

Press Release

FY 2020: HOCHTIEF delivers resilient results despite pandemic // EUR 427 million net profit // Positive outlook based on solid order book

- **Nominal net profit of EUR 427 million, notwithstanding Covid-19 effects**
 - Operational net profit of EUR 477 million; -9,6% pre-Abertis
 - Abertis impact of EUR -139 million year on year (yoy) due to negative traffic effects from Covid-19
 - Sales of EUR 23.7 billion, yoy -6% f/x-adjusted, robust operational margins
- **Underlying net cash from operating activities of EUR 1.1 billion**
 - Robust underlying free cash flow from operations in Q4 of EUR 791 million vs EUR 830 million in 2019, notwithstanding Covid-19
- **EUR 618 million of net cash; EUR 1.6 billion pre shareholder remuneration (EUR 743 million) and non-operating effects**
 - Thies transaction completed; EUR 1.3 billion cash proceeds
- **Robust order backlog of EUR 46 billion, stable qoq and yoy, f/x-adjusted; new orders of EUR 23.1 billion**
- **Guidance for 2021: Operational net profit of EUR 410–460 million**
 - Guidance represents an increase of 11 to 25% yoy compared with the EUR 368 million of 2020 adjusted for the divestment of 50% of Thies
 - 2020 Dividend proposal of EUR 3.93 per share
Payout ratio of 65% unchanged
 - Strong position in core markets, solid tender pipeline of more than EUR 570 billion for 2021 and beyond

HOCHTIEF has delivered a resilient set of results for its continued operations* in 2020 notwithstanding the impact of Covid-19. The Group achieved a **nominal net profit** of EUR 427 million. “We are actively meeting the many challenges of the pandemic and continue to be successful”, said CEO Marcelino Fernández Verdes. “This resilient performance is a consequence of the Group’s focus on cash-backed profits and risk management supported by the benefits of the diversification by geography as well as by activity. At the same time HOCHTIEF

companies are actively supporting government efforts to mitigate the impacts of the pandemic”.

The Group achieved an **operational net profit** of EUR 477 million. The economic impact of Covid-19 and the associated mobility restrictions imposed by governments had a very significant effect on Abertis. Adjusting for the EUR 139 million year-on-year reduction in the contribution from the Group’s 20% stake in the toll road operator, operational net profit declined by 9.6%. Margins remained firm on underlying **sales** of EUR 23.7 billion which were just 6% lower yoy on an f/x-adjusted basis.

The Group generated **net cash from operating activities** of EUR 1.1 billion on an underlying basis in 2020 with a solid performance in the seasonally strong fourth quarter which accounted for over 80% of the Group’s annual figure.

HOCHTIEF ended the year with a **net cash position** of EUR 618 million. Adjusting for Group shareholder remuneration (EUR 743 million) and non-operating effects, HOCHTIEF would show a net cash position of EUR 1.6 billion which compares with EUR 1.5 billion at the end of 2019. During the year, HOCHTIEF has paid a dividend to shareholders of EUR 406 million, invested EUR 168 million in buying back its own shares with a further EUR 170 million in buybacks by CIMIC. Furthermore, close to EUR 104 million was invested to acquire 2.8% of CIMIC with the Group’s stake standing at 78.6% at the end of the period. In terms of **liquidity** the Group’s position remains strong at EUR 5.4 billion, with a further EUR 2.1 billion of unused credit facilities.

Notwithstanding the impact of Covid-19, **new orders** of EUR 23.1 billion were secured with a disciplined bidding approach maintained across all divisions. As a consequence, the Group’s **order book** remained robust at approximately EUR 46 billion, stable during the last quarter as well as compared with twelve months ago, on an f/x-adjusted basis.

Digital transformation and innovation

Two years ago, HOCHTIEF embarked on a digital transformation with the launch of the innovation company Nexlore. Joining forces with leading tech firms and

universities, and together with our worldwide operational project teams, Nexlore is developing several hardware and software applications. They support monitoring construction progress on major projects, help to keep continuous track of work quality, pinpoint potential savings, and analyze complex contracts. Nexlore has invented special sensors that warn excavator operators of potential accidents involving people. In the USA, for example, we deployed an inhouse corona app specifically developed for use on construction sites.

“Artificial intelligence, Industry 5.0, and blockchain will continue to transform HOCHTIEF. Our goals are cost efficiency, scheduling, quality control, improved productivity, simpler maintenance, and effortless collaboration with all those involved”, said CEO Marcelino Fernández Verdes. At the same time, digitalization helps to massively cut carbon emissions and conserve natural resources far more effectively than in the past. Recently, Nexlore joined the MIT Climate and Sustainability Consortium. It convenes an alliance of leaders from a broad range of industries like Apple, IBM, Boeing, Dow, PepsiCo or Verizon and aims to vastly accelerate largescale, real-world implementation of solutions to address the threat of climate change.

Looking forward, the local teams have identified a **project tender pipeline** of relevant projects worth over EUR 570 billion for 2021 and beyond supported by EUR 180 billion in **PPP projects** in addition to the numerous stimulus packages approved by governments.

HOCHTIEF continues to focus on attractive shareholder remuneration. Reflecting the Group’s resilient profit and cash generation performance and supported by a positive outlook for core markets, the proposed **dividend** is EUR 3.93 per share, notwithstanding Covid-19. This corresponds to an unchanged dividend payout ratio of 65% of nominal net profit.

Group Outlook: HOCHTIEF expects to achieve an operational net profit in 2021 in the range of EUR 410–460 million, an increase of 11 to 25% yoy compared with the EUR 368 million of 2020 adjusted for the divestment of 50% of Thiess.

HOCHTIEF Group: Key Figures

(EUR million)	FY 2020	FY 2019	FY Change	Q4 2020	Q4 2019	Q4 Change
Sales	22,953.8	25,851.9	-11.2%	5,046.1	7,100.1	-28.9%
Sales adjusted	23,679.2	25,851.9	-8.4%	5,771.5	7,100.1	-18.7%
Operational profit before tax/PBT	802.3	1,108.1	-27.6%	181.9	306.4	-40.6%
Operational profit before tax/PBT pre Abertis	819.4	985.7	-16.9%	194.8	280.2	-30.5%
Operational PBT margin	3.4	4.3	(0.9)	3.2	4.3	(1.1)
Operational PBT pre-Abertis margin	3.5	3.8	(0.3)	3.4	3.9	(0.5)
Operational net profit	476.7	668.9	-28.7%	113.9	191.4	-40.5%
Operational net profit pre-Abertis	493.8	546.5	-9.6%	126.8	165.2	-23.2%
Operational earnings per share (EUR)	6.87	9.47	-27.5%	1.67	2.71	-38.4%
EBITDA	1,702.7	1,892.8	-10.0%	480.3	497.2	-3.4%
EBITDA margin	7.2	7.3	-0.1	8.3	7.0	1.3
EBIT	999.1	1,191.5	-16.1%	290.8	312.8	-7.0%
EBIT pre-Abertis	1,016.2	1,069.1	-4.9%	303.7	286.6	6.0%
EBIT margin	4.2	4.6	(0.4)	5.0	4.4	0.6
EBIT pre-Abertis margin	4.3	4.1	0.2	5.3	4.0	1.3
Nominal profit before tax/PBT	834.9	(627.5)		254.6	(1,408.4)	
Nominal profit before tax/PBT pre Abertis	852.0	(749.9)		267.5	(1,434.6)	
Nominal net profit	427.2	(206.2)		103.2	(662.5)	
Nominal earnings per share (EUR)	6.16	(2.92)		1.51	(9.38)	
Net cash from operating activities	742.8	1,602.5	(859.7)	660.6	1,007.9	(347.3)
Underlying net cash from op. activities	1,098.1	1,559.4	(461.3)	890.1	1,006.9	(116.8)
Net operating capital expenditure	371.1	518.1	(147.0)	99.4	176.6	-77.2
Free cash flow from operations	371.7	1,084.4	(712.7)	561.2	831.3	(270.1)
Net cash/net debt	617.9	1,529.0	(911.1)	617.9	1,529.0	(911.1)
New orders	23,069.9	30,428.8	-24.2%	6,206.0	8,815.4	-29.6%
Order backlog	45,840.4	51,362.1	-10.8%	45,840.4	51,362.1	-10.8%
Order backlog adjusted	45,840.4	48,296.7	-5.1%	45,840.4	48,296.7	-5.1%
Employees (end of period)	46 644	53 282	-12.5%	46 644	53 282	-12.5%

Note: Numbers reflect continued operations, operational profits are adjusted for non-operational effects

*** Note:**

HOCHTIEF intends to publish its annual report and its consolidated financial statements for the 2020 financial year – which will also report on the full consolidation of BIC Contracting LLC (BICC), Dubai/VAE, in which HOCHTIEF holds an indirect stake of 45%, as a discontinued operation – by the end of March 2021. The full consolidation of BICC is not expected to have any material impact on HOCHTIEF’s continued operations in 2020 financial year. In particular, there will be no material impact on the relevant key performance indicators (KPIs) of the HOCHTIEF Group in 2020 financial year (including operational net profit and net cash). Full-year 2021 guidance and dividend proposal for 2020 will also not be impacted. The economic effects from CIMIC’s withdrawal from the Middle East are already included in the one-off post-tax impact to CIMIC’s/HOCHTIEF’s 2019 consolidated financial statements announced early in 2020. With regard to the stake in BICC, CIMIC has on 15 February 2021 entered into a sale agreement with a third party outside the group, and this sale is expected to be completed in the next few months.

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 47,000 employees and a sales volume of about EUR 24 billion in 2020, 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.