# Half-Year Report
January to June 2018



**Financial Highlights**

- Operational net profit up 18% to EUR 237 million; nominal up 21% yoy to EUR 229 million
- Net cash from op. activities up 18% yoy to EUR 273 million
- Group net cash level of EUR 1.35 billion, EUR +752 million yoy
- Order backlog of EUR 45.6 billion, +11% f/x-adjusted (+7% nominal)
- Guidance confirmed: op. net profit FY 2018 of EUR 470–520 million (+4–15% yoy)

We are building the world of tomorrow.

HOCHTIEF

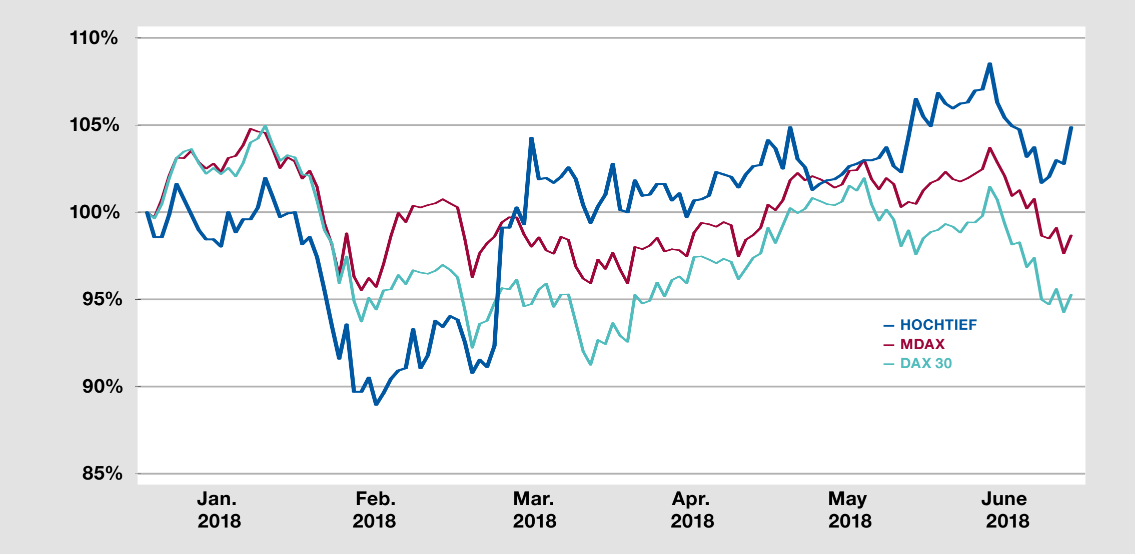
***All figures are nominal unless otherwise indicated**
**1) Operational earnings are adjusted for deconsolidation effects and other one-off impacts**

## The HOCHTIEF Group: Key Figures*

| (EUR million) | **H1 2018** | H1 2017 | **Change** | **Q2 2018** | Q2 2017 | **Change** | Full year 2017 |
|---|---|---|---|---|---|---|---|
| Sales | **11,203.0** | 11,017.7 | **1.7%** | **5,936.8** | 5,868.7 | **1.2%** | 22,631.0 |
| Operational profit before tax/PBT[1)] | **453.9** | 398.9 | **13.8%** | **246.4** | 204.6 | **20.4%** | 865.8 |
| Operational PBT margin[1)] (%) | **4.1** | 3.6 | **0.5** | **4.2** | 3.5 | **0.7** | 3.8 |
| Operational net profit[1)] | **237.2** | 200.6 | **18.2%** | **130.9** | 107.3 | **22.0%** | 452.3 |
| Operational earnings per share (EUR)[1)] | **3.69** | 3.12 | **18.3%** | **2.04** | 1.67 | **22.2%** | 7.04 |
| EBITDA | **674.1** | 665.1 | **1.4%** | **365.2** | 339.8 | **7.5%** | 1,320.8 |
| EBITDA margin (%) | **6.0** | 6.0 | **0.0** | **6.2** | 5.8 | **0.4** | 5.8 |
| EBIT | **491.5** | 463.8 | **6.0%** | **265.0** | 232.5 | **14.0%** | 925.1 |
| EBIT margin (%) | **4.4** | 4.2 | **0.2** | **4.5** | 4.0 | **0.5** | 4.1 |
| Profit before tax/PBT | **446.1** | 385.7 | **15.7%** | **246.6** | 196.8 | **25.3%** | 823.6 |
| Net profit | **228.9** | 189.1 | **21.1%** | **131.0** | 100.8 | **30.0%** | 420.7 |
| Earnings per share (EUR) | **3.56** | 2.94 | **21.1%** | **2.04** | 1.57 | **29.9%** | 6.55 |
| Net cash from operating activities | **272.6** | 230.7 | **18.2%** | **442.3** | 493.3 | **-10.3%** | 1,372.1 |
| Net operating capital expenditure | **(163.5)** | (151.0) | **-8.3%** | **(89.7)** | (89.7) | **0.0%** | (251.8) |
| Free cash flow from operations | **109.1** | 79.7 | **36.9%** | **352.6** | 403.6 | **-12.6%** | 1,120.3 |
| Net cash (+)/net debt (-) | **1,352.6** | 600.7 | **125.2%** | **1,352.6** | 600.7 | **125.2%** | 1,265.8 |
| New orders | **12,841.5** | 13,740.4 | **-6.5%** | **6,087.3** | 6,295.1 | **-3.3%** | 30,443.5 |
| Work done | **12,041.3** | 11,973.4 | **0.6%** | **6,359.8** | 6,205.8 | **2.5%** | 24,518.4 |
| Order backlog | **45,584.3** | 42,599.2 | **7.0%** | **45,584.3** | 42,599.2 | **7.0%** | 44,644.2 |
| Employees (end of period) | **58,228** | 54,921 | **6.0%** | **58,228** | 54,921 | **6.0%** | 53,890 |

**EBIT and EBITDA restated**

## Relative share price performance




### About the cover photo:
**New airport connection in Los Angeles**

At Los Angeles International Airport (LAX), the second-biggest airport in the USA, an Automated People Mover (APM) will connect passengers to and from the central terminal area in future. A HOCHTIEF-ACS consortium (LAX Integrated Express Solutions, LINXS) achieved financial close for the public private partnership project in June 2018. The project includes six stations along a 3.6-kilometer dual guideway. The consortium will be responsible for the delivery of the 44 Bombardier APM vehicles, as well as the construction of a 7,000-square-meter maintenance and storage facility. Construction is anticipated to be completed by early 2023.

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*Dear Shareholders and friends of HOCHTIEF,*

Marcelino Fernández Verdes, Chairman of the Executive Board

HOCHTIEF has delivered a strong performance during the first six months of 2018 with substantial growth year on year in profits, margins, cash flow and order backlog. The Group ended the period with EUR 1.35 billion of net cash.

**Operational net profit**, which excludes one-off impacts, **rose 18% year on year to EUR 237 million.** Nominal net profit rose by 21% to EUR 229 million. **All three divisions** contributed to this positive operational profit development.

Adjusting for foreign exchange rate movements, **sales** in the January-June 2018 period **were 11% higher year on year at EUR 11.2 billion**, or 2% in Euro terms. This top-line growth was achieved whilst increasing margins. As a percentage of sales, the Group's **operational PBT margin was 4.1% in H1 2018, up 50 basis points year on year**.

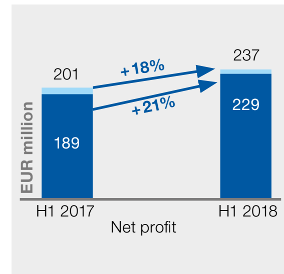
Management remains focused on cash-backed profits. **Net cash from operating activities was 18% higher at EUR 273 million**, an increase of EUR 42 million year on year. As a result of increasing mining and tunneling work, net operating capital expenditure increased by EUR 13 million to EUR 164 million. The management of our capital expenditure remains rigorous and disciplined.

At the end of June 2018, HOCHTIEF has achieved a **net cash position of EUR 1.35 billion**, over EUR 752 million higher year on year due to the strong cash flow performance of the last twelve months. If we adjust foreign exchange impacts since June 2017, the positive year-on-year movement would be even higher at EUR 840 million.

## HOCHTIEF Group—H1 2018 Highlights

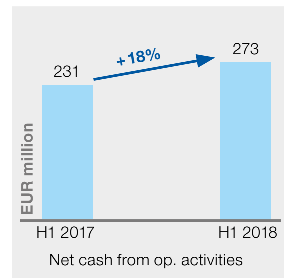
**Operational net profit up 18% to EUR 237 million; nominal up 21% yoy to EUR 229 million***

- Op. PBT up 14% yoy to EUR 454 million, Q2 up 20% to EUR 246 million; solid growth trend at Americas, Asia Pacific and Europe
- Op. PBT margin of 4.1% +50 bps yoy, Q2 4.2% +70 bps yoy
- Sales H1 2018 of EUR 11.2 billion, +11% yoy f/x-adjusted, +2% nominal



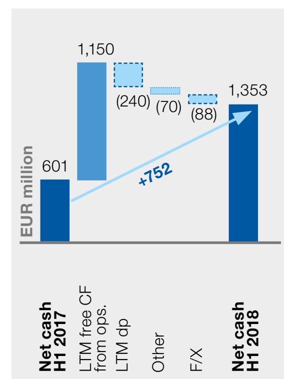

**Net cash from op. activities up 18% yoy to EUR 273 million**

- EUR 1.41 billion net cash from operating activities LTM
- Strength of free cash flow from operations sustained at EUR 1.15 billion LTM



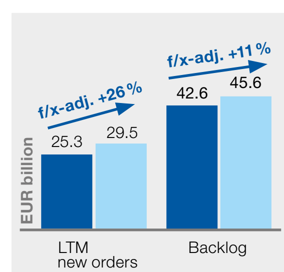

**Group net cash level of EUR 1.35 billion, EUR +752 million yoy**

- Adjusted for LTM f/x effects, net cash would be EUR +840 million yoy
- S&P reaffirmed BBB rating for HOT in May 2018, outlook upgraded to stable



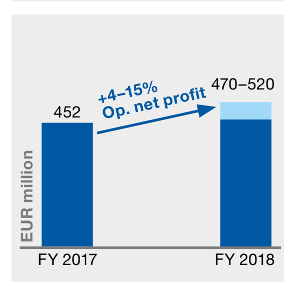

**Order backlog of EUR 45.6 billion, +11% f/x-adjusted (+7% nominal)**

- EUR 29.5 billion in new orders LTM +26% f/x-adjusted yoy (+17% nominal)
- New orders of EUR 12.8 billion H1 2018
- Order backlog equivalent to 22 months of work




**Guidance confirmed: op. net profit FY 2018 of EUR 470–520 million (+4–15% yoy)**

- Strong tender pipeline in our core markets USA, Canada, Asia-Pacific and Europe of around EUR 100 billion in project work for remainder of 2018 and nearly EUR 400 billion in 2019+
- PPP project pipeline over EUR 210 billion
- Capital allocation focused on shareholder returns and attractive growth opportunities




*EUR 12 million PBT and net profit impact from Abertis in June 2018 included only in nominal result

bps = basis points
dp = dividend payments
yoy = year on year
LTM = last twelve months

The period-end **order book of EUR 45.6 billion** has increased by 11% year on year on an exchange rate adjusted basis. Around half of our order book is for projects located in the Asia-Pacific region, with 44% in Americas and around 8% in Europe. At EUR 29.5 billion, **new orders are sustantially higher in the last twelve months, up 26% year on year on an exchange rate adjusted basis**.

Innovation will make HOCHTIEF an even more efficient performer. In the first half of 2018, the Group launched an extensive innovation initiative that will lead HOCHTIEF into an IT-based future. For this purpose, we have set up a dedicated company with innovation centers in the USA, Europe and Australia. The Group will cooperate with leading universities. In the course of this transformation, we will exploit the opportunities of digitalization, such as artificial intelligence. This will improve the quality of project execution, reduce operational risks and create better working conditions and career perspectives for our employees.

HOCHTIEF companies were awarded major new projects in the second quarter: They include The Spiral, a 65-story, LEED-targeting skyscraper which Turner will complete in New York by the end of 2022. Flatiron secured a contract to widen a highway to a four-lane expressway in Texas. CIMIC Group company Thiess was awarded several contract extensions in the mining sector, including the QCoal Northern Hub in Queensland, Australia, for another four years. CIMIC companies Pacific Partnerships and CPB Contractors have been selected as the preferred proponent to deliver the Waikeria Corrections and Treatment Facility public-private partnership project in New Zealand. Projects for the Air Traffic Control Center in Poznań, Poland, and an innovation center in Munich are among the new orders won by the HOCHTIEF Europe division.

The **pipeline of relevant projects remains strong** in our key markets of North America, Asia-Pacific and Europe continues to expand to approximately EUR 100 billion for the remainder of 2018 (up EUR 25 billion year on year) and nearly EUR 400 billion for 2019 and beyond. The currently identified PPP tender pipeline has increased to EUR 210 billion.

Backed by the Group's strong balance sheet, HOCHTIEF is well positioned for the future. Capital allocation remains focused on the optimization of shareholder returns and attractive organic and strategic growth opportunities.

In early July, the Group distributed to shareholders the **dividend for 2017 of EUR 3.38 per share. This represents an increase of 30% year on year** compared with 2016, reflecting the Group's strong profit performance and HOCHTIEF management's focus on shareholder remuneration.

The Abertis transaction is now well advanced and will result in HOCHTIEF investing EUR 1.4 billion to take a 20% equity stake in the world's largest toll road operator. In May, the rating agency S&P, based on the joint acquisition announcement, reaffirmed its BBB investment grade rating on HOCHTIEF and upgraded its outlook to "stable".

### Group Outlook

HOCHITEF 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.

Yours,

Marcelino Fernández Verdes,
Chairman of the Executive Board

# Interim Management Report
## Financial review

### Overview

HOCHTIEF continued the successful start of the year with improved sales, earnings and cash figures. For the first half of 2018, the figures were above the comparative prior-year amounts. The strength of the Group's balance sheet can be seen in the further increase in the net cash position, which stood at EUR 1.35 billion as of June 30, 2018 and significantly exceeded the prior-year comparative figure, by EUR 752 million.

### Sales and earnings

HOCHTIEF generated **sales** of EUR 11.2 billion in the first half of 2018. Adjusted for exchange rates, this marked an 11% increase year on year and a 2% increase in Euro terms.

**Sales**

| (EUR million) | **H1 2018** | H1 2017 | Change |
|---|---|---|---|
| HOCHTIEF Americas | 6,051.5 | 5,772.3 | 4.8% |
| HOCHTIEF Asia Pacific | 4,416.7 | 4,346.6 | 1.6% |
| HOCHTIEF Europe | 682.1 | 839.6 | -18.8% |
| Corporate | 52.7 | 59.2 | -11.0% |
| **Group** | **11,203.0** | **11,017.7** | **1.7%** |

Sales in the HOCHTIEF Americas division went up by 5% to EUR 6.1 billion in the first half of 2018 compared with the prior-year period. Turner, the leading U.S. general builder, and Flatiron, which operates in the civil engineering sector, delivered further growth in their respective market segments. Adjusted for exchange rates, divisional sales rose by 16%.

The HOCHTIEF Asia Pacific division benefited from higher sales in the Australia-based CIMIC Group which, with sales of AUD 6.9 billion in the first half of 2018, generated strong growth of 11% relative to the prior-year period. These higher sales were notably driven by large-scale infrastructure projects in the construction business and by contract extensions and larger production volumes in mining and minerals. At divisional level, HOCHTIEF Asia Pacific attained an increase in sales of 2% to EUR 4.4 billion as a result of an adverse impact of exchange rate effects.

The HOCHTIEF Europe division achieved sales of EUR 682 million in the first half of 2018. Most of the sales were generated in the core construction business. The sales level was primarily determined by anticipated lower sales in real estate development business and by maintaining disciplined bidding for new construction contracts.

In markets outside of Germany, HOCHTIEF recorded sales of EUR 10.8 billion in the first half of 2018. The proportion of Group sales generated internationally, at 96%, was thus on a level with the prior-year period.

As a result of the good business performance of the entire Group in the first half of 2018, HOCHTIEF has further improved **profit before tax (PBT)**. Nominal PBT, at EUR 446 million, showed a 16% increase compared with the first half of 2017. Operational PBT, which is adjusted for one-off items, increased by 14% to EUR 454 million.

**Profit before tax (PBT)**

| (EUR million) | **H1 2018** | H1 2017 | Change |
|---|---|---|---|
| HOCHTIEF Americas | 143.3 | 120.8 | 18.6% |
| HOCHTIEF Asia Pacific | 289.1 | 267.8 | 8.0% |
| HOCHTIEF Europe | 21.5 | 12.1 | 77.7% |
| Corporate | (7.8) | (15.0) | 48.0% |
| **Group nominal PBT** | **446.1** | **385.7** | **15.7%** |
| **One-off items** | **7.8** | **13.2** | **-40.9%** |
| Restructuring | 4.5 | 6.2 | -27.4% |
| Investments/Divestments | (5.8) | 1.0 | – |
| Impairments | 0.0 | 0.7 | -100.0% |
| Others | 9.1 | 5.3 | 71.7% |
| **Group operational PBT** | **453.9** | **398.9** | **13.8%** |

The HOCHTIEF Americas division sustained the positive earnings trend through the second quarter of 2018. Turner and Flatiron posted significant earnings growth as a result of further increases in sales and margins. For the first half of 2018 as a whole compared with the prior-year period, the division improved nominal PBT by 19% to EUR 143 million. Adjusted for exchange rates, the increase was 31%.

The HOCHTIEF Asia Pacific division benefited from the strong earnings performance of the CIMIC Group. After a good first quarter, CIMIC's earnings growth accelerated in the second quarter. Based on solid sales growth in all core business segments and strong margins, CIMIC increased nominal PBT for the full first half of 2018 compared with the prior-year period by 14% to AUD 503 million. At the level of the HOCHTIEF Asia Pacific division, nominal PBT was EUR 289 million and exceeded the prior-year figure by 8%. In addition to the borrowing and holding company costs accounted for at divisional level, this reflects translation effects based on the period-average AUD/EUR exchange rate.

Following on from the good start to the year, the HOCHTIEF Europe division further improved nominal PBT in the second quarter of 2018. The figure for the first half of 2018 came to EUR 22 million, EUR 10 million higher than the prior-year comparative figure. The main factor here was an improved sales and project mix.

**Net income from equity-method associates, joint ventures, and other participating interests** increased in the first half of 2018 relative to the prior-year comparative period by EUR 35 million to EUR 118 million. This was mainly driven by larger contributions to earnings from jointly controlled entities.

In **net investment and interest income**, HOCHTIEF benefited from the prior-year refinancing activities on improved terms. Net investment and interest income improved in the first half of 2018, mainly due to lower interest expense compared with the prior-year period, by EUR 13 million to a negative EUR 56 million.

The **income tax** expense in the first six months of 2018 amounted to EUR 138 million. The effective tax rate of 31% was on a comparable level with the prior-year period.

In the first half of 2018, the HOCHTIEF Group recorded significant growth in **consolidated net profit**. Nominal consolidated net profit rose by 21% year on year to EUR 229 million. Operational consolidated net profit went up by 18% to EUR 237 million (H1 2017: EUR 201 million). All divisions contributed to this positive performance. The major part of the EUR 79 million non-controlling interests related to CIMIC.

**Consolidated net profit**

| (EUR million) | **H1 2018** | H1 2017 | Change |
|---|---|---|---|
| HOCHTIEF Americas | 90.0 | 74.0 | 21.6% |
| HOCHTIEF Asia Pacific | 136.8 | 124.2 | 10.1% |
| HOCHTIEF Europe | 14.2 | 8.3 | 71.1% |
| Corporate | (12.1) | (17.4) | 30.5% |
| **Group nominal net profit** | **228.9** | **189.1** | **21.1%** |
| **One-off items** | **8.3** | **11.5** | **-27.8%** |
| Restructuring | 4.3 | 4.4 | -2.3% |
| Investments/Divestments | (5.1) | 1.1 | – |
| Impairments | 0.0 | 0.7 | -100.0% |
| Others | 9.1 | 5.3 | 71.7% |
| **Group operational net profit** | **237.2** | **200.6** | **18.2%** |

## Order situation

HOCHTIEF secured new orders with a contract value of EUR 12.8 billion in the first half of 2018. In terms of development over the past twelve months, new orders rose by 26% adjusted for exchange rates (17% on a nominal basis) to EUR 29.5 billion.

In the HOCHTIEF Americas division, new orders remain at a very high level, at EUR 7.6 billion, or 29% up on the prior year (42% on an exchange rate adjusted basis). New orders in the HOCHTIEF Asia Pacific division amounted to EUR 10.7 billion in the last 12 months—this represents a 5% increase year on year on an exchange rate adjusted basis. The divisional order book of EUR 22 billion is equivalent to approximately 25 months of work done. New orders at the HOCHTIEF Europe division total EUR 860 million, nearly EUR 100 million higher than in the second half of 2017. The first half of 2017 was bolstered by a large infrastructure project.

At the end of June 2018, the **order backlog** stood at **EUR 45.6 billion** and thus continued to remain at a very high level. Adjusted for currency effects, the order backlog was up by 11% (7% on a nominal basis) compared with the prior-year period. The prospects for the rest of 2018 and beyond remain positive based on a strong tender pipeline in all divisions. With work done at a sustained high level, the order backlog represents a forward order book of 22 months for the Group.

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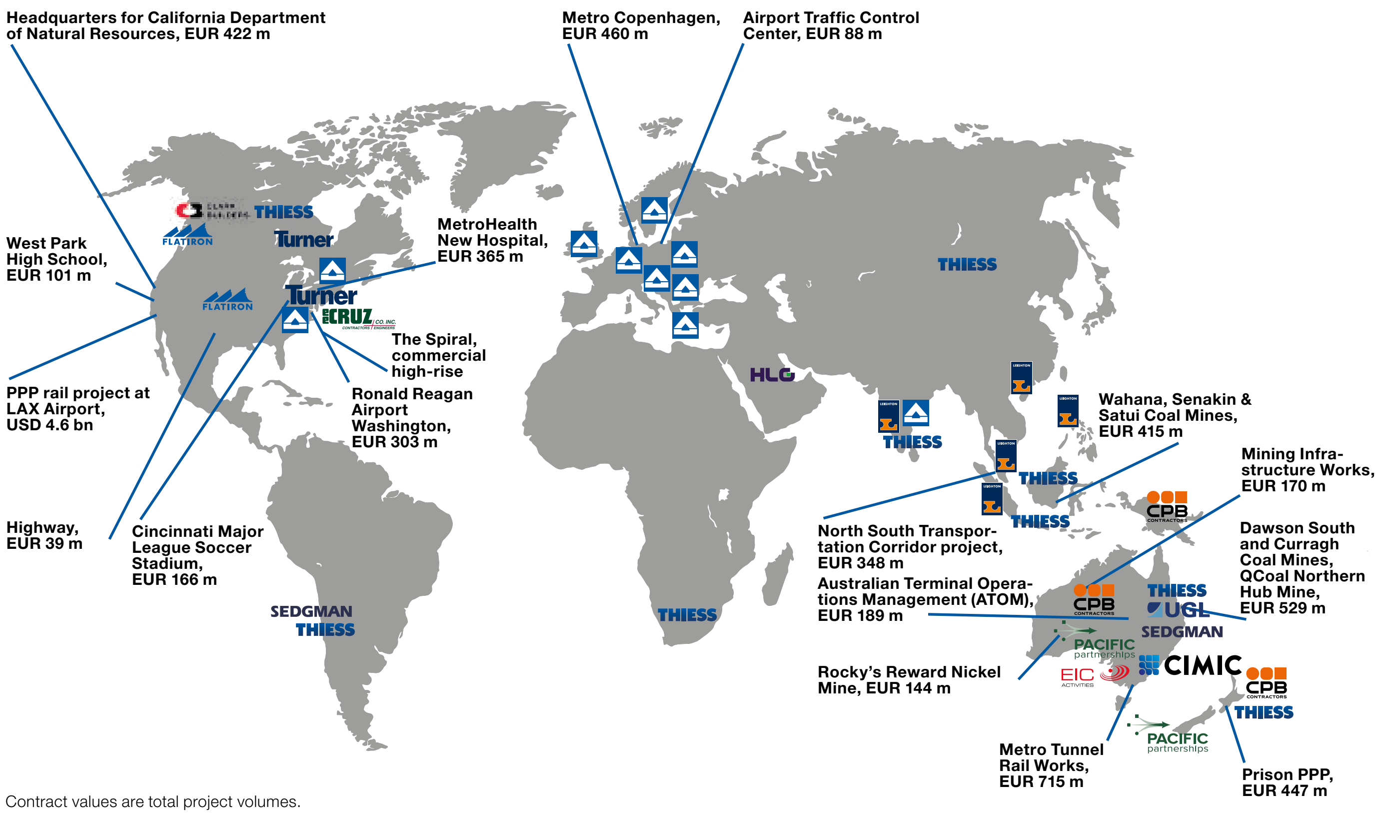
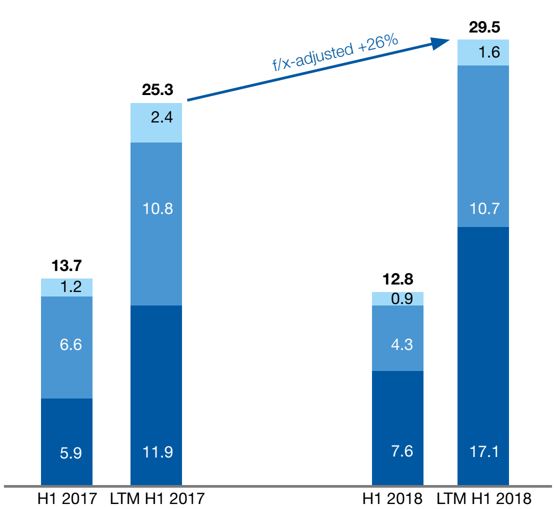
## HOCHTIEF Group – Selected Recent Significant Project Announcements

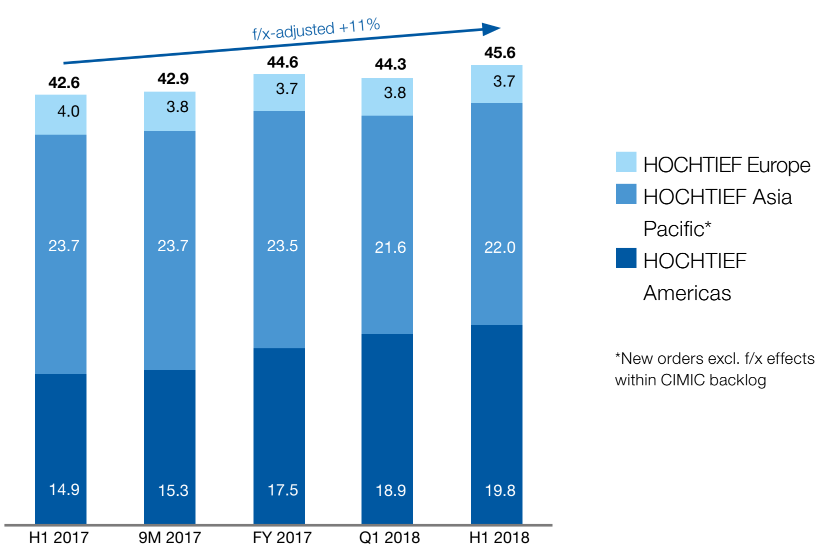



Contract values are total project volumes.

**New orders** (EUR billion)




**Order backlog** (EUR billion)



*last twelve months

**Cash flow**

| (EUR million) | **H1 2018** | H1 2017 | Change | **LTM* 07/2017–06/2018** | Full year 2017 |
|---|---|---|---|---|---|
| Net cash from operating activities pre net working capital change | 586.6 | 453.4 | 133.2 | 1,172.1 | 1,038.9 |
| Net working capital change | (314.0) | (222.7) | (91.3) | 241.9 | 333.2 |
| **Net cash from operating activities** | **272.6** | **230.7** | **41.9** | **1,414.0** | **1,372.1** |
| Gross operating capital expenditure | (177.2) | (171.8) | (5.4) | (362.8) | (357.4) |
| Operating asset disposals | 13.7 | 20.8 | (7.1) | 98.5 | 105.6 |
| Net operating capital expenditure | (163.5) | (151.0) | (12.5) | (264.3) | (251.8) |
| **Free cash flow from operations** | **109.1** | **79.7** | **29.4** | **1,149.7** | **1,120.3** |

## Cash flow

Improving cash-based profitability is a key goal of the HOCHTIEF Group. Our operational units therefore focus on cash-backed profits and working capital management. The HOCHTIEF Group's profit growth in the first half of 2018 supported the strong cash flow performance.

**Net cash from operating activities** came to EUR 273 million in the first half of 2018, an improvement of EUR 42 million or 18% on the prior-year period (EUR 231 million). Working capital management and increasing cash-based profit are a focus across the entire HOCHTIEF Group. Over the last twelve months from July 2017 to June 2018, net cash from operating activities for the HOCHTIEF Group was a strong EUR 1.4 billion.

**Gross operating capital expenditure** amounted to EUR 177 million in the first six months of 2018 (H1 2017: EUR 172 million). In both periods, this was primarily accounted for by capital expenditure at CIMIC. The year-on-year increase in capital expenditure at CIMIC for mining and tunneling equipment was largely offset by exchange rate effects on translation from Australian dollars. For the HOCHTIEF Group, gross operating capital expenditure was consequently only slightly higher than in the prior-year period. Due to lower sales of project-related equipment, proceeds from operating asset disposals decreased relative to the prior-year period (EUR 21 million) to EUR 13 million. Cash required for **net operating capital expenditure** amounted to EUR 164 million, which was EUR 13 million higher than the prior-year figure (EUR 151 million).

**Free cash flow from operations** improved by EUR 29 million compared with the prior-year period (EUR 80 million) to EUR 109 million in the first half of 2018. The figure for the last twelve-month period from July 2017 to June 2018 was a strong EUR 1.1 billion.

## Balance sheet

Since January 1, 2018, HOCHTIEF has applied the new financial reporting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Application of the new standards resulted in adjustments to a number of items in the opening balance sheet as of January 1, 2018 based on the HOCHTIEF Consolidated Financial Statements as of December 31, 2017. The main adjustments related to trade receivables, financial receivables, equity-method investments, and equity. As a net outcome of the adjustments in the opening balance sheet of the HOCHTIEF Group as of January 1, 2018, there was a decrease in total assets by EUR 1.3 billion.

### Interim accounting of the Abertis transaction

The main factor affecting the HOCHTIEF Group balance sheet in the first half of 2018 was the ongoing joint acquisition of Abertis by HOCHTIEF, ACS, and Atlantia. Under the agreement between the three partners, HOCHTIEF initially acquired shares in Abertis in a takeover bid and will subsequently transfer them to a jointly held Special Purpose Vehicle (SPV). HOCHTIEF's shareholding in the SPV will be just under 20%. As of the June 30, 2018 reporting date, HOCHTIEF held 95.3% of shares in Abertis.

On the assets side of the Consolidated Balance Sheet, the transaction leads in the interim phase to a significant increase in equity-method investments (until the shares are transferred to the SPV) and assets held for sale in the first half of 2018. On the liabilities side, until the transfer of the shares to the SPV, there is an increase in current financial liabilities and liabilities associated with assets held for sale. Mainly due to this, the HOCHTIEF Group's **total assets** increased relative to the figure as of December 31, 2017 (EUR 13.3 billion) by EUR 15.4 billion to EUR 28.7 billion as of the June 30, 2018 reporting date.

**Non-current assets** amounted to EUR 6.5 billion as of the June 30, 2018 reporting date, EUR 2.6 billion higher than the figure as of December 31, 2017. Equity-method

**HOCHTIEF Group net cash (+)/net debt (-) development***

| (EUR million) | **June 30, 2018** | June 30, 2017 | **Change** | Dec. 31, 2017 |
|---|---|---|---|---|
| HOCHTIEF Americas | 1,092.1 | 710.0 | 382.1 | 972.4 |
| HOCHTIEF Asia Pacific | 777.6 | 363.7 | 413.9 | 578.5 |
| HOCHTIEF Europe | (10.9) | 24.2 | (35.1) | 210.6 |
| Corporate | (506.2) | (497.2) | (9.0) | (495.7) |
| **Group** | **1,352.6** | **600.7** | **751.9** | **1,265.8** |

***For definition, please see Group Report 2017, page 232.**

investments increased, mostly as a result of HOCHTIEF's shareholding in Abertis (20%), in the amount of EUR 3.2 billion. This increase was partly offset, in the amount of approximately EUR 600 million, by adjustments to the opening balance sheet carrying amounts of equity-method investments and financial receivables in connection with the first-time application of IFRS 9 and IFRS 15 as of January 1, 2018.

**Current assets** increased significantly and came to EUR 22.2 billion at the end of the first half of 2018. This marked growth of EUR 12.8 billion compared with the 2017 year-end (EUR 9.4 billion). The main reason for this was the acquisition of shares in Abertis, which will be transferred to an SPV in the course of the joint takeover with ACS and Atlantia. These holdings in the amount of EUR 12.8 billion were classified in accordance with IFRS 5 as assets held for sale. Adjustments to the opening balance sheet carrying amounts as of January 1, 2018 in connection with the first-time application of the IFRS 9 and IFRS 15 financial reporting standards had the effect of reducing current assets by approximately EUR 800 million. The majority of these adjustments—EUR 760 million—related to trade receivables on first-time application of IFRS 15. Set against this were operational changes and exchange rate effects. The net outcome was a EUR 240 million reduction in trade receivables in the first half of 2018 to EUR 4.6 billion. HOCHTIEF had EUR 449 million in marketable securities and EUR 3.2 billion in cash and cash equivalents as of June 30, 2018. The Group's liquidity position thus remains robust and at a good level.

First-time application of the IFRS 9 and IFRS 15 financial reporting standards led to an approximately EUR 1.4 billion reduction in **equity** in the adjusted opening balance sheet of the HOCHTIEF Group as of January 1, 2018. The main changes in equity in the first half of the year resulted from profit after tax (an increase of EUR 308 million) and dividend distributions (a decrease of EUR 265 million).

**Non-current liabilities** decreased in the first half of 2018 by EUR 431 million to EUR 2.5 billion. The main factor here was reclassification to current liabilities of a HOCHTIEF Aktiengesellschaft bond with a principal amount of EUR 500 million maturing in May 2019.

**Current liabilities** increased significantly by EUR 17.0 billion to EUR 24.9 billion (December 31, 2017: EUR 7.9 billion). EUR 12.8 billion of this related to liabilities associated with the Abertis assets held for sale to be transferred to the SPV and indirectly to ACS/Atlantia (80%). In addition, the **financial liabilities from the Abertis transaction** reflect HOCHTIEF's equity-method investment (20%) in the amount of EUR 3.2 billion and are presented in a separate line. The remaining financial current liabilities increased, mainly as a result of the reclassification of the HOCHTIEF Aktiengesellschaft bond issue referred to above, by EUR 597 million to EUR 833 million. Trade payables went up, reflecting underlying growth of the business, by EUR 483 million to EUR 6.8 billion.

The HOCHTIEF Group's **net cash position** came to EUR 1.4 billion as of June 30, 2018. This represents a strong increase by EUR 752 million relative to the prior-year comparative figure as of June 30, 2017, notably due to the strong cash flow performance of CIMIC and the HOCHTIEF Americas division.

## Risk and opportunities report

There has been no material change in the situation of the Group from that presented in our 2017 Group Report with regard to opportunities and risks. The statements regarding the opportunities and risks* made in the Group Report as of December 31, 2017 therefore continue to apply.

***Our opportunities and risks report is provided starting on page 121 of our 2017 Group Report and on our website, www.hochtief.com.**

## Report on forecast and other statements relating to the Company's likely future development

As a consequence of the positive Group outlook, we confirm our 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 our Group performance.

# Divisions

## HOCHTIEF Americas

*All figures are nominal unless otherwise indicated
1) Operational earnings are adjusted for deconsolidation effects and other one-off impacts

**HOCHTIEF Americas Division: Key Figures***

| (EUR million) | **H1 2018** | H1 2017 | **Change** | Full year 2017 |
|---|---|---|---|---|
| Divisional sales | **6,051.5** | 5,772.3 | **4.8%** | 11,838.9 |
| Operational profit before tax/PBT[1] | **143.3** | 125.4 | **14.3%** | 258.4 |
| Operational PBT margin[1] (%) | **2.4** | 2.2 | **0.2** | 2.2 |
| Operational net profit[1] | **90.0** | 76.8 | **17.2%** | 165.2 |
| Profit before tax/PBT | **143.3** | 120.8 | **18.6%** | 254.0 |
| Net profit | **90.0** | 74.0 | **21.6%** | 162.6 |
| Net cash from operating activities | **90.4** | (22.9) | **–** | 449.1 |
| Gross operating capital expenditure | **(9.0)** | (13.8) | **34.8%** | (30.4) |
| Net cash (+)/net debt (-) | **1,092.1** | 710.0 | **53.8%** | 972.4 |
| New orders | **7,626.0** | 5,915.4 | **28.9%** | 15,381.5 |
| Work done | **5,860.5** | 5,666.9 | **3.4%** | 11,630.3 |
| Order backlog (end of period) | **19,842.9** | 14,915.7 | **33.0%** | 17,517.1 |
| Employees (end of period) | **11,833** | 10,710 | **10.5%** | 10,460 |

HOCHTIEF Americas continues to perform strongly with significant improvements in all key metrics. **Sales**, in local currency terms, rose by 16% year on year in H1 2018. The strength of the Euro moderated the increase to 5% at EUR 6.1 billion. **Operational PBT** rose by 14% year on year to EUR 143 million with the operational PBT margin increasing by 20 basis points to 2.4%. Both Turner and Flatiron achieved substantial profit growth.

The trend in cash generation at HOCHTIEF Americas was also strong. **Net cash from operating activities** improved by EUR 113 million year on year to over EUR 90 million, reflecting the continued focus on cash-backed profits across our North American businesses.

As a result of the further improved cash flow performance, divisional **net cash** ended June 2018 at EUR 1.1 billion, up by EUR 382 million year on year.

HOCHTIEF Americas' **new orders** for H1 2018 rose by 29% to EUR 7.6 billion. The increase in local currency terms is outstanding at 42% year on year.

The **order backlog** reached a new all-time high of EUR 19.8 billion at the end of June, up 33% compared with June 2017.

New projects in the second quarter include The Spiral, a skyscraper Turner will complete in New York by the end of 2022. With its striking facade featuring cascading terraces, the 65-story building will represent a new landmark. With a focus on sustainability, The Spiral is targeting LEED certification. In San Diego, California, Turner will construct an 18-story commercial office complex, the first of three phase-one projects at the Manchester Pacific Gateway Development.

In Roseville, California, the company is constructing the new West Park High School. The EUR 101 million contract includes athletic spaces in addition to the school buildings.

Turner is also upgrading and expanding Delta's Terminal 2 operations at Fort Lauderdale-Hollywood International Airport (FLL) in Florida, a project with a contract value of EUR 94 million.

Flatiron strengthens its presence in Texas by securing another contract with the Department of Transportation. The contract, valued at EUR 39 million, is to widen a highway to a four-lane expressway.

### HOCHTIEF Americas Outlook

We expect further growth at HOCHTIEF Americas in 2018 with **operational PBT** in the range of **EUR 270–300 million, up 5–16% year on year** compared with EUR 258 million in 2017.

# HOCHTIEF Asia Pacific

**HOCHTIEF Asia Pacific Division: Key Figures**

| (EUR million) | **H1 2018** | H1 2017 | **Change** | Full year 2017 |
|---|---|---|---|---|
| Divisional sales | **4,416.7** | 4,346.6 | **1.6%** | 9,077.0 |
| Profit before tax/PBT | **289.1** | 267.8 | **8.0%** | 578.9 |
| PBT margin (%) | **6.5** | 6.2 | **0.3** | 6.4 |
| Net profit | **136.8** | 124.2 | **10.1%** | 275.4 |
| Net cash (+)/net debt (-) | **777.6** | 363.7 | **113.8%** | 578.5 |
| Order backlog (end of period) | **22,047.9** | 23,734.2 | **-7.1%** | 23,465.5 |
| Employees (end of period) | **40,695** | 38,477 | **5.8%** | 37,781 |

The performance of the **HOCHTIEF Asia Pacific** division reflects HOCHTIEF's stake in CIMIC (72.7% at the end of June 2018, unchanged year on year) as well as associated financing and holding costs, and the impact of variations in the AUD/EUR exchange rate.

HOCHTIEF Asia Pacific's nominal **profit before tax (PBT)** in the first half of 2018 grew by 8% to EUR 289 million. The PBT margin expanded by 30 basis points to 6.5% compared with 6.2% in H1 2017. All of the Group's core businesses of construction, contract mining and services continued to perform well. The reported divisional result was affected by exchange rate movements with the AUD being, on average during the period, 9% lower versus the Euro year on year.

HOCHTIEF Asia Pacific saw a further year-on-year improvement in cash flow during the first half and as a consequence ended the period with net cash of almost EUR 780 million up by EUR 414 million year on year. The division's **order book** remains solid at EUR 22 billion, around 25 months of work done.

## CIMIC's key figures

**Net profit after tax (NPAT)** at CIMIC rose by 12% in H1 2018 to AUD 363 million. **PBT** of AUD 503 million was 14% higher year on year with an increased PBT margin of 7.3%, up 30 basis points. Revenues increased by over 10% to AUD 6.9 billion.

CIMIC continues to improve its **cash flow** performance, maintaining its focus on generating sustainable cash-backed profits. Cash flow from operating activities in the first six months of 2018 of AUD 724 million was up over AUD 100 million year on year. Net capital expenditure was increased by 24% to AUD 235 million, reflecting increased work in mining and tunneling projects.

As a consequence of this strong cash flow performance, CIMIC ended June 2018 with a **net cash** position of AUD 1.3 billion, more than double the AUD 0.6 billion level of June 2017.

During H1 2018, **work in hand** remained at a solid level of AUD 34.8 billion. The core operating businesses of construction, mining and services together achieved a 7% year-on-year increase. New work of AUD 7.1 billion was won during the first six months of 2018.

A solid **project pipeline** with AUD 80 billion of tenders relevant to CIMIC has been identified for the remainder of 2018 with a further approximately AUD 330 billion currently earmarked for thereafter.

New orders awarded to CIMIC include several mining projects. Thiess was awarded contract extensions worth EUR 1.3 billion (AUD 2.1 billion), including the QCoal Northern Hub, located in Queensland, Australia. The four-year contract is valued at EUR 304 million (AUD 480 million).

In Indonesia, Thiess secured contract extensions with Arutmin to operate Satui and Senakin in South Kalimantan. This will bring in revenue of EUR 240 million (AUD 390 million).

Under a contract worth some EUR 170 million (AUD 260 million), CPB Contractors is to construct key infrastructure for an iron ore mine in Western Australia's Pilbara region by September 2020.

In Singapore, Leighton Asia is part of a joint venture set to design and build a tunnel and road infrastructure by 2026. The project will generate EUR 245 million (AUD 380 million) for CIMIC. The company has been selected to construct a section of the Cavite Laguna Expressway project in the Philippines. Revenue is approximately EUR 114 million (AUD 182 million). Construction is scheduled to be completed by 2020.

Amongst others, UGL has been awarded new contracts for maintenance, project-related and shutdown services from clients in the oil, gas and metals industries that are worth a total of EUR 90 million (AUD 140 million).

CIMIC companies Pacific Partnerships and CPB Contractors have been selected as the preferred proponent to deliver the Waikeria Corrections and Treatment Facility public-private partnership (PPP) project in New Zealand. The contract is expected to be awarded in the third quarter of 2018.

As a consequence of its strong performance and positive outlook, CIMIC announced a 17% year-on-year increase in its half-year dividend 2018 to AUD 0.70 per share.

### HOCHTIEF Asia Pacific Outlook

CIMIC confirmed its **NPAT (net profit after tax)** guidance for 2018 in the range of **AUD 720–780 million**, subject to market conditions, compared to the AUD 702 million reported for 2017, up 3–11%.

# HOCHTIEF Europe

**HOCHTIEF Europe Division: Key Figures***

| (EUR million) | **H1 2018** | H1 2017 | **Change** | Full year 2017 |
|---|---|---|---|---|
| Divisional sales | **682.1** | 839.6 | **-18.8%** | 1,609.0 |
| Operational profit before tax/PBT[1)] | **26.9** | 19.3 | **39.4%** | 45.0 |
| Operational PBT margin[1)] (%) | **3.9** | 2.3 | **1.6** | 2.8 |
| Operational net profit[1)] | **19.7** | 15.6 | **26.3%** | 36.2 |
| Profit before tax/PBT | **21.5** | 12.1 | **77.7%** | 32.5 |
| Net profit | **14.2** | 8.3 | **71.1%** | 23.7 |
| Net cash from operating activities | **(164.3)** | (53.5) | **-207.1%** | 106.6 |
| Gross operating capital expenditure | **(5.3)** | (10.8) | **50.9%** | (18.9) |
| Net cash (+)/net debt (-) | **(10.9)** | 24.2 | **–** | 210.6 |
| New orders | **860.1** | 1,196.3 | **-28.1%** | 1,962.0 |
| Work done | **815.0** | 935.2 | **-12.9%** | 1,893.9 |
| Order backlog (end of period) | **3,695.2** | 3,950.2 | **-6.5%** | 3,663.6 |
| Employees (end of period) | **5,508** | 5,544 | **-0.6%** | 5,448 |
| of which in Germany | **3,320** | 3,205 | **3.6%** | 3,223 |

***All figures are nominal unless otherwise indicated**
**1) Operational earnings are adjusted for deconsolidation effects and other one-off impacts**

HOCHTIEF Europe advanced further during the first six months of 2018. **Operational PBT** increased by EUR 8 million year on year to EUR 27 million on sales of EUR 682 million. The division's profitability rose significantly, helped by an improving sales and project mix, with the operational PBT margin expanding by 160 basis points to 3.9% compared with 2.3% in H1 2017.

The year-on-year movement in **net cash from operating activities** mainly reflects the high level of Real Estate divestments in H1 2017. At the end of June 2018, HOCHTIEF Europe's balance sheet remains firm with a net debt position of just EUR 11 million. The change year on year includes the impact from PPP investments of over EUR 90 million during the last twelve months.

**New orders** of EUR 860 million were secured during January to June 2018, an increase of almost EUR 100 million compared with the second half of 2017. The H1 2017 new orders figure was bolstered by the large, EUR 421 million, Zuidasdok project win.

The divisional **order backlog** at the end of June stood at EUR 3.7 billion and represents around two years of work.

The Air Traffic Control Center in Poznań, Poland, is one of the new orders won by HOCHTIEF. The project encompasses demolition of existing structures, planning and construction of the new office building, adaptation and modernization of the 24-meter-high tower as well as technical infrastructure.

In Munich, HOCHTIEF is working toward completing an innovation center by 2020. The building will provide a shared home base for start-ups, businesses, creative talents and researchers. In Nuremberg, HOCHTIEF PPP Solutions won the contract to deliver design, building, financing and operating services for an administration building: a new headquarters for insurance company AOK will be realized by 2020.

Using the incremental launching method, the Brunsbecke and Kattenohl valley bridges are under construction on the A45 highway in North Rhine-Westphalia, Germany. Both bridges will replace the existing structures that are to be demolished without using explosives.

In June, the HOCHTIEF-ACS consortium reached financial close on a significant PPP rail project for Los Angeles International Airport (LAX). The concession is the first automated people mover project in the U.S. to be awarded within the scope of a public-private partnership (PPP).

### HOCHTIEF Europe Outlook

Looking forward we expect further growth in divisional **operational PBT** to **EUR 55–65 million** for 2018, an **increase of EUR 10–20 million** compared with EUR 45 million in 2017.

# Interim Financial Statements (Condensed)

## Consolidated Statement of Earnings

| (EUR thousand) | **H1 2018** | H1 2017 | **Change** | **Q2 2018** | Q2 2017 | Full year 2017 |
|---|---|---|---|---|---|---|
| Sales | 11,203,019 | 11,017,724 | 1,7% | 5,936,777 | 5,868,736 | 22,630,950 |
| Changes in inventories | 19,788 | (43,710) | – | 9,084 | (15,326) | (53,552) |
| Other operating income | 67,776 | 92,344 | -26,6% | 21,558 | 52,137 | 171,439 |
| Materials | (8,154,232) | (7,807,001) | 4,4% | (4,352,340) | (4,332,324) | (16,229,440) |
| Personnel costs | (1,994,600) | (2,067,558) | -3,5% | (1,040,610) | (1,019,050) | (4,119,809) |
| Depreciation and amortization | (182,579) | (201,370) | -9,3% | (100,233) | (107,341) | (395,621) |
| Other operating expenses | (575,127) | (618,803) | -7,1% | (278,226) | (291,688) | (1,239,080) |
| **Profit from operating activities** | **384,045** | **371,626** | **3,3%** | **196,010** | **155,144** | **764,887** |
| Share of profits and losses of equity-method associates and joint ventures | 104,434 | 37,760 | 176,6% | 68,215 | 40,167 | 115,215 |
| Net income from other participating interests | 13,655 | 45,002 | -69,7% | 5,170 | 32,884 | 61,338 |
| Investment and interest income | 34,760 | 38,383 | -9,4% | 17,054 | 14,842 | 87,091 |
| Investment and interest expenses | (90,771) | (107,087) | -15,2% | (39,835) | (46,211) | (204,912) |
| **Profit before tax** | **446,123** | **385,684** | **15,7%** | **246,614** | **196,826** | **823,619** |
| Income taxes | (138,398) | (120,244) | 15,1% | (73,964) | (56,634) | (241,132) |
| **Profit after tax** | **307,725** | **265,440** | **15,9%** | **172,650** | **140,192** | **582,487** |
| Thereof: Attributable to non-controlling interest | 78,823 | 76,375 | 3,2% | 41,603 | 39,418 | 161,751 |
| Thereof: Attributable to HOCHTIEF shareholders (Group net profit) | 228,902 | 189,065 | 21,1% | 131,047 | 100,774 | 420,736 |
| **Earnings per share (EUR)** | **3.56** | **2.94** | **21.1%** | **2.04** | **1.57** | **6.55** |

## Consolidated Statement of Comprehensive Income

| (EUR thousand) | **H1 2018** | H1 2017 | **Change** | **Q2 2018** | Q2 2017 | Full year 2017 |
|---|---|---|---|---|---|---|
| **Profit after tax** | **307,725** | **265,440** | **15.9%** | **172,650** | **140,192** | **582,487** |
| **Items that may be reclassified subsequently to profit or loss** | | | | | | |
| Currency translation differences | 17,685 | (227,200) | – | 111,138 | (168,714) | (383,501) |
| Changes in fair value of financial instruments | | | | | | |
| Primary | 1,619 | (8,133) | – | 7,334 | (13,595) | (19,259) |
| Derivative | (2,547) | 2,742 | – | (3,279) | 953 | 6,057 |
| Share of other comprehensive income of equity-method associates and joint ventures | (28,344) | (2,192) | – | (21,068) | (1,633) | (8,714) |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of defined benefit plans | (4,477) | 36,136 | – | (4,500) | 28,183 | 39,947 |
| **Other comprehensive income (after tax)** | **(16,064)** | **(198,647)** | **91.9%** | **89,625** | **(154,806)** | **(365,470)** |
| **Total comprehensive income after tax** | **291,661** | **66,793** | **336.7%** | **262,275** | **(14,614)** | **217,017** |
| Thereof: Attributable to non-controlling interest | 84,756 | 23,419 | 261.9% | 65,967 | 760 | 71,091 |
| Thereof: Attributable to HOCHTIEF shareholders | 206,905 | 43,374 | 377.0% | 196,308 | (15,374) | 145,926 |

# Consolidated Balance Sheet

| (EUR thousand) | June 30, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets | 1,159,439 | 1,191,858 |
| Property, plant and equipment | 965,953 | 959,854 |
| Investment properties | 9,377 | 9,488 |
| Equity-method investments | 3,475,766 | 577,171 |
| Other financial assets | 75,445 | 73,528 |
| Financial receivables | 511,394 | 835,518 |
| Other receivables and other assets | 161,828 | 153,785 |
| Non-current income tax assets | 3,523 | 3,328 |
| Deferred tax assets | 148,064 | 155,754 |
| | **6,510,789** | **3,960,284** |
| **Current assets** | | |
| Inventories | 440,491 | 424,942 |
| Financial receivables | 234,791 | 144,183 |
| Trade receivables | 4,578,020 | 4,818,231 |
| Other receivables and other assets | 410,202 | 411,936 |
| Current income tax assets | 61,544 | 44,516 |
| Marketable securities | 448,606 | 428,759 |
| Cash and cash equivalents | 3,208,666 | 3,094,924 |
| Assets held for sale | 12,790,348 | 20,983 |
| | **22,172,668** | **9,388,474** |
| | **28,683,457** | **13,348,758** |

| (EUR thousand) | June 30, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Liabilities and Shareholders' Equity** | | |
| **Shareholders' equity** | | |
| Attributable to HOCHTIEF shareholders | 692,997 | 1,788,114 |
| Attributable to non-controlling interest | 525,935 | 745,988 |
| | **1,218,932** | **2,534,102** |
| **Non-current liabilities** | | |
| Provisions for pensions and similar obligations | 378,474 | 367,751 |
| Other provisions | 350,082 | 348,751 |
| Financial liabilities | 1,720,868 | 2,183,235 |
| Other liabilities | 32,527 | 30,333 |
| Deferred tax liabilities | 50,086 | 32,848 |
| | **2,532,037** | **2,962,918** |
| **Current liabilities** | | |
| Other provisions | 710,194 | 728,590 |
| Financial liabilities | 833,020 | 235,561 |
| Financial liabilities from Abertis transaction | 3,191,135 | – |
| Trade payables | 6,849,466 | 6,366,009 |
| Other liabilities | 568,560 | 498,332 |
| Current income tax liabilities | 15,572 | 23,246 |
| Liabilities associated with assets held for sale | 12,764,541 | – |
| | **24,932,488** | **7,851,738** |
| | **28,683,457** | **13,348,758** |

# Consolidated Statement of Cash Flows

| (EUR thousand) | **H1 2018** | H1 2017 |
|---|---|---|
| Profit after tax | 307,725 | 265,440 |
| Depreciation, amortization, impairments and impairment reversals | 167,460 | 169,825 |
| Changes in provisions | (3,756) | (45,855) |
| Changes in deferred taxes | 114,310 | 26,685 |
| Gains/(losses) from disposals of non-current assets and marketable securities | (7,637) | 15,384 |
| Other non-cash income and expenses (primarily equity accounting) and deconsolidations | 7,573 | 20,796 |
| Disbursements for the acquisition of Abertis (for resale) | (12,764,541) | – |
| New borrowing for the acquisition of Abertis (for resale) | 12,764,541 | – |
| Net working capital change | (313,997) | (222,734) |
| Changes in other balance sheet items | 901 | 1,120 |
| **Net cash from operating activities** | **272,579** | **230,661** |
| | | |
| Intangible assets, property, plant and equipment, and investment properties | | |
| Purchases | (177,199) | (171,755) |
| Proceeds from asset disposals | 13,681 | 20,752 |
| Acquisitions and participating interests | | |
| Disbursements for the acquisition of Abertis (HOCHTIEF shareholding) | (3,191,135) | – |
| Other purchases | (30,588) | (20,019) |
| Proceeds from asset disposals/divestments | 989 | 22,945 |
| Income tax payments in connection with divestments | – | (40,915) |
| Changes in cash and cash equivalents due to changes in the scope of consolidation | (584) | – |
| Changes in marketable securities and financial receivables | (52,426) | (132,015) |
| **Cash flow from investing activities** | **(3,437,262)** | **(321,007)** |
| | | |
| Payments received from sale of treasury stock | 1,432 | 1,326 |
| Payments for the purchase of additional shares in subsidiaries | – | (20,319) |
| Payments into equity by non-controlling interests | 13,147 | 7,715 |
| Other financing activities | (87,211) | (2,340) |
| Dividends to non-controlling interests | (5,422) | (6,592) |
| Proceeds from new borrowing | | |
| New borrowing for the acquisition of Abertis (HOCHTIEF shareholding) | 3,191,135 | – |
| Other new borrowing | 347,910 | 1,107,393 |
| Debt repayment | (213,690) | (1,161,108) |
| **Cash flow from financing activities** | **3,247,301** | **(73,925)** |
| | | |
| **Net change in cash and cash equivalents** | **82,618** | **(164,271)** |
| Effect of exchange rate changes | 31,124 | (139,799) |
| **Overall change in cash and cash equivalents** | **113,742** | **(304,070)** |
| | | |
| Cash and cash equivalents at the start of the year | 3,094,924 | 2,847,426 |
| | | |
| **Cash and cash equivalents at end of reporting period** | **3,208,666** | **2,543,356** |

# Consolidated Statement of Changes in Equity

| (EUR thousand) | Subscribed capital of HOCHTIEF Aktien-gesellschaft | Capital reserve of HOCHTIEF Aktien-gesellschaft | Retained earnings including distributable profit | Accumulated other comprehensive income: Remeasure-ment of defined benefit plans | Accumulated other comprehensive income: Currency translation differences | Accumulated other comprehensive income: Changes in fair value of financial instruments | Attributable to HOCHTIEF shareholders | Attributable to non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance as of Jan. 1, 2017* | **164,608** | **817,427** | **813,140** | **(346,630)** | **371,060** | **(5,775)** | **1,813,830** | **757,279** | **2,571,109** |
| Dividends | – | – | (167,044) | – | – | – | (167,044) | (44,679) | (211,723) |
| Profit after tax | – | – | 189,065 | – | – | – | 189,065 | 76,375 | 265,440 |
| Currency translation differences and changes in fair value of financial instruments | – | – | – | – | (173,259) | (8,568) | (181,827) | (52,956) | (234,783) |
| Changes from remeasurement of defined benefit plans | – | – | – | 36,136 | – | – | 36,136 | – | 36,136 |
| Total comprehensive income | – | – | 189,065 | 36,136 | (173,259) | (8,568) | 43,374 | 23,419 | 66,793 |
| Other changes not recognized in the Statement of Earnings | – | 750 | (723) | – | – | – | 27 | 6,977 | 7,004 |
| Balance as of June 30, 2017 | **164,608** | **818,177** | **834,438** | **(310,494)** | **197,801** | **(14,343)** | **1,690,187** | **742,996** | **2,433,183** |
| **Balance as of Dec. 31, 2017** | **164,608** | **818,177** | **1,061,484** | **(306,683)** | **79,298** | **(28,770)** | **1,788,114** | **745,988** | **2,534,102** |
| **Change of accounting and evaluation methods** | **–** | **–** | **(1,028,737)** | **–** | **(57,567)** | **–** | **(1,086,304)** | **(269,918)** | **(1,356,222)** |
| **Balance as of Jan. 1, 2018**** | **164,608** | **818,177** | **32,747** | **(306,683)** | **21,731** | **(28,770)** | **701,810** | **476,070** | **1,177,880** |
| Dividends | – | – | (217,184) | – | – | – | (217,184) | (47,720) | (264,904) |
| Profit after tax | – | – | 228,902 | – | – | – | 228,902 | 78,823 | 307,725 |
| Currency translation differences and changes in fair value of financial instruments | – | – | – | – | 11,692 | (29,212) | (17,520) | 5,933 | (11,587) |
| Changes from remeasurement of defined benefit plans | – | – | – | (4,477) | – | – | (4,477) | – | (4,477) |
| Total comprehensive income | – | – | 228,902 | (4,477) | 11,692 | (29,212) | 206,905 | 84,756 | 291,661 |
| Other changes not recognized in the Statement of Earnings | – | 737 | 729 | – | – | – | 1,466 | 12,829 | 14,295 |
| **Balance as of June 30, 2018** | **164,608** | **818,914** | **45,194** | **(311,160)** | **33,423** | **(57,982)** | **692,997** | **525,935** | **1,218,932** |

*** Restated due to the purchase price allocation made in 2017 for the UGL acquisition as of December 31, 2016.**
**** Restated due to IFRS 9 and IFRS 15. Please see pages 18 to 20 for explanatory notes on the restatements.**

# Explanatory Notes to the Consolidated Financial Statements

## Accounting policies

The Interim Consolidated Financial Statements as of June 30, 2018, which were released for publication on July 23, 2018, have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The Interim Financial Statements and the Interim Management Report have been reviewed by our auditor. In accordance with IAS 34, the reported information is presented in condensed form relative to the full Consolidated Financial Statements.

This interim report is based on the Consolidated Financial Statements as of and for the year ended December 31, 2017. For general information on the introduction of the two new standards IFRS 9 and IFRS 15, please see Note 38, "New Accounting Pronouncements" of the Notes to the Consolidated Financial Statements in the Group Report 2017.

As of January 1, 2018, HOCHTIEF applies the new standards **IFRS 9 "Financial Instruments"** and **IFRS 15 "Revenue from Contracts with Customers"**.

The new standard on financial instruments **IFRS 9** notably introduces major changes relating to the classification and measurement of financial assets as well as new rules on hedge accounting. The effects of applying the standard are as follows:

There has been no significant impact on the **classification** of the HOCHTIEF Group's financial assets.

A methodological change was made in **measurement** method from recognition of incurred losses to expected credit losses for impairment of financial assets. To quantify the expected credit losses under IFRS 9, it is necessary to determine the probability of default on initial recognition of an asset and subsequently whether there has been any significant increase in credit risk on an ongoing basis at each reporting period. To assess whether there has been a significant increase in credit risk, the HOCHTIEF Group compares the risk of default on the asset as of the reporting date with the risk of default as of the date of initial recognition. In making this assessment, as far as available, the HOCHTIEF Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the HOCHTIEF Group's core operations. In particular, as far as available, the following information is taken into account when assessing significant movements in credit risk:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- External credit rating.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information such as market interest rates and growth rates.

As of January 1, 2018, there was an additional impairment and consequently an adjustment of equity in an amount of EUR 401 million (after tax).

Existing hedge relationships subject to **hedge accounting** continued to apply from January 1, 2018 under the new rules of IFRS 9.

**IFRS 15** has been applied in the HOCHTIEF Group as of January 1, 2018 using the modified retrospective method. Under this method, the effects of applying the standard are recognized in consolidated equity and the presentation of the comparison period remains unchanged. Significant judgments and estimates are used in determining the impact of IFRS 15, such as the assessment of the probability of customer approval of variations and acceptance of claims, estimation of project completion date and assumed levels of project productivity. In making this assessment we have considered, for applicable contracts, the individual status of legal proceedings, including arbitration and litigation. The significant effects of applying the standard were as follows:

The contractual terms and the way in which the HOCHTIEF Group operates its **construction contracts** are predominantly derived from projects containing one performance obligation. Contracted revenue will continue to be recognized over time. IFRS 15 provides new requirements for variable consideration such as incentives, as well as accounting for claims and variations as contract modifications, which all impart a higher threshold of probability for recognition. Under IAS 11, revenue was recognized when it was probable that work performed would result in revenue, whereas under IFRS 15, revenue is recognized when it is highly probable that a significant reversal of revenue will not occur for such modifications.

**Service revenue** arises from maintenance and other services supplied to infrastructure assets and facilities, which may involve a range of services and processes. Under IFRS 15, these are predominantly to be recognized over time. The services that have been determined to be one performance obligation are highly inter-related and fulfilled over time. Revenue therefore continues to be recognized over time. As with construction revenue, incentives, variations, and claims exist which are subject to the same higher threshold criteria of only recognizing revenue to the extent it is highly probable that a significant reversal of revenue will not happen.

**Construction contract costs incurred during the tender process** can only be capitalized under IFRS 15 if they are both expected to be recovered and either would not have been incurred if the contract had not been won or if they are intrinsic to the delivery of the project.

With regard to revenue recognition for **fully consolidated companies**, the increased revenue recognition requirements under IFRS 15 led to a reduction in equity by EUR 710 million (after tax) as of January 1, 2018.

In the case of equity-method **joint ventures**, the carrying amount of the investment in a joint venture reflects the Group's share of equity including the revenue from construction contracts recognized by the joint venture and accounted for by the Group as its share of profit or loss. In this connection, equity was reduced by EUR 245 million (after tax) as of January 1, 2018.

**Overall effects of first-time application of IFRS 9 and IFRS 15**

**Tax impacts and equity adjustments**

Adjustments under the two new standards are subject to deferred taxes and, therefore, the net deferred tax position is also impacted by the adjustments discussed above, which are shown net of tax. The position outlined above led to a net increase in deferred tax assets of EUR 95 million as of January 1, 2018.

The equity adjustments on first-time application of the two standards led to a reduction in equity by EUR 1,356 million as of January 1, 2018, with the impact on equity attributable to non-controlling interests amounting to EUR 270 million.

**Impact on cash flows and net cash position**

First-time application of IFRS 9 and IFRS 15 has **no impact** on the HOCHTIEF Group's cash flows and net cash position.

### Impact on Consolidated Balance Sheet

Impact of first-time application of IFRS 9 and IFRS 15 on assets, liabilities and equity in the HOCHTIEF Consolidated Balance Sheet as of January 1, 2018:

| (EUR thousand) | Dec. 31, 2017 | Restatement IFRS 9 | Restatement IFRS 15 | Sum of Restatements | Jan. 1, 2018 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 1,191,858 | – | – | – | 1,191,858 |
| Property, plant and equipment | 959,854 | – | – | – | 959,854 |
| Investment properties | 9,488 | – | – | – | 9,488 |
| Equity-method investments | 577,171 | – | (271,632)[2] | (271,632) | 305,539 |
| Other financial assets | 73,528 | – | – | – | 73,528 |
| Financial receivables | 835,518 | (342,500)[1] | – | (342,500) | 493,018 |
| Other receivables and other assets | 153,785 | – | – | – | 153,785 |
| Non-current income tax assets | 3,328 | – | – | – | 3,328 |
| Deferred tax assets | 155,754 | – | 95,466 | 95,466 | 251,220 |
| | **3,960,284** | **(342,500)** | **(176,166)** | **(518,666)** | **3,441,618** |
| **Current assets** | | | | | |
| Inventories | 424,942 | – | – | – | 424,942 |
| Financial receivables | 144,183 | (39,014) | – | (39,014) | 105,169 |
| Trade receivables | 4,818,231 | (19,882) | (761,933)[3] | (781,815) | 4,036,416 |
| Other receivables and other assets | 411,936 | – | – | – | 411,936 |
| Current income tax assets | 44,516 | – | – | – | 44,516 |
| Marketable securities | 428,759 | – | – | – | 428,759 |
| Cash and cash equivalents | 3,094,924 | – | – | – | 3,094,924 |
| Assets held for sale | 20,983 | – | – | – | 20,983 |
| | **9,388,474** | **(58,896)** | **(761,933)** | **(820,829)** | **8,567,645** |
| | **13,348,758** | **(401,396)** | **(938,099)** | **(1,339,495)** | **12,009,263** |
| **Liabilities and Shareholders' Equity** | | | | | |
| **Shareholders' equity** | | | | | |
| Attributable to HOCHTIEF shareholders | 1,788,114 | (314,354) | (771,950) | (1,086,304) | 701,810 |
| Attributable to non-controlling interest | 745,988 | (87,042) | (182,876) | (269,918) | 476,070 |
| | **2,534,102** | **(401,396)** | **(954,826)** | **(1,356,222)** | **1,177,880** |
| **Non-current liabilities** | | | | | |
| Provisions for pensions and similar obligations | 367,751 | – | – | – | 367,751 |
| Other provisions | 348,751 | – | – | – | 348,751 |
| Financial liabilities | 2,183,235 | – | – | – | 2,183,235 |
| Other liabilities | 30,333 | – | – | – | 30,333 |
| Deferred tax liabilities | 32,848 | – | – | – | 32,848 |
| | **2,962,918** | **–** | **–** | **–** | **2,962,918** |
| **Current liabilities** | | | | | |
| Other provisions | 728,590 | – | – | – | 728,590 |
| Financial liabilities | 235,561 | – | – | – | 235,561 |
| Trade payables | 6,366,009 | – | 16,727[3] | 16,727 | 6,382,736 |
| Other liabilities | 498,332 | – | – | – | 498,332 |
| Current income tax liabilities | 23,246 | – | – | – | 23,246 |
| | **7,851,738** | **–** | **16,727** | **16,727** | **7,868,465** |
| | **13,348,758** | **(401,396)** | **(938,099)** | **(1,339,495)** | **12,009,263** |

**1) The change in method from recognition of incurred losses to recognition of expected credit losses for impairment of financial assets under IFRS 9 has led to an adjustment reducing non-current financial receivables. This adjustment mainly relates to the non-current loan receivables (EUR 318 million) from the joint venture BIC Contracting LLC "BIC" (formerly HLG Contracting LLC).**
**2) The adjustment reflects the consistent application of HOCHTIEF Group revenue recognition criteria as outlined in the accounting policies under IFRS 15. The higher recognition threshold and constraint criteria in the new standard have led to a reduction in investments. The adjustment mainly relates to BIC as an equity-method accounted joint venture (EUR 160 million).**
**3) Construction and services revenue will continue to be recognized over time, however IFRS 15 provides new requirements for variable consideration such as incentives, as well as accounting for claims and variations as contract modifications which all impart a higher threshold of probability for recognition as outlined in the accounting policies. The restatement mainly related to the HOCHTIEF Asia Pacific division (EUR 507 million).**

This report has been prepared in all other respects using the same accounting policies as in the 2017 Consolidated Financial Statements. Information on those accounting policies is given in the Group Report 2017.

## Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the Euro zone:

| | **Average** | | **Daily average at reporting date** | |
|---|---|---|---|---|
| (All rates in EUR) | **H1 2018** | H1 2017 | **June 30, 2018** | Dec. 31, 2017 |
| 1 U.S. dollar (USD) | 0.83 | 0.91 | 0.86 | 0.83 |
| 1 Australian dollar (AUD) | 0.64 | 0.69 | 0.63 | 0.65 |
| 1 British pound (GBP) | 1.14 | 1.16 | 1.13 | 1.13 |
| 100 Polish złoty (PLN) | 23.58 | 23.54 | 22.87 | 23.94 |
| 100 Qatari riyal (QAR) | 22.70 | 24.96 | 23.47 | 22.73 |
| 100 Czech koruna (CZK) | 3.91 | 3.74 | 3.84 | 3.92 |
| 100 Chilean pesos (CLP) | 0.14 | 0.14 | 0.13 | 0.14 |

## Changes in the scope of consolidation

The Consolidated Financial Statements for the first half of 2018 include nine foreign companies for the first time. A total of one German and 32 foreign companies have been removed from the scope of consolidation.

The number of foreign companies accounted for using the equity method showed a net decrease of two companies in the first half of 2018. In addition, the number of joint operations included in the Consolidated Financial Statements increased by two.

The Consolidated Financial Statements as of June 30, 2018 include HOCHTIEF Aktiengesellschaft as well as a total of 50 German and 378 foreign consolidated companies, 18 German, and 132 foreign companies accounted for using the equity method as well as 69 foreign joint operations.

As an independent listed group, HOCHTIEF Aktiengesellschaft, Essen, Germany, Court of Registration: Essen District Court, HRB 279, publishes its own consolidated financial statements, which are also included in the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A., Madrid, Spain.

### Investment Abertis Infraestructuras, S.A.

On March 14, 2018, HOCHTIEF Aktiengesellschaft, ACS, Actividades de Construcción y Servicios, S.A. (ACS), and Atlantia S.p.A (Atlantia) agreed to present a joint takeover offer for Abertis Infraestructuras, S.A. (Abertis). In this connection, a modification to the characteristics of the takeover bid originally made by HOCHTIEF was submitted to the Spanish Securities Market Commission, CNMV, on March 23, 2018. Under the modified takeover offer, the share component was removed from the offer, meaning that the acquisition will be settled in full in cash. On April 12, 2018, CNMV approved the joint takeover offer for Abertis and set an acceptance period for the offer ending May 8, 2018. CNMV confirmed on May 14, 2018 that the voluntary takeover offer for Abertis had been accepted by a total of 78.79% of the share capital. Additional shares were subsequently purchased on the open market, at a maximum of the offer price.

The Abertis shares acquired by HOCHTIEF Aktiengesellschaft will shortly be transferred to an SPV in accordance with the joint agreement. The interest in Abertis remaining with HOCHTIEF Aktiengesellschaft (20%) constitutes significant influence over an investee and is therefore accounted for as an equity-method investment. In the interim phase until the transfer of the shares to the SPV, the carrying amount of the equity-method investment is EUR 3.2 billion. A current financial liability associated with the Abertis transaction is presented as a separate item in the balance sheet in the same amount.

### Non-current assets held for sale (disposal group)

The remaining portion to be transferred to the SPV and indirectly to ACS/Atlantia (80%) is classified in a separate line as assets held for sale. The liabilities associated with the transfer of shares are likewise presented separately. All other non-current assets held for sale relate to the HOCHTIEF Asia Pacific division. The table below shows the major classes of assets and liabilities held for sale.

| (EUR thousand) | **June 30, 2018** | Dec. 31, 2017 |
|---|---|---|
| Abertis shares | 12,764,541 | – |
| Other (HOCHTIEF Asia Pacific division) | 25,807 | 20,983 |
| **Total assets** | **12,790,348** | **20,983** |
| **Total liabilities** | **12,764,541** | **–** |

### Treasury stock

As of June 30, 2018, HOCHTIEF Aktiengesellschaft held a total of 34,824 shares of treasury stock. These shares were purchased since October 7, 2014 for the purposes provided for in the resolution of the Annual General Meeting of May 7, 2014 and that of May 6, 2015 and for all other purposes permitted under the German Stock Corporations Act (AktG). The holdings of treasury stock represent EUR 89,149.44 (0.054%) of the Company's capital stock.

In May 2018, 9,463 shares of treasury stock were transferred to members of the Company's Executive Board at a price of EUR 151.30 per share on condition that the shares be held for at least two years after transfer. The transfer settled the transferees' variable compensation entitlements. The shares represent EUR 24,225.28 (0.015%) of the Company's capital stock.

### Basic and diluted earnings per share

| | **H1 2018** | H1 2017 | **Q2 2018** | Q2 2017 |
|---|---|---|---|---|
| **Consolidated net profit (EUR thousand)** | **228,902** | **189,065** | **131,047** | **100,774** |
| | | | | |
| Number of shares in circulation (weighted average) | 64,258,867 | 64,250,476 | 64,262,022 | 64,253,095 |
| | | | | |
| **Earnings per share (EUR)** | **3.56** | **2.94** | **2.04** | **1.57** |

This indicator can become diluted as a result of potential shares (mainly stock options and convertible bonds). HOCHTIEF's share-based payment arrangements do not have a dilutive effect on earnings. Consequently, diluted and basic earnings per share are identical.

### Dividend

The Annual General Meeting of HOCHTIEF Aktiengesellschaft resolved on May 3, 2018 to pay a dividend for 2017 of EUR 3.38 per eligible no-par-value share. The resulting dividend payment of EUR 217,184,309.94 was made on July 6, 2018.

### Contingent liabilities

The contingent liabilities relate to liabilities under guarantees; they have increased since December 31, 2017 by EUR 29,638 thousand to EUR 439,124 thousand.

On April 13, 2018, HOCHTIEF Aktiengesellschaft signed a new credit facility amounting to approximately EUR 18.2 billion pursuant to the agreement entered into with ACS, Actividades de Construcción y Servicios, S.A. and Atlantia S.p.A regarding the joint approach to be taken in the acquisition of Abertis Infraestructuras, S.A. (Abertis). CNMV confirmed on May 14, 2018 that the voluntary takeover offer for Abertis had been accepted by a total of 78.79% of the share capital. The ensuing drawing on the aforementioned credit facility on May 17, 2018 in order to settle the offer price of approximately EUR 14.3 billion resulted in expiration of the outstanding bank guarantees in the amount of approximately EUR 18.2 billion securing the offer price. As of the June 30, 2018 reporting date, there were consequently no longer any bank guarantees in connection with the takeover offer.

### Reporting on financial instruments

The fair value of the individual assets and liabilities is stated for each class of financial instrument. The following three-level fair value hierarchy is applied that reflects the observability of inputs to the valuation techniques used to measure fair value.

Level 1: Quoted prices in active markets for identical assets or liabilities; e.g. quoted securities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); e.g. interest rate swaps and forward exchange contracts.
Level 3: No relevant observable inputs available; e.g. investments measured at fair value or determined by business valuation

| | **June 30, 2018** | | | | Dec. 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| (EUR thousand) | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | | | | |
| Other financial assets | – | 9,062 | 66,383 | 75,445 | 1,005 | 687 | 63,991 | 65,683 |
| Other receivables and other assets | | | | | | | | |
| Non-current | – | 5,595 | 43,853 | 49,448 | – | 5,489 | 45,114 | 50,603 |
| Current | – | 9,812 | 1,754 | 11,566 | – | 5,783 | – | 5,783 |
| Marketable securities | 429,155 | 19,451 | – | 448,606 | 396,204 | 32,555 | – | 428,759 |
| **Total assets** | **429,155** | **43,920** | **111,990** | **585,065** | **397,209** | **44,514** | **109,105** | **550,828** |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Other liabilities | | | | | | | | |
| Non-current | – | 240 | – | 240 | – | 258 | – | 258 |
| Current | – | 2,302 | – | 2,302 | – | 3,863 | – | 3,863 |
| **Total liabilities** | **–** | **2,542** | **–** | **2,542** | **–** | **4,121** | **–** | **4,121** |

Within each class of financial instrument, where fair value can be measured reliably, fair value generally corresponds to carrying amount. The only class of financial instrument for which the two differ is financial liabilities, which have a total carrying amount of EUR 5,745,023 thousand (December 31, 2017: EUR 2,418,796 thousand) and a fair value of EUR 5,818,488 thousand (December 31, 2017: 2,492,391 thousand).

As in the comparative period, there were no transfers of financial instruments measured at fair value between Levels 1 and 2 and Level 3 of the fair value hierarchy during the first half of 2018.

In Level 3, the fair value of investments in unlisted entities is measured using generally recognized valuation techniques based on discounted cash flow analysis. The unobservable inputs are the internal rate of return as well as the growth rate and discount rate. Options are measured using Monte Carlo simulation. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period. Reconciliation of opening to closing balances for Level 3 measurements of other financial assets as well as other receivables and other assets:

**Level 3 reconciliation H1 2018:**

| (EUR thousand) | |
|---|---|
| Balance as of Jan. 1, 2018 | 109,105 |
| Currency adjustments | (1,316) |
| Gains/(losses) recognized in profit or loss | – |
| Other changes | 4,201 |
| **Balance as of June 30, 2018** | **111,990** |

**Level 3 reconciliation FY 2017:**

| (EUR thousand) | |
|---|---|
| Balance as of Jan. 1, 2017 | 91,487 |
| Currency adjustments | (9,192) |
| Gains/(losses) recognized in profit or loss | 25,464 |
| Other changes | 1,346 |
| Balance as of Dec. 31, 2017 | 109,105 |

The gains recognized in profit or loss are accounted for in net income from other participating interests; the remaining changes are accounted for in other comprehensive income.

## Segment reporting

HOCHTIEF's structure reflects the operating focus of the Group as well as its presence in key national and international regions and markets. Segmental reporting in the HOCHTIEF Group is based on the Group's divisional operations. The breakdown mirrors the Group's internal reporting systems.

The Group's reportable segments (divisions) are as follows:

HOCHTIEF Americas encompasses the construction activities of operational units in the USA and Canada;

HOCHTIEF Asia Pacific pools the construction/PPP and services activities in the Asia-Pacific region;

HOCHTIEF Europe brings together the core business in Europe as well as selected other regions and designs, develops, builds, operates, and manages real estate and infrastructure.

Corporate comprises Corporate Headquarters, other activities not assignable to the separately listed divisions, including management of financial resources and insurance activities, plus consolidation effects. HOCHTIEF insurance companies primarily provide in-house reinsurance offerings for contractors' casualty and surety, subcontractor default, liability, and occupational accident insurance.

Sales by division are allocated to the types of activities "Construction/PPP", "Services" and "Other". "Construction/PPP" includes Turner and Flatiron at HOCHTIEF Americas, CPB Contractors, Leighton Asia and Pacific Partnerships at HOCHTIEF Asia Pacific, and HOCHTIEF Infrastructure and HOCHTIEF PPP Solutions at HOCHTIEF Europe. The main services companies are Thiess' and Sedgman's contract mining and mineral processing businesses and UGL at HOCHTIEF Asia Pacific, and HOCHTIEF Engineering and synexs at HOCHTIEF Europe. Sales from non-core businesses are allocated to the category "Other".

The disaggregation of sales of our divisions is as follows (EUR thousand):

| **Activities** / **Divisions** | Construction/ PPP | Services | Other | **Total sales** |
|---|---|---|---|---|
| HOCHTIEF Americas | 6,049,696 | – | 1,760 | **6,051,456** |
| HOCHTIEF Asia Pacific | 2,486,700 | 1,910,500 | 19,498 | **4,416,698** |
| HOCHTIEF Europe | 626,825 | 22,137 | 30,569 | **679,531** |
| Corporate | – | – | 55,334 | **55,334** |
| **HOCHTIEF Group** | **9,163,221** | **1,932,637** | **107,161** | **11,203,019** |

Sales not related to contracts with clients amount to EUR 70,805 thousand.

Almost all sales are recognized over time.

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## Related party disclosures

The number of companies and individuals comprising related parties of HOCHTIEF Aktiengesellschaft and HOCHTIEF Group companies is determined in accordance with IAS 24; reference is consequently made in this regard to the information provided in the notes to the last consolidated financial statements. In addition, we have included Abertis in our related party questionnaire.

In the first half of 2018, no material transactions were entered into between HOCHTIEF Aktiengesellschaft (or any HOCHTIEF Group company) and any related party or parties having a material influence on the results of operations or financial condition of the Company or the Group.

## Events since the balance sheet date:

On June 26, 2018, with a value date of July 3, 2018, HOCHTIEF Aktiengesellschaft completed its fourth corporate bond issue. This first rated bond issue with a face value of EUR 500 million carries a fixed coupon of 1.75% p.a. and a seven-year term to maturity ending July 3, 2025, with a yield of 1.82%. Issued in denominations of EUR 1,000, the bonds are listed on Luxembourg Stock Exchange as well as all German stock exchanges.

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the year.

Essen, July 23, 2018

The Executive Board

Marcelino Fernández Verdes

Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

# Review Report

To HOCHTIEF Aktiengesellschaft, Essen

We have reviewed the condensed interim consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen—comprising the consolidated statement of earnings and the consolidated statement of comprehensive income, the consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes—together with the interim group management report of HOCHTIEF Aktiengesellschaft, Essen, for the period from January 1 until June 30, 2018, that are part of the half-year financial report pursuant to § 115 WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted the review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] as well as in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a limited level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review we have not become aware of any matters that make us believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, July 23, 2018

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**This half-year report is a translation of the original German version, which remains definitive. It is also available from the HOCHTIEF website.**

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