

CONDOTTE AMERICA

INVESTMENT OPPORTUNITY

April 2019



**condotte
america** Inc.
Founded in 1977

CONDOTTE AMERICA AT A GLANCE

\$78m
2017 Revenues

\$51m
Backlog
as of 31-Dec-2018

\$1.4bn
Total construction
works

60+
Projects
completed

6
Southeastern
States in US

193
Employees

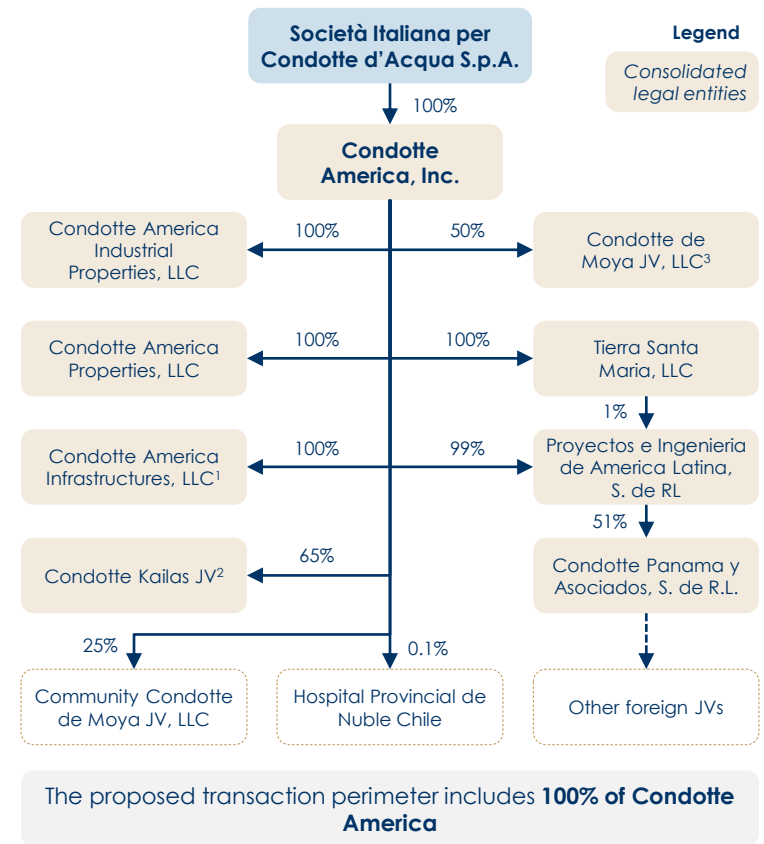
Overview

- **Established in 1987 in Florida** under the name of **Recchi America Inc., Condotte America, Inc.** ("Condotte America" or the "Company") is a **subsidiary of Società Italiana per Condotte d'Acqua S.p.A.** (Italian construction group)
- Condotte America boasts an **in-depth expertise** in the several construction fields: **roadways & highways, bridges, heavy civil, facilities and emergency works**
- Since its inception, Condotte America has completed **over 60 projects** in **6 Southeastern States of US**, for a **cumulative value of approximately \$1.4bn**
- The Company's main clients include the **Florida Department of Transportation ("FDOT")** and local expressway agencies, such as the **Miami-Dade Expressway Authority ("MDX")**
- With **over 190 employees**, Condotte America registered a **backlog of \$51m** related to **7 ongoing projects** as of 31st December 2018
 - In the first 3 months of 2019, the Company has been awarded with **3 new projects in Florida** (mainly road improvement and bridge replacement works) for a **total value of ~\$14m**
- Top management consists of **Andres Mendoza, Luciano Lo Giudice, Jorge Miranda, Brent Marley** and **Adriano Volpi**

Ongoing projects & backlog (as of 31-Dec-2018)



Group structure



KEY INVESTMENT HIGHLIGHTS

1

30 years of experience in infrastructure construction with a **remarkable project portfolio** completed in **Southeastern US market**

2

Level of service and quality consistently recognized by the industry (e.g. FTBA's Best in Construction Award in several projects and DBIA Design-Build Project of the Year 2012)

3

Flexible delivery of services with proven expertise in all the major projects' **delivery methods** (design-bid-build, design-build and design-build-finance)

4

Highly qualified team of experts, as the majority of the management team and the employees are **licensed professional engineers**

5

Significant number of **safety and quality control certifications**

6

Long-term client relationships with the **Florida Department of Transportation** and other **local expressway agencies**

7

Fleet of superior and highly specialized construction equipment ensuring the Company's **competitive edge** over other contractors

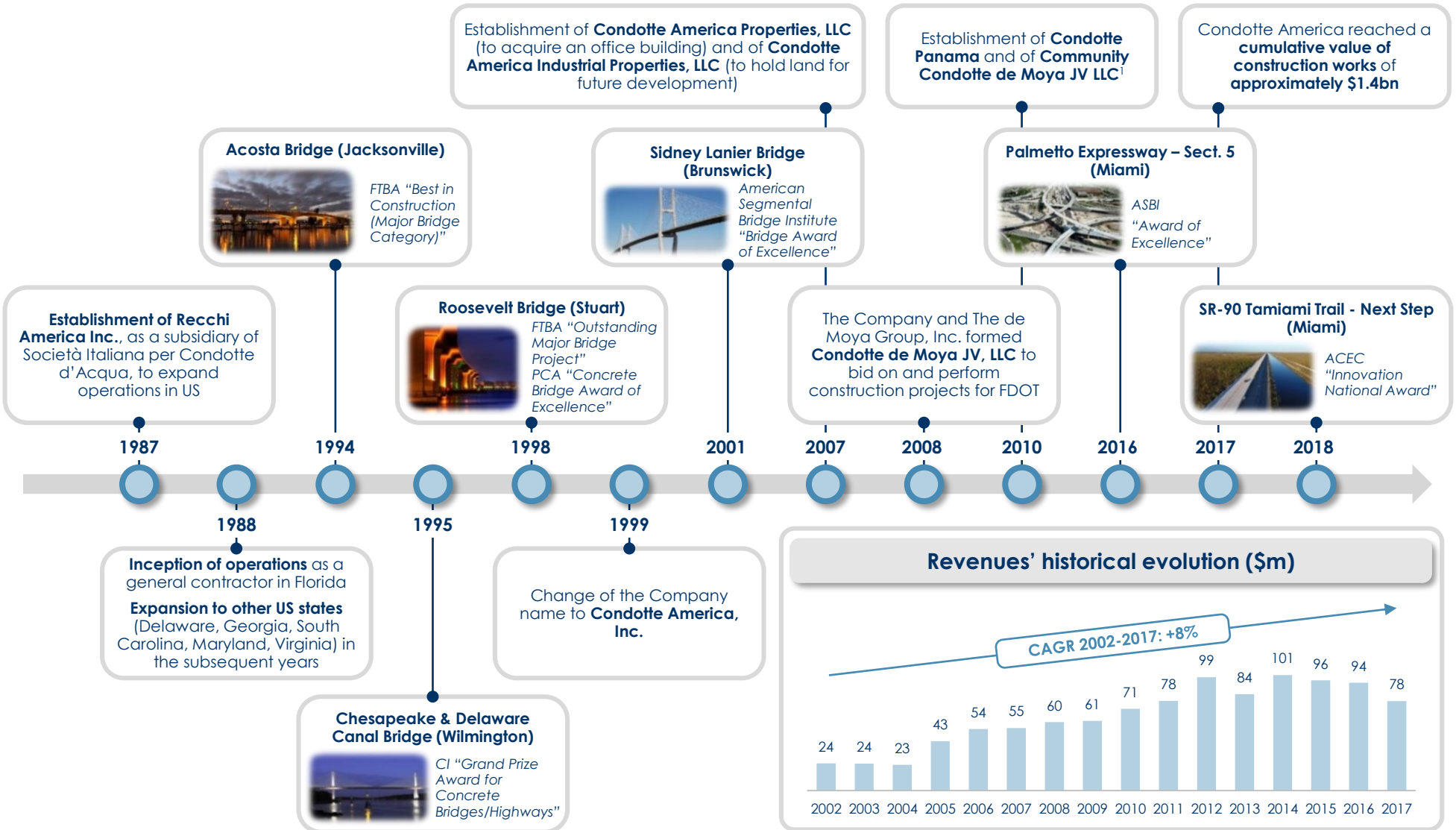


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HISTORICAL MILESTONES

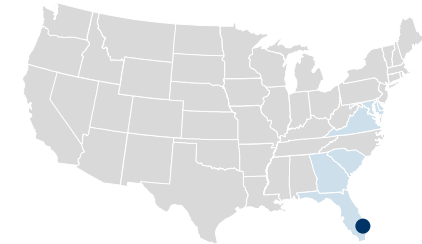


1. JV with Community Asphalt Corp and The de Moya Group
 Source: Company information

PROVEN TRACK RECORD IN SEVERAL CONSTRUCTION FIELDS

- Condotte America boasts an **extensive track record in several type of construction projects**, including bridges and highways, railways and stations, elevated metros and corresponding stations, marine works, new schools, new toll collection buildings and plazas, environmental projects, land reclamation projects and airport cargo buildings
- The Company is renowned for the execution of complex projects in **6 Southeastern States in US** (i.e. Florida, Georgia, South Carolina, Virginia, Delaware and Maryland)
- Condotte America executes projects primarily for the **Florida Department of Transportation** and **other local expressway agencies**

Geographical footprint



Legend

● HQs

■ Current and past projects geographical footprint

Selected completed projects



Roadways & Highways

SR-694 Gandy Blvd
(St Petersburg)



SR-112 / I-195
Rehabilitation
(Miami)



Palmetto
Expressway -
Section 5 (Miami)



SR 973 - SW 87th
Av. Reconstruction
(Miami)



Bridges

Acosta Bridge
(Jacksonville)



Chesapeake &
Delaware Canal
Bridge (Wilmington)



Roosevelt Bridge
(Stuart)



Sidney Lanier
Bridge (Brunswick)



Heavy Civil

Tri-Rail Miami
Airport Station
(Miami)



Omni Guideway
Metro Mover
(Miami)



Facilities

HEFT Tamiami Toll
Plaza
(Miami-Dade)



North Central
Vocational School
(Miami-Dade)

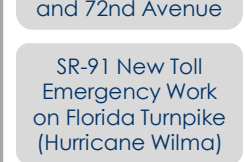


Emergency

Hurricane Andrew
Debris Removal
(Miami-Dade)



MDX - Emergency
Beam and Deck
Repair at SR 836
and 72nd Avenue



SR-91 New Toll
Emergency Work
on Florida Turnpike
(Hurricane Wilma)

ONGOING PROJECTS AND EXISTING BACKLOG¹

SR-694 Gandy Blvd (St Petersburg)

- Improvements on direct circulation of SR-964 (Gandy Blvd) from West of Martin Luther King Jr. St to East of SR-867 by providing a **bridge** and **2 separate off-ramps**
- Delivery method: **design-build**
- Owner: **FDOT**
- Completion date: 22nd April 2018²
- Backlog: **\$0.1m** (~100% WIP)



SR-90 Tamiami Trail - Next Step (Miami)

- Design & construction of **SR90 2.6 mile bridging project** to re-establish a **hydraulic connection** for water conveyance into Everglades National Park
- Delivery method: **design-build**
- Owner: **FDOT**
- Completion date: 14th May 2019
- Backlog: **\$3.4m** (95% WIP)



Sunrise Blvd - TPK Interchange modification (Fort Lauderdale)

- Reconstruction of **Sunrise Blvd bridge** over the Florida Turnpike, construction of various **entry and exit ramps** and conversion of all ramps to **all-electronic tolling**
- Delivery method: **design-bid-build**
- Owner: **FDOT / Turnpike**
- Completion date: 5th September 2019
- Backlog: **\$9.0m** (83% WIP)



SR-7 Bergeron Land Development (Palm Beach Gardens)

- Improvement of **8.5 miles stretch** of State Road 7 in Palm Beach County (**roadway widening**, construction of a **roundabout**, **2 new bridges** and related **MSE Walls**)
- Delivery method: **design-bid-build**
- Client: **Bergeron Land Development Corp.**
- Completion date: to be defined
- Backlog: **\$8.0m** (0% WIP)



SR-826 / I-75 Express Lane (Miami-Dade)

- Bridge works including I-75 / SR-826 **interchange** and Palmetto **bridge widening**, construction of **canal bulkhead**, **MSE Walls**, **retaining walls**, **earthwork** and **MOT**
- Delivery method: **design-build**
- Owner: **FDOT**
- Completion date: 22nd September 2018³
- Backlog: **\$0.3m** (~100% WIP)



SR-836 HEFT Bird Road (Miami-Dade)

- Widening of **4 existing bridges** (on both sides) and construction of **4 new bridges**, **MSE Walls** and **temporary retaining walls**
- Delivery method: **design-build**
- Owner: **Community Asphalt Corp / OHL**
- Completion date: 2nd May 2019
- Backlog: **\$17.1m** (41% WIP)



Hard Rock Stadium - Pedestr. bridges & tunnels (Miami Gardens)

- Design & installation of **2 pedestrian bridges** (NW 199th Street and Turnpike Access Road) and **2 pedestrian tunnels** under the stadium perimeter road
- Delivery method: **design-bid-build**
- Owner: **City of Miami Gardens**
- Completion date: 30th September 2019
- Backlog: **\$13.3m** (12% WIP)



TOP MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Top management

Andres Mendoza - President

- **Joined Condotte America in 1991**, appointed as President in 2015
- **Over 25 years of experience** in the industry
- Board member of: BB&T Local Advisory Board, Florida Transportation Builder's Association, American Segmental Bridge Institute
- Degree in Civil Engineering - University of Florida



Luciano Lo Giudice - CFO / VP

- **Joined Condotte America in 2001**
- **Over 34 years of experience** in finance & accounting
- Previous experience in Stirling International Civil Engineering and current member of the Construction Financial Management Association
- Degree in Economics and Statistics - University of Florence



Jorge Miranda - Sec. / VP

- **Joined Condotte America in 1994**
- **Over 43 years of experience** in the transportation and construction industry
- Previous experience in Capeletti Brothers (South Florida highway contractor)
- Degree in Civil Engineering - University of Detroit



Brent Marley, PE / Dir. of Engineering, Cost & Planning

- **Joined Condotte America in 1999**
- **Over 19 years of experience** in heavy, bridge and highway construction fields
- Florida Advanced Traffic Control Supervisor
- Degree in Civil Engineering & Construction Management - University of Florida



Adriano Volpi - Dir. of Construction Operations

- **Joined Condotte America in 1994**
- **Over 28 years of experience** in heavy and highway construction fields
- Degree in Civil Engineering - University of Perugia

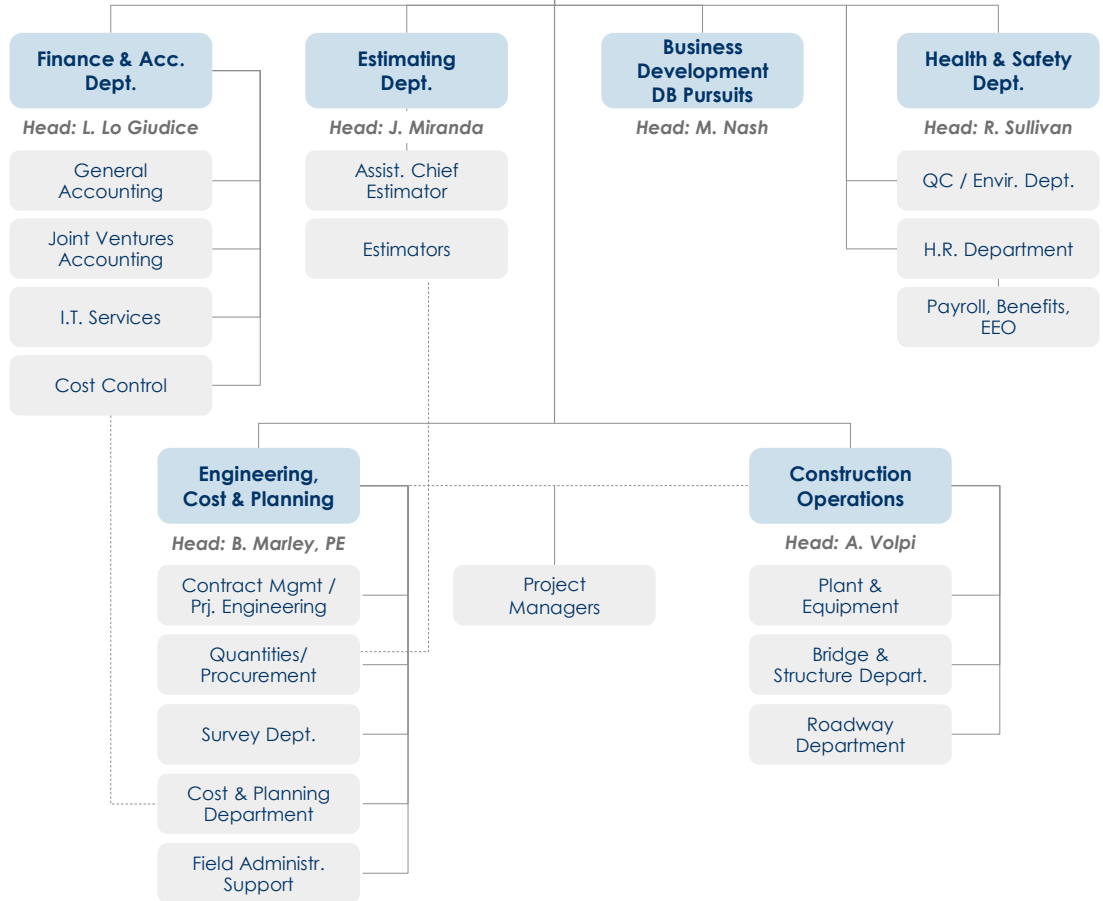


Organizational structure

Board of Directors

Administration

President: A. Mendoza



BOARD OF DIRECTORS

HISTORICAL FINANCIALS OVERVIEW¹

Profit & Loss

(\$k)	2013A	2014A	2015A	2016A	2017A
Revenues	84,184	100,825	96,228	94,088	78,095
Cost of earned revenues	(73,057)	(91,708)	(88,296)	(95,046)	(79,036)
Provisions for losses on uncompl. contr.	-	-	-	(419)	(3)
Gross profit (loss)	11,127	9,117	7,932	(1,377)	(945)
% revenues	13.2%	9.0%	8.2%	n/m	n/m
Equity in P&L of unconsolidated JVs	787	604	516	(170)	(414)
General and administrative expenses ²	(8,351)	(5,716)	(10,480)	(25,733)	(7,781)
Other operating income (expenses)	477	820	1,114	583	312
EBIT	4,040	4,824	(918)	(26,697)	(8,828)
% revenues	4.8%	4.8%	n/m	n/m	n/m
Financ. and extraord. income (expenses)	(106)	(195)	(122)	20,581 ³	291
EBT	3,934	4,630	(1,039)	(6,116)	(8,538)
% revenues	4.7%	4.6%	n/m	n/m	n/m
Taxes	(811)	(1,712)	(2,568)	715	733
Net income (loss)	3,122	2,918	(3,608)	(5,401)	(7,805)
% revenues	3.7%	2.9%	n/m	n/m	n/m
o/w attrib. to non-controlling interest	120	161	(3,660)	(12,435)	(2,493)
o/w attrib. to Condotte America	3,002	2,757	52	7,034	(5,311)
EBIT	4,040	4,824	(918)	(26,697)	(8,828)
Depreciation	2,081	2,053	2,116	2,249	2,423
EBITDA	6,121	6,878	1,198	(24,448)	(6,405)
% revenues	7.3%	6.8%	1.2%	n/m	n/m

Balance Sheet

(\$k)	2013A	2014A	2015A	2016A	2017A
PP&E	14,599	16,458	16,561	11,111	10,167
Financial Assets	3,348	3,953	4,469	4,290	1,134
Fixed Assets	17,947	20,410	21,030	15,401	11,300
Operating receivables	39,442	61,300	56,803	20,064	17,339
Operating payables	(37,558)	(49,469)	(52,829)	(34,585)	(23,051)
Trade Working Capital	1,884	11,831	3,974	(14,521)	(5,712)
Other assets (liabilities)	(4,965)	(6,102)	(2,327)	(304)	(943)
Net Working Capital	(3,081)	5,729	1,648	(14,825)	(6,655)
Other long-term assets and liabilities	181	218	116	110	157
Net Invested Capital	15,047	26,357	22,793	685	4,803
Shareholders' Equity	47,590	48,983	45,375	40,148	25,286
Financial debt	5,167	6,307	5,540	3,806	1,987
Cash and cash equivalent	(37,709)	(28,933)	(28,122)	(43,269)	(22,470)
Net Debt (Net Cash)	(32,543)	(22,626)	(22,582)	(39,462)	(20,483)
Total Sources	15,047	26,357	22,793	685	4,803

FOCUS ON US OPERATIONS

- Consolidated results of Condotte America are **negatively impacted by the operating losses** registered by its Panamanian subsidiary, Proyectos e Ingenieria de America Latina, S. de RL, and the related JVs ("**Condotte Panama**")
 - In 2012, Condotte Panama had been **awarded with a construction contract for a total value of \$60m**
 - Following the project's cancellation in 2015, Condotte Panama has been involved in legal procedures for claims on works already performed and reported **cumulated net losses of approximately \$36m** over the period **2015-2017**
 - As a consequence, Condotte Panama can be considered as a non-core business branch
- For clarity purposes, the consolidated financials of **Condotte America's operations carried out only in US** are reported below

Profit & Loss¹

(\$k)	2013A	2014A	2015A	2016A	2017A
Revenues	53,611	77,832	94,529	88,651	77,170
Cost of earned revenues	(47,343)	(71,292)	(83,725)	(87,535)	(76,378)
Provisions for losses on uncompl. contr.	-	-	-	(134)	(94)
Gross profit (loss)	6,268	6,541	10,804	983	698
% revenues	11.7%	8.4%	11.4%	1.1%	0.9%
EBIT	3,625	3,990	6,761	(3,093)	(4,124)
% revenues	6.8%	5.1%	7.2%	n/m	n/m
EBT	3,732	4,190	6,866	17,638	(3,822)
% revenues	7.0%	5.4%	7.3%	19.9%	n/m
Net income (loss)	3,002	2,590	4,000	18,392	(3,089)
% revenues	5.6%	3.3%	4.2%	20.7%	n/m
o/w attrib. to non-controlling interest	-	-	127	(492)	(3)
o/w attrib. to Condotte America	3,002	2,590	3,873	18,885	(3,086)
EBIT	3,625	3,990	6,761	(3,093)	(4,124)
Depreciation	1,622	1,783	2,032	2,230	2,416
EBITDA	5,247	5,773	8,792	(863)	(1,708)
% revenues	9.8%	7.4%	9.3%	n/m	n/m

Balance Sheet¹

(\$k)	2013A	2014A	2015A	2016A	2017A
PP&E	14,206	16,327	16,518	11,087	10,150
Financial Assets	4,055	4,827	4,491	4,499	1,459
Fixed Assets	18,261	21,154	21,008	15,586	11,609
Operating receivables	14,503	30,365	33,921	40,292	43,582
Operating payables	(16,743)	(24,752)	(25,706)	(24,007)	(13,096)
Trade Working Capital	(2,240)	5,613	8,215	16,285	30,486
Other assets (liabilities)	(1,791)	(3,997)	(4,337)	(3,068)	(3,299)
Net Working Capital	(4,031)	1,617	3,879	13,217	27,187
Other long-term assets and liabilities	1,384	1,559	1,586	1,604	1,623
Net Invested Capital	15,613	24,329	26,473	30,407	40,419
Shareholders' Equity	47,469	48,701	51,827	70,393	60,212
Financial debt	1,573	2,499	1,766	2,556	1,987
Cash and cash equivalent	(33,429)	(26,871)	(27,120)	(42,542)	(21,780)
Net Debt (Net Cash)	(31,856)	(24,372)	(25,354)	(39,986)	(19,793)
Total Sources	15,613	24,329	26,473	30,407	40,419

CLEAR STRATEGIC PATH TO MAINTAIN A STABLE AND SUSTAINABLE GROWTH

