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2018 NPAT OF \$781M, TOP END OF GUIDANCE, \$1.6BN NET CASH

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

Company Secretary

5 FEBRUARY 2019**2018 NPAT OF \$781M, UP 11%, AT TOP END OF GUIDANCE****CASH FLOW FROM OPERATING ACTIVITIES¹ OF \$1.9BN UP 22%; EBITDA CONVERSION 109%****ROBUST BALANCE SHEET WITH NET CASH OF \$1.6BN, UP \$709M****SUSTAINED REVENUE² GROWTH, UP 9% TO \$14.7BN****FINAL DIVIDEND OF 86 CENTS PER SHARE, UP 15%****ORDER BOOK³ OF \$36.7BN; NEW WORK⁴ OF \$17.9BN; INCREASED PIPELINE****2019 NPAT GUIDANCE OF \$790M TO \$840M**

CIMIC Group today reported a strong performance for the 12 months to 31 December 2018, achieving the top end of profit guidance and substantial increases in cash flow and net cash.

Highlights of the 2018 result compared with 2017 were:

- NPAT of \$781 million, up 11%, at the top end of guidance of \$720 million to \$780 million
- Revenue of \$14.7 billion, up 9%, with all Operating Companies recording growth
- Stable EBIT, PBT and NPAT margins⁵ of 7.8%, 7.3% and 5.3% respectively
- Strong cash generation with cash flow from operating activities of \$1.9 billion, up 22%; EBITDA cash conversion of 109%
- Free operating cash flow⁶ of \$1.2 billion, up 18%
- Balance sheet further strengthened, with net cash of \$1.6 billion at December 2018, up \$709 million
- Gross debt of \$523 million, the lowest level since 2007
- Final dividend of 86 cents per share, up 15%; \$2 billion of cash returned to shareholders through dividends and share buy-backs from 2015 to 2018
- Solid order book with \$36.7 billion of work in hand; Operating Company work in hand increasing by 6% or \$1.8 billion; new work of \$17.9 billion awarded in 2018
- Guidance for 2019 NPAT in the range of \$790 million to \$840 million, subject to market conditions.

¹ Cash flows from operating activities before interest, finance costs and taxes.

² Revenue excludes revenue from joint ventures and associates.

³ Order book or work in hand includes CIMIC's share of work in hand from joint ventures and associates.

⁴ New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements.

⁵ Margins are calculated on revenue which excludes revenue from joint ventures and associates.

⁶ Free operating cash flow is defined as net cash from operating activities less net capital expenditure for property, plant and equipment.

CIMIC Group Executive Chairman Marcelino Fernández Verdes said: “2018 was another successful year for CIMIC Group, as we continued to deliver substantial growth in profit, cash and dividends.

“In 2018, we focused on enhancing the capability of our Operating Companies to provide integrated solutions, ensuring we deliver enduring value for our clients across the lifecycle of their assets, infrastructure and resources projects.

“This collaborative approach has driven an excellent result for our shareholders, is providing exciting opportunities for our people, and will power the next phase of our transformation through digitalisation and innovation.

“Reflecting the strong profit result and cash generation, the Board has declared a final dividend of 86 cents per share, up 15% year on year.”

The final dividend will be paid on 4 July 2019 and franked at 100%. Total dividends declared for 2018 were 156 cents per share, up 16% year on year, representing a dividend yield of 3.6% on a closing share price of \$43.41 as at 31 December 2018.

From 2015 to 2018, CIMIC has returned \$2 billion of cash to shareholders through dividends and share buy-backs, including an increase in annual dividends declared from 96 cents per share to 156 cents per share, a 17.6% compound annual growth rate.

CIMIC Group Chief Executive Officer Michael Wright said: “A year ago we targeted an NPAT of \$720 million to \$780 million. I’m pleased to report we have achieved the top end of this range, supported by a strong operating performance. We have also generated increased cash flow and further strengthened our balance sheet.

“We have a growing and diverse portfolio of work in hand across our core businesses. With a focus on providing full lifecycle capabilities for our clients, our work in hand grew to \$36.7 billion at the end of 2018, driven by a \$1.8 billion increase in Operating Company projects, which are our core markets.”

The Group’s end-to-end capabilities were demonstrated during the period by:

- applying an integrated approach to secure the line-wide works package for the Sydney Metro City and Southwest project (Australia’s biggest public transport project), with CPB Contractors and UGL working together to create value for the client;
- delivering a joint solution for Victoria’s Metro Tunnel project, combining the rail expertise of CPB Contractors, UGL and EIC Activities; and
- reaching contractual close on the Waikeria Corrections and Treatment Facility PPP in New Zealand, using the financial strength of Pacific Partnerships and the capabilities of CPB Contractors, to provide a whole-of-life solution.

Other notable wins during the period included:

- significant mining services contracts at the Mt Arthur Coal operation in the Hunter Valley, Australia, and at the Encuentro Oxides mine in Chile for Thiess;
- maintenance and shutdown support services by UGL across BHP Billiton Mitsubishi Alliance coal mines in Queensland’s Bowen Basin;
- delivery of the WestConnex M4-M5 Link Rozelle Interchange by CPB Contractors, supported by EIC Activities;
- major infrastructure works for Leighton Asia to support the North-South Transportation Corridor in Singapore; and

- engineering, procurement and construction of the Pumpkin Hollow Copper concentrator in Nevada, USA, by Sedgman.

Looking forward, at least \$130 billion of tenders relevant to CIMIC Group are expected to be bid and/or awarded in 2019, and around \$300 billion of projects are coming to the market in 2020 and beyond, including about \$120 billion worth of PPP projects.

With a robust work in hand position and a continued focus on bidding discipline, 2019 NPAT is expected to be in the range of \$790 million to \$840 million, subject to market conditions.

Mr Fernández Verdes said: “Our pipeline of work has further increased and we have a positive outlook for 2019 and beyond. This is led by the strong performance of the mining sector, an increasing level of infrastructure opportunities in Australia, and the trends towards more outsourcing of services and for greater investment in PPPs.”

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

ENDS

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CIMIC Group (ASX:CIM) is an engineering-led construction, mining, services and public private partnerships leader working across the lifecycle of assets, infrastructure and resources projects. CIMIC Group comprises our construction business CPB Contractors, including Leighton Asia and Broad, our mining and mineral processing companies Thiess and Sedgman, our services specialist UGL and our public private partnerships arm Pacific Partnerships – all supported by our in-house engineering consultancy EIC Activities. Our mission is to generate sustainable shareholder returns by delivering innovative and competitive solutions for clients and safe, fulfilling careers for our people. With a history since 1899, and around 50,000 people in 20 countries, we strive to be known for our principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety. CIMIC is a member of the S&P/ASX 100 index, the Dow Jones Sustainability Australia Index and FTSE4Good.

Abbreviations: NPAT: net profit after tax; EBIT: earnings before net finance costs and tax; PBT: profit before tax; EBITDA: earnings before net finance costs, tax, depreciation and amortisation; PPP: public private partnership.