

Press Release

9M 2019: HOCHTIEF with strong increase in operational net profit of 29% to EUR 478 million and record EUR 50 billion order book

- **Operational net profit +29% year on year (yoy) to EUR 478 million, nominal net profit +13%¹⁾ to EUR 456 million**
 - Sales of EUR 18.8 billion, up EUR 1.3 billion or +8% yoy (f/x-adj. +5%)
 - Operational PBT +14% yoy to EUR 802 million; nominal PBT of EUR 781 million (+6% yoy)
 - Solid operational margins, profit growth in all divisions
- **Net cash from operating activities of EUR 595 million, up a strong underlying EUR 460 million yoy**
- **Group net cash of EUR 950 million, after EUR 408 million shareholder remuneration in Q3 2019**
 - Group net cash position of EUR 1.4 billion, if adjusted for EUR 494 million net investment in Abertis in Q4 2018
- **Record order backlog of EUR 50.5 billion (+12% yoy), new orders of EUR 21.6 billion (+13% yoy)**
- **Guidance confirmed: operational net profit FY 2019 of EUR 640–680 million (+22 to +30% yoy)**

HOCHTIEF has continued its positive momentum during the first nine months of 2019. The Group achieved a solid increase in profits and sales, compared with the previous year with a positive underlying trend in net cash from operating activities. “For the first time in our history, HOCHTIEF has an order backlog of more than EUR 50 billion. Our diversified business model is performing very well. We are optimistic about the future,” said CEO Marcelino Fernández Verdes.

Operational net profit, which excludes non-operational effects, increased by EUR 108 million, or 29%, year on year to EUR 478 million. **Nominal net profit** rose by 13% year on year to EUR 456 million. Profits include a EUR 96 million contribution from our 20% equity-consolidated stake in Abertis. All three HOCHTIEF divisions achieved an increase in operational net profit.

Sales in the January–September 2019 period increased by over EUR 1.3 billion, or 8%, to EUR 18.8 billion. On an f/x-adjusted basis, sales were up 5% year on year. Sales growth was led by an increased contribution from construction management, mining and services thus further improving the positive trend in the Group’s risk profile.

Nine-month **net cash from operating activities** came in at EUR 595 million. This corresponds to an underlying increase of EUR 460 million 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 EUR 1.5 billion. The Group remains focused on cash-backed profits.

Due to increased mining and job-costed tunneling work, **net operating capital expenditure** increased by EUR 63 million to EUR 342 million. Looking at the last twelve months, HOCHTIEF has delivered over EUR 1.1 billion of **free cash flow from operations**.

HOCHTIEF ended September 2019 with a **net cash position** of EUR 950 million after distributing EUR 408 million in shareholder remuneration during the quarter. The Group’s net cash level is after the EUR 494 million net investment in the 20% Abertis stake in Q4 2018. Recently, the rating agency S&P reaffirmed its BBB rating for HOCHTIEF, CIMIC and Abertis.

At the end of September 2019, the Group’s **order book** reached a new all-time high of EUR 50.5 billion, an increase year on year of EUR 5.2 billion or 12%. All divisions showed sustained growth over the last twelve months.

A strong level of **new orders**, EUR 21.6 billion, has been secured in the first nine months of 2019, an increase of EUR 2.4 billion year on year, or 10% f/x-adjusted. The disciplined bidding approach, across the Group’s geographical footprint, remains a priority for HOCHTIEF.

Turner, which as the leading general builder in the U.S., has again been named the top green building contractor by ENR magazine, is to construct a major hospital tower in Salem, Oregon. Flatiron is to widen a large section of the Interstate 405 highway in the State of Washington. CIMIC Group companies are

responsible for a substantial part of the Cross River Rail project in Queensland, Australia. In addition, Thiess secured a six-year contract extension for services at the Curragh mine. In Europe, HOCHTIEF is building the Burstah office and residential complex in Hamburg, as well as an office building at the University of Applied Sciences in Duisburg.

Looking forward, HOCHTIEF has identified a **project tender pipeline** worth approximately EUR 530 billion of relevant projects coming to the Group's markets in North America, Asia-Pacific and Europe for the remainder of 2019 and beyond. HOCHTIEF's strong position in developed PPP markets is reflected in the **PPP project pipeline** of EUR 230 billion.

In October 2019, Abertis and the sovereign wealth fund GIC announced that they had reached an agreement to acquire a 70% stake in brownfield toll road company RCO (Red de Carreteras de Occidente), one of the largest transport operators in Mexico, which manages 876 kilometers of toll roads. Abertis will fully consolidate RCO and will invest EUR 1.5 billion for a 50.1% stake. "RCO is a high quality asset with a good strategic fit for Abertis and a source of long-term cash flow generation," said CEO Marcelino Fernández Verdes.

Group Outlook

As a consequence of the positive Group outlook, HOCHTIEF continues to expect to achieve 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 22–30% with all divisions driving this further improvement in the Group's performance.

1) Abertis contribution included in nominal results of both years, but only in operational results of 2019.

HOCHTIEF Group: Key Figures

 CORPORATE
COMMUNICATIONS

| | 9M 2019 | 9M 2018 | 9M Change | Q3 2019 | Q3 2018 | Q3 Change | FY 2018 |
|---|-----------------|------------|--------------|-----------------|------------|--------------|------------|
| (EUR million) | | | | | | | |
| Sales | 18,751.8 | 17,402.1 | 7.8% | 6,742.4 | 6,199.1 | 8.8% | 23,882.3 |
| Operational profit before tax/PBT | 801.7 | 703.4 | 14.0% | 295.7 | 249.2 | 18.7% | 968.6 |
| Operational PBT margin in % | 4.3 | 4.0 | 0.3 | 4.4 | 4.0 | 0.4 | 4.1 |
| Operational net profit | 477.5 | 369.9 | 29.1% | 181.1 | 131.9 | 37.3% | 523.3 |
| Operational earnings per share (EUR) | 6.76 | 5.76 | 17.4% | 2.56 | 2.05 | 24.9% | 8.0 |
| EBITDA | 1,395.6 | 1,247.9 | 11.8% | 486.6 | 470.3 | 3.5% | 1,686.2 |
| EBITDA margin in % | 7.4 | 7.2 | 0.2 | 7.2 | 7.6 | -0.4 | 7.1 |
| EBIT | 878.7 | 843.0 | 4.2% | 317.7 | 319.7 | -0.6% | 1,124.0 |
| EBIT margin in % | 4.7 | 4.8 | -0.1 | 4.7 | 5.2 | -0.5 | 4.7 |
| Nominal profit before tax / PBT | 780.9 | 736.3 | 6.1% | 291.4 | 289.9 | 0.5% | 979.0 |
| Nominal net profit | 456.3 | 404.1 | 12.9% | 177.6 | 174.4 | 1.8% | 543.0 |
| Nominal earnings per share (EUR) | 6.46 | 6.29 | 2.7% | 2.51 | 2.71 | -7.4% | 8.30 |
| Net cash from operating activities | 594.6 | 659.8 | (65.2) | 180.5 | 301.2 | (120.7) | 1,573.9 |
| Net operating capital expenditure | 341.5 | 278.8 | 62.7 | 107.1 | 115.2 | -8.1 | 343.9 |
| Free cash flow from operations | 253.1 | 381.0 | (127.9) | 73.4 | 186.0 | (112.6) | 1,230.0 |
| Net cash/net debt | 950.2 | 1,291.0 | (340,8) | 950.2 | 1,291.0 | (340,8) | 1,564.3 |
| New orders | 21,613.4 | 19,188.9 | 12.6% | 7,060.1 | 6,347.4 | 11.2% | 28,098.1 |
| Work done | 19,705.7 | 18,648.9 | 5.7% | 7,103.7 | 6,607.6 | 7.5% | 25,446.2 |
| Order backlog | 50,486.4 | 45,281.1 | 11.5% | 50,486.4 | 45,281.1 | 11.5% | 47,267.4 |
| Employees (end of period) | 54,784 | 56,437 | -2.9% | 54,784 | 56,437 | -2.9% | 55,777 |

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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.