

Press Release

H1 shows firm 9% sales and profit growth and a solid net cash position // Over 25% increase in new orders driven by high-tech infrastructure projects // Guidance confirmed

- Operational net profit EUR 270 million, +8% year on year (yoy); nominal net profit EUR 262 million, +9%
 - Sales up 9% yoy at EUR 13.0 billion (+11% f/x-adj.), driven by all divisions
 - Solid operational net profit margin of 2.1%, stable yoy
- Strong Q2 2023 cash flow from operating activities pre-factoring of EUR 676 million, up EUR 100 million yoy
- Net cash position of EUR 346 million, up EUR 381 million yoy
- Strong growth in new orders of 26% to 18.1 billion
 - Several important new projects in structural growth markets secured corresponding to 50% of total
 - Order backlog of EUR 53.6 billion, up EUR 1.2 billion or +8% f/x-adj. yoy
- Guidance FY 2023 confirmed: operational net profit of EUR 510–550 million

HOCHTIEF has achieved a robust performance during the first half of 2023 with higher sales and profits, strong growth in new orders and a solid net cash position at the end of June. "This reflects our strategy to further strengthen HOCHTIEF's position in its core markets whilst at the same time pursuing selective growth opportunities in the rapidly expanding areas of high-tech, energy transition and digital infrastructure markets. Already 50% of our new orders were secured in structural growth markets," said CEO Juan Santamaría.

Sales increased by 9% during the first six months of the year to EUR 13.0 billion and nominal net profit of EUR 262 million was also 9% higher year on year.

HOCHTIEF's operational net profit for the period rose by 8% to EUR 270 million.

During the second quarter, cash flow from operating activities pre-factoring showed a strong performance, increasing by over EUR 100 million year on year to EUR 676 million. Looking at the last twelve months, to adjust for seasonality, underlying cash flow from operating activities stands at a high level of close to EUR 1.2 billion highlighting strong and sustained cash conversion.

HOCHTIEF ended the period with a solid balance sheet showing net cash of EUR 346 million, an increase year on year of EUR 381 million. This is EUR 736 million higher than at the end of March and is driven by the firm second quarter cash flow performance. In June, credit rating agency S&P reaffirmed its investment grade rating for HOCHTIEF with a stable outlook.

New orders during the first half of 2023 rose strongly to over EUR 18 billion, up 26% year on year. At the end of June 2023, the Group's order book stands at EUR 53.6 billion, up 8% year on year on an f/x-adjusted basis. HOCHTIEF continues to steadily increase the proportion of lower-risk contracts in the order backlog which is now approaching 85% of the total. During the first half of 2023, the majority of the Group's new orders were secured under collaborative, alliance-style, or construction management and services contracts all of which incorporate robust risk-sharing mechanisms.

Strategic update

HOCHTIEF's pursuit of opportunities in the rapidly expanding high-tech, energy transition and digital infrastructure markets is supported by the sustained focus on delivering on environmental, social, and governance (ESG) commitments where the Group holds a leading position.

Furthermore, capital allocation decisions support the Group's diversification and simplification goals as well as the high-tech infrastructure expertise. CEO Juan Santamaría: "We are now entering a new phase of our strategy where we can begin to harness our investment expertise in strategic high-growth sectors". The Group has incorporated almost 5,000 new professionals over the last twelve months to support its growth strategy. "Our ability to attract talented individuals, in a period of labor shortages establishes a strong foundation for the Group to take advantage of the growth opportunities we have identified".

Group Outlook

The Group guidance for 2023 is confirmed: HOCHTIEF expects to achieve an operational net profit in the range of EUR 510–550 million, subject to market conditions.

HOCHTIEF Group: Key Figures

(EUR million)	H1 2023	H1 2022	H1 change	Q2 2023	Q2 2022	Q2 change	FY 2022
Sales	13,015.6	11,944.4	9.0%	6,826.5	6,611.1	3.3%	26,219.3
Operational profit before tax/PBT	392.2	367.7	6.7%	189.2	188.2	0.5%	733.1
Operational PBT margin (%)	3.0	3.1	-0.1	2.8	2.8	0.0	2.8
Operational net profit	270.0	249.4	8.3%	132.5	131.2	1.0%	521.5
Operational earnings per share (EUR)	3.59	3.62	-0.8%	1.76	1.88	-6.4%	7.24
EBITDA	598.6	555.3	7.8%	302.9	286.5	5.7%	1,184.5
EBITDA margin (%)	4.6	4.6	0.0	4.4	4.3	0.1	4.5
EBIT	454.4	404.6	12.3%	234.8	203.1	15.6%	840.7
EBIT margin in %	3.5	3.4	0.1	3.4	3.1	0.3	3.2
Nominal profit before tax/PBT	371.8	340.5	9.2%	180.5	174.2	3.6%	677.2
Nominal net profit	261.9	240.4	8.9%	134.4	134.3	0.1%	481.8
Nominal earnings per share (EUR)	3.48	3.49	-0.3%	1.79	1.93	-7.3%	6.68
Cash flow from operating activities*	142.6	154.0	(11.4)	875.8	688.7	187.1	1,287.4
Cash flow from op. activities pre-factoring*	14.2	63.0	(48.8)	675.5	567.8	107.7	1,211.8
Net operating capital expenditure	103.2	62.8	40.4	52.7	42.4	10.3	164.0
Free cash flow from operating activities*	39.4	91.2	(51.8)	823.1	646.3	176.8	1,123.4
Net cash/net debt	345.8	(35.1)	380.9	345.8	(35.1)	380.9	353.6
New orders	18,077.4	14,398.3	25.6%	9,547.4	7,891.2	21.0%	30,066.6
Order backlog	53,586.7	52,422.2	2.2%	53,586.7	52,422.2	2.2%	51,404.0
Employees (end of period)	40,521	35,687	13.5%	40,521	35,687	13.5%	36,858

Note: Operational profits are adjusted for non-operational effects

* Excluding the extraordinary payments by CIMIC (for the CCPP legacy settlement in Q1 2023 and Q2 2022) and at HOCHTIEF Europe (final payment of the legacy Chilean project in Q3 2022)

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 37,000 employees and a sales volume of more than EUR 26 billion in 2022, 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 <https://www.hochtief.com/news-media>