

## Press Release

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# HOCHTIEF delivers strong growth in profits and cash: well positioned for the future

- **Significant increase in operational net profit to EUR 265 million (up 39% year-on-year)**
  - At top end of guidance range (EUR 220 million to EUR 260 million)
  - Operational profit before tax up 18% to EUR 600 million
  - Improved cost base and project execution leading to higher margins in all divisions
  - Nominal net profit, at EUR 208 million, more than 50% higher than comparable 2014 figure
- **Free cash flow from operations tripled to nearly EUR 1 billion, up EUR 663 million year-on-year**
  - Substantial increase in cash flow from operations to EUR 1.1 billion, up EUR 379 million year-on-year
  - Improved working capital and reduced capex
- **Net cash of over EUR 800 million, up EUR 335 million year-on-year**
  - Underlying year-on-year net cash improvement of over EUR 1 billion
- **Order backlog firm at EUR 37 billion (up 3% in Q4 2015)**
  - Solid level of new orders at EUR 22.3 billion
  - Strong tender pipeline in all divisions for 2016 and beyond
- **Proposed ordinary dividend to rise by 18% to EUR 2.00 per share**
- **Guidance for 2016: Operational net profit to increase to EUR 300–360 million (approx. 15% to 35% higher)**

Page 1 of 6  
02/25/2016

HOCHTIEF further substantially improved its operational net profit, cash flow, and net cash position in 2015. “The success of the Group’s transformation is increasingly evident. HOCHTIEF’s financial performance continues to improve in a sustainable manner,” says Chairman of the Executive Board Marcelino Fernández Verdes.

Adjusted for one-off items (such as disposals of activities and restructuring expenses), **operational net profit** significantly increased by 39% to EUR 265 million (2014: EUR 190 million). This is at the top end of the guidance

range of between EUR 220 million and EUR 260 million. **Nominal net profit** reached EUR 208 million. Taking into account the business disposals and provisions at CIMIC in 2014, this represents an increase of over 50%.

**Operational profit before tax** grew by 18% to EUR 600 million (2014: EUR 509 million). The **operational profit margin** rose by 50 basis points to 2.8%. All divisions contributed to the higher margin with reduced costs and improved project execution.

- HOCHTIEF Americas boosted operational PBT by 36%.
- HOCHTIEF Asia Pacific improved its margin by a substantial 110 basis points year-on-year to 5.0%.
- HOCHTIEF Europe for the first time in many years achieved a clear break-even result with EUR 9 million of operational net profit.

HOCHTIEF has further strengthened its cash generation and balance sheet. **Free operational cash flow** tripled to EUR 985 million (2014: EUR 322 million). Working capital further improved and capex halved to EUR 285 million. The net cash position grew by EUR 335 million to EUR 805 million. Adjusted for divestment effects, share buybacks and dividends, HOCHTIEF's underlying net cash position rose by over EUR 1 billion in 2015.

**New orders** remained firm at EUR 22.3 billion (2014: EUR 22 billion). The **order backlog** of EUR 36.7 billion (+1%) represents 18 months' worth of forward orders for HOCHTIEF. The Group generated **sales** of EUR 21.1 billion (2014: EUR 22.1 billion).

**HOCHTIEF is very well positioned in markets around the globe with strong tender pipelines.** CIMIC is working on around AUD 60 billion of infrastructure and mining projects which will be awarded during 2016. In America, Turner foresees a relevant new project pipeline of USD 52 billion for 2016, Flatiron has identified new

projects worth USD 6 billion for 2016. And HOCHTIEF Europe is evaluating a project pipeline of EUR 20 billion for 2016. Marcelino Fernández Verdes: "We are ready to take advantage of stable and attractive markets such as Australia, Hong Kong, North America and Europe. HOCHTIEF has a strong tender pipeline for 2016 and beyond. In addition our strong balance sheet provides confidence and flexibility to pursue future growth opportunities."

HOCHTIEF is becoming one of the world's most relevant building and infrastructure construction groups and aims to achieve both sustainable and profitable cash-backed growth. To this end, **the Group successfully continued its transformation throughout 2015**. Further improvements are targeted in terms of cost efficiency, cash-backed profitability, and risk management.

- The structures of the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions have been streamlined and optimized.
- At the HOCHTIEF Asia Pacific division, the reorganization of the operating model was successfully completed. As a way of clearly conveying the transformation, Leighton Holdings was renamed the CIMIC Group.
- In bid preparation and project execution Group-wide, **HOCHTIEF has streamlined workflows, processes, and reporting lines, and devolved more decision-making authority to the operating level with a heightened focus on risk management.**
- To make structures even leaner in the HOCHTIEF Europe division and further enhance the market position of the European construction activities, HOCHTIEF Infrastructure and HOCHTIEF Building will be merged. This is to be completed by the end of the first quarter of 2016.

In the course of the **share buyback program** launched in 2014, a total of 5.96% had been repurchased by the end of 2015. HOCHTIEF decided in January 2016 to continue the buyback program. Plans are to additionally repurchase around 4% of the capital stock.

At the upcoming Annual General Meeting, HOCHTIEF will propose to shareholders the distribution of an **ordinary dividend** for 2015 of EUR 2.00 per share. This represents an increase of EUR 0.30 per share or 18% (2014: EUR 1.70 plus a 20 cent special dividend per share). This is in addition to the share buyback executed during 2015. The combined benefit to our shareholders is comparable to a yield of 7.4%, based on the average HOCHTIEF share price in 2015. This is on top of the strong share price performance during the year (+47%).

### **Group outlook**

For 2016, HOCHTIEF plans to achieve an operational net profit of between EUR 300 million and EUR 360 million, representing an increase of approximately 15% to 35% with all divisions contributing to this further improvement. This guidance range compares to EUR 265 million in 2015.

**HOCHTIEF Group: Key operational variables<sup>1)</sup>**

(EUR million)	2015	2014	Change
<b>Net profit</b>	<b>265</b>	190 <sup>3)</sup>	<b>39%</b>
<b>Profit before tax/PBT</b>	<b>600</b>	509	<b>18%</b>
<b>PBT margin</b>	<b>2.8%</b>	2.3%	<b>50 bp</b>
<b>Earnings per share (EUR)</b>	<b>3.95</b>	2.75	<b>44%</b>
<b>Net cash (+)/net debt (-)<sup>2)</sup></b>	<b>805</b>	470	<b>71%</b>

 Page 5 of 6  
 02/25/2016

<sup>1)</sup> Operational earnings excluding one-off impacts and adjusted for sold assets

<sup>2)</sup> 2014 including cash from divesting proceeds

<sup>3)</sup> As highlighted in February 2015, the comparable net operational profit is EUR 190 million post divestments and EUR 252 million pre divestments in 2014

**HOCHTIEF Group: Nominal figures**

(EUR million)	2015	2014	Change
<b>New orders</b>	<b>22,263</b>	22,041	+1%
<b>Work done</b>	<b>23,948</b>	24,246	(1%)
<b>Order backlog</b>	<b>36,717</b>	36,255	+1%
<b>Sales</b>	<b>21,097</b>	22,099	(5%)
<b>EBIT</b>	<b>729</b>	559	+30%
<b>Profit before tax</b>	<b>523</b>	(177)	
<b>Net profit comparable</b>	<b>208</b>	137	52%
<b>Net profit<sup>1)</sup></b>	<b>208</b>	252	(17%)
<b>Earnings per share (EUR)<sup>1)</sup></b>	<b>3.11</b>	3.64	(15%)
<b>Cash flow from operations</b>	<b>1,135</b>	756	+50%
<b>Free operational cash flow</b>	<b>985</b>	322	+206%
<b>Employees</b>	<b>44,264</b>	53,247	
	(Year-end)	(Year-end)	

<sup>1)</sup> 2014 including discontinued operations

**Forward-looking statements**

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft concerning future events and developments relating to HOCHTIEF Aktiengesellschaft and/or the HOCHTIEF Group and are based on information currently available to the Executive Board of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as profit before tax or consolidated net profit) or developments (such as with regard to possible future divestments, general business activities or business strategy). Actual results (such as profit before tax or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore differ materially from the expectations and assumptions described or implied in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, capital market developments, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Any information provided on dividends is additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.

**CORPORATE  
COMMUNICATIONS**Page 6 of 6  
02/25/2016