

Press Release

H1 2018: HOCHTIEF significantly increases profits, margins, cash flow and order backlog

- **Operational net profit up by 18% year on year to EUR 237 million, nominal net profit up 21% year on year to EUR 229 million**
 - Op. PBT EUR 454 million, +14%,
 - Op. PBT margin of 4.1%, +50 bps,
 - Sales H1 2018 of EUR 11.2 billion, +11% f/x-adjusted, +2% nominal
- **Strong cash flow from op. activities up 18% yoy to EUR 273 million**
 - EUR 1.41 billion net cash from operating activities last twelve months
- **Robust net cash position of EUR 1.35 billion, EUR +752 million yoy**
 - S&P reaffirmed BBB rating in May 2018, outlook upgraded to stable
- **Solid order backlog of EUR 45.6 billion, +11% f/x-adjusted**
 - EUR 29.5 billion in new orders last twelve months, +26 % f/x-adjusted
 - New orders of EUR 12.8 billion in H1 2018
 - Order backlog equivalent to 22 months of work
- **Guidance for 2018 confirmed: Operational net profit of EUR 470–520 million (+4% to 15% yoy)**
 - Strong tender pipeline in our core markets USA, Canada, Asia-Pacific and Europe of around EUR 100 billion in project work for remainder of 2018 and nearly EUR 400 billion in 2019+
 - PPP project pipeline over EUR 210 billion
 - Capital allocation focused on shareholder returns and attractive growth opportunities

HOCHTIEF has delivered a strong performance during the first six months of 2018 with substantial growth year on year. The Group ended the period with EUR 1.35 billion of net cash.

“The first half of 2018 was very strong. We have significantly increased profits, margins, cash flow, sales and order backlog”, said CEO Marcelino Fernández Verdes. **Operational net profit** rose by 18% year on year to EUR 237 million.

Nominal net profit rose by 21% to EUR 229 million. All three divisions contributed to this positive development.

Adjusting for foreign exchange rate movements, **sales** in the January-June 2018 period were 11% higher year on year at EUR 11.2 billion, or 2% in Euro terms.

This top-line growth was achieved whilst increasing margins. As a percentage of sales, the Group's **operational PBT margin** was 4.1% in H1 2018, up 50 basis points year on year.

Management remains focused on cash-backed profits. **Cash flow from operating activities** was 18% higher at EUR 273 million, an increase of EUR 42 million year on year. As a result of increasing mining and tunneling work, net operating capex increased by EUR 13 million to EUR 164 million. Capital expenditure remains rigorous and disciplined.

At the end of June 2018, HOCHTIEF had achieved a **net cash position** of EUR 1.35 billion, over EUR 750 million higher year on year due to the strong cash flow performance of the last twelve months. If we adjust foreign exchange impacts since June 2017, the positive year on year movement would be even higher at EUR 840 million.

The period-end **order book** of EUR 45.6 billion has increased by 11% year on year on an exchange rate adjusted basis. At EUR 29.5 billion, **new orders** are substantially higher in the last twelve months, up 26% year on year on an exchange rate adjusted basis. The **tender pipeline** in our key markets of North America, Asia-Pacific and Europe continues to expand to approximately EUR 100 billion for the remainder of 2018 (up EUR 25 billion year on year) and nearly EUR 400 billion for 2019 and beyond. The currently identified PPP tender pipeline has increased to EUR 210 billion.

CEO Marcelino Fernández Verdes: "Backed by our strong balance sheet, HOCHTIEF is well positioned for the future." Capital allocation remains focused on the optimization of shareholder returns and attractive organic and strategic growth opportunities. "**Innovation** will make HOCHTIEF an even more efficient performer". In the first half of 2018, the Group launched an extensive innovation

initiative that will lead HOCHTIEF into an IT-based future. For this purpose, HOCHTIEF has set up a dedicated company with innovation centers in the USA, Europe and Australia where we will cooperate with leading universities. “The use of digital environments, such as artificial intelligence, within the framework of this transformation will improve the quality of project execution, reduce operational risks and create better working conditions and career opportunities for our people,” Fernández Verdes said.

The Abertis transaction is well advanced and will result in HOCHTIEF investing EUR 1.4 billion to take a 20% equity stake in the world’s largest toll road operator. In May, the rating agency S&P, based on the joint acquisition announcement, reaffirmed its BBB investment grade rating on HOCHTIEF and upgraded its outlook to stable.

HOCHTIEF confirms its **guidance** of an operational net profit in 2018 in the range of EUR 470–520 million. This represents an increase of 4–15% on 2017, with all divisions driving this further improvement in the Group performance.

HOCHTIEF-Group: Key Figures

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(EUR million)	H1 2018	H1 2017	H1 Change	Q2 2018	Q2 2017	Q2 Change	FY 2017
Sales	11,203.0	11,017.7	1.7%	5,936.8	5,868.7	1.2%	22,631.0
Operational profit before tax/PBT	453.9	398.9	13.8%	246.4	204.6	20.4%	865.8
Operational PBT margin	4.1%	3.6%	0.5	4.2%	3.5%	0.7	3.8%
Operational net profit	237.2	200.6	18.2%	130.9	107.3	22.0%	452.3
Operational earnings per share (EUR)	3.69	3.12	18.3%	2.04	1.67	22.2%	7.04
EBITDA	674.1	665.1	1.4%	365.2	339.8	7.5%	1,320.8
EBITDA margin	6.0%	6.0%	0.0	6.2%	5.8%	0.4	5.8%
EBIT	491.5	463.8	6.0%	265.0	232.5	14.0%	925.1
EBIT margin	4.4%	4.2%	0.2	4.5%	4.0%	0.5	4.1%
Profit before tax/PBT	446.1	385.7	15.7%	246.6	196.8	25.3%	823.6
Net profit	228.9	189.1	21.1%	131.0	100.8	30.0%	420.7
Earnings per share (EUR)	3.56	2.94	21.1%	2.04	1.57	29.9%	6.55
Net cash from operating activities	272.6	230.7	18.2%	442.3	493.3	-10.3%	1,372.1
Net operating capital expenditure	(163.5)	(151.0)	8.3%	(89.7)	(89.7)	0.0%	(251.8)
Free cash flow from operations	109.1	79.7	36.9%	352.6	403.6	-12.6%	1,120.3
Net cash/net debt	1,352.6	600.7	125.2%	1,352.6	600.7	125.2%	1,265.8
New orders	12,841.5	13,740.4	-6.5%	6,087.3	6,295.1	-3.3%	30,443.5
Order backlog (yoy)	45,584.3	42,599.2	7.0%	45,584.3	42,599.2	7.0%	44,644.2
Employees (end of period)	58,228	54,921	6.0%	58,228	54,921	6.0%	53,890

EBITDA and EBIT restated

Operational profits are adjusted for deconsolidation effects and other one-off impacts

HOCHTIEF is a leading global construction and services group. The Group is present in the transportation, energy and social/urban infrastructure sectors as well as in the contract mining, PPP and services markets. With around 54,000 employees and a sales volume of about EUR 23 billion in 2017, HOCHTIEF's global presence is focused on developed markets. 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.