The BoD approves the Interim Financial Report at 30 June 2017

ASTALDI: 7.4% INCREASE IN REVENUE DURING THE HALF-YEAR TO OVER EUR 1.5 BILLION

- Main consolidated results:
  - Total revenue of EUR 1.5 billion, +7.4% compared to 30 June 2016
  - EBITDA margin of 14.3%, with EBITDA of EUR 214.4 million (+7.4% compared to 30 June 2016)
  - EBIT margin of 12.3%, with EBIT of EUR 184.7 million (+15.6% compared to 30 June 2016)
  - Net profit of over EUR 55.7 million, +76.7% compared to 30 June 2016, includes the positive effects of asset disposal

- Total order backlog of over EUR 27 billion, of which:
  - EUR 18 billion of orders in progress
  - EUR 8,5 billion of additional projects secured and to be finalised
- EUR 1.8 billion of new orders during HY1 with approximately EUR 500 million from O&M

- Total Net Financial Debt of EUR 1,272 million (compared to EUR 1,374 million at HY1 2016 and EUR 1,088.7 million in December 2016)

Rome, 02 August 2017 – The Board of Directors of Astaldi S.p.A., chaired by Paolo Astaldi, met today to approve the Interim Financial Report at 30 June 2017.

Filippo Stinellis, Chief Executive Officer of Astaldi Group, commented as follows: "*Important results were achieved during the first six months of the year, both from a business and financial viewpoint, which mark real progress towards the targets we have set ourselves. Diversification in the O&M segment and de-risking of activities in geographical terms boost our growth. The improvement of project financial trends combined with progress on the asset disposal programme and launch of the debt refinancing programme ensures the resources needed to continue the virtuous growth marked out in our Strategic Plan*."

Main consolidated results at 30 June 2017

Total revenue increased by over 7% to EUR 1.5 billion (EUR 1.4 billion in June 2016), EUR 35 million of which to be attributed to the first results of diversification in the Operation & Maintenance (O&M) segment. A large part of the half-yearly figure stemmed from the release of new sections of motorway in Turkey (Northern Marmara Highway and Gebze-Orhangazi-Izmir Motorway), as well as the boost seen in Italy (Naples-Afragola HS/HC Station) and Chile (contracts for the Chuquicamata Mine). As regards O&M activities, it must be recalled that this is an area of strategic interest for the Group, able to generate a stable flow of revenue over time with limited use of working capital, and which is expected to generate 10% of revenue when fully implemented.

- Italy generated 24% of operating revenue, thanks to the good performance recorded in the Transport Infrastructures segment (Line 4 of Milan Underground, Naples-Afragola HS/HC Station, Brenner Base Tunnel, Marche-Umbria Quadrilatero Road Network), the contribution from the subsidiary NBI (Plant Engineering) and O&M activities in the hospital segment (Prato, Pistoia, Lucca and Massa Carrara Hospitals in Tuscany and Venice-Mestre Hospital).

- The major contribution from international activities was confirmed (76% of operating revenue), as a result of progressive performance of contracts in Canada (Muskrat Falls Hydroelectric Project), Chile (contracts related to Chuquicamata Mine, West Metropolitan Hospital in Santiago), Turkey (Etlik Integrated Health Campus in Ankara, Third Bosphorus Bridge, Gebze-Orhangazi-Izmir Motorway), Poland (Transport Infrastructures), Russia (M-11 Moscow-St. Petersburg Motorway).

- Construction accounted for 97.5% of operating revenue and O&M activities generated 2.5% of operating revenue, to be attributed to the hospital segment, as mentioned previously.

Other operating revenue increased by 19% to EUR 80 million (EUR 67,531 million in June 2016). The half-yearly figure included EUR 25 million of capital gains generated by transfers finalised during the half year in Chile and in Italy.

The cost structure includes the effects of gradual repositioning of business activities in the EPC[1] segment which, by its very nature, has higher direct production costs. Production costs totalled EUR 954.5 million (+1.8%, EUR 937.3 million in June 2016), with a 63.5% incidence on revenue (66.9% in June 2016). Personnel expenses totalled EUR 331.9 million (+20%, EUR 277.2 million in June 2016), especially as a result of the greater cost linked to direct production in Canada and Chile and, more generally speaking, for consolidation of project control and monitoring facilities.

Share of profits (loss) of joint ventures, SPVs and associates amounted to EUR 23.1 million (-29.3%, EUR 32.7 million in June 2016). The figure mainly included the results of concession holder companies Astaldi Group holds an interest in, partially offset by EUR (16) million related to accounting of the OCI[2] reserve on assets subject to disposal during the half year (especially M5); these effects represent the reclassification of items already included in the Group's equity at 31 December 2016.

EBITDA increased by 7.4% to EUR 214.4 million (EUR 199.6 million in June 2016), with the EBITDA margin holding steady at 14.3%. EBIT increased by over 15% to EUR 184.7 million (EUR 159.8 million in June 2016), with an increase in EBIT margin to 12.3% (11.4% in June 2016). It must be recalled that in the face of repositioning of the business risk profile, the 2017-2021 Strategic Plan provides for the Group's levels of earnings to gradually come into line with the sector's average values. As regards the first half of 2017, earnings were higher than forecast thanks to the comprehensive capital gains resulting from the concession asset disposal programme, as well as the release of the margins of some projects nearing completion and the improved performance of other contracts compared to forecasts, mainly in the Transport Infrastructures segment. Specifically, note must be taken of the acknowledgement of additional fees related to the Third Bosphorus Bridge project in Turkey, the payment of which is scheduled for August, which allowed for the release of additional margins.

[1] EPC = Engineering, Procurement, Construction.
[2] OCI = Other Comprehensive Income.

Net financial expense totalled EUR 107.5 million (+12.5%, EUR 95.5 million in June 2016), mainly as a result of the levels of net debt exposure and higher net expense for sureties linked to the growth of business activities. The half-yearly figure also included: (i) EUR (8) million of effects from reclassification of items included in the net equity of the West Metropolitan Hospital in Santiago, which was partially disposed of during HY1 2017, and (ii) EUR (4.4) million of total expense linked to valuation of the cash settlement option related to the equity-linked bond which the company placed in June 2017; if we are to exclude these effects, the overall amount of all the other components of this income statement item on an aggregate basis is in line with the previous year.

EBT increased by approximately 20% to over EUR 77 million (EUR 64.3 million at 30 June 2016), as a result of the aforementioned trends. Profit from continuing operations increased by 18.6% to EUR 57.9 million (EUR 48.8 million at 30 June 2016) against an estimated tax rate of 24% (in line with HY1 2016),

Net profit increased by 77% to EUR 55.7 million (EUR 31.5 million at 30 June 2016), with an increase in the net margin to 3.7% (2.2% for HY1 2016). The YOY comparison can be explained in part by the results of asset disposal which, if they generated a positive result for HY1 2017, had a negative impact on the Group's results for the same period of 2016.

Consolidated financial position figures at 30 June 2017

Non-current assets totalled EUR 1,156.6 million (EUR 1,007.4 million in December 2016 and EUR 980.5 million in June 2016), basically comprising (i) property, plant and equipment totalling EUR 188 million which included investments made during the six months in Italy and Poland and the related depreciation cycle, and (ii) equity investments totalling EUR 372.5 million including equity payments made in Turkey (conversion to semi-equity of amount previously paid as equity for Gebze-Orhangazi-Izmir Motorway and equity payment for Etlik Integrated Health Campus in Ankara) and for equity accounting. This item also included EUR 186 million of non-current assets held for sale (EUR 70 million in December 2016 and EUR 116.2 million in June 2016) referring to assets expected to be sold within the next 12 months.

Working capital totalled EUR 918 million (EUR 805 million in December 2016 and EUR 1,010 million in June 2016). The half-yearly figure is in line with what traditionally occurs during the first half of the year, but shows a more limited increase compared to historical values (the use of working capital during the first six months has stood at approximately 30% for the last six years), even given the major support guaranteed for production (7% increase in revenue). The half-yearly figure benefitted from payments collection in Romania (Frontieră-Curtici-Simeria Railway Line, Lot 2A) and the USA (first instalment of I-405 Highway in California), thus confirming the positive effects from the policies regarding geographical repositioning of the order backlog. As regards the second half of the year, an additional improvement is forecast, also in light of scheduled payment collections (contractual advances on international projects and additional payments in Turkey, against contractual increases linked to the Third Bosphorus Bridge).

Net invested capital totalled EUR 2,039 million (EUR 1,791 million in December 2016).

Equity attributable to owners of the Parent totalled EUR 712.9 million (EUR 692.4 million in December 2016). The figure included EUR (55) million of effects related to the drop in the currency translation reserve (on activities in Turkey and Russia) which is felt can be reabsorbed over the coming months.

Equity attributable to non-controlling interests increased to EUR 51.1 million (EUR 6.1 million in December 2016) as a result of full consolidation of the concession holder of Venice-Mestre Hospital which the Group acquired the majority interest in during the first half of the year.

Total equity amounted to EUR 764 million (EUR 698.5 million in December 2016).

Total net financial debt amounted to EUR 1,272 million (EUR 1,374 million in June 2016 and EUR 1,089 million in December 2016). A comparison compared to the figures recorded in December shows the effects of traditional seasonal factors, partially offset by the results of successful curbing of working capital. The half-yearly figure also included the positive effects of the asset disposal programme: gross cash-in from these disposals totalled EUR 117 million, with an impact on net financial debt of just EUR 77 million (insofar as the shareholder loans connected with sold projects are already included among net financial debt). The benefit from these sales was offset by the reduced cash flow from some international construction projects (Turkey, Romania, Algeria), expected in any case in HY2 2017 and the effect of consolidation of Venice-Mestre Hospital which added to net financial debt by approximately app. EUR 20 million. The debt/equity ratio stood at 1.66x, against a corporate debt/equity ratio of 1.21x.

As regards the Construction segment, net technical investments during the first half of the year totalled EUR 13 million. The half-yearly figure did not include EUR 12 million of disinvestment in Peru and Russia (following the completion of specific projects). As regards the Concessions segment, EUR 30 million was paid as equity and/or semi-equity (for the Etlik Integrated Health Campus in Ankara in Turkey, Arturo Merino Benítez International Airport in Santiago in Chile and Line 4 of the Milan Underground in Italy). Progressive concession investments (Astaldi's shares of equity and semi-equity paid into SPVs related to projects in progress in the sector, as well as the relative working capital) totalled EUR 778 million (including EUR 119 million of financial assets from concessions referring to La Punilla Hydroelectric Project in Chile and Venice-Mestre Hospital in Italy).

Order backlog

The total order backlog amounts to EUR 27 billion, over EUR 18 billion of which referring to projects currently being carried out and the remaining EUR 8.5 billion to first classified and commercial options. In keeping with the strategic plan, the half-yearly figure includes a drop of EUR 1.6 billion in the concessions segment related to the asset disposal programme and the first positive effects of conversion of the concessions backlog into O&M activities. The half-yearly figure includes EUR 1.8 billion of new orders/contractual increases, EUR 1.3 billion of which referring to construction contracts and EUR 453 million to O&M activities. The book-to-bill ratio stood at 1.3x. The backlog structure confirms the increased presence of contracts awarded using a logic of plurality of technical and qualitative elements and the gradual focusing on areas with a more limited risk profile, in line with Group forecasts and strategies.

Main new orders during the first half of the year

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lots 2A and 2B) | Romania (*construction*): A total of EUR 776 million (Astaldi has a 42% interest) for upgrading of 80 kilometres of the Frontieră-Curtici-Simeria Railway Line forming part of the Pan-European Corridor 4 and related works.

FRONTIERĂ-CURTICI-SIMERIA RAILWAY LINE (Lot 3) | Romania (*construction*): EUR 600 million (Astaldi has a 49.5% interest) for upgrading of 40 kilometres of the Frontieră–Curtici–Simeria railway line.

WARSAW WSCHODNIA OSOBOWA-DOROHUSK RAILWAY LINE NO. 7 | Poland (*construction*): EUR 171 million (Astaldi Group has a 65% interest and is leader of a JV) for upgrading of 68 kilometres of the Warsaw Wschodnia Osobowa-Dorohusk Railway Line no. 7.

E-59 RAILWAY | Poland (*construction*): EUR 82 million, Astaldi has a 95% interest and is leader of a JV) for upgrading of 35 kilometres of the E-59 Warsaw-Poznań Railway Line (Lot IV).

ISTANBUL UNDERGROUND (Kirazli-Halkalı Section) | Turkey (*construction*): EUR 627 million (Astaldi Group has a 15% interest) for performance of civil works and electro-mechanical systems of the new section of the Istanbul Underground.

MENEMEN-ALIAĞA-ÇANDARLI MOTORWAY | Turkey (*construction and operation concession*): Total investment of EUR 392 million, EUR 333 million of which for construction activities (Astaldi has a 33% interest). The BOT Contract involves construction and operation of 80 kilometres of new motorway sections in İzmir province and the performance of all O&M activities.

«PIEMONTE-SAVOIA» ITALY-FRANCE HVDC INTERCONNECTION PROJECT | Italy (*construction*): EUR 54 million for performance of civil works for the Italian section of the HVDC (High Voltage Direct Current) interconnection project in progress involving Italy and France. Works involve the construction of cuttings with installation of HDPE pipes and underground excavation using microtunneling technology, for subsequent plant installation, as well as all related works.

VENICE-MESTRE HOSPITAL | Italy (*O&M*): over EUR 500 million following increase from 37% to 60.4% of the interest held by Astaldi Group in Veneta Sanitaria Finanza di Progetto S.p.A., the concession holder of Venice-Mestre Hospital.

Events after the reporting period

The procedure regarding approval of the project for Mega Lot 3 of the Jonica National Road (SS-106) was completed in July which officially ratifies approval and start-up of preliminary activities prior to the commencement of works on the 1st functional section (Sibari-Trebisacce section), which is, inter alia, a useful condition for completion of the procedure regarding approval and funding of the 2nd functional section.

In July, in order to execute the content of the preliminary agreements signed during the first half of the year, Astaldi Group purchased 23.4% of Veneta Sanitaria Finanza di Progetto S.p.A. (VSFP), the concession holder of Venice-Mestre Hospital from the shareholder, Mantovani. Upon completion of the transaction, Astaldi Group holds a 60.4% interest in VSFP. The transaction forms part of the Group's plan to optimize activities. The project provides for a better optimisation of the asset, in line with strategic planning.

Outlook

The Group shall continue with the actions provided for in the 2017-2021 Strategic Plan over the coming months.

At a commercial level, the focus will be on ensuring the planned geographical and segment diversification, favouring contracts valued in accordance with a logic of variety of technical and quality elements, with a view to projecting the Group towards its planned growth in a more coherent manner. Interest will be paid to strengthening areas where traditionally present (Chile, USA) and to consolidating new areas with a high development potential and limited risk (North America, Central Europe). The O&M segment will provide an additional boost for growth, especially in the hospital segment. To this end, as regards the asset disposal programme, the tendency will be to favour disposal agreements which allow the Group to maintain this type of activities, as well as construction activities in progress (as already occurred for the West Metropolitan Hospital in Santiago in Chile). Concessions will continue to represent an opportunity for growth, but with a different approach than in the past. The focus will be on favouring a project development model which sees Astaldi holding a smaller interest in the SPVs, and consequently a smaller investment in terms of equity, as already tested in Chile (for the West Metropolitan Hospital in Santiago but also for Arturo Merino Benítez International Airport in Santiago).

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

The asset disposal programme will continue, which will see facilities focusing on completing the additional disposals contained in the programme. Specifically, as regards the four hospitals in Tuscany (Prato, Pistoia, Lucca, Massa Carrara), the share purchase agreement shall be implemented, aimed at subsequent transfer of controlling interests to an investment fund that has already been identified. In keeping with the strategic plan, the transaction provides for control of O&M activities to be maintained (which shall, therefore, be performed directly through GESAT). Moreover, following collection of minimum fees guaranteed by the concession holders of Turkish motorway assets (in April 2017), the conditions needed to commence the relative disposal programme were met. At the reporting date, financial advisors – leading banks of international standing -, that will assist the Group during the disposal process, have already been selected.

From a financial viewpoint, the refinancing programme currently underway shall continue to be carried out. This already resulted in the issue of EUR 140 million of non-guaranteed, equity-linked, convertible bonds (7-year maturity) during the first half of the year and negotiation of new credit facilities for more than EUR 190 million, in order to support the Group’s liquidity. The programme to extend deadlines will continue during the second half of the year with the aim, to be achieved by the end of 2018, of positioning most of the Group’s financial debt in 2021 and after.

Guidance for 2017

The year-end targets set down in the plan can be confirmed:

- Annual growth of revenue in line with 2016 and equal to approximately 5%;
- Good stability of margins, expected to stand at between 11 and 12% for the EBITDA margin and between 9 and 10% for the EBIT margin;
- Curbing of working capital, with the aim of bringing it under EUR 800 million;
- Consequent effect on forecast net financial debt equal to approximately EUR 1 billion by the end of 2017.

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Astaldi’s Manager in charge of Financial Reporting Paolo Citterio, General Manager – Administration and Finance hereby declares, pursuant to subsection 2 of Article 154-bis of the Finance Consolidation Act, that the accounting information contained herein tallies with accounting documents, ledgers and entries.

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ASTALDI GROUP is one of Italy's leading General Contractors, and among Europe's top 25 firms in the construction industry, where it also works as a sponsor of project finance initiatives. An international player for 90 years, it addresses the market by developing complex and integrated initiatives in the field of designing, building, and operating public infrastructures and large-scale civil engineering works, mainly in the areas of Transport Infrastructures, Energy Production Plants, Civil and Industrial Construction, Facility Management, Plant Engineering, and Management of Complex Systems. Listed on the stock market since 2002, it ended the 2016 financial year with a total order backlog of over EUR 27 billion and turnover of more than EUR 3 billion. It boasts more than 11,500 employees in Italy, Europe (Poland, Romania and Russia) and Turkey, Africa (Algeria), North America (Canada and the USA), Latin America, the Middle East (Saudi Arabia) and the Far East (Indonesia).

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ATTACHMENTS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(Figures shown in EUR/000)

	30/06/2017		30/06/2016	
Revenue	1,424,140	94.7%	1,332,904	95.2%
Other operating revenue	80,063	5.3%	67,531	4.8%
Total Revenue	1,504,204	100.0%	1,400,436	100.0%
Productions costs	(954,539)	-63.5%	(937,338)	-66.9%
Added value	549,665	36.5%	463,097	33.1%
Personnel expenses	(331,861)	-22.1%	(277,186)	-19.8%
Other operating costs	(26,568)	-1.8%	(19,079)	-1.4%
Share of profits of joint ventures, SPVs and associates	23,143	1.5%	32,748	2.3%
EBITDA	214,379	14.3%	199,580	14.3%
Amortisation and depreciation	(22,748)	-1.5%	(29,513)	-2.1%
Provisions	(4,104)	-0.3%	(10,258)	-0.7%
Impairment losses	(2,826)	-0.2%	(2)	0.0%
(Internal costs capitalised)		0.0%		0.0%
EBIT	184,701	12.3%	159,807	11.4%
Net financial expense	(107,462)	-7.1%	(95,537)	-6.8%
Pre-tax profit	77,239	5.1%	64,270	4.6%
Tax expense	(19,310)	-1.3%	(15,433)	-1.1%
Profit from continuing operations	57,929	3.9%	48,837	3.5%
Loss from discontinued operations		0.0%	(18,075)	-1.3%
Profit for the period	57,929	3.9%	30,763	2.2%
Profit (loss) attributable to non-controlling interests	(2,260)	-0.2%	746	0.1%
Profit attributable to owners of the Parent	55,669	3.7%	31,509	2.2%

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

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Figures shown in EUR/000)

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

CONSOLIDATED CASH FLOW
(Figures shown in EUR/000)

	30/06/2017	30/06/2016
A) Cash flow from operating activities	(239,535)	(302,522)
B) Cash flow from investing activities	115,492	(130,400)
C) Cash flow from financing activities	115,508	148,671
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(8,535)**	**(284,252)**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**513,625**	**611,263**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**505,090**	**327,011**