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# Astaldi



*Italian Investment Seminar  
April 27, 2005*

The efficacy of  
2004-2006  
Business Plan  
strategic guidelines  
today allow  
to confirm:

>> ***The strong operating capacity of the Group, both in Italy and abroad, as proven by:***

- ⇒ **High-Speed Railway, Rome-Naples:** the most technologically advanced experiment in Europe among high-speed transport infrastructures to be delivered within the end of 2005
- ⇒ **New Milan Expo Fair:** the largest operating site set up in Europe for the construction of an exposition fair and delivered in only 24 months
- ⇒ **Rome Urban Underpass:** the longest city tunnel in Europe
- ⇒ Construction of large infrastructural projects abroad, as an expression of the Group's strong presence on international markets

>> ***The Group's strong financial capacity, resulting into:***

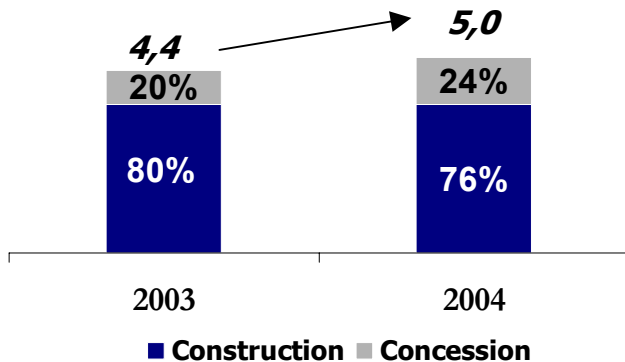
- ⇒ The **availability of financial resources** to guarantee future business expansion
- ⇒ The **strong operating capacity** abroad, as shown by the good cash-flow deriving from foreign contracts
- ⇒ The **possibility to invest** in the acquisition of companies in order to generate synergies (vertical/horizontal integration) and of selected contract portfolios in general contracting and project financing
- ⇒ The **capacity to further invest** over the 2005-2009 period **in concessions** in the transport infrastructure, health care and parking lots sectors

The efficacy of 2004-2006 Business Plan strategic guidelines today allow to confirm:



- >> **A high quality orders backlog offering the basis for a further growth sustained by both concessions and by the synergies from external acquisitions/aggregations**
- ⇒ **Contracts in progress characterized by a high technological & managerial content**
  - *Brescia Underground*: a contract with a high technical content which will allow the Group to take advantage from the experience matured abroad in the construction of driverless subways
  - *Road works* ("Strada Statale Jonica 106") in general contracting for a total amount of over € 700Mln (Astaldi share) to be delivered in 3.5 years
  - *Bologna High-Speed Railway Station*
  - *High-Speed Railway Verona-Padua*: advance payment collection planned for end 2006/ beginning 2007
- ⇒ **Additional important contracts** to be developed (*Turin Railway Hub, MOSE project, Naples Subway*)
- ⇒ **Financial coverage guaranteed for all the contracts in portfolio resulting in good margins and cash-flows**
- ⇒ **Increasing incidence of project finance activities** set up in the previous term resulting into the improvement of the visibility of recurring revenues

Orders Backlog (€/Mln)



## Commercial policy

### **ITALY**

#### **>> General contracting, project finance and concession**

⇒ Growing commitment on contracts requiring high technological skills and of large amount in general contracting and project finance in the sectors of transport infrastructures, health care and parking lots

#### **>> Traditional domestic market**

⇒ Focus on contracts of € 100Mln and above and with important technical and operating requirements

⇒ Development of further opportunities in specialized sectors

### **ABROAD**

⇒ **Focus on traditional markets** in order to assure further development

⇒ **Strengthening of the presence in Eastern European markets**

⇒ **Expansion of PPP/structured finance activities** to targeted foreign countries leveraging on the experience accumulated in Italy

⇒ **Additional investment in the Middle East Area** in order to enhance the good results obtained from the testing of these new markets

## Organization

⇒ **Separation of construction and concession activities** and focus on specific managerial resources for the development of project finance/concession activities

⇒ Continuous commitment in the **training of targeted managerial profiles**

⇒ Further improvement of **risk management**

## Financial Structure

⇒ **Full shift of debt structure towards the medium-long term** resulting in lower cost of debt

⇒ **Restructure of finance by dedicating sources to single business units** (construction and concession)

⇒ **Deleveraging/securitization** on parking lots, credits and general contracting activities

⇒ Examination of the Euro and USA fixed income markets to obtain longer maturities after the repayment of the Eurobond in February 2005

### 2005-2009 Business Plan Assumptions on commercial policies

- ⇒ **Enhancement of Group's skills** in order to strengthen the operating leadership in Italy especially on large projects outlined by the Italian Law n. 443/2001 ("Legge Obiettivo")
- ⇒ **Investments in project finance and concession in the domestic market** for about € 200Mln over the 5 years, which will result into a concession orders backlog of € 3Bln in the sectors of transport infrastructures, health care and parking lots
- ⇒ **Industrial strengthening in foreign markets offering high potential** and where the Group already has a consolidated presence (Turkey, Venezuela, Romania)
- ⇒ **Analysis and commercial penetration in new Eastern European markets** (Poland, Hungary, Bulgaria)
- ⇒ **Further development of the Middle Eastern Area**, by also increasing the Group's skills through the acquisition of specialized companies in the petrolchemical sector in order to take advantage of the synergies from "turn key" projects
- ⇒ **Creation of two different business units for construction and for concession activities** aimed at assuring a better management in order to create value
- ⇒ **Further strengthening of the financial structure** through a plan to shift financial indebtedness from short to medium-long term
- ⇒ **Capacity to invest in targeted business opportunities** aimed at further increasing the presence in sectors/contracts of strategic importance for the Country
- ⇒ **External growth** through the acquisition of companies or portfolio sections in adjacent sectors especially in infrastructural engineering, high-speed railways, petrolchemical industrial engineering, concessions

### 2005-2009 Business Plan Financial Assumptions

- ⇒ **IAS impact on NFP, capitalized costs and FTA**
  - >> A working group has been created with the contribution of external advisors to carry out an analysis of the impacts from the introduction of the new IAS
  - >> The new plan includes the estimated effect relating to the accounting of with-recourse sales among financial debt for an amount of € 100Mln and to the exclusion from net financial debt of financial credits
- ⇒ **Sale without recourse of credits and of general contracting activities** effective starting from 2006. The contractual framework has been defined and IAS compliant
- ⇒ **Securitization of cash-flow from parking lots sector** effective in 2006 (cash € 50Mln)
- ⇒ **Start-up of High-Speed Railway Contract, Verona-Padua stretch**
- ⇒ **External growth** benefiting from the domestic market consolidation and from the aggregation of companies operating in adjacent sectors or specialized in specific industry. Focus will be on infrastructural engineering, high-speed railway, petrolchemical industrial engineering and concessions

# 2005-2009 Business Plan → Change in the order backlog mix

**2003-2005**

Traditional business model



**2004-2006**

New business model  
Growth of GC and PF  
Separation of financial sources

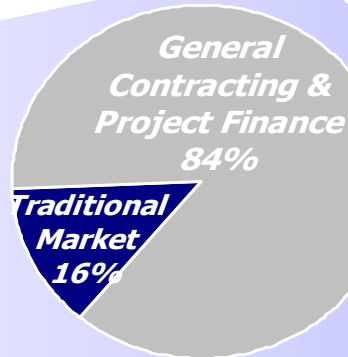
**2005-2009**

Strengthening of competitive positioning in general contracting and project finance

**2003**



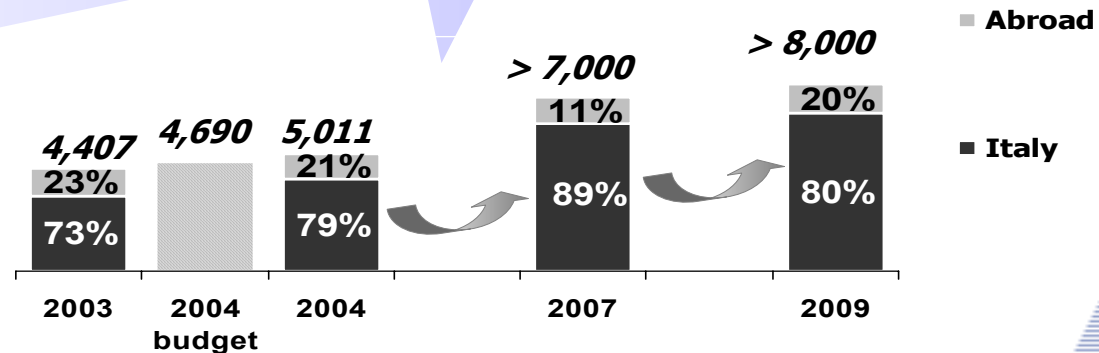
**2004**



**Orders backlog (€/Mln)**

**CAGR 04-07: +13.8%**

**CAGR 04-09: +9.8%**



## 2005-2009 Business Plan → Main Targets

(€/Mln)	2004	2007	CAGR 04-07		2009	CAGR 04-09
<b>Orders Backlog</b>	<b>5,011</b>	<b>&gt; 7,000</b>	<b>13.8%</b>		<b>&gt; 8,000</b>	<b>9.8%</b>
<b>Total Revenues</b>	<b>1,049</b>	<b>&gt; 1,600</b>	<b>16.4%</b>		<b>&gt; 2,000</b>	<b>13.8%</b>
<b>EBIT</b>	<b>75</b>	<b>&gt; 130</b>	<b>21.0%</b>	→	<b>&gt; 170</b>	<b>17.8%</b>
<i>Ebit margin</i>	<i>7.11%</i>	<i>8,1%</i>	--		<i>8.6%</i>	--
<b>Net Income</b>	<b>28</b>	<b>&gt; 60</b>	<b>29.3%</b>		<b>&gt; 80</b>	<b>23.4%</b>
<b>Net Invested Capital</b>	<b>359</b>	<b>630</b>	<b>20.6%</b>		<b>844</b>	<b>18.6%</b>
<b>PFN</b>	<b>(115.0)</b>	<b>(261)</b>	<b>(*)</b>		<b>(378)</b>	<b>(*)</b>
<i>of which concession</i>	<i>(20.0)</i>	<i>(112)</i>	--	→	<i>(163)</i>	--
<b>Equity</b>	<b>244</b>	<b>&gt; 360</b>	<b>14.6%</b>		<b>466</b>	<b>13.8%</b>
<i>Debt/Equity ratio</i>	<i>0.47</i>	<i>0.7</i>	--		<i>0.81</i>	--

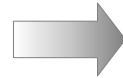
(\*) The forecast of the net financial position takes into account IAS effects for an estimated amount of approx. € 100Mln relating to the accounting of with-recourse sales among financial debt and to the exclusion from net financial debt of financial credits



## 2004-2006 Plan vs. 2005-2009 Plan

2005-2009 Business Plan confirms 2006 targets on a stand alone basis and aims at improving the targets thanks to both:

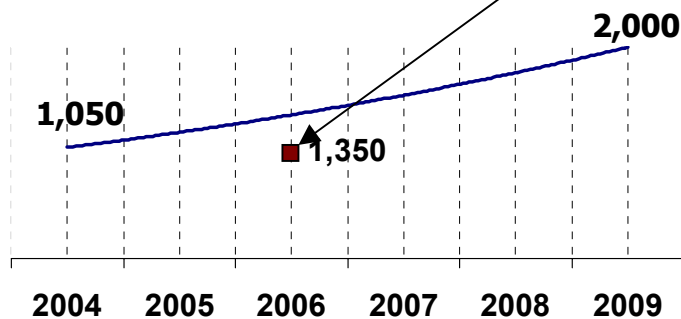
1. external acquisitions
2. focus on general contracting and project finance



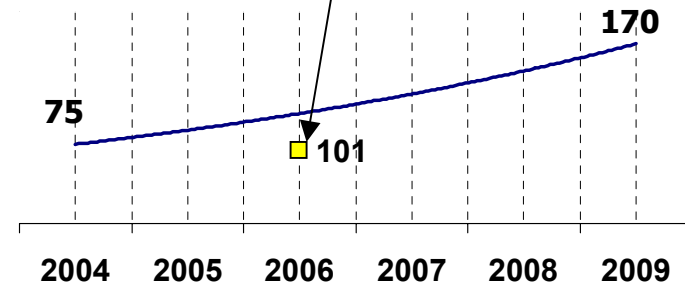
(€/Mln)

2006  
Old Plan

<b>Total revenues</b>	<b>1,350</b>
<b>EBIT</b>	<b>101</b>
<b>Ebit margin</b>	<b>7.5%</b>
<b>Net income</b>	<b>46</b>
<b>Net Invested capital</b>	<b>528</b>
<b>NFP</b>	<b>(220)</b>
<i>Project finance activities</i>	<b>(186)</b>
<b>Equity</b>	<b>307</b>

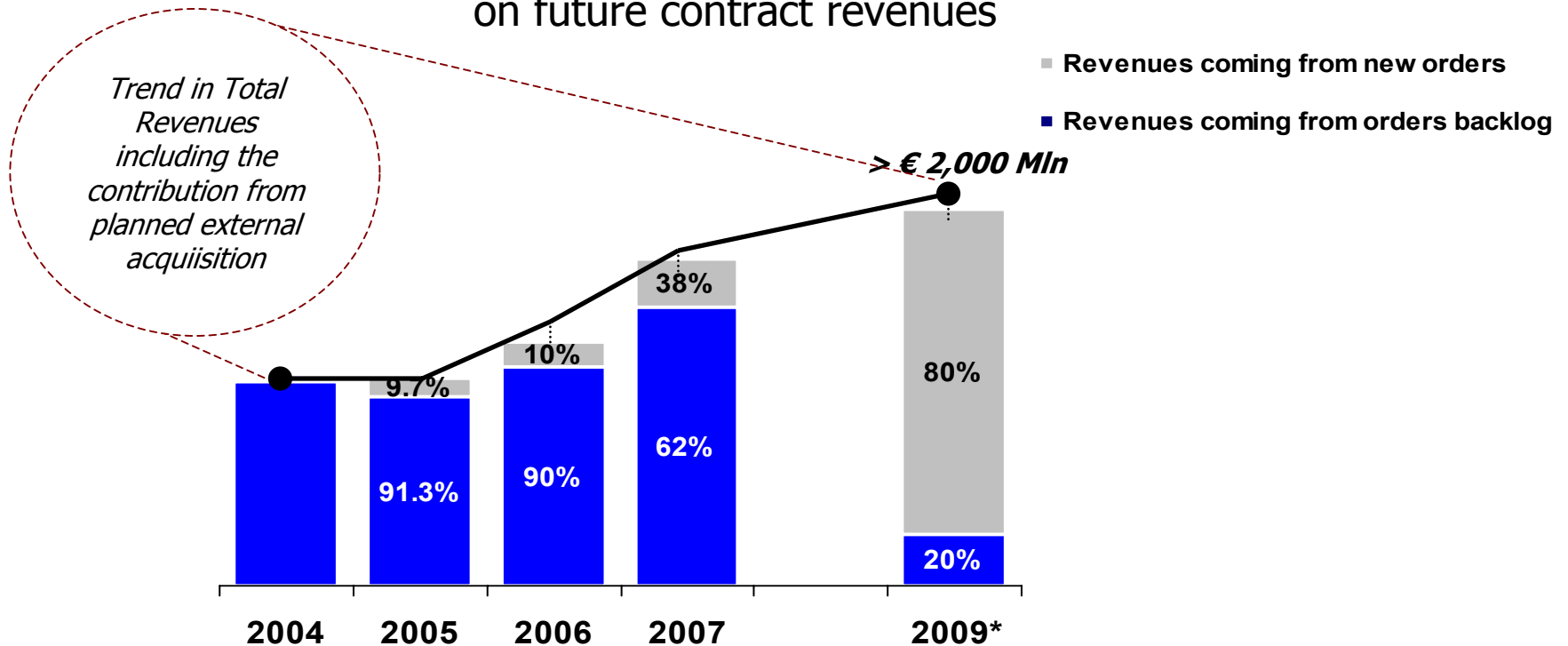


Total Revenues (€/Mln)



EBIT (€/Mln)

Today's Orders Backlog allows to make reliable forecast on future contract revenues



The 2005-2009 Industrial Plan takes into account that:

1. Starting from 2006, 10% of revenues relate to the contribution from the planned external acquisition
2. New contracts acquisitions are planned based on singular specific initiative up until 2007 and then forecast until 2009

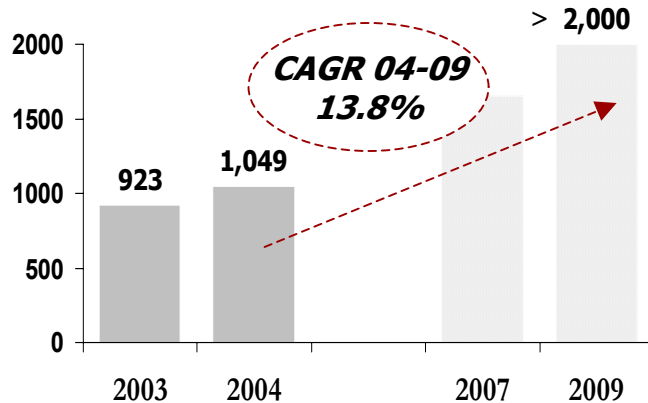
## Main contracts in order backlog as of December 31, 2004

Contracts that will bring the strongest contribution to revenues over the life of the plan

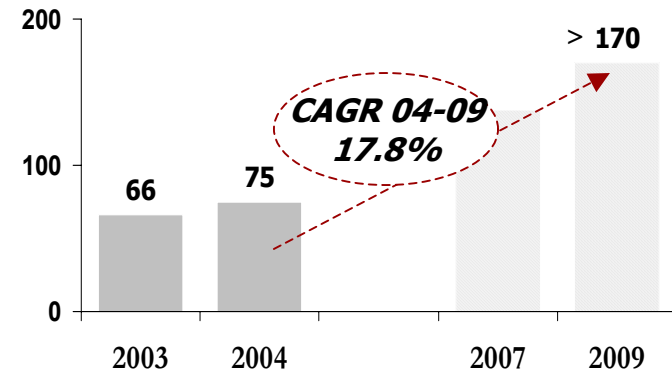
Country	Project	Sector	Client	Total value	Astaldi share	Astaldi share (€/Min)	Order backlog	% of completion
Italy	SS Jonica - Lot 1 and 2	Highways	Anas	790,493	90.00%	711,444	711,444	0.00%
Italy	Brescia Underground	Railways and subways	Brescia Mobilità Spa	314,728	100.00%	314,728	307,891	2.17%
Italy	Bologna High-Speed Railway Station	Railways and subways	Italferr Spa	308,386	100.00%	308,386	303,094	1.72%
Italy	Annatolian Motorway	Highways	Department of Public Works	469,825	100.00%	469,825	220,148	53.14%
Italy	Melito Dam	Dams	Consorzio di Bonifica Alli Punta di Copanello	201,813	100.00%	201,813	167,742	16.88%
Venezuela	Puerto Cabello-La Encrucijada Railway	Railways and subways	I.A.F.E.	570,717	33.33%	190,220	119,562	37.15%
Italy	Rome-Naples High-Speed Railway	Railways and subways	T.A.V. Spa	3,454,604	27.91%	964,179	85,969	91.08%
Italy	Verona-Padua High-Speed Railway	Railways and subways	T.A.V. Spa	2,712,625	32.99%	894,895	867,634	3.05%
Italy	Hospital in Naples (Construction)	Health Care Buildings	Asl - Naples	128,445	60.00%	77,067	77,067	0.00%
Italy	Hospital in Mestre (Construction)	Health Care Buildings	Asl - Venice	138,836	55.00%	76,360	68,655	10.09%
Italy	New Milan Expo Fair (Construction and maintainance)	Civil Buildings	Sviluppo Sistema Fiera Spa	681,224	50.00%	340,612	65,324	80.82%

# 2005-2009 Business Plan → Main Targets

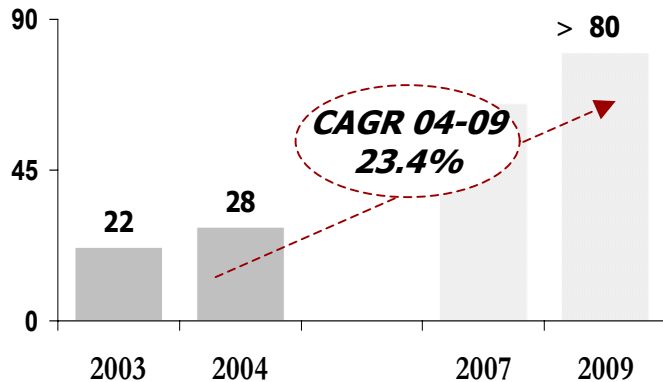
## Total Revenues (€/Mln)



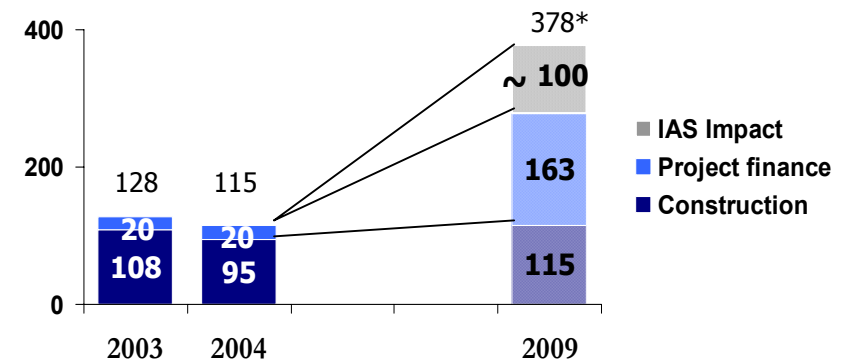
## EBIT (€/Mln)



## Net Income (€/Mln)



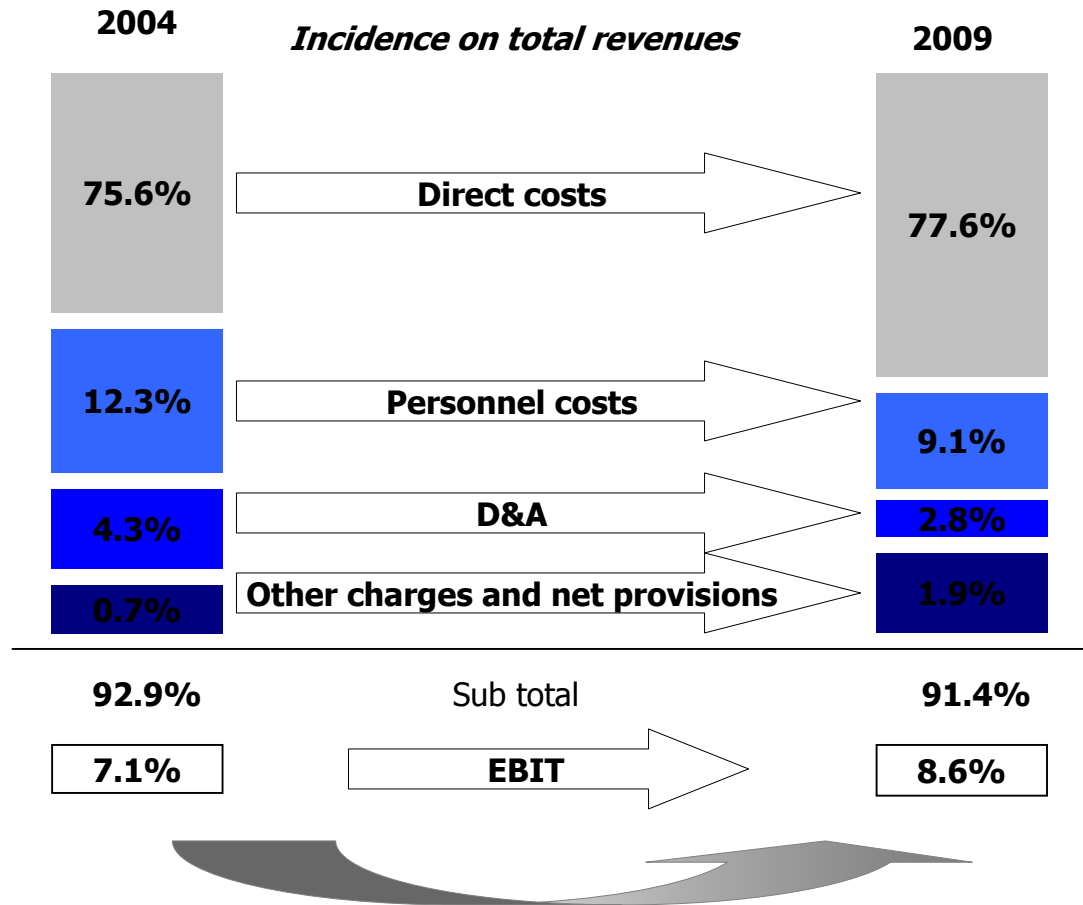
## Net Financial Position (€/Mln)



(\* The forecast of net financial position takes into account IAS effects for an estimated amount of approx. € 100Mln relating to the accounting of with-recourse sales among financial debt and to the exclusion from net financial debt of financial credits

(\* 2005-2009 Plan takes into account the deleveraging on parking lots for € 50Mln

## Consolidated Income Statement new structure



***The structure of the income statement is going to change due to the consolidation of the role of General Contractor resulting into a marked increase of value added***

## Consolidated Income Statement: main goals

<i>(Euro/Mln)</i>	2004	2007	2009	CAGR 04-09
<b>Total revenues</b>	<b>1,049</b>	<b>&gt; 1,600</b>	<b>&gt; 2,000</b>	<b>13.8%</b>
<i>of which concession</i>	<i>n.m.</i>	<i>approx. 10</i>	<i>approx. 90</i>	<i>n.m.</i>
<b>Gross Operating Margin</b>	<b>127</b>	<b>&gt; 200</b>	<b>&gt; 260</b>	<b>15.4%</b>
<b>EBITDA</b>	<b>113</b>	<b>approx. 180</b>	<b>&gt; 230</b>	<b>15.4%</b>
<b>EBIT</b>	<b>75</b>	<b>&gt; 130</b>	<b>&gt; 170</b>	<b>17.8%</b>
<b>Net Income</b>	<b>28</b>	<b>&gt; 60</b>	<b>&gt; 80</b>	<b>23.4%</b>

### *Main index*

	2004	2009
<b>GOM %</b>	<b>12.1%</b>	<b>13.3%</b>
<b>EBIT margin</b>	<b>7.1%</b>	<b>8.6%</b>
<b>Tax rate</b>	<b>31.4%</b>	<b>34.0%</b>

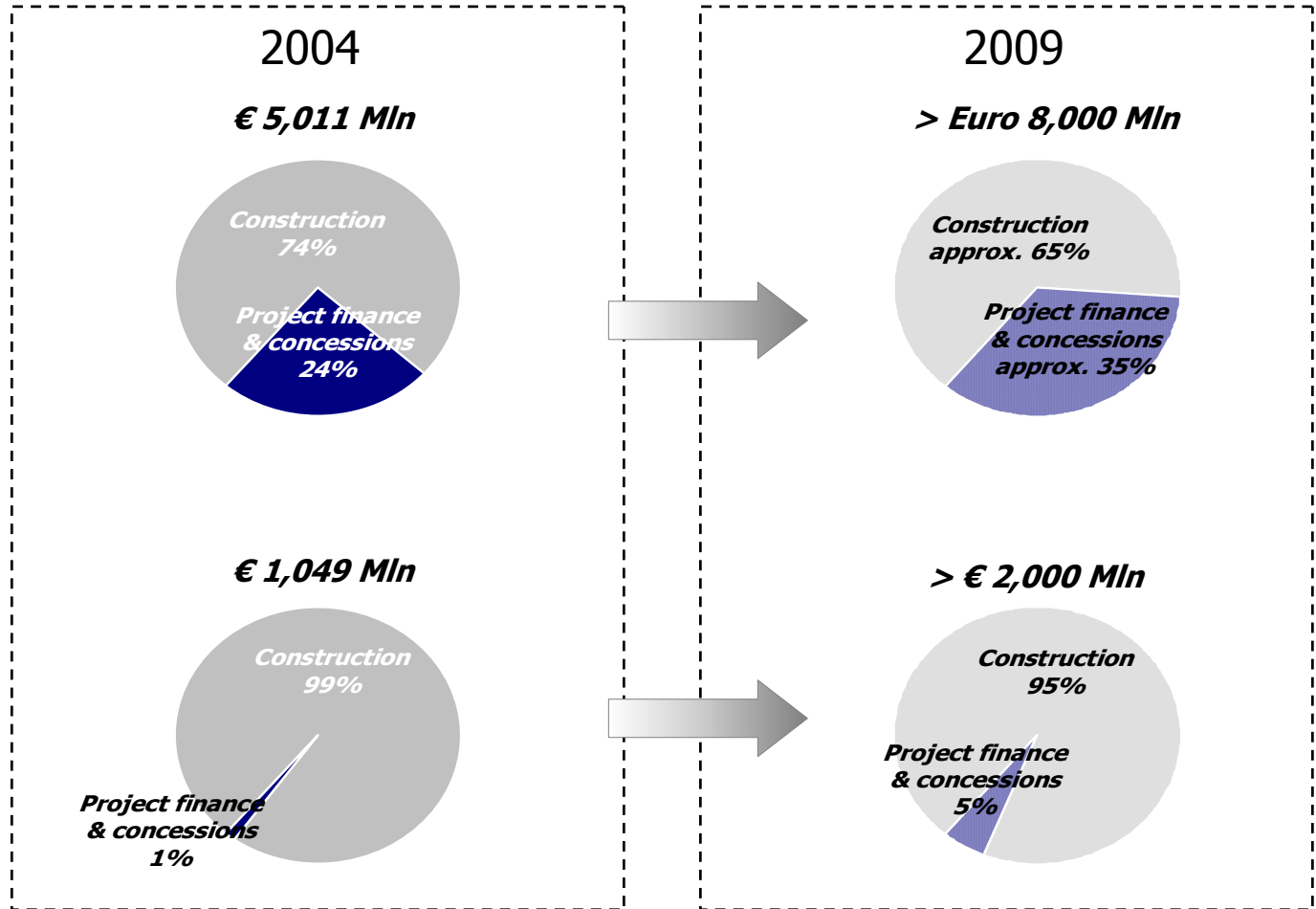
## Consolidated Balance Sheet: main items

(€/Mln)	2004	2007	2009			CAGR 04-09
	total	total	construction	concession	total	(total)
<b>Net fixed assets</b>	<b>193</b>	<i>approx. 360</i>	<i>300</i>	<i>170</i>	<b>470</b>	<b>19.5%</b>
<b>Working capital</b>	<b>249</b>	<i>approx. 350</i>	<i>472</i>	<i>18</i>	<b>490</b>	<b>14.5%</b>
<b>Net invested capital</b>	<b>359</b>	<i>630</i>	<i>658</i>	<i>186</i>	<b>844</b>	<b>18.6%</b>
<b>Net Financial Position</b>	<b>(115)</b>	<i>(261)</i>	<i>(215)</i>	<i>(163)</i>	<b>(378)</b>	<b>(*)</b>
<b>Net Equity</b>	<b>244</b>	<i>&gt; 360</i>	<i>443</i>	<i>23</i>	<b>466</b>	<b>13.8%</b>
<i>Debt/Equity ratio</i>	<b>0.47</b>	<i>0.7</i>	<i>0.49</i>	<i>n.s.</i>	<i>0.81</i>	<i>--</i>

(\*) The forecast of net financial position takes into account IAS effects for an estimated amount of approx. € 100Mln relating to the accounting of with-recourse sales among financial debt and to the exclusion from net financial debt of financial credits

Orders Backlog  
2004 ⇒ 2009

Total Revenues  
2004 ⇒ 2009





## Business opportunities to be developed

2009 Target ⇒ € 3.2Bln

	Total investment	% Public Contribution	Concession revenues	Astaldi share	Length	IRR
Health care	707	46%	3,066	1,627	25	11%
Transport infrastructures	1,257	52%	1,562	359	27	13%
Parking lots	28	23%	190	190	>30	15%
<b>Sub total</b>	<b>1,993</b>	<b>50%</b>	<b>4,819</b>	<b>2,177</b>	--	--
Other	369	24%	604	604	28	--
<b>Total</b>	<b>2,362</b>	<b>46%</b>	<b>5,422</b>	<b>2,781</b>	--	--

## Consolidated Reclassified Income Statement

	2004	2009
<b>Euro/Mln</b>		
Contract revenues	989	1,820
Other revenues	60	186
<b>Total revenues</b>	<b>1,049</b>	<b>2,006</b>
Costs of production	-793	-1,557
Labour costs	-129	-182
<b>Gross operating profit</b>	<b>127</b>	<b>267</b>
<b><i>GOP %</i></b>	<b><i>12.11%</i></b>	<b><i>13.30%</i></b>
Other charges	-14	-28
<b>EBITDA</b>	<b>113</b>	<b>239</b>
D&A	-45	-56
Net provisions	7	-10
<b>EBIT</b>	<b>75</b>	<b>173</b>
<b><i>EBIT MARGIN</i></b>	<b><i>7.11%</i></b>	<b><i>8.63%</i></b>
Interest charges	-27	-43
Equity write-downs	-2	-4
Extraordinary income (charges)	-5	-3
<b>Profit before taxes</b>	<b>41</b>	<b>123</b>
Taxes	-13	-42
Minorities	-1	-0.4
<b><i>TAX RATE</i></b>	<b><i>31.4%</i></b>	<b><i>34.3%</i></b>
<b>Net income for the period</b>	<b>28</b>	<b>81</b>

## Consolidated Reclassified Balance Sheet

<b>Euro/Mln</b>	<b>2004</b>	<b>2009</b>
Net intangible fixed assets	50	42
Net tangible fixed assets	102	367
Equity investments	26	45
Other net assets	14	17
<b>Total net fixed assets</b>	<b>193</b>	<b>470</b>
<b>Working capital</b>	<b>249</b>	<b>490</b>
<b>Total funds</b>	<b>-82</b>	<b>-116</b>
<b>Net Invested Capital</b>	<b>359</b>	<b>844</b>
<i>CIN/VAL PROD</i>	<i>34.2%</i>	<i>42.1%</i>
<b>TOTAL ORDINARY FINANCE</b>	<b>-95</b>	<b>-215</b>
<b>STRUCTURED FINANCE</b>	<b>-20</b>	<b>-163</b>
<b>NET FINANCIAL POSITION</b>	<b>-115</b>	<b>-378</b>
Consolidated Net Equity	244	443
Minority interest	0	23
<b>Net Equity</b>	<b>244</b>	<b>466</b>
<i>DEBT/EQUITY RATIO</i>	<i>47%</i>	<i>81%</i>

## Consolidated Reclassified Cash-flow

	2004	2009
<b>Euro/Mln</b>		
Net profit for the period	28	81
D&A	45	56
Change in provisions	5	18
<b>Gross Cash-flow</b>	<b>78</b>	<b>154</b>
<b>(Inc.)/Dec. Working Capital</b>	<b>(19)</b>	<b>(74)</b>
<b>Current Operating Cash-flow</b>	<b>59</b>	<b>80</b>
<b>(Inc.)/Dec. Fixed Assets</b>	<b>(35)</b>	<b>(72)</b>
<b>Operating Cash-flow</b>	<b>24</b>	<b>8</b>
<b>Inc.)/(Dec.) Equity</b>	<b>(11)</b>	<b>(30)</b>
<b>Cash-flow</b>	<b>13</b>	<b>(23)</b>
 <b>Sources:</b>		
Inc.)/(Dec.) Medium/Long term financial debt	(177)	38
Inc.)/(Dec.) Short-term financial debt	176	34
Inc.)/(Dec.) Financial debt related to project finance activities	18	(13)
<b>Cash from financial activities</b>	<b>16</b>	<b>58</b>
(Inc.)/Dec. Cash and securities	(29)	(36)
<b>TOTAL</b>	<b>(13)</b>	<b>23</b>