

## Press Release

HOCHTIEF 2019: Nominal net result of EUR -206 million due to BICC one-off effect // Operational net profit up 28% to EUR 669 million // Positive outlook based on EUR 51 billion order book

- **Operational net profit up 28% year on year (yoy) to EUR 669 million, Nominal net result EUR -206 million**
  - Sales of EUR 25.9 billion, +8% yoy, +6% f/x-adjusted
  - Operational PBT +14% yoy to EUR 1.1 billion
  - Abertis net profit contribution of EUR 122 million
  - Nominal net result of EUR -206 million, post one-off impact of EUR -833 million from the 45% non-controlling financial investment in BIC Contracting (BICC)
- **Net cash from operating activities of EUR 1.6 billion, up EUR 1.0 billion yoy on a comparable basis**
- **Group net cash of EUR 1.53 billion, up EUR 0.58 billion in Q4**
  - Net cash position impacted by EUR 248 million BICC-related outflow in 2019
  - S&P BBB rating unchanged, stable outlook for HOCHTIEF and CIMIC post BICC announcement
- **Order backlog of EUR 51.4 billion (+9%) at all-time high, New orders of EUR 30.4 billion (+8%)**
  - Enhanced quality of order book with approximately two-thirds (EUR 34 billion) in mining and services, construction management and alliance-style construction contracts
- **Guidance for 2020: Operational net profit of EUR 690–730 million**
  - 2019 Dividend proposal of EUR 5.8 per share, +16% yoy
  - Robust tender pipeline in our core markets North America, Asia Pacific and Europe of approx. EUR 600 billion for 2020 and beyond; PPP project pipeline of approx. EUR 230 billion

In January this year, the HOCHTIEF subsidiary CIMIC announced its decision to exit its 45% non-controlling financial investment in the Middle East (BICC) in the context of an accelerated deterioration of local market conditions. This will allow

CIMIC to focus its resources and capital allocation on the growth opportunities in its core markets Australia, New Zealand and Asia Pacific.

In this context, HOCHTIEF has recognized a one-off, post-tax, charge of EUR 833 million, after minorities, in its 2019 financial statements. As a consequence, the Group reported a nominal net loss of EUR 206 million. HOCHTIEF expects an associated cash out-lay, net of tax, of around EUR 0.4 billion during 2020, as CIMIC's financial guarantees of certain BICC liabilities materialize. "Exiting the region is the right decision for the Group and improves the quality and visibility of our business mix going forward," said CEO Marcelino Fernández Verdes. Following the announcement, the rating agency S&P's 'BBB' investment-grade rating for HOCHTIEF is unchanged with a stable outlook.

**Operational net profit**, which excludes one-off effects, rose by EUR 146 million, or 28%, year on year to EUR 669 million. All three HOCHTIEF divisions contributed to an increase in the Group's operational net profit which also includes a first-time contribution from the 20% stake in Abertis of EUR 122 million. **Nominal net profit**, excluding the BICC impact, rose by 16% year on year to EUR 627 million. "Based on the strong performance in our operating business and the robust balance sheet we propose to increase the 2019 dividend by 16 percent," Fernández Verdes added.

**Sales** went by EUR 2 billion, or 8%, to EUR 25.9 billion. The Group delivered **net cash from operating activities** of EUR 1.6 billion. This corresponds to a significant increase of EUR 1.0 billion year on year on a comparable basis. Due to increased mining and job-costed tunneling work, net operating capital expenditure increased by EUR 174 million to EUR 518 million. Post this significant investment in the business, the Group achieved **free cash flow from operations** of EUR 1.1 billion. HOCHTIEF ended December 2019 with a robust **net cash position** of EUR 1.53 billion.

The Group's **order book** increased by EUR 4 billion, or 9%, year on year to over EUR 51 billion at the end of 2019, the highest level ever. All divisions expanded their order books over the last twelve months. The quality of the order book is

enhanced by the high level of visibility which the Group's mining and services activities as well as the construction management and alliance-style contracts provide. They account for two-thirds of HOCHTIEF's order book. A strong level of **new orders**, EUR 30.4 billion, was secured during the year, an 8% increase compared with 2018. A disciplined bidding approach remains a priority across the Group.

Looking forward, our local teams have identified a **project tender pipeline** worth around EUR 600 billion of relevant projects coming to our markets in North America, Asia-Pacific and Europe for 2020 and beyond. Our strong position in developed PPP markets is reflected in the **PPP project pipeline** the Group has identified and which stands at EUR 230 billion.

Shareholder remuneration continues to be a key element of the Group's capital allocation strategy along with focusing on attractive organic and strategic growth opportunities. Given the positive prospects for our operating divisions and Abertis, and supported by a robust balance sheet, management intends to propose a **dividend** for 2019 of EUR 5.8 per share, which represents a 16% increase compared with 2018.

**Group Outlook:** "With a strong and growing pipeline of opportunities across our key markets, a strong balance sheet and our ongoing capital discipline our prospects are very positive," said CEO Marcelino Fernández Verdes. HOCHTIEF expects to achieve an operational net profit in 2020 in the range of EUR 690–730 million compared with EUR 669 million in 2019, with all businesses contributing to this growth.

**HOCHTIEF Group: Key Figures**

(EUR million)	FY 2019	FY 2018	FY Change	Q4 2019	Q4 2018	Q4 Change
<b>Sales</b>	<b>25,851.9</b>	23,882.3	8.2%	<b>7,100.1</b>	6,480.2	9.6%
<b>Operational profit before tax/PBT</b>	<b>1,108.1</b>	968.6	14.4%	<b>306.4</b>	265.2	15.5%
<b>Operational PBT margin</b>	<b>4.3%</b>	4.1%	0.2	<b>4.3%</b>	4.1%	0.2
<b>Operational net profit</b>	<b>668.9</b>	523.3	27.8%	<b>191.4</b>	153.4	24.8%
<b>Operational earnings per share (EUR)</b>	<b>9.47</b>	8.00	18.4%	<b>2.71</b>	2.22	22.1%
<b>EBITDA</b>	<b>1,892.8</b>	1,686.2	12.3%	<b>497.2</b>	438.3	13.4%
<b>EBITDA margin</b>	<b>7.3%</b>	7.1%	0.2	<b>7.0%</b>	6.8%	0.2
<b>EBIT</b>	<b>1,191.5</b>	1,124.0	6.0%	<b>312.8</b>	281.0	11.3%
<b>EBIT margin</b>	<b>4.6%</b>	4.7%	-0.1	<b>4.4%</b>	4.3%	0.1
<b>Nominal profit before tax/PBT</b>	<b>(627.5)</b>	979.0	-	<b>(1,408.4)</b>	242.7	-
<b>Nominal net profit ex-BICC (reported)</b>	<b>627.0</b>	541.1	15.9%	<b>170.7</b>	138.3	23.4%
<b>Nominal net profit/loss</b>	<b>(206.2)</b>	543.0	-	<b>(662.5)</b>	138.9	-
<b>Nominal earnings per share (EUR)</b>	<b>(2.92)</b>	8.30	-	<b>(9.38)</b>	2.01	-
<b>Net cash from operating activities</b>	<b>1,602.5</b>	1,573.9	28.6	<b>1,007.9</b>	914.1	93.8
<b>Net cash from operating activities pre factoring</b>	<b>1,559.4</b>	600.3	959.1	<b>1,006.9</b>	508.2	498.7
<b>Net operating capital expenditure</b>	<b>518.1</b>	343.9	174.2	<b>176.6</b>	65.1	111.5
<b>Free cash flow from operations</b>	<b>1,084.4</b>	1,230.0	(145.6)	<b>831.3</b>	849.0	(17.7)
<b>Net cash/net debt</b>	<b>1,529.0</b>	1,564.3	(35.3)	<b>1,529.0</b>	1,564.3	(35.3)
<b>New orders</b>	<b>30,428.8</b>	28,098.1	8.3%	<b>8,815.4</b>	8,909.2	-1.1%
<b>Order backlog</b>	<b>51,362.1</b>	47,267.4	8.7%	<b>51,362.1</b>	47,267.4	8.7%
<b>Employees (end of period)</b>	<b>53 282</b>	55 777	-4.5%	<b>53 282</b>	55 777	-4.5%

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 53,000 employees and a sales volume of about EUR 26 billion in 2019, 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](http://www.hochtief.com/press).