

# Salini Impregilo

We Build Value

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2013 Results

2014-2017 Industrial Plan

20<sup>th</sup> March 2014



## Pietro Salini

*Chief Executive Officer*

56 years

- With the Company since 1987
- Previous experience:  
CEO of Salini since 1994  
Overseas General Manager Salini



## Massimo Ferrari

*General Manager Finance &  
Chief Financing Officer*

53 years

- With the Company since 2011
- Previous experience:  
Senior Vice President of Unicredit,  
Head of Issuer of CONSOB,  
General Manager of Finecogroup,  
CEO & General Manager of Capitalia Asset  
Management



## Alessandro De Rosa

*Deputy General Manager,  
Administration, Finance and Planning*

56 years

- With the Company since 2011
- Previous experience:  
CFO Telespazio (Finmeccanica/Thales),  
CFO AMS/Finmeccanica,  
CFO Marconi Communications  
CFO Thomson CSF-Italia  
CFO Sigma Tau



## Lawrence Y. Kay

*Head of Investor relations*

57 years

- With the Company since 2011
- Previous experience:  
Head of Investor Relations: Maire  
Tecnimont, Capitalia and Telecom Italia;  
International Finance Department in Istituto  
Mobiliare Italiano;  
Vice President in Merrill Lynch Capital  
Markets  
Ratings Analyst Standard & Poor's

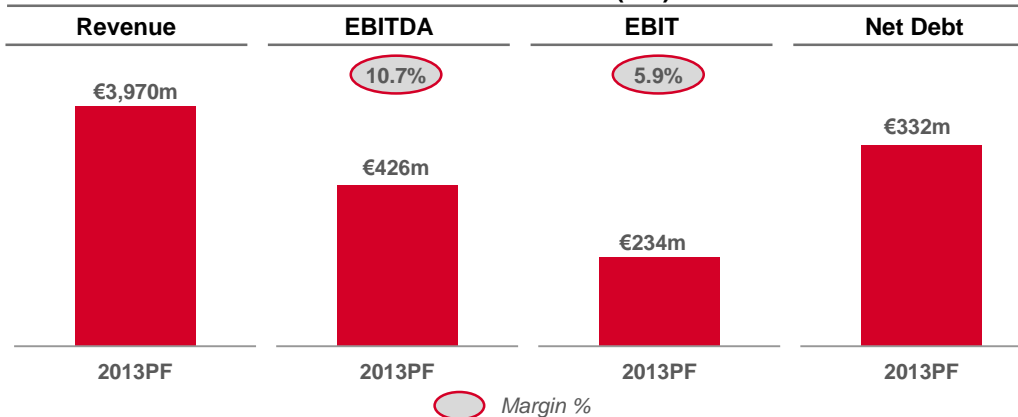
# Table of Contents

- I. Salini Impregilo: Unique Positioning
- II. Execution Track Record and 2013 Results
- III. 2014 Guidance and Business Plan Targets

## Group Highlights

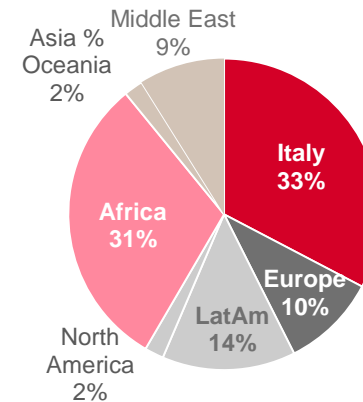
- Pure player in heavy civil engineering and construction
  - Focused on large heavy civil engineering, where the group is among the global leaders and is able to generate industry leading returns
- Global player present in over 40 countries with over 31,000 employees
  - Most diversified among Comparables
  - Approx. 67% of construction backlog outside of Italy
  - Well balanced geographic presence between DM and EM
  - Several untapped opportunities for geographic expansion where the Group is today underrepresented (Australia, US)
- Solid financial structure and strong economic results
- Large and well diversified backlog guarantees visibility on future results
- Highly experienced, pro-active management team focused on value creation
  - Proven track record in achieving targets
  - Salini has grown (both organically and externally) from €146m in sales in 2001 to nearly €4.0bn today (pro-forma)
- Listed in Milan Stock Exchange with a Market Cap of €2.0bn and 10.05% free float

## Pro-forma Results<sup>1</sup> (€m)

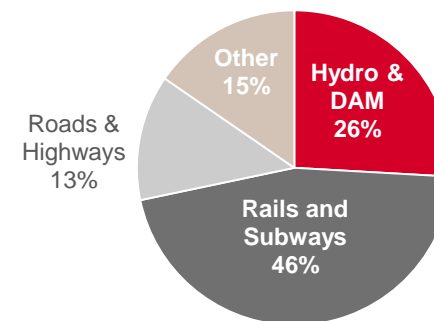


## 2013 Construction Backlog: €21.0bn

### Breakdown By Geography



### Breakdown by Segment







Note: The pro-forma results of Salini Impregilo Group represent the 12 month results as at 31 December 2013 of the new perimeter of business activities, which allocates Todini as an asset for sale. Such results have not been subject to a certified audit and are not intended to be «pro-forma information» as per Consob Regulations.

<sup>1</sup> 2013 EBITDA normalized for €35m of non-recurring PTO costs and PPA effects

# A Global Leader in Heavy Civil Engineering and Construction

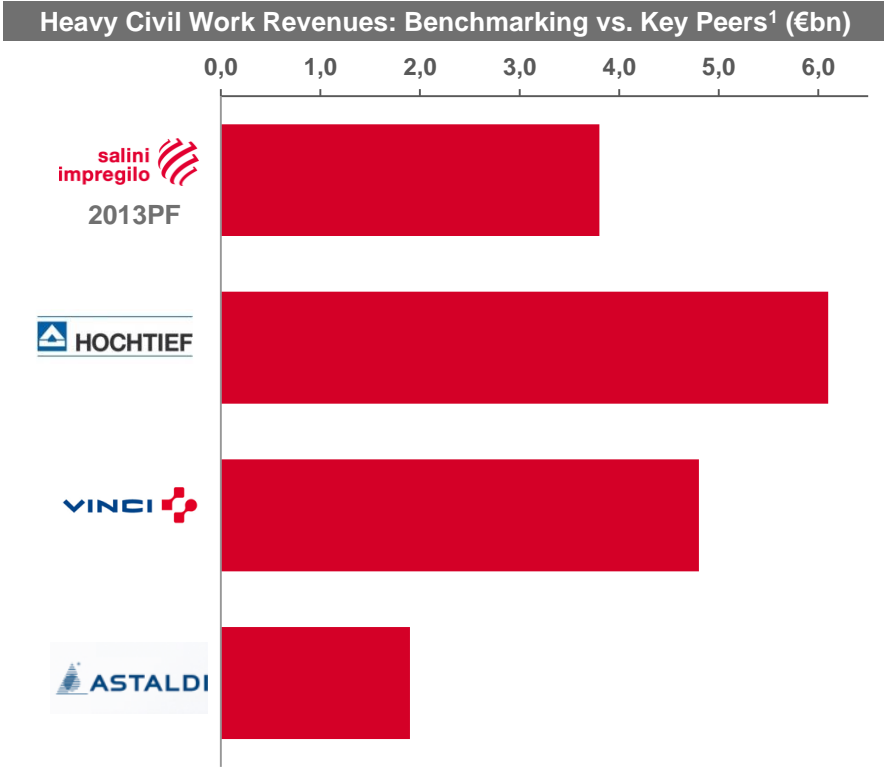
## Our Experience

|  | Track Record   | Projects in Execution | Recent Awards   |
|--|--|-----------------------|---|
|   | Dams & hydroelectric plants:<br>~230<br>Total installed power: <b>36,800MW</b>         | 13                    | <b>Neckartal Dam</b><br>€215m<br>(Namibia)  |
|   | Tunnels: over <b>1,250km</b>   | 11                    | <b>Riachuelo Project</b><br>€360m (Argentina)<br><b>Anacostia River</b><br>€194m (US)   |
|   | Railways: over <b>6,700km</b><br>Metro lines: c. <b>340km</b>                          | 22                    | <b>Riyadh Metro</b><br>€3,500m (Saudi Arabia)<br><b>Doha Metro</b><br>€1,700m (Qatar)<br><b>North West Rail Link</b><br>€220m (Australia) |
|  | Roads and highways: over<br><b>36,000km</b><br>Bridges and viaducts: over <b>320km</b> | 41                    | <b>Road Link A14 – Port of Ancona</b><br>€480m (Italy)  |

Global Leader in Heavy Civil Engineering and Construction with focus on Mega-Projects  
#1 Construction & Engineering Company Globally in Water (Dams, Hydro-Electric Works)<sup>1</sup>

<sup>1</sup>ENR Report "top 250 construction and engineering companies in the world"(Aug-Sep, 2013).

# A Global Leader in Heavy Civil Engineering and Construction Leading Position in Water and Transportation Infrastructure



**ENR 2013 Ranking – Water Segment<sup>2</sup>**

| 2013 Ranking | 2012 Ranking | Companies                  |
|--------------|--------------|----------------------------|
| 1            | 6            | Salini Impregilo           |
| 2            | 2            | Grupo ACS                  |
| 3            | 1            | Hochtief                   |
| 4            | 4            | Odebrecht                  |
| 5            | 10           | Sinohydro Group            |
| 6            | **           | Strabag                    |
| 7            | 7            | China Int'l Water Electric |
| 8            | 8            | Vinci                      |
| 9            | **           | Sacyr                      |
| 10           | **           | China Gezhouba Group       |

- Salini Impregilo is a World Leading “Pure Play” Construction Company focused entirely on large and complex heavy civil works
- Salini Impregilo is the World Leader in water / hydraulic works and a top player within rail / metro sector

<sup>1</sup>Source: Hochtief, Vinci, Astaldi latest available Annual Reports, Company Information. Internal estimates. (i) Hochtief includes Civil Engineering of Hochtief Americas, Construction business of Hochtief APAC (Rail, Road and Bridges and Water business) and Infrastructure and Engineering of Hochtief Europe; (ii) Vinci includes Civil Engineering, Hydraulic Engineering and Vinci Grand Projects; (iii) Astaldi includes complex projects including tunnels, roads, bridges, hydraulic works and other major facilities

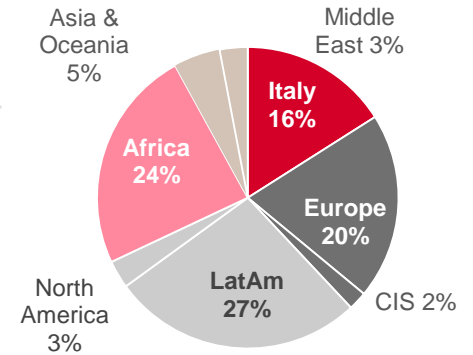
<sup>2</sup>Source: Company filings and estimates, ENR 2013



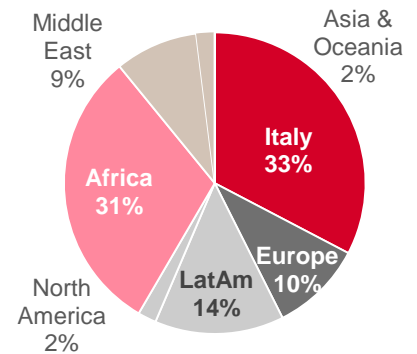
# Diversified Geographic Reach Yields Diversified Revenue Base



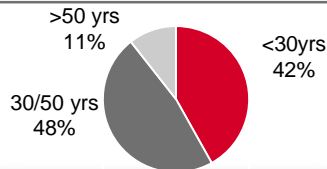
**2013 Revenues by Geography**



**2013 Backlog by Geography**



**Employees Breakdown by Age**



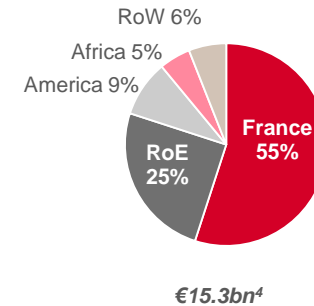
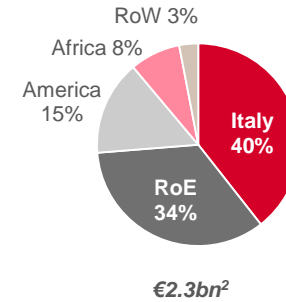
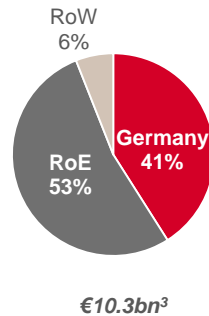
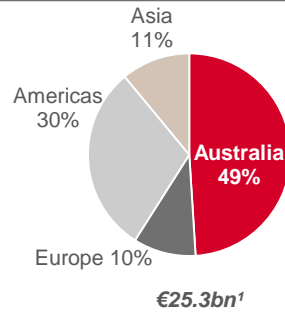
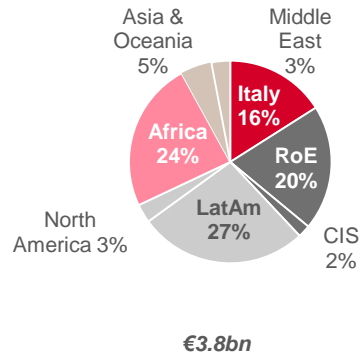
- Salini Impregilo is present in all major construction markets, with a well-balanced presence between DM and EM markets
- Today the Group is present in more than 40 countries with approximately 50 commercial offices
- More than 31k employees from 88 different nationalities

Source: Management data

Note: Head Count Figures as at Dec-2013. Revenues and backlog figures refer to construction business only and do not include Todini



# A Global Leader in Geographic Diversification



- Salini Impregilo has the most diverse revenues base
- Other players are more concentrated and operate mostly within their local market of reference

Source: Companies' filings and internal estimates.

Note: Figures refer to estimated construction business only. For Astaldi and Strabag based on 2012 data.

1 Total figures do not include PPP solutions and eliminations

2 Total figures do not include Concessions

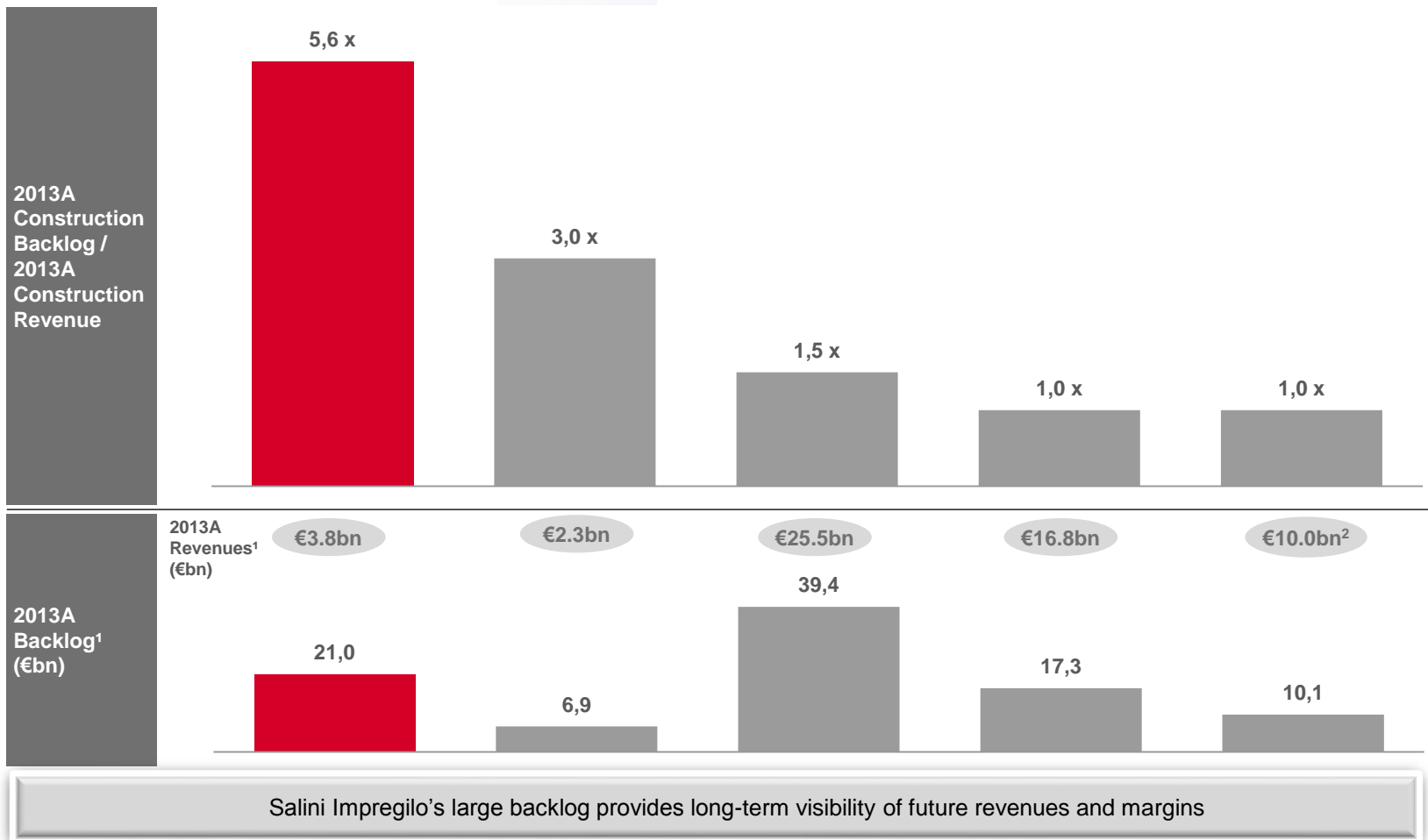
3 Strabag includes North + West and South + East segments only. Breakdown by geography refers to "Output Volume" defined by the Company as total revenues plus proportional output of JVs

4 Includes Vinci Construction only





# Salini Impregilo Enjoys a High Level of Visibility



Source: Companies' filings and internal estimates.

Note: Figures refer to estimated construction business only. For Astaldi and Strabag based on 9M 2013 LTM data. For Salini Impregilo, both revenues and backlog refer to construction business only and exclude Todini

<sup>1</sup> Construction Business only.

<sup>2</sup> Includes North + West and South + East segments only.



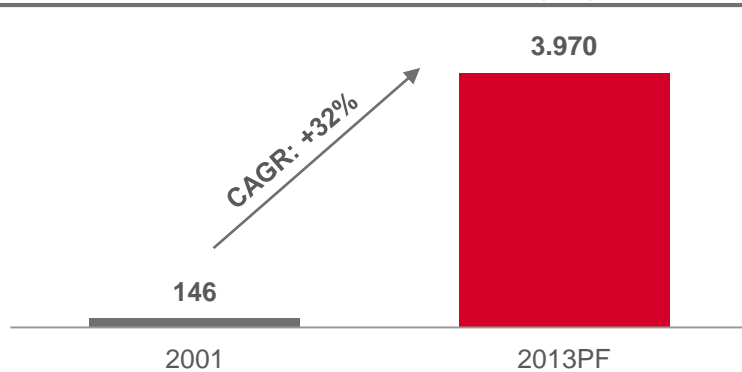
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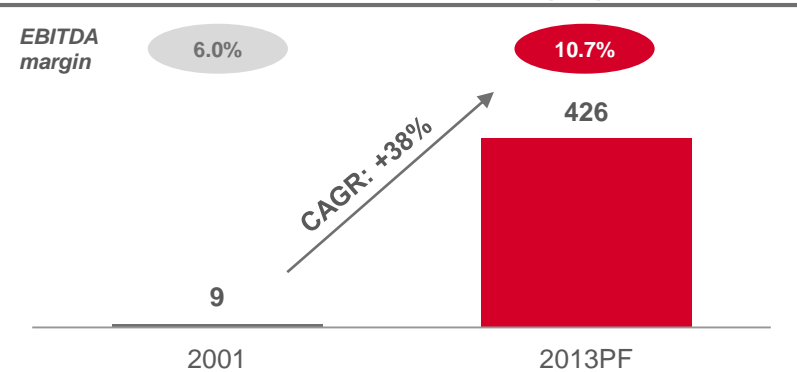
# Track Record

## We are a High Growth Story

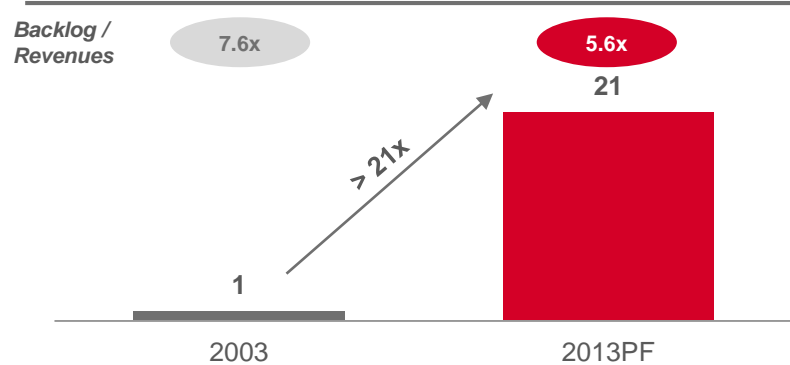
Revenues 2001 vs. 2013PF (€m)



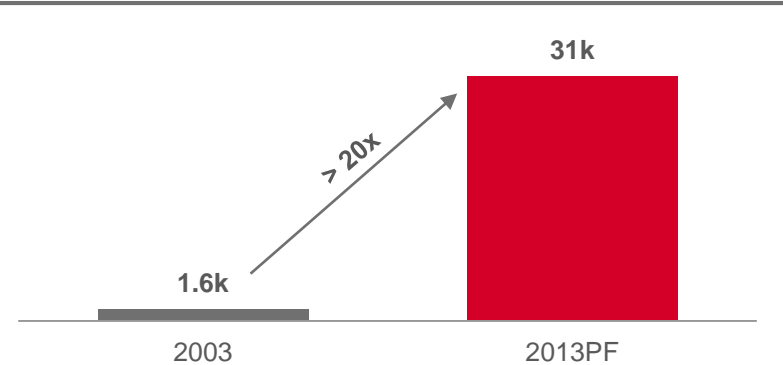
EBITDA 2001 vs. 2013PF (€m)



Construction Backlog 2003 vs. 2013PF (€bn)



Employees 2003 vs. 2013PF



Drive for growth (both external and organic) and solid managerial competences have increased Salini revenues from 2001 at a CAGR of approx. 30% per year and backlog by more than 21x

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

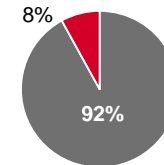


# Salini Impregilo Strong Execution Track Record

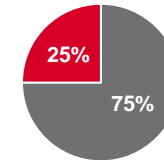
## How Salini Acquired Impregilo: a Success Story

### Shareholders Structure Evolution

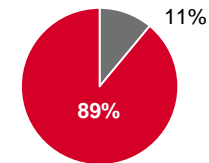
- **Sep/Oct-2011** – Salini begins buying Impregilo shares at €1.60, reached 8% in October



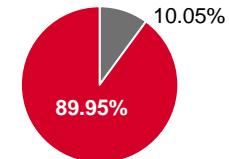
- **Jan/Mar-2012** – Salini reaches 25% in Impregilo
- **Apr/Jul-2012** – Salini launches a proxy solicitation campaign. In July Impregilo appoints a new BoD, Pietro Salini CEO and Claudio Costamagna Chairman of Impregilo
- **Oct-2012** – Salini and Impregilo sign a strategic accord of cooperation



- **Mar/May-2013** – Salini launches a PTO on Impregilo ordinary shares at €4.0 per share, PTO closes with Salini at 92.08% of Impregilo, subsequently decreased to 89%



- **Jun-2013** – Salini and Impregilo BoDs approve the reverse merger of Salini into Impregilo
- **Jan-2014** – Merger becomes effective 01-Jan-2014



- 02-Jan-2014 the new Salini Impregilo started trading on the Milan Stock Exchange, current market cap of €2.0bn
- Salini Costruttori now owns ~90% of the ordinary share capital of Salini Impregilo

Source: Company Filings and publicly available documents

# Track Record: Achievements in 2012-2013

## 2012

- ✓ Increased holding in Impregilo
- ✓ Successfully launched Proxy Solicitation
- ✓ Installed a new high quality Board of Directors
- ✓ New Corporate Governance standards
- ✓ Strategic collaboration agreement between Salini & Impregilo
- ✓ Started immediate implementation of Disposal Plan

## 2013

- ✓ Public Tender Offer Salini for Impregilo
- ✓ Issued extraordinary dividend of €600m / €1.49 per common share
- ✓ Obtained BB Issuer ratings from Fitch and S&P
- ✓ Issued €400m bond @ 6.125% due 2018
- ✓ Re-structured PTO & ST Corporate Debt; added €100m liquidity line
- ✓ Commercial synergies realized with significant new order wins
- ✓ Merger approved by respective Boards & Shareholder Meetings

### Disposal of Non-core Assets and Contractual Claims

|                   | Net Proceeds    | Gross Proceeds  |
|-------------------|-----------------|-----------------|
| Ecorodovias       | €937 m          | €1,084 m        |
| Shanghai Pucheng  | €65 m           | €65 m           |
| TEM-TE            | €67 m           | €67 m           |
| Fibe Gestione CDR | €200 m          | €240 m          |
| Fisia Babcock     | €65 m           | €139 m          |
| <b>Total</b>      | <b>€1,334 m</b> | <b>€1,595 m</b> |

### To Be Completed

| Non-core Assets   | Net Proceeds | Gross Proceeds |
|-------------------|--------------|----------------|
| Fibe Gestione CDR |              |                |
| Todini            |              |                |

Disposals have generated more than €1.3bn, with targeted proceeds almost entirely achieved

Source: Company Documents, Internal Estimates and publicly available documents





## SAUDI ARABIA

- **Riyadh Underground, Line 3**
- € 3,500 m contract value
- 29% Salini Impregilo
- 48 months expected duration



## QATAR

- **Red Line North, Doha Metro**
- € 1,700 m contract value
- 41% Salini Impregilo
- 60 months expected duration



## LIBYA

- **Express Highway Project**
- € 945 m contract value
- 58% Salini Impregilo
- 48 months expected duration



## TURKEY

- **Gaziantep Hospital Construction**
- € 470 m contract value (civil works)
- 33% Salini Impregilo
- 36 months expected duration



## ITALY

- **Road Link A14 – Port of Ancona**
- € 480 m contract value
- 47% Salini Impregilo
- 72 months expected duration



## ARGENTINA

- **Riachuelo project**
- € 360 m contract value
- 100% Salini Impregilo
- 60 months expected duration



## AUSTRALIA

- **North West Rail Link**
- € 220 m contract value
- 100% Salini Impregilo
- 37 months expected duration

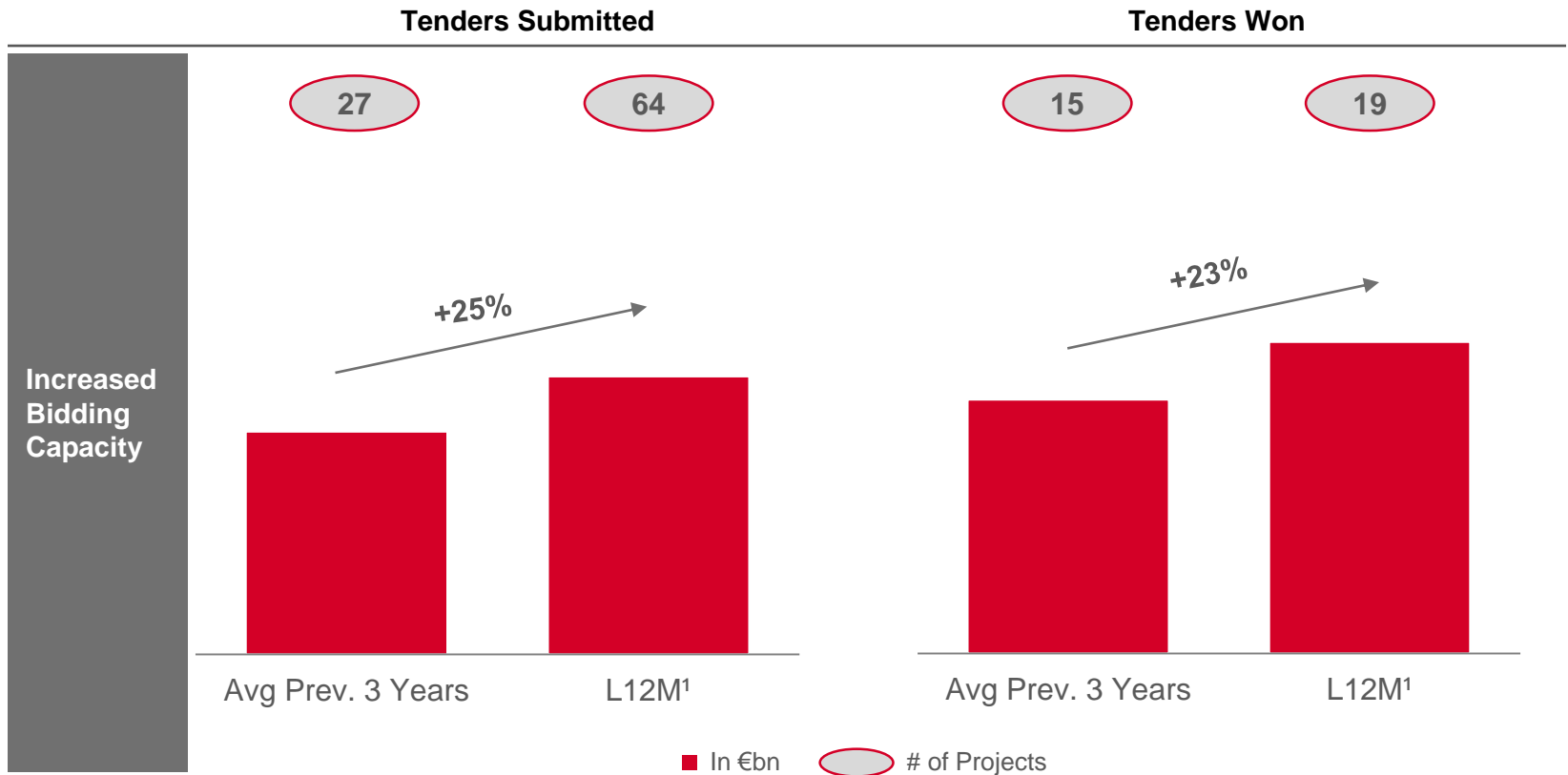


## NAMIBIA

- **Neckartal Dam Project**
- € 215 m contract value
- 100% Salini Impregilo
- 36 months expected duration

Solid proof of commercial synergies: New orders in 2013 totalled €8.6bn, €5.7bn in construction segment

# Track Record 2013: New Orders Achieved Thanks to Commercial Synergies



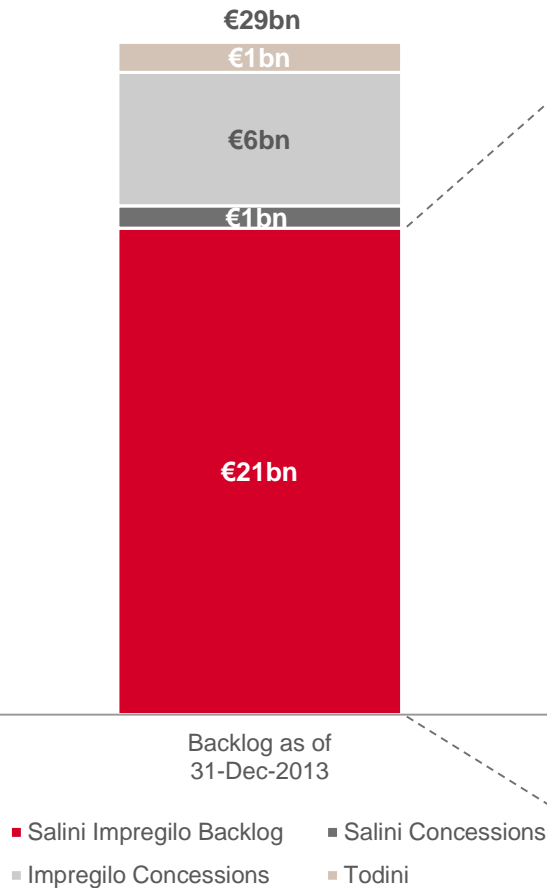
Solid proof of commercial synergies: increased number and size of tenders won

Source: Management data

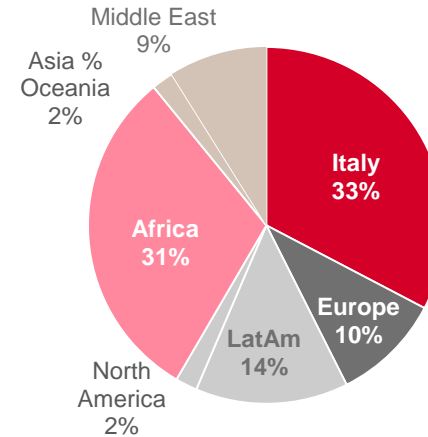
<sup>1</sup> Figures exclude Todini. & Plant BU. Last 12 Month figures as of Feb-2014; refer to the share of the job order related to Salini Impregilo competence



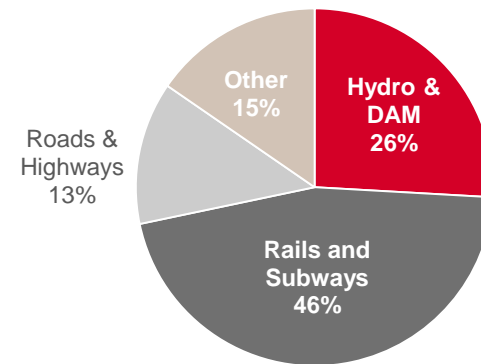
Existing Backlog as of 31-Dec-2013 (€bn)



2013 Construction Backlog by Geography



2013 Construction Backlog by Segment



Source: Management accounts, Company information



## 2013 Pro-Forma Results Highlights

| <i>Pro-forma Salini Impregilo</i>    | 2012PF <sup>2</sup> | 2013PF<br>(normalized <sup>1</sup> ) | Δ%    |
|--------------------------------------|---------------------|--------------------------------------|-------|
| ▪ Total Revenues (€m)                | 3,496               | 3,970                                | +14%  |
| ▪ EBITDA (€m)                        | 210                 | 426                                  | +103% |
| ▪ EBITDA %                           | 6.0%                | 10.7%                                |       |
| ▪ EBIT (€m)                          | 39                  | 234                                  | 6x    |
| ▪ EBIT %                             | 1.1%                | 5.9%                                 |       |
| ▪ Net Income (€m)                    | (117)               | 99                                   | nm    |
| ▪ Net Financial Position (€m)        |                     | (332)                                |       |
| ▪ Total new orders (€bn)             |                     | 8.6                                  |       |
| — Of which construction orders (€bn) |                     | 5.7                                  |       |
| ▪ YE Backlog (€bn)                   |                     | 29                                   |       |
| — Of which construction (€bn)        |                     | 21                                   |       |

**Pro-forma 2013: healthy growth and return to sound profitability**

Note: The pro-forma results of Salini Impregilo Group represent the 12 month results as at 31 December 2013 of the new perimeter of business activities, which allocates Todini as an asset for sale. Such results have not been subject to a certified audit and are not intended to be «pro-forma information» as per Consob Regulations.

<sup>1</sup>2013 results normalized for €35m of non-recurring PTO costs and PPA effects

<sup>2</sup>2012 results impacted by €184m of non-recurring costs mainly due to the difficulties encountered on the Panama Canal contract, several contracts for hydroelectric plants in Colombia and Chile and motorway infrastructure in Italy



# Salini Impregilo Consolidated Net Financial Position

| <b>Net Financial Position (€m)</b>  | <b>2013</b><br><i>(Post PPA)</i> |
|-------------------------------------|----------------------------------|
| ▪ Cash & Equivalents                | 1,132                            |
| ▪ Current Financial Activities      | 233                              |
| ▪ Non-current Financial Activities  | 49                               |
| ▪ Current Financial Liabilities     | (442)                            |
| ▪ Non-current Financial Liabilities | (1,304)                          |
| ▪ <b>Net Financial Position</b>     | <b>(332)</b>                     |

## Comments

- NFP equal to €332m:
  - PTO debt was reduced by:
    - Disposals
    - Dividend Cash-in
    - Remaining PTO debt fully restructured:
      - €400m bond due 2018
      - €425m 3 year bank facility, which also refinanced €125m of other bank debt
      - €100m liquidity bank facility also set up but not drawn
- Additionally YE 2013 improvement due to improved operating CF plus deconsolidation of Todini
- Impact of PPA application method resulting in an increased NFP for €22m as a consequence of the fair value valorisation of financial payables and receivables outstanding at the date of the acquisition of Impregilo control

**Solid financial structure to support future growth**

Source: Management data

Note: Salini S.p.A. consolidated 2013 year end balance sheet and Net Financial Position take into account the classification of Todini and the Plant Business Unit as assets held for sale. Consequently, the data reported here reflects the new Group perimeter

## Table of Contents

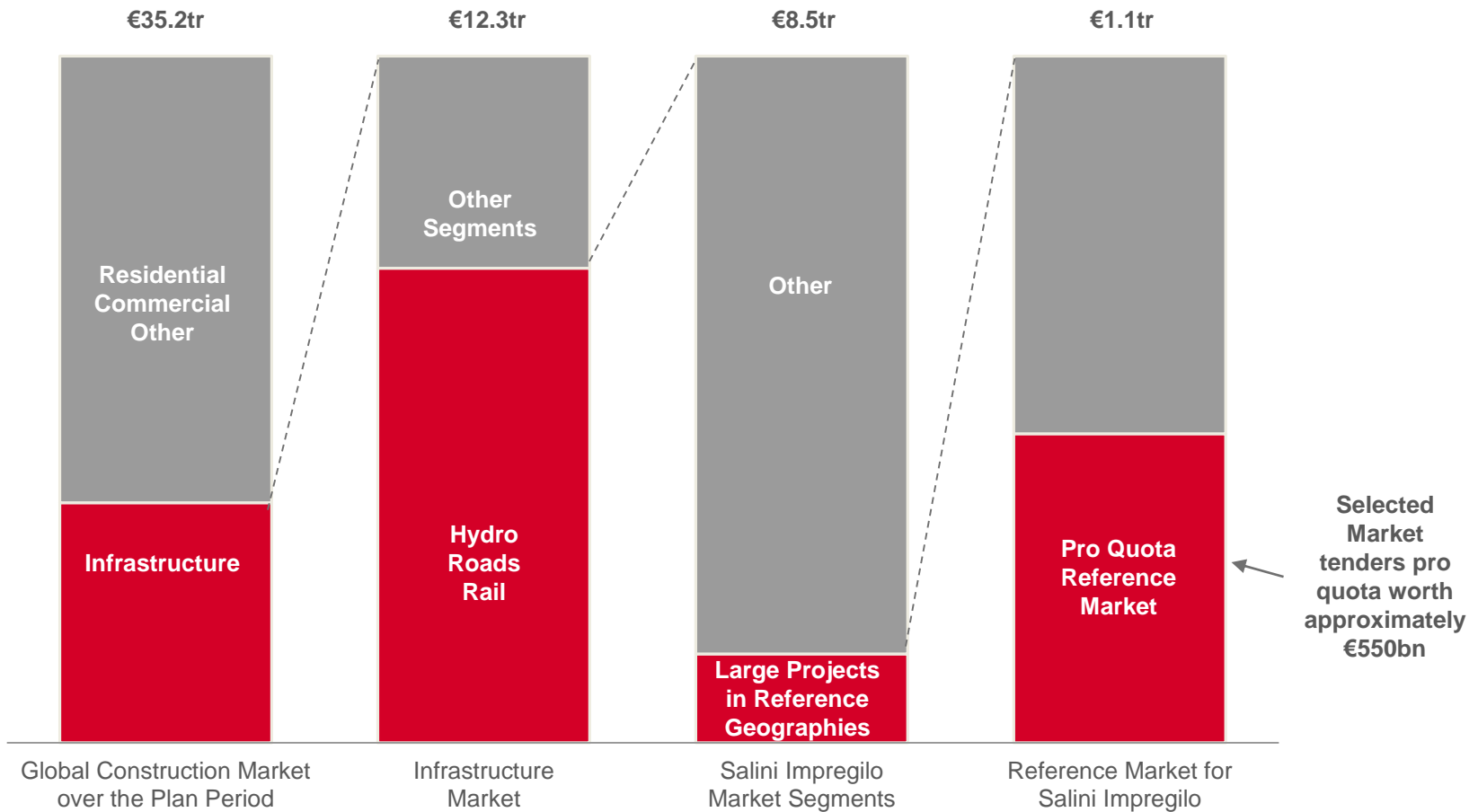
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# 2014 Guidance and Business Plan Targets

|                        | Pro-forma 2013   | 2014 Guidance   | 2017 Targets   |
|------------------------|--|---|--|
| Revenue                | €4.0bn<br>13.5% growth (on same perimeter)   | ~10% growth<br>>95% covered by 2013 backlog                                   | €7bn<br>>60% plan revenues covered by 2013 backlog                               |
| EBITDA                 | €426m<br>10.7% margin<br>(Adj. for extraordinary costs)  | EBITDA margin >10%  | ~€800m   |
| EBIT                   | €234m<br>5.9% margin<br>(Adj. for extraordinary costs)   | EBIT margin >5%   | ~€500m   |
| New Orders             | €8.6bn Total<br>o/w €5.7bn Construction  | Construction orders in line with 2013   | Book to bill >1x over the plan<br>Average annual construction orders: ~€7bn      |
| Net Financial Position | €0.3bn Net Debt  | Cash Neutral  | €0.5bn Cash position   |
| Additional Comments    | <ul style="list-style-type: none"> <li>■ 12 months consolidation of Impregilo</li> <li>■ €35m of extraordinary costs</li> <li>■ Todini included as held for sale</li> <li>■ Impact of Panama mostly accounted for in 2012</li> </ul> | <ul style="list-style-type: none"> <li>■ ~€20m extraordinary items</li> </ul> | <ul style="list-style-type: none"> <li>■ Run rate synergies of ~€100m</li> </ul> |

# Main Commercial Assumptions

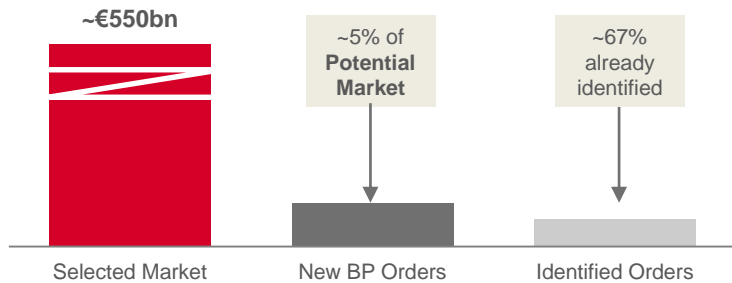
- The value of new orders has been estimated with a bottom up approach:
  - Management has estimated the value of the so called Reference Market for Salini Impregilo by
    - Business segments where the group is active
    - Reference geographies where the group has a commercial presence
    - Large projects
  - Over the plan period the reference market relates to tenders worth approximately €1,100 bn in total value
  - The Identified market represents the business opportunities identified by Group commercial departments of the global construction market
- The pro quota of the Reference Market for Salini Impregilo corresponds to approximately €550 bn
- Using a “probabilistic approach”, the value of new orders deriving from the Selected market has been identified
- Management estimated the job order average yearly progress on the basis of historical performance by country and by segment
- Over the plan period approximately 2/3 of the new orders refers to projects already identified



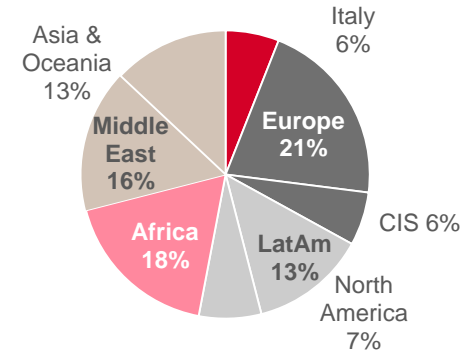
# Ability to Identify and Win New Orders

## How and Where to Grow

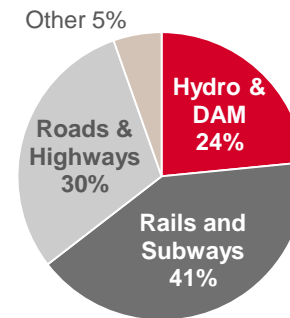
**Total New Orders Coverage Over the Plan Period**



**Cumulated New Orders by Geography**



**Cumulated New Orders by Segment**

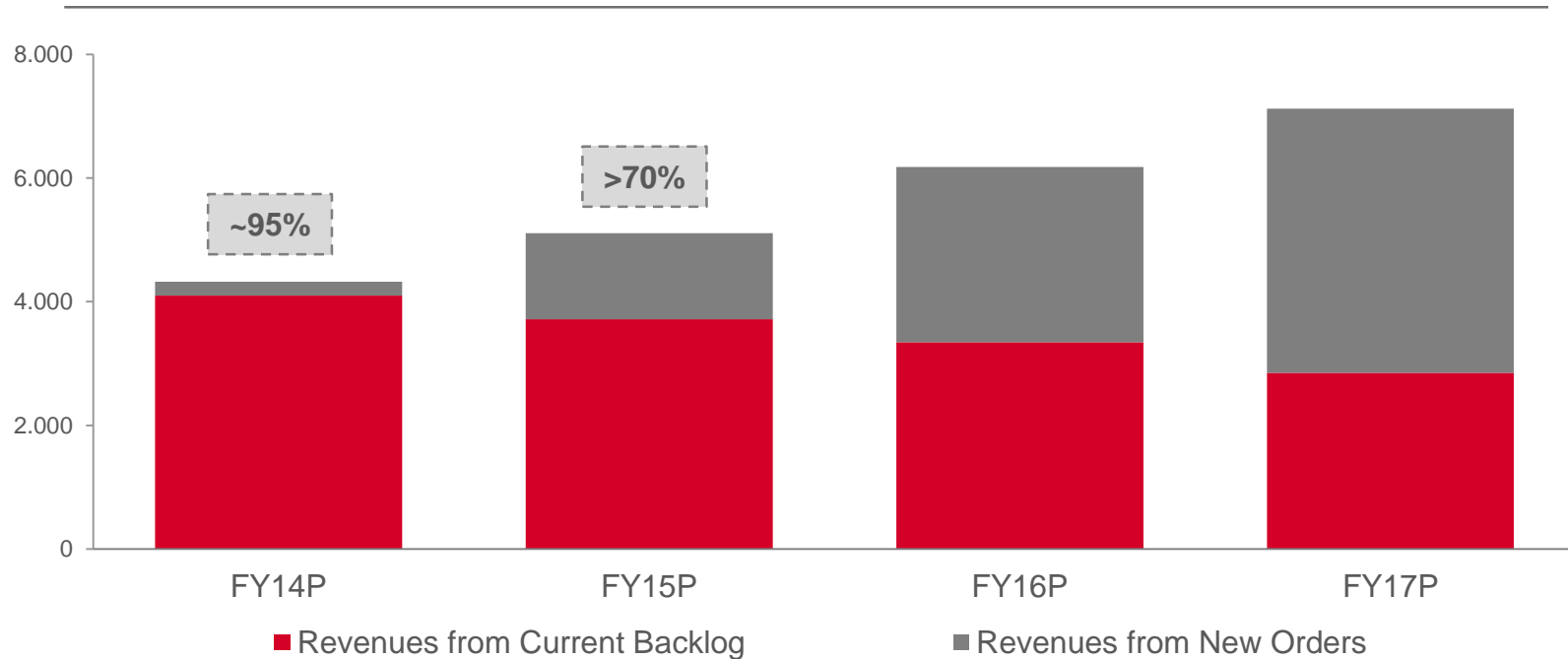


- Growth depends on being able to compete for the most interesting contracts:
  - >95% of 2014 targets already identified and bids are ongoing
  - Bids for €7bn worth of new orders already presented, €10bn under preparation, ~€25bn in pre-qualification phase
  - Target: ~5% of total contracts to be awarded in the selected market of ~€550bn over next 4 years

Source: Management accounts, Company information.

# Top Line Expectations Supported by Existing Backlog

## Plan Revenues from Current Backlog (€m)



- Backlog made up of longer multi-year contracts providing stability and visibility over medium term
- Over 70% of 2015 revenues covered by projects in hand
- >60% of 2014-2017 revenues covered by projects in hand

Note: The backlog was calculated primarily according to the proportional method; further analysis related to the accounting treatment to adopt in accordance with the new IFRS issued in January 2014 is still in progress.

Source: Management information



# Salini Impregilo: Strengths of “Campione Nazionale”

## Our Unique Proposition and Why it Matters

1

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

2

**Broadest Geographic Diversification**

3

**Attractive Growth Potential from the Combination of Salini and Impregilo**

4

**Large and Diversified Backlog**

5

**Large Structure Ready to Support the Next Phase of Commercial Expansion**

- Long, successful track record
- Significant barriers to entry
- Focused on core construction business
- Company competes with the top construction groups globally
- Broad geographic diversification, well balanced across continents and countries in different stages of development
- Proven ability to enter new markets where the group is still under-represented
- The historical Salini management capabilities are now applied to a larger and more powerful machine
- Step change in the culture of the organization
- Proactive management of the portfolio to maximize the risk/reward profile
- High visibility in terms of revenues, margins and cash flow
- Industry leading returns
- Scope to further improve processes, share best practices, realize synergies

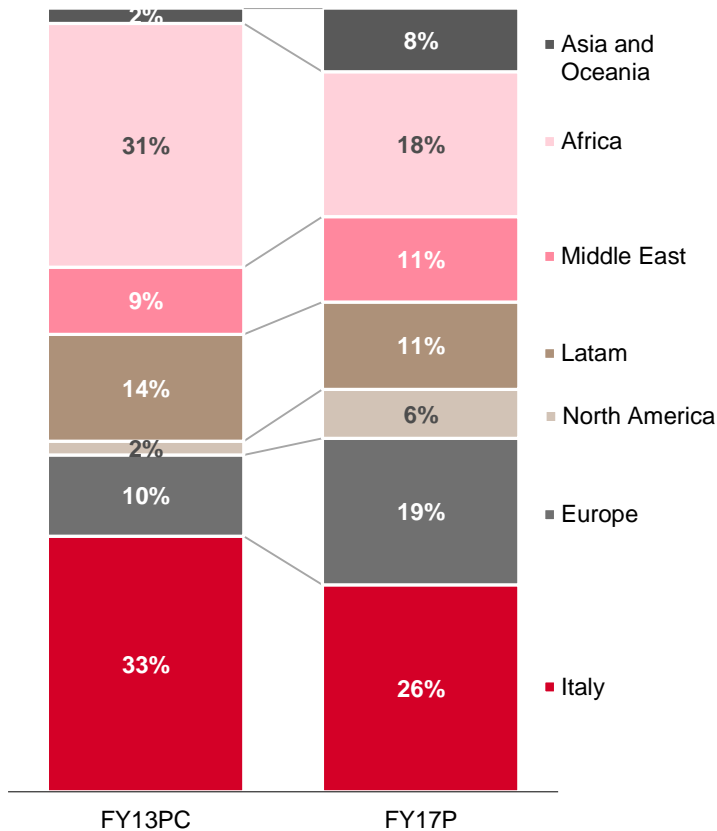
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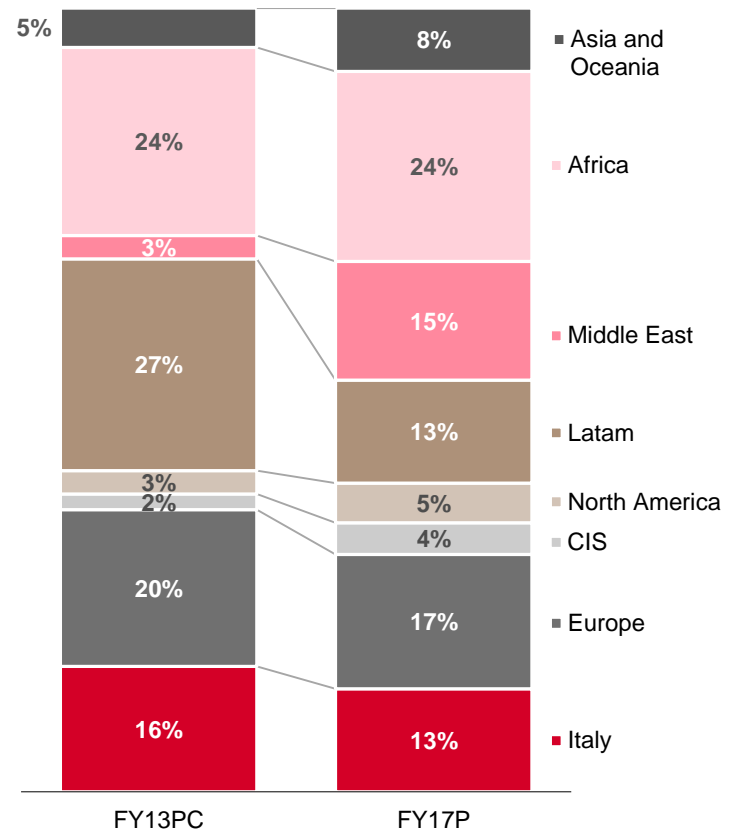
## Appendix

# Backlog and Revenues Composition Evolution

2013 - 2017E Backlog by Geography



2013 - 2017E Revenues by Geography



Source: Management accounts, Company information

