Translation under review from the Italian original, that remains the definitive version

# Interim Financial Report at 30 June 2017
# Astaldi Group

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

# Interim Report at 30 June 2017



## MISSION

Astaldi Group's mission is to contribute to developing and improving the quality of life in the countries where it operates. It does so by adopting its own style, which sees design, construction and operation of major infrastructures go hand in hand with integration with the territory and training of the people involved. Astaldi translates ideas into reality, meeting the needs of its own customers and opening new paths to progress by constructing state-of-the-art works able to combine functionality and aesthetic beauty. Astaldi Group is representative of Italy as regards infrastructures worldwide. It has long exported technology, know-how and innovative solutions, establishing a real partnership with customers. Astaldi contributes to the affirmation of Italy's excellence the world over, cultivating talent and optimising brilliance.

**ELT (Extremely Large Telescope), Chile**
(The world's largest optical telescope)


First Stone Ceremony for ELT | 26 May 2017. – **Photo**: ESO/F. Rodriguez.

**Naples-Afragola HS/HC Station, Italy**
(Station designed by the architect, Zaha Hadid)

Inauguration ceremony | 6 June 2017. – **Photo**: Digital Media – FS Italiane.

# General Information

# Corporate Bodies

(As at draft date of Interim Financial Report)

## BOARD OF DIRECTORS

CHAIRMAN
- Paolo Astaldi

DEPUTY CHAIRMEN
- Ernesto Monti
- Michele Valensise

CHIEF EXECUTIVE OFFICER
- Filippo Stinellis

DIRECTORS
- Caterina Astaldi
- Paolo Cuccia
- Piero Gnudi
- Chiara Mancini
- Nicoletta Mincato

## GENERAL MANAGEMENT

ADMINISTRATION AND FINANCE
- Paolo Citterio

ITALY
- Marco Foti

INTERNATIONAL
- Cesare Bernardini
- Fabio Giannelli
- Francesco Maria Rotundi

INDUSTRIAL SERVICES
- Mario Lanciani

## INDEPENDENT AUDITORS

- KPMG S.p.A.

## HONORARY CHAIRMAN

Vittorio Di Paola

## BOARD OF STATUTORY AUDITORS

Paolo Fumagalli[1] (*Chairman*)
Anna Rosa Adiutori (*Standing Auditor*)
Lelio Fornabaio (*Standing Auditor*)
Andrea Lorenzatti[1] (*Alternate Auditor*)
Giulia De Martino (*Alternate Auditor*)
Francesco Follina (*Alternate Auditor*)

## CONTROL AND RISKS COMMITTEE

Nicoletta Mincato (*Chairwoman*)
Paolo Cuccia
Ernesto Monti

## APPOINTMENTS AND REMUNERATION COMMITTEE

Piero Gnudi (*Chairman*)
Paolo Cuccia
Ernesto Monti

## RELATED PARTIES COMMITTEE

Chiara Mancini (*Chairwoman*)
Paolo Cuccia
Nicoletta Mincato

[1] Auditor appointed through slates submitted by minority shareholders.

# Summarised Data

## INCOME STATEMENT
(Figures shown in EUR/000)

| | HY1 2017 | *% on total revenue* | HY1 2016 (*) | *% on total revenue* | YOY change (%) | HY2 2016 | *% on total revenue* |
|---|---|---|---|---|---|---|---|
| **Total revenue** | 1,504,204 | 100.0% | 1,400,436 | 100.0% | +7.4% | 3,004,255 | 100% |
| EBITDA | 214,379 | 14.3% | 199,580 | 14.3% | +7.4% | 379,858 | 12.6% |
| EBIT | 184,701 | 12.3% | 159,807 | 11.4% | +15.6% | 316,973 | 10.6% |
| EBT | 77,239 | 5.1% | 64,270 | 4.6% | +20.2% | 129,096 | 4.3% |
| **Profit attributable to owners of the Parent** | **55,669** | **3.7%** | **31,509** | **2.2%** | **+76.7%** | **72,457** | **2.4%** |

(*) HY1 2016 referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A. were restated in compliance with the provisions contained in IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*".

## STATEMENT OF FINANCIAL POSITION
(Figures shown in EUR/000)

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|---|---|---|
| Total net non-current assets | 1,156,643 | 1,007,371 | 980,473 |
| Operating working capital | 917,903 | 804,861 | 1,010,246 |
| Total provisions | (35,513) | (21,215) | (22,238) |
| **Net invested capital** | 2,039,032 | 1,791,017 | 1,968,481 |
| **Total net financial debt** | (1,275,043) | (1,092,532) | (1,378,430) |
| Equity attributable to owners of the Parent | 712,909 | 692,384 | 585,047 |
| **Total Equity** | 763,990 | 698,485 | 590,051 |

(*) Figure including treasury shares in portfolio equal to EUR 3.1 million at 30 June 2017 and EUR 3.9 million at 31 December 2016 and EUR 4.3 million at 30 June 2016.

# Interim Report on Operations



*Astaldi Group's Interim Financial Report at 30 June 2017 comprises the Interim Report on Operations, Condensed Consolidated Interim Financial Statements, and the Certification issued by the CEO and Manager in charge of Financial Reporting (hereinafter also referred to as "Management Certification").*

*Astaldi Group's Interim Financial Report at 30 June 2017 was drafted pursuant to Article 154-ter of the "Consolidated Finance Act" (Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended). It was also compiled by applying the same accounting standards adopted for the Annual Financial Report at 31 December 2016 except for those coming into effect as from 1st January 2017 for which the section entitled "Newly-issued and endorsed accounting standards and interpretations, in force from 1st January 2017" found in the Interim Financial Report should be referred to.*

# Operating performance

The figures for the first six months of 2017 show how Astaldi Group is pursuing the approach outlined in its Strategic Plan. The half-year recorded **a good performance of business trends** which, combined with **the results of the asset disposal programme**, make it possible to confirm set growth targets. Actions aimed at ensuring progressive improvement of the Group's financial structure continued.

**Total revenue increased by over 7% to EUR 1.5 billion** (EUR 1.4 billion in June 2016), **EUR 35 million of which to be attributed to Operation & Maintenance** (O&M) activities, mainly in the hospital segment. As regards O&M, it must be recalled that this is an area of interest introduced in the 2017-2018 Strategic Plan, with the aim of generating a stable flow of revenue over time with significant margins and limited use of working capital. The half-yearly figure included the first effects of this business diversification policy, with the segment expected to generate 10% of revenue when fully implemented.

**Operating revenue increased by approximately 7% to EUR 1.4 billion** (EUR 1.3 billion in HY1 2016). This result was possible thanks to the major boost seen in relation to the performance of some projects in the motorway and railway segment in Italy and abroad. Specifically, additional sections of the **Northern Marmara Highway (Third Bosphorus Bridge)** and **Gebze-Orhangazi-Izmir Motorway** in Turkey were opened to traffic, activities were intensified in Chile (especially following acknowledgement by the customer of supplementary works in relation to the Chuquicamata Mining project) and **Naples-Afragola HS/HC Station** (designed by the architect, Zaha Hadid), and the **Trauma Center of Careggi Hospital in Florence** (completed by NBI, a Group company specialising in plant engineering) were inaugurated in Italy.

**Other operating revenue increased by 19% to EUR 80 million** (EUR 67,531 million in June 2016). The half-yearly figure included EUR 25 million of capital gains generated by transfers finalised during the half year in Chile (West Metropolitan Hospital in Santiago and Chacayes Hydroelectric Plant) and in Italy (Line 5 of Milan Underground).

**Medium- and long-term production targets were confirmed,** also in light of the **key operating milestones achieved during the period**. Specifically, **the first stone ceremony for the world's largest optical telescope** (ELT on Cerro Armazones) was held in Chile; **works commenced on one of the main motorway projects in progress in California**, USA (I-405 highway); the most recently acquired projects in Poland (N-7 Railway) and Turkey (Kirazli-Halkalı section of Istanbul Underground, Menemen-Aliağa-Çandarli Motorway) were started-up. It is important to note that **Chile, United States and Central-Eastern Europe are that areas offering greatest support for the Group in the process of replacing key projects that have recently been completed or are currently being completed**.

The **EBITDA margin held steady at 14.3% with an increase of more than 7% in EBITDA to EUR 214.4 million** (respectively 14.3% and EUR 199.6 million in absolute terms in June 2016). **The EBIT margin increased to 12.3%** against **an increase of over 15% in EBIT to EUR 184.7 million** (respectively 11.4% and EUR 159.8 million in absolute terms in June 2016). It must be recalled that in the face of repositioning of the business profile risk, the 2017-2021 Strategic Plan provides for the Group's levels of earnings to gradually come into line with the sector's average values. As regards the first half of 2017, earnings were even higher than forecast in the strategic plan thanks to the comprehensive capital gains resulting from the concession asset disposal programme, positive results linked to release of the margins of some projects nearing completion and the improved performance of other contracts compared to forecasts, mainly in the Transport Infrastructures segment. Specifically, note must be taken of the acknowledgement of additional fees related to the Third Bosphorus Bridge project in Turkey, the payment of which is scheduled for August, which allowed, inter alia, for the release of some margins.

**Net profit increased by almost 77% to EUR 55.7 million** (EUR 31.5 million at 30 June 2016), with an increase in the net margin to 3.7% (2.2% for HY1 2016), thanks to the good performance of business, as well as the effects of disposals. In a YOY comparison, the six-monthly trend also benefitted from HY1 2016 which saw a loss of EUR 18.1 million resulting from conclusion of sale of the interest in A4 Holding; **net profit would have shown a 12% increase in any case, net of non-recurring effects on 2016**.

At a commercial level, the half-year saw **EUR 1.8 billion of new orders and contract increases, EUR 1.3 billion referring to construction contracts** and the remaining **EUR 453 million to O&M activities in the hospital segment**, confirming a **book-to-bill ratio of 1.4x, in line with the Group's planned growth**. Acquisition flows confirmed the strategy of **repositioning business** in geographical areas and segments with a lower risk profile than in the past. Indeed new contracts are characterised by a **more marked turnover conversion capacity** and a **more independent financial profile,** resulting in **consolidation of the overall process of business de-risking** which the Group is carrying out. The **total order backlog stands at approximately EUR 27 billion, over EUR 18 billion of which referring to the backlog in execution** and the remaining **EUR 8.5 billion to commercial options and first classifieds**[2]. The half-yearly figure includes the decrease of EUR 1.6 billion related to the backlog share of disposed assets, in line with the Strategic Plan. While it includes the **first significant effects of conversion of the concession backlog into O&M activities**. Specifically, it must be recalled that the recent business model introduced by the Group provides for the separation of O&M activities (which the Group maintains control of) and subsequent transfer of the SPV (at that stage with significantly lower operating risks and, hence, with more effective valorisation of the asset) subsequent to the development of concession projects (mainly during the final construction phase). At 30 June 2017, this model had already been applied for Venice-Mestre Hospital in Italy, the West Metropolitan Hospital in Santiago and the Relaves Industrial Plant in Chile and Etlik Integrated Health Campus in Ankara in Turkey, as well as the Four Hospitals in Tuscany in Italy (Lucca, Massa Carrara, Pistoia and Prato). It must be recalled that as regards the O&M segment, the Group is interested in the integrated operation of services in highly-technological facilities, especially in the hospital segment (Hard Maintenance and heat/energy management, Health-electromedical technology services, functional healthcare services, commercial and hotel services, etc.). Therefore, the result is a **backlog of industrial activities (construction and O&M) worth EUR 15.5 billion**.

At a financial level, the Group has undertaken an approach of financial discipline and the **actions singled out during strategic planning are being implemented.** During the period in question, action was taken aimed at **repositioning medium- and long-term debt to achieve more extended payment deadlines**, in addition to more effective cash flow management, made possible also thanks to cash pooling measures. **The Group's debt deadlines were extended** through the placement in June of non-guaranteed, equity-linked bonds (expiring in 2024, nominal amount of EUR 140 million), accompanied by repurchase of bonds already in circulation (expiring in 2019, nominal amount of EUR 130 million).

**Total net financial debt amounted to EUR 1,271.9 million, an improvement on EUR 1,374 million in June 2016** (EUR 1,089 million in December 2016). The figure shows the typical seasonal effects of the early part of the year when compared with the figure recorded at the end of the previous year and for Q1 2017 (respectively EUR 1,088.7 million at 31 December 2016 and EUR 1,215.6 million at 31 March 2017). However, it must be remembered that the half-yearly figures have still to benefit from contract advances related to the most recent acquisitions (Romania), as well as receipts (scheduled for August) linked to the acknowledgement of some additional fees for projects in Turkey, as mentioned previously. The operating working capital trend was also affected by the absence of these items and also reflected the major support for production needed

[2] The term commercial options generally refers to acquired contracts but which are subject to the occurrence of various conditions precedent (financial closing, approval by various types of qualified bodies, etc.), and hence cannot be converted into production in the short-term.

during the first half of the year, with more limited levels compared to typical levels being recorded, in any case, during the first six months of the year.

As regards the planned concession asset disposal programme, it must be noted that during the first six months, the two concessions in Chile (Pacific Hydro Chacayes S.A., concession holder for the Chacayes Hydroelectric Plant and 49% of SCMS, concession holder for the West Metropolitan Hospital in Santiago), as well as the 36.7% interest in M5 (concession holder for Line 5 of Milan Underground in Italy) were sold and the relative amounts collected. The overall financial effect of disposals totalled approximately EUR 117 million, while it amounted to approximately EUR 77 million at a net financial debt level, taking into account that the share related to disposal of shareholder loans was already included in this item. For other concession assets involved in the disposal programme, it must be noted that as regards assets in Turkey, powers were granted to the financial advisors (leading banks of international standing) that will help the Group, as detailed in greater depth in the section entitled «Progress of asset disposal programme (important events during the half-year)».

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**Alternative performance indicators.** The economic and financial performance of Astaldi Group and its business segments are also assessed on the basis of indicators not provided for in the IFRS (International Financial Reporting Standards), whose specific components are described 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/loss 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.

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

Book-to-bill ratio. This is calculated as the ratio between total new orders included among the backlog and total revenue.

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.

Non-recourse financial debt. This is defined as the form of financing dedicated to projects in the Concessions segment, that is not guaranteed by the Parent, but rather by financial flows linked to development of these projects that will be attributed to the SPVs during the period of operation of the relative infrastructures.

Net financial debt. This is obtained by subtracting non-current loan assets and financial assets from concession activities from the net financial debt, as well as other specific components such as treasury shares, 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 28/07/2006.

Total financial debt. This is obtained by subtracting the total of non-current financial receivables and financial assets from concessions from net financial debt, calculated as required under CONSOB DEM/6064293 Statement 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 28/07/2006.

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.

Operating 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 and liabilities).

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

# Breakdown of Economic and Operating Results at 30 June 2017

INCOME STATEMENT
(Figures shown in EUR/000)

| | HY1 2017 | *% of total revenue* | HY1 2016 (*) | *% of total revenue* | YOY change (%) | HY2 2016 | *% of total revenue* |
|---|---|---|---|---|---|---|---|
| **Total revenue** | 1,504,204 | 100.0% | 1,400,436 | 100.0% | +7.4% | 3,004,255 | 100% |
| EBITDA | 214,379 | 14.3% | 199,580 | 14.3% | +7.4% | 379,858 | 12.6% |
| EBIT | 184,701 | 12.3% | 159,807 | 11.4% | +15.6% | 316,973 | 10.6% |
| EBT | 77,239 | 5.1% | 64,270 | 4.6% | +20.2% | 129,096 | 4.3% |
| **Profit attributable to owners of the Parent** | **55,669** | **3.7%** | **31,509** | **2.2%** | **+76.7%** | **72,457** | **2.4%** |

(*) HY1 2016 figures referring to the jointly-controlled company Re.Consult Infrastrutture S.p.A. were restated in compliance with the provisions contained in IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*".

HY1 2017 ended with an **increase of over 7% in total revenue to EUR 1.5 billion** (EUR 1.4 billion in HY1 2016), comprising EUR 1.4 billion of **operating revenue, corresponding to 94.7%** of total (+6.8%, EUR 1.3 billion at 30 June 2016) and the remaining **5.3% of ancillary revenue** equal to EUR 80 million (+19%, EUR 67.5 million at 30 June 2016), also as a result of the non-recurring items mentioned previously.

The Group's geographical focus confirms the **major contribution of international activities**, which generated **76% of operating revenue** equal to EUR 1,084 million (-4% compared to EUR 1,129 million in HY1 2016); the remaining 24% related to contracts in Italy which accounted for EUR 340 million (+67% compared to EUR 204 million at 30 June 2016). **Italy continues to be one of the main contributors to revenue,** mainly thanks to the progress on some projects in the Transport Infrastructures segment (Line 4 of Milan Underground, Naples-Afragola HS/HC Station inaugurated in June, Brenner Base Tunnel, Marche-Umbria Quadrilatero Road Network), and contributions from the subsidiary NBI (Plant Engineering), as well as O&M activities (Four Hospitals in Tuscany, Venice-Mestre Hospital). International activities saw good progress in Canada (Muskrat Falls Hydroelectric Project), Chile (Chuquicamata Mine, West Metropolitan Hospital in Santiago), Turkey (Etlik Integrated Health Campus in Ankara, Third Bosphorus Bridge, Gebze-Orhangazi-Izmir Motorway), Poland (Transport Infrastructures) and Russia (M-11 Moscow-St. Petersburg Motorway). The half-yearly results are in line with business plan forecasts and confirm the year-end growth estimates. They reward the ongoing progress monitoring and economic and financial trends of projects which the Group has fully implemented, allowing for prompt management of any changes and timely implementation of any action needed, without jeopardising set growth targets.

**Diversification of business segments** confirmed a **balanced distribution of activities**, also including the first results of development of the O&M segment. **Construction (97.5% of operating revenue)** generated EUR 1,389 million, up by 5% on June 2016. Transport Infrastructures remained the Group's core business, generating approximately 60% of operating revenue (equal to EUR 812 million compared to EUR 892 million in HY1 2016). The half-year also saw the good progress of Energy Production Plants which increased by over 50% to EUR 270 million (EUR 177 million in June 2016), thanks to good progress in Canada (Muskrat Falls Hydroelectric Project), as well as the results of activities in the Plant Engineering segment (operations performed by the subsidiary NBI and progress on contracts linked to the Chuquicamata Mine in Chile). **O&M activities generated EUR 35 million (2.5% of operating revenue)**, to be linked mainly to the hospital segment (Tuscan Hospitals and Venice-Mestre Hospital in Italy). Concessions included the effects of reallocation of O&M activities under a separate heading as from this year, further to optimisation of the relative segment.

## BREAKDOWN OF OPERATING REVENUE BY SEGMENT

(Figures shown in millions of Euro)

| | 30.06.2017 | *% of total revenue* | 30.06.2016 | *% of total revenue* | YOY change (%) |
|---|---|---|---|---|---|
| **CONSTRUCTION** | **1,389** | **97.5%** | **1,325** | **99.4%** | **4.8%** |
| Transport Infrastructures | 812 | 57.0% | 892 | 66.9% | -9.0% |
| *Railways and undergrounds* | *254* | 17.8% | *239* | *17.9%* | *6.3%* |
| *Roads and motorways* | *522* | 36.7% | *635* | *47.6%* | *-17.8%* |
| *Ports and airports* | *36* | 2.5% | *18* | *1.4%* | *100.0%* |
| Energy Production Plants | 270 | 19.0% | 177 | 13.3% | 52.5% |
| Civil and Industrial Construction | 132 | 9.3% | 143 | 10.7% | -7.7% |
| Plant Engineering | 175 | 12.3% | 113 | 8.5% | 54.9% |
| **O&M** | **35** | **2.5%** | **8** | **0.6%** | **n.a.** |
| **Concessions** | **0** | **0.0%** | **0** | **0.0%** | **n.a.** |
| **TOTAL OPERATING REVENUE** | **1,424** | **100.0%** | **1,333** | **100.0%** | **6.8%** |

## BREAKDOWN OF OPERATING REVENUE BY GEOGRAPHICAL AREA

(Figures shown in millions of Euro)

| | 30.06.2017 | *% of total revenue* | 30.06.2016 | *% of total revenue* | YOY change (%) |
|---|---|---|---|---|---|
| **ITALY** | **340** | **23.9%** | **204** | **15.3%** | **66.7%** |
| **INTERNATIONAL** | **1,084** | **76.1%** | **1,129** | **84.7%** | **-4.0%** |
| Rest of Europe | 495 | 34.8% | 610 | 45.8% | -18.9% |
| America | 532 | 37.4% | 415 | 31.1% | 28.2% |
| Asia (Middle East) | 0 | 0.0% | 12 | 0.9% | -100.0% |
| Africa (Algeria) | 57 | 4.0% | 92 | 6.9% | -38.0% |
| **TOTAL OPERATING REVENUE** | **1,424** | **100.0%** | **1,333** | **100.0%** | **6.8%** |

The cost structure included the effects of gradual repositioning of activities in the EPC (Engineering, Procurement, Construction) segment whose nature sees a prevalence of costs linked to direct production (such as tunnel excavation using TBMs – Tunnel Boring Machine), rather than subcontracting to third parties. In HY1 2017, **production costs totalled EUR 954.5 million** (+1.8% compared to EUR 937.3 million at 30 June 2016), with a 63.5% incidence on revenue (66.9% in HY1 2016) and a geographical distribution that reflected production trends. **Personnel expenses increased to EUR 331.9 million** (+20%, compared to EUR 277.2 million in HY1 2016), especially as a result of the greater costs linked to direct production in Canada and Chile. The half-yearly figure also included the effects of consolidation of project processes and monitoring and control facilities, performed during the period, in keeping with the matrix-based organisational structure, able to generate significant economies of scale at a Group level.

The **share of profit / (loss) from joint-ventures, SPVs and associates totalled EUR 23.1 million** (-29.3%, compared to EUR 32.7 million at 30 June 2016). It must be recalled that this item is a component of Astaldi Group's typical operating result insofar as the companies generating these results perform activities that form part of its core business. Therefore, their contribution to the operating result with regard to the share of profit/loss achieved is only dependent on the circumstance by which the IAS/IFRS provide for these companies to apply the concise consolidation or equity method. More specifically, the figure included the economic effects of investees in the Concessions segment (mainly projects under operation in Turkey), partially offset by approximately EUR (16) million related to accounting of the OCI[3] reserve on assets subject to disposal during the half year and, especially, on M5. These effects represent the reclassification of items already included in the Group's equity at 31 December 2016.

**EBITDA increased by 7.4% to EUR 214.4 million** (EUR 199.6 million in June 2016), with the **EBITDA margin holding steady at 14.3%** (14.3% in HY1 2016). **EBIT increased by over 15% to EUR 184.7 million** (EUR 159.8 million in June 2016), with **an increase in EBIT margin to 12.3%** (11.4% in HY1 2016). Earnings were positive thanks to the contribution to EBITDA resulting from comprehensive capital gains resulting from the concession asset disposal programme, as well as the release of the margins of some projects nearing completion and the improved performance of other contracts compared to forecasts, mainly in the Transport Infrastructures segment. Specifically, the half-yearly figure included EUR 5 million of revenue related to measurement of Veneta Sanitaria Finanza di Progetto, the concession holder for Venice-Mestre Hospital in Italy, following the increase in the interest held recorded during HY1 2017.

**Net financial expense totalled EUR 107.5 million** (+12.5% compared to EUR 95.5 million in June 2016), mainly as a result of the levels of net financial debt and higher net charges for sureties linked to the growth of business activities. The item also included approximately EUR (8) million of effects from reclassification of suspended items included among equity linked to Sociedad Concesionaria Metropolitana de Salud S.A. (the concession holder for the West Metropolitan Hospital in Santiago) following the transfer of 49% during HY1 2017. Lastly, note must be taken of valuation of the cash settlement option related to the equity-linked bond which resulted in a total net charge of EUR 4.4 million, entered in HY1 2017. If we are to exclude these effects, the overall amount of all the other components of this income statement item on an aggregate basis is in line with the previous year.

**EBT increased by approximately 20% to over EUR 77 million** (EUR 64.3 million at 30 June 2016), as a result of the aforementioned trends. **Profit from continuing operations increased by 20% to approximately EUR 57.9 million** (EUR 48.8 million at 30 June 2016) against estimated taxation of EUR 18.5 million and a tax rate of 24% (respectively EUR 15.4 million and 24% at 30 June 2016). **Net profit increased by 77% to EUR 55.7 million** (EUR 31.5 million at 30 June 2016), with an increase in the net margin to 3.7% (2.2% for HY1 2016). It must be highlighted that the YOY comparison can be explained in part by the results of asset disposal which, if they generated a positive result for HY1 2017, had a negative impact on the Group's results for the same period of 2016.

[3] OCI = Other Comprehensive Income.

# Breakdown of Financial and Equity Results at 30 June 2017

STATEMENT OF FINANCIAL POSITION
(Figures shown in EUR/000)

| | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|---|---|---|
| Total net non-current assets | 1,156,643 | 1,007,371 | 980,473 |
| Operating working capital | 917,903 | 804,861 | 1,010,246 |
| Total provisions | (35,513) | (21,215) | (22,238) |
| **Net invested capital** | 2,039,032 | 1,791,017 | 1,968,481 |
| **Total net financial debt** | (1,275,043) | (1,092,532) | (1,378,430) |
| Equity attributable to owners of the Parent | 712,909 | 692,384 | 585,047 |
| **Total equity** | 763,990 | 698,485 | 590,051 |

(*) Figure including treasury shares in portfolio totalling EUR 3.1 million at 30 June 2017 and EUR 3.8 million at 31 March 2017 and EUR 3.9 million at 31 December 2016 and EUR 4.3 million at 30 June 2016.

**Net fixed assets totalled EUR 1,156.6 million** (EUR 1,007.4 million in December 2016 and EUR 980.5 million in June 2016). The figure includes the effects of trends recorded for **property, plant and equipment amounting to EUR 188 million** (EUR 208 million at 31 December 2016 and EUR 206 million at 30 June 2016) further to investments made during the six months in Italy and Poland and the related depreciation cycle, and for **equity investments totalling EUR 372.5 million** (EUR 523.6 million at 31 December 2016 and EUR 477.7 million at 30 June 2016) further to equity payments made for projects in Turkey (conversion to semi-equity of amount previously paid as equity for Gebze-Orhangazi-Izmir Motorway and Etlik Integrated Health Campus in Ankara) and for equity accounting. This item also included **EUR 186 million of non-current assets held for sale** (EUR 70 million at 31 December 2016 and EUR 116.2 million at 30 June 2016) referring to the Four Hospitals in Tuscany (Prato, Pistoia, Lucca and Massa Carrara) (Italy), West Metropolitan Hospital in Santiago in Chile and Third Bosphorus Bridge in Turkey, which are expected to be sold within the next 12 months.

**Working capital totalled EUR 918 million** (EUR 805 million at 31 December 2016 and EUR 1,010 million at 30 June 2016), marking a positive performance for the first six months despite the major support given to production (increase of over 7% in revenue). It must be noted that in 2016 this item saw an increase of approximately EUR 320 million during the first six months of the year (much greater increase than EUR 113 million recorded for the first six months of 2017). The half-yearly figure goes against figures recorded in past years, traditionally the first half of the year sees a major absorption of working capital, approximately 30% for the last six years. The ratio between working capital and revenue stood at 29% compared to 35% in June 2016. As regards the second half of the year, an additional improvement is forecast, thanks to the typical greater recourse to budgeted funds by customers, and in light of receipts of contractual advances on international projects, as well as additional payments in Turkey (against contractual increases linked to the Third Bosphorus Bridge). As regards receipts during the half-year, mention must be made in particular of amounts collected in Romania (Lot 2A of Frontieră-Curtici-Simeria Railway Line), USA (first instalment on I-405 Highway in California), partially offset in accounts by the return in Canada and Poland following the progress of business activities.

**Net invested capital totalled EUR 2,039 million** (EUR 1,791 million in December 2016) as a result of the aforementioned trends.

**Equity attributable to owners of the Parent totalled EUR 712.9 million** (EUR 692.4 million in December 2016), mainly further to the half-yearly result and payment of dividends. Note must also be taken of the drop in the conversion reserve (mainly regarding activities in Turkey and Russia) of approximately EUR 55 million (temporary trend which it is felt can be reabsorbed over the coming months).

Equity attributable to non-controlling interests increased to EUR 51 million (EUR 6.1 million in December 2016) as a result of full consolidation of Veneta Sanitaria Finanza di Progetto S.p.A. (the concession holder of Venice- Mestre Hospital in Italy) which the Group acquired the majority interest in during the first half of the year. This resulted in **total equity of approximately EUR 765 million** (EUR 698.5 million in December 2016).

## Group Net Financial Debt

**Group net financial debt at 30 June 2017 amounted to EUR 1,272 million** compared to EUR 1,374 million at 30 June 2016 and EUR 1,089 million at 31 December 2016). The trend for HY1 2017 showed the effects of traditional seasonal factors, partially offset by the results of successful curbing of working capital.

The half-year also saw the positive effect of the disposal of some concession assets. Gross receipts from these disposals totalled EUR 117 million, with an impact on total net financial debt of just EUR 77 million since the shareholder loan items were already included among net financial debt. The benefit from these sales on net financial debt was made less visible due to the reduced cash flow from some international construction projects, mainly in Turkey, Algeria and Romania, expected in any case during HY2 2017. Moreover, further to acquisition of control of the concession holder for Venice-Mestre Hospital in Italy, consolidation of both the economic and financial effects was performed

The debt/equity ratio stood at 1.66x; the corporate debt/equity ratio (excluding the portion of debt related to concessions insofar as self-liquidating) stood at 1.21x.

### BREAKDOWN OF GROUP NET FINANCIAL DEBT

### (Figures shown in EUR/000)

| | | 30/06/2017 | 31/03/2017 | 31/12/2016 | 30/09/2016 | 30/06/2016 |
|---|---|---|---|---|---|---|
| **Cash and cash equivalents*** | **A** | **478,408** | **417,888** | **507,318** | **390,121** | **328,200** |
| **Current loan assets** | **B** | **55,995** | **34,477** | **25,227** | **16,965** | **25,262** |
| Short-term loans and borrowings* | | (691,108) | (449,905) | (336,408) | (471,276) | (513,799) |
| Current portion of loans and borrowings for issued bonds | | (18,112) | (15,980) | (4,294) | (16,142) | (4,252) |
| Current portion of non-current debt | | (185,805) | (171,354) | (152,594) | (190,283) | (142,020) |
| Other current loans and borrowings | | (5,656) | (6,312) | (6,601) | (6,420) | (5,096) |
| **Total short-term loans and borrowings** | **C** | **(900,680)** | **(643,551)** | **(499,897)** | **(684,121)** | **(665,166)** |
| Non-current loans and borrowings | | (310,734) | (444,209) | (577,006) | (356,824) | (458,055) |
| Bonds | | (878,503) | (874,883) | (874,333) | (873,799) | (873,256) |
| Other non-current loans and borrowings | | (18,386) | (19,962) | (20,991) | (20,017) | (10,741) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total long-term loans and borrowings** | **D** | **(1,207,623)** | **(1,339,054)** | **(1,472,330)** | **(1,250,640)** | **(1,342,053)** |
| **Total gross debt** | **E = C + D** | **(2,108,303)** | **(1,982,605)** | **(1,972,227)** | **(1,934,761)** | **(2,007,219)** |
| **Gross non-recourse debt** | **F** | **(82,732)** | **(10,416)** | **(10,839)** | **(101,835)** | **(85,120)** |
| **Total net financial debt** | **G = A + B + E + F** | **(1,656,632)** | **(1,540,655)** | **(1,450,521)** | **(1,629,510)** | **(1,738,877)** |
| Net financial debt – Disposal groups | **H** | 186,296 | 41,271 | 76,743 | | |
| **Total financial debt** | **I = G + H** | **(1,470,336)** | **(1,499,384)** | **(1,373,778)** | **(1,629,510)** | **(1,738,877)** |
| Non-current loan assets | | 39,620 | 45,299 | 36,440 | 33,295 | 35,731 |
| Subordinated loans | | 36,902 | 227,942 | 240,416 | 261,072 | 243,274 |
| Financial assets from concession activities | | 118,771 | 6,757 | 4,390 | 104,011 | 81,442 |
| **Long-term loan assets** | **L** | **195,292** | **279,998** | **281,246** | **398,379** | **360,447** |
| **Total net financial debt** | **M = I + L** | **(1,275,043)** | **(1,219,386)** | **(1,092,532)** | **(1,231,132)** | **(1,378,430)** |
| Treasury shares in portfolio | **N** | 3,073 | 3,801 | 3,864 | 4,192 | 4,336 |
| **Group net financial debt** | **O = M + N** | **(1,271,970)** | **(1,215,585)** | **(1,088,667)** | **(1,226,940)** | **(1,374,094)** |

* The figures for Cash and Cash Equivalents and Short-term loans and borrowings are shown net of repayments made during the first part of July equal to approximately EUR 27 million. Therefore, the effect on total net financial debt is null.

## Investments

**Net technical investments during the first half of 2017 totalled approximately EUR 13 million,** referring to projects in progress in Canada (Muskrat Falls), Poland and Italy. The period also saw EUR 12 million of disinvestment related above all to projects completed in Peru and Russia

During the half-year, approximately EUR 30 million was paid as equity and/or semi-equity, referring to the Etlik Integrated Health Campus in Ankara in Turkey, Arturo Merino Benítez International Airport in Santiago in Chile and Line 4 of the Milan Underground in Italy. The period also saw the conversion to capital (equity) of the amount previously paid-in as a subordinated loan for the concession referring to the Gebze-Orhangazi-Izmir Motorway in Turkey. Therefore, **concession investments** (Astaldi's shares of equity and semi-equity paid into SPVs related to projects in progress in the sector, as well as the relative working capital) **totalled EUR 778 million**. The figure also included EUR 120 million of financial assets from concession activities referring to La Punilla Hydroelectric Project in Chile and Venice-Mestre Hospital in Italy. It must be remembered that these refer to shares of investment covered by guaranteed cash flows, as required by IFRIC-12.

Thanks to continuing performance of the asset disposal programme provided for in the 2017-2021 Strategic Plan, approximately 34% of the EUR 778 million invested in concessions at the reporting date was classified among assets held for sale insofar as it is presumed that sale of these assets will be carried out within the next 12 months (Prato, Pistoia, Lucca and Massa Carrara Hospitals in Italy, residual portion of West Metropolitan Hospital in Santiago in Chile, Third Bosphorus Bridge in Turkey).

# Condensed Interim Consolidated Financial Statements

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT
(Figures shown in EUR/000)

| | *Notes regarding reconciliation with consolidated financial statements* | HY1 2017 | | HY1 2016 | |
|---|---|---|---|---|---|
| Revenue | *1* | 1,424,140 | 94.7% | 1,332,904 | 95.2% |
| Other operating revenue | *2* | 80,063 | 5.3% | 67,531 | 4.8% |
| **Total Revenue** | | **1,504,204** | **100.0%** | **1,400,436** | **100.0%** |
| Production cost | *3-4* | (954,539) | -63.5% | (937,338) | -66.9% |
| **Added value** | | **549,665** | **36.5%** | **463,097** | **33.1%** |
| Personnel expenses | *5* | (331,861) | -22.1% | (277,186) | -19.8% |
| Other operating costs | *6* | (26,568) | -1.8% | (19,079) | -1.4% |
| Shares of profits of joint ventures and associates | *7* | 23,143 | 1.5% | 32,748 | 2.3% |
| **EBITDA** | | **214,379** | **14.3%** | **199,580** | **14.3%** |
| Amortisation and depreciation | *8* | (22,748) | -1.5% | (29,513) | -2.1% |
| Provisions | *9* | (4,104) | -0.3% | (10,258) | -0.7% |
| Impairment losses | *8* | (2,826) | -0.2% | (2) | 0.0% |
| **EBIT** | | **184,701** | **12.3%** | **159,807** | **11.4%** |
| Net financial expense | *10-11* | (107,462) | -7.1% | (95,537) | -6.8% |
| **Pre-tax profit** | | **77,239** | **5.1%** | **64,270** | **4.6%** |
| Tax expense | *12* | (19,310) | -1.3% | (15,433) | -1.1% |
| **Profit from continuing operations** | | **57,929** | **3.9%** | **48,837** | **3.5%** |
| **Loss from discontinued operations** | ***13*** | | **0.0%** | **(18,075)** | **-1.3%** |
| **Profit for the period** | | **57,929** | **3.9%** | **30,763** | **2.2%** |
| Profit attributable to non-controlling interests | | (2,260) | -0.2% | 746 | 0.1% |
| **Profit attributable to owners of the Parent** | | **55,669** | 3.7% | **31,509** | 2.2% |

## RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Figures shown in EUR/000)

| | *Notes regarding reconciliation with consolidated financial statements* | 30/06/2017 | 31/12/2016 | 30/06/2016 |
|---|---|---|---|---|
| Intangible assets | *17* | 86,915 | 74,026 | 46,558 |
| Property, plant, equipment and investment property | *15 - 16* | 188,063 | 208,251 | 206,092 |
| Equity investments | *18* | 372,509 | 523,631 | 477,662 |
| Other net non-current assets | *12-19-20-22-23* | 322,892 | 149,378 | 133,907 |
| Non-current assets held for sale | *26* | 186,264 | 69,973 | 116,255 |
| Liabilities directly associable to non-current assets held for sale | *26* | | (17,888) | |
| **Non-current assets (A)** | | **1,156,643** | **1,007,371** | **980,473** |
| Inventories | *21* | 48,748 | 50,008 | 63,251 |
| Contract work in progress | *22* | 1,705,496 | 1,555,110 | 1,493,075 |
| Trade receivables | *23* | 63,784 | 57,327 | 43,338 |
| Amounts due from customers | *23* | 711,684 | 666,449 | 620,125 |
| Other assets | *19-20* | 273,607 | 199,632 | 182,085 |
| Tax assets | *24* | 55,841 | 94,537 | 131,477 |
| Payments on account from customers | *22* | (501,177) | (492,856) | (384,471) |
| **Subtotal** | | **2,357,983** | **2,130,206** | **2,148,881** |
| Trade payables | *31-20* | (75,785) | (61,352) | (69,685) |
| Payables to suppliers | *31-20* | (931,588) | (934,748) | (766,293) |
| Other liabilities | *12-28-29-32* | (432,708) | (329,245) | (302,657) |
| **Subtotal** | | **(1,440,080)** | **(1,325,346)** | **(1,138,635)** |
| **Operating working capital ( B )** | | **917,903** | **804,861** | **1,010,246** |
| Employee benefits | *30* | (7,330) | (7,506) | (8,068) |
| Provisions for risks and charges | *33* | (28,183) | (13,709) | (14,170) |
| **Total provisions ( C )** | | **(35,513)** | **(21,215)** | **(22,238)** |
| **Net invested capital (D) = (A) + (B) + (C)** | | **2,039,033** | **1,791,017** | **1,968,481** |
| Cash and cash equivalents* | *25-28* | 478,054 | 506,470 | 327,011 |
| Current loan assets | *19-20* | 46,244 | 25,227 | 25,262 |
| Current portion of financial assets from concession activities | *19* | 9,751 | | |
| Securities | *19* | 355 | 848 | 1,189 |
| Current financial liabilities* | *25-28* | (900,680) | (499,897) | (665,166) |
| Non-current financial liabilities | *28* | (1,207,623) | (1,472,330) | (1,342,053) |
| Non-recourse financial debt | *28* | (82,732) | (10,839) | (85,120) |
| Net financial debt – disposal groups | *26* | 186,296 | 76,743 | |
| **Net loans and borrowings (E)** | | **(1,470,336)** | **(1,373,778)** | **(1,738,877)** |
| Financial assets from concession activities | *19* | 118,771 | 4,390 | 81,442 |
| Non-current loan assets | *26* | 76,522 | 276,856 | 279,005 |
| **Total loans and borrowings (F)** | | **(1,275,043)** | **(1,092,532)** | **(1,378,430)** |
| Equity attributable to owners of the Parent | *27* | (712,909) | (692,384) | (585,047) |
| Equity attributable to non-controlling interests | *27* | (51,082) | (6,101) | (5,004) |
| **Equity (G) = (D) - (F)** | | **763,990** | **698,485** | **590,051** |

* The figures for Cash and Cash Equivalents and Short-term loans and borrowings are shown net of repayments made during the first part of July equal to approximately EUR 27 million. Therefore, the effect on total net financial debt is null.

# Order backlog

**The total order backlog amounts to approximately EUR 27 billion**, **over EUR 18 billion of which referring to projects currently being carried out** and the **remaining EUR 8.5 billion to first classified and commercial options**[4]. In keeping with the strategic plan, the half-yearly figure includes a drop of EUR 1.6 billion in the concession segment related to the asset disposal programme. While it includes **the first significant effects of conversion of the concessions backlog into O&M activities**. Specifically, it must be recalled that the recent business model introduced by the Group provides for the separation of O&M activities (which the Group maintains control of) and subsequent transfer of the SPV (at that stage with significantly lower operating risks and, hence, with more effective valorisation of the asset) subsequent to the development of concession projects (mainly during the final construction phase). At 30 June 2017, this model had already been applied for Venice-Mestre Hospital in Italy, the West Metropolitan Hospital in Santiago and the Relaves Industrial Plant in Chile and Etlik Integrated Health Campus in Ankara in Turkey, as well as the Four Hospitals in Tuscany in Italy (Lucca, Massa Carrara, Pistoia and Prato).

The half-yearly figure includes **EUR 1.8 billion of new orders/contract increases**, **EUR 1.3 billion of which referring to construction contacts** and the remaining **EUR 453 million to O&M activities in the hospital segment**. The **book-to-bill ratio stood at 1.4x** and **was in line with the Group's planned growth**. Acquisition flows confirmed the strategy of **repositioning business** in geographical areas and segments with a lower risk profile than in the past. Indeed new contracts are characterised by a **more marked turnover conversion capacity** and a **more independent financial profile,** resulting in **consolidation of the overall process of business de-risking** which the Group is carrying out.

Please find below a short summary of the main new orders during the half-year and commercial options which already represent a real growth opportunity for Astaldi Group. For more details regarding the amounts disposed of further to the asset disposal programme, please refer to the section entitled «Focus on the Concession segment».

## Main new orders

**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 approximately 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, as well as an ERTMS signalling and telecommunications system. The duration of works is 36 months, with start-up by August 2017. The works have been commissioned by CFR SA, Romania's state railway company. 75% of the works are financed by European funding (POIM) and the remaining 25% by the state.

**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 regarding the section between Gurasada and Simeria of the Radna-Simeria section measuring 614 km. The construction of 17 bridges, electrification, ERTMS signalling and telecommunications system are also planned, as well as the refurbishment of 8 railway stations and minor works. The duration of works is 3

[4] The term commercial options generally refers to acquired contracts but which are subject to the occurrence of various conditions precedent (financial closing, approval by various types of qualified bodies, etc.), and hence cannot be converted into production in the short-term.

years, with start-up by 2017. The works have been commissioned by CFR SA, Romania's state railway company. 75% of the works are financed by European funding (POIM) and the remaining 25% by the state.

**WARSAW WSCHODNIA OSOBOWA-DOROHUSK RAILWAY LINE NO. 7 | Poland** (*construction*): EUR 171 million, (Astaldi Group has a 65% interest and is leader of a JV) for upgrading Warsaw Wschodnia Osobowa-Dorohusk Railway Line no. 7. The contract involves demolition, rebuilding and extension of 68 kilometres of railway line (Lot C, from 107.283 km to 175.850 km), including Lublin Station. The construction of level crossings and new services and access roads is also planned, as well as structures and ancillary works. The duration of works is 2 years. The works have been commissioned by PKP (Polskie Linie Kolejowe S.A.), the state company responsible for operating Poland's railway infrastructures. The works will be financed by European funding and state allocations. The contract was awarded in Q2 2017. At the reporting date, demolition works had commenced.

**E-59 RAILWAY | Poland** (*construction*): EUR 82 million, Astaldi has a 95% interest and is leader of a JV) for upgrading a section of the E-59 Warsaw-Poznań Railway Line (Lot IV). The contract involves reconstruction of the tracks for 35 kilometres of the existing line, for the section running from the border of Lower Silesia to Leszno. The construction of two railway stations (Rawicz and Bojanowo), and upgrading of the line's viaduct systems are also planned, along with the construction of two more viaducts and all related works and activities. The works will be performed without interruption of railway traffic on the line, with a planned duration of just over 2 years. The works have been commissioned by PKP (Polskie Linie Kolejowe S.A.), the state company responsible for operating Poland's railway infrastructures. The works will be financed by European funding and state allocations. The contract was awarded in Q2 2017.

**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 contract involves the construction of 10 kilometres of twin tube tunnel, 7 kilometres 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. They have been commissioned by Istanbul's city authority. At the reporting date, site installation works were in progress along with preparation of tunnel access shafts for the TBMs.

**MENEMEN-ALIAĞA-ÇANDARLI MOTORWAY | Turkey** (*construction and operation concession*): 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 toll gates, 10 viaducts and 11 bridges) and the performance of all O&M activities. The concession duration is equal to approximately 10 years, with 36 months for construction and the remaining period for operation. The works have been commissioned by KGM (Turkish Ministry of Transport, Motorways Division), operating in the capacity of grantor. The transaction's financial structure provides for payment of equity equal to 20% of the total investment which means EUR 26 million for Astaldi to contribute by the end of the construction phase. The return on investment is based on a forecast minimum turnover guaranteed by the grantor of EUR 45 million per year. Works commenced in April further to signing of the concession contract. Site installation activities were being performed at the reporting date.

**«PIEMONTE-SAVOIA» ITALY-FRANCE HVDC INTERCONNECTION PROJECT (High Section and Low 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 to be constructed runs from the Piossasco conversion station to the Fréjus Tunnel, mainly along the A-32 Turin-Bardonecchia motorway. Astaldi will perform the lots known as Low Section (26 km in length) and High Section (running for 19 km) as from the Avigliana Est junction. 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 road traffic. The duration of works is 2 years, with start-up by the fourth quarter of 2017. The project has been commissioned by Terna Rete Italia S.p.A., operator of the Italian transmission network, that will be responsible for funding of the works.

**VENICE-MESTRE HOSPITAL | Italy** (*O&M*): over EUR 500 million following increase from 37% to 60.4% of the interest held by Astaldi Group in Veneta Sanitaria Finanza di Progetto S.p.A., (VSFP), further to purchase of the interest held by Mantovani. VSFP is the concession holder for Venice-Mestre Hospital, built by Astaldi using the project finance formula and under operation since 2008. The purchase of additional interests is in line with the Group's Strategic Plan insofar as it makes it possible to apply a development model to this project aimed at optimising Astaldi's skills and know-how in the integrated management of services inside highly technological facilities and in the O&M segment, without further use of capital. The facility boasts 680 hospital beds and 1,240 parking spaces and occupies a total surface area of 127,000 $m^2$ (plus an additional 5,000 $m^2$ for the Eye Bank). The concession covers hospital and commercial services and O&M activities (radiology, testing labs, energy and heat management, maintenance of green areas, IT system, waste, maintenance, machinery supply with personnel training, catering, cleaning, internal transport).

## 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 first section of the high-speed, high-capacity Naples-Bari line and for connection to the Naples railway junction of the new Naples-Afragola HS Station (built by Astaldi). Completion of the procedure is pending for this project prior to signing of the contract.

**VERONA-PADUA HS/HC RAILWAY LINE (Vicenza-Padua, 3rd Functional Lot) | Italy** (*construction*) – The project refers to the contract phase 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 2, the General Contractor awarded the works. Specifically, the amounts entered among commercial options refer to the 3rd Functional Lot Vicenza-Padua.

**LA PUNILLA HYDROELECTRIC PROJECT | Chile** (*construction and operation concession*) – Financial closing is pending for the project which involves the design, construction and operation of a multi-purpose hydroelectric plant with an intake capacity of 625 million $m^3$ and installed power of 94 MW. The plant will serve to improve the storage capacity of water for irrigation and to improve the electricity generation capacity of the Bío Bío region and SIC (Sistema Interconectado Central) which powers the city of Santiago in Chile. At the reporting date, the design phase was underway together with authorisation procedures regarding the environment and expropriation to be performed prior to construction.

## Order Backlog – Summary Tables

### BREAKDOWN OF ORDER BACKLOG
(Figures shown in millions of Euro)

| | Backlog at 01/01/2017 | Acquisitions[1] | Production | Backlog in progress | Options / first classified at date | Total backlog |
|---|---|---|---|---|---|---|
| **Construction** | **9,951** | **1,309** | **(1,389)** | **9,871** | **3,320** | **13,191** |
| Transport infrastructures | 7,740 | 1,114 | (812) | 8,042 | 2,063 | 10,105 |
| *Railways and undergrounds* | *3,716* | *907* | *(254)* | *4,369* | *1,704* | *6,073* |
| *Roads and motorways* | *3,612* | *207* | *(522)* | *3,297* | *314* | *3,611* |
| *Airports and ports* | *412* | *0* | *(36)* | *376* | *45* | *421* |
| Energy production plants | 727 | 24 | (270) | 481 | 444 | 925 |
| Civil construction | 835 | 82 | (132) | 785 | 813 | 1,598 |
| Industrial plants | 649 | *89* | (175) | *563* | 0 | *563* |
| **O&M** | **1,866** | **453** | **(35)** | **2,284** | **0** | **2,284** |
| Civil construction | 1,707 | 453 | (33) | 2,127 | 0 | 2,127 |
| *Healthcare construction* | *1,707* | *453* | *(33)* | *2,127* | *0* | *2,127* |
| Industrial plants | 159 | *0* | (2) | *157* | 0 | 157 |
| **Industrial activities backlog** | **11,817** | **1,762** | **(1,424)** | **12,155** | **3,320** | **15,475** |
| **Concessions** | **7,686** | **(1,568)** | **0** | **6,118** | **5,160** | **11,278** |
| Transport infrastructures | 6,533 | (695) | 0 | 5,838 | 3.163 | 9,001 |
| Civil construction | 433 | (213) | 0 | 220 | 33 | 253 |
| Energy production plants | 660 | (660) | 0 | 0 | 1,964 | 1,964 |
| Industrial plants | 60 | *0* | 0 | *60* | 0 | 60 |
| **Progressive backlog** | **19,503** | **194** | **(1,424)** | **18,273** | **8,480** | **26,753** |

[1] New orders and contract increases.

## BREAKDOWN OF ORDER BACKLOG IN PROGRESS
(Figures shown in millions of Euro)

| | Backlog at 01/01/2017 | Acquisitions[1] | Production | Backlog in progress | Options / first classified at date | Total backlog |
|---|---|---|---|---|---|---|
| **Italy** | **5,980** | **(105)** | **(340)** | **5,535** | **1,842** | **7,377** |
| **International** | **13,523** | **299** | **(1,084)** | **12,738** | **6,638** | **19,376** |
| *Europe* | *8,803* | *1,065* | *(495)* | *9,373* | *1,750* | *11,123* |
| *America* | *4,529* | *(766)* | *(532)* | *3,231* | *4,888* | *8,119* |
| *Africa* | *123* | *0* | *(57)* | *66* | *0* | *66* |
| *Asia* | *68* | *0* | *(0)* | *68* | *0* | *68* |
| **Progressive backlog** | **19,503** | **194** | **(1,424)** | **18,273** | **8,480** | **26,753** |

[1] New orders and contract increases.

| | 01/01/2017 | Acquisitions[1] | Production | Backlog in progress |
|---|---|---|---|---|
| **Italy** | **5,980** | **(105)** | **(340)** | **5,535** |
| Construction | 4,415 | 80 | (307) | 4,188 |
| O&M | 516 | 453 | (33) | 936 |
| Concessions | 1,049 | (638) | 0 | 411 |
| **International** | **13,523** | **299** | **(1,084)** | **12,738** |
| Construction | 5,536 | 1,229 | (1,082) | 5,683 |
| O&M | 1,350 | 0 | (2) | 1,348 |
| Concessions | 6,637 | (930) | 0 | 5,707 |
| ***Progressive backlog*** | ***19,503*** | ***194*** | ***-1,424*** | ***18,273*** |

[1] New orders and contract increases.

# Construction

For more information regarding the main projects in progress in the Construction segment, please refer to the section «Order backlog – Construction» contained in Annual Financial Report at 31 December 2016. It has been deemed appropriate herein to provide exclusively the key updates regarding the most important contracts recorded during the half year in question. While for those acquired during the first part of the year, please refer to what has already been outlined herein in the section entitled "Order Backlog".

A table summarising the state of progress of the main contracts in execution in Italy and abroad at 30 June 2017 can be found below.

## CONSTRUCTION SECTOR – MAIN CONTRACTS IN EXECUTION (Updated at 30 June 2017)

(Figures shown in millions of Euro)

| Country | Main contracts in progress | Contract value[(1)] (EUR/millions) | Residual order backlog[(2)] (EUR/millions) |
|---|---|---|---|
| **Transport Infrastructures — Railways and Undergrounds** | | | |
| Italy | Line C, Rome Underground ………………………….………...... | 996.1 | 376.2 |
| Italy | Verona-Padua HS/HC Railway Line (1st Functional Lot Verona-Vicenza Junction) ……................................................................ | 926.4 | 926.4 |
| Italy | Line 4, Milan Underground (construction) ……………................ | 765.1 | 522.4 |
| Italy | Brenner Base Tunnel ………………………….…..……….............. | 422.1 | 415.0 |
| Italy | Infraflegrea Project (Monte Sant'Angelo Rail Link) ……………..... | 176.4 | 173.7 |
| Algeria | Saida-Tiaret Railway Line ……….………..……………………...... | 306.4 | 68.3 |
| Poland | Line 2, Warsaw Underground (Phase 2) ...…………………….…. | 210.2 | 132.9 |
| Poland | N-7 Warsaw-Wschodnia Osobowa-Dorohusk Railway Line ......... | 111.5 | 111.5 |
| Romania | Frontieră-Curtici-Simeria Railway Line (Lots 2A and 2B) ...…...... | 325.9 | 325.9 |
| Romania | Frontieră-Curtici-Simeria Railway Line (Lot 3) ……....….……...... | 297.0 | 297.0 |
| Romania | Line 5, Bucharest Underground (Phase 1)………………………… | 114.6 | 14.1 |
| Venezuela | Puerto Cabello-La Encrucijada Railway Line………….................. | 1,932.2 | 881.7 |
| **Transport Infrastructures — Roads and Motorways** | | | |
| Italy | Jonica National Road SS-106 (Lot DG-41)……………................ | 956.0 | 939.4 |
| Italy | Marche-Umbria Quadrilatero Road Network (Maxi Lot 2) ……….. | 517.2 | 315.7 |
| Italy | Infraflegrea Project (Road Works) ………………..………………...... | 158.9 | 38.1 |
| Poland | Warsaw South Bypass Road (Lot A) ………………..……………...... | 232.1 | 223.1 |
| Poland | S-7 (Naprawa - Skomielna Biała and Zakopianka Tunnel) ……... | 184.0 | 169.0 |
| Poland | S-5 Wroclaw - Poznań (Korzensko - Widawa Lot 3) ……………..... | 113.2 | 19.1 |
| Turkey | Third Bosphorus Bridge and Northern Marmara Highway (construction) ....…………………………………………………… | 1,123.7 | 81.4 |
| Turkey | Gebze-Orhangazi-Izmir Motorway (construction) ………….......... | 815.7 | 240.4 |

| | | | |
|---|---|---|---|
| Turkey | Menemen-Aliağa-Çandarli Motorway (construction) ……….......... | 109.7 | 109.7 |
| Russia | M-11 Moscow-St. Petersburg Motorway…………………............... | 483.3 | 277.4 |
| USA | I-405 highway, Los Angeles……………………………………............... | 434.7 | 424.0 |
| **Transport Infrastructures – Ports and Airports** | | | |
| Chile | Arturo Merino Benítez International Airport in Santiago (construction).. | 398.8 | 322.9 |
| **Hydroelectric and Energy Production Plants** | | | |
| Canada | Muskrat Falls Hydroelectric Project……………………………… | 1,311.2 | 309.8 |
| **Civil and Industrial Construction** | | | |
| Chile | Chuquicamata (Contract No. 3) ………………………………….. | 455.5 | 385.8 |
| Chile | West Metropolitan Hospital in Santiago (construction) …......... | 212.5 | 118.0 |
| Chile | E-ELT ………………………..........……………………………….. | 233.7 | 201.4 |
| Turkey | Etlik Integrated Health Campus in Ankara (construction) …….. | 443.0 | 338.6 |

(1) This refers to the share of the construction contract related to Astaldi Group unless the SPVs are fully consolidated due to the equity investment held in the project.

(2) This represents the percentage of works to be performed out of the share of the construction contract related to Astaldi Group.

# Progress of key contracts in execution

## Italy

**BRENNER BASE TUNNEL (Lot «Mules 2-3») | Italy**
*Customer:* BBT - BRENNER BASISTUNNEL SE.
*Contractor:* BTC - BRENNERO TUNNEL CONSTRUCTION S.c.a.r.l. (ASTALDI has a 42.51% interest).
*Amount: a*pproximately EUR 1 billion, 42.51% of which refers to ASTALDI's interest.
The contract refers to the performance of all underground works of the Italian section of the Brenner Base Tunnel, along the route from Mezzaselva to the state border. The tunnel being built under the Brenner forms part of a project to expand the Munich-Verona railway line and, upon completion, will be the **world's longest underground rail link**. Lot «Mules 2-3» involves the excavation of approximately 75 kilometres of tunnels (exploration tunnel, 2 main line tunnels, cross tunnels, other secondary tunnels), performed in part using the traditional method and in part using 3 TBMs. At the reporting date, excavation works using the traditional method were going ahead as planned along with preparation of the plants used in the start-up of excavation using TBMs.

Brenner Base Tunnel, Italy | Lot «Mules 2-3». – **Photo**: BBT-SE.

**VERONA-PADUA HIGH-SPEED/HIGH-CAPACITY RAILWAY LINE (1st Functional Lot Verona- Vicenza Junction) | Italy**

*Customer:* R.F.I. S.p.A. (Ferrovie dello Stato Italiane Group).
*Contractor:* CONSORZIO IRICAV DUE (ASTALDI has a 37.49% interest).
*Amount:* Over 900 million referring to ASTALDI's interest.
The contract refers to works for design (final and executive) and construction of the Verona-Vicenza high-speed railway forming part of the Verona-Padua Section, which Astaldi holds a 37.49% interest in through the consortium IRICAV DUE (the General Contractor the works were awarded to). The section was included among the backlog further to approval of the 2014 Stability Law (Law No. 147 of 27 December 2013) where the Verona-Padua section of the Milan-Venice HS/HC railway line was included among those to be performed in construction lots, under Article 1, subsection 76. The complete section was split into 3 functional lots: 1st Functional Lot from Verona to Vicenza Junction, 2nd Functional Lot running through Vicenza and 3rd Functional Lot from Vicenza to Padua. As regards the 1st Functional Lot, approval by CIPE (Interdepartmental Committee for Economic Planning) of the final design (performed by IRICAV 2) is still pending, along with signing of the Supplementary Deed with the start-up of works scheduled as from 2018. As regards the remaining part of the route, completion of the design approval procedure in separate lots is pending.

**NAPLES-AFRAGOLA HS/HC RAILWAY STATION | Italy**

*Customer*: ITALFERR S.p.A. (Ferrovie dello Stato Group).
*Contractor*: ASTALDI.
*Amount*: EUR 61 million.
The contract, largely completed at the reporting date, involved works to complete the passengers building and systems of the new high-speed railway station at Afragola in the province of Naples. Works commenced in 2015. The official ceremony to open the station to the public was held on 6 June 2017, and it subsequently became operational on 11 June 2017. Finishing works still have to be finished and are expected to be performed during the second half of 2017. The project is the work of the architect Zaha Hadid.

Naples-Afragola HS/HC Station, Italy | Top view – **Photo**: Floornature.

**LINE C, ROME UNDERGROUND | Italy**
*Customer*: ROMA METROPOLITANE (Municipality of Rome).
*Contractor*: METRO C S.c.p.A. (ASTALDI has a 34.5% interest), operating as General Contractor.
*Amount of financed works*: EUR 3.26 billion, approximately EUR 1 billion of which referring to ASTALDI's interest.
The contract involves the construction, supply of rolling stock and commissioning of a new underground line in Rome (25.4 kilometres and 29 stations) along the Monte Compatri/Pantano-Clodio/Mazzini route. As regards this project, works are being performed in functional lots still to be handed over. Specifically, the Monte Compatri/Pantano-Lodi (18 kilometres, 21 stations) was handed over to the Operator and is operational. On 31 March 2017 the museum display at San Giovanni station was presented to the public and on 13 May 2017, construction works were declared to be completed. At the reporting date, functional testing was being performed prior to operation of the station which is presumed will take place by the end of this year. For the T-3 San Giovanni-Fori Imperiali/Colosseo section (3.6 kilometres, 2 stations, 2 ventilation shafts), works commenced in March and are currently in progress. It must also be noted that in July 2016, the company became aware of the fact that the Public Prosecutor's Office of Rome was carrying out a preliminary criminal investigation with reference to construction works for Line C of the Rome Underground. These works were awarded by the customer, Roma Metropolitane to the SPV METRO C, which Astaldi holds a 34.5% interest in. Given the early phase of proceedings, the Parent's management does not feel that there are risks for Astaldi S.p.A., also based on assessment by its own internal legal division and further backed up by independent professionals engaged for this purpose. It must also be noted that there are no proceedings as per Legislative Decree No. 231/01 with regard to Astaldi S.p.A.


Line C, Rome Underground - Italy | 3.3 Shaft Site, TBM launch – **Photo**: Metro C.

**LINE 4, MILAN UNDERGROUND | Italy**

*Customer:* Municipality of Milan operating as Grantor.

*Operator:* SPV LINEA M4 S.p.A., a company with mixed private-public capital, with the JV awarded the contract (ASTALDI has a 28.9% interest) operating as private shareholder.

*EPC Contractor:* CONSORZIO MM4 (ASTALDI has a 32.135% interest), which operates through METRO BLU S.c.r.l. (ASTALDI has a 50% interest) for civil works, permanent way and non-system plants.

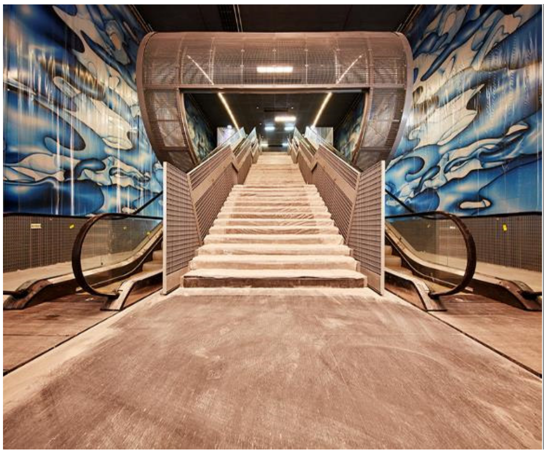
*Value of investment:* EUR 2 billion.

*EPC Contract*: EUR 1 billion (ASTALDI has a 50% interest), including Centre and Tricolore changes.

The project refers to the EPC Contract linked to the concession project for the construction and multi-year operation of the new Line 4 of the Milan Underground. The construction contract involves the design (final and construction), and performance of all civil works, including permanent way, plants and supply of rolling stock. The new infrastructure will be a light, fully-automated underground line which will run along the San Cristoforo-Linate Airport route (15.2 kilometres of line, 21 stations and a maximum capacity of 24,000 passengers/hour in each direction). The construction of a Depot/Workshop for storing and maintaining rolling stock is also planned in the San Cristoforo area. As regards this project, works commenced during the half-year at the following stations: Tricolore, Tolstoj, Foppa and Washington-Bolivar, as well as at all the stations forming the Centro section (San Babila-Sant'Ambrogio). Mechanised excavation using TBM also recommenced in the East section, from Sereni Shaft to Susa Station. Studies are currently being performed with the Grantor regarding early activation of some sections further to the delays accumulated in the handing over of some areas as a result of shifting of interfering subservices and archaeological finds. For more details please refer to « Concessions».


Line 4, Milan Underground - Italy | Work sites – **Photo**: Astaldi archives.

**LINE 6, NAPLES UNDERGROUND (San Pasquale Station) | Italy**
*Customer:* ANSALDO STS.
*Contractor:* AS.M. S.c.r.l. (ASTALDI has a 75.91% interest).
*Amount*: approximately EUR 70 million, just under EUR 55 million of which referring to ASTALDI's interest.
The contract involves the performance of civil works for construction of San Pasquale Station. The project forms part of the concession framework which the Grantor, the Municipality of Naples, signed with the Concession holder, ANSALDO STS, for design, works supervision and construction of the new Line 6 of the Naples Underground (Mergellina-Municipio Section). Station finishes and arrangement of external areas were being carried out at the reporting date and are expected to be completed by the end of 2017.




Line 6, Naples Underground - Italy | San Pasquale Station – **Photo**: Astaldi archives.

**INFRAFLEGREA PROJECT (Monte Sant'Angelo Rail Link and other road works) | Italy**
*Customer:* President of the Campania regional authority in the capacity of Government Special Commissioner pursuant to Article 11, subsection 18, of Law no. 887/1984.
*Contractor:* Infraflegrea Progetto S.p.A. (Astaldi has a 51% interest) operating in the capacity of General Contractor.
*Amount*: EUR 230 million.
The project refers to a number of activities involving the urban road network in the municipality of Naples and Pozzuoli (Phlegrean Area). The works involve construction of the Monte Sant'Angelo Rail Link (Soccavo-Mostra d'Oltremare section, with relative interim stations and interchange junctions), works to extend and upgrade Pozzuoli Port, construction of a multi-storey car park and related works and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli. At the present time, the works that have been funded and which are underway are related to Lot 1 (Soccavo-Monte Sant'Angelo Section) and Lot 2 (Monte Sant'Angelo-Parco San Paolo Section). Monte Sant'Angelo Station was designed by the Anglo-Indian artist Anish Kapoor, and stands out for the two mega-sculptures characterising the two entrances. Construction works recommenced during 2016 after a standstill and shall be completed by 2019. Specifically, as regards the rail link, tunnel entrance works and ventilation chamber works continued and the two mega-sculptures by Anish Kapoor were transported to the work sites in May. The construction design is ready for Parco San Polo Station and is currently being approved by the customer.

Infraflegrea Project (Monte Sant'Angelo Station), Italy | Assembly of Anish Kapoor sculpture – **Photos**: Riccardo Siano.

**JONICA NATIONAL ROAD (SS-106), LOT DG-41 | Italy**
*Customer:* ANAS S.p.A.
*Contractor:* SJRIO S.c.p.A. (Astaldi has a 60% interest and is the lead company) operating in the capacity of General Contractor.
*Amount:* EUR 950 million (inclusive of additions made during Public Agencies' Meeting and Project Review).
The contract involves performance, using the EPC formula, of Mega Lot 3 of the Jonica National Road (also known as DG-41). The project involves the construction on a new roadbed of the section running from the junction with SS-534 National Road (near Sibari) to Roseto Capo Spulico. The section runs along a route measuring 38 kilometres with 3 twin-tube bored tunnels, 19 viaducts, 6 cut-and-cover tunnels and 6 junctions. As regards this project, Ruling No. 41 of 10 August 2016, registered by the Audit Court on 10 July 2017, was published in the Official Gazette. This formality ratifies approval and the launch of works preceding the start-up of work on the 1st Functional Lot (Sibari-Trebisacce Section), which is, inter alia, useful for completion of the procedure to approve and fund the 2nd Functional Lot.

**MARCHE-UMBRIA QUADRILATERO ROAD NETWORK (Maxi Lot 2) | Italy**
*Customer:* QUADRILATERO MARCHE UMBRIA S.p.A.
*Contractor:* DIRPA 2, operating in the capacity of General Contractor that awarded construction works to ASTALDI.
*Amount:* Over EUR 500 million.
The contract refers to the completion of works to upgrade the Perugia-Ancona Road and modernisation of the Pedemontana delle Marche Road. The works consist in upgrading, using the general contracting formula, of the Perugia-Ancona Road along the Fossato di Vico-Cancelli and Albacina-Valtreara Tunnel-Serra San Quirico sections of the SS-76 National Road (Lot 1.1 – Sub Lots 1.1.1, 1.1.2, 1.1.3) and the Pianello-Valfabbrica section of the SS-138 National Road (Lot 1.2), as well as the construction on the new roadbed of the Pedemontana delle Marche Road along the route between Fabriano and Muccia/Sfercia (Lots 2.1 and 2.2). Works along the Perugia-Ancona Road were going ahead at the reporting date. Specifically, the Pianello-Valfabbrica section of the SS-138 was completed in July 2016, and opening to the traffic of an additional 8.5-km section in a northern direction from Valico di Fossato to Cancelli is scheduled for the first half of August. As regards the Pedemontana delle Marche road, works on the Fabriano-Matelica North section (1st functional section) continued, while, as regards the Matelica North-Castelraimondo South section (2nd functional section), approval of the construction design is pending, forwarded by DIRPA 2 to the customer in August 2016.

## Turkey

**GEBZE-ORHANGAZI-IZMIR MOTORWAY | Turkey**
*Customer*: KGM (Motorways General Directorate, Turkish Ministry of Transport) operating in the capacity of Grantor.
*Operator*: OTOYOL (Astaldi Group has an 18.86% interest).
*EPC Contractor*: NOMAYG (Astaldi has a 17.5% interest).
*Value of investment*: approximately USD 7 billion.
*EPC Contract*: more than USD 5 billion (Astaldi has a 17.5% interest).
The project refers to the BOT contract for the design and construction, using the concession formula, of a new section of more than 400 kilometres of motorway along the Gebze-Orhangazi-Bursa-Izmir route in Turkey. The project also included a bridge over Izmit bay which is the **world's 4th longest suspension bridge**. The project is being performed in separate functional lots: Phase 1 (53 kilometres, Gebze-Orhangazi section, including Izmit Bay Bridge) was completed and opened to the public in June 2016, Phase 2A (25 kilometres, Orhangazi-Bursa section) was completed and came into operation in March 2017 while construction works are continuing on the sections of the remaining Phase 2B. Works progressed as planned during HY1 2017 and the project is expected to be completed by the second half of 2019. Please refer to «Concessions» for more information.

Gebze-Orhangazi-Izmir Motorway, Turkey | Izmit Bay Bridge – **Photo**: Astaldi archives.

**THIRD BOSPHORUS BRIDGE AND NORTHERN MARMARA HIGHWAY PROJECT | Turkey**

*Customer*: Turkish Ministry of Transport operating in the capacity of Grantor.
*Operator*: JV awarded the contract (ASTALDI GROUP has a 33.33% interest).
*EPC Contractor*: ICA (ASTALDI has a 33.33% interest).
*Value of investment*: USD 3.8 billion
*EPC Contract*: over USD 3 billion (ASTALDI has a 33.33% interest).

The project refers to the concession contract for the construction and subsequent operation of a section of approximately 160 kilometres of motorway links between the cities of Odayeri and Paşaköy, as well as a hybrid (cable-stayed/suspension) in Istanbul. This bridge, also known as the Third Bosphorus Bridge, holds a **number of records** such as (i) the only suspension bridge in the world whose deck includes a motorway and railway on the same level, (ii) the widest suspension bridge in the world, (iii) the longest suspension bridge in the world whose deck features a railway line and (iv) the suspension bridge with the tallest “A”-shaped towers in the world. The bridge connects Europe to Asia and measures 59 metres in width with a clear span of 1.4 kilometres, the equivalent of 14 football pitches lined up. It also has 2 towers measuring 322 metres (taller than the Eiffel Tower). The bridge and basic section were completed and opened to traffic in August 2016 and are currently in the operational phase. Works to construct additional motorway sections, for which subsequent contracts were drawn up, are going ahead and completion of these works is scheduled in functional lots by the end of 2017. During 2017 the project also won the *Best Transport Infrastructure Deal of the Year* award at the EMEA Finance Project Finance Awards. Please refer to «Concessions», for more information.

Northern Marmara Highway Project, Turkey | Third Bosphorus Bridge – **Photo**: Astaldi archives

**ETLIK INTEGRATED HEALTH CAMPUS IN ANKARA | Turkey**
*Customer*: Turkish Ministry of Health operating in the capacity of Grantor.
*Operator*: JV awarded the contract (ASTALDI GROUP has a 51% interest).
*EPC Contractor*: JV ASTALDI-TURKELER (ASTALDI has a 51% interest).
*Value of investment:* EUR 1.12 billion.
*EPC Contract*: EUR 870 million (ASTALDI has a 51% interest)
The project consists in the design, construction and supply of electro-medical equipment and furnishings, as well as the management under concession of a hospital complex boasting 3,577 beds split among 8 healthcare facilities and a hotel, for a total of approximately 1,100,000 m$^2$. Size-wise, **the project is one of the most extensive to date in Europe in the healthcare sector**. Construction activities continued during the half-year: specifically, structural works were completed and architectural works and works related to electromechanical systems continued to go ahead. For more information, please see “Concessions”.

Etlik Integrated Health Campus in Ankara, Turkey – **Photo**: Astaldi archives.

## Russia

**M-11 MOSCOW-ST. PETERSBURG MOTORWAY | Russia**
*Customer:* TWO CAPITALS HIGHWAY.
*EPC Contractor:* Astaldi-IC Ictas Joint Venture (ASTALDI has a 50% interest).
*Amount:* 68 billion roubles, 50% of which refers to Astaldi's interest.
The contract refers to the design and construction of 140 kilometres of the M-11 Moscow-St. Petersburg Motorway. The new motorway route will comprise both 6-lane and 4-lane sections with a maximum speed of 150 km/h. Construction of the road and main junctions with the M-10 motorway and St. Petersburg ring road continued during the half-year.

M-11 Moscow-St. Petersburg Motorway, Russia | Work site – **Photo**: Astaldi archives.

## Poland

**LINE 2, WARSAW UNDERGROUND (Phase 2) | Poland**
*Customer*: Municipality of Warsaw.
*Contractor*: ASTALDI.
*Amount*: Approximately EUR 210 million.
The contract refers to the extension of Line 2 of the Warsaw Underground, already completed by Astaldi for the Rondo Daszynskiego-Dworzec Wilenski section. The extension involves the construction of 3 kilometres of tunnels and 3 underground stations, along the section running from Dworzec Wileński Station to the depot tracks behind C-18 Station. The use of 2 TBMs is planned for tunnel excavation. Construction works continued during the half-year. Specifically, the main structures were built along with excavation of the three stations and the two TBMs were put into operation.

**WARSAW SOUTH BYPASS ROAD (Lot A) | Poland**

*Customer:* GDDKiA (Poland's Roads and Motorways Authority).
*Contractor:* Astaldi.
*Amount: a*pproximately EUR 240 million.
The contract involves the design and construction of approximately 5 kilometres of expressway, with 2 separate carriageways each comprising 3 lanes in each direction, The construction of a series of complex works including 9 bridges and other structures (viaducts, overpasses), a twin-tube 2.3-km tunnel, 2 road junctions and related works is planned along the route. At the reporting date, design activities were continuing and construction of the tunnel for the part of the route running under the Warsaw Underground's Line 1 tunnel had commenced.

**S-7 EXPRESSWAY, Naprawa-Skomielna Biała Section and Zakopianka Tunnel | Poland**
*Customer*: GDDKiA (Poland's Roads and Motorways Authority).
*Contractor*: ASTALDI.
*Amount*: approximately EUR 190 million.
The contract involves construction of the Naprawa-Skomielna Biała section of the S-7 Krakow-Rabka Zdrój Expressway, including Zakopianka Tunnel, **the longest bored road tunnel in Poland**. It will involve the construction of 3 kilometres of new expressway, including 2 kilometres of twin-tube tunnel, external works, systems and environmental protection works. At the reporting date of this report, all entrance works had been completed and excavation of the two tunnels on the northern side was going ahead, while on the southern side excavation and entrance construction works were being performed.

S-7 Expressway, Poland – **Photo**: Astaldi archives.

**S-5 WROCLAW-POZNAN EXPRESSWAY, Korzensko-Widawa Section (Lot 3) | Poland**
*Customer*: GDDKiA (Poland's Roads and Motorways Authority).
*Contractor*: ASTALDI.
*Amount*: EUR 116 million.
The contract involves the design and construction of approximately 19 kilometres of dual carriageway expressway with two lanes in each direction, 2 road junctions and expansion of an existing junction, as well as ancillary works. At the reporting date, construction works were going ahead and are scheduled for completion by the end of 2017.

## Romania

**LINE 5, BUCHAREST UNDERGROUND (Phase 1 – civil works) | Romania**
*Customer*: METROREX S.A., under the control of Romania's Ministry of Transport and Infrastructure.
*Contractor*: JV ASTALDI-FCC-DELTA ACM-AB CONSTRUCT (ASTALDI has a 47.495% interest and is the lead company).
*Amount*: EUR 226 million (ASTALDI has a 47.495% interest).
The project involves the design and performance of civil works for construction of the new Line 5 of the Bucharest Underground, Drumul Taberei-Pantelimon Section. At the reporting date, 6 stations and over 5 kilometres of tunnels had been handed over to the customer. Works have reached a very advanced state and are expected to be completed by the first half of 2018.

**LINE 5, BUCHAREST UNDERGROUND (Phase 2 – systems and architectural works) | Romania**
*Customer*: METROREX S.A., under the control of Romania's Ministry of Transport and Infrastructure.
*Contractor*: JV ASTALDI-FCC S.A.-UTI GROUP-ACTIVE GROUP (ASTALDI has a 39.495% interest and is the lead company).
*Amount*: over EUR 160 million (ASTALDI has a 39.495% interest).
The contract refers to the final phase of the project to construct Line 5 of the Bucharest Underground. It involves the performance of architectural works, electromechanical systems and superstructure installations for the Drumul Taberei-Pantelimon Section (Raul Doamnei-Opera) where Astaldi is already carrying out civil works. At the reporting date, 6 stations and part of the tunnel systems were already at an advanced state. Completion of the works is scheduled in phases, with final completion expected by Q2 2018.

Line 5, Bucharest Underground - Romania | Work site – **Photo**: Astaldi archives.

**LINE 4, BUCHAREST UNDERGROUND | Romania**
*Customer*: METROREX S.A., under the control of Romania's Ministry of Transport and Infrastructure.
*Contractor*: JV ASTALDI-SOMET-TIAB-UTI (ASTALDI has a 40% interest and is the lead company).
*Amount*: over EUR 160 million (direct + indirect share).
The contract involved the design and performance of structural works and systems of the new Line 4 of the Bucharest Underground, along the Laminorului-Straulesti section. The route runs for approximately 2 kilometres with 1.8 kilometres of tunnels dug using TBM. The civil and line works, as well as systems, have

mostly been completed and the line became operational as from April 2017. At the reporting date, a depot with an intermodal terminal was being constructed and is expected to be completed in early 2018.

Line 4, Bucharest Underground - Romania – **Photo**: Astaldi archives.

## Algeria

**SAIDA-TIARET RAILWAY LINE | Algeria**
*Customer*: Algeria's Transport Ministry through *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF).
*Contractor*: GROUPEMENT ASTALDI-COSIDER TP (ASTALDI has a 60% interest).
*Initial contract amount*: EUR 472 million (ASTALDI has a 60% interest).
The contract – performed as a JV - refers to the design and construction of 153 kilometres of a single-track railway line from Saida to Tiaret with 45 railway bridges and viaducts, 35 road overpasses, 4 main stations and 9 interchange stations. The contract also includes the installation of signalling, telecommunications and power systems. Division of the works among partners means that ASTALDI is responsible for the complete construction design and all rail works between 105.5 km and 153 km (including systems and related works).Earth movement works needed to construct the railway platform continued during the half-year and permanent way installation commenced. Works are expected to be completed by the first quarter of 2019.

**SAIDA-MOULAY SLISSEN RAILWAY LINE | Algeria**
*Customer:* Algeria's Transport Ministry through *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires (ANESRIF).*
*Contractor:* ASTALDI.
*Initial contract amount:* over EUR 700 million
The project refers to the design and construction of 120 kilometres of a new single-track (but ready to accommodate a second track) railway line along the Saida-Moulay Slissen section. Construction of 19

viaducts, 18 overpasses, 33 underpasses, 4 passenger stations and 1 freight station is also planned, as well as installation of signalling, telecommunications and power systems. The project was completed during the half-year and the line became operational as from 1 May 2017. Activities linked to the signalling system and testing still have to be performed and are expected to be completed by the end of 2017.

Saida-Moulay Slissen Railway Line, Algeria – **Photo**: Astaldi archives.

## United States

**I-405 HIGHWAY | USA, California**
*Customer:* OCTA (Orange County Transportation Authority)
*Contractor:* OC 405 PARTNERS (ASTALDI has a 40% interest)
*Amount:* USD 1.2 billion, 40% of which referring to ASTALDI.
The contract involves the design and performance of works to upgrade 21 kilometres of I-405 Highway between Los Angeles and San Diego. **The project is the most important one awarded in California for the infrastructures segment for the next 3 years.** Its complexity is heightened by the need to keep the existing infrastructure up and running for the complete duration of works. At the reporting date, design activities were being carried out, along with traffic diversion and shifting of subservices.

I-405 Highway, USA (California) | Top view (*render*) – **Photo**: Astaldi archives.

## Canada

**MUSKRAT FALLS HYDROELECTRIC PROJECT | Canada**
*Customer*: MUSKRAT FALLS CORP., a SPV owned by NALCOR ENERGY (a Canadian company responsible for the development, transmission and supply of energy in Newfoundland and Labrador).
*Contractor*: ASTALDI CANADA Inc. (100% ASTALDI-owned).
*Amount*: CAD 1.8 billion

The contract involves the performance of civil works related to a hydroelectric plant on the Lower Churchill River (Newfoundland and Labrador regions) with an 820-MW installed capacity. The project experienced initial problems due to working circumstances that penalised the start-up phase. The new contractual deed signed by the customer (in force since 1 December 2016) redefined the contract amount from the initial figure of CAD 1.1 billion to CAD 1.8 billion. The works completion date was extended to June 2019. At the reporting date, construction activities were going ahead as planned. All the milestones scheduled to date had been reached, in accordance with the dates set down in the agreement.

Muskrat Falls Hydroelectric Project, Canada | Top view – **Photo**: Astaldi archives.

## Chile

**ARTURO MERINO BENÍTEZ INTERNATIONAL AIRPORT, SANTIAGO | Chile**
*Customer:* Chile's Ministry of Public Works (M.O.P.), operating in the capacity of Grantor.
*Operator:* CONSORCIO NUEVO PUDAHUEL (ASTALDI GROUP has a 15% interest).
*EPC Contractor:* JV ASTALDI-VINCI CONSTRUCTION (ASTALDI has a 50% interest).
The contract refers to the EPC contract related to the concession initiative to expand and operate Arturo Merino Benítez International Airport in Santiago (Chile). The concession contract involves: (i) modernisation and

extension of the existing terminal; (ii) funding, design and construction of a new passenger terminal with a surface area of 198,000 $m^2$ which will increase the airport's capacity to 30 million passengers per year; (iii) operation of all infrastructures (existing and new terminals, car parks and future commercial activities) for 20 years. As regards the EPC contract, at the reporting date, design activities were underway and activities preliminary to the performance of works had commenced. Please refer to «Concessions», for more information.

Arturo Merino Benítez International Airport, Santiago, Chile | External view (*render*) – **Photo**: Astaldi archives.

**CHUQUICAMATA MINE | Chile**
*Customer*: CODELCO (Corporación Nacional del Cobre de Chile), a Chilean state-owned company.
*Contractor*: ASTALDI.
*Amount*: over EUR 900 million
The contract forms part of the underground expansion project for Chuquicamata, the world's largest open-pit copper mine. The contract (split into 3 lots) involves the construction of 79 kilometres of tunnels of various sections (to access the cultivation areas planned for the future underground mine) and 9.2 kilometres of vertical excavation of ventilation shafts. The works are highly complex; a complexity that is increased by the fact that they are being performed at the same time as the performance of routine surface mine activities. Works continued during the half-year, in line with contractual forecasts. Completion of works is scheduled for the second half of 2019.

Chuquicamata Mine, Chile | Top view – **Photo**: Astaldi archives.

**ELT (EXTREMELY LARGE TELESCOPE) | Chile**
*Customer:* ESO (European Southern Observatory)
*Contractor:* CONSORZIO ACE (ASTALDI has a 60% interest).
*Amount:* EUR 400 million.
The contract will result in construction of the **world's largest optical telescope**. The telescope will be built in the central part of the Atacama desert at an altitude of 3,000 metres above sea level. It is the most important project to date approved by the ESO (European Southern Observatory). The contract involves the design and construction of the ELT's two main structures (dome and main structure). Once completed, the telescope will have a focusing capacity 100,000,000 times better than the human eye and can collect more light than all the planet's existing large telescopes, which have primary mirrors measuring 8 to 10 metres in diameter while the new E-ELT will have a mirror of 39.3 metres. The official first stone ceremony for this project was held in May, followed by the start-up of site installation activities. The design phase is going ahead as planned.

ELT on Cerro Armazones, Chile | Top view (*render*) – **Photo**: ESO/L. Calçada/ACe Consortium.

**WEST METROPOLITAN HOSPITAL SANTIAGO | Chile**
*Customer:* Chile's Ministry of Public Works (M.O.P.), operating in the capacity of Grantor.
*EPC Contractor:* ASTALDI.
*Value of investment:* EUR 276 million.
*EPC Contract:* EUR 205 million (ASTALDI has a 100% interest), including the supply of electro-medical equipment and furnishings.
The project refers to the EPC contract related to the concession initiative for the construction and operation of the West Metropolitan Hospital in Santiago in Chile. The facility will provide 523 hospital beds over a surface area of 120,000 m$^2$. Construction works were going ahead at the reporting date with 60% completed, in line with the commitments undertaken with the customer. It must also be noted that during the half-year, Astaldi Group signed an agreement to allow the infrastructure fund Meridiam Latam Holding to join the capital of this

project's concession holder. Further to this agreement Astaldi Group sold 49% of its interest in the concession holder SCMS while maintaining full control of construction activities (to be completed by 2018) and the right to the multi-year contract for O&M activities (to be performed through the subsidiary, Sociedad Austral Manutenciones y Operaciones S.p.A., 100% owned by Astaldi Group). Please refer to «Concessions», for more information.

## Venezuela

**PUERTO CABELLO-LA ENCRUCIJADA RAILWAY LINE | Venezuela**
*Customer*: I.F.E. (Instituto de Ferrocarriles del Estado).
*Contractor*: Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles (ASTALDI has a 33.33% interest).
*Contract base amount*: EUR 3.3 billion (ASTALDI has a 33.33% interest).
The contract involves the construction of 128 kilometres of a double-track railway line, with 33 km of tunnels, 23 km of viaducts and 10 stations. The works are performed under the aegis of a Cooperation Agreement signed by the Italian and Venezuelan governments in 2001, and ratified with a series of subsequent agreements. As regards this project, it is well-known that works have been suspended since 2015 as a result of the economic situation the country has been experiencing for some years and consequent slowdown in payments.

# O&M

O&M is a business segment of interest for Astaldi Group, introduced in recent strategic plans with the aim of generating a stable revenue flow over time, with interesting margins and limited use of working capital. As regards this segment, the Group is interested in integrated operation of services at highly technological facilities, especially in the hospital segment (hard maintenance and heat/power management, healthcare technology-electromedical services, necessary services for healthcare activities, commercial and hotel services, etc.) and on a multi-year basis.

At 30 June 2017, the projects performed by Astaldi Group in this segment (mainly through dedicated O&M companies) comprise projects in Italy and abroad (Chile and Turkey) referring to:

- Healthcare construction in Italy, Chile and Turkey – 7 hospitals for a total of 6,800 hospital beds;
- Mining segment infrastructures in Chile – 1 plant for the recovery of 3,200 tonnes of copper per year.

At the above date, **the backlog figures for this segment totalled EUR 2.3 billion** and referred to activities linked to concession projects in progress where Astaldi Group has already applied a development model in line with the new strategic approach – reduced participation in the SPV, combined with control of construction and performance of O&M activities –, in other words the four hospitals in Tuscany and Venice-Mestre Hospital in Italy, the West Metropolitan Hospital in Santiago and the Relaves Industrial Plant in Chile and Etlik Integrated Health Campus in Ankara in Turkey. As regards all these projects, the duration of O&M contracts is multi-year, ranging from 15 to 24 years. At the reporting date, contracts referring to Venice-Mestre Hospital and the Four Hospitals in Tuscany in Italy and the Relaves Industrial Plant in Chile were operational, while the other infrastructures were under construction. For more information regarding the individual projects, please refer to the information found in « Construction» and «Concessions».

# Concessions

Initiatives seeing the involvement of Astaldi Group (mainly through the investee Astaldi Concessioni) at 30 June 2017 comprised projects in Italy and abroad (Turkey, Chile) regarding the following segments:

- Healthcare construction – 7 hospitals for a total of over 6,800 beds and more than 17,200 parking spaces,
- Transport Infrastructures (undergrounds, motorways, airports) – over 570 kilometres of motorway, approximately 30 kilometres of underground, 1 airport with technical transportation capacity of 30,000,000 passengers/year,
- Mining Infrastructures – 1 plant for the recovery of 3,200 tonnes/year of copper.

It must be recalled that Astaldi Group is performing an **asset disposal programme** which provides for gradual disinvestment in some concession projects in progress, generally following the construction phase. Disposals are made on the basis of development models which aim to ensure the Group a greater interest in the construction part of the contract and a more limited interest in the concession holder's capital, accompanied by **optimisation of the Group's skills and know-how acquired in the O&M field, applied to the hospital segment.** The aim is to allow the Group to grow (including in the Concessions segment) with a smaller financial undertaking for projects in progress.

For more information regarding the main projects in progress in the Concessions segment, please refer to «Order backlog – Concessions» of the Annual Financial Report at 31 December 2016. It has been deemed appropriate herein to mention solely the key updates seen during the half-year. For new acquisitions secured during the first half of the year, please refer to what has been mentioned previously under «Order Backlog».

**Progress of asset disposal programme** (key events during the half-year).

- In February, Astaldi Group signed an agreement to allow Meridiam Latam Holding S.L., an infrastructure fund specialising, inter alia, in the management of transport infrastructures and hospitals, to enter the capital of Sociedad Concesionaria Metropolitana de Salud S.A. (SCMS), the concession holder for the West Metropolitan Hospital in Santiago (Chile). Further to the agreement, Astaldi sold 49% of its interest in the concession holder, but maintained full control of construction activities (to be completed by 2018), as well as the right to the O&M contract with activities to be performed by the subsidiary Sociedad Austral Manutenciones y Operaciones S.p.A. (100%-owned by Astaldi Group). The financial effects of this transaction for Astaldi meant deconsolidation, as from December 2016 following placement of the asset among disposal assets, of EUR 100 million of non-recourse debt held by the concession holder SCMS and collection of EUR 10 million for the interest disposed of, in line with the carrying amount.
- In March Astaldi sold its interest in the company owning the Chacayes Hydroelectric Plant to PACIFIC HYDRO CHILE, already owner of the remaining 72.7% interest and Chilean subsidiary of the Chinese Group, SPIC Overseas. The interest sold by Astaldi Group, equal to 27.3%, was valued at USD 44 million, inclusive of the subordinated loan. The transaction was closed in March 2017.
- In April, further to the end of the first quarter, the SPVs of the concession projects for construction of the Third Bosphorus Bridge and Gebze-Orhangazi-Izmir Motorway, collected outstanding guaranteed revenue related to operation of the two assets in Turkey. This ratifies the definitive implementation of the two concessions' financial cycle, creating the conditions needed for subsequent completion of the asset disposal programme. In any case, note must be taken of the major interest already shown in this phase by the financial market for these two projects.

- In May 2017, Ica Ic İçtaş Astaldi Üçüncü Boğaz Köprüsü ve Kuzey Marmara Otoyolu Yatirim ve İşletme Anonim Şirketi (concession holder for the Third Bosphorus Bridge in Turkey) assigned leading international banks to take measures to start up the disposal process. With specific reference to the major interest shown by the market and timeframe assessed by advisors, conclusion of this transaction is considered to be highly probable by the first half of 2018.
- In June, Astaldi achieved financial closing for the agreement – signed in December 2016 – for transfer to Italy's State Railways of the interest in M5 S.p.A., the concession holder for Line 5 of the Milan Underground. The transaction provides for transfer of a 36.7% interest (capital and shareholder loan), valued at EUR 64.5 million. Following the transaction, Astaldi will remain a shareholder of M5 with a 2% interest in its capital, in order to guarantee its technical and operational skills and know-how for the project, including in the event of any extensions of the section under operation.
- At the reporting date, Astaldi Group had signed and completed purchase of the interest aimed at transferring the majority interest in SAT to an already identified investment fund. SAT is the SPV in control of the Four Hospitals in Tuscany (Lucca, Pistoia, Prato, Massa-Carrara). The transaction provides for acquisition at the same time of the majority interest in GESAT, the project's O&M company, ensuring control of the company for Astaldi and the possibility of directly managing O&M activities, as provided for in the Strategic Plan guidelines.
- As regards Mestre Hospital, please refer to the section below «Events after the reporting period».

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Please find below a short summary of the concession projects in progress at the reporting date. For related construction contracts, please refer to the section herein entitled «Construction».

## Projects in operation

**VENETA SANITARIA FINANZA DI PROGETTO | Italy**
*Infrastructure*: New Hospital in Venice-Mestre ("Ospedale dell'Angelo")
*Project status:* in operation.
*Concession expiry*: 2032.
*Financial indicators:* 680 hospital beds, 1,240 parking spaces.
*Grantor*: Local Health Authority U.L.S.S. 12 Veneziana.
*Operator*: Veneta Sanitaria Finanza di Progetto S.p.A. (ASTALDI GROUP has a 60.4% interest further to the operation performed during HY1 2017).
The infrastructure was built by Astaldi and has been operational since 2008. It provides 680 beds and 1,240 parking spaces and occupies a surface area of 127,000 $m^2$ (plus an additional 5,000 $m^2$ for the Eye Bank). The concession provides for construction and multi-year operation of the whole complex, using the concession formula, and its purpose is hospital and commercial services. Operation continued as planned in HY1 2017 and in full compliance with the Agreement. The appeal court ruling is still pending on the appeal brought by both parties against the award announced in 2015 which acknowledged the applicability to the concession of the provision as per Legislative Decree No. 95/2012 (Spending Review). It must also be noted that during HY1 2017, Astaldi Group acquired an interest in VSFP of 23.4% from the shareholder Mantovani, thus bringing its interest in the SPV to 60.4%. The operation is in line with the 2017-2021 Strategic Plan and is aimed at ensuring governance of the SPV that makes it possible to maximise the process of optimising the O&M segment, as part of the agreed asset disposal programme.

Venice-Mestre Hospital, Italy – **Photo**: Astaldi archives.

**SAT | Italy**

*Infrastructure***:** Four Hospitals in Tuscany **-** San Luca Hospital in Lucca, San Jacopo Hospital in Pistoia, New Hospital in Prato, Apuane Hospital in Massa-Carrara

*Project status:* in operation.

*Concession expiry:* 2033.

*Financial indicators:* 2,019 beds, 4,450 parking spaces, surface area of 200,000 m$^2$.

*Grantor*: Reference local health authorities.

*Operator*: SA.T S.p.A. (ASTALDI GROUP has a 35% interest).

The concession refers to the project finance initiative for the construction and subsequent operation of four new hospitals in Tuscany (San Luca Hospital in Lucca, San Jacopo Hospital in Pistoia, the New Hospital in Prato and Apuane Hospital in Massa-Carrara), all of which are currently in operation. The hospitals were all built by Astaldi and occupy a total surface area of more than 200,000 m$^2$ for a total of 2,019 hospital beds, 49 operating rooms and 4,450 parking spaces. The concession has a duration of 25 years and 8 months, 3 years and 2 months of which for design and construction activities and 19 years for operation of the works and of non-healthcare services. Operation continued as planned during HY1 2017, in full compliance with the agreements in force. For an update regarding the planned disposals for this project, please refer to «Progress of asset disposal programme (key events during the half-year)» contained in the section herein entitled «Concessions».

Four Hospitals in Tuscany, Italy | Apuane Hospital, Massa Carrara – **Photo**: Videoproduction.

**M5 | Italy**
*Infrastructure:* Line 5, Milan Underground (Garibaldi-Bignami and Garibaldi-San Siro sections).
*Project status:* in operation.
*Concession expiry:* 2040.
*Financial indicators:* 13 kilometres of line, 19 stations, maximum transportation capacity of 26,000 passengers per hour in each direction.
*Grantor*: Municipality of Milan.
*Operator*: Metro 5 S.p.A. (ASTALDI GROUP has a 2% interest at the reporting date).

The infrastructure was built by Astaldi and is currently in operation. The concession entails the design (final and construction), construction and subsequent multi-year operation, using the concession formula, of the new line's public transport service for the Garibaldi-Bignami section (Phase 1: 6 kilometres, 9 stations) and the Garibaldi-San Siro extension (Phase 2: 7.1 kilometres, 10 stations). In December 2016, Astaldi signed an agreement for the sale of part of its interest in this project – the interest sold was 36.7% (capital and shareholder loan) of M5, in which Astaldi, further to this transaction, continues to hold a 2% interest in capital so as to ensure the project the technical and operating skills and know-how required, including in the event of any extensions of the section in operation. Financial closing was achieved in June 2017. Activities during HY1 2017 regarding operation of the infrastructure were performed as planned and in compliance with contractual standards.

**CONSORCIO NUEVO PUDAHUEL | Chile**
*Infrastructure***:** Arturo Merino Benítez International Airport in Santiago (Chile).
*Project status:* Phase 1 (existing terminal) – In operation. Phase 2 (new terminal) – Under construction.
*Concession expiry:* 2035.
*Financial indicators:* 30,000,000 passengers/year in terms of transportation capacity.
*Grantor*: Chile's Ministry of Public Works (M.O.P.).
*Operator*: CONSORCIO NUEVO PUDAHUEL (ASTALDI GROUP has a 15% interest).
The investment refers to the concession initiative to expand and operate Arturo Merino Benítez International Airport in Santiago (Chile). The concession involves (i) modernisation and extension of the existing terminal;

(ii) funding, design and construction of a new passenger terminal with a surface area of 198,000 $m^2$ which will increase the airport's transport capacity to 30 million passengers per year; (iii) operation of all infrastructures (existing and new terminals, car parks and future commercial activities) for 20 years. The concession came into effect as from 1 October 2015 insofar as the JV awarded the contract took over operation of the existing facilities (Phase 1) from the previous operator as from said date. As regards this project, HY1 2017 saw an 8.1% increase in passenger traffic (+1.6% for domestic traffic, +15.6% for international traffic) with consequent benefits in terms of commercial revenue which, therefore, increased by 2% compared to the same period of 2016. While as regards Phase 2 (currently under construction), please refer to «Construction».

Arturo Merino Benítez International Airport in Santiago, Chile | External view – **Photo**: Astaldi archives.

**VALLE ACONCAGUA | Chile**
*Infrastructure*: Relaves Plant.
*Project status:* in operation.
*Concession expiry:* 2032.
*Grantor*: CODELCO.
*Operator*: Valle Aconcagua S.A. (Astaldi Group has an 81.93% interest).
The investment refers to the concession contract for the design, construction and subsequent operation of a plant to treat sludge produced by the Andes mine for the recovery of minerals. The mine is owned by CODELCO, a Chilean state company and the leading global producer of copper. The plant was built by Astaldi and has been in operation since the second half of 2013. It has a recovery capacity of 2,200 tons of copper per year which CODELCO has already undertaken to buy at set conditions. At the reporting date, Astaldi Group, through the subsidiary Valle Aconcagua, had started up arbitration proceedings against CODELCO, challenging the latter's failure to comply with some quality parameters when making available the primary production material. Further to conclusion of the first stage of proceedings, an attempt to reach amicable settlement is underway, as provided for in arbitration proceedings.

**OTOYOL | Turkey**
*Infrastructure*: Gebze-Orhangazi-Izmir Motorway (including Izmit Bay Bridge).
*Project status:* Phase 1 and Phase 2-A – in operation. Phase 2-B - under construction.
*Concession expiry:* 2035.
*Financial indicators:* over 400 kilometres of motorway sections, including Izmit Bay Bridge.
*Grantor*: KGM (Turkish Ministry of Transport's National Motorway Authority).
*Operator*: OTOYOL (ASTALDI GROUP has an 18.86% interest).
*Value of investment:* approximately USD 7 billion.
*EPC Contract:* more than USD 5 billion (ASTALDI has a 17.5% interest).

The investment refers to the design and construction, using the concession formula, of a new section of motorway in Turkey. The route will run along the Gebze-Orhangazi-Izmir route for more than 400 kilometres, including a suspension bridge, the 4th longest in the world (Izmit Bay Bridge). The contractual duration of the concession is 22 years and 4 months, including a maximum of 7 years for construction and approximately 19 years for operation of Phase 1 (Gebze-Orhangazi including Izmit Bay Bridge). The works are currently under construction as regards Phase 2-B (Bursa-Izmir section) and the part of the route referring to Phase 1 and Phase 2-A are in operation. As regards this project, HY1 2017 saw opening to the public of approximately 25 kilometres, with consequent completion and entry into operation of Phase 2A as far as Bursa – the kilometres listed are in addition to those open to tolls during 2016, for a total of approximately 20% of the total route. At the reporting date, an average of 23,000 passages per day were recorded for the bridge alone, while the daily average of equivalent vehicles using the complete section (including the bridge) stood at approximately 36,000. It must also be noted that in April 2017, after the first quarter of the year, the SPV for the Gebze-Orhangazi-Izmir Motorway collected the outstanding guaranteed revenue related to operation of the asset. As provided for in contractual agreements, the guaranteed minimum is calculated by taking into account the base contract charges in USD (indexed to US inflation), as well as the guaranteed number of daily equivalent vehicles based on kilometres actually put into operation. The total guaranteed minimum for 2016 was 844 million Turkish lire for Phase 1 and Phase 2A of the Gebze-Orhangazi-Izmir Motorway, equal to approximately EUR 218 million and referring to July-December 2016. Collection of this amount completed the concession's financial process and made it possible to consider this key project as completely operational. For more information regarding construction of the sections still underway, please refer to «Construction».

Gebze-Orhangazi-Izmir Motorway, Turkey | Izmit Bay Bridge – **Photo**: Astaldi archives.

**ICA IC ICTAS ASTALDI | Turkey**

*Infrastructure*: Third Bosphorus Bridge and Northern Marmara Highway.

*Project status:* Phase 1 (Bridge and basic section) – In operation. Phase 2 (additional works) - under construction.

*Financial indicators*: over 160 kilometres of motorway, including a bridge crossing over the Bosphorus.

*Grantor*: KGM (Turkish Ministry of Transport's National Motorway Authority).

*Operator*: ICA IC ICTAS ASTALDI (ASTALDI GROUP has a 33.33% interest).

*Value of investment*: USD 3.8 billion.

*EPC Contract*: over USD 3 billion (ASTALDI has a 33.33% interest).

The investment refers to the concession contract for the construction and subsequent operation of a section of over 160 kilometres of motorway links between the cities of Odayeri and Paşaköy, as well as a hybrid bridge with a 1.408-km clear span between the neighbourhoods of Poyrazköy and Garipçe in Istanbul, connecting Europe and Asia. The bridge will boast many engineering firsts insofar as the longest and widest hybrid bridge in the world, with A-shaped towers taller than the Eiffel Tower. The concession duration is 10 years, 2 months and 20 days, 30 months of which for design and construction activities and the remaining period for operation and maintenance. During HY1 2017, a daily average of 39,000 equivalent vehicles was recorded for the bridge, while the daily average of equivalent vehicles using the motorway section only stood at approximately 34,000, considering the revenue made on guaranteed kilometres. It must also be noted that in April 2017, after the first quarter of the year, the SPV for the Third Bosphorus Bridge collected the outstanding guaranteed revenue related to operation of the asset. As provided for in contractual agreements, the guaranteed minimum is calculated by taking into account the base contract charges in USD (indexed to US inflation), as well as the guaranteed number of daily equivalent vehicles based on kilometres actually put into operation. The total guaranteed minimum for 2016 was 672 million Turkish lire for the Third Bosphorus Bridge, equal to approximately EUR 173 million and referring to September-December 2016. Collection of this amount completed the concession's financial process and made it possible to consider this project as completely operational. For more information regarding construction still underway, please refer to «Construction».

Northern Marmara Highway Project, Turkey | Third Bosphorus Bridge – **Photo**: Astaldi archives.

## Projects under construction

**SPV LINEA M4 | Italy**
*Infrastructure*: Line 4, Milan Underground.
*Project status:* under construction.
*Concession expiry:* 2040.
*Financial indicators:* 15.2 kilometres of line, 21 stations, maximum transport capacity of 24,000 passengers per hour in each direction.
*Grantor*: Municipality of Milan.
*Operator*: SPV Linea M4 S.p.A. (ASTALDI GROUP has a 9.7% interest).
*Value of investment:* EUR 2 billion.
*EPC Contract*: EUR 1 billion (ASTALDI has a 50% interest), including the Centre and Tricolore changes.
The investment refers to the construction and subsequent operation of Line 4 of the Milan Underground, to be performed using the PPP formula. The infrastructure will be a driverless, fully-integrated, light underground with a CBTC (Communication Based Train Control) signalling system and platform doors. The project entails the design, construction and multi-year operation of the public transport system of the complete line which runs from San Cristoforo to Linate Airport, for a total of 15.2 kilometres and 21 stations, with a maximum

transportation capacity of 24,000 passengers/hour in each direction. The construction of a Depot/Workshop in the San Cristoforo area is also planned to be used to house and maintain rolling stock (47 vehicles). The project is currently under construction. At the reporting date, activities performed during HY1 2017 involving operation of the works were carried out in compliance with contractual standards. For more information regarding construction, please refer to the section herein entitled «Construction».

Line 4, Milan Underground, Italy – **Photo**: Astaldi archives.

**ANKARA ETLIK HASTANESI | Turkey**
*Infrastructure*: Etlik Integrated Health Campus – Ankara.
*Project status:* under construction.
*Concession expiry:* 2043.
*Financial indicators:* over 3,577 beds.
*Grantor*: Turkish Ministry of Health (MOH).
*Operator*: ANKARA ETLIK HASTANESI A.S. (ASTALDI GROUP has a 51% interest).
*Value of investment:* EUR 1.12 billion.
*EPC Contract:* EUR 870 million (ASTALDI has a 51% interest).
The project involves the construction of a healthcare facility that will be one of the largest in Europe and will provide over 3,577 beds occupying a total surface area of 1,100,000 $m^2$. The duration of the concession is 27.5 years, 3.5 of which for design and construction activities and the remaining 24 years for the operation of non-healthcare hospital services (cleaning, internal catering, waste collection, laundry, pest control, security, patient assistance, help desk, maintenance of civil works, IT services and green spaces) as well as clinical services (laboratories, imaging, sterilisation, rehabilitation) and commercial services (coffee bar, public services, car parks). The project is currently under construction and at the reporting date, preliminary activities prior to the start-up of operation are being performed. At the reporting date, Ankara Etlik Hastane Işletme Ve Bakim A.Ş. (O&M Company in which Astaldi and Turkeler hold the same interests as in the concession holder) is the sole company awarded the operation of all 19 services provided for in the concession and for the complete duration of the concession. The awarded services include maintenance (civil works, plants, medical equipment, etc.), healthcare support (healthcare information system, laboratory, imaging, sterilisation, rehabilitation) and hotel and catering services (catering, cleaning, laundry, waste collection, surveillance, pest control, etc.). Please refer to «Construction» for more information regarding the construction phase.

Etlik Integrated Health Campus, Ankara, Turkey | Work site – **Photo**: Astaldi archives.

**SOCIEDAD CONCESIONARIA METROPOLITANA DE SALUD | Chile**

*Infrastructure*: West Metropolitan Hospital, Santiago (Chile).
*Project status:* under construction.
*Concession expiry:* 2033.
*Financial indicators:* 523 beds, 599 parking spaces.
*Grantor*: Chile's Ministry of Public Works.
*Operator*: Sociedad Concesionaria Metropolitana de Salud S.A. (51% owned by ASTALDI at the reporting date).
*Value of investment:* EUR 276 million.
*EPC Contract:* EUR 205 million (100% ASTALDI-owned), including the supply of electro-medical equipment and furnishings.

Sociedad Concesionaria Metropolitana de Salud (SCMS) is the holder of the concession contract for the design, financing, construction and operation of commercial and non-medical services of the West Metropolitan Hospital in Santiago (Chile). The supply and maintenance of electro-medical equipment and furnishings is also provided for. The new facility will occupy 10 floors (plus a heliport), for a total of 523 beds, 599 parking spaces and a surface area of 120,000 m$^2$. The concession will last 20 years, with 52 months for construction and 15 years for operation. At the reporting date, construction activities were going ahead, with progress in line with the commitments undertaken with the customer. For more details about the construction phase, please refer to the section herein entitled «Construction». It must also be noted that as regards this project, a strategic partnership was embarked on with the infrastructure fund Meridiam Latam Holding S.L. regarding its gradual entry into the capital of SCMS. Therefore, at the reporting date, ASTALDI held a 51% interest in SCMS (following the sale of the remaining 49% to Meridiam Latam Holding S.L.). Further to the agreement, Astaldi maintains an active role in the project, both with the construction contract and the O&M contract. An O&M Company was set up to perform the latter called Sociedad Austral de Manutenciones y Operaciones S.p.A. (100%-owned by Astaldi Group, with Astaldi Concessioni Chile holding 75% and NBI Chile the remaining 25%). For more details regarding the construction phase, please refer to the section herein entitled «Construction».

West Metropolitan Hospital in Santiago, Chile | Top view of site – **Photo**: Astaldi archives.

## Main projects to be financed

**SCAP | Chile**
*Infrastructure*: Punilla multi-purpose dam.
*Project status:* to be financed – design activities in progress.
*Grantor*: Chile's Ministry of Public Works (MOP).
*Operator*: ASTALDI.
The project for which financial closing is pending refers to the multi-year concession for the design, construction and operation of a multi-purpose hydroelectric plant with a storage capacity of 625,000,000 $m^3$ and installed power of 94 MW. The plant will be built in San Fabián, in Chile, and will be used to improve the storage capacity of irrigation water and to increase the Bío Bío region's electricity generation capacity. The concession will have a duration of 45 years, with a maximum period of 10 years for construction (as from awarding of the concession in June 2016). At the reporting date, design activities were going ahead, along with the necessary authorisation procedures, the completion of which is expected within one year. Preliminary activities prior to the start-up of works have also commenced (expropriation and related procedures).

# Main risks and uncertainties

The risk management system is based on an organisational model which makes it possible to suitably control risks at an enterprise and project level. The systematic development of an internal, informed risk management culture is guaranteed through ongoing training involving the risk management system (ERM), in terms of guidelines, processes, roles and responsibilities.

The Board of Directors' meeting of 9 March 2016 also approved a Risk Appetite Statement at a Group level which sets the guidelines related to the maximum level of risk the company is willing to undertake while performing its business, with reference to the risk categories identified as the main sources of problems when pursuing the Strategic Plan targets, in other words:

- Financial structure;
- Reference situation;
- Partnership;
- Human resources;
- Sustainability and QHSE.

**Financial Structure-related risks**. This category mainly includes risks linked to the Group's high level of currency exposure resulting from its major inclination for internationalisation. In order to tackle said risks, the Group constantly adopts control measures with suitable hedging transactions. Of particular importance are the risks linked to the possibility that a business is unable to meet its financial obligations arising from contractual undertakings and, more generally from its financial liabilities, as well as risks linked to potential losses arising from default of obligations in the measure in which access to sources of financing is dependent on meeting specific covenants (binding clauses for the Group, upon penalty of withdrawal of the loan or renegotiation at less favourable conditions).

**Reference Situation-related risks.** The constant and major inclination for internationalisation of Astaldi Group's activities imposes the need for monitoring and periodic updating of risks profiles related to all the countries where the company operates or where, in any case, it is interested in examining future development opportunities. To this end, an information system is compiled and periodically updated, with the involvement and contribution of the head office and outlying departments concerned. This system makes it possible to formulate an internal rating to assess the "Country Risk". Said rating takes into account the country's credit rating, i.e. the institutional rating assigned by the main agencies (Moody's, S&P, Fitch), and the company's ability to generate a performance in line with strategic plan targets in the country in question. When confirming the development model for foreign commercial activities, as described in the section entitled «Main risks and uncertainties» of the Annual Financial Report at 31 December 2016, which should be referred to, – while recalling that the *Risk Appetite Statement* in force provides for a "medium-high" level of reference situation-related risk – the company's intention and tendency to favour countries with reduced exposure to risks arising from economic, political and social events (hence not dependent on Astaldi) for future commercial developments must be stated. With specific reference to the countries Astaldi operates in, that are most exposed to this type of risks, the following must be specified:

- *Venezuela*. The conservative approach adopted by the Group has led to a limitation of works on contracts in progress in the country as from 2012, following the economic difficulties experienced in recent years which have meant a delay in the (public) customer's payment obligations as regards contracts in progress in Venezuela. Therefore, a substantial standstill of projects in execution (railway projects) can be confirmed for this first part of the year too, with a view to limiting capital invested in the country, pending a scenario able to ensure greater stability for works in progress.

- *Turkey*. There are no problems in Turkey linked to the reference situation such as to negatively affect construction and operation activities in the country (motorways, healthcare construction, undergrounds). While as far as the concession asset disposal strategy is concerned, there is a great interest on the market's part in the assets forming part of the Group's disposal programme which, it must be recalled, provides for valorisation of Turkish assets not prior to final completion of the works and, hence, as from 2018.

**Partnership-related risks**. Astaldi Group adopts the project partnership management model with other operators in the reference segment, especially in relation to projects where this is appropriate due to the complexity of works and/or for the conditions of risk sharing opportunities. If, on the one hand, this approach is aimed at facilitating entry into new countries and/or segments, on the other it generates potential risks and problems linked to cultural and organisational integration, as well as to partners' inability to meet contractual undertakings. In order to deal with these risks, the Company adopts a system of periodic monitoring of the solidity and liquidity of partners, as well as the existence of technical requisites and requisites regarding ethic/honour. It also fittingly defines the correct assignment of roles and responsibilities within partnerships through a suitable process to define and manage shareholders' agreements.

**Human resources-related risks.** The main problems related to Human Resources include the difficulty in obtaining profiles with specialist technical skills that meet the profiles envisaged for the positions included in project and office (head offices and outlying offices) organisation charts, with special focus on positions looked on as key positions. Moreover, major focus is lent to the company's ability to retain personnel. In order to constantly monitor these potential problems, a series of key risk indicators are checked and analysed periodically, including key figures' compliance with the role (assessed on the basis of a system founded on internal assessment), the outgoing turnover with specific reference to key positions as well as the so-called retention success rate from voluntary resignation, with specific reference to new hirings over a two-year period. Astaldi Corporate Academy, a training school inside the Group dedicated to the managerial development and growth of resources, is successfully going ahead, with the aim of bringing to light and increasing distinctive corporate skills, thus generating additional value.

**Sustainability and QHSE-related risks**. The performance reporting system in terms of Group Sustainability, currently being implemented and finalised, is aimed at transmitting and representing a clear CSR (Corporate Social Responsibility) policy, able to have a positive impact on the investment choices of institutional investors, with a resulting increase in the value generated by Group activities. And with the end goal of limiting reputation-related risks associated with failure to meet CSR targets. Other factors that may affect the Group's reputation are linked to incidents and/or breaches of Quality, Safety and Environment provisions (QHSE Compliance). It must also be recalled that some markets are, by their very nature, excluded to companies with a negative record as regards these issues. In order to control these types of risks, the Group has adopted a QHSE management system, certified by independent third-parties.

# Events after the reporting period

**The procedure regarding approval of the project for Mega Lot 3 of the Jonica National Road (SS-106) was completed** in July. The ruling was published in Italy's Official Gazette No. 41 dated 10 August 2016, registered by the Audit Court on 10 July 2017. This ruling officially ratifies approval and start-up of preliminary activities prior to the commencement of works on the 1st operational section (Sibari-Trebisacce section), which is, inter alia, a useful condition for completion of the procedure regarding approval and funding of the 2nd operational section.

In July, in order to execute the content of the preliminary agreements signed during the first half of the year, Astaldi Group purchased 23.4% of Veneta Sanitaria Finanza di Progetto S.p.A. (VSFP), the concession holder of Venice-Mestre Hospital from the shareholder, Mantovani. Upon completion of the transaction, Astaldi Group holds a 60.4% interest in VSFP, thus confirming the ability to decide on the SPV's significant management policies. The transaction forms part of the Group's plan to expand activities. In keeping with the Group's strategic plan, the project provides for the best valorisation of the asset through this transaction, not only in financial terms but also as regards technological content.

# Outlook

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

The aim will be to guarantee balanced geographical diversification of activities and a greater focus on contracts with an independent financial profile. The acquisition of contracts valued according to a logic of variety of technical and quality elements shall be favoured, able to best promote the Group's improved integrated offer capacity. The focus will be on strengthening its role in countries where traditionally present (especially Chile and the USA) and on consolidating new areas of action offering a high development potential (North America, Europe). Encouraged by the success of its most recent projects (e.g. Third Bosphorus Bridge), an additional commercial boost will come from the consolidation of partnerships of international standing, as has already occurred in Chile for the West Metropolitan Hospital and Arturo Merino Benítez International Airport in Santiago.

The O&M segment will provide an additional boost for growth, especially in the hospital segment which, together with the operating capacity the Group already boasts in the Plant Engineering segment, will definitively integrate the product range offered in relation to complex infrastructures. To this end, as regards the asset disposal programme, the tendency will be to favour sales agreements able to promote O&M activities for the infrastructures disposed of remaining with the Group, in addition to construction activities already in progress, as occurred in Chile (West Metropolitan Hospital in Santiago).

Concessions continue to represent a growth opportunity, but with a different approach than in the past. The aim will be to favour a project development model which sees Astaldi holding a smaller interest in the SPVs, and hence a smaller undertaking in terms of equity, as already tested in Chile (West Metropolitan Hospital, as well as Arturo Merino Benítez International Airport in Santiago).

Therefore, the overall business risk profile will be more balanced, projecting the Group in a more coherent manner towards its planned growth.

Curbing of levels and costs of debt will continue to be a strategic priority. Management choices will be made in accordance with a logic of strict disciplines as regards working capital management, aimed at reducing absorption by projects in progress, as well as at a more efficient use of its components. At a commercial level, the acquisition of contracts with a more independent financial profile and with contract advances will be favoured.

The asset disposal programme will also continue. Following the result achieved for A4 Holding in Italy, SCMS and Pacific Hydro Chacayes in Chile and M5 in Italy, the company will be focused over the coming months on completing the additional planned disposals, also in light of the number of commercial options currently being examined. As specifically regards the hospital segment in Italy, the medium-term goal will be to streamline interests in projects in progress so as to accelerate the disposal process. Moreover, further to collection of the guaranteed minimum revenue by the concession holders of the Turkish motorway assets (in April 2017), there are now the conditions needed to embark on the relative disposal programme. At the reporting date, financial advisors – leading banks of international standing – had already been identified that will assist the Group with the disposal process.

From a financial viewpoint, the refinancing programme underway will be continued. This programme was already partially achieved during the first half of the year with the issue of EUR 140 million of non-guaranteed, equity-linked convertible bonds (expiring after 7 years) and the negotiation of new credit facilities for over EUR 190 million, in order to provide support for the Group's liquidity. The programme of extending repayment deadlines shall continue during the second half of the year, with the aim of positioning most of the Group's financial debt in 2022 and after by the end of 2018.

# Other information

**Resolutions regarding Information Documents in the event of Significant Transactions.** Astaldi's Board of Directors has already resolved for some years now to avail itself of the faculty to depart from publication obligations regarding information documents in the event of significant transactions such as mergers, demergers, share capital increases, contributions of goods in kind, acquisitions and disposals. This resolution was formulated pursuant to the provisions contained in Article 70, subsection 8, and Article 71, subsection 1-*bis* of the "Issuer Regulation" issued by CONSOB (the Italian Commission for Listed Companies and the Stock Exchange).

**Information on related party transactions.** As regards related party transactions during HY1 2017, please refer to the Condensed Interim Consolidated Financial Statements and Notes thereto. It has been considered appropriate herein to state that said transactions form part of the Group's ordinary operations and are regulated at market conditions. No "significant" transactions pursuant to relevant legislation and relative procedures adopted by the Company were performed during the half-year. As regards relations among Group companies, it must be specified that these are regulated at market conditions, taking into account the quality of goods and/or services provided. These relations do not feature any interests classed as significant of other related parties of Astaldi.

On behalf of the Board of Directors
Paolo Astaldi
(*Chairman*)

# Condensed Interim Consolidated Financial Statements and Notes thereto

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# Condensed Interim Consolidated Financial Statements

## Income Statement

| *(EUR/000)* | notes | HY1 2017 | HY1 2016 |
|---|---|---|---|
| Revenue | 1 | 1,424,140 | 1,332,904 |
| *of which with related parties* | | *299,770* | *363,560* |
| Other Operating Revenue | 2 | 80,063 | 67,531 |
| *of which with related parties* | | *7,399* | *3,686* |
| **Total Operating Revenue** | | **1,504,204** | **1,400,436** |
| Purchase costs | 3 | (157,348) | (211,940) |
| Service costs | 4 | (797,191) | (725,399) |
| *of which with related parties* | | *(32,032)* | *(23,064)* |
| Personnel expenses | 5 | (331,861) | (277,186) |
| Other operating costs | 6 | (26,568) | (19,079) |
| *of which with related parties* | | *(107)* | *(14)* |
| **Total Operating Costs** | | **(1,312,967)** | **(1,233,604)** |
| Share of profits (losses) of joint ventures and associates | 7 | 23,143 | 32,748 |
| **Gross operating profit** | | **214,379** | **199,580** |
| Amortisation, depreciation and impairment losses | 8 | (25,574) | (29,515) |
| Provisions | 9 | (4,104) | (10,258) |
| **Operating Profit** | | **184,701** | **159,807** |
| Financial income | 10 | 72,270 | 44,018 |
| *of which with related parties* | | *14,602* | *5,840* |
| Financial expense | 11 | (179,732) | (139,554) |
| *of which with related parties* | | *(299)* | *(3,377)* |
| **Net financial expense and net gains on investments** | | **(107,462)** | **(95,537)** |
| **Pre-tax profit from continuing operations** | | **77,239** | **64,270** |
| Tax expense | 12 | (19,310) | (15,433) |
| **Profit from continuing operations** | | **57,929** | **48,837** |
| **Profit / (Loss) from discontinued operations** | 13 | **0** | **(18,075)** |
| **PROFIT FOR THE PERIOD** | | **57,929** | **30,763** |
| Profit attributable to owners of the Parent | | 55,669 | 31,509 |
| Profit (loss) attributable to non-controlling interests | | 2,260 | (746) |
| | | | |
| *Earnings per share* | | | |
| Basic | 14 | EUR 0.57 | EUR 0.32 |
| Diluted | 14 | EUR 0.51 | EUR 0.25 |
| | | | |
| *Earnings per share from continuing operations* | | | |
| Basic | 14 | EUR 0.57 | EUR 0.51 |
| Diluted | 14 | EUR 0.51 | EUR 0.41 |

# Statement of Comprehensive Income

| *(EUR/000)* | notes | HY1 2017 | HY1 2016 |
|---|---|---|---|
| **Profit for the period (A)** | | **57,929** | **30,763** |
| | | | |
| Change in fair value of cash flow hedge derivatives | | (5,504) | (16,270) |
| Exchange rate gains (losses) from translation of financial statements in foreign currencies | | (16,417) | 6,886 |
| Share of other comprehensive expense of equity-accounted investees | | (25,008) | (63,827) |
| Share of other comprehensive income of disposal groups | | 32,931 | 0 |
| Tax Effect | | (9,537) | 16,084 |
| **Other comprehensive expense net of tax effect to be subsequently reclassified to loss (b1)** | 27 | **(23,535)** | **(57,127)** |
| | | | |
| Actuarial gains (losses) on employee defined benefit plans | | 100 | (368) |
| Share of other comprehensive income of equity-accounted investees | | 5 | 0 |
| **Other comprehensive income (expense) net of tax effect that will not be subsequently reclassified to profit or loss (b2)** | 27 | **104** | **(368)** |
| | | | |
| **Total Other comprehensive expense net of tax effect (b1)+(b2)=(B)** | | **(23,431)** | **(57,495)** |
| | | | |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE) (A)+(B)** | 27 | **34,498** | **(26,732)** |
| | | | |
| of which attributable to Astaldi | | 39,641 | (26,047) |
| *- from continuing operations* | | *39,641* | *(7,973)* |
| *- from discontinued operations* | | *0* | *(18,075)* |
| | | | |
| attributable to non-controlling interests | | (5,142) | (685) |

# Statement of Financial Position
## Assets

| (EUR/000) | notes | 30/06/2017 | 31/12/2016 |
|---|---|---|---|
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 15 | 187,415 | 207,558 |
| Investment property | 16 | 648 | 693 |
| Intangible assets | 17 | 86,915 | 74,026 |
| Equity investments | 18 | 372,509 | 523,631 |
| *of which:* | | | |
| *Equity-accounted investments* | | *332,491* | *493,191* |
| Non-current financial assets | 19 | 199,324 | 289,363 |
| *of which with related parties* | | *30,313* | *242,760* |
| Other non-current assets | 20 | 106,411 | 42,355 |
| Deferred tax assets | 12 | 131,322 | 98,906 |
| **Total Non-current assets** | | **1,084,545** | **1,236,532** |
| ***Current assets*** | | | |
| Inventories | 21 | 48,748 | 50,008 |
| Amounts due from customers | 22 | 1,746,957 | 1,555,110 |
| *of which with related parties* | | *306,164* | *230,368* |
| Trade receivables | 23 | 815,134 | 723,775 |
| *of which with related parties* | | *57,168* | *54,651* |
| Current financial assets | 19 | 57,757 | 26,719 |
| *of which with related parties* | | *10,435* | *765* |
| Tax assets | 24 | 55,841 | 94,537 |
| Other current assets | 20 | 363,707 | 295,170 |
| *of which with related parties* | | *64,611* | *50,103* |
| Cash and cash equivalents | 25 | 505,090 | 506,470 |
| **Total Current assets** | | **3,593,235** | **3,251,788** |
| ***Non-current assets held for sale*** | 26 | ***372,561*** | ***248,764*** |
| *of which with related parties* | | *186,296* | *47,854* |
| **Total Assets** | | **5,050,340** | **4,737,085** |

# Statement of Financial Position
## Equity and liabilities

| (EUR/000) | notes | 30/06/2017 | 31/12/2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| ***Equity*** | 27 | | |
| Share capital | | 196,850 | 196,850 |
| Treasury shares | | (1,046) | (1,315) |
| *Reserves:* | | | |
| Legal reserve | | 33,163 | 33,062 |
| Extraordinary reserve | | 297,540 | 314,663 |
| Retained earnings | | 231,466 | 161,250 |
| Other reserves | | (2,040) | (1,917) |
| Other comprehensive expense | | (113,188) | (109,007) |
| Deferred tax from other comprehensive income | | 14,494 | 26,341 |
| **Total capital and reserves** | | **657,240** | **619,927** |
| Profit for the period/year | | 55,669 | 72,457 |
| **Equity attributable to owners of the Parent** | | **712,909** | **692,384** |
| Profit attributable to non-controlling interests | | 2,260 | 174 |
| Other comprehensive income (expense) attributable to non-controlling interests | | (9,482) | 231 |
| Deferred tax on other comprehensive income attributable to non-controlling interests | | 2,331 | 20 |
| Capital and Other Reserves attributable to non-controlling interests | | 55,973 | 5,677 |
| **Equity attributable to non-controlling interests** | | **51,082** | **6,101** |
| **Total Equity** | | **763,990** | **698,485** |
| ***Non-current liabilities*** | | | |
| Non-current financial liabilities | 28 | 1,321,487 | 1,495,737 |
| *of which with related parties* | | *16,426* | *14,062* |
| Other non-current liabilities | | 1,782 | 3,047 |
| Employee benefits | 30 | 7,330 | 7,506 |
| Deferred tax liabilities | 12 | 119,646 | 41,866 |
| **Total Non-current liabilities** | | **1,450,244** | **1,548,156** |
| ***Current liabilities*** | | | |
| Amounts due to customers | 22 | 501,177 | 492,856 |
| *of which with related parties* | | *87,830* | *165,724* |
| Trade payables | 31 | 1,098,880 | 1,092,282 |
| *of which with related parties* | | *70,584* | *55,051* |
| Current financial liabilities | 28 | 941,772 | 508,537 |
| Tax liabilities | 32 | 93,159 | 84,090 |
| Provisions for risks and charges | 33 | 28,183 | 13,709 |
| Other current liabilities | 29 | 172,934 | 179,034 |
| *of which with related parties* | | *980* | *962* |
| **Total Current liabilities** | | **2,836,105** | **2,370,507** |
| ***Liabilities directly associated with non-current assets held for sale*** | 26 | ***0*** | ***119,937*** |
| **Total Liabilities** | | **4,286,350** | **4,038,600** |
| **Total Equity and Liabilities** | | **5,050,340** | **4,737,085** |

# Statement of changes in equity in the first half of 2017

| (EUR/000) | Share capital | Legal reserve | Extraordinary reserve | Hedging reserve | Translation reserve | Actuarial gains (losses) | OCI deferred tax | Other reserves | Retained earnings | Profit for the period | Equity attributable to owners of the Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01/01/2017** | **195,535** | **33,062** | **314,663** | **(119,364)** | **10,858** | **(501)** | **26,341** | **(1,917)** | **161,250** | **72,457** | **692,384** | **6,101** | **698,485** |
| Profit from continuing operations 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,669 | **55,669** | 2,260 | **57,929** |
| Other comprehensive income (expense) | 0 | 0 | 0 | 49,785 | (54,068) | 102 | (11,848) | 0 | 0 | 0 | **(16,028)** | (7,402) | **(23,431)** |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE)** | **0** | **0** | **0** | **49,785** | **(54,068)** | **102** | **(11,848)** | **0** | **0** | **55,669** | **39,641** | **(5,142)** | **34,498** |
| **Owner transactions and other changes in equity:** | | | | | | | | | | | | | |
| Treasury shares | 269 | 0 | 522 | 0 | 0 | 0 | 0 | (281) | 0 | 0 | **510** | 0 | **510** |
| Dividends | 0 | 0 | (19,556) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **(19,556)** | 0 | **(19,556)** |
| Provision as per art. 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | **0** |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (231) | 0 | **(231)** | 231 | **0** |
| Change in consolidation scope | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 49,892 | **49,892** |
| Allocation of 2016 profit from continuing operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 72,457 | (72,457) | **0** | 0 | **0** |
| Stock Grant reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 159 | 0 | 0 | **159** | 0 | **159** |
| Other changes | 0 | 101 | 1,911 | 0 | 0 | 0 | 0 | 0 | (2,012) | 0 | **0** | 0 | **0** |
| **Balance at 30/06/2017** | ***195,804** | **33,163** | ***297,540** | **(69,579)** | **(43,211)** | **(399)** | **14,494** | **(2,040)** | **231,466** | **55,669** | **712,909** | **51,082** | **763,990** |

* The amount indicated in the highlighted items is shown net of total investment in treasury shares totalling EUR 3,073 thousand of which EUR 1,046 thousand, corresponding to the nominal amount of the shares, shown as a reduction of share capital, and EUR 2,027 thousand shown as reduction of the extraordinary reserve.

# Statement of changes in equity in the first half of 2016

| (EUR/000) | Share capital | Legal reserve | Extraordinary reserve | Hedging reserve | Translation reserve | Actuarial gains (losses) | Fair value gains (losses) on AFS financial assets | OCI deferred tax | Other reserves | Retained earnings | Profit for the period | Equity attributable to owners of the Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01/01/2016** | **195,248** | **31,141** | **296,328** | **(77,666)** | **(29,746)** | **(383)** | **29** | **16,996** | **(311)** | **118,891** | **80,876** | **631,405** | **5,626** | **637,031** |
| Profit from continuing operations 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 31,509 | **31,509** | (746) | **30,763** |
| Other comprehensive income (expense) | 0 | 0 | 0 | (75,002) | 1,734 | (361) | 0 | 16,073 | 0 | 0 | 0 | **(57,556)** | 61 | **(57,495)** |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE)** | **0** | **0** | **0** | **(75,002)** | **1,734** | **(361)** | **0** | **16,073** | **0** | **0** | **31,509** | **(26,047)** | **(685)** | **(26,732)** |
| **Owner transactions and other changes in equity:** | | | | | | | | | | | | | | |
| Treasury shares | 225 | 0 | 1,253 | 0 | 0 | 0 | 0 | 0 | (871) | 0 | 0 | **607** | 0 | **607** |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (19,524) | **(19,524)** | (147) | **(19,671)** |
| Provision as per art. 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (192) | **(192)** | 0 | **(192)** |
| Transactions with non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (209) | 0 | **(209)** | 207 | **(2)** |
| Change in consolidation scope | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 3 | **3** |
| Allocation of 2015 profit from continuing operations | 0 | 1,921 | 16,672 | 0 | 0 | 0 | 0 | 0 | 0 | 42,568 | (61,160) | **0** | 0 | **0** |
| Stock Grant reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (992) | 0 | 0 | **(992)** | 0 | **(992)** |
| **Balance at 31/12/2016** | ***195,473** | **33,062** | ***314,253** | **(152,668)** | **(28,012)** | **(744)** | **29** | **33,069** | **(2,174)** | **161,250** | **31,509** | **585,047** | **5,004** | **590,051** |

* The amount indicated in the highlighted items is shown net of total investment in treasury shares totalling EUR 4,336 of which EUR 1,377 thousand corresponding to the nominal amount of the shares, shown as reduction of share capital, and EUR 2,959 shown as reduction of the extraordinary reserve.

# Statement of cash flows
## Operating activities

| *(EUR/000)* | HY1 2017 | HY1 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the period attributable to owners of the Parent and non-controlling interests** | **57,929** | **30,763** |
| Tax expense | 19,310 | 15,433 |
| **Pre-tax profit** | **77,239** | **46,195** |
| *Adjustments for:* | | |
| **• Non-monetary items** | | |
| Amortisation and depreciation | 22,748 | 29,513 |
| Impairment losses | 2,826 | 2 |
| Net gains on equity-accounted investees | (23,143) | (29,636) |
| Post-employment benefits and defined benefit plan costs | 504 | 581 |
| Stock grant plan costs | 619 | 690 |
| Accruals to provisions for risks and charges | 4,104 | 10,258 |
| Fair value losses (gains) | (2,656) | 4,677 |
| **Subtotal** | **5,002** | **16,085** |
| **• Monetary items** | | |
| Gains (losses) from disposals | (11,494) | (176) |
| **• Other adjustments needed to reconcile profit with cash flow from operating activities** | | |
| Net interest income and expense and dividends received / (Coverage of losses) | 43,513 | 37,325 |
| **Subtotal** | **32,019** | **37,149** |
| **Cash flows from operating activities before changes in net working capital** | **114,261** | **99,429** |
| **Change in working capital** | | |
| Trade receivables | (42,292) | 38,229 |
| *of which with related parties* | *(2,517)* | *(14,749)* |
| Inventories and amounts due from customers | (194,692) | (252,918) |
| *of which with related parties* | *(75,796)* | *(101,173)* |
| Trade payables | (6,135) | (28,594) |
| *of which with related parties* | *15,533* | *4,028* |
| Provisions for risks and charges | 9,532 | 184 |
| Amounts due to customers | (354) | (26,988) |
| *of which with related parties* | *(77,894)* | *5,247* |
| Other operating assets | (139,623) | (59,952) |
| *of which with related parties* | *(14,508)* | *1,811* |
| Other operating liabilities | 59,689 | (52,365) |
| *of which with related parties* | *18* | *(1,951)* |
| Payments of post-employment benefits and defined benefit plans | (701) | (938) |
| **Subtotal** | **(314,576)** | **(383,341)** |
| Effect of exchange rate gains or losses from translation of foreign operations | **(16,404)** | **6,886** |
| **Cash flows from (used in) operating activities** | **(216,719)** | **(277,026)** |
| Interest and dividends received / (Coverage of losses) | 12,204 | 19,535 |
| Interest paid | (40,030) | (55,505) |
| Tax paid | 5,009 | 10,474 |
| **A) Net cash flows used in operating activities** | **(239,535)** | **(302,522)** |

# Statement of cash flows
## Investing and financing activities

| *(EUR/000)* | HY1 2017 | HY1 2016 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| **Construction** | | |
| Net intangible assets | (2,653) | (3,768) |
| Property, plant and equipment | (13,804) | (27,744) |
| Proceeds from the sale or reimbursement of property, plant and equipment | 17,201 | 9,596 |
| Change in financing of equity investments | 4,085 | (503) |
| *of which with related parties* | *(22)* | *(215)* |
| Acquisitions of investments in associates and other companies | 0 | (42) |
| Sale / (Purchase) of securities | 493 | (36) |
| Change in other loan assets, net | (906) | (838) |
| **Total Construction** | **(4,416)** | **(23,334)** |
| **Concessions** | | |
| Change in financial assets from concession activities | (7,872) | (39,534) |
| Change in financing of equity investments | 16,290 | (55,743) |
| *of which with related parties* | *25,116* | *(51,375)* |
| Acquisitions of investments in associates and other companies | (9,096) | (6,180) |
| Gains on the sale of investments in associates and other companies | 62,794 | 0 |
| Change in other loan assets, net | (1,805) | 6,416 |
| *of which with related parties* | *0* | *1,073* |
| Change in finance lease assets | 2,605 | 2,355 |
| **Total Concessions** | **62,916** | **(92,686)** |
| **(Purchase) Sale of business division / Subsidiaries** | **48,161** | **(14,380)** |
| **B) Cash flows used in investing activities** | **115,492** | **(130,400)** |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends distributed to owners of the Parent | (19,556) | (19,524) |
| Dividends distributed to non-controlling interests | 0 | (147) |
| Net investment in treasury shares | 791 | 1,478 |
| Sale (repurchase) of treasury shares | (282) | (872) |
| Repayments and other net changes in bonds | 15,199 | 0 |
| Net use of credit lines | 140,804 | 170,345 |
| Change in other financial liabilities | (11,914) | 4,073 |
| *of which with related parties* | *2,364* | *0* |
| Repayment of finance leases | (4,325) | (5,236) |
| Change in non-controlling interests and other changes | (5,208) | (1,446) |
| **C) Cash flows from financing activities** | **115,508** | **148,671** |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | (8,535) | (284,252) |
| **Opening cash and cash equivalents** | ***513,625** | **611,263** |
| **Closing cash and cash equivalents** | **505,090** | **327,011** |

* The amount includes bank accounts referable to disposal groups, equal to EUR 7,155 thousand.

# Notes to the Consolidated Financial Statements

## General Information

The Astaldi Group has been active for over 90 years in Italy and abroad in the design and construction of major civil engineering works, and is one of the most important corporate groups operating in the construction sector on an international level. It is a leader in Italy as general contractor and a sponsor of concession and project finance initiatives.

The Group operates through the Parent Astaldi S.p.A., a company limited by shares with registered offices in Rome, Via Giulio Vincenzo Bona 65, listed on the STAR segment of the Milan Stock Exchange since June 2002.

The duration of the Parent is currently set to 31 December 2100.

At the draft date of this Interim Financial Report, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since its Board of Directors makes any and the most appropriate decisions with regard to its management, in full and complete independence and autonomy.

These Condensed Interim Consolidated Financial Statements at 30 June 2017 were approved by the Board of Directors of the Parent at the meeting of 2 August 2017.

## Basis of preparation and segment reporting

The Condensed Interim Consolidated Financial Statements of Astaldi Group at 30 June 2017 (hereinafter “consolidated financial statements”) as provided for in Article 154-ter, paragraphs 2 and 3 of the Consolidated Finance Act, were drafted in compliance with International Financial Reporting Standards, endorsed by the European Union and CONSOB regulations regarding application of IFRS. The aforementioned standards are supplemented with IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) interpretations, also endorsed by the European Union.

The Condensed Interim Consolidated Financial Statements are drafted in a condensed format, in compliance with IAS 34 – Interim Financial Reporting - adopting the same accounting policies and measurement criteria as for the Consolidated Financial Statements at 31 December 2016 with the exception of that set out in the section “Newly-issued and endorsed accounting standards and interpretations, in force from 1 January 2017”. It is specified that the Group has adopted the half year as the reference period for the purposes of application of IAS 34 and of the interim financial statements indicated therein.

The Condensed Interim Consolidated Financial Statements were drawn up in Euro, which is the functional and reporting currency of the Parent. All the amounts are shown in thousands of Euro unless otherwise indicated. Therefore, in some statements, the totals could be slightly different from the sum of the single amounts composing them, due to round-offs.

The Condensed Interim Consolidated Financial Statements at 30 June 2017 were audited as provided for in CONSOB Resolution No. 10867 of 31 July 1997. The conclusions of the audit, performed by the independent auditors, KPMG S.p.A., will be published in compliance with reference legislation.

## Conversion of items and translation of foreign-currency financial statements

The main exchange rates used to translate into the presentation currency the economic and financial values of companies with a different functional currency other than the Euro were as follows.

| Currency | Closing rate June 2017 | Average HY1 2017 | Closing rate December 2016 | Average HY1 2016 |
|---|---|---|---|---|
| Dinar – Algeria | 123.0260 | 118.5369 | 116.3790 | 121.2926 |
| New Lev - Bulgaria | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| Dollar – Canada | 1.4785 | 1.4453 | 1.4188 | 1.4844 |
| Peso – Chile | 758.2140 | 714.8895 | 704.9452 | 769.1290 |
| Kroner – Denmark | 7.4366 | 7.4368 | 7.4344 | 7.4497 |
| Dirham – Arab Emirates | 4.1894 | 3.9758 | 3.8696 | 4.0966 |
| Rupiah - Indonesia | 15,209.3000 | 14,434.1806 | 14,173.4300 | 14,963.4460 |
| Dirham – Morocco | 11.0095 | 10.7817 | 10.6568 | 10.8749 |
| Cordoba Oro - Nicaragua | 34.2848 | 32.1538 | 30.9071 | 31.5579 |
| Nuevo Sol – Peru | 3.7098 | 3.5483 | 3.5402 | 3.7747 |
| Pound Sterling – UK | 0.8793 | 0.8606 | 0.8562 | 0.7788 |
| Zloty – Poland | 4.2259 | 4.2690 | 4.4103 | 4.3688 |
| New Leu - Romania | 4.5523 | 4.5370 | 4.5390 | 4.4956 |
| Rouble - Russia | 67.5449 | 62.8057 | 64.3000 | 78.2968 |
| Dollar - US | 1.1412 | 1.0830 | 1.0541 | 1.1159 |
| Lira – Turkey | 4.0134 | 3.9391 | 3.7072 | 3.2593 |
| Bolivar - Venezuela | 3,011.2434 | 1,112.5412 | 708.5171 | 288.7036 |

Note: the exchange rate expresses the amount of foreign currency required to purchase 1 Euro.

In the case of hyperinflated economies, the measurement criteria provided for in IAS 29 are taken into account, in accordance with the definition found therein.

To conclude, as regards, in particular, the exchange rate used to translate the economic and financial values expressed in Venezuelan Bolivars into Euro, it should be noted that the Astaldi Group – after the modification of the country's currency system introduced by the Convenio Cambiario no. 35 of 09 March 2016 – and the subsequent modifications and supplements as per the Convenio Cambiario no. 38 of 19 May 2017, adopted DICOM[1] as the exchange rate for converting the transactions into foreign currency.

# Seasonal factors

The turnover and financial performance of some projects are affected by seasonal factors. Specifically, the levels of production are affected by weather conditions which are normally more unfavourable during the winter in Central-Eastern Europe and North America. Nevertheless, given that the Group's business model is developed in various areas worldwide, said effects are, at least partially, offset by the greater production levels recorded by projects in progress in the opposite hemisphere.

Therefore, the above can limit the ability of performance during the first half of the year to be representative of the trend for the whole year.

# Use of estimates

Interim reporting in compliance with IFRS requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosure regarding potential assets and liabilities.

1 The Convenio Cambiario) no. 35, published in Official Journal no. 40.865 of 9 March 2016, established two different exchange mechanisms: (*i*) A Protected Exchange Rate – DIPRO – representing a preferential rate reserved for the purchase of "essential goods and services"; (*ii*) A Supplementary Market Fluctuating Exchange Rate – DICOM – representing, as indicated by the Venezuelan Government, the exchange rate to be applied to the wide range of commercial transactions.

As already specified in the explanatory notes to the consolidated statements for the 2016 financial year, estimates are used, inter alia, to perform impairment testing and to recognise allowance for impairment, work in progress, amortisation and depreciation, impairment losses, employee benefits, taxes, other accruals and provisions.

Estimates are based on the most up-to-date information available to the company's management upon drafting of the financial statements and hence their reliability is not affected.

The final results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of all changes are reflected in profit or loss for the period when the change occurred. More specifically, taking into account the specific segment in which the Group operates, which provides for payment of a sum upon awarding of the individual contracts, the margins on said contracts, recognised in profit or loss on the basis of systematic calculation criteria, may differ from the original estimates. This is dependent on the probable recoverability of greater charges that may be incurred during the performance of works. Lastly, taxes have been calculated using the tax rate currently in force which is considered applicable for the forecast annual results in compliance with legislation in force in the countries the Group operates in.

# Impairment of assets

Taking into account that the market capitalisation of Astaldi S.p.A. (EUR 536,416 thousand) at 30/06/2017 was less than the Group's equity (EUR 712,909 thousand), the Group's management planned to check the presence of impairment losses on goodwill and on other assets that are of significance within the Group.[2]

It was also deemed appropriate to perform a Level-Two Impairment Test as well, on the basis of what is provided for by, inter alia, the Italian Assessment Board, in order to compare the recoverable amount of the Group's net assets with the relative carrying amount of equity.

The Level-Two Impairment Test resulted in the identification of two macro CGUs referring to the Construction and Concessions segments, allowing for calculation of the recoverable amount of each of these.

Specifically, the recoverable amount of the CGU referring to the Construction segment was obtained using a method based on income flows which involved the discounting of each year's income, as found in the forecasts contained in the 2017-2021 Strategic Plan approved by the Parent's Board of Directors on 5 April 2017.

A rate equal to the cost of the Parent's own capital (Ke) (8.3%) was used for the discounting process. Lastly, the flow used to calculate the Terminal Value was equal to the average net income of the last five years, conservatively forecasting a zero growth rate and a 4% add-on on Ke.

As regards the CGU referring to the Concessions segment, it must be noted that the relative recoverable amount was calculated using the sum of the parts method. Specifically, the amount of investees was estimated separately in accordance with a cascade logic, from the bottom up, so as to allow for replacement of the carrying amount of investments with the respective pro-quota value at all levels.

Specifically, with regard to the measurement techniques referred to the main investees, it must be noted that the amount of each of these was identified using the "Dividend Discount Model" (DDM) method, discounting the future forecast dividend flows from corporate transactions. The economic and financial plans of the investees were used in order to apply said method, as drawn up by the individual companies' respective corporate bodies.

Lastly, it must be noted that the Parent's management availed itself of the specific consulting services of an international network in order perform all the relative Impairment Tests, making reference to the same methods used for the analysis done at 31 December 2016.

Further to performance of the Level-Two Impairment Tests, which were also integrated with additional sensitivity specifications, the recoverable amount of the Group's net assets, expressed per ordinary share,

2 Details will be provided further on herein with regard to the results of the Level-One Impairment Tests performed, also with regard to the methods and assumptions used to develop the individual tests.

was considerably greater than the corresponding market capitalisation, thus confirming the complete recoverability of the carrying amount of the Group's Equity.

# Consolidation scope

At 30 June 2017 the consolidation scope of the Astaldi Group was as follows:

| | Type of influence | Consolidation method | Constructions | Concessions | Maintenance and plant | Total |
|---|---|---|---|---|---|---|
| Subsidiaries | Control | Full | 49 | 8 | 9 | 66 |
| - *of which Italy* | | | *25* | *2* | *8* | *35* |
| Joint Ventures | Joint control | Equity | 16 | 4 | 0 | 20 |
| - *of which Italy* | | | *11* | *0* | *0* | *11* |
| Associates | Significant influence | Equity | 38 | 9 | 2 | 49 |
| - *of which Italy* | | | *29* | *5* | *2* | *36* |

## The Astaldi Group companies

### Subsidiaries

| Construction | Registered office | Operating headquarters | Share/quota capital nominal amount | Funct. currency | % interest | Direct interest | Indirect interest | Companies with indirect interest |
|---|---|---|---|---|---|---|---|---|
| **Italy** | | | | | | | | |
| Afragola FS S.c.r.l. | Rome | Italy | 10,000 EUR | EUR | 100.00% | 82.54% | 17.46% | NBI S.p.A. |
| AR.GI S.c.p.A. | Rome | Italy | 35,000,000 EUR | EUR | 99.99% | 99.99% | 0.00% | |
| AS. M. S.c.r.l. | Naples | Italy | 10,000 EUR | EUR | 75.91% | 75.91% | 0.00% | |
| Bussentina S.c.r.l. in liquidation | Rome | Italy | 25,500 EUR | EUR | 78.90% | 78.90% | 0.00% | |
| C.O.MES. in liquidation S.r.l. | Rome | Italy | 20,000 EUR | EUR | 55.00% | 55.00% | 0.00% | |
| Capodichino AS.M S.c.r.l | Naples | Italy | 10,000 EUR | EUR | 66.83% | 66.83% | 0.00% | |
| CO.ME.NA. S.c.r.l. in liquidation | Naples | Italy | 20,658 EUR | EUR | 70.43% | 70.43% | 0.00% | |
| CO.MERI S.p.A. | Rome | Italy | 35,000,000 EUR | EUR | 99.99% | 99.99% | 0.00% | |
| Consorzio Stabile Operae | Rome | Italy | 500,000 EUR | EUR | 99.00% | 98.00% | 1.00% | Sartori Tecnologie Industriali S.r.l. |
| Dirpa 2 S.c.ar.l. | Rome | Italy | 50,009,998 EUR | EUR | 99.98% | 0.00% | 99.98% | Consorzio Stabile Operae |
| DMS DESIGN CONSORTIUM s.c.r.l. | Rome | Italy | 10,000 EUR | EUR | 60.00% | 60.00% | 0.00% | |
| Forum S.c.r.l. in liquidation | Rome | Italy | 51,000 EUR | EUR | 79.98% | 79.98% | 0.00% | |
| Garbi Linea 5 S.c.a.r.l. | Rome | Italy | 10,000 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Infraflegrea Progetto S.p.A. | Naples | Italy | 500,000 EUR | EUR | 51.00% | 51.00% | 0.00% | |
| Italstrade IS S.r.l. | Rome | Italy | 16,515,578 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Messina Stadio S.c.r.l. in liquid. | Milan | Italy | 45,900 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Ospedale del Mare S.C.r.l. in liquidation | Rome | Italy | 50,000 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Partenopea Finanza di Progetto S.c.p.A. | Naples | Italy | 9,300,000 EUR | EUR | 99.99% | 99.99% | 0.00% | |
| Portovesme S.c.r.l. in liquidation | Milan | Italy | 25,500 EUR | EUR | 99.98% | 99.98% | 0.00% | |
| S. Filippo S.c.r.l. in liquidation | Rome | Italy | 10,200 EUR | EUR | 80.00% | 80.00% | 0.00% | |
| S.P.T. - Società Passante Torino S.C.r.l. | Rome | Italy | 50,000 EUR | EUR | 74.00% | 74.00% | 0.00% | |

| | Registered office | Operating headquarters | Share/quota capital nominal amount | Funct. currency | % interest | Direct interest | Indirect interest | Companies with indirect interest |
|---|---|---|---|---|---|---|---|---|
| Scuola Carabinieri S.C.r.l. | Rome | Italy | 50,000 EUR | EUR | 61.40% | 61.40% | 0.00% | |
| SIRJO S.C.p.A. | Rome | Italy | 30,000,000 EUR | EUR | 60.00% | 60.00% | 0.00% | |
| Susa Dora Quattro S.c.r.l. in liquidation | Rome | Italy | 51,000 EUR | EUR | 90.00% | 90.00% | 0.00% | |
| Toledo S.c.r.l. in liquidation | Naples | Italy | 50,000 EUR | EUR | 90.39% | 90.39% | 0.00% | |

### International

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Asocierii Astaldi SpA, Sc Somet sa, sc Tiab sa, sc Uti grup sa | Bucharest (Romania) | Romania | - - - - | EUR | 40.00% | 40.00% | 0.00% | |
| Astaldi Algerie - E.u.r.l. | Algiers (Algeria) | Algeria | 54,979,619 DZD | DZD | 100.00% | 100.00% | 0.00% | |
| Astaldi Arabia Ltd. | Riyadh (Saudi Arabia) | Saudi Arabia | 5,000,000 SAR | USD | 100.00% | 60.00% | 40.00% | Astaldi International Ltd. |
| Astaldi Bulgaria LTD | Sofia (Bulgaria) | Bulgaria | 5,000 BGN | BGN | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Design & Construcion Inc. | Montreal (Canada) | Canada | 100 CAD | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |
| Astaldi Canada Enterprises Inc. | Montreal (Canada) | Canada | 100 CAD | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Inc | Montreal (Canada) | Canada | 50,020,000 CAD | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Construction Corporation | Davie (Florida-USA) | USA | 6,000,000 USD | USD | 100.00% | 100.00% | 0.00% | |
| Astaldi de Venezuela C.A. | Caracas (Venezuela) | Venezuela | 110,300 VEF | EUR | 99.80% | 99.80% | 0.00% | |
| Astaldi International Inc. | Monrovia (Liberia) | Liberia | 3,000,000 USD | EUR | 100.00% | 100.00% | 0.00% | |
| Astaldi International Ltd. | London (United Kingdom) | United Kingdom | 2,000,000 GBP | GBP | 100.00% | 100.00% | 0.00% | |
| Astaldi Polska Sp. z o.o. | Warsaw (Poland) | Poland | 120,000 PLN | PLN | 100.00% | 100.00% | 0.00% | |
| Astaldi-Max Bogl-CCCF JV S.r.l. | Bucharest (Romania) | Romania | 40,000 RON | EUR | 66.00% | 66.00% | 0.00% | |
| Astalnica S.A. | Managua (Nicaragua) | Nicaragua | 2,000,000 NIO | NIO | 98.00% | 98.00% | 0.00% | |
| Astalrom S.A. | Calarasi (Romania) | Romania | 3,809,898 RON | RON | 99.68% | 99.68% | 0.00% | |
| Astur Construction and Trade A.S. | Ankara (Turkey) | Turkey | 35,500,000 TRY | USD | 100.00% | 100.00% | 0.00% | |
| Consorcio Rio Pallca | Lima (Peru) | Peru | - - - - | USD | 60.00% | 60.00% | 0.00% | |
| Constructora Astaldi Cachapoal Limitada | Santiago (Chile) | Chile | 10,000,000 CLP | CLP | 99.90% | 99.90% | 0.00% | |
| Italstrade CCCF JV Romis S.r.l. | Bucharest (Romania) | Romania | 540,000 RON | EUR | 51.00% | 51.00% | 0.00% | |
| Kopalnia Kruszywa S5 Sp. z o.o. | Warsaw (Poland) | Poland | 5,000 PLN | PLN | 100.00% | 0.00% | 100.00% | Astaldi Polska Sp. z o.o. |
| Redo-Association Momentanée | Kinshasa (Congo) | Congo | 0,5 CDF | EUR | 100.00% | 75.00% | 25.00% | Astaldi International Ltd. |
| Romairport S.r.l. | Rome (Italy) | Romania | 500,000 EUR | EUR | 99.26% | 99.26% | 0.00% | |
| Seac S.p.a.r.l. in liquidation | Kinshasa (Congo) | Congo | 400 CDF | EUR | 100.00% | 100.00% | 0.00% | |
| T.E.Q. Construction Enterprise Inc. | Montreal (Canada) | Canada | 11,080,515 CAD | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |

## Concessions

### Italy

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Astaldi Concessioni S.p.A. | Rome | Italy | 83,000,000 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A. | Mestre (VE) | Italy | 20,500,000 EUR | EUR | 37.00% | 31.00% | 6.00% | Astaldi Concessioni S.p.A. |

### International

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cachapoal Inversiones Limitada in liquid. | Santiago (Chile) | Chile | 37,234,761 USD | USD | 100.00% | 0.00% | 100.00% | Inversiones Assimco Limitada |
| Inversiones Assimco Limitada | Santiago (Chile) | Chile | 40,633,000 USD | USD | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. |
| Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S. | Ankara (Turkey) | Turkey | 37,518,000 TRY | EUR | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. |
| Sociedad Austral Mantenciones y Operaciones S.p.A. | Santiago (Chile) | Chile | 1,000,000 CLP | CLP | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. NBI S.p.A. |
| Sociedad Concesionaria Aguas de Punilla S.A. | Santiago (Chile) | Chile | 40,000,000,000 CLP | CLP | 99.99% | 0.00% | 99.99% | Astaldi Concessioni S.p.A. |
| Valle Aconcagua S.A. | Santiago (Chile) | Chile | 16,552,991,411 CLP | USD | 81.93% | 0.00% | 81.93% | Astaldi Concessioni S.p.A. |

## Maintenance and plant

| | | Operating headquarters | Share/quota capital nominal amount | Funct. currency | % interest | Direct interest | Indirect interest | Companies with indirect interest |
|---|---|---|---|---|---|---|---|---|
| **Italy** | | | | | | | | |
| NBI S.p.A. | Rome | Italy | 7,500,000 EUR | EUR | 100.00% | 100.00% | 0.00% | |
| Bielle Impianti S.c.a.r.l. | Bologna | Italy | 100,000 EUR | EUR | 75.00% | 0.00% | 75.00% | NBI S.p.A. |
| CO.VA. S.r.l. | Bologna | Italy | 10,000 EUR | EUR | 60.00% | 0.00% | 60.00% | NBI S.p.A. |
| Consorzio Stabile Busi | Bologna | Italy | 100,000 EUR | EUR | 95.00% | 0.00% | 95.00% | NBI S.p.A. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 3E System S.r.l. |
| DEAS S.c.a.r.l. | Bologna | Italy | 10,000 EUR | EUR | 57.00% | 0.00% | 57.00% | NBI S.p.A. |
| Sartori Tecnologie Industriali Srl | Brindisi | Italy | 200,000 EUR | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. |
| Tione 2008 Scrl in liquidation | Bologna | Italy | 100,000 EUR | EUR | 76.00% | 0.00% | 80.00% | Consorzio Stabile Busi |
| 3E System Srl | Bologna | Italy | 50,000 EUR | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. |

### International

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S. | Istanbul (Turkey) | Turkey | 200,000 TRY | TRY | 100.00% | 0.00% | 100.00% | NBI S.p.A. Astur Construction and Trade A.S. |

## Main joint arrangements and associates *

| Joint Ventures | Registered office | Operating headquarters | Oper. sect. | Share/quota capital nominal amount | Funct. currency | % interest | Direct interest | Indirect interest | Companies with indirect interest |
|---|---|---|---|---|---|---|---|---|---|
| Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s. | Istanbul (Turkey) | Turkey | CO | 200,240,000 TRY | EUR | 51.00% | 5.00% | 46.00% | Astaldi Concessioni S.p.A. |

### Joint operations

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Asocierea Astaldi Spa-FCC Construccion Sa-Uti Grup SA-Activ Group Management SRL | Bucharest (Romania) | Romania | C | - - - - | EUR | 38.99% | 38.99% | 0.00% | |
| Asocierea Astaldi - FCC - Delta ACM- AB Construct | Bucharest (Romania) | Romania | C | - - - - | EUR | 47.50% | 47.50% | 0.00% | |
| Astaldi-Turkerler Joint Venture | Ankara (Turkey) | Turkey | C | - - - - | EUR | 51.00% | 51.00% | 0.00% | |
| Astadim S.C. | Warsaw (Poland) | Poland | C | 10,000 PLN | EUR | 90.00% | 90.00% | 0.00% | |
| Consorzio Rio Mantaro | Lima (Peru) | Peru | C | - - - - | USD | 50.00% | 50.00% | 0.00% | |
| Gebze-Izmir Otoyolu Insaati (Nomayg) Adi Ortakligi | Ankara (Turkey) | Turkey | C | - - - - | EUR | 17.50% | 17.50% | 0.00% | |
| IC Ictas Astaldi Simple Partnership – M11 Project | Saint Petersburg (Russia) | Russia | C | - - - - | RUB | 50.00% | 50.00% | 0.00% | |
| Ica Astaldi -Ic Ictas WHSD Insaat AS | Ankara (Turkey) | Russia | C | 2,000,000 TRY | RUB | 50.00% | 50.00% | 0.00% | |
| ICA ICTAS – ASTALDI Joint Venture | Ankara (Turkey) | Turkey | C | - - - - | USD | 33.30% | 33.30% | 0.00% | |
| Metro Blu S.c.r.l. | Milan (Italy) | Italy | C | 10,000 EUR | EUR | 50.00% | 50.00% | 0.00% | |
| OC 405 Partners Joint Venture | Irvine (California-USA) | USA | C | - - - - | USD | 40.00% | 0.00% | 40.00% | Astaldi Construction Corporation |
| UJV Astaldi Spa Chile Branch, Vinci CGP Chile Branch, and VCGP | Santiago (Chile) | Chile | C | - - - - | CLP | 50.00% | 49.50% | 1.00% | VCGP - Astaldi Ingenieria y Construccion Limitada |

### Associates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusu Kuzey Marmara Otoyolu Yatirim Ve Isletme AS | Ankara (Turkey) | Turkey | CO | 400,000,000 TRY | USD | 33.33% | 33.33% | 0.00% | |
| METRO C S.c.p.a. | Rome (Italy) | Italy | C | 150,000,000 EUR | EUR | 34.50% | 34.50% | 0.00% | |
| Otoyol Yatirim Ve Isletme A.S. | Ankara (Turkey) | Turkey | CO | 3,760,000,000 TRY | TRY | 18.86% | 18.86% | 0.00% | |
| Sociedad Concesionaria Metropolitana de Salud s.a. | Santiago (Chile) | Chile | C | 15,000,000,000 CLP | CLP | 51.00% | 0.00% | 51.00% | Astaldi Concessioni S.p.A. |

* The associates and joint ventures considered relevant are those with a carrying amount over EUR 15 million, and joint operations with revenue of over EUR 7.5 million.

**C = Construction; CO = Concession**

## Main changes in consolidation scope

The following table shows the changes in the consolidation scope compared to the previous year:

| Name | Type of company | Event |
|---|---|---|
| Mormanno S.c.r.l. liquidated | Subsidiary | Discontinuation |
| Sociedad Concesionaria Metropolitana de Salud s.a. | Associate (Subsidiary in 2016) | Transfer of 49% ownership interests |
| Pacific Hydro Chacayes | Associate | Transfer of equity investment |
| DMS DESIGN CONSORTIUM s.c.r.l. | Subsidiary | Incorporation |
| Veneta Sanitaria Finanza di Progetto S.p.A. | Subsidiary (Associate in December 2016) | Modification of rules of Governance |
| Metro 5 S.p.A. | Other investee (Associate in December 2016) | Transfer of 36.7% of shares |

## Business Combinations established in the first half of 2017

**Veneta Sanitaria Finanza di Progetto S.p.A. (V.S.F.P. S.p.A.)[3]**

In the month of February 2017, Astaldi S.p.A. signed, with Impresa di Costruzioni ing. E. Mantovani S.p.A. (Mantovani), a memorandum of understanding aimed at regulating the purchase of the shares held by Mantovani in V.S.F.P. S.p.A. (23.4% of its shareholding capital). In this setting, Mantovani in fact allowed Astaldi, pending the signing of the purchase agreement, to anticipate the effects of the transfer, guaranteeing to it *(i)* the possibility of exercising, as early as the signing of this agreement, all the Governance rights related to the shares being transferred, and *(ii)* subordinately to the transfer of the shares, recognising Astaldi's right to the profits earned and not distributed during the periods prior to the transfer date. During the month of May 2017, implementing what had been agreed upon earlier in the memorandum of understanding, the parties signed the preliminary purchase agreement whose effects were at any rate dependent upon satisfying the suspensive conditions provided for in the agreement. Once the process established in the purchase preliminary had been completed on 31 July 2017, the shares were duly endorsed with the deed under the hand and seal of the notary public Chiantini.

Given the above, the Parent's management believes that the relevant date for the business combination must, pursuant to the provisions of subsections 8 and 9 of IFRS 3 "Business Combinations," necessarily coincide with that for the signing of the memorandum of understanding (February 2017), since starting on that date Astaldi was in fact able to autonomously dictate the management and financial policies of V.S.F.P. S.p.A.

On the date of obtaining control, Astaldi, as provided for by IFRS 3, identified, based on an appraisal entrusted to an independent expert, the fair value of the Investee's assets and liabilities. The final outcome of these assessments led to adjusting V.S.F.P. S.p.A.'s net book assets to an increase by a total of EUR 11,663 thousand, due substantially to the intangible assets related to the rights for the operation of the concession of the new hospital in Mestre ("Ospedale dell'Angelo"). In this setting, the independent expert determined, as established in the aforementioned standard, the value of the non-controlling interests, appraising them as equal to EUR 41,823 thousand.

The business combination transaction gave rise to recognising a negative goodwill of EUR 5,566 thousand entered in the "other revenue" item of the Income Statement.

The following table offers, for the purpose of the Purchase Price Allocation (PPA) process, a summary of the fair values of the assets acquired and of the liabilities taken on at the moment when control of the Investee was acquired.

3 Veneta Sanitaria Finanza di Progetto S.p.A. is the concession holder tasked with building and operating Ospedale dell'Angelo in Mestre-Venice.

| | |
|---|---|
| Property, plant and equipment | 67 |
| Intangible assets | 11,663 |
| Financial assets from concession activities | 116,260 |
| Trade receivables | 36,190 |
| Other non-current assets | 48 |
| Tax assets | 1,492 |
| Cash and cash equivalents | 50,268 |
| **Assets** | **215,989** |
| | |
| Banks loans and borrowings | (76,564) |
| Other financial liabilities | (26,292) |
| Employee benefits | (121) |
| Provisions for risks and charges | (4,943) |
| Deferred tax liabilities | (13,420) |
| Trade payables | (19,223) |
| Tax liabilities | (17) |
| Other current liabilities | (189) |
| **Liabilities** | **(140,768)** |
| | |
| **Fair value of net assets acquired** | **75,222** |

It is lastly specified that the Group intends to rely on the twelve-month window established by IFRS 3 for the final definition of the PPA; this is also to subsequently take account of the accounting effects connected with the formal endorsement of the Mantovani shares, taking place on 31 July /2017.

# Newly-issued and endorsed accounting standards and interpretations, in force from 1 January 2017

At the reporting date of this Interim Financial Report, there are no newly-issued endorsed Accounting Standards and Interpretations having mandatory effect starting 01 January 2017.

# Endorsed standards and interpretations not adopted early by the Group

The following is a summary of the interpretations and the international accounting standards, endorsed by EU Regulations, not adopted early by the Group.

**Commission Regulation (EU) 2016/1905 of 22 September 2016, published in Official Journal L 295 of 29 October 2016: Adoption of IFRS 15 "Revenue from Contracts with Customers"**

IFRS 15 (the new standard) defines the criteria for recognising and measuring revenue from contracts with customers (including contracts related to construction works).

Very briefly, the new standard requires the undertaking of the following 5 steps for the recognition of revenue: *(i)* Identification of the contract; *(ii)* Identification of the performance obligations; *(iii)* Determination of the price of the transaction; *(iv)* Allocation of the price of the transaction to the performance obligations; *(v)* Recognition of revenue.

As more comprehensively described in the notes to the consolidated financial statements at 31 December 2016, already during the last financial year a project was initiated to identify the potential impact deriving from the adoption of the new standard both in business terms and with respect to the currently existing processes and procedures.

According to the analysis still being done, the following areas are potentially affected by the standard's new provisions:

**Pre-operational costs**

The analyses that were done seem to show that in most cases, the charges incurred to secure contracts could not be included in the contract costs.

**Groups of contracts**

The Astaldi Group, pursuant to the provisions of IAS 11, has – in some limited case – treated a group of contracts obtained from the same customer as a single contract work.
In light of the new provisions introduced by IFRS 15, the prerequisites for being able to proceed with combining the contracts will be assessed more carefully for some of these contracts.

**Separation of Performance Obligations**

Based on the analyses that were done, it is held that the strong interrelationship and integration of different elements of the construction contracts would, in most cases, be such that they might be considered as a single performance obligation.
In certain circumstances, however, a plurality of obligations might have been found within a single contract[4].

**Significant financial components in the contract**

In some geographical areas where the group operates, it is common industry practice for the Customers to grant the contractor a contractual advance, to be recovered along the duration of the contract, following the pre-established timing and procedures.
Although there is a contractually established period of time between the payment of the advance and the rendering of the service, to date it has not been possible to establish with any certainty whether or not there is a financial component inherent to the contracts in question, because (i) it is held that there is no objective evidence – since the aforementioned modes of payment are habitual for industry practice – that different payment deadlines brought about an additional payment for the services rendered (ii) the contractual advance might represent a de facto guarantee that may commonly be found on the reference market, of the proper fulfilment by the customer of contractual obligations.

**Variable fees**

Industry market practice provides for contractual payments to include the variable elements (i.e. Price adjustment and/or Penalties). The new standard states that these amounts must be recognised at the expected value or in the measure of the most likely amount. IFRS 15 also establishes that these amounts must be recognised only insofar that it is highly probable that, at a subsequent time, when the uncertainty associated with such assessment is resolved, there is no significant downward adjustment of the amount of recognised revenue. According to the analysis, the potential accounting effects derived from the estimate of the variable fees are still being defined.

**Contract changes**

As of the date of approval of this interim report, the pertinent technical and legal assessments needed to prove whether the rights and obligations derived from the contract changes are owed by the contract parties are still in progress.

The new standard will be applicable starting from the year 2018. At the present time, given the complexity of the topic, it has not yet been possible to fully evaluate the effects that the new standard may produce in terms of the measurement of the financial statement items and the financial disclosure to be provided.

4 (i) Maintenance of works; (ii) additional guarantees above the standards commonly found on the market of reference; (iii) distinct working operations (i.e. distinct functional lots).

**<u>Commission Regulation (EU) 2016/2067 of 22 November 2016</u>, published in Official Journal L 323 of 29 October 2016: Adoption of IFRS 9 "Financial Instruments"**

From the year 2018, IFRS 9 "Financial Instruments" will replace the accounting standard IAS 39 "Financial Instruments: Recognition and Measurement" with a view to the rationalisation and simplification of the accounting rules applicable to the classification and measurement of financial instruments.

In particular, the new provisions, *inter alia*, provide a model for classification and assessment of the financial instruments based exclusively on the following categories *(i)* Financial Assets measured at amortised cost, *(ii)* Financial Assets measured at fair value recognised in profit or loss, *(iii)* Financial Assets measured at fair value recognised in other comprehensive income.

This classification must also take into account the business model of the entity and the characteristics of the cash flows.

The new standard likewise states that the equity investments other than subsidiaries, jointly-controlled entities or associates (non-controlling interests), are measured at fair value with recognition of the effects in the income statement. IFRS 9 also states that in some limited circumstances, the cost may represent an appropriate estimate of the fair value of the unlisted instrument, which is to say if: (i) there is not enough information to determine the fair value, or if there is a broad range of possible measurements thereof.

If the non-controlling interests are not held for trading purposes, the changes in fair value can be recognised in the statement of comprehensive income, only maintaining in the income statement the effects connected with the distribution of dividends; upon the sale of the equity investment, there is no recognition in the income statement of the amounts entered in the statement of comprehensive income.

Lastly, as regards the Financial Assets, it is specified that IFRS 9 introduces a new mode of impairment for the aforementioned assets, which takes into account the losses expected over the entire life of the financial instrument ("expected credit losses").

With regard to financial liabilities measured at fair value and recognised under profit and loss for the year, the new provisions require changes in fair value connected with changes in own credit risk to be recognised in the statement of comprehensive income.

With regard to derivatives and hedging items, while confirming most of the basic principles of IAS 39, IFRS 9 has introduced some innovations in hedge accounting aimed at guaranteeing that the hedges are aligned with the risk management strategies of the companies, more principles-based compared to the past.

In particular, the main changes regard: *(i)* assessment only on a prospective basis of the effectiveness of the hedging; *(ii)* absence of a defined range (80% - 125% under IAS 39) to verify the effectiveness of hedging *(iii)* a wider range of circumstances qualifying for hedging and more instruments usable as hedging instruments; *(iv)* the possibility of intervening in the hedging transaction after the initial designation (rebalancing) in the presence of unchanged risk management objectives; *(v)* the recognition of the time value of options or forward contract premiums, excluded from the measurement of hedging effectiveness, in line with the characteristics of the purpose of the hedge.

During the HY1 2017, the activities continued as needed to identify the potential impacts derived from adopting the new standard, mainly with regard to the following areas: Verification of the modes of classification of the financial instruments based on the newly introduced provisions;

- determination of the market value of the non-controlling interests;
- determination of the expected credit losses model;
- verification of the potential impacts derived from the new provisions with regard to hedge accounting.

In consideration of the current state of analysis, the possible impacts derived from application of IFRS 9 still cannot be reasonably estimated.

# Notes to the Condensed Interim Consolidated Financial Statements

## 1 Revenue: EUR 1,424,140 thousand (EUR 1,332,904 thousand)

Revenue for the first half of 2017 totalled EUR 1,424,140 thousand, up compared to the corresponding period of the previous year by EUR 91,236 thousand. This item consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Revenue from goods and services | 1,382,003 | 1,318,501 | 63,502 |
| Concessions - Commercial services under arrangement | 35,019 | 8,280 | 26,739 |
| Periodical instalments on plant maintenance contracts | 7,118 | 6,123 | 995 |
| **Total** | **1,424,140** | **1,332,904** | **91,236** |

The "Revenue from goods and services" item includes the amount of the works performed and accepted by the respective customers, including the portion of long-term works done during the financial year, but not yet completed.

The "Concessions – Commercial services under arrangement" item comprises the amounts accrued for infrastructure operation services, essentially regarding: *(i)* new hospital in Mestre ("Ospedale dell'Angelo") (EUR 26,035 thousand), *(ii)* the four new hospitals in Tuscany (EUR 6,962 thousand) and *(ii)* the plant in Chile (Relaves Project), for the treatment and recovery of the copper and molybdenum contained in the residues of the Codelco Mine (EUR 2,022 thousand).

The "Periodical instalments on plant maintenance contracts", on the other hand, comprises the activities undertaken in the HY1 by the subsidiary NBI, the company operating in the plant engineering and facility management segment, complementary to the current activities of the Group, but also useful for providing it with relevant industrial and commercial synergies, with the contribution of top level professional skills.

The revenue in terms of geographical breakdown is as follows.

| | HY1 2017 | % | HY1 2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 340,385 | 23.90% | 203,631 | 15.28% | 136,754 |
| Europe | 494,869 | 34.75% | 610,368 | 45.79% | (115,499) |
| America | 531,540 | 37.32% | 414,956 | 31.13% | 116,584 |
| Africa | 56,840 | 3.99% | 92,108 | 6.91% | (35,268) |
| Asia | 506 | 0.04% | 11,841 | 0.89% | (11,335) |
| **Total** | **1,424,140** | **100.00%** | **1,332,904** | **100.00%** | **91,236** |

Domestic production benefits from the positive contribution of the activities related to the construction of the Naples-Afragola High-Speed Railway Station (which opened to the public about 8 months ahead of schedule) and Line 4 of the Milan Underground, in addition to the start of the planning phase[5] of the Extremely Large Telescope (ELT project) at Cerro Armazones (Chile). As regards the Italian segment, it is to be stressed that following the acquisition of control of the SPV Veneta Sanitaria Finanza di Progetto S.p.A., starting from this reporting period, the proceeds from the operating the concession for Ospedale dell'Angelo in Mestre were fully recognised (EUR 26,035 thousand).

For the European segment, we should point out the increase in production volumes of the following contracts: Etlik Integrated Health Campus in Turkey and M-11 Moscow-Saint Petersburg Motorway in

5 Activity performed in Italy.

Russia, and the extension of the Warsaw Underground II in Poland. However, compared with the first half of 2016, this segment is affected by the lesser contribution recorded due to the substantial completion of some major projects in Turkey (Third Bosphorus Bridge and Phase 1 of the Gebze-Orhangazi-Izmir Motorway), Russia (WHSD in Saint Petersburg), and Romania (Line 4 of the Bucharest Underground).

There has been a growth in the contribution to revenue recorded by the American segment, which has benefited from *(i)* the positive effect of the works in progress in Chile (Santiago Airport and Chuquicamata Mining project) and *(ii)* the acceleration in the activities related to the Muskrat Falls Hydroelectric Project in Canada, also following the positive impetus derived from the overall revision, in the month of November 2016, of the relative contractual agreements.

The contribution of the African segment has fallen compared to HY1 2016, due to smaller volumes connected with Algerian railway projects. During the first half of 2016, this segment had in fact benefitted from the accelerated activities connected with building the signalling, telecommunications, and energy systems, with a view to the upcoming scheduled handing over of the Saida–Moulay Slissen railway section.

For further details on this item, see note 36 in the Segment Reporting pursuant to IFRS 8.

## 2 Other operating revenue: EUR 80,063 thousand (EUR 67,531 thousand)

Other operating revenue, totalling EUR 80,063 thousand, comprises revenue items not directly related to the main production activity of the Group, but nevertheless accessory to the characteristic activity.

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Revenue from sale of goods | 7,528 | 16,312 | (8,784) |
| Services – third parties | 13,289 | 27,035 | (13,746) |
| Services – management of joint projects | 287 | 191 | 96 |
| Rents and leases | 843 | 1,539 | (696) |
| Net gains from disposals | 22,551 | 3,214 | 19,337 |
| Other | 35,565 | 19,240 | 16,325 |
| **Total** | **80,063** | **67,531** | **12,532** |

The item “Other” mainly comprises *(i)* the revision of estimates of some liabilities recognised in previous financial statements, *(ii)* the valorisation of compensation received from third parties (insurance, subcontractors) to restore the damage suffered by the Group in the performance of construction segment projects, as well as *(iii)* the effects of the business combination of Veneta Sanitaria Finanza di Progetto S.p.A. discussed earlier.

The increase recorded in the “Net gains from disposals” item may be connected chiefly to the sale of the SPVs Pacific Hydro Chacayes (EUR 9,484 thousand) and Sociedad Concesionaria Metropolitana de Salud S.A. (EUR 7,391 thousand[6]), as discussed in greater detail under note 26 below.

## 3 Purchase costs: EUR 157,348 thousand (EUR 211,940 thousand)

At 30 June 2017, purchase costs, including the change in raw materials and consumables, totalled EUR 157,348 thousand, showing a decrease of EUR 54,592 thousand compared to the previous year.

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Purchase costs | 157,084 | 205,574 | (48,490) |
| Change in raw materials, consumables and goods | 264 | 6,366 | (6,102) |
| **Total** | **157,348** | **211,940** | **(54,592)** |

6 Total value of fair value assessment – IFRS 10 subsection 25 – of the interest yet to be transferred.

Below is a detailed analysis of the geographical breakdown of the item.

| | HY1 2017 | % | HY1 2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 39,108 | 24.85% | 36,680 | 17.31% | 2,428 |
| Europe | 64,040 | 40.70% | 114,035 | 53.81% | (49,995) |
| America | 48,389 | 30.75% | 48,884 | 23.07% | (495) |
| Africa | 5,809 | 3.69% | 12,322 | 5.81% | (6,513) |
| Asia | 2 | 0.00% | 19 | 0.01% | (17) |
| **Total** | **157,348** | **100.00%** | **211,940** | **100.00%** | **(54,592)** |

The decrease found for the international segment is ascribable mostly to the WHSD project in Saint Petersburg, Russia, and to the Saida–Moulay Slissen railway section in Algeria, which are heading towards the natural conclusion of their activities, plus, more generally, to the subcontracting of a portion of the works being carried out.

# 4 Service costs: EUR 797,191 thousand (EUR 725,399 thousand)

Service costs, totalling EUR 797,191 thousand, are up compared to HY1 2016 by EUR 71,792 thousand. This item consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Consortium costs | 51,799 | 43,576 | 8,223 |
| Subcontracts and other services | 617,660 | 572,491 | 45,169 |
| Technical, administrative and legal consultancy | 55,327 | 42,559 | 12,768 |
| Directors' and statutory auditors' fees | 2,141 | 2,179 | (38) |
| Utilities | 3,479 | 4,172 | (693) |
| Travel and transfers | 4,174 | 4,021 | 153 |
| Insurance | 8,906 | 7,875 | 1,031 |
| Leases and other costs | 30,582 | 23,656 | 6,926 |
| Lease and building management costs | 5,312 | 5,114 | 198 |
| Maintenance of third party assets | 514 | 482 | 32 |
| Other | 17,297 | 19,274 | (1,977) |
| **Total** | **797,191** | **725,399** | **71,792** |

The consortium costs connected with the performance of works, in association with other entities in the segment, show an increase of EUR 8,223 thousand compared to HY1 2016. The change is mainly due to the greater contribution derived from the initiative of carrying out the works to build the Brenner Base Tunnel, “Mules 2-3” Lot”.

With regard to the item “Subcontracts and other services”, up compared to the previous year by EUR 45,169 thousand, the geographical breakdown is shown below:

| | HY1 2017 | % | HY1 2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 147,926 | 23.95% | 74,113 | 12.95% | 73,813 |
| Europe | 301,942 | 48.88% | 295,477 | 51.61% | 6,465 |
| America | 147,695 | 23.91% | 148,231 | 25.89% | (536) |
| Africa | 20,042 | 3.24% | 43,720 | 7.64% | (23,678) |
| Asia | 55 | 0.01% | 10,950 | 1.91% | (10,895) |
| **Total** | **617,660** | **100.00%** | **572,491** | **100.00%** | **45,169** |

The changes of this item substantially reflect the production trend in the period, and as stated in the note on revenue (note 1) shows a growth in the volumes for works under way in Russia (M-11 Moscow-Saint Petersburg Motorway) and Poland (Extension of Warsaw Underground II) partly offset by the effects of the reduction of the amounts for projects under way in Algeria (Saida–Moulay Slissen Railway) and Peru ("Cerro del Águila" Project) that are coming to the scheduled end of the activities. Also highlighted is the increase recorded in Italy, related essentially to the activities performed by Veneta Sanitaria Finanza di Progetto S.p.A. – a Group Subsidiary starting from this half – as part of the operation of the Concession for the new hospital in Mestre ("Ospedale dell'Angelo").

Lastly, costs have also risen for Technical, administrative and legal consultancy, with reference to contracts in progress in Turkey (Etlik Integrated Health Campus) and Poland (Extension of Warsaw Underground II). As regards this last initiative in particular, it is pointed out that the project's start-up phase brought the result that the legal and financial assistance activities aimed at contractualising the works as well as designing the projects were particularly significant.

# 5 Personnel expenses: EUR 331,861 thousand (EUR 277,186 thousand)

This item consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Wages and salaries | 246,857 | 197,365 | 49,492 |
| Social security contributions | 50,404 | 39,730 | 10,674 |
| Other costs | 33,466 | 38,820 | (5,354) |
| Other post-employment benefits | 515 | 581 | (66) |
| Cost of share-based payments | 619 | 690 | (71) |
| **Total** | **331,861** | **277,186** | **54,675** |

The other costs mainly refer to expenses incurred for the training of employees, costs for meals and lodging, accrual for post-employment benefits as a defined contribution plan set forth in IAS 19.

The accrual for post-employment benefits in the context of the "defined benefit plan" is included in the "Other post-employment benefits" item.

The geographical breakdown of personnel expenses is shown below:

| | HY1 2017 | % | HY1 2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 53,464 | 16.11% | 48,245 | 17.41% | 5,219 |
| Europe | 39,247 | 11.83% | 46,812 | 16.89% | (7,565) |
| America | 230,376 | 69.42% | 170,364 | 61.46% | 60,012 |
| Africa | 7,697 | 2.32% | 11,058 | 3.99% | (3,361) |
| Asia | 1,077 | 0.32% | 707 | 0.26% | 370 |
| **Total** | **331,861** | **100.00%** | **277,186** | **100.00%** | **54,675** |

As for the geographical breakdown of personnel expenses, there was a significant increase in the foreign sector basically related to the greater production volumes recorded in Canada (Muskrat Falls Hydroelectric Project) in addition to a more general reliance on own labour for the performance of specialist works.

## 5.1 Average number of employees

The average number of employees by category is the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Managers | 274 | 296 | (22) |
| Junior managers | 217 | 206 | 11 |
| White collars | 3,389 | 3,693 | (304) |
| Blue collars | 7,003 | 7,297 | (293) |
| **Average number of employees** | **10,883** | **11,492** | **(609)** |

At 30 June 2017, the Group had an average workforce of 10,883 employees. On an aggregate basis, the figure recorded a decrease of 5% compared to the previous HY1, and confirms the prevalence of personnel employed abroad (90% of the total), due to the significant revenue produced outside Italy as well as the larger number of contracts in progress involving direct works.

## 5.2 Senior management incentive plan

**Stock Grant Plan**

The “Cost of share-based payments” item includes the valuation of an incentive plan for senior managers linked to their achievement of specific financial targets.
The main features of the plan are defined hereunder.
The Plan consists in the assignment of Parent shares to the Beneficiaries, gratuitously. The beneficiaries were as follows: the CEO, up to a maximum of *(i)* six General Managers and *(ii)* two “Key management personnel”. The assignment period refers to the 2016-2018 three-year period.
The CEO can be assigned, free of charge, a maximum number of 100,000 shares for each year of validity of the plan, and each General Manager can be assigned, free of charge, a maximum number of 40,000 shares for each year of validity of the plan; each member of “Key manager personnel” can be assigned gratuitously for each year of validity of the Plan, a maximum number of 40,000 shares.
The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will be equal to 420,000, and they cannot exceed the number of 1,260,000 shares during the three-year period of validity of the plan.
Assignment of the shares every year is subordinate to the Group’s achievement of the financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions and consequently provides for assigning the shares to the Beneficiaries.
In connection with what has been described up to this point, the plan has determined for the HY1 in question a cost of EUR 619 thousand, with a balancing entry in an equity reserve.
The following are the actuarial assumptions with regard to the plan’s calculation:

- Dividend rate: 5.00%;
- Volatility: 60%;
- Free risk rate: deduced from Euroswap rates on the measurement dates.

It was also hypothesised that the performance objectives are achieved with the following likelihood:

- 90% for 2017;
- 85% for 2018.

**Medium-term incentive plan – “Management By Objectives” (MBO)**

The Parent’s Board of Directors, upon proposal by the Appointments and Remuneration Committee, in the session of 27 June 2016 approved a medium-term incentive plan to be provided for the Chairman, connected with the task of implementing the programme for the disposal of assets under concession in accordance with the Astaldi Group’s Strategic Plan.
The maximum of the bonus to be paid upon reaching all of the planned targets totals EUR 6,000 thousand.
During the HY1 2017, as provided for by the incentive plan, the Chairman was paid a bonus equal to EUR 1,483 thousand following the completion of the transactions for the transfer *i)* of the equity investment in

Aguas de San Pedro S.A., *(ii)* of 49% of the equity investment held in Sociedad Concesionaria Metropolitana de Salud S.A.[7] and *(iii)* of the equity investment held in Pacific Hydro Chacayes.
At the reporting date, the charges connected with the incentive plan were recognised in relation to the further disposal assets (on the basis of actuarial appraisal, totalling EUR 1,148 thousand).

# 6 Other operating costs: EUR 26,568 thousand (EUR 19,079 thousand)

Other operating costs total EUR 26,568 thousand and show an increase of EUR 7,489 thousand compared to the previous year. Details are shown in the following table:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Prior year expense and fair value losses | 395 | 1,693 | (1,298) |
| Tax expense | 6,148 | 5,466 | 682 |
| Other administrative and sundry costs | 20,025 | 11,920 | 8,105 |
| **Total** | **26,568** | **19,079** | **7,489** |

The item “Other administrative and sundry costs” rose substantially due to the effect (EUR 7,855 thousand) of the results of the settlement agreement signed with the Customer in the context of a contract no longer operative in Central America. It is specified that, in this setting, the Astaldi Group was attributed some works performed at the time of the events and not certified by the Customer. This circumstance led to the recognition of the income (EUR 10,365 thousand) in the Revenue item as per note 1.

# 7 Share of profits (losses) of joint ventures and associates: EUR 23,143 thousand (EUR 32,748 thousand)

The share of profits of equity-accounted investees decreased by EUR 9,605 thousand compared to the corresponding period of the previous year and consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Associates | 20,615 | 31,692 | (11,077) |
| Joint Ventures | 2,528 | 1,056 | 1,472 |
| **Total** | **23,143** | **32,748** | **(9,605)** |

At 30 June 2017, the balance of this item refers in particular to (i) EUR 15,811 thousand for the design, construction and operation of the Third Bosphorus Bridge, (ii) EUR 22,157 thousand for Otoyol Yatirim Ve Isletme A.S., holder of the concession for the design, construction and operation of the new Gebze-Orhangazi-Izmir Motorway in Turkey.

The decline shown by this item is connected mainly to non-recurring components that penalised the HY1 2017, which are also ascribable to the reclassification – done on the basis of the provisions of subsection 22c of IAS 28 – from the Other Comprehensive Income of the net balance of the Hedging Reserve and the Translation Reserve of the SPVs Pacific Hydro Chacayes (EUR -3,285 thousand) and Metro 5 S.p.A. (EUR -13,329 thousand), transferred during the HY1 2017.

# 8 Amortisation, depreciation and impairment losses: EUR 25,574 thousand (EUR 29,515 thousand)

7 First tranche of an operation that upon completion will result in the transfer of the investee’s entire shareholding package.

Amortisation, depreciation and impairment losses totalled EUR 25,574 thousand, decreasing in absolute terms compared to the previous HY1 by EUR 3,942 thousand. This item consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Amortisation | 3,883 | 4,318 | (435) |
| Depreciation | 18,864 | 25,195 | (6,331) |
| Impairment losses on receivables | 2,826 | 2 | 2,824 |
| **Total** | **25,573** | **29,515** | **(3,942)** |

The “Amortisation,” item, substantially stable compared to HY1 2016, is basically attributable to the amortisation of the contract rights acquired for the development of the works for “Maxi-Lot 2” of the Quadrilatero Marche-Umbria Road Network (EUR 2,082 thousand) and the “Infraflegrea” project (EUR 1,123 thousand).

The decrease in “depreciation” item mainly concerns the works to construct the WHSD in Saint Petersburg in Russia and the “Cerro del Águila” in Peru which have headed into the final phase of their activities.

As to impairment losses on receivables, it is specified that the depreciation during the reporting period takes into account the substantially final results attributable to activities carried out in previous financial years in contracts in the African segment that are no longer operative.

# 9 Provisions: EUR 4,104 thousand (EUR 10,258 thousand)

Provisions for risks and charges, equal at 30 June 2017 to a total of EUR 4,104 thousand, represent, in substance (EUR 3,805 thousand), the measurement of the potential liabilities deemed probable with regard to litigations in progress with Subcontractors in the area of the performance of works in the American segment.

# 10 Financial income: EUR 72,270 thousand (EUR 44,018 thousand)

Financial income increased compared to the previous HY1 by EUR 28,252 thousand and consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Income from associates | 0 | 37 | (37) |
| Income from financial transactions with banks | 1,014 | 929 | 85 |
| Commissions on sureties | 11,035 | 191 | 10,844 |
| Exchange rate gains | 25,595 | 16,667 | 8,928 |
| Financial income on leases | 0 | 682 | (682) |
| Income from derivatives | 4,017 | 1,132 | 2,885 |
| Fair value gains on the derivative embedded in convertible bonds | 3,022 | 5,014 | (1,992) |
| Interest income on financial assets from concession activities | 3,765 | 2,395 | 1,370 |
| Other financial income | 23,822 | 16,971 | 6,851 |
| **Total** | **72,270** | **44,018** | **28,252** |

The “Other financial income” item comprises *(i)* for a total amount of EUR 15,489 thousand, the amount of the interest (contractual and implicit) accruing on receivables from customers in connection with contracts being carried out in Italy and abroad, plus *(ii)* interest on financing paid to associates, joint ventures, and partners in joint projects (EUR 7,702 thousand).

The amount of Commissions on sureties (EUR 10,844 thousand) grew as an effect of the billing, to the SPV that is developing the project related to the Brenner Railway Tunnel, of the commissions for the performance bond required in the corresponding contract.

With regard to currency management, we can point to an increase in exchange rate gains, ascribable to the fluctuating United States Dollar.

It is lastly pointed out that the buyback of the equity-linked bond falling due in 2019 necessitated derecognising the liabilities connected with the cash settlement option (EUR 3,022 thousand) contained in the aforementioned Notes. This event brought about the consequent recognition of a corresponding financial income in the “Fair value gains on the derivative embedded in convertible bonds” item.

## 11 Financial expense: EUR 179,732 thousand (EUR 139,554 thousand)

Financial expense rose compared to the previous year by EUR 40,178 thousand, and consists of the following:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Interest on bonds | 31,191 | 30,388 | 803 |
| Commissions on sureties | 27,225 | 18,091 | 9,134 |
| Expense on financial transactions with banks | 29,173 | 28,152 | 1,021 |
| Expense for early repayment of bonds | 3,403 | 0 | 3,403 |
| Exchange rate losses | 47,270 | 43,740 | 3,530 |
| Expense on derivatives | 20,401 | 5,380 | 15,021 |
| Fair value losses on the derivative embedded in convertible bonds | 7,451 | 0 | 7,451 |
| Lease expense | 594 | 581 | 13 |
| Interest for extended payment terms on trade items | 3,214 | 2,507 | 707 |
| Factoring of receivables without recourse | 3,218 | 5,807 | (2,589) |
| Discount expense | 766 | 0 | 766 |
| Other financial expense | 5,060 | 4,533 | 527 |
| **Total** | **178,966** | **139,179** | **39,787** |
| Impairment losses on equity investments | 8 | 373 | (365) |
| Impairment losses on securities and receivables | 757 | 2 | 755 |
| **Total** | **765** | **375** | **390** |
| **Total financial expense** | **179,732** | **139,554** | **40,178** |

There was an increase in Commissions on sureties of EUR 9,134 thousand with reference to the domestic segment (Brenner Railway Tunnel). With regard to the latter project, we can point out that the Parent has already transferred that charge to the SPV that is developing the initiative. The effects of this action can be seen in the item “Commissions on sureties” shown under the heading of “Financial income” as in note 10 above.

The “Expense for early repayment of bonds” item includes the effect of non-recurring items connected with the reverse bookbuilding transaction[8] of the equity-linked bond falling due in 2019 (EUR 3,403 thousand).

The increase in the “Expense on derivatives” item is mostly ascribable to the reclassification[9] – done as an effect of the loss of control over the SPV Sociedad Concesionaria Metropolitana de Salud S.A. – of the net balance of the cash flow hedge[10] (EUR 13,641 thousand) of the aforementioned investee in the Income Statement.

8 For further details, see the comments to note 28 below.
9 In accordance with the provisions of subsection B99 of IFRS 10 “Consolidated Financial Statements.”
10 Already progressively recognised in the previous reporting periods among the components of the statement of comprehensive income.

With regard to foreign currency management, we can cite the greater amounts of exchange rate losses (EUR 3,530 thousand) mainly recognised due to the effect of the fluctuating United States Dollar. This effect is partially offset by the rise in exchange rate gains commented on in note 10.

It is lastly pointed out that the measurement of the cash settlement option for the equity-linked bond issued this past month of June gave rise, in the HY1 2017, to the recognition of an overall expense equal to EUR 7,451 thousand. This effect is partially mitigated by the recognition of the income consequent to the derecognition of the liability related to the cash settlement option, for EUR 3,022 thousand, as shown in note 10 above.

## 12 Tax expense: EUR 19,310 thousand (EUR 15,433 thousand)

The Group's tax expense for the first half of 2017 was calculated provisionally and as an estimate on the basis of what the Group would expect to pay at the end of the year, with specific reference to the tax rates envisaged by differing tax legislation in force in the areas where the Group operates.

The total amount of the tax expense for HY1 is EUR 19,310 thousand.

The tax rate for HY1 2017, including the impact of IRAP, is 25% (HY1 2016: 24%).

The details of the item are shown in the table below:

| | HY1 2017 | HY1 2016 | Change |
|---|---|---|---|
| Current income tax (*) | 13,938 | 18,134 | (4,196) |
| Deferred income tax (*) | 10,726 | (4) | 10,730 |
| IRAP, current | 1,214 | 430 | 784 |
| IRAP, deferred | 0 | 18 | (18) |
| Tax expense of previous financial years and other | (6,568) | (3,145) | (3,423) |
| **Total** | **19,310** | **15,433** | **3,877** |

(*) Income tax refers to IRES for Italy and similar taxes for the foreign segments

Therefore, the overall effects, already seen in the financial statements at 31 December 2016, deriving from the recent measures on international taxation adopted by the tax authorities at the national level and also having effect on previous years. In particular, the new measures have clarified that the activities conducted abroad through Joint Operations are subject to taxation exclusively in the country where the related income is generated, and are thus exempt for the purposes of World Wide Taxation pursuant to the current legislation in Italy.

Moreover, as usual, the tax rate takes into account the various taxation regimes in force in the countries where the Group operates, with specific reference to the modes of taxation of the income produced in the sphere of long-term contracts.

## 13 Profit (Loss) from discontinued operations: EUR 0 thousand (EUR 18,075 thousand)

At June 2016, this item included the income components cumulatively recognised for the Investee Re.Consult, classified as Profit from discontinued operations, whose transfer transaction to the Spanish company Abertis was completed during the fourth quarter of 2016. For further information, see the more detailed commentary in the 2016 annual financial report.

# 14 Earnings per share: EUR 0.57 (EUR 0.32)

Basic earnings per share are calculated as follows:

| | | HY1 2017 | HY1 2016 |
|---|---|---|---|
| **Numerator (EUR/000)** | | | |
| Profit from continuing operations of ordinary shareholders of the Parent | (a) | 55,669 | 49,583 |
| Profit attributable to the ordinary shareholders of the Parent | (b) | 55,669 | 31,509 |
| **Denominator (in units)** | | | |
| Weighted average shares (all ordinary) | | 98,424,900 | 98,424,900 |
| Weighted average treasury shares | | (604,606) | (789,562) |
| **Weighted average shares used to calculate basic earnings per share** | **(c)** | **97,820,294** | **97,635,338** |
| **Basic earnings per share - (EUR)** | **(b)/(c)** | **EUR 0.5691** | **EUR 0.3227** |
| **Basic earnings per share from continuing operations - (EUR)** | **(a)/(c)** | **EUR 0.5691** | **EUR 0.5078** |

Diluted earnings per share equal to EUR 0.5051, were calculated by dividing the profit for the HY1 2017 attributable to the ordinary shareholders of the Parent – adjusted by the amount of the revenue items that it is assumed will not be incurred after conversion of the potential ordinary shares (net charges of EUR 2,339 thousand) – by the weighted average Astaldi S.p.A. shares in circulation in the year, excluding treasury shares, incremented by the weighted average shares that could potentially be placed in circulation (17,032,444 shares) with relation to the Stock Grant Plans (337,500 shares) and to the equity-linked bond falling due in 2019, repurchased this past month of June (16,694,944 shares).

It is also specified that in June 2017, the Company closed a financing transaction by means of a new equity-linked bond equal to EUR 140 million, issued with qualified Italian and foreign investors. The bonds could become convertible at a fixed conversion price of EUR 7.8416, into existing or newly-issued ordinary shares of the Parent, starting from the date indicated in the communication, after approval of the increase in the share capital by an extraordinary Shareholders' Meeting to be held by no later than 21 December 2017. The Parent shall be entitled to settle any conversion by cash payment or a combination of ordinary shares and cash.
At the reporting date, no account was taken, in calculating the diluted earnings, of the hypothetical conversion of this bond, as the right to conversion into ordinary shares is not yet active.

# 15 Property, plant and equipment: EUR 187,415 thousand (EUR 207,558 thousand)

The following table shows changes in the amount of property, plant and equipment at the beginning and at the end of the year:

| | Land and Buildings | Generic and specific plant | Excavators, power shovels, and vehicles | Equipment, Machinery, Light constructions | Assets under construction and payments on account | Total |
|---|---|---|---|---|---|---|
| Amount at 31 December 2016, net of depreciation (1) | 50,750 | 82,698 | 35,801 | 25,161 | 13,148 | 207,558 |
| Additions from acquisitions | 63 | 3,630 | 5,361 | 3,291 | 1,359 | 13,704 |
| **Gross amount** | **50,813** | **86,328** | **41,162** | **28,452** | **14,507** | **221,262** |
| Depreciation | (599) | (8,782) | (4,652) | (4,827) | 0 | (18,860) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other disposals | (34) | (3,167) | (5,985) | (2,679) | (175) | (12,040) |
| Reclassification and transfers | 7 | 100 | 2 | 4,405 | (4,513) | 0 |
| Net exchange rate gains | (859) | (811) | (598) | (490) | (287) | (3,045) |
| Change in consolidation scope and other changes | 0 | (321) | 17 | 401 | 0 | 97 |
| **Amount at 30 June 2017, net of depreciation (2)** | **49,328** | **73,347** | **29,946** | **25,262** | **9,532** | **187,415** |
| | | | | | | |
| (1) of which: | | | | | | |
| Historical cost | 65,367 | 183,634 | 134,788 | 91,751 | 13,148 | 488,687 |
| Accumulated depreciation | (14,618) | (100,936) | (98,986) | (66,590) | 0 | (281,130) |
| **Carrying amount** | **50,750** | **82,698** | **35,801** | **25,161** | **13,148** | **207,558** |
| | | | | | | |
| (2) of which: | | | | | | |
| Historical cost | 64,394 | 169,615 | 116,621 | 92,550 | 9,532 | 452,711 |
| Accumulated depreciation | (15,066) | (96,267) | (86,675) | (67,288) | 0 | (265,296) |
| **Carrying amount** | **49,328** | **73,347** | **29,946** | **25,262** | **9,532** | **187,415** |

The following most significant changes are pointed out:

- The increases of EUR 13,704 thousand mainly refer to the investments made for the projects under way in Canada, Poland and Italy;
- Depreciation for the period totalling EUR 18,860 thousand;
- The disposals made in the period (EUR 12,040 thousand) mainly regard the disposal of assets of projects being completed in Peru and Russia.

The amount of property, plant and equipment includes a component of leased goods for a carrying amount of EUR 21,713 thousand as shown in the following table:

| | Land and Buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machines | Total at 31/12/2016 |
|---|---|---|---|---|---|
| Historical cost | 1,196 | 16,069 | 17,753 | 776 | 35,794 |
| Accumulated depreciation | (186) | (7,523) | (6,294) | (77) | (14,081) |
| **Total** | **1,010** | **8,546** | **11,458** | **699** | **21,713** |

# 16 Investment property: EUR 648 thousand (EUR 693 thousand)

The "Investment property" item, totalling EUR 648 thousand, includes buildings and land held for investment purposes, whose amount, substantially stable in comparison with the previous financial year, decreases essentially due to the effect of the normal depreciation rate (EUR 4 thousand) and translation of the balances of the subsidiaries with a functional currency different from the presentation currency. In relation to measurement of fair value, it is noted that since the indicators were not wholly reliable and due to the low significance of the investment in question, it was not deemed necessary to list a precise measurement or a range of fair values.

# 17 Intangible assets: EUR 86,915 thousand (EUR 74,026 thousand)

Net intangible assets consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Goodwill | 14,745 | 14,745 | 0 |
| Other assets | 72,170 | 59,281 | 12,889 |
| **Total** | **86,915** | **74,026** | **12,889** |

## 17.1 Goodwill: EUR 14,745 thousand (EUR 14,745 thousand)

This item does not show changes compared to the previous year-end. In particular, the amount of EUR 14,745 thousand comprises the following:

- EUR 11,634 thousand for goodwill recognised following the acquisition of the BUSI IMPIANTI business unit, completed in 2012, with reference to the plant engineering and maintenance segment, allocated to the *Cash Generating Unit "Plant and maintenance",* which comprises the assets of NBI and its investees. This combination represents the basic reference unit within the Group for which goodwill is monitored by management for management purposes, and thus to determine whether or not to include it in the financial statements.
  At the end of the reporting period, the impairment test was performed on the carrying amount of the CGU by comparison with the relative recoverable amount.
  The estimate of the value in use was made by discounting the operating cash flow, i.e. the flow available before repayment of financial payables and shareholder remuneration (the Unlevered Discounted Cash Flow – UDCF method) derived from the financial plan approved by the subsidiary's Board of Directors for the period 2017-2019. The cash flow of each year was suitably discounted (mid-year convention) at the weighted average cost of capital (WACC) estimated at 8.90%.
  The impairment test did not show any need for impairment of goodwill.
  We should likewise point out that the sensitivity analysis showed that the reasonable change in the financial parameters used for calculating the discount rate (+100 bps) seems to confirm that headroom is substantially sufficient, and a hypothetical change of -10% in annual EBITDA on a straight-line basis for all the years of the plan seems to confirm the stability of goodwill.
- EUR 3,111 thousand for goodwill recognised, during 2012, following the acquisition of *T.E.Q. Construction Enterprise Inc.* that was allocated to the Cash Generating Unit with reference to the investee alone. This is because it is believed that it will generate incoming cash flows, deriving from the continuity of the pertinent corporate activities, broadly independent from the other activities of the Group.
  At the end of the reporting period, the Impairment Test was conducted on the carrying amount of the CGU by the comparison with the relative recoverable amount. Specifically, the recoverable amount of the CGU was considered to be equal to the related fair value identified by the market multiples method for comparable companies, applied to the 2017 EBITDA.
  The value of 2017 EBITDA was estimated by integrating EBITDA for HY1 2017, as recorded by the IFRS Reporting Package approved by the Parent's Board of Directors with the economic forecasts of the second half of the year, as found in the 2017 Annual Budget of said Investee. The multiple utilised is the ratio Enterprise Value/EBITDA on a sample of comparable companies. Implicit goodwill was thus calculated by adjusting the Enterprise Value to take into account net invested capital.
  The result of the impairment test on goodwill, recognised after the acquisition of T.E.Q. Construction Enterprise Inc., did not show any need to apply impairment.

It must be noted that at the draft date of this report, it proved necessary to check the recoverability of goodwill given the presence of impairment indicators linked to the market capitalisation of Astaldi S.p.A.

## 17.3 Other intangible assets: EUR 72,170 thousand (EUR 59,281 thousand)

At the end of the HY1 2017, this item included mainly *(i)* the net amount of the contractual rights acquired by third parties for the performance *of "*Maxi-Lot 2" of the Quadrilatero Marche-Umbria Road Network (EUR 18,643 thousand) and the "Infraflegrea" project (EUR 32,517 thousand); *(ii)* the amount of the intangible assets (EUR 11,663 thousand) related to the rights to for operating the concession of Ospedale dell'Angelo in Mestre, recognised following the acquisition of control over Veneta Sanitaria Finanza di Progetto S.p.A.; *(iii)* the contractual right (EUR 4.838 thousand) to the O&M activities of the Felix Bulnes Hospital in Santiago, Chile, acquired under the agreement regarding the transfer of the equity investment in Sociedad Metropolitana de Salud S.A.[11]

11 For more details, see the more in-depth discussion provided in note 26 "Non-current assets held for sale and Disposal Groups."

It is lastly specified with reference to the amount of the contractual rights for “Maxi-Lot 2” of the Quadrilatero Marche-Umbria Road Network and the “Infraflegrea” project that, given the presence of impairment indicators connected with the price of the Astaldi S.p.A. stock, the recoverability of the corresponding investments was verified at the end of the period.

More specifically, the value in use of said activities was estimated by discounting the operating cash flows (the Unlevered Discounted Cash Flow – UDCF method) determined on the basis of the forecasts developed on reasonable and sustainable assumptions to represent the best estimate that could be made by the Parent’s management. Each year’s cash flow was suitably discounted (mid-year convention) at the Weighted Average Cost of Capital (WACC) of 8.90%. It must be noted that the 2017 cash flow was adjusted in order to take into account the relevant period (six-monthly flow).

The impairment test did not show any need for the amortisation of intangible assets. It is likewise pointed out that the sensitivity analysis made shows that the reasonable change in the measurement of the financial parameters used for the determination of the discount rate (+100 bps) seems to confirm that headroom is substantially sufficient, and a hypothetical change of -10% in annual gross operating profit on a straight-line basis in all the years of the plan seems to confirm the stability of the carrying amount of the intangible assets.

It is lastly pointed out that the aggregate in question includes no leased assets.

# 18 Equity investments: EUR 372,509 thousand (EUR 523,631 thousand)

Equity investments in associates, joint ventures and other investees net of accumulated impairment losses, total EUR 372,509 thousand, down by EUR 151,122 thousand compared to 31 December 2016.

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Equity investments measured at cost | 40,018 | 30,440 | 9,578 |
| Equity-accounted investments | 332,491 | 493,191 | (160,700) |
| **Total** | **372,509** | **523,631** | **(151,122)** |

With regard to this item it is pointed out that the main changes occurred during HY1 2017, in addition to the overall income statement effects resulting from equity-accounted investments are due to the following main factors as well:

- the reclassification in the context of the disposal groups, of the carrying amount of the associate Ica Ic Ictas Astaldi Marmara Otoyolu (EUR 164,495 at 31 December 2016), as described more fully in note 26 below;
- the increases taking place in equity in the Turkish SPVs Otoyol Yatirim Ve Isletme A.S. (EUR 18,836 thousand) and Ankara Etlik Hastane A.S. (EUR 5,690 thousand);
- the derecognition of the carrying amount of the investment held in Veneta Sanitaria Finanza di Progetto S.p.A. (equal at 31/12/2016 to EUR 24,308 thousand) due to the change in the consolidation criterion following acquisition of control of that entity;
- the entry – pursuant to IAS 28 subsection 22 b – in equity investments measured at cost, of the residual interest (equal to 2%) maintained in Metro 5 S.p.A. (EUR 9,603 thousand) after the signing, with Ferrovie dello Stato Italiane, of the final agreement to transfer the remaining 36.7% of that investee’s share capital.

Finally, it is pointed out that the carrying amounts of the investments, as in the previous year, are shown net of injections still to be made on the quotas and/or shares subscribed.

## 18.1 Impairment tests

Considering the presence of impairment indicators connected with the market capitalisation of Astaldi S.p.A.,[12] the endurance of the carrying amounts of other equity investments in the concessions segment that are relevant in the Group was verified.

In particular, with regard to the measurement techniques used for purposes of performing the impairment tests on the above-mentioned investees, it is pointed out that the recoverable amount of each of these was identified using the Dividend Discount Model (DDM), with the discounting of future dividend flows expected from the performance of the companies. In order to apply this method, the economic and financial plans drawn up by the management of the investees were used.

There follows a table summarising the impairment tests conducted:

| Name | Project | Concession phase | % held | Ke |
|---|---|---|---|---|
| Otoyol Yatirim Ve Isletme A.S | Gebze - Orhangazi – Izmir Motorway | Construction | 18.86% | 15.81% |
| Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS | Etlik Integrated Health Campus | Construction | 51.00% | 12.19% |
| Sociedad Concesionaria Nuevo Pudahuel S.A | Arturo Merino Benítez International Airport in Santiago - Chile | Construction | 15.00% | 8.21% |

The result of the impairment test did not show any need for impairment of the carrying amount of the equity investments. We should likewise point out that the sensitivity analysis conducted showed that the reasonable change in the measurement of the financial parameters used for the determination of the discount rate (+50 bps) seems to confirm that headroom is substantially sufficient, and that a hypothetical change of -5% of the dividend flow on a straight-line basis in all the years of the plan seems to confirm the stability of the equity investments.

# 19 Financial assets

## 19.1 Non-current financial assets: EUR 199,324 thousand (EUR 289,363 thousand)

The following table shows the composition of non-current financial assets.

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Financial assets from concession activities | 118,771 | 4,390 | 114,381 |
| Non-current loan assets | 36,902 | 240,416 | (203,514) |
| Other financial assets - investees | 3,375 | 7,932 | (4,557) |
| Other financial assets – third parties | 656 | 185 | 471 |
| Finance lease receivables | 39,620 | 36,440 | 3,180 |
| **Total** | **199,324** | **289,363** | **(90,039)** |

At 30 June 2017 the balance of financial assets from concession activities comprises the non-current portion of the present value of minimum payments guaranteed by the grantors, related to the Punilla hydroelectric project (EUR 7,617 thousand) and new hospital in Mestre ("Ospedale dell'Angelo") (EUR 111,154 thousand). This item has grown from the previous reporting period due to *(i)* the additional investments made over the course of HY1 2017 for the construction of the Punilla Hydroelectric Plant (EUR 3,227 thousand) and *(ii)* for the change in the consolidation criterion of Veneta Sanitaria Finanza di Progetto S.p.A., an Astaldi Group subsidiary since HY1 2017.

The "Non-current loan assets" item refers substantially to the market-rate interest-bearing loans issued in favour of Associates and Joint Ventures, and providing financial support to the Group operational strategy, especially in the concessions segment.

There follow the amounts issued to the main Associates and Joint Ventures.

12 The market capitalisation of Astaldi S.p.A. (EUR 536,416 thousand) as at 30/06/2017 was lower than equity attributable to owners of the Parent (EUR 712,909 thousand).

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu | 0 | 188,219 | (188,219) |
| Otoyol Yatirim Ve Isletme A.S. | 3,706 | 22,714 | (19,008) |
| Metro 5 S.p.A. | 1,869 | 1,764 | 105 |
| Veneta Sanitaria di Progetto SpA | 0 | 2,437 | (2,437) |
| Ankara Etlik Hastante A.S. | 22,827 | 19,289 | 3,538 |
| Ast VT Parking S.r.l. | 3,842 | 3,842 | 0 |
| Ast B Parking S.r.l. | 1,199 | 1,199 | 0 |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | 3,003 | 496 | 2,507 |
| SP M4 S.C.p.A. in liquidation | 456 | 456 | 0 |
| **Total** | **36,902** | **240,416** | **(203,514)** |

With regard to this item, we can point out that the changes recorded during HY1 2017 are mainly due to *(i)* the reclassification in the context of the disposal groups, of the subordinated loan issued to the Special Purpose Vehicles Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu (EUR 188,219 at 31/12/2016) as stated in greater detail in note 26 and *(ii)* the amounts used to offset the amount due to the increase the share capital approved by the investee Otoyol Yatirim Ve Isletme A.S. on 17 March 2017 (EUR 18,836 thousand).

Financial lease receivables regard the transaction, pursuant to IFRIC 4, implemented by the subsidiary Valle Aconcagua A.S with reference to the Relaves Project.

For the “Other financial assets - investees” item, see note 35 “Disclosure on related party transactions”.

## 19.2 Current financial assets: EUR 57,757 thousand (EUR 26,719 thousand)

Current financial assets totalling EUR 57,757 thousand increased compared to the previous reporting period by EUR 31,038 thousand and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Financial assets from concession activities | 9,751 | 0 | 9,751 |
| Securities in portfolio | 355 | 848 | (493) |
| Derivatives | 6,228 | 660 | 5,568 |
| Current loan assets | 41,423 | 25,211 | 16,212 |
| **Total** | **57,757** | **26,719** | **31,038** |

“Financial assets from concession activities” include the current portion of the present value of minimum payments guaranteed by the grantor for the operation of Ospedale dell’Angelo in Mestre[13].

The “Current loan assets” item increased by EUR 16,212 thousand substantially as a result of the financial resources had been made available on a transitory basis for funding some activities undertaken by the Group in partnership in Turkey and Russia.

The agreements governing the above-mentioned loan contracts, also in terms of return of the investment, provide for the recovery of the amounts stated by HY1 2018.

# 20 Other assets

## 20.1 Other non-current assets: EUR 106,411 thousand (EUR 42,355 thousand)

13 Concession developed through the SPV Veneta Sanitaria Finanza di Progetto S.p.A., a subsidiary of the Astaldi Group starting from the half year in progress.

The composition of this item is shown in the table below.

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Indirect tax | 35,839 | 21,853 | 13,986 |
| Direct tax | 49,903 | 2,318 | 47,585 |
| **Tax assets** | **85,742** | **24,171** | **61,571** |
| Advances to suppliers and subcontractors | 1,123 | 1,090 | 33 |
| Guarantee deposits | 4,475 | 3,610 | 865 |
| Prepaid insurance premiums | 7,224 | 7,916 | (692) |
| Prepaid surety commissions | 5,482 | 2,606 | 2,876 |
| Other prepayments | 2,328 | 2,958 | (630) |
| Receivables from social security institutions | 37 | 2 | 35 |
| Receivables from employees | 0 | 2 | (2) |
| **Other assets** | **20,669** | **18,184** | **2,485** |
| **Total** | **106,411** | **42,355** | **64,056** |

The change in the “tax assets” is connected substantially with the growth in direct tax assets recorded as a result of the greater impact of the tax withholdings carried out at the source by customers – linked mainly to the greater production volumes in HY1 2017 – in certain initiatives underway in the Turkish area. It is specified that these assets may be used against the taxes owed only upon completion of the corresponding contracts.

## 20.2 Other current assets: EUR 363,707 thousand (EUR 295,170 thousand)

The “Other current assets” totalling EUR 363,707 thousand increased compared to the previous year by EUR 68,537 thousand.

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Receivables from third parties for the sale of goods and services | 230,098 | 168,742 | 61,356 |
| Advances to suppliers and subcontractors | 91,508 | 96,182 | (4,674) |
| Receivables from employees | 312 | 1,266 | (954) |
| Receivables from social security institutions | 6,725 | 5,954 | 771 |
| Prepaid insurance premiums | 5,571 | 5,518 | 53 |
| Prepaid commissions on sureties | 7,924 | 5,383 | 2,541 |
| Other prepayments | 2,242 | 1,710 | 532 |
| Other sundry receivables | 19,327 | 10,415 | 8,912 |
| **Total** | **363,707** | **295,170** | **68,537** |

The “Receivables from third parties for the sale of goods and services” item, totalling EUR 230,098 thousand, up compared to the previous year by EUR 61,356 thousand, refers to its counterpart mentioned in the “Other revenue” item for individual items not directly related to production for works by the Group, but nevertheless accessory to the core business and conducted on a continuing basis over time.

The geographical breakdown of this item is shown below:

| | 30/06/2017 | % | 31/12/2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 20,707 | 9.00% | 10,065 | 5.96% | 10,642 |
| Europe | 155,688 | 67.66% | 119,164 | 70.62% | 36,524 |
| America | 36,983 | 16.07% | 22,793 | 13.51% | 14,190 |
| Africa | 11,575 | 5.03% | 11,366 | 6.74% | 209 |
| Asia | 5,145 | 2.24% | 5,354 | 3.17% | (209) |
| **Total** | **230,098** | **100.00%** | **168,742** | **100.00%** | **61,356** |

It is pointed out that the recoverable amount of receivables from third parties has been adjusted as shown below:

| | 31/12/2016 | Accruals | Use Profit or loss | Use Statement of financial position | Exchange rate gains or losses and other changes | 30/06/2017 |
|---|---|---|---|---|---|---|
| Allowance for impairment | (5,540) | (150) | 0 | 0 | 0 | **(5,690)** |
| **Total** | **(5,540)** | **(150)** | **0** | **0** | **0** | **(5,690)** |

# 21 Inventories: EUR 48,748 thousand (EUR 50,008 thousand)

This item consists of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Raw materials, consumables and supplies | 46,995 | 48,283 | (1,288) |
| Finished goods | 1,431 | 1,525 | (94) |
| Goods and materials in transit | 322 | 200 | 122 |
| **Total** | **48,748** | **50,008** | **(1,260)** |

The following table shows the geographical breakdown of this item:

| | 30/06/2017 | % | 31/12/2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 7,485 | 15.35% | 7,631 | 15.26% | (146) |
| Europe | 11,425 | 23.44% | 11,307 | 22.61% | 118 |
| America | 28,596 | 58.66% | 29,371 | 58.73% | (775) |
| Africa | 1,242 | 2.55% | 1,699 | 3.40% | (457) |
| **Total** | **48,748** | **100.00%** | **50,008** | **100.00%** | **(1,260)** |

This item confirms a general decrease compared to the comparative data mainly resulting from the new commercial orientations of the Group aimed at guaranteeing the optimisation of the procurement phases of the materials required for the performance of the works.

# 22 Amounts due from customers: EUR 1,746,957 thousand (EUR 1,555,110 thousand)
# Amounts due to customers: EUR 501,177 thousand (EUR 492,856 thousand)

These items are shown in the following table:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Contract work in progress | 16,811,172 | 16,263,171 | 548,001 |
| Allowance for impairment losses on contracts | (8,952) | (9,528) | 576 |
| **Total contract work in progress** | **16,802,220** | **16,253,643** | **548,577** |
| Progress billings | (15,055,263) | (14,698,533) | (356,730) |
| **Total amounts due from customers** | **1,746,957** | **1,555,110** | **191,847** |
| **CURRENT LIABILITIES** | | | |
| Contract work in progress | 2,288,158 | 2,362,231 | (74,073) |
| Provision for contract losses to complete | (1,938) | (2,503) | 565 |
| **Total contract work in progress** | **2,286,220** | **2,359,728** | **(73,508)** |
| Progress payments | (2,374,957) | (2,417,531) | 42,574 |
| **Subtotal** | **(88,737)** | **(57,803)** | **(30,934)** |
| Contractual advances | (412,440) | (435,053) | 22,613 |
| **Total amounts due to customers** | **(501,177)** | **(492,856)** | **(8,321)** |

Contract work in progress, recognised separately between amounts due from customers and amounts due to customers, has shown a total increase with reference in particular to the greater production volumes achieved during HY1 2017 in Canada (Muskrat Falls Hydroelectric Project), Poland (motorway works and Extension of Warsaw Underground II) and Russia (M-11 Moscow-Saint Petersburg Motorway), in addition to that which refers to the domestic context (Quadrilatero Marche-Umbria Road Network and Line 4 of the Milan Underground). During the period in question, moreover, the effects derived from the conclusion of the tests of a portion of the works were recorded.

Completing the information rendered, it is specified that in Venezuela the Group has an amount of works carried out, equal to approximately EUR 148 million, that in line with what was provided for in the contracts in force, will be recognised by the customer and subsequently invoiced.

The change in the contractual advances items comprises *(i)* an increase equal to approximately EUR 24,000 thousand, ascribable to the contractual advance received in Romania for the construction of the Curtici-Simeria Railway section – Lot 2A and *(ii)* a more than proportional decline (EUR 47,000 thousand) ascribable chiefly to the partial recovery, against the contractual advances accrued during the reference period, in the area of the works to build the Etlik Integrated Health Campus and the Third Bosphorus Bridge in Turkey, the Santiago Airport and the Chuquicamata Mining Project in Chile, as well as the E-ELT (European Extremely Large Telescope) project in Cerro Armazones.

# 23 Trade receivables: EUR 815,134 thousand (EUR 723,775 thousand)

Trade receivables show an increase from the previous financial year by EUR 91,359 thousand, and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Customers | 770,059 | 681,131 | 88,928 |
| Investees | 62,829 | 54,999 | 7,830 |
| Allowance for impairment | (17,754) | (12,355) | (5,399) |
| **Total** | **815,134** | **723,775** | **91,359** |

The geographical breakdown of this item is shown in the following table:

| | 30/06/2017 | % | 31/12/2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 249,000 | 30.55% | 201,492 | 27.84% | 47,508 |
| Europe | 203,857 | 25.01% | 195,066 | 26.95% | 8,791 |
| America | 351,352 | 43.10% | 319,566 | 44.15% | 31,786 |
| Africa | 10,855 | 1.33% | 7,619 | 1.05% | 3,236 |
| Asia | 70 | 0.01% | 32 | 0.00% | 38 |
| **Total** | **815,134** | **100.00%** | **723,775** | **100.00%** | **91,359** |

The increase recorded domestically may be largely ascribed (EUR 33,160 thousand) to the change in the consolidation criterion of Veneta Sanitaria Finanza di Progetto S.p.A., a company that became an Astaldi subsidiary during HY1 2017.

As for the European segment and Romania in particular, it is pointed out that the Parent, after its arguments were upheld in arbitration, activated what legislation allows in order to collect the debts owed it with regard to Bucharest-Constanta Railway (equal to about EUR 77,000 thousand).In this regard, it is believed that in light of the activities implemented by management, the payments owed will be collected reasonably soon.

Lastly, as for the geographical breakdown of trade receivables, an increase was recorded in the American segment, mostly ascribable to the development of the activities underway in Canada.

As for Venezuela, it is specified that as at the reporting date, the credit exposure for carrying out the railway works, whose measurement takes into account the systematically delayed payments, amounts to approximately EUR 270 million.

It is known that the country's political evolution, along with the developing economic situation conditioned by continually falling oil prices and by runaway inflation, has led to a social situation marked by particular tension. This setting has substantially impeded regular payment.

It is pointed out, however, that the Venezuelan Government, taking into account the importance railway works have in the country's infrastructural development, officially recognised, as early as 2016, through the customer IFE, the total amount of the receivables due, as well as the extension of the contractual times with regard to the works to build the San Juan de Los Morros – San Fernando de Apure and Chaguaramas – Cabruta sections (the so-called "Southern Lots").

These concluding behaviours are to be seen as testimony the national economic system's concrete will to meet its contractual obligations. This, then, is by virtue of the fact that the contracts were signed under the aegis of specific Framework Agreements – executed by the two States – that govern the mutual rights and obligations with respect to promoting investment in the respective territories in sectors of public importance, including the construction of railway sections in Venezuela.

Initiatives by the Italian authorities in support of the position of national enterprises operating in Venezuela are continuing.

Based on what has been stated, considering the constant observation of the country's situation and also taking into account the meetings held with the Customer and the Local Government, along with our Partners, it is deemed appropriate to confirm the forecasts of recoverability of the invested capital, consisting in substance of the works in progress, and of the receivables.

However, taking the country's political, social, and economic situation into account, there is no doubt of the circumstance that events, not budgetable at this time, may occur, that require reviewing the assessments made in this Financial Report.

The changes in the allowance for impairment is as indicated below:

| | 31/12/2016 | Accruals | Use Profit or loss | Use Statement of financial position | Change in consolidation scope | 30/06/2017 |
|---|---|---|---|---|---|---|
| Allowance for impairment | (11,038) | (2,827) | 0 | 0 | (2,572) | **(16,437)** |
| Allowance for impairment - default interest | (1,317) | 0 | 0 | 0 | 0 | **(1,317)** |
| **Total** | **(12,355)** | **(2,827)** | **0** | **0** | **(2,572)** | **(17,754)** |

# 24 Tax assets: EUR 55,841 thousand (EUR 94,537 thousand)

This item consists of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Indirect tax assets | 44,004 | 72,721 | (28,717) |
| Direct tax assets | 12,035 | 22,014 | (9,979) |
| Allowance for impairment | (198) | (198) | 0 |
| **Total** | **55,841** | **94,537** | **(38,696)** |

The reduction recorded in indirect tax assets mainly refers to reclassification under non-current assets of VAT tax assets items on contracts no longer operational in the European segment, which shall be recovered by relying on the established procedures governed by the regulations in force in the specific areas of relevance.

# 25 Cash and cash equivalents: EUR 505,090 thousand (EUR 506,470 thousand)

The Cash and cash equivalents are down compared to 2016 by EUR 1,380 thousand and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Bank and post office accounts | 504,563 | 506,147 | (1,584) |
| Cash-in-hand and cash equivalents | 527 | 323 | 204 |
| **Total** | **505,090** | **506,470** | **(1,380)** |

The following table shows the geographical breakdown of this item:

| | 30/06/2017 | % | 31/12/2016 | % | Change |
|---|---|---|---|---|---|
| Italy | 236,045 | 46.73% | 218,438 | 43.13% | 17.607 |
| Europe | 138,957 | 27.51% | 151,730 | 29.96% | (12.773) |
| America | 117,475 | 23.26% | 6,582 | 1.30% | 110.893 |
| Africa | 7,391 | 1.46% | 108,619 | 21.45% | (101.228) |
| Asia | 5,222 | 1.03% | 21,101 | 4.17% | (15.879) |
| **Total** | **505,090** | **100.00%** | **506,470** | **100.00%** | **(1.380)** |

## 25.1 Disclosure on the statement of cash flows

The cash flow rates for HY1 2017, comprising the decline in bank account items for the disposal groups (EUR 7,155 thousand), show an overall decrease in net cash and cash equivalents of EUR 8,535 thousand, compared to a decrease of EUR 284,252 thousand recorded in HY1 2016.

**Cash flows from operating activities**
Cash flows from operating activities in HY1 2017, equal to EUR 239,535 thousand (EUR 302,522 thousand at 30/06/2016) reflect the effects of the following:

- the strong impetus given by the Group in developing the activities underway in Russia (M-11 Moscow-Saint Petersburg Motorway in Russia), Canada (Muskrat Falls Hydroelectric Project), Italy (Quadrilatero Marche-Umbria Road Network and Line 4 of the Milan Underground), Poland (motorway works and extension of Warsaw Underground II) and Turkey (Third Bosphorus Bridge);
- dynamics of contractual advances, which brought about a cash absorption due to the progressive repayments for the contracts to build the Etlik Integrated Health Campus and the Third Bosphorus Bridge in Turkey, the Santiago Airport and the Chuquicamata Mining Project in Chile, plus the E-ELT (European Extremely Large Telescope) in Cerro Armazones, net of what was collected in the recent acquisitions in Chile (extension of the Chuquicamata Underground Mining Project and construction of the E-ELT in Cerro Armazones) and Romania (Curtici-Simeria railway section – Lot 2A).

**Cash flows from investing activities**
Cash flows from investing activities for HY1 2017 totalled EUR 115,492 thousand (-130,400 at 30/06/2016) and is due essentially to payments collected for the sale of equity investments (capital and shareholder loan) held in the SPVs: *(i)* Pacific Hydro Chacayes (EUR 41,500 thousand), *(ii)* Metro 5 S.p.A. (EUR 64,500 thousand), plus that related to the acquisition of control over Veneta Sanitaria Finanza di Progetto S.p.A.

**Cash flows from financing activities**
During HY1 2017, cash flows from financing activities produced financial resources of EUR 115,508 thousand (EUR 148,671 thousand at 30/06/2016). These flows essentially regard the net cash flows acquired following the partial use of the existing committed and uncommitted credit lines, and by the opposite change referring to the payment of dividends to shareholders in the Parent, for EUR 19,556 thousand.

# 26 Non-current assets held for sale and Disposal Groups, and Directly-Associated Liabilities: EUR 372,561 thousand (EUR 128,827 thousand)

## 26.1 Assets held for sale

**Sociedad Concesionaria Metropolitana de Salud S.A.: EUR 12,921 thousand (EUR 19,889 thousand)**
In 2016 the Group, through the subsidiary Astaldi Concessioni, signed a preliminary agreement with the infrastructure fund Meridiam Latam Holding S.L. (the fund) for its entry in the subsidiary Sociedad Concesionaria Metropolitana de Salud S.A. (SCMS). This agreement, also under the subsequent addenda signed, provides for the sale of the equity investment in three separate share transfer transactions, to be undertaken partly (49% of the shares) upon the occurrence of the suspensive conditions contained in the agreement, and with the further interests in subsequent separate steps scheduled at the end of the construction period, as allowed under local legislation.
On 27 February 2017, implementing the content of the preliminary agreement, the final agreement was signed for the transfer of the first 49% of the shares.
In this setting, and pending the completion of the transfer transaction, the Company's rules of governance were reviewed, guaranteeing the fund the possibility of directing relevant activities in such a way as to impact SCMS performance.
It is lastly pointed out that in the context of negotiating the payment owed for the sale of shares, Astaldi obtained from the purchaser, as partial supplement of the monetary payment received for the sale, the contract for the performance of the Operation & Maintenance (O&M) services in the aforementioned concession. In light of this circumstance, management deemed that this transaction must be included within

the context of subsection 45-47 of IAS 38 “Intangible Assets,” and therefore recognised in the financial statements the corresponding contractual right acquired for the performance of this initiative (EUR 4,838 thousand).
Upon the transfer of the first 49% of the shares, and as an effect of the consequent changes to the governance rules, the following actions were seen to, as provided for by subsection 25 of IFRS 10 “Consolidated Financial Statements”:

a) derecognising the investee’s assets and liabilities from the consolidated Statement of Financial Position;
b) recognising the residual equity investment maintained in the investee at fair value;
c) recognising the profit correlated with the transaction in the income statement for the reporting year under other revenue (EUR 7,391 thousand);
d) reclassifying in the income statement for the reporting period the amounts previously recognised as O.C.I. referring in particular to the Hedging Reserve (EUR -10,111 thousand) and to the Translation Reserve (EUR 1,660 thousand).

At 30/06/2017, the residual equity investment maintained in SCMS was classified as an asset held for sale since, in management’s opinion, this value is to be recovered not through use, but exclusively following the asset’s sale[14]. The Parent’s management believes in particular that the deadlines established[15] for transferring the residual shares, conditioned by the provisions of local regulations, in no way prejudice the Astaldi Group’s commitment, already enshrined in contract, to implement the disposal programme.
At the reporting date, as set forth in IFRS 5, the net asset referring to SCMS was measured at the carrying amount or the fair value net of costs to sell, whichever was lower (the fair value net of costs to sell was determined taking into account the terms of the pertinent transaction). Upon completion of this measurement, the amount of the assets was fully recoverable, so that no impairment was applied.

**SAT S.p.A.: EUR 14,758 thousand (EUR 14,759 thousand)**

The Parent’s management, implementing the guidelines provided for by the strategic plan, opened a series of negotiations as to the transfer of S.AT. S.p.A. (shareholders loan and investment), a concession holder of the Four Hospitals in Tuscany. In this setting, Astaldi exercised, on this past 15 March, for its share, the pre-emption right to purchase the shares (shareholder loan and capital) that had been in the meantime put up for sale by the partner Techint S.p.A., in order then to achieve the transfer of the entire share of the activities belonging to it. At 30 June, the consent of the financing banks is awaited, in order to complete the acquisition of the Techint shares. This consent is at any rate expected before the close of the second half of 2017.
At the same time, Astaldi received an offer from an international infrastructure fund for the acquisition of the assets held in total. The transaction structured in this way calls for an initial transfer of the shares at the closing date (43.46%) and, for the remaining portion (5%) at the intervening test of the works, scheduled before the end of HY1 2018.
Considering the aforesaid, it is pointed out that as set forth in IFRS 5, the assets mentioned were measured at the carrying amount or fair value net of the costs to sell, whichever was lower. The fair value net of costs to sell was measured taking into account the terms of the transaction being defined. Upon completion of this measurement, the amount of the assets was fully recoverable, so that no impairment was applied.

**Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu: EUR 344,881 thousand (EUR 0 thousand)**

Within the context of the “Third Bosphorus Bridge” project in concession – “Odayeri-Paşaköy section (3rd Bosphorus Bridge included) motorways section” – the concession holder Ica Ic İçtaş Astaldi Üçüncü Boğaz Köprüsü Ve Kuzey Marmara Otoyolu Yatirim Ve İşletme Anonim Şirketi (**the SPV**), an investee of Astaldi S.p.A. with a 33.33% share, initiated, at the shareholders’ joint impetus, a competitive process to select investors interested in acquiring the investee (capital and shareholder loan) held by the shareholders themselves in the SPV. Astaldi implemented these activities in line with the 2017/2021 Strategic Plan,

14 IFRS 5 par.6 and 9 - IFRS 5 Appendix B par. B1
15 It is contractually established in the preliminary agreement that the transfer of the shares must be completed upon the final test of the Works, within the third quarter of 2019.

approved by the Board of Directors on 15 April 2017.
In May 2017, the SPV conferred the assignment (Engagement & Indemnity Letter) to leading international investment banks in order to activate the disposal process.
Upon the outcome of the "pre-marketing" activities, the turnout of interested investors is so large and varied in composition (sovereign funds, investment funds, pension funds, investment banks) that Astaldi's management believes, based also on the timing assessed in agreement with the Advisors, that the transaction is highly likely to be defined within HY1 2018.
Considering the aforesaid, it is pointed out that as set forth in IFRS 5, the assets mentioned were measured at the carrying amount or fair value net of the costs to sell, whichever was lower. Taking into account the state of the negotiation, the fair value net of costs to sell was measured with the financial criterion. In particular, the carrying amount was verified using the Dividend Discount Model (DDM) method, by discounting the flows of future dividends expected from corporate operation, at a rate of 15.7%, equal to *Ke* (cost of equity) of the company in question.
Upon completion of this measurement, the amount of the assets was fully recoverable, so that no impairment was applied.

## 26.2 Transactions implemented in HY1 2017

**Metro 5 S.p.A.: EUR 0 thousand (EUR 62,998 thousand)**

On 09 June 2017 – at the end of the established procedure and authorisation process, as well as the go-ahead from the Antitrust Authority – the Parent and Ferrovie dello Stato Italiane signed the final agreement for the transfer of 36.7% (capital and shareholder loan) of M5 S.p.A. Astaldi remains a shareholder in M5 with a 2% interest, thus ensuring for the SPV concrete support for developing the construction activities with regard to the project's likely extension.

It is specified that the SPV has an activity underway aimed at optimising the project's financial profile in order to achieve greater elasticity in managing dividend distributions, an activity that it is expected might be concluded within the current reporting period.
The total amount of the transferred assets (capital and shareholder loan) was measured by the parties at EUR 64.5 million, equal substantially to these assets' carrying amount.
As a consequence of the transfer of the shares, the value of the Hedging Reserve of the aforementioned investee (EUR -13,329 thousand), previously recognised in the O.C.I., was reclassified in the Income Statement under the item that normally includes the effects of equity-accounting.

**Pacific Hydro Chacayes: EUR 0 thousand (EUR 31,183 thousand)**

During this past month of March, the final agreement was executed with Società Pacific Hydro Chile (Subsidiary of SPIC Overseas[16]) for the transfer of 27.30% (capital and shareholder loan) of Pacific Hydro Chacayes, the holder of the concession for the operation of the Chacayes Hydroelectric Plant in Chile.
The total amount of the transferred assets (capital and shareholder loan) was measured by the parties at USD 44 million (corresponding at the transfer date to EUR 41.5 million). The comparison between the carrying amount of the aforementioned assets (equal to EUR 31.2 million) and the corresponding transfer price gave rise to a net capital gain of EUR 9.5 million[17], entered in the Income Statement as other revenue.

# 27 Equity: EUR 763,990 thousand (EUR 698,485 thousand)

## 27.1 Share capital: EUR 196,850 thousand (EUR 196,850 thousand)

The share capital subscribed and fully paid in comprises 98,424,900 ordinary shares with a nominal amount

16 One of the Chinese State's leading electricity companies.
17 This figure also comprises the sale costs associated with the transaction (EUR 0.8 million).

of EUR 2 and totals EUR 196,850 thousand.

It is specified that the Parent, in line with the provisions of art. 127-quinquies of Legislative Decree no. 58 of 24 February 1998 (the consolidated finance act – TUF), introduced, starting from the 2015 financial year, the "increased voting rights" mechanism.

During HY1 2017 – in implementation of the provisions of the regulations of reference and the specific provisions of the Bylaws of Astaldi S.p.A. – FIN. AST. S.r.l. and Finetupar International S.A. and other minority shareholders acquired increased voting rights over the portion of shares belonging to them.

At 30 June 2017, according to the Shareholders' Ledger and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 3% are shown below:

| DIRECT SHAREHOLDER | Number of shares | % investment | No. of voting rights | % voting rights |
|---|---|---|---|---|
| Fin.Ast S.r.l. | 39,605,495 | 40.239% | 79,105,495 | 52.623% |
| Finetupar International S.A. | 12,327,967 | 12.525% | 24,655,934 | 16.402% |
| **Total Fin.Ast. S.r.l.** | **51,933,462** | **52.764%** | **103,761,429** | **69.025%** |
| FMR LLC | 7,117,378 | 7.231% | 7,117,378 | 4.735% |
| **Total shareholders with significant investment** | **59,050,840** | **59.995%** | **110,878,807** | **73.759%** |
| Treasury shares | 523,016 | 0.531% | 523,016 | 0.348% |
| Market | 38,851,044 | 39.473% | 38,923,344 | 25.893% |
| **Grand total** | **98,424,900** | **100.000%** | **150,325,167** | **100.000%** |

On 30 June 2017, outstanding shares thus totalled 97,901,884 (97,767,429 shares at 31 December 2016) and recorded a decrease, compared with the previous financial year, of 134,455 shares calculated as follows:

| Shares outstanding | 2017 |
|---|---|
| **01/01/2017** | **97,767,429** |
| Outgoing for buy-back | (151,010) |
| Incoming for buy-back | 162,965 |
| Incoming for stock grant plan | 122,500 |
| **30/06/2017** | **97,901,884** |

The shares of the Parent gradually granted to employees under the stock grant plan totalled 1,747,630 shares at the end of the year (1,625,130 shares at the end of 2016).

## 27.2 Other financial instruments giving the right to subscribe newly-issued shares

In June 2017, the Parent issued, with qualified Italian and foreign investors, an equity-linked bond for a nominal amount totalling EUR 140 million falling due in 2024.

In this setting, through a reverse bookbuilding process, the equity-linked bonds falling due in 2019, issued during 2013 and equal to a nominal EUR 130 million, were bought back.

The new bonds may become convertible into ordinary shares in the Parent after the approval of the Share Capital increase[18] by an Extraordinary Shareholders' Meeting of Astaldi S.p.A. to be held by no later than 21 December 2017. The conversion price of the new bonds was set at EUR 7.8416, which incorporates a conversion premium equal to 35% of the weighted average price for the volumes of Astaldi shares traded on

18 For consideration and divisibly, excluding the option right pursuant to art. 2441, subsection 5, of the Italian civil code.

the Italian stock exchange during the timeframe between the bond issue and the pricing equal to EUR 5.8086.

The Parent is entitled to settle any future conversion by cash payment or a combination of ordinary shares and cash (cash settlement option).

## 27.3 Treasury shares owned by Parent: EUR 1,046 thousand (EUR 1,315 thousand)

Treasury shares owned by the Parent at the end of the year totalled 523,016, equivalent to 0.531% of share capital (657,471 shares at 31 December 2016), with the nominal amount totalling EUR 1,046 thousand being recognised in accordance with the international financial reporting standards as a decrease of share capital.

## 27.4 Reserves: EUR 461,436 thousand (EUR 424,392 thousand)

The composition of the reserves is shown in the following table:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Legal reserve | 33,163 | 33,062 | 101 |
| Extraordinary reserve | 297,540 | 314,663 | (17,123) |
| Retained earnings | 231,466 | 161,250 | 70,216 |
| Other reserves | (2,040) | (1,917) | (123) |
| Other comprehensive expense | (113,188) | (109,007) | (4,181) |
| Deferred tax from other comprehensive income | 14,494 | 26,341 | (11,847) |
| **Total** | **461,436** | **424,392** | **37,044** |

- **Legal reserve**

The legal reserve increased by EUR 101 thousand in relation to the provision of Art. 2430 of the Italian Civil Code.

- **Extraordinary reserve**

The extraordinary reserve decreased compared to the previous year by EUR 17,123 thousand. In detail:

- EUR -19,556 thousand following the dividend distribution, as decided upon by the Shareholders' Meeting on 21 April 2017;
- EUR 1,911 thousand, following the allocation of the portion of the reserve unavailable pursuant to art. 6 of Legislative Decree no. 38/2005, released during the 2016 financial year;
- EUR 522 thousand as a result of the buyback transactions.

With regard to buyback transactions, it should be pointed out that the total of the provision for treasury shares held in the portfolio set up pursuant to Art. 2357-*ter* of the Italian Civil Code totalled EUR 3,073 thousand and pursuant to the relevant accounting standards, applying EUR 2,027 thousand to reduce the Extraordinary Reserve and Euro 1,046 thousand corresponding to the nominal amount of treasury shares in the portfolio, to reduce the share capital.

- **Retained earnings**

Retained earnings, totalling EUR 231,466 thousand, reflected the financial effects arising from the consolidation of investments in subsidiaries, and from the application of the equity method for the measurement of associates and joint ventures.

This item also includes entries related to transactions regarding the acquisition of non-controlling interests in entities that are already controlled by the Group as governed by IFRS 10.

- **Dividends distributed**

In 2017, dividends totalling EUR 19,556,223 (EUR 19,524,321 in 2016) were paid. The dividend approved at the Shareholders' Meeting of 21 April 2017 of EUR 0.20 per share (EUR 0.20 in 2016), was paid on 17 May 2017, ex-dividend date on 15 May 2017.

- **Other reserves**

The composition of the item is shown in the table below:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Stock grant reserve | 1,778 | 1,618 | 160 |
| IFRS FTA reserve | (2,977) | (2,977) | 0 |
| Reserve for trading in treasury shares | 2,356 | 2,638 | (282) |
| Other | (3,196) | (3,196) | 0 |
| **Total** | **(2,040)** | **(1,917)** | **(123)** |

The Stock grant reserve represents the amount of the shares assigned to employees, but not yet handed over, calculated in accordance with current regulations and the related actuarial appraisal.
The IFRS FTA reserve represents the total amount of adjustments recorded in the opening statement of financial position of the first set of financial statements drawn up in accordance with IFRS as well as the amount recorded following subsequent endorsements of IFRS compared to the FTA.
The reserve for trading in treasury shares includes the gains and losses from the buyback plan.
The "Other" item includes minor items deriving from the equity accounting of some related companies.

- **Other comprehensive income**

The following is the breakdown of and changes in other comprehensive income.

| | Hedging reserve | Translation Reserve | AFS financial assets | Net actuarial gains (losses) | OCI deferred tax | Total |
|---|---|---|---|---|---|---|
| Balance 01/01/2016 | (77,666) | (29,746) | 29 | (383) | 16,996 | (90,770) |
| Change from subsidiaries and JOs | (2,520) | 20,301 | 0 | (118) | 465 | 18,128 |
| Change from associates and JVs | (19,820) | 16,623 | (29) | 0 | 3,937 | 711 |
| Change from disposal groups | (19,358) | 3,679 | 0 | 0 | 4,943 | (10,736) |
| **Balance 31/12/2016** | **(119,364)** | **10,858** | **0** | **(501)** | **26,341** | **(82,666)** |
| Change from subsidiaries and JOs | 4,121 | (16,327) | 0 | 97 | (984) | (13,093) |
| Change from associates and JVs | 12,016 | (37,025) | 0 | 5 | (2,652) | (27,656) |
| Change from disposal groups | 33,648 | (717) | 0 | 0 | (8,211) | 24,720 |
| **Balance 30/06/2017** | **(69,579)** | **(43,211)** | **0** | **(399)** | **14,494** | **(98,694)** |

When analysing other comprehensive income, note must be taken of the negative effect from the translation of items in the statement of financial position and income statement expressed in currencies other than the Euro, attributable in particular to the translation of the financial statements of the foreign entities expressed in dollars. Also to be noted is the change of other comprehensive income (RCFH, translation reserve, and deferred taxes connected with these components) referring to the investees disposed of (Metro 5 S.p.A. and Pacific Hydro Chacayes) and to the companies for which the consolidation criterion was changed (Veneta Sanitaria Finanza di Progetto S.p.A. and Sociedad Concesionaria Metropolitana de Salud s.a.), as comprehensively discussed above. These components, in compliance with the provisions of the IFRS principles of reference, were fully reclassified to profit or loss.
As regards the Hedging Reserve, in addition to what has been stated, a positive change is recorded for the Special Purpose Vehicle that is developing the Concession referring to Etlik Integrated Health Campus in Ankara, Turkey. Regarding the latter item, it should be pointed out that the borrowing costs, determined by the hedging ratios at a fixed rate, will be offset in future years with the profits accruing from the individual projects. Therefore, this amount does not constitute an effective diminution of equity, but merely a temporary accounting entry of the fair value of the hedging derivatives.

## 27.5 Equity attributable to non-controlling interests: EUR 51,082 thousand (EUR 6,101 thousand)

The equity attributable to non-controlling interests shows, besides changes resulting from the comprehensive income and expense for the period, essentially due to the change in the consolidation criterion of Veneta Sanitaria Finanza di Progetto S.p.A., a company that became an Astaldi subsidiary during HY1 2017. Below are the changes in the other components of the comprehensive income of non-controlling interests.

| | Hedging reserve | Translation Reserve | Net actuarial gains (losses) | OCI deferred tax | Total |
|---|---|---|---|---|---|
| Balance 01/01/2016 | (164) | 140 | (7) | 38 | 8 |
| Change for the reporting period | 84 | 178 | 0 | (19) | 243 |
| **Balance 31/12/2016** | **(80)** | **319** | **(7)** | **20** | **251** |
| Change for the reporting period | (9,625) | (91) | 2 | 2,311 | (7,402) |
| **Balance 30/06/2017** | **(9,705)** | **228** | **(5)** | **2,331** | **(7,151)** |

## 27.6 Capital management

There follows the disclosure required by IAS 1 – paragraph 134.

**A) Quality information**

By capital, the Group means both shareholder contributions, and operating profit (retained earnings and other reserves). On the other hand, the Group does not include in this definition the equity items recognised after the measurement of cash flow hedging derivatives, since these will be offset against income components in future years, thus enabling the Group to undertake this hedging.

The objectives identified by the Group regarding capital management are the creation of value for shareholders as a whole, the safeguarding of the continuation of business and support to its growth. The Group thus intends to maintain an adequate level of capitalisation, in order to achieve both a satisfactory economic return for the shareholders and to guarantee economical access to external sources of funding. The Group constantly monitors the evolution of the level of debt in relation to equity and, in particular, the level of net debt and the generation of cash flow from operating activities with the effects derived from the investing activities both in the construction and in the concessions segments, all in line with the provisions of the Business Plan. In order to achieve the above goals, the Group pursues the constant improvement of the profitability of the business segments where it operates.

To complete the qualitative information, it is pointed out that the Group has respected the financial covenant required with reference to corporate "committed" borrowing with banks financing the Group. For further information, see note 28 below.

**B) Qualitative information**

There follows the quantitative analysis of the individual capital items as defined in the previous paragraph.

| | 30/06/2017 | 31/12/2016 |
|---|---|---|
| **A - Total financial debt** | **(1,275,043)** | **(1,092,532)** |
| Total equity | 763,990 | 698,485 |
| Less amounts accumulated in equity for cash flow hedges | (79,283) | (119,444) |
| **B - Adjusted capital** | **843,274** | **817,929** |
| **C - Debt/Capital ratio (A/B)** | **1,51** | **1,34** |

# 28 Financial liabilities

## 28.1 Non-current financial liabilities: EUR 1,321,487 thousand (EUR 1,495,737 thousand)*

Non-current financial liabilities show a total decrease of EUR 174,250 thousand, and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Convertible bonds | 140,000 | 130,000 | 10,000 |
| Senior unsecured bonds | 750,000 | 750,000 | 0 |
| **Bonds - Nominal amount** | **890,000** | **880,000** | **10,000** |
| Issue and placement commissions | (11,497) | (5,667) | (5,830) |
| Cash Settlement Option – Fair Value | 9,395 | 4,966 | 4,429 |
| **Total Bonds** | **887,898** | **879,299** | **8,599** |
| Banks loans and receivables | 391,362 | 587,414 | (196,052) |
| Loans backed by personal guarantees | 4,221 | 4,436 | (215) |
| Finance lease payables | 21,362 | 24,722 | (3,360) |
| **Banks loans and borrowings and finance lease payables - Nominal amount** | **416,946** | **616,572** | **(199,626)** |
| Loan commissions | (9,132) | (11,647) | 2,515 |
| Hedging derivatives | 22,924 | 10,430 | 12,494 |
| **Total bank loans and borrowings and finance lease payables** | **430,739** | **615,355** | **(184,616)** |
| Other loans and borrowings | 424 | 21 | 403 |
| Loans and borrowings - associates and joint ventures | 2,426 | 1,062 | 1,364 |
| **Total** | **1,321,487** | **1,495,737** | **(174,250)** |

(*) Included in NFD for an amount of EUR 1,283,350 thousand (2016: EUR 1,479,258 thousand).

The general decrease shown in this item from the 2016 financial year is to be related mainly to the reduction of the outstanding debt, thanks to an efficient management on cash pooling and by repaying the revolving lines existing at the Group. In so doing, the Group managed to reduce the debt while not impacting the existing credit line.

With reference to the Concessions segment, it ought to be pointed out that the corresponding debt, equal to EUR 82,733 thousand (of which current EUR 7,005 thousand), is by its very nature "without recourse" or, at any rate, self-liquidating, also taking into account the financial assets from concession activities guaranteed by the Grantor.

**Bonds**

Bonds contain, in addition to the nominal amount of the loans, determined and expressed based on the amortised cost, the fair value of the cash settlement option equal to EUR 9,395 thousand for the equity-linked bond issue falling due in 2024. This option gives the subscriber the right to exercise the conversion right.

At 30 June 2017, the Group's bonds are broken down as follows:

- The issue in June 2017 of an equity-linked senior unsecured bond reserved for qualified Italian and foreign investors. The transaction was one of reverse bookbuilding, and to wit the notes of the EUR 130,000 equity-linked bond falling due in 2019 were bought back, and a new equity-linked bond for EUR 140,000 thousand was issued. The bond issue, of a nominal amount of EUR 140,000 thousand, has a 7-year duration (falling due 21 June 2024), and a fixed-rate three-month coupon equal to 4.875% per annum, payable on 21 March, 21 June, 21 September and 21 December every year. The bonds may become convertible into ordinary shares of the Parent, existing or newly issued, without prejudice to the Parent's right to regulate any conversion request through the delivery of ordinary shares, or through payment in cash or by a combination of ordinary shares and cash (the "cash settlement option"). The bonds' conversion price was set at EUR 7.8416 and incorporates a conversion premium of 35% of the weighted average price for the volumes of the Parent's ordinary shares recorded on Borsa Italiana's Mercato Telematico Azionario (screen-based stock exchange) between the start and the close of trading on 14 June 2017.

- A fixed-rate senior unsecured bond issued in December 2013 for an amount of EUR 500,000, thousand, falling due in 2020. The bonds have a six-month coupon of 7.125% per annum and the issue price is 100%.
- Integration in December 2013 to the aforementioned fixed-rate senior unsecured bond for an amount of EUR 100,000 thousand, falling due in 2020 (the "1st Tap"). The bonds, having the same characteristics, terms, and conditions as those issued in accordance with the similar senior bond for EUR 500 million and entirely combinable with them, were placed at a price equal to 102.25% of their nominal amount by the same banks that acted for the placement of the first senior unsecured bond issue.
- Additional integration in February 2014 to the fixed-rate senior unsecured bond issued in December 2013, for an amount of EUR 150,000 thousand falling due in 2020 (the "2nd Tap"). The bonds, having the same characteristics, terms, and conditions as those issued in accordance with the similar senior bond for EUR 500 million and entirely combinable with them, were placed at a price equal to 105.00% of their nominal amount by the same banks that acted for the placement of the first senior unsecured bond issue.

As to the indication of the fair value measurement of the bonds, it is specified that, based on the market prices measured at 30 June 2017, the value of the notes for equity-linked bonds was EUR 98,974 thousand, while the value of the senior unsecured bonds was EUR 104,083 thousand.

The total fair value of the bonds at 30 June 2017 thus equals EUR 919,186 thousand.

**Bank loans and borrowing and loans backed by personal guarantees**
Among the main bank loan transactions performed during HY1 2017, the following are noted:

- Bilateral "committed" loan for the sum of EUR 10 million, subscribed in February 2017 with Credito Valtellinese and with final expiry in December 2019;
- Bilateral "committed" loan for the sum of EUR 30 million, subscribed in June 2017 with Bper and with final expiry in June 2020.

As regards loan repayments made during the first half of 2017, note must be taken of repayment of the EUR 10 million committed loan subscribed with Banca do Brasil in May 2016 and expired in May 2017.

The following table shows the key data with regard to the Group's main bank loans existing at 30 June 2017:

| Type of loan | Company | Outstanding 30/06/2017 | Signing date | Expiry* |
|---|---|---|---|---|
| Bilateral - BNP Paribas | Astaldi S.p.A. | 45,000 | 23/02/2016 | 31/12/2018 |
| Bilateral - Cariparma | Astaldi S.p.A. | 9,000 | 29/12/2016 | 31/12/2018 |
| Bilateral - Credito Valtellinese | Astaldi S.p.A. | 10,000 | 14/02/2017 | 31/12/2019 |
| Bilateral - Credito Valtellinese | Astaldi S.p.A. | 7,500 | 28/01/2016 | R.P. 31/12/2017 |
| Bilateral - Banco Popolare | Astaldi S.p.A. | 10,000 | 13/07/2015 | R.P. 31/01/2018 |
| Bilateral - Banca del Mezzogiorno | Astaldi S.p.A. | 31,407 | 06/03/2015 | R.P. 31/03/2018 |
| Bilateral - Banco do Brasil | Astaldi S.p.A. | 8,667 | 29/05/2015 | R.P. 11/05/2018 |
| Bilateral - Banco do Brasil | Astaldi S.p.A. | 6,667 | 04/09/2015 | R.P. 17/08/2018 |
| Bilateral - Banco Popolare dell'Emilia Romagna | Astaldi S.p.A. | 10,000 | 30/06/2015 | R.P. 30/06/2018 |
| Bilateral - Banca Popolare dell'Emilia Romagna_Bis | Astaldi S.p.A. | 30,000 | 07/06/2017 | R.P. 07/06/2020 |
| Bilateral - Banca Carige | Astaldi S.p.A. | 2,916 | 19/10/2015 | R.P. 30/06/2019 |
| Bilateral - Banco do Brasil | Astaldi S.p.A. | 5,500 | 07/01/2016 | 27/12/2017 |
| Bilateral - Banca Ubae | Astaldi S.p.A. | 25,000 | 11/07/2016 | 11/07/2018 |
| Syndicate | Astaldi S.p.A. | 37,500 | 22/12/2014 | R.P. 31/07/2018 |
| Syndicate | Astaldi S.p.A. | 225,000 | 07/11/2014 | R.P. 07/11/2019 |
| Other Corporate loans | | 842,474 | | |
| **Total loans and borrowings** | | **1,306,631** | | |
| of which non-current | | 395,583 | | |
| of which current | | 911,048 | | |

*R.P. = Repayment Plan

At 30 June 2017, the covenant limits to be complied with were as follows:

- Ratio between Net Financial Debt[19] (NFD) and Net Worth (NW) less than or equal to 1.95x;
- Ratio between Net Financial Debt[19] (NFD) and EBITDA less than or equal to 4.30x;
- Priority Leverage Ratio[19] less than or equal to 0.5x.

Besides the financial covenants, the borrowing contracts govern other aspects, in line with international practice, such as those regarding pari-passu, negative pledge and change of control.

All covenants were fully complied with at 30 June 2017.

**Finance lease payables**

The Group, during HY1 2017, signed finance leases for EUR 1,473 thousand. The leases involved assets regarding the categories of heavy vehicles, generic machinery and plant, specific machinery and plant, light constructions, excavators and power shovels; these leases contain a redemption clause. The following table shows the amount of future instalments deriving from finance leases and the present value of the instalments:

| | 30/06/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| | Instalments | Present value | Instalments | Present value |
| Within one year | 8,386 | 7,173 | 9,747 | 8,305 |
| Over one year and within five years | 22,129 | 20,116 | 25,193 | 22,566 |
| Over five years | 1,364 | 1,246 | 2,332 | 2,156 |
| **Total lease instalments** | **31,879** | | **37,272** | |
| Financial expense | 3,344 | | 4,245 | |
| **Present value** | **28,535** | **28,535** | **33,027** | **33,027** |

19 Measurements conventionally set by current borrowing contracts.

## 28.2 Current liabilities: EUR 941,772 thousand (EUR 508,537 thousand)*

Current financial liabilities show an overall increase totalling EUR 433,235 thousand from the previous year, and are composed as follows:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Bonds | 20,592 | 6,401 | 14,191 |
| Issue and placement commissions | (2,481) | (2,107) | (374) |
| **Total Bonds** | **18,112** | **4,294** | **13,818** |
| Bank loans and borrowings | 719,775 | 339,252 | 380,523 |
| Current portion of loans | 191,034 | 154,519 | 36,515 |
| Current portion of loans backed by personal guarantees | 239 | 282 | (43) |
| Finance lease payables | 7,173 | 8,304 | (1,131) |
| **Bank loans and borrowings and finance lease payables - Nominal amount** | **918,221** | **502,358** | **415,863** |
| Loan commissions | (6,867) | (7,195) | 328 |
| Interest on bank loans | 5,257 | 4,351 | 906 |
| Hedging derivatives | 5,578 | 4,729 | 849 |
| **Total loans and borrowings and finance lease payables** | **922,188** | **504,243** | **417,945** |
| Loans and borrowings - associates and joint ventures | 1,473 | 0 | 1,473 |
| **Total** | **941,772** | **508,537** | **433,235** |

(*) Included in NFD for an amount of EUR 934,722 thousand (2016: EUR 503,808 thousand)

The “Bonds” item refers mainly to the value of the equity-linked bonds falling due in 2019, whose holders did not join the buyback offer. In particular, the Parent, in compliance with the regulation of the aforementioned Notes, will repay, fully and in advance, the Bonds still circulating at their nominal amount, along with the interest accrued and still unpaid until that date, by 15 September 2017.

## 28.3 Hedging derivatives

The main inputs used to measure the fair value of heading derivatives include interest rates, return curves and exchange rates that can be observed on the market.

**Interest rate risk**

At 30 June 2017, the notional remainder of interest rate hedging derivatives amounted to EUR 409,164 thousand of which EUR 3,666 thousand did not qualify for hedge accounting.

The percentage of fixed-rate debt, also considering issue of the EUR 750,000-thousand senior unsecured bond and EUR 140,000 thousand new equity-linked bond, is equal to approximately 60% of the Group’s total gross debt.

The aforementioned hedges had an impact of EUR 25,707 thousand on Equity (Hedging Reserve).

The tables shown below summarise the aforementioned transactions based on the principles of cash flow hedging, split between those that qualify for hedge accounting and those for which Astaldi Group has opted not to apply hedge accounting.

| Type of derivative | Hedged item | Notional remainder 30/06/2017 | Fair Value 30/06/2017 | Fair Value 31/12/2016 |
|---|---|---|---|---|
| IRS | Medium/long-term debt | 405,499 | (25,752) | (13,983) |
| **Total** | | **405,499** | **(25,752)** | **(13,983)** |

As regards the aforementioned hedge-accounted transactions, the change in value had an impact above all on the Equity attributable to owners of the Parent, resulting in a final Hedging Reserve value of EUR 25,707 thousand.

A breakdown of the changes in the hedging reserve during the first half of 2017 can be found below.

| Hedging reserve - interest rate risk | 30/06/2017 | 31/12/2016 |
|---|---|---|
| Opening reserve | (27,623) | (11,547) |
| Impact on reserve net of release to profit or loss | 1,916 | (16,076) |
| **Final reserve** | **(25,707)** | **(27,623)** |
| Ineffectiveness | (44) | 0 |

With regard to transactions for which hedge accounting has not been applied, the changes in amounts of these financial instruments were recognised directly in profit or loss.

| Type of derivative | Hedged item | Notional reminder 30/06/2017 | Fair Value 30/06/2017 | Fair Value 31/12/2016 |
|---|---|---|---|---|
| IRS | Medium/long-term debt | 3,666 | (67) | (136) |
| **Total** | | **3,666** | **(67)** | **(136)** |

### Currency risk

At 30 June 2017, the notional amount of hedges related to currency risk, converted into Euros, totalled EUR 37,655 million. Given that said instruments hedge both assets and liabilities, their nature means that hedge accounting is not applicable and their fair value has an impact on the Income Statement.

| Type of derivative | Notional reminder 30/06/2017 in currency | Notional reminder 30/06/2017 in Euro | Fair Value 30/06/2016 | Income Statement |
|---|---|---|---|---|
| Forward Sell CAD / Buy EUR | 6,000 | 4,058 | 1,731 | 1,731 |
| Forward Sell USD / Buy EUR | 60,500 | 53,014 | 4,418 | 4,418 |
| Forward Sell TRY / Buy EUR | (77,930) | (19,417) | (331) | (331) |
| **Total** | | **37,655** | **5,818** | **5,818** |

## 28.4 Net financial debt

The following table shows the amount of the net financial debt with the details of the main items as required by CONSOB communication no. DEM/6064293 of 28 July 2006, which refers to the Recommendation of the European Securities and Markets Authority – ESMA (formerly CESR) of 10 February 2005.

| | | | 30/06/2017 | 31/12/2016 |
|---|---|---|---|---|
| A | Cash | | 505,090 | 506,470 |
| B | Securities held for trading | | 355 | 848 |
| **C** | **Cash and cash equivalents** | **(A+B)** | **505,445** | **507,318** |
| | Current loan assets | | 46,244 | 25,227 |
| | *of which from related parties* | | *10,441* | *765* |
| | Current portion of financial assets from concession activities | | 9,751 | 0 |
| **D** | **Current loan assets** | | **55,995** | **25,227** |
| E | Current portion of bank loans and borrowings | | (718,145) | (336,408) |
| F | Current portion of bonds | | (18,112) | (4,294) |
| G | Current portion of non-current debt | | (185,805) | (152,594) |
| H | Other current loans and borrowings | | (5,656) | (6,601) |
| I | Current portion of loans and borrowings without recourse | | (7,005) | (3,911) |
| **J** | **Current financial debt** | **(E+F+G+H+I)** | **(934,722)** | **(503,808)** |
| **K** | **Net current financial debt** | **(J+D+C)** | **(373,282)** | **28,737** |
| L | Non-current portion of bank loans and borrowings | | (310,734) | (577,006) |
| M | Bonds | | (878,503) | (874,333) |
| | *of which to related parties* | | *(14,000)* | *(13,000)* |
| N | Other non-current financial liabilities | | (18,386) | (20,991) |
| O | Loans and borrowings without recourse | | (75,728) | (6,928) |
| **P** | **Non-current financial debt** | **(L+M+N+O)** | **(1,283,350)** | **(1,479,258)** |
| **Q** | **Net financial debt from Continuing operations** | **(K+P)** | **(1,656,632)** | **(1,450,521)** |
| **R** | **Net financial debt of disposal groups** | | **186,296** | **76,743** |
| **S** | **Net financial debt** | **(Q+R)** | **(1,470,336)** | **(1,373,778)** |
| | Non-current loan assets | | 39,620 | 36,440 |
| | Subordinated loans | | 36,902 | 240,416 |
| | *of which to related parties* | | *28,858* | *234,879* |
| | Non-current portion of financial assets from concession activities | | 118,771 | 4,390 |
| **T** | **Non-current loan assets** | | **195,292** | **281,246** |
| **U** | **Total financial debt** | **(S+T)** | **(1,275,043)** | **(1,092,532)** |

The total financial debt takes into account, in addition to the net financial debt (letter S in the above table) determined in accordance with the provisions of the recommendation of the European Securities and Markets Authority – ESMA (formerly CESR) of 10 February 2005, the non-current loan assets. It is also pointed out that the net financial debt includes, for EUR 82,733 thousand, the no recourse debt of the subsidiaries Veneta Sanitaria Finanza di Progetto S.p.A. and Valle Aconcagua S.A.

It is also pointed out that the Parent has treasury shares in its portfolio totalling EUR 3,073 thousand which determine a net financial debt totalling EUR 1,271,970 thousand.

Lastly, it is pointed out that the net financial debt, also in comparative terms, does not contain the amount of the derivatives used in hedging activities since by their very nature they do not represent financial amounts.

# 29 Other liabilities

## 29.1 Other Non-current liabilities: EUR 172,934 thousand (EUR 179,034 thousand)

Other current liabilities totalled EUR 172,934 thousand and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Associates and joint ventures | 786 | 962 | (176) |
| Other companies | 1,296 | 1,362 | (66) |
| Personnel | 29,752 | 23,848 | 5,904 |
| Social security institutions | 14,996 | 16,082 | (1,086) |
| Accrued expenses and deferred income | 10,483 | 6,056 | 4,427 |
| Other | 115,621 | 130,724 | (15,103) |
| **Total** | **172,934** | **179,034** | **(6,100)** |

The “Other” item contains the effects of the consolidation of the Group’s operating entities with reference to existing relations with various partners in joint initiatives.

The “Personnel” item grew mainly due to the greater weight of the specialist works that the Group prefers to perform using its own specialised personnel (and not by subcontracting).

As for relations with associates and Joint Ventures, see note 35, with information on related parties.

We should finally point out that amounts due to associates and Joint Ventures for principal to be paid and not yet called-up by the individual Boards of Directors, were reclassified, as in the previous year, as a direct reduction of the respective carrying amounts of equity investments.

# 30 Employee benefits: EUR 7,330 thousand (EUR 7,506 thousand)

This item’s amount, and the changes taking place during the year, are summarised in the following table.

| | Defined benefit plans | Liabilities for redundancy incentives | 30/06/2017 |
|---|---|---|---|
| **a) Amount at previous year end** | **7,132** | **374** | **7,506** |
| b) Increases during the year | | | |
| b.1) Service Cost | 456 | 0 | 456 |
| b.2) Interest Cost | 39 | 0 | 39 |
| b.3) Actuarial Gains or Losses | (104) | 0 | (104) |
| c) Amount of the period and exchange rate differences | (441) | (126) | (567) |
| **d) Total amount of Defined Benefit Obligation** | **7,082** | **248** | **7,330** |

## 30.1 Employee benefits

The item refers mostly to the post-employment benefits regulated by article 2120 of the Italian Civil code.

The following are the main assumptions used for the purposes of the actuarial estimate of post-employment benefits at 30 June 2017:

- Annual discount rate: 1.67%
- Annual inflation rate: 1.50%
- Annual rate of increase of post-employment benefits: 2.625%
- Annual rate of remuneration increase:
  - Managers: 2.50%
  - Junior managers / White collars / Blue collars: 1.00%

## 30.2 Liabilities for redundancy incentives

The “Liabilities for redundancy incentives” item reflects the estimates of the charges related to the agreements taking place during 2014 – based on the provisions established by article 4, subsections 1 – 7-*ter* of Law no. 92 of 2012, the so-called “Fornero Law” – for consensual early terminations of the employment relationship of eight employees in the Italian main office.

In particular, the agreement in question, authorised by Istituto Nazionale della Previdenza Sociale on 27 November 2014, guarantees early retiring employees a benefit for an amount equal to the pension that would be owed based on the rules in force and the accrual of additional imputed contributions necessary for achieving the minimum pension requirements.

As to the main assumptions used to determine the present value of the obligation, it is specified that the discount rate was determined with reference to the Eurirs index at two years (in line with the duration of the plan in question).

## 31 Trade payables: EUR 1,098,880 thousand (EUR 1,092,282 thousand)

This item consists of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Suppliers | 1,023,096 | 1,030,930 | (7,834) |
| Associates and joint ventures | 71,089 | 55,052 | 16,037 |
| Other investees | 4,695 | 6,300 | (1,605) |
| **Total** | **1,098,880** | **1,092,282** | **6,598** |

The increase in this item may be ascribed mainly to the "Associates and joint ventures" and in particular to the payments billed domestically by the consortium entities and/or consortia for services rendered to the Shareholders in accordance with the provisions of their Bylaws.

## 32 Tax liabilities: EUR 93,159 thousand (EUR 84,090 thousand)

Tax liabilities increased by EUR 13,316 thousand compared to the previous year and consist of the following:

| | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Indirect tax liabilities | 41,843 | 22,572 | 19,271 |
| Direct tax liabilities | 47,550 | 57,142 | (9,592) |
| Withholding tax liabilities | 3,766 | 4,376 | (610) |
| **Total** | **93,159** | **84,090** | **9,069** |

The increase in this entry may be ascribed mainly to the "Indirect tax liabilities" item and in particular to the increased productive volumes of the contracts in progress in the American and European segments.

## 33 Provisions for risks and charges: EUR 28,183 thousand (EUR 13,709 thousand)

The composition of provisions for risks and charges is as follows:

| | Provisions for contractual obligations | Provisions for risks on equity investments | Provision for potential losses | Tax litigations | Provisions as per Art. 27 of the Parent's Bylaws | Total |
|---|---|---|---|---|---|---|
| **Balance at 01/01/2017** | **7,147** | **2,672** | **1,949** | **0** | **1,940** | **13,708** |
| Allocations | 0 | 0 | 5,316 | 4,246 | 0 | 9,562 |
| Utilisation | (30) | 0 | (60) | 0 | 0 | (90) |
| Other and change in consolidation scope | 5,024 | (20) | 0 | 0 | 0 | 5,004 |
| **Balance at 30/06/2017** | **12,141** | **2,653** | **7,204** | **4,246** | **1,940** | **28,184** |

- Provisions for contractual obligations mainly include the conservative provision for losses relating to works that have already been performed, for which the final phase of the respective contracts has not yet been defined, as well as activities related to contract work in progress;
- Provisions for risks on equity investments reflect the Group's equity deficit considering the investment's carrying amounts;
- The provision for potential losses includes the accrual for likely risks measured on a case-by-case basis carried out with the help of external consultants and based on both objective and evaluation elements;
- The provision as per Art. 27 of the Parent's Bylaws was used for charitable donations and increased through the allocation of profits in accordance with specific resolutions.

To complete the information provided regarding provisions for risks and charges, there follows a summary of the allowances and provisions recognised in the financial statements with indication of their nature and specific category.

As to the "Tax litigations" item, it is pointed out that following the investigation done by officials from the Lazio Regional Directorate of Agenzia delle Entrate (revenue agency) for the years 2012 and 2013, which ended with the serving of the tax assessment dated 31 May 2017, potential liabilities were found, also with the help of outside consultants, for approximately EUR 4.2 million. For the sake of completeness, it is pointed out that the findings raised by Agenzia delle Entrate (for a total amount, in terms of greater taxable income, equal to 31 million) regarded the adjustment of the transfer prices of certain transactions implemented by the Parent with regard to foreign subsidiaries, as well as the calculation of the Gross Operating Profit (Loss) provided for by art. 96 of the Consolidated Income Tax Act (TUIR) in the matter of deductibility of net interest payables. These amounts, which have been quantified, as already mentioned, at approximately EUR 4.2 million, include the greater taxes and the related penalties calculated in the assumption of resorting to the deflationary instruments provided for by the regulations in force, for the years that were the subject of the investigation (2012 and 2013) and for subsequent years.

| | note | 30/06/2017 | 31/12/2016 |
|---|---|---|---|
| **Allowances deducted directly from assets** | | **32,677** | **27,703** |
| Allowance for impairment (equity investments) | 18. Equity investments | 81 | 81 |
| Allowance for impairment losses on contracts | 22. Amounts due from customers | 8,953 | 9,528 |
| Allowance for impairment | 23. Trade receivables | 16,437 | 11,038 |
| Allowance for impairment - default interest | 23. Trade receivables | 1,317 | 1,317 |
| Allowance for impairment - default interest due to tax authorities | 24. Tax assets | 198 | 198 |
| Allowance for impairment - other assets | 20. Other current assets | 5,691 | 5,541 |
| **Provisions recognised under liabilities** | | **30,121** | **16,211** |
| • For risks on equity investments | 33. Provisions for risks and charges | 2,652 | 2,672 |
| • For contractual obligations | 33. Provisions for risks and charges | 12,141 | 7,147 |
| • For contract losses to complete | 22. Amounts due to customers | 1,938 | 2,503 |
| • Other provisions for risks and charges | 33. Provisions for risks and charges | 13,390 | 3,889 |
| **Total provisions/allowances** | | **62,798** | **43,914** |

## 33.1 Disclosure on potential risks

It must be noted that the Group is involved in civil and administrative proceedings and lawsuits related to its daily performance of its business activities. On the basis of currently available information and taking into account existing provisions for risks, it is felt that said proceedings and lawsuits will not have any significant effects on the Condensed Interim Consolidated Financial Statements. The content of the Notes to the Consolidated Financial Statements at 31 December 2016 in this regard can be confirmed and should be referred to.

# 34 Fair value measurement

The following table provides the fair value hierarchy of the Group's assets and liabilities.

| | Measurement date | Total | Measurement at fair value with | | |
|---|---|---|---|---|---|
| | | | Prices quoted in active markets (Level 1) | Observable significant inputs (Level 2) | Unobservable significant inputs (Level 3) |
| **Assets measured at fair value** | | | | | |
| Forward exchange contracts | 30/06/2017 | 6,149 | | 6,149 | |
| Securities | 30/06/2017 | 355 | 355 | | |
| **Liabilities measured at fair value** | | | | | |
| Interest Rate Swaps | 30/06/2017 | (25,819) | | (25,819) | |
| FX Index Swaps | 30/06/2017 | (331) | | (331) | |
| Conversion options - bonds | 30/06/2017 | (9,395) | | | (9,395) |

## 34.1 Measurement techniques and inputs used to process measurements

### a) Assets and liabilities measured at fair value on a recurring basis

- **Interest rate swap**

The fair value of the derivatives was measured through the use of a pricing tool. The floating-rate, indexed leg was measured by generating the forward rates for the deadlines provided for by the contract, and then calculating the present value by discounting the corresponding cash flows.
The fixed-rate, indexed leg was measured by calculating the present value of the flows.
The forward rates and discount rates were calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits quotation) and long-term rates (swap rates quotation) at 30 June 2017.
To calculate the fair value of the derivatives, the Debt Value Adjustment (DVA) was used in order to take into account the non-fulfilment risk.
The total value of the instrument is provided by the difference of the present values of the floating and fixed component.
With reference to the effectiveness of the transaction, this is determined by means of internal assessment models using the Dollar Offset Method, relying on the use of the hypothetical derivative for determining the fair value of the hedged item.

- **Forward exchange rate contracts**

The instruments in question were measured through the use of a pricing tool.
The measurement was done through discounting of the value at maturity of the contract, determined as the difference between the forward exchange rate at maturity, quoted by the market on the measurement date, and the working exchange rate provided for by the contract, considering the notional amount provided for by the contract.

The discount rates were calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits quotation) and long-term rates (swap rates quotation) at 30 June 2017. The forward exchange rates were estimated by linear interpolation starting from the curve of exchanges at term acquired from the info provider.

- **Securities**

The fair value of the securities is equal to the market price referring to the quotations (bid price) on the measurement year's reference date.

- **Conversion options - bonds**

A convertible bond entitles the holder to convert the bond into a given number of shares of the issuer. The instrument may therefore be classified as a standard obligation that incorporates the sale of a call-type plain vanilla option.
The pricing tool is used to measure the convertible bond.
The measurement model breaks the instrument down into its basic components: an equity component and a debt component. Towards this end, it defines a hypothetical "cash only part of the convertible bond" instrument. The amount of the two aforementioned components is determined based on the Black-Scholes equation.
The model uses the following input data: the market price of the Parent's shares, the rate curves (swap and deposits), volatility of the share price, and the parent's credit spread.
Of the aforementioned input data, the Parent's credit spread is not a figure that is currently observable on the market.

**b) Assets and liabilities measured at fair value on a non-recurring basis**

As at 30 June 2017, there are no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures stated in IFRS 13 "Fair Value Measurement".

**c) Transfers of financial instruments between the various levels of the fair value hierarchy**

During the financial year, there were no transfers between the different levels of the fair value hierarchy.

## 35 Disclosure on related party transactions

In accordance with IAS 24, as well as CONSOB communication no. 6064293 of 28 July 2006, below are the totals of existing transactions and balances resulting from financial and commercial relations with related parties. In this regard, it is noted that the relevant transactions were carried out at market conditions. It should be pointed out that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific segment the Group operates in, are to be related to receivables due from third parties – recognised under Trade Receivables (note 23) – not summarised in the following table:

| Company name | Amounts due from Customers | Receivables and other assets | Financial assets | Amounts due to Customers | Payables and Other liabilities | Financial liabilities | Operating revenue | Operating costs | Financial income and expense |
|---|---|---|---|---|---|---|---|---|---|
| **Parents** | | | | | | | | | |
| Fin.Ast. S.r.l. | 0 | 10 | 0 | 0 | 0 | 7,000 | 6 | 0 | (147) |
| **Company under joint control** | | | | | | | | | |
| Finetupar International S.A. | 0 | 0 | 0 | 0 | 0 | 7,000 | 0 | 0 | (147) |
| **Joint ventures** | | | | | | | | | |
| Ankara Etlik Hastante A.S. | 0 | 3,636 | 24,472 | 83,442 | 292 | 0 | 36,162 | 0 | 796 |
| Astaldi Bayindir J.V. | 0 | 6,629 | 0 | 0 | 655 | 0 | 0 | 0 | 0 |
| Consorzio A.F.T. Kramis | 0 | 5,233 | 578 | 0 | 241 | 0 | 0 | 0 | 18 |
| Etlik Hastane PA S.r.l. | 0 | 6,424 | 0 | 0 | 1,729 | 0 | | | |
| Ic Içtaş Astaldi Ica Inşaat A.S. | 58,735 | 36,878 | 0 | 2,954 | 0 | 0 | 93,178 | 0 | 2,782 |
| Other* | 0 | 6,478 | 433 | 201 | 2,581 | 2,426 | 17 | 43 | 3 |
| | **58,735** | **65,278** | **25,483** | **86,598** | **5,499** | **2,426** | **129,357** | **43** | **3,599** |
| **Associates** | | | | | | | | | |
| BTC SCARL | 0 | 6,144 | 0 | 0 | 1,163 | 0 | 129 | 8,544 | 5,982 |
| Consorzio Iricav Due | 0 | 367 | 0 | 0 | 17,236 | 0 | 235 | 847 | 0 |
| Consorzio MM4 | 38,866 | 81 | 311 | 0 | 468 | 0 | 37,606 | 466 | 0 |
| Diga di Blufi S.c.r.l. in liq. | 0 | 6,838 | 0 | 0 | 5,467 | 0 | 1 | 1 | 1 |
| GE. SAT S.c.a.r.l. | 0 | 26,997 | 0 | 0 | 21,630 | 0 | 9,833 | 6,232 | 0 |
| ICA Ic Ictas Astaldi ucuncu bogaz koprusu ve kuzey marmara otoyolu yatirim ve isletme AS | 160,911 | 83 | 181,612 | 1,171 | 0 | 0 | 65,815 | 0 | 4,479 |
| METRO C S.c.p.a. | 291 | 3,713 | 0 | 0 | 12,585 | 0 | 419 | 11,942 | 0 |
| Otoyol Yatirim Ve Isletme A.S | 39,991 | 103 | 4,006 | 0 | 0 | 0 | 62,746 | 0 | 316 |
| SA.T. S.p.A. | 7,369 | 314 | 7,181 | 0 | 155 | 0 | 628 | 0 | 186 |
| Other* | 0 | 11,850 | 8,450 | 62 | 7,361 | 0 | 396 | 4,064 | 35 |
| | **247,428** | **56,491** | **201,560** | **1,232** | **66,066** | **0** | **177,807** | **32,095** | **10,999** |
| **Total** | **306,164** | **121,779** | ****227,043** | **87,830** | **71,564** | **16,426** | **307,170** | **32,138** | **14,305** |
| **Percentage of incidence** | **17.59%** | **9.48%** | **51.21%** | **17.52%** | **5.62%** | **0.73%** | **20.42%** | **3.37%** | **-16.67%** |

* for relations of a unit amount under EUR 5,000 thousand.

**of which EUR 186,296 thousand classified in Assets held for sale.

# 36 Segment reporting

The operating segments subject to segment reporting were determined according to reporting used by senior management as an information set for their decisions. This reporting is specifically based on the various geographical segments where the Group operates, and it is determined by using the same accounting policies used to draw up the consolidated financial statements.

The following tables show the segment disclosure as per IFRS 8.

| Reporting at 30/06/2017 | Italy | Europe | America | Africa | Asia | Other activities | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | 492,772 | 484,941 | 516,155 | 58,307 | 506 | 1,053 | (129,593) | **1,424,140** |
| Net gains on equity-accounted investees | | | | | | | | **23,143** |
| Operating profit (loss) | 24,946 | 57,684 | 23,605 | 15,918 | (1,987) | 2,943 | 68,608 | **191,718** |
| Net financial expense | | | | | | | | **(107,305)** |
| Pre-tax profit and non-controlling interests | | | | | | | | **84,413** |
| Tax expense | | | | | | | | **(19,310)** |
| Profit for the period | | | | | | | | **62,843** |

| Reporting at 30/06/2016 | Italy | Europe | America | Africa | Asia | Other activities | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | 406,247 | 596,128 | 464,434 | 92,192 | 11,841 | (631) | (237,307) | **1,332,904** |
| Net gains on equity-accounted investees | | | | | | | | **32,748** |
| Operating profit (loss) | 4,473 | 105,767 | 54,930 | 17,604 | (1,092) | (1,476) | (20,399) | **159,807** |
| Net financial expense | | | | | | | | **(95,537)** |
| Pre-tax profit and non-controlling interests | | | | | | | | **64,270** |
| Tax expense | | | | | | | | **(15,433)** |
| Profit for the period | | | | | | | | **31,509** |

The amounts in the “Other activities” column in correspondence with the operating profit (loss) refer mainly to the general expenses incurred by the Parent.

# 37 Other information

## 37.1 Guarantees and sureties

**Personal guarantees**

The total amount of the personal guarantees provided is EUR 3,182,205 thousand and refers to the following cases:

- sureties for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of joint ventures, associates and other investees, set up for this purpose pursuant to the relevant current laws for the amount of EUR 126,483 thousand of which EUR 8,236 thousand referring to joint ventures;
- sureties for works, issued in the Group’s interest by banks and insurance companies in favour of customers for various purposes, on its own account and in the interest of joint ventures, special purpose vehicles, associates and other investees for the total amount of EUR 2,997,031 thousand, of which EUR 101,346 thousand referring to joint ventures;
- Other sureties issued for various purposes for a total of EUR 58,691 thousand of which EUR 8,669 thousand referring to joint ventures.

**Third party sureties given to the Group**

They refer to sureties of EUR 369,739 thousand issued by banks and insurance companies on behalf of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis-à-vis the Group.

## 37.2 Events after the reporting period

There follows information on the events after the reporting period.

The procedure regarding approval of the project for Mega Lot 3 of the Jonica National Road (SS-106) was completed in July. The ruling was published in Italy's Official Gazette No. 41 dated 10 August 2016, registered by the Audit Court on 10 July 2017. This ruling officially ratifies approval and start-up of preliminary activities prior to the commencement of works on the 1st operational section (Sibari-Trebisacce section), which is, inter alia, a useful condition for completion of the procedure regarding approval and funding of the 2nd operational section.

In July, in order to execute the content of the preliminary agreements signed during the first half of the year, Astaldi Group purchased 23.4% of Veneta Sanitaria Finanza di Progetto S.p.A. (VSFP), the concession holder of Venice-Mestre Hospital from the shareholder, Mantovani. Upon completion of the transaction, Astaldi Group holds a 60.4% interest in VSFP, thus confirming the ability to decide on the SPV's significant management policies. The transaction forms part of the Group's plan to expand activities. In keeping with the Group's strategic plan, the project provides for the best valorisation of the asset through this transaction, not only in financial terms but also as regards technological content.

## 37.3 Authorisation for publication

Pursuant to current legislation, the Board of Directors of Astaldi S.p.A. approved this Interim Financial Report, authorising its publication, on 2 August 2017.

Translation under review from the Italian original, that remains the definitive version.

# Statement on the Condensed Interim Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and integrations

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of Financial Reporting of Astaldi S.p.A., hereby certify:

   • the appropriateness in relation to the company's characteristics and

   • the actual application of administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements for HY1 2017.

2. The administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements at 30 June 2017 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.

   There are no significant observations to be made in this regard.

3. This is also to certify that:

   3.1 The Condensed Interim Consolidated Financial Statements at 30 June 2017:

   a) were drafted in compliance with the applicable international financial reporting standards endorsed within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b) tally with ledgers and account entries;

   c) are appropriate for providing a truthful and accurate representation of the financial position and results of operations of the Parent and of all the companies included in the consolidation scope.

   3.2 The Interim Report on Operations at 30 June 2017 includes a reliable analysis of the most significant events that occurred during the first six months of the year, and their impact on the Condensed Interim Consolidated Financial Statements, combined with a description of the main risks and uncertainties for the remaining six months of the year. The aforementioned Interim Report on Operations also includes a reliable analysis of key transactions with related parties.

Rome, 2 August 2017

| Filippo Stinellis | Paolo Citterio |
|---|---|
| ***Chief Executive Officer*** | ***Manager in charge of Financial Reporting*** |