

## Press Release

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# Q1: HOCHTIEF increases net profit by 40%; EUR 45 billion order backlog up by 23%

- **EUR 93 million operational net profit (+30% year on year), EUR 88 million nominal net profit (+40%)**
  - Operational PBT margin at 3.8%, +20 bps yoy
  - Sales growth accelerating to 17% in Q1 2017 yoy, (Q4 2016 +9% yoy) due to organic growth and UGL contribution
- **Over EUR 100 million year on year improved net cash from op. activities**
  - EBITDA cash conversion rate remains very high at 108% in last twelve months
  - Further reduction in seasonally typical cash outflow
- **EUR 341 million net cash position significantly positive (+ EUR 317 million yoy)**
  - Net cash would stand at approximately EUR 1 billion, if adjusted for net investments and dividends in the last twelve months
- **EUR 45 billion order backlog (+23% yoy)**
  - Order backlog at highest level since transformation initiated; +13% yoy excluding UGL
  - All divisions show double-digit yoy increases in order backlog
  - New orders rose to EUR 7.4 billion (+18% yoy)
- **First rating for the Group: BBB investment grade by Standard & Poor's**
- **Guidance confirmed: Operational net profit for 2017 of EUR 410–450 million (+13% to 25% yoy)**

HOCHTIEF has continued its positive development during the first quarter of 2017, increasing sales and profits as well as an improving cash flow performance and achieving strong order book growth. “We have made a very promising start to the year”, said CEO Marcelino Fernández Verdes.

**Operational net profit**, which excludes one-off impacts, increased by 30% year on year to EUR 93 million. **Nominal net profit** rose even faster, by 40% year on year, to EUR 88 million.

The increase in profits is a consequence of both a higher profit margin and an acceleration in sales growth. The Group **operational PBT margin** increased by

20 basis points from 3.6% in Q1 2016 to 3.8% in this first quarter of 2017. **Sales** have risen by 17% year on year to EUR 5.1 billion. This strong progress reflects both the contribution of UGL and the organic growth of the business in HOCHTIEF's core markets.

The Group's profit growth is backed by cash. **Net cash from operating activities** in the last twelve months stands at EUR 1.3 billion. During the first quarter of 2017, net cash from operating activities improved by over EUR 100 million compared with Q1 2016, with a significant reduction in the level of seasonal cash outflow. HOCHTIEF is consistently converting profit into cash, as evidenced by an outstanding **EBITDA cash-conversion rate** of 108% in the last twelve months.

As a consequence of the strong cash flow performance, the Group balance sheet remains robust. HOCHTIEF ended March 2017 with over EUR 340 million of **net cash**, compared with EUR 25 million in March 2016. If adjusted for the almost EUR 670 million of net investments, share buybacks and dividend payments made during the last twelve months, net cash would stand at over EUR 1 billion.

The strength of HOCHTIEF's balance sheet, positive business performance and outlook has been recognized by rating agency Standard & Poors which has just accorded HOCHTIEF a solid **investment grade rating** of BBB with a stable outlook. The BBB rating will contribute toward a further optimization of HOCHTIEF's Group financing.

HOCHTIEF's period-end EUR 45 billion **order book** is at its highest level since the Group transformation began in 2013 and stands 23% above the Q1 2016 figure, or 13% if adjusted for the EUR 3.7 billion of orders at services business UGL. Whilst maintaining a disciplined approach to risk management, the Group achieved an 18% increase in **new orders** to EUR 7.4 billion. The significant new projects include billion-euro contracts for the expansion of the Jacob K. Javits Convention Center in New York (USD 1.4 billion) and for a motorway and railway station extension in Amsterdam (EUR 1 billion). The Group has also been selected as preferred bidder for a multi-billion AUD infrastructure project in Melbourne.

The **outlook** for HOCHTIEF's core businesses of Construction, Mining, PPPs and Services is very positive. For the remainder of 2017 we have identified a pipeline worth EUR 120 billion of relevant projects coming to our markets in North America, Asia-Pacific and Europe, with a further EUR 350 billion in 2018 and beyond. On the basis of a portfolio augmented by services, an excellent order situation and a projected increase in sales, the Group sees good prospects for creating additional jobs.

HOCHTIEF confirms the **Group guidance**. In 2017 the Group aims to achieve an operational net profit in the range of EUR 410-450 million (+13-25% yoy) and expects sales growth of over 10%. CEO Marcelino Fernández Verdes: "The strong balance sheet provides the Group with flexibility for further capital allocation opportunities."

**HOCHTIEF Group: Key Figures<sup>1)</sup>**

(EUR million)	Q1 2017	Q1 2016	change yoy	FY 2016
<b>Sales</b>	<b>5,149.0</b>	4,414.4	16.6%	<b>19,908.3</b>
<b>Operational profit before tax/PBT<sup>2)</sup></b>	<b>194.3</b>	159.0	22.2%	<b>677.5</b>
<b>Operational PBT margin in %<sup>2)</sup></b>	<b>3.8</b>	3.6	0.2	<b>3.4</b>
<b>Operational net profit<sup>2)</sup></b>	<b>93.3</b>	71.7	30.1%	<b>361.2</b>
<b>Operational earnings per share<sup>2)</sup></b>	<b>1.45</b>	1.11	30.6%	<b>5.62</b>
<b>EBITDA</b>	<b>325.1</b>	240.9	35.0%	<b>1,104.4</b>
<b>EBITDA margin in %</b>	<b>6.3</b>	5.5	0.8	<b>5.5</b>
<b>EBIT</b>	<b>231.1</b>	173.5	32.2%	<b>816.7</b>
<b>Profit before tax/PBT</b>	<b>188.9</b>	148.2	40.7%	<b>620.7</b>
<b>Net profit</b>	<b>88.3</b>	63.3	39.5%	<b>320.5</b>
<b>Earnings per share (EUR)</b>	<b>1.37</b>	0.98	39.8%	<b>4.98</b>
<b>Net cash from operating activities</b>	<b>(262.6)</b>	(369.4)	28.9%	<b>1,173.4</b>
<b>Gross operating capital expenditure</b>	<b>88.6</b>	44.9	92.9%	<b>272.6</b>
<b>Free cash flow from operations</b>	<b>(323.9)</b>	(399.8)	19.0%	<b>986.1</b>
<b>Net cash/net debt</b>	<b>341.3</b>	24.7	1,281.8%	<b>703.9</b>
<b>New orders</b>	<b>7,445.3</b>	6,329.7	17.6%	<b>24,813.5</b>
<b>Order backlog (yoy)<sup>3)</sup></b>	<b>44,967.0</b>	36,504.5	23.2%	<b>43,087.6</b>
<b>Employees (end of period)<sup>4)</sup></b>	<b>53,505</b>	42,593	25.6%	<b>51,490</b>

<sup>1)</sup> All figures are nominal unless otherwise indicated

<sup>2)</sup> Operational earnings are adjusted for deconsolidation effects and other one-off impacts

<sup>3)</sup> Order backlog 2016 adjusted for two large HOCHTIEF Europe projects in the Middle East

<sup>4)</sup> 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 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](http://www.hochtief.com/press).