

PRESS RELEASE

ISSUED AN ARBITRATION AWARD (BASALT) AS PART OF THE EXTENSIVE LITIGATION RELATED TO THE PANAMA CANAL

ACCEPTED SOME OF THE CLAIMS OF THE GUPC CONSTRUCTORS CONSORTIUM

Milan, 26 September 2020 – In the context of the various pending proceedings for the complex litigation following the construction and delivery of the new Panama Canal, an arbitration award was issued by the International Chamber of Commerce - ICC, partially in favor of the constructors consortium, Grupo Unidos por el Canal ("GUPC") and its European members, including Impregilo.

In fact, the Consortium filed a series of complaints against the client, Autoridad del Canal de Panama ("ACP"), of which this arbitration represents only one of the many pending cases, for a value equal to about 11.7% of the entirety of claims against ACP.

The requests concerned in the award just issued were related, in particular, to the discrepancy of basalt compared to the qualities assured by ACP, the long delays caused by ACP in approving the concrete mix design formula and the variations in the conditions for carrying out the on-site laboratory tests, for which the Dispute Adjudication Board ("DAB") awarded to GUPC a total of approximately Euro 227 million in the period 2013-2016 (of which Impregilo's share was approximately Euro 86 million), entirely collected by the Consortium. In any case, given the provisional nature of the DAB's decision, the financial resources had already been prudentially allocated in order to meet the restitution of the amounts foreseen.

The rest of the ongoing litigation concerns the additional costs that GUPC had to incur due to some unjustified conditions imposed by ACP for the design of the lock gates and other complaints regarding workforce costs, and a group of complaints of a different nature, including delays, interruptions and acceleration of works due problems related to design, concrete works, earthmoving, buildings and other infrastructures, and other issues.

In addition, the Company started an arbitration against the Republic of Panama, administered by the International Center for Settlement of Investment Disputes (ICSID), for violations of the Bilateral Investment Treaty in force between the Italian State and the Republic of Panama. The Company claims that the Republic of Panama has violated the principle of good faith, abused its sovereign powers, discriminated against the Company with respect to other investors, and increased the financial onerosity of the Company's investment in Panama. The value of the dispute is still to be defined, but it is estimated at over USD 2 billion.

The award in question recognized a total of approximately Euro 17,7 million in favor of GUPC, in addition to certain other claims, the amounts of which the parties must negotiate within the next 30 working days according to the indications of the Arbitral Tribunal and which, in the absence of agreement, will be determined with a final award by the Arbitral Tribunal itself. The difference between the amounts already collected by GUPC for the DAB's decisions and the amounts that will be recognized in favor of GUPC by the final award (the amount is yet to be determined) will be returned to ACP by GUPC and its European partners (40,9% is attributable to Impregilo). GUPC and the Company trust that this restitution will be temporary and that, as a result of the long process of all the pending arbitrations, their reasons will be eventually recognized.



The Company is proud to have participated in the realization of an infrastructure of fundamental value for global traffic such as the new Panama Canal, one of the largest engineering works ever built, both in terms of technical complexity and impact on intercontinental trade.

Thanks to the sense of responsibility of the construction companies belonging to the GUPC consortium, who delivered the Project in 2016, despite the pending disputes and the additional costs incurred, the Panama Canal has been able to start activities as early as 2016, increasing exponentially the revenues for the Central American country, which grew from 2 billion dollars per year of the old canal to 3,5 billion dollars in total of the new Canal, with a forecast to reach 5 billion in the next five years. The impressive infrastructure, in addition to generating benefits in terms of environmental sustainability, thanks to cutting-edge solutions for saving water and containing carbon dioxide, represents a unique development opportunity for Panama and the entire American continent. The new canal recorded the transit of 10,000 New Panamax ships on August 10, in just four years of operation.

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