

21 APRIL 2016**Q1 NPAT UP 5.0% ON PCP TO \$130M, GUIDANCE
CONFIRMED****SIGNIFICANT PBT AND NPAT MARGIN IMPROVEMENTS,
UP 240 AND 190 BASIS POINTS RESPECTIVELY ON PCP****STRONG BALANCE SHEET WITH NET CASH OF \$442M****FIRM ORDER BOOK WITH WIH OF \$29.1BN**

CIMIC Group today announced a strong result for the three months to 31 March 2016, reporting an improvement in net profit after tax (NPAT), margins and cash flow. Net cash was substantially higher than a year ago and the Group had a firm level of work in hand¹ (WIH). Highlights of the result, compared with the prior comparable period² (PCP), were:

- NPAT of \$130 million up 5.0%. Profit before tax (PBT) of \$180 million up 3.7%.
- PBT and NPAT margins of 7.5% and 5.5% respectively, increases of 240 and 190 basis points. Net finance costs declined by 78.5% due to a strengthened balance sheet and reduced financing margins.
- Increase in net cash³ of \$341 million to \$442 million as at 31 March 2016. Excluding the on-market share buy-back⁴ and the purchase of shares in Sedgman and Devine⁵, net cash would have been \$785 million.
- Operating cash flow improved 28.5%, as a result of better project performance and working capital management. Free operating cash flow⁶ improved \$131 million on PCP.
- Positive trend in net contract debtors, with a decline of 20.4% to less than \$1.8 billion as at 31 March 2016.
- New work⁷ of more than \$3.1 billion won during Q1, bringing work in hand to \$29.1 billion as at 31 March 2016. There are around \$50 billion of projects to be tendered and awarded in the remainder of the year that are relevant to CIMIC.
- Guidance confirmed for 2016 NPAT in the range of \$520 million to \$580 million, subject to market conditions.

¹ Work in hand includes CIMIC's share of work in hand from Joint Ventures and Associates.

² Performance is comparable to the three month period to 31 March 2015.

³ Net cash which excludes operating leases of \$547.3 million.

⁴ \$266 million invested in share buy-back during Q1 2016.

⁵ Purchase of shares in Sedgman and Devine, less cash acquired from the consolidation of Sedgman, was \$77 million.

⁶ Free operating cash flow is net cash from operating activities including gross capital expenditure.

⁷ New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements and additional Sedgman work in hand consolidated during the period.

CIMIC Executive Chairman and Chief Executive Officer Marcelino Fernández Verdes said: "CIMIC Group performed strongly during the first quarter of 2016, increasing net profit after tax and margins, and maintaining a strong balance sheet and focus on cash collection.

"Efficiencies, such as the reduction of overheads and management of financing costs, and improvements to project delivery again resulted in strong margins. PBT margins were further enhanced by the successful conclusion of some large LNG projects.

"Our activity-focused operating model and attention to producing cash-backed, sustained profits delivered a solid result and has put us in a robust financial position."

CIMIC's strengthened balance sheet has enabled it to strategically allocate capital including commencing an on-market share buy-back and acquiring shares in Sedgman and Devine.

During the quarter, CIMIC won new work of more than \$3.1 billion including Gold Coast light rail stage two in Queensland, level crossing removals in Victoria, Canberra light rail stage one in the ACT (a PPP project), the Christchurch Hospital Acute Services Building in New Zealand, and ancillary works at a boundary crossing in Hong Kong. Likewise, since the end of the quarter, the Group secured a contract mining extension in Indonesia.

CIMIC is positioned to capitalise on the strong pipeline of domestic and overseas projects, particularly in the PPP sector, including Melbourne Metro Rail in Victoria, Sydney Metro Rail in New South Wales, and the Pūhoi to Warkworth motorway in New Zealand.

Mr Fernández Verdes said: "Our demonstrated capabilities, major project experience and financial strength position us well for projects in the pipeline, particularly in the PPP sector.

"Our focus continues to be our core contracting businesses and, where there is value, we will expand into new markets by pursuing opportunities within our existing and complementary areas of expertise."

ENDS

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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 31 March 2016, employed approximately 42,000 people directly and through its investments.

APPENDIX 1

KEY PERFORMANCE FEATURES FOR THE 3 MONTHS ENDED 31 MARCH 2016

Unaudited (\$m)	3 months to 31 March 2016 ⁸	3 months to 31 March 2015	Percentage change
Revenue⁹	2,390.2	3,439.2	(30.5)%
EBIT	185.9	200.3	(7.2)%
<i>EBIT margin¹⁰</i>	<i>7.8%</i>	<i>5.8%</i>	<i>2.0pp</i>
Net finance costs ¹¹	(5.7)	(26.5)	(78.5)%
Profit before tax	180.2	173.8	3.7%
<i>PBT margin</i>	<i>7.5%</i>	<i>5.1%</i>	<i>2.4pp</i>
Income tax expense	(61.2)	(49.7)	23.1%
Profit for the period	119.0	124.1	(4.1)%
Profit attributable to non-controlling interests	11.3	-	-
NPAT	130.3	124.1	5.0%
NPAT margin	5.5%	3.6%	1.9pp

⁸ Includes impact of full consolidation of Sedgman.

⁹ Revenue excluding revenue from joint ventures and associates.

¹⁰ Margins are calculated on revenue excluding interest income of \$19.5 million in Q1-16 (Q1-15: \$25.9 million).

¹¹ Net finance costs include interest income (including from associates) net of finance costs.

APPENDIX 2

KEY FEATURES OF THE BALANCE SHEET

Unaudited (\$m)	As at 31 March 2016 ¹²	As at 31 March 2015	Percentage change
Net cash/(debt) including operating leases	(105.5)	(517.4)	(79.6)%
Equity	3,582.9	3,758.3	(4.7)%
Gearing ¹³	2.9%	12.1%	(9.2)pp
Net contract debtors ¹⁴	1,775.7	2,230.3	(20.4)%

¹² Includes impact of full consolidation of Sedgman.

¹³ Gearing is expressed as the ratio of net debt and operating leases to net debt, operating leases and shareholder's equity.

¹⁴ Net contract debtors represents the net of amounts due from customers and amounts due to customers.