

PRESS RELEASE

- A NATIONAL CHAMPION IN THE LARGE INFRASTRUCTURE SECTOR CREATED IN ONLY 3 MONTHS AFTER THE PUBLIC TENDER OFFER FOR IMPREGILO
- THE NEW LISTED COMPANY WILL BE CALLED SALINI IMPREGILO S.P.A.
- 2016 CONSOLIDATED BUSINESS PLAN AND MERGER PLAN TARGETS APPROVED BY THE BOARDS OF DIRECTORS OF IMPREGILO AND SALINI: REVENUE €7.4 BN, EBITDA €1 BN AND BACKLOG €26 BLN
- REVERSE MERGER BY INCORPORATION OF SALINI S.P.A. INTO IMPREGILO S.P.A. AT A FIXED EXCHANGE RATIO OF 6.45 IMPREGILO ORDINARY SHARES FOR EACH SALINI ORDINARY SHARE<sup>1</sup>
- SHAREHOLDER MEETINGS TO BE HELD IN SEPTEMBER TO APPROVE MERGER

The Salini Impregilo 2013-2016 Business Plan will be presented to the Financial Community on 27 June at the Borsa Italiana offices in Milan.

Key targets of the 2013-2016 Business Plan: Revenue will grow on average during the period at 16%, reaching € 7.4 billion in 2016, with EBITDA and EBIT margins of over 13.5% and 9%, respectively. The synergies deriving from the Merger are estimated to amount to €100 million per year, reaching full run-rate in 2016. Average annual orders during the period will amount to € 7.5 billion, with a Book-to-Bill ratio continually greater than 1. The backlog will grow 30%, amounting to approximately €26 billion at the end of 2016. The current backlog will generate around 60% of revenues within the Plan. The Net Financial Position is expected to be breakeven in 2014 and will be clearly positive by 2016.

Rome, 24 June 2013 - The Boards of Directors of Impregilo S.p.A. (“Impregilo” or the “Incorporating Company”) and Salini S.p.A. (“Salini” or the “Incorporated Company” and,

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<sup>1</sup>The ordinary shareholders of Impregilo, apart from Incorporated Company and the Impregilo saving shareholders will maintain the shares currently owned.

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together with Impregilo, the “**Merger Participant Companies**”), which met today, have approved the plan (“**Merger Plan**”) for the reverse merger of Salini into Impregilo (the “**Merger**”).

Pietro Salini, CEO of Salini and Impregilo, commented, *“This is highly satisfying for everyone who has contributed to this very important project, the creation of a major player in the large infrastructure sector with benefits for our clients, employees and for our country.”*

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## **THE NATIONAL CHAMPION’S TRACK RECORD**

Salini and Impregilo have a proud track record in the large infrastructure sector worldwide. The Merger will create a global leader. In fact, in the last 10 years, the Salini Impregilo Group has completed 24 dams and hydroelectric projects for a total of 13,700 MW installed power, over 840 km of underground works, more than 640 km of railways and almost 200 km of metro lines, as well as 3,500 km of roads and motorways and about 90 km of bridges and viaducts.

The Group’s historical track record includes 230 dams and hydroelectric plants for over 36,800 MW of installed power, over 1,250 km of underground works and more than 6,700 km of railways lines, approximately 340 km of metro lines and well over 36,000 km of roads and motorways, in addition to over 320 km of bridges and viaducts.

## **REASONS FOR THE OPERATION**

The Merger takes place within the context of a broader industrial and strategic plan, promoted by the Salini Costruttori Group in 2011, aimed at creating a national champion in the construction and complex infrastructure sector, producing a major Italian company with shares listed on Mercato Telematico Azionario (“**MTA**”), organised and operated by the Italian Stock Exchange “Borsa Italiana S.p.A.” The merger will place it among the leading civil engineering operators and among the largest national industrials, better able to compete with its key rivals thanks to economies of scale, size and geographic and sector complementarities (see the prospectus on the Public Tender Offer promoted by Salini, available on the Impregilo Internet site [www.impregilo.it](http://www.impregilo.it) - “*Investor Relations - Documentazione OPA Salini S.p.A.*”).

The Merger finalises a market operation which saw the successful outcome of one of the most notable proxy fights in Europe in 2012, supported by individual and institutional investors and activists, followed by a voluntary public tender offer promoted by Salini and concluded in April 2013 (see press release of 12 April 2013 and of 30 April 2013 on the results of the period of

acceptance and reopening, available on the Impregilo Internet site [www.impregilo.it](http://www.impregilo.it) - “Investor Relations – Tender Offer Salini S.p.A.”).

Specifically, the Merger forms the basis for the full realisation of the benefits of the integration, partly achieved previously via the strategic commercial and management collaboration agreement entered into between Impregilo and Salini Costruttori S.p.A, the sole shareholder of Salini, on 27 September 2012 (see the press release of 25 September 2012, available on the website [www.impregilo.it](http://www.impregilo.it) – “media/press releases” section and the information document of 4 October 2012, available on the website [www.impregilo.it](http://www.impregilo.it) - “Investor Relations - Strategy” section).

The integration aims to reinforce the competitive position via consolidation of critical success factors which are features of the business segments in which Impregilo and Salini operate, by achieving the following key management objectives:

- ✓ growth in scale thereby achieving competitive advantages and synergies and improved access to capital markets;
- ✓ sharing of best internal practices within processes and instruments adopted;
- ✓ optimisation and enhancement of internal resources and capacity to attract new talent.

## METHODS AND TERMS OF THE OPERATION

In light of the key reasons for the merger operation, i.e. the creation of a global market leader in the complex infrastructure sector with shares listed on the MTA, the operation which will be submitted to the attention and approval of the EGM of the shareholders of Impregilo and Salini is the Merger (so-called reverse takeover) by incorporation of Salini into Impregilo.

As a consequence of the control which was established over the Incorporated Company by the Incorporating Company following the Public Tender Offer promoted by Salini for Impregilo shares and given the significance of the Merger, it will constitute a Related Parties operation of greater significance. For this reason the preliminary process and approval have strictly adhered to the associated procedure approved by the Board of Directors of Impregilo pursuant to article 2391-bis Italian Civil Code and article 4(1) and (3), in accordance with Consob regulation no. 17221 of 12 March 2010 (“**Related Parties Regulations - OPC**”). Therefore, the resolution for the approval of the Plan of Merger has been taken, *inter alia*, with the favourable opinion of the Impregilo Committee for Transactions with Related Parties (the “Committee”) as regards Impregilo's interests, on its completion and subject to the fairness and substantial completeness of the relevant conditions. In performing its activities the Committee made use of financial and legal advisers of proven competence.

In addition, as a consequence of Salini's recourse to borrowing for undertaking the Tender Offer, in relation to the Merger, article 2501-*bis* of the Italian Civil Code shall apply. Therefore, the Boards of Directors of Impregilo and Salini:

- (a) *ex* articles 2501-*bis*(4) and 2501-*sexies* of the Italian Civil Code, made a request to the Court of Milan for the appointment of a common expert (the “**Common Expert**”), with the role of confirming, via his report, the congruence of the Exchange Ratio (as defined below) and the reasonableness of the indications of the Plan of Merger regarding the financial resources anticipated for meeting the obligations of the company resulting from the Merger. As at today's date the Common Expert has not yet been appointed.
- (b) PriceWaterhouseCoopers S.p.A. the legal auditing company for Impregilo, was engaged to issue its report to be appended to the Plan of Merger; *ex* article 2501-*bis*(5) of the Italian civil code;
- (c) within the legal and regulatory terms and methods, they shall make available to the public, *ex* articles 2501-*bis*(2) and 2501-*ter* of the Italian Civil Code, the Plan of Merger containing an indication of the financial resources anticipated for meeting the obligations of the company resulting from the Merger, as well as, *ex* articles 2501-*bis*(3) and 2501-*quinqies* of the Italian Civil Code, a report which illustrates the reasons justifying the operation, containing a business and financial plan indicating the source of financial resources and the description of the objectives intended to be realised.

The Merger Participant Companies used the financial statements for the period to 31 December 2012 approved by the ordinary AGMs, on 30 April 2013 for Impregilo and on 12 June 2013 for Salini as the asset/liability positions required *ex* article 2501-*quater* of the Italian Civil Code.

In analysing and defining the rationale and structure of the Operation, as well as identifying the values to be attributed to Impregilo and Salini for the exchange ratio between Salini ordinary shares and Impregilo ordinary shares (the “**Exchange Ratio**”), the Boards of Directors of the Merger Participant Companies took into account the nature of the operation and valuation methods commonly used, including internationally, adopted for operations of such nature, for businesses of the sector in which Salini and Impregilo operate, appropriate to the characteristics of the Merger Participant Companies. For this purpose, financial and industrial advisers of proven competence were used who also supported the two internal Committees, nominated with the abstention of the CEO of each Company participating in the Merger and composed of the independent Directors, who were conferred with the responsibility to take care of the negotiation of the essential aspects of the merger, including the Exchange Ratio.

Also on the basis of the opinions issued by their advisers regarding the estimate of a reasonably appropriate interval between the two values, the Boards of Directors of the Merger Participant Companies arrived at the following Exchange Ratio of 6.45 Impregilo ordinary share for each Salini ordinary share.

In order to better configure the capital structure of the company resulting from the Merger and to optimise operating efficiency and without affecting the effective total of the Shareholders equity, if the Merger is approved, the Extraordinary Shareholders' Meeting, which is called to approve the Merger, will be called as well to approve the reduction of the share capital of Impregilo by €718,364,456.72 (seven hundred and eighteen million, three hundred and sixty-four thousand, four hundred and fifty-six euros seventy-two) to € 500,000,000.00 (five hundred million euros), allocating the difference of € 218,364,456.72 in € 100,000,000.00 to “*Legal reserves*” and € 118,364,456.72 to establish a specific Equity reserve which will be defined as “*Other reserves*”.

By the effect of this reduction, also in consideration of the fact that the Impregilo shares have no nominal value, no Impregilo shares will be cancelled.

The merger ratio between Salini and Impregilo shares will be undertaken, on the basis of the Exchange Ratio, without an increase of the nominal value of the Incorporating Company's share capital, through the assignment to the sole shareholder of the Incorporated Company, Salini Costruttori:

- (a) a total of 357,505,246 Impregilo ordinary shares with no par value currently held by Salini, as well as
- (b) a further 44,974,754 newly issued Impregilo ordinary shares with no par value.

The ordinary shareholders of Impregilo, apart from Incorporated Company and the Impregilo saving shareholders will maintain the shares currently owned.

As a result of the capital reduction and the operations to assign the share capital of Impregilo will amount to 500,000,000.00 euros (five hundred million euros) and divided into no. 449,048,182 shares, with no par value, of which n. 447,432,091 ordinary shares and the outstanding n. 1,615,491 (one million six hundred fifteen thousand four hundred ninety one) saving shares.

The proposed operation need not be approved by the Impregilo special saving shareholders meeting, as the privileges attributed by the Bylaws of the Incorporating Company for this category of shares are not in any way prejudiced. saving shares. In fact, the privilege stated in Article 33 (of the Bylaws), letter b) remains completely untouched, given that it is expressed in absolute value terms and depends only upon the number of saving shares owned; a number which, as indicated,

remains unchanged. Neither is any prejudice made with regard to Article 33, letter c) of the Bylaws, from the moment that form the share capital post-Merger depends on the mere application of the Exchange Ratio and reflects the natural consequent of the Merger itself on the position of all shareholders, both ordinary and savings.

There are no withdrawal rights.

## **POST MERGER IMPREGILO SHARE OWNERSHIP**

As at the date of approval of the Merger Plan, based on information publicly available, no entity holds a number of Impregilo ordinary shares representing a participation greater than 2% of the share capital, with the exception of Salini, which directly holds 357,505,246 ordinary shares, 88.83% of the ordinary share capital of Impregilo and therefore has a controlling holding.

In consideration of the Exchange Rate, and assuming that there will be no changes to the current share configuration of Impregilo and Salini, following the Merger, the Impregilo shareholder configuration will be as follows:

- Salini Costruttori S.p.A., for n. 402,480,000 ordinary shares, equal to 89.95% of the ordinary share capital;
- The remaining n. 44,952,691 ordinary shares of other shareholders, will be equal to 10.05% of the ordinary share capital.

Remain unchanged the n. 1,615,491 saving shares.

## **CONDITIONS OF THE OPERATION**

The conclusion of the Merger is subject to the following conditions, as well as the approval of the EGMs of Impregilo and Salini, respectively:

- (a) the lack of a contrary opinion by the Common Expert regarding the suitability of the Exchange Ratio;
- (b) obtaining attestation of the Common Expert, ex article 2501-*bis*(4) of the Italian Civil Code on the reasonableness of the indications contained in the Plan of Merger on the financial resources anticipated for meeting the obligations of the company resulting from the Merger;
- (c) the lack of verification – or in the event of a lack of confirmation of this condition, the lack of waiver by the Merger participant companies – within the date of entry into the deed of merger, of extraordinary situations or circumstances of any nature not reasonably foreseeable at the date of the Plan of Merger which, in light of the accounting situations taken into

consideration for calculating the Exchange Rate, have, or could have, a negative effect on one or both of the Merger participant companies and/or the groups they head and on the corresponding equity, financial or borrowing situations, or on the corresponding financial or operational development, or on the corresponding future prospects, and where the anticipated effects do not give rise to a change, including significant and substantial, of the market performance of Impregilo shares.

The above notwithstanding, the Merger is not subject to any authorisation.

## **TIMING OF THE OPERATION**

It is anticipated that the Merger is to be subject to the approval of EGMs of the shareholders of Impregilo and Salini in September 2013 and that it is to be completed by the end of this current year at the latest.

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The Plan of Merger *ex* articles 2501-*bis*(2) and 2501-*ter* of the Italian Civil Code, the report issued by PriceWaterhouseCoopers S.p.A. *ex* article 2501-*bis*(5) of the Italian Civil Code, the illustrative report of the directors *ex* articles 2501-*bis*(3) and 2501-*quinquies* of the Italian Civil Code compiled pursuant to Annex 3A of the Regulations for Issuers, the opinion of the Common Expert *ex* articles 2501-*bis*(3) and 2501-*sexies*(1), (3) and (4) of the Italian Civil Code on the suitability of the Exchange Rate and the reasonableness of the indications set out in the Plan of Merger and the remaining required documentation, including the information document regarding Related Parties transactions of greater significance prescribed by the Related Party Committee Regulations, will be made public using the methods and within the terms of the law and regulations.

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### **The Salini Impregilo Group 2013-2016 Business Plan**

The two Boards of Directors of Salini and Impregilo have also approved the Salini Impregilo Group business plan for 2013-2016, which envisages significant development of the operations of the combined company. Consolidated revenue will grow by approximately 16% per annum, reaching a total of € 7.4 billion in 2016. The current backlog, amounting to approximately € 20 billion, will provide around 60% of revenue during the period of the plan, thereby providing a solid base for the expansion of the business. The value of synergies deriving from the Merger are estimated to amount to almost € 100 million by 2016. The plan prudently envisages

extraordinary costs of approximately €20-30 million between 2013 and 2014. Again, in consideration of the value of the synergy, EBITDA should grow from the € 274 million recorded in 2012 (consolidated pro-forma results) to **€ 1 billion in 2016**, with a margin of over 13.5%. EBIT will also increase significantly, reaching in 2016 a margin of circa 9%. Operations will therefore grow strongly and this will self-finance the industrial investments, mainly equipment for operations, which will amount to €1.3 billion during the Merger at an average of €325 million per year. The operational and extraordinary management will make it possible to achieve a positive net financial position equal to €300 million (net cash) in 2016 before the distribution of dividends.

The key strength of the Salini Impregilo Group will be the integrated capacity to win and carry out large-scale projects. During the period, it is estimated that average annual new orders will amount to € 7.5 billion, with a Book-to-Bill (new orders/revenue ratio) continually greater than 1. In fact, the backlog should grow by 30% over the period to around € 26 billion at the end of 2016.

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#### **SALINI ADVISORS**

- Vitale & Associati: issuance of the *Fairness Opinion* for the Exchange Ratio;
- Banca IMI – Natixis: Strategic Advisor on the merger operation;
- Rothschild – Strategic Advisor on the merger operation.

#### **IMPREGILO ADVISOR**

- Partners CPA – issuance of the *Fairness Opinion* for the determination of the Exchange Ratio;
- Goldman Sachs - Strategic Advisor on the merger operation

#### *Impregilo Related Parties Committee*

- Lazard: Financial Advisor
- Prof. F. Carbonetti: Legal Advisor

#### **COMMON ADVISORS**

- Studio Bonelli-Erede-Pappalardo: Legal Advisor
- Boston Consulting Group - BCG Business Advisor