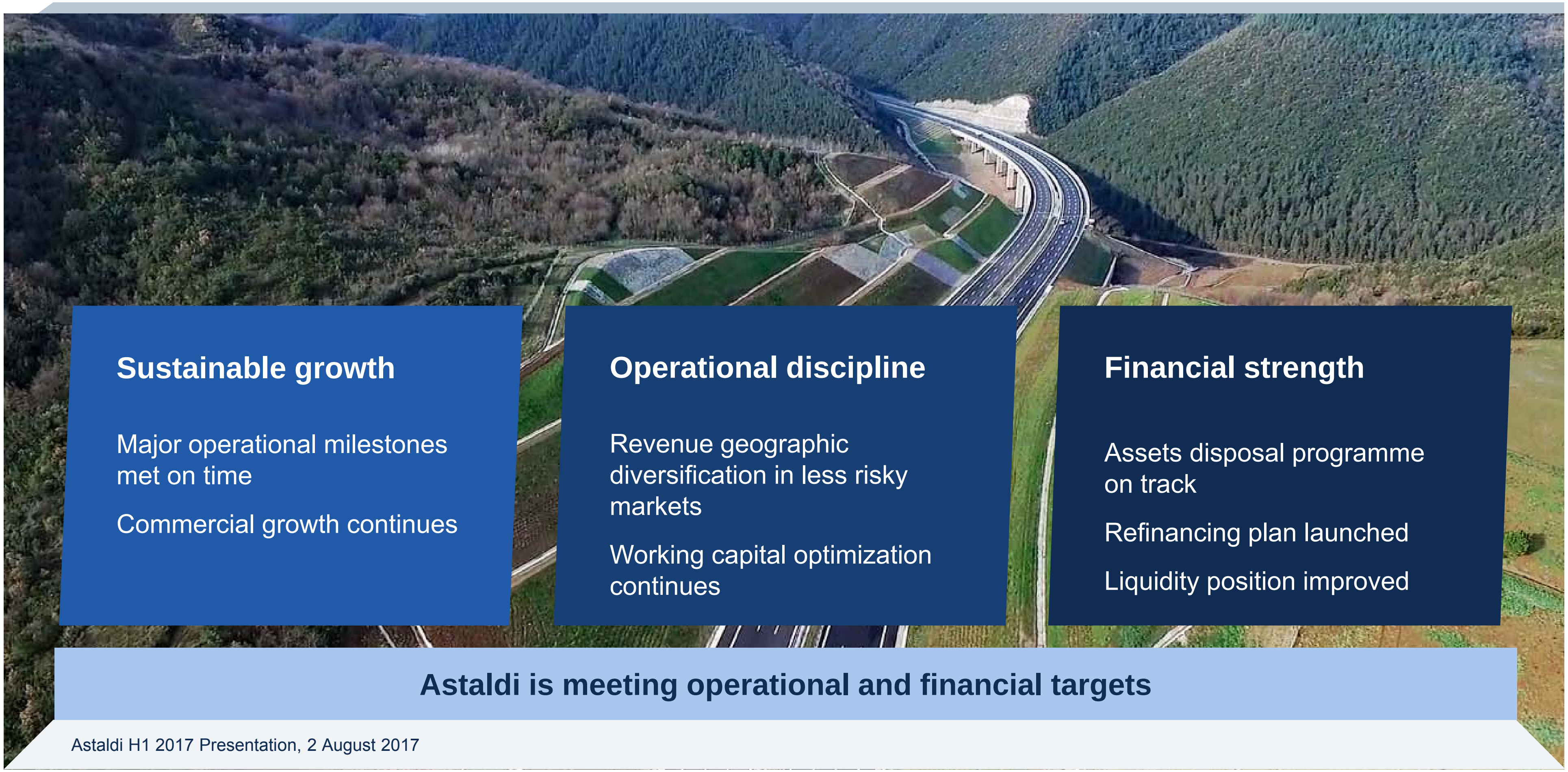
# H1 2017 results

**2 August 2017**

# Delivering the Strategy Plan





### Sustainable growth

Major operational milestones met on time

Commercial growth continues

### Operational discipline

Revenue geographic diversification in less risky markets

Working capital optimization continues

### Financial strength

Assets disposal programme on track

Refinancing plan launched

Liquidity position improved

**Astaldi is meeting operational and financial targets**


**Basarab Overpass in Bucharest |** Romania

# Agenda

**Commercial and operational achievements**

Financial achievements

H1 2017 results

Appendix

# Commercial and operational achievements in H1



## Delivering in line with our Strategy Plan

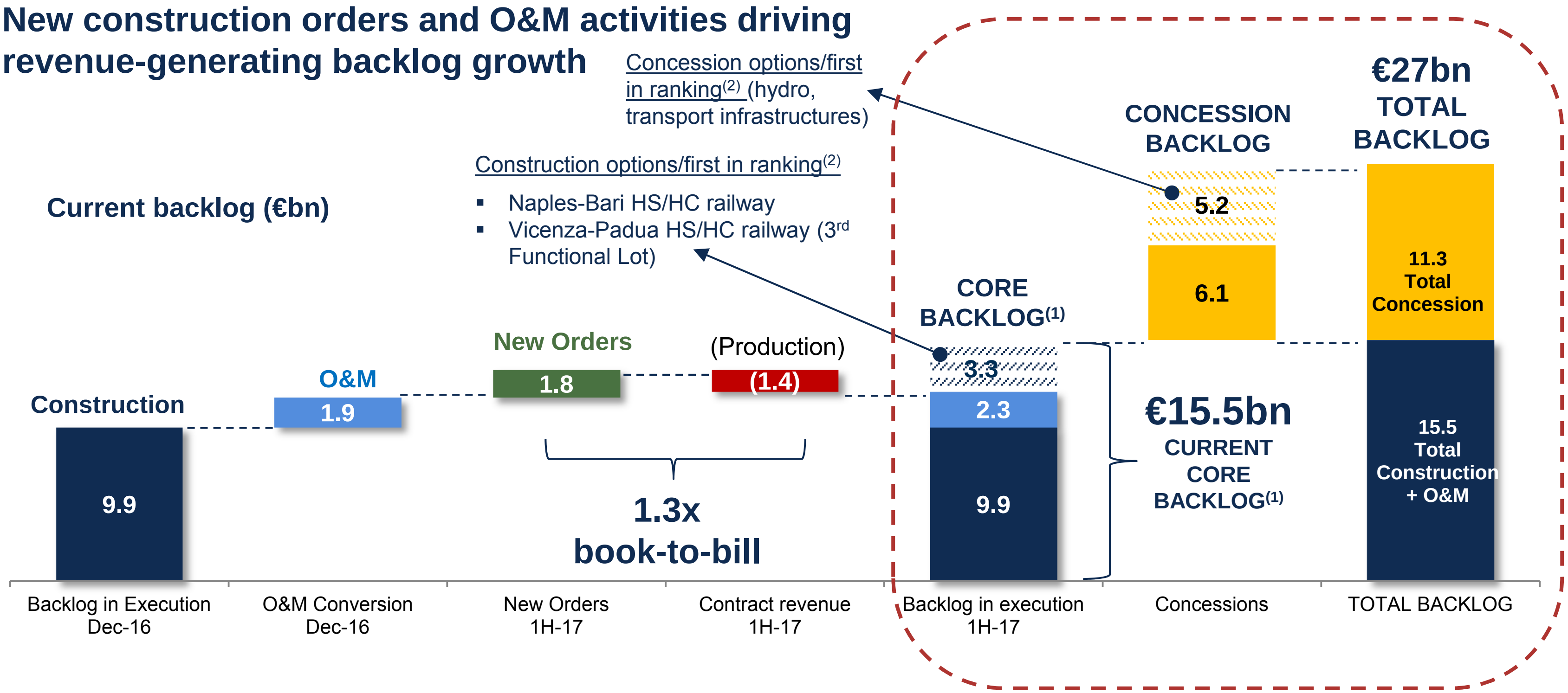
- **Major industrial milestones met on time**, with strong acceleration in Italy, Turkey and Chile
  - Naples-Afragola high-speed railway station, Italy: opened
  - Further additional stretches of 3rd Bosphorus Bridge and Gebze-Orhangazi-Izmir Motorway, Turkey: opened
  - New contract increases in strong execution in Turkey and Chile
- **De-risking geographic exposure –** Start-up of projects in less risky markets
  - US (I-405 motorway), Chile (ELT telescope), Poland (N7 railway), Italy (Jonica National Road Lot 3)
- **Healthy order book at €27bn**
  - Construction + O&M order book at over €15bn
  - New orders of €1.8n – book-to-bill ratio at 1.3x
- **O&M business delivering results**
  - €35m incremental revenue in H1 2017

**Gebze-Orhangazi-Izmir Motorway |**Turkey


**ELT – Extremely Large Telescope |** Chile

# Robust, revenue-generating order backlog

## New construction orders and O&M activities driving revenue-generating backlog growth



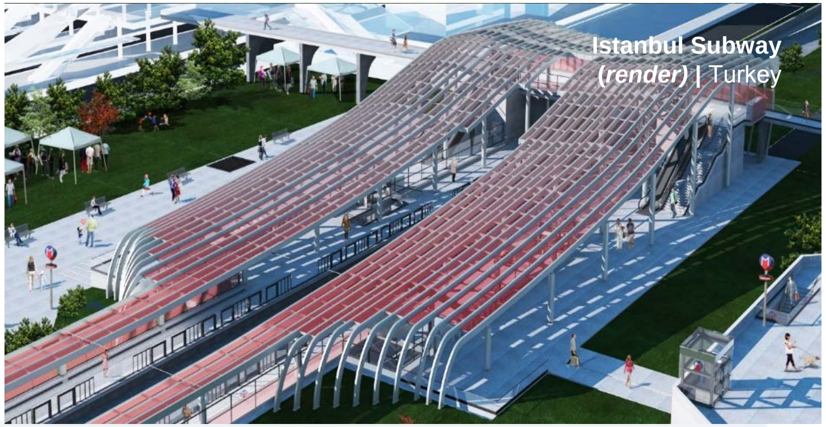

Note: (1) Core backlog includes construction backlog (including options) and O&M activities already booked.
(2) Options, signed contracts and contracts pending to date, that express acquired rights subject to the occurrence of various conditions (financial closing, approval of various qualified bodies, etc.)

# New Orders



- **Major new orders of €1.8bn:**
  - Italy (Mestre hospital) c.€500m  for O&M
  - Romania (railway) totalling €620m[4]
  - Turkey (metro/motorway) totalling €204m
  - Poland (railway) totalling €190m

- **Successfully converting  concession backlog into O&M revenue**, e.g. Mestre Hospital
- Major options include Naples-Bari railway (Italy) and Punilla dam (Chile)
- Order backlog reflects strategic repositioning towards EPC contracts and away from capital-intensive concession contracts

# Leveraging O&M business



## O&M contracts flow into backlog

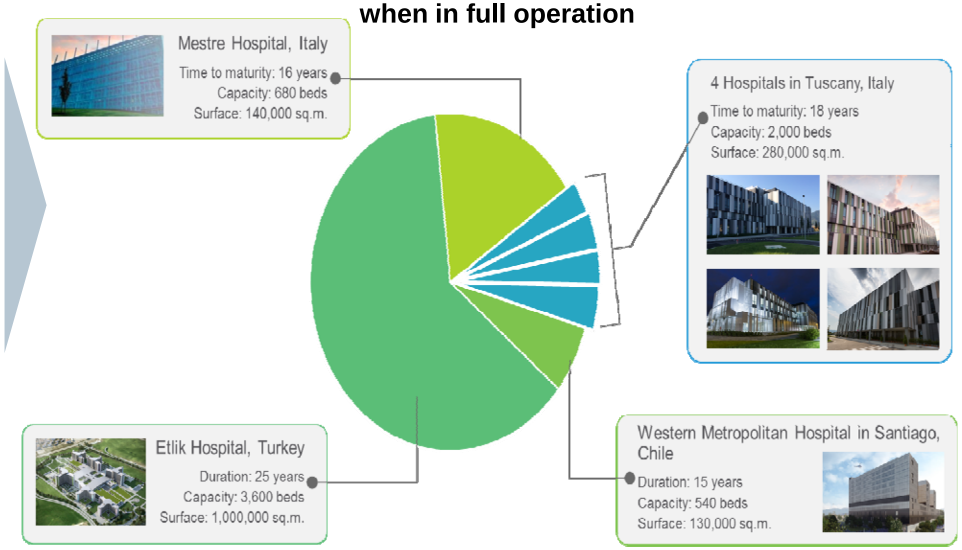
| | |
|---|---|
| ✓ Mestre Hospital, Italy | |
| ✓ Relaves mining plant, Chile | |
| ✓ 4 Hospitals in Tuscany, Italy | |
| Western Metropolitan Hospital in Santiago, Chile | |
| Etlik Integrated Health Campus, Turkey | |
| **TOTAL BACKLOG O&M Jun-17** | **€2.3bn** |

✓ ALREADY IN OPERATION

- Business originated from existing concession contracts, especially healthcare
- Stable source of revenues
- High margin business
- Low capital intensive
- Contracts ~20 years long

## Model in place for 7 hospitals (6,800 beds)

**Average total O&M revenue per year at over €250m when in full operation**



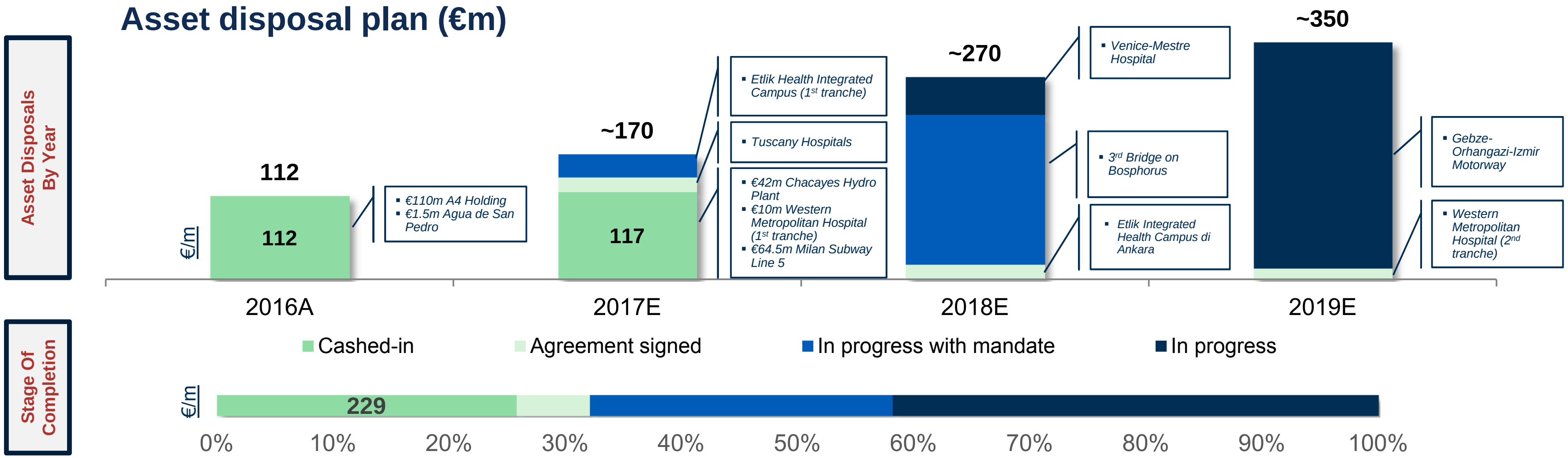
# Asset disposals on track



**Strong track record in delivering disposals**

- ✓ Commenced sale process for two Turkish assets – Etlik Hospital and Third Bosphorus Bridge
- ✓ Sale mandate for 3rd Bosphorus Bridge
- ✓ Proceeds from sale of Milan Line 5 received (€64.5m)
- ✓ Agreement signed – cash-in expected in 2017
- ✓ Preparing for Mestre hospital sale – increased stake from 36% to 60.4% in order to maintain O&M activities

## Asset disposal plan (€m)




**c.60% of planned disposals already cashed-in or awarded sale mandate**

# Asset Disposal on track (cont'd)

| | CONCESSION | CASH-IN | 2016 | 1H2017 | 2H2017 | 2018 | 2019 | COMMENTARY |
|---|---|---|---|---|---|---|---|---|
| ✓ | **A4 HOLDING**<br>*14.3% stake* | €110m | ● | | | | | ▪ Signed in 1H-16<br>▪ Cashed-in in September 2016 |
| ✓ | **CHACAYES HYDRO PLANT**<br>*27.3% stake* | €42m | ● | ● | | | | ▪ Signed in March 2017<br>▪ Cashed-in in March 2017 |
| ✓ | **WESTERN METROPOLITAN HOSPITAL** – *100% stake (51% retained)* | €10m (*1st tranche*) + €16m (*2nd tranche*) | | ● *(1st tranche)* | | | ● *(2nd tranche)* | ▪ Signed in January 2017<br>▪ Cashed-in in 1Q-17<br>▪ Deconsolidation of €100m of non-recourse debt (as per contractual agreements) |
| ✓ | **MILAN SUBWAY LINE 5**<br>*38.7% stake (2% retained)* | €64.5m | | ● | ● | | | ▪ Signed in 2Q-17<br>▪ Cashed-in in 2Q-17 |
| ✓ | **TUSCANY HOSPITALS**<br>*35% stake* | | | ● | ● | | | ▪ Signed and cash-in expected in 2017 |
| IN PROGRESS | **ETLIK INTEGRATED HEALTH CAMPUS IN ANKARA** – *51% stake* | | | | ● *(1st tranche)* | ● *(2nd tranche)* | | ▪ Entry of an investment fund in the concession SPV during the construction phase, while Astaldi maintains construction and O&M activities<br>▪ Sale advisory mandate assigned |
| IN PROGRESS | **3rd BRIDGE ON BOSPHORUS**<br>*33.3% stake* | | | | | ● | | ▪ Project completed and opened to traffic in August 2016 – ramp-up phase by end 2017<br>▪ Sale advisory mandate assigned |
| IN PROGRESS | **GOI MOTORWAY**<br>*18.9% stake* | | | | | | ● | ▪ Phase 1 started operations in 1H 2016<br>▪ Highway construction expected to be completed by 1H 2019 and disposal expected in 2H 2019 |
| IN PROGRESS | **MESTRE HOSPITAL**<br>*60.4% stake* | | | | | ● | | ▪ Start-up negotiation in 3Q-17<br>▪ In 1H 2017 increased its stake from 37% to 60.4%<br>▪ Stake build-up with the goal of maximizing value |


# Agenda

Commercial and operational achievements

**Financial achievements**

H1 2017 results

Appendix

# Financial achievements in H1



## Focus on managing debt maturity profile and reducing working capital needs

**1. Launched refinancing plan to extend maturities**

- Extending current maturities beyond 2021
- Improved liquidity position, also through active cash management in line with Strategy Plan

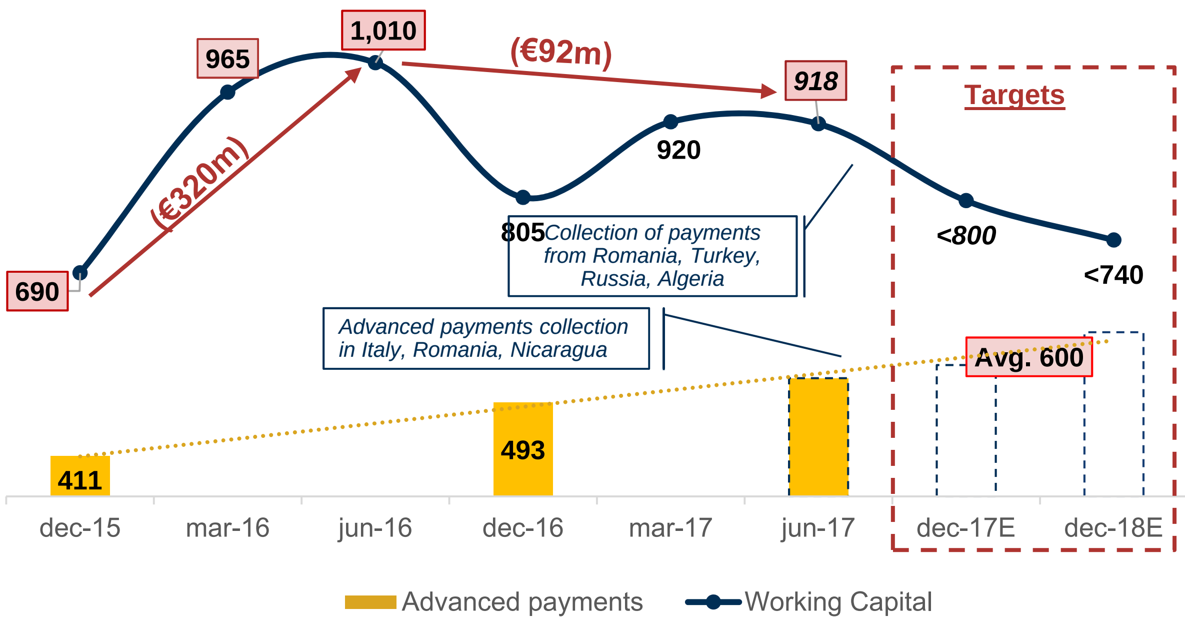
**2. Effective management of working capital**

- Reducing seasonality effects - €320m vs. €92m
- 9% reduction in working capital for H1 17 compared to last year

## Continuing working capital optimisation

**10% yoy reduction achieved**

**WORKING CAPITAL – HISTORICALS & TARGETS (€m)**



# Refinancing plan launched – successful refinancing of the convertible



## OBJECTIVES

**3 phase plan**

- Further improvement of the liquidity profile
- Extend current maturities either on Capital Market and Bank Loans beyond 2021

## ACHIEVEMENTS

**Phase 1 – successfully completed**

✓ **Convertible bond**
  - Successful re-opening of the capital market window
  - First step of refinancing process through a tender & offer transaction launched on the existing €130m convert bond due 2019
  - >65% of bondholder accepted exchange offer
  - Clean-up call exercised on of the existing €130m convert bond and full replacement with a new €140m convertible bond
  - Full refinancing of the 5yr maturity with a new 7yr maturity, coupon at 4,875%

- **Liquidity**
  - ✓ New committed lines for more than €70m and further facilities of €120m in course of finalization: tenor 2 or 3 years
  - ✓ active cash management targeting average cash on balance of €400-450m

## NEXT STEPS

**Phases 2 and 3**

- Current €750m HY bond due in 2020: refinancing to beyond 2021 in tranches to split the maturities
- Refinancing and extension to beyond 2021 of current Banking Facilities


Naples Subway Line 6
(San Pasquale station) | Italy

# Agenda

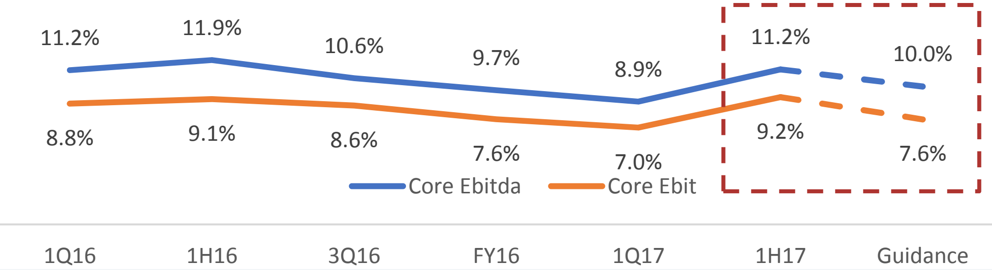
# H1 2017 results: income statement



## Healthy top-line growth | Margin development in line with Strategy Plan

| *Summary P&L (€m)* | H1 17 | H1 16 | % change |
|---|---|---|---|
| **Total revenues** | **1,504.2** | 1,400.4 | +7.4% |
| Income from JVs | 23.1 | 32.7 | -29.3% |
| Core EBITDA margin | 11.2% | 11.9% | |
| EBITDA | 214.4 | 199.6 | +7.4% |
| **EBITDA margin** | **14.3%** | 14.3% | |
| Core EBIT margin | 9.2% | 9.1% | |
| EBIT | 184.7 | 159.8 | +15.6% |
| **EBIT margin** | **12.3%** | 11.4% | |
| **Group net income** | 55.7 | 31.5 | +76.7% |

### Margin development (%)




- **Strong revenue growth up 7.4% yoy** driven by contribution from Italy, Chile, Turkey
  - O&M revenue contribution of €35m in H1 17
- **Income from JVs at €23m** include negative accounting effects from asset sale and, starting Q2, the lack of contribution from 3rd Bridge on Bosphorus
- **Margins in line with last year**, supported by release of several projects in H1 and €9m positive effects from asset sale
  - Core margin(1) development in line with strategic repositioning to lower-risk, lower-margin countries but with high-quality earnings and improved financial structure
  - Core EBITDA margin of 11.2% (vs. 11.9%), core EBIT margin of 9.2% (vs. 9.1%)
- **Financial charges slightly higher than last year** at €107.5m (vs. €95.5m) include €3.4m costs of debt refinancing and €8m negative effect from asset sale
- **Tax rate at 25%**

Note: (1) Excluding Profit from JVs of €23.1m in H1 17 + €25m from asset sale and €32.7m in H116.

# H1 2017 results – Balance Sheet main items

## Continued focus on NWC reduction delivering results

| *Key metrics (€m)* | **Jun-17** | **Dec-16** | **Jun-16** |
|---|---|---|---|
| Net assets | 1,156.6 | 1,007.4 | 980.5 |
| Net working capital | 918.0 | 804.9 | 1,010.2 |
| Net invested capital | 2,039.0 | 1,791.0 | 1,968.5 |
| Net financial position(*) | (1,272.0) | (1,088.7) | (1,374.0) |
| Net total equity | 764.0 | 698.5 | 590.1 |

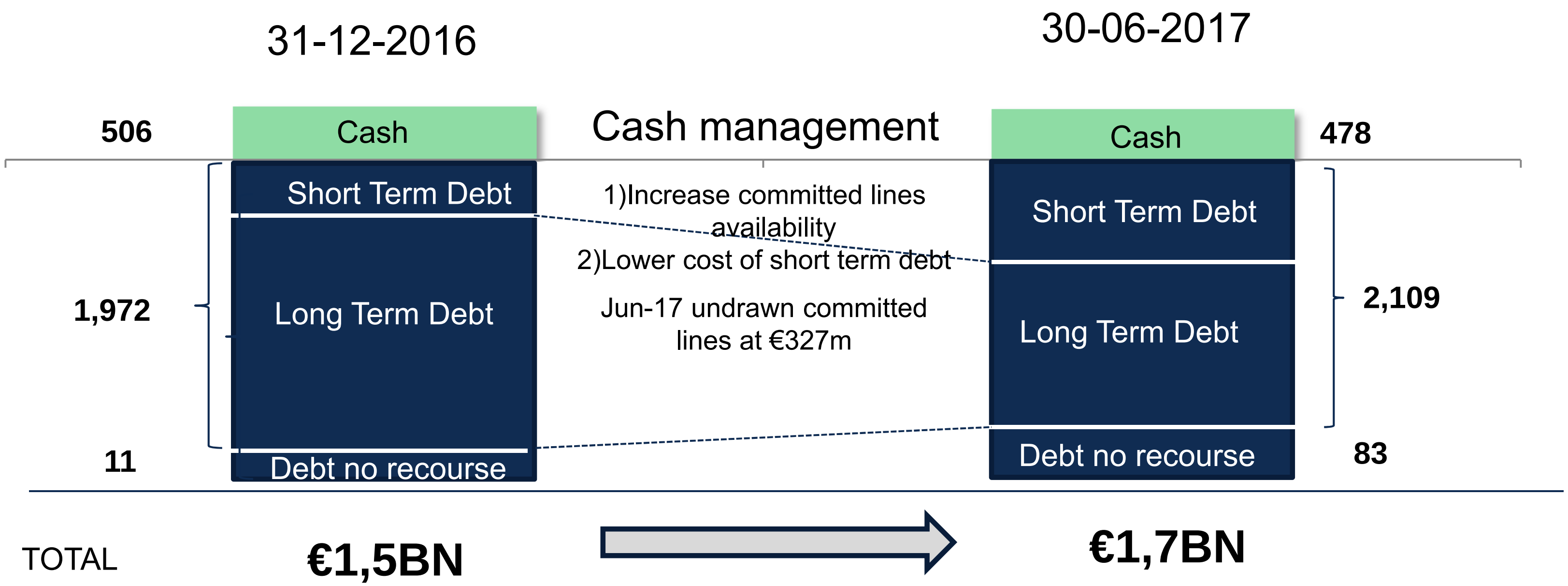
- **Working capital initiatives delivering results in line with Strategy Plan** and significantly reducing seasonality effects
- 10% reduction in working capital levels for H1’17 compared to H1’16
- NWC dedicated task force has improved management of payables
- Figures include effects from Mestre Hospital consolidation

- Net financial position at €1,272bn (€1,374bn in Jun-16)
- Resulting net debt/equity ratio of 1.66x



(*) Net of own shares.

# H1 2017 results: gross debt




- ✓ Approx. €100m working capital seasonal increase
- ✓ Approx. €50m advanced payment cashed-in after Jun 17
- ✓ Approx. USD50m from Turkey expected cash-in in June 2017, shifted to August 2017

# Accounting effect on H1: asset sales & Mestre Hospital



## Asset sales

- Santiago hospital
- Milan Line 5
- Chacayes hydro

**Impact on EBITDA H1-17**

+ Capital gain, within “Other Revenues”: €25m

− Negative effect on income from JVs: €16m (*)

= Net positive effect on margins of €9m

- Expected in Q3 2017 the second tranche of Chacayes capital gain for approx. €7m
- Starting Q2 2017 Third Bridge on Bosphorus is classified as asset for sale

(*) Already included in 2016 net equity.

## Mestre Hospital

- Increased stake to 60% to gain majority and control
- Separating out highly profitable O&M activities to keep in-house
- Ultimate aim to sell stake for capital gain

**Impact on H1 17**

- Positive impact on revenues: €26m
- Positive impact on EBITDA: €4.4m
- Net increase in net debt: €22m

**Anticipated impact on FY 17**

- Positive impact on revenues: €50m
- Positive impact on EBITDA: > Avg. Construction EBITDA

# Guidance confirmed



| | H1 2017 | 2017E(*) | Plan targets<br>2018E |
|---|---|---|---|
| **Revenues** | €1.5bn | +5% YoY to ~€3.15bn | ~€3.6bn |
| **EBITDA margin** | 14.3% | 11% - 12% | ~11% |
| **EBIT margin** | 12.3% | 9% - 10% | ~9% |
| **Net working capital** | €918m | <€800m | ~€740m |
| **Net debt** | €1.3bn | ~€1bn | ~€900m |



**(*) Guidance confirmed as per Q1 2017 market presentation**