

Value creation 2019

HOCHTIEF's value added analysis serves to show how its added value is generated while quantifying what benefit is derived from that value added for public and private stakeholder groups.

In 2019, the continued focus on cash-backed profits drove further gains in underlying profitability and strong cash generation on Group level. Our renewed listing in the Dow Jones Sustainability Index (DJSI) is the result of our sustainable business practices. This commitment to sustainability itself further enhances our attractiveness to customers as well as on the capital and labor markets.

Underlying net value added with 21.7% on consistent level and in line with positive business development, all value-add distribution metrics increased year on year. As in past years, the HOCHTIEF Group once again distributed the lion's share of net value added to employees in 2019. This large proportion of value added means that we can continue offering attractive employment on fair terms.

HOCHTIEF's unchanged favorable credit standing makes it an attractive investment opportunity for lenders in a market environment with persistently low interest rates. The proportion of value added distributed to lenders in the year under review was EUR 195.9 million, up 21.8% year on year.

HOCHTIEF aims to afford shareholders their commensurate share in the Group's positive underlying earnings performance, correspondingly. The correspondingly higher share attributable to HOCHTIEF shareholders increased 5.2% to EUR 431.4 million.

Sources of value added

	2019		2018	
	EUR million	%	EUR million	%
Sales	25,851.9	99.3	23,882.3	99.4
Changes in inventories	3.2	0.0	(19.4)	-0.1
Other operating income	191.4	0.7	170.4	0.7
Corporate performance	26,046.5	100.0	24,033.2	100.0
Materials	(18,989.7)	-72.9	(17,396.9)	-72.4
Other operating expenses	(1,062.6)	-4.1	(1,304.0)	-5.4
Other investment expenses	(25.1)	-0.1	17.8	0.1
Input costs	(20,077.4)	-77.1	(18,683.1)	-77.7
Investment and interest income	76.1	0.3	66.6	0.3
Net income from participating interests	316.2	1.2	290.1	1.2
Gross value added	6,361.4	24.4	5,706.9	23.7
Depreciation and amortization	(701.3)	-2.7	(391.6)	-1.6
Net value added	5,660.1	21.7	5,315.3	22.1
Provisions and reduction in carrying amount (Middle East exit)	(1,694.6)	-6.5	0.0	0.0
Net value added—nominal	3,965.5	15.2	5,315.3	22.1

Distribution of value added

	2019		2018	
	EUR million	%	EUR million	%
Employees	4,397.1	77.7	4,176.1	78.6
Lenders	195.9	3.5	160.8	3.0
Minority shareholders	182.3	3.2	177.5	3.3
Public authorities	257.9	4.6	259.9	4.9
– Shareholders	431.4	7.6	410.1	7.7
– Company	195.5	3.5	131.0	2.5
Company and shareholders	627.0	11.1	541.1	10.2
Net value added	5,660.1	100.0	5,315.3	100.0

When including the one-off impact from CIMIC's strategic decision to exit the Middle East region the net value add in nominal terms comes out at 15.2% with a corresponding one-off after tax impact on shareholders, public authorities and the Group itself.

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HOCHTIEF's value added analysis serves to show how its added value is generated while quantifying what benefit is derived from that value added for public and private stakeholder groups.

In 2018, the continued focus on cash-backed profits drove further gains in profitability and liquidity. Our renewed listing in the Dow Jones Sustainability Index (DJSI) is the result of our sustainable business practices. This commitment to sustainability itself further enhances our attractiveness to customers as well as on the capital and labor markets.

Net value added as a percentage of Group performance was 22.1% in 2018, at the same level as in the prior year. As in past years, the HOCHTIEF Group once again distributed the lion's share of net value added to employees in 2018. This large proportion of value added means that we can continue offering attractive employment on fair terms. Distributions to minority shareholders accounted for EUR 177.5 million of value added in 2018. The increase relative to the prior year relates to the higher dividend.

The proportion distributed to public authorities in 2018, at 4.9% (EUR 259.9 million), was slightly higher than in the prior year (4.7%).

In an uncertain market environment with persistently low interest rates, HOCHTIEF's favorable credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion of value added distributed to lenders in the year under review was EUR 160.8 million, which is on a par with 2017.

Sources of value added

	2018		2017	
	EUR million	%	EUR million	%
Sales	23,882.3	99.4	22,631.0	99.5
Changes in inventories	(19.4)	-0.1	(53.6)	-0.2
Other operating income	170.4	0.7	171.4	0.8
Corporate performance	24,033.2	100.0	22,748.8	100.0
Materials	(17,396.9)	-72.4	(16,229.4)	-71.3
Other operating expenses	(1,304.0)	-5.4	(1,239.1)	-5.4
Other investment expenses	17.8	0.1	(37.2)	-0.2
Input costs	(18,683.1)	-77.7	(17,505.7)	-77.0
Investment and interest income	66.6	0.3	87.1	0.4
Net income from participating interests	290.1	1.2	176.6	0.8
Gross value added	5,706.9	23.7	5,506.8	24.2
Depreciation and amortization	(391.6)	-1.6	(395.6)	-1.7
Net value added	5,315.3	22.1	5,111.2	22.5

Distribution of value added

	2018		2017	
	EUR million	%	EUR million	%
Employees	4,176.1	78.6	4,129.4	80.8
Lenders	160.8	3.0	158.2	3.1
Minority shareholders	177.5	3.3	161.8	3.2
Public authorities	259.9	4.9	241.1	4.7
– Shareholders	410.1	7.7	429.1	8.4
– Company	131.0	2.5	(8.4)	-0.2
Company and shareholders	541.1	10.2	420.7	8.2
Net value added	5,315.3	100.0	5,111.2	100.0

HOCHTIEF aims to afford shareholders their commensurate share in the Group's positive earnings performance. The correspondingly higher dividend in 2018 resulted in a further significant increase in the portion distributed to our shareholders and the Group itself, to EUR 541.1 million or 10.2% of net value added.

Value creation 2017

Value added analysis shows how HOCHTIEF generates added value while quantifying how the various public and private stakeholder groups benefit as a result.

In the 2017 reporting year, HOCHTIEF continued to rigorously pursue its strategic path in order to further increase profitability and liquidity. Sustainability in our activities resulted in a renewed listing in the Dow Jones Sustainability Index (DJSI). This commitment to sustainability further enhances our attractiveness to customers as well as on the capital and labor markets.

Net value added as a percentage of Group performance was 22.5% in 2017, above the prior-year level. The HOCHTIEF Group once again distributed the lion's share of net value added in 2017 to employees, as in past years. This large proportion of value added means that we can continue offering attractive employment on fair terms. Distributions to minority shareholders accounted for EUR 161.8 million of value added in 2017. The increase relative to the prior year relates to the higher dividend.

At 4.7% (EUR 241.1 million), the proportion of value added distributed to public authorities in 2017 was once again on a par with the prior year.

In today's difficult, low-interest market environment, HOCHTIEF's favorable credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion of value added distributed to lenders in 2017 was EUR 158.2 million—a further decrease on the prior year due to the reduction in debt. HOCHTIEF aims to afford shareholders their commensurate share in the Group's positive earnings performance. The correspondingly higher dividend in 2017 resulted in a significant increase in the portion distributed to our shareholders and the Group itself, to EUR 420.7 million or 8.2% of net value added.

Sources of value added

	2017		2016	
	EUR million	%	EUR million	%
Sales	22,631.0	99.5	19,908.3	98.6
Changes in inventories	(53.6)	-0.2	(93.0)	-0.5
Other operating income	171.4	0.8	372.5	1.8
Corporate performance	22,748.8	100.0	20,187.8	100.0
Materials	(16,229.4)	-71.3	(14,778.2)	-73.2
Other operating expenses	(1,239.1)	-5.4	(1,208.1)	-6.0
Other investment expenses	(37.2)	-0.2	(38.5)	-0.2
Input costs	(17,505.7)	-77.0	(16,024.8)	-79.4
Investment and interest income	87.1	0.4	87.4	0.4
Net income from participating interests	176.6	0.8	114.9	0.6
Gross value added	5,506.8	24.2	4,365.3	21.6
Depreciation and amortization	(395.6)	-1.7	(287.7)	-1.4
Net value added	5,111.2	22.5	4,077.6	20.2

Distribution of value added

	2017		2016	
	EUR million	%	EUR million	%
Employees	4,129.4	80.8	3,295.1	80.8
Lenders	158.2	3.1	161.8	4.0
Non-controlling interests	161.8	3.2	113.0	2.8
Public authorities	241.1	4.7	187.2	4.6
Group and shareholders	420.7	8.2	320.5	7.9
Net value added	5,111.2	100.0	4,077.6	100.0

Value creation 2016

Value added analysis shows how HOCHTIEF generates added value while quantifying how the various public and private stakeholder groups benefit as a result.

HOCHTIEF continued to rigorously pursue its strategic path in 2016 in order to further increase profitability and liquidity. Sustainability in our activities resulted in a renewed listing in the Dow Jones Sustainability Index (DJSI). This commitment to sustainability further enhances our attractiveness to customers as well as on the capital and labor markets.

Net value added as a percentage of corporate performance was 20.2%, at the same level as in the prior year. The HOCHTIEF Group once again distributed the lion's share of net value added in 2016 to employees, as in past years. This large proportion of value added means that we can continue offering attractive employment on fair terms. The progress in this area is an outcome of the transformation processes set in motion in the HOCHTIEF Group over the last few years. Distributions to minority shareholders accounted for a total of EUR 113.0 million of value added in 2016. The reduction relative to the prior year mainly relates to the increase in our ownership interest in the CIMIC Group.

At 4.6% (EUR 187.2 million), the proportion of value added distributed to public authorities in 2016 was once again on a par with the prior year.

In today's difficult, low-interest market environment, HOCHTIEF's favorable credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion of value added distributed to lenders in 2016 was EUR 161.8 million—a decrease on the prior year due to the reduction in debt

Sources of value added

	2016		2015	
	EUR million	%	EUR million	%
Sales	19,908.3	98.6	21,096.6	98.9
Changes in inventories	(93.0)	-0.5	18.5	0.1
Other operating income	372.5	1.8	217.5	1.0
Corporate performance	20,187.8	100.0	21,332.6	100.0
Materials	(14,778.2)	-73.2	(15,484.3)	-72.6
Other operating expenses	(1,208.1)	-6.0	(1,203.4)	-5.6
Other investment expenses	(38.5)	-0.2	(51.2)	-0.2
Input costs	(16,024.8)	-79.4	(16,738.8)	-78.5
Investment and interest income	87.4	0.4	92.8	0.4
Net income from participating interests	114.9	0.6	155.7	0.7
Gross value added	4,365.3	21.6	4,842.3	22.7
Depreciation and amortization	(287.7)	-1.4	(413.8)	-1.9
Net value added	4,077.6	20.2	4,428.5	20.8

Distribution of value added

	2016		2015	
	EUR million	%	EUR million	%
Employees	3,295.1	80.8	3,664.8	82.8
Lenders	161.8	4.0	240.2	5.4
Minority shareholders	113.0	2.8	124.9	2.8
Public authorities	187.2	4.6	190.2	4.3
HOCHTIEF and shareholders	320.5	7.9	208.3	4.7
Net value added	4,077.6	100.0	4,428.5	100.0

and interest rates. HOCHTIEF aims to afford shareholders their commensurate share in the company's positive earnings performance. The correspondingly higher dividend in 2016 resulted in a significant increase in the portion distributed to our shareholders and the Company itself, to EUR 320.5 million or 7.9% of net value added.