

Press Release

Embargoed until 7:00 a.m. (CET) on February 28, 2017

HOCHTIEF reports strong net profit increase in 2016 and expects further growth

- **Nominal net profit rose to EUR 321 million (+54%)**
Operational net profit increased to EUR 361 million, +37% yoy
 - Operational PBT margin at 3.4%, +60bps yoy
 - Earnings per share +60% yoy
- **Net cash flow from op. activities at EUR 1.2 billion**
 - Significant positive cash flow contribution from all divisions
 - Outstanding EBITDA cash conversion of 106%
- **Net cash at EUR 704 million**
 - Adjusted for net investments, dividends and share buybacks, net cash would be EUR 1.7 billion
- **Order backlog increased by +20% yoy to EUR 43.1 billion**
 - Order backlog at highest level in 4 years
 - New orders at EUR 24.8 billion, +15% yoy
 - Positive sales trend continues: Q4 sales +9% yoy
- **Proposed dividend increase of 30% to EUR 2.60 per share**
- **Guidance for 2017: Operational net profit of EUR 410–450 million (+13% to 25% yoy)**

In 2016, HOCHTIEF has made very important progress, both operationally and strategically, in further improving its ability to achieve sustainable, cash-backed profits. The company has also enhanced its growth prospects via the acquisitions by CIMIC of diversified services company UGL and mineral processing business Sedgman.

HOCHTIEF's profits have increased significantly during 2016. **Nominal net profit** rose by 54% to EUR 321 million. **Operational net profit**, which excludes one-off impacts, increased by almost EUR 100 million, or 37%, year on year to EUR 361 million, at the top end of the guidance range HOCHTIEF provided a year ago (EUR 300-360 million). In addition, including the benefit of the share buybacks carried out in 2015 and 2016, **earnings per share** were up by 60%.

“The increased level of profits has been driven by improved project performance and reduced financial costs and is reflected in the higher level of profit margins”, said CEO Marcelino Fernández Verdes. This resulted in the Group’s **operational PBT margin** rising from 2.8% last year to 3.4% in 2016. All three divisions — Americas, Asia Pacific, and Europe — contributed toward the increase.

Revenues of nearly EUR 20 billion were at a slightly lower level (-5.6%) in 2016 compared with the previous year, but the trend has been positive. In the final three months of 2016, **sales** increased by almost 10% compared with the fourth quarter of 2015.

New orders were 15% higher year on year at nearly EUR 25 billion and we maintained our disciplined approach to risk management. Our year-end EUR 43.1 billion **order book** is at its highest level since 2012 and stands 20% above the December 2015 figure.

HOCHTIEF increased the cash-generating performance of its operating businesses to a very high level in the past year. **Net cash flow from operating activities** rose to EUR 1.2 billion. With its strong balance sheet, the Group was also able to take advantage of growth opportunities through the takeover of UGL and Sedgman, two companies in Australia acquired by CIMIC. UGL is a leading provider of end-to-end engineering and maintenance services in core sectors of rail, transport and communication systems, oil and gas, power, resources, water and defence. Sedgman is a specialist in mineral processing.

Even after these acquisitions, HOCHTIEF still had a strong **net cash position** with EUR 704 million at year-end. If adjusted for the almost EUR 1 billion of net investments, share buybacks and dividend payments made during the year, net cash would stand at EUR 1.7 billion.

In total HOCHTIEF has identified a **pipeline** worth EUR 150 billion of relevant projects coming to its markets in North America, Asia-Pacific and Europe in 2017,

with a further EUR 350 billion in 2018 and beyond. Furthermore, with services accounting for about 10% of the order book, HOCHTIEF has a more balanced risk profile.

As a consequence of the positive **Group outlook**, HOCHTIEF expects sales growth of over 10% in 2017 and aims to achieve an operational net profit in the range of EUR 410-450 million. This represents an increase of 13-25% on 2016, with all divisions driving this further improvement of the Group performance.

HOCHTIEF will propose a **dividend** of EUR 2.60 per share for 2016, an increase of 60 cents, or 30%, per share (2015: EUR 2.00 per share).

HOCHTIEF-Group: Key Figures¹⁾

(EUR million)	2016	2015	change yoy
Sales	19,908.3	21,096.6	-5.6%
Operational profit before tax/PBT²⁾	677.5	600.1	12.9%
Operational PBT margin in %²⁾	3.4	2.8	0.6
Operational net profit²⁾	361.2	264.7	36.5%
Operational earnings per share²⁾	5.62	3.95	42.3%
EBITDA	1,104.4	1,142.5	-3.3%
EBITDA margin in %	5.5	5.4	0.1
EBIT	816.7	728.7	12.1%
Profit before tax/PBT	620.7	523.4	18.6%
Net profit	320.5	208.3	53.9%
Earnings per share (EUR)	4.98	3.11	60.1%
Net cash from operating activities	1,173.4	1,135.2	3.4%
Gross operating capital expenditure	272.6	285.4	-4.5%
Free cash flow from operations	986.1	984.8	0.1%
Net cash/net debt³⁾	703.9	805.4	-12.6%
New orders⁴⁾	24,813.5	21,553.7	15.1%
Order backlog (yoy)⁵⁾	43,087.6	36,022.5	19.6%
Employees (end of period)⁶⁾	51,490	44,264	16.3%

¹⁾ All figures are nominal unless otherwise indicated

²⁾ Operational earnings are adjusted for deconsolidation effects and other one-off impacts

³⁾ If adjusted for the almost EUR 1 billion of net investments, share buybacks and dividend payments made during the year, net cash would stand at EUR 1.7 billion.

⁴⁾ New orders 2015 adjusted for EUR 709.7 million for two discontinued HOCHTIEF-Europe projects in the Middle East

⁵⁾ Order backlog adjusted for EUR 4.3 million (2016) and EUR 694.5 million (2015) for two HOCHTIEF-Europe projects in the Middle East

⁶⁾ incl. UGL workforce (6,801 as of Dec. 31, 2016)

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 51,000 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 the 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.