

Press Release  
FY16 Consolidated Financial Results

**2016: Profitability Growth, Financial Profile Improvement**

**New Orders: >€7.3 billion**

**Dividend: +32.5%;**

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**2017: U.S. Revenue Expected ~ 30% of Group Total**

**2017: Stronger Financial Structure Expected**

**Results<sup>1</sup>**

- Revenues at €6,124.5 million (+1.2% vs FY15)
- EBIT Margin at 4.9% (4.6% in FY15)
- Profit from Continuing Operating at €120.2 million (+42.6% in FY15)
- New Orders at €7.3 billion (+35.2% vs FY15)
- Backlog at €36.9 billion (+4.9% vs FY15)

**Dividend and Annual Shareholders' Meeting**

- Proposed Dividend: €0.053 per ordinary share and €0.26 per savings share
- Annual Shareholders' Meeting Called for April 27, 2017

**Outlook 2017**

- New Orders: >1.1x Book-to-Bill
- Revenues: >10% vs FY2016
- EBIT Margin: >5%
- Gross Debt decrease of about €100 million

Milan, March 15, 2017 – The Board of Directors of Salini Impregilo (MTA: SAL) met today to approve the consolidated financial results and the separate draft financial statements of Salini Impregilo S.p.A. at December 31, 2016, in accordance with the International Financial Reporting Standard (IFRS) as defined by the International Accounting Standard Board (IASB) as of December 31, 2015.

The Board of Directors also called the Annual Shareholders' Meeting for April 27, 2017.

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<sup>1</sup> See note on next page

## Consolidated Financial Results highlights

	FY16			FY15			change in %
	FY16 adjusted (c)=(a)+(b)	Salini Impregilo Group (a)	JV Lane non cons. (b)	FY15 adjusted (f)= (d)+(e)	Group Salini Impregilo aggregate + Lane (d)	JV Lane non cons. (e)	
(€/m)							
Revenues	6,124.5	5,883.8	240.7	6,051.5	5,854.3	197.1	1.2%
EBITDA	560.7	536.3	24.4	511.9	487.3	24.6	9.5%
EBITDA %	9.2%	9.1%	10.1%	8.5%	8.3%	12.5%	
EBIT	299.9	275.5	24.4	281.3	256.7	24.6	6.6%
EBIT %	4.9%	4.7%	10.1%	4.6%	4.4%	12.5%	
Net financing costs	(86.5)	(86.5)	-	(103.7)	(103.7)	-	-16.6%
Net gains on investments	(15.2)	9.1	(24.4)	0.3	24.9	(24.6)	n.a
EBT	198.1	198.1	(0.0)	177.9	177.9	(0.0)	11.4%
Taxes	(78.0)	(78.0)	-	(93.6)	(93.6)	-	-16.8%
Tax rate %	-39%	-39%	0%	-53%	-53%	0%	
<b>Results from continuing operations</b>	<b>120.2</b>	<b>120.2</b>	<b>(0.0)</b>	<b>84.3</b>	<b>84.3</b>	<b>(0.0)</b>	<b>42.6%</b>
Results from discontinued operations	(20.7)	(20.7)	-	(12.5)	(12.5)	-	65.4%
Minorities	(39.6)	(39.6)	-	(28.1)	(28.1)	-	40.7%
<b>Group Net Result</b>	<b>59.9</b>	<b>59.9</b>	<b>(0.0)</b>	<b>43.6</b>	<b>43.6</b>	<b>(0.0)</b>	<b>37.3%</b>

### NOTE

The adjusted results for 2016 were obtained by adjusting the consolidated results in accordance with IFRS to consider the contributions made by joint-ventures not controlled by the Lane Group with the proportional method. Represented in this way, the adjusted results reflect the progress of work managed by Lane directly or via a participation in a joint-venture ("work under management"). The adjusted results for 2015 on a comparable basis were obtained in the following way:

- Salini Impregilo Group's IFRS results for 2015 were restated to reflect the different classification of the assets to be sold;
- Lane Group's IFRS results for 2015 were aggregated to Salini Impregilo Group's IFRS results, as restated above;
- The aggregated results were restated to represent the contributions made by joint-ventures not controlled by the Lane Group in 2015 with the proportional method ("work under management").

### INCOME STATEMENT

**Consolidated adjusted revenues** totalled €6,124.5 million, compared with the previous year's €6,051.5 million within the same scope. The figures include €240.7 million and €197.1 million, respectively, from non-consolidated Lane joint-ventures. Revenue contribution by geographic area is as follows: 25% from the United States, 25% the Middle East, 23% Europe including Italy with 7%, 17% Africa, Asia and Australia for a total of 6%, and 4% Latin America. Contribution from the 10 biggest projects has fallen from 66% to 52%, reducing the concentration risk. The trend reflects the progress of production at some large-scale projects, in particular the GERD in Ethiopia, the Red Line North Underground in Qatar, the Line 3 of the Riyadh metro in Saudi Arabia, the metro line in Copenhagen and projects followed by Lane.

**Adjusted EBITDA** totalled €560.7 million, a 9.5% increase from the previous year, while adjusted EBIT reached €299.9 million, up 6.6%. The figures include €24.4 million and €24.6 million, respectively, from non-consolidated Lane joint-ventures.

**Adjusted EBITDA margin** was 9.2% and **adjusted EBIT margin** 4.9%.both figures showed an improvement from the previous year.

**Net financial costs** totalled €86.5 million against €103.7 million in 2015. They include financial income of €44.5 million and financial expenses of €146.6 million. This last figure includes €25.4 million in amortized costs (€17.7 million). Net exchange rate gains totalled €15.5 million against a loss of €16.7 million in 2015.

**Profit before taxes** reached €198.1 million, an improvement from €177.9 million in 2015 (+11.3%). The tax rate was about 39% compared with 53% in 2015.

**Net loss from discontinued operations** was €20.7 million, related to non-recurring items, are mostly due to a foreign exchange loss of €13.9 million related to the divestment of Todini Costruzioni Generali in April.

**Profit from minorities** totalled €39.6 million, comprising of €11 million from projects followed by Lane, €10 million from the Al Bayt Stadium and Red Line Metro projects in Qatar, €9 million from Line 3 of the Riyadh metro project and €10 million from other projects.

**Net profit** was €59.9 million against €43.6 million in 2015.

## Group Net Financial Position

(€/m)	Dec. 2016	Dec. 2015 Unaudited Proforma	Dec. 2015 Statutory
Cash & Cash Equivalents	1,602.7	1,458.6	1,410.8
Other Financial Assets	385.9	379.9	379.9
<b>Total Cash &amp; Other Financial Assets</b>	<b>1,988.6</b>	<b>1,838.6</b>	<b>1,790.7</b>
Bank Loan	(1,265.0)	(1,675.7)	(1,284.4)
Bond	(887.0)	(406.4)	(406.4)
Leasing	(175.0)	(129.4)	(129.4)
Net financial position with unconsolidated SPEs	(5.3)	17.5	17.5
<b>Total Gross Debt</b>	<b>(2,332.4)</b>	<b>(2,194.0)</b>	<b>(1,802.7)</b>
Net Derivatives	(7.0)	(14.8)	(14.8)
<b>Net Financial Position from continued activities</b>	<b>(350.8)</b>	<b>(370.3)</b>	<b>(26.8)</b>
Net financial position from discontinued operations	-	(18.9)	(18.9)
<b>Net Financial Position</b>	<b>(350.8)</b>	<b>(389.2)</b>	<b>(45.7)</b>

### NOTE

The pro-forma unaudited net financial position at December 31, 2015 was obtained by aggregating the IFRS balance sheet of the Salini Impregilo Group for 2015 to IFRS Accounting figures of Lane Group and including the financial debt for the acquisition of the Lane.

**Consolidated net financial position from continuing operations** was a negative €350.8 million at December 31, 2016, compared with a pro-forma unaudited negative €370.3 million at the same period the previous year. Comparing the value at December 31, 2016 with the one at December 31, 2015, as shown in the attached table (€26.8 million), the difference is €324 million, due to the combined effect of the financing for the Lane acquisition net of Lane's liquidity, as well as cash flow generated in 2016.

Debt-to-equity ratio (based on the net financial position from continuing operations) at December 31, 2016 was 0.26.

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### NEW ORDERS AND BACKLOG

**New orders** totaled €7.3 billion, achieving a book to bill of 1.2x, greater than the 1.1x target declared for 2016.

Main orders acquired in FY16 by **Salini Impregilo** include:

- Construction of the 2,200 MW Koyscha hydroelectric dam in Ethiopia for €2.5 billion;
- Construction of a hydroelectric Tajikistan project worth €1.8 billion under a framework agreement worth a combined total of approximately €3.5 billion. With an installed capacity of 3,600 MW, the dam will double the country's energy production;
- Design, construction and maintenance of an underground passenger rail line in Perth, Australia, for €790 million;
- Creation of a 12,000-hectare urban residential development northwest of Kuwait City as part of the South Al Mutlaa Housing Project for €467 million;
- Construction of three lots of roadwork in the city of Florianopolis, Brazil for €99 million.

Main orders acquired in FY16 by **Lane Industries Inc.** include:

- Design and construction of the Purple Line transit system in Maryland, U.S.A., for \$2 billion (30% of which is held by Lane for €609 million);
- Total Plants & Pavings for €518 million;
- Mid South GAH – Highway equal to €114 million;
- Charleston Port access equal to €96 million;

- Total other projects equal to €237 million.

At the end of 2016, total **backlog** was €36.9 billion, of which €29.4 billion (€26.9 billion related to Salini Impregilo and €2.5 billion to Lane Industries Inc.) is related to construction and € 7.5 billion to concessions.

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## OUTLOOK 2017

The targets are in line with those set under the 2016-2019 Business Plan:

- New Orders: >1.1x Book-to-Bill
- Revenues: >10% vs FY2016
- EBIT Margin: >5%
- Gross Debt decrease of about €100 million

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## MAIN 2016 RESULTS OF PARENT SALINI IMPREGILO S.p.A.

Salini Impregilo had revenues of €3,076.7 billion, a 1.6% increase from €3,027.2 billion the previous year. EBIT totalled €244.8 million against €206.6 million in 2015. Net financials costs were €60.8 million against a negative €53.6 million in 2015. Net profit was €64.6 million compared with €35.7 million the previous year.

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## PROPOSAL FOR PROFIT ALLOCATION FOR THE PERIOD

In consideration of the profit for the period of €64,603,085.24 posted by Salini Impregilo S.p.A at December 31, 2016, the Board of Directors decided to submit the following proposal to the Annual Shareholders' Meeting of Salini Impregilo S.p.A., which will be called for April 27, 2017:

- to grant €3,230,154.26, equal to 5% of the net result, pursuant to the applicable statutory provisions;
- to grant to ordinary shareholders a dividend equal to €0.053 per share gross of withholding for each existing share and entitled to the dividend, thus excluding from the calculation 3,104,377 Treasury shares held by the Company for a total of gross €25,920,620.64 to be paid out;
- to grant savings shareholders a dividend equal to €0.26 per share gross of withholding, for a total of €420,027.66 pursuant to applicable statutory provisions;
- to carry forward the total amount of €35,032,282.68;
- to set the date for the dividend payment at May 22, 2017 and the payment date at May 24, 2017 (record date of May 23, 2017).

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## SIGNIFICATION EVENTS AND OPERATIONS THAT OCCURRED IN 2016

**January 4** – The completion of the acquisition of Lane Construction Corporation.

**March 3** – Selection of the Purple Line Transit Partners consortium with Lane Construction Corporation as a member to design and build the Purple Line light transit system in Maryland for \$2 billion.

**April 4** – Salini Impregilo completes divestment of Todini Costruzioni Generali S.p.A. to Prime System Kz Ltd of Kazakhstan for €51 million

**April 28** – Salini Impregilo Group signs a €790 million contract (1.2 billion in Australian dollars) to design, build and maintain the Forrestfield-Airport Link for 10 years, a metro line that will connect outlying neighborhoods with the city centre in Perth, Australia. Salini Impregilo and joint-venture partner NRW Pty Ltd signed the contract with the Western Australia government.

**May 23** – Salini Impregilo presents to the international financial community its 2016-2019 Business Plan focused on cash generation. The key targets are:

**May 24** – Salini Impregilo signs a €2.5 billion contract to build a 2.200 MW hydroelectric dam in Koyscha, Ethiopia.

**June 17** - Creation of a 12,000-hectare urban residential development 40 km northwest of Kuwait City as part of the South Al Mutlaa Housing Project for \$955 million.

**June 24** – Salini Impregilo successfully placed with institutional investors an unsecured bond offer for a total nominal amount of €428.3 million with a fixed-interest rate coupon of 3.75%. The bonds are listed on the Irish Stock Exchange. A portion of the bond issued with a nominal value of €128.3 million was allocated to the holders of the previous bond expiring in 2018. As a result, the residual value amounts to €283.1 million. The proceeds from the newly issued bond amounted to €300 million, which were not the subject of the exchange offer are being used by Salini Impregilo to repay the bridge loan facility used for the acquisition of Lane.

**July 1** – Salini Impregilo signed with the Tajikistan government a framework agreement worth a total of \$3.9 billion related to the construction of a hydroelectric project. The Group was assigned the first lot of the project worth \$1.95 billion, which foresees the construction of a dam on the Vakhsh River in Pamir.

**July 11** - Salini Impregilo successfully placed to institutional investors a senior unsecured note for a total nominal amount of €171,736,000. The new notes will be consolidated and form a single series with the €428,264,000 issued on June 24, 2016, and due June 24, 2021, bringing the total bond size to €600 million.

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#### **MAIN EVENTS THAT HAVE OCCURRED AFTER THE CLOSE OF 2016**

In the first two months of 2017, Lane won €850 million worth of new orders. On March 1, it got a \$336 million design-and-build contract to extend the 395 Express Lanes in the U.S. state of Virginia. Preliminary works begin in March.

**March 2** – A consortium between Salini Impregilo and Astaldi (Salini Impregilo with a 60% stake) won a €397 million contract to build the Naples-Cancello section of the high-speed rail line between Naples and Bari

**March 6** - Prefetto di Roma has decreed the temporary extraordinary administration of Cociv Consortium pursuant to art. 32, paragraph 1, letter b of Decree 24/06/14 n. 90, converted with amendments by Law no. 114 of 11/08/14, by appointing a extraordinary Administrator for a period of six months, unless further extended.

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#### **ANNUAL REPORT ON CORPORATE GOVERNANCE AND REMUNERATION REPORT CALLING OF ORDINARY SHAREHOLDERS 'MEETING**

The Board of Directors has reviewed and approved the annual report on corporate governance and ownership structure as well as the Remuneration Report pursuant to art. 123-ter of Legislative Decree no. 58/98 (TUF), which will be published and made available on the Company's website ([www.salini-impregilo.com](http://www.salini-impregilo.com)) pursuant to the terms of the applicable legislation.

The Board, based on information provided by the individual components, assessed in accordance with the Corporate Governance Code for listed companies, the independence requirements for directors Marco Bolgiani, Marina Brogi, Giuseppina Capaldo, Mario Giuseppe Cattaneo, Nicola Greco, Pietro Guindani, Geert Linnebank, Giorgio Marazzi, Franco Passacantando e Laudomia Pucci.

The Board also decided to convene, on 27 April 2017 the Ordinary Shareholders' Meeting to approve the Financial Statements 2016 Salini Impregilo S.p.A. and profits for the year, for the appointment of Statutory Auditors expire and for the determination of compensation, as well as for decisions concerning the Remuneration Report.

The notice calling the meeting in question, as well as the explanatory report to the Board of Auditors, will be published under the terms and conditions of the law

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*Massimo Ferrari, in his capacity as Director in charge of the preparation of the company's accounting documents, declares, pursuant to Section 2 of Article 154 bis of the Italian Uniform Financial Code, that the information contained in this press release corresponds to the accounting documents, books and entries.*

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**Disclaimer**

This press release contains forward-looking statements. These statements are based on current expectations and projections of the Group regarding future events and, by their very nature, are exposed to inherent risks and uncertainties. These statements relate to events and depend on circumstances that may or may not occur or exist in the future. Accordingly, readers should not to place undue reliance on them. Actual results may differ materially from those stated due to multiple factors, including: the volatility and deterioration of capital and financial markets, changes in commodity prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in atmospheric conditions, floods, earthquakes or other natural disasters, changes in the regulatory and institutional framework (both in Italy and abroad), production difficulties, including constraints on the use of plants and supplies and many other risks and uncertainties, most of which are outside the Group's control.

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Salini Impregilo is a leading global player in the construction of major complex infrastructures. It specializes in the water sector, where it is recognized by the Engineering News-Record as the global leader for the 3rd consecutive year, 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 is reflected by projects such as the expansion of the New Panama Canal, the Grand Ethiopian Renaissance Dam in Ethiopia, the Cityringen metro in Copenhagen, the new Riyadh Metro, the Stavros Niarchos cultural centre in Athens, the New Gerald Desmond Bridge in Long Beach in USA. In 2016, its revenues totalled €6,1 billion (including Lane Construction, Salini Impregilo's U.S. subsidiary, leader in the highway sector in the US), 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: SALI.MI; Bloomberg: SAL:IM). For more information, visit our website at [www.salini-impregilo.com](http://www.salini-impregilo.com) and follow us on Twitter @SaliniImpregilo.

**For further information:**

**Head of Corporate Identity & Communication**

Luigi Vianello

Tel. +39 06 6776 26 964

Tel. +39 02 444 22 171

email: [l.vianello@salini-impregilo.com](mailto:l.vianello@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)

**Attached are the consolidated reclassified statements of income statement and balance sheet and financial situation of the Salini Impregilo Group at December 31, 2016.**

## FY16 Income statement

(€/m)	FY15		Change
	FY16	Restated IFRS 5 (*)	
Revenue	5,760.4	4,624.1	1,136.3
Other revenue	123.5	146.2	(22.8)
<b>Revenue</b>	<b>5,883.8</b>	<b>4,770.3</b>	<b>1,113.5</b>
Total costs (**)	(5,347.5)	(4,287.7)	(1,059.8)
<b>EBITDA</b>	<b>536.3</b>	<b>482.6</b>	<b>53.7</b>
<i>EBITDA%</i>	9.1%	10.1%	
Amortization and Depreciations	(260.8)	(215.1)	(45.8)
<b>EBIT</b>	<b>275.5</b>	<b>267.6</b>	<b>7.9</b>
<i>Return on Sales %</i>	4.7%	5.6%	
Net Financial income (costs)	(86.5)	(90.4)	3.9
Gain (losses) on investments	9.1	0.3	8.8
<b>Net financing costs and net gains on investments</b>	<b>(77.4)</b>	<b>(90.1)</b>	<b>12.7</b>
<b>EBT</b>	<b>198.1</b>	<b>177.5</b>	<b>20.6</b>
Income taxes	(78.0)	(84.6)	6.6
<b>Profit (loss) from continuing operations</b>	<b>120.2</b>	<b>92.9</b>	<b>27.3</b>
Profit (loss) from discontinued operations	(20.7)	(10.7)	(10.0)
<b>Profit (loss) before Non controlling interest</b>	<b>99.5</b>	<b>82.2</b>	<b>17.3</b>
Non controlling interests	(39.6)	(21.6)	(18.0)
<b>Profit (loss)</b>	<b>59.9</b>	<b>60.6</b>	<b>(0.7)</b>

(\*) The financial data for the year 2015 have been restated in accordance with IFRS 5 according to the divested of Todini Costruzioni Generali. It is recalled that these figures do not include Lane acquired on January 4, 2016.

(\*\*) Including the provisions and write-downs of € 16,503 thousand.

## FY16 Consolidated Balance sheet

(€/m)	Dec. 2016	Dec. 2015 Restated IFRS 5 (*)
Non-current assets	1,173.3	919.4
Goodwil	175.2	-
Non-current assets (liabilities) held for sale	6.0	41.6
<b>Fixed Asset</b>	<b>1,354.5</b>	<b>961.0</b>
Inventories	270.6	268.1
Contract work in progress	2,367.3	1,775.8
Progress payments and advances on contract work in progress	(2,455.6)	(1,862.8)
Receivables (**)	2,357.3	1,543.2
Liabilities (**)	(2,337.4)	(1,630.4)
Other current assets	591.3	518.6
Other current liabilities	(356.3)	(334.2)
<b>Working capital</b>	<b>437.0</b>	<b>278.3</b>
Net tax assets	118.3	136.1
Provisions for risks	(105.8)	(106.4)
Post-employment benefits and employee benefits	(91.9)	(25.4)
<b>Net invested capital</b>	<b>1,712.1</b>	<b>1,243.6</b>
Equity attributable to the owners of the parent	1,205.0	1,116.0
Non-controlling interests	156.3	100.9
<b>Equity</b>	<b>1,361.3</b>	<b>1,216.9</b>
<b>Net financial position</b>	<b>350.8</b>	<b>26.8</b>
<b>Total financial resources</b>	<b>1,712.1</b>	<b>1,243.6</b>

(\*) Please note that these figures do not include Lane acquired on January 4, 2016.

(\*\*) The item receivables / payables are stated net of € (5.3) million (profit of € 17.5 million at December 31, 2015) classified in the net financial position, refer to the creditor / debtor position of the Group in the net against Consortiums and Consortia ("SPV") operated by cost not included in the Group's consolidation. Accounts receivable / net debt position is included in net debt in proportion to the actual cash or debt resulting in the SPV and to the Group.



## FY16 Net Financial Position Consolidated

(€/m)	Dec. 2016	Dec. 2015 (*)
Non-current financial assets	62.5	67.8
Current financial assets	323.4	312.1
Cash and cash equivalents	1,602.7	1,410.8
<b>Total cash and cash equivalents and other financial assets</b>	<b>1,988.6</b>	<b>1,790.7</b>
Bank and other loans	(866.4)	(745.6)
Bonds	(868.1)	(396.2)
Financial Lease Payables	(119.7)	(79.8)
<b>Total non-current indebtedness</b>	<b>(1,854.2)</b>	<b>(1,221.6)</b>
Bank overdrafts and current portion of loans	(398.6)	(538.8)
Current portion of bonds	(18.9)	(10.2)
Current portion of Lease Payables	(55.3)	(49.6)
<b>Total current indebtedness</b>	<b>(472.8)</b>	<b>(598.6)</b>
Derivative assets	0.2	-
Derivative liabilities	(7.2)	(14.8)
Net financial position with unconsolidated SPEs (**)	(5.3)	17.5
<b>Total other financial assets (liabilities)</b>	<b>(12.4)</b>	<b>2.7</b>
<b>Net financial indebtedness - continuing operations</b>	<b>(350.8)</b>	<b>(26.8)</b>
Net financial indebtedness - discontinued operations	-	(18.9)
<b>Net financial indebtedness including discontinued operations</b>	<b>(350.8)</b>	<b>(45.7)</b>

(\*) Please note that these figures do not include Lane acquired on January 4, 2016.

(\*\*) This item includes the credit position / net debt of the Group against Consortia and Consortium Companies ("SPV") operated by cost not included in the Group's consolidation. Accounts receivable / net debitora position is included in this item in proportion to the actual cash or debt resulting in the SPV. In financial statements the loans and debts that make up the balance of this item are respectively included trade receivables and trade payables.