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PRESS RELEASE – MOODY’S INVESTORS SERVICE

Please find attached a copy of a media release issued by Moody’s Investors Services in relation to CIMIC Group Limited, parent company of CIMIC Finance Limited and CIMIC Finance (USA) Pty Limited.

Yours faithfully
CIMIC GROUP LIMITED

Company Secretary

Rating Action: Moody's downgrades CIMIC's rating to Baa3; outlook stable

30 Aug 2022

Sydney, August 30, 2022 -- Moody's Investors Service ("Moody's") has downgraded the issuer rating of CIMIC Group Limited (CIMIC) to Baa3 from Baa2. In addition, Moody's has downgraded CIMIC Finance (USA) Pty Ltd's and CIMIC Finance Limited's backed senior unsecured ratings to Baa3 from Baa2 and backed senior unsecured program ratings to (P)Baa3 from (P)Baa2. The rating outlook has been revised to stable from ratings under review.

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The rating action concludes the review for downgrade initiated on 25 February 2022 following the unconditional and final off-market takeover offer by HOCHTIEF Aktiengesellschaft (HOCHTIEF AG), through its wholly owned subsidiary HOCHTIEF Australia Holdings Limited (HOCHTIEF), to acquire the remaining shares of CIMIC it did not already own. CIMIC is now a wholly owned subsidiary of HOCHTIEF.

RATINGS RATIONALE

"The downgrade to Baa3 reflects CIMIC's increased gross debt and weakened credit metrics. It also reflects Moody's view that deleveraging to a level commensurate with its previous Baa2 rating will be beyond the 12-18 months of a rating outlook," says Saranga Ranasinghe, a Moody's Vice President and Senior Analyst.

CIMIC's credit metrics have deteriorated over the last three years as a result of weaker earnings and higher gross debt taken on to de-risk the balance sheet. CIMIC's earnings have been impacted by several factors, including disruptions to construction caused by the pandemic and record heavy rainfall on the East Coast of Australia in 2022, and the sale of a 50% equity interest in Thiess Group Holdings Pty Ltd (Ba1 stable). CIMIC utilized cash received from the sale of 50% of Thiess to repay debt. Nevertheless, CIMIC's gross debt balance has increased due to costs related to exiting its investments in the Middle East, and settling legacy contingent liabilities such as the West Gate Tunnel and CCPP contract.

Despite its weakened financial profile, CIMIC's business risk profile has improved, which positions the company strongly at the Baa3 rating level. CIMIC has de-risked its business profile by increasing its percentage of lower-risk contracts, that benefit from sharing the burden of unexpected cost increases with customers. CIMIC has also reduced its exposure to future losses by exiting its troubled Middle East investments. However, CIMIC's improvement in its business risk profile has come at the cost of higher gross debt that, on balance, has driven today's rating action.

Moody's expects CIMIC's financial profile to improve gradually, but over a period longer than the 12-18 months of a rating outlook.

CIMIC's Baa3 rating reflects its strong market position in the Australian construction sector, income diversity across business lines and key joint ventures. The depth and breadth of CIMIC's technical and management capabilities enable it to win a high level of contracts, particularly those that involve scale and complexity, such as major infrastructure projects. It also allows the company to market itself as a specialty provider of services in key areas such as infrastructure, tunneling, operations and maintenance, and mineral processing. Through its 50% stake in Thiess, CIMIC also provides contract mining and mine rehabilitation services. CIMIC also owns a 32.8% stake in Ventia Services Group Limited (Baa3 stable), another leading infrastructure service player in the region.

CIMIC continues to increase its WIH, adding about AUD8.7 billion during the first half of 2022. As of June 2022, CIMIC had AUD29.5 billion in WIH (up 9.6% from June 2021), mostly weighted towards government projects and the construction segment, with around 70% in low-risk contracts in lower risk jurisdictions.

However, current inflationary pressures, higher input costs, labor shortages and supply chain pressures are likely to continue to weigh on CIMIC's credit profile for some months ahead, limiting its ability to delever

rapidly. More broadly, CIMIC's credit profile is constrained by the inherently cyclical nature of the construction industry, business risks around complex and remaining fixed price projects, and by the linkage to its parent entities HOCHTIEF AG (unrated) and Actividades de Construcción y Servicios SA (ACS, unrated). Whilst having greater scale and diversification, HOCHTIEF AG and ACS have weaker gross debt metrics than CIMIC (based on public information only).

Moody's believes there are strong linkages between CIMIC, Hochtief and ACS in terms of governance, financial policy, and business strategy. CIMIC is currently wholly owned by HOCHTIEF AG, which is in turn 53.6% owned by ACS. As a result, HOCHTIEF AG and ACS have significant influence on CIMIC's decision making. Moody's expects HOCHTIEF AG to maintain a 60%-65% dividend policy at CIMIC.

The stable rating outlook reflects Moody's expectation that CIMIC's financial profile will remain within the parameters set for its Baa3 rating over the next 12-18 months.

ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS (ESG)

CIMIC's ESG credit impact score is highly negative (CIS-4), reflecting the moderate exposure to environmental risk through its Thiess joint venture, highly negative credit exposure to social risks, as well as the governance risk considerations of being a private company with a largely non independent board.

CIMIC's moderate credit exposure to environmental risks (E-3) reflects the carbon transition risk faced by its 50% stake in Thiess, which is a mining services company providing services to the mining industry, including a circa 45% (percentage of revenue in fiscal 2021) exposure to the thermal coal industry.

CIMIC's highly negative credit exposure to social risks (S-4) reflects its heavy reliance on a skilled work force and health and safety risks, as is typical for a company operating in the construction sector. CIMIC strives for low injury rates and has a strong health and safety track record, demonstrating effective management of these risks.

CIMIC's credit exposure to governance considerations is highly negative (G-4), reflecting its private company status and a largely non independent board of directors.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Moody's could upgrade CIMIC's rating if there is no deterioration in the current strong business profile and there is a sustained improvement in CIMIC's financial profile, such that adjusted gross debt/EBITDA is maintained below 3x. An upgrade would also require no material weakening in HOCHTIEF AG's credit profile.

Moody's could downgrade the ratings if (1) financial leverage deteriorates, such that adjusted gross debt/EBITDA exceeds 4.0x on a sustained basis; (2) liquidity (cash and undrawn facilities) falls below a level sufficient to meet the company's debt maturities over the next 12-18 months; (3) material disruption to cash flow from one or more major contracts occurs, such that EBITA margins fall below 5% on a sustained basis; (4) underperformance at the key joint ventures leads to a reduction in dividends received and/or require financial support from CIMIC; or (5) HOCHTIEF AG's credit quality and/or liquidity position weaken materially.

The principal methodology used in these ratings was Construction published in September 2021 and available at <https://ratings.moodys.com/api/rmc-documents/74957>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Headquartered in Sydney, Australia, CIMIC Group Limited (CIMIC) is the largest construction and mining contractor in Australia. CIMIC operates across construction, mining and mineral processing, operation and maintenance services, public private partnerships and engineering.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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At least one ESG consideration was material to the credit rating action(s) announced and described above.

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