

Press Release

H1 2019: HOCHTIEF with strong increase in operational net profit of 25% to EUR 296 million – on track to deliver on full-year guidance

- **Operational net profit +25% year on year (yoy) to EUR 296 million; nominal net profit +21% to EUR 279 million**
 - Sales of EUR 12.0 billion, up over 800 million or +7% yoy (+4% f/x-adj.)
 - Profit growth in all divisions with steady margins; EUR 52 million Abertis contribution
 - Operational PBT +11% yoy to EUR 506 million
- **Net cash from operating activities shows positive momentum**
 - H1 cash flow of EUR 414 million is up EUR 56 million yoy; eliminating seasonality EUR 1.6 billion last twelve months (LTM)
- **Group net cash of EUR 1.3 billion, all divisions up yoy**
 - S&P affirmed BBB rating and stable outlook
- **Strong new orders of EUR 14.6 billion (+13%), order backlog up EUR 3.8 billion yoy to EUR 49.4 billion (+8%)**
- **Guidance confirmed: 2019 operational net profit of EUR 640–680 million (+22 to 30% yoy)**
 - Positive outlook for seasonally stronger second half of the year across the three divisions, based on solid order book
 - Robust tender pipeline in our core markets: USA, Canada, Asia Pacific and Europe approaching EUR 600 billion for 2019 and beyond; PPP project pipeline of about EUR 230 billion

HOCHTIEF has delivered a robust performance during the first six months of 2019 with a solid increase in the Group's profits, sales and order book, compared with a year ago, accompanied by an increase in net cash from operating activities.

Operational net profit increased by EUR 58 million, or 25%, year on year to EUR 296 million. **Nominal net profit** rose by 21% year on year to EUR 279 million. Both profit measures include a EUR 52 million contribution from the 20% equity-consolidated stake in Abertis. In addition to this positive impact, all three HOCHTIEF divisions contributed to the increase in operational net profit.

Sales in the January to June 2019 period increased to EUR 12.0 billion, or 4%, year on year, adjusting for movements in foreign exchange. In nominal terms sales were 7% higher. HOCHTIEF's **operational PBT margin** was steady at 4.2% of sales.

"We have increased sales by over EUR 800 million in the first six months of 2019. The greater proportion of our activities coming from our construction management, services and concessions including Abertis is driving an improved risk profile and enhancing the visibility of our profits and cash flow", said CEO Marcelino Fernández Verdes.

First half **net cash from operating activities** of EUR 414 million was EUR 56 million higher year on year. Considering the last twelve month period, to eliminate the impact of seasonality, HOCHTIEF has generated a strong level of net cash from operating activities of over EUR 1.6 billion. This reflects both continued growth in cash-backed profits and further cash inflow from working capital.

Due to increased mining and job-costed tunneling work, **net operating capital expenditure** increased by EUR 71 million to EUR 234 million. Looking at the last twelve months, HOCHTIEF has delivered over EUR 1.2 billion of free cash flow from operations.

As a consequence of the Group's solid cash generation, HOCHTIEF ended June 2019 with a **net cash position** of EUR 1.3 billion, with all three divisions increasing their net cash position compared with June 2018. The Group's net cash level is after the EUR 494 million net investment in the 20% Abertis stake in 2018.

A strong level of **new orders**, EUR 14.6 billion, has been secured in the first half of 2019, an increase of EUR 1.7 billion year on year, or 10% f/x-adjusted. The disciplined bidding approach, across the Group's geographical footprint, remains a priority for all HOCHTIEF-teams.

One of the most significant new orders received in the second quarter was the large-scale Cross River Rail PPP project in Brisbane, which involves several

CIMIC companies. Flatiron has also taken on a rail contract—the Redlands Passenger Rail project in California. Elsewhere in North America, Turner has been awarded the redevelopment of the 2 Penn Plaza building in New York whilst in Germany, HOCHTIEF is responsible for the Heinrich Campus office building in Düsseldorf.

The June 2019 **order book** of EUR 49.4 billion shows sustained growth and has increased by EUR 3.8 billion year on year, or 9% on an exchange rate adjusted basis (nominal +8%).

HOCHTIEF's local teams have identified a **project tender pipeline** worth approaching the EUR 600 billion level of relevant projects coming to our markets in North America, Asia-Pacific and Europe for the remainder of 2019 and beyond. The company's strong position in developed PPP markets is reflected in the **PPP project pipeline** the Group has identified and which stands at EUR 230 billion.

Group Outlook

As a consequence of the positive Group outlook, HOCHTIEF continues to expect an **operational net profit in 2019 in the range of EUR 640–680 million compared with EUR 523 million in 2018**. This represents an increase of 22 to 30% with all divisions driving this further improvement in the Group performance in addition to the significant contribution expected from the investment in Abertis. “As we move into the second half of the year, which tends to be stronger due to sector seasonality, we are on track to achieve our FY 2019 guidance – backed by a solid order book and the positive outlook for our three divisions”, said CEO Marcelino Fernández Verdes.

HOCHTIEF Group: Key Figures

 CORPORATE
COMMUNICATIONS

| (EUR million) | H1 2019 | H1 2018 | H1 Change | Q2 2019 | Q2 2018 | Q2 Change | FY 2018 |
|---|-----------------|------------|--------------|-----------------|------------|--------------|------------|
| Sales | 12,009.4 | 11,203.0 | 7.2% | 6,276.8 | 5,936.8 | 5.7% | 23,882.3 |
| Operational profit before tax/PBT | 506.0 | 454.2 | 11.4% | 268.4 | 247.0 | 8.7% | 968.6 |
| Operational PBT margin in % | 4.2 | 4.1 | 0.1 | 4.3 | 4.2 | 0.1 | 4.1% |
| Operational net profit | 296.4 | 238.0 | 24.5% | 163.7 | 131.7 | 24.3% | 523.3 |
| Operational earnings per share (EUR) | 4.2 | 3.70 | 13.5% | 2.32 | 2.05 | 13.2% | 8.0 |
| EBITDA | 909.0 | 777.6 | 16.9% | 465.8 | 424.8 | 9.7% | 1,686.2 |
| EBITDA margin in % | 7.6 | 6.9 | 0.7 | 7.4 | 7.2 | 0.2 | 7.1% |
| EBIT | 561.0 | 523.3 | 7.2% | 289.3 | 287.5 | 0.6% | 1,124.0 |
| EBIT margin in % | 4.7 | 4.7 | 0.0 | 4.6 | 4.8 | -0.2 | 4.7% |
| Nominal profit before tax / PBT | 489.5 | 446.4 | 9.7% | 256.6 | 247.2 | 3.8% | 979.0 |
| Nominal net profit | 278.7 | 229.7 | 21.3% | 150.7 | 131.8 | 14.3% | 543.0 |
| Nominal earnings per share (EUR) | 3.95 | 3.57 | 10.6% | 2.13 | 2.05 | 3.9% | 8.30 |
| Net cash from operating activities | 414.1 | 358.6 | 15.5% | 588.0 | 488.4 | 20.4% | 1,573.9 |
| Net operating capital expenditure | 234.4 | 163.6 | 43.3% | 121.2 | 89.8 | 35.0% | 343.9 |
| Free cash flow from operations | 179.7 | 195.0 | -7.8% | 466.8 | 398.6 | 17.1% | 1,230.0 |
| Net cash/net debt | 1,306.9 | 1,353.7 | -3.5% | 1,306.9 | 1,353.7 | -3.5% | 1,564.3 |
| New orders | 14,553.3 | 12,841.5 | 13.3% | 7,465.8 | 6,087.3 | 22.6% | 28,098.1 |
| Work done | 12,602.0 | 12,041.3 | 4.7% | 6,528.0 | 6,359.8 | 2.6% | 25,446.2 |
| Order backlog | 49,424.9 | 45,584.3 | 8.4% | 49,424.9 | 45,584.3 | 8.4% | 47,267.4 |
| Employees (end of period) | 54 675 | 58 228 | -6.1% | 54 675 | 58 228 | -6.1% | 55 777 |

 Page 4 of 4
07/23/2019

Note: Operational profits are adjusted for non-operational effects; 2018 figures restated for IFRS 16; Prior year EBIT(DA) restated due to new definition

HOCHTIEF is an engineering-led global infrastructure group with leading positions across its core activities of construction, services and concessions/public-private partnerships (PPP) focused on Australia, North America and Europe. With around 56,000 employees and a sales volume of about EUR 24 billion in 2018, HOCHTIEF's global presence is focused on developed markets. Via 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. HOCHTIEF owns a 20% stake in Abertis, the leading international toll road operator. 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.