

PRESS RELEASE

SELECTED DISCLOSURE FOR THE FIRST NINE MONTHS OF 2017

- **NEW ORDERS YEAR-TO-DATE, ACQUIRED AND TO BE FINALIZED, EQUAL TO €4.3 BILLION**
- **LANE (U.S.) CONTRIBUTED MORE THAN 50% OF GROUP'S OVERALL NEW ORDERS**
- **TENDERS AWAITING OUTCOME AMOUNT TO €10 BILLION**
- **SUCCESSFULLY COMPLETED REFINANCING OF CIRCA €1.1 BILLION CORPORATE DEBT**
- **FITCH UPGRADES RATING FROM "BB" TO "BB+", STABLE OUTLOOK**
- **INFRASTRUCTURE MARKET GLOBALLY STILL EXPANDING**

Milan, November 15, 2017 - The Board of Directors of Salini Impregilo (MTA: SAL) examined today the following data and information relating to the business evolution since the start of 2017.

The Group's growth evolution continues to progress with new orders so far this year exceeding €4.3 billion, of which more than 50% in the U.S. market thanks to the subsidiary Lane Construction. This is the result of the growth strategy pursued in areas that offer greater development opportunities at a lesser risk, as is the case of the United States.

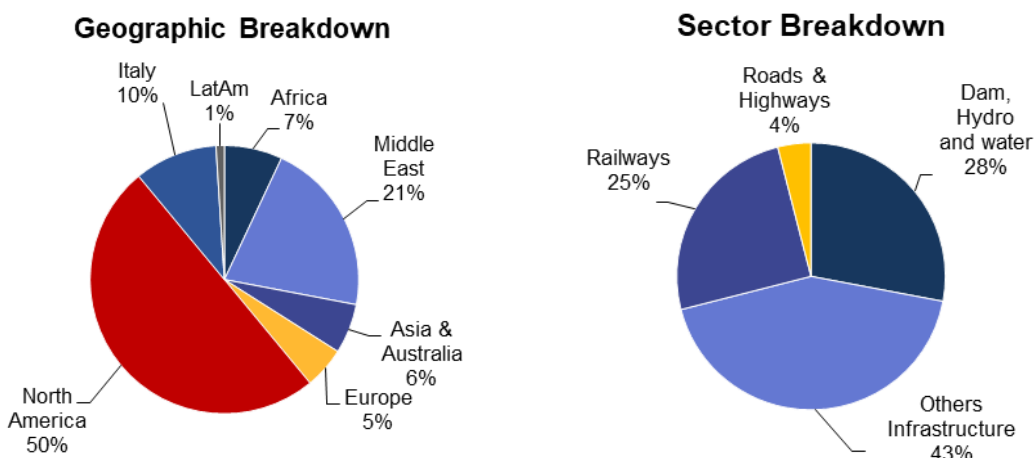
In addition to the good business performance, the Group was equally successful on the financial side, accomplishing the refinancing of medium-long term corporate debt for an approximate total of €1.1 billion, including the issuing of bonds of €500 million at a particularly competitive rate of 1.75%. The transaction has further strengthened the Group's financial structure and significantly extended the timing of debt maturities.

The Group's engagement on the financial side was recognized by the rating agency Fitch, which upgraded its rating from 'BB' to 'BB+' with a stable outlook, highlighting the Group's improved business profile, its increased scale, a broader geographical diversification and a lower concentration of major projects, which was, by the way, further improved in the third quarter.

These positive results have been supported by the expansion of the infrastructure sector globally growing and showing a promising outlook.

**2017 NEW ORDERS**

New orders acquired so far in 2017 amounted to €4.3 billion, including variation orders. The tenders awaiting outcome amount to €10 billion.



The Water sector, where Salini Impregilo is a global leader, and the Transportation sector, where the Group is in the top ten global ranking, continue to be the most important business areas with an overall share of new orders equal to 53% of the total.

In the United States, along with the Road and Highway sector – Lane's traditional business segments – the Water sector has become more relevant, especially with the wastewater management projects awarded, for which the Group has acquired new orders worth \$768 million.

New Orders Acquired:

#### Salini Impregilo:

- **Naples – Bari High-speed Railway Line Project:** €397 million (€238 million Salini stake) – The contract was won by a consortium comprising Salini Impregilo (60% ownership) for the design and construction of the Naples – Canello segment of the railway line.
- **Meydan One Mall:** \$435 million – Contract with Meydan Group LLC to build the Mall as part of a massive urban development project located between Meydan and Al Khail Road (UAE). It is set to become Dubai's number one attraction when it opens in 2020.
- **Al Faisaliah District Redevelopment Project:** €172 million – Consists of the refurbishment of the renowned Al Faisaliah Mall and the demolishing of the adjacent Seyahiah buildings to make way for the construction of a mall extension.
- **ENI's New Milan Headquarters:** €171 million – Salini Impregilo has won a contract to build the new corporate headquarters of ENI, Italy's energy giant, in Milan. The complex will consist of three interconnected buildings on 65,000 square metres of gross leasable land. The project, to be completed in 30 months, will apply the necessary standards to meet Gold Leadership in Energy and Environmental Design (LEED).

#### Lane Construction:

- **Al Maktoum International Airport Expansion Project:** \$125 million (\$75 million Lane stake) – The contract includes new terminal facilities, concourses, runways, roads and tunnels at the Al Maktoum Airport in Dubai, UAE.
- **Interstate 70 Project:** \$118 million – In Washington County in the U.S. state of Pennsylvania, Lane won a contract to rebuild a four-lane stretch along the eastern section of the I-70 and widening along the western section.
- **Florida Turnpike Project:** \$177 million – In Orange County, Florida, Lane has won a project that would entail widening a seven-mile segment of the Florida Turnpike from four to eight travel lanes, three ramps, pavement milling and resurfacing and roadside improvements.
- **I-395 Express Lane Project:** \$336 million – A design-build contract for the eight-mile extension of the 95 Express Lanes in the U.S. state of Virginia from Edsall Road in Fairfax County to Eads Street in Arlington County and it will extend the 95 Express Lanes to the Washington, D.C. Line.
- **Three Rivers Protection & Overflow Reduction Tunnel:** \$188 million – A design-bid-build contract in Fort Wayne, Indiana, U.S. It is a combined sewer overflow (CSO) tunnel that includes a deep rock tunnel, drop shafts and consolidation sewers to collect and convey CSO from eight locations along the St. Mary and Maumee Rivers.
- **Northeast Boundary Tunnel (NEBT):** \$580 million – The contract entails the construction of a large, deep sewer tunnel that will increase the capacity of the District's sewer system, significantly mitigating the frequency, magnitude and duration of sewer flooding and improving the water quality of the Anacostia River in the vicinity of Washington, D.C.

- **Unionport Bridge in the Bronx County, NY:** \$232 million (\$104 million Lane stake) – The contract, the first to be won by Lane in the New York City area, comprises the replacement of the moveable “bascule” bridge that allows the Bruckner Expressway to cross Westchester Creek. Work is expected to begin shortly and be completed by mid-2021.
- **State Road 408 in Orange County, FL:** \$76 million – The project entails adding a lane to a 3.24-mile (5.21 kilometres) stretch of the road in each direction so that each direction will have three rather than two lanes. Construction is scheduled to begin shortly and take about 24 months to complete.
- **US - Plants & Pavings:** \$523 million.

#### **Fisia Italmimpianti:**

- **Desalination Plant:** \$255 million (50% Fisia stake) – Following its diversification strategy, Salini Impregilo had its Fisia Italmimpianti subsidiary, together with an industrial partner, set to design and build a water desalination plant in the Shoaiba area of Saudi Arabia for ACWA Power.

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### **PERFORMANCE BY GEOGRAPHICAL AREA**

#### **USA**

In a recent report about the current state of the U.S. infrastructure system, the American Society of Civil Engineers estimated the total “infrastructure gap” to be approximately \$1.5 trillion needed by 2025 in new investments for the development of more projects. Furthermore, Mc Kinsey researchers say that \$150 billion per year will be required between 2017 and 2030 to keep up to speed the country’s infrastructure needs, of which transportation will require the largest portion.

Currently, Salini Impregilo, through its subsidiary Lane, is present in more than 30 states, including Texas and California, which together allocated \$50 billion budget for 2018. Considering other states in which the Group boasts a significant presence, such as Florida, Virginia, and New York, the budget allocated for 2018 amounts to \$83 billion.

Ongoing projects include the Purple Line light rail services in Maryland. Once complete, the new line will improve mobility towards main commercial centres as well as the University of Maryland.

#### **Europe**

Prospects for investments in European transport infrastructures appear to be promising in anticipation of an expected GDP growth in the upcoming years, especially in the countries of northern and eastern Europe. According to the EU, the region needs €2 trillion of infrastructure investment by 2020. The European Investment Bank (EIB) estimates that Europe should invest 3.6% of its GDP in infrastructure projects to achieve these targets.

By 2021 in the EU15 countries, an average of €428 billion of investments in civil engineering are expected each year. For the transportation sector alone, more than €450 billion will be invested during the next three years. Among the major ongoing projects in Europe, the new Cityringen metro line in Copenhagen, with a fully automated system, will be inaugurated next year.

#### **Italy**

The outlook for the construction sector in Italy is improving as a consequence of the upward revised GDP growth prospects and the improved economic outlook. The Italian government has committed to progressively promote the development of the construction sector, to support economic growth, to maintain employment levels and to help improve the living conditions of the population.

The new expansionary infrastructure cycle focuses on investments in the transport infrastructures sector, which in 2016 accounted for 60% of total civil engineering production and more than 13% of the global construction segment. Considered

together, the transport and water sector, on which the Group is particularly focused, the potential investments for the next three years are estimated at around €60 billion.

Presently, the contribution of Italy to the Group's total revenues remains quite limited. Ongoing projects include the Milan metro M4 line, connecting Linate airport, through the city centre, to the south-western side of the city, by means of a light and fully automated driverless metro system. The other strategic project is the high-capacity railway linking Milan and Genoa which will make it possible to significantly reduce the trip's duration from Milan to Genoa improving the railway connections with central and northern Europe (Rotterdam, Antwerp).

### **Middle East**

The Middle East continues to be an area rich with interesting opportunities. In Saudi Arabia, \$88 billion are expected to be invested in infrastructure over the next 5 years. An ambitious plan concerning the development of a new city, to be built from scratch in the desert facing the northern tip of the Red Sea, has been recently presented by the throne's heir-apparent in a grandiose Vision 2030 event. Ongoing projects in the region include the Red Line North of the Doha Metro System, which forms part of the bigger project to build the new mobility system promoted by Qatar under the scope of the 2030 National Development Plan (Qatar National Vision 2030). In Saudi Arabia, Riyadh's New Underground Line 3, the longest underground line of the Saudi Arabian capital, is currently under construction.

### **Africa**

Economic growth in sub-Saharan Africa continues to show a sustained expansionary pattern albeit marked by sizable differences across countries. On average, in the next 5 years \$65 billion of investments are expected in the water and transportation sectors, and in Ethiopia alone, \$40 billion of investments are expected in the construction segment. Currently the Group's presence in the region is concentrated mainly in Ethiopia where Salini Impregilo can boast a decades-old history of successful dam projects.

In Ethiopia, construction of the Koysba dam and GERD (Grand Ethiopian Renaissance Dam), the latter being one of the largest infrastructure projects in Africa that, once completed, will become the third largest dam in the world.

### **Asia & Australia**

Australia stands out as one of the most interesting markets due to the substantial investments in infrastructure that the government is presently undertaking, and the favourable business environment the country's economic and political stability provides. The Australian Government is delivering a commitment of \$75 billion in infrastructure funding and financing over the next 10 years for critical airport, road, and rail infrastructure projects; including a \$20 billion commitment to upgrade Australia's passenger and freight rail.

Ongoing projects in Australia include the construction and design of Perth's Rail Line. The Forrestfield-Airport Link will connect the eastern suburbs of the city through an existing suburban rail network to the airport.

In Asia, infrastructure investment remains one of the more dynamic sectors. Salini Impregilo is present in Tajikistan with the Rogun dam project, that once completed will be the tallest dam in the world. At 335 meters high, 6 turbines of 600 MW, and an installed capacity of 3600MW, the dam is set to make Tajikistan a point of reference for the energy sector in the region.

### **Latin America**

Main infrastructure investments in the region are primarily found in Argentina, Chile, and partially Brazil. In Argentina, a \$33 billion program for the transport sector was launched, focusing on five segments: railways, roads, ports, airports and urban transport infrastructures; along with a further \$10 billion allocated to the development of hydroelectric power plants. Chile has planned an infrastructure program – called Chile 2020 – with expected investments totalling up to \$28 billion.

In the region, the Group is currently undertaking the construction of the Lima Metro. The project is designed with cutting edge technical solutions, spanning more than 35 km of underground tunnels under construction including 35 stations.

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## FINANCIAL UPDATE

The Group has successfully accomplished a large refinancing operation of its existing medium-long term corporate debt for an overall amount of approximately €1.1 billion which has strengthened the financial structure further and significantly reduced the cost of debt, as well as extending the average duration, taking 80% of maturities beyond 2020. The refinancing included:

- The launch of senior unsecured notes on October 19, 2017, for a nominal value of €500 million, with a fixed-rate coupon of 1.75%, and a 7-year maturity due in October 2024;
- Two senior unsecured term loan financing lines totalling €380 million due in 2022, and a revolving credit facility of €200 million with the same maturity.

The Notes, rated BB+ by S&P Global Ratings, received orders close to 7 times the amount originally planned for the issue, highlighting a very diversified investor base with more than 80% of demand coming from abroad. Furthermore, the 1.75% coupon is by far the lowest coupon ever achieved by Salini Impregilo in the Eurobond market, testifying the strong investors' interest in the Group's successful credit story and its growth strategy.

On October 24, Fitch Ratings upgraded Salini Impregilo to 'BB+' with a stable outlook. The key drivers for the upgrade were Salini Impregilo's solid business profile, healthy backlog, effective risk management, improvement of the financial profile, and the on-track Business Plan.

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## OUTLOOK

Market and business evolution for the Group in the first 9 months of 2017 confirm a consolidated growth trend, supported by a strong backlog and a solid commercial activity that allow, for the time being, to confirm the targets indicated for the year.

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### **Disclaimer**

*Certain statements in this press release may constitute "forward-looking statements" with possible risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to manage the effects of the current uncertain international economic outlook and the ability to successfully acquire and integrate new businesses.*

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*Salini Impregilo is a leading global player in the construction of large, complex civil infrastructure. It specializes in the water sector – where it has been recognized as global leader for the fifth consecutive year by Engineering News-Record (ENR) - as well as railways and metro systems, bridges, roads and motorways, large civil and industrial buildings, and airports. The Group has 110 years of applied engineering experience on five continents, with design, engineering and construction operations in 50 countries and more than 35,000 employees from 100 nationalities. Salini Impregilo is a signatory of the United Nations Global Compact and pursues sustainable development objectives to create value for its stakeholders. It assists clients in strategic areas including energy and mobility, helping to drive development and well-being for current and future generations. Its leadership status is reflected by projects such as the new Panama Canal, the Grand Ethiopian Renaissance Dam, the Cityringen metro in Copenhagen, the metro system in Riyadh, the Stavros Niarchos cultural centre in Athens, and the new Gerald Desmond Bridge in California. In 2016, revenues totalled €6.1 billion (including U.S. subsidiary Lane Construction, leader in roads and highways), with a total backlog of €36.9 billion. Salini Impregilo Group is headquartered in Italy and is listed on the Milan Stock Exchange (Borsa Italiana: SAL; Reuters: SAL:MI; Bloomberg: SAL:IM).*

More information at [www.salini-impregilo.com](http://www.salini-impregilo.com)



### Contacts:

#### Media Relations

**Gilles Castonguay**  
Tel. +39 02 444 22 177  
email: [gr.castonguay@salini-impregilo.com](mailto:gr.castonguay@salini-impregilo.com)

#### Head of Investor Relations

**Fabrizio Rossini**  
Tel +39 02 4442 2203  
email: [f.rossini@salini-impregilo.com](mailto:f.rossini@salini-impregilo.com)