

# ANALYST AND INVESTOR PRESENTATION



## 1Q RESULTS 2018

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Michael Wright, Chief Executive Officer

Stefan Camphausen, Chief Financial Officer

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Genex Power's Kidston Solar Farm, Queensland, UGL

17 April 2018

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# 1Q18 financial highlights



## 1Q18 NPAT up 7% YOY to \$172m

- ✓ Revenue<sup>1</sup> of \$3.2bn up 7% YOY, with solid contributions from all core businesses
- ✓ Strong EBIT, PBT and NPAT margins<sup>2</sup> of 7.8%, 7.3% and 5.3% respectively

## Cash flows from operating activities<sup>3</sup> of \$118m, up 17% YOY

- ✓ EBITDA conversion of 100% in LTM
- ✓ Cash flow from operating activities of \$1.5bn in LTM
- ✓ Free operating cash flow<sup>4</sup> of \$1.1bn in LTM
- ✓ Maintained focus on managing working capital and generating sustainable cash backed profits

## Strong net cash position of \$912m, up by \$634m YOY

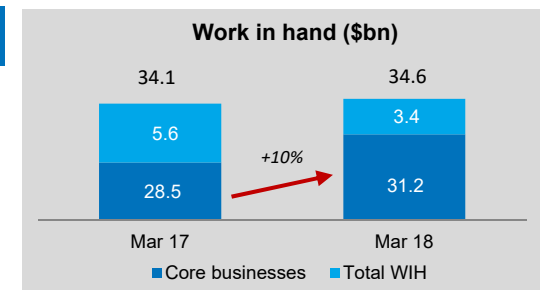
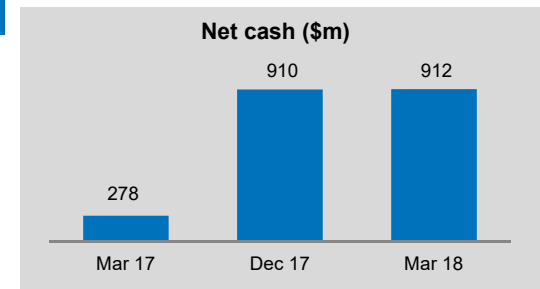
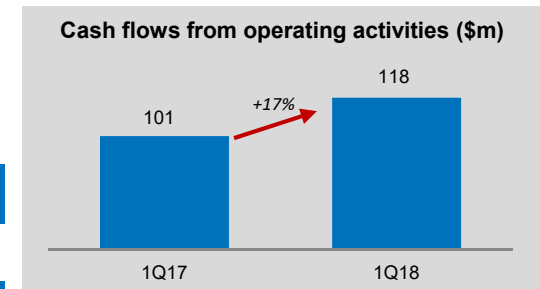
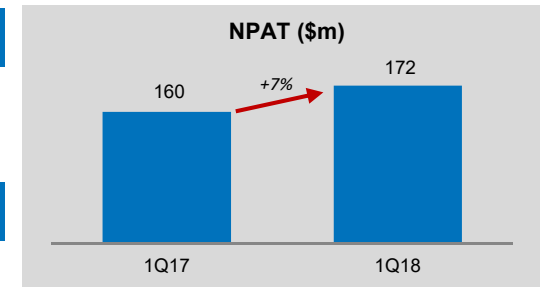
- ✓ \$2.5bn of undrawn debt facilities at end of March 2018

## Work in hand<sup>5</sup> of \$34.6bn, equivalent to over two years' revenue

- ✓ Work in hand in core businesses up by \$2.7bn YOY or 10%
- ✓ New work<sup>6</sup> of \$2.6bn awarded in 1Q18; disciplined bidding maintained
- ✓ Extensive project pipeline in our key markets/activities provides business opportunities
- ✓ **\$100bn** of tenders relevant to CIMIC to be bid and/or awarded in 2018, and around **\$300bn** of projects are coming to the market in 2019 and beyond, including about **\$80bn** worth of PPP projects

## FY18 NPAT guidance confirmed, \$720m-\$780m, up 3%-11% YOY subject to market conditions

- ✓ Positive outlook for key markets supports guidance: construction and services boosted by expanding PPP pipeline; mining further strengthens
- ✓ Sound balance sheet provides flexibility to pursue strategic growth initiatives, capital allocation opportunities and to sustain shareholder returns
- ✓ Continue to develop safety and performance culture and deliver additional client value through leveraging collaboration opportunities

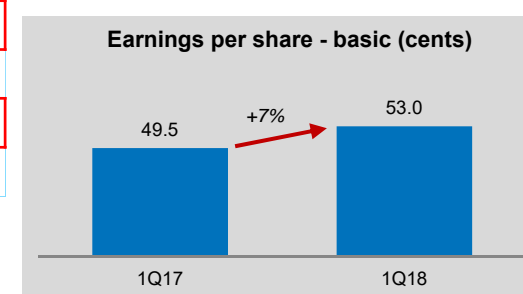
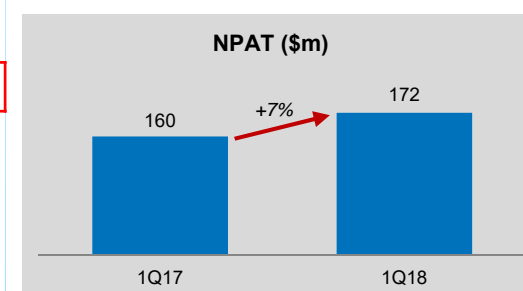
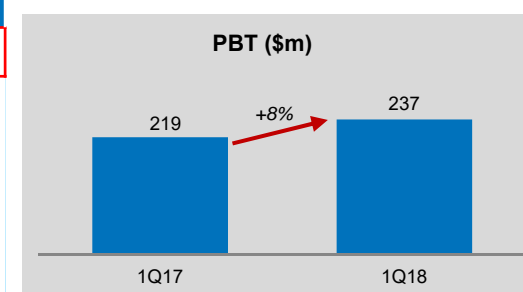
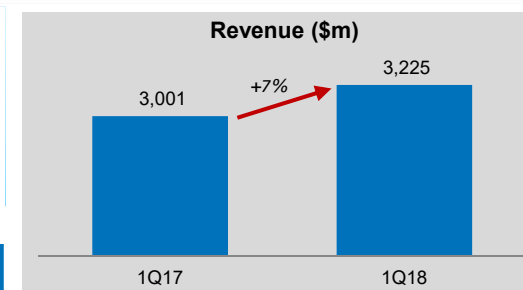


# Solid 1Q18 operating performance



- ✓ Revenue of \$3.2bn up 7% YOY; all core businesses contributing
- ✓ Strong EBIT, PBT and NPAT margins of 7.8%, 7.3% and 5.3% respectively
- ✓ NPAT of \$172m for 1Q18, up 7% YOY
- ✓ No significant one-off impacts

Financial performance (\$m)	1Q17	1Q18	Chg. %
<b>Revenue</b>	<b>3,001.4</b>	<b>3,225.0</b>	<b>7.4%</b>
<b>EBITDA</b>	<b>343.0</b>	<b>368.4</b>	<b>7.4%</b>
<i>EBITDA margin</i>	11.4%	11.4%	-
D&A	(113.5)	(115.3)	1.6%
<b>EBIT</b>	<b>229.5</b>	<b>253.1</b>	<b>10.3%</b>
<i>EBIT margin</i>	7.6%	7.8%	20bp
Net finance costs	(10.1)	(16.2)	60.4%
<b>Profit before tax</b>	<b>219.4</b>	<b>236.9</b>	<b>8.0%</b>
<i>PBT margin</i>	7.3%	7.3%	-
Income tax	(61.7)	(68.7)	11.3%
<i>Effective tax rate</i>	28.1%	29.0%	90bp
Non-controlling interests	2.6	3.8	46.2%
<b>NPAT</b>	<b>160.3</b>	<b>172.0</b>	<b>7.3%</b>
<i>NPAT margin</i>	5.3%	5.3%	-
<b>EPS (basic)</b>	<b>49.5c</b>	<b>53.0c</b>	<b>7.1%</b>



# Strong cash flow generation and EBITDA conversion



## Cash flows from operating activities of \$118m in 1Q18 and \$1.5bn in LTM

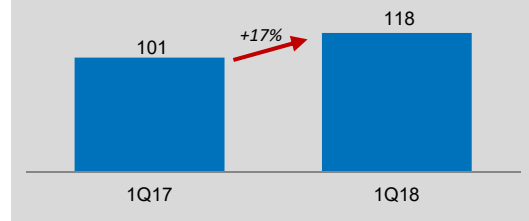
- ✓ EBITDA cash conversion of 100% in LTM
- ✓ Maintained focus on managing working capital and generating sustainable cash backed profits
- ✓ Free operating cash flow of \$1.1bn generated in LTM

EBITDA conversion (\$m)	1Q17	1Q18	Chg %	LTM
Cash flows from operating activities (a)	100.8	118.2	17.3%	1,540.8
EBITDA (b)	343.0	368.4	7.4%	1,539.1
EBITDA conversion (a)/(b)	29%	32%		100%

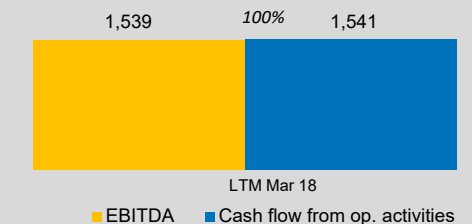
  

Cash flow (\$m)	1Q17	1Q18	Chg %	LTM
Cash flows from operating activities	100.8	118.2	17.3%	1,540.8
Interest, finance costs, taxes and dividends received	(59.7)	(33.9)	(43.2)%	(135.2)
Net cash from operating activities	41.1	84.3	105.1%	1,405.6
Gross capital expenditure <sup>7</sup>	(99.7)	(107.0)	7.3%	(431.4)
Gross capital proceeds <sup>8</sup>	6.1	2.1	(65.6)%	114.6
Net capital expenditure	(93.6)	(104.9)	12.1%	(316.8)
Free operating cash flow	(52.5)	(20.6)	(60.8)%	1,088.8

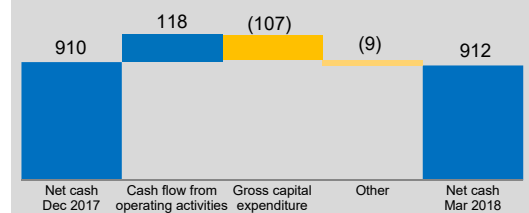
## Cash flows from operating activities (\$m)



## EBITDA conversion (\$m)



## Movement in net cash (\$m)



# Robust financial position with net cash of \$912m



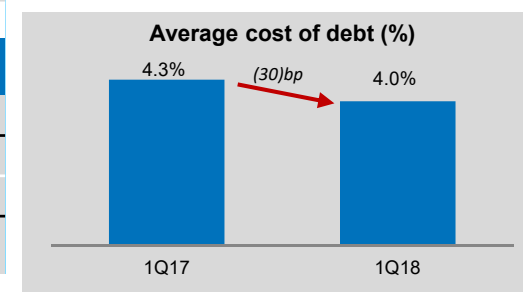
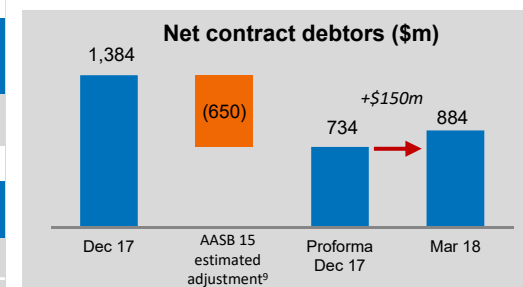
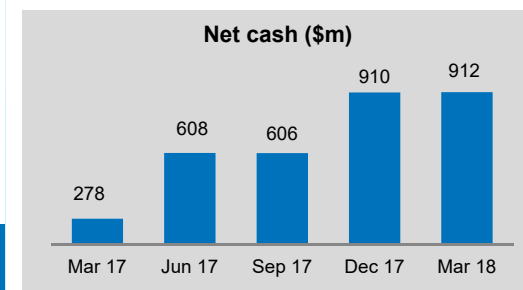
- ✓ Net cash of \$912m, up by \$634m YOY
- ✓ Net contract debtors variation in March 2018 similar to prior year<sup>9</sup>
- ✓ \$675m contract debtors portfolio provision remains unchanged
- ✓ Cost of debt down 30bp YOY to 4.0%
- ✓ \$2.5bn of undrawn debt facilities at end of March 2018

Net cash/(debt) (\$m)	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018
<b>Net cash/(debt)</b>	<b>277.9</b>	<b>607.5</b>	<b>606.4</b>	<b>910.4</b>	<b>911.8</b>
Operating leases	(459.0)	(450.4)	(433.9)	(538.6)	(513.9)
Net cash/(debt) (incl. op. leases)	(181.1)	157.1	172.5	371.8	397.9

Net contract debtors (\$m)	Dec 2017	Mar 2018
Net contract debtors <sup>9</sup>	733.8	884.0

Finance cost detail (\$m)	1Q17	1Q18
Debt interest expenses	(19.2)	(18.0)
Facility fees, bonding and other costs <sup>10</sup>	(7.9)	(10.4)
Total finance costs	(27.1)	(28.4)
Interest income	17.0	12.2
<b>Net finance costs<sup>11</sup></b>	<b>(10.1)</b>	<b>(16.2)</b>

Finance cost detail (\$m)	1Q17	1Q18
Debt interest expenses (a)	(19.2)	(18.0)
Gross debt <sup>12</sup> at period end	1,265.7	968.7
Gross debt period average (b)	1,767.1	1,820.3
<b>Average cost of debt <math>\frac{(-a) \times 4}{b}</math></b>	<b>4.3%</b>	<b>4.0%</b>



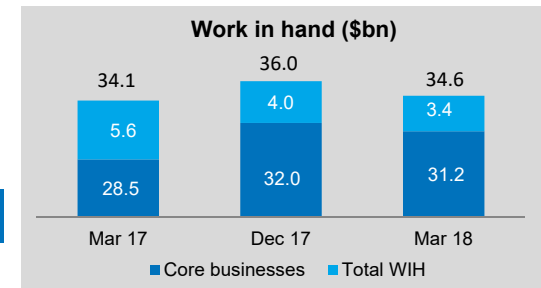
# Solid WIH in core businesses with extensive pipeline

## Work in hand of \$34.6bn, equivalent to over 2 years' revenue

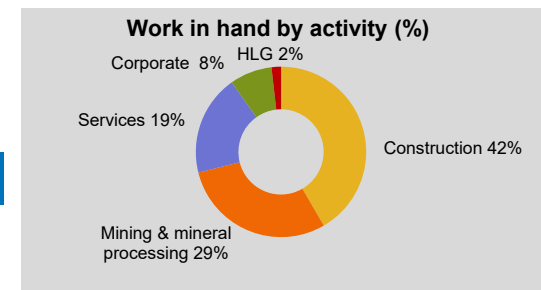
- ✓ New work of \$2.6bn awarded in 1Q18; disciplined bidding maintained
- ✓ Work in hand in core businesses up by \$2.7bn YOY or 10%
- ✓ Several major contract wins YTD, domestically and internationally, including:
  - Tailem Bend Solar Farm in South Australia
  - Gunyama Park Aquatic and Recreation Centre in NSW
  - Mining services at Mt Arthur and Mt Owen in NSW and Dawson South in QLD
  - Mining services at Wahana, Satui and Senakin in Indonesia
  - Cavite Laguna Expressway in the Philippines
  - Asset management related services at BP fuel terminals across Australia

## Extensive pipeline across all core businesses

- ✓ Relevant to CIMIC, at least **\$100bn** of tenders to be bid and/or awarded in 2018, and around **\$300bn** of projects are coming to the market in 2019 and beyond, including about **\$80bn** worth of PPP projects
- ✓ Some major projects that CIMIC is currently bidding include:
  - WestConnex PPP investment in NSW
  - Snowy Hydro 2.0 in NSW
  - Sydney Metro (construction and O&M) in NSW and Melbourne Metro Rail link in VIC
  - Outer Suburban Arterial Roads package 3 PPP in VIC
  - Cross River Rail PPP in QLD
  - Central Kowloon Route (Yau Ma Tei West) in Hong Kong
  - Cross Bay Link – Arch Bridge Installation in Hong Kong
  - Mining and processing opportunities in NSW, QLD and WA
  - Various mining projects in Canada and Chile as well as the Jwaneng expansion project in Botswana
  - Rail rolling stock procurement and maintenance work opportunities in NSW



Work in hand (\$m) as at	Mar 17	Mar 18	Chg %	Dec 17
Construction	14,279	14,407	1%	14,929
Mining & mineral processing	9,054	10,200	13%	10,445
Services	5,176	6,610	28%	6,663
<b>Core businesses</b>	<b>28,509</b>	<b>31,217</b>	<b>10%</b>	<b>32,037</b>
HLG	1,484	621	(58)%	842
Corporate <sup>13</sup>	4,153	2,777	(33)%	3,131
<b>Total work in hand</b>	<b>34,146</b>	<b>34,615</b>	<b>1%</b>	<b>36,010</b>



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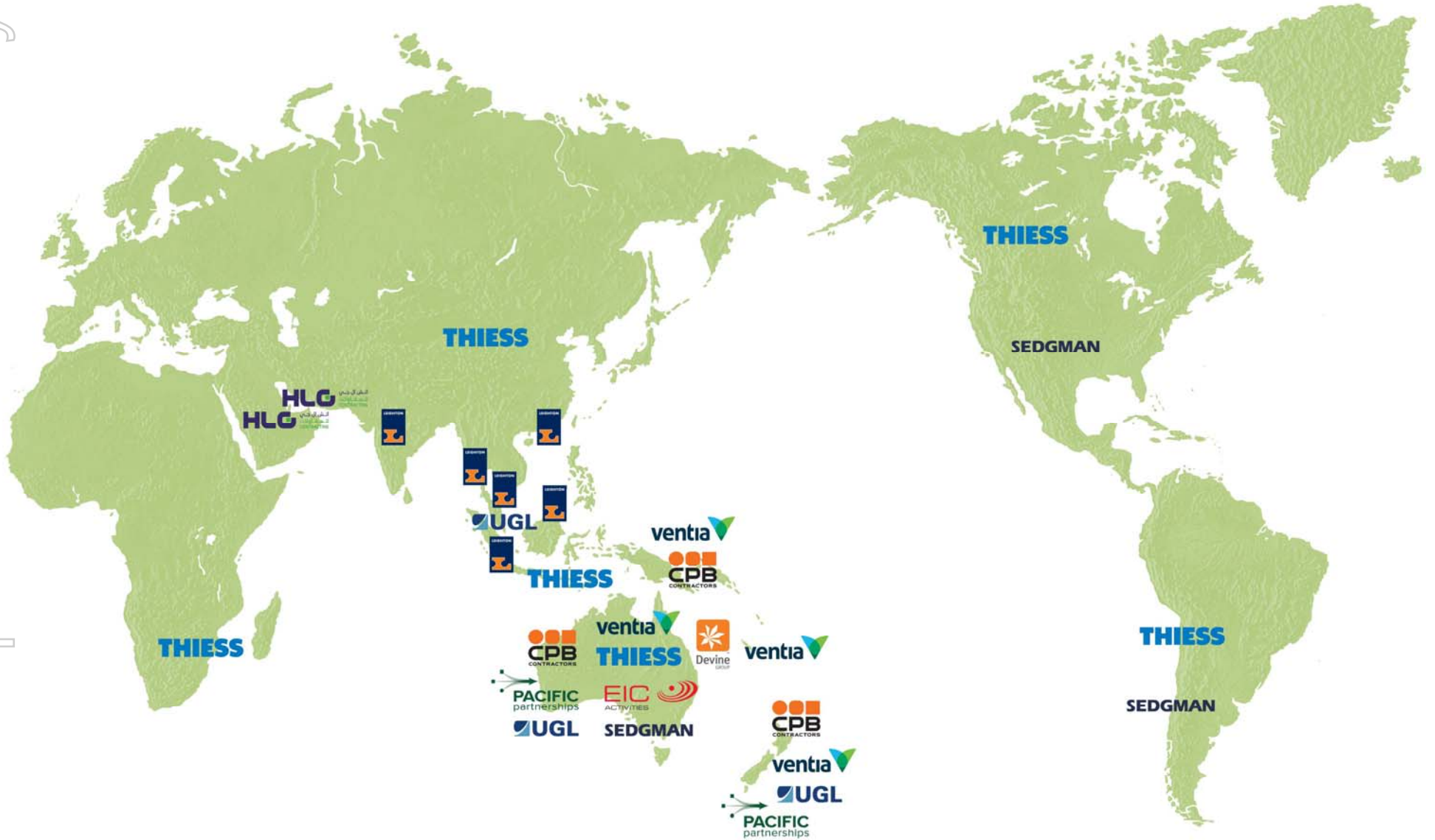


# APPENDICES



# Group market position

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**CIMIC Group Limited (ASX: CIM)** is a world-leading infrastructure, mining, services and public private partnerships group. We have businesses in construction (CPB Contractors and Leighton Asia), mining and mineral processing (Thiess and Sedgman), operation and maintenance services (UGL), public private partnerships (Pacific Partnerships) and engineering (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 more than 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.

## CONSTRUCTION



**CPB CONTRACTORS** is a leading international construction contractor with operations spanning Australia, New Zealand, Asia, India and Papua New Guinea. CPB Contractors delivers projects spanning all key sectors of the construction industry, including roads, rail, tunnelling, defence, building and resources infrastructure.

The company works with clients across a range of delivery models, including public private partnerships in conjunction with CIMIC Group's Pacific Partnerships, design and construct, construct only, construction management, and in alliances and joint ventures.

CPB Contractors combines the design and construction expertise and track record formerly delivered by Leighton Contractors and Thiess in Australia and New Zealand. It includes the people and projects of **LEIGHTON ASIA**, the contractor behind some of Asia's most complex projects.

## MINING



**THIESS** is the world's largest mining services provider. The team offers the widest range of in-house surface and underground mining capabilities across Australia, Botswana, Canada, Chile, Indonesia, and Mongolia. Thiess' expertise spans most of the world's commodities including metallurgical and thermal coal, copper, diamonds, gold, iron ore, lignite, nickel and oil sands. From fully-resourced, end-to-end solutions, to targeted services, to supporting clients' in-house teams, the focus is on flexibility that delivers value for our clients. The team understands how to optimise resources over the mining lifecycle and how to manage market changes and evolving requirements, tailoring Thiess' services to optimise the mining value chain unique to each mine.

## MINERAL PROCESSING



**SEDGMAN** is a market leader in the design, construction and operation of mineral processing plants and associated minesite infrastructure. With a track record in successful project and operation delivery, Sedgman is focused on realising value for clients through excellence in engineering and innovative solutions.

From pre-feasibility and commissioning through to operations, Sedgman has completed close to 200 processing and materials handling projects in diverse and remote locations globally. Sedgman has a balanced commodity portfolio across base and precious metals, industrial minerals, coal and iron ore, as well as associated minesite infrastructure.

## SERVICES



**UGL** is CIMIC Group's specialist end-to-end asset solutions provider. Our team creates value by applying whole-of-life expertise to the entire value chain of design, construct, commission, manufacture, operate, maintain, upgrade, overhaul and manage. Our standalone offer, through to our partnerships with complementary capabilities across the CIMIC Group, alongside our dynamic differentiator for Public Private Partnerships, present distinct advantages for clients seeking to maximise the value of their assets, and the experience of their customers.

## PUBLIC PRIVATE PARTNERSHIPS



**PACIFIC PARTNERSHIPS** develops, invests in and manages infrastructure concession assets, leveraging CIMIC Group's financial strength and Operating Company capabilities. Pacific Partnerships offers clients seamless value for money solutions for the finance, design, construction, operations and maintenance of key infrastructure under public private partnership (PPP) and build own operate transfer (BOOT) structures. CIMIC has been responsible for the delivery of more than 20 PPPs with a value of over \$32 billion.

## ENGINEERING



**EIC ACTIVITIES** is CIMIC Group's engineering and technical services business. Its engineering and risk mitigation expertise provides a competitive advantage for winning and delivering profitable projects that also generate value for clients. Leading innovation, EIC Activities provides all Operating Companies with access to the Group's collective experience, technical capabilities and leading edge technology applications. EIC Activities brings engineering experts, technical solutions, lean practices and global industry developments – equipping tender and project teams with more levers to innovate, mitigate risk, add value and drive performance.

## OTHER INVESTMENTS



59.1%



46.9%



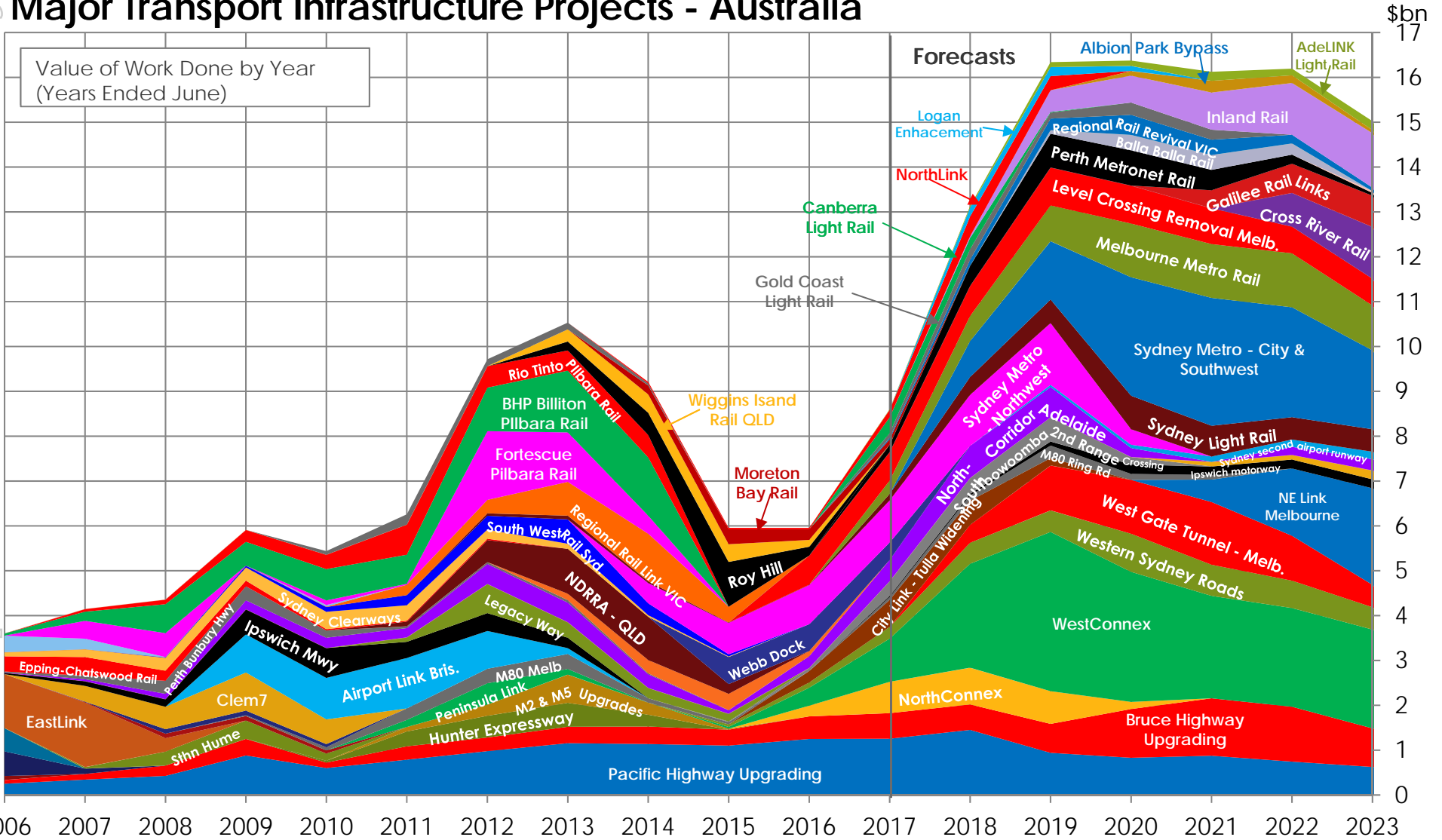
45.0%

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# Australian construction outlook – market opportunities



## Major Transport Infrastructure Projects - Australia



Source: Macromonitor – Australian Construction Outlook Overview, January 2018

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# F/X rates



End of the period	Mar 2017	Mar 2018	Chg. \$	Chg. %	Dec 2017
AUD/USD	0.77	0.78	0.01	1.3%	0.78
AUD/EUR	0.72	0.63	(0.09)	(12.5)%	0.65
Period average	1Q17	1Q18	Chg. \$	Chg. %	FY17
AUD/USD	0.76	0.78	0.02	2.6%	0.76
AUD/EUR	0.71	0.63	(0.08)	(11.3)%	0.68

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<sup>1</sup>Revenue excludes revenue from joint ventures and associates of \$752.6m (1Q17: \$643.1m)

<sup>2</sup>Margins are calculated on revenue which excludes revenue from joint ventures and associates

<sup>3</sup>Cash flows from operating activities before interest, finance costs, taxes and dividends received

<sup>4</sup>Free operating cash flow is defined as net cash from operating activities less net capital expenditure for property, plant and equipment

<sup>5</sup>WIH includes CIMIC's share of work in hand from joint ventures and associates

<sup>6</sup>New work includes new contracts and contract extensions and variations including the impact of foreign exchange rate movements

<sup>7</sup>Gross capital expenditure is payments for property, plant and equipment

<sup>8</sup>Gross capital proceeds are proceeds received from the sale of property, plant and equipment

<sup>9</sup>Net contract debtors represents the net of amounts due from customers and amounts due to customers. The AASB 15 estimated adjustments disclosed at 31 December 2017 remain as estimates.

<sup>10</sup>Relates to the \$2.9bn of working capital facilities of which \$2.5bn is undrawn at 31 March 2018 and bank bonding commitment fees

<sup>11</sup>Net finance costs include interest income and finance costs

<sup>12</sup>Total interest bearing liabilities

<sup>13</sup>Corporate work in hand includes work in hand mainly from Commercial and residential and CIMIC's share on investments such as Ventia.

#### Definitions

✓ 1Q18, 2Q18, 3Q18 & 4Q18 – Three months to March 2018, June 2018, September 2018 and December 2018 respectively

✓ bn – Billion

✓ bp – Basis points

✓ D&A – Depreciation and amortisation

✓ EBIT – Earnings before net finance costs and tax

✓ EBITDA – Earnings before net finance costs, tax, depreciation and amortisation

✓ EPS – Earnings per share (basic)

✓ FY – Full year from January to December

✓ HY – Half year from January to June

✓ LTM – Last 12 months

✓ m – Million

✓ NPAT – Net profit after tax

✓ PBT – Profit before tax

✓ PPP – Public Private Partnership

✓ QOQ – Quarter on Quarter

✓ WIH – Work in hand

✓ YOY – Year on year

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