

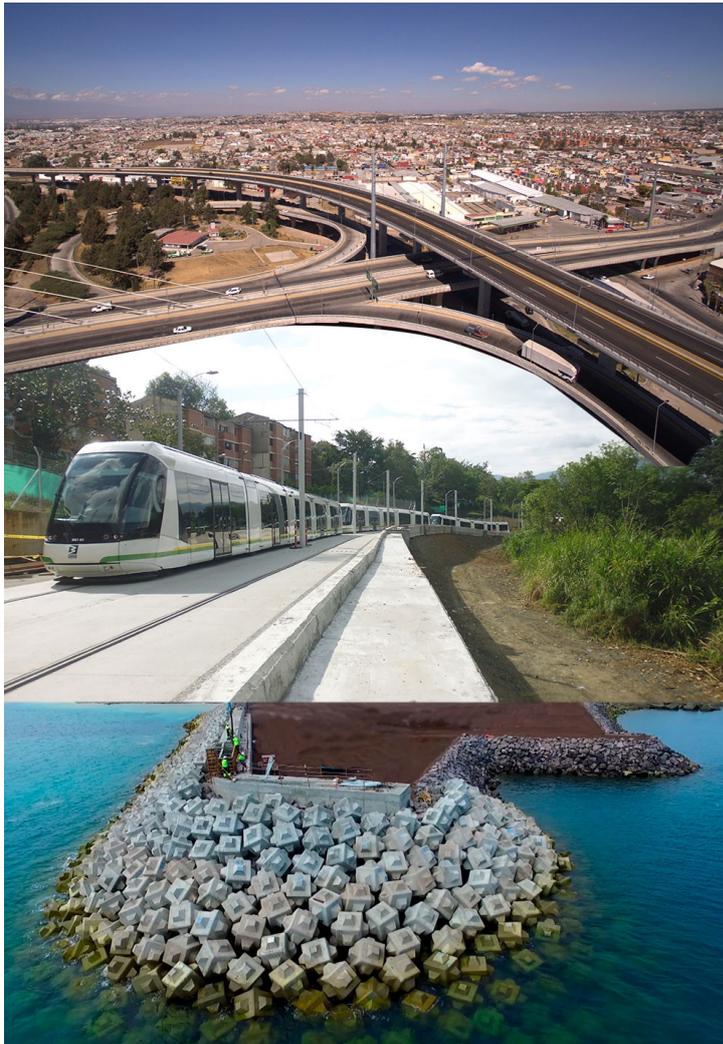


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# Results Report

## 9M18

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14 November 2018

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## 1. GROUP PERFORMANCE

The third quarter of the 2018 financial year has been characterised by the beginning of a **new stage of re-dimensioning** of the company, led by a new management team, which will focus the business on the areas of **construction and concession development**, with two basic priorities: the **recovery of profit levels and cash generation**. For this purpose, the company has performed a review of the projects and its order book, at the same time as it is stepping up the implementation of an aggressive overhead costs reduction plan which will involve an extensive restructuring of personnel and internal processes.

This will allow to give **greater visibility** of the resilience capacity of the construction business and establish a **clear roadmap towards the EBITDA and positive cash flow generation**, which results will begin to be seen in the next quarter, therefore the **gross margin will be positive since fourth quarter 2018**.

With this target, the company has reviewed the projects of the Construction and Industrial order book, eliminating all those claims and change orders that do not have a high probability of realization. In this way, the company acquires a **more consistent and restrictive approach in terms of revenue recognition criteria** throughout its Engineering and Construction portfolio, which will give **greater visibility on the improvements in the profitability of the projects**, while at the same time facilitating the detection and correction of possible deviations and incidences in the projects.

In all those projects that have a final expectation of negative result, by applying percentage of completion, all losses have been assumed at this moment in advance, so these works will not affect the group gross margin since September 2018.

After this review, the **construction order book amounted to 5,151 million euros**, will contribute with an **average gross margin at levels of 6.5%** that will be recognized throughout the execution of the projects. The **positive gross margin will be visible and growing in the income statement as of next quarter**, although it will be below 8% of the target we have set, due to a 20% of the projects in the backlog will contribute with zero margin. No project in progress will recognize a negative margin from now on.

Consequently, negative gross construction and industrial margins have been recognized in the income statement for the first nine months of the year in the amount of -286.1 million euros, which affect EBITDA for the year. Additionally, another 25 million in provisions have been recognized in the quarter for possible future incidences at the CHUM Hospital without having an impact on EBITDA level as it has accounted as equity account.

	Construction	Industrial	Total
Regular order book gross margin	-64,7	-58,9	-123,6
Works for Aleatica gross margin	-87,6	-	-87,6
Legacy gross margin	-75,1	-	-74,9
<b>TOTAL GROSS MARGIN 9M18</b>	<b>-227,4</b>	<b>-58,9</b>	<b>-286,1</b>
CHUM loss 1H18	-77,0		-77,0
Additional provision 9M18	-25,0		-25,0
<b>TOTAL EQUITY ACCOUNTED 9M18</b>	<b>-102,0</b>		<b>-102,0</b>
<b>LOSSES RECOGNIZED AT PROJECT LEVEL</b>	<b>-329,4</b>	<b>-58,9</b>	<b>-388,1</b>

Mn Euros

After this revision, the company has **formal claims/negotiations presented to clients worth more than 1,600m**, in the event of a positive development in any of these proceedings, this would signify an additional improvement of the gross margin and therefore will have a positive impact in the Profit and Loss statement and Cash-Flow of the company.

Regarding the **Structure Cost Reduction Plan**, the company has implemented measures that will result in a starting position of **160 million euros of structural expenses as of January 1, 2019**, which represents a reduction of more than 30% with respect to the previous structure costs that, without the implementation of these measures, would amount 240 million euros. The company will continue reducing its costs throughout the year 2019 **to gradually approach the target of 4% on sales**.

With this structure cost reduction, a rigorous analysis of risks in the bidding stage, strict control of costs and monitoring of the working capital during the performance of projects, **the targets of the company to be progressively reached within 2020 horizon continue to be valid:**

✓ Sales	2,500 – 3,000 m€
✓ Gross margin	8%
✓ Structure costs	4%
✓ EBITDA	5%

OHL currently stands on a solid financial position:

- 1,046 million euros liquidity position
- No meaningful short-term debt maturity (2020, 2022, 2023 bonds)
- Net recourse cash position of 345 million euros

This provides the flexibility and stability needed to focus all efforts on the construction business recovery, the restructuring plan implementation and to be able to provide the first positive signs of recovery at the gross margin level of projects since the next quarter.

## **MAIN FIGURES OF THE PROFIT AND LOSS ACCOUNT**

Before discussing the key figures of the Profit and Loss Account, mention should be made of the fact that, following the sale in the month of April of the minority stakes in the hotel companies and part of the land of the **Mayakoba** complex and the signature of a purchase agreement in October for the sale of the assets comprising the project called **Ciudad Mayakoba**, only the Canalejas and Old War Office assets would remain in the Developments business, whereby Developments is now classified as a Discontinued Operation in the Group's Consolidated Financial Statements. Due to its small proportional weight in the Financial Statements of the company.

The key figures of the Profit and Loss Account for the first nine months of the year are set out on the following table:

	9M18	9M17*
<b>Sales</b>	<b>2.048,7</b>	<b>2.384,4</b>
<b>EBITDA</b>	<b>-467,5</b>	<b>1,9</b>
% o/ Sales	-22,8%	0,1%
<b>Attributable net result</b>	<b>-1.335,8</b>	<b>-15,3</b>
% o/ Sales	-65,2%	-0,6%
<b>Adjusted by:</b>		
OHL Concesiones sale impact	-550,5	149,9
<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	149,9
<i>Fx hedge</i>	-92,3	-
Xacbal, redundancy plan cost and others	-64,0	-34,2
CHUM Result	-102,4	-
Developments result	-92,7	-8,6
<b>Attributable net result adjusted</b>	<b>-526,2</b>	<b>-122,4</b>
% o/ Sales	-25,7%	-5,1%

M n Euros

\* Re expressed

## Sales

**On the operating level**, the Profit and Loss Account for the first nine months of the 2018 financial year showed a **Sales** figure of 2,048.7 million euros, representing a decline of 14.1% with respect to the same period in the previous year, affected principally by a slower pace of activity in the Construction and Industrial divisions.

## Attributable net profit

The **Attributable Net Profit** stands at -1.335,8 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 to reflect more accurately the performance of the Group's operating activity. Following the adjustment process, the **Adjusted Attributable Net Profit** stands at -526.2 million euros que which includes the **deep analysis review of the projects in the order book**. In this respect:

1. The result reflects the review of the projects in the Construction and Industrial order book, eliminating claims and change orders not considered as having a high probability of success. In all those projects that have a final expectation of negative result, by applying percentage of completion, all losses have been booked at this moment. As a consequence of the criteria adopted, negative gross margins have been recognized in Construction and Industrial divisions in the amount of -286.1 million euros.
2. 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 commissioning and putting into service of the hospital by the customer, a number of incidents have arisen –the remedying of which is the responsibility of Construction JV –, making it necessary to fully recognise additional losses totalling -77 million euros charged against the Profit and Loss Account for the first six months of the year. Additionally, in anticipation of potential incidents, the company accrued another 25 million euros. 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.

3. 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 itemized 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 “**Conversion Reserves**” of the Equity generated by the assets sold, which is where the accrued effect is shown since the origin of the exchange rate changes in the consolidated value of those assets (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 Profit and Loss Account for 1H2018 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** totalling -71.6 million de 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.
4. 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 -32.2 million euros.
5. The **Result from Discontinued Operations** includes -92.7 million euros as the net result contributed by the **Developments business** up to 30 September. This amount includes the net losses in the amount of -43.0 million euros associated with the sale of stakes in the Mayakoba hotels and other minor subsidiaries and the expected losses from the sale of Ciudad Mayakoba (-35.8 million euros without including the conversion reserves which will be posted once the sale has taken place).

## **EBITDA**

For the purpose of presenting the EBITDA performance 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 September 2017 figures have been modified to render them comparable to those for this period.

**EBITDA** in the first nine months of 2018 was placed at -467.5 million euros, due principally to the following effects:

- As a consequence of the revision of the projects with the criteria mentioned previously, Construcción has posted an EBITDA figure of -305.7 million euros and Industrial, -67.9 million euros.
- The structure costs are on levels far above those targeted, because the cost saving

measures put into place have not brought about their effects as yet. After a rigorous analysis to reduce and contain costs, the Company **estimates that it will start the year 2019 with structure costs below 160.0 million euros, without renouncing the objective of seeing them reduced to levels of 4% on sales.**

- 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 -35.2 million euros.

### **Construction order book and new awards**

A significant outcome with respect to the **Construction order book**, is that it accrued 5,151.5 million euros in the third quarter of the year, representing 26.7 months of sales, constituting a healthy order book, diversified geographically and by project size.

This order book does not include **521.6** million euros referring to the construction work for **Aleatica** concessions: **Evitamiento Chimbote, Puerto Valparaíso, Camino Nogales Puchuncaví y Puente Industrial Bío-Bío**, due to the fact that, to date, the contracts have not yet been formalized.

The gross margin of the outstanding order book has been estimated according to the revenue recognition and percentage of completion criteria mentioned previously in all of the projects, with the result of an average in the levels of 6.5%. This is less than the 8% target, as a consequence of the fact that 20% of the order book is not expected to deliver margins, while at the same time, no negative margins are predicted in any of the projects in the order book since the losses foreseen have already been recognized.

The **new awards** in the first nine months of the year totalled 1.824,1 million euros, led by Europe (48.1%) and the U.S. (28.8%). 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.

In addition, the company **has been named as a preferred bidder in the project for the rehabilitation of the Throgs Neck suspension bridge in Nueva York** totalling around 210.8 million euros and is currently negotiating the signature of an agreement for the construction of the Old War Office project in London. These projects are not included in the the order book at 30 September 2018.

### **Debt and Liquidity**

On 12 April 2018, the **sale and transfer of 100% of the share capital of OHL Concesiones S.A.U.** (OHL Concesiones) to the fund, IFM Global Infrastructure Fund (IFM) was closed. This transaction has contributed to significantly reducing its debt and substantially improving its liquidity profile

Upon completion of the transaction, the Group received a net sum of 1.991,0 million euros, enabling it to:

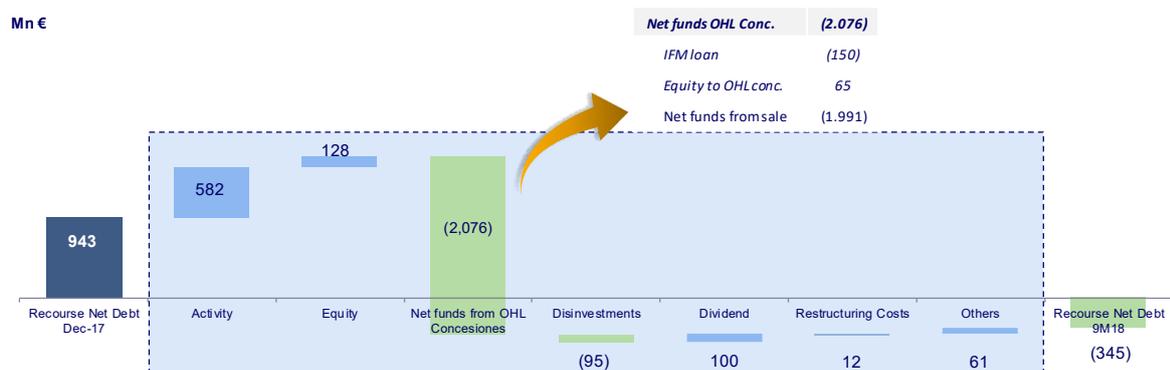
- Repay practically all of its bank debt during the month of April in the amount of 701.7 million euros,

- Repay on 21 May 2018 the amount of 228.3 million euros in bonds (25% of the total outstanding amount) 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 close to 100 million euros (0.348981 euros per share), and
- Increase the Group's available cash balance by adding the entire leftover 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 1,046.3 million euros at 30 September 2018.

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:



Details of the cash consumption of the business:

	<u>9M18</u>	<u>9M17</u>	<u>Var.</u>
Construction	405	219	178
<i>Legacy</i>	58	49	9
<i>Regular &amp; Str.</i>	347	170	168
Industrial <sup>1</sup>	79	78	n.a.
Services	9	7	2
Developments	19	14	5
Corporate	70	104	-25
<b>Total</b>	<b>582</b>	<b>422</b>	<b>160</b>

<sup>1</sup> Industrial: Includes €24m of the payment of penalties in relation to the Xacbal Hydropower Plant.

Net Recourse Debt at 30 September stood at -345.1 million euros, which means a significant reduction in the amount of 1.288,6 million euros in the first nine months of the year, due principally to:

- 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, (ii) the sale of the Czech railway-tie factory ZPSV at the price of 35.2 million euros and (iii) other minor divestitures in the amount of 1.1 million euros.

Significant developments in terms of cash consumption included:

- i. The **ordinary operations** consumed a total of 581.9 million euros during the first nine months of the year, affected by the seasonality typical of the business and additional cash outflows in a number of projects, and included: (i) 58.2 million euros in cash consumed by the *legacy* projects and (ii) 23.8 million euros in cash consumed in the Xacbal Hydropower Plant project.
  - ii. The **investment** of 128.4 million euros refers principally to equity contributed to the Old War Office project in the amount of 58.8 million euros and to the acquisition of an additional 32.5% stake in the Canalejas project during the month of August in the amount of 59.8 million euros. The remaining 9.8 million euros refer to contributions of equity to minor Construction and Industrial projects.
  - iii. The payment of an **interim dividend** to remunerate the shareholders in the amount of 99.9 million euros.
  - iv. The payment of **restructuring costs** totalling 11.6 million euros.
  - v. 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, which is included under the heading of "Others".
- **The excellent Liquidity position which comes to 1,046.3 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.

This amount includes 140.0 million euros which are deposited as a surety backing the Syndicated Multiproduct Financing.

Available recourse liquidity		09/30/2018
Cash and other equivalent current assets		
<i>Central</i>		575,5
<i>JV and affiliates</i>		470,8
Total recourse liquidity available		<b>1.046,3</b>

Mn Euros

- **The Gross Recourse Debt** has been reduced by 53.8% 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:

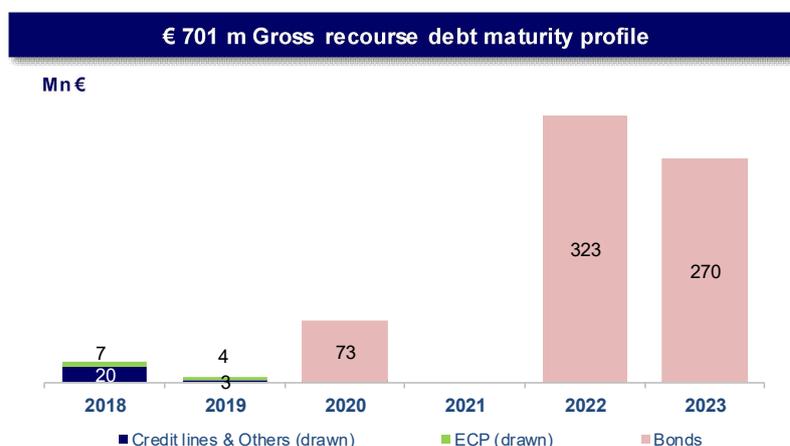
Maturity	Outstanding Amount	Put Accepted	Final Amount
2020	187,1	113,8	73,3
2022	394,5	71,5	323,0
2023	312,9	43,0	269,9
<b>Total Bonds</b>	<b>894,5</b>	<b>228,3</b>	<b>666,2</b>

Mn Euros

The Company repaid these bonds on 21 May 2018, following which OHL maintained at 30 September 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 34.8 million euros at 30 September 2018.

Consequently, the amount of gross recourse debt at 30 September 2018 was placed at 701.0 million euros, with the **maturity profile** set out below:



## Divestitures

In terms of the **Asset Rotation Process**, the following divestitures were concluded in the course of the first nine months of 2018:

- The sale of the minority interests in the hotel companies and part of the land of the **Mayakoba** 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 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.
- On 10 October, the company announced the signature of an agreement for the sale of the stakes held in companies, land and rights comprising the urban development project known as **Ciudad Mayakoba** for a total price of 2,122.7 million Mexican pesos (approximately 96.9 million euros). The closing of the Transaction is estimated to close before December 31st 2018.

## Restructuring Plan

In relation to the **Collective Redundancy Procedure (CRP)**, following the period of consultations established by Law, an agreement was reached on 8 June with the workers' representatives under which 140 employment contracts were terminated and 36 employees were relocated, 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 CRP will enable total savings of 12.2 million euros per year.

The impetus being given to the overhead costs reduction measures in all of the Divisions and in Corporate, will gradually become more visible in the last few months of 2018 and, particularly, as from 1 January 2019, as **is expected to begin 2019 with structural costs below than 160.0 million euros, which will continue to be reduced throughout the year in order to gradually approach the 4% on sales.**

## 2. HIGHLIGHTS

Main Figures	9M18	9M17*	Var. (%)
<b>Sales</b>	<b>2.048,7</b>	<b>2.384,4</b>	<b>-14,1%</b>
<b>EBITDA</b>	<b>-467,5</b>	<b>1,9</b>	<b>n.a.</b>
% o/ Sales	-22,8%	0,1%	
<b>EBIT</b>	<b>-500,8</b>	<b>-50,2</b>	<b>n.s.</b>
% o/ Sales	-24,4%	-2,1%	
<b>Attributable net result</b>	<b>-1.335,8</b>	<b>-15,3</b>	<b>n.s.</b>
% o/ Sales	-65,2%	-0,6%	
<b>Attributable net result adjusted</b>	<b>-526,2</b>	<b>-122,4</b>	<b>n.s.</b>
% o/ Sales	-25,7%	-5,1%	

Mn Euros

Sales and EBITDA breakdown	9M18	9M17*	Var. (%)
<b>Sales</b>	<b>2.048,7</b>	<b>2.384,4</b>	<b>-14,1%</b>
Construction	1.717,2	2.017,1	-14,9%
Industrial	134,5	193,8	-30,6%
Services	195,1	170,3	14,6%
<b>Engineering &amp; Construction</b>	<b>2.046,8</b>	<b>2.381,2</b>	<b>-14,0%</b>
% s/ Total	99,9%	99,9%	
<b>Developments</b>	<b>1,9</b>	<b>3,2</b>	<b>-40,6%</b>
% o/ Sales	0,1%	0,1%	

<b>EBITDA</b>	<b>-467,5</b>	<b>1,9</b>	<b>n.a.</b>
Construction	-305,7	77,9	n.a.
Industrial	-67,9	-23,0	-195,2%
Services	0,3	2,4	n.a.
Corporate	-29,0	-17,8	-62,9%
<b>Engineering &amp; Construction</b>	<b>-402,3</b>	<b>39,5</b>	<b>n.a.</b>
<b>Developments</b>	<b>-2,3</b>	<b>-3,4</b>	<b>32,4%</b>
<b>Redundancy plan cost, Xacbal and others</b>	<b>-62,9</b>	<b>-34,2</b>	<b>-83,9%</b>

Mn Euros

Net Debt	9M18	2017	Var. (%)
Recourse net debt	-345,1	943,5	n.a.
Non-recourse net debt	49,8	56,4	-11,7%
<b>Total net debt</b>	<b>-295,3</b>	<b>999,9</b>	<b>n.a.</b>

Mn Euros

Order book	9M18	2017	Var. (%)
Short-term	5.792,0	6.236,2	-7,1%
Long-term	221,9	224,5	-1,2%

Mn Euros

Human Resources	9M18	9M17	Var. (%)
Permanent staff	12.367	12.867	-3,9%
Temporary staff	8.139	9.161	-11,2%
<b>Total</b>	<b>20.506</b>	<b>22.028</b>	<b>-6,9%</b>

Mn Euros

\* Re expressed

### 3. PERFORMANCE BY DIVISION

#### OHL CONCESIONES

At 30 September 2018, the operations of Concessions are presented as discontinued in the Group's accounts, and the figures of the first nine months of the 2017 financial year have been restated 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 OHL 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	9M18	9M17*	Var. (%)
<b>Sales</b>	<b>2.046,8</b>	<b>2.381,2</b>	<b>-14,0%</b>
<b>EBITDA</b>	<b>-402,3</b>	<b>39,5</b>	<b>n.a.</b>
% o/ Sales	-19,7%	1,7%	
<b>EBIT</b>	<b>-435,6</b>	<b>-12,6</b>	<b>n.s.</b>
% o/ Sales	-21,3%	-0,5%	

M n Euro

\* Re expressed

The Engineering & Construction Division accounts for 99.9% of the Group's Sales, with Sales totalling 2,046.8 million euros, decreasing by 14.0% with respect to the first nine months of 2017.

The EBITDA figure for the period is -402.3 million euros, compared to 39.5 million euros during the same period in the previous year being strongly affected by the project revision on the order book made.

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

#### CONSTRUCCIÓN

Main Figures	9M18	9M17*	Var. (%)
<b>Sales</b>	<b>1.717,2</b>	<b>2.017,1</b>	<b>-14,9%</b>
<b>EBITDA</b>	<b>-305,7</b>	<b>77,9</b>	<b>n.a.</b>
% o/ Sales	-17,8%	3,9%	
<b>EBIT</b>	<b>-334,4</b>	<b>33,9</b>	<b>n.a.</b>
% o/ Sales	-19,5%	1,7%	

M n Euro

\* Re expressed

Construction, with Sales totalling 1,717.2 million euros, accounts for 83.9% of the Sales of Engineering & Construction and 83.8% of the total Sales of the Group.

The *legacy* projects have posted Sales worth 195.7 million euros (that is, 11.3% of Construction) with negative EBITDA, as a consequence of the updating made. The cash consumed by the *legacy*

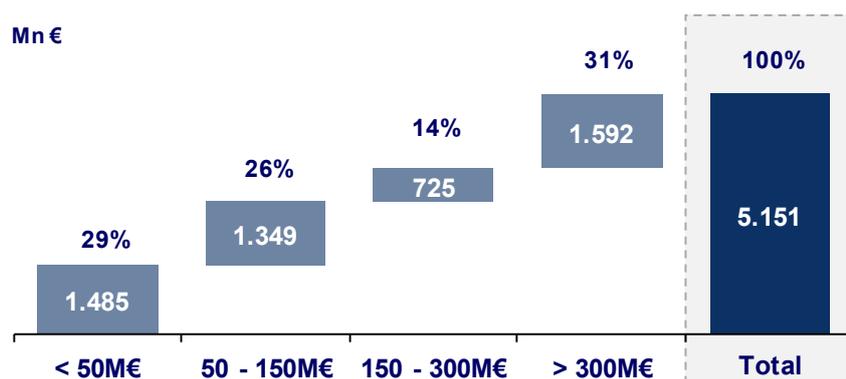
projects totalled 58.2 million euros in the first nine months of the financial year.

The Construction short-term order book at 30 September 2018 totalled 5.151,5 million euros, equivalent to 26.7 months of sales, which demonstrates its regenerating capacity. The order book presents a balanced profile both in terms of geographical location as well as project size, with 97.0% originating from the main regions of business activity (where the U.S., Latin America and Europe stand out with 39.3%, 25.2% and 34,2%, respectively) and with 30.9% of projects of a size in excess of 300 million euros.

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

		09/30/2018
<b>Home Markets</b>		<b>96,9%</b>
USA		39,3%
Europe		32,4%
Latin America		25,2%
<b>Other</b>		<b>3,1%</b>

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



Of the total Construction order book, 16.4% refers to work to be performed for concession projects.

The current order book with the 10 most significant contracts at 30 September 2018 is set out below:

	Country	2018
Project I-405	USA	527,9
Autopista Vespucio Oriente	Chile	325,0
Autopista Río Magdalena	Colombia	301,0
Autopista Atizapán - Atlacomulco	Mexico	219,4
New York Canarsie tunnel rehabilitation	USA	207,5
Hospital de Curicó	Chile	168,7
Modernización línea ferroviaria Sudomerice - Votice	Czech Rep.	165,4
Motorway D1 Hubová - Ivachnová	Slovakia	135,2
LAV Oslo-Ski (Follo Line Project)	Norway	103,3
Túneles Norte Sevilla	Spain	99,3
<b>10 largest projects in backlog</b>		<b>2.252,7</b>

Mn Euros

The diversification of the order book by type of project is significant, where 48.8% refers to roads, 21.4% to railways, 17.1% to building construction and 12.7% to the rest of the activities. The new awards in the first nine months of 2018 totalled 1,824.1 million euros, with 28.7% of the projects located in the United States. The book-to-bill ratio was placed at 1.1x.

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		1.116,6
<b>Total awards</b>		<b>1.824,1</b>

Mn Euros

## INDUSTRIAL

Main Figures	9M18	9M17	Var. (%)
<b>Sales</b>	<b>134,5</b>	<b>193,8</b>	<b>-30,6%</b>
<b>EBITDA</b>	<b>-67,9</b>	<b>-23,0</b>	<b>-195,2%</b>
% o/ Sales	-50,5%	-11,9%	
<b>EBIT</b>	<b>-69,6</b>	<b>-25,3</b>	<b>-175,1%</b>
% o/ Sales	-51,7%	-13,1%	

M n Euros

The Industrial business achieved sales in the first nine months of the year totalling 134.5 million euros, declining -30.6% 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 -67.9 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, which have led the company to recognise additional losses in a number of projects, and of 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 the first nine months of the year 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 September 2018 was placed at 291.8 million euros, and included: (i) 77.3 million euros (26.5%) for the Cementos Molins plant in Colombia (which is scheduled to finalise in 2019), (ii) 135.8 million euros (46.5%) in Operation & Maintenance (O&M), Fire Protection, Photovoltaic and Equipment projects (with stable margins and low risk) and (iii) 78.7 million euros (only 27.0% of the total) referring to EPCs pending completion.

The new awards total 114.1 million euros so far this financial year, while the most significant project obtained is a photovoltaic plant in Mexico worth 56.2 million euros.

## SERVICIOS

Main Figures	9M18	9M17	Var. (%)
<b>Sales</b>	<b>195,1</b>	<b>170,3</b>	<b>14,6%</b>
<b>EBITDA</b>	<b>0,3</b>	<b>2,4</b>	<b>-87,5%</b>
% o/ Sales	0,2%	1,4%	
<b>EBIT</b>	<b>-2,0</b>	<b>-0,1</b>	<b>n.s.</b>
% o/ Sales	-1,0%	-0,1%	

M n Euros

The Sales obtained by this Division totalled 195.1 million euros, with +14.6% 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 0.2% on Sales, reflecting the highly competitive environment of a very mature sector.

The order book at 30 September 2018 was worth 348.8 million euros, having contracted 188.0 million euros in the financial year. Outstanding awards in the domestic market include the Cleaning Contract for Lines 8 and 10 of Metro Madrid and the Home Help Service of the Town Council of Estepona, and internationally, the Street Cleaning Services in Talca (Chile).

### **OHL DESARROLLOS**

Following the divestitures made in the Mayakoba assets and the announcement of the agreement for the sale of Ciudad Mayakoba, the Developments business at 30 September 2018 is presented as a discontinued operation in the Group's accounts, having re-stated the figures for the first nine months of the 2017 financial year for purposes of comparison.

The Canalejas and Old War Office assets now lack sufficient significance individually for continuing to be considered a business segment and are classified within the Group's corporate area:

- **Canalejas**

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, following this purchase, at 30 September 2018, the OHL Group maintained a 50.0% stake in the project. 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

- **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.

The net book value of this projects in the Group Balance Sheet stands at 298.6 million euros at September 2018.

#### 4. ESTADOS FINANCIEROS CONSOLIDADOS (cifras no auditadas)

As a consequence of the divestiture of 100% of OHL Concesiones and of the agreement for the sale of Ciudad de Mayakoba, the activities of Concessions and Developments are presented as discontinued operations on the Profit and Loss Account for the first nine months of 2018, re-stating the Profit and Loss Account and the Cash-Flow Statement for the first nine months 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 9M18	Concessions sale	Redundancy Plan, Xacbal and others	CHUM	Developments discontinued activity	9M18	9M17*	Var. (%)
<b>Turnover</b>	<b>2.048,7</b>					<b>2.048,7</b>	<b>2.384,4</b>	<b>-14,1%</b>
Other operating revenues	64,7					64,7	77,1	-16,1%
<b>Total Operating Revenues</b>	<b>2.113,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>2.113,4</b>	<b>2.461,5</b>	<b>-14,1%</b>
% of Sales	103,2%					103,2%	103,2%	
Operating expenses	-1.928,7		-40,2			-1.968,9	-1.834,2	7,3%
Personnel expenses	-589,3		-22,7			-612,0	-625,4	-2,1%
<b>EBITDA</b>	<b>-404,6</b>	<b>0,0</b>	<b>-62,9</b>	<b>0,0</b>	<b>0,0</b>	<b>-467,5</b>	<b>1,9</b>	<b>n.s.</b>
% of Sales	-19,7%					-22,8%	0,1%	
Amortisation	-46,9					-46,9	-53,7	-12,7%
Changes in provisions	13,6					13,6	1,6	n.s.
<b>EBIT</b>	<b>-437,9</b>	<b>0,0</b>	<b>-62,9</b>	<b>0,0</b>	<b>0,0</b>	<b>-500,8</b>	<b>-50,2</b>	<b>n.s.</b>
% of Sales	-21,4%					-24,4%	-2,1%	
Financial revenues	18,4					18,4	18,2	1,1%
Financial expenses	-62,9		-1,1			-64,0	-56,5	13,3%
Change in the fair value of financial instruments	2,4	-92,3				-89,9	-8,0	n.s.
Exchange differences	-11,1					-11,1	-56,2	-80,2%
Deterioration and result from disposals of financial instruments	-25,9					-25,9	23,3	n.s.
<b>Financial profit / (loss)</b>	<b>-79,1</b>	<b>-92,3</b>	<b>-1,1</b>	<b>0,0</b>	<b>0,0</b>	<b>-172,5</b>	<b>-79,2</b>	<b>117,8%</b>
Equity accounted entities	-13,0			-102,4		-115,4	-8,4	n.s.
<b>Profit / (loss) on continuing activities before taxes</b>	<b>-530,0</b>	<b>-92,3</b>	<b>-64,0</b>	<b>-102,4</b>	<b>0,0</b>	<b>-788,7</b>	<b>-137,8</b>	<b>n.s.</b>
% of Sales	-25,9%					-38,5%	-5,8%	
Corporate tax	8,7					8,7	-17,2	n.a.
<b>Profit / (loss) on continuing activities in the year</b>	<b>-521,3</b>	<b>-92,3</b>	<b>-64,0</b>	<b>-102,4</b>	<b>0,0</b>	<b>-780,0</b>	<b>-155,0</b>	<b>403,2%</b>
% of Sales	-25,4%					-38,1%	-6,5%	
Disposal result		47,6				47,6		
Result in value adjustments **		-549,9				-549,9		
Contributed result up to the sale		115,7			-92,7	23,0	348,8	
<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>-92,7</b>	<b>-479,3</b>	<b>348,8</b>	<b>n.a.</b>
<b>Profit / (loss) for the year</b>	<b>-521,3</b>	<b>-478,9</b>	<b>-64,0</b>	<b>-102,4</b>	<b>-92,7</b>	<b>-1.259,3</b>	<b>193,8</b>	<b>n.a.</b>
% of Sales	-25,4%					-61,5%	8,1%	
Minority interests	-4,9					-4,9	-1,5	n.a.
Minority interests of discontinued operations	0,0	-71,6				-71,6	-207,6	-65,5%
<b>Result attributed to the parent company</b>	<b>-526,2</b>	<b>-550,5</b>	<b>-64,0</b>	<b>-102,4</b>	<b>-92,7</b>	<b>-1.335,8</b>	<b>-15,3</b>	<b>n.s.</b>
% of Sales	-25,7%					-65,2%	-0,6%	

M n 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 nine months of the 2018 financial year totalled 2,084.7 million euros, down 14.1% 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 72.4% of turnover in the first nine months of 2018, in comparison to 77.5% during the same period in the previous year.

In the distribution of sales by geographical area, the U.S. and Canada represent 30.5% of the total, Spain 27.6%, Central and Eastern Europe 9.4%, Mexico 7.5% and Chile 5.2%.

The **total operating revenues** amounted to 2,113.4 million euros, down 14.1% in relation to the figure for the first nine months of the 2017 financial year.

The **gross operating profit (EBITDA)** was placed at -467.5 million euros, that is, -22.8% on turnover, affected very adversely by the margins of the Construction and Industrial divisions and the high costs borne by Corporate.

The **net operating profit (EBIT)** totalled -500.8 million euros, in comparison to -50.2 million during the same period in the previous year.

The net amount of **financial revenues and expenses** came to -45.6 million euros, compared to -38.3 million euros in the first nine months 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 -89.9 million euros, deteriorating by -81.9 million euros with respect to the same period in the previous year, primarily 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 -11.1 million euros, improving by 45.1 million euros with respect to those occurring in the first nine months of the 2017 financial year.

The **Impairment and result from the sale of financial instruments** totalled -25.9 million euros. Highlight the amount of -19.4 million euros due to the impairment of the stake in the company, Arenales Solar S.R.L., as a consequence of the latest revision of the solar thermal plant's business plan, and the result of -3.1 million euros from the sale of ZPSV.

The **result of entities valued by the equity method** came to -115.4 million euros, where the loss of -102.4 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 -788.7 million euros.

The **tax on profits** amounted to 8.7 million euros, while the effective tax rate was similar to that of the first nine months 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 -780.0 million euros, compared to -155.0 million euros in the first nine months of 2017, affected by:

- The revision applied to the projects.

- The costs associated with the redundancy plan, 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.
- 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:

	Concessions	Developments	Total
Disposal result	47,6	-	47,6
Result in value adjustments	(549,9)	-	(549,9)
Contributed result after taxes up to the sale	115,7	(92,7)	23,0
<b>Result after taxes on discontinued operations</b>	<b>-386,6</b>	<b>-92,7</b>	<b>(479,3)</b>

Mn Euros

Highlight 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 shareholders' equity. **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, together with the result generated by Desarrollos, not sold as yet, in the amount of -92.7 million euros.

The **Result attributed to minority interests** came to -76.5 million euros, of which -71.6 million euros refer to the results generated by the discontinued operation of Concesiones in the first quarter of 2018.

All of the foregoing constitutes an impact on the Profit and Loss Account for these transactions in the amount of -643.2 million euros.

The results of the continuing and discontinued operations place the **Result attributed to the Parent Company** at -1,335.8 million euros.

## CONSOLIDATED BALANCE SHEET

	09/30/2018	12/31/2017	Var. (%)
<b>Non-current assets</b>	<b>1.425,9</b>	<b>1.665,3</b>	<b>-14,4%</b>
Intangible fixed assets	237,0	243,9	-2,8%
Tangible fixed assets in concessions	68,0	66,8	1,8%
Tangible fixed assets	146,1	212,1	-31,1%
Real estate investments	10,7	73,3	-85,4%
Equity-accounted investments	289,4	303,1	-4,5%
Non-current financial assets	395,9	501,0	-21,0%
Deferred-tax assets	278,8	265,1	5,2%
<b>Current assets</b>	<b>2.940,8</b>	<b>10.543,2</b>	<b>-72,1%</b>
Non-current assets held for sale & discontinued operations	192,8	8.023,6	n.a.
Stocks	159,6	152,4	4,7%
Trade debtors and other accounts receivable	1.495,2	1.753,5	-14,7%
Other current financial assets	517,9	140,1	269,7%
Other current assets	43,9	39,4	11,4%
Cash and cash equivalents	531,4	434,2	22,4%
<b>Total assets</b>	<b>4.366,7</b>	<b>12.208,5</b>	<b>-64,2%</b>
<b>Net shareholders' equity</b>	<b>888,4</b>	<b>4.183,3</b>	<b>-78,8%</b>
<b>Shareholder's equity</b>	<b>962,0</b>	<b>2.918,0</b>	<b>-67,0%</b>
Capital	171,9	179,3	-4,1%
Issue premium	1.265,3	1.265,3	0,0%
Reserves	960,5	1.485,5	-35,3%
Result for the year attributed to the parent company	-1.335,8	-12,1	n.s.
Interim dividend	-99,9	0,0	n.a.
<b>Valuation adjustments</b>	<b>-75,9</b>	<b>-751,3</b>	<b>-89,9%</b>
<b>Parent company shareholders' equity</b>	<b>886,1</b>	<b>2.166,7</b>	<b>-59,1%</b>
<b>Minority interests</b>	<b>2,3</b>	<b>2.016,6</b>	<b>n.a.</b>
<b>Non-current liabilities</b>	<b>904,8</b>	<b>1.124,1</b>	<b>-19,5%</b>
Subsidies	1,7	2,2	-22,7%
Non-current provisions	60,4	50,1	20,6%
Non-current financial debt (*)	661,3	893,5	-26,0%
Other non-current financial liabilities	3,1	4,4	-29,5%
Deferred-tax liabilities	162,3	139,5	16,3%
Other non-current liabilities	16,0	34,4	-53,5%
<b>Current liabilities</b>	<b>2.573,5</b>	<b>6.901,1</b>	<b>-62,7%</b>
Non-current liabilities held for sale & discontinued operations	76,4	4.141,7	n.a.
Current provisions	216,3	225,4	-4,0%
Current financial debt (*)	92,7	680,7	-86,4%
Other current financial liabilities	3,4	4,7	-27,7%
Trade creditors and other accounts payable	1.928,2	1.614,9	19,4%
Other current liabilities	256,5	233,7	9,8%
<b>Total liabilities and net shareholders' equity</b>	<b>4.366,7</b>	<b>12.208,5</b>	<b>-64,2%</b>

\* Includes Bank debt + Bonds

Mn Euros

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

The Balance Sheet at 30 September 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 context, the amount of 507.9 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 pending certification” by 410.3 million euros, the latter originating from Construction projects currently involved in litigation and/or in negotiations with customers. After a detailed review of all the Group's projects, the initial amount recorded for application of IFRS 15 has been increased by 63.7 million euros.

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 re-posted.

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

The principal headings of the consolidated balance sheet at 30 September 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 September 2018 totalled 68.0 million euros and referred principally to Sociedad Concesionaria Aguas de Navarra, S.A., with a balance of 67.0 million euros.

**Investments accounted for by applying the equity method:** the balance of this heading stood at 289.4 million euros, decreasing by 13.7 million euros with respect to the figure at 31 December 2017. The principal changes under this heading are as follows:

- I. The losses in the first nine 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 102.4 million euros.
- II. The sale of 18 companies belonging to the Developments Division in April 2018, posted under this heading in the amount of 53.8 million euros.
- III. The investment made in August 2018 in Proyecto Canalejas Group, S.L. totalling 50.0 million

euros, through which the Group has increased its stake in that company from 17.5% to 50.0%. Following this investment, the amount posted under this heading with respect to this stake is now 96.7 million euros.

- IV. The investment made in the company, 51 Whitehall Holdings, S.A.R.L, 49,0% stake by the OHL Group, in the amount of 58.8 million euros. Following this investment, the amount posted under this heading with respect to this stake is now 128.8 million euros.

**Non-current financial assets:** total 395.9 million euros, decreasing by 105.1 million euros, due principally to the deletion de 97.6 million euros, charged against reserves on 1 January 2018, as a result of the application of IFRS 15, in relation to the Sidra Hospital (Qatar) assets.

**Non-current assets and liabilities held for sale:** at 30 September 2018 refer to assets and liabilities of the Developments business whose divestiture is planned for early 2019.

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 September 2018 the balance of this heading totalled 1,495.2 million euros, accounting for 34.5% of the total assets and declining by 258.3 million euros with respect to 31 December 2017.

Works certified for progress payments still outstanding totalled 608.5 million euros (2.6 months of sales) versus the 576.1 million euros at 31 December 2017 (2.2 moths of sales).

On the other hand, works pending certification amounted to 543.2 million euros (2.3 moths of sales), well below if we compared to the 834.7 million euros (3.2 months of sales) at 31 December 2017.

This heading has declined by 51.3 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 886.1 million euros, accounting for 20.4% of the total assets, and has declined by 1,280.6 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 -525.0 million euros, of which -507.9 million euros are the result of the application of IFRS 15, with others totalling -17.1 million euros.
- A decrease due to the attributable result of the first nine months of the 2018 financial year, amounting to -1,335.8 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 676.0 million euros, 113.4 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 12.7 million euros from the valuation of financial instruments.
- The capital reduction in the amount of 7.3 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 treasury stock. At 30 September 2018 the treasury stock was made up by 441,977 shares, worth 1.1 million euros.
- An increase in the amount of 4.1 million euros due to other movements.

**Minority interests:** at 30 September 2018 were placed at 2.3 million euros.

This balance decreased to the extent of -2,014.3 million euros with respect to the figure at 31 December 2017, due to the net effect of:

- An increase in the amount of 76.5 million euros due to the result of the first nine months of the 2018 financial year, allocated to minority interests.
- An increase of 661.6 million euros brought about by the conversion of financial statements in foreign currency.
- A decrease in the amount of 6.1 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 4.9 million euros due to other changes stemming from changes in the scope.

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

Gross debt <sup>(1)</sup>	09/30/2018	%	12/31/2017	%	Var. (%)
Recourse debt	701,0	93,0%	1.517,0	96,4%	-53,8%
Non-recourse debt	53,0	7,0%	57,2	3,6%	-7,3%
<b>Total</b>	<b>754,0</b>		<b>1.574,2</b>		<b>-52,1%</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>	09/30/2018	%	12/31/2017	%	Var. (%)
Recourse net debt	-345,1	116,9%	943,5	94,4%	n.a.
Non-recourse net debt	49,8	-16,9%	56,4	5,6%	-11,7%
<b>Total</b>	<b>-295,3</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 debt at 30 September 2018 stood at 701.0 million euros, decreasing with respect to the figure at 31 December 2017 as a result of:

- The repayment of 587.7 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.

The gross non-recourse debt amounted to 53.0 million euros, only a 7.0% of the total gross debt. With respect to the total gross non-recourse debt, 87.7% is long-term, while the remaining 12.3% is short-term

Details of the maturity dates of the Group's gross recourse debt are as follows:

### € 701 m Gross recourse debt maturity profile



Net recourse debt were placed at -345.1 million euros, **decreasing by -1,288.6 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 September 2018 totalled 517.9 million euros and included a deposit not available for use in the amount of 140.0 million euros, which is held as a surety for the Syndicated Multi-Product Financing.

The liquidity of the Group, measured as cash and cash equivalents, stands at 1,046.3 million euros. The non-recourse liquidity amounts to 3.2 million euros.

## 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:

	9M18	9M17
<b>EBITDA</b>	<b>-467,5</b>	<b>1,9</b>
<b>Adjustments</b>	<b>-270,4</b>	<b>-104,8</b>
Financial results	-172,5	-102,5
Equity accounted results	-115,4	-8,4
Result from disposals of financial instruments	-6,5	23,3
Taxes	8,7	-17,2
Changes in provisions and others	15,3	-
<b>Cash-flow from operations</b>	<b>-737,9</b>	<b>-102,9</b>
<b>Changes in current capital</b>	<b>93,0</b>	<b>-339,2</b>
Trade and other receivables	258,3	-204,5
Trade creditors and other payables	313,3	-182,2
Other changes in working capital	-478,6	47,5
<b>Cash-flows from operating activities</b>	<b>-644,9</b>	<b>-442,1</b>
<b>Cash-flow from investment activities</b>	<b>1.935,5</b>	<b>188,8</b>
Minority interest	-10,0	0,3
Other	1.809,8	37,4
Discontinued operations	135,7	151,1
<b>Change in net non-recourse debt</b>	<b>-2,0</b>	<b>9,9</b>
<b>Change in net recourse debt</b>	<b>-1.288,6</b>	<b>243,4</b>
<b>Cash-flow from financing activities</b>	<b>-1.290,6</b>	<b>253,3</b>

M n Euros

The **gross operating result** totalled -467.5 million euros, declining to the extent of 469.4 million euros with respect to the figure for the same period in the previous financial year.

The **adjustments to the result** totalled -270.4 million euros and include, principally, the financial results.

The **funds originating from operations** were placed at -737.9 million euros.

The **changes in the working capital** presented a negative balance in the amount of 93.0 million euros.

All of these changes are responsible for the negative **cash flow of the operating activities**, which was placed at -644.9 million euros.

The **cash flow of the investment activities** totalled 1,935.5 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, and of Developments with an impact of 50.7 million euros.

The **cash flow of the financing activities** totalled -1,290.6 million euros, signifying an decrease in net non-recourse indebtedness to the Group in the amount of 2.0 million euros and lower net recourse borrowings totalling -1,288.6 million euros.

## 5. ORDER BOOK

At 30 September 2018 the Group's order book was worth 6,013.9 million euros, a 6.9% lower than the figure at 31 December 2017.

Of the total order book, 96.3% refers to short-term contracts, while the remaining 3.9% are long-term.

The short-term order book is worth 5,792.0 million euros, representing approximately 24.9 months of sales and is similar to the figure at 31 December 2017.

Construction accounts for 88.9% of the total short-term order book.

The long-term order book stands at 221.9 million euros and is similar to the status at 31 December 2017.

	09/30/2018	%	12/31/2017	%	Var. (%)
<b>Short-term</b>	<b>5.792,0</b>		<b>6.236,2</b>		<b>-7,1%</b>
Construction	5.151,5	88,9%	5.568,3	89,3%	-7,5%
Industrial	291,8	5,0%	312,1	5,0%	-6,5%
Services	348,8	6,0%	355,8	5,7%	-2,0%
<b>Long-term</b>	<b>221,9</b>		<b>224,5</b>		<b>-1,2%</b>
Concessions O&M	221,9	100,0%	224,5	100,0%	-1,2%
<b>Total</b>	<b>6.013,9</b>		<b>6.460,7</b>		<b>-6,9%</b>

Mn Euros

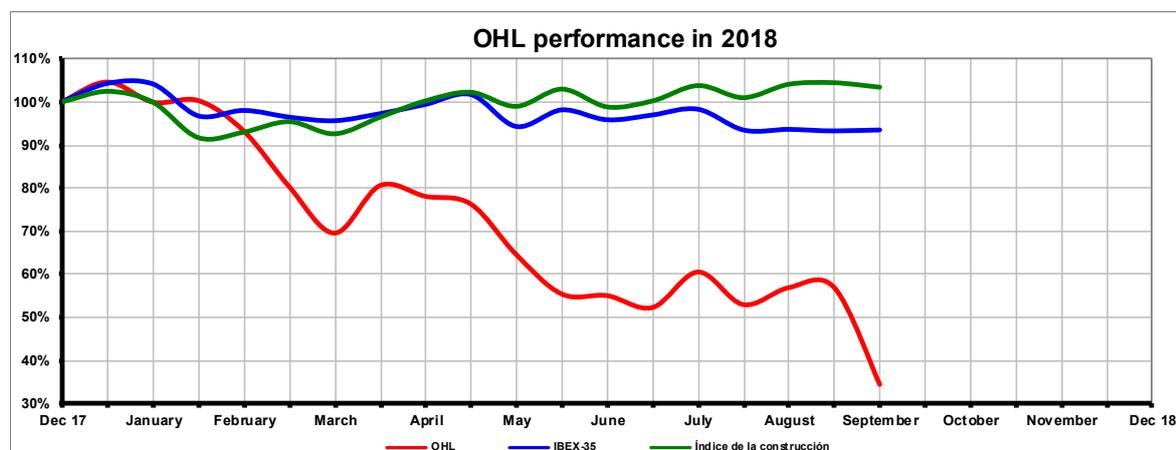
## 6. SHARE PRICE PERFORMANCE

The share capital at 30 September 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 1.72 euros per share, which signifies a share price depreciation of -65.5% in the year.

During the first nine months of the year, a total of 469,931,895 shares (164.0% of the total tradable shares) were traded on stock exchanges, with a daily average of 2,460,376 shares.

OHL held treasury stock at 30 September 2018 consisting of 441,977 shares, equivalent to 0.154% of the company's current capital.

	09/30/2018
Closing price	1,72
OHL YtD performance	-65,5%
Number of shares	286.548.289
Market capitalization (Mn Euro)	492,0
Ibex 35 YtD performance	-6,5%
Construction Index YtD performance	3,3%



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	98,435%	8,791%
OHL S.A.	March 2022	4,750%	323	85,204%	9,913%
OHL S.A.	March 2023	5,500%	270	85,325%	9,628%

## 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 2.2 billion 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 0.348981 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.

- **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.

### **PRINCIPAL SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSE OF ACCOUNTS AT 9M18**

- **10 October 2018: Agreement for the sale of the Ciudad Mayakoba assets**

It was announced that OHLDM, S.A. de C.V. and Huaribe, S.A. de C.V., Mexican companies 100%-owned by OHL, signed a purchase & sale agreement with Operadora Lakahn, S.A. de C.V., a company belonging to BK Partners, through which the latter, as the purchaser, acquired the stakes in the companies, land and rights comprising the urban development project known as "Ciudad Mayakoba" (the "Transaction"). The price of the Transaction totalled 2.1 billion Mexican Pesos (approximately 96.9 million Euros) and with an estimated negative result in the amount of approximately 35.8 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 9M18

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