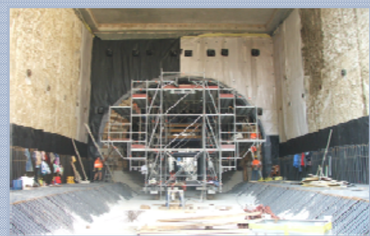
2009-2013 Business Plan


Rome Subway, Line C (Italy)


Caracas-Tuy Railway (Venezuela)


Hospital in Mestre (Italy)


Milan Subway, Line 5 (Italy)


Balambano Dam (Indonesia)

Milan, May 15 2009

- ***Consistent strategic guidances and good quality of the order backlog have proven successfull in achieving planned growth targets even in difficult scenarios***

- ***Strong positioning both at domestic and international level guarantees sustainable margins and new orders inflow thanks to the strong commercial network***

- ***Above average profitability levels are sustainable in the long run as they relate mainly to highly-technological content business in which Astaldi is a leader***

- ***Strong know-how and execution ability thanks to investments on HR, project management and risk management***

ASTALDI

Looking ahead

► **Consistent strategic guidances and good quality of the order backlog have proven successfull in achieving planned growth targets even in difficult scenarios**

	PAST	TODAY	TOMORROW	VALUE CREATION
Construction	•Order backlog of €2.6bn •Average EBIT* > 7% •5% of contracts in backlog are medium-large sized (value more than €100mn) •Traditional market	•Increased order backlog to €8.5bn •Average EBIT* > 8% • >70% of contracts in backlog medium-large sized (value more than €200/€300mn) •General contracting / turn key	•Order backlog to grow to over €13bn •Average EBIT* > 9% • > 80% of large contracts •General contracting / turn key and EPC contracts with high technological content	•Economic value of order backlog •Increased economies of scale •Improved commercial strength (goodwill)
Concessions	•No concessions	•Operating concessions in 4 car parks and 1 hospital (Mestre) •Well established concession backlog (> €2bn) •Concessions NPV: €100mn	•Active role: 5 car parks, 6 hospitals, 2 subways, renewable energy, highways •Concessions revenues ≈ 6% of total revenues expected to grow to 10% •EBIT > 30%	•From investment to "return on investment" •Equity IRR > 13% •NPV: €200mn

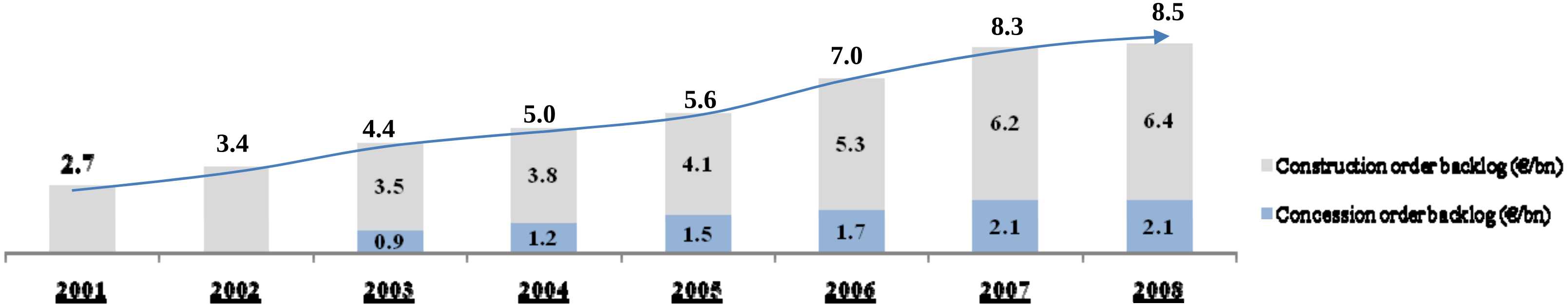
(*) construction + concessions

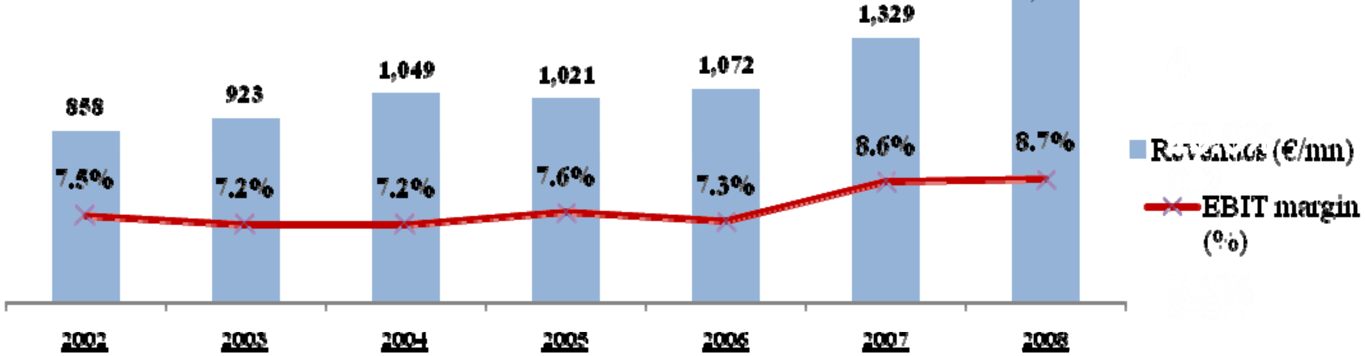
- **Consistent strategic guidances and good quality of the order backlog have proven successfull in achieving planned growth targets even in difficult scenarios**

2009-2013 Business Plan Main economic item	2008	New Plan 2013	CAGR 08-13	Previous Plan 2012
Order backlog (€/bn)	8.5	13.5		13
Revenues (€/mn)	1,526	> 2,750	13%	> 2,650
of which from concessions	n.m.	≈ 160		≈ 140
EBIT (€/mn)	133	260	14%	246
Ebit margin (%)	8.7%	> 9%		> 9%
Net income (€/mn)	42	> 110	20%	> 100

How Astaldi has performed

► **Consistent strategic guidances and good quality of the order backlog have proven successfull in achieving planned growth targets even in difficult scenarios**





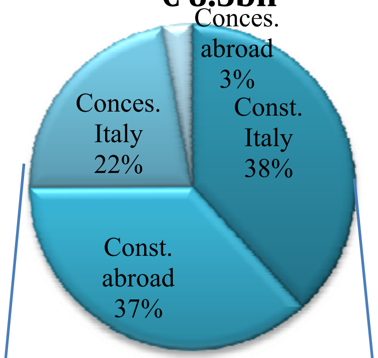
ASTALDI

► Above average profitability levels are sustainable in the long run as they are mainly referable to highly technological content business in which Astaldi is a leader

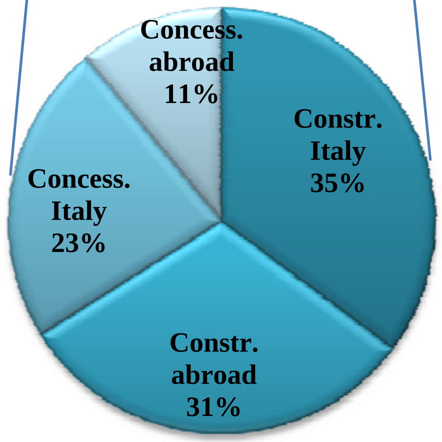
MAJOR CONSTRUCTION WORKS
(as of December 31, 2008)

Country	Project	Stage of completion (%)	Order backlog Astaldi share value (€/000)	Ending Year
Algeria	Saida - Mulay Slissen Railway	1%	644.2	> 2011
Venezuela	Puerto Cabello - La Encrujicada Railway	43%	548.5	> 2011
Venezuela	San Juan De Los Morros - San Fernando de Apure Railway	24%	428.0	> 2011
Turkey	Istanbul Subway	2%	311.7	> 2011
Chile	Chacayes Dam	1%	183.9	2011
El Salvador	El Chaparral Project	2%	157.5	> 2011
Bulgaria	Plovdiv - Svilengrad Railway	2%	159.2	> 2011
Venezuela	Chaguaramas - Cabruta Railway	42%	135.2	> 2011
Romania	Railway Project in Romania	35%	115.6	2010
Romania	Otopeni Airport in Bucharest	3%	81.8	2010
Qatar	QATALUM Project	36%	66.3	2010
Algeria	Redjem - Mecheria Railway	44%	71.6	2010
		Total	2,903.5	
		Concessions (abroad)	244.0	
		Other initiatives	198.5	
		Order backlog (abroad)	**3,346.0**	
Italy	Rome Subway, Line C	15%	737.5	> 2011
Italy	Jonica National Road (Lot "DG21")	26%	373.4	2011
Italy	Jonica National Road (Lot "DG22")	2%	345.5	> 2011
Italy	Bologna High Speed Railway Station	29%	300.8	> 2011
Italy	Turin Hub	49%	224.4	> 2011
Italy	Parma - La Spezia Railway	8%	180.7	> 2011
Italy	Italian Police Officer Accademy in Florence	24%	199.9	> 2011
Italy	Milan Subway, Line 5	27%	167.5	> 2011
Italy	Four Hospitals in Tuscany	0%	158.8	> 2011
Italy	Pedemontana Lombarda Highway	0%	151.2	> 2011
Italy	"Infraflegrea" Project in Naples	31%	119.4	> 2011
Italy	Naples Subway, Line 1	62%	107.8	2011
Italy	Hospital in Naples	43%	102.7	2010
		Total	3,169.6	
		Concessions (Italy)	1,875.0	
		Other initiatives	66.4	
		Order backlog (Italy)	**5,111.0**	
		Total Order Backlog as of December 31, 2008	**8,457.0**	

2008 Order backlog
€ 8.5bn



2013 Order backlog:
€13.5bn



► **Above average profitability levels are sustainable in the long run as they are mainly referable to highly technological content business in which Astaldi is a leader**

► Leader in transport infrastructures

- ► *Ranked 6th in "2008 ENR Top International Contractors" in Mass Transit & Rail*
- ► *Ranked 20th in "2008 ENR Top International Contractors" in Transportation*
- ► *Ranked 58th at a global level*

► All subway contracts under construction can be potentially increased

Major railway contracts in progress

Strong know-how and execution

HUMAN RESOURCES

PAST	TODAY	TOMORROW	VALUE CREATION
•5,500 employees	•> 10,000 employees	•From execution to project management	

From payroll management to HR management

Training

New retention policy

MBO/Incentive plan

Recruiting

Value added activities:

- Procurement
- Planning
- Financing

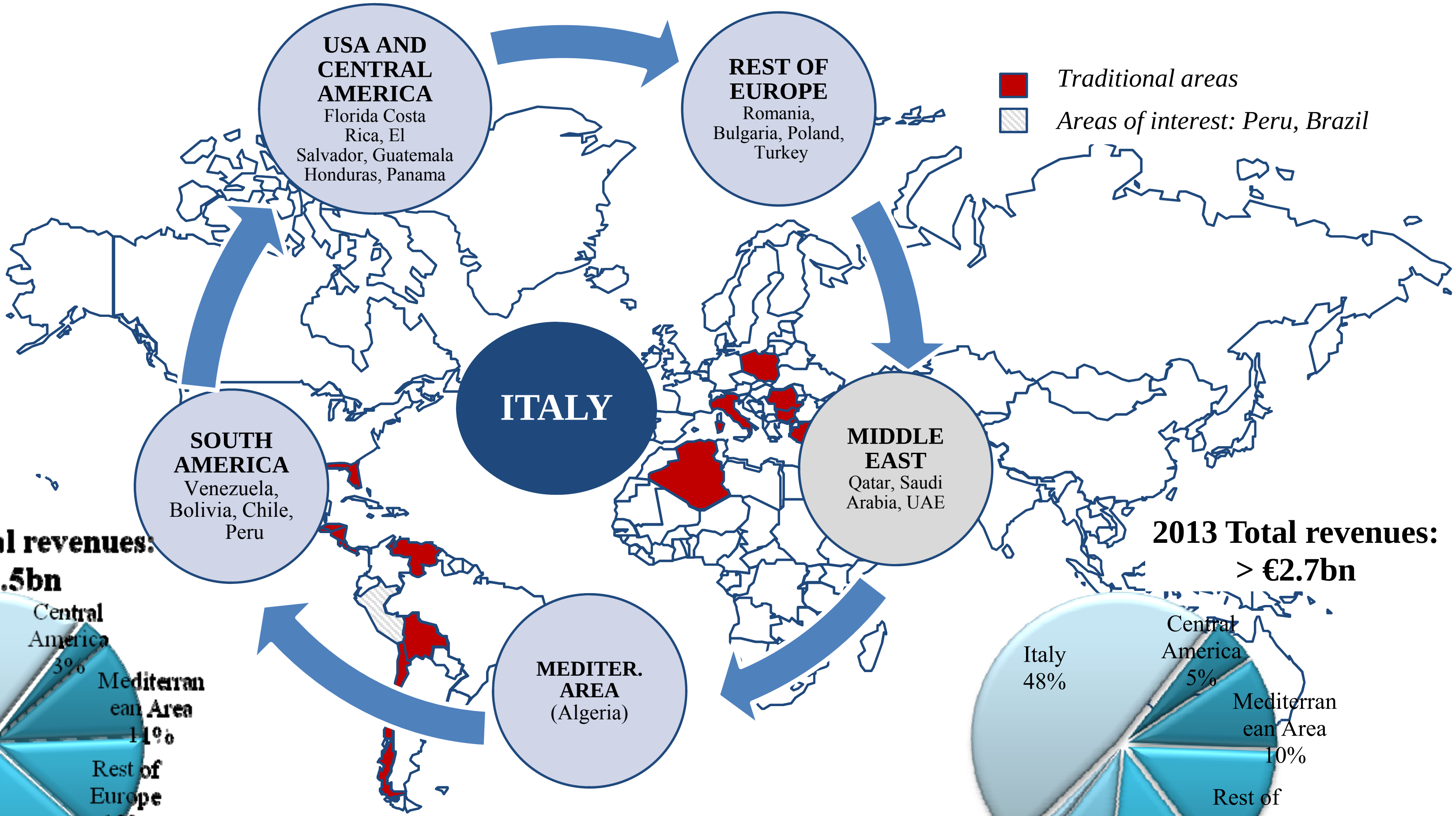
QUALITY & HSE

PAST	TODAY	TOMORROW	VALUE CREATION
•Compliance with laws	•Voluntarily implemented systems: HSE •Proactive management •Guidelines and communication of instructions •Independent Audit	• Implementation and ongoing improvement of HSE performance	•Efficiency, effectiveness, cost reduction, brand •Convergence to an environmental zero impact system •Reporting to stakeholdes •Reduction of direct and indirect costs: •**-50% on costs of guarantees** •**From -5% to -10% of the costs related to insurance premiums (INAIL)**

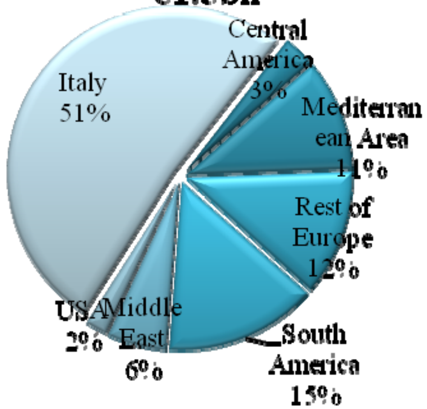
► Three main drivers for growth are being implemented

1. OPTIMIZE EXISTING MARKETS	2. DEVELOP NEW MARKETS	3. INCREASE CONCESSION BUSINESS
• **Italy** (construction + concessions): new infrastructure spending package + Milan EXPO 2015 • **6 international traditional areas** (only construction): • Central America: transportation + energy • South America: transportation + energy • Mediterranean Area: transportation + utilities • Eastern Europe + Turkey: transportation + industrial buildings • Middle East: construction in oil&gas	• From our traditional 6 markets we intend to **explore/expand to neighboring markets**	• In Italy and abroad: •**Subways, healthcare, parkings** • New investments in **highways and renewable energy**

Drivers for growth



2008 Total revenues: €1.5bn



2013 Total revenues: > €2.7bn

Italy 48%
Central America 5%
Mediterranean Area 10%
Rest of Europe 14%
South America 12%
Middle East 9%
USA 2%

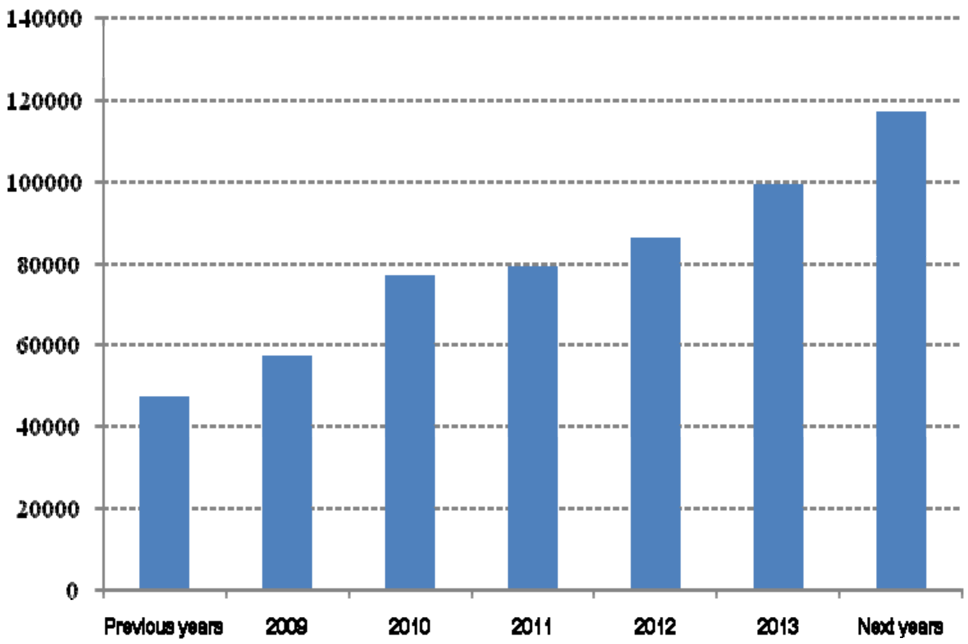
1. Optimize existing markets

ITALY

- Strong need for infrastructures
- **€17.8bn of new investments on infrastructures in 2009**
- MILAN EXPO 2015

INITIATIVES	INVESTMENTS (€/bn)
MO.SE. (Venice)	0.8
Railway projects	2.75
Roads projects	2
Mass transit & rail	1.51
Messina Strait Bridge	1.3
Water networks	0.15
Schools and Prisons	1.2
Roads projects (PPP/PF)	8.09
TOTAL RESOURCES	**17.8**

Italian Government new tenders plan
(cumulative values, €/mn)



Source: "Relazione sullo stato di attuazione del Programma Infrastrutture Strategiche" (CIPE, March 6 2009).

► 1. Optimize existing markets

EASTERN EUROPE

- **EU funds for infrastructures**
  - **Romania: € 22bn to be spent within 2015** (*the Goverment programme for 2009- 2012 foresees the construction of highways and the rehabilitation of national road estimated at a cost of €22bn)*
  - **Bulgaria: €8bn to be spent within 2015**
- New construction contracts in transportation and civil building sectors with opportunities in healthcare

TURKEY

- The Turkish Government has an ambitious programme to invest in major infrastructure projects, especially in the transport, energy and healthcare sectors.
- The Government is also willing to use the BOT and the PPP model to carry out many of the above mentioned projects

ALGERIA

- **US$150bn Government spending programme:** *this plan will mainly be spent on infrastructure projects (roads, ports, public utilities) as well as the construction, transportation and water works sectors*

VENEZUELA

- 3 large railway contracts under development – as part of a bilateral Italian and Venezuelan Government Cooperation Agreement – with options to be transformed into additional contracts.
- No concessions.

CENTRAL AMERICA

- Exploit multilateral agencies/development funds (World Bank, IADB investments) leading to new tenders in transport and energy sectors
- Opportunities also in the concession markets

MIDDLE EAST

- Industrial plants (e.g. oil&gas industry)
- Transport infrastructures

2. Develop new markets

POLAND	CHILE	PERU
• EU funds for infrastructures for €63bn • New Warsaw Subway contrat to be completed within 2012	• **Investment grade Country (A+)** with forecast GDP growth 4-5% per year to 2013 • **Strong renewable energy demand** • **Reliable legal framework** • New contract in 2008 for the construction of Chacayes power plant • Opportunities in the concession market	• Need for transport and energy infrastructures

► 3. Increase concession business

ITALY

- Increase concession business in traditional sectors: hospitals and subways
- Investments in highway concessions, e.g.:
  Astaldi named sponsor for the Ancona Highway contract: €580mn for construction, €2.5bn for concession revenues (Astaldi share: 24%)

FOREIGN MARKETS

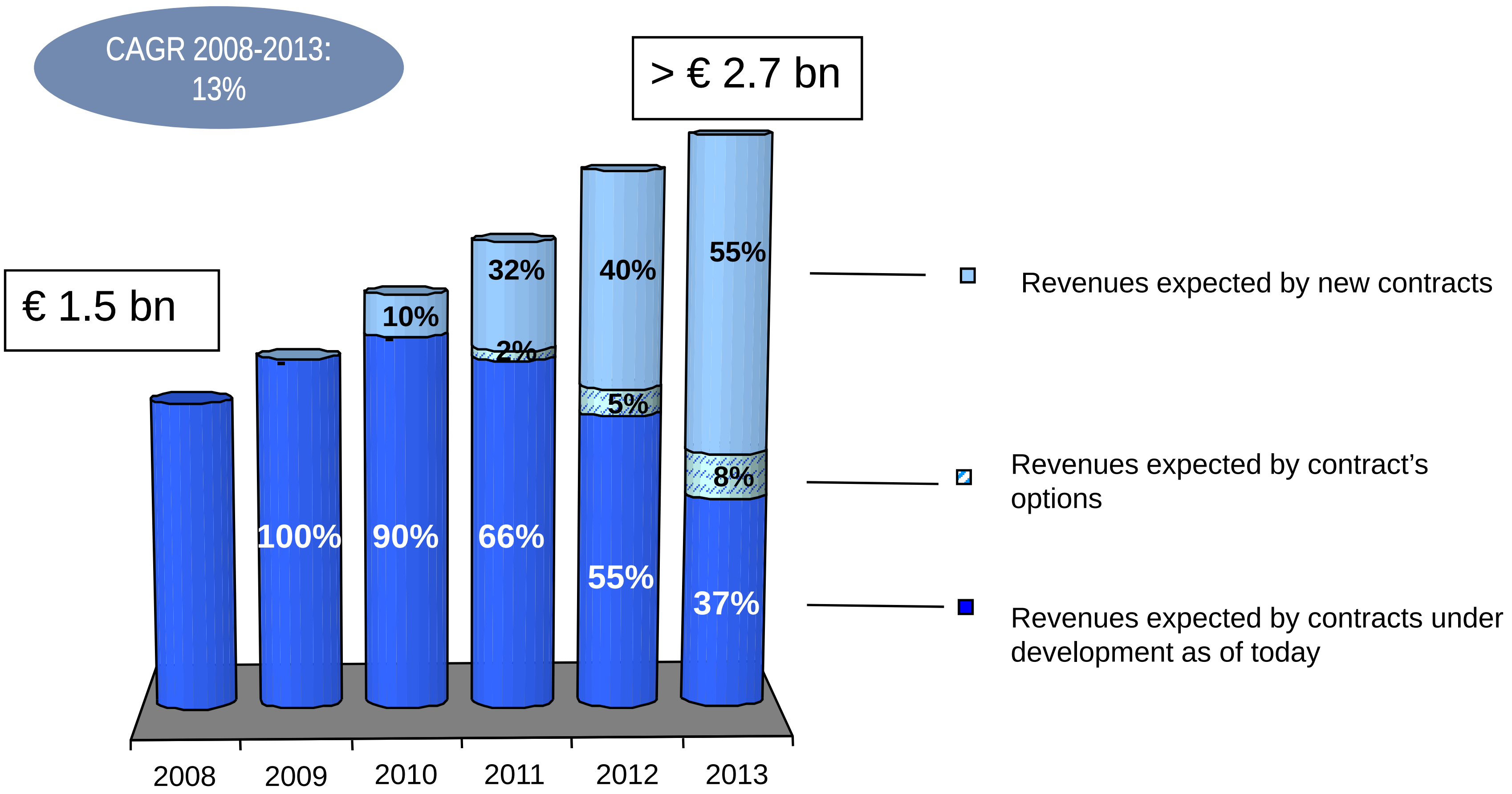
- Extend concession business also in foreign markets in which legal framework allows to export Astaldi concession business model:
  - *Chile and Central America countries*
  - *Turkey*
- Extend concession to new business sector:
  - *Renewable energy*
  - *Highways*
- Enter into strategic partnerships

WATER AND ENERGY SECTOR

Plants under construction: El Chaparral (El Salvador), Pirris (Costa Rica), Chacayes (Chile)

Initiatives to be developed: Cimarron (El Salvador), Tumarin (Nicaragua), Chacapoal (Chile)

Planned revenues largely covered by orders in the backlog



2009-2013 Business Plan: economic targets

Main items (€/mn)	2008	New Plan 2013	CAGR 08-13	Previous Plan 2012	Q1 2009	% yoy
Order backlog (€ / bn)	8.5	13.5		13	8.4	
Revenues (€ / mln)	1,526	> 2,750	13%	> 2,650	430	28.8%
of which from concessions	n.m.	≈ 160		≈ 150	n.m.	
EBIT (€ / mln)	133	260	14%	246	36	30.1%
Ebit margin (%)	8.7%	> 9%		> 9%	8.4%	
Net income (€ / mln)	42	> 110	> 20%	> 100	12	18.3%

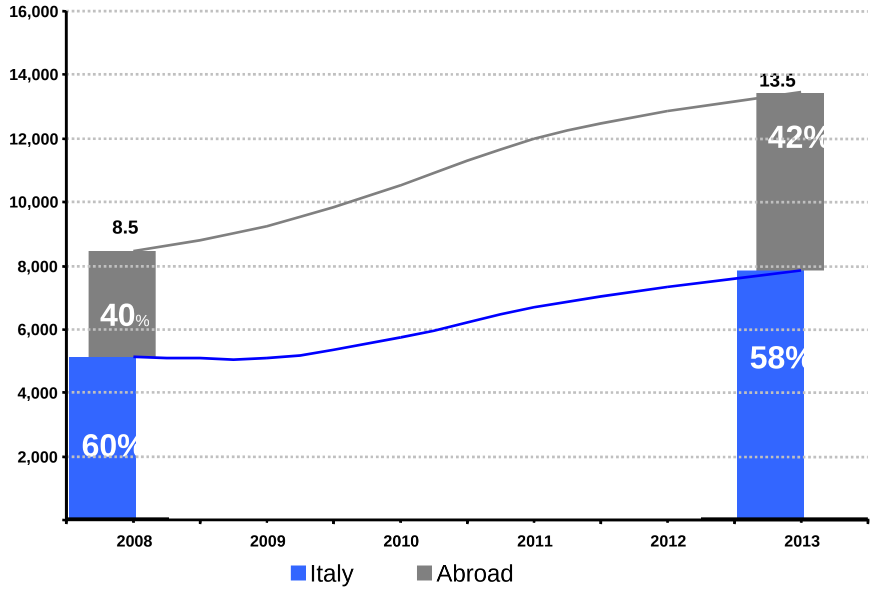
- Order backlog has a high economic value
- Increased benefits from economies of scale
- Concession contribute to increase profitability

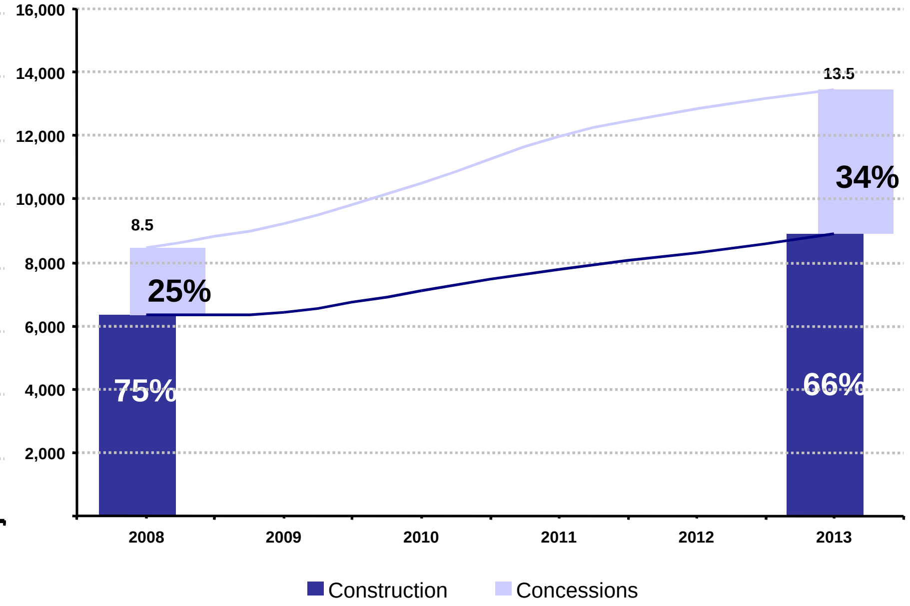
2009-2013 Business Plan: financial and equity targets

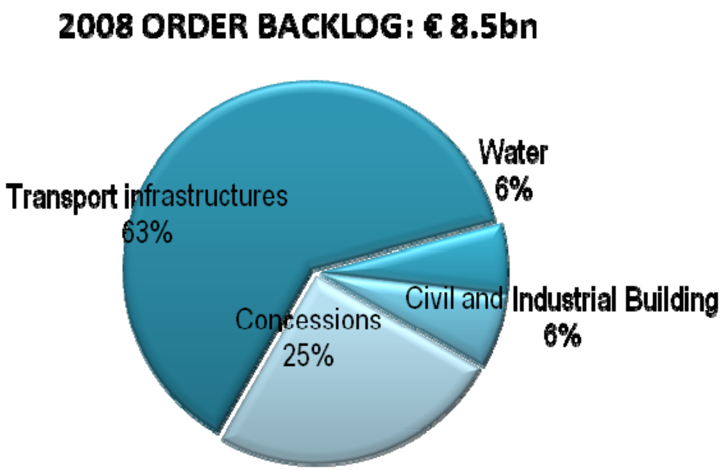
Main items (€ mn)	2008	New Plan 2013	CAGR 08-13	Previous Plan 2012	Q1 2009
Net invested capital	725	1,175	10%	1,167	800.5
of which construction	667	770		752	
of which concessions	58	405		415	
Net indebtedness	(393)	(529)		(582)	(458)
of which construction	(335)	(178)		(204)	
of which concessions	(58)	(351)		(378)	
Net equity	332	646	14%	585	336.5
Debt/equity ratio	1.18	0.82		0.99	1.36
ROCE	18%	22%		21%	
Debt/EBITDA	2.25	1.53		1.9	

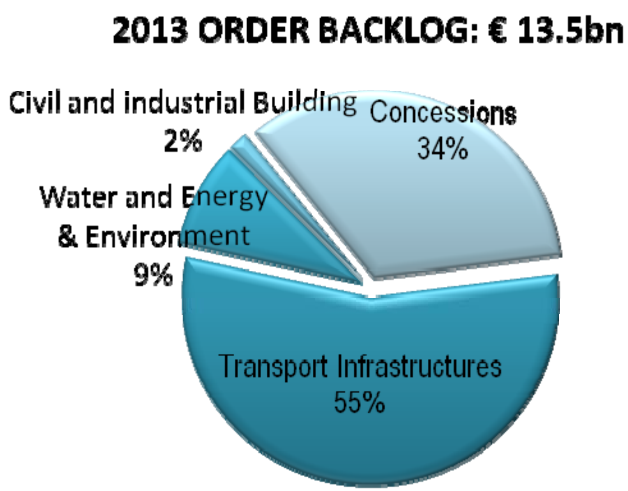
- Construction business CAPEX down to approx. 3% of total revenues
- Improved turnover of working capital
- Policy on dividends: payout ratio at 30%

Order backlog



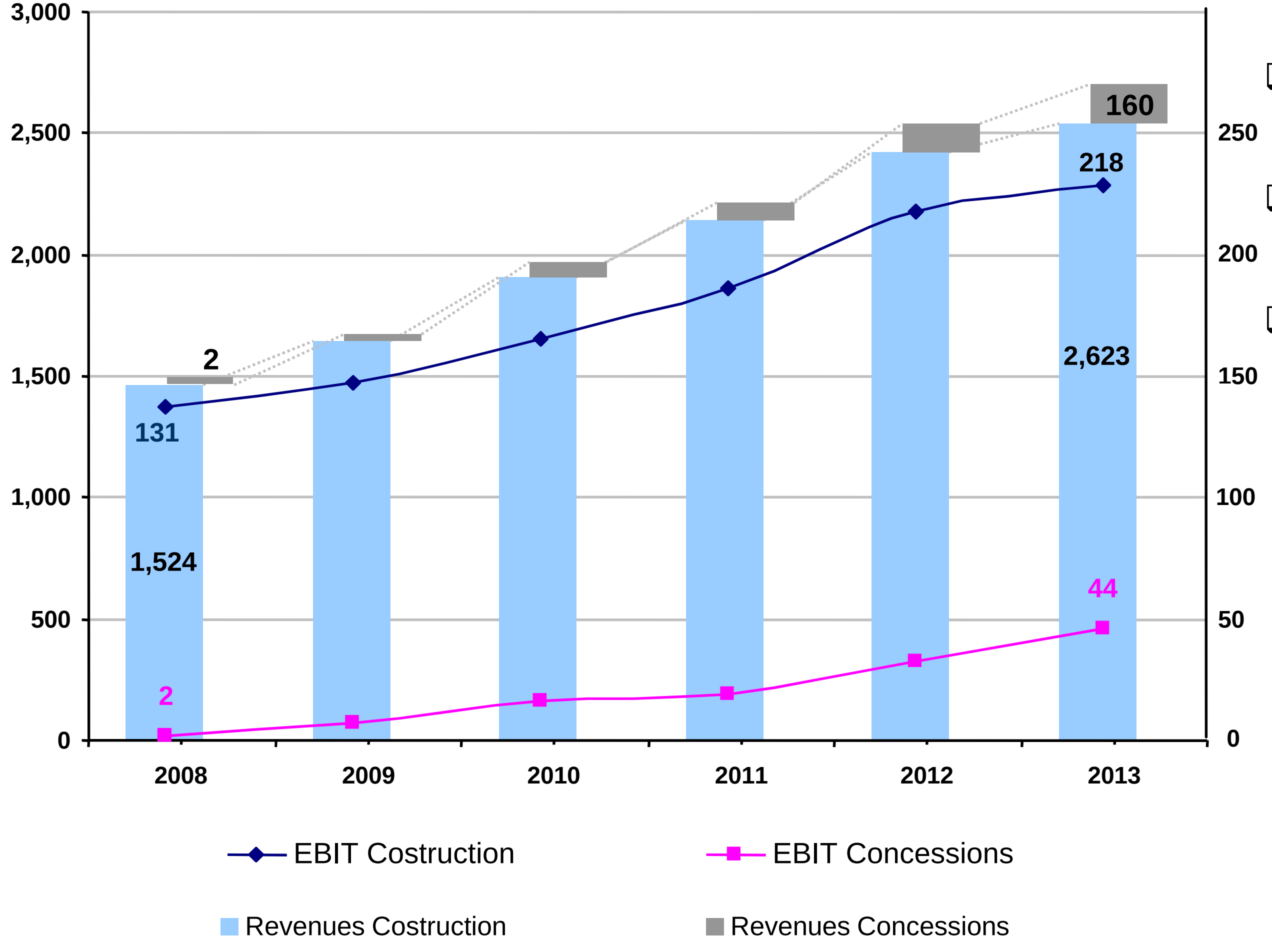






Total revenues and EBIT

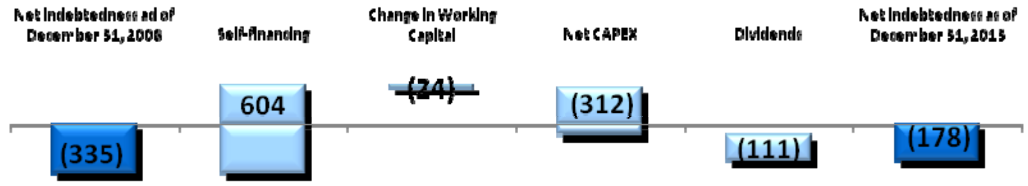
€/mn



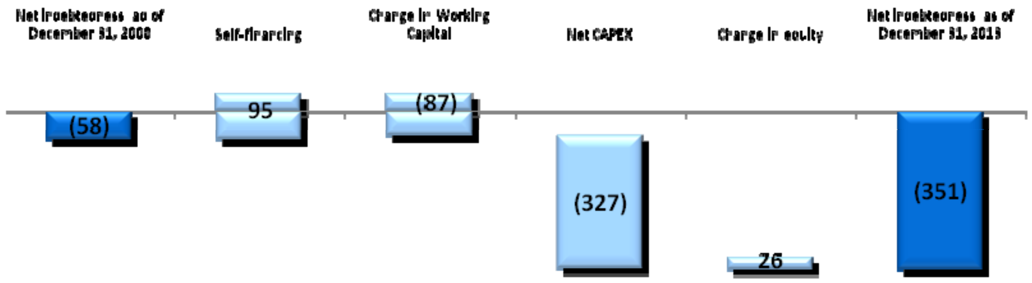
- Increasing contribution of the concessions sector
- Overall increasing profitability
- Margins mostly included in the initial orders backlog

ASTALDI

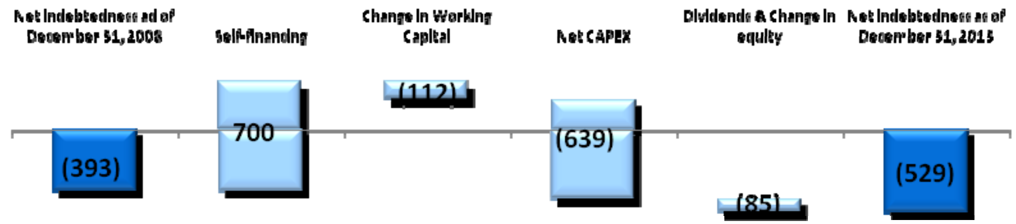
❑ CONSTRUCTION SECTOR
(€/mn)



❑ CONCESSIONS SECTOR
(€/mn)

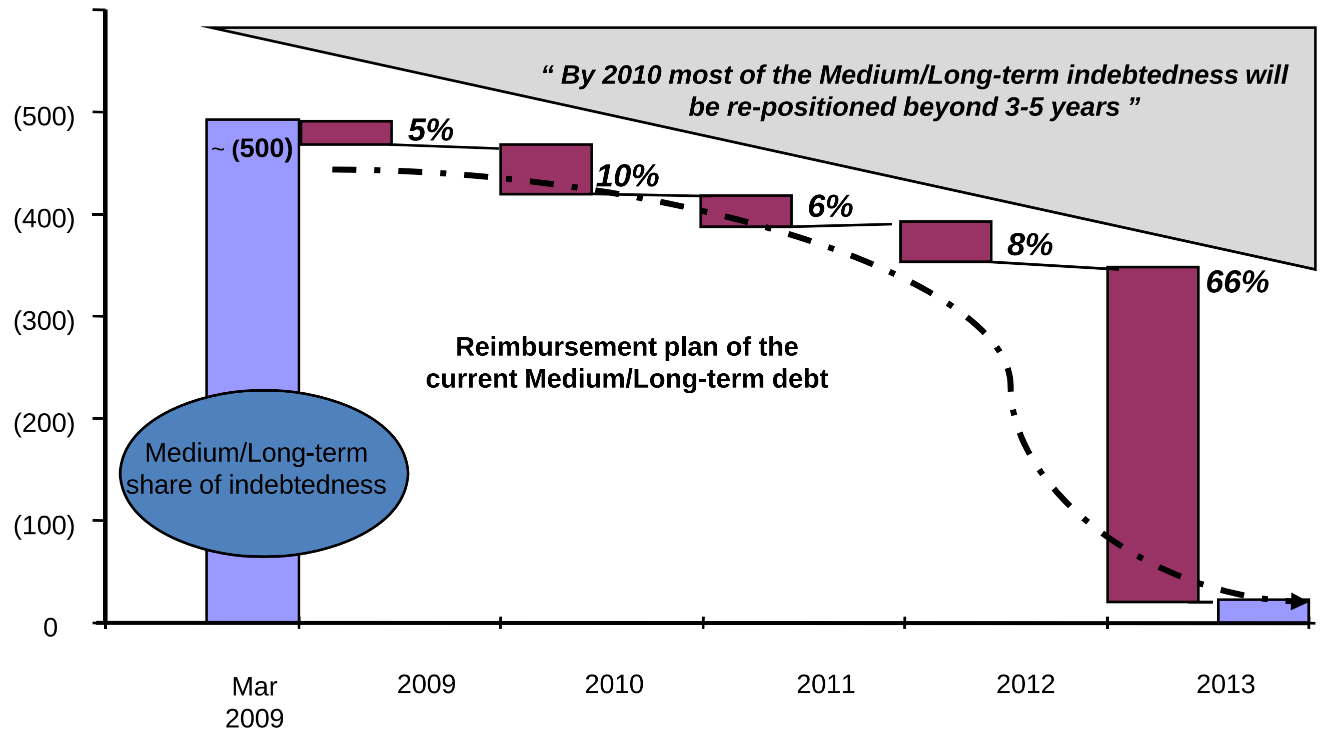


❑ TOTAL GROUP
(€/mn)



Financial sustainability

- Over 70% of medium/long term indebtedness (committed) has an over 4 year expiration
- The Group’s financial capacity has not been affected by the credit crunch



APPENDIX

Focus on the Construction Business Unit

Euro/mn	2008	2013	CAGR
Total revenues	1.524	2.623	11,5%
EBIT	131	218	10,7%
EBIT MARGIN	*8,6%*	8,3%	
Net income	41	101	19,7%
TAX RATE	*37,4%*	*39,0%*	

BALANCE SHEET	2008	2013	CAGR
Total net fixed asset	239	311	5,4%
Net invested capital	667	770	2,9%
NIC/Total revenues	43,8%	29,4%	
Net financial payables/receivables	(335)	(178)	-11,9%
Net equity	332	592	12,3%
DEBT/EQUITY RATIO	*101%*	*0,30*	
DEBT/EBITDA	*1,93*	*0,65*	
ROCE	*19%*	*29%*	

Cumulated cash flow	2009-2013
Gross cash flow	607
Operating cash flow	580
Total (increase)/decrease in fixed assets	-312
Operating cash flow	269
Increase/(Decrease) in equity/dividends/minorities	-111
Available cash flow	157

GUIDELINES

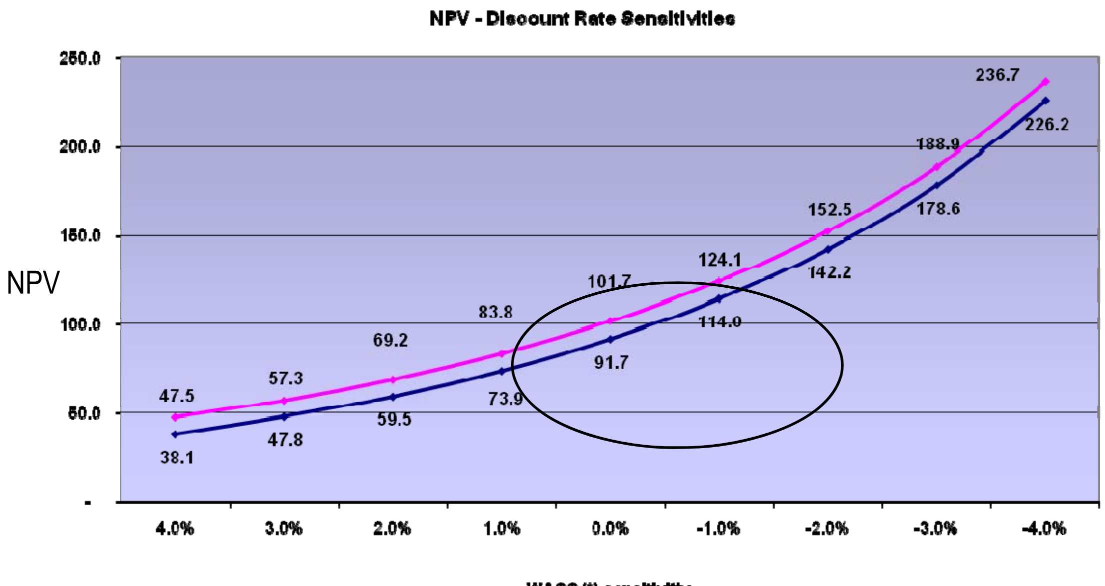
- Gross cash flow from large contracts with high technological contents
- Operating cash flow: improved turnover of working capital
- CAPEX: < 3% of the revenues
- Pay out policy: 30% of net income

Initiatives currently included in the orders backlog											
(€/Mln)	Total investment (€/mln)	Astadli share (€/mln)	Astadli share (%)	Public (€/mln) grant.	Public grant. (%)	Concession revenues (€/mln)	Astadli share (€/mln)	Astadli share (%)	Equity Astadli (%)	Operation years	Shareholders IRR post tax
Italy											
Mestre Hospital	238	74.00	37%	117	47%	1,172	363	31%	9	23	>13%
Naples Hospitals	188	113.00	60%	106	52%	624	624	60%	12	25	>13%
Four Hospitals in Tuscany	336	168.00	50%	185	51%	962	337	35%	11	19	>13%
Milan Subway Line 5	484	137.00	28%	297	61%	708	165	23%	9	27	>13%
Parkings	57	57.00	100%	22	39%	340	340	100%	-	80	>18%
Abroad											
Honduras - San Pedro Sula						1,627	244				
Total initiatives						5,433	2,073		41		

Astaldi's

Equity NPV is

approx. €100mn



* initiatives'average wacc = 7% - 8%

- The increase of the initiative's value depends on the improvement of the production's profitability of those projects that have already exceeded the ramp up phase.
- The business model used to carry out concession activities limits the risk for Astaldi only to construction and quality of the services;
- All contracts benefit from: minimum guaranteed in terms of traffic/occupancy ("take or pay"); limited leverage thanks to public funding;
- High profitability and low risks in terms of execution due to the risk management model used.

Focus on new opportunities to develop Concessions project

Italy

- *Hospitals*
- *Subway s*
- *Parkings*
- *Highways*

Abroad

- *Hydroelectric Power projects*
- *Highways*

Today

- Backlog > € 2 bn
- Operating concessions: 1 hospital + 4 parkings
- NPV € 100 mn

In progress

- Under construction: 5 hospitals, 1 subway, 1parking
- To be developed: highways, subways, po wer plants

Tomorrow

- 2013 Backlog at over €4bn
- IRR 13%
- NPV € 200 mn

Financial sustainability of the business

Credit lines as of March, 2009

€ 1.1bn

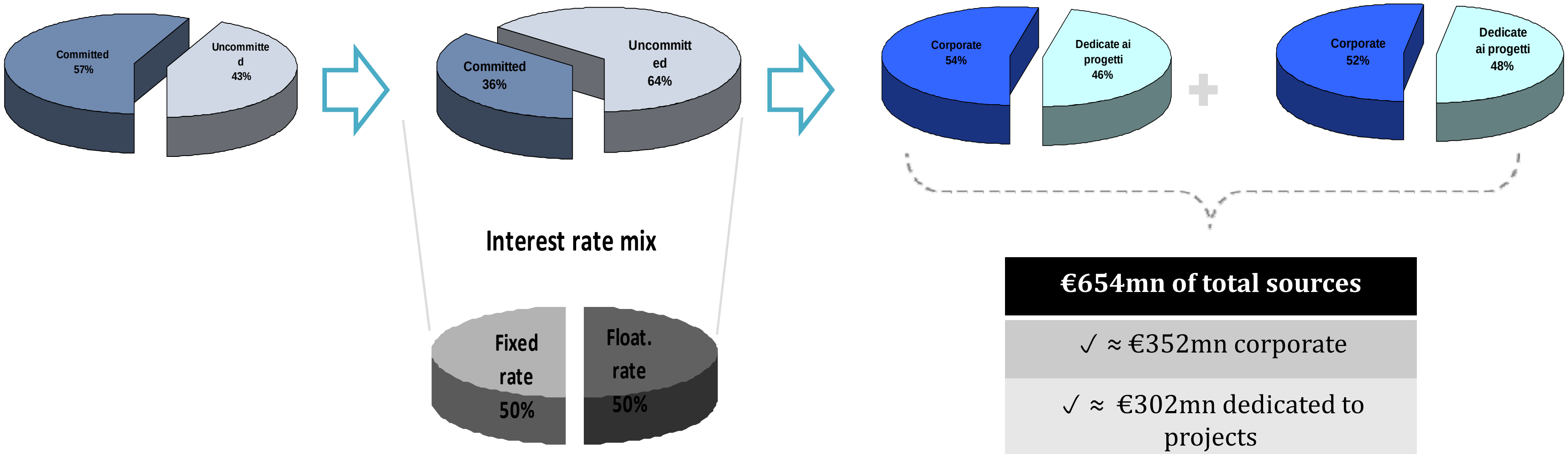
… of wich available as of today

€ 368mn

… of wich ….

Cash on hands

€ 286mn



€654mn of total sources
✓ ≈ €352mn corporate
✓ ≈ €302mn dedicated to projects

COVENANTS (on an annual basis)
NFP/Net equity ≤ 1.6x
NFP/EBITDA ≤ 3.5x

Q1 2008 Results

Main economic items (€/000)	March 31 2009	% on rev.	March 31 2008	% on rev.	YoY (%)
Total revenues	430,389	100.0%	334,133	100.0%	+28.8%
EBITDA	46,120	10.7%	37,145	11.1%	+24.2%
EBIT	36,058	8.4%	27,726	8.3%	+30.1%
Net financial charges	(16,449)	(3.8%)	(11,237)	(3.4%)	+46.4%
Net income	12,060	2.8%	10,191	3.1%	18.3%

Main financial items (€/000)	March 31 2009	December 31 2008	March 31 2008
Net fixed assets	372,910	355,594	336,661
Working capital	459,209	403,074	445,502
Net invested capital	800,491	727,201	751,542
Net financial position	(463,999)	(395,327)	(438,773)
Net equity	336,492	331,874	312,770