



*Genoa Bridge Render, Italy*



## Business update

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Pietro Salini

Chief Executive Officer



## Financial Update

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Massimo Ferrari

General Manager Corporate and Finance



## Q&A

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**Record New Orders - ~€ 8bn of new contracts in the last 12 months**



**Solid Backlog, following de-risking guidelines: +9% vs 1H 2018**



**Economic and Financial Performances better than expected**

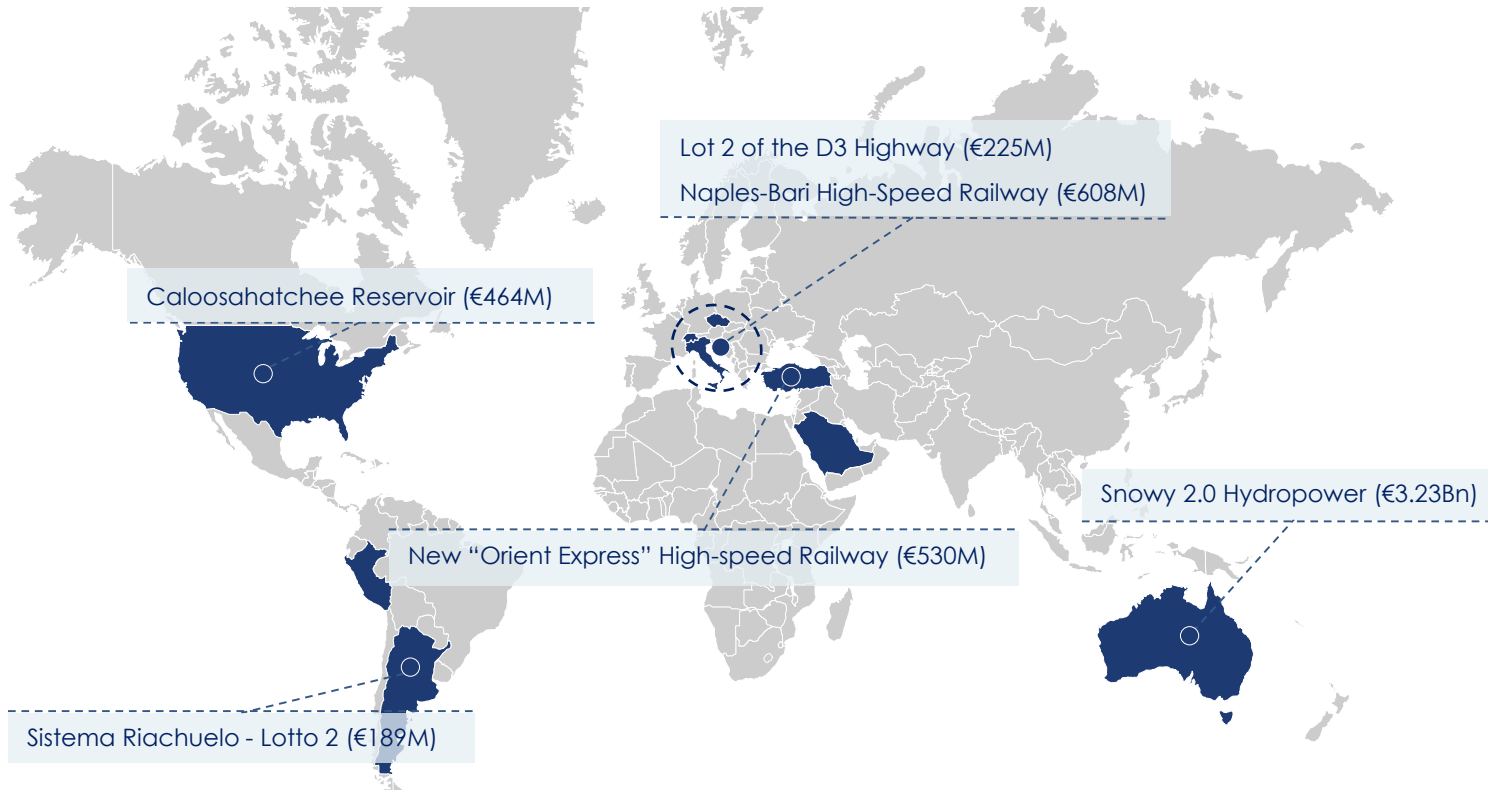


**Strong improvement in margins**



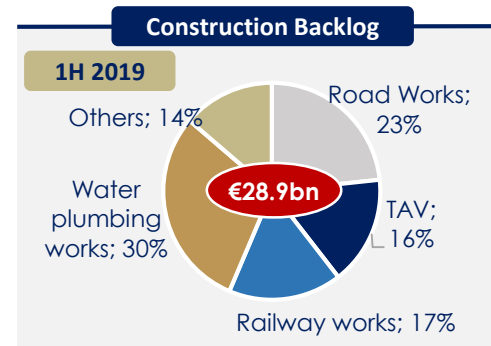
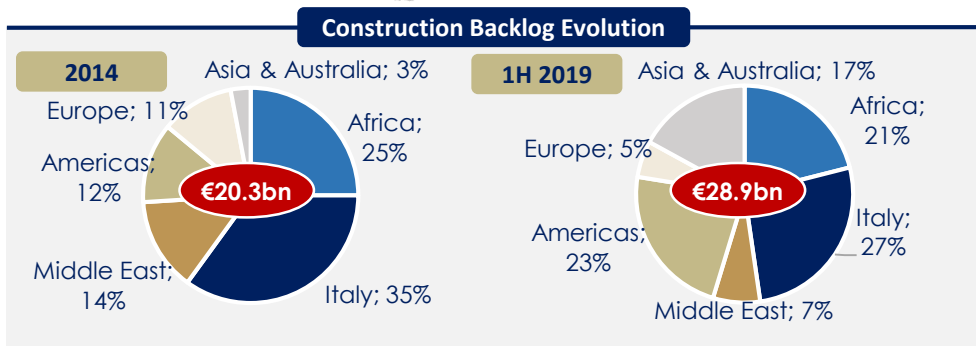
**Reduced gross debt, compared to 2018 first half, notwithstanding one off cash out**

# Record New Orders in 2019: €6,1 Bn Year To Date



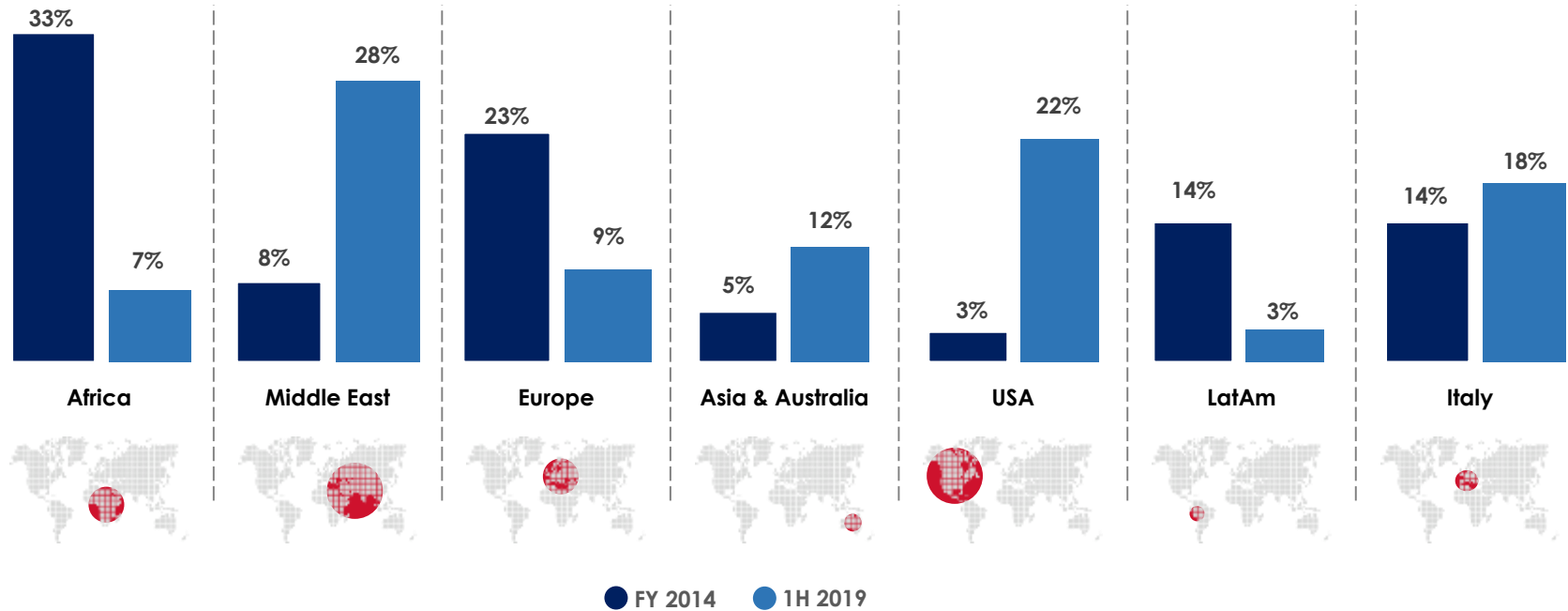
1H 2019 New Orders	
	(€/M)
Salini Impregilo	5.481
Lane Construction	534
Fisia Italimpianti	125
<b>Total Salini Impregilo</b>	<b>6,139</b>

- **Sustained growth of construction backlog** (+9% vs 1H 2018) **with higher quality** (US and Australia increased respectively 9x and 18x versus 2014)
- **Improved Bidding Activity:** ~€ 8bn of new contracts in the last 12 months
- **Disciplined bidding approach** focused on low risk countries (US, Australia & Europe > than **70%** of new orders)



# Revenues de-risking: US confirmed as our first single country market

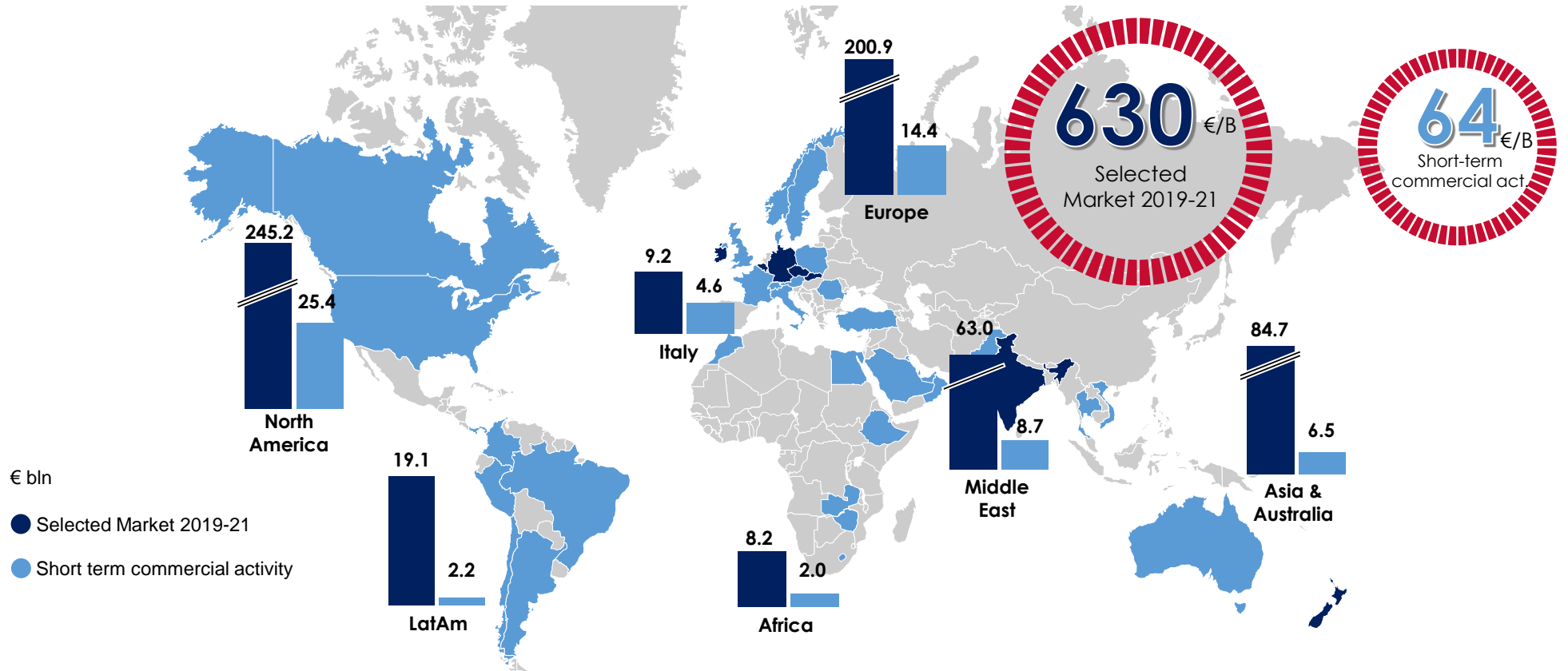
## Geographical Revenue Distribution



## Top 10 Projects Concentration

- Top 10 projects revenues share decreased from 55,3% in first half 2018 to **49,9%** in first half 2019

# >70% of commercial pipeline in North America, Australia and Central Europe



- Robust bidding activity in our core countries (USA, Australia, Europe and Middle East) and expansion in new geographies (Canada and Nordics): **approaching € 64 bln of commercial activity**
- **€ 8,1 bln** of initiatives in evaluation by the client, of which **~€ 1,3 bln** resulted as **best offer**
- **€ 630 bln** of opportunities **in selected markets worldwide** (2019-21)

Short term commercial activity	(€/B)
Aw. outcome/best offer	8.1
Tenders to be presented	4.5
Pre-qualifications	13.9
Main monitored initiatives	37.2



## Financial Update

Massimo Ferrari

General Manager Corporate and Finance



# First Half 19 Operating Results

Data in €M



- Increase on revenues mainly driven by the recovery of the Italian project Milano-Genova high speed train and Lane
- General overhead decrease, mainly as a result of Lane restructuring



# 1H19 Group net income: +7% vs 1H18

(€/M)	1H 2018	1H 2019	Var	Var %
<b>EBIT</b>	<b>112</b>	<b>138</b>	<b>26</b>	<b>23%</b>
Net Financial income	24	22	(2)	
Net Financial expenses	(57)	(58)	(1)	
Net exchange rate (losses)	15	9	(6)	
<b>Net Financial income (costs)</b>	<b>(19)</b>	<b>(27)</b>	<b>(8)</b>	
Gain (losses) on investments	4	11	7	
<b>Net financing costs and net gains on investments</b>	<b>(15)</b>	<b>(16)</b>	<b>(1)</b>	
<b>EBT</b>	<b>97</b>	<b>122</b>	<b>25</b>	<b>25%</b>
Income taxes	(41)	(47)	(6)	
Tax rate	42,0%	38,8%	3,2%	
<b>Profit (loss) from continuing operations</b>	<b>56</b>	<b>75</b>	<b>18</b>	<b>32%</b>
Profit (loss) from discontinued operations	(9)	0	9	
Non controlling interests	12	(11)	(23)	
<b>Net Income (loss)</b>	<b>59</b>	<b>63</b>	<b>4</b>	<b>7%</b>

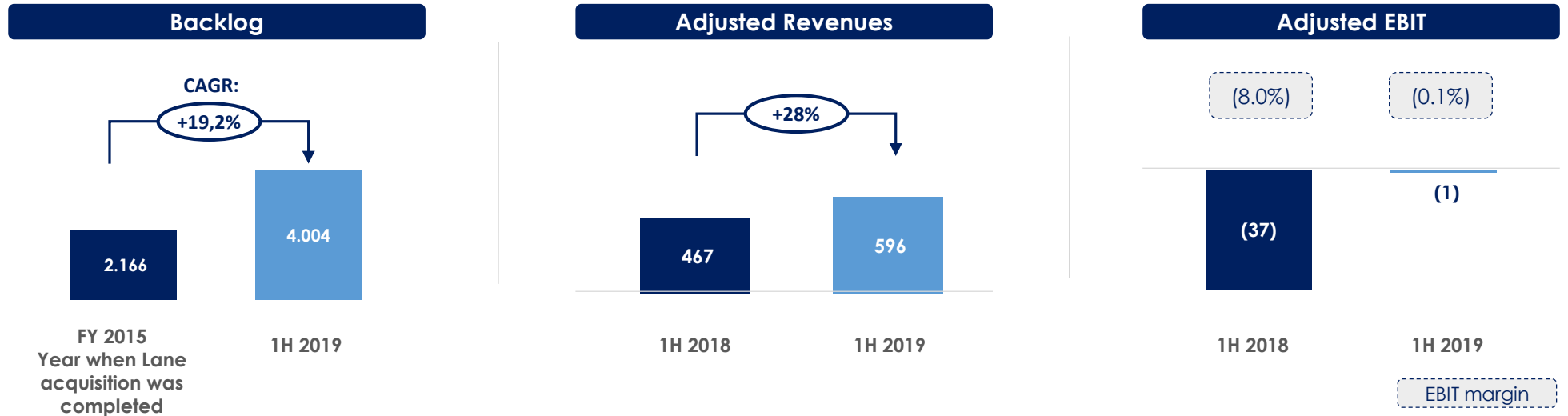
Net Financial charges (€/M)	1H 2018	1H 2019	Var
Bank charges	(12.6)	(15.2)	(2.6)
Bond charges	(24.1)	(15.5)	8.6
Leasing	(4.0)	(3.2)	0.8
Refinancing amortized cost	(1.0)	(0.6)	0.4
Bond charges capitalization	(2.4)	(1.9)	0.5
<b>Subtotal</b>	<b>(44,1)</b>	<b>(36,4)</b>	<b>7,7</b>
Other	(12.9)	(21.6)	(8.7)
<b>Financial charges</b>	<b>(57,0)</b>	<b>(58,0)</b>	<b>(1,0)</b>

Includes write off of financial receivables of ca. € 8 mln

- **Reduction of financing cost due to** due to “6.125% Bond 2018” repayment occurred in August 2018
- **Positive and growing Net Income: +7%**

# Turnaround of Lane activity

Data in €M



- Total Lane Backlog €4.0 billion (CAGR: 19,2% over 3,5 years)
- Strong performance thanks to investments in commercial activity during the last years
- Recovery of EBIT margin for € 36 mln, also as an effect of the Overhead Restructuring plan undertaken (ca. € 30 mln of savings)
- Confirmed 3% of EBIT margin target on the long run

# Gross and net debt reduction versus June 2018 notwithstanding one-off repayments

## Net Financial Position

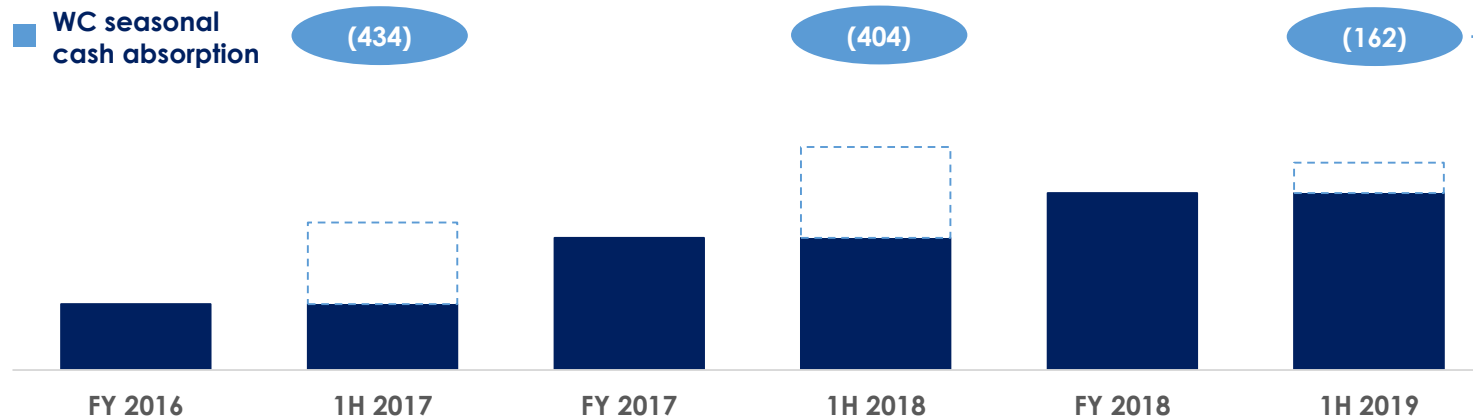
(€/M)	1H 2018 Adj.*	FY 2018 Adj.*	1H 2019
<b>Total Cash &amp; Other Financial Assets</b>	<b>1.399</b>	<b>1.478</b>	<b>1.298</b>
Bank Loan	(967)	(1.117)	(1.129)
Bond	(1.391)	(1.101)	(1.096)
Leasing	(200)	(181)	(162)
SPV Net Debt	(28)	(21)	(13)
<b>Total Gross Debt</b>	<b>(2.587)</b>	<b>(2.420)</b>	<b>(2.400)</b>
Net derivatives	1	1	(2)
<b>Net financial indebtedness - continuing operations</b>	<b>(1.187)</b>	<b>(942)</b>	<b>(1.104)</b>
<b>Net Financial Position</b>	<b>(1.187)</b>	<b>(942)</b>	<b>(1.104)</b>

\*Estimated IFRS 16 impact on NFP and Gross Debt approx. € 80m in 1H 2018 and €82m in FY 2018

- **Gross debt improvement of € 187 mln** vs June 2018 and € 21 mln vs Dec. 2018
- **Net debt improvement of € 84 mln** vs June 2018 and increase for € 162 mln vs Dec. 2018, mainly due to one offs

## Net Financial Position Bridge (€/M)

■ WC seasonal cash absorption

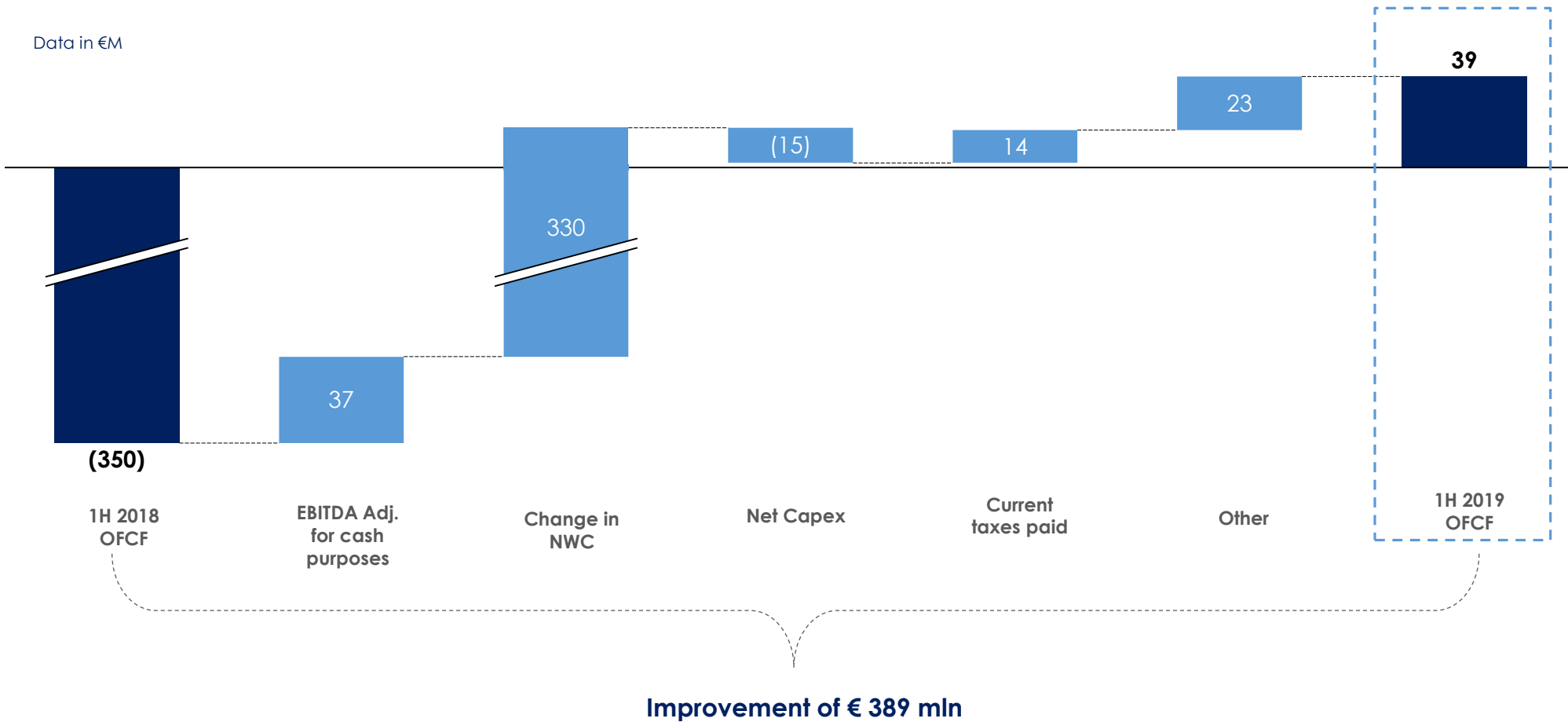


- ➔ Of which:
- € 123mln Panama reimbursement of second and last tranche of advance payments
  - ~€ 60mln P&P disposal taxes

Operating Cash Flow significantly **better than** typical seasonality patterns

# Cash flow comparison 1H18 – 1H19

Data in €M

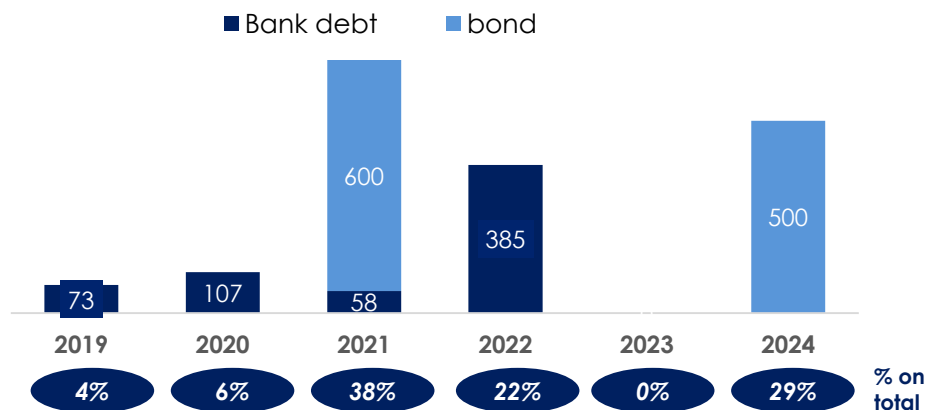


Operating Free Cash Flow before dividends and investments improvement over 1H 2018, leveraging on:

- Better operating results (EBITDA adjusted for cash purposes for € 37 mln)
- Significantly less cash absorption from net working capital, partly due to the advance payments derived from strong order intake

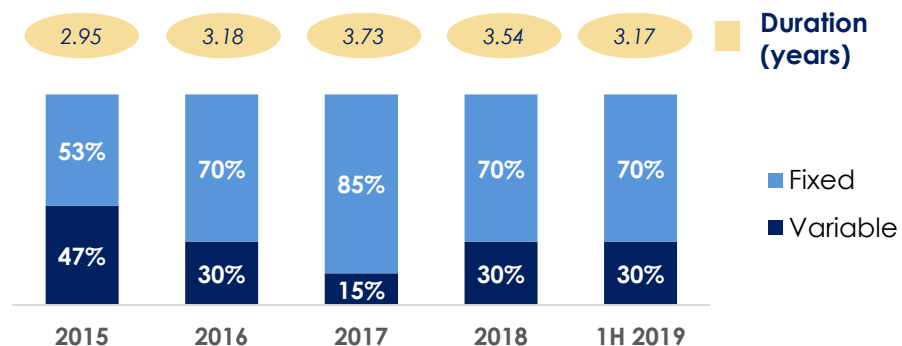
# Cost of debt reduced to 2.49%

## 1 M/L Corporate Debt [€/M]

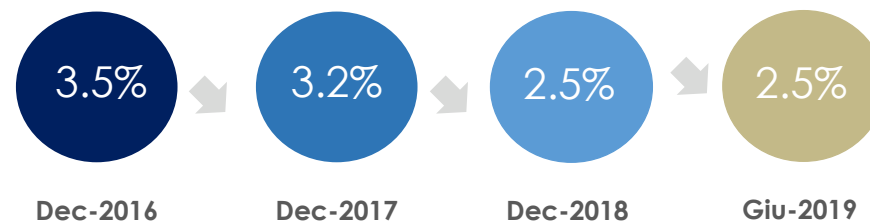


- ~90% of maturities starting in 2021
- Ca. 70% of corporate debt secured at fixed rate

## 2 Increasing Fix-rate M/LT Corporate Debt Portion



## 3 Progressively Reduction of Average M/L Corporate Cost of Debt



## Appendix

# Income statement

Salini Impregilo Group  
Reclassified statement of profit or loss adjusted  
Financial Statement June 30, 2019

(€/mln)	6M 2018 Adjusted				6M 2019 Adjusted		
	Salini Impregilo Group Restated (*)	Unconsolidated JVs	IFRS 16 effects (**)	Total Adjusted	Salini Impregilo Group	Unconsolidated JVs	Total Adjusted
<b>Total revenue and other income</b>	2.504,0	109,6	-	2.613,6	2.582,0	127,9	2.709,9
<b>Total costs</b>	(2.306,4)	(102,1)	10,8	(2.397,7)	(2.340,0)	(131,3)	(2.471,3)
<b>EBITDA</b>	197,6	7,5	10,8	215,9	241,9	(3,3)	238,6
EBITDA %	7,9%	6,8%	0,0%	8,3%	9,4%	-2,6%	8,8%
Amortisation, depreciation, impairment losses and provisions	(94,1)	-	(9,7)	(103,7)	(100,8)	-	(100,8)
<b>EBIT</b>	103,6	7,5	1,1	112,2	141,1	(3,3)	137,8
R.o.S. %	4,1%	6,8%	0,0%	4,3%	5,5%	-2,6%	5,1%
<b>Financing income (costs) and gains (losses) on investments</b>							
Net Financial income	23,7	-	-	23,7	22,2	-	22,2
Net Financial expenses	(55,1)	-	(1,9)	(57,0)	(58,0)	-	(58,0)
Net exchange rate gains (losses)	14,6	-	-	14,6	9,0	-	9,0
<b>Net Financial income (costs)</b>	<b>(16,7)</b>	<b>-</b>	<b>(1,9)</b>	<b>(18,6)</b>	<b>(26,8)</b>	<b>-</b>	<b>(26,8)</b>
Gain (losses) on investments	11,2	(7,5)	-	3,7	7,5	3,3	10,8
<b>Net financing costs and net gains on investments</b>	<b>(5,5)</b>	<b>(7,5)</b>	<b>(1,9)</b>	<b>(14,9)</b>	<b>(19,3)</b>	<b>3,3)</b>	<b>(16,0)</b>
<b>Earnings before taxes (EBT)</b>	<b>98,1</b>	<b>-</b>	<b>(0,8)</b>	<b>97,3</b>	<b>121,8</b>	<b>-</b>	<b>121,8</b>
Income taxes	(40,9)	-	-	(40,9)	(47,2)	-	(47,2)
<b>Profit (loss) from continuing operations</b>	<b>57,2</b>	<b>-</b>	<b>(0,8)</b>	<b>56,4</b>	<b>74,5</b>	<b>-</b>	<b>74,5</b>
Profit (loss) from discontinued operations	(9,3)	-	-	(9,3)	(0,2)	-	(0,2)
<b>Profit (loss) before Non controlling interests</b>	<b>47,9</b>	<b>-</b>	<b>(0,8)</b>	<b>47,1</b>	<b>74,3</b>	<b>-</b>	<b>74,3</b>
Non controlling interests	12,0	-	-	12,0	(11,1)	-	(11,1)
<b>Net Income (loss)</b>	<b>59,9</b>	<b>-</b>	<b>(0,8)</b>	<b>59,1</b>	<b>63,3</b>	<b>-</b>	<b>63,3</b>

(\*) The economic data for the first half of 2018 have been restated in compliance with the requirements of IAS 29 - Accounting reporting in hyperinflationary economies. The main effects, described in detail in the 2019 Half-Year Financial Report, resulted in a reduction of approximately € 11 million in revenues, and a reduction of approximately € 5 million in EBITDA and net income attributable to the owners of the parent company.

(\*\*) For a better comparability, the data relating to the first half of 2018 were adjusted to show the effects of IFRS 16, although not required by the new standard, having opted for a simplified transition model ("modified retrospective").

# Statement of financial position

## Salini Impregilo Group Reclassified statement of financial position Financial Statement June 30, 2019

(€/mln)

	30 June 2018 Reported	31 December 2018 Reported	30 June 2019
Non-current assets	959,3	1.153,6	1.337,2
Goodwil	73,5	74,7	75,1
Non-current assets (liabilities) held for sale	354,5	5,7	5,7
Provisions for risks	(93,6)	(84,2)	(71,2)
Post-employment benefits and employee benefits	(81,2)	(57,0)	(60,0)
Net tax assets	337,3	259,1	286,1
<i>Inventories</i>	207,8	192,3	182,7
<i>Contract work in progress</i>	1.547,1	1.512,9	1.735,7
<i>Progress payments and advances on contract work in progress</i>	(1.239,6)	(1.149,6)	(1.113,4)
<i>Receivables (**)</i>	1.940,9	1.929,6	2.061,7
<i>Liabilities (**)</i>	(2.262,7)	(2.363,4)	(2.651,9)
<i>Other current assets</i>	674,3	640,3	642,5
<i>Other current liabilities</i>	(333,3)	(322,1)	(315,2)
<b>Working capital</b>	<b>534,4</b>	<b>439,9</b>	<b>542,2</b>
<b>Net invested capital</b>	<b>2.084,3</b>	<b>1.791,7</b>	<b>2.115,1</b>
<b>Equity attributable to the owners of the parent</b>	<b>866,6</b>	<b>835,7</b>	<b>895,8</b>
Non-controlling interests	110,2	96,4	115,6
<b>Equity</b>	<b>976,8</b>	<b>932,1</b>	<b>1.011,4</b>
<b>Net financial indebtedness</b>	<b>1.107,5</b>	<b>859,6</b>	<b>1.103,7</b>
<b>Total financial resources</b>	<b>2.084,3</b>	<b>1.791,7</b>	<b>2.115,1</b>

(\*\*) This item shows liabilities of € 23.1 million and assets of € 10.4 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. The Group's exposure to the SPEs was shown under "Liabilities" for € 22.2 million and "Assets" for € 1.1 million at 31 December 2018.

## Salini Impregilo Group Adjusted net financial indebtedness Financial Statement June 30, 2019

	30 June 2018 Adjusted			30 June 2019
	Salini Impregilo Group	IFRS 16 effects (*)	Total Adjusted	Salini Impregilo Group
(€/mln)				
<b>Net Debt</b>	<b>(1.107,5)</b>	<b>(79,7)</b>	<b>(1.187,2)</b>	<b>(1.103,7)</b>
<b>Gross Debt</b>	<b>(2.507,2)</b>	<b>(79,7)</b>	<b>(2.586,9)</b>	<b>(2.399,8)</b>

(\*) For better comparability, the data relating to the first half of 2018 of the effects deriving from the application of IFRS 16 were adjusted, although not required by the new standard, having opted for a simplified transition model ("modified retrospective").



**Salini Impregilo Group**  
**Net financial indebtedness**  
**Financial Statement June 30, 2019**

(€/mln)	30 June 2018 Reported	31 December 2018 Reported	30 June 2019
Non-current financial assets	205,6	235,7	247,1
Current financial assets	129,1	135,3	238,3
Cash and cash equivalents	1.064,3	1.107,3	812,3
<b>Total cash and cash equivalents and other financial assets</b>	<b>1.399,0</b>	<b>1.478,3</b>	<b>1.297,7</b>
Bank and other loans	(436,2)	(617,9)	(538,0)
Bonds	(1.086,3)	(1.088,2)	(1.090,0)
Lease liability	(69,9)	(55,5)	(98,3)
<b>Total non-current indebtedness</b>	<b>(1.592,4)</b>	<b>(1.761,6)</b>	<b>(1.726,3)</b>
Bank overdrafts and current portion of loans	(531,1)	(499,4)	(590,7)
Current portion of bonds	(305,0)	(13,3)	(6,3)
Current portion of Lease liability	(50,4)	(43,2)	(63,8)
<b>Total current indebtedness</b>	<b>(886,5)</b>	<b>(555,9)</b>	<b>(660,8)</b>
Derivative assets	0,7	0,6	-
Derivative liabilities	(0,0)	-	(1,7)
Net financial position with unconsolidated SPEs (**)	(28,3)	(21,1)	(12,7)
<b>Total other financial assets (liabilities)</b>	<b>(27,6)</b>	<b>(20,5)</b>	<b>(14,4)</b>
<b>Net financial indebtedness - continuing operations</b>	<b>(1.107,5)</b>	<b>(859,6)</b>	<b>(1.103,7)</b>
Net financial indebtedness - discontinued operations	-	-	-
<b>Net financial indebtedness including discontinued operations</b>	<b>(1.107,5)</b>	<b>(859,6)</b>	<b>(1.103,7)</b>
<b>Total gross indebtedness</b>	<b>(2.507,2)</b>	<b>(2.338,5)</b>	<b>(2.399,8)</b>

(\*\*) This item shows the Group's net amounts due from/to unconsolidated consortia and consortium companies 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.

*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](http://www.salini-impregilo.com) or on request from its head office.*



Thank you