

Press Release

HOCHTIEF-AGM: strong profit and dividend growth; solid outlook enhanced by strategic Abertis investment

HOCHTIEF CEO Marcelino Fernández Verdes sees the Group strategically well positioned for the long term and expects further profit growth in 2019. “We have a robust balance sheet, a balanced business profile and a solid presence in our core markets. Combined with our engineering and technical expertise this will enable us to take advantage of future opportunities. We continue to deploy our capital in a disciplined manner and focus on value creation which allows us to attractively remunerate our shareholders in a sustainable manner,” Fernández Verdes said at the Annual General Meeting in Essen.

With a robust order backlog level and an identified tender pipeline of around EUR 600 billion in the group’s core markets of North America, Asia-Pacific and Europe, the CEO described HOCHTIEF’s future outlook as very positive and added that: “The digital transformation we initiated in 2018, will allow us to further strengthen the group’s leading competitive position in our key markets.”

Last year, HOCHTIEF generated increased profits and strong cash flow. In 2018, operational net profit was at the top end of the guidance range, at EUR 521 million, +15% year on year. For 2019, the Group expects further growth with operational net profit of EUR 640–680 million.

In 2018 the Group invested EUR 1.4 billion to acquire a 20% stake in the leading toll road operator, Abertis, which has a strong position in France, Spain, Chile and Brazil. This strategic investment together with Atlantia and ACS will significantly increase the level of profit and cash flow and, at the same time, enhance our earnings visibility.

Since 2012, the compound annual dividend per share growth rate is 38%. As a consequence of the sustainable strength of the balance sheet and the further increased earnings visibility that results from the investment in Abertis, the dividend payout ratio is to increase from 50% to 65% of nominal net profit. Reflecting this and the Group's strong profit development, the Annual General Meeting votes on a proposed increase of the dividend for 2018 by 47% to EUR 4.98 per share.

HOCHTIEF is systematically pursuing the opportunities arising from digitalization. As highlighted last year, Nexplora has been set up as a digital innovation hub. Nexplora will support in transitioning to an enhanced digital future for our infrastructure activities.

Nexplora is establishing innovation centers in Essen, Frankfurt/Darmstadt, Minneapolis, Sydney and Madrid. The company will cooperate closely with the world's leading universities and IT companies. A key partnership with the MIT-IBM Watson Artificial Intelligence Lab in Cambridge, Massachusetts, USA, has recently started. HOCHTIEF will harness the products and processes developed by Nexplora to continuously increase efficiency and execution quality as well as to optimize project management.

The new Corporate Headquarters will be built in Essen, Germany, and will help to promote the digital transformation of the group. Marcelino Fernández Verdes said: "We will create an inspiring and productive working environment for our employees."

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.