

**PRESS RELEASE**

- **SOLID GROWTH IN REVENUES AND MARGINS, EBIT EXCEEDS EXPECTATIONS**
  - REVENUES €3.1 BN +7.0%
  - EBITDA €299.8 MN + 17.1%; EBITDA MARGIN 9.7%
  - EBIT €181.6 MN +19.6%; EBIT MARGIN 5.9%
  
- **NFP (€410.7MN), REDUCTION OF GROSS DEBT (€200.0 MN), TOTAL LIQUIDITY €900 MN**
  
- **BACKLOG: € 28.7 BN**
  
- **ORDER INTAKE €3.5 BN, ADDITIONAL €557 MN AWARDED AFTER SEPTEMBER 2014, COMMERCIAL PIPELINE OF TENDER SUBMITTED AND BEST OFFEROR FOR OVER €2.4 BN**
  
- **PLAN TARGETS AND GUIDANCE FOR 2014 CONFIRMED**

Milan, 12 November 2014. The Board of Directors of Salini Impregilo, which met today, reviewed and approved the Interim Report as at September 30, 2014, which reports revenues of **€3,088.3 million**, **EBITDA of €299.8 million** and **EBIT of €181.6 million**, confirming the alignment of Key Performance Indicators (KPI) with the year-end targets for 2014 and coherent with the Business Plan.

€/000	9M 2014	9M 2013	Changes
<b>Revenues</b>	<b>3,088.3</b>	<b>2,887.3</b>	<b>7.0%</b>
<b>Ebitda</b>	<b>299.8</b>	<b>255.9</b>	<b>17.1%</b>
<i>Ebitda margin</i>	<i>9.7%</i>	<i>8.9%</i>	
<b>Ebit</b>	<b>181.6</b>	<b>151.8</b>	<b>19.6%</b>
<i>Ebit margin</i>	<i>5.9%</i>	<i>5.3%</i>	

Given that international accounting principles (IFRS 3 - *Business Combinations*) require, for business continuity reasons, a comparison of the results of the Salini Impregilo Group with those of the “standalone Salini Group”, the Board also examined a version of the consolidated income statement of the Salini Group for the first nine months of 2013 which utilizes a comparable scope of consolidation in both nine-month periods to provide a more complete understanding of the industrial performance of the new Group.

## **Main consolidated economic-financial results of the Salini Impregilo Group at September 30, 2014, compared with September 30, 2013 (comparable scope of consolidation)**

In the first nine months of 2014, the Salini Impregilo Group reported **total revenues of €3,088.3 million** (€2,887.3 million), an increase of 7.0% compared with the same period last year. The development in revenues reflects the positive effects of the production of several large projects amongst which in Ethiopia, Denmark and the Middle East (Metro Riyadh and Red Line) and the resumption of several projects in Italy.

**Total operating costs** amounted to €2,788.5 million (€2,631.3 million). Headquarter costs amounted to €103.1 million, with a reduction of roughly 14% compared to the 2014 budget, including the first effects of synergies projected in the 2014-2017 Business Plan. The increase of €157.2 million in operating costs is directly related to the increase in production and is a sign of improvement compared to the same period in 2013.

In the first nine months of 2014, **EBITDA** amounted to €299.8 million (€255.9 million), with an **EBITDA** margin of 9.7% (8.9% in the first nine months of 2013), in line with the year-end target (10%). The profitability for Q3, amounting to 10.9%, shows significant growth, hence leading to an increase in the profitability of the nine months compared to the first half of the year (9.1%).

At €118.2 million, depreciation and amortization expenses were in line with the first nine months of 2013 (€104.1 million), despite the presence in 2014 of roughly €14.5 million of amortization for the PPA.

The **operating result** (EBIT) amounted to **€181.6 million** (€151.8 million), for an **EBIT margin** (*Return on sales*) of 5.9% (5.3% compared with the same period in 2013), thus higher than the year-end target for 2014 (>5%).

**The combined result of financial transactions and equity investments was a net financing cost of €107.2 million (€63.4 million).** Taken separately, financial transactions generated a net charge of €111.7 million (negative €68.8 million), which includes foreign exchange losses for €40.1 million mainly attributable to the accounting during the first half of 2014, for €55 million, of the effects of the new exchange rate in Venezuela (SICAD 2).

Equity investments contributed a positive result of €4.5 million (€5.4 million).

**The result from non-current assets held for sale** was positive by **€55.2 million** (€54.0 million). This amount includes the capital gain realized on the sale concluded last May and the loss recorded in the period of Fisia Babcock Environment G.m.b.H., for a total value of €85.1 million, the losses of Todini Costruzioni Generali S.p.A. and its subsidiaries amounting to € 29.1 million, and the losses of FIBE (RSU Campania Projects), amounting to €0.8 million.

The **net profit for the period**, before allocation to minorities, totalled **€102.1 million** (€97.6 million). The result attributable to minorities totalled €3.6 million (€3.4 million).

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**The net financial position ("NFP")** negative for **€410.7 million** at September 30, 2014, showed slight improvement compared with the first half of 2014 (negative €417.7 million). In the first nine months of

2014, the Group recorded €181.7 in investments at the consolidated level. Capex was mainly undertaken in relation to some large recently awarded projects in Namibia, Qatar as well as projects already underway in Ethiopia.

During the same period net working capital increased by roughly €322 million, due mainly to an increase in work in progress (over €285 million) related in particular to certain large projects in Denmark, Qatar and Ethiopia.

At September 30, 2014, gross financial debt stood at €1,536 million, recording a reduction of about €200 million in the first nine months of 2014. The following factors had a positive impact on the net financial position: the capital increase in the first half of 2014, which generated net proceeds of €162 million, and proceeds from the sale of some participations (net effect on liquidity for €55 million). At September 30, 2014, the total liquidity amounted to €900.0 million. It should be noted that, to date, €300 million, as advance payment, has yet to be received for the new orders already included in the backlog at September 30, 2014 (of which CO.C.I.V. and Riyadh Metro).

The ratio of NFP/ equity is equal to 0.36, in line with the data at December 31, 2013.

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Major **new orders** booked in the first nine months of 2014, which totalled **€3.5 billion**, include the following:

- Lima Metro (Peru): the total value of the project is \$8.6 billion, with the value of the construction work amounting to \$3.0 billion, of which the Salini Impregilo Group has a 25.5% share (valued at about €555 million). The value for the Group is rounded out by its share of the concessions (18.3%), for a total portfolio value for almost €580 million.
- Lietavská Lúčka – Dubná Skala highway (Slovakia): Salini Impregilo is the leader of the consortium with a 75% stake, and the total value of the contract is €410 million.
- Brenner Tunnel project: Salini Impregilo, in partnership with other companies, was awarded the construction of two lots of the project. The total value of the first lot (“Tulfes – Pfons”) is about €380 million, and Salini Impregilo’s share is 4%. In addition, on July 7, 2014, Salini Impregilo, as leader of another consortium, was awarded the second lot for the underground tunnel crossing of the Isarco River, the total value of which is about €300 million; Salini Impregilo’s share is 41%.
- S8 Expressway in Poland: The Salini Impregilo Group was awarded a contract in Poland with a total share of 95%, for the design and construction of the ring road north of Warsaw on the S8 expressway to Bialystok between Marki and Radzymin (Lot 1) for a length of 8 km. The contract is worth about €80 million and the work will last 32 months.
- Centro intermodale di Segrate: Salini Impregilo, through a Group company, was awarded a job in Italy concerning access to the Centro intermodale di Segrate with a share of 95% for a total value of €44.5 million
- Other backlog variations totalled more than €1.5 billion.  
The most important projects include the following:

- ✓ The Verona-Padua High Speed Rail Line project (IRICAV2), for about €600 million (backlog reintegration);

At the end of the period, the **total order backlog** amounted to about **€28.7 billion** (€28.8 billion at December 31, 2013), including €21.4 billion in the Construction area and €7.3 billion in the Concessions area (full-life value).

Furthermore, it is worth mentioning that the Salini Impregilo Group, after the end of the first nine months of 2014:

- ✓ Was provisionally awarded, on October 13, 2014, the order for the construction of approximately 18.4 km of Lot B of the S7 expressway in Poland up to the Slovakian border. The contract is worth about €194 million, with works expected to last 26 months. An advance of 5% is due to be paid when the contract is signed;
- ✓ Signed, on October 22, 2014, through the wholly owned company Copenhagen Metro Team (CMT), a Supplementary Agreement with Metroselskabet I/S for the award of supplementary works worth about €240 million to complete the Cityringen project, Copenhagen's new subway system. In 2011, Salini was awarded the €1,500 million contract for the construction of the new metro line of over 16 km with 17 new stations in the city center.
- ✓ Signed, on November 10, 2014, the contract to build the Dugway Storage Tunnel in Cleveland, Ohio. The tunnel is 4.5 kilometres long, with a diameter of 8 meters, worth \$153 million (€123 million).

During the first nine months of the year, Salini Impregilo was informed that it had submitted the best offer for various projects, for a total value of about €2.4 billion not included in the order intake, the commercial pipeline.

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#### **Key events of the first nine months of 2014**

As mentioned earlier in the press release of March 19, 2014, the transaction involving the sale of the entire share capital of Fisia Babcock Environment GmbH closed on May 7, 2014. This transaction, which, as specified above, contributed to improving the net financial position by €55 million, is consistent with the process of focusing the Group on its core construction business and divestiture of non-core assets.

On June 25, 2014, Salini Impregilo and Salini Costruttori completed a share placement with qualified institutional investors in Italy and abroad. Further to the transactions described above, Salini Impregilo's share capital is €544,740,000 for a total of 493,788,182 shares, without par value ( 492,172,691 ordinary shares and 1,615,491 savings shares). Salini Costruttori S.p.A. holds 62.04% interest in Salini Impregilo S.p.A.'s ordinary share capital, with the remaining 37.69% held by the market.

On October 6, 2014, a programme was launched for the purchase of ordinary treasury shares pursuant to the resolution of the Company's Ordinary Shareholders' Meeting on 19 September 2014. On the reporting date of this Interim Report, a total of 3,104,377 ordinary treasury shares were purchased for a total amount of € 7,676,914.47.

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**Business outlook for the current year**

The improved results for the Third Quarter and for the first nine months of 2014, as a whole, show that the Group's operating performance and economic results are aligned with the guidance 2014 and with the business plan target 2014-2017.

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*Massimo Ferrari, in his capacity as Director in charge of the preparation of the company's accounting documents, declares, pursuant to Section 2 of Article 154 bis of the Italian Uniform Financial Code, that the information contained in this press release corresponds to the accounting documents, books and entries.*

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*The consolidated reclassified schedules of the income statement and statement of financial position of the Salini Impregilo Group at September 30, 2014, are attached.*

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**RECLASSIFIED INCOME STATEMENT OF SALINI IMPREGILO GROUP**

Thousand €	9 months 2014	9 months 2013 of Salini Group restated on comparable basis	change
Operating revenue	3,032,935	2,840,616	192,319
Other revenue	55,407	46,637	8,770
<b>Total revenue</b>	<b>3,088,342</b>	<b>2,887,253</b>	<b>201,089</b>
Costs	(2,788,553)	(2,631,323)	(157,230)
<b>Gross operating profit (EBITDA)</b>	<b>299,789</b>	<b>255,930</b>	<b>43,859</b>
Gross operating profit %	9.7%	8.9%	
Amortisation and depreciation	(118,158)	(104,088)	(14,070)
<b>Operating profit (loss) (EBIT)</b>	<b>181,631</b>	<b>151,842</b>	<b>29,789</b>
Return on Sales %	5.9%	5.3%	
Net financing costs	(111,693)	(68,792)	(42,901)
Net gains on investments	4,492	5,403	(911)
<b>Net financing costs and net gains on investments</b>	<b>(107,201)</b>	<b>(63,389)</b>	<b>(43,812)</b>
<b>Profit (loss) before tax</b>	<b>74,430</b>	<b>88,453</b>	<b>(14,023)</b>
Income tax expense	(27,539)	(44,806)	17,267
<b>Profit (loss) from continuing operations</b>	<b>46,891</b>	<b>43,647</b>	<b>3,244</b>
Profit from discontinued operations	55,226	53,998	1,228
<b>Profit (loss) for the period</b>	<b>102,117</b>	<b>97,645</b>	<b>4,472</b>
Non-controlling interests	3,626	3,385	241
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>105,743</b>	<b>101,030</b>	<b>4,713</b>

**RECLASSIFIED CONSOLIDATED BALANCE SHEET OF SALINI IMPREGILO GROUP**

Thousand €	30 September 2014	31 December 2013 (§)	change
Non-current assets	802,873	746,858	56,015
Non-current assets held for sale, net	191,113	235,543	(44,430)
Provisions for risks	(104,950)	(102,207)	(2,743)
Post-employment benefits and employee benefits	(19,772)	(20,508)	736
Other non-current assets, net	16,875	16,502	373
Net tax assets	91,339	81,153	10,186
<i>Inventories</i>	235,024	215,321	19,703
<i>Contract work in progress</i>	1,389,869	1,105,176	284,693
<i>Progress payments and advances on contract work in progress</i>	(1,710,070)	(1,630,770)	(79,300)
<i>Receivables</i>	1,921,032	1,886,462	34,570
<i>Payables</i>	(1,390,750)	(1,382,725)	(8,025)
<i>Other current assets</i>	370,188	287,889	82,299
<i>Other current liabilities</i>	(226,571)	(214,837)	(11,734)
Working capital	588,722	266,516	322,206
<b>Net invested capital</b>	<b>1,566,200</b>	<b>1,223,857</b>	<b>342,343</b>
<b>Equity attributable to the owners of the parent</b>	<b>1,122,793</b>	<b>699,627</b>	<b>423,166</b>
Non-controlling interests	32,657	192,522	(159,865)
<b>Equity</b>	<b>1,155,450</b>	<b>892,149</b>	<b>263,301</b>
<b>Net financial position</b>	<b>410,750</b>	<b>331,708</b>	<b>79,042</b>
<b>Total financial resources</b>	<b>1,566,200</b>	<b>1,223,857</b>	<b>342,343</b>

(§) the balance sheet at December 31, 2013 has been restated in accordance with IFRS 10 and IFRS 11

**NET FINANCIAL POSITION OF SALINI IMPREGILO GROUP**

€/000	September 30 2014	December 31 2013	Changes
		(a)	
Non current financial assets	59,689	48,928	10,761
Current financial assets	17,925	222,113	(204,188)
Cash & Cash equivalents	442,579	908,631	(466,052)
<b>Total availability and financial assets</b>	<b>520,193</b>	<b>1,179,672</b>	<b>(659,479)</b>
Bank receivables and other loans	(459,911)	(634,693)	174,782
Bonds	(550,336)	(552,542)	2,206
Financial Leasing	(106,695)	(97,671)	(9,024)
<b>Medium-long Term financial debt</b>	<b>(1,116,942)</b>	<b>(1,284,906)</b>	<b>167,964</b>
Overdraft and short term loans share	(176,176)	(313,819)	137,643
Short term bond share	(12,403)	(11,154)	(1,249)
Short financial leasing	(46,624)	(45,422)	(1,202)
<b>Short Term financial debt</b>	<b>(235,203)</b>	<b>(370,395)</b>	<b>135,192</b>
Financial Derivatives (assets)	0	1,016	(1,016)
Financial Derivatives (liabilities)	(5,662)	(4,354)	(1,308)
Net Financial position SPV	604,927	223,789	381,138
Current financial assets SPV	(176,663)	(62,046)	(114,617)
Non current financial assets SPV	(1,400)	(14,484)	13,084
<b>Total financial assets (liabilities)</b>	<b>421,202</b>	<b>143,921</b>	<b>277,281</b>
<b>Net Financial Position</b>	<b>(410,750)</b>	<b>(331,708)</b>	<b>(79,042)</b>
Net Financial position of activities held for sale	(50,839)	(53,868)	3,029
<b>Net financial position including NFP of activities held for sale</b>	<b>(461,589)</b>	<b>(385,576)</b>	<b>(76,013)</b>

(a) Reclassified according to IFRS 10 and 11



## Consolidated statement of cash flows

(Amounts in thousands of euros)

	gen-sep 2014	gen-sep 2013 (a) (b)	change
Cash and cash equivalents	908,631	371,252	537,379
Current account facilities	(126,624)	(37,289)	(89,335)
<b>Total opening cash and cash equivalents</b>	<b>782,007</b>	<b>333,963</b>	<b>448,044</b>
<b>Operating activities</b>			
Net profit attributable to owners of the parent and non controlling interests from continuing operations:	46,891	203,115	(156,224)
Amortization of intangible assets	19,907	3,799	16,108
Amortization of rights to infrastructure under concession	559	363	196
Depreciation of property, plant and equipment	97,692	85,702	11,990
Net impairment losses and provisions	3,742	7,721	(3,979)
Accrual for post-employment benefits and employee benefits	8,957	7,316	1,641
Net (gains) losses on the sale of assets	(6,532)	(902)	(5,630)
Deferred taxes	10,034	15,080	(5,046)
Share of loss of equity-accounted investees	(4,693)	(204,223)	199,530
Other non-monetary items	88,846	(14,102)	102,948
<b>Cash flow from operating activities</b>	<b>265,403</b>	<b>103,869</b>	<b>161,534</b>
Decrease (increase) in inventories	(323,410)	(288,495)	(34,915)
Decrease (increase) in trade receivables	(161,660)	(118,044)	(43,616)
Decrease (increase) in intragroup loans and receivables	42,001	9,396	32,605
(Decrease) increase in progress payments and advances from customers	123,642	(17,798)	141,440
(Decrease) increase in trade payables	80,568	(17,974)	98,542
(Decrease) increase in intragroup payables	(76,487)	137,269	(213,756)
Decrease (increase) in other assets/liabilities	(140,014)	44,534	(184,548)
SICAD 2 impact on items within working capital	(183,689)	0	(183,689)
<b>Total change in working capital</b>	<b>(639,049)</b>	<b>(251,112)</b>	<b>(387,937)</b>
(Decrease) increase on other items not included in working capital	(18,863)	(9,961)	(8,902)
<b>Cash flows generated (used) in operations</b>	<b>(392,509)</b>	<b>(157,204)</b>	<b>(235,305)</b>
<b>Investing activities</b>			
Net investments in intangible assets	(9,487)	(67,979)	58,492
Acquisitions, net of cash acquired	0	(6,079)	6,079
Investments in property, plant and equipment	(172,325)	(96,020)	(76,305)
Proceeds from the sale or reimbursement value of property, plant and equipment	19,304	4,240	15,064
Investments in non-current financial assets	(2,508)	(25,971)	23,463
Dividends and capital repayments from equity-accounted investees	427	126	301
Proceeds from the sale or reimbursement value of non-current financial assets	330	1,444	(1,114)
<b>Cash flows generated (used) in investing activities</b>	<b>(164,259)</b>	<b>(190,239)</b>	<b>25,980</b>
<b>Financing activities</b>			
Share capital increase	161,640	0	161,640
Dividends distributed	(420)	(12,979)	12,559
Increase in bank and other loans	323,598	1,851,445	(1,527,847)
Decrease in bank and other loans	(545,422)	(1,430,507)	885,085
Change in other financial assets/liabilities	57,043	(148,149)	205,192
Change in consolidation scope	(545)	155,642	(156,187)
<b>Cash flows generated (used) in financing activities</b>	<b>(4,106)</b>	<b>415,452</b>	<b>(419,558)</b>
<b>Net cash flows generated (used) in discontinued operations</b>	<b>61,196</b>	<b>211,077</b>	<b>(149,881)</b>
<b>Net exchange rate losses on cash and cash equivalents</b>	<b>131,585</b>	<b>(3,176)</b>	<b>134,761</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(368,093)</b>	<b>275,910</b>	<b>(644,003)</b>
Current account facilities	442,579	768,275	(325,696)
Total closing cash and cash equivalents	(28,665)	(158,402)	129,737
<b>Cash and cash equivalents</b>	<b>413,914</b>	<b>609,873</b>	<b>(195,959)</b>

### Note

(a) Figures reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

(b) Figures restated following the adoption of the new IFRSs and in application of IFRS 5 following the decision to dispose of Todini Costruzioni Generali and Fisia Babcock Environment.