
2006-2010 Business Plan



May 2006

→ **New assumptions** of the Business Plan:

→ **strong speed-up of new orders acquisition process**

allowing to

→ **create value** on the basis of an orders backlog which includes orders selected by quality

and to

→ adopt a **much more selective approach** to external growth opportunities

**2006-2010 Business Plan confirms the growth targets
already planned on a “stand-alone” basis**

The good performance of concession business allows to expect additional growth,
especially in the urban transport infrastructures sector

Previous targets reached in advance

- **Validity and effectiveness of the strategic guidelines** of the 2005-2009 Business Plan confirmed by the targets achieved as of today

Commercial Policy - 2005-2009 Strategic Guidelines

- ✓ Focus on *general contracting, project finance and concessions*, in particular in parking, healthcare and transport infrastructures sectors
- ✓ Development of additional opportunities in sectors niches of domestic traditional market (contract value less than € 100Mln)
- ✓ Strengthening of the presence in traditional foreign markets (Venezuela, Romania, Algeria, Turkey)

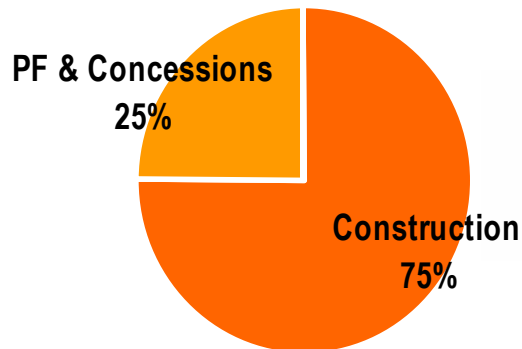
€ 2.8Bln new orders acquired during the last 15 months

to be started-up during the next years

- The strong acquisition capacity **allowed to achieve in advance the orders backlog targets** the management planned for 2007

Orders backlog

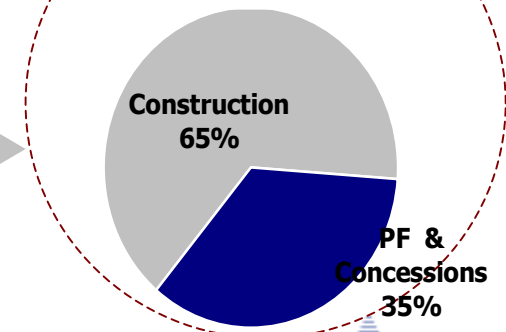
~ € 7Bln



Orders backlog **has already achieved the targets planned for 2007**

Previous Business Plan

2007 Target: > € 7Bln



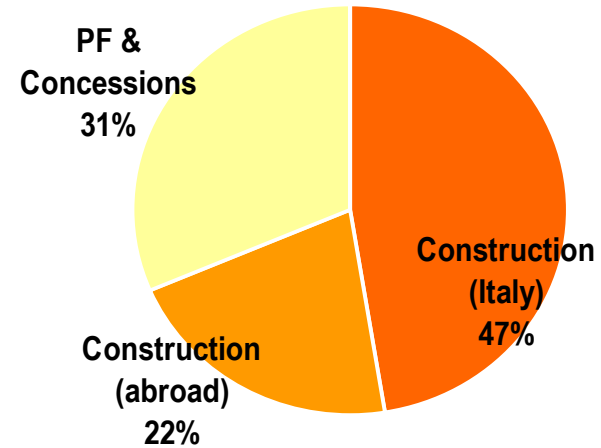
Strong increase in orders backlog

In view that such contracts should be entered into in the short-term, **it is possible to assume a potential orders backlog of approx. € 10Bln**

Current orders backlog does not include the contracts for which Astaldi is already a Sponsor or ranks 1st possible contractor

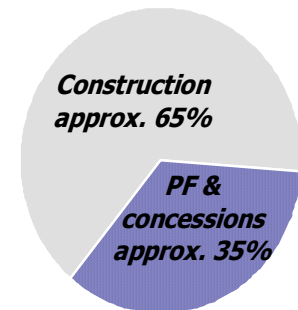
(€/Mln _ Astaldi's shares)	Construction	Concession
Sponsorships		
Appia Antica Underpass in Rome	390	800
Four Hospitals in Tuscany	116	525
Total sponsorships	506	1,325
Other initiatives		
Venezuela (Puerto Cabello-La Encrucijada and new initiatives)	1,295	--
Romania and additional initiatives	225	--
Total other initiatives	1,520	--
Total new orders to be included in orders backlog	2,026	1,325

€ 3,4Bln
of additional initiatives



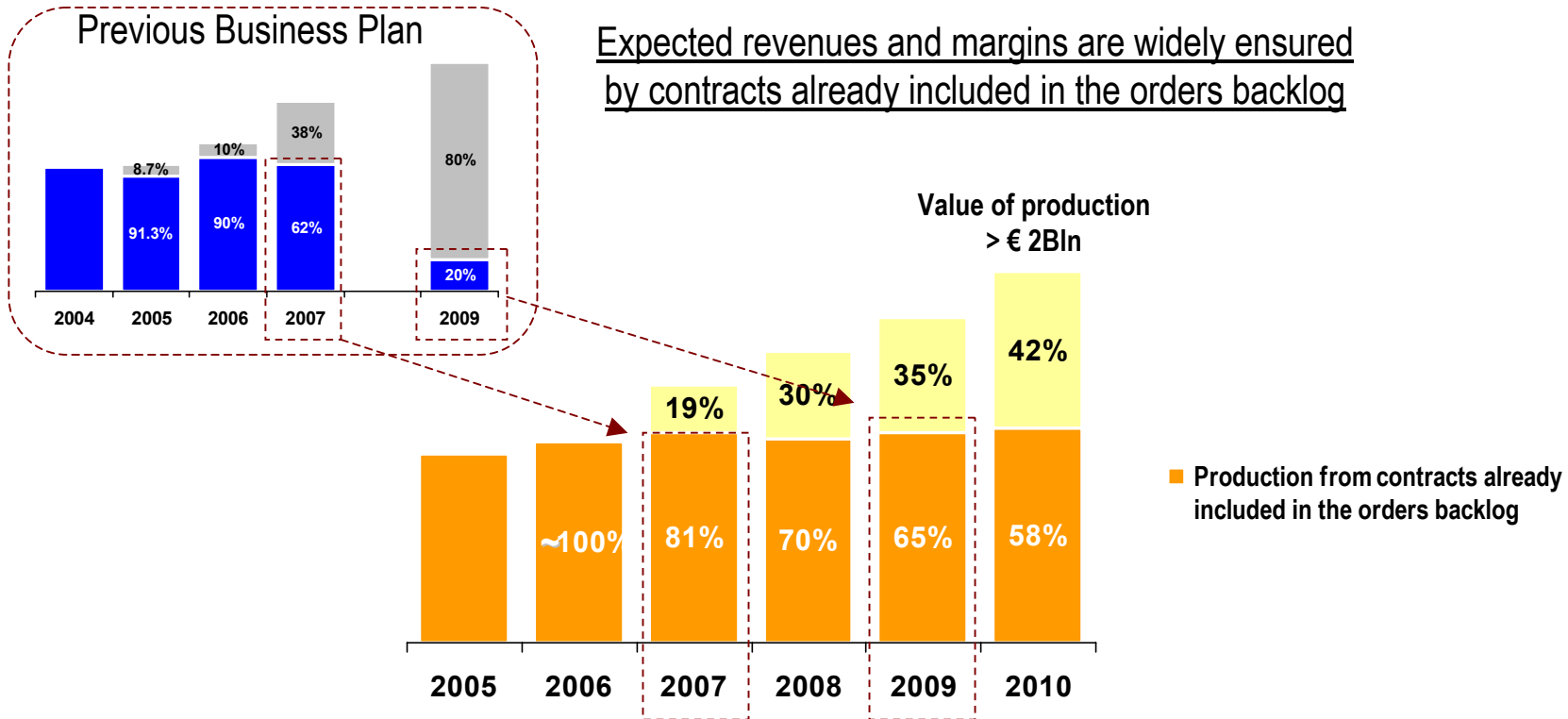
Potential orders backlog
has already exceeded the
target planned for 2009

Previous Business Plan
2009 Target: > € 8Bln



Improved visibility of production

➔ Current orders backlog **allows to achieve the targets of the 2005-2009 Business Plan** on a “stand alone” basis



➔ Consequently, the Group’s **risk profile has improved**, thus resulting in **better visibility of the margins and cash-flow** generated by the works

Next years' challenge

→ Therefore, next years' challenge will be **starting-up the works** relating to the contracts forming the current orders backlog

Main contracts being started-up	2005	2006				2007				2008		2009	2010	Over
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H			
Rome Underground Line C														
Design														
Start-up														
Beginning of the works														
Milan Underground Line 5														
Design														
Start-up														
Beginning of the works														
Beginning of concession period														
Verona-Padua High-Speed Railway (IRICAV Due)														
Design														
Start-up														
Beginning of the works														
Jonica National Road - lot 1 and lot 2														
Design														
Start-up														
Beginning of the works														
Turin Railway By-Pass (2nd phase)														
Design														
Start-up														
Beginning of the works														
Bologna High-Speed Railway Station														
Design														
Start-up														
Beginning of the works														
Parma-La Spezia Railway Line														
Design														
Start-up														
Beginning of the works														
Algeria - 2005 new contracts														
Design														
Start-up														
Beginning of the works														

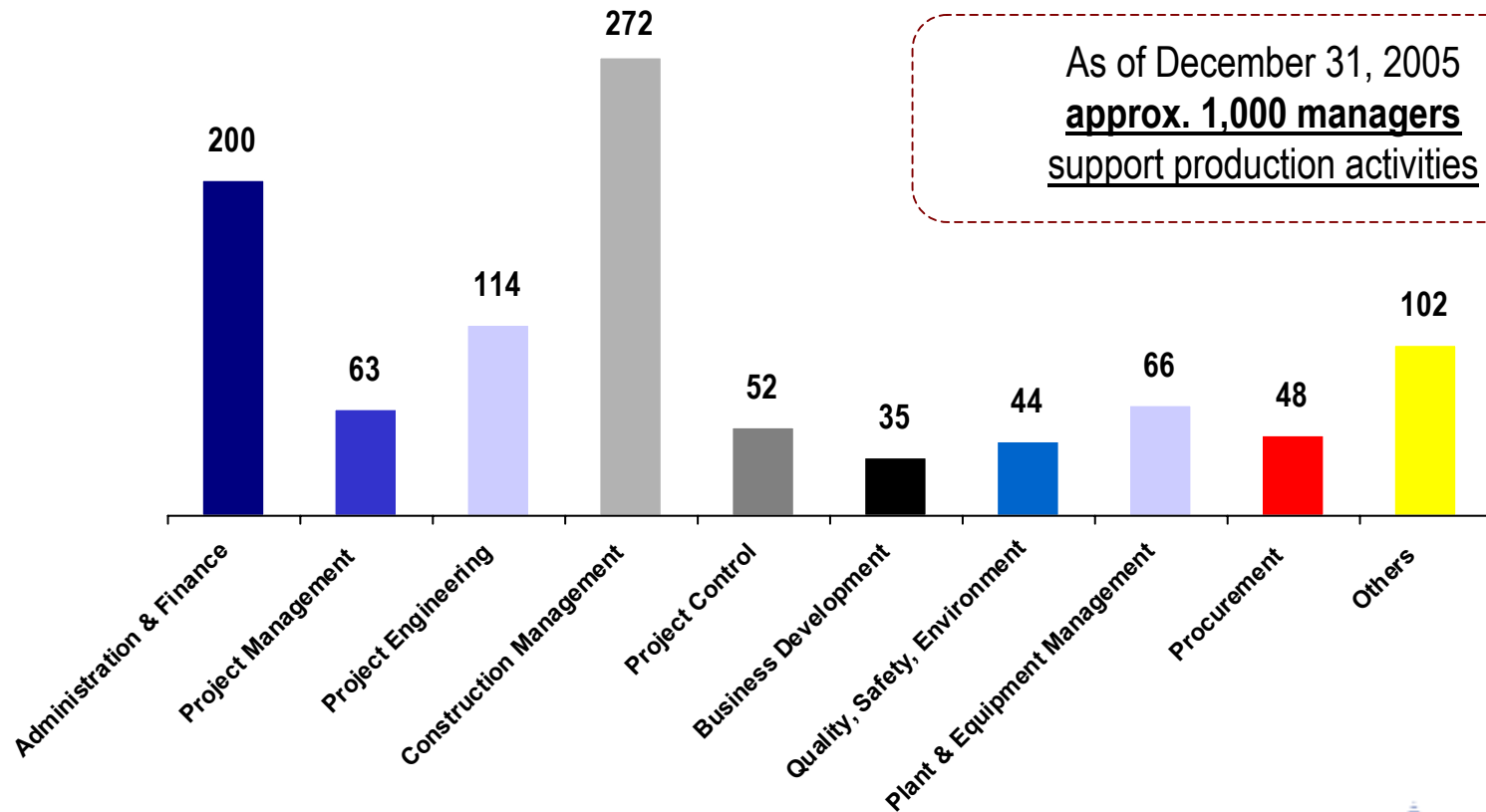
→ The contracts acquired during the last 15 months will be fully productive **starting from 2007**

→ The delayed start-up of the works relating to the two lots of the Jonica National Road (NR 106) – beginning of the works postponed to the end of 2006 – will have an effect on 2006 expected production, which nevertheless will be fully recovered from 2007 onwards

→ The two-year postponement (from 2007 to 2009) of the expected start-up of the works relating to the Verona-Padua High-Speed Railway Line will have no remarkable effect on this Business Plan since the non-production is balanced by the full production deriving from the new contracts

Human resources supporting the Group's growth

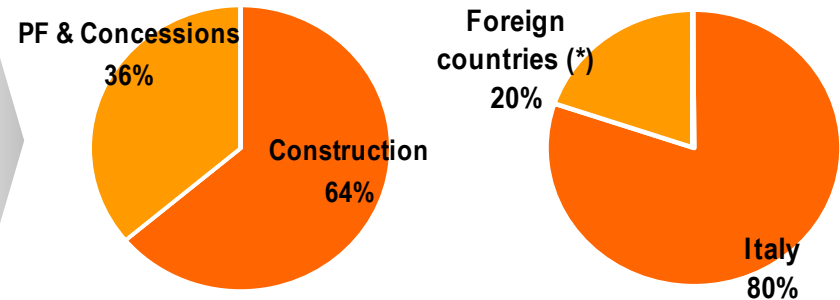
- For each relevant contract, Astaldi implements an **organizational structure aimed at guaranteeing the best control processes and the execution of the project**. The structure is also strongly supported by head-office services
- Continues the strong commitment to the training of qualified managers



2006-2010 Business Plan Strategic Commercial Guidelines are in line with the previous plan

- ✓ Focus on *general contracting, project finance and concession* contracts, in particular in parking, healthcare and transport infrastructures sectors
- ✓ Development of *general contracting, project finance and concession* activities in those foreign countries where the Group traditionally operates and offering important development opportunities (Venezuela, Algeria, Turkey, Romania, Saudi Arabia, Qatar)

**~ € 10Bln
by December 2010**



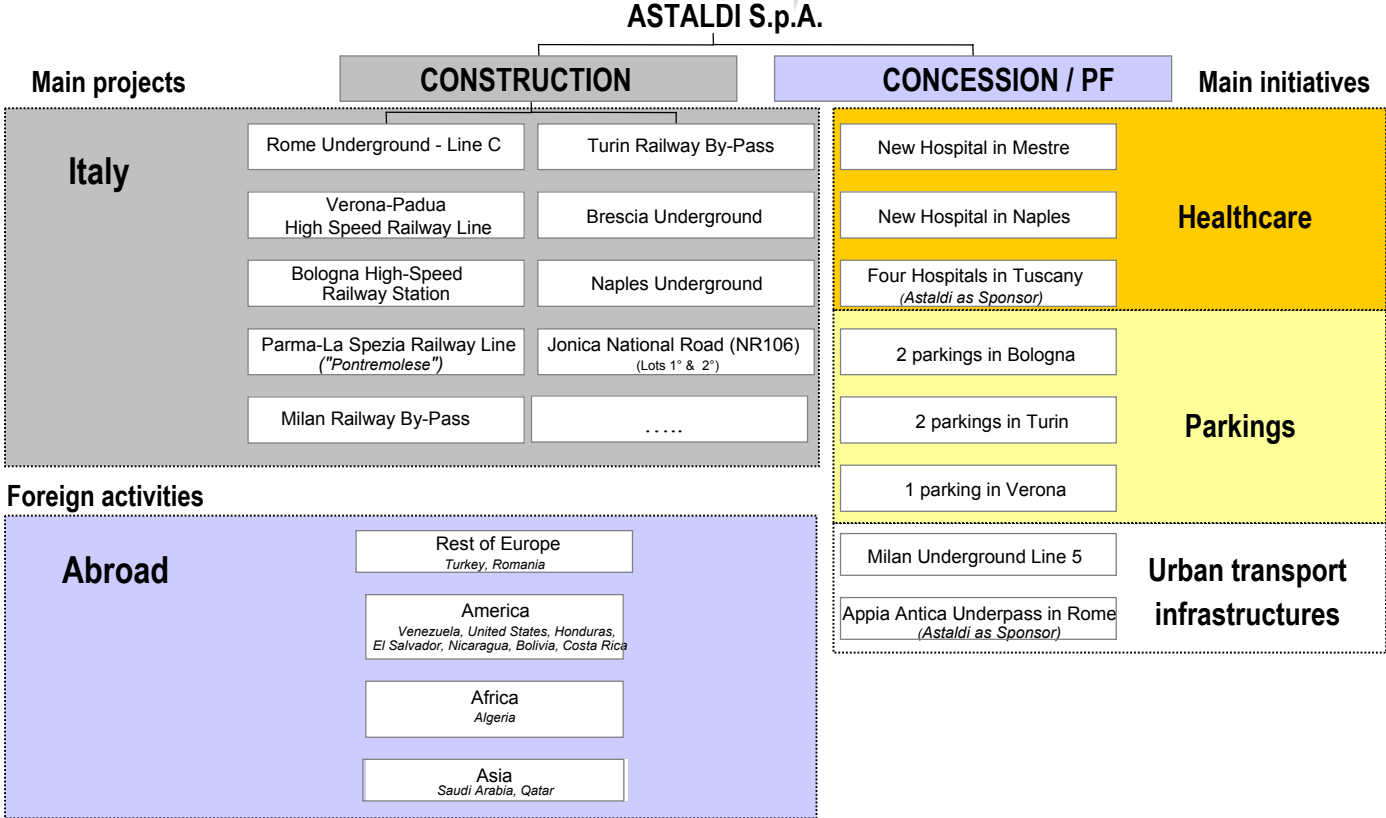
(*) 2006-2010 Business Plan only partially includes the positive effect on the production and on the margins deriving from the new activities in Venezuela, equivalent to approx. €1.3Bln, since such activities have been included in the orders backlog according to a criterion of prudence as all other standing contracts in Venezuela

- ➔ The early achievement of previous business plan targets generates a **higher value creation** in comparison with previous plans
- ➔ Future growth drivers have already been acquired: **the new orders backlog ensures a cash-flow** to support new investments

Organization - 2005-2009 Strategic Guidelines

- ✓ Actual separation of concession/project finance business from the construction activities and focus on management resources for the development of concession and project finance activities

New concession business unit
fully operational



Concession/project finance activities

- **Increasing concession/project finance activities** in the sectors of healthcare and urban transport infrastructures

TABLE N. 1 - Initiatives currently included in the orders backlog

(€/Mln)	Total investment	Public grant (%)	Concession revenues	Astaldi's share	Duration		IRR
					Const.	Conc.	
Healthcare	413	50%	2,222	1,038	4.5	26	12%
Transport infrastructures	424	74%	779	181	5.0	27	> 12%
Parkings	33	17%	207	207	2.0	> 30	16%
Other initiatives	--	--	1,615	285			
Total initiatives			4,823	1,711			

Currently included in the orders backlog

- **Healthcare**: 2 hospitals (Mestre, Naples)
- **Urban transport infrastructure**: Milan Underground Line 5
- **Parkings**: 3 initiatives in "operation" phase (Turin (2), Bologna) and 2 initiatives in "build" phase (Bologna, Verona)

TABLE N. 2 - Additional initiatives to be promoted

(€/Mln)	Total investment	Public grant (%)	Concession revenues	Astaldi's share	Duration		IRR
					Const.	Conc.	
Healthcare	494	51%	2,349	1,044	3.5	20.0	17%
Transport infrastructures	1,196	15%	3,717	2,328	5.0	30.0	12%
Total initiatives	1,690		6,066	3,372			

- **In Italy, concessions benefit from a public grant** averaging 50% of investment value
- Interesting rate of return on invested capital and revenues stabilization
- As of 2010, 5% of the value of production derives from concession/project finance activities

Main Economic Targets of 2006-2010 Business Plan

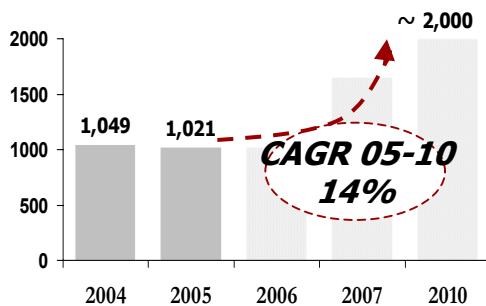
(€/Mln)	2005	2010	CAGR 05-10
Orders backlog	5,565	> 10,000	12.5%
Value of production	1,021	> 2,000	14%
EBIT	78	approx. 170	16%
<i>Ebit margin</i>	<i>7.6%</i>	<i>> 8%</i>	<i>--</i>
Net profit	32.5	approx. 75	18%

→ The growth expected by this Business Plan on a “stand alone” basis confirms the 2007-2009 targets set forth by the previous business plan on a similar basis

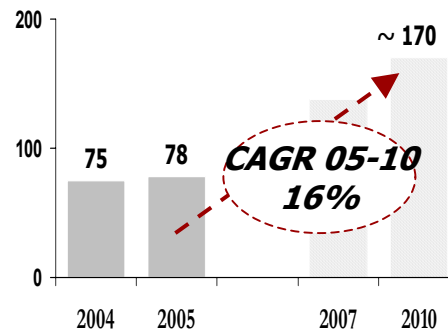
→ The delayed start-up of some contracts entails a slight decrease in the value of production expected for 2006

→ **Approx. 60% of 2010 activities and margins is ensured** by the current orders backlog

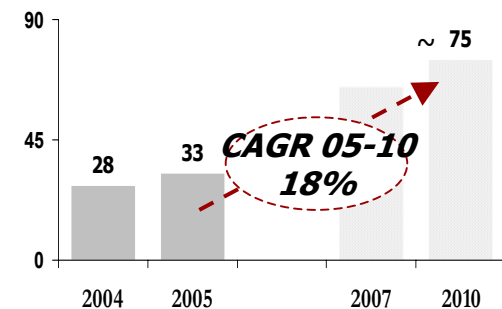
Value of production (€/Mln)



EBIT (€/Mln)

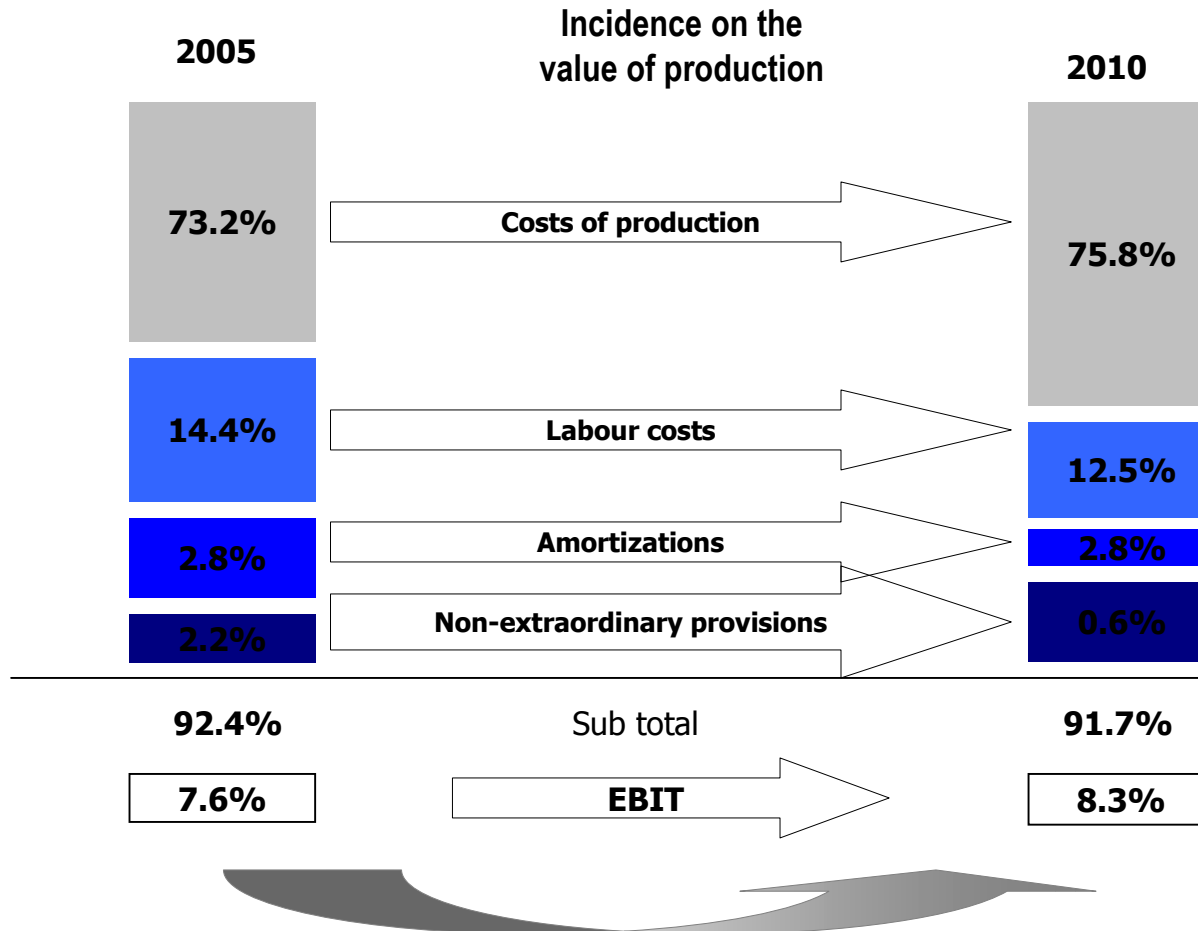


Net profit (€/Mln)



New structure for Consolidated Income Statement

The structure of the Income Statement reflects the changes incurred in the orders backlog, which favours the creation of value



Main Equity and Financial targets of 2006-2010 Business Plan

(€/Mln)	2005	2010	CAGR 05-10
Net Invested Capital (NIC)	496	918	13%
<i>NIC Construction Sector</i>	<i>463</i>	<i>537</i>	<i>3%</i>
<i>NIC Concession Sector</i>	<i>33</i>	<i>381</i>	<i>n.s.</i>
Net Financial Position	(239)*	(464)	--
<i>of which relating to the concession sector</i>	<i>(33)</i>	<i>(358)</i>	<i>n.s.</i>
Net Equity	256	> 450	12%
<i>Debt/Equity ratio</i>	<i>0.9</i>	<i>1.0</i>	<i>--</i>

CAPEX Construction Sector

- ✓ Investments amounting to approx. 4-5% of revenues
- ✓ Important projects start-up as from 2007, with relevant investments

CAPEX Concession Sector

- ✓ Equity investments amounting to approx. €170Mln and investments in **non-recourse consolidated debt** equal to approx. €180Mln

(*) Net Financial Position at € 234Mln net of own shares.

- ➔ *Corporate debt/equity ratio* (not including the debt relating to concession/project finance activities since it is non-recourse): < 0.5 in 2010
- ➔ New long-term financing for an amount of €200Mln (bullet repayment after 5-7 years), replacing one sole financing amounting to €100Mln, consequently reducing the cost of debt by approx. 100 b.p.
- ➔ The stated targets take into account the following effects:
 - ✓ non-recourse sale of the receivables relating to the pre-financing of general contracting contracts
 - ✓ non-recourse sale of receivables relating to traditional contracts
 - ✓ collection of advance payment relating to the Verona-Padua High-Speed Railway
 - ✓ pay-out ratio exceeding 30%

Consolidated Income Statement

(€/Mln)	2005	2010	CAGR 05-10
Value of Production	1,020	> 2,000	14%
<i>of which concessions</i>	<i>n.m.</i>	<i>ca. 100 Mln</i>	<i>n.m.</i>
Gross Operating Margin (GOM)	152	ca. 300	14.5%
EBITDA	127	ca. 230	13%
EBIT	78	ca. 175	16%
Net Profit	32,5	ca. 75	18%

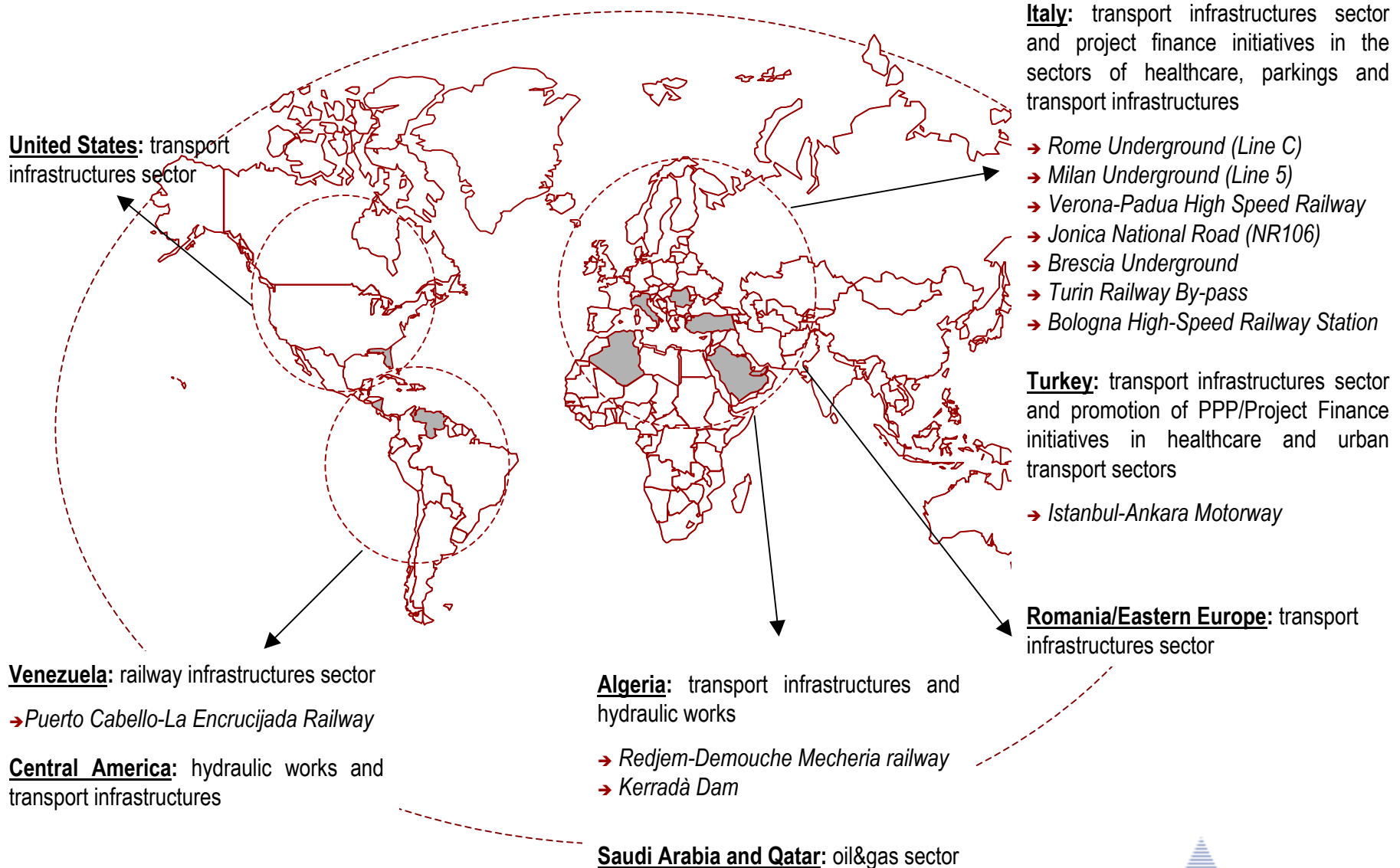
Main Index (%)

	2005	2010
GOM %	14.9%	15%
EBIT margin	7.6%	8.3%
Tax rate (*)	41%	35%

(*) The above data do not take into account possible tax benefits deriving from tax credits accrued abroad.

Appendix

International Positioning



Value of Construction^(*): works to be executed during the next five years

Country	Project	Type	Employer	Project Value (I)	Astaldi's Share (%)	Astaldi's Share (€)	Orders backlog value	Progress (%)	Financing	End of works
ITALY										
Italy	Rome Underground Line C	Railways and undergrounds	Roma Metropolitane S.p.A.	2.180.000	34,50%	752.100	752.100	0,00%	Public Funds	> 2010
Italy	Milan Underground Line 5	Railways and undergrounds	Municipality of Milan	513.734	23,30%	119.700	119.700	0,00%	Project finance	> 2010
Italy	Jonica National Road (NR 106) - lot 1	Roads and motorways	ANAS S.p.A.	480.180	100,00%	480.180	473.381	1,42%	Public Funds	2010
Italy	Turin Railway By-pass	Railways and undergrounds	Italferr S.p.A.	402.568	74,00%	297.900	295.648	0,76%	Public Funds	> 2010
Italy	Verona-Padua High Speed Railway	Railways and undergrounds	T.A.V. S.p.A.	2.712.625	32,99%	894.895	864.174	3,43%	Public Funds	> 2010
Italy	Brescia Underground	Railways and undergrounds	Brescia Mobilità S.p.A.	314.343	100,00%	314.343	284.717	9,42%	Public Funds	2009
Italy	Jonica National Road (NR 106) - lot 2	Roads and motorways	ANAS S.p.A.	310.270	100,00%	310.270	306.393	1,25%	Public Funds	2010
Italy	"Bologna Centrale" High Speed Railway Station	Railways and undergrounds	Italferr S.p.A.	308.798	100,00%	308.798	290.903	5,80%	Public Funds	2009
Italy	Parma-La Spezia Railway Line	Railways and undergrounds	Italferr S.p.A.	165.500	100,00%	165.500	163.643	1,12%	Public Funds	> 2010
Italy	Other initiatives						1.049.341			
Total Italy							4.600.000			
Abroad										
Venezuela	Puerto Cabello-La Encrucijada Railway	Railways and undergrounds	I.A.F.E. (Autonomous Institute of Railways of Venezuela)	718.161	33,00%	236.993	105.681	55,41%	SACE	> 2010
Turkey	Anatolian Motorway (Istanbul-Ankara)	Roads and motorways	Ministry of Public Works of Turkey	511.538	100,00%	511.538	98.554	80,73%	Public Funds	2007
Algeria	Redjem Demouche-Mecheria Railway	Railways and undergrounds	S.N.T.F (Ministry of Transport of Algeria)	160.588	51,00%	81.900	81.900	0,00%	Public Funds	2008
Algeria	Akbou-Bejaia water pipeline	Hydraulic works	A.N.B.T. (Dams National Agency)	114.314	51,00%	58.300	56.788	2,59%	Public Funds	2008
Costa Rica	Pirris Dam	Hydraulic works	ICE (Instituto Costarricense de Electricidad)	89.300	100,00%	89.300	89.300	0,00%	JBIC ODA	2010
Algeria	Kerradà Dam	Hydraulic works	A.N.B.T. (Dams National Agency)	77.315	68,68%	53.100	51.725	2,59%	Public Funds	2009
Algeria	East-West Motorway (Troncon-Quedda)	Roads and motorways	A.N.A. (Motorways National Agency)	59.400	100,00%	59.400	55.922	5,86%	Public Funds	2009
Algeria	Hydraulic plant in Hamma	Hydraulic works	Algerienne des Eaux	56.400	100,00%	56.400	56.400	0,00%	Public Funds	2007
Other foreign countries	Other initiatives						294.730			
Total abroad							891.000			
TOTAL VALUE OF CONSTRUCTION IN THE ORDERS BACKLOG AS OF APRIL 2006							5.491.000			

(*) Does not include concessions.

Reclassified Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT	2005	2010
Euro/Mln		
Value of production	1,020.7	2,002.2
Gross Operating Margin (GOM)	151.7	298.7
GOM %	14.9%	14.9%
EBITDA	126.6	231.6
EBIT	77.9	167.7
EBIT MARGIN	7.6%	8.3%
Profit before taxes	54.6	115.1
TAX RATE	41.6%	35.3%
Net income	32.5	74.8
RN/VDP	3.2%	3.7%

Reclassified Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET	2005	2010
Euro/MIn		
Total Net Fixed Assets (A)	214.5	740.6
Working Capital (B)	347.7	254.5
Total Funds (C)	(66.1)	(76.8)
Net Invested Capital (D)=(A)+(B)+(C)	496.0	918.3
<i>NIC/Value of production</i>	<i>49%</i>	<i>46%</i>
Net Financial Position (E)	(239.7)	(464.4)
Net Equity (G)=(D)-(E)-(F)	256.3	453.9
<i>DEBT/EQUITY RATIO</i>	<i>94%</i>	<i>102%</i>
<i>DEBT/EBITDA</i>	<i>1.89</i>	<i>2.01</i>

Consolidated Cash-Flow

CONSOLIDATED CASH-FLOW	2005	2010
Euro/Min		
A - Gross Cash-Flow	78.4	134.9
B - Total (Increase)/Decrease in working capital	(44.8)	45.1
C=A+B - Current Operating Cash-Flow	33.6	180.0
D - Total (Increase)/Decrease Fixed Assets	(35.9)	(163.5)
E=C+D - Operating Cash-Flow	(2.3)	16.4
F - Increase/Decrease Equity/Dividends	(9.6)	(19.7)
G=E+F - Available Cash-Flow	(12.0)	(3.3)

COVERAGE:		
(Increase)/Decrease of Cash from Construction Activities	6.0	(56.5)
(Increase)/Decrease of Cash from Project Finance	6.0	59.8
TOTAL	12.0	3.3