

Italian Infrastructure Day 2013

5 September 2013

Salini Impregilo: a value creation story


BORSA ITALIANA

salini
impregilo 

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Campione Nazionale's Track Record Continues to Build

2012 Ranking* among Construction & Engineering Companies in the World:
#1 in Water (Dams, Hydro-Electric Works), #10 in Latin America/Caribbean

New Awards



Dams & hydroelectric plants: **~230**
Total installed power: **36,800 MW**

Neckartal Dam
€214 mn
(Namibia)



Tunnels: over **1,250 km**

Riachuelo Project
€362 mn (Argentina)
Anacostia River
€194 mn (USA)



Railways: over **6,700 km**
Metro lines: circa **340 km**

Riyadh Metro
€3,720 mn (Saudi Arabia)
Doha Metro
€1,803 mn (Qatar)



Roads, highways: over **36,000 km**
Bridges, viaducts: over **320 km**

Libya Express Hwy
€963 mn (Libya)
**Almaty-Khorgos-
Kamengorsk**
€360 mn (Kazakhstan)

*ENR Report "Top 250 Construction and Engineering Companies in the World" (Aug-Sept, 2013)

Agenda

Salini-Impregilo: a value creation story

Value Creation Step by step delivery:

- Timeline Campione Nazionale
 - Value created from October 2011
 - The Merger Operation
 - Extraordinary Shareholders' Meeting
-

Business Plan: Targets & Update

Commercial Activity/New Project Awards/Backlog

Results

Impregilo 1st Half Results

Salini Impregilo Pro-Forma Results

Timeline Campione Nazionale: step by step delivery

Salini begins buying Impregilo shares at €1.60

2011

Sept

Salini announces that it has 8% of Impregilo

Oct

2012

Dec

Salini consolidates its stake in IPG to arrive at 20%

Jan

Salini requests Shareholders' Mtg to consider replacing BoD

Feb

Salini: 25% of IPG

Mar

Salini Presentation to the Market
IPG AGM; Mgmt Remuneration policy defeated

Apr

Proxy solicitation campaign launched

May

Impregilo and Salini sign the Strategic Accord for cooperation

2012

July

Salini announces its intention to launch a PTO

2013

Feb

Impregilo distributes jumbo dividend

Apr

Salini obtains "BB" ratings (Fitch, S&P)
Issues €400mln 5 yr. bond

May

Perfection of the merger

2014

Dec

Impregilo's AGM appoints new BoD

Impregilo announces its 3 year Industrial Plan

End of PTO: Salini reaches 92.08% of Impregilo

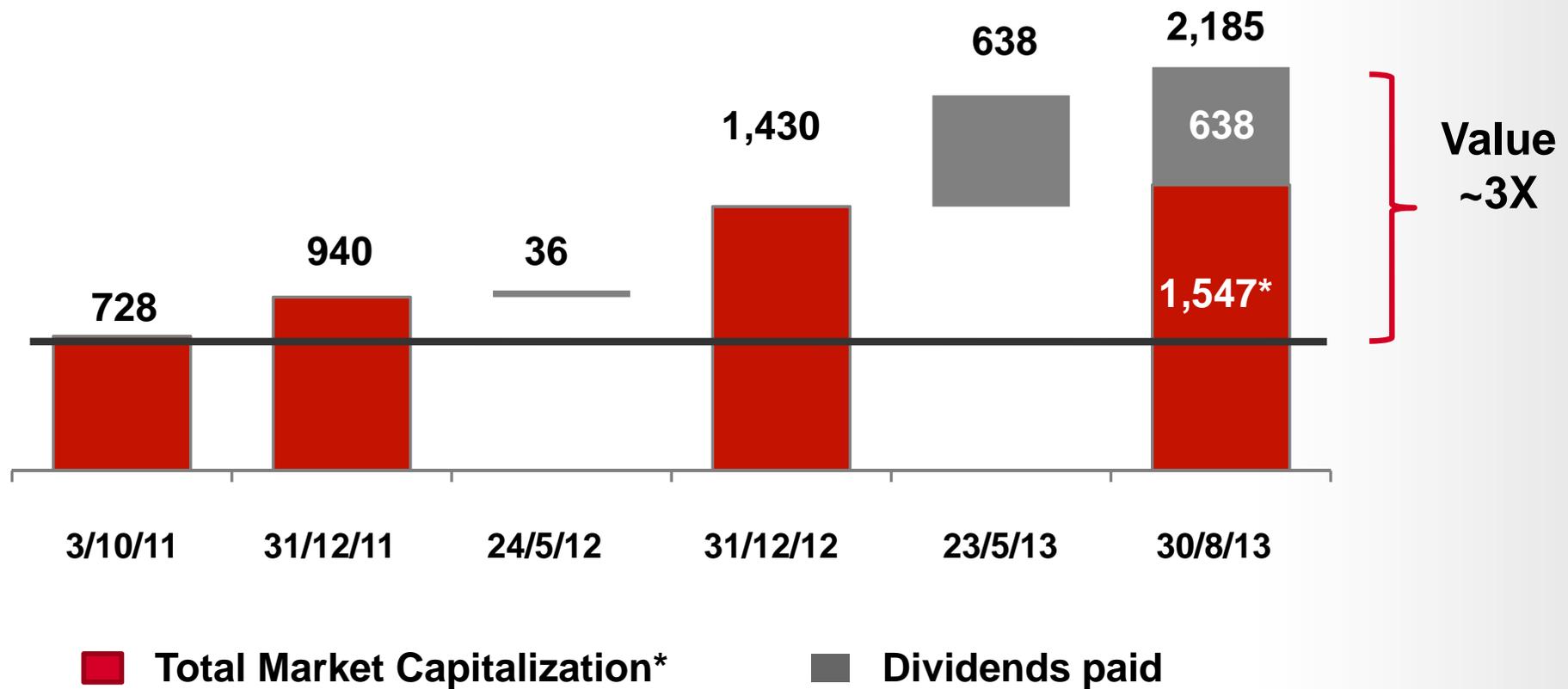
Publication Merger Project & Docs

EGM of Salini and Impregilo to approve the merger

Merger becomes effective 1 Jan 2014



Campione Nazionale: a value creation story

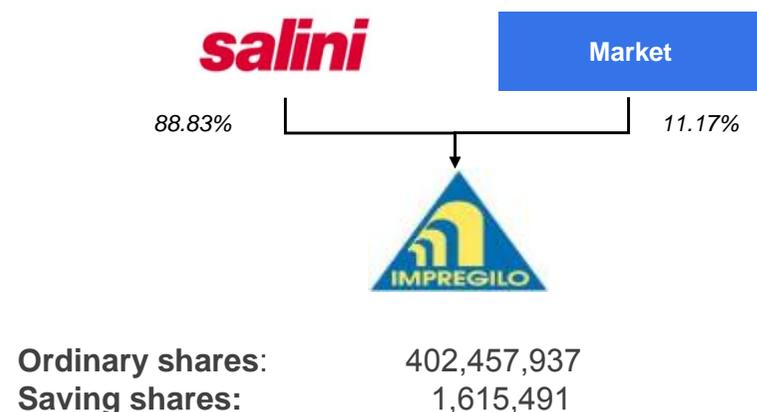


Circa €1.4 billion of value created since October 2011 for all Shareholders

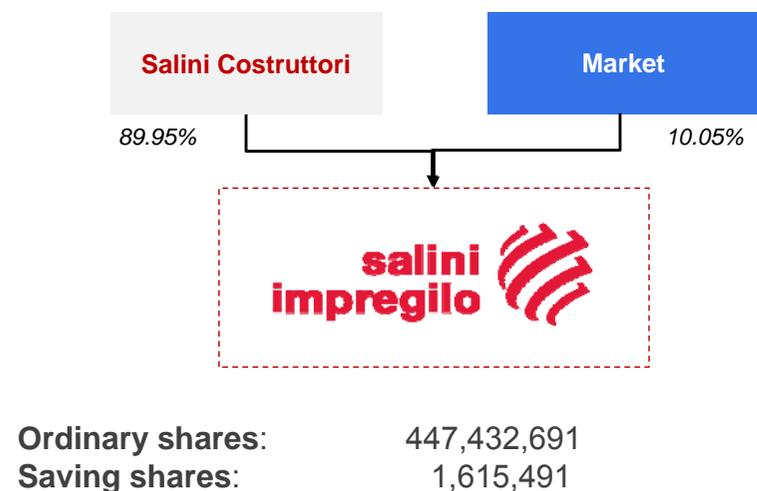
*Total Market Cap based on 402,457,937 ordinary shares and 1,615,491 savings shares.
 The Total Market Capitalization at 30 August is calculated on a fully diluted basis of # 447,432,691 ordinary shares (including 44,975,754 ordinary shares to be newly issued) and 1,615,491 savings shares

The Merger: terms of the operation

Pre-Merger Shareholder Structure



Post-Merger Shareholder Structure



Exchange Rate Calculation

The valuations were undertaken using:

- **Main valuation method:** *Discounted Cash Flow* ("DCF");
- **Control/Check method:** peer market multiples
- The Exchange Ratio was set at **6.45** Impregilo ordinary shares for each Salini S.p.A. share. (62,400,000 shares outstanding)
- The Exchange Ratio set foresees: the assignment of 402,480,000 ordinary shares to Salini Costruttori S.p.A.
 - 357,505,246 Impregilo ordinary shares, with no par value, held by Salini S.p.A.
 - 44,974,754 newly issued Impregilo ordinary shares, with no par value
- Minority shareholders and savings shareholders will maintain the shares they currently possess
- Salini Costruttori post-merger participation: 89.95%

Merger Timetable

- **30 June 2013:** Merger Project and related attachments published
- **12 September 2013:** Extraordinary Shareholders' Meetings of Salini and Impregilo to approve the merger
- **By December 2013:** perfection of the operation (Merger act deposited)
- **1 January 2014:** Merger is effective on accounting basis

Impregilo Extraordinary Shareholders' Meeting 12/9/13 (1/2)

1

Merger Project & Reduction of Share Capital

- Better configuration of Shareholders' Equity
- Optimization of the capital profile, while maintaining the overall amount of equity capital unchanged

Current share capital	718,364,457		
Share Capital Post Merger	500,000,000	#Ord.	447,432,691
Legal Reserve	100,000,000	#Sav.	1,615,491
Other reserves	118,364,457		449,048,182

2

Delegate BoD to raise Share Capital 1 or more times w/exclusion of subscription rights, max. 10% share capital / €50 mn w/in5 yrs

- Greater financial flexibility to support growth strategy and/or to enhance the value of existing investments.
- Increased speed to grasp opportunities presented by the markets to undertake extraordinary operations that require particular due haste
- Simplified approval process with the consequential reduction of exposure to market movements between announcement and execution of the operations
- Key instrument useful in increasing share float and maintain market liquidity in share trading

3

Delegate BoD to raise share capital &/or issue convertible bonds, (w/exclusion of subscription rights) up to max €100 mn (w/in 5 yrs)

This motion has the same benefits as Point 2 above.

In addition, this motion will allow the Board of Directors to raise capital of up to a maximum amount of €100 mn through either :

- Share issuance :
- Convertible bond issuance.

The overall amount of share capital to be raised whether through share issuance or convertible bond is capped at €100 mn.

Impregilo Extraordinary Shareholders' Meeting 12/9/13 (2/2)

4

Attribute to the BoD the option to approve the distribution of interim dividends

- Useful instrument to increase flexibility and to rationalize the payout policy
- Pursue a growth strategy aimed at the creation and distribution of value to shareholders on a more constant basis

5

Waiver of the automatic appointment of a common representative for shareholders (as per the Unified Financial Law)

- Greater flexibility, a more simple procedure and organization of shareholders' meetings;
- Cost savings;
- The Board of Directors will retain, in any event, the option to evaluate from time to time whether to proceed with the designation of a specific agent, providing specific communication in the official Meeting Notice of the relative shareholders' meeting

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Combined Group Targets: Update

BP Strategic Guidelines

Sept 2013 Update

Construction business

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

- Dismiss non-core businesses, resolve claims

- Operations executed, Sums received include:
 - Ecorodovias €937 mn,
 - CDR claim: €240 mn

Marginality

Attention to margins and cash flows will drive strategic choices

- New business guidelines established and full coordination across group
- New project marginality & down-payments in line with BP targets

Commercial targeting

Commercial marketing targets will be based on two principles

- Focus on large or mega-projects (>€0.5 bn)
- Strengthen the presence in selected core regions

- Several new projects of large dimensions
- Traditional markets affected by economic slowdown

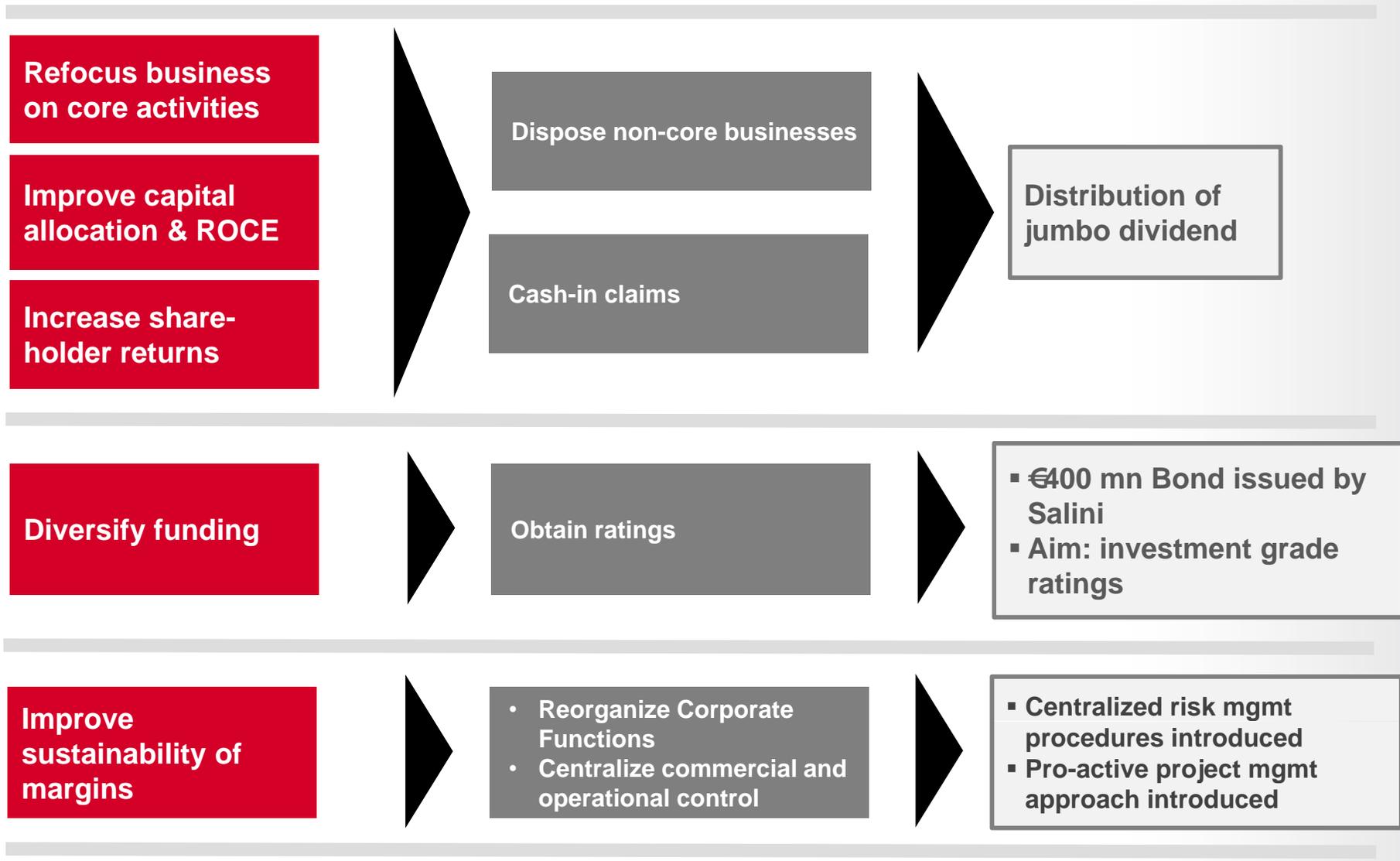
Geographical Diversification

Diversify portfolio further through selective entry into new markets

- USA, Middle East, Canada

- Important tenders won in Middle East
- USA and Canada commercial activity positive

Well on track to achieve strategic objectives



Disposal of non-core assets and contractual claims: in line w/plans

Non-strategic assets

- 29% stake in Ecorodovias
- Fisia Babcock, Shanghai Pucheng
- Fisia, Sales of other concessions

Net Proceeds

€37 mn

€155 mn

not disclosed

Timing

Jan.'13

End '13 – Beg.'14

2014

Contractual claims

- CDR Plants in Campania
- Messina Bridge
- Fibe (Campania) Management service fees

Net Proceeds

€240 mn

€97 mn

€53 mn

Timing

August'13

2014

2014

Overall net proceeds expected by 2014: circa €1.5 bn, of which circa €1.2 bn have been already received

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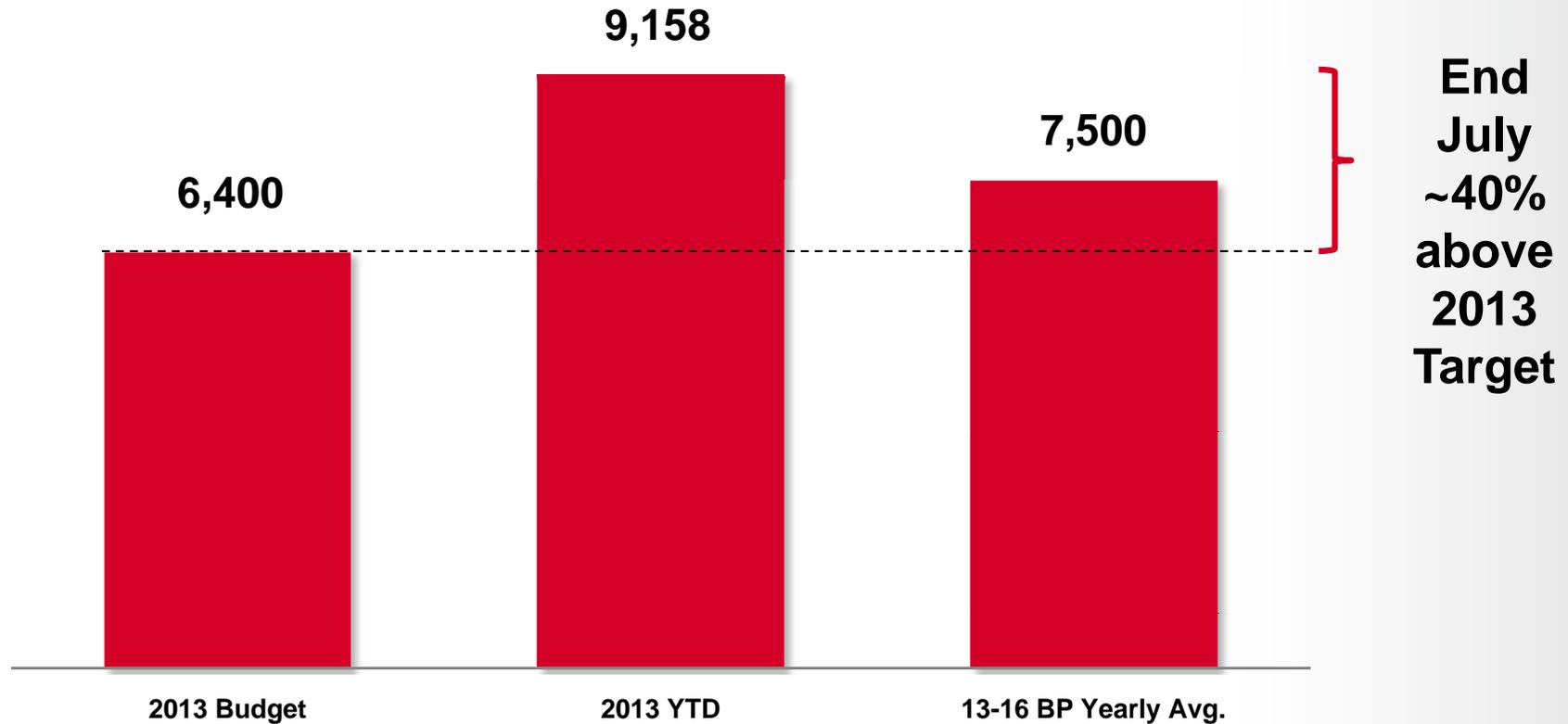
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Salini Impregilo Pro-Forma Results

Commercial activity: significant successes underscore the benefits of Campione Nazionale

€mn



Considering the latest new awards, the August end backlog covers \approx **6.7 times 2012 Revenues** (vs. 5 times)

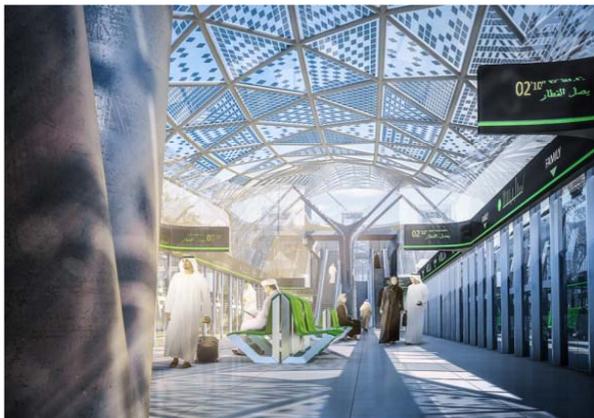
Commercial activity: significant successes underscore the benefits of Campione Nazionale

Country	Project	Value added to backlog	quota	Consolidation Method
Saudi Arabia	Ryadh Metro (civil works only)	3,720	29%	Full
Italy	Cociv (10% stake acquired)	455	64%	Full
Qatar	Metro Doha Red Line	1,803	41%	Full
Libya	Express Highway Project: "Al Marj – Darnah – Emssad" Lot 1	963	58%	Full
Turchia	Gaziantep Hospital Construction	468	33%	Full
Kazakhstan	Almaty Khorgos	270	67%	Full
Argentina	Riachuelo	362	100%	Full
Namibia	Neckartal Dam	214	100%	Full
Poland	A1 Motorway	208	66%	Full
U.S.A.	Anacostia Tunnel	194	65%	Full
Romania	Lugoi Deva Motorway	125	80%	Full
Chile	Metro Santiago	120	100%	Full
Bulgaria	North Speed Tangent	97	100%	Full
Kazakhstan	Almaty Kamengorsk	90	100%	Full
Brasil	Serra do Mar	45	50%	to be defined
Sierra Leone	Matatoka Yiye Road	25	100%	Full
Construction Awards 2013 YTD		9,158		
Turchia	Gaziantep Hospital Scheme Concession	737	28%	
Turchia	Gaziantep Hospital Scheme O&M	236	48%	
Italy	TEM (2% additional stake)	421	20%	
Italy	Sabrom (20% stake acquired)	549	60%	
Concessions Awards 2013 YTD		1,943		
Other changes	Construction	264		
Other changes	Concessions	1,073		
Total changes		1,336		

Through 30 August 2013 Salini Impregilo registered circa €11 billion in new orders

Recently awarded projects: Riyadh Metro

Riyadh – Design and construction of the New Underground Line 3 (40.7 km)



- **Contract period:** 2013–2017
- **Value:** USD 6 billion (of which USD 4.9bn of civil works)
- **Client:** Riyadh Development Authority
- **Partners:** Ansaldo STS (Italy), Bombardier (Canada), Larsen&Toubro (India) and Nesma (Saudi Arabia)
- **Progress:** awarded on 29 July 2013.
- **Project description:** The project envisages the engineering and execution of Riyadh's New Underground Line 3 (40.7 km), the longest line of the giant underground project of the Saudi Arabian capital.
- The assigned package is an integral part of the bigger project that concerns the parallel construction of an underground network that includes 6 lines with a total length of about 180 km and a total value of \$ 23.5 billion. The total project was assigned to 3 different consortium that include some of the largest construction companies worldwide: the leader of the 1st consortium is the American Bechtel in association with Almajani, CCC and Siemens, while the leader of the 2nd consortium is the Spanish FCC in association with Samsung, Freyssinet Arabia, Strukton and Alstom;
- The total value of the package assigned to Salini Impregilo as a leader for the engineering and execution of Line 3 is about \$6.0 billion, of which circa \$4.9 billion is related to the fulfillment of the civil works.

Main awarded projects: Qatar

Red Line North Metro in Doha

- **Contract period:** 2013-2018
- **Impregilo stake:** 41.25%
- **Partners:** SK Engineering (41.25%) and Galfar (17.50%)
- **Basic Value:** €1.8bn (of which €1.1bn of provisional sums)
- **Progress:** awarded on 17 May 2013
- **Project description:** The project will extend over a distance of approximately 13 km northward from Mushaireb station, with the construction of 7 new underground stations. Specifically, two parallel tunnels will be excavated, for the two directions of travel, for a length of about 11.6 km and an internal diameter of 6.17 m.
- Together with 3 other underground lines, it is a part of a wide-ranging plan to realize a new transportation infrastructure in Qatar within the framework of the National Development Plan for 2030 envisaging significant investments to enable sustainable economic growth internally and abroad.



Recently awarded projects: Express Highway in Libya

The “Ras Ejdyer – Emssad” Express Highway Project: “Al Marj – Darnah – Emssad” Lot 1

- **Contract period:** 2013–2017
- **Value:** €963 million
- **Client:** Great Socialist People’s Libyan Arab Jamahiriya, The General People’s Committee for Communications and Transportation, Road and Bridges Authority
- **Partners:** Società Italiana per le Condotte d’Acqua (Italy), Impresa Pizzarotti & C. (Italy) e Cooperativa Muratori e Cementisti CMC (Italy)
- **Progress:** awarded on 12 August 2013
- **Project description:** The new motorway will run across Libya for 1,700 km from the Tunisian border to the Egyptian border, and will be funded by the Italian government. The first section of the coastal motorway will run for approximately 400 km from the city of Marj to Emsaad, on the Egyptian border. The most significant parts of the project include the construction of 12 bridges of 2.2 km in length, 8 service areas and 6 parking areas.



Recently awarded projects: Riachuelo Project, Argentina

Environmental rehabilitation project "Riachuelo" in Buenos Aires area



- **Contract period:** 2013-2018
- **Value:** €360 million
- **Client:** Agua y Saneamientos Argentinos S.A.
- **Partners:** S.A. Healy (U.S.A.) a subsidiary of Salini-Impregilo Group
- **Progress:** awarded on 15 July 2013.
- **Project description:** The project includes the collection of wastewater from the Riachuelo plant via a 40 meter deep shaft. The wastewater will be carried to a diffuser, that will be made on the bottom of the Rio de la Plata river.
- The project has a strong social and environmental value and constitutes the early stage of a wider program of sustainable development of the catchment area of Matanza-Riachuelo, financed by the World Bank. The objective is the environmental recovery of the Riachuelo river and of the land crossed by the river, considered one of most polluted areas in the world.

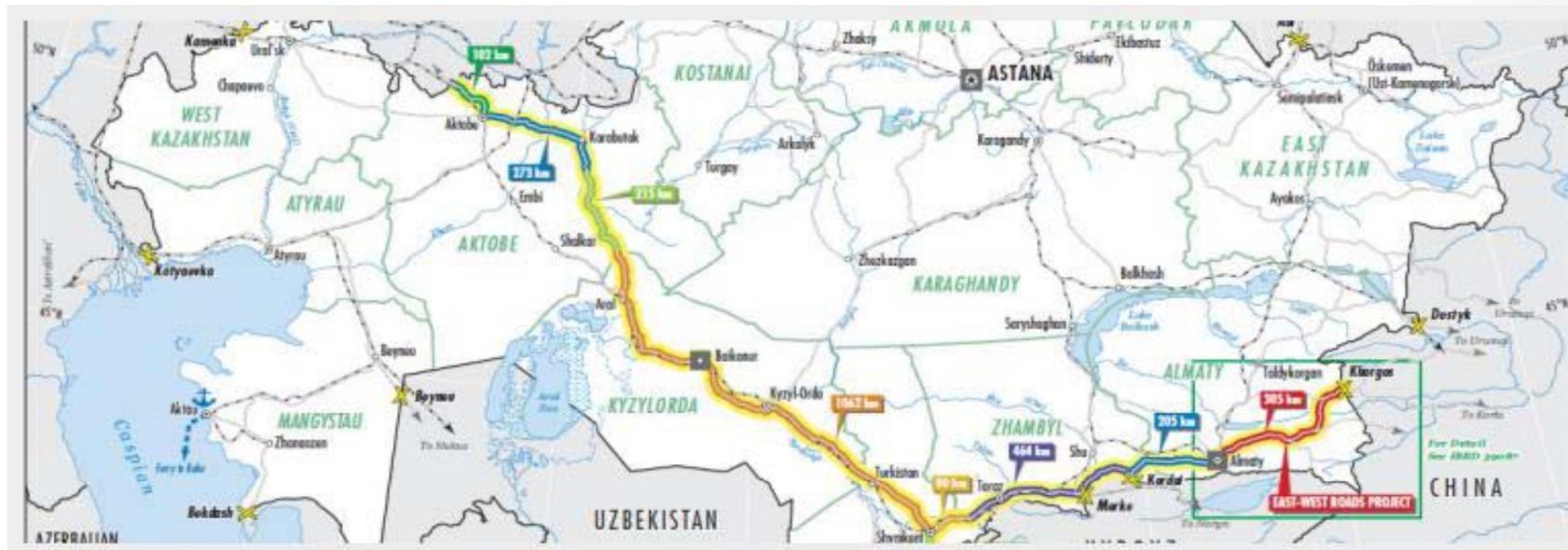
Main awarded projects: Kazakhstan

Almaty - Khorgos motorway

- **Contract period:** 2013-2018
- **Salini-Impregilo stake:** 67%
- **Partners:** Todini (34%), Impregilo (33%)
Kazakhdorstroy (33%)
- **Client:** Ministry of Transport and Communications of the Republic of Kazakhstan
- **Basic Value:** €295 mn
- **Progress:** awarded on 15 July 2013

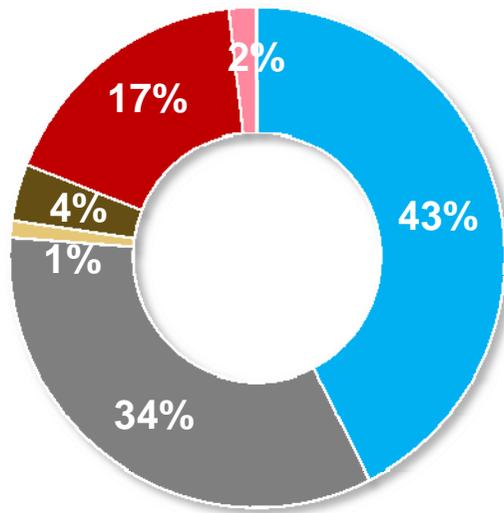
Project description:

- financed by the World Bank, consists of the modernization and doubling of the existing highway for a total of about 193 km and includes the realization of 5 overpasses and foresees a workforce of around 900 people;
- The 4 lots are part of the project called “Western Europe – Western China International Transit Corridor”. It represents a major road corridor from Western Europe to Western China, the modern “Silk Road” that will facilitate connections between Europe with China, improving the infrastructure network of the area, developing commercial trades from and to Europe, providing a significant contribution to road safety in the region



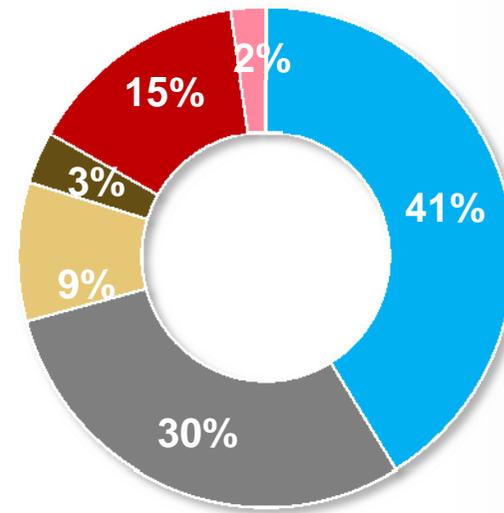
Salini Impregilo Construction Backlog by Geography

€19.9bn



YE 2012

€21.7bn

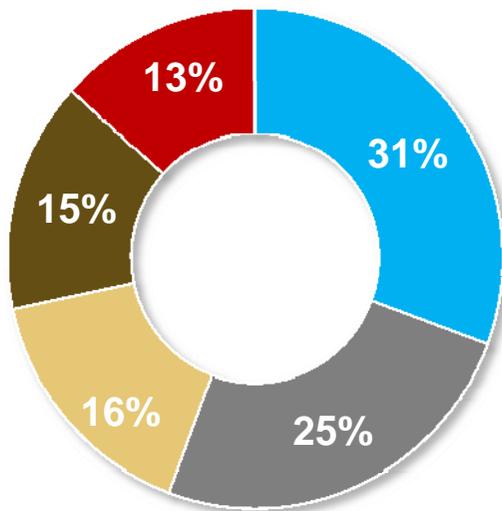


1H 2013

■ Europe ■ Africa ■ Middle East ■ Asia ■ Latin America ■ North America

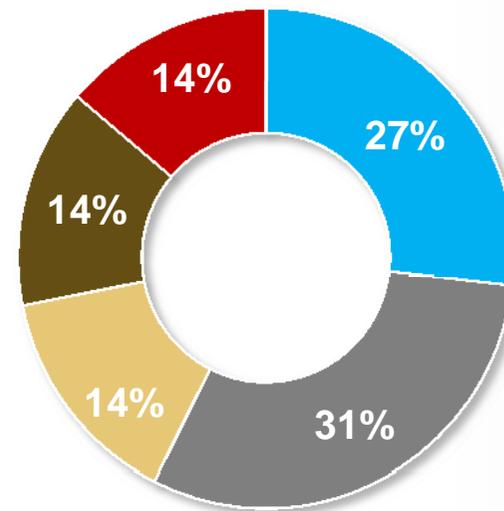
1H 2013 Salini Impregilo Construction Backlog by business segment

€19.9bn



YE 2012

€21.7bn



1H 2013

- Dams and Hydro Plants
- Railways & Metro lines
- High speed Railways
- Roads, highways, bridges, viaducts
- Other works

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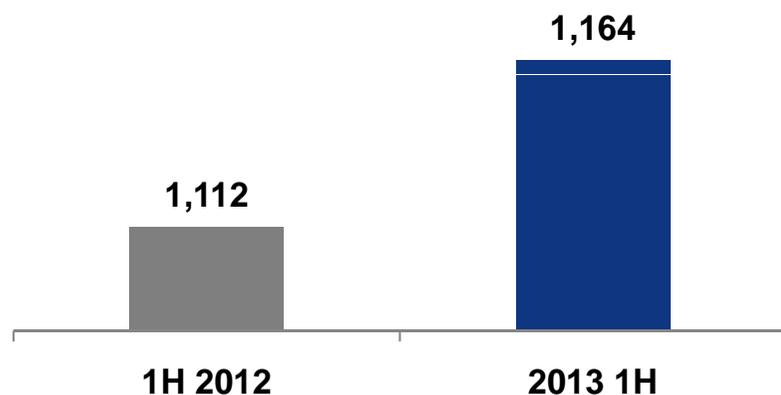
Results

Impregilo 1st Half Results

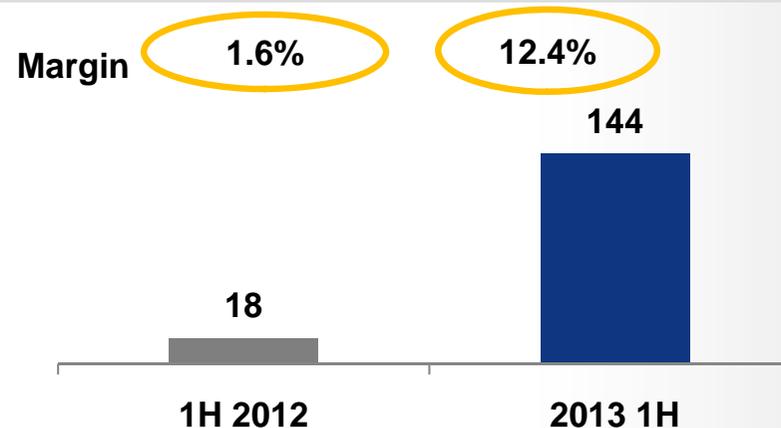
Salini Impregilo Pro-Forma Results

Impregilo Consolidated Financial Results 1H 2013

REVENUES (€mn)

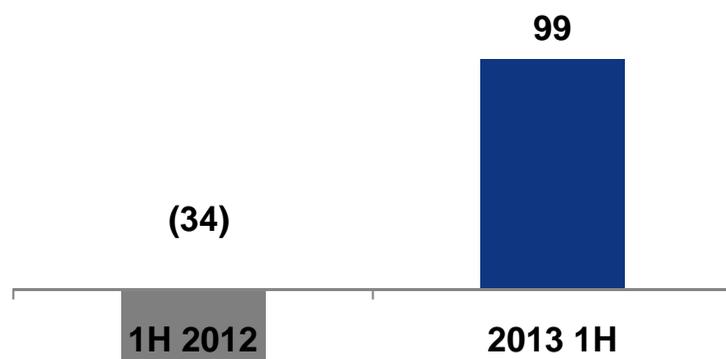


EBITDA (€mn)

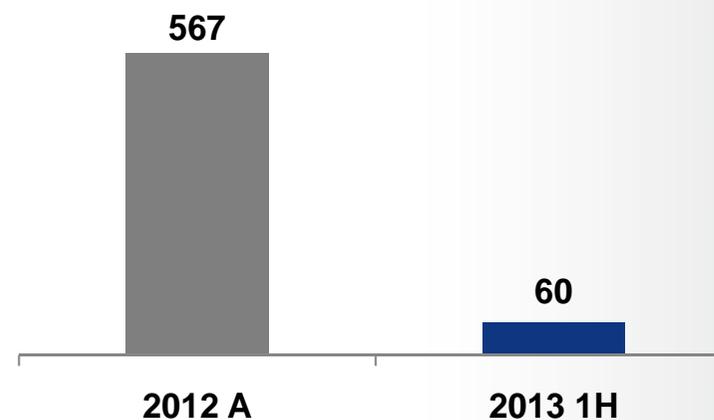


— EBITDA Margin

EBIT (€mn)



NET FINANCIAL POSITION (€mn)



(*) Following the sale in three tranches in Q4 2012 and Q1 2013 of the interest held by the Group in the Brazilian affiliate Ecorodovias Infraestrutura e Logistica S.A. and consistent with the requirements of IFRS 5, these assets have been classified as "Discontinued operations". Therefore, the interim financial results at June 30, 2012 were restated in compliance with IFRS5. Finally, the Consolidated Income Statement for H1 2012 has been represented in order to reflect the impacts envisaged by IAS19 (revised in 2011) and applicable retrospectively by the Group starting from 2013.

2013 Salini-Impregilo H1 Pro-Forma Highlights

(€mn)

	 Reported ¹	 Reported	 Pro-forma ²	 Pro-forma adjusted
Revenues	1,552	1,164	2,068	2,068
EBITDA	180	145	254	290 ⁽³⁾
EBITDA margin	11.6%	12.4%	12.3%	14.0%
EBIT	105	99	158	194
ROS	6.7%	8.5%	7.6%	9.4%
Net Financial Position	(695)	60	(673)	(673)
Net Equity	920	1,352	990	990

¹The reported financial results of Salini have been prepared in conformance with IFRS. The 1H 2013 Balance Sheet data fully consolidates Impregilo on a line-by-line basis, while the income statement reflects the equity method consolidation for the 1st Quarter of Impregilo (before the OPA whereby Salini assumed control) and the line-by-line consolidation of Impregilo for the 2nd Quarter.

²Pro-forma data reflect an estimation of the combined entity Salini-Impregilo as if the merger had been effective from 1 January 2013 and the effects of the issuance of €400mn 5 year bond by Salini.

³The adjustment reflects €36 mn of costs associated with the merger process, which can be considered as one-off charges.



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Business Plan targets for 2016

Revenues	€7.4 bn	Revenue Growth (cagr)	16%
EBITDA	~ €1 bn	EBITDA Margin	> 13.5%
EBIT	>€670m	EBIT Margin	> 9%
Backlog	~ €26bn	New Order Intake (yearly avg.)	€7.5bn
Construction Capex (yearly avg.)	~€325m	Net Financial Position	~ €100 m (Net Cash)