

IMPREGILO APPROVES QUARTERLY REPORT AT 30 SEPTEMBER 2005

BUSINESS RESULTS STABLE

- Consolidated EBITDA of -264.5 million euro (-251.9 million euro at 30 June 2005) and consolidated EBIT of -308.1 million euro (-298.7 million euro at 30 June 2005), after heavy non-recurring restructuring expenses, recognised for the most part in the half-year accounts.
- " Further important adjustments to the financial position to bring the debt/equity ratio at 30 September 2005 to approximately 1.1, compared with approximately 1.4 at 30 June 2005 and approximately 5.5 at 31 December 2004.
- " Negotiations still underway on Fibe and Fibe Campania and for the sale of Costanera Norte.

At a meeting chaired by Cesare Romiti, the Board of Directors of Impregilo S.p.A. examined and approved the quarterly report at 30 September 2005 (drawn up, like the half-year report, in compliance with the IAS/IFRS international accounting and reporting standards).

IMPREGILO GROUP BUSINESS AND FINANCIAL HIGHLIGHTS

	Income statement			
Full year 2004	(in millions of euro)	30 september 2005	30 june 2005	30 september 2004
2,999.7	Net sales	1,805.9	1,206.1	2,289.4
141.8	EBITDA	(264.5)	(251.9)	130.2
(4.6)	Group EBIT	(308.1)	(298.7)	64.2
	Balance sheet			
Full year 2004	(in millions of euro)	30 September 2005	30 June 2005	30 September 2004
1,373.1	Net invested capital	1,164.3	1,114.9	1,582.6
1,161.5	Net debt	592.1	653.9	1,196.3
211.7	Shareholders' equity (*)	572.2	461.0	386.3
5.5	Debt/equity ratio (**)	1.1	1.4	
11,703	Employees	10,362	10,943	12,620

(*) Shareholders' equity at 30 September 2005 and 30 September 2004 stated before tax for the period.

(**) In the determination of the debt/equity ratio, profit / loss taken to equity includes tax (the tax charge at 30 September is an estimate).

The year to 30 September 2005 closed with consolidated negative EBITDA of 264.5 million euro and consolidated negative EBIT of 308.1 million euro (including minority interests).

The results were significantly affected by the restructuring that began in the Spring. This involved non-recurring provisions and writedowns relating to all Group business units, most of which were recognised in the half-year accounts. Without these charges, both EBITDA and EBIT would have been positive (the charges recognised in the half-year accounts totalled 318.9 million euro in respect of EBITDA and 345.7 million euro in respect of net profit).

As previously announced, the restructuring plan envisaged:

- the entry of new reference shareholders;
- a change in company top management in May 2005;
- a fundamental financial re-organisation relating to both debt and equity, completed in July 2005;
- the definition and rapid introduction of new business plan guidelines for the three years 2005-2007; these introduce significant strategic changes and are designed, among other things, to resolve the weaknesses reported at the time of the rights issue in June.

During the third quarter, EBITDA showed a slight worsening (-12.6 million euro) compared with the result at 30 June 2005; this reflected the net impact of opposing trends in Impregilo's core businesses, essentially positive margin growth in the Infrastructures business (+ 43 million euro) set against a downturn at Fibe and Fibe Campania (-17 million euro) and Imprepar (-13 million euro), as well as coverage of charges at Corporate staff units (-20 million euro, of which more than 50% relating to the current restructuring).

The financial position showed net debt of 592.1 million euro at September 2005, down by 61.8 million euro from 30 June. After recognition of the portion of the share capital increase subscribed after closure of the first half, of EBIT and of the estimated tax effect, shareholders' equity increased to 532.4 million euro (461 million euro at 30 June 2005). The debt/equity ratio at 30 September 2005 was therefore approximately 1.1, compared with about 1.4 at 30 June 2005 and about 5.5 at 31 December 2004.

More specifically, consolidated results were as follows:

- **value of production** was 1,805.9 million euro, against 2,289.4 million euro a year earlier. The difference was largely due to a decrease in production as a result of the slowdown in work at sites nearing completion (in particular the Turin-Novara section of the Turin-Milan high-speed railway), and to the Group's financial weakness before the turnaround, which caused delays in obtaining the bank guarantees needed to start up new contracts. In addition, 2004 included non-recurring income (of about 60 million euro) following settlement of a claim in the Infrastructures sector. Delays also occurred in the start-up of work on a number of large new contracts (including

the two sections of the Salerno-Reggio Calabria motorway and the Mestre Orbital) for reasons that were largely beyond Impregilo's control.

- **EBITDA** was negative at 264.5 million euro, compared with positive EBITDA of 130.2 million euro in the year-earlier period;
- **on-going operations** showed a loss of 310.1 million euro, against a gain of 64.6 million in 2004. The result arose from restructuring writedowns and provisions, and also from recognition of a net financial charge of 45.6 million euro, although the amount was approximately 20 million euro smaller than the charge in the year-earlier period. This improvement arose essentially from non-recurring income relating to the capital gain on the sale to Gemina of the equity investment in Leonardo (16 million euro) and from the decrease in interest expense after the 2005 bond repayment; these factors were offset in part by the fact that in 2004 Impregilo had a non-recurring gain (54 million euro) from the sale of its investment in Consorzio Venezia Nuova;
- **Group EBIT** was negative at 308.1 million euro (compared with positive EBIT of 64.2 million euro in 2004), after a loss of 4.6 million euro on discontinued operations and losses of 6.6 million euro attributable to minorities.

As already mentioned, in accordance with standard quarterly reporting practice, the consolidated figures for the year to 30 September 2005 are presented before tax for the period. The table below shows estimated tax expense for the period.

(in thousands of euro)	Before tax	Tax effect	After tax
Earnings for the period	(308,098)	(39,758)	(347,856)
Shareholders' equity before minority interests	563,870	(39,758)	524,112
Shareholders' equity after minority interests	572,243	(39,758)	532,485

At the end of the third quarter, the parent company Impregilo S.p.A. reported value of production of 1,253.9 million euro (1,519.9 million euro at 30 September 2004); negative EBITDA of 42.4 million euro (positive at 84.0 million euro at 30 September 2004); negative EBIT of 390.2 million euro (positive at 28.2 million euro at 30 September 2004). Net debt was 250.6 million euro.

Regarding the sale by the subsidiary Impregilo International Infrastrucures N.V. of the interest in Costanera Norte, the motorway concession holder in Chile, talks are underway with Autostrade S.p.A. and SIAS S.p.A., whose joint offer, based on the due diligence conducted by the companies, was the best of those presented. Impregilo expects the talks to be completed by the end of November..

Significant events after the end of the third quarter

Since closure of the third quarter, Impregilo has won two important "Engineering & Construction" contracts:

- on 12 October 2005 Impregilo obtained the highest score - in both technical and economic terms - for the award of the contract for the construction of the bridge over the Straits of Messina. As agent with a 45% interest in the temporary association of companies formed with Sacyr SA, Società Italiana per Condotte d'Acqua S.p.A., Ishikawajima-Harima Industries Co. Ltd., Cooperativa Muratori Cementisti C.M.C. of Ravenna, Argo Costruzioni infrastrutture S.c.p.a. and Aci Consorzio Stabile, Impregilo will act as General Contractor on the project. The contract was awarded on an offer of 3.88 billion euro, of which approximately 51% for works on land and the remainder for the actual bridge. The offer represents an overall discount of 12.33% on the auction estimate, achieved as a result of innovative solutions based on an extensive project analysis that enabled the consortium to optimise construction costs.
- In October, Fisia Italimpianti S.p.A., the world's leading constructor of environmental and desalination plant, in which Impregilo holds a 51% interest, signed a new contract in Qatar worth more than 260 million dollars, for the supply of desalination facilities.

Preliminary work also began for the construction of the third crossing on the Milan-Genoa railway line.

Negotiations have begun for the sale to an outside party of the Group's interest in Nuova Iniziative Coimpresa S.r.l., a real estate company in which Impregilo Edilizia e Servizi holds a 75.525% stake.

Imprepar

At 30 September 2005 Imprepar reported a loss of about 72 million euro, up by approximately 14 million euro from 30 June. The higher loss was largely due to additional provisions and writedowns recognised in the third quarter. Consequently, at 30 September 2005 Impregilo S.p.A. had receivables due from Imprepar of 157.4 million euro, against 173 million euro at 30 June 2005.

Fibe/Fibe Campania

The negotiations with the counterparty that began in July continued, with a view to resolving as quickly as possible an untenable situation for all parties concerned. In this regard, a positive development took place on 28 October when the Naples State Prosecutor granted an extension (from 31 October to 15 December 2005) of the final term for the return of the sequestered plant, "in part in consideration of the imminent adoption of government recommendations to terminate the contract with the current service providers", as indicated by the Extraordinary Government Commissioner in the extension

application.

Developments are therefore expected by the end of the year, although their effects cannot be estimated at present.

Outlook

Considering the capital gain that would arise if the sale of the Costanera Norte SA Chilean motorway concession is successfully completed, for which talks are underway on the findings of the due diligence conducted by Autostrade and SIAS, the companies selected after the recent bid, Impregilo reasonably expects its full-year net result to be in line with the results at 30 September.

Account must also be taken of the fact that the outcome of the talks for the resolution of the Fibe S.p.A. and Fibe Campania S.p.A. contracts for the municipal solid waste project in the region of Campania is still uncertain.

Finally, as authorised by the extraordinary Shareholders' Meeting of 26 September 2005 and with reference to the stock options plan approved by the shareholders, the Impregilo S.p.A. Board of Directors increased the share capital of Impregilo S.p.A., on a splittable basis with the exclusion of rights, for a maximum amount of 7,089,960.72 euro, through the issue of up to 3,983,124 ordinary shares with regular entitlement, to be offered for subscription to Impregilo S.p.A. Chief Executive Officer Alberto Lina, at the total per-share price of 3.023 euro set by the Shareholders' Meeting, which includes a share premium of 1.243 euro.

	Income statement			
Full year 2004	(in millions of euro)	30 September 2005	30 June 2005	30 September 2004
2,054.3	Net sales	1,253.9	888.3	1,519.9
87.7	EBITDA	(42.4)	(48)	84.0
(104.4)	EBIT	(390.2)	(317.1)	28.2
	Balance sheet			
Full year 2004	(in millions of euro)	30 September 2005	30 June 2005	30 September 2004
447.5	Net invested capital	832.0	886.7	649.7
101.5	Net debt	250.6	322.6	132.8
346	Shareholders' equity (*)	581.4	564.1	516.9

(*) Shareholders' equity at 30 September 2004 and at 30 September 2005 is stated before tax for the period.