



**OHL**

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# Results Presentation 1H16

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29<sup>th</sup> July 2016



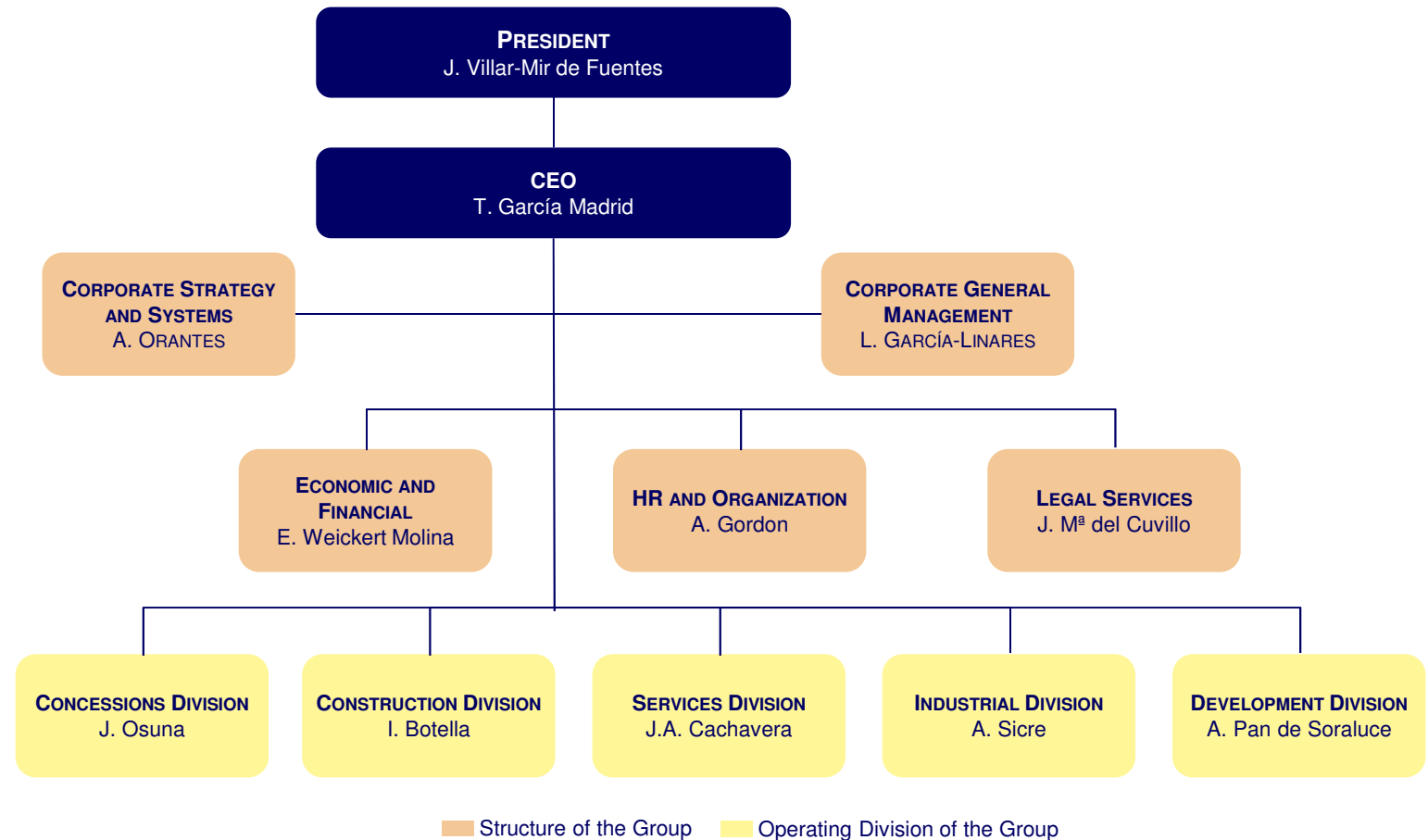


## Key Challenges

- 1 Finalize and definitely settle the “**Legacy Projects**”
- 2 Strong commitment to **reduce Corporate Debt**
- 3 **Pre-fund Equity Commitments** for the concession projects awarded in LatAm
- 4 **Improve the integration between Construction and Concessions divisions** to create synergies
- 5 Ensure as soon as possible the **feasibility of OHL Industrial**
- 6 Continue to improve the implementation of **Corporate Governance** principles

# New management fully aligned with the Strategic Plan principles

- Appointment of Juan Villar-Mir as Chairman reiterating the **support from OHL's largest shareholder**
- **Continuity of top management** reinforced with the leadership of new CEO
- All business divisions **reporting to new CEO**
- New CEO fully **committed with Strategic Plan principles**
  - Cash flow generation
  - Strengthening of risk control mechanisms
  - Focus on Home Markets
  - Strict financial discipline



**New organizational structure to continue with the implementation of the Strategic Plan**



Clear vocation to maintain the Strategic Plan principles

Objective to restore confidence and maximize value creation

Priority in generating sustainable cash flow

## Engineering & Construction

- Focus on our **Home Markets**
- Increase the **projects average size** in those geographies where we have a consolidated presence and we can control the risks associated
- **Sustainable cash flow generation**
- EBITDA **conversion rate** in cash at least of 75%
- **Strengthen human capital**
- Enhance the figure of **Project Managers**

## Concessions

- **Pure promoter** and developer of new greenfield concessions
- **There is no vocation to be operators** of brownfield assets
- Active policy to **rotate current concessions portfolio**
- Our priority is to develop concessions and rotate them to **maximize shareholders return**

## Developments

- Three **excellent projects**: Mayakobá, Canalejas and Old War Office
- **Equity commitments** for this projects are **substantially disbursed**
- **Equity** expenses on futures projects should be similar to **developer fees** and **margin** generated during **construction**
- **Self-finance policy for future growth**, preventing the drain of financial resources from the group

## Measures Adopted by OHL

### Strategic Plan Implementation

- ✓ Appointment of **Juan Villar-Mir and Tomas García Madrid as Chairman and CEO** respectively
- ✓ Commitment to continue with the **implementation of the Strategic Plan** principles having the support of new management
- ✓ **Construction division increasing presence in Home Markets** (87% of short term backlog), mainly in US
- ✓ **New concessions awarded** in Home Markets: Camino Nogales in Chile, Evitamiento Chimbote and La Molina-Angamos in Peru

### Commitment with Financial Policy

- ✓ **Sale of 7% stake in Abertis** to reinforce our commitment to **reduce leverage and to strengthen our concession business**
- ✓ **Substantial elimination of financing exposure to margin calls**
- ✓ **Successful asset rotation policy** (i.e. Abertis, Metro Ligero Oeste, construction concessions)

### OHL Mexico

- ✓ The Mexican CNBV confirmed the **absence of any wilful intent, fraud or damage** to the financial system on the part of OHL México and its executives
- ✓ **Accounting treatment of guaranteed return** remains unchanged supplemented with unaudited proforma disclosure
- ✓ Appointment of **new top management**



# Strengthening our concession business

June 2016

Secondary ABB of



Shares on behalf of



for

€815,000,000

## SOURCES

Abertis 7% stake €815m

## USES

Partial Repayment Abertis Margin Loan €421m

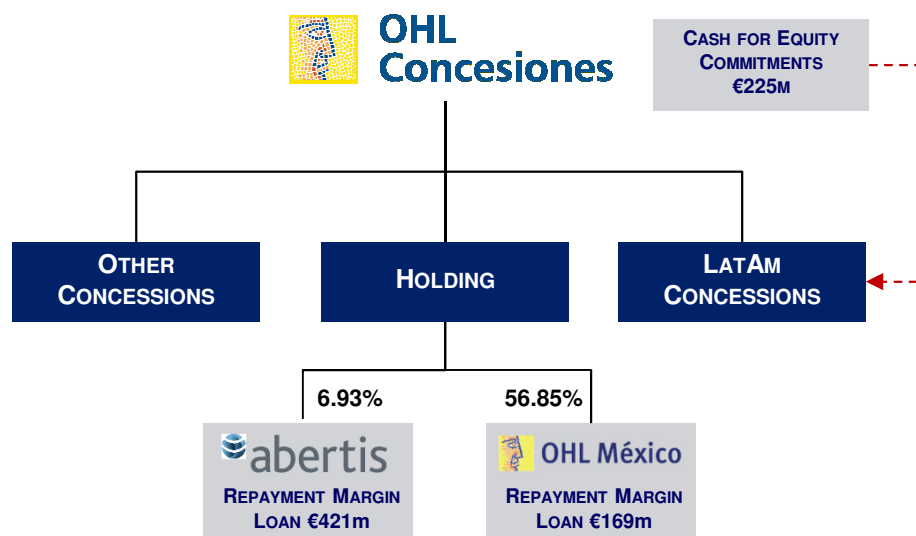
Repayment OHL Mexico Margin Loan €169m

Equity new concessions <sup>1</sup> €225m

**Total Uses €815m**

## TRANSACTION OVERVIEW & RATIONALE

- **OHL Concesiones sold a 7% stake in Abertis for €815m.** Net proceeds used to partially repay the margin loan backed by Abertis stake, to fully repay the margin loan backed by OHL Mexico shares and to finance concessions in LatAm
- Based on a **prudent and conservative financial policy**, OHL decided to execute the transaction based on the following considerations:
  - Extremely volatile market situation and huge uncertainty on potential further deterioration of market conditions as a consequence of Brexit
  - Political uncertainty in Spain after elections
  - Limited impact on Abertis' shares after Brexit results (-6.3% Abertis vs. -12.4% Ibex-35)
  - Positive perception from rating agencies and improvement of credit quality
  - Significant capital gains of €115m achieving an attractive exit IRR of 29%
  - Continue maintaining a significant stake in Abertis



**MOODY'S**

Rating: B2

Outlook: Stable

"The transaction is **credit positive** for OHL because it will use most of the proceeds to repay existing margin loans at OHL Concesiones, thereby **mitigating liquidity risks** at OHL. Additionally, the transaction suggest OHL is adopting a somewhat more **conservative financial policy**








The repayment of the margin loan on the OHL Mexico shares and the partial payment of the margin loan on Abertis will **substantially reduce the risk of margin calls**. Liquidity risks on the remaining margin loan of approximately €266 million on Abertis appear to be manageable for OHL Concesiones"

June 30<sup>th</sup>, 2016

# Enhanced capital structure with solid performance negatively affected by FX

## 1H 2016 Financials

## YoY Growth

Revenues €2,076m	+7.9%	➡	 <b>Positive performance across divisions</b> Strong performance of construction business
EBITDA €385m	(10.5%)	➡	<div>  <b>CONSTRUCTION</b>                          Lower margins but with higher cash conversion                     </div> <div>  <b>CONCESSIONS</b>                          Negative FX impact                          +14.5% constant FX                     </div>
Concessions Cash EBITDA €138m	(1.4%)	➡	 Positive performance driven by strong traffic growth +8.8% assuming constant FX
Attributable Net Income €3m	(94.3%)	➡	 Impact from <b>extraordinary results in CHUM &amp; Doha</b> Negative <b>FX</b> impact Construction margins from <b>legacy projects</b>
Total Net Debt €3,510m	(12.4%)	➡	 <b>More conservative financial structure</b> Proceeds to fund future equity commitments Improvement in WK consumption vs. Q1
Non-Recourse Net Debt €2,674m	(26.3%)	➡	 <b>Significant reduction of exposure to margin calls</b> 50% debt decrease at OHL Concesiones holding level

## Key Highlights

1H 2016  
Revenues

€1,555m

YoY  
Growth

+13.6%

1H 2016  
EBITDA

€45m

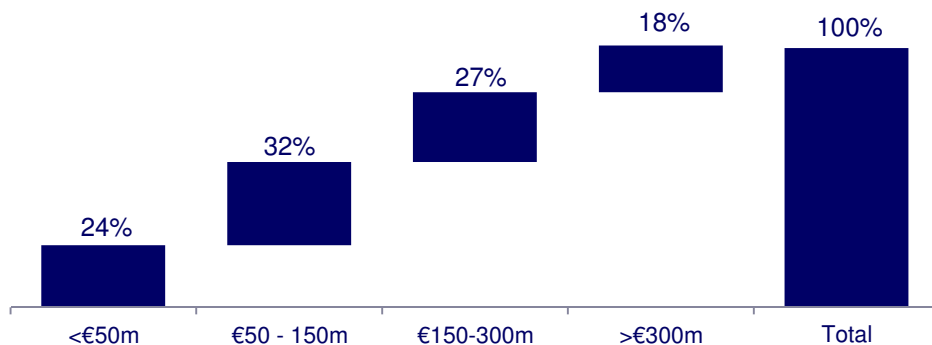
YoY  
Growth

(57.1%)

- Improving quality of earnings increasing the exposure to developed countries while having a more balanced portfolio
- EBITDA margin impacted by legacy projects, delays in concessions projects and strong exposure to US market (40.8% of total production during the period in US)

## Balanced average project size <sup>1</sup>

Better risk control and projects rotation to improve cash conversion

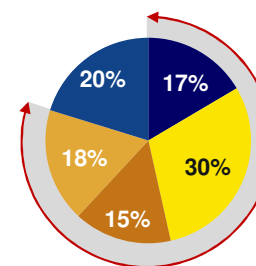


## Progressive shift of revenues towards Home Markets

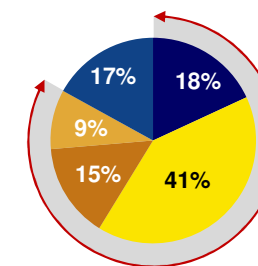
83% of 1H 2016 revenues from Home Markets

1H 2015

1H 2016



Home  
Markets  
80%

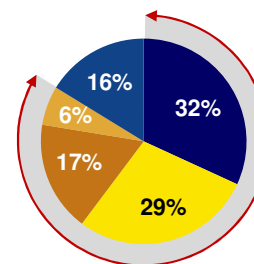


Home  
Markets  
83%

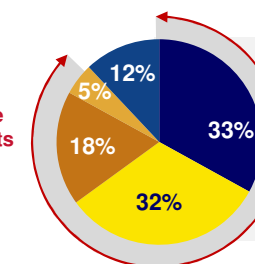
Backlog 1H 2015

Backlog 1H 2016

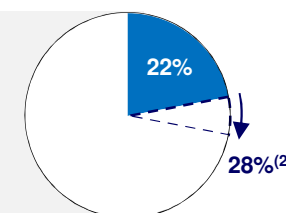
Backlog related to  
OHL Concesiones



Home  
Markets  
84%



Home  
Markets  
87%



21.8% of order book refers to OHL Concesiones projects

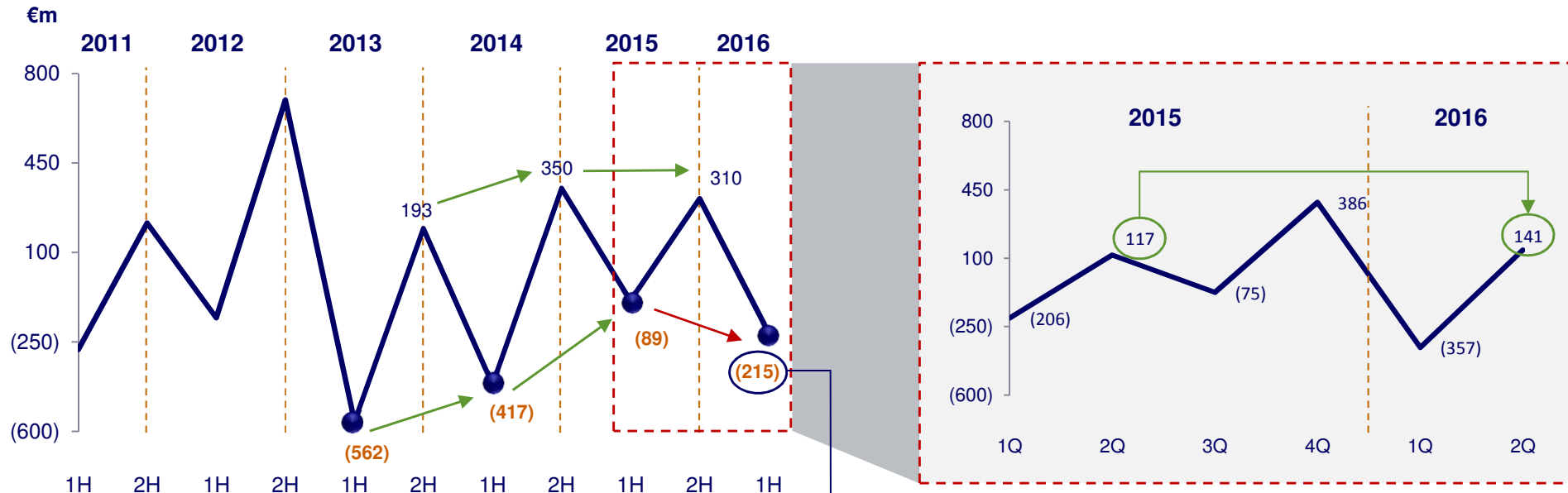
<sup>1</sup> 1H 2016 backlog.

<sup>2</sup> Imminent incorporation to the concession backlog of La Molina – Los Angamos, Nogales - Puchuncavi and Evitamiento de Chimbote.



# 1Q Working capital consumption offset by better performance during 2Q

## Working Capital Evolution



- ✓ Construction division going in the right direction
- X Deterioration in 1Q due to typical negative seasonality amplified by macro situation
- X Concessions working capital negatively affected in 1H2016 by tax payments related to Connex sale to IFM in 2015
- ✓ Positive signals on the back of more balanced portfolio reducing the exposure to large projects
- ✓ Expected improvement by year end

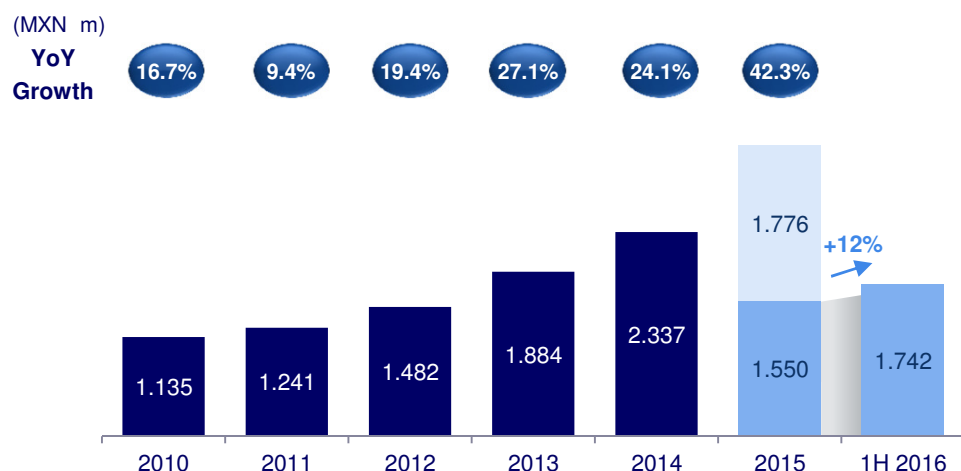
	1H 2015	1H2016	YoY Growth
OHL Group	(89.3)	(215.2)	(141.0%)
Construction	(136.0)	(100.1)	26.4%
Concessions	80.4	(52.1)	(164.8%)
Rest of the Group	(33,7)	(63.0)	(87.2%)

## Key Highlights




1H 2016 Revenues	YoY Growth	1H 2016 EBITDA	YoY Growth	1H 2016 Cash EBITDA	YoY Growth
€219m	4.0%	€331m	(0.2%)	€138m	(1.4%)

- **Positive trend and resilient traffic performance** in Mexican concessions despite “Hoy No Circula” program
- Total **EBITDA** mainly impacted by FX (+14.5% assuming constant exchange rate)
- **Strong pipeline already funded** with proceeds from capital increase and recent sale of 7% stake in Abertis
- Successful **asset rotation** and **new relevant awards** in Chile and Peru

## Increasing contribution of cash EBITDA component at OHL Mexico toll road concessions



## Strong Traffic Performance

		YoY Growth	
	Km	1H 2015	1H 2016
Mexico 			
Amozoc-Perote <sup>1</sup>	123	8.3%	10.9%
Concesionaria Mexiquense <sup>1</sup>	155	12.3%	4.6%
Viaducto Bicentenario <sup>2</sup>	32	7.4%	(0.3%)
Autopista Urbana Norte <sup>2</sup>	9	10.0%	6.7%
Spain 			
Euroglosa M-45 <sup>2</sup>	8	6.0%	8.2%
Autovia de Aragón <sup>2</sup>	56	3.5%	3.1%
Peru 			
Autopista del Norte <sup>1</sup>	390	2.7%	23.1%

<sup>1</sup> YoY growth of Average Equivalent Paying Traffic.

<sup>2</sup> YoY growth of Average Daily Intensity (ADI): total km travelled by all of the users of the motorway, divided by the total km in operation. This measurement represents the number of road users who would have travelled the total km in operation of the motorway.

# OHL Concesiones: Attractive portfolio and significant value potential

## Young toll roads portfolio

### Remaining years of the OHL Concesiones toll roads portfolio <sup>1</sup>

(Years as of June-2016)











Toll Roads Average life: 30 years



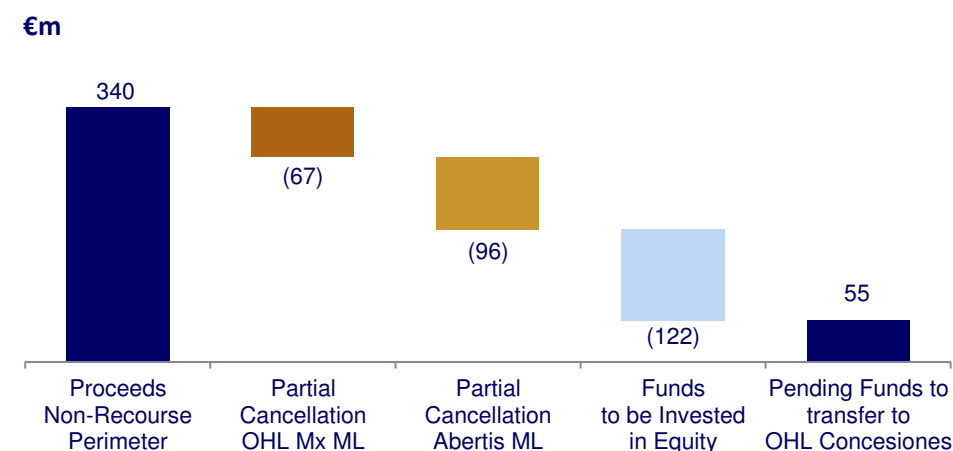
## Fund development of Greenfield concessions through Brownfield assets rotation

## Diversified investments

(As of June-2016)

	# of Investments	Equity Invested (€m)
 Spain	4  	180.4
 Chile	4  	96.5
 Peru	1 	76.5
 Colombia	1 	33.8
<b>Total</b>	<b>10</b>	<b>387.2</b>

## OHL Concesiones capital increase proceeds



1 As of June 2016.  
 2 Market data as of July 27, 2016.  
 3 Source: Wall Street Research. FactSet as of July 27, 2016.

# Other divisions continue gaining scale

## OHL Industrial

1H 2016  
Revenues

€138m

YoY  
Growth

(22.7%)

1H 2016  
EBITDA

(€12m)

YoY  
Growth

+46.5%

- New project awarded in Mexico, Empalme I, consolidated by equity method. Assuming proportional consolidation, revenues would increase by +12%
- Division negatively impacted by FX, projects delay and finalization of some projects

**Focus on increasing activity in the Power Generation, Mining and Oil & Gas sectors**

## OHL Services

1H 2016  
Revenues

€92m

YoY  
Growth

(4.0%)

1H 2016  
EBITDA

€1m

YoY  
Growth

(88.9%)

- Impacted by Sacova deconsolidation
- Like-for-like sales growing +13%
- Pressure on margins given strong competition in the sector

**Focus on consolidation in Spain and Internationalization**

## OHL Developments

1H 2016  
Revenues

€72m

YoY  
Growth

+1.8%

1H 2016  
EBITDA

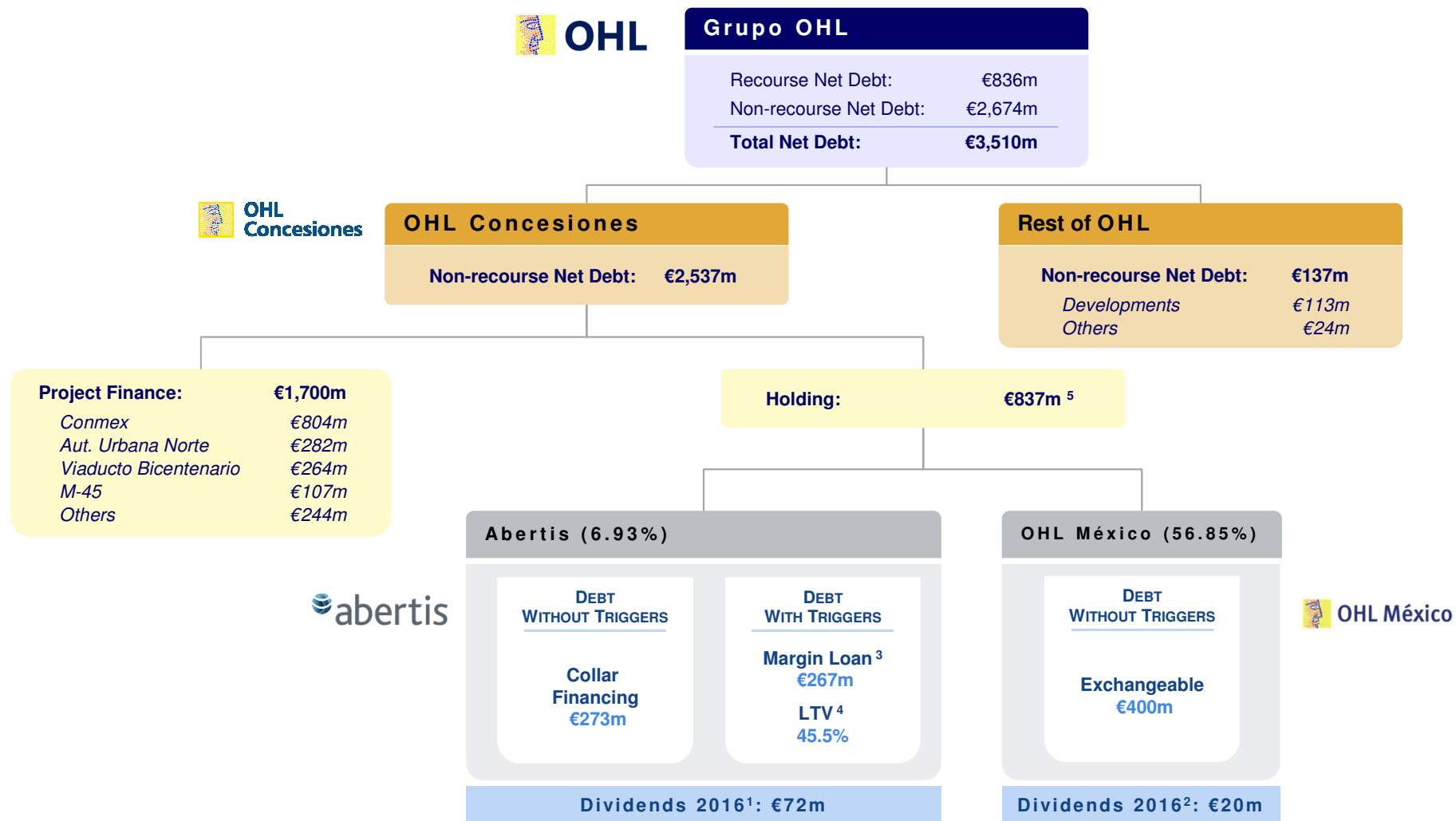
€21m

YoY  
Growth

+76.5%

- Strong performance of the operating business driven by higher occupancy levels in Mayakobá
- Evolution of recent quarters confirming the recovery of the tourism sector in Mexico
- Positive impact of Real Estate sales in Mayakoba

**Promoting unique projects for top-quality tourism**



**Significant reduction of non-recourse debt while having substantially eliminated the risk of margin calls**

<sup>1</sup> Based on a dividend per share of €0.72 according to Abertis' dividend policy. Assuming recent sale of 7% stake in Abertis.

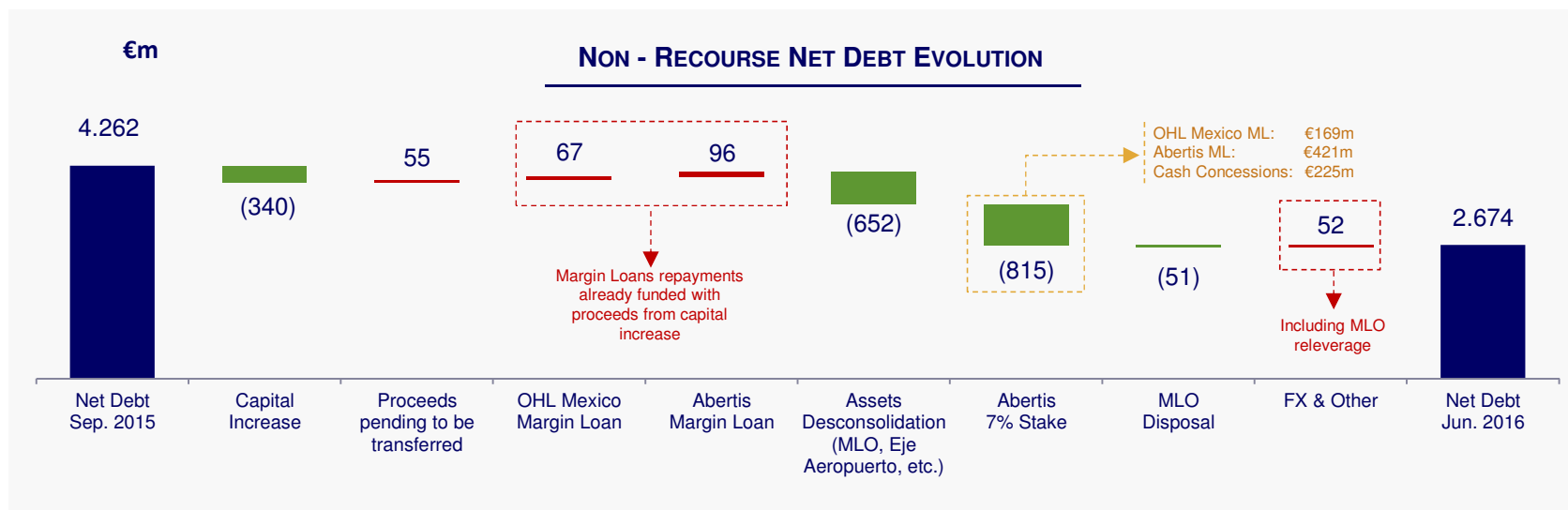
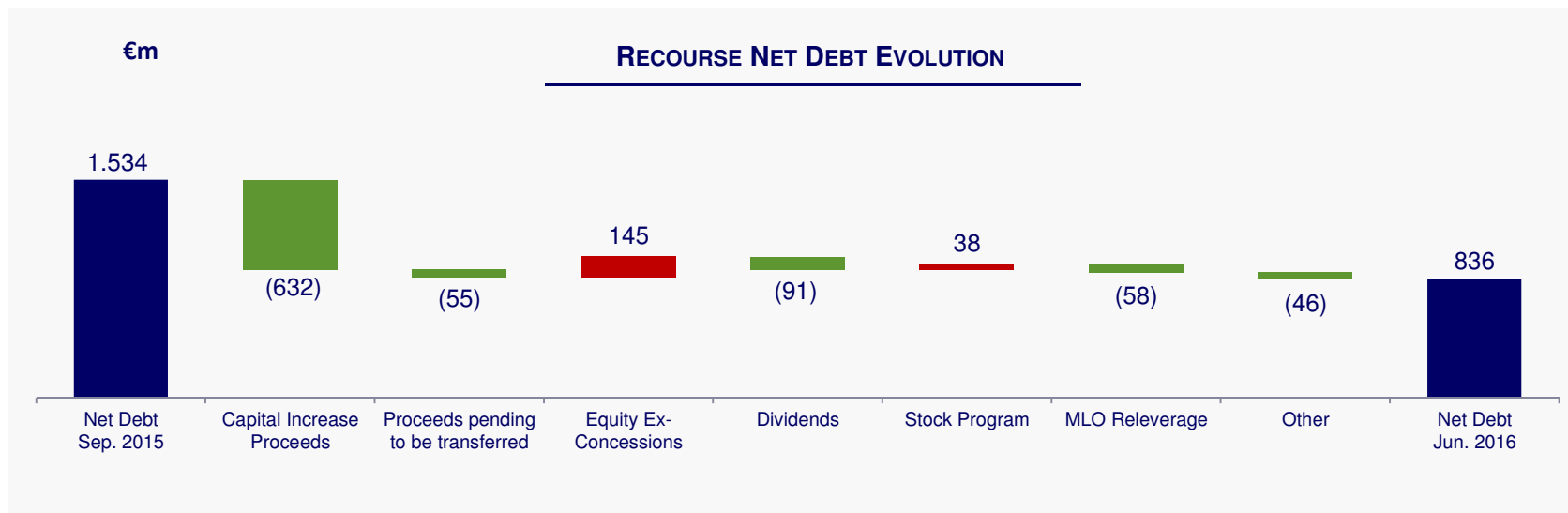
<sup>2</sup> Based on OHL México's announcement to propose a cash dividend of MXN0.40 per share, to be approved at the Company's April Shareholders' Meeting. EUR/MXN of 19.9 as of February 22, 2016.

<sup>3</sup> Pro Forma for margin loan refinancing. As of July 2016 the margin loan stood at €267m. Secured by shares representing 4.4% of Abertis' share capital.

<sup>4</sup> Market data as of July 27, 2016.

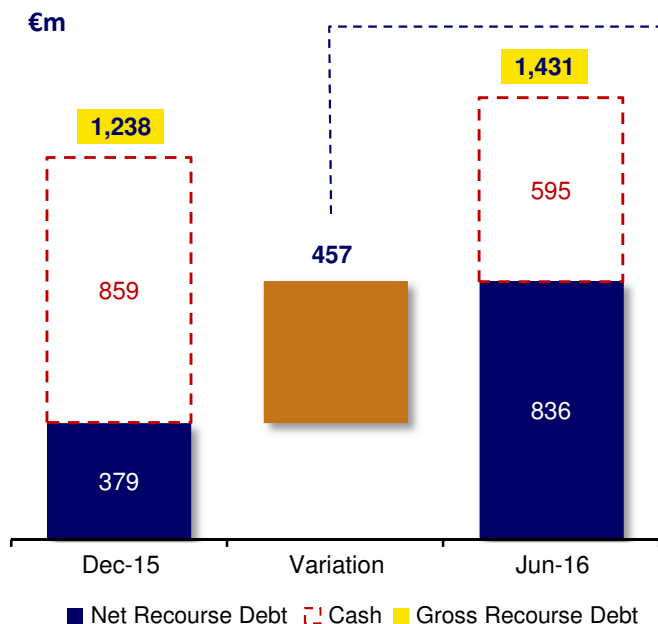
<sup>5</sup> Includes other financial current assets from the sale of 7% stake in Abertis and 14% of the MLO.

- **Commitment with use of funds indicated in the capital increase process**
- **Focused on debt reduction to comply with financial policy of recourse leverage below 2.0x**
- **More conservative approach for the non-recourse perimeter reducing materially the exposure to margin loans**
- **Proceeds allocated to Concessions division to prioritize the future growth of the business**

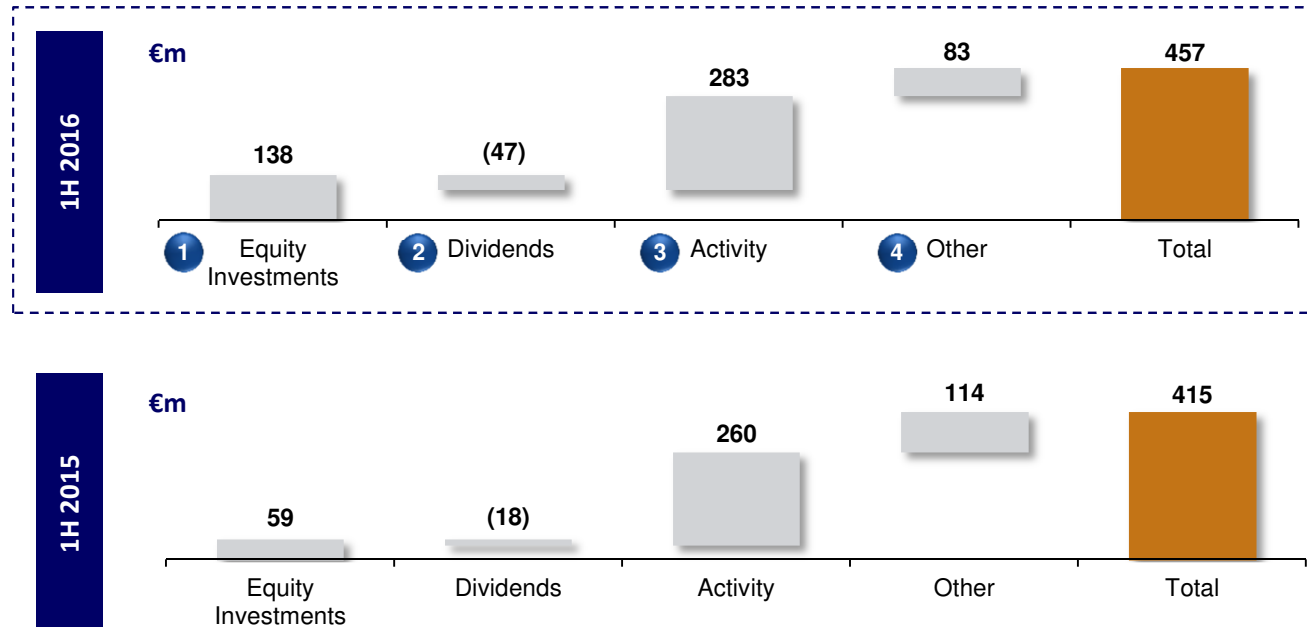




## Net Recourse Debt



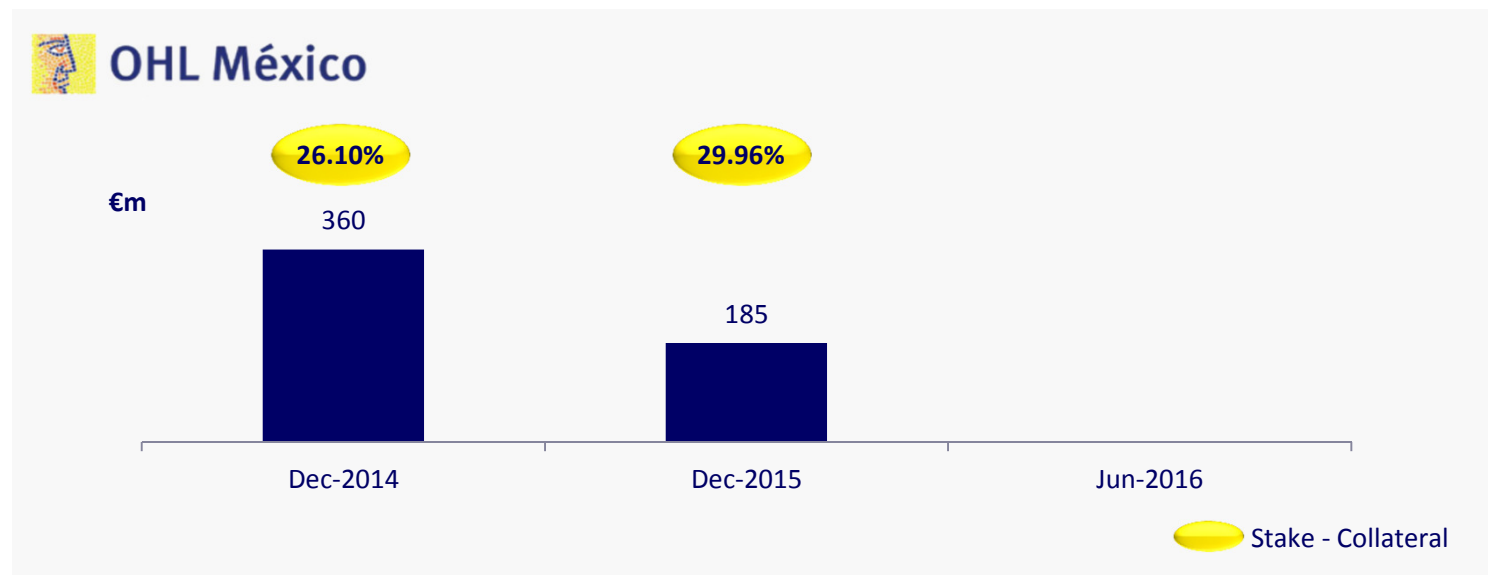
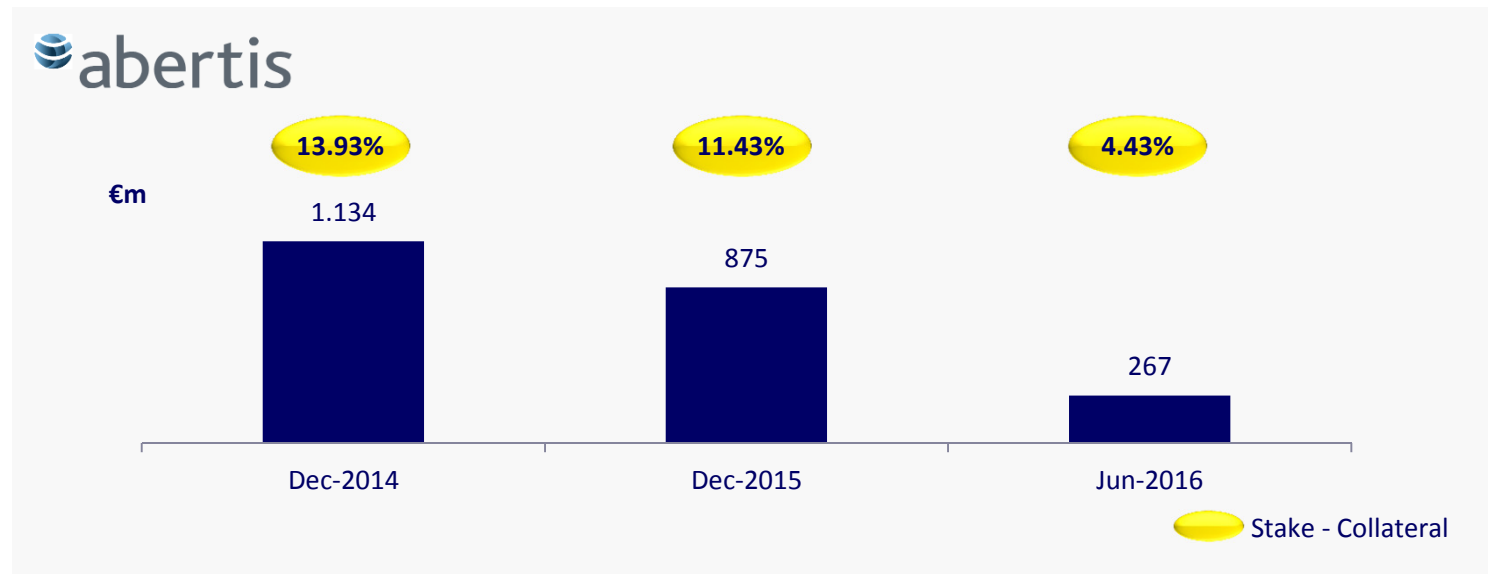
## Net Recourse Debt Variation Analysis



- 1 €88m of extraordinary equity drawdowns in OHL Desarrollos (Old War office, Canalejas and Mayakoba)
- 2 Gross dividends of Abertis sent from OHL Concesiones
- 3 Net working capital consumption during the period as a consequence of complex macro environment and construction industry trends
  - Includes €142m of proceeds from the sale of construction concessions and €63m funds from capital increase downstreamed to OHL Concesiones
- 4 Mainly funds transferred to top management stock remuneration program (€38m), triggers downstreamed to OHL Concesiones and refinancing of MLO

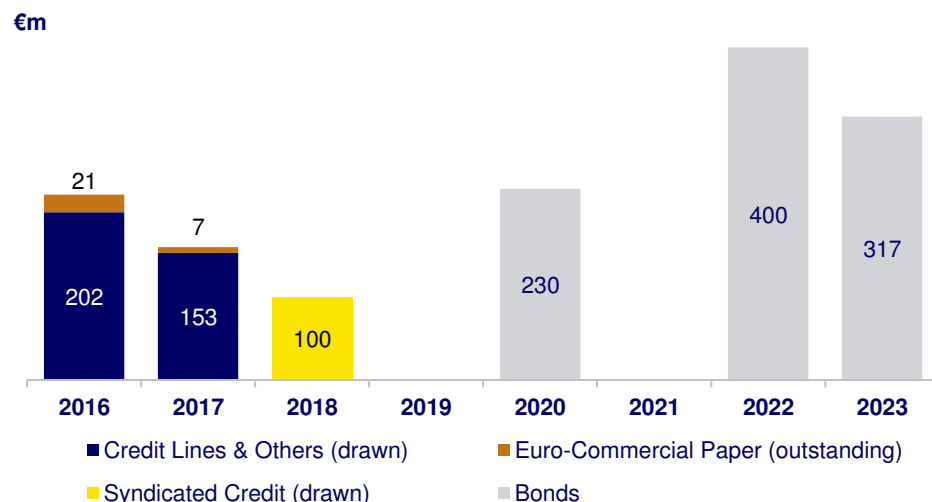
# Significant reduction of exposure to margin calls

- The company has **reduced significantly its exposure to Margin Loan facilities** during the last years adopting a more conservative financial approach
- Proven commitment with prudent financial policy to **address investors concerns**
- Current exposure to margin calls amount for €267m, **mitigating potential liquidity risks**
- After recent Abertis 7% stake disposal, the company **has reduced substantially the leverage at OHL Concesiones level**

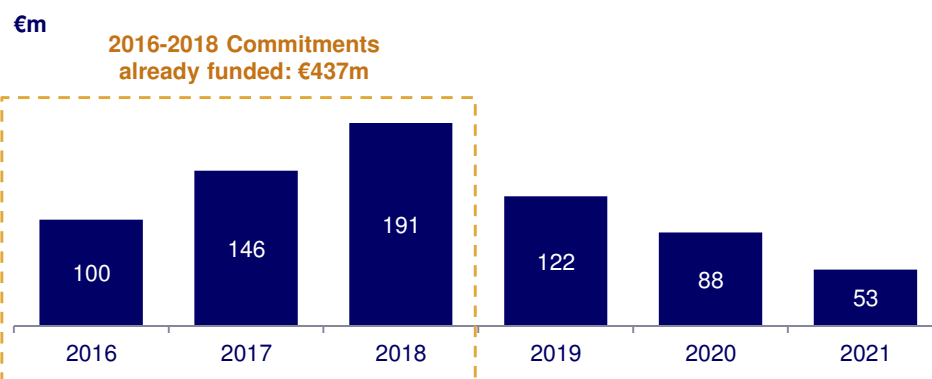


# Strong liquidity position to fund equity commitments and debt maturities

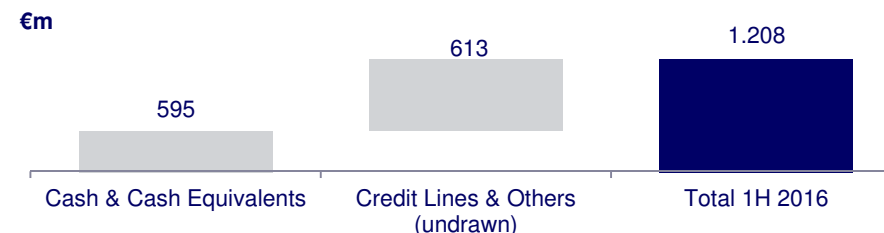
## 1 Recourse debt maturity profile



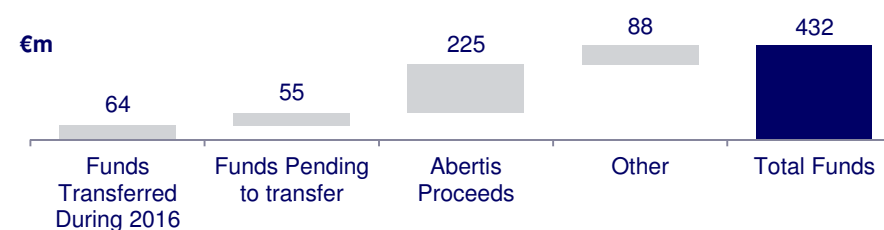
## 2 OHL Concesiones estimated equity commitments of c.€700m



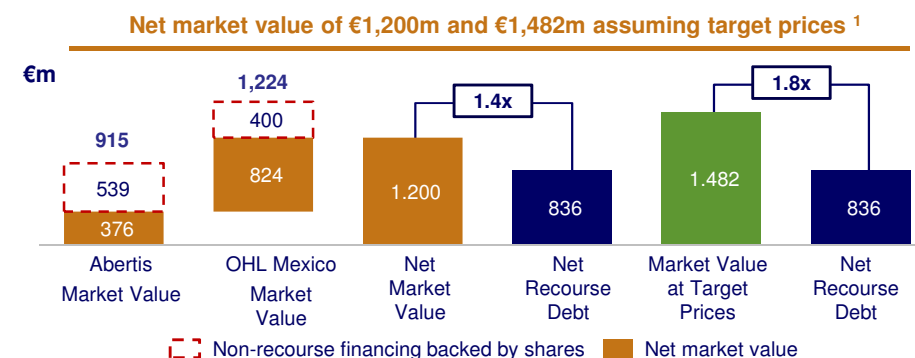
## 1 €1.2bn recourse liquidity available...



## 2 ...having additional cash for the non-recourse perimeter...



## 3 ...complemented with liquid value of listed assets



**Comfortable recourse debt maturity profile together with a balanced calendar for equity drawdown at OHL Concesiones level**



**OHL**

## **Appendix**

# Income Statement & Cash Flow Statement Overview

## Income Statement (€m)

	1H 2015	1H 2016	YoY
<b>Revenues</b>	<b>1,924</b>	<b>2,076</b>	<b>7.9%</b>
<b>Reported EBITDA</b>	<b>431</b>	<b>385</b>	<b>(10.5%)</b>
<i>Margin %</i>	<i>22.4%</i>	<i>18.6%</i>	
<b>Concessions Cash EBITDA</b>	<b>140</b>	<b>138</b>	<b>(1.4%)</b>
<b>EBIT</b>	<b>277</b>	<b>270</b>	<b>(2.5%)</b>
<i>Margin %</i>	<i>14.4%</i>	<i>13.0%</i>	
Financial Profit / (Loss)	(226)	(62)	
Equity-accounted affiliates & JVs	126	(23)	
<b>Profit Before Taxes</b>	<b>177</b>	<b>185</b>	<b>4.5%</b>
Corporate Tax	(41)	(102)	
<b>Consolidated Net Income</b>	<b>136</b>	<b>84</b>	<b>(38.8%)</b>
Minorities	(84)	(81)	
<b>Attributable Net Income</b>	<b>52</b>	<b>3</b>	<b>(94.3%)</b>

## Cash Flow Statement (€m)

	1H 2015	1H 2016	YoY
<b>EBITDA</b>	<b>431</b>	<b>385</b>	<b>(10.5%)</b>
<b>Adjustments</b>	<b>(397)</b>	<b>(398)</b>	<b>(0.5%)</b>
Financial results	(226)	(285)	25.8%
Equity accounted results	126	(23)	(118.5%)
Taxes	(41)	(102)	148.9%
Minorities	(84)	(81)	(4.2%)
Impairment and result from the disposal of financial instruments	0	223	-
Guaranteed Return Adjustment	(101)	(80)	(19.8%)
Changes in provisions and others	(71)	(51)	(27.9%)
<b>Changes in working capital</b>	<b>(89)</b>	<b>(215)</b>	<b>141.0%</b>
<b>Cash flow from operating activities</b>	<b>(55)</b>	<b>(228)</b>	<b>314.9%</b>
<b>Cash flow from investment activities</b>	<b>(13)</b>	<b>725</b>	<b>-</b>
Minorities	441	(195)	-
Other	(455)	920	-
<b>Change in net non-recourse debt</b>	<b>(346)</b>	<b>(954)</b>	<b>175.7%</b>
<b>Change in net recourse debt</b>	<b>414</b>	<b>457</b>	<b>10.2%</b>
<b>Cash flow from financing activities</b>	<b>68</b>	<b>(497)</b>	<b>-</b>

# Balance Sheet Overview

## Assets (€m)

	2015	1H 2016	YoY
<b>Non-Current Assets</b>	<b>10,234</b>	<b>9,426</b>	<b>(7.9%)</b>
Intangible Fixed Assets	316	303	(4.3%)
Tangible Fixed Assets in Concessions	6,516	6,303	(3.3%)
Tangible Fixed Assets	636	638	0.2%
Real Estate Investments	62	81	30.7%
Equity-Accounted Investments	1,668	1,165	(30.2%)
Non-Current Financial Assets	412	291	(29.3%)
Deferred-Tax Assets	624	646	3.6%
<b>Current Assets</b>	<b>5,055</b>	<b>4,883</b>	<b>(3.4%)</b>
Non-Current Assets Held for Sale	833	51	(93.9%)
Stocks	270	258	(4.7%)
Trade Debtors and Other Accounts Receivable	2,462	2,591	5.2%
Other Current Financial Assets	335	1,228	267.1%
Other Current Assets	57	83	45.2%
Cash and Cash Equivalents	1,098	672	(38.8%)
<b>TOTAL ASSETS</b>	<b>15,289</b>	<b>14,309</b>	<b>(6.4%)</b>

## Liabilities and Net Shareholders Equity (€m)

	2015	1H 2016	YoY
<b>Net Shareholders' Equity</b>	<b>4,812</b>	<b>4,522</b>	<b>(6.0%)</b>
<b>Shareholders' Equity</b>	<b>3,494</b>	<b>3,480</b>	<b>(0.4%)</b>
Capital	179	179	-
Issue Premium	1,265	1,265	-
Reserves	1,994	2,033	1.9%
Result for the Year Attributed to the Parent Company	56	3	(94.6%)
<b>Valuation Adjustments</b>	<b>(447)</b>	<b>(528)</b>	<b>18.1%</b>
<b>Parent Company Shareholders' Equity</b>	<b>3,047</b>	<b>2,952</b>	<b>(3.1%)</b>
<b>Minority Interests</b>	<b>1,765</b>	<b>1,569</b>	<b>(11.1%)</b>
<b>Non-Current Liabilities</b>	<b>6,584</b>	<b>6,413</b>	<b>(2.6%)</b>
Subsidies	53	52	(0.6%)
Non-Current Provisions	169	286	69.3%
Non-Current Financial Debt <sup>1</sup>	4,723	4,573	(3.2%)
Other Non-Current Financial Liabilities	89	99	11.2%
Deferred-Tax Liabilities	1,211	1,214	0.2%
Other Non-Current Liabilities	339	189	(44.1%)
<b>Current Liabilities</b>	<b>3,894</b>	<b>3,375</b>	<b>(13.3%)</b>
Non-Current Liabilities Held for Sale	567	0	(100%)
Current Provisions	289	290	0.1%
Current Financial Debt <sup>1</sup>	716	838	17.0%
Other Current Financial Liabilities	45	15	(67.7%)
Trade Creditors and Other Accounts Payable	1,921	1,765	(8.1%)
Other Current Liabilities	355	468	31.8%
<b>TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY</b>	<b>15,289</b>	<b>14,309</b>	<b>(6.4%)</b>

<sup>1</sup> Includes Bank Debt + Bonds.



***Any declaration made in this presentation that may differ from previous past figures made in reference to, but not limited to; the operational development, business strategies and future goals, are to be interpreted only as future estimates, and as such, they imply known and unknown risks, uncertainties and other factors that could cause OHL's results, behavior and achievements, or the results and conditions of its activities, to be substantially different to those and to its future estimates.***

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