

CONDOTTE

INVESTMENT OPPORTUNITY

JUNE 2019



Condotte S.p.A.

*Fondata il 7 aprile 1880
in Amministrazione Straordinaria*



CONDOTTE AT A GLANCE

€1,650m¹
Backlog

€188m¹
Margin
(related to backlog)

€204m¹
Cash flows
(related to backlog)

~850
Completed
projects

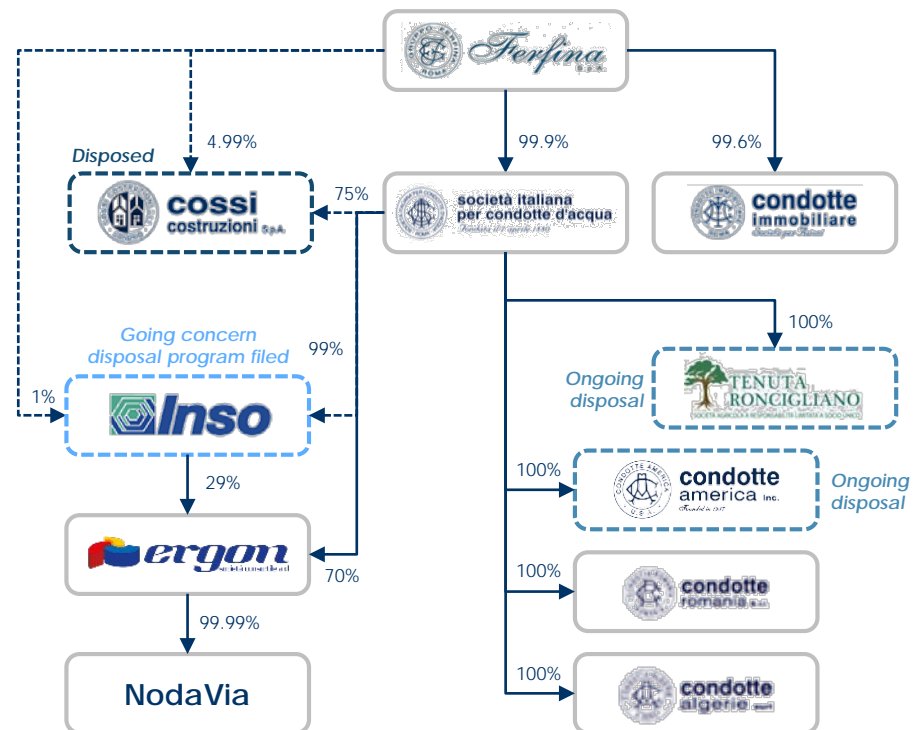
15+
Countries where
Condotte operated

>1,000¹
Employees

General overview

- Established in Rome in 1880, Società Italiana per Condotte d'Acqua S.p.A. ("Condotte" or the "Company") is active in the **engineering** and **construction** of major infrastructure projects worldwide (mainly in Europe, Africa and US)
- Condotte is specialized in:
 - **Road works:** bridges, tunnels, viaducts, bypass, highways
 - **Railway works:** undergrounds, stations, long-haul railroad lines
 - **Marine works:** industrial and commercial port facilities, dockyards, piers and dry-docks
 - **Dams and water projects:** dams, canals, pipes
 - **Civil buildings:** civil and industrial buildings
 - **Restoration:** conservation and restoration works
- Condotte operates also in (i) **facility management** contracts and (ii) **services concessions** (mainly in the healthcare segment)
- Condotte is under **Extraordinary Administration** ("E.A.") since the 6th August, 2018. **Giovanni Bruno, Gianluca Piredda e Matteo Uggetti** have been appointed as **Extraordinary Commissioners** ("Commissioners")

Group structure



KEY INVESTMENT HIGHLIGHTS

1

Consolidated experience since 1880 in the **construction industry** and **historic presence** in foreign markets

2

High quality management and **outstanding process know-how**

3

Company size, **critical mass** and **technical capabilities** to act as **General Contractor** in both domestic and foreign markets

4

Integrated specialization in the **infrastructure sector** (tunnels, viaducts, dams, roads, railways, marine works, ports and airports)

5

Certifications of the procedures pursuant to international standards in **quality, safety** and **environmental management**

6

Adoption and implementation of a **Code of Ethics** and of a **constantly updated and adequate organization model**



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MAIN REALIZED PROJECTS

A

ROAD INFRASTRUCTURE

Padova North - Lotto I bypass (Italy)



Sidney Lanier bridge (US)



Monte Bianco tunnel (Italy)



Barcelona-Tarragona highway (Spain)



Mestre-Vittorio Veneto highway (Italy)



Conway bypass (US)



B

RAILWAY AND UNDERGROUND WORKS

HSR section Bologna of Milano-Naples (Italy)



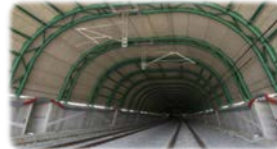
Rome Line B Termini-Rebibbia undergr. (Italy)



Rome Line A underground (Italy)



HSR Rome-Naples (Italy)



Direct line Rome-Florence (Italy)



HSR Turin-Milano (Italy)



C

PORTS AND MARINE WORKS

Hydroelectric plant in Karakaya (Turkey)



Acqueduct in Skikda (Algeria)



Porto Gasiero Ras Laffan (Qatar)



Shore strengthening in Venice (Italy)



Petrochemical industrial port in Sines (Portugal)



Flumendosa river dam in Nuoro (Italy)



D

CIVIL BUILDINGS

Ayla Oasis Project (Jordan)



Palace of Justice in Turin (Italy)



Hotel Sheraton Tre Fontane in Rome (Italy)



Residential Complex - Belfiore Mantua (Italy)



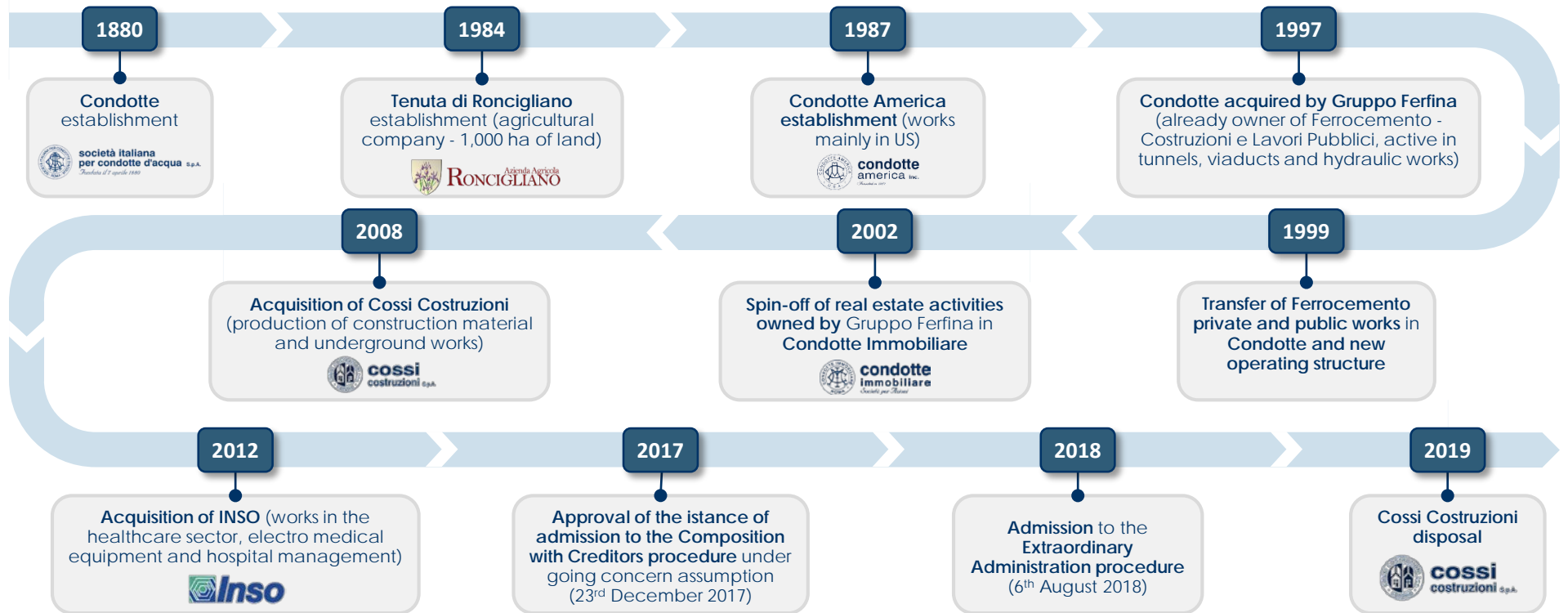
Pesaro Palace in Venice (Italy)



Bambino Gesù hospital in Rome (Italy)



CONDOTTE KEY MILESTONES AND RECENT DEVELOPMENTS



Recent developments - Extraordinary Administration

- On 4th March 2019, the Commissioners filed to the Italian Ministry of Economic Development (“MISE”) the program pursuant to the Article 4, paragraph 2, of the Marzano Law (the “**Program**”), based on a divestment plan of assets and activities owned by Condotte
- Following the positive opinion of the supervisory committee on 17th April 2019, later on 23th April 2019 the MISE **approved the execution of the going concern disposal program**
- The Company has been granted a **new financing line of €60m** (the “**New Financing**”), backed by a **government guarantee** according the relative legislation, from a **pool of financial institutions**. Condotte will use the available proceeds to finance the projects belonging to the “**Core Business**” and to execute the **Program**

MAIN GUIDELINES OF THE PROGRAM

The going concern disposal program is based on 2 main guidelines

- A** Identification - based on the criteria described on the right - of a **core perimeter of going concern projects and / or concessions**, whose financial needs are satisfied by the New Financing requested to the pool of financial institutions for €60m
- **Going concern** operations carried out in order to protect the underlying economic, financial, strategic and occupational value of each project
 - **Maximization of the valorization** through the **Core Business disposal**

Definition criteria of the Core Business

- 1 **Profitability:** positive profitability prospects
- 2 **Cash generation:** positive financial cycle
- 3 **Prosecution:** strategically relevant projects (i.e. commercial relationships, potential works' integration)
- 4 **Financial viability:** coherent and sustainable financial needs
- 5 **Unitarity:** consideration regarding the commercial relationships management (orders attributable to the same client)
- 6 **Employment protection**

- B** Identification of a **non core perimeter including contracts or assets** that, given their specific characteristics, will be subject to **separate and specific disposal procedures** (the "Non Core Business")

STRUCTURE OF CONDOTTE ASSETS

Condotte Assets

Core Business

Non Core Business

PROJECTS

Tlelat	
Rocade	
Brenner Tunnel	
Kuwait RA 200	
Rome - Viterbo	
Caserta Polyclinic	
Direct Lot (Lioni - Grottaminarda)	
Infrasud (Lioni - Grottaminarda)	
SAF 3 (Lioni - Grottaminarda)	
Città della Salute	
Otranto Port	
Bolzano Detention Center	
Bolzano Library	

EQUITY INVESTMENTS

Condotte America	
Tenuta Roncigliano	
Cossi Costruzioni	
Macedonia (CI Power - IMPG)	
Pisamover	
C2i	

HIGH SPEED RAIL CONSORZIA

COCIV / IRICAV 2 (Railway Perimeter)	
CEPAV 2 ¹	

NON CORE RESIDUAL ASSETS

Italian claims
Foreign claims
Non core residual assets

Going concern operations and valorization

Projects (and related assets) that show defined level of profitability, financial, strategic and occupational details

Valorization

Main assets that, given their specific characteristics, will be subject to separate disposal procedures

PROJECTS INCLUDED IN THE CORE BUSINESS

Operating Units of the Core Business

MAIN KPIs (€m)	Backlog	Margin (relat. to backlog)	CF (relat. to backlog)
O.U. Algeria			
Tlalat			
Rocade			
O.U. Algeria	481		
O.U. Infrastructure and Civil Works			
Brenner Tunnel			
Kuwait			
Rome - Viterbo			
Caserta Polyclinic			
Lioni-Grottaminarda - Direct Lot			
Lioni-Grottaminarda - Infrasad			
Lioni-Grottaminarda - SAF 3			
O.U. Infrastructure and Civil Works	965		
O.U. Concessions			
Città della Salute			
Otranto Port			
Bolzano Detention Center			
Bolzano Library			
O.U. Concessions	204		
Total	1,650	188	204

O.U. Algeria

Progress and completion of works in the North African country

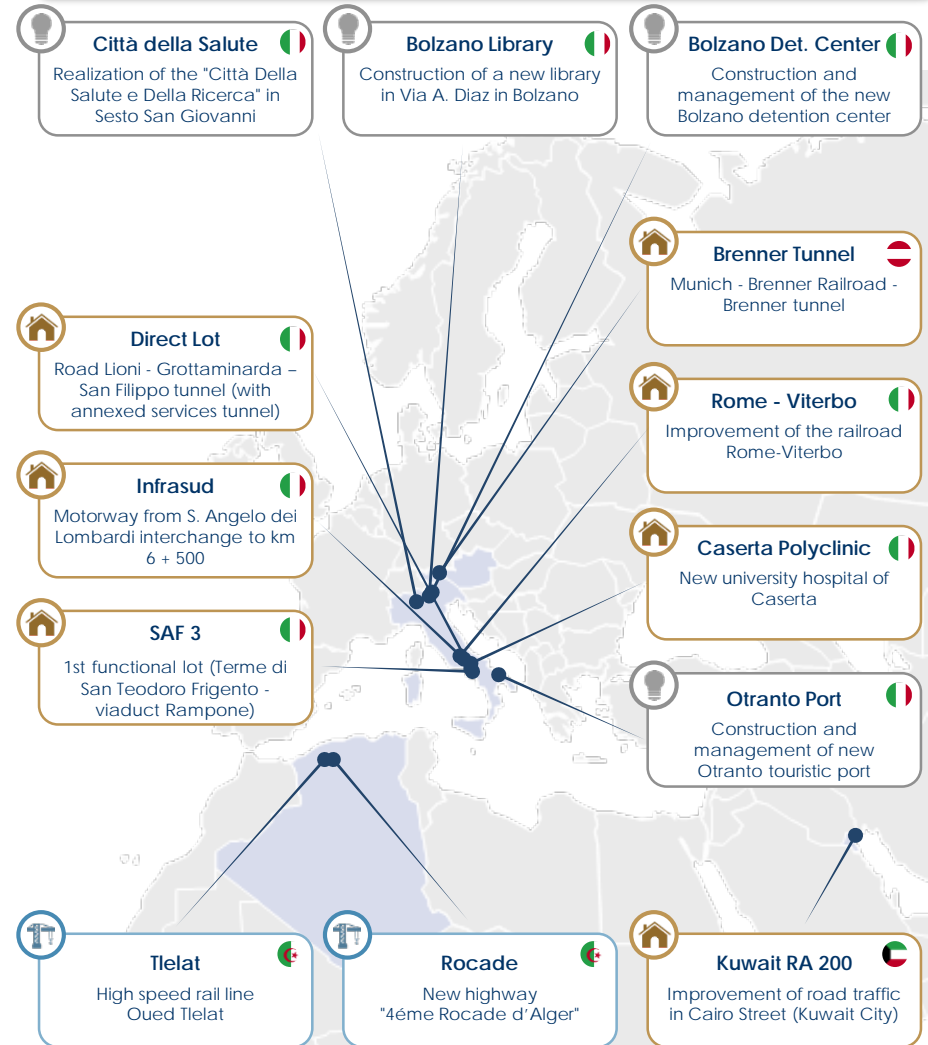
O.U. Infrastructure and Civil Works

Realization of infrastructure and civil projects

O.U. Concessions

Projects under concession regime
(with the exception of the Bolzano library, included given its location and client)

Geographical footprint




















EXPECTED TIMELINE OF THE CORE BUSINESS PROJECTS

PROGRAM APPROVAL

















Estimated project start
Estimated project end

Core Business projects	2019			2020				2021				2022				From 2023
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Tielat	X										X					
Rocade	X						X									
Brenner Tunnel	X														X	
Kuwait	X												X			
Rome – Viterbo	X						X									
Caserta Polyclinic	X											X				
Lioni-Grottaminarda - Direct Lot							X								X	
Lioni-Grottaminarda - Infrasad							X								X	
Lioni-Grottaminarda - SAF 3							X								X	
Città della Salute ¹	X														X	
Otranto Port ¹	Start is yet to be defined based on the ongoing negotiations' outcome															
Bolzano Detention Center ¹	X											X				
Bolzan Library ¹	X													X		

CORE BUSINESS - PROJECTS OVERVIEW

Project	Country	WIP	Description
 Tlelat	Algeria 	69%	<ul style="list-style-type: none"> ➤ Realization of Lot 1 Oued Tlelat - Tlemcen of the new high speed rail line Oued Tlelat / Marocco Frontier (electrified double track) ➤ Part of the international project of Trans Maghreb railway 
 Rocade	Algeria 	36%	<ul style="list-style-type: none"> ➤ Realization of the highway section 4ème Rocade d'Alger (33.3km), made up of 2 roadway with 3 lanes each ➤ The highway is connected to the A1 highway (Orano-Algeri), located ca. 100 km East of Algeri 
 Brenner Tunnel	Austria 	0%	<ul style="list-style-type: none"> ➤ Construction of Lot H51 Pfnos-Brenner on the same territory of the related railway project Munich-Brenner-Brenner Base Tunnel BBT ➤ The construction section includes 37 km of main gallery, 9 km of exploratory tunnel and the emergency stop in St. Jodok am Brenner 
 Kuwait RA 200	Kuwait 	0%	<ul style="list-style-type: none"> ➤ Improvement and streamlining of the road traffic of Kuwait City in Cairo Street and on the arterial routes that cross the road at 3 crossroads ➤ The work will include the construction of 7 km of surface roads, the lowering of Cairo Street for 2.3 km with 3 underpasses, the realization of 6 vehicular bridges, 7 pedestrian bridges and 5 bridges for service substations and systems of drainage, lighting and traffic signals 
 Rome - Viterbo	Italy 	0%	<ul style="list-style-type: none"> ➤ Realization of the 2nd lot of the modernization and upgrading project of Rome – Viterbo railway, in the extra-urban Riano-Pian Paradiso section ➤ The project involves the construction of a line with the characteristics of a suburban subway, the doubling of the railway site with variant routes, the elimination of level crossings and the upgrading of Morlupo and Magliano stations 
 Caserta Polyclinic	Italy 	18%	<ul style="list-style-type: none"> ➤ Works for the completion of the Caserta university hospital, linked to the medicine faculty of Seconda Università of Naples 

CORE BUSINESS - PROJECTS OVERVIEW (CONT'D)

Project	Country	WIP	Description
 Lioni Grottaminarda	Italy 	7% 0% 57%	<ul style="list-style-type: none"> ➤ The Lioni-Grottaminarda highway infrastructure consists of the completion of the connection between A16 Naples - Bari and A2 Salerno - Reggio Calabria (part of the larger itinerary Agropoli - Contursi - Grottaminarda - Termoli) ➤ Direct Lot: Road Lioni-Grottaminarda Galleria Piano di San Filippo with annexed services tunnel ➤ Infrasud: Motorway Lioni-Grottaminarda (from the S. Angelo dei Lombardi interchange to the km 6 + 500) ➤ SAF 3: 1st functional lot (from Terme di San Teodoro Frigento interchange to Rampone viaduct)  
 Città della Salute	Italy 	0%	<ul style="list-style-type: none"> ➤ Realization and management in project financing of Città della Salute in Milan ➤ The project involves the design and construction of a new state-of-the-art facility located in the former Falk area in Sesto San Giovanni (architectural guidelines developed by Renzo Piano) ➤ The new center will be developed in different hospitals and it will be equipped with 24 operating theaters, 139 clinics and 3 research towers, for over 600 beds. At the end of the construction, the contract also foresees facility management activities and the supply of technological services 
 Otranto Port	Italy 	0%	<ul style="list-style-type: none"> ➤ Public concession of the new tourist port of Otranto, concerning the realization of maritime works and ground infrastructures functional to the port system and the management of services (duration of 50 years) 
 Bolzano Detention Center	Italy 	0%	<ul style="list-style-type: none"> ➤ Financing, design, construction and management (duration of 16 years) of the new detention center in the city of Bolzano ➤ The new penitentiary will host up to 200 prisoners and it is structured in 2 main macro-areas (i.e. city areas inside and outside the wall), flanked by external public areas for public parking, operators parking and electricity cabin 
 Bolzano Library	Italy 	0%	<ul style="list-style-type: none"> ➤ Executive design and construction of a new library center in Via A. Diaz in Bolzano, following a partial demolition of the actual «Pascoli-Longon» school building and subsequent reconstruction and expansion works 



Fertina

Condotte s.p.a.

Condotte
Immobiliare

ANNEX

CORE BUSINESS - ASSETS DETAILS

- The table below shows the **post-compensations assets composition of Condotte's Core Business**
- Such items include: (i) property, plant and equipment functional to going concern operations; (ii) inventory; (iii) trade receivables; (iv) tax receivables and (v) intercompany receivables

(€'000)	06/08/2018 (post compensations)	Core Business	O.U. Algeria	O.U. Infrastructure and Civil Works	O.U. Concessions
Intangibles assets	25,067	89	-	89	-
Tangibles assets	19,362	6,319	6,319	-	-
Financial assets	242,173	12,663	488	10,128	2,046
Fixed assets	286,602	19,071	6,807	10,218	2,046
Raw materials inventory	24,201	21,298	20,973	325	-
Work in progress	530,587	255,821	231,611	24,210	-
Finished goods inventory	3,959	-	-	-	-
Advances to suppliers	2,309	1,782	1,782	-	-
Inventory	561,057	278,901	254,366	24,535	-
Intercompany receivables	117,714	1,943	-	1,943	-
Trade receivables	118,210	59,983	54,341	5,642	-
Tax receivables	11,544	4,994	4,994	-	-
Deferred tax assets	3,706	-	-	-	-
Other receivables	3,543	-	-	-	-
Receivables	254,717	66,920	59,335	7,585	-
Bank and postal deposits	20,465	4,773	4,773	-	-
Cash	117	-	-	-	-
Cash & cash equivalents	20,582	4,773	4,773	-	-
Prepaid expenses and accrued income	2,101	-	-	-	-
Total Assets	1,125,059	369,666	325,282	42,338	2,046