

Press Release

Q1 2019: HOCHTIEF increases nominal net profit by 31% to EUR 128 million

- **Nominal net profit +31% year on year (yoy) to EUR 128 million, operational net profit +25% yoy to EUR 133 million**
 - Profit growth driven by all divisions and includes Abertis' EUR 21 million earnings contribution
 - Operational PBT +15% yoy to EUR 238 million; nominal PBT of EUR 233 million (+17% yoy)
 - Sales of EUR 5.7 billion, +5% f/x-adjusted (nominal +9%); solid op. PBT margin of 4.1%
- **Net cash from operating activities at sustained high level of over EUR 1.5 billion last twelve months (LTM)**
 - Free cash flow from operations remains strong at over EUR 1.1 billion LTM
- **Group net cash of EUR 1.2 billion, EUR +228 million yoy**
 - All divisions achieved significantly higher net cash levels yoy
 - Group net cash position of EUR 1.2 billion after EUR 494 million net investment in 20% Abertis stake in FY 2018
- **Order backlog of 49.3 billion (+6% yoy f/x-adjusted), new orders of EUR 7.1 billion (+1% f/x-adjusted)**
- **Guidance: Operational net profit 2019 of EUR 640–680 million (+22–30% year on year)**
 - Strong tender pipeline in our core markets of about EUR 600 billion for 2019 and beyond; PPP project pipeline of approx. EUR 230 billion

HOCHTIEF has made a solid start to 2019 with an increase in profits, sales, net cash and order book compared with a year ago. "We are confident of achieving our targets for 2019 and stay on track for future growth," said CEO Marcelino Fernández Verdes.

Nominal net profit rose by 31% year on year to EUR 128 million in the first quarter of 2019. **Operational net profit**, which excludes non-operational effects, increased by 25% year on year to EUR 133 million.

Both profit numbers include a EUR 21 million contribution from our 20% equity-consolidated stake in Abertis during the first three months of 2019. In addition to

the positive impact from the Abertis stake, all three HOCHTIEF divisions contributed to this solid increase.

Adjusting for foreign exchange rate movements, **sales** in the January–March 2019 period were around 5% higher year on year at EUR 5.7 billion, or up 9% in nominal terms. As a percentage of sales, the Group's **operational PBT margin** was 4.1% in Q1 2019.

Over the last twelve months, HOCHTIEF has achieved a strong level of **net cash from operating activities** of over EUR 1.5 billion. This has been driven by solid growth in cash-backed profits and further cash inflow from working capital.

As a result of increasing mining and job-costed tunneling work, net operating capital expenditure increased by EUR 39 million to EUR 113 million. During the last twelve months, HOCHTIEF has achieved over EUR 1.1 billion of **free cash flow from operations**.

HOCHTIEF ended the first quarter of 2019 with a **net cash position** of almost EUR 1.2 billion, around EUR 230 million higher compared with March 2018, due to the strong cash flow performance of the last twelve months. All three divisions substantially increased their net cash position year on year. The Group's net cash position is after EUR 494 million net investment in the 20% Abertis stake in full year 2018.

The Q1 2019 **order book** of EUR 49.3 billion has increased by 6% year on year on an exchange rate adjusted basis (nominal +11%). **New orders** of EUR 7.1 billion have been secured in the first quarter of 2019, a 1% increase year on year on an exchange rate adjusted basis (nominal +5%), and HOCHTIEF continues its disciplined bidding approach across the Group's geographical footprint.

Backed by a solid balance sheet, a robust order book and the strong presence in our core markets, HOCHTIEF is well positioned for the rest of 2019 and beyond. The capital allocation strategy remains focused on attractive **shareholder remuneration** and on organic and strategic growth opportunities.

HOCHTIEF companies recorded significant project wins during the first quarter. “The major orders secured by all three divisions underline the robust competitive position we have in our core markets,” said CEO Marcelino Fernández Verdes. New orders include, among others, the Hampton Roads Bridge-Tunnel Expansion project in Virginia, which Flatiron is constructing with partners until 2025. In the Asia Pacific division, Thiess was awarded a contract extension for additional services at the Debswana diamond mine in Botswana for another nine years. CIMIC companies were also selected to build and operate the Regional Rail project in New South Wales, Australia, as a public-private partnership. In Europe, HOCHTIEF is widening a section of the D3 highway in the Czech Republic until 2022.

In total, the local teams have identified a **tender pipeline** worth around EUR 600 billion of relevant projects coming to the Group’s markets in North America, Asia-Pacific and Europe in 2019 and beyond. HOCHTIEF’s strong position in developed PPP markets is reflected in the approximately EUR 230 billion **PPP project pipeline** the Group has identified.

HOCHTIEF consistently pursues its **innovation** strategy. The objective is to create value for all stakeholders by changing the way HOCHTIEF works. The innovation company Nexlore is supporting the Group entities to enhance the digital future. HOCHTIEF will harness products and processes to continuously increase efficiency and execution quality as well as to optimize project management.

HOCHTIEF Outlook

HOCHTIEF expects to achieve an **operational net profit** in 2019 in the range of EUR 640–680 million, an increase of between 22% and 30%, compared with EUR 523 million in 2018, with all divisions driving this further improvement in the HOCHTIEF performance in addition to the contribution from the Abertis stake.

HOCHTIEF Group: Key Figures*

(EUR million)	Q1 2019	Q1 2018 (restated) ²⁾	Q1 Change	FY 2018 (restated) ²⁾
Sales	5,732.6	5,266.2	8.9%	23,882.3
Operational profit before tax/PBT¹⁾	237.6	207.2	14.7%	968.6
Operational PBT margin¹⁾	4.1%	3.9%	0.2	4.1%
Operational net profit¹⁾	132.7	106.3	24.8%	523.3
Operational earnings per share (EUR)¹⁾	1.88	1.65	13.9%	8.0
EBITDA	419.3	350.9	19.5%	1,615.8
EBITDA margin	7.3%	6.7%	0.6	6.8%
EBIT	247.8	233.8	6.0%	1,053.6
EBIT margin	4.3%	4.4%	-0.1	4.4%
Profit before tax/PBT	232.9	199.2	16.9%	979.0
Net profit	128.0	97.9	30.7%	543.0
Earnings per share (EUR)	1.81	1.52	19.1%	8.30
Net cash from operating activities	(175.5)	(130.1)	-34.9%	1,572.3
Net operating capital expenditure	113.2	73.8	53.4%	343.9
Free cash flow from operations	(288.7)	(203.9)	-41.6%	1,228.4
Net cash/net debt	1,169.4	941.6	24.2%	1,562.2
New orders	7,087.5	6,754.2	4.9%	28,098.1
Order backlog	49,286.2	44,288.1	11.3%	47,267.4
Direct employees (end of period)	55,236	55,530	-0.5%	55,777

* All figures are nominal unless otherwise indicated

¹⁾ Operational earnings are adjusted for non-operational effects

²⁾ Restated for IFRS 16

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 64,000 employees and a sales volume of about EUR 24 billion in 2018, 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.