*Astaldi aims to strengthen its leadership in the General Contractor and Project Finance markets in Italy*

# ASTALDI : BUSINESS PLAN AND 2003 RESULTS APPROVED

- **In the three-year period, forecasts are: order backlog growth of 37%, total revenues +46%, EBIT up by 53%.**
- **Total revenues in 2003 at 923m euro (+13%) and net income up by 48%.**
- **Proposal for a dividend of 0.065 euro per share.**

*Rome, 18th March 2004* – The Board of Directors of Astaldi S.p.A., chaired by Prof. Ernesto Monti, has approved the Business Plan for the three-year period 2004-2006 and the financial statements for the year 2003 on an individual and consolidated basis, which will be submitted to the Shareholders at a meeting to be called shortly. The Board has furthermore decided to recommend the distribution of a dividend of 0.065 euro per share, for a total payout of about 6.3 million euro.

**Business plan for the three-year period 2004-2006**

The business plan for the next three years sets the strategic guidelines that aim to strengthen and consolidate the leadership position of the Astaldi in the Project Finance market and as a General Contractor on the domestic market. A strong development in this area is expected starting from the end of 2004 with the full launch of the *Legge Obiettivo* and the completion of the preliminary phases of the contracts acquired, and, what's more, with operating resources at its disposal that have been released thanks to the completion of important projects carried out by Astaldi as a General Contractor, such as the Rome-Naples stretch of the High Speed railway and the New Expo Fair Center in Milan.

Additionally, the plan aims to increase contracts in Project Finance in such sectors as health, subways, and highways where Astaldi's technical and management skills have been fully deployed thanks to its participation in large scale projects where it has played a crucial role. In this respect, besides starting work on the New Mestre Hospital project, Astaldi was also named as the sponsor of two highly significant initiatives, i.e. the M5 Line of the Milan's subway and the Hospitals in Tuscany.

In the traditional market of large public works, the three-year plan aims to consolidate Astaldi's presence in the most substantial projects, by selecting proposals above the 100 million euro level and by giving preference even in this case to integrated contracts which provide for both design and construction, focusing in particular on those contracts that offer adequate profitability levels.

Outside Italy, Astaldi's objective is to reinforce its presence in those countries where the Group is deeply rooted so as to maintain the level of business basically unchanged. Further opportunities will be explored in already known emerging countries with good development prospects.

The composition of the order backlog in the three-year period will be oriented, as a result, towards a higher share of the domestic market and a parallel increase in contracts in General Contracting and Project Financing which, at the end of the three years, will account for 58% of total revenues, compared to the current 42%. The average yearly growth in the **orders backlog** is forecast to be 11%, thus exceeding 6 billion euro by 2006, compared to 4,4 billion at the end of 2003, with a combined increase of 37% over the three years. The estimated growth in **total revenues** indicates an average yearly increase of 13.5%, so as to take the absolute value from the current 923 million euro to 1,350 million euro by the end of 2006, with an overall percentage growth of 46%. **Ebit** is expected to grow from 66 million euro in 2003 to 101 million euro in 2006, with an average yearly increase of 15.2% and a percentage rise over the three years of 53%. Following the reimbursement of the € 150 million bond due to expire in February 2005, the net financial position, which includes the equity investments related to structured financed projects, will determine a Debt/Equity ratio which will continue to remain in the 0.5-1 range. In 2006 net debt is forecast to stand at € 220 million with equity forecast to amount to over € 300 million.

"The fact of having exceeded, earlier than expected, the order backlog target set in the previous 2003-2005 business plan bears witness to the soundness of the strategy devised and implemented by Astaldi's management - declared CEO, Vittorio Di Paola – confirming the effectiveness of the instruments indicated in the new business plan, whose task is to strengthen Astaldi's leadership as a general contractor and to firmly establish the company as one of the leading actors in the project finance market".

**Financial statements 2003**

The 2003 financial statements approved by the Board, which will be submitted to the Shareholders meeting due to be called shortly, shows, on a consolidated level, an increase in *Net Income* of 48% over the previous year and a 13% gain in *Total Revenues*. More in detail, the Net Income of the Group amounted to over 22 million euro, against 15 million in 2002, while Total Revenues rose to 923 million euro from 817 million recorded in 2002. The profit & loss account approved by the Board also reveals 22.6% growth in *Gross operating profit* over the previous year, amounting to 130 million euro and equal to 14% as a share of total revenues, and a marked increase in *Ebitda*, which totalled 113 million euro, an increase of 27% over 2002. *EBIT* amounted to 66 million euro, a 4% rise and equal to 7.2% as a share of total revenues.

The Board also deliberated to submit to the Shareholder's meeting a proposal for a dividend distribution of 0.065 euro per share for a total amount of approximately 6.3 million euro; ex dividend date May 3rd, 2004 and payment date May 6th, 2004.

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*The Astaldi Group, listed on the Star segment of the Italian Stock Exchange, has more than 75 years of business experience in the design and construction of large civil engineering projects in Italy and abroad.*

*The Group operates in the following business areas:*

- *transport infrastructure (railways, underground systems, roads, highways, airports, and ports);*
- *hydraulic works and energy generation plants (dams, hydroelectric plants, aqueducts, oil pipelines, gas pipelines, and purification plants);*
- *civil and industrial buildings (hospitals, universities, airports, courthouses, construction works at electricity and nuclear power plants, and parking lots);*
- *operation of such works as parking lots, reclamation systems, etc.*

*The Astaldi Group currently operates as a general contractor capable of promoting financial aspects and coordinating all the resources and skills necessary for the optimal construction and operation of complex and high-value public works.*

**For further information:**

**Astaldi S.p.A.**
tel. 06/41766389
*Alessandra Onorati*
Head of External Relations
and Investor Relations

**PMS Corporate Communications.**
Tel. 06/42020970
*Giancarlo Frè Torelli*
*Andrea Lijoi*

## CONSOLIDATED INCOME STATEMENT

| *(Thousand of euro)* | **December 31 2003** | *%* | **December 31 2002** | *%* |
|---|---|---|---|---|
| Contract revenues | 870,145 | 94.3% | 757,418 | 92.8% |
| Other revenues | 52,640 | 5.7% | 59,097 | 7.2% |
| ***Total revenues*** | **922,785** | **100.0%** | **816,515** | **100.0%** |
| Costs of production | (670,152) | -72.6% | (601,934) | -73.7% |
| *Added value* | *252,633* | *27.4%* | *214,581* | *26.3%* |
| Labour costs | (122,865) | -13.3% | (108,201) | -13.3% |
| ***Gross operating profit*** | **129,768** | **14.1%** | **106,380** | **13.0%** |
| Other charges | (16,457) | -1.8% | (17,099) | -2.1% |
| ***Ebitda*** | **113,311** | **12.3%** | **89,281** | **10.9%** |
| D&A | (45,693) | -5.0% | (36,080) | -4.4% |
| Net provisions and use of risk fund | (1,174) | -0.1% | 10,841 | 1.3% |
| ***Ebit*** | **66,444** | **7.2%** | **64,042** | **7.8%** |
| Interest charges | (27,458) | -3.0% | (25,072) | -3.1% |
| Equity write-downs | (4,967) | -0.5% | (6,610) | -0.8% |
| Extraordinary income (charges) | (4,982) | -0.5% | (6,149) | -0.8% |
| ***Profit before taxes*** | **29,037** | **3.1%** | **26,211** | **3.2%** |
| Income taxes | (14,994) | -1.6% | (8,861) | -1.1% |
| Prepaid taxes | 8,136 | 0.9% | (1,839) | -0.2% |
| ***Net income for the period*** | **22,179** | **2.4%** | **15,511** | **1.9%** |
| Net (profit) loss for minorities | 217 | 0.0% | (442) | -0.1% |
| **Group net income** | **22,396** | **2.4%** | **15,069** | **1.8%** |

## CONSOLIDATED BALANCE SHEET

| *(Thousand of euro)* | December 31 2003 | December 31 2002 |
|---|---|---|
| Net intangible fixed assets | 52,191 | 58,292 |
| Net tangible fixed assets | 106,318 | 93,725 |
| Equity investments | 28,361 | 33,909 |
| Other net assets | 16,296 | 14,398 |
| **Total net fixed assets** | **203,166** | **200,324** |
| Inventories | 41,316 | 40,620 |
| Work in progress | 187,373 | 198,343 |
| Trade receivables | 217,355 | 236,738 |
| Other assets | 207,542 | 224,869 |
| Advance payments | (84,919) | (133,362) |
| *Subtotal* | *568,667* | *567,208* |
| Due to suppliers | (196,399) | (195,154) |
| Other liabilities | (142,832) | (144,453) |
| *Subtotal* | *(339,231)* | *(339,607)* |
| **Working capital** | **229,436** | **227,601** |
| Employees' indemnity fund | (12,189) | (11,970) |
| Contractual risks reserve | (51,599) | (50,650) |
| Other reserves | (13,220) | (23,855) |
| **Total reserves** | **(77,008)** | **(86,475)** |
| **Net invested capital** | **355,594** | **341,450** |
| Cash and short-term financial receivables | 149,983 | 155,261 |
| Financial receivables included in fixed assets | 73,021 | 56,399 |
| Medium/long-term financial debt | (246,099) | (212,594) |
| Short-term financial debt | (105,219) | (118,205) |
| **Net financial assets/liabilities** | **(128,314)** | **(119,139)** |
| **Consolidated net equity** | **227,122** | **222,004** |
| Minority interest | 158 | 307 |
| **Net equity** | **227,280** | **222,311** |
| Personal guarantees | 1,695,806 | 1,653,148 |
| Risk of recourse from factors | 86,168 | 164,806 |
| Other memorandum accounts | 29,660 | 27,452 |
| Third-party bank guarantees in our favour | 22,189 | 21,932 |
| **Total commitments and guarantees** | **1,833,823** | **1,867,338** |

## PARENT COMPANY INCOME STATEMENT

| *(Thousand of euro)* | **December 31 2003** | *%* | **December 31 2002** | *%* |
|---|---|---|---|---|
| Contract revenues | 673,977 | 94.5% | 590,609 | 92.9% |
| Other revenues | 39,593 | 5.5% | 45,026 | 7.1% |
| ***Total revenues*** | **713,570** | **100.0%** | **635,635** | **100.0%** |
| Costs of production | (531,972) | -74.6% | (479,522) | -75.4% |
| *Added value* | *181,598* | *25.4%* | *156,113* | *24.6%* |
| Labour costs | (89,872) | -12.6% | (83,771) | -13.2% |
| ***Gross operating profit*** | **91,726** | **12.9%** | **72,342** | **11.4%** |
| Other charges | (13,494) | -1.9% | (12,258) | -1.9% |
| ***Ebitda*** | **78,232** | **11.0%** | **60,084** | **9.5%** |
| D&A | (37,263) | -5.2% | (30,648) | -4.8% |
| Net provisions and use of risk fund | 4,942 | 0.7% | 14,347 | 2.3% |
| ***Ebit*** | **45,911** | **6.4%** | **43,783** | **6.9%** |
| Interest charges | 11,635 | 1.6% | (13,073) | -2.1% |
| Equity write-downs | (21,816) | -3.1% | (3,433) | -0.5% |
| Extraordinary income (charges) | (18,693) | -2.6% | (5,751) | -0.9% |
| ***Profit before taxes*** | **17,037** | **2.4%** | **21,526** | **3.4%** |
| Income taxes | (9,869) | -1.4% | (4,955) | -0.8% |
| Prepaid taxes | 4,849 | 0.7% | (4,694) | -0.7% |
| ***Net income for the period*** | **12,017** | **1.7%** | **11,877** | **1.9%** |

**PARENT COMPANY BALANCE SHEET**

| *(Thousand of euro)* | **December 31 2003** | **December 31 2002** |
|---|---|---|
| Net intangible fixed assets | 44,361 | 57,687 |
| Net tangible fixed assets | 56,310 | 48,664 |
| Equity investments | 57,548 | 56,955 |
| Other net assets | 41,950 | 29,400 |
| **Total net fixed assets** | **200,169** | **192,706** |
| Inventories | 35,816 | 36,153 |
| Work in progress | 163,377 | 186,196 |
| Trade receivables | 174,489 | 190,218 |
| Other assets | 179,650 | 200,257 |
| Advance payments | (72,315) | (111,396) |
| *Subtotal* | *481,017* | *501,428* |
| Due to suppliers | (140,452) | (155,628) |
| Other liabilities | (301,225) | (298,682) |
| *Subtotal* | *(441,677)* | *(454,310)* |
| **Working capital** | **39,340** | **47,118** |
| Employees' indemnity fund | (11,497) | (11,150) |
| Contractual risks reserve | (48,022) | (50,944) |
| Other reserves | (3,378) | (4,704) |
| **Total reserves** | **(62,897)** | **(66,798)** |
| **Net invested capital** | **176,612** | **173,026** |
| Cash and short-term financial receivables | 128,061 | 126,422 |
| Financial receivables included in fixed assets | 72,998 | 56,372 |
| Medium/long-term financial debt | (71,510) | (33,945) |
| Short-term financial debt | (87,575) | (102,001) |
| **Net financial assets/liabilities** | **41,974** | **46,848** |
| **Net equity** | **218,586** | **219,874** |
| Personal guarantees | 1,690,661 | 1,631,045 |
| Other memorandum accounts | 141,324 | 215,321 |
| Collateral securities | 0 | 0 |
| Third-party bank guarantees in our favour | 22,189 | 20,906 |
| **Total commitments and guarantees** | **1,854,174** | **1,867,272** |