

Confidential

Bond holders Call Q3 2018

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1. Introduction
2. Highlights
3. Segment Overview
4. Financials
5. Appendix

- Total revenue for LTM September 2018 was equal to € 541,2 M, +9% vs. FY 2017. Q3 better than previous year confirms the growth trend of previous quarters, in particular in Italy (mainly thanks to performance of the tunneling solutions), LATAM (recovery of Brazilian market and deliveries of the 2018 phase of the Bolivian project) and North America (due to sales increase of Defense & Security business).
- YTD 2018 total revenue was higher than 9M 2017 of +12,7%, despite the unfavorable exchange rate affecting mainly Latin American currencies (at historical FX revenue variance is +21%). All regions overperformed compared to 9M 2017 and particularly Italy, USA, Mexico and LATAM (Colombia, Bolivia).
- LTM 2018 EBITDA 2018 increased to € 52,8 M, +20% vs. FY 2017, with an growth of marginality from 8,9% to 9,8%; the increase of € 8,8 M is mainly due to higher sales volumes and improved overall marginality.
- LTM Operating free cash flow (EBITDA 52,8 - Capex 15,8 + Change Working Capital 24,4) was equal to € 61,4 M vs € 74,8 M of FY 2017.
- YTD Net CAPEX higher than previous year (including the € 13 M sale of the HQ building complex), but in line with historical averages.
- Net Debt is equal to € 172,9 M, with a LTM Leverage of 3.3x.

- **EMEA:** Q3 performance of Italy confirms the positive ongoing trend, with revenues double of previous year, mainly thanks to the sales of tunneling solutions. Q3 sales 4% higher than previous year notwithstanding the negative exchange rate effect due to the devaluation of the Turkish Lira and the Russian Ruble. Positive performance of Romania, mainly due to sales of Rockfall, and Poland, offsetting the delay of some projects to the Q4 in France.
- **LATAM:** significant results of LATAM with +11% of Q3 sales, despite of the unfavourable exchange rates, led by the recovery of domestic market in Brazil and the new Bolivian project. Peru sales still delayed for the not yet defined political situation, impacting infrastructure spending. Other countries performed in line with last year.
- **NAFTA:** Q3 sales 8% higher than previous year entirely thanks to the excellent performance of the Mexican and Canadian subsidiaries. Slightly below previous year and expectation the performance of the US subsidiary.
- **APAC:** overall performance of Q3 almost in line previous year, mainly caused by delays of Indian sales of DT and geosynthetic, effected also by a negative exchange rate, and Indonesia, due to delays in the public spending in infrastructures decided by the Indonesian government. Good performance of Malaysia, whilst China remains almost stable.

2. Highlights

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Millions €	Q3 2017	Q3 2018	9M 2017	9M 2018	YE 2017	LTM
Total revenues	121,2	136,2	352,0	396,7	496,5	541,2
<i>growth (%)</i>		12,3%		12,7%		9,0%
Opex	(109,8)	(123,3)	(329,0)	(364,9)	(452,5)	(488,4)
EBITDA	11,4	12,8	23,0	31,8	44,0	52,8
<i>margin (%)</i>	9,4%	9,4%	6,5%	8,0%	8,9%	9,8%
<i>growth (%)</i>		12,6%		38,3%		20,0%
Total net capex	11,9	(3,3)	9,4	(6,4)	0,1	(15,8)
<i>incidence on total revenues (%)</i>	9,8%	-2,4%	2,7%	-1,6%	0,0%	-2,9%
Net cash flow from operating activities	3,8	(4,2)	(33,3)	(37,8)	32,0	27,5
<i>growth (%)</i>		-210,5%		-13,5%		-14,1%

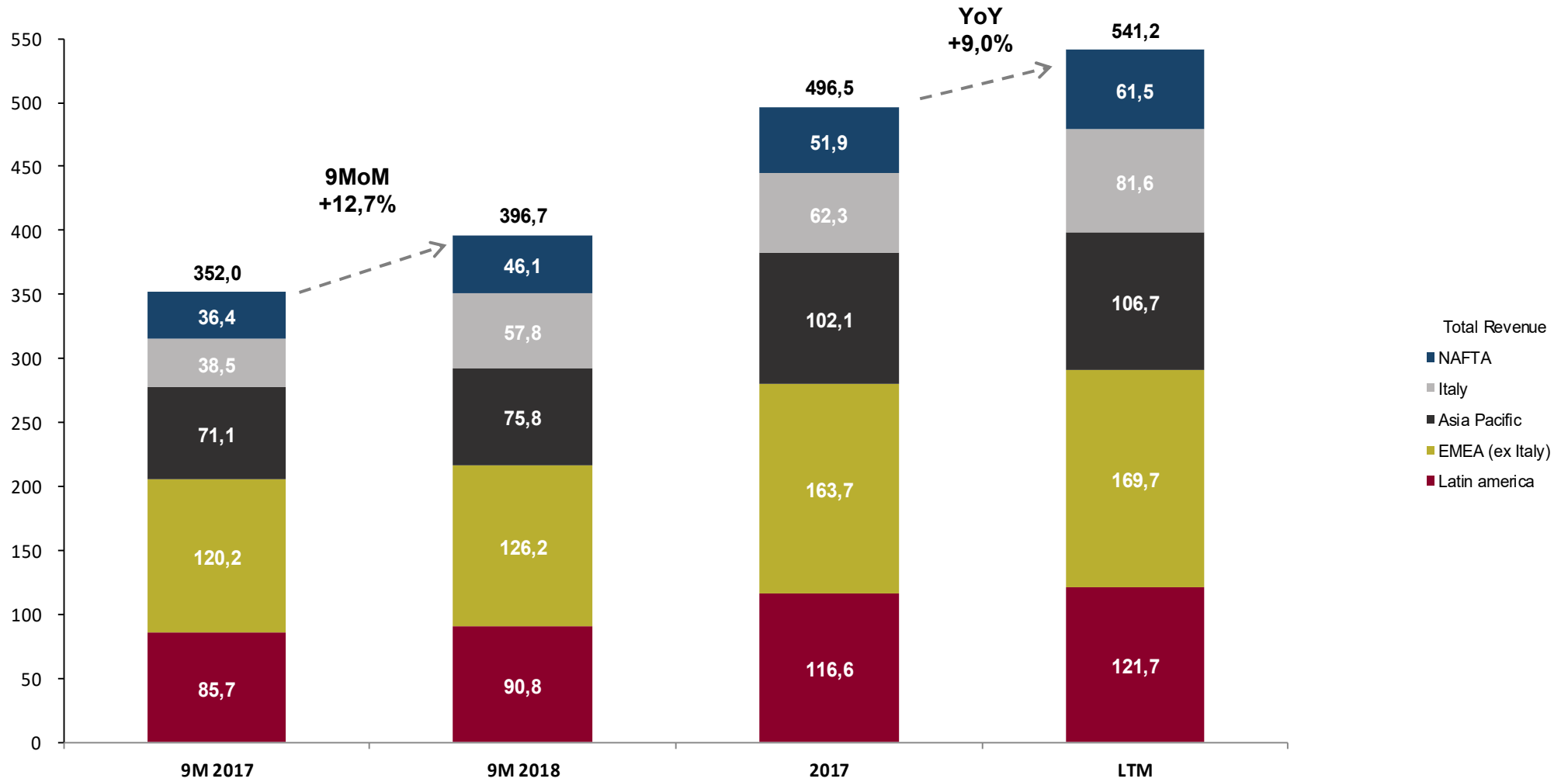
Millions €	September 30, 2017	September 30, 2018	Δ 2018 vs 2017
Total net working capital	109,5	85,1	(24,4)
Inventories	93,6	110,2	16,6
Trade receivables	126,4	134,0	7,7
Advance from customers	(8,5)	(7,0)	1,5
Trade payables	(78,9)	(96,7)	(17,8)
Other net working capital items	(23,1)	(55,5)	(32,4)

3. Segment Overview

Total Revenues by Geographic Area



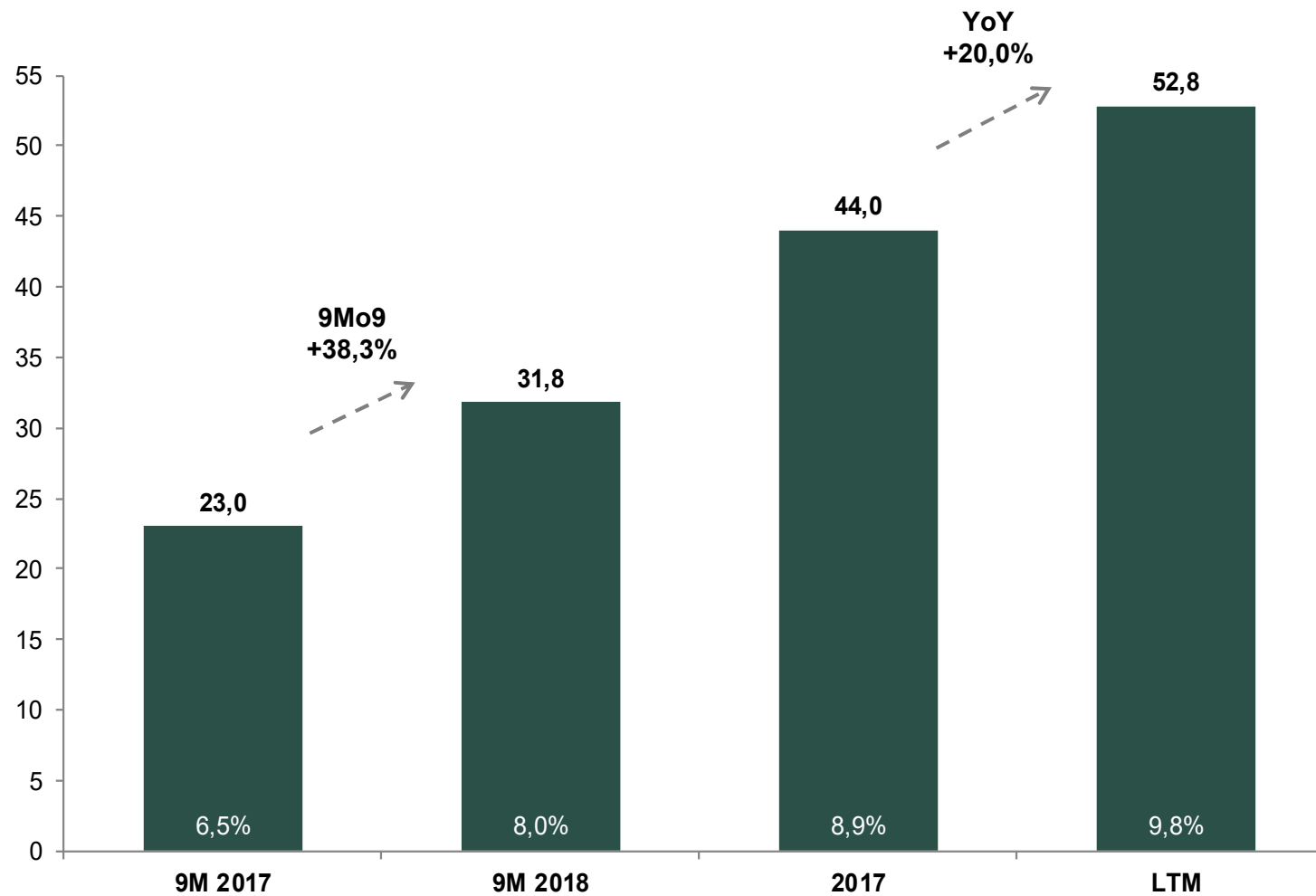
Millions €



3. Segment Overview EBITDA

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Millions €

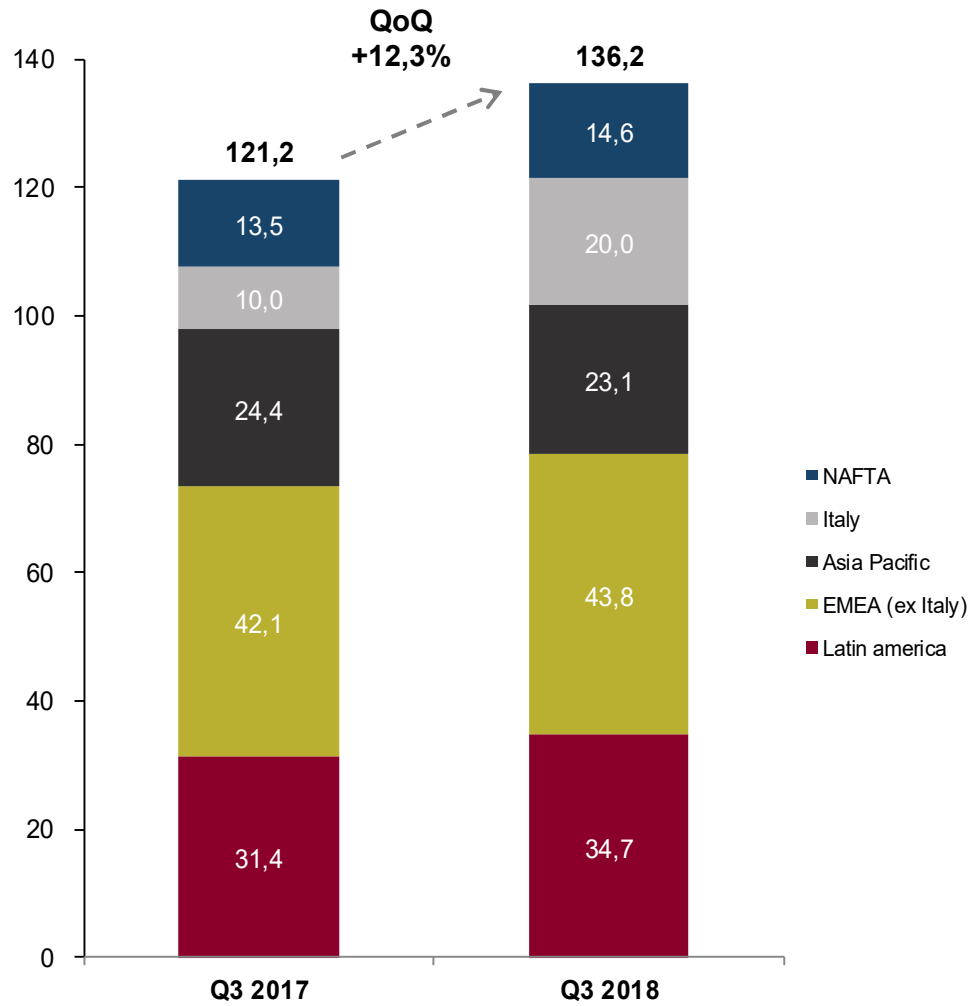


3. Segment Overview

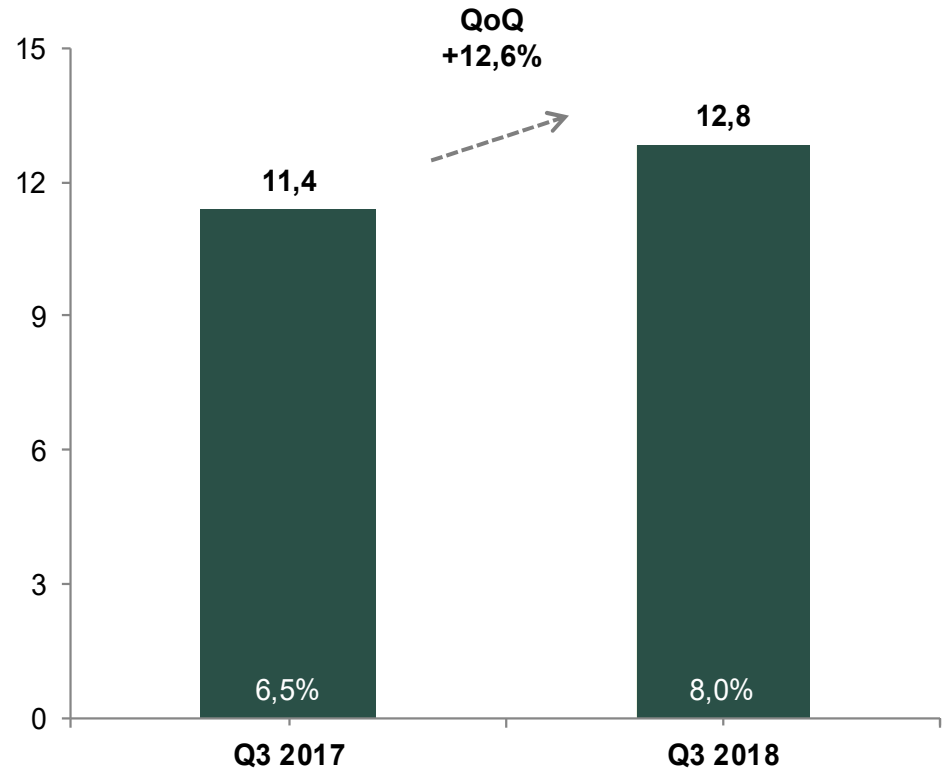
QUARTER PERFORMANCE



Millions €
TOTAL REVENUE BY GEOGRAPHICAL AREA



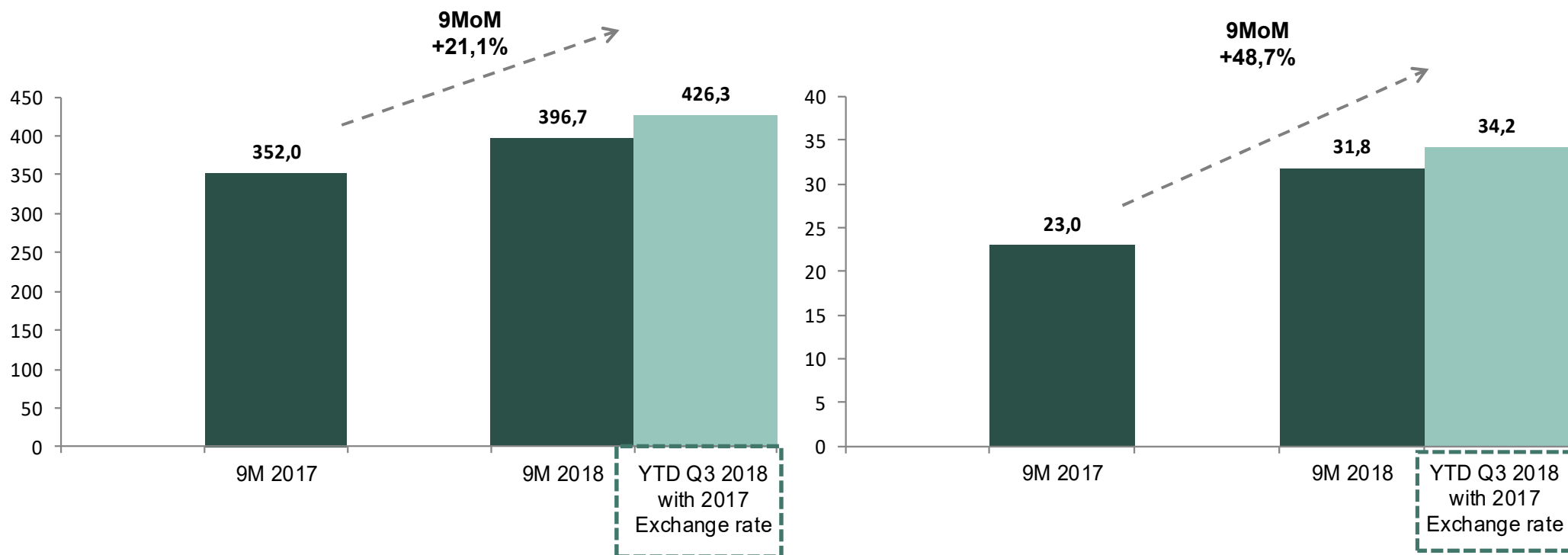
Millions €
EBITDA



Total Revenue and EBITDA - Exchange Rate Effect

Millions € **Total revenue 2018 adj for F/X rate 2017**

Millions € **EBITDA 2018 adj for F/X rate 2017**

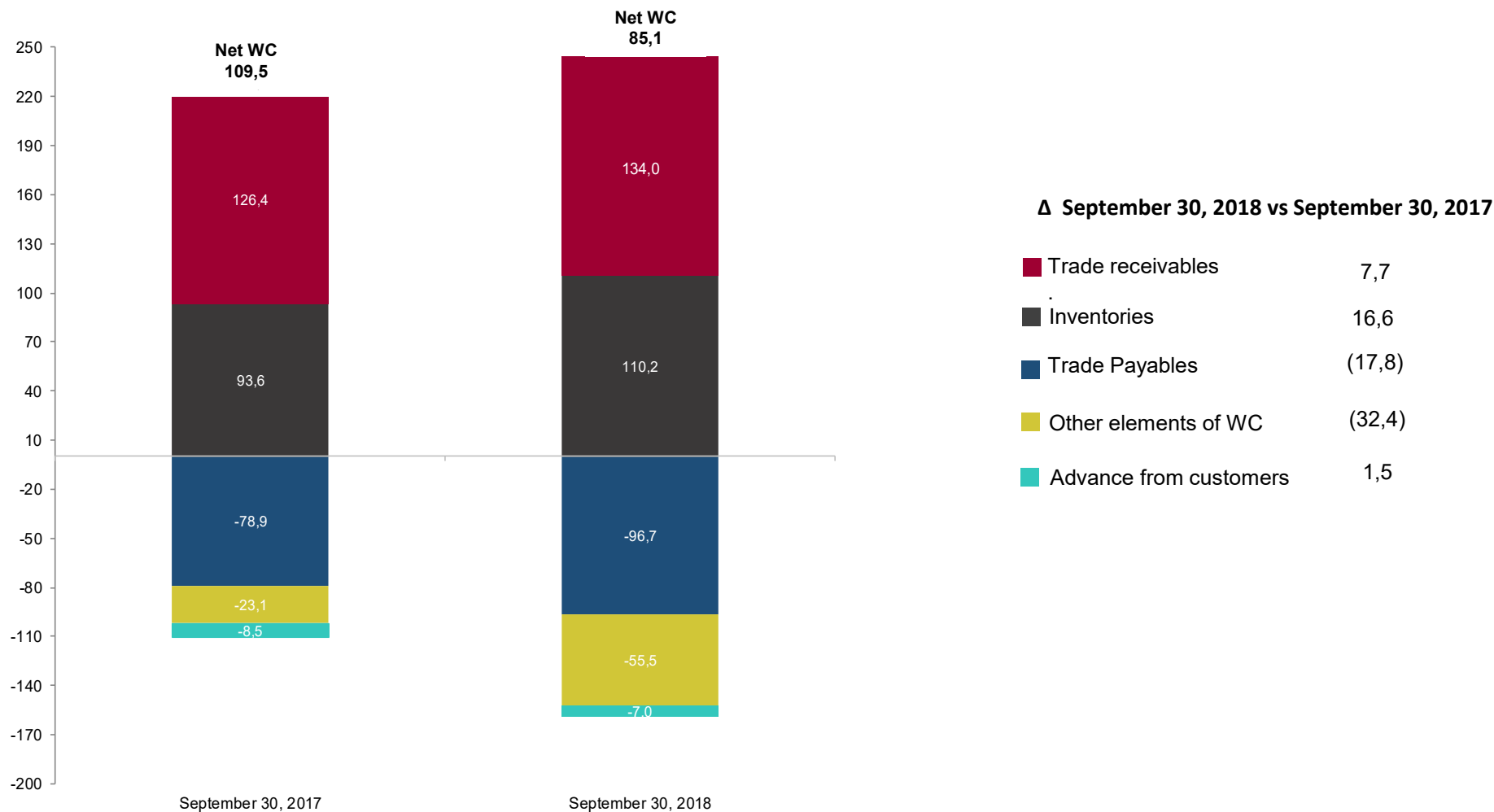


Almost all the currencies weakened compared to Eur affecting negatively the total Revenues and EBITDA (mainly Brazilian Real, Argentinian Peso, Turkish Lira and Russian Ruble).

4. Financials Working Capital

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Millions €



Good performance of NWC, with a decrease of €24,4 M (average working days from 84 to 58).

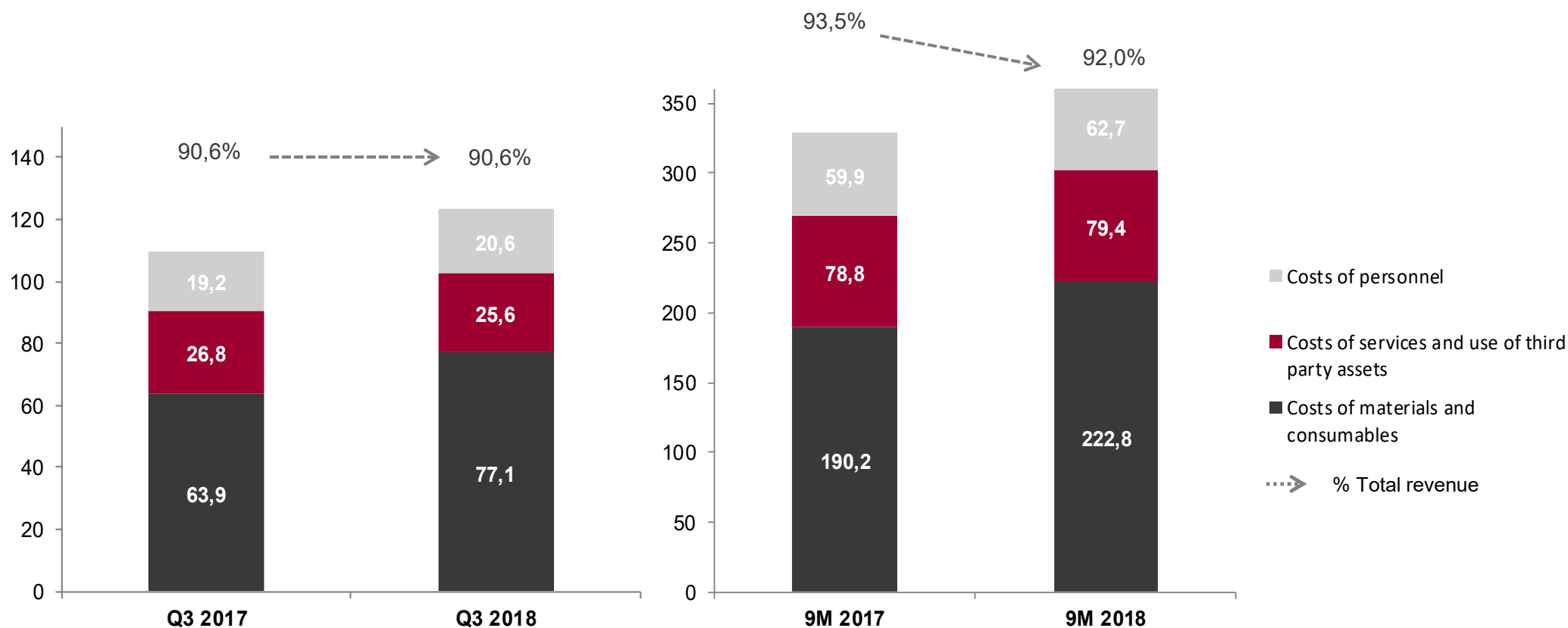
Increase in Trade Receivables and Inventory value is due to important increase in turnover (average DSO and DPO respectively decreased 6 days and increased 6 days compared to September 2017).

4. Financials Operative Expenses (OPEX)



Millions €

Millions €



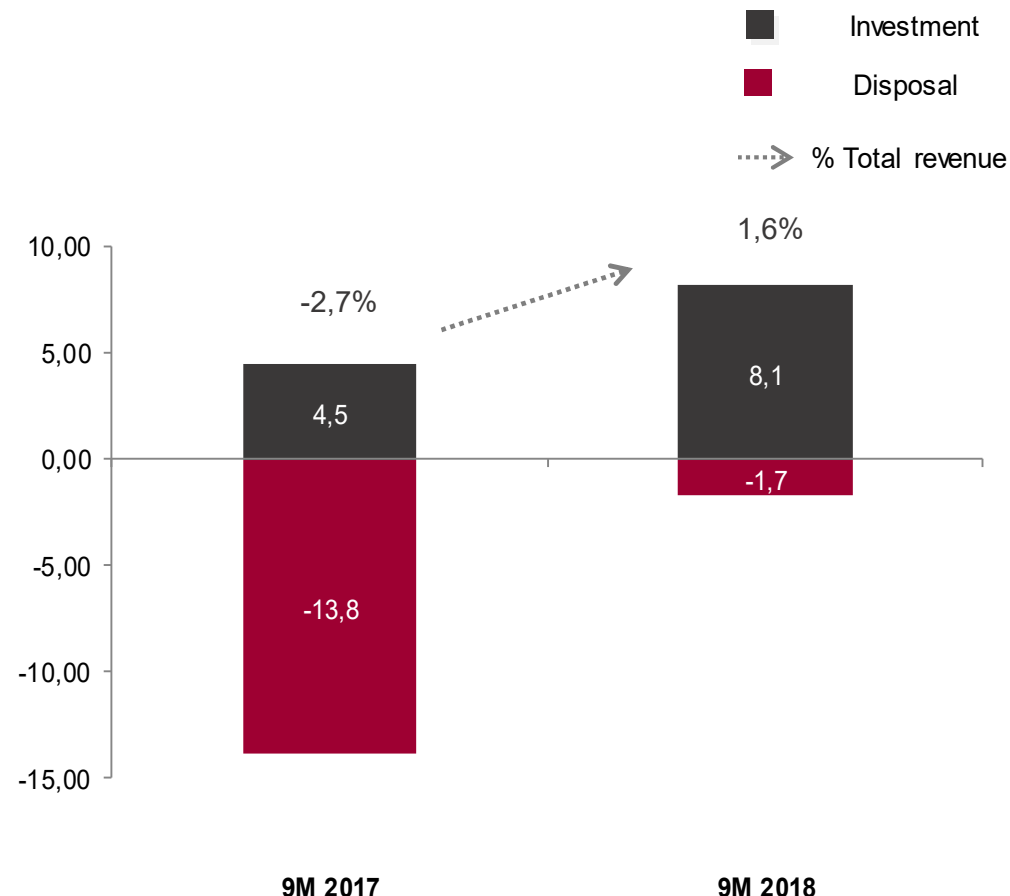
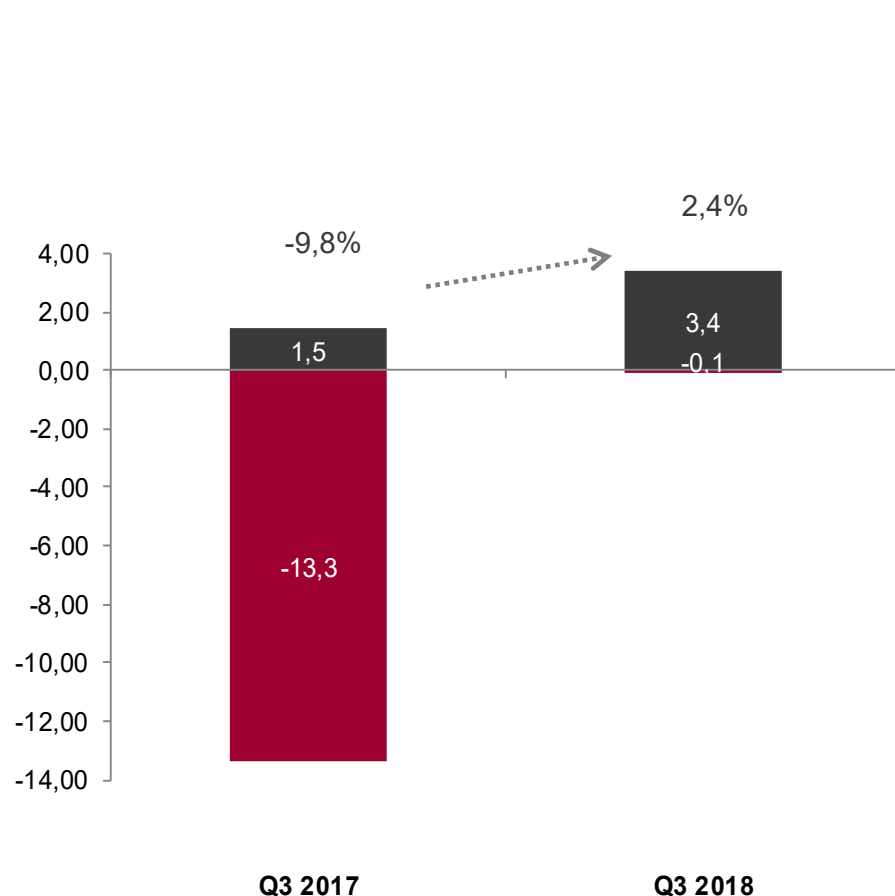
Q3 costs incidence stable with previous year, while nine months cost incidence decreased 1.5%. The increase of cost of materials incidence is mainly due to a different product mix, but was more than offset by lower weight of services and personnel costs, thanks to effective control of overhead.

4. Financials Capital Expenses (CAPEX)



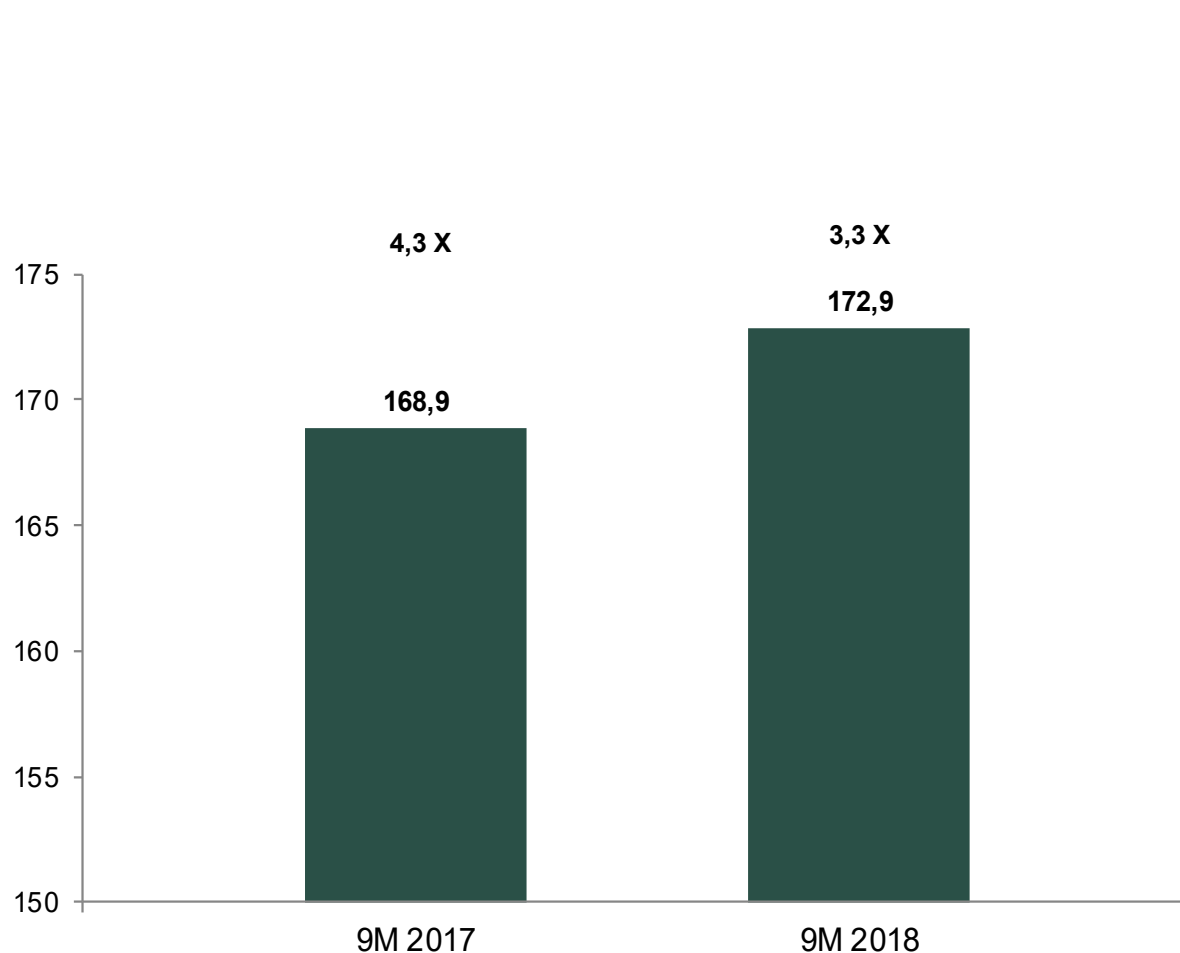
Millions €

Millions €



Nine months net CAPEX are 15,8 million higher than previous year, that was effected for € 13,3 M by the sale of the HQ building complex. The nine months increase in Capital Expenditure was mainly due investment in manufacturing and machinery (set up and expansion of new manufacturing lines in India, in Italy for the tunneling business and in Spain for capacity increase of the zinc line). The decrease was mainly due to disposal of land and building in Italy, offset by an acquisition of a minority stake.

Millions €



0,0 X Net Leverage Ratio
(Net Debt / LTM EBITDA)

Net Debt

SHORT TERM BANK CREDIT FACILITIES

values €/M

Area	September 30, 2018		September 30, 2017	
	Granted	Used	Granted	Used
Italy	40,8	18,2	51,6	19,7
Other	35,0	26,7	26,2	14,5
Total	75,8	44,8	77,9	34,2

CASH AND CASH EQUIVALENT DETAIL

values €/M

Area	September 30, 2018	September 30, 2017
EMEA	10,1	9,8
Latin America	12,0	8,5
Asia Pacific	6,0	4,7
NAFTA	2,6	5,1
Italy	29,7	16,8
Total	60,5	44,9

5. Appendix

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CONSOLIDATED INCOME STATEMENT

<i>(Euro/000)</i>	2018	% of Total Revenue	2017	% of Total Revenue	LTM	% of Total Revenue	YE 2017	% of Total Revenue	Q3 2018	% of Total Revenue	Q3 2017	% of Total Revenue
Revenue from sales and services	374.436	94,4%	339.615	96,5%	513.521	94,9%	478.699	96,4%	126.787	93,1%	119.988	99,0%
Other revenue	22.220	5,6%	12.364	3,5%	27.697	5,1%	17.842	3,6%	9.379	6,9%	1.231	1,0%
Total revenue	396.656	100,0%	351.979	100,0%	541.218	100,0%	496.541	100,0%	136.165	100,0%	121.220	100,0%
Costs of materials and consumables	(222.758)	(56,2%)	(190.249)	(54,1%)	(297.645)	(55,0%)	(265.136)	(53,4%)	(77.108)	(56,6%)	(63.876)	(52,7%)
Costs of services and use of third party assets	(78.523)	(19,8%)	(78.059)	(22,2%)	(105.382)	(19,5%)	(104.918)	(21,1%)	(25.185)	(18,5%)	(26.639)	(22,0%)
Costs of personnel	(62.744)	(15,8%)	(59.909)	(17,0%)	(84.183)	(15,6%)	(81.348)	(16,4%)	(20.575)	(15,1%)	(19.183)	(15,8%)
Other operating costs	(835)	(0,2%)	(769)	(0,2%)	(1.190)	(0,2%)	(1.124)	(0,2%)	(452)	(0,3%)	(111)	(0,1%)
Total Operating costs	(364.860)	(92,0%)	(328.986)	(93,5%)	(488.399)	(90,2%)	(452.526)	(91,1%)	(123.321)	(90,6%)	(109.809)	(90,6%)
EBITDA	31.797	8,0%	22.993	6,5%	52.819	9,8%	44.015	8,9%	12.845	9,4%	11.410	9,4%
Amortization, depreciation and write downs	(14.194)	(3,6%)	(12.126)	(3,4%)	(21.236)	(3,9%)	(19.168)	(3,9%)	(5.020)	(3,7%)	(3.748)	(3,1%)
Accrual to provision for risks and charges	(725)	(0,2%)	(146)	(0,0%)	(1.452)	(0,3%)	(872)	(0,2%)	223	0,2%	63	0,1%
Total Amortiz., deprec., write downs and prov.	(14.919)	(3,8%)	(12.272)	(3,5%)	(22.688)	(4,2%)	(20.041)	(4,0%)	(4.797)	(3,5%)	(3.685)	(3,0%)
Operating income	16.877	4,3%	10.721	3,0%	30.131	5,6%	23.975	4,8%	8.048	5,9%	7.725	6,4%
Financial income	3.067	0,8%	2.762	0,8%	4.736	0,9%	4.431	0,9%	590	0,4%	1.114	0,9%
Financial expenses	(13.783)	(3,5%)	(12.642)	(3,6%)	(18.889)	(3,5%)	(17.749)	(3,6%)	(4.621)	(3,4%)	(4.596)	(3,8%)
Gains/(losses) from forex management	(2.203)	(0,6%)	(3.432)	(1,0%)	(3.042)	(0,6%)	(4.271)	(0,9%)	231	0,2%	(1.248)	(1,0%)
Gains/(losses) on participation	(218)	(0,1%)	9	0,0%	(440)	(0,1%)	(213)	(0,0%)	(152)	(0,1%)	9	0,0%
Net expenses and losses from financial activities	(13.136)	(3,3%)	(13.303)	(3,8%)	(17.635)	(3,3%)	(17.802)	(3,6%)	(3.952)	(2,9%)	(4.721)	(3,9%)
Net non-recurring expenses and charges	(12.997)	(3,3%)	(1.834)	(0,5%)	(13.428)	(2,5%)	(2.265)	(0,5%)	(1.714)	(1,3%)	(170)	(0,1%)
Income before taxes	(9.256)	(2,3%)	(4.415)	(1,3%)	(932)	(0,2%)	3.909	0,8%	2.382	1,7%	2.834	2,3%
(Income taxes)/tax benefit	(152)	(0,0%)	675	0,2%	(3.083)	(0,6%)	(2.256)	(0,5%)	(1.679)	(1,2%)	(885)	(0,7%)
Net Income / (Losses) for the period	(9.409)	(2,4%)	(3.740)	(1,1%)	(4.015)	(0,7%)	1.653	0,3%	703	0,5%	1.948	1,6%
Attributable to non-controlling interests	660		669		1.425		1.435	0,3%	358	0,3%	374	0,3%
Attributable to equity holders of the parent	(10.068)		(4.410)		(5.441)		218	0,0%	345	0,3%	1.574	1,3%

5. Appendix

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CONSOLIDATED BALANCE SHEET

September 30, 2018 December 31, 2017

<i>(Euro/000)</i>		
	September 30, 2018	December 31, 2017
Intangible assets	33.297	33.373
<i>of which goodwill</i>	<i>20.181</i>	<i>19.705</i>
Property, plant and equipment	96.008	103.542
Investment in subsidiaries, associates, joint ventures and other companies	877	1.204
Other non-current assets	34.887	30.738
<i>of which deferred tax assets</i>	<i>29.765</i>	<i>26.657</i>
Total non-current assets	165.069	168.857
Cash and cash equivalents	60.498	65.406
Other current financial assets	31.088	32.000
Trade receivables	134.048	119.816
Inventories	110.228	89.195
Current tax receivables	19.356	17.259
Other current non-financial assets	22.400	17.870
Total current assets	377.617	341.545
Total assets	542.687	510.402
Shareholders' equity and liabilities		
Share capital	33.400	33.400
Reserves	11.717	21.778
Profit / (Loss) for the Year Group	(10.068)	218
Equity attributable to equity holders of the parent	35.049	55.396
Equity attributable to non-controlling interests	32.854	35.400
Total shareholders' equity	67.903	90.796
Non-current portion of banks loans and other financial liabilities	18.397	13.626
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.615	1.252
Provisions for risks and charges	6.631	7.038
Deferred tax liabilities	7.797	7.341
Total non-current liabilities	224.440	219.257
Current portion of banks loans and other financial liabilities	56.048	16.116
Advance from customers	7.032	11.502
Trade payables	96.676	96.497
Current tax payables	9.463	8.568
Other current non-financial liabilities	81.125	67.666
Total current liabilities	250.344	200.350
Total liabilities	474.784	419.607
Total shareholders' equity and liabilities	542.687	510.402

INTERIM CONSOLIDATED CASH FLOW

<i>(Euro/000)</i>	For the nine month period ended September 30,		For the three month period from July to September 30,	
	<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>Q3 2018</i>	<i>Q3 2017</i>
Net cash flow from operating activities	(37.814)	(33.302)	(4.175)	3.778
Net cash flow used in investing activities	(9.805)	9.821	(3.545)	12.407
Net cash flow from/(used in) financing activities	44.386	20.254	7.832	(9.483)
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	(1.674)	1.477	(1.069)	289
Cash and cash equivalent at the beginning of the period	65.406	46.619	61.454	37.878
Changes in cash and cash equivalent	(4.908)	(1.750)	(956)	6.991
Cash and cash equivalent at the end of the period	60.498	44.869	60.498	44.869