

## Press Release

HOCHTIEF increased net profit by 31% in 2017; strong outlook supported by 23% growth in new orders

- **EUR 421 million nominal net profit (+31% year on year)**  
**EUR 452 million operational net profit (+25%)**
  - 2017 Group operational net profit at top end of guidance range (EUR 410-450 million)
  - Operational PBT margin of 3.8%, +40bps yoy
  - Strong EBITDA growth (+30%) to EUR 1.3 billion
  - Sales up by 14% to EUR 22.6 billion
- **EUR 1.4 billion net cash from operating activities (+17%)**
  - Free cash flow from operations of EUR 1.1 billion (+14%)
- **EUR 1.3 billion net cash (+EUR 562 million)**
  - All divisions show substantial improvement year on year
- **EUR 44.6 billion order backlog (+12% fx-adjusted)**  
**EUR 30.4 billion new orders (+23%)**
  - Year-end order backlog at highest level for five years
- **Proposed dividend increase of 30% to EUR 3.38 per share**
- **Guidance for 2018: Operational net profit of EUR 470–520 million (+4% to 15%)**
  - Strong tender pipeline in our core markets USA, Canada, Asia Pacific and Europe of close to EUR 500 billion in project work for 2018 and beyond
  - HOCHTIEF to continue active and disciplined capital allocation policy

In 2017 HOCHTIEF has further enhanced its balance sheet strength and significantly increased cash flow, sales and profits. “Generating value is in our DNA. Since the beginning of our transformation in 2013, we have succeeded in delivering dynamic and consistent value growth in our global business. 2017 was again a very successful year for the Group”, said CEO Marcelino Fernández Verdes. “We will continue our active and disciplined capital allocation policy.”

HOCHTIEF has delivered strong profit growth in 2017. **Nominal net profit** rose by 31% to EUR 421 million with the Americas, Asia Pacific and Europe divisions all contributing to this positive profit development. **Earnings per share** were 32% higher at EUR 6.55. **Operational net profit**, which excludes one-off impacts, increased by over EUR 90 million, or 25%, year-on-year, to EUR 452 million. This result is at the top end of the guidance range HOCHTIEF communicated a year ago of EUR 410-450 million.

**Sales** also developed positively with growth of 14% to EUR 22.6 billion, exceeding the revenue level of 2013 for the first time. This top-line expansion was accompanied by increased margins. The Group's **operational PBT margin** was up 40 basis points year on year to 3.8%.

Focusing on cash-backed profits is a key priority for the Group's teams around the world. **Net cash from operating activities** increased by EUR 200 million, or 17%, to EUR 1.4 billion, driven by higher sales, increased margins and a further improvement in working capital management. HOCHTIEF achieved an outstanding EBITDA cash-conversion rate of 106%. All three divisions reached an increased level of positive cash flow generation during the year. The Group's enhanced balance sheet position is the result of the strong cash flow performance. HOCHTIEF ended 2017 with almost EUR 1.3 billion of **net cash**, over EUR 560 million higher year on year. The strong balance sheet and positive business outlook were recognized in May 2017 when ratings agency S&P assigned a BBB, investment-grade, debt rating for the Group, subsequently reaffirmed in October 2017.

Our year-end **order book** of almost EUR 45 billion is at its highest level since 2012 and has increased by 12% on an exchange rate adjusted basis. At over EUR 30 billion, **new orders** were EUR 5.6 billion higher, an increase of 23%. In total HOCHTIEF has identified a **pipeline** worth EUR around 500 billion of relevant projects coming to the Group's key markets in North America, Asia-Pacific and Europe in 2018 and beyond.

As a consequence of the positive **Group outlook**, HOCHTIEF expects to achieve 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 our Group performance.

HOCHTIEF will propose a **dividend** of EUR 3.38 per share for 2017, an increase of 30% (2016: EUR 2.60 per share), reflecting the Group's strong profit performance and HOCHTIEF management's focus on value creation and shareholder remuneration.

**HOCHTIEF-Group: Key Figures**

| (EUR million)                               | 2017            | 2016     | change<br>yoy |
|---|-----------------|----------|---------------|
| <b>Sales</b>                                | <b>22,631.0</b> | 19,908.3 | 13.7%         |
| <b>Operational profit before tax/PBT</b>    | <b>865.8</b>    | 677.5    | 27.8%         |
| <b>Operational PBT margin</b>               | <b>3.8%</b>     | 3.4%     | 0.4           |
| <b>Operational net profit</b>               | <b>452.3</b>    | 361.2    | 25.2%         |
| <b>Operational earnings per share (EUR)</b> | <b>7.04</b>     | 5.62     | 25.3%         |
| <b>EBITDA</b>                               | <b>1,294.4</b>  | 996.5    | 29.9%         |
| <b>EBITDA margin</b>                        | <b>5.7%</b>     | 5.0%     | 0.7           |
| <b>EBIT</b>                                 | <b>904.1</b>    | 715.6    | 26.3%         |
| <b>Profit before tax/PBT</b>                | <b>823.6</b>    | 620.7    | 32.7%         |
| <b>Net profit</b>                           | <b>420.7</b>    | 320.5    | 31.3%         |
| <b>Earnings per share (EUR)</b>             | <b>6.55</b>     | 4.98     | 31.5%         |
| <b>Net cash from operating activities</b>   | <b>1,372.1</b>  | 1,173.4  | 16.9%         |
| <b>Net operating capital expenditure</b>    | <b>(251.8)</b>  | (187.3)  | 34.4%         |
| <b>Free cash flow from operations</b>       | <b>1,120.3</b>  | 986.1    | 13.6%         |
| <b>Net cash/net debt</b>                    | <b>1,265.8</b>  | 703.9    | 79.8%         |
| <b>New orders</b>                           | <b>30,443.5</b> | 24,813.5 | 22.7%         |
| <b>Order backlog (yoy)</b>                  | <b>44,644.2</b> | 43,087.6 | 3.6%          |
| <b>Employees (end of period)</b>            | <b>53,890</b>   | 51,490   | 4.7%          |

2016 EBITDA and EBIT adjusted  
Operational profits are adjusted for deconsolidation effects and other one-off impacts

**HOCHTIEF** is one of the most global construction groups. The Group operates construction in the transportation, energy and social/urban infrastructure segments as well as in the contract mining, PPP and services businesses. With around 54,000 employees and a sales volume of EUR 22 billion in FY 2017, HOCHTIEF is represented globally. 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](http://www.hochtief.com/press).

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