.

The contract refers to works to construct the new railway station dedicated to the high-speed line, built under ground level and located below the "historical" Bologna Centrale station (Platforms 12-17). The project forms part of the urban penetration project for the Milan–Naples high-speed railway line with regard to the Bologna railway junction. The works to be performed by Astaldi refer specifically to Lot 11 (construction of the new station) and Lot 50 (works needed to make it possible to put the station into operation). The station is organised on several levels, the deepest of which - built at a depth of 25 metres below the tracks of the old station – will be used for the transit of trains, while the others will be used for railway transport-related services, commercial areas and car parks. At the draft date of this report, in addition to the station areas that became operational in June 2013 (High-Speed tracks, High-Speed halls, part of Kiss&Ride, subways linking to those of the existing station, a car park and the new lobby located in Via de' Carracci) additional areas have been completed and are available to the public (Kiss&Ride, car parks and external areas of Lot 50), and public transport vehicle traffic is in operation within Kiss&Ride.

TURIN RAILWAY JUNCTION | Italy

Customer: Italferr S.p.A. (Gruppo Ferrovie dello Stato Italiane).

Contractor: Astaldi-Vianini-Lis-Di Vincenzo-3TI Joint Venture (Astaldi has a 70% stake).

Operating company: S.P.T. - Società Passante Torino S.c.r.l. (Astaldi has a 74% stake).

Amount: EUR 640 million, of which EUR 440 million referring to Astaldi's stake.

The contract forms part of the project to expand the Turin Railway Junction and involved the upgrading, doubling and laying under ground level of the existing Turin–Milan railway line. The works, which have been mostly completed, involved the executive design and performance of works to complete expansion and quadrupling of the railway line for a five-kilometre section between Corso Vittorio Emanuele II and Corso Grosseto, including the crossing under the River Dora Riparia. Works were completed in August 2014, ahead of the contractual timeframe. Final activities for technical-administrative inspection and testing of the works are currently in progress.

PARMA-LA SPEZIA RAILWAY LINE («PONTREMOLESE» RAILWAY) | Italy

Customer: Italferr S.p.A. (Gruppo Ferrovie dello Stato Italiane).

Contractor: Astaldi.

Amount: EUR 234 million.

The project forms part of the programme to improve and modernise the Parma–La Spezia railway which is an integral part of the Tyrrhenian-Brenner freight corridor. The contract involved the executive design and performance of works to double the existing railway line along the section between Solignano and Osteriazza stations, for a total of approximately 12.5 kilometres. The new railway line runs for the first 5 kilometres along an alternative route to the current one, and the most significant works included in the contract refer to said section: Marta Giulia Tunnel (4.1 kilometres, completed), the viaduct running over the River Taro (440 metres, completed) and the viaduct over the Galgana torrent (275 metres, completed). The remaining 7.5 kilometres of the section run alongside the railway line currently in use. The section was opened to railway traffic on 30 November 2014 while works were finally completed in January 2015.

Italy – Transport Infrastructures (Roads and Motorways)

JONICA NATIONAL ROAD (SS-106), MAXI LOT DG-41 | Italy

Customer: ANAS S.p.A., the operator of Italy's road and motorway network of national interest.

Contractor: Sjrio S.c.p.A. (Astaldi has a 60% stake and is the principal) operating in the capacity of General Contractor.

*Amount: a*pproximately EUR 790 million, EUR 474.5 million of which in relation to Astaldi's stake.

The contract, to be performed using the EPC formula, involves the awarding of construction works, using the general contracting formula, for the 3rd Maxi Lot of the Jonica National Road (SS-106) also known as Maxi Lot DG-41. The project involves the performance of works to upgrade the section of the Jonica National Road running from the junction with SS-534 to Roseto Capo Spulico. The project runs along a route measuring 38 kilometres with 7 twin-tube bored tunnels, 14 viaducts, 4 cut-and-cover tunnels and 6 junctions. The planned duration of works is approximately 9 years and 4 months, 3 years and 1 month of which for design activities (final and executive) and the remaining 6 years and 3 months for construction activities. The funding available for the project amounts to just over EUR 698 million (CIPE Rulings No. 103/07, no. 30/08 and No. 88/11). On the basis of the commissioning body's partial financial resources, Sirjo has been awarded the final design of the whole Maxi Lot and the executive design and performance of works for a first operational section. Performance of the rest of the project activities, currently not funded, shall be subordinate to the actual acquisition of supplementary funding. At the draft date of this report, approval of the final design by CIPE is pending and expected by the first half of 2015. The current value of the works, subsequent to final design activities, amounts to EUR 1.1 billion.

PEDEMONTANA LOMBARDA MOTORWAY | Italy

Customer: APL Autostrada Pedemontana Lombarda S.p.A.

Contractor: Pedelombarda S.c.p.A. (Astaldi has a 24% stake).

Amount: EUR 930 million.

The project refers to awarding, using the general contracting formula, of the final and executive design and construction of Lot 1 of the Como Bypass, Lot 1 of the Varese Bypass and the A8-A9 section between Cassano Magnago and Lomazzo (Section A) of the Pedemontana Lombarda motorway. The complete route runs for approximately 25 kilometres and comprises, inter alia, the construction of 3 bored tunnels (Solbiate – 600 metres in Section A, Grandate – 400 metres along the Como Bypass, and Morazzone – 2.2 kilometres along the Varese Bypass). As regards this project, works have commenced along the complete route. Works related to Section A were largely completed in November 2013 while the Como and Varese Bypasses were completed in October 2014. The Varese Bypass and Section A were opened to traffic in January 2015.

INFRAFLEGREA PROJECT | Italy

Customer: President of Campania's regional authority in the capacity of Special Government Commissioner pursuant to Article 11, subsection 18, of Law No. 887/1984.

Contractor: Infraflegrea Progetto S.p.A. (Astaldi has a 51% stake) operating in the capacity of General Contractor.

Amount (currently financed): EUR 213 million.

The project refers to a number of activities involving the urban road network in the north-west of the municipality of Naples (Phlegrean Area). The project involves upgrading and improvement of the existing infrastructures (roads, railway, port, pedestrian zones) with the aim of achieving a single intermodal transport network comprising various, already existing links and communication systems. The works are performed with funding by Campania's regional authority and the Ministry of Infrastructures and Transport. The party responsible for awarding the works is the President of Campania's regional authority in the capacity of Special Commissioner pursuant to Article 11, subsection 18 of Law No. 887/1984. The works involve construction of the Monte Sant'Angelo rail link for the Soccavo-Mostra d'Oltremare section, with relative interim stations and interchange junctions (Application Document No. 15), works to extend and upgrade Pozzuoli port (Application Document No. 12), construction of a multi-storey car park in the Municipality of Pozzuoli with related access roads and upgrading of Parco della Cava Regia and areas of the former Capuchin Convent (Application Document No. 13) and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli (Application Document No. 14). The performance of the works in stages has been envisaged for some of the aforementioned Application Documents in order to satisfy the priority actions decided on by the customer, as well as for reasons linked to funding of the works. As regards this project, it must be noted that Works were suspended during 2012 - with the start-up of negotiations with the customer - due to the financial problems caused through both non-payment and the continuing uncertainty regarding the customer's actual available financial resources to go ahead with the works. In May 2013, a

“Settlement Proposal” was entered into with the customer which is still to be finalised due to failure to obtain a final opinion from the State Legal Advisory Service pursuant to Article 239 of Legislative Decree No. 163/2006. Taking into account the situation and pending finalisation of the settlement, Infraflegrea Progetto formally notified the customer of its willingness to recommence works in June 2014. This proposal was made based on the possibility, which became a reality in December 2014, of funding for EUR 73.5 million (CIPE Ruling No. 62/2011 and consequent “Mobility systems” Framework Programme Agreement (APQ) signed on 18 July 2014 by the Ministry of Economic Development, Ministry of Infrastructures and Transport and Campania’s regional authority). Therefore, upon signing of the Statement of Consignment of Activities in December 2014, Infraflegrea Progetto started up the required procedures prior to construction of Parco San Paolo station, re-informing the customer of all the requests for compensation as per the dispute in progress, already set forth in the Settlement Proposal of May 2013. This was also possible in light of additional funding (already allocated under CIPE Rulings No. 55/2009 and No. 62/2011), confirmed during 2014 by regional and national planning documents, in other words: (i) EUR 21 million for the completion of Lots 1 and 2 of the Monte Sant’Angelo rail link; (ii) EUR 121 million for Section 1 of Lot 3 of the Monte Sant'Angelo rail link (Parco San Paolo-Terracina section).

Italy – Transport Infrastructures (Ports)

RECLAMATION OF PORTO TORRES INDUSTRIAL DISTRICT, SARDINIA | Italy

Customer: Syndial (ENI Group).

Amount: EUR 34 million in relation to Astaldi’s stake.

The contract includes the design and performance of integrated reclamation and permanent containment works for three sites polluted by industrial process waste, for a total surface area of approximately 350,000 m2. Restoration of the sites’ status is also planned along with upgrading of all the areas involved known as Minciaredda, Peci and Palte Fosfatiche. The works will involve the treatment of more than 1,000,000 m^3 of contaminated soil which will be analysed, classified and treated using a multifunctional, hi-tech platform with a surface area of 60,000 m^2 which will be installed on site. The project has been commissioned by Syndial, an ENI Group company working in the environmental remediation sector. The works are to be performed in 3 years, with start-up subsequent to the design phase and obtainment of authorisation.

TARANTO PORT | Italy

Customer: Relevant Port Authority.

Contractor: Astaldi.

Amount: EUR 52 million.

The contract involves dredging of the port’s seabeds. The works form part of the plan to upgrade the container terminal area approved by the relevant Port Authority and will involve the stretch of sea in front of the multi-sector dock. The depth of the seabeds will be increased by 2.5 metres and decontamination of the contaminated sediments will be performed at the same time. Works will commence in early 2015 and will last for about a year.

MONTE NIEDDU DAM | Italy

Customer: Consorzio di Bonifica Sardegna Meridionale.

Contractor: Astaldi.

Amount: EUR 45 million.

The contract involves the construction of a dam in Sardinia with a maximum height of 75 metres, 391,000 m^3 of which made of roller-compacted concrete (RCC) and 110,000 m^3 of conventional vibrated concrete (CVC), as well as related electro-mechanical works. The works have been commissioned by Consorzio di Bonifica Sardegna Meridionale and will be financed using funding already made available by CIPE. The planned duration of works is 42 months, with start-up scheduled for March 2015. This contract was awarded in Q4 2014.

Italy – Civil Construction

FOUR TUSCAN HOSPITALS | Italy

Customer: SIOR, comprising the local health authorities of Massa Carrara, Lucca, Pistoia and Prato.

Concessionaire: SA.T S.p.A. (Astaldi Group has a 35% stake).

Contractor – EPC Contract: CO.SAT S.c.r.l. (Astaldi has a 50% stake).

Total investment: EUR 415 million (excluding financial charges and VAT).

EPC Contract: approximately EUR 390 million for construction, of which EUR 193.5 million in relation to Astaldi's stake.

The contract forms part of the project finance initiative for the construction and subsequent management of four hospitals in Tuscany: Ospedale San Luca (Lucca), Ospedale delle Apuane (Massa-Carrara), Nuovo Ospedale di Prato (Prato) and Ospedale San Jacopo (Pistoia). The new facilities will occupy a total surface area of over 200,000 m^2 and provide over 2,019 hospital beds (68 for day hospital patients, 72 for short-term stay patients, 134 for haemodialysis patients and 103 cots), 49 operating theatres and a total of 4,450 parking spaces. All the hospitals feature a main five-floor building with one basement level and an additional four-floor building with one underground level. While there are differences between the hospitals as regards the surface area occupied and the number of hospital beds offered.

Design (final and executive) and construction activities for this project were awarded by the concession holder SA.T S.p.A. (Astaldi Group has a 35% stake) to a joint venture set up by two of its partners. The consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50% stake, was set up to perform works. Works to construct the hospitals in Lucca and Massa went ahead during 2014 while works for the hospitals in Prato and Pistoia had been completed and they are now under management. Specifically, Ospedale San Luca (Lucca) became operational in May and progress on Ospedale delle Apuane (Massa-Carrara) reached an advanced stage with completion expected by the end of 2015.

ANGELINI PHARMACEUTICAL GROUP HEAD OFFICE | Italy

Customer: Gruppo Farmaceutico Angelini.

Contractor: Astaldi.

Amount: EUR 30 million in total.

The contract involves the performance of a series of works (structural, plant engineering and civil works, etc.) for the upgrading and office conversion of Gruppo Angelini's head offices in Rome. The works for which contracts have been finalised to date amount to EUR 16 million, with the remaining EUR 14 million to come into play upon completion of the first phase. The new real estate complex will comprise a central building to be used as a multifunctional centre as well as four office blocks arranged in an "L" shape, topped by a bridge building, with underground car parking and storage areas. The start-up of works is scheduled for March 2015. The use of eco-sustainable materials and technologies that allow for improved energy efficiency is also planned, as well as obtainment of LEED® *Leadership in Energy and Environmental Design* certification for environmentally sustainable buildings. This project was awarded in the last quarter of 2014, with finalisation of the contract at the beginning of 2015.

POLICE OFFICERS ACADEMY IN FLORENCE | Italy

Customer: Ministry of Infrastructures and Transport.

Contractor: S.CAR. S.c.r.l. (Astaldi has a 61.4% stake)

Amount: EUR 217.2 million, of which EUR 133.4 million in relation to Astaldi's stake.

The contract involves construction of the new Police Officers' Academy [Scuola Marescialli e Brigadieri dei Carabinieri] in Florence. The project involves a large area comprising four functional centres: (i) a sports centre which entails construction of a football and athletics stadium, indoor swimming pool, tennis courts and gym (Centre 1); (ii) a centre dedicated to student housing with 9 buildings to accommodate 1,900 students (Centre 2); (iii) a logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command offices, cadre housing, shooting range and technological facilities (Centre 3); (iv) a centre for cadre residences to be used to house academy workers and their families (Centre 4). During 2014, Lot A (Centres 1-2-3) activities focused mainly on Centre 3 with virtual completion of the plants and internal finishes of teaching buildings, while the outdoor areas are being completed and work on the green areas is going ahead. As regards Lot B (Centre 4), the inspection certificate was issued and approved with final consignment of the works to the Administration and hence to the Carabinieri Corps.

OSPEDALE DEL MARE, NAPLES | Italy

Customer: Naples Local Health Authority (Napoli 1 Centro).

Contractor: Partenopea Finanza di Progetto S.c.p.A. (Astaldi has a 99.99% stake).

Amount: EUR 140.6 million in relation to Astaldi's stake.

The contract involved the design (final and executive) and construction of a new, highly-specialised hospital complex in the eastern area of Naples, providing 450 hospital beds. Approximately 60% of the contract amount was achieved during 2014, in full compliance with timeframe provided for in the Settlement Agreement signed in November 2012. Completion of the works is scheduled for September 2015, save for extensions arising from a change report for minor works currently being approved by the customer. In the meantime, it must be noted that consignment of a part of the works (entrance lobby, 25 clinics, external works in front of the main entrance) is scheduled for mid-March 2015 which the local health authorities will start to use ahead of the timeframe provided for in the contract.

Rest of Europe

For the purposes of the 2014 Annual Financial Report, Europe refers to the group of countries where traditionally present (Poland, Romania and Turkey) as well as recently-joined areas (Russia) where the Group operates mainly in the Construction sector. Transport Infrastructures (roads, motorways, airports, railways) and Civil Construction (hospitals) represent the segment of greatest interest with a significant experience in the Energy sector (waste-to-energy plants) and projects of great importance from an engineering and construction viewpoint. At the end of 2014, these countries accounted for 43.5% of Astaldi Group's operating revenue and represent 36% of the order backlog in progress.

TURKEY >> This is one of the main areas of activity for the Group's operations. At the present time, it is focusing on concession projects of international standing and with a high technological content (airports, hospitals, motorways). Additional commercial development opportunities, related to projects in progress, are not to be ruled out.

POLAND >> The country is of guaranteed interest for the development policies of the Group which operates in Poland solely in relation to priority projects (railway transport infrastructures, power plants) included among the country's development policies and financed through dedicated EU funds. As regards the future, given the country's political and economic stability as well as the legislative framework, further consolidation is not to be ruled out with opening up of the renewable energy and concessions market.

ROMANIA >> The country continues to have an important strategic value for the Group insofar as still able to guarantee new commercial opportunities which Astaldi examines with renewed interest, also with the aim of ensuring ever-increasing customer diversification.

RUSSIA >> The country represents a recently acquired market, yet an already consolidated one given the completion of key works such as Pulkovo International Airport in St. Petersburg. Astaldi Group operates in Russia with private customers only. It must also be noted that its presence in the country is not the result of a typical commercial penetration strategy, but rather an opportunity to diversify activities as a result of consolidation of industrial partnerships with Turkish firms in relation to projects outside the Russian market. This means that the Group is basically "not conditioned" by the trend of infrastructure investment programmes approved by the local government. As regards the future, additional opportunities arising from partnerships with qualified partners boasting a high credit rating are not to be ruled out even if major attention is being lent to the effects of international tension linked to the sanctions for Ukraine and the performance of the rouble.

Please find below a brief description of the main projects in progress in each of the countries listed for Europe.

Turkey – Transport Infrastructures

GEBZE-IZMIR MOTORWAY | Turkey

Customer: KGM (Motorways General Directorate, Turkish Ministry of Transport) operating in the capacity of Granting Authority.

Concessionaire: OTOYOL (Astaldi Group has an 18.86% stake).

Contractor – EPC Contract: NOMAYG (Astaldi has a 17.5% stake).

Value of investment: USD 6.9 billion.

EPC Contract: USD 5.2 billion (Astaldi has a 17.5% stake).

The project involves the design and construction, using the concession formula, of a new section of motorway along the Gebze-Orhangazi-Bursa-Izmir route in Turkey, which will run for more than 400 kilometres. The project also includes a suspension bridge over Izmit bay which **will be the world's 4th longest suspension bridge upon completion**. At the draft date of this report, said project has been included among the backlog with regard to Phase 1, which refers to the first 55 kilometres of the route including the Izmit Bay Bridge, and Phase 2-A (25 kilometres along the Orhangazi-Bursa route) only. As regards the remaining Phase 2-B, it will be included among new orders subsequent to relative financial closing.

As regards this, the activities form part of a BOT contract for the design, construction, maintenance and management of the section of the motorway detailed above, including a suspension bridge over Izmit Bay and additional links to existing roads.

The EPC contract has a value of USD 5.2 billion (Astaldi has a 17.5% stake) against investments totalling USD 6.9 billion. The SPV set up for this project is OTOYOL, while the SPV set up to perform works is called NOMAYG. The EPC contract between OTOYOL and NOMAYG was signed in July 2011.

On the whole, the project involves the construction of approximately 384 kilometres of motorway, 43 kilometres of link roads, 64 kilometres of access roads and 31 kilometres of national roads to be upgraded, 3 tunnels, 33 viaducts, 109 bridges, 340 minor hydraulic works, 26 intersections, 20 motorway toll gates, 6 maintenance centres and 17 service areas. The suspension bridge, measuring a total of approximately 2.6 kilometres in length and worth USD 1.1 billion, was subcontracted in July 2011 to IHI/ITOCHU joint venture and must be completed in the space of 3 years corresponding to the duration of Phase 1 of the project. This first phase, currently in progress, also includes the sections of motorway from Km 0 (Gebze) to Km 58 (9 kilometres after Orhangazi), the approach viaducts for the suspension bridge on the north side (0.25 km) and on the south side (1.4 km) and a tunnel of approximately 3.4 km. Construction of said tunnel - Samnalı tunnel – was awarded to Dağcan Inşaat ve Ticaret A.Ş. in October 2011 and the contract provides for a planned duration of works of 32 months. As regards Phase 2A, including the section from Km 58 to Km 83 (Bursa), this must be completed by the end of 2016. Lastly, Phase 2B will be performed mainly during the second part of the 7 years of construction activities and includes the section from Km 107 (Bursa) to Km 408 (Izmir). To date, the northern and southern anchorings have been completed with the relative transition piers and side span, while the steel towers have been completely installed achieving a final height of 252 metres above sea level. Activities prior to installation of the main cable and prefabrication of the steel deck are currently in progress.

THIRD BOSPHORUS BRIDGE AND NORTHERN MARMARA MOTORWAY PROJECT | Turkey

Customer: Turkish Ministry of Transport operating in the capacity of Granting Authority.

Concessionaire: JV awarded the contract (Astaldi Group has a 33.33% stake).

Contractor – EPC Contract: ICA (Astaldi has a 33.33% stake).

Value of investment: USD 2.9 billion.

EPC Contract: USD 2.5 billion (Astaldi has a 33.33% stake).

The project refers to the concession contract for the construction and subsequent management of a section of approximately 190 kilometres of motorway links between the cities of Odayeri and Paşaköy, as well as a cable-stayed/suspension bridge measuring 1.4 kilometres with pillarless spans between the villages of Poyrazköy and Garipçe in Istanbul. This bridge (known as the Third Bosphorus Bridge) will hold a number of records such as (i) **the only suspension bridge in the world whose deck includes a motorway and railway on the same level**, (ii) **the widest suspension bridge in the world**, (iii) **the longest suspension bridge in the world whose deck features a railway line** and (iv) **the suspension bridge with the tallest "A"-shaped towers in the world** and that, (v) **once completed it will connect Europe to Asia.**

The project consists in a BOT contract for the construction and management of the Third Bosphorus Bridge and the Odayeri-Paşaköy section of the Northern Marmara Motorway. The BOT contract between the Turkish Ministry of Transport and JV Ictaş-Astaldi, responsible for the construction and management of the motorway, was signed in May 2013. The total value of the investment is approximately USD 2.5 billion (in which Astaldi has a 33.33% stake). The project involves the construction of approximately 95 kilometres of motorway, 27 kilometres of link roads, 67 kilometres of access roads for a total of approximately 190 kilometres of motorway links between the villages of Odayeri and Paşaköy. It also includes the construction of 64 viaducts, 2 double-tube motorway tunnels, 2 cut-and-cover railway tunnels, 45 underpasses, 53 overpasses, 214 minor hydraulic works, 20 intersections, 5 service areas and 2 maintenance centres. As already mentioned, it also includes the construction of a 1.4 km-long mixed suspension/cable-stayed bridge with pillarless spans between the districts of Poyrazköy and Garipçe in Istanbul linking the European and Asiatic banks. Construction activities related to this contract commenced in 2013. At the draft date of this report, the towers have reached a height of 304 metres and it is felt that the final height of 322 metres will be achieved once the architectural terminals are installed following the completion of works, in other words by 2016.

Turkey – Civil Construction

ETLIK HOSPITAL CAMPUS –ANKARA | Turkey

Customer: Turkish Ministry of Health operating in the capacity of Granting Authority.

Concessionaire: JV awarded the contract (Astaldi Group has a 51% stake).

Contractor – EPC Contract: EUR 870 million (Astaldi has a 51% stake).

Value of investment: USD 1.12 billion.

It must be recalled that financial closing for this project is still pending, hence it has not been included to date among Astaldi Group's backlog in progress. However, it has been considered appropriate to detail herein the progress made on this project during 2014 thanks to the preliminary activities started up and investments performed.

Commissioned by the Turkish Ministry of Health, the project consists in the design, construction and supply of electromedical equipment and furnishings, as well as the management under concession of a hospital complex boasting 3,566 beds split among 8 healthcare facilities and a hotel, for a total of 1,080,000 m^2. Studio Altieri, which has already worked with Astaldi on the concession project to build and manage Ospedale dell'Angelo in Mestre-Venice in Italy, will be responsible for design activities.

The project refers to the BOT contract for the construction and management of Etlik Hospital Campus. The total value of the investment amounts to approximately EUR 900 million which will be used to build the largest hospital complex in Europe. Some preliminary activities related to this project were started up in 2012. To date, an announcement by the Turkish High Planning Council with regard to the agreement entered into with the customer is pending.

Russia – Transport Infrastructures

WESTERN HIGH-SPEED DIAMETER, ST. PETERSBURG | Russia

Customer: NCH LLC.

Contractor: ICA Astaldi-IC Ictas WHSD Insaat A.S. (Astaldi has a 50% stake).

Amount: EUR 2.2 billion (Astaldi has a 50% stake).

The contract refers to the EPC contract to perform works to complete the St. Petersburg ring road, a work of strategic importance for the city's transport system. The project involves the design and performance of the most technically complex section of the motorway link (12 kilometres), which closes the ring road along the seafront. The planned duration of works is 36 months. Construction activities continued during 2014 with 40% of works completed as regards the cable-stayed bridge pylons and 90% of works as regards the viaduct piers. As for the steel superstructures, 75% of prefabrication activities were completed while approximately 45% of the required steel was transported on site. Assembly of all project sections commenced with 15% of final assembly works completed.

PULKOVO INTERNATIONAL AIRPORT, ST. PETERSBURG | Russia

Customer: Northern Capital Gateway (NCG).

Contractor: IC Ictas-Astaldi Insaat A.S. (Astaldi has a 50% stake).

Amount: EUR 710 million (Astaldi has a 50% stake).

The project refers to the EPC contract for the design, construction and commissioning of a first phase to develop Pulkovo International Airport in St. Petersburg. The works were commissioned by Northern Capital Gateway (NCG), an international consortium comprising, inter alia, the German company, Fraport (a leader in the airport management). Indeed, in 2009 NCG was awarded the thirty-year concession to develop, upgrade and manage the new airport as part of a broader PPP contract signed in 2009 between NCG and the Municipality of St. Petersburg.

As regards the Astaldi contract, works were mostly completed in 2014 and involved reconstruction and upgrading of the whole facility in order to increase its capacity to a maximum of 14 million passengers per year.

Romania – Transport Infrastructures

LINE 5, BUCHAREST UNDERGROUND | Romania

Customer: METROREX S.A., the operator of the Municipality of Bucharest's underground network under the control of Romania's Ministry of Transport and Infrastructures.

Contractor: Astaldi-FCC-Delta ACM-AB Construct Joint Venture (Astaldi has a 47.495% stake and is the leader).

Amount: EUR 226 million (Astaldi has a 47.495% stake).

The project refers to construction of Line 5 of the Bucharest underground for the Drumul Taberei-Pantelimon section, using the Design and Build formula. The project forms part of a wider programme to expand Bucharest's underground network, 85% of which is funded by the EIB (European Investment Bank) and 15% by the State. The project involves the design and performance of civil works related to a new underground line, along the section between Raul Doamnei and the Bucharest Opera House (Hasdeu), with 9 stations and 8 kilometres in total of tunnels dug using a TBM. 75% of the total excavation of tunnels using TBM-EPB technology had been completed at the end of 2014.

LINE 4, BUCHAREST UNDERGROUND | Romania

Customer: METROREX S.A., the operator of the Municipality of Bucharest's underground network under the control of Romania's Ministry of Transport and Infrastructures.

Contractor: Astaldi-Somet-Tiab-UTI Joint Venture (Astaldi has a 40% stake and is the leader).

Amount: EUR 164 million (direct + indirect share).

The contract involves the design and performance of structural works and plants of Line 4 of the Bucharest underground, along the Laminorului-Straulesti section measuring 1.7 kilometres with approximately two kilometres of tunnel to be dug using a TBM. The construction of 2 stations and a depot with an intermodal terminal is also envisaged. The planned duration is 30 months and activities commenced at the end of 2012. The start-up of tunnel excavation works using TBMs is scheduled as from the first half of 2015. Approximately 70% of the project is financed by European cohesion funding (Pos-T) and the remaining 30% by the local government.

NĂDLAC-ARAD MOTORWAY (LOT 1) | Romania

Customer: CNADNR - Romania's National Motorways and Roads Company.

Contractor: Astaldi-MaxBogl Joint Venture (Astaldi has a 50% stake and is leader).

Amount: EUR 56 million (Astaldi has a 50% stake).

The contract involves the design and performance of Lot 1 of the Nădlac-Arad motorway in Romania forming part of the Trans-European Corridor IV linking to Hungary. The project involves completion of construction of just over 22 kilometres of motorway, from Km 0+000 to Km 22+218, linking the city of Arad to the town of Nădlac. The planned duration of the works is 12 months and they commenced at the beginning of 2014. As regards this project, the section from 1+800 km to 22+218 km was consigned and opened to the public at the end of 2014. Completion of all the works is scheduled by the second quarter of 2015 following the customer's request to perform some additional works in the vicinity of the border with Hungary. 85% of the project is financed by European Cohesion Funds (Pos-T) and the remaining 15% by the Romanian government.

NĂDLAC-ARAD MOTORWAY (LOT 2) | Romania

Customer: CNADNR - Romania's National Motorways and Roads Company.

Contractor: Astaldi-MaxBogl Joint Venture (Astaldi has a 50% stake and is leader).

Amount: EUR 20 million

The contract involves the design and performance of works to complete Lot 2 of the Nădlac-Arad motorway which is a continuation of Lot 1, already under construction by ASTALDI. The section runs for 16 kilometres from 22+218 km to 38+882 km. The works are to be completed in 8 months and were started up in October 2014. A first section measuring approximately 6.5 km was consigned and opened to traffic in December 2014. 85% of the project is financed by European Cohesion Funds (Pos-T) and the remaining 15% by the Romanian government.

MIHAI BRAVU OVERPASS | Romania

Customer: PMB – Municipality of Bucharest.

Contractor: Astaldi–ASTALROM Joint Venture which Astaldi holds a 75% stake in.

Amount: approximately EUR 29 million.

The contract involves the construction of a section of the dual-carriageway Bucharest Bypass comprising an arched bridge with a 103-metre span, a 12-span viaduct, access ramps and the underlying road and tramline works, for a total length of approximately 750 metres. The works are to be completed in 15 months and were started up in October 2014.

Poland – Transport Infrastructures

ŁÓDŹ RAILWAY PROJECT AND ŁÓDŹ FABRYCZNA STATION | Poland

Customer: PKP and PKP PLK, Poland's railways, and the Municipality of Łódź.

Contractor: Torpol-Astaldi-PBDiM-Intercor (Astaldi has a 40% stake).

Amount: equivalent of EUR 340 million (Astaldi has a 40% stake).

The project refers to the design and performance of all works connected to upgrading of the section of railway from Łódź Widzew to Łódź Fabryczna, with construction of the passengers building and underground station of Łódź Fabryczna (4 platforms, 8 tracks), a double-track, double-tube tunnel (1.5 kilometres) and the systems and permanent way of the whole section, as well as an underground car park and multi-modal interchange junction at Fabryczna railway station. Completion of the works is scheduled by the end of 2015. The project forms part of the Infrastructure and Environment Operating Programme, funded by EU Cohesion Funds, and is of great importance for both the national railway system (it will be the first work already boasting high-speed standards) and for the city of Łódź (Poland's number-two city for its number of inhabitants). Structural works related to the station and tunnel were largely completed in 2014 and plant engineering works (civil and system) and architectural finishing works are currently in progress.

LINE 2, WARSAW UNDERGROUND | Poland

Customer: Municipality of Warsaw.

Contractor: Astaldi-Gulermark-PBDiM Joint Venture (Astaldi has a 45% stake and is leader).

Amount: equivalent of EUR 800 million (Astaldi has a 45% stake).

The project involves the construction of a central section of Line 2 of the Warsaw underground between Rondo Daszynskiego and Dworzec Wilenski. The project forms part of the Infrastructure and Environment Operating Programme, the most important project planned in Poland in relation to the national development policy funded by the EU. The project involves the design and construction of approximately 6 kilometres of new line with 7 stations, 6 ventilation shafts and 3 buildings for train deposit and shunting. The route will run mainly underground and also include passage under the River Vistula. 4 TBMs with a 6.3 metre diameter were used to dig the tunnel sections. As regards this project, it must be noted that works were completed in September 2014 and the section is started to become commercially operational as at the draft date of this report.

KRAKOW-BALICE RAILWAY LINE | Poland

Customer: PKP Polskie Linie Kolejowe S.A. (Poland's railways).

Contractor: Astaldi.

Amount: EUR 50 million.

The contract refers to works to construct the railway link between Krakow Central Station and John Paul II International Airport Krakow-Balice, with the latter already being extended and upgraded by Astaldi. The project is of strategic importance for Krakow's communications system and is aimed at ensuring an efficient, good-value alternative to road links between the airport (constantly expanding as regards passenger traffic) and the city centre. Moreover, the construction of new interim stops will also make the railway line useful for internal links within the city, especially in the university area. Works will be completed during the second half of 2015 and all the new track flanking the existing one had been completed at the draft date of this report. Approximately 45% of production had been completed at 31 December 2014.

JOHN PAUL II INTERNATIONAL AIRPORT KRAKOW-BALICE | Poland

Customer: Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o., a state-controlled company responsible for developing and managing the airport.

Contractor: Astaldi.

Amount: EUR 72 million.

The project involves extension and upgrading of the airport. Specifically, it will involve rebuilding of the international passenger terminal, installation of external plants and construction of links with the multi-storey car park and railway station, as well as construction and upgrading of the internal transport system. Upon completion of the works, the new facility will occupy an indoor surface area of 26,000 m^2, for a volume of 424,000 m^3 and the airport will be able to serve 8,000,000 passengers per year, guaranteeing a Level C service according to IATA standards. The works will be performed in operational phases so as to allow the existing terminal to continue operating as usual. Said terminal shall be renovated from an architectural and plant engineering viewpoint to fit with the new building. Completion of works is scheduled for 2015 and works to construct the new terminal are at an advanced stage. Once the new terminal is put into operation, renovation and functional upgrading of the terminal currently in use will be performed.

S-8 WROCLAW-BIALYSTOK EXPRESSWAY, WISNIEWO-MEZENIN LOT | Poland

Customer: GDDKiA (National Roads and Motorways Directorate General).

Contractor: Astaldi.

Amount: Equivalent of EUR 84 million.

The project involves the construction of approximately 15 kilometres of dual carriageway expressway with two lanes in each direction. The lot in question forms part of the road linking Warsaw and Bialystok, much used by freight traffic in the direction of Eastern Europe (especially Belarus). The works are set to be completed by December 2016. Site preparation works were completed at the end of 2014 and earth movement works commenced together with construction of foundations for civil engineering structures.

S-8 WROCLAW-BIALYSTOK EXPRESSWAY, MEZENIN-JEZEWO LOT | Poland

Customer: GDDKiA (National Roads and Motorways Directorate General).

Contractor: Astaldi.

Amount: equivalent of EUR 86 million.

The contract involves the construction of approximately 15 kilometres of expressway in the lot adjacent to the project acquired by Astaldi in August 2014 on the Warsaw-Bialystok section. Also in this case, the construction of a dual carriageway is planned with two lanes in each direction. The contract was signed in December 2014 and works prior to the start-up of construction activities had been started up as at the draft date of this report.

S-5 WROCLAW-POZNAN EXPRESSWAY, KORZENSKO-WIDAWA SECTION LOT 3 | Poland

Customer: GDDKiA (National Roads and Motorways Directorate General).

Contractor: Astaldi.

Amount: equivalent of EUR 116 million.

The contract, signed in September 2014, involves the design and construction of approximately 19 kilometres of dual carriageway expressway with two lanes in each direction, 2 road junctions and expansion of an existing junction, as well as ancillary works (service roads, upgrading of local road network, etc.). Design activities were started up during 2014 as well as some production activities for which authorisation had already been obtained (removal of subservices, land reclamation).

S8 WROCLAW-BIALYSTOK EXPRESSWAY, MARKI-RADZYMIN SOUTH LOT | Poland

Customer: GDDKiA (National Roads and Motorways Directorate General).

Contractor: Astaldi–PBDiM Joint Venture (Astaldi is the leader with a 90% stake)

Amount: equivalent of EUR 79 million (Astaldi has a 90% stake).

The contract involves the design and construction of approximately 7 kilometres of the S-8 expressway with three lanes in each direction, which will serve to bypass Marki (Warsaw) in order to speed up incoming and outgoing traffic from the city on the road towards Bialystok. Once the new section of road has been completed, upgrading of the current route is also planned. The contract was signed in November 2014 and design activities had been started up as at the draft date of this report.

Poland – Energy Production Plants

WASTE-TO-ENERGY PLANT, BYDGOSZCZ-TORUN | Poland

Customer: Międzygminny Kompleks Unieszkodliwiania Odpadów ProNatura Sp., a company set up by the Municipality of Bydgoszcz to manage urban waste.

Contractor: Astaldi-Termomeccanica Ecologia Joint Venture (Astaldi has a 51% stake and is leader).

Amount: EUR 95 million (Astaldi has a 51% stake).

The project involves the construction of a plant that produces energy through the transformation of urban solid waste. The contract involves the design and performance of the plant's civil and electromechanical works comprising two incineration facilities with a total nominal potential of 180,000 tons/year of processed waste. The plant will allow for the salvage, conversion and conveyance of electricity and heat for district heating to be included in the municipal network serving the cities of Bydgoszcz and Torun. The plant will function continuously, 24 hours a day, 7 days a week, for a minimum of 7,800 hours/year. The project also involves the construction of a waste acceptance unit and a compost production unit. The project forms part of a wider programme funded by the European Union for the construction of plants producing energy through waste conversion. The main civil works were completed during 2014 and the assembly of electromechanical parts such as turbines, boiler, etc. is at an advanced state. At the present time, this plant is the one with the most advanced state of progress compared to four other similar projects started up in Poland at the same time. Completion of works is scheduled for the end of 2015 and will be followed by the start-up phase.

The Maghreb

Algeria is one of the long-standing choices for Astaldi Group's international activities. Indeed, it has operated there since the 1990s, mainly in transport infrastructures (roads, motorways, railways) and hydroelectric and energy production plants (aqueducts, dams). At the present time, the Group is also showing an interest in the civil construction segment where commercial opportunities may arise from the major development plans approved by the local government with regard to the country's urban organisation and infrastructures. Algeria accounted for 6% of Astaldi Group's operating revenue at 31 December 2014 and represents 3% of its order backlog in progress.

Algeria – Transport Infrastructures

SAIDA-TIARET RAILWAY LINE | Algeria

Customer: Algeria's Transport Ministry through *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF).

Contractor: Groupement Astaldi-Cosider TP (Astaldi has a 60% stake).

Amount: EUR 417 million (Astaldi has a 60% stake).

The contract refers to the design and construction of a new railway line from Saida to Tiaret. The project involves the construction of 153 kilometres of single-track railway line featuring 45 railway bridges and viaducts, 35 road overpasses as well as 4 main stations (2 of which will be passenger stations while the other 2 will serve as a freight village and maintenance depot) and 9 interchange stations. The contract also includes the installation of signalling, telecommunications and energy-related systems. The route, which will run along the "*Rocade des Hauts Plateaux*" to link up with the Bechar-Mecheria–Oran line, is the natural continuation of the railway line linking Saida and Moulay-Slissen which is already under construction by Astaldi. Works commenced in January 2011, with a total duration of 36 months. In 2014, the project experienced a standstill of approximately 3 months pending approval of a change which, inter alia, extended the contractual timeframe to February 2015.

SAIDA-MOULAY SLISSEN RAILWAY LINE | Algeria

Customer: Algeria's Transport Ministry through *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF).

Contractor: Astaldi.

Amount: EUR 730 million.

The project refers to construction of a railway line along the Saida-Moulay Slissen section. The project is included in Algeria's national plan to create an integrated infrastructure network and forms part of the "*Rocade des Hauts Plateaux*", which stretches from East to West in the northern part of the country's high ground. The project consists in the design and construction of a new single-track railway line, not electrified but able to include a second track. The route stretches over approximately 120 kilometres and includes, inter alia, 19 viaducts, 17 overpasses, 33 underpasses, 4 passenger stations and 1 freight station. The contract also provides for the installation of signalling, telecommunications and energy systems. Works got underway during the third quarter of 2008. A project change was notified in 2014 which, inter alia, extended the contract timeframe to January 2015. An additional contract extension through to March 2016 is expected following a second project change signed by Astaldi, already forwarded to the customer.

Middle East

Saudi Arabia – Industrial Plants

JUBAIL INDUSTRIAL PLANT (JUBAIL EXPORT REFINERY PROJECT) | Saudi Arabia

Customer: TECHNIP.

Contractor: Astaldi Arabia Ltd. (100% Astaldi).

Amount: USD 85 million.

International arbitration proceedings were started up by Astaldi Arabia Ltd. for this project in May 2012 in order to obtain the acknowledgement of higher charges and costs incurred during performance of the works provided for in the contract because of circumstances which the company was not responsible for. In this regard, Astaldi Arabia requested the sum of USD 50 million for damages incurred during the performance of works. In response to this request, the customer submitted a counterclaim for the sum of approximately USD 12 million in relation to the alleged delay in the completion of works. Considering the problems encountered in trying to obtain inspection of works from the customer prior to termination of the arbitration proceedings, with the result being an inevitable dragging out of the time needed to release bank guarantees and close final accounts, it was considered a good idea to reach an out-of-court settlement with the customer in May 2014 in favour of Astaldi. Under said settlement, the customer paid a total of USD 15 million, issued the works inspection certificate and returned all the guarantees furnished. Therefore, the arbitration proceedings were definitively annulled.

Latin America

Astaldi Group's presence in Latin America refers mainly to the more recently-joined markets such as Chile and Peru, as well as markets where traditionally present such as Venezuela and Central America. The reference segments are Transport Infrastructures, Energy Production Plants and Mining Infrastructures where the Group operates in the capacity of EPC Contractor as well as Concessionaire. The area as a whole accounted for 12.8% of Astaldi Group's operating revenue at 31 December 2014 and represented 11% of its order backlog in progress.

Peru – Hydroelectric and Energy Production Plants

CERRO DEL ÁGUILA HYDROELECTRIC PROJECT | Peru

Customer: KALLPA Generación S.A., one of Peru's leading electricity generators.

Contractor: Consorcio Cerro del Águila (Astaldi has a 50% stake and is leader).

Amount: USD 670 million (Astaldi has a 50% stake).

The contract involves the performance of civil and electromechanical works related to Cerro del Águila hydroelectric plant in Peru, using the EPC formula. The project consists in the design and construction of a hydroelectric plant with a nominal power of 510 MW, making use of water provided by the Mantaro river. Construction of this plant will involve, inter alia, the construction of 70 km of access roads, a weir consisting in a gravity dam of 340,000 m^3 of concrete, a tunnel measuring 6 kilometres with a 100 m^2 section, a 140 metre-tall charge basin, the underground hydroelectric plant and a outlet tunnel measuring approximately 5 kilometres. The contract also provides for the supply and installation of three Francis turbines. The project was acquired during 2011 and site preparation activities were started up during the same year. The works are expected to be completed over 51 months. Lastly, it must be noted that a request was submitted in 2014 for the acknowledgement of additional costs incurred for higher production costs, as well as for a six-month extension of performance times. Negotiations with the customer are still underway.

SANTA TERESA HYDROELECTRIC PROJECT | Peru

Customer: Luz del Sur, one of Peru's leading electricity distributors.

Contractor: Astaldi-Grana y Montero (Astaldi has a 40% stake).

Amount: USD 100 million (Astaldi has a 40% stake).

The contract refers to civil works for construction of the Santa Teresa underground hydroelectric plant in the Machu Picchu region of Peru. On the whole this entailed the construction of a hydroelectric plant with a nominal power of 98

MW, making use of water provided by the Urubamba river, waters that are already "turbined" by the Machu Picchu plant currently in operation. It also involved the construction of an underground water catchment facility, a series of tunnels to access the plant and the main tunnel, a headrace tunnel and a supply shaft for the underground plant. As regards this project, works were completed in 2014. Recently the customer requested additional works to reinforce the supply shaft which are currently in progress and are expected to be completed during the first half of 2015.

LOMAS DE ILO IRRIGATION PROJECT | Peru

Customer: Regional government of Moquegua.

Contractor: Astaldi-Obrainsa (Astaldi has a 51% stake)

Amount: USD 30 million (Astaldi has a 51% stake).

The contract involves the construction of 63 kilometres of pipes for the supply of water for irrigation use and 18 kilometres of distribution pipes in the southern region of Moquegua. The project also involves the movement of 2,000,000 m^3 of earth and forms part of a larger plan to develop the whole region which is otherwise penalised by the arid climate. The project was acquired at the end of 2013 and works were virtually completed during the year. Some changes of minor importance are currently being defined and will be performed during the first quarter of 2015.

Chile – Industrial plants

CHUQUICAMATA MINING PROJECT – CONTRACT 1 | Chile

Customer: CODELCO (Corporación Nacional del Cobre de Chile), the state-owned company that is currently the leading copper producer in the world.

Contractor: Astaldi.

Amount: USD 165 million.

The project forms part of a larger project aimed at transforming the world's largest open-air mine into an underground mine. It consists in construction of the access tunnel to the new underground system to access copper deposits (7.5 km) and a tunnel to transport copper extracted externally (6.2 km), as well as tunnels to link the two aforementioned ones, and ventilation and emergency shafts for a total length of 3.5 km. This project is technically difficult given the gradient (between 8% and 15%, downhill) of the two tunnels to be built. Works progressed on various fronts during 2014 for a total of 3.9 kilometres, of which 1.5 km for the access tunnel and 1.5 kilometres for the transport tunnel. Moreover, progress of approximately 942 metres was achieved during the year with regard to the project's other tunnels (emergency tunnels, etc.), as well as 642 metres in excavation of the vertical ventilation and emergency shafts.

CHUQUICAMATA MINING PROJECT – CONTRACT 2 | Chile

Customer: CODELCO (Corporación Nacional del Cobre de Chile), the state-owned company that is currently the leading copper producer in the world.

Contractor: Astaldi.

Amount: EUR 117 million.

The project involves the performance works forming a second lot of the Chuquicamata Mining Project for which Astaldi is already performing Contract 1 as detailed above. The project involves the construction of 11 kilometres of tunnels as well as additional works related to the existing mining complex. The planned duration of works is 26 months and activities commenced during 2013 (the year the contract was awarded). Total progress on the various work fronts amounted to 4.6 kilometres during 2014.

Venezuela – Transport infrastructures

PUERTO CABELLO - LA ENCRUCIJADA RAILWAY LINE | Venezuela

Customer: I.F.E. (*Instituto de Ferrocarriles del Estado*), an independent organisation responsible for managing railway transport infrastructures in Venezuela.

Contractor: Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles (Astaldi has a 33.33% stake).

Contract base value: EUR 3.3 billion (Astaldi has a 33.33% stake).

The project involves the construction, using the EPC formula, of a double-track railway line running along the Puerto Cabello-La Encrucijada section for approximately 128 kilometres, with 33 km of tunnels, 23 km of viaducts and 10 stations. Performance of the project will make it possible to link the line under construction with Puerto Cabello port and will guarantee Valencia, one of the country's main cities, access to the sea that is all-important for trade. The project fits into the Economic, Industrial, Infrastructure and Development Cooperation Agreement signed by the Italian and Venezuelan governments in February 2001, and ratified in subsequent agreements, the most recent in May 2010. The works Astaldi is responsible for are split into two lots, one situated in the mountains and one in the plains. Activities were rescheduled during 2014 in agreement with the customer, reducing the progress of works under construction to the plain lot only. The option for signalling system installation on the whole line under construction was taken up in accordance with agreements reached. Due to the specific economic and socio-political situation the country is experiencing, it must be recalled that this contract's production level has been limited and decidedly lower than the project's actual potential as from 2012. Even if the customer recommenced payment during 2104, the country's socio-economic development will be closely monitored prior to returning to a normal level of activity. Please refer to the section herein entitled "Main risks and uncertainties" for a complete overview of receipts and payments.

SAN JUAN DE LOS MORROS - SAN FERNANDO DE APURE RAILWAY LINE | Venezuela

Customer: I.F.E. (*Instituto de Ferrocarriles del Estado*), an independent organisation responsible for managing railway transport infrastructures in Venezuela.

Contractor: Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles (Astaldi has a 33.33% stake).

Contract base value: EUR 1.26 billion (Astaldi has a 33.33% stake).

The contract provides for construction of 252 kilometres of new railway line with 17 kilometres of tunnels and 6.3 kilometres of viaducts, 7 stations and 3 maintenance areas. Design and installation of the railway superstructure are also planned. The project is developed under the aegis of the same Italo-Venezuelan intergovernmental agreements signed for the Puerto Cabello-La Encrucijada railway line. Activities were rescheduled during 2014 in agreement with the customer, reducing production on works under construction. It must also be noted that at the draft date of this report, it was considered opportune to bring contract production activities to a virtual standstill pending relative financing and given the customer's lack of resources allocated to the project in its budget.

CHAGUARAMAS – CABRUTA RAILWAY LINE | Venezuela

Customer: I.F.E. (*Instituto de Ferrocarriles del Estado*), an independent organisation responsible for managing railway transport infrastructures in Venezuela.

Contractor: Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles (Astaldi has a 33.33% stake).

Contract base value: EUR 591 million (Astaldi has a 33.33% stake).

The contract involves the construction of 201 kilometres of a new railway line, with 6 stations and a maintenance area, as well as the design and installation of superstructure. The area involved in the project is characterised by logistic difficulties (distance from residential areas) and technical difficulties (performance of works in areas subject to flooding). Activities were rescheduled during 2014 in agreement with the customer, reducing production on works under construction. It must also be noted that at the draft date of this report, it was considered opportune to bring contract production activities to a virtual standstill pending relative financing.

Central America – Transport Infrastructures

Central America is a long-standing choice for the Group's operations and it is active in this area mainly in the transport infrastructures segment (roads). At the present time the Group is involved in works in Honduras and El Salvador. Even if the contracts in progress in this area do not involve any especially complex construction activities, these countries succeed in guaranteeing a satisfactory flow of new orders on an annual basis, able to repay the investment made. As regards 2014, new orders related to Central America totalled EUR 39 million. The new projects include the El Cajon hydroelectric project (approximately EUR 26 million in Honduras) and Marpaisillo Road (EUR 11 million for the upgrading of a road in Nicaragua).

North America

Astaldi Group has been present in the USA for over 20 years, operating mainly in the Transport Infrastructures segment (roads, motorways, bridges and viaducts). All the activities in the USA are managed through Astaldi Construction Corporation, a US-regulated, 100%-owned company of Astaldi S.p.A. More recently, it decided to enter the Canadian market where it has already recorded considerable commercial success in the Energy Production Plants segment (Muskrat Falls hydroelectric project) and is working on some projects in the Civil Construction segment. The Group operates in Canada through its subsidiaries Astaldi Canada Inc. (100% owned by Astaldi S.p.A.) and T.E.Q., a Canadian company working in the construction and project management segment, acquired in 2012.

Canada – Energy Production Plants

MUSKRAT FALLS HYDROELECTRIC PROJECT | Canada

Customer: Muskrat Falls Corp., an SPV owned by Nalcor Energy.

Contractor: Astaldi Canada Inc. (100% Astaldi).

Contract value: CAD 1 billion, equivalent to EUR 760 million.

The contract involves the performance of civil works related to an 820MW hydroelectric plant on the Lower Churchill River (Newfoundland and Labrador, NL). The contract involves construction of the plant and performance of the related water intake and discharge facilities and forms part of a larger investment project that also involves the construction of two dams. The duration of works is four years and works commenced at the end of 2013. The project has been commissioned by Nalcor Energy, a Canadian company for the development, transmission and supply of energy in Newfoundland and Labrador. The main activities performed during 2014 were: (i) completion of mobilisation, started up at the end of the previous year; (ii) 95% of all site installations; (iii) finalisation of design and testing of concrete mixes; (iv) foundations and assembly of ICS (Integrated Cover System to guarantee the continuation of activities event at low temperatures) on Units 1 and 2; (v) rock clearing in the spillway area; (vi) construction of the spillway base and part of the piers. Construction works also commenced on two of the three dams envisaged in the project (South Dam and Central Dam).Works for the intake facility also started in Units 1 and 3, as well as the first works involving the machinery facility's foundations.

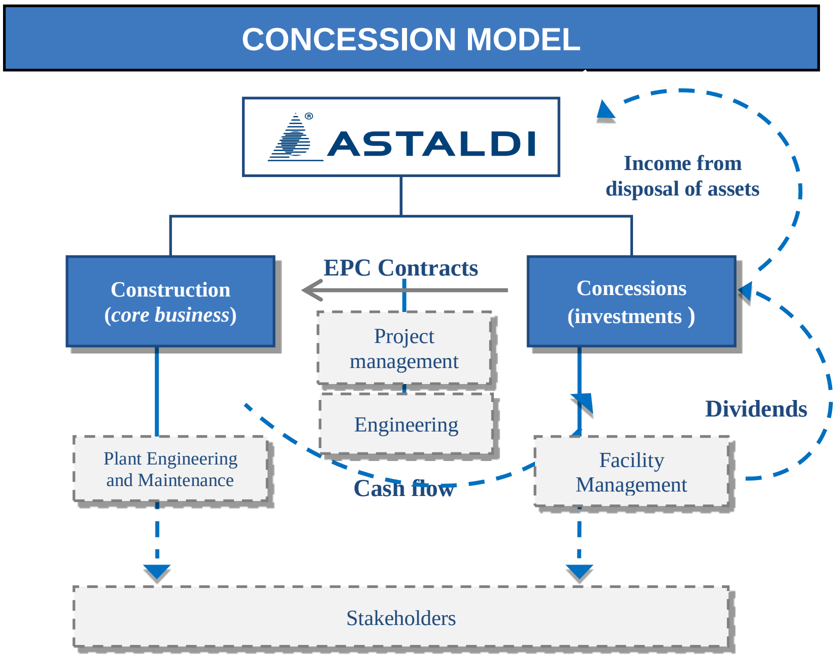
Concession projects

Astaldi Group operates in the concessions sector mainly through its investee Astaldi Concessioni (Astaldi owns 100%). This company is **able to generate synergies with the Group's Construction sector and to make use of integrated know-how**, both with regard to identifying, developing and investing in infrastructures and to structured finance, risk management, project lifecycle optimisation and operational management.

The strategic approach is based on improving an integrated Construction-Concessions development model where **Construction maintains its key role,** but **Concessions are given the role of acting as a natural flywheel for Construction**, especially in situations where resources are lacking with regard to actual infrastructure requirements. The result is significant benefits linked to the fact that integrating the two sectors:

– **improves the integrated offer capacity**, guaranteeing access to markets with more reduced competitiveness and hence less price pressure;
– **consolidates the development of specific management know-how**;
– **generates economies of scale and optimises operating margins**, helped by production phase which focuses on design solutions that optimise operating flows given that it already benefits from integrated Construction-Concessions expertise during the design stage;
– **increases order backlog quality,** including, in this way, orders with increasing margins;
– **offers the opportunity to convert investments made into cash** by disposing of assets considered mature within the contract management cycle, with benefits in terms of cash flow too.

Please find below a diagram detailing the flows generated within the integrated model.



PROJECT LIFECYCLE AND ASSET VALORISATION >> In recent years, the Concession project backlog has basically changed its nature and quality, going from projects almost exclusively in the commercial development/construction phase, and hence more risky, to projects that have past the launch phase and hence the re-financing stage, with a consequent increase in their financial value. This process has also ensured consolidation of a significant package of specialist skills and know-how within the Group and helped reduce the risk related to individual projects, making them more attractive with a view to future partnerships/disposals with Investment Funds. Indeed, it must be recalled that a project aimed at valorising concession assets is currently in progress. In November 2014, in relation to decisions taken when approving the 2013-2018 Business Plan, Astaldi's Board of Directors examined the findings of a preliminary study for the structuring of an operation to valorise concession assets (current and future). This involves the management of said assets using an asset rotation logic, through operations to divest or valorise existing projects and investments in new projects, including in relation to the development and expansion of concession activities Given that the study's preliminary findings were considered satisfactory, the Board of Directors granted the Chairman and Chief Executive Officers the powers to go ahead with valorisation at the best market conditions, including through the setting-up of a specific investment vehicle. The terms of this operation are expected to be submitted for approval by the Board of Directors in 2015.

PROJECTS IN PROGRESS BACKLOG >> At the draft date of this report, the concession projects Astaldi Group (including through its subsidiary Astaldi Concessioni) is involved in various ways consist in involvement in projects in Italy, Turkey and Chile, linked with the following segments:

- **Healthcare Construction –** 6 hospitals, for a total of 6,703 hospital beds and 6,192 parking spaces,
- **Transport Infrastructures (Undergrounds, Motorways, Airports) –** 899 kilometres of motorway, 40 kilometres of underground, 2 airports with transport technical capacity of up to 30 million passengers/year,
- **Car parks –** 5 car parks, for a total of 3,675 parking spaces (95% of which were disposed of in 2014),
- **Energy Production Plants –** 1 111MW hydroelectric plant and production capacity of 557Gw/year,
- **Mining Infrastructures –** 1 plant to recover copper (4,000 tonnes/year) and molybdenum (85 tonnes/year).

Please find below a table summarising the information provided.

Concessions Investments

Sector: Transport	Sector: Energy and Mining	Sector: Healthcare
Country: Italy, Turkey	Country: Chile	Country: Italy, Turkey, Chile
Motorways • Total of 899 km of motorway *of which, under management:* • Total of 180+ km of motorway Undergrounds • Total of 40 km *of which, under management:* • 6 km • 9 stations for a total of 48k pax/day Airports • 2 airport, with a max. capacity of 30 million pax/year	Energy – *under management* • 1 hydroelectric plant • 557 Gwh/year of generated capacity • 111 MW of installed power Mining – *under management* • 1 mining plant • 4,000 copper and 85 molybdenum tonnes/year of recovery capacity	Healthcare • 6,703 hospital beds • 6,192 parking spaces *of which, under management:* • 2,300 hospital beds • 4,600+ parking spaces

At the draft date of this report, Concessions in progress include:

- **Projects under management**, such as the 5 car parks, 95% of which were disposed of in July 2014, a section of Line 5 of the Milan underground, three hospitals in Tuscany, Ospedale dell'Angelo in Venice-Mestre and the Brescia-Padua motorway in Italy, Milas-Bodrum International Airport in Turkey, Chacayes hydroelectric plant and Relaves mining plant in Chile;
- **Projects under construction**, such as Phases 1 and 2-A of the Gebze-Izmir motorway and the Third Bosphorus Bridge in Turkey, a second section of Line 5 and Line 4 of the Milan underground and Ospedale delle Apuane in Massa-Carrara, Tuscany, in Italy;
- **Projects to be funded**, such as the Etlik Hospital Campus in Ankara and Phase 2-B of the Gebze-Izmir motorway in Turkey, the Ancona Port motorway link, the Medio Padana Veneta Nogara-Mare Adriatico regional motorway in Italy, and the Western Metropolitan Hospital and Arturo Merino Benítez International Airport in Santiago, Chile.

The concessions of interest for the Company generally consist in BOT projects characterised by (i) an initial construction phase during which the Group operates as an EPC Contractor and service provider, (ii) a subsequent management phase following construction and, on average, for a lengthy period of time, (iii) a last phase of transfer of the infrastructure to the Granting Authority at the end of the management period.

Concessions contribute to the Group's results in the form of profits or revenue from the management of typical services of the segments the individual projects refer to (motorway charges, parking fees, etc.). The investment model implemented to date in the sector sees a prevalence of projects with public funding and/or with forms of guaranteed minimums paid by the Granting Authority. Concession activities are generally performed through an SPV in which the Group holds minority interests. Exceptions are the Milas-Bodrum International Airport in Turkey and Relaves Mining Plant in Chile as regards concessions under management, and the Western Metropolitan Hospital in Santiago de Chile as regards projects to be funded. The result is that, in compliance with consolidation standards applied, the contribution of the revenue of said SPVs to consolidated accounts is not recorded at a turnover level, but among "Effects of equity accounting". At 31 December 2014, Concessions contributed to Astaldi Group's Consolidated Income Statements with (i) EUR 24 million of revenue, equal to approximately 1% of the Group's total revenue and (ii) EUR 30 million of equity accounting of projects with minority investments. At the same date, Concessions accounted for 43% of the order backlog in progress.

It is also important to consider that the structured finance of concession initiatives implies a commitment on Astaldi Group's part in terms of equity/semi-equity (meaning subordinate loans of SPV shareholders). The equity and semi-equity paid in relation to projects in progress totalled EUR 507 million at 31 December 2014, of which (i) EUR 379 million referring to finalised acquisitions, hence already included among the backlog in relation to relevant stakes, (ii) and EUR 128 million related to projects for which financial closing is pending and hence not included among the backlog in progress, but among the potential backlog. Moreover, the effects of the Group's equity investment in Autostrada Brescia Verona Vicenza Padova S.p.A. have not been included among the backlog. The project refers to the sole brownfield project Astaldi Group has invested in to date and it is felt that it may represent an interesting opportunity to access new additional projects in the motorway concessions segment. For more details regarding each specific project, please refer to the information provided below on the individual concessionaire companies.

Please find below a brief description of the individual projects in progress with the results achieved during the year by the relative SPV where possible. For projects under construction to date, please refer also to the section "Main projects in progress" contained herein.

Equity investments – Italy

VENETA SANITARIA FINANZA DI PROGETTO S.P.A. | Italy – 680 hospital beds, 1,240 parking spaces

Infrastructure: Ospedale dell'Angelo in Venice-Mestre.

Project status: Under management.

Veneta Sanitaria Finanza di Progetto S.p.A. is the SPV responsible for construction and management of Ospedale dell'Angelo in Mestre-Venice, Italy. The hospital has 680 beds and 1,240 parking spaces and occupies a surface area of

127,000 m^2 (plus another 5,000 m^2 for the Eye Bank). The hospital has been operational since 2008, and management activities will be performed until 2032. As regards this project, Astaldi Group holds a 37% stake, 6% of which is held by Astaldi Concessioni (Astaldi owns 100%). It must be noted that during 2014, after raising objections with regard to some fees due to the Concessionaire, the Granting Authority (Local Health Authority U.L.S.S. 12 Veneziana), unilaterally cut the fees agreed on for management of the testing laboratory. In this regard Veneta Sanitaria Finanza di Progetto decided to start up arbitration proceedings as provided for in the contract. Given the impossibility of reaching an out-of-court settlement with the Granting Authority with regard to the studies it formulated with regard to activities performed during the construction phase and the perimeter of activities under management as well as the procedures for performance and payment of said activities, Veneta Sanitaria Finanza di Progetto started up arbitration proceedings in August 2014. The Board of Arbitrators was formed in October 2014. The lending banks failed to authorise distribution of profit during 2014 as a result of the dispute pending with the Granting Authority, and hence any profit was carried forward.

Despite the above, management of the hospital and commercial services the Concessionaire is responsible for went ahead as normal during 2014, in full compliance with the concession contract specifications.

A4 HOLDING S.P.A. | Italy – 193 kilometres of motorway

Infrastructure: Brescia-Verona-Vicenza-Padua Motorway.
Project status: Under management.

A4 Holding S.p.A., through its investee Autostrada Brescia-Verona-Vicenza-Padova S.p.A., is the concession holder for the Brescia-Padua section of the A4 motorway and the Vicenza-Piovene Rocchette section of the A31 Valdastico-Vicenza motorway. This concession, executed with the granting authority, ANAS, is regulated by the Single Agreement of 2007 and expires on 31.12.2026. A4 Holding Group operates mainly in the North-East of Italy.

As regards this project, Astaldi Concessioni (Astaldi owns 100%) – through Re.Consult Infrastrutture S.p.A. (a company which merged with AI2, an Astaldi Group subsidiary, with effect as from 1 January 2014) – is the holder of a 14.29% stake in A4 Holding S.p.A. Its entry into A4 Holding S.p.A., as from 2011 on the basis of several acquisitions made as a result of invitations to bid put out by the Municipalities of Milan and Brescia, is of strategic importance insofar as it allowed the Group to enter the motorway transport segment. It is felt that this segment can guarantee significant synergies between the construction and concessions sectors. As regards 2014, A4 Holding recorded an increase in net profit compared to forecasts mainly as a result of the greater revenue recorded for the motorway segment. Indeed the year's figures show an increase in revenue and earnings for the Brescia-Padua motorway as a result of:

- higher traffic flows than forecast (1.22% average total increase of traffic in terms of actual vehicles, 1.37% of which for lightweight vehicles and 0.72% for heavy vehicles), showing an upturn in movements on the motorway network following the slowdown experienced as a result of the country's economic situation;
- acknowledged increases in charges of 1.44% on unit toll charges by the kilometre, in force since 1 January 2014, in compliance with Article 15 of the 2007 Single Agreement.

The prospects of a good management trend for this project continue to hold true, and the first small signs of an upturn in the local economy (and hence in traffic volumes) is also expected as from 2014, and were partially confirmed during the first part of 2015.

SAT S.p.A. | Italy – 4 hospitals, 1,510 hospital beds

Infrastructure: Four Tuscan Hospitals.
Project status: Hospitals in Lucca, Prato and Pistoia, under management. Hospital in Massa-Carrara under construction.

The contract forms part of the project finance initiative for the construction and subsequent management of four hospitals in Tuscany: Ospedale San Luca in Lucca, Ospedale delle Apuane in Massa-Carrara, Nuovo Ospedale di Prato (Prato), Ospedale San Jacopo in Pistoia. The new facilities occupy a total surface area of 200,000 m^2 for a total of 2,019 hospital beds (68 for day hospital patients, 72 for short-term observation patients, 134 for dialysis patients, 103 cots), 49 operating theatres and 4,450 parking spaces.

The concession has a duration of 25 years and 8 months, 3 years and 2 months of which for design and construction activities and 19 years for management of the plants and works performed, as well as non-healthcare services. The project concessionaire is SA.T S.p.A., an SPV which Astaldi Group holds a 35% stake in, that awarded the management services to GESAT S.c.a.r.l. (Astaldi Group has a 35% stake). The operation provides for public funding during construction and for payment by the granting authority of charges for the provision of non-healthcare services (with a guaranteed minimum for variable-charge services) during the management phase. The agreement also includes the right of exclusive use of commercial services. As per the financing agreement executed in August 2012, the transaction is structured on the basis of non-recourse financing of approximately EUR 133 million, with 21/79 financial leverage which entails a contribution of own resources (share capital + subordinate loan) of approximately EUR 38 million. Total public funding amounts to approximately EUR 263 million excluding VAT, (EUR 253 million to be paid on the basis of progress of works and a final amount of EUR 10 million upon testing and inspection). The total investment is approximately EUR 415 million (excluding VAT and financial charges). A loan agreement of EUR 174 million was also signed for this project – executed between SAT and a pool of international banks (Banco Bilbao Vizcaya Argentaria SA, Centro Banca, Credit Agricole Corporate and Investment Bank, Dexia Crediop and Unicredit). Said loan provides for a base facility of EUR 133 million, a bridge facility for the funding upon inspection of approximately EUR 10 million, EUR 18 million to cover VAT, a stand-by facility on public funding of approximately EUR 3 million, and a facility for unforeseen costs for approximately EUR 10 million. As regards management activities, annual concession revenue of EUR 58.8 million are forecast, of which EUR 25.8 million for fixed-charge services (works and plant maintenance, cleaning, automated transport, maintenance of green areas), EUR 29.1 million of guaranteed minimum for variable-charge services (catering services for patients and employees, laundry and clothing management, surgical instrument sterilisation, waste disposal, private medical services provided inside public facilities), and EUR 3.8 million for commercial services (visitor car parks, bars, bank, vending machines, newsstand/bookshop, etc.). Fixed charges and guaranteed minimum fees amount to approximately 93% of forecast revenue. At the draft date of this report, Ospedale San Jacopo in Pistoia (466 hospital beds, operational since July 2013), Nuovo Ospedale di Prato in Prato (635 hospital beds, operational since September

2013), and Ospedale San Luca in Lucca (492 hospital beds, opened to the public in May 2014) have been completed and are now under management. Ospedale delle Apuane in Massa-Carrara is currently nearing completion which is expected by the first quarter of 2015. Transfer of patients from the old to the new hospital will follow, with consequent start-up of operating activities. As regards management of the three hospitals that are already operational, the project has achieved a turnover of approximately EUR 17 million for the Concessionaire SAT, and concession revenue of approximately EUR 12 million for GESAT from the start-up of management to 31 December 2014.

METRO 5 S.p.A. and METRO 5 LILLA S.p.A. | Italy – 13.1 kilometres of underground line, 19 stations

Infrastructure: Line 5, Milan Underground.
Project status: Primary section under management. Extension under construction.

The contract forms part of the project finance initiative for the construction and subsequent management of the new Line 5 of the Milan underground. The contract entails the design (final and executive), construction and subsequent management, using the concession formula, of the new line's public transport service for the Garibaldi-Bignami section (Phase-1: 6 kilometres, 9 stations) and the Garibaldi-San Siro extension (Phase-2: 7.1 kilometres, 10 stations) with a maximum transport capacity of 26,000 passengers/hour in each direction. As regards this project, two different Agreements were signed (one for each section). The procedure for signing of the Single Agreement was completed during 2014, with the aim of having a single Concessionaire for the whole line. At the draft date of this report, finalisation of the contract with lending banks in order to execute the necessary single loan agreement is in progress subsequent to execution of the Single Agreement and Single Economic and Financial Plan.

PRIMARY SECTION (GARIBALDI-BIGNAMI) >> The concession, as amended upon signing of the Single Agreement, has a 34-year duration, expiring on 31 December 2040. The project Concessionaire is the SPV, Metro 5 S.p.A. (Astaldi has a 38.7% stake) which will merge with the Concessionaire of the extension, Metro 5 Lilla S.r.l. upon achievement of financial closing. The transaction is structured on the basis of non-recourse financing of approximately EUR 521 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + subordinate loan) of approximately EUR 114 million. The concession includes civil works (as mentioned previously), signalling, the supply of rolling stock and management of the complete section. The total investment amounts to approximately EUR 1.4 billion (excluding financial charges and VAT) with public funding of EUR 824 million excluding VAT (of which EUR 116 million from the Municipality and the rest from the state), and an additional sum of EUR 127 million as cash flow from line management. The services covered by the concession agreement are management and maintenance of the complete line. Concession revenue, in the form of availability charges, of EUR 81 million per year are forecast for the provision of said services from 2016 to 2035 and of EUR 38 million from 2035 to the concession termination date. At the draft date of this report, the complete primary section is under management with the Bignami-Zara section (4.1 kilometres, 7 stations) operational since February 2013 and the Zara-Garibaldi extension (1.4 kilometres, 2 stations) operational since March 2014.

(GARIBALDI-SAN SIRO) EXTENSION >> The concession has a 30-year duration, 25 years and 8 months of which for the management phase. The project Concessionaire is the SPV, Metro 5 Lilla S.r.l. (100% owned by Metro 5 S.p.A.). As regards this project, public funding of EUR 443 million is envisaged, excluding VAT (EUR 88 million provided by the Municipality and the remaining amount by the state). The total investment amounts to EUR 778 million (excluding financial charges and VAT). The project's economic-financial equilibrium is based on the flow of forecast concession revenue for the SPV, with an availability charge provided for.

SPV LINEA M4 S.P.A. | Italy – 15.2 kilometres of underground line, 21 stations

Infrastructure: Line 4, Milan Underground.
Project status: Under construction.

The project involves the construction and subsequent management of Line 4 of the Milan underground, to be performed using the PPP formula. The new line comprises a driverless light underground with an integrated automation system and with CBTC (Communication Based Train Control) signalling system and platform doors. The project entails the design, construction and subsequent management of the public transport system of the complete Line 4 (from San Cristoforo to Linate Airport), for a total of 15.2 kilometres and 21 stations, with a maximum transport capacity of 24,000 passengers/hour in each direction. The construction of a Depot/Workshop in the San Cristoforo area is also planned to be used to house and maintain rolling stock (47 vehicles).
The concession has a duration of 370 months as from signing of the Agreement (in December 2014), 88 months of which for construction and 282 months for management. The project's concessionaire is SPV Linea M4 S.p.A. with a public-private mixed capital where 2/3 of shares are held by the municipality granting the concession and 1/3 by private shareholders awarded the concession and in which Astaldi holds a 9.7% stake. The transaction provides for the disbursement of public funding (municipal and state funding) during construction and the payment of a minimum guaranteed fee by the granting authority during management. The concession includes civil and technological works and the supply of rolling stock as well as maintenance and management (technical, operational, administrative and financial) of the whole line. The total resulting investment amounts to EUR 1.7 billion (EUR 1.1 billion of which of public funding). The concession services are management and maintenance of the whole line. In 2013, the shareholders of the JV awarded the contract set up SPV M4 S.c.p.A. to perform this project. Financial closing was achieved in December 2014 and the SPV subsequently transferred its own assets to the newly-set up, mixed-capital SPV Linea M4 S.p.A.

AUTOSTRADA NOGARA MARE ADRIATICO S.C.P.A. | Italy – 107 kilometres of motorway

Infrastructure: Medio-Padana Veneta Nogara-Mare Adriatico Regional Motorway.
Project status: To be funded.

It must be noted that this project still has to be included among Astaldi Group's order backlog in progress insofar as financial closing is pending. However, it has been considered appropriate to provide details herein of progress on this project during 2014 by virtue of the investments made.

Astaldi Group holds a 20% stake (10% of which held by Astaldi and the remaining 10% by Astaldi Concessioni) in the joint venture awarded the concession for the design, construction and management, using the project finance formula, of the toll motorway link called Medio-Padana Veneta Nogara-Mare Adriatico regional motorway. Signing of the agreement is envisaged during 2015. The concession is set to expire on 31 December 2057. The contract's total value amounts to EUR 7.1 billion, EUR 1.6 billion of which referring to Astaldi Group's stake. The Group's commitment in terms of equity as a result of its investment in this project amounts to EUR 7 million, as well as EUR 65 million of shareholder funding (semi-equity). It is envisaged that the total investment will also be financed through public funding. It must be recalled that signing of the agreement with the granting authority, Veneto's regional authority, is still pending as is relative financial closing. Therefore, the project has not been included among Astaldi Group's order backlog in progress at the draft date of this report.

Equity investments – International

PACIFIC HYDRO CHACAYES S.A. | Chile – 1 111MW hydroelectric plant

Infrastructure: Chacayes Hydroelectric Plant.
Project status: Under management.

The project consists in the stake in the SPV Pacific Hydro Chacayes S.A., responsible for constructing and managing the Chacayes hydroelectric plant, located in Chile and with an installed capacity of approximately 110 MW (557 Gw/year). The stake in the S.P.V. is through Inversiones Assimco Ltd. 100% owned by Astaldi) that, in turn, owns 100% of Cachapoal Inversiones Ltd. and that, in turn, holds 27.3% of Pacific Hydro Chacayes S.A. The Chacayes hydroelectric plant was built by Astaldi Group together with the Australian company Pacific Hydro. It is located in the Alto Cachapoal valley (Andes mountain range) and is a run-of-river hydroelectric plant, in other words it works by exploiting the kinetic energy generated by the plentiful flow of the rivers located in the valley. Therefore, the plant is totally eco-friendly, a characteristic that, inter alia, allowed it to win the 2012 Best Hydro Project Award in the World awarded by the prestigious Renewable Energy World Magazine in December 2012.
The concession agreement provides for user rights for the area's water for an unlimited period of time: moreover, a long-term sales agreement means that 60% of the energy produced is sold on the Chilean energy market while the remaining 40% is for the spot market. Management of the plant commenced in October 2011 with spot sale of energy. Subsequently, the PPA contract came into force as of 1 January 2012. It is also important to note that in August 2014, the Secretariat of the United Nations Framework Convention on Climate Change approved the first issue of carbon credit for the Chacayes plant, confirming the plant's characteristic of being a producer of renewable energy. At 31 December 2014, Pacific Hydro Chacayes recorded revenue of approximately USD 39 million, with production of 444.5 GwH. It should also be noted that, following recent management optimisation measures implemented, it is forecast that management costs will drop by around USD 1 million in 2015, to the benefit of shareholders that will have greater provisions to allocate for dividend distribution.

MONDIAL MILAS-BODRUM AIRPORT A.S. | Turkey – 1 airport, maximum transport capacity of 5,000,000 passengers/year

Infrastructure: Milas-Bodrum International Airport.

Project status: Under management.

MONDIAL Milas-Bodrum Airport A.S. is the SPV that holds the concession agreement for the design, construction and management of the passenger terminal of Milas-Bodrum International Airport in Turkey, currently in operation. The airport is located in a high-density tourist area in the south-west of Turkey and occupies a total surface area of 100,000 m^2.

The works were performed by Astaldi Group with an EPC contract and the airport as a whole is able to cater for 5,000,000 passengers/year.

Management activities commenced in May 2012. All the commercial services typical of the airport business were subsequently started-up, including duty-free activities - managed by Unifree, a leader in the segment in Turkey - that alone can guarantee 30% of airport revenue. The following were also started-up progressively: (i) food and beverage, managed by DO&CO, a leading company in the catering and refreshment segment in Turkey; (ii) minor commercial activities (rent a car, currency exchange, ATM, tourism offices), (iii) rental of technical areas to segment operators and management of car, bus and mini bus car parks. All the aviation services provided for in the concession agreement were provided by the company in accordance with arrangements made with the relevant authority (bridge service, supply of additional services) prior to the start-up of operations. Mondial will terminate its concession period at the end of 2015 and, subsequently, the services will be transferred to the company awarded renewal of the concession put out to tender by the granting authority in 2014.

From a management viewpoint, a slight decrease in traffic was recorded in 2014 (-3% YOY compared to 2013) against an increase of 4% in sales revenue. The positive trend in sales revenue was backed up by the quality of services provided, confirmed by the excellent results obtained from a series of internal statistical analyses regarding service quality provided within the terminal. Specifically, passenger satisfaction increased from 81% to 85%, mainly thanks to the improvement of various parameters including terminal facilities (flight information, announcement quality, comfort of waiting areas, car parks, shopping areas, cleanliness), the speeding up of check-in procedures and baggage waiting times as well as the courtesy and helpfulness of security staff.

VALLE ACONCAGUA S.A. | Chile – 1 mineral recovery plant

Infrastructure: Relaves Mining Plant.

Project status: Under management.

Astaldi Concessioni (100% owned by Astaldi), through the SPV, Valle Aconcagua S.A., holds the concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by the Andes mine for the recovery of copper and molybdenum. The concession agreement was acquired by CODELCO (Corporación Nacional del Cobre de Chile, a Chilean state company set up in 1976 and the leading global producer of copper).

The total value of the investment is USD 46 million (excluding interest and VAT), with concession revenue amounting to approximately USD 217.7 million.

The plant, under management since the second half of 2013, has a recovery capacity of approximately 4,000 tonnes of copper per year which CODELCO has already undertaken to purchase at agreed conditions.

Some technical activities were performed during 2014 with the aim of increasing the plant's productivity. They are aimed at making extraction capacity more efficient with consequent improvement of plant performance as from the end of 2014.

At 31 December 2014, revenue linked to the project totalled EUR 7.3 million – taking into account that the plant is still undergoing start-up-testing and hence has not yet entered into full operation.

ICA IC ICTAS ASTALDI | Turkey – over 160 kilometres of motorway and a suspension bridge

Infrastructure: Third Bosphorus Bridge and North Marmara Highway.

Project status: Under construction.

The project refers to the concession contract for the construction and subsequent management of a section of over 160 kilometres of motorway links between the cities of Odayeri and Paşaköy, as well as a suspension bridge of 1.408 kilometres with pierless spans between the neighbourhoods of Poyrazköy and Garipçe in Istanbul.

The works are currently under construction and the concession duration is 10 years, 2 months and 20 days, 30 months of which for design and construction activities and the remaining 7 years, 8 months and 20 days for management and maintenance. The resulting investment totals USD 2.9 billion with a guaranteed minimum of 90%. The concession services are management and maintenance of the motorway section, including service areas. Concession revenue totalling USD 5.9 billion is expected for the services provided.

Financial closing for the sum of USD 2.3 billion was achieved in May 2014 with a pool of Turkish banks in relation to the construction and subsequent management of the works provided for in this project. The funding is to be used for regular progress of the construction phase which is scheduled for completion in 2016. Drawdown of a share of said funding has already been performed for the year, amounting to approximately 52% of the total.

OTOYOL | Turkey – over 400 kilometres of motorway

Infrastructure: Third Bosphorus Bridge and Northern Marmara Highway.

Project status: Phase 1 and Phase 2-A, under construction. Phase 2-B, to be funded.

The project involves the design and construction, using the concession formula, of a new section of motorway along the Gebze-Orhangazi-Bursa-Izmir route in Turkey which will measure over 400 kilometres. As regards this project, the so-called Phases 1 and 2-A were under construction at the draft date of this report. These phases refer to the first 83 kilometres of the route including Izmit Bay Bridge. Finalisation of relative funding is pending for the remaining part of the route known as Phase 2-B.

The contractual duration of the concession is 22 years and 4 months, including a maximum of 7 years for construction and approximately 19 years for management of Phase 1, including the bridge. The project Concessionaire is OTOYOL.

The concession contract between the customer KGM and OTOYOL was signed in September 2010 and financial closing was achieved in March 2013 as regards Phase 1 and in July 2014 as regards Phase 2-A. At the present time, refinancing of the whole project is in progress, both as regards the sections already funded and Phase 2-B for which funding is pending. It is felt that financial closing can be achieved by the end of 2015.
The total resulting investment amounts to USD 6.9 billion with a guaranteed minimum of 67% of the forecast concession revenue. The concession services are management and maintenance of the complete section and concession revenue of USD 17 billion is envisaged for the services provided.

ANKARA ETLIK HASTANESI A.S. | Turkey – 1 hospital for 3,500+ hospital beds

Infrastructure: Etlik Hospital Campus in Ankara.
Project status: To be funded.

It must be noted that this project still has to be included among Astaldi Group's order backlog in progress insofar as financial closing is pending. However, it has been considered appropriate to provide details herein of progress on this project during 2014 by virtue of the preliminary activities performed and investments made.
Ankara Etlik Hastanesi A.S. is the SPV set up in January 2012, responsible for the design, construction and management, using the concession formula, of the Etlik hospital campus in Ankara, Turkey.
The project involves the construction of a healthcare facility that will have a total of over 3,500 beds split over 9 departments and occupying a total surface area of approximately 1,080,000 m^2. The facility will be built on behalf of the Turkish Ministry of Health (MOH) by the joint venture in which Astaldi Concessioni (100% owned by Astaldi) holds a 46% stake, Astaldi S.p.A. a 5% stake and the Turkish company, Türkerler, the remaining 49%.
The duration of the concession is 27.5 years, 3.5 of which for design and construction activities and 24 for the management of non-healthcare hospital services (cleaning, internal catering, waste collection, laundry, pest control, security, patient assistance, help desk, maintenance of civil works, IT services and green spaces) as well as clinical services (laboratories, imaging, sterilisation, rehabilitation) and commercial services (coffee bar, public services, car parks). The project involves a total investment of around EUR 900 million which will result in the creation of **one of the largest hospital complexes in Europe.**
Non-inflated concession revenue totalling EUR 5.6 billion (Astaldi has a 51% stake) is envisaged for provision of the services mentioned. The resulting investment amounts to approximately EUR 1.12 billion, with a guaranteed minimum of approximately 66%.
At the present time, the Etlik Hospital Campus in Ankara, for which some preliminary activities have been carried out, is waiting for (i) approval by Turkey's High Planning Council of the new contract signed with the customer in November 2014 (ii) as well as relative financial closing. Therefore, this project did not make any contribution to Astaldi Group's order backlog in progress as at the draft date of the report.

SOCIEDAD CONCESIONARIA METROPOLITANA DE SALUD | Chile – 523 hospital beds

Infrastructure: Western Metropolitan Hospital in Santiago de Chile.

Project status: To be funded.

It must be noted that this project still has to be included among Astaldi Group's order backlog in progress insofar as financial closing is pending. However, it has been considered appropriate to provide details herein of progress on this project during 2014 by virtue of the preliminary activities performed and investments made.

The project refers to the concession for the construction and subsequent management of a new highly-specialised hospital complex that will provide 523 hospital beds. Financial closing for the project was pending at the draft date of this financial report and hence it did not contribute to Astaldi Group's order backlog. As regards this project, preliminary activities prior to construction have been started up, and an USD 50 million bridge loan was signed at the start of 2015 to support the work's entry in full operation pending financial closing

Astaldi Group's main companies

Astaldi S.p.A. (Parent)

Astaldi S.p.A. is Astaldi Group's parent company responsible for generating approximately 80% of total revenue. As regards 2014, the results achieved denote business stability compared to the previous year, confirmed by the business ability to convert the key contracts acquired in recent years into production and margins.

At 31 December 2014, the company's total revenue amounted to EUR 2,130.9 million (EUR 2,220.7 million in 2013). EBITDA totalled EUR 298.3 million (EUR 320.1 million in 2013). Pre-tax profit was EUR 110.9 million (EUR 162.4 million in 2013) and operating profit amounted to EUR 64.1 million (EUR 112.7 million in 2013).

FINANCIAL RESULTS

RECLASSIFIED INCOME STATEMENT

(EUR/000)	Notes regarding reconciliation with Separate Financial Statements	31/12/2014		31/12/2013 *	
Revenue	1	2,023,895	95.0%	2,109,122	95.0%
Other operating revenue	2	107,041	5.0%	111,606	5.0%
Total revenue		**2,130,936**	**100.0%**	**2,220,729**	**100.0%**
Cost of production	3 - 4	(1,548,185)	-72.7%	(1,615,062)	-72.7%
Added value		**582,752**	**27.3%**	**605,667**	**27.3%**
Personnel expenses	5	(256,289)	-12.0%	(256,715)	-11.6%
Other operating costs	7	(28,182)	-1.3%	(28,831)	-1.3%
EBITDA		**298,281**	**14.0%**	**320,121**	**14.4%**
Amortisation and depreciation	6	(38,460)	-1.8%	(37,634)	-1.7%
Provisions	7	(1,241)	-0.1%	(4,334)	-0.2%
Impairment losses	6		0.0%	(31)	0.0%
(Capitalisation of internal construction costs)	8		0.0%	248	0.0%
EBIT		**258,579**	**12.1%**	**278,368**	**12.5%**
Net financial charges	9 - 10	(147,630)	-6.9%	(115,956)	-5.2%
Pre-tax profit		**110,950**	**5.2%**	**162,412**	**7.3%**
Taxes	11	(46,806)	-2.2%	(49,662)	-2.2%
Profit for the year		**64,144**	**3.0%**	**112,750**	**5.1%**

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

Total revenue amounted to EUR 2,130.9 million (-4%, EUR 2,220.7 in 2013) and comprised revenue from works totalling EUR 2,023.9 million (-4.0%, EUR 2,109.1 in 2013) and other operating revenue of EUR 107 million (EUR 111.6 in 2013). Projects in progress abroad were the main contributors to these figures, accounting for approximately 75% of Astaldi S.p.A.'s revenue, and specifically Russia (Western High Speed Diameter in St. Petersburg), Turkey (Gebze-Izmir motorway, Third Bosphorus Bridge), Poland (Line 2 of Warsaw underground) and Algeria (railway projects). On the whole, said projects offset the smaller contribution from Italian projects which generated approximately 25% of operating volumes thanks to production linked to the new underground lines under construction in Milan (Line 4 and Line 5) and Rome (Line C), as well as completion and start-up of management of the Tuscan Hospitals. As regards international activities, the largest contribution came from Europe, with EUR 1,043 million (especially Russia and Turkey), followed by the Americas (EUR 319 million) and the Maghreb (EUR 153 million).

Transport infrastructures continued to represent the company's core business, accounting for approximately 83.5% of revenue amounting to EUR 1,690 million (86.3% and EUR 1,821 million in 2013). Energy production plants also performed well, contributing EUR 144 million and accounting for 7.1% of revenue (EUR 100 million and 4.7% at the end of 2013), thanks above all to projects in progress in Peru. Civil construction totalled EUR 93 million, equal to 4.6% of revenue (EUR 97 million and 4.6% in 2013) and included the intensification of works to construct Ospedale del Mare in Naples and completion of the Tuscan Hospitals, as well as the start-up of works on the hospital in Santiago de Chile. Facility Management, Plant Engineering and Management of Complex Systems contributed EUR 88 million, equal to 4.3% of revenue (EUR 88 million and 4.2% in 2013) mainly thanks to projects in progress in Chile. The Concessions sector contributed EUR 9 million (EUR 3 million in 2013) to be attributed to management of the Tuscan Hospitals, which had only contributed for a period of a few months in the previous year.

(EUR/000,000)	31.12.2014	%	31.12.2013*	%	YOY diff. (%)
Italy	**509**	**25.1%**	**726**	**34.4%**	**-29.9%**
International	**1,515**	**74.9%**	**1,383**	**65.6%**	**9.5%**
Europe	*1,043*	*51.5%*	*971*	*46.0%*	*7.4%*
America	*319*	*15.8%*	*260*	*12.3%*	*22.7%*
Middle East	*0*	*0.0%*	*9*	*0.4%*	*n.a.*
Maghreb	*153*	*7.6%*	*143*	*6.8%*	*7.0%*
TOTAL OPERATING REVENUE	**2,024**	**100.0%**	**2,109**	**100.0%**	**-4.0%**

(EUR/000,000)	31.12.2014	%	31.12.2013*	%	YOY diff. (%)
Transport infrastructures	1,690	83.5%	1,821	86.3%	-7.2%
Energy production plants	144	7.1%	100	4.7%	44.0%
Civil and industrial construction	93	4.6%	97	4.6%	-4.1%
Facility management, plant engineering and management of complex systems	88	4.3%	88	4.2%	0.0%
Concessions	9	0.4%	3	0.1%	200.0%
TOTAL OPERATING REVENUE	**2,024**	**100.0%**	**2,109**	**100.0%**	**-4.0%**

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

The **cost of production** echoed the revenue trend and maintained the same incidence as in 2013 (72.7%), amounting to EUR 1,548.2 million (-4.1%, EUR 1,615.1 million in 2013). **Personnel expenses** totalled EUR 256.3 million, largely in line with 2013. Other operating costs totalled EUR 28.2 million (-2.3%, EUR 28.8 million in 2013), with a 1.3% incidence on revenue as in 2013.

Amortisation totalled EUR 38.5 million (EUR 37.6 million in 2013) and took into account technical resources and intangible investments.

EBIT totalled EUR 258.6 million with an EBIT margin of 12.1% (EUR 278.4 million and 12.5% at the end of 2013).

Net financial charges amounted to EUR 147.6 million (EUR 115.9 million in 2013), with a 6.9% incidence on revenues (5.2% in 2013).

EBT totalled EUR 110.9 million (EUR 162.4 million in 2013) and generated an **operating profit** of EUR 64.1 million (EUR 112.8 million in 2013) following taxes of EUR 46.8 million and an estimated tax rate of 42%.

FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

EUR/000	Notes regarding reconciliation with separate financial statements	31/12/2014	31/12/2013 *
Intangible assets	15	3,208	4,611
Property, plant and equipment	13 – 14	189,321	180,945
Investments	16	506,306	455,943
Other net non-current assets	12 - 17 - 18	168,106	174,795
TOTAL non-current assets (A)		**866,941**	**816,295**
Inventories	19	53,875	55,678
Contract work in progress	20	987,967	1,198,666
Trade receivables	21	213,979	161,445
Receivables from customers	21	695,447	806,951
Other assets	17 - 18	207,638	179,661
Tax assets	22	72,618	80,044
Payments on account from customers	20	(425,432)	(600,088)
Subtotal		**1,806,092**	**1,882,358**
Trade payables	28 - 18	(256,056)	(284,036)
Payables to suppliers	28 - 18	(626,451)	(585,743)
Other liabilities	25 - 26 - 29	(274,868)	(284,594)
Subtotal		**(1,157,374)**	**(1,154,373)**
Working capital (B)		**648,718**	**727,985**
Employee benefits	27	(6,281)	(4,996)
Provisions for non-current risks and charges	30	(41,397)	(92,504)
Total Provisions (C)		**(47,679)**	**(97,501)**
Net invested capital (D) = (A) + (B) + (C)		**1,467,981**	**1,446,780**
Cash and cash equivalents	23	467,231	302,587
Current financial receivables	17 - 18	19,418	27,959
Non-current financial receivables	17 - 18	126,565	46,115
Securities	17	1,159	1,183
Current financial liabilities	25	(344,188)	(349,109)
Non-current financial liabilities	25	(1,137,504)	(880,226)
Net financial liabilities (E)		**(867,320)**	**(851,491)**
Equity (F) = (D) + (E)	**24**	**600,661**	**595,289**

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

Net non-current assets increased to EUR 866.9 million (EUR 816.3 million in 2013), with the trend mainly reflecting equity investments made in relation to concession projects in progress in Turkey (Gebze-Izmir motorway, Third Bosphorus Bridge).

Working capital amounted to EUR 648.7 million, showing a drop of approximately 11% compared to the total of EUR 727.9 million in 2013 and reflects the great attention paid to core business items. In fact, there was a **significant reduction of works in progress** which went from EUR 1,198.7 million at the end of 2013 to EUR 987.9 million in 2014, thanks to the virtuous trend recorded for projects in progress in Italy. Note must be taken of the positive performance of the Maxi Lots of the Jonica National Road (DG-21, D-22) and the Parma-La Spezia railway line which offset the increase recorded for projects in progress in Algeria, Poland and Chile. **Receivables from customers** amounted to EUR 695.4 million compared to EUR 806.9 million in 2013 with a drop in the trend in Venezuela and Italy (Line 5 of Milan underground, Pedemontana Lombarda motorway, Maxi Lots DG-21 and DG-22 of the Jonica National Road). While there was an increase in items for projects in progress in Romania and Russia. **Payments on account from customers** dropped to EUR 425.4 million compared to EUR 600.1 million at the end of 2013 due to the downward trend recorded in Russia, Peru and Algeria and the contemporary increase in Turkey. More generally, control of working capital items allowed for a considerable reduction of net financial debt in the last quarter, testifying to the company's good order backlog. Thanks to these trends, **invested capital** totalled EUR 1,467.9 million (EUR 1,446.8 million in 2013).
Therefore **equity** increased to EUR 600.7 million (EUR 595.3 million in 2013) thanks to operating profit, items entered in the comprehensive income statement and payment of dividends totalling EUR 18.7 million in May 2014.

NET FINANCIAL DEBT

The trend recorded in 2014 led to a considerable increase in net financial debt during the first nine months of the year, with a peak being reached in September following the strategic support guaranteed to some projects. As forecast, there was a significant reduction in net financial debt during the last three months, with the figure standing at EUR 862.1 million, largely in line with the figure of EUR 848.6 million recorded at the end of 2013. This trend was recorded even given the significant investments made in technical resources and concessions, with a high level of turnover and margins being maintained despite an extremely difficult international financial situation. Moreover, in November, the company completely refinanced its previous EUR 325 million line of credit, expiring in 2016, with an EUR 500 million credit facility with its maturity date extended to 2019 and with lower costs. This serves to confirm the level of confidence the banking system has in the company's financial and equity structure, considering it able to achieve the business plan targets and maintain its current performance over time.

Breakdown of net financial debt

			31/12/2014	31/12/2013*
A	Cash and cash equivalents		467,230	302,587
B	Securities held for trading		1,159	1,183
C	**Available funds**	**(A+B)**	**468,390**	**303,769**
-	Short-term financial receivables		19,418	27,959
-	Current share of receivable rights arising from concessions			
D	**Current financial receivables**		**19,418**	**27,959**
E	Current bank loans and borrowings		**(298,385)**	**(272,197)**

F	Current share of payables for issued bonds		(4,676)	(3,315)
G	Current share of non-current debt		(34,020)	(65,074)
H	Other current financial payables		(7,107)	(75,015)
I	**Current financial debt**	**(E+F+G+H)**	**(344,188)**	**(415,601)**
J	**Net current financial debt**	**(I+D+C)**	**143,619**	**(83,873)**
K	Non-current bank loans and borrowings		(261,620)	(163,382)
L	Issued bonds		(870,269)	(713,268)
M	Other non-current payables		(5,615)	(3,576)
N	**Non-current financial debt**	**(K+L+M)**	**(1,137,504)**	**(880,226)**
O	**Net financial debt**	**(J+N)**	**(993,885)**	**(964,098)**
-	Non-current financial receivables		126,565	46,115
-	Non-current share of receivable rights arising from concessions			
P	**Non-current financial receivables**		**126,565**	**46,115**
Q	Share of debt referring to Related Parties			66,492
R	**Total financial debt**	**(O+P+Q)**	**(867,320)**	**(851,491)**
	Treasury shares on hand		5,198	2,859
	Total net financial debt		**(862,122)**	**(848,632)**

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

Astaldi Concessioni

ASTALDI CONCESSIONI is the Astaldi Group company - 100%-owned by the parent, Astaldi S.p.A. - dedicated to developing and managing concession and project finance initiatives. The company was set up in 2010 as part of a broader project to streamline Astaldi Group's activities which entailed the standardisation of skills and know-how acquired at a central level, in terms of planning, organisation and start-up of concession projects.
During 2014, Astaldi Concessioni transferred the Car Parks division to leading Investment Funds with consequent deconsolidation of the project.

At 31 December 2014, the projects included in Astaldi Concessioni's consolidation scope were:

– **5 car parks in Italy** ("Piazza Cittadella" in Verona, "Porta Palazzo" and "Corso Stati Uniti" in Turin, "Piazza VIII Agosto" and "Riva Reno" in Bologna) which underwent pro quota transfer during 2014;
– **Chacayes hydroelectric plant**, under management;
– **Agua de San Pedro Sula plant**, under management;
– **Ospedale dell'Angelo in Venice-Mestre**, under management;
– **A4H S.p.A.** (owner of the concessionaire Autostrada Bs-Pd S.p.A.) in Italy, under management;
– **Milas-Bodrum International Airport in Turkey**, under management;
– **Relaves mining plant in Chile**, under management;

- **Etlik Hospital Campus in Ankara in Turkey**, financing is pending;
- **Medio Padana Veneta Nogara-Mare Adriatico regional motorway in Italy**, in launch phase;
- **Western Metropolitan Hospital in Santiago de Chile**, under construction and subsequent management.

The following project was added to the above at the draft date of this report:

- **Arturo Merino Benítez International Airport in Santiago de Chile**, financial closing is pending.

Projects developed with Astaldi (in the capacity of EPC Contractor and holder of the concession), not included among Astaldi Concessioni's consolidation scope to date, increase the company's growth prospects. Said projects are as follows:

- **Third Bosphorus Bridge in Turkey**, under construction;
- **Line 5, Milan underground in Italy**, under management as regards the Bignami-Garibaldi section, and under construction as regards the San Siro extension;
- **Four Tuscan Hospitals in Italy**, of which 3 under management and 1 in the process of being completed;
- **Ancona Port motorway link in Italy**, completion of the procedure to formalise the agreement is pending;
- **Gebze-Izmir motorway in Turkey**, under construction as regards the first operational section while financial closing is pending for the rest of the project.

Please refer to the sections herein entitled "Main projects in progress" and "Concession projects" for a description of the projects mentioned above. It has been considered appropriate herein to highlight exclusively the results achieved by the company with regard to management of projects specifically included in its consolidation scope.

At 31 December 2014, Astaldi Concessioni generated revenue of EUR 1.5 million (EUR 0.6 million at the end of 2013), referring to both secondary activities performed while formulating bids and support guaranteed to the company's Chilean branch. EBITDA amounted to EUR (3.5) million, in line with EUR (3.6) million at the end of 2013, confirming the holding nature of the company in question. EBT totalled EUR (27.6) million (EUR (50.9) million at 31 December 2013) due to review at an economic-financial level of the Milas-Bodrum International Airport project in Turkey. The resulting operating result was EUR (27.7) million (EUR (55.6) million at the end of 2013).

NBI

NBI is the Astaldi Group company operating in Engineering applied to Facility Management, Plant Engineering, and Management of Complex Systems and Renewable Energy. It is the result of Astaldi Group's acquisition of a business unit of the longstanding company Busi Impianti based in Bologna and is currently 100% owned by Astaldi S.p.A.

NBI is a typically Italian company that also works in synergy with Astaldi, offering specialist support in the reference countries for the Group's business activities. At a domestic level, it is among the leading Italian companies working in the Engineering and Plant Engineering segment, also thanks to the high level of specialisation it can boast and which ranges from civil to industrial plant engineering in the private and public sectors.

The main segments of interest for NBI are as follows: healthcare, commerce, industry, infrastructures, airports, hotel and tourism, pharmaceutics and renewable energies (photovoltaic, wind energy, micro-cogeneration and sustainable development). Specifically, in the integrated plant engineering and energy production plants segment, NBI, in the capacity of operator and manager/maintenance manager, is able to perform the following: integrated design and construction; electrical, mechanical, hydraulic and technological systems; heating, conditioning and hydraulic plants; electrical distribution systems; engineering; civil works; special integrated systems; automation of civil and industrial systems; security systems; global maintenance engineering; and electrical and thermal energy production systems.

During 2014, NBI took a series of measures aimed at supporting the Group's business expansion and growth process:

- The company was converted from an S.r.l. (limited liability company) into an S.p.A. (joint-stock company), with a share capital increase.
- Opening of the Chilean branch called NBI S.P.A. AGENCIA EN CHILE, with a similar purpose to the Italian parent and with the aim of developing the local market. The first contracts performed by this branch included design and construction of the plants related to the Western Metropolitan Hospital in Santiago.

Please find below a brief summary of the main activities performed by NBI during 2014.

PLANT DIVISION

Despite the difficult market situation, performance of the Plant Division's contracts went ahead during 2014, achieving progress more or less in line with forecasts, both for contracts originating from the Busi Impianti business unit, mostly completed, and contracts secured subsequently.

These contracts include, inter alia, activities related to construction of (i) the Accident and Emergency Department at Pavia Hospital, (ii) the Cardiovascular Centre at S. Orsola-Malpighi Hospital in Bologna, (iii) Ospedale San Luca in Lucca and Massa-Carrara Hospital, in Tuscany, (iv) Reggio Calabria Hospital in Calabria and Tione Hospital in Trentino, (v) the INAIL Prothesis Centre in Vigorso di Budrio in Bologna, (vi) the plants at Ospedale del Mare in Naples, (vii) Poste Italiane's new Data Centre in Turin, (viii) the office buildings (Blocks B and C) and canteen (M1) at Seb Investments in Rome, (ix) Granarolo's factory in Soliera, (x) the tunnel plants of the new Sorrentina National Road, (xi) the A24 Dei Parchi motorway (Gran Sasso, San Rocco and San Domenico tunnels), (xii) Milan-Naples motorway (tunnels of Lot 13), (xiii) the Jonica National Road (SS-106) (Maxi Lot DG-22), (xiv) Dalmine-Como-Varese-Valico del Gaggiolo motorway link of the Pedemontana Lombarda motorway, (xv) Line 4 and Line 5 of Milan underground, (xvi) buildings of Nuclear Physics Institute in Padua (xvii) renovation of Ferrovie dello Stato's offices at Villa Patrizi in Rome, (xviii) ANAS' Campo Felice-Altipiano delle Rocche road link, (xix) the A14 motorway – 3rd lane Rimini, (xx) EMPAM's offices in Milan.

The contract regarding construction of Careggi Hospital (Florence) in Tuscany – operating theatres and accident and emergency department - was also acquired during the year.

FACILITY MANAGEMENT, PLANT ENGINEERING AND MANAGEMENT OF COMPLEX SYSTEMS DIVISION

The segment confirmed the forecast levels of production and margins during the year, also thanks to partnerships started up within Astaldi Group, with entry and development plans for foreign markets as well as Italy.

The development plans confirm the focus on strengthening position on the specific market of public and private complex technological management contracts in Italy and abroad.
The main contracts developed in Italy in this segment during 2014 were:

- MAINTENANCE: Bologna Fiere – electrical system maintenance; Bologna University – thermo-technical plant maintenance; HERA Bologna – substation maintenance – district heating plants; Villalba – technological plant maintenance overview; Teatro Comunale in Bologna – technological plant maintenance; maintenance and organisation - "VIII Agosto" and "Riva Reno" car parks in Bologna; ALMAMATER (Bologna University) – maintenance of various faculty plants; plant maintenance, logistic fields – Line 5 of Milan underground; photovoltaic plant maintenance, Puglia (INTHE, HELIOS); plant maintenance - GOGLIO SpA – Daverio (VA) factory; 20-year full-risk routine and non-recurring maintenance contract for Lucca's new hospital.
- CONSTRUCTION: IDEA Fimit Sgr SpA – plant renovation; Banca d'Italia – new electrical systems, building renovation and basic management; Sigonella, Brescia underground – commissioning and start-up of operation; ADR - Aeroporti di Roma – non-recurring maintenance at Fiumicino and Ciampino airports.

NBI Group's total production for the year totalled EUR 92 million.

Sartori Tecnologie Industriali

Sartori Tecnologie Industriali is the Astaldi Group company - 100% owned by Astaldi S.p.A. - dedicated to the maintenance and repair of industrial plants and equipment, supply and installation of steel structural work, lifting of industrial equipment in difficult situations and highly critical conditions. During 2014, the company continued its commercial activities within the captive market, consolidating relations with Metro C, Metro 5 and SCAR s.r.l. As regards said relations, there was continuation and consolidation of the activities already in progress that provide the forecast continuity for steel structural work for civil construction in an increasingly independent way from industrial plant mechanical maintenance activities.

Moreover, the following contracts were secured: COVA – supply and installation of steel structural work; Funivie – supply and installation of structures related to construction of roofing for coal deposit areas in Savona, Ospedale del Mare in Naples – supply of metal structures to support piping together with NBI.
Confirmation of the company's intent to effectively tackle new activities and set new, challenging growth targets for the coming years can be seen in acquisition in 2012 of the factory located in Brindisi's industrial district, used as a external mechanical workshop of Brindisi's petrochemical factory, that is now the main operating office as well as a transformation workshop pursuant to civil construction technical provisions (Certificate No. 1124 of the High Council of Public Works).
Overall production during 2014 totalled EUR 3.3 million, to be attributed mainly to the following contracts: Metro C S.c.p.A. – Supply and assembly of metal safety platforms; Astaldi (Line 5, Milan underground) – Supply of metal safety platforms; Metro Blu (Line 4, Milan underground) – Supply of prefabricated segments and thrust portals for TBM Versalis

S.p.A. – Framework maintenance agreement for the Brindisi petrochemical factory; Tione 2008 – Supply of steel structural work for seismic updating; S.Car s.c.r.l.- Supply and installation of steel structures in relation to contract to build the new Police Officers Academy in Florence; NBI S.p.A. (Ospedale del Mare di Napoli) – Supply of steel structural work to support piping.

TEQ Construction Enterprise

TEQ Construction Enterprise, has been 100% owned by Astaldi Canada Inc. since November 2012. TEQ, based in Montreal, operates within the Canadian province of Quebec, exclusively in the civil construction segment. 2014 was a year of particular importance for TEQ Construction Enterprise insofar as the results obtained surpassed targets. Indeed the company achieved a turnover of more than CAD 97 million.

TEQ Construction Enterprise mainly takes part in projects related to public contracts and is also involved in some projects in the private sector. At the present time, TEQ is working on projects of important standing, including:

- EUR 25 million for renovation and expansion of the Accident and Emergency Department of Maisonneuve – Rosemont Hospital in Montreal. This project consists in complete re-building of a new accident and emergency department subject to demolition of the existing department. Maisonneuve – Rosemont Hospital is the most popular hospital in East Montreal. The new department can house 57 beds. The four-floor building will be built between two pavilions of the existing hospital that will remain operational throughout the works. The contract also includes renovation of the machinery rooms and electrical panels as well as the administrative offices.
- Equivalent of EUR 25 million for construction of a new football stadium for Montreal City. The project involves a new roofed stadium characterised by a laminated wood structure and an outdoor synthetic pitch. The works will be performed in compliance with LEED certification.
- CAD 19 million for Victoriaville Cultural Centre. The project includes 2 theatres with a capacity of 450 and 850 spectators respectively.
- CAD 18 million for St. Jerome Arena. The project includes two ice rinks for artistic skating and hockey.

The most important projects completed by TEQ Construction Enterprise in 2014 include: the head office of Quebec's Nursing Association and the Accident and Emergency Department at Lasalle Hospital in Montreal. It must also be noted that the project involving *Commission de la construction du Quebec*'s corporate offices obtained LEED Gold environmental certification during 2014.

Astaldi Construction Corporation

Astaldi Construction Corporation (100% owned by Astaldi) is the company operating under U.S. law, based in Florida, which has handled the Group's activities in the USA for over 20 years. It handles transport infrastructure construction projects (mainly motorways and viaducts) for public counterparties and performs procurement and project management activities to support the Group's branches at a central level.

Among projects in progress, mention must be made in particular of those with FDOT - Florida Department of Transportation:

– **SR-862/ Eller Dr ICTF (Fort Lauderdale, Broward County, FL)**: **USD 40 million** for the upgrading and widening of a motorway junction, including 4 overpasses, located near SR-862/I-595, in the vicinity of Fort Lauderdale Airport and Port Everglades in Broward County (FL). The works are nearing completion and 98% had been completed at 31 December 2014;
– **NW 25th Street (Doral, Miami-Dade County, FL)**: **USD 58 million** for the upgrading and widening to 4-6 lanes of an expressway in Doral, in Miami-Dade County, in the vicinity of Miami International Airport. Works include the construction of a steel frame overpass near SR-826 Palmetto Expressway and of a viaduct, for a total length of 1.9 km. The works are still in progress and approximately 74% of works had been completed at 31 December 2014
– **SR-5/US1 (Cocoa, Brevard County, FL)**: **USD 30.4 million** for the upgrading and widening from 4 to 6 lanes of a 6-km long section of the SR-5/US1 in Cocoa City, Brevard County. Said contract is especially strategic given the infrastructure plans to be developed in the Orlando area which, in the medium-term, include the performance of significant motorway, railway and airport projects. The works commenced in March 2013 and are still in progress with approximately 54% completed at 31 December 2014.
– **Veterans Expressway, SR-589 (Tampa, Hillsborough County, FL)**: **USD 46 million** for the widening and upgrading, including automatic toll systems, of 5 kilometres of the Veterans Expressway SR-589 in Tampa, along the Memorial Highway-Barry Road section. The works are still in progress with approximately 45% of works completed at 31 December 2014.
– **I-95 Spanish River Interchange (Boca Raton, Palm Beach County, FL)**: **USD 66.6 million** for the design and construction of approximately 6 kilometres of route along the Interstate I-95, the main motorway linking the east coast of the United States, from the north intersection with Yamato Road to the south intersection with Spanish River Boulevard in Boca Raton city. The contract also involves the widening and construction of 13 bridges and road works along the I-95 and Yamato Road. Approximately 17% of works had been completed at 31 December 2014.

Astaldi Construction Corporation ended 2014 with a residual order backlog of approximately USD 100 million, against revenue from work of USD 53.2 million. It should also be noted that following some commercial projects with a negative outcome for the company – the most significant of these was the tender for the Los Angeles underground –, as well as the conditions of the local construction market that differed greatly from tender forecasts following the crisis in the US, the company closed the year's accounts with an operating loss.

Events after the reporting period

In February 2015, the Nuevo Pudahuel consortium comprising Astaldi (15% stake), Aéroports de Paris (45%) and Vinci Airports (40%) was chosen by the Chilean government insofar as it submitted the best bid following the invitation to bid for awarding of the concession for the construction and subsequent management of Arturo Merino Benítez International Airport in Santiago de Chile, the 6th largest airport in South America with traffic of 16.1 million passengers/year in 2014 (more than half were international). The concession contract, which will become operational as from 1 October 2015 (upon termination of the contract currently in force) involves: (i) modernisation and expansion of the existing terminal; (ii) financing, design and construction of a new passenger terminal measuring 175,000 m^2 which will increase the airport's capacity to 30 million passengers/year with potential expansion to 45 million passengers/year; (iii) commercial development and management for 20 years of the main areas and related services (new and existing terminal, car parks and future commercial activities). Astaldi and Vinci Construction Grand Projets (each with a 50% stake) will be responsible for performing construction activities. Astaldi's stake will be included among the Group's order backlog subsequent to formal awarding and financial closing.

Still in February 2015, an EUR 50 million bridge loan was finalised with a leading Turkish bank prior to full commencement of production activities for the Etlik hospital campus in Ankara. The bridge loan will make it possible to proceed with construction activities, pending the so-called financial closing.

Still in February, Astaldi signed an agreement with the Extraordinary Commissioner of Impresa and DIRPA (both of which are under extraordinary administration) for the completion of works to upgrade the Perugia-Ancona direct route and modernise the Pedemontana delle Marche national road, the so-called Maxi Lot 2 of the Quadrilatero Marche-Umbria road infrastructure network. The value of works to be performed amounts to over EUR 500 million. Specifically, the agreement involves leasing of Impresa's "Quadrilatero" division for a six-month period with the aim of completion a first section of works related to Lots 1.1 and 1.2. It forms part of a broader agreement which provides for Astaldi's subsequent acquisition of the DIRPA industrial complex and Impresa's aforementioned business division, as part of the extraordinary administration procedures involving Impresa and DIRPA, in order to construct the complete infrastructure. Maxi Lot 2 of the Quadrilatero Marche-Umbria road infrastructure network is a complex project involving the performance of works, using the General Contractor formula, to upgrade the Perugia-Ancona direct route along the Fossato di Vico-Cancelli and Albacina-Valtreara Tunnel-Serra San Quirico sections of the national road SS-76 (Lot 1.1 – Sub Lots 1.1.1, 1.1.2, 1.1.2) and Pianello-Val Fabbrica section of the national road SS-318 (Lot 1.2), as well as modernisation of the Pedemontana delle Marche national road along the route between Fabriano and Muccia/Sfercia (Lots 2.1 and 2.2). The total value of works amounts to EUR 745 million, EUR 500 million of which still to be performed to date. Said amount will be included among the Group's backlog immediately as regards the share of works related to the lease period and subsequent to formal awarding for the remaining share of works.

It must also be noted that Line 2 of Warsaw underground (6 kilometres, 7 stations) was put into commercial operation in March. This was a great operating success which serves to consolidate Astaldi Group's operating capacity in Poland. The event follows the inaugurations in January for the Pedemontana Lombarda motorway project in Italy which achieved two key milestones: the opening of a first lot of the Varese bypass and inauguration of Section A of the Pedemontana Lombarda motorway.

Lastly, it must be recalled that in January, Astaldi's Shareholders' Meeting appointed Piero Gnudi and Filippo Stinellis to replace the outgoing Directors, Guido Guzzetti and Mario Lupo. Both Directors will remain in office until the natural term of office of the current Board of Directors, in other words until the Shareholders' Meeting to approve the Financial Statements at 31 December 2015. Said Shareholders' Meeting also approved introduction into the Group's governance of the increased voting rights mechanism with the aim of promoting the presence of stable investors in the share capital through a planned "loyalty premium" that encourages maintenance of the investment for a longer period of time, and hence in keeping with the timeframe of the Group's growth strategies that are typically medium-long term. Indeed the institution provides for the attribution of two votes for each common share held by the same shareholder for an ongoing period of at least 2 years, as from the date of entry in a specific "List" formulated and held by the company.

Outlook

Progress on the process to **valorise the Group's concession assets** is envisaged over the coming months and is estimated to be completed within the next 12/18 months through the setting-up of a specific investment vehicle. It must be recalled that at the present time, Astaldi's concession backlog comprises 15 projects in progress in the transport, healthcare and energy sectors, with a geographical diversification that takes in Italy, Chile and Turkey. Astaldi's total investment in SPVs to date, at book values, amounts to approximately EUR 500 million.

While as regards the construction sector, positive results are expected in relation to commercial and production activities in Italy and abroad. On the whole, the revenue profile will benefit from shifting of the focus of business activities towards complex contracts with a high technological content that will favour consolidation of the transformation of production levels achieved into margins.

As regards **Italy**, the first part of 2015 will help consolidate the upturn in the domestic market. Specifically, the company can benefit from:

- Intensification of activities related to design of the **Verona-Padua High Speed Railway Line**, which has reached the operational phase;
- Entry into production of recent acquisitions in the transport infrastructures and civil construction sectors (EUR 190 million in total) for contracts with an average duration of fewer than 2 years;
- Final acquisition forecast for Maxi Lot 2 of the Quadrilatero Marche-Umbria project (EUR 500 million) as part of extraordinary administration procedures involving DIRPA and Impresa;
- Consolidation of authorisation procedures needed to perform construction of Maxi Lot DG-41 of the Jonica National Road, with potential increase of the order's value and forecast revenue;

– Entry into full production of site activities for Line 4 of Milan underground (commenced in January) and the Pedemontana Lombarda motorway.

The coming months will also see the achievement of important milestones with completion of Ospedale del Mare in Naples (March), opening of Line 5 of Milan underground, with five stations along the Bignami-San Siro route becoming operational (April) and subsequent final completion of works (November), as well as the start-up of pre-commissioning for new sections of Line C of Rome underground (March) and entry into the management phase for Massa-Carrara Hospital in Tuscany (first half of the year).

As regards **Turkey,** works to construct the Third Bosphorus Bridge will go ahead quickly, with consequent start-up of the management phase as from the first quarter of 2016. Works will also go ahead on the Gebze-Bursa section (including Izmit Bay Bridge) of the Gebze-Orhangazi-Bursa-Izmir motorway. Said project will benefit from overall refinancing of the works, which is still in progress and is felt can be closed at more advantageous conditions than the current ones, following a lower forecast of equity contribution. Additional commercial developments related to the projects in progress to date in the Transport Infrastructures sector are not to be excluded. On the other hand, management of the Milas-Bodrum International Airport will be concluded following termination of the concession period. It must be recalled that this experience, even if a short one, has been fundamental for increasing the Group's skills and know-how insofar as it has made it possible to grasp new opportunities, including outside the Turkish market, and has laid the foundations for the start-up of successful business partnerships with partners of international standing in the airport management segment. For example, the recent commercial success achieved in Chile with the concession for Arturo Merino Benítez International Airport in Santiago, which will be constructed and managed as a partnership with Aéroports de Paris and Vinci Airports, that currently manage 40 airports worldwide.

Activities will go ahead in **Russia** to finalise the construction contract for a key section of the M-11 Moscow-St. Petersburg motorway. Additional opportunities are not to be excluded provided they involve qualified counterparties of high standing.

As for the **rest of Europe**, an increase in activities in Poland is expected which continues to be one of the main users of infrastructure funds for cohesion and development provided by the European Community, and Romania's contribution to revenue is expected to remain stable. The assessment of new interesting development opportunities in neighbouring countries (Bulgaria) is not to be excluded. Said countries have already envisaged significant investments in the rail and road transport infrastructures segment with the availability of European funding.

Activities related to performance of the Muskrat Falls hydroelectric project, a key project, in **Canada** will continue with the customer being completely satisfied despite problems linked to the hydro-geological context and adverse weather conditions. The acquisition skills of the subsidiary TEQ Construction Enterprise will also be put to good use in Canada, boosted by the synergies resulting from Group integration.

Latin America will benefit from the performance of design activities related to construction of the Western Metropolitan Hospital in Santiago de Chile. Moreover, efforts will also go ahead in Chile to achieve financial closing of the recent concession awarded for Arturo Merino Benítez International Airport. Said activities will help offset the planned reduction of activities in Venezuela given the slowdown in collecting amounts due from the local government for the performance of railway projects in progress in Venezuela which has already been experienced for some years. It must be recalled that the Group collected the equivalent of EUR 68 million in Venezuela in 2014, plus an additional EUR 10 million referring to 2015. The result is that, compared to 31 December 2013, the total certified, and hence collectable, receivables due from the Venezuelan government, including contract payments in advance, went from EUR 306 million to EUR 253 million at 31 December 2014. Said figure does not take into additional sums expected to be collected over the next months. More than 90% of the residual credit is in Euro.

As regards commercial strategy, it must be noted that major attention will be guaranteed for the development of **new markets of interest** (Australia and some areas of the Far East) and efforts will continue to re-launch activities in Algeria (railways, civil construction) and the Middle East (transport infrastructures, civil construction). The following must be mentioned with regard to new markets:

- *Australia*: the country is entering its 24th year of uninterrupted annual economic growth and its average GDP has increased, placing it among the highest for the main developed economies. The service sector generates more than 80% of its economic production;
- *Indonesia*: the country offers political stability and growth of investments, especially in the energy and transport segments, supported mainly by multilateral lenders such as the World Bank and the Asian Development Bank. The Group has submitted bids for projects in the Energy Production Plant segment for which the results are expected by the first half of 2015;
- *Vietnam*: the country is being examined with interest, especially in relation to the opportunities that will be on offer in the Transport Infrastructures segment in the near future.

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

Human resources and organisation

Personnel trends and management policies. In 2014 Astaldi Group's average workforce remained largely unvaried compared to the previous year (9,583 units in 2014 compared to 9,579 in 2013). As regards composition there was an additional increase in the percentage of personnel posted abroad (88%) with a correlated increase in non-Italian managerial figures, serving to confirm the Group's well-established presence in foreign countries and the increasing use of personnel from the international market. The internal mobility policy also continued during 2014 aimed at directing Italian personnel towards foreign projects with the aim of "protecting" existing professional skills in Italy that the company had at its disposal due to the drop in the domestic market. With specific reference to Head Office personnel, a series of measures were taken during 2014 with the aim of encouraging the turnover of skills needed to deal with the company's growth and evolution and its ever-increasing internationalisation. New resources from both the market and Italian projects reaching completion were inserted into corporate divisions, nevertheless resulting in a limited increase in personnel (+5%) thanks to the contemporary formulation of an early-retirement plan. The overall turnover of office personnel in 2014 was 15%. At a difficult time for the Italian economy, the company decided to address its 2014 salary policy measures towards forms of non-monetary benefits, targeted at the majority of employees and able to ensure greater, widespread wellbeing within the company, while maximising financial investment by using the tax benefits provided for in current legislation. To this end, agreements were executed with leading insurance companies to cover the healthcare expenses of employees classified as white-collar workers and executives, as well as their respective family members.

"Future Managers" Project. In 2014, the company embarked on a careful process of selecting and hiring young graduates with growth potential, to be assigned to a management career scheme within the company's production divisions. The young graduates holding technical and business qualifications, who have reported the best marks and speak more than one language, were chosen through a selection procedure comprising individual interviews, psychological and attitude testing and assessment centres. These are aimed at identifying candidates with the personal characteristics needed to successfully undertake a demanding career, yet one offering many opportunities such as those typically experienced while working on contracts the Group is involved in worldwide. A preliminary 2-year period of employment is envisaged subsequent to hiring during which the graduates have the chance to alternate working experiences on several projects with training courses. Therefore, the scheme is aimed at selecting young graduates wishing to become the managers of the future. In 2014, a group of 17 graduates was sent to branches working on projects in progress in Algeria, Chile, Peru, Poland, Romania, Russia and Turkey.

Astaldi Corporate Academy. Following the training projects focusing on economic-financial and project management successfully performed in 2013, and which saw the involvement of 230 Group resources, 2014 was dedicated to planning and creating a real Corporate Academy, in other words a permanent training facility targeting a broader selection of internal professionals and managers. Specific training courses taking in various areas of study were created for each professional profile: economics and performance management, business operations and processes, innovation and strategy, leadership and organisational behaviour and project management. The philosophy adopted when planning these courses was to personalise and adapt the content of the individual training modules to the corporate and businessl context. This was done by directly involving external teaching staff in corporate processes and through the management's direct participation at the planning stage and by offering their experiences within the training modules. The Astaldi Corporate Academy, designed to provide tens of thousands of hours of training to hundreds of resources, aims to be a genuine expression of the company's desire to invest in enhancing its wealth of internal skills and know-how, in expanding and retaining resources and, lastly, in creating value for all internal and external stakeholders.

IT tools to support HR processes. Work to expand the Talentia information system abroad continued during 2014. To date the registrations entered into the system represent approximately 70% of the total population. It must be noted that the foundations were laid in 2014 for adoption of the system in the consortia working with the Turkish partner, Ictas, on projects in progress in Russia, as well as those in progress in Turkey in the future. The system operational implementation will be started up in Russia during the first months of 2015. The design of a system module dedicated to recruitment and selection was carried forward and completed, with the aim of improving research tools and integrating external channels with internal databases. Testing of the new module is planned for the start of 2015, which will be followed by final working application.

"Puntiamo in alto!" Study Grant Scheme. In 2014 the company continued to reward the most deserving children of employees, assigning 39 study grants to students with the best marks at various levels of education. The scheme, now in its fourth year, has allowed for the assignment of 128 study grants since it was started up.

Quality, Safety and Environment

Astaldi's commitment to the ongoing improvement of its corporate management system continued throughout 2014, focusing heavily on operating excellence and responsible process management.
Moreover, just as every year, improvement targets were achieved with regard to Health, Safety and Environment (HSE) through projects developed both at contract and corporate levels.
Necessary amendments and supplements to the internal management system were made in order to implement development of the organisational structure and improve the corporate system's ability to react to external situations. Specifically, the commercial structure was reorganised with the introduction of a Business Development – Domestic Division (at the same time as abolition of the Central Development Division) and unification of the Bids and Prequalification Division – Domestic and International into a single division responsible for managing prequalification activities and formulating bids.
Following the company's voluntary decision to adhere to international standards regarding ongoing performance improvement, the certification body (Det Norske Veritas) performed periodical, independent third-party maintenance checks with regard to quality, environment and safety of the corporate management system during 2014 in order to comply with regulations regarding certification management. The positive outcome of these checks, performed at a head office, country and project level, made it possible to confirm the validity of the certificates of conformity issued in accordance with ISO 9001, ISO 14001 and OHSAS 18001.
Activities also continued to focus on improving management processes and culture regarding Occupational Health and Safety for employees and suppliers, as well as protection of the Environment. Specifically, there was an improvement in awareness and perception of risks linked to working activities through ongoing implementation of an integrated management system which also serves to identify and define:

- risks for workers involved/linked to activities;
- working standards and instructions for the prevention and safety of activities in order to eliminate/reduce risks;
- procedures for assessing and mapping training requirements;
- intervals and responsibilities for supervision of critical safety devices.

As regards the Environment part of the integrated management system, which is one of the cornerstones of Astaldi's sustainable business approach, auditing activities were increased, including checking the ability of our projects:

- to ensure legislative conformity;
- to consider the viewpoint of stakeholders in the improvement process;
- to prevent and alleviate pollution.

Additional projects were also developed during the year. It must be noted that:

- ongoing updating of HSE risk prevention standards continued; said standards are grouped within a specific guideline with the aim of constantly adapting Astaldi's operating procedures to the evolution of international best practices, while at the same time improving the prevention system within projects;
- an environment dedicated to HSE issues was created within the SharePoint IT platform, with the aim of sharing and facilitating access to all safety and environment-related documents, streamlining the communication process and promoting standardisation and recognisability of Astaldi's approach in Italy and abroad;
- a programme to issue HSE documentation was introduced; this instrument allows projects in start-up phase to monitor coding of HSE processes, in keeping with the general management system's standards;
- the coding project for HSE performance reporting was completed; this process involves a concise Project and Country report containing HSE indicators considered important for defining additional, specific targets (including quantitative targets).

The voluntary approach to international standards regarding ongoing performance improvement has also been transferred to some of Astaldi Group's most important companies:

- Astaldi Concessioni obtained extension of the validity of the certificate of conformity to requisites as per ISO 9001 following the positive outcome of third-party checking as regards the corporate quality management system;
- NBI obtained confirmation of the validity of the certificate of conformity issued pursuant to ISO 9001 following the positive outcome of periodical, independent third-party checking of maintenance as regards the corporate quality management system. The procedure for certification of the environment part of the corporate system was also completed and resulted in issue of the certificate of conformity with the requisites of UNI EN ISO 14001:2004 in October 2014.

Lastly, mention must be made of some important awards obtained during the year from customers and third parties in Italy and abroad, serving to confirm the levels of excellence achieved by Astaldi Group as regards Health, Safety and Environment and in terms of technical-production capacity and monitoring of business processes:

- PRIX - *Promotion de la Sécurité et de la Santé au Travail*, award given to Astaldi Algeria by the local Ministry (*Ministre du Travail, de l'Emploi et de la Sécurité Sociale*) for the results achieved as regards risk prevention and progress made in the health and safety sector in recent years;
- 2014 FTBA *Safety Award*, given to Astaldi Construction Corp. by Florida Transportation Builders' Association, Inc. The award is for the results achieved by the company in the safety area during 2013;

- 2014 *Gold Step Award*, given to Astaldi Construction Corp. by ABC - Associated Builders and Contractors Inc. in recognition of the “Safety Training and Assessment Process” and the efforts made to develop a quality safety programme for 2014;
- *DBE Utilization Achievement Award* in recognition of having achieved and surpassed DBE (Disadvantaged Business Enterprises) targets.
- for CNN, Toledo station on Line 1 of Naples underground was classed as the most attractive underground station in Europe: the list drawn up in February by the American information network, praised the appearance, modernity and efficiency of the station built by Astaldi as part of a JV and operational since 2012.
- The Tuscan Hospitals project won the “Best Practice Patrimoni Pubblici 2014” award (“Real Estate Management” division), for innovative management and valorisation of local urban assets. The award ceremony was held during the Forum Nazionale Patrimoni Immobiliari Urbani Territoriali Pubblici, an annual event for segment operators now in its eighth year.

2014 also saw the laying of foundations for further integrating sustainability within the company’s business model. The top management’s annual review of the company’s integrated management system was reviewed and the aims and targets of all the company’s divisions were further focused on the Group’s basic values, making it possible to exalt the approach heavily focused on the importance of people and innovation.

Main risks and uncertainties

The success of Astaldi Group’s business model is based on careful and consolidated risk management policies which have taken on an increasingly key role over the years, becoming a real asset shared within the company. This explains the high level of control and monitoring of risks which the company is able to guarantee as regards processes and projects, which means flexibility and the ability to react quickly to the changing situations the Group operates in.
Implementation of risk management guidelines is guaranteed through a Corporate Risk Management Division involved in the decision-making process, with the aim of codifying the main critical risks (so-called key risks) into a common language, and at neutralising the unwanted and unsustainable situations resulting from these.
The risk management system adopted is based on a concept of “risk” taken as an integral part of the generation of value which, in itself, is to be taken as the sum of the current value of the business model and the value of future development opportunities. Hence, successful risk management is aimed at exploiting business opportunities by encouraging future growth and, at the same time, safeguarding the value created.
The Risk Management logic model is heavily integrated into corporate decision-making mechanisms and is three-dimensional, split insofar as it comprise identification of the type of risk (operational, financial, strategic and compliance), level (business, country, contract) and project phase (development, performance, management).

All of this acquires more strategic value if we consider the tendency of financial markets and the main rating agencies to consider the integration of risk management into corporate decision-making processes as a necessary parameter for assessing the credit rating of individual counterparties.

To this end, and in order to guarantee ongoing optimisation of risk management dynamics, an ERM (Enterprise Risk Management) project was started up during the last quarter of 2014, aimed at:

- ensuring ongoing updating of the risk assessment system in order to adapt key risks to changing reference situations;
- the so-called risk appetite (to what extent one is willing to risk) and relative risk tolerance (to what extent one can push), in keeping with the Group's desire to comply with new corporate governance requisites set forth in the Italian Stock Exchange's Code of Self-Regulation (Art. 7 – *Internal Auditing and Risk Management System*), introduced to protect shareholders;
- structuring set risk response policies, in other words strategies to respond to the previously-identified key risks.

The main findings subsequent to analyses performed in recent months provided useful information for understanding and identifying the new key risks compared to the past and confirming those the company was already familiar with, consolidating the internal departments' knowledge of risk management, with consequent improvement of business performance and sustainability.

Please find below some key risks forming the base of the current risk management model, split according to type.

RISKS RELATED TO THE FINANCIAL STRUCTURE

Liquidity and credit. This risk expresses (i) the possibility that the Group may be unable to cover its financial obligations arising from contractual undertakings and, more generally, from its own financial liabilities, as well as (ii) the Group's exposure to potential losses arising from default on obligations to the extent in which access to sources of financing is subject to compliance with specific covenants (binding clauses for the company upon penalty of withdrawal of financing or renegotiation at less favourable conditions).

Currency market/Exchange rate. The current situation of the currency markets highlights extremely volatile situations. The Group's currency exposure is undoubtedly a key risk factor for achieving international growth targets. However, it must be noted that it has undertaken to control said risk over the years through suitable hedging transactions (natural and non-natural hedging).

RISKS LINKED TO REFERENCE SITUATION

Exposure to country risk. The Group's major internationalisation exposes Astaldi to the obligation to assess the so-called "country risk". This refers to the risks arising from economic, political and social events, which depend on the country's government and which may have a negative impact on earnings and the protection of corporate assets. In order to mitigate said risk, the Group has adopted a development model for international commercial activities that focuses on countries (i) offering long-term infrastructure investment plans and opportunities, (ii) that consider works of interest as priorities in local investment policies, (iii) which provide for international insurance cover or projects developed under the aegis of bilateral government agreements, (iv) with a definite, consolidated reference legislative framework. The resulting conservative approach is consolidated by the practice of (i) flanking the joining of foreign markets with preliminary, detailed assessment of political, economic, financial and operating risks connected with the geographical area of interest, and (ii) guaranteeing close monitoring of the evolution of the local political, social and economic situation during the project's complete lifecycle, from commercial development through to completion of works. For all those circumstances that cannot be assessed a priori insofar as connected to unforeseeable and exceptional events, the Group is able to implement a series of well-defined procedures in line with international practice that make it possible to protect the safety of personnel and assets at a local level, minimising the resulting operational and economic impact. For the purpose of providing complete information, please find below a brief description of the countries where the Group operates that are felt to be most exposed to this type of risk.

- *Venezuela*. The conservative approach adopted by the Group has led to a limitation of works on projects in progress in the country as from 2012, following the economic difficulties experienced in recent years which have meant a delay in the customer's payment obligations as regards contracts in progress in Venezuela to date. Certified, and hence collectable, receivables due from the Venezuelan government at 31 December 2014 totalled EUR 253 million (excluding EUR 12 million of payments in advance).
- *Russia*. The country is experiencing economic slowdown mainly as result of political uncertainty linked to the crisis in Ukraine, the impact of international sanctions and the drop in oil prices. The main country risks in the medium-term are linked to the possible destabilising consequences of a lasting weak economic performance, even if the government is formulating an anti-crisis investment plan, and of increasingly tense relations between Russia and western countries. It must be recalled that Astaldi Group's projects in progress in Russia consist of contracts with private counterparties of high financial standing, with guaranteed financial cover, that do not fall into the embargo the country is experiencing as a result of the Ukrainian situation. It must also be noted that the Group's commercial approach as regards Russia is based on stand-alone assessment of individual projects, as well as production in accordance with a governance model that ensures risk sharing through partnerships with Turkish operators. Furthermore, they do not have significant value in terms of permanent capital invested in the country.
- *Turkey.* The main country risks are linked to a slowdown in economic growth even if the 2015 and 2016 forecasts are positive (+3.5% and +3.8% respectively according to *Business Monitor International* estimates) thanks to a lively domestic demand for goods and services. They are also linked to a moderate risk of social and political instability mainly linked to the outcome of the political elections scheduled for June 2015. Specifically it will be crucial to understand the position the new government will take as regards Turkey's involvement in the complex political and civil situation in Syria and Iraq. However, it must be recalled that the Group has operated in Turkey for more than 40 years, diversifying its activities working on priority projects for the country, funded by local and international institutions that have considered the country to be of guaranteed interest for the development of their business activities.

RISKS LINKED TO PARTNERSHIPS

Partnership management. The increasing complexity of works performed and/or opportunities for sharing risks make the decision to adopt project management models involving partnerships with other operators in the reference segment more frequent. This approach facilitates entry into new countries and/or segments but, at the same time, it generates potential risks and problems linked to cultural and organisational integration with partners that, in the worst case scenario, could even mean separation between Astaldi's vision and the partnership's vision. There are also other problems linked to exposure to partners' economic-financial situations. Monitoring of this type of risk is guaranteed by effective assignment of roles and responsibilities within the individual strategic projects, as well as correct application of the process to define and manage shareholder agreements.

RISKS LINKED TO ORGANISATION AND PROCESSES

*Procurement / Cost of raw materials***.** The fluctuation of the prices of some raw materials can affect the project's cost structure and the Group's ability to achieve its targets in terms of earnings. Astaldi tends to neutralise this type of risk through diversified procurement policies, framework agreements with strategic suppliers during the commercial development phase of projects, inclusion of price review clauses in contracts and implementation of ad hoc mechanisms (where provided for) by local governments to mitigate the economic consequences of increases in some costs of production.

RISKS LINKED TO HUMAN RESOURCES

Hiring of specialist technical personnel / Recruitment process. Geographical diversification and the increase in turnover the Group aims at, mean there is a need to acquire managerial and operating resources that are able to work in accordance with similar quality standards in different geographical and working situations. A lack of resources, and at times a lack of qualified resources could mean recruitment problems with consequent extension of the start-up phase of individual projects. In order to avoid this, the Group has created a computerised human resources management system able to plan the population trend and relative costs/benefits, as well as generate detailed reports, therefore guaranteeing a centralised, reliable data source as regards the allocation/availability of resources. Moreover, the Astaldi Corporate Academy, a training school within the Group dedicated to developing and improving managerial resources, has been set up aimed at optimising the most successful internal and external experiences. The latter is a tangible expression of the Group's desire to make the most of and increase the company's specific skills and know-how, thus generating value.

RISKS LINKED TO SUSTAINABILITY (CSR) AND HSE

Sustainability. A clear CSR (*Corporate Social Responsibility*) policy can have a positive impact on the investment choices of institutional investors, with a resulting increase in the value generated by Group activities. However, CSR targets which fail to be met can entail a risk as regards reputation. To this end, the Group has started up a project aimed at consolidating a sustainability performance reporting system within the company.

HSE / Compliance. Increasing focus must be granted to Health, Safety and Environment insofar as accidents and/or violation of HSE regulations can have an impact in terms of reputation. This is even truer if we consider that some markets are excluded to companies with a bad track record in this area. In order to control these types of risks, the Group has adopted a HSE management system, certified by independent third-parties. For more details, please refer to the section entitled “Health, Safety and Environment”.

Corporate governance

The governance model adopted by Astaldi S.p.A. is in keeping with the principles contained in the Self-Regulation Code for listed companies – drawn up by Borsa Italiana, the Italian Stock Exchange, in October 1999 and subsequently amended and supplemented by the Corporate Governance Committee –, as well as with the recommendations formulated by CONSOB in this regard and, more generally, with international best practice. As regards the information requested by Article 123-bis of the Finance Consolidation Act (Legislative Decree no. 58 of 24 February 1998, and subsequent amendments), please refer to the Corporate Governance and Shareholding Structure Report” drafted in compliance with current legislation and published hereto. Said document is made available for consultation on the Group’s website (www.astaldi.com), in compliance with the terms and procedures provided for by law. It has also been considered appropriate to point out herein that the extraordinary session of Astaldi’s Shareholders’ Meeting, held on 29 January 2015, approved the introduction of increased voting rights mechanism. The new regulation provides for the attribution of two votes for each common share held by the same shareholder for an ongoing period of at least 2 years, as from the date of entry in a specific “List” formulated and held by the company. The aim is to promote the presence of stable investors in the share capital through a planned “loyalty premium” that encourages maintenance of the investment for a period of time more in keeping with the timeframe of the Group’s growth strategies that are typically medium-long term.

Remuneration Report

As regards information related to the remuneration of Company Directors, Statutory Auditors and key management personnel, please refer in full to the Remuneration Report drafted by the Board of Directors of Astaldi S.p.A. pursuant to Article 123-ter of the Finance Consolidation Act (Legislative Decree No. 58 of 24 February 1998, and subsequent amendments). Said document is also made available on the Group’s website at www.astaldi.com, Governance section, in compliance with the terms and procedures provided for by law.

Other information

Astaldi S.p.A. shares held by Company Directors, Statutory Auditors and key management personnel at 31 December 2014. For information in this regard, please refer to the Remuneration Report.

Treasury shares. In relation to the Astaldi's share buy-back plan implemented during the year, 1,002,324 shares were purchased during 2014 while 486,772 shares were sold. Treasury shares on hand at 31 December 2014 amounted to 896,501 with a nominal value of EUR 2.

Parent shares held by subsidiaries. No parent shares were held by subsidiaries at the draft date of this report.

Information on transactions with related parties. As regards transactions with related parties during 2014, please refer to the Notes to the Consolidated and Separate Financial Statements at 31 December 2014. It has been considered appropriate herein to state that said transactions form part of the group's ordinary operations and are regulated at market conditions. It must also be noted that no "significant" transactions were performed during the year pursuant to relevant legislation and relative procedures adopted by the company. As regards relations among Group companies, it must be specified that these are regulated at market conditions, taking into account the quality of goods and/or services provided. These relations do not feature any interests classed as significant of other related parties of Astaldi S.p.A. For more details, please refer to the Corporate Governance and Shareholding Structure Report.

Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code). Astaldi S.p.A. is not subject to "management and coordination" by any of its shareholders insofar as the company's Board of Directors is fully and independently responsible for all the most appropriate decisions related to management of the company's activities.

*Research and developme*nt. The Group did not incur any costs for research and development during the year.

Atypical or unusual transactions. No atypical or unusual transactions were performed during the year.

Conclusions

Dear Shareholders,

Astaldi Group's consolidated financial statements at 31 December 2014 show a consolidated profit of EUR 81.6 million, excluding amortisation and depreciation, provisions and consolidation adjustments.

Statement pursuant to Article 36 of CONSOB Regulation No. 16191/07 ("Market Regulations")

Astaldi S.p.A. hereby states that its internal procedures are aligned with the provisions as per Article 36, letters a), b) and c) of Market Regulations ("*Conditions for listing of shares of controlling companies incorporated and regulated by legislation of states not belonging to the European Union*"), issued to implement Article 62, subsection 3-bis of Legislative Decree No. 58/1998.

Specifically, Astaldi S.p.A. makes known that:

1. the Parent, Astaldi S.p.A. has access in an ongoing manner to the bylaws and breakdown of corporate bodies of all significant, non-EU subsidiaries as per Article 36, subsection 2 of the Market Regulations, with listing of the corporate offices held;
2. the Parent, Astaldi S.p.A. makes available to the public, inter alia, the accounts of all significant, non-EU subsidiaries as per Article 36, subsection 2 of the Market Regulations, formulated for the purpose of drafting consolidated financial statements comprising at least the statement of financial position and income statement;
3. the administrative, accounting and reporting procedures currently adopted by Astaldi Group are suitable for making available to the Parent's top management and auditors, at regular intervals, the economic, equity and financial data of significant, non-EU foreign subsidiaries as per Article 36, subsection 2 of the Market Regulations, needed to draft consolidated financial statements.

As regards ascertainment by the Parent of the flow of information to the central auditors, of use for annual and interim auditing of the Parent's accounts, it is felt that the current process of communicating with the independent auditors', organised on various levels of the corporate auditing chain and active throughout the whole year, is effective in this regard.

The application scope, with regard to 2014, concerns 7 subsidiaries, with offices in 5 countries not belonging to the European Union that are of specific significance as per subsection 2 of the aforementioned Article 36.