TREVI – Finanziaria Industriale S.p.A.

INTERIM MANAGEMENT REPORT

First Quarter 2017

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (Forlì-Cesena) – Via Larga 201 – Italy
Share capital Euro 82,391,632.50 fully paid-up
Forlì – Cesena Chamber of Commerce Business Register no. 201,271
Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401
Website: www.trevifin.com

MEMBERS OF THE CORPORATE BODIES

CHAIRMAN
Davide Trevisani

EXECUTIVE DEPUTY CHAIRMAN
Gianluigi Trevisani

DEPUTY CHAIRMAN
Cesare Trevisani

MANAGING DIRECTOR
Stefano Trevisani

BOARD OF DIRECTORS
Marco Andreasi
Marta Dassù (Non-executive and independent director)
Umberto della Sala (Non-executive and independent director)
Cristina Finocchi Mahne (Non-executive and independent director)
Monica Mondardini (Non-executive and independent director)
Guido Rivolta (Non-executive director)
Rita Rolli (Non-executive and independent director)
Simone Trevisani (Executive director)

BOARD OF STATUTORY AUDITORS

Standing Statutory Auditors
Milena Motta (Chairperson)
Adolfo Leonardi
Giancarlo Poletti

Supplementary Statutory Auditors
Marta Maggi
Stefano Leardini

OTHER CORPORATE BODIES

Director responsible for the internal control system and risk management
Gianluigi Trevisani

Comitato for the Appointment and Remuneration of Directors
Rita Rolli (Chairperson)
Umberto della Sala
Cristina Finocchi Mahne

Commmittee for Related Party Transactions
Rita Rolli (Chairperson)
Cristina Finocchi Mahne
Monica Mondardini

Risk Management Committee
Monica Mondardini (Chairperson)
Cristina Finocchi Mahne
Rita Rolli

Committee to oversee the Organisational Model
Luca Moretti (Chairperson and Internal member)
Floriana Francesconi
Enzo Spisni

Director of Administration, Finance and Control
Roberto Carassai
Appointed Manager responsible for the preparation of company accounts by the Board of Directors on 12 April 2017

Lead Independent Director
Monica Mondardini

Audit firm
KPMG S.p.A.
(Appointed on 15 May 2017 and until the Shareholders' Meeting to approve the Financial Statements at 31 December 2025)

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The Interim Financial Statements have not been audited.

Report on Operations at 31 March 2017

The key income and balance sheet figures of the TREVI Group at 31 March 2017 with the comparative figures at 31 March 2016 are shown in the following table:

Key figures of the Group Financial Statements

(Euro'000)

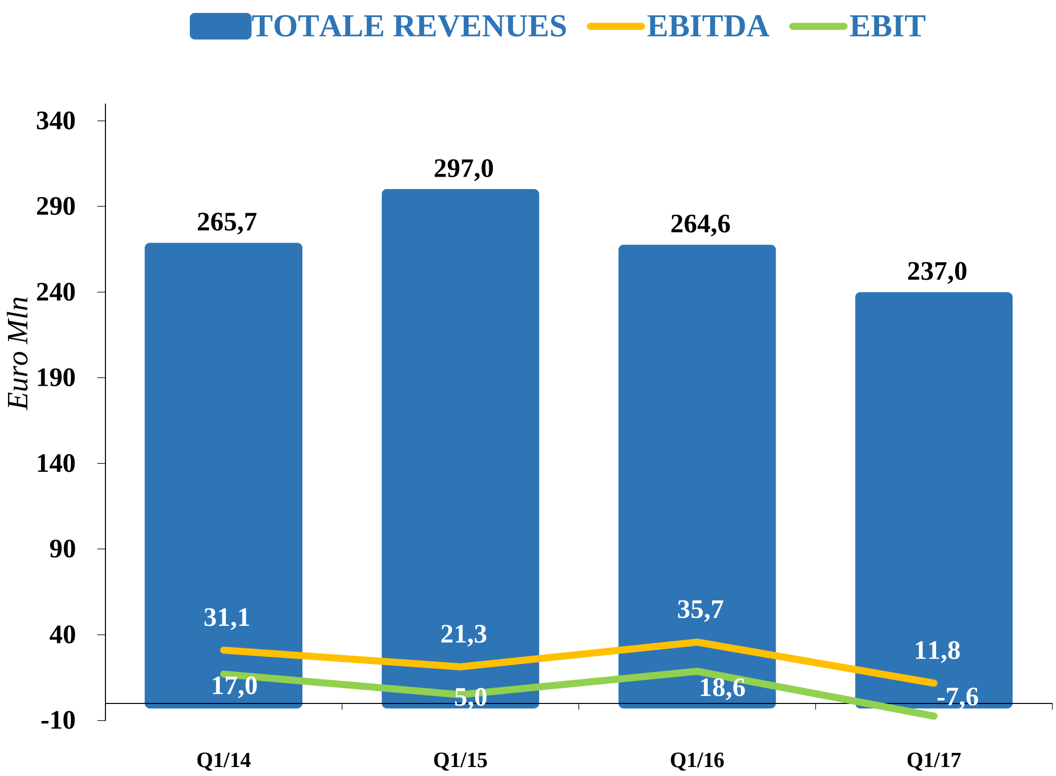
	31/03/2017	**31/03/2016**	***change***	***% change***
Total revenues	**236,988**	**264,636**	(27,648)	-10.4%
Value of production	234,385	286,081	(51,695)	-18.1%
Value added	70,552	95,938	(25,385)	-26.5%
as a % of total revenues	29.8%	36.3%		
Gross operating profit (EBITDA)	**11,828**	**35,694**	(23,865)	-66.9%
as a % of total revenues	5.0%	13.5%		
Operating profit (EBIT)	**(7,561)**	**18,601**	(26,162)	-140.7%
as a % of total revenues	-3.2%	7.0%		
Group net profit	**(18,581)**	**(8,369)**	(10,212)	-122.0%
as a % of total revenues	-7.8%	-3.2%		
Gross technical investments	10,922	9,476	1,446	15.3%
Net invested capital	1,001,422	1,086,139	(84,717)	-7.8%
Net debt	**(543,765)**	**(533,144)**	(10,621)	-2.0%
Shareholders' Equity	457,465	552,689	(95,224)	-17.2%
Net equity attributable to the owners of the Parent Company	446,717	538,804	(92,087)	-17.1%
Net equity attributable to non-controlling interests	10,749	13,885	(3,137)	-22.6%
Employees (no.)	7,174	7,447	(273)	-3.7%
Order portfolio	**732,468**	**1,080,316**	(347,848)	-32.2%
Orders acquired	**131,425**	**395,595**	(264,170)	-66.8%
Earnings / (losses) per share (Euro)	(0.113)	(0.051)		
Diluted earnings / (losses) per share (Euro)	(0.113)	(0.051)		
Net operating result/ Net invested capital (ROI) (1)	-3.0%	6.9%		
Group net profit/ Total net equity (ROE)(1)	-16.2%	-6.1%		
Net operating profit/ Total revenues (ROS)	-3.2%	7.0%		
Total net debt/ Total net equity (Debt/Equity)	1.2	1.0		

(1) The figures for the first quarter 2017 and 2016 are calculated on an annualised basis.

Total revenues were Euro 237 million, compared to Euro 264.6 million at 31 March 2016, a decrease of Euro 27.6 million (-10.4%). The performance of the Special Foundations Division (the core business of the Group) in the first quarter 2017 was stable compared to that of the same period of 2016 (Euro 194.3 million at 31 March 2017 compared to Euro 194.7 million at 31 March 2016). The overall decrease in Group revenues in the first quarter 2017 was due to the Oil & Gas Division which continues to suffer from the international economic crisis causing problems for the companies operating in this sector (total revenues of this Division at 31 March 2017 were Euro 46 million compared to Euro 80.3 million at 31 March 2016, a decrease of 42.7% or Euro 34.3 million). The Drillmec division was the main cause of the decline as it was also affected by the cessation of work on the contract for the client YPFB to supply three drill rigs to Bolivia following cancellation of the contract requested by the client (further details are given in the section on "Events Subsequent to the End of the Reporting Period at 31 March 2017"). There was a further negative impact on volumes from the year-on-year reduction in the number of orders acquired by this division in the first quarter 2017.

This decrease in volumes, combined with the lower profitability of the current orders mainly in the Special Foundations Division compared to the same period of the previous year had an impact on EBITDA, which was Euro 11.8 million (5% of total revenues), a decrease of Euro 35.7 million compared to the figure at 31 March 2016 (a margin of 13.5% on total revenues).

As a result of the above and also because of a prudent provision for the aforementioned contract with YPFB in Bolivia, the operating result was a loss of Euro 7.6 million compared to an operating profit (EBIT) of Euro 18.6 million at 31 March 2016 and the EBIT margin was -3.2% compared to 7.0% for the same period of the previous financial year.



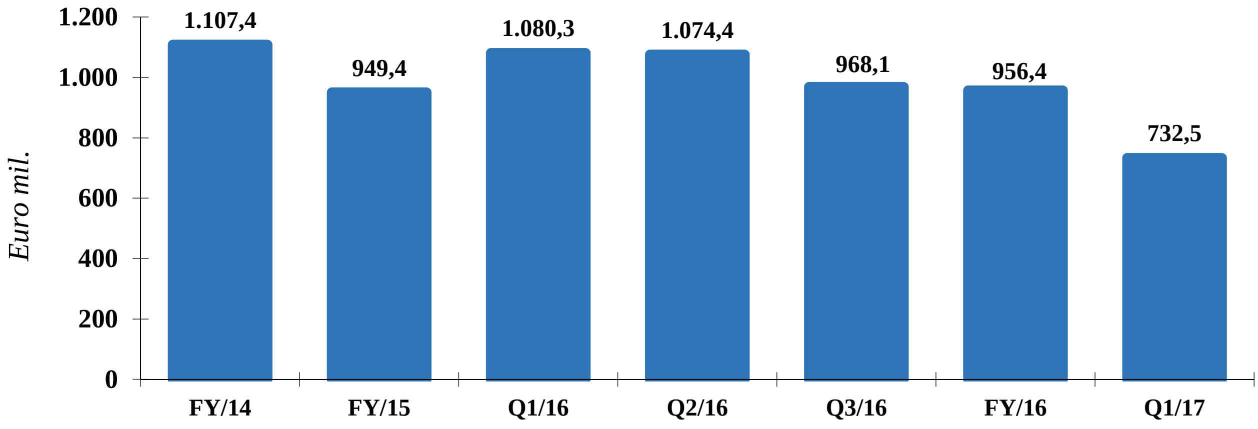
The net result attributable to the Group at 31 March 2017 was a loss of Euro 18.6 million (a loss of Euro 8.4 million at 31 March 2016).

Net debt was Euro 543.8 million compared to Euro 440.7 million at 31 December 2016.

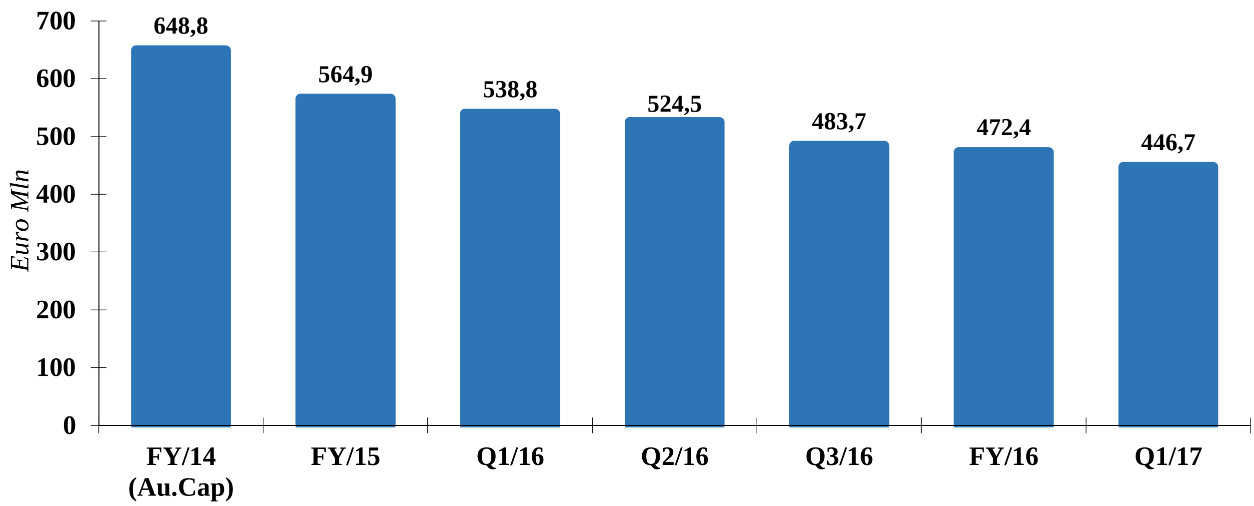
Employees totalled 7,174 - a decrease on the figure of 7,447 at 31 March 2016 (7,237 at 31 December 2016).

The order portfolio was Euro 732.5 million (Euro 1,080.3 million at 31 March 2016 and Euro 956.4 million at 31 December 2016); the decrease of Euro 223.9 million compared to the year-end 2016 figure (-23.4%) was mainly due to the figure being prudently shown net of the Euro 121.4 million contract with YSFB in Bolivia following the cancellation of the contract at the request of the client (further details are given in the section on “Events Subsequent to the End of the Reporting Period at 31 March 2017”). Furthermore, it should be noted that the figure for the first quarter 2016 included the acquisition of the important contract for the Mosul Dam (Iraq). Orders acquired in the first quarter 2017 totalled approximately Euro 131.4 million.

Order Portfolio



Group Net Equity



The reclassified Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Net Debt are shown in the following tables.

(Euro'000)

CONSOLIDATED INCOME STATEMENT	**31/03/2017**	**31/03/2016**	**change**	**% change**
TOTAL REVENUES	**236,988**	**264,636**	**(27,648)**	**-10.4%**
Change in inventories of finished and semi-finished products	(3,232)	19,407	(22,639)	
Increase in property, plant and equipment for internal use	629	2,037	(1,408)	
VALUE OF PRODUCTION	**234,385**	**286,081**	**(51,695)**	**-18.1%**
Raw materials and cost of services	159,582	186,544	(26,961)	
Other operating costs	4,251	3,599	652	
VALUE ADDED	**70,552**	**95,938**	**(25,385)**	**-26.5%**
Personnel expenses	58,724	60,244	(1,520)	
GROSS OPERATING PROFIT (EBITDA)	**11,828**	**35,694**	**(23,865)**	**-66.9%**
Depreciation and amortisation	13,407	16,222	(2,814)	
Provisions for risks and charges and write-downs	5,982	871	5,111	
OPERATING PROFIT	**(7,561)**	**18,601**	**(26,162)**	**-140.7%**
% of total revenues	-3.2%	7.0%		
Financial income / (expenses)	(5,236)	(6,479)	1,243	
Gains/ (losses) on exchange rates	(438)	(17,827)	17,390	
Impairment of financial assets	(270)	()	(270)	
PROFIT BEFORE TAXES	**(13,505)**	**(5,705)**	**(7,799)**	**-136.7%**
Income taxes	5,201	181	5,020	
Result attributable to non-controlling interests	(125)	2,482	(2,607)	
GROUP NET PROFIT	**(18.581)**	**(8,369)**	**(10,212)**	**-122.0%**
% of total revenues	-7.8%	(3.2%)		

The following table shows the reclassified Statement of Financial Position at 31 March 2017 net of the effects of IAS 11 on contract work in progress:

(Euro '000)

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31/03/2017	31/12/2016	change	% change
	- Property, plant and equipment	351,089	356,415	(5,326)	
	- Intangible assets	63,448	65,226	(1,778)	
	- Financial assets	6,631	6,927	(295)	
A)	**Fixed assets**	**421,168**	**428,567**	**(7,399)**	-1.7%
	- Inventories	523,460	500,567	22,894	
	- Trade receivables	359,614	362,990	(3,376)	
	- Trade payables (-)	(219,805)	(260,586)	40,781	
	- Advance payments (-)	(134,257)	(141,465)	7,208	
	- Other assets (liabilities)	70,940	53,280	17,661	
B)	**Net working capital**	**599,952**	**514,785**	**85,167**	16.5%
C)	**Invested capital (A+B)**	**1,021,121**	**943,352**	**77,769**	8.2%
D)	**Post-employment benefits (-)**	**(19.699)**	**(19,729)**	**30**	-0.2%
E)	**NET INVESTED CAPITAL (C+D)**	**1,001,422**	**923,623**	**77,799**	8.4%
	Financed by:				
F)	**Group shareholders' equity**	**446,717**	**472,369**	**(25,652)**	-5.4%
G)	Net equity of non-controlling interests	10,748	10,372	376	
H)	**Net debt**	**543,957**	**440,882**	**103,075**	23.4%
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**1,001,422**	**923,623**	**77,799**	8.4%

Statement of reconciliation of the reclassified Statement of Financial Position and the Consolidated Statement of Financial Position in accordance with IAS 11:

(Euro '000)

Net working capital	31/12/2016	IAS 11	31/12/2016	31/03/2017	IAS 11	31/03/2017
- Inventories	500,567	(148,169)	352,398	523,460	(172,877)	350,583
- Trade receivables	362,990	76,409	439,399	359,614	95,756	455,370
- Trade payables (-)	(260,586)	0	(260,586)	(219,805)	0	(219,805)
- Advance payments (-)	(141,465)	74,695	(66,770)	(134,257)	72,683	(61,574)
- Other assets (liabilities)	53,280	(2,936)	50,343	70,940	4,438	75,379
Total	**514,785**	**0**	**514,785**	**599,952**	**0**	**599,952**

Consolidated net invested capital was Euro 1,001.4 million, compared to the figure of Euro 923.6 million at 31 December 2016 (Euro 1,086.1 million at 31 March 2016): the increase of Euro 77.8 million reflected the increase in net working capital which reached Euro 600 million at 31 March 2017 compared to Euro 514.8 million at 31 December 2016. This increase was mainly due to lower trade payables, to inventories and to an increase in other current assets.

Net debt at 31 March 2017 and the comparative figures at 31 December 2016 are shown in the following table:

(Euro '000)

CONSOLIDATED NET FINANCIAL POSITION	**31/03/2017**	**31/12/2016**	**change**
Current bank debt	(603,129)	(600,012)	(3,117)
Other current financing	(35,423)	(40,035)	4,611
Current financial derivative instruments	(368)	(447)	79
Current financial assets	0	0	0
Cash and cash equivalents	211,640	301,133	(89,494)
Total current fnancial position	**(427,280)**	**(339,360)**	**(87,920)**
Non-current bank debt	(79,624)	(62,797)	(16,827)
Other non-current financing	(36,038)	(37,599)	1,561
Equity at nominal value	0	0	0
Non-current financial derivative instruments	(1,015)	(1,126)	111
Totale non-current financial position	**(116,677)**	**(101,522)**	**(15,155)**
Net debt	**(543,957)**	**(440,882)**	**(103,075)**
Treasury shares	**192**	**200**	**(8)**
Total net financial position	**(543,765)**	**(440,682)**	**(103,083)**

At 31 March 2017, net debt was Euro 543.8 million, an increase of Euro 103 million on the figure at 31 December 2016 and Euro 10.6 million higher than at 31 March 2016. It should be noted that at 31 March 2017, in compliance with IAS 10 and using the same accounting as in the Consolidated Financial Statements at 31 December 2016, because at 31 December 2016 the Group failed to meet one of the financial covenants (Net Debt/ EBITDA) governing its contracts with banks, the Directors had reclassified Euro 292 million as current bank debt, which was the total of the bank debt under the loans for which the financial covenant had not been met. However, by 12 April 2017, the Company had received contractual waiver agreements from all the banks and, therefore, from this date, the financial debt has been reclassified according to the maturity of each contract.

Board of Directors’ Report on Operations in the Quarter

Quarterly performance

Key data by Segment is given below:

Special Foundations Segment

The total revenues of the Special Foundations segment, comprising Trevi S.p.A. and Soilmec S.p.A. and their respective subsidiaries, was Euro 194.3 million, in line with the figure for the same period of the previous financial year (Euro 194.7 million at 31 March 2016, a decrease of Euro 0.5 million). EBITDA was Euro 18.1 million, approximately 9.3% of revenues (Euro 33.5 million at 31 March 2016, 17.2% of revenues; it decreased (Euro 15.4 million, -46% year-on-year). The decrease in gross operating profitability was due to lower volumes generated by the Trevi division in the Nigerian and Venezuelan markets and by the partial completion of contracts in the Water sector.
After depreciation and amortisation of Euro 8.7 million and provisions of Euro 0.7 million, the operating result was Euro 8.7 million (Euro 21.5 million at 31 March 2016, a decrease of Euro 12.8 million or -60%), representing a margin of 4.5% of revenues (11% at 31 March 2016). The order portfolio was Euro 580 million (Euro 842 million at 31 March 2016, a decrease of Euro 262 million; at 31 December 2016, it was Euro 665.5 million). Net debt was Euro 194.9 million compared to Euro 117 million at 31 December 2016 (an increase of Euro77.9 million) in line with the normal seasonality of the business. A more detailed segment analysis is given in the relevant Notes to the Accounts.

TREVI

The revenues of this division in the first quarter 2017 were Euro 150.5 million, a year-on-year increase of 4.4% (Euro 6.3 million higher than the figure of Euro 144 million at 31 March 2016).

The Americas

Total revenues in **North America** in the first quarter were Euro 9.7 million, a decline compared with the same period of the previous year when revenues totalled Euro 19.7 million (-51%). This decline was due both to the presence of a significant contract in the first quarter of 2016 which was absent in 2017 amd the postponement of a number of projects to later quarters.

In **Latin America** the Trevi division continued to operate through its subsidiaries in Argentina, Venezuela, Colombia and Panama, generating revenues of about Euro 21.2 million, compared with Euro 22.6 million in the first quarter 2016 (-6%, a decline of Euro 1.4 million). A sharp reduction in activity in Venezuela was almost entirely offset by significant growth in Argentina and Colombia.

Europe

Work is continuing in Norway for OHL, in the field of transport infrastructure. In addition, commercial activity in the region, together with investment undertaken to commence operations in Northern and Central Europe, encourage positive expectations for 2017. Revenues from this area were about Euro 1 million, in line with the same period of the previous year.

Italy

While the trend for construction activity in Italy remains negative, the Division’s leadership position in the sector was confirmed with total revenues in the first quarter 2017 of Euro 5.9 million compared with Euro 10.2 million in the previous year (a decline of Euro 4.9 million, or -42.1%). During the first quarter 2017, a number of projects in the order portfolio were subject to delays, which resulted in lower than expected volumes for the Division. However, the significant size of the order portfolio is a positive indicator.

Africa

In Africa, the Trevi Division carried out projects which generated revenues of about Euro 18.6 million, which was lower than the previous year when revenues were Euro 40.3 million (a decline of Euro 21.7 million, or -54%). This result heaviuly impacted by the economic trend in Nigeria, where the Division has traditionally had a strong presence and which is adversely affected by the economic downturn related to the decline in the oil price. A further negative factor, though less severe, was the impact on operations in Egypt, where the Division is involved in work on the tunnel beneath the Suez Canal, where the unfavourable macro-economic trend had an adverse effect on the Division's activities. However, volumes were generally stable in other markets on the continent such as Algeria and Mozambique. Finally, it should be noted that work on the project in Ethiopia was completed in the second half of 2016 and that there was therefore no contrbution from this market to 2017 results.

Middle East and Asia

During the first quarter 2017 the Trevi division generated revenues of about Euro 85.6 million in the Middle East, an increase compared to the previous year, when revenues were Euro 44.1 million (up Euro 41.5 million, representing an improvement of 94% compared to 31 March 2016).

The result was very positively influenced by the contribution of the Mosul Dam propject in Iraq, now fully under way. Contributions also came from the Galataport project in Istanbul, Turkey. This project, launched in the second half of 2016 will continue to contribute to divisional revenues until 2018. Revenues from the Persian Gulf (the U.A.E., Kuwait, Oman and Qatar) were substantially stable, while activity in Saudi Arabia declined slightly due to the nearing of completion of work on the Riyadh metropolitan railway.

Far East, Australasia and the Rest of the World

The share of revenues attributable to the Far East, Australasia and the Rest of the World rose slightly to Euro 8.5 million compared to Euro 6.6 million in the previous year (an increase of Euro 1.9 million, +28%). Activity in Hong Kong, the Philippines and New Zealand was stable while the improvement was attributable to Australia where the division commenced work on the Perth metropolitan railway line.

SOILMEC

Consolidated revenues for the division in the first quarter of 2017 amounted to Euro 46.9 million, compared to Euro 53.3 million in the same period of the previous year (a decline of Euro 6.3 million or -11.9% compared to 31 March 2016) although higher than the budgeted expectations for the period.

The trend of revenues reveals a slight improvement in Italy compared to March 2016 (Euro 4.2 million reported for the first quarter 2017 compared to Euro 3.3 million in the same period of 2016, an increase of 29%).

Revenues in **Latin America** were flat (Euro 2.6 million in both periods). Sales were very strong in the **Middle East** which reported revenues of Euro 8.4 million at 31 March 2017 compared to Euro 3 million in the first quarter 2016, with an increase of about Euro 5.3 million (+174%) due mainly to the contribution of subsidiaries operating in the Persian Gulf.

Revenues in the **United States** were also higher than those of the previous period: Euro 13 million in the first quarter of 2017 compared with Euro 10.6 million at 31 March 2016, an increase of Euro 2.5 million (+21.5%) due to both an improved sales effort by Watson Inc. And the consequences of the U.S. Presidential election which revitalised the infrastructure sector.

However, there was a significant decline in total revenues in **Africa**: At March 2017 revenues were Euro 2.6 million compared to Euro 11.3 million at March 2016 (a decline of Euro 8.7 million representing a fall of 77%) as a result of the partial completion projects in the Water division.
Revenues in the **Far East** and the **Rest of the World** were Euro 6.5 million, compared with Euro 9.6 million at 31 March 2016, a fall of Euro 3 million (-31.8%) due principally to lower volumes in the Chinese and American markets which are, however, are expected to recover in the next quarter and the second half of the year respectively.

Oil & Gas Segment

Following the enthusiasm that greeted the recent OPEC agreement particular attention is being given to the willingness of the U.S.A. to increase shale gas production with incentives and facilitation for the release of permits. In recent weeks the U.S.A. has exported an average of 1.2 million barrels of oil per day. The restrictions on production agreed between OPEC and Russia, which contributed to an increase in the oil price allowed U.S. producers to fully re-enter the market as they can count on a stable price and the possibility of exploiting inventories that had been built up over previous months. The price of Brent Crude is currently below USD 50 limit and experts suggest that volatility will continue through 2017 with the price trading in a range between USD 40 and USD 60. Growth prospects for the sector are therefore uncertain and a expectations of a significant recovery in the market have been put back to 2018. Results for the first quarter of 2017 reveal total revenues of Euro 46 million compared with Euro 80.3 million at 31 March 2016, a decrease of Euro 34.3 million (-42.7%), which was directly attributable to the negative performance of the Drillmec division, the performance of which was also affected by the cancellation by the client YPFB for the supply of three drill rigs to Bolivia (please refer to the section “Significant events subsequent to the end of the reporting period at 31 March 2017”). The Petreven division, however, reported a slight increase in revenues (+8%) which rose from Euro 26.3 million at 31 March 2016 to Euro 28.4 million in the first quarter 2017.

Due mainly to the lower revenues reported, the EBITDA of the sector shows a loss of Euro 7 million (profit of Euro 1.4 million at 31 March 2016) while the Operating result shows a loss of Euro 16.7 million (loss of Euro 3.7 million at 31 March 2016).

The Net Financial Position was negative for Euro 358.7 million (net debt of Euro 331.8 million at 31 December 2016) representing a deterioration of Euro 27 million compared to 31 December 2016.

There was a continued decline in the order portfolio of the Segment, which, at 31 March 2017 was Euro 152 million (Euro 238 million at 31 March 2016, while at 31 December 2016 it was about Euro 291 million). Please refer to the relevant section of the Explanatory Notes for a more detailed analysis of the performance of each segment.

DRILLMEC

The year-on-year decrease in revenues reflects the cessation of activity on the contract with YPFB, following the cancellation of the contract requested by the client, and lower volumes generated by the smaller size of the contracts acquired by the same division in the first quarter of 2017 compared to the same period of 2016.
This, in additiuon to the completion of some important contracts in 2016 and the ongoing weakness of the Oil&Gas market resulted in a Euro 37 million year-on-year decrease in revenues in first quarter 2017 (revenues of Euro 17.7 million at 31 March 2017 compared to Euro 54.4 million at 31 March 2016); this decrease had an inevitable effect also on operating profitability.
Currently the main markets for this division are the Far East, Eastern Europe and Africa.

PETREVEN

In the context of the crisis in which the international Oil&Gas sector finds itself, the Petreven division is working to recover profitability by using its competitive advantages, which are its strong relationships with clients and its avantgarde fleet, the implementation of efficiency and cost optimisation measures with the aim of combatting the drop in margins and cash flows.

Operating activity

The Petreven division is currently operating in South America for the main Oil Majors and National Oil Companies. It has 17 drill rigs in operation: 10 in Argentina, two in Venezuela, one in Chile, three in Peru and one in Colombia. It is also using a third-party rig in Chile.

The average capacity utilisation of the rigs was 71.8% (65.9% in first quarter 2016) and sixty wells were drilled. Revenues rose 8% year-on-year to Euro 28.4 million (Euro 26.3 million in first quarter 2016) Argentina confirmed its position as the most important country in terms of revenues with approximately Euro 19.5 million (68% of revenues of this division), followed by Venezuela and Chile.

Argentina

Work was carried out for the main companies in Argentina using nine drill rigs and one workover rig (two in the Santa Cruz region, two in the Rio Gallego region and five in the Neuquen region). The average capacity utilisation of the rigs was 84% (78% in first quarter 2016) and 42 wells were drilled.

Peru

In March 2017, the fleet increased with the transfer of a drilling plant from Argentina. The average capacity utilisation of the total plant was 57% (50% in first quarter 2016) and 14 wells were drilled.

Venezuela

The average capacity utilisation of plant in Venezuela was 79% (100% in the first quarter 2016) and three wells were drilled

Chile

Geothermal drilling continues in the region of Antofagasta in Chile. The average capacity utilisation of the plant was 50% (47% in first quarter 2016) and one well was drilled.

Significant events subsequent to the end of the reporting period at 31 March 2017

The Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A. meeting in first convocation on 15 May 2017 approved the Financial Statements and the Consolidated Financial Statements at 31 December 2016.

At the end of April 2017, Drillmec S.p.A. without any prior warning received a "cancellation notice" for a contract to supply three drilling plants to Yacimientos Petroliferos Fiscales Bolivianos ("YPFB") in Bolivia; the aforementioned client communicated the cancellation notice citing "*force majeure*" but provided no further details. At today's date, the Group, with the support of its legal advisers is taking all means necessary to protects its rights and interests under the aforementioned contract.

Condensed Consolidated Interim Financial Statements at 31 March 2017

1. Consolidated Financial Statements

1.1 Consolidated Income Statement

(Euro '000)

CONSOLIDATED INCOME STATEMENT	**31/03/2017**	**31/03/2016**
Revenues from sales and services	231,307	252,452
Other operating revenues	5,681	12,184
- of which non-recurring	*0*	*0*
Sub-total of Total Revenues	**236,988**	**264,636**
Raw materials and services	68,369	124,108
Change in inventories of finished and semi-finished products	(5,342)	(21,627)
Personel expenses	58,724	60,244
- of which non-recurring	*1,442*	*0*
Other operating costs	100,806	87,661
- of which non-recurring	*0*	*0*
Depreciation and amortisation	13,407	16,222
Provisions and write-downs	5,982	871
Increase in property, plant and equipment for internal use	(629)	(2,037)
Change in inventories of finished and semi-finished products	3,232	(19,407)
Operating profit	**(7,561)**	**18,601**
Financial income	501	476
(Financial expenses)	(5,737)	(6,955)
Gains/(losses) on exchange rates	(438)	(17,827)
Sub-total of financial income/(expenses) and gains/(losses) on exchange rates	**(5,674)**	**(24,306)**
Impairment of financial assets	(270)	(0)
Profit before taxes	**(13,505)**	**(5,705)**
Income tax	5,201	181
Total net result for the period	**(18,706)**	**(5,886)**
Attributable to:		
Shareholders of the Parent Company	**(18,581)**	**(8,369)**
Non-controlling interests	(125)	2,482

1.2 Consolidated Statement of Comprehensive Income

(Euro '000)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31/03/2017	31/03/2016
Net Profit/ (loss) for the period	**(18,706)**	**(5,886)**
Other items of comprehensive income subsequently recycled to profit or loss for the period		
Cash flow hedge reserve	115	(110)
Tax	(37)	18
Change in cash flow hedge reserve	**79**	**(92)**
Translation reserve	**(6,647)**	**(20,904)**
Total of other comprehensive income that may subsequently be recycled to profit or loss net of tax	**(6,569)**	**(20,997)**
Other items of comprehensive income that will not subsequently be recycled to profit or loss for the period:		
Actuarial gains/(losses)	0	0
Tax	0	0
Total of other items of comprehensive income that will not subsequently be recycled to profit/(loss) for the period net of tax	**0**	**0**
Comprehensive income net of tax	**(25,275)**	**(26,883)**
Parent Company shareholders	(25,652)	(26,110)
Non-controlling interests	378	(773)

1.3 Consolidated Statement of Financial Position

(Euro '000)

ASSETS	**31/03/2017**	**31/12/2016**
Non-current Assets		
Property, plant and equipment	351,089	356,415
Intangible assets	63,448	65,226
Investments	2,627	2,631
Deferred tax assets	80,879	82,141
Financial derivative instruments	0	0
Trade receivables and other non-current assets	24,359	25,241
Total non-current Assets	**522,402**	**531,653**
Current Assets		
Inventories	350,584	352,398
Trade receivables and other current assets	517,034	493,642
Current tax receivables	36,658	32,425
Current financial derivatives	0	0
Current financial assets	0	0
Cash and cash equivalents	211,640	301,133
Total Current Assets	**1,115,915**	**1,179,598**
TOTAL ASSETS	**1,638,318**	**1,711,251**

NET EQUITY AND LIABILITIES	**31/03/2017**	**31/12/2016**
Net Equity		
Share capital	82,289	82,290
Other reserves	302,469	309,541
Retained earnings	61,959	80,539
Group Net Equity	**446,717**	**472,369**
Net Equity of Non-controlling interests	**10,749**	**10,371**
TOTAL NET EQUITY	**457,465**	**482,740**
Non-current liabilities		
Financing	115,662	100,397
Financial derivative instruments	1,015	1,126
Deferred taxes	29,435	29,790
Post-employment benefits	19,699	19,729
Non-current provisions	4,458	4,450
Other liabilities	99	127
Total Non-current Liabilities	**170,368**	**155,619**
Current Liabilities		
Trade payables and other current liabilities	329,888	388,636
Tax liabilities for current taxes	29,102	29,872
Financing	638,552	640,047
Current provisions	12,576	13,891
Financial derivative instruments	368	447
Total Current Liabilities	**1,010,484**	**1,072,892**
TOTAL LIABILITIES	**1,180,853**	**1,228,511**
TOTAL NET EQUITY AND LIABILITIES	**1,638,318**	**1,711,251**

1.4 Consolidated Statement of Cash Flows

(Euro '000)

	CONSOLIDATED STATEMENT OF CASH FLOWS	31/03/2017	31/03/2016
	Net income for the period attributable to the Parent Company and non-controlling interests	(18,706)	(5,886)
	Income tax	5,201	181
	Profit before taxes	**(13,505)**	**(5,705)**
	Depreciation and amortization	13,407	16,222
	Financial (income)/expenses	5,236	6,479
	Changes in reserves for risks and costs, and for post-employment benefits	(1,337)	(2,991)
	Impairment of financial assets	270	0
	(Gains) / losses from sale or impairment of fixed assets	7	270
(A)	**Flow from Operations before changes in net working capital**	**4,079**	**14,274**
	(Increase)/decrease trade receivables	(15,971)	4,379
	(Increase)/decrease inventories	1,815	(27,704)
	Increase)/decrease other current assets	(9,511)	18,817
	Increase/(decrease) trade payables	(40,781)	(71,209)
	Increase/(decrease) other current payables	(22,892)	(32,100)
(B)	**Changes in net working capital**	**(87,340)**	**(107,817)**
(C)	Interest payable and other payables	(5,236)	(6,479)
(D)	Cash out for taxes	(1,430)	(297)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**	**(89,928)**	**(100,319)**
	Investments		
	Operating (investments)	(10,928)	(9,726)
	Operating divestments	2,207	5,491
	Net change in financial assets	(266)	(415)
(F)	**Cash Flow generated (absorbed) by investments**	**(8,987)**	**(4,650)**
	Financing activities		
	Increase/(decrease) in share capital for purchase of treasury shares	0	0
	Other changes including those in non-controlling interests	(4,158)	(8,301)
	Increase/(decrease) in debt, financing and derivative instruments	13,992	37,637
	Increase/(decrease) in leasing liabilities and other	(6,172)	(3,759)
(G)	**Cash Flow generated (absorbed) from financing activities**	**3,662**	**25,578**
(H)	**Net Change in Cash Flows (E+F+G))**	**(95,253)**	**(79,391)**
	Opening Balance of Net Liquid Funds	**293,708**	**290,490**
	Net Changes in Liquid Funds	**(95,253)**	**(79,391)**
	Closing Balance of Net Liquid Funds	**198,454**	**211,099**

	Description	31/03/2017	31/03/2016
	Cash and cash equivalents	211,640	218,297
	Bank overdrafts	(13,186)	(7,198)
	Cash and cash equivalents net of bank overdrafts	**198,454**	**211,099**

1.5 Consolidated Statement of Changes in Net Equity

(Euro'000)

Description	Share Capital	Other reserves	Retained earnings	Group share of capital and reserves	Non-controlling interests	Total Shareholders' equity
Balance at 01/01/16	**82,289**	**315,322**	**167,302**	**564,914**	**14,658**	**579,572**
Result for the period			(8,368)	(8,368)	2,482	(5,885)
Actuarial gains/ (losses)						
Other comprehensive income/ (loss)		(17,741)		(17,741)	(3,256)	(20,997)
Total comprehensive income/ (loss)	**0**	**(17,741)**	**(8,368)**	**(26,109)**	**(773)**	**(26,882)**
Allocation of result for 2015 and dividend distribution				0		0
Other changes				0		0
Acquisition of non-controlling interests				0		0
Sale/(purchase) of treasury shares				0		0
Balance at 31/03/16	**82,289**	**297,581**	**158,934**	**538,804**	**13,885**	**552,689**

Balance at 01/01/17	**82,290**	**309,540**	**80,539**	**472,369**	**10,371**	**482,740**
Result for the period			(18,581)	(18,581)	(124)	(18,705)
Actuarial gains/ (losses)		0		0		0
Other comprehensive income/ (loss)		(7,071)		(7,071)	502	(6,569)
Total comprehensive income/ (loss)	**0**	**(7,071)**	**(18,581)**	**(25,651)**	**378**	**(25,274)**
Allocation of result for 2016 and dividend distribution				0		0
Other changes				0		0
Acquisition of non-controlling interests				0		0
Sale/(purchase) of treasury shares				0		0
Balance at 31/03/17	**82,290**	**302,470**	**61,959**	**446,718**	**10,749**	**457,466**

2. Notes to the Interim Financial Statements at 31 March 2017

2.1 Introduction

TREVI - Finanziaria Industriale S.p.A. (the “Company”) and its subsidiaries (the “TREVI Group” or “the Group”) operates in the two following sectors:

- Foundation engineering services for civil works and infrastructure projects and construction of equipment for special foundations (“Special Foundations – (the Core Business)”);
- Construction of drill rigs for the extraction of hydrocarbons and water exploration and oil drilling services (“Oil & Gas”).

These businesses are organised within the four main companies of the Group:

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven S.p.A., which operates in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the Division manufacturing and marketing plant and equipment for foundation engineering;
- Drillmec S.p.A., which manufactures and sells drilling equipment for the extraction of hydrocarbons and water exploration.

TREVI – Finanziaria Industriale S.p.A. has been listed on the Milan stock exchange since July 1999; at 31 March 2017, the share capital was Euro 82,391,632.50, fully paid-up and comprised no. 164,783,265 ordinary shares with a nominal value of Euro 0.50 per share.
TREVI – Finanziaria Industriale S.p.A is controlled by Trevi Holding SE, which, according to information notified to CONSOB and notifications of internal dealing received, holds no. 54,328,717 ordinary shares, equivalent to 32.97% of the share capital; this company is, in turn, 51% controlled by I.F.I.T. S.r.l.
At 31 March 2017, according to information notified to CONSOB, on addition to the majority shareholder, other shareholders with a holding over over 3% were FSI Investimenti S.p.A. with a holding of 16.852% and Polaris Capital Management LLC (USA) with a holding of 10.0072%.

2.2 Accounting standards and general presentation criteria

The Interim Financial Statements have been prepared on a consolidated basis since the Company is required to prepare consolidated financial statements: the Condensed Consolidated Accounts of the Group for the first quarter 2017 have been prepared and organised in compliance with the International Accounting Standards issued by the I.A.S.B. – International Accounting Standards Board and adopted by the European Commission (hereinafter severally IAS/IFRS or jointly IFRS) and the interpretations of the SIC/IFRIC, using the same accounting standards, methods of consolidation and translation criteria for entries in foreign currencies that were used to prepare the Financial Statements at 31 December 2016, with any adaptions required by accounting for an interim period of three months.
In general, the figures are not significantly affected by means of calculating estimates that differ from those normally used to prepare the full-year and half-year financial statements.
The entry for income tax is the best estimate of the average weighted tax charge for the full year. The area of consolidation at 31 March 2017 changed due to the inclusion of Drillmec Messico S de RL de CV, a newly constituted company in Mexico that is part of the Drillmec division.

2.3 Exchange rates

The exchange rates used at 31 March 2017 to translate the financial statements and figures in currencies other than the Euro were as follows (currency: Euro 1.00):

Currency		Average exchange rate for the 1Q 2017	Exchange rate at the end of the reporting period 31/03/2017	Average exchange rate for the 1Q 2016	Exchange rate at the end of the reporting period 31/03/2016
Sterling	GBP	0.860	0.856	0.770	0.792
Japanese Yen	JPY	120.993	119.550	127.018	127.900
US Dollar	USD	1.065	1.069	1.102	1.139
Turkish Lira	TRL	3.937	3.889	3.247	3.212
Argentine Peso	ARS	16.690	16.459	15.914	16.617
Venezuelan Bolivar			757.372		310.629
Nigerian Naira	NGN	330.818	332.801	219.183	226.61
Singaporean Dollar	SGD	1.508	1.494	1.547	1.530
Philippine Peso	PHP	53.230	53.658	52.064	52.28
Chinese Renminbi	CNY	7.334	7.364	7.209	7.351
Malay Ringgit	MYR	4.734	4.731	4.625	4.408
UAE Dirham	AED	3.909	3.925	4.044	4.179
Algerian Dinar	DZD	117.035	117.453	118.781	123.57
Hong Kong Dollar	HKD	8.263	8.307	8.566	8.828
Indian Rupee	INR	71.299	69.397	74.408	75.43
Australian Dollar	AUD	1.405	1.398	1.530	1.481
Libyan Dinar	LYD	1.519	1.520	1.521	1.551
Saudi Arabian Riyal	SAR	3.993	4.009	4.133	4.270
Brazilian Real	BRL	3.346	3.380	4.306	4.117
Danish Kroner	DKK	7.435	7.438	7.461	7.451
Kuwaiti Dinar	KWD	0.325	0.326	0.332	0.344
Thai Baht	THB	37.388	36.724	39.282	40.018
Colombian Peso	COP	3,109.977	3,088.452	3,590.187	3,419.2
Mozambique Metical	MZN	74.612	72.592	52.322	57.37
Russian Rouble	RUB	62.520	60.313	82.473	76.31
New Belarusian Rouble	BYN	2.036	2.001		
Belarusian Rouble	BYR			22,867.200	22,921.42
Canadian Dollar	CAD	1.409	1.427	1.515	1.474
Mexican Peso	MXN	21.631	20.018	19.894	19.59
Egyptian Pound	EGP	18.955	19.394	8.847	10.101
Iraqi Dinar	IQD	1,240.407	1,245.502		
Norwegian Krone	NOK	8.984	9.168		

2.4 Notes to the main entries of the Condensed Consolidated Interim Financial Statements at 31 March 2017

Notes to the main entries of the Consolidated Statement of Financial Position:

Non-current assets

At 31 March 2017, non-current assets totalled Euro 522.4 million and were as follows:

(Euro '000)	**31/03/2017**	**31/12/2016**	**change**
Property, plant and equipment	351,089	356,415	(5,326)
Intangible assets	63,448	65,226	(1,778)
Investments	2,627	2,631	(4)
Deferred tax assets	80,879	82,141	(1,261)
Trade receivables and other non-current assets	24,359	25,241	(882)
Total non-current assets	**522,402**	**531,653**	**(9,251)**

In detail:

- There was no material increase or decrease in property, plant and equipment in the period under review; the change compared to the figure at 31 December 2016 is almost entirely due to depreciaton and amortisation in the period;
- Intangible assets included Euro 6 million of goodwill, unchanged on the figure at 31 December 2016; the residual amount is mainly development costs capitalised in previous financial periods and amortised at the same rate as used at 31 December 2016;
- Investments includes investments in entities other than subsidiaries, associates and joint ventures and there was no significant changes in this entry compared to the preceding financial period;
- Deferred tax assets are taken against the tax losses of some Group companies;
- Trade receivables and other non-current assets includes Euro 4 million of financial receivables due beyond the current financial year, in line with the accounting method used at 31 December 2016.

Current assets

At 31 March 2017, current assets totalled Euro 1,115.9 million and were as follows:

(Euro '000)	**31/03/2017**	**31/12/2016**	**change**
Inventories	350,584	352,398	(1,814)
Trade receivables and other current assets	517,034	493,642	23,392
Tax assets for current taxes	36,658	32,425	4,233
Cash and cash equivalents	211,640	301,133	(89,494)
Total current assets	**1,115,915**	**1,179,598**	**(63,683)**

In detail:

- The figure for inventories was in line with that at 31 December 2016 and includes not only goods for sale but also materials used in the construction sites where the Group is active;
- The figure for trade receivables and other current assets increased by Euro 23.4 million compared to the figure at 31 December 2016.

  This entry includes contract work in progress reclassified in compliance with IAS 11 as "Amounts due from clients", which is the entry that shows contract work in progress net of any relevant advances; this analysis is carried out contract by contract: when the figure is positive (contract work in progress exceeds advances) the difference is recognised in current assets under "trade receivables from clients" as the amount due from the client; when the figure is negative, the difference is recognised in current liabilities under "other payables" and is the amount owed to the client:

(Euro '000)			
Description	**31/03/2017**	**31/12/2016**	**change**
Current assets:			
Contract work in progress	168,309	109,843	58,466
Provisions for losses to completion	(5,500)	(5,500)	0
Total contract work in progress	***162,809***	***104,343***	***58,466***
Advance payments from clients	(67,053)	(27,933)	(39,120)
Total receivables from clients	**95,756**	**76,410**	**19,346**
Current liabilities:			
Contract work in progress	166,007	193,339	(27,333)
Advance payments from clients	(172,029)	(209,889)	37,861
Total receivables due from clients	**(6,022)**	**(16,550)**	**10,528**

The total amount of trade receivables classified as trade receivables from clients increased by Euro 19.4 million compared to the figure at 31 December 2016.

- Deferred tax assets included tax credits of various types of Group companies; the increase in this figure compared to the figure at 31 December 2016 was primarily due to the foreign subsidiaries.

Net equity

The change in Net Equity in the period was reported in the preceding section "1.5 Consolidated Statement of changes in Net Equity", to which we refer you; As approved by the Shareholders' Meeting of 15 May 2017, the losses at 31 December 2016 were covered by using the share premium reserve. In the first quarter 2017, no dividend payment was approved and no treasury shares were purchased or sold.

Non-current liabilities

Non-current liabilities totalled Euro 170.4 million and the breakdown was as follows:

(Euro '000)	**31/03/2017**	**31/12/2016**	**change**
Bank loans	115,662	100,397	15,265
Financial derivative instruments	1,015	1,126	(111)
Tax payables for deferred taxes	29,435	29,790	(356)
Post-employment benefits	19,699	19,729	(30)
Non-current provisions	4,458	4,450	8
Other payables	99	127	(28)
Total non-current payables	**170,368**	**155,619**	**14,750**

The item "Bank loans" incorporates both the share of medium-long term bank loans and the payables to other financial institutions beyond 12 months. As already reported in the Board of Directors' Report on Operations, to which we refer you for further details, at 31 March 2017 certain financial payables with a total value of Euro 292 million were reclassified as current bank debt, because at 31 December 2016 had failed to meet one of the financial covenants on some of its bank loans. However, prior to the approval of the preliminary Financial Statements, the Company received contractual waiver agreements so that, from that date the bank loans were once again reclassified according to the maturity dates of each contract.

Following 31 December 2016 two new loans were contracted, the details of which are summarised below:

1) in TREVI – Finanziaria Industriale S.p.A., Euro 14 million, with expiry in February 2022;

2) in Trevi S.p.A., Euro 10 million, with expiry in February 2022.

The entry of Euro 1 million for financial derivative instruments at 31 March 2017 refers to the fair value at the accounting date of an IRS taken out by the Group and accounted as a cash flow hedge.

Deferred tax liabilities were Euro 29.4 million. A decrease of Euro 0.4 million compared to the figure at 31 December 2016.

Post-employment benefits, which includes the employee termination fund (TFR) and other pension liabilities was Euro 19.7 million and was substantially in line with the figure at 31 December 2016..

Current liabilities

Current liabilities totalled Euro 1,010.5 million compared to Euro 1,072.8 million at 31 December 2016:

(Euro '000)	**31/03/2017**	**31/12/2016**	**change**
Trade payables and other current liabilities	329,888	388,636	(58,748)
Tax payables for current taxes	29,102	29,872	(771)
Bank loans	638,552	640,047	(1,495)
Current provisions	12,576	13,891	(1,315)
Financial derivative instruments	368	447	(79)
Total current liabilities	**1,010,484**	**1,072,892**	**(62,409)**

Trade payables and other current liabilities decreased by approximately Euro 58.8 million compared to the figure at 31 December 2016 mainly due to the lower costs in the first quarter 2017.
Tax liabilities for current taxes includes not only the current taxes payable as calculated at 31 December 2016 that have still to be paid but also the calculation of the income tax payable in the first quarter 2017.
Bank loans includes the current portion of bank debt and also the portion due within the next twelve months for other financing. As already mentioned in the Report on Operations, which provides greater detail, at 31 March 2017, as at 31 December 2016, certain sums were reclassified to current debt after the Company failed to meet one of the covenants governing some of its bank loans; however, by 12 April 2017, the Company had received contractual waiver agreements so that, from that date, the bank loans were once again reclassified according to the maturity dates of each contract.
The entry current provisions, together with the non-current provisions recognised in non-current liabilities include provisions made for probable liabilities of an uncertain amount and/or maturity; there was no significant change in this entry compared to 31 December 2016.

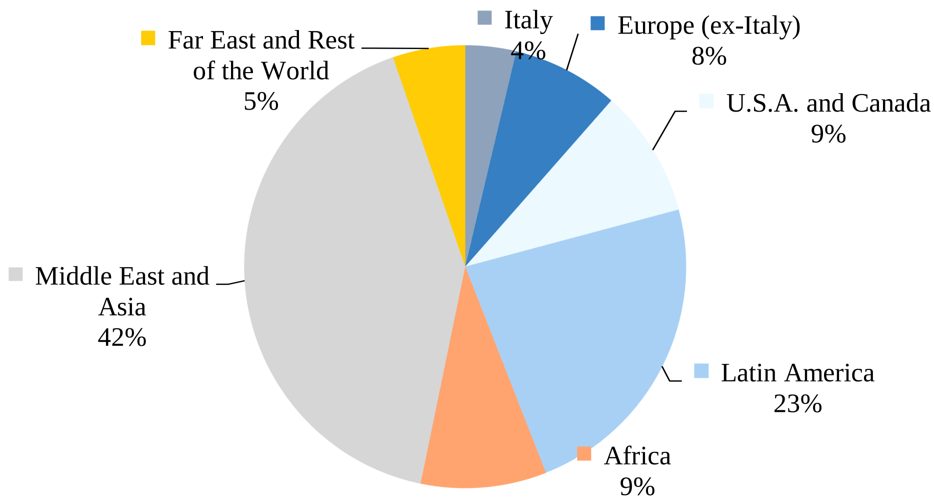
Notes to the main entries of the Consolidated Income Statement:

Total revenues

Total revenues were Euro 217.2 million at 31 March 2017, a decrease of Euro 47.4 million compared to the figure of Euro 264.6 million of the first quarter 2016. The tables below shows the breakdown of Group total revenues by geographical area:

(Euro '000)

Geographical area	31/03/2017	%	31/03/2016	%	change	%
Italy	8,807	3.7%	11,894	4.5%	(3,087)	-26.0%
Europe (ex- Italy)	18,453	7.8%	16,709	6.3%	1,744	10.4%
U.S.A. and Canada	22,152	9.3%	28,694	10.8%	(6,542)	-22.8%
Latin America	54,979	23.2%	54,331	20.5%	648	1.2%
Africa	21,796	9.2%	64,257	24.3%	(42,461)	-66.1%
Middle East and Asia	98,274	41.5%	65,387	24.7%	32,887	50.3%
Far East and Rest of the World	12,528	5.3%	23,364	8.8%	(10,836)	-46.4%
TOTAL REVENUES	**236,988**	**100%**	**264,636**	**100%**	**(27,648)**	**-10.4%**



Further details on the geographic breakdown of revenues is given in the Report on operations.

Products

The breakdown of revenues by the main Group segment in the first quarter 2017 was as follows:

(Euro '000)

Description	31/03/2017	%	31/03/2016	%	change	% change
Machinery for oil, gas and water drilling	17,721	7%	54,420	21%	(36,699)	-67.4%
Drilling services	28,387	12%	26,296	10%	2,091	8.0%
Interdivisional eliminations and adjustments	(115)		(393)		278	
Sub-total Oil & Gas Segment	**45,993**	**19%**	**80,323**	**30%**	**(34,330)**	**-42.7%**
Special foundations services	150,500	64%	144,211	54%	6,289	4.4%
Manufacture of machinery for special foundations	46,923	20%	53,256	20%	(6,333)	-11.9%
Interdivisional eliminations and adjustments	(3,156)		(2,757)		(399)	
Sub-total Special Foundations Segment (Core Business)	**194,267**	**82%**	**194,710**	**74%**	**(443)**	**-0.2%**
Parent Company	6,424		6,743		(319)	-4.7%
Interdivisional and Parent Company eliminations	(9,696)		(17,140)		7,444	
TREVI GROUP	**236,988**	**100%**	**264,636**	**100%**	**(27,648)**	**-10.4%**

Cost of purchases and services

This entry was Euro 159.6 million at 31 March 2017 and was significantly lower than the figure of Euro 186.5 million for the first quarter 2016 (a decrease of Euro 27 million); the decrease was for lower volumes of purchases and services required in first quarter 2017 (at 31 Marcg 2017, they accounted for 67% of total revenues compared to 70% at 31 March 2016).

Personnel expenses

Personnel expenses were Euro 58.7 million, a decrease of Euro 1.5 million compared to the figure for the first quarter 2016 (Euro 60.2 million) and reflected a reduction in the head count for the period that went from 7,447 at 31 March 2016 to 7,174 at 31 March 2017.

Depreciation and amortisation

(Euro '000)	**31/03/2017**	**31/03/2016**	**change**
Property, plant and equipment	10,908	13,205	(2,297)
Intangible assets	2,498	3,017	(519)
Total depreciation and amortisation	**13,407**	**16,222**	**(2,815)**

Financial income/ (expenses)

(Euro '000)	**31/03/2017**	**31/03/2016**	**change**
Financial income / (expenses)	(5,236)	(6,479)	1,243
Exchange rate gains / (losses)	(438)	(17,827)	17,390
Impairment of financial assets	(270)	-	(270)
Total net financial expenses	**(5,943)**	**(24,306)**	**18,363**

The significant decrease in this figure compared to the first quarter 2016 was almost exclusively due to a lower losses on exchange rates in the period under review .

3. Segment information

In order to provide segment economic, capital and financial data, management has identified two macro business segments: the Special Foundations segment (the core business) and the Oil&Gas segment; these reflect the Group organisation and the internal reporting structure.
Summary data on the Income Statements and Statements of Financial Position of the two aforementioned segments are given below:

SPECIAL FOUNDATIONS SEGMENT (CORE BUSINESS) (*)

Summary Income Statement

(Euro '000)

Income Statement of the Special Foundations Segment	31/03/2017	31/03/2016	change	% change
TOTAL REVENUES	**194,267**	**194,710**	**(443)**	**-0.2%**
Changes in inventories of work in progress, semi-finished and finished goods	(839)	8,637	(9,475)	
Increase in plant, machinery and equipment for internal use	584	2,009	(1,426)	
VALUE OF PRODUCTION	**194,012**	**205,356**	**(11,344)**	**-5.5%**
Raw materials and cost of external services	133,279	129,037	4,242	
Other operating expenses	2,400	1,898	502	
VALUE ADDED	**58,334**	**74,421**	**(16,088)**	**-21.6%**
% of Total revenues	*30.0%*	*38.2%*		
Personnel expenses	40,217	40,906	(689)	
GROSS OPERATING PROFIT (EBITDA)	**18,116**	**33,515**	**(15,399)**	**-45.9%**
% of Total revenues	*9.3%*	*17.2%*		
Depreciation and amortisation	8,666	11,169	(2,503)	
Provisions for risks and charges and write-downs	723	885	(161)	
OPERATING RESULT (EBIT)	**8,728**	**21,462**	**(12,734)**	**-59.3%**
% of Total revenues	*4.5%*	*11.0%*		

OIL&GAS SEGMENT(*)

Summary Income Statement

(Euro '000)

Income Statement of the Oil&Gas Segment	31/03/2017	31/03/2016	change	% change
TOTAL REVENUES	**45,993**	**80,323**	**(34,330)**	**-42.7%**
Changes in inventories of work in progress, semi-finished and finished goods	(2,420)	9,841	(12,261)	
Increase in plant, machinery and equipment for internal use	45	28	17	
VALUE OF PRODUCTION	**43,618**	**90,193**	**(46,575)**	**-51.6%**
Raw materials and cost of external services	31,616	69,287	(37,670)	
Other operating expenses	1,675	1,124	551	
VALUE ADDED	**10,327**	**19,783**	**(9,455)**	**-47,8%**
% of Total revenues	*22.5%*	*24.6%*		
Personnel expenses	17,384	18,349	(965)	
GROSS OPERATING PROFIT (EBITDA)	**(7,057)**	**1,434**	**(8,490)**	**-592.2%**
% of Total revenues	*-15.3%*	*1.8%*		
Depreciation and amortisation	4,382	5,123	(741)	
Provisions for risks and charges and write-downs	5,259	10	5,249	
OPERATING RESULT (EBIT)	**(16,698)**	**(3,699)**	**(12,999)**	**-351.4%**
% of Total revenues	*-36.3%*	*-4.6%*		

(*)The individual Income Statements above have not been adjusted for inter-divisional transactions; they do not include the Parent Company or Trevi Energy S.p.A.

SPECIAL FOUNDATIONS SEGMENT (CORE BUSINESS)

Summary Statement of Financial Position

(Euro '000)

	Statement of Financial Position of the Special Foundations Segment	31/03/2017	31/12/2016	change	% change
A)	**Fixed assets**	**270,685**	**273,790**	**(3,105)**	**-1.1%**
	- Inventories	314,292	287,275	27,017	
	- Trade receivables	319,897	324,148	(4,251)	
	- Trade payables (-)	(216,732)	(253,612)	36,880	
	- Advance payments (-)	(107,949)	(114,004)	6,055	
	- Other assets (liabilities)	2,006	(9,332)	11,338	
B)	**Net working capital**	**311,514**	**234,476**	**77,038**	**32.9%**
C)	**Invested capital less liabilities for the period (A+B)**	**582,199**	**508,266**	**73,933**	**14.5%**
D)	**Post-employment benefits (-)**	**(16,575)**	**(16,822)**	**247**	**-1.5%**
E)	**NET INVESTED CAPITAL (C+D)**	**565,624**	**491,444**	**74,181**	**15.1%**
	Financed by:				
F)	**Shareholders' equity attributable the Parent Company**	**359,745**	**363,953**	**(4,207)**	**-1.2%**
G)	Shareholders' equity attributable to non-controlling interests	11,005	10,468	537	
H)	**Net financial debt**	**194,874**	**117,023**	**77,851**	**66.5%**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**565,624**	**491,444**	**74,181**	**15.1%**

OIL&GAS SEGMENT

Summary Statement of Financial Position

(Euro '000)

	Statement of Financial Position of the Oil&Gas Segment	31/03/2017	31/12/2016	change	% change
A)	**Fixed assets**	**118,886**	**122,659**	**(3,773)**	**-3.1%**
	- Inventories	213,143	217,079	(3,936)	
	- Trade receivables	128,761	127,983	778	
	- Trade payables (-)	(84,514)	(93,426)	8,913	
	- Advance payments (-)	(26,703)	(23,928)	(2,775)	
	- Other assets (liabilities)	35,652	29,479	6,174	
B)	**Net working capital**	**266,339**	**257,187**	**9,152**	**3.6%**
C)	**Invested capital less liabilities for the period (A+B)**	**385,225**	**379,846**	**5,379**	**1.4%**
D)	**Post-employment benefits (-)**	**(2,066)**	**(1,817)**	**(249)**	**13.7%**
E)	**NET INVESTED CAPITAL (C+D)**	**383,160**	**378,029**	**5,130**	**1.4%**
	Financed by:				
F)	**Shareholders' equity attributable to the Parent Company**	**23,877**	**45,275**	**(21,399)**	**-47.3%**
G)	Shareholders' equity attributable to non-controlling interests	593	940	(347)	
H)	**Net financial debt**	**358,690**	**331,814**	**26,876**	**8.1%**
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**383,160**	**378,029**	**5,130**	**1.4%**

4. Significant non-recurring events and transactions

Refernce should be made to the above section "Events Subsequent to the End of the Reporting Period at 31 March 2017" for information on the YPFB contract for Bolivia.

In the first three months of 2017, the TREVI Group had Euro 1.4 million of non-recurring costs for restructuring costs in the Petreven division.

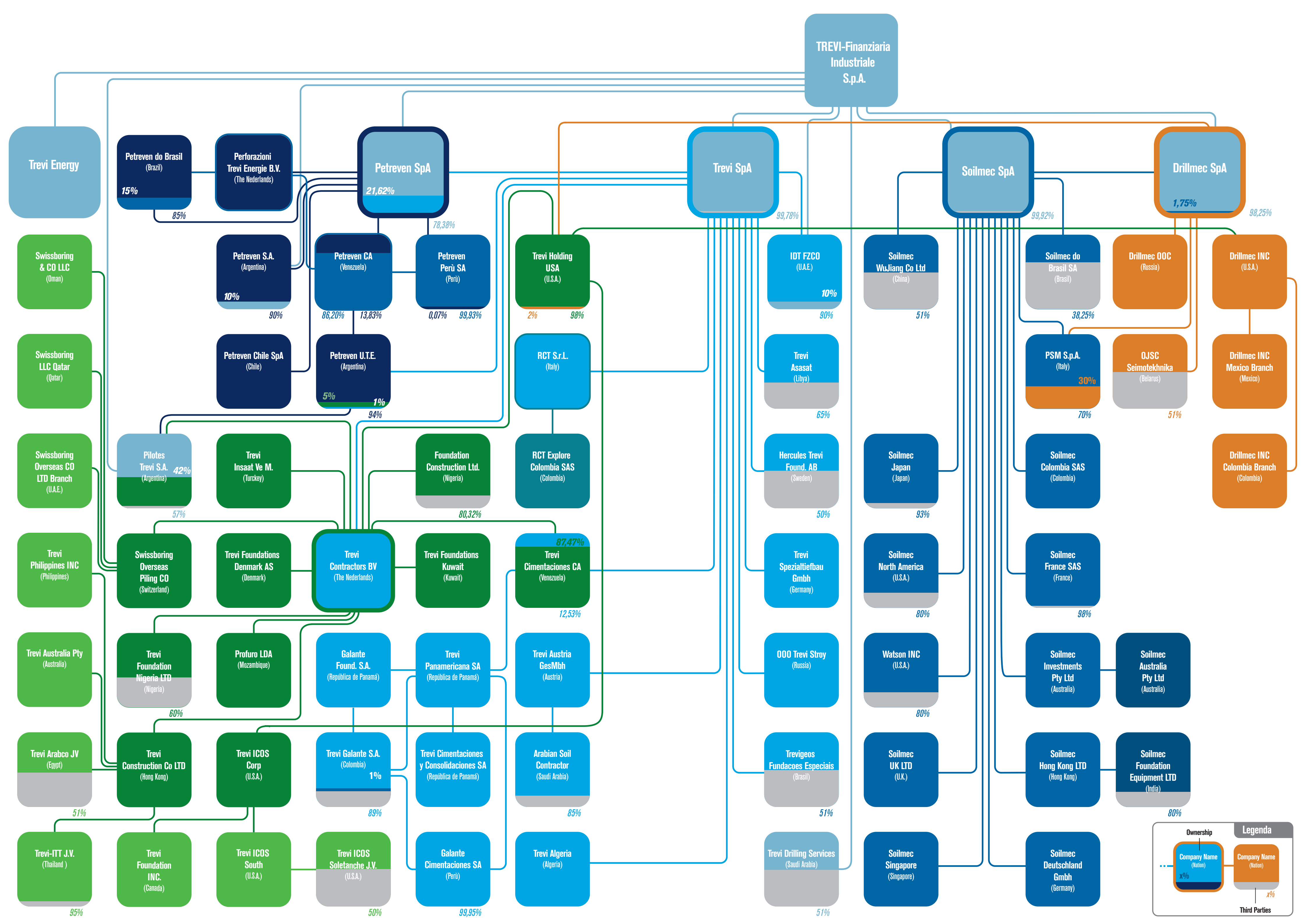
5. Positions or transactions that could be considered atypical and/or unusual

In the first three months of 2017, the TREVI Group has no positions or has carried out no transactions that could be considered atypical and/or unusual.

Cesena, 15 May 2017

On behalf of the Board of Directors
The Chairman
Mr Davide Trevisani

The C.F.O., Roberto Carassai, as Manager responsible for preparing the Company accounts, declares that, in accordance with paragraph 2 of Article 154-*bis* of the Consolidated Finance Act, the accounting information contained in the present Interim Report corresponds to that in the Company accounting documents, books and accounting records.



TREVI-Finanziaria Industriale S.p.A.
Trevi Energy
Petreven do Brasil (Brazil) 15%
85%
Perforazioni Trevi Energie B.V. (The Nederlands)
Petreven SpA 21,62%
78,38%
Trevi SpA
99,78%
Soilmec SpA
99,92%
Drillmec SpA 1,75%
98,25%
Swissboring & CO LLC (Oman)
Petreven S.A. (Argentina) 10%
90%
Petreven CA (Venezuela)
86,20%
13,83%
Petreven Perù SA (Perù)
0,07%
99,93%
Trevi Holding USA (U.S.A.)
2%
98%
IDT FZCO (U.A.E.) 10%
90%
Soilmec WuJiang Co Ltd (China)
51%
Soilmec do Brasil SA (Brasil)
38,25%
Drillmec OOC (Russia)
Drillmec INC (U.S.A.)
Swissboring LLC Qatar (Qatar)
Petreven Chile SpA (Chile)
Petreven U.T.E. (Argentina) 5% 1%
94%
RCT S.r.L. (Italy)
Trevi Asasat (Libya)
65%
PSM S.p.A. (Italy) 30%
70%
OJSC Seimotekhnika (Belarus)
51%
Drillmec INC Mexico Branch (Mexico)
Swissboring Overseas CO LTD Branch (U.A.E.)
Pilotes Trevi S.A. (Argentina) 42%
57%
Trevi Insaat Ve M. (Turckey)
Foundation Construction Ltd. (Nigeria)
80,32%
RCT Explore Colombia SAS (Colombia)
Hercules Trevi Found. AB (Sweden)
50%
Soilmec Japan (Japan)
93%
Soilmec Colombia SAS (Colombia)
Drillmec INC Colombia Branch (Colombia)
Trevi Philippines INC (Philippines)
Swissboring Overseas Piling CO (Switzerland)
Trevi Foundations Denmark AS (Denmark)
Trevi Contractors BV (The Nederlands)
Trevi Foundations Kuwait (Kuwait)
87,47%
Trevi Cimentaciones CA (Venezuela)
12,53%
Trevi Spezialtiefbau Gmbh (Germany)
Soilmec North America (U.S.A.)
80%
Soilmec France SAS (France)
98%
Trevi Australia Pty (Australia)
Trevi Foundation Nigeria LTD (Nigeria)
60%
Profuro LDA (Mozambique)
Galante Found. S.A. (República de Panamá)
Trevi Panamericana SA (República de Panamá)
Trevi Austria GesMbh (Austria)
OOO Trevi Stroy (Russia)
Watson INC (U.S.A.)
80%
Soilmec Investments Pty Ltd (Australia)
Soilmec Australia Pty Ltd (Australia)
Trevi Arabco JV (Egypt)
51%
Trevi Construction Co LTD (Hong Kong)
Trevi ICOS Corp (U.S.A.)
Trevi Galante S.A. (Colombia) 1%
89%
Trevi Cimentaciones y Consolidaciones SA (República de Panamá)
Arabian Soil Contractor (Saudi Arabia)
85%
Trevigeos Fundacoes Especiais (Brasil)
51%
Soilmec UK LTD (U.K.)
Soilmec Hong Kong LTD (Hong Kong)
Soilmec Foundation Equipment LTD (India)
80%
Trevi-ITT J.V. (Thailand)
95%
Trevi Foundation INC. (Canada)
Trevi ICOS South (U.S.A.)
Trevi ICOS Soletanche J.V. (U.S.A.)
50%
Galante Cimentaciones SA (Perù)
99,95%
Trevi Algeria (Algeria)
Trevi Drilling Services (Saudi Arabia)
51%
Soilmec Singapore (Singapore)
Soilmec Deutschland Gmbh (Germany)
Legenda
Ownership
Company Name (Nation) x%
Company Name (Nation) x%
Third Parties