TREVIGroup

TREVI Group - 1H 2017 Results

October 2nd, 2017

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Mission

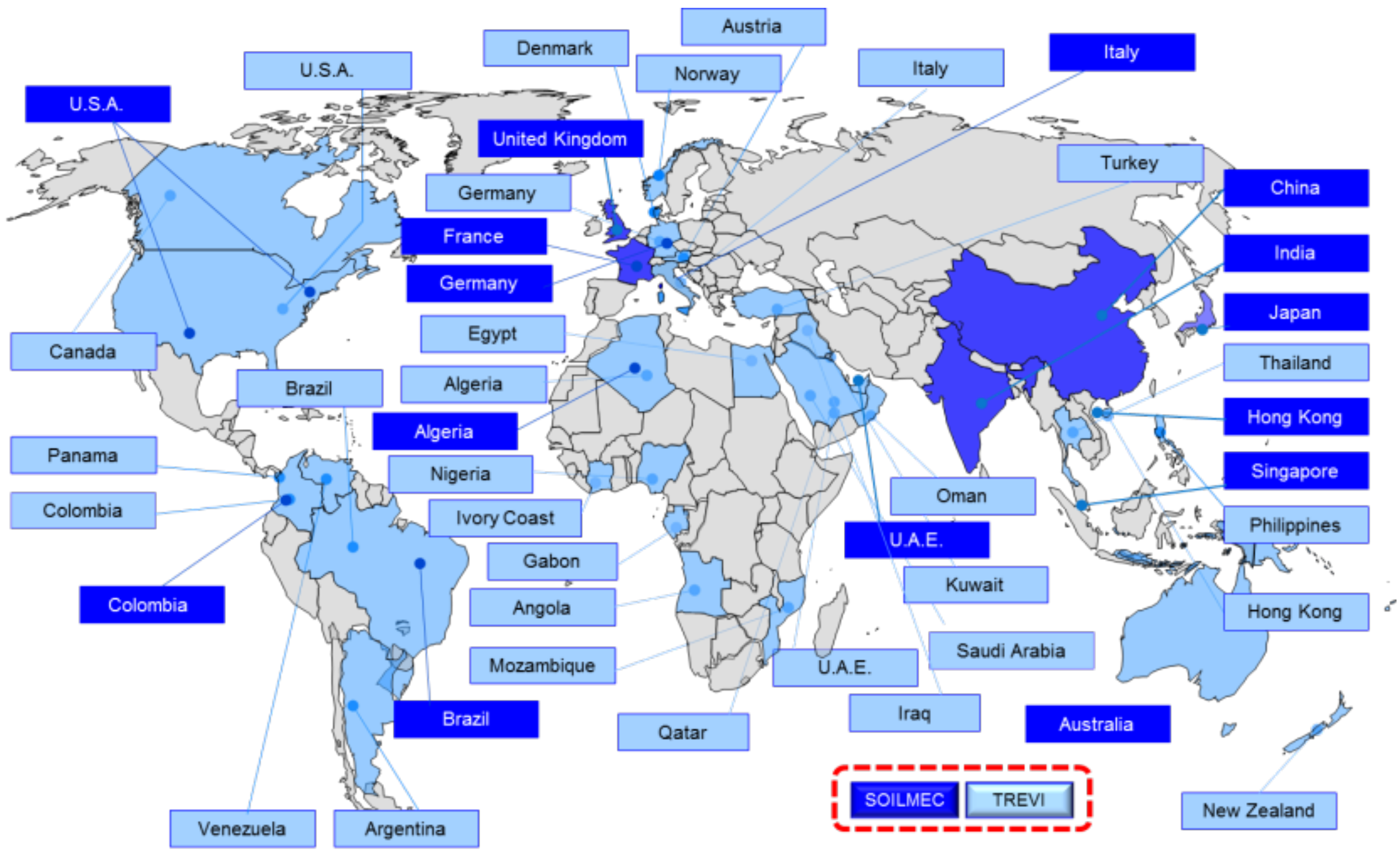
We plan, execute and provide technologies and innovative services for any kind of work in the field of foundation engineering as weel as oil and gas drilling industry

Vision

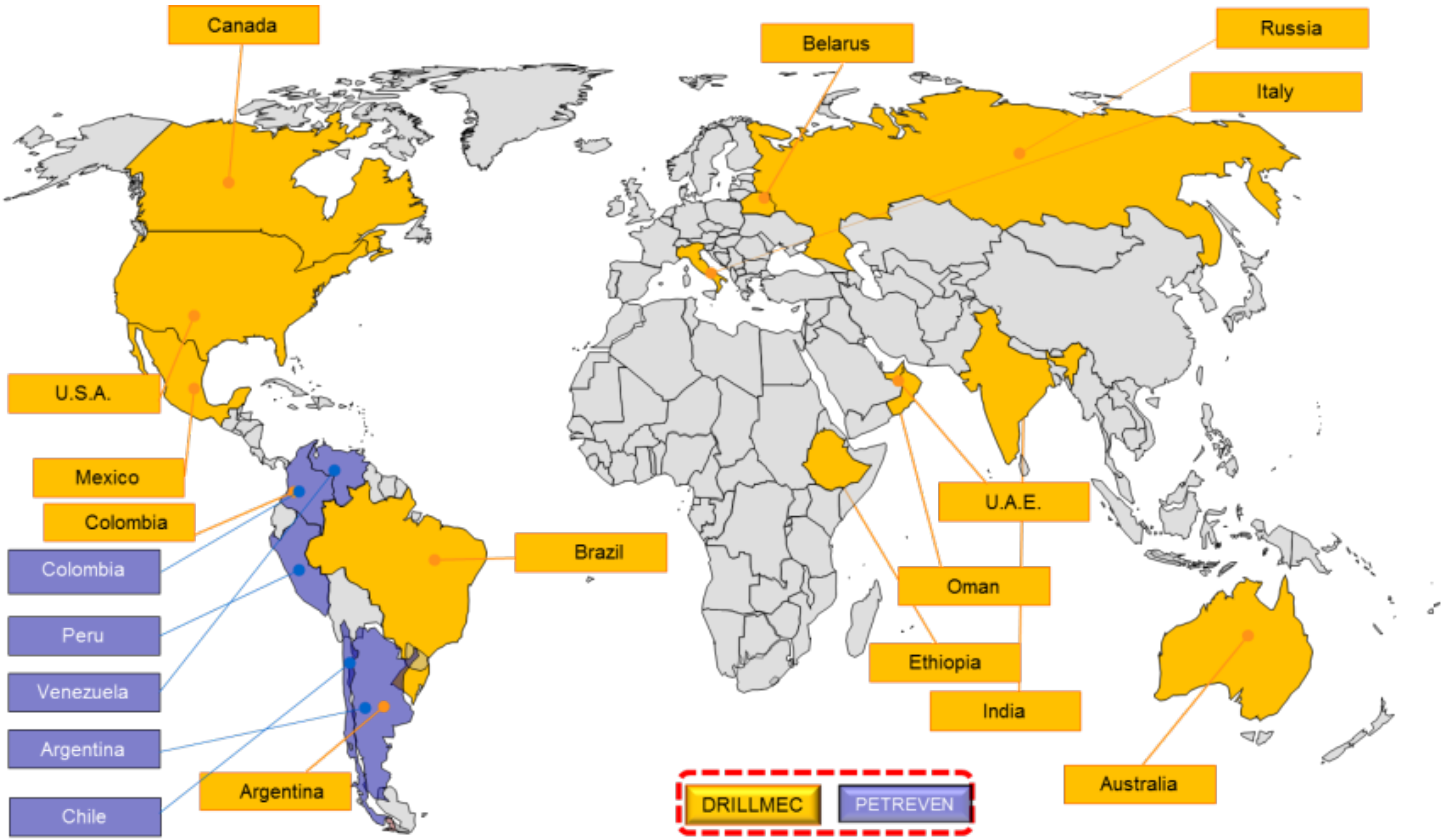
Becoming the main technological partner in the field of soil foundation engineering and in the research and development of water and energy resources

Foundation Segment

TREVIGroup



Oil & Gas Segment



Mosul Dam
(IRAQ)

1. Trevi Group – H1 2017 Financials and business development

2. Segment Analysis

- ❑ Foundation Segment
- ❑ Oil&Gas Segment

Trevi Group – H12017 Highlights

TREVIGroup

Consolidated Revenues Euro 460.8 million (Euro 519.3 million in H1 2016)

the negative variation is primarily related to the Oil&Gas Segment, impacted by the global market stagnation and the related difficulty in acquiring new orders, in addition to the cancellation of the YPFB order for the supply of three drilling plant in Bolivia.

EBITDA Euro -18.8 million, down Euro 81.2 million compared to Euro 62.3 million in H1 2016

substantially due to:

1. volumes reduction in the Oil & Gas Segment - together with a different projects mix in the period in the Trevi division and to lower volumes and a different mix of equipment sold for special foundation compared to the first half of the previous year;
2. inventory provision for approx. Euro 18 million, mainly concerning the Drillmec division.

EBIT Euro -75.1 million (reducing Euro 100.6 million from of Euro 25.6 million in 1H 2016)

substantially related to:

1. above outlined for EBITDA, together with a provision of Euro 10.7 million on past due account receivables
2. the partial write-of (for approx. Euro 12 million) of the capitalised research and development costs in Drillmec division following an Impairment test.

The Group Net Result in H1 2017 was a loss of Euro 118.3 million (loss of Euro 23.6 million in H1 2016 - down Euro 94.8 million)

this was impacted by the events outlined above and the write-down of deferred tax assets for approx. Euro 12 million following the recoverability test

The Net Financial Position at June 30, 2017 was Euro 565.9 million (Euro 440.9 million at December 31, 2016):

substantially related to:

1. the increase of Euro 125 million on December 31, 2016, as a result of Oil&Gas segment poor contribution, the lower amount of without recourse factoring compared to the end of 2016 and the typical business seasonality.
2. H1 2016 benefitted from the significant advances payment received in Trevi Division.

Trevi Group IBR

During the meetings to discuss the content of the standstill proposal, the lending institutions also requested an Independent Business Review (IBR) by a leading consultancy firm. The Trevi Group appointed PricewaterhouseCoopers (PwC) to carry out this task.

In May 2017 the Trevi Group started with PricewaterhouseCoopers S.p.A. the consequent path to the IBR that has actively involved all the Group Divisions.

The Scope of Work, proposed by the lending institutions and shared with Trevi Group, envisaged the development of the assignment according to the following macro area:

- Group Overview and description of the business
- Short Term financing and cash management
- Economic and Financial past performance for FYs 2014, 2015, 2016
- Review of Budget 2017 and Business Plan 2018-2021
- Short Term Cash Flow Monitoring
- Technical Due Diligence
- Tax Analysis

The PWC's IBR process was completed in the first days of September 2017 by issuing the IBR ("IBR Final Report") and sending it to all lending institutions

The IBR did not highlight any major issue which may jeopardise the negotiation with the Banks of the financial debt restructuring.

Trevi Group Standstill

TREVI Group submitted to the main Financing Banks a request for a standstill agreement, in order to enable the Group to focus on the development of its strategic plan and the reorganization of the Oil & Gas business.

The standstill agreement, would allow the financing needs of the TREVI Group to be managed in line with the business perspective and the strategic. The standstill agreement would last for the time strictly necessary to define with the Financing Banks an agreement aimed at renegotiating the terms of its financial indebtedness.

It is important to highlight that:

- the standstill agreement is in an advanced state of negotiations with the credit institutions for and in relation to which the institutions involved represent more of the 98% of the outstanding debt. Through their legal advisor, they have confirmed in a comfort letter the openness of their decision-making bodies to such (a number of which have already granted approval), even without assuming irrevocable commitments in this respect;
- the credit institutions are available to assess the proposals which will be advanced by the company and to pursue the current negotiations for the identification of a financial restructuring which involves the redefinition of the current Group financial debt according to terms consistent with the new industrial plan;
- the financial institutions are maintaining the majority of the of the credit lines necessary to fund current Group operations;
- The Group has a reasonable expectation, in view of the contacts undertaken to date - in addition to the advancement of negotiations on the standstill agreement - that the credit institutions will permit the company to utilise the credit lines considered under the standstill in line with that stipulated and according to the requirements of the company and of the Group, particularly with regards to the “endorsement” credit lines necessary for the company to issue the bank guarantees required for operations;
- The Group as a reasonable expectation that, on the basis of current negotiations, the financial debt restructuring agreement may be signed within a reasonably short timeframe, hopefully by December 31, 2017 (conclusion date of the standstill agreement proposal, which however stipulates the possibility for an extension with the approval of 70% of the institutions involved) and that, therefore, the company and the Group may have sufficient funding available to guarantee the maintenance of operations into the foreseeable future.

Trevi Group – 2017/2021 Plan Highlights

TREVI

- Special projects expected to generate significant revenues contribution in line with the past although partially in new recently developed markets
- Long term investment in dedicated specialized Resources to support activity consolidation and expansion
- The state of the art in Mosul Dam could generate further developments
- North America market exposure and consolidated excellent performances expected to contribute to business development in the area
- The new strategic view, focus on core business and the action plan adopted in the Business Plan will positive contribute to the expected margins stabilization

soilmec
Drilling and Foundation Equipment

- Extension of products portfolio, increasing focus on heavy power machines to support the development of the Division
- The Division is working hard to consolidate its position in the piling equipment and after sale services market
- Technology is the signature of the company and the first customer service driver
- Past investment in research and development activities is generating interesting and growing return starting from second half 2017
- In house developed and state of the art remote data control and management system applied on increasing number to improve connectivity and performances

Trevi Group – 2017/2021 Plan Highlights

TREVIGroup

Petreven

- The Division is involved in on going hot negotiations to increase the backlog, including and increase of the fleet utilization and a potential sustainable geographic diversification
- The Division will face some structural changes focusing on cost reduction and increase in efficiency
- The Company is an advanced consolidated drilling conctractor with excellent track record and has given mandate to a specialized international advisor to primarily assess any potential opportunity for M&A and partnership activities

DRILLMEC DRILLING TECHNOLOGIES

- The new management of the company has revised the strategy in light of the past performance, the prolonged low oil price scenario and the unexpected loss of the large project in Bolivia
- The Division will focus its energies in the growth of the service division taking advantage of its skills, technologies and innovations
- The Division will face some structural changes focusing on cost reduction and efficiency
- The Company, one of the few integrated drilling equipment provider in the global market able to design, manufacture and deliver the full range of advanced drilling solutions, has given mandate to a specialized international advisor to primarily assess any potential opportunity for M&A and partnership activities

Trevi Group – Key data at June 30th, 2017

TREVIGroup

(amounts in M€)	ACTUAL 1H 2017	ACTUAL 1H 2016	Change
BACKLOG	**637,1**	**1.074,4**	**(437,3)**
ORDER INTAKE *(1)*	**262,9**	**644,2**	**(381,3)**
REVENUES	**460,8**	**519,3**	**(58,4)**
VALUE OF PRODUCTION	**455,4**	**557,9**	**(102,5)**
EBITDA	**(18,8)**	**62,3**	**(81,1)**
% on VdP	*-4%*	*11%*	
EBIT	**(75,1)**	**25,5**	**(100,6)**
% on VdP	*-16%*	*5%*	
GROUP NET RESULT	**(118,3)**	**(23,6)**	**(94,7)**
NET INVESTED CAPITAL	**898,1**	**930,8**	**(32,7)**
EQUITY	**332,2**	**534,3**	**(202,1)**
NET FINANCIAL POSITION	**565,9**	**396,5**	**169,4**
EMPLOYEES NUMBER	**7.021**	**7.399**	**(378)**

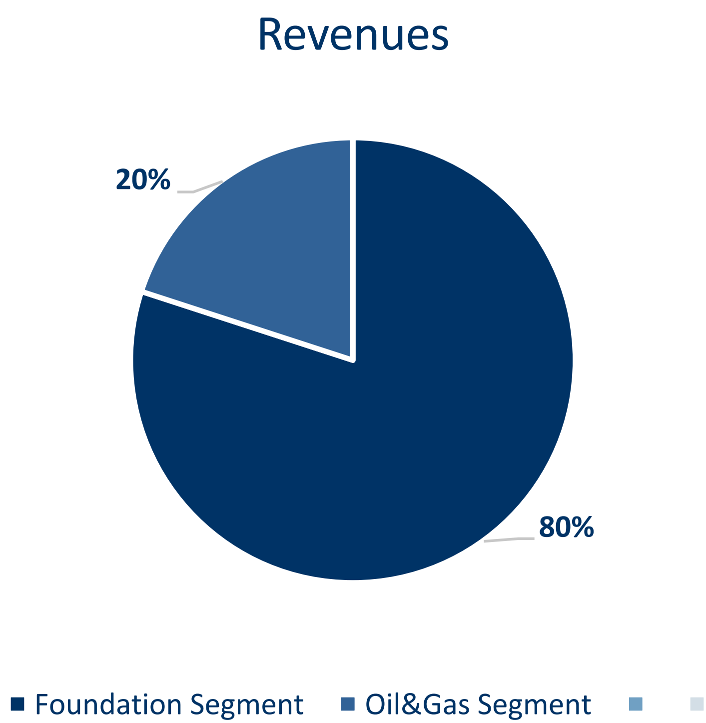
(1) 1H 2016 and FY 2016 data include Mosul Dam Project for some 273,5 M€

Trevi Group –H1 2017 Income Statement

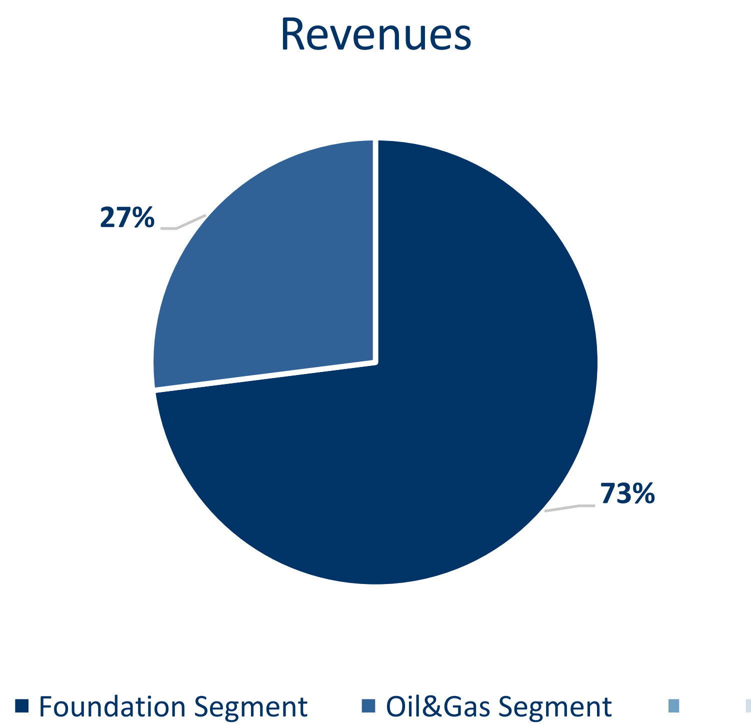
INCOME STATEMENT (Amounts in Euro MLN)	Actual 1°H 2017	Actual 1°H 2016	Change Act 17 vs Act 16
Total Revenues	**460,8**	**519,3**	**(58,4)**
Changes in inventories of work in progress, semi-finished and finished goods	(8,3)	34,8	(43,1)
Increase in fixed assets for internal use	2,9	3,8	(0,9)
Value of production	**455,4**	**557,9**	**(102,5)**
Cost of raw materials and cost of services	334,3	365,4	(31,2)
Other operating costs	14,3	9,1	5,2
Value added	**106,8**	**183,3**	**(76,5)**
Personnel expenses	125,7	121,0	4,7
EBITDA	**(18,8)**	**62,3**	**(81,2)**
% of Total revenues	*-4,1%*	*12,0%*	
Depreciation and amortisation	27,5	32,6	(5,1)
Provisions for risks and write-downs	28,7	4,1	24,6
EBIT	**(75,1)**	**25,6**	**(100,6)**
% of Total revenues	*-16,3%*	*4,9%*	
Financial income /(expenses)	(11,7)	(14,1)	2,4
Gains /(losses) on exchange rates	(10,7)	(17,2)	6,4
Other net financial expenses	(1,6)	(0,3)	(1,3)
Result before taxes	**(99,1)**	**(6,0)**	**(93,1)**
Income taxes	21,8	15,3	6,5
Non-controlling interests	(2,6)	2,2	(4,9)
Group Net Result	**(118,3)**	**(23,6)**	**(94,7)**
% of Total revenues	-25,7%	-4,5%	

Trevi Group – H1 2017 Revenues by Segment

1H 2017 Revenues : Euro 460,8* mln



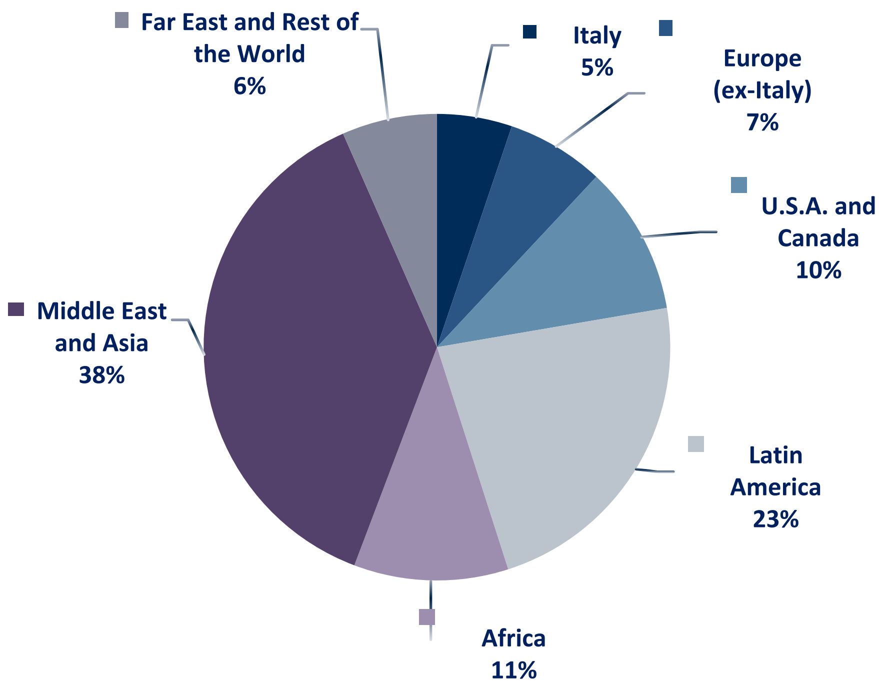
H1 2016 Revenues : Euro 519,3* mln



(*) The individual income statement accounts stated above do not include intersegment adjustments; the parent company and Trevi Energy S.p.A. are not included.

Trevi Group – H1 2017 Revenues by Geographic area

Geographic area	30/06/2017	%	30/06/2016	%	Change	Ch.%
Italy	23,965	5.2%	28,475	5.5%	(4,511)	-15.8%
Europe (ex-Italy)	31,193	6.8%	38,452	7.4%	(7,259)	-18.9%
USA and Canada	47,638	10.3%	55,552	10.7%	(7,915)	-14.2%
Latin America	104,863	22.8%	91,612	17.6%	13,252	14.5%
Africa	49,331	10.7%	114,251	22.0%	(64,920)	-56.8%
Middle East and Asia	173,452	37.6%	143,084	27.6%	30,368	21.2%
Far East and rest of the World	30,399	6.6%	47,825	9.2%	(17,426)	-36.4%
TOTAL REVENUES	**460,841**	**100%**	**519,251**	**100%**	**(58,410)**	**-11.2%**



Trevi Group – H1 2017 Backlog and order intake

Order intake in the first half of 2017 was approx. Euro 263 million (Euro 644.2 million in H1 2016, of which Euro 273 million concerning the Mosul dam order).

The backlog at June 30, 2017 was Euro 637 million (Euro 956 million at December 31, 2016), decreasing Euro 319 million on December 31, 2016, principally due to continued Oil&Gas segment stagnation, in addition to the cancellation of the YPFB order in Bolivia for a value of approx. Euro 121.4 million. The delay of the Oil&Gas market recovery is reflected also in foundation segment on a number of the Group's traditional markets impacted by a weak oil price in particular Nigeria and Venezuela.

Order Intake 1H2017

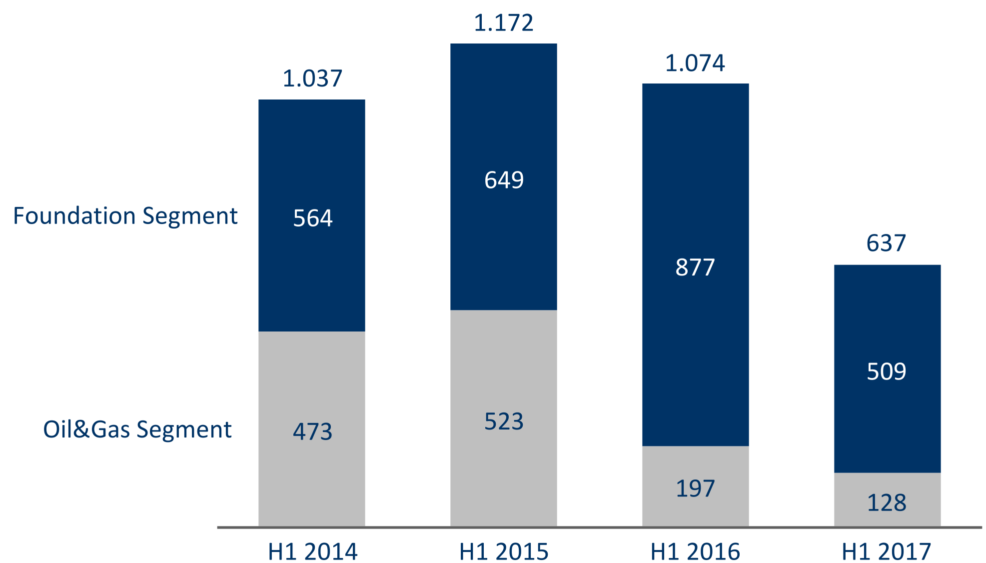
(Amounts in M€)

Division	Order intake 1H / 2017	Order intake 1H / 2016	Change	
Special foundation	217,2	597,1	(379,9)	*(*)*
Oil & Gas	45,8	47,1	(1,3)	
Total	**262,9**	**644,2**	**(381,3)**	

(*) Mosul Dam Project order intake in 1H 2016 for some 273,5 M€

(Amounts in M€)

Division	Backlog 1H / 2017	Backlog FY / 2016	Changes
Special foundation	509,3	665,5	(156,2)
Oil & Gas	127,7	290,9	(163,2)
Total	**637,1**	**956,4**	**(319,4)**



Trevi Group – H1 2017 Balance Sheet

TREVIGroup

BALANCE SHEET Amounts in M€	ACTUAL 1H 2017	ACTUAL FY 2016	CHANGE
Fixed Assets			
- Property, plant and equipment	332,6	356,4	(23,8)
- Intangible assets	49,9	65,2	(15,3)
- Financial assets	5,3	6,9	(1,6)
	387,9	**428,6**	**(40,7)**
Net working capital			
- Inventories	480,3	500,6	(20,2)
- Trade receivables	348,3	363,0	(14,7)
- Trade payables (-)	(232,0)	(260,6)	28,6
- Advance payments (-)	(101,6)	(141,5)	39,9
- Other assets/ (liabilities)	33,2	53,3	(20,1)
	528,3	**514,8**	**13,6**
Invested capital less liabilities for the period (A+B)	**916,2**	**943,4**	**(27,2)**
Post-employment benefits (-)	**(18,1)**	**(19,7)**	**1,7**
NET INVESTED CAPITAL (C+D)	**898,1**	**923,6**	**(25,5)**
Financed by:			
Shareholders' equity attributable to owners of the Parent Company	**325,3**	**472,4**	**(147,1)**
Net shareholders' equity attributable to non-controlling interests	6,9	10,4	(3,4)
Net debt	**565,9**	**440,9**	**125,1**
TOTAL SOURCES OF FINANCING (F+G+H)	**898,1**	**923,6**	**(25,5)**
Fixed Assets			

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1. Trevi Group – H1 2017 Financials and business development

2. **Segment Analysis**

- ❑ **Foundation Segment**
- ❑ Oil&Gas Segment

Foundation Segment Highlights

TREVIGroup

Revenues Euro 377.2* million (Euro 392 million in H1 2016, reducing Euro 14.9 million)

In particular:

- **Trevi reported Revenues of Euro 287.2million, up Euro 9 million on H1 2016.**

This growth principally stems from the **Middle East**, thanks to the contribution of the Mosul dam project in Iraq that is fully progressing, and the Salipazari Port project in Istanbul, Turkey.

- **Soilmec S.p.A. reported revenues of Euro 97 million Euro -27.5 on H1 2016**

This was principally due to a differing mix of machinery sold and the associated margin differential and to the volumes reduction coming from the partial completion of the Water business unit projects. Finally, it is highlighted that the performance for the first half of 2016 was particularly strong.

Segment EBITDA was Euro 18.4 million, a 5% margin, reducing on Euro 60.1 million for H1 2016 (15% margin)

Margins in the first half 2016 were particularly strong. The operating margin contraction is principally due to :

- lower volumes and different Project mix,
- very weak performance in the domestic market
- the partial completion of the Water business unit orders of the Soilmec division in Africa end the different mix of the machinery sold in H1 2017

Segment Net Financial Position was Euro 210.3 million, increasing Euro 93.3 million on the end of 2016, due to the lower amount of without recourse factoring compared to the end of 2016 and to the business seasonality. H1 2016 also benefitted from the significant advances paid on several projects.

<u>Trevi Spa, a Trevi Group division specialised in foundations and subsoil engineering works, has been awarded with new orders in the United States, in the Middle East and in western Africa worth a total of approx. USD 75 million.</u>

Thanks to a consolidated presence in many regions, recognised experience and technological capacity, Trevi continues to play a major role internationally. The recent order intake, particularly in the United States, is testament to Trevi's significant capacity to tackle complex technological challenges.

(*) The individual income statement accounts stated above do not include intersegment adjustments; the parent company and Trevi Energy S.p.A. are not included.

Foundation Segment

Salipazari Cruise Port
Istanbul (Turchia)

Mosul Dam Project
Iraq

Meydan One Mall
Dubai

SEA Port
Boston, MA - USA

Foundation per **LNG project**
Kuwait

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1. Trevi Group – H1 2017 Financials and business development

2. Segment Analysis

   - Foundation
   - Oil&Gas

Growth prospects remain uncertain and, as a result of particularly strong Oil&Gas segment headwinds, the Group continues the important reorganisation of the segment in order to streamline the cost structure.

Total Oil&Gas Segment Revenues in 2017 were Euro 92.8 million*, reducing Euro 49.3 million on Euro 142.1 million for the first half of 2016.

This decrease is due to:

- **Drillmec division:** the very weak performance is the result of substantial market stagnation and also the cancellation by YPFB of a contract for the supply of three drilling plant in Bolivia. The division reports Revenues of Euro 32.9 million, reducing Euro 59.3 million on the same period of the previous year (Euro 92.2 million for the first half of 2016).
- **Petreven division:** drilling services activities delivered Revenues of Euro 60.4 million, up Euro 9.8 million on Euro 50.6 million for the same period of the previous year.

The main Drillmec division revenues have been generated in the Far East and Africa, while the Petreven division is exclusively engaged in South America.

Segment EBITDA, principally due to reduced revenues, and the Bolivia project cancellation impact, reported a result of Euro -38 million (profit of Euro 1.3 million in H1 2016).To be noted that Petreven improved compared to 1H2016.

Segment Net Financial Position was Euro 305.0 million, benefitting from the share capital increase of Drillmec S.p.A. for Euro 50 million, compared to December 31, 2016

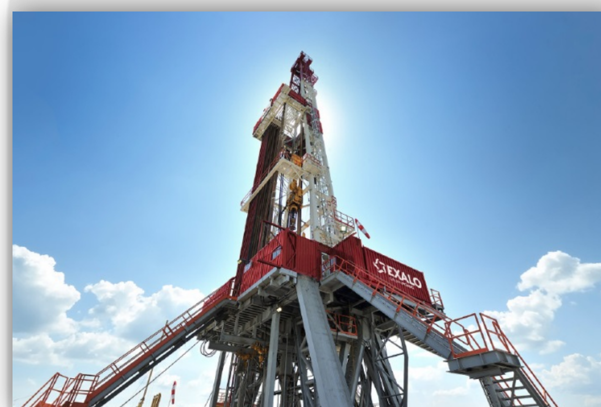
Drillmec has strengthened its position on the services and spare parts market.

(*) The individual income statement accounts stated above do not include intersegment adjustments; the parent company and Trevi Energy S.p.A. are not included.

Scarabeo 9 SAIPEM
Continuous Drilling Services contract

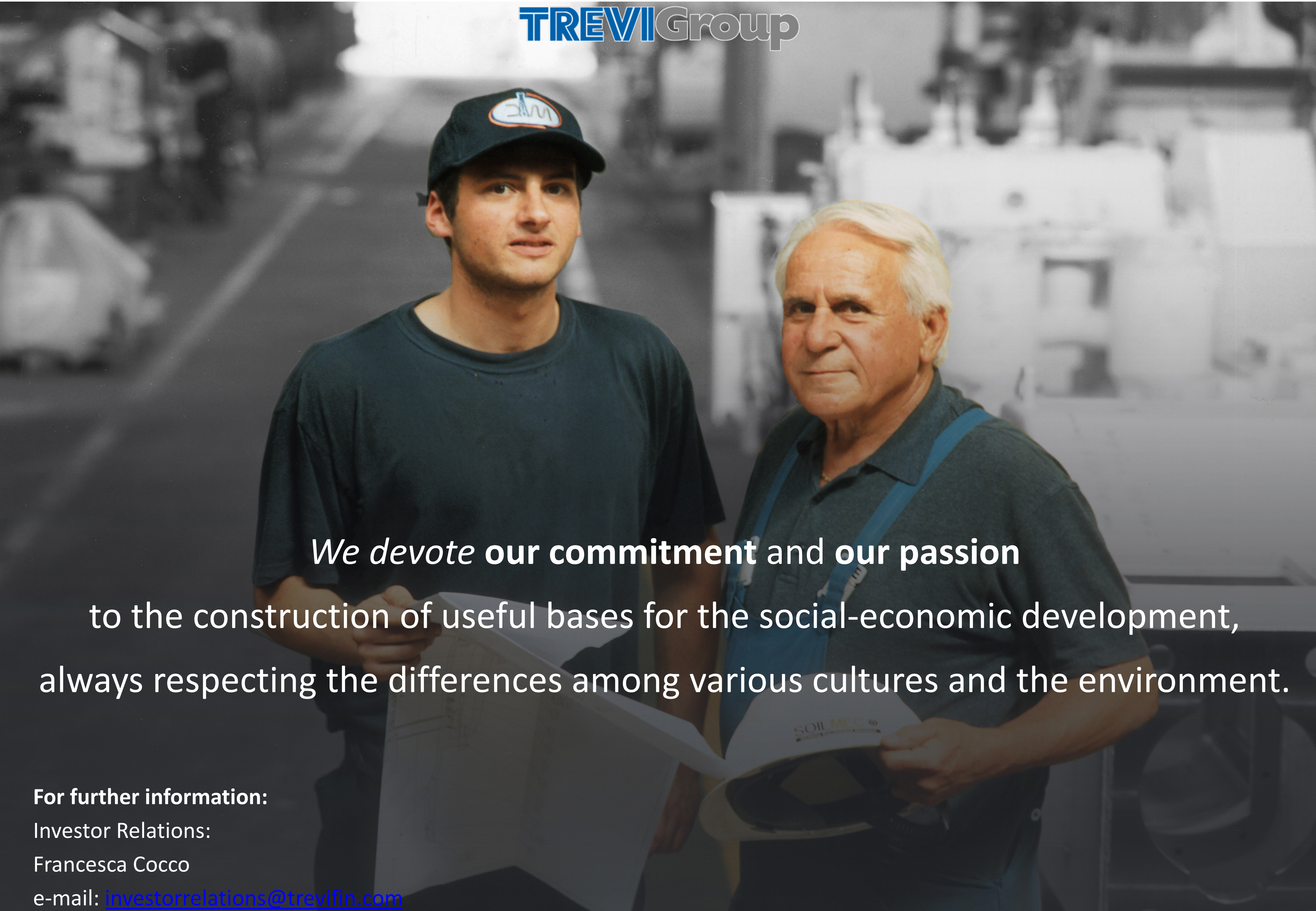
(Drillmec)

Petreven Argentina **- Rig H105**
(Drillmec HH102 series)
in operation in Argentina



Pakistan - Land Rig 2000HP
(Drillmec)

Taiwan - Land Rig 2000HP
Commisioning & tests
(Drillmec)



TREVIGroup

We devote **our commitment** and **our passion**

to the construction of useful bases for the social-economic development,

always respecting the differences among various cultures and the environment.

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