

Press Release

9M 2017: HOCHTIEF increases cash-backed operational net profit by 29% with strong new order growth

- **EUR 320 million operational net profit (+29% year on year); EUR 303 million nominal net profit (+36%)**
 - Sales growth momentum continuing, 9M 2017 +15% to EUR 16.5 billion
 - Operational PBT margin of 3.8%, +50bps
 - Strong EBITDA growth (+35%) to EUR 959 million; EUR 1.24 billion last twelve months
- **EUR 463 million net cash from operating activities (+20%)**
 - Free cash flow from operations of EUR 1 billion last twelve months
- **EUR 508 million net cash (up EUR 143 million)**
- **EUR 7.7 billion new orders in Q3 (+34%)**
 - New orders in 9M 2017 at EUR 21.4 billion (+13%)
 - Order backlog of EUR 42.9 billion at consistently high level (+11%)
- **Guidance confirmed: Operational net profit for 2017 of EUR 410-450 million (+13% to 25%)**
 - Strong tender pipeline in all our core markets (USA, Canada, Asia Pacific and Europe), over EUR 420 billion in Construction, Mining and Services for 2017-2020

During the first nine months of 2017, the performance of HOCHTIEF has continued to progress in a very solid manner with significant further advances in the Group's sales and profits. This has been accompanied by a substantial increase in cash generation and strong additional growth in the Group's order book. The on-going positive performance and outlook, allied with HOCHTIEF's strong balance sheet position, has enabled the Group to announce an offer worth EUR 18.6 billion for 100% of ABERTIS, the largest toll road operator in the world, on October 18, 2017. "HOCHTIEF continues to deliver and operate from a position of strength", said CEO Marcelino Fernández Verdes.

The January-September 2017 period has seen further positive development in profits. **Operational net profit*** increased by 29% year on year to

EUR 320 million with **nominal net profit** rising 36% year on year, to EUR 303 million.

Sales of EUR 16.5 billion showed a 15% increase year on year. The Group **operational PBT margin** has increased by 50 basis points to 3.8%.

HOCHTIEF's level of cash generation during the period has substantially increased. **EBITDA** of almost EUR 1 billion represents a rise of 35% year on year and in the last twelve months stands at EUR 1.24 billion. **Net cash inflow from operating activities** increased by 20% to EUR 463 million.

Capital expenditure continues to be increased due to rising mining and tunneling work at CIMIC. In the last twelve months the Group has achieved **free cash flow from operations**, after capex, of almost EUR 1 billion. This strong performance is a consequence of HOCHTIEF's focus on cash-backed profits and sustained improvements in working capital.

As a result of the strong cash flow performance, the Group's balance sheet shows a solid improvement. HOCHTIEF ended September 2017 with EUR 508 million of **net cash**, EUR 143 million higher than a year ago.

New orders have advanced significantly during the third quarter, increasing by 34% year on year. The significant new projects won in Q3 2017 include operation and maintenance of the Melbourne suburban train network (EUR 1.3 billion), operations of coal mines in Indonesia (EUR 500 million), construction of a sewerage system in Singapore (EUR 320 million), an upgrade of a dam in California (EUR 220 million) and several large building projects, amongst others in Berlin, Hamburg, Frankfurt, Detroit and Washington. "The major orders won by all three divisions underline the strong competitive position we have in our core markets", explained CEO Marcelino Fernández Verdes. During the first nine months of 2017 the EUR 21.4 billion of new work secured is 13% higher than the corresponding period of 2016. HOCHTIEF's period-end EUR 42.9 billion **order book** is 11% higher year on year. Adjusting for exchange rate effects, the order backlog is up by 6% compared with December 2016.

The prospects for HOCHTIEF's core businesses of Construction, Mining, PPPs and Services remain very positive. For all three divisions, the Group identified a pipeline of relevant projects worth over EUR 420 billion coming to the markets in North America, Asia Pacific and Europe for 2017-2020.

HOCHTIEF confirms the 2017 Group **guidance**. We expect an operational net profit in the range of EUR 410-450 million. This represents an increase of 13-25% on 2016, with all our divisions driving this further improvement in the Group results.

* Operational net profit excludes one-off impacts

HOCHTIEF Group: Key Figures¹⁾

| (EUR million) | 9M 2017 | 9M 2016 | Change yoy | Q3 2017 | Q3 2016 | Change yoy | FY 2016 |
|--|-----------------|------------|---------------|-----------------|------------|---------------|-----------------|
| Sales | 16,533.8 | 14,397.1 | 14.8% | 5,516.1 | 5,031.2 | 9.6% | 19,908.3 |
| Operational profit before tax/PBT²⁾ | 628.8 | 481.3 | 30.6% | 229.9 | 153.5 | 49.8% | 677.5 |
| Operational PBT margin in %²⁾ | 3.8 | 3.3 | 0.5 | 4.2 | 3.1 | 1.1 | 3.4 |
| Operational net profit²⁾ | 320.4 | 248.8 | 28.8% | 119.8 | 88.7 | 35.1% | 361.2 |
| Operational earnings per share (EUR)²⁾ | 4.99 | 3.87 | 28.9% | 1.86 | 1.38 | 34.8% | 5.62 |
| EBITDA | 958.8 | 713.0 | 34.5% | 331.3 | 241.7 | 37.1% | 996.5 |
| EBITDA margin in % | 5.8 | 5.0 | 0.8 | 6.0 | 4.8 | 1.2 | 5.0 |
| EBIT | 669.4 | 509.6 | 31.4% | 240.5 | 166.5 | 44.4% | 715.6 |
| Profit before tax/PBT | 607.5 | 446.8 | 36.0% | 221.8 | 146.8 | 51.1% | 620.7 |
| Net profit | 302.8 | 223.3 | 35.6% | 113.7 | 83.0 | 37.0% | 320.5 |
| Earnings per share (EUR) | 4.71 | 3.47 | 35.7% | 1.77 | 1.29 | 37.2% | 4.98 |
| Net cash from operating activities | 462.9 | 387.0 | 19.6% | 232.2 | 444.0 | -47.7% | 1,173.4 |
| Net operating capital expenditure | 225.8 | 126.1 | 79.1% | 74.8 | 59.7 | 25.3% | 187.3 |
| Free cash flow from operations | 237.1 | 260.9 | -9.1% | 157.4 | 384.3 | -59.0% | 986.1 |
| Net cash/net debt | 507.9 | 365.0 | 39.2% | 507.9 | 365.0 | 39.2% | 703.9 |
| New orders | 21,402.8 | 18,963.4 | 12.9% | 7,662.4 | 5,718.7 | 34.0% | 24,813.5 |
| Order backlog (yoy)³⁾ | 42,868.3 | 38,585.7 | 11.1% | 42,868.3 | 38,585.7 | 11.1% | 43,087.6 |
| Employees (end of period)⁴⁾ | 54,629 | 45,244 | 20.8% | 54,629 | 45,244 | 20.8% | 51,490 |
| ...of which in Germany | 3,427 | 3,452 | -0.7% | 3,427 | 3,452 | -0.7% | 3,449 |

1) All figures are nominal unless otherwise indicated; 2) Operational earnings are adjusted for deconsolidation effects and other one-off impacts;

3) Order backlog 2016 adjusted for two large HOCHTIEF Europe projects in the Middle East, 4) incl. UGL workforce (6,801 as of Dec. 31, 2016)

EBIT 2016 and EBITDA 2016 restated

HOCHTIEF is one of the most global construction groups. The Group operates construction in the transportation, energy and social/urban infrastructure segments as well as in the contract mining, PPP and services businesses. With around 55,000 employees and a sales volume of about EUR 20 billion in FY 2016, HOCHTIEF is represented globally. With CIMIC, the Group is market leader in Australia. In the USA, HOCHTIEF is the No. 1 general builder via Turner. Flatiron ranks among the most important players in the field of civil works, mainly in transportation infrastructure. Thanks to its commitment to sustainability, HOCHTIEF has been listed in the Dow Jones Sustainability Indexes since 2006. Further information is available at www.hochtief.com/press.