Astaldi's BoD approves the results of Q1 2014

ASTALDI: NET PROFIT UP BY 5% TO EUR 19 MILLION IN THE FIRST QUARTER OF 2014

- Total revenues of EUR 551.6 million (+3.8%)
- Increase in EBITDA margin to 13.3%, with EBITDA totalling EUR 73.4 million (+24.4%)
- EBIT margin of 10.5%, with EBIT amounting to EUR 57.9 million (+20.2%)
- Net profit of EUR 19.2 million (+4.9%)
- Order backlog of EUR 12.8 billion

Rome, 14 May 2014 – The Board of Directors of Astaldi, chaired by Paolo Astaldi, met today to approve the consolidated results at 31 March 2014.

Stefano Cerri, the Group's Chief Executive Officer, reported the following: "*The results of the first quarter are in keeping with forecasts and reflect the seasonal trends that are typical of this period of the year. Said phenomenon will disappear during the second quarter which will show the Group's actual production capacity, in line with end-of-year targets that forecast a growth of around 10% compared to last year*".

Economic and operating results at 31 March 2014

Total revenues at 31 March 2014 **increased by 4%** to **EUR 551.6 million** (EUR 531.2 million in Q1 2013), thanks to the positive trend of contributions from Europe (Turkey, Poland) and North America (Canada). Said results were achieved despite **the seasonal trend that is typical of winter periods** – even more marked given the importance of countries such as Russia and Canada – that will be "absorbed" during the second quarter. It is important to note how, at the present time, the Group's activities are mainly concentrated in areas (Europe, Canada, Peru, Chile) with a lower risk profile than in the past, also thanks to the Group's ongoing risk management activities that ensure greater stability for the growth process, and in turnover and margins.

From a geographical viewpoint, **Italy (31% of operating revenues)** generated a trend in line with forecasts: the most important contracts in progress to date (Bologna Centrale High-Speed Station, Turin Railway Junction and the Jonica National Road) maintained significant production levels even if they have largely been completed, while the following projects also provided significant contributions: the undergrounds in Milan (Line 5) and Rome (Line C), the four new hospitals in Tuscany, the Parma-La Spezia railway and the Pedemontana Lombarda motorway, as well as the investee companies, nBI (plant engineering) and Gesat (service management company for the Tuscan hospitals project). There was a considerable increase in the contribution from **Europe (44.6%)** thanks to projects under construction in Turkey (Phase 1 of Gebze-Orhangazi-Izmir motorway, Third Bosphorus Bridge and Halic Bridge), Poland (Warsaw underground) and Russia (WHSD). **America's** share **(19.8%)** increased by 19% thanks to the project in Canada (Muskrat Falls Hydroelectric Project) and good progress made on projects in Peru (Cerro del Águila hydroelectric plant) and Chile (Chuquicamata and Relaves) which, as a whole, offset the planned reduction of activities in Venezuela. **Africa**

(4.1%) showed the progress of works on the Saida-Moulay Slissen railway in Algeria while **Asia (approximately 1%)** reflected the Group's gradual divestment from the oil & gas sector in the Middle East. **Construction accounted for 99.6% of operating revenues,** equal to **EUR 512 million** (99.9% and EUR 510 million respectively at 31 March 2013). As regards construction, **transport infrastructures (78.6% of operating revenues)** continued to be the Group's reference sector.

Concessions generated 0.4% of operating revenues and totalled EUR 2 million (0.1% and EUR 0.3 million respectively at 31 March 2013). 2014 figures have been affected by a smaller contribution from Bodrum Airport, which started the season in April, and reflect the good progress of management activities at the hospitals in Prato and Pistoia in Tuscany. As regards valuation at equity of equity investments, contributions were as follows: Chacayes hydroelectric plant in Chile – EUR 1.2 million, Ospedale dell'Angelo in Venice-Mestre – EUR 0.3 million and Line 5 of the Milan underground – EUR 0.3 million.

The **costs of production totalled EUR 393.9 million** (+1.9%, EUR 386.5 million in Q1 2013) with a 71.4% incidence on revenues (down on 72.8% recorded in March 2013). **Personnel costs amounted to EUR 77.9 million** (EUR 73.8 million in March 2013), with a largely unvaried 14% incidence on revenues.

The composition of the order backlog in progress, which is increasingly focused on general contracting or concession projects, had a positive effect on margins. **EBITDA increased by 24.4% to EUR 73 million** (EUR 59 million in March 2013) with **an increase in EBITDA margin to 13.3%** (from 11.1% in Q1 2013), thanks specifically to project margins in Canada, Poland, Russia and Turkey. **EBIT increased by 20.2% to EUR 57.9 million** (EUR 48.2 million in Q1 2013) with the EBIT **margin increasing** from 9.1% **to 10.5%.**

Net financial charges totalled EUR 27.1 million (+25.2%, EUR 21.7 million in Q1 2013) and reflected the combined effect of (i) the increase of guarantees (sureties) arising from the increased average value of projects in the backlog, (ii) the increased average amount of debt for the period, (iii) the greater cost of debt mainly linked to recent high-yield issue that, nevertheless, provided the Group with sufficient liquidity to support production linked to projects with high margins and with a scheduled payment structure linked to production "milestones".

EBT increased to EUR 32.5 million (+12.7%, EUR 28.8 million in March 2013). The quarterly figure benefitted from a result of EUR 1.8 million (EUR 2.4 million at 31 March 2013) related to valuation at equity of some equity investments mainly linked to the concessions sector, as mentioned above. This resulted in **an increase in consolidated net profit to EUR 19.2 million** (+4.9%, EUR 18.3 million at 31 March 2013) that reflected the effects of an estimated 40% tax rate for the quarter.

Financial and equity results at 31 March 2014

Main consolidated financial and equity results *(EUR/000)*	**31-Mar-14**	**31-Dec-2013***	**31-Mar-2013***
Total net fixed assets	692,840	718,830	657,084
Working capital	920,531	704,192	804,458
Total provisions	(29,188)	(30,594)	(32,293)

Net invested capital	1,584,183	1,392,428	1,429,249
Total financial payables / receivables **	(1,012,303)	(797,376)	(850,589)
Group equity	563,604	547,093	527,927
Total equity	568,735	592,193	575,962

**Recalculated due to application of IFRS-11 "Joint arrangements".*
***Figure shown net of treasury shares on hand.*

Net fixed assets at 31 March 2014 **totalled EUR 692.8 million** (EUR 718.8 million in December 2013). **Working capital increased to EUR 920.5 million** (EUR 704.2 million at the end of 2013) following an increase in production activities in Poland, Russia, Peru, Canada and Italy (Line 5 of Milan underground, Bologna Centrale HS station). The figure for the period showed a cyclical trend that is typical of the first part of the financial year.

This resulted in an increase in **net invested capital** which amounted to **EUR 1,584 million** (EUR 1,392.4 million at the end of 2013). It must be recalled that the cyclical nature of business can generate increases in invested capital, including significant ones, during the various quarters of the year. Said trend generally seems to balance out, recording lower values during the second half of the year as a result of the achievement of specific production targets (milestones).

Group equity amounted to EUR 568.7 million (EUR 592.1 million at the end of 2013) with a reduction mainly due to the decrease of equity of minorities resulting from the merger of Ai2 into Reconsult.

The **total net financial position totaled EUR 1,012 million** (EUR 797 million in December 2013). The quarterly figure shows a cyclical increase compared to the end of the last year, as is traditionally the case during the first quarter of each year.

Technical investments during the first quarter of the year amounted to EUR 6.8 million (1% of total revenues) and mainly referred to projects in progress in Canada (start-up of Muskrat Falls Hydroelectric Project), Peru and Russia, as well as Italy (Line 4 of Milan underground).

Investments in concessions totaled EUR 51 million referring to payment of equity and semi-equity for projects regarding the Third Bosphorus Bridge and Gebze-Orhangazi-Izmir motorway in Turkey and Line 5 of the Milan underground. Therefore, to date, concession capital invested amounts to a total of EUR 564 million.

Order backlog

The consolidated order backlog totals EUR 12.8 billion (EUR 13.3 billion at the end of 2013). The figures shown refer to the backlog in progress and do not include the positive outcomes of investments made to optimize concessions (awarded) for which financial closing is still pending to date, or the results of commercial activities that have not yet been included insofar as the award procedure has still to be completed. If we are to take into account these projects as well, the result is a total potential order backlog of EUR 21.9 billion, with an additional EUR 3.2 billion coming from Construction and EUR 5.9 billion from Concessions.

International activities account for 69% of the backlog in progress, while domestic activities account for the remaining 31%. Construction (55% of the backlog in progress) amounts to EUR 7.1 billion (EUR 2.1 billion in Italy, EUR 5 billion abroad), mainly referring to general contracting projects and, to a lesser extent, to traditional projects with a high technological content. Transport Infrastructures make a significant contribution to said figures, accounting for 44%, but Hydraulic Works and Energy Production Plants (8%), Civil and Industrial Construction (2%) and Plant Engineering, Maintenance and Management of Complex Systems (1%) all continue to have a strategic value. **Concessions (45% of backlog in progress)** total EUR 5.7 billion (EUR 1.8 billion in Italy, EUR 3.9 billion abroad).

Subsequent events and foreseeable development of operations

Management of San Luca Hospital in Lucca commenced in May. The hospital forms part of the project finance initiative involving the construction and subsequent management of four hospitals in Tuscany, Italy. As regards said project, the concession agreement provides for the supply of commercial and non-medical services for a management period of approximately 19 years.

Work will go ahead over the coming months to achieve some important end-of-year production and commercial targets. Specifically, Russia, Turkey and Canada will make a significant contribution to the Group's growth. From a commercial viewpoint, the results of some key projects, in relation to which Astaldi already holds pole position, will start to be seen.

As regards Russia, no specific repercussions are envisaged as a result of the tension being experienced in Ukraine given that the Group mainly operates with private clients within Russia. Additional commercial opportunities may arise in the motorway and airport sector. Specifically, at the draft date of this report, Astaldi Group is waiting for the state agency responsible for constructing and developing the motorway network within the Russian Federation to complete the tender procedure to award the construction and management concession for sections 7 and 8 of the **Moscow-St. Petersburg motorway**, from km 543 to km 684, for a total of 141 kilometres. As far as this project is concerned, Astaldi will operate solely in the capacity of EPC Contractor vis-à-vis a contract value for construction works alone that is equivalent to approximately EUR 1.7 billion. Checking of final awarding of the contract is currently being performed, but it is felt that this will be completed in the short term, also due to the fact that the motorway section must be ready for the 2018 World Cup.

As regards Turkey, speeding up of the works currently under construction (Phase-1 of Gebze-Orhangazi-Izmir motorway, Third Bosphorus Bridge) will be confirmed. Even if the country is experiencing a period of intense political and social dialogue linked to the election period which will end in August with election of the President of the Republic, it is not felt that this situation can compromise the Group's operations in Turkey given the great opportunities the country is still able to guarantee and the importance of these works for the local economy.

As for Latin America, Chile will be able to guarantee new commercial successes in the concessions sector with the Group's entry into the healthcare construction sector. Formal awarding is pending for the new **Félix Bulnes Hospital in Santiago**, a facility that will occupy a surface area of 120,000 m^2, with 523 hospital beds and 599 parking spaces. The total investment will be EUR 236 million, with EUR 151 million for construction activities only.

As regards concessions, the strategy provides for pursuit of optimisation of more mature assets. On a financial level, works are going ahead for financial closing of the construction and management concession for the Etlik Hospital Campus in Ankara, Turkey.

The executive appointed to draft corporate accounts, Paolo Citterio, Astaldi's General Manager – Administration and Finance, hereby declares, pursuant to Subsection 2 of Article 154-bis of the Italian Finance Consolidation Act ("T.U.F."), that the accounting information contained herein tallies with accounting documents, ledgers and entries.

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ASTALDI GROUP is the leading General Contractor in Italy, operating in the design, construction and management of public infrastructures and major civil engineering works, mainly in the transport infrastructure, energy production plant, civil and industrial construction and plant engineering sectors. Listed on the Stock Exchange since 2002, it holds the 93rd position in the listings of Global Contractors at worldwide level. ASTALDI GROUP currently operates in 6 macro-areas worldwide: Italy, Central Europe (Poland, Romania, Russia) and Turkey, Middle East (Saudi Arabia), Maghreb (Algeria), Latin America (Venezuela, Peru, Chile, Central America) and North America (Canada, USA).

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Annexes

Reclassified consolidated income statement

EUR/000	31/03/2014		31/03/2013 Recalculated*	
Revenues	514,201	93.2%	509,604	95.9%
Other operating revenues	37,387	6.8%	21,588	4.1%
Total revenues	**551,588**	**100.0%**	**531,193**	**100.0%**
Costs of production	(393,970)	-71.4%	(386,528)	-72.8%
Added value	**157,618**	**28.6%**	**144,664**	**27.2%**
Personnel costs	(77,946)	-14.1%	(73,833)	-13.9%
Other operating costs	(6,246)	-1.1%	(11,791)	-2.2%
EBITDA	**73,427**	**13.3%**	**59,040**	**11.1%**
Amortisation and depreciation	(15,546)	-2.8%	(10,908)	-2.1%
Write-downs	-	0.0%	(31)	0.0%
(Capitalisation of internal construction costs)	59	0.0%	105	0.0%
EBIT	**57,941**	**10.5%**	**48,205**	**9.1%**
Net financial income and charges	(27,180)	-4.9%	(21,709)	-4.1%
Effects of valuation of equity investments using equity method	1,776	0.3%	2,374	0.4%
Pre-tax profit (loss)	**32,537**	**5.9%**	**28,870**	**5.4%**
Taxes	(13,063)	-2.4%	(10,654)	-2.0%
Result of continued operations	**19,474**	**3.5%**	**18,215**	**3.4%**
Net result from activities related to disposal groups	**(1,007)**	**-0.2%**		**0.0%**
Profit (loss) for the period	**18,467**	**3.3%**	**18,215**	**3.4%**
(Profit) loss pertaining to minorities	717	0.1%	79	0.0%
Group net profit	**19,184**	3.5%	**18,295**	3.4%

Reclassified consolidated balance sheet

EUR/000	31/03/2014	31/12/2013 Recalculated*	31/03/2013 Recalculated*
Intangible fixed assets	53,795	58,971	107,033
Tangible fixed assets	201,604	205,059	215,620
Equity investments	358,062	384,151	282,726
Other net fixed assets	83,936	81,003	51,705
Non-current assets held for sale	1,913	1,936	
Liabilities directly associable with non-current assets held for sale	(6,472)	(12,290)	
TOTAL Fixed assets (A)	**692,840**	**718,830**	**657,084**
Inventories	57,548	61,711	68,130
Contracts in progress	1,398,530	1,261,797	1,065,756
Trade receivables	81,066	46,312	46,546
Accounts receivable	934,574	915,581	892,373
Other assets	184,461	174,515	209,325
Tax receivables	104,516	104,612	126,567
Advances from customers	(662,375)	(676,569)	(406,633)
Subtotal	**2,098,319**	**1,887,958**	**2,002,064**
Trade payables	(136,560)	(102,523)	(182,992)
Due to suppliers	(741,458)	(805,033)	(724,931)
Other liabilities	(299,770)	(276,210)	(289,683)
Subtotal	**(1,177,787)**	**(1,183,766)**	**(1,197,605)**
Working capital (B)	**920,531**	**704,192**	**804,458**
Employee benefits	(8,114)	(8,003)	(8,811)
Provisions for non-current risks and charges	(21,074)	(22,591)	(23,483)
Total Provisions (C)	**(29,188)**	**(30,594)**	**(32,293)**
Net invested capital (D) = (A) + (B) + (C)	**1,584,183**	**1,392,428**	**1,429,249**
Cash and cash equivalents	368,118	373,226	303,207
Current financial receivables	33,958	29,412	669
Non-current financial receivables	97,395	70,986	108,754
Securities	1,583	1,407	1,332
Current financial liabilities	(497,591)	(382,115)	(576,046)
Non-current financial liabilities	(1,075,100)	(954,881)	(797,583)
Net financial payables/receivables (E)	**(1,071,637)**	**(861,965)**	**(959,667)**
Receivable rights from concessions	31,574	31,050	106,380
Net financial position – disposal groups	24,615	30,680	
Total financial payables / receivables (F)	**(1,015,448)**	**(800,235)**	**(853,287)**
Group equity	(563,604)	(547,093)	(527,927)
Minority equity	(5,130)	(45,101)	(48,035)
Equity (G) = (D) - (F)	**568,735**	**592,193**	**575,962**

(*) Following application (retroactive) of IFRS-11 – *Joint arrangements*, the 2013 figures, shown for comparative purposes, have been recalculated.