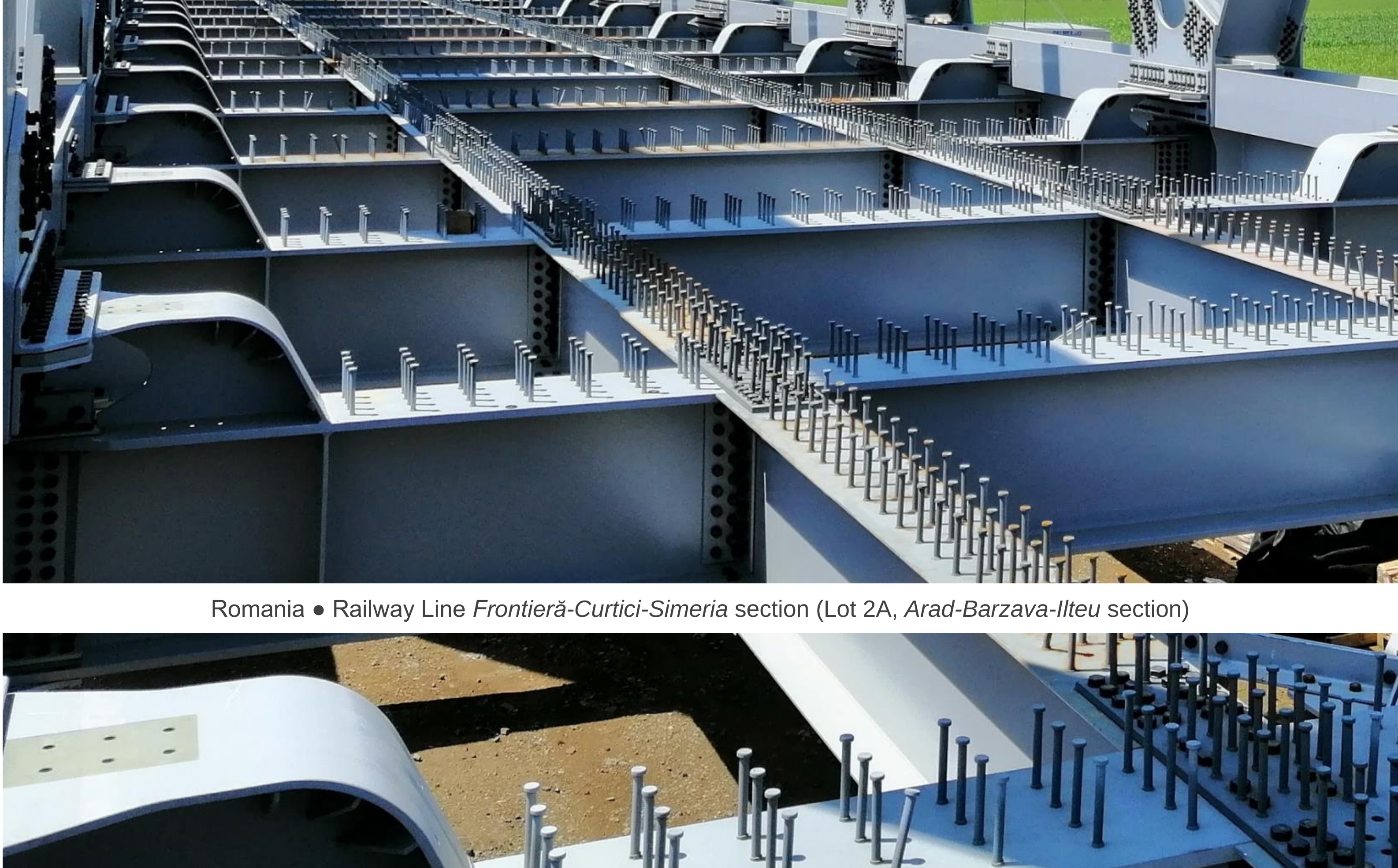
(Translation from the Italian original which remains the definitive version)

Interim Financial Report

30 JUNE 2020

(Translation from the Italian original which remains the definitive version)

Romania ● Railway Line *Frontieră-Curtici-Simeria* section (Lot 2A, *Arad-Barzava-Ilteu* section)



General Index

(Translation from the Italian original which remains the definitive version)

Italy ● Line C of the Rome Metro, *Piazza Venezia* station

Interim Financial Report

Poland ● Lodz–Fabryczna Railway Station

Contents

Company bodies

Board of directors[1]

Paolo Astaldi,[2] Chairman

Alessandro De Rosa[3], Deputy chairman

Filippo Stinellis[4], Chief executive officer

Andrea Gemma[5], Director

Flavia Insom[5], Director

Maria Raffaella Leone[5], Director

Nicoletta Mincato[5], Director

Teresa Naddeo[5], Director

Michele Valensise, Director

Chief restructuring officer

Paolo Amato[6]**,** Chief restructuring officer

[1] Appointed by the shareholders in their ordinary meeting of 31 July 2020, in office until their meeting held to approve the 2022 financial statements.
[2] Confirmed as chairman by the board of directors on 31 July 2020. Executive director.
[3] Appointed as deputy chairman by the board of directors on 31 July 2020.
[4] Confirmed as chief executive officer by the board of directors on 31 July 2020. Executive director.
[5] Independent as per article 148 of the Consolidated Finance Act and article 3 of the Code of Conduct.
[6] Appointed as chief restructuring office (CRO) by the board of directors on 31 May 2019 to supervise the general implementation of the composition with creditors plan (the "plan"), also to comply with the terms of the binding offer presented by Webuild S.p.A. ("WeBuild"). As of that date, the CRO has attended all the meetings of the board of directors and board committees. The board of directors continues to have independent decision-making powers in compliance with the applicable laws and regulations, as well as the composition with creditors plan and proposal. More information about the composition with creditors plan and proposal as well as Webuild's binding offer, and in general about Astaldi's composition with creditors procedure, is provided in the 2019 Annual Report available in the Investor Relations - Financial Reports section of the parent's website www.astaldi.com.

Control and risks committee[7]

Nicoletta Mincato, Chairwoman

Alessandro De Rosa

Teresa Naddeo

Appointments and remuneration committee

Teresa Naddeo, Chairwoman

Nicoletta Mincato

Alessandro De Rosa

Related parties committee

Andrea Gemma, Chairman

Maria Raffaella Leone

Flavia Insom

Board of statutory auditors[8]

Giovanni Fiori, Chairman

Anna Rosa Adiutori, Standing statutory auditor

Lelio Fornabaio, Standing statutory auditor

Giulia De Martino, Alternate statutory auditor

Francesco Follina, Alternate statutory auditor

Gregorio Antonio Greco, Alternate statutory auditor

Independent auditors

The parent has engaged **KPMG S.p.A.** on a voluntary basis to review the condensed interim consolidated financial statements at 30 June 2020.

The engagement for the statutory audit of the parent's separate and consolidated financial statements for the years ending 31 December 2020 to 2028 (included) and the consolidated non-financial statement and separate

[7] Appointed by the board of directors on 31 July 2020.
[8] Appointed by the shareholders in their ordinary meeting of 27 April 2018, in office until the meeting held to approve the 2020 financial statements.

unit (as defined later) has been assigned to PricewaterhouseCoopers S.p.A. by the shareholders in their meeting of 31 July 2020.

General management

Paolo Citterio[9], general manager - administration and finance and manager in charge of financial reporting

Cesare Bernardini, general manager of Europe, Asia and Africa and Brenner (Italy)

Francesco Maria Rotundi, general manager of Italy, the Americas, Algeria, Morocco and Tunisia

Filippo Stinellis[10], general manager of Turkey

Proxy for the separate unit

Claudio Sforza[11], proxy for the management and winding up of the separate unit

[9] Confirmed as manager in charge of financial reporting as well as general manager by the board of directors on 31 July 2020.
[10] Appointed as general manager of Turkey by the board of directors on 27 July 2020.
[11] In accordance with the terms of the composition with creditors proposal, on 24 May 2020, the parent's board of directors gave Claudio Sforza a special mandate to manage and wind up the separate unit on behalf of the unsecured creditors holding participating financial instruments (as defined later). The mandate is effective from the date of publication of the authorisation of Astaldi's composition with creditors procedure (17 July 2020). More information about this is provided later in this report.

Highlights

Table 1 – Key statement of profit or loss figures

(€m)	**H1 2020** *Astaldi Group* **(A)**	*Of which effects related to the composition with creditors procedure (management view)** **(B)**	*Of which core assets scope (management view)** **(C) = (A-B)**
Total revenue	**656.8**	***7.9***	**648.9**
Adjusted gross operating profit ** **%**	**78.6** ***12.0%***	***24.2***	**54.4** ***8.4%***
Gross operating profit %	66.3 *10.1%*	*24.2*	42.1 *6.5%*
Adjusted operating profit ** **%**	**17.0** ***2.6%***	***1.3***	**15.7** ***2.4%***
Operating profit %	4.7 *0.7%*	*1.3*	3.4 *0.5%*

** The figures in column B ("Of which effects related to the composition with creditors procedure - management view"), not reviewed by the independent auditor, show (i) the effects on profit or loss directly related to the assets and liabilities that will be transferred to the separate unit, (ii) the income and expense arising from the composition with creditors procedures commenced by certain group companies, as well as (iii) the fees of the group's advisors, engaged to assist with the composition with creditors procedure, including court costs. The figures in column C ("Of which core assets scope - management view), also unreviewed, show the difference between the figures in column A and column B, as defined above.*
*** The adjusted gross operating profit and the adjusted operating profit for the first half of 2020 were calculated by excluding the composition with creditors procedure costs from the gross operating profit and operating profit, respectively. These costs amounted to €12.3 million for the first half of 2020.*

Table 2 – Key statements of financial position and cash flows figures

(€m)	**30/06/2020**	**31/12/2019**
Net invested capital	794.2	729.2
Deficit	(1,574.6)	(1,540.1)
Total net financial debt	(2,368.7)	(2,301.6)

Note: Net financial debt and the deficit at 30 June 2020 do not reflect the effect of the discharging of the group's debts, as the authorisation of the Astaldi composition with creditors procedure was published on 17 July 2020.

Group profile

The Astaldi Group (the “group”) is an **international market player** and **one of the major general contractors in Italy**. It has a **large share of the European and global construction market.** Listed on the stock exchange since 2002, it mostly operates as an EPC[12] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works.

The group has an **offer capacity based on several product lines - transport infrastructure, hydraulic and energy production plants, civil and industrial construction and plant engineering**. It also **operates under concession and provides operation and maintenance (O&M) services** for the management of the infrastructure and works it builds.

The group’s **core business is the transport infrastructure segment**, comprising the **(i) railways and metros, (ii) roads and motorways,** and **(iii) airports and ports sub-segments**. Astaldi designs, builds and, occasionally, operates the completed infrastructure, drawing on the **internationally-recognised expertise of its highly qualified human resources**. In the last ten years, the group has **built over 2,000 km of railway and metro lines and more than 1,600 km of roads and motorways**, including roughly 300 km of tunnels and around 180 km of bridges and viaducts. In the same period, it has built, inter alia, **seven hydroelectric power plants, five dams and two waste-to-energy plants** in the hydraulic plants and energy production segment, while it has completed **39 buildings, including 12 healthcare facilities**, in the civil and industrial construction segment.

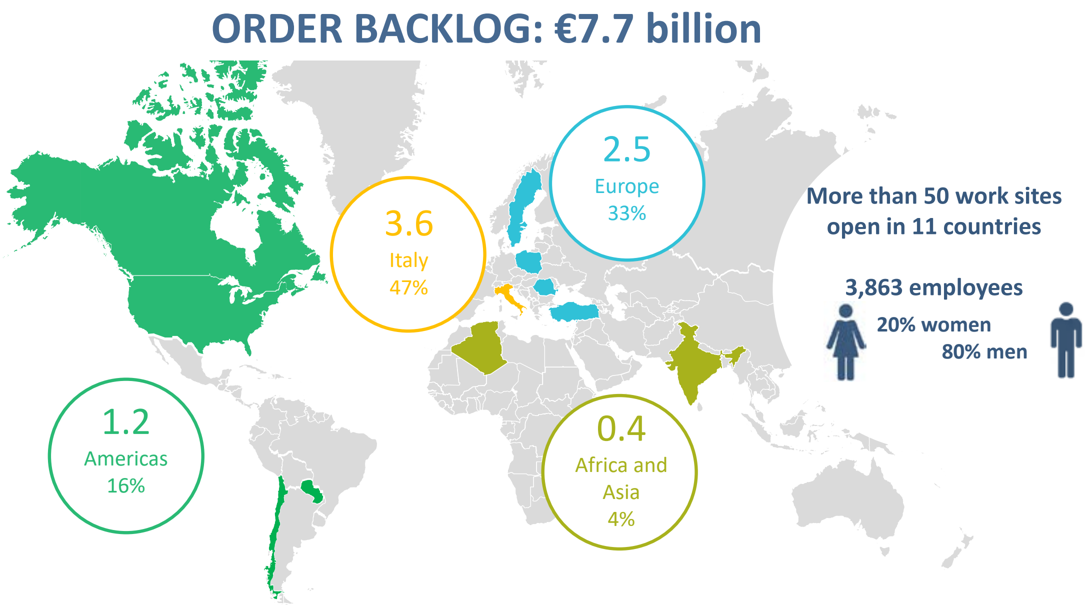
At 30 June 2020, the **group’s order backlog was worth €7.7 billion**, including **€6.4 billion (83% of the total) for construction contracts and €1.3 billion (17%) for O&M activities**.

Chart 1 – Business segments and product lines

[12] Engineering, Procurement, Construction.

While the group has **strong roots in Italy**, it also has a **significant presence abroad**. It has built works in more than 60 countries on four continents in its **almost 100 years of international operations**. At 30 June 2020, **its order backlog comprises orders generated in Italy for approximately €3.6 billion (roughly 47% of the total) and abroad for around €4.1 billion (53%)**. It operates in Europe (Romania, Poland, Sweden and Turkey), the Americas (Chile, Canada, the USA and Paraguay), Africa (Algeria) and Asia (India). To meet its business needs, the group has an average annual workforce of **3,836 employees** at 30 June 2020, of whom roughly 28% are based in Italy with the other 72% abroad. They work on the **more than 50 projects being carried out around the world.**

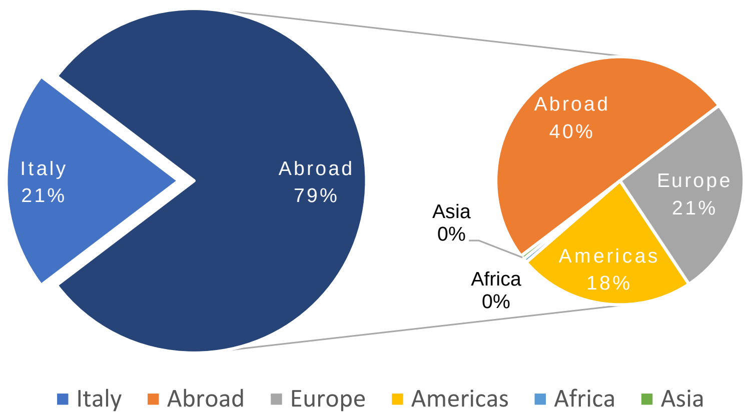
Chart 2 – Order backlog at 30 June 2020 by geographical segment



Note: For the purposes of this chart, Europe does not include Italy but does include Turkey; unless indicated otherwise, the figures are in billions of Euro.

Total revenue for the six months ended 30 June 2020 **comes to €656.8 million** (€648.9 million considering just the core assets scope, as defined later - unreviewed management figures). **The key contributor is the construction segment with 96% while the other approximate 4% was earned on O&M contracts**. **Italian projects made up 33%** of the total with 67% generated by foreign projects (mostly in Europe and the Americas).

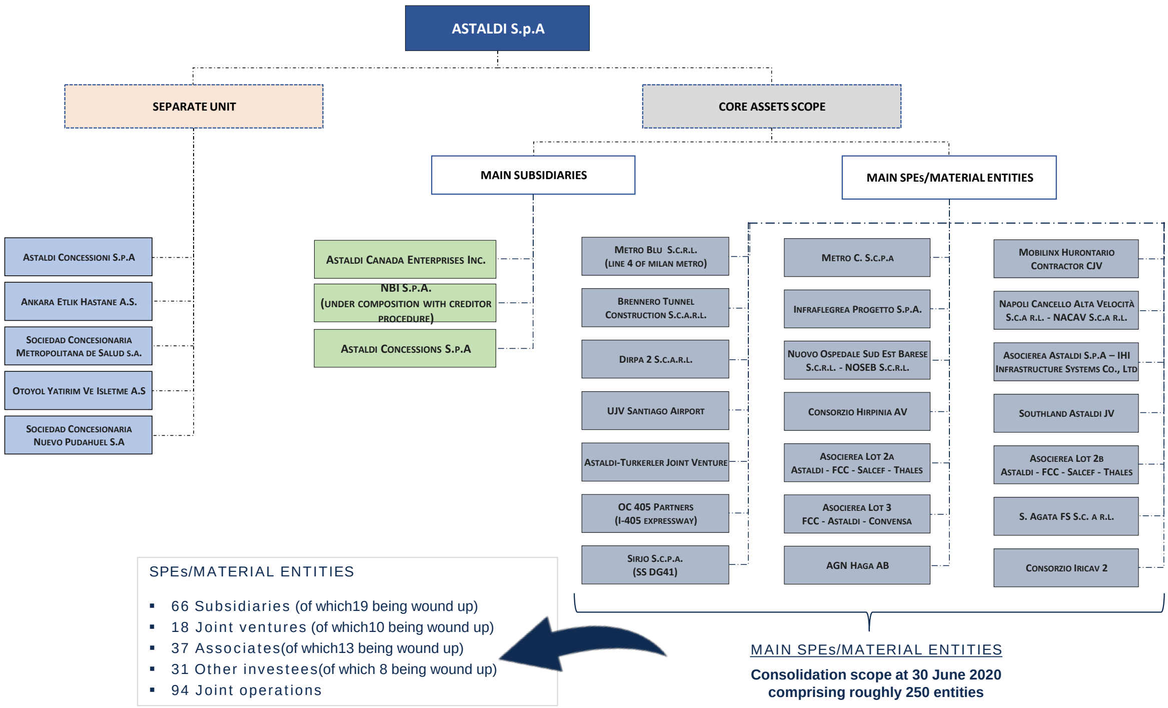
Chart 4 – H1 2020 revenue by geographical segment



NOTE: For the purposes of this chart, Europe does not include Italy but does include Turkey.

To provide a complete overview of the group, the following graph presents its structure at 30 June 2020.

Chart 4 – Group structure at 30 June 2020



The chart shows the activities transferred to the separate unit and those retained as part of the core assets scope, as provided for by the composition with creditors on a going concern basis procedure commenced by the parent on 28 September 2018.

In accordance with the terms of the composition with creditors plan and proposal (approved by the creditors as expressed by their favourable vote), on **24 May 2020**, the parent's board of directors resolved to **set up a separate unit for the sole purpose of satisfying the parent's unsecured creditors (the "separate unit")** by selling all the assets, rights and judicial relationships transferred to the separate unit. The separate unit's set-up became effective after 30 June 2020 following the Rome Court's authorisation of Astaldi's composition with creditors procedure published on 17 July 2020. It received specific assets and liabilities held for sale, mainly related to the group's key concessions, amounts due from the Venezuelan government and the building housing the parent's registered and head offices in Rome. Conversely, the **core assets scope** includes the **activities that Astaldi will continue to perform to ensure the group can carry on as a going concern**, solely compromising EPC activities, the O&M business and certain minor concessions implicit in EPC activities.

In addition and again in accordance with the terms of the composition with creditors plan, for cost cutting purposes, management is committed to disengaging from the geographical segments/projects to be discontinued (high risk countries and projects whose profit margins are no longer sustainable), which have already been reclassified as discontinued operations in the statement of profit or loss.

As already noted earlier, **the Rome Court authorised Astaldi's composition with creditors procedure** with its ruling published on 17 July 2020 after it had checked the procedure's correctness and the results of the creditors' voting. As the sole challenge proposed by the creditors was discontinued, the **authorisation ruling became definitive and effective from 17 July 2020, allowing the parent's turnaround**. On 14 and 15

September 2020, Astaldi was informed of two separate applications to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court’s ruling authorising the composition with creditors procedure and cancel it. More information about this is available in the subsequent section on the going concern assumption and on the parent’s website www.astaldi.com.

Key events of the period

This section summarises the key events of the first six months of 2020 while reference should be made to the Media - Press releases section of the parent's website www.astaldi.com for more information. Another section of this report provides information on events after the reporting period.

Table 3 – Key events of the period

11 February 2020	Astaldi informed the market that **the report prepared by the judicial commissioners as per article 172 of the Bankruptcy Law[13] had been filed with the Rome Court** as part of the composition with creditors on a going concern basis procedure. Upon completion of their work, the **judicial commissioners found the composition with creditors plan and proposal to be legally and financially viable**, finding the proposal to be "*definitely more beneficial to the unsecured creditors*" compared to the alternative scenario of an extraordinary administration procedure which "*would not be in the best interests of the creditors*".
19 March 2020	Astaldi informed the market that it had finalised the **sale of its investment in the operator** of the concession for the construction and operation of the Northern Marmara Highway which includes the Yuvuz Sultan Selim Bridge in Turkey (the "Third Bosphorus Bridge") to **IC Içtas Inşaat Sanayi ve Ticaret A.Ş ("ICTAS").**
4 May 2020	The Rome Court set **the hearing date for the authorisation of Astaldi's composition with creditors procedure as 23 June 2020** in a specific ruling. This ruling, inter alia, acknowledged the **completion of the voting process for the composition with creditors procedure** presented by Astaldi to the Rome Court, whereby **the proposal was approved by a majority of 69.4% of the creditors eligible to vote**.
11 May 2020	As part of a joint venture with Webuild S.p.A. ("Webuild"), **Astaldi was included on the short-list for the awarding of the Edmonton LRT rail project in Canada worth CAD1.7 billion (€1.15 billion)**. The new light rail infrastructure will run over 14 km with 14 stops and two elevated stations, two bridge crossings and related works. The project will be awarded by mid-October, with work set to begin in 2021 and be completed within six years.
12 May 2020	Astaldi informed the market that it had signed a **€407 million contract** (including price revisions) **to design and develop Lot 5 of the Sibiu-Pitesti Motorway in Romania**. This section of over 30 km is the most important motorway section under construction in this country.
19 May 2020	The **delivery ceremony was held for commencement of the works on mega lot 3 of the state road Jonica 106**, a strategic project to upgrade the road network in Southern Italy.
24 May 2020	In accordance with the terms of the composition with creditors plan and proposal presented to the Rome Court and approved by the creditors, **the parent's board of directors resolved to set up a separate unit in accordance with article 2447-bis and following articles of the Italian Civil Code. This separate unit's sole purpose is to satisfy the unsecured creditors** by selling all the assets, rights and judicial relationships transferred to the separate unit.
12 June 2020	In accordance with the terms of the composition with creditors plan and proposal presented to the Rome Court and approved by the creditors, the parent informed the market that **Astaldi Concessions S.p.A.**, created by the partial demerger of Astaldi Concessioni S.p.A., resolved upon on 22 January 2020, **had been set up**.
17 June 2020	The parent informed the market that its **board of directors had approved the financial statements at 31 December 2018 and 2019** and called a shareholders' meeting whereby the shareholders should (i) approve the financial statements, appoint a board of directors and assign the statutory audit engagement for the years from 2020 to 2028 in their ordinary section, and (ii) provide for implementation of the transactions envisaged in the composition with creditors proposal in the extraordinary section.
23 June 2020	The **hearing to authorise Astaldi's composition with creditors procedure** was held at the Rome Court, which will subsequently authorise the procedure with its ruling of 15 July 2020 (published on 17 July 2020).

[13] Royal decree no. 267 of 16 March 1942 as subsequently amended.

Covid-19

The outbreak of Covid-19 (the Coronavirus), declared a pandemic by the World Health Organisation in March 2020, drastically changed the global macroeconomic playing field in the first half of this year and led governments around the world to bring in extraordinary measures to prevent and/or curb the spread of the virus to combat the related public health emergency. These measures included the temporary shuttering of industrial factories and work sites and strict restrictions on the movement of people and means of transport. The Coronavirus has had and, in some cases, continues to have a significant effect on the economies of the countries where the group operates to differing extents (more information is available in the sections on the reference contexts and the outlook for the year).

In order to tackle this emergency, the parent actuated a series of actions and safeguards to *(i)* promptly protect the health of all group employees, *(ii)* monitor the situation at production sites, *(iii)* preserve the value generated by production activities as much as possible, and *(iv)* support operating continuity, seriously put to the test by the restrictions on the movement of people and goods on a global scale imposed via measures approved in Italy and abroad starting from March 2020. These measures have been eased since July.

A very brief description of the measures introduced by the group during the period and their effects is provided below.

Coordination unit set up at corporate level

The group set up a specific committee at the end of February 2020 to monitor the situations related to Covid-19 (which had not yet been declared to be a pandemic but a growing emergency). Chaired by senior management, its members include the heads of all head-office and peripheral operating structures along with the heads of the parent's main departments involved, in order to *(i)* monitor the spread of the virus at Italian and foreign production units, *(ii)* supervise measures to contain the risk of infection, *(iii)* activate channels to liaise with the Italian embassies in the countries where the group operates, as well as *(iv)* coordinate actions to safeguard contracts with customers against the impact of the pandemic on production activities.

Measures introduced to protect the group employees' health

Astaldi and its subsidiaries implemented due precautionary measures, also related to safety and securing the health of employees, in compliance with the Italian Prime Minister's decrees, ministerial circulars and orders from the national civil protection service, along with recommendations issued by other local authorities following the spread of the virus.

Despite promptly implementing the health protocols defined in the general guidelines set out in the agreements reached between social partners and the government right from the onset of the pandemic, the parent has encountered growing problems in organising the work of the Italian production units, basically as manpower is not available due to the virus, the ban on movement between regions and lockdown restrictions progressively imposed by regional authorities (which put a stop to commuting, especially common among blue collar workers). As routine activities became impossible to guarantee in many production sites, a large number of customers decided to suspend works. Accordingly, starting in mid-March and once the sites had been brought up to safety standards, the parent implemented a series of actions to protect the employees and company value (using up accrued holidays and leave, implementing shock absorbers provided by the Italian government, introducing working from home). In April and May, the parent closed the Rome and Milan offices and accordingly reduced the working hours of the entire workforce by applying for the Covid-19 government-sponsored lay-off scheme[14], while simultaneously ruling that the remaining work be performed from home. Even before closing down the production units, the parent had drafted protocols introducing a series of measures (control, distancing, personal protection, sanitisation of the workplace and work tools, health monitoring, managing emergencies following detection of Covid-19 symptoms) to guarantee the safety of work areas in preparation for the resumption of activities. These protocols were fully implemented with the gradual recommencement of production activities at the various sites starting in May as soon as restrictions around the country began to be lifted. In order to offer further protection to employees, starting from 1 March and for the whole of 2020, the parent has taken out a specific insurance policy covering Covid-19 risks for its employees and their families. At the date of preparation of this report, production activities have partially resumed in Italy.

Beyond Italy, considering the rapid spread of the virus, extraordinary measures were progressively adopted in some of the countries where the group operates to restrict the circulation of goods and people, with the closure of plants and commercial and production activities. Similarly to Italy, such measures, together with those implemented by the group to protect employee health, have made it difficult for the group to continue its ordinary production activities (especially in Chile and India where the situation has not yet normalised). This led to the slowdown or, in some cases, the suspension of production activities, with additional problems (due to restrictions on air traffic) for personnel trying to return home from abroad or personnel that had been off-site when the pandemic blew up trying to return to production sites that have remained open. At the date of preparation of this report, slowdowns in operating activities in Chile and India are still the case.

Impact on operations

Based on the WHO's statements, the countries worst hit by the pandemic at the date of preparation of this report are the US, India, Brazil, Russia, Peru, Colombia, Mexico, South Africa, Spain, Argentina, Chile and Iran[15]. Of these countries, Astaldi only operates in the US with just one project, which has not been affected by the lockdown, India and Chile (where the pandemic has had a greater effect as described later). In addition, at the date of preparation of this report, all operating activities have been resumed in Italy and abroad, except for specific cases in Chile and India.

Covid-29 started to indirectly affect the progress of projects from the start of the year, especially in Italy, followed by Europe and North and South America.

Despite this extremely uncertain situation, mitigating actions (discussed with all customers) have already been successfully implemented in Italy and abroad to neutralise the negative effects, most importantly financial stress, of the lockdown and the shuttering/slowdown of the related activities. These actions included Astaldi's request with respect to contracts in Italy and abroad for:

(i) accelerated payment of slow-moving items (mostly claims[16] and variation orders);
(ii) recovery of the higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;
(iii) payment of all progress reports issued and work in progress at the beginning of the lockdown;
(iv) rescheduling progress reports' issue dates and related payments;

[14] The government-sponsored lay-off scheme introduced by the Decree law no. 18 of 17 March 2020 (the "Cure Italy decree") to deal with the Covid-19 public health emergency.
[15] Source: *WHO Coronavirus Disease (COVID-19) Dashboard*, World Health Organisation, updated to 12 September 2020.
[16] Requests to customers for additional consideration, reimbursements or compensation in addition to the contractually-agreed consideration, which are normally made when the group incurs greater than planned for costs which are directly and/or indirectly attributable to the customer.

(v) possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system;
(vi) reviewing production cycles, to incorporate the new work site and procurement logistics and to ensure the efficient management of measures to protect the workers' health.

More information about the individual situations in the areas where the group operates at the date of preparation of this report is available in a later section.

Italy – Production slowed down during the six months and came to a standstill for roughly two months in some cases such as the Brenner Base Tunnel, the Cumana railway line and Capodichino Station of the Naples Metro, the Infraflegrea Project, the Marche-Umbria road system, the Nuovo Ospedale del Sud-Est Barese di Monopoli-Fasani, the NATO base in Sigonella and the Taranto Port. Work continued in full compliance with the safety measures to protect the health of the group employees and all the workers at the work sites on (i) the projects being designed or started-up (like the high speed/high capacity Naples-Bari and Palermo-Catania railway line sections and the state road Jonica), and (ii) activities deemed essential for Italy despite the emergency as provided for in the government decrees (such as Line C of the Rome Metro). The Italian government introduced extraordinary measures such as the Covid-19 government-sponsored lay-off scheme (which the group availed of for 70% of its workforce), while its Decree law no. 34 of 19 May 2020 (the "Relaunch decree") and Decree law no. 76 of 16 July 2020 (the "Simplification decree") contained measures to bolster liquidity. Specifically, the first decree increased the contract advance up to a maximum of 30% (if certain conditions are met) with benefits for specific Italian contracts (the Marche-Umbria road system, the Brenner Base Tunnel and the state road Jonica).

Europe (including Turkey) – In Romania, Poland and Sweden, the work sites continued to be operational despite the pandemic, while it did not cause problems for the Etlik Integrated Health Campus in Ankara in Turkey as the project had already been suspended as a result of specific issues (subsequently resolved in September 2020, as described later).

The Americas: The foreign country where Covid-19 has had the greatest impact on its construction sector for the group is Chile. Work sites were shuttered (for more than two months in some cases such as the El Teniente Mine project) and a return to business has been very slow due to the strict safety procedures in place. These shut-downs entailed renegotiations of the repayment plans as part of the judicial debt restructuring procedure in that country (renegotiations unanimously approved by the Chilean creditors in September 2020 as described in more detail in the section on the composition with creditors and related procedures). At the date of preparation of this report, activities have resumed in Chile, mainly at the El Teniente Mine. The government also introduced shock absorbers on a nationwide basis. Similar restrictions slowed down work on the Brazo Aña Cuá project in Paraguay. The only active contract in the US, the I-405 Highway, was not put on hold although work did slow down. The situation is expected to normalise during the year. In Canada, only the group company TEQ based in Quebec, where the government introduced shock absorbers, was affected by Covid-19.

Other countries – The virus did not cause significant problems for the group's contracts in Algeria while, although the local situation is rather complex, the effect of Covid-19 on production in India was limited as the group's projects are only in start-up and/or design stages at the date of preparation of this report.

Impacts on the expected commercial developments

While the pandemic led to the cancellation or postponement of calls for tenders, the commercial projections underpinning the development forecasts made in the composition with creditors plan are still valid. As a result and given that contracts have not been cancelled due to the virus, the current and future order backlog can be confirmed. Based on the information available at the date of preparation of this report, despite the slowdown in actual production in the first half of the year due to the outbreak of Covid-19, the group is confident that it will return to ordinary operating conditions in the short term and revive the related cash flows.

Expected developments

On 15 September 2020, the parent's board of directors approved the group's interim financial report at 30 June 2020 and reviewed the year-end estimates for the core assets scope, which differ from the estimates made in the composition with creditors plan. Given that the differences are mostly due to the slow-down of certain specific projects and the group's performance in the first half of the year, adversely affected by the Covid-19 emergency, the board of directors revised the estimates of the group's results for the year. The plan forecasts for 2020, revised to reflect the impact of Covid-19 on the group's performance in the first half of the year, are set out below:

- total revenue: roughly €1.5 billion;
- adjusted gross operating profit margin (%): over 5%;
- adjusted operating profit margin (%): over 3%;
- pro forma net financial position (post-manoeuvre): more than €300 million.

These figures refer solely to the core assets scope, as defined in the composition with creditors plan and proposal and described in more detail later. Specifically, *(i)* the adjusted gross operating profit and adjusted operating profit are the gross operating profit and operating profit calculated by excluding the costs of the composition with creditors procedure, as determined for the relevant period, while *(ii)* the pro forma net financial position (post-manoeuvre) is the net financial position calculated by estimating the effects on the total net financial debt of the composition with creditors procedures of the parent and certain group companies (these figures have not been reviewed by the auditors).

With respect to 2021, 2022 and 2023, the measures prospected by the Italian and other European and non-European governments are based on the assumption that the economy will only be able to recover thanks to extraordinary investment plans, involving primarily the infrastructure sector (which should benefit the group). As a result, based on the information available at the date of preparation of this report, the parent deems that it can reasonably assume that conditions should exist that will allow it to recoup profits and profit margins in these years, while it will not achieve this in 2020. However, it should be able to reach its objectives set in the plan over the five-year period (2019-2023) even if it does not meet the annual objectives.

Moreover, it cannot be excluded that, should the emergency situation continue, the assumptions made by the parent's directors for 2020 may become unreliable. This would have an adverse impact on the group's financial position, financial performance and cash flows that cannot be foreseen at the date of preparation of this report. They would also affect achievement of the plan's objectives in the five years.

Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law

Foreword

On 28 September 2018, Astaldi filed its application (no. 63/2018) with the bankruptcy section of the Rome Court for its composition with creditors procedure as per article 161.6 of the Bankruptcy Law (the "procedure") in order to present its proposal of composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law.

Reference should be made to the 2019 Annual Report available in the Investor Relations - Financial Reports section of the parent's website www.astaldi.com for information about the reasons for Astaldi's financial difficulties, the various steps of the procedure and a description of the composition with creditors proposal and plan (authorised by the Rome Court on 17 July 2020).

The main steps of the procedure implemented since 1 January 2020 are presented below.

Composition with creditors on a going concern basis

In **February 2020**, the judicial commissioners filed their report prepared in accordance with article 172 of the Bankruptcy Law with the Rome Court. Upon completion of their work, **the judicial commissioners found the composition with creditors plan and proposal to be legally and financially viable**, finding the proposal to be "*definitely more beneficial to the unsecured creditors*" compared to the alternative scenario of an extraordinary administration procedure which "*would not be in the best interests of the creditors*".

In **March 2020**, as provided for by the composition with creditors plan and proposal presented to the Rome Court, the group implemented the agreement (as subsequently amended) of June 2019 entered into with its partner ICTAS (the "**ICTAS transaction**") and **transferred its entire investment in the SPE[17] that held the concession to build and operate the Third Bosphorus Bridge in Turkey (the "Third Bosphorus Bridge operator")**. The ICTAS transaction, checked and authorised by the Rome Court with its ruling of 2 November 2019 as the best way to safeguard Astaldi's creditors as part of the procedure, included the settlement of all the outstanding amounts due between the two parties not only for the Third Bosphorus Bridge operator but also related to their joint business projects in Turkey and other foreign countries (specifically, Russia), which Astaldi had decided to discontinue. Therefore, these business transactions between Astaldi and ICTAS were discontinued (the "Other transactions with ICTAS"). The agreement included:

(i) selling Astaldi's entire investment in the Third Bosphorus Bridge operator and related receivables to ICTAS for USD315 million. The transaction price will be paid net of (a) items offset with ICTAS as per point *(ii)*, (b) repayments to other Turkish creditors (as the composition with creditors procedure is not recognised in Turkey) of roughly €142 million in accordance with the plan, and (c) the relevant transaction costs;
(ii) ICTAS waiving all claims to Astaldi under their partnership contracts as a result of Astaldi leaving such contracts (in both Turkey and Russia);

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[17] *Special purpose entity*.

(iii) that the transaction price, net of the items set out in point *(i),* will be paid in one instalment when ICTAS collects the sale price that it is negotiating with a consortium of Chinese investors (the “Chinese consortium”) for the sale of a majority investment in the operator or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023.

With its ruling of **4 May 2020**, the Rome Court *(i)* **set the hearing date for the authorisation of the composition with creditors procedure as 23 June 2020**, and *(ii)* acknowledged the **completion of the voting process for the composition with creditors proposal**, whereby the proposal was **approved by a majority of 69.4% of the creditors eligible to vote**, which account for claims of roughly €3,017 million. Such percentage comprises the votes validly cast at the creditors’ meeting on 9 April 2020 (58.32%) along with additional votes validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.

Subsequently, on 24 May 2020, in accordance with the terms of the composition with creditors plan and proposal approved by the creditors, the **parent’s directors resolved to set up a separate unit in accordance with article 2447-bis and following articles of the Italian Civil Code**, for the sole purpose of settling all of Astaldi’s unsecured claims (the “unsecured claims”), that is of satisfying the parent’s unsecured creditors by means of title or previous cause at 28 September (the “unsecured creditors”) by selling all the assets, rights and judicial relationships transferred to the separate unit. The parent’s directors also resolved:

(i) to assign the management and sale of the non-core assets in the unsecured creditors’ interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the “proxy”). They gave him an irrevocable mandate with representation (the “mandate”) to be defined before the date of publication of the Rome Court’s authorisation of the composition with creditors proposal (the “authorisation”, published on 17 July 2020), effective from that date. The mandate includes all the deeds, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate, to perform the specific activities for which the separate unit was set up in the name and on behalf of Astaldi but in the interests of the unsecured creditors holding participating financial instruments (as defined later). It covers the management and sale of all the assets, rights and judicial relationships of the separate unit, in accordance with the plan’s terms;
(ii) to approve the separate unit’s business plan which covers the four-year period from 2020 to 2023, during which the sale of the assets to be transferred to the separate unit shall take place as provided for by the composition with creditors proposal and in accordance with its terms;
(iii) to establish how to report on the separate unit, without prejudice to the fact that the unit is to be audited/reviewed by the parent’s independent auditors;
(iv) to issue, in one or more instalments, participating financial instruments without a nominal amount in accordance with article 2447-bis.e of the Italian Civil Code to be assigned to the unsecured creditors against the transfer of their claims to the separate unit (the “unsecured claims”) as per article 2447-bis.d of the Italian Civil Code;
(v) to approve the participating financial instruments’ regulation (more information about this regulation is available in the Investor Relations - Composition with creditors section of the parent’s website www.astaldi.com);
(vi) to grant each unsecured creditor one participating financial instrument for each Euro of unsecured claim presented. No split participating financial instruments will be issued, no cash adjustments will be made and, therefore, any remainders will be eliminated. The instruments are participating and the consideration paid by each unsecured creditor to receive them is non-returnable and does not give any right to the return and/or reimbursement of the consideration but solely the instruments’ dividend and voting rights;
(vii) that the first issue of participating financial instruments would take place after the Rome Court’s authorisation of the composition with creditors procedure for a number of instruments equal to the unsecured debt presented in the plan’s liabilities, as adjusted by the judicial commissioners’ report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of participating financial instruments will be made as approved by the parent’s board of directors every six months after the

acknowledgement (in or outside court) of unsecured claims not included in the plan's liabilities or liabilities which were not provided for in the relevant provision for risks.

The unit received specific assets, rights and judicial relationships (active and passive) from the parent and Astaldi Concessioni S.p.A. ("Astaldi Concessioni", wholly owned by Astaldi) to be sold and comprising:

a) Astaldi's financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon investees") and, mainly:
   (i) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik investment");
   (ii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU investment");
   (iii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud") and its 51% investment therein (the "Salud investment").

   The separate unit will take on all Astaldi's rights and obligations arising from its AstCon investment and with the AstCon investees. Similarly, it will take over all the active and passive relationships, rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon investees;
b) all Astaldi's rights and obligations with its partner ICTAS, deriving from the sale of its 20% investment (the "Third Bosphorus Bridge investment") in the Third Bosphorus Bridge operator (Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş., defined earlier) to ICTAS. Sale of this investment was defined and settled as part of the more extensive ICTAS transaction (described earlier). As a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge financial asset") and the obligation to pay USD100 million to ICTAS as compensation (the "ICTAS compensation") to settle any reciprocal disputes and claims as well as any outstanding amounts due for the discontinuation of the other transactions with ICTAS are part of the separate assets. Pursuant to the terms of the composition with creditors plan and proposal, the separate unit has also taken over Astaldi's liabilities to Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge financial asset and certain assets located in Turkey;
c) the 18.14% investment in the SPE holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI investment"). All the rights and obligations deriving from the GOI investment are transferred to the separate unit, which also has sole responsibility for the active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI investment;
d) the 5% investment in Etlik (the "Etlik non-controlling interest"). All the rights and obligations deriving from the Etlik non-controlling interest are transferred to the separate unit, which also has sole responsibility for all active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters given by Astaldi to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik non-controlling interest;
e) Astaldi's amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan financial assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan projects") carried out as part of a joint venture with Webuild and Ghella S.p.A. (the "joint venture") for a nominal approximate €433 million plus related costs. The separate unit has sole responsibility for the entire amount of the Venezuelan financial assets and related costs as well as all the assets, costs and expenses necessary to complete the projects as well

as the assets, costs and expenses of the arbitration proceeding commenced by the joint venture before the Paris International Chamber of Commerce against Instituto Autonomo di Ferrocarriles and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan financial assets) and related costs for the works carried out as part of the Venezuelan projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the parent's registered and head offices (the "Rome offices"). The separate unit has sole responsibility for the title rights to the Rome office, the related obligations and costs of all kind related to title that can be opposed by the creditors.

The separate unit will also receive all the assets, rights and judicial relationships (active and passive) that may arise during its period of existence. Conversely, it does not include all the judicial relationships, rights, financial assets, costs and obligations, including guarantees, counter guarantees and hold harmless letters of Astaldi for the performance of the projects assigned by Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge operator directly to Astaldi or to joint ventures, consortia or other legally set-up companies that involve Astaldi.

As part of the plan to set up a separate unit to implement the composition with creditors plan and proposal, **Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020)**. This transaction was undertaken to establish the scope of the non-core assets (which remain with Astaldi Concessioni, mainly comprising the above concessions and the liabilities with Astaldi) and the core assets (transferred to a newco Astaldi Concessions). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities with third parties.

In accordance with the composition with creditors plan and as provided for in the separate unit's business plan, Astaldi agreed to allocate financial resources (the "financing") to satisfy the obligations arising from the Etlik non-controlling interest and to finance Astaldi Concessioni and enable it to meet its obligations related to the Etlik and NPU investments (the "investment financing"), as well as to allow the start-up of the separate unit until the sale of the assets, rights and/or judicial relationships of the separate unit (the "initial cash financing"). The financing of a maximum of €77 million shall be used for the initial cash financing with the remaining €75 million (the investment financing) solely to be used to satisfy the obligations deriving from the Etlik non-controlling interest, the NPU investment and the Etlik investment as per the commitments taken on by Etlik and NPU with their third party financial backers to complete the projects.

On 23 June 2020, the hearing on the authorisation of Astaldi's composition with creditors procedure took place remotely after which the **Rome Court authorised the procedure** with its ruling no. 2900/2020 filed and published on **17 July 2020** (R.G. no. 26945/2020). The court found "*that the entire procedure had been performed correctly*" and that *"based on the votes cast, the majority for approval of the composition with creditors procedure was obtained*" as "*Astaldi S.p.A.'s composition with creditors proposal had been approved by 69.4% of the creditors eligible to vote*". As the sole challenge proposed by the creditors was discontinued, the **authorisation ruling became definitive and effective from 17 July 2020**. The performance of the composition with creditors plan and proposal was entrusted to the parent and the judicial commissioners (Enrico Proia, Vincenzo Mascolo and Piergiorgio Zampetti) will monitor that the procedure's terms are respected. **The authorisation ruling is an important step for the achievement of Progetto Italia**, the plan to consolidate the Italian construction sector launched by Webuild. It provides that, once the procedure had been authorised, Webuild would acquire a majority investment in Astaldi through a dedicated capital increase. The parent's shareholders' resolution approving this capital increase was taken on 31 July 2020.

Other procedures linked to Astaldi's composition with creditors procedure

NBI S.p.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 5 November 2018, NBI S.p.A. ("NBI"), wholly-owned by Astaldi, submitted an application for a separate composition with creditors on a going concern basis procedure to the Rome Court as per article 161.6 of the Bankruptcy Law. It was subsequently authorised to continue certain contracts and the Rome Court authorised it to issue the certification of labour compliance (DURC)[18] and to collect receivables due from customers. The subsidiary filed its composition with creditors proposal on 7 June 2019, before the deadline set by the Rome Court. As a result of the clarifications requested by the court and within the timeline set by it, NBI filed a revised composition with creditors proposal on 6 November 2019 and commenced a debt restructuring procedure in Chile. NBI informed the Rome Court with its communication of 7 February 2020 that it had obtained the majority vote required by Chilean law for approval of its local debt restructuring proposal presented in that country. The Rome Court accepted NBI's application for the composition with creditors procedure with its ruling of 26 February 2020 and ordered that the creditors' meeting be called for 24 June 2020. On 9 May 2020, the competent judicial commissioners expressed their positive opinion on the composition with creditors plan and proposal in accordance with article 172 of the Bankruptcy Law. On 24 June 2020, the creditors' meeting was held remotely and, after the vote, NBI's composition with creditors proposal and plan were approved by a significant majority (78.12% of the creditors eligible to vote). The Rome Court set the date of 30 September 2020 for the hearing to authorise NBI's composition with creditors procedure in its ruling of 22 July 2020.

AFRAGOLA FS S.C.R.L. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 3 June 2019, Afragola FS S.c.r.l. ("Afragola", 82.54% owned by Astaldi with the other 17.46% held by NBI) submitted an application for a separate composition with creditors procedure to the Rome Court as per article 161.6 of the Bankruptcy Law in order to subsequently submit a composition with creditors proposal. The Rome Court set the date of 3 September 2019 in its ruling of 12 June 2019 as the deadline for presentation of the definitive proposal, the composition with creditors plan and the additional documents required by law. Afragola subsequently requested an extension of 60 days from that deadline on 30 August 2019 as allowed by the last paragraph of article 161 of the Bankruptcy Law. The Rome Court authorised the extension on 5 September 2019. Afragola filed its composition with creditors proposal for its winding up as per article 160 and following articles of the Bankruptcy Law on 4 November 2019. The competent judge made several comments on this proposal in their ruling of 22 January 2020, which Afragola replied to providing clarifications, an updated version of the plan, the related certification and additional documents on 25 February 2020. At the date of preparation of this report, the updated composition with creditors proposal and plan presented by Afragola are being reviewed by the Rome Court.

PARTENOPEA FINANZA DI PROGETTO S.c.p.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

Partenopea Finanza di Progetto S.c.p.A. ("PFP"), a consortium company 99% controlled by Astaldi and set up to design and build the Ospedale del Mare in Naples, Italy, received a winding up petition before the Naples Court. As it did not have sufficient funds to cover its debts (its main asset is a financial asset with Astaldi that cannot be collected given the parent's composition with creditors procedure), it in turn filed an appeal pursuant to article 161.6 of the Bankruptcy Law with the Naples Court. The court established a deadline of 1 June 2019 (then extended to 31 July 2019) to present its definitive composition with creditors proposal. On 31 July 2019, PFP presented its proposal and the Naples Court requested clarifications on 8 August 2019, setting the date of 18 September 2019 for the related hearing. Subsequently and to provide the requested clarifications within the set timeline, PFP presented a new composition with creditors proposal with the related documentation.

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[18]Certificate of social security compliance

The Naples Court authorised its commencement of the composition with creditors procedure on 15 January 2020. In their report prepared in accordance with article 172 of the Bankruptcy Law, filed on 16 March 2020, the competent judicial commissioner expressed a "*positive opinion on the plan with respect to both its legal and financial viability*", clarifying that "*the plan proposed by PFP is logical and reasonable and found to be feasible and cost effective compared to the possible alternatives (winding up)*". On 27 April 2020, the creditors' meeting originally due to be held on 30 April 2020, was postponed to 17 June 2020. The Naples Court authorised PFP's proposal in its ruling of 23 July 2020 and set the date of 23 September 2020 for the hearing to authorise the procedure in line with article 180 of the Bankruptcy Law.

ASTALDI BRANCH IN CHILE – JUDICIAL REORGANISATION PROCEDURE

On 6 November 2018, the Chilean branch (Astaldi's base in Chile, the "Chilean branch") applied to the Santiago Court to have the parent's composition with creditors procedure endorsed so that the effects of the Italian procedure would be valid in Chile. The Chilean bankruptcy law provides that endorsement of crossborder composition with creditors procedures gives the debtor temporary protection from individual enforcement actions by creditors. As provided for by the local law, the Chilean branch firstly applied to the Santiago Court for a precautionary financial protection measure as per article 57.1 of the local bankruptcy law ("financial protection"). Subsequently, upon a creditor's request, the Santiago Court revoked the Chilean branch's financial protection measure. On 25 February 2019, the Chilean branch applied for the Chilean judicial reorganisation procedure (which is an alternative to a winding up procedure) which, in short, provides for *(i)* the presentation by the branch of a debt restructuring proposal for its creditors, *(ii)* the appointment of a body (the "Veedor") by the three main creditors to assist the debtor in preparing its proposal and to express an opinion on its feasibility, and *(iii)* the calling of a creditors' meeting to vote on the debtor's proposal. On 27 March 2019, the parent presented an application to the Rome Court for its authorisation to activate the procedure, which the court granted on 29 March 2019. Therefore, on the same date, the Chilean branch presented its judicial debt restructuring agreement proposal to the eleventh civil courtroom of Santiago ("Juzgado Civil"). On 15 April 2019, the creditors were asked to vote on the proposal which they approved with a very large majority (more than 90% of the qualified creditors in terms of the amounts and number involved). Starting from that date, the Chilean debt restructuring agreement is valid in accordance with Chilean bankruptcy legislation and, therefore, the branch commenced payment of the instalments as per the agreement within the dates and using the methods approved therein. Due to the Covid-19 pandemic which has significantly affected Chile's economy, the branch's main customer, CODELCO, ordered the shuttering/slowdown of activities at two work sites (the Chuquicamata and El Teniente Mines). Starting from June 2020, payment of the instalments as per the original judicial debt restructuring agreement was affected and the branch presented the Chilean creditors with a modified payment plan (which they accepted in September 2020). This plan reflects the variation in the cash flows servicing the judicial debt restructuring and provides for payment of the two outstanding principal amounts for 2020 in 2022.

ASTALDI BRANCH IN HONDURAS – JUDICIAL ADMINISTRATION

Following the application presented by certain creditors and in accordance with local laws, Astaldi's representatives in Honduras were required to provide the local court with a formal statement about the parent's assets in the country. The judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets (while Astaldi's representatives were denied any powers of disposal), to manage and preserve them, in order to sell the assets to satisfy its creditors.

ASTALDI BRANCH IN PERU – INSOLVENCY PROCEDURE

Prompted by a Peruvian creditor and following a series of checks, including with the parent's legal advisers, the competent local commission (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual – INDECOPI) began an ordinary winding up procedure for Astaldi's Peruvian branch with its decision of 18 March 2019. On 4 April 2019, the branch appealed against such decision. Pursuant to the ruling regulations, the competent authority (Sala Especializada en Procedimientos Concursales) found the appeal to be without grounds on 22 October 2019. On 9 December 2019, the insolvency proceedings were formally commenced. At the date of preparation of this report, the financial asset is being reconciled.

Performance

The group’s performance

The group’s reclassified statement of profit or loss for the six months ended 30 June 2020 is provided below. Comparative figures for the corresponding period of 2019 are not presented as the group did not prepare condensed interim consolidated financial statements for reasons relevant at that time. For management purposes only and to obtain a better understanding of the group’s performance, comparative figures for the corresponding period 2020 related to solely the core assets scope and not reviewed by the independent auditors are provided.

Table 4 – Reclassified statement of profit or loss

(€’000)	**Note no.***	**H1 2020** *Astaldi Group* **(A)**
Revenue	*1*	607,020
Other operating revenue	*2*	49,763
Total revenue		**656,783**
Operating costs	*3 – 4*	(480,095)
Added value		**176,688**
Personnel expenses	*5*	(118,740)
Other operating costs	*6*	(17,779)
Change in costs capitalised to fulfil a contract	*7*	(33)
Share of profits (losses) from joint ventures and associates	*8*	26,152
Gross operating profit		**66,287**
Gross operating profit margin %		***10.1%***
Amortisation and depreciation	*9*	(30,766)
Provisions	*10*	(17,031)
Impairment losses	*9*	(13,799)
Operating profit		**4,691**
Operating profit margin %		***0.7%***
Net financial expense	*11 – 12*	(49,789)
Pre-tax loss		**(45,097)**
Income taxes	*13*	(4,515)
Loss from continuing operations		**(49,613)**
Loss from discontinued operations	*14*	(31,759)
Loss for the period		**(81,372)**
Profit attributable to non-controlling interests	*15*	2,417
Loss attributable to the owners of the parent		**(83,790)**

(*) Number of the relevant note to the condensed interim consolidated financial statements at 30 June 2020 attached hereto.

To facilitate an analysis of the period's figures, some key statement of profit or loss indicators are provided below in a table showing the effects of the composition with creditors procedure separately to the core assets scope. With respect to table 5:

(i) the figures in column (B) ("*Of which effects related to the composition with creditors procedure - management view*"), not reviewed by the independent auditors, show *(a)* the effects on profit or loss directly related to the assets and liabilities that will be transferred to the separate unit, *(b)* the income and expense arising from the composition with creditors procedures commenced by certain group companies, as well as *(c)* the fees of the group's advisors, engaged to assist with the composition with creditors procedure, including court costs;

(ii) the figures in column (C) ("*Of which core assets scope - management view*"), also unreviewed, show the difference between the figures in column (A) and column (B), as defined above.

Table 5 – Key statement of profit or loss figures

(€'000)	**H1 2020** *Astaldi Group* **(A)**	*Of which effects related to the composition with creditors procedure (management view)** **(B)**	*Of which core assets scope (management view)** **(C) = (A-B)**
Revenue	607,020	--	607,020
Other operating revenue	49,763	7,859	41,904
Total revenue	**656,783**	**7,859**	**648,924**
Gross operating profit	**66,287**	**24,137**	**42,150**
Gross operating profit margin %	***10.1%***	***//***	***6.5%***
Operating profit	**4,691**	**1,261**	**3,429**
Operating profit margin %	***0.7%***	***//***	***0.5%***
Net financial expense	(49,789)	(17,597)	(32,192)
Loss from discontinued operations	(31,759)	(27,720)	(4,040)
Loss for the period	**(81,372)**	**(44,056)**	**(37,318)**
Loss attributable to the owners of the parent	**(83,790)**	**(44,056)**	**(39,735)**

** The figures in column B ("Of which effects related to the composition with creditors procedure - management view"), not reviewed by the independent auditors, show (i) the effects on profit or loss directly related to the assets and liabilities that will be transferred to the separate unit, (ii) the income and expense arising from the composition with creditors procedures commenced by certain group companies, as well as (iii) the fees of the group's advisors, engaged to assist with the composition with creditors procedure, including court costs. The figures in column C ("Of which core assets scope - management view), also unreviewed, show the difference between the figures in column A and column B, as defined above.*

The results for the first half of 2020 are affected by the production slowdown caused by *(i)* **delays in the issue of the guarantees needed to commence or continue certain contracts** and *(ii)* the containment measures introduced to curb the spread of Covid-19, which led to the shuttering of work sites and/or slowdowns due to the related procedures, mainly in Italy but also abroad. The mitigation actions rolled out by the group allowed it to contain these effects and it has also commenced negotiations with customers, where necessary, to ensure the extra costs incurred will be covered and/or the delivery times will be rescheduled to offset the delays engendered by the pandemic. More information is available in the section on Covid-19.

Total revenue for the first six months of 2020 **amounts to €656.8 million** (€648.9 million for the core assets scope - management view unreviewed), **including €607 million (92.4% of the total) of revenue** and €49.8 million (7.6% of the total) of other operating revenue (€607 million or 93.5% of the total and €41.9 million or 6.5% of the total, respectively, considering just the core assets scope - management view unreviewed).

A breakdown of **revenue shows that 33% was earned in Italy and the other 67% on foreign projects** (mainly in Europe and the Americas). The **construction segment** was the **biggest contributor accounting for 96%** of the group's revenue for the six months with the **O&M contracts responsible for the other approximate 4%**. The other operating revenue mostly relates to the core business, i.e., construction contracts in Europe (Romania, Sweden and Poland) and the Americas (Chile and Canada). The figure for the first half of 2020 reflects the slowdown in production caused by the outbreak of Covid-19 in Italy and the Americas (as described in the section on Covid-19). During the period, the greatest progress was made on the projects in Italy *(i)* in the construction segment, Line 4 of the Milan Metro, the Brenner Base Tunnel, Line C of the Rome Metro, the high speed/high capacity Naples-Cancello section of the Naples-Bari railway line, and *(ii)* in the O&M segment, GE.SAT. (the four Tuscan hospitals). Revenue in Europe was boosted by the continuation of work on the projects in Sweden (Haga Station and the Kvarnberget Rock Tunnel), Romania (three lots of the Frontieră–Curtici–Simeria railway line and the Braila Bridge) and Poland (the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Expressway). Despite the slowdowns in the Americas due to the Coronavirus emergency, production mostly took place in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mine), the US (I-405 Highway in California) and Canada (the HuLRT project and the contracts of the group company T.E.Q. Construction Enterprise Inc., especially the Trois–Rivières Hockey Arena in Quebec, the Sacré-Coeur Hospital and the Quartier des Spectacles skating rink in Montreal). In Asia, work continued on the Indian contracts (VBSL, Mumbai Metro) although they were also slowed down by the public health emergency. Progress was made on the railway lots in Africa (specifically, the Saida-Tairet section).

The following tables provide a breakdown of the group's revenue for the first six months of 2020 by geographical and business segment.

Table 6 – Breakdown of revenue by geographical segment

(€'000)	**H1 2020**	**% of total**
Italy	203,395	33.5%
Europe*	206,026	33.9%
Americas	189,496	31.2%
Africa	4,119	0.7%
Asia	3,984	0.7%
TOTAL	**607,020%**	**100.0%**

(*) For the purposes of this table, Europe does not include Italy but does include Turkey.
Note: Revenue as per note 1 of the notes to the condensed interim consolidated financial statements at 30 June 2020.

Table 7 – Breakdown of revenue by business segment

(€'000)	**H1 2020**	**% of total**
Transport infrastructure	491,175	80.9%
- Railways and metros	*251,217*	*41.4%*
- Roads and motorways	*174,143*	*28.7%*
- Ports and airports	*65,815*	*10.8%*
Hydraulic plants and energy production	7,410	1.2%
Civil and industrial construction	34,221	5.6%
Plant and engineering	51,066	8.4%
Construction	**583,872**	**96.2%**
Operation and maintenance	***23,148***	**3.8%**
TOTAL	**607,020**	**100.0%**

Note: Revenue as per note 1 of the notes to the condensed interim consolidated financial statements at 30 June 2020.

The gross operating profit comes to €66.3 million with a gross operating profit margin of 10.1% (€42.1 million and 6.5%, respectively, for just the core assets scope - management view unreviewed). Excluding the composition with creditors procedure costs of €12.3 million, recognised in this period as per the composition with creditors proposal, the adjusted gross operating profit amounts to €78.6 million with an adjusted gross operating profit margin of 12% (€54.4 million and 8.4%, respectively, for just the core assets scope - management view unreviewed). The gross operating profit is decreased by the operating costs of €480.1 million, personnel expenses of €118.7 million and other operating costs of €17.8 million, partly offset by the share of profits (losses) of joint ventures and associates of €26.1 million. Both operating costs and personnel expenses reflect the production trends and composition (in geographical and business terms). The share of profits (losses) of joint ventures and associates includes specifically that of the Turkish company Otoyol Yatirim ve Isletme A.Ş. (Gebze-Orhangazi-Izmir Motorway) of €22.5 million.

The operating profit amounts to €4.7 million with an operating profit margin of 0.7% (€3.4 million and 0.5%, respectively, for just the core assets scope - management view unreviewed). Excluding the above-mentioned composition with creditors procedure costs, the adjusted operating profit comes to €17 million with an adjusted operating profit margin of 2.6% (€15.7 million and 2.4%, respectively, for just the core assets scope - management view unreviewed). This caption includes amortisation and depreciation of €30.8 million, provisions of €17 million and impairment losses of €13.8 million. Specifically, the amortisation and depreciation reflect the reclassification of depreciation of leased assets due to changes in the application of IFRS 16 - Leases.

Net financial expense amounts to €49.8 million, equal to 7.6% of total revenue (€32.2 million and 5%, respectively, for just the core assets scope - management view unreviewed). It includes borrowing costs (interest expense of €11.2 million on the pre-preferential secured bonds, the interim financing) and guarantees (commissions on sureties of €15 million, partly tied to the new pre-preferential credit facility of €384 million provided by the banks), adversely affected by the financial difficulties caused by the composition with creditors procedure. After the Webuild capital increase (as defined in the composition with creditors proposal), the interim financing will be fully reimbursed by using a revolving credit facility of €200 million, currently under negotiation, which will have interest rates more in line with the cost of debt of going concern companies active in the same sector as the group. Similarly, once the Webuild capital increase has taken place, the commissions on the bonding facilities of €384 million will be decreased. Therefore, the group's financial expense will decrease starting from this year and definitely in subsequent years.

The income taxes for the period are an estimated €4.5 million, based on the group's expected profits in Italy and abroad.

The loss from discontinued operations amounts to €31.8 million (€4 million for just the core assets scope - management view unreviewed). It reflects the effects of the reclassification of the profits and losses of the areas/contracts that the group has abandoned/closed as provided for in the composition with creditors plan and proposal (i.e., in Russia, Honduras and other less important countries).

The loss for the period comes to €81.4 million, including €83.8 million attributable to the owners of the parent (€37.3 million and €39.7 million, respectively, for just the core assets scope - management view unreviewed).

The group's financial position and performance

The group's reclassified statement of financial position at 30 June 2020 is provided below.

Table 8 – Reclassified statement of financial position

(€'000)	**Note***	**30/06/2020**	**31/12/2019**	**Variation**
Intangible assets	*19*	40,807	48,295	(7,488)
Property, plant and equipment	*16 – 18*	95,447	100,065	(4,618)
Equity investments	*20*	485,934	502,088	(16,154)
Other non-current assets, net	*13 – 21 – 22*	401,085	395,560	5,525
Non-current assets held for sale	*29*	16,102	155,413	(139,311)
Liabilities directly associated with non-current assets held for sale	*29*	(14,582)	(194,596)	180,014
Right-of-use assets	*17*	28,424	38,724	(10,300)
TOTAL non-current assets (A)		**1,053,218**	**1,045,548**	**7,670**
Inventories	*23*	40,239	38,231	2,008
Contract assets	*24*	966,405	794,098	172,307
Costs capitalised to fulfil a contract	*25*	2,786	2,868	(82)
Trade receivables	*26*	25,046	27,113	(2,067)
Amounts due from customers	*26*	434,357	577,863	(143,506)
Other assets	*21 – 22*	239,363	256,183	(16,820)
Tax assets	*27*	74,813	68,620	6,193
Progress payments from customers	*24*	(407,464)	(384,063)	(23,401)
Sub total		***1,375,544***	***1,380,914***	***(5,370)***
Trade payables	*34*	(59,093)	(69,461)	10,368
Amounts payable to suppliers	*34*	(1,003,736)	(1,024,881)	21,145
Other liabilities	*31 – 33*	(420,918)	(442,576)	21,658
Sub total		***(1,483,747)***	***(1,536,918)***	***53,171***
Operating working capital (B)		**(108,203)**	**(156,004)**	**47,801**
Employee benefits	*32*	(6,920)	(6,998)	78,045
Provisions for risks and charges	*36*	(143,934)	(153,344)	9,410
Total provisions (C)		**(150,854)**	**(160,342)**	**9,488**
Net invested capital (D) = (A) + (B) + (C)		**794,162**	**729,202**	**64,960**
Cash and cash equivalents	*28*	289,657	314,061	(24,404)
Current loan assets	*21 - 22*	112,281	99,789	12,492

Current financial liabilities	*31*	(2,840,163)	(2,834,445)	(5,718)
Non-current financial liabilities	*31*	(250,090)	(185,543)	(64,547)
Net financial debt of disposal groups	*29*	1,593	200,616	(199,023)
Net loans and borrowings (E)		**(2,686,721)**	**(2,405,521)**	**(281,200)**
Non-current loan assets	*21*	317,986	136,232	181,754
Total net loans and borrowings (F)		**(2,368,735)**	**(2,269,290)**	**(99,445)**
Deficit attributable to the owners of the parent	*30*	1,579,398	1,541,825	37,573
Equity attributable to non-controlling interests	*30*	(4,824)	(1,737)	(3,087)
Deficit (G) = (D) - (F)		**(1,574,574)**	**(1,540,088)**	**(34,486)**

(*) Note number of the notes to the condensed interim consolidated financial statements at 30 June 2020.
Note: The figures at 30 June 2020 do not reflect the effect of the discharging of the group's debts, as the authorisation of Astaldi's composition with creditors procedure was published on 17 July 2020.

The group's financial position at 30 June 2020 continues to be affected by the composition with creditors procedure as well as the Covid-19 pandemic. Its condensed interim consolidated financial statements do not reflect the benefits of the discharging of the group's debt as a result of the authorisation of the parent's composition with creditors procedure (which only took place after the reporting date, i.e., on 17 July 2020).

At 30 June 2020, **net invested capital amounts to €794.2 million, up €64.9 million on 31 December 2019**. Its components varied in line with progress on the composition with creditors procedure, commencement of the performance phase of the related plan and proposal and the production slowdown, mainly caused by the pandemic. Total non-current assets increased by €7.6 million to €1,053.2 million from 31 December 2019 as a result of *(i)* a decrease of €7.5 million and €4.6 million in intangible assets and property, plant and equipment, respectively, *(ii)* a reduction of €16.1 million in equity investments, *(iii)* an increase of €5.5 million in other non-current assets net, *(iv)* non-current assets held for sale of €1.5 million, and *(v)* a decrease of €10.3 million in right-of-use assets, mostly due to the carrying amount of the leased assets (used for the contracts in Chile, the US and Italy) in accordance with the new IFRS 16.

Operating working capital amounts to a negative €108.2 million, a €47.8 million increase on 31 December 2019. **Although it was again affected by the financial difficulties related to the composition with creditors procedure, an about-turn has been seen with an uptick in production**. Contract work in progress increased by €172.2 million thanks to progress mainly on contracts in Italy (Line C of the Rome Metro), Romania (the Braila Bridge), Chile (the Arturo Merino Benítez International Airport in Santiago) and the US (I-405 Highway in California). Contractual advances include the amounts received on the recently acquired contracts in Italy (the high speed/high capacity Apice-Hirpinia and Bicocca-Catenanuova railway line sections) offset by the partial utilisation of such advances (in line with progress made during the six months) for foreign projects in Poland, Romania and Chile. The very large trade payables are due to the group's weaker bargaining power during this stage of the composition with creditors procedure. However, they did not increase significantly during the period.

At 30 June 2020, the deficit amounts to €1,574.6 million (€34.5 million higher than at 31 December 2019), mostly as a result of the composition with creditors procedure, and the group's total debt to €2,368.7 million being the net balance of its loans and borrowings and loan assets (31 December 2019: €2,269.2 million). This figure does not yet reflect the effects of the group's discharging of its debts as the composition with creditors procedure was authorised on 17 July 2020.

NET FINANCIAL DEBT

A breakdown of the group's net financial debt at 30 June 2020 is provided below in accordance with CONSOB (the Italian commission for listed companies and the stock exchange) communication no. DEM/6064293/2006, with comparative figures at 31 December 2019. The figures in the table do not reflect the effects of the group's discharging of its debts as the composition with creditors procedure was authorised on 17 July 2020.

Table 9 – Net financial debt

(€'000)		**30/06/2020**	**31/12/2019**	***Variation***
Cash		289,657	314,061	*(24,404)*
Cash and cash equivalents	**A**	**289,657**	**314,061**	***(24,404)***
Current loan assets		112,281	100,012	*12,270*
Current loan assets	**B**	**112,281**	**100,012**	***12,270***
Current bank loans and borrowings		(1,573,232)	(1,568,807)	*(4,425)*
Current portion of bonds		(907,550)	(907,446)	*(104)*
Current portion of non-current debt		(30,134)	(29,745)	*(389)*
Other current loans and borrowings		(329,247)	(338,905)	*9,658*
Total current loans and borrowings	**C**	**(2,840,163)**	**(2,844,903)**	***4,740***
Net current financial debt		**(2,438,224)**	**(2,430,830)**	***(7,394)***
Non-current bank loans and borrowings		(7,926)	(9,398)	*1,473*
Bonds		(197,138)	(130,572)	*(66,567)*
Other non-current financial liabilities		(45,026)	(45,571)	*545*
Total non-current loans and borrowings	**D**	**(250,090)**	**(185,541)**	***(64,549)***
Total gross debt	**E=C+D**	**(3,090,252)**	**(3,030,444)**	***(59,808)***
Gross non-recourse debt	**F**	**--**	**--**	**--**
Total net financial debt	**G=A+B+E+F**	**(2,688,314)**	**(2,616,371)**	***(71,943)***
Net financial position of disposal groups	**H**	**1,593**	**179,412**	***(177,819)***
Total financial debt	**I=G+H**	**(2,686,721)**	**(2,436,959)**	***(249,769)***
Non-current loan assets		165,345	14,015	*151,329*
Subordinated loans		152,641	121,316	*31,326*
Financial assets from concession activities		--	--	--
Non-current loan assets	**L**	**317,986**	**135,331**	***182,655***
Total net financial debt	**M=I+L**	**(2,368,735)**	**(2,301,628)**	***(67,107)***

At 30 June 2020, the group's total net financial debt amounts to €2,368.7 million, an increase of €67.1 million over 31 December 2019. It reflects the production slowdown caused by the spread of Covid-19 as well as a concurrent upturn in ordinary activities on the contracts included in the core assets scope. The figure does not yet include the effects of the group's discharging of its debts, as the composition with creditors procedure was approved on 17 July 2020.

The current financial debt includes the parent's liabilities which have been classified as current since 28 September 2018 (when the composition with creditors procedure was commenced).

Non-current financial debt mostly reflects the drawdown of the final part (€63.9 million) of the second instalment of the urgent financing during the period. This urgent financing was authorised by the Rome Court after the parent's composition with creditors procedure was commenced to bolster its operations until authorisation of the procedure, which took place on 17 July 2020.

Statement of cash flows

The group's statement of cash flows for the six months ended 30 June 2020 is set out below.

Table 10 – Statement of cash flows

	H1 2020
A) Net cash flows used in operating activities	(60,630)
B) Cash flows generated by investing activities	1,365
C) Cash flows generated by financing activities	34,240
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(25,025)
OPENING CASH AND CASH EQUIVALENTS	314,823
CLOSING CASH AND CASH EQUIVALENTS	289,799

Disclosure required by article 114 of Legislative decree no. 58/98 (the Consolidated Finance Act)

Reference should be made to the press release available in the Media - Press releases section of the parent's website www.astaldi.com for the disclosure required by article 114 of Legislative decree no. 58/98 (the Consolidated Finance Act) prepared as required by the CONSOB communication of 15 May 2018.

Order backlog

Definition and structure

The order backlog is the sum of the projects to be performed for contracts awarded to the group net of revenue recognised in profit or loss at the reporting date.

Specifically, it is calculated as *(i)* the revenue to complete projects measured in accordance with the IFRS for the construction contracts, and *(ii)* as revenue due for existing management contracts for the O&M segment.

The group includes orders in progress and, when received, new orders (net of any backlog decreases) and options, as defined later, in the order backlog. Orders in progress are *(i)* for the construction segment, the sum of the projects for which contracts have been signed or awarded as per the relevant calls for tenders and for which the customer has guaranteed the funds necessary to start and complete the works, and *(ii)* for the O&M segment, the projects for which contracts have been signed or for which the group has a contractual obligation. New orders include additions to the orders in progress (including contract increases for existing projects). Backlog decreases, if any, are amounts not included in the order backlog (mostly due to modifications to existing orders or also the termination of contracts). Any options refer to projects awarded or for which the group is the preferred bidder in the related call for tenders as well as those for which the related contract and/or financing has still to be signed or those with conditions precedent that have not yet been met (this may arise even if the group has made the related investments). Projects carried out as unconsolidated joint ventures are included in the order backlog for just the portion proportionate to the group’s investment in such joint venture.

At 30 June 2020, the **group’s order backlog amounts to €7.7 billion**, including **€6.4 billion (83% of the total) related to construction contracts and €1.3 billion (17%) to O&M contracts**. At the same date, a breakdown by geographical segment shows that Italian contracts contributed **roughly €3.6 billion (around 47% of the total) with foreign contracts accounting for €4.1 billion (53%)**, mainly in Europe (Romania, Poland, Sweden and Turkey), the Americas (Chile, Canada, the US and Paraguay), Africa (Algeria) and Asia (India).

Table 11 – Changes in the order backlog by business and geographical segment

(€m)	01/01/2020	Increases/ Decreases	Decreases for production	30/06/2020
Construction:	**6,573**	**441**	**-585**	**6,429**
Transport infrastruture of which:	**5,355**	**410**	**-492**	**5,273**
Railways and metros	*3,161*	*0*	*-251*	*2,910*
Roads and motorways	*2,002*	*407*	*-175*	*2,234*
Airports and ports	*192*	*3*	*-66*	*129*
Hydraulic works and energy generation plants	**168**	**6**	**-8**	**166**
Civil Construction	**791**	**25**	**-34**	**782**
Industrial plants	**259**	**0**	**-51**	**208**
O&M:	**1,313**	**0**	**-23**	**1,290**
TOTAL	**7,886**	**441**	**-608**	**7,719**

(€m)	01/01/2020	Increases/ Decreases	Decreases for production	30/06/2020
Italy	**3,797**	**3**	**-203**	**3,597**
Abroad	**4,089**	**438**	**-405**	**4,122**
Europe	*2,302*	*438*	*(207)*	*2,533*
Americas	*1,425*	*0*	*(190)*	*1,235*
Africa	*98*	*0*	*(4)*	*94*
Asia	*264*	*0*	*(4)*	*260*
TOTAL	**7,886**	**441**	**-608**	**7,719**

(€m)	01/01/2020	Increases/ Decreases	Decreases for production	30/06/2020
ITALY - CONSTRUCTION	*3,245*	*3*	*(180)*	*3,068*
ITALY - CONCESSIONS	*0*	*0*	*0*	*0*
ITALY - O&M	*552*	*0*	*(23)*	*529*
ABROAD - CONSTRUCTION	*3,328*	*438*	*(405)*	*3,362*
ABROAD - CONCESSIONS	*0*	*0*	*0*	*0*
ABROAD - O&M	*761*	*0*	*0*	*761*
TOTAL	**7,886**	**441**	**-608**	**7,720**

New orders

At 30 June 2020, the group has new orders worth **€441.6 million related to new contracts** and/or increases to existing contracts, of which **€438.3 million (99% of the total) abroad (Romania, Turkey and Poland)** and **€3.3 million (1%) in Italy**.

These new orders comprise **EPC contracts of strategic interest to the countries in which they will take place**, including **transport infrastructure contracts (motorways and airports) for €410 million (roughly 93% of the total)**, **civil and industrial construction contracts (hospitals) for €25 million (around 6%)**, with the remaining **€6 million (1%) attributable to hydraulic plants and energy production contracts (waste-to-energy plants)**.

The **new orders essentially comprise the €407 million contract** (including the price revision) **to design and build Lot 5 of the Sibiu-Pitesti Motorway in Romania** (over 30 km of motorway and strategic works for the country) signed in May 2020.

More information is available in the Media - Press releases section of the parent’s website www.astaldi.com.

Construction

Foreword

The group's **main business** is the construction segment.

At 30 June 2020, **the group has more than 50 construction projects in 11 countries**, namely Italy, Romania, Poland, Sweden and Turkey in Europe, Chile, Canada, the US and Paraguay in the Americas, Algeria in Africa and India in Asia. At the reporting date, these contracts **have generated revenue of €583.9 million (96% of the total)**, making up **83% of the order backlog**.

The construction segment comprises the following sub-segments:

(i) **Transport infrastructure** – This is the **group's core business** and is split into *(i)* railways and metros, *(ii)* roads and motorways, and *(iii)* airports and ports. The group designs, builds and, occasionally, operates the completed infrastructure. As already noted, in the last ten years, it has built over 2,000 km of railway and metro lines and more than 1,600 km of roads and motorways, including roughly 300 km of tunnels and around 180 km of bridges and viaducts, as well as two ports and four airports. At 30 June 2020, the transport infrastructure sub-segment has generated revenue of €491.2 million (roughly 81% of the total) and made up around 68% of the order backlog;

(ii) **Hydraulic plants and energy production** – The group acts as an EPC contractor to design, build and maintain renewable energy generation plants, hydraulic and hydroelectric power plants, waste-to-energy plants, dams, aqueducts and wastewater treatment plants. In the last ten years, it has built seven hydroelectric power plants, five dams, three aqueducts and two waste-to-energy plants. At the reporting date, the hydraulic plants and energy production sub-segment has generated revenue of €7.4 million (1.2% of the total) and made up around 2% of the order backlog;

(iii) **Civil and industrial construction** – The group designs, builds and, occasionally, operates healthcare facilities, sports centres, administration buildings, universities, industrial systems and car parks. Over the past ten years, it has built 39 buildings, including 12 hospitals. At 30 June 2020, the civil and industrial construction sub-segment has generated revenue of €34.2 million (roughly 6% of the total) and made up around 10% of the order backlog;

(iv) **Plant and engineering** – The group designs, assembles, installs and operates engineering, electrical, HVAC[19] and other systems for the transport infrastructure, hydraulic plants and energy production and civil and industrial buildings sub-segments. It mostly operates through NBI, wholly owned by Astaldi. At 30 June 2020, the plant and engineering sub-segment has generated revenue of €51.1 million (8% of the total) and made up around 3% of the order backlog.

A brief overview of the construction contracts by geographical segment is provided below.

Italy

Italy is Astaldi's home ground and its reference market. Despite the country's particular economic situation of recent years, it continues to be central to the group's commercial development policies and expansion

[19] *Heating, Ventilation, Air Conditioning*.

strategies. The main sectors of interest are transport infrastructure (roads, motorways, ports, railways) and civil construction (hospitals).

At 30 June 2020, the Italian construction segment has generated revenue of €184 million (30% of the total) and made up 40% of the order backlog.

MAIN ONGOING PROJECTS

A brief description of the main Italian construction contracts (solely for the core assets scope, as defined in the composition with creditors plan and proposal, with an order backlog determined to be worth more than €40 million) is provided below.

Italy // Brenner Base Tunnel (Lot Mules 2–3) – The contract covers construction of the main section of the Italian portion of the Brenner Base Tunnel, **the joint Italian-Austrian project to build a railway tunnel to connect Italy to Austria**. This tunnel is part of the project to upgrade the Munich-Verona railway line, which **will become the longest underground railway line in the world** once completed. Lot Mules 2-3 includes the excavation of roughly 75 km of tunnels (an exploratory tunnel, two main line tunnels, side tunnels and an emergency station including the related access tunnels) using traditional tunnelling methods as well as TBMs[20]. In addition to the emergency station, the exploratory tunnel and side tunnels, the main line tunnels are also being excavated using the traditional method for the southbound tunnel and both traditional and mechanised tunnelling with the TBMs in the northbound tunnel. Due to the Covid-19 pandemic, work was suspended from 14 March 2020 to 18 May 2020. Astaldi (share of 47.23%) is part of a joint venture with Ghella S.p.A. (Italy, 47.21%), P.A.C. S.p.A. (Italy, 5.55%) and Cogeis S.p.A. (Italy, 0.01%).

Italy // High speed/high capacity Verona–Padua railway line (first functional lot Verona–Vicenza Junction) – The contract includes the design (definitive and executive) and construction of the Verona-Vicenza section of the high speed/high capacity Verona-Padua railway line to be built by IRICAV DUE consortium (general contractor comprising Astaldi (37.49%), Webuild (45.44%), Hitachi Rail STS (17.05%), Fintecna and Lamaro (0.01%)). The contract worth €2,470 million was signed on 6 August 2020. This first functional lot, to be completed by 2027, **will develop along a 44.2 km route, quadrupling the existing line and increasing its integration with the European network**. The project has two construction lots, the first of which (worth €874 million) to be commenced immediately, and the second lot of €1,596 million to be funded within 12 months. Once this agreement is signed, the contract already included in the order backlog (at the original consideration) will be increased by €164 million in the second half of 2020.

Italy // High speed/high capacity Naples–Bari railway line, Naples–Cancello section – The contract covers the design and construction of the first section of the high speed/high capacity Naples-Bari railway section and works to connect it to the new high speed Naples-Afragola Station (also built by Astaldi). The contract, assigned by Italferr S.p.A. (FS Italiane Group) for completion by 2022, includes the first **15.5 km section of the Naples-Bari line and is a strategic project for Southern Italy**. The works are carried out by Astaldi (40%) as part of a joint venture with Webuild (leader, 60%). In December 2017, agreement no. 5/2017 was signed with the customer RFI (FS Italiane Group) for €397 million and the executive design activities commenced on 2 January 2018 to be completed on 6 November 2018 when the design was approved. On 12 November 2018, the first conformity deed was signed and the works were delivered on 20 November 2018. The second conformity deed, including some variations and a revised consideration, was signed on 26 November 2019.

Italy // High speed/high capacity Palermo–Catania railway line, Bicocca–Catenanuova section – The construction contract includes the executive design and the doubling of the track of the Bicocca-Catenanuova

[20] Tunnel boring machine.

section of the high speed/high capacity Catania-Palermo railway line over a roughly 38 km stretch, including around 10 km as a variation, as part of a joint venture. **The new infrastructure will improve the railway connections in Sicily and the island's connection to the TEN-T network.** Following completion of the executive design in 2018, the works were commenced and are slated for completion in 2023. The customer is RFI and the joint venture is composed of Astaldi (34.226%), Webuild (51.308%), SIFEL (7.327%) and CFL (7.139%).

Italy // High speed/high capacity Naples–Bari railway line, Apice–Hirpinia section – The contract covers the development of another 18.7 km of the high speed/high capacity Naples-Bari railway line in a joint venture with Webuild (40%:60%). The new lot includes construction of the Apice-Hirpinia section, Hirpinia Station, three bored tunnels and four viaducts. The customer is RFI.

Italy // Line C of the Rome Metro – The contract includes the construction, supply of rolling stock and roll-out of the new metro line (25.4 km, 29 stations) along the Monte Compatri/Pantano-Clodio/Mazzini to Rome section. Once completed, Rome and its residents will have a **new functional, modern metro line, built with the most advanced construction technologies** in the urban infrastructure and mass transport sector. The project has been designed to enhance the value of the priceless heritage that makes Rome one of the most visited cities in the world. An example of this is **San Giovanni Station**, opened to the public in May 2018 and the **first in Rome to adopt a museum/archaeological approach to its interior**: some important finds from the excavation areas have been restored and are exhibited inside the station, so as to allow for a real immersive experience. Work is continuing on the functional sections that have not yet been delivered. The entire first strategic phase from Monte Compatri/Pantano Station to San Giovanni Station (19 km, 22 stations) has been completed while Section T3 from San Giovanni Station to Fori Imperiali Station is underway (roughly 3 km). At the start of 2020, the customer, Roma Metropolitane, ordered the definitive design activities be recommenced for the Fori Imperiali-Venezia sub-section, bringing forward the project for the mechanised tunnelling of the line tunnel from the end of Section T3 to Piazza Venezia. The definitive design for Venezia Station was delivered in June 2020 and the mechanised excavation of the line tunnel from the end of Section T3 to Piazza Venezia was completed by the end of August 2020.

Italy // Line 4 of the Milan Metro – The EPC contract is tied to the concession for the development and operation of the new Line 4 of the Milan Metro. **The new infrastructure will be a light, fully automated metro** along the San Cristoforo-Linate Airport line (**15.2 km, 21 stations, maximum passenger capacity of 24,000 passengers/hour in both directions**). The construction contract includes the (definitive and executive) design and construction of all the civil works, including the superstructure, systems and supply of the rolling stock. It also comprises the construction of a depot/workshop in San Cristoforo for the recovery and maintenance of rolling stock. Development of the civil works and the non-system equipment is being carried out by Metro Blu S.c.r.l., owned by Astaldi (50%) and Webuild (general contractor, 50%). On 5 February 2019, the customer (the Milan Municipality) and the operator (M4, an investee of Astaldi) signed rider no. 1 which, inter alia, revised the general construction schedule providing for the activation of the line's functional sections, acceptance of the extra consideration for the time delays, waiver of the claims, additional variations and the review of the security and coordination plan. Subsequently in September 2019, M4 and the contractor (CMM4, a consortium including Astaldi) signed the new EPC contract. The tunnels of the west and east sections have been completed. The first functional section from Linate Station to Forlanini FS Station will become operational in the first half of 2021.

Italy // Cumana railway line, Dazio–Cantieri section – The contract provides for the design and development of the works to complete the doubling of the Cumana railway line (which connects Naples to Pozzuoli) along a roughly 5 km stretch between the Dazio and Cantieri Stations. In addition to the work to equip the new track, the contract includes the construction of two new stations (Pozzuoli and Cantieri), a tunnel roughly 500 metres long (the Monte Olibano Tunnel), consolidation of various sections of the slope overlooking the railway line and the adaptation of the safety systems along the line in the tunnels. Progress on the contract was held back by the Covid-19 emergency which led to no work being carried out in the period from March to May. Therefore, the group requested an extension of the completion times for the Monte Olibano Tunnel to 31 December 2020. The rider for the fifth functional lot (Pozzuoli Station and line works) and a deed of acknowledgement for the recalculation of the timeline for the entire concession are being drawn up at the date of preparation of this report. They should both be signed during the second half of the year.

Italy // Infraflegrea Project – Monte Sant'Angelo railway connector and work on Pozzuoli Port – The contract covers a number of activities in the urban areas of the Naples and Pozzuoli municipalities. They include construction of Line 7 of the Naples Regional Metro System (the Monte Sant'Angelo railway connector), extension and upgrading of Pozzuoli Port and works for the Bagnoli ring road. The works are carried out by the general contractor Infraflegrea Progetto S.p.A. (Astaldi's share: 51%). At the date of this report, financing has only been received in part for the Monte Sant'Angelo railway connector while the other works still have to be financed. Progress on the contract was held back by the Covid-19 emergency which led to no work being carried out in the period from March to May 2020. The request for the extension of the completion timeline to 31 December 2021 was updated for Lots 1 and 2 while the removal of war devices and archaeological investigations continued for Parco San Paolo Station while awaiting approval of the variation appraisal, expected to be received by the end of 2020. The financing for two of the three design lots of Pozzuoli Port has been approved but not finalised and the services conference for the entire project has yet to be completed.

Italy // State road Jonica, Mega Lot 3 – The contract includes the construction of mega lot 3 of the SS-106 state road Jonica (also called Lot DG-41/08) using the EPC method for the new section from the intersection with SS-534 (at Sibari) to Roseto Capo Spulico. The section is 38 km with three twin-tube bored tunnels, 15 viaducts, 11 artificial tunnels and four junctions. In August 2017, CIPE resolution no. 41 of 10 August 2016 authorising the definitive design of the first functional section (Sibari - Trebisacce section) was published in the Italian Official Journal (general series no. 178), while on 2 August 2018, CIPE resolution no. 3 of 28 February 2018, which approved the definitive design of the second functional section (Trebisacce - Roseto Capo Spulico section) and noted that the project is fully funded, was published. This approval allows commencement of the executive design for the entire mega lot 3 (first and second functional sections) as well as the preliminary activities for the construction work. The executive design sent by the general contractor (Sirjo, in which Astaldi has an investment) to the customer (ANAS S.p.A., FS Italiane Group) on 15 April 2019 was analysed and approved on 9 March 2020. The works are expected to take 2,274 days from the date of signature of the works delivery document (19 May 2020). At the date of preparation of this report, the foundations of some tunnels were being laid.

Italy // Marche–Umbria road system (maxi lot 2) – The contract covers the upgrading and extension of the Perugia-Ancona section (roughly 31 km in both directions, including 22 km of tunnels) and the construction of the Pedemontana delle Marche Road (around 36 km, single lane, including 5 km of tunnels) on a general contracting basis. At the date of preparation of this report, 17 km of completed motorway have been formally delivered to ANAS and work is continuing on the rest of the section. As a result of the national emergency triggered by the Covid-19 pandemic, work gradually slowed down in March 2020 to come to a complete halt with a subsequent pick up in activities beginning from the start of May 2020.

Italy // New Cagliaritana state road (SS–554) – The contract covers the integrated total award of the executive design and subsequent works to upgrade the urban road to Astaldi as per article 53.2.c) of Legislative decree no. 163/2006. It includes elimination of the intersections along roughly seven km of the state road SS-554 from Km 1+500 to Km 7+100 (the first stage). The works are funded by RDF[21] and the Sardinian Region. Agreement of the contract is subject to the customer's (ANAS) approval of the definitive project. After completion of the design phase, the design was sent to the Italian Superior Council for Public Works (CSLP) for its approval on 10 October 2018. In September 2019, the CSLP expressed its favourable opinion, subject to the re-presentation of the revised definitive project updated to include certain requests. In December 2019,

[21] European Regional Development Fund.

Astaldi sent the customer the revised definitive project as per the CSLP's requests and, in May 2020, ANAS sent the project to the Ministry of the Environment and Land and Sea Protection for commencement of the environmental impact assessment, the results of which are not known at the date of preparation of this report

Italy // NATO base in Sigonella – The contract includes the **extension of the NATO base in Sigonella, Sicily**. It provides for the executive design and performance of works to expand Ground Operations Area (Ops Area) and Flight Operations Area (Flight Area) of the Sigonella Military Airport. The project involves the construction of 14 buildings occupying a total net surface area of 26,700 square metres, to be used as military offices and aircraft storage and fitting out, with specific radio/data plant engineering for specialist military air operations. The duration of the works is approximately three years. The customer is NSPA (NATO Support and Procurement Agency). Financing of the works is guaranteed by NATO funding. During the first half of 2020, the first two buildings (Building 164 and Building 165 - in January) and the first hanger (Building 204 - in February) were delivered to the customer. At the date of preparation of this report, a new work schedule is being negotiated as well as the deadline for completion of the works.

Italy // Nuovo Ospedale del Sud-Est Barese in Monopoli–Fasano – The contract covers all the civil works and systems for the **new healthcare facility of excellence** in Puglia, which will have 299 beds and nine operating rooms in a surface area of 178,000 square metres. The works are slated to take approximately three years. The customer is the local health authority[22] of the Bari Province. The contract was awarded to Astaldi (70%) as part of a joint venture with Guastamacchia (Italy, 30%).

REFERENCE SCENARIO AND OUTLOOK[23]

The Covid-19 pandemic has modified the outlook for the economy in 2020 and subsequent years. At the end of 2019, the international economy seemed to be stabilising but this situation changed rapidly after the outbreak of the novel Coronavirus. The recovery times depend on how long it will take to get the public health emergency under control and the governments' ability to coordinate a global response.

Studies carried out by the International Monetary Fund show that the pandemic and lockdown measures introduced to curb its spread in the first half of 2020 have severely damaged the global economy's prospects. April was the worst month while the situation was more positive in July thanks to the expansionary monetary and budget policies approved by governments and the gradual easing of the shuttering measures adopted nearly all around the world.

The estimates published by Bank of Italy in July 2020 indicate that Italy's GDP[24] decreased by 5.3% in the first quarter of 2020 and this downward trend accelerated in the second three months to an estimated reduction of 10% in July. The measures introduced by the Italian government with the Prime Minister's decree of 22 March 2020 led to the shutdown of "non-essential" activities, including many work sites, for the whole month of April. From the start of May, these restrictions began to be lifted and were removed almost completely in June allowing the economy to start up again, bolstered by the related measures rolled out by the government. It is difficult to make predictions about the future at the date of preparation of this report given the uncertainty about

[22] ASL, local health authority.
[23] Source – Annual Report, Bank of Italy, 29 May 2020; Economic Bulletin no. 3/2020, Bank of Italy, July 2020; Decree law no. 18 of 17 March 2020, published in the Italian Official Journal General Series no. 70 of 17 March 2020; Decree law no. 23 of 8 April 2020, pubished in the Italian Official Journal General Series no. 94 of 8 April 2020; Coordinated text of Decree law no. 34 of 19 May 2020, published in the Italian Official Journal General Series no. 180 of 18 July 2020; Prime Minister's decree of 7 August 2020, published in the Italian Official Journal General Series no. 198 of 8 August 2020; *#italiaveloce. Piano delle infrastrutture e dei trasporti per un'Italia ad Alta velocità*, by the Italian Ministry of Infrastructure and Transport, 6 July 2020; *Documento di Economia e Finanza 2020. Allegato #italiaveloce. L'Italia resiliente progetta il futuro: nuove strategie per trasporti, logistica e infrastrutture*, Italian government - Ministry of the Economy and Finance, 6 July 2020.
[24] Gross domestic product.

the epidemic's duration and virulence. Bank of Italy's projections, made assuming that the pandemic continues to be contained, include a contraction of 9.5% in average GDP over the year, entirely due to the drop seen in the first six months. This situation is expected to improve slowly over the next two years (4.8% in 2021 and 2.4% in 2022) although it would worsen should there be new important outbreaks in Italy or abroad, which could trigger a drop of more than 13% in GDP in 2020 and a much slower improvement in the following two years compared to the previous scenario. The measures approved by the European Commission should have a significant positive effect on the economy although the amount of the resources made available and the related stimulus to growth will depend on the individual government's ability to propose and implement sustainable investment projects.

The many measures introduced by the Italian government to combat the emergency (at the date of preparation of this report) include: *(i)* Decree law no. 18 of 17 March 2020 (the "Cure Italy decree"), which earmarked €25 billion to assist, inter alia, the public healthcare system and the civil protection service, employment, household income and businesses; *(ii)* Decree law no. 23 of 8 April 2020 (the "Liquidity decree"), which provided that the government would act as guarantor for loans of €400 billion; *(iii)* Decree law no. 34 of 19 May 2020 (the "Relaunch decree") which introduced tax measures of another €55 billion to assist households and businesses; and *(iv)* the Prime Minister's decree of 7 August 2020, earmarking an additional €25 billion to bolster and relaunch the economy. With this last decree, the total amount of funds made available to respond to the emergency in Italy approximates €100 billion (equal to 6 percentage points of GDP).

Decree law no. 76 of 16 July 2020 (the "Simplification decree") introduced a number of measures for the construction sector, designed to streamline the bureaucratic process, including for example, fast tracking calls for tenders and the start-up of work sites, shorter timelines for awarding contracts and the introduction of a model using extraordinary commissioners to facilitate the fast performance of certain strategic projects. In addition, the government rolled out the "Piano Italia Veloce" (the Fast Italy plan), which includes 66 infrastructure works (of which 40 have priority status) to modernise the railways, roads, motorways, ports and airports in Italy. The related investment plan of €131 billion is reportedly immediately available.

These measures supplement those introduced by Decree law no. 133 of 12 September 2014 (the "Relaunch decree") and the 2020 budget act (Law no. 160 of 27 December 2019), which promoted the introduction of mechanisms to relaunch the domestic infrastructure sector.

Two recent amendments to the regulations governing contractual advances as per article 35.18 of Legislative decree no. 50/2016 set out in the Cure Italy decree and the Relaunch decree are also pertinent. They continue the changes introduced in 2019 with the Relaunch work sites decree. Overall, they have made the contractual advance more important in order to assist companies that have found themselves in difficulty as a result of the lockdown. In fact, if certain conditions are met and within certain limits, the advance provided for by article 35.18 can be increased from 20% to 30%.

Europe

The group's foothold in Europe includes its historical stamping grounds such as Poland, Romania and Turkey as well as areas it has recently moved into like Sweden. It mainly carries out contracts in the transport infrastructure sector (roads, motorways, airports and railways) as well as small energy projects (waste-to-energy plants).

At 30 June 2020, the European construction contracts have generated revenue of €206 million (roughly 34% of the total), equal to 23% of the order backlog.

MAIN ONGOING PROJECTS

A brief description of the main European construction contracts (solely for the core assets scope, as defined in the composition with creditors plan and proposal, with an order backlog determined to be worth more than €40 million) is provided below.

Romania // Sibiu–Pitesti Motorway, Lot 5 – The contract, signed in May 2020 and included in the new orders for the period, covers the construction of over 30 km of the Sibiu-Pitesti Motorway, **the most important section under construction in Romania**. It is an EPC contract and covers the design and construction of Lot 5 of the Sibiu-Pitesti Motorway, from Km 92+600 to Km 122+950. The planned duration of the works is 60 months, 12 months of which for design and 48 months for construction. The contract is financed partly with EU funds (85%) and partly with the state budget (15%) and includes the adjustment of contract prices starting from the date of the submission of the bid. Moreover, an advance payment is envisaged in the contract, both at the start of the design phase and at the start of construction. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure.

Romania // Braila Bridge – The contract covers the **design and construction of a 1,975-metre suspension bridge as well as roughly 23 km of access roads**. The design stage will take one year and construction works three years. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure. The works are included in the country's transport master plan and are financed using EU funds as part of the LIOP[25]. Design and construction will be performed as a joint venture between Astaldi (main contractor, 60%) and IHI (Japan, 40%). The design work was completed in 2018 and the construction phase began at the start of 2019.

Romania // Frontieră–Curtici–Simeria railway line (Lots 2A and 2B) – The contract covers the rehabilitation of roughly 80 km of the Frontieră-Curtici-Simeria railway line, which is **part of the Pan European Corridor IV**. The contract also includes the construction of 11 stations, 30 bridges and a tunnel as well as the installation of an ERTMS[26] signalling and telecommunications system. Construction work will take 36 months. The customer is CFR (the Romanian National Railways Company). The works are 75% funded by the EU as part of the LIOP and 25% by the state. Some sections were delivered to the customer in 2019 and work continued during the first half of 2020.

Romania // Frontieră–Curtici–Simeria railway line (Lot 3) – The contract includes the rehabilitation of roughly 40 km of the Frontieră–Curtici–Simeria railway line and specifically, the line between Gurasada and Simeria of the 614 km Radna-Simeria section. The scope of the contract also includes the construction of 17 bridges, electrification, the installation of the ERTMS signalling and telecommunications system, the renovation of eight railway stations and some minor works. Construction work will take three years. The customer is CFR (the Romanian National Railways Company). The works are 75% funded by the EU as part of the LIOP and 25% by the state.

Poland // S-2 Warsaw Southern Bypass (Lot A) – The contract covers the development of lot A of the Warsaw Southern Bypass, **a strategic project to develop the city's infrastructure, ensuring significant benefits connected with the reduction of traffic congestion in the city centre**. The works involve the design and construction of approximately 5 kilometres of expressway with two separate three-lane carriageways in each direction, linking Puławska junction to Przyczółkowa junction. The contract also includes the construction of nine bridges, a twin-tube tunnel measuring 2.3 kilometres in length, two road junctions and all related works. The customer is Poland's General Road and Motorways Authority (GDDKiA) and the works are being financed using EU funding.

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[25] Large Infrastructure Operational Programme

[26] European Rail Traffic Management System.

Poland // S–7 Expressway, Naprawa–Skomielna Biała section and Zakopianka Tunnel – The contract provides for the construction of the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój Expressway, **including the Zakopianka Tunnel, the longest bored road tunnel in Poland**. It will involve the construction of 3 km of new sections, including 2 km of twin-tube tunnels, external works, systems and environmental protection works.

Poland // Gdańsk waste-to-energy plant – The contract covers the construction of a WtE plant to treat urban waste in the Gdańsk-Gdynia-Sopot metropolitan area and O&M activities for 25 years. The planned duration of construction activities is 48 months, 12 months of which for design, and 36 months for the construction work. The construction activities are being carried out by a joint venture comprising Astaldi (leader, with a 51% share), and the Italian company Termomeccanica Ecologia S.p.A. (49%). An SPE will be set up for the O&M activities, held by Astaldi (with a 10% stake), Termomeccanica Ecologia S.p.A. (10%), and the French company Dalkia Wastenergy S.A. (formerly Tirù S.A., 80%). The customer is Zakład Utylizacyjny Sp. z o.o. (municipalised company for waste management) in Gdańsk. The contract is financed with EU funds and the state budget.

Sweden // Gothenburg Rail Link – Haga Station (West Link – Lot E04 Haga Station) – The EPC contract includes the design and construction of a new underground station of the railway link in the city centre and a 1.5 km service tunnel. The works are being carried out by the AGN Haga ab joint venture, which includes Astaldi (40%), Gülemark (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. The works are financed using European funds and the state budget. They are expected to take roughly eight years, with completion slated for 2026.

Sweden // Gothenburg Rail Link – Kvarnberget (West Link – Lot E03 Kvarnberget) – The EPC contract covers the construction of roughly 600 metres of railway tunnel as part of the Gothenburg Rail Link project, which Astaldi is already involved in via construction of Haga Station (see above). The tunnel is being built using the cut & cover method and will link the Centralen and Haga lots (currently under construction). The works, financed using European funds and local funding, are being carried out by the AGN Haga ab joint venture, which includes Astaldi (40%), Gülemak (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. The planned duration of the works is approximately three years, with completion slated for June 2021.

Turkey // Etlik Integrated Health Campus, Ankara (Etlik Hastane EPC) – The EPC contract includes the design, construction and supply of electro-medical equipment and furnishings, as well as the long-term operation under concession of the healthcare facility with 3,577 beds in eight facilities and a hotel for a total surface area of roughly 1,100,000 square metres. **This project is one of the largest of its kind in Europe**. A new completion date (31 December 2021) has been agreed for this project as well as a variation for the additional work requested.

Turkey // Istanbul Metro (Kirazli-Halkali section) – The contract includes carrying out the civil works and installation of the electromechanical systems for the new section of the Istanbul Metro to connect Kirazli to Halkali. The contract includes construction of 10 km of twin-tube tunnels, including 7 km using TBMs, nine stations and related works. The customer is the Municipality of Istanbul.

REFERENCE SCENARIO AND OUTLOOK

The Covid-19 pandemic has shaken the economy with dire consequences throughout the EU. Its impact on GDP growth in each member state will depend on the pandemic's duration and the measures adopted globally to slow down its spread, protect production capacity and, generally, bolster the economy, as mentioned earlier. The EU member states have already adopted or are in the process of adopting budgetary policies to increase the capacity of healthcare facilities and to assist the worst-hit individuals and sectors. They have also introduced far-reaching measures to safeguard liquidity and other guarantees. The situation of the countries where the group operates is summarised below.

Romania[27] – This country was not immune to the effects Covid-19 had on the global economy, at least in the first half of 2020. Before the emergency, the World Bank had estimated its economy would grow by 3.8%. The government is working to contain the crisis' fallout and to support business, not just the healthcare sector. In July 2020, it launched an extensive post-Covid-19 economic recovery plan aimed at introducing a new economic development model with funds of approximately €100 billion to be invested in various sectors, including infrastructure and healthcare, by 2023. This plan is one of the more ambitious government-sponsored investment projects of the last few years and includes structural measures such as the set up of a national development bank to promote investment initiatives. With respect to the infrastructure sector, the recovery plan includes *(i)* connections among all the regions in Romania with roughly 3,000 km of motorways and state roads to be built before 2030, *(ii)* commencement of works for a new metro line in Cluj-Napoca, a strategic centre for the country's development, *(iii)* completion of the metro connection between Bucharest, the capital, and the Henri Coanda International Airport in Otopeni, *(iv)* construction of three regional hospitals in Cluj-Napoca, Iasi and Craiova by 2027, *(v)* upgrading roads and water and wastewater systems, which will include 20,000 km of local roads, and *(vi)* investments of €12.48 billion in the energy sector between 2020 and 2025.

Poland[28] – The lockdown and prompt closing of its borders allowed Poland to avoid the worst of the pandemic but were insufficient to protect the country from its economic effects. The European Commission's most recent growth forecasts for the country include a drop in its GDP by between 3.5% and 4.3% in 2020. The Polish government announced the Anti-crisis Shield Act of €47 billion (PLN212.1 billion), equal to 3.2% of the 2020 GDP, containing tax and other measures. In July 2020, the outgoing President was re-elected for a second term.

Sweden[29] – Projections for the Swedish economy in 2020 include a 6.8% contraction in its GDP (IMF - World Economic Outlook Database) caused by the serious economic shock triggered by Covid-19. However, it should improve significantly in 2021 with a 5.8% increase, thanks to the post-Covid-19 global recovery. The government has reacted to the economic side effects of the novel Coronavirus by introducing measures to protect jobs, stimulating the economy with large injections of liquidity and facilitated access to credit. The infrastructure investment plan adopted in 2018 and valid until 2029 (the 2018-2029 National Transport Plan adopted by the Swedish government in May 2018) continues to bolster the construction sector. It includes projects to relaunch the country's infrastructure system, including to connect to the European networks (the total estimated budget approximates SEK700 billion).

Turkey[30] – Like the other world economies, the Turkish economy did not escape unscathed from the Covid-19 pandemic. Its first cases were reported in March 2020 and the government subsequently introduced lockdown measures to contain the spread of the virus, which it then loosened in May and again in June. According to the OECD's June 2020 estimates[31], the post-pandemic scenario could include a 5% reduction in GDP with an uptick of around 4% in 2021 (base scenario) or, should there be new outbreaks or a higher infection rate (worst case scenario), GDP could contract by 8% in 2020 with a slower estimated recovery of about 2% in 2021. These projections consider Turkey's weak macroeconomic situation with a high inflation

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[27] Sources – *The World Bank in Romania. Country Snapshot*, World Bank, April 2020; *Report from the Commission Romania. Report prepared in accordance with article 126.3 of the Treaty on the Functioning of the European Union,* European Commission, 14 February 2020; *Planul Național de Investiții și Relansare Economică*, Romanian government, July 2020.

[28] Source – *Report from the Commission Poland. Report prepared in accordance with article 126.3 of the Treaty on the Functioning of the European Union*, European Commission, 20 May 2020.

[29] Sources – *World Economic Outlook Database*, IMF; *Country Information – Sweden: Economic and Political Outline*, Santander, July 2020; *The Government's work in response to the virus responsible for COVID–19*, Swedish government - Ministry of Finance.

[30] Sources – *Policy Responses to COVID–19 – Policy Tracker: Turkey*, IMF; *OECD Economic Outlook Volume 2020. Issue 1: Preliminary Version – Economic Forecast Summary (June 2020) – Turkey Economic Snapshot*, OECD, June 2020.

[31] *Organisation for Economic Co-operation and Development* – OECD

rate. The Turkish authorities have introduced a number of initiatives to combat the effects of Covid-19, earmarking more than TRY498 billion (USD72 billion), the equivalent of around 10% of GDP, as communicated in June 2020, to support the economy. They also include tax relief and initiatives to assist companies' liquidity.

Americas

This geographical segment includes both the group's traditional markets (US and Chile), areas where it has recently started operating (Canada and Paraguay) as well as areas where it is discontinuing its activities (Mexico, Peru and Central America). Its main sectors of interest are transport infrastructure (roads and motorways), energy generation plants and civil construction. Specifically, Chile is the group's main market in Latin America, where it is active in the transport infrastructure (airports), healthcare buildings and mining sectors.

At 30 June 2020, the construction segment in the Americas has generated revenue of €189.5 million (31% of the total) and made up 16% of the order backlog.

MAIN ONGOING PROJECTS

A brief description of the main construction contracts in the Americas (solely for the core assets scope, as defined in the composition with creditors plan and proposal, with an order backlog determined to be worth more than €40 million) is provided below.

Chile // Arturo Merino Benítez International Airport in Santiago – The EPC contract relates to the concession for the extension and operation of the Arturo Merino Benítez International Airport in Santiago, Chile. Its performance was adversely affected by a number of events that had significant effects in terms of delays and costs for the consortium CJV (most recently, the social and political events of October 2019 and the Covid-19 public health emergency, which has not yet been resolved). The related disputes for acknowledgement of these effects, although they related to the EPC contract whose customer is the consortium operator NPU, have been settled to date under the back-to-back principle. Therefore, they are subject to the rules governing the concession contract with the grantor, the Ministry of Public Works. Unfortunately, these rules provide for very time-consuming mechanisms and lengthy dispute-resolution timelines. Moreover, excluding the extensions granted for the final delivery date of the project of roughly eight months, agreement for the most significant disputes (in terms of the monetary compensation involved) has not yet been reached. The consortium recently appealed to the arbitration board claiming damages of €120 million from the Ministry of Public Works for delays in the review and approval of the definitive design, plus another €43 million for variation orders while other claims are still being discussed, again with the Ministry, before arbitration proceedings are commenced. The extra costs accumulated as a result of the social protests and, especially the Covid-19 pandemic, approximate €17 million. The related claim will be formalised in the near future. Meetings with the Ministry and the operator NPU are being held to resolve the complex and extraordinary events that have affected the project.

Chile // Barros Luco Trudeau Hospital in Santiago – The contract covers the design and construction of a new healthcare facility which will have 967 beds and 28 operating rooms in a surface area of approximately 200 thousand square metres, split into two 10-floor buildings (with one underground floor to house the nuclear medicine department). The works will take seven years. The customer is the Chilean Ministry of Health and the works are financed using state funds. The design phase has taken longer than scheduled due to variations requested by the customer and the difficulties imposed by the strict isolation measures imposed by the Chilean authorities to contain the Covid-19 pandemic. At the date of preparation of this report, it is nearing completion and the entire executive design should be approved early in 2021 with the start of the construction phase.

Chile // New Linares Hospital – The EPC contract includes the design and construction of a new healthcare facility in Linares in the Maule region. The new facility will have 329 beds and 11 operating rooms in a surface area of roughly 87,000 square metres in an eight-floor building, including one underground. The works will be built by NBI (an Astaldi Group company) and will take just over six years, with design activities started in 2017. The customer is the Chilean Ministry of Health and the works are financed using state funds. The design phase will be completed with approval of the executive design in the last quarter of 2020 and with the start of the construction phase. The preliminary activities for the start-up of the work sites have already begun.

Chile // El Teniente Mine – Recursos Norte project – The contract covers the first phase of the works for the Recursos Norte project (5 km of tunnels) for the underground development of the El Teniente copper mine. During 2018, excavation of the first part of the tunnel and two access tunnels was commenced. On 22 October 2018, considering Astaldi's composition with creditors procedure to be an event of default pursuant to the contract terms, the customer (CODELCO) notified the early termination of the contract and enforcement of the guarantees of €9.7 million (including the advance payment bond). Astaldi promptly challenged this enforcement. However, the work site activities continued and given Astaldi's excellent performance, the customer communicated its willingness to continue the works under a new contract. After the Rome Court issued the authorisation to sign the contract (necessary given the ongoing composition with creditors procedure), the parent signed it on 28 February 2019 for the remaining works to be completed. The works are underway although progress is slower than scheduled due to the Covid-19-related protocols imposed by the customer, which also led to the suspension of some works for four to eight weeks in the period from March to August 2020. In addition, there have been difficulties with the excavations on certain fronts due to geological conditions that are much worse than those envisaged in the original design. Astaldi has commenced the contractually-provided for measures to obtain compensation for the extra costs incurred as a result of these unforeseeable events and these are under discussion.

Canada // Hurontario Light Rail Transit Project ("HuLRT") – Acquired in 2019, Astaldi (28%) was awarded the contract to design, build, finance and operate the HuLFT for a 30-year term as part of the Mobilinx consortium with Webuild (42%) and some Canadian and non-Canadian partners. The HuLRT is an 18-kilometre, 19-stop light rail transport system that will run along Horontario Street from Port Credit in Mississuaga to the Brampton Gateway Terminal in Ontario. The design activities continued during the period while measures to avoid interfering with the underground utilities cables and traffic management were commenced.

USA // I-405 Highway – The contract includes the design and construction of the improvement works for 26 km of the I-405 Highway between Los Angeles and San Diego. **To date, it is one of the most important projects assigned in California for the infrastructure sector.** During 2018, the designs were prepared for the bridges and the main structures as well as the activities to demolish the existing structures to be replaced and for traffic management. In 2019, the design phase was completed and construction of 11 bridges and three miles of drainage infrastructure were commenced. Work continued along the section in the period: in addition to the demolition and rebuilding of the highway overpasses, the new barriers of the section to be widened are being built.

Paraguay // Yaciretà hydroelectric power plant (Brazo Aña Cuá project) – Awarded in 2019, the contract covers the performance of works to upgrade the Yaciretà Hydroelectric Power Plant on Río Paraná. The contract covers all the civil works and some electromechanical works to install three additional Kaplan turbines in the existing hydroelectric power plant to increase its installed capacity by 270 MW for an average annual energy output of 1,700 GWh. The works will mainly be performed in Paraguay by Astaldi (as project leader, 55%) in a joint venture with Rovella Carranza S.A. (Paraguay, 25%) and Tecnoedil S.A. Constructora (Paraguay, 20%). The customer is Entidad Binacional Yaciretà, the independent binational body that operates the plant. Commencement of the works, scheduled for 4 March 2020 by the customer, was postponed to 24 June 2020 due to the difficulties caused by the Covid-19 pandemic, which effectively compromised the work site's full mobilisation. The preliminary activities have commenced and are being carried out in full compliance with the safety protocols introduced by the authorities to curb the infection rate.

REFERENCE SCENARIO AND OUTLOOK

A brief overview of the scenario for the construction segment in the Americas where the group operates is provided below.

Chile[32] – This country has been drastically affected by the outbreak of Covid-19. On 25 August 2020, Moody's revised its rating outlook for Chile's sovereign debt from stable to negative, mainly based on the rapid rise in the country's debt over recent years aggravated by the Covid-19 pandemic. However, with an A1 credit rating, Chile is one of the most stable and dynamic Latin American countries. When the pandemic broke out, the country had fiscal buffers and debt levels lower than other countries with similar ratings but Covid-19 has eroded its position. The virus (Chile is one of the worst hit countries in Latin America), the deteriorating global economy and turbulent financial markets have triggered a serious economic and financial shock. In Chile's case, this has mostly led to slower economic growth and greater need for social programmes. The pandemic has exacerbated discontent about some social issues, such as the high cost of living, the quality and coverage of public services and income inequality. According to the IMF, real GDP is projected to decline by 7.5% in 2020 and rebound by 5% in 2021 with a growth rate of 5% (estimates updated to June 2020). A rebound in activity is expected to start in the third quarter of 2020 and continue into 2021, supported by unprecedented fiscal, monetary and financial sector measures. The Chilean government brought out a plan to relaunch the national economy and combat the emergency situation, the "Plan paso a paso Chile se recupera". It includes investments of USD34 billion in infrastructure, including USD9.4 billion for the 2020-2022 two-year period, in 2,130 projects to be rolled out over the next two years to build and upgrade bridges and motorways, railway and metro lines, ports and airports and hydraulic works. The consequences of the spread of the Coronavirus on the group's projects in Chile have been significant and negotiations are in place with the customers (private and public sector) to mitigate the probable economic impact. The results of these negotiations should be made known in the short term.

Canada[33] – Canada has a long-term investment plan to upgrade its infrastructure with a budget of over CAD180 billion to be invested over 12 years starting from 2016 in five priority areas: mass transport infrastructure and other transport infrastructure (CAD38.8 billion), renewable energy (CAD26.9 billion) and social infrastructure (CAD25.3 billion). The government earmarked another CAD33 billion to cover the Covid-19 emergency.

USA – Infrastructure has also been identified as the means to combat the pandemic's negative effects in the US as well. The country has been and continues to be very seriously affected by the spread of the Coronavirus and the government has responded by relaunching a project to upgrade its infrastructure by delivering investments of USD2 billion for bridges, roads and other infrastructure. This plan is much more extensive that those approved in the past and will be funded with new federal debt, leveraging a market with zero interest rates.

Paraguay[34] – In April 2020, the IMF forecast a 5.2% contraction in Latin America's economy caused by the pandemic, with a "zero growth" scenario for many of its countries from 2015 to 2025. However, Paraguay's

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[32] Sources – *Outlook for Latin America and the Caribbean: An Intensifying Pandemic*, IMF, 26 July 2020; *Plan paso a paso Chile se recupera*, Chilean government, 3 September 2020.
[33] Source – *Investing in Canada Plan*, Canadian government
[34] Source – *2020 World Economic Outlook*, IMF, April 2020

economy is projected to grow by more than 3% in 2021 although some sectors will suffer more than others and will need the government's intervention to stabilise their situations.

Africa

The group's foothold in this area is in Algeria.

At 30 June 2020, the African construction contracts have generated revenue of €4.1 million (roughly 1% of the total), equal to 1% of the order backlog, all related to transport infrastructure.

MAIN ONGOING PROJECTS

A brief description of the main African construction contracts (solely for the core assets scope, as defined in the composition with creditors plan and proposal, with an order backlog determined to be worth more than €40 million) is provided below.

ALGERIA – Saida–Tiaret railway line – The contract awarded to a joint venture covers the design and construction of 154 km of a single-track railway line along the Saida-Tiaret section with 45 railway bridges and viaducts, 35 road overpasses, four main stations and nine switching stations. It includes the executive design and development of the railway works and the signalling and telecommunication systems for the entire lot, the earthwork activities, road structures and road deviations from km 108.5 to km 154 for a total of 45.5 km of a single track non-electrified railway line.

REFERENCE SCENARIO AND OUTLOOK

An overview of the reference scenario in Algeria is provided below.

Algeria – In order to combat the economic fallout of the Covid-19 pandemic, the Algerian government has introduced a recovery plan which aims to implement a number of measures to streamline the bureaucratic processes and review the rules for public calls for tenders. At the date of preparation of this report, the group has two railway contracts in this country and is awaiting the results of the plan to assess its potential effects.

Asia

The group has recently entered India.

At 30 June 2020, the Asian construction contracts have generated revenue of approximately €4 million (roughly 1% of the total), equal to 3% of the order backlog, all related to transport infrastructure.

MAIN ONGOING PROJECTS

A brief description of the main Asian continent construction contracts (solely for the core assets scope, as defined in the composition with creditors plan and proposal, with an order backlog determined to be worth more than €40 million) is provided below.

India – Versova–Bandra Sea Link (“VBSL”) in Mumbai – The EPC contract covers the work to improve the viability in Mumbai as part of a joint venture with an Indian company. The new infrastructure will require the construction of complex works at sea and stretch for a length of approximately 17.7 kilometres, linking the neighbourhoods of Bandra, Otter, Juha and Versova. The new infrastructure will be situated about 900-1,800 metres from the coast of the city of Mumbai. In addition, the Main Bridge will also include the construction of a cable-stayed bridge of 150 metres and three bridges of variable section, with a main span of 100 metres, to allow navigation in the area. Maintenance activities for two years are also planned. The customer is Maharashtra State Road Development Corporation (MSRDC), and the works will be financed with state funds. A state order to contain the spread of Covid-19 shut down works for roughly a month starting from 24 March 2020, after which the work sites were re-opened. However, the efficiency rate was lower due to the lack of workers, most of whom come from outside Mumbai, as internal movement within India is still restricted although it appears that the measures will be lifted.

REFERENCE SCENARIO AND OUTLOOK

An overview of the reference scenario in India is provided below.

India – While the country is still reeling from the effects of the Covid-19 pandemic, the infrastructure sector has regained vitality thanks to the easing of the measures to contain the virus, the lockdown and movement restrictions. It is expected that the situation should return to normal by the end of the year.

Operation & maintenance

Over the last ten years, the group has honed its recognised expertise in providing O&M services, normally for works which it has built. These services include the ordinary and extraordinary maintenance of civil works and systems, heat and energy management, management of healthcare technologies, electro-medical equipment and the sterilisation of medical devices. They also comprise hotel services such as, for example, cleaning and catering and management of green areas and retail outlets.

The group has decided to lever this segment to strengthen its foothold in the sector of integrated management of services for high tech infrastructure. As well as being complementary to the group's core construction business, the O&M segment generates stable revenue over time and requires low deployment of working capital. The Astaldi Group is particularly interested in the hospital segment, where it already has significant expertise thanks to its prior experience gained in the concessions segment.

At 30 June 2020, the O&M segment has generated revenue of €23 million (roughly 4% of the total), equal to around 17% of the order backlog.

The O&M activities are carried out through special purpose entities in which the parent has an investment, assisted by Astaldi Concessions, the group company set up in June 2020 (after the proportionate partial demerger of Astaldi Concessioni), to support the group in growing its foothold in the O&M segment.

A brief description of the projects in place at 30 June 2020 is provided below.

OPERATING PROJECTS

GE.SAT *(Four Tuscan hospitals, Italy)* – GE.SAT, over which the group has majority control with a 53.85% investment, is the O&M company for the four Tuscan hospitals - Ospedale San Jacopo in Pistoia, Ospedale Santo Stefano in Prato, Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara, built by Astaldi under concession. The O&M contract agreed with the operator SAT (valid from 2013 until 2033) establishes that GE.SAT provides all the non-healthcare and commercial services to the four hospitals, which have all been completed and are in operation.

VENETA SANITARIA FINANZA DI PROJECT (*Ospedale dell'Angelo di Venezia-Mestre, Italy*) – VSFP, in which the group has a non-controlling interest, performs the O&M activities for the Ospedale dell'Angelo di Venezia-Mestre, built by the group using the project financing formula and currently in operation.

OTHER PROJECTS

ETLIK HOSPITAL O&M (*Etlik Integrated Health Campus in Ankara, Turkey*) – Ankara Etlik Hastane Işletme ve Bakim A.Ş., in which the group has a 51% interest, is the O&M company set up for the Etlik Integrated Health Campus in Ankara that Astaldi is developing under a concession contract as part of a joint venture with a Turkish company. The O&M company is the sole provider of all the services provided for in the concession contract, which include maintenance (civil works, systems, medical equipment, etc.), healthcare support (healthcare IT system, laboratory, imaging, sterilisation and rehabilitation) and hotel services (catering, cleaning, laundry, waste disposal, security and pest control). At the date of preparation of this report, the company is engaged in selecting the providers so as to be fully operational once the facility has been completed.

SAMO (*West Metropolitan Hospital in Santiago, Chile*) – Sociedad Austral de Mantenciones y Operaciones, wholly owned by the group, performs the O&M activities for this hospital, which is being built in Chile under a concession contract. Its opening was affected by the dispute that arose between Astaldi's Chilean branch (the EPC contractor) and the operator (Sociedad Concesionaria Metropolitana de Salud S.A., SCMS) after the latter's decision to terminate the EPC contract in January 2019. In order to safeguard its position, jeopardised by SCMS's serious defaults and the fact that the hospital did not open in time, SAMO was obliged to notify the termination of the O&M contract in September 2019 and commence arbitration proceedings.

Concessions

The group has specialist experience gained in the concessions segment over many years, which allows it to offer a vast range of services from the origination and financing phase of the infrastructure, through to its design and development and subsequent operation under concession until its gradual disinvestment. It works in the motorways, airports, railways, healthcare facilities and energy generation plants sectors.

The group operates in the concessions segment by acquiring investments in the operators of the concessions to build and operate those works usually developed by Astaldi itself. During the construction phase, the projects are normally financed on a non-recourse basis with injections of capital by the operators' owners, construction financing, medium to long-term bridge loans and project financing.

At 30 June 2020, the concession activities the group is involved in can be divided into two categories: those that have remained in the core assets scope and those transferred to the separate unit, as defined in the composition with creditors plan and proposal. The concession activities transferred to the separate unit are the group's main concessions, most of which are at the operation phase while the other concessions included in the core assets scope relate to the O&M segment.

This segregation also involved Astaldi Concessioni, the group company set up in 2010 as the centre of excellence for concession projects and O&M activities. In accordance with the composition with creditors plan and proposal, Astaldi Concessioni underwent a proportionate partial demerger, approved with the deed of 28 May 2020, designed to carve out the activities to be sold (to be transferred to the separate unit), which continue to be held by Astaldi Concessioni, from the core assets scope transferred to a newco Astaldi Concessions, also wholly-owned by the parent. As a result of the demerger, the newco received some O&M activities and other minor interests in concessions, as described later.

It should be noted that the resolution to demerge Astaldi Concessioni was taken by its shareholders on 22 January 2020 and registered with the Rome company registrar on 23 January 2020. The parent waited for the terms reserved to the subsidiary's creditors to oppose the demerger to expire before finalising the demerger deed. This deadline was 26 May 2020[35], given the suspension of judicial activities during the lockdown period imposed in Italy to deal with the Covid-19 public health emergency. The formal stipulation of the demerger deed and the separation of the demerged company (Astaldi Concessioni) from the beneficiary (Astaldi Concessions) took place on 28 May 2020, effective from 8 June 2020, when the deed was registered with the Rome company registrar.

Astaldi Concessioni (the demerged company) will continue to carry out its business activities under the management of the separate unit proxy (as defined earlier), assisted by personnel of the beneficiary (Astaldi Concessions) and possibly also by Astaldi as provided for by the service agreement attached to the resolution setting up the separate unit.

On 24 May 2020, the separate unit was set up as approved by the parent's board of directors, subject to the condition precedent that the composition with creditors proposal be authorised (which took place on 17 July 2020, as already noted).

[35] The deadline was originally 23 March 2020 and was deferred to 26 May 2020 given the extraordinary suspension of activities imposed by the Covid-19 public health emergency. This extraordinary suspension period lasted from 9 March to 11 May 2020 for civil, criminal and tax proceedings as established by article 83 of Decree law no. 18/2020 and article 36.1 of Decree law no. 23/2020.

A brief description of the group's concession projects, distributed between the two categories, at 30 June 2020 is given below.

CONCESSION PROJECTS INCLUDED IN THE CORE ASSETS SCOPE

SPV LINEA M4 | Italy
Infrastructure: Line 4 of the Milan metro
Project KPI: 15.2 km of metro line, 21 stations, transportation capacity of 24,000 passengers/hour in either direction
Operator: SPV Linea M4 (Astaldi Group's share: 9.63%, Webuild: 9.7%)
Status: under construction and not yet operational
The investment refers to the construction and subsequent operation of the new Line 4 of the Milan metro to be built as a P3. The infrastructure will be light, fully automated, driverless metro trains with station doors and a CBTC[36] signalling system. The concession includes the design, construction and long-term operation (until 2045) of the public transport service for the entire line from San Cristoforo to Linate Airport for a total of 15.2 km and 21 stations for a maximum transportation capacity of 24,000 passengers/hour in both directions. The concession also comprises the construction of a depot/workshop in San Cristoforo for the recovery and maintenance of rolling stock (47 vehicles). The project is currently at the construction stage as described in the Construction section for the related EPC contract.

CONCESSION PROJECTS TRANSFERRED TO THE SEPARATE UNIT

On 24 May 2020, the parent's board of directors resolved to transfer the following assets to the separate unit in accordance with the composition with creditors plan and proposal (which had already been approved by the creditors):

a) the shareholder loans and investments held directly by Astaldi in the operators of *(i)* the Gebze-Orhangazi-Izmir Motorway in Turkey, and *(ii)* the Etlik Integrated Health Campus in Ankara, Turkey;
b) the shareholder loans and investments held indirectly by Astaldi, via Astaldi Concessioni, in the operators of *(i)* the Arturo Merino Benítez International Airport of Santiago, Chile, *(ii)* the West Metropolitan Hospital in Santiago, Chile, and *(iii)* the Etlik Integrated Health Campus;
c) Astaldi's gross amount due from its partner ICTAS for the sale of its 20% investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş (an SPE that holds the concession to build and operate the Third Bosphorus Bridge) and the related shareholder loan).

As already described, all the above projects are already at the operation stage (including for just the individual functional sections, as is the case for Santiago Airport) and they are being sold by the separate unit proxy in the interests of the unsecured creditors and in accordance with the terms of the composition with creditors plan and proposal (to which reference should be made for more information).

For completeness of disclosure purposes, the following should be noted for the Etlik Integrated Health Campus in Ankara, Turkey.

ANKARA ETLIK HASTANESI | Turkey
Infrastructure: Etlik Integrated Health Campus, Ankara
Project KPI: over 3,577 beds
Operator: ANKARA ETLIK HASTANESI (Astaldi Group's share: 51%)

[36] Communication Based Train Control.

Status: under construction.

The project includes the construction of a healthcare facility that will be one of the largest in Europe with more than 3,577 beds on a surface area of 1,100,000 square metres. The concession term is 27 years and six months, including three and a half years for the design and construction activities and the other 24 years for operation of the non-health hospital services, clinical services and commercial services. The negotiations commenced in the second half of 2018 continued during 2020 with the lenders to remedy the defaults mostly related to agreement of the amounts of the variation orders with the customer, in order to obtain funding. The critical issues mostly relate to the non-compliance with the contractually-established completion date for the construction work, as well as the financial and currency crisis that affected the Turkish lira in August 2018 and commencement of the composition with creditors procedure by Astaldi in September 2018 (Astaldi is a major player in the joint venture set up for this project). At the date of preparation of this report, the negotiations with the lenders and the customer to remedy the existing defaults and return the project to an operating status had been successfully completed. A rider has been signed to reflect the new regulation. The facility is currently under construction and more information about the related EPC contract is available in the Construction section.

Risk management

The group has been affected by the extraordinary measures brought in to deal with the world-wide spread of Covid-19 by the governments of the countries where it operates and has its offices and work sites in Europe and elsewhere.

The importance of the group's risk management system to support its main decision-making processes has been emphasised by this emergency situation. Focused on pro-actively managing risks, the system's main priority is to guarantee that risks affecting Astaldi and other group companies are promptly identified, assessed and monitored over time, ensuring timely, efficient and effective responses to any uncertain event that could have a positive or negative impact on attaining the group's objectives.

In order to tackle this extraordinary event, the group promptly rolled out a number of measures and controls to both appropriately and quickly respond to the need to protect its employees' health and also monitor the situations at the work sites to safeguard, as far as possible, the value generated by its production activities and promote the continuation of its projects.

At the same time, the group continued the normal activities underpinning its risk management model at project and ERM (Enterprise Risk Management) level. This model adopts the guidelines introduced by Borsa Italiana's Code of Conduct for Listed Companies in order to meet the board of directors' need to define the nature and level of risk compatible with the group's strategic objectives and relevant guidelines for the internal controls and risk management system, after consulting the control and risks committee.

In line with the models and national and international best practices, Astaldi's risk management system is based on a cyclical, iterative risk assessment process. It allocates the risks to four internal or external risk areas and defines five top risk categories in its risk universe (defined later).

The group's risk universe, which is the document describing all its recurring risks at project and business level, includes around 140 events that the parent's management considers to be the most common for its business, classified in the following four areas:

- Operational risks – the risk that an event may affect the group's operations by impacting the efficiency and effectiveness of the key processes, which would adversely impinge on the group's ability to create value;
- Financial risks – they relate to the group's ability to efficiently manage its liquidity and to promptly respond to volatility in the international banking and financial sectors or in interest rates, exchange rates and commodity prices. The group must ensure it has sufficient sources of funding to minimise the potential negative effects of financial risks on its performance;
- Strategic risks – they can be triggered by internal or external factors that threaten the group's competitive edge and achievement of its strategic goals. Specifically, they are linked to macroeconomic variables, the reference economic and financial systems, changes in the legislative framework and technological change;
- Legal and compliance risks – these risks derive from non-compliance with national, international or sector laws, regulations and rules as well as professional conduct that does not comply with the group's rules of conduct, potentially exposing it to the risk of sanctions and damage to its reputation.

Through its risk assessment activities focused on pro-actively managing risks by suitably monitoring them, the group pinpointed five main areas of risk (top risks), both internal and external, that could affect achievement of its strategic plan goals (key risks): sustainability, financial structure, human resources, partnerships and reference scenario.

Sustainability. As required by Legislative decree no. 254/2016, which introduced the obligation to prepare a non-financial report on ESG (Environmental, Social and Governance) issues and the related risks, and that set out in the Code of Conduct recently updated by Borsa Italiana, the group is in the process of developing a system to understand and manage sustainability risks as it is aware that a well-defined integrated corporate social responsibility (CSR) strategy can positively impact business opportunities and allow it to create value that is sustainable over time and beneficial to all the stakeholders.

Financial structure. This category's key risks are constantly monitored and managed via specific group procedures and policies performed directly by dedicated internal committees along with the competent departments. The key risks in this category refer to interest rates, exchange rates and commodity prices. With respect to interest rate risk affecting the parent, whenever the floating rate applicable to loans and borrowings exceeds a set threshold, the group immediately takes steps to bring it back below the agreed limits. This risk is regulated by a policy designed to ensure ongoing monitoring and the use of non-speculative derivatives (cash flow hedges). Internal procedures for currency risk provide for three levels of hedging: 1) protection of the economic value (pre-negotiation) - during the call to tender/bidding stage; 2) protection of the monetary value (transaction) of the exposure to risk, the drivers of which are market volatility and analysis of the forward curves, trends and forecasts of exchange rates; 3) translation risk - tied to the effects of the transfer of the risk to the group's equity and possible negative effects on the existing financial covenants. The hedging strategy for commodity risk often includes proxy hedges, with the hedging of a different underlying to that which generated the risk exposure.

Human resources. Given the tough competition on the Italian and international labour markets and the group's need to employ highly qualified professionals, Astaldi pays great attention to personnel recruitment and retention. It is often difficult to find properly qualified and experienced local resources in many of the countries where the group operates. In addition, given the type of works carried out, the group often requires the involvement of professionals with specialist technical skills. As projects last various years and in many cases are located in disadvantaged areas, it is key that the professionals who meet the required profiles are actually available to move to the project location and stay there from the start-up phase throughout the entire duration of the works. The group closely monitors and analyses the key risk indicators such as suitability for the key positions, the turnover rate and, particularly, the internal service level agreement that measures the group's ability to find the required resources on time and with the right profile.

Partnerships. The design and construction of the projects performed by the group are often complex while the projects themselves may be located in countries and/or sectors that frequently have potentially critical issues tied to cultural and organisational integration. As a result, the group has a contract management model that privileges interaction with project partners with the appropriate technical references, especially for projects where it may be appropriate to share risks. In order to monitor this risk category, the group performs preliminary checks of its partners' financial strength and solvency as well as their necessary technical, ethical and reputation requirements and continues to perform these checks regularly. As far as possible, it also agrees on the sharing of roles and responsibilities with the partner as defined and managed through shareholder agreements.

Reference scenario. In line with the commercial approach rolled out in recent years, the group is steadily moving the bulk of its foreign operations to countries that are less exposed to risks arising from economic, political and social events (those risks over which the group has no control). This means that Astaldi is less exposed to risks deriving from the legislative and judicial systems of the countries where it operates, sudden changes in procurement costs, the introduction of customs duties, the inability of local commercial and financial counterparties to meet obligations, and the imposition of taxes and duties. The group gives great importance to the detailed and meticulous monitoring and updating of the risk profiles of all the countries where the group operates or that it is considering for future developments. It feeds and regularly updates an information system that provides an internal rating for country risk, based on the country's credit standing (ratings from the main rating agencies like Moody's, S&P and Fitch) and the group's ability to generate performances in line with the strategic plan objectives for those countries.

Main risks and uncertainties

In addition to that set out on the general risk management model adopted by the group in the section on risk management, the specific risk situations examined by management in the first half of 2020 are set out below.

Going concern

The parent's management analysed the parent's and group's ability to continue as going concerns given their situations (described in detail in the 2019 separate and consolidated financial statements and the accompanying directors' reports) and the events that took place in 2020.

Specifically, when approving the draft condensed interim consolidated financial statements at 30 June 2020, the parent's board of directors made all the assessments required to ascertain the group's ability to continue as a going concern, taking into consideration all the information available on predictable future events.

With respect to the main uncertainties that could have generated significant doubts about the parent's and the group's ability to continue as going concerns (summarised in the notes to the 2019 financial statements), (i) on 17 July 2020, the Rome Court issued its definitive ruling authorising, as no challenges were made, the composition with creditors on a going concern basis procedure as per the related proposal presented by the parent, and (ii) on 15 September 2020, Webuild confirmed that it agreed with the parent that the conditions precedent and assumptions underpinning the binding offer of 15 July 2019 had been met, stating its commitment to subscribe the capital increase as provided for in its offer.

Therefore, the authorisation ruling and Webuild's (formerly Salini Impregilo S.p.A.) communication resolve the principal and most significant uncertainties about the application of the going concern assumption, confirming the parent's assessments. More information about this is provided later in this section.

The complex procedure, which was described exhaustively in the notes to the 2019 financial statements, is summarised below before presenting the parent's directors' assessments about the application of the going concern assumption.

Astaldi filed an application as per article 161.6 of the Bankruptcy Law on 28 September 2018, thus commencing a process to turn around itself and its group based on an integrated going concern manoeuvre over a period of five years (2019-2023), including four years after the date of authorisation of the composition with creditors proposal, as follows:

(i) Astaldi's continuation of activities in order to ensure its ability to continue as a going concern by directly managing the parent;

(ii) a capital strengthening and refinancing manoeuvre, mainly via: (a) capital increases initially of €323.65 million with possible additional capital increases following the exercise of warrants and other share issues as a result of the conversion of unsecured claims presented subsequently, and (b) new financing granted and paid out for up to a maximum of €200 million by banks supporting the composition with creditors procedure;

(iii) the sale of activities and assets excluded from the core assets scope and transferred to a separate unit set up in accordance with article 2447-bis of the Italian Civil Code to satisfy unsecured creditors.

The above actions are part of an integrated manoeuvre under the composition with creditors proposal and are inextricably linked to one another. Therefore, the success of the entire manoeuvre depends on each individual transaction or event taking place.

In 2017 (see the 2017 Annual Report and Interim Financial Report at 31 March 2018 for further details), the parent began to look for potential industrial investors in order to acquire new resources to meet the financial requirements for the continuity of its contracts and exploit possible synergies with operators in the same sector.

Though the transaction has not yet been finalised, it should be noted that Astaldi, IHI Corporation and IHI Infrastructure Systems Co, a subsidiary of IHI Corporation, entered into an industrial strategic partnership agreement (the "**global partnership agreement**") on 15 May 2018 aimed at enhancing respective skills and strengths through synergies, including of a commercial nature. At the same time, Astaldi, its reference shareholders and IHI Corporation ("**IHI**") also signed an investment agreement (the "**investment agreement**"), under which IHI will acquire an interest in the parent equal to approximately 18% of Astaldi's share capital and approximately 13% of its overall voting rights.

On 15 November 2018, Webuild issued a communication that, in short, set out its interest in acquiring an infrastructure construction business unit. On 13 February 2019, Webuild issued a binding offer, subsequently integrated on 28 March, 20 May, 18 June and 15 July 2019 ("Webuild's binding offer"), proposing to acquire an investment in Astaldi as part of its restructuring process. On 14 February 2019, the parent filed its composition with creditors proposal, prepared on the basis of Webuild's binding offer, together with the relevant documentation. Finally, on 19 June 2019, the parent filed a brief replying to the request for clarifications received from the Rome Court, simultaneously filing an updated version of the composition with creditors proposal, the composition with creditors plan and the related report, followed by further integrations on 16 July, 20 July and 2 August 2019.

Specifically, the composition with creditors proposal provides for:

1. the parent's continuation of its activities in order to ensure its ability to continue as a going concern by directly managing the business unit solely comprising Engineering, Procurement & Construction (EPC) activities, facility management and complex system management and certain minor concessions implicit in EPC activities;
2. a capital strengthening and refinancing manoeuvre, entailing:

a) a cash capital increase of €225 million reserved to Webuild, excluding a rights offering for the current shareholders, at an issue price of €0.23 each (twenty-three cents) per share;

b) a divisible capital increase of €98.65 million, excluding a rights offering for the current shareholders, to service the conversion into Astaldi shares of the total filed unsecured claims or potential unsecured claims, accrued in the provision for risks, that may be filed in the meantime, at a rate of 12.493 shares for each €100 of filed or potential unsecured claim against Astaldi (the equivalent of an issue price of €0.23 per share);

3. the issue - as per the financing agreements (cash and bonding facilities) underpinning the composition with creditors proposal - of warrants for Astaldi's lending banks (the "bonus warrants") to be exercised against payment at the terms and conditions set out in the regulation attached to Webuild's binding offer. The number of bonus warrants approved for issue shall be sufficient to allow Astaldi's lending banks to subscribe a number of ordinary Astaldi shares against consideration and during the established exercise window at a price of €0.23 per share for up to 5% of the share capital as it stands immediately after the two capital increases mentioned above;
4. Webuild's binding offer provides for a third possible divisible capital increase, excluding a rights offering for the current shareholders, of a maximum amount (to be decided subsequently) to satisfy additional unsecured creditors, not included in the composition with creditors plan, that present claims subsequently, if the amounts claimed are higher than the accruals to the provision for the unsecured claims as per the plan with the right to receive 12.493 ordinary shares for each €100 of the filed or potential unsecured claim.

   The impact of this possible capital increase is not included in the plan, but the possibility is provided for in order to clarify that any unsecured creditors not currently included in the plan will receive the same treatment as the other unsecured creditors. This complies with article 184 of the Bankruptcy Law as it enables all creditors existing before the application for the composition with creditors procedure is filed with the company register to be treated on like terms;

5. Webuild's binding offer also provides for the issue of anti-dilutive warrants to Webuild with the related possible issue of the parent's ordinary shares to ensure that its investment in Astaldi will not be diluted should other unsecured creditors that are not provided for in the composition with creditors plan present a claim ("anti-dilutive warrants"). The anti-dilutive warrants may not reverse any dilution of investments of all future Astaldi shareholders due to the exercise of the bonus warrants (and resulting share issue) by the banks involved in granting the new credit facilities;
6. a first issue of pre-preferential bonds on 12 February 2019 for €75 million (the "Fortress bonds" or "bonds") subscribed by Fortress and authorised by the court following the application presented by Astaldi as per article 182-quinquies.3 of the Bankruptcy Law;
7. actions taken by Webuild (via its wholly-owned newco Beyond S.r.l.) and illimity Bank S.p.A. to (i) repurchase the Fortress bonds (first issue) and (ii) subscribe an additional issue of the pre-preferential bonds for up to €125 million (second issue). €50 million was issued as part of the second issue on 2 December 2019 and €63.9 million on 10 February 2020, for a total bond issue of €188.9 million (first and second issues);
8. the granting of a revolving credit facility by banks for €200 million ("RCF 200"), to be used after the composition with creditors procedure is authorised and the Webuild capital increase is made, in order to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of any residual portion of the pre-preferential bonds set out in points 6 and 7. The RCF 200 is a pre-preferential facility provided in accordance with the composition with creditors procedure as per articles 111 and 182-quater of the Bankruptcy Law;
9. the granting of bonding facilities for a total of €384 million as per article 182-quinquies.1 of the Bankruptcy Law, aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress and/or in stand-by or pending award (the contract was signed with banks on 10 August 2019);
10. the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

The main assets to be transferred to the separate unit set up as resolved by Astaldi's board of directors on 24 May 2020 are:

a. Astaldi's gross amount due from IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS) for the sale of its 20% investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme Anonim Sirketi (an SPE that holds the concession to build and operate the Third Bosphorus Bridge - the "Third Bosphorus Bridge operator") (the "Third Bosphorus Bridge receivable" and with regard to the original investment, the "Third Bosphorus Bridge investment") and the related shareholder loan. The deed of sale for the Third Bosphorus Bridge investment and the Third Bosphorus Bridge receivable, originally included in the composition with creditors proposal, was signed by Astaldi and ICTAS on 17 March 2020;

b. the shareholder loans and investments held directly by Astaldi in the operators of: *(i)* the Gebze-Orhangazi-Izmir Motorway in Turkey, and *(ii)* the Etlik Integrated Health Campus in Ankara, Turkey;

c. the shareholder loans and investments held indirectly by Astaldi, via Astaldi Concessioni S.p.A., in the operators of: *(i)* the Arturo Merino Benitez International Airport in Santiago, Chile, *(ii)* the West Metropolitan Hospital in Santiago, Chile and *(iii)* the Etlik Integrated Health Campus mentioned above;

d. amounts due from Instituto de Ferrocarriles del Estado (IAFE) of Venezuela for the projects to build the Puerto Cabello-La Encrucijada and San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway line sections (the “Venezuelan financial assets”);

e. the building and appurtenance land in Via G.V. Bona 65, Rome, which houses the parent’s current offices.

In accordance with the composition with creditors plan, as per the board of directors’ resolution of 24 May 2020, the parent set up the separate unit[37] in accordance with article 2447-bis of the Italian Civil Code, which will include the investee Astaldi Concessioni S.p.A. which was, in turn, partially proportionately demerged, under notary public Salvatore Mariconda’s deed of 28 May 2020, in order to separate the non-core assets which remain with the demerged Astaldi Concessioni from the core assets to be transferred to a newco also fully controlled by Astaldi.

The composition with creditors proposal covers the settlement of the following claims at the reference date (28 September 2018) amounting to €3,598 million, including:

(i) pre-preferential claims totalling €67.8 million, mainly comprised of the fees of judicial commissioners and consultants involved in the procedure and provisions for pre-preferential claims;

(ii) preferential claims totalling €96.7 million, mainly (i) tax liabilities of €28.3 million, (ii) provisions for preferential claims (i.e., the provision for tax disputes) of €22.1 million, (iii) preferential trade payables (i.e., artisans and professionals) of €20.5 million, and (iv) payables to employees of €12.7 million;

(iii) unsecured claims totalling €3,433.5 million, mainly (i) bank loans and borrowings and payables to bondholders of €2,557.1 million, (ii) trade payables of €329.5 million, (iii) intragroup payables of €155.8 million, and (iv) provisions for unsecured claims totalling €378.6 million.

With regard to such total claims, the composition with creditors proposal provides that:

1. pre-preferential claims and management costs will be paid in full when due;
2. pre-preferential claims related to the loans agreed as per article 182-quinquies of the Bankruptcy Law will be settled in full;
3. preferential claims will be satisfied in full within one year of the authorisation of the composition with creditors procedure as per the moratorium under article 186-bis of the Bankruptcy Law;
4. unsecured claims (not broken down by class), including preferential claims downgraded to unsecured as per article 160.2 of the Bankruptcy Law, will be satisfied within 120 days of the authorisation date via:
    - new shares assigned to unsecured creditors at 12.493 new shares for each €100 of claim;
    - participating financial instruments that give creditors the right to receive the net proceeds on the sale of the assets transferred to the separate unit, in the ratio of one participating financial instrument for each euro of their unsecured claim;
5. the tax and social security liabilities will be settled within one year from the authorisation of the composition with creditors procedure at the terms and conditions set out in the proposal to settle such tax and social security liabilities as per article 182-ter of the Bankruptcy Law. This provides for, in short: (i) the full payment of the secured tax/social security liabilities within 12 months from the authorisation date; (ii) the partial payment of any unsecured liabilities through the assignment of shares and participating financial instruments in the same ratio as that offered to the other unsecured creditors; and (iii) the complete elimination of the potential tax liability arising on the tax

[37] The set up of the separate unit is legally effective from the date of authorisation of the composition with creditors procedure (17 July 2020).

assessment (currently pending before the Campania Regional Tax Commission), without prejudice to that set out in point 3 above;

6. the subordinated claims will not be satisfied during the period of the composition with creditors plan.

The Rome Court accepted the parent's application for the composition with creditors procedure on 5 August 2019 and set the date for the creditors' meeting before the delegated judge as 6 February 2020. On 27 November 2019, the court postponed the meeting to 26 March 2020 and then postponed it further to 9 April 2020 on 23 March 2020.

After reading the minutes of the creditors' meeting of 9 April 2020 and the information provided by the judicial commissioners on the definitive outcome of the vote held on 30 April 2020, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, with its ruling of 4 May 2020, the court set the hearing date for the authorisation of the composition with creditors procedure to be attended by the parties involved and the judicial commissioners as 23 June 2020.

Based on the above, the parent's directors evaluated the going concern assumption. Specifically, they took into account (i) the definitive authorisation (as no challenges were made) as per the Rome Court's ruling of 17 July; (ii) Webuild's communication received on 15 September 2020 confirming that it agreed with the parent that the conditions precedent and assumptions underpinning Webuild's binding offer of 15 July 2019 had been met and its obligation to subscribe the capital increase as the terms of the offer had become effective, and (iii) all information available on predictable future events, considering all aspects characterised by significant uncertainty that could raise considerable doubts as to the ability of the parent and the group to continue as going concerns, as follows:

a. **Capital strengthening and refinancing manoeuvre**: the implementation of the capital strengthening and refinancing manoeuvre under the composition with creditors proposal described earlier provides for, in short: capital increases reserved to Webuild and unsecured creditors; obtaining revolving credit facilities of €200 million from banks; and the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

b. **Meeting the targets set out in the composition with creditors plan:** effectively reaching the financial and performance targets that will confirm the group's turnaround under the provisions of the plan. They also depend on future, uncertain variables that cannot be controlled, e.g., variables that could affect (i) the amount and timing of new contracts, (ii) the timing of collecting additional fees for variations, price revisions, incentives and claims compared to the contractually agreed amounts and (iii) the amount and timing of collecting advances from customers, estimated based on the possibility for the parent to apply for the benefits provided by urgent measures introduced to aid the liquidity of contractors under Decree law no. 34 of 19 May 2020 (the "Relaunch Decree") issued following the Covid-19 emergency.

c. **Appeal to the Supreme Court pursuant to article 111 of the Italian Constitution and article 360 of the Code of Civil Procedure**

   On 14 and 15 September 2020, Astaldi was notified to two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorizing the composition with creditors procedure and cancel it.

In light of the above, the parent's directors duly requested and obtained the information needed to assess the reasonableness that all of the above circumstances could occur, i.e., the significant uncertainties that could lead to material doubts as to the group's ability to continue as a going concern. As a result, they deemed it appropriate to prepare the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption.

Specifically, the parent's directors based their conclusions on the following considerations, with reference to each of the elements of uncertainty listed above:

1. with regard to point a), the parent's directors deem it reasonable to assume that the capital strengthening and refinancing manoeuvre under the composition with creditors proposal will be successfully implemented. The project includes capital increases reserved to Webuild and unsecured creditors, in addition to revolving credit facilities of €200 million and bonding facilities of €384 million from banks to enable the parent's continuity. In this regard, as described in greater detail earlier, (i) the Rome Court issued its definitive ruling authorising the composition with creditors procedure, (ii) Webuild notified that the conditions precedent and the assumptions underpinning its binding offer have been met, confirming its commitment to subscribe the capital increase as provided for in its offer, and (iii) the banks involved in the manoeuvre, via specific commitment letters attached to Webuild's binding offer, formalised their commitment to grant revolving credit facilities of €200 million and bonding facilities of €384 million for the purposes of performing the projects in the parent's order backlog. In addition, Webuild completed its capital increase of €600 million on 12 November 2019. This is key to Progetto Italia as one of the essential elements of the project is acquiring control of Astaldi once it has completed its capital strengthening and refinancing manoeuvre. Astaldi's planned capital increase is naturally also subject to CONSOB (the Italian commission for listed companies and the stock exchange) authorising the publication of the relevant prospectus to be issued for the capital increase following the shareholders' approval of the transaction on 31 July. With regard to the CONSOB authorisation, it seems reasonable to assume that it will be granted, also considering that: (i) the capital increase is imperative for the capital strengthening and refinancing manoeuvre; (ii) the latter has already been communicated to the market and CONSOB; (iii) the entire cash amount to be injected has already been guaranteed by Webuild; (iv) the company documentation required by ruling legislation to obtain the authorisation is already being drafted and finalising and sharing it with CONSOB should not be an issue for the parent;
2. with regard to point b) relating to uncertainties linked to the composition with creditors plan, the plan was certified by a professional appointed under the composition with creditors procedure in their reports dated 14 February 2019, 19 June 2019 and 16 July 2020. Based on this fact and the respective checks carried out, the feasibility of the plan was also approved by the judicial commissioners appointed by the Rome Court who issued their report as per article 172 of the Bankruptcy Law on 10 February 2020. At their meeting held on 9 April 2020, the creditors also approved the plan with a large majority (69.40%). This was formalised by the above-mentioned definitive authorisation in addition to Webuild's confirmation - as mentioned above - that the conditions precedent and the assumptions underpinning Webuild's binding offer had been met. Finally, the directors carefully monitored and assessed all subsequent events regarding the achievement of the plan targets, which is also impacted by the collection of slow-moving items and advances from customers as per the urgent measures introduced to aid liquidity under the Relaunch Decree issued following the Covid-19 emergency. The directors did not detect any critical issues further to the uncertainties mentioned previously. At the date of these condensed interim consolidated financial statements, a significant part of such advances from customers has already been collected for some of the group's main contracts in Italy;
3. finally, with regard to point c), also based on the preliminary opinions expressed by its legal advisers, the parent believes that such appeals are inadmissible and groundless.

   Furthermore, Astaldi states that the filing of the appeals does not affect the execution of the composition with creditors procedure as the ruling authorising the procedure is provisionally enforceable as per article 180.5 of the Bankruptcy Law. In addition, appeals do not have suspensive effects nor do they exempt the company under the procedure from meeting its commitments with creditors on a timely basis.

In conclusion, though the actions described above entail significant uncertainties that could lead to material doubts as to the parent's and the group's ability to continue as going concerns, the parent's directors prepared the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption considering the positive development of events and, specifically, (i) the issuing of the ruling authorising the composition with creditors procedure, (ii) Webuild notifying that the conditions precedent and the assumptions underpinning Webuild's binding offer have been met and confirming its commitment to subscribe the capital increase, and (iii) the banks confirming their commitment to grant bonding facilities of €384 million which is enabling the parent to comply with the guarantees related to the projects in its order backlog. Based on the considerations listed above, the parent's directors deem it reasonable to assume that the tough situation that the parent and the group are facing can be overcome by defining and implementing the composition with creditors procedure and, specifically, the capital strengthening and refinancing manoeuvre and the related plan.

The existence and overcoming of such uncertainties depend only partly on variables and internal factors under management's control and also on external factors, most of which can be estimated using the available information, that have been assessed using the criteria of reasonableness set out above.

Significant contractual events

Italy // Monte Nieddu Dam – Astaldi filed for termination of the Monte Nieddu dam contract under article 169-bis of the Italian Bankruptcy Act. Following requests by the judicial commissioners[38] to present its position in relation to the termination of the contract, the customer (Consorzio di Bonifica della Sardegna Meridionale, the "consortium") stated its intention to find an out-of-court solution that would make the contract financially stable. In discussing the content of a possible agreement, the consortium proposed the settlement of the parent's claims via an amicable settlement as per article 240 of Legislative decree no. 163/2006. The person responsible for such procedure presented the parties with the proposal of the amicable settlement commission with a notification dated 9 July 2019. The proposal includes the payment of €8.2 million for work carried out up to the 16th progress report (30 June 2018) against the claim for €30.6 million, in addition to €3.97 million "*starting from recommencement of work until completion of work*" and €1.2 million "*due if the contract is terminated after the 16th progress report*", specifying that, pursuant to the law, the proposal is subject to both parties accepting it. With resolution of 29 July 2019, the consortium stated that it was not obliged to accept the proposal of the competent commission. Subsequently, with notification dated 24 September 2019, the consortium formalised a proposal for the payment of claims of €6 million. On 12 November 2019, the Rome Court issued a decree authorising the termination of the contract. As a result, Astaldi notified the consortium on 13 November 2019 stating the termination of the contract as per article 169-bis of the Bankruptcy Law. The consortium recently requested Astaldi to formalise the status of the work site and the works, inviting Astaldi to dismantle the site (within 14 months after the final visit by the inspection commissions). The parent recognised the penalties estimated to result from the termination of the contract in the separate and consolidated financial statements at 31 December 2018.

Italy // Genoa–Voltri Railway Junction – Astaldi's financial difficulties and the composition with creditors procedure have led to tense relations between the parent, the customer (RFI) - due to the accumulated delays caused by the mentioned financial difficulties - and the subcontractors and suppliers, making termination due to breach of contract a possibility. Therefore, on 7 December 2018, Astaldi filed an application for authorisation from the Rome Court to suspend the contract for sixty days as per article 169-bis of the Bankruptcy Law. The court authorised the requested suspension with its ruling of 8 January 2019. Then on 13 March 2019, Astaldi filed an application for authorisation from the court to terminate the contract as per article 169-bis of the Bankruptcy Law. After receiving the application, the court issued an order on 29 March 2019 inviting RFI to

[38] The judicial commissions appointed for Astaldi's composition with creditors procedure.

submit its observations by 15 April 2019. On such date, RFI requested an extension to the deadline due to the complicated nature of the matter. On the same day, it also issued two additional letters communicating the termination for breach of contract and enforcement of the related Atradius performance bond (for roughly €3.4 million). On 23 April 2019, Astaldi appealed against the termination of contract unduly put in motion by RFI despite being aware for some time that the procedure as per article 169-bis of the Bankruptcy Law was underway. Astaldi reserved its right to take any further actions to protect its rights due to the possible serious consequences of such unlawful termination, especially with regard to taking part in future calls for tenders. On 18 October 2019, Astaldi signed an out-of-court agreement with RFI with the condition precedent that the Rome Court issue its authorisation, which it did on 27 December 2019. The parent recognised the effects of such out-of-court agreement in the separate and consolidated financial statements at 31 December 2018.

Italy // Line C of the Rome Metro (Metro C S.c.p.A. vs Astaldi) – In January 2013, Aosta Factoring ("AF") and Astaldi signed a recourse factoring framework agreement for future receivables that will derive from works on Line C of the Rome Metro. Astaldi is a shareholder of the SPE (general contractor) Metro C S.c.p.A. ("Metro C"), in which Astaldi has a 34.5% interest, set up to construct Line C of the Rome Metro for Roma Metropolitane S.r.l. (owned by the Rome municipal authorities). Under the factoring agreement, Astaldi assigned some invoices issued to Metro C for its share of the contractual fees due in line with its investment in the SPE. Metro C did not pay the factored invoices, despite AF's reminders, because, as per the applicable statutory provisions, its receivables cannot be factored. AF issued an enforcement notice to Metro C, which led to the latter's accounts being frozen, in order to collect the unpaid amounts. This was then suspended as agreements were reached between Metro C and AF. The above led to a legal dispute between the parties, which is currently pending. In order to claim for potential damage - yet to be checked and assessed - that could be incurred by Metro C and the partners due to the legal dispute with AF, Metro C decided to apply for arbitration against Astaldi. The arbitration board was appointed on 19 March 2020. In August and September 2020, the parties finalised the related deeds settling their claims, which confirmed the amounts provided for in the condensed interim consolidated financial statements at 30 June 2020.

Italy // Line C of the Rome Metro (Vianini vs Astaldi) – Following the above dispute, with claim form of 24 October 2019, Vianini (a member of the above-mentioned Metro C), summonsed Astaldi for alleged damages of a various nature, including defamation and/or damaged reputation with banks, having been allegedly associated with Metro C's financial crisis in the eyes of the banks. The claim made by Vianini (€40 million) seems unfounded and, in any case, the amount seems inconsistent with the claim. Vianini also filed a criminal request to investigate any criminal implications arising from the matters at hand (Aosta Factoring has done the same). Astaldi replied by challenging all of Vianini's allegations, also stating that no illegal act and/or crime at the basis of Vianini's claim for damages had been committed and/or, in any case, confirmed by the competent judicial authority. The first instance hearing is scheduled for 14 December 2020 and, based on information available to date, the possibility that Astaldi will be liable to pay compensation is remote. After Astaldi, Metro C and AF settled their claims (see above), Vianini agreed to waive its claim, which is significant for the purposes of assessing the related risk.

Italy // Criminal proceedings related to Line C of the Rome Metro – With regard to the preliminary investigations for the out-of-court agreement between Roma Metropolitane and Metro C (identified above), on 23 January 2019, an extension was requested for the preliminary investigations into Metro C, in relation to the crime as per Legislative decree no. 231/2001. Metro C adopted the model as per Legislative decree no. 231/2001 with board of directors' resolution of 20 December 2007. There are no proceedings as per Legislative decree no. 231/2001 against Astaldi. The judge for the preliminary investigations recently notified Metro C of the filing of the proceeding upon the public prosecutor's request as they deemed the evidence obtained was insufficient to support the accusations in court.

Italy // Court of auditors proceedings on Line C of the Rome Metro – With order no. 486/2019 published on 10 January 2019, the joint session of the Court of Cassation ruled the lack of jurisdiction of the Court of Auditors over the management of the above-mentioned Metro C (including members of Astaldi senior management) for the first hearing pending before the Court of Auditors in relation to the variations introduced for Line C of the Rome Metro in the period from 2006 to 2010. Given that Metro C was not even summonsed for the second hearing on the events occurred after 2010 - and particularly the out-of-court agreement and the implementing act -, it is presumed that Metro C and its management are definitively not subject to liability for the alleged damage to the state related to the construction of Line C of the Rome Metro.

Poland // E–59 railway line – On 27 September 2018, Astaldi notified the customer of the termination of the contract due to the extraordinary and unforeseeable change in the works performance as evidenced by the abnormal increase in materials and labour costs, as well as the serious unavailability of materials, services and labour on the market, including rail transport of construction materials. It also informed the customer of a number of events that legitimised the parent to terminate the contract due to the customer's default. On 5 October 2018, the customer replied by terminating the contract and requesting payment of the penalty (amounting to PLN130.9 million) and enforcing the guarantees totalling €20.3 million (including the advance payment bond). Astaldi also notified that it was preparing a claim for €12.3 million in addition to the claim for the cancellation of the penalty. Subsequently, in response to Astaldi's decision to terminate the contract, the customer issued a claims form to Astaldi in July 2019. Astaldi filed its defence brief on 2 December 2019 and the ruling is still pending. Following the termination of the contract, Astaldi issued its final statement to the customer requesting payment for work performed but not paid. However, as such final statement was not paid and attempts to resolve the matter out of court were unsuccessful, Astaldi filed a claim before the Warsaw Court on 17 March 2020 for the non-payment of work performed and certified by the works manager worth approximately €4 million. Subsequently, it filed an additional claim on 26 May 2020 requesting payment of a further €3.9 million, of which around €1.3 million for unpaid invoices and roughly €2.6 million for work performed but not certified by the works manager. Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018.

Poland // Deblin-Lublin no. 7 railway line – On 27 September 2018, just after work began, Astaldi as the leader of the consortium (with a 97.98% share) for development of the Dęblin–Lublin railway line notified the customer of the termination of the contract due to the extraordinary and unforeseeable change in the works performance as evidenced by the abnormal increase in materials and labour costs, as well as the serious unavailability of materials, services and labour on the market, including rail transport of construction materials. It also informed the customer of a number of events that legitimised the parent to terminate the contract due to the customer's default. On 5 October 2018, the customer replied by terminating the contract and requesting payment of the penalty (amounting to PLN248.7million, the equivalent of €57.8 million) and enforcing the guarantees totalling €43.3 million (including the advance payment bond). Astaldi also notified that it was preparing a claim for €49 million mainly due to the irregular progress of works, in addition to the claim for the cancellation of the mentioned penalty. In response to Astaldi's decision to terminate the contract, the customer issued a claims form to Astaldi in July 2019, claiming reimbursement of PLN222.2 million (the equivalent of approximately €51.3 million), of which PLN155.6 million in penalties for terminating the contract and PLN66.6 million as reimbursement of payments the customer made to Astaldi's subcontractors. Astaldi filed its defence brief on 2 December 2019 and the ruling is still pending. Following the termination of the contract, Astaldi issued its final statement to the customer requesting payment for work performed but not paid. However, as such final statement was not paid and attempts to resolve the matter out of court were unsuccessful, Astaldi filed a claim before the Warsaw Court on 17 March 2020 for the non-payment of work performed and certified by the works manager worth approximately €8.8 million. Subsequently, it filed an additional claim on 26 May 2020 requesting payment of a further €31.2 million for work performed but not certified by the works manager. Also based on the opinions of its external legal advisers, the parent recognised the estimated penalties of terminating the contract in the separate and consolidated financial statements at 31 December 2018.

Turkey // Standstill agreement – Due to the fact that Turkey does not recognise the composition with creditors on a going concern basis procedure, thus excluding Turkish creditors from the protection guaranteed by such procedure, Astaldi commenced negotiations in 2019 with some Turkish banks that have claims with the Turkish branch (also related to commitments deriving from the guarantees issued in favour of the subsidiary ASTUR) in order to reach a standstill agreement on credit collection actions pending the sale of the investments in the SPEs awarded the contracts to construct and operate important public works in Turkey, under the understanding that the banks would receive full settlement of their claims when the sale is made. Under the standstill agreement, upon the sale of the first Turkish asset and collection of the related amount, the Turkish banks will receive full repayment of the principal and full payment of the interest expense calculated at the contractual (non-default) rate up to the date of repayment of the principal. The standstill agreement will expire at the earliest of: *(i)* the date when the sale price of the first Turkish asset (i.e., the Third Bosphorus Bridge operator) is collected and *(ii)* 18 months after the signing of the agreement. The banks that signed the agreement with Astaldi in September 2019 are T. Vakiflar Bankasi T.A.O.**,** T.C. Ziraat Bankası A.Ş., Ziraat Katılım Bankası A.Ş and T. İş Bankası A.Ş..

Chile // La Punilla multi-purpose dam – Right from the outset, this contract for the construction and operation of the multi-purpose dam under concession on behalf of the Chilean Ministry of Public Works was blighted by issues threatening to jeopardise the feasibility of the project leading to a supplementary agreement (“framework agreement”) being defined and signed by the Ministry of Public Works in January 2018. However, while Astaldi immediately made good on its commitments (also incurring additional costs), the Ministry has still not completed the process to have the agreement legally validated. Moreover, the environmental impact assessment for some areas (to be performed by the Ministry) is still pending to date and without it works cannot be performed. In addition, the group has been summonsed as a third party for environmental damage following the forced expropriation by the Ministry in November 2018 for certain lots. Such summons - actually against the Ministry since Astaldi was not involved in the expropriation procedures - brought the relevant works to a standstill. Another critical issue involves the storage capacity set out in the contract (625 million cubic metres) which actually turned out to be lower (563 million cubic metres), negatively impacting both the minimum irrigation service guaranteed under contract and the forecast revenue from the project (which is therefore no longer financially sustainable). Astaldi brought the issue before the Concessions Technical Panel (the “Technical Panel”), the local advisory body in charge of resolving any disputes between operators and customers before arbitration. The Technical Panel acknowledged the error in the call for tenders documents and stated that the contract cannot be performed in its current format and presented possible solutions (re-establishing the storage capacity, acknowledging the extra costs incurred by Astaldi, or amending the concession contract, compensating Astaldi for lower revenue). Despite these complications, Astaldi has always reached the set contract milestones. However, in order to limit further exposure, also in light of the findings of the Technical Panel, on 10 August 2019, Astaldi did not pay the remainder of the contractual minimum mandatory amount. As a result, on 14 August 2019, the Ministry enforced the performance bond (roughly €15 million) issued by a local insurance company. On 2 September 2019, the Ministry presented a request to terminate the concession for gross negligence, thus commencing an arbitration as per local regulations on concessions. In accordance with the terms of the bilateral investment treaty signed between Italy and Chile in 1995. Astaldi commenced six-month amicable negotiations with the customer, which ended in April 2020 without achieving an agreement. After this period, the customer can choose between continuing the dispute before a local court, an UNCITRAL arbitration or an ICSID international arbitration. Also based on the opinions of its external legal advisers, the operator (indirectly controlled by Astaldi S.p.A.) adjusted the carrying amount of the investment made up to 31 December 2018 to its recoverable amount and recognised the reduction in fees in line with the enforcement of the guarantee in 2019.

Chile // West Metropolitan Hospital in Santiago (formerly the Felix Bulnes Hospital) – The Chilean Ministry of Public Works awarded the contract for the construction, repair, maintenance and operation of the Felix Bulnes Hospital to the group which, in accordance with the terms of the tender, set up Sociedad Concesionaria Metropolitana De Salud S.A. (“SCMS” or the “operator”). The operator then entrusted the turnkey construction of the hospital to Astaldi’s Chilean branch. However, right from the design stage, events and circumstances arose not attributable to the branch that impacted the work schedule, leading to higher costs and more time required to perform the project. On 4 December 2018, the operator issued Astaldi with a default notice (notificacion de incumplimiento) asking it to present a recovery plan. While challenging the validity of the notice, Astaldi presented a recovery plan for the completion of the project. On 2 January 2019, SCMS unduly terminated the construction contract. On the same date, the contractor challenged the termination and requested arbitration before the Santiago Chamber of Commerce, claiming that termination was unlawful and requesting return of the enforced guarantees (performance bond and advance payment bond), payment for the work performed and compensation for damage and lost profit. The proceedings are currently at a preliminary stage and the arbitrator filed its opinion (7 July 2020). Also based on the opinions of their external legal advisers, the directors deem the reasons for return of the enforced guarantees to be founded.

Chile // ESO E-ELT (European Extremely Large Telescope) Observatory – On 3 December 2018, Astaldi's joint venture partner Cimolai claimed Astaldi had defaulted on the commitments made under the deed of partnership and regulation and thus requested its investment in the joint venture be diluted to 0.01%. On 5 December 2018, Astaldi strongly disputed Cimolai's claim as being ungrounded and unlawful. This was followed by reciprocal disputes between the parties. In the meantime, Cimolai temporarily became the general contractor to allow the works to continue. On 17 June 2019, Cimolai commenced a formal dispute (arbitration) and appointed its arbitrator, claiming damages of roughly €100 million, including €38.2 million for collections exceeding work performed, €43.5 million for greater damage (higher costs that Cimolai will have to incur compared to Astaldi's budget forecasts) and €12 million for delays. Astaldi deems all claims to be unfounded, in addition to damage of €6.5 million for claims received from third party suppliers. On 8 July 2019, Astaldi appointed the second arbitrator. The two arbitrators appointed the third member and chairman of the arbitration board. Since November 2019, briefs are being exchanged and documents are being appraised. On 30 January 2020, the first instance hearing was held and the arbitration board set the deadlines for presentation of the briefs by the parties. The hearing for the oral discussion took place on 18 June 2020. On 7 September 2020, the arbitration board requested the court-appointed expert analyse certain technical and accounting issues, which it may discuss during the hearing set for 20 November 2020. There is good cause to believe that the arbitration board may reject Cimolai's claims or at most accept them but at far lower amounts than petitioned. Therefore, the parent recognised a prudent accrual in the financial statements at 31 December 2018 for the lesser amount petitioned that is subject to risk, also based on the opinions of its external legal advisers.

El Salvador // Investigation related to the El Chaparral hydroelectric project – On 21 January 2019, the parent became aware that the public prosecutor's office of the Republic of El Salvador (Fiscalia) had commenced proceedings alleging crimes against the public administration by certain individuals. One of the people under investigation is an Astaldi S.p.A. employee who acts as a representative of Astaldi's El Salvador branch. The alleged corruption, and the request for precautionary measures, refers to the agreement to discontinue the El Chaparral project in 2012. The agreement provided for the mutual termination of the contract due to extraordinary unexpected geological conditions at the site which made it impossible to carry out the project. It established that the parent would receive compensation of USD28.7 million (paid between November 2012 and February 2013), being the sum of roughly USD108.5 million (USD85 million for works performed and USD23.5 million as reimbursement of the extra costs incurred to partly carry out the works and their subsequent termination) less approximately USD79.8 million already paid by the customer. The public prosecutor's office also began proceedings against another employee of the El Salvador branch (as the agent of Astaldi's El Salvador branch) for income tax evasion by not recording the income related to the above-mentioned transaction. The proceedings are currently at a preliminary stage. They were both suspended on 22 March 2020 due to the Covid-19 pandemic although the experts appointed by the public prosecutor continued their activities. With regard to the corruption proceedings, the court (Juzgado Noveno de Instruccion) set 7 November 2020 as the deadline for the conclusion of the preliminary stage, which covered geological and design issues as well as the accounting and financial reconstruction of the cash movements allegedly used to perpetuate the crime. On 6 July 2020, the parent learnt that, on 25 June 2020, the former customer of the El Chaparral project, the Executive Hydroelectric Commission of Rio Lempa ("CEL") had presented a precautionary attachment application against Astaldi to the same criminal court judge for USD173 million including *(i)* USD61.3 million for damage related to the undue payments to Astaldi (CEL has challenged the higher costs recognised in the agreement and the assessment of the works performed), and *(ii)* USD111.6

million for the loss of profit due to the non-generation of electricity as the dam had not been built up to 2020. It subsequently increased this request to USD227 million, with the additional USD54 million comprising financial expense and interest on the amount claimed as damages. On 28 September 2020, the local court handed down a precautionary attachment order for Astaldi's assets up to USD227 million, citing its civil liability under Salvadoran law, which provides that a legal entity is liable for corruption crimes carried out by their employees or agents. The court also requested that Italy intervene in accordance with article 46 of the United Nations Convention against Corruption. Astaldi found out about this ruling on 29 September 2020 through foreign press agency articles and was only formally notified on 2 October 2020. On 8 October 2020, it presented its appeal for cancellation of the precautionary measures ruling. As far as it is aware, this ruling is groundless and, given the information available to it and the opinions of its advisors, Astaldi believes that the measure cannot affect the core assets scope, as any claims that may be recognised in conjunction with the investigation would be treated similarly to those of the unsecured creditors in the composition with creditors proposal. Moreover, based on the rules regulating composition with creditors procedures, the Salvadoran court's precautionary measures would not be applicable as the alleged unrecognised claims refer to the period before the parent's presentation of its application for a composition with creditors procedure as per article 161 of the Bankruptcy Law. Although the criminal proceedings in El Salvador are still at a preliminary stage, the parent's directors have assessed the risk that it may be found guilty of the alleged crimes to be remote as there is no real immediate risk of a conviction which would trigger the parent's civil liability for the related damage, should the crime be proven. Based on these considerations and the opinions of its advisors (including those based in El Salvador), while the criminal proceedings still have to be completed, the parent's directors believe the risk of its involvement and liability is remote. Therefore, they have not made any provision for this risk in the condensed interim consolidated financial statements at 30 June 2020.

Canada // Muskrat Falls hydroelectric project – During the performance of this project in Canada, a number of unforeseeable events took place which, together with operating difficulties during the start-up phase, led to an increase in the project's total cost. Specifically, the productivity level of the local labour was unexpectedly and unusually low. In December 2016, Astaldi Canada Inc. and the customer, Muskrat Falls Corporation ("MFC") signed a rider, whereby the customer acknowledged the higher costs incurred by Astaldi to carry out the project. However, the difficulties in performing the works continued and Astaldi presented an additional request for an extension of the contract timeline and reimbursement of the extra costs, mainly for the civil works in the hydroelectric plant. MFC did not accept this request and Astaldi was thus obliged to commence arbitration proceedings. During the performance of the works (95% completed), on 27 September 2018 - before the presentation of the application for composition with creditors procedure - Astaldi Canada Inc. notified MFC that it was requesting arbitration for payment quantum meruit of the actual value of the works performed due to the fact that Nalcor had arbitrarily imposed a pain/gain share mechanism to its sole advantage and to Astaldi's cost, thus causing the contractor to incur financial difficulties in performing the works. In addition, Astaldi claimed Nalcor had not fulfilled its obligation of good faith or its contractual obligations as seen in a series of defaults and omissions during the works. The estimated amount of damages set out in the application was CAD429 million. In reply, the customer sent a notice of default on 28 September 2018 and subsequently a notice of termination on 8 November 2018, and enforced the letters of credit acting as performance bond (CAD100 million) and advance payment bond (CAD84 million) for a total of CAD184 million, generically alleging lack of funds and non-payment of subcontractors and third parties. On 26 November 2018, the arbitration board was set up. During 2019, briefs were exchanged and the preliminary phase commenced and is still in progress. Specifically, Astaldi presented its brief on 31 May 2019, requesting the arbitration board order the customer pay *(i)* CAD284.4 million for work performed and not paid for, *(ii)* CAD14.2 million for costs incurred by the contractor after termination of the contract, *(iii)* CAD100 million for the letter of credit, and *(iv)* CAD30.8 for machinery, materials and loss of profit of €429.4 million (the equivalent of around €288.2 million). On 26 August 2019, MFC presented its counter appeal asking the arbitration board to order Astaldi pay compensation for damages of CAD315.5 million. Given the amounts to be paid and the enforced letter of credit, the amount requested by the customer decreases to CAD55.7 million (the equivalent of around €37.3 million). The merits hearing will be held in the period from 19 October 2020 and 20 November 2020 while the award will be handed down in the second quarter of 2021. The consolidated financial statements at 31 December

2018 already reflected the enforcement of the bonds and no changes were made in the consolidated financial statements at 31 December 2019 or in the condensed interim consolidated financial statements at 30 June 2020.

USA // Astaldi Construction Corporation – Given the difficulties encountered by Astaldi Construction Corporation ("ACC", the group's US-based company) during the performance of the projects in Florida and as Astaldi was unable to inject further resources into the contracts due to its own financial difficulties culminating in its application for the composition with creditors procedure on 28 September 2018, the subsidiary acknowledged its default on projects in progress due to its substantial inability to continue the works. Therefore, in 2019, the customer exercised its right to request the intervention of the sureties (American Home Assurance Company, Fidelity and Deposit Company of Maryland, Liberty Mutual Insurance Company and Zurich American Insurance Company) as guarantors for the performance of the works. After a period in which the sureties supported ACC to allow it to continue its work, they decided to remove ACC from the contracts and assign them to other parties. The contracts and guarantees have not been formally terminated but are "available" to the sureties in order to complete the works. Following the request for compensation for costs incurred by the sureties in completing the projects, on 25 November 2019, Zurich Insurance Plc., Rappresentanza Generale per l'Italia requested that the parent, as the indemnitor of ACC, include the receivable related to its share of the co-insurance among the composition with creditors liabilities. Liberty Mutual Insurance Company and American Home Assurance Company presented similar requests on 9 January 2020. The accruals to the provision for risks for the guarantees the parent had issued for ACC's projects are included in the separate and consolidated financial statements at 31 December 2018. Furthermore, the relevant equity investment was fully impaired in the separate financial statements due to the above. Therefore, reference should be made to the notes to the separate and consolidated financial statements at 31 December 2018 to see the statement of financial position and statement of profit or loss effects of the above. On 23 June 2020, a term sheet agreement was signed with the sureties involved in the projects in the US (and Canada), whereby their acceptance of the amounts due for the higher costs incurred to complete the projects in Florida (defined and set by the agreement) is contingent upon achievement of the profit planned for the I-405 Highway in California and the sale of the real estate in Florida as well as, if certain conditions arise, the settlement of certain disputes in Canada.

Mexico // Land Transport Logistics Hub ("LTLH") at Mexico City Airport – On 25 January 2019, the customer (Grupo Aeroportuario Ciudad México) terminated the contract early for reasons of public interest (inter alia, due to lack of funding). Termination for these reasons allows it to reimburse the contractor solely for the works completed at that date. In the draft final bill, the customer did not include any charge for the contractor. On 23 July 2019, the two parties signed an agreement on the percentage of completion of the works and the related consideration, in addition to the costs and charges resulting from the termination of the contract. Accordingly, the contractor withdrew its appeal presented to the local courts to avoid the lapsing of the terms.

Honduras // Arenal hydroelectric project – On 6 December 2018, the customer Energias Limpias del Yaguala S.A. de C.V. sent the Ghella–Astaldi joint venture (the "joint venture") a notice of substantial default of the contract as per article 31 - *Early termination of the contract*, setting a term of 15 days to remedy it and warning that it would terminate the contract should it not be remedied. On 2 January 2019, the customer notified the early termination of the contract and enforced the advance payment bond and the performance bond. The joint venture challenged this termination in its letter of 28 December 2018. On 30 January 2019, the customer filed for an arbitration with the International Chamber of Commerce (ICC) for compensation for damage incurred due to the joint venture's alleged default, for an estimated amount of USD27 million. The joint venture filed its reply within the set deadline of 2 May 2019. On 6 June 2019, the arbitration board was set up with the appointment of the chairperson by the arbitrators appointed by the parties. On 31 July 2019, the terms of reference and proceedings schedule were issued. The customer filed its brief on 29 October 2019. The arbitration board has scheduled the merits hearing to take place in October 2020. The effects of the enforcement of bonds were reflected in the separate and consolidated financial statements at 31 December 2018.

Peru // Alto Piura Hydro Project – This project was hindered by significant delays due to a series of unexpected events that led to a considerable rise in costs for the contractor (Obrainsa Astaldi joint venture) which the customer (PEIHAP) refused to pay. On 18 September 2018, the customer formally communicated its decision to proceed with an Intervención Económica (economic intervention by the customer to assist the contractor) and requested a contribution of PEN20 million (roughly USD6 million) from the joint venture. As it is difficult to challenge a measure of this type, the joint venture accepted the intervention by the customer while reserving its right to object/challenge the decision, setting out in a letter dated 4 October 2018 the items to be considered in establishing the payable/receivable amounts in discussion. With its resolution dated 24 October 2018, the customer terminated the contract due to default. The contractor commenced an arbitration proceeding to challenge both the economic intervention and the termination. The chairperson of the arbitration board was appointed on 22 December 2018. The proceeding, initially suspended due to the Covid-19 public health emergency, was recommenced on 1 July 2020. Concurrently with this proceeding, there are four other arbitrations underway for the payment of higher fees, commenced during the performance of the contract, pursuant to the terms of the contract. The parent recognised the penalties estimated to result from the termination of the contract in the separate and consolidated financial statements at 31 December 2019, also based on the opinions of its external legal advisers. The related provision has not been changed in the consolidated financial statements at 31 December 2019 or in the condensed interim consolidated financial statements at 30 June 2020.

Peru // Cerro Del Aguila Hydroelectric Project – In November 2011, the Consorcio Rio Mantaro ("CRM"), formed by Astaldi (joint venture leader at 50%) and the Peruvian group GyM – Grana y Montero S.A., was awarded the EPC contract worth USD680 million to build the Cerro del Águila hydroelectric power plant in Peru. The work comprised building a concrete dam of 380,000 cubic metres, an underground power plant with 510MW of installed power, nine kilometres of tunnels, and 60 kilometres of access roads. The contract was commissioned by the Peruvian company KALLPA Generación S.A. (the "customer" or "KALLPA") which generates and distributes energy. On 15 February 2012, CRM signed a subcontract with Andritz Hydro, a leader in supplying electro-mechanical systems, to complete the electro-mechanical works (excluding civil construction works) of the hydroelectric power plant. However, serious defects were found in the electro-mechanical supplies during the performance of the subcontracted works as well as continued delays in completing the works due to the subcontractor's conduct. This meant that CRM had to negotiate a deferral of the contractual milestones with the customer. However, the subcontractor's defaults continued. Inevitably, these circumstances led to the customer raising specific disputes against the joint venture, leading to penalties being imposed in September 2016. As a result of the above and in order to obtain reimbursement of the greater costs and damage incurred, on 1 June 2017, the joint venture filed for an arbitration with the ICC[39] in Paris (ICC no. 22863/JPA) for an initial estimated amount of USD80 million. The arbitration award was issued on 7 May 2020, unfortunately against the joint venture. On 7 September 2020, Astaldi appealed to the Rome Appeal Court in accordance with article 840 of the Code of Civil Procedure requesting the cancellation and suspension of the ruling this court issued on 18 June 2020, which stated that the arbitration award was effective and applicable in Italy. CRM will appeal against the award to the Peruvian courts. The appeal will commence a procedure which the local companies expected to last eight to ten months. The appeal does not suspend the enforceability of the award unless a guarantee of the same amount is issued. The negative effects of the award were reflected in the separate and consolidated financial statements at 31 December 2018.

Nicaragua // El Comejen–Waslala road (sections I and II) – There were significant delays in the project in 2018 as a result of force majeure events affecting the supply of materials for the site, thus slowing down the progress of work. Deeming the contractor (Astaldi's branch in Nicaragua) responsible for the delay, the

[39]International Chamber of Commerce

customer (the Ministry for Transport and Infrastructure) decided to terminate both contracts (sections I and II) as per article 15.2 of the contract and enforced the advance payment bonds, paid on 1 March 2019 by the counter-guarantor bank (Monte Paschi di Siena). On 24 August 2020, the customer expressed its intention to commence a settlement procedure in order to reach an amicable solution to the disputes for this project along with the Pantasma–Wiwilí project. The negotiations are currently underway with positive expectations about their outcome. The parent recognised the penalties estimated to result from the termination of the contracts in the separate and consolidated financial statements at 31 December 2018, also based on the opinions of its external legal advisers. The related provision has not been changed in the consolidated financial statements at 31 December 2019 or in the condensed interim consolidated financial statements at 30 June 2020.

Venezuela // Arbitration (ICC no. 24538/JPA) – Astaldi, Ghella and Webuild are members of the Consorzio di Imprese Italiane (the "joint venture") involved in carrying out the projects for the Puerto Cabello-La Encrucijada railway line and the San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines in Venezuela. Due to the increasingly difficult situation in that country, the joint venture filed for an arbritration (ICC no. 24838/JPA), in accordance with ICC rules, against Venezuela and the Instituto de Ferrocarriles del Estato ("IFE", a Ministry of Transport body), assisted by its legal advisors. The arbitration was requested to collect huge amounts of trade receivables (non-payment for works performed and already certified by the customer) as well as compensation for damage deriving from the irregular performance of the contract and other typical issues in construction contracts (delays in delivering areas, price revisions, lost profit, unforeseen costs, additional works, etc.), all to be quantified at a later stage. Venezuela issued two replies (one under President Maduro and one under President Guaidò), refuting the jurisdiction of the ICC, reiterating the authority of the local courts, denying the government's liability and reserving its right to appeal any claims on such issues. The joint venture appointed Josè Rosell as arbitrator and Venezuela (President Maduro) appointed Deva Villanùa. On 9 April 2020, the ICC court confirmed the appointment of the two co-arbitrators, Josè Rosell and Deva Villanùa. In the same month, the lawyers of Venezuela (under President Maduro) and the IFE accepted the joint venture's lawyers' proposal for the co-arbitrators to select the chairperson of the arbitration board in agreement with the parties. Accordingly, the proposal was formally presented to the ICC secretary who accepted it, allowing 30 days for the appointment of the chairperson. On 22 May 2020, the two co-arbitrators reached an agreement on Joao Bsco Lee, who accepted the appointment. The mission statement setting out the terms of the arbitration board's mandate is being finalised at the date of preparation of this report. Reference should be made to the details set out in the notes to the separate and consolidated financial statements at 31 December 2019 regarding the recoverable amount of the parent and group's exposure to the Venezuelan government.

Alternative performance indicators

The group assesses its financial performance using alternative performance indicators (API), which are not defined by the International Financial Reporting Standards (IFRS). Management identifies these indicators as they reflect the group's results and can be used to monitor the performance of the group and the parent.

The related calculation methods are set out below to assist an understanding of the analysis.

EBITDA (gross operating profit (loss)) - indicator of the operating performance calculated by deducting operating costs, personnel expenses and other operating costs from revenue. It includes the group's share of the profits or losses of joint ventures and associates active in the group's core business.

Adjusted EBITDA - Calculated by excluding the costs of the composition with creditors procedure from EBITDA.

EBIT (net operating profit (loss)) - indicator of the operating performance calculated by deducting amortisation, depreciation, impairment losses and provisions as well as capitalised internal costs from EBITDA.

EBT (pre-tax profit (loss)) - indicator of the operating performance calculated by deducting net financial income (expense) from EBIT.

Non-recourse financial debt - form of financing specific to concession operators, which is not secured by the parent but rather by the cash flows generated by the projects performed by the SPEs over the concession operation period.

Net financial exposure - obtained by deducting from total financial debt, calculated as per CONSOB communication no. DEM/6064293 of 28 July 2006, which refers to the ESMA (former CESR) recommendation of 10 February 2005, non-current loan assets, subordinated loans and financial assets from concession activities as well as other specific components like treasury shares.

Total net financial debt - obtained by deducting from total financial debt, calculated as per CONSOB communication no. DEM/6064293 of 28 July 2006, which refers to the ESMA (former CESR) recommendation of 10 February 2005, non-current loan assets, subordinated loans and financial assets from concession activities.

Total non-current assets (also, Total net non-current assets) - the sum of non-current assets; specifically, this includes intangible assets, technical equipment, equity investments and other non-current items (such as non-current assets held for sale and directly associated liabilities).

Operating working capital - the sum of current loans and receivables and liabilities arising from the group's core business (trade receivables and payables, inventories, contract work in progress, tax assets, progress payments/billings from customers and other current assets).

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

Effects of the composition with creditors procedure - management view - selected figures, not reviewed by the independent auditors, that show (i) the effects on profit or loss directly related to the assets and liabilities that will be transferred to the separate unit, (ii) the income and expense arising from the composition with creditors procedures commenced by certain group companies, as well as (iii) the the fees of the group's advisors, engaged to assist with the composition with creditors procedure, including court costs

Core assets scope - management view - selected figures, not reviewed by the independent auditors, that show the difference between the “Effects of the composition with creditors procedure - management view”, as defined above, and the group’s consolidated figures at 30 June 2020.

Pro forma net financial position (post manoeuvre) - the group’s net financial position calculated by estimating the effects on the total net financial debt of the composition with creditors procedures of the parent and certain group companies (not reviewed by the independent auditors).

Events after the reporting period

This section provides a brief description of the significant events after the reporting period. More information is available in the Media - Press releases section of the parent's website www.astaldi.com.

17 July 2020 – The Rome Court **authorised Astaldi's composition with creditors procedure with its ruling** after it had checked the procedure's correctness and the results of the creditors' voting. The ruling, handed down with no challenges as per article 180.3 of the Bankruptcy Law, cannot be appealed and, therefore, is to be considered irrevocable and immediately effective. Performance of the composition with creditors plan is assigned to the parent and the judicial commissioners will supervise the proper implementation of the plan. Moreover, the ruling authorising the procedure eliminates the main uncertainty expressed by directors about the going concern assumption in the 2018 and 2019 annual reports approved by the board of directors on 17 June 2020.

31 July 2020 – The shareholders (*i*) **approved the financial statements as at and for the years ended 31 December 2018 and 2019**, **appointed a board of directors and assigned the statutory audit engagement for the years from 2020 to 2028 to PricewaterhouseCoopers S.p.A.** in their ordinary section, and (*ii*) **provided for the implementation of the transactions envisaged in the composition with creditors proposal**, in the extraordinary section.

31 July 2020 – The new board of directors, which took office upon the conclusion of the shareholders' meeting, **confirmed Paolo Astaldi as chairman** and **Filippo Stinellis as CEO** and **appointed Alessandro De Rosa as deputy chairman** via its resolution of 31 July 2020. Appointed for the next three years, the new board sent out a sign of continuity, reconfirming the top positions and the directors michele Valensise and Nicoletta Mincato, while also introducing new elements focuing on the future, with the appointment of Andrea Gemma, Flavia Insom, Maria Raffaella Leone and Teresa Naddeo as new members, in addition to the new deputy chairman.

August 2020 – RFI (FS Italiane Group) **signed an agreement to roll out the works for the construction of the new high speed/high capacity Verona-Padua railway line** (the signing ceremony will be held on 10 August 2020). The contract includes the design (definitive and executive) and construction of the **Verona-Vicenza section** of the high speed/high capacity Verona-Padua railway line to be built by IRICAV DUE consortium (*general contractor* comprising Astaldi (37.49%), Webuild (45.44%), Hitachi Rail STS (17.05%), Fintecna and Lamaro allo (0.01%)). The contract is worth €2,470 million. The first functional lot, to be completed by 2027, **will develop along a 44.2 km route, quadrupling the existing line and increasing its integration with the European network**. The project has two construction lots, the first of which (worth €874 million) to be commenced immediately, and the second lot of €1,596 million to be funded within 12 months. Once this agreement is signed, the contract already included in the order backlog (at the original consideration) will be increased by €164 million in the second half of 2020.

10 September 2020 – The negotiations with the lenders and the customer for the project to build and operate the Etlik Integrated Health Campus in Ankara, Turkey were completed successfully. The signed agreement remedies the existing defaults of the projects (as mentioned earlier) and allows the project to be continued.

14 and 15 September 2020 – On 14 and 15 September 2020, Astaldi was notified of two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorizing the composition with creditors procedure and cancel it. See the going concern section for more information.

15 September 2020 – The inauguration ceremony of Line 5 of the Bucharest Metro was held in Romania.

28 September 2020 – With respect to the criminal investigation underway in El Salvador involving an agent and an employee of the group and related to an agreement entered into with the customer on 11 July 2012 for the El Chaparral project (see the "Significant contractual events - El Salvador // Investigations related to the El Chaparral hydroelectric project" paragraph in the Main risks and uncertainties section), on 28 September 2020, the Salvadoran court handed down a precautionary attachment order for Astaldi's assets up to USD227 million, citing its civil liability under Salvadoran law, which provides that a legal entity is liable for corruption crimes carried out by their employees or agents. The court also requested that Italy intervene in accordance with article 46 of the United Nations Convention against Corruption. Astaldi found out about this ruling on 29 September 2020 through foreign press agency articles and was only formally notified on 2 October 2020. On 8 October 2020, it presented its appeal for cancellation of the precautionary measures ruling. As far as it is aware, this ruling is groundless and, given the information available to it and the opinions of its advisors, Astaldi believes that the measure cannot affect the core assets scope, as any claims that may be recognised in conjunction with the investigation would be treated similarly to those of the unsecured creditors in the composition with creditors proposal. Moreover, based on the rules regulating composition with creditors procedures, the Salvadoran court's precautionary measures would not be applicable as the alleged unrecognised claims refer to the period before the parent's presentation of its application for a composition with creditors procedure as per article 161 of the Bankruptcy Law. Although the criminal proceedings in El Salvador are still at a preliminary stage, the parent's directors have assessed the risk that it may be found guilty of the alleged crimes to be remote as there is no real immediate risk of a conviction which would trigger the parent's civil liability for the related damage, should the crime be proven. Based on these considerations and the opinions of its advisors (including those based in El Salvador), while the criminal proceedings still have to be completed, the parent's directors believe the risk of its involvement and liability is remote. Therefore, they have not made any provision for this risk in the condensed interim consolidated financial statements at 30 June 2020.

Outlook

Over the next few months and following the publication of the authorisation of the composition with creditors procedure on 17 July 2020, the group will implement the terms and measures of such procedure and the capital strengthening and refinancing manoeuvre underpinning the composition with creditors proposal.

This will involve the preliminary activities for the capital increase slated to take place before the end of the year, which will allow Webuild to become a shareholder of the parent, as part of the far-reaching Progetto Italia. The capital increase includes the issue of participating financial instruments to be assigned to Astaldi's unsecured creditors as provided for in the composition with creditors proposal.

As already noted and again as provided for by the composition with creditors plan and proposal, in May 2020, the parent set up the separate unit to be managed by Claudio Sforza in the interests of the unsecured creditors. Over the next few months, the ongoing negotiations about the assets to be sold will be finalised. The parent will concurrently carry on with the activities to define how to assign the participating financial instruments that must take place within 120 days of the publication of the ruling authorising Astaldi's composition with creditors procedure (i.e., 14 November 2020) as provided for in such ruling.

Publication of this ruling allows the group's turnaround and, therefore, it will focus on continuing work on the contracts included in the core assets scope over the next few months. Specifically, this will include management of the start-up phase for important contracts such as mega lot 3 of the state road Jonica and the first functional lot of the high speed/high capacity Verona-Padua railway line in Italy as well as the Brazo Aña Cuá Project in Paraguay and lot 5 of the Sibiu-Pitesti Motorway abroad. It will also carry out the works already scheduled for other ongoing contracts. The group will finalise measures to offset the negative effects of the Covid-19 pandemic. In particular, this will entail completing the ongoing negotiations with the customers in Chile and Italy to obtain reimbursement of the extra costs incurred and/or the rescheduling of the delivery times given the delays incurred as a result of the pandemic (more information about this is available in the section on Covid-19).

The group's industrial operations will benefit from *(i)* the planned relaunch of infrastructure in Italy promoted by the government, and *(ii)* continuation of Progetto Italia, a project designed for the construction sector by Webuild to create a global player (one of the biggest operators in the European construction sector) by uniting two major groups, Astaldi and Webuild.

Other information

Research and development

The group did not incur any R&D expenditure during the six months.

Management and coordination as per article 2497 and following articles of the Italian Civil Code

At the date of preparation of this report, Astaldi S.p.A. is not managed or coordinated by any of its shareholders as its board of directors is responsible for taking all and the most suitable decisions regarding its management in a fully independent manner.

Parent shares held by subsidiaries

At the date of preparation of this report, none of the subsidiaries hold the parent's shares.

Related party transactions

Reference should be made to note 34 of these notes to the condensed interim consolidated financial statements at 30 June 2020 for information on related party transactions.

Financial instruments

Reference should be made to the notes to the condensed interim consolidated financial statements at 30 June 2020 which accompany this directors' report for the disclosures on financial instruments required by article 2428.2.6-bis of the Italian Civil Code.

Resolutions about information memoranda for significant transactions

For some years now, the parent's board of directors has decided to avail of the option not to publish the information memoranda required for significant transactions such as mergers, demergers, capital increases through contributions of assets in kind, acquisitions and sales. It took this decision as per article 70.8 and article 71.1-bis of the Issuer Regulation published by CONSOB.

Filippo Stinellis

Chief executive officer

Dott. Paolo Citterio

Manager in charge of financial reporting

Condensed interim consolidated financial statements and notes thereto

Consolidated financial statements

Statement of profit or loss

(€'000)	Note	H1 2020
Revenue from contracts with customers	1	**607,020**
of which: related parties		42,227
Other operating revenue	2	49,763
of which: related parties		*1,376*
Total operating revenue		**656,783**
Purchase costs	3	(86,342)
Service costs	4	(393,753)
of which: related parties		*(47,371)*
Personnel expenses	5	(118,740)
Other operating costs	6	(17,779)
of which: related parties		*(3)*
Total operating costs		**(616,615)**
Change in costs capitalised to fulfil a contract	7	(33)
Share of profits (losses) from joint ventures and associates	8	26,152
Gross operating profit		**66,288**
Amortisation, depreciation and impairment losses	9	(44,565)
Provisions	10	(17,031)
Operating profit		**4,692**
Financial income	11	31,840
Financial expense	12	(81,629)
Net financial expense		**(49,789)**
of which: related parties		*2,260*
Pre-tax loss from continuing operations		**(45,097)**
Income taxes	13	(4,515)
Loss from continuing operations		**(49,613)**
Loss from discontinued operations	14	**(31,759)**
LOSS FOR THE PERIOD		**(81,372)**
Loss attributable to the owners of the parent		(83,789)
Profit attributable to non-controlling interests		2,417
Profit (Loss) per share	15	
Basic (€)		(0.856)
Diluted (€)		(0.856)
Profit (Loss) from continuing operations		
Basic (€)		(0.532)
Diluted (€)		(0.532)

Statement of comprehensive income

(€'000)	Note	H1 2020
Loss for the period (A)		**(81,372)**
Exchange differences from translation of financial statements in foreign currencies		32,278
Change in fair value of financial assets measured at FVTOCI		16,741
Share of other comprehensive expense of equity-accounted investees		(33,025)
Share of other comprehensive income of discontinued operations		42,191
Tax effect		2,482
Other comprehensive income, net of tax, that will be subsequently reclassified to profit or loss (B1)		**60,667**
Change in fair value of equity instruments measured at FVTOCI		(13,807)
Actuarial gains on defined benefit plans		27
Other comprehensive expense, net of tax, that will not be subsequently reclassified to profit or loss (B2)	30	**(13,781)**
Total other comprehensive income, net of tax (B1)+(B2)=(B)		**46,886**
COMPREHENSIVE EXPENSE (A)+(B)	30	**(34,486)**
attributable to the owners of the parent		(36,955)
attributable to non-controlling interests		2,469

Statement of financial position
Assets

(€'000)	Note	30/06/2020	31/12/2019
ASSETS			
Non-current assets			
Property, plant and equipment	16	95,324	99,938
Right-of-use assets	17	28,424	38,724
Investment property	18	124	127
Intangible assets	19	40,807	48,295
Equity investments	20	485,934	502,088
of which: equity-accounted investments		*447,322*	*454,269*
Non-current financial assets	21	323,158	138,648
of which: related parties		*70,686*	*69,410*
Other non-current assets	22	119,761	117,677
Deferred tax assets	13	276,152	275,466
Total non-current assets		**1,369,684**	**1,220,962**
Current assets			
Inventories	23	40,239	38,231
Contract assets	24	966,405	794,098
of which: related parties		*1,251*	*19,787*
Costs capitalised to fulfil a contract	25	2,786	2,868
Trade receivables	26	459,402	604,976
of which: related parties		*24,688*	*42,273*
Current financial assets	21	120,871	110,388
of which: related parties		*20,128*	*17,304*
Tax assets	27	74,813	68,620
Other current assets	22	330,673	336,936
of which: related parties		*28,206*	*26,599*
Cash and cash equivalents	28	289,657	314,061
Total current assets		**2,284,846**	**2,270,179**
Non-current assets held for sale	29	21,714	356,028
of which: related parties		*7,335*	*213,151*
Total assets		**3,676,244**	**3,847,170**

Statement of financial position
Equity and liabilities

(€'000)	Note	30/06/2020	31/12/2019
EQUITY AND LIABILITIES			
Equity (Deficit)	30		
Share capital		196,850	196,850
Treasury shares		(3,023)	(3,023)
Legal reserve		34,347	34,347
Extraordinary reserve		198,597	198,597
Losses carried forward		(1,750,609)	(1,677,991)
Other reserves		(86,793)	(86,793)
Other comprehensive expense		(112,316)	(156,669)
Deferred tax on other comprehensive expense		27,338	24,857
Total capital and reserves		**(1,495,609)**	**(1,469,825)**
Loss for the period/year		(83,789)	(72,000)
Deficit attributable to the owners of the parent		**(1,579,398)**	**(1,541,825)**
Profit attributable to non-controlling interests		2,417	1,417
Other comprehensive income attributable to non-controlling interests		122	70
Capital and other reserves attributable to non-controlling interests		2,285	250
Equity attributable to non-controlling interests		**4,824**	**1,737**
Total deficit		**(1,574,574)**	**(1,540,088)**
Non-current liabilities			
Non-current financial liabilities	31	249,831	185,744
Employee benefits	32	6,920	6,998
Deferred tax liabilities	13	65,423	62,395
Other non-current liabilities	33	8,174	1,090
Total non-current liabilities		**330,347**	**256,227**
Current liabilities			
Contract liabilities	24	407,464	384,063
of which: related parties		*84,881*	*91,552*
Trade payables	34	1,162,729	1,185,695
of which: related parties		*54,693*	*59,531*
Current financial liabilities	31	2,847,212	2,852,017
of which: related parties		*26,879*	*26,879*
Tax liabilities	35	49,934	61,845
Provisions for risks and charges	36	95,439	104,451
Other contract liabilities	37	48,496	48,893
Other current liabilities	33	290,597	299,472
of which: related parties		*3,634*	*3,686*
Total current liabilities		**4,901,869**	**4,936,435**
Liabilities directly associated with non-current assets held for sale	29	**18,601**	**194,596**
of which: related parties		*174*	*2,207*
Total liabilities		**5,250,818**	**5,387,258**
Total deficit and liabilities		**3,676,244**	**3,847,170**

Statement of changes in equity in the first half of 2020

(€'000)	*Share capital*	*Treasury shares*	*Legal reserve*	*Extraordinary reserve*	*Hedging reserve*	*Translation reserve*	*Actuarial reserve*	*Fair value reserve*	*Deferred taxes on OCI*	*Other reserves*	*Losses carried forward*	*Loss for the period/year*	**Deficit attributable to the owners of the parent**	*Non-controlling interests*	**Total Deficit**
Opening balance	**196,850**	**(3,023)**	**34,347**	**198,597**	**(93,651)**	**(72,377)**	**(321)**	**9,680**	**24,857**	**(86,793)**	**(1,677,991)**	**(72,000)**	**(1,541,825)**	**1,737**	**(1,540,088)**
Loss for the first half of 2020	0	0	0	0	0	0	0	0	0	0	0	(83,789)	**(83,789)**	2,417	**(81,372)**
Other comprehensive income	0	0	0	0	(24,272)	65,664	27	2,934	2,482	0	0	0	**46,835**	52	**46,886**
COMPREHENSIVE EXPENSE	**0**	**0**	**0**	**0**	**(24,272)**	**65,664**	**27**	**2,934**	**2,482**	**0**	**0**	**(83,789)**	**(36,955)**	**2,469**	**(34,486)**
Owner transactions and other changes in equity:															
Allocation of 2019 loss from continuing operations	0	0	0	0	0	0	0	0	0	0	(72,000)	72,000	**0**	0	**0**
Transactions with non-controlling investors	0	0	0	0	0	0	0	0	0	0	(618)	0	**(618)**	618	**0**
Closing balance	**196,850**	**(3,023)**	**34,347**	**198,597**	**(117,923)**	**(6,713)**	**(294)**	**12,614**	**27,338**	**(86,793)**	**(1,750,609)**	**(83,789)**	**(1,579,398)**	**4,824**	**(1,574,574)**

Statement of cash flows
Operating activities

(€'000)	**H1 2020**
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	**(81,372)**
Income taxes	4,515
Pre-tax loss	**(76,857)**
Amortisation and depreciation	30,766
Impairment losses	13,773
Effects of equity accounting	(26,152)
Post-employment benefits and defined benefit plan costs	548
Accrual to provisions for risks and charges	11,673
Fair value gains following adoption of fair value measurement and other	(1,517)
Sub total	**29,090**
Losses on disposals	9,170
Net interest income and expense and dividends received	11,465
Sub total	**20,635**
Cash flows used in operating activities before changes in net working capital	**(27,131)**
Trade receivables	105,367
of which: related parties	*17,585*
Inventories	(2,779)
Contract assets	(166,165)
of which: related parties	*18,537*
Costs capitalised to fulfil a contract	82
Trade payables	(30,427)
of which: related parties	*(4,918)*
Provisions for risks and charges	(20,858)
Contract liabilities	24,035
of which: related parties	*(8,433)*
Other operating assets	5,176
of which: related parties	*9,219*
Other operating liabilities	(8,040)
of which: related parties	*(242)*
Payment of post-employment benefits and defined benefit plans	(617)
Sub total	**(94,226)**
Exchange differences on the translation of financial statements of foreign operations	74,744
Cash flows used in operating activities	**(46,612)**
Interest and dividends received	6,250
Interest paid	(10,955)
Taxes paid	(9,313)
A) Net cash flows used in operating activities	**(60,630)**
of which: net cash flows used by disposal groups	**(1,544)**

Statement of cash flows
Investing and financing activities

(€'000)	**H1 2020**
Net investment in intangible assets	(60)
Investment in property, plant and equipment	(4,697)
Proceeds from the sale or reimbursement of property, plant and equipment	11,063
Change in financing of equity investments	(1,855)
Proceeds from the sale or reimbursement of investments in associates and other companies	2,864
Sale or purchase of securities	3,411
Change in other loan assets, net	5,900
Total construction	**16,628**
Change in financing of equity investments	(10,510)
of which: related parties	*(2,294)*
Payments to acquire investments or subscribe shares/quotas of associates and other companies	(4,447)
Sub total concessions	**(14,957)**
Total concessions	**(14,957)**
Consideration paid to acquire subsidiaries or other business units	(306)
B) Cash flows generated by investing activities	**1,365**
of which: net cash flows generated by disposal groups	**909**
Issue and other net changes in bonds	63,900
Net repayments of credit facilities	(160)
Changes in other financial liabilities	(4,497)
Payment of finance leases	(24,954)
Changes in non-controlling interests and other changes	(49)
C) Cash flows generated by financing activities	**34,240**
of which: net cash flows generated by disposal groups	**96**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(25,025)**
of which: net cash flows used by disposal groups	**(539)**
OPENING CASH AND CASH EQUIVALENTS*	**314,823**
CLOSING CASH AND CASH EQUIVALENTS*	**289,799**

* It includes bank deposits of €142 thousand (31 December 2019: €762 thousand) related to disposal groups

Notes to the condensed interim consolidated financial statements

General information

The Astaldi Group (the "group"), which has been operating for over ninety years in Italy and abroad in the design and construction of large civil engineering works, is one of the most important groups in the international construction sector and is a leading general contractor and promoter of project finance initiatives in Italy.

The Astaldi Group is an international market player and one of the major general contractors in Italy. It has a large share of the European and global construction market. It mostly operates as an EPC[1] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works.

The parent, Astaldi S.p.A., is a company limited by shares with registered offices at Via Giulio Vincenzo Bona 65, Rome, listed on the Milan Stock Exchange since June 2002. The duration of the parent is currently set until 31 December 2100.

At the date of preparation of these condensed interim consolidated financial statements, Astaldi S.p.A. is not managed or coordinated by any of its shareholders as its board of directors is responsible for taking all and the most suitable decisions regarding its management in a fully independent manner.

The parent's board of directors approved the condensed interim consolidated financial statements as at and for the six months ended 30 June 2020 during its meeting held on 11 October 2020.

Foreword

Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law

In February 2020, the judicial commissioners filed their report prepared in accordance with article 172 of the Bankruptcy Law with the Rome Court. Upon completion of their work, the judicial commissioners found the composition with creditors plan and proposal to be legally and financially viable, finding the proposal to be "*definitely more beneficial to the unsecured creditors*" compared to the alternative scenario of an extraordinary administration procedure which "*would not be in the best interests of the creditors*".

On 18 March 2020, as provided for by the composition with creditors proposal and plan presented to the Rome Court, the group implemented the agreement (as subsequently amended) of June 2019 entered into with its partner ICTAS (the "ICTAS transaction") and transferred its entire investment in the SPE[2] that owned the investment in the concession to build and operate the Third Bosphorus Bridge in Turkey (the "Third Bosphorus Bridge operator"). The ICTAS transaction, checked and authorised by the Rome Court with its ruling of 2 November 2019 as the best way to safeguard Astaldi's creditors as part of the procedure, included the settlement of all the outstanding amounts due between the two parties not only for the Third Bosphorus Bridge operator but also related to their joint business projects in Turkey and other foreign countries (specifically, Russia), which Astaldi had decided to discontinue. Therefore, these business transactions between Astaldi and ICTAS were discontinued (the "Other transactions with ICTAS"). The agreement included:

[1] Engineering, Procurement, Construction.
[2] Special Purpose Entity.

(i) selling Astaldi's entire investment in the Third Bosphorus Bridge operator and related receivables to ICTAS for USD315 million. The transaction price will be paid net of (a) items offset with ICTAS as per point (ii), (b) repayments to other Turkish creditors (as the composition with creditors procedure is not recognised in Turkey) of roughly €142 million in accordance with the composition with creditors plan, and (c) the relevant transaction costs;
(ii) ICTAS waiving all claims to Astaldi under their partnership contracts as a result of Astaldi leaving such contracts (in both Turkey and Russia);
(iii) that the transaction price, net of the items set out in point (i), will be paid in one instalment when ICTAS collects the sale price that it is negotiating with a consortium of Chinese investors (the "Chinese consortium") for the sale of a majority investment in the operator or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023.

With its ruling of 4 May 2020, the Rome Court (i) set the hearing date for the authorisation of the composition with creditors procedure as 23 June 2020, and (ii) acknowledged the completion of the voting process for the composition with creditors proposal, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, which account for claims of roughly €3,017 million. Such percentage comprises the votes validly cast at the creditors' meeting on 9 April 2020 (58.32%) along with additional votes validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.

Subsequently, on 24 May 2020, in accordance with the terms of the composition with creditors plan and proposal approved by the creditors, the parent's directors resolved to set up a separate unit in accordance with article 2447-bis and following articles of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured claims (the "unsecured claims"), that is of satisfying the parent's unsecured creditors by means of title or previous cause at 28 September 2018 (the "unsecured creditors") by selling all the assets, rights and judicial relationships transferred to the separate unit. The parent's directors also resolved:

(i) to assign the management and sale of the non-core assets in the unsecured creditors' interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "proxy"). They gave him an irrevocable mandate with representation (the "mandate") to be defined before the date of publication of the Rome Court's authorisation of the composition with creditors proposal (the "authorisation", published on 17 July 2020), effective from that date. The mandate includes all the deeds, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate to perform the specific activities for which the separate unit was set up in the name and on behalf of Astaldi but in the interests of the unsecured creditors holding participating financial instruments (as defined later). It covers the management and sale of all the assets, rights and judicial relationships of the separate unit, in accordance with the plan's terms;
(ii) to approve the separate unit's business plan which covers the four-year period from 2020 to 2023, during which the sale of the assets to be transferred to the separate unit shall take place as provided for by the composition with creditors proposal and in accordance with its terms;
(iii) to establish how to report on the separate unit, without prejudice to the fact that the unit is to be audited/reviewed by the parent's independent auditors;
(iv) to issue, in one or more instalments, participating financial instruments without a nominal amount in accordance with article 2447-bis.e of the Italian Civil Code to be assigned to the unsecured creditors against the transfer of their claims to the separate unit (the "unsecured claims") as per article 2447-bis.d of the Italian Civil Code;
(v) to approve the participating financial instruments' regulation (more information about this regulation is available in the Investor Relations - Composition with creditors section of the parent's website www.astaldi.com);
(vi) to grant each unsecured creditor one participating financial instrument for each Euro of unsecured claim presented. No split participating financial instruments will be issued, no cash adjustments will be made and, therefore, any remainders will be eliminated. The instruments are participating and the consideration paid by each unsecured creditor to receive them is non-returnable and does not give any right to the return and/or reimbursement of the consideration but solely the instruments' dividend and voting rights;
(vii) that the first issue of participating financial instruments would take place after the Rome Court's authorisation of the composition with creditors procedure for a number of instruments equal to the

unsecured debt presented in the composition with creditors liabilities, as adjusted by the judicial commissioners' report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of participating financial instruments will be made as approved by the parent's board of directors every six months after the acknowledgement (in or outside court) of unsecured claims not included in the composition with creditors liabilities or liabilities which were not provided for in the relevant provision for risks.

The unit received specific assets, rights and judicial relationships (active and passive) from the parent and Astaldi Concessioni S.p.A. ("Astaldi Concessioni", wholly owned by Astaldi) to be sold and comprising:

a) Astaldi's financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon investees") and, mainly:
   (i) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik investment");
   (ii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU investment");
   (iii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud") and its 51% investment therein (the "Salud investment").

   The separate unit will take on all Astaldi's rights and obligations arising from its AstCon investment and with the AstCon investees. Similarly, it will take over all the active and passive relationships, rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon investees;
b) all Astaldi's rights and obligations with its partner ICTAS, deriving from the sale of its 20% investment (the "Third Bosphorus Bridge investment") in the Third Bosphorus Bridge operator (Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş., defined earlier) to ICTAS. Sale of this investment was defined and settled as part of the more extensive ICTAS transaction (described earlier). As a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge financial asset") and the obligation to pay USD100 million to ICTAS as compensation (the "ICTAS compensation") to settle any reciprocal disputes and claims as well as any outstanding amounts due for the discontinuation of the other transactions with ICTAS are part of the separate assets. Pursuant to the terms of the composition with creditors plan and proposal, the separate unit has also taken over Astaldi's liabilities to Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge financial asset and certain assets located in Turkey;
c) the 18.14% investment in the SPE holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI investment"). All the rights and obligations deriving from the GOI investment are transferred to the separate unit, which also has sole responsibility for the active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI investment;
d) the 5% investment in Etlik (the "Etlik non-controlling interest"). All the rights and obligations deriving from the Etlik non-controlling interest are transferred to the separate unit, which also has sole responsibility for all the active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik non-controlling interest;
e) Astaldi's amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan financial assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan projects") carried out as part of a joint venture with Webuild and Ghella S.p.A. (the "joint venture") for a nominal approximate €433 million plus related costs. The separate unit has sole responsibility for the entire amount of the Venezuelan financial assets

and related costs as well as all the assets, costs and expenses necessary to complete the projects as well as the assets, costs and expenses of the arbitration proceeding commenced by the joint venture before the Paris International Chamber of Commerce against Instituto Autonomo di Ferrocarriles and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan financial assets) and related costs for the works carried out as part of the Venezuelan projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the parent's registered and head offices (the "Rome offices"). The separate unit has sole responsibility for the title rights to the Rome office, the related obligations and costs of all kind related to title that can be opposed by the creditors.

The separate unit will also receive all the assets, rights and judicial relationships (active and passive) that may arise during its period of existence. Conversely, it does not include all the judicial relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters of Astaldi for the performance of the projects assigned by Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge operator directly to Astaldi or to joint ventures, consortia or other legally set-up companies that involve Astaldi.

As part of the plan to set up a separate unit to implement the composition with creditors plan and proposal, Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020). This transaction was undertaken to establish the scope of the non-core assets (which remain with Astaldi Concessioni, mainly comprising the above concessions and the liabilities with Astaldi) and the core assets (transferred to a newco Astaldi Concessions). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities with third parties.

In accordance with the composition with creditors plan and as provided for in the separate unit's business plan, Astaldi agreed to allocate financial resources (the "financing") to satisfy the obligations arising from the Etlik non-controlling interest and to finance Astaldi Concessioni and enable it to meet its obligations related to the Etlik and NPU investments (the "investment financing"), as well as to allow the start-up of the separate unit until the sale of the assets, rights and/or judicial relationships of the separate unit (the "initial cash financing"). The financing of a maximum of €77 million shall be used for the initial cash financing with the remaining €75 million (the investment financing) solely to be used to satisfy the obligations deriving from the Etlik non-controlling interest, the NPU investment and the Etlik investment as per the commitments taken on by Etlik and NPU with their third party financial backers to complete the projects.

On 23 June 2020, the hearing on the authorisation of Astaldi's composition with creditors procedure took place remotely after which the Rome Court authorised the procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (R.G. no. 26945/2020). The court found "*that the entire procedure had been performed correctly*" and that *"based on the votes cast, the majority for approval of the composition with creditors procedure was obtained*" as "*Astaldi S.p.A.'s composition with creditors proposal had been approved by 69.4% of the creditors eligible to vote*". As the sole challenge proposed by the creditors was discontinued, the authorisation ruling became definitive and effective from 17 July 2020. The performance of the composition with creditors plan and proposal was entrusted to the parent and the judicial commissioners (Enrico Proia, Vincenzo Mascolo and Piergiorgio Zampetti) will monitor that the procedure's terms are respected. The authorisation ruling is an important step for the achievement of Progetto Italia, the plan to consolidate the Italian construction sector launched by Webuild. It provides that, once the procedure had been authorised, Webuild will acquire a majority investment in Astaldi through a dedicated capital increase. The parent's shareholders' resolution approving this capital increase was taken on 31 July 2020.

Main risks and uncertainties

Going concern

The parent's management analysed the parent's and group's ability to continue as going concerns given their situations (described in detail in the 2019 separate and consolidated financial statements and the accompanying directors' reports) and the events that took place in 2020.

Specifically, when approving the draft condensed interim consolidated financial statements at 30 June 2020, the parent's board of directors made all the assessments required to ascertain the group's ability to continue as a going concern, taking into consideration all the information available on predictable future events.

With respect to the main uncertainties that could have generated significant doubts about the parent's and the group's ability to continue as going concerns (summarised in the notes to the 2019 financial statements), (i) on 17 July 2020, the Rome Court issued its definitive ruling authorising, as no challenges were made, the composition with creditors on a going concern basis procedure as per the related proposal presented by the parent, and (ii) on 15 September 2020, Webuild confirmed that it agreed with the parent that the conditions precedent and assumptions underpinning the binding offer of 15 July 2019 had been met, stating its commitment to subscribe the capital increase as provided for in its offer.

Therefore, the authorisation ruling and Webuild's (formerly Salini Impregilo S.p.A.) communication resolve the principal and most significant uncertainties about the application of the going concern assumption, confirming the parent's assessments. More information about this is provided later in this section.

The complex procedure, which was described exhaustively in the notes to the 2019 financial statements, is summarised below before presenting the parent's directors' assessments about the application of the going concern assumption.

Astaldi filed an application as per article 161.6 of the Bankruptcy Law on 28 September 2018, thus commencing a process to turn around itself and its group based on an integrated going concern manoeuvre over a period of five years (2019-2023), including four years after the date of authorisation of the composition with creditors proposal, as follows:

(i) Astaldi's continuation of activities in order to ensure its ability to continue as a going concern by directly managing the parent;

(ii) a capital strengthening and refinancing manoeuvre, mainly via: (a) capital increases initially of €323.65 million with possible additional capital increases following the exercise of warrants and other share issues as a result of the conversion of unsecured claims presented subsequently, and (b) new financing granted and paid out for up to a maximum of €200 million by banks supporting the composition with creditors procedure;

(iii) the sale of activities and assets excluded from the core assets scope and transferred to a separate unit set up in accordance with article 2447-bis of the Italian Civil Code to satisfy unsecured creditors.

The above actions are part of an integrated manoeuvre under the composition with creditors proposal and are inextricably linked to one another. Therefore, the success of the entire manoeuvre depends on each individual transaction or event taking place.

In 2017 (see the 2017 Annual Report and Interim Financial Report at 31 March 2018 for further details), the parent began to look for potential industrial investors in order to acquire new resources to meet the financial requirements for the continuity of its contracts and exploit possible synergies with operators in the same sector.

Though the transaction has not yet been finalised, it should be noted that Astaldi, IHI Corporation and IHI Infrastructure Systems Co, a subsidiary of IHI Corporation, entered into an industrial strategic partnership agreement (the "**global partnership agreement**") on 15 May 2018 aimed at enhancing respective skills and strengths through synergies, including of a commercial nature. At the same time, Astaldi, its reference shareholders and IHI Corporation ("**IHI**") also signed an investment agreement (the "**investment agreement**"), under which IHI will acquire an interest in the parent equal to approximately 18% of Astaldi's share capital and approximately 13% of its overall voting rights.

On 15 November 2018, Webuild S.p.A. issued a communication that, in short, set out its interest in acquiring an infrastructure construction business unit. On 13 February 2019, Webuild issued a binding offer, subsequently integrated on 28 March, 20 May, 18 June and 15 July 2019 ("Webuild's binding offer"), proposing to acquire an investment in Astaldi as part of its restructuring process. On 14 February 2019, the parent filed its composition with creditors proposal, prepared on the basis of Webuild's binding offer, together with the relevant documentation. Finally, on 19 June 2019, the parent filed a brief replying to the request for clarifications received from the Rome Court, simultaneously filing an updated version of the composition with creditors proposal, the composition with creditors plan and the related report, followed by further integrations on 16 July, 20 July and 2 August 2019.

Specifically, the composition with creditors proposal provides for:

1. the parent's continuation of its activities in order to ensure its ability to continue as a going concern by directly managing the business unit solely comprising Engineering, Procurement & Construction (EPC) activities, facility management and complex system management and certain minor concessions implicit in EPC activities;
2. a capital strengthening and refinancing manoeuvre, entailing:

a) a cash capital increase of €225 million reserved to Webuild, excluding a rights offering for the current shareholders, at an issue price of €0.23 each (twenty-three cents) per share;

b) a divisible capital increase of €98.65 million, excluding a rights offering for the current shareholders, to service the conversion into Astaldi shares of the total filed unsecured claims or potential unsecured claims, accrued in the provision for risks, that may be filed in the meantime, at a rate of 12.493 shares for each €100 of filed or potential unsecured claim against Astaldi (the equivalent of an issue price of €0.23 per share);

3. the issue - as per the financing agreements (cash and bonding facilities) underpinning the composition with creditors proposal - of warrants for Astaldi's lending banks (the "bonus warrants") to be exercised against payment at the terms and conditions set out in the regulation attached to Webuild's binding offer. The number of bonus warrants approved for issue shall be sufficient to allow Astaldi's lending banks to subscribe a number of ordinary Astaldi shares against consideration and during the established exercise window at a price of €0.23 per share for up to 5% of the share capital as it stands immediately after the two capital increases mentioned above;
4. Webuild's binding offer provides for a third possible divisible capital increase, excluding a rights offering for the current shareholders, of a maximum amount (to be decided subsequently) to satisfy additional unsecured creditors, not included in the composition with creditors plan, that present claims subsequently, if the amounts claimed are higher than the accruals to the provision for the unsecured claims as per the plan with the right to receive 12.493 ordinary shares for each €100 of the filed or potential unsecured claim. The impact of this possible capital increase is not included in the plan, but the possibility is provided for in order to clarify that any unsecured creditors not currently included in the plan will receive the same treatment as the other unsecured creditors. This complies with article 184 of the Bankruptcy Law as it enables all creditors existing before the application for the composition with creditors procedure is filed with the company registrar to be treated on like terms;
5. Webuild's binding offer also provides for the issue of anti-dilutive warrants to Webuild with the related possible issue of the parent's ordinary shares to ensure that its investment in Astaldi will not be diluted should other unsecured creditors that are not provided for in the composition with creditors plan present a claim ("anti-dilutive warrants"). The anti-dilutive warrants may not reverse any dilution of investments of all future Astaldi shareholders due to the exercise of the bonus warrants (and resulting share issue) by the banks involved in granting the new credit facilities;

6. a first issue of pre-preferential bonds on 12 February 2019 for €75 million (the "Fortress bonds" or "bonds") subscribed by Fortress and authorised by the court following the application presented by Astaldi as per article 182-quinquies.3 of the Bankruptcy Law;
7. actions taken by Webuild (via its wholly-owned newco Beyond S.r.l.) and illimity Bank S.p.A. to (i) repurchase the Fortress bonds (first issue amounting to €75 million), and (ii) subscribe an additional issue of the pre-preferential bonds for up to €125 million (second issue). €50 million was issued as part of the second issue on 2 December 2019 and €63.9 million on 10 February 2020 (for a total second issue of €113.9 million). Therefore, the total bond issue came to €188.9 million (first and second issues);
8. the granting of a revolving credit facility by banks for €200 million ("RCF 200"), to be used after the composition with creditors procedure is authorised and the Webuild capital increase is made, in order to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of any residual portion of the pre-preferential bonds set out in points 6 and 7. The RCF 200 is a pre-preferential facility provided as per the composition with creditors procedure as per articles 111 and 182-quater of the Bankruptcy Law;
9. the granting of bonding facilities for a total of €384 million as per article 182-quinquies.1 of the Bankruptcy Law, aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress and/or on stand-by or pending award (the contract was signed with banks on 10 August 2019);
10. the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

The main assets to be transferred to the separate unit set up as resolved by Astaldi's board of directors on 24 May 2020 are:

a. Astaldi's gross amount due from IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS) for the sale of its 20% investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme Anonim Sirketi (an SPE that holds the concession to build and operate the Third Bosphorus Bridge - the "Third Bosphorus Bridge operator") (the "Third Bosphorus Bridge receivable" and with regard to the original investment, the "Third Bosphorus Bridge investment") and the related shareholder loan. The deed of sale for the Third Bosphorus Bridge investment and the Third Bosphorus Bridge receivable, originally included in the composition with creditors proposal, was signed by Astaldi and ICTAS on 17 March 2020;

b. the shareholder loans and investments held directly by Astaldi in the operators of: *(i)* the Gebze-Orhangazi-Izmir Motorway in Turkey, and *(ii)* the Etlik Integrated Health Campus in Ankara, Turkey;

c. the shareholder loans and investments held indirectly by Astaldi, via Astaldi Concessioni S.p.A., in the operators of: *(i)* the Arturo Merino Benitez International Airport in Santiago, Chile, *(ii)* the West Metropolitan Hospital in Santiago, Chile, and *(iii)* the Etlik Integrated Health Campus mentioned above;

d. amounts due from Instituto de Ferrocarriles del Estado (IAFE) of Venezuela for the projects to build the Puerto Cabello-La Encrucijada and San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway line sections (the "Venezuelan financial assets");

e. the building and appurtenance land in Via G.V. Bona 65, Rome, which houses the parent's current offices.

In accordance with the composition with creditors plan, as per the board of directors' resolution of 24 May 2020, the parent set up the separate unit[3] as per article 2447-bis of the Italian Civil Code, which will include the investee Astaldi Concessioni S.p.A. which was, in turn, partially proportionately demerged, under notary public Salvatore Mariconda's deed of 28 May 2020, in order to separate the non-core assets which remain

[3] The set up of the separate unit is legally effective from the date of authorisation of the composition with creditors procedure (17 July 2020).

with the demerged Astaldi Concessioni from the core assets to be transferred to a newco also fully controlled by Astaldi.

The composition with creditors proposal covers the settlement of the following claims at the reference date (28 September 2018) amounting to €3,598 million, including:

(i) pre-preferential claims totalling €67.8 million, mainly comprised of the fees of judicial commissioners and consultants involved in the procedure and provisions for pre-preferential claims;

(ii) preferential claims totalling €96.7 million, mainly (i) tax liabilities of €28.3 million, (ii) provisions for preferential claims (i.e., the provision for tax disputes) of €22.1 million, (iii) preferential trade payables (i.e., artisans and professionals) of €20.5 million, and (iv) payables to employees of €12.7 million;

(iii) unsecured claims totalling €3,433.5 million, mainly (i) bank loans and borrowings and payables to bondholders of €2,557.1 million, (ii) trade payables of €329.5 million, (iii) intragroup payables of €155.8 million, and (iv) provisions for unsecured claims totalling €378.6 million.

With regard to such total claims, the composition with creditors proposal provides that:

1. pre-preferential claims and management costs will be paid in full when due;
2. pre-preferential claims related to the loans agreed as per article 182-quinquies of the Bankruptcy Law will be settled in full;
3. preferential claims will be satisfied in full within one year of the authorisation of the composition with creditors procedure as per the moratorium under article 186-bis of the Bankruptcy Law;
4. unsecured claims (not broken down by class), including preferential claims downgraded to unsecured as per article 160.2 of the Bankruptcy Law, will be satisfied within 120 days of the authorisation date via:
    - new shares assigned to unsecured creditors at 12.493 new shares for each €100 of claim;
    - participating financial instruments that give creditors the right to receive the net proceeds on the sale of the assets transferred to the separate unit, in the ratio of one participating financial instrument for each euro of their unsecured claim;
5. the tax and social security liabilities will be settled within one year from the authorisation of the composition with creditors procedure at the terms and conditions set out in the proposal to settle such tax and social security liabilities as per article 182-ter of the Bankruptcy Law. This provides for, in short: (i) the full payment of the preferential tax/social security liabilities within 12 months from the authorisation date; (ii) the partial payment of any unsecured liabilities through the assignment of shares and participating financial instruments in the same ratio as that offered to the other unsecured creditors; and (iii) the complete elimination of the potential tax liability arising on the tax assessment (currently pending before the Campania Regional Tax Commission), without prejudice to that set out in point 3 above;
6. the subordinated claims will not be satisfied during the period of the composition with creditors plan.

The Rome Court accepted the parent's application for the composition with creditors procedure on 5 August 2019 and set the date for the creditors' meeting before the delegated judge as 6 February 2020. On 27 November 2019, the court postponed the meeting to 26 March 2020 and then postponed it further to 9 April 2020 on 23 March 2020.

After reading the minutes of the creditors' meeting of 9 April 2020 and the information provided by the judicial commissioners on the definitive outcome of the vote held on 30 April 2020, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, with its ruling of 4 May 2020, the court set the hearing date for the authorisation of the composition with creditors procedure to be attended by the parties involved and the judicial commissioners as 23 June 2020.

Based on the above, the parent's directors evaluated the going concern assumption. Specifically, they took into account (i) the definitive authorisation (as no challenges were made) as per the Rome Court's ruling of 17 July; (ii) Webuild's communication received on 15 September 2020 confirming that it agreed with the parent that the conditions precedent and assumptions underpinning Webuild's binding offer of 15 July 2019 had been met and its obligation to subscribe the capital increase as the terms of the offer had become effective, and (iii) all information available on predictable future events, considering all aspects characterised by significant uncertainty that could raise considerable doubts as to the ability of the parent and the group to continue as going concerns, as follows:

a. **<u>Capital strengthening and refinancing manoeuvre:</u>** the implementation of the capital strengthening and refinancing manoeuvre under the composition with creditors proposal described earlier provides for, in short: capital increases reserved to Webuild and unsecured creditors; obtaining revolving credit facilities of €200 million from banks; and the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

b. **<u>Meeting the targets set out in the composition with creditors plan:</u>** effectively reaching the financial and performance targets that will confirm the group's turnaround under the provisions of the plan. They also depend on future, uncertain variables that cannot be controlled, e.g., variables that could affect (i) the amount and timing of new contracts, (ii) the timing of collecting additional fees for variations, price revisions, incentives and claims compared to the contractually agreed amounts, and (iii) the amount and timing of collecting advances from customer, estimated based on the possibility for the parent to apply for the benefits provided by urgent measures introduced to aid the liquidity of contractors under Decree law no. 34 of 19 May 2020 (the "Relaunch Decree") issued following the Covid-19 emergency.

c. <u>Appeal to the Supreme Court pursuant to article 111 of the Italian Constitution and article 360 of the Code of Civil Procedure.</u>

On 14 and 15 September 2020, Astaldi was informed notified of two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorising the composition with creditors procedure and cancel it.

In light of the above, the parent's directors duly requested and obtained the information needed to assess the reasonableness that all of the above circumstances could occur, i.e., the significant uncertainties that could lead to material doubts as to the group's ability to continue as a going concern. As a result, they deemed it appropriate to prepare the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption.

Specifically, the parent's directors based their conclusions on the following considerations, with reference to each of the elements of uncertainty listed above:

1. with regard to point a), the parent's directors deem it reasonable to assume that the capital strengthening and refinancing manoeuvre under the composition with creditors proposal will be successfully implemented. The project includes capital increases reserved to Webuild and unsecured creditors, in addition to revolving credit facilities of €200 million and bonding facilities of €384 million from banks to enable the parent's continuity. In this regard, as described in greater detail earlier, (i) the Rome Court issued its definitive ruling authorising the composition with creditors procedure, (ii) Webuild notified that the conditions precedent and the assumptions underpinning its binding offer have been met, confirming its commitment to subscribe the capital increase as provided for in its offer, and (iii) the banks involved in the manoeuvre, via specific commitment letters attached to Webuild's binding offer, formalised their commitment to grant revolving credit facilities of €200 million and bonding facilities of €384 million for the purposes of performing the projects in the parent's order backlog. In addition, Webuild completed its capital increase of €600 million on 12 November 2019. This is key to

Progetto Italia as one of the essential elements of the project is acquiring control of Astaldi once it has completed its capital strengthening and refinancing manoeuvre. Astaldi's planned capital increase is naturally also subject to CONSOB (the Italian commission for listed companies and the stock exchange) authorising the publication of the relevant prospectus to be issued for the capital increase following the shareholders' approval of the transaction on 31 July. With regard to the CONSOB authorisation, it seems reasonable to assume that it will be granted, also considering that: (i) the capital increase is imperative for the capital strengthening and refinancing manoeuvre; (ii) the latter has already been communicated to the market and CONSOB; (iii) the entire cash amount to be injected has already been guaranteed by Webuild; (iv) the company documentation required by ruling legislation to obtain the authorisation is already being drafted and finalising and sharing it with CONSOB should not be an issue for the parent;

2. with regard to point b) relating to uncertainties linked to the composition with creditors plan, the plan was certified by a professional appointed under the composition with creditors procedure in their reports dated 14 February 2019, 19 June 2019 and 16 July 2020. Based on this fact and the respective checks carried out, the feasibility of the plan was also approved by the judicial commissioners appointed by the Rome Court who issued their report as per article 172 of the Bankruptcy Law on 10 February 2020. At their meeting held on 9 April 2020, the creditors also approved the plan with a large majority (69.40%). This was formalised by the above-mentioned definitive authorisation in addition to Webuild's confirmation - as mentioned above - that the conditions precedent and the assumptions underpinning Webuild's binding offer had been met. Finally, the directors carefully monitored and assessed all subsequent events regarding the achievement of the plan targets, which is also impacted by the collection of slow-moving items and advances from customers as per the urgent measures introduced to aid liquidity under the Relaunch Decree issued following the Covid-19 emergency. The directors did not detect any critical issues further to the uncertainties mentioned previously. At the date of these condensed interim consolidated financial statements, a significant part of such advances from customers has already been collected for some of the group's main contracts in Italy;
3. finally, with regard to point c), also based on the preliminary opinions expressed by its legal advisers, the parent believes that such appeals are inadmissible and groundless.

   Furthermore, Astaldi states that the filing of the appeals does not affect the execution of the composition with creditors procedure as the ruling authorising the procedure is provisionally enforceable as per article 180.5 of the Bankruptcy Law. In addition, appeals do not have suspensive effects nor do they exempt the company under the procedure from meeting its commitments with creditors on a timely basis.

   In conclusion, though the actions described above entail significant uncertainties that could lead to material doubts as to the parent's and the group's ability to continue as going concerns, the parent's directors prepared the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption considering the positive development of events and, specifically, (i) the issuing of the ruling authorising the composition with creditors procedure, (ii) Webuild notifying that the conditions precedent and the assumptions underpinning Webuild's binding offer have been met and confirming its commitment to subscribe the capital increase, and (iii) the banks confirming their commitment to grant bonding facilities of €384 million which is enabling the parent to comply with the guarantees related to the projects in its order backlog. Based on the considerations listed above, the parent's directors deem it reasonable to assume that the tough situation that the parent and the group are facing can be overcome by defining and implementing the composition with creditors procedure and, specifically, the capital strengthening and refinancing manoeuvre and the related plan.

The existence and overcoming of such uncertainties depend only partly on variables and internal factors under management's control and also on external factors, most of which can be estimated using the available information, that have been assessed using the criteria of reasonableness set out above.

Covid-19

The outbreak of Covid-19 (the Coronavirus), declared a pandemic by the World Health Organisation in March 2020, drastically changed the global macroeconomic playing field in the first half of this year and led governments around the world to bring in extraordinary measures to prevent and/or curb the spread of the virus to combat the related public health emergency. These measures included the temporary shuttering of industrial factories and work sites and strict restrictions on the movement of people and means of transport. The Coronavirus has had and, in some cases, continues to have a significant effect on the economies of the countries where the group operates to differing extents.

In order to tackle this emergency, the parent actuated a series of actions and safeguards to (i) promptly protect the health of all group employees, (ii) monitor the situation at production sites, (iii) preserve the value generated by production activities as much as possible, and (iv) support operating continuity, seriously put to the test by the restrictions on the movement of people and goods on a global scale imposed via measures approved in Italy and abroad starting from March 2020. These measures have been eased since July.

A very brief description of the measures introduced by the group during the period and their effects is provided below.

Impact on operations

Based on the WHO's statements, the countries worst hit by the pandemic at the date of preparation of these condensed interim consolidated financial statements are the US, India, Brazil, Russia, Peru, Colombia, Mexico, South Africa, Spain, Argentina, Chile and Iran. Of these countries, Astaldi only operates in the US with just one project, which has not been affected by the lockdown, India and Chile (where the pandemic has had a greater effect as described later). In addition, at the date of preparation of these condensed interim consolidated financial statements, all operating activities have been resumed in Italy and abroad, except for specific cases in Chile and India.

Covid-29 started to indirectly affect the progress of projects from the start of the year, especially in Italy, followed by Europe and North and South America.

Despite this extremely uncertain situation, mitigating actions (discussed with all customers) have already been successfully implemented in Italy and abroad to neutralise the negative effects, most importantly financial stress, of the lockdown and the shuttering/slowdown of the related activities. These actions included Astaldi's request with respect to contracts in Italy and abroad for:

(i) accelerated payment of slow-moving items (mostly claims and variation orders);

(ii) recovery of higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;

(iii) payment of all progress reports issued and work in progress at the beginning of the lockdown;

(iv) rescheduling progress reports' issue dates and related payments;

(v) possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system;

(vi) reviewing production cycles, to incorporate the new work site and procurement logistics and to ensure the efficient management of measures to protect the workers' health.

More information about the individual situations in the areas where the group operates at the date of preparation of these condensed interim consolidated financial statements is available in a later section.

Italy – Production slowed down during the six months and came to a standstill for roughly two months in some cases such as the Brenner Base Tunnel, the Cumana railway line and Capodichino Station of the Naples Metro, the Infraflegrea Project, the Marche-Umbria road system, the Nuovo Ospedale del Sud-Est Barese di Monopoli-Fasani, the NATO base in Sigonella and the Taranto Port. Work continued in full compliance with the safety measures to protect the health of the group employees and all the workers at the work sites on (i) the projects being designed or started-up (like the high speed/high capacity Naples-Bari and Palermo-Catania railway line sections and the state road Jonica), and (ii) activities deemed essential for Italy despite the emergency as provided for in the government decrees (such as Line C of the Rome Metro). The Italian government introduced extraordinary measures such as the Covid-19 government-sponsored lay-off scheme (which the group availed of for 70% of its workforce), while its Decree law no. 34 of 19 May 2020 (the "Relaunch decree") and Decree law no. 76 of 16 July 2020 (the "Simplification decree") contained measures to bolster liquidity. Specifically, the first decree increased the contract advance up to a maximum of 30% (if certain conditions are met) with benefits for specific Italian contracts (the Marche-Umbria road system, the Brenner Base Tunnel and the state road Jonica).

Europe (including Turkey) – In Romania, Poland and Sweden, the work sites continued to be operational despite the pandemic, while it did not cause problems for the Etlik Integrated Health Campus in Ankara, Turkey as the project had already been suspended as a result of specific issues (subsequently resolved in September 2020, as described later).

The Americas – The foreign country where Covid-19 has had the greatest impact on its construction sector for the group is Chile. Work sites were shuttered (for more than two months in some cases such as the El Teniente Mine project) and a return to business has been very slow due to the strict safety procedures in place. These shut-downs entailed renegotiations of the repayment plans as part of the judicial debt restructuring procedure in that country (renegotiations unanimously approved by the Chilean creditors in September 2020 as described in more detail in the section on the composition with creditors and related procedures)[4]. At the date of preparation of these condensed interim consolidated financial statements, activities have resumed in Chile, mainly at the El Teniente Mine. The government also introduced shock absorbers on a nationwide basis. Similar restrictions slowed down work on the Brazo Aña Cuá project in Paraguay. The only active contract in the US, the I-405 Highway, was not put on hold although work did slow down. The situation is expected to normalise during the year. In Canada, only the group company TEQ based in Quebec, where the government introduced shock absorbers, was affected by Covid-19.

Other countries – The virus did not cause significant problems for the group's contracts in Algeria while, although the local situation is rather complex, the effect of Covid-19 on production in India was limited as the group's projects are only in start-up and/or design stages at the date of preparation of these condensed interim consolidated financial statements.

With regard to the differences between the actual and estimated figures, revenue was approximately €220 million lower than estimated mainly due to the Covid-19 triggered emergency. This affected the operating loss chiefly as a result of the unrealised profit margins.

Basis of preparation

The condensed interim consolidated financial statements of the Astaldi Group as at and for the six months ended 30 June 2020, required by article 154-ter.2/3 of the Consolidated Finance Act, were drafted in compliance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and in accordance with CONSOB regulations governing application of the IFRS. Said standards are supplemented by interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee), also endorsed by the European Union.

The interim consolidated financial statements were drafted in a condensed format, in compliance with IAS 34 – Interim financial reporting[5] and applying the same accounting policies adopted to prepare the annual consolidated financial statements at 31 December 2019, except for those described in the "Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2020" section.

[4] See the directors' report for more information.

[5] As detailed later on, these condensed interim consolidated financial statements do not present the comparative figures required by IAS 34.

Therefore, the condensed interim consolidated financial statements do not include full disclosure (as described in IAS 1) and should be read together with the consolidated financial statements as at and for the year ended 1 December 2019.

The condensed interim consolidated financial statements are prepared in Euros, which is the parent's functional and presentation currency. The amounts are presented in thousands of Euros unless indicated otherwise. Consequently, there may be minor differences in the total amounts shown in some statements compared to the sum of the individual amounts comprising the total due to rounding.

These condensed interim consolidated financial statements at 30 June 2020 are reviewed as provided for by CONSOB Resolution no. 10867 of 31 July 1997. The findings of the review, carried out by the independent auditors KPMG S.p.A., will be published in compliance with applicable legislation.

Financial schedules

These condensed interim consolidated financial statements comprise:

1. a statement of profit or loss;
2. a statement of comprehensive income;
3. a statement of financial position;
4. a statement of cash flows;
5. a statement of changes in equity;
6. these notes.

The group has chosen to present the statement of comprehensive income in two separate statements as permitted under IAS 1.81. Therefore, it presents a statement showing items making up the profit (loss) for the period (statement of profit or loss) and a statement which adds the other comprehensive income (expense) to the profit (loss) for the period (statement of comprehensive income).

Moreover, captions are classified by nature in the statement of profit or loss. This classification reflects the management reporting model used by the group and, therefore, has been preferred to the presentation of captions according to their destination, as it provides information in a manner that better reflects the group's operations.

The statement of cash flows breaks down the cash flows for the period by operating, investing and financing activities. Cash flows from the operating activities are shown using the indirect method. Cash flows from investing activities are shown separately for the construction and concessions segments.

The statement of changes in equity is drawn up in compliance with IAS 1, taking into account comprehensive income.

Corresponding figures for the first half of 2019 are not presented in relation to (i) the statement of profit or loss, (ii) the statement of comprehensive income, (iii) the statement of cash flows, and (iv) the statement of changes in equity as the group did not prepare condensed interim consolidated financial statements at 31 June 2019 for reasons relevant at that time.

The statement of financial position classifies assets and liabilities as current or non-current, as allowed by paragraph 60 and following paragraphs of IAS 1.

Translation of foreign currency transactions and financial statements of foreign operations

The following exchange rates were used to translate the results and financial position of companies that have a functional currency other than the Euro:

Currency	Closing rate 30 June 2020	Average rate H1 2020	Closing rate 31 December 2019	Average rate H1 2019
Algerian dinar	144.5298	136.9953	133.8916	134.4557
New Bulgarian lev	1.9558	1.9558	1.9558	1.9558
Canadian dollar	1.5324	1.5033	1.4598	1.5067
Chilean peso	918.7200	895.5652	844.8600	763.4348
United Arab Emirates dirham	4.1125	4.0473	4.1257	4.1493
Indonesian rupiah	16,184.4100	16,078.0210	15,595.6000	16,038.9237
Moroccan dirham	10.8740	10.7586	10.7810	10.8470
Nicaraguan cordoba oro	38.1870	37.4340	38.0375	37.0925
Peruvian nuevo sol	3.9526	3.7653	3.7255	3.7548
Pound sterling	0.9124	0.8746	0.8508	0.8738
Polish zloty	4.4560	4.4120	4.2568	4.2916
Romanian new leu	4.8397	4.8173	4.7830	4.7417
Russian rouble	79.6300	76.6692	69.9563	73.7264
US dollar	1.1198	1.1020	1.1234	1.1298
New Turkish lira	7.6761	7.1492	6.6843	6.3567
Venezuelan bolivar soberano	226,287.6115	132,204.4128	52,308.3738	4,422.8057

The exchange rates express the quantity of foreign currency required to buy €1.

In the case of a currency of a hyperinflationary economy as defined by IAS 29, the group applies the requirements of that standard.

Seasonality effects

The turnover and financial performance of certain projects are subject to seasonal trends. Specifically, activity levels are impacted by weather conditions, usually more adverse during the winter months for countries in central-eastern Europe and northern US states. However, as the group operates in different parts of the world, these effects are offset - at least partially - by greater volumes recorded in projects in progress in the southern hemisphere. Furthermore, the group's financial performance for the first half of the year is impacted by the payment trends of public sector customers as they are usually concentrated in the second half of the year.

Accordingly, the results of the first six months may not be a faithful representation of the performance for the entire year.

Use of estimates

IFRS financial reporting requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosures on contingent assets and liabilities.

As specified in the notes to the consolidated financial statements at 31 December 2019, estimates are used, inter alia, to perform impairment tests and recognise the loss allowance, discounting of loans and receivables based on their estimated collection times, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals and provisions.

Actual results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of any changes are recognised in profit or loss when the change is made.

Specifically, taking into account the group's specific sector, which involves payment of an advance when the individual contracts are assigned, contract profits or losses systematically recognised in profit or loss may differ from those originally estimated. Such estimates may be influenced by numerous factors, including the following:

- claims for additional consideration for contract variations, price revisions, incentives and claims compared to that contractually agreed;
- disputes with customers for fines and compensation for damages;
- the long timeframe and engineering and operating complexity of construction contracts in progress;
- the risk profile of certain countries in which the construction contracts are carried out.

Impairment of equity investments, property, plant and equipment and intangible assets

Intangible assets with an indefinite useful life and intangible assets under development with a finite useful life are tested for impairment at least annually.

At each reporting date, the group checks that no events or changes in circumstances took place indicating that property, plant and equipment and intangible assets (other than those with an indefinite useful life or under development) may have been impaired.

Where necessary, when the recoverable amount of individual assets cannot be determined, the group tests the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units") for impairment.

The impairment test is carried out by comparing the asset's (or group of assets') carrying amount to its recoverable amount[6]. Should the carrying amount be higher than the recoverable amount, the asset is impaired and the impairment loss is recognised in profit or loss. Should the reasons for a previously-recognised impairment loss cease to exist, the impairment loss is reversed to the extent of the asset's carrying amount. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

The following table shows the results of the impairment tests:

Asset	Ref.	CGU	Description	Impairment indicators	Business segment	Carrying amount (€m)	Rate	Method
Investments in associates and joint ventures (IAS 28)	Note 20	Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS	Concession for the Etlik Integrated Health Campus	External sources	Concessions	31.8	Ke 15.5%	DDM
Contractual right (IAS 38)	Note 19	Infraflegrea project	Cumana and Monte Sant'Angelo (Naples) railway line	Internal sources	Construction	21.5	WACC 8.6%	UDCF

Finally, as is customary, the parent's management utilised the services of an independent expert[7] to perform the impairment tests.

Pursuant to the provisions of IAS 36, the tests were performed in accordance with the group's procedures approved pursuant to the Bank of Italy/CONSOB/ISVAP Joint Document no. 4 of 3 March 2010 and article 7.C.2 of the New Code of Conduct for Listed Companies.

The results of the impairment tests and assumptions applied to carry out the individual tests are detailed later on in these notes.

[6] The recoverable amount is defined as the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use.

[7] An international network.

Impairment of other financial instruments

Impairment of other financial instruments is tested using the forward-looking expected credit loss (ECL) model in accordance with IFRS 9 - Financial instruments.

Under such standard, regardless of any existing or contingent trigger event, an entity shall recognise the expected credit losses calculated using the ECL model on all financial assets (except those measured at FVTPL).

The group introduced an impairment model for its trade receivables and contract assets, which make up most of its credit exposure, based on the simplified approach allowed by IFRS 9 for these types of financial assets. Specifically, it split them assets into clusters that reflect the assets' nature, customer credit rating and geographical segment. Based on the information collected, it then calculated the reference parameters (PD[8], LGD[9] and EAD[10]) for each cluster to calculate the lifetime expected credit losses. It tested exposures related to customers with a less than adequate credit rating (speculative grade, non investment grade and high yield) and significant payment delays (over 12 months) individually for impairment using the parameters identified from time to time[11].

The group tested the other financial assets for impairment using the generalised approach provided for by IFRS 9, allocating the assets to various stages and estimating the expected credit loss using the PD, LGD and EAD risk parameters.

Impairment of amounts due from the Venezuelan government

The group has three railway projects in Venezuela with Instituto de Ferrocarriles del Estado. At 30 June 2020, the group's total exposure (the "exposure") amounts to €433 million and relates to contracts entered into as part of an intergovernmental agreement (the "intergovernmental agreement") between Italy and Venezuela, which provides additional protection to the measures that can be taken by resorting to local courts. Despite this and starting from 2017, the parent prudently impaired its exposure by €381 million given the delays in collecting payments and the country's current and expected conditions. As a result, the recoverable amount of the group's exposure amounts to approximately €52 million.

Valuation techniques

The group estimated the expected credit losses on the Venezuelan assets in line with IFRS 9 considering all the information that was reasonably available at the date of approval of these condensed interim consolidated financial statements. Specifically, management tested the exposure's recoverable amount using market benchmarks given the country's economic and social context and the difficulties in making reliable estimates about expected cash flows.

Therefore, the group calculated the exposure by reference to the fair value of benchmarks deemed pertinent for the estimate, considering specifically:

- market returns and prices of the Venezuelan government bonds in the period prior to the reference date;
- market value of the spread of the credit default swaps (CDS), with the Venezuelan government's default as the underlying;
- recovery rate of the Venezuelan government bonds based on the mean of the related bonds' market prices at the reference date;
- recovery rates observed with reference to sovereign debt default events that have occurred from 1983 to 2020.

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8 PD: Probability of Default.

9 LGD: Loss Given Default.

10 EAD: Exposure At Default.

11 More information is available in the analysis of the recoverability of the amounts due from the Venezuelan government.

Conclusions

Based on the technical analyses performed (including with the assistance of an independent expert), management confirmed the financial assets' recoverable amount to be €52 million, as determined at 31 December 2019.

Consolidation scope

At 30 June 2020, the consolidation scope includes:

	Nature of investment	Recognition	Construction	Concessions and O&M	Plant engineering and facility management	Total
Subsidiaries	Control	Consolidation	51	8	11	70
- *of which: Italy*			*26*	*3*	*10*	*39*
Joint ventures	Joint control	Equity accounting	14	4	0	18
- *of which: Italy*			*10*	*0*	*0*	*10*
Associates	Significant influence	Equity accounting	29	5	1	35
- *of which: Italy*			*24*	*2*	*1*	*27*

Astaldi group companies

Subsidiaries

Construction	Registered office	Operating office	Share/quota capital/consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Italy								
Afragola FS Società consortile a Responsabilità Limitata under composition with creditors procedure	Rome	Italy	€10,000	EUR	100.00%	82.54%	17.46%	NBI S.p.A. under composition with creditors procedure
AR.GI S.c.p.A.	Rome	Italy	€35,000,000	EUR	99.99%	99.99%	0.00%	
AS. M. S.c.r.l.	Naples	Italy	€10,000	EUR	75.91%	75.91%	0.00%	
Bussentina S.c.r.l. in liquidation	Rome	Italy	€25,500	EUR	78.90%	78.90%	0.00%	
C.Or.MES. in liquidazione S.r.l.	Rome	Italy	€20,000	EUR	55.00%	55.00%	0.00%	
Capodichino AS.M S.c.r.l.	Naples	Italy	€10,000	EUR	66.83%	66.83%	0.00%	
CO.ME.NA S.c.r.l. in liquidation	Naples	Italy	€20,658	EUR	70.43%	70.43%	0.00%	
CO.MERI S.p.A.	Rome	Italy	€35,000,000	EUR	99.99%	99.99%	0.00%	
Consorzio Stabile Operae	Rome	Italy	€500,000	EUR	99.00%	98.00%	1.00%	Sartori Tecnologie Industriali S.r.l. in liquidation and under composition with creditors procedure
Dirpa 2 S.c.ar.l.	Rome	Italy	€50,009,998	EUR	98.99%	0.00%	99.99%	Consorzio Stabile Operae
DMS DESIGN CONSORTIUM s.c.r.l.	Rome	Italy	€10,000	EUR	60.00%	60.00%	0.00%	
Forum S.c.r.l.	Rome	Italy	€51,000	EUR	79.98%	79.98%	0.00%	
Garbi Linea 5 S.c.a.r.l. in liquidation	Rome	Italy	€10,000	EUR	100.00%	100.00%	0.00%	

Infraflegrea Progetto S.p.A.	Naples	Italy	€500,000	EUR	51.00%	51.00%	0.00%
Italstrade S.p.A.	Rome	Italy	€16,515,578	EUR	100.00%	100.00%	0.00%
Messina Stadio S.c.r.l. in liquidation	Milan	Italy	€45,900	EUR	100.00%	100.00%	0.00%
Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l.	Rome	Italy	€50,000	EUR	70.00%	70.00%	0.00%
Ospedale del Mare S.C.r.l. in liquidation	Rome	Italy	€50,000	EUR	100.00%	100.00%	0.00%
Partenopea Finanza di Progetto S.c.p.A.	Naples	Italy	€9,300,000	EUR	99.99%	99.99%	0.00%
Portovesme S.c.r.l. in liquidation	Milan	Italy	€25,500	EUR	99.98%	99.98%	0.00%
S. Filippo S.c.r.l. in liquidation	Rome	Italy	€10,200	EUR	80.00%	80.00%	0.00%
S.P.T. - Società Passante Torino S.C.r.l.	Rome	Italy	€50,000	EUR	82.50%	82.50%	0.00%
Scuola Carabinieri S.C.r.l. in liquidation	Rome	Italy	€50,000	EUR	76.40%	76.40%	0.00%
Sirjo Scpa	Rome	Italy	€30,000,000	EUR	60.00%	60.00%	0.00%
Susa Dora Quattro S.c.r.l. in liquidation	Rome	Italy	€51,000	EUR	90.00%	90.00%	0.00%
Toledo S.c.r.l. in liquidation	Naples	Italy	€50,000	EUR	90.39%	90.39%	0.00%

Construction	Registered office	Operating office	Share/quota capital/consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Abroad								
AGN Haga AB	Gothenburg	Sweden	SEK500,000	SEK	40.00%	40.00%	0.00%	
Asocierii Astaldi S.p.A., Sc Somet sa, sc Tiab sa, sc Uti grup sa (Line 4 of the Bucharest Metro)	Bucharest (Romania)	Romania	- - - -	EUR	40.00%	40.00%	0.00%	
Astaldi Algerie - E.u.r.l.	Algiers	Algeria	DZD54,979,619	DZD	100.00%	100.00%	0.00%	
Astaldi Arabia Ltd.	Riyadh	Saudi Arabia	SAR5,000,000	USD	100.00%	60.00%	40.00%	Astaldi International Ltd.
Astaldi Bulgaria LTD	Sofia	Bulgaria	BGN5,000	BGN	100.00%	100.00%	0.00%	
Astaldi Canada Design & Construction Inc.	Montreal	Canada	CAD100	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.
Astaldi Canada Enterprises Inc.	Montreal	Canada	CAD100	CAD	100.00%	100.00%	0.00%	
Astaldi Canada Inc.	Montreal	Canada	CAD50,020,000	CAD	100.00%	100.00%	0.00%	
Astaldi Construction Corporation	Davie (Florida)	USA	USD18,972,000	USD	65.81%	65.81%	0.00%	
Astaldi de Venezuela C.A.	Caracas	Venezuela	VEF110,300	EUR	99.80%	99.80%	0.00%	
Astaldi India Services LLP	Mumbai	India	-----	INR	99.99%	99.99%	0.00%	
Astaldi International Inc.	Monrovia	Liberia	USD3,000,000	EUR	100.00%	100.00%	0.00%	
Astaldi International Ltd.	London	United Kingdom	GBP2,000,000	GBP	100.00%	100.00%	0.00%	
Astaldi Mobilinx Hurontario GP Inc.	Montreal	Canada	----	CAD	100.000%	0.00%	100.000%	Astaldi Canada Enterprises Inc.
Astaldi Polska Sp. z o.o.	Warsaw	Poland	PLN120,000	PLN	100.00%	100.00%	0.00%	

Astaldi-Max Bogl-CCCF JV S.r.l.	Bucharest	Romania	RON40,000	EUR	66.00%	66.00%	0.00%	
Astalnica S.A.	Managua	Nicaragua	NIO2,000,000	NIO	98.00%	98.00%	0.00%	
ASTALROM S.A.	Calarasi	Romania	RON3,809,898	RON	99.68%	99.68%	0.00%	
Astur Construction and Trade A.S.	Ankara	Turkey	TRY35,500,000	USD	100.00%	100.00%	0.00%	
Constructora Astaldi Cachapoal Limitada	Santiago	Chile	CLP10,000,000	CLP	99.90%	99.90%	0.00%	
Italstrade CCCF JV Romis S.r.l.	Bucharest	Romania	RON540,000	EUR	51.00%	51.00%	0.00%	
Redo-Association Momentanée	Kinshasa	Democratic Republic of the Congo	CDF0.5	EUR	100.00%	75.00%	25.00%	Astaldi International Ltd.
Romairport S.r.l.	Rome (Italy)	Romania	€500,000	EUR	99.26%	99.26%	0.00%	
Seac S.p.a.r.l. in liquidation	Kinshasa	Democratic Republic of the Congo	CDF400	EUR	100.00%	100.00%	0.00%	
T.E.Q. Construction Enterprise Inc.	Montreal	Canada	CAD11,080,515	CAD	100.00%	0.00%	100.00%	Astaldi Canada Enterprises Inc.

Concessions and O&M

Italy

Astaldi Concessioni S.p.A.	Rome	Italy	€59,000,000	EUR	100.00%	100.00%	0.00%	
Astaldi Concessions S.p.A.	Rome	Italy	€300,000	EUR	100.00%	100.00%	0.00%	
GE.SAT S.c. a r.l.	Prato	Italy	€10,000	EUR	53.85%	35.00%	18.85%	Astaldi Concessions S.p.A.

Abroad

Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S.	Ankara	Turkey	TRY37,518,000	EUR	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Sociedad Austral Mantenciones y Operaciones S.p.A.	Santiago	Chile	CLP1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A. 75% - NBI 25%
Sociedad Concesionaria Aguas de Punilla S.A.	Santiago	Chile	CLP40,000,000,000	CLP	99.998%	0.00%	99.998%	Astaldi Concessions S.p.A.
Transmisora del Sur S.p.A.	Santiago	Chile	CLP1,000,000	CLP	100.00%	0.00%	100.00%	Astaldi Concessions S.p.A.
Valle Aconcagua S.A.	Santiago	Chile	CLP17,132,991,411	USD	84.31%	0.00%	82.54%	Astaldi Concessions S.p.A.

Plant engineering and facility management

Italy

3E System S.r.l. in liquidation and under composition with creditors procedure	Bologna	Italy	€10,000	EUR	100.00%	0.00%	100.00%	NBI S.p.A. under composition with creditors procedure
A10 S.c.a r.l.	Bologna	Italy	€10,000	EUR	62.52%	0.00%	62.52%	NBI S.p.A. under composition with creditors procedure

Bielle Impianti S.c.r.l. in liquidation	Bologna	Italy	€100,000	EUR	75.00%	0.00%	75.00%	NBI S.p.A. under composition with creditors procedure
CO.VA S.c.r.l. in liquidation	Bologna	Italy	€10,000	EUR	60.00%	0.00%	60.00%	NBI S.p.A. under composition with creditors procedure
Consorzio Stabile Busi in liquidation	Bologna	Italy	€100,000	EUR	95.00%	0.00%	95.00%	NBI S.p.A. under composition with creditors procedure, 3E System S.r.l.
DEAS Società Consortile a Responsabilità Limitata	Bologna	Italy	€10,000	EUR	57.00%	0.00%	57.00%	NBI S.p.A. under composition with creditors procedure
LAGUNA S.c.a r.l. in liquidation	Bologna	Italy	€10,000	EUR	84.70%	0.00%	84.70%	NBI S.p.A. under composition with creditors procedure
NBI S.p.A. under composition with creditors procedure	Rome	Italy	€7,500,000	EUR	100.00%	100.00%	0.00%	
Sartori Tecnologie Industriali S.r.l. in liquidation and under composition with creditors procedure	Brindisi	Italy	€500,000	EUR	100.00%	0.00%	100.00%	NBI S.p.A. under composition with creditors procedure
Tione 2008 S.c.r.l. in liquidation	Bologna	Italy	€100,000	EUR	76.00%	0.00%	80.00%	Consorzio Stabile Busi
Abroad								
NBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S.	Istanbul	Turkey	TRY10,720,000	TRY	100.00%	0.00%	100.00%	NBI S.p.A. under composition with creditors procedure Astur Construction and Trade A.S.

Key joint arrangements and associates*

Joint ventures	Registered office	Operating office	Operating segment	Share/quota capital/consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s.	Istanbul	Turkey	CO	TRY267,240,000	EUR	51.00%	5.00%	46.00%	Astaldi Concessioni S.p.A.

Joint operation	Registered office	Operating office	Operating segment	Share/quota capital/consortium fund Nominal amount	Functional currency	Investment %	Direct investment	Indirect investment	Indirect investor
Asocierea Astaldi – FCC – Salcef – Thales, Lot 2a	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
Asocierea Astaldi – FCC – Salcef – Thales, Lot 2b	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
Asocierea Astaldi S.p.A. – IHI Infrastructure Systems Co., Ltd	Bucharest	Romania	C	- - - -	RON	60.00%	60.00%	0.00%	

ASOCIEREA LOT 3 FCC-ASTALDI-CONVENSA	Bucharest	Romania	C	- - - -	RON	49.50%	49.50%	0.00%	
OC 405 Partners Joint Venture	Santa Ana (California)	USA	C	- - - -	USD	40.00%	0.00%	40.00%	Astaldi Construction Corporation
Gebze-Izmir Otoyolu Insaati (Nomayg) Adi Ortakligi	Ankara	Turkey	C	- - - -	USD	17.50%	17.50%	0.00%	
UJV Astaldi S.p.A. Chilean branch, Vinci CGP Chilean branch and VCGP	Santiago	Chile	C	- - - -	CLP	50.00%	49.50%	1.00%	VCGP - Astaldi Ingenieria y Construccion Limitada
Associates									
METRO C S.c.p.a.	Rome (Italy)	Italy	C	€150,000,000	EUR	34.50%	34.50%	0.00%	
Otoyol Yatirim Ve Isletme A.S.	Ankara	Turkey	CO	TRY4,180,000,000	USD	18.14%	18.14%	0.00%	

* Key joint ventures and associates are those investments in which the group's investment's carrying amount exceeds €15 million and in joint operations with revenue exceeding €7.5 million

C = Construction; CO = Concessions

Main changes in the consolidation scope

The table below shows the main changes in the consolidation scope compared to the previous year end:

Company name	Type of company	Event
Astaldi Concessions S.p.A.	Subsidiary	Incorporation
Metro Brescia S.r.l.	Associate	Sale
Ic Içtaş Astaldi Ica Inşaat A.S.	Joint ventures	Sale
Ica Astaldi -Ic Ictas WHSD Insaat AS	Joint operation	Sale
ICA Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme Anonim Sirketi	Associate	Sale
IC Ictas Astaldi Simple Partnership – M11 Project	Joint operation	Sale
ICA ICTAS – ASTALDI Joint Venture	Joint operation	Sale

The main changes in the consolidation scope in the first half of 2020 were as follows:

- **Partial proportional demerger of Astaldi Concessioni S.p.A.:** As part of the composition with creditors plan and proposal, Astaldi Concessioni S.p.A. was partially proportionately demerged in the first half of 2020 in order to establish the scope of the non-core assets transferred to the separate unit (which remains with the demerged Astaldi Concessioni S.p.A.) and the core assets related to the operation & maintenance segment and certain other minor interests in concessions (transferred to a newco Astaldi Concessions S.p.A.) which will remain part of the Astaldi Group's industrial activities, including in the years to come.
- **Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu:** In March 2020, in line with agreements previously signed in 2019 and authorised in advance by the Rome Court, Astaldi finalised the sale of its entire investment[12] (including the shareholder loan) in the Third Bosphorus Bridge operator, Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu, to the operator's majority shareholder Ic Ictas Sanayi ve Ticaret A.Ş ("ICTAS"). The transaction price (USD315 million) will be paid in one instalment if ICTAS completes the sale of a majority investment in the operator to the Chinese consortium or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023. Guarantees for exact and timely payment by ICTAS in the latter case comprise the transfer of the amounts due and falling due from the Third Bosphorus Bridge operator to repay the shareholder loan and the right to receive dividends along with the issue of five promissory notes (to

[12] Equal to 20% of the SPE's capital

an escrow agent) to be enforced if the payments are not made within the set deadlines. The income previously recognised in OCI and specifically in the translation reserve (€7.5 million) was reclassified at the date of the sale of the investment. There were no further significant gains or losses deriving from the sale of the investment as the carrying amount had already been substantially adjusted to its fair value less costs to sell in 2018 and 2019.

- **Disengagement from projects carried out in partnership with ICTAS:** as part of the sale of the investment in the Third Bosphorus Bridge operator, the parent agreed with ICTAS to simultaneously disengage from certain projects carried out in partnership in Russia (the Moscow-St. Petersburg M11 Motorway and the WHSD in St. Petersburg) and in Turkey (the EPC[13] contract to build the Third Bosphorus Bridge). At the date of the sale of the investments in the relevant SPEs and in accordance with the IFRS, the parent:

  a) derecognised the relevant assets and liabilities from the statement of financial position;
  b) recognised the total gain (€8.3 million) arising on the group's disengagement from such projects in profit or loss;
  d) reclassified the amounts previously recognised in OCI and specifically in the translation reserve (gain of €43 million) to profit or loss.

Business combinations carried out in the first half of 2020

No business combinations were carried out in the first half of 2020.

Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2020

The EU regulations effective as of 1 January 2020 are summarised below.

Commission Regulation (EU) no. 2019/2075 of 6 December 2019, published in Official Journal L 316 of 6 December 2019: adoption of the amendments to references in the conceptual framework in International Financial Reporting Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised conceptual framework.
Specifically, on 29 March 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main changes of a technical and presentation nature compared to the 2010 version include a new section on measurement, better definitions and guidance in particular on the definition of a liability as well as clarifications about important concepts such as stewardship, prudence and measurement uncertainty. Application of these amendments has not had any significant effects on the group's condensed interim consolidated financial statements.

Commission Regulation (EU) no. 2020/551 of 21 April 2020, published in Official journal L 127 of 22 April 2020: adoption of "Definition of a business (Amendments to IFRS 3)"

The amendments to IFRS 3 - Business combinations are designed to clarify the definition of a business. Adoption of the new amendments has not had any effects on the measurement of the condensed interim consolidated financial statements captions and disclosures.

Endorsed standards and interpretations not adopted early by the group

At the date of preparation of these condensed interim consolidated financial statements, there are no newly-issued standards or interpretations with mandatory adoption from 1 January 2020.

[13] Engineering, Procurement, Construction.

Notes to the condensed interim consolidated financial statements

1 Revenue from contracts with customers: €607,020 thousand

Revenue of €607,020 thousand was impacted by the slowdown of industrial activities due to the Covid-19 emergency in Italy and the Americas (as detailed in the "Covid-19" section). This caption may be analysed as follows:

	H1 2020
Contract revenue	584,195
Concessions - Commercial services under arrangement	19,890
Plant maintenance fees	2,935
Total	**607,020**

Contract revenue is that arising from works performed and accepted by customers, including the portion of uncompleted long-term works carried out during the period.

Concessions – Commercial services under arrangement include the revenue from infrastructure operation services for the four Tuscan hospitals (€19,890 thousand).

Plant maintenance fees relate to activities performed by the subsidiary NBI during the period.

1.1 Revenue by geographical segment

A breakdown of revenue by geographical segment is as follows:

	H1 2020	%
Italy	203,394	33.51%
Europe	206,027	33.94%
Americas	189,496	31.22%
Africa	4,119	0.68%
Asia	3,984	0.66%
Total	**607,020**	**100.00%**

Production in Italy is mainly due to the development of industrial activities related to (i) Line 4 of the Milan Metro, (ii) the Brenner Base Tunnel, (iii) Line C of the Rome Metro, and (iv) the Naples-Cancello lots of the high speed/high capacity Naples-Bari railway line. Operation & Maintenance activities on the four Tuscan hospitals also made a positive contribution.

Production in Europe made a positive contribution thanks to progress made on contracts in Sweden (Haga Station and Kvarnberget Rock Tunnel), Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube) and Poland (the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój Expressway).

Production in the Americas is chiefly attributable to the development of projects in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), the US (the I-405 Highway in California) and Canada (the Hurontario Light Rail Transit Project and civil construction work performed by the subsidiary T.E.Q. Construction Enterprise Inc.).

Foreign production also refers to contracts in Asia (the Versova–Bandra Sea Link in Mumbai and the Mumbai

Metro in India) and Africa (railway lots in Algeria).

1.2 Revenue by business segment

The following table shows a breakdown of revenue by business segment (construction and O&M) for the first half of 2020:

	H1 2020	%
Transport infrastructure	491,175	80.90%
- Railways and metros	*251,217*	*41.40%*
- Roads and motorways	*174,173*	*28.70%*
- Ports and airports	*65,815*	*10.80%*
Hydraulic plants and energy production	7,410	1.20%
Civil and industrial construction	34,221	5.70%
Industrial plants	51,066	8.40%
Total construction	**583,872**	**96.20%**
Operation & maintenance	**23,148**	**3.80%**
Total	**607,020**	**100.00%**

Construction

Transport infrastructure

Revenue from the transport infrastructure sub-segment in the first half of 2020 mainly refers to the following sub-segments:

(i) Railways and metros, mainly deriving from railway contracts in Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line), Haga Station for the Gothenburg Rail Link in Sweden and projects related to the high speed/high capacity Naples-Bari and Palermo-Catania railway lines, the construction of Line 4 of the Milan Metro, Line C of the Rome Metro and the Brenner Base Railway Tunnel in Italy;

(ii) Roads and motorways, chiefly related to the construction of the I-405 Highway in California, the Braila Bridge over the Danube in Romania, and the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój expressway in Poland.

(iii) **Ports and airports**, essentially related to the development of operating activities at the Arturo Merino Benítez International Airport in Santiago, Chile.

Hydraulic plants and energy production

Revenue from the hydraulic plants and energy production sub-segment in the first half of 2020 is chiefly due to the Ashbridges project in Canada and the Gdansk waste-to-energy plant in Poland.

Civil and industrial construction

Production in the civil and industrial construction sub-segment is chiefly attributable to activities by the Canadian subsidiary T.E.Q. Construction Enterprise Inc (the Trois-Rivières Hockey Arena, Quebec, the Sacré-Cœur Hospital in Montreal and the Quartier des Spectacles skating rink in Montreal).

Industrial plants[14]

Revenue from the industrial plants sub-segment in the first half of 2020 mainly relates to mining projects in Chile (the Chuquicamata Mine).

Operation & maintenance

Revenue from the **operation & maintenance** segment in the first half of 2020 was entirely earned in the Italian healthcare sector via GE.SAT (the four Tuscan hospitals).

[14] Also includes revenue from mining projects.

Finally, like the other sector operators, the group complies with its performance obligations over time by mainly developing contract projects for complex activities that are part of the design, construction and operation of public infrastructure and large civil engineering works.

Note 40 - Segment reporting pursuant to IFRS 8 provides more information about this caption.

2 Other operating revenue: €49,763 thousand

Other revenue of €49,763 thousand includes items not directly related to the group's core business but accessory thereto. This caption may be analysed as follows:

	H1 2020
Revenue from the sale of goods	643
Services - third parties	16,194
Services - management of joint projects	547
Leases and rent	921
Gains on sales	8,002
Other	23,456
Total	**49,763**

Services - third parties mainly refers to: (i) activities ancillary to the construction of works (leases of machinery and equipment and provisions of services) provided to suppliers and subcontractors of the construction segment (specifically in Chile, Sweden and Poland); (ii) industrial, administrative, procurement and engineering services provided by the parent to certain joint operations in Romania; in addition to (iii) the partial reimbursement by the customer of costs incurred by the subsidiary Astaldi Canada Enterprises Inc. for the study of certain commercial initiatives in Ontario.

Gains on sales of approximately €8 million mainly refer to the updated estimate of variable components related to the 2018 sale of 59.4% of Veneta Sanitaria Finanziaria di Progetto S.p.A. (Nuovo Ospedale di Venezia-Mestre). The transaction price, net of the costs to sell, included a fixed component recognised in prior consolidated financial statements (€46.4 million), and additional variable components to be paid to the group upon the outcome of the ongoing arbitration proceedings between the SPE and the grantor, ULSS 3 Serenissima. Given positive developments in the proceedings, the group updated the estimated transaction price that it expects to receive for the sale of such investment.

"Other" mainly includes (i) prior year income mainly related to the elimination of certain liabilities related to Chile and Romania that are no longer due (€20,433 thousand), and (ii) compensation from third parties (insurance companies and sub-contractors) for higher costs incurred by the group in previous years for the performance of contracts in the construction segment in Italy (€1,690 thousand).

3 Purchase costs: €86,342 thousand

Purchases of and changes in raw materials and consumables amount to €86,342 thousand for the first half of 2020.

	H1 2020
Purchase costs	89,666
Change in raw materials, consumables and supplies	(3,324)
Total	**86,342**

The following table shows a breakdown of costs by geographical segment:

	H1 2020	%
Italy	28,321	32.80%
Europe	39,911	46.22%
Americas	16,530	19.14%
Africa	400	0.46%
Asia	1,180	1.37%
Total	**86,342**	**100.00%**

Purchase costs chiefly refer to contracts in progress in Italy (Line 4 of the Milan Metro and the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line) and Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube) which most contributed to production of the period.

4 Service costs: €393,753 thousand

Service costs amount to €393,753 thousand in the first half of 2020. They may be analysed as follows:

	H1 2020
Consortium costs	47,835
Subcontracts and other services	256,880
Technical, administrative and legal consultancy	51,774
Directors' and statutory auditors' fees	1,289
Utilities	2,729
Business trips and travel	2,113
Insurance	8,792
Leases and other costs	13,829
Lease and building management costs	1,507
Maintenance on third party assets	200
Other	6,805
Total	**393,753**

The consortium costs incurred to carry out contracts with other construction companies amount to €47,835 thousand and are chiefly attributable to activities for the performance of works for the construction of the Brenner Base Tunnel (Lot "Mules 2-3") and Line C of the Rome Metro.

Subcontracts and other services amount to €256,880 thousand and are broken down as follows by geographical segment:

	H1 2020	%
Italy	60,718	23.64%
Europe	102,842	40.04%
Americas	89,990	35.03%
Africa	1,485	0.58%
Asia	1,845	0.72%
Total	**256,880**	**100.00%**

The variations in this caption are mainly due to production of the period which, as described in note 1 on revenue, recorded a concentration of industrial activities in countries where Astaldi has traditionally been most present, such as: (i) Italy (Line 4 of the Milan Metro, the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line and the four Tuscan hospitals for O&M activities); (ii) Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube); (iii) Poland (the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój expressway); and (iv) Chile

(Arturo Merino Benítez International Airport in Santiago). Costs were also incurred for projects in Canada (civil construction) and the US (the I-405 Highway in California).

Technical, administrative and legal consultancy costs include a one-off component for the advisory services provided for the composition with creditors procedure, including court costs, amounting to €12.3 million. A significant portion of such costs were also incurred in: (i) Sweden (approximately €8 million) mostly attributable to design activities on Haga Station for the Gothenburg Rail Link; (ii) Italy (roughly €14 million) chiefly for design activities (the Apice-Hirpinia section of the high speed/high capacity Naples-Bari railway line and mega lot 3 of the state road Jonica) and legal costs incurred by the parent for the various disputes underway; (iii) Romania (approximately €5 million) attributable to the development of industrial activities on the Braila Bridge over the Danube and lots of the Curtici-Simeria railway line; and (iv) Chile (roughly €4 million) mainly related to Santiago Airport.

5 Personnel expenses: €118,740 thousand

This caption may be analysed as follows:

	H1 2020
Wages and salaries	90,433
Social security contributions	13,363
Other costs	14,396
Other post-employment benefits	548
Total	**118,740**

Other personnel expenses mainly comprise costs incurred for bed and board and the transfer of personnel.

A breakdown of personnel expenses by geographical segment is as follows:

	H1 2020	%
Italy	39,371	33.16%
Europe	25,208	21.23%
Americas	52,461	44.18%
Africa	981	0.83%
Asia	719	0.61%
Total	**118,740**	**100.00%**

5.1 Average number of employees

The average number of employees by category is as follows:

	H1 2020
Managers	163
Junior managers	156
White collars	1,793
Blue collars	1,725
Average number of employees	**3,837**

The average number of employees was 3,837 in the first half of 2020. On a combined basis, the workforce decreased considerably compared to 2019 (roughly 42.5%). In addition to the overall slowdown in production activities, the decrease is also due to the actions taken by the parent to adapt its organisational structure to its new operating situation following the composition with creditors procedure. Moreover, this was one of the key requirements underpinning the composition with creditors plan approved in 2019.

6 Other operating costs: €17,779 thousand

The other operating costs amount to €17,779 thousand. They are made up as follows:

	H1 2020
Prior year expense and fair value losses	624
Taxes and duties	1,170
Other administrative and sundry costs	15,985
Total	**17,779**

Other administrative and sundry costs mainly include: (i) the losses realised by the parent due to its disengagement from the EPC contract related to the Third Bosphorus Bridge in Turkey (€10,079 thousand); (ii) the group's ordinary administration costs (stationery, photocopies, visas, etc.) (€1,576 thousand); (iii) the losses realised on the sale of machinery and equipment, mostly as part of contracts that are no longer active in Chile (€1,165 thousand).

7 Change in costs capitalised to fulfil a contract: €33 thousand

This caption of €33 thousand includes the change in costs capitalised for future performance obligations pursuant to IFRS 15.91-95.

8 Share of profits (losses) from joint ventures and associates: €26,152 thousand

The share of profits (losses) of equity-accounted investees is made up as follows:

	H1 2020
Associates	29,845
Joint ventures	(3,693)
Total	**26,152**

The balance for the period mostly refers to the concessions segment in Turkey; specifically:

- *(i)* Otoyol Yatirim Ve Isletme A.S. (the Gebze-Orhangazi-Izmir Motorway, €22,496 thousand);
- *(ii)* Ankara Etlik Hastane A.S. (the Etlik Integrated Health Campus, -€3,634 thousand);
- *(iii)* the reclassification, in accordance with IAS 28.22c, of the positive balance of the translation reserve of the SPE Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu sold in the first half of 2020, from other comprehensive income.

9 Amortisation, depreciation and impairment losses: €44,565 thousand

Amortisation, depreciation and impairment losses amount to €44,565 thousand. They may be analysed as follows:

	H1 2020
Amortisation	7,546
Depreciation	5,811
Depreciation of right-of-use assets	17,410
Other impairment losses on non-current assets	1,292
Impairment losses on loans and receivables	12,507
Total	**44,565**

Amortisation mainly refers to the contractual rights acquired to develop works for maxi lot 2 of the Marche-Umbria road system (€894 thousand), the Infraflegrea[15] project (€2,005 thousand) and O&M activities for the Felix Bulnes Hospital (€3,720 thousand).

Depreciation chiefly refer to contracts in progress in (i) Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), (ii) the US (the I-405 Highway in California), (iii) Sweden (Haga Station and Kvarnberget Rock Tunnel), and (iv) Italy (Line 4 of the Milan Metro) which contributed significantly to production of the period.

Depreciation of right-of-use assets comprises depreciation of leased assets as per the new standard IFRS 16. It mainly refers to (i) operating assets (plant, machinery and equipment) used to develop projects in progress in Italy, Chile, Sweden and Romania, as well as (ii) buildings that will house the local offices of foreign branches and subsidiaries.

Impairment losses on loans and receivables is mainly attributable to the outcome of impairment tests on certain receivables related to the EPC contract to build the Third Bosphorus Bridge in Turkey (€13,339 thousand).

10 Provisions: €17,031 thousand

Provisions for risks and charges amount to €17,031 thousand. They may be analysed as follows:

	H1 2020
Accruals to the provision for onerous contracts	3,651
Accruals to the provision for equity investments	7
Accruals to the provision for legal disputes	13,373
Total	**17,031**

The accruals to the provision for onerous contracts of €3,651 thousand refer to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Chile.

The accruals to the provision for legal disputes of €13,373 thousand chiefly refer to (i) the estimated contingent liability for the dispute involving the subsidiary NBI S.p.A. under composition with creditors procedure related to the contract in progress in South America and (ii) accruals made in Italy[16] for the arbitration against Astaldi by Metro C S.c.p.A. in order to obtain compensation for damage that it could incur from the parent's factoring agreement with Aosta Factoring.

[15] Cumana railway and the Monte Sant'Angelo railway connector in Naples.

[16] See note 36 "Provisions for risks and charges" for more information.

11 Financial income: €31,840 thousand

Financial income may be analysed as follows:

	H1 2020
Income from financial transactions with banks	529
Commissions on sureties	709
Exchange gains	14,772
Financial income on leases	233
Interest income on intragroup financing	154
Other financial income	15,443
Total	**31,840**

Exchange gains are mainly due to fluctuations of the US dollar and the Polish zloty.

Other financial income mainly includes: (i) accrued interest on amounts due from customers for contracts in progress in Italy and abroad (€5,216 thousand), and (ii) interest on loans granted to associates and joint ventures (€5,488 thousand), in addition to (iii) fair value gains on subordinated loans (€2,919 thousand).

12 Financial expense: €81,629 thousand

Financial expense may be analysed as follows:

	H1 2020
Interest on bonds	11,270
Commissions on sureties	15,140
Expense on financial transactions with banks	1,448
Exchange losses	45,359
Fair value losses on derivatives	75
Financial expense on leases	1,632
Interest on payment extensions for trade payables	1,343
Non-recourse factoring of receivables	71
Interest on intragroup financing	4,295
Other financial expense	996
Total	**81,629**

Interest on bonds refers to the pre-preferential financing[17], the use of which was specifically authorised by the Rome Court in accordance with article 182-quinquies of the Bankruptcy Law.

Commissions on sureties mainly refer to countries where Astaldi has traditionally been most present and where the group's industrial activities have been mostly focused following the commencement of the composition with creditors procedure (Italy, Romania, Chile, Poland and Romania).

With regard to exchange losses, as part of the group's disengagement from certain projects carried out in partnership with ICTAS in Turkey (the EPC[18] contract to build the Third Bosphorus Bridge), losses previously recognised in OCI and specifically in the translation reserve (€23 million) were reclassified to profit or loss during the period.

[17] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[18] Engineering, Procurement, Construction.

13 Income taxes: €4,515 thousand

The group estimated its tax expense on a provisional basis at the reporting date, based on the amount it expects to pay at period end, using the tax rates enacted by the different tax jurisdictions of the countries in which it operates.

	H1 2020
Current income taxes (*)	2,068
Deferred income taxes	903
IRAP, current	261
Prior year and other taxes	1,283
Total	**4,515**

(*) The income taxes refer to IRES for Italy and equivalent taxes for abroad.

As is customary, the estimated income taxes also reflect the various tax regimes ruling in the countries where the group operates, also with reference to income tax regulations regarding long-term contracts.

At the date of preparation of these condensed interim consolidated financial statements, the group has recognised (i) deferred tax assets of €276,152 thousand (mainly related to non-deducted tax losses and interest expense as per article 96 of the Consolidated Income Tax Act and costs deductible in following years), and (ii) deferred tax liabilities of €65,423 thousand (mostly attributable to foreign components taxable in following years).

Furthermore, management believes the recoverability of the parent's deferred tax assets is reasonably based on the forecasts implicit in and deriving from the plan underpinning the composition with creditors procedure.

14 Profit (Loss) from discontinued operations: -€31,759 thousand

As provided for by the 2018-2023 business plan approved by its board of directors on 13 February 2019 and filed with the Rome Court together with the application for composition with creditors procedure on 14 February 2019, Astaldi initiated an in-depth analysis of its order backlog in order to progressively curtail the intrinsic risk in individual projects.

In line with the business plan, the solution found was cutting back the group's presence in countries considered higher risk and choosing more economically and financially sustainable projects.

Specifically, the new business plan clearly defined the order backlog in countries where the group's industrial activities will be focused and, thus, the countries (mainly Central American countries and Russia, with respect to the first half of 2020) where the parent will disengage from activities as they no longer meet the revised commercial and business planning strategies.
In line with the business plan guidelines, Astaldi:

- reached an agreement to fully transfer its activities in progress in Russia to its partner ICTAS, as part of the sale of the Third Bosphorus Bridge operator agreed on 20 June 2019 and effective as of March 2020;
- suspended the operations of its Honduras branch after the local judicial authorities appointed an administrator on 25 May 2019 in order to sell the branch's assets to satisfy its creditors;
- in 2019, discontinued its business activities in the other geographical segments identified under the parent's new business plan.

Based on the above and as the conditions set out in paragraph 32.a) and b) of IFRS 5 - Non-current assets held for sale and discontinued operations were deemed to have been met starting from 2019, the parent's directors reclassified its revenue and costs related to those geographical segments to discontinued operations.

The following table shows a breakdown of the revenue and costs of discontinued operations:

Revenue of discontinued operations

	H1 2020
Revenue from contracts with customers	2,155
Other operating revenue	5,721
Financial income	14,387
Total revenue of discontinued operations	**22,263**

Costs of discontinued operations

	H1 2020
Operating costs	5,612
Personnel expenses	1,400
Other operating costs	3,332
Provisions and impairment losses	898
Financial expense	42,617
Income taxes	163
Total costs of discontinued operations	**54,022**

The loss from discontinued operations (€32 million) is mainly due to: (i) the reclassification of losses of the M11 Motorway and the WHSD in St. Petersburg projects in Russia previously recognised in OCI and specifically in the translation reserve (€20 million) to profit or loss following the disposal of the relevant foreign operations; in addition to (ii) losses incurred on the same projects in the first quarter of 2020 mainly due to exchange differences arising on balances in Russian rouble (approximately €6 million).

15 Profit (Loss) per share: -€0.86

The basic loss per share is calculated as follows:

		H1 2020
Numerator (€'000)		
Loss from continuing operations attributable to the ordinary shareholders of the parent	**(a)**	(52,030)
Loss attributable to the ordinary shareholders of the parent	**(b)**	(83,789)
Denominator (in units)		
Weighted average shares (ordinary)		98,424,900
Weighted average treasury shares		(551,834)
Weighted average shares used to calculate basic loss per share	**(c)**	**97,873,066**
Basic loss per share - (€)	**(b)/(c)**	**(€0.8561)**
Basic loss per share from continuing operations - (€)	**(a)/(c)**	**(€0.5316)**

At the date of preparation of these condensed interim consolidated financial statements, a potential increase in the number of outstanding ordinary shares compared to the financial instruments issued by the parent would not have a dilutive effect.

16 Property, plant and equipment: €95,324 thousand (€99,938 thousand)

This caption may be analysed as follows:

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machinery	Assets under const. and payments on account	Total
Balance at 31 December 2019, net of depreciation (1)	33,945	27,379	15,760	20,334	2,521	99,938
Additions from acquisitions	9	2,064	1,199	658	767	4,697
Gross amount	**33,954**	**29,443**	**16,959**	**20,992**	**3,288**	**104,636**
Depreciation	(547)	(1,691)	(1,588)	(1,980)	0	(5,807)
Disposals	(269)	(1,421)	(828)	(216)	(816)	(3,548)
Reclassifications and transfers	(65)	(42)	70	4	33	0
Net exchange gains (losses)	3	(195)	(429)	(348)	(466)	(1,436)
Change in consolidation scope and other changes	874	(363)	237	(616)	1,348	1,480
Balance at 30 June 2020, net of depreciation (2)	**33,949**	**25,731**	**14,421**	**17,836**	**3,388**	**95,324**
(1) of which:						
Historical cost	51,105	73,849	61,019	63,660	2,521	252,154
Acc. depreciation	(17,160)	(46,470)	(45,260)	(43,326)	0	(152,216)
Carrying amount	**33,945**	**27,379**	**15,759**	**20,334**	**2,521**	**99,938**
(2) of which:						
Historical cost	52,309	68,702	59,194	72,051	3,388	255,643
Acc. depreciation	(18,361)	(42,971)	(44,774)	(54,214)	0	(160,319)
Carrying amount	**33,948**	**25,731**	**14,420**	**17,837**	**3,388**	**95,324**

The more significant changes relate to:

- the increase of €4,697 thousand principally relating to investments made for the projects in progress in Italy (mega lot 3 of the state road Jonica and the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line) and the US (the I-405 Highway in California);
- depreciation for the period of €5,807 thousand;
- disposals of €3,548 thousand principally relating to the assets of contracts nearing completion in Poland and Turkey.

17 Right-of-use assets: €28,424 thousand (€38,724 thousand)

Right-of-use assets comprise leased assets as per the new standard IFRS 16. The caption mainly refers to operating assets (plant, machinery and equipment) used to develop projects in progress mainly in (i) Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), (ii) the US (the I-405 Highway in California), (iii) Sweden (Haga Station and Kvarnberget Rock Tunnel), and (iv) Italy (Line 4 of the Milan Metro), in addition to (v) buildings that will house the local offices of foreign branches and subsidiaries.

This caption may be analysed as follows:

	Land and buildings	Generic and specific plant	Excavators, power shovels and vehicles	Sundry equipment and machines	Total at 30/06/2020
Historical cost	11,048	14,750	37,032	3,017	65,847
Acc. depreciation	(4,637)	(7,562)	(23,718)	(1,505)	(37,422)
Total	**6,411**	**7,188**	**13,313**	**1,512**	**28,424**

The decrease is mainly due to ordinary depreciation (€17,410 thousand).

18 Investment property: €124 thousand (€127 thousand)

Investment property of €124 thousand includes buildings and land held for investment purposes. Though basically unchanged on the previous year end, the decrease is due to ordinary depreciation (€4 thousand). The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

19 Intangible assets: €40,807 thousand (€48,295 thousand)

	30/06/2020	31/12/2019	Variation
Contractual rights	39,791	46,295	(6,504)
Software applications	386	516	(130)
Other minor	630	1,485	(855)
Total	**40,807**	**48,295**	**(7,488)**

Intangible assets at 30 June 2020 mainly comprise contractual rights acquired from third parties to perform the following contracts:

(i) construction works for maxi lot 2 of the Marche-Umbria road system (€15,357 thousand);
(ii) the Infraflegrea project (€21,574 thousand);
(iii) O&M activities on the four Tuscan hospitals (€1,617 thousand).

The decrease in intangible assets is mainly due to ordinary amortisation (€7,546 thousand).

Finally, taking into account the indicators of impairment[19] on the contractual rights for the Infraflegrea project, management prudently tested the related investment for impairment.

Specifically, the group estimated value in use by discounting the operating cash flows (using the UDCF method) calculated on the basis of the projections based on reasonable and sustainable assumptions reflecting parent management's best estimates. The cash flows of each year have been suitably discounted (mid-year convention) at a WACC of 8.6%.

Impairment test results

Infraflegrea project

As is its usual practice, the group performed a separate impairment test on the recoverability of investments in the Cumana railway and Monte Sant'Angelo contracts. To this end, though these contracts are part of the Infraflegrea project, they are two separate cash-generating units which are separately monitored for management reporting purposes.

[19] Internal information about delays in the performance of works.

The impairment test did not show the need to recognise an impairment loss on intangible assets.

Furthermore, with regard to the sensitivity analysis:

- **Cumana railway contract** – the analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of the investment. Similarly, an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would not affect their recoverability.
- **Monte Sant'Angelo contract** – the sensitivity analysis showed that (i) a change in the discount rate (+100 bps) or (ii) an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would lead to an adjustment of approximately €0.5 million to the carrying amount of the investment.

Finally, the caption does not include leased assets.

20 Equity investments: €485,934 thousand (€502,088 thousand)

Investments in associates, joint ventures and other companies amount to €485,934 thousand. They may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Equity-accounted investments	447,323	454,267	(6,944)
Non-controlling interests	38,611	47,819	(9,208)
Total	**485,934**	**502,088**	**(16,154)**

In addition to the effects of the adoption of the IFRS[20], the decrease in equity investments is mainly attributable to the following reasons:

- the sale of the parent's 24.50% investment in Metro Brescia S.r.l. (€2,852 thousand);
- the equity loans granted to SPV Linea M4 S.p.A. (€809 thousand) and Sociedad Concesionaria Nuevo Pudahuel S.A (€3,638 thousand).

The carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2019.

20.1 Impairment testing

Due to the presence of impairment indicators linked to the decrease in cash flows due to the Turkish lira's depreciation, the carrying amount of the investment in the SPE Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS was tested for impairment.

Impairment test results

With reference, in particular, to the valuation techniques applied for impairment testing purposes, the individual recoverable amount of the investment was calculated using the "Dividend Discount Model" (DDM), discounting the flows of future dividends expected from its operations. In order to apply this method, the group used the investee's business plans prepared by its relevant bodies, projected over the residual life of the individual concession.

The negotiations commenced in the second half of 2018 continued during 2020 with the lenders to remedy the defaults mostly related to agreement of the amounts of the variation orders with the customer, in order to obtain funding. The critical issues mostly relate to the non-compliance with the contractually-established completion date for the construction work, as well as the financial and currency crisis that affected the Turkish lira in August

[20] See notes 8 and 30 for more information.

2018 and commencement of the composition with creditors procedure by Astaldi in September 2018 (Astaldi is a major player in the joint venture set up for this project). At the date of preparation of these condensed interim consolidated financial statements, the negotiations with the lenders and the customer to remedy the existing defaults and return the project to an operating status had been successfully completed. A rider has been signed to reflect the new regulation. Accordingly, the investee's business plan used in preparing the impairment test took into account the outcome of the negotiations with the customer and the lenders, along with the effects of the depreciation of the Turkish lira on cash flows. The impairment test confirmed the full recoverability of the investment. Therefore, the group did not recognise an impairment loss thereon.
Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would substantially confirm the headroom. Similarly, an assumed decrease of 10% in the dividend flows on a linear basis in all years covered by the plan would confirm the recoverability of the carrying amount of the investments.

20.2 Non-controlling interests

The group decided to avail of the option as per paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some non-controlling interests (i.e., investments in concession SPEs) as assets at FVTOCI[21], in order to take into account the fact that the valuation of such investments, related to projects developed over a long period of time, can be influenced by external elements[22] - mainly temporary in nature - that do not entail a definitive increase/decrease in equity. Management deemed that recognising these effects in profit or loss would thus impact the proper presentation of the group's income and expense as they only refer to a temporary accounting presentation. The following table provides a summary of the key figures of the main investments recognised at FVTOCI:

Company name	Fair value	Cost	Variation	Impact on OCI HI 2020	Investment %	Ke[23]	Valuation method
SPV Linea M4 S.p.A.	20,019	23,120	(3,100)	(2,685)	9.63%	8.38%	DDM
Sociedad Concesionaria Nuevo Pudahuel S.A.	15,506	31,646	(16,139)	(11,122)	15.00%	9.24%	DDM

The fair value of the investment in Sociedad Concesionaria Nuevo Pudahuel S.A. was calculated using the dividend discount model (DDM), i.e., by discounting the expected future dividend flows inferred from the investee's financial projections which also reflect the possible effects of the Covid-19 pandemic. The SPE, which operates the Arturo Merino Benitez International Airport in Santiago, inevitably recorded a considerable drop in commercial services provided due to fewer numbers of passengers travelling through the terminal as a result of the pandemic. In addition, at the date of publication of these condensed interim consolidated financial statements, the SPE has commenced talks with the customer in order to find the most suitable ameliorative solutions to ensure that the concession is financially viable.

[21] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.
[22] Variations in exchange rates and discount rates
[23] Calculated based on market values.

21 Financial assets

21.1 Non-current financial assets: €323,158 thousand (€138,648 thousand)

The following table gives a breakdown of non-current financial assets:

	30/06/2020	31/12/2019	Variation
Non-current loan assets	152,641	121,316	31,325
Securities	6,766	5,567	1,199
Other financial assets - investees	838	838	0
Other financial assets - third parties	157,939	2,478	155,461
Lease payments receivable	6,307	8,461	(2,154)
Loss allowances	(1,333)	(12)	(1,321)
Total	**323,158**	**138,648**	**184,510**

Non-current loan assets mainly relate to the subordinated loans (semi-equity) granted to the SPEs in the concessions segment.

The amounts granted to the main investees are summarised below:

	30/06/2020	31/12/2019	Variation
Ankara Etlik Hastane A.S.	74,134	60,488	13,646
Metro 5 S.p.A.	1,289	1,828	(539)
Otoyol Yatirim Ve Isletme A.S.	477	461	16
Sociedad Concesionaria Nuevo Pudahuel S.A.	42,835	31,845	10,990
SPV Linea M4 S.p.A.	33,907	26,694	7,213
Veneta Sanitaria di Progetto S.p.A.	(1)	0	(1)
Total	**152,641**	**121,316**	**31,325**

The changes for the period mainly relate to the following: (i) the additional amounts granted to the SPEs Ankara Etlik (€765 thousand), Sociedad Concesionaria Nuevo Pudahuel (€3,511 thousand) and SPV Linea M4 S.p.A. (€3,785 thousand), in addition to (ii) the change in the fair value of such financial instruments (totalling €22 million).

Securities refer to bonds[24] issued by the joint venture OC 405 Partners, in accordance with the terms and conditions of the relevant contract, to guarantee the customer that the obligations undertaken with regard to the works to upgrade the I-405 Highway in California would be fulfilled.

Other financial assets - third parties grew by roughly €157.6 million mainly related to the fair value of the receivable for the sale of the shareholder loan (semi-equity) of the Third Bosphorus Bridge operator to ICTAS. The lease payments receivable relate to the contract with the associate Brennero Tunnel Construction S.c.a.r.l. for the lease of a tunnel boring machine ("TBM") needed to bore the Brenner Base Tunnel. The decrease on the previous year end is due to the reclassification of the principal payments due within the first half of 2020 to current financial assets.

Reference should be made to note 39 on related party transactions for information on the other financial assets - investees.

[24] Highly rated corporate bonds (investment grade) issued by the parent.

21.2 Current financial assets: €120,871 thousand (€110,388 thousand)

Current financial assets of €120,871 thousand are made up as follows:

	30/06/2020	31/12/2019	Variation
Securities in portfolio	15,380	19,990	(4,610)
Current loan assets	106,834	90,732	16,102
Impairment losses on current loan assets	(1,104)	(304)	(800)
Loss allowances	(240)	(30)	(210)
Total	**120,871**	**110,388**	**10,483**

Securities in portfolio refer specifically to the temporary investment of the joint venture for the I-405 Highway project in California, OC 405 Partners' liquidity in highly rated corporate bonds (investment grade). The decrease on the previous year end is due to the partial redemption of the bonds that matured in the first half of 2020.

Current loan assets increased by €16,102 thousand on 31 December 2019 mainly in relation to the current portion of the consideration received on the sale of the semi-equity loan related to the Third Bosphorus Bridge in Turkey.

22 Other assets

22.1 Other non-current assets: €119,761 thousand (€117,677 thousand)

This caption may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Indirect taxes	16,679	10,590	6,089
Direct taxes	6,548	7,444	(896)
Tax assets	**23,227**	**18,034**	**5,193**
Advances to suppliers and subcontractors	26	0	26
Guarantee deposits	26,898	36,678	(9,780)
Prepaid insurance premiums	14,458	7,636	6,822
Prepaid surety commissions	1,144	1,187	(43)
Other prepayments	1,076	2,049	(973)
Amounts due from social security institutions	56	56	0
Other sundry loans and receivables	52,876	52,036	840
Other assets	**96,534**	**99,642**	**(3,108)**
Total	**119,761**	**117,677**	**2,084**

The increase in indirect taxes is mostly due to the VAT assets claimed for reimbursement during the period by the parent and the subsidiary Dirpa 2 S.c.r.l..
The decrease in guarantee deposits is mainly attributable to the partial release of amounts issued as guarantees to the customer for the Chuquicamata mining projects in Chile (Contract C13 and the El Teniente contract).
Other sundry loans and receivables mainly include receivables and contract work in progress of the Venezuelan railway projects, net of the related loss allowances.

Considering the country's persisting serious political, economic and social crisis, management prudently recognised a recoverable amount of €52 million[25] for such assets in previous years.

22.2 Other current assets: €330,673 thousand (€336,936 thousand)

The following table gives a breakdown of other current assets:

	30/06/2020	31/12/2019	Variation
Receivables for the sale of goods and/or services	182,705	190,360	(7,655)
Amounts due from non-controlling shareholders	1,051	0	1,051
Advances to suppliers and subcontractors	99,900	91,352	8,548
Amounts due from personnel	754	738	16
Amounts due from social security institutions	2,557	2,577	(20)
Credit notes from suppliers	17,843	17,976	(133)
Prepaid insurance premiums	8,898	11,349	(2,451)
Prepaid surety commissions	5,116	5,112	4
Other prepayments	939	1,198	(259)
Other sundry loans and receivables	11,665	16,982	(5,317)
Allowance for contract losses to complete	(755)	(708)	(47)
Total	**330,673**	**336,936**	**(6,263)**

Receivables for the sale of goods and/or services of €182,705 thousand mainly relate to:

- activities ancillary to the construction of works (leases of machinery and equipment, sales of goods and provisions of services) provided to suppliers and subcontractors of the construction segment (€149,348 thousand);
- receivables of €34,407 thousand from associates, joint ventures and joint operations for *(i)* industrial, administrative, procurement and engineering services, and *(ii)* commissions for guarantees given by the parent to obtain the performance and advance payment bonds required by the individual contracts.

Advances to suppliers grew above all due to the development of industrial activities in Italy and Sweden.

23 Inventories: €40,239 thousand (€38,231 thousand)

This caption may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Raw materials, consumables and supplies	40,900	39,321	1,579
Allowance for inventory write-downs	(8,846)	(8,867)	21
Finished goods	3,381	1,978	1,403
Goods and materials in transit	4,804	5,799	(995)
Total	**40,239**	**38,231**	**2,008**

More or less unchanged on the previous year end, the allowance for inventory write-downs relates to some countries in the Americas where the group has decided to discontinue its operations. To calculate the write-downs, the group used the realisable amount of the goods and materials in stock estimated considering (i) the economic situation in such countries, and (ii) its intention to discontinue its operations there.

[25] See the "Impairment of other financial instruments" section for more information on the criteria adopted to calculate the recoverable amount of such financial assets.

The next table gives a breakdown of inventories by geographical segment:

	30/06/2020	%	31/12/2019	%	Variation
Italy	7,980	19.83%	6,495	16.99%	1,485
Europe	24,471	60.81%	24,673	64.54%	(202)
Americas	7,563	18.80%	6,808	17.81%	755
Africa	225	0.56%	255	0.67%	(30)
Total	**40,239**	**100.00%**	**38,231**	**100.00%**	**2,008**

The increase in Italy is mostly attributable to the subsidiary NBI S.p.A. under composition with creditors procedure and refers to the finalisation of the agreements signed in previous years for the purchase of property to be subsequently resold.
The increase in inventories of the following foreign contracts: (i) Arturo Merino Benítez International Airport in Santiago, Chile and (ii) Haga Station and Kvarnberget Rock Tunnel in Sweden, is due to the roll out of certain work stages that require the gradual procurement of materials needed to perform the works.
This effect was mostly offset by the decrease recorded in (i) Turkey, following the parent's disengagement from the EPC contract to build the Third Bosphorus Bridge, and (ii) Poland (the S-7 Expressway between Naprawa and Skomielna Biała).

24 Contract assets: €966,405 thousand (€794,098 thousand) Contract liabilities: -€407,464 thousand (-€384,063 thousand)

These captions may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Contract work in progress	15,300,028	13,949,486	1,350,542
Progress payments from customers	(14,179,822)	(13,042,021)	(1,137,801)
Fines for contract terminations	(37,292)	(38,774)	1,482
Contractual advances	(115,673)	(73,670)	(42,003)
Loss allowances	(836)	(923)	87
Contract assets	**966,405**	**794,098**	**172,307**
Contract work in progress	3,486,725	5,587,481	(2,100,756)
Progress payments from customers	(3,681,903)	(5,693,536)	2,011,633
Contractual advances	(212,285)	(278,007)	65,722
Contract liabilities	**(407,464)**	**(384,063)**	**(23,401)**

Net contract work in progress[26], recognised separately under contract assets and contract liabilities, increased by roughly €123 million on the previous year end, mainly due to the development of industrial activities for the contracts which most contributed to production of the period in (i) Italy (Line C of the Rome Metro), (ii) Romania (the Braila Bridge over the Danube), (iii) Chile (Arturo Merino Benítez International Airport in Santiago) and (iv) the US (the I-405 Highway in California).

Contractual advances decreased by a total of €24 million mainly due to the partial utilisation of advances following the progress of work during the period in Poland, Romania and Chile.

[26] Contract work in progress less progress payments from customers.

25 Costs capitalised to fulfil a contract: €2,786 thousand (€2,868 thousand)

This caption comprises pre-operating costs - capitalised as per IFRS 15.91-95 - referring to bidding costs[27] incurred to generate or enhance resources that will be used to fulfil the relevant contracts (i.e., preliminary and/or final design of works, geognostic surveys, topographical surveys, etc.).

26 Trade receivables: €459,402 thousand (€604,976 thousand)

Trade receivables decreased by approximately €145,574 thousand and are made up as follows:

	30/06/2020	31/12/2019	Variation
Customers	441,432	611,234	(169,802)
Investees	25,538	27,973	(2,435)
Loss allowances	(7,568)	(34,232)	26,664
Total	**459,402**	**604,976**	**(145,574)**

The decrease in loss allowances is mainly attributable to the derecognition of certain credit-impaired exposures (net of the relevant loss allowance) related to the EPC contract to build the Third Bosphorus Bridge in Turkey (€26 million).

The next table gives a breakdown of the caption by geographical segment:

	30/06/2020	%	31/12/2019	%	Variation
Italy	300,773	65.47%	380,198	62.85%	(79,425)
Europe	85,709	18.66%	139,030	22.98%	(53,321)
Americas	72,021	15.68%	84,139	13.91%	(12,118)
Africa	635	0.14%	1,435	0.24%	(800)
Asia	264	0.06%	174	0.03%	90
Total	**459,402**	**100.00%**	**604,976**	**100.00%**	**(145,574)**

Based on the table above:

- the decrease in Italy is due to the partial collection of contract consideration for Line 4 of the Milan Metro and Line C of the Rome Metro projects;
- the decrease in Europe is mostly due to the near completion of Line II, East extension of the Warsaw Metro project in Poland and the parent's disengagement from the EPC contract to build the Third Bosphorus Bridge in Turkey;
- the contraction in the Americas is chiefly attributable to the collection of amounts due in relation to works to build the New Linares Hospital in Chile at 31 December 2019.

27 Tax assets: €74,813 thousand (€68,620 thousand)

This caption may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Indirect tax assets	68,730	62,382	6,348
Direct tax assets	6,281	6,436	(155)
Loss allowances	(198)	(198)	0
Total	**74,813**	**68,620**	**6,193**

[27] Mainly in Italy and Canada.

Indirect tax assets increased by €6,348 thousand on the previous year end due to the invoicing of consideration to customers affected during the period by temporary delays in certain contractual milestones being certified, mostly in Romania and Italy.

28 Cash and cash equivalents: €289,657 thousand (€314,061 thousand)

This caption decreased by €24,404 thousand over 31 December 2019 as follows:

	30/06/2020	31/12/2019	Variation
Bank and post office accounts	289,431	313,733	(24,302)
Cash-in-hand and cash equivalents	225	327	(102)
Cheques	1	1	0
Total	**289,657**	**314,061**	**(24,404)**

A breakdown of this caption by geographical segment is as follows:

	30/06/2020	%	31/12/2019	%	Variation
Italy	171,065	59.06%	156,995	49.99%	14,070
Europe	63,125	21.79%	95,515	30.41%	(32,390)
Americas	48,689	16.81%	54,423	17.33%	(5,734)
Africa	1,695	0.59%	3,053	0.97%	(1,358)
Asia	5,083	1.75%	4,075	1.30%	1,008
Total	**289,657**	**100.00%**	**314,061**	**100.00%**	**(24,404)**

29 Non-current assets held for sale: €21,714 thousand (€356,028 thousand)

Liabilities directly associated with non-current assets held for sale: -€18,601 thousand (-€194,596 thousand)

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale may be analysed as follows:

Non-current assets held for sale

	30/06/2020	31/12/2019	Variation
Property, plant and equipment	1,750	8,882	(7,132)
Equity investments	2,895	69,473	(66,578)
Non-current financial assets	5,470	200,616	(195,146)
Other non-current assets	3,269	3,929	(660)
Deferred tax assets	18	31	(13)
Inventories	561	884	(323)
Contract assets	517	6,659	(6,142)
Trade receivables	4,054	33,351	(29,297)
Current loan assets	0	590	(590)
Other current financial assets	0	356	(356)
Tax assets	315	1,533	(1,218)
Other current assets	2,722	28,962	(26,240)
Cash and cash equivalents	142	762	(620)
Total non-current assets held for sale	**21,714**	**356,028**	**(334,314)**

Liabilities directly associated with non-current assets held for sale

	30/06/2020	31/12/2019	Variation
Non-current financial liabilities	0	(4,486)	4,486
Employee benefits	(129)	(122)	(7)
Provisions for risks and charges	0	(56,893)	56,893
Contract liabilities	0	(9,498)	9,498
Trade payables	(12,712)	(95,255)	82,543
Current financial liabilities	(4,019)	(22,555)	18,536
Tax liabilities	(1,068)	(2,408)	1,340
Other current liabilities	(674)	(3,379)	2,705
Total liabilities directly associated with non-current assets held for sale	**(18,601)**	**(194,596)**	**175,995**

The net carrying amount of disposal groups (€3,113 thousand at 30 June 2020) mainly comprises:

- the interest (including the shareholder loan) in the Chilean SPE Sociedad Concesionaria Metropolitana de Salud S.A. amounting to €8,366 thousand. In 2016, through the subsidiary Astaldi Concessioni, the group signed a preliminary agreement with the infrastructure fund Meridiam Latam Holding S.L. for the sale of an investment in the subsidiary Sociedad Concesionaria Metropolitana de Salud S.A. (SCMS). The agreement provided for the transfer of the investment in three different transactions. On 27 February 2017, in accordance with the terms of the preliminary agreement, the parties signed the final agreement for the sale of a first investment of 49%. At the date of preparation of these condensed interim consolidated financial statements, though the conditions precedent provided for by the agreement for the sale of the remaining investment have been satisfied, reciprocal disputes[28] have been raised by the parties in relation to the timely fulfilment of the relevant contractual obligations assumed. As required by IFRS 5, at the reporting date, the investment in SCMS has been measured at the lower of its carrying amount and fair value less costs to sell, also taking into consideration the uncertainties linked to the settlement of the related dispute.
- the deficit related to the Honduras branch (€5,251 thousand). Given the parent's well-known financial difficulties, the judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets, to manage and preserve them, in order to sell the assets to satisfy its creditors[29]. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, management classified the assets and liabilities of the Honduras branch under liabilities directly associated with non-current assets held for sale as such amount will only be recovered when the assets are sold to satisfy the creditors. At the date of preparation of these condensed interim consolidated financial statements, the assets have been measured at the lower of their carrying amount and fair value less costs to sell[30]. The analyses performed did not indicate the need to recognise any impairment losses further to those recognised in prior years.

The main variations on the previous year end were as follows:

- the sale of the 20% interest (including the shareholder loan) in the Third Bosphorus Bridge SPE Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu amounting to €259,415 thousand at 31 December 2019;
- the parent's full disengagement from activities carried out in partnership with ICTAS in Russia which led to the settlement of the deficit of such activities amounting to €102,001 thousand at 31 December 2019.

[28] Resulting in ICC arbitration proceeding no. 24735/JPA on 4 September 2019.

[29] Reference should be made to the notes to the consolidated financial statements at 31 December 2019 for more information.

[30] Measured considering the market analyses performed on equivalent assets.

30 Equity (Deficit): -€1,574,574 thousand (-€1,540,088 thousand)

30.1 Share capital: €196,850 thousand (€196,850 thousand)

The parent's subscribed and fully paid-in share capital consists of 98,424,900 ordinary shares, without a nominal amount, and totals €196,850 thousand.

In accordance with article 127-quinquies of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act), the parent introduced a loyalty share mechanism allowing more than one voting right per share in 2015. In compliance with the applicable legislation and the specific provisions of the parent's by-laws, FIN. AST. S.r.l. and other non-controlling investors progressively received loyalty shares.

At the reporting date, according to the shareholders' register and other related information (which is mandatory by law - article 120 of Legislative decree no. 58/98), the parent's shareholders with investments of more than 3% are as follows:

DIRECT SHAREHOLDER	No. of shares	Investment %	Number of voting rights	% of voting rights
Fin.Ast S.r.l.	51,933,462	52.765%	103,866,924	69.03%
Total shareholders with a significant investment	**51,933,462**	**56.765%**	**103,866,924**	**69.03%**
Treasury shares	553,834	0.563%	553,834*	0.368%
Market	45,937,604	46.672%	46,048,130	30.602%
Total	**98,424,900**	**100.000%**	**150,468,888**	**100.000%**

*Pursuant to article 2357-ter.3 of the Italian Civil Code, the voting rights attached to treasury shares are suspended.

At the reporting date, outstanding shares number 97,871,066, unchanged compared to 31 December 2019.

30.2 Other financial instruments giving the right to subscribe newly issued shares

At the date of preparation of these condensed interim consolidated financial statements, there are no financial instruments giving the right to subscribe newly issued shares. To this end, following the parent's presentation of the composition with creditors proposal, the equity-linked bonds of €140 million due in 2024 are included among the unsecured liabilities that shall be satisfied within the terms and conditions of such proposal.

30.3 Treasury shares held by the parent: €3,023 thousand (€3,023 thousand)

The parent holds 553,834 treasury shares, equal to 0.563% of its share capital, with a carrying amount of €3,023 thousand at the reporting date.

30.4 Reserves: -€1,689,436 thousand (-€1,663,652 thousand)

The following table shows the reserves:

	30/06/2020	31/12/2019	Variation
Legal reserve	34,347	34,347	0
Extraordinary reserve	198,597	198,597	0
Losses carried forward	(1,750,609)	(1,677,991)	(72,618)
Other reserves	(86,793)	(86,793)	0
Other comprehensive expense	(112,316)	(156,669)	44,353
Deferred tax on other comprehensive expense	27,338	24,857	2,481
Total	**(1,689,436)**	**(1,663,652)**	**(25,784)**

The most significant changes in the reserves include:

- the carry forward of the 2019 loss;
- the decrease in other comprehensive expense (€44,353 thousand) attributable to:

(i) the reclassification of the translation reserve gradually accrued for the foreign operations[31] related to the projects carried out with ICTAS in Turkey and Russia to profit or loss following the sale of the relevant investments (roughly €36 thousand);

(ii) the fair value gain on the semi-equity loan granted to the SPEs in the concessions segment (mainly Ankara Etlik Hastante A.S.) (approximately €18.3 million);

(iii) the fair value loss recognised in the hedging reserve of the Turkish SPEs Otoyol Yatirim Ve Isletme A.S and Ankara Etlik Hastante A.S. (€26 million);

(iv) the fair value loss on the non-controlling interests held in the SPEs in the concessions segment (mainly Sociedad Concesionaria Nuevo Pudahuel S.A.) (€13.8 million).

Other reserves may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Stock grant reserve	2,407	2,407	0
IFRS FTA reserve	(88,217)	(88,217)	0
Reserve for treasury shares	2,213	2,213	0
Other	(3,196)	(3,196)	0
Total	**(86,793)**	**(86,793)**	**0**

The stock grant reserve includes the value of the shares assigned to employees but not yet delivered, calculated in line with the current regulation and related actuarial appraisal.
The IFRS FTA reserve comprises all the adjustments made in the opening statement of financial position of the first set of financial statements prepared pursuant to the IFRS and the amount recognised after subsequent endorsements of new standards compared to the FTA.
The reserve for trading in treasury shares shows the gains and losses arising from the buyback plan.
The caption "Other" includes small items related to the measurement of investments in certain associates using the equity method.

30.5 Equity attributable to non-controlling interests: €4,824 thousand (€1,737 thousand)

The increase in equity attributable to non-controlling interests is mostly due to other comprehensive income (€2,469 thousand).

31 Financial liabilities

After the presentation of the application for the composition with creditors procedure on 28 September 2018 as per article 161.6 of the Bankruptcy Law, the financial liabilities directly related to the parent at such date were classified under current liabilities.

31.1 Non-current financial liabilities: €249,831 thousand (€185,744 thousand)*

[31] (i) ICA Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu A.S.; (ii) Ic Içtaş Astaldi Ica Inşaat A.S.; (iii) Ica Astaldi -Ic Ictas WHSD Insaat AS; (iv) IC Ictas Astaldi Simple Partnership – M11 Project; and (v) ICA ICTAS – ASTALDI Joint Venture.

This caption increased by €64,087 thousand and may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Super senior secured bonds	197,138	130,572	66,566
Bonds - nominal amount	**197,138**	**130,572**	**66,566**
Total bonds	**197,138**	**130,572**	**66,566**
Bank loans	6,623	8,065	(1,442)
Collateralised loans	1,302	1,333	(31)
Lease liabilities	12,605	16,370	(3,765)
Bank loans and borrowings and lease liabilities - nominal amount	**20,531**	**25,768**	**(5,237)**
Total bank loans and borrowings and lease liabilities	**20,531**	**25,768**	**(5,237)**
Loans and borrowings from other financial backers	32,162	29,201	2,961
Associates, joint ventures and other investees	0	202	(202)
Total	**249,831**	**185,744**	**64,087**

(*) Included in net financial debt for €250,090 thousand (31 December 2019: €185,541 thousand).

The increase in non-current financial debt compared to the previous year end is chiefly due to: (i) the drawdown of the final part of the second instalment of the urgent[32] interim financing (€63.9 million); in addition to (ii) additional shareholder loans received by the joint venture carrying out the works on Arturo Merino Benitez International Airport in Santiago, Chile from the shareholder Vinci (roughly €3 million), and (iii) the reduction of finance lease liabilities by roughly €3.7 million.

31.2 Current financial liabilities: €2,847,212 thousand (€2,852,017 thousand)*

This caption decreased by €4,805 thousand on the previous year end and may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Bonds	908,576	908,031	545
Issue and placement fees	(1,026)	(585)	(441)
Total bonds	**907,550**	**907,446**	**104**
Current portion of bank loans	1,823,295	1,807,657	15,638
Current portion of non-current loans	27,327	26,961	366
Current portion of collateralised loans	2,807	2,784	23
Lease liabilities	18,564	23,948	(5,384)
Bank loans and borrowings and lease liabilities - nominal amount	**1,871,993**	**1,861,350**	**10,643**
Accrued interest on bank loans	16,080	14,140	1,940
Hedging derivatives	7,049	7,115	(66)
Total bank loans and borrowings and lease liabilities	**1,895,122**	**1,882,605**	**12,517**
Loans and borrowings from other financial backers	**44,540**	**61,966**	**(17,426)**
Total	**2,847,212**	**2,852,017**	**(4,805)**

(*) Included in net financial debt for €2,840,163 thousand (31 December 2019: €2,844,906 thousand).

The main variations in the caption during the period were: (i) the increase in loans and borrowings attributable to the effects of the completion of the road projects in Florida[33] (roughly €22 million); this effect was mostly neutralised by (ii) the decrease following the offsetting of the promissory notes related to the Menemen contract in Turkey as part of the sale of the parent's investment in the Third Bosphorus Bridge operator to its partner ICTAS.

[32] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[33] Related to the subsidiary Astaldi Construction Corporation.

Bonds

This caption refers to the bond issues placed by the parent; specifically:

- equity-linked bonds with a nominal amount of €140,000 thousand [ISIN code XS1634544248] traded on the Vienna Stock Exchange;
- senior unsecured bonds with a nominal amount of €750,000 thousand [ISIN code XS1000393899] traded on the Luxembourg Stock Exchange;
- interest payable of €131 thousand on the equity-linked bonds accrued on 28 September 2018;
- interest payable of €16,936 thousand on the senior unsecured bonds accrued on 28 September 2018;
- interest payable of €1,509 thousand on the super senior secured pre-preferential bonds accruing on 30 June 2020.

Based on market prices observed on 30 June 2020, the fair value of the equity-linked and senior unsecured bonds is €14,274 thousand and €67,440 thousand, respectively.

Accordingly, the total fair value of issued bonds at 30 June 2020 is €81,714 thousand.

Bank loans and borrowings and lease liabilities - nominal amount

The following table shows the main loans and borrowings at the reporting date:

Type of loan	Type	Company	Outstanding 30/06/2020
Bilateral - Cariparma	Committed	Astaldi S.p.A.	50,000
Bilateral - BNP Paribas	Committed	Astaldi S.p.A.	45,000
Bilateral - Banca Popolare dell’Emilia Romagna_bis	Committed	Astaldi S.p.A.	25,000
Bilateral - Banca Ubae	Committed	Astaldi S.p.A.	25,000
Bilateral - Credito Valtellinese	Committed	Astaldi S.p.A.	20,000
Bilateral - Credito Valtellinese	Committed	Astaldi S.p.A.	10,000
Bilateral - ICBC	Committed	Astaldi S.p.A.	10,000
Bilateral - Factorit	Committed	Astaldi S.p.A.	8,327
Bilateral - Banca del Mezzogiorno	Committed	Astaldi S.p.A.	6,580
Bilateral - Banca Popolare dell’Emilia Romagna	Committed	Astaldi S.p.A.	5,000
Bilateral - Banca Popolare di Spoleto	Committed	Astaldi S.p.A.	5,000
Bilateral - BPM loan	Committed	Astaldi S.p.A.	2,784
Bilateral - Banca Carige	Committed	Astaldi S.p.A.	1,478
Syndicate - RCF €500 million	Committed	Astaldi S.p.A.	500,000
Syndicate - RCF €120 million	Committed	Astaldi S.p.A.	120,000
Syndicate - Cacib_Bbva	Committed	Astaldi S.p.A.	15,000
Unicredit S.p.A.	Uncommitted	Astaldi S.p.A.	45,000
Intesa SanPaolo S.p.A.	Uncommitted	Astaldi S.p.A.	38,000
Syndicate - BPM €9 million Line A	Committed	NBI S.p.A.	6,008
Syndicate - BPM €8 million Line B	Committed	NBI S.p.A.	8,000
Enforcements of guarantees			421,904
Other borrowings			485,349
Total bank loans and borrowings			**1,853,429**
Finance leases			18,564
Total bank loans and borrowings and lease liabilities (*)			**1,871,993**

(*) Does not include accruals and hedging derivatives

Loans and borrowings from other financial backers

Other loans and borrowings, amounting to €44,540 thousand, mainly refer to:

- approximately €20.2 million: loan agreed with Astaldi's parent, FINAST, in May 2018;
- approximately €6.8 million: amount due to Simest S.p.A. for the acquisition of a non-controlling interest in Astaldi Construction Corporation ("ACC"). Specifically, in 2017, Simest S.p.A. participated in ACC's capital increase and became a new shareholder with a stake of 34.19% paying USD7.5 million. The investment agreement between the parent and Simest S.p.A. provides for, inter alia, the parent's commitment to reacquire Simest S.p.A.'s investment in ACC according to the contractually-agreed methods and also establishes the minimum sale price that takes into account Simest S.p.A.'s initial investment and the timing of the transaction;
- the shareholder loans received by (i) the joint venture performing the works for the Ogra Campia Turzi project in Romania (approximately €12.4 million), and (ii) the subsidiary Sirjo S.c.p.A. (€5.2 million).

31.4 Net financial debt

The following table shows the group's net financial debt and a breakdown of its main components as required by CONSOB communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005:

			30/06/2020	31/12/2019
A	Cash		289,657	314,061
C	**Cash and cash equivalents**		**289,657**	**314,061**
	Current loan assets		112,281	100,012
	of which: related parties		*18,686*	*15,863*
D	**Current loan assets**		**112,281**	**100,012**
E	Current portion of bank loans and borrowings		(1,573,232)	(1,568,807)
F	Current portion of bonds		(907,550)	(907,446)
	of which: related parties		(6,689)	(6,689)
G	Current portion of non-current debt		(30,134)	(29,745)
H	Other current loans and borrowings		(329,247)	*(338,905)*
	of which: related parties		*(20,189)*	(20,189)
J	**Current financial debt**	**(E+F+G+H)**	**(2,840,163)**	**(2,844,903)**
K	**Net current financial debt**	**(J+D+C)**	**(2,438,224)**	**(2,430,830)**
L	Non-current bank loans and borrowings		(7,926)	(9,398)
M	Bonds		(197,138)	(130,572)
N	Other non-current financial liabilities		(45,026)	(45,571)
P	**Non-current financial debt**	**(L+M+N)**	**(250,090)**	**(185,541)**
Q	**Net financial debt from continuing operations**	**(K+P)**	**(2,688,314)**	**(2,616,371)**
R	**Net financial position of disposal groups**		**1,593**	**179,412**
	of which: related parties		*5,470*	200,616
S	**Net financial debt**	**(Q+R)**	**(2,686,721)**	**(2,436,959)**
	Non-current loan assets		165,345	14,015
	Subordinated loans		152,641	*121,316*
	of which: related parties		*74,611*	60,949
T	**Total non-current loan assets**		**317,986**	**135,331**
U	**Total financial debt**	**(S+T)**	**(2,368,735)**	**(2,301,628)**

Total financial debt includes the net financial debt (line S of the above table) calculated as recommended by the ESMA in its recommendation of 10 February 2005, and the non-current loan assets.

Lastly, the net financial debt at the reporting date and previous year end does not include hedging derivatives as they do not qualify as financial items given their nature.

31.4 Compliance with covenants and negative pledges

The presentation of the application for the composition with creditors procedure qualified as a significant event as per the group's corporate loan contracts and bond regulations at 28 September 2018 and, hence, triggered activation of the acceleration clause. Furthermore, under the specific provisions of the Bankruptcy Law (articles 55 and 169), Astaldi's financial liabilities are in any case considered due upon presentation of the application, regardless of the relevant contractual terms.
With regard to the bonds issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), though they do not provide for financial covenants, they do include a negative pledge clause and a limitation to the assumption of further indebtedness, except in the case of some specific exceptions under the relevant bond regulation. Such clauses have been complied with at the reporting date.

32 Employee benefits: €6,920 thousand (€6,998 thousand)

This caption and related changes for the period are summarised in the following table:

	Defined benefit plans	Termination benefits	30/06/2020
a) Opening balance	**6,995**	**3**	**6,998**
b) Increases			
b.1) Current service cost	524	0	524
b.2) Interest cost	24	0	24
b.3) Actuarial losses	(27)	0	(27)
c) Utilisations and exchange differences	(600)	0	(600)
d) Defined benefit obligation	**6,917**	**3**	**6,920**

32.1 Defined benefit plans

This caption mostly includes the post-employment benefits governed by article 2120 of the Italian Civil Code.

The main assumptions used for the actuarial valuation of post-employment benefits at 30 June 2020 are set out below:

- annual discount rate: 0.74%
- annual inflation rate: 1.20%
- annual growth rate of the benefits: 2.4%
- annual salary increase rate:
  - managers: 2.50%
  - junior managers/white collars/blue collars: 1.00%

32.2 Termination benefits

Termination benefits show the estimated cost of the agreements signed in 2014 with eight employees based in Italy for the consensual early termination of employment (based on the provisions of article 4.1-7-ter of Law no. 92 of 2012 - the "Fornero law"). Specifically, the residual amount at 30 June 2020 (€3 thousand) refers to social security contributions to be paid on remuneration for the final months of the plan.

33 Other liabilities

33.1 Other non-current liabilities: €8,174 thousand (€1,090 thousand)

This caption of €8,174 thousand (31 December 2019: €1,090 thousand) mainly refers to the long-term portion of liabilities for various insurance policies (all risk/subsequent decennial liability/policy for designers) taken out for contracts in progress in Italy and abroad. The increase in the caption during the period is mainly due to the commencement of works on mega lot 3 of the state road Jonica in Italy.

33.2 Other current liabilities: €290,597 thousand (€299,472 thousand)

This caption of €290,597 thousand comprises:

	30/06/2020	31/12/2019	Variation
Associates and joint ventures	3,641	4,053	(412)
Other companies	280	1,438	(1,158)
Personnel	22,577	21,043	1,534
Social security institutions	17,702	16,222	1,480
Accrued expenses and deferred income	28,601	29,545	(944)
Other	217,796	227,172	(9,376)
Total	**290,597**	**299,472**	**(8,875)**

"Other" mainly comprises:

- amounts due to customers related to the return of contractual advances on certain contracts excluded from the core assets scope[34] (€6 million);
- amounts due to customers related to (i) an award against the parent (pending the appeal ruling) as well as (ii) payments made by customers to suppliers and sub-contractors, mainly in Poland and Canada (roughly €100 million);
- advances from customers for the sale of goods and assets (approximately €5 million);
- amounts due to the taxation authorities for interest and fines accrued on tax liabilities from the composition with creditors procedure (approximately €12 million);
- the remaining balance refers to amounts due to partners for joint projects.

The decrease during the period is mostly due to the partial offsetting of amounts due to customers for payments made by the latter against consideration invoiced by the local branch for the performance of works in progress.

Reference should be made to note 39 on related parties for information about liabilities with associates and joint ventures.

As in the previous period, subscribed capital of associates and joint ventures not yet called up by the individual boards of directors have been reclassified as a direct deduction in the carrying amount of the related equity investments.

34 Trade payables: €1,162,729 thousand (€1,185,695 thousand)

This caption may be analysed as follows.

	30/06/2020	31/12/2019	Variation
Suppliers	1,103,612	1,115,914	(12,302)
Associates and joint ventures	54,552	59,533	(4,981)
Other investees	4,565	10,248	(5,683)
Total	**1,162,729**	**1,185,695**	**(22,966)**

Trade payables decreased considerably by approximately €22,966 thousand showing the gradual recommencement of the group's industrial activities and renewed support given to commercial partners both in Italy and abroad.

The most significant variations refer to (i) the decrease recorded in Italy (roughly €12 million[35]), in Chile

[34] As defined in the business plan underpinning the composition with creditors proposal.

[35] This balance is even more significant considering the one-off effects linked to the rise in pre-preferential claims related to services provided by the advisers assisting the parent to implement the composition with creditors plan (approximately €13 million).

(approximately €12 million) and by the Canadian subsidiary T.E.Q. Construction Enterprise Inc. (approximately €16 million); offset by (ii) a slight increase recorded for certain projects carried out in partnership in Romania (the Braila Bridge over the Danube, approximately €10 million) and the US (the I-405 Highway in California, roughly €5 million).

35 Tax liabilities: €49,934 thousand (€61,845 thousand)

This caption decreased by €11,911 thousand on 31 December 2019 as follows:

	30/06/2020	31/12/2019	Variation
Indirect tax liabilities	12,495	13,590	(1,095)
Direct tax liabilities	27,320	39,764	(12,444)
Withholding tax liabilities	10,119	8,491	1,628
Total	**49,934**	**61,845**	**(11,911)**

The decrease in tax liabilities is mainly due to the payment of income taxes by Astaldi's Turkish branch for 2019 which had included the effects of the completion of certain important projects carried out in Turkey in that year. Specifically, the local tax regime provides that taxes on long-term contracts shall only be definitively paid after the related contracts have been completed, which is when the customer issues the taking over certificate.

36 Provisions for risks and charges: €95,439 thousand (€104,451 thousand)

This caption may be analysed as follows:

	30/06/2020	31/12/2019	Variation
Provision for legal disputes	56,688	43,067	13,621
Provision for equity investments	1,517	1,535	(18)
Provision for tax disputes	200	243	(43)
Provision as per article 27 of the by-laws	1,435	1,435	0
Provision for onerous contracts	35,598	58,171	(22,573)
Total	**95,439**	**104,451**	**(9,012)**

Provisions for risks and charges are commented on below:

- **The provision for legal disputes** of €56,688 thousand includes the expected costs resulting from the court and out-of-court settlement of disputes relating to contracts, mainly with suppliers and subcontractors, and claims for damages from third parties related to construction contracts. It mostly refers to accruals made for some disputes underway regarding contracts in Algeria, Italy and South America. The most significant items include (i) the dispute with Andritz Hydro in Peru related to the Cerro Del Aguila hydroelectric project, and (ii) accruals made in Algeria for fees claimed by some subcontractors for additional work performed. Under the relevant contracts, such amounts will only be paid to the subcontractors upon receiving the customer's definitive approval of the variation orders. With regard to the variations of the period, the accruals of approximately €5.5 million made in Italy for the arbitration against Astaldi by Metro C S.c.p.A. ("Metro C") in order to obtain compensation for damage that it could incur from the parent's factoring agreement with Aosta Factoring[36]. In August and September 2020, the parties finalised the related deeds settling their claims, which confirmed the amounts provided for in these interim condensed consolidated financial statements. In addition, with regard to the foreign operations, accruals of roughly €8.5 million were made by the subsidiary NBI S.p.A. under composition with creditors procedure for certain probable liabilities related to a dispute underway in Chile.

[36] See the directors' report for more information.

- **The provision for equity investments** of €1,517 thousand includes the accruals for the legal obligation of group companies to cover the losses exceeding the equity of the related investees.
- **The provision for tax disputes** of €200 thousand refers to certain pending disputes with the taxation authorities mainly in Italy.
- **The provision as per article 27 of the by-laws** of €1,435 thousand is increased by allocating part of the parent's profit for the period, as provided for by the relevant resolutions, and used for charitable donations.
- **The provision for onerous contracts** of €35,598 thousand refers to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Chile, Italy and Poland. One such accrual (€14,053 thousand) refers to probable liabilities for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of onerous contracts (chiefly in Italy). The significant decrease during the period is basically due to the enforcement of guarantees related to the road projects in Florida (roughly €22 million).

37 Other contract liabilities: €48,496 thousand (€48,893 thousand)

This caption, basically unchanged on the previous year end, relates to estimated probable liabilities - assessed pursuant to IFRS 15 - Revenue from contracts with customers - for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of certain contracts[37]. Specifically, such contract liabilities - which will only be definitively due when the relevant disputes have been defined - refer to (i) contracts that needed significant financial support in order to complete the works even though they will achieve break even over the contract term, along with (ii) contracts from which the parent has been unilaterally excluded from performing the works (basically due to the commencement of the composition with creditors procedure) by the relevant counterparties.

38 Fair value measurement

The group's assets and liabilities are broken down by fair value level below:

			Fair value measurement		
	Measurement date	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets at fair value					
Subordinated loans	30/06/2020	158,111		158,111	
Non-controlling interests	30/06/2020	38,611		38,611	
Liabilities at fair value					
Interest rate swaps	30/06/2020	(7,049)		(7,049)	

[37] Contracts that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal.

38.1 Valuation techniques and inputs used for fair value measurement purposes

a) Assets and liabilities measured at fair value on a recurring basis

- **Interest rate swaps**

The group measured the fair value of derivatives using a pricing tool. It generated the forward rates for the contractual deadlines to measure the leg indexed to the floating rate and then discounted its cash flows to their present value.
It measured the leg indexed to the fixed rate at the present value of its cash flows.
The forward and discount rates have been calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits) and long-term rates (swap rates) at 30 June 2020.
The carrying amount of the financial instrument is the difference between the present value of the floating and fixed components.

- **Subordinated loans (semi-equity)**

The group calculated the fair value of the subordinated loans using their expected cash flows (based on the related loan agreements) discounted with a market rate applied to similar instruments. Specifically, the discount rate was calculated considering each SPE's credit standing, interbank rate trends (mainly the LIBOR and EURIBOR) plus an additional spread (determined by reference to a market basket of the main providers) to reflect the subordination of the loans' repayment to the SPEs' debt with their lending banks.

- **Non-controlling interests**

The group calculated the fair value of the non-controlling interests using the dividend discount model, discounting the expected future dividends using the investees' cost of equity (ke)[38] rate as per the business plans drawn up by their boards of directors.

b) Assets and liabilities measured at fair value on a non-recurring basis

At the reporting date, there are no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures required by IFRS 13 - Fair value measurement.

c) Transfers of financial instruments among the various levels of the fair value hierarchy

During the period, there were no transfers among the different levels of the fair value hierarchy.

39 Related party disclosures

39.1 Transactions with related parties that qualify as legal entities belonging to the group[39]

Astaldi - directly or via its subsidiaries - carries out commercial, financial and administrative transactions with related parties. These transactions generally take place in the normal course of business as part of the core business of each party involved. All of such transactions are carried out on an arm's length basis.

In accordance with IAS 24 and CONSOB communication no. 6064293 of 28 July 2006, the balances of related party transactions are presented below:

[38] Calculated based on market values.

[39] Parents, associates and joint ventures.

Company	Contract assets	Loans, receivables and other assets	Financial assets	Non-current assets held for sale	Contract liabilities	Loans and borrowings and other liabilities	Financial liabilities	Liabilities directly associated with non-current assets held for sale	Operating revenue	Operating costs	Financial income (expense)
Parents											
Fin.Ast S.r.l.	0	7	0	0	0	0	26,879	0	5	0	0
Joint ventures											
Ankara Etlik Hastante A.S.	0	1,565	63,902	0	80,728	0	0	0	2,331	0	1,536
Consorzio A.F.T. Kramis	0	5,549	578	0	0	297	0	0	0	15	0
Other*	0	10,837	156	0	1,848	6,332	0	0	174	2	283
	0	**17,951**	**64,636**	**0**	**82,576**	**6,629**	**0**	**0**	**2,505**	**17**	**1,819**

Company	Contract assets	Loans, receivables and other assets	Financial assets	Non-current assets held for sale	Contract liabilities	Loans and borrowings and other liabilities	Financial liabilities	Liabilities directly associated with non-current assets held for sale	Operating revenue	Operating costs	Financial income (expense)
Associates											
BTC SCARL	0	3,399	19,881	0	0	6,763	0	0	407	34,084	233
Consorzio Iricav Due	0	1,445	0	0	0	21,610	0	0	222	947	0
Consorzio MM4	1,251	15,668	0	0	0	1,588	0	0	34,495	463	0
Diga di Blufi S.c.r.l. in liq.	0	6,846	0	0	0	5,505	0	0	1	1	1
METRO C S.c.p.a.	0	1,451	0	0	0	7,868	0	0	245	11,374	0
Otoyol Yatirim Ve Isletme A.S	0	61	477	0	2,305	0	0	0	7,047	0	15
Sociedad Concesionaria Metropolitana de Salud s.a.	0	2,071		5,470	0	1,745	0	0	(1,472)	0	145
Other*	0	3,996	5,820	1,864	0	6,620	0	174	150	489	46
	1,251	**34,937**	**26,178**	**7,335**	**2,305**	**51,699**	**0**	**174**	**41,094**	**47,357**	**441**
Total	**1,251**	**52,895**	**90,814**	**7,335**	**84,881**	**58,328**	**26,879**	**174**	**43,603**	**47,374**	**2,260**
As a percentage	**0.13%**	**5.81%**	**20.45%**	**33.78 %**	**20.83%**	**3.99%**	**0.87%**	**0.94%**	**6.64%**	**7.68%**	**4.54%**

*items with a unit amount of less than €5,000 thousand.

The main related party transactions in the first half of 2020 were:

- the development of construction works by the parent (also via specific joint ventures with other partners) on behalf of the SPEs in the concession segment, mainly referred to the: (i) Etlik Integrated Health Campus, Ankara (Ankara Etlik Hastane A.S., Turkey), (ii) Line 4 of the Milan Metro (Consorzio MM4, Italy) and (iii) Gebze-Orhangazi-Izmir Motorway (Otoyol Yatirim Ve Isletme A.S., Turkey). The relevant operating revenue, trade receivables and contract assets/liabilities were recognised in these condensed interim consolidated financial statements;

- the consortium costs charged to the parent by (i) Brennero Tunnel Construction S.c.a.r.l. (lot "Mules 2-3" of the Brenner Base Tunnel), and (ii) Metro C S.c.p.A (Line C of the Rome Metro);
- the parent recognised the effects of the lease of a TBM needed to bore the Brenner Base Tunnel from Brennero Tunnel Construction S.c.a.r.l. in these condensed interim consolidated financial statements.

39.2 Directors', statutory auditors' and general managers' fees

The parent's directors', statutory auditors' and general managers' fees for the first half of 2020 are set out in the following table:

	Fixed fees	Fees for committee meetings	Non-monetary benefits	Other fees	Total
Directors	1,254	20	11	3	**1,288**
Statutory auditors	91	0	0	0	**91**
General managers	510	0	11	6	**527**

40 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment and are prepared using the same accounting policies used for the condensed interim consolidated financial statements.

The following tables show the segment disclosures required by IFRS 8.

H1 2020	Italy	Europe	Americas	Africa	Asia	Other activities	Adjustments and eliminations	**Total**
Revenue	334,504	204,985	192,694	4,119	3,984	0	(133,265)	**607,020**
Share of profits (losses) of equity-accounted investees								**26,152**
Operating profit (loss)	15,995	11,009	(968)	133	(917)	(22,943)	2,382	**4,692**
Net financial expense								**(49,789)**
Loss before tax and non-controlling interests								**(45,097)**
Income taxes								**(4,515)**
Loss for the period								**(83,789)**

The "Operating profit (loss)" amount shown in the "Other activities" column mainly consists of the one-off effect for the advisory services provided for the composition with creditors procedure including court costs (roughly €2.3 million), in addition to general costs incurred by the parent.

41 Other information

41.1 Guarantees and sureties

Personal guarantees

Guarantees given amount to €2,649,722 thousand as follows:

- sureties of €22,996 thousand to open credit facilities to ensure regular cash flows for contracts, given on behalf of joint ventures (€833 thousand), associates and other investees set up for special purposes as per the current sector regulations;

- sureties of €2,578,254 thousand for contract work given on the group's behalf by banks and insurance companies to customers for the subsidiaries, joint ventures (€112,600 thousand), associates and other investees;
- other sureties of €48,473 thousand (joint ventures: €4,787 thousand) given for various reasons.

Third party sureties given to the group

Banks and insurance companies have given guarantees of €351,009 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the group.

Guarantees to holders of pre-preferential bonds[40]

The pre-preferential bonds are secured by a series of guarantees given on the following assets held by Astaldi and its subsidiaries:

- a first demand mortgage on two buildings owned by Astaldi at Via Giulio Vincenzo Bona 65 and Via Agrigento 3/5 in Rome;
- collateral assignment of/pledge of/obligation to channel certain claims and loans and receivables of Astaldi and some subsidiaries related to projects performed in Italy, Romania, Poland, Algeria, Chile and Turkey;
- lien on the shares of Astaldi Concessioni S.p.A. and Astaldi Concessions S.p.A.;
- recourse factoring of/obligation to channel future receivables arising from the sale of certain assets under concession;
- recourse factoring of shareholder loans granted to Astaldi Concessioni S.p.A.;
- personal guarantee given by Astaldi Canada Enterprise to the extent of the loans granted by Astaldi S.p.A. to such investee consisting of the proceeds from the use of the first bond issue;
- liens on certain current accounts[41] of Astaldi and some of its subsidiaries.

The combined amount of such guarantees is less than the nominal amount of the pre-preferential bonds including accrued unpaid interest, costs, charges and expenses.

41.2 Events after the reporting period

This section provides a brief description of the significant events after the reporting period. More information is available in the Media - Press releases section of the parent's website www.astaldi.com.

17 July 2020 – The Rome Court authorised Astaldi's composition with creditors procedure with its ruling after it had checked the procedure's correctness and the results of the creditors' voting. The ruling, handed down with no challenges as per article 180.3 of the Bankruptcy Law, cannot be appealed and, therefore, is to be considered irrevocable and immediately effective. Performance of the composition with creditors plan is assigned to the parent and the judicial commissioners will supervise the proper implementation of the plan. Moreover, the ruling authorising the procedure eliminates the main uncertainty expressed by directors about the going concern assumption in the 2018 and 2019 annual reports approved by the board of directors on 17 June 2020.

31 July 2020 – The shareholders *(i)* approved the financial statements as at and for the years ended 31 December 2018 and 2019, appointed a board of directors and assigned the statutory audit engagement for the years from 2020 to 2028 to PricewaterhouseCoopers, in their ordinary section, and *(ii)* provided for the implementation of the transactions envisaged in the composition with creditors proposal, in the extraordinary section.

31 July 2020 – The new board of directors, which took office upon the conclusion of the shareholders' meeting,

[40] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[41] Current accounts encumbered by obligation to channel the proceeds deriving from claims and/or the sale of assets under concession.

confirmed Paolo Astaldi as chairman and Filippo Stinellis as CEO and appointed Alessandro De Rosa as deputy chairman via its resolution of 31 July 2020. Appointed for the next three years, the new board sent out a sign of continuity, reconfirming the top positions and the directors Michele Valensise and Nicoletta Mincato, while also introducing new elements focusing on the future, with the appointment of Andrea Gemma, Flavia Insom, Maria Raffaella Leone and Teresa Naddeo as new members, in addition to the new deputy chairman.

August 2020 – RFI (Gruppo FS Italiane) signed an agreement to roll out the works for the construction of the new high speed/high capacity Verona-Padua railway line (the signing ceremony will be held on 10 August 2020). The contract includes the design (definitive and executive) and construction of the Verona-Vicenza section of the high speed/high capacity Verona-Padua railway line to be built by IRICAV DUE consortium (general contractor comprising Astaldi (37.49%), Webuild (45.44%), Hitachi Rail STS (17.05%), Fintecna and Lamaro (0.01%)). The contract is worth €2,470 million. This first functional lot, to be completed by 2027, will develop along a 44.2 km route, quadrupling the existing line and increasing its integration with the European network. The project has two construction lots, the first of which (worth €874 million) to be commenced immediately, and the second lot of €1,596 million to be funded within 12 months. Once this agreement is signed, the contract already included in the order backlog (at the original consideration) will be increased by €164 million in the second half of 2020.

10 September 2020 – The negotiations with the lenders and the customer for the project to build and operate the Etlik Integrated Health Campus in Ankara, Turkey were completed successfully. The signed agreement remedies the existing defaults of the projects (as mentioned earlier) and allows the project to be continued.

14 and 15 September 2020 – On 14 and 15 September 2020, Astaldi was notified of two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorising the composition with creditors procedure and cancel it. See the going concern section for more information.

15 September 2020 – The inauguration ceremony of Line 5 of the Bucharest Metro was held in Romania.

28 September 2020 – As described in detail in the directors' report (see the "Significant contractual events - El Salvador // Investigations related to the El Chaparral hydroelectric project" paragraph in the Main risks and uncertainties section), with respect to the criminal investigation underway in El Salvador involving an agent and an employee of the group and related to an agreement entered into with the customer on 11 July 2012 for the El Chaparral project, on 28 September 2020, the Salvadoran court handed down a precautionary attachment order for Astaldi's assets up to USD227 million, citing its civil liability under Salvadoran law, which provides that a legal entity is liable for corruption crimes carried out by their employees or agents. The court also requested that Italy intervene in accordance with article 46 of the United Nations Convention against Corruption. Astaldi found out about this ruling on 29 September 2020 through foreign press agency articles and was only formally notified on 2 October 2020. On 8 October 2020, it presented its appeal for cancellation of the precautionary measures ruling. As far as it is aware, this ruling is groundless and, given the information available to it and the opinions of its advisors, Astaldi believes that the measure cannot affect the core assets scope, as any claims that may be recognised in conjunction with the investigation would be treated similarly to those of the unsecured creditors in the composition with creditors proposal. Moreover, based on the rules regulating composition with creditors procedures, the Salvadoran court's precautionary measures would not be applicable as the alleged unrecognised claims refer to the period before the parent's presentation of its application for a composition with creditors procedure as per article 161 of the Bankruptcy Law. Although the criminal proceedings in El Salvador are still at a preliminary stage, the parent's directors have assessed the risk that it may be found guilty of the alleged crimes to be remote as there is no real immediate risk of a conviction which would trigger the parent's civil liability for the related damage, should the crime be proven. Based on these considerations and the opinions of its advisors (including those based in El Salvador), while the criminal proceedings still have to be completed, the parent's directors believe the risk of its involvement and liability is remote. Therefore, they have not made any provision for this risk in the condensed interim consolidated financial statements at 30 June 2020.

41.3 Authorisation for publication

On 11 October 2020, the parent's board of directors approved this interim financial report pursuant to the ruling regulations and authorised its issue.

Filippo Stinellis

Chief Executive Officer

Paolo Citterio

Manager in charge of financial reporting

(Translation from the Italian original which remains the definitive version)

Translation from the Italian original, that remains the definitive version.

Statement on the Condensed Interim Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and integrations

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of Financial Reporting of Astaldi S.p.A., hereby certify:
   - the appropriateness in relation to the company's characteristics and
   - the actual application of administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements for HY1 2020.

2. The administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements at 30 June 2020 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The Condensed Interim Consolidated Financial Statements at 30 June 2020:
   a) were drafted in compliance with the applicable international financial reporting standards endorsed within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) tally with ledgers and account entries;
   c) are appropriate for providing a truthful and accurate representation of the financial position and results of operations of the Parent and of all the companies included in the consolidation scope.

   3.2 The Interim Report on Operations at 30 June 2020 includes a reliable analysis of the most significant events that occurred during the first six months of the year, and their impact on the Condensed Interim Consolidated Financial Statements, combined with a description of the main risks and uncertainties for the remaining six months of the year. The aforementioned Interim Report on Operations also includes a reliable analysis of key transactions with related parties.

Rome, 11 October 2020

Filippo Stinellis	**Paolo Citterio**
Chief Executive Officer	***Manager in charge of Financial Reporting***

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Astaldi S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Astaldi Group, comprising the statement of financial position as at 30 June 2020, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Basis for qualified conclusion

The condensed interim consolidated financial statements at 30 June 2020 prepared by the directors do not present the comparative figures for the six months ended 30 June 2019, which are required by IAS 34.

Conclusion

Based on our review, except for the effects of the matter described in the "*Basis for qualified conclusion*" section hereof, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Astaldi Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Material uncertainties about going concern

We draw attention to that disclosed by the directors in the "Going concern" section of the notes to the condensed interim consolidated financial statements about events and circumstances that indicate that there are material uncertainties that may cast significant doubt on the group's ability to continue as a going concern and the reasons why the directors deemed it appropriate to prepare the condensed interim consolidated financial statements at 30 June 2020 on a going concern basis. Our conclusion is not qualified in this respect.

Rome, 12 October 2020

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit