

# **Il Coraggio di un'Azione** (Courage to Share)

**Pietro Salini**  
**Salini Impregilo CEO**

Rome, April 8, 2015



1. The Company at a Glance
2. Salini: Starting from a Family Business
3. Merger between Salini and Impregilo: From a Family Business to a Public Company
4. Business Plan and Results
5. Market Opportunities and International Evolution
6. Employment Plan and Tomorrow's Builders
7. Sustainability and Quality

# 1. The Company at a Glance



## ■ Global leading pure Infrastructure player

- N. 1 player in the Water segment
- Leading in Roads & Highways, and Metro & Railways segments

## ■ Present in over 50 countries with over 34,400 employees

- Approximately 90% of total revenues realized outside Italy
- Currently engaged in several of the world's largest projects

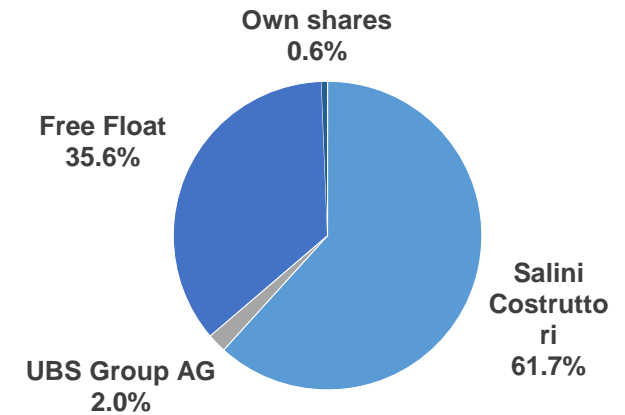
## ■ Completed first year of joint operation post merger

- Completed capital allocation offer for a total of 142,000,000 shares

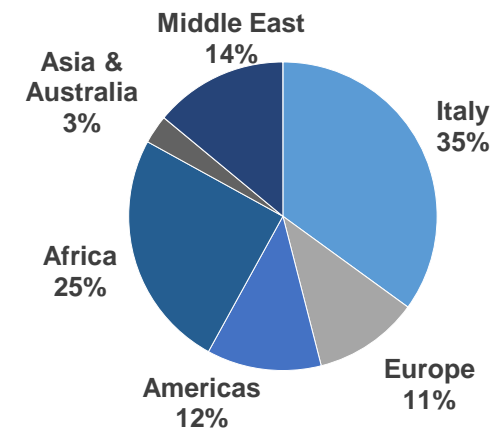
## ■ FY14 targets

- On track to complete 2014-2017 Business Plan targets

### SALINI IMPREGILO SHAREHOLDERS



### 2014 CONSTRUCTION BACKLOG



**€25.3 BILLION**

## CORPORATE TIMELINE - A HISTORY OF GROWTH

1906

Girola /  
Lodigiani  
founded

1927

Impresit  
founded

1936

Salini  
Costruttori  
founded

1956

Impresit Girola,  
Lodigiani and  
Torno join for  
Kariba Dam

1994

Impregilo S.p.A.  
(merger of  
Cogefar Impresit,  
Girola, Lodigiani)

2009

Salini acquires  
Todini S.p.A

2011

Salini starts  
buying Impregilo  
shares

2014

Salini Impregilo  
S.p.A.  
established on  
January 1

## MILESTONES - A GROUP WITH MORE THAN 100 YEARS OF HISTORY



Simplon Railway  
ITALY

1910



Trans-Iranian  
Railway  
IRAN

1930



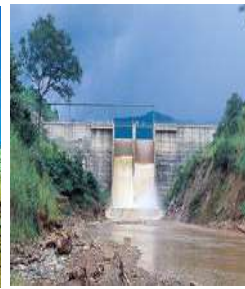
Kariba Dam  
ZAMBIA

1950



Abu Simbel  
Temples Rescue  
EGYPT

1960



Tana Beles and  
Legadadi  
ETHIOPIA

1970



Ertan Dam  
CHINA

1990



Kingdom Centre  
Riyadh  
SAUDI ARABIA

2000



Copenhagen  
Metro  
DENMARK

2014



**1,350 Km  
TUNNELS**



**230  
DAMS &  
HYDROELECTRIC  
PLANTS**



**36,500 Km  
ROADS & MOTORWAYS**



**6,730 Km  
RAILWAYS**



**375 Km  
METRO SYSTEMS**



**330 Km  
BRIDGES & VIADUCTS**





**5 CONTINENTS**

**>50 COUNTRIES**

**34,400 EMPLOYEES**

## METRO & RAILS

**AUSTRALIA** Sydney North West Rail Link  
**QATAR** Doha Red Line North  
**SAUDI ARABIA** Riyadh Underground Line 3  
**ITALY** Verona-Padua High-Speed Railway  
**AUSTRIA** Brenner Tunnel  
**DENMARK** Copenhagen Cityringen Metro  
**ITALY** Milan Metro System – Line 4  
**ITALY** Milan-Genoa High-Speed Railway  
**SWITZERLAND** San Gotthard tunnel  
**PERU** Metro Lima  
**TURKEY** Köseköy-Gebze high speed railway  
**ITALY** Rome Extension Metro B  
**ITALY** Isarco underpass  
**CALIFORNIA** San Francisco Metro, Central Underground Project



## HYDRO & DAMS

**ETHIOPIA** GERD Project  
**ETHIOPIA** Gibe III HPP  
**NAMIBIA** Neckartal Dam  
**MALAYSIA** Ulu Jelai HPP  
**TURKEY** Cetin Dam  
**COLOMBIA** El Quimbo HPP  
**PANAMA** Panama Canal extension  
**ARGENTINA** Riachuelo  
**WASHINGTON D.C** Anacostia River Tunnel  
**LAS VEGAS** Lake Mead Hydraulic Tunnel  
**OHIO** Dugway Storage Tunnel, Cleveland  
**NIGERIA** Adiyan Waterworks Phase II  
**SOUTH AFRICA** Ingula HPP  
**NIGERIA** Gurara Dam  
**COLOMBIA** El Quimbo HPP



## ROADS & MOTORWAYS

**CALIFORNIA** Gerald Desmond Bridge  
**NIGERIA** Suleja-Minna road  
**U.A.E** Abu Dhabi-Dubai Highway  
**POLAND** A1 Motorway  
**AZERBAIJAN** Alat-Masalli  
**ITALY** Ancona Port - A14  
**SLOVAKIA** D1 Motorway  
**ITALY** Jonica 106 Highway  
**ROMANIA** Lugoj-Deva Highway  
**POLAND** S3 Motorway  
**ITALY** Valico Bypass  
**COLOMBIA** Ruta del Sol  
**POLAND** S7 Motorway  
**KAZAKHSTAN** Almaty-Khorgos  
**ROMANIA** Sebes-Turda Highway



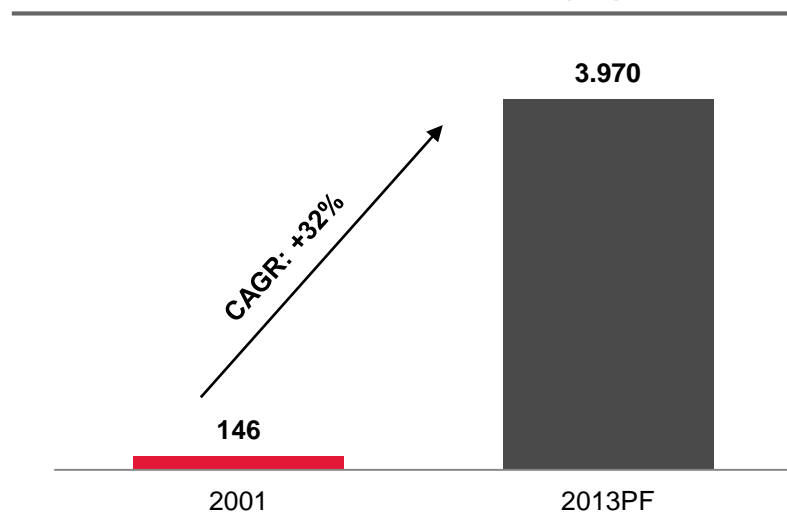


## 2. Salini: Starting from a Family Business

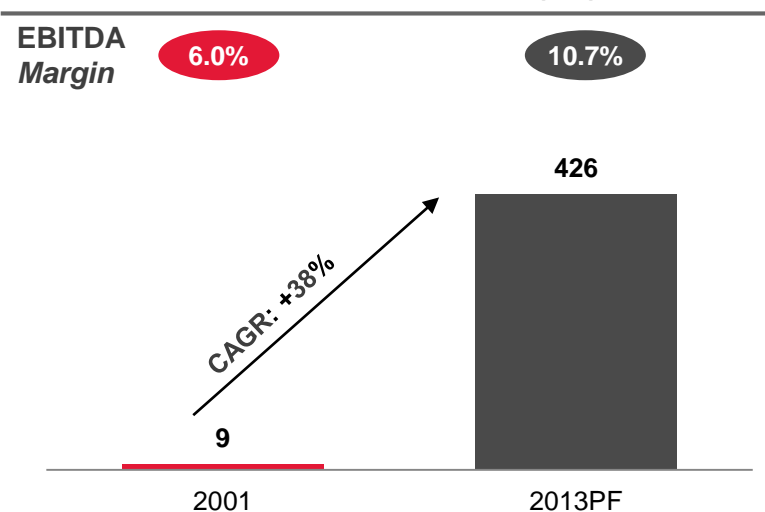
**salini**  
COSTRUTTORI

- 1936** Salini Costruttori is founded by Pietro Salini (current CEO's grandfather)
- 1945** Salini Costruttori chooses to build infrastructures in **developing countries**. Despite the economic boom in Italy, Salini makes this strategic choice to leverage development opportunities abroad
- 1980** Salini Costruttori's commitment to **Africa**. Internationalisation confirmed as a key driver for growth
- 2009** Salini Costruttori acquires Todini S.p.A, gaining geographical expansion and diversification, especially in **European countries**. Salini reaches a turnover of more than € 1,200 million and a total workforce of 17,000
- 2011** Salini Costruttori acquires Impregilo shares. This transaction marks a new expansion phase leveraging Impregilo's backlog in the **Americas**.

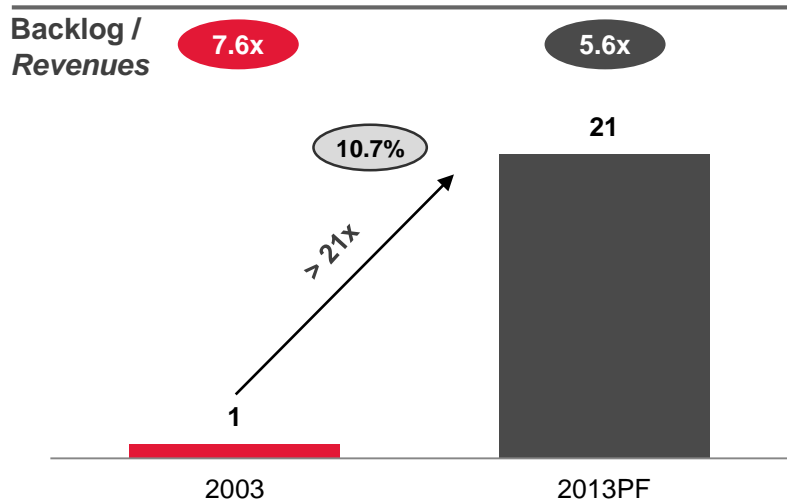
Revenues 2001 vs. 2013PF (€m)



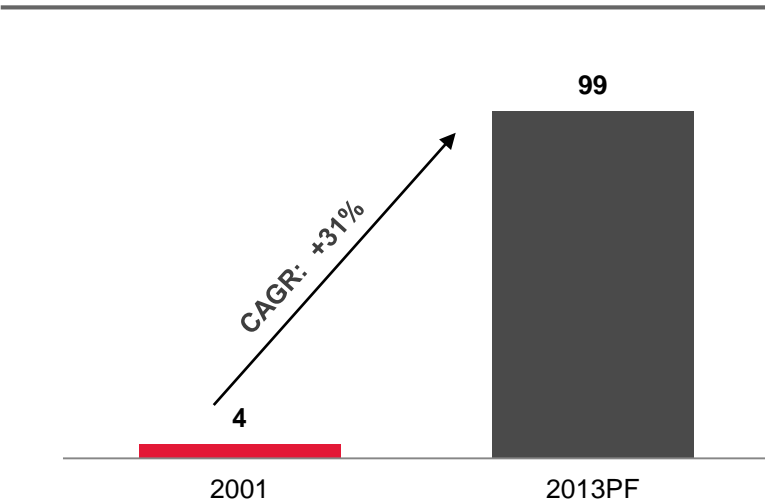
EBITDA 2001 vs. 2013PF (€m)



Construction Backlog 2003 vs. 2013PF (€bn)



Net Income 2001 vs. 2013PF (€m)



Note: 2001 and 2003 Salini figures as per Italian GAAP. Salini Impregilo 2013PF figures as per IFRS. For Salini Impregilo, Backlog and Backlog/revenues refer to construction business only and exclude Todini

### 3. Merger between Salini and Impregilo: From a Family Business to a Public Company





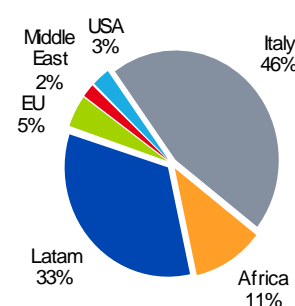
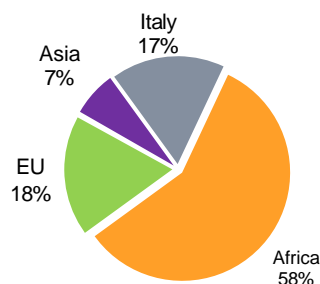
2012 figures



€9.6bn

€10.3bn

**Construction Backlog**



**Number of Employees**

19,531

11,890

**Country diversification**

Over 40 countries

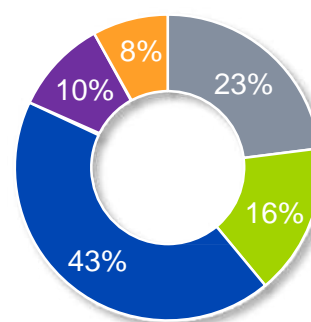
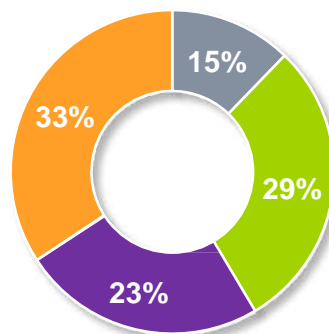
Over 30 countries

## 2012 Revenues by geographical area



€1.8bn

€2.3bn



Italy
  Europe (Excl. Italy)
  Americas
  Asia and Middle East
  Africa

# Merger Rationale/Key drivers leading to integration

## Scale

- Diversify risk: each single project becomes smaller relative to a bigger backlog
- Achieve cost advantages from scale economies in procurement, central costs
- Greater dimension to obtain access to and capabilities to execute larger projects, which are generally more profitable

## Competitiveness

- Offer to clients made more compelling through greater technical and managerial expertise
- Greater geographical coverage to select projects with best risk/reward ratios

## Complexity Manage

- Manage more efficiently complex projects such as those with difficult supply chains
- Attract and retain high quality, skilled human resources

## Client / country relationships

- Grow backlog and revenues thanks to solid relationships (eg: country focus,...)

## Business risk management

- Organization and contracts structured to mitigate and manage risks
- Monitor projects portfolio with a risk perspective

## Operational excellence

- Source materials, machinery, services effectively
- Implement centralized organization model with leaner project staff

## Construction Business

### **Full focus on the Construction business, which has excellent growth potential**

- Dismissal of non-core assets (plants and brownfield concessions)
- Selective bids for fast growing PPP / PPI greenfield projects as a way to win construction works (with a well defined exit strategy)

## Marginality

### **Attention to margins and cash flows will drive strategic choices**

- Significant backlog size (€19.9bn combined as of Dec.'12) allows Salini - Impregilo to follow a selective approach in new order intake while still growing

## Commercial Targeting

### **Commercial marketing targets will be based on two principles**

- Focus globally on large projects, where margins are potentially greater
- Strengthen the presence in selected core regions (EU, Central Asia, Africa, Latin America) to leverage scale and return on commercial and operations investments

## Diversification

### **Diversify portfolio further through selective entry into new markets**

- Countries with more than €50Bn forecasted investments in the next 5 years in Rail, Road, Hydro and Dam: USA, Brazil, Turkey, Middle East, Canada, Australia

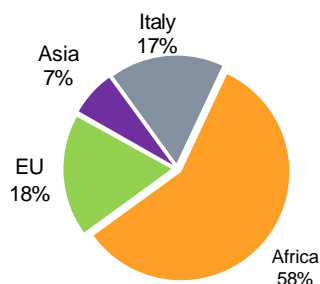


2012 figures

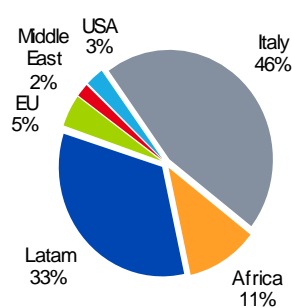


**Construction  
Backlog**

€9.6bn



€10.3bn



**Number of  
Employees**

19,531

11,890

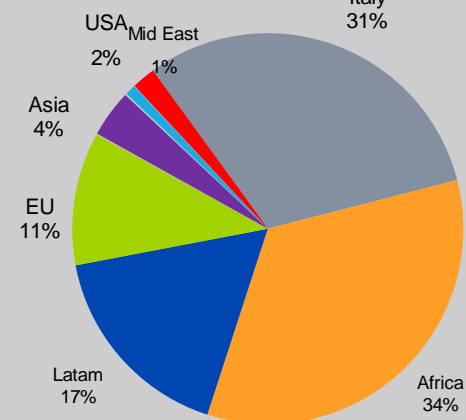
**Country  
diversification**

Over 40  
countries

Over 30  
countries



€19.9bn



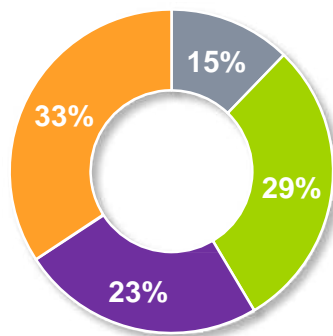
~32,000

50+ countries

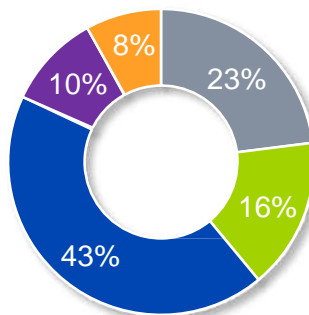
2012 Revenues by geographical area



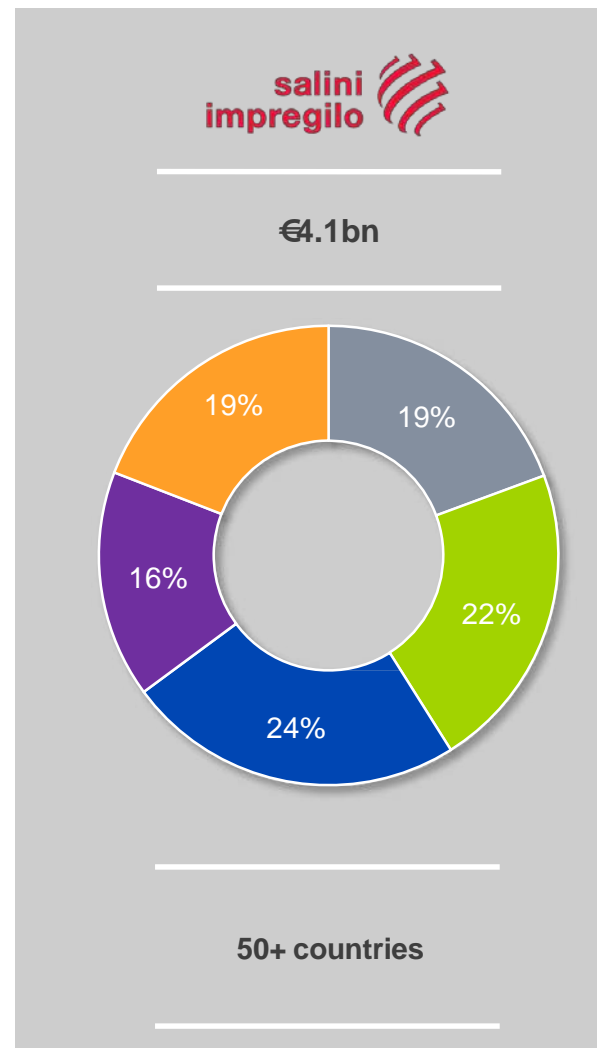
€1.8bn



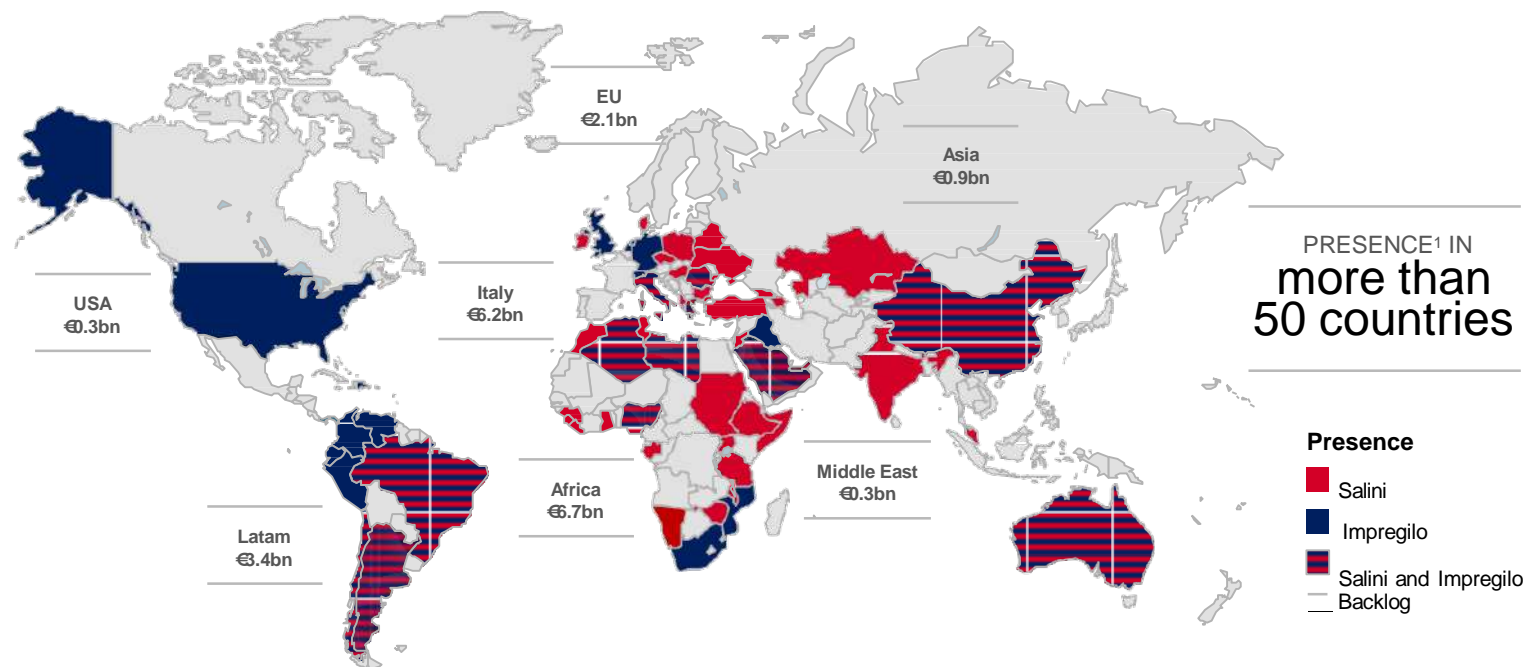
€2.3bn



Italy
  Europe (Excl. Italy)
  Americas
  Asia and Middle East
  Africa



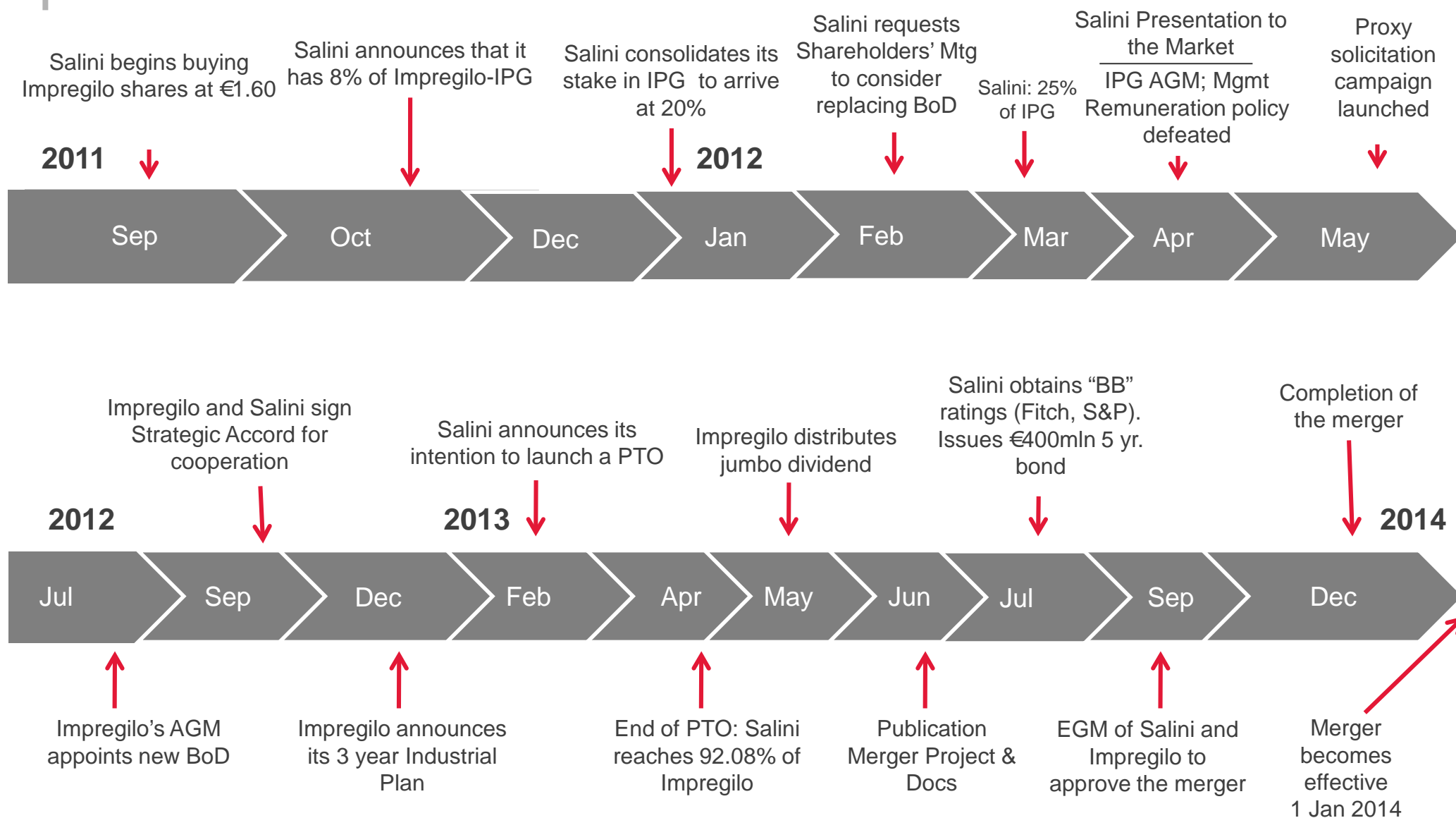
# Increased Dimension and Scale with a Global Footprint (combined 2012)



**Note**

1. Based on countries where there are local headquarters and work in progress

# Main Steps of «National Champion» Project





**April 2012** - After Salini's presentation of its «National Champion» Project to the market, media underline:

- the Project's quality and entrepreneurial spirit
- the Team's expertise and determination



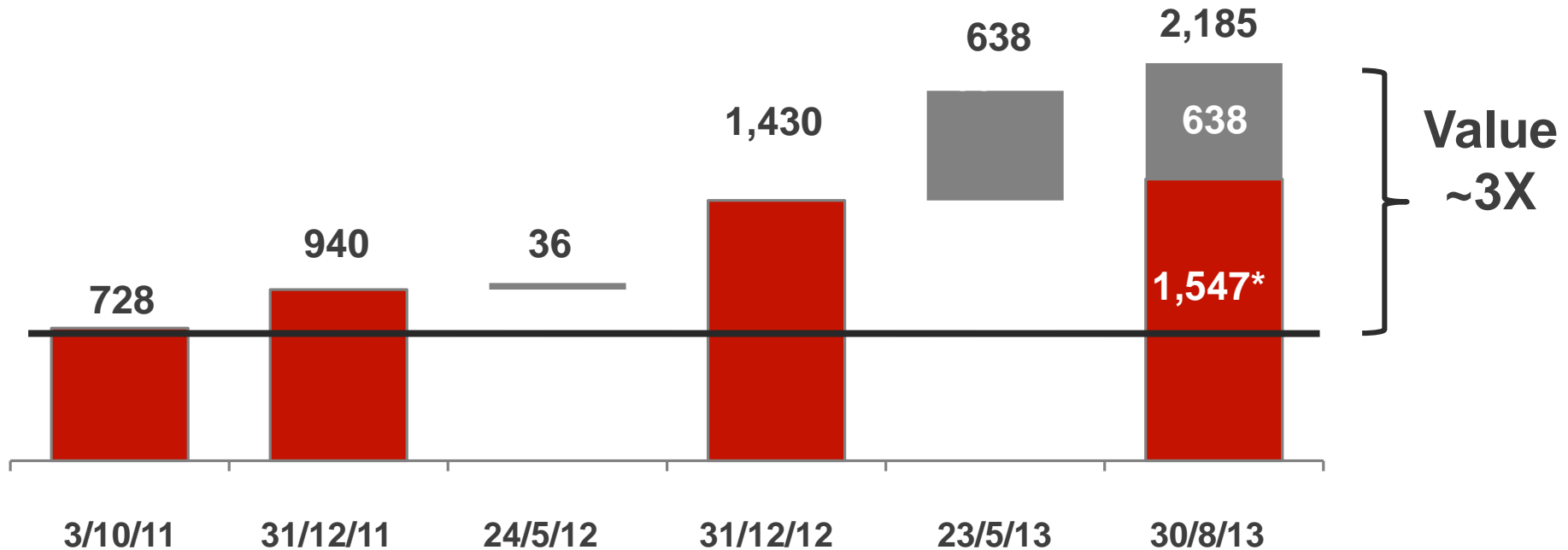
**May 2012** – After the launch of the proxy solicitation campaign, the Financial Times and other media follow with interest the first case of its kind in Italy



**June 2013** – With the presentation to the Milan Stock Exchange of the key drivers of the integration, media especially appreciate:

- *Competitiveness in international markets due to a global presence and extensive track record*
- *Efficiency in costs and revenues*
- *Growth in turnover*





■ Total Market Capitalization\*

■ Dividends paid

Around €1.4 billion of value created from October 2011 to August 2013  
for all Shareholders

\*Total Market Cap based on 402,457,937 ordinary shares and 1,615,491 savings shares.

The Total Market Capitalization at 30 August is calculated on a fully diluted basis of # 447,432,691 ordinary shares (including 44,975,754 ordinary shares to be newly issued) and 1,615,491 savings shares

## 4. Business Plan and Results





## GLOBAL LEADING PURE INFRASTRUCTURE PLAYER

- ✓ N. 1 PLAYER IN THE WATER SEGMENT
- ✓ LEADING IN RAILWAYS & METRO SYSTEMS
- ✓ LEADING IN ROADS & HIGHWAYS



## COMPETITIVE ADVANTAGES

- ✓ MANAGEMENT: FULLY COMMITTED TO COMPANY SUCCESS
- ✓ OUR PEOPLE: SOLID INDUSTRY EXPERTISE AND DELIVERY TRACK RECORD
- ✓ SCALE: CURRENTLY ENGAGED IN SEVERAL OF WORLD'S LARGEST PROJECTS



## HIGH GROWTH & PROFITABLE BUSINESS MODEL

- ✓ BACKLOG WITH HIGH VISIBILITY AND 7 YEARS REVENUES COVERAGE
- ✓ DELIVERING CONSISTENT P&L MARGINALITY
- ✓ SOUND FINANCIAL STRUCTURE



## CREATING LONG TERM VALUE FOR SHAREHOLDERS

- ✓ FOCUSED ON HIGH AND PROFITABLE LONG TERM GROWTH
- ✓ FOCUSED ON LONG TERM CASHFLOW GENERATION

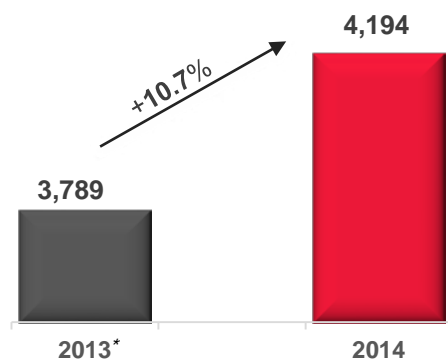


	2014 Guidance	2014 Actual*		2017 Targets
Revenue	~10% growth	€4.2bn 11% growth	✓	€7bn
EBITDA	EBITDA margin >10%	€436mn EBITDA margin: 10.4%	✓	~ €800mn
EBIT	EBIT margin >5%	€258mn EBIT margin: 6.2%	✓	~ €500mn
New Orders	Construction orders in line with 2013	Construction orders €5.9bn	✓	Book to bill >1x over the BP; Average annual construction orders: ~€7bn
Net Financial Position	Cash Neutral	€89mn Net Debt	✓	€0.5bn Cash position

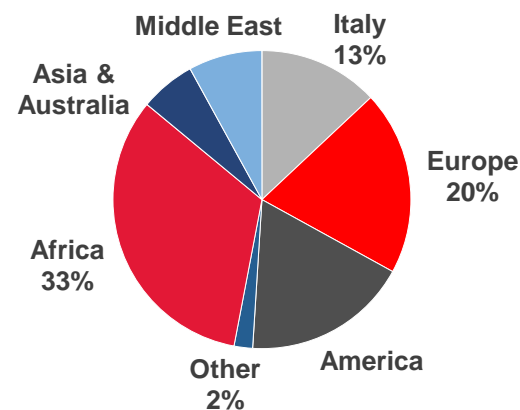
\* The FY 2014 data have been prepared in application of the new accounting principles IFRS 10-11-12.

**BUSINESS PLAN 2014 – 2017 TARGETS RECONFIRMED**

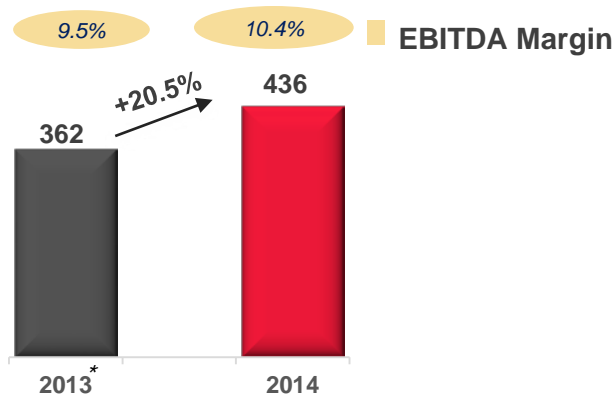
## REVENUES 2014 VS. 2013 (€/million)



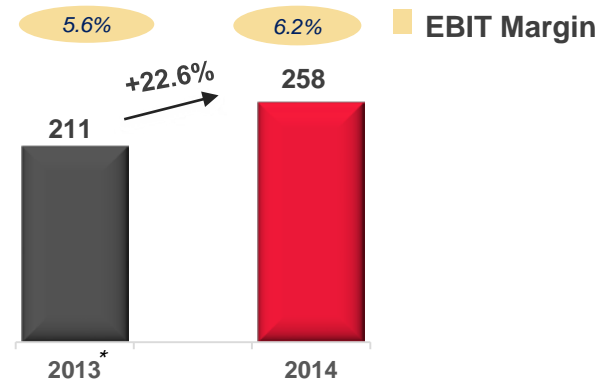
## 2014 REVENUES BY GEOGRAPHY



## EBITDA 2014 vs. 2013 (€/million)

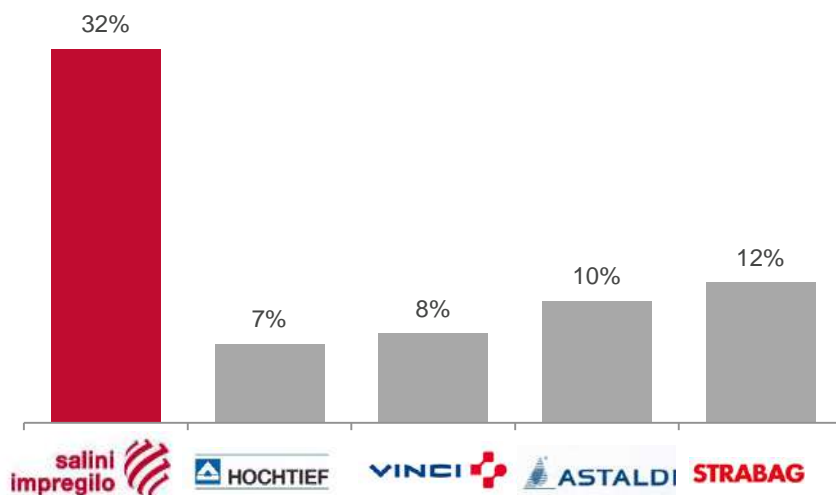


## EBIT 2014 vs. 2013 (€/million)

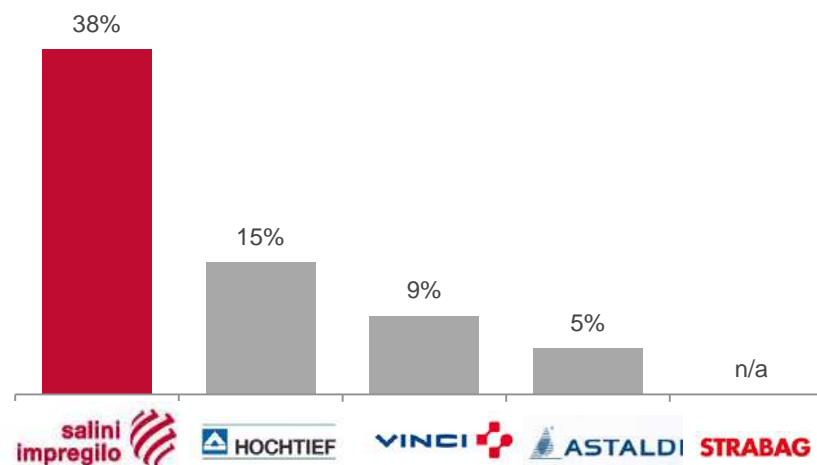


(\*) FY2013 have been restated in application of new IFRS 10 and 11 and in accordance with IFRS 5 and IFRS 3 Impregilo has been fully consolidated since January 2013 (12 months)

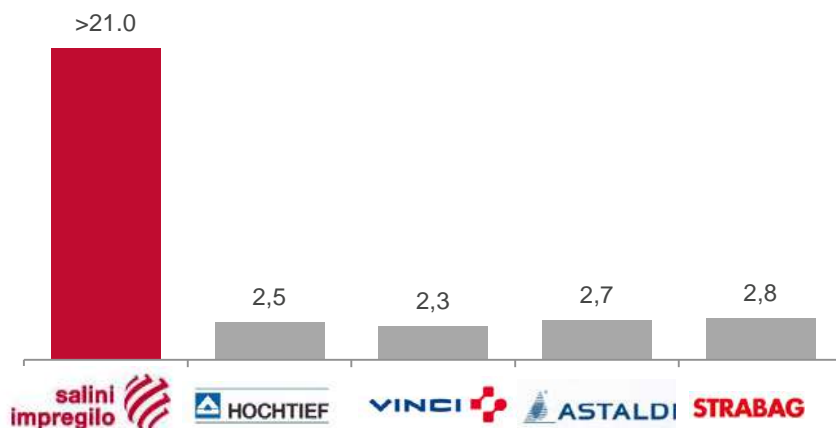
Revenues CAGR 2001-2013



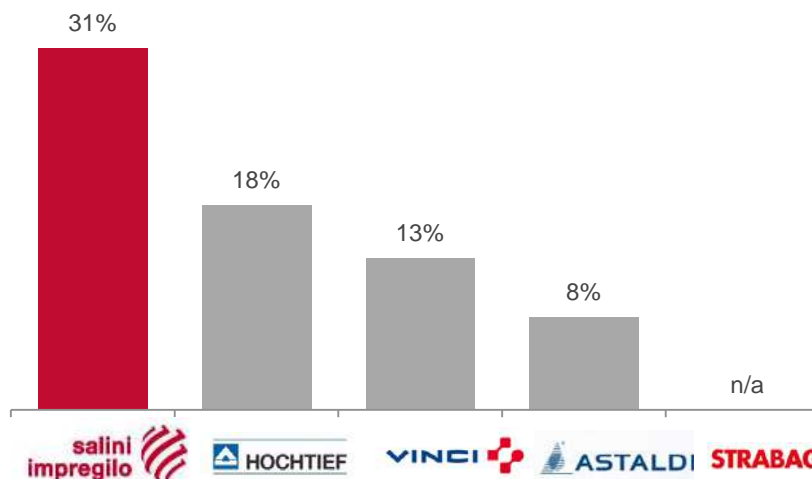
EBITDA CAGR 2001-2013



Backlog growth 2003-2013



Net income CAGR 2001-2013



*Note: Figures referred to construction business only, when available  
For Strabag revenues CAGR calculated for output volume over the 2000 - 2013L TM period and Backlog growth calculated for 2004 - 9M2013 period. Salini Impregilo PF figures Output volume includes the proportional output of consortia and participation companies*

## 5. Market Opportunities and International Evolution



1

## Broad Geographic Diversification

- Scale allows Group to compete for world's largest projects
- Broad geographic diversification, well balanced across continents and countries in different stages of development
- Proven ability to enter new markets

2

## A World Leading Pure Play Construction Group Focused on Large Heavy Civil Engineering Projects

- Long, successful track record
- Significant barriers to entry
- Top competences in core segments to compete against peers

3

## Large, Long Life Backlog and High Level of Visibility

- Compared to peers Salini Impregilo has a higher ratio of backlog to revenues
- Large backlog permits Group to selectively compete for projects with best fit to resource availability & risk/reward profile

4

## Continuing High Growth Story

- Significant, presence in high growth markets: Africa, Asia, Oceania, Middle East
- Global dimension decouples Group from individual country economic growth and capture global growth wherever it occurs

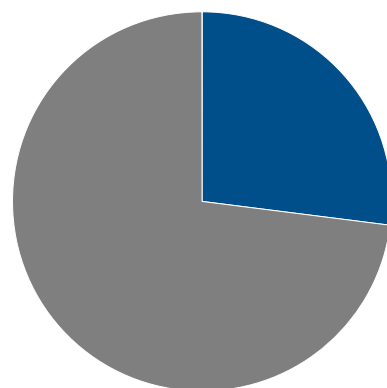
5

## Strong financial structure

- Very liquid balance sheet
- Low net debt/equity ratio
- Efficient use of capital



## GLOBAL REFERENCE MARKET

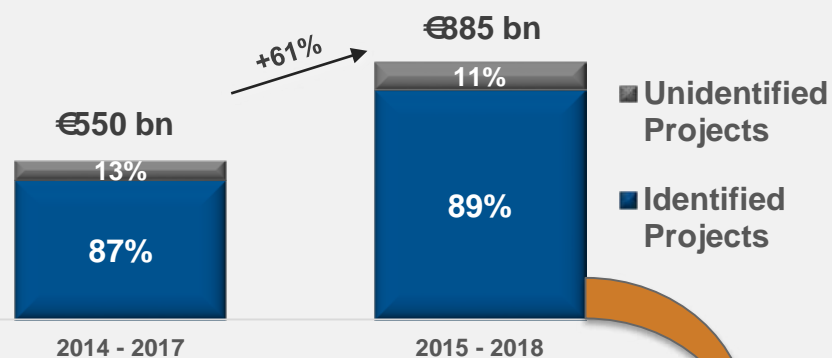


Salini Impregilo  
targeted market  
27%

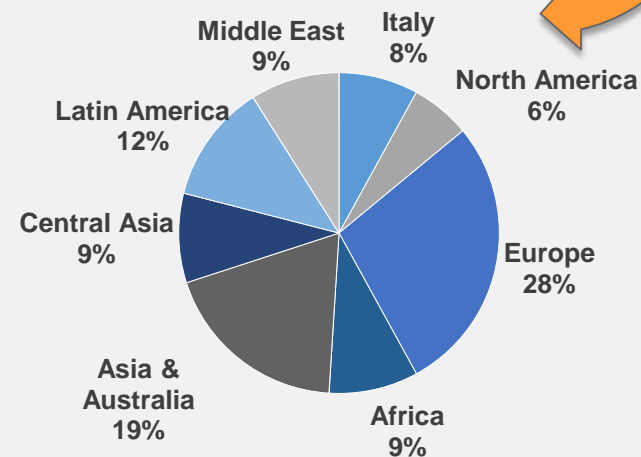
€3,300 billion

Infrastructure sector represents an excellent source  
of opportunities through the coming years

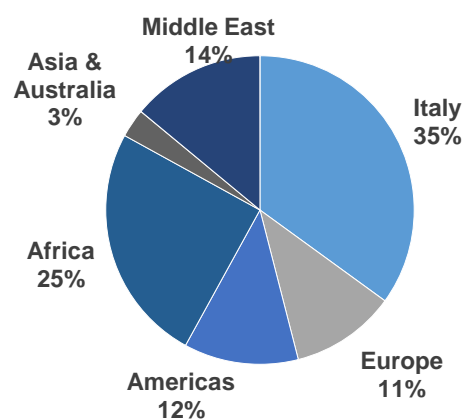
## Significant expansion in the Group's targeted market



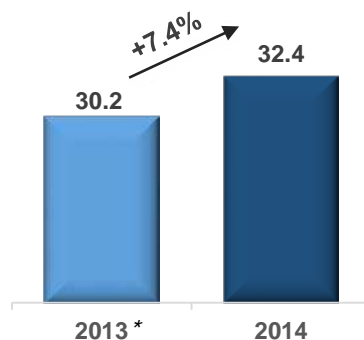
## IDENTIFIED PROJECTS: €790 bn



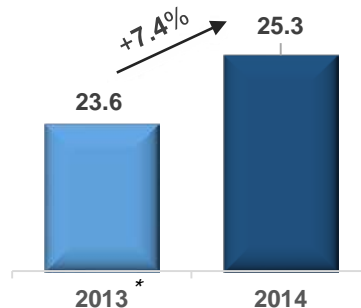
## 2014 CONSTRUCTION BACKLOG: ALL CONTINENTS



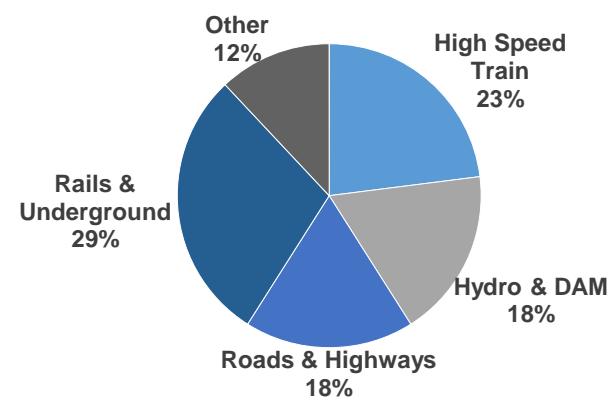
## TOTAL BACKLOG (€/billion)



## CONSTRUCTION BACKLOG (€/billion)

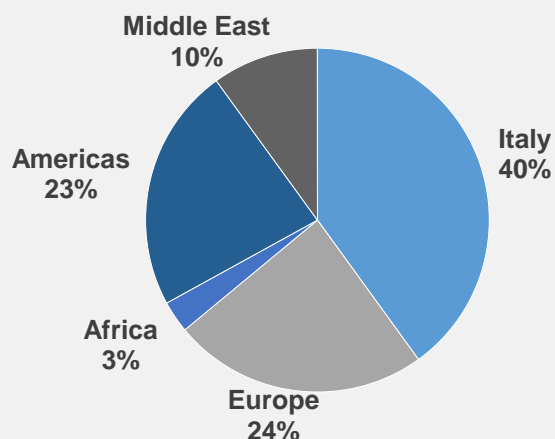


## BACKLOG BY SECTOR



(\*) FY2013 have been restated in application of new IFRS 10 and 11 and in accordance with IFRS 5 and IFRS 3 Impregilo has been fully consolidated since January 2013 (12 months)

## 2014 NEW ORDERS BY GEOGRAPHY



New Contracts Awarded & Variations Orders	2,960
Total Share Increases & Other	2,944
<b>TOTAL CONSTRUCTION ORDERS</b>	<b>5,904</b>
Concession	596
<b>TOTAL BACKLOG INCREASES</b>	<b>6,500</b>

### PERU

Lima Metro Network  
\$4.7 billion contract value (construction)



### SLOVAKIA

D1 Highway  
€410 million contract value



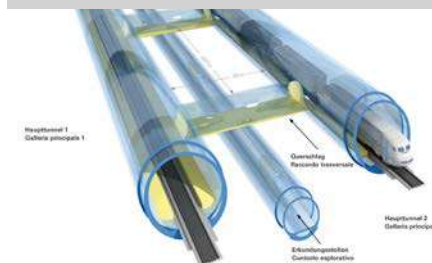
### USA

Dugway Storage Tunnel  
€123 million contract value



### AUSTRIA & ITALY

Brenner Tunnel (2 Lots)  
€680 million contracts value



### TURKEY

Cetin Dam  
€260 million contract value



### POLAND

S3, S7, S8 Highways  
€358 million contracts value



## 6. Employment Plan and Tomorrow's Builders Model





- **Growth opportunities** to be seized worldwide, as confirmed by International Monetary Fund, World Economic Outlook 2014 and Juncker's Investment Plan for Europe
- Group's **multi-year Employment Programme**
- Future Targets: **15,000 people** to be employed during the 2014 – 2017 Group's Business Plan
- **Talent's Attraction Programme** in universities worldwide, with tutoring and internship plan for 500 young talents every year
- December 2014: **Multimedia Advertising Campaign**, with **in-house workplace testimonials**
- **Around 10,000 CVs** received in Italy in the first 3 months

*We need the courage of the young.*  
Franklin Delano Roosevelt



**COURAGE  
AT WORK**

Maria Chiara Farina, Graduate Engineer  
International Operations Dept.  
Salini Impregilo

15,000 new jobs worldwide in 4 years

2,500 new jobs in Italy in 12 months

100 young engineers hired in Italy in three months



Salini Impregilo Welcome Day 2015

**TOMORROW'S BUILDERS**



**March 17<sup>th</sup> event in Milan to welcome 100 young engineers hired in three months from a total of about 1,800 applicants and to launch a new Development Model for new recruits.**

- **Training on the job for technical skills**
  - on site: interfunctional rotation - specific task assignment
  - corporate: tailor-made training programme

- **Tutoring**

The young engineers will be followed and supported by:

  - their direct manager/tutor
  - the HR team

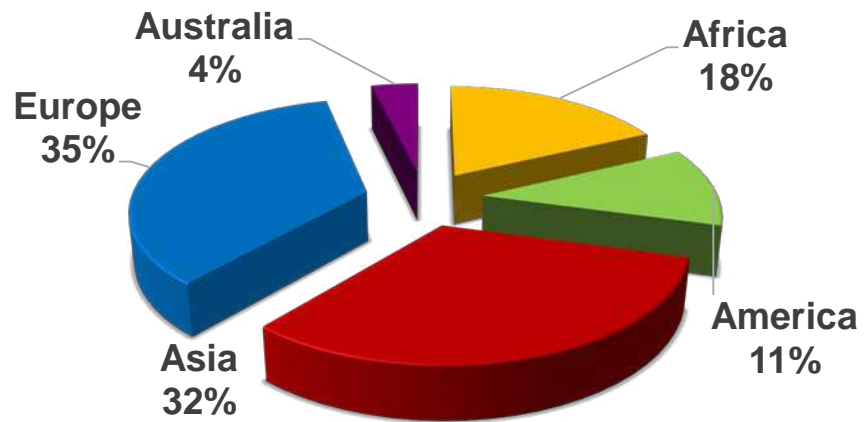
- **Development**

The young engineers take part in a training programme to develop managerial and project management competencies thanks to:

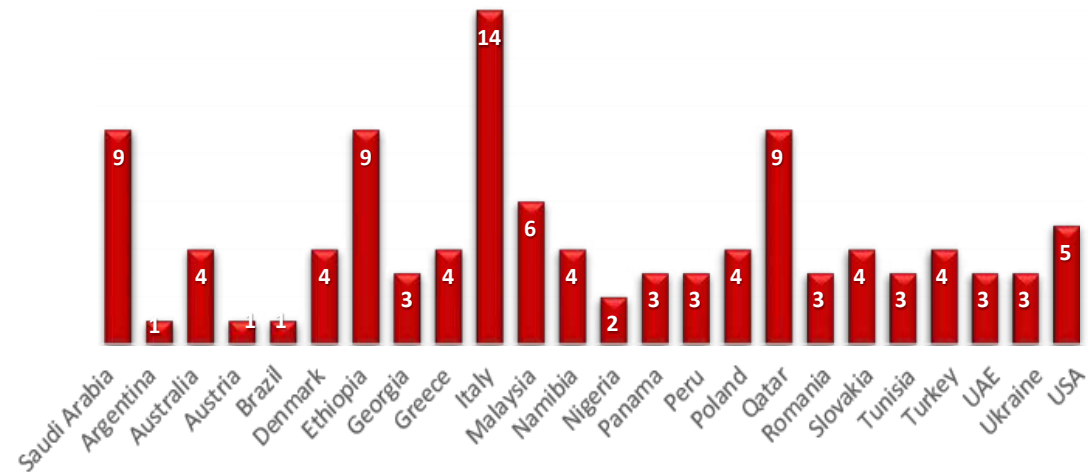
  - online personal development learning programme
  - advanced project management business game



## INTERNATIONAL ASSIGNMENTS FOR 100 NEW ENGINEERS



## COUNTRY ASSIGNMENTS



## 7. Sustainability and Quality



## Our commitment\* to:

Excellence	<ul style="list-style-type: none"> <li>▪ <b>23,200 m3</b></li> <li>▪ <b>&gt;32,000</b></li> <li>▪ <b>&gt;30,000</b></li> </ul>	<p>World record in placing RCC in 24 h at GERD - Ethiopia</p> <p>Quality control activities carried out</p> <p>Stakeholders involved in engagement activities</p>
Shared growth	<ul style="list-style-type: none"> <li>▪ <b>86%</b></li> <li>▪ <b>87%</b></li> <li>▪ <b>€2.5 million</b></li> </ul>	<p>Workforce hired locally</p> <p>New suppliers contracted from local markets</p> <p>Investments in local community initiatives</p>
People care	<ul style="list-style-type: none"> <li>▪ <b>-21%</b></li> <li>▪ <b>&gt;700,000</b></li> <li>▪ <b>+34%</b></li> </ul>	<p>Decrease in Injury Rate</p> <p>Training hours provided to direct workforce</p> <p>Increase in Health &amp; Safety investments</p>
Environmental protection	<ul style="list-style-type: none"> <li>▪ <b>&gt;12,600 MW</b></li> <li>▪ <b>63%</b></li> <li>▪ <b>55%</b></li> </ul>	<p>Expected capacity from ongoing hydro projects</p> <p>Excavation materials reused</p> <p>Waste diverted from landfills</p>



## Our devotion to transparency:

- **12** Years of voluntary non-financial reporting
- **GRI-G4** Among the first companies worldwide to publish a Sustainability Report compliant with the new GRI-G4 guidelines to the “Comprehensive” level

\* Data refers to 2014



## Quality System

Salini Impregilo has a **Quality, Health, Safety and Environment Management System** as of 1997.

## Certificates

Salini Impregilo is certified by SGS Italia according to the **standards:**

### ISO 9001



### ISO 14001



### OHSAS 18001





THANK YOU



we build value