

Press Release

9M 2018: HOCHTIEF increases nominal and operational net profit by 33% and 15% respectively—positive outlook

- **Nominal net profit up 33% year on year to EUR 403 million, operational net profit up 15% to EUR 369 million**
 - Op. PBT EUR 703 million, +12%; solid growth in all divisions
 - Sales 9M 2018 of EUR 17.4 billion, +12% f/x-adjusted, 5% nominal
 - EUR 58 million contribution from the 20% equity consolidated stake in Abertis from June to September
- **Net cash from operating activities up 12% yoy to EUR 519 million**
 - Free cash flow from operations stable at a high level of over EUR 1.1 billion last twelve months
- **Net cash position of EUR 1.3 billion, + EUR 782 million yoy after EUR 259 million dividend payments in Q3 2018**
 - All divisions achieved higher net cash levels quarter on quarter and year on year
- **Order backlog of EUR 45.3 billion (+8% f/x-adjusted) provides strong visibility**
 - EUR 28.2 billion in new orders last twelve months, +11% f/x-adjusted
- **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 500 billion for remainder of 2018 and beyond
 - PPP project pipeline of over EUR 210 billion
 - HOCHTIEF dividend payout ratio from fiscal year 2018 to increase from 50% to 65% of nominal net profit

HOCHTIEF has significantly increased profits, cash flow, margins and order backlog during the first nine months of the year, ending the period with EUR 1.3 billion of net cash after EUR 259 million dividend payments in Q3 2018.

“This has been driven by solid operational results in all divisions and a first significant contribution from our investment in Abertis. Our performance and our strong project pipeline leave us well positioned to meet our 2018 guidance and provide a positive outlook”, said CEO Marcelino Fernández Verdes.

Nominal net profit rose by 33% to EUR 403 million which includes a EUR 58 million contribution from the 20% equity consolidated stake in Abertis from June to September. **Operational net profit** increased by 15% year on year to EUR 369 million. All three divisions contributed to this solid increase in operational profit.

Adjusting for foreign exchange rate movements, **sales** in the January-September 2018 period were 12% higher year on year at EUR 17.4 billion, or up 5% in nominal terms. As a percentage of sales, the Group's **operational PBT margin** was 4.0% in 9M 2018 compared with 3.8% in the prior corresponding period.

Management remains focused on risk management and generating cash-backed profits. **Net cash from operating activities** was 12% higher at EUR 519 million, an increase of EUR 56 million year on year, with an improving trend in working capital. **Free cash flow from operations** in the last twelve months remains stable and at a high level of over EUR 1.1 billion.

At the end of the third quarter, HOCHTIEF had a **net cash position** of EUR 1.3 billion, EUR 782 million higher year on year due to the strong cash flow performance of the last twelve months. All three divisions increased their net cash position both year on year and since June 2018.

The period-end **order book** of EUR 45.3 billion has increased by 8% year on year on an exchange rate adjusted basis. This provides us with 22 months of work visibility. At EUR 28.2 billion, **new orders** in the last twelve months are up by 11% year on year on an exchange rate adjusted basis. The tender pipeline remains strong in our key markets of North America, Asia-Pacific and Europe and currently stands at about EUR 500 billion for the remainder of 2018 and beyond. The currently identified PPP project pipeline is very substantial at over EUR 210 billion.

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 our divisions driving this further improvement in the Group performance.

HOCHTIEF Group: Key Figures

(EUR million)	9M 2018	9M 2017	9M Change	Q3 2018	Q3 2017	Q3 Change	FY 2017
Sales	17,402.1	16,533.8	5.3%	6,199.1	5,516.1	12.4%	22,631.0
Operational profit before tax/PBT	703.1	628.8	11.8%	249.2	229.9	8.4%	865.8
Operational PBT margin	4.0%	3.8%	0.2	4.0%	4.2%	-0.2	3.8%
Operational net profit	368.6	320.4	15.0%	131.4	119.8	9.7%	452.3
Operational earnings per share (EUR)	5.74	4.99	15.0%	2.04	1.86	9.7%	7.04
EBITDA	1,040.9	998.0	4.3%	366.8	332.9	10.2%	1,320.8
EBITDA margin	6.0%	6.0%	0.0	5.9%	6.0%	-0.1	5.8%
EBIT	754.5	704.4	7.1%	263.0	240.6	9.3%	925.1
EBIT margin	4.3%	4.3%	0.0	4.2%	4.4%	-0.2	4.1%
Profit before tax/PBT	736.0	607.5	21.2%	289.8	221.8	30.7%	823.6
Net profit	402.8	302.8	33.0%	173.9	113.7	52.9%	420.7
Earnings per share (EUR)	6.27	4.71	33.1%	2.71	1.77	53.1%	6.55
Net cash from operating activities	519.1	462.9	12.1%	246.5	232.2	6.2%	1,372.1
Net operating capital expenditure	278.8	225.8	23.5%	115.3	74.8	54.1%	251.8
Free cash flow from operations	240.3	237.1	1.3%	131.2	157.4	-16.6%	1,120.3
Net cash/net debt	1,289.8	507.9	153.9%	1,289.8	507.9	153.9%	1,265.8
New orders	19,188.9	21,402.8	-10.3%	6,347.4	7,662.4	-17.2%	30,443.5
New orders last twelve months	28,229.6	27,252.9	3.6%	28,229.6	27,252.9	3.6%	30,443.5
Order backlog (year on year)	45,281.1	42,868.3	5.6%	45,281.1	42,868.3	5.6%	44,644.2
Employees (end of period)	56,437	54,629	3.3%	56,437	54,629	3.3%	53,890

EBITDA and EBIT restated

Operational profits are adjusted for one-off items, figures are not f/x adjusted

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.