(Translation from Italian original which remains the definitive version – Translation under review)

Interim Report on Operations at 30 September 2016

- <u>Financial results at 30 September 2016, in line with forecasts</u>
  - **Total revenue up by 4.1% to** EUR 2.15 billion
  - **EBITDA margin of 13.2%,** EBITDA holding steady at approximately EUR 285 million
  - **EBIT margin of 11.3%,** 6.6% increase in EBIT to over EUR 242 million
  - **Net profit from continuing operations up by 4.7% to EUR 78.8 million**
  - Consolidated net profit down by 26.9% to over EUR 55 million, net of the negative non-recurring effect of EUR 23.6 million linked to advance collection of the amount for sale of the investment in A4 Holding

- <u>Financial results of Q3 2016 show a marked improvement</u>
  - **Total revenue: +11.2%**, to EUR 750.4 million
  - **Significant increase in margins**
    - EBITDA margin of 11.4% (from 10.5%), with EBITDA of EUR 85.2 million (+19.7%)
    - EBIT margin of 11% (from 7.8%), with EBIT of EUR 82.4 million (+55.8%)
  - **Net profit: +76.1% to over EUR 24 million**

- <u>**Drop in total net financial debt to EUR 1,226.9 million** (EUR 1,374.1 million in June 2016)</u>
- **Improvement of levels of debt in Q3 by approximately EUR 150 million** further to:
    - Optimisation of working capital management
    - Finalisation of sale of investment in A4 Holding

- **Total order backlog of EUR 28.8 billion**, of which:
  - Order backlog in execution of EUR 18.3 billion
  - EUR 10.5 billion of additional projects secured and being finalised
- **New orders for the quarter of EUR 2.5 billion**

ASTALDI Società per Azioni
Registered Office/Head Office: Via Giulio Vincenzo Bona 65 - 00156 Rome (Italy)
Registered with the Companies Register of Rome
Tax Code no.: 00398970582
R.E.A. no. 152353
VAT no. 0080281001
Share capital: EUR 196,849,800.00 fully paid in

SUMMARISED DATA

Main consolidated results at 30 September 2016

(Figures shown in EUR/000)

	First 9 months 2016	% of total revenue	First 9 months 2015	% of total revenue	YOY change (%)
Total revenue	2,150,805	100.0%	2,066,747	100.0%	+4.1%
EBITDA	284,782	13.2%	284,988	13.8%	-0.1%
EBIT	242,226	11.3%	227,213	11.0%	+6.6%
EBT	105,976	4.9%	107,625	5.2%	-1.5%
Net profit from continuing operations	**78,828**	**3.7%**	**75,302**	**3.6%**	**+4.7%**
Net loss from discontinued operations	(23,634)	-1.1%	-	-	n.m.
Profit attributable to owners of the parent	**55,553**	**2.6%**	**76,041**	**3.7%**	**-26.9%**

Main consolidated results of Q3 2016

(Figures shown in EUR/000)

	Q3 2016	% of total revenue	Q3 2015	% of total revenue	YOY change (%)
Total revenue	750,369	100.0%	675,075	100.0%	+11.2%
EBITDA	85,202	11.4%	71,181	10.5%	+19.7%
EBIT	82,419	11.0%	52,915	7.8%	+55.8%
EBT	41,706	5.6%	18,435	2.7%	+126.2%
Profit attributable to owners of the parent	**24,044**	**3.2%**	**13,654**	**2.0%**	**+76.1%**

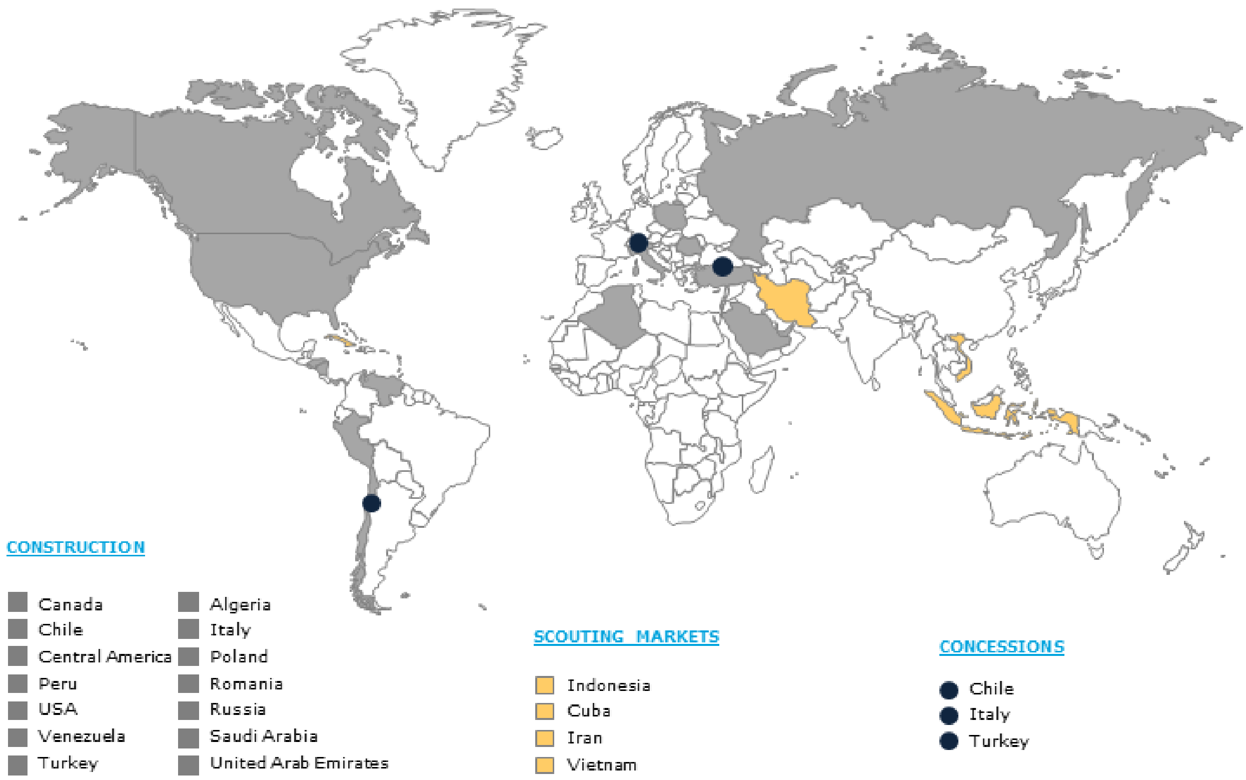
Main balance sheet items

(Figures shown in EUR/000)

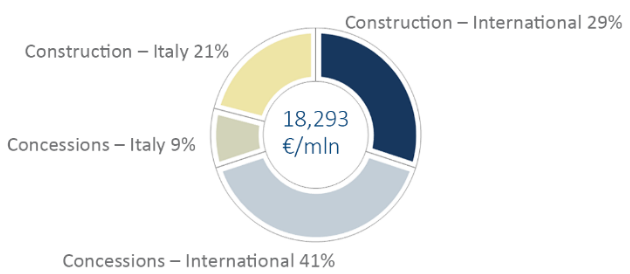
	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Total net non-current assets	948,187	980,473	957,948	917,942
Working capital	**915,878**	**1,010,246**	**689,460**	**842,700**
Total provisions	(24,610)	(22,238)	(21,851)	(22,477)
Net invested capital	**1,839,455**	**1,968,481**	**1,625,557**	**1,738,165**
Total bank loans and borrowings/loan assets*	**(1,231,132)**	**(1,378,430)**	**(988,526)**	**(1,157,510)**
Equity attributable to owners of the parent	602,904	585,047	631,405	574,543
Equity	**608,323**	**590,051**	**637,031**	**580,656**
Total Net Financial Debt	**(1,226,940)**	**(1,374,094)**	**(982,712)**	**(1,151,807)**

(*) Figure shown inclusive of treasury shares on hand equal to EUR 4.2 million in September 2016 and EUR 4.3 million in June 2016 and EUR 5.8 million in December 2015 and EUR 5.7 million in September 2015.

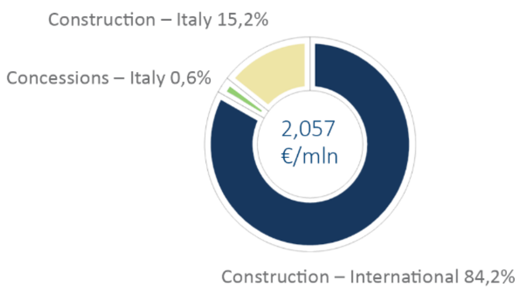
ASTALDI GROUP WORLDWIDE



Order Backlog by geographical segment



Revenue by geographical segment



INTRODUCTION

Reporting Criteria

Astaldi Group's Interim Report on Operations at 30 September 2016 has been drafted in accordance with the provisions set forth in the Italian Stock Exchange (Borsa Italiana) Regulations for companies listed in the STAR segment (Article 2.2.3, subsection 3), which provides for the obligation of publication of the Interim Report on Operations within 45 days of the close of third quarter of the financial year, and taking into account Italian Stock Exchange Notification No. 7587 dated 21 April 2016.

This Interim Report on Operations has been drafted using the same accounting standards adopted for the Annual Financial Report at 31 December 2015 with the exception of those coming into force at 1 January 2016 for which the Annual Financial Report section «Newly-issued and endorsed accounting standards and interpretations, in force from 1 January 2016» should be referred to. Specifically, it must be noted that, in order to best represent the Group's return on investment, the Company considered it appropriate to amend the Reclassified Consolidated Income Statement when drafting the Annual Financial Report at 31 December 2015. Said amendment entailed the inclusion within EBITDA of the «Share of profits/(losses) of joint ventures, SPVs and associates» operating in Astaldi's main business segment. Therefore, the financial data at 30 September 2015 have been restated herein in order ensure precise comparability with the quarter in question.

Alternative performance indicators ("Non-GAAP measures")

The economic and financial performance of the Group and its business segments are also assessed on the basis of some indicators not provided for in IFRSs, the specific components of which are listed below.

EBITDA. This is calculated by subtracting production costs, personnel expenses and other operating costs from total revenue. It also contains the share of profit/losses of joint ventures and SPVs operating in the Group's core business segment.

EBIT. This is calculated by excluding amortisation and depreciation, impairment losses and provisions and internal costs capitalised from EBITDA as calculated above.

EBT. This is calculated as EBIT, excluding financial income and expense.

Debt/Equity Ratio. This is calculated as the ratio between the net financial position as numerator and equity as denominator, excluding treasury shares in portfolio.

Net financial debt. This is obtained by subtracting non-current loan assets and financial assets from concession activities from the net financial debt, calculated as required under CONSOB Communication DEM/6064293 dated 28 July 2006 that refers to European Securities and Markets Authority (ESMA, formerly CESR) Recommendation dated 10 February 2005 and provisions contained in CONSOB Communication dated 28 July 2006.

Total financial debt. This is obtained by subtracting the total of non-current loan assets and financial assets from concession activities from net financial debt, calculated as required under CONSOB Communication DEM/6064293 dated 28 July 2006 that refers to European Securities and Markets Authority (ESMA, formerly CESR) Recommendation dated 10 February 2005 and provisions contained in CONSOB Communication dated 28 July 2006.

Net non-current assets. These are to be taken as the total of non-current assets; specifically, intangible assets, the Group's property, plant and equipment, equity investments as well as other non-current assets not included in those referred to above.

Working capital. This is the result of the total of current loans and receivables and liabilities linked to the core business (trade receivables and payables, inventories, contract work in progress, tax assets, progress payments/billings from customers and other current assets).

Net invested capital. This is the total of net non-current assets, working capital, provisions for risks and employee benefits.

COMMENTS ON OPERATING PERFORMANCE

The results of the first nine months of 2016 showed **earning and financial trends in line with planned growth**, also thanks to the **positive outcome of major commercial efforts made and important results achieved in Q3**.

Total revenue at 30 September 2016 **increased by 4.1% to EUR 2.2 billion** (EUR 2.1 billion in the first nine months of 2015), mainly thanks to projects in progress in Russia, Turkey and Canada. **Earnings were in keeping with forecasts,** with an EBITDA margin of 13.2% and EBIT margin of 11.3%. **Net profit from continuing operations increased by 4.7% to EUR 78.8 million** (EUR 75 million in September 2015) which, net of **EUR 23.6 million of non-recurring negative effects** linked to advance collection of the price from the sale of A4 Holding, resulted in a **net profit of EUR 55.6 million** (EUR 76 million in September 2015). It is important to note that, net of the non-recurring item, the net profit for the quarter showed comparable trends compared to the previous year.

The order backlog in execution totalled EUR 18.3 billion, with **EUR 2.5 billion of new orders** which include projects of international standing such as construction of the Tunnel under the Brenner in Italy (the longest underground railway link in Europe) and performance of the E-ELT Project for ESO in Chile (the largest optical telescope in the world with its 39.3-metre diameter). **The total order backlog amounts to approximately EUR 29 billion if we include EUR 10.5 billion of additional options and contracts pending final awarding to date.** The order backlog's structure confirms an **ongoing improvement in the risk profile of business activities** thanks to the development of new markets of interest (especially North Europe and America) and to the strategic focus of the Group's commercial interest on EPC contracts with an independent financial cycle.

The first positive financial effects of the new commercial direction can already be seen as Q3 2016 **with an improvement in working capital of EUR 94 million for Q3 2016.**

Net financial debt at 30 September 2016 **dropped to EUR 1,226.9 million** compared to EUR 1,374.1 million in June 2016 and EUR 982.7 million in December 2015. Even if showing an increase when compared to the figure at 31 December 2015, there was an **improvement of EUR 150 million in Q3** which was thanks not only to non-recurring events (**finalisation of sale of the investment in A4 Holding in September**), but also to **positive structural trends** recorded as a result of processes implemented to optimise working capital management. Therefore, based on the current performance, **the year-end targets which provide for a further reduction of debt continue to be valid**, mainly thanks to positive working capital management.

Moreover, it is important to note the **achievement of key business targets** in Italy and abroad and, specifically, (i) **signing in July of a bridge agreement for the Muskrat Falls Project in Canada**, pending the definition of an agreement regarding new project conditions, (ii) **entry into operation of the Third Bosphorus Bridge in Turkey in August and the Izmit Bay Bridge in June**, with virtual completion of the equity-injection programme for related concession projects, (iii) **USD 770 million financial closing** (structured on non-recourse basis for Astaldi Group) **during the first part of the year**, to support performance of projects in Chile (Arturo Merino Benítez International Airport and West Metropolitan Hospital), (iii) **start-up in Q3 of new projects characterised by an independent financial cycle** which, as regards the order backlog, go to replace projects (now completed) with a high level of capital absorption.

The adjustment to new growth targets for 2016-2019 of covenants and commitments undertaken in relation to corporate loan facilities (recorded during the first part of the year) also ensures the flexibility needed to face the new business planning cycle.

INCOME STATEMENT AT 30 SEPTEMBER 2016

Main financial results

(Figures shown in EUR/000)

	First 9 months 2016	% of total revenue	**First 9 months 2015**	% of total revenue	Change (%)
Total revenue	2,150,805	100.0%	2,066,747	100.0%	*+4.1%*
EBITDA	284,782	13.2%	284,988	13.8%	*-0.1%*
EBIT	242,226	11.3%	227,213	11.0%	*+6.6%*
EBT	105,976	4.9%	107,625	5.2%	*-1.5%*
Net profit from continuing operations	**78,828**	**3.7%**	**75,302**	**3.6%**	*+4.7%*
Net loss from discontinued operations	(23,634)	-1.1%	-	-	
Net profit attributable to owners of the parent	**55,553**	2.6%	**76,041**	3.7%	***-26.9%***

Production

Total consolidated revenue at 30 September 2016 increased by 4.1% to EUR 2.2 billion (EUR 2.1 billion in September 2015), with **operating revenue accounting for 95.7%** and other operating revenue for the remaining 4.3%.

Operating revenue increased by 4.2% amounting to EUR 2.1 billion (EUR 1.97 billion in September 2015), thanks above all to key business targets achieved in Turkey and to the progress of works in Russia.

Other operating revenue increased by 2% to EUR 93.6 million (EUR 91.7 million in September 2015), as a result of ancillary activities related to contracts in progress mainly in Turkey.

BREAKDOWN OF REVENUE BY SEGMENT

The structure of revenue confirms the high incidence of the contribution from the Construction segment. In any case, it must be recalled that the governance model implemented for concession projects provides for an investment with non-controlling interests in the SPVs, a condition which does not provide for full consolidation of the relative investments. Therefore, the results of the Concessions segment are mainly recorded at an EBITDA level under «Share and profit of joint ventures, SPVs and associates».

OPERATING REVENUE BY SEGMENT
(Figures shown in EUR/000,000)

	30.09.2016	%	30.09.2015	%	YOY change (%)
CONSTRUCTION	**2,045**	**99.4%**	**1,954**	**98.9%**	**4.7%**
Transport infrastructures	1,340	65.1%	1,384	70.1%	-3.2%
Railways and undergrounds	*335*	16.3%	*440*	*22.3%*	*-23.9%*
Roads and motorways	*972*	47.3%	*878*	*44.5%*	*10.7%*
Ports and airports	*33*	1.6%	*66*	*3.3%*	*-50.0%*
Hydraulic and Energy Production Plants	297	14.4%	337	17.1%	-11.9%
Civil and Industrial Construction	211	10.3%	120	6.1%	75.8%
Facility Management, Plant Engineering and Management of Complex Systems	197	9.6%	113	5.7%	74.3%
CONCESSIONS	**12**	**0.6%**	**21**	**1.1%**	***-42.9%***
TOTAL OPERATING REVENUE	**2,057**	**100.0%**	**1,975**	**100.0%**	**4.2%**

Construction is the Group's main business segment accounting for 99.4% of operating revenue, which is equal to about EUR 2 billion (respectively, 98.9% and EUR 1.95 billion in

September 2015). As regards the quarterly figure, the main contribution was from **Transport Infrastructures (65% of operating revenue)** and, specifically, the Road and Motorways segment which saw progressive progress on projects in Turkey (Third Bosphorus Bridge, Gebze-Orhangazi-Izmir motorway), Russia (WHSD in St. Petersburg, M-11 Moscow-St. Petersburg motorway), Poland (especially S-8 Wisniewo-Mezenin national road) and Italy (Quadrilatero Marche-Umbria motorway project). A positive contribution also came from the Railways and Undergrounds segment as a result of progress on contracts in Algeria (Saida-Moulay Slissen, Saida-Tiaret) and some projects in Romania (Line 4 of Bucharest underground) and Italy (Line 4 of Milan underground, Naples-Afragola HS station). The Ports and Airports segment saw the start-up of works to construct Arturo Merino Benítez International Airport in Santiago (Chile) and progress on John Paul II International Airport Krakow-Balice (Poland). The contribution from **Hydraulic and Energy Production Plants (14.4% of operating revenue, EUR 297 million)** mainly came from progressive progress of works in Canada (Muskrat Falls) and virtual completion of projects in Peru (Cerro del Águila). **Civil and Industrial Construction accounted for 10.3% of operating revenue** (EUR 211 million), thanks to projects in progress in Italy (new hospital in Naples "Ospedale del Mare"), Turkey (Etlik Integrated Health Campus in Ankara) and Chile (West Metropolitan Hospital in Santiago), as well as to the results of the subsidiary T.E.Q., operating in Canada. The **Facility Management, Plant Engineering and Management of Complex Systems segment generated 9.6% of operating revenue** (EUR 197 million), thanks to the good results of the subsidiary NBI (in Italy and abroad), as well as the progress of projects in Chile (Chuquicamata) and Romania (Line 5 of Bucharest underground).

Concessions generated 0.6% of operating revenue, which is equal to approximately EUR 12 million (respectively, 1.1% and EUR 21 million in the first nine months of 2015), to be attributed mainly to operation of the four hospitals in Tuscany in Italy. The YOY comparison is penalised by the inclusion in 2015 of the effects of the last season of operation of Milas-Bodrum International Airport in Turkey (the concession reached its natural expiry date in October 2015). It must be recalled that, in accordance with current accounting standards and the size of investments held by the Group in concession projects in progress to date, the results of the relative SPVs do not contribute to operating revenue but are included among EBITDA under «Share of profits/(losses) of joint ventures, SPVs and associates». Comment on this should be referred to for better appreciation of the contribution of this segment to the Group's results.

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

A consequence of continuation of the domestic market crisis is the reduction in the Group's activities in Italy and, hence, a greater boost for internationalisation. Therefore, a geographical breakdown of revenue confirms the **progressive focus on international markets** while Italy continues to make a major contribution. **84.2% of operating revenue came from international activities, which is equal to EUR 1,733 million** (+5.7% compared to EUR 1,640 million in the first nine months of 2015), mainly thanks to projects in progress in Turkey, Canada, Chile Russia and Poland. **Italy accounted for the remaining 15.8%, equal to EUR 324 million** (-3.3% compared to EUR 335 million in September 2015), confirming its position as one of the main contributors to operating revenue.

OPERATING REVENUE BY GEOGRAPHICAL AREA
(Figures shown in EUR/000,000)

	30.09.2016	%	30.09.2015	%	YOY change (%)
ITALY	**324**	**15.8%**	**335**	**17.0%**	**-3.3%**
INTERNATIONAL	**1,733**	**84.2%**	**1,640**	**83.0%**	**5.7%**
Rest of Europe	938	45.6%	942	47.7%	-0.4%
America	666	32.4%	587	29.7%	13.5%
Asia (Middle East and Far East)	15	0.7%	34	1.7%	-55.9%
Africa (Maghreb)	114	5.5%	77	3.9%	48.1%
TOTAL OPERATING REVENUE	**2,057**	**100.0%**	**1,975**	**100.0%**	**4.2%**

As regards **Italy,** the quarterly figure mainly included progress on the Quadrilatero Marche-Umbria motorway project, gradual completion of the new hospital in Naples, as well as the contribution from operation of the four hospitals in Tuscany (now all completely operational). Good progress was also seen in the railways segment, especially as regards progress on Line 4 of the Milan underground and Naples-Afragola HS station, and in the plant engineering segment due to the good results achieved by NBI, a Group company specialising in plant engineering and facility management.

International activities saw excellent progress on projects in **Europe that generated 45.6% of operating revenue** (EUR 938 million, largely in line with September 2015), thanks above all to the contribution of projects in Turkey and Russia, as well as additional projects in progress in Poland (S-8 Wiśniewo-Meżenin, S-5 Wroclaw-Poznań) and in Romania (railways, undergrounds). **America increased by 14% and generated 32.4% of operating revenue** (EUR 666 million), mainly thanks to the performance of projects in Chile (Arturo Merino Benítez International Airport and West Metropolitan Hospital in Santiago, Chuquicamata Project) and to the progressive progress of the hydroelectric project in Canada (Muskrat Falls). The **Maghreb accounted for 5% of operating revenue** (EUR 114 million) and increased by 48.1% YOY thanks to the intensification of works for the Saida-Moulay Slissen railway in Algeria, in view of the forthcoming handing over. The Middle East and Far East recorded start-up of the project in Indonesia (Upper Cisokan Pumped Storage Power Plant) and progressive completion of the project in Saudi Arabia (Jeddah and KAEC HS stations).

Cost structure

Production costs totalled EUR 1,438 million (EUR 1,394 million in the first nine months of 2015), with an incidence on revenue that went from 67.5% to 66.8%. This trend confirmed a similar performance to that recorded in the previous quarters of the year, demonstrating the Group's major focus in this regard. The drop in costs was generalised in all areas with the exception of Chile and Russia, which experienced intensification of business activities.

Personnel costs increased to EUR 452 million (EUR 406 million in September 2015), especially as a result of the greater use of some activities performed directly in some specific foreign areas.

Margins and earnings

Earnings during the first nine months were affected, in a YOY comparison, by the specific events of 2015 which saw higher margins linked to non-recurring items, which subsequently decreased at year-end. In any case, the figures at 30 September 2016 were in line with Strategic Plan forecasts and the growth targets for 2016 can be confirmed.

EBITDA totalled EUR 285 million, with an **EBITDA margin of 13.2%** (mainly in line with the first nine months of 2015). **EBIT**, net of amortisation and depreciation, provisions and impairment losses, **totalled EUR 242 million**, with **an EBIT margin of 11.3%** (respectively EUR 227 million and 11% at 30 September 2015). The figures shown included EUR 56.9 million (EUR 42.2 million in September 2015) for operating activities linked to concession projects in progress in Italy and abroad, recognised among «Share of profits of joint ventures, SPVs and associates». It must also be noted that in a YOY comparison, amortisation and depreciation were affected by the greater incidence of direct production in 2015, performed using corporate assets (especially in Turkey and Russia), as well as by the effects linked to amortisation of intangible assets attributable to the concession (which reached its natural expiry date) for Milas-Bodrum International Airport in Turkey. The quarterly figure also included about EUR 9 million of amortisation for risks and charges (as mentioned in the Interim Financial Report at 30 June 2016) linked to measurement of the whole-life financial result of some projects in progress in America. It must also be remembered that while contributing to production, the Muskrat Falls Project does not contribute to margins, pending definition with NALCOR of the agreement regarding new project conditions.

Financial activities

- **Net financial expense totalled EUR 136 million** (EUR 120 million in the first nine months of 2015), showing a change of approximately EUR 17 million to be attributed mainly to:
- higher charges incurred as a result of a higher average level of debt compared to the previous year
- higher costs incurred for the fluctuation of some operating currencies.

Quarterly result

EBT totalled EUR 106 million (EUR 108 million in September 2015), with a 4.9% incidence on revenue.
Net profit from continuing operations increased by 5% to EUR 78.8 million (EUR 75 million in September 2015), thanks above all to the increase recorded in Q3. The estimated tax-rate is about 26% and reflects the recent measures regarding international taxation adopted by the national tax administration.
The net loss from discontinued operations totalled approximately EUR 24 million, a non-recurring item linked to the sale in September of the investment in A4 Holding. Specifically, this item is linked to collection of the amount through a non-recourse transaction, which allows for the cash-in which per contract is extended, to be collected in advance.
Net profit totalled EUR 55.6 million (EUR 76 million in September 2015). The figure, net of the non-recurring item, shows **comparable trends to the previous year**.

CONSOLIDATED BALANCE SHEET ITEMS AT 30 SEPTEMBER 2016

MAIN BALANCE SHEET ITEMS
(Figures shown in EUR/000,000)

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Total net non-current assets	948,187	980,473	957,948	917,942
Working capital	**915,878**	**1,010,246**	**689,460**	**842,700**
Total provisions	(24,610)	(22,238)	(21,851)	(22,477)
Net invested capital	**1,839,455**	**1,968,481**	**1,625,557**	**1,738,165**
Total bank loans and borrowings / loan assets*	**(1,231,132)**	**(1,378,430)**	**(988,526)**	**(1,157,510)**
Equity attributable to the owners of the parent	602,904	585,047	631,405	574,543
Equity	**608,323**	**590,051**	**637,031**	**580,656**
Total Net Financial Debt	**(1,226,940)**	**(1,374,094)**	**(982,712)**	**(1,151,807)**

(*) Figure shown inclusive of treasury shares on hand equal to EUR 4.2 million in September 2016 and EUR 4.3 million in June 2016 and EUR 5.8 million in December 2015 and EUR 5.7 million in September 2015.

Following the first half of the year marked by significant absorption of cash (for support guaranteed for the completion of some works in Turkey and for the progress of works in Canada, the Group's financial and equity structure in the third quarter experienced a turnaround of the reference trends. Specifically, the first results were seen of streamlining of working capital which the Group has been working on since last year and the positive effects linked to progress of the process to dispose of concession assets.

Net non-current assets at 30 September 2016 totalled EUR 948 million (EUR 980 million in June 2016 and EUR 958 million in December 2015). The figure included planned equity investments in concession projects in Turkey (Gebze-Orhangazi-Izmir motorway) and Chile (Arturo Merino Benítez International Airport in Santiago), as well as the effects of equity accounting of the SPVs of concessions in progress and those arising from routine depreciation of non-current technical assets. Note must also be taken of the increase in Q3 in intangible assets linked to the purchase of contractual rights for the Infraflegrea Project following acquisition of the interests of project partner Giustino. While assets held for sale basically recorded the effect of sale of the investment in A4 Holding.

Working capital amounted to EUR 916 million (over EUR 1 billion in June 2016 and EUR 689 million in December 2015), showing a drop of over **EUR 90 million in Q3**, as a result of the bridge agreement signed in July with NALCOR for the Muskrat Falls Hydroelectric Project in Canada, as well as for collection of the contract advance related to Arturo Merino Benítez International Airport in Santiago, in Chile.

The quarterly trends reflect the forecasts for this part of the year and it is felt that they will be further confirmed in the last quarter, also thanks to the planned collection of advance payments in Italy and abroad.

Net invested capital totalled EUR 1,839 million (EUR 1,968 million in June 2016 and EUR 1,626 million in December 2015). A gradual improvement is forecast for this item during the last part of the year as a result of the achievement of key financial milestones for some projects in progress (especially collection of advance payments for the Brenner Railway Tunnel in Italy).

Equity attributable to the owners of the parent totalled 602 million (EUR 585 million in June 2016 and EUR 631 million in December 2015), as a result of the aforementioned trends and the payment in May of dividends totalling EUR 19.5 million. The quarterly figure recorded the drop in cash-flow hedge reserves related above all to hedging for some concession projects in Turkey (Gebze-Orhangazi-Izmir motorway, Etlik Health Integrated Campus in Ankara). It must be recalled that this effect is temporary and will be covered by the financial return on the relative concessions. In order to make the nature of these movements even more clearer, a detailed table of Equity items can be found below, which makes it possible to deduce the Group's ability to provide equity through the withholding of profit.

BREAKDOWN OF EQUITY
(Figures shown in EUR/000)

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Share capital	195,457	195,473	195,248	195,298
Reserves	540,815	538,745	462,693	463,043
Profit for the quarter	55,553	31,509	80,876	76,041
Equity attributable to non-controlling interests	5,419	5,004	5,626	6,112
Total Equity	**797,244**	**770,731**	**744,443**	**740,494**
Cash-flow hedge reserves	(156,392)	(152,668)	(77,666)	(72,286)
Translation reserves	(32,529)	(28,012)	(29,746)	(87,553)
Equity	**608,323**	**590,051**	**637,031**	**580,656**

Equity attributable to non-controlling interests totalled EUR 5.4 million, mainly unchanged compared to previous quarters (EUR 5 million in June 2016 and EUR 5.6 million in December 2015). This resulted in total **equity of 608.3 million**, compared to EUR 637 million at 31 December 2015 and EUR 590 million in June 2016. Equity would have totalled EUR 797 million, net of the aforementioned cash-flow hedge reserves and translation reserves, hence at a higher level than the EUR 771 million in June 2016 and EUR 744 million in December 2015.

Consolidated net financial debt

Following the first half of the year marked by significant absorption of cash (for support guaranteed for the completion of some works in Turkey and for the progress of works in Canada), **the third**

quarter witnessed a turnaround of the reference trends. **A decrease in net financial debt was recorded from June to September of approximately EUR 150 million compared to June**, which brought **total net financial debt to EUR 1,226.9 million at 30 September 2016** (EUR 1,374.1 million in June 2016 and EUR 983 million in December 2015). This trend is to be attributed to better working capital management as well as to the collection of approximately EUR 110 million linked to the sale of A4 Holding.

The implementation of a cash-pooling programme and more efficient Group cash flow management contributed to **the improvement in gross financial debt of approximately EUR 60 million in Q3. Gross financial debt at 30 September 2016 totalled EUR 2,036 million compared to EUR 2,036 million in June** (EUR 1,951 million in December 2015).

The Debt / Equity ratio stood at 2.0x, while the Corporate Debt / Equity ratio (calculated by excluding the share of debt related to concession insofar as self-liquidating) stood at approximately 1.25x.

BREAKDOWN OF NET FINANCIAL DEBT
(Figures shown in EUR/000)

		30/09/2016	30/06/2016	31/03/2016	31/12/2015	30/09/2015
A	Cash	388,995	327,011	462,813	611,263	464,819
B	Securities held for trading	1,126	1,189	1,096	1,153	1,032
C	**Cash and cash equivalents**	**390,121**	**328,200**	**463,909**	**612,416**	**465,851**
-	Current loan assets	16,965	25,262	18,903	33,226	36,291
-	Current portion of financial assets from concession activities					
D	**Current loan assets**	**16,965**	**25,262**	**18,903**	**33,226**	**36,291**
E	Current portion of bank loans and borrowings	(471,276)	(513,799)	(526,681)	(518,144)	(440,734)
F	Current portion of bonds	(16,142)	(4,252)	(16,534)	(4,535)	(16,583)
G	Current portion of non-current debt	(201,004)	(150,516)	(94,224)	(118,776)	(138,780)
H	Other current loans and borrowings	(8,235)	(6,767)	(7,598)	(36,821)	(11,735)
I	**Current financial debt**	**(696,657)**	**(675,333)**	**(645,037)**	**(678,276)**	**(607,831)**
J	**Net current financial debt**	**(289,571)**	**(321,871)**	**(162,225)**	**(32,634)**	**(105,690)**
K	Non-current portion of bank loans and borrowings	(441,339)	(528,680)	(528,662)	(384,748)	(430,913)
L	Bonds	(873,799)	(873,256)	(872,734)	(872,228)	(871,724)
M	Other non-current financial liabilities	(24,801)	(15,070)	(14,826)	(15,655)	(16,004)
N	**Non-current financial debt**	**(1,339,940)**	**(1,417,006)**	**(1,416,221)**	**(1,272,631)**	**(1,318,641)**
O	**Gross financial debt**	**(2.036.597)**	**(2,092,339)**	**(2,061,258)**	**(1,950,908)**	**(1,926,472)**
P	**Net financial debt**	**(1,629,510)**	**(1,738,877)**	**(1,578,446)**	**(1,305,265)**	**(1,424,331)**
-	Non-current loan assets	33,295	35,731	35,391	38,140	39,091
-	Subordinated loans	261,072	243,274	248,739	236,691	197,124
-	Non-current portion of financial assets from concession activities	104.011	81,442	55,989	41,907	30,606
Q	**Non-current loan assets**	**398,379**	**360,447**	**340,120**	**316,739**	**266,821**
R	**Total financial debt**	**(1,231,132)**	**(1,378,430)**	**(1,238,326)**	**(988,526)**	**(1,157,510)**
	Treasury shares on hand	**4,192**	**4,336**	**5,439**	**5,814**	**5,703**
	Total net financial debt	**(1,226,940)**	**(1,374,094)**	**(1,232,887)**	**(982,712)**	**(1,151,807)**

Investments

Technical net investments made during the first nine months totalled approximately EUR 24 million (1.1% of total revenue) and mainly referred to projects in progress in Chile (Chuquicamata and Arturo Merino Benítez International Airport in Santiago) and in Turkey (Third Bosphorus Bridge, Etlik Health Integrated Campus in Ankara).

Gross investments in concessions made for equity or semi-equity totalled approximately EUR 70 million, mainly referring to projects in Turkey (Etlik Integrated Health Campus in Ankara, Gebze-Orhangazi-Izmir motorway, Third Bosphorus Bridge), Chile (Arturo Merino Benítez International Airport in Santiago and Chacayes Hydroelectric Project) and Italy (Line 4 of Milan underground). **This resulted in concession investments to date** (meaning Astaldi's shares of equity and semi-equity paid into SPVs linked to the projects in progress as well as the relative working capital) **totalling EUR 783 million**. EUR 102 million of this amount referred to the West Metropolitan Hospital in Santiago for financial assets from concessions – meaning the shares of investments covered by guaranteed cash flows as detailed in IFRIC 12. The figures listed are shown net of the sale of A4 Holding, recorded in September with a cash-in of approximately EUR 110 million.

THIRD QUARTER 2016

MAIN FINANCIAL RESULTS OF Q3 2016
(Figures shown in EUR/000,000)

	Q3 2016	% of total revenue	Q3 2015	% of total revenue	YOY change (%)
Total revenue	750,369	100.0%	675,075	100.0%	+11.2%
EBITDA	85,202	11.4%	71,181	10.5%	+19.7%
EBIT	82,419	11.0%	52,915	7.8%	+55.8%
EBT	41,706	5.6%	18,435	2.7%	+126.2%
Net profit attributable to owners of the parent	**24,044**	**3.2%**	**13,654**	**2.0%**	**+76.1%**

Total revenue for Q3 2016 increased by 11.2% compared to the same period of 2015 and totalled EUR 750.4 million with operating revenue accounting for EUR 724.3 million and other operating revenue for the remaining EUR 26 million (respectively, EUR 641.6 million and EUR 33.5 million in Q3 2015). Specifically, the quarter in question saw the intensification of activities in Chile, USA, Russia and Romania and an upturn in activities in Italy, mainly thanks to the Quadrilatero Marche-Umbria motorway project.

The cost structure and trends echoed those recorded in the first nine months of the year, reflecting the increase in production. Direct production costs totalled EUR 500.4 million, with a 66.7% incidence on total revenue (respectively, EUR 449.8 million and 66.6% in Q3 2015). Personnel expenses totalled EUR 174.9 million (EUR 151.3 million in Q3 2015) and accounted for 23.3% of total revenue (22.4% for the same period of the previous year).

EBITDA increased by 19.7% to EUR 85.2 million (EUR 71.2 million in Q3 2015), with an **EBITDA margin of 11.4%**. **EBIT increased by 55.8% to EUR 82.4 million** (EUR 52.9 million in Q3 2015), with an **EBIT margin of 11%**. As regards amortisation and depreciation, the trend when compared YOY was affected by the fact that last year saw specific production phases mainly in Turkey and Russia using own assets, while production phases making greater use of subcontractors contributed to the same period of 2016. As regards 2015, the figure also included the aforementioned effect (mentioned in the comment on results of the first nine months) linked to Milas-Bodrum International Airport in Turkey.

Net financial expense totalled EUR 40.7 million, equal to 5.4% of total revenue (EUR 34.5 million and 5.1% incidence in Q3 2015).

Net profit attributable to owners of the parent totalled EUR 24 million, net of expenses of EUR 5.6 million related to discontinued operations (EUR 13.6 million in Q3 2015), with a net margin of 3.2% (2% in 2015) and an estimated tax rate of 28.1%.

For more details of the quarterly equity and financial trends, please refer to the section herein entitled «Consolidated financial results at 30 September 2016».

CONSOLIDATED CASH FLOW STATEMENT

(Figures shown in EUR/000)

	30/09/2016	30/09/2015
A) Cash flow used in operating activities	(248,438)	(207,020)
B) Cash flow used in investing activities	(44,609)	(195,658)
C) Cash flow from financing activities	70,779	337,285
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(222,268)**	**(65,393)**
OPENING CASH AND CASH EQUIVALENTS	**611,263**	**530,212**
CLOSING CASH AND CASH EQUIVALENTS	**388,995**	**464,819**

Cash flow from operating activities

Cash flow used in operating activities of the first nine months of 2016 is the result of support guaranteed, especially in HY1, to the projects under construction in Turkey, Canada, Russia and Italy. However, there was a turnaround of trend as from Q3 2016 which benefitted from the first results of streamlining of project working capital, in other words

- First positive effects of the bridge agreement signed in July with NALCOR, for the Muskrat Falls Hydroelectric Project in Canada;

- Collection of contract advance related to Arturo Merino Benítez International Airport in Santiago in Chile.

As regards an analysis of operating activity cash flow, note must be taken of collection of tax assets for direct taxes which were recognised at the end of the previous year due to envisaged systems to neutralise dual taxation of income produced abroad through permanent establishments.

Cash flow used in investing activities

Cash flow used in investing activities in the first nine months of 2016 equalled EUR 44.6 million and was mainly attributable to:

- EUR 70 million - equity and subordinated loans (semi-equity) paid into concession projects, mainly in Turkey (Etlik Integrated Health Campus in Ankara, Gebze-Orhangazi-Izmir motorway, Third Bosphorus Bridge), Chile (Arturo Merino Benítez International Airport in Santiago, Chacayes Hydroelectric Project) and Italy (Line 4 of Milan underground);
- EUR 62 million – capital invested in concession for West Metropolitan Hospital in Santiago in Chile;
- EUR 22 million – sums disbursed for payment of the amount agreed in relation to purchase of the Quadrilatero industrial complex, concluded in HY2 2015.

Moreover, these results were partially offset by approximately EUR 110 million collected further to sale of the investment in A4 Holding.

Cash flow from financing activities

During the first nine months of 2016, financing activities generated cash and cash equivalents totalling EUR 70.8 million. These flows were mainly related to net cash and cash equivalents acquired further to partial use (EUR 45 million) of revolving credit facility, as well as additional committed and uncommitted credit facilities (approximately EUR 50 million). Moreover, this effect was partially mitigated by the cash and cash equivalents used to pay dividends to the shareholders of the parent company in May totalling EUR 19.5 million.

ORDER BACKLOG

The order backlog in execution increased to EUR 18.3 billion (EUR 17.8 billion in December 2015) with **Italy accounting for 30% of contracts and international projects for the remaining 70%** (mainly rest of Europe and America). The quarterly figure included **EUR 2.5 billion of new orders**, to be mainly attributed to the Transport Infrastructures and Civil Construction segment. The backlog structure shows equal distribution between Construction and Concessions, but also **an increase in contracts awarded on the basis of criteria other than lowest price** which, by their very nature are more able to guarantee margins in line with Group forecasts, compared to traditional contracts.

The total order backlog amounts to EUR 28.8 billion, which includes **EUR 10.5 billion of Group options and contracts acquired but pending financing**. This backlog comprises 33% of projects developed in Italy and the remaining 67% of projects developed abroad.

Main new orders for the quarter

BRENNER RAILWAY TUNNEL (Lot «Mules 2-3») | Italy (*construction)* – Approximately EUR 1 billion, with Astaldi holding a 42.5% interest, for the construction of the **Italian section of the world's longest underground railway link.** The contract involves performance of all the underground works of the new tunnel linking Italy and Austria, for the section connecting Mezzaselva (Fortezza) to the state border. The contract involves completion of the exploration tunnel and two main line tunnels, for a total of 23 kilometres of excavation using traditional methods and 46 km of mechanised excavation by means of TBMs. The project has been commissioned by *Galleria di Base del Brennero - Brenner Basistunnel BBT SE*, a company set up by Italy, Austria and the EU to build the new infrastructure. Works will last 7 years and will be financed using European funding. Final awarding of the contract was recorded in May.

ESO PROJECT | Chile *(construction)* – EUR 400 million, with Astaldi holding a 60% interest (leader of a consortium of Italian companies), for design and construction of the two main structures (Dome and Main Structure) of the E-ELT (European Extremely Large Telescope), **the world's largest optical telescope.** The new telescope will be built on the Cerro Armazones, in the central area of the Atacama Desert at an altitude of 3,000 metres above sea level. Its focus capability will be 100,000,000 times better than the human eye, and it will be able to gather more light than all the largest telescopes currently existing on the planet, combined. Those telescopes have primary mirrors 8-10 metres in diameter, as against 39.3 metres for E-ELT. The project has been commissioned by ESO (European Southern Observatory) and the works will be funded by the organisation's member states. The contract was awarded during the first half of the year and design activities were underway at the draft date of this report. They have a planned duration of two and a half years. This will be followed by construction activities with handing over of the works scheduled by mid-2023.

S-7 EXPRESSWAY (Naprawa-Skomielna Biała section and Zakopianka Tunnel) | Poland *(construction)* – Approximately EUR 190 million, for works to construct the Naprawa-Skomielna Biała section of the S-7 Expressway Krakow-Rabka Zdrój. The contract involves the construction of approximately 3 kilometres of new expressway including 2 kilometres of twin-tube tunnel, external works, systems and environmental protection works. The road tunnel to be built (Zakopianka Tunnel) will be **Poland's longest bored tunnel and its second longest tunnel**. The project has been commissioned by *Skarb Panstwa - Generalny Dyrektor Dróg Krajowych i Autostrad*, the state company responsible for managing Poland's motorways and national roads. The works are financed by European and local funding and the planned duration is 54 months.

WEST METROPOLITAN HOSPITAL IN SANTIAGO | Chile *(construction and operation concession)* – EUR 151 million of construction works for a total investment of EUR 236 million. The contract involves the construction and operation as a concession of the West Metropolitan Hospital in Santiago in Chile. The new facility will stand out for its **high standards of anti-seismic construction** and **will be designed and built in accordance with international LEED®** (Leadership in Energy and Environmental Design) **Certification parameters** for eco-sustainable buildings. It will have 523 hospital beds and 599 parking spaces for a total surface area of 125,000 square metres. The concession includes design, financing and construction of the new facility plus multi-year management of related commercial and non-healthcare services and the supply and maintenance of electromedical equipment and furnishings. It has a 20-year duration, 52 months of which for construction and 15 years for operation. The project has been commissioned by Chile's Ministry of Public Works (MOP) that operates in the capacity of Granting Authority. This contract was included among new orders in the first half of the year further to relative financial closing of USD 257 million (structured on a non-recourse basis for Astaldi Group) signed in April by a syndicate of international banks. Final handing over of the works is planned by the second half of 2019. Construction activities were going ahead as contractually scheduled at the draft date of this report.

CHUQUICAMATA (Contract 3) | Chile (*construction*) – USD 460 million for an additional contract related to the **project for underground expansion of the world's largest open-pit copper mine**. The project will involve the construction of 43 kilometres of tunnels, further underground excavation of 165,000 cubic metres and 4.6 kilometres of vertical excavation for the construction of ventilation shafts. The works have a planned duration of 51 months and will be funded by CODELCO, one of the largest mining companies in the world, with whom Astaldi has already enjoyed a strategic partnership for some years.

BRASOV-ORADEA MOTORWAY | Romania (*construction)* – Approximately EUR 100 million, with Astaldi Group (leader of a group of construction companies) holding a 48.5% interest, for the design and construction of 18 kilometres of motorway sections and related works. The works have a planned duration of 16 months and will be financed by European funds (75%) and by the state as regards the remaining amount. Executive design and construction activities were underway at the draft date of this report.

RZESZÓW WASTE-TO-ENERGY PLANT | Poland (*construction*) – EUR 67 million, with Astaldi holding a 49% interest, for the executive design and construction of a plant to produce energy by transforming solid urban waste, as well as for the supply and installation of the technological process system and equipment. The plant includes 2 incineration lines, suitable for receipt and thermal treatment with energy recovery from 180,000 tonnes of mixed urban waste per year. The works, funded by the European Community and the Polish State, have already commenced and the planned duration is 30 months.

Main options and contracts to be formalised or financed to date

LA PUNILLA HYDROELECTRIC PROJECT | Chile (*construction and operation concession*) – Financial closing is pending for this project. The concession contract involves the design, construction and operation of a hydroelectric plant with an intake capacity of 625 cubic metres and installed power of 94 MW, to be used to improve the storage capacity of irrigation water and to increase the energy generation capacity of Bío Bío region.

GURASADA-SIMERIA RAILWAY LINE (Lot 3) | Romania (*construction*) – The project is pending completion of the approval procedure for the award already secured in the first half of the year. The contract involves rehabilitation of 40 kilometres of the Frontieră–Curtici–Simeria railway line for the section between Gurasada and Simeria, as well as related works.

VERONA-PADUA HIGH SPEED/HIGH CAPACITY RAILWAY LINE (Vicenza-Padua section) | Italy (*construction*) – The project refers to the second phase of the contract for the design and construction of the railway line which Astaldi will build as a joint venture through Consorzio IRICAV DUE, the General Contractor awarded the works contract.

Summary tables

(Figures shown in EUR/000,000)

(EUR/millions)	At 01/01/2016	2016 Acquisitions	Decrease for production	At 30/09/2016	Additional projects	Potential backlog
Construction	9,218	2,016	(2,045)	9,189	4,035	13,224
Transport Infrastructures	**7,665**	**873**	**(1,340)**	**7,198**	**2,867**	**10,065**
Railways and undergrounds	*3,461*	*455*	*(335)*	*3,581*	*614*	*4,195*
Roads and motorways	*3,754*	*413*	*(972)*	*3,195*	*2,208*	*5,403*
Airports and ports	*450*	*5*	*(33)*	*422*	*45*	*467*
Hydraulic Works and Energy Production Plants	**664**	**159**	**(297)**	**526**	**444**	**970**
Civil Construction	**561**	**410**	**(211)**	**760**	**713**	**1,473**
Facility Management, Plant Engineering and Management of Complex Systems	**328**	**574**	**(197)**	**705**	**11**	**716**
Concessions	8,631	485	(12)	9,104	6,474	15,578
TOTAL BACKLOG BY SEGMENT	***17,849***	***2,501***	***(2,057)***	***18,293***	***10,509***	***28,802***

(EUR/millions)	At 01/01/2016	2016 Acquisitions	Decrease for production	At 30/09/2016	Additional projects	Potential backlog
Italy	5,244	472	(324)	5,392	4,003	9,395
International	12,605	2,029	(1,733)	12,901	6,506	19,407
Europe	*8,922*	*406*	*(938)*	*8,390*	*1,476*	*9,866*
America	*3,339*	*1,623*	*(666)*	*4,296*	*5,030*	*9,326*
Africa	*248*	*-*	*(114)*	*134*	*-*	*134*
Asia	*96*	*-*	*(15)*	*81*	*-*	*81*
TOTAL BACKLOG BY GEOGRAPHICAL AREA	***17,849***	***2,501***	***(2,057)***	***18,293***	***10,509***	***28,802***

(EUR/millions)	At 01/01/2016	2016 Acquisitions	Decrease for production	At 30/09/2016
Italy	***3,650***	***472***	***(312)***	***3,810***
International	***5,568***	***1,544***	***(1,733)***	***5,379***
Europe	*2,762*	*406*	*(938)*	*2,230*
America	*2,462*	*1,138*	*(666)*	*2,934*
Africa	*248*	*-*	*(114)*	*134*
Asia	*96*	*-*	*(15)*	*81*
CONSTRUCTION BACKLOG BY GEOGRAPHICAL AREA	***9,218***	***2,016***	***(2,045)***	***9,189***

EVENTS AFTER THE REPORTING PERIOD

A **first commercial target was achieved in October in Sweden**, a new area of action which Astaldi is examining with interest. The **new EUR 32 million contract** (Astaldi has a 50% interest and is leader), involves the construction of an underground section of the new motorway bypass in Stockholm with a planned duration of 5 years for the works. The contracting authority is Trafikverket, the national agency for infrastructures and transport. The contract will be included among new orders subsequent to signing of the contract, expected by the end of the year. This is Astaldi's first project in Sweden which is planning an interesting development programme for transport infrastructures worth EUR 56 billion, to be completed by 2025.

Astaldi was **definitively awarded the motorway contract worth EUR 57 million** for upgrading and ensuring safety for a section of the **Cagliaritana National Road** (SS-554) in Italy, in November. The contract forms part of a broader project which involves the upgrading and ensuring safety for over 10 kilometres of the SS-554 National Road, split into two functional lots. The contract in question involves awarding of the final design for the complete project and executive design and performance of Functional Lot 1 (from 1+500 km to 7+100 km). The project has been commissioned by ANAS S.p.A. and the works will be funded with FSC (Development and Cohesion Fund) funding and with resources provided by Sardinia's regional authority. The contract will be included among new orders subsequent to completion of the award procedure expected by the end of the year.

OUTLOOK

Over the coming months, Astaldi Group will continue to focus on implementation and close monitoring of all the actions related to achievement of the targets set in the 2016-2020 Strategic Plan.

Efforts will be made to maintain balanced geographical diversification and a greater focus will be placed on EPC contracts and concession contracts in accordance with the plan's content.

Reduction of levels of debt will be a fundamental priority. The focus will be on limiting the absorption of working capital tied to projects in progress and on encouraging more efficient circulation, able to free up resources.

Operations will be coherently steered by three strategic drivers, in other words sustainable growth, consolidation of the financial structure and consolidation of the organisational structure, with the main goal of scaling business to the new challenges of the reference market, making optimal use of the Group's expertise. Therefore, actions are underway for each of these drivers that will be continued in the latter part of the year too, with a view to maintaining the planned growth for the coming months and beyond.

<u>SUSTAINABLE GROWTH</u>

The commercial focus on acquiring EPC contracts, whose nature is able to make the most of the Group's performance capacity, will continue. At the same time, focus on completion of construction contracts in progress will be guaranteed, especially those for whom key business targets are forecast in the short-term such as the Western High Speed Diameter in St. Petersburg in Russia and the Muskrat Falls Hydroelectric Project in Canada. As regards the latter, it must be noted that further to the bridge agreement signed in July, negotiations are continuing with NALCOR to reach an overall agreement aimed at reviewing the contract's whole-life conditions. Conclusion of this agreement is envisaged by the first half of 2017, also in view of a temporary suspension of works caused by a protest of the local population (Innu), against NALCOR for some managerial choices regarding commissioning of the works. These problems would seem to be resolved to date and this will allow for rescheduling of all works. The completion of rescheduling, which also involves other assignees, will allow for recalculation of the project value, hence allowing for redefinition of the agreement between ASTALDI and NALCOR. The parties are clarifying conditions for an extension of the bridge agreement to cover costs through to the date of signature of the final agreement, thus guaranteeing the continuation of works. It must also be noted that recently, the federal government approved a CAD 2.9 billion extension of the federal guarantee to finance the greater costs of the whole project, thus ensuring the necessary financial support to complete the works.

Concessions will continue to be a method of expansion, but with a different approach than in the past. Indeed, the focus will be on a project development model which sees Astaldi taking part with a minor interest in the SPVs, and a consequent smaller commitment in terms of equity contribution. The result will be a flywheel for and additional increase in EPC contracts, but with a significantly smaller commitment in terms of invested capital when compared to the past and compatible with set growth targets. Specifically, as regards the Third Bosphorus Bridge, operation activities have commenced, entrusted in full to the other partner, in line with the strategic plan which provides for disposal of the project through progressive disinvestment once the work has been completed. In any case, the financial value of the Astaldi Group project remains unvaried.

The Group will work to maintain balanced geographical diversification. The aim will be to guarantee consolidation in countries where traditionally present, with stable economies and well-defined investment programmes, but new opportunities in emerging markets offering growth potential will also be examined, to date identified as Argentina, Cuba, Indonesia, Iran, Vietnam and the USA. Specifically, the aim is to consolidate its presence in the USA where the goal is to expand the Group's presence on the west coast, including through business partnerships, and in particular in California.

<u>CONSOLIDATION OF FINANCIAL STRUCTURE</u>

The reduction of levels of debt remains a priority target. Strategic action taken in the medium-term is aimed at achieving the target of a NET DEBT/EBITDA ratio of a value lower than 2, playing on the use of income from the concession asset disposal programme (non-recurring finance), but also on structural action aimed at streamlining investments and optimising working capital management. The trend forecast over the coming months for each of these areas of action is listed below.

Asset disposal programme

Following the results achieved with sale of the investment in A4 Holding, the Company will be focused over the coming months on concluding additional envisaged transfers, also in light of the number of commercial options currently being examined.

Optimisation of working capital management

A logic of strict discipline as regards working capital management will continue to be adopted. Specifically, at a commercial level, the acquisition of contracts with financial profiles already considered suitable during the tender phase and which provide for contract advances will continue to be favoured. Moreover, the work of a task force dedicated to optimising working capital will continue.

STATEMENT BY MANAGER IN CHARGE OF FINANCIAL REPORTING

(pursuant to Article 154-bis, subsection 2 of Legislative Decree No. 58/1998)

The undersigned, Paolo Citterio, Astaldi's General Manager – Administration and Finance, in the capacity of Manager in charge of Financial Reporting, hereby declares, pursuant to subsection 2 of Article 154-bis of Legislative Decree No. 58/1998 (Consolidated Finance Act), that the accounting information contained herein tallies with accounting documents, ledgers and entries.

Rome, 9 November 2016

Signed Paolo Citterio
(*Manager in charge of Financial Reporting)*

ATTACHMENTS

Reclassified Consolidated Income Statement

(Figures shown in EUR/000)

	First nine months of 2016		First nine months of 2015	
Revenue	2,057,245	95.7%	1,975,050	95.6%
Other operating revenue	93,560	4.3%	91,697	4.4%
Total revenue	**2,150,805**	**100.0%**	**2,066,747**	**100.0%**
Production costs	(1,437,805)	-66.8%	(1,394,257)	-67.5%
Added value	**713,000**	**33.2%**	**672,490**	**32.5%**
Personnel expenses	(452,130)	-21.0%	(405,669)	-19.6%
Other operating costs	(33,029)	-1.5%	(24,009)	-1.2%
Share of profits of joint ventures, SPVs and associates	56,941	2.6%	42,176	2.0%
EBITDA	**284,782**	**13.2%**	**284,988**	**13.8%**
Amortisation and depreciation	(33,021)	-1.5%	(57,102)	-2.8%
Provisions	(9,108)	-0.4%	(554)	0.0%
Impairment losses	(427)	0.0%	(120)	0.0%
EBIT	**242,226**	**11.3%**	**227,213**	**11.0%**
Net financial expense	(136,250)	-6.3%	(119,588)	-5.8%
Pre-tax profit	**105,976**	**4.9%**	**107,625**	**5.2%**
Tax expense	(27,148)	-1.3%	(32,323)	-1.6%
Profit from continuing operations	**78,828**	**3.7%**	**75,302**	**3.6%**
Loss from discontinued operations	**(23,634)**	**-1.1%**		**0.0%**
Profit / (loss) for the year	**55,195**	**2.6%**	**75,302**	**3.6%**
(Profit) / loss attributable to non-controlling interests	358	0.0%	739	0.0%
Profit attributable to owners of the parent	**55,553**	2.6%	**76,041**	3.7%

Reclassified Consolidated Balance Sheet

(Figures shown in EUR/000)

	30/09/2016	31/12/2015	30/09/2015
Intangible assets	83,231	47,108	50,142
Property, plant and equipment	207,063	210,802	216,214
Investments	500,105	578,997	542,650
Other net non-current assets	156,185	121,041	108,936
Non-current assets held for sale	1,604		
Non-current assets (A)	**948,187**	**957,948**	**917,942**
Inventories	71,732	70,676	76,457
Contract work in progress	1,445,396	1,242,991	1,274,326
Trade receivables	27,712	30,928	46,177
Amounts due from customers	707,212	662,066	763,092
Other assets	138,719	166,197	224,746
Tax assets	113,872	138,645	127,669
Payments on account from customers	(397,582)	(411,459)	(397,337)
Subtotal	**2,107,061**	**1,900,043**	**2,115,130**
Trade payables	(68,982)	(75,173)	(105,247)
Payables due to Suppliers	(783,901)	(809,006)	(811,638)
Other liabilities	(338,301)	(326,404)	(355,546)
Subtotal	**(1,191,183)**	**(1,210,583)**	**(1,272,430)**
Working capital (B)	**915,878**	**689,460**	**842,700**
Employee benefits	(10,610)	(8,057)	(8,576)
Non-current portion of provisions for risks and charges	(14,000)	(13,794)	(13,901)
Total Provisions (C)	**(24,610)**	**(21,851)**	**(22,477)**
Net Invested Capital (D) = (A) + (B) + (C)	**1,839,455**	**1,625,557**	**1,738,165**
Cash and cash equivalents	388,995	611,263	464,819
Current financial receivables	16,965	33,226	36,291
Non-current financial receivables	294,367	274,832	236,215
Securities	1,126	1,153	1,032
Current financial liabilities	(696,657)	(678,276)	(607,831)
Non-current financial liabilities	(1,339,940)	(1,272,631)	(1,318,641)
Net financial liabilities (E)	**(1,335,143)**	**(1,030,434)**	**(1,188,116)**
Financial assets from concessions	104,011	41,907	30,606
Total financial liabilities (F)	**(1,231,132)**	**(988,526)**	**(1,157,510)**
Equity attributable to owners of the parent	(602,904)	(631,405)	(574,543)
Equity attributable to non-controlling interests	(5,419)	(5,626)	(6,112)
Equity (G) = (D) - (F)	**608,323**	**637,031**	**580,656**