Interim Report on Operations at 31 March 2017

ASTALDI Società per Azioni
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Registered with the Companies Register of Rome
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R.E.A. no.: 152353
VAT no.: 0080281001
Share Capital: EUR 196,849,800.00 fully paid-in

SUMMARISED DATA

Income Statement

(Figures shown in EUR/000)

	31.03.2017	*% on total revenue*	31.03.2016 (*)	*% on total revenue*	YOY change (%)	31.12.2016	*% on total revenue*
Total revenue	651,444	100%	632,615	100%	3.0%	3,004,255	100%
EBITDA	85,019	13.1%	90,375	14.3%	-5.9%	379,858	12.6%
EBIT	72,755	11.2%	75,048	11.9%	-3.1%	316,973	10.6%
EBT	33,229	5.1%	35,654	5.6%	-6.8%	129,096	4.3%
Net profit attributable to owners of the Parent	**25,099**	**3.9%**	**23,901**	**3.8%**	**5.0%**	**72,457**	**2.4%**

(*) Q1 2016 figures referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A., have been restated in compliance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Statement of financial position

(Figures shown in EUR/000)

	31.03.2017	31.12.2016	31.03.2016
Total net non-current assets	1,049.805	1,007,371	902,939
Working capital	919,059	804,861	965,258
Total provisions	(22,351)	(21,215)	(25,852)
Net invested capital	1,946,514	1,791,017	1,842,345
Total loans and borrowings / loan assets (*)	(1,219,386)	(1,092,532)	(1,238,326)
Equity attributable to owners of the Parent	721,149	692,384	598,873
Total equity	727,127	698,485	604,019

(*) Figure shown inclusive of treasury shares on hand equal to EUR 3.8 million in March 2017 and EUR 5.4 million in March 2016 and EUR 3.9 million in December 2016.

INTRODUCTION

Astaldi Group's Interim Report on Operations at 31 March 2017 has been drafted in accordance with the provisions set forth in Borsa Italiana (Italian Stock Exchange) 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 each quarter of the financial year. Borsa Italiana Notification no. 7587 dated 21 April 2016 has also been taken into account herein.

The classification, entry recognition, measurement and cancellation criteria for asset and liability items and the procedures for revenue and cost recognition adopted herein are the same as those used for the Consolidated Financial Statements at 31 December 2016 which should be referred to for more information.

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Alternative performance indicators. *The economic and financial performance of the Astaldi 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 associates 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.

Profit from continuing operations. This is calculated as EBT excluding taxation for the period.

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 position. This is obtained by subtracting non-current loan assets and financial assets from concession activities, as well as specific items such as treasury shares 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.

Total financial debt. This is obtained by subtracting the total of non-current loan assets and financial assets from concession activities from net financial position (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

Astaldi Group's commercial, economic and financial results in Q1 2017 included the effects of the **gradual repositioning of business activities** in projects able to ensure **more balanced diversification of business activities** and with **a more independent financial profile than in the past.** The quarterly trends are **in line with strategies contained in the plan** and confirmed the trends already seen in the second half of last year.

The results of major commercial action taken over the last eighteen months have allowed for the gradual replacement of key projects (completed or being completed, for example, in Turkey and Russia) with equally important projects, but **in countries with a more limited risk profile, which ensure a more marked ability to convert new orders into turnover**.

Operating revenue at 31 March 2017 **increased by approximately 4% to EUR 614.1 million** (EUR 591.6 million in Q1 2016). If we are to include other operating revenue, **total revenue amounted to EUR 651.4 million** (+3%, compared to EUR 632.6 million in March 2016). The **quarter's margins reflected the change in the order backlog structure**. At 31 March 2017, the **EBITDA margin stood at 13.1%**, with EBITDA totalling over EUR 85 million and the **EBIT margin stood at 11.2%**, for EBIT of EUR 72.7 million; in keeping with the trends set forth in the plan, the figures listed recorded margins that were the result of a mix of business activities whose risk profile is more in line with planned growth targets, even if the levels were lower than in the past. **Net profit increased by 5% to over EUR 25 million** (EUR 23.9 million at 31 March 2016), with a net margin of 3.9% (3.8% for Q1 2016).

These results were achieved thanks to the attainment of key operating milestones such as completion of additional operational sections of the Gebze-Orhangazi-Izmir Motorway in Turkey (a useful condition, inter alia, for closure of a first partial operation period, with consequent collection of the relative guaranteed minimum revenue by the concession holder), or signing of the contract (with consequent start-up of works) for the I-405 Highway in California (USA).

Total net financial debt amounted to EUR 1,216 million (EUR 1,088.7 million at 31 December 2016 and EUR 1,232.9 million at 31 March 2016). The quarterly figure basically reflects t**he seasonal nature of working capital** which, thanks to policies ensuring strict control of contract financial flows implemented by management, **showed much less marked use compared to similar periods of recent years.** The increase in net financial debt during the first three months of 2017 totalled EUR 127 million, against an average increase of approximately EUR 230 million recorded in the first quarter of the last three years – this was achieved even without the benefit of advances linked to the most recent acquisitions (Romania), scheduled for the coming months. The quarterly trend also included the collection of EUR 52 million (loan assets included) resulting from **definition of asset transfer agreements in Chile**, already disclosed in the Financial Statements at 31 December 2016 (Pacific Hydro Chacayes S.A., concession holder for Chacayes Hydroelectric Plant and 49% of the interest held in SCMS, concession holder for the West Metropolitan Hospital in Santiago). Taking into account the fact that some loan assets were already included among net financial debt, the overall financial effect of collection of this amount totalled EUR 16 million.

The quarter's commercial results were in line with the strategies marked out and confirmed the **progressive focus on areas with a lower risk profile**, as already detailed above, as well as on **contracts awarded in accordance with a logic based on a variety of technical and quality elements. The order backlog totalled EUR 19.2 billion**, with construction accounting for 54% and concessions and related O&M activities for the remaining 46%. **New orders and contractual increases totalling approximately EUR 1 billion were recorded** (mainly EPC[1] contracts in Europe and North America), able to more than offset the decrease in the concessions backlog further to the aforementioned transfer of some assets in Chile. The figures shown do not include an additional EUR 8 million of options and contracts for which completion of the award/financing procedure is pending. If we are to include these, the total order backlog stands at more than EUR 27 billion.

Note must also be taken of **progressive performance of the asset disposal programme** which, during the first quarter, saw definitive transfer of the aforementioned assets in Chile (at higher amounts than those entered in the balance sheet), as well as progress on financial closing of the M5

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[1] EPC = Engineering, Procurement, Construction.

transfer (further to agreements signed with Ferrovie dello Stato Italiane - Italy's National Railways company - in December 2016) and negotiations to transfer additional assets in Italy and Turkey. In this regard, it is important to note how in April in Turkey, the SPVs of two concession projects in progress in Turkey – **Third Bosphorus Bridge and Gebze-Orhangazi-Izmir Motorway** – **collected the remainder of guaranteed minimum revenue** forecast for the first period of operation. Collection of this sum completed the financial process of the two motorway concessions, **making it possible to consider these two key projects as now being fully operational.**

INCOME STATEMENT AT 31 MARCH 2017

Main financial results

(Figures shown in EUR/000)

	31.03.2017	*% on total revenue*	31.03.2016 (*)	*% on total revenue*	YOY change (%)	31.12.2016	*% on total revenue*
Total revenue	651,444	100%	632,615	100%	3.0%	3,004,255	100%
EBITDA	85,019	13.1%	90,375	14.3%	-5.9%	379,858	12.6%
EBIT	72,755	11.2%	75,048	11.9%	-3.1%	316,973	10.6%
EBT	33,229	5.1%	35,654	5.6%	-6.8%	129,096	4.3%
Net profit attributable to owners of the Parent	**25,099**	**3.9%**	**23,901**	**3.8%**	**5.0%**	**72,457**	**2.4%**

(*) Q1 2016 figures referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A., have been restated in compliance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Total revenue at 31 March 2017 **increased by 3% to EUR 651.4 million** (EUR 632.6 million in Q1 2016). **Operating revenue** accounted for **94%** of this total, equal to EUR 614.1 million (+3.8%, EUR 591.6 million in March 2016), and **ancillary revenue** for the remaining **6%**, equal to EUR 37.3 million (-8.8%, EUR 41 million in Q1 2016).

Geographical diversification confirmed the **major push to internationalise business activities.** International activities generated over 80% of revenue, equal to EUR 493 million, (+2.1%, EUR 483 million in March 2016). As regard international activities, **there was a drop in the volume generated in Europe (32% of operating activities),** but there was a **major contribution from America (43% of operating revenue)** and an **unvaried contribution from Africa (5% of operating revenue)**. **Italy saw an 11% increase**, recording **a turnaround of the previous year's trend,** and accounted for EUR 121 million (EUR 109 million in March 2016), thanks above all to the Transport Infrastructures segment.

More specifically, the increase in production was supported by the intensification of activities in Canada (Muskrat Falls Hydroelectric Project further to signing of the agreement in November 2016), the start-up of new contracts in Chile (Chuquicamata Mine) and steady progress on projects underway in Turkey, Romania and Poland. This made it possible to offset the smaller contribution recorded in some areas – including with regard to ancillary revenue – due to completion of key projects such as the Third Bosphorus Bridge and Phase 1 of the Gebze-Orhangazi-Izmir Motorway in Turkey, the WHSD (Western High Speed Diameter) in St. Petersburg in Russia and Line 4 of Bucharest Underground in Romania. As regards North America (USA, California), works on construction of Highway I-405 commenced, with the new focus of the Group's commercial strategy in the USA starting to produce its first effects on the income statement. In Italy, specifically progress went ahead on works related to the Marche-Umbria Quadrilatero Road Network, Line 4 of the Milan Underground, Naples-Afragola HS Station and the Brenner Base Tunnel. Important working milestones were also achieved such as opening to the public of San Giovanni museum station on Line C of the Rome Underground (March) and final inspection of the new hospital in Naples ("Ospedale del Mare") (February).

Segment diversification confirmed **a suitable distribution of activities**. **Construction (99.5% of operating revenue)** generated EUR 611 million, showing a 4.1% increase compared to March 2016, mainly due to the contribution of Energy Production Plants (for the progress of works for the Muskrat Falls Hydroelectric Plant, in Canada) and Plant Engineering (for works performed by the investee NBI). **Concessions (including related O&M activities) generated 0.5% of operating revenue**, which amounted to EUR 3 million (EUR 5 million in Q1 2016): the figure listed basically includes the results of operation of the four new hospitals in Tuscany, (referring to O&M activities performed through the investee GE.SAT).

Breakdown of operating revenue according to segment and geographical area
(Figures shown in millions of Euro)

(EUR/millions)	31.03.2017	%	31.03.2016	%	YOY change (%)
ITALY	**121**	**19.7%**	**109**	**18.4%**	**11.0%**
INTERNATIONAL	**493**	**80.3%**	**483**	**81.6%**	**2.1%**
Rest of Europe	199	32.4%	265	44.8%	-24.9%
America	265	43.2%	174	29.4%	52.3%
Asia (Middle East)	0	0.0%	6	1.0%	-100.0%
Africa (Algeria)	29	4.7%	38	6.4%	-23.7%
TOTAL OPERATING REVENUE	**614**	**100.0%**	**592**	**100.0%**	**3.7%**

(EUR/millions)	31.03.2017	%	31.03.2016	%	YOY change (%)
CONSTRUCTION	**611**	**99.5%**	**587**	**99.2%**	**4.1%**
Transport Infrastructures	326	53.1%	416	70.3%	-21.6%
Railways and undergrounds	*105*	17.1%	*117*	*19.8%*	*-10.3%*
Roads and motorways	*204*	33.2%	*287*	*48.5%*	*-28.9%*
Ports and airports	*17*	2.8%	*12*	*2.0%*	*41.7%*
Hydraulic and Energy Production Plants	132	21.5%	68	11.5%	94.1%
Civil and Industrial Construction	66	10.7%	57	9.6%	15.8%
Plant Engineering	87	14.2%	46	7.8%	89.1%
CONCESSIONS	**3**	**0.5%**	**5**	**0.8%**	***-40.0%***
TOTAL OPERATING REVENUE	**614**	**100.0%**	**592**	**100.0%**	**3.7%**

The cost structure reflects the production trend and the mix of activities which, when compared to the past, show a greater incidence of specialist services which the Group prefers to provide with its own specialised personnel (and not through subcontracts). An example of this is the personnel dedicated to tunnel excavation, which is the reason why Astaldi is currently using a total of 8 TBMs at its sites worldwide.

Production costs at 31 March 2017 **dropped to EUR 419.5 million** (EUR 440.2 million in March 2016), with a dip in the incidence on total revenue, passing from 69.6% to 64.4%. **Personnel expenses increased to EUR 158.4 million** (EUR 115.9 million in Q1 2016), with an increase in incidence on revenue from 18.3% to 24.3%. **Other operating costs totalled EUR 15.5 million (**EUR 5.8 million in Q1 2016), with an increase in incidence from approximately 1% to 2.4%. The quarterly trend is to be attributed to lower production costs resulting from the completion of key projects performed using subcontractors (e.g. Third Bosphorus Bridge in Turkey), together with an increase in personnel expenses and other operating costs caused by the intensification and/or start-up of projects featuring direct production (e.g. the Muskrat Falls Project in Canada and new contracts for the Chuquicamata Mine in Chile).

The **share of profits from joint ventures and associates totalled EUR 27 million** (+37.2%, EUR 19.7 million in Q1 2016). The quarterly figure recorded the pro quota results of investees (which benefitted inter alia from the operation of motorway contracts in Turkey). They also included the effects related to the investee Pacific Hydro Chacayes SA., following its definitive transfer in March 2017.

The quarter's margins reflected the change in the order backlog structure and stood at similar levels to those recorded at the end of 2016.

The **EBITDA margin** at 31 March 2017 **equalled 13.1%,** with EBITDA of over EUR 85 million (respectively, 14.3% and EUR 90.4 million in Q1 2016). As already mentioned, the quarterly figure shows the progressive alignment with Plan targets which, when fully implemented, provide for margins in line with a mix of business activities boasting an improved risk profile compared to the past. The order backlog's new focus will also result in benefits as regards financial activities thanks to a project trend that is more in line with planned growth. **The EBIT margin totalled 11.2%** for EBIT of EUR 72.7 million (respectively, 11.9% and EUR 75 million in Q1 2016). These figures were the result of a lower incidence of amortisation, depreciation and impairment, mainly due to project phases which provide for fewer contributions in terms of amortisation and depreciation.

Net financial expense totalled EUR 39.5 million, hence **in keeping with the figure at 31 March 2016** (EUR 39.4 million) and with a 6.1% incidence on revenue (6.2% for Q1 2016). The quarter benefitted from a lower level of debt exposure compared to the same period of the previous year which offset the renewed backlog's higher charges for guarantees and sureties. The positive effects of this in terms of production will start to be seen as from the second half of this year

EBT totalled EUR 33.2 million, (EUR 35.6 million at 31 March 2016) as a result of the aforementioned trends.

This resulted in **a 5% increase in net profit to over EUR 25 million** (EUR 23.9 million at 31 March 2016), with a net margin of 3.9% (3.8% in Q1 2016), against an estimated tax rate of 24.8%.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

Main financial position results
(Figures shown in EUR/000)

	31.03.2017	31.12.2016	31.03.2016
Total net non-current assets	1,049,805	1,007,371	902,939
Working capital	919,059	804,861	965,258
Total provisions	(22,351)	(21,215)	(25,852)
Net invested capital	1,946,514	1,791,017	1,842,345
Total loans and borrowings/loan assets (*)	(1,219,386)	(1,092,532)	(1,238,326)
Equity attributable to owners of the Parent	721,149	692,384	598,873
Total equity	727,127	698,485	604,019

(*) Figure shown inclusive of treasury shares on hand equal to EUR 3.8 million in March 2017 and EUR 5.4 million in March 2016 and EUR 3.9 million in December 2016.

Net fixed assets totalled EUR 1,049.8 million (EUR 1,007.4 million in December 2016) and basically included an increase due to equity accounting of motorway concessions in Turkey as well as conversion of capital (equity) of sums previously paid, as subordinated loan, into the Gebze-Orhangazi-Izmir Motorway concession project. **Tangible fixed assets** totalled EUR 202 million (EUR 208 million in December 2016), showing a slight drop during the quarter mainly due to progressive depreciation and investments made (the latter amounting to approximately EUR 3 million). The quarter's fixed assets also included EUR 48 million referring to reclassification of values regarding non-current assets held for sale, as provided for in reference accounting standards and already announced in the financial statements for the year ending 31 December 2016. Indeed the figure refers to the carrying amounts of investments in the concession holders for Line 5 of the Milan Underground and the four new hospitals in Tuscany (Italy), the transfer of which is forecast within the next 12 months.

Working capital totalled approximately EUR 919 million (EUR 805 million in December 2016). The quarterly figure showed a 14% increase (against an approximately 3% increase in revenue) but it is important to note that, traditionally, working capital increases during the first three months of the year, but in a much more marked manner – said increase has been equal to 35% on average over the last four years. The much smaller increase compared to the past is to be attributed to the Group's specific focus on the payment and collection cycle and actions of the dedicated task force set up during the last year. The ratio between working capital and revenue stood at 30%, compared to 34% in March 2016.

Net invested capital totalled EUR 1,946.5 million (EUR 1,791 million in December 2016), as a result of the aforementioned trends.

Equity attributable to owners of the Parent totalled EUR 721.1 million (EUR 692.4 million in December 2016), basically further to the quarter's result. With the contribution of EUR 6 million of equity attributable to non-controlling interests (EUR 6.1 million in December 2016), **total equity amounted to EUR 727.1 million** (EUR 698.5 million in December 2016).

Net Financial Debt

Total net financial debt at 31 March 2017 **amounted to EUR 1,215.6 million** (EUR 1,088.7 million at 31 December 2016 and EUR 1,232.9 million at 31 March 2016). The quarterly figure basically reflects the trends seen as regards working capital, mentioned previously, and investments made. The quarterly trend also included the collection of EUR 52 million (including loan assets) resulting from definition of transfer agreements for some assets in Chile, already disclosed in the Financial Statements at 31 December 2016 (Pacific Hydro Chacayes S.A., concession holder for the Chacayes Hydroelectric Plant and 49% of the interest held in SCMS, concession holder for the West Metropolitan Hospital in Santiago). The overall financial effect of this collection amounted to EUR 16 million, taking into account the fact that some loan assets were already included among net financial debt.

The **Debt/Equity ratio stood at 1.67x**, against a **Corporate Debt/Equity ratio of 1.04x** (insofar as calculated by excluding the share of debt related to concessions, which is self-liquidating).

Breakdown of Net Financial Debt

(Figures shown in EUR/000)

		31/03/2017	31/12/2016	30/09/2016	30/06/2016	31/03/2016
A	Cash	417,218	506,470	388,995	327,011	462,813
B	Securities held for trading	670	848	1,126	1,189	1,096
C	**Cash and cash equivalents**	**417,888**	**507,318**	**390,121**	**328,200**	**463,909**
-	Current loan assets	34,477	25,227	16,965	25,262	18,903
D	**Current loan assets**	**34,477**	**25,227**	**16,965**	**25,262**	**18,903**
E	Current portion of bank loans and borrowings	(449,905)	(336,408)	(471,276)	(513,799)	(526,681)
F	Current portion of bonds	(15,980)	(4,294)	(16,142)	(4,252)	(16,534)
G	Current portion of non-current debt	(173,675)	(154,801)	(201,004)	(150,516)	(94,224)
H	Other current loans and borrowings	(8,150)	(8,304)	(8,235)	(6,767)	(7,598)
I	**Current financial debt**	**(647,710)**	**(503,808)**	**(696,657)**	**(675,333)**	**(645,037)**
J	**Net current financial debt**	**(195,345)**	**28,737**	**(289,571)**	**(321,871)**	**(162,225)**
K	Non-current portion of bank loans and borrowings	(446,871)	(580,203)	(441,339)	(528,680)	(528,662)
L	Bonds	(874,883)	(874,333)	(873,799)	(873,256)	(872,734)
M	Other non-current financial liabilities	(23,556)	(24,722)	(24,801)	(15,070)	(14,826)
N	**Non-current financial debt**	**(1,345,310)**	**(1,479,258)**	**(1,339,940)**	**(1,417,006)**	**(1,416,221)**
O	**Gross financial debt from continuing operations**	**(1,993,020)**	**(1,983,065)**	**(2,036,597)**	**(2,092,339)**	**(2,061,258)**
P	**Net financial debt from continuing operations**	**(1,540,655)**	**(1,450,521)**	**(1,629,510)**	**(1,738,877)**	**(1,578,446)**
Q	**Net financial debt - disposal groups**	**41,271**	**76,743**	**--**	**--**	**--**
R	**Net financial debt**	**(1,499,384)**	**(1,373,778)**	**(1,629,510)**	**(1,738,877)**	**(1,578,446)**
-	Non-current loan assets	45,299	36,440	33,295	35,731	35,391
-	Subordinated loans	227,942	240,416	261,072	243,274	248,739
-	Non-current portion of financial assets from concession activities	6,757	4,390	104,011	81,442	55,989
S	**Non-current loan assets**	**279,998**	**281,246**	**398,379**	**360,447**	**340,120**

T	**Total financial debt**	**(1,219,386)**	**(1,092,532)**	**(1,231,132)**	**(1,378,430)**	**(1,238,326)**
	Treasury shares in portfolio	**3,801**	**3,864**	**4,192**	**4,336**	**5,439**
	Total net financial debt	**(1,215,585)**	**(1,088,667)**	**(1,226,940)**	**(1,374,094)**	**(1,232,887)**

Investments

Net technical investments in Q1 2017 totalled approximately EUR 3 million, to be attributed to projects in progress in Canada (Muskrat Falls), Russia (M-11 Moscow-St. Petersburg Motorway) and Poland.

Approximately EUR 7 million was paid during the quarter in the form of semi-equity, in line with commitments undertaken in particular for some concessions in Chile (Arturo Merino Benítez International Airport in Santiago) and Turkey (Etlik Integrated Health Campus in Ankara). The quarter also saw the aforementioned conversion to capital (equity) of sums previously paid as subordinated loan for the Gebze-Orhangazi-Izmir Motorway concession in Turkey. Therefore, **concession investments** (in other words Astaldi's shares of equity and semi-equity paid into SPVs related to the individual projects in progress in the segment, as well as relative working capital) **amounted progressively to EUR 708 million**. The figure includes EUR 7 million of financial assets arising from concession activities referred to projects in Chile (La Punilla Hydroelectric Project); it must be recalled that said assets refer to shares of investments covered by guaranteed cash flows, as required in IFRIC-12.

At the reporting date, approximately 12% of EUR 708 million invested in concessions is classified among assets held for sale, thanks to progressive performance of the asset disposal programme provided for in the 2017-2021 Strategic Plan.

Statement of Cash Flows

(Figures shown in EUR/000)

	Q1 2017	Q1 2016
A) Cash flow used in operating activities	(122,243)	(263,914)
B) Cash flow generated (used) by investing activities	30,094	(11,229)
C) Cash flow from financing activities	(4,258)	126,693
NET DECREASE OF CASH AND CASH EQUIVALENTS (A+B+C)	**(96,407)**	**(148,450)**
OPENING CASH AND CASH EQUIVALENTS*	**513,625**	**611,263**
CLOSING CASH AND CASH EQUIVALENTS	**417,218**	**462,813**

* These figures include cash and cash equivalents referring to assets available for disposal, equal to EUR 7.1 million.

Cash flow from operating activities

Cash flow used by operating activities in Q1 2017 totalled EUR 122.2 million (EUR 263.9 million in Q1 2016). This use, typical of the first quarter of each year, is to be attributed mainly to development of major international contracts and payment trend involving public counterparts that are usually concentrated in the second half of each year. The quarterly figure is positive on the whole when compared with the traditional trend of flows in Q1. Specifically, the efficient working capital management policy is taking shape, also thanks to the good result achieved by the dedicated task force.

Cash flow from investing activities

Financial flow generated by investment activities recorded a positive value of EUR 30 million, to be linked as follows:

- Approximately EUR 41 million as sums collected for sale of the concession holder Pacific Hydro Chacayes;
- Approximately EUR 10 million as collection of the first instalment of sums provided for sale of the concession holder SCMS;
- Approximately EUR (7) million for payments of equity and semi-equity (capital and subordinated loans) for some concession projects (mainly Etlik Integrated Health Campus in Ankara and Arturo Merino Benítez International Airport in Santiago de Chile);
- Approximately EUR (4) million for sums paid for payment of the amount agreed in relation to purchase of the Quadrilatero industrial complex;
- Approximately EUR (3) million for capital invested in technical resources and equipment for construction contracts;
- Approximately EUR (3) million for capital invested in the La Punilla Hydroelectric Project concession in Chile.

Cash flow from financing activities

Financing activities used financial resources totalling EUR 4.2 million during the quarter. This change, even if not especially significant in absolute terms, reflects the action taken by the management to limit financial debt and maintain a suitable level of liquidity, in a context where special support is lent to developing operating activities.

ORDER BACKLOG

The **order backlog totalled EUR 19.2 billion**, **54%** of which generated by **Construction** and the remaining **46%** by **Concessions and related O&M activities** (Operation and Maintenance), with **Italy accounting for 31%** and **international projects for the remaining 69% (mainly Europe and America)**. The quarterly figure included **approximately EUR 1 billion of new orders and contractual increases** (mainly EPC[2] contracts in Europe and North America) that are able to more than offset the decrease in the concession backlog following transfer of the Chilean assets detailed above. The figures shown do not take into account options and contracts for which completion of the award/financing procedure is still pending. If we are to include these, the total order backlog amounts to over EUR 27 billion.

The backlog structure shows **an increase in contracts awarded in accordance with a logic of variety of technical and quality elements** and **progressive focus on areas with a lower risk profile**, in keeping with the Group's forecasts and strategies.

[2] EPC = Engineering, Procurement, Construction.

Main new orders during the quarter

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lots 2A and 2B) | Romania (*construction*) – A total of EUR 776 million (Astaldi has a 42% interest) for upgrading of 80 kilometres of the Frontieră-Curtici-Simeria Railway Line forming part of the Pan-European Corridor 4. The construction of 11 stations, 30 bridges and a tunnel is also planned along with a signalling and ERTMS telecommunications system. The duration of works is 36 months, with start-up by June 2017. The works have been commissioned by CFR SA, the Romanian National Railway Company. 75% of works are financed by European funding (as part of the POIM Programme to upgrade the Curtici-Brasov-Constanta Railway Corridor 4) and the remaining 25% by state funding.

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lot 3) | Romania (*construction*) – EUR 600 million, Astaldi has a 49.5% interest, for upgrading of approximately 40 kilometres of the Frontieră–Curtici–Simeria Railway Line related to the stretch between Gurasada and Simeria of the 614 km-Radna-Simeria section. The construction of 17 bridges, electrification, signalling and ERTMS telecommunication system is also planned along with renovation of 8 railway stations and minor works. The duration of work is 3 years, with start-up by June 2017. The works have been commissioned by CFR SA, the Romanian National Railway Company. 75% of works are financed by EU funding (as part of the POIM Programme to upgrade the Curtici-Brasov-Constanta Railway Corridor 4) and the remaining 25% by state funding.

ISTANBUL UNDERGROUND (Kirazli-Halkalı section) | Turkey (*construction*) – EUR 627 million, Astaldi Group has a 15% interest, for performance of civil works and electro-mechanical systems of the new section of the Istanbul Underground. The project involves the construction of 10 kilometres of two-tube tunnel, 7 km of which dug using TBMs, as well as the construction of 9 stations and related works. Works commenced in April with a planned duration of 34 months. The project has been commissioned by the Municipality of Istanbul.

MENEMEN-ALIAĞA-ÇANDARLI MOTORWAY | Turkey (*construction and operation contract*) – Total investment of EUR 392 million, EUR 333 million of which for construction activities (Astaldi has a 33% interest). The BOT contract involves construction and operation of 80 kilometres of new motorway sections in İzmir province (including 14 junctions, 3 service areas, 7 motorway tollgates, 10 viaducts and 11 bridges), and the performance of all O&M activities. The concession duration is approximately 10 years with 36 months for construction and the rest for operation. The project has been commissioned by KGM (Turkish Ministry of Transport, Motorways General Directorate), operating in the capacity of Granting Authority. The financial structure of the transaction provides for contribution of equity amounting to 20% of the total investment, which means a contribution of EUR 26 million for Astaldi to be paid within the construction period. The ROI is based on a forecast minimum turnover guaranteed by the Granting Authority totalling EUR 45 million/year. Works commenced in April following signature of the concession contract.

«PIEMONTE-SAVOIA» ITALY-FRANCE HVDC INTERCONNECTION PROJECT (Lower Section and Upper Section) | Italy *(construction)***:** EUR 54 million for performance of civil works for the Italian section of the HVDC (High Voltage Direct Current) interconnection project in progress involving Italy and France. As regards the Italian section, the cable system route will run from Piossasco substation to the Fréjus Tunnel, mainly along the A-32 Turin-Bardonecchia motorway, starting from Avigliana East junction. Astaldi will perform the lots known as Lower Section (26 kilometres) and Upper Section (19 kilometres of horizontal development). Works involve the construction of cuttings with installation of HDPE pipes and underground excavation using microtunnelling technology, for subsequent systems installation, as well as all related works. The project will be performed without any interruption of vehicle traffic. The duration of works is 2 years, with start-up by Q3 2017. The project has been commissioned by Terna Rete Italia S.p.A., the operator of the Italian distribution network which will fund the works.

BIG BULLFROG CREEK ROAD PROJECT | USA, Florida (*construction*): more than EUR 43 million for the performance of works to widen more than 6 kilometres of the SR-43 (US-301) from 2 to 6 lanes, for the section between the SR-674 and the CR-672 (Balm Road). The duration of works is just over 2 years. The project has been commissioned by FDOT (Florida Department of Transportation). The works will be performed by Astaldi Construction Corporation, the Astaldi Group company dedicated to developing the American market.

Main options and contracts to be formalised/financed to date

NAPLES-BARI HS/HC RAILWAY LINE (Naples-Cancello section) | Italy (*construction*) – EUR 397 million, Astaldi has a 40% interest, for the design and construction of a preliminary section of the Naples-Bari high-speed, high-capacity railway line and connection to the Naples railway junction at the new Naples-Afragola HS Station (built by Astaldi and currently being completed). Completion of the award procedure is pending for this project.

LA PUNILLA HYDROELECTRIC PROJECT | Chile (*construction and operation contract*) – Financial closing is pending for this project which involves the design, construction and operation of a multi-purpose hydroelectric plant, with a storage capacity of 625 million m^3 and installed power of 94 MW. The plant will be used to improve storage capacity of water for irrigation and to improve the electricity generation capacity of the BíoBío region and of the SIC (*Sistema Interconectado Central*) which powers Santiago de Chile.

VERONA-PADUA HS/HC RAILWAY LINE (Vicenza-Padua) | Italy (*construction*) – The project refers to the second phase of the contract for design and construction of the Verona-Padua high-speed, high-capacity railway line which Astaldi holds a 37.49% interest in through Consorzio IRICAV DUE, the General Contractor awarded the works.

Summary tables

(Figures shown in millions of euro)

	Order backlog 01/01/2017	Acquisitions and contractual increases	Decrease for production	Order backlog 31/03/2017	Additional projects	Total backlog
Construction	9,951	986	-611	10,326	2,766	13,092
Transport Infrastructures	**7,740**	**877**	**-326**	**8,291**	**1,692**	**9,983**
Railways and undergrounds	*3,716*	*717*	*-105*	*4,328*	*1,384*	*5,712*
Road and motorways	*3,612*	*160*	*-204*	*3,568*	*263*	*3,831*
Airports and port	*412*	*0*	*-17*	*395*	*45*	*440*
Hydraulic and energy production plants	**727**	***24***	**-132**	***619***	**444**	***1,063***
Civil Construction	**835**	***9***	**-66**	***778***	**630**	***1,408***
Plant Engineering and Management of Complex Systems	**649**	***76***	**-87**	***638***	**0**	***638***
Concessions	9,552	-660	-3	8,889	5,161	14,050
BACKLOG IN EXECUTION BY SEGMENT	***19,503***	***326***	***-614***	***19,215***	***7,927***	***27,142***

	Order backlog 01/01/2017	Acquisitions and contractual increases	Decreases for production	Order backlog 31/03/2017	Additional projects	Total backlog
Italy	5,980	67	-121	5,926	1,842	7,768
International	13,523	259	-493	13,289	6,085	19,374
Europe	*8,803*	*829*	*(199)*	*9,433*	*1,446*	*10,879*
America	*4,529*	*-570*	*(265)*	*3,694*	*4,639*	*8,333*
Africa	*123*	*0*	*(29)*	*94*	*0*	*94*
Asia	*68*	*0*	*(0)*	*68*	*0*	*68*
BACKLOG IN EXECUTION BY GEOGRAPHICAL AREA	***19,503***	***326***	***-614***	***19,215***	***7,927***	***27,142***

	Order backlog 01/01/2017	Acquisitions and contractual increases	Decreases for production	Order backlog 31/03/2017
ITALY - CONSTRUCTION	*4,415*	*67*	*(118)*	*4,364*
ITALY - CONCESSIONS	*1,565*	*0*	*(3)*	*1,562*
INTERNATIONAL - CONSTRUCTION	*5,536*	*919*	*(493)*	*5,962*
INTERNATIONAL - CONCESSIONS	*7,987*	*(660)*	*0*	*7,327*
ORDER BACKLOG IN EXECUTION	***19,503***	***326***	***-614***	***19,215***

EVENTS AFTER THE REPORTING PERIOD

In April 2017, the SPVs of two concession projects in Turkey – **Third Bosphorus Bridge** and **Gebze-Orhangazi-Izmir Motorway** – **collected the remainder of guaranteed minimum revenue** forecast for the first operating period, totalling

- 672 million Turkish Lire for the Third Bosphorus Bridge for September-December 2016;
- 844 million Turkish Lire for the Gebze-Orhangazi-Izmir Motorway (Phase 1 and Phase 2A) for July-December 2016.

At an operating level, start-up of the last excavation front of «Lot Mules 2-3» of the Brenner Base Tunnel was achieved in April, a useful condition for the project to fully enter the operational phase. The new Trauma Center at Careggi Hospital in Florence was also opened. The works were performed through NBI (Astaldi Group) and have made it possible to double the healthcare facility's accommodation capacity.

OUTLOOK

In April 2017, the Company's Board of Directors approved the 2017-2021 Strategic Plan. Therefore, over the coming months, the Group will work to achieve planned growth targets, in line with the plan's strategies.

In the short term, the Group will work to achieve important operating milestones in Italy (opening to the public of Naples-Afragola HS Station in June) and in Chile (laying of the first stone of E-ELT in May), as well as for the start-up of recent acquisitions in Turkey (Menemen-Aliağa-Çandarli Motorway, Istanbul Underground).

More generally speaking, the aim will be to ensure balanced geographical diversification of activities and a greater focus on projects with an independent financial profile. The acquisition of contracts assessed in accordance with a logic of variety of technical-quality elements will be favoured; contracts that are able to make best use of the Group's improved integrated supply capacity. From a geographical viewpoint, the aim will be to strengthen the Group's role in countries where traditionally present (especially Chile and the USA) and to consolidate new areas with a high development potential (North America and Europe). Buoyed by the success of the most recent projects (e.g. Third Bosphorus Bridge), additional commercial initiative will come from the consolidation of international partnerships, as has already been seen in Chile for the West Metropolitan Hospital and Arturo Merino Benítez International Airport in Santiago.

Growth will receive an additional boost from the O&M segment which, together with the Group's existing operating capacity in the Plant Engineering segment via NBI, will definitively integrate the product range offered with regard to complex infrastructures. To this end, the asset disposal programme will tend to favour transfer agreements able to promote the O&M activities related to the transferred infrastructures remaining with the Group, as well as construction activities still in progress, as has already been seen in Chile (West Metropolitan Hospital in Santiago).

Concessions will continue to represent a segment of growth, but with a different approach than in the past. The focus will be on promoting a project development model that sees Astaldi holding a smaller interest in the SPVs, and hence a smaller undertaking in terms of equity contribution, as has already been experimented in Chile (West Metropolitan Hospital and Arturo Merino Benítez International Airport in Santiago).

Therefore, the overall risk profile will be more balanced, projecting the Group in an increasingly consistent manner towards its planned growth.

Curbing of levels and cost of debt will continue to be a strategic priority. Management choices will be adopted in accordance with a logic of strict discipline as regards working capital management. Targeted action to reduce working capital absorption will continue (for projects in progress), as well action to promote (in general) more efficient circulation of working capital components. At a commercial level, the acquisition of contracts with a more independent financial profile and forecast contractual advances will be encouraged.

The asset disposal programme will also continue. Following the results achieved in relation to A4 Holding in Italy and SCMS and Pacific Hydro Chacayes in Chile, as well as agreements signed for M5 in Italy, the company will be focused over the coming months on concluding the additional transfers set forth in the Plan, also in light of the number of commercial options currently being examined. As regards the hospital sector in Italy, the medium-term goal is to streamline interests in projects in progress in order to accelerate the disposal process. Moreover, following collection of the guaranteed minimum revenue by concession holders of Turkish motorway assets (in April), all contractual premises have been satisfied and hence a process of assessing said assets with a view to their relative transfer will commence in the near future.

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, 10 May 2017

Signed Paolo Citterio
(*Manager in charge of financial reporting)*

Attachments

Reclassified Income Statement

(Figures shown in EUR/000)

	31/03/2017		31/03/2016 *	
Revenue	614,100	94.3%	591,649	93.5%
Other operating revenue	37,344	5.7%	40,966	6.5%
Total revenue	**651,444**	**100.0%**	**632,615**	**100.0%**
Production cost	(419,536)	-64.4%	(440,255)	-69.6%
Added value	**231,907**	**35.6%**	**192,360**	**30.4%**
Personnel expenses	(158,404)	-24.3%	(115,880)	-18.3%
Other operating costs	(15,484)	-2.4%	(5,780)	-0.9%
Share of profits of joint ventures and associates	27,000	4.1%	19,675	3.1%
EBITDA	**85,019**	**13.1%**	**90,375**	**14.3%**
Amortisation and depreciation	(11,838)	-1.8%	(14,945)	-2.4%
Provisions	(427)	-0.1%	(380)	-0.1%
Impairment losses	--	0.0%	(2)	0.0%
EBIT	**72,755**	**11.2%**	**75,048**	**11.9%**
Net financial expense	(39,526)	-6.1%	(39,394)	-6.2%
Pre-tax profit	**33,229**	**5.1%**	**35,654**	**5.6%**
Tax expense	(8,260)	-1.3%	(9,573)	-1.5%
Profit from continuing operations	**24,969**	**3.8%**	**26,081**	**4.1%**
Loss from discontinued operations		**0.0%**	**(2,639)**	**-0.4%**
Profit for the period	**24,969**	**3.8%**	**23,442**	**3.7%**
(Profit) / loss attributable to non-controlling interests	130	0.0%	459	0.1%
Profit attributable to owners of the Parent	**25,099**	3.9%	**23,901**	3.8%

* Q1 2016 figures referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A., have been restated in compliance with IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”.

Reclassified Statement of Financial Position

(Figures shown in EUR/000)

	31/03/2017	31/12/2016	31/03/2016
Intangible assets	71,694	74,026	45,188
Property, plant and equipment and investment property	202,346	208,251	202,476
Equity investments	573,075	523,631	549,475
Other net non-current assets	154,466	149,378	105,800
Non-current assets held for sale	48,224	69,973	
Liabilities directly associable with non-current assets held for sale	--	(17,888)	--
Non-current assets (A)	**1,049,805**	**1,007,371**	**902,939**
Inventories	45,185	50,008	72,405
Contract work in progress	1,633,975	1,555,110	1,375,585
Trade receivables	51,950	57,327	44,378
Amounts due from customers	729,324	666,449	579,292
Other assets	250,422	199,632	204,545
Tax assets	93,904	94,537	136,497
Payments on account from customers	(481,307)	(492,856)	(388,591)
Subtotal	**2,323,454**	**2,130,206**	**2,024,111**
Trade payables	(71,168)	(61,352)	(64,380)
Payables to Suppliers	(917,652)	(934,748)	(758,939)
Other liabilities	(415,576)	(329,245)	(235,534)
Subtotal	**(1,404,395)**	**(1,325,346)**	**(1,058,853)**
Operating working capital (B)	**919,059**	**804,861**	**965,258**
Employee benefits	(8,712)	(7,506)	(9,242)
Non-current portion of provisions for risks and charges	(13,639)	(13,709)	(16,609)
Total Provisions (C)	**(22,351)**	**(21,215)**	**(25,852)**
Net Invested Capital (D) = (A) + (B) + (C)	**1,946,514**	**1,791,017**	**1,842,345**
Cash and cash equivalents	417,218	506,470	462,813
Current loan assets	34,477	25,227	18,903
Non-current loan assets	273,241	276,856	284,131
Securities	670	848	1,096
Current financial liabilities	(647,710)	(503,808)	(645,037)
Non-current financial liabilities	(1,345,310)	(1,479,258)	(1,416,221)
Net loans and borrowings (E)	**(1,267,415)**	**(1,173,664)**	**(1,294,315)**
Financial assets from concession activities	6,757	4,390	55,989
Net financial debt disposal groups	41,271	76,743	
Total net loans and borrowings (F)	**(1,219,386)**	**(1,092,532)**	**(1,238,326)**
Equity attributable to owners of the Parent	(721,149)	(692,384)	(598,873)
Equity attributable to non-controlling interests	(5,978)	(6,101)	(5,146)
Equity (G) = (D) - (F)	**727,127**	**698,485**	**604,019**