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RE: 2016 NPAT OF \$580.3M, UP 11.5%, AT TOP END OF GUIDANCE RANGE

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

8 FEBRUARY 2017**2016 NPAT OF \$580.3M, UP 11.5%, AT TOP END OF GUIDANCE RANGE****CASH FLOWS FROM OPERATING ACTIVITIES¹ OF \$1.2BN, AN EBITDA CONVERSION RATE OF 110%****NET CASH² OF \$409.3M AFTER NET INVESTMENTS OF \$1.0BN³****REVENUE⁴ UP 17.8% (10.3% EXCL. UGL) IN 4Q16 VERSUS 3Q16****WORK IN HAND⁵ OF \$34.0BN AND ROBUST PIPELINE****GUIDANCE FOR 2017 NPAT OF \$640M TO \$700M, UP 10% TO 21%**

CIMIC Group today reported sustainable, cash-backed profits for the 12 months to 31 December 2016, including an improved operating performance, strong cash flows and balance sheet, and a solid level of work in hand.

Highlights of the 2016 results compared with 2015 were:

- Net profit after tax of \$580.3 million, up 11.5%, at the top end of the guidance range. NPAT margin⁶ of 5.3%, up 140 basis points. \$9.0 million net negative impact of one-offs on NPAT⁷.
- Earnings per share (basic) of 176.6 cents, up 14.9% (compared to an 11.5% increase in NPAT), boosted by the benefits of the share buy-back⁸.
- Strong cash flows from operating activities of \$1.2 billion, an EBITDA conversion rate of 110%.
- Net cash of \$409.3 million after net investments of \$1.0 billion, including the share buy-back program, the acquisition of shares in UGL⁹, Sedgman and Devine, and the divestment of Nextgen. Net cash would have been approximately \$1.4 billion, if adjusted for these items.
- A positive revenue trend, up 17.8% (10.3% excluding UGL) in 4Q16 versus 3Q16.
- The strategic acquisition of leading diversified services company UGL, expanding CIMIC's capabilities and providing an additional platform for growth.
- Solid WIH of \$34.0 billion, boosted by the acquisition of UGL (UGL contributed \$4.9 billion to WIH, of which over 75% is recurring), and a robust project pipeline.
- Guidance for 2017 NPAT in the range of \$640 million to \$700 million (up 10% to 21%), subject to market conditions.

¹ Cash flows from operating activities is defined as the cash inflow from operating activities before interest, finance costs, tax and dividends received.

² Excluding operating leases.

³ Share buy-back program (\$425.9 million); the net impact of the purchase of UGL of \$701.4 million; the net impact of the purchase of shares in Sedgman and Devine, less the cash acquired from the consolidation of Sedgman, of \$76.9 million; and Nextgen proceeds of \$180.8 million.

⁴ Revenue excludes revenue from joint ventures and associates and interest income.

⁵ WIH includes CIMIC's share of WIH from UGL, joint ventures and associates.

⁶ Margin calculated on revenue as defined.

⁷ \$9.0 million net negative impact of one-offs post tax, consists of Nextgen of \$52.5 million; Sedgman gain \$32.6 million; onerous leases (incl. 177 Pacific Highway) \$(46.8) million; Devine and other \$(47.3) million.

⁸ \$425.9 million invested in share buy-back during 2016, as at 31 December 2016, 14,249,466 shares (representing 4.2% of total CIMIC shares outstanding) had been bought back. Shares subject to buy-back are cancelled

⁹ UGL consolidated from 24 November 2016.

CIMIC Executive Chairman Marcelino Fernández Verdes said: “CIMIC performed strongly during 2016, winning and delivering profitable work, executing a share buy-back and completing two acquisitions to achieve enhanced returns for shareholders and a strong platform for future growth. Our performance was reflected in a 43.8% increase in CIMIC’s share price during the year. Combining the share price appreciation and dividends paid in 2016, CIMIC delivered a total shareholder return of 48%.”

In December 2016, CIMIC announced a further on-market share buy-back of up to 10% of its fully paid ordinary shares over 12 months.

The Board has declared a 100% franked final dividend of 62 cents per share to be paid on 4 July 2017. Total 2016 dividends were 110 cents per share (\$357 million in total), a 14.6% increase compared to 2015.

CIMIC Chief Executive Officer Adolfo Valderas said: “CIMIC had a very successful year in 2016 and we have a bright outlook for 2017 and beyond.

“We secured several large projects around the globe, entrenching our position as a leader in the delivery of complex infrastructure, mining and minerals, services and PPP projects, and we expanded our offering into new geographies and markets.”

During 2016 CIMIC announced several important wins including construction of the Canberra Light Rail Stage One in the Australian Capital Territory (a PPP project), the removal of certain level crossings in Victoria, and the construction of the Tseung Kwan O – Lam Tin Tunnel in Hong Kong. In mining and mineral processing, CIMIC diversified by geography and commodity, winning new work in North and South America, specifically Canada and Chile. In services, major contracts acquired with UGL included metro rail network operations and maintenance in New South Wales and Victoria, freight rail and naval ship maintenance, water, and asset management services across LNG, oil and gas, and power.

Mr Valderas said: “The transformation of our operations, culture and structure during the past two years has improved our competitive position and, due to our enhanced cash position, we have been able to pursue growth opportunities including the net investment of \$1 billion. Our balance sheet remains strong, with a good level of net cash providing continued flexibility for the next phase of growth.”

On 24 January 2017, CIMIC announced an offer to acquire the shares in Macmahon that it did not already own through an unconditional off-market takeover offer. CIMIC has been an investor in Macmahon since June 2007 and owns 22.98% of Macmahon as at 7 February 2017. It follows the recent acquisition of UGL and, in early 2016, mineral processing company Sedgman.

Mr Fernández Verdes said: “The integration of UGL is underway and there are significant opportunities to extend the provision of services across CIMIC Group’s operations. We anticipate strong growth in services, particularly in road and rail infrastructure, oil and gas, water, defence and renewable energy.

“In 2017, we expect to increase our NPAT by 10% to 21% on 2016 to deliver NPAT in the range of \$640 million to \$700 million. We have a solid basis for growth and our strategic acquisitions provide a platform for further expansion. We will continue to further diversify by commodity and geography, and maintain our focus on risk management and achieving sustainable cash-backed profits.”

Looking ahead, public and private clients in CIMIC’s markets of operation are continuing to invest, providing exciting opportunities for CIMIC to contribute its civil, mining, mechanical, electrical and services capabilities, and its PPP, project and operational experience.

Around \$100 billion of tenders, relevant to CIMIC, have been identified for 2017 and there are in the order of \$250 billion of projects coming to the market in 2018 and beyond.

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 and South America and Sub-Saharan Africa and, as at 31 December 2016, employed approximately 50,500 people directly and through its investments.