



CIMIC Group Limited
ABN 57 004 482 982

Level 25, 177 Pacific Highway
North Sydney, NSW 2060 Australia

PO Box 1002
Crows Nest, NSW 1585 Australia

T +61 2 9925 6666
F +61 2 9925 6000

cimic.com.au

19 October 2016

Singapore Exchange (SGX)
2 Shenton Way
19-00 SGX Centre 1
Singapore 068804

RE: 3Q CASH FLOW FROM OPERATING ACTIVITIES UP 7.3% YOY TO \$533M

Please find attached a copy of a media release issued by CIMIC Group Limited, parent company of CIMIC Finance (USA) Pty Ltd.

Yours faithfully
CIMIC GROUP LIMITED

LOUISE GRIFFITHS
Company Secretary

18 OCTOBER 2016**3Q CASH FLOW FROM OPERATING ACTIVITIES UP 7.3%
YOY TO \$533M, AN EBITDA CONVERSION RATE OF 192%****IN LAST 12 MONTHS (LTM), WHICH ADJUSTS FOR
SEASONALITY, EBITDA CONVERSION RATE OF 107%****9M16 NPAT UP 5.9% YOY TO \$414M, NPAT MARGIN UP
170 BASIS POINTS; GUIDANCE CONFIRMED****STRONGER BALANCE SHEET WITH NET CASH OF \$769M****3Q16 REVENUE GROWTH ACCELERATING, UP 8.1% ON
2Q16; WORK IN HAND \$29BN, ROBUST PROJECT PIPELINE**

CIMIC Group today announced a solid result for the nine months to 30 September 2016, continuing to deliver sustainable, cash-backed profits.

Highlights of the result were:

- Cash flow from operating activities:
 - In 3Q16 \$532.9 million, up 7.3% YOY, an EBITDA conversion rate of 192%; and
 - In LTM, which adjusts for seasonality, \$1.2 billion, an EBITDA conversion rate of 107%.
- Free operating cash flow¹ generation of \$851.5 million in LTM; \$404.0 million in 3Q16.
- 9M16 NPAT up 5.9% YOY to \$413.7 million; NPAT margin² up 170 basis points to 5.4%.
- Net cash, excluding operating leases³, of \$769.2 million⁴ at 30 September 2016; almost \$1.3 billion if adjusted for the net cash invested in the share buyback program and the purchase of shares in Sedgman and Devine⁵.
- Net contract debtors⁶ down \$213 million from 30 June 2016 to \$1.7 billion at 30 September 2016. The \$675 million contract debtors portfolio provision remains unchanged.
- 3Q16 revenue⁷ up 8.1% on 2Q16 to \$2.7 billion, second consecutive quarterly increase.
- Work in hand⁸ of \$29.0 billion and robust project pipeline.
- Guidance confirmed for 2016 NPAT in the range of \$520 million to \$580 million, subject to market conditions.

¹ Free operating cash flow is defined as net cash from operating activities after gross capital expenditure.

² Margins are calculated on revenue which excludes revenue from joint ventures and associates and interest income.

³ Operating leases of \$472.9 million.

⁴ Nextgen divestment proceeds expected in 4Q16.

⁵ \$426 million invested in share buy-back during 9M16. As at 30 September 2016 14,249,466 shares (representing 4.2% of total CIMIC shares outstanding) had been bought back. Shares subject to buy back are cancelled on a daily basis. Purchase of shares in Sedgman and Devine, less cash acquired from the consolidation of Sedgman, was \$77 million.

⁶ Net contract debtors represents the net of amounts due from customers and amounts due to customers.

⁷ Revenue excluding revenue from joint ventures and associates and interest income.

⁸ Work in hand includes CIMIC's share of work in hand from joint ventures and associates.

CIMIC Executive Chairman and Chief Executive Officer Marcelino Fernández Verdes said: “CIMIC’s strong cash flow performance is evident in this result. Measured over the last 12 months, which takes into account the seasonality of our operations, the Group generated cash flow from operating activities of \$1.2 billion, resulting in an EBITDA conversion rate of 107%, and free cash flow generation of more than \$850 million.

“Overall, CIMIC generated a solid result with revenue growth accelerating in the third quarter and net profit after tax and margins increasing in the nine month period, year-on-year.

“The balance sheet also strengthened further, with net cash of approximately \$770 million providing the flexibility to pursue future growth opportunities.”

On October 10, CIMIC announced it owned 13.84% of UGL and intends to make an offer to acquire the remaining shares in UGL through an off-market takeover at a price of \$3.15 per share.

During 3Q16, CIMIC announced several major new projects including construction of the Tseung Kwan O - Lam Tin Tunnel in Hong Kong (to generate revenue to CIMIC of \$805 million); an underground decline project at the Oyu Tolgoi copper and gold project in Mongolia (\$104 million); and coal handling and preparation plant-related works in Queensland (\$105 million).

The Group, through Thiess, also expanded into North America, securing new work in Canada and establishing a joint venture that will generate potential revenue of up to approximately \$430 million to CIMIC.

Mr Fernández Verdes said: “Our strategy of exporting our skills is starting to pay off, with project wins in mining in North America and construction in Asia providing the most recent examples. Diversification, combined with our disciplined approach to risk management, is key to our focus on delivering sustained returns, enhancing our resilience and building our competitive position.”

Looking forward, the Group has a robust project pipeline and expanding market opportunities. More than \$6 billion of tenders have been submitted and are pending award, and we are preparing tenders on an additional \$16 billion of projects for submission during the fourth quarter. A further \$70 billion of projects, relevant to CIMIC, have been identified as coming to the market in 2017 and more than \$200 billion in 2018 and beyond.

Refer to ‘Analyst and Investor Presentation’ for further information.

ENDS

Issued by CIMIC Group Limited ABN 57 004 482 982 www.cimic.com.au

Contacts

Ms Marta Olba, Group Manager Investor Relations T+61 2 9925 6134

Ms Fiona Tyndall, General Manager Communications T+61 2 9925 6188

CIMIC Group Limited (ASX: CIM) is one of the world’s leading international contractors and the world’s largest contract miner. CIMIC Group has operations that have been in existence since 1934, was listed on the Australian Securities Exchange in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, North America, Sub-Saharan Africa and South America and, as at 30 September 2016, employed approximately 44,000 people directly and through its investments.

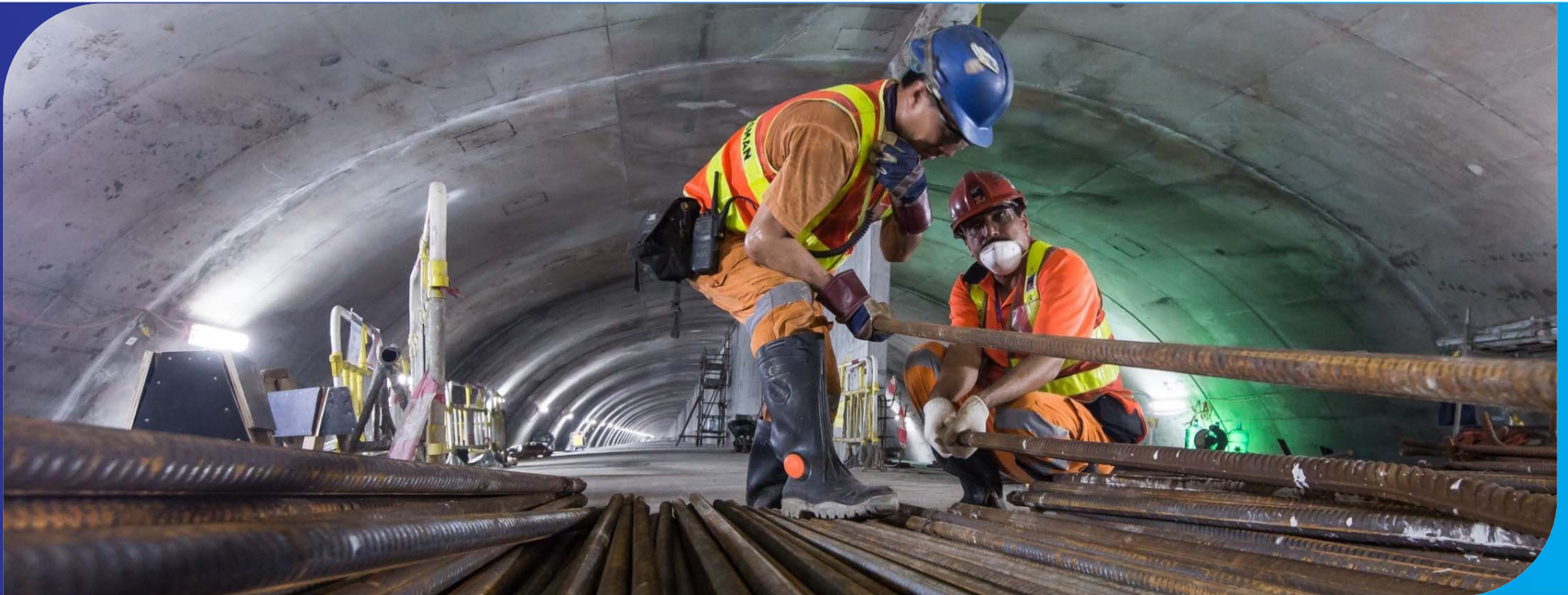
Definitions

2Q16	Three months to 30 June 2016
3Q16 or 3Q	Three months to 30 September 2016
4Q16	Three months to 31 December 2016
9M16	Nine months to 30 September 2016
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
LTM or last 12 months	Twelve months to 30 September 2016
NPAT	Net profit after tax
PBT	Profit before tax
YOY	Year on year

ANALYST AND INVESTOR PRESENTATION

9m RESULTS 2016 / 18 OCTOBER 2016

Marcelino Fernández Verdes, Executive Chairman and Chief Executive Officer
Angel Muriel, Chief Financial Officer



INTEGRITY > ACCOUNTABILITY > INNOVATION > DELIVERY

SAFETY

9m16 financial highlights

Cash flow from operating activities¹ of \$533m in 3Q16 (+7.3% yoy), \$1.2bn LTM²

- ✓ Free cash flow generation³ of about \$850m during LTM; \$404m in 3Q16
- ✓ EBITDA conversion 192% in 3Q16 and 107% LTM

Revenue⁴ growth accelerating, up 8.1% 3Q16 versus 2Q16. Robust project pipeline and expanding market opportunities

- ✓ Sound WIH⁵ of \$29bn
- ✓ More than \$6bn of tenders have been submitted and are pending award, and we are preparing tenders on an additional \$16bn of projects for submission during the fourth quarter
- ✓ A further \$70bn of projects, relevant to CIMIC, have been identified as coming to the market in 2017 and more than \$200bn in 2018 and beyond

Solid 9m16 NPAT performance; sustained margin⁶ improvement

- ✓ NPAT of \$414m up 5.9% yoy, margin up 170bp yoy to 5.4%
- ✓ Net impact of one-offs not significant to profit. Negative one-offs mainly due to properties (including Devine) and 177 Pacific Highway lease (new CIMIC head office), offset by gains from Sedgman and Nextgen
- ✓ EPS up 8.7% yoy boosted by the benefits of the share buy-back
- ✓ EBIT and PBT margins up 100bp and 180bp respectively yoy

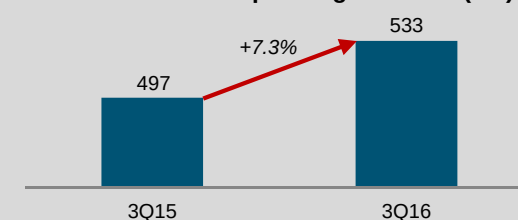
Net cash position, excluding operating leases, of \$769m⁷, a \$145m improvement yoy

- ✓ Net cash, excluding operating leases, at 30 September 2016 would have been approximately \$1.3bn, if adjusted for the net cash invested in the share buy-back program and the net impact of the purchase of shares in Sedgman and Devine⁸
- ✓ Net finance costs⁹ reduced by \$28m yoy to \$1m in 3Q16; gross debt reduced to \$871m, the lowest level since the start of the Global Financial Crisis
- ✓ Net contract debtors¹⁰ down by \$213m since June 2016 to \$1.7bn

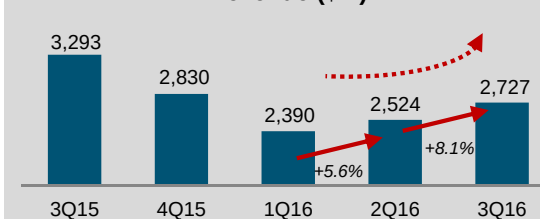
FY16 NPAT guidance confirmed

- ✓ \$520m-\$580m, subject to market conditions
- ✓ Continued focus on sustainable cash-backed profit generation and bidding discipline
- ✓ Strong balance sheet provides flexibility to pursue future growth opportunities

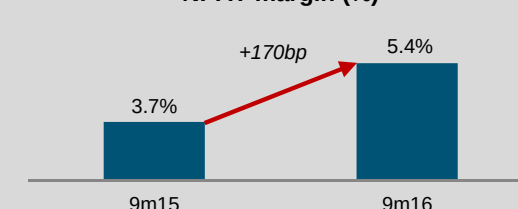
Cashflows from operating activities (\$m)



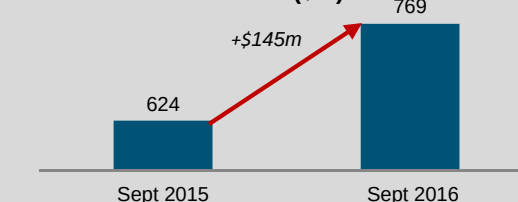
Revenue (\$m)



NPAT margin (%)



Net cash, excluding operating leases (\$m)



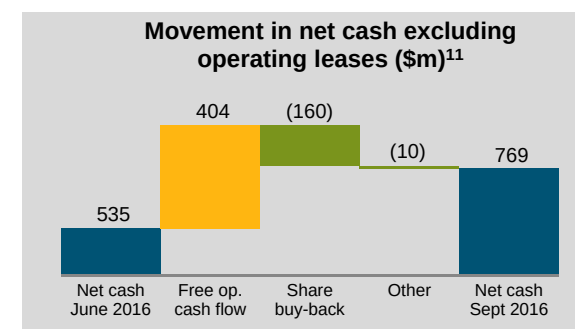
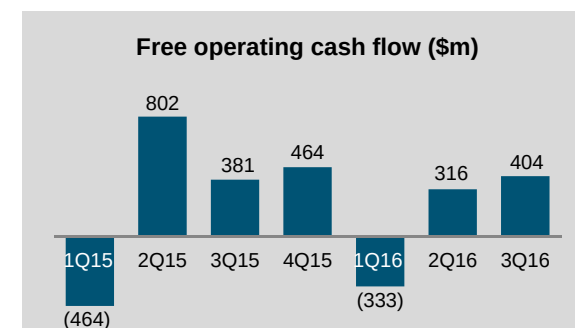
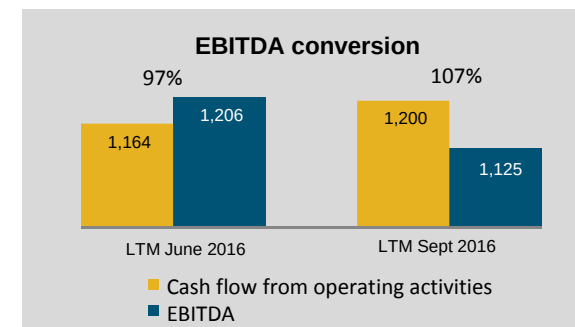
Increased cash flow generation

Cash flow from operating activities of \$533m in 3Q16 (+7.3% yoy), \$1.2bn LTM

- ✓ EBITDA conversion 192% in 3Q16; and 107% LTM
- ✓ Free cash flow generation of over \$400m in 3Q16 and around \$850m LTM
- ✓ Net cash from operating activities up 17% yoy to \$496m in 3Q16, \$1.1bn LTM
- ✓ Focus remains on working capital management and cash flow generation

EBITDA conversion (\$m)	3Q16	LTM Sept 2016
Cash flows from operating activities (a)	533	1,200
EBITDA (b)	278	1,125
EBITDA conversion (a)/(b)	192%	107%

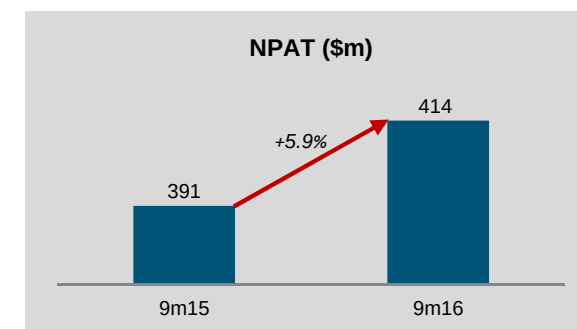
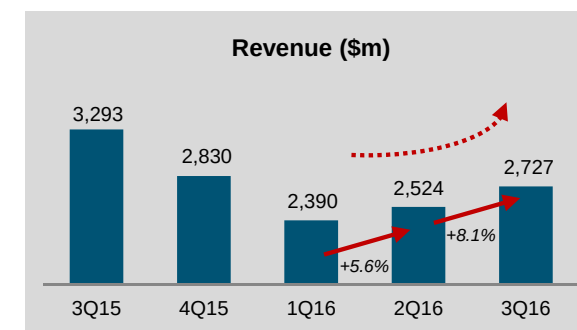
Cash flow (\$m)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Cash flows from operating activities	(333.0)	1,186.2	496.8	569.6	(238.2)	335.5	532.9
Interest, finance costs, taxes and dividends received	(63.3)	(295.8)	(74.4)	(35.9)	(50.1)	27.0	(36.7)
Net cash from operating activities	(396.3)	890.4	422.4	533.7	(288.3)	362.5	496.2
Gross capital expenditure ¹²	(67.4)	(88.2)	(41.0)	(69.7)	(44.6)	(46.1)	(92.2)
Free operating cash flow	(463.7)	802.2	381.4	464.0	(332.9)	316.4	404.0



Robust 9m operating performance

- ✓ Revenue growth accelerating, up 8.1% in 3Q16 versus 2Q16 (+5.6% in 2Q16 versus 1Q16)
- ✓ NPAT of \$414m up 5.9% yoy; margin up 170bp yoy to 5.4%
 - Net impact of one-offs not significant to profit
 - Negative one-offs mainly due to properties (including Devine) and 177 Pacific Highway lease¹³ (new CIMIC head office), offset by gains from Sedgman and Nextgen
- ✓ EPS up 8.7% yoy boosted by the benefits of the share buy-back
- ✓ PBT margin up 180bp yoy to 7.0%
- ✓ Net finance costs decreased by \$28m yoy to \$1m in 3Q16; gross debt reduced to \$871m, the lowest level since the start of the Global Financial Crisis

Financial performance (\$m)	9m15	9m16 ¹⁴	Chg. %	3Q15	3Q16	Chg. %	FY15
Revenue	10,450.2	7,640.8	(26.9)%	3,292.5	2,727.1	(17.2)%	13,280.8
EBIT	650.0	546.7	(15.9)%	210.7	188.0	(10.8)%	838.9
EBIT margin	6.2%	7.2%	1.0pp	6.4%	6.9%	0.5pp	6.3%
Net finance costs	(105.2)	(9.0)	(91.4)%	(29.5)	(1.0)	(96.6)%	(103.9)
Profit before tax	544.8	537.7	(1.3)%	181.2	187.0	3.2%	735.0
PBT margin	5.2%	7.0%	1.8pp	5.5%	6.9%	1.4pp	5.5%
Income tax	(151.9)	(149.4)	(1.6)%	(46.5)	(43.3)	(6.9)%	(220.6)
Profit after tax	392.9	388.3	(1.2)%	134.7	143.7	6.7%	514.4
Non-controlling interests	(2.4)	25.4	N/A	(1.4)	4.8	N/A	6.0
NPAT	390.5	413.7	5.9%	133.3	148.5	11.4%	520.4
NPAT margin	3.7%	5.4%	1.7pp	4.0%	5.4%	1.4pp	3.9%
Earnings per share (basic)	115.3c	125.3c	8.7%	39.4c	45.5c	15.5%	153.7c



Strong balance sheet

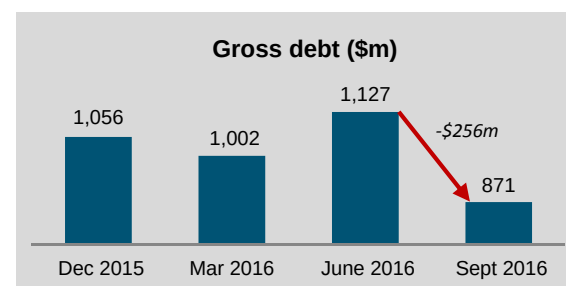
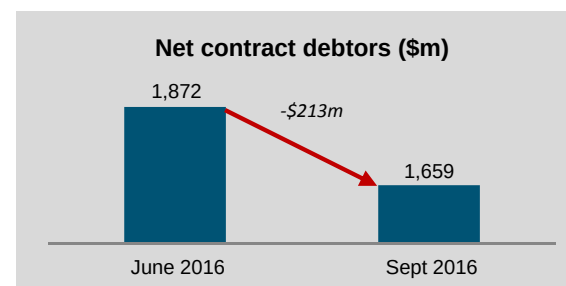
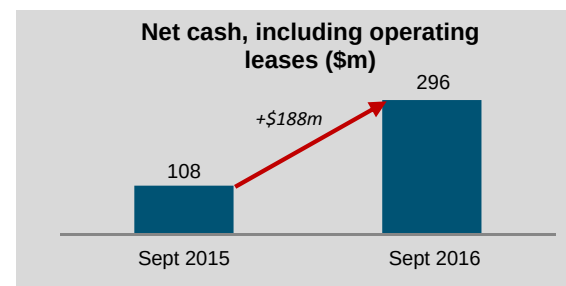
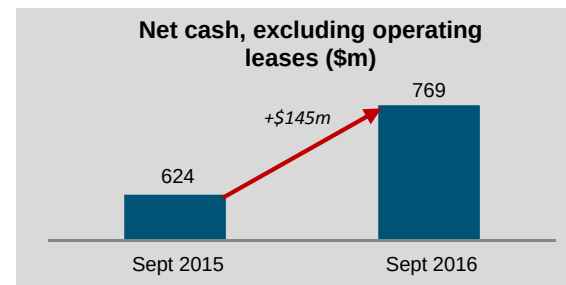
Net cash position, excluding operating leases, of \$769m, a \$145m improvement yoy

- ✓ Net cash, excluding operating leases, at 30 September 2016 would have been approximately \$1.3bn, if adjusted for the net cash invested in the share buy-back program and the net impact of the purchase of shares in Sedgman and Devine
- ✓ \$1.6bn of undrawn debt facilities at end September 2016
- ✓ 9m16 average cost of debt of 5.6%
- ✓ Net contract debtors down by \$213m since June 2016 to \$1.7bn; \$675m contract debtors portfolio provision unchanged

Balance sheet (\$m)	Sept 2015	Dec 2015	Mar 2016	June 2016	Sept 2016
Net cash/(debt) (excl. op. leases)	624.2	1,111.5	441.8	534.6	769.2
Operating leases	(516.4)	(583.4)	(547.3)	(523.0)	(472.9)
Net cash/(debt) (incl. op. leases)	107.8	528.1	(105.5)	11.6	296.3
Net contract debtors	2,117.9	1,499.2	1,775.7	1,871.9	1,659.0

Finance cost detail (\$m)	9m16
Debt interest expenses	(49.4)
Facility ¹⁵ fees, bonding and other costs	(15.7)
Total finance costs	(65.1)
Interest income	56.1
Net finance costs	(9.0)

Average cost of debt 9m16 calculation (\$m)	9m16
Debt interest expenses (a)	(49.4)
Gross debt ¹⁶ at September 2016	870.9
Gross debt 9m16 average (b)	1,167.4
Average cost of debt 9m16 $\frac{(\frac{a}{b}) \times 4}{b}$	5.6%



Solid project pipeline

WIH at \$29bn, similar to December 2015

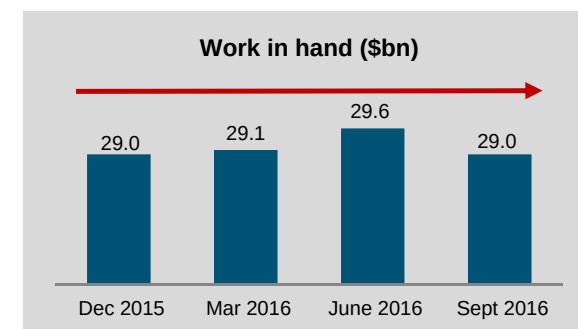
- ✓ WIH in Construction up 1% on December 2015
- ✓ WIH in Mining & Mineral Processing up 7% on December 2015
- ✓ Several major contract wins, domestically and internationally e.g.:
 - Oil sands Thiess KMC joint venture contract in Canada
 - Oyu Tolgoi copper and gold project in Mongolia
 - Coal handling and preparation plant-related contract extensions in Queensland (Australia)
 - Tseung Kwan O - Lam Tin Tunnel in Hong Kong
 - National Telstra Wideband contract and Chorus contract through Ventia in Australia and New Zealand

Solid pipeline, both short and longer-term in CIMIC's markets; pursuing major domestic and international tenders

- ✓ CIMIC has been shortlisted for several large projects including:
 - Melbourne Metro Rail Link Projects
 - Sydney Metro – TSE (Tunnels and Station Excavation works)
 - Selected projects under Western Sydney Roads Upgrade Program
- ✓ More than \$6bn of tenders have been submitted and are pending award, and we are preparing tenders on an additional \$16bn of projects for submission during the fourth quarter
- ✓ A further \$70bn of projects, relevant to CIMIC, have been identified as coming to the market in 2017 and more than \$200bn in 2018 and beyond

Pursuing major domestic and international tenders such as:

- ✓ Parramatta Metro in NSW and Perth MAX Light Rail in WA ✓ Canberra Hospital Redevelopment in ACT
- ✓ Marina East desalination plant in Singapore



Work in hand (\$m)	Dec 15	Sept 16	Chg. % Sept 16 vs Dec 15
Construction	12,448	12,575	1.0%
Mining & Mineral Processing	9,600	10,259	6.9%
HLG	2,404	1,855	(22.8)%
Commercial & Residential	1,427	758	(46.9)%
Corporate (mainly Ventia 50% share)	3,125	3,562	14.0%
Total work in hand	29,004	29,009	0.0%

FY16 NPAT guidance confirmed

- ✓ \$520m-\$580m, subject to market conditions
- ✓ Continued focus on sustainable cash-backed profit generation and bidding discipline
- ✓ Robust balance sheet provides flexibility to pursue future growth opportunities

Shareholder returns

Strong share price performance

- ✓ CIMIC shares have increased 18.3% from 31 December 2015 to 30 September 2016

Dividend

- ✓ Final ordinary dividend for the 2015 year of 50 cents per share (\$165m), franked at 100%, paid on 8 April 2016
- ✓ Interim ordinary dividend for the 2016 year of 48 cents per share (\$156m), franked at 100%, paid on 5 October 2016

Share buy-back

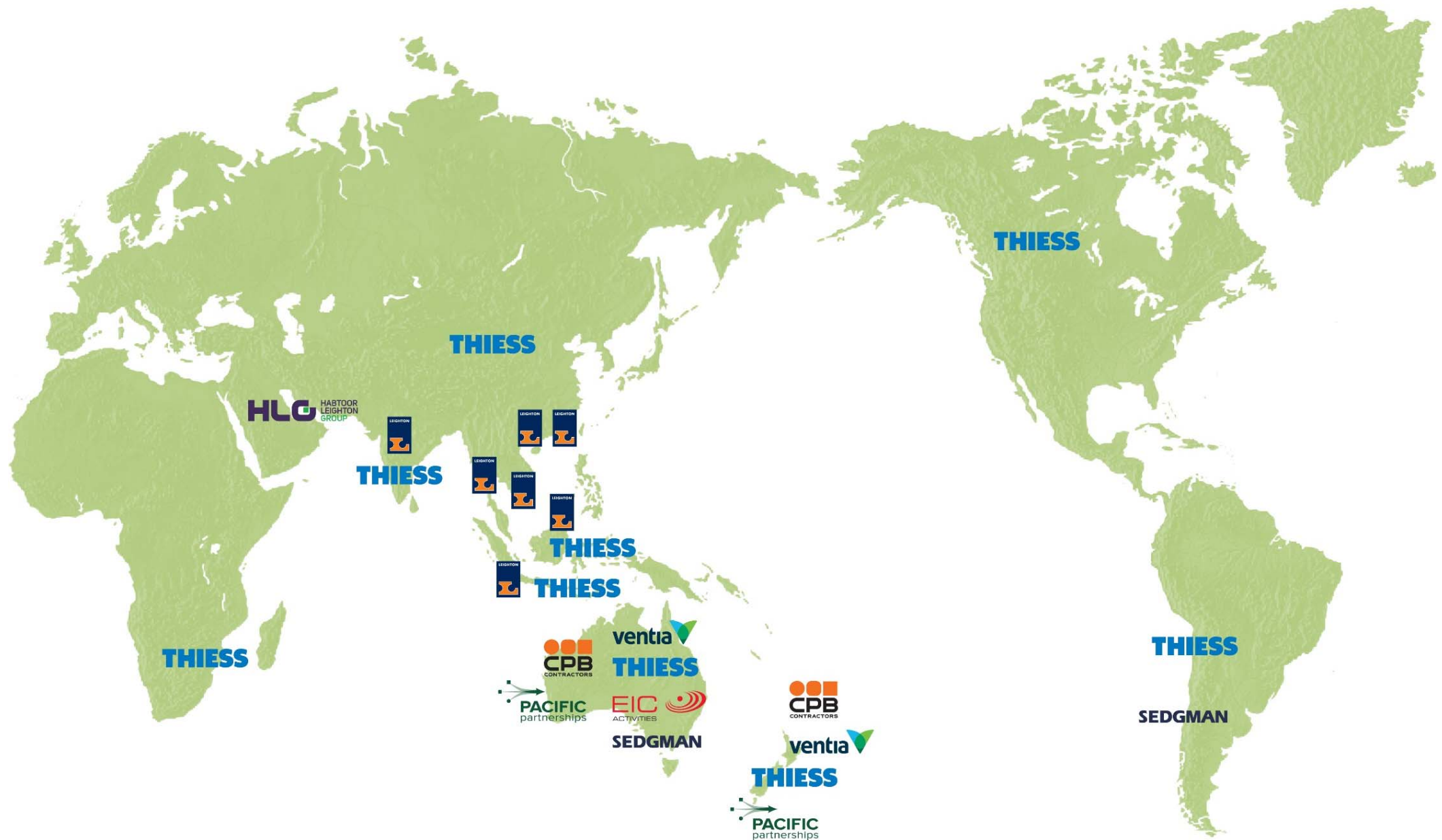
- ✓ As at 30 September 2016 14,249,466 shares (representing 4.2% of total CIMIC shares outstanding before the start of the share buy-back) had been bought back totalling \$425.9m

APPENDICES





Group market position



F/X rates



End of the period	Sept 2015	Sept 2016	Chg. \$ yoy	Chg. % yoy
AUD/USD	0.72	0.75	0.03	4.2%
AUD/EUR	0.63	0.67	0.04	6.3%
Period average	Sept 2015	Sept 2016	Chg. \$ yoy	Chg. % yoy
AUD/USD	0.77	0.74	(0.03)	(3.9)%
AUD/EUR	0.68	0.67	(0.01)	(1.5)%

¹Cash flow from operating activities before interest, finance costs, taxes and dividends received

²LTM equals 1st October 2015 to 30th September 2016

³Free operating cash flow is defined as net cash from operating activities after gross capital expenditure

⁴Revenue excluding revenue from joint ventures and associates and interest income

⁵Work in hand includes CIMIC's share of work in hand from joint ventures and associates. WIH includes the full consolidation of Sedgman and the FY15 comparable figures have been restated, with Sedgman's WIH reallocated from the Corporate segment to an expanded segment: Mining and Mineral Processing

⁶Margins are calculated on revenue which excludes revenue from joint ventures and associates and interest income

⁷Nextgen divestment proceeds expected in Q416

⁸\$426 million invested in share buy-back during 9m16. As at 30 September 2016 14,249,466 shares (representing 4.2% of total CIMIC shares outstanding) had been bought back. Shares subject to buy-back are cancelled on a daily basis. Purchase of shares in Sedgman and Devine, less cash acquired from the consolidation of Sedgman, was \$77 million

⁹Net finance costs include interest income (including from associates) net of finance costs

¹⁰Net contract debtors represents the net of amounts due from customers and amounts due to customers

¹¹Refer also to slide 5

¹²Gross capital expenditure is payments for property, plant and equipment. 3Q16 figure includes job costed tunneling machines and the fit-out of 177 Pacific Highway for approximately \$34m combined

¹³From 1 October 2016 CIMIC has moved to its new head office on 177 Pacific Highway North Sydney, a project developed by Leighton Properties and built by CPB. The fit-out of the new office is included in the gross capital expenditure number. The sub-lease of excess office space generated a negative one-off charge, but reduces future operating costs

¹⁴Includes impact of full consolidation of Sedgman

¹⁵Including \$1.6bn working capital facilities of which \$nil is currently drawn at 30 September 2016

¹⁶Total interest bearing liabilities

¹⁷Shareholding as disclosed in the Bidder's Statement for the off-market bid by CIMIC Group Investments No. 2 Pty Limited for UGL Limited