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Going Global

2017 - 2021 Strategic Plan

”

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Business Units Targets Overview

Toll Road Concessions

Engineering Procurement & Construction (EPC)

Engineering

Technology

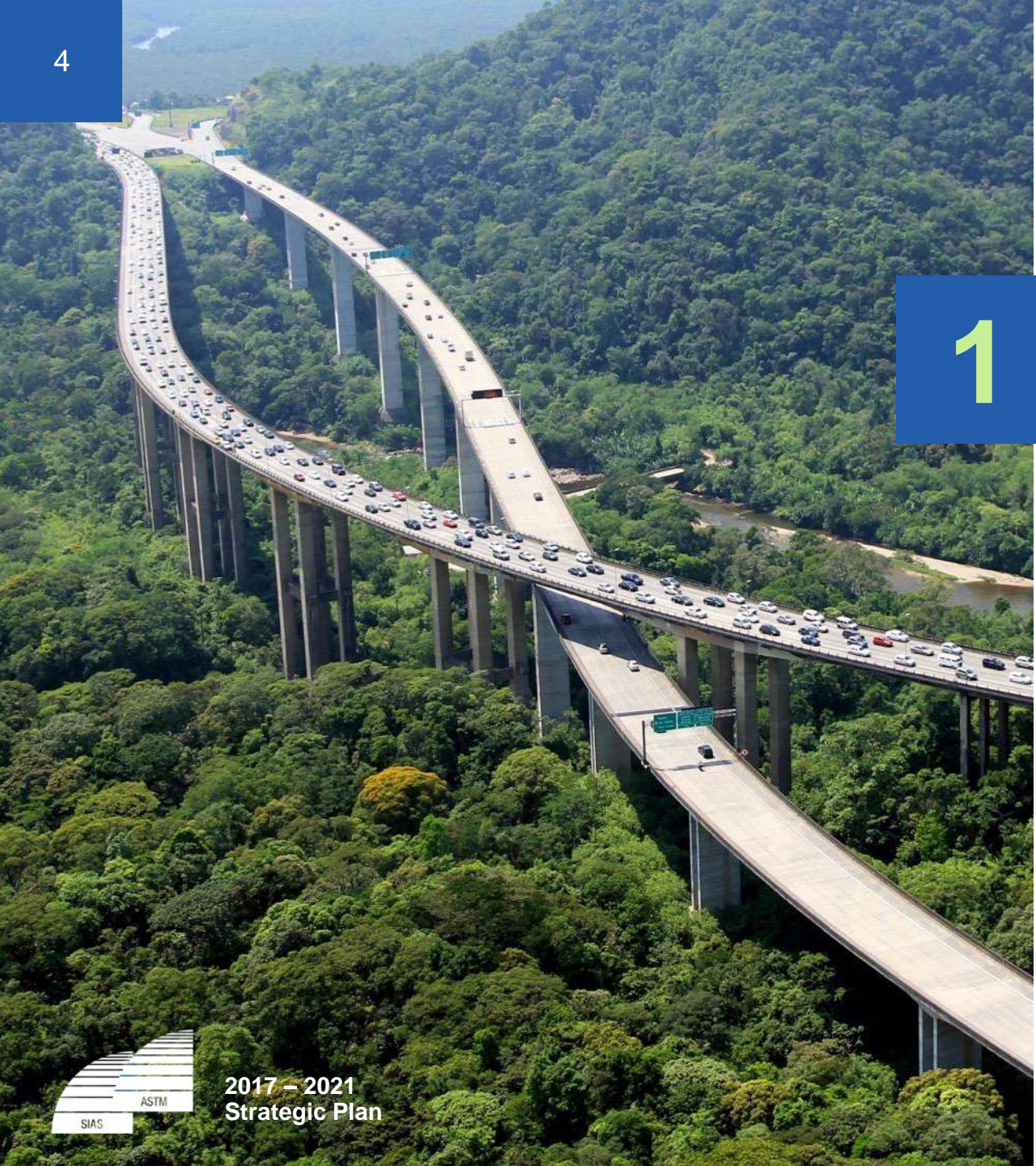
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ASTM Group Looking Ahead

2021 at a glance

2021 Financial Targets & Geographical Diversification





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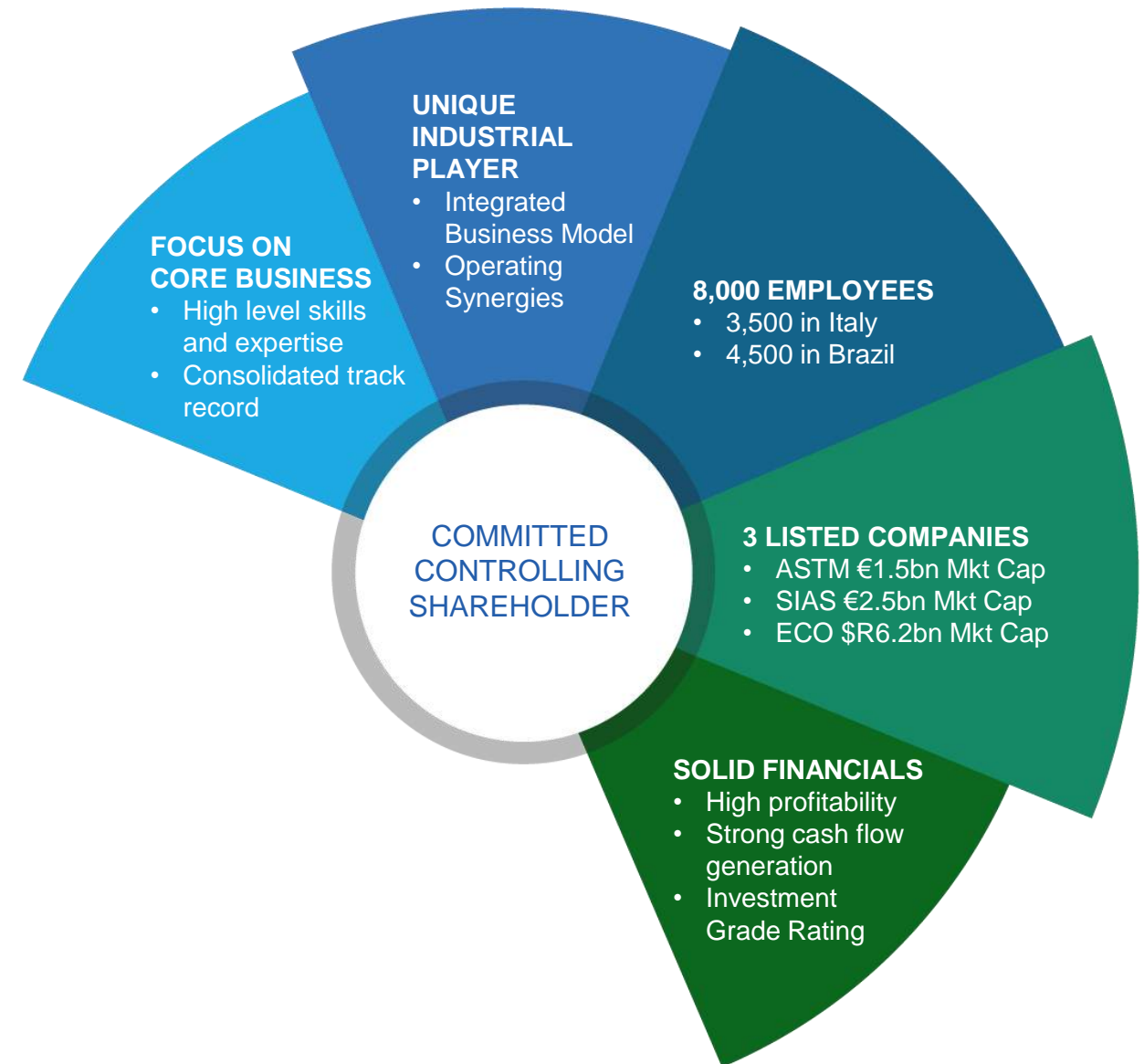
ASTM Group Today



COMMITTED CONTROLLING SHAREHOLDER

ASTM Group follows a pure **industrial approach** and a **long term perspective** in:

- ✓ Toll Road Concessions
- ✓ Large Infrastructure EPC
- ✓ Engineering
- ✓ Technology & Innovation



TOLL ROAD
CONCESSIONS

SIAS

 **2nd**
Italian Toll Road
Operator
 **€1.0bn**

Revenues

 **€1.1bn**

Equity Investments

 **9**

Concessions in Italy

 **€646m**

Toll Road EBITDA

 **1,104 km**
Under direct
management in Italy
 **€4.1bn**

Capital employed

Ecorodovias

1,858 km
R\$2,261m Revenues
R\$1,537m EBITDA

ATIVA

156 km
€123m Revenues
€74m EBITDA

SITAF

94 km
€126m Revenues
€76m EBITDA

SITRASB

13 km
€11m Revenues
€5m EBITDA

TE

32 km
€45m Revenues
€25m EBITDA

2017 – 2021
Strategic Plan

ENGINEERING PROCUREMENT & CONSTRUCTION (EPC)

ITINERA
EUROIMPIANTI
ELECTRONIC



2017 – 2021
Strategic Plan

ASTM Group
Today



2 Business Lines

- ✓ Construction
- ✓ Mechanical and Electric Systems



€425m

Revenues



€8.3bn

Tenders in 19 countries

Industrial Targets,
Strategy and Value
Creation



7th

Italian EPC company



€32m

EBITDA



Solid

Financial Structure

Business Unit
Targets
Overview



Projects in **8**

Countries



€4.2bn

Backlog

ASTM Group
Looking Ahead

ENGINEERING

SINA

ASTM Group
Today

Industrial Targets,
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ASTM Group
Looking Ahead

 **5th**

Italian engineering
company

 Projects in **7**

Countries

 **€40m**

Revenues

 **€4m**

EBITDA

 **€73m**

Backlog

 **€40m**

Tenders in 5 countries

 **Best in class**

in control engineering



2017 – 2021
Strategic Plan

TECHNOLOGY

SINELEC

ASTM Group
Today

Industrial Targets,
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ASTM Group
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2nd

Italian Toll Road
Technology provider



Projects in **4**
Countries



€54m
Revenues



€14m

EBITDA



€150m

Backlog



€80m

Tenders in 2 countries



Best in class

in info mobility, tolling,
control & safety system,
optic fiber and advanced
analytics



2017 – 2021
Strategic Plan

ASTM GROUP CONSOLIDATED FIGURES

ASTM Group Today

Industrial Targets, Strategy and Value Creation

Business Unit Targets Overview

ASTM Group Looking Ahead

Strong Profitability

€1.2bn
Revenues

€665m
EBITDA (55%)

€177m
Net Profit

€559m
Operating Cash Flow

€0.45
ASTM DPS

€0.32
SIAS DPS

3.5%
ASTM Dividend Yield

3.8%
SIAS Dividend Yield

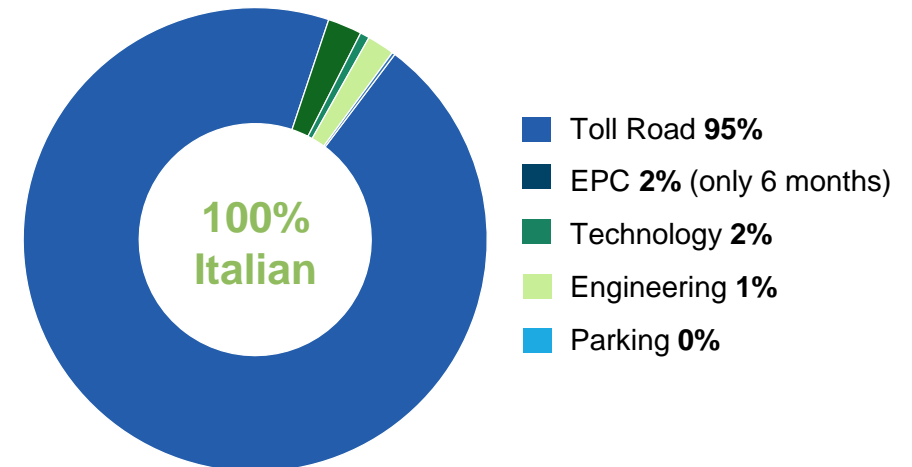
Solid Credit Metrics

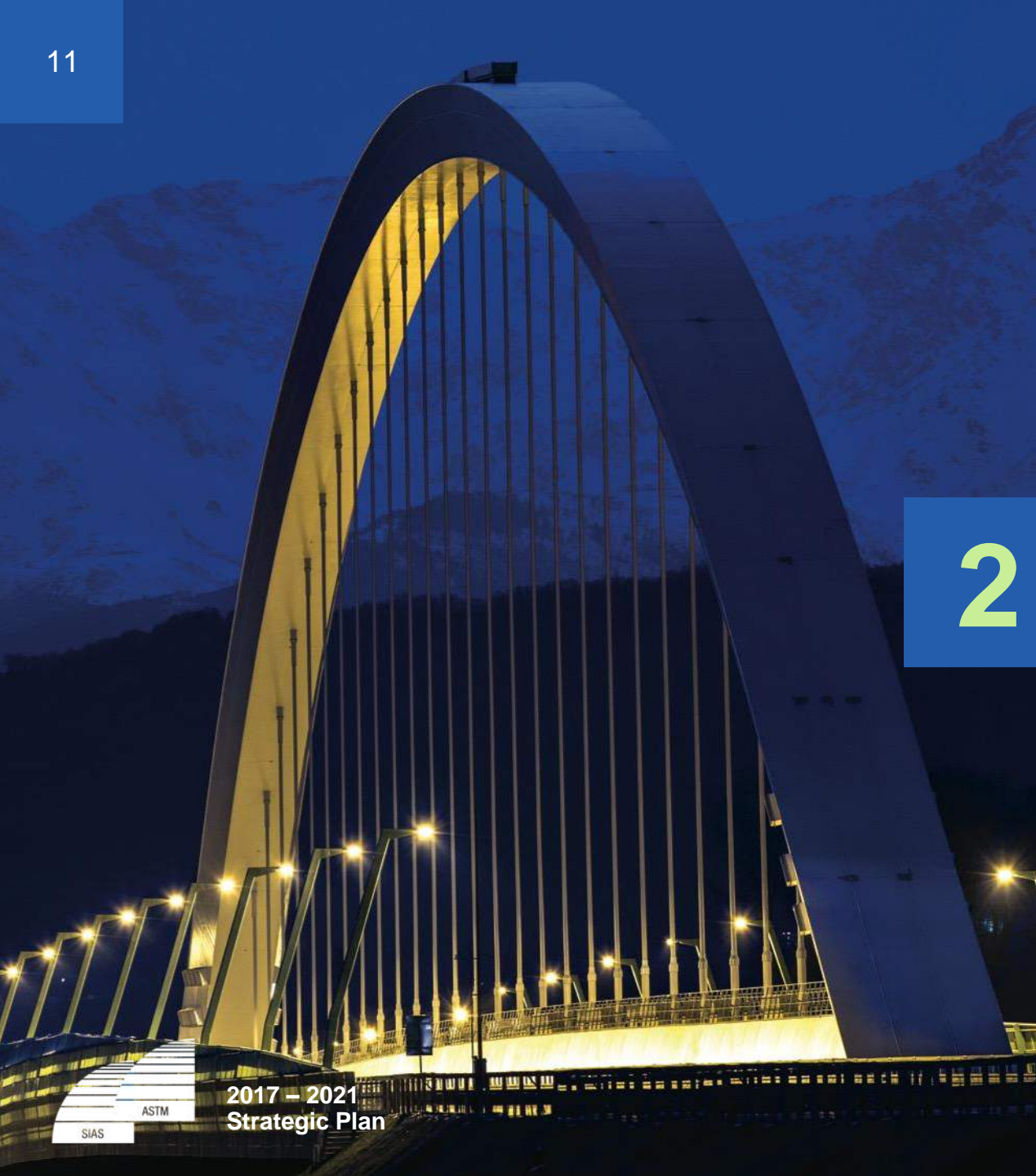
€4.7bn
Capital Employed

€1.6bn
NFP (2.5x EBITDA)

€2.8bn
Available sources of funding

EBITDA by Business & Geography





2

Industrial Targets, Strategy and Value Creation



Key Strategic Drivers

Focus on Core Business, **Exposure** to different Geographies, **Expansion** of current Portfolio



New Model of **Organization**, Process **Innovation** and **Savings**



Sustainable growth and **increasing** remuneration



Exploit **Skills** multiplying **Opportunities**





Growth & Geographical Diversification

What?

“OUR BELIEF”

- ✓ Internationalization program on selected geographies
- ✓ Domestic Market consolidation
- ✓ Focus on core businesses

Why?

“OUR MOTIVATION”

- ✓ Mitigate and diversify operating risks
- ✓ Create global infrastructure platform
- ✓ Multiply business opportunities
- ✓ Leverage on knowledge and skills, exporting industrial best practice
- ✓ Better fit with a continuous and sustainable growth
- ✓ Increase value for stakeholders in a different and more competitive scenarios

Existing Markets



New Markets



Potential Markets





Efficiency, Simplification & Sinergy

What?

“OUR BELIEF”

- ✓ Implement an Integrated Business Model with an industrial approach, maximizing synergies among the 4 Business Units
- ✓ Financial discipline and savings
- ✓ Asset and capital rotation
- ✓ Simplification of organizational processes and corporate structure

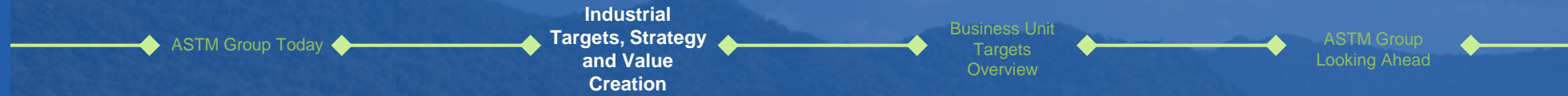
Why?

“OUR MOTIVATION”

- ✓ Enhance competitiveness
- ✓ Improve profitability
- ✓ React to challenges and market changes
- ✓ Facilitate international expansion
- ✓ Align model of organization with corporate strategy in new contexts

Expected average annual cash cost savings **~€22m** in Italy and **~R\$70m** in Brazil

One company per business unit and **few companies** for several Concessions



Strategic Partnerships

What?

“OUR BELIEF”

- ✓ Develop stable and long term strategic partnerships with financial investors and industrial operators
- ✓ Improve capital allocation

Why?

“OUR MOTIVATION”

- ✓ Facilitate and speed up growth strategy, to gain access to international markets
- ✓ Exploit international partnership networks, leveraging the Group’s operational skills
- ✓ Multiply business opportunities, splitting available sources of funding between higher number of activities
- ✓ Improve the Group’s awareness and perception of the international market

Commitment to enhancing the Group’s **Industrial Role** and maintaining a **solid Financial Profile**

Shareholders Remuneration

What?

“OUR BELIEF”

- ✓ Combine business growth with an improving dividend policy
- ✓ Decrease capital cost and increase Equity IRR

Why?

“OUR MOTIVATION”

- ✓ Increase Group’s appeal on the Stock Market and for institutional investors
- ✓ Applying best practices in relations with investors and analysts in order to increase market value, minimizing capital cost

2017 – 2021 Dividend CAGR +7%

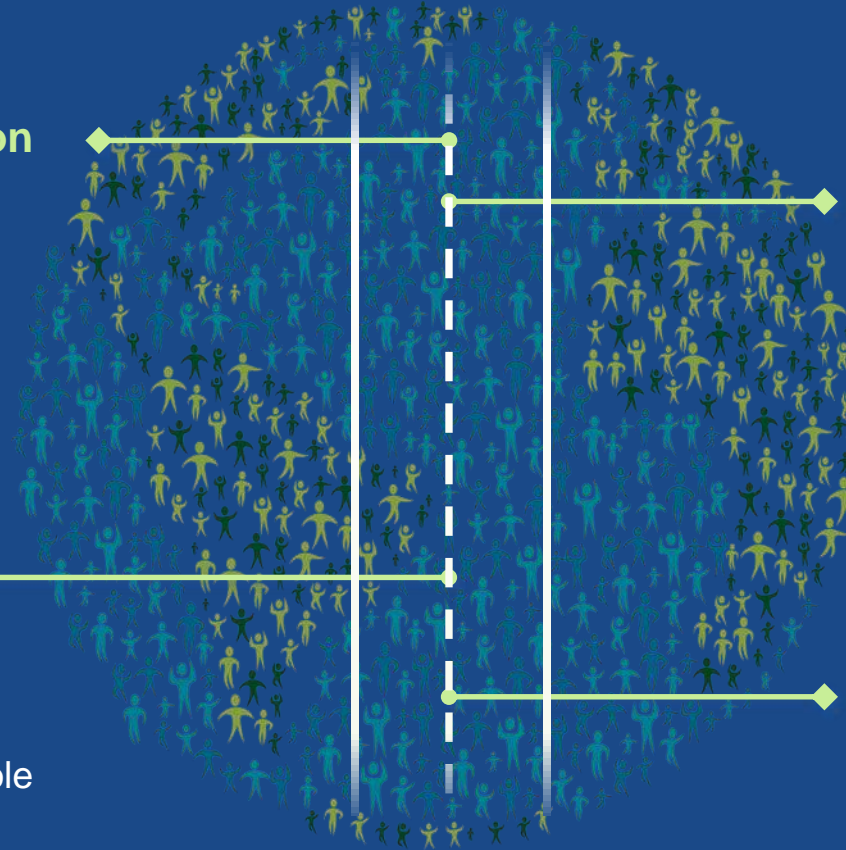
How? “OUR ASPIRATION”

Growth & Geographical Diversification

- ✓ Increase ASTM and SIAS value through Brazilian Investments
- ✓ Inorganic growth through M&A Activities
- ✓ Concession maturity extensions
- ✓ EBITDA replacement through selective tendering
- ✓ Access to capital market to support growth

Strategic Partnerships

- ✓ Identification of potential co-investors - both financial and industrial - for development of existing and new markets
- ✓ Strengthening of industrial and controlling role



Efficiency, Simplification & Synergy

- ✓ Centralized organizational structure
- ✓ Integration of each Business Unit and subsidiary mergers
- ✓ Non core assets disposal
- ✓ Opportunistic disposal of minority stakes in mature assets and reinvestment in greenfield or yellowfield initiatives

Shareholders Remuneration

- ✓ Opportunistic share buy-back at ASTM level
- ✓ Lowering capital cost
- ✓ Guaranteeing a sustainable dividend policy
- ✓ Equity IRR drives investment decisions

Human Capital

Key strategic achievements are strictly linked to Human Capital, which is the Group's main asset

People skills, different cultures and know-how are key to value creation

Cultural Enhancement and **Leadership Development** through:

Young Talent

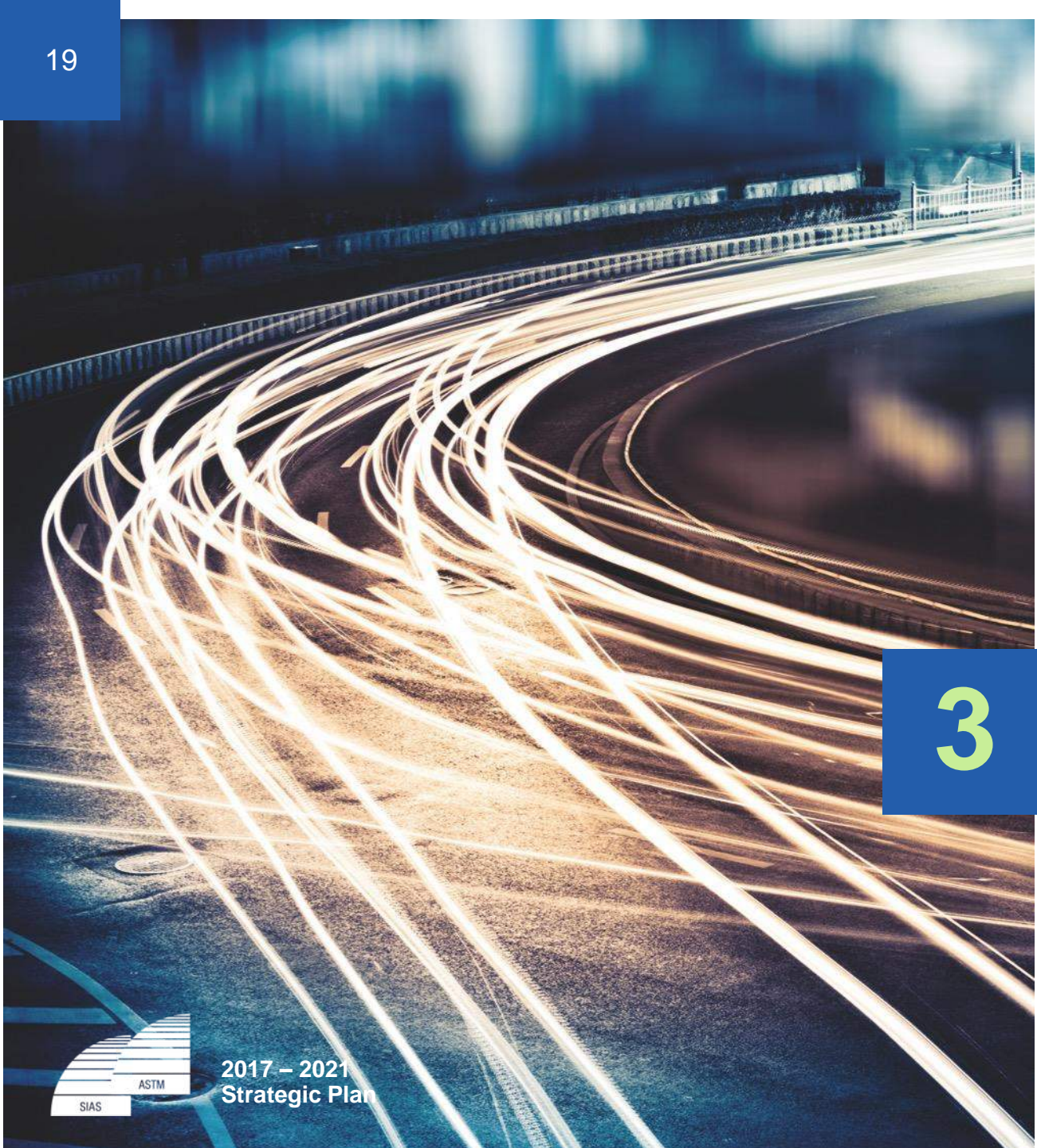
- Internal development through evaluation program, coaching and skills improvement
- University and talent scouting through the inclusion of key people every year

Performance Management System

- Implementation of specific programs for professionals and managers

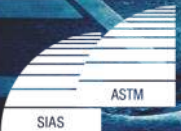
Incentive Scheme and Long Term Retention Systems

- Based on specific business and financial targets, timing and performance assessment



3

Business Unit Targets Overview



KEY
OPERATIONAL
DRIVERS

◆ ASTM Group Today ◆

◆ Industrial Targets,
Strategy and Value
Creation ◆◆ Business Unit
Targets
Overview ◆◆ ASTM Group
Looking Ahead ◆GLOBAL MARKET POSITION
CONSOLIDATION

- Continue to invest in **Italy**
- Grow in **Brazil**
- Entry into the **USA Market**
- Other geographical areas to be evaluated on a case-by-case basis

SIMPLIFICATION OF GROUP
STRUCTURE

- Increase SIAS value through Ecorodovias
- Subsidiary mergers and integration
- Corporate reorganization by business
- Non-core assets disposal

EFFICIENCY

- Strong cost control and lean structure
- Overhead centralization
- Enhancement of organizational models in compliance with international best practices

STRATEGIC AND FINANCIAL
PARTNERSHIPS

- Implement new partnerships with industrial and financial investors
- Develop and maximize brand new partnership with **ARDIAN**

ACCESS TO EQUITY AND DEBT
CAPITAL MARKETS

- Fund a sustainable, efficient and effective growth
- Maintain a solid investment grade credit profile
- Increase value for shareholders

ITALIAN MARKET



Italian Market: the Group's Backbone



2012-2016 Italian Toll Road
EBITDA CAGR **+5%**



2017 – 2021
Strategic Plan

REGULATORY FRAMEWORK

- Financial Plans renewal
- Definition of WACC levels

GROWTH

- Asti-Cuneo: completion with additional capex through cross financing
- SATAP A4 (26% of SIAS Group EBITDA): extension + Terminal Value
- ATIVA and SATAP A21 tender: commitment to re-awarding
- ADF and SALT: exploit extension opportunities through EU requirements on tunnel safety measures
- Tangenziale Esterna: empower the industrial role

SIMPLIFICATION & ORGANIZATION










- Incorporation of ATS in ADF and CISA in SALT
- Reorganization of 34% ITINERA stakes, currently at SIAS Group level
- Parking Business disposal
- Saving plan: yearly average cash cost reduction up to €20m at SIAS Group level

INTERNATIONAL
GROWTH
APPROACH

ASTM Group Today

Industrial Targets,
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Looking Ahead

- ✓ Selection of target geographies based on three main key drivers: market **GROWTH**, business and regulatory **RISKS** and **PROFITABILITY**
- ✓ The Group believes that **EUROPE**, **LATAM** and **NORTH AMERICA** represent a balanced and well diversified mix

	Italy (EUROPE)	Brazil (LATAM)	USA (NORTH AMERICA)
Growth			
Risk			
Yield			



Stable



Favorable

Other features to be considered:

- ✓ Stable and advanced **regulatory framework**
- ✓ Relevant **traffic expansion**
- ✓ Significant **infrastructure investment pipelines**
- ✓ **Profitability** in line with Group policy and Shareholders' expectations



ASTM

2017 – 2021
Strategic Plan

SUCCESSFUL
TRACK
RECORD

2017-2021 Group growth strategy represents a new step in a process already successfully implemented in the past in terms of **Asset Acquisition and Network Growth**

ASSET
ACQUISITION &
NETWORK
GROWTH

	2012	2013	2016	2016	2017 – 2021
					  
	ATS acquisition	TE equity subscription	Ecorodovias acquisition	Autovia Padana signing	What's Next...?
	Secondary Market	Primary Market	Secondary Market	Primary Market	
	131 Km	32 Km	1,858 Km	88 Km	

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BRAZILIAN MARKET



Brasilian Market: a
real current
opportunity

GROWTH

- Projeto **CRESCER** and federal tenders: awarding at least **2 new concessions**
- ECOVIAS, ECOVIA, ECOCATARATAS, ECOSUL: exploit extension opportunities
- Secondary market: M&A activities represent additional opportunities

SIMPLIFICATION

- Non-core assets: disposal of Logistic Assets and extension and valorization of Port Assets (Santos)
- Saving plan: yearly average cash cost reduction of up to R\$70m

SYNERGY

- Construction risk mitigation and facilitation of Construction and Technology Business Units entry
- Control engineering implementation

US MARKET



USA: the new
challenge

2016-2025 Cumulative Surface Transportation Infrastructure Needs: \$2 Trillion



“....our nation is a cross roads. Deteriorated infrastructure is impeding our ability to compete in the thriving global economy and improvements are necessary to ensure our country is built for the future...after decades underinvestment in our infrastructure requires transformative action....”

ASCE 2017 Infrastructure report card

Take advantage of the local construction business unit to capture part of the significant pipeline in the transportation sector through the new P3 regulatory framework

US MARKET



USA: the new challenge

Toll Road Concessions Business Unit and USA P3 opportunities over the next 5 years



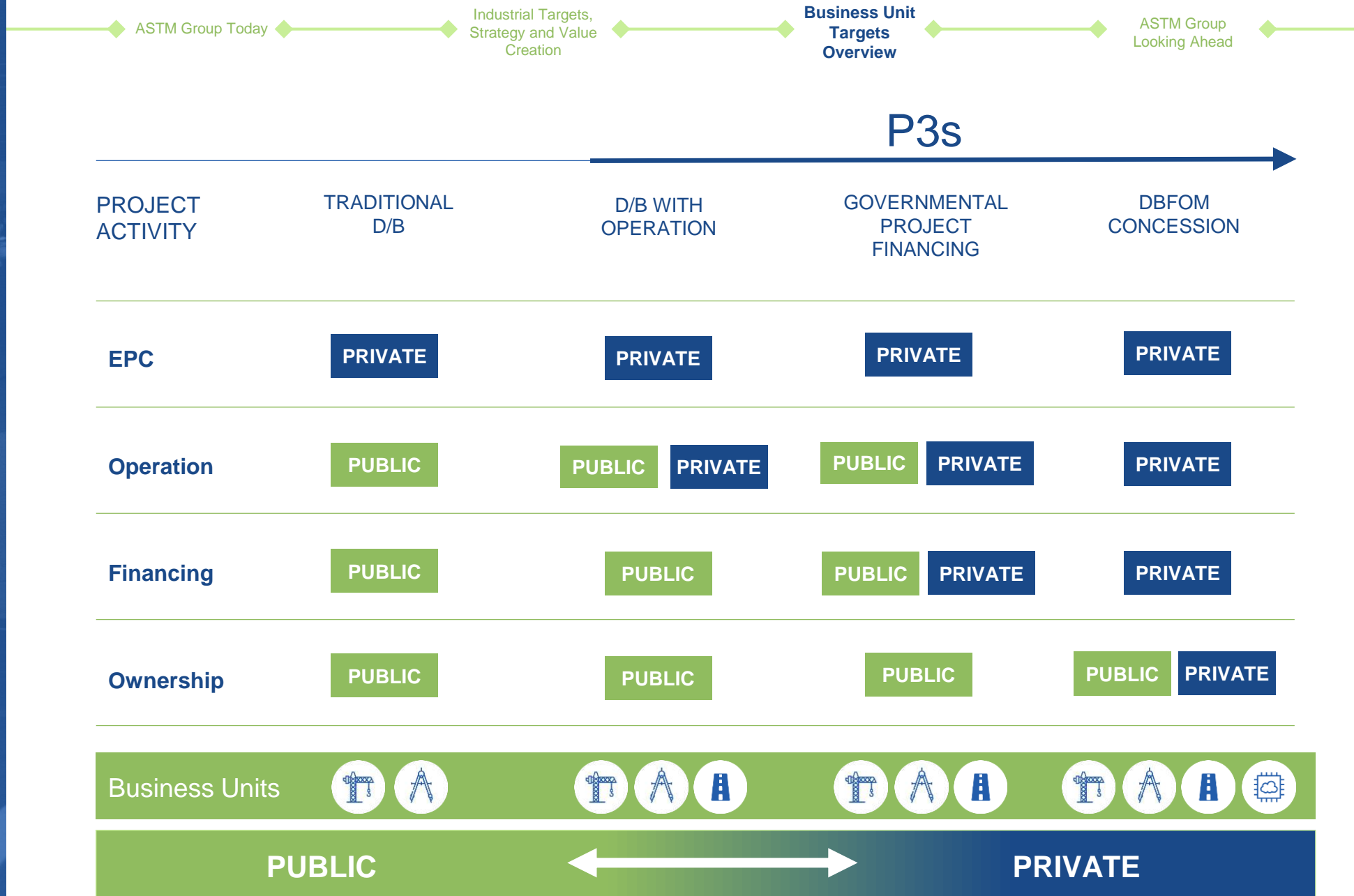
US MARKET



USA: the new challenge

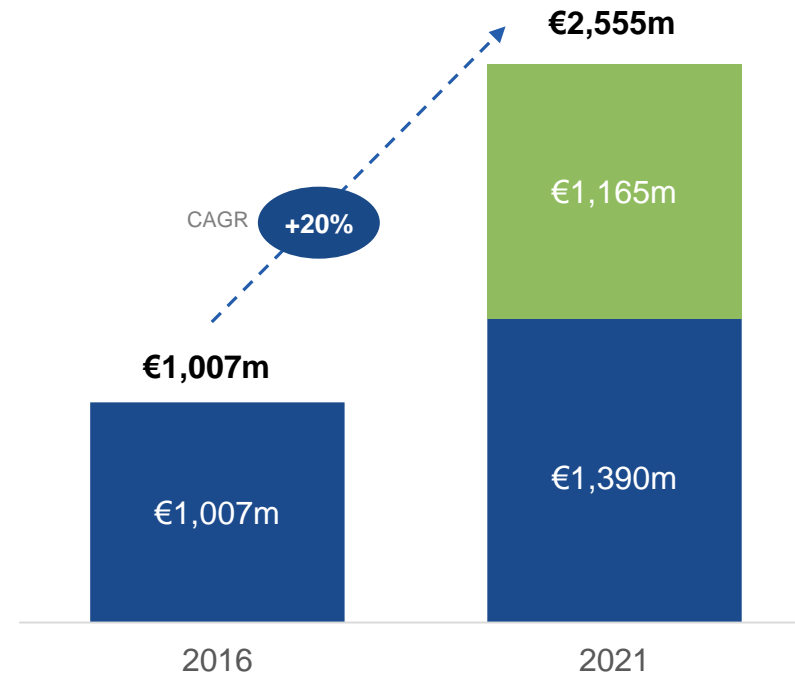


2017 – 2021 Strategic Plan

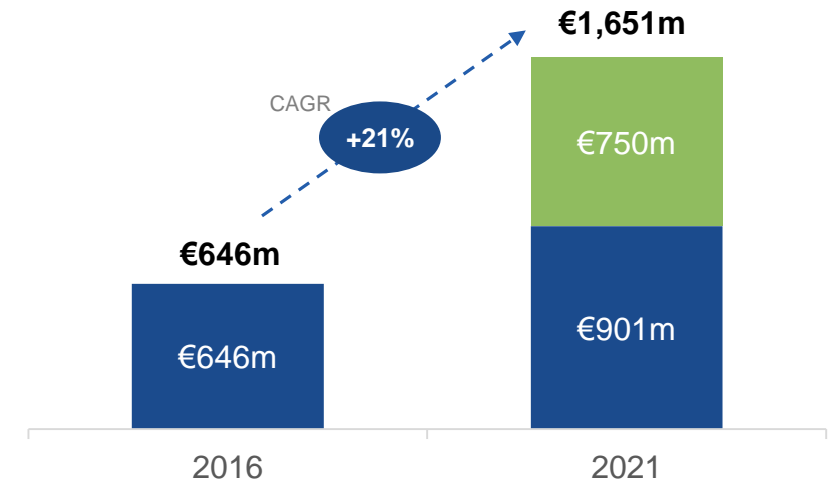


KEY FINANCIAL
TARGET

Revenues



EBITDA



- ✓ Target EBITDA margin → minimum of 65%
- ✓ Target PFN/EBITDA → 2.5x by 2021
- ✓ 2017-2021 SIAS dividend CAGR → +7%

■ Brazil and LATAM (Current FX)

■ Italy (cross financing, extensions, A21 & ATIVA tenders)

KEY OPERATIONAL DRIVERS

Business Line
Construction: Itinera



2017 – 2021
Strategic Plan

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ASTM Group
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International Growth

- ✓ Reverse revenues breakdown: **80%** international and **20%** domestic
- ✓ Maximize operational **partnerships**
- ✓ Acceleration of internationalization process through **M&A**
- ✓ Act as **in-house** EPC contractor of the Group's international toll-road concessions

Improve Profitability

- ✓ Enhance project execution and risk control mechanism
- ✓ Optimize contract cash flow generation
- ✓ Maintain a sustainable financial structure
- ✓ Integrate skills and capabilities through the partners
- ✓ Evolve vision and strategy, develop highly engaged and well-trained international professionals

Synergy

- ✓ Mitigation of Concession Business Unit construction risks, ensuring a fair technical and financial evaluation and reliable execution in terms of time and quality, minimizing contract claims

...benefitting from....

- ✓ introduction within other geographical areas already covered by the other business units




**Enhancement of the
Group's competitiveness**

GEOGRAPHICAL CLUSTERS OF INTEREST

Business Line
Construction: Itinera

■ 2017-2021 Infrastructure Investment CAGR
■ 2017-2021 GDP CAGR
Source: Timetric

USA
Itinera entry strategy:
 acquisition

Perù and Colombia
Itinera entry Strategy: JV works with third parties on toll road greenfield projects

Brazil
Itinera entry strategy: support the Group's local investments for the development of the current portfolio and new initiatives

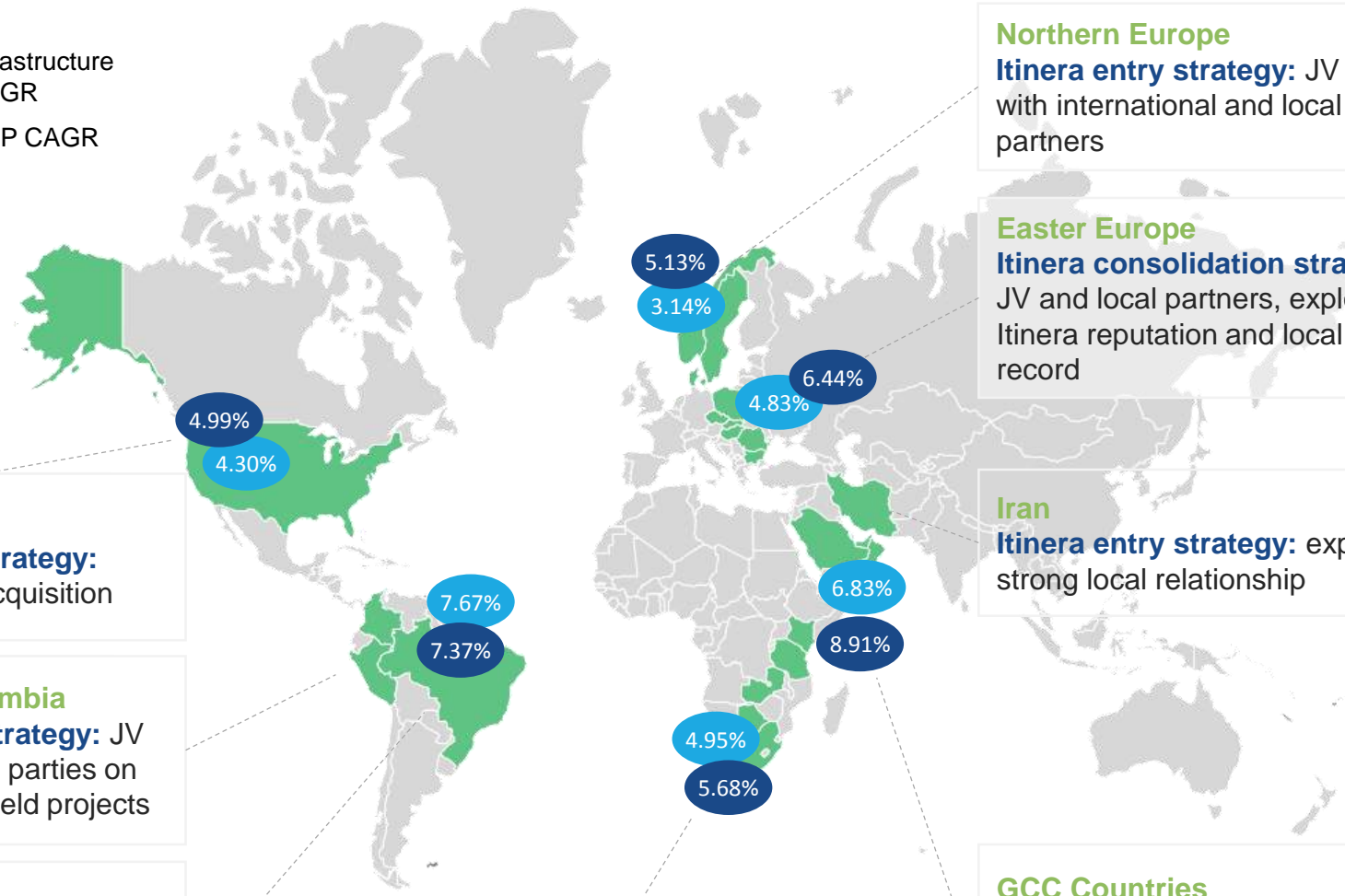
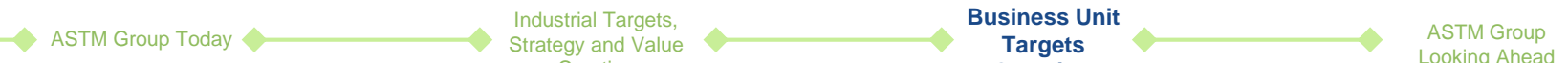
Southern Africa
Itinera Consolidation Strategy: bidding for infrastructural works in countries with financial and political stability and reliability

Northern Europe
Itinera entry strategy: JV works with international and local partners

Easter Europe
Itinera consolidation strategy: JV and local partners, exploiting Itinera reputation and local track record

Iran
Itinera entry strategy: exploit strong local relationship

GCC Countries
Itinera consolidation strategy: JV works with international partners on infrastructure projects, exploiting the Group's local presence in Oman 



KEY OPERATIONAL DRIVERS

Business Line
Construction: Itinera



Acquisition




2017 – 2021
Strategic Plan

ASTM Group Today

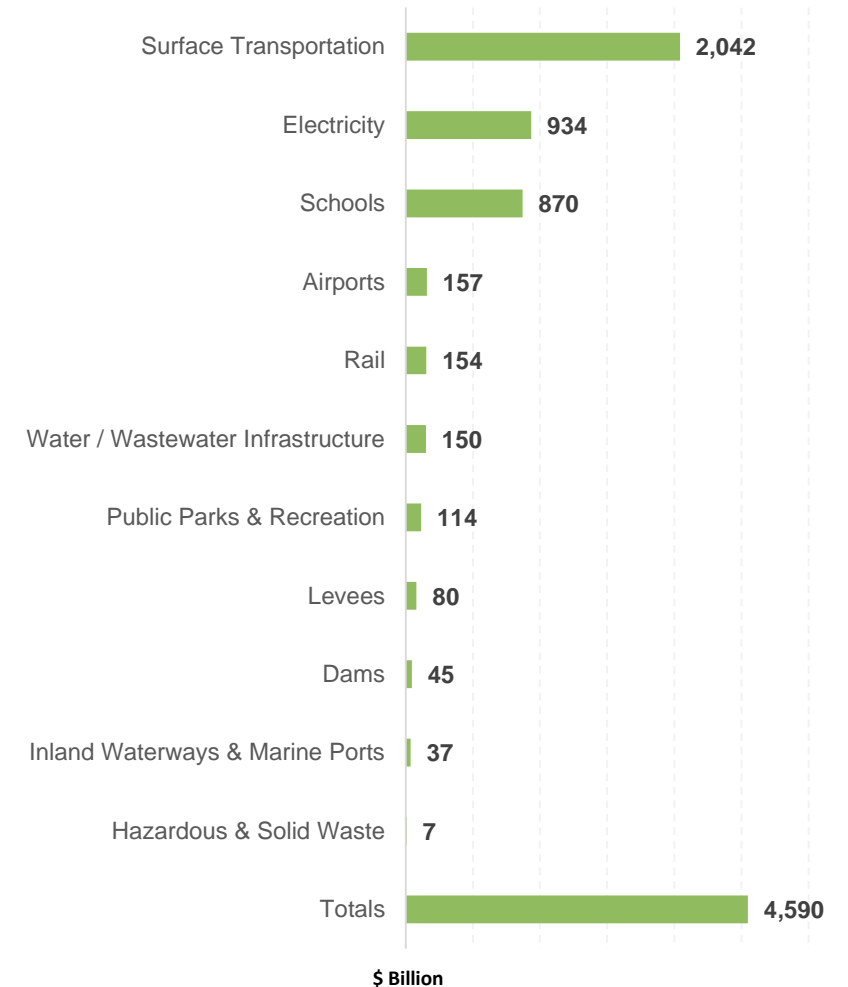
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Looking Ahead

- ✓ In July 2017, Itinera acquired  a US construction company, leader in design-build project delivery
- ✓ The deal is the starting point for USA market development both for the EPC and Concession Business Unit
- ✓ Halmar and Itinera have an **aligned strategy**, complementary core capabilities and a common commitment to high cash flow generations and margins
- ✓ Itinera targeted at **15%** 2017-2021 Halmar USA Revenues CAGR and an yearly average new backlog acquisition of more than **\$300m**

2016-2025 Cumulative USA Infrastructure Needs



KEY OPERATIONAL DRIVERS

Business Line Construction: Itinera



Acquisition



2017 – 2021 Strategic Plan

ASTM Group Today

Industrial Targets, Strategy and Value Creation

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ASTM Group Looking Ahead



AVIATION



MASS TRANSIT



RAILROAD



HIGHWAYS



BRIDGE

TOP

Leaders in Design-Build Project Delivery

5

Heavy Civil Contractor in the NY-Metro area

In-depth knowledge of America's largest local construction market to deliver growth & profit

\$20bn

Annual local market

25%

Historical bid capture annual rate

54 YEARS

Of proven performance

1ST RANKED

Locally owned transportation contractor

KEY OPERATIONAL DRIVERS

Business Line
Mechanical &
Electric Systems:
Euroimpianti
Electronics

ASTM Group Today

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ASTM Group
Looking Ahead

- ✓ Develop **Heating, Ventilation and Air Conditioning (HVAC), Energy Saving and Efficiency Solutions** to be implemented in-house and for the market.
- ✓ International growth, focusing on **South America, Africa and GCC Countries**, through:
 - Development and exploitation of synergies with Concession and Construction Business Units
 - Identification of strategic partners, establishing Joint Ventures with other operators already present in the foreign markets
- ✓ Creation of a new portfolio of **Long Term Service Contracts** each ranging from **€20m to €50m** (service & commercial buildings and industrial plants)
- ✓ **Concessions of Public Lighting and Heating Systems**, each ranging from **€10m to €30m**

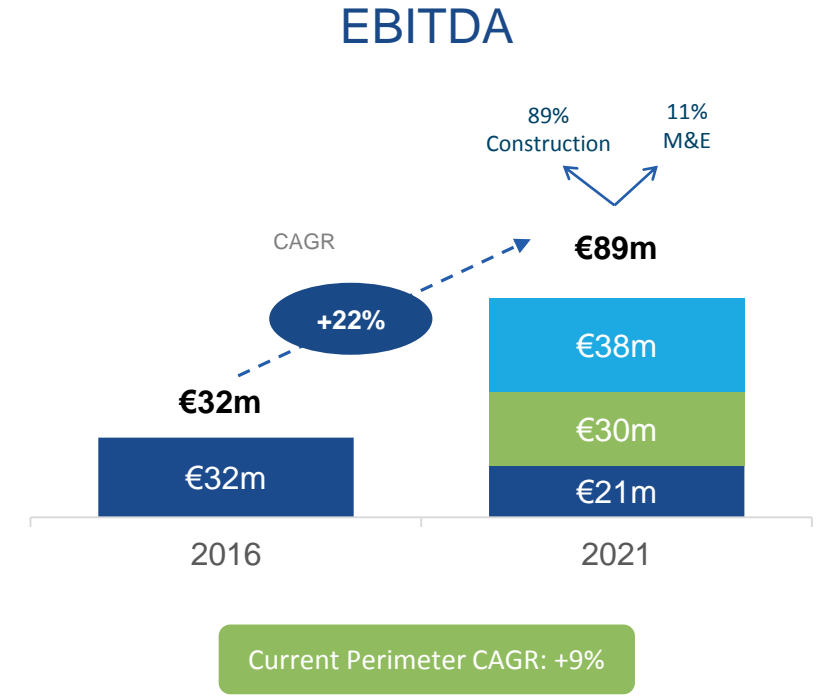
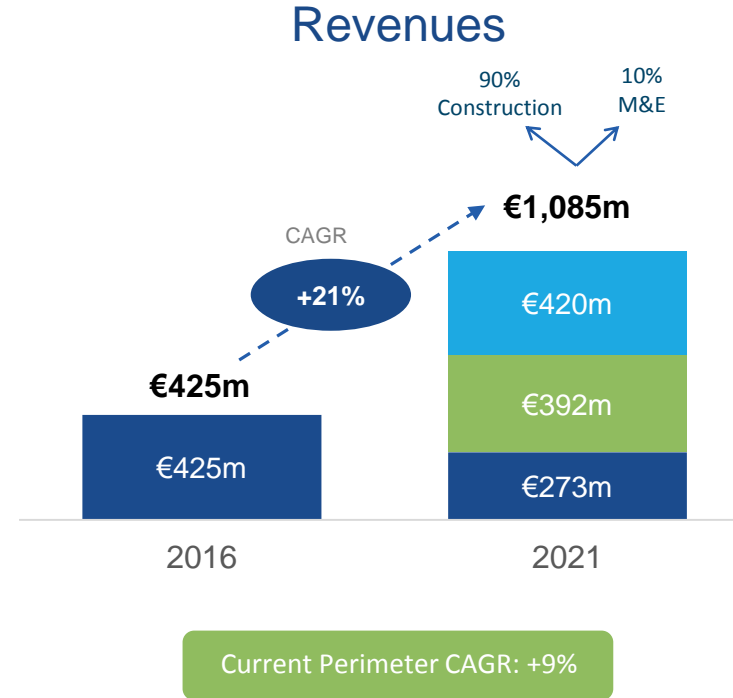
KEY FINANCIAL TARGETS

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Looking Ahead



- ✓ **Target EBITDA margin** → minimum of **8%** for Construction and **10%** for M&E by 2021
- ✓ **Target D/E** → **0.3x** by 2021
- ✓ Average annual **Backlog acquisition** → **€900m**
- ✓ **Backlog Rotation** → **4 years** for Construction and **2 years** for M&E
- ✓ Potential **IPO** by 2021 to support growth

■ USA
■ International (excl. USA)
■ Italy

KEY OPERATIONAL DRIVERS

- ✓ **Change the business mix** from captive to non-captive → Focus on the most value adding aspects (i.e. safety systems and control engineering)
- ✓ **International business** in USA taking advantage of the significant infrastructural pipeline and the Group's local presence
- ✓ **Improve efficiency** in order to align internal operational cost to the best market practice and benchmark
- ✓ **M&A activities** → potential acquisition of US engineering firm

Industrial Targets,
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**Business Unit
Targets
Overview**

ASTM Group
Looking Ahead

Market focus



ITALIAN MARKET

Decreasing synergies with existing Toll Road Concession network due to new Regulatory constraints



BRAZILIAN MARKET

Significant synergies with Toll Road Concessions in the maintenance engineering (inspection and monitoring)



US MARKET

Interesting pipeline and profitability for engineering services, both in synergy with other Group Business Units and on a stand alone market proposition

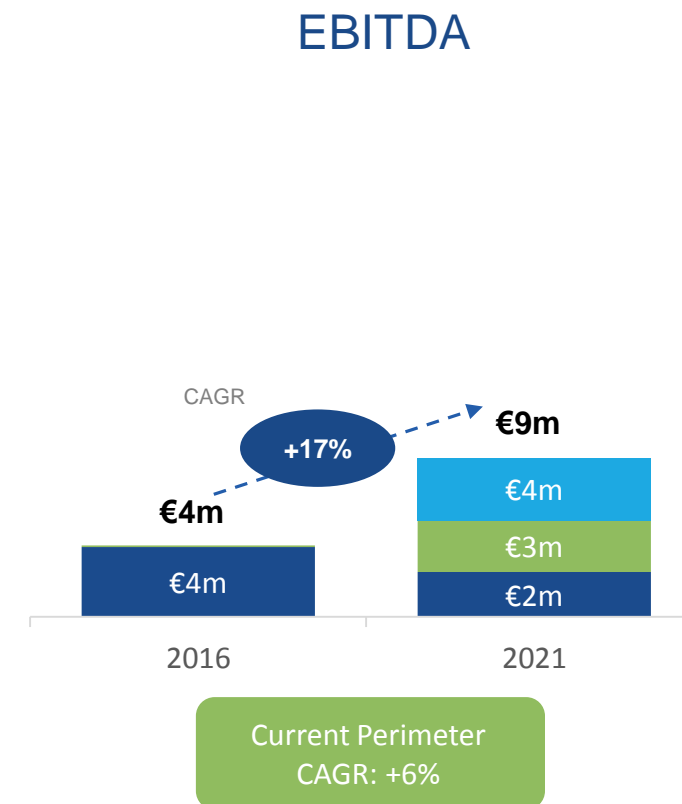
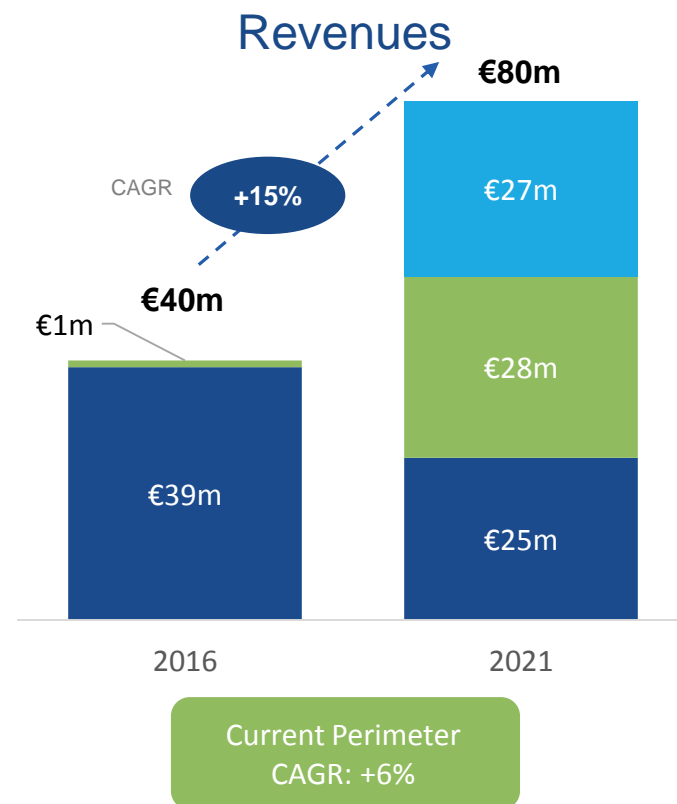


EU MARKET

Interesting growth for the engineering services in the Northern and Eastern Countries in the toll road and railways sectors supported by EU development plan

Engineering Business Unit industrial model under evaluation due to recent amendments to Italian Regulations

KEY FINANCIAL TARGET



- ✓ **Target EBITDA margin** → a consistent minimum of **11%** by 2021
- ✓ **70%** revenues will be **international** and **non-captive** by 2021
- ✓ **Backlog Rotation** → **2.5 years**

- Potential inorganic growth
- International (Non captive)
- Italy (Captive)

KEY OPERATIONAL DRIVERS



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Looking Ahead

Growth through Differentiation and Innovation

General Targets:

- ✓ Domestic market share consolidation through new solutions based on industry standards and open interfaces
- ✓ Export into foreign market the self-developed innovative technologies
- ✓ Exploit IT in the framework of IoT and advanced analytics
- ✓ Explore adjacent products in the field of infrastructure security and safety
- ✓ Establishment of strong relationships with universities and research centers in order to be at the forefront of innovation of the Industry

Significant Global ETC Market growth

2017-2021 CAGR of **11%** with EU and USA driving growth

Target revenues geographical breakdown

60% Italy and **40%** International

Technology Business Unit will continue to work with Toll Road Concessions and EPC Business Units, while developing its own external market in Italy and internationally

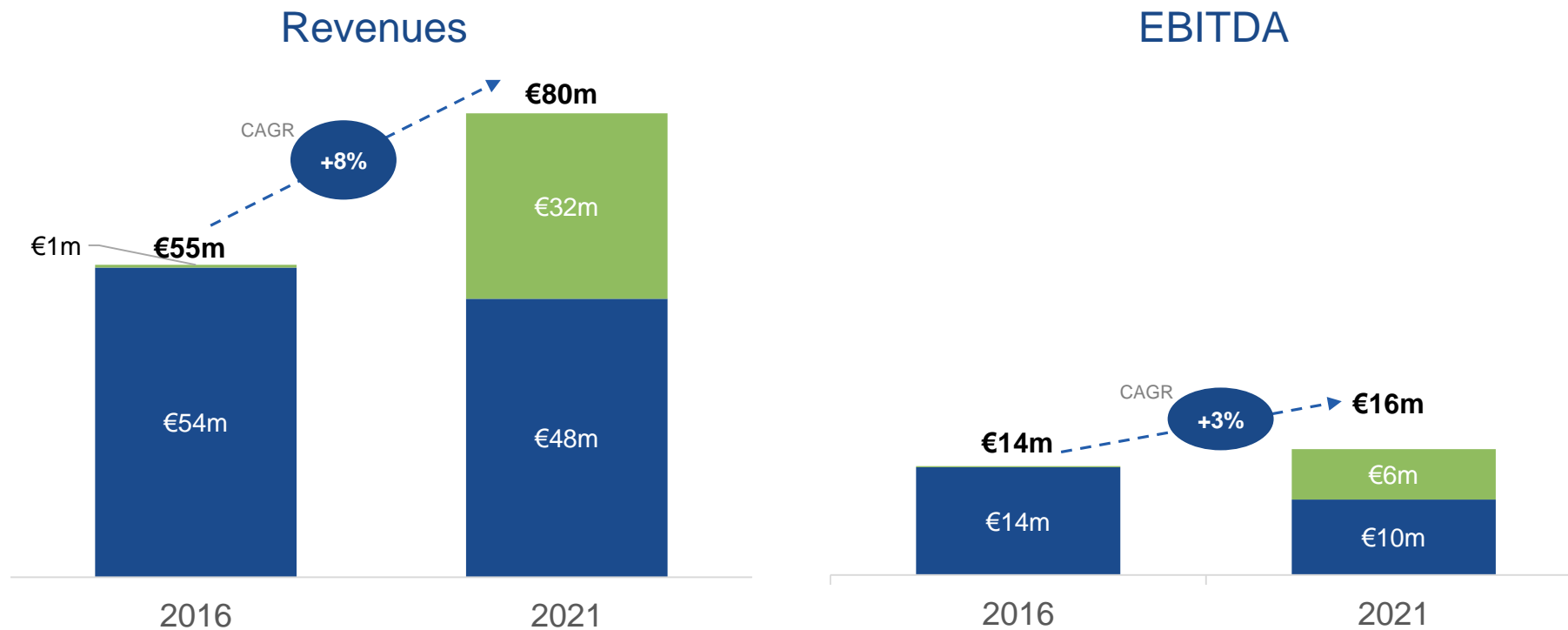
KEY FINANCIAL TARGETS

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Looking Ahead



- ✓ Target EBITDA margin → a consistent minimum of **20%** by 2021
- ✓ Backlog Rotation → **3 years**

International
Italy



4

**ASTM Group
Looking Ahead**



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CONCESSIONS

SIAS

2.6
€bn

Revenues

1.7
€bn

EBITDA

2.5x

NFP/EBITDA

9
€bnCapital
Employed>
4,500
KMUnder
management>
20Concessions in Italy,
LATAM and USA

EPC

ITINERA
EUROIMPIANTI ELECTRONICS

1.1
€bn

Revenues

89
€m

EBITDA

0.3x

Debt / Equity

4
€bn

Backlog

ENGINEERING

SINA

80
€m

Revenues

9
€m

EBITDA

Cash
Positive

NFP

200
€m

Backlog

TECNOLOGY

SINELEC

80
€m

Revenues

16
€m

EBITDA

Cash
Positive

NFP

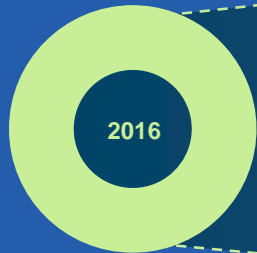
250
€m

Backlog





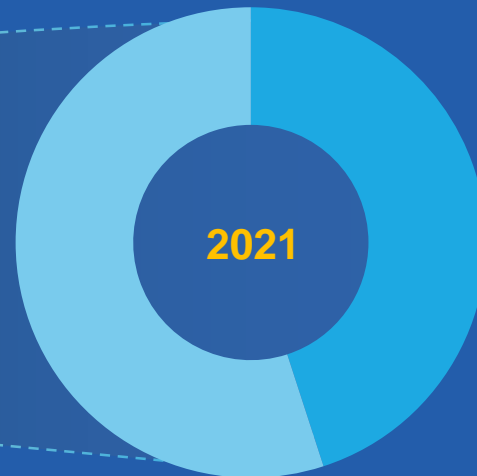
100% Italian



2016

REVENUES

1.5€bn vs 3.8€bn
2016 2021



2021

46% Italian
54% International

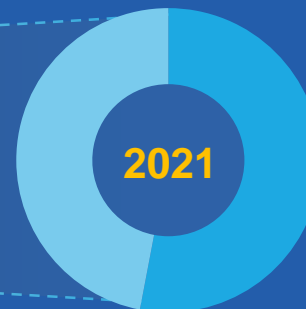
100% Italian



2016

EBITDA

0.7bn vs 1.8€bn
2016 2021

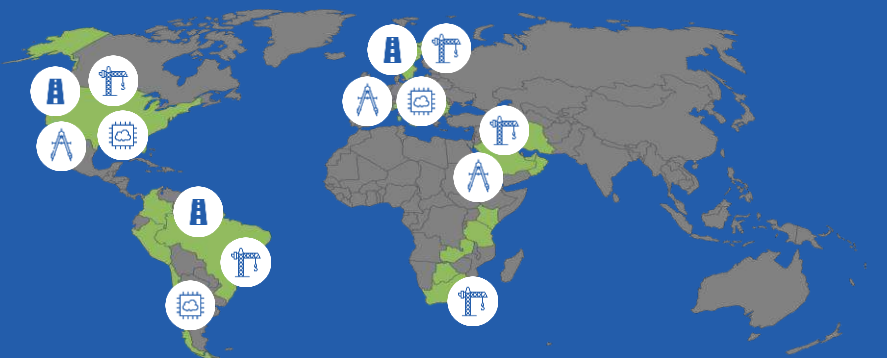


2021

53% Italian
47% International

2.5x
NFP/EBITDA

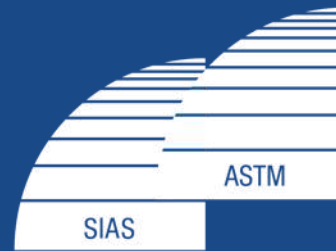
2.4x
NFP/EBITDA



International
Italian



2017 – 2021
Strategic Plan



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