

# FY 2015 Financial Results

March 16, 2016



 **Strategy and Business Update**

**Pietro Salini**

*Chief Executive Officer*



 **Financial Update**

**Massimo Ferrari**

*General Manager Finance & Corporate Group CFO*

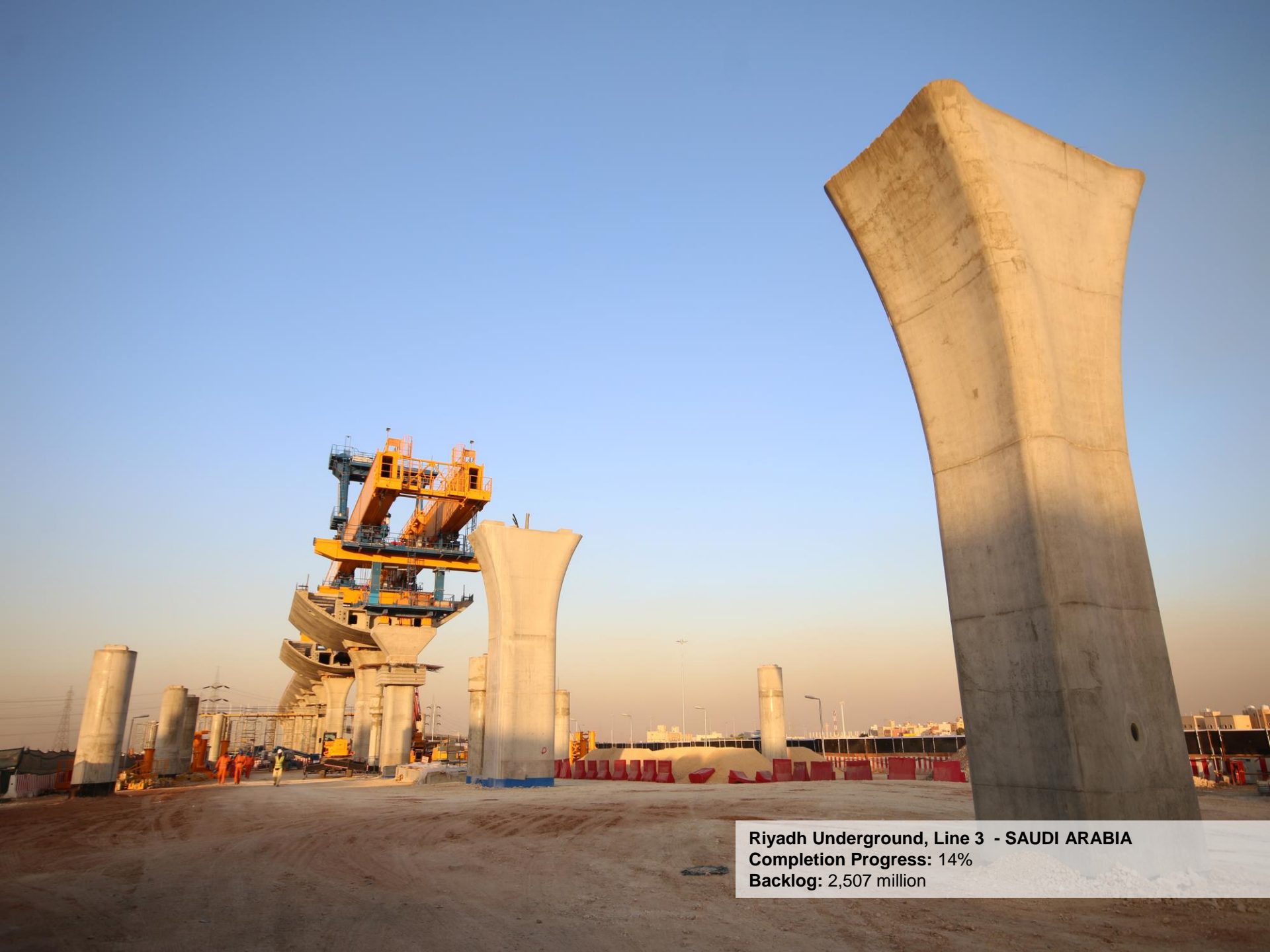






**Extension of the Panama Canal – Third set of locks**  
**Completion Progress: 95%**





**Riyadh Underground, Line 3 - SAUDI ARABIA**  
**Completion Progress: 14%**  
**Backlog: 2,507 million**





**“Red Line North Underground” Doha Metro System - QATAR**  
**Completion Progress: 27%**  
**Backlog: 1,443 million**





**Grand Ethiopian Renaissance Dam Project**  
**Completion Progress: 50%**  
**Backlog: 1,842 million**



	2013 Pro-forma	2015 Actual	Achievements
Revenue	€3,789mn	€4,739mn	<b>+25%</b>
EBITDA <i>EBITDA margin</i>	€362mn 9.5%	€487mn 10.3%	<b>+35%</b> <i>Improved EBITDA margin</i>
EBIT <i>EBIT margin</i>	€211mn 5.6%	€273mn 5.8%	<b>+29%</b> <i>Improved EBIT margin</i>
EBT	€139mn	€183mn	<b>+32%</b>
Net Debt	€210mn	€27mn	<b>Lowered 87% the Net Debt</b>
Backlog	€28.8bn	€33.3bn	<b>&gt;€12bn of new orders in 2 years</b>

 **Financial Update**

**Massimo Ferrari**

*General Manager Finance & Corporate Group CFO*





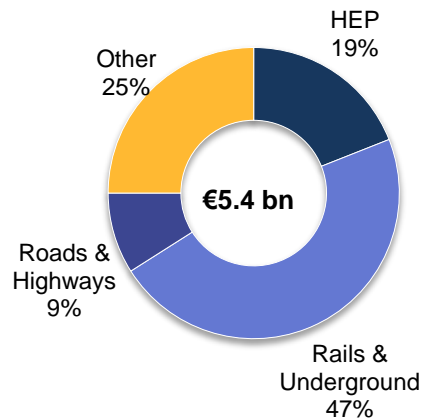
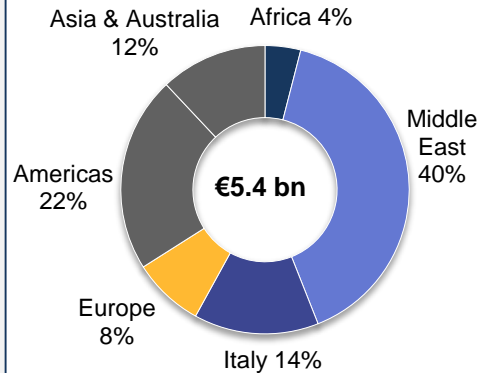
# FY 2015 New Orders & Commercial Activity

## Main new orders in 2015:

- ✓ Al Bayt stadium – Qatar
- ✓ El Shamal projects – Qatar
- ✓ A1 Motorway – Poland
- ✓ Nenskra HPP – Georgia

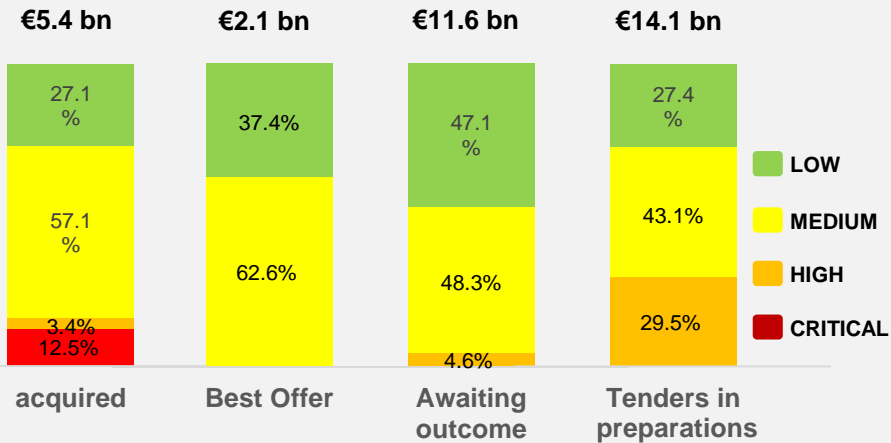
**Book to bill >1x ensures healthy growth in the coming years**

### New Orders



### Commercial Activity

	€m	Tenders
<b>Tenders awaiting outcome</b>	<b>13,778</b>	<b>26</b>
<i>of which " Best Offer"</i>	<i>2,140</i>	<i>3</i>
<b>Tender in Preparation</b>	<b>14,110</b>	<b>31</b>
<b>Expected commercial activity to year end</b>	<b>27,888</b>	<b>57</b>



*External sources specialized in analyzing country risk*

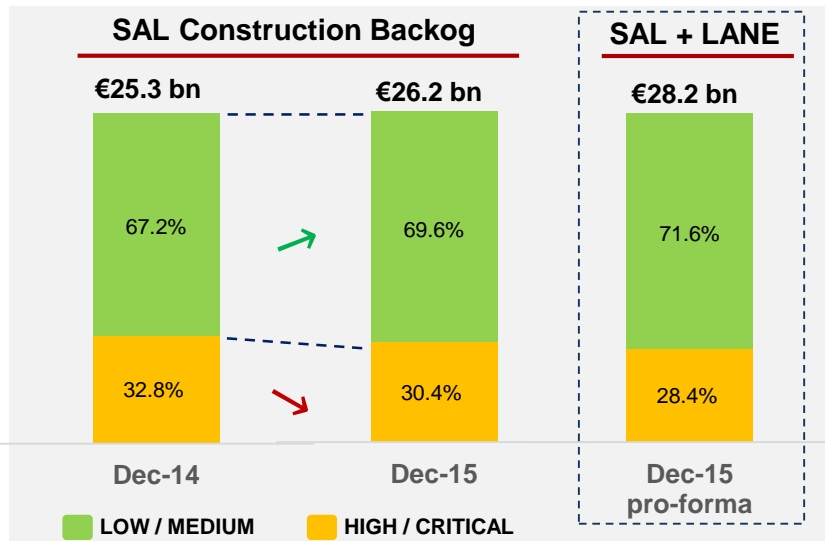
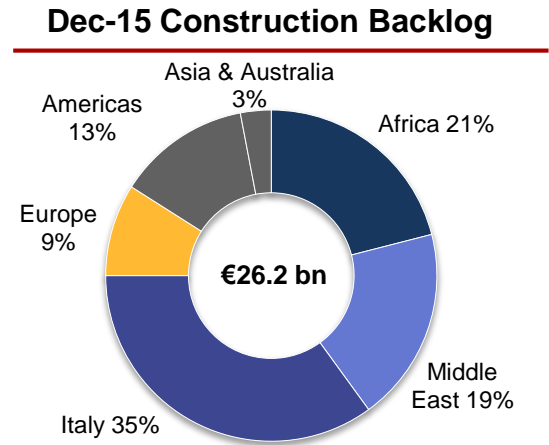
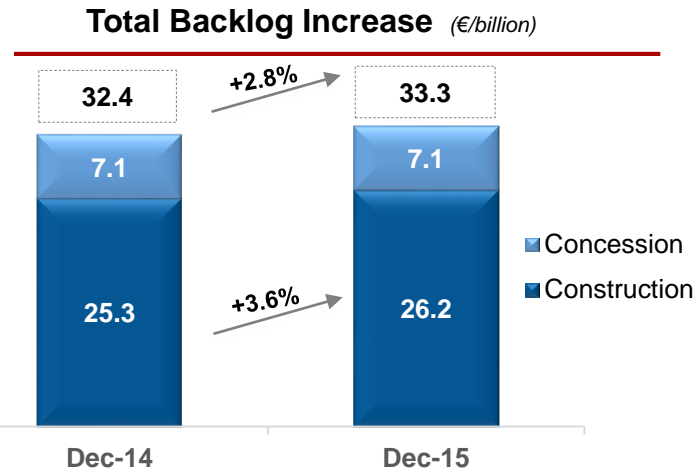


# Backlog Evolution

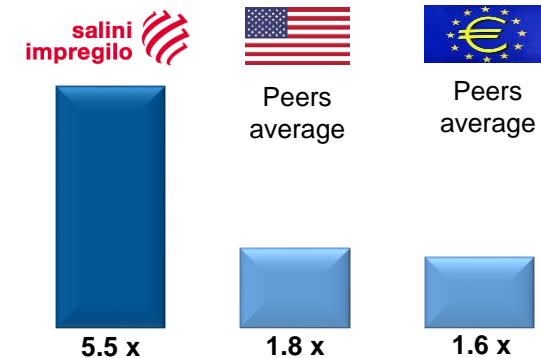
Exposure to high/critical countries reduced to 28% from 33% in the last year

The highest Construction Backlog to Revenues ratio in the industry

Successfully de-risking the projects portfolio

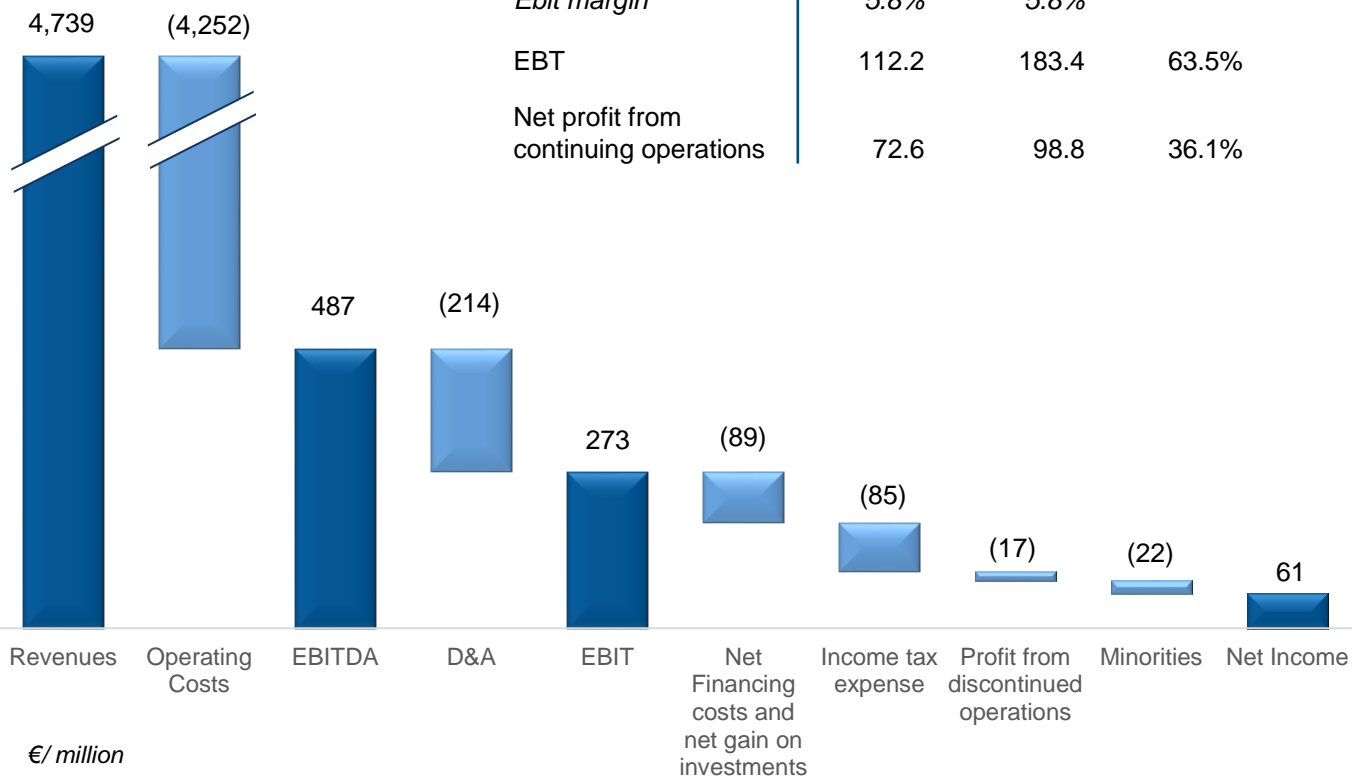


### Construction Backlog/Revenues Ratio peers comparison

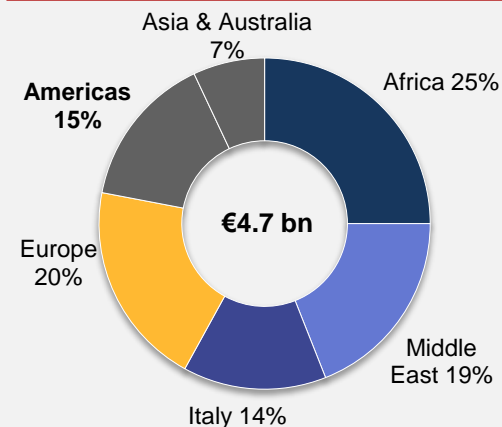




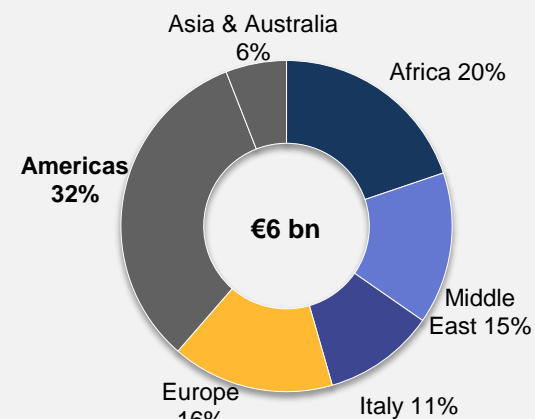
€/million	2014 restated	2015	Change
Revenues	4,241.5	4,738.9	11.7%
EBITDA	427.9	486.5	13.7%
<i>Ebitda margin</i>	10.1%	10.3%	
EBIT	245.0	272.7	11.3%
<i>Ebit margin</i>	5.8%	5.8%	
EBT	112.2	183.4	63.5%
Net profit from continuing operations	72.6	98.8	36.1%



## 2015 Revenues by Geography



## Combined Salini Lane 2015 Revenues by Geography



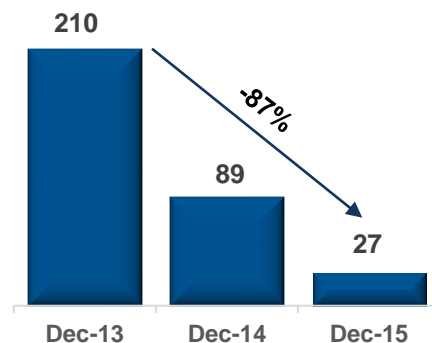


**Net debt reduced by 87%  
in the first 2 years of  
Business Plan**

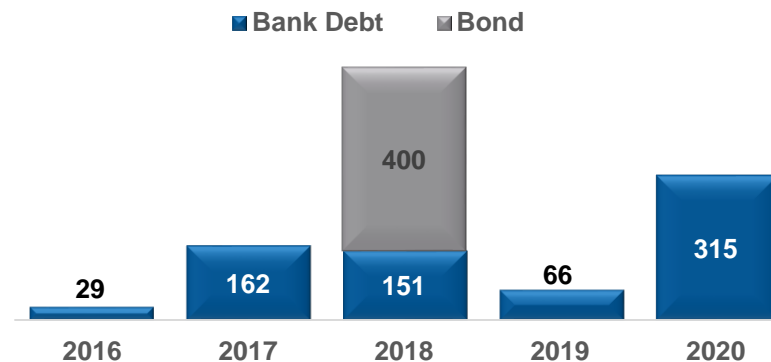
Debt maturities well under  
control

€mn	Dec 2015	Dec 2014
Cash & Cash Equivalents	1,411	1,031
Other Financial Assets	380	246
<b>Total Cash &amp; Other Financial Assets</b>	<b>1,791</b>	<b>1,277</b>
<b>Gross Debt</b>		
Bank Loan	(1,284)	(704)
Bond	(406)	(561)
Leasing	(129)	(163)
Net Derivatives	(15)	(5)
<b>Total Gross Debt</b>	<b>(1,835)</b>	<b>(1,432)</b>
<b>SPV Net Financial Assets</b>	<b>18</b>	<b>66</b>
<b>Net Financial Position</b>	<b>(27)</b>	<b>(89)</b>

**NET DEBT EVOLUTION** (€/million)




**M/L CORPORATE DEBT MATURITY** (€/million)



## Objectives

✓ Maintaining a sound & solid Capital Structure optimized to support the Group's activities and expected growth

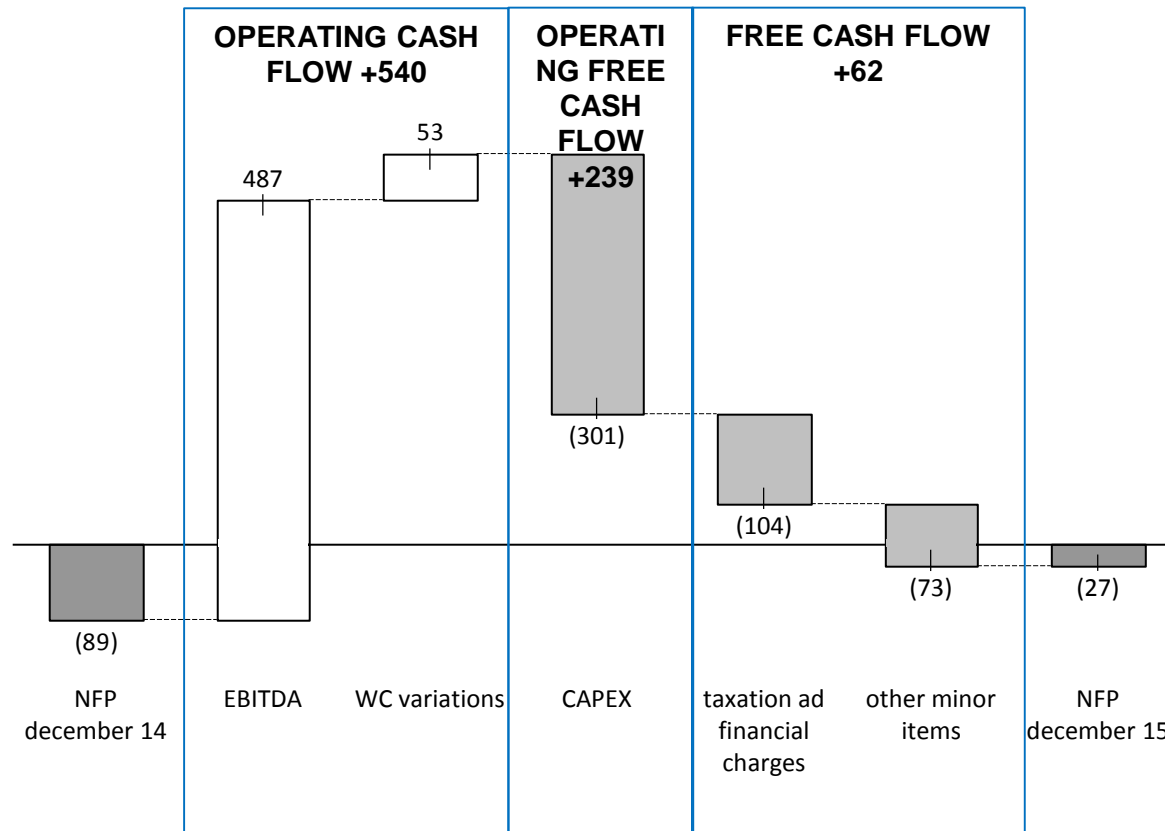
✓ Target Investments Grade Rating

	<u>2014</u>		<u>2015</u>
 <b>Financial Costs Optimization</b>			
✓ Significantly reduced average total debt cost	5.3%	→	3.8%
<i>of which average bank debt cost</i>	4.3%	→	2.6%
✓ Financial charges reduction (€/mn)	135.6	→ -21%	107.5
<i>of which bank charges alone</i>	60.8	→ -31%	41.8
✓ Profit (loss) on exchanges rates (€/mn)	(44.3)	→ -62%	(16.7)

### Corporate Credit Rating

Rating Agency	Rating	Outlook	note
Standard & Poor's	BB+	Stable	Rating upgraded on June 2015
Fitch Ratings	BB	Stable	Rating confirmed on November 2015
Dagong Europe	BB+	Stable	New rating issued on December 2015





- 🌀 **Solid delivery on our business plan targets for 2015**
- 🌀 **Significantly reduced net debt and lowered financial costs**
- 🌀 **Completed the acquisition of Lane Industries Inc.**
- 🌀 **Successful disposal of Todini Costruzioni Generali**
- 🌀 **Strengthened internal management structure**
- 🌀 **Reduced global risk profile**
- 🌀 **Market of reference evolving and still growing**



 **Appendix**

## Reclassified Income Statement of Salini Impregilo Group

Thousand €	12 months 2015	12 months 2014 *	Change
Operating revenue	4,595,483	4,136,361	459,122
Other revenue	143,393	105,119	38,274
<b>Total revenue</b>	<b>4,738,876</b>	<b>4,241,480</b>	<b>497,396</b>
Costs (**)	(4,252,366)	(3,813,628)	(438,738)
<b>Gross operating profit</b>	<b>486,510</b>	<b>427,852</b>	<b>58,658</b>
Gross operating profit %	10.3%	10.1%	
Amortisation and depreciation	(213,854)	(182,897)	(30,957)
<b>Operating profit (loss)</b>	<b>272,656</b>	<b>244,955</b>	<b>27,701</b>
Return on Sales %	5.8%	5.8%	
Net financing costs	(89,611)	(141,754)	52,143
Net gains on investments	336	8,973	(8,637)
<b>Net financing costs and net gains on investments</b>	<b>(89,275)</b>	<b>(132,781)</b>	<b>43,506</b>
<b>Profit (loss) before tax</b>	<b>183,381</b>	<b>112,174</b>	<b>71,207</b>
Income tax expense	(84,577)	(39,607)	(44,970)
<b>Profit (loss) from continuing operations</b>	<b>98,804</b>	<b>72,567</b>	<b>26,237</b>
Profit from discontinued operations	(16,573)	30,553	(47,126)
<b>Profit (loss) for the period</b>	<b>82,231</b>	<b>103,120</b>	<b>(20,889)</b>
Non-controlling interests	(21,639)	(9,347)	(12,292)
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>60,592</b>	<b>93,773</b>	<b>(33,181)</b>

(\*) The income statement data for 12 months of 2014 were reclassified in accordance with IFRS 5 according to the new transfer perimeter of the Todini Costruzioni Generali Group.

(\*\*) They include provisions and impairment losses for € 22.784 thousands



## Reclassified Consolidated Statement of Financial Position of the Salini Impregilo Group

Thousand €	31 December 2015	31 December 2014	change
Non-current assets	919,440	832,355	87,085
Non-current assets held for sale, net	41,594	84,123	(42,529)
Provisions for risks	(106,361)	(97,527)	(8,834)
Post-employment benefits and employee benefits	(25,412)	(23,320)	(2,092)
Net tax assets	136,066	148,698	(12,632)
<i>Inventories</i>	268,073	262,740	5,333
<i>Contract work in progress</i>	1,775,791	1,252,769	523,022
<i>Progress payments and advances on contract work in progress</i>	(1,862,759)	(1,725,884)	(136,875)
<i>Receivables (*)</i>	1,543,172	1,614,350	(71,178)
<i>Payables</i>	(1,630,437)	(1,426,743)	(203,694)
<i>Other current assets</i>	518,642	689,997	(171,355)
<i>Other current liabilities</i>	(334,198)	(335,918)	1,720
Working capital	278,284	331,311	(53,027)
<b>Net invested capital</b>	<b>1,243,611</b>	<b>1,275,640</b>	<b>(32,029)</b>
<b>Equity attributable to the owners of the parent</b>	<b>1,116,000</b>	<b>1,109,903</b>	<b>6,097</b>
Non-controlling interests	100,860	76,513	24,347
<b>Equity</b>	<b>1,216,860</b>	<b>1,186,416</b>	<b>30,444</b>
<b>Net financial position</b>	<b>26,751</b>	<b>89,224</b>	<b>(62,473)</b>
<b>Total financial resources</b>	<b>1,243,611</b>	<b>1,275,640</b>	<b>(32,029)</b>

(\*) The Receivables items is considered net of €17,5 million (€65,9 millionas at December 31,2014) classified in the net financial position, referred to the net receivables/payables financial position of the Group towards Consortiums and Consortium Companies (SPV) that function through cost transfers and the are not included within in the Group's consolidation scope. The net receivables/payables position is included in the net financial position based on the actual liquidity or indebtedness owned by the SPV.

## NET FINANCIAL POSITION OF SALINI IMPREGILO GROUP

€/000	31 December 2015	31 December 2014	Change
Non current financial assets	67,832	89,124	(21,292)
Current financial assets	312,104	156,908	155,196
Cash & Cash equivalents	1,410,775	1,030,925	379,850
<b>Total cash and cash equivalents and other financial assets</b>	<b>1,790,711</b>	<b>1,276,957</b>	<b>513,754</b>
Bank and other loans	(745,554)	(456,209)	(289,345)
Bonds	(396,211)	(394,326)	(1,885)
Finance lease payables	(79,789)	(102,310)	22,521
<b>Total non-current indebtedness</b>	<b>(1,221,554)</b>	<b>(952,845)</b>	<b>(268,709)</b>
Current portion of bank loans and current account facilities	(538,802)	(247,522)	(291,280)
Current portion of bond issues	(10,203)	(166,292)	156,089
Current portion of finance lease payables	(49,617)	(60,231)	10,614
<b>Total current indebtedness</b>	<b>(598,622)</b>	<b>(474,045)</b>	<b>(124,577)</b>
Derivative liabilities	(14,798)	(5,244)	(9,554)
Net financial position held by SPVs and unconsolidated (*)	17,512	65,953	(48,441)
<b>Total other financial assets (liabilities)</b>	<b>2,714</b>	<b>60,709</b>	<b>(57,995)</b>
<b>Total net financial position – continuing operations</b>	<b>(26,751)</b>	<b>(89,224)</b>	<b>62,473</b>
Net financial position for assets held for sale	(18,939)	(81,292)	62,353
<b>Net financial position including non-current assets held for sale</b>	<b>(45,690)</b>	<b>(170,516)</b>	<b>124,826</b>

(\*) This item acknowledges the net credit/debit position of the Group towards Consortiums and Consortium Companies ("SPVs") functioning through cost transfers and not included in the consolidation scope of the Group. The net credit standing and debt position is included in the item in the amount corresponding to the actual liquidity or indebtedness owned by the SPV. The receivables and payables that compose the balance of the item are respectively included among the commercial credit and commercial debts.

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.





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