

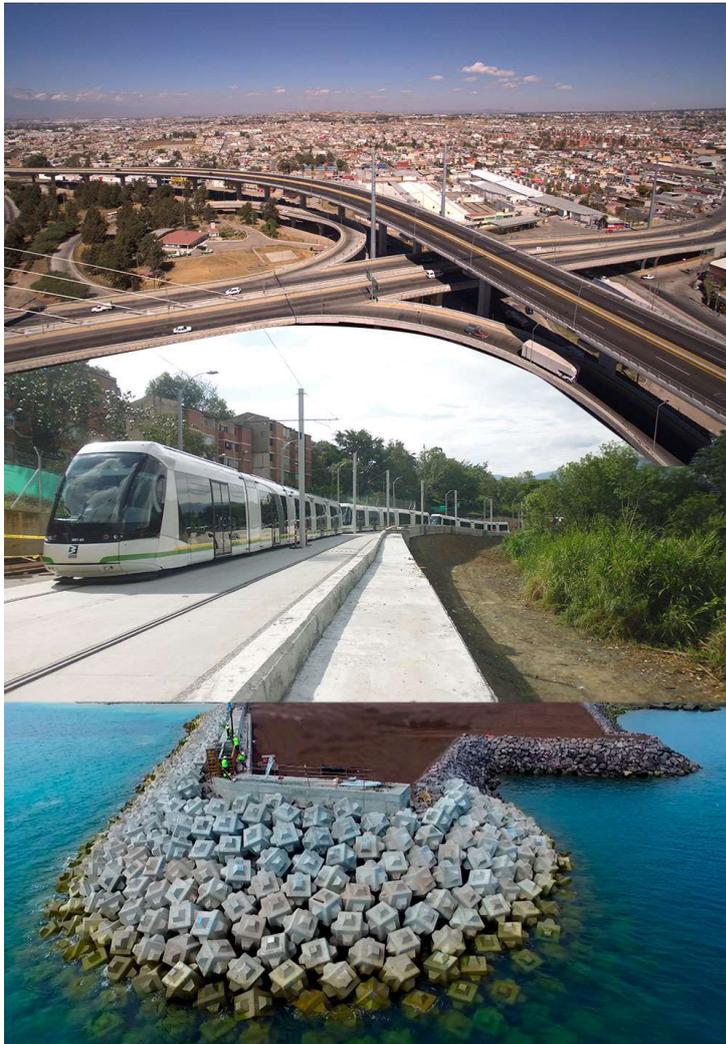


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# Results Report

## 1H18

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26 September 2018

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## 1. GROUP PERFORMANCE

The most outstanding event in the first half of the 2018 financial year took place on 12 April 2018 with the conclusion of the transaction for the **sale and transfer of 100% of the capital of OHL Concesiones S.A.U.** (OHL Concesiones) to the fund, IFM Global Infrastructure Fund (IFM). This transaction has contributed to simplifying the business structure of the Group, to significantly reducing its borrowings and to substantially improving its liquidity profile.

Upon completion of the transaction, the Group received a net sum of approximately 1,991.0 million euros, enabling it to:

- Repay practically all of its bank debt during the month of April in the amount of 701.7 million euros,
- Repay on 21 May 2018 the amount of 228.3 million euros in bonds (25% of the total pending in circulation) in response to the exercise of the Put Option by bondholders, which they had as a consequence of the conclusion of the transaction with IFM,
- Distribute an interim dividend on 6 June 2018 on earnings of the 2018 financial year in the amount of 100 million euros (0.348981 euros per share), and
- Increase the Group's available cash balance by adding the entire excess balance, making it possible for the first time in the company's history to show a negative net recourse debt figure, that is, a positive net cash position.

With this transaction, the Group has significantly reduced and simplified its gross debt structure, placing it in an excellent liquidity position with 1,326.9 million euros at 30 June 2018, with which to address a new stage centred on the recovery of profitability and recurring organic cash generation in its principal business activities, starting from a sound and diversified order book and from the start-up of a strict overhead reduction plan.

The key figures of the Profit and Loss Account are set out on the following table:

|   | 1H18           | 1H17*          | Var. (%)     |
|---|----------------|----------------|--------------|
| <b>Sales</b>                                | <b>1,445.1</b> | <b>1,587.2</b> | <b>-9.0%</b> |
| <b>EBITDA</b>                               | <b>-113.2</b>  | <b>-14.8</b>   | <b>n.s.</b>  |
| % o/ Sales                                  | -7.8%          | -0.9%          |              |
| <b>Adjusted by:</b>                         |                |                |              |
| Xacbal                                      | -27.7          | -              |              |
| Redundancy plan cost and others             | -28.0          | -34.2          |              |
| <b>EBITDA adjusted</b>                      | <b>-57.5</b>   | <b>19.4</b>    | <b>n.a.</b>  |
| % o/ Sales                                  | -4.0%          | 1.2%           |              |
| <b>Attributable net result</b>              | <b>-843.6</b>  | <b>-32.1</b>   | <b>n.s.</b>  |
| % o/ Sales                                  | -58.4%         | -2.2%          |              |
| <b>Adjusted by:</b>                         |                |                |              |
| OHL Concesiones sale impact                 | -550.5         | 106.0          |              |
| <i>Result in value adjustments</i>          | -549.9         | -              |              |
| <i>OHL Concesiones Disposal gain</i>        | 47.6           | -              |              |
| <i>Result attributed to OHL Concesiones</i> | 44.1           | 106.0          |              |
| <i>Fx hedge</i>                             | -92.3          | -              |              |
| Xacbal, redundancy plan cost and others     | -56.8          | -34.2          |              |
| CHUM Result                                 | -76.7          | -              |              |
| Asset rotation result                       | -42.1          | 31.6           |              |
| <b>Attributable net result adjusted</b>     | <b>-117.5</b>  | <b>-135.5</b>  | <b>13.3%</b> |
| % o/ Sales                                  | -8.1%          | -8.5%          |              |

Mn Euros

\*Re expressed

**On the operating level**, the Profit and Loss Account for the first half of 2018 showed a **Sales** figure of 1.445,1 million euros, representing a decline of 9.0% with respect to the same period in the previous year, affected principally by a slower pace of activity in the Construction and Industrial divisions and a decline in the contribution by the Mayakobá companies following their sale in April 2017.

The **Attributable Net Result** stands at -843.6 million euros and has been affected by significant transactions and non-recurring effects which need to be adjusted to render both periods comparable in homogeneous terms and reflect more accurately the performance of the Group's operating activity. The effects and amounts considered for arriving at the **adjusted Attributable Net Result** are as follows:

1. The **sale of OHL Concesiones** has had a total net impact on the **Result Attributed to the Parent Company in the first half of the year in the amount of -550.5 million euros**, with the following itemised breakdown:
  - i. The **Result from Discontinued Operations** after taxes includes the following elements:
    - a. In accordance with IAS 21, at the time of the sale of an asset (in this case, OHL Concesiones) the balance accrued up to that date under the heading of “**Valuation Adjustments**” of the Equity generated by the assets sold, which is where the historical accrued effect of the exchange rate changes in the consolidated value of those assets is shown (in this case: -549.9 million euros), **must be accounted for on the Profit and Loss Account**, with a debit/credit entry –as appropriate- to Equity, in such a way that the **net impact on Equity** of this movement **will be zero**. Consequently, a debit entry has been made for this item against the 1H18 Profit and Loss Account in the amount of -549.9 million euros with a credit entry to Equity of +549.9 million euros, whose **effect on net assets is zero**.
    - b. The **net capital gain generated** by the sale totalled 47.6 million euros.
    - c. The **net result contributed by OHL Concesiones up to the time of the sale** in the amount of 115.7 million euros and which, following the **Result attributed to Minority Interests** totalled -71.6 million euros, came to 44.1 million euros.
  - ii. With regard to the **foreign exchange hedge** arranged for hedging the exchange rate risk associated with the **Sale of OHL Concesiones to IFM**, a charge has been posted in the **Financial Result** in 1H18 in the amount of -92.3 million euros, which refers to the difference between: (i) the market value (mark-to-market) which that hedge had at 31-12-2017 (which was +39.7 million euros in favour of OHL), and (ii) the final payment of cash by OHL on settling this hedge (which amounted to -52.6 million euros) and which represents the real cost of this hedge in the end.
2. The unfavourable outcome of the claim filed in the Xacbal Delta Hydropower Plant project (-28.8 million euros) and the costs of the Collective Redundancy Procedure and others totalling -28.0 million euros.
3. After successfully completing the provisional delivery and handover of Phase I of the CHUM Hospital at the end of 2017, in the subsequent period for the start-up and putting into service of the hospital by the customer, a number of incidents have arisen –the remedying of which is the responsibility of the Construction JV-, making it necessary to fully recognise additional losses totalling -76.7 million euros charged against the 1H18 Profit and Loss Account. This loss refers to the excess costs, both already incurred as well as pending, in order to be able to remedy the problems identified and successfully complete the final acceptance of the works and the finalisation of the warranty period. After having transferred the performance contract for Phase II of the project in its entirety to a local contractor, OHL no longer has any work whatsoever pending performance in this project.
4. Net losses of -42.1 million euros associated with the sale of stakes in the hotels and other minor

Mayakobá subsidiaries, and the sale of ZPSV.

The Adjusted Attributable Net Result would therefore come to -117.5 million euros at 30 June 2018, which in comparable terms is similar to the -135.5 million euro figure in the same period of the previous financial year. For the purpose of presenting the evolution of EBITDA of the Businesses more clearly, which was previously affected by the distribution made to them of the Corporation's EBITDA (principally overhead costs), a decision was reached to present the EBITDA figures of each Division/Business individually and show the Corporate EBITDA separately. To do so, the June 2017 figures have been modified to render them comparable to those for this period.

**EBITDA** in 1H18 was placed at -113.2 million euros, due principally to the following effects:

- Construction obtained practically nil EBITDA due mainly to delays in projects and lower margins in a number of projects in the performance stage, while Industrial showed a negative EBITDA figure as a result of the adverse performance of the EPCs and others.
- The costs of Corporate are on levels far above those targeted, because the cost saving measures put into place at the end of the first half of the year have not brought about their effects as yet but will progressively become more visible in the course of the second half of the year and during 2019.
- The -27.7 million euro impact of the claim filed in the Xacbal Delta Hydropower Plant project, which on account of its non-recurring nature is excluded from the EBITDA of the Industrial Division to enable a better comparison in homogeneous terms.
- The costs involved in the OHL S.A. Collective Redundancy Procedure (PDC) and others totalling -28.0 million euros.

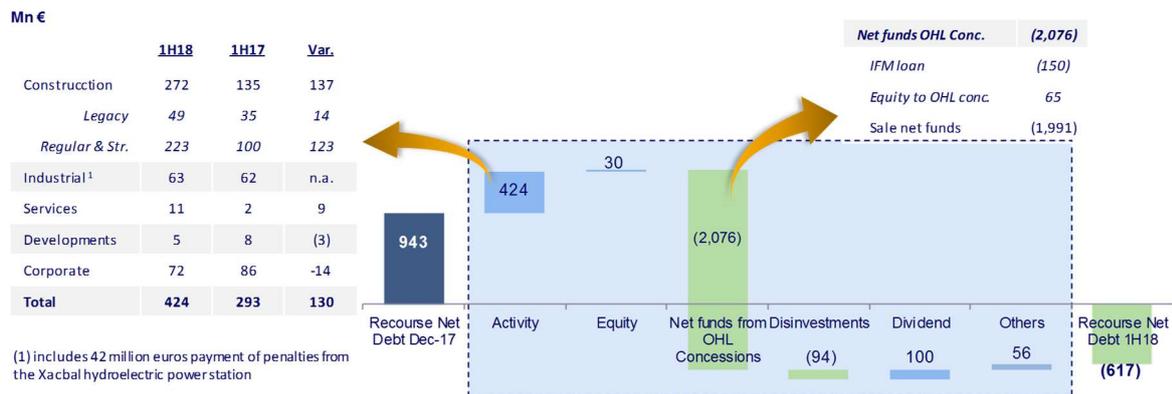
Once these last two effects have been adjusted, the adjusted EBITDA figure for the period would be -57.5 million euros, which is compared to the 19.4 million euros for the same period in the previous financial year.

A significant outcome with respect to the **short-term Construction order book** is that it accrued sales worth 5,582.1 million in the first half of the year, representing 26.6 months of sales, constituting a sound order book, diversified geographically and by project size.

The **new awards** in the first six months of the year totalled 1,237.2 million euros, led by Europe and the U.S. Outstanding projects included the modernisation of the Sudomerice-Votice railway line in the Czech Republic worth 172.2 million euros, the improvement works in New York's ESI-33 station totalling 100.0 million euros, the rehabilitation of the river bank in New York for 83.8 million euros and the Caleido Tower in Madrid, 78.9 million euros.

Several aspects stand out in the **financial sphere**:

- The **significant reduction in Net Recourse Debt**, driven by the collection of the funds from the transaction for the sale of OHL Concesiones and the use made of those funds, making it possible for the first time in the company's history to show a negative net recourse debt figure, that is, a positive net Cash position:



Net Recourse Debt at 30 June stood at -617.2 million euros, which means a significant reduction in the amount of 1,560.7 million in the first half of the year, due principally to:

- i. The **net funds contributed by the sale of OHL Concesiones** totalling 2,076.0 million euros, which include:
  - the additional loan received by IFM during the month of February in the amount of 150.0 million euros, which was later discounted from the price paid upon completion of the transaction for the sale of OHL Concesiones,
  - equity contributions to projects of OHL Concesiones prior to the conclusion of the transaction in the amount of -65.0 million euros made during the first quarter,
  - net funds in the amount of 1,991.0 million euros received on the date of the completion of the transaction for the sale of OHL Concesiones, after deducting the expenses associated with the transaction, which have been used partially for: (i) the repayment of 701.7 million euros in bank debt and (ii) the repayment of bonds in the amount of 228.3 million euros.
- ii. The net funds received from the **divestitures** in: (i) the minority stakes in the Mayakobá hotels in the amount of 58.9 million euros and (ii) the sale of the Czech railway-tie factory ZPSV at the price of 35.2 million euros.

Significant developments in terms of cash consumption included:

- i. The **ordinary operations** consumed a total of 423.5 million euros during the first half of the year, affected by the seasonality typical of the business, and included: (i) 49.0 million euros in cash consumed by the *legacy* projects (which is in line with the figure estimated for 2018 overall) and (ii) 23.8 million euros in cash consumed in the Xacbal Hydropower Plant project.
  - ii. The **investment** of 30.3 million euros refers principally to equity contributed to the Old War Office project being carried out by OHL Desarrollos.
  - iii. The payment of an **interim dividend** to remunerate the shareholders in the amount of 99.5 million euros.
  - iv. The settlement of the **foreign exchange hedge** arranged for the transaction for the sale of OHL Concesiones to IFM, which has involved the payment of 52.6 million euros.
- **The excellent Liquidity position** which comes to 1,326.9 million euros placing the company in an exceptional cash position for being able to implement its new Business Plan

on a firm footing, after having repaid its bank debt and having distributed an interim dividend to its shareholders.

In accordance with the terms of the Novation signed on 11 April for carrying out the sale of OHL Concesiones to IFM, this amount includes 372.0 million euros which are deposited as a surety for the Syndicated Multi-Product Financing, although in the month of September a new agreement was reached for reducing the amount of this surety to 140 million euros.

- **Gross Recourse Debt** has been reduced by 53% with respect to the same period in the previous year as a consequence of the transaction for the sale of OHL Concesiones.

On 12 April 2018, the company informed the holders of the three series of bonds (maturing in 2020, 2022 and 2023) issued by the Company and traded on the regulated market of the London Stock Exchange, totalling 894.5 million euros, that they had a Put Option, exercisable during a period of 30 days (up to 12 May 2018), according to which OHL must repay its bonds by paying 101% of their face value plus the accrued coupon.

At 12 May 2018, the Company had received confirmation by the **bondholders who decided to exercise their Put Option** for a total amount of 228.3 million euros, distributed as follows:

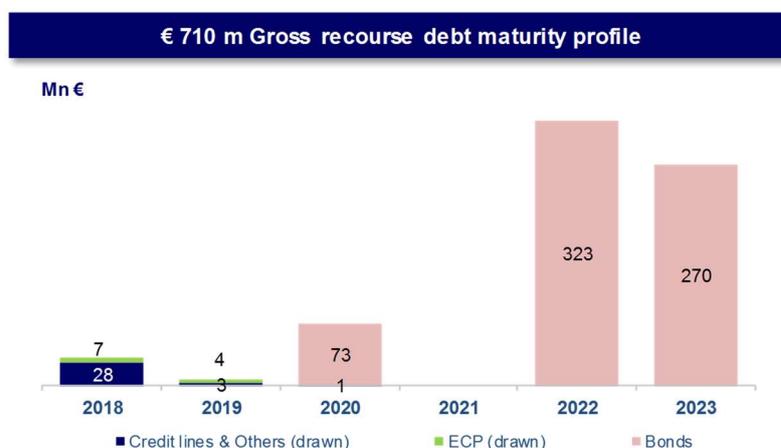
| Maturity           | Outstanding Amount | Put Accepted | Final Amount |
|--------------------|--------------------|--------------|--------------|
| 2020               | 187.1              | 113.8        | 73.3         |
| 2022               | 394.5              | 71.5         | 323.0        |
| 2023               | 312.9              | 43.0         | 269.9        |
| <b>Total Bonds</b> | <b>894.5</b>       | <b>228.3</b> | <b>666.2</b> |

Mn Euros

The Company repaid these bonds on 21 May 2018, following which OHL maintained at 30 June 2018 total active bond issues worth 666.2 million euros.

In relation to the **recourse bank debt**, the company repaid bank borrowings during the month of April in the amount of 701.7 million euros, after which the total amount of recourse bank debt has been reduced to 43.6 million euros at 30 June 2018.

Consequently, the amount of gross recourse debt at 30 June 2018 was placed at 709.7 million euros, with the **maturity profile** set out below:



In terms of the **Asset Rotation Process**, the following divestitures were concluded in the course of

the first half of 2018:

- The sale of the minority interests in the hotel companies and part of the land of the **Mayakobá** complex was completed on 26 April at the price of 63.0 million euros. The amount of 58.9 million euros was paid at that time, while the remainder of the price was deferred. The total result of the transaction came to -43.0 million euros.
- The sale of the **ZPSV** railway-tie factory in the Czech Republic was concluded on 27 June at a total price of 1,134.0 million Czech koruna (44.3 million euros). The net amount of cash contributed by this divestiture totalled 35.2 million euros, and the total result of the transaction came to 0.9 million euros.

In relation to the **Collective Redundancy Procedure (PDC)**, following the period of consultations established by Law, an agreement was reached on 8 June with the workers' representatives to terminate 140 employment contracts and to relocate 36 employees, with a total estimated cost of 13.0 million euros, recognised in full during the first half of the year. It is estimated that, once completed, this PDC will enable total savings of 12.2 million euros per year.

## 2. HIGHLIGHTS

| Main Figures                            | 1H18           | 1H17*          | Var. (%)     |
|---|----------------|----------------|--------------|
| <b>Sales</b>                            | <b>1,445.1</b> | <b>1,587.2</b> | <b>-9.0%</b> |
| <b>EBITDA</b>                           | <b>-113.2</b>  | <b>-14.8</b>   | <b>n.s.</b>  |
| % o/ Sales                              | -7.8%          | -0.9%          |              |
| <b>EBITDA adjusted</b>                  | <b>-57.5</b>   | <b>19.4</b>    | <b>n.s.</b>  |
| % o/ Sales                              | -4.0%          | 1.2%           |              |
| <b>EBIT</b>                             | <b>-132.9</b>  | <b>-53.7</b>   | <b>n.s.</b>  |
| % o/ Sales                              | -9.2%          | -3.4%          |              |
| <b>Attributable net result</b>          | <b>-843.6</b>  | <b>-32.1</b>   | <b>n.s.</b>  |
| % o/ Sales                              | -58.4%         | -2.0%          |              |
| <b>Attributable net result adjusted</b> | <b>-117.5</b>  | <b>-135.5</b>  | <b>13.3%</b> |
| % o/ Sales                              | -8.1%          | -8.5%          |              |

Mn Euros

| Sales and EBITDA breakdown            | 1H18           | 1H17*          | Var. (%)      |
|---------------------------------------|----------------|----------------|---------------|
| <b>Sales</b>                          | <b>1,445.1</b> | <b>1,587.2</b> | <b>-9.0%</b>  |
| Construction                          | 1,219.7        | 1,306.7        | -6.7%         |
| Industrial                            | 91.2           | 128.6          | -29.1%        |
| Services                              | 127.7          | 108.7          | 17.5%         |
| <b>Engineering &amp; Construction</b> | <b>1,438.6</b> | <b>1,544.0</b> | <b>-6.8%</b>  |
| % s/ Total                            | 99.6%          | 97.3%          |               |
| <b>Developments</b>                   | <b>6.5</b>     | <b>43.2</b>    | <b>-85.0%</b> |
| % o/ Sales                            | 0.4%           | 2.7%           |               |

|  |               |              |              |
|--|---------------|--------------|--------------|
| <b>EBITDA</b>                          | <b>-113.2</b> | <b>-14.8</b> | <b>n.s.</b>  |
| Construction                           | -0.3          | 42.3         | n.a.         |
| Industrial                             | -27.6         | -17.9        | 54.2%        |
| Services                               | -0.7          | 0.3          | n.a.         |
| Corporate                              | -18.7         | -11.8        | n.s.         |
| <b>Engineering &amp; Construction</b>  | <b>-47.3</b>  | <b>12.9</b>  | <b>n.a.</b>  |
| % s/ Total                             | 41.8%         | -87.2%       |              |
| <b>Developments</b>                    | <b>-10.2</b>  | <b>6.5</b>   | <b>n.a.</b>  |
| % s/ Total                             | 9.0%          | -43.9%       |              |
| <b>Redundancy plan cost and others</b> | <b>-55.7</b>  | <b>-34.2</b> | <b>62.9%</b> |
| <b>EBITDA adjusted</b>                 | <b>-57.5</b>  | <b>19.4</b>  | <b>n.s.</b>  |

Mn Euros

| Net Debt              | 1H18          | 2017         | Var. (%)       |
|-----------------------|---------------|--------------|----------------|
| Recourse net debt     | -617.2        | 943.5        | n.a.           |
| Non-recourse net debt | 58.9          | 56.4         | 4.4%           |
| <b>Total net debt</b> | <b>-558.3</b> | <b>999.9</b> | <b>-155.8%</b> |

Mn Euros

| Order book | 1H18    | 2017    | Var. (%) |
|------------|---------|---------|----------|
| Short-term | 6,200.4 | 6,236.2 | -0.6%    |
| Long-term  | 221.7   | 224.5   | -1.2%    |

Mn Euros

| Human Resources | 1H18          | 2017          | Var. (%)     |
|-----------------|---------------|---------------|--------------|
| Permanent staff | 11,883        | 12,658        | -6.1%        |
| Temporary staff | 8,562         | 8,313         | 3.0%         |
| <b>Total</b>    | <b>20,445</b> | <b>20,971</b> | <b>-2.5%</b> |

Mn Euros

\* Re expressed

### 3. PERFORMANCE BY DIVISION

#### OHL CONCESIONES

At 30 June 2018, the operations of Concessions are presented as discontinued in the Group's accounts, and the figures of the first half of the 2017 financial year have been re-stated for purposes of comparison. This transaction has also signified a change in scale in the key figures of the Group.

The transaction agreed excludes the sale of the two concessions currently being wound up (Móstoles - Navalcarnero and Eje Aeropuerto), for which reason OHL will have the right to collect all of the compensation payments to be received in the future as a result of these winding-up processes.

#### OHL INGENIERÍA Y CONSTRUCCIÓN

| Main Figures  | 1H18           | 1H17*          | Var. (%)     |
|---------------|----------------|----------------|--------------|
| <b>Sales</b>  | <b>1,438.6</b> | <b>1,544.0</b> | <b>-6.8%</b> |
| <b>EBITDA</b> | <b>-47.3</b>   | <b>12.9</b>    | <b>n.a.</b>  |
| % o/ Sales    | -3.3%          | 0.8%           |              |
| <b>EBIT</b>   | <b>-66.9</b>   | <b>-23.5</b>   | <b>n.s.</b>  |
| % o/ Sales    | -4.7%          | -1.5%          |              |

Euro Mn

\* Re expressed

The Engineering & Construction Division accounts for 99.6% of the Group's Sales, with Sales totalling 1,438.6 million euros and decreasing by 6.8% with respect to the first half of 2017.

The EBITDA figure for 1H18 is -47.3 million euros, compared to 12.9 million euros during the same period in the previous year.

**Corporate EBITDA** totalled -18.7 million euros, compared to -11.8 million euros during the same period in the previous year, due to the fact that this latest figure includes revenues from invoicing for provisions of services and others which no longer occur in 2018. Consequently, in comparable terms the Corporate overhead costs are similar in both periods, and it can be expected that, starting in the second half of 2018, the cost reduction measures implemented will begin to be reflected.

By segment of activity, the trend in the business is as follows:

## CONSTRUCCIÓN

| Main Figures  | 1H18           | 1H17*          | Var. (%)     |
|---------------|----------------|----------------|--------------|
| <b>Sales</b>  | <b>1,219.7</b> | <b>1,306.7</b> | <b>-6.7%</b> |
| <b>EBITDA</b> | <b>-0.3</b>    | <b>42.3</b>    | <b>n.a.</b>  |
| % o/ Sales    | 0.0%           | 3.2%           |              |
| <b>EBIT</b>   | <b>-17.4</b>   | <b>11.3</b>    | <b>n.a.</b>  |
| % o/ Sales    | -1.4%          | 0.9%           |              |

Euro Mn

\* Re expressed

Construction, with Sales totalling 1,219.7 million euros, accounts for 84.7% of the Sales of Engineering & Construction and 84.4% of the total Sales of the Group.

The volume of activity of this segment has declined -6.7% with respect to the previous year. This decline is due primarily to the delay in the start of work in the concessions in Latin America and to the early stages of construction in the major projects in North America.

The *legacy* projects have achieved Sales worth 145.5 million euros (11.9% of the Construction total) with practically nil EBITDA. The cash consumed by the *legacy* projects totalled 49.0 million euros in 1H18.

EBITDA in the Construction segment was practically nil in this first half of the year (compared to 3.2% during the same period in 2017), affected principally by the confluence of several factors in the lower volume of sales, such as: (i) the as yet limited contribution by the major projects in their initial stages in the U.S., (ii) the slow pace of activity in the concession projects in Latin America, (iii) the effect of the existing overhead charges, which are excessive and are now being addressed in a cost reduction plan, and (iv) a revision to more conservative margins in a number of projects.

As indicated, the project-level Gross Margin (i.e.: before the overhead charges of the business) was placed at 4.5% on Sales in 1H18 (compared to the 6.6% figure in 1H17), although it is expected that these margins will gradually approach the average margin of the current order book (around 7-8%) as the larger and higher-margin projects, together with the Latin American concessions, progressively gain momentum.

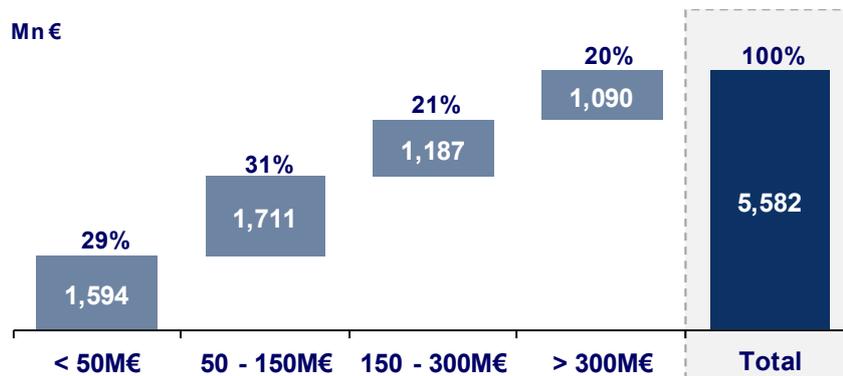
In addition, the impetus being given to the measures for the reduction of overhead costs in Construction (as is also the case in the rest of the Divisions and in Corporate) will become more visible starting from the second half of 2018 and, above all, in 2019.

The Construction short-term order book at 30 June 2018 totalled 5,582.1 million euros, equivalent to 26.6 months of sales, similar to the figure at 31 December 2017, which guarantees the future growth of this activity and demonstrates its regenerating capacity. The order book presents a balanced profile both in terms of geographical location as well as project size, with 94.0% originating from the main regions of business (where the U.S. and Latin America stand out with 38.5% and 28.6%, respectively) and with 19.5% of projects of a size in excess of 300 million euros.

The geographical distribution of the Construction short-term order book is as follows:

|                             | 06/30/2018   |
|-----------------------------|--------------|
| <b>Home Markets</b>         | <b>94.0%</b> |
| USA                         | 38.5%        |
| Latin America               | 28.6%        |
| Spain                       | 19.7%        |
| Czech Rep. & Eastern Europe | 7.1%         |
| <b>Other</b>                | <b>6.0%</b>  |

The order book, according to project size, is distributed as follows:



Of the total Construction order book, 21.8% refers to work to be performed for concession projects. The current order book with the 10 most significant contracts at 30 June 2018 is set out below:

|   | Country    | 2018           |
|---|------------|----------------|
| Project I-405                                     | USA        | 548.2          |
| Autopista Vespucio Oriente                        | Chile      | 330.0          |
| New York Canarsie tunnel rehabilitation           | USA        | 239.7          |
| Autopista Atizapán-atlacomulco                    | Mexico     | 238.6          |
| Hospital de Curicó                                | Chile      | 186.2          |
| Puerto de Valparaiso                              | Chile      | 176.3          |
| Modernización línea ferroviaria Sudomerice-Votice | Czech Rep. | 170.7          |
| Autopista Río Magdalena                           | Colombia   | 128.9          |
| LAV Oslo-Ski (Follo Line Project)                 | Norway     | 124.0          |
| Motorway D1 Hubová-Ivachnová                      | Slovakia   | 122.1          |
| <b>10 largest projects in backlog</b>             |            | <b>2,264.8</b> |

Mn Euros

The diversification of the order book by type of project is significant, where 48.6% refers to roads, 21.0% to railways, 17.1% to building construction and 13.3% to the rest of the activities. The new awards in the first half of 2018 totalled 1,237.2 million euros, with 46.1% of the projects located in the United States. The book-to-bill ratio was placed at 1.0x.

The following stand out among the new awards obtained in 2018:

|   | Country    | 2018           |
|---|------------|----------------|
| Modernización línea ferroviaria Sudomerice-Votice | Czech Rep. | 172.2          |
| New York. A-36622 ESI-33 Station Improvement      | USA        | 100.0          |
| Rehabilitation of riverside                       | USA        | 83.8           |
| Torre Caleido                                     | Spain      | 78.9           |
| Plataforma LAV Angiorza                           | Spain      | 77.6           |
| Florida Salmon Farm                               | USA        | 61.9           |
| California Newhope - Placencia                    | USA        | 48.1           |
| LAV Zaragoza - Pamplona                           | Spain      | 46.1           |
| Illinois IDOT item 117 - i55 al weber             | USA        | 39.0           |
| <b>Total main awards</b>                          |            | <b>707.6</b>   |
| Other   |            | 529.6          |
| <b>Total awards</b>                               |            | <b>1,237.2</b> |

Mn Euros

## INDUSTRIAL

| Main Figures  | 1H18         | 1H17         | Var. (%)      |
|---------------|--------------|--------------|---------------|
| <b>Sales</b>  | <b>91.2</b>  | <b>128.6</b> | <b>-29.1%</b> |
| <b>EBITDA</b> | <b>-27.6</b> | <b>-17.9</b> | <b>-54.2%</b> |
| % o/ Sales    | -30.3%       | -13.9%       |               |
| <b>EBIT</b>   | <b>-28.5</b> | <b>-19.3</b> | <b>-47.7%</b> |
| % o/ Sales    | -31.3%       | -15.0%       |               |

Euro Mn

The Industrial business achieved sales in 1H18 totalling 91.2 million euros, declining -29.1% with respect to the same period in the previous year, mainly as a result of: (i) the reduction in scale ensuing from the strategic decision to abandon the segment of Oil&Gas EPCs, and (ii) the slower pace in the performance of a number of projects and the finalisation of others.

EBITDA was placed at -27.6 million euros, affected primarily by the negative margins occurring in the final stages of a number of existing projects (as a consequence in most cases of the overruns associated with delays in delivery dates) and by the high overhead costs involved in this activity which are still in the process of reduction.

These margins do not include the adverse impact in 1H18 of the unfavourable outcome of the arbitration in relation to the Xacbal project, which amounted to -27.7 million euros.

The Industrial order book at 30 June 2018 was placed at 250.8 million euros, and included: (i) 97.8 million euros (39%) for the Cementos Molins plant in Colombia (which is scheduled to finalise in 2019), (ii) 124.0 million euros (49%) in Operation & Maintenance (O&M), Fire Protection, Photovoltaic and Equipment projects (with stable margins and low risk) and (iii) 29 million euros (only 12% of the total) referring to the EPCs pending completion.

## SERVICIOS

| Main Figures  | 1H18         | 1H17         | Var. (%)      |
|---------------|--------------|--------------|---------------|
| <b>Sales</b>  | <b>127.7</b> | <b>108.7</b> | <b>17.5%</b>  |
| <b>EBITDA</b> | <b>-0.7</b>  | <b>0.3</b>   | <b>n.a.</b>   |
| % o/ Sales    | -0.5%        | 0.3%         |               |
| <b>EBIT</b>   | <b>-2.5</b>  | <b>-1.4</b>  | <b>-78.6%</b> |
| % o/ Sales    | -2.0%        | -1.3%        |               |

Euro Mn

The Sales obtained by this Division totalled 127.7 million euros, with +17.5% growth thanks mainly to the positive performance of the Facilities segment (cleaning, maintenance and energy efficiency) in the domestic market, as well as to increased activity in municipal services and home help services.

The Services business (which is the smallest of the three comprising the Engineering & Construction segment) obtained an EBITDA margin of -0.5% on Sales, reflecting the highly competitive environment of a very mature sector. A number of delays in the initial stages of projects contracted have also contributed to this slightly negative margin.

The order book at 30 June 2018 was worth 367.6 million euros, having contracted 139.4 million euros in the financial year. Outstanding awards in the domestic market include the Cleaning Contract for Line 10 of Metro Madrid, Green Areas in Torrejón de Ardoz and Street Lighting in León.

## OHL DESARROLLOS

| Main Figures  | 1H18         | 1H17        | Var. (%)      |
|---------------|--------------|-------------|---------------|
| <b>Sales</b>  | <b>6.5</b>   | <b>43.2</b> | <b>-85.0%</b> |
| <b>EBITDA</b> | <b>-10.2</b> | <b>6.5</b>  | <b>n.a.</b>   |
| % o/ Sales    | -156.9%      | 15.0%       |               |
| <b>EBIT</b>   | <b>-10.3</b> | <b>4.0</b>  | <b>n.a.</b>   |
| % o/ Sales    | -158.5%      | 9.3%        |               |

Euro Mn

The figures obtained by OHL Desarrollos have undergone a significant change in scale following the transactions for the sale of Mayakobá assets in April 2017 (loss of control) and are therefore not comparable, since the majority of the division's subsidiaries have gone on to be accounted for by the equity method following that sale. As a result, OHL Desarrollos posted Sales in 1H18 in the amount of 6.5 million euros, declining as much as -85.0% with respect to the same period in the previous financial year.

EBITDA totalled -10.2 million euros, due to the combination of the high central overhead costs of this division and the lower (or nil) contribution of EBITDA by a number of the Division's projects on having gone on to be consolidated according to the equity method.

The principal projects of this division are:

- **Mayakobá**

The 26<sup>th</sup> of April marked the completion of the sale of the remaining stakes held by the Group in the hotel companies (49.0% in the El Camaleón Golf Course, 43.3% in the Banyan Tree Hotel, 9.0% in the Andaz, 9.8% in the Fairmont and 20.0% in the Rosewood), together with part of the land of the complex and other minor subsidies, at a total price of 50.5 million euros, in addition to the assignment of collection rights in the amount of 12.5 million euros, all of which has generated a total result of -43.0 million euros. The net cash generated came to 58.9 million euros.

- **Ciudad Mayakobá**

An important note is the steady pace of the projects being carried out in Ciudad Mayakobá, which have continued to move ahead with excellent performance in sales and development, reaching a figure of 90%-95% of sales of the inventory, together with the recognition and awards obtained internationally (the Project was presented as a model of development at the Habitat III Conference organised by the UN). This project had a net book value at 30 June 2018 of 149.8 million euros.

The negotiations for the sale of these assets are continuing and are expected to conclude by the end of 2018.

- **Canalejas**

The OHL Group continued to hold a 17.5% minority stake in the project at 30 June 2018, with a net book value of 69.4 million euros. At the present time, the project continues in the construction stage, and the commercialisation of a number of areas of the complex has continued in 2018. The project is scheduled to finalise in 2019.

On 13 August 2018, OHL Desarrollos announced the acquisition of the entire 32.5% stake held by Grupo Villar Mir, S.A.U. in the capital of Proyecto Canalejas at a total price consisting of a fixed amount of 50 million euros, with the possibility of an earn-out up to a maximum of an additional 10 million euros depending on the capital gains generated in a possible subsequent sale of the aforementioned stakes. The transaction also included the acquisition by OHL Desarrollos of the credit rights in relation to the loans or credits granted by Grupo Villar Mir, S.A.U. in relation to the project in the amount of 9.8 million euros.

- **Old War Office**

The Old War Office heritage project in London, in which OHL Desarrollos holds a 49% stake, has successfully completed the process for obtaining permits and is now in the early construction stage. This stake had a net book value at 30 June 2018 of 104.0 million euros.

**The complete package of assets of this division had a net book value at 30 June 2018 of 323.2 million euros.**

#### 4. CONSOLIDATED FINANCIAL STATEMENTS (figures unaudited)

As a consequence of the decision to sell 100% of OHL Concesiones, this business activity is presented as a discontinued operation on the Profit and Loss Account of the first half of 2018, restating the Profit and Loss Account and the Cash-Flow Statement of the first half of 2017.

The Profit and Loss Account is shown below, de-linked from the extraordinary transactions already discussed, for the purpose of rendering the two periods compatible.

##### PROFIT AND LOSS ACCOUNT

|  | Previous<br>1H18 | Concessions<br>sale | Redundancy<br>Plan, Xacbal<br>and others | CHUM         | OHLD &<br>ZPSV sales | 1H18           | 1H17*          | Var. (%)      |
|--|------------------|---------------------|--|--------------|----------------------|----------------|----------------|---------------|
| <b>Turnover</b>  | <b>1,445.1</b>   |                     |  |              |                      | <b>1,445.1</b> | <b>1,587.2</b> | <b>-9.0%</b>  |
| Other operating revenues   | 64.6             |                     |  |              |                      | 64.6           | 74.1           | -12.8%        |
| <b>Total Operating Revenues</b>                                  | <b>1,509.7</b>   | <b>0.0</b>          | <b>0.0</b>                               | <b>0.0</b>   | <b>0.0</b>           | <b>1,509.7</b> | <b>1,661.3</b> | <b>-9.1%</b>  |
| % of Sales   | 104.5%           |                     |  |              |                      | 104.5%         | 104.7%         |               |
| Operating expenses   | -1,165.8         |                     | -40.2                                    |              | -3.6                 | -1,209.6       | -1,229.2       | -1.6%         |
| Personnel expenses   | -397.8           |                     | -15.5                                    |              |                      | -413.3         | -445.7         | -7.3%         |
| <b>EBITDA</b>  | <b>-53.9</b>     | <b>0.0</b>          | <b>-55.7</b>                             | <b>0.0</b>   | <b>-3.6</b>          | <b>-113.2</b>  | <b>-13.6</b>   | <b>n.s.</b>   |
| % of Sales   | -3.7%            |                     |  |              |                      | -7.8%          | -0.9%          |               |
| Amortisation   | -31.8            |                     |  |              |                      | -31.8          | -40.1          | -20.7%        |
| Changes in provisions  | 12.1             |                     |  |              |                      | 12.1           | 0.0            | n.s.          |
| <b>EBIT</b>  | <b>-73.6</b>     | <b>0.0</b>          | <b>-55.7</b>                             | <b>0.0</b>   | <b>-3.6</b>          | <b>-132.9</b>  | <b>-53.7</b>   | <b>n.s.</b>   |
| % of Sales   | -5.1%            |                     |  |              |                      | -9.2%          | -3.4%          |               |
| Financial revenues   | 12.3             |                     |  |              |                      | 12.3           | 10.8           | 13.9%         |
| Financial expenses   | -46.9            |                     | -1.1                                     |              |                      | -48.0          | -37.8          | 27.0%         |
| Change in the fair value of financial instruments                | 2.7              | -92.3               |  |              | -7.2                 | -96.8          | -5.8           | n.s.          |
| Exchange differences   | -21.2            |                     |  |              | 4.0                  | -17.2          | -28.7          | -40.1%        |
| Deterioration and result from disposals of financial instruments | -2.2             |                     |  |              | -33.7                | -35.9          | -1.3           | n.s.          |
| <b>Financial profit / (loss)</b>                                 | <b>-55.3</b>     | <b>-92.3</b>        | <b>-1.1</b>                              | <b>0.0</b>   | <b>-36.9</b>         | <b>-185.6</b>  | <b>-62.8</b>   | <b>195.5%</b> |
| Equity accounted entities  | 5.6              |                     |  | -76.7        |                      | -71.1          | -9.9           | n.s.          |
| <b>Profit / (loss) on continuing activities before taxes</b>     | <b>-123.3</b>    | <b>-92.3</b>        | <b>-56.8</b>                             | <b>-76.7</b> | <b>-40.5</b>         | <b>-389.6</b>  | <b>-126.4</b>  | <b>n.s.</b>   |
| % of Sales   | -8.5%            |                     |  |              |                      | -27.0%         | -8.0%          |               |
| Corporate tax  | 3.0              |                     |  |              | -1.6                 | 1.4            | -10.7          | n.a.          |
| <b>Profit / (loss) on continuing activities in the year</b>      | <b>-120.3</b>    | <b>-92.3</b>        | <b>-56.8</b>                             | <b>-76.7</b> | <b>-42.1</b>         | <b>-388.2</b>  | <b>-137.1</b>  | <b>183.2%</b> |
| % of Sales   | -8.3%            |                     |  |              |                      | -26.9%         | -8.6%          |               |
| Disposal result  |                  | 47.6                |  |              |                      | 47.6           |                |               |
| Result in value adjustments **                                   |                  | -549.9              |  |              |                      | -549.9         |                |               |
| Contributed result up to the sale                                |                  | 115.7               |  |              |                      | 115.7          |                |               |
| <b>Result after taxes on discontinued operations</b>             | <b>0.0</b>       | <b>-386.6</b>       | <b>0.0</b>                               | <b>0.0</b>   | <b>0.0</b>           | <b>-386.6</b>  | <b>247.8</b>   | <b>n.a.</b>   |
| <b>Profit / (loss) for the year</b>                              | <b>-120.3</b>    | <b>-478.9</b>       | <b>-56.8</b>                             | <b>-76.7</b> | <b>-42.1</b>         | <b>-774.8</b>  | <b>110.7</b>   | <b>n.a.</b>   |
| % of Sales   | -8.3%            |                     |  |              |                      | -53.6%         | 7.0%           |               |
| Minority interests   | 2.8              |                     |  |              |                      | 2.8            | -1.0           | n.a.          |
| Minority interests of discontinued operations                    | 0.0              | -71.6               |  |              |                      | -71.6          | -141.8         | -49.5%        |
| <b>Result attributed to the parent company</b>                   | <b>-117.5</b>    | <b>-550.5</b>       | <b>-56.8</b>                             | <b>-76.7</b> | <b>-42.1</b>         | <b>-843.6</b>  | <b>-32.1</b>   | <b>n.s.</b>   |
| % of Sales   | -8.1%            |                     |  |              |                      | -58.4%         | -2.0%          |               |

Mn Euros

\* Re expressed

\*\* -549.9 This result is offset by a credit entry in reserves with zero effect on net assets.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

The **turnover** of the Group in the first half of the 2018 financial year totalled 1,445.1 million euros, down 9.0% with respect to the figure obtained during the same period in 2017, due principally to the slower pace of activity in the Engineering & Construction Division.

International sales accounted for 74.3% of turnover in the first half of 2018, in comparison to 76.4% during the same period in the previous year.

In the distribution of sales by geographical area, the U.S. and Canada represent 31.3% of the total, Spain 25.7%, Central and Eastern Europe 8.2%, Mexico 7.9% and Chile 4.6%.

The **total operating revenues** amounted to 1,509.7 million euros, down 9.1% in relation to the figure for the first six months of the 2017 financial year.

The **gross operating profit (EBITDA)** was placed at -113.2 million euros, that is, -7.8% on turnover, affected very adversely by the margins of the Construction and Industrial divisions and the high costs borne by Corporate. EBITDA was also affected by the penalties applied in the Xacbal project, in the amount of -27.6 million euros, and by the costs of the Collective Redundancy Plan and others totalling -17.8 million euros.

The **net operating profit (EBIT)** totalled -132.9 million euros, in comparison to -53.7 million during the same period in the previous year.

The net amount of **financial revenues and expenses** came to -35.7 million euros, compared to -27.0 million euros in the first half of the 2017 financial year. A significant part of this stems from the higher financial expenditure on account of the financial expenses and restructuring commissions involved in the repayment of Bonds by the Group, as a consequence of the put option exercised by bondholders following the divestiture of Concesiones.

The **change in the fair value of financial instruments** totalled -96.8 million euros, deteriorating by -91.0 million euros with respect to the same period in the previous year, as a result of the effect of the -92.3 million euro change in value of the foreign exchange hedge arranged to hedge the OHL Concesiones divestiture transaction.

The **exchange rate differences** totalled -17.2 million euros, improving by 11.5 million euros with respect to those occurring in the first half of the 2017 financial year.

In relation to the divestitures of companies owned by Desarrollos and ZPSV, details of the total results are shown below, recognised under different headings on the Profit and Loss Account:

| Concept  | Affiliates<br>Desarrollos | Z.P.S.V. A.S. | Total         |
|--|---------------------------|---------------|---------------|
| <b>Sale price</b>                                      | <b>63.0</b>               | <b>44.3</b>   | <b>107.3</b>  |
| <b>P&amp;L impact</b>                                  |                           |               |               |
| EBIT   | (3.5)                     | -             | (3.5)         |
| Exchange differences                                   | -                         | 4.0           | 4.0           |
| Change in the fair value of financial instruments      | (7.2)                     | -             | (7.2)         |
| Deterioration and result from disposals of fin. Instr. | (30.6)                    | (3.1)         | (33.7)        |
| Corporate tax  | (1.6)                     | -             | (1.6)         |
| <b>Total P&amp;L impacts</b>                           | <b>(43.0)</b>             | <b>0.9</b>    | <b>(42.1)</b> |

Mn Euros

The **Impairment and result from the sale of financial instruments** totalled -35.9 million euros. The following results stand out under this heading:

- The result in the amount of -30.6 million euros from the sale of 19 companies belonging to Desarrollos.
- The result in the amount of -3.1 million euros from the sale of ZPSV.

The **result of entities valued by the equity method** came to -71.1 million euros, where the loss of -76.7 million euros in the University of Montreal Hospital (CHUM) project is particularly significant, due to the excess costs necessary as a consequence of defects in the start-up of the first phase of the project.

The **result before taxes** totalled -389.6 million euros.

The **tax on profits** amounted to 1.4 million euros, while the effective tax rate was similar to that of the first half of the 2017 financial year

For the calculation of the tax rate, the results from the application of the equity method and other items without a tax effect are eliminated, and the fact that the Group does not recognise tax credits if their recovery is not assured must be taken into account.

The result for the year from continuing operations was placed at -388.2 million euros, compared to -137.1 million euros in the first half of 2017, affected by:

- The adverse operating results.
- The costs associated with the PDC, the penalties applied in the Xacbal project and others.
- The financial results, which reflect the adverse impact of the derivatives associated with the divestiture of Concesiones and the negative results of the sales of the Mayakobá companies and ZPSV.
- The adverse impact of the losses undergone in the University of Montreal Hospital (CHUM) project.

The **result for the year from discontinued operations** after taxes refers to the Concessions business as shown below:

|  |                |
|--|----------------|
| Result in value adjustments                          | 47.6           |
| Disposal result                                      | (549.9)        |
| Contributed result after taxes up to the sale        | 115.7          |
| <b>Result after taxes on discontinued operations</b> | <b>(434.2)</b> |

Mn Euros

A significant development is the result from value adjustments which, in accordance with the requirements of IAS 21, included conversion differences in the amount of -540.6 million euros and the valuation of derivatives in the amount of -9.3 million euros, which were already included previously as net assets. **This total loss of -549.9 million euros refers to an accounting movement which is offset by an improvement of 549.9 million euros under the heading of “Valuation adjustments”, whereby the net assets remain unchanged.**

The purchase agreement assessed OHL Concesiones, S.A.U. at 2,775.0 million euros, resulting in a net consideration, following the adjustments of net debt, exchange rate and cash contributed to projects, in the amount of 2,158.0 million euros. The net result from the sale totalled 47.6 million euros.

Likewise, the result after taxes generated by Concesiones up to the time of its sale is also included and totals 115.7 million euros.

The **Result attributed to minority interests** came to -68.8 million euros of which -71.6 million euros refer to the results generated by the discontinued operations of Concesiones in the first quarter of 2018.

All of the foregoing constitutes an impact on the Profit and Loss Account for this entire transaction in the amount of -550.5 million euros.

The results of the continuing and discontinued operations place the **Result attributed to the Parent Company** at -843.6 million euros.

## CONSOLIDATED BALANCE SHEET

|   | 06/30/2018     | 12/31/2017      | Var. (%)      |
|---|----------------|-----------------|---------------|
| <b>Non-current assets</b>                                       | <b>1,468.2</b> | <b>1,665.3</b>  | <b>-11.8%</b> |
| Intangible fixed assets   | 254.5          | 243.9           | 4.3%          |
| Tangible fixed assets in concessions                            | 67.8           | 66.8            | 1.5%          |
| Tangible fixed assets   | 170.8          | 212.1           | -19.5%        |
| Real estate investments   | 86.4           | 73.3            | 17.9%         |
| Equity-accounted investments                                    | 210.0          | 303.1           | -30.7%        |
| Non-current financial assets                                    | 378.9          | 501.0           | -24.4%        |
| Deferred-tax assets   | 299.8          | 265.1           | 13.1%         |
| <b>Current assets</b>   | <b>3,214.9</b> | <b>10,543.2</b> | <b>-69.5%</b> |
| Non-current assets held for sale & discontinued operations      | 0.0            | 8,023.6         | n.a.          |
| Stocks  | 164.5          | 152.4           | 7.9%          |
| Trade debtors and other accounts receivable                     | 1,664.2        | 1,753.5         | -5.1%         |
| Other current financial assets                                  | 505.5          | 140.1           | 260.8%        |
| Other current assets  | 55.2           | 39.4            | 40.1%         |
| Cash and cash equivalents                                       | 825.5          | 434.2           | 90.1%         |
| <b>Total assets</b>   | <b>4,683.1</b> | <b>12,208.5</b> | <b>-61.6%</b> |
| <b>Net shareholders' equity</b>                                 | <b>1,425.2</b> | <b>4,183.3</b>  | <b>-65.9%</b> |
| <b>Shareholder's equity</b>                                     | <b>1,518.8</b> | <b>2,918.0</b>  | <b>-48.0%</b> |
| Capital   | 171.9          | 179.3           | -4.1%         |
| Issue premium   | 1,265.3        | 1,265.3         | 0.0%          |
| Reserves  | 1,025.1        | 1,485.5         | -31.0%        |
| Result for the year attributed to the parent company            | -843.6         | -12.1           | n.s.          |
| Interim dividend  | -99.9          | 0.0             | n.a.          |
| <b>Valuation adjustments</b>                                    | <b>-88.3</b>   | <b>-751.3</b>   | <b>-88.2%</b> |
| <b>Parent company shareholders' equity</b>                      | <b>1,430.5</b> | <b>2,166.7</b>  | <b>-34.0%</b> |
| <b>Minority interests</b>                                       | <b>-5.3</b>    | <b>2,016.6</b>  | <b>n.a.</b>   |
| <b>Non-current liabilities</b>                                  | <b>911.2</b>   | <b>1,124.1</b>  | <b>-18.9%</b> |
| Subsidies   | 2.0            | 2.2             | -9.1%         |
| Non-current provisions  | 35.2           | 50.1            | -29.7%        |
| Non-current financial debt (*)                                  | 672.8          | 893.5           | -24.7%        |
| Other non-current financial liabilities                         | 3.8            | 4.4             | -13.6%        |
| Deferred-tax liabilities  | 163.3          | 139.5           | 17.1%         |
| Other non-current liabilities                                   | 34.1           | 34.4            | -0.9%         |
| <b>Current liabilities</b>                                      | <b>2,346.7</b> | <b>6,901.1</b>  | <b>-66.0%</b> |
| Non-current liabilities held for sale & discontinued operations | 0.0            | 4,141.7         | n.a.          |
| Current provisions  | 226.0          | 225.4           | 0.3%          |
| Current financial debt (*)                                      | 99.9           | 680.7           | -85.3%        |
| Other current financial liabilities                             | 4.6            | 4.7             | -2.1%         |
| Trade creditors and other accounts payable                      | 1,764.5        | 1,614.9         | 9.3%          |
| Other current liabilities                                       | 251.7          | 233.7           | 7.7%          |
| <b>Total liabilities and net shareholders' equity</b>           | <b>4,683.1</b> | <b>12,208.5</b> | <b>-61.6%</b> |

\* Includes Bank debt + Bonds

Mn Euros

### **Application of IFRS 15 “Revenue from Contracts with Customers”**

The Balance Sheet at 30 June 2018 has been affected by the application of IFRS 15.

The mandatory application of this standard starting from 1 January 2018 involves the adoption of more restrictive criteria for revenue recognition, principally with respect to the probability of approval by the customer, as up to now revenue was recognised when the attainment of such approval was probable, while with the new standard, revenue recognition takes place when it is highly probable that a substantial reversal of the revenues will not occur.

In this regard, on 1 January 2018, the amount of 444.2 million euros was deleted and taken to “Reserves”, without a tax effect, thereby reducing “Non-current assets” by 97.6 million euros and “Trade debtors and other accounts receivable – Works completed and pending certification” by 346.6 million euros, the latter originating from Construction projects currently involved in litigation and/or in negotiations with customers.

The most important projects to which this new regulation has been applied are as follows:

- Design and Construction of the Sidra Medical Research Centre (Doha, Qatar) project, Qatar Foundation for Education, Science and Community Development (QF), which is involved in an arbitration dispute, initiated on 30 July 2014, before the International Chamber of Commerce. Assets in the amount of 239.5 million euros have been deleted on account of this contract.
- Other balances of Works Completed Pending Certification with respect to the companies: Autopista Eje Aeropuerto Concesionaria Española, S.A.U., Cercanías Móstoles Navalcarnero, S.A., Viaducto Kuwait, FF.CC. Annaba, Marmaray and other minor balances.

With the application of this standard, the risk of the *Legacy* projects on the Balance Sheet has been completely eliminated, while the OHL Group is continuing to follow through all actions undertaken in order to recover the aforementioned amounts, since it considers that very well-founded legal reasons exist for their recovery from the respective customers, at which time these revenues would be recognised again.

### **Changes in the Balance Sheet**

The principal headings of the consolidated balance sheet at 30 June 2018 and the changes therein with respect to 31 December 2017 are as follows:

**Fixed assets in concession projects:** this heading takes in all of the Group’s concession assets.

The balance at 30 June 2018 totalled 67.8 million euros and referred principally to Sociedad Concesionaria Aguas de Navarra, S.A., with a balance of 66.8 million euros.

**Investments accounted for by applying the equity method:** the balance of this heading stood at 210.0 million euros, decreasing by 93.1 million euros with respect to the figure at 31 December 2017, mainly due to the losses in the first six months of the 2018 financial year posted by Health Montreal Collective CJV L.P., in relation to the University of Montreal Hospital (CHUM) project, in the amount of 76.7 million euros.

The Canalejas project and the Old War Office project stand out among the main investments recognised under this heading.

**Non-current financial assets:** amounted to 378.9 million euros, and presented a decrease of 122.1 million euros, mainly due to the decrease, charged to reserves on January 1, 2018 by application of IFRS 15, of 97.6 million euros of assets of the Sidra Hospital (Qatar).

**Non-current assets and liabilities held for sale:** at 31 December 2017, these headings referred to the assets and liabilities of the companies in the Concessions Division, whose divestiture took place on 12 April 2018.

**Trade debtors and other accounts receivable:** at 30 June 2018 the balance of this heading totalled 1,664.2 million euros, accounting for 35.5% of the total assets and declining by 89.3 million euros with respect to 31 December 2017.

Works certified for progress payments still outstanding and works pending certification represented 78.3% of the total of this balance and amounted to 1,302.3 million euros (5.2 months of sales), compared to 1,410.8 million euros (5.4 months of sales) at 31 December 2017.

The effect of the application of IFRS 15, mentioned previously, has contributed to this decrease.

This heading has declined by 46.1 million euros (40.8 million euros at 31 December 2017), on account of customer receivables assignments without the possibility of recourse.

**Parent Company shareholders' equity:** totalled 1,430.5 million euros, accounting for 29.9% of the total assets, and has declined by 736.2 million euros with respect to the figure at 31 December 2017, due to the net effect of:

- A decrease in reserves in the amount of -460.4 million euros, of which -444.2 million euros are the result of the application of IFRS 15, with others totalling -16.2 million euros.
- A decrease due to the attributable result of the first six months of the 2018 financial year, amounting to -843.6 million euros.
- A decrease in the amount of -99.9 million euros due to the interim dividend on 2018 earnings, which was paid on 6 July 2018.
- An increase in adjustments for value changes totalling 663.0 million euros, 102.0 million euros of which occurred as a result of the conversion of financial statements in foreign currency and 549.9 million euros in the transfer to results of the conversion differences of Concesiones, on the occasion of its sale, and 11.1 million euros from the valuation of financial instruments.
- The capital reduction in the amount of 7.4 million euros and reserves totalling 39.7 million euros, brought about by the redemption of treasury shares.
- An increase of 47.0 million euros, originating from a reduction in the number of bought-back shares. At 30 June 2018 the treasury stock was made up by 385,972 shares, worth 1.1 million euros.

**Minority interests:** at 30 June 2018 were placed at -5.3 million euros.

This balance decreased to the extent of -2,021.9 million euros with respect to the figure at 31 December 2017, due to the net effect of:

- An increase in the amount of 68.8 million euros due to the result of the first six months of the 2018 financial year, allocated to minority interests.
- An increase of 661.7 million euros brought about by the conversion of financial statements in foreign currency.
- A decrease in the amount of -6.3 million euros as a result of the impact of the valuation of financial instruments.
- A decrease of -2,741.4 million euros, arising from the sale of the Concessions Division mentioned previously.

- A decrease of 4.7 million euros due to other changes stemming from changes in the scope.

**Banks and bond issues:** the comparison of the borrowings at 30 June 2018 with the figure at 31 December 2017 is:

| Gross debt <sup>(1)</sup> | 06/30/2018   | %     | 12/31/2017     | %     | Var. (%)      |
|---------------------------|--------------|-------|----------------|-------|---------------|
| Recourse debt             | 709.7        | 91.8% | 1,517.0        | 96.4% | -53.2%        |
| Non-recourse debt         | 63.0         | 8.2%  | 57.2           | 3.6%  | 10.1%         |
| <b>Total</b>              | <b>772.7</b> |       | <b>1,574.2</b> |       | <b>-50.9%</b> |

Euro M n

(1) The gross borrowings group together the non-current and current debt items, which include both bank debt and bonds.

| Net debt <sup>(2)</sup> | 06/30/2018    | %      | 12/31/2017   | %     | Var. (%)    |
|-------------------------|---------------|--------|--------------|-------|-------------|
| Recourse net debt       | -617.2        | 110.5% | 943.5        | 94.4% | n.a.        |
| Non-recourse net debt   | 58.9          | -10.5% | 56.4         | 5.6%  | 4.4%        |
| <b>Total</b>            | <b>-558.3</b> |        | <b>999.9</b> |       | <b>n.a.</b> |

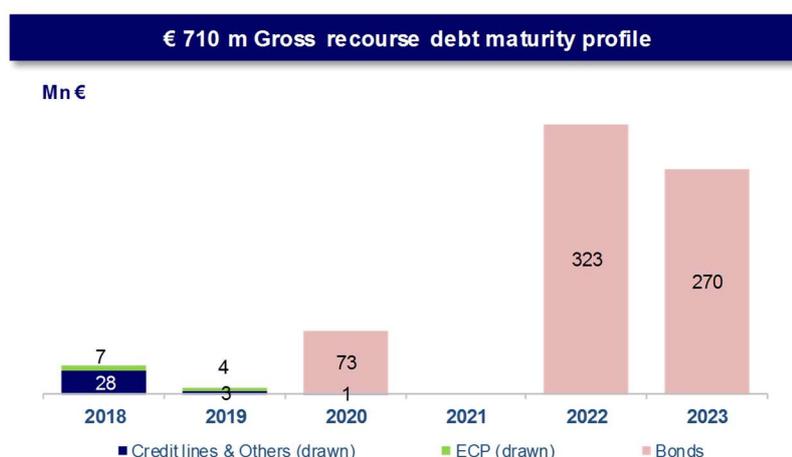
Euro M n

(2) The net borrowings are comprised by the gross borrowings minus other financial assets and cash and cash equivalents.

The gross recourse borrowings at 30 June 2018 stood at 709.7 million euros, decreasing with respect to the figure at 31 December 2017 as a result of:

- The repayment of 701.7 million euros of the syndicated loan, credit lines and others.
- The amount used to repay the Bonds maturing in 2020, 2022 and 2023 for a total of 228.3 million euros, repaid on 21 May 2018. Following this repayment, the balance of the Bonds still in circulation totals 666.2 million euros.

Details of the maturity dates of the Group's gross recourse debt, together with the available recourse liquidity, are shown below:



Net recourse borrowings were placed at -617.2 million euros, decreasing by -1,560.7 million euros with respect to 31 December 2017, as a consequence of the funds obtained in the sale of the Concessions Division.

The heading of "Other current financial assets" at 30 June 2018 totalled 505.5 million euros and included a deposit not available for use in the amount of 375.2 million euros. Of this latter amount, 372.0 million are held as a surety for the Syndicated Multi-Product Financing.

The situation of the recourse liquidity at 30 June 2018 and at 31 December 2017 is as follows:

| <b>Recourse liquidity</b>           | <b>06/30/2018</b> | <b>12/31/2017</b> |
|-------------------------------------|-------------------|-------------------|
| Bonds                               | 666.2             | 894.5             |
| Euro Commercial Paper               | 10.3              | 6.7               |
| Syndicated Facility                 | -                 | 250.0             |
| Credit lines and others             | 56.0              | 540.7             |
| <b>Availability with recourse</b>   | <b>732.5</b>      | <b>1,691.9</b>    |
| <b>Gross recourse debt</b>          | <b>709.7</b>      | <b>1,517.0</b>    |
| Financing with Recourse available   | 22.8              | 174.9             |
| Cash and IFT                        | 1,326.9           | 573.6             |
| <b>Recourse liquidity available</b> | <b>1,349.7</b>    | <b>748.5</b>      |

M n Euros

The Group's recourse availability totals 732.5 million euros. The liquidity of the Group, measured as cash and cash equivalents, stands at 1,326.9 million euros.

With respect to the total gross borrowings, 87.1% is long-term, while the remaining 12.9% is short-term.

The gross non-recourse financial debt totals 63.0 million euros, only 8.2% of the total gross borrowings.

## CASH-FLOW

An additional breakdown is made in this section in line with the internal criteria determined by the Group for the purpose of analysing the performance of its business. In some instances, these criteria differ from the standards established in IAS 7.

|  | 1H18             | 1H17           |
|--|------------------|----------------|
| <b>EBITDA</b>                                  | <b>(113.2)</b>   | <b>(14.8)</b>  |
| <b>Adjustments</b>                             | <b>(198.0)</b>   | <b>(95.8)</b>  |
| Financial results                              | (149.7)          | (61.5)         |
| Equity accounted results                       | (71.0)           | (9.9)          |
| Result from disposals of financial instruments | (35.8)           | (1.3)          |
| Taxes  | 1.4              | (10.7)         |
| OHL Concesiones gain                           | 47.6             | -              |
| Changes in provisions and others               | 9.5              | (12.4)         |
| <b>Cash-flow from operations</b>               | <b>(311.2)</b>   | <b>(110.6)</b> |
| <b>Changes in current capital</b>              | <b>(147.0)</b>   | <b>(212.3)</b> |
| Trade and other receivables                    | (187.0)          | (95.3)         |
| Trade creditors and other payables             | 144.2            | (176.9)        |
| Other changes in working capital               | (104.2)          | 59.9           |
| <b>Cash-flows from operating activities</b>    | <b>(458.2)</b>   | <b>(322.9)</b> |
| <b>Cash-flow from investment activities</b>    | <b>2,016.4</b>   | <b>250.8</b>   |
| Minority interest                              | (7.6)            | (27.8)         |
| Other  | 1,939.0          | 241.1          |
| Discontinued operations                        | 85.0             | 37.5           |
| <b>Change in net non-recourse debt</b>         | <b>2.5</b>       | <b>65.1</b>    |
| <b>Change in net recourse debt</b>             | <b>(1,560.7)</b> | <b>7.0</b>     |
| <b>Cash-flow from financing activities</b>     | <b>(1,558.2)</b> | <b>72.1</b>    |

Mn Euros

The **gross operating result** totalled -113.2 million euros, deteriorating to the extent of 147.8 million euros with respect to the figure for the same period in the previous financial year.

The **adjustments to the result** totalled -198.0 million euros and include, principally, the financial results.

The **funds originating from operations** were placed at -311.2 million euros.

The **changes in the working capital** presented a negative balance in the amount of -147.0 million euros.

All of these changes are responsible for the negative **cash flow from operating activities**, which was placed at -458.2 million euros, a figure similar to the outcome in the same period of the previous year, both having been affected by the typical seasonality of the businesses of the Group.

The **cash flow from investment activities** totalled 2,016.4 million euros and consisted principally

of the minority interests, the changes in the net assets and the non-current assets and liabilities, together with the result from the discontinued Concessions business, the effect of which amounted to 85.0 million euros.

The **cash flow from financing activities** totalled -1,558.2 million euros, signifying an increase in net non-recourse indebtedness to the Group in the amount of 2.5 million euros and higher net recourse borrowings totalling -1,560.7 million euros.

## 5. ORDER BOOK

At 30 June 2018 the Group's order book was worth 6,422.1 million euros, similar to the figure at 31 December 2017.

Of the total order book, 96.5% refers to short-term contracts, while the remaining 3.5% are long-term.

The short-term order book is worth 6,200.4 million euros, representing approximately 24.7 months of sales and is similar to the figure at 31 December 2017.

Construction accounts for 90.0% of the total short-term order book.

The long-term order book stands at 221.7 million euros and is similar to the status at 31 December 2017.

|                   | 06/30/2018     | %      | 12/31/2017     | %      | Var. (%)     |
|-------------------|----------------|--------|----------------|--------|--------------|
| <b>Short-term</b> | <b>6,200.4</b> |        | <b>6,236.2</b> |        | <b>-0.6%</b> |
| Construction      | 5,582.1        | 90.0%  | 5,568.3        | 89.3%  | 0.2%         |
| Industrial        | 250.8          | 4.0%   | 312.1          | 5.0%   | -19.6%       |
| Services          | 367.5          | 5.9%   | 355.8          | 5.7%   | 3.3%         |
| <b>Long-term</b>  | <b>221.7</b>   |        | <b>224.5</b>   |        | <b>-1.2%</b> |
| Construction      | 221.7          | 100.0% | 224.5          | 100.0% | -1.2%        |
| <b>Total</b>      | <b>6,422.1</b> |        | <b>6,460.7</b> |        | <b>-0.6%</b> |

Mn Euros

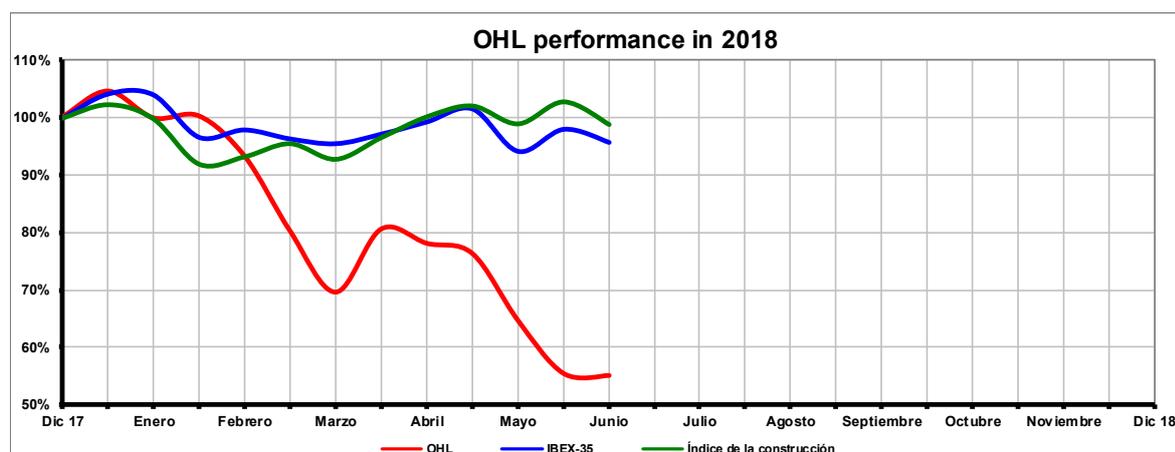
## 6. SHARE PRICE PERFORMANCE

The share capital at 30 June 2018 totalled 171,928,973.40 euros, represented by 286,548,289 ordinary shares (following the capital reduction carried out in February 2018) with a face value of 0.60 euros each, all belonging to a single class and series, listed at 2.74 euros per share, which signifies a share price depreciation of -45.0% in the year.

During the first half of the year, a total of 355,887,175 shares (124.2% of the total tradable shares) were traded on stock exchanges, with a daily average of 2,824,501 securities.

OHL held treasury stock at 30 June 2018 consisting of 385,972 shares, equivalent to 0.13% of the company's current capital.

|                                    | 06/30/2018  |
|------------------------------------|-------------|
| Closing price                      | 2.74        |
| OHL YtD performance                | -45.0%      |
| Number of shares                   | 286,548,289 |
| Market capitalization (Mn Euro)    | 785.4       |
| Ibex 35 YtD performance            | -4.2%       |
| Construction Index YtD performance | -1.1%       |



The most significant information on the bonds issued by OHL is set out below:

| Issuer   | Maturity   | Coupon | Amount | Price    | YtM    |
|----------|------------|--------|--------|----------|--------|
| OHL S.A. | March 2020 | 7.625% | 73     | 100.716% | 7.160% |
| OHL S.A. | March 2022 | 4.750% | 323    | 99.413%  | 4.923% |
| OHL S.A. | March 2023 | 5.500% | 270    | 100.542% | 5.366% |

## 7. APPENDICES

### PRINCIPAL SIGNIFICANT EVENTS

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- **9 January 2018: approval at the Extraordinary General Shareholders' Meeting of a number of resolutions.**

The principal resolutions approved were:

- The transfer of 100% of OHL Concesiones S.A.U. to Global Infraco Spain, S.L.U. according to the terms of the report by the Board of Directors and the information reported to the market according to the Significant Events published on the 16th and 17th of October 2017.
- To ratify the appointment of Juan Luis Osuna Gómez as the Company's C.E.O.
- To ratify the appointment of Javier Goñi de Cacho as a nominee director of the Company.
- To reduce the Share Capital by 7,326,425.4 euros through the redemption of 12,210,709 bought-back shares charged against unrestricted reserves.
- To modify the Directors' Compensation Policy, following a positive report by the Appointments and Compensation Committee.
- To approve an extraordinary emolument to be paid to the C.E.O., Juan Osuna Gómez, in the amount of 18 million euros, for his work and leadership in the process for the sale of the shares of OHL Concesiones S.A.U.

- **6 February 2018: formalisation of the capital reduction**

The registration of the deed of the capital reduction approved by the Company's Extraordinary General Shareholders' Meeting held on 9 January 2018 was formalised in the Commercial Registry of Madrid. As a result, the share capital has been set at 171,928,973.40 euros, represented by 286,548,289 shares with a face value of 0.60 euros each and of a single series and class. All of the shares have been paid up to the extent of 100% of their face value.

- **12 April 2018: conclusion of the transaction for the sale of OHL Concesiones and notice of a Put Option to bondholders.**

The company reported that the conclusion of the transaction has taken place in accordance with the terms of the Share Purchase Agreement signed on 30 November 2017, delivering a net consideration to OHL in the amount of 2,158 million euros. The estimated net capital gain from the transaction totals 48 million euros.

As a consequence of the conclusion of this transaction, the company informed the holders of the three series of bonds (maturing in 2020, 2022 and 2023) issued by the Company and traded on the regulated market of the London Stock Exchange, totalling 894 million euros, that they had a Put Option, exercisable during a period of 30 days (up to 12 May 2018), according to which OHL must repay its bonds by paying 101% of their face value plus the accrued coupon.

- **14 May 2018: result of the Put Option of the bonds.**

The company reported the result of the Put Option exercisable up to 12 May by the bondholders. The nominal value of the bonds to be repaid by the Company amounted to a total of 228.3 million euros (113.8 million euros for the bond maturing in 2020, 71.5 million euros for the bond maturing in 2022 and 43.9 million euros for the bond maturing in 2023). The settlement of the option will take place on 21 May, after which the amount pending of the bonds in circulation will stand at 666.2 million euros.

- **30 May 2018: dividend distribution resolution.**

The Board of Directors passed a resolution to distribute a first interim dividend to shareholders on 2018 earnings in the amount of 0.349881 euros gross per share, the payment of which will take place on 6 June 2018.

- **8 June 2018: agreement with the workers' representatives in relation to the collective redundancy process.**

An announcement was made of the agreement with the workers' representatives in relation to the collective redundancy process, in which the termination of 140 employment contracts was established.

- **26 June 2018: approval of resolutions at the Ordinary General Shareholders' Meeting.**

It was announced that all of the resolutions proposed at the Ordinary General Shareholders' Meeting, held on 26 June 2018, were approved by a majority vote (see full documentation on the corporate website [www.ohl.es](http://www.ohl.es)).

- **26 June 2018: Changes in the composition of the Board of Directors.**

It was announced that the Board of Directors has accepted the resignation tendered by Alvaro Villar-Mir de Fuentes, nominee director, and that the final number of Directors is now established at 10 members (1 executive, 5 nominee and 4 independent directors).

Likewise, it was reported that the Board of Directors has decided to appoint the independent director Reyes Calderón Cuadrado as the Chair of the Appointments and Compensation Committee.

- **28 June 2018: resignation and appointment.**

It was announced that the Board of Directors has accepted the resignation of Juan Osuna as a director and has appointed José Antonio Fernández Gallar by co-option as the Second Deputy Chairman and CEO.

## **PRINCIPAL SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSE OF ACCOUNTS FOR 1H18**

- **9 July 2018: Changes in the composition of the Board of Directors.**

It was announced that the Board of Directors has accepted the resignations tendered by Jose Luis Diez Garcia and Ignacio Moreno Martínez, independent directors, and on the proposal of the Appointments and Compensation Committee has appointed Carmen de Andrés Conde and César Cañedo-Argüelles Torrejón as independent directors.

Likewise, it was reported that the Board has decided to acknowledge the change of status of Juan Antonio Santamera Sánchez, who is now classified as "other external directors", as was requested by the significant shareholder, Grupo Villar Mir, S.A.

- **13 August 2018: Acquisition of 32.5% of Proyecto Canalejas**

OHL Desarrollos announced the acquisition of the entire 32.5% stake that was held by Grupo Villar Mir, S.A.U. in the capital of Proyecto Canalejas at a total price consisting of a fixed amount of 50 million euros, with the possibility of an earn-out up to a maximum of an additional 10 million euros based on the possible capital gains generated in a subsequent sale of the aforementioned stakes. The transaction also included the acquisition by OHL Desarrollos of the credit rights in relation to the loans or credits granted by Grupo Villar Mir, S.A.U. in relation to the project in the amount of 9.8 million euros.

## 7.2. ALTERNATIVE PERFORMANCE MEASURES

The OHL Group presents its results in accordance with the International Financial Reporting Standards (IFRS) and also uses certain Alternative Performance Measures (APM), which facilitate a better understanding and comparability of the financial information and, in order to comply with the guidelines of the European Securities and Markets Authority (ESMA), we are defining the following terms below:

**Gross operating profit (EBITDA):** is the Operating Profit prior to the allocation for depreciation and changes in provisions.

**Recourse gross operating profit (recourse EBITDA):** is calculated as the Total gross operating profit (EBITDA), including the financial revenues from interest, excluding certain losses from Other Expenses, in some cases without any effect on cash (e.g. losses on account of re-estimates of final targets in projects, collective redundancy procedures and others), minus the Gross operating profit (EBITDA) of project companies, and includes dividends paid to the Parent Company by the project companies.

**Project companies:** are those companies whose debt does not have recourse to the Parent Company, OHL S.A.

**Net operating profit (EBIT):** is calculated by taking the following items from the consolidated profit and loss account: Net turnover, Other operating revenues, Operating expenses, Personnel expenses, Allocation for depreciation and Changes in provisions.

**Gross borrowings:** group together the items of Non-current financial debt and Current financial debt on the liabilities side of the consolidated balance sheet, including bank debt and bond issues.

**Net borrowings:** are made up by the Gross borrowings minus Other current assets and Cash and cash equivalents on the assets side of the consolidated balance sheet.

**Non-recourse borrowings (gross or net):** refer to the debt (gross or net) of the project companies.

**Recourse borrowings (gross or net):** are made up by the Total borrowings (gross or net) minus the Non-recourse borrowings (gross or net).

**Order book:** the Revenues pending performance of the contracts awarded, both short-term as well as long-term. These contracts are included in the order book once they have been formalised.

- **Short-term order book:** represents the estimated amount of the revenues of Construction, Industrial and Services, pending performance, and also includes the revenues expected on the basis of changes in the contracts or additional work units estimated in relation to the percentage of completion of the projects.
- **Long-term order book:** represents the estimated future revenues of the concessions, during the concession period, in accordance with their financial plan and includes estimates of changes in the exchange rate between the euro and other currencies, inflation, prices, toll rates and traffic flows.

**Market capitalisation:** number of shares at the close of accounts for the period multiplied by the listed price at the end of the period

**Earnings per Share (EPS):** is the Profit attributed to the Parent Company divided by the average number of shares in the period.

**P/E Ratio:** listed price at the end of the period divided by the Earnings per Share of the last twelve months.

The foregoing financial indicators and Alternative Performance Measures (APM), the use of which facilitates a better understanding of the financial information, are calculated by applying the principles of coherence and homogeneity, thereby enabling the comparability between periods.

***Any statements appearing in this document, other than those which refer to historical data, including, on a non-restrictive basis, statements with respect to operational development, business strategy and future targets, are estimates for the future and, as such, involve known and unknown risks, uncertainties and other factors which may cause the results of the OHL Group, its actions and successes, or the outcomes and conditions of its activity, to be substantially different from such information and from the Group's estimates for the future.***

***This document, including the estimates for the future it contains, is provided with effects as from this day and date, and OHL expressly declines any obligation or commitment to provide any update or revision of the information contained herein, of any change in its expectations or any modification of the facts, conditions and circumstances on which these estimates with respect to the future have been based.***

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# Results Report 1H18

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