

19 JULY 2016**HY16 NPAT UP 3.1% TO \$265.2M; GUIDANCE
CONFIRMED****STRONG MARGIN IMPROVEMENT, SOUND BALANCE
SHEET AND CASH FLOW PERFORMANCE****ORDER BOOK STEADILY IMPROVING WITH WIH OF
\$29.6BN**

CIMIC Group today reported a strong HY16¹ result, with further improvements to the sustainability and quality of its performance.

Net profit after tax was solid, margins improved further and a positive revenue trend emerged in the second quarter. The balance sheet and cash flow generation were sound and work in hand² steadily improved. Highlights of the HY16 result were:

- NPAT of \$265.2 million, an increase of 3.1% compared with HY15³.
- Earnings per share of 79.8 cents, an increase of 5% on HY15, boosted by the benefits of the share buy-back.
- Profit before tax and NPAT margins of 7.1% and 5.4% respectively, increases of 200 and 180 basis points on HY15.
- Revenue⁴ of \$4.9 billion, with growth of 5.6% in the second quarter compared with the first quarter.
- Consistent, positive balance sheet development, with net cash (excluding operating leases)⁵ of \$534.6 million, an increase of \$179.5 million on 30 June 2015.
- Operating cash flow generation of almost \$1.2 billion in the 12 months to 30 June 2016.
- Free operating cash flow⁶ generation of nearly \$830 million in the 12 months to 30 June 2016.
- New work⁷ won of \$6.8 billion, bringing WIH to \$29.6 billion, an increase of nearly 2% on 31 December 2015.
- Guidance confirmed for FY16 NPAT in the range of \$520 million to \$580 million, subject to market conditions.

The Board resolved to pay a 100% franked interim dividend of 48 cents per share, an increase of 4.3% on HY15, payable on 5 October 2016.

¹ The six month period ended 30 June 2016.

² Work in hand (WIH) includes CIMIC's share of work in hand from joint ventures and associates.

³ The six month period ended 30 June 2015.

⁴ Excluding interest income and revenue from joint ventures and associates.

⁵ Operating leases of \$523 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.

CIMIC Executive Chairman and Chief Executive Officer Marcelino Fernández Verdes said: “The quality of CIMIC Group’s result further improved during the period, reflecting the ongoing benefits of our transformation strategy.

“Through improvements in project delivery and risk management we steadily increased margins. In the second quarter, our revenue returned to growth showing a positive emerging trend that we expect will continue.

“With a sound balance sheet and increased net cash we are in a position to pursue growth organically as well as through PPPs and other investment opportunities.

“Our continued focus on sustainable, cash-backed profit is reflected in our generation of operating cash flow of almost \$1.2 billion during the 12 months to 30 June 2016.”

The Group secured new work of \$6.8 billion, improving the quality of the order book through a disciplined approach to pre-contract risk assessment. There was a positive trend in WIH for the Group’s core activities, with Construction up 5.8% and Mining and mineral processing up 4.4% on 31 December 2015. Total WIH was \$29.6 billion at 30 June 2016.

New work secured included coal mining in Indonesia (to generate revenue of \$180 million); level crossing removals in Victoria (\$500 million); light rail in Queensland (\$200 million) and in Canberra (\$600 million⁸); a retail and hospitality development in India (\$223 million); and a columbarium in Hong Kong (\$320 million).

Mr Fernández Verdes said: “We have a steadily improving level of work in hand as public and private clients in our regions continue to invest in substantial infrastructure plans. Looking forward, there are more than \$25 billion of projects to be tendered and awarded in the remainder of the year that are relevant to CIMIC and there are a further \$250 billion of opportunities coming to the market in 2017 and beyond.

“This robust pipeline provides opportunities for CIMIC to contribute our financial strength, civil and mining engineering capabilities and major project and PPP expertise. We are also pursuing new opportunities, expanding within our existing and complementary markets.”

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, at 30 June 2016, employed approximately 43,500 people directly and through its investments.

⁸ \$300 million over the design and construction period and \$300 million over the 20-year concession period.