2017 Financial Results

15 March 2018

Gabes-Sfax Motorway, Tunisia

Agenda

2017 key messages

Pietro Salini

Chief Executive Officer

Financial Update

Massimo Ferrari

General Manager Finance
& Corporate Group CFO

Business update

Pietro Salini

Chief Executive Officer

2017 key messages

Pietro Salini
Chief Executive Officer

FY17 Key Earnings Highlights

- **Strong order intake; Lane order backlog hit record €3 billion**
- **Solid underlying performance**
- **Significant improvement in net income**
- **A Sustainable gross debt and sound financial structure**
- **Strongly committed to growing the US business**
- **Dealing with legacy issues: Venezuela**
- **Proposed dividend per share of €0.053**

Addressing Market Concerns

- **The business does NOT need any equity funding**
    - Balance sheet well capitalized and equity reserves greater than €1.1 billion
- **Potential M&A will only focus on growing US business and NOT participate in any bail out capital increases**
- **The Company is assessing changing the reporting currency to US dollars to mitigate future FX volatility**
    - Increasing focus to match assets and liabilities
- **Continue to sell non-core assets to support gross debt de-leveraging targets**
    - Seeking to sell ca. €100M of non-core assets in 2018
- **Actively looking to return cash to shareholders**
- **Business Plan targets revised to reflect FX moves and adoption of IFRS 15**
- **Lane's strong growth potential and valuation not being appreciated by the market**

Financial Update

Massimo Ferrari

General Manager Finance
& Corporate Group CFO

Adjustments data | disclaimer

- **The figures presented for FY16 and FY17 are represented adjusting the IFRS data:**
  - **to reflect on a proportional basis the financial results of the jv not controlled by Lane at revenues, EBITDA and EBIT level**
  - **exclude the effects arising from impairment of the financial assets in Venezuela**
  - **assuming constant exchange rate**

- **We included these adjustments in order to facilitate a comparison of the underlying business performance across periods.**

FY17 Earnings underlying performance

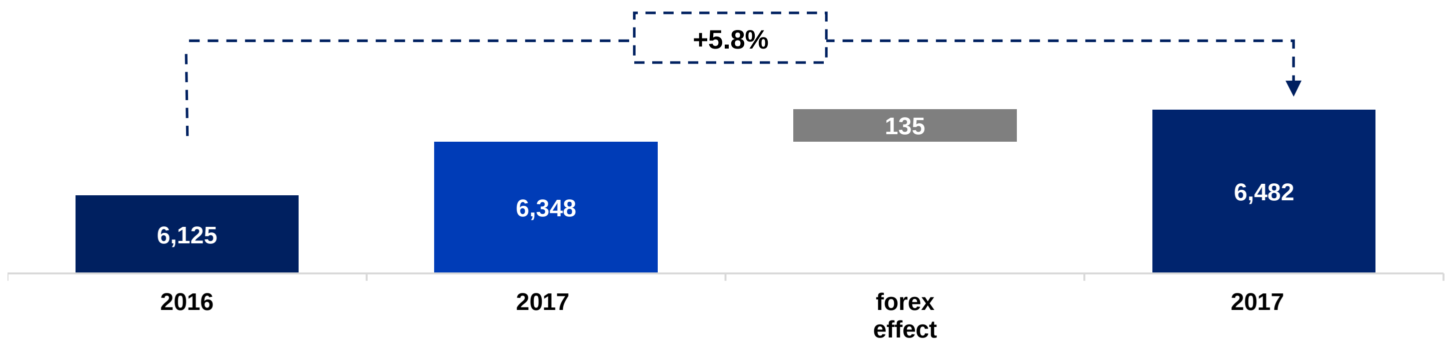
- **Infrastructure market still healthy and growing**
- **A strong pipeline of commercial activity**

- **New orders: €6.7 billion, of which Lane €2.6 billion**
- **Lane: Backlog grew up by 19% in 2017, reaching its record high of €3 billion**
- **Consolidated revenues growth: +5.8%**
- **FY17 Group net income reached €211M; +200% FY16 Group net income**

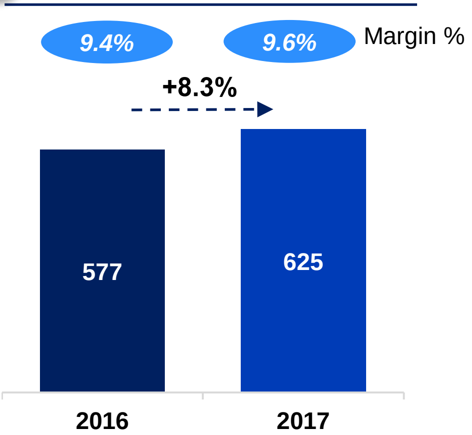
- **Net debt at ca. €457M, roughly in line with the guidance indicated to the market**
- **Post Venezuela’s write-off, net equity amounted to €1.1 billion**
- **Successfully completed €1.1 billion of corporate debt refinancing**
- **Covenants fully respected notwithstanding exogenous impacts**
- **Estimated impact at net equity of IFRS 9 and 15 of approx. €130M**

2017 financial results*

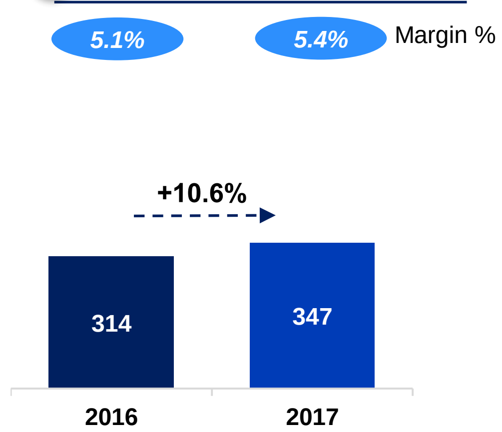
1 Adjusted Revenues Bridge (€/M)



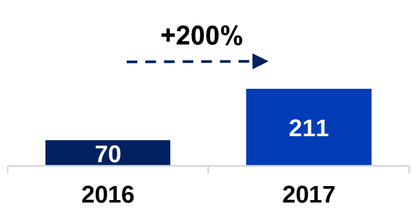
2 EBITDA (€/M)



3 EBIT (€/M)



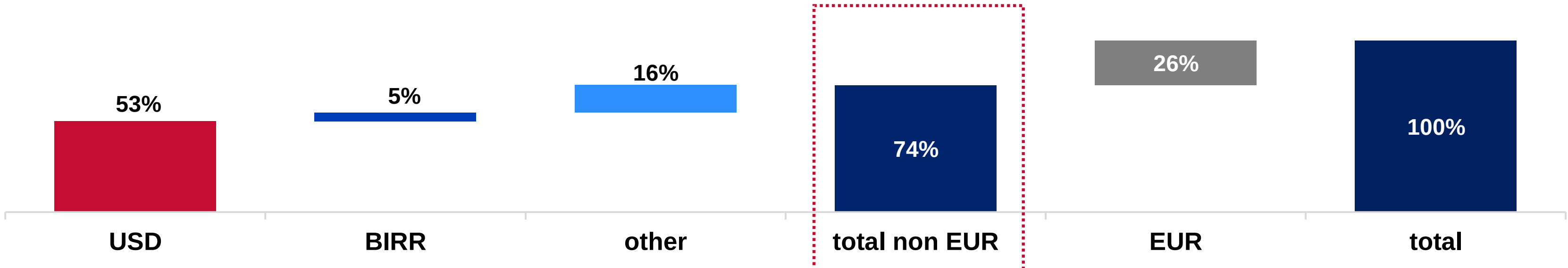
4 Group net profit (€/M)



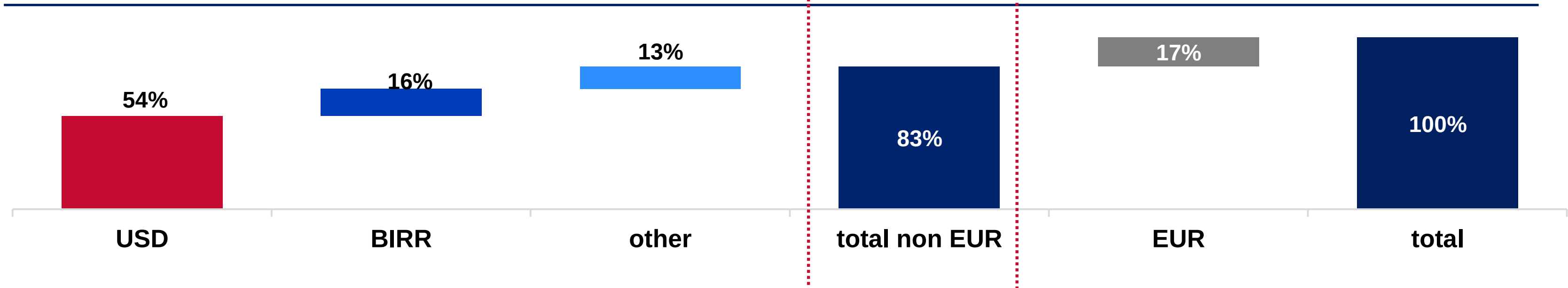
**Adjusted pre-Venezuela and at constant exchange rate*

Overview of currency mix

1 2017 Geographical Revenues Distribution



2 2017 Cash and Cash Equivalent Distribution

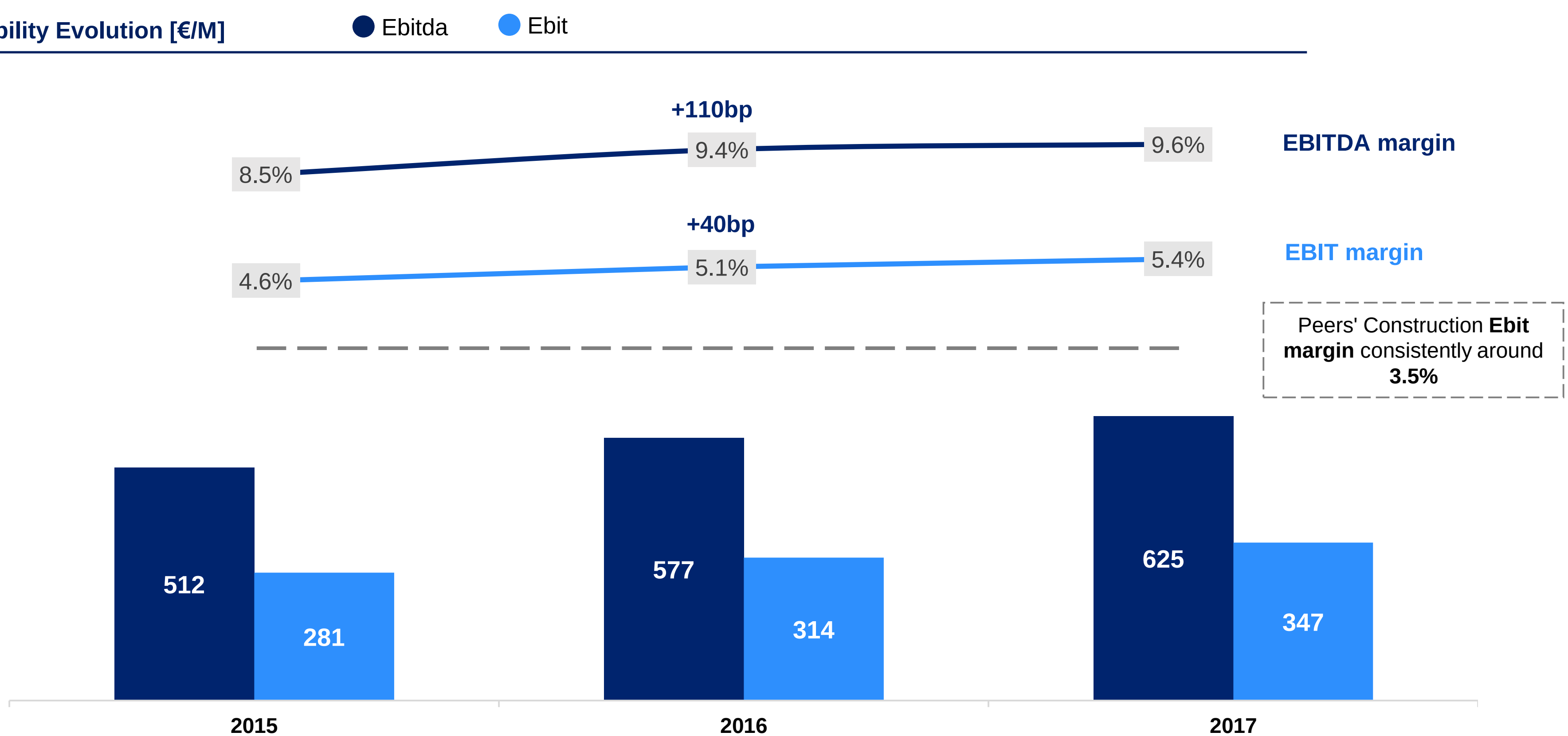


- **FY17: more than 70% of Groups' revenues are denominated in currencies other than Euro**
- **Most of debt is Euro denominated**
- **More than 50% at cash holding are denominated in USD and USD related currencies**

(*) Including USD related currencies

Margins improvement evolution

Profitability Evolution [€/M]



- **Excellent margins resilience in 2017 thanks to a better business mix**

EBITDA CAGR 10%

EBIT CAGR 10%

(*) 2015 restated, including Lane acquisition
2016 adjusted for Venezuela
2017 Adjusted for Venezuela and at constant currency rate

Strong improvements below EBIT line

[€/million]	Management View 2016 adjusted	2017 adjusted	Change	
EBIT	**314**	**347**	**11%**	**33**
financial income	45	65	46%	20
financial charges	(147)	(135)	-8%	12
net financing costs	**(102)**	**(70)**	**-31%**	**32**
profit (loss) on exchange rates	15	-		
net gains on equity investments	(15)	96		111
Net financing costs, forex & net gains on equity investm.	**(102)**	**26**	**-194%**	**198**
taxes	(81)	(137)	69%	(56)
tax rate	*38.4%*	*36.7%*		
results from discontinued operations	(21)	(2)	-91%	19
minorities	(40)	(23)	-42%	17
Group Net Result	**70**	**211**	**200%**	**141**

Profit (loss) on exchange rates (€/M)	**2016**	**2017**
Ethiopia	3.2	(44.4)
Venezuela (USD denominated)	(1.8)	(26.7)
Headquarter	1.6	(17.5)
Tajikistan	(2.1)	(14.4)
Other minor	14.6	(19.8)
total	**15.5**	**(122.8)**

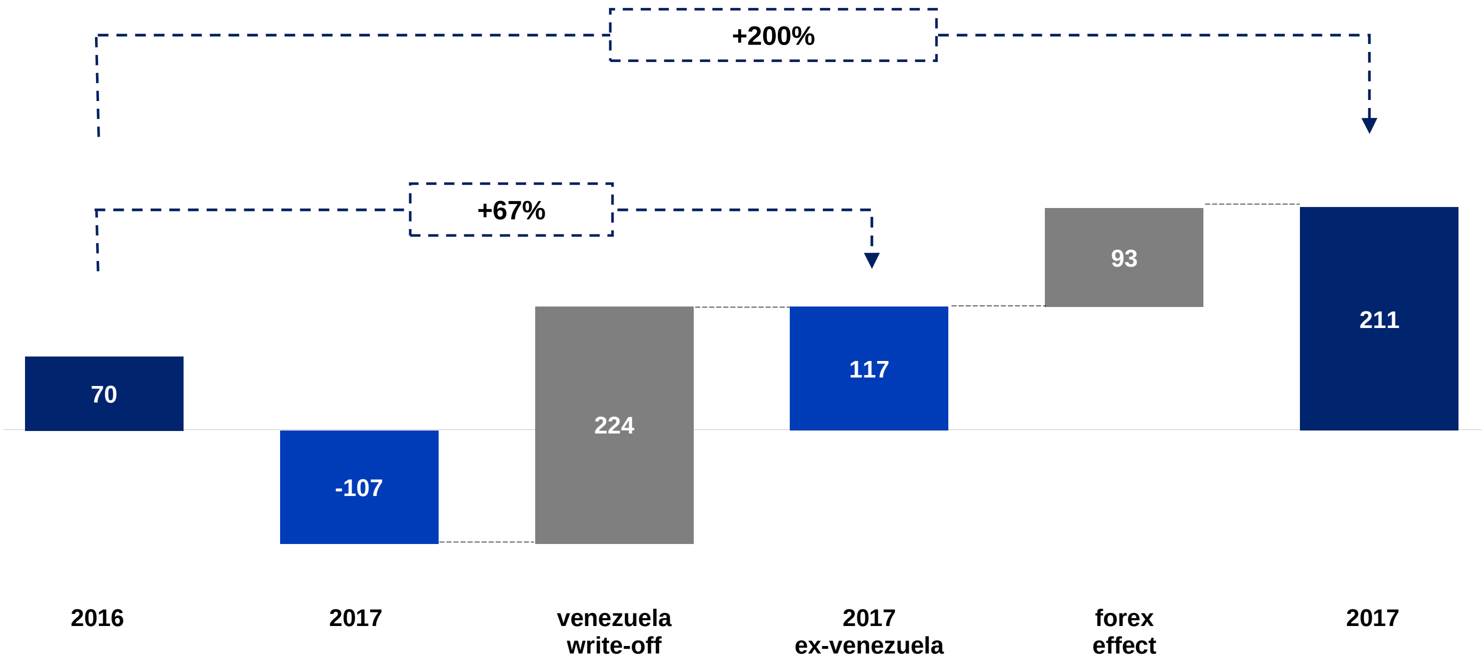
Significant reduction in net financing costs

2017 positively impacted by Ausol participation revaluation for €83M

Minorities (€/M)	**2016**	**2017**
Lane	10.8	9.3
Saudi Arabia	2.9	8.0
Riachuelo	3.7	4.5
Other minor	22.2	1.1
total	**39.6**	**22.9**

Net income

Net income bridge (€/M)



- **Underlying FY17 Group net income: 3x FY16 Group net income**

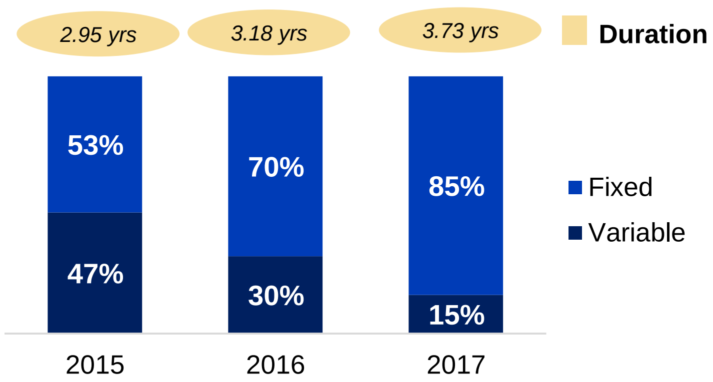
Financial structure improvements

Progressively Reduced Average Corporate Debt Cost

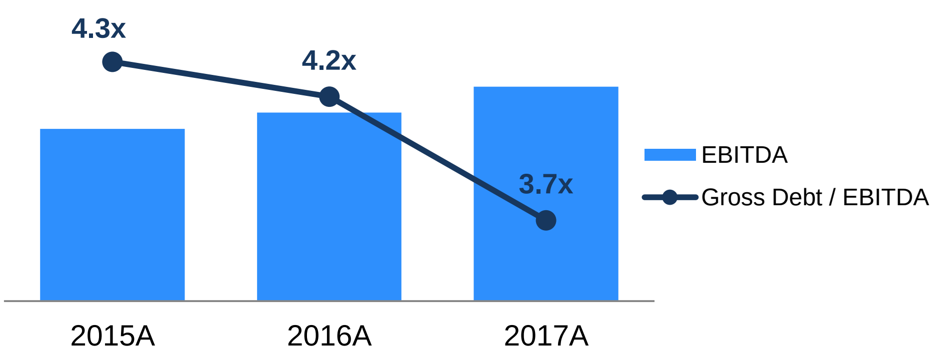
3.8% — Dec 2015
3.5% — Dec 2016
3.2% — Dec 2017

- **€500 million 7-year bond** issue a particularly competitive rate of **1.75%**
- **Orders received nearly 7x** the amount planned originally

Increasing Fix-rate M/LT Corporate Debt Portion



Improving GROSS DEBT / EBITDA ratio



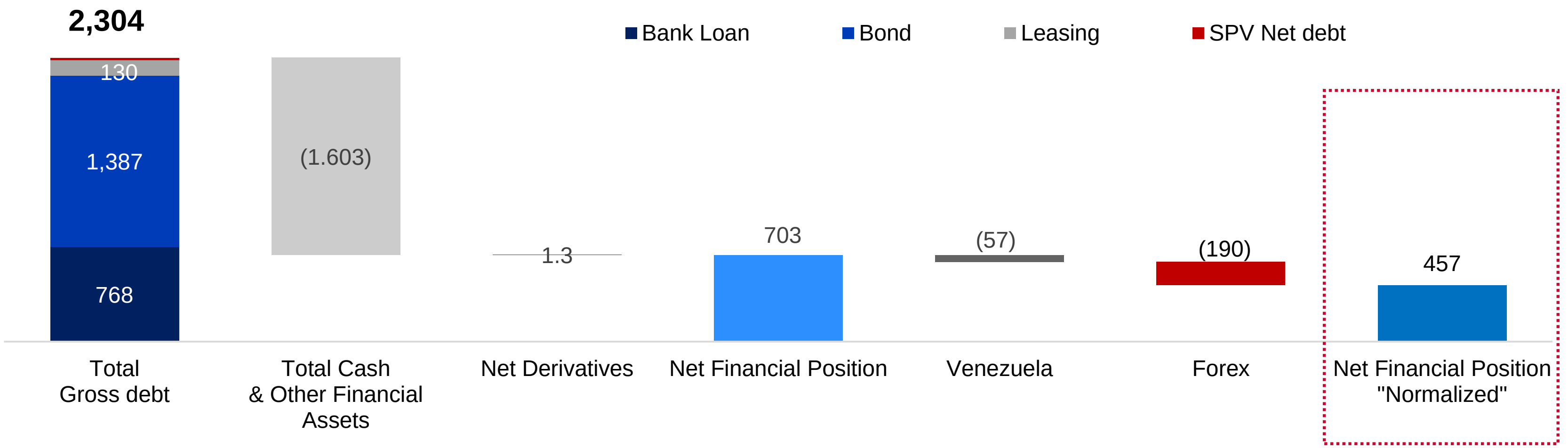
Corporate Credit Rating

Rating Agency	Rating	Outlook	note
Standard & Poor's	BB+	Stable	Rating confirmed on June 2017
Fitch Ratings	BB+	Stable	Rating upgraded on October 2017
Dagong Europe	BB+	Positive	Rating confirmed on November 2017

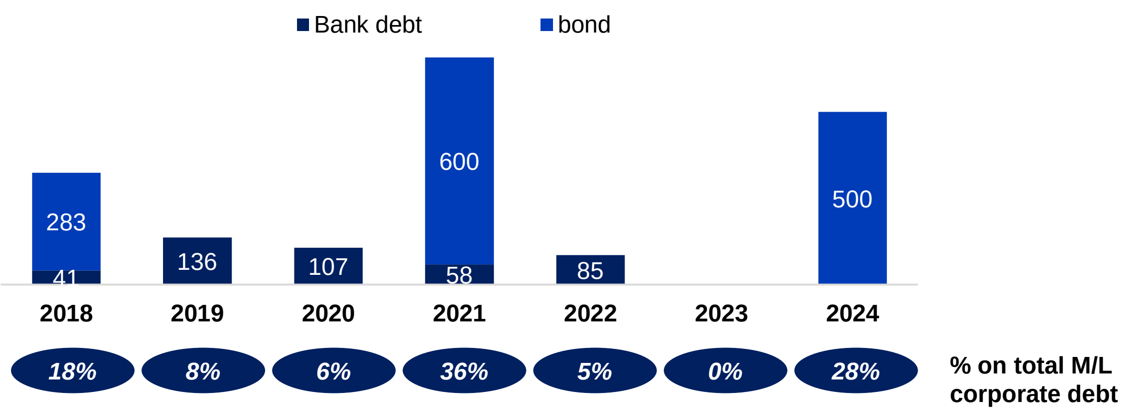
2015 pro-forma, including Lane acquisition / 2017 management view adjusted figures

Successful large refinancing operation

1 2017 Net Financial Position [€/M]



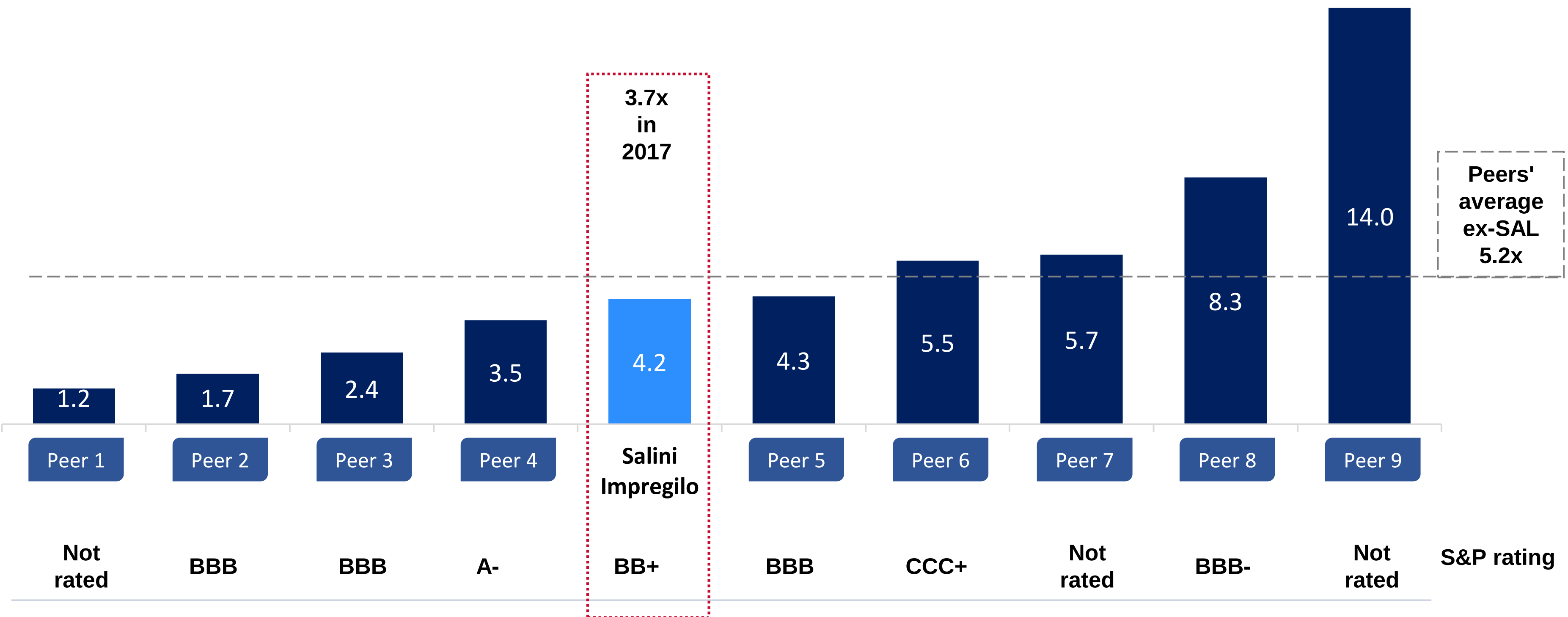
2 M/L Corporate Debt as of 31 December 2017 [€/M]



- **€250 million** of committed lines not drawn
- Successfully completed refinancing of circa **€1.1 billion** corporate debt
- Over 2016-2017, the Group **has refinanced over 95% of its corporate debt**, leveraging on very favorable credit market conditions as well as on the debt market appetite for the Group's credit standing

A Sustainable gross debt de-leveraged

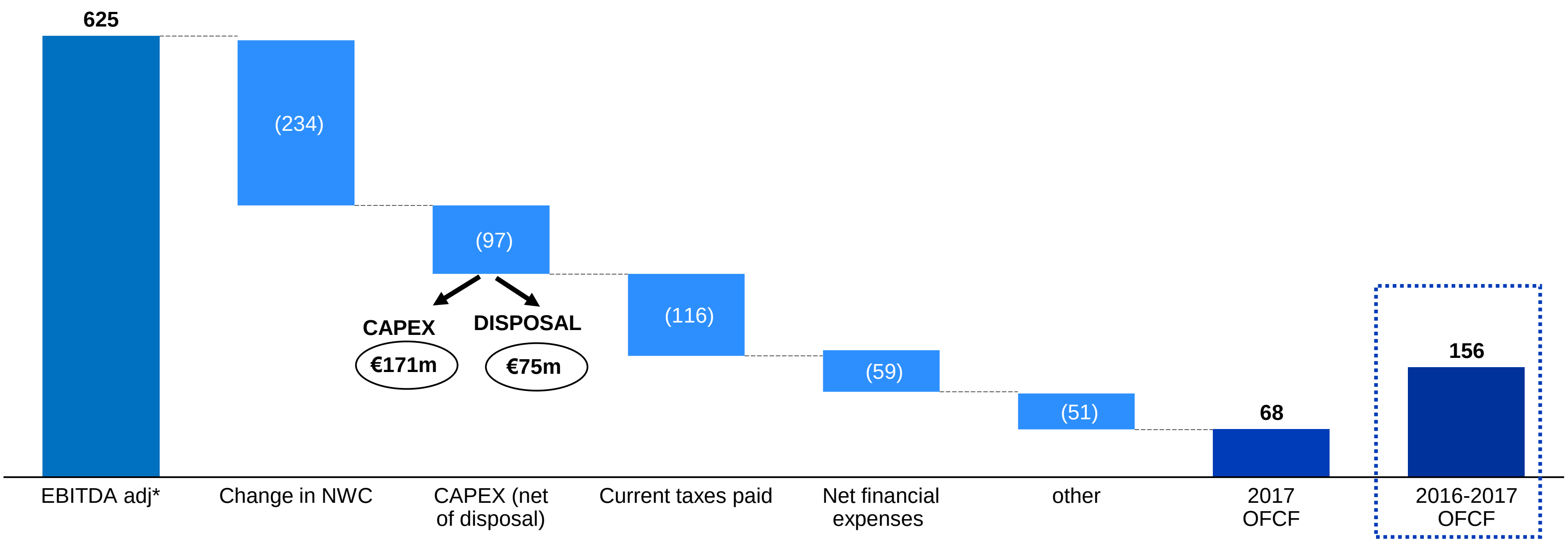
2016 GROSS DEBT / EBITDA ratio



- **Salini impregilo among top league in terms of Gross Debt / EBITDA ratio vs. European peers**
- **Leverage ratio improved in 2017 and further improvements expected for 2018-19**

Cash flow generation

Adjusted Operating Free Cash Flow Before Dividends and Investments (€/M)



- **Generated more than €150 million of OFCF in the first 2 years of Business Plan**
- **Successful disposals and efficient optimization of assets rotation on completed projects**

(*) EBITDA adjusted for cash purposes reflecting cash impact of WUM

Italian projects

- **Italian Construction industry still challenged, but recent positive developments support Salini Impregilo growth**

Challenged industry in Italy…

- **Low infrastructure investment** vs. other large European countries (0.4% GDP in 2014 vs. France 1.0%, UK 0.7%, Spain 0.7%)
- **Slow moving approval processes** (e.g. Metro 4 Milano, Porto di Ancona) and significant amount of state funds yet to be unlocked
- **Late payments** by Public Administration on public works (ca. 170 days vs. EU Directive of 60 days)

…but recent positive developments

- **COCIV received approval for financing** of Lots 5-6 for a total of €2.4B; work completion expected for 2021
- **IRICAV 2 received approval for first Lot** Verona-Vicenza Bivio for €2.7B, of which €1.0B financed
- **SS106 Jonica received final project approval** of section 2 of Mega-Lot 3 for €1.05B

- **Recent project approvals and financing: Cociv, Iricav2, SS106 Jonica**

Italian Construction Backlog 31% of total Group

Italian costruction backlog	[€/M]	% of completion
Cociv Lot 1-6	**3,363**	**25.6%**
Iricav 2	**1,691**	**0.2%**
Other	243	
High speed/capacity	**5,297**	
Broni - Mortara	982	0.0%
Metro B	899	0.1%
Milan metro Line 4	363	31.1%
Jonica state highway 106	**336**	**3.0%**
Other	415	
Other work in Italy	**2,995**	
Total	**8,292**	

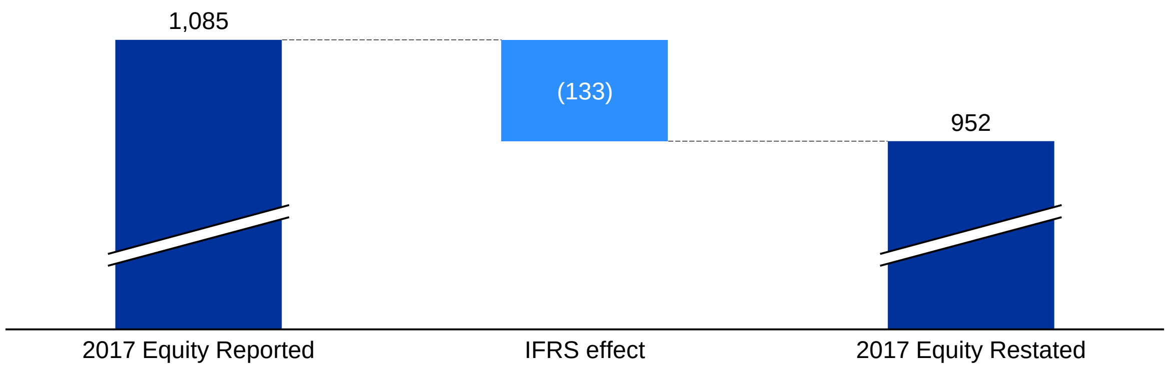
New IFRS: preliminary estimates

Main changes introduced by IFRS 15 (revenues recognition)

- IFRS 15 does not modify the overall cost to cost approach
- Certain contract costs could be capitalized and excluded from the computation of the projects' percentage of completion

Implementation approach

- Preliminary analysis based on FY17 figures.
- IFRS 15 first adoption to determine a reduction in net assets and equity in the opening balance sheet on 1 January 2018



- Guidance 2018 & 2019 takes into account the application of the new accounting standards

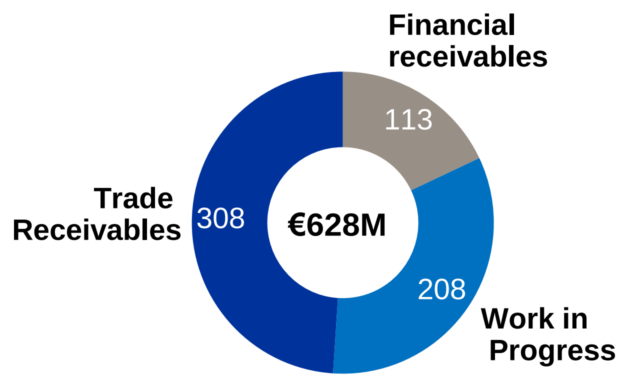
Venezuela exposure

1 Our projects in Venezuela

- Two railways and a hydroelectric projects executed with Italian partners
- Projects are considered to be priority infrastructures both in economic-industrial and social terms

2 Deterioration of Venezuela's economic and financial situation:

- Country's creditworthiness dramatically worsened in 2H 2017
- Venezuelan Government requested a debt restructuring
- Two subsequent downgrades carried out by the rating agencies S&P (selected default) and Fitch (restricted default)



Financial receivables included in the NFP

Addressing Venezuela's write-down

3 Valuation Approach

- **In light of the Venezuelan sharply worsened economic situation, the Group, assisted by one of the big four audit company, adopted a prudent approach for the assessment of the total exposure and recoverability related to the undergoing projects in the country**
- **As required by IAS 39, the analysis includes an estimation of credit's face value and timing of cash ins on the basis of recent studies and of discount rate applied.**

4 Exposure following Venezuela assets write-off

€/m	Total exposure Pre-write off	Total exposure Post-write off
Receivables*	307.6	103,8
Work in progress	207.5	153,8
Financial receivables	113.3	56,7
Total	**628.4**	**314,2**

Recovery rate ca. 50%

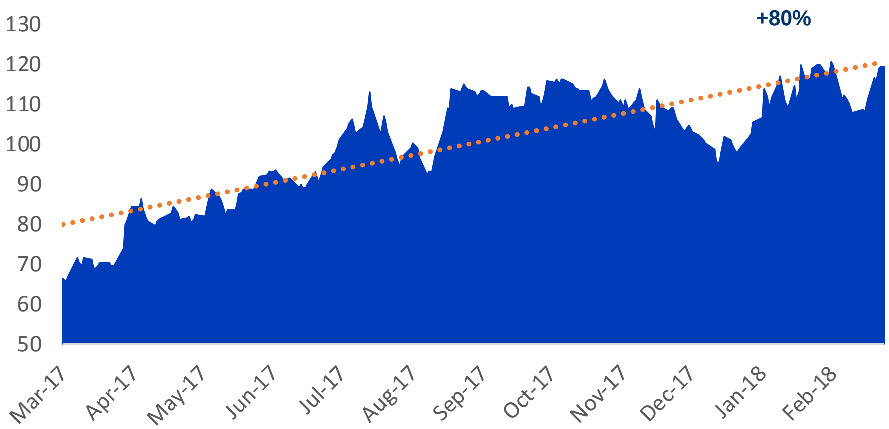
€ 314M Total write-off

(*) Amount gross of the existing provisions fund of some €41m

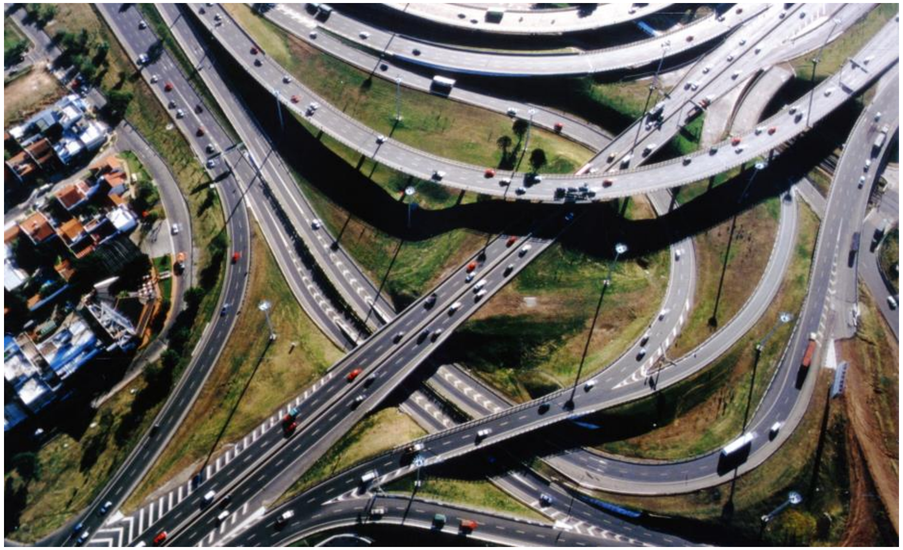
No revenues and cash contribution from Venezuela embedded in the Business Plan

Asset value optimization; Autopistas del Sol case

Autopistas Del Sol – Share price evolution (in ARS)



Autopistas del Sol is listed in Bolsas y Mercados Argentinos (BYMA)



Current Market CAP	**Ca. €430m**
Salini Impregilo stake	**Ca. €85m**
Book value as of 31.12.2016	**Ca. €2.6m**

15,0x	19,6x	26,6x
EV/EBITDA	***EV/EBIT***	***P/E***

- Investment almost completely written down in prior years as a consequence of the severe economic crisis in Argentina
- Negotiation for the extension of the concession agreement currently undergoing
- Share price of Ausol recovered by 80% in the last 12 months
- Non core asset investment revalued to €83M

Business update

Pietro Salini
Chief Executive Officer

Positive outlook and drivers for the Construction market

1

Convergence developed vs. developing markets

- Developed markets closing growth gap vs. developing
- Opportunity to grow in developed markets (e.g. Europe, North America, Australia)

2

Urbanization

- Mass-urbanization driving the growth of mega-cities
- Increasing demand of high-quality infrastructure and mobility (e.g. Metros)

3

Water availability and management

- Urbanization putting strain on large cities' water reserves (e.g. Las Vegas, Cape Town)
- Water availability and management critical

4

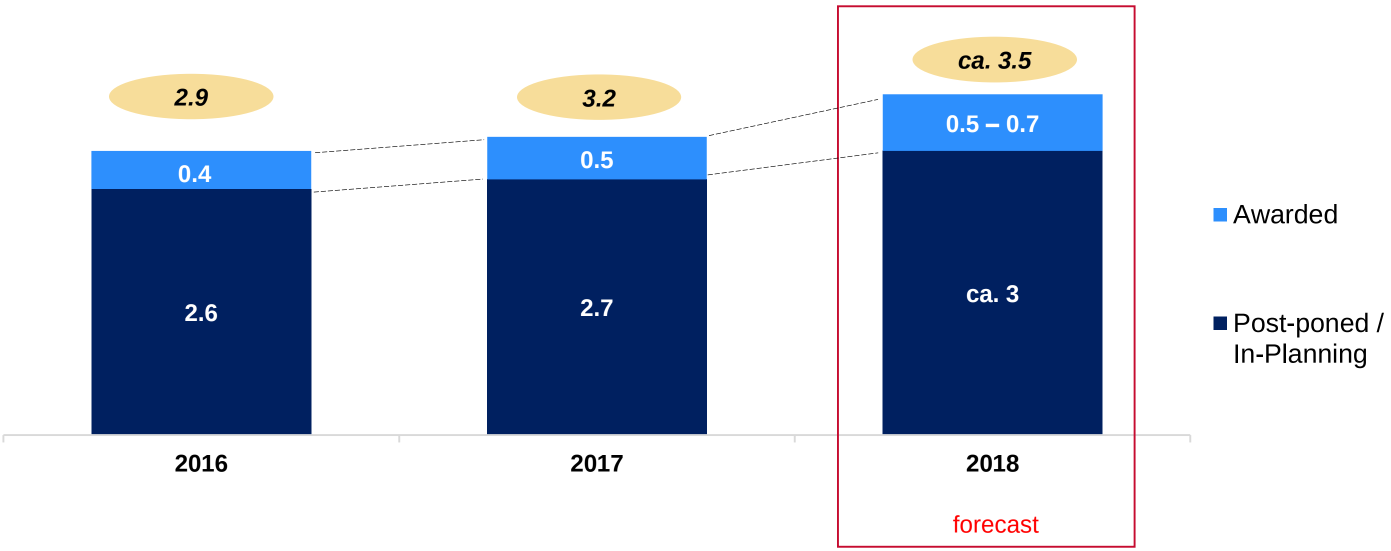
Aging infrastructure particularly in developed markets

- Growing infrastructure needs in developed economies
- Large infrastructure plans to renovate crumbling assets (e.g. Trump Plan)

- Large and growing construction market with **urbanization and aging infrastructure as key drivers**
- **Substantial infrastructure investment plans announced**
- Group uniquely positioned to capture growth, leveraging **US presence** and **leadership in Dams & Metro**

Construction market large and growing, ca. 450 B€ awarded in 2017

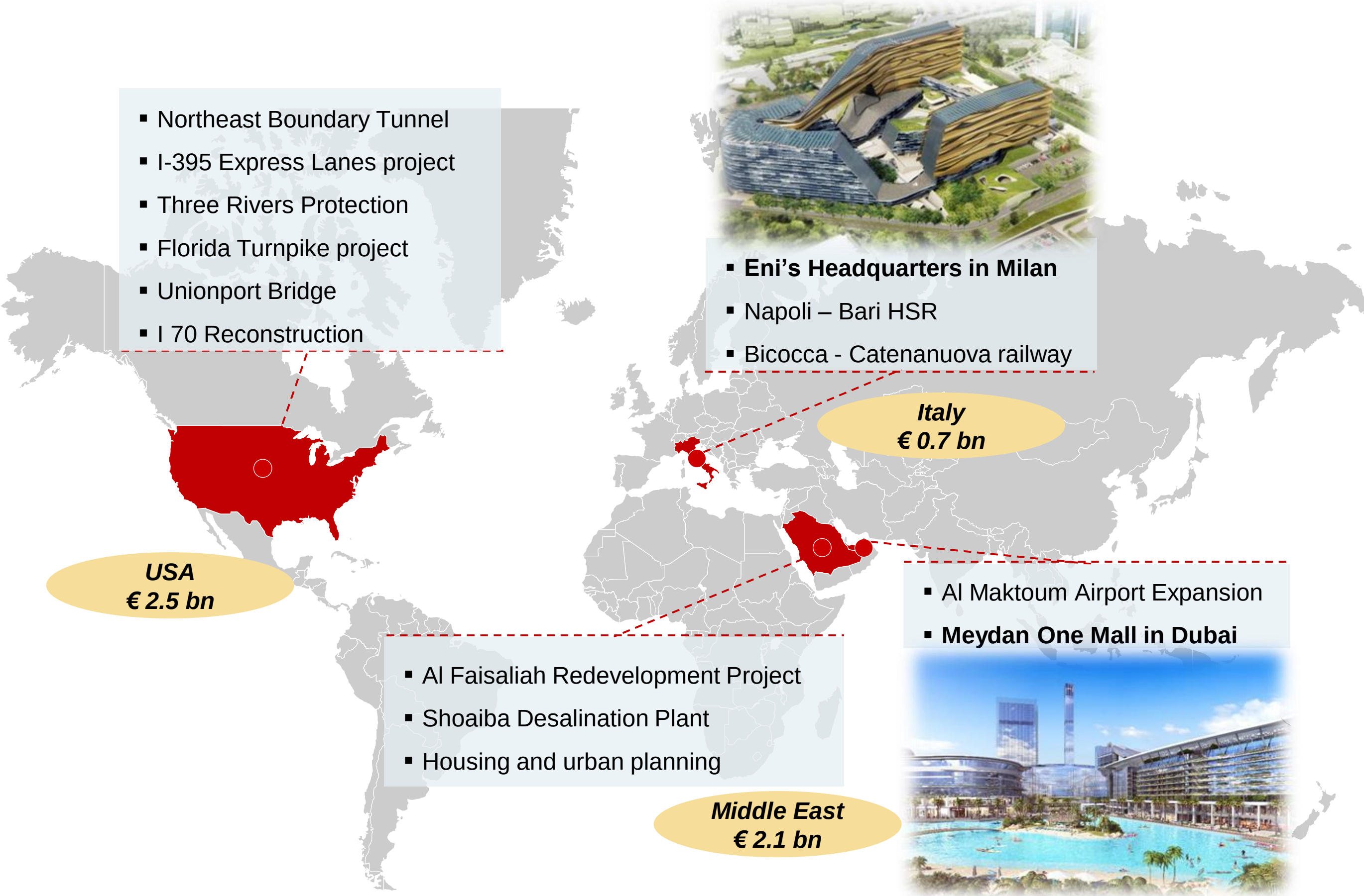
Addressable Market Development [€/Trillion]



- **Ca. 70%** projects awarded in 2017 with value >1 B€ (ca. 100 projects)
- **0.5-0.7 TN€** likely to be awarded in 2018, as currently in-Design or in Tender phase
- **Several large infrastructure projects to be awarded:** the Group will leverage its home markets & Dams & Metro know-how
- USA top priority for growth, leveraging 4.6 TN$ Focus **USA need to revamp crumbling infrastructure**

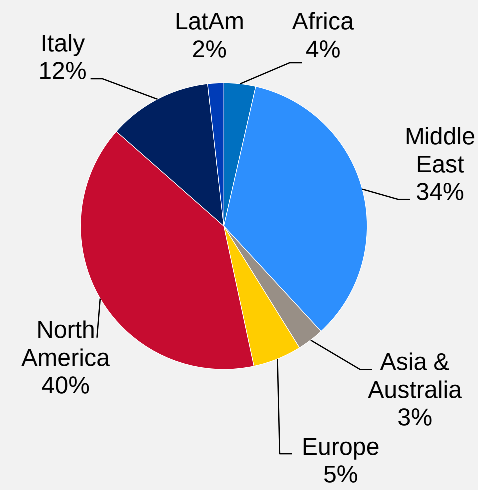
Figures refer to 3-year period (2016-18, 2017-19, 2018-20)

2017 new orders



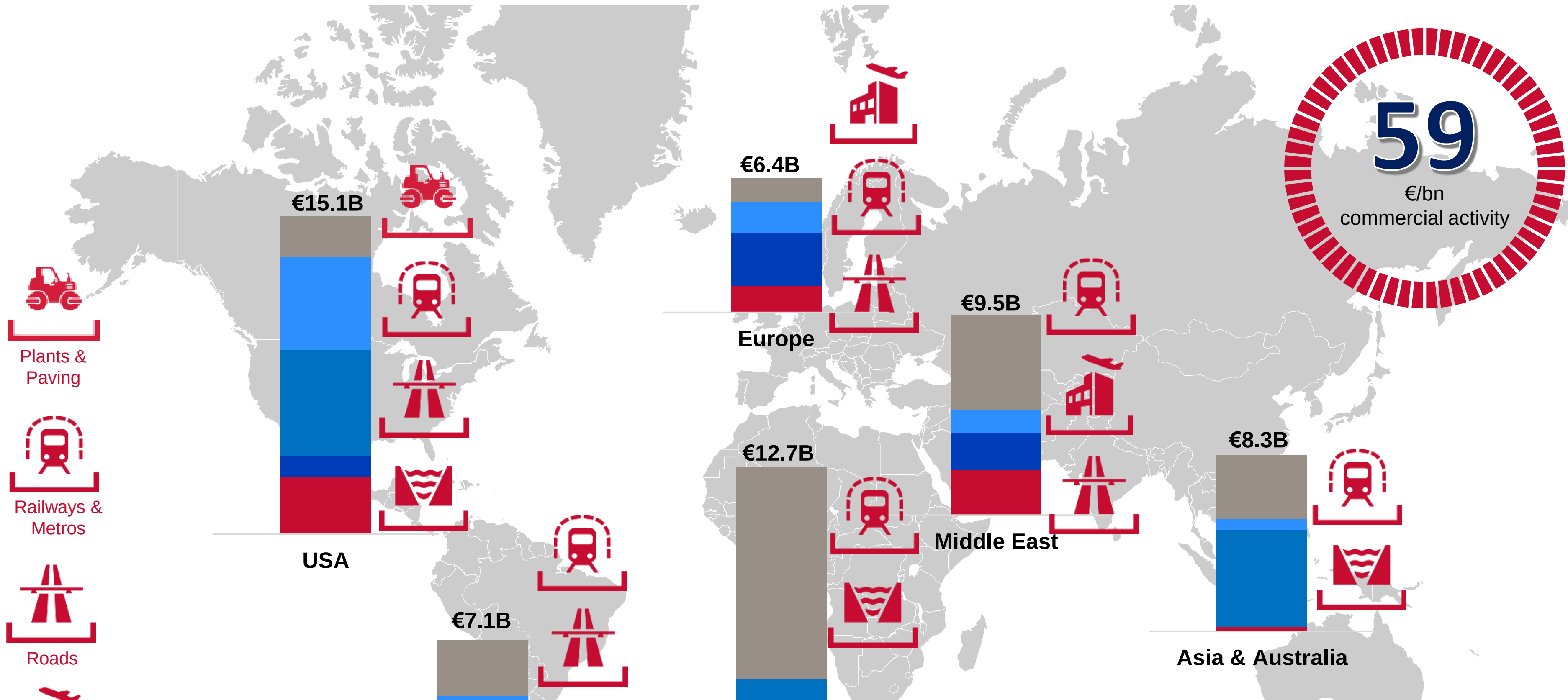
New Orders Distribution

	[€/M]
Salini Impregilo	3,547
Lane Construction	2,563
Fisia Italimpianti	86
Total ex-forex	**6,195**
Forex impact	475
Total Salini Impregilo	**6,670**



- **€6.7 billion** of new order acquired worldwide; of which **40% in the US market**

A strong pipeline of commercial activity



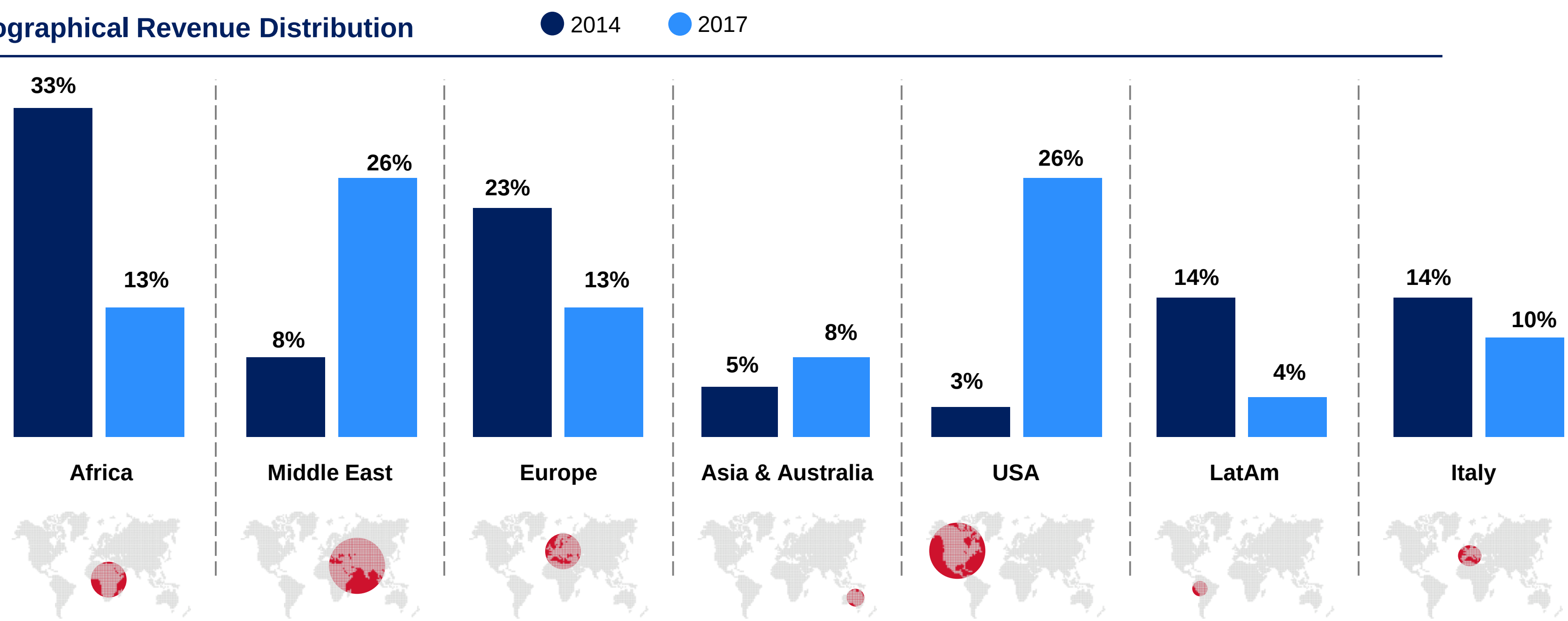
	(€/B)
Acquired	6.7
Awaiting outcome/best offer	6.2
Private negotiations	13.4
Tenders to be presented	9.7
Prequalification	23.2
Total	**59.2**

Risk profile improved

1 **Top 10 Projects Concentration**

- **Top 10 projects revenues share decreased from 66% in 2014 to 47% in 2017**

2 **Geographical Revenue Distribution**

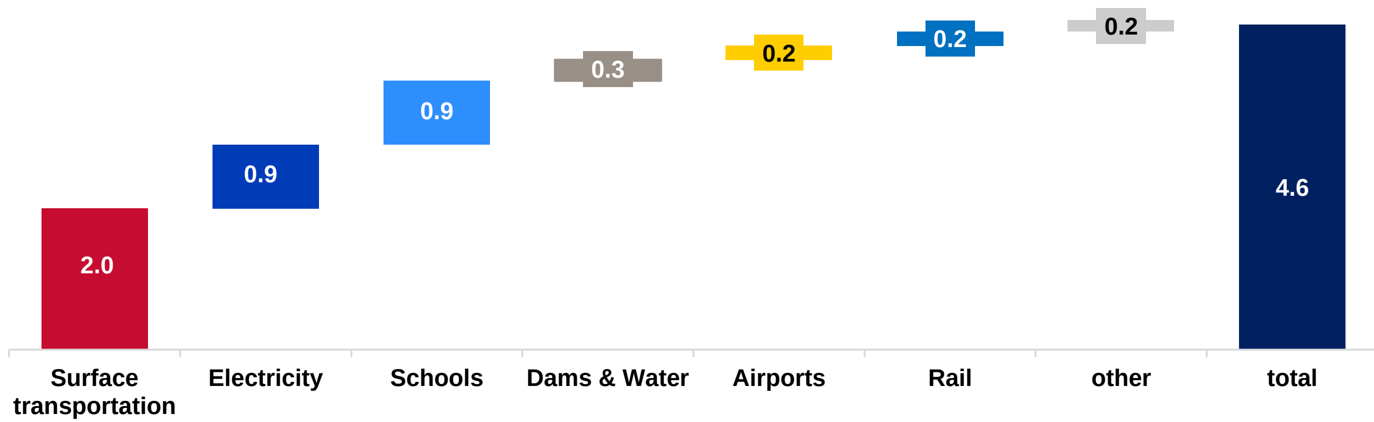


- **US confirmed as our first single country market**

US infrastructure market outlook

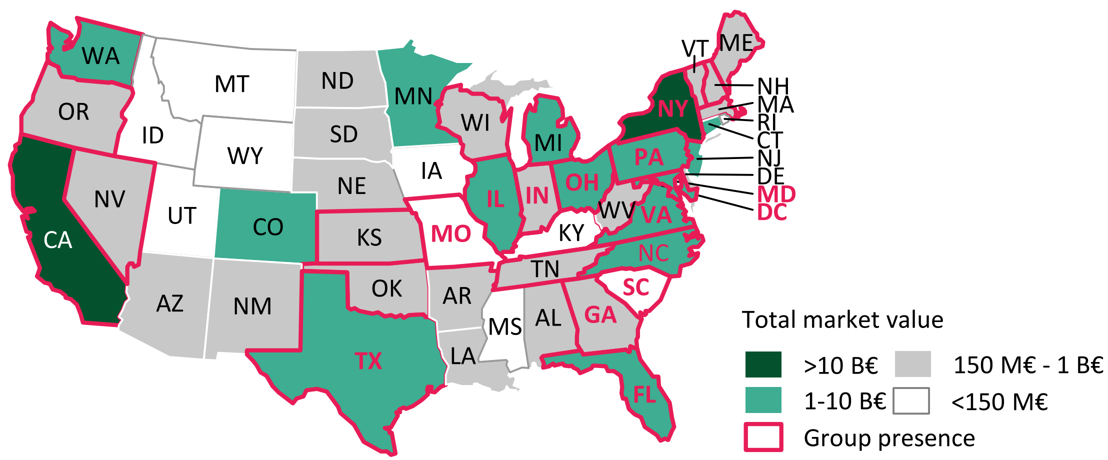
salini impregilo

1 Cumulative US Infrastructure Needs 2016-25 ($TN)*



- 15,500 dams (17% of total) identified as high-hazard
- 56,000 bridges (9% of total) structurally deficient
- Road congestion cost 160 B$ in wasted time and fuel in 2014

2 Addressable Market Breakdown by US State



- 1.5 TN$ infrastructure plan announced by **US Administration**
- **Lane has presence in the most relevant US States** covering >50% country construction spending

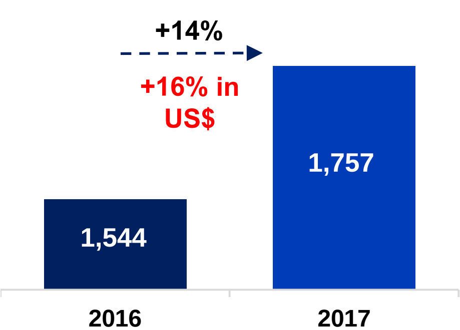
(*) Source: American Society Of Civil Engineers 2017 Infrastructure report Card and Failure to Act series, published 2011-2017

Lane track records and perspectives

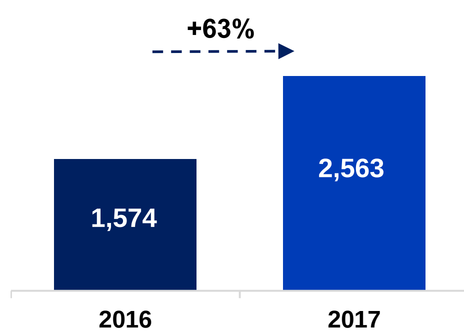
- In 2017 Lane achieved **best-in-class book-to-bill of 1.46x**
- Lane backlog grew up by 19% in 2017, **reaching its record high of €3 billion**
- **Since SAL acquisition, the backlog of Lane has grown 36%**

- **Investing in Lane**
  - **Opening new commercial offices** in New York, Atlanta, and strengthen those in Virginia, Texas and Florida
  - **Reinforced technical department** with new engineers**: expected to bids for $20 billion projects this year**
  - **New Business sector**: Lane Power and Energy
  - **Involved in the Texas bullet train project:** $15bn of investment for a 240 mile High Speed Rail between Dallas and Houston. Execution plan expected by July 2018 and commercial close by July 2019; Lane to act in JV, as equal partner, with Fluor for the civil works

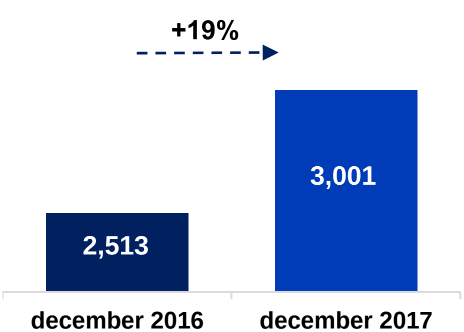
1 Revenues (€/M)



2 New Orders (€/M)



3 Backlog (€/M)



STRATEGIC GUIDELINES AND BP TARGETS

Group strategic guidelines

- **Going forward the Group will focus on five strategic priorities**

Top Line

Focus on footprint

Maintain Water & Metro Worldwide leadership

Reinforce Strategic Multi-Domestic presence in US, Australia, Middle East, Italy

Step change to Lane's growth

Lane scale up to make US largest single country market within Group

Shift toward Large & Complex Projects over 2018-'19

Costs

Reduction of direct costs

Increase construction resources productivity

Increase centralization of procurement

Optimization of corporate costs

Review offices network according to T- footprint

Ensure control of HQ costs (incl. Lane)

Cash

Improvement of Cash generation

Increase monitoring of collection process of slow-moving items

Keep on implementing stock optimization initiatives

Cash flow generation drivers

Five key factors will allow Salini Impregilo to continue generating free cash flow

Project Mix

Project mix shifting towards projects with faster cash conversion cycle (e.g. Lane)

CAPEX efficiencies

CAPEX optimization due to plants & machinery re-use. Increase use of leasing model (e.g. Lane)

NWC management

NWC to be optimized by improvements in stock and suppliers management

New orders

Advance payments on new orders to improve '18-'19 cash flow for the Group

Extraordinary items

Expected cash-in of extraordinary items for ca. €150- 200M mainly from non-core asset disposals

Business Plan updated targets 2018 & 2019

	2017	2018	2019
REVENUES	€ 6.5B	€ 6.8 – 7.0B	€ 7.6 – 8.0B
EBIT margin	5.4%	≥5 %	>5%
Book to bill	1.037 x	>1. 1 x	>1.1 x
2018-2019 FCFO	**€156M** 2016-2017	**ca. €500M** Of which €150- 200M from extraordinary items	
Gross debt reduction		**ca. €200M**	

Original BP targets reviewed for:

- **Forex effect (headwinds of approx. €1B per year)**
- **Adoption of IFRS 15**

- **Projects mix and costs saving to support margins**
- **Strong commercial pipeline to support 1.1 x book-to-bill ratio**
- **Cash flow generation expected to accelerate in 2018 and 2019 due to Lane**
- **Gross debt de-leverage supported by cash generation from non core assets**

appendix

Income statement adjustments

(€/M)	2017 Mgm. View	Impairment Venezuela	2017 Mgm. view Venezuela - Normalized	Forex	2017 Mgm. view Normalized	2016 Mgm. View Actual	Var FY17 vs FY16 normalized	
Revenue	**6,348**	**-**	**6,348**	**(135)**	**6,482**	**6,125**	**358**	5.8%
EBITDA	**584**	**-**	**584**	**(41)**	**625**	**577**	**48**	8.3%
EBITDA margin	*9.2%*		*9.2%*		*9.6%*	*9.4%*	*0.2%*	
EBIT	**29**	**(292)**	**322**	**(25)**	**347**	**314**	**33**	10.6%
EBIT margin	*0.5%*		*5.1%*		*5.4%*	*5.1%*	*0.2%*	
Net Financial expenses	(70)	-	(70)	-	(70)	(102)	32	
Net exchange rate gains (losses)	(123)	-	(123)	(123)	0	16	(16)	
Gain (losses) on investments	96	-	96	-	96	(15)	111	
EBT	**(68)**	**(292)**	**225**	**(148)**	**373**	**212**	**161**	
Income taxes	(15)	68	(83)	54	(137)	(81)	(56)	
Tax rate	*n.a*		*36.8%*		*36.7%*	*38.3%*	*-1.7%*	
Profit (loss) from continuing operations	**(82)**	**(224)**	**142**	**93**	**236**	**131**	**105**	
Discontinued business	(2)	-	(2)	-	(2)	(21)	19	
Profit (loss) of the period	**(84)**	**(224)**	**140**	**93**	**234**	**110**	**124**	
Minority interests	(23)	-	(23)	-	(23)	(40)	17	
Profit (loss) attributable to parent	**(107)**	**(224)**	**117**	**93**	**211**	**70**	**141**	**200%**

Income statement

values in thousands EUR	December 31, 2016 (§)	December 31, 2017
Revenue	5,760,358	5,939,976
Other income	123,451	167,265
Totale revenue	**5,883,809**	**6,107,241**
Total costs	**(5,330,972)**	**(5,527,089)**
EBITDA	**552,837**	**580,152**
EBITDA %	*9.4%*	*9.5%*
Amortisation, depreciation, impairment losses and provisions	(277,324)	(554,972)
EBIT	**275,513**	**25,180**
R.o.S. %	*4.7%*	*0.4%*
Net Financial income (costs)	(86,506)	(192,902)
Gain (losses) on investments	9,122	100,109
Net financing costs and net gains on investments	**(77,384)**	**(92,793)**
Earnings before taxes (EBT)	**198,129**	**(67,613)**
Income taxes	(77,952)	(14,534)
Profit (loss) from continuing operations	**120,177**	**(82,147)**
Profit (loss) from discontinued operations	(20,662)	(1,908)
Profit (loss) before Non controlling interests	**99,515**	**(84,055)**
Non controlling interests	(39,594)	(22,862)
Net Income (loss)	**59,921**	**(106,917)**

(§) The statement of profit or loss for the first half of 2016 w as restated to present the different classification of assets held for sale and the new method used to calculate the gross operating profit w hich excludes provisions and impairment losses.

Statement of financial position

values in thousands EUR	December 31, 2016	December 31, 2017
Non-current assets	1,173,270	1,120,308
Goodwil	175,188	155,179
Non-current assets (liabilities) held for sale	6,032	5,683
Provisions for risks	(105,765)	(101,531)
Post-employment benefits and employee benefits	(91,930)	(85,724)
Net tax assets	118,342	260,674
Inventories	*270,579*	*240,976*
Contract work in progress	*2,367,263*	*2,668,103*
Progress payments and advances on contract work in progress	*(2,455,632)*	*(2,518,557)*
Receivables (*)	*2,357,251*	*1,901,334*
Liabilities (*)	*(2,337,406)*	*(2,144,810)*
Other current assets	*591,270*	*616,549*
Other current liabilities	*(356,315)*	*(330,288)*
Working capital	**437,010**	**433,307**
Net invested capital	**1,712,147**	**1,787,896**
Equity attributable to the owners of the parent	**1,205,005**	**951,386**
Non-controlling interests	156,326	133,898
Equity	**1,361,331**	**1,085,284**
Net financial indebtedness	**350,816**	**702,612**
Total financial resources	**1,712,147**	**1,787,896**

(*) These items show liabilities of € 18.6 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.
In 2016, the Group's exposure to "SPVs" w as € 2.0 million in receivables and € 7.3 million in liabilities.

Net financial position

values in thousands EUR	December 31, 2016	December 31, 2017
Non-current financial assets	62,458	188,468
Current financial assets	323,393	94,308
Cash and cash equivalents	1,602,721	1,320,192
Total cash and cash equivalents and other financial assets	**1,988,572**	**1,602,968**
Bank and other loans	(866,361)	(457,468)
Bonds	(868,115)	(1,084,426)
Financial Lease Payables	(119,742)	(81,310)
Total non-current indebtedness	**(1,854,218)**	**(1,623,204)**
Bank overdrafts and current portion of loans	(398,589)	(311,002)
Current portion of bonds	(18,931)	(302,935)
Current portion of Lease Payables	(55,281)	(48,567)
Total current indebtedness	**(472,801)**	**(662,504)**
Derivative assets	156	226
Derivative liabilities	(7,180)	(1,480)
Net financial position with unconsolidated SPEs (*)	(5,345)	(18,618)
Total other financial assets (liabilities)	**(12,369)**	**(19,872)**
Net financial indebtedness - continuing operations	**(350,816)**	**(702,612)**
Net financial indebtedness - discontinued operations	-	-
Net financial indebtedness including discontinued operations	**(350,816)**	**(702,612)**

(*) This item shows the Group's net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the condensed interim consolidated financial statements.

Disclaimer

This presentation may contain forward-looking objectives and statements about Salini Impregilo's financial situation, operating results, business activities and expansion strategy.

These objectives and statements are based on assumptions that are dependent upon significant risk and uncertainty factors that may prove to be inexact. The information is valid only at the time of writing and Salini Impregilo does not assume any obligation to update or revise the objectives on the basis of new information or future or other events, subject to applicable regulations.

Additional information on the factors that could have an impact on Salini Impregilo's financial results is contained in the documents filed by the Group with the Italian Securities Regulator and available on the Group's website at www.salini-impregilo.com or on request from its head office.

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Thank you