



PRESS RELEASE

GROUP SPEEDS UP RESTRUCTURING

**Board of Directors approves
Impregilo S.p.A. and Group consolidated draft financial statements for 2005**

- Consolidated net loss of 358.2 million euro, including 295 million euro of losses on non-core businesses (Building & Services, Campania MSW Project, Imprepar in liquidation) and 125 million euro for restructuring projects involving provisions and write-downs in the core businesses (the consolidated loss does not include the gain for an estimated 100 million euro expected from the sale of the Costanera Norte motorway concession in Chile).
- Financial and equity restructuring successfully completed, bringing the consolidated debt/equity ratio to 0.9 at 31 December 2005 (net of discontinued operations) compared to 5.5 at 31 December 2004.
- Group refocusing on core businesses: “Construction” (major infrastructures, headed by Impregilo S.p.A.), “Plant” (desalination, smoke treatment, waste to energy conversion, environmental reclamation, headed by the subsidiaries Fisia Italmimpianti and Fisia Babcock) and “Concessions” (headed by the subsidiary Impregilo International Infrastructure N.V.).
- In the absence of currently unforeseeable extraordinary events, a consolidated net profit is already expected for FY 2006, a year earlier than originally projected in the 2005-2007 three-year plan presented to the market at the time of the share capital increase in June-July 2005.
- “Construction” and “Plant” contracting backlog of 5.8 billion euro at 31 December 2005 (not including an additional 6 billion euro of new orders due to close shortly).

The Board of Directors approved the Impregilo S.p.A. and Group 2005 consolidated financial statements to be presented to the Shareholders' Meeting convened for 28 April 2006 (first call) and 3 May 2006 (second call).



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Impregilo Group operating highlights

(in millions of euro)

	FY 2005	FY 2004
Net sales	2,443.0	2,999.7
Operating profit (loss)	(254.4)	141.8
Earnings before tax	(303.0)	(9.4)
Net profit (loss) for the year	(358.2)	(88.6)

Impregilo Group equity and financial highlights

(in millions of euro)

	FY 2005	FY 2004
Net capital employed	1,006.0	1,373.1
Net debt (on-going operations)*	(489.3)	(1,161.4)
Shareholders' equity	516.7	211.7
Debt/equity	0.9	5.5
Employees	10,138	11,703

*The 2005 figure does not include net debt of approximately 250 million euro for discontinued operations.

Consolidated **net sales** totalled **2,443** million euro (2,999 million euro in 2004). The decrease from the earlier year arose from a general downturn in sales volumes, the de-consolidation of some operations and the absence of extraordinary items recognised in 2004. The result is not seen as a cause for concern given the acquisition of important new projects currently being formalised in the "Construction" business.

The Group posted a **consolidated operating loss** of **254.4** million euro. A significant factor in the result was the aggregate operating loss (260 million euro) of the non-core businesses (Building & Services, Campania MSW Project, Imprepar in liquidation), which are being sold/retired or are in liquidation.

There was a significant improvement in **financial income and expense** as a result of the financial restructuring, which reduced financial expense in respect of banks, bondholders and other providers of finance by approximately **32.4** million euro.

Impregilo posted a **consolidated net loss** of **358.2** million euro, of which 295 million euro related to losses on the non-core businesses and 125 million euro to restructuring projects involving provisions and write-downs in the core businesses: "Construction" (major infrastructures, headed by Impregilo S.p.A.), "Plant" (desalination, smoke treatment, waste to energy conversion, environmental reclamation, headed by the subsidiaries Fisia Italmimpianti and Fisia Babcock) and "Concessions" (headed by the subsidiary Impregilo International Infrastructure N.V.).

The consolidated loss does not include the gain, for an estimated 100 million euro, expected from the sale of the **Costanera Norte** motorway concession in Chile, on which a binding agreement was reached in December 2005 with the buyers (Autostrade S.p.A. and SIAS). The final contracts were signed on 15 March last, although they are still subject to a number of conditions which are expected to be fulfilled shortly.



Net debt at 31 December 2005 was **489.3** million euro (not including net debt on discontinued operations), and was down by 672 million euro from 31 December 2004. During the year, share capital was increased by 651.9 million euro.

Shareholders' equity at 31 December 2005 amounted to **516.7** million euro, an increase of 305 million euro from 31 December 2004.

Achievement of 2005-2007 three-year plan targets

During the year almost all of the targets of the 2005-2007 three-year strategic plan presented to the financial community at the time of the share capital increase in June-July 2005 were successfully achieved. More specifically:

- a wide-ranging equity and debt restructuring was completed, with a successful share capital increase for a total of 651.9 million euro, arrangement of a 500 million euro medium/long-term borrowing and a medium/long-term re-scheduling of 200 million euro of short-term debt;
- the Group reported a significant improvement in its equity and financial ratios, in particular, the debt/equity ratio passed from 5.5 at 31 December 2004 to 0.9 (net of discontinued operations) at 31 December 2005;
- implementation began of the Group strategic guidelines for a refocusing on the core businesses: "Construction", "Plant" and "Concessions".
- implementation began of the strategy to reduce capital employed, with disposals for approximately 140 million euro (and an aggregate net gain of approximately 24 million euro); as previously mentioned, the sale of the Costanera Norte motorway concession in Chile is being finalised (and will bring a net gain of approximately 100 million euro).
- regarding proactive management of *key critical issues* the following events took place in 2005:
 - on the Campania MSW Project, as a result of Decree Law no.245/2005 (converted into Law 21/2006), the contracts binding *Fibe* and *Fibe Campania SpA* to the Extraordinary Government Commissioner were resolved *ope legis* and a so-called "transition period" began. During this period, which ends on 31 May 2006, Fibe and Fibe Campania will continue to provide services, but will be remunerated from resources allocated to the Civil Defence Department; also as a result of the above legislation, the commissioner has set in motion a European call for tenders to award the service to new providers. The procedure provides for Fibe and Fibe Campania to recover their investments in fixed assets, net of depreciation and amortisation;
 - the *Imprepar* liquidator continued to unblock credits and allocate prudent provisions in respect of ascertained collection difficulties;



- significant provisions and write-downs were made (for 66.5 million euro) in respect of the critical situation of *concessions in Argentina*; this is due to the fact that charges have not been raised, owing to the country's financial difficulties, although negotiations continued with the local authorities with a view to obtaining the increases;
- Impregilo continued its withdrawal from the *Building & Services* business, which has generated heavy and growing losses in the last few years; substantial provisions and write-downs were recognised during 2005 in connection with the withdrawal;
- in December 2005 an agreement was reached for the buy-back of the 49% share held by Equinox in *Fisia Italimpianti*; Impregilo now holds 100% of the shares of this company, an integral part of its core businesses, and is free to develop industrial strategy as appropriate.

Results of the parent company Impregilo S.p.A.

At the parent company Impregilo S.p.A.:

- **total net sales** were **1,676.9** million euro (2,054.3 million euro in 2004);
- **operating profit** was **52.1** million euro (87.7 million euro in 2004);
- the **net loss** totalled **257.4** million euro (a net loss of 142.6 million euro in 2004) reflecting the negative effect of large non-recurring items;
- **net debt** amounted to 512.2 million euro, an increase of 288.4 million euro due to debt restructuring operations;
- **shareholders' equity** was **740.5** million euro at 31 December 2005 (346 million euro at 31 December 2004); the difference reflected the increase in share capital and the share premium reserve for 651.9 million euro, and a reduction of 257.4 million euro for the loss for the year.

Significant post balance-sheet events

Significant post balance-sheet events are as follows:

- on 27 January 2006, as part of the Group restructuring, the Impregilo Board of Directors approved the project for the merger into Impregilo of the subsidiaries Tesco S.r.l. and Impregilo Italia Concessioni S.p.A.
- the "Construction" business contracting portfolio expanded on closing of the following orders:
 - construction of the Thessaloniki automatic underground railway, in Greece



- construction of the Guaigui hydraulic plant, in the Dominican Republic.

- with reference to the awarding of the project for the bridge over the Straits of Messina to the group led by Impregilo, on 8 March 2006, the Lazio regional administrative tribunal rejected the application for suspension of the award filed in December 2005 by the competing bidder group headed by Astaldi. Closing of the contract with Stretto di Messina S.p.A. is expected to take place shortly.

- the contract for the third Milan-Genoa railway crossing and the contracts for the Charallave-La Encrucijada, La Encrucijada-San Fernando de Apure, Chagueromas-Cabrute sections of the Venezuela national railway project are also expected to close shortly.

Outlook for 2006

In view of industry trends, the contracting backlog and current management action, Impregilo believes that, in the absence of currently unforeseeable extraordinary events, in the non-core area in particular, the targets of the 2005-2007 three-year restructuring and recovery plan presented to the market at the time of the share capital increase in June-July 2005 will be reached sooner than originally scheduled, thus enabling it to post a net profit for 2006.

Key targets for 2006

The Board of Directors also reviewed the Group's key targets for 2006:

- turnover growth of more than 5%
- an operating profit improvement of more than 6%
- a net profit
- a debt/equity ratio under 0.5
- an acceleration in the divestment/liquidation of non-core operations

The Board of Directors will also ask the Shareholders to appoint Price Cooper Waterhouse S.p.A. as independent auditors for the six years 2006/2011, on expiry of the second term of engagement of Reconta Ernst & Young S.p.A..

The Board of Directors examined the annual report on Corporate Governance and compliance with the Code of Conduct, which will be illustrated in detail in the Annual Report and published on the company website, www.impregilo.it.

With regard to the periodical check on the independence of Directors pursuant to art.32 of the Code of Conduct for listed companies, the Board confirmed its previous opinion regarding the independence of its members. On the basis of the information provided by the individuals in



question, the following Directors qualify as independent: Alfredo Cavanenghi, Ezio Gandini, Gian Luigi Garrino, Carlo Lotti and Giorgio Robba.

Sesto San Giovanni, 24 March 2006

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Impregilo S.p.A.

(in millions of euro)	FY 2005	FY 2004
OPERATING HIGHLIGHTS		
Value of production	1,676.9	2,054.3
Operating profit (loss)	52.1	87.7
Earnings before tax	(252.4)	(104.4)
Net profit (loss) for the year	(257.4)	(142.7)

(in millions of euro)	FY 2005	FY 2004
EQUITY AND FINANCIAL HIGHLIGHTS		
Net non-current assets	568.2	636.9
Working capital	684.7	(67.1)
Net capital employed	1,252.7	569.8
Shareholders' equity	740.5	346.0
Net debt	(512.2)	(223.8)