Astaldi: the Board of Directors approves the quarterly report at June 30, 2006 and examines the semi-annual preliminary results

- **New orders during the first six-monthly period amounting € 2 billions**
- **Orders backlog exceeding € 7 billions (+28.1%)**
- **Value of production for the six-months period at € 511 millions (-2.1%)**
- **Ebit for the six-months period at € 39 millions (+0.9%)**
- **Net Profit for the six-months period at € 17 millions (+0.3%)**

Rome, July 31, 2006 – The Board of Directors of Astaldi S.p.A., chaired by Prof. Ernesto Monti, has approved Astaldi Group's consolidated quarterly results at June 30, 2006 and examined the semi-annual preliminary results showing a Group's net profit amounting to € 17 millions, in line with the same period of the previous fiscal year.

As stated by Vittorio Di Paola, Executive Deputy Chairman "The first six months of this year confirm the growth strategy set forth in the 2006-2010 Business Plan. Such Business Plan refers to the ongoing fiscal year as a turning point in the Group's management, based on a policy of business development which has been factually implemented during this six-month period thanks to the successful award of important *general contracting* and *project financing* contracts in Italy and abroad".

The first semi-annual period results confirm the Group's capability to cope with the slowdown due to the domestic market's lack in resources to be devoted to infrastructure works by a rapid diversification of the activities throughout the international market which, during the six-month period being examined, accounted for more than 60% of the revenues from services and contracts in comparison with 52% in the same period of 2005.

Consolidated results at June 30 2006

The first six months of 2006 confirm a scenario substantially validating the 2006-2010 Business Plan expectations. The acquisition policy focus on high-value contracts allowing a higher income is witnesses by the *EBIT margin* increase up to 7.7% from 7.5% of the previous year.

Total revenues totaled € 511 millions, slightly less than the same of 2005 (-2.1%), due to delayed and still pending approval of the operational design relating to "Jonica" National Road.

The *contract revenues* amount to € 482 millions (€ 483 millions during the first six-month period of 2005), of which 40% from the domestic market and 60% from activities managed abroad. Such revenues are mainly originated by activities in America accounting for 27.8% and in Europe (Romania and Turkey) for 22.8%. Also the revenues from activities in Algeria are increasing thanks to the significant raise in revenues consequently to start-up of important recently acquired contracts. Also the activities in Venezuela are having a positive effect on the revenues since the spending power of local government has improved because of the raise in oil prize. Nonetheless, the economic effects deriving from inter-governmental agreements entered into in December last year between the Government of the Bolivarian Republic of Venezuela and the Government of Italy can not be appreciated yet, but their importance will become evident during the second half of 2006.

The sector of transportation infrastructure confirms to be the pulling sector, essentially due to the increasing valuable contribution of the activities connected with subways and railway works in Italy and Venezuela and road works in Turkey, and is balancing the delayed start-up of the two lots of the "Jonica" National Road in Italy.

The policy of cost control and search for profitability, made possible also by the improved quality of the existing orders backlog, is confirmed throughout the six-month period. The direct cost structure has changed consequently to the different kind of works presently being carried out, showing an increase in the incidence of the *cost of personnel* which is essentially due to the present direct work phases mainly in countries like Algeria where some specific works are rarely subcontracted.

L'*EBIT* stood at € 39,3 millions, slightly increasing with respect to € 38.9 millions of the same period last year (+0.9%).

The net profit equaled € 17.4 millions (€ 17.3 millions in the same period of the last year), the *net margin* raising up to 3.4% with respect to 3.3% as at June 30, 2005.

The *tax rate* corresponds to more than 42% and represents a prudent estimation which does not reflect the optimization of tax load on revenues from activities abroad, and which is presently being revised.

The **net financial indebtedness** at June 30, 2006, net of treasury shares, stood at € 324.8 millions, in comparison with € 231.2 millions recorded at the end of 2005. Such data witness the important technical and equity financial investments in order to start-up newly acquired contracts. Furthermore, these data do not take into account the receivables amounting to USD 74 millions accrued in connection with the contract in Turkey, which are going to be collected during the first week of August. Therefore, the *debt/equity* ration is equivalent to 1.2, showing an increase in comparison with the value of 0.93 recorded in March 2006.
The *corporate debt/equity ratio*, which does not take in account the quota of debt deriving from concession and project financing initiatives, since it is a debt without recourse, stands below 1.

2006 Second quarter results

During the second quarter 2006, total revenues amount € 269 millions (€ 283 millions in 2005). The *contract revenues* amount to € 257 millions (€ 259 millions in the same period last year).

The effects of a different cost structure, due to the delivery of the New Milan Expo Fair Centre, are confirmed also on a quarterly basis. The cost of personnel affects the revenues to a greater extent (14.5% with respect to 12.5% of the second quarterly period of 2005).

The *EBIT* stood at € 21 millions with respect to € 23 millions of the second quarter of 2005, while the net profit stays essentially stable at € 9.3 millions (€ 9.6 millions in the foregoing period).

Orders backlog

During the first six months of 2006, the orders backlog increased by more than € 2 billions. Such value boosts the orders backlog to more than € 7 billions, showing an annual increase of 28.1%, essentially due to newly acquired contracts in the sector of transportation infrastructures in Italy, Venezuela, Algeria and Romania.

The domestic market, on the other hand, records the successful award of the contract for the construction of the new "Scuola dei Marescialli e dei Brigadieri dell'Arma dei Carabinieri" in Florence, the value of which amounts to € 262 millions. Such award comes right after those obtained during the first months of the year relating to a general contracting contract for the construction of the new line C of the underground of Rome and to a project finance initiative for the construction and operation of the new line 5 of the underground in Milan.

During the first six-monthly period some additional business targets have been signed in the sector of road and railway works in Romania – € 57 millions for the Basarab Overpass in Bucharest and € 178 millions for the rehabilitation works of Bucharest-Costanta railway – and in the sectors of railway and hydraulic works in Algeria – € 56 millions for the waterworks in Hamma, near Algers, and a total amount of € 158 millions for Mecheria-Redjem Demouche railway.

Moreover, we remind that during the month of June two contracts have been entered into in Venezuela for the construction of two new railway sections of a total value of USD 2.2 billions, 33.33% of which is attributable to Astaldi. Some contract options have also been provided for, the value of which amounts to USD 1 billion, relating to the design, supply and assembly of the railway system, which shall be negotiated separately.
In compliance with the Group's policy of prudent inclusion of the new orders within the orders backlog, it is underlined that, though the contracts have been signed, such works will be included in the orders backlog on a "*tranche basis*" after that the local government will have provided for the financial coverage. As of June 2006, the relevant amount included in the orders backlog equals € 55 millions only.

Subsequent events

After the closing of the quarterly period, a new railway contract has been signed in Venezuela in July, the total value of which amounts to USD 825 millions. Such contract stems from the Venezuelan employer's exercise of the option of a value of USD 1.5 billions expected in June in connection with the contract Puerto Cabello-La Encrucijada which is being executed.
Further road work contracts have also been acquired in Bolivia, for € 58 millions.
Moreover, in June the Group took part in the high-speed railway program in Algeria, which shows noticeable tender values, by submitting a bid for two of the three railway lots. The bids refer to approximately 500 kms of new high-speed railway equipped with a control system which is one of the most advanced presently available.
Lastly, in July Astaldi signed a new financing contract amounting to € 325 millions with a *pool* of domestic and international banks. The financing, including a new rotary credit line of € 245 millions and a bullet refinancing line of € 80 millions, has a duration of 5 years and provides for the possibility to be extended up to 7 years. This operation allows to reduce the cost of debt and is aimed at further matching the duration of financing sources to the average duration of contracts being executed, consequently re-balancing the Group's financial structure.

°°°

Listed on the Star segment of the Italian stock exchange, Astaldi Group has been active for more than 75 years, in Italy and abroad, in designing and constructing large-scale civil engineering works.
The Group operates in the following areas of activity:

- *transport infrastructures (railways, undergrounds, roads, motorways, ports, and airports);*
- *hydraulic works and power production plants (dams, hydroelectric plants, water systems, oil pipelines, gas pipelines, and treatment plants);*
- *civil and industrial construction (hospitals, universities, airports, law courts, construction works for electrical and nuclear plants, car parks);*
- *concession of such works as car parks, remediation plants, etc.*

The Group is currently a General Contractor capable of promoting financial aspects and coordinating all resources and skills for the optimal development and management of complex and high-value public works.

For further information:

Astaldi S.p.A.
tel. 06/41766389
Alessandra Onorati
Head IR & Corporate Communications
a.onorati@astaldi.com
www.astaldi.it

PMS Corporate Communications
Tel. 06/42020970
Giancarlo Frè Torelli

Reclassified Consolidated Balance Sheet

(Euro/000)	*June 30, 2006*	*December 31, 2005*	*June 30, 2005*
Intangible assets	4,380	4,977	6,194
Tangible assets	158,222	129,299	124,809
Equity investments	96,243	34,430	30,498
Other fixed assets	31,899	44,420	44,099
Total net fixed assets (A)	***290,744***	***213,126***	***205,600***
Inventories	44,746	44,702	44,993
Works in progress	408,226	314,383	300,612
Trade receivables	403,222	384,085	374,516
Other assets	117,978	105,004	107,727
Tax receivables	55,259	58,932	49,603
Advances from customers	(112,888)	(116,989)	(97,886)
Subtotal	*916,543*	*790,117*	*779,565*
Payables to suppliers	(396,129)	(354,816)	(389,216)
Other liabilities	(150,828)	(88,929)	(65,464)
Subtotal	*(546,957)*	*(443,745)*	*(454,680)*
Working capital (B)	***369,586***	***346,372***	***324,885***
Employee benefits	(11,569)	(11,518)	(14,150)
Provisions for current risks and charges	(51,505)	(54,609)	(38,242)
Total funds (C)	***(63,074)***	***(66,127)***	***(52,392)***
Net invested capital (D=A+B+C)	**597,256**	**493,371**	**478,093**
Cash and cash equivalent	145,840	175,418	135,758
Current receivables from financial institution	59,556	44,472	31,251
Non current receivables from financial institution	2,285	2,759	34,872
Securities	25,434	14,665	11,578
Current financial payables	(261,574)	(212,756)	(161,747)
Non current financial payables (*)	(300,594)	(261,637)	(285,378)
Net financial payables / receivables (E)	**(329,053)**	**(237,079)**	**(233,666)**
Group net equity	268,368	257,072	246,624
Minority interests	(165)	(780)	(2,195)
Net equity (G=D+E)	**268,203**	**256,292**	**244,429**

(*) Does not include loans to Group companies amountig to	1,698		609

Reclassified Consolidated Income Statements

(€/000)	June 30, 2006	% on rev.	June 30, 2005	% on rev.	Q2 2006	% on rev.	Q2 2005	% on rev.
Contract revenues	482,017	94.4%	483,010	92.6%	257,392	95.6%	258,833	91.6%
Other revenues	28,711	5.6%	38,445	7.4%	11,939	4.4%	23,713	8.4%
Total revenues	**510,728**	**100%**	**521,455**	**100%**	**269,331**	**100.0%**	**282,546**	**100.0%**
Costs of production	(354,223)	(69.4%)	(360,223)	(69.1%)	(188,193)	(69.9%)	(191,046)	(67.6%)
Added value	**156,505**	**30.6%**	**161,232**	**30.9%**	**81,138**	**30.1%**	**91,500**	**32.4%**
Labor costs	(82,350)	(16.1%)	(73,035)	(14.0%)	(38,923)	(14.5%)	(35,290)	(12.5%)
Other operating costs	(10,756)	(2.1%)	(11,086)	(2.1%)	(4,974)	(1.8%)	(6,480)	(2.3%)
Ebitda	**63,399**	**12%**	**77,111**	**15%**	**37,241**	**13.8%**	**49,730**	**17.6%**
Ebitda margin	*12.4%*	--	*14.8%*	--	*13.8%*	--	*17.6%*	--
Depreciations and amortisations	(13,504)	(2.6%)	(13,257)	(2.5%)	(7,141)	(2.7%)	(6,974)	(2.5%)
Provisions for contractual risks	(5,815)	(1.1%)	(14,915)	(2.9%)	(3,754)	(1.4%)	(9,646)	(3.4%)
Write-downs	(5,300)	(1.0%)	(10,069)	(1.9%)	(5,300)	(2.0%)	(9,943)	(3.5%)
(Capitalization of internal construction costs)	494	0.1%	69	0.0%	279	0.1%	55	0.0%
Ebit	**39,274**	**8%**	**38,939**	**0.075**	**21,325**	**7.9%**	**23,222**	**8.2%**
Ebit margin	*7.7%*	--	*7.5%*	--	*7.9%*	--	*8.2%*	--
Interest charges	(9,266)	(1.8%)	(11,369)	(2.2%)	(5,280)	(2.0%)	(6,650)	(2.4%)
Impact of measurement of investments under equity method	1,468	0.3%	425	0.1%	2,532	0.9%	(584)	(0.2%)
Profit before taxes	**31,476**	6.2%	**27,995**	**5.4%**	**18,577**	6.9%	**15,988**	5.7%
Taxes	(13,349)	(2.6%)	(10,766)	(2.1%)	(8,061)	(3.0%)	(5,899)	(2.1%)
Tax rate	*42.4%*	--	*38.5%*	--	*43.4%*	--	*36.9%*	--
Net income	**18,127**	**3.5%**	**17,229**	**3.3%**	**10,516**	**3.9%**	**10,089**	**3.6%**
Minorities	(705)	(0.1%)	136	0.0%	(1,214)	(0.5%)	(479)	(0.2%)
Group net income	**17,422**	**3.4%**	**17,365**	**3.3%**	**9,302**	**3.5%**	**9,610**	**3.4%**