



Annual Financial Report 2012



Figure 1 – Italy – Line 5 of Milan Underground

Astaldi Società per Azioni

Registered Office/Head Office: Via Giulio Vincenzo Bona 65 - 00156 Rome (Italy)

Registered with the Companies Register of Rome

TIN.: 00398970582

R.E.A. No. 152353

VAT No.: 0080281001

Share Capital: EUR 196,849,800.00 fully paid-in

(The present document is a translation from the Italian original, which remains the definitive version)

A dream, a mission: building for progress.

Satisfying customers' needs in the best way possible, achieving growth targets to increase corporate value and offering the market the most fitting solution at all times: Astaldi has been committed to building ongoing progress since the 1920s.

Building" means moving into the future: no country or nation can do without creating new infrastructures if it wishes to pursue real, concrete progress.

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CONSOLIDATED ACCOUNT STATEMENTS

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ACCOUNT STATEMENTS

NOTES TO ACCOUNT STATEMENTS

ANNUAL REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

Summarised data

Main income statement data

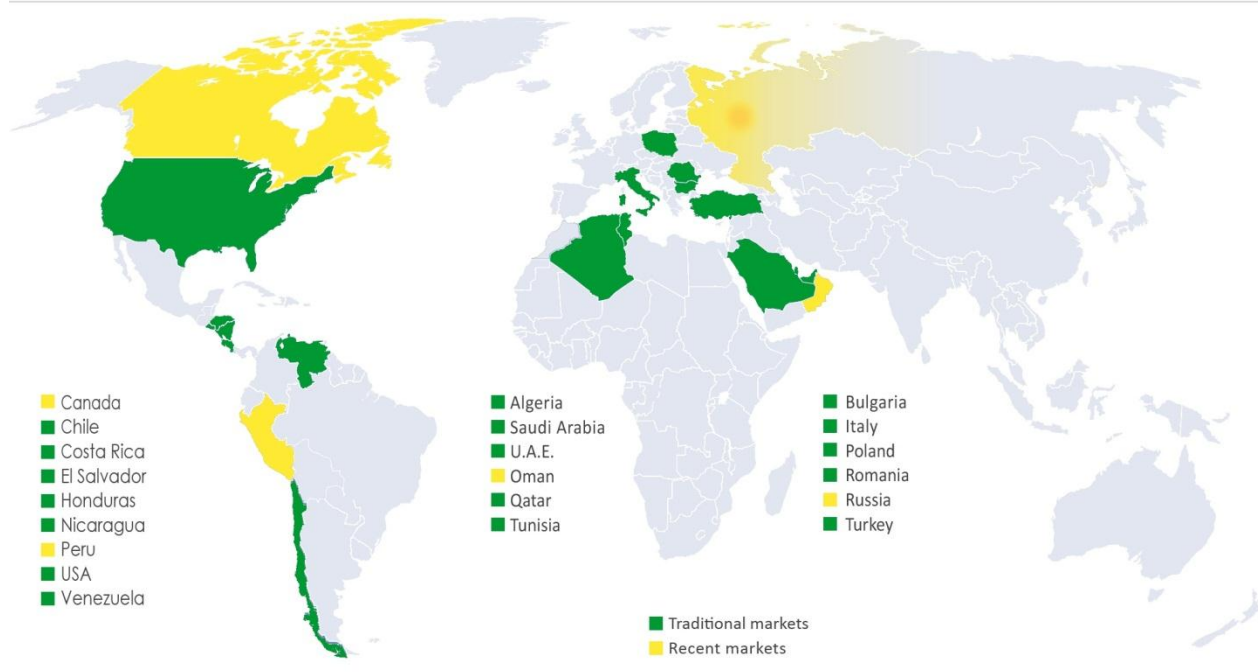
(EUR/millions)

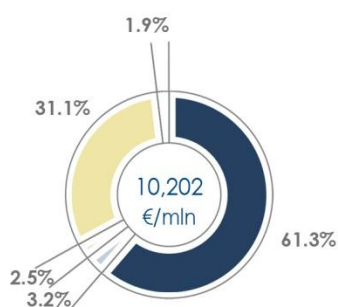
	31.12.2012	31.12.2011
Total revenue	2,457	2,360
EBIT	212	201
EBIT/ Total revenue (%)	8.6%	8.5%
Net profit	74	71
Net profit/ Total revenue (%)	3.0%	3.0%

Main statement of financial position data

(EUR/millions)

	31.12.2012	31.12.2011
Non-current assets	643	472
Net invested capital	1,181	953
Net financial debt	(626)	(483)
Equity	555	470





Order backlog by line of business

(millions of euros)

Transport infrastructures	6,252	6,272
Energy production plants	328	423
Civil and industrial buildings	255	375
Concessions	3,171	2,721
Plant design and maintenance	196	221
Total order backlog	10,202	10,012

31.12.2012	31.12.2011
6,252	6,272
328	423
255	375
3,171	2,721
196	221
10,202	10,012

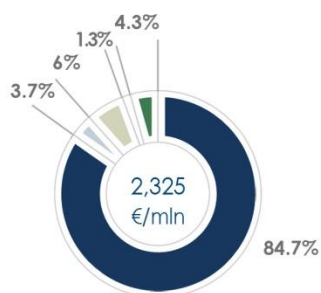


Order backlog by geographical area

(millions of euros)

Construction - Italy	2,382	2,625
Construction - International	4,649	4,666
Concessions	3,171	2,721
Total order backlog	10,202	10,012

31.12.2012	31.12.2011
2,382	2,625
4,649	4,666
3,171	2,721
10,202	10,012



Revenues by line of business

(millions of euros)

Transport infrastructures	1,970	1,907
Energy production plants	85	137
Civil and industrial buildings	140	180
Concessions	30	23
Plant design and maintenance	100	18
Total revenues	2,325	2,265

31.12.2012	31.12.2011
1,970	1,907
85	137
140	180
30	23
100	18
2,325	2,265



Revenues by geographical area

(millions of euros)

Italy	913	1,050
International	1,412	1,215
Total revenues	2,325	2,265

31.12.2012	31.12.2011
913	1,050
1,412	1,215
2,325	2,265

Main events of 2012

Italy

January - March

The company was awarded the general contracting initiative to construct **Mega-Lot 3 of the Jonica National Road** (38 kilometres of motorway links), a key project in the plan to improve infrastructures on Italy's western side.



ITALY

"Ospedale dell'Angelo" -
Mestre-Venice



ITALY

Maxi-Lot DG-21 - Jonica
National Road



ITALY

Maxi-Lot DG-22 - Jonica
National Road

The Group ended 2011 with an **increase in revenues to EUR 2.4 billion** and an **order backlog of over EUR 10 billion**. The Board of Directors proposed a **dividend of EUR 0.17 per share (+13% YOY)**, which was subsequently resolved upon by Astaldi's forthcoming Shareholders' Meeting.

The Group's increased its stake in **Veneta Sanitaria Finanza di Progetto**, the concessionaire company responsible for managing Ospedale dell'Angelo in Mestre-Venezia (680 beds, 1,240 parking spaces). Its stake held in the company increased to 34.5%.

The photovoltaic plant (90kW) used to supply energy to the Group's head offices in Rome was put into operation. 92,624 kWh of renewable energy were produced in one year, with an estimated saving of 16% for the Group.

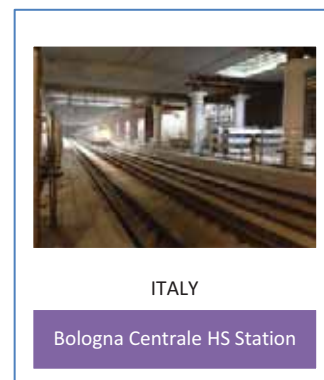
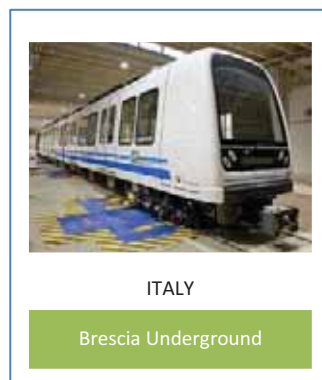
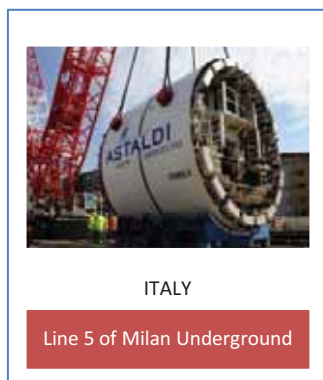
The TBM to be used to excavate the tunnel section of the **extension of Line 5 of the Milan underground** (7 kilometres of line, 10 stations) was presented in San Siro (Milan).

April - June

Astaldi's Shareholders' Meeting appointed the new **Board of Directors** that will remain in office until approval of the 2014 Financial Statements.

Astaldi completed an **EUR 60 million loan operation** with Credit Agricole and BBVA, guaranteed by SACE, aimed at supporting investment, especially abroad and in concessions.

Operational testing commenced on the **Brescia underground** route (13.7 kilometres of line, 17 stations), prior to the line becoming fully operational, scheduled for 2 March 2013.



Milan Polytechnic hosted **wind testing of the Suspension Bridge over Izmit Bay**, the most technically complex section of the Gebze-Izmir Motorway in Turkey (434 kilometres of motorway links) that Astaldi will build as part of a joint venture. The Turkish Minister of Transport also attended official testing.

The company celebrated **90 years of business and 10 years of Stock Exchange Listing** in Rome.

Bologna Centrale HS Station and the Parma-La Spezia railway obtained "**Cantieri Virtuosi 2011**" (2011 Virtuous Worksites) acknowledgement from the principal, Italferr, as part of the campaign entitled "L'Unione fa la Sicurezza" (Unity makes safety) for good practices adopted in terms of safety at sites and in the workplace in general.

Transit of the first train inaugurated the railway underpass at **Bologna Centrale HS Station**.

Kick-off for the second edition of “Puntiamo in alto!”, the study grant programme for the children of company employees, sponsored by the company.

July - September

ENR listings (*Engineering News Record* – comparison of 400 global contractors) confirmed **Astaldi Group's position among the 20 Top International Contractors** for the turnover produced in its reference sectors – 19th in the transport sector, 8th in the airport sector, 9th in the mass transit and rail sector, 13th in the motorways sector, 8th in the hydroelectric plants sector and 13th in the sports facilities sector.

Opening of **Toledo Station** (Line 1 of Naples Underground). Over 34,000 m³ of concrete and more than 7,000 tons of steel were used to build it.

C.I.P.E. (Interdepartmental Committee for Economic Planning) released new funding for public works: EUR 178 million allocated to complete **Ospedale del Mare in Naples**, taken from the Development and Cohesion Fund for the region of Campania.



October - December

Astaldi's Board of Directors approved the Group's **2012-2017 Business Plan**: definition of growth targets needed to confirm its leadership in the construction sector along with the strategic value of concessions.

Astaldi Group, in the capacity of Sponsor, was awarded the project finance initiative to construct and subsequently manage the **new offices of Rome's municipal authority** ("Campidoglio 2"), to be used to house offices for 4,350 employees.

Toledo Station (Line 1 of Naples Underground) was the star of the “*Architettura nel mondo*” exhibition held at the Triennale di Milano: built by Astaldi as part of a joint venture and designed by Oscar Tusquets Blanca, with

installations by William Kentridge, Bob Wilson and Achille Cevoli, the work was praised for its perfect mix of technology, archaeology and art.

The first two stations of the new **Brescia Underground** were opened: cutting of the ribbon preceded the official opening of the line, scheduled for 2 March 2013.

Financial closing of the project finance initiative regarding the construction and management of **hospitals in Tuscany** (over 2,000 beds, 4,500 parking spaces) was completed: the definition of financing will allow for completion of the works that are already at an advanced stage of construction.

As regards **Line 5 of Milan Underground** (Zara-Bignami section), the pre-operational phase was started up prior to the official opening scheduled for 10 February 2013.

Europe and Turkey

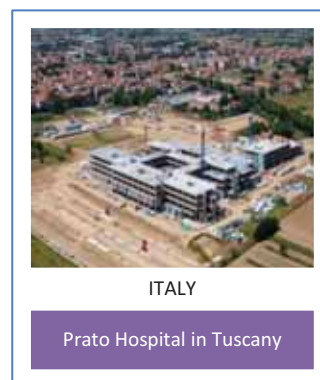
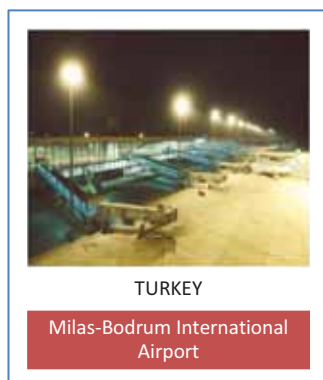
January - March

In Turkey, the Ministry of Health (MOH) signed the concession agreement for the **Etlik Health Campus** (over 3,500 beds) in Ankara, the largest hospital facility in Europe that will be built and managed by Astaldi, as part of a joint venture.

Astaldi Concessioni opened its branch in Turkey: the operating branch will ensure careful monitoring of important projects in progress in Turkey and of the opportunities that may arise as a result of sharing of the Group's strategic and industrial goals.

April - June

In Turkey, the **Milas-Bodrum International Airport** (5,000,000 passengers/year) was opened and became operational: built in just 14 months, it will be managed by Astaldi Group. The Turkish Ministry of Transport attended the opening ceremony.



In Romania, the Group was awarded the contract to construct **Line 4 of Bucharest Underground** (2 kilometres, 2 stations, 1 freight village).

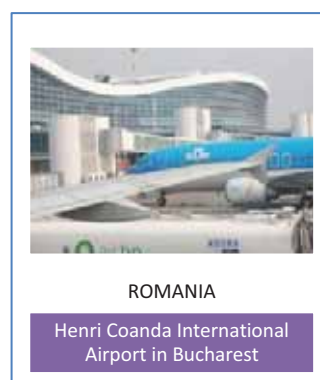
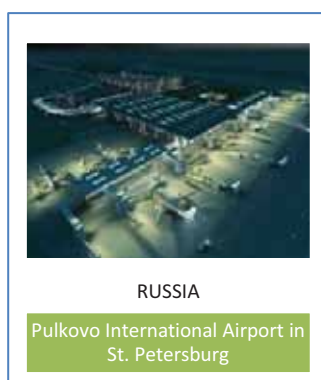
July - September

The Group was awarded the contract to design and construct the **Bydgoszcz-Torun Plant in Poland**, a Waste-to-Energy Plant to produce energy through the transformation of urban waste, able to meet the energy requirements of approximately 50,000 families.

In Turkey, **Line 4 of Istanbul Underground** (Kadıköy-Kartal section, 20 kilometres and 16 underground stations) was opened. The Prime Minister Recep Tayyip Erdoğan attended the opening ceremony.

October - December

Closing of the terminal's roof, an important milestone in the project to complete the works, was celebrated with an official ceremony at the worksite at **Pulkovo International Airport in St. Petersburg** (14,000,000 passengers/year) in Russia.



Construction activities on the **Henri Coanda International Airport in Bucharest** (9,500,000 passengers/year) in Romania were completed and it was subsequently opened to the public.

In Russia, the company signed the EPC Contract for the **Western High-Speed Diameter** (W.H.S.D., 12 kilometres of motorway), the project to complete St. Petersburg's ring road for which the design phase was already started in June on the basis of a preliminary contract.

Latin America and North America

January - March

The Group was awarded the **Relaves and Chuquicamata Projects** in Chile, two major contracts for the construction of infrastructures in the mining sector entered into with CODELCO, and long-standing Chilean state-owned company and leading producer of copper worldwide.

Astaldi Canada, an Astaldi S.p.A. 100%-owned company was set up with the aim of developing the opportunities the Canadian market has to offer that are of great interest in the Group's new commercial policies



The **Chuquicamata Project** in Chile got underway that consists in transforming the largest open-air mine in the world into an underground mine.

April - June

In El Salvador, the Group was awarded the **project to upgrade the Comasagua-Chiltiupian road** (9.6 kilometres of road) and the **bridge over Rio Lempa in Nombre de Jesus** was opened: the President of the Republic of El Salvador attended the official ceremony.

July - September

A symbolic ceremony was held at the site for the **Chuquicamata Mining Project** in Chile to celebrate boring of the first access tunnel to the mine.

In the USA, the Group obtained two important awards: the **Florida Best in Construction Urban 2012**, for the construction quality of the SR-823 road project in Miami Dade and the **FTBA Safety Record Award** for the results achieved by Astaldi Construction Corporation, a company owned entirely by Astaldi S.p.A.

October - December

The Group finalised its acquisition of **T.E.Q.**, a Canadian company operating in the construction and project management sector thus consolidating the Group's commercial entry in Canada.

The Group successfully concluded refinancing of the **Chacayes Hydroelectric Project** in Chile, already in the management phase. The operation ensures refinancing of the concession project at more profitable conditions for the project and disbursement of an extra-dividend to the shareholders of the concessionaire company Astaldi holds a stake in.

The **Chacayes Hydroelectric Project** obtained its first carbon credits, real commercial credits that certify the ability to reduce CO₂ emissions. As established in the Kyoto Protocol, said credits can be negotiated after about a year, with consequent benefits for the plant's overall earnings.

The Chacayes Hydroelectric Plant obtained the international award for **Best Hydro Project of the Year** during the Power-Gen International Projects of the Year Awards event held in Orlando, Florida.

Corporate bodies

Board of Directors

Chairman

Paolo Astaldi

Deputy Chairmen

Ernesto Monti

Giuseppe Cafiero

Chief Executive Officer

Stefano Cerri

Company Directors

Caterina Astaldi

Pietro Astaldi

Luigi Guidobono Cavalchini

Giorgio Cirla

Paolo Cuccia

Mario Lupo

Eugenio Pinto

Maurizio Poloni

General Management

Paolo Citterio (*Administration and Finance*)

Luciano De Crecchio (*Domestic*)

Cesare Bernardini (*International and Railway Works*)

Rocco Nenna (*International*)

Honorary Chairman

Vittorio Di Paola

Board of Auditors

Chairman

Daria Beatrice Langosco di Langosco ¹

Statutory Auditors

Ermanno La Marca

Lelio Fornabaio

Alternate Auditors

Andrea Lorenzatti ²

Giulia De Martino

Francesco Follina

Auditing and Risks Committee ³

Chairman

Mario Lupo

Committee members

Luigi Guidobono Cavalchini

Eugenio Pinto

¹ Auditor appointed through slates submitted by minority.

² Auditor appointed through slates submitted by minority.

³ Following recently approved amendments to the Code of Self-Discipline, the Internal Audit Committee has changed its name to Auditing and Risks Committee.

Remuneration Committee

Chairman

Ernesto Monti

Committee members

Eugenio Pinto

Maurizio Poloni

Related Parties Committee

Chairman

Eugenio Pinto

Committee Members

Giorgio Ciria

Maurizio Poloni

Independent Auditors

KPMG S.p.A.

Annual Report

Introduction

Legislative Decree No. 32 of 2 February 2007 ("Implementation of Directive 2003/51/EC, which amends EEC Directive Nos. 78/660, 83/349, 86/635 and 91/674, regarding the annual accounts and consolidated accounts of some types of companies, banks and other financial institutes and insurance companies) amended, inter alia, Articles 40 (Management Report) and 41 (Auditing of consolidated financial statements) of Legislative Decree No. 127/1991. Specifically, with regard to Article 40 of Legislative Decree No. 127/1991, it was envisaged that, as far as companies drafting consolidated financial statements are concerned, the management report for the consolidated financial statements and the parent company's statutory financial statements "may be presented in a single document, emphasising, where appropriate, the issues which are significant for all the companies included in the consolidation area". Taking into account the Group's structure, the company opted to avail itself of said possibility and hence this management report (referring to the 2012 annual financial statements) includes information previously provided in the management report for the consolidated financial statements and in the management report for the statutory financial statements of the parent company ASTALDI S.p.A.⁴

Lastly, it must be noted that Astaldi's Board of Directors resolved to avail itself of the faculty to eschew obligations regarding the publication of required disclosures on the occasion of significant mergers, splits, share capital increases involving considerations other than cash, acquisitions and transfers, pursuant to Article 70, subsection 8 and Article 71, subsection 1-bis of the Issuers' Regulations issued by CONSOB.

Background scenario

⁴ This Annual Financial Report has been drafted, applying the same accounting standards as adopted to draft the Annual Financial Report at 31 December 2011, with the exception of those that had effect as from 1 January 2012 which are presented in the Consolidated Annual Financial Statements under the heading "Standards and Interpretations with effect as from 1 January 2012".

CONSTRUCTION - ITALY

During 2012, the European economy experienced a further slowdown in the GDP (-0.4% after +1.4 % in 2011), even if the standstill in Central-Northern Europe went hand-in-hand with a genuine recession in Mediterranean countries. In this situation, the construction market experienced a drop of 2% in terms of investment after having recorded -3.8 % in 2010 e -0.2 % in 2011. In real terms, during the 2008-2012 period, investments in the construction sector dropped by 18.1%. The differences between the various Eurozones are mainly to be linked to the adoption of different policies by member state governments. For example, France and Germany have planned medium-term investments in social housing, green building and the upgrading of towns. In Italy, in 2012 investment in construction, in real terms, experienced a drop of 7.6%, down on the 5.3% recorded in 2011. During the 2008-2012 period, the construction sector lost 27.1% of investments in real terms. The sector is clearly affected by a negative economic cycle. If during the 2008-2009 period, the national GDP experienced a reduction of 6.1% in real terms, partially offset by a 1.5% growth in 2010 and a 0.5% growth in 2011, 2012 is expected to record a 2.1% reduction (the GDP quarterly trend was -0.8% in Q1, -0.7% in Q2 and -0.2% in Q3). The relaunch of the construction sector was the target of some legislative measures approved by the two governments during 2012, not lastly by the soc-called "Development Decree" (Law Decree No. 83/2012) that, however, needs a long period of time for the implementation of a definite framework of resources. As regards infrastructures, the start-up of works financed by C.I.P.E. (Interdepartmental Committee for Economic Planning) using national funds experienced a delay, largely due to reinforcement of the internal stability pact (2013 Stability Bill). Said reinforcement has penalised Public Administrations, especially municipal authorities that have been forced to review their own infrastructure investment programmes, making drastic cuts in capital expenditure.

The sector's negative trend is confirmed by the trend regarding bank loans and specifically the disbursement of medium and long-term loans. Loans for construction went from 12% to 7% of the total disbursed and mortgages for the purchase of real estate dropped from 18% to 11%. Said trend is the result, on the one hand, of the increasing difficulty in taking out bank loans, especially in relation to advances against discounted invoices, and on the other of the major economic and financial tension, intensified by the urgent requests for repayment by the banks themselves. Said figures highlight the long-standing problems of a sector already penalised by an inefficient bureaucracy, as can be seen from the unjustified extension of payment deadlines by the public administration in 2012 with an average repayment period of 8 months.

Therefore, the result is a complex and difficult domestic situation in whose regard Astaldi Group adopts a rational policy that, with a strategy of balancing development between Italy and abroad, generates: (i) a well-balanced revenues structure, (ii) an average project duration for the construction order backlog in Italy of 3/5 years, (iii) considerable partnership potential with the concessions sector, and (iv) exclusive involvement on priority projects in the government's development policies.

Considering that the 2013 Stability Bill provides for an increase in state resources allocated for new infrastructures of EUR 2.4 billion (+19.6 %), the risk is that said injection of resources is completely absorbed by the major reinforcement

of the internal stability pact. Therefore, it is felt that inversion of the recession trend is only possible through a relaunch of investments in infrastructures involving, it is hoped, national investors such as Cassa Depositi e Prestiti, the adoption of infrastructure tax exemption policies, the regulation and implementation of alternative instruments to fund works (such as project bonds, financial leasing, PPPs), reduction of the tax burden on production and streamlining of bureaucracy.

CONSTRUCTION – INTERNATIONAL

Please find below a brief analysis of the macroeconomic situation and/or of planned infrastructure investments in the countries of greatest interest for the GROUP's activities, at the date of this report.

Europe

Romania. Despite the country's structural problems, the most recent macroeconomic estimates speak of a forecast 1.7% growth in Romania's economy. The increase should be fuelled in part by the construction sector for which a 4.7% annual growth in real terms is forecast (compared to +5.7% in 2012). Therefore, Romania continues to offer opportunities for the Group's core sector, for the numerous medium-size public works tenders that continue to guarantee and support, especially in the transport infrastructures sector, but also for the commitments undertaken with regard to cohesion infrastructure funding allocated by the European Union (mainly related to construction of the Trans-European Corridor IV). In the medium-/long-term, new investment opportunities may arise from the PPP law approved at the end of 2010. Considering the above and in light of the specific experience acquired over the years, including in the use of structural funding, Astaldi Group feels that interesting opportunities may be on offer in the medium-term in Romania, also in relation to partnerships with leading European companies operating in the sector.

Poland⁵. The infrastructures sector in Poland is standing up to the global financial crisis and continues to offer excellent opportunities for business, especially in the transport sector. Thanks to its EU membership, the Polish construction industry has gained access to structural and cohesion funding, thus succeeding in making the improvement of its infrastructure system the focus of its development strategies. Investments of EUR 7.3 billion are expected for the 2014-2020 period in order to upgrade the railway network. The most important contracts concern the Lublin-Ottock line and links around Poznan and Warsaw, the country's main industrial areas. The projects will be supported by European funding that will be able to support activities not covered by the state's spending capacity. Indeed, in the EU's financial budget for 2007-2013, Poland was allocated EU financial resources totalling over EUR 80 billion, EUR 67.3 billion of which from structural and cohesion funds allocated for infrastructures. Further resources may come from the optimisation of use of funds already allocated to upgrade the railway network as part of EU planning for 2007-2013, as well as from the development of PPPs which the state is trying to promote. Therefore, thanks to its technical and financial skills, in addition to specific experience in the use of EU structural funds, ASTALDI Group feels it is able to grasp interesting

⁵ Sources: "Polonia - Newsletter FONDI UE" No. 17, January-February 2012 and No. 19, May-July 2012, by I.C.E. Italy's national foreign trade institute, European Funding Desk; "Strade e ferrovie, Varsavia in corsa contro il tempo", Il Sole 24 Ore of 11 April 2012.

development opportunities, for both the construction and concession sectors, especially as regards transport infrastructures and energy and environment.

Russia. It is important to note that Astaldi Group operates solely with carefully-chosen private counterparties of high international standing and in relation to projects that have already been funded and/or can boast guaranteed funding. Therefore, it represents an opportunity for geographical diversification resulting from the consolidation of industrial partnerships related to projects that ensure a suitable risk-return profile, also thanks to careful selection of clients. At the present time, the Group is concentrated on performing secured works worth approximately EUR 2.9 billion and is open to additional commercial opportunities.

Turkey. From a macroeconomic viewpoint, Turkey recorded positive indicators even if the need for some structural reforms can be confirmed. During the last two years, the Turkish economy has maintained the positive trend seen for over a decade. In 2011, it recorded an 8.5% YOY increase in GDP despite the continuation of the international and European crisis that was felt during 2012 for which a smaller increase of 2.8% is forecast pending final figures for the year. Generally speaking, the construction sector offers an excellent real growth potential for the 2013-2017 period, forecast at 6%, even if a considerable deficit in current items, high cost of credit, albeit decreasing, and structural weaknesses in the domestic banking and pension sector must be noted. Turkey has also planned significant investments, estimated at USD 30 billion, to upgrade its existing transport infrastructures. Additional opportunities for the construction sector may arise from the new laws on PPPs approved in April 2012. Taking into account Astaldi Group's well-established role in this area and consolidated partnerships with local companies, it is felt that the implementation of said infrastructure plan can offer interesting growth opportunities for the company. Without prejudice to the fact that the Group will focus over the coming years on the finalisation and performance of major works (transport infrastructures, healthcare construction) recently acquired in Turkey.

The Maghreb (Algeria)

Algeria. The forecasts for the construction sector in Algeria speak of a major upturn in the country in 2013 thanks especially to the ambitious investment plan for the infrastructure network which the government will focus on over the coming months. Reasonable growth rates, the increase in oil prices and a period of political stability as regards its neighbouring countries have helped maintain constant and sizeable foreign investments in Algeria. Following an estimated drop of 0.3% in 2012, the construction sector achieved a value of USD 18 billion. Estimates envisage an average YOY increase of 6.3% for the 2013-2022 period with the sector achieving a value of approximately USD 48.2 billion. In this regard it must be recalled that Algeria is one of the leading gas producers in the world and hence has sufficient financial resources to cover its planned infrastructure investments and plans to bring the share of the national transport system covered by rail transport from 5% to 20% by 2015. Hence, the area is of definite interest in the development policies of Astaldi Group which operates exclusively in the construction sector - water and transport infrastructures – in Algeria. The company continues to focus its attention on the country's socio-economic situation that, for the moment, has not been particularly affected by the socio-political crisis that has involved other countries in the Maghreb area.

Latin America

Venezuela. From the Group's viewpoint, the activities in progress in Venezuela are performed under the aegis of Italo-Venezuelan intergovernmental agreements. In May 2010, a new "Economic Cooperation Agreement" was signed by the Italian and Venezuelan governments, which ratifies the local government's major commitment to infrastructure investments in progress in Venezuela, and aims to ensure the re-launch of said investments by studying and devising a new mechanism for funding works. This guarantees a major commitment on the part of local administrations with regard to projects Astaldi Group is performing in the country. Despite this, considering the particular socio-political situation the country is experiencing, also as a result of the President Hugo Chavez' illness (the latter died in March 2013), it has been considered a good idea for some years now to regulate the Group's role in this country with the result being much more limited production levels than in the past despite the considerable potential (including in terms of margins) of the projects in progress. As regards the future, it is considered appropriate to wait and see how the socio-economic situation develops in the country before recommencing a standard level of activities.

Chile. As regards 2012, the construction sector recorded a 7% increase, supported by the development programme duly financed by the central government. However, a slowdown is envisaged in the long-term with an average YOY growth of 3.6% from 2013 to 2021. In absolute terms, the construction sector envisages an increase from USD 20 billion in 2012 to USD 36.8 billion in 2021. Therefore, the country represents an interesting opportunity for geographical and sector diversification thanks to its socio-political and economic stability, the validity of its reference legislative framework and the significant opportunities in the concessions sector, especially in the renewable energy sector. It should be recalled that Astaldi Group mainly operate in Chile with private counterparties (Pacific Hydro for the hydroelectric sector, CODELCO for mining works) and holds a stake (27.3%) in the concession project for the management of a plant boasting 111MW of installed power (built by Astaldi). As far as the future is concerned, interesting opportunities may arise from the mining infrastructures sector for which investments totalling approximately USD 70 million are planned over the coming ten years. CODELCO alone – with whom Astaldi Group is already working on the Relaves and Chuquicamata projects – has announced investments in Chile totalling USD 15 billion over the next five years.

Peru. Peru plans to release USD 20.5 billion in infrastructure investments from 2011 to 2016, including in the light of the central government's firm commitment to approve a considerable concession projects programme. As regards Astaldi Group, we must remember that its role in this country corresponds to the strategic need and desire to diversify activities in Latin America. Commercial interest is mainly focused on the transport infrastructures and energy sectors and, as is case in Chile, the Group is working with private clients in relation to projects to construct hydroelectric plants.

North America

USA. The American economy is experiencing a slowdown in growth and a drop in industrial activities that, as from 2011, has had a negative effect on the construction market and consequently on the profits of companies working in this

sector. Indeed, there has been an increase in competitiveness on markets that, nevertheless, is not preventing Astaldi Group from continuing to work in the area looked on as a “reservoir” of future opportunities. More specifically, the forecasts for the infrastructures sector are not impressive but (i) in the short-term, opportunities for state investment may arise from approval in July 2012 of the law bill for surface transport worth USD 105 billion; (ii) in the long-term, the greatest advantage for the sector will be provided by expansion of involvement in the private sector. This forecast is backed up by the fact that 2012 saw an increase in the number of PPPs for the construction of new roads and bridges. For more information, please refer to the section herein dedicated to Group companies and specifically to Astaldi Construction Corporation – the subsidiary owned entirely by Astaldi S.p.A. that handles activities and the development of new project in the US market.

Canada⁶. The country is looked on as a low-risk market due to its stable political and economic system and advanced legislative and financial framework. It also boasts clear strong points that are of interest for the GROUP insofar as (i) it has significant natural resources (metals and oil) and is the leading global producer of electricity, (ii) it has an infrastructures market that is currently worth CAD 93 billion and is forecast to total CAD 110 billion in 2015 (iii) it has implemented major development programmes in the hydroelectric and transport sectors where Astaldi is able to boast considerable expertise (iv) it has instruments (Building Canada Plan, PPP Canada, 2009 Infrastructure Stimulus Fund) able to promote the start-up of medium and large-size projects and, not least (v) it has a current sovereign rating of AAA+ (Standard&Poor's). It is also envisaged that Canada will become the 5th country in the world for infrastructure investments by 2020, behind India and Japan – it currently holds 7th position. The *Plan Nord* launched in Québec envisages investments of EUR 34 billion in renewable energy (more than half in the hydroelectric sector) and EUR 27 billion in mines and transport infrastructures (ports, airports, roads, railways). The Green Energy Act approved in Ontario provides for the replacement of coal plants by 2014, with forecast private investment of approximately EUR 6.6 billion in the sustainable energy sector. Additional investments are also possible in light of the announcement made by the national association of crude oil producers that envisage a 68% increase in the country's oil production by 2025. Therefore, it is felt that the area may offer interesting opportunities for the Group and, with a view to having better control of this market, ASTALDI CANADA Inc., a company owned entirely by ASTALDI S.p.A., was set up during the year, followed by the acquisition of TEQ, a Canadian company operating since the 1970s offering interesting skills and know-how with regard to construction (civil construction) and project management. From a macroeconomic viewpoint, after a slowdown in the sector in 2012, a 3.8% increase is expected during 2013 in real terms, led by a large number of railway and energy projects.

Middle East

Astaldi Group is present in this area in Saudi Arabia, the United Arab Emirates and Oman where it operates mainly through its subsidiary Astaldi Arabia Ltd. Its presence is limited to the traditional transport infrastructures sector (roads, high-speed railways) and, for some projects nearing completion, to industrial plant design applied to the oil & gas sector insofar as it is felt that the opportunities singled out to date are not able to offer margins able to satisfy the commercial

⁶ Source: “*Il Canada ritrova energia*”, *Il Sole 24 Ore* of 9 January 2012.

assessment parameters for projects adopted by the Group. The presence of a number of operators and the consequent drop in average project earnings compared to the past will make it necessary to assess the possibility of divestment in this area over the coming months. However, the Group continues to be interested in projects involving the transport sector where Astaldi feels it can offer a top level of technological and operating skills and know-how.

CONCESSIONS⁷

The construction sector has been experiencing difficulties for about a decade that are not so much due to the lack of demand for infrastructures as to the lack of sources of financing for the performance of new works. State capital is and will probably continue to be less and less available and, in this context, PF (Project Finance) and more generally, PPPs (Public-Private Partnerships) are the main source of funding for chargeable infrastructures both in Italy and the main European countries.

The concessions sector currently represents the second most profitable market for operators that, over the years, have developed a medium-high level of technical and economic skills and know-how for working in this sector. This trend is confirmed by European and global general contractors that, backed up by the increase in the PPP/PF market, have succeeded in maximizing synergies between the core business of construction and concessions, achieving sound, significant growth targets.

Governments and the banking market have believed in the opportunities generated by this sector, promoting, including considerably, PPP and PF operations to fund the construction of new infrastructures. Limited financial costs, medium-long investment maturity and suitable levels of attention to the riskiness of the operation are the characteristics of financing (generally project finance) that have attracted great interest both from public and private (general contractors, banks, other funding bodies) operators.

However, the concessions sector has not managed to remain unaffected by the consequences the complex economic and financial situation of the last five years has had (and is having) on the real economy and finance. The credit crunch seen at an international level, the collapse of the interbank loan system, the consequent reduction of available funds and the recent amendments to asset allocation regulations for banks are some of the main problems that make concession investment more difficult at the present time. In addition to this, there is the high level of ambiguity – implicit in the financial models used to assess long-term investments typical of the concessions sector – resulting from the uncertainty of the global economy. And we can see a drop in the number of financial operators on the market compared to the past which has generated a significant increase in the cost of credit for specific risk levels.

However, all the above has not affected the interest in the PPP/PF market which is still the main instrument for building major infrastructures, especially in Europe and in all countries where the legislative framework for concessions has been

⁷ Source: “V Rapporto sulla Finanza Immobiliare 2012” June 2012, by Nomisma and Università LUM Jean Monnet; documents related to meeting-debate entitled “Costruzioni e/o Concessioni” held on 9 July 2012 (Milan, Italy).

liberalised. A wide selection of operations continue to achieve so-called financial closing – in other words, the definition with lending institutes of the loan agreement for the project – albeit more slowly and with greater restrictions compared to the past enforced by increasingly selective banks (e.g. high levels of collateral security and commitments by sponsors, lower levels of debt for the PA, greater financial costs, etc.).

In this context, Astaldi Group has allocated in its development plans, sources related to concession activities, in terms of human capital and risk, with the aim of maximising the value of synergies with the traditional construction sector, creating a backlog boasting geographical and sector diversification.

Therefore, please find below the scenario for this sector in the countries of greatest interest in the Group's development policies.

Italy. The worsening of the international crisis and cuts to the spending budgets of typical contracting bodies in Italy has led to a real reorganisation of the Italian public works market, to the benefit of PPP in all its forms – even if this sector has not been unaffected by the consequences of the economic situation. Indeed, the 2012 figures for the Italian concessions sector show a YOY drop of 34.7% in the economic value of works tendered – that went from EUR 13.3 billion in 2011 to EUR 8.7 billion at the end of 2012. The figure, a negative one, was basically recorded as a result of the drop in projects of an “exceptional” value. After the boom of the last two years, encouraged by legislation and the novelty aspect of the instruments introduced, the number of works worth more than EUR 50 million dropped from 22 tenders per year during the 2010-2011 period to 14 tenders per year for the subsequent 2012-2013 period. Despite this, the drop in values is not matched by a drop in the demand for infrastructures to be built using the PPP formula. There is a drop in the value of individual projects because the general crisis in Italy is making access to the credit market by private companies increasingly difficult. Nevertheless, on the basis of the trend seen in previous years, there is an increase in the demand for PPPs by typical contracting bodies – generally public administrations – as a result of the ever increasing need to reconcile the country's infrastructure requirements with the spending restrictions set by the central government. It is suffice to consider that in 3,204 invitations to tender were recorded in 2012 which means a 13.5% YOY increase. Therefore, even if much will depend on the policies the central government is able to implement for Italy, the most recent CRESME forecasts – disclosed in January 2013 – envisage a slow and controlled upturn in investments in public works in Italy from 2012 to 2015, especially for the transport infrastructures sector (motorways, undergrounds) and for the PPP market. The latter will experience a slightly more positive scenario than the traditional contracts market: the forecast YOY growth for 2013 is 5.5% for investments by private motorway network operators and 1.6% for investments related to private contributions in all forms for the performance of other public works or works of public interest (PPP).

Turkey. A law was approved in April which makes local regulations more suitable to promote the development of concession projects. Therefore, it is felt that said legislation will encourage the use of structured finance instruments resulting in the speeding up of key initiatives planned for the country being put out to tender, especially in relation to motorway transport infrastructures and healthcare construction. The coming years will see approximately USD 30 billion being channelled into improving transport infrastructures. A programme of projects in the healthcare construction sector has also been approved which already saw 4 B.O.T.'s (Build-Operate-Transfer) being put out to tender in 2010, one of

which – the Etlik Hospital Campus in Ankara, the largest to date in Europe under construction – was awarded to Astaldi Group in 2011. Therefore, Turkey is a country able to offer a wide range of opportunities in the PPP/PF market, especially for companies such as Astaldi that benefit from a high reputation built up over more than twenty years of operating in Turkey. Indeed, we must recall that Astaldi Group is responsible for works of great prestige in Turkey such as the Istanbul-Ankara motorway – a solid and impressive structure built on a secondary branch of the Anatolian fault – and Line 4 of Istanbul Underground opened in August 2012. Lastly, it must be noted that the country has introduced recent procedural changes aimed at facilitating project bankability and hence at encouraging the entry of private capital into the funding, construction and management of works. Last but not least and in light of expected investments, in February 2013 the Turkish government introduced new regulations for concession projects in the healthcare construction sector with a view to speeding up authorisation for contract management (hence encouraging optimisation of construction timeframes with benefits for loans taken out and receipts generated during the project management phase). From a macroeconomic viewpoint, as already mentioned for the construction sector, Turkey recorded positive indicators even if the need for some structural reforms can be confirmed. It is considered appropriate only to highlight herein that great attention was placed during the year on controlling the inflation experienced in Turkey. However, in this regard, it must be noted that during 2012, also thanks to strengthening of indirect taxation and administered price policies adopted by the local government, consumer price inflation stood at a lower level than expected (6.2% in December 2012, with forecast stabilisation at 6.5% for 2013 and 2014 according to leading international observers – forecasts issued by Turkey's Central Bank are even more optimistic with inflation at 5% for the next two years⁸). In any case, it must be noted that the relative concession agreements for all the projects Astaldi Group is working on in the area are covered against the inflation risk by clauses that mitigate or totally absorb the inflationary effect.

Chile. The country has a modern reference legislative framework for the concession sector. Back in 1996 it already introduced suitable laws to support the sector's development (Public Works Concession Law) and it approved a public concessions programme for 2010-2014 that involves the awarding of projects totalling USD 11.8 billion in the transport infrastructures sector (roads, ports, airports, etc.). It also approved a programme to upgrade hospital infrastructures which involves the start-up of six projects during the 2011-2013 period with a total investment of over USD 1.3 billion. Therefore, Chile represents an interesting opportunity for geographical and sector diversification for the company, also thanks to the socio-political and economic stability it can offer. From a macroeconomic viewpoint in 2011 Chile saw a 6% increase in its GDP, confirming its position as the sixth economy in Latin America. Chile also has the most competitive economy in Latin America, it was the first country in this area to become a member of OCSE (May 2010) and it is among the countries with the lowest country risk in the world on the basis of figures provided by the main credit rating agencies.

PLANT DESIGN AND MAINTENANCE

ASTALDI GROUP aims at generating interesting synergies through process integration started up with its entry into the plant design and maintenance sector. Therefore, recent years have seen the consolidation of industrial agreements

⁸ Source: Economist, *Turkey Report* of 6 February 2013.

aimed at acquiring businesses (NBI, SARTORI TECNOLOGIE INDUSTRIALI), able to guarantee – through integrated and shared processes – know-how and human resources with high-level specialist professional skills in complementary sectors to the Group's traditional activities (construction and concessions). The result is a marked improvement in the GROUP's integrated offer capacity, able to immediately guarantee additional growth opportunities for the same construction and concessions sectors.

Comments on the year's operating performance

The Group ended 2012 **with an increase of approximately 4.1% in revenues**, largely in line with targets set down in the Business Plan presented in November 2012. Specifically, **total revenues amounted to EUR 2,456.9 million** compared to EUR 2,360.2 million at the end of 2011. Said results were achieved despite a difficult and complicated international situation and the continuing credit restrictions and structural economic problems in Italy.

2012 once again recorded interesting levels of earnings for the Group's activities: **EBITDA totalled EUR 264.5 million** with a **EBITDA margin stood at 10.8%** (for 2011: 259.4 million in 2011 and 11%); **EBIT totalled 211.8 million** with an **EBIT margin of 8.6%** (for 2011: 200.7 million and 8.5%); **EBT increased to EUR 129.8 million** compared to EUR 125.4 million at the end of 2011 fine 2011. The result was a **consolidated net profit of EUR 74.1 million**, up by 4.1% compared to 2011 (in 2011: 71.2 million), with the net margin holding steady at 3%.

Despite the cuts in infrastructure investments seen in Italy, the levels of new orders acquired are able to counterbalance the year's business. In 2012, the Group achieved **a considerable order backlog amounting to EUR 10 billion**. If we are to include projects secured but still being finalised from a financial and/or contractual viewpoint, said value amounts to EUR 22 billion which accounts for approximately 70% of planned revenues for the next five years. Concessions continue to play an important role in the Group's development policies insofar as they mainly represent an alternative way to develop the traditional construction sector. Indeed, for 2012, concessions account for approximately 30% of the total backlog which is equal to EUR 3 billion resulting from discounting back of the forecast revenues for individual projects in progress.

The financial and equity structure continued to be well-balanced and able to deal with the contrasting trends of the financial markets in Italy and abroad, even given the constant growth recorded in the Group's activities. **Consolidated net financial debt** at 31 December 2012 totalled **EUR 622.9 million** (in 2011: EUR 479.7 million at 31 December) against **EUR 224 million of investments** (of which EUR 157 million for concession investments) and **self-financing generated by the construction sector of EUR 123 million**. It is also considered appropriate to note that during the year the Group worked to ensure significant extension of deadlines and an optimal sources/investments structure to satisfy the company's business development and financing requirements. In January 2013 these activities, considered key and strategic including for the purpose of implementing the 2012-2017 Business Plan approved in November 2012, led to completion of a financing operation involving the issue of an equity-linked bond ("Euro 130,000,000 4.50% Equity-

Linked Bonds due 2019”) which achieved considerable success on the market. For all relevant information, please refer to the section herein entitled “Subsequent events”.

For a better understanding of the year’s trends that will be looked at below, it must be noted that Astaldi’s management assesses the economic and financial performance of the Group and its business segments on the basis of some indicators not provided for in IFRSs, the specific components of which are listed below.

EBITDA. This is obtained by excluding the following items from EBIT, as defined below: (i) amortisation and depreciation of intangible and tangible assets; (ii) write-downs and provisions; (iii) capitalisation of internal construction costs.

EBIT (net operating result). This is equal to the result prior to taxation and financial income and charges, without any adjustments. The following are excluded from EBIT: income and changes resulting from the management of non-consolidated equity investments and securities as well as the results of any transfers of consolidated equity investments, included in balance sheet statements under the heading of “financial income and charges”, or under the heading of “effects of valuation of equity investments using the equity method” for the results of equity investments valued using the equity method.

EBT (pre-tax result). This is calculated as the net operating result, excluding financial income and charges, as well as the effects of valuation of equity investments using the equity method.

Debt/Equity Ratio. This is calculated as the ratio between the net financial position – drafted in accordance with the CESR model (Committee European Securities Regulators) – as the numerator and equity as the denominator, excluding treasury shares on hand.

Net financial position. This is obtained by subtracting the total of non-current financial receivables and receivables arising from concessions, as well as other specific items such as treasury shares, from net financial debt, calculated as required under the CESR (Committee European Securities Regulator) recommendation dated 10/02/2005 and provisions contained in the CONSOB Statement dated 28/07/2006.

Total financial debt. This is obtained by subtracting the total of non-current financial receivables and receivables arising from concessions from net financial debt, calculated as required under the CESR (Committee European Securities Regulator) recommendation dated 10/02/2005 and provisions contained in the CONSOB Statement dated 28/07/2006.

Net fixed assets. These are to be taken as the total of non-current asset items; specifically, this refers to intangible fixed assets, the Group’s technical resources, the value of equity investments as well as other non-current residual items compared to those listed above.

Working capital. This is the result of the total of receivables and payables linked to the core business (trade receivables and payables, inventories, works in progress, tax receivables, advances from customers, residual current asset items).

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

CONSOLIDATED ECONOMIC RESULTS AT 31 DECEMBER 2012

(EUR/000)	31.12.2012	%	31.12.2011	%	YOY diff. (%)
Total revenues	2,456,897	100.0%	2,360,259	100.0%	4.1%
EBITDA	264,460	10.8%	259,372	11.0%	2.0%
EBIT	211,813	8.6%	200,691	8.5%	5.5%
EBT	129,829	5.3%	125,420	5.3%	3.5%
Group net profit	74,126	3.0%	71,195	3.0%	4.1%

Production

Total revenues increased to EUR 2,456.9 million (+4.1%, compared to EUR 2,360.3 million in 2011). The figure listed is the result of careful geographical selection of the Group's activities that makes it possible to rely on projects in progress that generate a considerable reduction of said activities' risk profile. Indeed, the year's results spring from a well-balanced and diversified order backlog, a well-weighted risk profile of counterparties and established risk management policies that allow the Group to currently be involved mainly in priority works related to consolidated infrastructure development plans, with sufficient dedicated resources to guarantee planned production.

Operating revenues increased to EUR 2,325.3 million, equal to 94.6% of total revenues (+2.6%, compared to 2,265.3 million in 2011). The good progress achieved for foreign activities contributed to the year's figures, especially for (i) airport works in Russia (Pulkovo International Airport in St. Petersburg) and Romania (Henri Coanda International Airport in Bucharest), (ii) railway works in Algeria, Poland and Venezuela, (iii) road works in Poland, Romania and the United States and (iii) hydraulic works in Peru (Huanza hydroelectric project). As regards Italy, positive progress was made on railway works (Parma-La Spezia railway, Bologna Centrale HS station) and on Line 5 of Milan Underground and Line C of Rome Underground, as well as the contracts for performance of Maxi-Lots DG-21 and DG-22 of the Jonica National Road, the Piedmont-Lombardy motorway and the four hospitals in Tuscany.

Other operating revenues increased by 38.6%, to EUR 131.6 million (in 2011: EUR 94.9 million) and included amounts related to all activities performed during the year that, albeit secondary, are related to the core business of the Group's main contracts and are of a lasting nature.

Breakdown of revenues according to geographical area and sector

Transport infrastructures (84.7% of revenues, EUR 2 billion) continued to represent the core business for the Group's activities. The annual trend showed: a) a major increase in the contribution from ports and airports that totalled EUR 246 million (in 2011: EUR 190 million) thanks to activities in Russia (Pulkovo), Turkey (Milas-Bodrum, opened in

May), Romania (Henri Coanda, opened to the public in November); b) a stable yet significant contribution equal to EUR 1 billion from railways and undergrounds (in 2011: EUR 1,090 million) thanks to works in Algeria, Venezuela, Poland and contracts in progress in Italy for the construction of undergrounds in Milan (Line 5) and Rome (Line C) and Bologna Centrale HS Station; c) an increasing contribution from roads and motorways equal to EUR 685 million (in 2011: EUR 627 million) thanks to works in Poland, Romania and the United States and to amounts related to domestic contracts such as Maxi Lots DG-21 and DG-22 of the Jonica National Road and the Piedmont-Lombardy motorway. **Civil and industrial construction (6% of revenues, EUR 140 million)** included the gradual progress made on the Tuscan Hospitals project and the Police Officers' Academy in Florence, as well as the partial recommencement of works on Ospedale del Mare in Naples. The **energy production plant sector (3.7% of revenues, EUR 85 million)** saw the contribution from activities in Latin America, especially in Peru (Huanza, Cerro del Águila). The **plant and maintenance sector (4.3% of revenues, EUR 100 million)** mainly increased as a result of the activities of the new subsidiary NBI (100% Astaldi S.p.A.).

The breakdown of turnover according to geographical area shows **a increase in the contribution from foreign activities** – foreign contracts generated 60.7% of revenues and generated EUR 1.4 billion (+16.2%, compared to EUR 1.2 billion in 2011) – but also a **largely stable yet significant contribution from Italy** (39.3% of revenues, approximately EUR 913 million). As regards foreign activities, all the areas generally showed an improvement in keeping with forecasts: there was an increase in Europe (+13.2% YOY) as a result of the already mentioned progress of railway, road and airport projects, as well as in America (+11.6%) and Algeria (+16%, mainly for railway projects in progress). The Middle East, while being subject to refocusing of activities towards transport infrastructures, generated EUR 79 million (in 2011: EUR 37 million) thanks to contracts in progress in Oman (roads) and Saudi Arabia (railways).

The concessions sector generated EUR 30 million of operating revenues (+30.4% YOY, EUR 23 million at the end of 2011), to be attributed to Astaldi's stakes in management of Ospedale dell'Angelo in Mestre in Italy, revenues arising from management of Milas-Bodrum Airport in Turkey and direct management of 5 car parks in Italy. It should be noted that the figures do not include the effects of positive management of the Chacayes plant in Chile insofar as the stake held is consolidated in the form of net results for the year and entered among "Effects of valuation of equity investments using the equity method". As regards 2012, the financial effects (Astaldi's stake) of its interests in this project amounted to approximately EUR 10 million, inclusive of released resources – in the form of dividends and repayment of capital (equity) – following refinancing of the project during the year.

Breakdown of operating revenues according to geographical area

(EUR/000,000)	31.12.2012	%	31.12.2011	%	YOY diff. (%)
Italy	913	39.3%	1,050	46.4%	-13.0%
International	1,412	60.7%	1,215	53.6%	16.2%
Europe	789	33.9%	697	30.8%	13.2%
America	355	15.3%	318	14.0%	11.6%
Asia (Middle East)	79	3.4%	37	1.6%	113.5%

Africa (Algeria)	189	8.1%	163	7.2%	16.0%
TOTAL OPERATING REVENUES	2,325	100.0%	2,265	100.0%	2.6%

Breakdown of operating revenues according to sector

(EUR/000,000)	31.12.2012	%	31.12.2011	%	YOY diff. (%)
Transport infrastructures	1,970	84.7%	1,907	84.2%	3.3%
<i>Railways and undergrounds</i>	1,039	44.7%	1,090	48.1%	-4.7%
<i>Roads and motorways</i>	685	29.5%	627	27.7%	9.3%
<i>Ports and airports</i>	246	10.6%	190	8.4%	29.5%
Energy production plants	85	3.7%	137	6.0%	-38.0%
Civil and industrial construction	140	6.0%	180	7.9%	-22.2%
Plants and maintenance	100	4.3%	18	0.8%	455.6%
Concessions	30	1.3%	23	1.0%	30.4%
TOTAL OPERATING REVENUES	2,325	100.0%	2,265	100.0%	2.6%

Costs

The cost structure reflected the predominance of foreign turnover, especially of revenues generated in countries where it is more difficult to find highly specialised labour and, hence, subcontractors are less widely used, as well as the prevalence of general contracting and concession projects of a significant size and nature.

The cost of production amounted to EUR 1,828.1 million (in 2011: EUR 1,807.9 million), with a drop in the incidence on total revenues to 74.4%.

Personnel costs totalled EUR 305.4 million (in 2011: EUR 262.5 million) with an increase in the incidence on total revenues (to 12.4%) as a result of increased use of direct personnel in countries not able to guarantee working performance in line with the Group's quality standards. At the same time note should be taken of the significant economies of scale resulting from the matrix structure adopted at a branch and country level.

Other operating costs amounted to EUR 58.8 million (in 2011: EUR 30.4 million) with an increase in the incidence to 2.4% that basically reflected the closure of commercial items with regard to companies subject to insolvency proceedings – with a largely neutral impact as regards the operating result.

Margins

The Group continued to achieve significant and high levels of earnings, confirming a consolidated track record that is the result of the lower risk profile of works in progress and the Group's increasing ability to offer integrated solutions during the awarding of contracts .

EBITDA amounted to EUR 264.5 million (in 2011: EUR 259.4 million) with an EBITDA margin of 10.8%.

EBIT totalled EUR 211.8 million (in 2011: EUR 200.7 million) with an increase in the EBIT margin to 8.6%. Note should be taken of the Group's ability to absorb non-repeatable events (such as the already mentioned insolvency proceedings of partner companies) that while affecting cost items do not generate any effects on margins. The latter results are in line with business plan forecasts.

The margin was generated as a natural consequence of the composition of revenues. There was a positive contribution from contracts related to the Group's core business (transport infrastructures) in Italy and abroad, just as for the plant and maintenance line. While, as already mentioned in the Half-Yearly Report, the contractual and operating problems seen in the Middle East and the closure of accounts related to the contract to build the El Chaparral hydroelectric plant in El Salvador had a negative effect on the year's margins.

Financial income

Financial income was affected by the increase in production volumes for the year and, following the major investments made, showed financial charges totalling EUR 85.1 million (in 2011: EUR 75.6 million), with a largely unvaried incidence on total revenues (3.5%, compared to 3.2% in 2011). For more information regarding annual trends, please refer to the Notes to the Consolidated Financial Statements.

Annual results

The annual trends were largely in line with the growth targets outlined during approval of the Business Plan.

EBT (pre-tax profit) increased by 3.5% totalling EUR 129.8 million (in 2011: EUR 125.4 million) with an unvaried incidence on total revenues of 5.3%. Therefore, against an estimated annual tax rate of 43%, **the net profit amounted to EUR 74.1 million** (in 2011: EUR 71.2 million), with a net margin of 3%.

Consolidated equity and financial results at 31 December 2012

The Group's equity and financial structure reflected the increase in turnover and the investment policy implemented during the year.

Net fixed assets increased to EUR 642.7 million (in 2011: EUR 471.8 million) as the result of various components. Specifically (i) intangible fixed assets increased in compliance with the methodology set forth in IFRIC-12 that affected, above all, the contract for the construction and subsequent management of Milas-Bodrum International Airport in Turkey; b) there was an increase in equity investments due to the investments made in the concessions sector; c) there was a slight increase in tangible fixed assets, above all as well as the result of investments made in relation to the standard machinery replacement cycle.

Working capital increased to EUR 575.2 million (in 2011: EUR 518.2 million) and reflected the presence of an equity structure that, in light of the increase in production, was able to react in a flexible manner to the exogenous shocks to the Group resulting from the critical financial market situation.

As a result of said trends, **net invested capital amounted to EUR 1,180.6 million** (in 2011: EUR 952.9 million).

Equity totalled EUR 554.6 million (in 2011: EUR 470.3 million).

Total financial debt, inclusive of treasury shares, amounted to EUR 626 million, with total dividends of EUR 16.6 million (EUR 0.17 per share) disbursed in May.

Consolidated net financial position

The net financial position at 31 December 2012, excluding treasury shares and receivables arising from concessions, amounted to EUR (622.9) million, thanks especially to trends recorded during the last quarter of the year. Therefore, the result was a better than expected final figure thus confirming the great attention paid by the company to financial aspects.

The debt/equity ratio stood at 1.12x. The corporate debt/equity ratio, which excludes the share of debt related to concessions insofar as with no recourse or self-liquidating, was considerably lower than 1x.

Breakdown of net financial position

		Notes regarding reconciliation with consolidated financial statements				
		31/12/2012	30/09/2012	30/06/2012	31/03/2012	31/12/2011
A	Cash and cash equivalents	24	400,215	372,232	395,808	456,210
B	Securities held for trading	18	1,347	1,350	4,872	1,889
C	Available funds (A+B)		401,562	373,582	400,680	458,099
	Short-term financial					
-	receivables	19	3,393	2,474		879
-	Current share of receivables arising from concessions	18	16,306	15,053	16,492	2,867
D	Current financial receivables		19,700	17,527	16,992	3,746
E	Current bank payables	26	(460,526)	(408,552)	(470,328)	(315,148)
F	Current share of non-current debt	26	(51,030)	(83,339)	(105,461)	(114,659)
G	Other current financial payables	26	(16,059)	(8,186)	(5,981)	(13,654)
H	Current financial debt (E+F+G)		(527,614)	(500,077)	(520,099)	(443,460)

I	Net current financial debt	(H+D+C)		(106,353)	(108,968)	(164,099)	(46,160)	18,385
J	Non-current bank payables		26	(696,432)	(755,849)	(700,424)	(687,134)	(649,471)
K	Other non-current payables		26	(9,575)	(9,972)	(9,470)	(3,022)	(4,728)
L	Non-current financial debt	(K+J)		(706,007)	(765,821)	(709,894)	(690,156)	(654,199)
M	Net financial debt	(L+I)		(812,359)	(874,789)	(873,993)	(736,316)	(635,814)
-	Non-current financial receivables		18 - 19	50,935	52,124	52,645	49,827	15,030
-	Non-current share of receivables arising from concessions		18	135,419	151,486	157,649	147,067	138,084
N	Non-current financial receivables			186,354	203,610	210,294	196,894	153,114
O	Total financial debt	(M+N)		(626,005)	(671,179)	(663,699)	(539,422)	(482,701)
Treasury shares on hand				3,019	3,032	3,107	2,975	3,005
Total net financial position				(622,986)	(668,147)	(660,592)	(536,447)	(479,695)

INVESTMENTS

As regards 2012, **technical investments amounted to approximately EUR 67 million** (approximately 2.5% of revenues). The figure, which had seen intensification during the first part of the year, reflected the trend related above all to projects in progress in Algeria, Chile, Oman, Poland and Russia and was largely in line with the business plan.

The trend related to investments in the concessions sector continued in accordance with forecasts. Nevertheless, also as a result of the launch of the management phase for the Milas-Bodrum International Airport in Turkey in May, a mostly neutral cash flow generation for the concessions sector was seen during the second half of the year. The major refinancing operation for the Chacayes hydroelectric plant project also contributed to this result. Said refinancing, as mentioned previously, allowed for repayment to shareholders of part of the equity and subordinate loan, as well as the distribution of dividends – with the release of overall relative resources amounting to approximately EUR 20 million. At 31 December 2012, concession investments – in other words Astaldi's shares of equity and semi-equity paid into the management companies linked to the individual projects in progress as well as the relative working capital – totalled EUR 496 million, EUR 152 million of which referred to receivables arising from concessions (the latter to be taken as the shares of investment covered by guaranteed cash flow as provided for in IFRIC-12).

Reclassified consolidated income statement

		Notes regarding reconciliation with consolidated financial statements			
		31/12/2012		31/12/2011	
EUR/000					
Revenues	1	2,325,299	94.6%	2,265,284	96.0%
Other operating revenues	2	131,598	5.4%	94,975	4.0%
Total revenues		2,456,897	100.0%	2,360,259	100.0%
Cost of production	3 - 4	(1,828,136)	-74.4%	(1,807,948)	-76.6%
Added value		628,761	25.6%	552,311	23.4%
Personnel costs	5	(305,439)	-12.4%	(262,492)	-11.1%
Other operating costs	7	(58,862)	-2.4%	(30,447)	-1.3%
EBITDA		264,460	10.8%	259,372	11.0%
Amortisation and depreciation	6	(52,018)	-2.1%	(51,568)	-2.2%
Provisions	7	(1,595)	-0.1%	(7,963)	-0.3%
Write-downs	6	(598)	0.0%		0.0%
(Capitalisation of internal costs)	8	1,565	0.1%	850	0.0%
EBIT		211,813	8.6%	200,691	8.5%
Net financial income and charges	9 - 10	(85,131)	-3.5%	(75,672)	-3.2%
Effects of valuation of equity investments using equity method	11	3,146	0.1%	401	0.0%
Pre-tax profit (loss)		129,829	5.3%	125,420	5.3%
Taxes	12	(55,879)	-2.3%	(53,496)	-2.3%
Profit (loss) for the year		73,949	3.0%	71,924	3.0%
Minority profit (loss)		177	0.0%	(729)	0.0%
Group net profit		74,126	3.0%	71,195	3.0%

Reclassified consolidated balance sheet

	Notes regarding reconciliation with financial statements	31/12/12	31/12/11
<i>EUR/000</i>			
Intangible fixed assets	16	107,523	44,132
Tangible fixed assets	14 - 15	222,199	193,419
Equity investments	17	257,441	195,964
Other net fixed assets	12 - 18 - 19	55,558	38,332
TOTAL Fixed assets (A)		642,720	471,847
Inventories	20	84,343	93,369
Contracts in progress	21	1,058,039	1,010,416
Trade receivables	22	31,517	32,897
Accounts receivable	22	803,560	788,066
Other assets	19	209,821	205,528
Tax receivables	23	143,067	116,981
Advances from customers	21	(479,397)	(472,120)
Subtotal		1,850,950	1,775,138
Trade payables	19 - 29	(143,451)	(117,441)
Due to suppliers	19 - 29	(817,538)	(897,823)
Other liabilities	12 - 26 - 27 - 30	(314,783)	(241,657)
Subtotal		(1,275,772)	(1,256,921)
Working capital (B)		575,178	518,216
Employee benefits	28	(8,760)	(7,926)
Provisions for non-current risks and charges	31	(28,578)	(29,159)
Total Provisions (C)		(37,338)	(37,085)
Net invested capital (D) = (A) + (B) + (C)		1,180,560	952,979
Cash and cash equivalents	24	400,215	456,210
Current financial receivables	19	3,393	879
Non-current financial receivables	18 - 19	50,935	15,030
Securities	18	1,347	1,889
Current financial liabilities	26	(527,614)	(443,460)
Non-current financial liabilities	26	(706,007)	(654,199)
Net financial payables/receivables (E)		(777,730)	(623,651)
Receivables arising from concessions	18	151,725	140,951
Total financial payables/receivables (F)		(626,005)	(482,701)
Group equity	25	(507,625)	(465,222)
Minority equity	25	(46,930)	(5,057)
Equity (G) = (D) - (F)		554,555	470,278

Reconciliation of equity and operating result between parent company's financial statements and consolidated financial statements

	Equity 31/12/2012	Income statement 31/12/2012	Equity 31/12/2011	Income statement 31/12/2011
Values as per Astaldi S.p.A.'s financial statements	468,379	45,414	445,564	62,654
- Elimination of book value of ownership interests	(548,322)		(311,936)	
- Equity and operating result (calculated on basis of same standards) of companies consolidated net of minority interests	492,098	(7,326)	216,445	(26,920)
- Effect of valuation of associate companies using equity method	(24,397)	3,144	(21,697)	401
- Elimination of bad debts of equity investments in subsidiary companies and companies valued at equity net of use	54,056	8,143	46,800	3,574
- Elimination of provisions for risks of equity investments in subsidiary companies and companies valued at equity	68,207	44,593	87,323	36,959
- Intragroup losses and dividends		(19,859)		(5,182)
- Elimination of unrealised intragroup profits and other minor adjustments	(2,396)	16	2,722	(291)
Value as per consolidated financial statements (Group share)	507,625	74,126	465,222	71,195
Value as per consolidated financial statements (Minority share)	46,930	(177)	5,057	729
Value as per consolidated financial statements	554,555	73,949	470,278	71,924

Order backlog

The order backlog amounts to over EUR 10 billion, with the contribution of EUR 2.5 billion of new orders and contractual increases. The figure listed does not take into account new orders secured during early 2013 – for which the section herein entitled “Subsequent events” should be referred to.

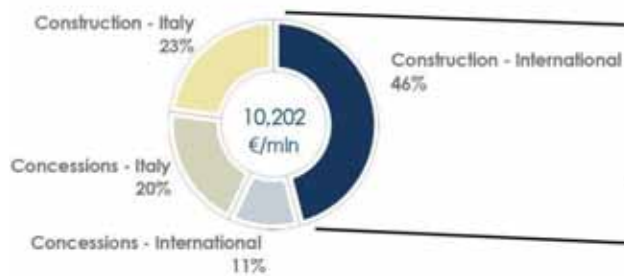
Construction (69% of total backlog) continues to represent the GROUP’s core business: construction activities amount to EUR 7 billion (EUR 2.4 billion in Italy and the remaining EUR 4.6 abroad) and refer to general contracting initiatives and, to a lesser extent, to traditional contracts with a high technological content that, on the whole, guarantee approximately 4 years of activity.

Concessions (31%) continue to play a significant role and have increased to EUR 3.2 billion (EUR 2 billion in Italy and the remaining EUR 1.2 billion abroad), to be attributed to transport infrastructures, energy, healthcare construction and car parks. It must be recalled that the concession share of the order backlog is to be taken as the discounted back value of total forecast revenues from the individual projects in progress to date and that, as already noted, the effects of the Group’s most recent investments in the healthcare construction and motorway sectors in Italy and abroad have still to be included among the backlog. It must also be noted that the model adopted to develop concession projects makes available for each of the agreements signed to date a guaranteed minimum fee (in the form of availability charges, guaranteed minimum traffic, occupation fees, water rights) which, on average, amounts to over 50% of the total revenues, guaranteeing the return on most of the investments made to date in the concessions sector.

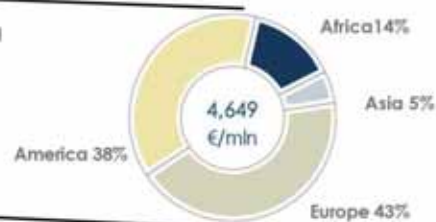
The total backlog can boast a suitable risk-return profile thanks to balanced geographical and sector diversification of the orders in progress. A significant contribution to the backlog comes from Italy (43% of the total backlog), as well as from abroad (57%). Transport infrastructures account for 72% of the total backlog, but the water and energy (11%) and civil and industrial construction (13%) sectors continue to have a strategic value. Given the production levels, it is considered appropriate to highlight the contribution from the plant design and maintenance sector (4% of the backlog) too as from this year. Said figure mainly reflects the activities performed by NBI, the acquisition of which was finalised during HY1 2012.

Lastly, it must be remembered that on the basis of conservative criteria adopted by the Group with regard to the inclusion of new orders in the backlog, EUR 4.4 billion for construction activities and EUR 7.4 billion for concession. These refer to projects for which the signing of contracts and/or funding is still pending, or for which the occurrence of events that have temporarily “suspended” contract performance, for various reasons, is expected. **Therefore, the result is a potential order backlog worth EUR 22 billion.** For more information regarding the projects referable to the potential backlog, please refer to the section herein entitled “Foreseeable development of operations”.

Construction-Concessions backlog



Construction-International backlog



New orders - Construction

Italy - Line 4 of the Milan underground (construction activities): EUR 450 million (ASTALDI's stake) referring to fees for the performance of civil works related to the concession project for construction and subsequent management of 15 kilometres of new underground line, 21 stations and a depot/workshop. The project was commissioned by the Municipality of Milan and at the draft date of this report, activities prior to the setting-up of sites (shifting of subservices) and installation of TBMs to be used for excavation have been started up.

Romania - Line 4 of Bucharest underground: EUR 164 million (ASTALDI is leader of the JV with a 40% stake) for the Parc Bazilescu-Straulesti section of the new line. The contract involves the design and performance of structural works and plants regarding 2 kilometres of underground line (to be built using TBMs), 2 stations and a depot with intermodal terminal. The planned duration of works is 30 months and, at the draft date of this report, preliminary activities prior to site start-up have commenced. The project was commissioned by METROREX S.A., the operator of the Municipality of Bucharest's underground network that is controlled by the local Ministry of Transport and Infrastructures.

Poland - Bydgoszcz-Torun plant: EUR 95 million (ASTALDI is leader of the JV with a 51% stake), for the design and construction of a plant to produce energy through the conversion of urban solid waste. The contract involves the design and performance of civil and electromechanical works for the complete plant that will comprise two incineration facilities with an overall nominal capacity of 180,000 tonnes/year of treated waste. The plant will allow for the salvage, conversion and conveyance of electricity and heat for district heating that will be included in the municipal network serving the cities of Bydgoszcz and Torun, with non-stop operation for 24 hours a day, 7 days a week, for a minimum of 7,800 hours/year. The project also involves the construction of a waste acceptance unit and a compost production unit. The project was commissioned by Międzygminny Kompleks Unieszkodliwiania Odpadów ProNatura Sp., the company set up by the Municipality of Bydgoszcz to manage urban waste and the project forms part of a wider programme funded by the European Union for the construction of plants producing energy through waste conversion. Works commenced at the beginning of 2013 with a planned duration of approximately 3 years.

Russia - Western High-Speed Diameter in St. Petersburg: EUR 2.2 billion (Astaldi has a 50% stake) for the EPC contract related to works to complete the St Petersburg ring road, a work of strategic importance for the city's transport system. The project was commissioned by the NCH Consortium – comprising VTB Capital and Gazprombank, respectively Russia's second and third most important banks. The contract involves the design and performance of all works needed to construct 12 kilometres, corresponding to the most complex section of the road, that closes the ring road along the sea front. The planned duration of works is 36 months.

Additional projects: EUR 396 million (ASTALDI's stake), referring mainly to the transport infrastructure (railways and motorways) and plant design (healthcare construction, transport infrastructures) sectors in Italy and abroad.

New orders - Concessions

Italy - Line 4 of the Milan underground (concession activities): EUR 200 million (Astaldi's stake) for the company's management revenues related to the concession project for construction and subsequent management of the new underground line that, as mentioned previously, will be built by ASTALDI as part of a joint venture. This project has a planned duration of 30 years, 6.5 of which for design and construction and the remaining 23.5 for management activities, with the Client ensuring total guaranteed minimum traffic of 86 million passengers/year.

Italy - Line 5 of the Milan underground, Bignami-Stazione Garibaldi-San Siro section: EUR 128 million (Astaldi's stake) related to the increase during the first half of the year in the company's stake in the project finance initiative regarding construction and subsequent management of the new underground section, further to acquisition of the shares held by minority shareholders. As a result of said increase Astaldi's stake in this project was 38.7% at the draft date of this report.

Italy – Ospedale dell'Angelo -Mestre: EUR 36 million (Astaldi's stake) related to the increase during the first half of the year in the stake held in Veneta Sanitaria Finanza di Progetto, the SPV (Special Purpose Vehicle) for the project finance initiative regarding construction and subsequent management of Ospedale dell'Angelo in Mestre, built by ASTALDI and in operation since 2008. Further to said increase, Astaldi's stake in the project was 34.5% at the draft date of this report.

Additional projects: EUR 116 million (Astaldi's stake), to be mainly attributed to the railway and motorway transport infrastructures sector in Italy and abroad (Central America, Europe).

Summary tables

Order backlog (EUR/000,000)	At 01/01/2011	Increases/ Decreases (*)	Decreases for production	At 31/12/2012
Construction	7,291	2,035	(2,295)	7,031
Transport infrastructures	6,272	1,950	(1,970)	6,252
Water and energy	423	(10)	(85)	328
Civil and industrial construction	375	20	(140)	255
Plants	221	75	(100)	196
Concessions	2,721	480	(30)	3,171
Order backlog	10,012	2,515	(2,325)	10,202

(*) including changes in the consolidation area.

Order backlog (EUR/000,000)	At 01/01/2011	Increases/ Decreases (*)	Decreases for production	At 31/12/2012
Italy	4,164	1,145	(913)	4,396
<i>of which construction</i>	<i>2,625</i>	<i>651</i>	<i>(894)</i>	<i>2,382</i>
<i>of which concessions</i>	<i>1,539</i>	<i>494</i>	<i>-19</i>	<i>2,014</i>
International	5,848	1,370	(1,412)	5,806
<i>of which construction</i>	<i>4,666</i>	<i>1,384</i>	<i>(1,401)</i>	<i>4,649</i>
<i>of which concessions</i>	<i>1,182</i>	<i>(14)</i>	<i>(11)</i>	<i>1,157</i>
Europe	1,668	1,287	(789)	2,166
America	3,095	32	(355)	2,772
Africa (Algeria)	714	119	(189)	644
Asia (Middle East)	371	(68)	(79)	224
Order backlog	10,012	2,515	(2,325)	10,202

(*) including changes in the consolidation area.

Breakdown of construction backlog		Increases/ Decreases (*)	Decreases for production	At
(EUR/000,000)	At 01/01/2011			31/12/2012
Italy	2,625	651	(894)	2,382
International	4,666	1,384	(1,401)	4,650
Europe	1,461	1,317	(778)	2,000
America	2,120	16	(355)	1,781
Africa (Algeria)	714	119	(189)	644
Asia (Middle East)	371	(68)	(79)	224
Construction backlog	7,291	2,035	(2,295)	7,031

(*) including changes in the consolidation area

Breakdown of concessions backlog	
(EUR/000,000)	31/12/2012
Italy	2,014
International	1,157
Europe	166
America	991
Total concessions backlog	3,171

Projects in progress according to geographical area and sector

Please find below a brief description of the main projects in progress in Italy and abroad. In order to guarantee a uniform interpretation of the information provided so far, the works in progress in Italy will be presented according to reference sector, while the criterion for foreign projects will be the reference geographical area. Please refer to the sections herein

entitled “Order backlog” and “Analysis of annual economic, equity and financial results” for reconciliation of said information with the segment information contained in the Notes to the Financial Statements.

Construction - Italy

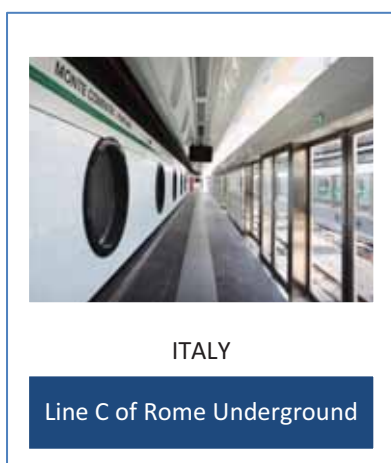
Transport infrastructures: railways and undergrounds

ITALY – LINE C, ROME UNDERGROUND

(CONSTRUCTION - ITALY, Transport infrastructures: undergrounds)

The project refers to the general contracting agreement awarded for the final and executive design, construction, works supervision, commissioning and supply of rolling stock for the new Line C of Rome’s underground. The contract was signed by Metro C S.c.p.A., the company operating in the capacity of General Contractor in which Astaldi holds a 34.5% stake. The works were commissioned by Roma Metropolitana S.r.l., a company directly controlled by the Municipality of Rome, which is responsible for improving and upgrading the capital’s underground network.

The complete planned route comprises 25.4 kilometres and 30 stations that will be served by driverless trains, in other words driven and controlled by a remote integral automation system. At the draft date of this report, Strategic Phase No. 1 of the project (in turn split into sections) – measuring 21.5 kilometres in length with 24 stations along the Monte Compatri/Pantano-Fori Imperiali/Colosseo stretch) is currently under construction. During 2012, construction activities continued along the Monte Compatri/Pantano - San Giovanni section (18 kilometres of line with 22 stations), and the first construction phase – from Monte Compatri / Pantano to Parco di Centocelle – was largely completed, the delivery of



which to the line’s operators for pre-operation testing is scheduled for May 2013. Completion of the station’s facilities and finishes and assembly of technological plants along the remaining section, from Mirti to San Giovanni stations, will continue during the whole of 2013. As regards the supply of rolling stock, the 13 trains envisaged in the supply were delivered to the Granite Depot, for which operating tests are being completed. As regards the section under construction (Monte Compatri / Pantano – San Giovanni), 87% of overall works have been completed. The overall value of the works is EUR 2.9 billion, EUR 1,011 million of which refer to Astaldi’s stake. The figures shown include the allocations for Section T3 of the Basic Route in addition to the sums related

to the section under construction. Said figures also include the amount allocated for Section T2 for which only the activities prior to drafting of the final project (archaeological investigations, surveys and geognostic studies) have been performed, as well as a part of the final design, officially suspended by the customer in August 2010 and for which instructions regarding the recommencement of activities are pending. It must be remembered that Section T3 refers to the section that runs from San Giovanni to Fori Imperiali / Colosseo, with the construction of 2 stations: Amba Aradam

and Fori Imperiali / Colosseo. Design activities have been completed for Section T3. Commencement of construction activities is planned for the first months of 2013. For Section T2, it must be noted that in 2011, the temporary business association responsible for building Line C presented, as agreed with the customer, a project finance proposal for construction of Section T2 as well as extension of the line to Farnesina; at the present time, no statement in this regard has been issued by Rome's municipal authority.

LINE 5, MILAN UNDERGROUND (construction contract)

(ITALY - CONSTRUCTION, Transport infrastructures: undergrounds)

The contract forms part of the project finance initiative related to Line 5 of the Milan underground and involves the design (final and executive) and performance of civil works for a new underground section which will run under ground level along the Garibaldi Station - Bignami and Garibaldi Station - San Siro route (as an extension of the first section).

The initiative is managed by the SPV, METRO 5 S.p.A., in which Astaldi holds a 38.7% stake and operates in the capacity of leader of the ATI⁹ awarded the concession. The stake listed includes the increase recorded during 2012.

Bignami – Garibaldi Station stretch. Activities to construct the Bignami - Garibaldi Station section (6 kilometres of line, with 9 stations) went ahead as planned during 2012. Specifically, all activities related to construction and the pre-operational phase of the Bignami – Zara operational section – opened to the public on 10 February 2013 – were completed. 90% of works on the remaining Zara – Garibaldi Station section had been completed as at the draft date of this report. It is planned that this section and the relative Isola and Garibaldi stations will be operational by the end of 2013. Therefore, commercial operation of the complete line will be started-up as from said date.



ITALY

Line 5 of Milan Underground

Garibaldi Station - San Siro section. The Garibaldi Station - San Siro extension provides for an additional 7 kilometres and 10 new stations. The sites for preliminary activities and the shifting of subservices were set up in August 2010 and in February 2011, Metro 5 Lilla S.r.l. signed the concession agreement related to this extension which had already been regulated by the award decree dated 29 July 2010. At the present time, activities to construct this section are in progress for all the ten stations included in the project (also in light of the forthcoming deadlines related to EXPO 2015). As regards excavation of the line's tunnels excavation using the planned 4 TBMs has got underway. At the draft date of this report, 2 TBMs had performed 80% of the total planned excavation – equal

to 3,000 metres of tunnel per section – along the route as from San Siro: the extraction of both TBMs from the Parco shaft is scheduled for April 2013, slightly ahead of the original timeframe. The other 2 TBMs started excavation from Monumentale station in July and September respectively and, at the present time, have reached Cenisio station, completing 30% of total relative excavation activities: the completion of excavation works as regards these 2 TBMs is scheduled for June 2013 with consequent extraction from the Orafi shaft, slightly ahead of the planned date.

⁹ Please refer to Note 24 herein for a definition of ATI (Temporary Business Association).

Approximately 60% of works on this section, assigned to Astaldi, had been completed at the draft date of this report. The planned duration of works is approximately 57 months.

It must be recalled that as regards this project, the total investment – including design, civil and technological works and the alternative solution for Garibaldi Station approved during works in progress – amounts to EUR 550 million for the Garibaldi Station – Bignami section and to EUR 694 million for the extension to San Siro stadium. Given that it is a project finance initiative, said investment will be partly covered by public funding and partly by funding put up by private parties (SPV), with a return on investment guaranteed by the estimated management revenues provided for in the project agreement. For more information on the financial structure and the economic-financial equilibrium provided for in the agreement, please refer to the section herein dealing with concessions.

NAPLES UNDERGROUND

(ITALY - CONSTRUCTION, Transport infrastructures: undergrounds)

The initiative forms part of the project to improve the underground transport system in the Municipality of Naples, with activities being performed directly along Line 1 and 6, as described in more detail below.

Naples Underground - Line 1. The concession holder, M. N. Metropolitana di Napoli S.p.A. (in which Astaldi is the majority shareholder with a 22.62% stake) acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 1 of the Naples underground. As regards this line, construction of the section between Dante station and Centro Direzionale station is currently underway. The works are being performed by Toledo S.c.r.l., whose corporate purpose is performance of the works awarded by M. N. Metropolitana di Napoli S.p.A. to Consorzio TRA.DE.CI.V. and by the latter to the ATI¹⁰ in which Astaldi holds a 90.391% stake. The awarded works involve construction of Università and Toledo stations as well as the railway superstructure for the whole section. Works went ahead during 2012 in compliance with the timeframes approved by the granting authority. Specifically, following the consignment of Università station in 2013, Toledo station was also completed and consigned. At the draft date of this report, installation of civil plants and finishes along the corridor



ITALY
Toledo Station
(Naples Subway Linea 6)

connecting to Toledo station's second exit onto Largo Montecalvario is underway. The total value of works for this project amounts to EUR 252 million, including changes made during works in progress. As at the end of 2012, 97% of works had been completed.

Naples underground, Line 6. The concession holder, Ansaldo STS S.p.A., acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 6 of the Naples underground, for which works related to the section between Mergellina station and Municipio station are currently in progress. As regards said section, Astaldi operates through AS.M. S.c.r.l. – in which Astaldi holds a 75.91% stake

– which was awarded performance of the civil works related to San Pasquale station. Construction activities went ahead

¹⁰Please refer to Note 24 herein for a definition of ATI (Temporary Business Association).

as planned during 2012 and in compliance with the timeframes approved by the customer. Specifically, excavation of the station shaft was completed along with casting of the bottom base. The overall value for this project amounts to EUR 66 million. As at the end of 2012, approximately 78% of activities had been completed.

BRESCIA UNDERGROUND

(ITALY - CONSTRUCTION, Transport infrastructures: undergrounds)

The contract refers to the design and construction of the first operational section - the Prealpino - Santa Eufemia section - of a light underground in the municipality of Brescia. The project was commissioned by Brescia Mobilità S.p.A., a company owned by the Municipality of Brescia which is responsible for managing the city's transport system. The contract was acquired by ASTALDI as part of an ATI, in which ASTALDI holds a 50% stake, together with Ansaldo STS (principal) and Ansaldo Breda: Ansaldo STS designs and constructs the system plants, ASTALDI designs and performs the civil works and non-system plants and Ansaldo Breda designs and constructs the rolling stock. The route involves



ITALY

Brescia Subway

the construction of a double-track line measuring 13.7 kilometres, 9.6 km of which runs underground (5.9 kilometres dug using a TBM¹¹), 4.05 kilometres above ground, and 1.77 km of viaduct. It will also feature 17 stations and an outdoor depot for vehicle storage and maintenance. All the works related to this project were completed during 2012 with the exception of completion of the exit staircases at Vittoria and San Faustino stations that were subject to changes following new provisions issued by the government department. As from October 2012, all activities prior to the line being put into operation – in March 2013 – were also completed. During 2012, production for this project totalled EUR 32.7 million with 99.6% of works completed. Closure of the contract is scheduled for 2013 with complete demobilization of the site.



ITALY

Bologna Centrale High Speed
Railway Station

BOLOGNA CENTRALE HIGH-SPEED RAILWAY STATION

(ITALY - CONSTRUCTION, Transport infrastructures: railways)

The project represents an all-important part of the urban penetration project for the Milan – Naples HS railway line with regard to the Bologna railway junction. The purpose of the contract is construction of the new Bologna Centrale High Speed station (Lot 11) and works needed to make it possible to put the station into operation (Lot 50). The relative agreement was stipulated by Astaldi with TAV S.p.A. which was taken over by RFI Rete Ferrovie Italiana S.p.A. in 2008. The latter is a holding company of Gruppo Ferrovie dello Stato and is

¹¹Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine).

responsible for managing the national railway infrastructure. Italferr S.p.A., a Gruppo Ferrovie dello Stato company is responsible for design and works supervision. The project involves the construction of a station of a large size and with structural complexities, to be built entirely under ground level below Platforms 12-17 of the “historic” Bologna Centrale station that are currently in disuse. The station is organised on several levels, the deepest of which - built at a depth of 25 metres – will be used for the transit of high speed trains, while the others will be used for railway transport-related services, commercial areas and car parks. Works commenced in 2004 and, once the problems which arose during the start-up phase of the contract were resolved and the 1st Additional Amendment signed in December 2007, activities went ahead as planned in the following years even if affected by some new activities introduced by the customer. The 2nd Additional Amendment was signed in July 2011 which extends the contractual deadline for works and services to July 2013, reformulating the interim milestones for partial completion of activities (implementation of the rail link by June 2012 and of the station (with a provisional organisation) by December 2012. 96% of structural civil works were completed during 2012 along with approximately 40% of the surface at road level where the existing tracks will be subsequently relaid. May 2012 saw the completion of the activities needed to start-up non-stop operation of trains (electric supply, fire extinguisher plants at a platform level, evacuation routes and escape routes in the event of emergencies), made effective as from June 2012. From June to December 2012 plant features and finishes were installed so as to allow the commissioning body, in the event of emergencies and subject to 90 minutes advance warning, to use the new infrastructure and evacuation routes created for travellers to alight from trains. Disposal of excavation waste material went ahead in compliance with the methods provided for in waste legislation with it being temporarily deposited at the Corticella site. 83% of the total planned production had been completed at 31 December 2012.

TURIN RAILWAY JUNCTION

(ITALY - CONSTRUCTION, Transport infrastructures: railways)



ITALY

Turin Railway Hub

The contract forms part of the project to expand the Turin Rail Junction and involves the quadrupling and laying under ground level of the existing Turin – Milan railway line. In relation to this project, ITALFERR S.p.A. – in the capacity of Client, operating in the name and on behalf of RFI Rete Ferroviaria Italiana S.p.A. – awarded the ATI involving Astaldi (it has a 70% stake and is both leader and principal) the executive design and performance of works to complete expansion of the underground railway line between Corso Vittorio Emanuele II and Corso Grosseto, crossing under the River Dora Riparia. The special purpose vehicle, S.P.T. - Società Passante di Torino S.c.r.l., in which Astaldi holds a 74% stake and is both leader and principal, was set up to

perform and manage the works. The executive design is being performed by Astaldi and 3TI Progetti Italia S.p.A. in equal shares. In order to ensure that the existing railway line may continue to operate, the works are being performed in two separate, sequential macro phases called Macro Phase “West” (first) and Macro Phase “East” (second). Activities

during 2012 mainly concerned the completion of works related to Macro Phase East and to the shifting/diversion of subservices and sewers interfering with the works to be performed. In November 2012, all the works related to the contract were completed ahead of the contractual completion date with the exception of works related to the East phase of Porta Susa underground station, affected by the obligation to maintain operation of the Historical Travellers' Building at Porta Susa station, regulated by another contract. A fast performance bonus was awarded as a result of advance completion of the works. In December 2012, railway operation inside the east tunnel was started up by RFI S.p.A. Contractual production carried out as at 31 December 2012 totalled EUR 606.39 million. As regards ASTALDI's stake, said figure means progressive production of EUR 415.59 million, EUR 45.29 million of which in 2012. Approximately 96.5% of works have been completed.

PARMA - LA SPEZIA RAILWAY ("PONTREMOLESE RAILWAY")

(ITALY - CONSTRUCTION, Transport infrastructures: railways)



The project forms part of the programme to improve and modernise the Parma – La Spezia railway, also known as the “Pontremolese” railway. As regards this project, ITALFERR S.p.A. – in the capacity of Client in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A. – awarded ASTALDI the executive design and performance of works to widen the railway line for the section between Solignano and Osteriazza stations, along a stretch measuring a total of approximately 12.5 kilometres. The new railway line runs for the first 5 kilometres along an alternative route to the current one – indeed, said section will see performance of the most significant works included in the contract such as the bored tunnel called Marta Giulia Tunnel (4.1 kilometres under construction), a viaduct running over the River Taro (440 metres,

completed) and a viaduct over the Galgana torrent (275 metres, completed). The remaining 7.5 kilometres of overall route will run alongside the railway line currently in use. The deadline for completion of the works is set for April 2015. Activities to complete the works went ahead during 2012 with the railway line remaining in operation, making it possible to inaugurate a stretch of new line measuring a total of 2 kilometres. Traffic also started to circulate on the new road tunnel built to cross under the Cisa motorway. Works to build Marta Giulia tunnel went ahead (3,350 linear metres had been dug at 31 December 2012 equal to 86% of the total works). Over 70% of the total planned production has been completed at 31 December 2012.

Transport infrastructures: roads and motorways

JONICA NATIONAL ROAD (SS-106) Maxi-Lot DG-22

(ITALY - CONSTRUCTION, Transport infrastructures: motorways)

The project is also known as Mega Lot 1 and involves awarding, using the general contracting formula, of the executive design and performance of works to upgrade the section between Palizzi and Caulonia (lots 6-7-8, including Marina di Gioiosa Jonica junction) of the SS 106, also known as the Jonica National Road. The works were commissioned by ANAS S.p.A., the organisation in charge of managing the Italian road and motorway network of national interest. The corporate body responsible for performing activities related to this contract is AR.GI S.p.A. which has the role of general contractor representing the ATI awarded the contract in which Astaldi is the principal company with a 99.99% stake. The special purpose vehicle, AR.GI S.p.A., was transformed into a Head Corporation as from 1 January 2010 under the resolution passed by the shareholders of AR.GI on 26 October 2009. From a technical viewpoint, the route of the new motorway measures approximately 17 km in length, 19% of which consists in viaducts and 37% in bored and cut-and-cover tunnels. The approval of a preliminary survey meant that the works were split into two sections known as the Functional Lot (works to be performed immediately) and the Marginal Lot (works not to be performed immediately). The overall value of the contract amounts to EUR 354 million, reformulated with approval of the aforementioned survey into EUR 282 million for the Functional Lot and EUR 72 million for the Marginal Lot. As regards the latter, the General Contractor has asked the customer for final payment due to the continuance of causes hindering works which have



caused the delay. Construction activities related to the major features covered by the contract (tunnels and viaducts) were largely completed during 2012, with total economic progress amounting to 94% of the contract amount and related physical progress of over 95% with regard to the critical route (excavation and lining of tunnels). Production completed at 31 December 2012 totalled EUR 267.8 million, EUR 264.9 million of which certified. Lastly, it should be noted that, considering the specific operating difficulties encountered while carrying out works – geological and geotechnical problems, geological and geotechnical problems and the dragging out of archaeological investigations – the study of a second variance survey proved necessary. It is envisaged that the works will

be completed by 2013, hoping that the second variance survey will be approved in the first part of the year and, in any case, prior to the contract amount being exceeded which would entail the rescheduling of works.

JONICA NATIONAL ROAD (SS-106), LOT DG-21

(ITALY - CONSTRUCTION, Transport infrastructures: motorways)



The project, also known as Mega Lot 2, refers to awarding, using the general contracting formula, of performance of works to construct the E-90 State Road - for the stretch of the SS 106 (Jonica National Road) running from Squillace junction (178+350 km) to Simeri Crichi junction (191+500km). Extension of the SS 280 (Due Mari National Road) from San Sinato junction to Germaneto junction is also planned. The works have been commissioned by ANAS S.p.A. The corporate body responsible for performing activities related to this

contract is Co.Meri S.p.A. the general contractor set up by the ATI awarded the contract in which Astaldi is the principal company with a 99.99% stake. As regards the project, Co.Meri S.p.A. assigned ASTALDI, under a specific Project Management Agreement, all the activities needed to fulfil contractual undertakings, with the exception of Works Supervision and Safety Coordination during the performance of works, area acquisition-related activities and anti-mafia checks pursuant to the MoU (signed by Catanzaro's Police Department, ANAS and Co.Meri). From a technical viewpoint, the section of the SS 106 included in the project runs along a route measuring 17.2 kilometres, with 11 twin-bore tunnels, 10 viaducts, 2 separate carriageway bridges and 8 flyover junctions. While the extension of the SS 280 (currently suspended pending relative funding) measures approximately 5.2 kilometres in length. In 2011, the 3rd Variance Survey was also technically approved which referred to various actions needed to complete the works as well as new activities required for the early opening to traffic of a first operational section measuring 12 kilometres. Indeed, in November 2011, the Borgia-Simeri Crichi section of the SS 106 was opened to the public. At 31 December 2012, production related to the whole year totalled EUR 42 million, with 98.3% of the overall works completed (7.5% in 2012 alone), referred to the amount currently financed in relation to the 3rd variance survey. At the draft date of this report, the completion of works related to the SS-106 is scheduled for 31 August 2013. Completion of allocation of the amounts as per the 3rd variance survey (equal to EUR 24 million), already funded by CIPE under the resolution passed on 26 October 2012, will allow for recommencement of currently suspended works related to the SS280, the planned duration of which is 16 months as from the consignment of works. Lastly, it should be noted that the 4th Technical Variance Survey is currently under preliminary examination by ANAS. As regards the invitation to draw inferences (hereinafter the Invitation) notified to Co.Meri S.p.A. on 10 May 2012 by the Regional Prosecutor's Office of the Audit Court's Jurisdictional Division for Lazio, it must be noted that the Invitation concerns the acknowledgement by ANAS S.p.A. to Co.Meri of the sum of EUR 47 million further to an out-of-court settlement procedure pursuant to Article 31-bis of Law No. 109 of 1994 as subsequently amended (applicable legislation *ratione temporis*). During the foreseeable continuation of proceedings in the form of an arraignment in front of the Court of Accounts of first instance, Co.Meri shall be able to represent its defence in an exhaustive manner, in greater detail than already inferred on other occasions. In any case, also in light of the further studies performed with the assistance of legal experts for the purpose of drawing up the defence filed by Co.Meri stessa, a reasonably positive outcome to said proceedings can be confirmed, with any risk of losing the case and having to pay legal expenses being classed as remote.

JONICA NATIONAL ROAD (SS-106), LOT DG-41

(ITALY - CONSTRUCTION, Transport infrastructures: motorways)

Astaldi Group, in the capacity of principal of a joint venture where it operates with a 60% stake, was recently awarded, the general contracting project to perform construction activities for the 3rd Maxi Lot of the Jonica National Road (SS 106), worth a total of EUR 791 million. The project will involve the performance of works to upgrade the section of the Jonica National Road running from SS 534 to Roseto Capo Spulico. The planned duration of works is approximately 9 years and 8 months, 15 months of which for design activities (final and executive) and for preliminary activities prior to the commencement of works, and the remaining 6 years and 5 months for construction activities. The corporate body

responsible for performing activities related to this contract is SIRJO S.C.p.A. the general contractor set up by the ATI awarded the contract in which Astaldi is the principal company with a 99.99% stake. From a technical viewpoint, the section of the SS-106 the project related to runs along a route measuring 38 kilometres with 7 twin-bore tunnels, 14 viaducts, 4 bored tunnels and 6 junctions. The final design phase and relative preliminary activities (topography and geognostic investigations) commenced in April 2012 subsequent to the order to start up activities. Consignment of the final project is scheduled for March 2013. This will be followed by the project approval procedure which involves first approval by ANAS, forecast for August 2013, and second final approval by CIPE, forecast for the start of 2014.

PIEDMONT-LOMBARDY MOTORWAY – SECTION A

(ITALY - CONSTRUCTION, Transport infrastructures: motorways)

The project refers to awarding, using the general contracting formula, of design (final and executive) and construction of Lot 1 of the Como ring road, Lot 1 of the Varese ring road and the A8-A9 section which, as a whole, is referred to as Section A. The project has been commissioned by APL Autostrada Pedemontana Lombarda S.p.A. The contract was acquired by an ATI¹² in which ASTALDI holds a stake which, in turn, set up Pedelombarda S.c.p.A. which ASTALDI has a 24% stake in. Specifically, (i) the main part of the route (14.6 kilometres) runs from west to east, from the interchange with the A8 Milan-Varese motorway to the interchange with the A9 Milan-Como motorway; (ii) Lot 1 of the Como ring road (2.9 kilometres) joins up with the A9 Milan-Como motorway in the vicinity of Grandate and runs eastwards to the Acquanegra junction, including the “Grandate” bored tunnel (400 metres); (iii) Lot 1 of the Varese ring road (4.5 kilometres) joins up with the A8 motorway near Gazzada and runs in a north-east direction through the “Morazzone” tunnel (2.2 kilometres) to link up with the existing Vedano Viaduct and to Lot 2 that has already been built. As regards this project, works along the whole length of road have been started up. Additional Agreement No. 2 (dated 30 June 2011) was signed with the client on 31 October 2012 which redefined the contractual amount, calculated as EUR 879.6 million, redefine the works completion dates – 30 November 2013 for Section A of the main road, 31 March 2014 for Lot 1 of the Como and Varese ring roads. Moreover in said Additional Agreement No. 2, the General Contractor’s share of pre-financing was cut from EUR 450 million to EUR 200 million and a contractual provision was introduced regarding the



ITALY

Piedmont-Lombardy
Motorway - Section A

issue of monthly progress reports compared to the previous provision of fixed-sum progress reports. During 2012, production for this project totalled EUR 294 million, with total productions standing at EUR 425 million, equal to 48.3% of total works completed.

¹²Please refer to Note 24 herein for a definition of ATI (Temporary Business Association).

ACTIVITIES INVOLVING THE URBAN NETWORK WITHIN THE MUNICIPALITY OF NAPLES

(CONSTRUCTION - ITALY, Transport infrastructures: roads)

INFRAFLEGREA PROGETTO S.p.A., the special purpose vehicle, in which Astaldi holds a 51% stake, is the general contractor performing various activities aimed at streamlining the internal transport system in the Phlegrean area of the Municipality of Naples. The project involves upgrading and improvement of the existing infrastructures (roads, railway, port, pedestrian zones) with the aim of achieving total intermodality within a network comprising various, already existing transport systems and communication systems. The funding administration is the Ministry of Transport and Infrastructures, while the granting authority is the President of the Region of Campania in the capacity of Special Commissioner pursuant to Article 11, subsection 18 of Law No. 887/1984. In brief, the works involve construction of the Montesantangelo rail link for the section from Soccavo to Mostra d'Oltremare, with relative interim stations and interchange junctions (Application Document No. 15), as well as works to extend and upgrade Pozzuoli port (Application Document No. 12), construction of a multi-storey car park with related access road and upgrading of Parco della Cava Regia and areas of the former Capuchin Convent (Application Document No. 13) and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli (Application Document No. 14). Performance of works in stages has been envisaged for some of the aforementioned Application Documents in order to satisfy the priority actions decided on by the Client, as well as for reasons linked to the funding of works. Works were suspended during 2012, with the opening of negotiations with the granting authority due to the financial problems caused both through non-payment and the continuing uncertainty regarding the granting authority's actual available financial resources to go ahead with the works. The whole-life value of this project is EUR 237 million, including EUR 96 million of additional funding made available at the end of December 2011 for the Parco San Paolo – Terracina section (Stage 1 of Lot 3 of the Monte Sant'Angelo rail link for which, at the draft date of this report, activities prior to the start-up of works are in progress). 77% of works had been completed at 31 December 2012, not taking into account said funding.

Transport infrastructures: ports and airports

MOSE PROJECT

(ITALY - CONSTRUCTION, Transport infrastructures: ports)

ASTALDI is involved in the project to construct the MOSE system, designed to protect Venice's lagoon from tidal action. The project as the whole involves the construction of a system of mobile barriers installed on each of the port's three outlets (Lido, Malamocco and Chioggia), which represent the points linking the sea and the lagoon. The performance of works related to the MOSE system is regulated by a contract stipulated between the state represented by the Magistrate for the Waters of Venice and Consorzio Venezia Nuova, which was granted the concession to perform the works in

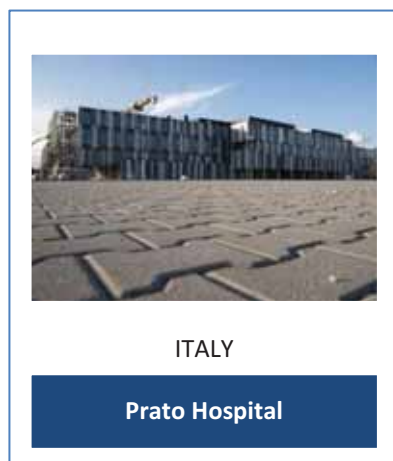


ITALY

Mose Project

question. Consorzio Venezia Nuova in turn awarded the works, split into operational phases, to the joint ventures set up by its members to perform the works in question. In this regard, Astaldi operates in the capacity of leader and principal of an ATI which set up the consortium company, Mose-Treporti S.c.r.l., to perform works related to Bocca di Lido Treporti. The total value of the works for which the ATI involving Astaldi is responsible amounts to EUR 419 million, EUR 386 million of which have already been awarded. Approximately EUR 350 million of works had been performed at 31 December 2011, corresponding to over 80% of the total works the ATI involving Astaldi is responsible for. Approximately EUR 372 million of works had been performed as at 31 December 2012, corresponding to almost 90% of the total works the consortium company Astaldi holds a stake in is responsible for, the completion of which is scheduled for 2014. Specifically, it must be noted that during 2012, the consortium led by Astaldi completed all the reinforced concrete caissons that, placed on the lagoon bed, will house the metal barriers that can be raised in the event of tides. Installation of the caissons was also completed during the year as part of works awarded to another company.

Civil and industrial construction



TUSCAN HOSPITALS (construction contract)

(ITALY - CONSTRUCTION, Civil construction)

The contract forms part of the project finance initiative for the construction and subsequent management of four hospitals in Tuscany and involves the construction of four hospital complexes situated in Lucca, Massa (Apuane), Prato and Pistoia. The new facilities will occupy a total surface area of over 200,000 m² and make available over 1,700 hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots. As regards this project, a total investment of EUR 365 million is envisaged for design and construction

activities (with public funding of 55%) and EUR 1.2 billion in nominal terms for management activities (in which Astaldi has a 35% stake). Given that it is a project finance initiative, said investment will be partly covered by public funding and partly by funding put up by private parties, with a return on investment guaranteed by the estimated management revenues provided for in the project agreement. For more information about the financial structure and the economic-financial equilibrium envisaged for the project, please refer to the section of this report dealing with concessions. The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction activities and 19 years for management of plants and works as well as non-healthcare services. Said duration applies as from signing of the agreement which took place on 19 November 2007. On said date, the local health authorities (USL 1 - Massa e Carrara, USL 2 - Lucca, USL 3 - Pistoia and USL 4 – Prato) awarded as a concession to SAT S.p.A, which Astaldi holds a 35% stake in, the construction of four new hospitals using the project finance formula. The purpose of the relative agreement, which applies to all four hospitals, is the final and executive design, performance of works and management of the new hospitals, as well as of some hospital and commercial services. Design and construction activities were awarded by the concession holder to a temporary business association set up by two of its partners. The

consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50% stake, was set up to perform works. All the hospitals feature a main 5-floor building with 1 basement level and an additional 4-floor building with 1 underground level. While there are differences between the hospitals as regards the surface area occupied and the number of hospital beds made available, as specified in greater detail below.

Massa Hospital – The hospital will occupy a surface area of 80,430 m², with a total volume of 175,000 m³, 24,480m² of car parks and a similar number of square metres of green areas. Construction of the complex will make available 360 hospital beds, 30 dialysis units, 12 hospital beds for short-term observation and 24 cots.

Lucca Hospital - The works involve a total surface area of 72,250 m². The total volume is 184,300 m³ with 25,700 m² of outdoor car parks and 13,400 m² of green areas. 410 hospital beds will be made available along with 38 dialysis units, 20 hospital beds for short-term observation and 24 cots.

Pistoia Hospital – Once this complex is fully operational, 400 hospital beds will be made available together with 26 dialysis units, 20 hospital beds for short-term observation and 20 cots. The hospital will occupy a total surface area of 86,800 m², with 25,000 m² of outdoor car parks and 31,000 m² of green areas.

Prato Hospital – The hospital in Prato is the largest of the four planned complexes. The total surface area involved is 99,000m², with a volume of 208,900 m³, 33,750 m² of outdoor car parks and 31,800 m² of green areas. The project will make available 540 hospital beds, 40 beds for haemodialysis, 20 beds for short-term observation and 35 cots.

Works went ahead largely as planned during 2012 with 85% of works completed for Prato, 98% for Pistoia, 77% for Lucca and 44% for Massa. 76% of works had been completed at 31 December 2012.

POLICE OFFICERS ACADEMY [SCUOLA CARABINIERI] – FLORENCE

(ITALY - CONSTRUCTION, Civil construction)

The contract is being performed by the consortium company S.CAR. S.c.r.l, in which Astaldi holds a 61.4% stake, and involves construction of the new Police Officers' Academy in Florence. The works have been commissioned by the Ministry of Transport and Infrastructures. The project involves a large area comprising four functional centres: (i) a sports centre which entails construction of a football and athletics stadium, covered swimming pool, tennis courts and gym (Centre 1); (ii) a centre dedicated to student housing with 9 buildings to accommodate 1,500 students (Centre 2); (iii) a

logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command offices, cadre housing, shooting range and technological plates (Centre 3); (iv) a centre for cadre residences to be used to house academy workers and their families (Centre 4). The first variance and operational stage survey was approved in July which resulted in a reduction of the contractual value of approximately EUR 46 million to make the works compatible with the Police Force's minimum requisites and with the need to optimise the complex's management systems, as well as with the actual available financial resources (equal to approximately 80% of the



ITALY

Police Officers Academy in
Florence

contract). Approximately 71% of works had been completed at 31 December 2012.

OSPEDALE DEL MARE – NAPLES (construction contract)

(ITALY - CONSTRUCTION, Civil construction)

The contract involves the final and executive design and construction of a new highly-specialised hospital complex in the eastern suburbs of Naples for a total of 450 beds (as well as 50 beds for low care patients). The administration granting the concession is Naples' local health authority (ASL Napoli 1). The company responsible for performing the contract is Partenopea Finanza di Progetto S.p.A. (PFP) in which Astaldi has a 99.99% stake. It must be recalled that, following the protraction of a period of irregular performance of works (for which the concession holder was not responsible) and given that PFP's request for redressing of the concession's Business plan in order to acknowledge the longer work schedules and higher costs incurred, fell on deaf ears, in March 2009 PFP submitted a request for arbitration, availing itself of the arbitration clause provided for in the Acknowledgement Clause. Subsequently, following failure to pay the price, in June 2009, the concession holder PFP availed itself of the cancellation clause set forth in the Acknowledgement Clause and declared the agreement to be terminated as a result of the granting authority's actions, including a request for ascertainment of said termination in the pending arbitration proceedings. As a result of this, in July 2009 and at the request of the acting Commissioner – appointed in 2009 by the President of the Region of Campania with the task of adopting, in place of the granting local health authority, all the measures needed to complete the project - a Negotiating Table was set up to identify suitable solutions to all the problems, without prejudice to the action already taken by both parties and relative responsibilities. The Negotiating Table carried out a lengthy and complex assessment, completed in July 2011 with the signing of a settlement which defines an obligation to complete design and works for a set fee, in



ITALY

**"Ospedale del Mare" in
Naples**

compliance with respective waivers, and singles out, with the support of the State Legal Advisory Service, a possible solution to reconcile the respective positions. Without prejudice to the effects of the statement terminating the Agreement and the Acknowledgement Clause, said solution provides for PFP to complete the project and suspended works at a price proposed by the Commissioner and approved by PFP. As far as the overall settlement is concerned, the dispute was successfully settled and hence the pending arbitration proceedings were abandoned. The agreement reached and signed by the parties was subject to approval by the President of the Region of Campania, and subsequently signed by the acting Commissioner and by PFP – transformed

into a S.C.p.A. in the meantime – on 29 November 2012. Therefore, as provided for in the settlement agreement, works are scheduled for completion in August 2015.

As regards the initiative undertaken by the Regional Prosecutor's Office of the Audit Court, further to formal notification by the Public Prosecutor's Office of Naples of commitment for trial for PFP and its pro-tempore legal representative, it should be noted that, to date, no further action has been taken by the Regional Prosecutor's Office.

Therefore, while referring to what has already been stated in the Annual Report to the Financial Statements at 31 December 2011, a reasonably positive outcome to said proceedings can be confirmed and, to date, the possibility of losing and having to pay legal expenses is considered remote.

As regards the criminal proceedings in progress with PFP accused of the administrative crime as per Articles 5,24 and 26 of Legislative Decree No. 231/2001, it must be noted that said proceedings are currently pending with regard to the relevant judicial authority. Lengthy and complex preliminary hearings are envisaged during which the numerous witnesses will be heard. In any case, at the present time, considering signing of the settlement reached between the local health authority and PFP, as mentioned above, a positive outcome to said proceedings for PFP can be envisaged.

Construction - International

Central-Eastern Europe

ASTALDI Group is present in this area in Turkey, Poland and Romania and is involved in projects with qualified counterparties in Russia.

Turkey is one of the main areas of activity for the Group. At the present time, its presence in Turkey is in relation to projects in the construction (transport infrastructures) and concessions (airports, hospitals, motorways) sectors

Poland has featured for some years among the areas of guaranteed interest for the development policies of the Group which has already secured some significant contracts from both a design and economic viewpoint. At the moment, the Group is active in Poland solely in relation to priority projects (railway, underground, motorway transport infrastructures) in the country's development policies, financed through dedicated EU funds. As regards the future, given the country's political and economic stability as well as the legislative framework, further consolidation is not to be excluded with the opening up of the renewable energy and concessions sectors.

Romania continues to have an important strategic value for the Group insofar as it is still able to guarantee new commercial opportunities which ASTALDI will continue to examine with great interest. Indeed, the local offices continue to monitor the opportunities on offer in Romania, which the Group tries to take up, also with the aim of ensuring ever-increasing client diversification.

Russia represents a recently acquired market where the Group operates with private clients only. ASTALDI's entry into Russia offers the opportunity to diversify activities as a result of consolidation of industrial partnerships with Turkish firms in relation to projects in progress in Turkey. As regards the future, commercial development as such is not being examined but additional opportunities arising from synergies with qualified partners boasting a high credit rating are not to be excluded.

Please find below a brief description of the main projects in progress in each of the countries listed above.

TURKEY – LINE 4 OF ISTANBUL UNDERGROUND (KADIKÖY - KARTAL – KAYNARCA SECTION)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: undergrounds)



TURKEY

**Line 4 of Istanbul
underground**

The project refers to construction of a new section of the Istanbul underground using the general contracting formula along the Kadiköy - Kartal – Kaynarca section. Astaldi (in its capacity as leader of a joint venture) holds 42% of the contract. The contract involves construction of a double-track line along the Kadiköy-Kartal section for approximately 21 kilometres with 16 stations, and includes the supply of electromechanical and signalling systems in addition to civil works. This contract was subject to a contract extension in 2009 related to extension of the new line in the direction of Pendik as far as Kaynarca station – for an additional 4.8 kilometres of tunnel to be dug along the Kartal-Kaynarca section. The new line runs across

Istanbul's Anatolian shore and guarantees transportation of 70,000 passengers per hour in each direction, with an operating speed of 80 km/h. Works commenced in February 2008 and the Kadiköy – Kartal section was completed and opened to the public on 17 August 2012. Construction activities are going ahead on the remaining section.

TURKEY – ISTANBUL GOLDEN HORN BRIDGE (HALIC BRIDGE)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: undergrounds)

The project refers to the contract to construct the Golden Horn Bridge, also known as Hâlic Bridge, worth a total EUR 147 million (Astaldi has a 51% stake). Taking into account the changes approved during works in progress, said contractual value now amounts to EUR 165 million, to be completed by Summer 2013. Hâlic Bridge will run across the



TURKEY

**Halic Bridge
(istanbul)**

inlet on the European side of the Bosphorus, known as the Golden Horn, linking Topkapi to Galata. The route will measure approximately one kilometre and will allow the new Unkapanı-Yenikapı line of the Istanbul underground to run along it. The new structure will also involve construction of a steel cable bridge measuring 387 metres in length, as well as a 120-metre swing bridge which will open to allow boats to pass through. The works were commissioned by the Municipality of Istanbul. Astaldi's local partner in performing the works is Gülermak, one of the companies Astaldi is already working with to construct the Istanbul underground. Works commenced in 2009 and at the end of 2012, the following had been performed:

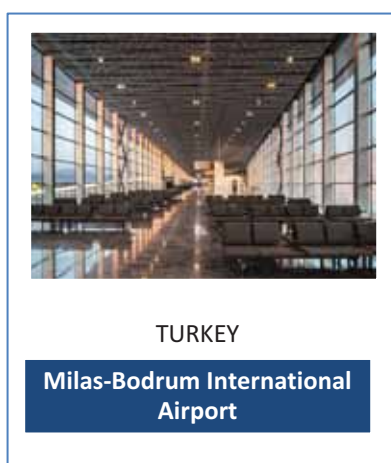
- North-east side: the Beyoglu concrete approach viaduct was completed;
- South-east side: the foundations and elevated works of the Unkapani viaduct were completed with the exception of the pier caps and elevated parts of the two piles near to the bank. The first of the three framework segments was completed. The joints and two framework segments still need to be completed;

- South-east side: the sheet piles planned on the south-east Unkapanı side were completed and the concrete platform to house mechanical areas built;
- The shafts of the steel cable bridge were completed and 3 parts of the bridge wing positioned.

72% of works had been performed at 31 December 2012 with completion planned by the end of 2013.

TURKEY –MILAS-BODRUM AIRPORT (EPC contract)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: airports)



The project consists in an EPC contract for construction of the international terminal of Milas-Bodrum airport in Turkey. The works were consigned in May 2012 and the airport became operational as from said date. The new terminal occupies a surface area measuring 100,000 m² and can cater for up to 5,000,000 passengers/year. The contract value at 31 December 2102 amounted to EUR 123.9 million inclusive of changes made during works in progress. It should be recalled that for this work, ASTALDI GROUP holds a 92.85% stake in MONDIAL SA, the concession holder for the design, construction and subsequent management of the works. For more information in this regard, please refer to the following sections dealing with concession

projects.

TURKEY –GEBZE-ORANGZI-IZMIR MOTORWAY (BOT contract)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)



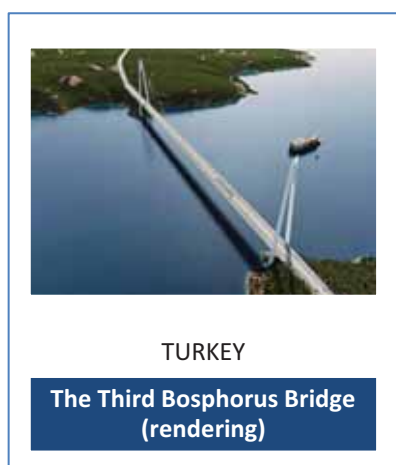
Preliminarily, it must be recalled that said project is not included among the backlog at the present time since it will be performed using the concession formula and, while awarded to Astaldi as part of a joint venture, definition of the relative financial closing is pending. However, it is considered appropriate to detail activities carried out in relation to said project during 2012 given the start-up of preliminary activities and the investments made.

The project consists in a BOT contract for the construction, maintenance and management of a section of motorway measuring 434 kilometres running along the Gebze-Orhangazi-Izmir route. The project also included a suspension bridge over Izmit Bay and additional link roads to existing roads.

As regards this project, the EPC contract has a value of USD 5.6 billion (Astaldi has a 18.6% stake) against investments totalling USD 6.4 billion. The SPV set up for this project is OTOYOL, while the SPE set up to perform works is called NOMAYG. The concession agreement between the client, KGM and OTOYOL was signed in September 2010, but can

only come into effect subsequent to the definition of financial closing scheduled for early 2013. The EPC contract between OTOYOL and NOMAYG, that will be responsible for actual construction of the motorway was signed in July 2011. The contractual duration of the concession is 22 years and 4 months, including a maximum of 7 years for construction activities. On the whole, the project involves the construction of approximately 384 kilometres of link roads, 140 kilometres of access roads and 29 kilometres of national roads to be upgraded, 3 tunnels, 29 viaducts, 84 bridges, 330 minor hydraulic works, 25 intersections, 20 motorway toll gates, 10 maintenance centres and 16 service areas. The suspension bridge, measuring a total of approximately 2.6 kilometres in length and worth USD 1.1 billion, was subcontracted in July 2011 to IHI/ITOCHU and must be completed in the space of 3 years corresponding to the duration of Phase 1 of the project. This first phase, for which construction activities are currently in progress, involves the sections of motorway from Km 0 (Gebze) to Km 58 (9 kilometres after Orhangazi), the approach viaducts for the suspension bridge on the north side (0.25 km) and on the south side (1.4 km) and a tunnel of approximately 3.4 km. Construction of the tunnel - Samnalı Tunnel – was awarded to Dağcan İnşaat ve Ticaret A.Ş. in April 2011 and the contract provides for a planned duration of works of 32 months, in other words by December 2014. The contractual value of works related to the tunnel amounts to USD 69.3 million and, at the draft date of this report, approximately 76% of works had been physically completed for the entrances and 24% for excavation and support works for the tunnel, final lining of the tunnel in concrete has still to be started up. As regards the other sections of the project related to Phase 1 they have been assigned to various partners in the business association or to specific subcontractors (as for the suspension bridge and tunnel) and Astaldi has been assigned performance of the works from Km 0 to Km 4, for a total of USD 47.6 million with works to be completed by May 2014. As regards Phase 2 of the project, it will be performed during the second half of the 7 years of construction activities and includes the section from Km 58 to Km 408 (Izmir).

TURKEY – THE NORTHERN MARMARA MOTORWAY PROJECT – INCLUDING THE THIRD BRIDGE OVER THE BOSPORUS (BOT contract)



(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways and bridges)

Preliminarily, it must be recalled that said project is not included among the backlog at the present time since it will be performed using the concession formula and, while awarded to Astaldi as part of a joint venture, definition of the relative financial closing is pending. However, it is considered appropriate to detail activities carried out in relation to said project during 2012 given the start-up of preliminary activities and the investments made.

The project consists in a BOT contract for the construction and management of the Third Bridge over the Bosphorus and of the Odayeri-Pasakoy section of the North Marmara Highway. The BOT contract between the Turkish Ministry of

Transport and JV İctaş - Astaldi, responsible for the construction and management of the motorway was signed in December 2012. The total value of the investments is approximately USD 2.5 billion (in which Astaldi has a 33.33% stake). The project involves the construction of approximately 60 kilometres of motorway, 54 kilometres of link roads, 45

kilometres of access roads for a total of approximately 160 kilometres of motorway links between Odayeri and Paşaköy, as well as a suspension bridge measuring 1.408 kilometres with pillarless spans between Poyrazköy and Garipçe. Construction activities are set to commence during the first half of 2013. The duration of the concession is 10 years and 2 months, 3 years of which for design and construction and the remaining 7 years and 2 months for management.

TURKEY –ETLIK HOSPITAL CAMPUS -ANKARA (BOT contract)

(CONSTRUCTION - INTERNATIONAL, Construction: hospitals)

Preliminarily, it must be recalled that said project is not included among the backlog at the present time since it will be performed using the concession formula and, while awarded to Astaldi as part of a joint venture, definition of the relative financial closing is pending. However, it is considered appropriate to detail activities carried out in relation to said project during 2012 given the start-up of preliminary activities and the investments made.

Commissioned by the Turkish Ministry of Health, the project consists in the design, construction supply of electromedical



TURKEY

**Etlik Hospital Campus
(rendering)**

equipment and furnishings as well as the management of a hospital complex boasting 3,566 beds split among 8 facilities and a hotel for a total of 1,080,000m². Studio Altieri that has already worked with Astaldi on the concession project to build and manage Mestre Hospital which is currently under management in Italy, will be responsible for design activities. The project refers to the BOT contract for the construction and management of Etlik Hospital Campus in Ankara and the total value of the investment amounts to approximately EUR 800 million which will be used to build the largest hospital complex in Europe. The duration of the concession is 28.5 years, 3.5 of which for design and construction activities and the remaining 25

for management activities. Works are planned to commence during the second half of 2013.

RUSSIA – PULKOVO INTERNATIONAL AIRPORT, ST.PETERSBURG

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: airports)



RUSSIA

**Pulkovo Airport
(rendering)**

The project refers to the contract to expand Pulkovo International Airport in St. Petersburg, the number four airport in Russia for the number of passengers. The project was awarded to ASTALDI as part of a joint venture with the Turkish construction firm, IC Ictas, during 2011. The total of works to be performed is EUR 700 million (Astaldi has a 50% stake). The project was commissioned by Northern Capital Gateway (NCG), an international consortium in which Fraport (Frankfurt Airport Group), an international leader in airport management and VTB Capital (VTB Group), the second-most important Russian bank hold a stake. The senior lenders of the project promoted by NCG are the European Bank for Reconstruction and

Development (EBRD), International Finance Corporation (IFC), Vnesheconombank - Bank for Development and Foreign Economic Affairs of USSR, Nordic Investment Bank (NIB), Black Sea Trade and Development Bank (BSTDB) and Eurasian Development Bank (EDB). The contract is an EPC contract and involves the construction of a new international terminal as well as renovation of the existing terminal (Pulkovo 1). Once the works have been completed, the airport will be able to guarantee a level of service equivalent to IATA C and can accommodate 14 million passengers per year, thus becoming the most important airport in the Baltic region. The works will involve the construction of a main building that will occupy a total surface area of 95,475 m², with 85 check-in desks, boarding gates and links with car parks and the existing Pulkovo 1 terminal and North Pier, as well as an office district (Class B, 11,660 m²), a four-star hotel (200 rooms, 13,800 m²) and all works connected to commissioning of the new facility (airside facility, snow storage area, fire station, de-icing facility, commercial areas, etc.), as well as renovation of the existing Pulkovo 1 terminal (34,314 m²). The planned duration of the works is 39 months. Construction activities went ahead as planned during 2013 and an important milestone was reached at the end of November – completion of the terminal roof – celebrated during an official ceremony attended by local authorities. Approximately 50% of the contract (including the supply of electromechanical equipment) had been completed at the end of December 2012.

RUSSIA – WESTERN HIGH-SPEED DIAMETER, ST. PETERSBURG

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract was awarded to Astaldi during 2012 and refers to the EPC contract to perform the works to complete the St. Petersburg ring road, a work of strategic importance for the city's transport system. The project was commissioned by the NCH consortium – comprising VTB Capital and Gazprombank, respectively Russia's second and third most important bank – that holds the concession agreement for completion and subsequent management of the whole ring road. As regards this project, one of the most important in progress in Russia, Astaldi will be responsible for construction activities only. Indeed, the EPC contract awarded to Astaldi involves the design and performance of all the works needed to build 12 kilometres of motorway, corresponding to the most technically complex section, which closes the ring road along the seafront. The contract value amounts to EUR 2.2 billion and the works will be performed as part of a joint venture with the Turkish company IC Ictas (Astaldi has a 50% stake) that has already worked with Astaldi on other projects in Russia and Turkey. The planned duration of works is 36 months. Design and site preparation activities were started up during 2012 on the basis of a preliminary EPC contract worth EUR 20 million that, at the draft date of this report, had almost been completed.

ROMANIA – LINE 5 OF BUCHAREST UNDERGROUND

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: undergrounds)

The



by

project refers to construction of the new Line 5 of the Bucharest underground for the Drumul Taberei – Pantelimon section (Raul Doamnei – Hasdeu section), using the Design and Build formula. The contract's overall value is RON 919 million, equivalent to EUR 215 million (ASTALDI is the project leader with a 47.495% stake). The project forms part of a broader programme to expand Bucharest's underground network and is funded by the EIB (European Investment Bank) as well as by the State (25%). The project was commissioned METROREX S.A. (responsible for managing the Municipality of Bucharest's underground network which currently covers 69

kilometres) and which reports to the local Ministry of Transport and Infrastructures. The project involves the design and construction of approximately 4.5 kilometres of new underground line, limited to civil structures only, along the section between Raul Doamnei and the Bucharest Opera House (Hasdeu), with 9 stations and 7.7 kilometres in total of tunnels dug using TBMs¹³. Works on all the stations were started up during 2012 and the two TBMs were prepared for excavation at Academia Militara station. An additional agreement is currently being negotiated following the performance of various and new works. Consignment of the works is scheduled by the end of 2014.

ROMANIA –BUCHAREST-CONSTANTA RAILWAY (SECTION 2 - LOTS 1 & 2, SECTION 3/4 - LOT 2)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)



The project involves the performance, using the general contracting formula, of works to upgrade the Bucharest – Constanta railway, with regard to the section identified as Section 2, Lots 2, 3 and 4. The works were commissioned by Romania's State Railways and consist, in brief, in upgrading of the railway platform and complete replacement of ballasts, sleepers and tracks. The total value of the contract is approximately EUR 178 million.

Section 2 (Lot 1). All the works related to this section which, inter alia, entailed the upgrading of an existing railway viaduct measuring approximately 340 linear metres (Mostistea Bridge) and the construction of a new railway viaduct measuring 235 linear metres (Saluresti Bridge) along the Fundulea – Lehliu route, were consigned in June 2011.

Section 2 (Lot 2). The works related to this section were completed and consigned in July 2011 and consisted in the upgrading of approximately 28 kilometres of double-track line of the Bucharest – Constanta railway line with regard to the section between Fundulea and Lehliu stations. The aim of the project is to increase the technical travelling speed of passenger trains from the current 120 km/h to 160 km/h, with a maximum speed of 200 km/h.

¹³Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine).

Section 3/4 (Lot 2). The works related to this section were completed and consigned in July 2011 and consisted in the upgrading of approximately 78 kilometres of the Bucharest – Constanta railway line with regard to the section between Lehliu and Fetesti stations. The aim of the project is to increase the technical travelling speed of passenger trains to 160 km/h, with a maximum speed of 200 km/h. 5 of the 7 planned stations were also consigned during 2011. Works along the line were completed and the 2 stations were not completed due to delays in the performance of works covered by another contract, late delivery of materials by the administration and reallocation of funds to the following year. It is envisaged that works will be completed by the end of 2013.

ROMANIA - FRONTIERA-CURTICI-SIMERIA RAILWAY LINE

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The contract, awarded during Q4 2011, involves the upgrading of 41 kilometres of railway line and 4 stations, as well as laying of a second track along a 5-kilometre stretch and construction of the signalling, telecommunications and electric traction systems. Once completed, the works will guarantee a speed of 160km/h for passenger trains and 120km/h for freight trains. The value of the works amounts to EUR 254 million (Astaldi has an 18.75% stake). All the works were started up during 2012 and upgrading of the first railway line was virtually completed. The project was commissioned by Romania's State Railway Company (C.S.R. S.p.A.) and is financed using European funds and dedicated resources allocated in the state budget.

ROMANIA - BUCHAREST – CONSTANTA MOTORWAY (MEDGIDA – CONSTANTA SECTION)



(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract worth a total of EUR 168 million (Astaldi has a 60% stake) involves construction of the Bucharest – Constanta motorway with regard to the section between Medgida and Constanta. The route corresponds to a final section of the A2 motorway and fits into a general plan to improve the country's motorway network. The contract involves the design and construction of approximately 32 kilometres of motorway with 4 overpasses, 2 viaducts, 2 bridges and 1 junction. The works were commissioned by Romania's National Roads and Motorways Department. Works commenced in April 2009. During 2012, following resolution by the client of some problems linked to planned

expropriation procedures and thanks to considerable production efforts, the whole motorway section measuring 32 kilometres was opened to the public, the construction of which made an easier link to tourist coastal area's motorway network possible. 25% of the works are financed by EU cohesion funds and the remaining 75% by an EIB (European Investment Bank) loan.



ROMANIA

Basarab Overpass

ROMANIA –BASARAB OVERPASS

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: bridges)

The Basarab Overpass project, performed by ASTALDI as part of a temporary business association (Astaldi is the leader with a 50% stake), was completed and consigned to the client, the Municipality of Bucharest, on 19 June 2011. The project involved the design and construction of a cable stayed bridge measuring approximately 340 metres in length, with a maximum width of 44 metres and a maximum height of 84 metres, and an arched concrete and steel bridge measuring 120 metres in length, as well as approximately 2 kilometres of road and tram viaducts and an intermodal station (tram,

underground, road network). Some additional works such as a viaduct traffic monitoring system and multi-storey car park were completed during 2012.

ROMANIA – ARAD – ORADEA NATIONAL ROAD

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract to be performed using the general contracting formula is worth approximately EUR 75 million and involves the upgrading of 99 kilometres of the road in Romania. The contract entails the design and upgrading of a section of the DN-79 National Road, between the cities of Arad and Oradea for a total of 103 kilometres. Performance of the project will entail, inter alia, the upgrading and construction of 13 bridges, 46 culverts and approximately 80 kilometres of drainage system. The works were commissioned by Romania's National Roads and Motorways Department. 30% of the works are financed by the Romanian government and the remaining 70% by the EIB (European Investment Bank). Works were started during the first half of 2009 and almost all the works were completed during 2012. Expansion of the road area was completed during 2012 together with the laying of structural layers of asphalt. Some works related to maintenance areas and car parks still have to be completed.



ROMANIA

Arad - Timisoara National Road

ROMANIA – ARAD – TIMISOARA MOTORWAY

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract, worth EUR 138 million (in which Astaldi has a 50% stake), involves the construction of 31.5 kilometres of motorway in the western part of Romania with 4 lanes in each direction, 2 hard shoulders, one junction and 16 bridges. The works are being performed by a joint venture involving ASTALDI and the Spanish firm FCC Construcción S.A. The project was commissioned by Romania's National Motorway and National Roads Company. Works commenced during the first part of 2009 and, despite the difficulties encountered as a result of failed expropriation procedures and project

shortcomings that cannot be attributed to ASTALDI, activities went ahead speedily during the whole of 2011. The complete motorway section was inaugurated on 16 December 2011, in a ceremony attended by the Prime Minister and Minister of Transport. All the works were completed in 2012, with subsequent complete opening to traffic. At the same time, an additional agreement was stipulated which recalculated the contractual amount as EUR 165 million, defining a new contractual deadline. Therefore, the completion of some secondary works (car parks and maintenance and coordination centre) is planned during 2013, with the works to be completed by the first half of the year.

ROMANIA – CONSTANTA RING ROAD

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The project involves the design and construction of the motorway link between the A2 motorway from Bucharest and the



ROMANIA

Constanta ring road

maritime port of Constanta on the Black Sea, as well as with the DN2 national road towards the Ukrainian border to the north and the Bulgarian border to the south. The contract, awarded to ASTALDI in 2008 as part of a joint venture with the Spanish company, FCC Construcción S.A., is worth EUR 120 million (Astaldi has a 50% stake). The project forms part of the European plan to develop a sea-road transport infrastructure network to link Europe with Asia and, as a whole, will entail the construction of 22 kilometres of motorway to link the A2 to the city of Ovidiu and to Gate No. 9 of the maritime port of Constanta (Agigia). The motorway has 4 lanes for a total width of 26 metres, including 2 hard shoulders.

The construction of 5 interchanges and 21 overpasses and bridges has also

been completed. The project was commissioned by Romania's National Motorway and National Roads Company. The works, started up during the first half of 2009, continued during 2011 and a first section of approximately 9 kilometres was consigned to the client on 29 July 2011. A further section of motorway was consigned during 2012. All the works were not completed due to problems related to delays regard expropriation and reallocation of funds to the following year. We are waiting to see how the client intends to handle some contractual and design problems in order to schedule final completion of the works.



ROMANIA

**Orastie - Sibiu Motorway
(Lot 4)**

ROMANIA –ORASTIE – SIBIU MOTORWAY, LOT 4

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract for the design and construction of Section 4 of the Orastie – Sibiu motorway forming part of the Trans-European Corridor IV, was signed in June 2011. The project involves the construction, using the Design & Build formula, of approximately 16 kilometres of new motorway, including a cut-and-cover tunnel (200 metres) and two viaducts (900 metres). ASTALDI GROUP is the project leader and holds a 70% stake. The works were commissioned by Romania's National Roads and Motorways Company (CNADNR) which reports

to the local Ministry of Transport and Infrastructures. 85% of the project is financed using European cohesion funds and 15% using state funding. Design activities were started up during 2011 and setting-up of sites was completed, with the commencement of construction of the motorway, underpasses and drainage systems as well as the viaduct foundations. Works went ahead during 2012 even with some delays due in part to the Client's delay in finalising expropriation procedures, authorising the cutting down of existing trees and the need to define additional works for a short section of cutting following unforeseen geological phenomena. Consignment of the works is scheduled for 2013.

ROMANIA –BUCHAREST - CONSTANTA MOTORWAY (CERNAVODA – MEDGIDA SECTION)



(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: motorways)

The contract for the design and construction of the Cernavoda – Medgida section of the A2 Bucharest – Constanta motorway was signed on 21 September 2011. The project involved the design and construction of approximately 20 kilometres of motorway with 2 viaducts (580 metres in total) and major earth movement works. ASTALDI group is the project leader with a 50% stake. The works were commissioned by Romania's National Roads and Motorways Department (CNADNR) which reports to Romania's Ministry of Transport and Infrastructures. 25% of the works are financed by EU cohesion funds and the remaining 75% by an EIB (European Investment Bank) loan.

The works were completed and the motorway opened to traffic on November 2012, more than 6 weeks ahead of the contract completion date. Some minor finishes and secondary works still have to be performed and will be completed by March 2013.

ROMANIA – PIAZZA ROMANA (BUCHAREST)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: roads)

The contract for the design and performance of civil works for the restoration of Piazza Romana in Bucharest was signed in September 2011. The contractual value of the works is EUR 18 million and the project involves the construction, using the Design & Build formula, of a pedestrian area underneath Piazza Romana, in the centre of Bucharest. ASTALDI is the project leader with a 70% stake. The works were commissioned by the Municipality of Bucharest. As regards this project, survey activities were performed during 2011 along with the start-up of general design activities. As for 2012, following difficulties and the reallocation of financial resources to following years, only design and a part of the site preparation activities were carried out. Works are set to start during the second half of 2013 with consignment of the works scheduled by the end of 2015.



ROMANIA

"Henri Coanda" International Airport

ROMANIA – "HENRI COANDA" INTERNATIONAL AIRPORT, - BUCHAREST (PHASE 3)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: airports)

The contract refers to the performance, using the general contracting formula, of a third phase of the project to develop and modernise "Henri Coanda" International Airport (formerly Otopeni) in Bucharest. The works were commissioned by C.N.A.I.H.B. (*Compania Nationala Aeroportul Internationale Henri Coanda Bucuresti*), in the name and on behalf of Romania's Ministry of Transport. The Group, which has already successfully completed the first two phases of this project, will perform the civil works and plants aimed, inter alia,

at extending the passenger arrivals and departures terminals, reorganising passenger traffic and building a new ground level car park. A first important target as regards the performance of works was achieved on 15 March 2011 with consignment of the new terminal (finger). All activities related to construction of the departures terminal extension were carried out and the extension consigned and opened to the public in November 2012. The guarantee period for the works carried out is scheduled for 2013.

POLAND – WARSAW - ŁÓDŹ RAILWAY LINE AND ŁÓDŹ FABRYCZNA STATION

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The project refers to the design and performance of all works connected to upgrading of the section of railway from Łódź Widzew to Łódź Fabryczna, with construction of the passengers building and underground station of Łódź Fabryczna (4 platforms, 8 tracks), a double-track, twin-bore tunnel (1.5 kilometres) and the plant design and superstructure of the whole section, as well as an underground car park and multi-modal interchange junction at Fabryczna railway station. The works, awarded in August 2011, have a contractual value of PLN 1.4 billion, equivalent to EUR 350 million

(ASTALDI has a 40% stake), with a planned duration of 42 months. The project forms part of the "Infrastructure and Environment" Operating Programme, funded by EU Cohesion Funds. The works were commissioned by Poland's railway companies (PKP and PKP PLK) and the Municipality of Łódź. This project is of great importance for the national railway system insofar as it will be the first work already boasting high-speed standards, and also for the city of Łódź (Poland's number-two city for the number of inhabitants). Indeed, following the completion of works, this city will see a radical change in its city centre, with the large underground station, adjacent multi-storey car park, multi-modal junction and surface area layout becoming distinctive features.



POLAND

Łódź Fabryczna station (rendering)

Following the completion of design activities, excavation works related to the station building and multi-storey car park and installation of the diaphragms were performed.



POLAND – LINE 2 OF WARSAW UNDERGROUND

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: undergrounds)

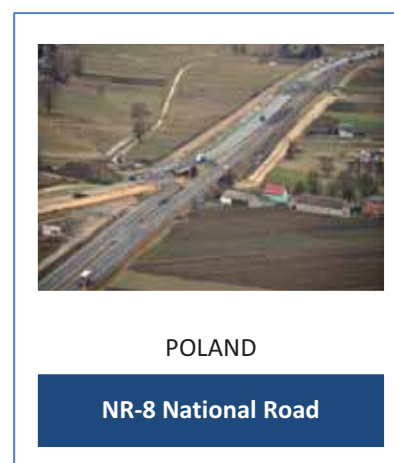
The project involves the construction of a central section of Line 2 of the Warsaw underground in Poland worth a total of PLN 3.375 billion, equivalent to approximately EUR 800 million (Astaldi has a 45% stake and is the project leader). The project forms part of the “Infrastructure and Environment” Operating Programme, the most important project planned in Poland in relation to the national development policy funded by the EU, and especially

in relation to the operating plan for planned investments for the 2007-2013 five-year period. Specifically, Line 2 of the Warsaw underground is part of the “Environmental Transport” axis for which investment totalling approximately EUR 8 billion is planned. The works were commissioned by the Municipality of Warsaw. In detail, the project involves the design and construction of approximately 6 kilometres of new underground line along the route between Rondo Daszynskiego and Dworzec Wilenski, with 7 stations, 6 ventilation shafts and approximately 10 km of single-track tunnel, as well as 3 buildings for train deposit and railroad switches. The route will run mainly underground and also include passage under the River Vistula. 4 TBMs with a 6.30 m diameter will be used to dig the tunnel sections. As regards this project, station structures were built during 2012 along with the intersection ventilation shafts and over 3 km of tunnel using mechanised excavation. Consignment of the works is scheduled for August 2014.

POLAND - NR8 NATIONAL ROAD (PIOTRKOW TRIBUNALSKI - RAWA MAZOWIECKA SECTION)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: roads)

The contract refers to the design and performance of works to upgrade the NR8 National Road to fast-flowing, dual carriageway standards with regard to the Piotrków Tribunalski - Rawa Mazowiecka section (approximately 62 kilometres). This project forms part of the “Infrastructure and Environment” Operating Programme financed using EU cohesion funds - specifically, the project is part of the “TEN-T road and air transport network” for which investment totalling EUR 8.8 billion is planned. The works were completed and the road opened to traffic in September 2012. The contract has a total value of PLN 1.4 billion, equivalent to EUR 350 million (Astaldi has a 47% stake and is project leader) and, specifically, involved the design and



upgrading with transformation to fast-flowing, dual carriageway standards of 62 kilometres of the NR8 National Road, with regard to the section between Piotrków Tribunalski and Rawa Mazowiecka. The project involved the construction of 14 split-level junctions and 59 large-scale works (including overpasses, bridges and viaducts) is also planned. A specific feature of this project was the laying of hard concrete flooring with slipform pavers. The works were commissioned by Poland's National Roads and Motorways Department and the planned duration of works is 36 months, 12 months of

which for design activities. At 31 December 2012, the project was largely completed in compliance with the project timeframe and budget. Therefore, taking into account the fact that this project is the first project performed by the Group in Poland and given the positive results achieved all round, it is felt that this project can help create a good reputation for future and forthcoming projects.

POLAND - BYDGOSZCZ-TORUN PLANT

(CONSTRUCTION - INTERNATIONAL, renewable energy plants.)

The project involves the construction of plant that produces energy through the transformation of urban solid waste. The contract, stipulated in September 2012, has a value of approximately EUR 95 million (ASTALDI has a 51% stake and is the leader of the joint venture) and involves the design and performance of the plant's civil and electromechanical works that will comprise two incineration facilities with a total nominal potential of 180,000 tons/year of processed waste. The plant will allow for the salvage, conversion and conveyance of electricity and heat for district heating that will be included in the municipal network serving the cities of Bydgoszcz and Torun, with non-stop operation for 24 hours a day, 7 days a week, for a minimum of 7,800 hours/year. The project also involves the construction of a waste acceptance unit and a compost production unit. The project was commissioned by Międzygminny Kompleks Unieszkodliwiania Odpadów ProNatura Sp., the company set up by the Municipality of Bydgoszcz to manage urban waste and the project forms part of a wider programme funded by the European Union for the construction of plants producing energy through waste conversion. Design activities commenced during 2012. Works are scheduled to commence during the first half of 2013 with a planned duration of approximately 3 years.

The Maghreb (Algeria)

ASTALDI GROUP's presence in the Maghreb is limited to Algeria only where the Group has operated for more than 20 years with a stable role in the area and projects linked to transport infrastructures and energy production and water supply plants.

In order to provide complete information, it must be noted that the Group is completing a single construction project (low-value motorway) in Tunisia where the Group does not intend to pursue other commercial projects and development opportunities.

Please find below a brief description of the main works in progress in the Maghreb.

ALGERIA – SAIDA – TIARET RAILWAY LINE

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)



ALGERIA

Ferrovie Saida - Tiaret

The contract, awarded to Astaldi as part of joint venture at the end of 2010, involves the design and construction of a new railway line from Saida to Tiaret in Algeria. The contract value amounts to EUR 417 million (Astaldi has a 60% stake). The works were commissioned by Algeria's Ministry of Transport through the *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF). The contract involves the executive design and construction of 153 kilometres of single-track railway line featuring 39 railway bridges and viaducts, 36 road overpasses as well as 4 main stations (2 of which will be passenger stations while the other 2 will serve as a freight village and maintenance depot) and 9 interchange stations. The

contract also includes the performance of signalling, telecommunications and energy-related works. The route, which will run along the "*Rocade des Hauts Plateaux*" to link up with the Bechar - Mecheria – Oran line, is the natural continuation of the railway line linking Saida and Moulay-Slissen which is already under construction by Astaldi. Work on this new project commenced in January 2011, with a total duration of 36 months. Preliminary and site installation activities as well as earth movement works were carried out during the first half of 2012, but the Client's delays in making available the areas and approval of executive designs made it possible to start-up construction activities only during the second half of 2012. Approximately 15% of works had been completed at 31 December 2012.

ALGERIA – SAIDA - MOULAY SLISSEN RAILWAY LINE

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The project refers to construction of a section of railway measuring approximately 120 kilometres that runs along the Saida - Moulay Slissen section. The project forms part of Algeria's plan to create an integrated infrastructure network and specifically, this initiative forms part of the "*Rocade des Hauts Plateaux*", which stretches from East to West in the northern part of the country's high ground. The works were commissioned by ANESRIF (*Agence Nationale d'Etudes et Suivi de la Réalisation d'Investissements Ferroviaires*), in the name and on behalf of Algeria's Ministry of Transport. The project consists in the design and construction of a new single-track railway line, not electrified but able to include a second track. The route stretches over 120 kilometres and includes 19 viaducts, 17 overpasses, 31 underpasses, 4 stations and 1 freight village. The contract also provides for the installation of signalling, telecommunications and energy systems. Works got underway during the third quarter of 2008, and Variant No. 1, approved during 2011, extended the overall duration of works to 59 months. Activities carried out during 2012 mainly concerned earth movement works, the construction of frameworks for viaducts and overpasses and prefabrication of railway sleepers. Variant No. 2 was approved in September 2012 which made it possible to unblock the payment of works invoiced during the year. Approximately 54% of works had been performed at 31 December 2012.



ALGERIA

**Saida - Moulay Slissen
Railway**

ALGERIA – MECHERIA - REDJEM DEMOUCHE RAILWAY LINE

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The contract, awarded by SNTF, Algeria's national railway company and subsequently handed over to ANESRIF, entails design and construction of the new Mecheria - Redjem Demouche railway line (140 kilometres), as well as signalling and telecommunications systems along the Mecheria – Redjen Demouche – Tabia section (140+80 km). The construction of this railway line forms part of the project to create a railway corridor between the coastal cities of Oran and Bechar in the south-west of Algeria. The new line will be mainly used to transport freight and will guarantee a maximum operating speed of 160 km/h. In March 2012, the Mecheria – Redjem Demouche section of the line was consigned to the client while provision of the railway platform – performed by another company – along the Redjem Demouche – Tabia section is pending in order to be able to complete the signalling, telecommunications and energy-related works.

ALGERIA –HAMMA AQUEDUCT

(CONSTRUCTION - INTERNATIONAL, Energy production plants and hydraulic works)



The project entailed the performance of four lots of an aqueduct inside the city of Algiers, starting with a desalination unit. The initiative, of primary importance with regard to the water supply project for the city of Algiers, consisted in the xperformance of four different lots (A, B, C and D) and initially involved the executive design and construction of a supply system from the Hamma desalination unit to three reservoirs (of which two already existed (Telemly and Garidi) and one had to be built (Kouba) and relative connection to the existing drinking water network. The impossibility of using the proposed layout for Lot D as set forth in the preliminary design resulted in the formulation of a specific variant. Said variant led to the construction of a new

reservoir, called HARCHA, which supplies Lot D instead of the Telemly reservoir. Civil works related to the reservoir were largely completed. During 2012, as from 5 January, the client ADE issued an order to suspend works due to the interference of a Sonelgaz medium voltage cable that made it impossible to carry out part of the works. All activities related to the installation of hydromechanical equipment and electric and remote management systems were completed during the year together with the remaining external finishes and layouts.

Middle East

All Astaldi Group's activities within the Middle East are developed by ASTALDI ARABIA Ltd., a subsidiary of ASTALDI S.p.A. Therefore, please refer to the section herein dedicated to said company for more information regarding activities performed in the Middle East.

Please find below a brief description of the main works in progress in this area.

SAUDI ARABIA – JEDDAH AND KAEC HIGH-SPEED STATIONS

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The project refers to the construction of two major railway stations, Jeddah and KAEC (King Abdullah Economic City), along the Mecca – Medina high-speed line (forming part of the “Haramain High Speed Rail Project” – the railway network expansion programme approved by the Saudi government). The total value of the works is USD 1.24 billion (Astaldi has a 15% stake). The works were commissioned by the Saudi Railways Organization. Designed by Norman Foster and Buro Happold, the two stations boast large dimensions: Jeddah, the larger station, will occupy a total surface area of over 111,000 m² – equivalent to approximately 14 football pitches – while KAEC will occupy a total surface area of approximately 64,000 m². More than 200,000 m³ of concrete and 74,000 tons of steel will be used to construct the stations that will feature 58 lifts and 116 escalators. The planned duration of works is approximately 2 years with works commencing in 2011.

SAUDI ARABIA – JUBAIL INDUSTRIAL PLANT

(CONSTRUCTION - INTERNATIONAL, Industrial construction)

The project has a contractual value of USD 80 million and refers to the performance of civil works and electromechanical plants for the construction of an oil refinery in the Jubail industrial district (Areas 5 and 2-A). The project, known as the Jubail Export Refinery Project, was commissioned by the French company, TECHNIP. It will be performed by ASTALDI ARABIA Ltd., the subsidiary of Astaldi S.p.A. which handles the Group activities in the Middle East. Works had largely been completed at 31 December 2012 and testing and commissioning procedures had commenced.

On this occasion it is considered useful to briefly outline the complex contractual situation that arose from the early stages of the project. Indeed, in this regard, it must be noted that some circumstances, not considered to fall under the responsibility of the subsidiary Astaldi Arabia (the contractor), resulted in irregular performance of works thus generating higher charges and an excess of costs for performance of the works provided for in the contract.



Specifically, design of the works – for which the Client was responsible pursuant to the contract – resulted in continuous and substantial changes to the morphology, type and size of the works to be performed, making significant amendments to the standard, scheduled performance of works.

Moreover, the unavailability of work permits, the obtainment of which was supposedly to be promptly guaranteed by the Client, forced the Contractor to make use of local agencies to provide workers, with consequent increase in terms of specific charges as well as delays in the scheduled performance of works.

Given the lack of acknowledgement by the Client of the higher charges and costs as a result of the aforementioned circumstances, in May 2012, the Contractor started up international arbitration in accordance with International Chamber of Commerce (ICC) regulations provided for in the contract, preliminarily asking for the sum of USD 61.7 million for the damages incurred, with the total amount to be defined during arbitration.

As regards any counter claims, that the Client has made know that it wishes to submit, for the sum of approximately USD 11 million, not detailed analytically to date, with regard to the alleged delay in completion of the works, the Contractor can support its defence in a highly effective manner.

Therefore, with reference to said counter claim and the additional circumstances detailed above, the directors feel that the risk of losing and having to cover legal expenses during arbitration proceedings is a remote one.

OMAN – BidBid-Sur Road (Lot 1 - Package 1-A)

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: roads)

The project has a contractual value of OMR 125 million, equivalent to approximately USD 324 million (ASTALDI has a 51% stake). The contract refers to the road project to widen one of the Sultanate's main roads, for a total of 41 kilometres of new road linking the capital with the country's eastern regions. The project was commissioned by Oman's Ministry of Transport and Communications. The works commenced during 2011, with a duration of just over three years. Overall project review is currently underway which should result in significant changes, with the aim of taking into account problems linked to the definition of road routes.



OMAN

BidBid-Sur road

Latin America

VENEZUELA – PUERTO CABELLO - LA ENCRUCIJADA RAILWAY LINE

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The contract involves the construction of a double-track railway line running along the Puerto Cabello - La Encrucijada stretch for approximately 128 kilometres, with 33 km of tunnels, 23 km of viaducts and 10 stations. Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a 33.33% stake, is responsible for construction of the line. The total value of the contract amounts to approximately EUR 3 billion (including Option 10 signed in 2006, which entails the construction of stations and freight villages), one third of which refers to Astaldi's stake. A contract addendum for completion of the railway line was also signed during 2011. Said addendum provides for updating of the existing contract and extension of the line from Moron to Puerto Cabello. With said addendum, the value of works to be



VENEZUELA

Puerto Cabello - La Encrucijada railway line

completed in relation to the Puerto Cabello-La Encrucijada line amounts to EUR 3.3 billion (Astaldi has a 33.33% stake), meaning EUR 500 million of new works for the company. Construction of the new railway section will make it possible to link the line under construction with Puerto Cabello and will guarantee Valencia, one of the country's leading cities located along the line, access to the sea that is all-important for trade. The works have been commissioned by I.F.E (*Instituto de Ferrocarriles del Estado*), the independent organisation responsible for managing Venezuela's railway transport infrastructures. The project fits into the Economic, Industrial, Infrastructure and Development Cooperation Agreement signed by the Italian and Venezuelan governments in February 2001, and ratified in subsequent

agreements, the most recent in May 2010. The project is included among the new orders acquired during Q3 2011. The works, for which Astaldi is responsible, started during 2002, are split into two lots, one situated in the mountains and one in the plains. Despite the planned slowdown in activities, works related to this project continued to go ahead during 2012, generating an extremely positive trend. Specifically, works involving lining of the tunnels (100% of which have been dug) continued together construction of the viaducts contained in the plain lot. Construction of Cagua station also commenced and of part of the railway (with a performance of 60% of the total works assigned to the consortium to be carried out by Astaldi).

VENEZUELA –S. JUAN DE LOS MORROS - S. FERNANDO DE APURE E CHAGUARAMAS – CABRUTA RAILWAY LINES

(CONSTRUCTION - INTERNATIONAL, Transport infrastructures: railways)

The contracts for the two projects in question - resulting from the Italo-Venezuelan intergovernmental agreements of 2005 aimed at ensuring cooperation between the two countries as mentioned above - were signed in June 2006. The two projects involve the construction of a total of 452 km of new railway lines, of which 15 km of tunnels and 12 km of bridges and viaducts, and include design and installation of the railway superstructure, 13 stations, 3 freight villages and a maintenance workshop. The works have been commissioned by I.F.E (*Instituto de Ferrocarriles del Estado*), the independent organisation responsible for managing Venezuela's railway transport infrastructures.

San Juan de Los Morros - San Fernando de Apure railway. The contract provides for construction of a new railway line running along a route measuring approximately 252 kilometres, with 17 kilometres of tunnels and 6.3 kilometres of viaducts, 7 stations and 3 maintenance areas. The contractual value of the works amounts to EUR 1,258 million, a third of which corresponds to Astaldi's stake. Activities were rescheduled during 2012 in agreement with the client, reducing the progress made on construction progress with completion of 35% of the total works assigned to the consortium and to be performed by Astaldi.

Chaguaramas – Cabruta railway. The new railway line runs for 201 kilometres and includes 6 stations and a maintenance area. The contractual value of the works amounts to EUR 591 million, a third of which corresponds to

Astaldi's stake. It is important to note that the area involved in the project is characterised by logistic difficulties (distance from residential areas) and technical difficulties (performance of works in areas subject to flooding). Activities were rescheduled during 2012 in agreement with the client, reducing progress made on construction works with completion of 45% of the total works assigned to the consortium and to be performed by Astaldi.

PERU – HUANZA HYDROELECTRIC PROJECT

(CONSTRUCTION - INTERNATIONAL, Energy production plants)

The contract, worth an equivalent of USD 116 million involves the performance of civil works related to Huanza hydroelectric plant in Peru. The project, largely completed during 2012, consisted in the construction of a hydroelectric plant with a nominal power of 90MW, making use of water provided by the Rio Pallca. Construction of this plant also involved the construction of a 34,000 m³ concrete barrier, a 10-kilometre tunnel, a penstock, a hydroelectric plant and a switchyard. The works were commissioned by Minera Buenaventura, one of the leading mining operators in Peru.

PERU – SANTA TERESA HYDROELECTRIC PROJECT

(CONSTRUCTION - INTERNATIONAL, Energy production plants)

The contract, worth an equivalent of USD 100 million (Astaldi has a 40% stake) involves the performance of civil works related to Santa Teresa hydroelectric plant in the Machu Picchu region of Peru. The project consists in the construction of a hydroelectric plant with a nominal power of 98MW, making use of water provided by the Rio Urubamba, waters that are already "turbined" by the Machu Picchu plant currently in operation. Construction of this plant will involve, inter alia, the construction of an underground water intake facility, a series of tunnels to access the plant and the main tunnel. A conduction tunnel is also planned along with a supply shaft for the underground plant and the performance of plant excavation works, for an underground excavation volume of 270,000 m³ of rock. The works were commissioned by Luz del Sur, one of the main electricity distributors in Peru. The project was acquired during 2011 and, site installation activities were started up during the same year. The works are expected to be completed over 30 months.

PERU – CERRO DEL ÀGUILA HYDROELECTRIC PLANT

(CONSTRUCTION - INTERNATIONAL, Energy production plants and hydraulic works)

The turnkey EPC contract, worth an equivalent of USD 670 million (Astaldi has a 50% stake and is project leader) involves the performance of civil and electromechanical works related to Cerro del Àguila hydroelectric plant in Peru. The project consists in the design and construction of a hydroelectric plant with a nominal power of 510 MW, making use of water provided by the Rio Mantaro. Construction of this plant will involve, inter alia, the construction of 70 km of access roads, a barrier consisting in a gravity dam of 340,000 m³ of concrete, a tunnel measuring 6 kilometres with a 100 m² section, a 140 m-tall charge basin, the underground hydroelectric plant and a discharge tunnel measuring approximately 5 kilometres. The contract also provides for the supply and installation of three Francis turbines. The works have been

commissioned by KALLPA S.A., one of the main electricity generators in Peru. The project was acquired during 2011 and site installation activities were started up during the same year. The works are expected to be completed over 48 months.

CHILE – CHUQUICAMATA MINING PROJECT

(CONSTRUCTION - INTERNATIONAL, Mining works)

The project involves the performance of a series of works aimed at transforming the world's largest open-air mine into an underground mine. It consists in construction of the access tunnel to the new underground system to access copper deposits (7.5 km) and a tunnel to transport copper extracted externally (6.2 km), as well as tunnels to link the two aforementioned ones, and ventilation and emergency shafts for a total length of 3.5 km. The contract value, initially USD 155 million, underwent contractual increases totalling USD 10 million for additional works. This project is technically difficult given the gradient (between 8% and 15%, downhill) of the two tunnels to be built. The contract is currently in progress and works are going ahead as planned. The project was commissioned by CODELCO (Corporación Nacional del Cobre del Chile), the Chilean state-owned company that is the leading copper producer in the world. It is felt that the good performance recorded as regards construction can lead to additional commercial opportunities with CODELCO in the medium-term.



CHILE

Chuquicamata Mining Project



CHILE

Relaves Mining Project

CHILE –RELAVES MINING PROJECT (construction contract)

(CONSTRUCTION - INTERNATIONAL, Mining works)

The contractual value of this project is USD 34 million (Astaldi's stake), corresponding to the planned investment to perform civil works in relation to the concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by the CODELCO Andes mine in order to salvage copper and molybdenum. The Relaves construction project, worth a total USD 26 million, was assigned to Astaldi by MVA (Consorcio Minera Valle Aconcagua), the concessionaire of the concession project which Astaldi is the majority shareholder in with a 55% stake. Works

commenced during 2011 and the important characteristic of this contract is the complexity of the electromechanical supplies. Civil works were virtually completed in January 2013 and assembly of the electromechanical plants started up. The works were commissioned by CODELCO, the Chilean state-owned company that already commissioned the Chuquicamata Mining Project.

Central America

Projects in progress in this area are mainly related to the transport infrastructures sector (roads), underway in Honduras and El Salvador. Specifically, as regards the latter, it must be noted that during 2012, the Group was awarded the contract to perform the project to upgrade the Comasagua-Chiltiupian road, a section measuring 9.6 kilometres, and the bridge over Rio Lempa in Nombre de Jesus was opened. Commercial activities are continuing throughout the area with acquisition of new projects under construction, mainly in the transport infrastructures and renewable energy sectors.

North America

ASTALDI GROUP has been present in the USA for over 20 years, operating mainly in the transport infrastructures sector (roads, motorways, bridges and viaducts). All the activities in the USA are performed through ASTALDI CONSTRUCTION CORPORATION, a US-regulated, 100%-owned company of ASTALDI S.p.A. Therefore for more information regarding the operations of said subsidiary and in the USA, please refer to the section herein dedicated to the Group's main companies.

It must also be recalled that in order to ensure further diversification of the geographical positioning of activities, the Group is also examining Canada, a country that offers interesting opportunities in the transport infrastructures and energy production plants sectors. In order to ensure suitable monitoring of the market, Astaldi Group felt it was a good idea to set up ASTALDI CANADA Inc. (a company owned completely by ASTALDI S.p.A.) at the start of 2012. During the year it also acquired TEQ with whom it is felt that interesting synergies to develop the area can be established. TEQ is a Canadian company operating in the construction and project management sectors, purchased for the sum of CAD 2 million, in addition to an earn-out of CAD 2 million (for a total of EUR 3.1 million). The transaction is in keeping with the commercial development policies typically adopted by the GROUP with regard to entry into new markets and will allow for an operating presence in Canada so as to be able to already grasp the important opportunities the country can offer. TEQ is regulated by Canadian law and has operated since the 1970s in the non-residential construction sector and has an annual turnover of approximately CAD 50 million. It must be recalled that the economic effects of this purchase came into effect as from 1 August 2012 and a contribution from Canada is already envisaged for the current year.

Concessions

Astaldi Group is a leading General Contractor in Italy, operating at an international level in the transport infrastructures, water and energy, civil and industrial construction and plant design sectors. Thanks to the high level of design and management skills it has acquired, recent years have seen the consolidation on the market of its role as a developer of integrated solutions for complex projects, performed using the general contracting, concession and project finance formulas. Therefore, as regards its development plants, concessions are identified as complementary to the traditional

construction sector and able to guarantee exploitation of the high levels of specialisation acquired in terms of project management and engineering as well as project financial management.

Following on from this, ASTALDI CONCESSIONI was set up in 2010 as part of a broader project to streamline the Group's activities that, as a whole, involves (i) the transfer in several phases of projects in progress in the sector from the parent company Astaldi S.p.A. to ASTALDI CONCESSIONI, and (ii) the standardisation of skills acquired at a head office level, in terms of strategic planning, organisation and start-up of projects.

The process of transferring projects was at an advanced stage as at the draft date of this report insofar as many projects started up by the Group in the concessions sector have been transferred.

However, for a correct assessment of the company and its growth opportunities, it is considered appropriate herein to offer a detailed overview of the projects formulated by Astaldi Group in the concessions sector, with differentiation between the projects listed for the purpose of this report – insofar as still to be included in the consolidation area of ASTALDI CONCESSIONI and which it is felt will be transferred in the medium-/short-term.

On the whole, the projects in progress consist in the Group's involvement in projects in Italy and abroad (Turkey, Chile, Honduras) related to the following sectors: (i) civil and healthcare construction, for a total of 6,180 hospital beds and 5,740 parking spaces (ii) underground and motorway transport infrastructures, for a total of 900 km of motorway, 28 km of underground line and 40 stations (iii) airports able to handle 5,000,000 passengers/year, (iii) car parks offering a total of 3,675 parking spaces (iv) water and energy with a 111 MW hydroelectric plant able to produce 557Gw/year (v) mining sector infrastructures.

Please find below a list of the projects in progress, with highlighting of those transferred to ASTALDI CONCESSIONI and of the project lifecycle phase (management, construction, launch).

Figure 2 – Projects transferred to ASTALDI CONCESSIONI at the draft date of this report.

	<u>Projects under management</u>	<u>Projects under construction/being launched</u>
Italy	<p><u>Direct projects (Italy/under management)</u></p> <ul style="list-style-type: none"> • 5 car parks (3,675 parking spaces) <ul style="list-style-type: none"> • Corso Stati Uniti car park - Turin • Porta Palazzo car park - Turin • Piazza VIII Agosto car park - Bologna • Riva Reno car park - Bologna • Piazza Cittadella car park - Verona <p><u>Equity investments (Italy/under management)</u></p> <ul style="list-style-type: none"> • 1 hospital (680 beds, 1,240 parking spaces) <ul style="list-style-type: none"> • Veneta Sanitaria Finanza di Progetto S.p.A. (Ospedale dell'Angelo - Mestre - Venezia) • 193 km of high-density traffic motorway <ul style="list-style-type: none"> • A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), through AI2 S.r.l. (A-4 Brescia-Padova and A-31 Valdistico motorways) 	--

<u>International</u>	<u>Equity investments (international/under management)</u> <ul style="list-style-type: none"> • 1 hydroelectric plant (111MW) <ul style="list-style-type: none"> • Pacific Hydro Chacayes S.A. (<i>Chacayes hydroelectric plant</i> - Chile) • 1 airport able to handle 5,000,000 passengers/year <ul style="list-style-type: none"> • MONDIAL Milas-Bodrum Airport Anonim Sirketi S.A. (<i>Milas-Bodrum International Airport</i> - Turkey) • 1 water treatment plant <ul style="list-style-type: none"> • Agua de San Pedro Sula A.S. (<i>San Pedro Sula water network</i> - Honduras) 	<u>Equity investments (international/being launched)</u> <ul style="list-style-type: none"> • 1 hospital (3,500+ beds) <ul style="list-style-type: none"> • Ankara Etlik Hastanesi A.S. (<i>Etlik Hospital Campus</i> – Ankara, Turkey) <u>Equity investments (international/under construction)</u> <ul style="list-style-type: none"> • 1 copper (85t/year) and molybdenum (4,000t/year) recovery plant <ul style="list-style-type: none"> • Valle Aconcagua S.A. (<i>Relaves mining project</i> - Chile)

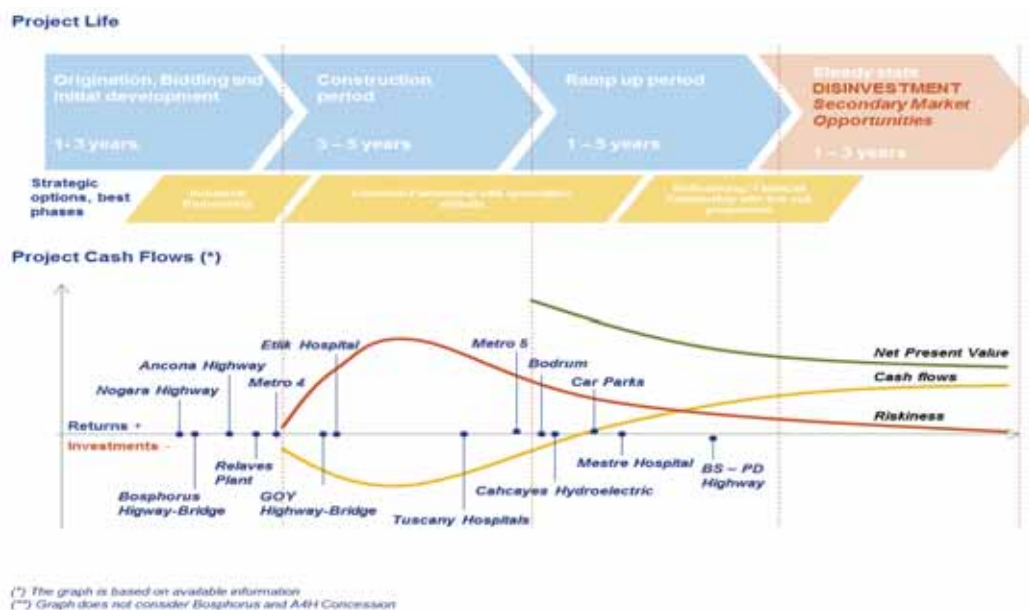
Figure 2 – Concession projects controlled by the parent company Astaldi S.p.A. at the draft date of this report

Projects under construction Projects being launched

<u>Italy</u>	<u>Equity investments (Italy/under construction)</u> <ul style="list-style-type: none"> • 19 km of underground, 13 stations <ul style="list-style-type: none"> • Metro 5 S.p.A. (<i>Line 5 of Milan underground - Bignami-Stazione Garibaldi section</i>)¹⁴ • Metro 5 Lilla S.p.A. (<i>Line 5 of Milan underground - Stazione Garibaldi-San Siro section</i>) • 4 hospitals (2.000+ beds, 4,500 parking spaces) <ul style="list-style-type: none"> • S.A.T. S.p.A. (<i>Prato, Pistoia, Lucca, Massa/delle Apuane hospitals in Tuscany</i>) 	<u>Equity investments (Italy/being launched)</u> <ul style="list-style-type: none"> • 118 km of motorway links, 15 km of underground with 21 stations <ul style="list-style-type: none"> • Ancona Port motorway links • Nogara-Mare motorway • Metro 4 S.p.A. (<i>Line 4 of Milan underground</i>) • New offices for Rome's municipal authority (<i>"Campidoglio 2" Project</i>)
	<u>Equity investments (international/under construction)</u> <ul style="list-style-type: none"> • 434 km of motorway links <ul style="list-style-type: none"> • Otoyol S.A. (<i>Gebze-Izmir motorway</i> - Turkey) 	<u>Equity investments (international/being launched)</u> <ul style="list-style-type: none"> • 113 km of motorway links, 2 km of bridge <ul style="list-style-type: none"> • <i>Third Bridge over Bosphorus and North Marmara Highway</i> - Turkey

¹⁴ In order to provide complete information, it must be noted that a first operational section of Line 5 of the Milan underground (Bignami-Stazione Garibaldi) was opened and put into operation in February 2013. For more information, please refer to the section herein entitled "Forseeable development of operations".

Figure 3 – Life cycle of listed projects



Car parks

At the draft date of this report ASTALDI CONCESSIONI is involved in 5 projects in the car park sector that are all operational, for a total of 3,675 parking spaces.

- *Corso Stati Uniti* car park - Turin (Italy, under management)
 - Management end date: 2079 - 500 parking spaces
- *Porta Palazzo* car park - Turin (Italy, under management)
 - Management end date: 2076 - 853 parking spaces
- *Piazza VIII Agosto* car park - Bologna (Italy, under management)
 - Management end date: 2058 - 979 parking spaces
- *Riva Reno* car park - Bologna (Italy, under management)
 - Management end date: 2040 - 543 parking spaces
- *Piazza Cittadella* car park - Verona (Italy, under management)
 - Management end date: 2048 - 800 parking spaces

ASTALDI Group has entered into a strategic partnership with APCOA Europe Group with regard to management of all the above projects. The latter is a leading operator in the car park services sector in Italy and Europe and is able to offer suitable expertise for the optimisation of all the management processes related to the projects. The agreements related to each project provide for APCOA Europe to be directly responsible for management of the car parks, through its investee companies, and to split revenues with Astaldi Group subsequent to the performance of activities. Said agreements also provide for guaranteed minimum amount clauses which mitigate the consequences for ASTALDI CONCESSIONI of any occupancy risk related to the managed car parks that are all located in central areas or linked to

local situations able to guarantee constant transit flows. As regards 2012, Astaldi Group's revenues linked to car park management amounted to approximately EUR 5 million.

Please find below a brief description of the individual projects in progress in this sector.



Figure 4 –Piazza Cittadella car park – Verona, Italy.

“Corso Stati Uniti” car park – Turin, (Italy / under management - 500 parking spaces)

The concession to construct and manage *Corso Stati Uniti* Car Park in Turin has a duration of 80 years as from 29 February 1999, expiring on 24 February 2079. There are 500 available parking spaces and they are directly managed by APCOA Parking Italia S.p.A. (APCOA Europe Group). Management activities commenced in October 2001 following the completion of car park construction activities performed directly by Astaldi Group.

The car park is located in the city centre, near to public offices such as the court, police headquarters and Turin Polytechnic as well as Porta Nuova station. The car park has surveillance officers and is open 24 hours a day and is well linked to the railway and local transport system so as to allow users to park their cars and move around the city.

The project's business plan is based on revenues guaranteed under an agreement entered into with APCOA Parking Italia S.p.A., that provides for the company to receive 50% of the total annual turnover generated by the car park. Astaldi's revenues for 2012 from management of this car park amounted to EUR 148,000.

“Porta Palazzo” car park - Turin (Italy/ under management - 853 parking spaces)

The concession to construct and manage *Porta Palazzo* Car Park in Turin has a duration of 80 years as from 9 August 1996, expiring in August 2076. There are 853 available parking spaces directly managed by APCOA Parking Italia S.p.A. (APCOA Europe Group). Management activities commenced in January 1999 following the completion of car park construction activities performed directly by ASTALDI.

The managed car park is a multi-storey car park with 8 levels, 2 of which are below ground level, the ground level for private spaces and 5 levels above ground level. It is open every day 24 hours a day, is located next to the city's most

central and important streets and squares, as well as Porta Nuova station and is near to the so-called “Quadrilatero Romano”, the most important area for the city’s night life. It is within easy reach of all the main tourist attractions and is well connected to the local transport system.

The balance of the project’s business plan is based on revenues guaranteed under an agreement entered into with the operator that provides for the company to receive 50% of the total annual turnover generated by the car park. Astaldi’s revenues for 2012 from management of this car park amounted to EUR 294,000.

“Piazza VIII Agosto” car park - Bologna (Italy / under management - 979 parking spaces)

The concession to construct and manage *Piazza VIII Agosto* Car Park in Bologna has a duration of 60 years as from 24 February 1998, expiring in February 2058. Management activities commenced in March 2001 following the completion of car park construction activities performed directly by ASTALDI. There are 979 available parking spaces and they are directly managed by APCOA Austria A.G. (APCOA Europe Group) through APCOA Parking Italia S.p.A.

The managed car park is a covered multi-storey car park, with surveillance officers and open every day 24 hours a day, well connected to the public transport network so as to allow users to park their cars and move around in the city centre using local transport.

The balance of the project’s business plan is based on revenues guaranteed under an agreement entered into with the operator that provides for the company to receive 50% of the total annual turnover generated by the car park. Astaldi’s revenues for 2012 from management of this car park amounted to EUR 1.7 million.

“Via Riva Reno” car park - Bologna (Italy / under management - 543 parking spaces)

The concession to construct and manage *Via Riva Reno* Car Park has a duration of 37 years as from 15 April 2003, expiring in December 2040. There are 543 available parking spaces and they are directly managed by APCOA Parking Italia S.p.A. (APCOA Europe Group). Management activities commenced in March 2009 following the completion of car park construction activities performed by Astaldi Group.

The managed car park is a covered multi-storey car park, well connected to the public transport network so as to allow users to park their cars and take available local transport services to move around in the city centre.

The balance of the project’s business plan is based on revenues guaranteed under an agreement entered into with APCOA Parking Italia S.p.A. that provides for the company to receive 50% of the total annual turnover generated by the car park. Astaldi’s revenues for 2012 from management of this car park amounted to EUR 811,000.

“Piazza Cittadella” car park - Verona (Italy - 800 parking spaces)

The concession to construct and manage *Piazza Cittadella* Car Park has a duration of 37 years as from 1 September 2010, expiring in June 2048. There are 800 available parking spaces and they are managed by APCOA Parking Italia S.p.A.. The car park is located in a central area of the city, in the immediate vicinity of the famous Verona Arena that, in

itself, is a major attraction for tourists and citizens moving around the city. Management activities commenced in September 2010 following the completion of car park construction activities performed by Astaldi Group.

The managed car park is split over 3 underground levels and also has 50 ground-level stalls in the square. On the whole, it stands out as an innovative project in this area, for the high quality standards of the service provided to users, as well as for the aesthetic and functional requisites that place it at the best European levels – for flow management, sign effectiveness, safety of the wide-reaching video-surveillance system, as well as a nursery room and green exhibition area that make it extremely welcoming.

The balance of the project's business plan is based on revenues guaranteed under an agreement entered into with APCOA Parking Italia S.p.A. that provides for the company to receive 50% of the total annual turnover generated by the car park. Astaldi's revenues for 2012 from management of this car park amounted to EUR 1.9 million.

Equity investments - Italy

A4 Holding S.p.A. (Italy – 193km of motorway links)

ASTALDI CONCESSIONI S.r.l. – through its subsidiary Ai2 Srl - is the owner of an equity investment in A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), the concession holder for the A4 Brescia – Padova motorway (also known as Serenissima motorway), in other words 193 kilometres of high-density traffic motorway links located in the North-East of Italy.

ASTALDI Group's entry into A4 Holding S.p.A. is of particular strategic importance if considered within the broader development plans for the Group's activities, insofar as it has allowed it to join a sector – the motorway transport infrastructures sector – which it is felt can guarantee significant synergies between the construction and concessions sectors.

The equity investment was acquired in several stages during 2011: (i) following the outcome of calls for bids made by the Municipalities of Milan and Brescia, with contracts made official during 2011, and (ii) in fulfilment of the share capital increases resolved upon by the concessionaire, in which regard ASTALDI CONCESSIONI S.r.l. subscribed the share it was entitled to as well as part of the unopted share resulting from the failure of some shareholders to take part in the share capital increase in question.

In 2012, in order to consolidate its role as industrial partner for A4 Holding, ASTALDI CONCESSIONI signed an investment agreement with other shareholders – IN.FRA S.p.A. (Gruppo Intesa) and 2G Investimenti S.p.A. Said agreement regulated joint exercise of the right of pre-emption with regard to acquisition of additional shares in A4 Holding put up for sale by the municipalities of Vicenza and Padova, but it also outlined total reorganisation of the shares held in order to acquire control of the concessionaire by concentrating said shares in a majority package headed by a single company. In this regard, ASTALDI CONCESSIONI set up Ai2 S.r.l. to which it transferred the share package held in A4 Holding – Technical Estimate pursuant to Article 2465 of the Italian Civil Code, drafted on 30 May 2012 and signed

by Prof. Enrico Laghi –, subsequently transferring 22.17% and 6.08% of shares in AI2 to IN.FRA and 2 G Investimenti respectively. The result is that, at the present time, ASTALDI CONCESSIONI holds 10.73% of A4 Holding through the company AI2.

Figure 5 –Serenissima motorway - Italy



Veneta Sanitaria Finanza di Progetto S.p.A. (Italy / under management - 680 beds, 1,240 parking spaces)

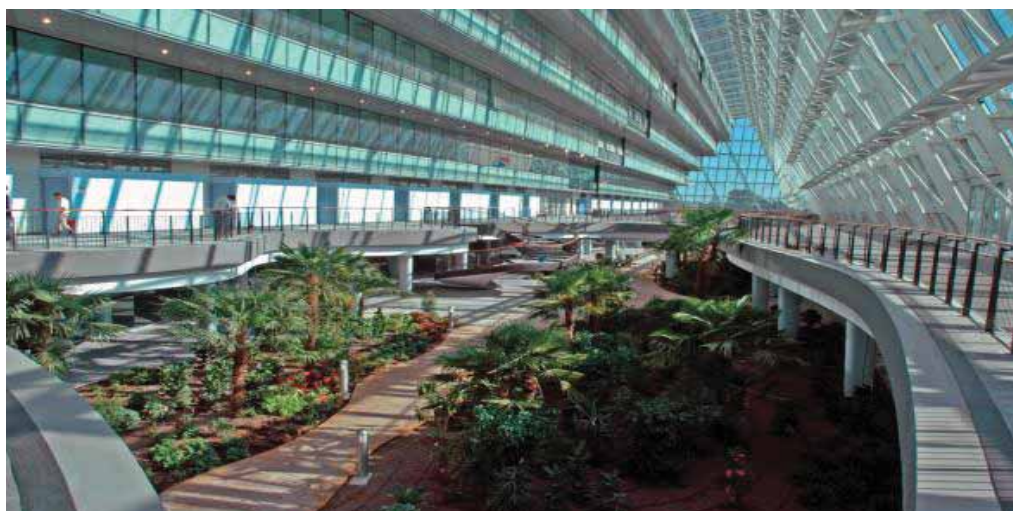
Veneta Sanitaria Finanza di Progetto S.p.A. is the SPV responsible for construction and management of Ospedale dell'Angelo in Mestre-Venezia, Italy. ASTALDI CONCESSIONI, holds a 3.5% share as from April 2012 pending transfer of the 31% share still held by Astaldi S.p.A.

The hospital has 680 beds and 1,240 parking spaces and occupies a surface area of 127,000 m² (plus another 5,000 m² for the Eye Bank). The hospital has been operational since 2008, and management activities will be performed until 2032.

Management activities went ahead as planned during 2012, in compliance with concession agreement specifications and with results in line with business plan forecasts. In keeping with forecasts, the SPV distributed dividends totalling EUR 3.7 million to shareholders in addition to partial repayment of the subordinate loan for EUR 1 million.

On 28 February 2012, the SPV's Deputy-Chairman, Piergiorgio Baita, was remanded on custody following judicial investigations in progress by the Public Prosecutor's Office of Venice. The alleged crimes he is charged with cannot be linked to the position he held within the company. On the basis of information made known to date, with regard to the aforementioned events, no risk profiles, including only of an equity type, can be attributed to the company while, in any case, the outcome of the proceedings is pending.

Figure 6 –Ospedale dell'Angelo - Mestre-Venezia, Italy



Autostrada Nogara Mare Adriatico S.c.p.A. (Italia / being launched – 107 km of motorway)

On 14 December 2011, ASTALDI CONCESSIONI – through A4 Holding S.p.A. - acquired a 13% stake in Autostrada Nogara-Mare Adriatico S.c.p.A. The latter is the company set up by the Sponsor (pursuant to Article 37-bis of Law No. 109/1994 as subsequently amended and added to) in relation to the invitation to tender put out by Veneto's regional authority to award the concession for the design, construction and management – using the project finance formula – of the toll motorway link known as Autostrada Regionale Medio-Padana Veneta Nogara-Mare Adriatico – a project for which the relevant administration carried out the second phase of the invitation to tender during 2012.

As regards this project, 2012 saw the reorganisation of the ATI (Temporary Business Association) with the Sponsor that took part in the second phase of the invitation to tender and which saw the involvement of Astaldi – in the capacity of principal company- with a 23% stake, 10% of which held by Astaldi and the remaining 13% by Astaldi Concessioni. The invitation to tender concluded with a positive outcome during 2012 and the Sponsor ATI is currently awaiting temporary awarding of the project.

Equity investments - International

Pacific Hydro Chacayes S.A. (Chile / under management - 1 111MW hydroelectric plant)

The project consists in its stake in the SPV Pacific Hydro Chacayes S.A., responsible for constructing and managing the Chacayes hydroelectric plant, located in Chile and with an installed capacity of approximately 110 MW (557 Gw/year).

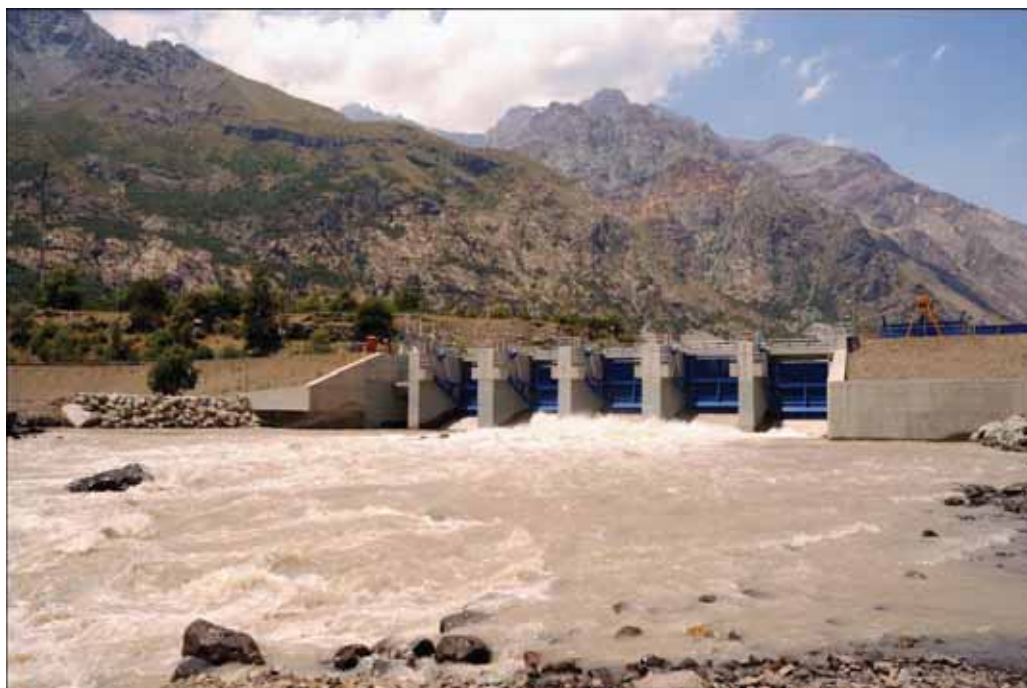
Its stake in the S.P.V. consists in a 60% interest in Inversiones Assimco Ltd. that, in turn, owns 100% of Cachapoal Inversiones Ltd. and that, in turn, holds 27.3% of Pacific Hydro Chacayes S.A. SIMEST S.p.A also holds a 31.39% stake in Inversiones Assimco Ltd. and the remaining 8.61% is held by F.V.C. (SIMEST S.p.A.'s venture capital fund).

The Chacayes hydroelectric plant was built by Astaldi Group together with the Australian company Pacific Hydro. It is located in the Alto Cachapoal valley (Andes mountain range) and is a run-of-river hydro power plant, in other words a hydroelectric plant which works by exploiting the kinetic energy generated by the plentiful flow of the rivers located in the valley. Therefore, the plant produces clean energy and is totally eco-compatible, a characteristic that, inter alia, allowed it to win the 2012 Best Hydro Project Award in the World awarded by the prestigious Renewable Energy World Magazine in December 2012.

The concession agreement provides for user rights for the area's water for an unlimited period of time: moreover a long-term sales agreement means that 60% of the energy produced is sold on the Chilean energy market while the remaining 40% is for the spot market.

Management of the plant commenced in October 2011 with spot sale of energy. Subsequently, the PPA contract came into force as of 1 January 2012.

Figure 7 –Chacayes hydroelectric plant - Chile



It must also be noted that during the last quarter of 2012, the SPV successfully closed a syndicated loan for a total USD 340 million with a pool of local banks (Banca Itaú, Corpbanca, BCI). The financial transaction, that forms part of Astaldi Group's development policies, allowed ASTALDI CONCESSIONI – through the SPV Cachapoal Inversiones Ltd. – to receive USD 31.9 million, split into USD 12.2 million for payment of shareholders' loan, USD 12.8 million to reduce the share capital and USD 1.99 million for dividends.

The project acquired additional value thanks to the fact that during 2012 the plant also obtained its first *carbon credits* from the UN which, as provided for in the CDM (*Clean Development Mechanism*) of the Kyoto International Protocol¹⁵, will be able to generate revenues in approximately one year's time – subsequent to a set period of monitoring as defined by the UN. From that moment, as regards this project, it will be possible to sell carbon credits for approximately 350,000 CERs/year for a period of 21 years, with consequent benefits for the project's overall earnings. Carbon credits ratify the plant's excellent capacity to reduce CO₂ emissions and, on the basis of mechanisms approved by the aforementioned protocol, are equivalent to real certified commercial credit that can be sold.

MONDIAL Milas-Bodrum Airport Anonim Sirketi S.A. (Turkey / under management - 1 airport able to cater for 5,000,000 passengers/year)

MONDIAL Milas-Bodrum Airport Anonim Sirketi S.A. is the SPV that holds the concession agreement for the design, construction and management of the international passenger terminal of Milas-Bodrum International Airport in Turkey, currently in operation.

The airport is located in a high-density tourist area in the south-east of Turkey and occupies a total surface area of 100,000 m². The works were performed by Astaldi Group with an EPC contract and the airport as a whole is able to cater for 5,000,000 passengers/year.

Management activities commenced, as planned, on 16 May 2012, recording passenger traffic of approximately 1.95 million during the year, in line with the company's forecasts. All the commercial services that are typical of the airport business were subsequently gradually started-up, including duty-free activities - managed by Unifree, a leader in the sector in Turkey and currently expanding in Eastern Europe and North Africa - that alone can guarantee 30% of airport revenues. The following were also started-up, albeit at different times (i) food and beverage, managed by DO&CO, a leading company in the catering and refreshment sector in Turkey: indeed various food points are envisaged in the passenger departures and arrivals areas (ii) minor commercial activities such as rent a Car, currency exchange, ATM, tourism offices), (iii) the rental of technical areas to sector operators and management of car, bus and mini bus car parks. All the aviation services provided for in the concession agreement were provided by the company in accordance with arrangements made with the relevant authority (bridge service, supply of additional services such as slot assignment management) prior to the start-up of operations.

¹⁵ The Kyoto Protocol is an international environmental treaty that was enforced in 2005 that obliges signatory countries to reduce pollutant emissions (firstly, carbon dioxide) at an annual agreed rate. Among other things, it provides for the use of market mechanisms to acquire emission credits – so-called flexible mechanisms, the main one of which is the CDM (Clean Development Mechanism) – whose aim is to maximise obtainable reductions with the same investment. Specifically the CDM makes it possible to perform projects in developing countries that generate environmental benefits in terms of reduction of greenhouse gas emissions and economic and social development of host countries and that, at the same time, generate carbon credits. Said credits can be sold and used by industrialised countries to achieve their targets in terms of emissions in relation to the Kyoto Protocol.

Figure 8 - Milas-Bodrum International Airport - Turkey



Ankara Etlik Hastanesi A.S. (Turkey / being launched - 1 hospital for 3,500+ beds)

Ankara Etlik Hastanesi A.S. is the SPV set up on 5 January 2012 and responsible for the design, construction and management, using the concession formula, of the Etlik hospital campus in Ankara, Turkey.

The project involves the construction of a healthcare facility that will have a total of 3,500 beds split over 9 departments and occupying a total surface area of approximately 1,080,000 m².

The complex will be built on behalf of the Turkish Ministry of Health (MOH) by the joint venture in which ASTALDI CONCESSIONI holds a 46% stake, Astaldi S.p.A. a 5% stake and the Turkish company, Türkerler, the remaining 49%.

The planned duration of the concession is 28.5 years, 3.5 of which for construction activities and 25 for management activities that will commence subsequent to completion of the construction phase.

The project involves a total investment of EUR 940 million, the return on which will be guaranteed by an annual availability charge (that can be reassessed for inflation), as well as a charge for the performance of some non-healthcare services (routine and non-recurring maintenance of buildings, roads, green areas, electromechanical equipment and furnishings, utility management) and the commercial development of some real estate areas.

As regards this project, the contract was signed with the client (MOH) on 5 March 2012. At the present time, direct negotiations are underway with the client that could lead to the improvement of some operating and contractual conditions and the definition of additional services. It is felt that said procedure could be completed by the first half of 2013. Subsequently, Astaldi's shares in the project shall be entered among the backlog following financial closing.

VALLE ACONCAGUA S.A. (Chile / under construction – 1 mineral salvage plant)

ASTALDI CONCESSIONI as part of a joint venture with local partners and through the SPV, Valle Aconcagua S.A., acquired from CODELCO (*Corporación Nacional del Cobre de Chile*, a Chilean state-owned company set up in 1976 that is currently the leading copper producer in the world) a concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by the Andes mine in order to salvage copper and molybdenum.

The plant, to be completed by 2013, will make it possible to salvage approximately 4,000 tonnes/year of copper and 80 tonnes/year of molybdenum which CODELCO has undertaken to purchase at predefined and agreed conditions.

The total value of the investment is USD 34 million, with management revenues amounting to approximately USD 300 million.

As regards this project, the loan agreement for a total of USD 21 million was closed with Banca Security in August 2012.

SAT S.p.A. (Italy / under construction – 4 hospitals, 1,510 beds)

SAT S.p.A. is the concession holder of the project finance initiative for the final and executive design, construction and management of relative non-healthcare and commercial services of 4 hospital complexes in Tuscany - Massa (Apuane), Lucca, Pistoia and Prato, for a total of 1,700 beds. The supply of electromedical equipment and furnishings is excluded. The local health authorities granting the concessions are U.S.L. 1 - Massa e Carrara, U.S.L. 2 - Lucca, U.S.L. 3 - Pistoia and U.S.L. 4 - Prato. Astaldi holds a 35% stake SA.T. S.p.A. The duration of the concession is 25 years and 8 months, 20 of which for management activities. As per the financing agreement stipulated on 8 August 2012, the operation is structured on the basis of non-recourse financing of approximately EUR 133 million, with 20/80 financial leverage which entails a contribution of own resources (share capital + subordinate loan) of approximately EUR 38 million. Total public funding of approximately EUR 242 million (excluding VAT) is envisaged, (EUR 232 million to be paid on the basis of progress of works and a final amount of EUR 10 million upon commissioning) against a total investment of approximately EUR 387 million (excluding VAT and financial charges). The return on investment for private parties is guaranteed by estimated management revenues for the SPV in relation to the supply of non-healthcare (cleaning, maintenance, sterilisation, laundry, catering, etc.) and commercial services. Even if four agreements have been signed with each of the local health authorities concerned, the operation is based on the single nature of the Business Plan and on the concept of union among the four projects. Each local health authority will intervene should economic and financial review prove necessary. For more information regarding the progress made on construction activities, please refer to the section herein dealing with the performance of construction projects. While as far as financial aspects related to the project are concerned, it must be noted that the financing agreement (financial closing) was signed in August 2012 for a total of EUR 174 million – entered into by SAT and a pool of international banks (Banco Bilbao Vizcaya Argentaria SA, Centro Banca, Credit Agricole Corporate and Investment Bank, Dexia Crediop, Unicredit). Said agreement, in addition to the base facility of EUR 133 million, also provides for a bridge facility for the amount paid subsequent to commissioning,

equal to EUR 10 million, financing of VAT for approximately EUR 18 million , a stand-by facility on public funding of approximately EUR 3 million and a facility for unforeseen costs of approximately EUR 10 million.

METRO 5 S.p.A. (Italy / under construction – 6.1 kilometres of underground line, 26,000 passengers/hour in each direction)

Metro 5 S.p.A. is the concession holder of the project finance initiative for the final and executive design, construction and management of the new Line 5 of the Milan underground for the section running from Garibaldi Station to Bignami (6.1 kilometres, 9 stations and a capacity of 26,000 passengers/h in each direction). The line is currently under construction by ASTALDI as part of a joint venture and February 2013 saw the opening of an operational section along the Zara-Bignami route with it being planned to put the whole line into operation by 2013. The authority granting the concession is the Municipality of Milan. The duration of the concession is 31 years and 9 months, 27 years of which for management activities. Astaldi holds a 38.7% stake in the special purpose vehicle. Said figure includes the increase in its stake seen during 2012 and described in more detail below. The operation is structured on the basis of non-recourse financing of approximately EUR 275 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + subordinate loan) of approximately EUR 40 million. Total public funding of approximately EUR 350 million excluding VAT (of which EUR 116 million from the Municipality and the rest from the state) is envisaged against a total investment of approximately EUR 552 million (excluding VAT and financial charges). Return on the investment for the SPV is guaranteed by management revenues of approximately EUR 26 million per year. For more information regarding the construction activities of this project, please refer to the section herein dealing with the performance of construction projects. It is considered appropriate to note that a series of activities were embarked on with the municipality of Milan during 2012 with the aim of unifying the agreements relating to two sections of Line 5 currently under construction – the Garibaldi station -Bignami section (performed by Metro 5 S.p.A.) and the Garibaldi station - San Siro section (performed by Metro 5 Lilla S.p.A., as described in more detail below) – in order to obtain a single line (Bignami-San Siro) and a single concessionaire. At the draft date of this report, said activities are still underway. It must also be noted that, following the declaration of bankruptcy by one of the shareholders in 2010, in April 2012, with the aim of consolidating its stake in the project – a transaction was performed involving the official receivers and Astaldi that resulted in the share held by the bankrupt shareholder being transferred to Astaldi. Therefore, as already mentioned, Astaldi's stake increased from 31% to 38.7%.

METRO 5 LILLA S.p.A. (Italy / under construction – 7.1 kilometres of underground, 26,000 passengers/hour in each direction)

The project refers to the project finance initiative for the final and executive design, construction and management of the extension of Line 5 of the Milan underground for the section running from Garibaldi Station to San Siro (7.1 kilometres, 10 stations and a capacity of 26,000 passengers/h in each direction), The project concession holder is METRO 5 LILLA S.r.l., 100%-owned by METRO 5 S.p.A. (which ASTALDI holds a 38.7% stake in). The authority granting the concession

is the Municipality of Milan. The duration of the concession is 30 years (until 31 December 2040), 25 years and 8 months of which for management activities. The operation is structured on the basis of non-recourse financing of approximately EUR 334 million, with 21/79 financial leverage and consequent contribution of own resources (share capital + subordinate loan) of approximately EUR 85 million. Total public funding of approximately EUR 443 million excluding VAT (of which EUR 88 million from the Municipality and the rest from the state) is envisaged against a total investment of approximately EUR 775.7 million (excluding VAT and financial charges). The equilibrium of the project's Business Plan is based on the forecast management revenues for the SPV, with an availability charge provided for. For more information regarding the construction activities of this project, please refer to the section herein dealing with the performance of construction projects. It is considered appropriate to note herein that a series of activities aimed at unifying the agreements for the two sections of Line 5 currently under construction, (by Astaldi) – the Garibaldi station –Bignami section (performed by Metro 5 S.p.A.) and the Garibaldi station-San Siro section (performed by Metro 5 Lilla S.p.A., as described in more detail below) – were embarked on during 2012 with the aim of achieving a single line (Bignami-San Siro) and a single concessionaire. Said activities were still in progress at the draft date of this report.

Astaldi Group' s main companies

ASTALDI S.P.A. (PARENT COMPANY)

The year just ended saw the reflection in Astaldi S.p.A.'s accounts of the effects of the geographical expansion recently undertaken by the Group. Indeed, the percentage incidence of income statement items, when compared to the same consolidated values, show how the parent company saw a reduction during 2012 of its own incidence, both in terms of revenues and margin. This was the result of the inclusion among the consolidation area of Italian (e.g. Nbi Srl) and foreign (the Canadian TEQ, the consortia for the hydroelectric works in Latin America and construction of the terminal in St. Petersburg) companies that, due to the type of company they are cannot be included among the consolidation area of the so-called separate financial statements at the present time. Despite this, Astaldi Spa continues to play a significant role within the Group since about 80% of volumes developed by the Group.

Revenues amounted to EUR 1,897.8 million (EUR 2,038.1 million in 2011); EBIT totalled EUR 178.6 million (EUR 210.4 million in 2011); pre-tax profit amounted to EUR 85.8 million (EUR 105.2 million in 2011) while the operating result stood at EUR 45.4 million (EUR 62.6 million in 2011).

ECONOMIC RESULTS

RECLASSIFIED INCOME STATEMENT

	Notes regarding reconciliation with statutory financial statements	31/12/2012		31/12/2011	
EUR/000					
Revenues	1	1,767,397	93.1%	1,948,735	95.6%
Other operating revenues	2	130,353	6.9%	89,328	4.4%
Total Revenues		1,897,750	100.0%	2,038,063	100.0%
Cost of production	3 - 4	(1,449,315)	-76.4%	(1,589,267)	-78.0%
Added value		448,435	23.6%	448,796	22.0%
Personnel costs	5	(195,885)	-10.3%	(170,588)	-8.4%
Other operating costs	7	(43,905)	-2.3%	(22,885)	-1.1%
EBITDA		208,645	11.0%	255,324	12.5%
Amortisation and Depreciation	6	(29,428)	-1.6%	(37,288)	-1.8%
Provisions	7	(1,200)	-0.1%	(7,665)	-0.4%
Write-downs	6	(441)	0.0%		0.0%
(Capitalisation of internal costs)	8	1,026	0.1%		0.0%
EBIT		178,602	9.4%	210,371	10.3%
Net financial income and charges	9 - 10	(92,804)	-4.9%	(105,199)	-5.2%
Pre-tax profit (loss)		85,798	4.5%	105,172	5.2%
Taxes	11	(40,383)	-2.1%	(42,518)	-2.1%
Profit (loss) for the year		45,414	2.4%	62,654	3.1%

Revenues

Revenues amounted to EUR 1,767.4 million compared to EUR 1,948.7 million at the end of 2011. Said results were achieved thanks to the good performance recorded in both the domestic area (Maxi Lot of the Jonica National Road, Line 5 of the Milan underground, Tuscan hospitals, Line C of the Rome underground and Parma-La Spezia

Pontremolese railway) and the foreign area (contracts related to the motorway sector in Romania and Poland and railway works in Algeria, Poland and Venezuela).

The breakdown of revenues according to geographical area reflects the diversification policy implemented by the company: Italy accounted for 45% of revenues generating EUR 798 million (49% and EUR 958 million in 2011), with foreign activities accounting for the remaining 55% for a total of EUR 969 million (51% and EUR 991 million in 2011). Said figures was achieved thanks to largely stable revenues from Europe totalling EUR 568 million, from America totalling EUR 213 million and from the Maghreb totalling EUR 188 million.

Transport infrastructures continued to represent Astaldi S.p.A.'s core business, accounting for 91.3% of revenues generating EUR 1,645 million (90.4% and EUR 1,761 million in 2011), followed by civil and industrial construction with 4.9% amounting to EUR 87 million (7.2% and EUR 140 million in 2011) and energy production plants with 0.3% amounting to EUR 5 million (2.5% and EUR 48 million in 2011). As from this year there is also the plant design and business sector that accounted for 1.7% corresponding to EUR 30 million and referring to works related to the Relaves and Chuquicamata plants.

Breakdown of operating revenues according to geographical area and sector

Breakdown of operating revenues according to geographical area (EUR/000,000)	31-Dec-12	%	31-Dec-11	%
Italy	798	45.2%	958	49.2%
International	969	54.8%	991	50.8%
Europe	568	32.1%	619	31.8%
America	213	12.1%	210	10.8%
Africa (the Maghreb)	188	10.6%	162	8.3%
Total	1,767	100.0%	1,949	100.0%

Breakdown of operating revenues according to sector (EUR/000,000)	31-Dec-12	%	31-Dec-11	%
Transport infrastructures	1,645	93.1%	1,761	90.4%
Energy production plants and hydraulic works	5	0.3%	48	2.5%
Plant design and maintenance	30	1.7%	0	0.0%
Civil and industrial construction	87	4.9%	140	7.2%
Total	1,767	100.0%	1,949	100.0%

Other revenues amounted to EUR 130.3 million (EUR 89.3 million in 2011). Said item includes all sub-annual activities which, given that they are secondary to the core business and part of the same main contract, follow the performance of the main contract and are of a lasting nature.

Therefore total revenues amounted to EUR 1,897.8 million compared to EUR 2,038.1 million in 2011.

The **cost of production** totalled EUR 1,449.3 million, (EUR 1,589.3 million in 2011) with a 76.4% incidence on revenues. **Personnel costs** amounted to EUR 195.9 million (EUR 170.6 million in 2011) with a 10.3% incidence on revenues. **Other operating costs** amounted to EUR 43.9 million due to the aforementioned closure of commercial items regarding companies subject to bankruptcy proceedings.

Depreciation and amortisation of both tangible and intangible assets amounted to EUR 29.4 million (EUR 37.2 million in 2011) and follow the normal trend of return on investment. **Provisions and write-downs** totalled EUR 1.6 million (EUR 7.7 million in 2011) and referred to conservative provisions regarding future charges on works and for a residual amount write-downs regarding receivables included among current assets. Given said trends, **the operating result (EBIT)** amounted to EUR 178.6 million (EUR 210.4 million in 2011)

Net financial charges totalled **EUR 92.8 million** (EUR 105.2 million in 2011) with a 4.9% incidence (5.2% in 2011).

Pre-tax profit (EBT) amounted to **EUR 85.8 million** (EUR 105.2 million in 2011). **Taxes** totalled EUR 40.4 million for a **net profit** of EUR 45.4 million (EUR 62.6 million in 2011)

EQUITY AND FINANCIAL RESULTS

RECLASSIFIED BALANCE SHEET

<i>EUR/000</i>	<i>Notes regarding reconciliation with statutory financial statements</i>	31/12/12	31/12/11
Intangible fixed assets	15	8,215	3,983
Tangible fixed assets	13 - 14	151,333	131,976
Equity investments	16	356,041	226,556
Other net fixed assets	17 - 18	122,769	222,358
TOTAL fixed assets (A)		638,358	584,873
Inventories	19	58,653	79,308
Works in progress	20	964,765	963,486
Trade receivables	21	163,687	150,986
Accounts receivable	21	636,106	598,870
Other assets	17 - 18	207,219	197,229
Tax receivables	22	108,304	83,126
Advances from customers	20	(309,969)	(377,023)
Subtotal		1,828,764	1,695,982
Trade payables	28	(414,839)	(344,740)
Due to suppliers	28	(504,992)	(566,406)
Other liabilities	25 - 26 - 29	(278,442)	(219,769)
Subtotal		(1,198,273)	(1,130,914)
Working capital (B)		630,491	565,068
Employee benefits	27	(5,198)	(5,631)
Provisions for non-current risks and charges	30	(85,472)	(111,237)
Total Provisions (C)		(90,670)	(116,868)
Net invested capital (D) = (A) + (B) + (C)		1,178,180	1,033,072
Cash and cash equivalents	23	220,670	241,247
Non-current financial receivables	17 - 18	42,181	3,783
Securities	17	1,129	1,675
Current financial liabilities	25	(437,046)	(347,456)

Non-current financial liabilities	25	(536,735)	(486,758)
Net financial payables / receivables (E)		(709,800)	(587,508)
Equity (G) = (D) - (E)	24	468,379	445,564

Net fixed assets increased to EUR 638.3 million (EUR 584.9 million at 31 December 2011), mainly due to the increase in the value of equity investments.

Working capital amounted to EUR 630.5 million (EUR 565.1 million at 31 December 2011). The YOY increase can be largely explained by the order backlog structure which has a major incidence of contracts providing for lump-sum payments (rather than payments in relation to the quantity of works performed) which, by their very nature, are made against the overall works carried out. Lastly, it is important to note that contract advances exclusively refer to items regarding foreign contracts insofar as no down payments are envisaged for projects in progress in Italy, and Poland as regards foreign projects.

On the whole, the aforementioned trends generated **an increase in net invested capital to EUR 1,178.2 million** (EUR 1,033.1 million at 31 December 2011).

Equity increased to EUR 468.4 million (EUR 445.6 million at 31 December 2011) thanks to the annual result, suspended economic items entered in the income statement and distribution of dividends.

TOTAL NET FINANCIAL POSITION

The company's financial structure accompanied the changes in the income statement and succeeded in dealing with the exogenous stress that occurred during 2012. The company's management continues to work on this delicate corporate aspect with the aim of finding advantageous and elastic solutions that make it possible to achieve the Business Plan targets.

		31/12/2012	31/12/2011
<i>EUR/000</i>			
A	Cash and cash equivalents	220,670	241,247
B	Securities held for trading	1,129	1,675
C	Available funds (A+B)	221,799	242,922
-	Short-term financial receivables		
-	Current share of receivables arising from concessions		
D	Current financial receivables		
E	Current bank payables	(390,816)	(253,554)
F	Current share of non-current debt	(31,272)	(90,262)
G	Other current financial payables	(14,958)	(3,640)
H	Current financial debt (E+F+G)	(437,046)	(347,456)
I	Net current financial debt (H+D+C)	(215,246)	(104,534)

J	Non-current bank payables	(528,602)	(482,501)
K	Other non-current payables	(56,798)	(24,257)
L	Non-current financial debt (K+J)	(585,400)	(506,758)
M	Net financial debt (L+I)	(800,647)	(611,292)
-	Non-current financial receivables	42,181	3,783
-	Non-current share of receivables arising from concessions		
N	Non-current financial receivables	42,181	3,783
O	Share of debt referred to related parties	48,666	20,000
P	Total financial debt (M+N+O)	(709,800)	(587,508)
	Treasury shares on hand	3,019	3,005
	Total net financial position	(706,781)	(584,503)

ASTALDI CONCESSIONI S.r.l.

ASTALDI CONCESSIONI S.r.l. is the Astaldi Group company (100%-owned by the parent company, Astaldi S.p.A.) dedicated to developing and managing concession and project finance initiatives assigned to said company by the parent company, as well as future project which the Group plans to undertake in this sector.

As already mentioned, ASTALDI CONCESSIONI S.r.l. was set as part of a broader project to streamline Astaldi Group's activities which, inter alia, provides for the standardisation of skills and know-how acquired at a central level, in terms of planning, organisation and start-up of concession projects.

Therefore, in keeping with the Group's development plans, ASTALDI CONCESSIONI is currently able to generate synergies with the construction sector and exploit skills and know-how in the concessions sector, both with regard to the singling out, development and investment in infrastructures, and to structured finance, risk management, life cycle improvements and subsequent operational management.

The prime goal is to work in the concessions sector, maximising margins which, by their very nature, are higher than those typically attributed to the construction sector.

In this regard, the key skills developed over time and borrowed from the construction sector represent an all-important asset for profitable, sound management of concession projects. Said skills are used by ASTALDI CONCESSIONI that is directly involved in a well-defined set of activities aimed at conceiving, constructing and managing concession works, as explained in more detail below.

Conception

The project conception phase consists in a set of strategic activities whose aim is to collect and analyse exogenous data so as to obtain recommendations which investment decisions will be subsequently optimised on, i.e.:

- analysis and identification of new investment opportunities through assessment of main risk drivers;
- investigation of main criteria for selecting new projects (sector, geography, diversification or skills, greenfield and brownfield projects, budgeting, revenues);
- preliminary screening of new projects and analysis of potential impact on existing backlog;
- price/return assessment in stand-alone phase and in terms of incremental contribution to existing backlog;
- identification of growth strategies (new markets, new sectors, greenfield and brownfield);
- creation and development of synergies with construction sector.

Invitation to tender and awarding

Regardless of technical assessments that are needed during this phase and that obviously provide for optimisation of technical skills that can be borrowed from the construction sector, the phase comprising invitation to tender and awarding is managed on the basis of experience and professional skills accrued that make it possible to:

- focus on economic-financial parameters to assess the tender;
- use, for new projects, knowledge of organisational and standardisation processes so as to ensure subsequent monitoring and relative value.

Monitoring

Monitoring of individual contracts provides for a close agreement with financing bodies that, hence, becomes all-important in the taking of decision regarding the project's strategic development. From a general viewpoint, this phase involves:

- standardised business reporting processes;
- backlog analysis by location and monitoring of operating and financial risks;
- cost controlling of projects with the involvement of the project's main players (e.g. grantor, financial partner, EPC Contractor);
- optimisation and standardisation of dividend policy for the development of brownfield backlog projects;
- credit rating of projects among backlog.

Post-project performance

The activities included in this phase are numerous and are all aimed at encouraging the best balance of project sources/investments as well as the overall basket of activities which the company (and more generally Astaldi Group) is investing or plans to invest in. Therefore, they consist in:

- study of opportunities to sell shares to reduce the commitment on individual concessions;
- assessment of project refinancing opportunities with an overall increase in leverage during repayment of part of invested equity;
- improvement of financing terms and conditions;
- possible inclusion on the market of company shares so as to speed up the development and acquisition of new projects in the short/medium-term;
- possible issue of corporate bonds to improve financial conditions, with positive consequences for debt duration.

For a description of the projects in progress, please refer to the section herein dealing with concession projects. Please find below a brief table summarising the projects performed by Astaldi Concessioni at the draft date of this report.

NBI S.r.l.

NBI is the Astaldi Group company operating in Plant Design, Facility Management and Renewable Energy. It is the result of Astaldi Group's acquisition of a business unit of the longstanding company Busi Impianti based in Bologna and is currently 100% owned Astaldi S.p.A. The company's core business is plant design where the company is an all-round specialist: from civil plant design to industrial plant design in the public and private sectors. Its main business areas are: healthcare, commerce, industry, road and airport infrastructures, hotel and tourism, pharmaceuticals. As regards renewable energy, the company can boast specific skills with regard to photovoltaic energy, wind energy, microgeneration and sustainable development. The company mainly works in the integrated plant design and energy production plant sectors in the capacity of operator/maintenance technician, in the following activities:

- General Contracting
- Integrated design and construction
- Electrical, mechanical, hydraulic and technological systems
- Heating, air conditioning and hydraulic systems
- Electric power distribution systems
- Engineering
- Civil works
- Integrated special systems
- Automation of civil and industrial systems
- Safety systems
- Global maintenance engineering and facility management.
- Electric and thermal energy production systems

As regards foreign activities, it operates in Astaldi Group's reference markets – especially Poland, Romania, Russia, Turkey, Algeria, Venezuela, Chile, Peru, the United States and Canada – with whom it is already able to establish interesting synergies. In 2012 it also set up the company “nBI Elektrik Elektromekanik Tesisat İnşaat Sanayi Ve Ticaret

L.S.”, regulated by Turkish law, that is working on a facility management contract stipulated with MONDIAL related to Milas-Bodrum International Airport, as well as on a contract with ASTALDI for completion of the airport’s plants. Consulting and design contracts have also been defined for some ASTALDI contracts in Romania e Algeria.

Please find below a brief summary of the main projects characterising NBI’s activities during 2012.

Plant department – activities went ahead as planned for this department and concerned:

- Construction of new DEA at Pavia Polytechnic
- Plants for new tunnel along Statale Sorrentina in Campania
- Plants for new Conserve factory in Italy.
- Prosthesis centre in Vigorso.
- S. Orsola Cardiovascular Centre in Bologna.
- Lucca Hospital
- New Poste Italiane Data Center in Turin
- Stazione Centrale in Milan
- Office building (Building E) in Roma for Seb Investment
- Renovation of Reggio Calabria and Tione Hospitals
- A24 Dei Parchi motorway - Gran Sasso tunnel
- A24 Dei Parchi motorway - S.Rocco and S.Domenico tunnels
- Milan-Naples motorway – Tunnels – Lot 13
- Massa Hospital
- Pedelombarda ScpA - Dalmine-Como-Varese-Valico del Gaggiolo motorway link
- Milan underground – Line 5
- SS. 106 Jonica National Road – Maxi Lot DG22
- Office building (Building C) in Roma for Seb Investment

Even if still to be started up, the following additional acquisitions are to be taken as defined and formalised during the year:

- Padua – Buildings of Institute of Nuclear Physics
- Granarolo – Soliera factory

Maintenance & Energy Department – The activities carried out by the department operating in the Facility Management market, with maintenance-related contracts, also considering the benefits of the incentive coming from involvement in projects linked to Astaldi Group activities, has made it possible to confirm the production levels and margins forecast for the Italian market, with opportunities and development programmes for the foreign market. Development programmes envisage confirmation of the focus on strengthening positions on the specific market of complex technological management contracts (private and public) as well as improvement of the strategic synergy for interaction with the

parent company. Specifically, the main contracts related to the Maintenance departments that were continued and developed during 2012 at a national level were as follows:

Maintenance:

- Cariparma SpA – Plant maintenance at offices in Bologna, Parma and Modena.
- Bologna fiere – Electrical plant maintenance
- ENI Servizi – Technological plant maintenance at offices in Milan
- Grandi Stazioni – Electrical plant maintenance at Stazione Centrale in Milan
- Università di Bologna – Thermo-technical plant maintenance
- HERA Bologna – Substation maintenance – district heating plants
- Villalba – technological plant maintenance overview
- Teatro Comunale Bologna – Technological plant maintenance

Construction:

- ENFINITY Montessori Srl –Villacido photovoltaic plant
- Porto Torres (SS) – Photovoltaic plant
- IDEA Fimit Sgr SpA – Plant renovation
- Banca d'Italia – New electric power plants
- Renovation of INPS offices in Bologna
- Building renovation and base management at Sigonella
- Metro Brescia – Commissioning and start-up of operations

Lastly, note must be taken of the activities performed during the year by the Turkish company NBI Elektrik, mainly referred to Milas-Bodrum International Airport in Turkey.

NBI Group's total industrial production for the year amounted to EUR 72 million, EUR 60 million of which for plant activities and EUR 12 million for maintenance activities.

SARTORI TECNOLOGIE INDUSTRIALI S.r.l.

Sartori Tecnologie Industriali is the Astaldi Group company, 100% owned by Astaldi S.p.A. and dedicated to the maintenance and repair of industrial plants and equipment, supply and installation of heavy carpentry, lifting of industrial equipment in impoverished situations and highly critical conditions. During 2012, the company continued its commercial activities within the captive market, consolidating relations with Metro C and Scar srl, SPE's that Astaldi holds stakes in. As regards said relations, new activities were defined that continue to offer the forecast continuity for heavy carpentry for civil construction in an increasingly independent way from industrial plant mechanical maintenance activities. A foreign contract was also acquired in Poland, thus testifying to Sartori's desire to become a point of reference for Astaldi Group outside the domestic market too. Without prejudice to the desire to diversify the client portfolio through cross-selling

activities that continue to provide results, note must be made of the important contribution that production inside the petrochemical factory in Brindisi (Versalis, formerly Polimeri Europa) is continuing to offer in terms of numbers. Confirmation of the company's intent to effectively tackle new activities and set new, challenging growth targets for the coming years can be seen in acquisition in 2012 of the factory located in Brindisi's industrial district, used as a mechanical workshop outside Brindisi's petrochemical factory, that is now the main operating office as well as a transformation workshop pursuant to civil construction technical provisions (Certificate No. 1124 of the High Council of Public Works).

Activities during 2012 concerned the following contracts:

- | | |
|-----------------------------|--|
| – Metro C S.c.p.A. | Supply and assembly of metal safety platforms |
| – Versalis S.p.A | Maintenance framework agreement for Brindisi petrochemical factory |
| – CO.Sat S.c.r.l. | Supply of heavy carpentry - Prato |
| – S.Car s.c.r.l. | Supply and installation of metal structures |
| – Astaldi S.p.A for Metro 5 | Supply of carpentry per TBM'S |
| – Astaldi S.p.A for Metro 5 | Supply of conveyor belt accessories |
| – AGP Metro Polska | Supply of metal beams |

Total production during the year amounted to EUR 7 million.

ASTALDI CONSTRUCTION CORPORATION

Astaldi Construction Corporation (hereinafter ACC) is the company operating under U.S. law, based in Fort Lauderdale in Broward County, Florida and owned entirely by Astaldi S.p.A., which has handled the Group's activities in the USA for over 20 years. In 2012, ACC was placed 74th in the list compiled by Engineering News Record (ENR Southeast Top US Contractors), an improvement on the 84th position seen in 2011.

The reference geographical area is the centre-south of Florida, including both the east coast (Miami, Fort Lauderdale, Cape Canaveral), and the west coast (Naples, Tampa), with additional real possibilities of expansion in the adjacent areas of Orlando and Jacksonville.

ACC is currently involved in two business areas: traditional construction activities and procurement and engineering activities on the US market, for both its own operating units and on behalf of other ASTALDI GROUP areas located outside the USA, to support the Group's dedicated facilities.

The procurement division avails itself of a network of accredited suppliers located throughout North America as far as Canada. The activities performed by said division have made it possible to carry out widespread monitoring of the local market and the consolidation of relations with leading US manufacturers and dealers, with consequent benefits at a Group level too.

As regards construction works, ACC is accredited with several public authorities including the Florida Department of Transportation (FDOT), the South Florida Water Management District (SFWMD), the US Army Corps of Engineers, as well as various counties and local administrations.

The company has also been registered since 2008 with the USGBC (United States Green Building Council), a no-profit organisation dedicated to developing and making known sustainable design and construction methods (green building). It has also developed commercial agreements with local partners working in the renewable energy sector in order to explore possible photovoltaic-related projects in North America, also making use of the partnerships generated through procurement activities.

It must also be noted that during 2012 ACC obtained some important awards and specifically:

- “Florida’s Best in Construction - Urban” from FTBA (Florida Transportation Builders Association) for the SR 823 – NW 57th Avenue project completed in March as acknowledgement of construction quality;
- “2012 FTBA Safety Award” from Florida Transportation Builders Association, for the excellence of its safety record.

The aforementioned awards acknowledge ACC’s ongoing commitment to guarantee an excellent level of performance with regard to its works, with the aim of ensuring client satisfaction, maintaining constant focus on HSE (Health, Safety & the Environment) management, which ACC has always looked on as a priority in order to safeguard employees and the environment it works in.

During 2012, the country continued to tackle an even more competitive market with few medium/high-value projects that represent the initiatives of greatest interest for ACC.

It must also be noted that in January 2013, the Governor of Florida announced a budget of EUR 8.3 billion for FY 2014, to be used for strategic works in the transport infrastructures sector, especially motorways and bridges and ports and airports.

Works currently in progress (or recently completed) in Florida mainly refer to road infrastructure works and bridges, performed on behalf of the Florida Department of Transportation, which has always been one of ACC’s strategic clients in Florida, and on behalf of Collier County, on the west coast of Naples, where ACC has already performed several projects in past years.

Among the projects in progress in Florida, three contracts with the FDOT must be noted:

1. **SR-823 (NW 57th Ave):** the project consists in the construction and widening of State Road 823, located in Hialeah in Miami-Dade County (FL). Contract value: USD 14.5 million (100% ACC). The project was completed in March 2012 with obtainment of the “Florida’s Best in Construction - Urban” urban award from FTBA (Florida Transportation Builders Association) for construction quality.

2. **SR-93/I-75:** the project consists in widening and rebuilding a 15-kilometre section of State Road 93 along I-75, including the construction of 8 flyovers and located in Venice, in Sarasota County (FL). The contract value amounts to USD 33 million (100% ACC). The project was completed in 2012.
3. **SR-862/ Eller Dr ICTF:** the project consists in rebuilding and widening a motorway junction, including 4 flyovers, located near SR-862/I-595, in the vicinity of Fort Lauderdale Airport and Port Everglades in Broward County (FL). The contract value amounts to USD 36.9 million (100% ACC).
4. **SR-84 (Davis Boulevard):** the project consists in the widening and upgrading of SR-84 (Davis Boulevard) along the section from Radio Road to Collier Blvd., and of CR-951 (Collier Boulevard) from Davis Boulevard to Golden Gate Canal in Naples, in Collier County, Florida. The contract value amounts to USD 28.1 million (100% ACC).
5. **NW 25th Street:** the project, strategic for improvement of traffic flow in the area, consists in the rebuilding and widening to 4-6 lanes of an expressway in Doral, in Miami-Dade County (FL), in the vicinity of Miami International Airport. Works include the construction of a metal frame flyover near SR-826 Palmetto Expressway and of a viaduct, for a total length of 1.9 km. The contract value amounts to USD 57.9 million (100 % ACC).

Astaldi Construction Corporation's remaining order backlog at 31 December 2012 amounted to approximately USD 73.1 million, without considering the road project worth USD 29.5 million acquired in January 2013.

As regards the performance of activities during 2012, the company recorded USD 47 million of revenues from works, considerably up on USD 28.7 million recorded in 2012.

ASTALDI ARABIA Ltd.

ASTALDI ARABIA Ltd. is the ASTALDI Group company, owned entirely by ASTALDI S.p.A., which handles and monitors all the Group's working and commercial activities in the Middle East (Qatar, Saudi Arabia, United Arab Emirates)

The company is now focused on the transport infrastructures sector and is leaving behind the oil&gas sector, as already mentioned, that can no longer guarantee the margins achieved in the past. At the current time, management of the end phase of the contract in progress in Saudi Arabia (Jubail Export Refinery Project) and disinvestment of assets in Qatar have resulted in closure charges that were completely reflected in the 2012 results. As already mentioned, the company – together with the parent company, Astaldi S.p.A., is currently expanding solely in the transport infrastructures sector so as to carefully assess the actual possibilities of continuing to work in the area.

Subsequent events

In January, the company completed a financing operation involving an equity-linked bond (“Euro130,000,000 4.50% Equity-Linked Bonds due 2019”) placed with qualified Italian and foreign investors. The operation, which achieved great success on the market, was regulated through the issue of bonds and payment of the subscription price. The bonds, with a unitary value of EUR 100,000, were issued for a total of EUR 130,000,000, have a six-year duration (expiring on 31 January 2019) with six-monthly coupons at an annual fixed rate of 4.50%, payable on 31 January and 31 July of each year. The bonds can be converted into ordinary shares, either existing or newly-issued, as from one year following bond issue and subject to approval of a share capital increase with exclusion of the right of option by the company’s Extraordinary Shareholders’ Meeting, to be held by 30 June 2013. The bond conversion price has been set at EUR 7.3996 that incorporates a conversion premium of 35% compared to the average weighted price for Astaldi shares traded on the Italian Stock Exchange over the period of time between the operation launch and share pricing at EUR 5.4812. The company will be entitled to regulate all conversions through payment in cash or a combination of shares and cash (cash settlement option). Bonds will be quoted on the Luxembourg Stock Exchange on the non-regulated Euro MTF market.

In February, Astaldi Group was awarded the contract to upgrade and improve John Paul II International Airport Kraków-Balice in Poland worth EUR 72 million. The project involves the extension and reconstruction of the international passenger terminal, the installation of external plants and construction of links to the multi-storey car park and railway station as well as construction and upgrading of the internal transport system. The new terminal will occupy a total covered surface area of 26,000 m², with a volume of 424,000 m³ and, upon completion, the airport will be able to serve 8,000,000 passengers per year, guaranteeing a “C” service level in accordance with IATA regulations. The works will be performed in operational phases so as to allow the current terminal to operate correctly. The latter will be aligned to the new building from an architectural and plant design viewpoint. The planned duration of works is 2 years, with works set to start as from next spring. The project has been commissioned by *Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o.*, the government-controlled company responsible for developing and managing the airport.

At an operating level, two important production milestones were achieved during the early part of 2013. The Zara-Bignami operational section of Line 5 of the Milan underground was opened in February followed by start-up of the management phase to be handled by Concessionaria Metro 5 S.p.A., an Astaldi Group investee company. Subsequently, the Brescia underground was also opened to the public in March.

As regards foreign activities, the local government in Venezuela decided to devalue the bolivar fuerte in February. The country has experienced economic and socio-political tension for some time, further worsened by the illness of President Hugo Chavez who died in March of this year. The devaluation performed in February 2013, a phenomenon that had been widely forecast both by Astaldi Group and by leading analysts of the Venezuelan market, is a “competitive” devaluation aimed at re-launching the local economy. Said devaluation resulted in the VEF/USD exchange rate going from the previous 4.3 to the current 6.3. For Venezuela, all of this will clearly have a negative impact on inflation levels

that had already undergone partial adjustments on the basis of the pressure caused by the parallel exchange rate (non-official). As regards Astaldi Group, the “devaluation” was not an unexpected event given that in approximately 40 years of working in this area, the Group has already witnessed more than a dozen similar operations (“competitive devaluations”). The experience it has accrued and the in-depth knowledge of the context has made it possible to develop a local business model that has always taken into account said phenomena when representing margins and that has led to focusing of the resources in this area solely on priority infrastructure projects for the country (construction of railways that represent strategic projects, developed under the aegis of bilateral government agreements between Italy and Venezuela). This is why additional curbing of activities in Venezuela is provided for in the Group’s forecasts as from the early part of 2013, partially offset by the opening up of new countries (Chile and Peru) with consequent streamlining of the overall risk profile of Latin America.

As regards the economic and equity effects arising from said recent devaluation, it must be noted that, even though the projects in Venezuela were acquired by an Italian consortium of companies which Astaldi holds a 33.3% stake in, the operating income and equity and financial effects were distributed through the assignment of separate sections of railway to each consortium member.

Economic assessment of Astaldi Group’s projects, which, it must be recalled, uses the cost to cost criteria (standardisation of contract margins), has always taken into account risk coefficients and operating and financial procedures that tended to neutralise as far as possible any consequences of devaluation. This is further confirmed by the hedging of assets in local currency with similar debt positions, combined with the fact that contractual amounts are expressed and paid for a large part (approximately 50%) in Euros and that the overall margin is calculated in Euros.

Foreseeable development of operations

As far as the coming months are concerned, the Group’s operations will be focused on achieving some **important milestones in Italy and abroad** and on **consolidating the new growth targets** approved in the 2012-2017 Business Plan.

Despite the complexity of the markets, the order backlog has a risk profile of activities and an overall level of earnings that **also guarantees a sustained increase in activities for the future**.

As regards projects in progress, works in Italy will focus on the commencement of Line 4 of the Milan underground and Lot DG-41 of the Jonica National Road, as well as the performance of key motorway and railway contracts in progress. As regards civil construction, activities will recommence in the medium term in relation to construction of Ospedale del Mare in Naples – in the light of sums allocated to complete works – and the hospitals in Prato and Pistoia and the Police Officer’s Academy [Scuola Marescialli] in Florence will be completed. As regards undergrounds, activities will focus on completion of Line 5 of the Milan underground. As far as foreign activities are concerned, production from Central

Europe and Algeria (transport infrastructures) and Latin America (transport infrastructures, hydroelectric plants, mining sector) will continue to play an important role. Specifically, focus will be on the completion of contracts recently acquired in the airport sector (Pulkovo in Russia and John Paul II in Poland), as well as railway and motorway projects in progress in other countries where the Group operates. Specific attention will also be paid to the start-up of the major project to construct the St. Petersburg ring road (WHSD). Said project represents a major challenge for the coming three years both for the technical aspect and for the extremely limited construction timeframe.

It is foreseen that by 2013, the numerous project finance / concession projects, for which most of the relative investments have already been made, will start to generate the first positive effects on the income statement (i) the **Gebze-Izmir** motorway (434 kilometres of road) in Turkey, for which financial closing-related activities are continuing that will be completed in two separate and consecutive phases given the size of the project and to facilitate construction; (ii) the **Third Bridge over the Bosphorus and the North Marmara Highway** for which the relative financial closing is underway; (iii) additional projects in Italy and abroad for which the Group already holds first position and completion of the award procedures is pending.

All these activities reflect the approved growth targets for the next five-year period which, in brief, are based on additional consolidation of the Group's competitive positioning and distinctive features (order backlog quality, mitigated risk profile, highly qualified management) through the introduction of new ideas aimed at optimising the Group's improved integrated offer capacity and expertise.

Therefore, we will see intensification of the Group's role in areas where traditionally present and the consolidation of activities in progress in Canada and Peru. As regards Russia, the focus will be on consolidating industrial partnerships established in recent years that could lead to the start-up of new projects in this area. While rescaling of its role in the Middle East is planned in order to benefit the new areas of interest, firstly Canada that can boast legislative and economic frameworks which tend to be more stable. Italy will continue to play an all-important role, also thanks to opportunities that may arise from the motorway concessions sector as a result of the stake acquired by the Group in A4 Holding – the concessionaire company of two motorway routes in the north-east of Italy (the Brescia-Padova section of the A4 and the A31 Valdastico). At an international level, as already mentioned, major attention will be dedicated to Turkey that has been singled out not only as an area of interest for the construction sector, but also as a market for investing in concession projects.

Suitable geographical diversification of activities will make it possible to maintain the increases in revenues seen in recent years and will also encourage a growth in margins. The latter will benefit from (i) the radical change in the quality of the order backlog which, in turn, is the result of multi-year, coherent planning; (ii) the increasing focus on EPC (Engineering, Procurement, Construction) and general contracting projects that, by their very nature, are able to promote the achievement of economies of scale; (iii) the Group's improved integrated offer capacity that will ensure the internalisation of marginal shares, to date sold to third parties within an industrial partnership logic, as the result of reduced vertical process integration.

The 2012-2017 Business Plan consolidates the current development model, including through the optimisation of processes to integrate the various operating areas. Said model reflects the know-how acquired in the construction and concessions sectors, as well as skills consolidated in the plant design and project management sectors (NBI Impianti ed Energia, Sartori Tecnologie Industriali, TEQ).

As regards concessions, major projects will make it possible to guarantee a first, significant contribution to the Group's income statement in the form of dividends resulting from SPVs Astaldi holds stakes in.

To this end, a series of actions will be carried out, aimed at finalising the projects in progress to date in this sector at a Group level, mentioned previously, and at completing the process of transferring to ASTALDI CONCESSIONI projects still being performed by Astaldi S.p.A.

As regards the alternative strategic options, it should be noted that the reason behind the identification of said options is the strategic need/desire to bring out the value of an overall backlog which, to date, is still unbalanced as regards non-mature assets (insofar as still mostly under construction), but which offers some specific and significant characteristics. Indeed, it must be recalled that the concessions development policy adopted by the company, in line with the Group's strategic planning, has led over time to the identification of a reference model for investment assessment. Indeed, commercial activities in the concessions sector are focused on projects that make it able to employ, in Italy and abroad, the success model applied for this sector to date which is characterised by a risk /return ratio aided by the presence of public funding, as well as by a guaranteed minimum fee (in the form of availability charges, minimum guaranteed traffic, occupation rights, water rights, take or pay clauses) equal on average to 50% of forecast revenues. Moreover the Group's foreign presence is limited solely to countries that (i) are able to offer suitable socio-political and economic stability (ii) can boast a stable legislative framework (iii) can offer interesting development opportunities for the concessions sector. Therefore, the projects in progress have implicit characteristics that go to offset the risk factors associated with individual projects, making the overall backlog's risk / return ration of guaranteed interest.

In light of said considerations, ASTALDI plans to assess a series of alternative strategic options in order to optimise its presence on the concessions market, through refinancing operations, sale of assets, strategic partnerships and consolidation of financial partnerships. Therefore, dynamic management of the concession backlog has been adopted for some time, in terms of lifecycle, earnings and potential development. A complete analysis of the various opportunities offered by the international market shall be performed, weighing up the main pros and cons and, at the same time, efforts will be made to establish the optimal moment / best phase of the project life cycle, so as to maximise the options the macroeconomic framework can offer, in the knowledge that maximisation of value for construction groups investing in concessions occurs by divesting within three years of the end of ramp-up.

Indeed, it is envisaged that the sustainability of growth targets will be guaranteed by the forecast cash flow from construction, as well as from the potential receipts from concession projects.

Requalification of invested capital, backed up by a selected backlog, will ensure more marked cash flow generation by the construction sector that will serve as effective support for the concessions sector.

Human Resources and Organisation

Human Resources and Organisation

In 2012 the Group boasted an average workforce of 9.963 employees (+ 8% compared to 2011), mainly posted abroad (approximately 85%), not only as a result of the predominant turnover generated outside Italy, but also as a result of the different types of contracts in progress in foreign markets where many activities are performed directly by the company and the use of subcontractors is limited.

The year's figures regarding the workforce, which are obviously affected – as far as workers and clerical staff are concerned – by the cyclical nature of projects, highlight the considerable increase in qualified, expatriated Italian staff (352 units – equal to 15% more than in 2011) and the ongoing investment – in Italy, but also abroad – in newly-graduated staff that has made it possible, especially in Italy, to maintain the trend of gradually lowering the average age of graduates (41 in 2012, compared to 42 in 2011 and 43 in 2010).

Management policies

2012 saw the consolidation and further development of policies adopted in previous years with regard to human resources management.

Specifically, a new policy regarding benefits for expatriated staff was defined with the aim of aligning the various traditional systems in current use by adopting disadvantage / consumption parameters that are homogenous while also being real and measurable.

As part of salary review procedures, external benchmark instruments were improved and the matrix organisational model adopted by the Group was optimised with a view to obtaining a vision of resources linked not only to development as regards the individual project but, more generally, to long-term professional growth within the Group.

Training

All-important speeding up of the design and implementation of a wide-reaching, structural, management training programmes was performed during 2012.

Following on from the projects carried out in 2011, focused on integration and development processes, the conceptual and organisational foundations were laid for the implementation of a structured programme, aimed at consolidating the technical and organisational skills of operating unit management and staff. Indeed, a comparative analysis was conducted with regard to perceived needs and skills looked on as critical at the current moment for the success of the Business Plan and, following on from this, a specific office was created within the Human Resources Division dedicated to management training.

Lastly, the working design phase was launched for a programme that will be fully implemented in 2013, but which in November saw the launch of a training programme focused on co-worker assessment.

Personnel information systems

2012 saw the launch of a project to extend the centralised information system for the management of foreign local personnel. The system was implemented in Algeria, Chile and Peru, making it possible at a central level to have a complete map of more than 1,500 operating resources in said countries and, at a local level, to computerise resource planning, organisation and assessment processes.

Quality, safety and environment

Following the definitive adoption by the parent company ASTALDI S.p.A., of a matrix organisational model, 2012 was a year of further development of the integrated corporate management system.

Due to the three-year expiry dates, 2012 also saw complete renewal, on a voluntary basis, of certificates of conformity with ISO 9001, ISO 14001 and OHSAS 18001. The positive outcome of said activities, performed by the Certification Organisation, DNV *Det Norske Veritas*, and involving both head office and national and project facilities as regards foreign activities, allowed ASTALDI S.p.A. to maintain its certificates of conformity with international standards as regards Quality, Environmental and Safety systems.

Specifically, as regards the ongoing improvement of the Safety and Environment components of the corporate management system, significant optimisation was performed of two important processes – systematic analysis and reporting of near misses and definition of work permits in the event of interfering production – considered especially important in our area of business.

The commitment to hold an annual calibration session was also followed through and, for the third year running, saw the involvement of the Health, Safety and Environment Managers of Italian projects in training activities aimed at knowledge-sharing and homogenisation of the approach to said areas at a Group level.

This voluntary approach to the use of international regulatory models and standards to improve performance was also transferred to some important and significant Astaldi Group companies.

ASTALDI CONCESSIONI S.r.l., a company operating in the concessions and project finance sector, ended 2012 with complete redefinition of its corporate Quality Management System for which the validity of the certificate of conformity with ISO 9001 requisites was confirmed subsequent to the positive outcome of maintenance checks performed by the Certification Organisation, DNV, *Det Norske Veritas*.

nBI S.r.l., a company operating in the plant design engineering sector, also underwent three-yearly renewal of the certificate of conformity of the Quality Management System with ISO 9001 in 2012, conducted by the Certification Organisation, DNV, *Det Norske Veritas*. On this occasion the field of application was also extended and now includes “Design, construction of civil and industrial buildings; design, installation, maintenance and operation of technological plants”.

Further confirmation of Astaldi Group’s commitment with regard to Quality, Safety and the Environment can be seen from some important awards obtained during 2012, both from clients and by national organisations operating in this sector, in Italy and abroad. In this regard, mention must be made of:

- Italy – the award granted by ITALFERR S.p.A. to the projects involving Bologna Centrale HS station and Doubling of the Parma - La Spezia railway line along the section from Solignano station to Osteriazza Manoeuvring Area following the “*Cantiere Virtuoso 2011*” initiative related to the “*l’Unione fa la Sicurezza*” campaign;
- International – awards to the subsidiary Astaldi Construction Corporation, regarding Quality and Safety, granted by the US organisations, Florida Transportation Builders’ Association, Inc. and Associated Builders and Contractors Inc. (ABC);
- International – award obtained for the Environment by the subsidiary Astaldi Arabia Ltd., as part of the Environmental Achievement Award granted to Technip by Satorp, for the Jubail Export Refinery Project, Conversion Units - 2A.

Lastly, it must be noted that in 2012 the company took part in the Carbon Disclosure Project (CDP), a specific programme that involves voluntary declaration of greenhouse gas emissions and of strategies to be adopted to reduce their impact at a climatic level.

Main risks and uncertainties

The risk management policies implemented by ASTALDI Group are based on a concept of “risk” taken as an integral part of the generation of value which, in itself, is to be taken as the sum of the current value of the business model and the value of future development opportunities. Hence, successful risk management is aimed at exploiting business opportunities by encouraging future growth and, at the same time, safeguarding the value created. Therefore, it is all-important to align risk management with the key targets looked on as critical for the company’s success.

In this regard, the Corporate Risk Management Service assists the management in the decision-making process with a view to neutralising unwanted, unsustainable risk situations during the whole corporate business cycle and in relation to a variety of contractual formulas (traditional, general contracting, concessions and project finance).

The Risk Management logic model adopted within the company is three-dimensional, split according to the type of risk (operational financial, strategic and compliance), level (corporate, country, contract) and project phase (development, performance, management). A “focal” role is attributed to risks which, during planning, leads to definition of the so-called key risks of the Business Plan and general problem management procedures.

The result is a model where risk management activities and responsibilities (identification, assessment, management and monitoring) are attributed to the organisation's various levels on the basis of the type of risk in question and the time phase during which said risk arises.

This model also involves the integration within decision-making mechanisms of uniform, structured identification, analysis and governance of corporate risks – including through the use of computer media - aimed at:

- supporting the decisions of the Group's top management/departments with an overall vision of the main risks the Group is exposed to;
- lending appropriate importance to the risk dimension with regard to the undertaking of business decisions that systematically take into account the volatility of forecast results;
- helping optimise existing risk management techniques and systems with the aim of improving the company's performance and business sustainability;
- helping make known the risk culture and consolidating departments' awareness of risk management issues.

During 2012, the Corporate Risk Management Service focused on the following:

- Creation of a database of historic risks for optimal identification of the types of risks tackled in the past, mitigation measures taken and relative levels of success of said action, as well as for classification of the main risks-opportunities assessed and for consequent formulation of guidelines for the quantification and mitigation of the main risks/opportunities phenomena (SWOT analysis, risk back analysis);
- Implementation of the risk management module in the computerised data collection system, Montecarlo simulations and reporting;
- Integration of the risk dimension in the financial window and perfecting of the *Cashflow@risk* method;
- Implementation of risk analysis at a contract, country and Group level and extension to the concessions sector in accordance with a methodological approach with ad hoc importance parameters for the sector.

Please find below a brief overview of the risks with greatest incidence among the 15 Top Risks identified, split according to category.

Financial risks

Liquid assets and receivables. This risk expresses the possibility that the Group may be unable to cover its financial obligations arising from contractual undertakings and, more generally, from its own financial liabilities, as well as the Group's exposure to potential losses arising from default as regards obligations undertaken by counterparties.

Financial structure and market (Interest rate). The current situation of the financial markets highlights critical phenomenon in terms of limitation of credit and fluctuation in the cost of money. The Group has adopted over the years a financial strategy aimed at re-positioning its debt structure in the medium/long-term, curbing variations in the cost of money through a cautious interest risk hedging policy.

Currency market (Exchange rate). The current situation of currency markets can bring to light some extremely volatile situations. The Group has undertaken to control said risk over the years through suitable hedging transactions.

Strategic risks

Country Risk. More than 60% of the total amount of Astaldi Group revenues is from an external source. Therefore, the Group's major internationalisation exposes Astaldi to the obligation to assess the so-called country risk that consists in macro-economic and financial, regulatory and market, geopolitical and social risks, the occurrence of which could have a negative effect on both earnings and the protection of corporate assets. In order to mitigate said risks, the identification of new projects in foreign countries is accompanied by preliminary, in-depth identification and assessment of the risks (political, economic, financial and operating) linked to said countries. The result is that foreign activities performed by the Group are concentrated solely in countries (i) offering development opportunities for long-term infrastructure investment plans, (ii) that consider the works of interest for the Group as priorities in local investment policies, (iii) for which international insurance cover is guaranteed or in whose regard there are bilateral agreements between the Italian and local governments, (iii) with a definite, consolidated reference legislative framework. Subsequently, Astaldi keeps a close eye on development of the political, social and economic situation of the countries it operates in through to completion of the contracts, also drawing on periodic reports on the main project risks and relative trends drafted in accordance with the Corporate Risk Management Policy. Without prejudice to the above, should exceptional and unforeseeable events occur, the Group is able to implement well-defined procedures, in line with international procedures, with the aim of protecting the safety of its personnel and on-site assets, minimising the resulting operational and financial impact.

Conformity risks

Contractual/Legislative. In the sector the Group operates in, a large part of activities are performed on the basis of contracts which provide for a specific amount upon awarding. The greater charges and/or costs which the Group may encounter and/or incur while performing said contracts must be covered by the Group and can be recovered from the customer in accordance with legislation regulating the contract and/or agreed contractual terms and conditions. Consequently, the margins achieved on contracts of this type can vary with regard to the original estimates as a result of recoverability of the aforementioned greater charges and/or costs.

Operating risks

Procurement. The fluctuation, in some cases considerable, in the price of some raw materials can entail an increase in the costs of production which the Group tends to neutralise through diversified procurement policies, framework agreements with strategic suppliers, contractual price review clauses and the use of ad hoc action by local governments in order to offset the financial consequences for the reference sector.

Corporate governance

The governance model adopted by ASTALDI S.p.A. is in keeping with the principles contained in the “Self-Regulation Code for listed companies” – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and added to –, with the recommendations formulated by CONSOB in this regard and, more generally with international best practice.

As regards the information requested by Article 123-bis of the Finance Consolidation Act, please refer to the “Annual Report on Corporate Governance and Shareholder Structure” drafted in compliance with current legislation and published together with this report. The Annual Report on Corporate Governance and Shareholder Structure” is made available for consultation on the Group’s website (www.astaldi.com), in compliance with the terms and procedures provided for by law.

Remuneration report

As regards information related to the remuneration of Company Directors, Auditors and Managers with strategic responsibilities, please refer in full to the Remuneration Report drafted by the Board of Directors of Astaldi S.p.A. pursuant to Article 123-ter of the Finance Consolidation Act. Said document is also made available on the Group’s website at www.astaldi.com, Governance section, in compliance with the terms and procedures provided for by law.

Other information

Information on transactions with related parties: As regards transactions with related parties during 2012, please refer to the Notes to the Consolidated and Statutory Financial Statements at 31 December 2012. It is considered appropriate herein to state that said relations form part of the company’s ordinary operations and are regulated at market conditions. It must also be noted that no “significant” transactions were performed during the year pursuant to relevant legislation and relative procedures adopted by the company. 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.

Moreover, said relations do not feature any interests classed as significant of other related parties of Astaldi S.p.A.. For more details, please refer to the Annual Report on Corporate Governance and Shareholder Structure.

Treasury shares: In relation to the Astaldi share buy-back plan implemented during the year, 363,257 shares were gradually acquired during 2012 while 365,978 shares were sold. Treasury shares on hand at 31 December 2012 amounted to 608,187 with a nominal value of EUR 2.

Parent company shares held by subsidiaries: No parent company shares were held by subsidiaries at the draft date of this report.

Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code): Astaldi S.p.A. is not subject to “management and coordination” by any of its shareholders insofar as the company’s Board of Directors is fully and independently responsible for all the most appropriate decisions related to management of the company’s activities.

Astaldi S.p.A. shares held by Company Directors, Auditors and managers with strategic responsibility at 31 December 2012: For information in this regard, please refer to the section herein dealing with the Remuneration Report.

Research and development: The Group did not incur any costs for research and development during the year.

Atypical or unusual operations: No atypical or unusual operations were performed during the year.

Conclusions

Dear Shareholders,

The consolidated financial statements show a net profit of EUR 74 million, net of amortisation, depreciation, provisions and consolidation adjustments.

On behalf of the Board of Directors

(The Chairman)

Paolo Astaldi